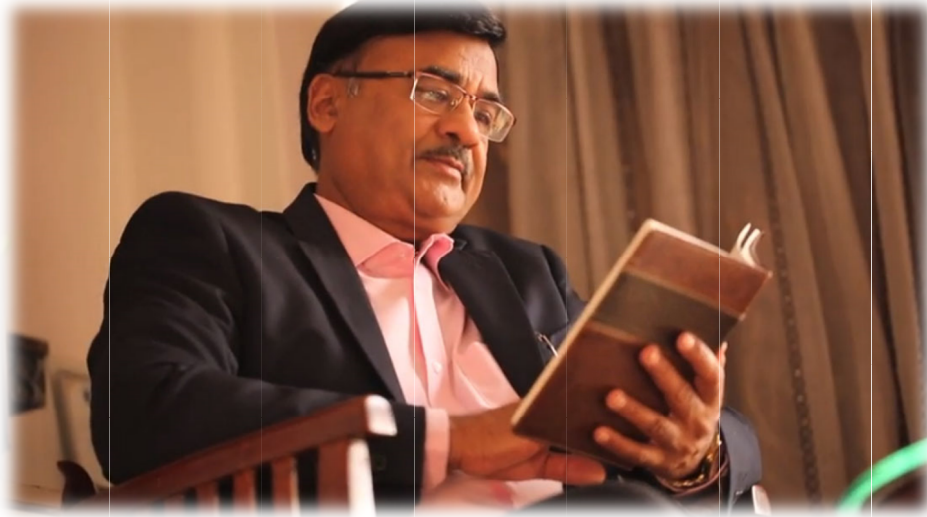




AJCON GLOBAL
YOUR FRIENDLY FINANCIAL ADVISOR



Dr. Ashok Ajmera (FCA), CMD & CEO

Dr. Ashok Ajmera's column as on June 29, 2019

All eyes on Union Budget 2019 and onset of monsoons across the country; domestic bourses end in green for the week..

On a weekly basis, the benchmark indices gained with the Sensex closing 0.5 per cent higher and the Nifty climbing 0.6 per cent. The Sensex ended 200.15 points higher at 39,394.64, while Nifty ended at 11,788.9, up 64.8 points last week. The S&P BSE Midcap index rose 1.26 percent, Smallcap Index added 1.10 percent and S&P BSE Largecap Index was up 0.68 percent last week.

On a weekly basis, the rupee gained 54 paise to end at 69.01 on June 28 against the June 21 closing of 69.55. On Friday, the rupee closed at the highest level against dollar since April 1. Last week, the Indian Rupee reported biggest gain since week ended May 24. The strength in the rupee can be attributed to weakness in dollar due to buying witnessed in gold.

In a major key domestic development, SEBI recently tightened norms for Mutual Funds with stricter disclosures and stringent regulations to discipline investments by mutual funds.

Sectors & Stocks

In the month of June 2019, the S&P BSE Midcap and the S&P BSE Smallcap index fell 4.2 percent and about 2 percent respectively for the month of June. More than 70 percent of the stocks or 356 in the S&P BSE 500 index gave negative returns. As many as 21 stocks in the 356 stocks fell 20-50 percent which include names like Jain Irrigations, Reliance Infra, Reliance Capital, PC Jeweller, Reliance Power, and Reliance Communications, etc. among others. As many as 13 stocks fell 50-70 percent in June which include names like Eros



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International, Cox & Kings, Sintex Industries, High Ground Enterprise, Jet Airways, Omkar Speciality, and McLeod Russel India Ltd.

Global markets

In a major key global development, President Donald Trump and China's Xi Jinping agreed to another truce in their trade war Saturday, removing an immediate threat looming over the global economy even as a lasting peace remains elusive. "We had a very good meeting with President Xi of China," Trump told reporters after the meeting on the sidelines of the Group of 20 summit in Japan. Trump on Saturday announced that trade negotiations with China were back on track after 'excellent' talks. Washington has reportedly agreed to hold off on new tariffs. "Excellent. I would say excellent. As good as it was going to be. We discussed a lot of things and we're right back on track." This event would help should create optimism in markets globally and should also have positive impact on domestic bourses as well.

The Dow Jones Industrial Average rose 73.38 points, or 0.28%, to 26,599.96, the S&P 500 gained 16.84 points, or 0.58%, to 2,941.76 and the Nasdaq Composite added 38.49 points, or 0.48%, to 8,006.24. The S&P 500 had its best June since 1955. The Dow posted its biggest June percentage gain since 1938, the waning days of the Great Depression.

Ajcon's view

At Ajcon, we believe the government with full majority will now have to focus on to boost consumption in the economy, ease liquidity in the system, focus on infrastructure development, fasten implementation of policy measures and create an environment to boost employment in the economy and make India vibrant to attract FDI in economy. However, on a long term basis, Indian equity markets are in a structural bull run as the benefits of implementation of GST, Insolvency and Bankruptcy code, digitization and a stable government coming back to power would augur well for the economy in the long run.

At present, we believe that most of the largecaps have rallied significantly. We believe there is huge value unlocking possible in beaten down quality midcaps and smallcaps. In addition, we believe investors should look at building long term portfolio in companies which have weathered the storm in different market cycles and delivered decent financial performance. The strategy at present should be invest in phased manner only in companies which have a robust business model, strong earnings and cashflow visibility, low debt, no pledge of promoter holdings and backed by quality management especially on the corporate governance front.

Dr. Ashok Ajmera, FCA



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