

## Equity Market Summary:

Stock prices powered higher and emboldened investors in December thanks to a series of positive news events. The Dow Jones Industrial Average, which has lagged much of the year, led the rally, jumping 11.84 percent. The Standard & Poor's 500 Index tacked on 10.75 percent while the Nasdaq Composite rose 11.80 percent. Stocks climbed higher on news of positive stage-three COVID-19 trial results that suggested a highly effective vaccine may be near at hand. Stocks that had been hurt by economic lockdowns surged on the news, while the stay-at-home stocks suffered steep declines. Bond yields and oil prices both moved higher on expectations of increased economic activity. Positive momentum carried the Dow Jones Industrial Average, the S&P 500 index, and the Russell 2000 to record-high levels, with the Dow closing above the 30,000 mark.

All industry sectors moved higher in December, except Utilities, which fell 1.42 percent. The month saw strong gains in Communication Services (+7.34 percent), Consumer Discretionary (+5.49 percent), Consumer Staples (+3.95 percent), Energy (+34.54 percent), Financials (+17.50 percent), Health Care (+3.35 percent), Industrials (+14.74 percent), Materials (+12.50 percent), Real Estate (+5.96 percent), and Technology (+5.33 percent). Riding a global wave of optimism surrounding multiple COVID-19 vaccine trials, the MSCI-EAFE Index jumped 16.86 percent in December. European markets were broadly higher, with sharp gains in France, Germany, Italy, and the United Kingdom. European markets appeared to look beyond the new lockdowns and obstacles that prevented the passage of a European Union recovery package. Markets in the Pacific Rim also had a solid month. Australia picked up 9.96 percent while Japan tacked on 15.04 percent.

US equity market closed higher; Russell 2000 +1.3%, Nasdaq +0.8%, S&P 500 +0.6%, and DJIA +0.5%. CDX-NAIG closed flat/53bps and CDX-NAHY -4bps/297bps. 10yr US govt bonds closed +2bps/0.94% yield and 30yr bonds +3bps/1.68% yield. 10s and 30s both rallied (10s and 30s -4bps) on the weaker than expected US initial claims for unemployment insurance report, but then sold off (10s +5bps and 30s +7bps) after 10:30am EST on apparent progress on the \$900 billion US stimulus bill.

## Other Major Domestic News

The second reading of GDP growth was unchanged from its initial estimate of upto 33.1 percent on an annualized basis. The number of new jobs increased by 638,000 in December, which sent the unemployment rate lower by one percentage point to 6.9 percent. Retail sales rose 0.3 percent, making December the sixth-straight month of increased consumer spending. Industrial output jumped 1.1 percent, although production remains below its pre-pandemic February level.

Housing starts increased by 4.9 percent, led by a 6.4 percent rise in single-family home starts. Existing home sales rose 4.3 percent in December, touching a 14-year high. Median prices also hit a new record high. New home sales dipped 0.3 percent, as declines in the West and South regions weighed on overall results.

The prices of consumer goods remained unchanged. However, in the last 12 months, prices have increased by 1.2 percent. Orders of long-lasting goods rose by 1.3 percent, which was above consensus estimates. The gain was driven by defense-related purchases. Nifty50 index closed another week on a positive note with a new lifetime high and almost all the sectoral indices contributed positively to the benchmark indices. PSU Bank and realty indices remained the top leaders. The market is continuing to trend higher as bulls are not considering loosening their grip on the short term trend.

The BSE Sensex and the Nifty Futures traded higher as foreign funds rallied in the Indian stock market in anticipation of good progress in the short term to curb the spread of the virus. Traders were encouraged after RBI left its key interest rates unchanged as widely expected as inflation remains elevated.

## Domestic Markets

	Previous Month	Current Month	Change in % terms
<b>BSE Sensex</b>	44,149.72	47,888.67	8.47%
<b>Nifty</b>	12,968.95	14,018.35	8.09%
<b>Nifty Mid 100</b>	19,715.10	21,036.70	6.70%
<b>Nifty 500</b>	10,719.05	11,578.70	8.02%
<b>BSE Small Cap</b>	16,875.15	18,261.03	8.21%

## Global Markets

	Previous Month	Current Month	Change in % terms
<b>Dow Jones</b>	29,910.37	30,606.48	2.33%
<b>NASDAQ</b>	12,205.85	12,888.28	5.59%
<b>S&amp;P 500</b>	3,638.35	3,748.80	3.04%
<b>FTSE100</b>	6,367.58	6,460.52	1.46%
<b>Shanghai Composite</b>	3,396.80	3,473.07	2.25%

## Commodities

	Previous Month	Current Month	Change in % terms
<b>Gold 10 gm</b>	48,106	50,179	4.31%
<b>Silver 1 Kg</b>	59,100	68,190	15.38%
<b>Crude Oil (\$/Barrel)</b>	45.33	48.24	6.42%

## Currency in terms of INR

	Previous Month	Current Month	Change in % terms
<b>USD</b>	74.05	73.12	-1.26%
<b>Euro</b>	88.49	88.75	0.29%
<b>GBP</b>	98.67	99.96	1.31%
<b>JPY</b>	0.71	0.71	0.00%

## Global Market Summary:

Most APAC equity markets closed lower, while European and US markets closed mixed. US government bonds closed higher and benchmark European bonds were mixed across the region. European iTraxx and CDX-HY credit indices closed modestly wider across IG and high yield. Brent and WTI both closed higher, with the former closing above \$50 per barrel for the first time since early March. The US dollar and gold closed lower, while silver and copper were higher. Today's non-seasonally adjusted US initial claims for unemployment insurance rose to the highest level since early-August, further reinforcing the urgency for congress to pass some form of a stimulus bill before the New Year. US equity markets closed mixed; Russell 2000 +1.1%, Nasdaq +0.5%, S&P 500 -0.1%, and DJIA -0.2%. 10yr US govt bonds closed -3bps/0.91% yield and 30yr bonds -6bps/1.63% yield. CDX-NAIG closed +1bp/53bps and CDX-NAHY +2bp/302bps. DXY US dollar index closed -0.3%/90.82. Copper closed +2.0%/\$3.58 per pound, which is the highest close since February 2013. Gold closed -0.1%/\$1,837 per ounce and silver +0.4%/\$24.09 per ounce. Crude oil closed +2.8%/\$46.78 per barrel, which is the highest close since 4 March.

Nonferrous metals were supported by across-the-board strength, with copper also hitting a seven-year high and aluminum breaching \$2,000 per metric ton for the first time since 2018. Chemicals prices were another major contributor to last week's MPI gain, increasing 5.4%. The chemicals sub-index was boosted by strong price increases for US and European benzene.

## 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”**

## IPO Boom amidst Covid

*After the coronavirus outbreak, it looked that the primary market was down in the dumps but with the smart recovery by Indian shares following the March crash and the gradual easing of the lockdown, the launch of Rossari Biotech public offer in July ushered the IPO season in earnest.*

*Sixteen companies came out with IPOs during 2020 against 17 the previous year but the fund-raising in 2020 was much higher at more than Rs 31,000 crore compared to Rs 17,433 crore in 2019. If we include the Yes Bank FPO, then the fund-raising via public issues would be more than Rs 46,000 crore.*

*After the successful launch of SBI Card, Rossari Biotech launched an IPO in March but then cancelled it. It was also the first company to kick off the IPO season in July amid COVID-19 crisis.*

*MindSpace Business Park REIT came in July. September and October were pretty busy months as Happiest Minds Technologies, Route Mobile, CAMS, Chemcon Speciality Chemicals, Angel Broking, UTI AMC, Mazagon Dock Shipbuilders,, Likhitha Infrastructure and Equitas Small Finance Bank launched their IPOs.*

*Gland Pharma came in November and then Burger King India, Mrs Mrs Bectors Food Specialities and Antony Waste Handling Cell IPOs followed in December. The majority of IPOs got a great response from investors, given the niche businesses, strong market share and expected economic recovery.*

*Liquidity, especially after trillions of dollars were pumped in by global central banks, was one of the key reasons behind the success of the primary as well as the secondary market.*

## **Happy to Announce!!!**



We are glad to inform you that our client BCPL Railway Infrastructure Limited has migrated from SME Platform of BSE Limited to the Main Board of BSE Limited.

The company got trading approval from BSE vide letter dated December 31, 2020 w.e.f. Monday, January 04, 2021. The Equity Shares of BCPL Railway Infrastructure Limited has been admitted to dealings on the main Boards Platform in the list of “B” Group.

## Chairman's Message:

The Market during the month and in last nine months has been rising relentlessly, climbing the wall of worry reflecting upon ground level economy punctured by pandemic, reduced consumer demand, job losses, business model disruption, bankruptcies, etc. In spite of all these markets have kept the spirit and ascended higher truly reflecting what lies ahead. It is expected that year 2021 would obliterate all the negative rhetoric around mounting worries and ground level economy may be seen returning to normalcy. But the stock market may not show the same kind of buoyancy given that market has already ran ahead of its fundamentals. Therefore, year 2021 may be the period where one would see stock market and real economy aligning with each other.

The year is likely to have a good start atleast in the initial couple of months wherein union budget, US new government policy initiative and overall vaccine efficacy would be the key driving factors which will keep the sentiments elevated and markets' bullish. Primary markets too are expected to remain hyperactive during this period. Investors are advised to primarily stick to good quality large names rather than opting for second quality stocks on pretext of lower valuation or catch-up rally.

While investors recognize that there will be manufacturing and distribution challenges with approved vaccines, they may also be paying attention to when a vaccine may be available to the general public. The month started with successful debut of Burger King on the bourses on December 14 which zoomed 125% over the issue price of Rs. 59-60 apiece upon listing. Such positive response on listing would definitely pull in more business houses to consider IPOs in the market and more issuers would be excited to pile up the line of IPOs in Q1CY21. The long-awaited line of IPOs would largely benefit the overall economy which would impart risk capital to equip entrepreneurs and businesses to drive real economic growth. However, one may note that in the short-run this IPO rush would suck away liquidity from the secondary markets and mellow down the bulls' power.

GRETEX Family wishes all the readers a very Happy New Year!

-Thank You  
Alok Harlalka

## Chronicles of this Month:

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1	2	3	4 NSE provides facility for non-settlement payments from custodians to members in Capital Market	5
6	7	8	9 RBI releases Draft Circular on Declaration of Dividend by NBFCs	10 NSE issues circular for Testing of software used in or related to Trading and Risk Management	11 BSE launches e-Agricultural spot market platform	12
13	14 NSE revises the Scheme of Strikes in Currency Options	15 NSE grants Periodic relaxation of Surveillance action under the Graded Surveillance Measure	16 SEBI reviews framework of Innovators Growth Platform under SEBI ICDR Regulations, 2018	17	18 NSE issues guidelines for maintaining client bank accounts by the Trading Members	19
20	21 NSE issues Penalty structure for non-closure of client collateral/client Margin Trading Securities demat Accounts	22 NSE issues Contingency Drill/ Mock trading schedule for 2021 for various sectors	23 RBI cautions against unauthorised Digital Lending Platforms/ Apps	24 Change in Expiry date and Maturity Dates of Currency contracts by NSE	25	26
27	28 NSE issues Electronic Book Mechanism for issuance of specified securities.	29 BSE deepens network in bullion trade.	30 Ministry of Finance extends time-limit for various statutory and regulatory compliances relating to Direct Taxes.	31		

Source: [www.moneycontrol.com](http://www.moneycontrol.com), [www.rbi.org.in](http://www.rbi.org.in), [www.sebi.gov.in](http://www.sebi.gov.in), [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com)

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