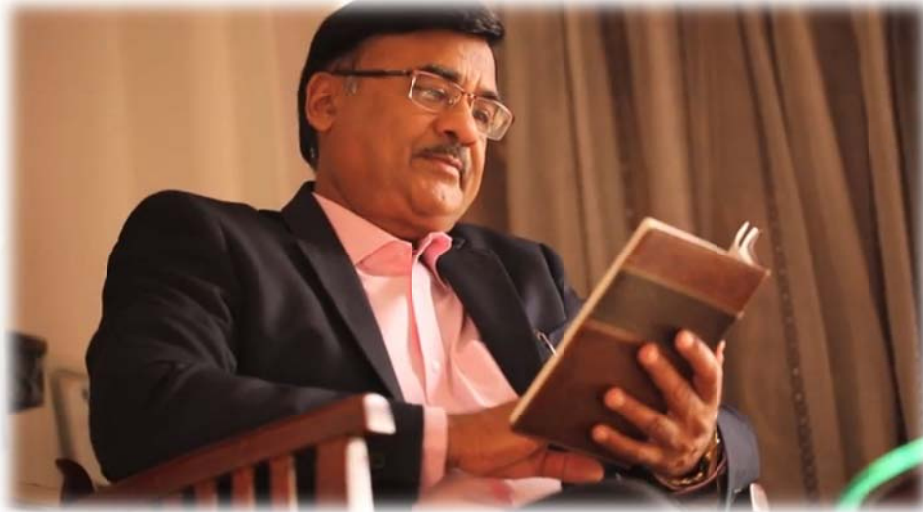




**AJCON GLOBAL**  
YOUR FRIENDLY FINANCIAL ADVISOR



**Dr. Ashok Ajmera (FCA), CMD & CEO**

**Dr. Ashok Ajmera's column as on January 04 2020**

**Big rally expected in midcaps and smallcaps space; global events remain an overhang..**

For the week, the benchmark S&P BSE Sensex was down by 0.26 per cent, while the Nifty50 declined by 19 points (0.15 per cent) to end at 12,226.7

The BSE small-cap index rose 3.26 percent, BSE mid-cap index added 1.24 percent while the BSE large-cap index was down 0.12 percent in the past week.

Foreign Institutional Investors (FIIs) remained net buyers the past week as they bought equities worth Rs. 497.32 crore, while Domestic Institutional Investors (DIIs) also bought equities worth of Rs. 29.61 crore.

**Key domestic developments during the week..**

India's factory activity expanded at its fastest pace in seven months in December as a jump in new orders prompted companies to ramp up production, a private business survey showed on Thursday.

The Nikkei Manufacturing Purchasing Managers' Index, compiled by IHS Markit, rose to 52.7 in the final month of 2019 from November's 51.2.

Goods and services tax (GST) collection crossed the Rs. 1 trillion mark for the second straight month in December, but fell short of the Rs 1.1 trillion target set for the last four months of 2019-20. The latest numbers, however, indicated the stabilisation of revenue collection owing to anti-evasion measures introduced by the government. The mop-up stood at Rs 1.031 trillion in December, slightly lower than the seven-month high of Rs 1.034 trillion collected in November. On a year-on-year basis, the GST receipts in December 2019 posted a growth rate of 8.9 per cent, the data released by the finance ministry showed on



Wednesday. These figures are for GST on the transactions done in November and collected in the month of December.

### **Indian rupee**

In the past week, the Indian rupee depreciated by 45 paise to end at 71.80 on January 3 against its December 27 closing of 71.35.

### **Crude oil**

Brent crude futures jumped nearly US\$3 on Friday after a US air strike in Baghdad killed top Iranian and Iraqi military commanders, sparking concerns of disruption to Middle East oil supplies. At 3:10 pm, Brent Crude Futures were at \$68.62 per barrel-mark, up 3.5 per cent.

### **Global markets**

Global equities were upbeat in the first half of the week led by positive global cues like easing tensions between US – China and China's economic stimulus package. However, on Friday, negative news dampened investors mood. Iranian Major-General Qassem Soleimani, head of the elite Quds Force, and Iraqi militia commander Abu Mahdi al-Muhandis were killed early on Friday in an air strike on their convoy at Baghdad airport. As a result, shares of information technology (I-T) companies surged on Friday, buoyed by a fall in Indian Rupee against the US dollar after a key Iranian and Iraqi military personnel were killed by a US airstrike that sent the oil prices soaring.

### **Ajcon's view**

We expect significant rally in midcaps and smallcaps as largecaps have rallied significantly and turned expensive. Presently, MarketCap to GDP ratio is around 77 percent which looks attractive and provides scope for upside. However, recent global events can act as a dampener to overall equities.

We believe, it would be prudent for investors to look out for quality picks in the midcaps and smallcaps space which have a robust business model, quality growth, consistent earnings although may be affected in the current economic downturn but proved its mettle over the years, business model suited to changing dynamics of the economy, cashflow visibility, low debt, no pledge of promoter holdings and backed by quality management especially on the corporate governance front.

The effects of big steps taken by the government in last 4-5 months would now start showing effect. In addition, FM may look at revising direct tax structure in upcoming Union Budget to boost demand. In addition, we believe, that in Upcoming Union Budget 2020-21, the Government would focus on improving investment led spending and improve capacity utilization of different sectors which are below par in last 18 months or so.

**Dr. Ashok Ajmera, FCA**



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