



CA (Dr.) Ashok Ajmera's Weekly Column as on February 23, 2024

In a week of stability and milestones, market confidence prevails amidst record highs and market activities.



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In a calm market week, the Nifty 50 reached a record high, signaling investor confidence. Notable IPOs and big block deals caught attention. DIIs kept up positive purchases, showing investor trust despite stable conditions. However, concerns remained about high valuations, especially in smaller stocks, prompting careful FII monitoring. Despite the calm, DIIs stayed ahead of FII sellers.

The top gainers in the Nifty 50 index were M&M (up by 5.14%), Grasim (up by 4.21%), ICICI Bank (up by 3.72%), Nestle (up by 3.67%) and Sun Pharma (up by 3.40%). The major losers in the Nifty 50 index were Hero Motocorp (down by 7.66%), Coal India (down by 7.52%), BPCL (down by 5.60%), Divis labs (down by 5.60%) and HDFC Life (down by 1.98%).

FII and DII activity

In the week gone by, FII were net sellers at Rs. 1939.40 Crores and DII were net buyers at Rs. 3532.82 Crores. In the previous week FII were net sellers at 6237.55 Crores and DII were net buyers at 8731.60 Crores. In the month of January 2024, FIIs had net sold equities worth Rs. 35,977.87 Crore and DIIs had net bought equities worth Rs. 26,743.63 Crore.

Sector Movement

Nifty Realty was the outperforming sector of the week, closing at an all-time high during the week, up by 4.08%. Nifty FMCG banks and Nifty Consumption also saw decent momentum during the week. The worst performing sector was Nifty IT & Nifty PSE which were down by 1.12%.

Global Market and Major Developments

The People's Bank of China (PBoC) slashed its reference for mortgages, the 5-year loan prime rate, by 25bps to 3.95% at the February fixing, more than market forecasts of a reduction of 15bps. It was the first rate cut since June 2023 and the largest since that rate was introduced in 2019, as the board ramped up efforts to spur credit demand and reverse a property downturn. China's new home prices dropped by 0.4% year-on-year in December 2023, faster than a 0.2% fall in the prior month. Canada's Core Inflation Rate MoM reported as 0.1% in Jan 2024 vs -0.5% in the previous release. South Korea's Business Survey Index (BSI) for the manufacturing sector fell in February 2024 from the prior month. Manufacturers reported a slow-down in domestic demands, raw material purchase prices, sales prices and profitability. The Bank of Korea (BoK) kept unchanged its base rate at 3.5% during the February meeting, as widely expected. Euro Area median consumer expectations for inflation over the next 12 months fell for a third consecutive month to 3.2% in December 2023, from an upwardly revised 3.5% in November. Nvidia adds \$277 billion in market cap on bumper Q4, beats Amazon to become 3rd most valuable US firm.

Major Developments in Domestic Markets

1. Defence Sector Boosted: Defence stocks surged as the Defence Acquisition Council approved capital acquisitions worth Rs 84,560 crore to enhance Armed Forces and Indian Coast Guard capabilities.
2. Qess Corp Demerger: Qess Corp announced a demerger into three independent entities - Qess Corp, Digitide Solutions, and Bluspring Enterprises - aimed at unlocking shareholder value.
3. Titagarh Rail Systems Order: Titagarh Rail Systems secured a Rs 170 crore order from the Defence Ministry for the procurement of 250 specialised wagons.
4. LIC Refund Orders: LIC received refund orders worth Rs 21,740 crore for the period 2012-2019, pursuing the remaining balance with the Income Tax Department.

Particulars	Close (23/02/2024: Friday)	Open (19/02/2024: Monday)	Previous Close (16/02/2024: Friday)	Change (%)
Nifty 50	22212.70	22103.45	22040.70	0.78%
Sensex	73142.80	72627.60	72426.64	0.99%
Nifty Midcap 100	49279.55	49437.50	49131.95	0.30%
Nifty Smallcap 100	16175.20	16292.55	16194.00	-0.12%
Sectoral Indices				
Nifty Bank	46811.75	46554.90	46384.85	0.92%
Nifty Auto	20621.35	20514.20	20423.45	0.97%
Nifty IT	38045.65	38526.95	38477.05	-1.12%
Nifty PSU Bank	7076.05	7165.35	7135.00	-0.83%
Nifty Fin Services	20677.10	20543.40	20472.75	1.00%
Nifty Pharma	19048.40	18938.7	18870.80	0.94%
Nifty FMCG	54337.75	53645.55	53518.60	1.53%
Nifty Metal	8047.75	8018.35	7976.45	0.89%
Nifty Realty	918.75	885.30	882.70	4.08%
Nifty Media	2164.30	2177.30	2164.80	-0.02%
Nifty Energy	39561.45	39866.10	39682.40	-0.30%
Nifty Private Bank	23430.85	23322.90	23240.90	0.82%
Nifty Infra	8170.70	8104.55	8077.75	1.15%
Nifty Commodities	8293.65	8356.30	8312.90	-0.23%
Nifty Consumption	9951.90	9847.00	9819.45	1.35%
Nifty PSE	9318.60	9478.15	9424.10	-1.12%
Nifty Serv. Sector	27961.05	27894.85	27809.55	0.54%
Nifty Healthcare	12159.00	12083.75	12039.05	1.00%
Nifty Oil & Gas	11756.30	11893.60	11854.10	-0.83%
Nifty INDIA MFG	11845.80	11746.70	11698.15	1.26%
US Indices				
Dow Jones	39131.54	38576.26	38628.00	1.30%
S&P 500	5088.79	4989.32	5005.56	1.66%
NASDAQ 100	17937.61	17591.17	17685.98	1.42%
Commodities				
Gold (in Rs./ 10 gram)	62345	61970	61878	0.75%
Brent Crude oil	81.66	83.05	83.22	-1.87%



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5. Rail Vikas Nigam Ltd's Order Book: RVNL's order book reached Rs 65,000 crore, with plans to explore projects in offshore markets such as Central Asia, the UAE, and Western Asia.
6. Balrampur Chini Mills' New Venture: Balrampur Chini Mills announced plans to invest Rs 2,000 crore over 2.5 years to venture into Polylactic Acid (PLA) manufacturing.
7. Minda Corporation's Equity Stake: Kotak Mutual Fund and Motilal Oswal Mutual Fund collectively purchased a Rs 324.96 crore equity stake in Minda Corporation.
8. Ramkrishna Forgings' North American Contract: Ramkrishna Forgings secured a \$220 million contract in the North American market, expanding its verticals into the forging sector.
9. Vibhor Steel Tubes IPO Listing: Vibhor Steel Tubes listed at a 181% premium to its IPO price.
10. Devyani International Stake Sale: A 4.4 percent stake in Devyani International changed hands in a block deal at a slight discount from the previous close.
11. Ashok Leyland's Green Mobility Plant: Ashok Leyland set up a green mobility-focused commercial vehicle plant in Uttar Pradesh.
12. Swan Energy's QIP: Swan Energy initiated a Rs 4,000-crore qualified institutional placement (QIP) for debt reduction and facility modernisation.
13. Whirlpool Promoter Stake Sale: Whirlpool promoter offloaded 24.7 percent equity to reduce debt.
14. HFCL Limited's European Expansion: HFCL Limited expanded into Europe by establishing an optical fiber cable manufacturing facility in Poland.
15. Raymond Realty's Project Launch: Raymond Realty launched its first project outside Thane, 'The Address by GS, Bandra'.
16. Sterlite Technologies' Partnership: Sterlite Technologies partnered with Lumos, a US-based company, to co-create fiber and optical connectivity solutions in the mid-Atlantic region.

Events in the Coming Week

Next week, Japan's Inflation Rate YoY data is due, offering insights into the economy. Juniper Hotels IPO lists on February 28th, followed by GPT Healthcare IPO on February 29th. Exicom Tele-Systems IPO opens on February 27th, highlighting opportunities in telecommunications. These events promise to impact market dynamics.

Ajcon Global's observations and view:

Short term view:

1) The 3rd quarterly results are behind us. While other Corporate results were a mixed bag, the Banking sector results mainly PSBs were encouraging, leading to continuous gain in the stocks and also a few bank took advantage of it and raised capital at much higher price than the last one. It's the time for general elections in India and the markets may remain volatile. Other Global concerns may also keep further rally under check. The market is clearly in the overbought zone, so a cautious stance is recommended. We have already given 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 results or news can bring them under pressure. It is always 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 identified & added.

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. suggest that economy is doing well.

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

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