

EYE POPPER: Cash Turnover at NSE reduced to Rs 13.3 trn from Rs 10 trn in last two years, However the FNO Turnover (Premium) reported growth of 2.8(x) as it increased to Rs 11.5 trn from Rs 4.1 trn.

MARKET ROUNDUP

March 08, 2023

Exhibit 01: Nifty's pain intensifies as global indices turns negative

Major Global Indices	Close	1M %	YTD %
NIFTY 50	17,304.0	-2.0%	-4.9%
DJI	32,656.7	-4.2%	-1.4%
NASDAQ	12,018.4	-0.4%	10.6%
FTSE	7,871.9	1.1%	4.1%
DAX	15,365.1	1.6%	9.2%
CAC	7,255.0	1.9%	10.2%
NIKKEI 225	27,380.0	-0.4%	6.0%
SHANGHAI COMPOSITE	3,279.6	0.7%	5.2%
HANGSENG	19,786.0	-9.4%	-1.8%

Exhibit 02: Pressure seen at Small cap Index

Indian Broader Market	Close	1M %	YTD %
NIFTY 500	14,518.8	-2.8%	-6.5%
NIFTY MIDCAP 100	30,117.3	-1.8%	-5.3%
NIFTY SMALLCAP 100	9,155.6	-3.6%	-6.6%

Exhibit 03: Defensives such FMCG, IT remain stable.

Sectoral Performance	Close	1M %	YTD %
FMCG	44,940.5	1.1%	1.7%
IT	29,664.0	-0.3%	3.2%
PVT BANK	20,587.0	-0.7%	-6.4%
BANK	40,269.1	-1.0%	-6.8%
AUTO	12,731.8	-4.4%	0.5%
REALTY	393.2	-4.5%	-9.8%
PHARMA	11,747.1	-5.0%	-6.4%
OIL & GAS	6,941.7	-8.5%	-18.0%
ENERGY	21,682.3	-8.6%	-16.7%
PSU BANK	3,658.4	-8.7%	-15.9%
MEDIA	1,704.8	-10.2%	-15.4%
METAL	5,269.1	-18.5%	-23.5%

Source: Ace Equity, Trading View, Prices as on Feb 28, 2023

Market Overview

- A Breath Post Rally:** Global indices breathed in February after a recovery in January. DJI and Hang Seng loosed the lead of Jan and Indian markets continued its bearish moves, continuation from Dec. The Nifty felled 2.0% in Feb post making high of 18134.75. The Rs 11,090.64 Cr selling from FII is absorbed by counter buying worth Rs 19,239 Cr by domestic institutions. On YTD basis, Europe continent gained handsomely leaded with a gain of 10.2% at CAC 40, hang Seng loosed steam in Feb and Nifty continued to remain in pressure with a loss of 4.9%.
- Froth Reduced at Nifty 50:** Market made a high of 18604 in Oct-21, post that Indian markets saw volatility across board, the Nifty TRI returned 0.5% during Oct-21 to Feb-23, however the EPS grew 23% and speculative return down by 26% due to moderation in PE ratio from 25.7(x) to 20.4(x). (see exhibit 07). This implies the froth in the benchmark index has reduced to greater extend. This has happen on the time when Nifty 50 trading at 1 Yr forward PE of 18.6(x). We believe this augurs well for accumulation. Historically the cases where EPS growth is positive while speculative returns reduces were observed in period of 2000-03, 2010-14 and now, the accumulation in those less frothy market conditions have yielded better.
- Follow up on Adani Group:** Activities have started to normalize for the group as promoters sold stake to GQG partners for ~Rs 15,000 Cr from various group companies. Relief brought to the markets as promoters released pledge on some stake. The supreme court of India has asked SEBI to set up a panel to drill down investigation in-
- Various allegations, Company has welcomed this move. The group has put various growth projects under review and have reduced potential investments, as it returned RS 200 Bn FPO proceeds back to investors. Market have taken these developments positively as Nifty has surged post SCI orders.
- Macro Developments:** GST collection remained resilient for Feb and came at Rs 1,49,577 Cr up by 12% YoY. The GDP growth rate slowed to 4.4% in Q3FY23 vs 6.3% in Q2FY23. the growth rate still remains resilient compared to other emerging markets. CPI for Jan-23 inched up to 6.52% as core inflation remained sticky. The WPI remained subdued to 4.73%. India's credit growth in fortnight ended in Feb 15, 2023 came at 16.1% YoY, down from 16.5% in Jan's first fortnight.
- Commodity Updates:** Gold made a high of 58847 and then moved lower to 55756 with 2.51% loss in Feb. Silver loosed 6.11%. Base metal saw correction with aluminum felled 7.50%, zinc felled 9.39%, copper declined 2.67%, Nickel saw 11% correction in Feb. Overall February remained volatile for all commodities.

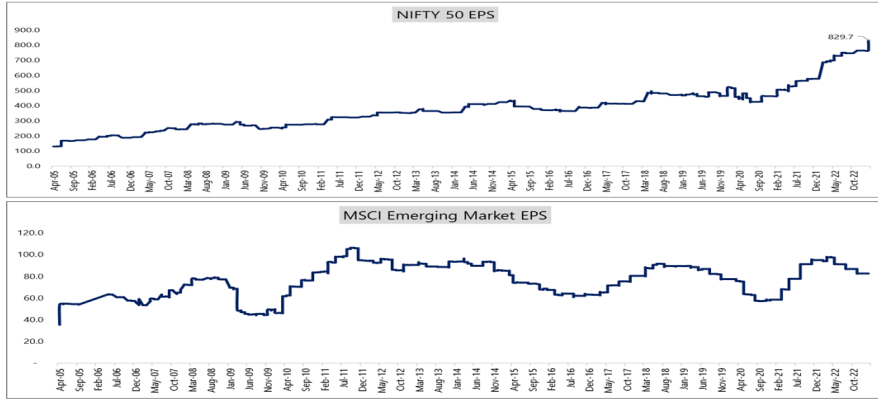
Outlook Ahead

- Stability in Adani issues to assuage markets:** recent positive developments in group to aid in stabilizing markets, The volatility indicator, India Vix trading lower at 12.7, and focus could shift towards backlog CY23.
- Stock Pickers Market:** Given the elevated Risk free rates, a stocks specific moves are expected rather than a general consensus rally in equities.

Key Development

SEBI Moots Promoter tag for founders holding 10% in the company.

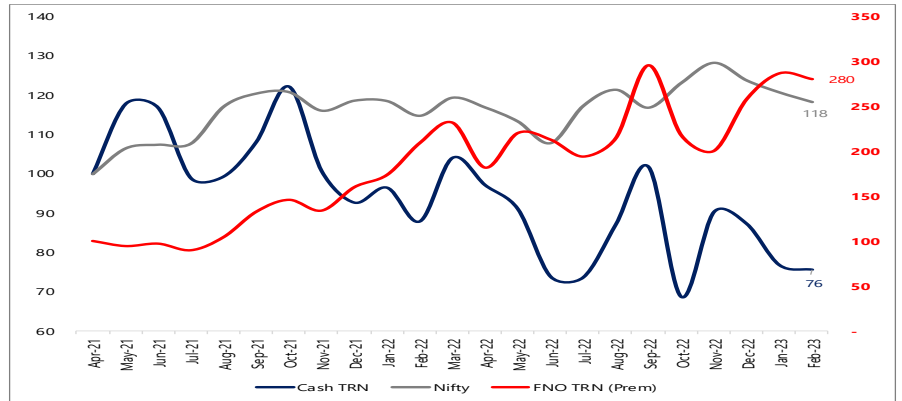
Exhibit 04 : Nifty 50 & MSCI EM EPS



Source: NSE India, GEPL Capital Research

.....Nifty 50's EPS growth remained resilient despite of macro headwinds compared to MSCI EM EPS.

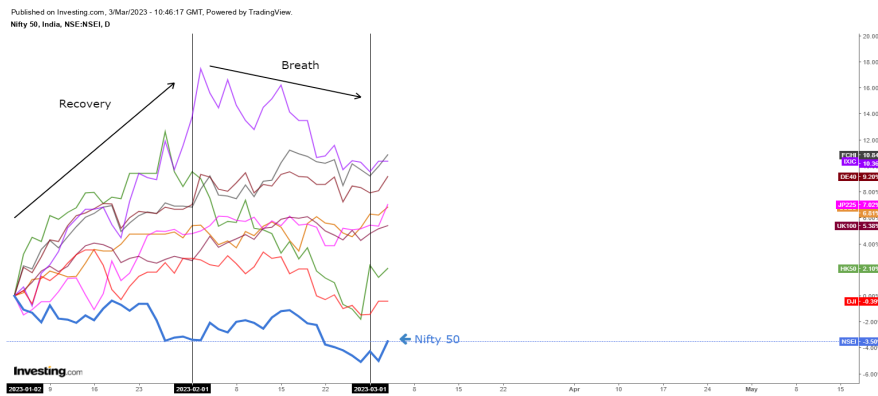
Exhibit 05 : NSE cash and FNO Turnover rebased to 100



Source: NSE India, GEPL Capital Research

Speculative activities increased in market as FNO turnover reports robust growth of 2.8(x) while cash trn index down to 76.....

Exhibit 06 : Nifty & Global markets



Source: Investing.com , GEPL Capital Research

.....Nifty 50 remained laggard in CY23 compared to major global indices.

Exhibit 07 : Nifty TRI return breakup

Period	Total Return	Fundamental	Speculative	Dividend Yield
2021-2023	0.5%	23%	-26%	2.61%
		EPS	PE	Dividend Yield
Oct-2021		687	25.7	1.17%
Feb-2023		849	20.4	1.44%

Source: NSE, GEPL Capital Research

EPS grows while speculative return reduces

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