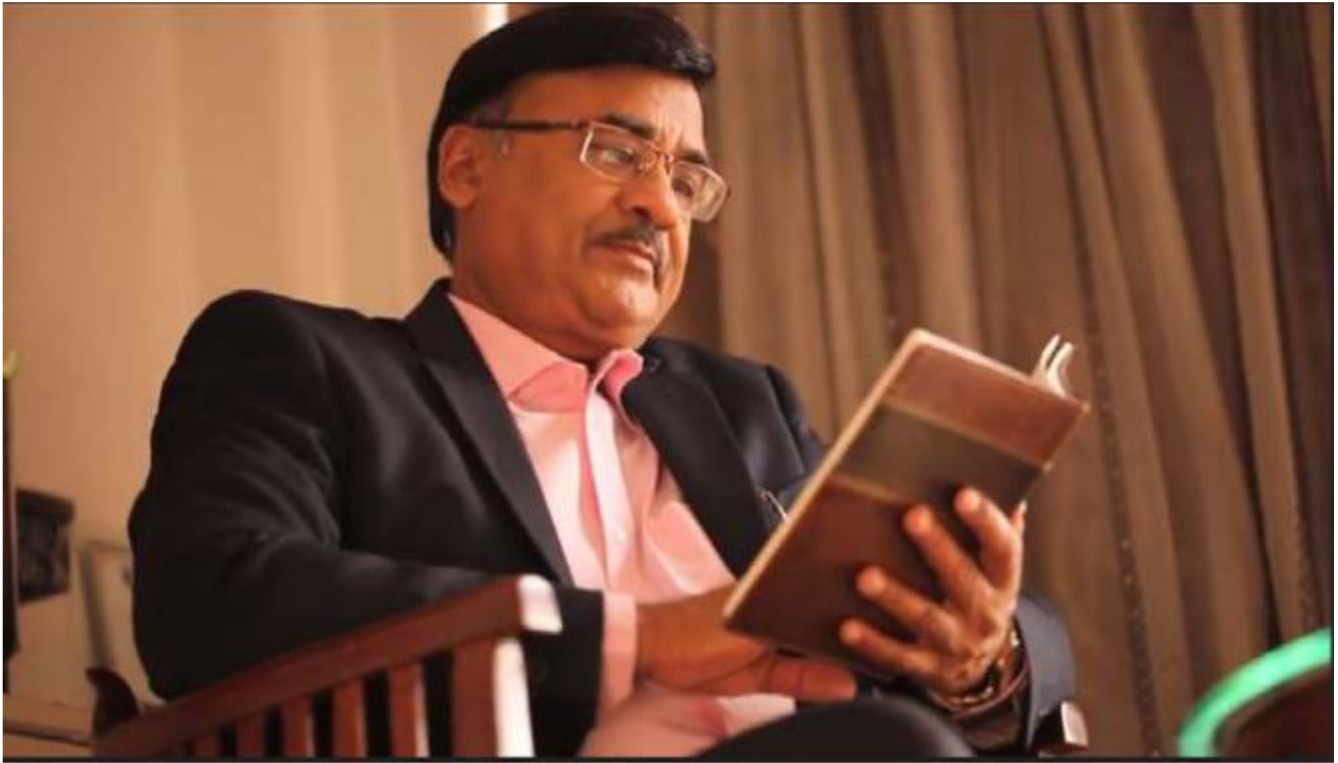




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**CA (Dr.) Ashok Ajmera's Weekly Column as on June 7th, 2024**

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**The outcome of the elections came different from the exit polls which sent the market nose diving, but witnessed recovery by the end of the week.**



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

The broader market saw major swings on in both directions in the week gone by mainly because of the confusion created by absolutely wrong exit poll results & later election results which were much less than market expectation. Later the assured support of the coalition partners which created 100% prospects of continuation of the current government, led to positive momentum.

The top gainers in the Nifty 50 index were M&M (up by 14.01%), Tech Mahindra (up by 12.41%), HUL (up by 10.68%), Wipro (up by 10.58%) and Hero Motocorp (up by 9.03%). The major losers in the Nifty 50 index were Adani Enterprise (down by 5.62%), BPCL (down by 4.46%), Larsen (down by 3.73%), Coal India (down by 2.45%), and Adani Ports (down by 4.07%).

### FII and DII activity

In the week gone by, FII were net sellers at Rs. 13718 crores and DII were net buyers at Rs. 5578.71 crores. In the previous week FII were net sellers at Rs. 7753.40 Crores and DII were net buyers at Rs. 14935.15 Crores. In the month of May 2024, FIIs had net sold equities worth Rs. 42214.28 Crore and DIIs had net bought equities worth Rs. 55733.04 Crore.

### Sector Movement

Nifty IT was the outperforming sector of the week, up by 8.60%. The worst performing sector was Nifty PSE down by 2.04%.

### Global Market and Major Developments

Australia's CoreLogic Home Value Index rose 0.8% month-on-month in May 2024, posting the 16th consecutive month of growth and the largest monthly gain since October last year. The Caixin China General Manufacturing PMI rose to 51.7 in May 2024 from 51.4 in April, surpassing estimates of 51.5. The ISM Manufacturing PMI unexpectedly edged lower to 48.7 in May 2024 from 49.2 in April, below forecasts of 49.6. Retail sales in the United Kingdom dropped 4.4% on a like-for-like basis in April 2024 from a year ago, defying expectations for a 1.6% growth as consumption was hit by wet weather and the early timing of easter. The seasonally adjusted number of unemployed people in Germany rose by 8 thousand from the previous month to 2.518 million in October 2022, below expectations of a 15 thousand additions. The Australian economy expanded 0.1% qoq in Q4 of 2023, easing from an upwardly revised 0.3% rise in Q4 and coming less than market forecasts of 0.2%. The value of new home loans for owner-occupied homes in Australia grew by 4.3% month-on-month to A\$ 18.49 billion in April 2024, easily exceeding market forecasts of 1.2% and accelerating from an upwardly revised 3.5% rise in the prior month. Australia's trade surplus on goods widened to AUD 6.55 billion in April 2024 from a downwardly revised AUD 4.84 billion in the previous month, surpassing market forecasts of AUD 5.40 billion, as exports fell less than imports. The European Central Bank held its deposit interest rate at -0.5 percent during its March meeting, surprising markets that had forecast a 10bps rate cut as the coronavirus outbreak hurts demand and business activity. The ECB lowered the three key interest rates by 25 basis points in June, in line with expectations, marking a shift from nine months of stable rates after inflation declined by more than 2.5 percentage points since September 2023. China's trade surplus widened to USD 82.62 billion in May 2024 from USD 65.55 billion in the same period a year earlier, surpassing market expectations of USD 73 billion.

### Major Developments in Domestic Markets

1. FII continued their selling in the month of May as they sold around Rs. 42214.28 crores but the market was supported by the buying done by DII in the tune of Rs. 55733.04 crores.

Particulars	Close (07/06/2024: Friday)	Open (03/06/2024: Monday)	Previous Close (31/05/2024: Friday)	Change (%)
<b>Nifty 50</b>	23290.15	23337.90	22530.70	+3.37%
<b>Sensex</b>	76693.36	76583.29	73961.31	+3.69%
<b>Nifty Midcap 100</b>	53194.70	53705.30	51705.70	+2.88%
<b>Nifty Smallcap 100</b>	17125.55	17420.55	16696.70	+3.11%
<b>Sectoral Indices</b>				
<b>Nifty Bank</b>	49803.20	50889.85	48983.95	+1.67%
<b>Nifty Auto</b>	25020.20	24159.70	23419.60	+6.83%
<b>Nifty IT</b>	35169.90	33114.70	32386.10	+8.60%
<b>Nifty PSU Bank</b>	7281.90	7756.35	7386.00	-1.41%
<b>Nifty Fin Services</b>	22165.80	22600.40	21718.30	+2.06%
<b>Nifty Pharma</b>	19587.00	19206.90	18796.30	+4.16%
<b>Nifty FMCG</b>	57953.35	55139.00	54107.35	+7.11%
<b>Nifty Metal</b>	9833.60	10195.60	9723.60	+1.13%
<b>Nifty Realty</b>	1069.50	1059.60	1019.40	+4.91%
<b>Nifty Media</b>	1970.65	1948.85	1870.40	+5.36%
<b>Nifty Energy</b>	40283.30	42628.30	40255.50	+0.70%
<b>Nifty Private Bank</b>	24706.90	25150.35	24224.10	+1.99%
<b>Nifty Infra</b>	8752.60	9072.70	8668.00	+0.98%
<b>Nifty Commodities</b>	9011.55	9348.55	8885.60	+1.42%
<b>Nifty</b>	11119.30	10758.00	10470.90	+6.19%
<b>Consumption</b>				
<b>Nifty PSE</b>	10296.30	11251.10	10511.10	-2.04%
<b>Nifty Serv. Sector</b>	29154.50	29282.20	28178.35	+3.46%
<b>Nifty Healthcare</b>	12047.75	12337.60	11795.10	+4.60%
<b>Nifty Oil &amp; Gas</b>	11696.65	12238.25	11625.00	+0.62%
<b>Nifty INDIA MFG</b>	14174.65	14201.50	13684.95	+3.58%
<b>US Indices</b>				
<b>Dow Jones</b>	38799.00	38709.99	38686.33	+0.29%
<b>S&amp;P 500</b>	5346.98	5297.15	5277.50	+1.32%
<b>NASDAQ 100</b>	19000.95	18666.72	18536.65	+2.50%
<b>Commodities</b>				
<b>Gold (in Rs./ 10 gram)</b>	71353	71467	71834	-0.67%
<b>Brent Crude oil</b>	79.47	80.64	81.28	-2.23%



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2. The election results came out much lesser than market expectation for the current regime. But, the signs of continuation of the current government led the market to bounce back from the lower levels.
3. RBI MPC meet which happened on Friday kept the repo rate unchanged and increased the FY25 GDP forecast to 7.2%. Which is considered as positive by the markets.
4. Bajaj Finance subsidiary Bajaj housing finance is all set to come out with its IPO.
5. Tata Motors announced the merger of Tata Motors Finance limited with Tata Capital Limited.

#### **Ajcon Global's observations and view:**

##### **Short term view:**

- 1) The major event of the Indian markets has concluded on an extremely volatile note. The final outcome of elections, though not as per market expectations, at least ensured the continuation of the current regime. As soon as the new Government is formed and the cabinet is announced the market will be back on track. This supported by the positive economic data and the upgrade in the GDP guidance by RBI is going to support the market going ahead.
- 2) As suggested by us in our last week's column to build the position in the market after the results are announced proved to be right as on the day of the actual results the market showed completely opposite reaction and became a gold mine for accumulating quality stocks at discounted price. Going ahead we advise picking up only the fundamentally good stocks.

##### **Long term view**

- 1) The year 23-24 was a happening year with the whole world looking at India for investment & many Fortune 500 Companies are planning to set up shop in India. 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 GDP growth is supporting the Governments and RBI's initiative in making India the 3rd largest economy. The continuation of the current government, though a coalition Govt., will bring in political stability and make India one of the best emerging markets to invest in. We expect the markets to continue rallying in 24-25 also. However, one needs to be stock specific.
- 2) Structurally, Indian economy is poised to do well after major reforms implemented by the Government in last few years, the speed of which will continue with the current regime indicated by exit polls to come back.

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