



# Lighting a path forward in Equities & Commodities...

**SENSEX**

**NIFTY**

**GOLD**

**SILVER**

**CRUDE OIL**

**USD / INR**

## Price Forecast

INSTRUMENT	30th Nov 2022.	1 Month	2 Month	3 Month	1 year
SENSEX	63100	65000	65750	64500	67250
NIFTY	18758	19351	19500	19300	20000
USD \$ / INR	81.36	81	82	80.5	85
GOLD	52908	53600	55000	53000	57500
SILVER	63495	65000	67500	66000	72000
CRUDE OIL	6571	6900	7500	7700	8100



**Dear Valued Reader,**

Well, December 2022 is here and investors across globe eagerly wait for month of December...

Do you know why?

Yes. You got it right. Santa Claus Rally!!

Now, before we get into detail, first things first...

As we write, in a historic moment on Dalal Street, the Sensex eclipsed the 63000 milestone for the first time - since its base year of 1978-79 history.

- # Nifty hits a new all-time high today at 18816.05.
- # The Sensex too hit an all-time high at 63303.01.

Strictly speaking, Nifty simply shot 4.26% higher in the month of November and most importantly, the gains came despite a challenging global macro environment.

The Indian stock market have outshined global peers and the positive takeaway is that the resilience and outperformance is expected to stay early next year on hopes that growth could bounce and corporate profits likely to grow in double digits next year.



In the near term, the bulls will spy with one big-eye on how the street reacts to the US central bank which is expected to hike rates by an additional 50 basis points when it meets on Dec. 13-14, though the odds of a 75-basis-point increase have risen over the past several weeks and now stand at a 37% probability. The swaps market is still pricing in a peak policy rate of 5.0%, with small odds of a 5.25% peak.

Now, before we get into detail and start a brand new-innings of trading this December 2022, let's review how the major indices listed at Dalal Street fared in November, October and September 2022 and also their performance in the year 2022.

Yes, we are ready with our Dec 2022-January - Feb 2023 forecast but before that, we wish great health and good luck to all our clients and their families in this final journey of 2022 and beyond.

**Happy Investing!!**



## Market recap:

Instruments	Prices as on 30th Nov 2022	Nov 2022 % Change	Oct 2022 % Change	Sept 2022 % Change	2022 % Change
Sensex	63100	+3.87%	+5.78%	-3.54%	+9.14%
Nifty	18758	+4.14%	+5.37%	-3.74%	+8.73%
BSE Auto Index	30375	-1.12%	+5.28%	-3.81%	+17.23%
BSE Bankex Index	49348	+4.11%	+7.29%	-2.46%	+21.74%
BSE Capital Goods Index	33846	+1.74%	+6.56%	-3.12%	+18.04%
BSE Consumer Durables	41498	-2.74%	+0.42%	-0.52%	-5.01%
BSE FMCG	16526	+2.45%	-0.30%	+1.42%	+19.26%
BSE Healthcare	23946	+0.02%	+2.50%	+1.42%	-15.79%
BSE Metal	20258	+6.48%	+5.61%	-6.00%	+20.67%
BSE Mid-Cap	25951	+2.33%	+2.04%	-2.18%	+7.21%
BSE Small-Cap	29520	+2.44%	+1.28%	-0.69%	1.21%
BSE Power	4699	-3.45%	+2.48%	-9.16%	+35.35%
BSE Realty	3587	+2.69%	+3.44%	-8.51%	-3.82%
BSE Oil/gas	20610	+5.76%	+5.01%	-2.31%	+39.2%
BSE IT	30511	+5.46%	+5.25%	-4.94%	-38.42%



## **The Back Story: The three big negative catalysts - Rates, Recession, and Inflation were off the front pages...**

As we write, the good news for investors is that November month overall delivered big-time gains for equity investors.

Nifty & Sensex (the elite bastion of just 30 and 50 blue chip stocks respectively) were up 4.26% on monthly basis and most importantly, this time November earned its reputation as a 'massive bull market breakout'.

So far so good.

The positive takeaway is that we are expecting the benchmarks to simply generate even more impressive upside over the following three-six-and-12-month periods.

The King US Dollar dethroned to 106.75 levels after spiking with its 20 year high at 114.78. The INR hovering at 81.27 against the US Dollar.

Investors closely watched Covid developments in China and digested hawkish comments from Federal Reserve officials on monetary policy plans. the US 2-year/10-year yield curve remained inverted at around 73 basis points, a key recession warning. The 10-year Treasury note yielded was at 3.74% while the yield on the 2-year note peaked at 4.48%.

Well, the bullish outcome will go down as a welcome surprise to perma-bullish investors; as the benchmarks have risen for previous two straight months. Bullish traders who had started panicking in September, in the face of heavy selling by the big FIIs camp will be relieved so see the big FIIs returning back in the buying mode — posting a buy figure of Rs. 22546 crore in November 2019.

Digging deeper, much of this rally has been fueled by fundamental factors, including:

- Better-than-expected corporate earnings by index heavyweights.





- A dovish November FOMC minutes.
- Interestingly, the Nifty bulls roared like a lion despite RBI delivering a 50-basis point repo rate hike. The street took RBI Governor Shaktikanta Das statement positively after he underscored the resilience of the Indian economy and assurance to take necessary steps to shield the Indian economy from the global shocks.
- Crude Oil prices were seen drifting down to \$ 79 a barrel and are most importantly, likely to trade in the bear-market territory, defined as a drop from a recent peak of at least 20%.
- Positive global cues on backdrop of the U.S. economy remaining strong. GDP growth is positive and the recession fears have largely waned.
- A dovish RBI: The Reserve Bank of India's Monetary Policy Committee (MPC) has slashed key repo rate for the fifth time in the year as it aims to boost demand and private consumption amid an economic slowdown.
- The street expects that India will soon become a \$3 trillion economy, now the 5th largest in the world. Goal is to become \$5 trillion economy till 2025.

**Long story short:** Bulls' were at the top in November 2020.

**Let's now have a look at other key catalysts from last month:**

# The Reserve Bank of India's monetary policy committee met on Thursday, 3rd November to finalise the report for the government on reasons behind failure to meet inflation target for three straight quarters since January. This is the first time that the RBI had to give an explanation to the Centre since the monetary policy framework came into effect in 2016.

# The U.S. economy witnessed a stronger-than-expected 261,000 new jobs in October, emphasizing the persistent strength of the labor market. Amidst this backdrop, it's premature to even think that Fed will pause. Expect, the Fed to keep-on its foot on the interest rate accelerator.



# State-owned UCO Bank on Thursday reported a 145.64% increase in net profit at Rs 504.52 crore in the July-September quarter of financial year 2022-23 (Q2FY23). The lender had posted a net profit of Rs 205.39 crore in the year-ago period.

# Vodafone India's (Vi's) net loss widened 6.4% on a year-on-year (YoY) basis at Rs 7,595 crore in the second quarter of FY23 due to an increase in finance and operating expenses.

# Mahindra & Mahindra Financial Services (Mahindra Finance) on Wednesday reported over 55% decline in its net profit at Rs 492 crore in the quarter ended September 2022.

# Amara Raja Batteries Ltd on Thursday reported a 39.42% rise in consolidated profit after tax to Rs 201.22 crore in the second quarter ended September 30, driven by higher sales.

# LIC Hsg Finance's Q2 net up 23% to Rs 305 cr on dip in provisions

# Engineering major Larsen & Toubro (L&T) on Monday reported a 22.5% growth in consolidated net profit to Rs 2,229 crore for the quarter ended September 30, 2022 (Q2).

# Domestic steel giant Tata Steel on Monday reported a nearly 90% drop in consolidated net profit to Rs 1,297 crore for the July-September quarter of 2023-23, dragged by higher expenses.

# JSW Energy on Friday posted a 37 per cent rise in its consolidated net profit to Rs 466 crore in the September quarter compared to the year-ago period, on the back of higher revenues.

# Tata Power net profit jumps 94% in Sept quarter on strong energy demand

# The Consumer Price Index has accelerated to a 5-month high of 7.41% in September driven by high food and fuel costs. This confirms that average inflation had stayed outside the 2-6 percent band for three consecutive quarters

# Indian digital payments firm Paytm reported a 76% jump in second-quarter revenue, driven by a surge in loan growth.





# Coal India's (CIL's) net profit for the June-September quarter this financial year jumped 102% to Rs 6,044 crore against Rs 2,933 crore during the same period year ago.

# Aurobindo Pharma on Saturday reported a 41 per cent decline in its consolidated net profit at Rs 409 crore for the second quarter ended September 30, 2022.

# RITES Ltd, a public sector transport consultancy and engineering firm, has reported 19.6 per cent decline in consolidated profit after tax (PAT) at Rs 140.20 crore for September quarter 2022-23. The company had logged a PAT of Rs 174.49 crore in the year-ago period, RITES said in a BSE filing on Friday.

# Manappuram Finance on Saturday reported a 10.7 per cent rise in consolidated net profit at Rs 409.48 crore for the quarter ended September 30, 2022.

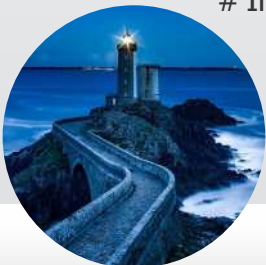
# Glenmark Pharmaceuticals on Friday said its profit after tax (PAT) rose marginally to Rs 279 crore for the second quarter ended September 30, 2022.

# State-owned Life Insurance Corporation (LIC) reported a multifold increase in net profit during July–September (Q2) of FY23. This is due to a change in its accounting policy, wherein it has transferred Rs 14,271.80 crore to the shareholders' account from the non-participatory account. Net profit in Q2 stood at Rs 15,952.49 crore, up 11 times from Rs 1,433.71 crore in the year-ago period. During the preceding quarter, the insurer had reported a net profit of Rs 682.88 crore.

# San Francisco Federal Reserve President Mary Daly's statement that the Fed isn't ready to pause rate hikes yet and that it could lift the federal funds rate by more than a full percentage point from here

# India's CPI inflation has eased to a three-month low at 6.77% in October as food inflation decelerated.

# Also, the country's wholesale inflation eased to 8.39% in October from 10.70% in September, data released by the Ministry of Commerce & Industry showed.



The wholesale inflation has dropped below the double-digit mark for the first time since March 2021 when it was at 7.89%. The wholesale price index (WPI) print came above the double-digit mark for 18 straight months from April 2021 to September 2022.

# Gold prices bounced hard by 7.86% at \$ 1770.20 an ounce for the month ended November.

# Indian rupee strengthened by 1.84% for the month ended at 81.48 against the US Dollar.

# WTI Crude Oil Prices tumbled by 6.60% for the month ended, at \$80.48 per barrel on weak global demand. Earlier during the month the oil prices tumbled to levels below \$ 76 per barrel



## Gainers over 1-Month

Stocks	LTP (30th Nov 2022)	Change %	52 Week H/L
HDFC	2691.6	8.98%	2877.3/2026.55
HCLTECH	1120.75	7.60%	1359/875.65
HDFCBANK	1608.75	7.51%	1721.85 /1271.75
RELIANCEIND	2732.40	7.17%	2855/2181.0
TCS	3392.40	6.24%	4045.50 /2926.0

## Losers over 1-Month

Stocks	LTP (30th Nov 2022)	Change %	52 Week H/L
BAJAJFINANCE	6723.10	-5.83%	8043.50/5235.60
MARUTI	8976.95	-5.76%	9768.65/6540
TITAN	2649.95	-3.74%	2790/1827.15
BAJAJFINSERV	1626.80	-3.61%	1861.61/1077.70
M&M	1307.20	-2.94%	1366.3/671

## Stocks at 52 Week High

Stocks	LTP (30th Nov 2022)	52 Week High
APOLLOTYRES	317.40	318.0
BRITANNIA	4370.0	4387.9
CUMMINSIND	1409.25	1420
EXIDEIND	188.90	190.35
ICICIBANK	952.50	958.20

## Stocks at 52 Week Low

Stocks	LTP (30th Nov 2022)	52 Week Low
LAURUSLABS	417.25	405.20
SHEELA FOAM LTD	2570	2535.95
ZIMLAB	320	311.20
-	-	-

## FII / DII - monthly break up and compared to October 2022.

FII (Nov) Rs. In Cr.	FII (Oct) Rs. In Cr.	DII (Nov) Rs. in Cr.	DII (Oct) Rs. In Cr.
+22546.34	-489.06	-6301.32	9276.97



## Looking Ahead: The equity market to head in just one direction – skywards – as the FIIs camp seen returning to their buying desk.

**Sensex: 63,100**  
**Nifty: 18,758.**

Honestly speaking, even the last bear (on hopes of recession fear) is dead.

We expect the benchmark Nifty to simply rocket to its psychological 19000 mark very soon, and reach the magnificent levels of 20,000 by next Diwali with economy-linked sectors in focus. The Autos, FMCG, banking and along with infrastructure could lead the charge. We reiterate and firmly believe the year ahead is likely to bring more joy and abundance for investors at Dalal Street.

That said, the next few days will be important especially in the US with Federal Reserve's interest rate decision and labor reports taking center stage.

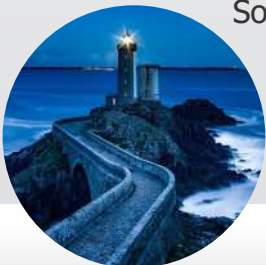
The street suspects, the Federal Reserve to raise the Fed Funds rate by another 75bps, following on from four similar moves in June, July, September and November.

The US central bank which is expected to hike rates by an additional 50 basis points when it meets on Dec. 13-14, though the odds of a 75-basis-point increase have risen over the past several weeks and now stand at a 37% probability. The swaps market is still pricing in a peak policy rate of 5.0%, with small odds of a 5.25% peak.

Please note, the Fed chair Jay Powell has indicated that the FOMC were "strongly committed" to driving inflation lower while signaling that more rate hikes are on the way.

So all eyes will be on the Powell press conference.

The US nonfarm payrolls report will also take center stage as speculation about the size of the Fed's next December rate hike goes into overdrive.



On the positive side, we firmly believe and suspect Nifty's downside could be limited and probably Dalal Street could grind higher as on the positive side is the hope that the GST collections for the November month may have crossed Rs. 1.50 lakh crore+. GST mop-up has been over Rs 1.40 lakh crore for nine months in a row. Yippee!

The other positive catalyst in favor of bulls is that West Texas Intermediate Oil Prices are trading sluggish below \$87 a barrel. The prices have dropped 30 percent in the last three-and-half months. Further fall in oil prices is expected to support the RBI commentary as India is amongst the largest oil importers. Hence, market participants will be closely watching this space.

A bright spot amidst pessimism are Auto stocks on backdrop of blockbuster sales for November. Our preferred bets on buy side from auto space are Eicher Motors, Ashok Leyland and Maruti with an inter-month perspective.

**Long story short:** Unstoppable rally likely on hopes that the Federal Reserve has reached peak hawkishness. (That's wishful thinking).

**Now, to achieve Dalal Street's bigger happiness, love and wisdom, investors' will have to keep their attention squarely only on four catalysts:**

1. Flow of liquidity.
2. Rates
3. Inflation.
4. Recession.

Bullish looking stocks	Bearish looking stocks
ASIAN PAINTS, CONCOR, TRENT, HDFC BANK, MARUTI, ASHOK LEYLAND, M&M, TATA MOTORS, HUL, MARICO, ULTRATECH CEMENT, BEL, IDFC, SBI, MCDOWELL, UBL, EICHER MOTORS, RELIANCE, COAL INDIA, MCX, TITAN, HINDALCO, JSW STEEL, RBL BANK	BANDHAN BANK, LAURUS LAB, IPCA LABS, PEL.



**Daily chart of Nifty:**



Our **call of the month** suggests **Nifty to simply rocket above its psychological 19000 mark very soon**, and reach the magnificent levels of 20,000 by next Diwali with economy-linked sectors in focus. The Autos, FMCG, banking and along with infrastructure could lead the charge.

Technically, expect waterfall of selling only below Nifty 18200 mark. Nifty can fall only on backdrop of the familiar fears of more interest rate increases and the risk of recession that can haunt investors.

**Preferred Trade on Nifty:**

**CMP 18758**

Technically speaking, a massive breakout seen on the long term charts. The sequence of higher high/low is intact on all-time frames with aggressive targets t 19100-19350 zone. However, 18250-18300 will act as a strong support zone.

**Buy at CMP. Targets at 19000/19250 mark and then at 19750 zone. Stop at 17857.**





## The single-most conviction idea for December 2022.

### BUY HINDALCO (CMP 450). Targets at 507.

#### Daily chart of HINDALCO



Hindalco Industries Limited is the metals flagship company of the Aditya Birla Group. A US\$26 billion metals powerhouse, Hindalco is an industry leader in aluminium and copper.

Hindalco's acquisition of Aleris Corporation in April 2020, through its subsidiary Novelis Inc., has cemented the company's position as the world's largest flat-rolled products player and recycler of aluminium.

Hindalco's state-of-art copper facility comprises a world-class copper smelter and a fertiliser plant along with a captive jetty. The copper smelter is among Asia's largest custom smelters at a single location.

In India, the company's aluminium units across the country encompass the gamut of operations from bauxite mining, alumina refining, coal mining, captive power plants and aluminium smelting to downstream rolling, extrusions and foils. Today, Hindalco ranks among the global aluminium majors as an integrated producer and a footprint in 9 countries outside India.

Q2FY23 results: Hindalco reported consolidated revenue of Rs.56,176 crore in Q2 FY23, an increase of 18 per cent YoY

**Technical Outlook:** Technically, brace yourselves with momentum play conditions seen forming on the daily and weekly time scale. The 200 days Exponential Moving Average (EMA) of the stock on the daily chart is currently at 447-451 zone.

**Preferred Strategy:** Simply buy at CMP, and on dips between 400-410 zone, targeting 471 and the psychological targets at 500 mark. Aggressive 1-year targets at 551 with stop below 397.





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Accumulate: 5% to 20% within the next 12 Months Sell : < -20% within the next 12 Months**

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