



CA (Dr.) Ashok Ajmera's Weekly Column as on December 15, 2023

Domestic bourses gave 3rd record high weekly close backed on the positive commentary and outlook given by the global central banks.



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Domestic bourses continued its strong up-move with Nifty 50 gaining 2.32% and Sensex gaining 2.37% both closing at record high weekly closing for the 3rd consecutive week, backed on the positive commentary from the global central banks on the interest rate cuts and improving economic situation. This positive commentary added to the bullishness that was already going on in the Indian markets.

The top gainers in the Nifty 50 index were HCL Tech (up by 9.32%), LTIMindtree (up by 7.37%), Hindalco (up by 7.09%), NTPC (up by 7.03%) and Tech Mahindra (up by 6.59%). The major losers in the Nifty 50 index were BPCL (down by 4.56%), Maruti Suzuki (down by 3.13%), Dr Reddys Lab (down by 3.03%), Nestle (down by 1.71% and Cipla (down by 0.98%). The midcap 100 and the smallcap 100 index continued to stay strong giving a record high closing.

FII and DII activity

In the week gone by, FII were net buyer as FII bought Rs. 18,858.34 Crores and DII were net sellers, selling Rs. 2,592.35 Crores. In the previous week FII were net buyers at Rs. 9,285.11 Crores and DII were net buyers at Rs. 4,326.47 crores. 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 sectorial movement remained strong in the week gone by with Nifty IT gaining the most, up by 7.16% as the U.S and European economy showed signs of economic improvement. Other major gainers were Nifty PSU Bank, Nifty Metal, Nifty Realty, Nifty energy as all the sectors gave a close in positive territory.

Global Market and Major Developments

The US Markets closed in the positive territory too, with Dow Jones touching all time high gaining 2.92%. Consumer prices in the US edged 0.1% higher in November 2023 from the previous month, US core consumer prices, which exclude volatile items such as food and energy, rose by 0.3% from the previous month in November of 2023, in line with market expectations, the annual core consumer price inflation rate in the United States, which excludes volatile items such as food and energy, stood at an over two-year low of 4% in November 2023, unchanged from October, matching market forecasts. The main factor which rejoiced the global markets was the outcome of the fed meet which kept the policy rate stagnant at 5.25% -5.5% and also indicated 3 25bps cuts next year.

Major Developments in Domestic Markets

1) Cipla Limited announced that its wholly-owned subsidiary, InvaGen Pharmaceuticals Inc., USA is voluntarily recalling one lot of Vigabatrin for Oral Solution, USP 500mg, to the consumer level. Vigabatrin for Oral Solution, USP 500 mg has been found to have seal integrity issues allowing for powder leakage from the pouch.

2) The Union road transport and highways ministry has said that all new trucks manufactured on or after October 1, 2025 of N2 and N3 categories, must be equipped with AC (air conditioned) cabins for drivers and the testing of the cabin fitted with an air conditioning system shall be as per IS14618:2022.

Particulars	Close (15/12/2023: Friday)	Open (11/12/2023: Monday)	Previous Close (8/12/2023: Friday)	Change (%)
Nifty 50	21,546.65	20,965.30	20,969.40	2.32
Sensex	71,483.75	69,925.63	69,825.60	2.37
Nifty Midcap 100	45,586.55	44,536.80	44,400.20	2.67
Nifty Smallcap 100	14,885.80	14,470.25	14,403.95	3.35
Sectoral Indices				
Nifty Bank	48,143.55	47,233.30	47,262.00	1.87
Nifty Auto	18,038.25	17,811.14	17,769.10	1.51
Nifty IT	35,782.45	33,424.00	33,392.90	7.16
Nifty PSU Bank	5,762.60	5,495.95	5,479.45	5.17
Nifty Fin Services	21,529.75	21,192.65	21,213.85	1.49
Nifty Pharma	16,179.80	16,077.90	16,163.15	0.10
Nifty FMCG	54,186.20	53,790.45	53,636.35	1.03
Nifty Metal	7,735.35	7,388.85	7,362.90	5.06
Nifty Realty	767.05	739.95	738.70	3.84
Nifty Media	2,437.05	2,412.65	2,396.00	1.71
Nifty Energy	32,580.65	31,971.90	31,896.25	2.15
Nifty Private Bank	24,944.65	24,508.70	24,517.85	1.74
Nifty Infra	7,141.30	6,958.20	6,951.25	2.73
Nifty Commodities	7,506.75	7,287.50	7,267.50	3.29
Nifty Consumption	9,257.05	9,182.70	9,167.10	0.98
Nifty PSE	7,626.90	7,353.75	7,329.55	4.06
Nifty Serv. Sector	27,695.85	26,977.95	26,994.95	2.60
Nifty Healthcare	10,283.75	10,248.50	10,287.70	0.04
Nifty Oil & Gas	9,150.90	9,089.60	9,044.50	1.18
Nifty INDIA MFG	10,694.80	10,537.35	10,524.65	1.62
US Indices				
Dow Jones	37,305.17	36,254.33	36,247.48	2.92
S&P 500	4,719.18	4,593.39	4,604.36	2.49
NASDAQ 100	16,623.45	16,069.62	16,084.49	3.35
Commodities				
Gold (in Rs./ 10 gram)	62,192	61,800	61,719	0.77
Brent Crude oil	96.86	75.59	75.84	1.34



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3) Tata Motors announced that it will increase the price of its commercial vehicles effective 1st January 2024, up to 3%. The price increase is to offset the residual impact of the past input costs, and will be applicable across the entire range of commercial vehicles.

4) Previous week saw 3 mainline IPO open for subscription namely, DOMS Industries Ltd, India Shelter Finance Corporation Limited (both closed on 15th December, 2023) and Inox India Limited which will close on 18th December 2023. Doms Industries Ltd was subscribed 99.34x and India Shelter Finance Corporation Limited was subscribed 38.59x.

5) The business line reported that the Mines Ministry plans to propose a new set of royalty rates across 12 recently identified critical minerals that include ones like beryllium, cadmium, tungsten, and cobalt, among others. Rates range from 2–4% to attract more players in auction of blocks, reduce imports and set up related industries.

6) Indian Bank raised Rs. 4000 crores via QIP at Rs. 394 per equity share.

7) The Joint Petition filed by Ujjivan Financial Services and Ujjivan Small Finance Bank in regards to reverse merger has been listed for hearing on January 30, 2024.

8) Tata Power Solar Systems Limited (TPSSL), a wholly owned subsidiary of Tata Power Renewable Energy Limited (TPREL), announced that it has signed a contract to supply 152 MWp DCR Solar PV Modules for NTPC Limited (NTPC's) Nokh Solar PV Project in Rajasthan holding a significant order value of approximately Rs. 418 crores.

Events in the Coming Week

8 companies are coming with its IPO in the coming week raising a total of Rs. 3,870.87 Crores. The names include Innova Captab Limited, Azad Engineering Limited, Credo Brands Marketing Limited, RBZ Jewellers Limited, Happy Forgings Limited, Suraj Estate Developers Limited, Motisons Jewellers Limited and Muthoot Microfin Limited.

Ajcon Global's observations and view:

Short term view:

1) Further action in the domestic market will be guided by the movement in global & domestic bond yields, economic data and crude oil prices. The continuing rally in the domestic market has shifted the market towards the overbought zone and so a cautious stance is recommended. Always remember corrections in a structural bull market will keep markets healthy. We advise partial profit booking in general and full profit booking in some of the small caps in short term & sit on more cash to take advantage of corrections, which is imminent.

2) However, 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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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