

Market correction offers long-term buying opportunity

- Record US inflation coupled with Russia's attack on Ukraine induced a significant 4% market correction (Nifty 500) in Feb'22
- Growth in macroeconomic indicators has moderated but remains positive, though the Russian aggression creates potent near-term headwinds
- Valuations have corrected from the peak even as fundamentals continue to improve. Any sharp correction can be used for long-term buying

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Russian attack spooks markets: The assault on Ukraine has alarmed global markets and stoked significant near-term uncertainty as the ongoing war pits Russia against virtually the entire developed world. Additionally, soaring US inflation and hence sharper rate hike expectations from the US Fed have contributed to substantial selling by foreign investors.

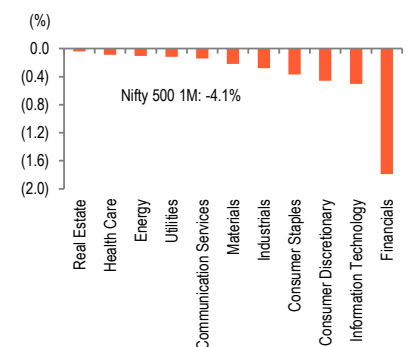
Global energy supply in peril: Russia is an important supplier of energy and metals to the world in general and western countries in particular. This makes all-out hostilities against it that much more difficult. Note that Russia's oil exports are higher than global spare capacity. Its gas supply to Europe is equivalent to ~30% of global LNG trade and is the only viable near-term alternative for the region, underscoring the enormity of policy encumbrances.

Defence sector could benefit: We believe the defence sector, which was facing ESG pressures, may receive a boost due to the potential shift from global disarmament efforts toward a more pro-defence mindset. This is already visible from the recent dramatic change in Germany's defence policy towards augmented military spends.

Market returns decline across the board: During Feb'22, the Nifty 50 index declined 3.1% (in INR terms) while the wider Nifty 500 index fell 4.1%. Midcaps and small-caps underperformed large-caps (Fig 2). Sector-wise, media (-10.1%) was hit hardest followed by the realty (-9.1%) and auto (-7.5%) (Fig 5). However, financials and IT contributed the most to the Nifty 500 decline (Fig 6).

Valuations moderating: Nifty valuations have started to moderate after being about one standard deviation over the five-year average for more than a year. ROE of Nifty stocks continues to rise on average, while net margin looks to have peaked. EPS growth on 12-month forward basis was trending upwards since Jan'22, though the Nifty is below its long-term average on one-year forward PEG ratio. Q3FY22 earnings were robust with 84% of Nifty 200 stocks either beating or meeting consensus revenue estimates. However, raw material inflation remains a headwind.

Nifty 500: Sector-wise contribution to Feb'22 returns



Source: Bloomberg, BOBCAPS Research

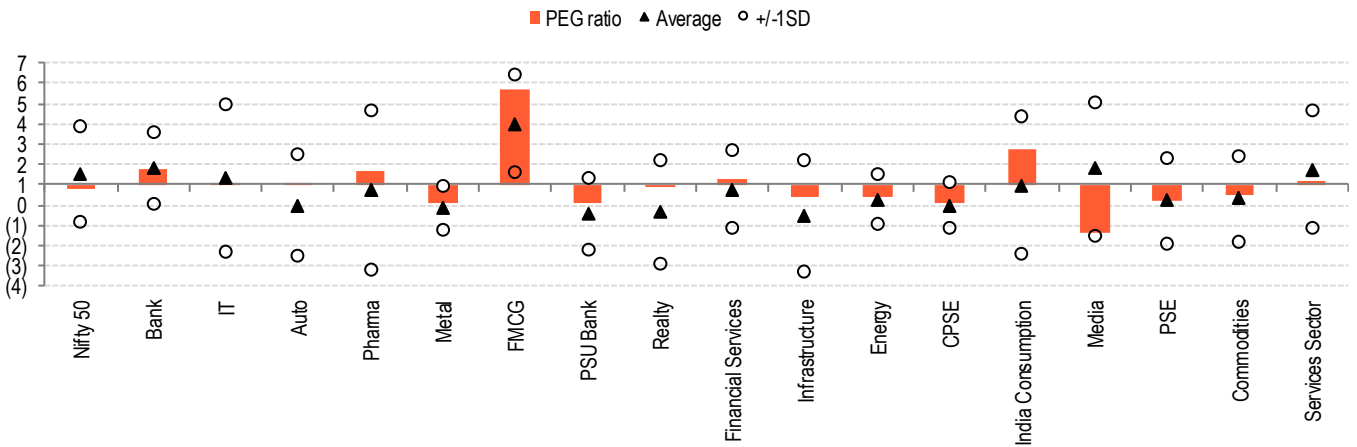


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Valuations and Returns: February 2022

Fig 1 – Nifty: 12M forward PEG ratio



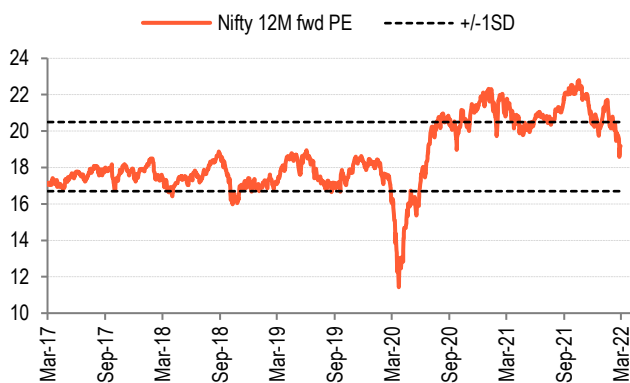
Source: Bloomberg, BOBCAPS Research

Fig 2 – Returns across Nifty and global indices (in local currency)

(%)	1D	1W	1M	3M	6M	YTD	1Y	3Y	5Y
Nifty 50	0.8	(2.4)	(3.1)	(1.1)	(2.0)	(3.2)	15.6	55.6	89.1
Nifty Next 50	1.1	(0.3)	(2.5)	(4.1)	(3.7)	(5.1)	17.0	51.1	64.0
Nifty 200	0.9	(2.0)	(3.5)	(1.9)	(1.9)	(3.9)	16.7	56.9	84.8
Nifty 500	0.8	(2.0)	(4.1)	(2.3)	(1.7)	(4.6)	17.5	59.8	85.6
NIFTY Midcap 100	1.0	(1.2)	(6.8)	(4.8)	(0.7)	(7.3)	21.3	68.8	71.3
NIFTY Smallcap 100	0.6	(2.0)	(11.4)	(7.7)	(4.1)	(12.8)	22.3	65.9	46.8
NSE NIFTY Smallcap 250	0.8	(1.8)	(9.4)	(4.8)	0.4	(9.7)	28.9	81.1	68.0
Nifty Dividend Opp 50	1.8	(1.6)	(3.6)	(0.5)	(2.2)	(4.3)	19.9	39.3	55.7
NIFTY100 ESG	2.9	(2.6)	(3.8)	(3.3)	(3.8)	(6.2)	17.9	65.0	107.2
S&P 500	2.2	0.1	(2.9)	(4.0)	(3.1)	(8.0)	15.0	57.5	85.5
Stoxx 600	(1.4)	(1.6)	(4.7)	(3.4)	(5.0)	(8.3)	10.4	20.0	20.8
Nikke 225	0.2	(2.2)	(1.8)	(4.7)	(5.6)	(7.9)	(8.4)	24.0	38.7
FTSE 100	(1.2)	(1.2)	(1.1)	4.8	3.9	0.2	14.1	4.6	1.8

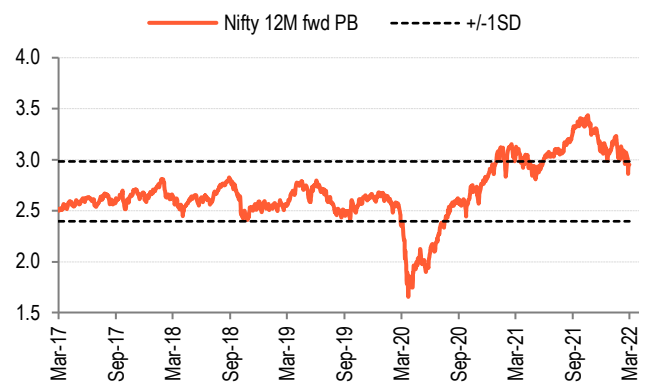
Source: Bloomberg, BOBCAPS Research

Fig 3 – Nifty: 12M forward P/E



Source: Bloomberg, BOBCAPS Research

Fig 4 – Nifty: 12M forward P/B



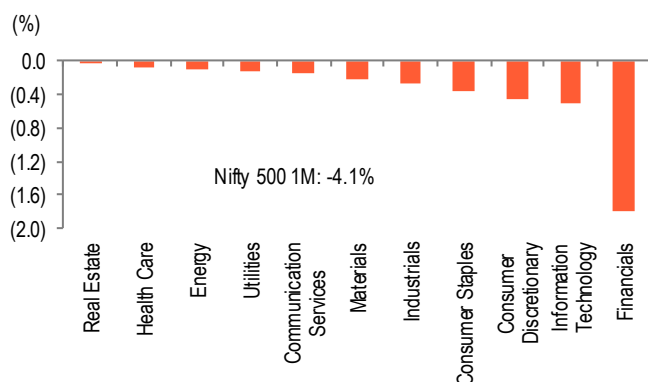
Source: Bloomberg, BOBCAPS Research

Fig 5 – Returns across sectoral Nifty indices

(%)	1D	1W	1M	3M	6M	YTD	1Y	3Y	5Y
Nifty 50	0.8	(2.4)	(3.1)	(1.1)	(2.0)	(3.2)	15.6	55.6	89.1
Nifty Bank	(0.6)	(3.9)	(4.7)	1.4	(0.6)	2.0	4.0	35.1	75.7
Nifty IT	1.1	(1.8)	(2.8)	(3.4)	(2.1)	(12.5)	39.3	115.2	216.9
Nifty Auto	(0.7)	(4.8)	(7.5)	2.0	7.8	(1.1)	6.4	29.5	12.1
Nifty Pharma	0.2	(0.8)	(1.9)	(5.4)	(9.9)	(9.1)	8.4	45.5	22.1
Nifty Metal	5.0	4.2	7.7	13.4	3.2	6.8	54.3	105.4	88.6
Nifty FMCG	0.6	(1.9)	(2.6)	(5.0)	(10.2)	(5.5)	9.5	21.4	59.0
Nifty PSU Bank	0.1	(4.3)	(10.6)	4.2	14.2	5.4	11.5	(3.4)	(18.8)
Nifty Realty	0.6	(1.5)	(9.1)	(10.5)	12.8	(9.9)	24.8	89.5	121.3
Nifty Financial Services	(0.5)	(3.4)	(5.0)	(3.4)	(6.3)	(2.3)	5.3	50.8	104.4
Nifty Infrastructure	2.1	(1.9)	(5.1)	(3.2)	1.9	(3.1)	16.7	64.5	60.1
Nifty Energy	2.6	0.2	(3.1)	6.1	19.3	7.0	28.8	63.4	113.1
Nifty CPSE	2.9	1.9	(3.2)	7.2	18.3	6.7	30.9	17.9	(6.1)
Nifty India Consumption	0.8	(1.4)	(2.1)	(3.2)	(1.8)	(3.8)	17.2	44.0	73.1
Nifty Media	0.7	(4.5)	(10.1)	(7.4)	25.5	(9.4)	23.7	(18.4)	(32.9)
NIFTY Private Bank	(0.5)	(3.4)	(3.4)	1.0	(2.3)	2.0	(0.8)	20.3	61.1
Nifty PSE	3.3	0.9	(4.8)	3.5	8.5	3.1	23.5	22.3	(2.1)
Nifty Commodities	2.5	(0.5)	(1.6)	5.0	3.3	1.6	31.7	71.5	65.9
NSE Nifty Fin Services	(0.5)	(3.4)	(5.0)	(3.4)	(6.3)	(2.3)	5.3	50.8	104.4
Nifty Services Sector	0.1	(2.6)	(3.9)	(2.5)	(3.3)	(4.1)	13.9	57.2	104.3

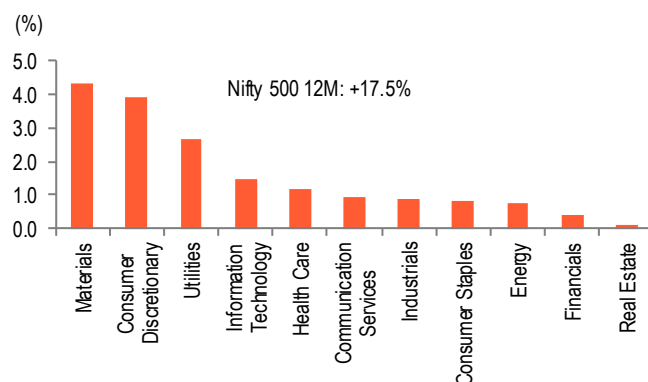
Source: Bloomberg, BOBCAPS Research

Fig 6 – Nifty 500: Contribution to 1M returns



Source: Bloomberg, BOBCAPS Research

Fig 7 – Nifty 500: Contribution to 12M returns



Source: Bloomberg, BOBCAPS Research

Fig 8 – Nifty valuation forecast (consensus estimates)

Index	EPS Growth (%)				P/E (x)				P/B (x)				Dividend yield (%)			
	5Y avg	FY22E	FY23E	FY24E	5Y avg	FY22E	FY23E	FY24E	5Y avg	FY22E	FY23E	FY24E	5Y avg	FY22E	FY23E	FY24E
Nifty 50	10.3	16.5	19.1	16	19.2	22.5	18.9	16.3	2.8	3.3	2.9	2.58	1.53	1.32	1.52	1.69
Nifty Next 50	11	31.8	13	17	24.4	22.2	19.7	16.8	3.2	3.29	2.86	2.55	1.46	1.45	1.46	1.6
Nifty 200	10	17.3	20.5	17.4	19.8	23.2	19.3	16.4	2.8	3.3	2.9	2.56	1.48	1.32	1.49	1.67
Nifty 500	10.1	(92.5)	22.3	17.5	19.6	23.6	19.3	16.4	2.8	3.32	2.91	2.57	1.46	1.33	1.52	1.7
NIFTY Midcap 100	8.8	3.3	41.2	26.4	21.1	29.6	21	16.6	2.5	3.26	2.9	2.42	1.31	1.21	1.43	1.66
NIFTY Smallcap 100	5.9	16.3	46.9	18.8	16.2	24.8	16.9	14.2	2.2	2.81	2.5	2.19	1.21	2.78	3.31	3.81
Sectors																
Nifty Bank	13.2	18.5	36.9	24.6	18.5	20.8	15.2	12.2	2.3	2.29	2.12	1.85	0.9	0.73	0.93	1.1
Nifty IT	11.8	9.7	16.8	14.4	21.3	31.1	26.6	23.3	5.1	8.22	7.36	6.53	2.34	1.78	2.2	2.51
Nifty Auto	(3)	39.4	116.3	26.4	20.5	43.1	19.9	15.8	2.7	3.63	3.04	2.82	1.34	1.19	1.42	1.61
Nifty Pharma	2.4	(1.3)	22.7	19.9	22.8	27.9	22.7	18.9	3.2	3.89	3.4	2.97	0.72	0.64	0.71	0.81
Nifty Metal	35.9	64.5	(19.2)	0.9	9.2	6.6	8.2	8.1	1.3	1.65	1.4	1.23	3.41	3.39	3.06	3.1
Nifty FMCG	9.2	14.1	14.7	11.2	32.5	35.2	30.7	27.6	7.7	7.88	7.47	7.04	1.96	2.26	2.56	2.86
Nifty PSU Bank	12.6	57.3	41.6	25.9	10.2	8.6	6	4.8	0.8	0.79	0.68	0.58	1.78	1.49	2.24	3.06
Nifty Realty	7.1	28.8	44.9	24.1	30.8	48.3	33.4	26.9	2.3	2.99	2.76	2.68	0.78	0.29	0.36	0.38
Nifty Financial Services	13.8	7.3	24.7	21.1	20.6	23.5	18.8	15.5	2.9	3.12	2.69	2.34	0.94	0.8	0.95	1.09
Nifty Infrastructure	14.7	2.7	20	13	18.2	18	15	13.3	2	2.23	2.03	1.84	1.82	1.88	2.02	2.2
Nifty Energy	17.1	7.7	10.2	16.9	10.7	11.5	10.4	8.9	1.3	1.4	1.29	1.19	2.94	2.94	3.01	3.15
Nifty CPSE	16.6	24.5	7.3	1.8	7.7	7	6.5	6.4	1.1	1.24	1.14	1.04	6.09	6.41	6.71	6.87
Nifty India Consumption	59.6	14.1	39.6	20.4	56.6	46.9	33.6	27.9	6.9	6.96	6.05	5.56	1	1.34	1.56	1.78
Nifty Media	(0.6)	(285.9)	123.6	22.2	21.1	41.2	18.4	15.1	3	2.68	2.42	2.16	1.6	1.02	1.17	1.28
Nifty PSE	13.4	7.1	2	3.2	8.3	7	6.8	6.6	1.2	1.21	1.1	1.02	5.1	6.17	6.27	6.59
Nifty Commodities	20.1	7.6	(25.7)	(4.7)	16.7	10.8	14.6	15.3	2.5	2.92	2.67	2.46	2.58	3.79	3.14	2.95
Nifty Services Sector	9.5	10.8	25	19.7	20.5	25.3	20.3	16.9	3.2	3.84	3.27	2.86	1.4	1.17	1.4	1.59

Source: Bloomberg, BOBCAPS Research

Fig 9 – Best performing stocks

Company	Sector	Industry	Market cap (Rs mn)	1M (%)	3M (%)	1Y (%)
Blue Star	Industrials	Building Products	1,03,065	23.8	12.8	23.0
RHI Magnesita India	Materials	Construction Materials	83,943	19.9	53.9	123.9
Creditaccess Grameen	Financials	Consumer Finance	1,16,878	19.4	49.0	10.1
Vedanta	Materials	Metals & Mining	14,13,650	18.2	12.2	83.5
Gujarat Narmada	Materials	Chemicals	85,947	17.7	30.2	89.6
Ratnamani Metals	Materials	Metals & Mining	1,04,493	17.5	1.3	17.6
Hindalco Industries	Materials	Metals & Mining	12,89,315	17.3	39.0	68.6
Tata Steel	Materials	Metals & Mining	14,90,691	12.5	14.0	70.7
National Aluminium	Materials	Metals & Mining	2,22,783	11.4	37.3	102.2
Fine Organic Industries	Utilities	Independent Power and Renewable	1,31,534	11.0	18.4	373.2
JSW Energy	Materials	Chemicals	5,59,300	10.3	18.7	83.2
Jindal Steel & Power	Materials	Metals & Mining	4,33,384	10.1	23.7	26.5
Spandana Sphoorty	Financials	Consumer Finance	23,879	9.8	(6.6)	(40.7)
Cholamandalam Inv	Financials	Consumer Finance	5,67,251	9.8	25.5	33.2
Capri Global Capital	Financials	Consumer Finance	1,04,137	9.6	18.5	59.8
Abbott India	Health Care	Pharmaceuticals	3,73,063	9.2	(8.0)	23.1
Schneider Electric	Industrials	Electrical Equipment	26,887	8.3	7.8	(1.7)
Adani Transmission	Utilities	Electric Utilities	23,47,435	8.3	18.6	184.6
Titan	Consumer Discretionary	Textiles, Apparel & Luxury Goo	22,60,792	7.9	7.2	81.0
Apollo Hospitals	Health Care	Health Care Providers & Serv.	6,90,569	7.8	(15.6)	57.0
Laurus Labs	Health Care	Pharmaceuticals	2,91,007	7.7	6.5	54.7
Trent	Consumer Staples	Food Products	3,93,916	7.6	(17.4)	53.4
Hatsun Agro Product	Consumer Discretionary	Multiline Retail	2,35,309	7.4	9.2	37.0
Voltas	Industrials	Construction & Engineering	4,17,957	6.7	5.2	24.1
V.I.P. Industries	Consumer Discretionary	Textiles, Apparel & Luxury Goo	90,453	6.7	14.4	59.6

Source: Bloomberg, BOBCAPS Research

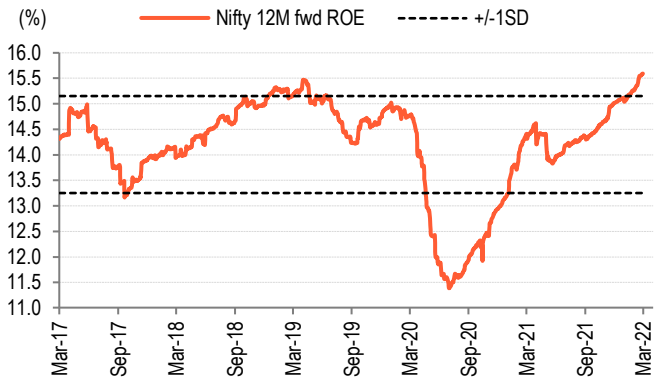
Fig 10 – Worst performing stocks

Company	Sector	Industry	Market cap (Rs mn)	1M (%)	3M (%)	1Y (%)
Dhani Services	Financials	Capital Markets	50,839	(40.18)	(52.48)	(78.29)
Mahindra Logistics	Industrials	Air Freight & Logistics	28,989	(30.76)	(38.57)	(16.28)
Indiabulls Housing	Financials	Thriffs & Mortgage Finance	69,785	(28.86)	(34.54)	(31.47)
Indo Count Industries	Consumer Discretionary	Textiles, Apparel & Luxury Goo	34,377	(28.23)	(25.29)	34.90
Manappuram Finance	Financials	Consumer Finance	96,447	(27.74)	(30.28)	(35.29)
Solara Active Pharma	Health Care	Pharmaceuticals	24,616	(27.18)	(46.25)	(50.83)
Welspun India	Consumer Discretionary	Textiles, Apparel & Luxury Goo	1,03,647	(26.10)	(23.93)	51.59
Dilip Buildcon	Industrials	Construction & Engineering	39,310	(26.00)	(49.12)	(60.43)
HEG	Industrials	Electrical Equipment	43,787	(25.39)	(37.20)	(21.55)
Indiabulls Real Estate	Real Estate	Real Estate Management & Devel	49,215	(24.99)	(35.62)	20.90
MMTC	Industrials	Trading Companies & Distributo	69,375	(24.30)	18.14	16.06
Jubilant Pharmova	Health Care	Pharmaceuticals	63,243	(23.52)	(31.99)	(48.41)
Welspun Corp	Materials	Metals & Mining	37,107	(22.86)	(13.84)	9.17
Alok Industries	Consumer Discretionary	Textiles, Apparel & Luxury Goo	1,19,166	(22.46)	12.41	21.52
Suprajit Engineering	Consumer Discretionary	Auto Components	43,398	(22.39)	(24.59)	9.82
Metropolis Healthcare	Health Care	Health Care Providers & Servic	1,00,128	(22.14)	(40.58)	(0.13)
Venky's (India)	Consumer Staples	Food Products	28,163	(22.12)	(19.72)	25.78
Restaurant Brands Asia	Consumer Discretionary	Hotels, Restaurants & Leisure	51,565	(21.84)	(29.50)	(26.04)
Edelweiss Financial	Financials	Capital Markets	51,446	(21.79)	(18.70)	(21.00)
JK Tyre & Industries	Consumer Discretionary	Auto Components	25,990	(21.79)	(17.99)	(14.95)
Ujivan Financial	Financials	Consumer Finance	13,080	(21.76)	(20.66)	(55.93)
Ajanta Pharma	Health Care	Pharmaceuticals	1,49,023	(21.75)	(17.22)	(1.46)
Balkrishna Industries	Consumer Discretionary	Auto Components	3,52,330	(21.54)	(15.68)	17.70
National Fertilizers	Materials	Chemicals	22,199	(21.51)	(8.03)	(14.54)
Suzlon Energy	Industrials	Electrical Equipment	85,594	(21.34)	37.23	62.07

Source: BOBCAPS Research, Bloomberg

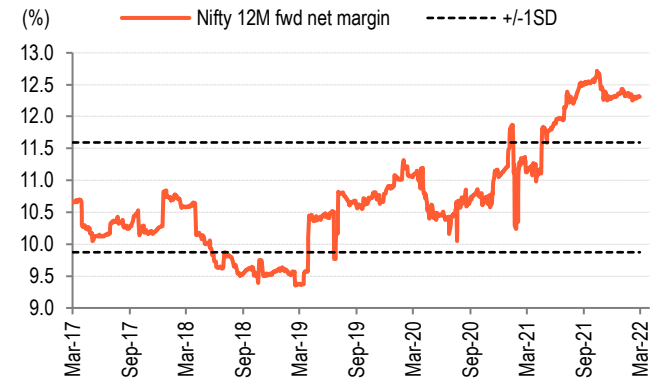
Index fundamentals

Fig 11 – Nifty: 12M forward ROE



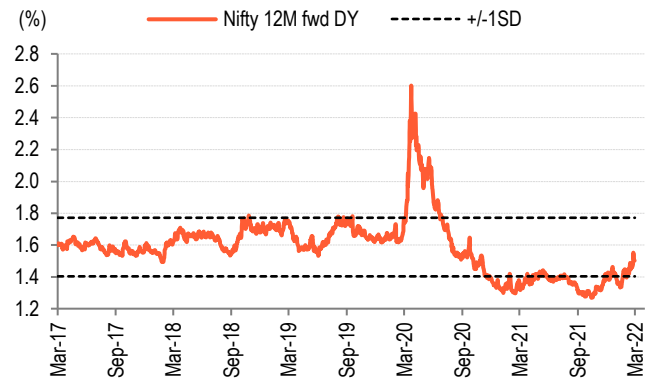
Source: Bloomberg, BOBCAPS Research

Fig 12 – Nifty: 12M forward net margin



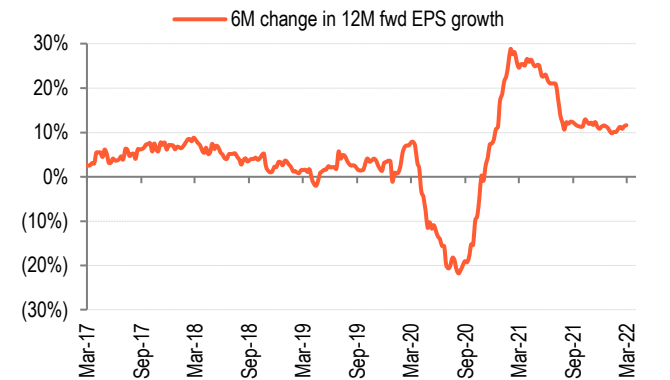
Source: Bloomberg, BOBCAPS Research

Fig 13 – Nifty: 12M forward dividend yield



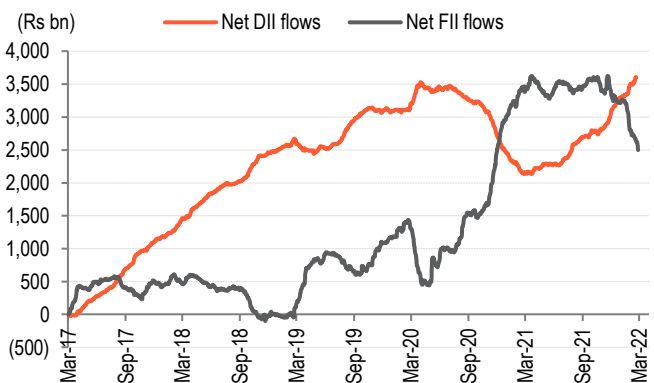
Source: Bloomberg, BOBCAPS Research

Fig 14 – Nifty: 6M change in EPS growth



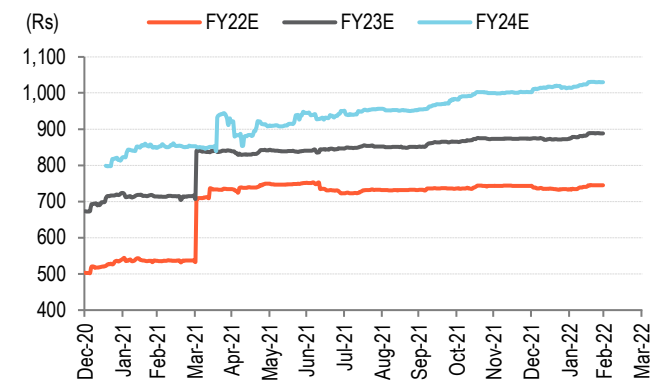
Source: Bloomberg, BOBCAPS Research

Fig 15 – Flows in India (5Y)



Source: Bloomberg, BOBCAPS Research

Fig 16 – Nifty 50: EPS consensus forecast



Source: Bloomberg, BOBCAPS Research

Yields, Exchange rate and Commodities

US inflation rose to 7.5% (YoY) in Jan'22, a 40-year high. Central banks across the globe are now looking for some form of liquidity reversal. As liquidity shrinks and interest rates rise, Indian corporates will see a spike in the cost of funds. Fearing this, FII selling of Indian equities in January this year was the most since Jan'20. Selling has been carried over to February as well.

India's 10-year yield remains unchanged after the RBI's decision to keep rates on hold. Globally, yields continue to rise on inflation and wage data. Following the widening yield differentials, the INR depreciated by 1% against the USD and EUR (Fig 18) in Feb'22. Amongst commodities, oil prices continue to climb (+10.7% MoM, WTI as of 28 Feb) amid the evolving geopolitical situation. Gasoline and natural gas are following the oil trajectory. Industrial metals also continued their rally with aluminium rising 7.9% followed by steel and nickel. Precious metals found new support on growing demand for safe havens (Fig 19).

In terms of domestic macroeconomic indicators, Jan'22 data shows that CPI continues to rise while WPI has moderated slightly. PMI declined for the third consecutive month but remains in the expansion zone. Industrial production remains flat. Two-wheeler and tractor registrations have fallen while passenger and commercial vehicles saw an increase.

Fig 17 – Yields

(%)	1D	1W	1M	3M	6M	YTD	1Y	3Y	5Y
India 10Y yield	6.75	6.69	6.75	6.33	6.25	6.45	6.23	7.47	6.87
India AAA corporate yield	7.16	7.10	7.29	6.95	6.98	7.00	7.24	8.80	7.83
India AA corporate yield	7.95	7.89	8.04	7.73	7.77	7.79	7.94	9.38	8.32
US 10Y yield	1.96	1.93	1.80	1.47	1.35	1.51	1.40	2.68	2.39
EU 10Y yield	0.23	0.21	(0.06)	(0.34)	(0.41)	(0.18)	(0.26)	0.15	0.21
Japan 10Y yield	0.21	0.21	0.16	0.07	0.03	0.07	0.16	(0.03)	0.06

Source: Bloomberg, BOBCAPS Research

Fig 18 – Exchange rates

	Level	1D	1W	1M	3M	6M	YTD	1Y	3Y	5Y
USDINR	75.3	(0.1)	(1.1)	(1.0)	(0.2)	(3.1)	(1.3)	(2.4)	(6.1)	(11.5)
EURINR	84.2	(0.1)	0.5	(1.0)	1.4	2.5	0.0	5.1	(4.1)	(16.1)
JPYINR	0.7	0.0	(0.5)	(0.7)	2.3	2.0	(0.9)	5.8	(2.4)	(8.8)
GBPINR	100.8	(0.1)	0.8	(0.5)	(0.4)	(0.3)	(0.4)	1.8	(6.5)	(17.7)

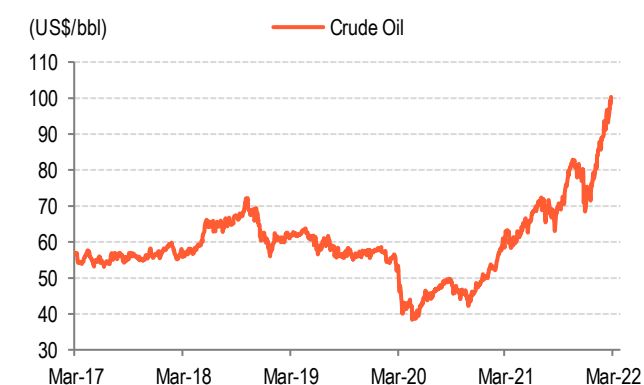
Source: Bloomberg, BOBCAPS Research

Fig 19 – Commodity price trend

Energy	Level	1D	1W	1M	3M	6M	YTD	1Y	3Y	5Y
NYM WTI Crude (US\$/bbl)	95.77	4.6	6.2	10.7	47.0	44.2	28.6	72.4	74.3	75.2
ICE Brent Crude (US\$/bbl)	101.66	3.8	6.6	13.9	48.3	47.0	31.4	71.8	65.2	77.9
ICE ARA Gasoil (US\$/MT)	885.25	5.8	7.6	13.1	48.8	50.2	33.5	69.4	48.9	67.4
NYM NYH Gasoline (US\$/gal)	283.6	4.0	6.2	11.0	46.6	41.1	27.3	71.6	77.1	NA
NYM NYH Heating Oil (US\$/gal)	296.3	4.0	6.5	9.1	45.1	41.6	28.3	63.8	47.1	NA
NYM HH Nat Gas (US\$/MMBtu)	4.58	2.5	4.7	(2.0)	16.5	32.0	30.7	86.1	83.0	71.5
ICE NBP Nat Gas (US\$/MMBtu)	259	15.3	48.7	30.2	97.2	199.1	66.2	502.9	452.8	553.1
Metals										
LME Aluminums (US\$/MT)	3358	(1.1)	2.9	11.1	23.6	28.3	19.6	50.2	76.2	78.1
LME Coppers (US\$/MT)	9873	0.1	(0.8)	3.9	0.7	5.5	1.6	4.9	52.4	66.5
SGX Iron Ore (US\$/MT)	144.75	1.1	6.0	7.2	41.6	15.7	21.3	17.2	115.9	NA
LME Nickel (US\$/MT)	24361	(1.4)	0.9	9.1	17.9	27.1	17.4	26.9	87.8	124.3
Steel China (CNY/MT)	4958	0.4	(0.8)	1.7	3.7	(12.2)	4.4	1.6	29.2	27.5
Spot Gold	1909	1.1	0.2	6.2	7.6	5.3	4.4	10.7	45.4	52.9
Spot Silver	24.4	0.4	2.0	8.5	6.8	2.0	4.6	(8.2)	56.2	33.1
Agriculture										
CME Live Cattle (US\$/lb)	141.9	(0.3)	(3.3)	(1.8)	(1.4)	(0.2)	(2.0)	11.1	NA	NA
ICE Coffee (US\$/lb)	235.9	(1.2)	(4.1)	0.2	1.8	18.3	4.4	64.1	NA	NA
CBT Corn (US\$/bu)	678.5	3.5	3.9	8.6	19.0	23.9	14.0	40.5	NA	NA
ICE Cotton (US\$/lb)	117.1	(1.3)	(3.4)	(4.9)	11.9	28.1	6.0	41.3	NA	NA
CBT Soybeans (US\$/bu)	1620.75	2.3	1.1	8.4	31.2	23.7	20.1	37.2	NA	NA
ICE Sugar (US\$/lb)	17.64	0.2	0.1	(0.9)	(3.5)	(11.0)	(5.2)	18.5	NA	NA
CBT SRW Wheat (US\$/bu)	904.25	5.2	12.5	18.0	13.9	21.5	16.8	39.3	NA	NA

Source: Bloomberg, BOBCAPS Research

Fig 20 – Oil price trend



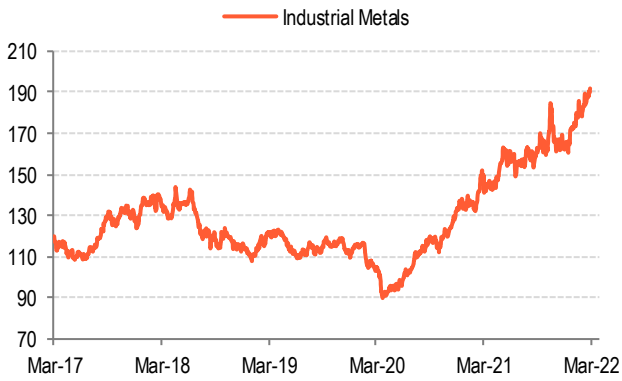
Source: Bloomberg, BOBCAPS Research

Fig 21 – USDINR movement



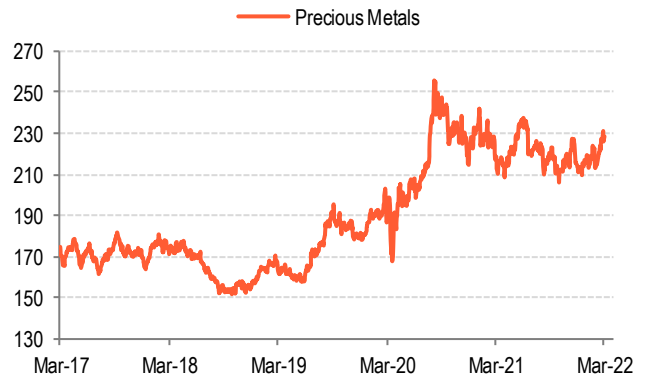
Source: Bloomberg, BOBCAPS Research

Fig 22 – Industrial metals price trend



Source: Bloomberg, BOBCAPS Research

Fig 23 – Precious metals price trend



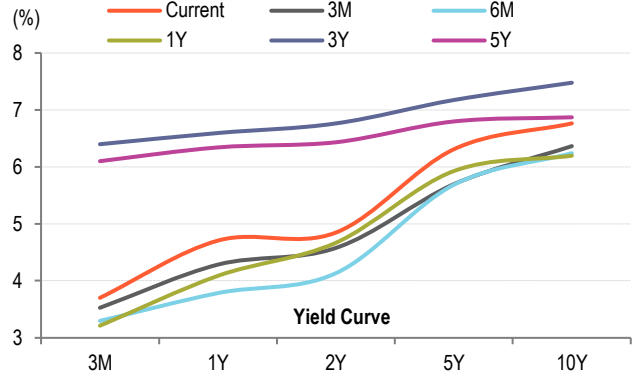
Source: Bloomberg, BOBCAPS Research

Fig 24 – India 10Y bond yield



Source: Bloomberg, BOBCAPS Research

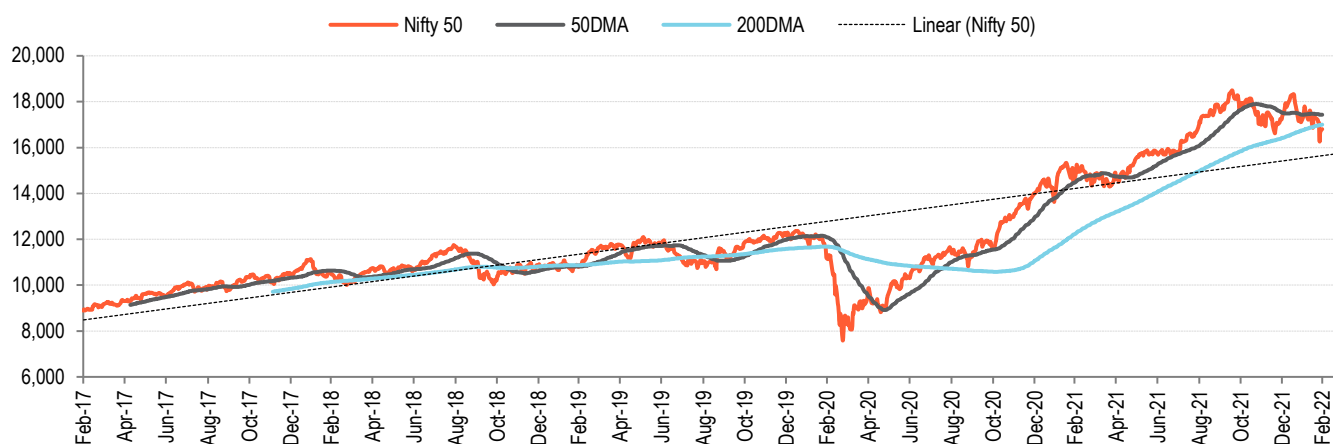
Fig 25 – India yield curve



Source: Bloomberg, BOBCAPS Research

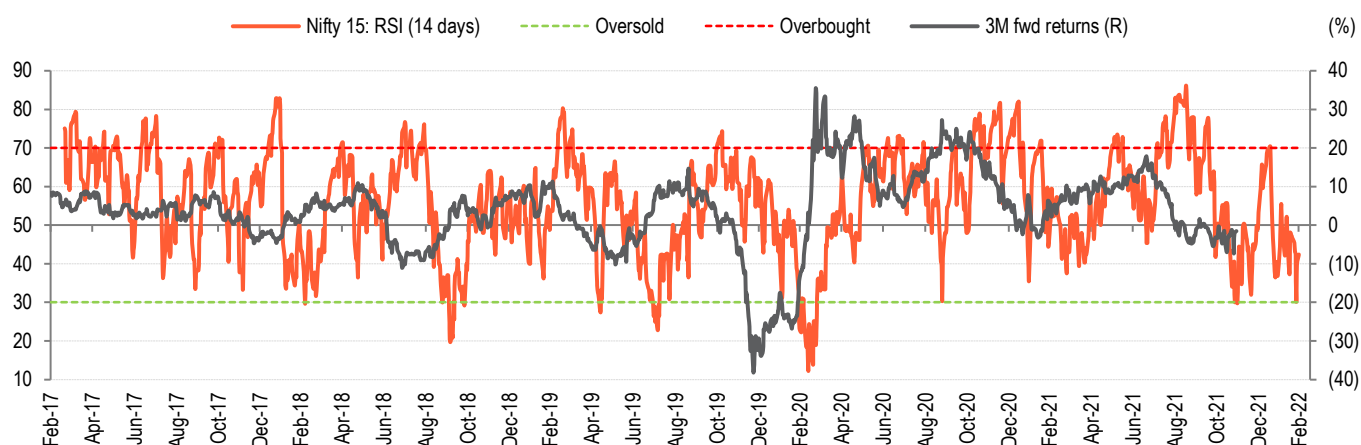
Technical trends

Fig 26 – Nifty 50: Moving averages



Source: Bloomberg, BOBCAPS Research

Fig 27 – Nifty 50: Relative strength Index (RSI) overbought



Source: Bloomberg, BOBCAPS Research

Fig 28 – Nifty 50: Sector-wise average daily traded value

Sector (Rs bn)	1M	3M	6M
Communication Services	4.5	5.6	8.6
Consumer Discretionary	29.1	27.4	31.9
Consumer Staples	12.1	11.2	13.0
Energy	21.9	22.9	24.7
Financials	79.3	74.8	75.9
Health Care	9.9	10.2	9.9
Industrials	7.5	7.6	8.2
Information Technology	35.6	36.2	35.9
Materials	26.7	25.4	28.9
Utilities	3.4	4.2	4.2
Nifty 50	230	226	241

Source: BOBCAPS Research, Bloomberg

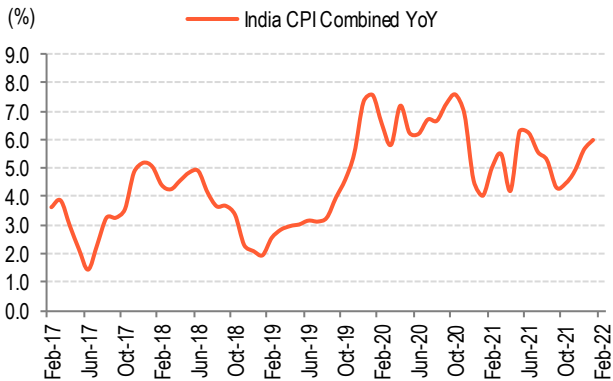
Fig 29 – Nifty 50: Stock-wise average daily traded value

Company (Rs bn)	Sector	Industry	Market cap	1M	3M	6M
Adani Ports	Industrials	Transportation Infrastructure	1,445	3.2	3.5	3.8
Asian Paints	Materials	Chemicals	3,045	2.6	3.4	3.7
Axis Bank	Financials	Banks	2,278	7.7	7.8	7.8
Bajaj Finance	Financials	Consumer Finance	4,226	8.1	9.4	9.1
Bharti Airtel	Communication Services	Wireless Telecommunication Ser	3,899	4.5	5.6	8.6
Bajaj Auto	Consumer Discretionary	Automobiles	1,022	1.3	1.5	1.6
Bajaj Finserv	Financials	Diversified Financial Services	2,548	4.9	4.8	5.1
Bharat Petrol	Energy	Oil, Gas & Consumable Fuels	759	2.0	2.0	2.3
Britannia	Consumer Staples	Food Products	826	1.0	0.9	1.1
Cipla	Health Care	Pharmaceuticals	746	2.2	2.4	2.2
Coal India	Energy	Oil, Gas & Consumable Fuels	1,045	2.0	1.9	2.5
Divi Labs	Health Care	Life Sciences Tools & Services	1,132	2.8	2.7	2.7
Dr Reddy's Labs	Health Care	Pharmaceuticals	676	1.6	1.8	1.9
Eicher Motors	Consumer Discretionary	Automobiles	708	1.7	1.7	2.0
Grasim	Materials	Construction Materials	1,052	1.4	1.7	1.7
HCL	Information Technology	IT Services	3,058	4.2	5.1	5.5
HDFC	Financials	Thriffs & Mortgage Finance	4,284	11.8	9.1	8.6
HDFC Bank	Financials	Banks	7,906	9.2	9.6	9.6
HDFC Life	Financials	Insurance	1,105	2.2	1.7	2.0
Hero Motocorp	Consumer Discretionary	Automobiles	507	2.1	1.6	1.6
Hindalco Inds	Materials	Metals & Mining	1,289	4.7	4.1	4.5
HUL	Consumer Staples	Personal Products	5,104	3.1	3.5	3.9
ICICI Bank	Financials	Banks	5,158	10.9	11.2	10.6
IndusInd Bank	Financials	Banks	713	5.0	4.6	5.1
Infosys	Information Technology	IT Services	7,216	10.6	10.6	10.5
Indian Oil Corp	Energy	Oil, Gas & Consumable Fuels	1,083	1.4	1.2	1.3
ITC	Consumer Staples	Tobacco	2,660	5.2	4.3	5.3
JSW Steel	Materials	Metals & Mining	1,517	2.1	2.8	3.0
Kotak Mahindra	Financials	Banks	3,656	5.3	5.6	6.3
Larsen & Toubro	Industrials	Construction & Engineering	2,552	4.4	4.1	4.4
M&M	Consumer Discretionary	Automobiles	983	2.6	2.6	3.2
Maruti Suzuki In	Consumer Discretionary	Automobiles	2,512	6.2	5.9	6.1
Nestle India	Consumer Staples	Food Products	1,701	1.1	1.0	1.1
NTPC	Utilities	Independent Power and Renewabl	1,295	1.5	1.6	1.9
Oil & Natural Ga	Energy	Oil, Gas & Consumable Fuels	2,021	3.4	2.6	3.1
Power Grid Corp	Utilities	Electric Utilities	1,459	1.9	2.6	2.4
Reliance	Energy	Oil, Gas & Consumable Fuels	15,963	13.2	15.2	15.5
SBI Life	Financials	Insurance	1,060	1.8	1.6	1.8
State Bank	Financials	Banks	4,312	12.3	9.3	9.9
Shree Cement	Materials	Construction Materials	881	1.0	0.9	1.1
Sun Pharma	Health Care	Pharmaceuticals	2,025	3.3	3.3	3.0
Tata Steel	Materials	Metals & Mining	1,491	10.4	8.4	10.5
Tata Consumer	Consumer Staples	Food Products	662	1.7	1.6	1.6
Tata Consultancy	Information Technology	IT Services	13,147	12.3	10.6	10.2
Tech Mahindra	Information Technology	IT Services	1,369	3.9	4.5	4.6
Titan	Consumer Discretionary	Textiles, Apparel & Luxury Goo	2,261	3.3	3.2	3.4
Tata Motors	Consumer Discretionary	Automobiles	1,618	11.8	10.8	14.0
UPL	Materials	Chemicals	508	1.7	1.8	1.9
Ultratech Cement	Materials	Construction Materials	1,896	2.7	2.4	2.5
Wipro	Information Technology	IT Services	3,047	4.6	5.6	5.1

Source: Bloomberg, BOBCAPS Research

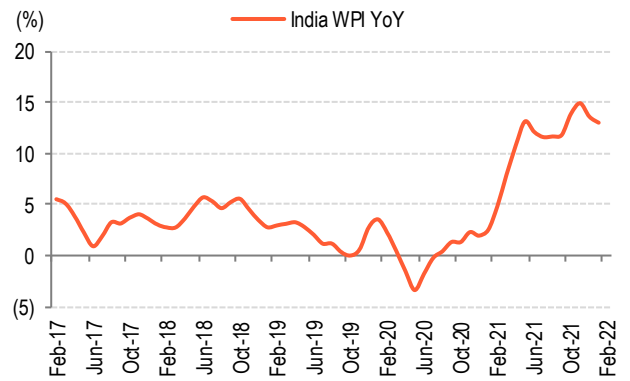
Macroeconomic indicators: January 2022

Fig 30 – Consumer price index



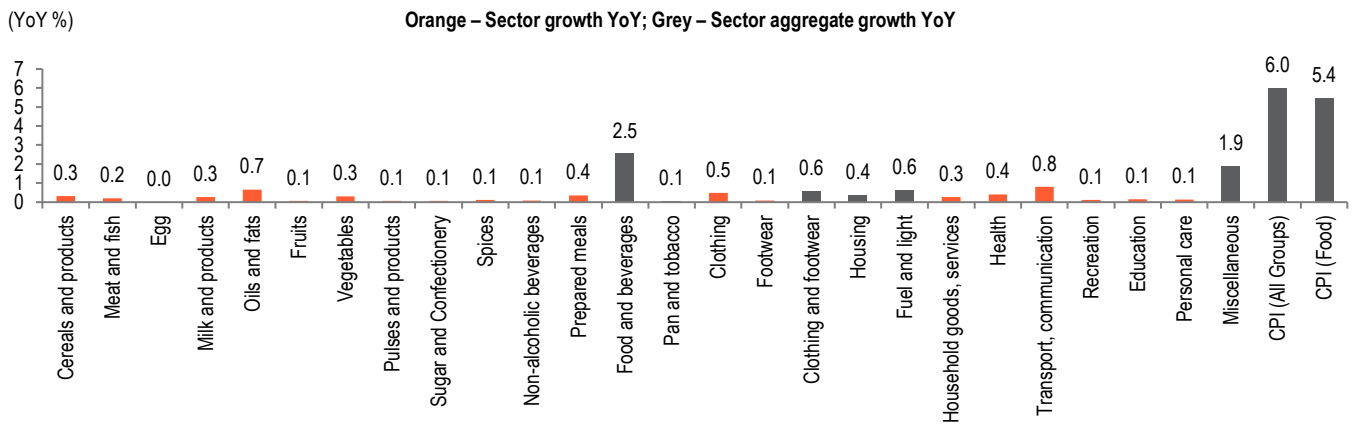
Source: Bloomberg, BOBCAPS Research

Fig 31 – Wholesale price index



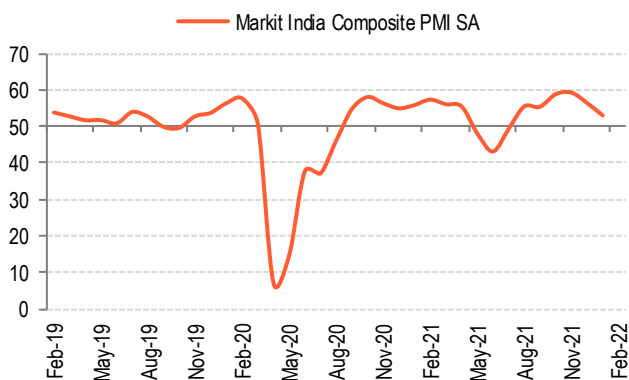
Source: Bloomberg, BOBCAPS Research

Fig 32 – Contribution to CPI (Jan'22)



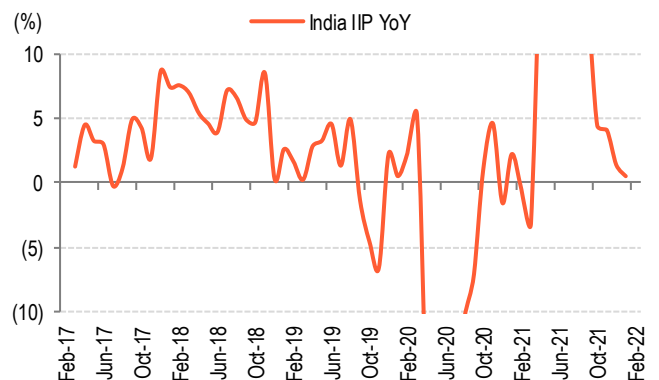
Source: Bloomberg, BOBCAPS Research

Fig 33 – Purchasing Managers' Index



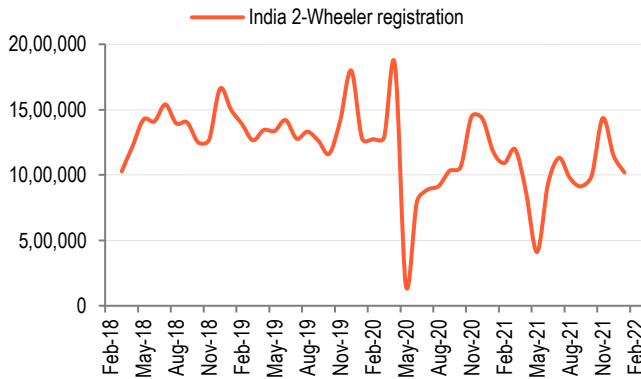
Source: Bloomberg, BOBCAPS Research

Fig 34 – Industrial production



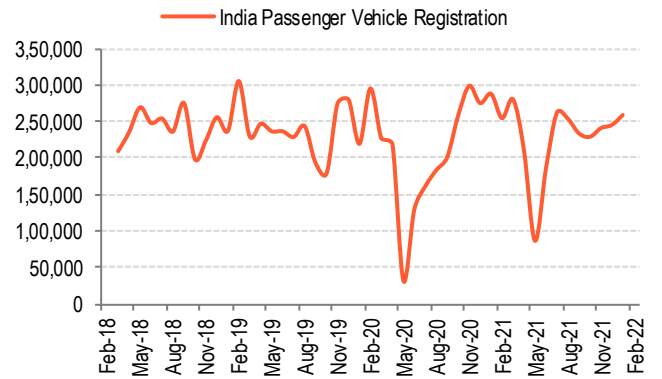
Source: Bloomberg, BOBCAPS Research

Fig 35 – Two-wheeler registration



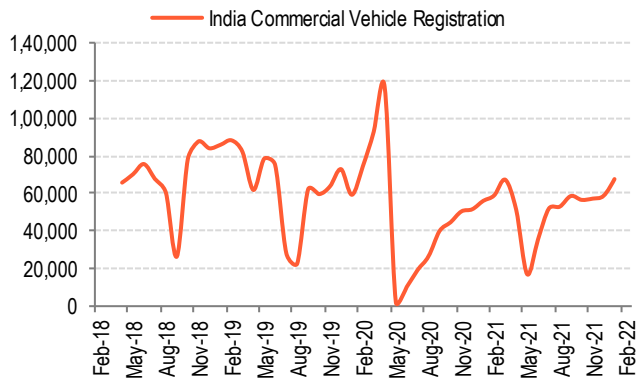
Source: Bloomberg, BOBCAPS Research

Fig 36 – 4-wheeler registration



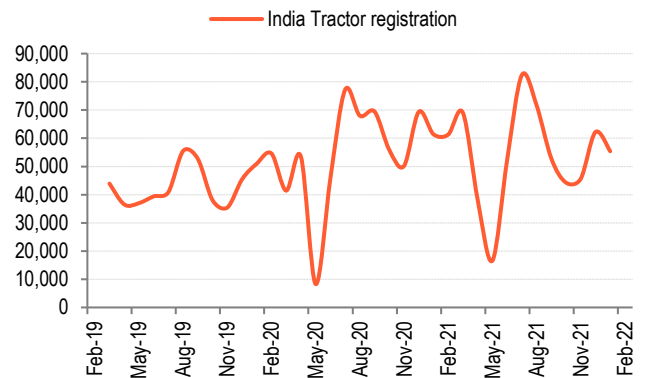
Source: Bloomberg, BOBCAPS Research

Fig 37 – Commercial vehicle registration



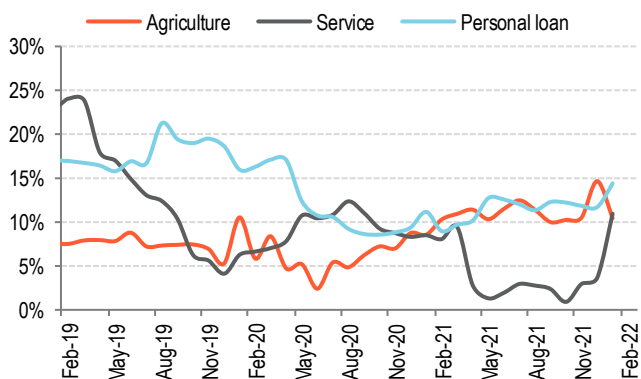
Source: Bloomberg, BOBCAPS Research

Fig 38 – Tractor registration



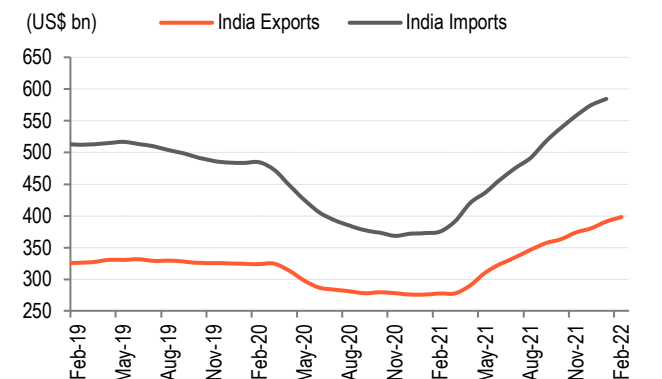
Source: Bloomberg, BOBCAPS Research

Fig 39 – Scheduled Commercial Banks' credit growth



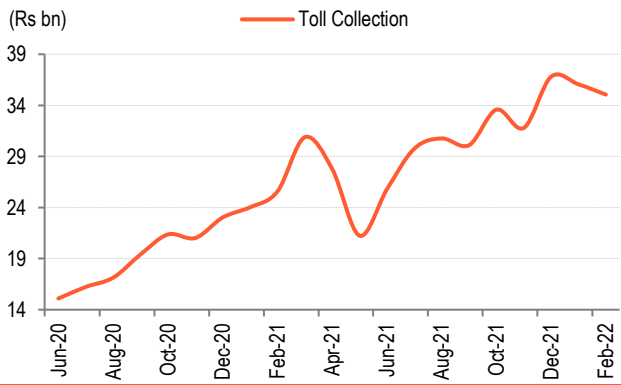
Source: Bloomberg, BOBCAPS Research

Fig 40 – Exports and Imports



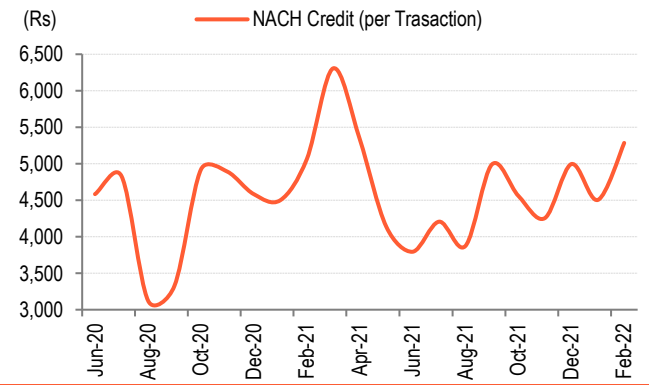
Source: Bloomberg, BOBCAPS Research

Fig 41 – Toll collection



Source: Bloomberg, BOBCAPS Research

Fig 42 – National Automated Clearing House credit



Source: Bloomberg, BOBCAPS Research

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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

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