

Equity Market Summary:

Stocks dropped in October as investors worried about stalled fiscal stimulus talks in Washington, the upcoming election, and new coronavirus cases in Europe. The Dow Jones Industrial Average, which lagged this year slipped 2.28 percent. The Standard & Poor's 500 Index lost 3.92 percent and the Nasdaq Composite declined 5.16 percent.

After a strong rally over the month, investor sentiment quickly turned negative as technology stocks dragged down the overall market. The retreat in the technology sector gathered steam as the month wore on, sending the tech-heavy Nasdaq Composite into correction territory over a three-day span following a recent record high. A correction is defined as a decline of at least 10 percent but not more than 20 percent from a recent high.

The month did offer moments of optimism, however, that sparked brief rallies, such as an increase in merger and acquisition deals and further reported progress on a COVID-19 vaccine. However, concerns about the November election, the fading hopes for a fiscal stimulus bill, and an increase in European COVID-19 cases weighed heavily on investor sentiment. As October came to a close, the market cut its losses, surging on the final two days of trading as legislators appeared to reopen fiscal stimulus talks.

All 11 industry sectors were lower in October, with losses in Communication Services (-6.61 percent), Consumer Discretionary (-3.15 percent), Consumer Staples (-3.71 percent), Energy (-17.56 percent), Financials (-6.35 percent), Health Care (-3.87 percent), Industrials (-2.04 percent), Materials (-1.52 percent), Real Estate (-4.05 percent), Technology (-6.03 percent), and Utilities (-0.37 percent).

The housing sector has been a bright spot in a challenging year and has seen strong consumer demand thanks to historically low interest rates. Housing accounts for 15 percent of the nation's gross domestic product, so investors may watch for the sector to retain its momentum in the fourth quarter and into 2021. The final reading of the second-quarter GDP showed an annualized decline of 31.4 percent. Consumer prices jumped 0.4 percent in August, led by the sharpest increase in the cost of used cars and trucks in more than 50 years. On a year-over-year basis, inflation rose 1.3 percent.

Other Major Domestic News

The Indian market remained under pressure throughout the month and lost over 2 percent amid weak global cues. F&O expiry and earnings from India Inc also spurred volatility during the week.

This month, BSE Sensex closed at 39,614.07, while the Nifty50 ended at 11,642.40 levels. BSE Smallcap index shed 1.6 percent. GE Power India, Sonata Software, Himatsingka Seide, Globus Spirits, Indiabulls Integrated Services, Jaiprakash Power Ventures, Indo Count Industries fell more than 12 percent. On the other hand, HBL Power Systems, Carborundum Universal, OnMobile Global, Gati, Blue Dart Express and Gufic Biosciences rose more than 13 percent. BSE Midcap index was down 0.48 percent. Federal Bank, M&M Financial Services, Bharat Forge and Future Retail were among major losers, while gainers included Adani Green Energy, Cholamandalam Investment, Adani Enterprises and CRISIL. The BSE Largecap index fell 2.4 percent dragged by the Hindustan Zinc, Hero Motocorp, Vedanta, Lupin and DLF, while support came from Kotak Mahindra Bank, Nestle India, Avenue Supermarts, Shree Cements and Ambuja Cements.

On the sectoral front, Nifty PSU Bank Index fell the most dropping more than 4.5 percent followed by Nifty Auto (down 4 percent), Nifty Metal (down 4 percent). Meanwhile, Nifty Energy index ended up 0.5 percent. During the week, foreign institutional investors (FIIs) bought equities worth Rs 972.66 crore, while domestic institutional investors (DIIs) sold equities worth of Rs 2,170.78 crore. However, in October FIIs bought equities worth of 14,537.40 crore and DIIs sold equities worth Rs 17,318.44 crore. On the weekly basis, the Indian rupee lost 51 paise against the US dollar. It closed at 74.11 per dollar on October 29, against its October 23 closing of 73.60 per dollar.

Domestic Markets

	Previous Month	Current Month	Change in % terms
BSE Sensex	38,697.05	39,614.07	2.37%
Nifty	11,416.95	11,642.40	1.97%
Nifty Mid 100	17,125.00	17,066.50	-0.34%
Nifty 500	9,461.70	9,581.65	1.27%
BSE Small Cap	14,970.44	14,888.08	-0.55%

Global Markets

	Previous Month	Current Month	Change in % terms
Dow Jones	27,682.81	26,501.60	-4.27%
NASDAQ	11,075.02	10,911.59	-1.48%
S&P 500	3,348.44	3,264.70	-2.50%
FTSE100	5,902.12	5,577.27	-5.50%
Shanghai Composite	3,218.05	3,224.53	0.20%

Commodities

	Previous Month	Current Month	Change in % terms
Gold 10 gm	50,470	50,700	0.46%
Silver 1 Kg	61,145	60,920	-0.37%
Crude Oil (\$/Barrel)	38.79	35.61	-8.20%

Currency in terms of INR

	Previous Month	Current Month	Change in % terms
USD	73.15	74.10	1.30%
Euro	85.70	86.83	1.32%
GBP	94.62	96.46	1.94%
JPY	0.69	0.71	2.90%

Global Market Summary:

International markets struggled amid more coronavirus cases in Europe and concerns over the tensions between the U.S. and China. The MSCI-EAFE Index fell 2.20 percent in October. European markets were broadly weaker. France dropped 2.91 percent, Germany lost 1.43 percent, and the U.K. slipped 1.68 percent. Pacific Rim stocks were mixed as Australia fell 4.04 percent and Hong Kong declined 6.82 percent. Japan notched a solid gain, tacking on 9.68 percent.

The Federal Reserve signalled that interest rates would likely not increase until 2023 following its two-day Federal Open Market Committee (FOMC) meeting that ended back in September. Fed officials also stressed the importance of additional fiscal stimulus. They adjusted their outlook for unemployment, predicting it would average between 7 and 8 percent in the final three months of the year. Previously, Fed officials had expected unemployment of between 9 and 10 percent in the final calendar quarter of 2020.

The unemployment rate dropped to 8.4 percent as employers added 1.4 million jobs in October. Retail sales growth slowed in October, rising only 0.6 percent as the supplemental unemployment benefits expired at the end of September. The benefits helped buyers in prior months. Industrial output rose 0.4 percent, below economists' expectations of a 1 percent increase. Housing starts fell 5.1 percent after sharp gains in the previous three months. Single-family home starts increased by 4.1 percent, but the overall result was dragged down by a 22.7 percent decline in multi-family starts.

Why should we invest in SMEs and MSMEs?

- Given market volatilities and Corporate Governance irregularities, investors have become more selective, to balance the Risk and Return matrix, portfolio allocation to SMEs is the best way to maximize returns.
- Positive Post IPO price performance & attractive valuation is keeping investors engaged in SME investing.
- To unlock the true potential of SMEs & MSMEs and strengthening SME & MSME ecosystem, developing favorable access to finance is most essential.
- Along with Government also Private Organizations, Banks and market intermediaries are looking forward to contributing towards broad basing capital market initiatives for MSMEs.
- Apart from financial assistance, MSMEs require well timed holding and mentoring at crucial stages of business life cycle. Widespread awareness programs, skill development, recognition, peer learning & getting Indian MSMEs visible on global map should be part of MSME growth agenda adding up to formalization & leading to inclusive growth of Indian economy.
- Number of entrepreneurs bringing their companies to market remain high due to positive investor sentiment & growing popularity amongst fund houses & institutional investors.
- Marginal decline in number of listings is present, however fund raising in records is high.
- There has been an increase in average IPO size depicting company's being able to raise higher amounts of funds.
- Exit to Private Equity & Venture Capital funds can be provided through SME IPO route.
- Anchor investor participation seen in top IPOs. Regulators also reduced minimum anchor size from Rs 10 Cr. To Rs. 2 Cr. for SME IPO.
- Migration trend continues with increasing number of companies opting to migrate to Main Board. Now migration is possible even before completing 2 years of listing.

Why Gretex?

Our Services are widespread in:

- IPO launches
- De-listing
- Open Offer
- Exit Offer
- Corporate Restructuring
- Buy back
- Mergers & Acquisitions
- Valuation of Shares and Debentures
- Sweat Equity
- Private Equity
- Venture Capital
- Offshore Financing
- ESOP



At Gretex we aim for
**“Targeting
the
Target”**

RBI's Monetary Policy to Combat Inflation

With inflation targeting being the rule, the relentless high levels of CPI inflation were to be the barrier to any further cut in interest rates. In fact, waiting for another two months has its merit while taking a call on rates, as the economy is also supposedly showing signs of a recovery. With inflation rate also poised to move downwards, albeit gently, due to a combination of high base effect as well as tempering of food prices, there would be more justification for doing the same in the next policy. The declining inflation rate would also justify the rate cut action in the December policy. The RBI expects inflation to ease in Q3 and Q4 of the current fiscal 2020-21 with food prices coming down. The RBI was also expected to provide a numerical dimension to its macroeconomic forecasts. So far, the central bank has been open on the subject and while indicating a negative growth rate has not attached a number which has been now put at -9.5% with downside risk. The RBI is talking of a three-speed recovery across different sectors and has indicated that a positive rate can be seen in Q4.

Three important messages given by the Governor are positive for the market. The first is the assurance that the government borrowing programmes will be managed to ensure no liquidity issues arise. Second, open market operations (OMOs) are to be announced for state development loans (SDLs). Third, having on-tap TLTROs for Rs 1 trillion would be largely beneficial for various sectors.

The focus of the policy, hence, has been on liquidity provision in the right areas – corporate and governments and ensure that volatility in interest rates will be tempered across different segment. This is definitely more meaningful in today's environment and repo rate is probably of secondary importance.

Success Story



We are happy to announce the listing of our yet new IPO of G M Polyplast Limited, a Mumbai based company engaged in the business of manufacturing of H.I.P.S, A.B.S & P.E.T sheets, along with sheets they also manufacture the raw material used to manufacture the sheets called as granules.

The offer opened on Wednesday, September 30, 2020 and closed on Tuesday, October 06, 2020.

The company offered to public 5,08,800 Equity Shares of Rs.10 each comprising of Fresh Issue of 3,22,800 shares and an Offer for sale made by its Promoters of 1,86,000 shares. The Fixed Offer Price of shares for cash was Rs.159.00 per share, totaling to Rs.8.09 Crores.

The Company got listed on October 14, 2020.

Chairman's Message:

Important structural reforms undertaken by the government to combat risks associated with the coronavirus pandemic will strengthen the country's economic fundamentals and ensure long-term sustained growth. The enabling policy environment and initiatives taken by all stakeholders to seize the available opportunities will actualise the growth potential of the Indian economy. The sustained spread of the virus poses a downside risk to short-term and medium-term growth rate and the government has strategically undertaken various important structural reforms, encompassing various sectors, to combat these risks.

Major structural reforms launched by the government in agriculture markets, labour laws and definition of MSMEs provide unparalleled opportunity for the resilient MSME sector to grow and prosper now and thereby, contribute to job creation in the primary and secondary sectors. The historic labour reforms will benefit MSMEs to increase employment, enhance labour productivity and thereby wages in MSMEs, it said. Saying that the reforms in agricultural sector were overdue, it said the existing laws kept Indian farmers enslaved to the local mandi and their rent-seeking intermediaries.

The implementation of 'Aatmanirbhar Bharat' package and unlocking of the economy have ensured that economic recovery in India has gained momentum.

Markets posted decent gains last week, thanks to upbeat global markets and favourable local cues. Among the key factors, rising hope of a stimulus package in the US and guidelines on Unlock 5 boosted the sentiment.

Besides, the rising trend of auto sales numbers in October month for the passenger vehicles and tractor segments also cheered investors. The action in the coming week is likely to be dominated by October quarter earnings, Supreme Court's decision on the interest waiver. On the global front, any update on the US President's COVID situation will also be closely monitored as the US Presidential election are nearing. All the positives, if any, are discounted, however any negative surprises may take markets lower. Investors are advised to be cautious, conserve cash and wait on the sidelines.

-Thank You
Alok Harlalka

Chronicles of this Month:

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1 SEBI issues circular on framework on monitoring of foreign holding in Depository Receipts	2	3
4	5 SEBI issues circular on standardization of timeline for listing of securities on private placement basis	6	7	8 Circular on guidelines on Inter Scheme Transfers of Securities by SEBI	9	10
11	12	13 Standardisation of procedure to be followed by Debenture Trustee(s) in case of 'Default' by Issuers of listed debt securities by SEBI	14	15	16 Launch of Steady state model for OTR allocation and confirmation in Cash Market- Go Live by NSE	17
18	19 Additional guideline for Utilization of fund created out of Regulatory Fees Forgone by SEBI	20 MCA notifies Special measures under the Companies Act 2013 and LLP Act 2008 in view of COVID-18 outbreak	21	22 Listing of Treasury Bills (Tbills) and State Development Loans (SDLs) on capital market segment.	23	24 BSE, Inventivepreneur Chamber of Commerce & Industries (ICCI) tie-up to empower SMEs and Startups
25	26	27 NSE releases List of Securities moving to stage IV of Graded Surveillance Measures(GSM)	28	29 NSE releases advisory regarding remote access and telecommuting	30 Revision in transaction charges structure for equity market segment by NSE	31

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Registered Office:

Office No. 13, New Bansilal Building,
Raja Bahadur Mansion, 9-15 Homi Modi Street,
Near BSE, Fort, Mumbai - 400001
Tel: +91-022-40055273/9836822199/ 9836821999
Email: info@gretexgroup.com

Branch Office:

90, Phears Lane, 5th Floor,
Besides Shilpa Bhavan,
Kolkata-700012.
Tel: 033-400-69278
Email: info@gretexgroup.com /
www.gretexcporate.com