



CA (Dr.) Ashok Ajmera's Weekly Column as on March 07, 2024

In the midst of market volatility, cautious optimism prevails as indices soar to new heights.



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The Nifty 50 and Sensex concluded the week on a positive trajectory, attaining new all-time highs, amidst market volatility. However, the Nifty Small Cap Index closed on a negative note. The week also witnessed several IPO listings and openings for subscription. Despite the overall positive market sentiment, investor caution remains evident.

The top gainers in the Nifty 50 index were Bajaj Auto (up by 12.26%), Tata Steel (up by 11.64%), Tata Motors (up by 9.38%), HDFC Life (up by 6.86%) and Bharti Airtel (up by 6.80%). The major losers in the Nifty 50 index were Infosys (down by 3.43%), LTIMindtree (down by 3.36%), SBI Life insurance (down by 2.71%), Ultratech Cement (down by 2.22%) and M&M (down by 1.80%).

FII and DII activity

In the week gone by, FII were net buyers at Rs. 9,999.21 Crores and DII were net buyers at Rs. 10,084.46 Crores. In the previous week FII were net buyers at 23.4 Crores and DII were net buyers at 8,268.0 Crores. In the month of February 2024, FIIs had net sold equities worth Rs. 15,962.72 Crore and DIIs had net bought equities worth Rs. 25,379.30 Crore.

Sector Movement

Nifty PSU Bank was the outperforming sector of the week, closing at an all-time high during the week, up by 3.68%. Nifty Metal and Nifty PSE also saw decent momentum during the week. The worst performing sector was Nifty Small cap which was down by 2.18% & Nifty Media which was down by 1.56%.

Global Market and Major Developments

Bitcoin surged to an all-time high of \$69,210 ahead of the upcoming April halving event, a cyclical occurrence expected to reduce available Bitcoins and potentially drive prices higher. U.S. Federal Reserve Chair Jerome Powell said continued progress on inflation "is not assured," though the central bank still expects to reduce its benchmark interest rate later this year. China stocks hit over three-month highs after the country set its economic growth target at "around 5%" for 2024 during its "Two Sessions" meeting. The country will boost its defence spending by 7.2% in 2024. It expects the inflation rate to rise to "around 3%." OPEC+

announced on Sunday that the 2.2 million barrels per day of voluntary output cuts that were planned for the first quarter of this year will continue into the next quarter. The U.K. budget was presented by British Finance Minister Jeremy Hunt, and contained announcements on the abolition of non-domiciled tax status as well as a reduction in National Insurance.

Major Developments in Domestic Markets

1. Hero Motocorp sold 468,410 units in February, marking a 19% increase from the year-ago period.
2. Financial Intelligence Unit-India imposed a penalty of Rs 5.49 crores on PPBL, related to issues from a discontinued business segment two years ago.
3. Tata Motors announced plans to demerge into two entities, one for commercial vehicles and related investments, and the other for passenger vehicles and JLR.
4. The Reserve Bank of India debarred IIFL Finance from issuing fresh gold loans due to supervisory concerns and customer protection.
5. Wipro acquired a 27% stake in SDVerse, an automotive software marketplace platform with General Motors and Magna.

Particulars	Close (07/03/2024: Thursday)	Open (02/03/2024: Saturday)	Previous Close (01/03/2024: Friday)	Change (%)
Nifty 50	22,493.55	22,406.95	22,338.75	0.69%
Sensex	74,119.39	73,848.19	73,745.35	0.51%
Nifty Midcap 100	48,966.15	48,985.20	48,790.60	0.36%
Nifty Smallcap 100	15,709.00	16,116.70	16,058.95	-2.18%
Sectoral Indices				
Nifty Bank	47,835.80	47,377.45	47,286.90	1.16%
Nifty Auto	21,126.80	20,980.25	20,871.95	1.22%
Nifty IT	37,099.90	37,695.35	37,516.05	-1.11%
Nifty PSU Bank	7,341.25	7,101.80	7,080.75	3.68%
Nifty Fin Services	21,005.85	20,884.05	20,842.70	0.78%
Nifty Pharma	19,194.10	18,946.60	18,822.30	1.98%
Nifty FMCG	54,406.30	54,433.05	54,225.15	0.33%
Nifty Metal	8,371.30	8,259.55	8,208.50	1.98%
Nifty Realty	916.50	922.05	917.10	-0.07%
Nifty Media	1,988.35	2,040.75	2,019.90	-1.56%
Nifty Energy	40,301.80	39,792.75	39,707.10	1.50%
Nifty Private Bank	23,848.15	23,737.50	23,688.85	0.67%
Nifty Infra	8,329.30	8,265.40	8,243.95	1.04%
Nifty Commodities	8,480.05	8,380.55	8,353.85	1.51%
Nifty Consumption	10,021.00	9,918.35	9,883.70	1.39%
Nifty PSE	9,598.80	9,380.15	9,346.95	2.69%
Nifty Serv. Sector	28,225.10	28,087.10	28,015.80	0.75%
Nifty Healthcare	11,990.25	11,864.85	11,786.20	1.73%
Nifty Oil & Gas	11,768.25	11,746.30	11,715.40	0.45%
Nifty INDIA MFG	12,135.10	11,985.95	11,928.35	1.73%
US Indices				
Dow Jones	38722.70	38,968.77	39,087.39	-0.93%
S&P 500	5123.68	5,130.99	5,137.07	-0.26%
NASDAQ 100	18018.45	18,290.10	18,302.91	-1.55%
Commodities				
Gold (in Rs./ 10 gram)	66023	63,401	63,563	3.87%
Brent Crude oil	81.82	83.74	83.33	-1.81%



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6. Exicom Tele-Systems IPO saw a strong debut, listing at an 87% premium.
7. Platinum Industries listed at a 35% premium to IPO price on NSE.
8. Samvardhana Motherson sealed a Rs 3,931-cr block deal, with Japan's Sumitomo Wiring as the likely seller.
9. Zomato witnessed a Rs 3,112-crore block deal, with Antfin Singapore Holdings Pte as the seller.
10. Matrix Gas & Renewables raised Rs 350 crore in a pre-IPO round.
11. RBI curbed JM Financial from providing loans against shares and debentures, impacting IPO funding and subscriptions.
12. JSW Renew Energy Five Limited signed a battery energy storage purchase agreement with Solar Energy Corporation of India Limited.
13. Subex secured a five-year \$2.2-million deal from a telecom operator in Southeast Asia.
14. Jupiter Wagons bagged a Rs 957-crore order from the rail ministry.
15. The Government of India plans to sell up to 7% stake in NLC India via an offer for sale.
16. M&M saw a block deal worth Rs 2,184 crore, with a promoter as the likely seller.
17. Singtel sold Bharti Airtel stake worth Rs 5,849 crore to Rajiv Jain's GQG.
18. Gold started March on a positive note, with prices rising to a three-month high after muted economic data hardened expectations of a U.S. interest rate cut by June

Events in the Coming Week

Next week, several IPOs, including RK Swamy, JG Chemical, and Gopal Namkeen are among the IPOs scheduled for listing. Additionally, popular vehicles & services and Krystal integrated services open for subscription next week.

Ajcon Global's observations and view:

Short term view:

The stern action taken by the Regulators first on Paytm Bank & later on IIFL & JM Finance during the week gone by has dented the market sentiments. There is a fear in the market that a few more big players in non-banking finance space may also be under the close watch of the Regulators. The action on both the NBFCs may also impact the flow of funds through the gold loans and IPO funding (even in the SME space) impacting the markets further. On the top of it, It's time for general elections and the markets may remain volatile. Other Global concerns may also keep the markets under check.

As it is the markets are clearly in the overbought zone, so a cautious stance is recommended. We have been giving warning signals with regards to expensive valuation in small and midcap stocks. We continue to advise partial profit booking in blue chips which have given good rally in recent past and substantial profit booking in small and midcap stocks as any negative actions or news may bring them under pressure. In short run it is better to sit on cash to take advantage of corrections, which is imminent.

2) We suggest investors to remain stock specific and be wary of valuations of companies which are out of comfort zone especially in the smallcap pack. At the moment, specific companies in the sectors like FMCG, Auto, Auto ancillaries, Banking, NBFCs, Consumer Durables, Capital Goods, Defence, Engineering, Real Estate, Infrastructure space and Railways many of which have not yet caught the fancy of the market can be identified & added on decline.

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 & even the RBI has recently revised upward the GDP forecast for FY 24.

2) Structurally, Indian economy is poised to do well after major reforms implemented by the Government in last few years.

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