

K STREET

RULE THE MARKET

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Auto Volumes – Growth momentum in PVs and 2Ws to sustain

Wholesale volumes for December 2020 came in on expected lines with no positive surprises or negative shocks despite lower discounts. This was due to lower base in the corresponding period last year and as OEMs fill inventory post festive season. PV segment continued to post double digit growth led by sustained demand for compact cars and utility vehicles. Two-wheelers (2W) volume growth continued to be robust with Royal Enfield and TVS Motors leading the pack with YoY growth of 37% and 20% respectively. Tractor volumes continue to register strong growth in December as well supported by favourable macro factors. CVs are showing some momentum due to pick up infra and mining sectors. However, LHCV and MCVs continue to lead the growth. OEMs anticipated a strong demand during the month due to discounts offered to clear year-end inventory and in anticipation of higher prices starting from Jan 2021.

PV makers posted double digit growth during the month driven by filling up of dealer stocks after good festive season and due to low base during the corresponding period. Maruti reported a growth of 20% led by sustained demand for compact segment and utility vehicles. Maruti's compact segment grew by 15% even as vans growth continued at robust pace of 47%. Hyundai reported an inline growth of 15% led by SUV segment (Creta and Venue). Tata Motors stole the show yet again reporting a growth of 84% led by strong demand for Tiago and Altroz.

Two-wheelers continue to report robust growth numbers driven by strong recovery since the lockdown restrictions were eased. 2W continued with growth momentum led by Royal Enfield and TVS Motor. Royal Enfield reported a growth of 37% due to sustained demand for premium segment. TVS Motor continued with growth momentum and reported a growth of 20%. 3W growth is slowly crawling back as MoM numbers have started to pick up.

Recovery of CVs continues as Ashok Leyland, VECV and Tata Motors reported double digit MoM growth led by higher demand from road infra, mining and e-commerce segments. Tractor makers continue to report strong growth in December as all three leading players reported strong growth in December 2020. Management commentary remains in favour of continued growth without significant supply-demand gaps. For Mahindra, growth was restored by channel inventory restoration post festive season. Tractor sales growth was fuelled by announcement of price hikes, rural development schemes and sustained demand driven by higher rabi acreage.

On the retail front, December month saw 11% growth in registrations for the first time in FY21 due to spill over of festive demand and pre-buying ahead of price hikes effective from Jan 1 2021 as most of the OEMs announced price hikes to pass on spike in input costs. Among segments, tractors and PVs saw biggest growth of 35% and 12% growth in registrations owing to healthy rural economy in case of tractors and pre-buying ahead of price hikes in case of PVs. Going forward we expect to see the momentum to continue in PVs and 2Ws due to lower dealer-inventory levels – 15-20 days for PVs and 30-35 days for 2Ws. Waiting period of 8 months due to supply side constraints for some PV dealers is expected to keep the ball rolling for PV sales. While CVs have not yet participating in the growth momentum, expect to see some activity in the coming months, as government has starting reviewing long awaited vehicle scrappage policy. This coupled with PLI scheme and announcement of any incentives in Budget 2021 on February 1 should add to the optimism in growth in the coming months.

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NEWS

AUTO

- Auto Stocks: India's auto exports dropped 18.87% in 2020 according to data from SIAM. PVs exports dropped 47% to 276,808 units and UVs exports dropped by 12.6% at 149842 units. While 2W exports dropped by 13%, 3W exports were down by 27.7% and CV exports declined by 37%.

BANKING

- State Bank of India (SBI) said its foreign currency bonds of \$600 million, under its \$10 billion global Medium Term Note Programme, have been listed on India INX's Global Securities Market (GSM) platform.
- IDFC First Bank: A credit card allowing cash withdrawal – and interest-free – sounds too good to be true. But IDFC First Bank is offering one, claiming another industry-first prerequisite by way of the lowest finance charges that would be synchronized with customer ratings. The lender is set to levy finance charges at an annual rate of 9% for the best-rated customer, climbing up to 36% for lower-rated customers.
- IndusInd Bank: Regulator Securities and Exchange Board of India (Sebi) has provided an additional two weeks' time to promoters of IndusInd Bank for payment of the balance amount on the warrants worth Rs. 2021 Cr. Accordingly, the extension has now been granted till February 18, 2021. The promoters IndusInd International Holdings and IndusInd Limited will have to pay the balance amount of the warrants on or before the said date.
- Indian Bank said it has raised Rs. 2,000 Cr by issuing Basel-III compliant bonds. The bank has raised tier-2 capital funds through a private placement of Basel-III compliant tier-2 bonds, Indian Bank said in a regulatory filing.
- YES Bank: Yes Bank NSE -0.84% on Wednesday announced a tie-up with Aditya Birla Wellness to launch a credit card offering annual complimentary preventive health check-up and on-call consultation with doctors, specialists, counselors, and nutritionists.

CONSUMPTION

- Inox Leisure: Multiplex operator Inox Leisure opened three new multiplexes, taking its total count to 150. The Gujarat-based firm has opened two multiplexes in Gurugram having four screens each, and one at Salem (Tamil Nadu) with 3 screens, the company said in a regulatory filing.

INFRA

- Ahluwalia Contracts: DSP Blackrock Mutual Fund acquired 5,94,373 equity shares in the company at Rs. 265 per share and SBI Mutual Fund 26 lakh shares at the same price on the NSE. However, DSP Mutual Fund sold 32,68,108 shares at Rs. 265.11 per share.
- PNC Infratech: PNC Bithur Kanpur Highways, a subsidiary of the company, has received communication from the National Highways Authority of India confirming the achievement of financial closure for the project (Four Laning of Aligarh-Kanpur section in UP).
- Bharat Dynamics and Thales have signed a Teaming Agreement to work in partnership on the STARStreak Air Defence system with the support of both the Governments of India and the United Kingdom.

IT

- Quick Heal Technologies on Thursday said it has signed an agreement to invest US\$ 2 million (about Rs. 14.6 Cr) in Israel-based L7 Defense. Quick Heal Technologies had invested US\$ 300,000 (about Rs. 2.19 Cr) in L7 Defense in the previous financial year, a statement said.
- Wipro. Q3FY21: Wipro's consolidated revenue for the quarter clocked Rs. 15,670 Cr is higher by 3.8% against Rs. 15,096.7Cr in the September quarter. Net profit rose 20.8% over the previous quarter to Rs. 2,966.7 Cr in Q3FY21 supported by good operating performance. \$ Revenue was up 3.8% QoQ. EBIT margin expanded to 21.2% from 18.4% in Q2FY21. The company on expected lines revised Q4 revenue growth guidance to 1.5% to 3.5% vs 0-2% expectations. Board of Directors approved an interim dividend of Rs. 1/- per equity share with January 25, 2021, being the Record Date.
- Infosys Q3FY21: Net profit up 7.3% at Rs. 5197 Cr. Vs Rs. 4845 Cr. (QoQ) and Revenue up 5.5% at Rs. 25927 Cr. Vs Rs. 24570 Cr. (QoQ) \$ Revenue was up 6.2% QoQ and CC revenue was up 5.3% - highest sequential Q3 growth in the past 8 years. EBIT margin remained almost flat at 25.4%. The company revised guidance upwards for both revenue and margins. Revenue growth - 4.5 - 5% (2-3% earlier) and margins - 24 - 24.5% from 23-24% earlier.

METAL

- OM Metals Infraprojects: Equity Intelligence India reduced the stake in the company to 3.19% from 3.35% earlier via open market transaction.
- Steel Authority of India: The government's sale of its 5% shareholding in India's largest steelmaker was oversubscribed 3.6 times on the first day of its opening on Thursday. The OFS for retail investors opens today. Enthused by the response, the government has decided to exercise the greenshoe option and sell another 20.65 crore shares.

FORTHCOMING EVENTS

COMPANY NAME	EVENT	EX-DATE
MindTree Ltd	Financial Results	18-Jan-21
L&T Finance Holdings Ltd	Fund Raising	18-Jan-21
Indiabulls Real Estate Ltd	Financial Results/Other business matters	18-Jan-21
CEAT Ltd	Financial Results	19-Jan-21
The Federal Bank Ltd	Financial Results	20-Jan-21
Bajaj Finance Ltd	Financial Results	20-Jan-21
Havells India Ltd	Financial Results/Dividend	20-Jan-21
HDFC Asset Management Company Ltd	Financial Results	20-Jan-21
Hindustan Zinc Ltd	Financial Results	20-Jan-21
Bajaj Finserv Ltd	Financial Results	20-Jan-21
Asian Paints Ltd	Financial Results	21-Jan-21
Jindal Steel & Power Ltd	Financial Results	21-Jan-21
Bajaj Auto Ltd	Financial Results	21-Jan-21
SRF Ltd	Financial Results/Dividend	21-Jan-21
Biocon Ltd	Financial Results/Other business matters	21-Jan-21
HDFC Life Insurance Company Ltd	Financial Results	22-Jan-21
JSW Steel Ltd	Financial Results	22-Jan-21
Reliance Industries Ltd	Financial Results	22-Jan-21
SBI Life Insurance Company Ltd	Financial Results	22-Jan-21
Yes Bank Ltd	Financial Results	22-Jan-21
UltraTech Cement Ltd	Financial Results	23-Jan-21

- UK economy shrank in November as a new lockdown hit. Britain's economy shrank by 2.6% in November, the first monthly fall in output since the country was under its initial COVID lockdown last April as new restrictions were imposed to slow the spread of the disease.
- German economy shrinks 5% on virus hit in 2020: official data. As dreary as the numbers were, the drop was smaller than many had expected, and a high savings rate suggested consumers could be ready to unleash a strong economic recovery when the lid finally comes off.

NBFC

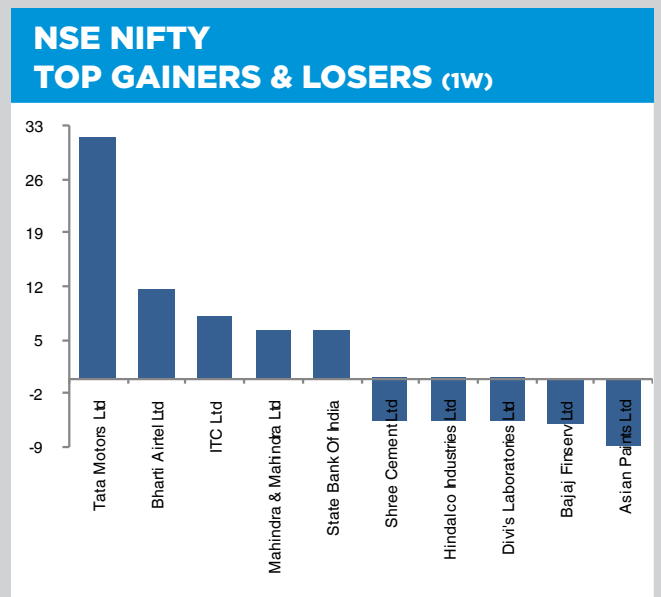
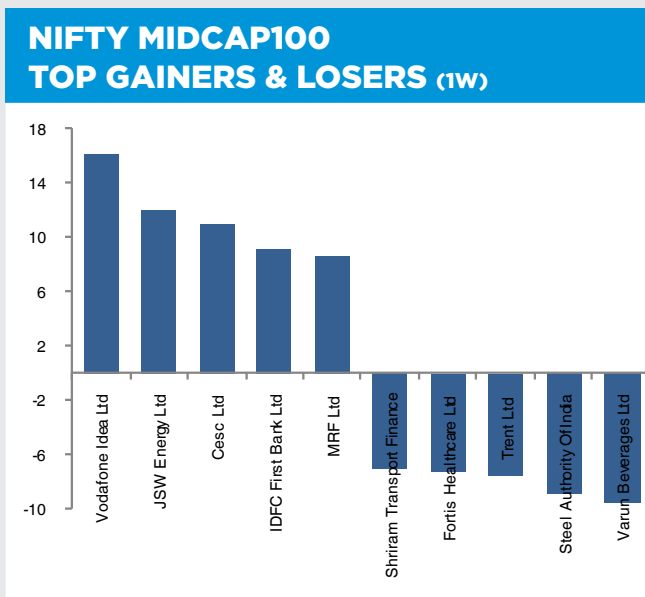
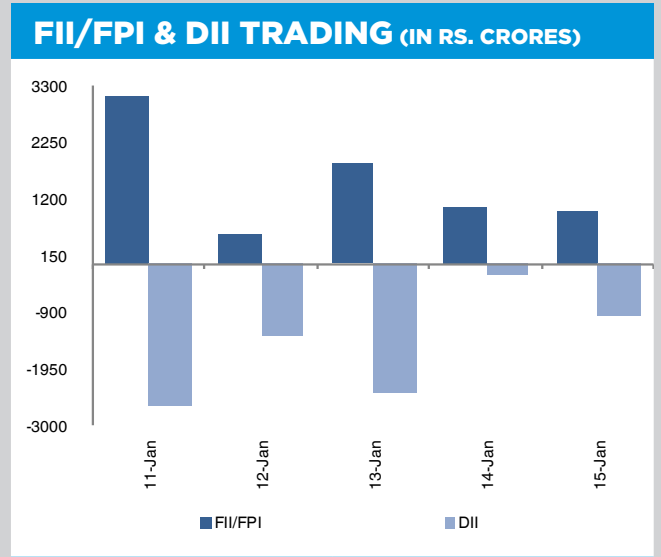
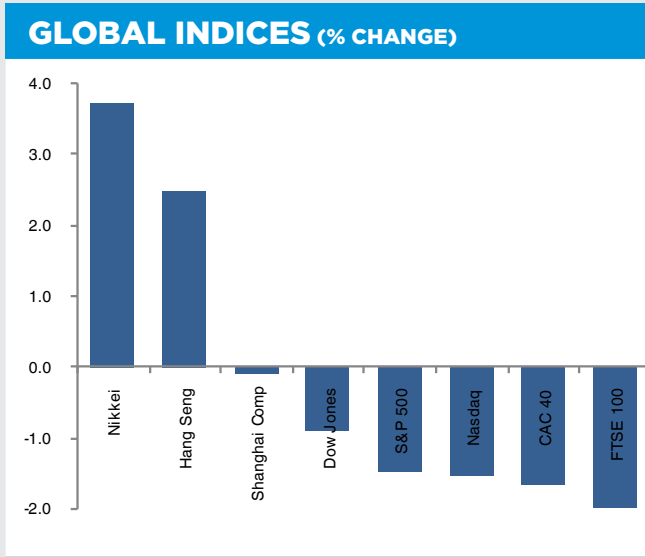
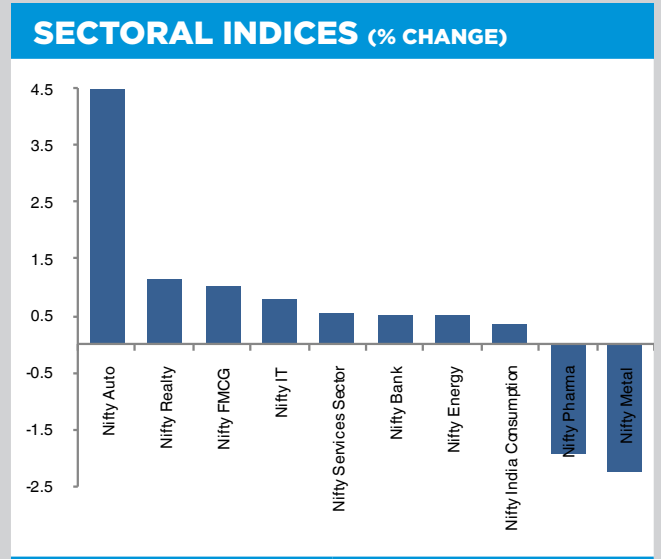
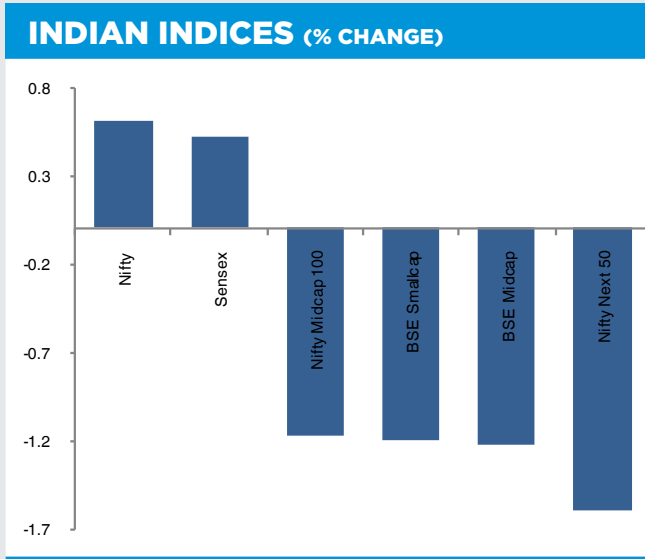
- Indiabulls Housing: According to Business Standard, Indiabulls Housing Finance has initiated talks with PE players like Apollo Global, TPG, and Brookfield for selling a significant stake. According to sources, the deal value is pegged at Rs. 2000 Cr.
- Power Finance Corporation's maiden bond issue of Rs. 5000 Cr targeted at individual buyers will commence today and end on Jan 29. PFC has earlier announced that it would be raising Rs. 10000 Cr by issuing NCDs in two tranches. It announced that it is planning to come up with more such issues going forward.

POWER

- Adani Green Energy: ACME Trade and Investment acquired 2,00,96,000 equity shares in the company at Rs. 915.71 per share, whereas Adani Trading Services LLP sold the same number of shares at the same price on the BSE.
- Power Grid Corporation signed the 'Termination Agreement' amongst Reliance Infrastructure and Parbati Koldam Transmission Company, terminating the shareholders' agreement which was executed between them to form a joint venture company named PKTCL.
- NHPC signed a Definitive Agreement for the implementation of the approved resolution plan submitted by the company for the takeover of Jalpower Corporation (JPCL), which was implementing the 120 MW Rangit Stage-IV HE Project in Sikkim. NHPC will make an upfront payment of Rs. 165 Cr for the resolution plan of JPCL.

TELECOM & MEDIA

- Bharti Airtel: MSCI Standard Global Indexes will increase the weight of Bharti Airtel in its February quarterly review. The announcement follows approval to increase the FII limit in the company from 49% to 100%.



Source: Karvy Research

BEAT THE STREET - TECHNICAL ANALYSIS

Steel Authority of India Ltd



STOCK	SAIL
CMP	70
ACTION	BUY
ENTRY	69-69.50
AVERAGE	61
STOP LOSS	53.5
TARGET 1	88
TARGET 2	92

On the technical front, SAIL has higher highs and higher lows on the daily charts and is currently placed above the long-term EMAs in the daily frame. In the recent past, after clocking a high of 80 levels, the stock has witnessed a correction to the current levels. At the current juncture, the stock has formed a base of around 53.50 levels on the lower side and is all set to move higher. The overall chart structure of the counter looks bullish from current levels and is witnessing a bounce from the support zone around 61 levels. This may trigger a fresh round of buying which may take the stock towards 88 plus levels. The stock is currently performing in line with the broader markets indicating the inherent strength in the counter and is trading well above the major long-term support levels. On the Bollinger band (20,2) the stock price is trading above the mean with the upper band facing in the northward direction indicating the price likely to move higher. Analyzing the recent volume price action, the volumes have been encouraging in the recent up move indicating strong hands have started accumulating the stock at current levels. On the oscillator's side, RSI (14) is trading in a comfortable zone of above 50 levels indicating the intact bullishness in the stock. We expect the counter to continue its outperformance in the coming trading days as well and may move towards 92 levels in the medium-term. Any correction towards the recent support levels of 61 levels may be utilized to average the positions.

Reliance Industries Ltd



STOCK	RELIANCE
CMP	1937.90 (Spot Levels)
ACTION	SELL
ENTRY	BLW 1892
AVERAGE	2009
STOP LOSS	2096
TARGET 1	1675
TARGET 2	1625

On the technical front, RELIANCE has higher lows and lower lows on the daily charts and is currently placed below the medium-term moving averages. In the recent past, after clocking the high of 2369 levels, the stock has witnessed a round of profit booking which dragged the counter below the medium-term moving average of 100-DEMA on the daily charts. At the current juncture, the stock is forming a ceiling around 2096 levels on the higher side and is all set to move lower below 1800 levels. The overall chart structure of the counter looks bearish at the current levels forming higher lows and lower lows. This may trigger a fresh round of selling which may take the stock towards 1675 levels. The stock is underperforming compared to the broader markets indicating the inherent weakness in the counter and is trading well below the short-term support levels. On the Bollinger band (20,2) the stock price is plotting below the mean indicating the price likely to trend lower. Analyzing the recent volume price action, the volumes are significant in the recent down move indicating strong hands have started supplying the stock at current levels. On the oscillator's side, RSI (14) is trading in the bearish zone of below 40 levels indicating the bearishness in the stock. We expect the counter to continue its underperformance in the coming trading weeks as well and may move towards 1625 levels in the short to medium term. Any upward rally towards the recent resistance levels of 2009 levels may be utilized to average the positions.

INDEX SNIPPETS

NIFTY (14433.70): Indian equity benchmark index Nifty 50 closed higher by 0.60% during the week. During the last nine months, the index witnessed a bounce towards the current levels after correcting from 12150 levels towards the low of 7511 levels. Technically, from March 2020, the index is forming higher highs indicating the strong bullish strength of the index. However, the index may resume its bearish bias if it breaches and sustains below 13130-13150 levels in future sessions. On the global front, Asia-Pacific markets mostly lower on Friday as shares of Xiaomi in Hong Kong plunge. European markets closed in negative territory on Friday as concern over new lockdown measures, political uncertainty, and a reemergence of Covid-19 cases in China dented the positive sentiment generated by U.S. President-elect Joe Biden's \$1.9 trillion stimulus plan. Biden, who takes office on Jan. 20, on Thursday announced details of the American Rescue Plan, which includes increased federal unemployment payments extended through September and direct payments to many struggling Americans of \$1,400. On the derivatives front, open interest data suggests that the index may find its supports around 14200 followed by 14000 levels while on the higher side, 14600 and 15000 levels may act as strong resistance.



NIFTY PSU BANK is this week's top performing sectoral index yet again with gains of 6% vs Nifty's gains of 1%. Nifty PSU Bank started the week on a weak note but soon gathered pace and gained nearly 10% in two trading sessions led by strong gains in index heavyweight SBI. Technically, Nifty PSU Bank took support at 21 DMA, which has been acting as a strong support in the recent past and bounced back strongly to hit life high of 2000. However, on the last trading day of the week, the index lost 2% due to profit booking and weakness in broader markets and settled for 6% gains for the week. Also, technically after hitting psychologically strong hurdle of 2000, the index could not sustain at those levels and corrected. Most of this week's gains were led by strong gains in Bank of Baroda and SBI, which ended the week with gains of 15% and 6%. Among other components, while Indian Overseas Bank ended flat, Central Bank of India is the only index component to close in red with losses of -0.78. Going forward, we expect the tone of the index will be set by Q3FY21 results to be announced during third and fourth week of this month. Until then we expect the index to consolidate or even correct on profit booking. Nifty PSU Bank might face resistance at 2000, followed by 2200. On the downside, the index may take support at 1900, followed by 1780.



NIFTY FMCG (outperformed the broader index by 0.4%) in a week where data pointed to increase in consumption. Auto numbers, along with other consumption data seems to be picking up and rise in commodity prices point to revival in growth in the economy. With the inflation (WPI and CPI) numbers continuing to be low (WPI softens to 1.22%, CPI at 4.59% in December) and (core inflation- includes non FMCG, commodities and metals at 4.2%), interest rates are expected to remain at current levels, which will support economic revival. Moreover, leading FMCG companies such as HUL and Emami have hiked prices for their products on account of rising commodity prices and do not expect demand to be impacted by the same. Other companies within the FMCG space are also expected to follow the trend in order to maintain their margin profiles. FMCG index currently continues to trade at all time highs, after breaking away from the key resistance levels of 33000 in early December of 2020. Over the last 2 years, the index had traded largely within the range of 28000 and 32000 (currently at 34630). Hence 32000 will continue to act as very strong support levels for the index in the long term. However, the index has failed to trigger beyond the 35000 levels and we believe given the increasing demand scenario, there is further upside for the index in the coming months. Key support levels to watch out for are 34200 and 33200 while resistance level to watch out for is 35000.

