

Broad based buying witnessed on improved demand outlook and robust festive sales; Financials, auto and auto ancillary stocks rally..

Indian benchmark indices ended 1 per cent higher on Tuesday amid across-the-board buying. The S&P BSE Sensex rallied 446 points, or 1 per cent to settle at a fresh closing high of 44,523 levels. During the day, the index hit a high of 44,601.63 levels. On similar lines, NSE's Nifty breached the psychological level of 13,000 to settle at 13,055, up 129 points, or 1 per cent. HDFC Bank, ICICI Bank, Axis Bank, and Reliance Industries (RIL) were the major contributors to the Sensex's gain today. Axis Bank (up 4 per cent) was the biggest gainer on the index while HDFC (down nearly 1.5 per cent) was the top loser.

In the broader market, the S&P BSE MidCap index ended 0.58 per cent higher at 16,739 levels while the S&P BSE SmallCap index gained 0.89 per cent to 16,550 points.

On the NSE, all the sectoral indices ended in the green. Nifty Bank surged 713 points, or 2.46 per cent to 29,737 levels.

Volatility index, India VIX, gained over a per cent to 21.05 levels.

Key recent developments

India's priority is to make a coronavirus vaccine "safe on all scientific standards" available to all its citizens, said Prime Minister Narendra Modi in a meeting with chief ministers on Tuesday. The central government and states have to "work together" in controlling the coronavirus pandemic and "no one can impose any view", PM Modi told the chief ministers of eight states worst affected in the pandemic. Modi held two meetings through video with Chief Ministers and Lieutenant Governors to discuss the coronavirus situation in the states and preparations for vaccine delivery.

Tata Motors said the company had witnessed a strong growth during the festive period. "Our bookings have increased by 95 per cent and retail sales have gone up by 90 per cent compared to the FY20 festive season," a Tata Motors spokesperson said, adding that traction was equally good for both cars and SUVs.

AstraZeneca said on Monday that late-stage trials showed its coronavirus vaccine was up to 90 per cent effective, giving public health officials hope they may soon have access to a vaccine that is easier to distribute than some of its rivals. The results are based on interim analysis of trials in the UK and Brazil of a vaccine developed by Oxford University and manufactured by AstraZeneca. No hospitalisations or severe cases of Covid-19 were reported in those receiving the vaccine. "These findings show that we have an effective vaccine that will save many lives," Oxford University Professor Andrew Pollard, chief investigator for the trial, said in a statement. "Excitingly, we've found that one of our dosing regimens may be around 90% effective." AstraZeneca is the third major drug company to report late-stage results for its potential Covid-19 vaccine as the world anxiously waits for vaccines that will end the pandemic that has killed almost 1.4 million people. Pfizer and Moderna last week reported preliminary results from late-stage trials showing their vaccines were almost 95 per cent effective. Unlike the Pfizer and Moderna vaccines, the Oxford-AstraZeneca candidate doesn't have to be stored at ultra-cold temperatures, making it easier to distribute, especially in developing countries. All three vaccines must be approved by regulators before they can be widely distributed.

Reserve Bank of India on November 20 released a report on the internal working group (IWG) recommendations on private bank ownership and corporate structure. Among other things, the report recommends promoter stake cap in long run - 15 years - be raised to 26 percent from 15 percent if paid-up voting equity share capital. The IWG in its recommendations had also said that non-promoter shareholding may be capped at 15 percent of paid-up voting equity share capital for all shareholders. Large Non-banking Finance Companies (NBFCs), with an asset size of Rs. 50,000 crore and above, may be considered for conversion into banks subject to completion of 10 years of operations and meeting due diligence criteria and compliance with additional conditions specified in this regard. Track record of 3 years of experience as Payments Bank may be considered as sufficient for Payments Banks intending to convert to a Small Finance Bank. Small Payments Banks and Small Finance Banks may be listed within '6 years from the date of reaching net worth equivalent to prevalent entry capital requirement prescribed for universal banks' or '10 years from the date of commencement of operations'. The minimum initial capital requirement for licensing new banks should be enhanced from Rs. 500 crore to Rs. 1000 crore for universal banks. The minimum initial capital requirement for licensing new banks should be enhanced from Rs. 200 crore to Rs. 300 crore for small finance banks.

The experimental COVID-19 vaccine of American pharma company Pfizer and BioNTech SE has proved to be 95 percent effective in final results from a pivotal study. It is also showing signs of being safe, key pieces of data as the companies prepare to ask health regulators to authorize use. Out of 170 adult volunteers in the nearly 44,000-subject trial who developed Covid-19 with at least one symptom, 162 received a placebo, while eight got the vaccine, Pfizer and BioNTech said. This 95 percent effectiveness rate makes the experimental candidate be on par with the likes of shingles and measles vaccines. Last week, All India Institute of Medical Sciences (AIIMS) director, Dr Randeep Guleria had said, "Pfizer vaccine has to be kept at minus 70 degrees Celsius which is a challenge for developing countries like India."

Last week, US biotech firm Moderna released early results from a clinical trial of its Covid-19 vaccine candidate, mRNA-1273. The vaccine candidate, Moderna said, was found to be 94.5% effective. However, in what could be a potential hurdle for India, mRNA candidates need extremely cold environment for storage and transport.

Bharat Biotech too last week started phase 3 clinical trials of its vaccine candidate, COVAXIN. Phase 3 trials will involve 26,000 volunteers and will be conducted in partnership with the Indian Council of Medical Research (ICMR). This is the largest clinical trial for a Covid-19 vaccine candidate in India as well as the country's first phase 3 efficacy study of a vaccine candidate. Bharat Biotech is developing COVAXIN in collaboration with ICMR and National Institute of Virology (NIV), Pune.

India is seeing a "strong recovery" taking root in the economy, as seen by increased goods and service tax collections and other metrics, Finance Minister Nirmala Sitharaman said on Thursday. Sitharaman announced a new set of stimulus measures to boost employment under Atmanirbhar Bharat Rozgar Yojna to incentivise the creation of new employment opportunities. The new announcements aim at benefiting companies and individuals, who lost their jobs due to Covid-19 induced lockdown. Under the scheme, if companies bring in employees who had lost their jobs between March 1, 2020 and September 30 or new employees who get registered in EPFO they will be entitled to benefits under the new announcement. To avail of benefits under this scheme, the organisations with fewer than 50 employees will have to hire at least two employees, and those with more than 50 employees will have to hire 5 or more.

Here are highlights from her press conference:

- a) Government to give Rs. 900-crore support for R&D to help develop a Covid-19 vaccine; funds to be given to the biotech department
- b) I-T relief for home buyers: For residential units worth up to Rs. 2 crore, differential allowed between agreement value and circle rate has been increased from 10% to 20% till June 30, 2021.
- c) Infusion of equity in NIF debt platform: Rs. 6,000 crore of equity to be provided to the debt platform. By 2025, they will have to fund projects worth Rs 1,10,000 crore
- d) PM Awas yojana (Urban): Rs. 18,000 crore to be provided over and above the Budget announcement to help 1.2 million houses be grounded and 1.8 million houses be completed
- e) To give relief to contractors in the construction and infra sectors, performance security deposit reduced to 3% till Dec 31, 2021, for projects without any dispute.
- f) Extension of Rs. 3 trillion Emergency Credit Line Guarantee Scheme till March 31, 2021
- g) Announcement of ECLGS 2.0 for 26 stressed sectors identified by Kamath Committee
- h) Government to provide Rs. 65,000-crore fertiliser subsidy to farmers, move to benefit 14 million farmers
- i) To give relief to contractors in the construction and infra sectors, performance security deposit reduced to 3% till Dec 31, 2021, for projects without any dispute.
- m) Job Guarantee Scheme
 - Central government to give subsidy on new employment
 - Employee and employer contribution of 12% each to be borne by government, for next two years; aimed at easing financial burden on companies for creating jobs
 - 95% of all (organised sector) establishments estimated to be covered under this scheme will have employees up to 1,000
 - Rs. 10,200-cr additional Budget outlay to promote industries and create industrial infra under Aatmanirbhar Bharat
 - Beneficiaries under this new scheme will include: new employees joining employment in EPFO-registered establishments on monthly wages less than Rs 15,000, and EPF members drawing monthly wage of less than Rs. 15,000 who exited employment during March-September, and employed on or after October 1
- j) Emergency Credit Line Guarantee Scheme (ECLGS) extended till March 31, 2021 (collateral-free, fully guaranteed loan)
 - MSMEs, business enterprises, individual loans for business purposes, MUDRA borrowers eligible for this scheme
 - Rs. 2.05 trillion already sanctioned to 61 lakh borrowers under this scheme, Rs 1.52 trillion disbursed, as of November 12



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- ECLGS 2.0 – for supporting stressed sectors - to be utilized for 100% guaranteed collateral free additional credit at capped interest rate

The new announcements comes a day after the government approved a Rs 1.45-trillion package by extending the production-linked incentive (PLI) scheme to 10 more sectors. The latest approval is in addition to the already announced Rs 51,311-crore PLI for three sectors. With this, the total incentives under the PLI schemes come to Rs 2 trillion.

Domestically, Steel companies have increased prices by around Rs. 1,000 a tonne effective November, bringing it closer to peak levels of 2018. In November 2018, prices of hot rolled coil (HRC) – a benchmark for flat steel – were at Rs. 46,250 a tonne. Subsequently, however, prices were reduced the following month. Prices of HRC were around Rs. 44,500 a tonne after the current increase. While HRC prices were increased by around Rs. 1,000 a tonne, the increase in prices of galvanized and colour coated products were higher but widely varying. JSPL managing director, V R Sharma, said, that the company had increased prices by Rs. 1,000-1,200 a tonne. Sharma said, JSPL's exports were now at 15-17 per cent of total produce. He added that the company had decided not to export semi-finished steel and would be exporting finished steel as realisations were higher. The Covid-19 pandemic saw a record export of semi-finished steel from India, most of which were headed for China. During April to September, exports of semis were at 4.439 million tonnes compared to 1.095 million tonnes in the year ago period. On a cumulative basis, steel mills have increased HRC steel prices by Rs 8,000-8,500 since July. The increase in prices reflected a recovery in domestic demand. Senior vice president at Icria, Jayanta Roy, said, domestic steel (HRC) prices have been through a roller coaster ride in the last two years. "While steel prices ruled at Rs. 46,500 per tonne the beginning of November 2018, they dropped sharply to the recent low of Rs. 32,250 per tonne in the next one year till November 2019. Prices however took a u-turn thereafter, reaching the current level of close to Rs 44,500 per tonne. At current levels, domestic prices are aligned with international steel prices," he added.

India's factory activity expanded at its fastest pace in over a decade in October as demand and output continued to recover strongly from coronavirus-related disruptions, but firms cut more jobs, a private survey showed. Asia's third-largest economy is healing after shrinking a record 23.9 per cent in the April-June quarter. The Indian government has removed most restrictions imposed to control the spread of the virus, though infections continue to climb and now number over 8 million people. The Nikkei Manufacturing Purchasing Managers' Index, compiled by IHS Markit, rose to 58.9 in October from September's 56.8. The reading was the highest since May 2010 and above the 50-level separating growth from contraction for the third straight month. "Levels of new orders and output at Indian manufacturers continued to recover from the Covid-19 induced contractions seen earlier in the year," said Pollyanna De Lima, economics associate director at IHS Markit. "Companies were convinced that the resurgence in sales will be sustained in coming months, as indicated by a strong upturn in input buying amid restocking efforts." Both output and new orders, which tracks overall demand, grew at their sharpest rates in more than 12 years and foreign demand expanded at its quickest pace since December 2014. Earlier, Finance Minister Nirmala Sitharaman said that there were visible signs of revival in the economy but the GDP growth may be in negative zone or near zero in the current fiscal. This is primarily because of a huge 23.9 per cent contraction in the economy in the first quarter of current fiscal (April-June). The focus for the government is on public spending to boost economic activity, Nirmala Sitharaman added.

Earlier at the onset of the festive season, the Government had provided relief to the borrowers. It had announced waiver of interest on interest for loans up to Rs. 2 crore irrespective of whether moratorium was availed or not. The Department of Financial Services came out with operational guidelines in the backdrop of Supreme Court's direction to implement the interest waiver scheme, which is likely to cost the exchequer Rs. 6,500 crore. The apex court on October 14 directed the Centre to implement "as soon as possible" interest waiver on loans of up to Rs. 2 crore under the RBI moratorium scheme in view of the COVID-19 pandemic saying the common man's Diwali is in the government's hands. As per the guidelines, the scheme can be availed by borrowers in specified loan accounts for a period from March 1 to August 31, 2020. "Borrowers who have loan accounts having sanctioned limits and outstanding amount of not exceeding Rs. 2 crore (aggregate of all facilities with lending institutions) as on February 29 shall be eligible for the scheme," it said. As per the eligibility criteria mentioned in the guidelines, the accounts should be standard as on February 29 which means that it should not be Non-Performing Asset (NPA). Housing loan, education loans, credit card dues, auto loans, MSME loans, consumer durable loans and consumption loans are covered under the scheme. As per the scheme, the lending institutions shall credit the difference between compound interest and simple interest with regard to the eligible borrowers in respective accounts for the said period irrespective of whether the borrower fully or partially availed the moratorium on repayment of loan announced by the RBI on March 27, 2020. The scheme is also applicable on those who have not availed the moratorium scheme and continued with the repayment of loans.

Sectors and stocks

Shares of automobile companies were in focus at the bourses on Tuesday, with individual stocks rising up to 6 per cent. The Nifty Auto index, meanwhile, climbed as much as 2.25 per cent intra-day to 8,935 level and was the top sectoral gainer.

Among individual stocks, Mahindra & Mahindra gained 5.67 per cent to Rs. 745.50, its fresh 52-week high, while Eicher Motors also hit its 52-week high level of Rs. 2,715 on the NSE In the past one week, M&M has outperformed the market by gaining 14 per cent, as compared to a one per cent rise in the S&P BSE Sensex.

Maruti Suzuki gained 3.66 per cent after announcing expansion of its vehicle subscription programme to Mumbai, Chennai, Ahmedabad and Gandhinagar with plans to expand it further in up to 60 cities over the next three years.

Meanwhile, Tata Motors, Hero MotoCorp, Bajaj Auto, Ashok Leyland, and TVS Motor were all up in the range of 1-3 per cent.

Auto ancillary stocks were also up in intra-day trade today, with Bosch rising as much as 6.77 per cent at Rs. 12,620. Exide, Amara Raja Batteries, and Motherson Sumi also gained over 1 per cent, each.

Shares of Bharti Infratel rallied by 9 per cent to Rs. 238 on the BSE on Tuesday, rallying 28 per cent in the past three trading days after the company completed merger with Indus Towers to create a mega tower company (renamed Indus Towers). The stock hit a 52-week high of Rs. 295.75 in December 2019. According to a regulatory filing, the merger of Bharti Infratel and Indus Towers to create a mega tower company has been completed, and Vodafone Idea has received about Rs 3,760 crore cash for its 11.15 per cent holding in Indus. As promoters of the new company, Vodafone Group will hold 28.12 per cent stake in the merged entity while the holding of Bharti Airtel Group will be about 36.7 per cent. "The Board has allotted 757.8 million equity shares of Rs. 10 each to the Vodafone group and 87.51 million equity shares of Rs. 10 each to PS Asia Holding Investments (Mauritius) Limited (Providence) aggregating to 28.12 per cent and 3.25 per cent, respectively in the post-issue share capital of the company," Bharti Infratel said in the filing on Thursday, November 19.

Global markets

Global equities were up on Tuesday as the formal go-ahead for US President-elect Joe Biden to begin his transition added to an already brighter mood from progress made on Covid-19 vaccines and the prospects for a speedy global economic revival.

US President Donald Trump has virtually conceded defeat to Joe Biden agreeing to begin the transition to the Democrat's administration while also making claims that he will be the ultimate winner of the November 3 election. In a Monday evening tweet, Trump said that he was asking General Services Administration head Emily Murphy to cooperate with Biden to facilitate his transition to become the 46th President of the United States. The announcement came 16 tension-filled days after the media had declared Biden winner of the election, while Trump has refused to concede citing the vote-counting that is still going on.

European markets appeared set to extend optimism in Asian and US equities, with Euro Stoxx 50 futures and FTSE futures up 0.52 per cent and 0.42 per cent, respectively.

China stocks, however, closed lower as investors booked profits following recent strong gains

Crude oil and gold

Brent crude prices hit their highest levels since March while gold hit a four-month low as investors deserted the safe-haven metal on hopes for the vaccine.

Ajcon Global's view

Today, rally was witnessed across the board led by Financials, Auto and auto ancillary. Midcaps and smallcaps continue to rally on improved demand outlook and economy recovering at a fast pace.

Samvat 2077 has already started on a positive note with Indian equities continue to remain buoyant. Investors confidence on economic recovery is improving day by day led by COVID-19 vaccine related developments. Earlier, in Samvat 2076, the benchmark indices index rallied by 10.68 per cent. Samvat 2076 witnessed a roller coaster ride with India entering into a nationwide lockdown from the mid-night of March 24 owing to COVID-19 pandemic. Fears of a disrupted economy made S&P BSE Sensex and the Nifty50 indices fall steeply by over 39 per cent to hit a low of 25,639 and 7,511, respectively on March 24, 2020 which was nerve testing. However, since then, the benchmarks have defied gravity and hit new highs on November 11, 2020 as hopes of potential Covid-19 vaccine and reduction of COVID-19 cases domestically from its peak calmed the nerve of investors.

Globally, investor sentiments have improved on expectations of better global trade ties and more monetary stimulus under US President-elect Joe Biden supported risk appetite.

Domestically, investors sentiments have improved led by strong earnings performance in majority of the Companies which has surpassed our expectations as well. Clearly, there are visible signs of economic recovering fast. After significant rally witnessed in Largecaps space since the announcement of initial Lockdown to control COVID-19 pandemic, investors have become stock specific in midcaps and smallcaps. Investors are increasing allocation in Companies which are witnessing turnaround in Q2FY21, Unlock phase and having cost efficiencies. In addition, greenshoots like improved Auto sales numbers, improved occupancy in airlines, normal monsoons, economic activity catching up in some sectors to Pre-COVID19 levels is cherished by street participants.



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We are cautious on Large caps at present steep valuations led by high FPI liquidity and advise partial profit booking. Any news on COVID-19 vaccine coming will led to rerating of sectors that were hammered in COVID-19 crisis. Further fall will make markets healthy for fresh entry as Indian equities were in overbought zone for quite some time.

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