

Commodity prices appear to have peaked

- Global commodity prices (ex-agri) have likely peaked in Mar'22 unless the Russia-Ukraine war escalates and/or sanctions are widened
- March saw small- and mid-caps slightly outperform large-caps; valuations are now largely in line with the 5Y average for most sectors ex-IT
- We remain constructive on the market and believe the Nifty will likely perform in line with nominal GDP growth over CY22

Kumar Manish | Aseem Madan
 researchreport@bobcaps.in

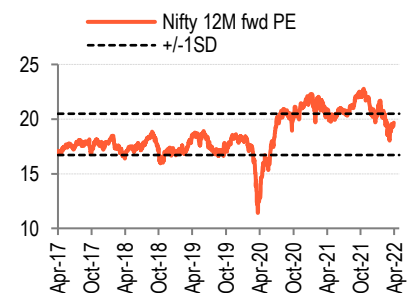
Russia-Ukraine crisis and commodities: The Russia-Ukraine war continues to impact both equity and commodity markets. While equities have recovered to pre-war levels, commodity prices remain elevated despite cooling down from recent highs. Given slowing demand in China, we believe commodity prices have largely peaked in Mar'22 unless the war escalates further or more sanctions are levied by the US and EU.

Impact on India to be limited for now: As stated in our note [No winners in war](#) dated 10 March 2022, the spike in oil price is negative for India's inflation and forex outgo given its oil imports of ~4mbpd, but we believe the economy may not suffer materially in the longer run. The metals sector could gain near term though Russia's dominance in metals such as palladium and nickel and Ukraine's role in the chip supply chain will likely be adverse for the Indian auto sector. Fertiliser prices have also shot up due to supply constraints from Russia, which would adversely impact India's fiscal deficits as fertiliser is supplied at subsidised rates to farmers.

Market delivered 4% returns in March: Indian equity markets underperformed the US and Japan but outperformed the EU and UK in March. Further, small- and mid-cap indices outperformed large-caps. Barring the Nifty Auto index, all other sectoral indices clocked positive returns for the month. Nifty Media gained the most (+18.3%), Metal (+8.9%) and Energy (+6.6%) benefited from commodity inflation, and IT (+7.3%) and Realty (+6.2%) also rose after a selloff in previous months. Auto (-2.5%) and FMCG (+2.2%) were hit by the rising raw material cost.

Valuations climbed after a sharp decline: Valuations for most sectors (ex-IT, banks) are now largely in line with their five-year 12-month forward average P/E. After the gains in March, the broader Nifty 50 index is currently trading at a modest 2.2% premium to its five-year average as compared to a 6.1% discount at the start of the month. Note there was no major earnings upgrades during the month as the six-month change in 12-month forward earnings showed a mere 20bps rise. Higher raw material costs will likely hurt the earnings of Indian stocks in Q4FY22, though we believe companies have levers to cushion the impact to a large extent.

Nifty valuation



Source: Bloomberg, BOBCAPS Research

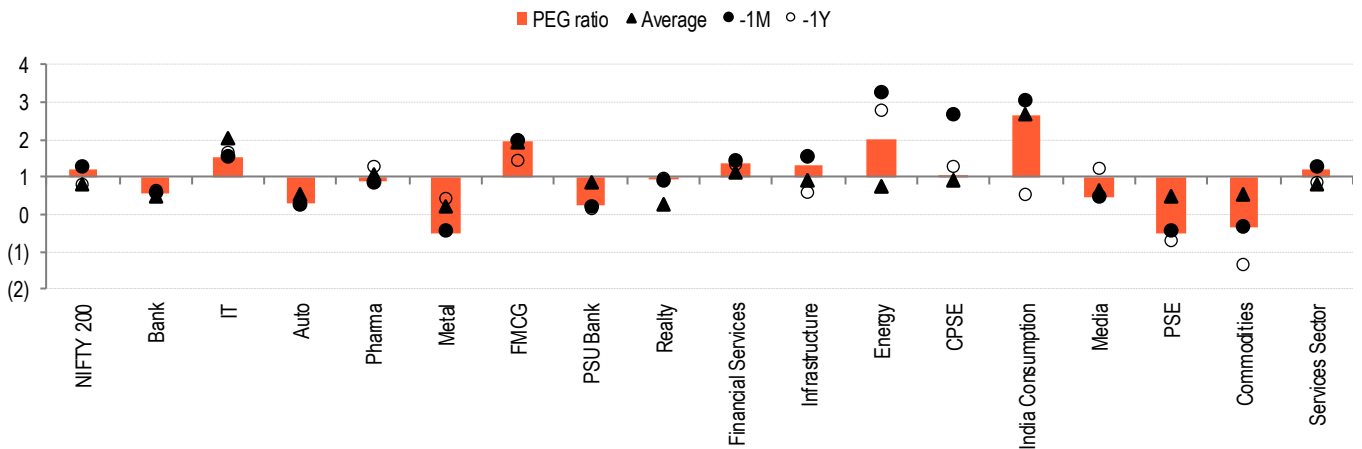


Contents

Valuations and Returns: March 2022.....	3
Index fundamentals	8
Yields, Exchange rates and Commodities.....	9
Technical trends	12
Macroeconomic indicators: February 2022	14

Valuations and Returns: March 2022

Fig 1 – Nifty: 12M forward PEG ratio



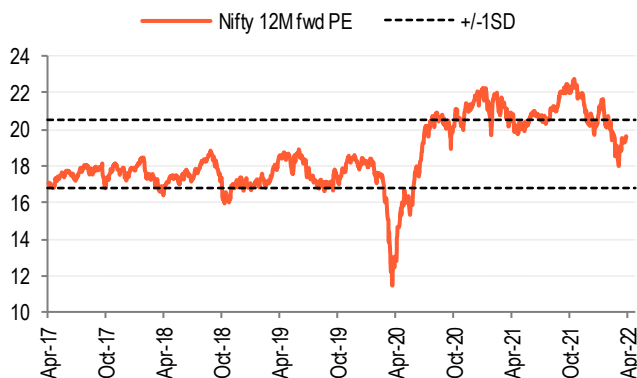
Source: Bloomberg, BOBCAPS Research | Note: We calculate PEG ratio as trailing 12m P/E divided by 12M forward earnings

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

(%)	1D	1W	1M	3M	6M	YTD	1Y	3Y	5Y
Nifty 50	(0.2)	1.4	4.0	0.6	(0.9)	0.6	18.9	50.2	90.4
Nifty Next 50	0.1	0.9	2.7	(2.6)	(3.0)	(2.6)	20.3	45.4	63.7
Nifty 200	(0.1)	1.3	4.0	(0.1)	(1.2)	(0.1)	20.0	51.4	85.8
Nifty 500	0.0	1.3	4.1	(0.7)	(1.1)	(0.7)	21.0	54.1	86.3
NIFTY Midcap 100	0.3	1.3	5.2	(2.5)	(2.3)	(2.5)	25.3	62.6	72.7
NIFTY Smallcap 100	0.7	0.8	6.0	(7.6)	(4.2)	(7.6)	28.6	56.4	49.4
NSE NIFTY Smallcap 250	0.5	1.0	6.2	(4.1)	0.8	(4.1)	35.8	73.6	68.7
Nifty Dividend Opp 50	0.4	0.0	4.2	(0.3)	(1.1)	(0.3)	20.8	37.2	59.1
NIFTY100 ESG	0.8	0.9	2.7	(3.1)	(3.1)	(3.1)	19.7	59.0	107.4
S&P 500	(0.6)	3.3	5.2	(3.4)	6.8	(3.4)	15.8	62.4	94.8
Stoxx 600	(0.1)	1.4	1.4	(5.8)	1.1	(5.8)	7.0	21.2	20.6
Nikke 225	(0.7)	(1.0)	4.9	(3.4)	(5.5)	(3.4)	(4.7)	31.2	47.1
FTSE 100	(0.2)	1.3	1.5	2.5	6.8	2.5	12.7	3.9	3.3

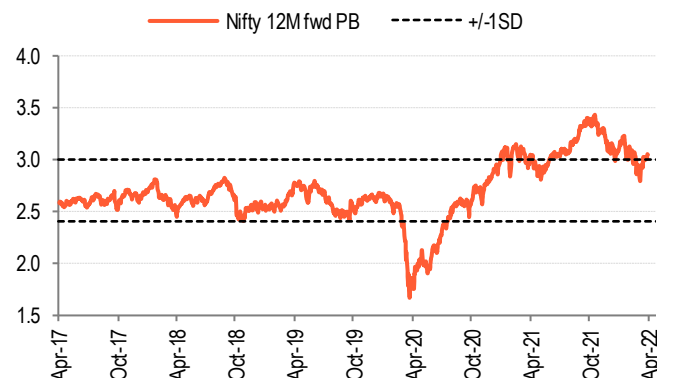
Source: Bloomberg, BOBCAPS Research

Fig 3 – Nifty: 12M forward P/E



Source: Bloomberg, BOBCAPS Research

Fig 4 – Nifty: 12M forward P/B



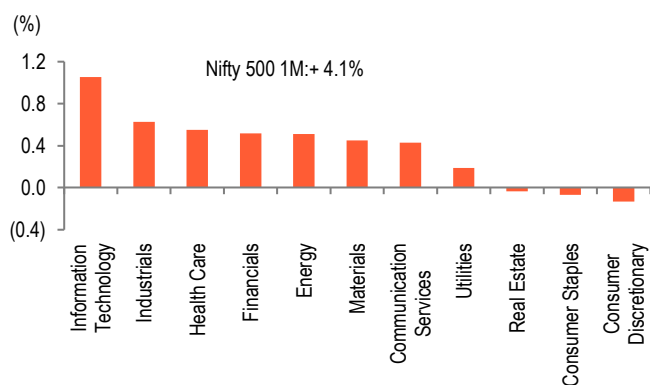
Source: Bloomberg, BOBCAPS Research

Fig 5 – Returns across sectoral Nifty indices

(%)	1D	1W	1M	3M	6M	YTD	1Y	3Y	5Y
Nifty 50	(0.2)	1.4	4.0	0.6	(0.9)	0.6	18.9	50.2	90.4
Nifty Bank	0.1	2.4	0.5	2.5	(2.8)	2.5	9.2	19.5	69.6
Nifty IT	(0.4)	(0.5)	7.3	(6.2)	3.7	(6.2)	40.5	132.4	239.3
Nifty Auto	0.1	1.3	(2.5)	(3.5)	(0.4)	(3.5)	7.0	26.6	6.8
Nifty Pharma	(1.2)	(1.0)	5.1	(4.5)	(6.1)	(4.5)	10.7	45.3	30.5
Nifty Metal	(0.1)	(1.1)	8.9	16.3	14.5	16.3	61.5	111.0	107.4
Nifty FMCG	1.2	1.4	2.2	(3.4)	(10.2)	(3.4)	3.9	19.7	54.1
Nifty PSU Bank	(0.8)	1.3	2.2	7.7	9.8	7.7	26.3	(18.4)	(22.7)
Nifty Realty	0.3	4.5	6.2	(4.3)	(9.8)	(4.3)	38.7	72.2	115.7
Nifty Financial Services	(0.1)	2.8	1.2	(1.1)	(6.3)	(1.1)	9.1	36.7	96.3
Nifty Infrastructure	(0.2)	2.1	4.6	1.4	(0.1)	1.4	22.8	56.4	62.1
Nifty Energy	(0.1)	0.1	6.6	14.1	13.0	14.1	42.0	56.6	121.7
Nifty CPSE	0.6	(1.2)	3.5	10.5	5.9	10.5	41.0	10.2	(1.5)
Nifty India Consumption	0.5	1.4	0.7	(3.2)	(5.1)	(3.2)	14.6	40.7	70.8
Nifty Media	0.8	2.5	18.3	7.2	11.3	7.2	54.0	(4.7)	(25.0)
NIFTY Private Bank	0.3	2.5	0.1	2.1	(5.3)	2.1	3.7	6.4	56.1
Nifty PSE	0.8	(0.4)	3.3	6.5	(0.3)	6.5	31.8	14.0	1.9
Nifty Commodities	(0.2)	(0.3)	5.7	7.4	5.2	7.4	34.0	65.3	73.3
NSE Nifty Fin Services	(0.1)	2.8	1.2	(1.1)	(6.3)	(1.1)	9.1	36.7	96.3
Nifty Services Sector	0.0	2.0	3.5	(0.8)	(1.7)	(0.8)	17.7	49.5	103.8

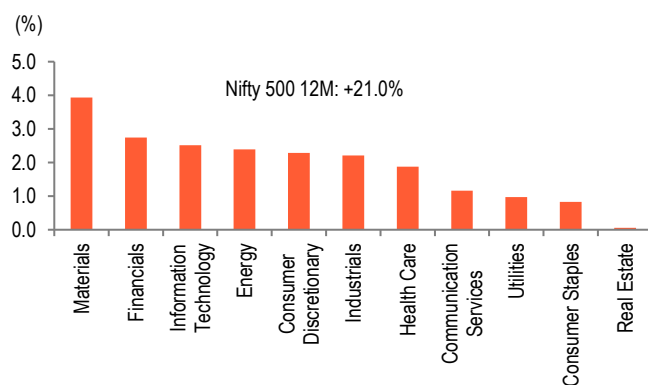
Source: Bloomberg, BOBCAPS Research

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	16.9	19.0	16.0	19.2	23.3	19.6	16.9	2.8	3.45	3.02	2.69	1.53	1.27	1.47	1.63
Nifty Next 50	11.0	31.1	14.8	16.7	24.4	22.9	20.0	17.1	3.2	3.35	2.90	2.59	1.46	1.46	1.52	1.64
Nifty 200	10.0	17.5	20.5	17.6	19.8	24.1	20.0	17.0	2.8	3.44	3.01	2.66	1.48	1.27	1.45	1.62
Nifty 500	10.1	(92.4)	22.2	17.7	19.6	24.5	20.1	17.0	2.8	3.46	3.02	2.67	1.46	1.28	1.47	1.65
NIFTY Midcap 100	8.8	2.3	41.0	27.6	21.1	31.4	22.3	17.5	2.5	3.38	3.03	2.54	1.31	1.16	1.36	1.59
NIFTY Smallcap 100	5.9	16.8	42.8	21.0	16.2	26.2	18.4	15.2	2.2	3.12	2.79	2.41	1.21	2.66	3.17	3.64
Nifty Bank	13.2	18.2	36.8	24.4	18.5	20.9	15.3	12.3	2.3	2.32	2.15	1.86	0.90	0.71	0.93	1.09
Nifty IT	11.8	9.7	16.8	14.5	21.3	33.4	28.6	25.0	5.1	8.82	7.90	7.00	2.34	1.65	2.05	2.34
Nifty Auto	(3.0)	36.0	114.8	28.6	20.5	43.0	20.0	15.6	2.7	3.55	2.98	2.76	1.34	1.21	1.44	1.66
Nifty Pharma	2.4	(1.2)	21.7	20.4	22.8	29.2	24.0	20.0	3.2	4.09	3.57	3.12	0.72	0.61	0.68	0.77
Nifty Metal	35.9	64.6	(17.1)	0.2	9.2	7.2	8.7	8.6	1.3	1.79	1.52	1.33	3.41	3.42	3.25	3.20
Nifty FMCG	9.2	13.7	14.3	11.7	32.5	36.0	31.5	28.2	7.7	8.06	7.66	7.23	1.96	2.20	2.50	2.80
Nifty PSU Bank	12.6	56.4	41.2	28.2	10.2	8.8	6.2	4.9	0.8	0.82	0.70	0.60	1.78	1.46	2.18	2.99
Nifty Realty	7.1	29.8	44.3	22.9	30.8	50.9	35.3	28.7	2.3	3.18	2.93	2.87	0.78	0.28	0.34	0.36
Nifty Financial Services	13.8	6.7	24.4	21.0	20.6	23.9	19.2	15.9	2.9	3.22	2.76	2.40	0.94	0.77	0.93	1.06
Nifty Infrastructure	14.7	4.1	19.8	13.4	18.2	18.6	15.5	13.7	2.0	2.33	2.11	1.91	1.82	1.81	1.95	2.11
Nifty Energy	17.1	8.8	9.9	18.4	10.7	12.1	11.0	9.3	1.3	1.50	1.38	1.27	2.94	2.79	2.88	3.00
Nifty CPSE	16.6	27.0	9.1	2.5	7.7	7.1	6.5	6.4	1.1	1.28	1.17	1.07	6.09	6.24	6.68	6.79
Nifty India Consumption	59.6	10.8	38.7	25.0	56.6	48.6	35.1	28.1	6.9	6.78	5.91	5.44	1.00	1.25	1.46	1.67
Nifty Media	(0.6)	(288.6)	118.2	22.3	21.1	48.1	22.0	18.0	3.0	3.17	2.88	2.58	1.60	0.85	0.98	1.07
Nifty PSE	13.4	8.6	2.5	4.2	8.3	7.1	6.9	6.6	1.2	1.25	1.13	1.04	5.10	6.04	6.17	6.45
Nifty Commodities	20.1	9.0	(25.8)	(4.5)	16.7	11.3	15.3	16.0	2.5	3.09	2.82	2.60	2.58	3.75	3.01	2.84
Nifty Services Sector	9.5	11.0	24.9	19.7	20.5	26.2	20.9	17.5	3.2	4.01	3.39	2.97	1.40	1.13	1.35	1.53

Source: Bloomberg, BOBCAPS Research

Fig 9 – NSE 500: Best performing stocks

Company	Sector	Industry	Market cap (Rs mn)	1M (%)	3M (%)	1Y (%)
Gujarat Narmada Valley Fert	Materials	Chemicals	1,31,243	52.7	91.6	181.3
Intellect Design Arena	Information Technology	Software	1,27,254	44.7	27.4	27.8
BSE	Financials	Capital Markets	1,27,509	44.2	47.6	395.9
Tata Teleservices Maharashtr	Communication Services	Diversified Telecommunication	3,25,886	41.8	(19.2)	1082.3
Gujarat Alkalies & Chemicals	Materials	Chemicals	65,840	40.9	37.9	160.0
Supreme Petrochem	Materials	Chemicals	87,021	39.8	31.8	121.4
Linde India	Materials	Chemicals	3,22,792	37.6	52.2	110.3
Tata Elxsi	Information Technology	Software	5,50,132	37.4	50.7	230.4
Jk Paper	Materials	Paper & Forest Products	51,490	35.6	48.2	102.8
Adani Total Gas	Utilities	Gas Utilities	23,64,372	35.3	24.9	123.6
Gujarat Ambuja Exports	Consumer Staples	Food Products	59,673	34.3	53.6	103.5
Polyplex Corporation	Materials	Chemicals	76,124	34.3	29.3	181.0
Inox Leisure	Communication Services	Entertainment	64,815	29.4	49.9	85.8
Gujarat State Fert & Chemicals	Materials	Chemicals	64,573	29.2	33.4	99.3
Kei Industries	Industrials	Electrical Equipment	1,13,623	27.6	8.0	141.2
Sterlite Technologies	Information Technology	Communications Equipment	89,277	27.0	(22.0)	15.6
Lemon Tree Hotels	Consumer Discretionary	Hotels, Restaurants & Leisure	50,228	26.3	36.1	71.4
Rashtriya Chemicals & Fert	Materials	Chemicals	49,349	25.9	17.4	15.5
Zee Entertainment Enterprise	Communication Services	Media	2,76,965	25.8	(10.1)	41.9
Delta Corp	Consumer Discretionary	Hotels, Restaurants & Leisure	88,208	25.4	27.3	103.5
Jindal Steel & Power	Materials	Metals & Mining	5,43,554	25.4	41.2	55.1
Mahindra Logistics	Industrials	Air Freight & Logistics	36,266	25.1	(25.9)	(13.0)
Balrampur Chini Mills	Consumer Staples	Food Products	1,02,774	23.3	33.2	128.2
Bharat Dynamics	Industrials	Aerospace & Defense	1,00,676	22.6	41.0	65.2
Adani Enterprises	Industrials	Trading & Distribution	22,15,842	22.5	17.9	95.4

Source: Bloomberg, BOBCAPS Research

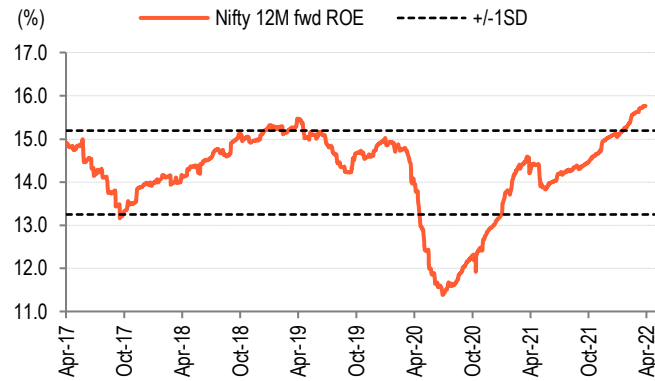
Fig 10 – NSE 500: Worst performing stocks

Company	Sector	Industry	Market cap (Rs mn)	1M (%)	3M (%)	1Y (%)
Future Retail	Consumer Discretionary	Multiline Retail	16,919	(36.3)	(38.8)	(26.8)
Dhani Services	Financials	Capital Markets	40,328	(20.7)	(62.3)	(62.9)
Alembic	Health Care	Pharmaceuticals	18,604	(18.7)	(32.0)	(29.6)
Kec International	Industrials	Construction & Engineering	97,424	(18.7)	(20.9)	(7.8)
Endurance Technologies	Consumer Discretionary	Auto Components	1,53,998	(17.0)	(35.4)	(24.8)
Hinduja Global Solutions	Information Technology	IT Services	42,752	(15.6)	(38.1)	19.2
Wockhardt	Health Care	Pharmaceuticals	29,017	(15.6)	(30.7)	(30.9)
Elgi Equipments	Industrials	Machinery	88,592	(15.5)	(6.5)	46.6
Jk Cement	Materials	Construction Materials	1,87,862	(14.6)	(28.5)	(16.1)
Vardhman Textiles	Consumer Discretionary	Textiles, Apparel & Luxury Goo	1,25,945	(14.5)	(6.0)	68.0
Ujjivan Small Finance Bank L	Financials	Banks	25,579	(14.0)	(20.4)	(51.5)
Gujarat Gas	Utilities	Gas Utilities	3,46,432	(13.8)	(20.7)	(8.4)
Avanti Feeds	Consumer Staples	Food Products	56,181	(13.6)	(27.0)	(0.5)
Welspun India	Consumer Discretionary	Textiles, Apparel & Luxury Goo	89,765	(13.4)	(37.6)	12.4
Natco Pharma	Health Care	Pharmaceuticals	1,37,895	(13.0)	(16.4)	(8.4)
Crompton Greaves	Consumer Discretionary	Household Durables	2,36,579	(12.7)	(14.5)	(4.7)
Procter & Gamble Health	Health Care	Pharmaceuticals	66,437	(12.4)	(25.0)	(34.4)
Relaxo Footwears	Consumer Discretionary	Textiles, Apparel & Luxury Goo	2,65,442	(12.4)	(18.8)	21.7
Advanced Enzyme	Materials	Chemicals	31,539	(11.8)	(13.5)	(18.2)
Mahindra Cie Automotive	Consumer Discretionary	Auto Components	65,152	(11.6)	(26.6)	6.6
Sunteck Realty	Real Estate	Real Estate Management & Devel.	62,973	(11.5)	(12.5)	53.4
Lux Industries	Consumer Discretionary	Textiles, Apparel & Luxury Goo	65,886	(11.5)	(40.6)	25.3
Jsw Energy	Utilities	Independent Power and Renewable	4,96,826	(11.2)	0.6	244.0
Godrej Industries	Industrials	Industrial Conglomerates	1,56,175	(10.7)	(26.1)	(15.0)
Gujarat State Petronet	Utilities	Gas Utilities	1,46,159	(10.5)	(12.2)	(5.2)

Source: BOBCAPS Research, Bloomberg

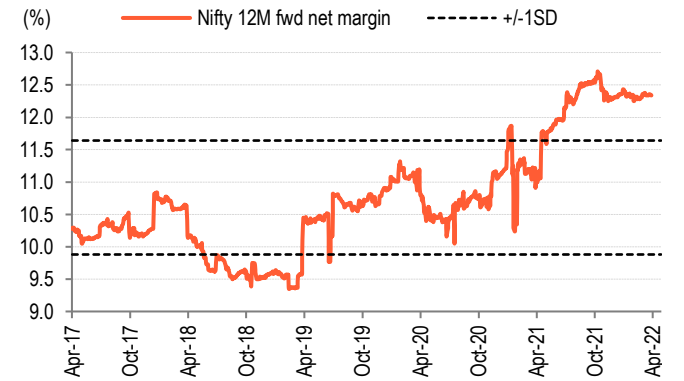
Index fundamentals

Fig 11 – Nifty: 12M forward ROE



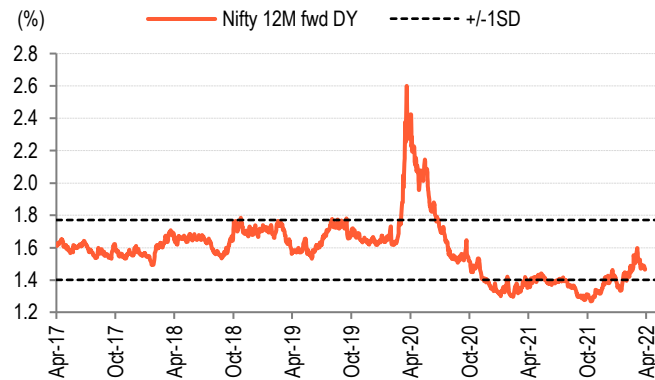
Source: Bloomberg, BOBCAPS Research

Fig 12 – Nifty: 12M forward net margin



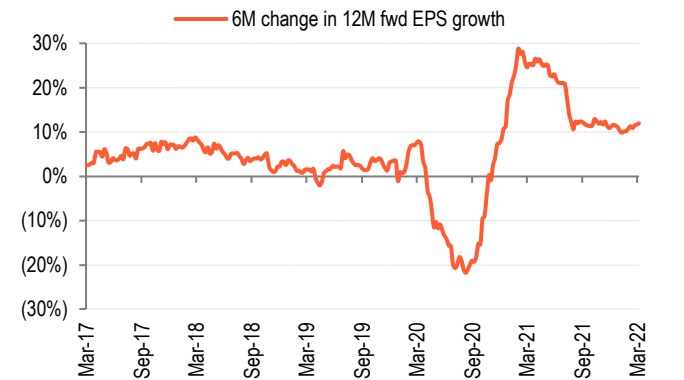
Source: Bloomberg, BOBCAPS Research

Fig 13 – Nifty: 12M forward dividend yield



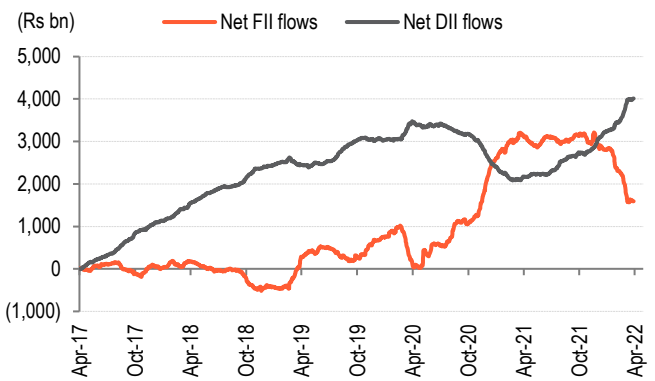
Source: Bloomberg, BOBCAPS Research

Fig 14 – Nifty: 6M change in EPS growth



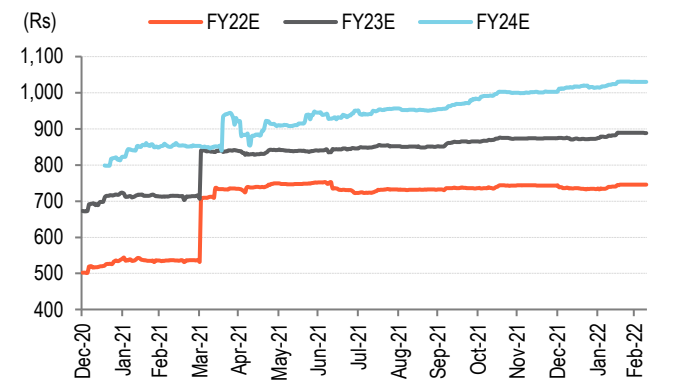
Source: Bloomberg, BOBCAPS Research

Fig 15 – Flows in India (5Y)



Source: Bloomberg, BOBCAPS Research

Fig 16 – Nifty 50: EPS consensus forecast



Source: Bloomberg, BOBCAPS Research

Yields, Exchange rates and Commodities

India's 10-year yield traded in the range of 6.76-6.89% in March – rather narrow compared to global yields in the US, EU and Japan which continued to increase on higher inflation. The RBI's sustained accommodative policy stance is keeping yields rangebound. Despite this, the INR has remained relatively stable against major currencies.

Commodity prices, especially energy, continue to rise. In the last one month, Brent crude has increased by 9.1%, gasoil by 19% and natural gas by 26%. Amongst metals, nickel has climbed by over 36%. In agricultural commodities, corn and cotton continue to move up. A substantial chunk of supplies for one or more of the above commodities comes from Russia or Eastern Europe and hence a protracted war between Russia and Ukraine could keep prices elevated.

Inflation in India rose further to 6.07% in February owing to the spike in oil and transport costs. Both PMI and IIP increased modestly. Vehicle registration declined across segments, credit growth fell across sectors on a yearly basis, and net exports decreased (though overall exports were higher).

Fig 17 – Yields

(%)	1D	1W	1M	3M	6M	YTD	1Y	3Y	5Y
India 10y yield	6.78	6.83	6.77	6.45	6.21	6.45	6.17	7.35	6.68
India AAA corporate yield	7.11	7.15	7.18	7.00	6.87	7.00	7.19	8.52	7.82
India AA corporate yield	7.88	7.93	7.97	7.79	7.71	7.79	7.90	9.10	8.35
US 10y yield	2.35	2.29	1.83	1.51	1.52	1.51	1.74	2.41	2.39
EU 10y yield	0.65	0.47	0.14	(0.18)	(0.21)	(0.18)	(0.29)	(0.07)	0.33
Japan 10y yield	0.23	0.23	0.19	0.07	0.08	0.07	0.10	(0.08)	0.07

Source: Bloomberg, BOBCAPS Research

Fig 18 – Exchange rates

(%)	Current	1D	1W	1M	3M	6M	YTD	1Y	3Y	5Y
USDINR	75.8	0.2	0.8	(0.6)	(1.9)	(2.0)	(1.9)	(3.5)	(8.8)	(14.4)
EURINR	84.2	0.5	(0.3)	0.0	0.0	2.2	0.0	1.9	(7.8)	(17.7)
JPYINR	0.6	0.2	0.8	5.2	3.9	6.6	3.9	6.3	0.5	(6.7)
GBPINR	99.4	0.4	1.2	1.4	1.0	0.5	1.0	1.3	(9.0)	(18.6)

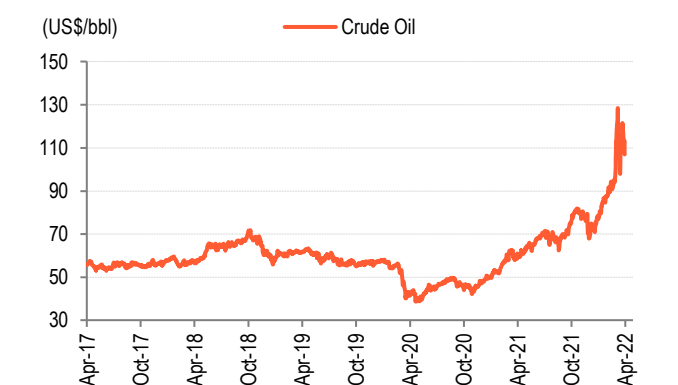
Source: Bloomberg, BOBCAPS Research

Fig 19 – Commodity price trend

(%)	Current	1D	1W	1M	3M	6M	YTD	1Y	3Y	5Y
Energy										
NYM WTI Crude (US\$/bbl)	101.12	(6.2)	(10.0)	8.1	36.8	40.9	36.8	83.8	84.9	91.3
ICE Brent Crude (US\$/bbl)	106.87	(5.8)	(10.2)	9.1	39.0	42.8	39.0	82.2	73.7	92.5
ICE ARA Gasoil (US\$/MT)	1019.25	(6.3)	(17.4)	19.2	54.7	56.0	54.7	98.9	72.8	95.0
NYM NYH Gasoline (US\$/gal)	320.3	(3.7)	(5.5)	9.2	37.4	42.1	37.4	73.7	76.8	NA
NYM NYH Heating Oil (US\$/gal)	366.8	(3.7)	(11.7)	25.1	60.5	62.4	60.5	106.2	87.6	NA
NYM HH Nat Gas (US\$/MMBtu)	5.56	(0.9)	2.0	25.7	57.6	45.3	57.6	127.5	122.6	108.6
ICE NBP Nat Gas (US\$/MMBtu)	292	1.9	8.9	23.1	90.7	154.4	90.7	601.9	561.5	622.6
Metals										
LME Aluminums (US\$/MT)	3551	3.3	(2.8)	5.4	26.0	24.2	26.5	59.2	85.7	80.1
LME Coppers (US\$/MT)	10367.5	0.5	(0.7)	4.9	7.0	16.0	6.7	18.2	59.9	74.1
SGX Iron Ore (US\$/MT)	159.45	(0.4)	7.1	12.5	34.7	43.1	34.7	36.9	141.7	NA
LME Nickel (US\$/MT)	32893	3.4	1.6	35.5	59.8	83.4	58.5	106.3	153.3	224.5
Steel China (CNY/MT)	5267	0.3	1.2	6.2	10.9	(9.2)	10.9	(1.8)	35.3	52.7
Spot Gold	1926	(0.3)	(1.6)	0.9	5.3	9.6	5.3	12.8	49.1	54.2
Spot Silver	24.8	(0.5)	(3.0)	1.3	6.2	11.7	6.2	1.4	63.8	35.5
Agriculture										
CME Live Cattle (US\$/lb)	138.0	(0.3)	1.5	0.2	(0.8)	7.4	(0.9)	11.0	NA	NA
ICE Coffee (US\$/lb)	221.95	0.0	0.0	(4.7)	(1.8)	12.2	(1.8)	67.2	NA	NA
CBT Corn (US\$/bu)	737	(0.1)	(1.5)	6.7	23.9	34.2	23.9	50.3	NA	NA
ICE Cotton (US\$/lb)	140.4	0.4	7.2	17.8	27.1	36.4	27.1	75.7	NA	NA
CBT Soybeans (US\$/bu)	1660.5	(0.2)	(2.4)	1.5	23.1	29.9	23.1	34.7	NA	NA
ICE Sugar (US\$/lb)	19.36	(0.6)	0.5	9.4	4.1	(2.0)	4.1	35.0	NA	NA
CBT SRW Wheat (US\$/bu)	1029	0.2	(5.2)	10.2	32.9	39.1	32.9	63.1	NA	NA

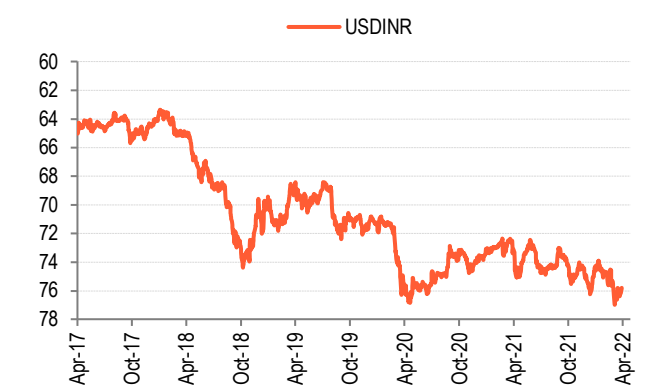
Source: Bloomberg, BOBCAPS Research

Fig 20 – Oil price trend



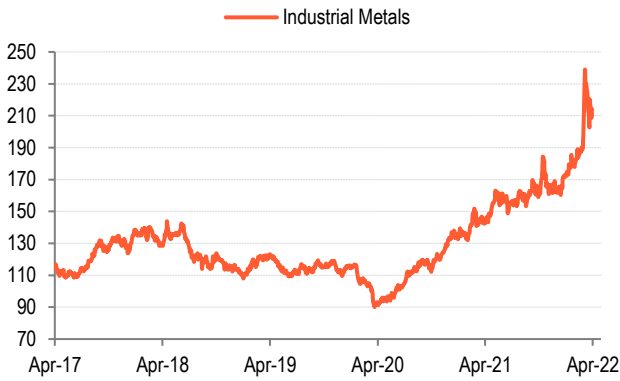
Source: Bloomberg, BOBCAPS Research

Fig 21 – USDINR movement



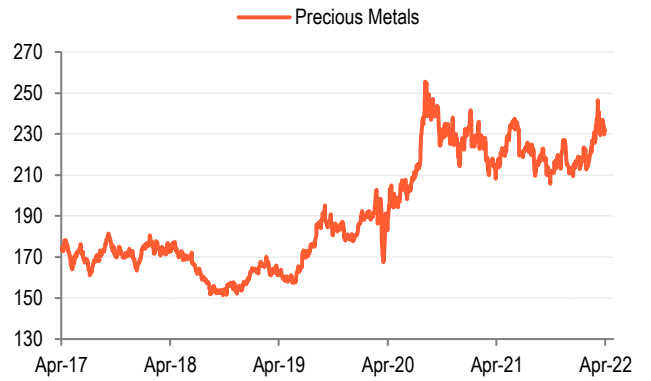
Source: Bloomberg, BOBCAPS Research

Fig 22 – Industrial metals price trend



Source: Bloomberg, BOBCAPS Research

Fig 23 – Precious metals price trend



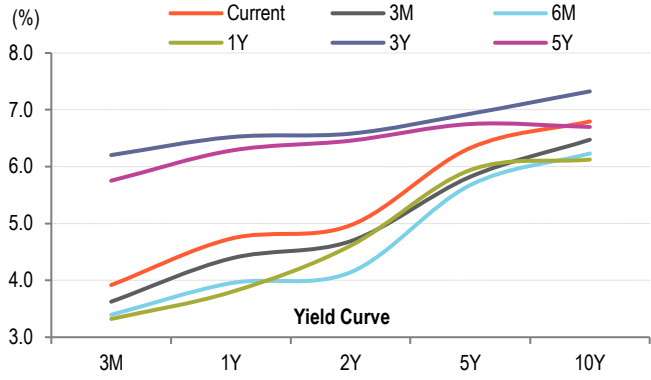
Source: Bloomberg, BOBCAPS Research

Fig 24 – India 10Y bond yield



Source: Bloomberg, BOBCAPS Research

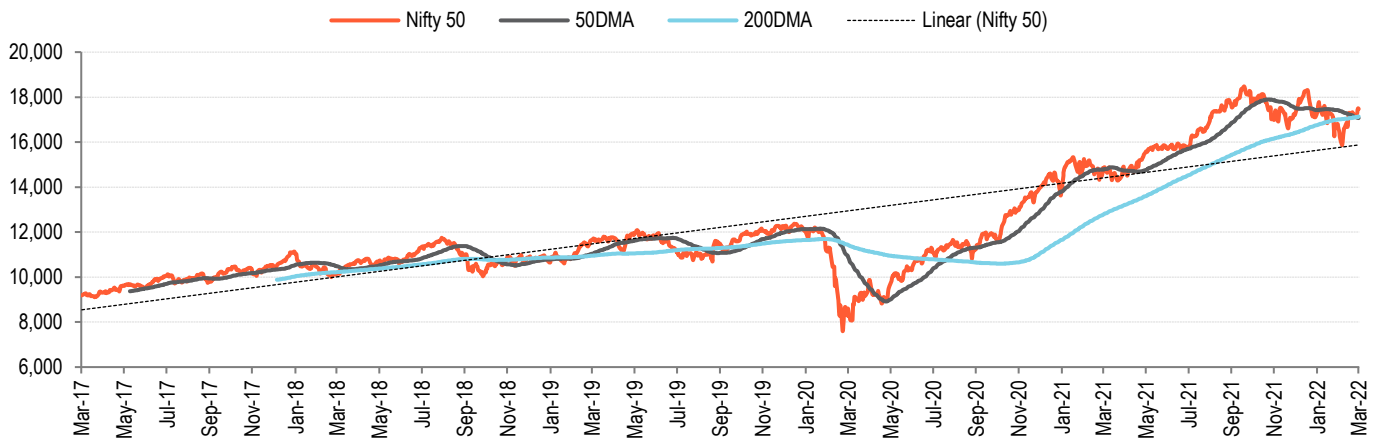
Fig 25 – India yield curve



Source: Bloomberg, BOBCAPS Research

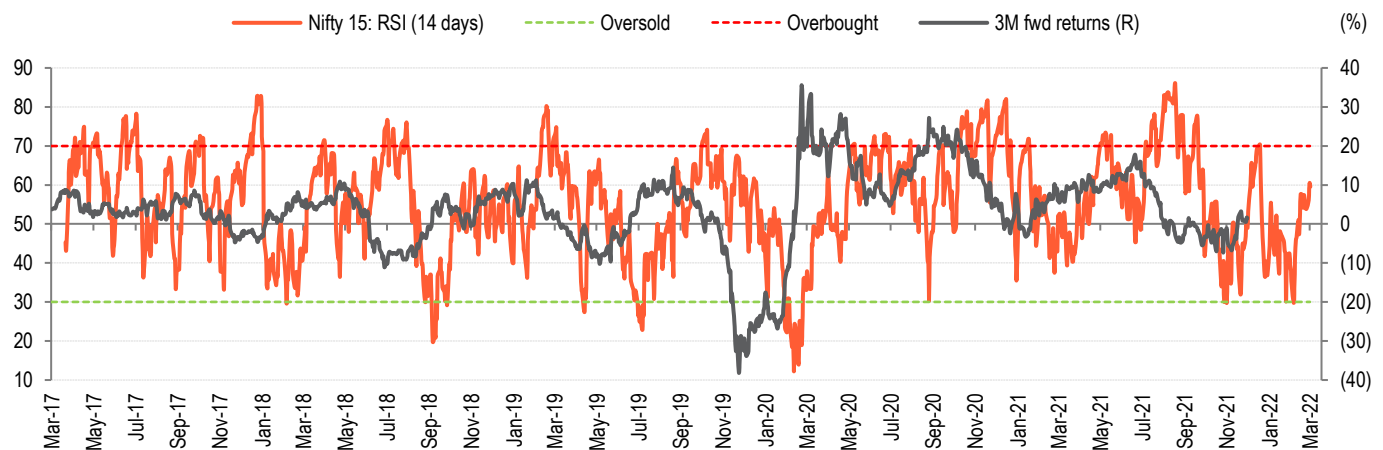
Technical trends

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	5.1	5.1	6.2
Consumer Discretionary	36.1	31.6	34.0
Consumer Staples	18.5	13.6	13.3
Energy	31.0	24.9	23.9
Financials	90.6	82.8	78.8
Health Care	16.8	14.7	14.5
Industrials	8.4	7.8	8.1
Information Technology	35.1	38.4	36.5
Materials	44.8	32.9	30.5
Utilities	4.5	4.3	4.4
Nifty 50	291	256	250

Source: Bloomberg, BOBCAPS Research

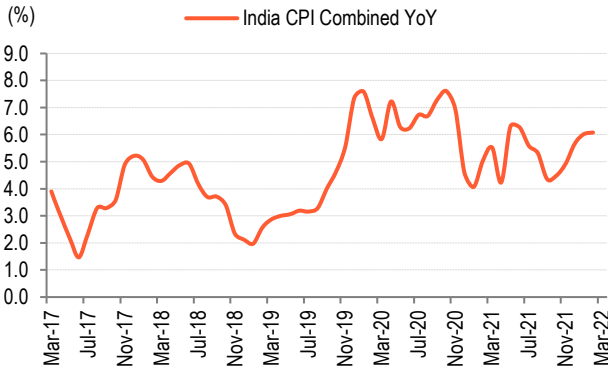
Fig 29 – Nifty 50: Stock-wise average daily traded value

Company (Rs bn)	Sector	Industry	Market cap	1M	3M	6M
Adani Ports And	Industrials	Transportation Infrastructure	1,635	3.8	3.5	3.6
Apollo Hospitals	Health Care	Health Care Providers & Services	649	4.4	4.1	4.2
Asian Paints Ltd	Materials	Chemicals	2,954	6.6	4.4	4.2
Axis Bank Ltd	Financials	Banks	2,336	8.8	8.7	8.3
Bajaj Finance Lt	Financials	Consumer Finance	4,395	10.0	9.9	9.1
Bharti Airtel	Communication Services	Wireless Telecommunication Ser	4,302	5.1	5.1	6.2
Bajaj Auto Ltd	Consumer Discretionary	Automobiles	1,057	1.4	1.5	1.5
Bajaj Finserv Lt	Financials	Diversified Financial Services	2,715	4.8	5.1	4.9
Bharat Petrol	Energy	Oil, Gas & Consumable Fuels	780	2.4	2.1	2.1
Britannia Inds	Consumer Staples	Food Products	772	1.4	1.1	1.1
Cipla Ltd	Health Care	Pharmaceuticals	821	4.0	2.7	2.5
Coal India Ltd	Energy	Oil, Gas & Consumable Fuels	1,128	4.4	2.8	2.7
Divi Labs Ltd	Health Care	Life Sciences Tools & Services	1,169	1.8	2.3	2.6
Dr Reddy'S Labs	Health Care	Pharmaceuticals	715	3.4	2.4	2.1
Eicher Motors	Consumer Discretionary	Automobiles	672	2.0	1.9	1.9
Grasim Inds Ltd	Materials	Construction Materials	1,095	2.0	1.8	1.7
Hcl Tech Ltd	Information Technology	IT Services	3,158	4.3	5.1	5.2
Housing Dev Fin	Financials	Thriffs & Mortgage Finance	4,334	11.1	10.6	9.4
Hdfc Bank Ltd	Financials	Banks	8,154	14.6	11.8	10.5
Hdfc Life Insura	Financials	Insurance	1,137	3.6	2.4	2.0
Hero Motocorp Lt	Consumer Discretionary	Automobiles	458	2.2	2.0	1.7
Hindalco Inds	Materials	Metals & Mining	1,280	8.5	5.9	5.1
Hindustan Unilev	Consumer Staples	Personal Products	4,813	5.8	4.3	4.1
Icici Bank Ltd	Financials	Banks	5,072	14.1	12.0	11.9
Indusind Bank	Financials	Banks	725	3.7	4.2	4.7
Infosys Ltd	Information Technology	IT Services	8,022	13.6	12.4	11.2
Itc Ltd	Consumer Staples	Tobacco	3,089	8.0	5.3	5.4
Jsw Steel Ltd	Materials	Metals & Mining	1,771	4.6	3.2	3.1
Kotak Mahindra	Financials	Banks	3,480	7.4	5.8	6.0
Larsen & Toubro	Industrials	Construction & Engineering	2,483	4.6	4.3	4.5
Mahindra & Mahin	Consumer Discretionary	Automobiles	1,003	3.0	2.8	3.2
Maruti Suzuki In	Consumer Discretionary	Automobiles	2,284	9.3	7.4	6.5
Nestle India Ltd	Consumer Staples	Food Products	1,676	1.2	1.1	1.0
Ntpc Ltd	Utilities	Independent Power and Renewabl	1,309	1.6	1.7	1.8
Oil & Natural Ga	Energy	Oil, Gas & Consumable Fuels	2,062	7.3	4.5	3.8
Power Grid Corp	Utilities	Electric Utilities	1,512	2.8	2.6	2.5
Reliance Inds	Energy	Oil, Gas & Consumable Fuels	17,825	16.9	15.5	15.3
Sbi Life Insuran	Financials	Insurance	1,122	1.5	1.5	1.6
State Bank Ind	Financials	Banks	4,405	10.9	10.7	10.3
Shree Cement	Materials	Construction Materials	867	1.7	1.2	1.0
Sun Pharma Indu	Health Care	Pharmaceuticals	2,195	3.2	3.2	3.1
Tata Steel Ltd	Materials	Metals & Mining	1,596	13.2	10.6	10.2
Tata Consumer Pr	Consumer Staples	Food Products	716	2.1	1.9	1.7
Tata Consultancy	Information Technology	IT Services	13,834	8.8	11.1	10.2
Tech Mahindra Lt	Information Technology	IT Services	1,457	3.7	4.4	4.6
Titan Co Ltd	Consumer Discretionary	Textiles, Apparel & Luxury Goo	2,252	4.3	3.9	3.8
Tata Motors Ltd	Consumer Discretionary	Automobiles	1,545	13.8	12.0	15.2
Upl Ltd	Materials	Chemicals	588	3.0	2.3	2.1
Ultratech Cement	Materials	Construction Materials	1,906	5.2	3.6	3.0
Wipro Ltd	Information Technology	IT Services	3,244	4.7	5.4	5.3

Source: Bloomberg, BOBCAPS Research

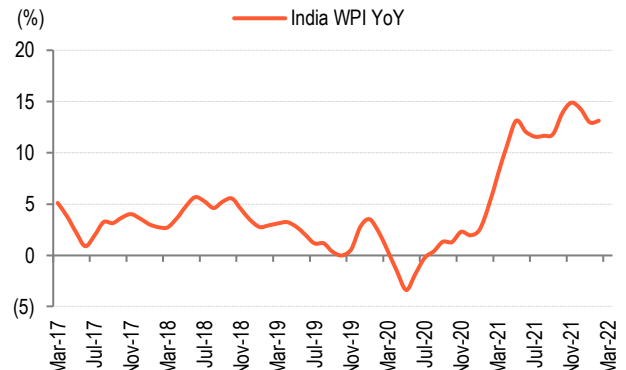
Macroeconomic indicators: February 2022

Fig 30 – Consumer price index



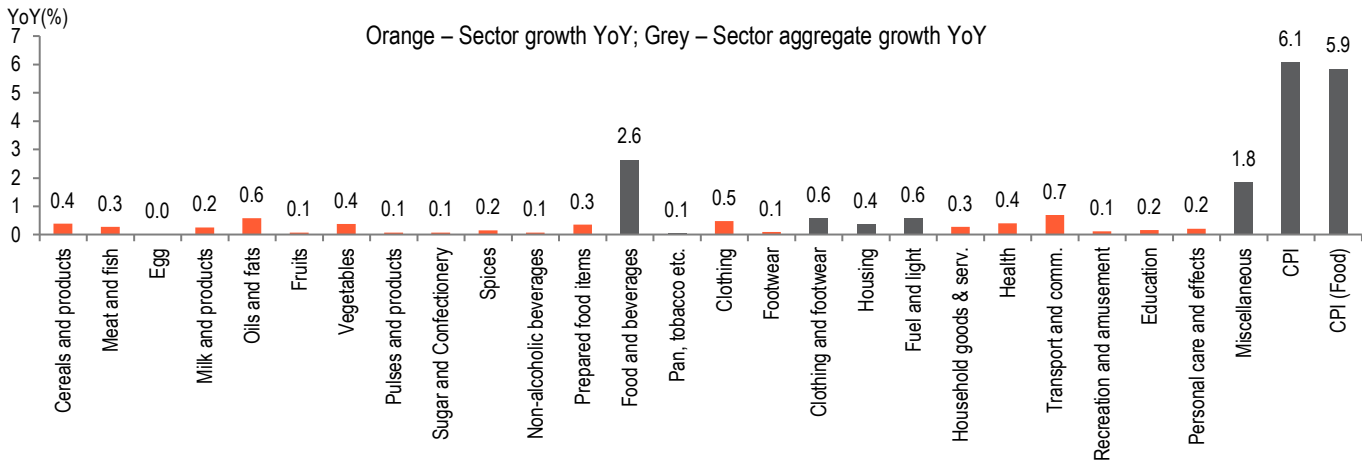
Source: Bloomberg, BOBCAPS Research

Fig 31 – Wholesale price index



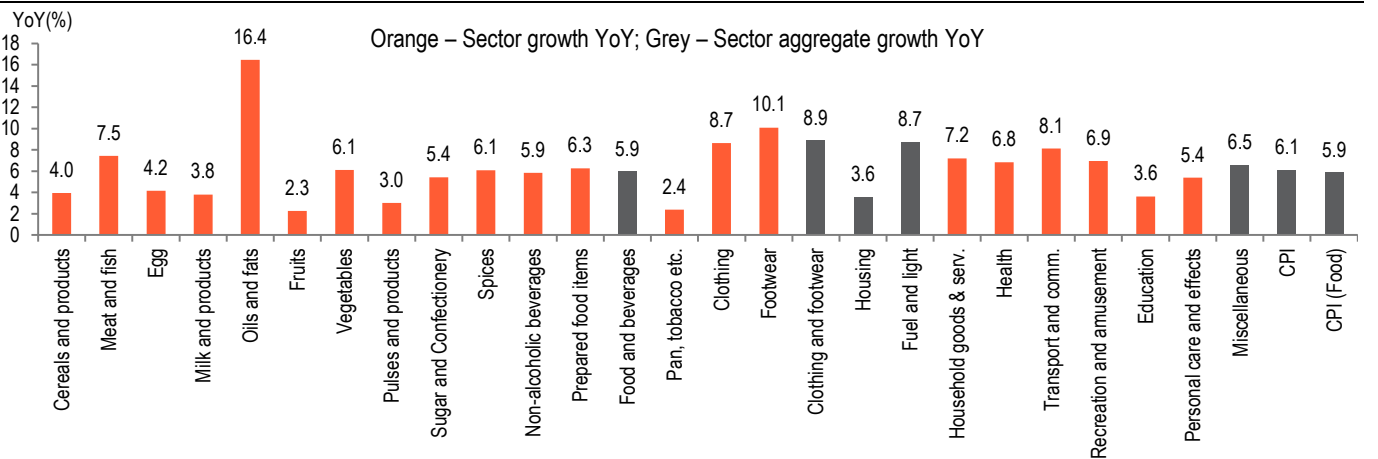
Source: Bloomberg, BOBCAPS Research

Fig 32 – Contribution to CPI (Feb'22)



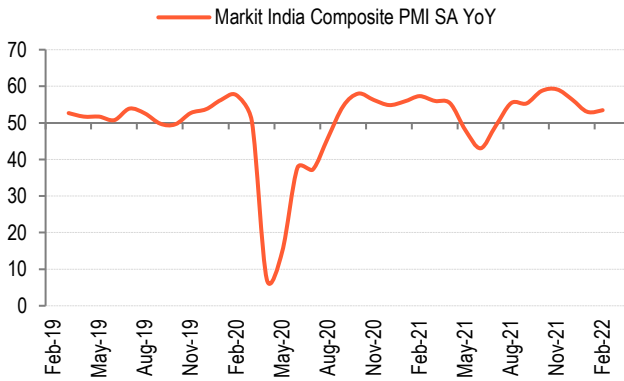
Source: Bloomberg, BOBCAPS Research

Fig 33 – Actual CPI (Feb'22)



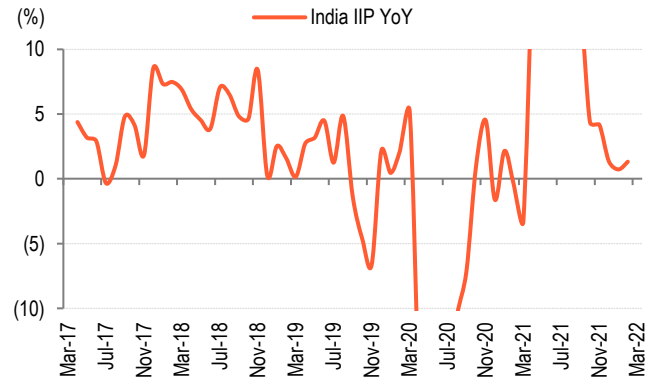
Source: Bloomberg, BOBCAPS Research

Fig 34 – Purchasing Managers’ Index



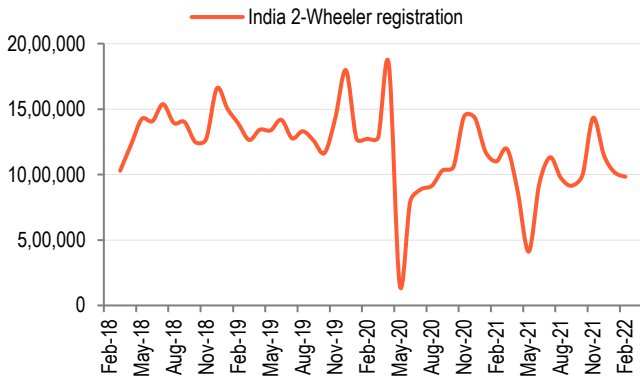
Source: Bloomberg, BOBCAPS Research

Fig 35 – Industrial production



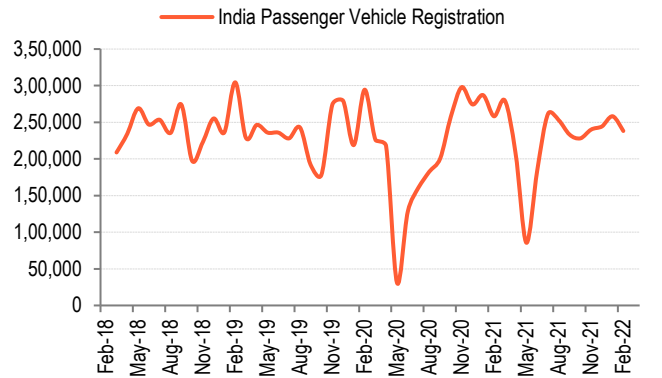
Source: Bloomberg, BOBCAPS Research

Fig 36 – Two-wheeler registration



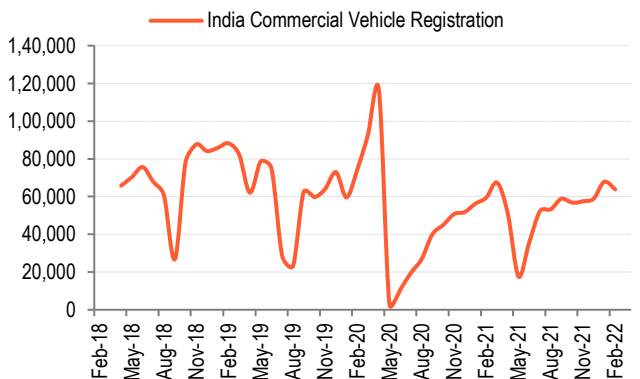
Source: Bloomberg, BOBCAPS Research

Fig 37 – 4-wheeler registration



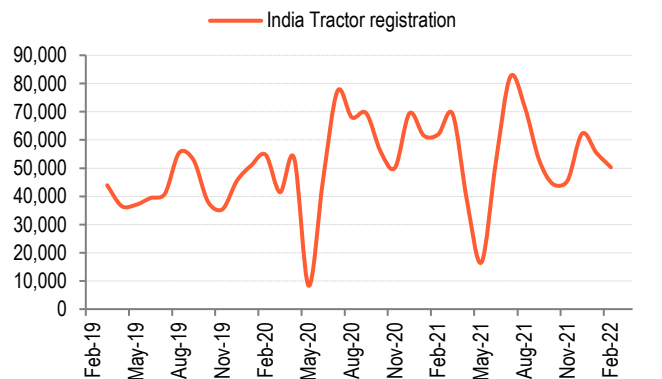
Source: Bloomberg, BOBCAPS Research

Fig 38 – Commercial vehicle registration



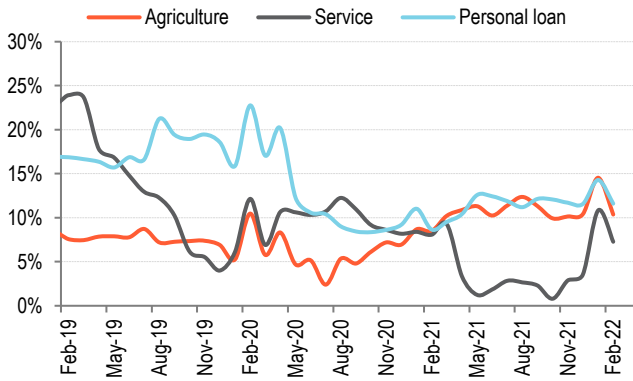
Source: Bloomberg, BOBCAPS Research

Fig 39 – Tractor registration



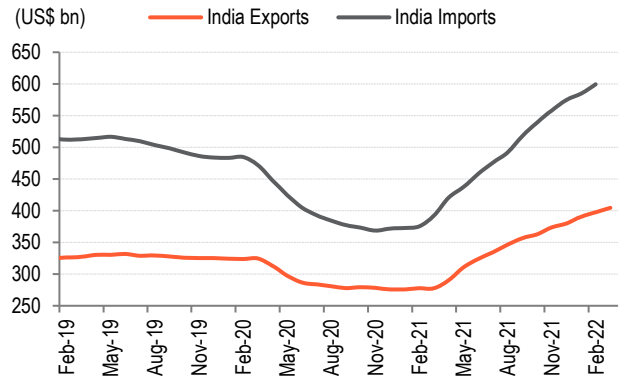
Source: Bloomberg, BOBCAPS Research

Fig 40 – Scheduled Commercial Banks’ credit growth



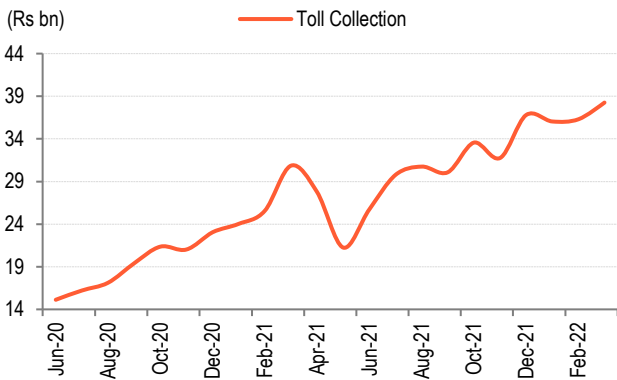
Source: Bloomberg, BOBCAPS Research

Fig 41 – Exports and Imports



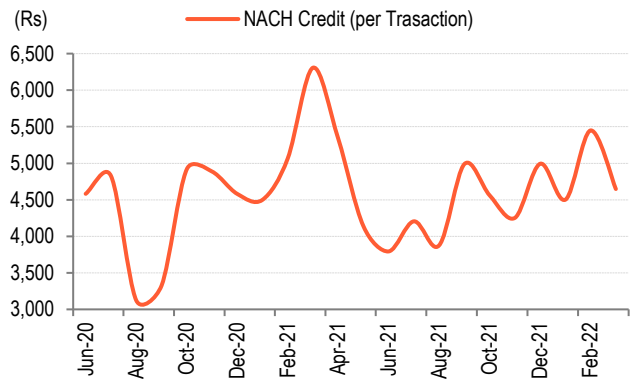
Source: Bloomberg, BOBCAPS Research

Fig 42 – Toll collection



Source: Bloomberg, BOBCAPS Research

Fig 43 – 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.

Rating distribution

As of 28 February 2022, out of 115 rated stocks in the BOB Capital Markets Limited (BOBCAPS) coverage universe, 65 have BUY ratings, 29 have HOLD ratings, 5 are rated ADD*, 1 is rated REDUCE* and 15 are rated SELL. None of these companies have been investment banking clients in the last 12 months. (*Our ADD and REDUCE ratings are in the process of being migrated to the new recommendation structure.)

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 BOBCAPS.

General disclaimers

BOBCAPS is engaged in the business of Institutional 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 has obtained registration as a Research Entity under SEBI (Research Analysts) Regulations, 2014, having registration No.: INH000000040 valid till 03 February 2025. BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017. BOBCAPS CIN Number: U65999MH1996GOI098009.

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 where such an offer or solicitation would be illegal. 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.

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 act as market makers or 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.

In the US, this material is only for Qualified Institutional Buyers as defined under rule 144(a) of the Securities Act, 1933. No part of this document may be distributed in Canada or used by private customers in the United Kingdom.

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 in the past 12 months. 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.