



CA (Dr.) Ashok Ajmera's Weekly Column as on December 8, 2023

Domestic bourses closed at record high levels for second consecutive week as favourable state election results continued the market's bullish momentum.



AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

CA (Dr.) Ashok Ajmera's Weekly Column

Domestic benchmark indices record biggest weekly gain since July 2022, continuing its bullish momentum for the 6th straight session. Both the Nifty 50 and Sensex closed at record high levels gaining 3.46% and 3.47% respectively as on week ended 8th December, 2023. The ongoing bullish momentum from the previous week got more strength as the state election results which were declared on 3rd December, 2023 showed the current central government gaining majority in 3 out of the 5 states in which the election took place. At the same time the global and the domestic bond yield relaxed, the brent crude prices too came down which too rejoiced the market.

The top gainers in the Nifty 50 index were Adani Ports (up by 23.57%), Adani Enterprises (up by 19.45%), Power Grid Corp (up by 8.75%), SBI (up by 7.42%), BPCL (up by 7.41%). The major losers during the week were Divis Labs (down by 2.93%), HUL (down by 1.61%), HDFC Life (down by 1.6%), Bharti Airtel (down by 1.42%), Hero Motocorp (down by 1.18%). The midcap and smallcap indices too closed at record high level, but witnessed some profit booking at the end of the week.

FII and DII activity

In the week gone by, FII and DII were net buyer as FII bought Rs. 9,285.11 crores and DII bought Rs. 4,326.47 crores. In the previous week FII were net buyers at Rs. 10,593.19 Crores and DII were net buyers at Rs. 4,353.55. In the month of November 2023, FIIs had net bought equities worth Rs. 5,795.05 Crore and DIIs had net bought equities worth Rs. 12,762.14 Crore.

Sector Movement

The laggard in the previous few weeks, bank nifty, too made a record high this week closing with a gain of 5.46%. Nifty Auto, Nifty PSU bank, Nifty Financial Service, Nifty Metal, Nifty Realty, Nifty Energy, Nifty Private Bank, Nifty Infra, Nifty Commodities, Nifty Consumption, Nifty PSE, Nifty Service Sector, Nifty Oil and Gas and Nifty India Manufacturing, all closed at record high levels.

Global Market and Major Developments

The U.S indices in the previous week closed with marginal gains continuing its uptrend. United States Factory Orders MoM reduced to 3.6% in October 2023, higher than the market forecast fall of 2.8%. United States JOLTs Job Openings showed number of job openings decreased by 617,000 from the previous month to 8.733 million in October 2023, marking the lowest level since March 2021 and falling below the market consensus of 9.3 million. The United States ISM Services PMI increased to 52.7 in November 2023 from 51.8 in October, beating forecasts of 52. United States Unemployment Rate increased to 3.9% in October 2023, slightly exceeding market expectations and the previous month's figure of 3.8%. The University of Michigan consumer sentiment for the US was revised sharply higher to 61.3 in November 2023 from a preliminary of 60.4 but it still remained at the lowest level since May. United States Non-Farm Payrolls added 150K jobs in October 2023, about half of a downwardly revised 297K in September, and below market forecasts of 180K. Federal Open Market Committee is scheduled to meet on 12-13th December, 2023. China's Evergrande winding up hearing got adjourned to January 29th, 2024.

Particulars	Close (08/12/2023: Friday)	Open (4/12/2023: Monday)	Previous Close (1/12/2023: Friday)	Change (%)
Nifty 50	20,969.40	20,601.95	20,267.90	3.46
Sensex	69,895.60	68,435.34	67,481.19	3.47
Nifty Midcap 100	44,400.20	44,116.45	43,382.40	2.35
Nifty Smallcap 100	14,403.95	14,495.85	14,239.30	1.16
Sectoral Indices				
Nifty Bank	47,262.00	45,671.5	44,814.90	5.46
Nifty Auto	17,769.10	17,756.15	17,489.05	1.6
Nifty IT	33,392.90	32,888.20	32,589.70	2.44
Nifty PSU Bank	5,479.45	5,269.10	5,134.55	6.72
Nifty Fin Services	21,213.85	20,571.30	20,211.00	4.96
Nifty Pharma	16,163.15	16,372.05	16,257.05	0.58
Nifty FMCG	53,636.35	54,313.60	53,851.45	0.40
Nifty Metal	7,362.90	7,270.45	7,087.00	3.89
Nifty Realty	738.70	734.75	723.05	2.16
Nifty Media	2,396.00	2,376.80	2,355.65	1.71
Nifty Energy	31,896.25	30,407.45	29,559.75	7.90
Nifty Private Bank	24,517.85	23,699.60	23,279.00	5.32
Nifty Infra	6,951.25	6,797.05	6,651.65	4.50
Nifty Commodities	7,267.50	7,085.15	6,924.9	4.95
Nifty Consumption	9,167.10	9,167.65	9,044.45	1.36
Nifty PSE	7,329.55	7,061.55	6,911.85	6.04
Nifty Serv. Sector	26,994.95	26,166.25	25,725.20	4.94
Nifty Healthcare	10,287.70	10,393.70	10,322.55	0.34
Nifty Oil & Gas	9,044.50	8,708.95	8,518.80	6.17
Nifty INDIA MFG	10,524.65	10,351.60	10,351.40	1.67
US Indices				
Dow Jones	36,247.48	36,089.38	36,245.51	0.01
S&P 500	4,604.36	4,564.37	4,594.64	0.21
NASDAQ 100	16,084.49	15,837.12	15,997.58	0.54
Commodities				
Gold (in Rs./ 10 gram)	61,719	63,720	61,597	2.59
Brent Crude oil	75.84	79.34	79.1	4.12

Major Developments in Domestic Markets

- 1) On 3rd December, 2023 the state election results came out, in which the current central government won majority in 3 out of the 5 states.
- 2) Deepak Nitrite incorporated wholly owned subsidiary, DEEPAK PMC LIMITED ('DPMCL') on 2nd December, 2023. DPMCL shall engage in the business of inter alia providing Project Engineering, Procurement, Construction, Commissioning, Management and Consultancy services.
- 3) Adani Ports and Special Economic Zone Limited informed the exchange on December 4th, 2023, "In November 2023, APSEZ recorded strong cargo volumes of around 36 MMT, a robust 42% year-on-year increase. Growth was witnessed across all three broad cargo categories – dry bulk (over 60% Y-o-Y), containers (over 26%) and liquids and gas (over 23%). In the initial eight months of FY 24 (April-November 2023), APSEZ handled around 275 MMT of cargo, a healthy 21% Y-o-Y growth. This marks over 70% of the top-end of its full-year guidance range of 370-390 MMT. "
- 4) During the week, the shares of Adani group rallied as Bloomberg reported US agency concluded accusations against the Guatam Adani-led conglomerate weren't relevant.
- 5) REC Limited has signed a 200 million Euro loan agreement with the German Bank KfW
- 6) Cupid Limited, announced acquisition of a new land parcel in an Industrial Area near Mumbai. The acquisition will enable Cupid Limited to amplify its production capacity by 1.5 times the existing output. As a result, the annual production capacity will be augmented by approximately 770 million male condoms and 75 million female condoms. This expansion is in addition to the current production capacity of 480 million male condoms and 50 million female condoms.
- 7) The gross GST revenue collected in the month of November, 2023 is ₹1,67,929 crore out of which CGST is ₹30,420 crore, SGST is ₹38,226 crore, IGST is ₹87,009 crore (including ₹39,198 crore collected on import of goods) and cess is ₹12,274 crore (including ₹1,036 crore collected on import of goods).
- 8) The Reserve Bank of India's (RBI) Monetary Policy Committee unanimously decided to keep the repo rate- key lending rate- unchanged at 6.5%. The rate-setting panel also left the policy stance unchanged with focus on withdrawal of accommodation. RBI revised its GDP growth forecast for the current fiscal year to 7 per cent, up from the previous estimate of 6.5 per cent, citing robust domestic demand and increased capacity utilization in the manufacturing sector.
- 9) Indian Energy Exchange (IEX), achieved 9,136 MU overall volume, including 7.55 Lac Renewable Energy Certificates (RECs) (equivalent to 755 MU), marking a 17.5% increase on YoY basis. IEX achieved 8,371 MU total electricity volume in November 2023, registering an increase of 13% on YoY basis.

Events in the Coming Week

Doms industries, is coming with its IPO, raising Rs. 1200 crores, opening on 13th December, 2023 and closing on 15th December 2023. United States data pertaining to CPI (Nov), Inflation Rate MoM (Nov) and Core Inflation Rate MoM (Nov), FOMC meet scheduled on 13th December 2023, ECB & BOE meet on 14th December, 2023.

Ajcon Global's observations and view:

Short term view:

- 1) The further action in the domestic market will be guided by the movement in global & domestic bond yields, economic data and crude oil prices. The recent rally in the domestic market has shifted the market towards a little overbought zone and so a cautious stance is recommended. Always remember corrections in a structural bull market will keep markets healthy.
- 2) 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, select companies in the Infrastructure space and Railways 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

Disclaimer

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Ajcon Global Services Limited is a SEBI registered Research Analyst entity bearing registration Number INH000001170 under SEBI (Research Analysts) Regulations, 2014.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provides any assurance of returns to investors.

Individuals employed as research analyst by Ajcon Global Services Limited or their associates are not allowed to deal or trade in securities that the research analyst recommends within thirty days before and within five days after the publication of a research report as prescribed under SEBI Research Analyst Regulations, 2014.

Subject to the restrictions mentioned in above paragraph, We and our affiliates, officers, directors, employees and their relative may: (a) from time to time, have long or short positions acting as a principal in, and buy or sell the securities or derivatives thereof, of Company mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage.

Ajcon Global Services Limited is a fully integrated stock broking, investment banking, merchant banking, corporate advisory, commodity and currency broking Company. It may therefore have commercial relationship for the above said services with the Company covered in this Report. Ajcon Global Services Limited research analysts responsible for the preparation of the research report may interact with trading desk personnel, sales personnel and other parties for gathering, applying and interpreting information.

Ajcon Global Services Limited encourages independence in research report preparation and strives to minimize conflict in preparation of research report. Ajcon Global Services Limited or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither Ajcon Global Services Limited nor Research Analysts have any material conflict of interest at the time of publication of this report.

Ajcon Global Services Limited or its associates may have commercial transactions with the Company mentioned in the research report with respect to advisory services.

The information and opinions in this report have been prepared by Ajcon Global Services Limited and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of Ajcon Global Services Limited. While we would endeavour to update the information herein on a reasonable basis, Ajcon Global Services Limited is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Ajcon Global Services Limited from doing so. This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed.

This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Ajcon Global Services Limited will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Ajcon Global Services Limited accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Ajcon Global Services Limited or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.



AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

It is confirmed that CA (Dr.) Ashok Ajmera or any other Research Analysts of this report has not received any compensation from the company mentioned in the report in the preceding twelve months. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Ajcon Global Services Limited or its subsidiaries collectively or Directors including their relatives, Research Analysts, do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Ajcon Global Services Limited may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Neither the Research Analysts nor Ajcon Global Services Limited have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on Ajcon Global Services Limited by any Regulatory Authority impacting Equity Research Analysis activities.

Analyst Certification

I, CA (Dr.) Ashok Ajmera, research analyst, author and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. I also certify that no part of compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view (s) in this report.

For research related queries,

Contact: Mr. Aadesh Gosalia - Research Analyst at - research@ajcon.net

Website: www.ajcononline.com

Registered and Corporate office

408 - (4th Floor), Express Zone, "A" Wing, Cello – Sonal Realty, Near Oberoi Mall and Patel's, Western Express Highway, Goregaon (East), Mumbai – 400063. Tel: 91-22-67160400, Fax: 022-28722062