



**CA (Dr.) Ashok Ajmera's Weekly Column as on January 5, 2024**

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**2024 opened on a subdued note after a very strong momentum which was witnessed in the last month of CY23.**



**AJCONGLOBAL**  
YOUR FRIENDLY FINANCIAL ADVISORS

## CA (Dr.) Ashok Ajmera's Weekly Column

The first trading week of CY2024 opened on a subdued note where both the NIFTY 50 and Sensex have closed in a negative territory on a weekly basis. The Nifty small cap 100 and Nifty mid-cap 100 continued their strong upward momentum hitting record high levels during the week.

The top gainers in the Nifty 50 index were Adani Ports (up by 12.68%), ONGC (up by 5.56%), Adani Enterprises (up by 5.53%), Bajaj Finance (up by 5.23%) and Tata consumer prod. (up by 3.33%). The major losers in the Nifty 50 index were Eicher Motors (down by 6.43%), JSW Steel (down by 5.78%), LTIMindtree (down by 5.52%), M&M (down by 5.05%) and Ultra Tech Cement (down by 4.64%).

### FII and DII activity

In the week gone by, FII were net buyers at Rs. 3,290.23 Crores and DII were net sellers at Rs. 7,296.50 Crores. In the previous week FII were net sellers at Rs. 6,422.24 Crores and DII were net buyer at Rs. 9,093.99 Crores. In the month of December 2023, FIIs had net bought equities worth Rs. 31,959.78 Crore and DIIs had net bought equities worth Rs. 12,942.25 Crore.

### Sector Movement

Nifty Realty was the outperforming sector of the week, hitting an all-time high during the week, up by 7.83%. Nifty Pharma and Nifty Media were other two sectors which saw good momentum during the week. Nifty IT was the worst performer down by 1.87%. Nifty Bank, Auto, Metal, Private Bank, Commodities and MFG were also down.

### Global Market and Major Developments

The U.S market gave a negative weekly closing after 9 weeks of closing in green zone. The Caixin China General Manufacturing PMI inched up to 50.8 in December 2023 from 50.7 in November, beating market forecasts of 50.4 and pointing to the highest reading since August. Output grew the most in seven months while new orders rose at the fastest pace since February, with new export orders falling. Meantime, employment fell for the fourth straight month, purchasing activity stagnated and supply chain performance deteriorated due to shortages of some raw materials and strained supplier capacity. The HCOB Eurozone Manufacturing PMI increased slightly to 44.4 in December, surpassing preliminary estimates of 44.2.

However, the sector remained in contraction, with output and job losses continuing for the seventh consecutive month. Meanwhile Euro area goods producers continued to decrease their stocks due to weak demand. Fed minutes came out during the week and the Fed policymakers viewed the policy rate as near its peak for this tightening cycle, though they noted that the actual policy path will depend on how the economy evolves, minutes from the last FOMC meeting in December 2023 showed. The Federal Reserve kept the fed funds rate steady at 5.25%-5.5% for a third consecutive meeting in December 2023, in line with expectations but indicated 75bps cuts in 2024. United States Initial Jobless Claims came out and the number of Americans filing for unemployment benefits sank by 18,000 to 202,000 in the last week of 2023. Annual inflation rate in the Euro Area decreased to 2.4% in November 2023, the lowest since July 2021, from 2.9% in October and in line with the preliminary release.

Particulars	Close (05/01/2024: Friday)	Open (01/01/2024: Monday)	Previous Close (29/12/2023: Friday)	Change (%)
<b>Nifty 50</b>	21,710.80	21,727.75	21,731.40	-0.09
<b>Sensex</b>	72,026.15	72,218.39	72,240.26	-0.30
<b>Nifty Midcap 100</b>	47,396.30	46,339.10	46,181.65	2.63
<b>Nifty Smallcap 100</b>	15,438.85	15,195.05	15,143.65	1.95
<b>Sectoral Indices</b>				
<b>Nifty Bank</b>	48,159.00	48,203.45	48,292.25	-0.28
<b>Nifty Auto</b>	18,406.95	18,666.35	18,618.20	-1.13
<b>Nifty IT</b>	34,851.70	35,496.40	35,515.00	-1.87
<b>Nifty PSU Bank</b>	5,838.45	5,733.50	5,713.45	2.19
<b>Nifty Fin Services</b>	21,514.20	21,449.25	21,487.45	0.12
<b>Nifty Pharma</b>	17,358.60	16,859.50	16,831.80	3.13
<b>Nifty FMCG</b>	57,667.35	57,127.55	56,987.20	1.19
<b>Nifty Metal</b>	7,871.80	7,995.55	7,978.00	-1.33
<b>Nifty Realty</b>	844.35	781.45	783.05	7.83
<b>Nifty Media</b>	2,468.00	2,400.25	2,388.15	3.34
<b>Nifty Energy</b>	34,216.15	33,562.80	33,468.05	2.24
<b>Nifty Private Bank</b>	24,841.55	24,826.55	24,875.65	-0.14
<b>Nifty Infra</b>	7,397.65	7,322.55	7,303.40	1.29
<b>Nifty Commodities</b>	7,704.45	7,742.25	7,715.80	-0.15
<b>Nifty Consumption</b>	9,604.95	9,593.75	9,577.95	0.28
<b>Nifty PSE</b>	8,080.45	7,900.75	7,854.95	2.87
<b>Nifty Serv. Sector</b>	27,699.65	27,654.20	27,687.80	0.04
<b>Nifty Healthcare</b>	10,935.95	10,660.30	10,637.80	2.80
<b>Nifty Oil &amp; Gas</b>	9,770.30	9,551.00	9,496.15	2.89
<b>Nifty INDIA MFG</b>	11,031.90	11,068.15	11,037.95	-0.05
<b>US Indices</b>				
<b>Dow Jones</b>	37,466.12	37,566.22	37,689.55	-0.59
<b>S&amp;P 500</b>	4,697.23	4,745.20	4,769.82	-1.52
<b>NASDAQ 100</b>	16,305.98	16,667.30	16,825.93	-3.09
<b>Commodities</b>				
<b>Gold (in Rs./ 10 gram)</b>	62,557	63,225	63,203	-1.02
<b>Brent Crude oil</b>	78.81	77.63	77.04	+2.03

The US Indices opened on 2<sup>nd</sup> January, 2024

## Major Developments in Domestic Markets

- 1) Bajaj Auto domestic sales for their 2 wheeler segment grew by 26% month on month and export sales grew by 3% month on month. Sales for domestic commercial vehicles grew by 41% month on month and export sales for the same fell by 2%. Bajaj Auto total sales grew by 16% month on month. Eicher Motors Motorcycles sales data for models with engine capacity upto 350cc decreased by 10% and sales for models with engine capacity exceeding 350cc increased by 11% month on month. Their total sales fell by 7% month on month. The international Business sales fell by 29%. The Total VECV sales increased by 11.1% month on month. Tata Motors domestic sales grew by 4% month on month. Their total commercial vehicle sales grew by 1% and total passenger vehicle sales grew by 8% month on month.
- 2) Vodafone Idea denied any ongoing talks with Elon Musk's Starlink bringing an end to the entire "Elon Musk entering the Indian market through Vodafone Idea" saga.
- 3) BHEL outbid L&T in NLC's Rs 19,422-cr Odisha project. BHEL was the lowest bidder for the Rs 19,422-crore project, beating out L&T.
- 4) During the week, HFCL received an order worth Rs 1,127 crore from BSNL. The entire installation process is projected to conclude within 18 months.
- 5) Reliance invested Rs 3,300 crores via preferential shares in Alok Industries. The preferential shares were issued at a dividend rate of 9 percent on a private placement to Reliance.
- 6) SC dismisses petitions on Adani-Hindenburg case. The supreme court dismissed reliance on a third-party (Hindenburg Research) report and affirmed faith in SEBI's handling of the case.
- 7) LTIMindtree received a tax demand of Rs 206-crore but the company described the demand as unjustified. LTIMindtree says it will challenge the order.
- 8) Suzlon Energy bagged a 225-MW wind energy project from Everrenew Energy. Suzlon Energy stock has risen 125 percent in the last six months and 283 percent in the last one year, more than tripling investors' money in the last 12 months.

## Events in the Coming Week

In the coming week the following events are scheduled- Euro Area Economic Sentiment, Euro Area Retail Sales MoM, United Kingdom BRC Retail Sales Monitor YoY, Euro Area Unemployment Rate, United States Imports and Exports, United States API Crude Oil Stock Change and China New Yuan Loans

## Ajcon Global's observations and view:

### Short term view:

- 1) Domestic markets are expected to take cue from the results of Q3/FY 24 as the result season is starting, global & domestic bond yields, economic data and crude oil prices going forward. The continuing rally in the domestic market has brought the market in the overbought zone and so a cautious stance is recommended. Always remember corrections in a structural bull market will keep markets healthy. We have already given warning signals with regards to expensive valuation in small and midcap stock. The broader market witnessed minor profit booking and consolidation during the week gone by which instils confidence in our view. We continue to advise partial profit booking in blue chips and substantial profit booking in small and midcap stocks & sit on more cash to take advantage of corrections, which is imminent.
- 2) In the calendar year gone by, the market saw many SME stocks getting listed and the market cap of the SME stocks crossed 2 lakh crore during the week. Though the stocks have given exceptional gains, we advise investors to be stock specific. As many stocks have outperformed, it has created a euphoria and a lot of retail money is getting invested in these IPO's. It is advisable to be cautious as everything which shines is not gold & many of these small companies may not perform well in future.
- 3) We suggest investors to remain stock specific and be wary of valuations of companies which are out of comfort zone especially in the smallcaps pack. At the moment, companies in the sectors like FMCG, Auto, Auto ancillaries, Banking, NBFCs, Consumer Durables, Capital Goods, Defence, Engineering, Real Estate, Infrastructure space and Railways which have not yet caught the fancy of the market can be considered.

### Long term view

- 1) We have faith in the India story and believe that the domestic economy is strongly placed as compared to the global peers which will attract investors. Domestically, the economy is doing well which is evident from the recent GST collection data, increase in investment led spending and other indicators like passenger air traffic, hotel occupancy, power consumption, auto sales, coal production data etc. Encouraging Q2FY24 results suggest that economy is doing well.
- 2) Structurally, Indian economy is poised to do well after major reforms like thrust on digital economy after demonetisation, implementation of GST, RERA, Insolvency and Bankruptcy Code, reforms in power sector, investment led spending to drive growth with impetus on Privatisation, thrust on Aatmanirbhar Bharat resulting into Production Linked Incentive (PLI) schemes for various sectors, reforms in Direct Taxes, thrust on renewables sector, Ethanol blending, scrapping policy etc. etc.

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