

## RESEARCH

### Logistics | Monthly Tracker

Lead indicators bounce back strongly

## SUMMARY

### Logistics: Monthly Tracker

Most high frequency indicators posted a strong YoY recovery in Sep'20. Rail freight volumes rose 16% YoY, while rail container volumes grew by a sturdy 7.5%. E-way bills increased 10% YoY to 57mn, reaching highest ever levels. Major ports volumes also fell by a slower 2% YoY (-10% in Aug'20). Our channel checks corroborate recovery on the ground, with most companies reaching ~90% of pre-pandemic level. Faster-than-anticipated revival bodes well for our logistics coverage universe - TCI Express remains our top pick.

[Click here for the full report.](#)

## TOP PICKS

### LARGE-CAP IDEAS

Company	Rating	Target
<a href="#">Bajaj Finance</a>	Buy	4,000
<a href="#">Cipla</a>	Buy	850
<a href="#">GAIL</a>	Buy	155
<a href="#">Petronet LNG</a>	Buy	310
<a href="#">Tech Mahindra</a>	Buy	910

### MID-CAP IDEAS

Company	Rating	Target
<a href="#">Alkem Labs</a>	Buy	3,600
<a href="#">Chola Investment</a>	Buy	280
<a href="#">Laurus Labs</a>	Buy	1,200
<a href="#">Transport Corp</a>	Buy	270
<a href="#">Mahanagar Gas</a>	Sell	750

Source: BOBCAPS Research

## DAILY MACRO INDICATORS

Indicator	Current	2D (%)	1M (%)	12M (%)
US 10Y yield (%)	0.78	8bps	6bps	(78bps)
India 10Y yield (%)	6.00	1bps	7bps	(67bps)
USD/INR	73.29	(0.2)	(0.2)	(3.2)
Brent Crude (US\$/bbl)	41.29	5.1	(3.2)	(29.2)
Dow	28,149	1.7	0.1	6.3
Shanghai	3,218	(0.2)	(4.1)	10.8
Sensex	38,974	0.7	1.6	3.8
India FII (US\$ mn)	1 Oct	MTD	CYTD	FYTD
FII-D	(242.8)	(242.8)	(14,922.6)	(5,163.1)
FII-E	253.7	253.7	4,293.8	10,896.8

Source: Bank of Baroda Economics Research

## BOBCAPS Research

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## Lead indicators bounce back strongly

**Most high frequency indicators posted a strong YoY recovery in Sep'20. Rail freight volumes rose 16% YoY, while rail container volumes grew by a sturdy 7.5%. E-way bills increased 10% YoY to 57mn, reaching highest ever levels. Major ports volumes also fell by a slower 2% YoY (-10% in Aug'20). Our channel checks corroborate recovery on the ground, with most companies reaching ~90% of pre-pandemic level. Faster-than-anticipated revival bodes well for our logistics coverage universe - TCI Express remains our top pick.**

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**Container rail traffic at multi-month high:** Container freight carried by the Indian Railways (IR) grew by 7.5% YoY in Sep'20, after contracting for six successive months. EXIM volumes (+7% YoY), too, grew for the first time since Feb'20. In absolute terms also, EXIM rail volumes at 4.3mn tonnes is highest since Aug'19. Domestic volume grew 11% YoY, fastest in 14 months. The MoM uptick in EXIM container rail volume (+11%) was also higher than container traffic growth at major ports (+6% MoM on tonnage), indicating market share gains for rail sequentially. Container rail volume rose 11% YoY in the first five days of Oct'20 as well. Sustained uptick in container volumes augurs well for container logistics players such as Container Corp and Gateway Distriparks.

**Strong recovery in rail freight volumes:** Total freight carried by IR grew at a strong 16% YoY in Sep'20 (+4% in Aug'20). All commodities reported steady growth, with foodgrains (+103% YoY), Cement (+19%) and pig iron and finished steel (+18%) growing the fastest. Rail freight has risen 15% YoY during the first five days of Oct'20 as well, sustaining its growth trajectory.

**Decline in major port cargo eases substantially:** Cargo at major ports declined at a much slower rate of 2% YoY in Sep'20 (+4% MoM) vs. a 10% drop in Aug'20. Kolkata (+12% YoY), Cochin (+9%), Paradip (+9%) and Kandla (+2%) reported growth, whereas Ennore (-32%), Mormugao (-25%), New Mangalore (-19%), and Mumbai (-16%) plummeted YoY. Among commodities, iron ore (+76% YoY) and container (+6%/+2% in tonnage/TEU terms) volumes increased, but POL (-20%) and thermal coal (-10%) declined sharply.

**E-way bill generation robust:** Total e-way bills generated jumped 10% YoY to 57mn in Sep'20 – highest on record. This indicates a steady uptick in road logistics activity. Our channel checks also corroborate this – most transporters indicated utilisation has reached 85-90% of pre-Covid levels in Sep'20.

### RECOMMENDATION SNAPSHOT

Ticker	Rating
AGLL IN	ADD
CCRI IN	SELL
MAHLOG IN	BUY
TCIEXP IN	BUY
TRPC IN	BUY
VRLL IN	BUY



## Disclaimer

### Recommendations and Absolute returns (%) over 12 months

**BUY** – Expected return >+15%

**ADD** – Expected return from >+5% to +15%

**REDUCE** – Expected return from -5% to +5%

**SELL** – Expected return <-5%

**Note:** Recommendation structure changed with effect from 1 January 2018 (Hold rating discontinued and replaced by Add / Reduce)

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