

Valuations now in line with long term trends

- Valuation will likely inch towards long term trend as market resets from an easy liquidity framework to a traditional valuation matrix, in our view
- Nifty 50 fell 4.5% in June, but still outperformed US and Europe. Nifty valuation is now at the bottom end of the five-year band
- India will likely gain from manufacturing resurgence in US, new outsourcing from Europe, and domestic market led growth

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Extraordinary period of 2008-22 not a good valuation benchmark anymore:

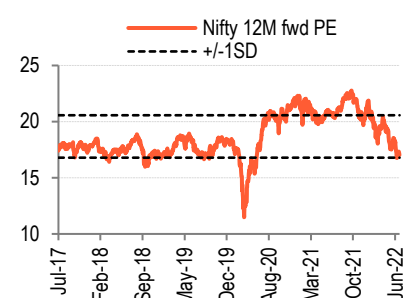
Central banks of majority of large economies unleashed a synchronised flood of liquidity, which may be a difficult precedence to follow. While there is only a tenuous consensus on whether this liquidity resulted in the massive extant inflation, central banks reverting to such an easy liquidity again is a low probability scenario in our view, given bloated balance sheets of many central banks and persistent inflation. Therefore, both investment hypothesis and valuation in our view will gradually get de-anchored from easy liquidity period and move more towards traditional matrices and valuation ranges (Fig 1 and Fig 2)

Currency resilience: Nifty 50 declined by 4.5% in June 2022 with small caps underperforming large caps. Except Auto (+1.2%), all the other sectors posted negative returns with Metals (-12.7%) underperforming most. RBI has been less hawkish than its global peers in raising rates. Even though INR is testing its all-time lows against USD, Indian currency has performed better than most of its Asian peers. On an average, Indian equity market trades at a ~50% premium to other emerging markets. Current premium of 70%, though higher than historical levels, can partly be justified on currency strength and robust earnings expectations.

Setback to climate activism. Latest decision by the Supreme Court of USA restraining Environment Protection Agency (EPA) from imposing emission norms on old power plants will likely have major implications on effecting large scale regulatory changes in US. The decision in a way shifts major environmental (or potentially other major) policy changes from bureaucrats to elected officials. This along with increased usage of coal in Europe does point to a setback to energy transition efforts. However, we believe these hurdles are largely short term, and energy transition will continue to get reinforced by annual Conference of Parties (COP).

Several levers for India's growth: As Chinese economy slows down, we believe India will gain from global supply chain realignments to countries like India, knock-on effect from manufacturing resurgence in US, high energy price led outsourcing from Europe, and underlying momentum in domestic demand. Please refer to our note of 11 Jan 22, "[India at Takeoff Point](#)" where we analysed building blocks for a faster underlying demand growth in India. A sharp demand destruction in western countries due to higher inflation remains the biggest near-term challenge for India.

Valuations are now in lower end of 5year historical range



Source: Bloomberg, BOBCAPS Research

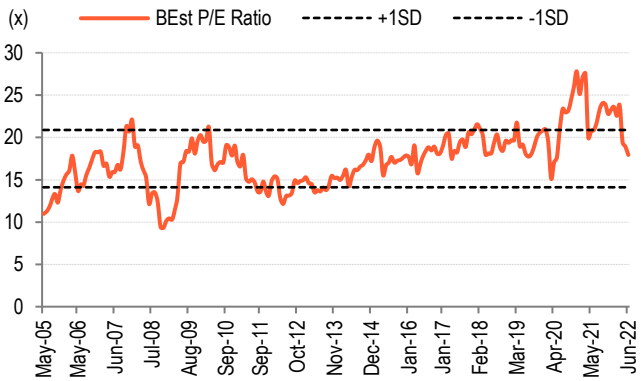


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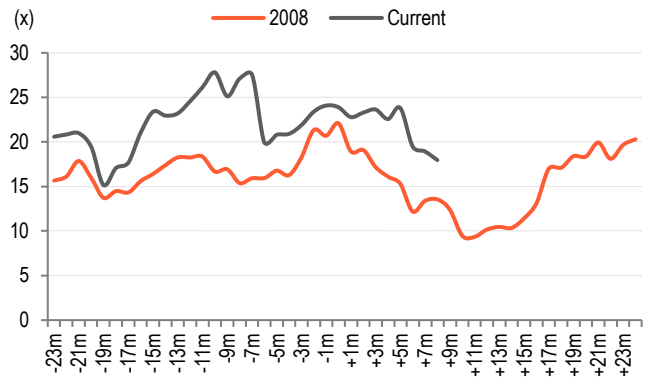
Focus charts

Fig 1 – Valuations are back in long term historical range



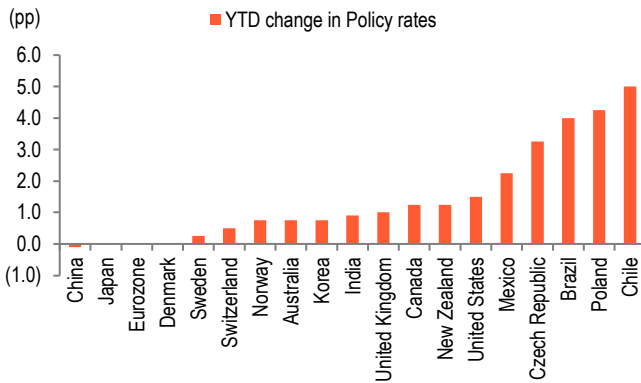
Source: Bloomberg, BOBCAPS Research

Fig 2 – PE around market peak



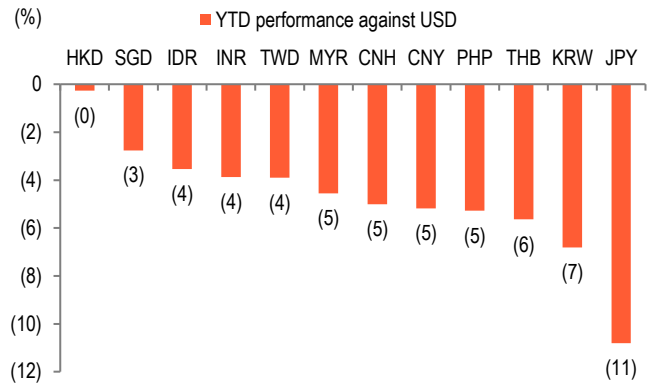
Source: Bloomberg, BOBCAPS Research

Fig 3 – RBI has been less aggressive in hiking rates...



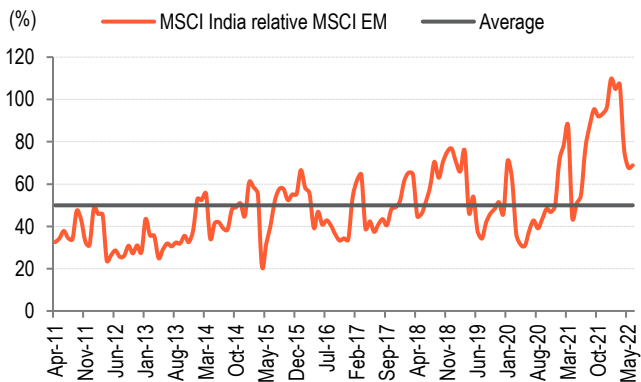
Source: Bloomberg, BOBCAPS Research

Fig 4 – ...yet INR remains resilient



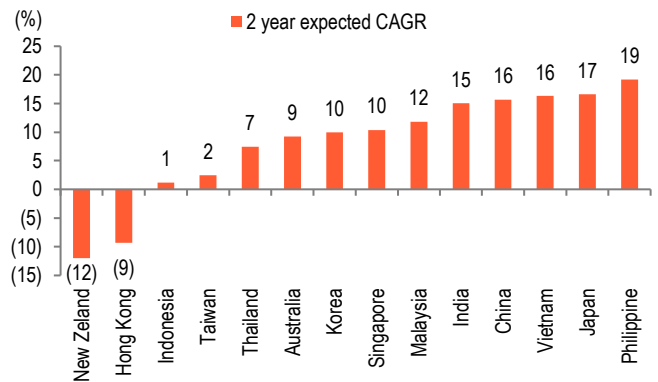
Source: Bloomberg, BOBCAPS Research

Fig 5 – India continues to be expensive...



Source: Bloomberg, BOBCAPS Research

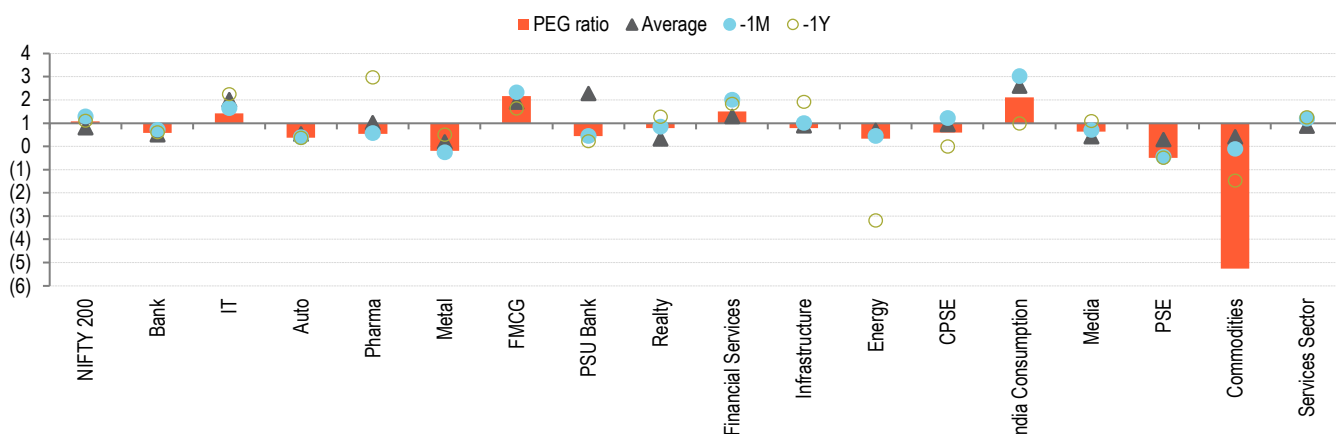
Fig 6 – ... but earnings expectations remain high



Source: Bloomberg, BOBCAPS Research

Valuations and Returns: June 2022

Fig 7 – Nifty: 12M forward PEG ratio



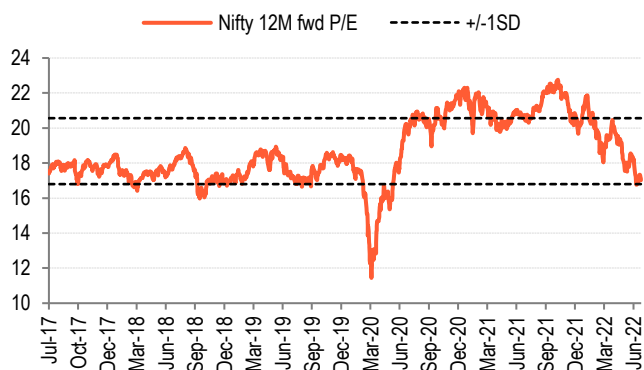
Source: Bloomberg, BOBCAPS Research | Note: We calculate PEG ratio as trailing 12M P/E divided by 12M forward earnings. We only consider numbers between -10 and 10 in our calculations.

Fig 8 – Returns across Nifty and global indices (in local currency)

(%)	1D	1W	1M	3M	6M	YTD	1Y	3Y	5Y
Nifty 50	(0.1)	1.4	(4.5)	(10.7)	(9.1)	(9.1)	0.6	33.0	65.7
Nifty Next 50	(0.5)	1.0	(5.5)	(12.6)	(13.5)	(13.5)	(5.5)	32.9	39.0
Nifty 200	(0.2)	1.4	(4.8)	(11.1)	(10.1)	(10.1)	(0.2)	35.1	61.0
Nifty 500	(0.2)	1.6	(4.9)	(11.3)	(10.7)	(10.7)	(0.5)	37.8	60.7
NIFTY Midcap 100	(0.8)	1.4	(6.5)	(12.2)	(13.1)	(13.1)	(1.6)	49.6	49.2
NIFTY Smallcap 100	(0.5)	2.4	(8.5)	(20.4)	(25.2)	(25.2)	(13.8)	35.4	15.5
NSE NIFTY Smallcap 250	(0.3)	2.4	(7.4)	(15.9)	(17.8)	(17.8)	(4.9)	56.7	35.2
Nifty Dividend Opp 50	(0.6)	1.7	(5.0)	(11.0)	(10.2)	(10.2)	0.0	25.6	41.4
NIFTY100 ESG	(0.5)	0.6	(4.9)	(12.5)	(14.3)	(14.3)	(3.0)	39.9	78.6
S&P 500	(0.9)	(0.3)	(7.7)	(16.7)	(20.6)	(20.6)	(12.4)	27.7	56.2
Stoxx 600	(1.5)	1.2	(7.2)	(11.2)	(16.5)	(16.5)	(10.6)	5.0	7.3
Nikke 225	(0.9)	(1.3)	(4.7)	(5.4)	(9.1)	(9.1)	(8.9)	20.4	30.6
FTSE 100	(2.0)	2.1	(4.8)	(4.9)	(2.9)	(2.9)	0.6	(4.4)	(2.0)

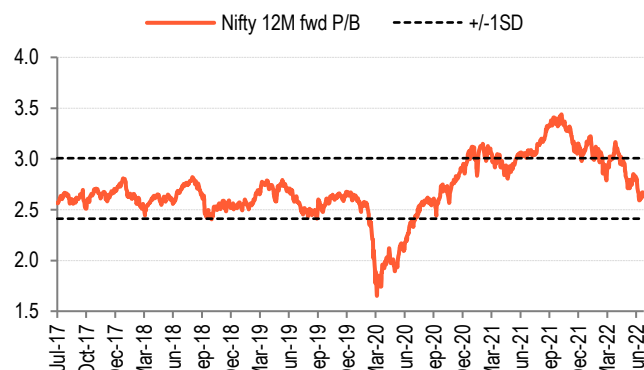
Source: Bloomberg, BOBCAPS Research

Fig 9 – Nifty: 12M forward P/E



Source: Bloomberg, BOBCAPS Research

Fig 10 – Nifty: 12M forward P/B



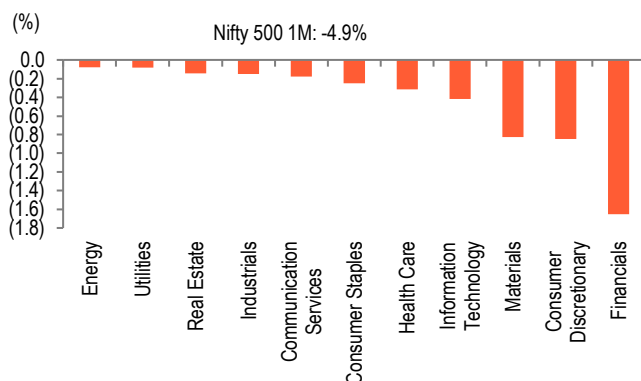
Source: Bloomberg, BOBCAPS Research

Fig 11 – Returns across sectoral Nifty indices

(%)	1D	1W	1M	3M	6M	YTD	1Y	3Y	5Y
Nifty 50	(0.1)	1.4	(4.5)	(10.7)	(9.1)	(9.1)	0.6	33.0	65.7
Nifty Bank	0.5	0.9	(6.2)	(10.0)	(5.8)	(5.8)	(3.6)	6.5	44.0
Nifty IT	(1.1)	(0.7)	(4.8)	(23.4)	(28.1)	(28.1)	(4.0)	74.9	174.2
Nifty Auto	(1.3)	3.0	1.2	9.6	7.0	7.0	9.5	45.7	11.0
Nifty Pharma	(0.4)	0.3	(2.3)	(10.5)	(14.5)	(14.5)	(15.8)	48.7	26.6
Nifty Metal	(2.0)	3.0	(12.7)	(28.0)	(15.6)	(15.6)	(10.5)	56.5	55.8
Nifty FMCG	(0.1)	0.9	(2.0)	2.6	0.2	0.2	3.9	27.2	40.8
Nifty PSU Bank	(1.0)	0.9	(6.1)	(14.1)	(3.8)	(3.8)	(3.5)	(24.3)	(26.3)
Nifty Realty	(1.2)	0.8	(5.4)	(18.8)	(20.4)	(20.4)	12.4	32.0	46.3
Nifty Financial Services	0.4	0.5	(6.2)	(11.4)	(10.7)	(10.7)	(5.5)	13.0	63.0
Nifty Infrastructure	(0.3)	3.1	(4.8)	(9.3)	(6.7)	(6.7)	6.8	36.3	44.3
Nifty Energy	0.5	6.0	(1.4)	(5.1)	10.9	10.9	27.4	57.3	116.4
Nifty CPSE	(0.7)	4.8	(6.0)	(4.6)	8.8	8.8	19.3	6.1	5.6
Nifty India Consumption	(0.4)	1.2	(2.3)	(3.1)	(5.1)	(5.1)	5.1	40.1	54.0
Nifty Media	(0.1)	2.8	(6.9)	(21.6)	(14.5)	(14.5)	5.7	(9.3)	(36.4)
NIFTY Private Bank	0.1	0.8	(8.0)	(11.2)	(7.3)	(7.3)	(8.3)	(3.7)	28.7
Nifty PSE	(1.0)	3.3	(6.8)	(9.5)	(0.4)	(0.4)	6.0	5.8	1.2
Nifty Commodities	(0.9)	3.3	(8.0)	(17.3)	(10.0)	(10.0)	(1.9)	38.9	47.1
Nifty Services Sector	0.2	0.9	(5.0)	(13.5)	(12.9)	(12.9)	(2.5)	25.0	71.9

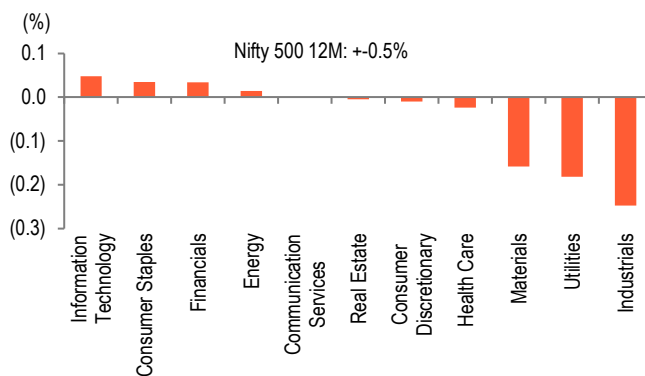
Source: Bloomberg, BOBCAPS Research

Fig 12 – Nifty 500: Contribution to 1M returns



Source: Bloomberg, BOBCAPS Research

Fig 13 – Nifty 500: Contribution to 12M returns



Source: Bloomberg, BOBCAPS Research

Fig 14 – 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	10.3	14.4	15.7	6.7	19.2	17.9	15.4	14.5	2.8	2.7	2.4	2.2	1.53	1.66	1.84	1.99
Nifty Next 50	11.0	(2.5)	21.4	8.1	24.4	19.3	15.9	14.7	3.2	2.6	2.4	2.2	1.46	1.87	2.01	2.09
Nifty 200	10.0	11.0	18.4	9.0	19.8	18.5	15.6	14.4	2.8	2.7	2.4	2.0	1.48	1.73	1.92	1.94
Nifty 500	10.1	11.7	19.1	9.4	19.6	18.6	15.6	14.3	2.8	2.7	2.4	2.0	1.46	1.66	1.85	1.86
NIFTY Midcap 100	8.8	(0.6)	33.0	25.0	21.1	21.6	16.3	13.0	2.5	2.7	2.3	1.2	1.31	2.14	2.43	1.69
NIFTY Smallcap 100	5.9	11.5	21.9	13.0	16.2	14.7	12.1	10.7	2.2	2.1	1.8	1.6	1.21	1.42	1.61	1.77
Sectors																
Nifty Bank	13.2	22.1	24.6	7.6	18.5	14.0	11.2	10.4	2.3	1.9	1.7	1.4	0.90	1.11	1.32	1.31
Nifty IT	11.8	13.5	15.1	11.1	21.3	22.4	19.4	17.5	5.1	5.9	5.2	4.9	2.34	2.70	3.02	3.54
Nifty Auto	(3.0)	121.8	33.4	2.8	20.5	23.6	17.7	17.2	2.7	3.9	3.4	2.8	1.34	1.22	1.50	1.20
Nifty Pharma	2.4	52.2	20.6	8.7	22.8	22.9	19.0	17.4	3.2	3.2	2.9	2.6	0.72	0.77	0.88	1.00
Nifty Metal	35.9	(25.4)	(0.8)	11.2	9.2	7.0	7.0	6.3	1.3	1.0	0.9	0.8	3.41	4.40	4.33	4.50
Nifty FMCG	9.2	13.8	13.1	2.7	32.5	34.0	30.1	29.3	7.7	7.8	7.5	6.8	1.96	2.33	2.60	2.91
Nifty PSU Bank	12.6	9.3	37.9	14.3	10.2	6.4	4.7	4.1	0.8	0.8	0.6	0.4	1.78	3.02	3.79	3.30
Nifty Realty	7.1	50.9	32.0	30.0	30.8	32.6	24.7	19.0	2.3	2.6	2.3	2.1	0.78	0.41	0.44	0.47
Nifty Financial Services	13.8	6.7	20.3	9.8	20.6	17.4	14.4	13.1	2.9	2.5	2.2	1.9	0.94	1.09	1.24	1.28
Nifty Infrastructure	14.7	16.7	14.4	7.3	18.2	14.0	12.2	11.4	2.0	1.9	1.7	1.6	1.82	2.23	2.40	2.46
Nifty Energy	17.1	19.7	17.2	0.9	10.7	9.9	8.5	8.4	1.3	1.3	1.2	1.1	2.94	3.20	3.26	3.09
Nifty CPSE	16.6	11.4	(0.7)	2.7	7.7	5.9	6.0	5.8	1.1	1.1	1.0	1.0	6.09	7.59	7.50	7.19
Nifty India Consumption	59.6	8.4	25.3	8.0	56.6	34.3	27.4	25.3	6.9	6.3	5.7	4.8	1.00	1.44	1.67	1.70
Nifty Media	(0.6)	716.3	23.0	21.5	21.1	19.4	15.8	13.0	3.0	2.7	2.4	2.1	1.60	1.58	1.75	1.46
Nifty PSE	13.4	(12.2)	3.6	9.7	8.3	6.6	6.4	5.8	1.2	1.1	1.0	0.9	5.10	6.80	7.03	6.63
Nifty Commodities	20.1	(2.1)	5.3	(1.0)	16.7	8.5	8.1	8.2	2.5	1.3	1.2	1.1	2.58	3.26	3.33	3.30
Nifty Services Sector	9.5	14.3	20.9	6.2	20.5	18.4	15.2	14.3	3.2	2.9	2.5	2.4	1.40	1.57	1.76	1.96

Source: Bloomberg, BOBCAPS Research

Fig 15 – NSE 500: Best performing stocks June 2022

Company	Sector	Industry	Market cap (Rs mn)	1M (%)	3M (%)	1Y (%)
Adani Transmission	Utilities	Electric Utilities	27,59,338	26.34	2.16	145.77
Mahindra Cie Automotive	Consumer Discretionary	Auto Components	88,376	21.60	31.77	(0.64)
Asahi India Glass	Consumer Discretionary	Auto Components	1,31,171	21.19	26.25	60.00
Tube Investments Of India Lt	Consumer Discretionary	Auto Components	3,55,344	15.08	14.02	55.85
Tvs Motor Co	Consumer Discretionary	Automobiles	4,00,000	14.21	33.91	34.86
Nazara Technologies	Communication Services	Entertainment	44,087	13.95	(19.05)	(12.11)
Rajesh Exports	Consumer Discretionary	Textiles, Apparel & Luxury Goo	1,84,656	13.50	(9.17)	10.71
Sunteck Realty	Real Estate	Real Estate Management	72,720	11.16	1.86	66.13
Hinduja Global Solutions	Information Technology	IT Services	44,600	10.53	(4.83)	(12.82)
Radico Khaitan	Consumer Staples	Beverages	1,16,630	9.76	(2.37)	16.00
Mangalore Refinery & Petro	Energy	Oil, Gas & Consumable Fuels	1,58,785	9.22	110.45	77.65
Endurance Technologies	Consumer Discretionary	Auto Components	1,98,574	8.99	26.36	(14.47)
Westlife Development	Consumer Discretionary	Hotels, Restaurants & Leisure	77,547	8.84	4.86	(0.48)
ITI	Information Technology	Communications Equipment	94,797	8.81	1.51	(21.64)
Restaurant Brands Asia	Consumer Discretionary	Hotels, Restaurants & Leisure	54,754	8.66	(1.55)	(30.25)
Shriram Transport Finance	Financials	Consumer Finance	3,46,630	8.14	8.46	(5.48)
Ce Info Systems	Information Technology	Software	75,174	7.85	(7.23)	NA
Praj Industries	Industrials	Construction & Engineering	66,839	7.50	(7.87)	(0.91)
Sapphire Foods India	Consumer Discretionary	Hotels, Restaurants & Leisure	68,944	7.18	(24.92)	NA
Varun Beverages	Consumer Staples	Beverages	5,13,501	6.92	26.30	63.84
Macrotech Developers	Real Estate	Real Estate Management	5,14,832	6.88	(9.45)	56.85
Maruti Suzuki India	Consumer Discretionary	Automobiles	25,58,845	6.69	10.01	11.69
Honeywell Automation India	Information Technology	Electronic Equipment	2,98,735	6.42	(15.03)	(18.55)
Zydus Wellness	Consumer Staples	Food Products	1,04,156	6.28	4.95	(23.85)
Jamna Auto Industries	Industrials	Machinery	48,692	5.76	19.23	46.99

Source: Bloomberg, BOBCAPS Research

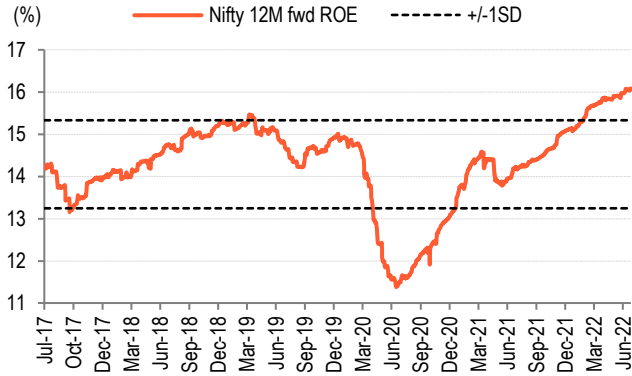
Fig 16 – NSE 500: Worst performing stocks June 2022

Company	Sector	Industry	Market cap (Rs mn)	1M (%)	3M (%)	1Y (%)
Brightcom Group	Communication Services	Interactive Media & Services	63,262	(48.61)	(69.31)	178.52
Star Health & Allied Insuran	Financials	Insurance	2,81,258	(31.08)	(34.20)	NA
Vedanta	Materials	Metals & Mining	8,28,935	(29.44)	(45.05)	(15.18)
Zomato	Consumer Discretionary	Internet & Direct Marketing Re	4,23,996	(27.91)	(36.12)	NA
Suzlon Energy	Industrials	Electrical Equipment	67,054	(27.13)	(27.51)	(18.45)
Tanla Platforms	Information Technology	Software	1,37,086	(26.28)	(32.31)	25.10
Chambal Fertilisers & Chem	Materials	Chemicals	1,10,773	(25.56)	(38.14)	(11.27)
National Aluminium Co	Materials	Metals & Mining	1,26,360	(25.50)	(43.63)	(11.74)
Gujarat Gas	Utilities	Gas Utilities	2,88,332	(25.39)	(15.40)	(37.95)
Vmart Retail	Consumer Discretionary	Multiline Retail	49,118	(25.23)	(35.31)	(11.83)
Hikal	Health Care	Pharmaceuticals	29,469	(24.96)	(42.13)	(51.71)
Dhani Services	Financials	Capital Markets	23,188	(24.92)	(46.29)	(79.61)
Rbl Bank	Financials	Banks	50,030	(24.82)	(39.09)	(60.23)
Fertilisers & Chem Travancr	Materials	Chemicals	62,378	(24.78)	(28.17)	(31.09)
New India Assurance Co/T	Financials	Insurance	1,31,510	(23.01)	(30.24)	(53.73)
Gujarat State Fert & Chemica	Materials	Chemicals	52,599	(22.60)	(24.16)	13.11
G R Infraprojects	Industrials	Construction & Engineering	1,06,411	(22.55)	(28.95)	NA
Laxmi Organic Industries	Materials	Chemicals	75,459	(22.15)	(34.78)	23.52
Rattanindia Enterprises	Utilities	Independent Power and Renewabl	58,608	(21.70)	(10.74)	(8.82)
Delta Corp	Consumer Discretionary	Hotels, Restaurants & Leisure	44,516	(21.56)	(50.02)	(8.92)
Allcargo Logistics	Industrials	Air Freight & Logistics	64,606	(21.48)	(25.89)	70.97
Jsw Energy	Utilities	Independent Power and Renewabl	3,41,876	(21.41)	(32.75)	19.27
Wockhardt	Health Care	Pharmaceuticals	30,044	(21.23)	(26.27)	(58.13)
Dilip Buildcon	Industrials	Construction & Engineering	27,839	(21.22)	(24.79)	(66.74)
Bandhan Bank	Financials	Banks	4,24,442	(20.76)	(17.73)	(19.25)

Source: Bloomberg, BOBCAPS Research

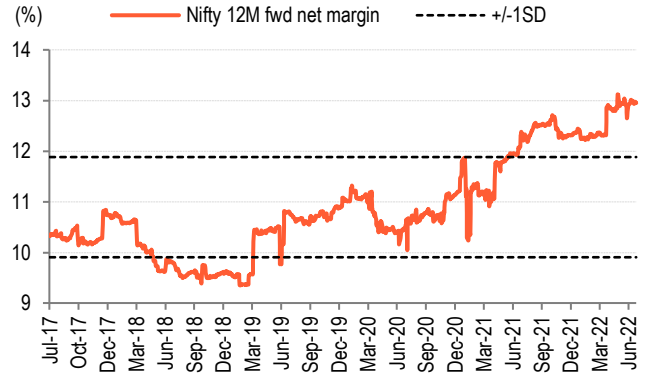
Index fundamentals

Fig 17 – Nifty: 12M forward ROE



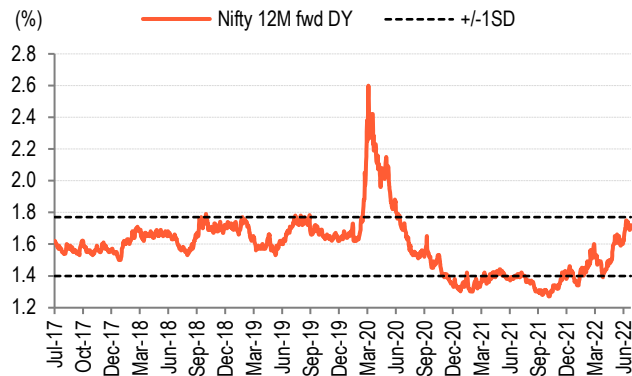
Source: Bloomberg, BOBCAPS Research

Fig 18 – Nifty: 12M forward net margin



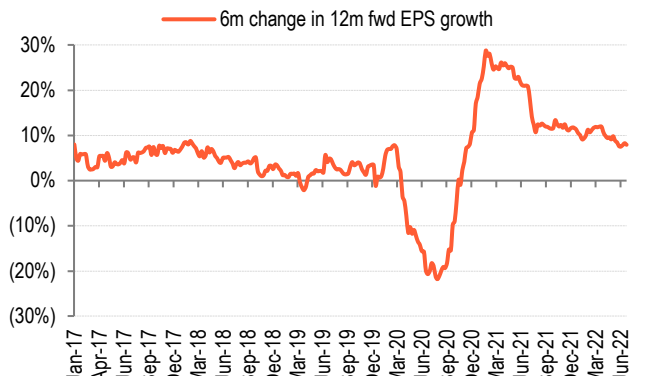
Source: Bloomberg, BOBCAPS Research

Fig 19 – Nifty: 12M forward dividend yield



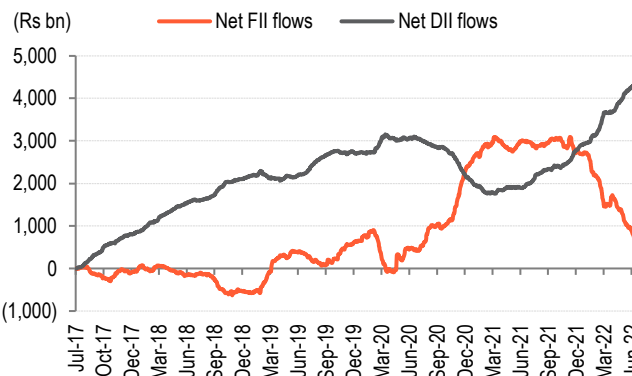
Source: Bloomberg, BOBCAPS Research

Fig 20 – Nifty: 6M change in EPS growth



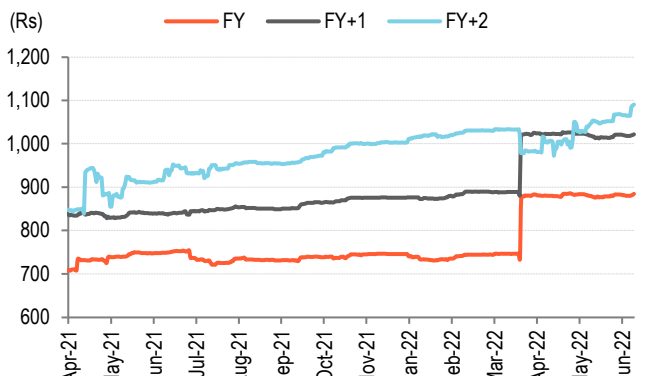
Source: Bloomberg, BOBCAPS Research

Fig 21 – Flows in India (5Y)



Source: Bloomberg, BOBCAPS Research

Fig 22 – Nifty 50: EPS consensus forecast



Source: Bloomberg, BOBCAPS Research

Yields, Exchange rates and Commodities

RBI continued its hawkish stance in June 2022. Policy rates now stands at 4.9 percentage, a hike of 90bps since May 2022. RBI indicated that global economic environment remains challenging with multi decade high inflation, geo political tensions, elevated prices of crude and other commodities along with supply chain bottlenecks adding to inflation. Domestic economic activity continues to strengthen and the rural consumption should gather pace with a normal monsoon expectation. Increasing capacity utilization, credit growth and government capex bode well for the investment outlook. Rupee depreciated against dollar but performed better than most other currency.

US fed also raised its benchmark rates in June 2022. Benchmark rates in US were increase by 75bps on 15 June 2022, highest since 1994. Fed move further strengthened dollar index (DXY) which now is at 15-year.

Commodity prices softened further in June 2022. Steel fell 8.6%, other industrial metals fell by 12-20%. Silver and gold declined by 8.1% and 2.4% respectively. Agricultural commodity fell over 5-18%.

Inflation in India eased slightly to 7.04% in May 2022 as compared to 7.79% in April. However, WPI continues to rise. IIP rose to an eight-month high of 7.1% in April 2022, but this was partly due to the base effects from April 2021. Broad-based improvement was seen across sectors, with mining and manufacturing leading output. PMI though strengthen to 58.3. Passenger and commercial vehicle registration fell while that of two-wheelers grew. Credit growth, Exports and imports continue to rise.

Fig 23 – Yields

(%)	1D	1W	1M	3M	6M	YTD	1Y	3Y	5Y
India 10y yield	7.45	7.44	7.46	6.84	6.46	6.45	6.04	6.88	6.51
India AAA corporate yield	7.78	7.77	7.78	7.17	7.06	7.00	6.91	8.07	7.57
India AA corporate yield	8.50	8.48	8.50	7.95	7.84	7.79	7.66	8.63	8.26
US 10y yield	3.01	3.13	3.09	2.34	1.63	1.51	1.46	2.01	2.30
EU 10y yield	1.34	1.44	1.52	0.55	(0.12)	(0.18)	(0.20)	(0.33)	0.47
Japan 10y yield	0.23	0.23	0.24	0.22	0.07	0.07	0.04	(0.16)	0.09

Source: Bloomberg, BOBCAPS Research

Fig 24 – Exchange rates

(%)	Current	1D	1W	1M	3M	6M	YTD	1Y	3Y	5Y
USDINR	79.1	(0.1)	(0.9)	(2.0)	(4.2)	(6.1)	(6.0)	(5.7)	(12.8)	(18.3)
EURINR	82.7	(0.4)	0.0	0.5	1.8	2.0	1.8	6.9	(5.4)	(10.9)
JPYINR	0.6	(0.9)	(1.1)	2.4	6.6	9.9	10.3	14.2	8.6	(1.4)
GBPINR	95.9	0.0	0.5	1.8	3.8	4.7	4.7	7.1	(9.1)	(12.7)

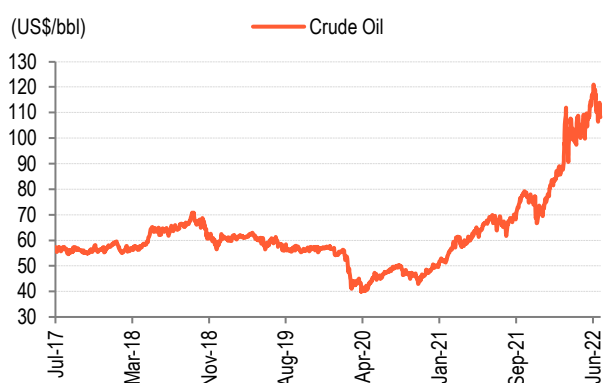
Source: Bloomberg, BOBCAPS Research

Fig 25 – Commodity price trend

(%)	Current	1D	1W	1M	3M	6M	YTD	1Y	3Y	5Y
Energy										
NYM WTI Crude (USD/bbl.)	105.83	0.1	(1.7)	(6.1)	10.8	46.6	46.6	59.5	97.4	99.2
ICE Brent Crude (USD/bbl.)	109.27	0.2	0.2	(3.8)	9.0	46.1	46.1	58.0	81.4	93.4
ICE ARA Gasoil (USD/MT)	1184	2.1	(9.1)	(2.8)	26.6	82.4	82.4	100.4	106.6	130.4
NYM NYH Gasoline (USd/gal.)	354.5	0.2	(6.3)	(8.4)	18.8	57.4	57.4	68.5	101.0	NA
NYM NYH Heating Oil (USd/gal.)	385.0	0.5	(9.3)	(4.5)	25.7	71.3	71.3	84.6	104.6	NA
NYM HH Nat Gas (USD/MMBtu)	5.71	5.3	(9.1)	(34.3)	(2.5)	56.2	56.2	94.2	128.0	101.3
ICE NBP Nat Gas (USD/MMBtu)	248.3	1.4	(1.8)	22.3	(18.7)	61.3	61.3	364.8	461.0	510.5
Metals										
LME Aluminums (USD/MT)	2446	(1.0)	(1.3)	(12.3)	(29.9)	(12.9)	(12.9)	(3.1)	35.9	27.4
LME Coppers (USD/MT)	8258	(1.7)	(1.8)	(12.6)	(20.4)	(15.0)	(15.0)	(11.9)	37.8	39.1
SGX Iron Ore (USD/MT)	114.95	(3.4)	1.3	(12.8)	(28.6)	0.0	0.0	(16.9)	57.4	NA
LME Nickel (USD/MT)	22698	(4.5)	(5.6)	(20.1)	(29.3)	9.4	9.4	24.6	78.9	141.7
Steel China (CNY/MT)	4420	0.0	2.2	(8.6)	(15.8)	(7.0)	(6.9)	(18.2)	13.2	23.5
Spot Gold	1803	(0.2)	(1.3)	(2.4)	(6.4)	0.1	(1.4)	1.5	30.2	45.2
Spot Silver	20.1	(1.1)	(5.2)	(8.1)	(18.5)	(12.4)	(13.9)	(22.9)	32.5	20.6
Agriculture										
CME Live Cattle (USd/lb.)	132.6	0.3	(1.0)	1.7	(4.0)	(4.1)	(4.1)	0.7	NA	NA
ICE Coffee (USd/lb.)	230.1	0.8	0.5	(0.6)	1.9	2.5	2.5	36.8	NA	NA
CBT Corn (USd/bu.)	618.25	(0.2)	(8.3)	(10.6)	(10.1)	13.2	13.2	22.4	NA	NA
ICE Cotton (USd/lb.)	96.6	(2.3)	(1.5)	(18.5)	(12.7)	4.2	4.2	22.4	NA	NA
CBT Soybeans (USd/bu.)	1445.25	(0.9)	1.5	(4.6)	2.7	13.9	13.9	14.1	NA	NA
ICE Sugar (USd/lb.)	18.5	(0.1)	0.8	(5.5)	(4.3)	0.8	0.8	15.0	NA	NA
CBT SRW Wheat (USd/bu.)	889.25	0.6	(5.0)	(15.5)	(8.7)	16.0	16.0	30.2	NA	NA

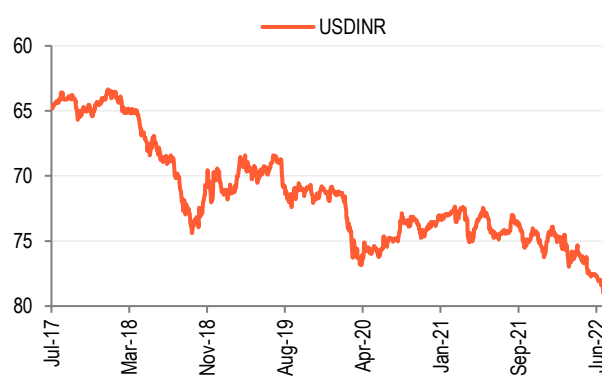
Source: Bloomberg, BOBCAPS Research

Fig 26 – Oil price trend



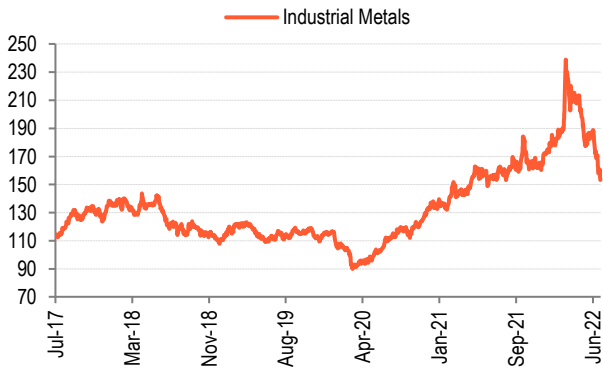
Source: Bloomberg, BOBCAPS Research

Fig 27 – USDINR movement



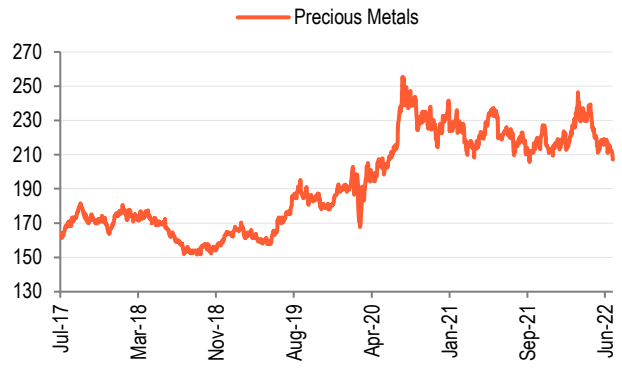
Source: Bloomberg, BOBCAPS Research

Fig 28 – Industrial metals price trend



Source: Bloomberg, BOBCAPS Research

Fig 29 – Precious metals price trend



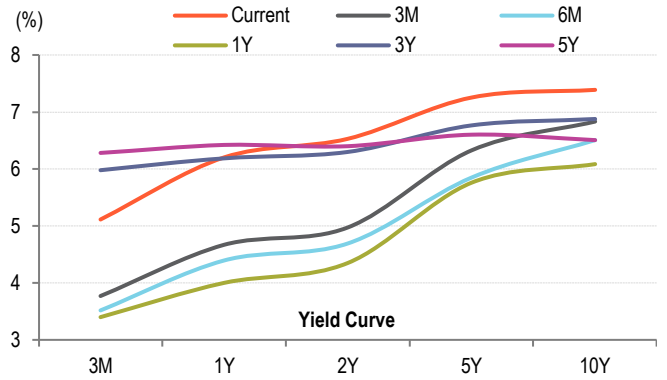
Source: Bloomberg, BOBCAPS Research

Fig 30 – India 10Y bond yield



Source: Bloomberg, BOBCAPS Research

Fig 31 – India yield curve



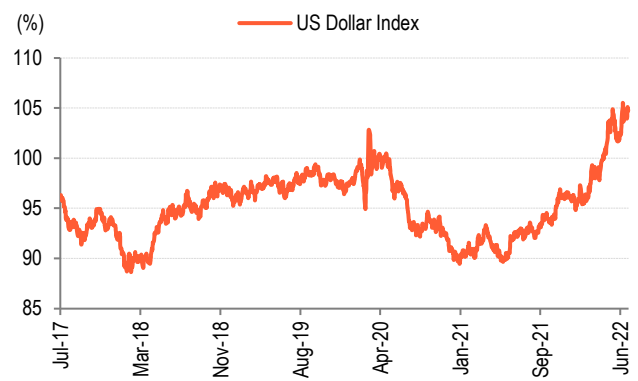
Source: Bloomberg, BOBCAPS Research

Fig 32 – US 10Y yield



Source: Bloomberg, BOBCAPS Research

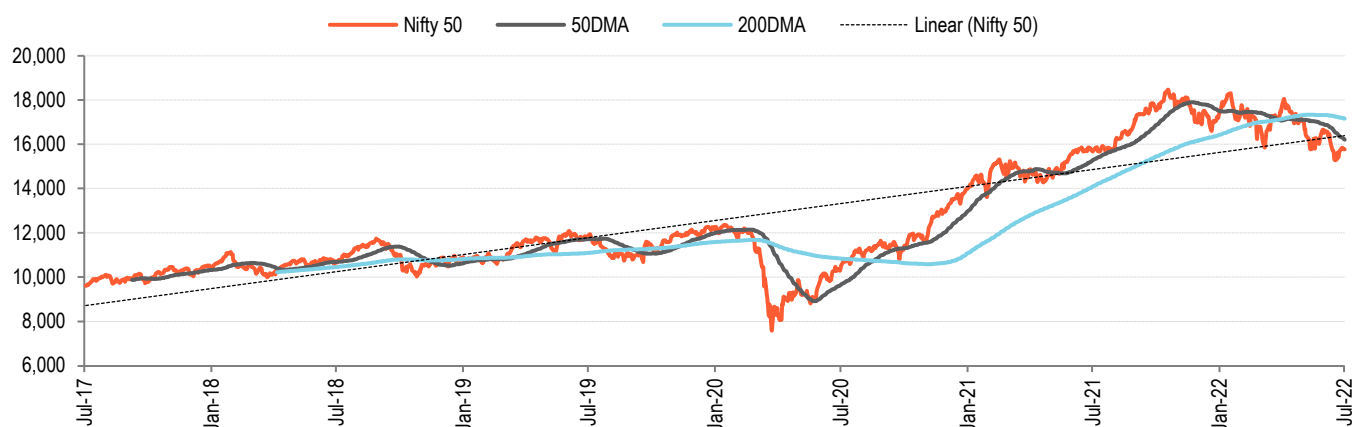
Fig 33 – US Dollar index



Source: Bloomberg, BOBCAPS Research

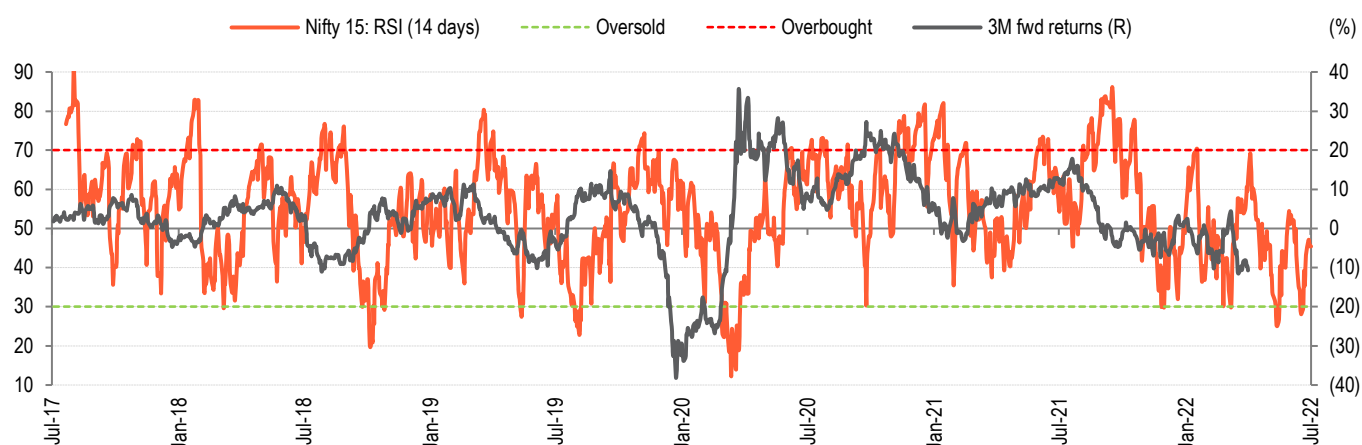
Technical trends

Fig 34 – Nifty 50: Moving averages



Source: Bloomberg, BOBCAPS Research

Fig 35 – Nifty 50: Relative Strength Index (RSI) overbought



Source: Bloomberg, BOBCAPS Research

Fig 36 – Nifty 50: Sector-wise average daily traded value

Sector (Rs bn)	1M	3M	6M
Communication Services	4.3	4.8	5.0
Consumer Discretionary	28.9	27.0	29.4
Consumer Staples	10.4	13.0	13.4
Energy	28.3	29.0	26.8
Financials	51.8	72.8	77.8
Health Care	9.3	11.6	13.1
Industrials	5.7	8.8	8.3
Information Technology	25.9	30.9	34.6
Materials	27.9	30.0	31.5
Utilities	5.0	6.0	5.1
Nifty 50	197	234	245

Source: Bloomberg, BOBCAPS Research

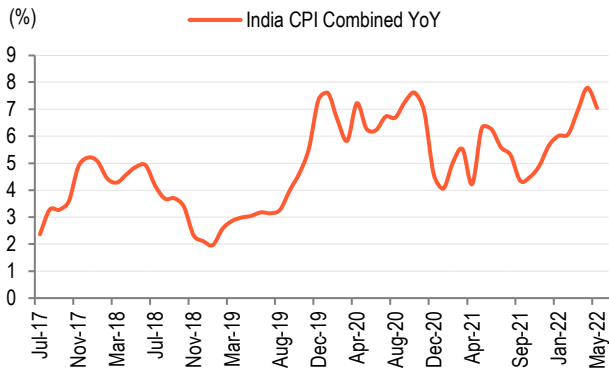
Fig 37 – Nifty 50: Stock-wise average daily traded value

Company (Rs bn)	Sector	Industry	Market cap	1M	3M	6M
Adani Ports And	Industrials	Transportation Infrastructure	1,417	2.4	5.2	4.4
Apollo Hospitals	Health Care	Health Care Providers & Servic	533	2.3	3.0	3.5
Asian Paints Ltd	Materials	Chemicals	2,585	4.2	3.9	4.2
Axis Bank Ltd	Financials	Banks	1,949	4.9	6.6	7.7
Bajaj Finance Lt	Financials	Consumer Finance	3,239	7.3	8.2	9.1
Bharti Airtel	Communication Services	Wireless Telecommunication Ser	3,876	4.3	4.8	5.0
Bajaj Auto Ltd	Consumer Discretionary	Automobiles	1,056	2.9	2.1	1.8
Bajaj Finserv Lt	Financials	Diversified Financial Services	1,720	3.8	4.1	4.6
Bharat Petrol	Energy	Oil, Gas & Consumable Fuels	666	1.3	1.5	1.8
Britannia Inds	Consumer Staples	Food Products	827	1.1	1.2	1.2
Cipla Ltd	Health Care	Pharmaceuticals	742	1.4	1.8	2.3
Coal India Ltd	Energy	Oil, Gas & Consumable Fuels	1,135	2.3	3.1	2.9
Divi Labs Ltd	Health Care	Life Sciences Tools & Services	956	1.6	2.3	2.3
Dr Reddy'S Labs	Health Care	Pharmaceuticals	724	1.8	1.9	2.1
Eicher Motors	Consumer Discretionary	Automobiles	757	2.0	2.0	1.9
Grasim Inds Ltd	Materials	Construction Materials	861	1.8	1.7	1.7
Hcl Tech Ltd	Information Technology	IT Services	2,621	2.5	3.3	4.2
Housing Dev Fin	Financials	Thriffs & Mortgage Finance	3,885	7.0	10.9	10.8
Hdfc Bank Ltd	Financials	Banks	7,411	7.0	14.8	13.4
Hdfc Life Insura	Financials	Insurance	1,147	1.5	2.3	2.4
Hero Motocorp Lt	Consumer Discretionary	Automobiles	538	1.9	2.1	2.1
Hindalco Inds	Materials	Metals & Mining	752	4.8	6.0	5.9
Hindustan Unilev	Consumer Staples	Personal Products	5,202	3.9	4.2	4.3
Icici Bank Ltd	Financials	Banks	4,886	7.6	9.9	10.9
Indusind Bank	Financials	Banks	610	2.2	2.6	3.3
Infosys Ltd	Information Technology	IT Services	6,135	9.0	12.1	12.3
Itc Ltd	Consumer Staples	Tobacco	3,356	3.1	5.0	5.2
Jsw Steel Ltd	Materials	Metals & Mining	1,352	2.9	3.5	3.4
Kotak Mahindra	Financials	Banks	3,254	3.9	5.3	5.5
Larsen & Toubro	Industrials	Construction & Engineering	2,185	3.3	3.6	3.9
Mahindra & Mahin	Consumer Discretionary	Automobiles	1,329	4.8	4.0	3.5
Maruti Suzuki In	Consumer Discretionary	Automobiles	2,524	7.0	5.6	6.5
Nestle India Ltd	Consumer Staples	Food Products	1,676	1.1	1.3	1.2
Ntpc Ltd	Utilities	Independent Power and Renewabl	1,380	2.8	3.4	2.6
Oil & Natural Ga	Energy	Oil, Gas & Consumable Fuels	1,875	5.3	3.8	4.2
Power Grid Corp	Utilities	Electric Utilities	1,478	2.2	2.6	2.5
Reliance Inds	Energy	Oil, Gas & Consumable Fuels	17,403	19.4	20.5	17.9
Sbi Life Insuran	Financials	Insurance	1,082	1.1	1.3	1.4
State Bank Ind	Financials	Banks	4,129	5.5	6.9	8.8
Shree Cement	Materials	Construction Materials	685	1.0	0.9	1.1
Sun Pharma Indu	Health Care	Pharmaceuticals	1,993	2.2	2.6	2.9
Tata Steel Ltd	Materials	Metals & Mining	1,058	8.4	9.3	10.0
Tata Consumer Pr	Consumer Staples	Food Products	646	1.0	1.3	1.6
Tata Consultancy	Information Technology	IT Services	11,947	7.6	8.0	9.6
Tech Mahindra Lt	Information Technology	IT Services	970	3.5	4.0	4.2
Titan Co Ltd	Consumer Discretionary	Textiles, Apparel & Luxury Goo	1,637	3.9	3.5	3.7
Tata Motors Ltd	Consumer Discretionary	Automobiles	1,447	6.5	7.8	9.9
Upl Ltd	Materials	Chemicals	469	1.5	2.0	2.1
Ultratech Cement	Materials	Construction Materials	1,596	3.3	2.6	3.1
Wipro Ltd	Information Technology	IT Services	2,270	3.3	3.6	4.5

Source: Bloomberg, BOBCAPS Research

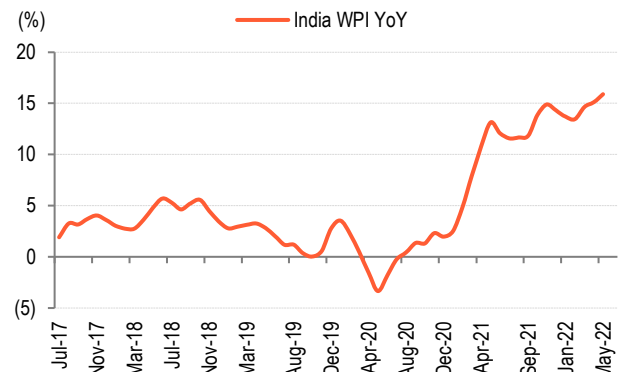
Macroeconomic indicators: May 2022

Fig 38 – Consumer price index



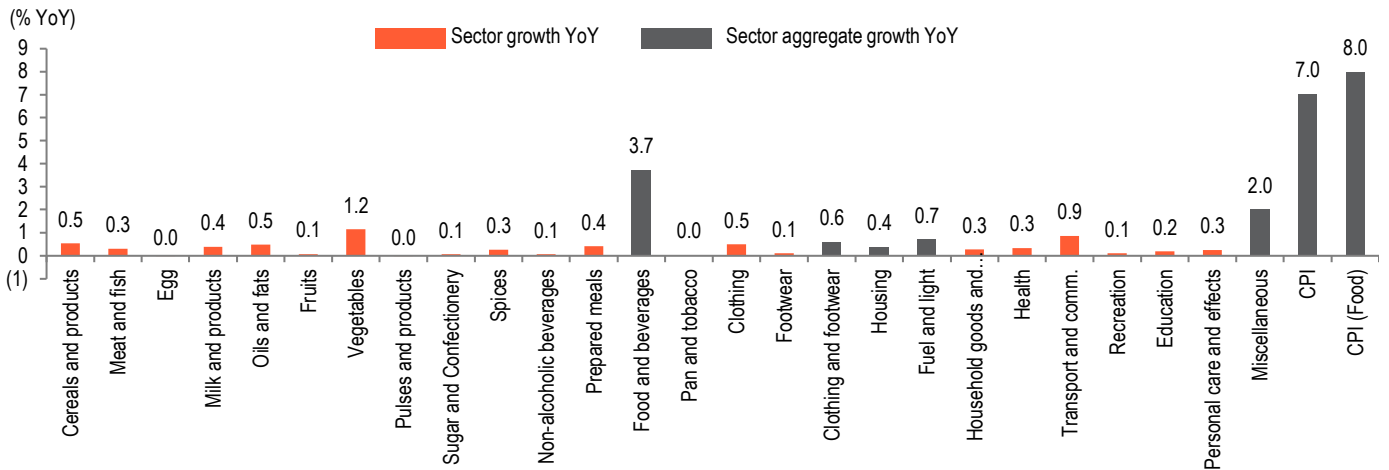
Source: Bloomberg, BOBCAPS Research

Fig 39 – Wholesale price index



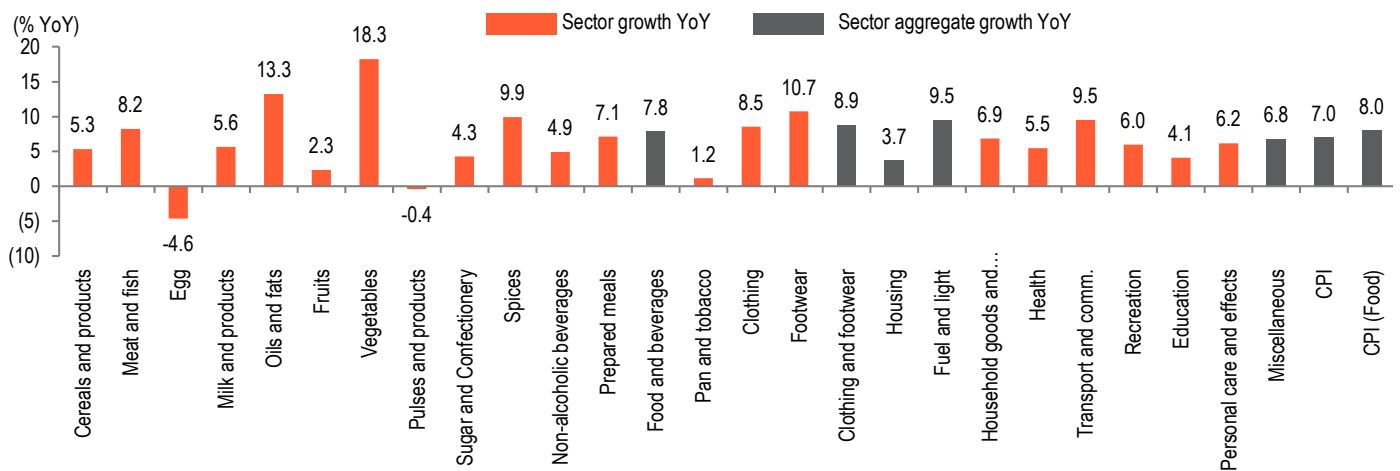
Source: Bloomberg, BOBCAPS Research

Fig 40 – Contribution to CPI (May'22)



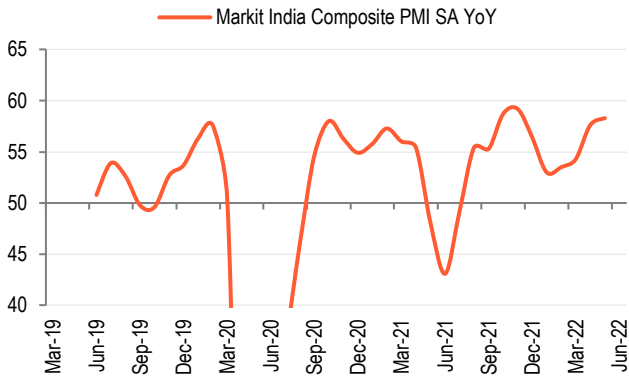
Source: Bloomberg, BOBCAPS Research

Fig 41 – Actual CPI (May'22)



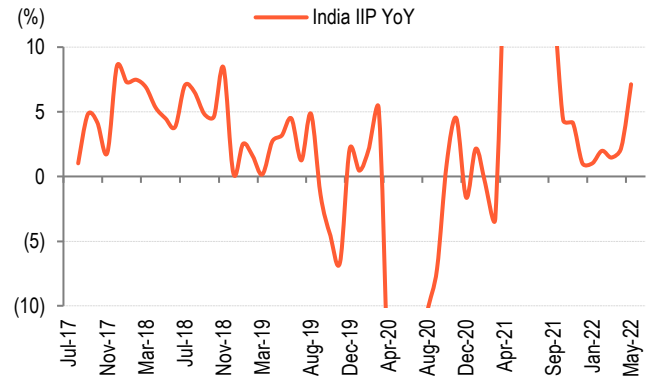
Source: Bloomberg, BOBCAPS Research

Fig 42 – Purchasing Managers’ Index



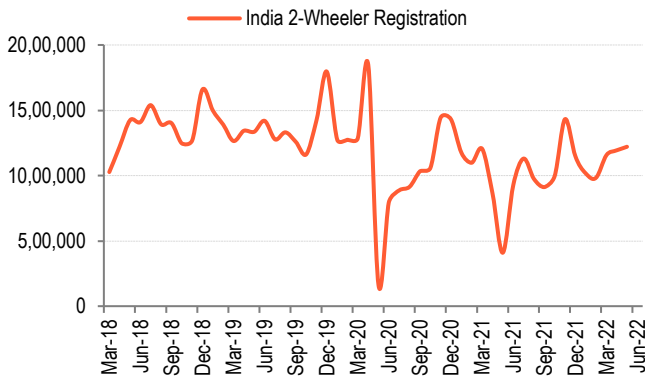
Source: Bloomberg, BOBCAPS Research

Fig 43 – Industrial production



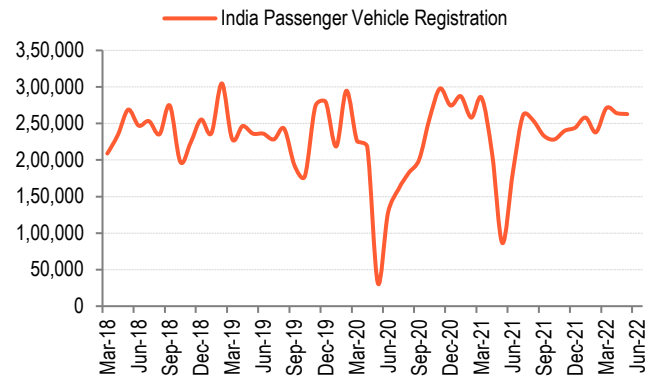
Source: Bloomberg, BOBCAPS Research

Fig 44 – Two-wheeler registration



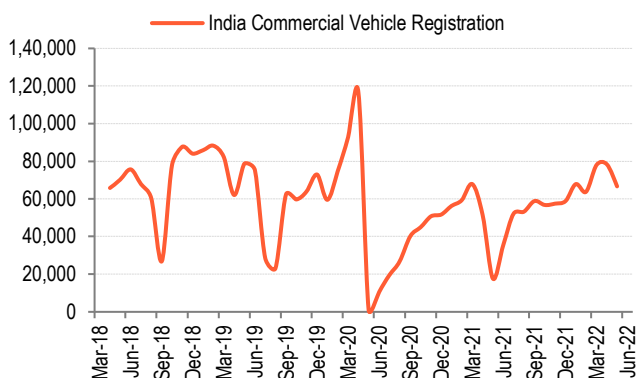
Source: Bloomberg, BOBCAPS Research

Fig 45 – 4-wheeler registration



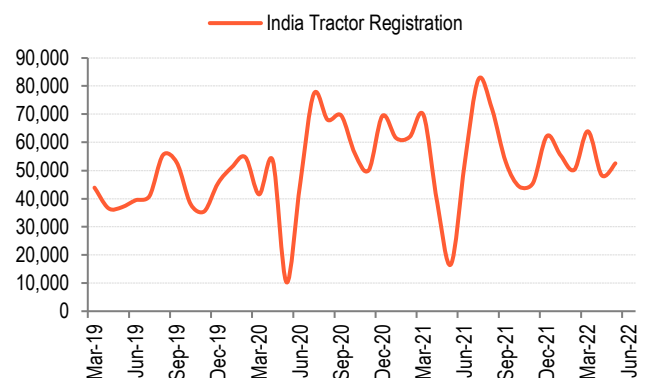
Source: Bloomberg, BOBCAPS Research

Fig 46 – Commercial vehicle registration



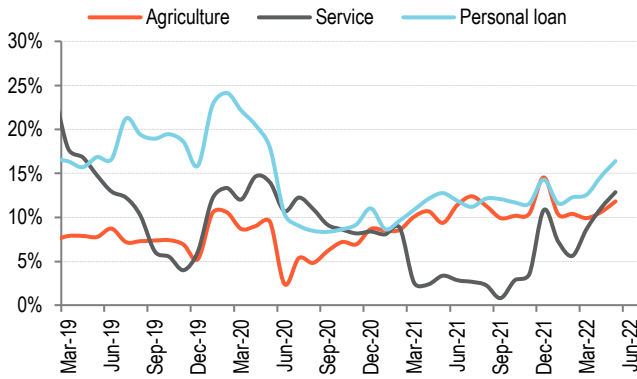
Source: Bloomberg, BOBCAPS Research

Fig 47 – Tractor registration



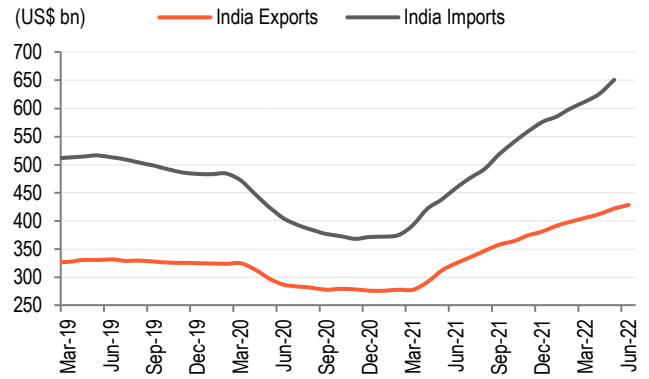
Source: Bloomberg, BOBCAPS Research

Fig 48 – Scheduled Commercial Banks’ credit growth



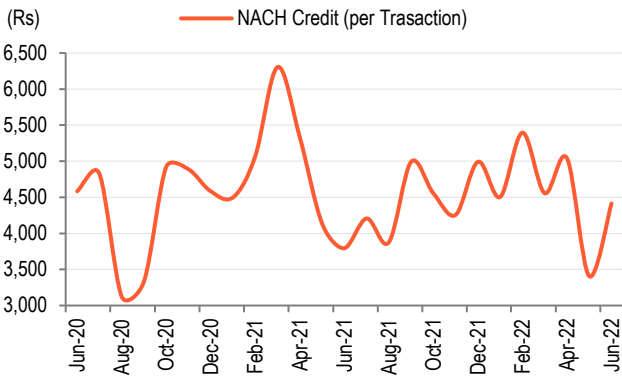
Source: Bloomberg, BOBCAPS Research

Fig 49 – Exports and Imports



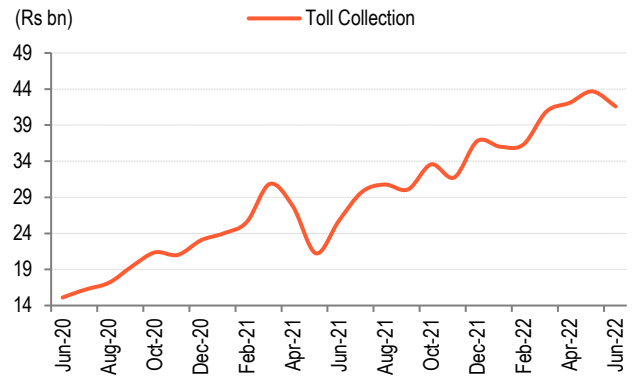
Source: Bloomberg, BOBCAPS Research

Fig 50 – Toll collection



Source: Bloomberg, BOBCAPS Research

Fig 51 – National Automated Clearing House credit



Source: Bloomberg, BOBCAPS Research

Disclaimer

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.

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