

Producers over Processors

- **Nifty 50 outperformed most global indices in September, rising 2%; US indices slipped 4-5%**
- **Our analysis shows that underinvestment in commodities is helping prop up prices even amid weak consumption; trend to start reversing in 2024**
- **We continue to prefer the consumption and capital goods sectors, with a neutral stance on others**

Kumar Manish | Yash Thakur
 research@bobcaps.in

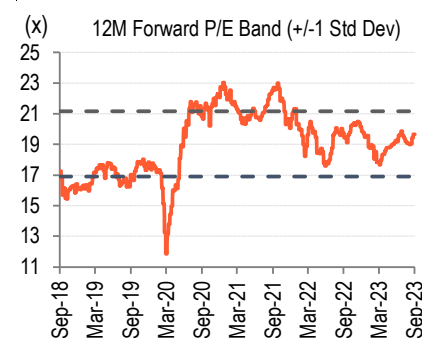
Nifty 50 among the best performing indices: Barring the FTSE100, most major global indices were under pressure in September. US indices were down 4-5% and both the Hang Seng and Shenzhen continued their declines from August. However, the FTSE100 clocked much better returns during the month at 2.3%. Also, the Nifty 50 one-year forward P/E is now above its 5Y average, limiting the upside from multiple expansion, in our view. Old economy stocks fared better during the month, with Nifty PSU, Energy, Infrastructure and Realty outperforming other sector indices.

Global underinvestment in commodities: Our analysis shows that capex in natural resources (oil & gas, metals, coal) peaked in 2014 and then remained muted since then. Investments have now started to inch up and 2024 capex will likely match 2015 levels, still well below the peak even a decade later (Fig 1). The sharp drop-off in consumption during Covid masked this underinvestment. Post-pandemic, the steady normalisation of demand even in the face of a weak outlook from China and Europe is boosting commodity prices. While OPEC can control oil prices somewhat given spare capacity, for most other natural resources, ongoing investments are the only way to respond to higher demand.

Producers over processors: Even if commodity demand were to grow in low single digits, resource producers would likely fare better than processors (upstream over refining) globally, in our view. That said, regulatory anomalies limit the scope for a similar theme in the Indian context, and refiners may actually post a robust Q2FY24 aided by inventory gains. However, in other sectors such as steel, producers of iron ore or integrated players will likely have better earnings over processors near term. As for oil, we believe OPEC may not be comfortable with prices sustaining above US\$ 100/bbl given the threat of accelerated demand destruction.

Investment view: We remain constructive on the consumer and capital goods sectors given their domestic focus, while staying largely neutral on other sectors. The above-average valuation of the Nifty 50 will likely limit any near-term upside from multiple expansion, in our view.

Nifty valuation above its 5Y average



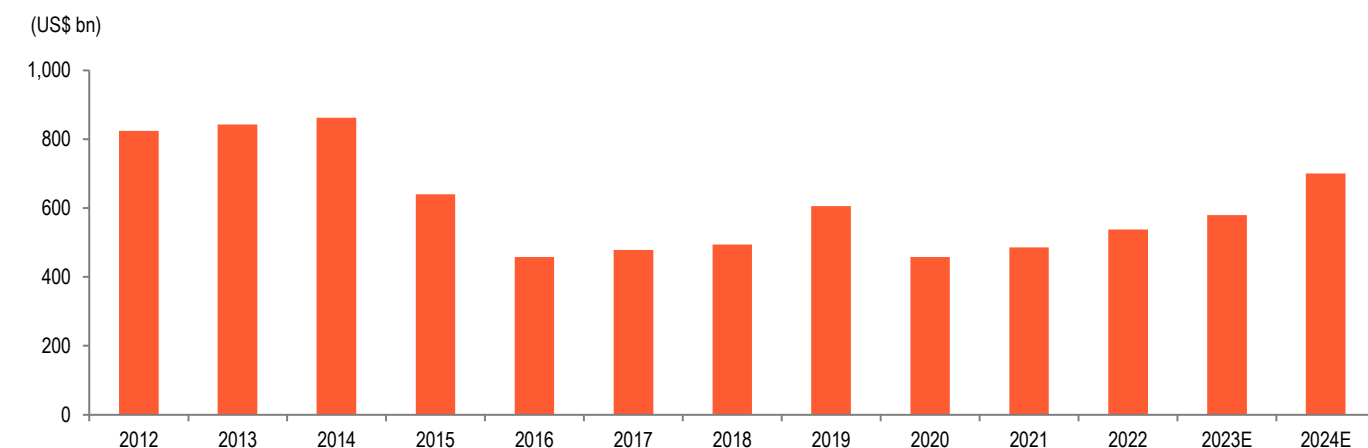
Source: Refinitiv, BOBCAPS Research



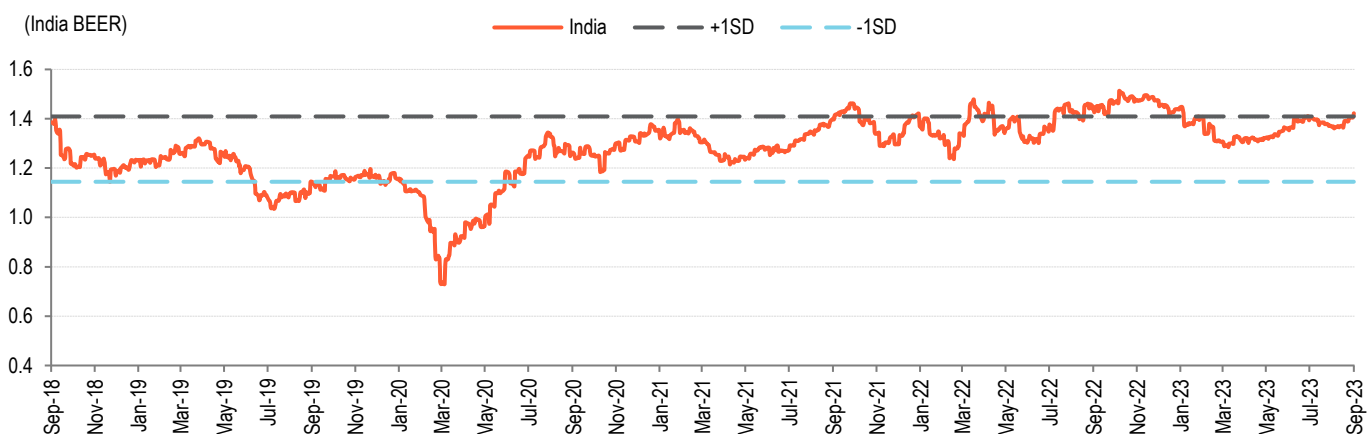
Contents

Focus charts.....	3
Valuations and Returns: September 2023	4
Index fundamentals	9
Yields, Exchange rates and Commodities.....	10
Technical trends	13
Macroeconomic indicators: September 2023	15
Valuations across the globe.....	17

Focus charts

Fig 1 – Capex on development of natural resources

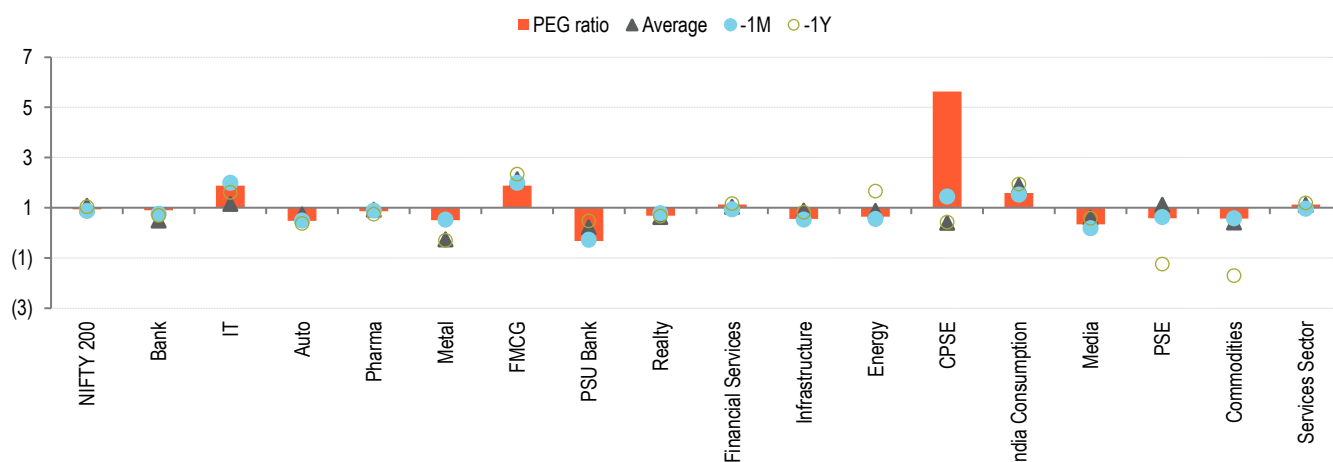
Source: Refinitiv, IEA, BOBCAPS Research

Fig 2 – India BEER (Bond Equity Earnings Yield Ratio) is higher than its 5Y average

Source: Refinitiv, BOBCAPS Research

Valuations and Returns: September 2023

Fig 3 – Nifty: 12M forward PEG ratio



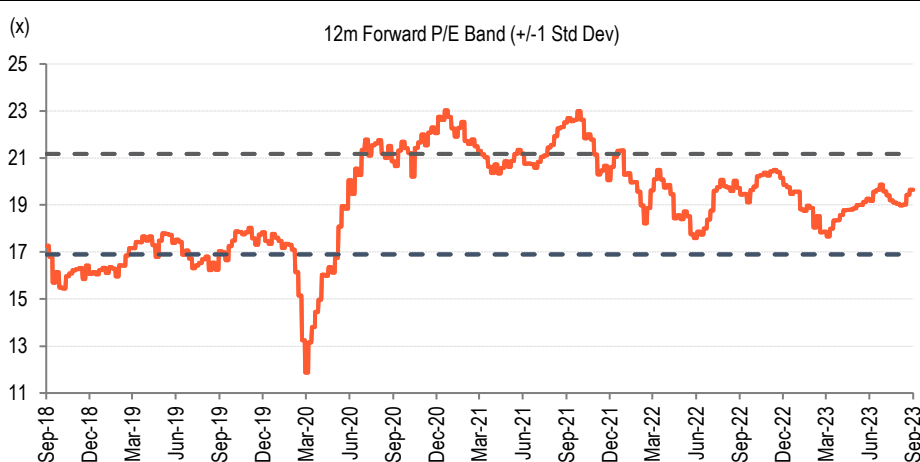
Source: Bloomberg, BOBCAPS Research | Note: We calculate PEG ratio as trailing 12M P/E divided by 12M forward earnings. We only consider numbers between -10 and 10 in our calculations.

Fig 4 – Returns across Nifty and global indices (in local currency)

(%)	1D	1W	1M	3M	6M	YTD	1Y	3Y	5Y
Nifty 50	0.6	(0.2)	1.0	2.3	13.1	8.5	14.9	72.0	78.4
Nifty Next 50	1.1	(0.3)	0.5	2.9	19.2	6.8	6.3	65.3	64.9
Nifty 200	0.7	(0.0)	1.3	4.0	16.7	10.0	14.9	77.3	82.1
Nifty 500	0.7	0.2	1.3	5.3	18.8	11.9	16.6	82.8	88.7
NIFTY Midcap 100	1.1	1.0	2.8	13.4	35.0	28.7	32.2	136.7	134.5
NIFTY Smallcap 100	1.0	2.2	2.9	17.6	41.7	31.0	35.0	117.5	106.7
NSE NIFTY Smallcap 250	0.7	1.6	4.5	16.6	41.3	29.0	35.0	144.4	138.4
Nifty Dividend Opp 50	0.9	(0.3)	3.2	7.8	18.8	21.5	29.0	92.5	70.0
NIFTY100 ESG	(1.4)	(1.2)	0.8	2.6	15.8	7.8	9.8	64.4	79.8
S&P 500	0.6	(0.7)	(4.4)	(2.2)	6.8	12.0	18.1	28.9	47.6
Stoxx 600	1.1	0.0	(1.4)	(0.7)	0.7	6.7	18.4	25.4	18.3
Nikke 225	(0.0)	(1.7)	(2.6)	(4.0)	13.6	22.1	22.8	38.3	31.3
FTSE 100	0.7	(0.4)	2.5	2.4	1.2	2.7	11.2	29.8	1.9

Source: Bloomberg, BOBCAPS Research | as of 29 Sep 2023 India close

Fig 5 – Nifty50: 12M forward P/E is above its 5y average

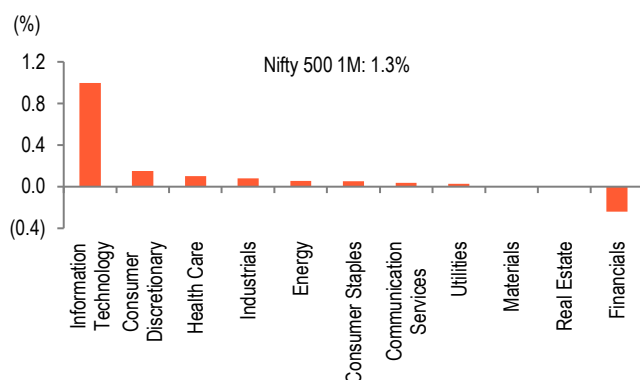


Source: Refinitiv, BOBCAPS Research

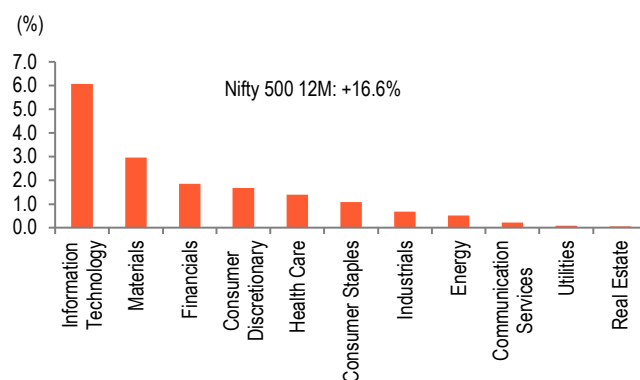
Fig 6 – Returns across sectoral Nifty indices

(%)	1D	1W	1M	3M	6M	YTD	1Y	3Y	5Y
Nifty 50	0.6	(0.2)	1.0	2.3	13.1	8.5	14.9	72.0	78.4
Nifty Bank	0.6	(0.1)	0.3	(0.4)	9.8	3.7	15.4	100.4	75.8
Nifty IT	(0.3)	(3.4)	3.0	10.2	13.5	11.1	18.5	60.3	100.7
Nifty Auto	0.6	(0.3)	1.6	6.8	32.2	28.3	27.4	103.2	67.5
Nifty Pharma	2.7	2.3	2.7	12.0	28.3	22.4	18.9	30.4	53.7
Nifty Metal	1.9	1.1	(0.2)	10.1	24.4	1.7	18.6	202.5	93.9
Nifty FMCG	0.5	(0.0)	0.7	(1.1)	12.4	16.8	16.2	72.0	72.4
Nifty PSU Bank	1.6	0.8	15.9	27.9	41.5	21.8	75.6	306.9	87.9
Nifty Realty	0.9	2.5	2.1	10.7	48.6	33.3	35.8	166.9	166.1
Nifty Financial Services	0.7	0.4	0.2	(1.2)	9.7	4.4	13.2	80.9	85.0
Nifty Infrastructure	0.9	1.3	3.8	8.8	22.6	18.9	25.9	101.3	110.5
Nifty Energy	1.0	0.8	3.8	10.6	19.8	5.6	6.8	81.5	75.8
Nifty CPSE	1.9	2.7	11.0	21.9	35.7	39.7	53.3	194.5	71.5
Nifty India Consumption	0.4	(0.5)	2.1	2.6	19.1	12.0	8.4	70.2	76.5
Nifty Media	2.0	(1.0)	(1.2)	30.1	33.4	13.9	10.0	42.6	(8.6)
NIFTY Private Bank	0.7	0.2	(0.0)	2.0	14.2	5.7	19.1	95.8	63.3
Nifty PSE	1.9	2.1	6.6	17.9	33.9	37.2	50.1	163.9	66.6
Nifty Commodities	1.6	0.8	2.1	7.5	16.8	9.1	16.6	107.4	75.9
NSE Nifty Fin Services	0.7	0.4	0.2	(1.2)	9.7	4.4	13.2	80.9	85.0
Nifty Services Sector	0.4	(0.6)	0.6	1.0	9.1	1.1	7.5	68.5	71.0

Source: Bloomberg, BOBCAPS Research

Fig 7 – Nifty 500: Contribution to 1M returns

Source: Bloomberg, BOBCAPS Research

Fig 8 – Nifty 500: Contribution to 12M returns

Source: Bloomberg, BOBCAPS Research

Fig 9 – Nifty valuation forecast (consensus estimates)

Index	EPS Growth (%)				P/E (x)				P/B (x)				Dividend yield (%)			
	5Y avg	FY23E	FY24E	FY25E	5Y avg	FY23E	FY24E	FY25E	5Y avg	FY23E	FY24E	FY25E	5Y avg	FY23E	FY24E	FY25E
Nifty 50	11.3	14.2	24.2	11.8	19.5	20.9	17.8	15.9	2.9	3.1	2.7	2.4	1.5	1.5	2.2	2.8
Nifty Next 50	13.6	(7.0)	33.9	26.1	24.1	23.7	21.2	18.6	3.3	3.6	3.2	2.9	1.6	1.6	1.6	1.7
Nifty 200	10.8	(2.9)	21.2	33.5	20.3	22.4	19.0	16.8	2.9	3.1	2.9	2.6	1.5	1.5	2.0	2.5
Nifty 500	10.9	(3.7)	17.4	34.4	20.2	22.5	19.0	16.6	2.9	3.3	2.9	2.6	1.5	1.4	1.9	2.3
NIFTY Midcap 100	10.1	(32.1)	41.3	48.6	23.4	31.3	24.6	20.4	2.8	3.5	3.3	3.1	1.3	1.1	1.3	1.5
NIFTY Smallcap 100	5.9	(14.0)	30.1	53.5	15.8	19.8	15.3	12.9	2.2	3.0	2.6	2.3	1.6	1.1	1.3	1.5
Sectors																
Nifty Bank	17.1	(6.5)	17.6	32.3	17.2	13.8	12.9	11.6	2.3	2.2	1.9	1.9	0.9	1.0	0.9	1.4
Nifty IT	12.8	(3.8)	9.0	28.0	23.2	26.1	23.0	20.4	5.6	6.8	6.5	5.6	2.3	2.7	6.5	8.6
Nifty Auto	1.0	(16.1)	92.6	42.9	21.1	25.2	20.2	17.5	2.8	4.0	3.4	3.4	1.4	1.3	1.5	1.6
Nifty Pharma	5.9	9.3	13.2	36.3	22.9	28.9	24.2	21.2	3.1	3.9	3.5	3.1	0.7	0.8	0.8	0.9
Nifty Metal	20.1	5.7	7.2	25.9	9.3	12.6	10.9	9.8	1.3	1.7	1.4	1.3	3.4	3.4	2.9	2.8
Nifty FMCG	9.9	(0.1)	13.7	28.2	33.7	41.4	36.1	32.2	8.3	10.2	9.5	8.7	2.1	1.9	2.2	2.4
Nifty PSU Bank	23.9	(20.8)	10.3	NA	8.6	11.5	11.4	NA	0.8	1.1	NA	NA	2.0	2.4	2.2	2.9
Nifty Realty	12.4	14.1	33.3	55.5	30.6	41.1	32.1	26.4	2.4	4.2	3.8	3.4	0.6	0.4	0.4	0.5
Nifty Financial Services	17.1	(7.4)	15.8	35.9	20.7	18.3	15.2	13.4	3.1	2.7	2.3	2.3	0.9	1.0	0.9	1.3
Nifty Infrastructure	17.0	6.5	24.0	29.5	17.0	20.0	17.1	15.3	1.9	2.5	2.2	2.0	1.9	1.5	1.7	1.9
Nifty Energy	13.5	(5.1)	23.1	8.7	10.7	12.0	11.3	11.1	1.3	1.6	1.5	1.4	3.3	3.5	3.6	3.7
Nifty CPSE	17.0	5.3	(1.8)	5.6	6.8	9.8	9.4	9.2	1.0	1.7	1.5	1.4	6.6	4.6	4.9	5.0
Nifty India Consumption	(16.6)	(6.5)	21.4	38.0	27.9	40.7	33.8	29.5	4.7	7.0	6.2	7.0	60.5	1.3	1.5	1.6
Nifty Media	(1.9)	(182.9)	23.5	93.7	19.0	33.3	21.5	17.2	2.5	2.8	2.4	2.2	1.7	1.2	1.4	1.4
Nifty PSE	9.7	(12.8)	26.2	12.3	7.9	10.0	9.3	8.9	1.1	1.6	1.4	1.3	5.5	4.4	4.7	4.8
Nifty Commodities	13.3	9.1	8.6	17.0	10.9	13.6	12.2	11.6	1.4	1.7	1.6	1.5	2.8	2.6	2.6	2.6
Nifty Services Sector	13.0	(0.0)	8.7	34.6	20.5	20.0	16.8	14.9	3.3	3.2	2.8	2.4	1.4	1.5	2.6	3.4

Source: Bloomberg, BOBCAPS Research

Fig 10 – NSE 500: Best performing stocks in September 2023

Company	Sector	Industry	Market cap (Rs mn)	1M (%)	3M (%)	1Y (%)
Iti Ltd	Information Technology	Communications Equipment	193234	69.6	86.4	88.2
Indian Railway Finance Corp	Financials	Financial Services	1000394	54.6	134.5	258.5
Indian Overseas Bank	Financials	Banks	883688	51.3	94.8	171.0
Central Bank Of India	Financials	Banks	445332	46.2	80.3	159.7
Bse Ltd	Financials	Capital Markets	175824	42.6	111.1	116.0
Mmtc Ltd	Industrials	Trading Companies & Distributo	87600	37.7	84.2	71.3
Uco Bank	Financials	Banks	520682	36.5	63.1	270.6
Tata Investment Corp Ltd	Financials	Capital Markets	165619	34.9	40.7	46.2
Rail Vikas Nigam Ltd	Industrials	Construction & Engineering	353307	32.6	37.8	414.3
Vodafone Idea Ltd	Communication Services	Wireless Telecommunication Ser	567118	30.9	56.4	37.1
Gujarat Ambuja Exports Ltd	Consumer Staples	Food Products	79855	30.3	45.1	23.5
Bombay Burmah Trading Corp	Consumer Staples	Food Products	88014	28.9	23.0	37.8
Cochin Shipyard Ltd	Industrials	Machinery	142754	28.4	92.6	150.7
Coal India Ltd	Energy	Oil, Gas & Consumable Fuels	1819237	28.4	29.9	38.0
Ircon International Ltd	Industrials	Construction & Engineering	136234	28.4	73.1	268.6
Multi Commodity Exch India	Financials	Capital Markets	104531	27.4	24.8	73.6
Punjab National Bank	Financials	Banks	883083	27.4	59.1	129.8
Bank Of India	Financials	Banks	448930	26.7	51.6	127.0
Triveni Engineering & Indus	Consumer Staples	Food Products	83116	25.2	35.8	54.5
Suntech Realty Ltd	Real Estate	Real Estate Management & Devel	66106	24.8	60.2	8.7
Housing & Urban Dev Corp Ltd	Financials	Financial Services	183774	23.9	60.3	164.2
Welspun Corp Ltd	Materials	Metals & Mining	102979	23.7	49.8	46.7
Union Bank Of India	Financials	Banks	787943	23.2	50.4	143.5
Praj Industries Ltd	Industrials	Construction & Engineering	107766	21.9	55.2	42.2
Bank Of Maharashtra	Financials	Banks	337427	21.9	67.5	173.1

Source: Bloomberg, BOBCAPS Research

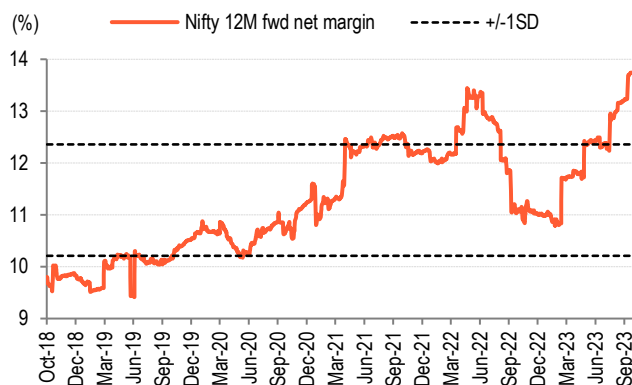
Fig 11 – NSE 500: Worst performing stocks in September 2023

Company	Sector	Industry	Market cap (Rs mn)	1M (%)	3M (%)	1Y (%)
Delta Corp Ltd	Consumer Discretionary	Hotels, Restaurants & Leisure	38211	(20.9)	(44.0)	(26.4)
Navin Fluorine International	Materials	Chemicals	186743	(18.6)	(16.0)	(15.6)
Medplus Health Services Ltd	Consumer Staples	Consumer Staples Distribution	91764	(13.6)	(0.3)	24.1
Anupam Rasayan India Ltd	Materials	Chemicals	95215	(11.9)	(13.9)	18.6
Bls International Ltd	Industrials	Professional Services	102976	(11.4)	20.6	84.0
Aegis Logistics Ltd	Energy	Oil, Gas & Consumable Fuels	115619	(10.9)	1.4	25.3
Rallis India Ltd	Materials	Chemicals	40702	(10.4)	7.6	(0.8)
Tv18 Broadcast Ltd	Communication Services	Media	74832	(9.9)	17.0	15.6
Hitachi Energy India Ltd	Industrials	Electrical Equipment	173771	(9.8)	(0.4)	19.9
Data Patterns India Ltd	Industrials	Aerospace & Defense	117634	(9.4)	12.5	87.4
Jbm Auto Ltd	Consumer Discretionary	Automobile Components	162217	(9.4)	12.6	260.7
Archean Chemical Industries	Materials	Chemicals	72460	(9.2)	9.0	NA
Ingersoll-Rand India Ltd	Industrials	Machinery	92411	(9.2)	(0.5)	42.0
Adani Wilmar Ltd	Consumer Staples	Food Products	438512	(8.9)	(18.5)	(54.8)
Alkyl Amines Chemicals Ltd	Materials	Chemicals	117564	(8.6)	(13.2)	(20.2)
Kajaria Ceramics Ltd	Industrials	Building Products	210555	(8.3)	4.3	10.5
Raymond Ltd	Consumer Discretionary	Textiles, Apparel & Luxury Goo	120382	(8.3)	7.5	75.8
Swan Energy Ltd	Consumer Discretionary	Textiles, Apparel & Luxury Goo	75955	(8.2)	11.9	28.4
Bharat Dynamics Ltd	Industrials	Aerospace & Defense	189018	(8.0)	(6.1)	18.6
Chemplast Sanmar Ltd	Materials	Chemicals	76549	(8.0)	9.1	16.5
Vmart Retail Ltd	Consumer Discretionary	Broadline Retail	39005	(8.0)	(8.2)	(29.6)
Network 18 Media & Invts Ltd	Communication Services	Media	66848	(8.0)	1.6	(0.8)
Gujarat Gas Ltd	Utilities	Gas Utilities	291120	(7.8)	(9.5)	(18.1)
Cera Sanitaryware Ltd	Industrials	Building Products	110824	(7.8)	9.7	55.7
Shyam Metals & Energy Ltd	Materials	Metals & Mining	112593	(7.6)	21.1	53.5

Source: Bloomberg, BOBCAPS Research

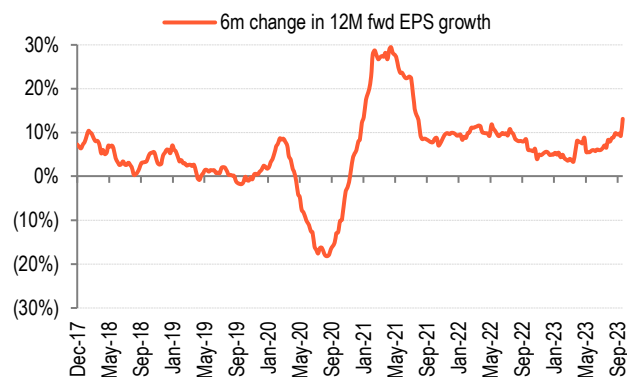
Index fundamentals

Fig 12 – Nifty: 12M forward net margin



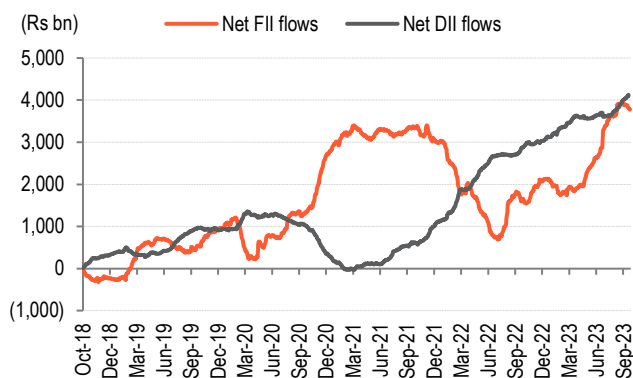
Source: Bloomberg, BOBCAPS Research

Fig 13 – Nifty: 6M change in EPS growth



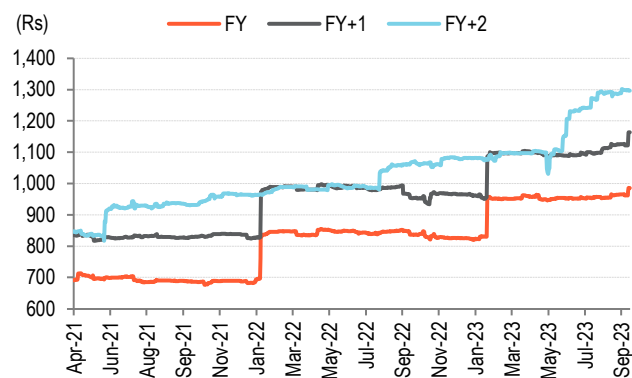
Source: Bloomberg, BOBCAPS Research

Fig 14 – Flows in India (5Y)



Source: Bloomberg, BOBCAPS Research

Fig 15 – Nifty50: EPS consensus forecast



Source: Bloomberg, BOBCAPS Research

Yields, Exchange rates and Commodities

- India's FY24 GDP growth forecast is in the range of 6-6.5%, with the RBI's projection at 6.5%, S&P at 6% and our Bank of Baroda (BOB) economist at 6.3%.
- India's CPI came in lower at 6.8% in August compared to 7.4% in July. The BOB Economics team has forecast FY24 CPI at 5.5% and expects a drop in September given softening prices.
- The European Commission has lowered its eurozone growth estimate for CY23 from 1.1% to 0.8% and for CY24 to 1.3% from 1.6%. The ECB has even lower estimates of 0.7% and 1.0% respectively.
- The US 10-year yield has risen sharply by 45bps during September (till 29th September 2023 at India market close) to 4.55% as the "higher for longer" narrative gained momentum after the September FOMC meeting. India's 10-year yield was up 4bp at 7.21%.
- Commodities had a mixed month with Brent moving up by US\$ 8/bbl to US\$ 95/barrel as the supply cut from OPEC+ continued to weigh on the oil market. US natural gas price dropped ~20 cents to US\$ 2.93/Mmbtu, and Asian LNG was largely flat at US\$ 13-14/Mmbtu. Both precious and base metals declined moderately during the month. The INR weakened by 0.4% against the USD while the Dollar Index strengthened by ~2% in September. Metals were muted while iron ore price rose sharply by ~US\$10/t.

Fig 16 – Yields

(%)	1D	1W	1M	3M	6M	YTD	1Y	3Y	5Y
India 10y yield	7.2	7.2	7.2	7.1	7.3	7.3	7.3	6.0	8.0
India AAA corporate yield	7.7	7.6	7.6	7.6	7.8	7.7	7.7	6.8	8.9
India AA corporate yield	8.3	8.3	8.3	8.3	8.6	8.5	8.4	7.6	9.4
US 10y yield	4.6	4.4	4.1	3.7	3.5	3.9	3.8	0.6	3.1
EU 10y yield	2.9	2.7	2.5	2.3	2.3	2.4	2.2	(0.5)	0.5
Japan 10y yield	0.8	0.7	0.7	0.4	0.4	0.4	0.3	0.0	0.1

Source: Bloomberg, BOBCAPS Research | as of 29 Sep 2023 India close

Fig 17 – Exchange rates

(%)	Current	1D	1W	1M	3M	6M	YTD	1Y	3Y	5Y
USDINR	83.0	0.2	(0.1)	(0.4)	(1.2)	(0.8)	(0.4)	(1.4)	(11.1)	(12.7)
EURINR	88.2	(0.5)	0.1	1.4	1.9	1.5	0.0	(10.0)	(2.2)	(4.8)
JPYINR	0.6	0.1	0.6	1.5	2.1	11.6	12.8	1.7	25.4	14.9
GBPINR	101.8	(0.4)	(0.3)	2.5	1.9	(0.1)	(2.3)	(12.7)	(6.6)	(7.1)

Source: Bloomberg, BOBCAPS Research | as of 29 Sep 2023 India close | movement from INR perspective

Fig 18 – Commodity price trend

(%)	Current	1D	1W	1M	3M	6M	YTD	1Y	3Y	5Y
Energy										
NYM WTI Crude (USD/bbl.)	93.0	1.4	3.3	15.2	32.9	29.7	19.5	30.0	111.3	59.2
ICE Brent Crude (USD/bbl.)	96.1	0.8	3.1	13.2	29.3	26.1	17.1	25.1	100.7	44.2
ICE ARA Gasoil (USD/MT)	1,010.8	1.5	2.9	10.7	47.1	38.9	27.1	24.9	139.2	59.7
NYM NYH Gasoline (USD/gal.)	251.3	0.3	(1.9)	(1.7)	15.3	12.8	7.9	18.2	101.9	NA
NYM NYH Heating Oil (USD/gal.)	339.4	2.3	2.7	7.0	41.5	36.2	18.3	23.0	137.3	NA
NYM HH Nat Gas (USD/MMBtu)	2.9	(1.0)	1.3	(4.8)	(6.8)	(9.5)	(35.0)	(43.5)	18.2	9.2
ICE NBP Nat Gas (USD/MMBtu)	108.0	(1.6)	(3.8)	(8.1)	(15.2)	(16.5)	(49.7)	(76.7)	126.6	87.7
Metals										
LME Aluminums (USD/MT)	2,277.5	1.8	3.0	5.9	4.8	(4.7)	(4.2)	7.2	28.3	10.5
LME Coppers (USD/MT)	8,217.5	1.3	0.3	(1.7)	(0.5)	(8.5)	(1.8)	10.7	25.0	31.3
SGX Iron Ore (USD/MT)	119.7	1.4	(1.3)	8.6	10.9	2.0	8.1	35.8	58.0	NA
LME Nickel (USD/MT)	18,887.0	(0.6)	(1.2)	(9.2)	(5.8)	(21.5)	(37.1)	(13.4)	30.2	49.9
Steel China (CNY/MT)	3,885.0	0.7	(1.3)	(1.2)	0.6	(10.7)	(6.3)	(3.3)	0.6	(8.2)
Spot Gold	1,869.8	0.3	(2.9)	(3.5)	(2.0)	(4.8)	2.5	12.6	(1.5)	57.0
Spot Silver	23.0	1.8	(2.2)	(6.8)	2.1	(1.3)	(3.8)	22.4	(4.8)	57.2
Agriculture										
CME Live Cattle (USD/lb.)	190.4	1.2	0.5	2.6	5.3	13.5	15.5	20.6	NA	NA
ICE Coffee (USD/lb.)	145.4	(1.2)	(3.8)	(5.0)	(9.3)	(12.7)	(12.4)	(28.2)	NA	NA
CBT Corn (USD/bu.)	487.3	(0.3)	2.1	0.1	(7.8)	(14.6)	(20.2)	(20.6)	NA	NA
ICE Cotton (USD/lb.)	88.9	0.2	3.4	2.3	12.4	6.7	9.9	20.8	NA	NA
CBT Soybeans (USD/bu.)	1,301.3	0.1	0.4	(6.6)	2.8	(0.1)	(8.2)	(4.5)	NA	NA
ICE Sugar (USD/lb.)	26.7	(1.1)	(2.2)	3.5	20.0	30.4	48.9	58.5	NA	NA
CBT SRW Wheat (USD/bu.)	582.0	0.6	0.4	(3.1)	(15.0)	(21.8)	(29.0)	(35.0)	NA	NA

Source: Bloomberg, BOBCAPS Research | as of 29 Sep 2023 India close

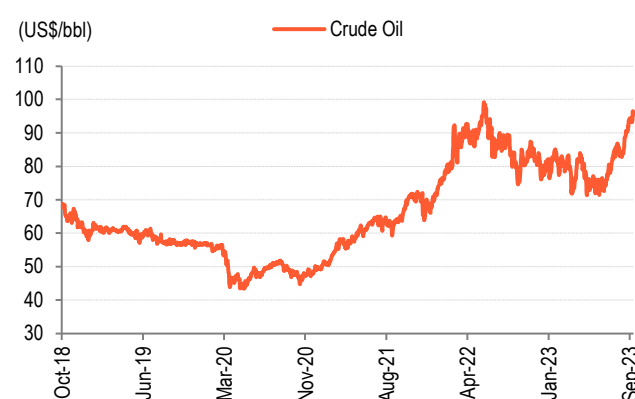
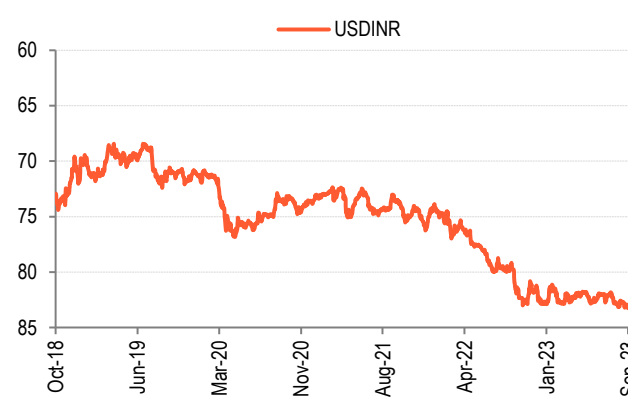
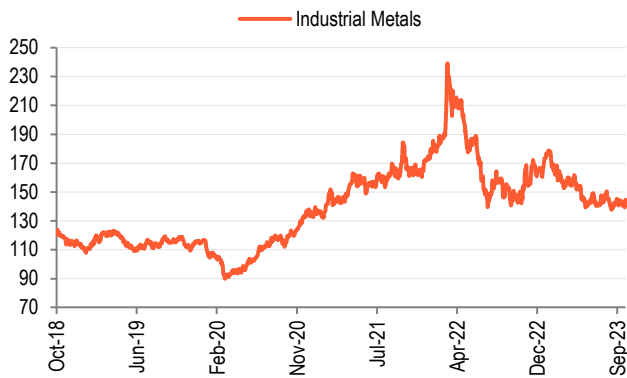
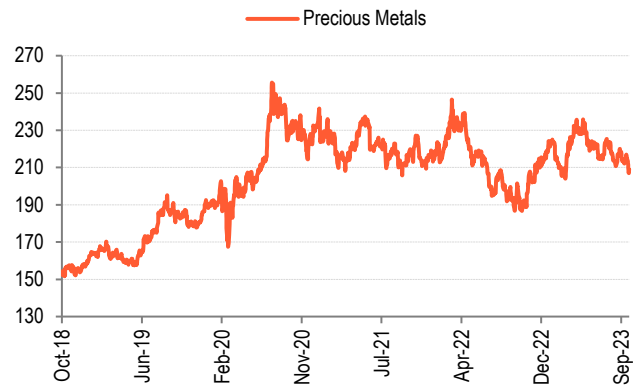
Fig 19 – Oil price trend**Fig 20 – USDINR movement**

Fig 21 – Industrial metals price trend



Source: Bloomberg, BOBCAPS Research

Fig 22 – Precious metals price trend



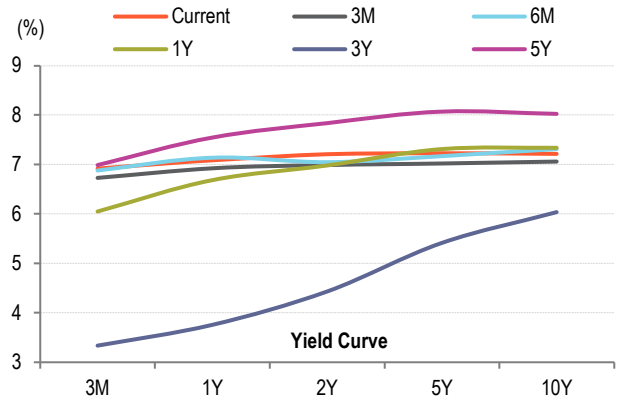
Source: Bloomberg, BOBCAPS Research

Fig 23 – India 10Y bond yield



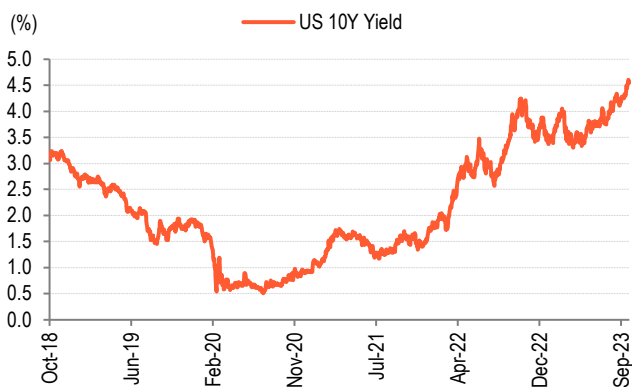
Source: Bloomberg, BOBCAPS Research

Fig 24 – India yield curve



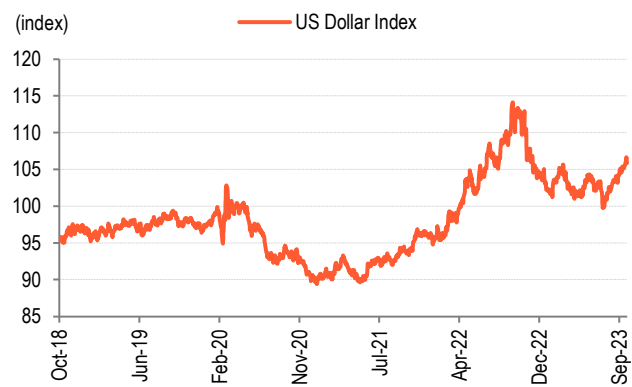
Source: Bloomberg, BOBCAPS Research

Fig 25 – US 10Y yield



Source: Bloomberg, BOBCAPS Research

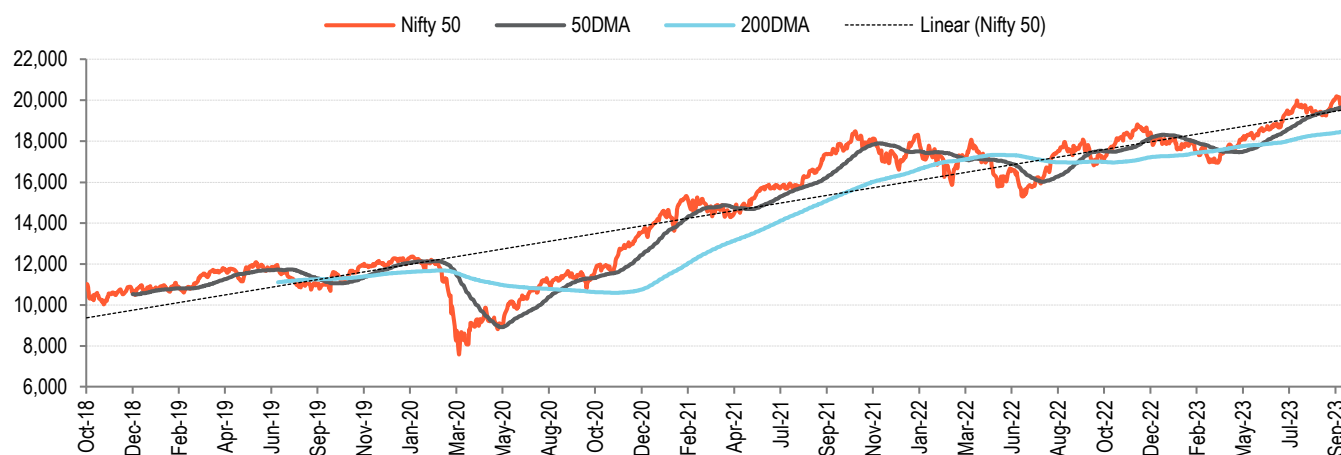
Fig 26 – US Dollar index



Source: Bloomberg, BOBCAPS Research

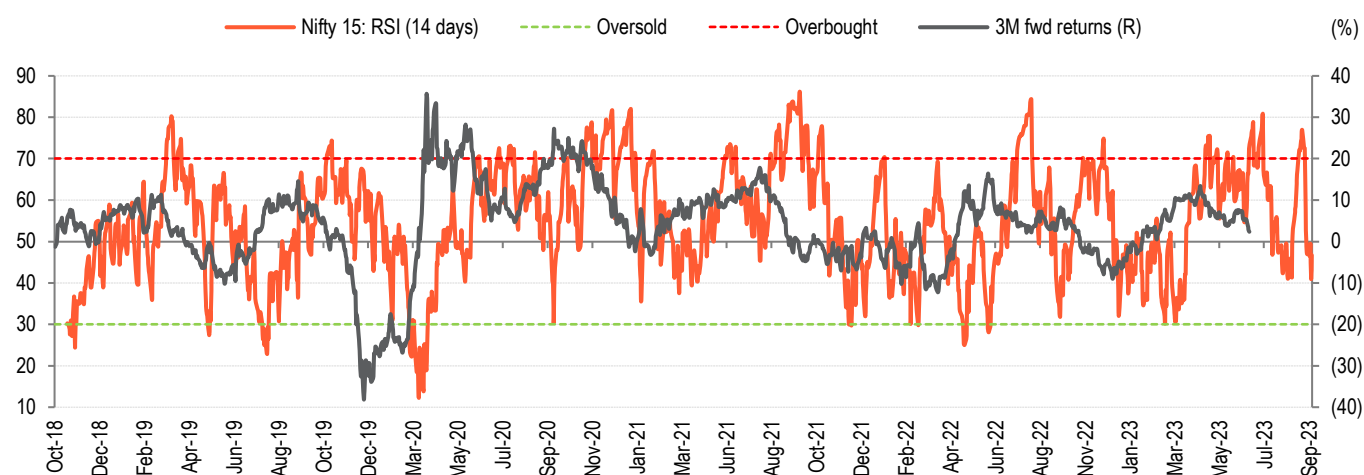
Technical trends

Fig 27 – Nifty 50: Moving averages



Source: Bloomberg, BOBCAPS Research

Fig 28 – Nifty 50: Relative Strength Index (RSI)



Source: Bloomberg, BOBCAPS Research

Fig 29 – Nifty 50: Sector-wise average daily traded value

Sector (Rs bn)	1M	3M	6M
Communication Services	4.9	4.3	4.3
Consumer Discretionary	26.2	27.2	24.4
Consumer Staples	13.8	13.5	12.9
Energy	28.5	26.2	21.9
Financials	103.2	98.9	96.7
Health Care	10.3	11.6	11.1
Industrials	21.8	21.4	21.5
Information Technology	25.6	27.7	26.4
Materials	20.7	17.8	16.4
Utilities	7.6	6.5	5.2
Nifty 50	263	255	241

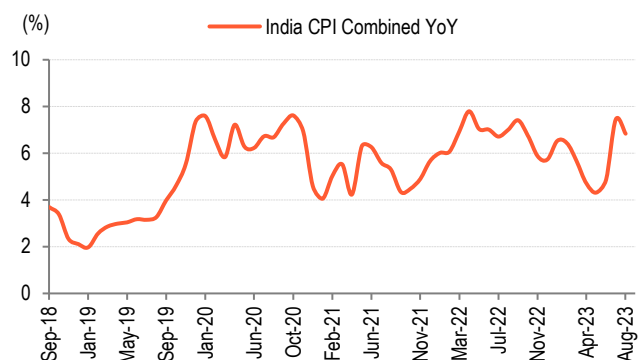
Source: Bloomberg, BOBCAPS Research

Fig 30 – Nifty 50: Stock-wise average daily traded value

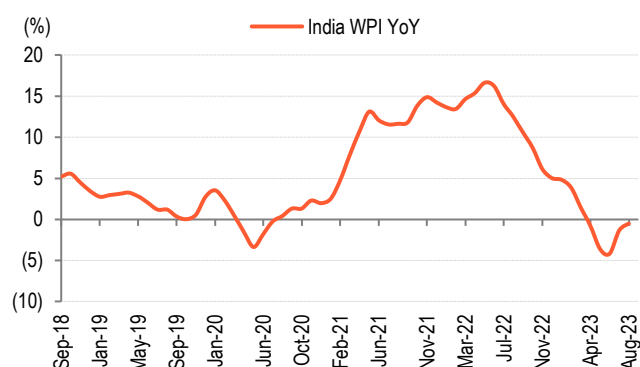
Company (Rs bn)	Sector	Industry	Market cap	1M	3M	6M
Adani Enterprise	Industrials	Trading Companies & Distributo	2,752	9.0	11.3	11.7
Adani Ports And	Industrials	Transportation Infrastructure	1,782	6.0	5.1	4.9
Apollo Hospitals	Health Care	Health Care Providers & Servic	739	2.1	2.3	2.3
Asian Paints Ltd	Materials	Chemicals	3,032	3.0	2.7	2.8
Axis Bank Ltd	Financials	Banks	3,195	9.8	9.4	10.7
Bajaj Finance Lt	Financials	Consumer Finance	4,733	6.4	7.3	6.7
Bharti Airtel	Communication Services	Wireless Telecommunication Ser	5,402	4.9	4.3	4.3
Bajaj Auto Ltd	Consumer Discretionary	Automobiles	1,465	2.3	2.0	1.9
Bajaj Finserv Lt	Financials	Financial Services	2,457	2.2	2.5	2.2
Bharat Petrol	Energy	Oil, Gas & Consumable Fuels	752	1.7	1.4	1.3
Britannia Inds	Consumer Staples	Food Products	1,093	1.8	1.9	1.8
Cipla Ltd	Health Care	Pharmaceuticals	958	2.1	2.3	2.1
Coal India Ltd	Energy	Oil, Gas & Consumable Fuels	1,819	4.9	3.0	2.3
Divi Labs Ltd	Health Care	Life Sciences Tools & Services	1,000	1.5	1.7	1.8
Dr Reddy'S Labs	Health Care	Pharmaceuticals	932	2.1	2.8	2.4
Eicher Motors	Consumer Discretionary	Automobiles	944	2.2	3.0	2.6
Grasim Inds Ltd	Materials	Construction Materials	1,279	1.8	1.3	1.1
Hcl Tech Ltd	Information Technology	IT Services	3,351	3.1	3.2	2.9
Hdfc Bank Ltd	Financials	Banks	11,570	43.6	36.5	31.7
Hdfc Life Insura	Financials	Insurance	1,370	1.9	2.3	2.4
Hero Motocorp Lt	Consumer Discretionary	Automobiles	611	1.4	2.3	2.0
Hindalco Inds	Materials	Metals & Mining	1,107	3.2	2.6	2.5
Hindustan Unilev	Consumer Staples	Personal Care Products	5,793	4.2	3.9	3.7
Icici Bank Ltd	Financials	Banks	6,666	16.8	17.3	17.9
Indusind Bank	Financials	Banks	1,110	4.3	4.2	4.1
Infosys Ltd	Information Technology	IT Services	5,958	7.8	9.5	9.7
Itc Ltd	Consumer Staples	Tobacco	5,542	4.8	5.2	4.8
Jsw Steel Ltd	Materials	Metals & Mining	1,906	2.1	2.4	2.0
Kotak Mahindra	Financials	Banks	3,450	7.5	7.7	9.1
Larsen & Toubro	Industrials	Construction & Engineering	4,250	6.7	5.0	4.8
Ltimindtree Ltd	Information Technology	IT Services	1,542	1.9	2.7	2.4
Mahindra & Mahin	Consumer Discretionary	Automobiles	1,933	4.6	4.5	3.8
Maruti Suzuki In	Consumer Discretionary	Automobiles	3,205	6.7	5.2	4.7
Nestle India Ltd	Consumer Staples	Food Products	2,170	1.4	1.3	1.5
Ntpc Ltd	Utilities	Independent Power and Renewabl	2,381	4.0	3.5	2.7
Oil & Natural Ga	Energy	Oil, Gas & Consumable Fuels	2,414	2.2	1.6	1.8
Power Grid Corp	Utilities	Electric Utilities	1,858	3.6	3.1	2.5
Reliance Inds	Energy	Oil, Gas & Consumable Fuels	15,866	19.6	20.2	16.5
Sbi Life Insuran	Financials	Insurance	1,307	1.3	1.4	1.3
State Bank Ind	Financials	Banks	5,342	9.5	10.4	10.4
Sun Pharma Indu	Health Care	Pharmaceuticals	2,780	2.5	2.7	2.6
Tata Steel Ltd	Materials	Metals & Mining	1,575	5.7	4.5	4.0
Tata Consumer Pr	Consumer Staples	Food Products	815	1.5	1.2	1.2
Tata Consultancy	Information Technology	IT Services	12,911	7.0	6.7	6.5
Tech Mahindra Lt	Information Technology	IT Services	1,193	3.2	3.4	2.9
Titan Co Ltd	Consumer Discretionary	Textiles, Apparel & Luxury Goo	2,795	3.2	3.0	2.7
Tata Motors Ltd	Consumer Discretionary	Automobiles	2,311	5.7	7.1	6.8
Upl Ltd	Materials	Chemicals	463	2.0	1.8	1.6
Ultratech Cement	Materials	Construction Materials	2,383	2.9	2.5	2.4
Wipro Ltd	Information Technology	IT Services	2,120	2.7	2.2	2.0

Source: Bloomberg, BOBCAPS Research

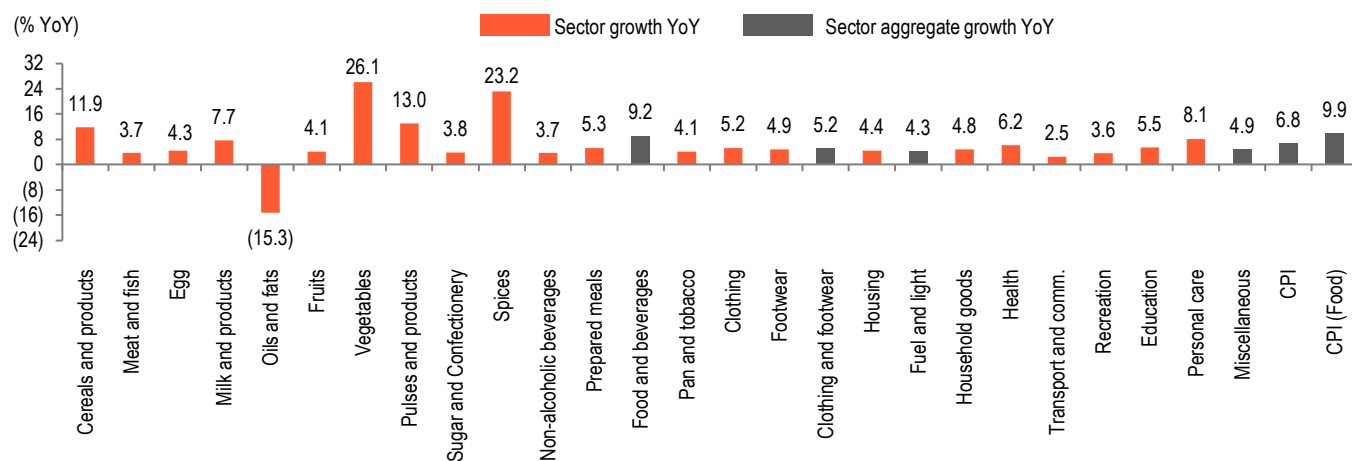
Macroeconomic indicators: September 2023

Fig 31 – Consumer price index


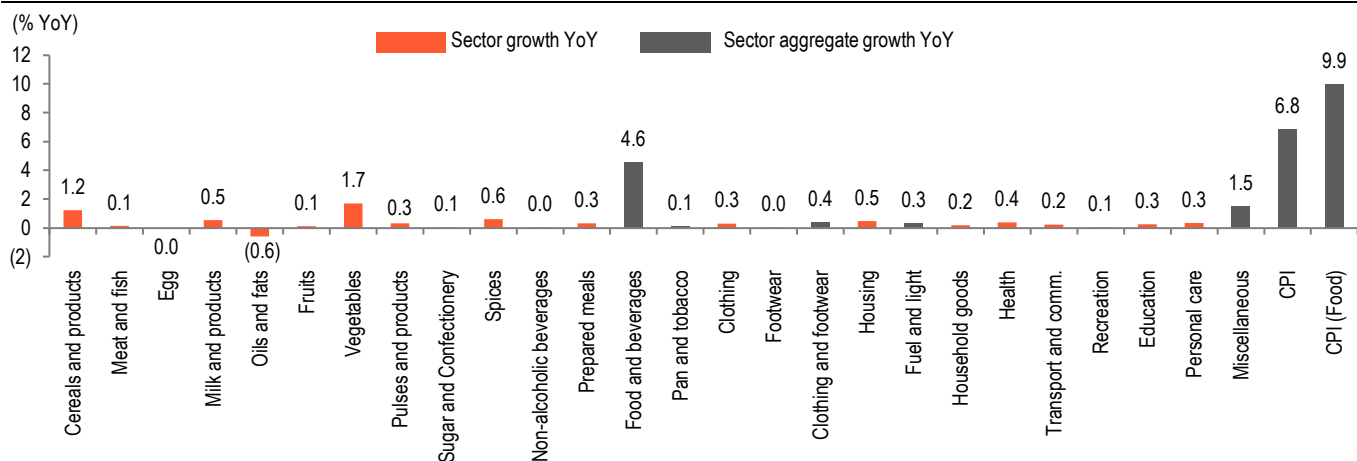
Source: Bloomberg, BOBCAPS Research

Fig 32 – Wholesale price index


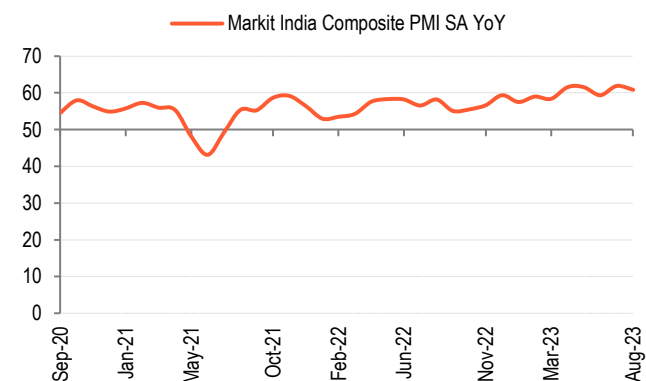
Source: Bloomberg, BOBCAPS Research

Fig 33 – Contribution to CPI (Aug'23)


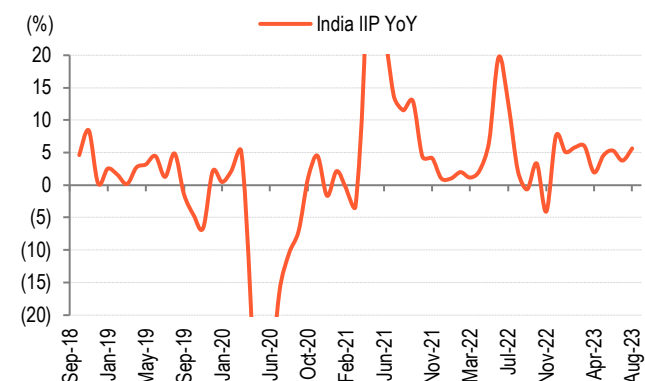
Source: Bloomberg, BOBCAPS Research

Fig 34 – Actual CPI (Aug'23)


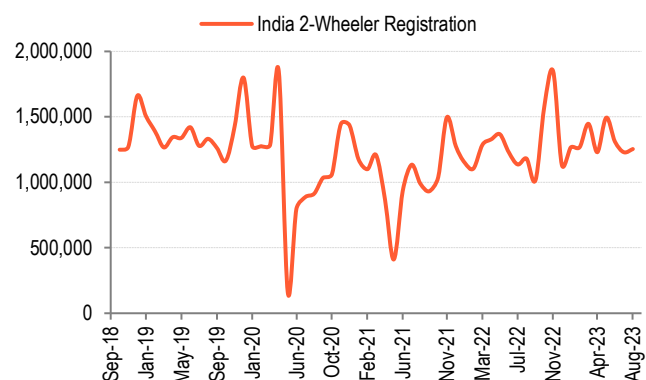
Source: Bloomberg, BOBCAPS Research

Fig 35 – Purchasing Managers' Index

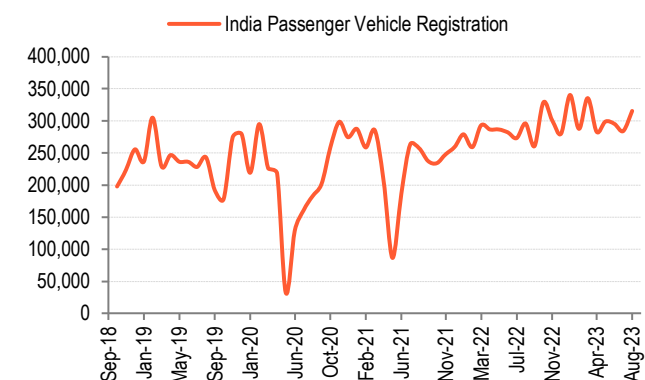
Source: Bloomberg, BOBCAPS Research

Fig 36 – Industrial production

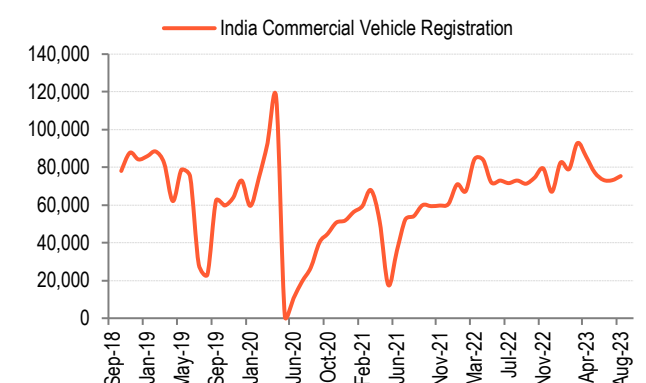
Source: Bloomberg, BOBCAPS Research

Fig 37 – Two-wheeler registration

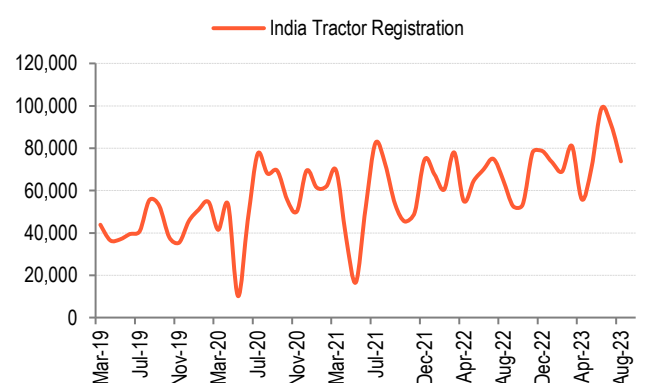
Source: Bloomberg, BOBCAPS Research

Fig 38 – Four-wheeler registration

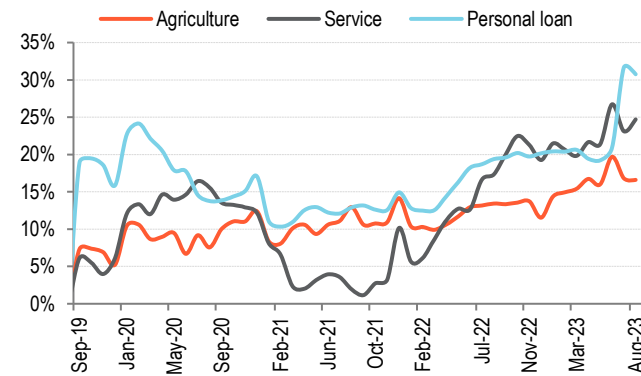
Source: Bloomberg, BOBCAPS Research

Fig 39 – Commercial vehicle registration

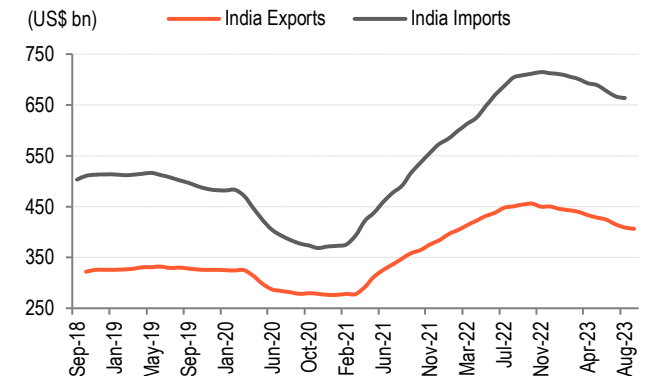
Source: Bloomberg, BOBCAPS Research

Fig 40 – Tractor registration

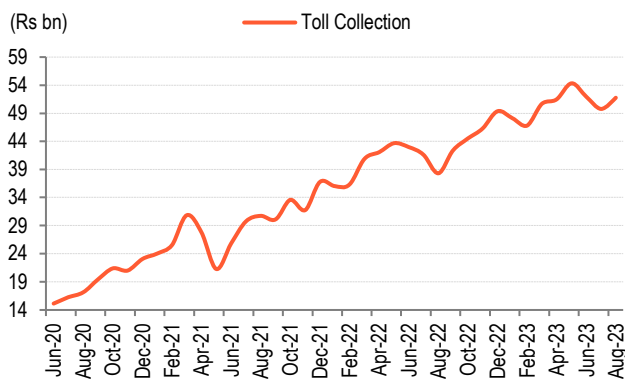
Source: Bloomberg, BOBCAPS Research

Fig 41 – Scheduled Commercial Banks' credit growth

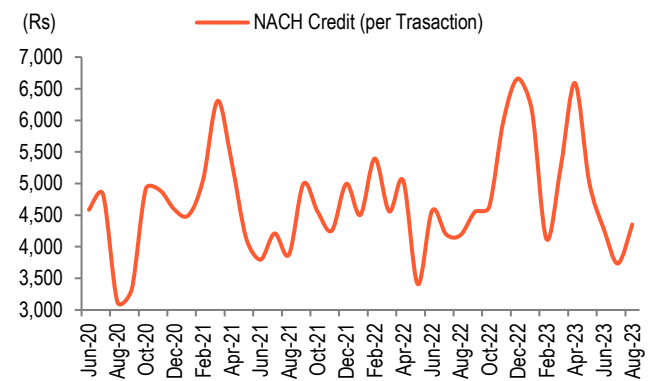
Source: Bloomberg, BOBCAPS Research

Fig 42 – Exports and Imports

Source: Bloomberg, BOBCAPS Research

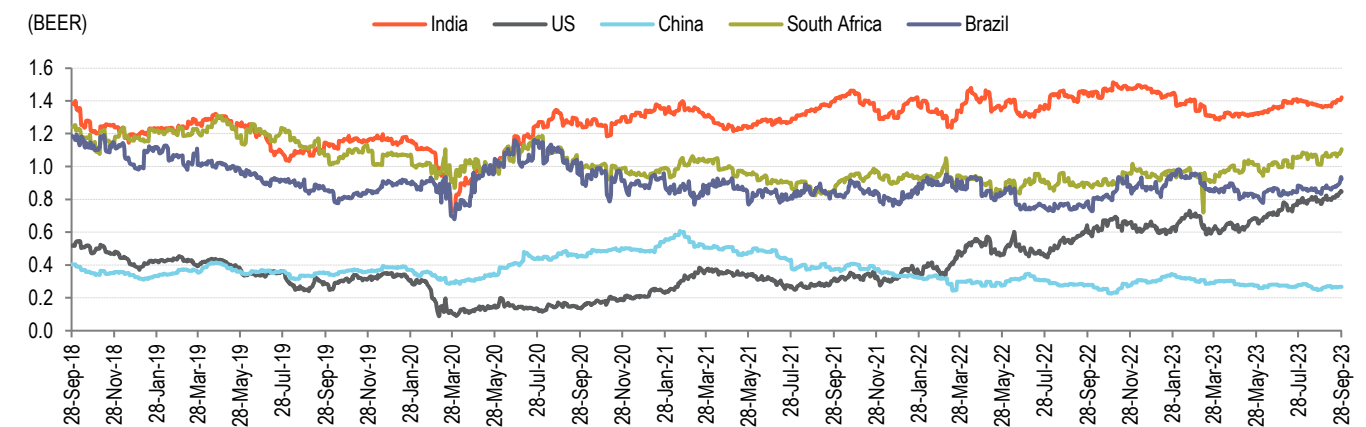
Fig 43 – Toll collection

Source: Bloomberg, BOBCAPS Research

Fig 44 – National Automated Clearing House credit

Source: Bloomberg, BOBCAPS Research

Valuations across the globe

Fig 45 – India BEER relative to other countries

Source: Refinitiv, BOBCAPS Research

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA ("US") OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**

Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**

SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**

Brand Name: **BOBCAPS**

Trade Name: **www.barodaetrade.com**

CIN: **U65999MH1996GOI098009**



Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction. We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company or third party in the past 12 months in connection with research report/activities. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

The research analyst(s) has not served as an officer, director or employee of the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Other disclaimers

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an "as is" basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS's judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the "Losses") which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

Distribution into the United Kingdom ("UK"):

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd ("MSL") who is authorised and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom (MSL and its affiliates are collectively referred to as "MAYBANK"). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK's legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the "Order"), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as "relevant persons").

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

No distribution into the US:

This report will not be distributed in the US and no US person may rely on this communication.

Other jurisdictions:

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.