

Global headwinds plateauing

- Nifty underperformed global peers in October; banks and IT outperformed, pharma and FMCG lagged
- Earnings season modest so far as companies face margin stress; on the positive side, the global macro climate is at the trough, in our view
- Nifty valuation has inched up towards +1SD of its 5Y average; we retain our conservative investment approach

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Nifty underperforms in October: The Nifty 50 delivered returns of 5.4% in Oct'22, underperforming the US, EU and Japan. Sector-wise, we saw gains across banks (+6.9%), with public-sector players (+15.6%) outperforming private peers (+6.3%). The technology sector (+6.5%) mimicked a rebound on Wall Street. Pharma (+1.9%) and FMCG (-0.2%) lagged.

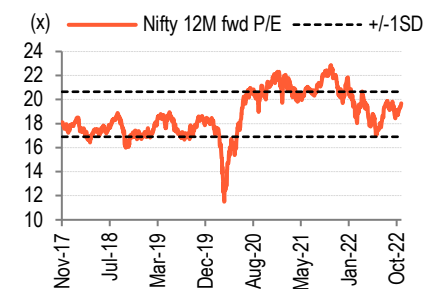
Earnings season modest so far: According to the Centre for Monitoring Indian Economy (CMIE), ~549 companies have reported an aggregate increase of 30% YoY in Q2FY23 net income so far. Expenses continue to rise faster than income, but the aggregate net profit margin has recovered to 10% (vs. 7.3% in June and 8.8% in March). Windfall tax has limited cyclical upsides for refiners, even as the consumer business was a bright spot for Reliance Industries. Most consumer durable players, however, suffered a margin crunch during the quarter.

Subtle shift in macro narrative: The US Fed has hiked interest rates by 300bps this year and the forward curve is pricing in another ~150bps hike over the next six months given persistent inflation and a strong labour market. The US bond market has had one of its worst years since 1930. Though near-term inflation expectations remain high, some surveys indicate a moderation in long-term estimates. The ~7% mortgage rate is clearly hurting the US real estate market, a key component of the inflation index. In Europe, temperature data thus far suggests a warmer winter than 2021, which could mean less energy-related fiscal stress this winter.

We expect a moderate pace of rate hikes in the US and EU going forward, which will augur well for the Indian currency and inflows, but remain cautious on Europe's energy situation as weather fluctuations could ratchet up energy prices.

Outlook: A slowing Europe and moderating China coupled with the usual year-end book closures by some institutions will continue to pose near-term challenges to the Indian stock market. We, thus, expect the Nifty 50 to be largely range-bound in the short run, but remain bullish over the longer term given several extant growth levers in the Indian economy. We continue to like domestic consumption-focused businesses.

Nifty valuations now reapproaching +1SD above 5Y avg.



Source: Bloomberg, BOBCAPS Research

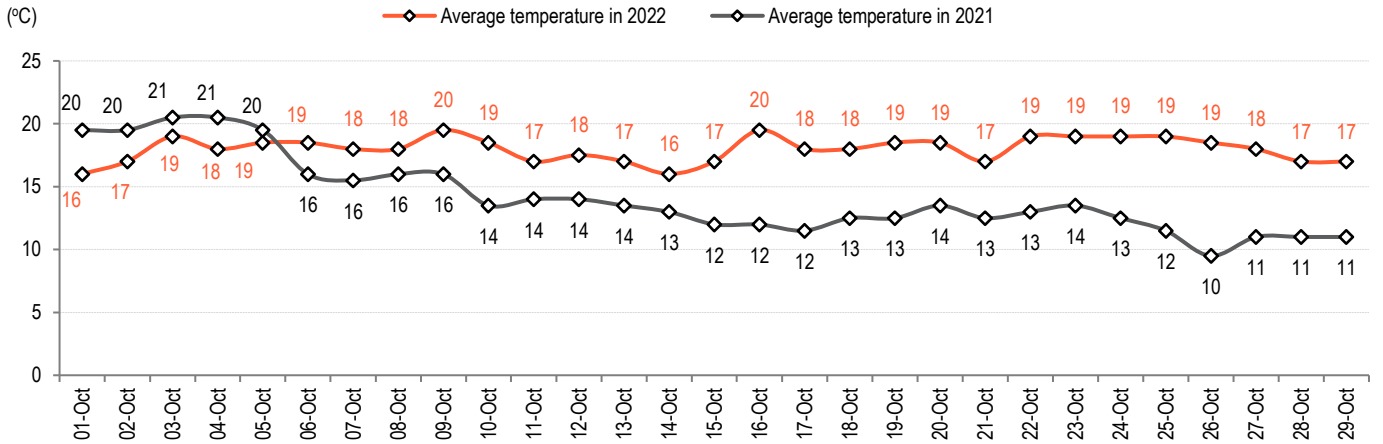


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Focus charts

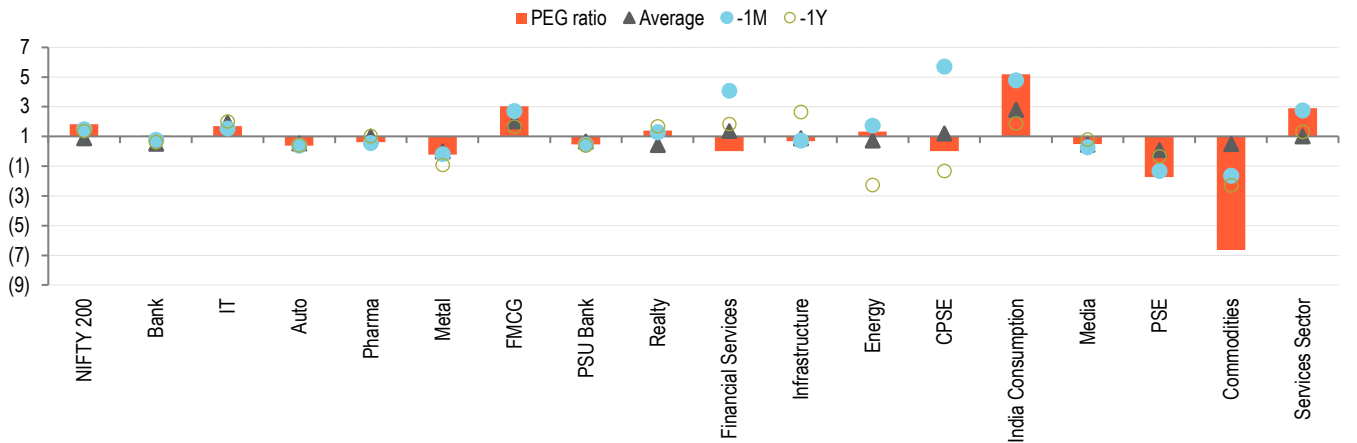
Fig 1 – Weather in Europa, Italy – October 2022 vs. October 2021



Source: Dateandtime.com, BOBCAPS Research

Valuations and Returns: October 2022

Fig 2 – Nifty: 12M forward PEG ratio



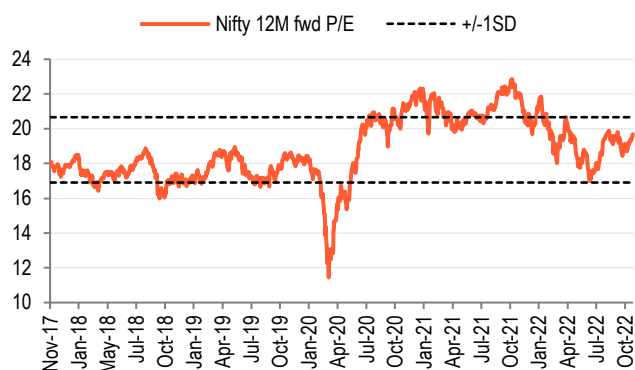
Source: Bloomberg, BOBCAPS Research | Note: We calculate PEG ratio as trailing 12M P/E divided by 12M forward earnings. We only consider numbers between -10 and 10 in our calculations.

Fig 3 – Returns across Nifty and global indices (in local currency)

(%)	1D	1W	1M	3M	6M	YTD	1Y	3Y	5Y
Nifty 50	1.3	2.5	5.4	5.0	5.3	3.8	1.9	51.7	74.3
Nifty Next 50	1.0	2.0	0.6	4.2	0.2	1.0	1.3	48.4	43.8
Nifty 200	1.3	2.4	4.3	5.0	4.6	3.5	2.2	55.5	69.3
Nifty 500	1.2	2.3	4.0	5.2	4.3	2.9	2.2	59.2	68.5
NIFTY Midcap 100	1.4	2.4	2.5	6.1	5.2	3.3	3.2	86.9	60.5
NIFTY Smallcap 100	0.1	0.3	2.6	5.6	(5.6)	(14.2)	(10.0)	68.6	13.3
NSE NIFTY Smallcap 250	0.4	0.9	1.9	6.6	(1.3)	(4.8)	(0.1)	95.7	39.9
Nifty Dividend Opp 50	0.9	2.1	5.1	3.5	3.0	0.8	2.8	42.7	45.1
NIFTY100 ESG	(0.1)	0.7	2.0	1.5	0.1	(4.1)	(3.4)	55.9	80.3
S&P 500	2.5	4.0	8.8	(5.5)	(5.6)	(18.2)	(15.3)	28.4	51.5
Stoxx 600	0.0	2.2	5.9	(6.3)	(8.8)	(15.8)	(13.6)	3.5	3.9
Nikke 225	1.8	2.3	6.4	(0.8)	2.8	(4.2)	(4.5)	20.3	25.3
FTSE 100	0.2	0.7	2.4	(4.9)	(6.4)	(4.4)	(2.4)	(2.6)	(5.7)

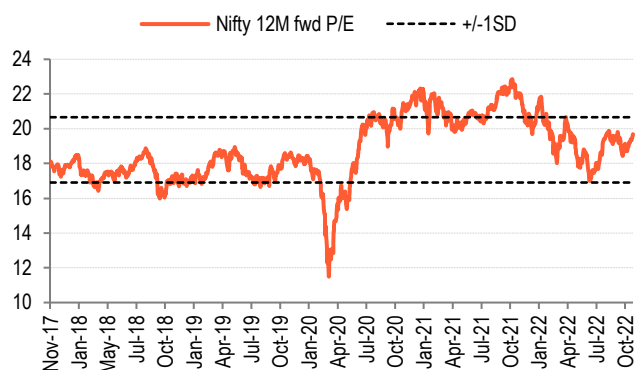
Source: Bloomberg, BOBCAPS Research

Fig 4 – Nifty: 12M forward P/E



Source: Bloomberg, BOBCAPS Research

Fig 5 – Nifty: 12M forward P/B



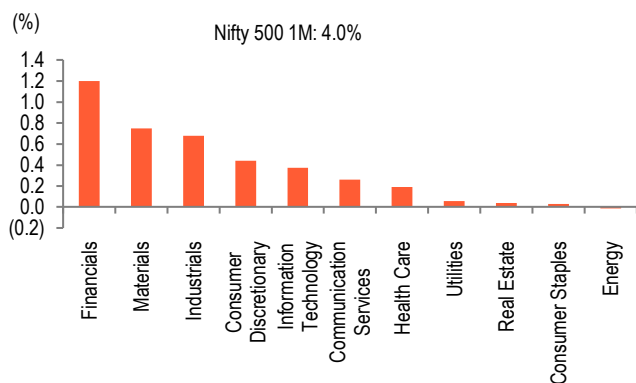
Source: Bloomberg, BOBCAPS Research

Fig 6 – Returns across sectoral Nifty indices

(%)	1D	1W	1M	3M	6M	YTD	1Y	3Y	5Y
Nifty 50	1.3	2.5	5.4	5.0	5.3	3.8	1.9	51.7	74.3
Nifty Bank	0.8	1.3	6.9	10.2	14.5	16.4	5.6	37.4	65.1
Nifty IT	1.4	1.4	6.5	(1.5)	(9.2)	(25.8)	(16.5)	84.6	165.1
Nifty Auto	1.4	5.4	5.4	6.7	20.8	22.4	18.4	58.4	17.7
Nifty Pharma	1.3	1.8	1.9	3.4	(1.9)	(7.1)	(4.8)	67.7	35.4
Nifty Metal	0.2	2.6	2.2	7.5	(6.8)	6.8	6.0	135.8	52.1
Nifty FMCG	0.8	0.1	(0.2)	4.3	15.9	17.9	15.9	37.1	72.4
Nifty PSU Bank	0.6	5.8	15.6	24.3	25.5	36.8	22.5	38.1	(8.5)
Nifty Realty	0.6	2.8	3.5	(2.7)	(1.1)	(9.4)	(12.0)	63.1	44.1
Nifty Financial Services	1.4	1.9	5.9	6.3	11.4	7.0	(1.4)	37.2	81.1
Nifty Infrastructure	1.4	4.3	5.6	7.0	2.1	5.8	3.8	57.6	46.1
Nifty Energy	0.7	3.0	4.3	2.5	(6.7)	17.9	14.8	61.8	83.8
Nifty CPSE	0.2	3.6	9.2	10.6	5.9	23.7	22.5	35.9	2.0
Nifty India Consumption	1.3	2.4	1.2	6.0	12.4	13.0	13.1	54.1	69.6
Nifty Media	0.3	(0.1)	0.0	(0.8)	(4.1)	(7.1)	(8.2)	15.4	(34.6)
NIFTY Private Bank	0.4	0.6	6.3	11.3	15.6	17.5	5.0	28.0	53.5
Nifty PSE	0.4	3.9	7.2	6.4	1.0	11.5	6.8	24.0	(3.1)
Nifty Commodities	1.1	3.0	4.0	4.3	(6.8)	3.7	0.9	68.7	41.2
Nifty Services Sector	1.3	2.3	5.8	5.4	6.4	1.4	(0.1)	50.1	85.4

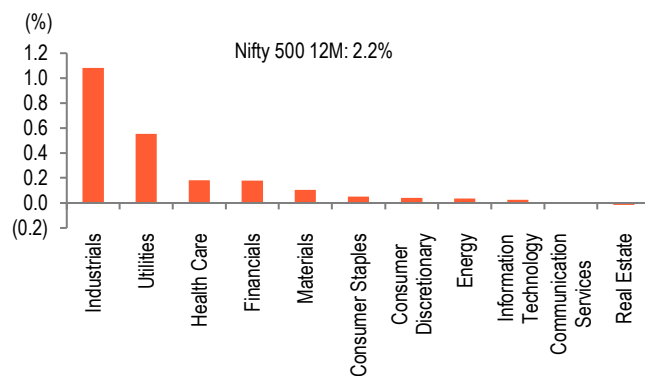
Source: Bloomberg, BOBCAPS Research

Fig 7 – Nifty 500: Contribution to 1M returns



Source: Bloomberg, BOBCAPS Research

Fig 8 – Nifty 500: Contribution to 12M returns



Source: Bloomberg, BOBCAPS Research

Fig 9 – Nifty valuation forecast (consensus estimates)

Index	EPS Growth (%)				P/E (x)				P/B (x)				Dividend yield (%)			
	5Y avg	FY23E	FY24E	FY25E	5Y avg	FY23E	FY24E	FY25E	5Y avg	FY23E	FY24E	FY25E	5Y avg	FY23E	FY24E	FY25E
Nifty 50	10.3	5.0	15.1	12.2	19.2	21.4	18.6	16.6	2.8	3.2	2.9	2.5	1.53	1.41	1.59	1.76
Nifty Next 50	11.0	(12.5)	26.0	13.6	24.4	26.0	20.7	18.2	3.2	3.5	3.2	2.9	1.46	1.65	1.71	1.78
Nifty 200	10.0	0.3	17.4	16.3	19.8	23.0	19.5	16.8	2.8	3.3	2.9	2.5	1.48	1.37	1.54	1.69
Nifty 500	10.1	0.2	18.7	16.1	19.6	23.0	19.4	16.7	2.8	3.3	2.9	2.4	1.46	1.40	1.57	1.63
NIFTY Midcap 100	8.8	(11.6)	26.9	39.9	21.1	28.0	22.1	15.8	2.5	3.3	3.0	2.2	1.31	1.18	1.37	1.54
NIFTY Smallcap 100	5.9	(17.5)	25.3	20.2	16.2	18.9	15.1	12.6	2.2	2.7	2.0	1.4	1.21	3.19	3.66	1.61
Sectors																
Nifty Bank	13.2	13.3	19.1	10.0	18.5	17.1	14.4	13.1	2.3	2.4	2.0	1.7	0.90	0.90	1.06	1.20
Nifty IT	11.8	6.9	15.5	13.7	21.3	24.3	21.1	18.5	5.1	6.2	5.5	5.1	2.34	2.46	2.83	3.16
Nifty Auto	(3.0)	91.5	38.2	17.0	20.5	26.5	19.2	16.4	2.7	3.8	3.3	2.7	1.34	1.18	1.55	1.85
Nifty Pharma	2.4	41.8	22.6	11.7	22.8	26.5	21.6	19.3	3.2	3.6	3.2	2.8	0.72	0.78	0.83	0.91
Nifty Metal	35.9	(37.9)	4.3	35.8	9.2	11.1	10.7	7.9	1.3	1.2	1.1	1.1	3.41	3.58	3.22	NA
Nifty FMCG	9.2	9.3	13.7	14.0	32.5	39.3	34.6	30.3	7.7	9.1	8.6	7.9	1.96	2.00	2.24	2.44
Nifty PSU Bank	12.6	8.8	27.4	15.4	10.2	9.0	7.1	6.1	0.8	1.1	1.0	0.6	1.78	2.19	2.74	3.08
Nifty Realty	7.1	10.6	31.6	24.6	30.8	36.4	27.7	22.2	2.3	2.9	2.6	2.4	0.78	0.40	0.44	0.55
Nifty Financial Services	13.8	(2.4)	16.7	16.1	20.6	21.5	18.4	15.8	2.9	3.3	2.8	2.2	0.94	0.87	0.99	1.16
Nifty Infrastructure	14.7	11.7	17.6	10.9	18.2	17.9	15.3	13.8	2.0	2.2	2.0	1.8	1.82	1.77	1.94	2.04
Nifty Energy	17.1	(1.0)	9.5	10.0	10.7	13.6	12.4	11.3	1.3	1.4	1.3	1.2	2.94	2.64	2.76	2.70
Nifty CPSE	16.6	0.6	(1.4)	0.7	7.7	6.9	7.0	7.0	1.1	1.3	1.2	1.1	6.09	6.46	6.42	6.20
Nifty India Consumption	59.6	(6.4)	25.7	17.4	56.6	42.9	34.1	29.0	6.9	6.6	5.9	5.1	1.00	1.14	1.37	1.57
Nifty Media	(0.6)	NM	41.1	20.0	21.1	27.0	19.2	16.0	3.0	3.2	2.8	2.5	1.60	0.98	1.14	1.23
Nifty PSE	13.4	(12.7)	4.8	12.7	8.3	8.2	7.8	7.0	1.2	1.3	1.2	1.0	5.10	5.48	5.67	5.69
Nifty Commodities	20.1	(14.4)	8.3	14.5	16.7	12.1	11.2	9.7	2.5	1.6	1.5	1.3	2.58	2.61	2.62	2.53
Nifty Services Sector	9.5	4.0	16.7	13.6	20.5	22.6	19.3	17.0	3.2	3.6	3.1	2.6	1.40	1.32	1.50	1.68

Source: Bloomberg, BOBCAPS Research

Fig 10 – NSE 500: Best performing stocks October 2022

Company	Sector	Industry	Market cap (Rs mn)	1M (%)	3M (%)	1Y (%)
Godfrey Phillips India	Consumer Staples	Tobacco	77,185	29.32	30.11	14.66
Indian Bank	Financials	Banks	3,16,218	28.98	43.85	47.53
Mazagon Dock Shipbuilders	Industrials	Aerospace & Defense	1,28,345	28.96	128.66	147.51
Karur Vysya Bank	Financials	Banks	83,114	27.61	77.02	112.24
Canara Bank	Financials	Banks	5,26,823	26.95	30.63	35.38
Multi Commodity Exch India	Financials	Capital Markets	78,351	26.06	9.98	(9.83)
Bank Of India	Financials	Banks	2,47,240	25.00	26.31	0.58
Bharat Heavy Electricals	Industrials	Electrical Equipment	2,57,847	23.62	37.51	8.50
Axis Bank	Financials	Banks	27,83,595	23.57	25.01	22.10
Cochin Shipyard	Industrials	Machinery	70,841	22.12	61.56	54.14
Union Bank Of India	Financials	Banks	3,68,393	20.72	41.10	16.79
Infibeam Avenues	Information Technology	IT Services	47,378	20.41	20.41	(21.85)
Tata Motors-A-DVR	Consumer Discretionary	Automobiles	14,90,453	20.21	6.33	(4.39)
Bharat Forge	Consumer Discretionary	Auto Components	3,88,394	19.94	13.81	8.74
Rajesh Exports	Consumer Discretionary	Textiles, Apparel & Luxury Goo	2,04,202	19.49	16.57	8.36
IIFL Finance	Financials	Thriffs & Mortgage Finance	1,59,508	19.39	21.34	29.64
NHPC	Utilities	Independent Power	4,27,918	19.33	24.74	38.76
Triveni Turbine	Industrials	Electrical Equipment	90,461	19.11	64.36	46.85
Dhani Services	Financials	Capital Markets	36,936	18.96	38.26	(67.85)
RBL Bank	Financials	Banks	81,025	18.81	46.50	(25.15)
Rail Vikas Nigam	Industrials	Construction & Engineering	83,401	18.69	29.24	13.31
Rites	Industrials	Professional Services	92,805	18.30	46.82	36.35
FDC	Health Care	Pharmaceuticals	51,781	18.26	23.12	(2.16)
Angel One	Financials	Capital Markets	1,33,527	17.67	17.26	28.88
Sun Pharma Advanced Res.	Health Care	Pharmaceuticals	70,221	17.33	13.54	(1.60)

Source: Bloomberg, BOBCAPS Research

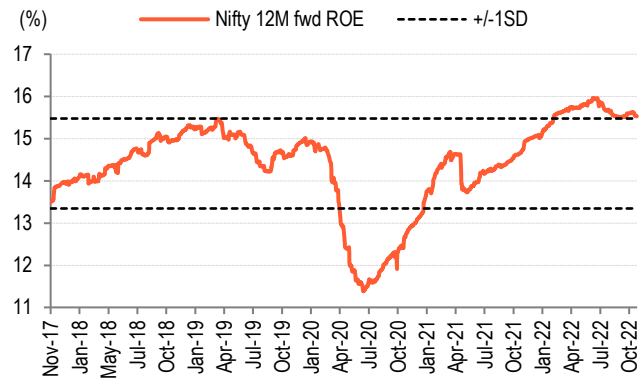
Fig 11 – NSE 500: Worst performing stocks October 2022

Company	Sector	Industry	Market cap (Rs mn)	1M (%)	3M (%)	1Y (%)
Delhivery	Industrials	Air Freight & Logistics	2,50,010	(40.95)	(45.80)	NA
Shilpa Medicare	Health Care	Pharmaceuticals	27,330	(18.63)	(23.53)	(46.04)
Pb Fintech	Financials	Insurance	1,73,529	(18.30)	(17.55)	NA
Tata Elxsi	Information Technology	Software	4,35,677	(18.24)	(19.50)	19.13
Fine Organic Industries	Materials	Chemicals	1,76,025	(17.72)	6.58	74.63
Home First Finance Co India	Financials	Thriffs & Mortgage Finance	63,724	(16.86)	(12.26)	2.98
Intellect Design Arena	Information Technology	Software	58,449	(16.58)	(31.54)	(34.07)
Welspun Corp	Materials	Metals & Mining	58,135	(16.14)	(1.64)	66.52
Sharda Cropchem	Materials	Chemicals	33,770	(15.52)	(27.76)	21.51
Polyplex Corporation	Materials	Chemicals	52,672	(15.30)	(28.06)	(0.50)
Mahindra Lifespace Developer	Real Estate	Real Estate Management & Devel	62,031	(14.98)	0.27	45.82
Gland Pharma	Health Care	Pharmaceuticals	2,93,862	(14.74)	(21.07)	(51.78)
Quess Corp	Industrials	Professional Services	81,897	(14.33)	(6.34)	(36.19)
Blue Dart Express	Industrials	Air Freight & Logistics	1,80,025	(14.28)	(11.65)	14.01
Schaeffler India	Industrials	Machinery	4,30,554	(14.25)	(0.93)	86.08
Alok Industries	Consumer Discretionary	Textiles, Apparel & Luxury Goo	76,961	(14.13)	(22.50)	(29.55)
Amber Enterprises India	Consumer Discretionary	Household Durables	69,579	(12.63)	(17.19)	(37.53)
EPL	Materials	Containers & Packaging	48,644	(12.62)	(11.44)	(28.31)
Greenpanel Industries	Materials	Paper & Forest Products	45,630	(12.62)	(15.44)	(3.51)
Crompton Greaves Consumer	Consumer Discretionary	Household Durables	2,30,381	(12.04)	(8.14)	(22.19)
Suven Pharmaceuticals	Health Care	Pharmaceuticals	1,01,406	(11.66)	(15.87)	(20.40)
Laurus Labs	Health Care	Pharmaceuticals	2,44,257	(11.39)	(13.04)	(11.87)
NIIT	Information Technology	IT Services	37,508	(11.26)	(23.73)	(6.41)
Samvardhana Motherson	Consumer Discretionary	Auto Components	4,37,065	(11.24)	(24.00)	(49.17)
Adani Wilmar	Consumer Staples	Food Products	8,73,904	(11.00)	2.06	NA

Source: Bloomberg, BOBCAPS Research

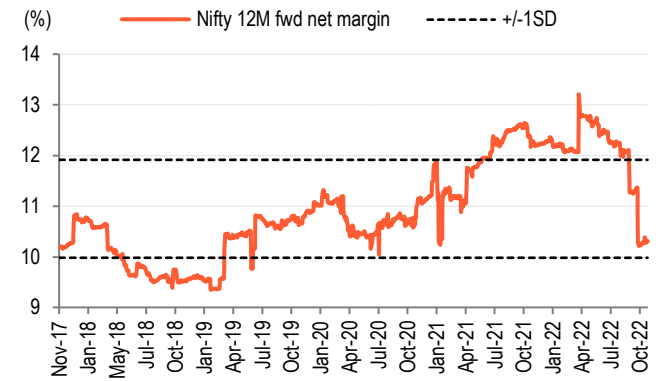
Index fundamentals

Fig 12 – Nifty: 12M forward ROE



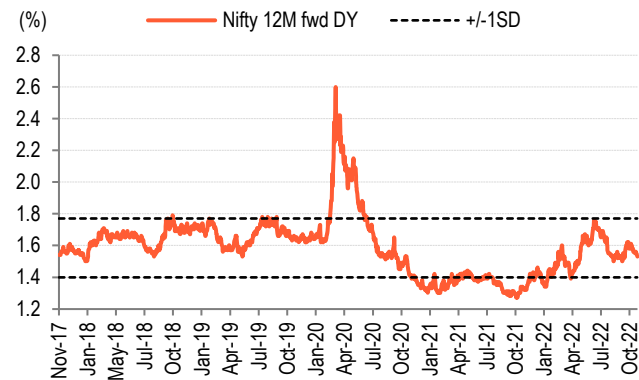
Source: Bloomberg, BOBCAPS Research

Fig 13 – Nifty: 12M forward net margin



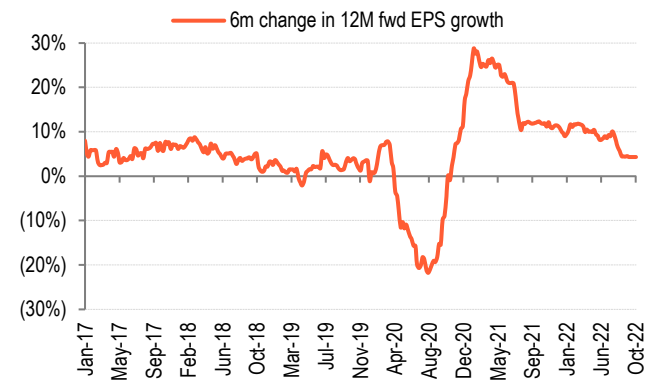
Source: Bloomberg, BOBCAPS Research

Fig 14 – Nifty: 12M forward dividend yield



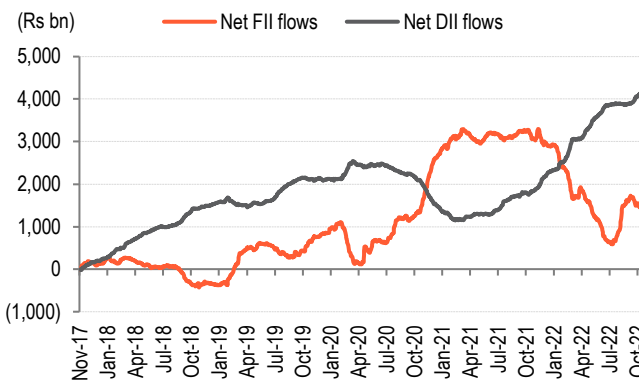
Source: Bloomberg, BOBCAPS Research

Fig 15 – Nifty: 6M change in EPS growth



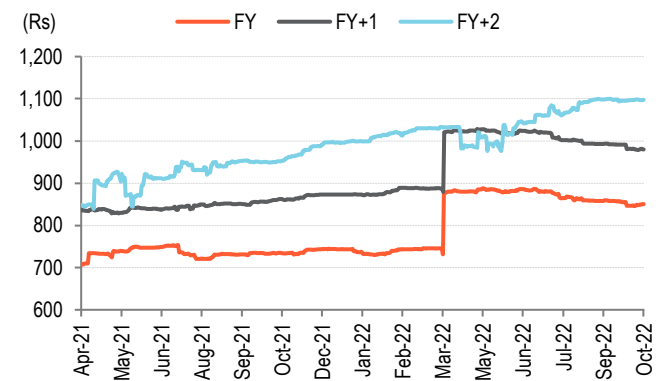
Source: Bloomberg, BOBCAPS Research

Fig 16 – Flows in India (5Y)



Source: Bloomberg, BOBCAPS Research

Fig 17 – Nifty 50: EPS consensus forecast



Source: Bloomberg, BOBCAPS Research

Yields, Exchange rates and Commodities

US GDP expanded by 2.6% in the July-September quarter, ahead of consensus estimates (2.3%). A large part of this growth came from a narrowing trade deficit, which is unlikely to be repeated in future. GDP also gained from a rise in spending and non-residential fixed investments. US CPI for the month of September came in at 8.2%, with food and energy prices rising even faster. However, new single-family home sales were down ~11% (seasonally adjusted, annual) in the US, indicating that high mortgage rates are having the desired impact.

Commodity prices were mixed last month – natural gas prices declined while crude prices rose. Iron ore and steel declined whereas aluminum and copper moved up. Among agricultural commodities, wheat prices reduced while corn increased (Fig 20).

Inflation in India rose to 7.41% in Sep'22 vs. 7% in Aug'22. Food, clothing and fuel contributed the most to this rise. Kharif (summer) crops should help lower food inflation. Capacity utilisation and PMI softened while IIP moved into the negative zone. Credit growth sustained its upward trend, and imports continued to rise faster than exports.

Fig 18 – Yields

(%)	1D	1W	1M	3M	6M	YTD	1Y	3Y	5Y
India 10y yield	7.42	7.51	7.33	7.42	7.14	6.45	6.39	6.45	6.89
India AAA corporate yield	7.74	7.83	7.70	7.84	7.31	7.00	7.00	7.84	7.70
India AA corporate yield	8.55	8.64	8.41	8.59	8.04	7.79	7.82	8.47	8.21
US 10y yield	4.01	4.22	3.73	2.84	2.93	1.51	1.55	1.69	2.37
EU 10y yield	2.10	2.42	2.12	1.12	0.94	(0.18)	(0.11)	(0.41)	0.37
Japan 10y yield	0.25	0.26	0.25	0.24	0.23	0.07	0.10	(0.13)	0.07

Source: Bloomberg, BOBCAPS Research

Fig 19 – Exchange rates

(%)	Current	1D	1W	1M	3M	6M	YTD	1Y	3Y	5Y
USDINR	82.8	(0.4)	(0.1)	(1.7)	(4.5)	(7.6)	(10.2)	(9.6)	(14.3)	(21.8)
EURINR	82.3	(0.3)	(2.2)	(3.2)	(1.5)	(2.2)	2.3	5.2	(3.9)	(8.5)
JPYINR	0.6	0.3	(2.3)	0.9	7.2	5.9	15.9	17.6	17.8	2.5
GBPINR	95.7	(0.7)	(2.1)	(5.2)	1.1	0.5	4.9	6.8	(4.0)	(10.6)

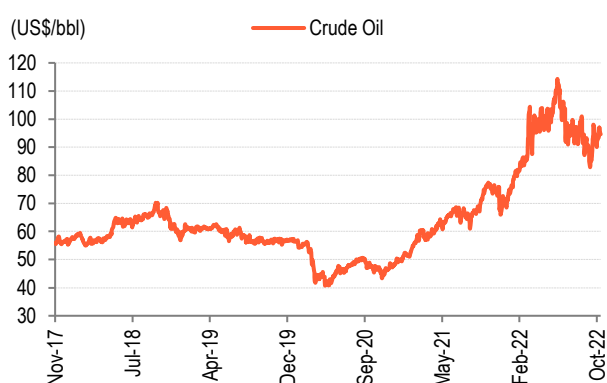
Source: Bloomberg, BOBCAPS Research

Fig 20 – Commodity price trend

(%)	Current	1D	1W	1M	3M	6M	YTD	1Y	3Y	5Y
Energy										
NYM WTI Crude (USD/bbl.)	86.67	(1.4)	2.5	10.1	(7.7)	(7.1)	24.1	21.5	71.9	71.9
ICE Brent Crude (USD/bbl.)	94.62	(1.2)	1.5	11.1	(5.0)	(3.6)	29.0	26.0	69.6	67.2
ICE ARA Gasoil (USD/MT)	1116.5	(1.5)	3.2	18.6	6.0	16.0	73.4	69.4	107.8	101.1
NYM NYH Gasoline (USd/gal.)	290.1	(0.2)	6.2	22.4	5.2	3.0	42.1	39.1	111.6	NA
NYM NYH Heating Oil (USd/gal.)	460.3	1.2	17.4	42.9	33.4	40.5	105.2	100.3	162.8	NA
NYM HH Nat Gas (USD/MMBtu)	6.24	9.7	8.4	(11.7)	(25.5)	(16.8)	56.6	44.8	131.0	103.4
ICE NBP Nat Gas (USD/MMBtu)	318	(6.0)	(6.5)	(36.2)	(34.2)	32.2	92.8	196.9	515.9	576.9
Metals										
LME Aluminums (USD/MT)	2212	(3.3)	0.2	4.1	(10.0)	(27.0)	(21.2)	(19.5)	27.3	2.0
LME Coppers (USD/MT)	7550	(2.8)	(1.0)	1.7	(2.7)	(22.1)	(22.3)	(21.9)	27.8	10.5
SGX Iron Ore (USD/MT)	79	(2.1)	(12.9)	(16.2)	(31.0)	(45.3)	(29.1)	(13.1)	26.6	NA
LME Nickel (USD/MT)	22134	(1.1)	0.8	1.5	0.9	(32.9)	6.6	13.1	33.0	91.1
Steel China (CNY/MT)	3722	(2.0)	(4.1)	(7.6)	(6.0)	(27.4)	(21.6)	(31.5)	3.1	(8.9)
Spot Gold	1637	(0.5)	(0.7)	(1.4)	(7.6)	(12.1)	(10.5)	(8.7)	8.2	28.8
Spot Silver	19.0	(1.1)	(1.0)	0.1	(6.5)	(15.9)	(18.3)	(20.8)	5.2	13.9
Agriculture										
CME Live Cattle (USd/lb.)	153.0	(0.3)	0.4	4.6	3.5	2.8	5.7	11.3	NA	NA
ICE Coffee (USd/lb.)	170.55	1.7	(7.8)	(19.8)	(18.4)	(22.6)	(23.4)	(18.0)	NA	NA
CBT Corn (USd/bu.)	697.5	2.5	2.3	3.0	12.5	(7.2)	27.7	26.8	NA	NA
ICE Cotton (USd/lb.)	72.2	0.1	(5.2)	(15.4)	(25.4)	(40.9)	(22.1)	(20.7)	NA	NA
CBT Soybeans (USd/bu.)	1411	0.8	2.2	2.6	(4.3)	(6.9)	11.2	13.6	NA	NA
ICE Sugar (USd/lb.)	17.77	1.1	(2.0)	0.5	0.5	(8.9)	(3.6)	(3.4)	NA	NA
CBT SRW Wheat (USd/bu.)	877.75	5.8	4.6	(4.7)	6.3	(17.1)	14.0	12.6	NA	NA

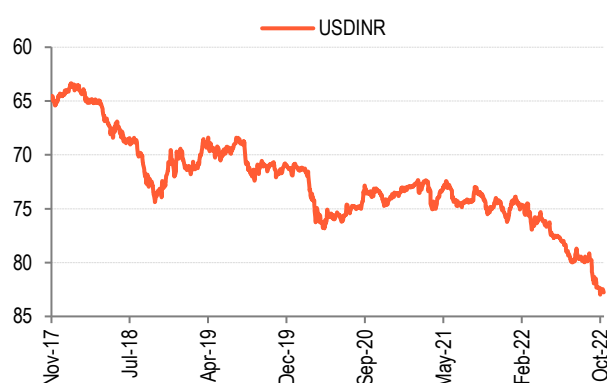
Source: Bloomberg, BOBCAPS Research

Fig 21 – Oil price trend



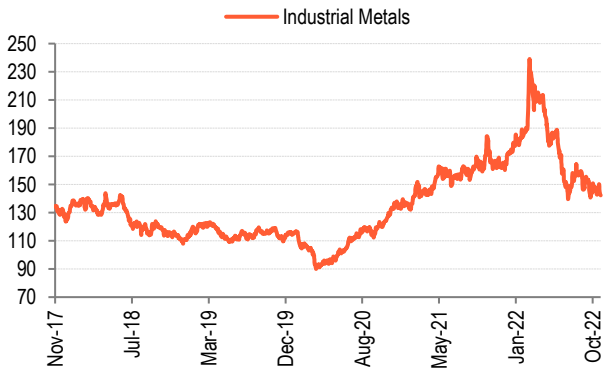
Source: Bloomberg, BOBCAPS Research

Fig 22 – USDINR movement



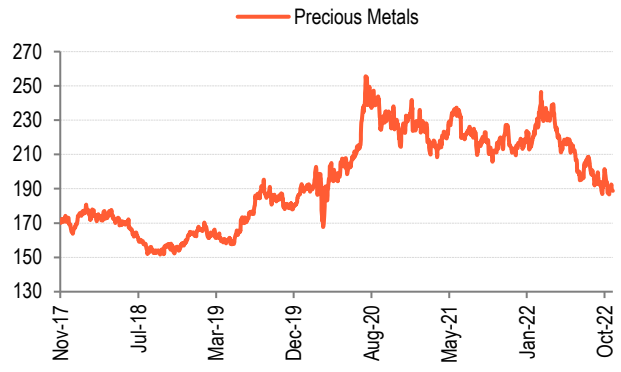
Source: Bloomberg, BOBCAPS Research

Fig 23 – Industrial metals price trend



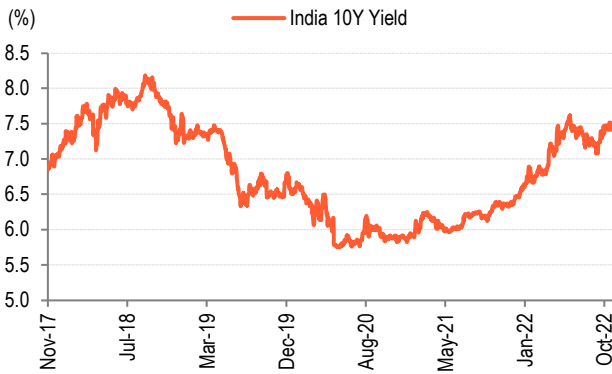
Source: Bloomberg, BOBCAPS Research

Fig 24 – Precious metals price trend



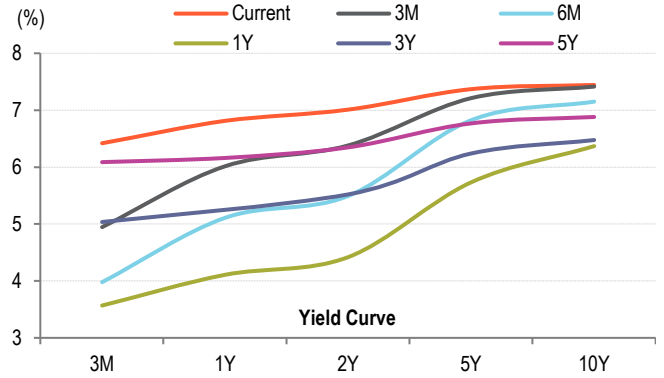
Source: Bloomberg, BOBCAPS Research

Fig 25 – India 10Y bond yield



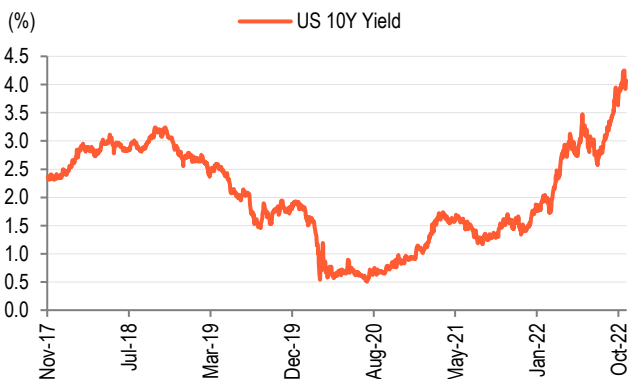
Source: Bloomberg, BOBCAPS Research

Fig 26 – India yield curve



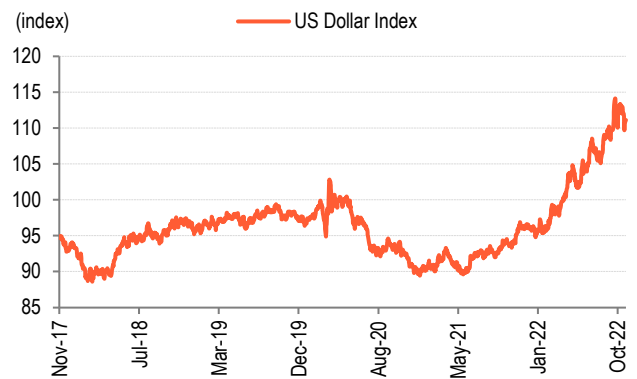
Source: Bloomberg, BOBCAPS Research

Fig 27 – US 10Y yield



Source: Bloomberg, BOBCAPS Research

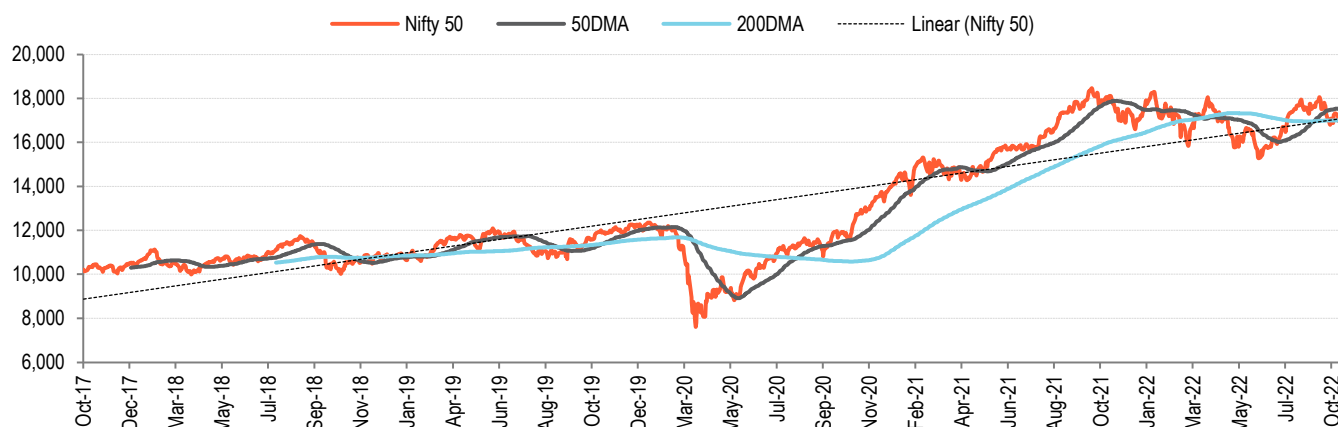
Fig 28 – US Dollar index



Source: Bloomberg, BOBCAPS Research

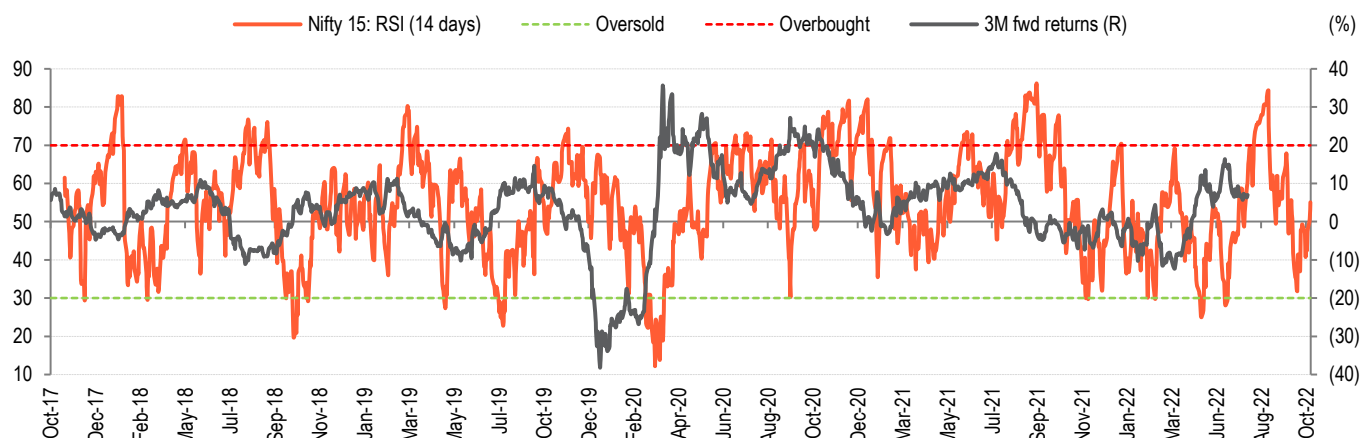
Technical trends

Fig 29 – Nifty 50: Moving averages



Source: Bloomberg, BOBCAPS Research

Fig 30 – Nifty 50: Relative Strength Index (RSI)



Source: Bloomberg, BOBCAPS Research

Fig 31 – Nifty 50: Sector-wise average daily traded value

Sector (Rs bn)	1M	3M	6M
Communication Services	4.1	6.7	5.7
Consumer Discretionary	22.2	25.6	26.4
Consumer Staples	11.3	12.1	12.6
Energy	17.9	19.0	24.7
Financials	64.2	68.7	65.1
Health Care	9.3	10.3	10.6
Industrials	18.5	19.1	14.7
Information Technology	23.2	24.5	26.7
Materials	17.8	21.6	24.9
Utilities	5.0	5.7	5.5
Nifty 50	193	214	217

Source: Bloomberg, BOBCAPS Research

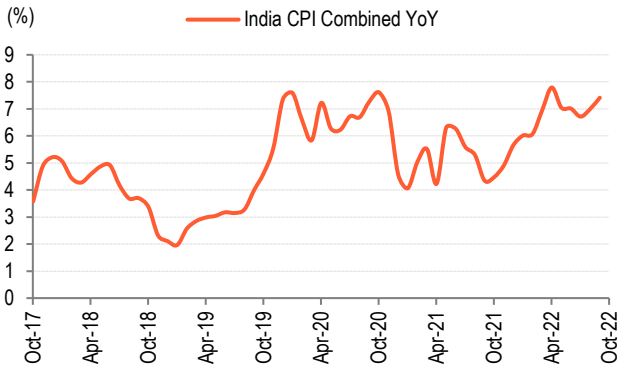
Fig 32 – Nifty 50: Stock-wise average daily traded value

Company (Rs bn)	Sector	Industry	Market cap	1M	3M	6M
Adani Enterprise	Industrials	Trading Companies & Distributo	3,816	9.9	9.3	6.3
Adani Ports	Industrials	Transportation Infrastructure	1,740	5.2	6.3	4.8
Apollo Hospitals	Health Care	Health Care Providers & Servic	650	1.7	2.3	2.4
Asian Paints	Materials	Chemicals	2,981	4.0	3.7	3.9
Axis Bank	Financials	Banks	2,784	10.6	7.8	7.0
Bajaj Finance	Financials	Consumer Finance	4,325	7.2	8.8	8.2
Bharti Airtel	Communication Services	Wireless Telecommunication Ser	4,801	4.1	6.7	5.7
Bajaj Auto	Consumer Discretionary	Automobiles	1,063	1.4	1.5	1.8
Bajaj Finserv	Financials	Diversified Financial Services	2,688	2.8	6.1	5.1
Bharat Petrol	Energy	Oil, Gas & Consumable Fuels	659	1.0	1.1	1.2
Britannia Inds	Consumer Staples	Food Products	907	0.9	1.2	1.3
Cipla	Health Care	Pharmaceuticals	942	1.7	1.8	1.7
Coal India	Energy	Oil, Gas & Consumable Fuels	1,516	2.2	2.2	2.3
Divi Labs	Health Care	Life Sciences Tools & Services	958	1.4	1.8	1.9
Dr Reddy's Labs	Health Care	Pharmaceuticals	738	1.5	1.7	1.8
Eicher Motors	Consumer Discretionary	Automobiles	1,053	2.2	3.0	2.5
Grasim Inds	Materials	Construction Materials	1,134	1.0	1.3	1.4
HCL Tech	Information Technology	IT Services	2,825	3.2	3.0	3.1
Housing Dev Fin	Financials	Diversified Financial Services	4,488	7.2	6.7	7.0
HDFC Bank	Financials	Banks	8,337	8.8	9.3	9.5
HDFC Life Insura	Financials	Insurance	1,161	1.4	2.1	2.1
Hero Motocorp	Consumer Discretionary	Automobiles	535	1.3	1.7	1.8
Hindalco Inds	Materials	Metals & Mining	912	3.4	4.1	4.8
Hindustan Unilev	Consumer Staples	Personal Products	5,993	3.6	3.8	4.2
ICICI Bank	Financials	Banks	6,334	9.4	10.1	9.2
Indusind Bank	Financials	Banks	886	5.5	4.9	3.9
Infosys	Information Technology	IT Services	6,470	8.4	9.0	9.6
ITC	Consumer Staples	Tobacco	4,325	4.5	4.4	4.5
JSW Steel	Materials	Metals & Mining	1,629	1.5	1.7	2.4
Kotak Mahindra	Financials	Banks	3,777	3.7	4.6	5.0
Larsen & Toubro	Industrials	Construction & Engineering	2,843	3.4	3.5	3.5
Mahindra & Mahin	Consumer Discretionary	Automobiles	1,677	3.1	4.2	4.2
Maruti Suzuki In	Consumer Discretionary	Automobiles	2,878	4.9	5.5	5.6
Nestle India	Consumer Staples	Food Products	1,963	1.2	1.2	1.2
NTPC	Utilities	Independent Power and Renewabl	1,678	1.8	2.4	2.6
Oil & Natural Ga	Energy	Oil, Gas & Consumable Fuels	1,686	2.0	2.4	3.4
Power Grid Corp	Utilities	Electric Utilities	1,591	3.2	3.2	2.9
Reliance Inds	Energy	Oil, Gas & Consumable Fuels	17,250	12.6	13.3	17.8
SBI Life Insuran	Financials	Insurance	1,267	1.1	1.5	1.3
State Bank Ind	Financials	Banks	5,121	6.5	7.0	6.7
Sun Pharma	Health Care	Pharmaceuticals	2,440	2.9	2.8	2.8
Tata Steel	Materials	Metals & Mining	1,240	4.1	6.4	7.8
Tata Consumer Pr	Consumer Staples	Food Products	710	1.1	1.6	1.4
Tata Consultancy	Information Technology	IT Services	11,684	6.2	6.5	7.3
Tech Mahindra Lt	Information Technology	IT Services	1,035	2.2	3.2	3.4
Titan Co	Consumer Discretionary	Textiles, Apparel & Luxury Goo	2,452	3.5	3.0	3.4
Tata Motors	Consumer Discretionary	Automobiles	1,490	5.8	6.8	7.0
UPL	Materials	Chemicals	548	1.4	1.7	1.7
Ultratech Cement	Materials	Construction Materials	1,938	2.3	2.7	2.8
Wipro	Information Technology	IT Services	2,120	3.2	2.9	3.2

Source: Bloomberg, BOBCAPS Research

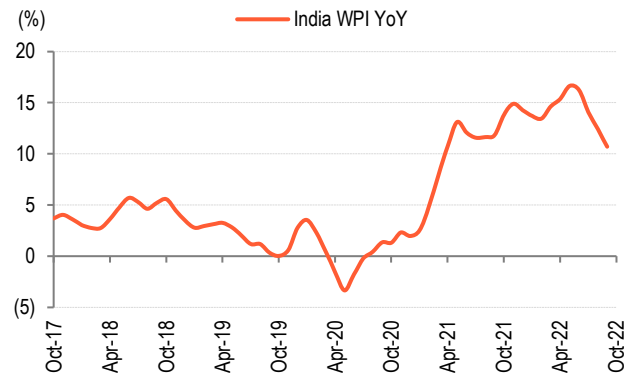
Macroeconomic indicators: September 2022

Fig 33 – Consumer price index



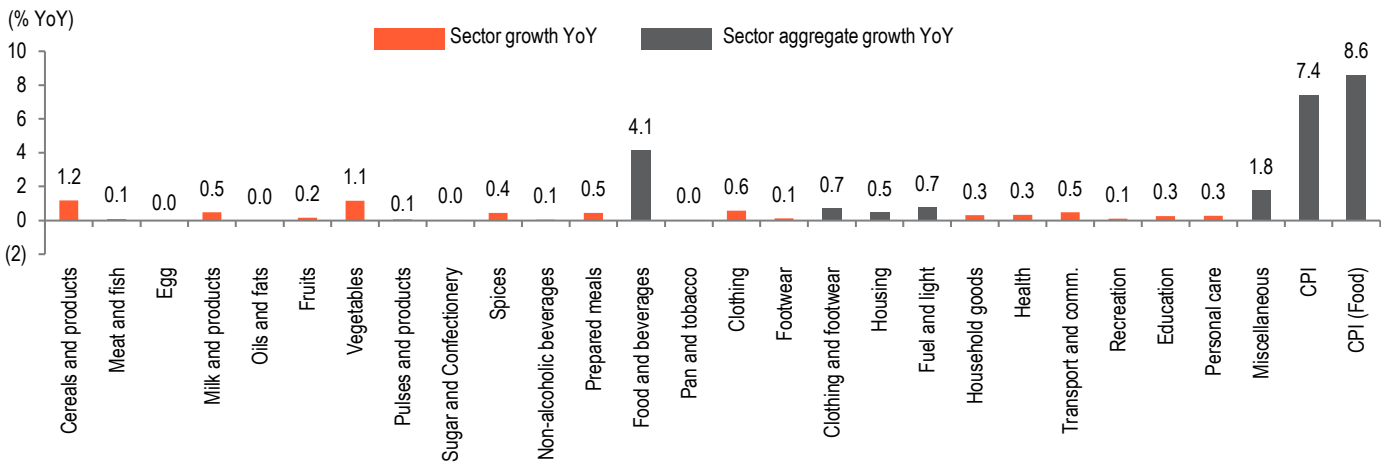
Source: Bloomberg, BOBCAPS Research

Fig 34 – Wholesale price index



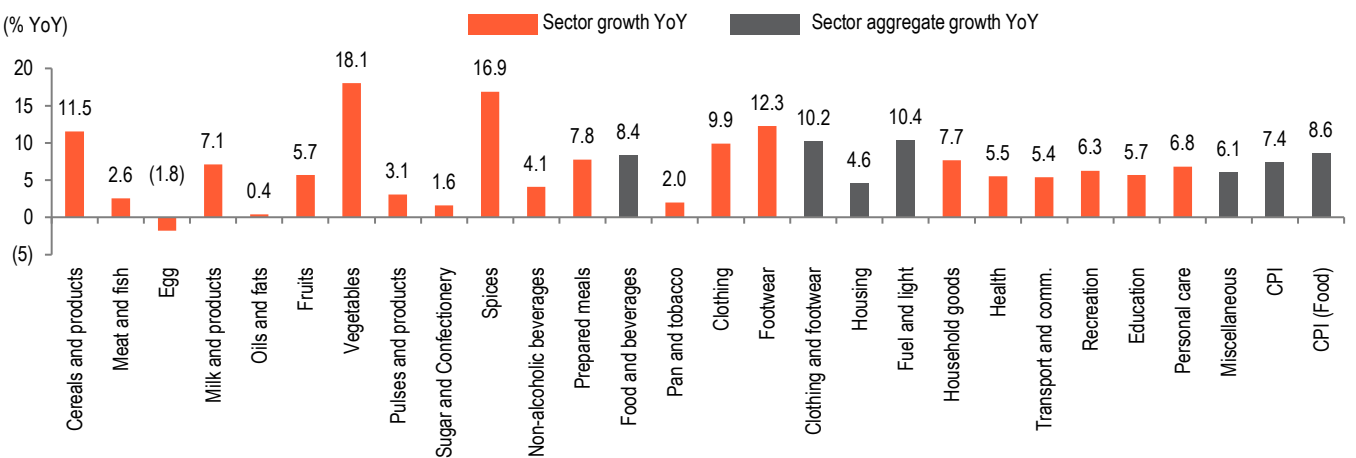
Source: Bloomberg, BOBCAPS Research

Fig 35 – Contribution to CPI (Sep'22)



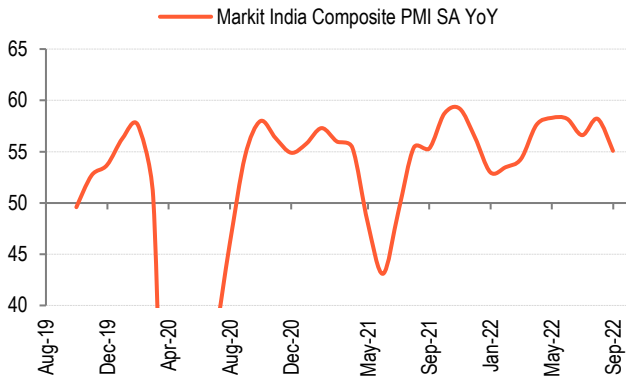
Source: Bloomberg, BOBCAPS Research

Fig 36 – Actual CPI (Sep'22)



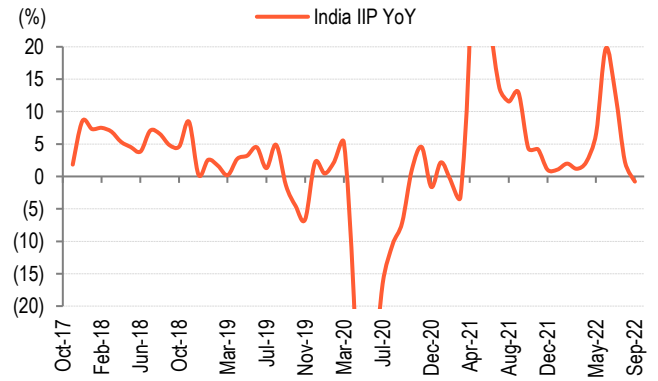
Source: Bloomberg, BOBCAPS Research

Fig 37 – Purchasing Managers’ Index



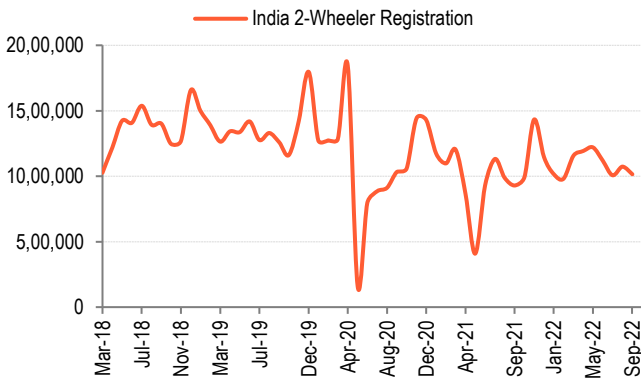
Source: Bloomberg, BOBCAPS Research

Fig 38 – Industrial production



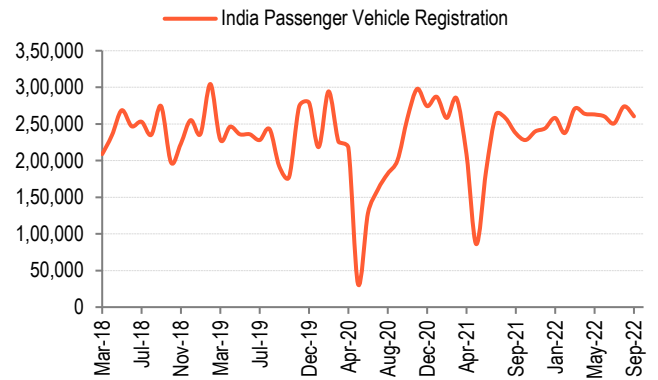
Source: Bloomberg, BOBCAPS Research

Fig 39 – Two-wheeler registration



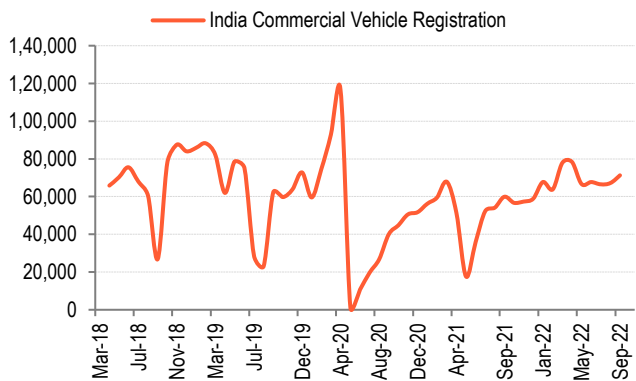
Source: Bloomberg, BOBCAPS Research

Fig 40 – 4-wheeler registration



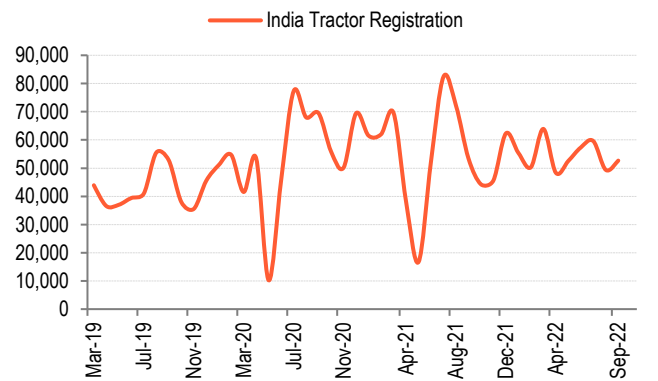
Source: Bloomberg, BOBCAPS Research

Fig 41 – Commercial vehicle registration



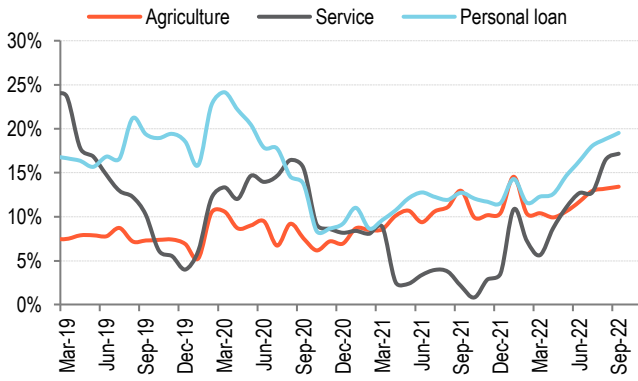
Source: Bloomberg, BOBCAPS Research

Fig 42 – Tractor registration



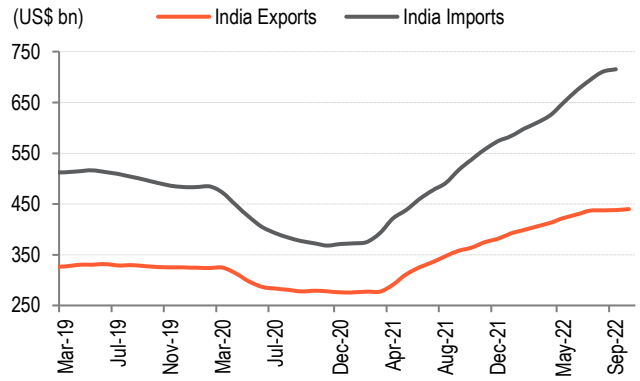
Source: Bloomberg, BOBCAPS Research

Fig 43 – Scheduled Commercial Banks’ credit growth



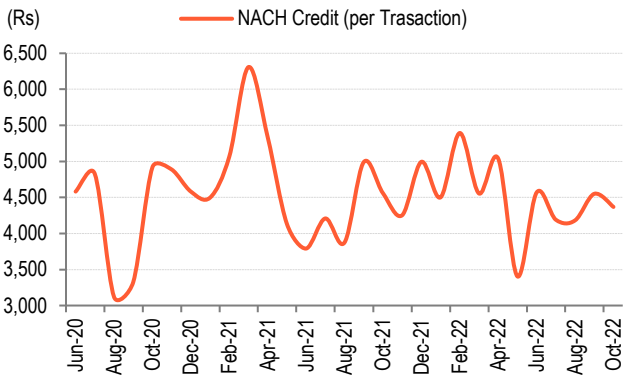
Source: Bloomberg, BOBCAPS Research

Fig 44 – Exports and Imports



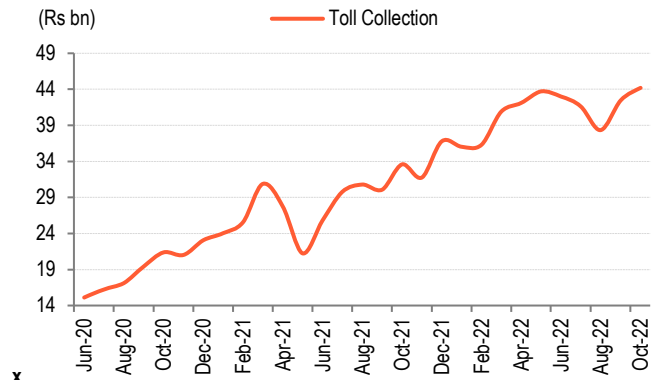
Source: Bloomberg, BOBCAPS Research

Fig 45 – Toll collection



Source: Bloomberg, BOBCAPS Research

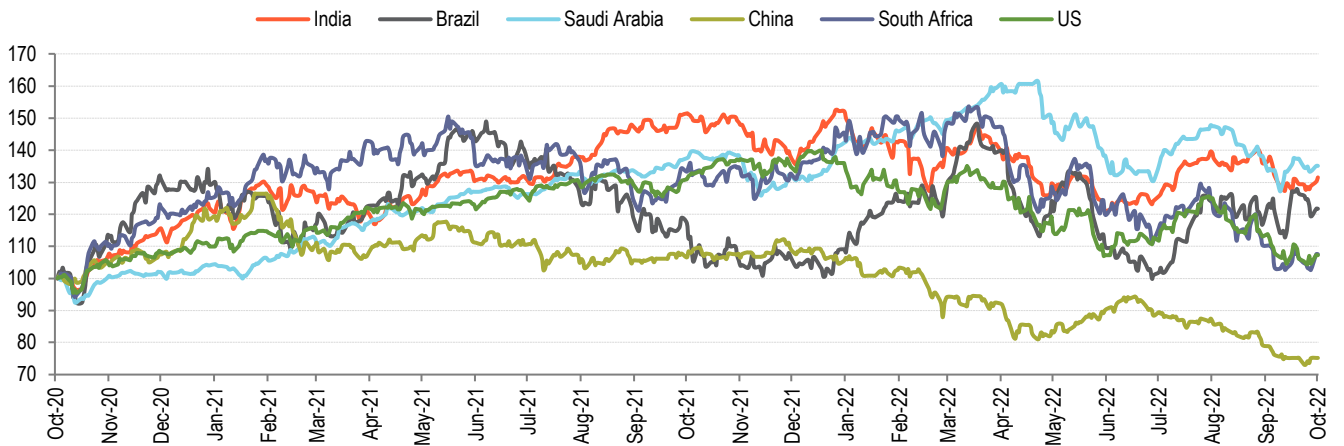
Fig 46 – National Automated Clearing House credit



Source: Bloomberg, BOBCAPS Research

Valuations across the globe

Fig 47 – India valuation relative to other countries



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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