



CA (Dr.) Ashok Ajmera's Weekly Column as on June 1st, 2024

The volatile month of May ended on a flat note with harsh swings in both directions. However the exit polls will give a positive direction to market.



CA (Dr.) Ashok Ajmera's Weekly Column

The broader market succumbed to the increased volatility because of the upcoming election results and witnessed considerable downside and volatility throughout the week. However, the exit polls will give a positive direction to market.

The top gainers in the Nifty 50 index were Divis Labs (up by 4.48%), Hindalco (up by 2.39%), Adani Ports (up by 1.98%), Bajaj Auto (up by 1.53%), Larsen (up by 1.20%). The major losers in in the Nifty 50 index were ONGC (down by 6.67%), Tech Mahindra (down by 6.12%), Wipro (down by 5.49%), Grasim (down by 5.11%), and TCS (down by 4.64%).

FII and DII activity

In the week gone by, 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 service sector was the outperforming sector of the week, up by 1.74%. The worst performing sector was Nifty IT down by 4.25% mainly because of the global selloff in IT sector.

Global Market and Major Developments

The Ifo Business Climate indicator for Germany was steady at 89.3 in May 2024, the same as a downwardly revised 89.3 in April, and well below forecasts of 90.4. Wholesale Prices MoM in Germany reported as 0.4% in Apr 2024 vs 0.2% in the previous release. Retail sales in Australia edged up 0.1% month-on-month in April 2024, compared with market consensus of 0.2%. The monthly Consumer Price Index (CPI) indicator in Australia increased by 3.6% in the year to April 2024, up from 3.5% in the previous month and above forecasts of 3.4%. The monthly retail sales balance from the Confederation of British Industry (CBI) in the United Kingdom, which measures sales compared to the prior year, rebounded to +8 in May 2024 from -44 in April, surpassing market forecasts of -24. The GfK Consumer Climate Indicator for Germany rose to -20.9 heading into June 2024 from a marginally revised -24.0 in the previous period, beating market forecasts of -22.5. The consumer confidence index in Japan dropped to 36.2 in May 2024 from 38.3 in the previous month and below market forecasts of 38.9. Annual inflation rate in Germany edged up to 2.4% in May 2024, compared to a three-year low of 2.2% in each of the previous two months, and in line with expectations, preliminary estimates showed. US crude oil inventories fell by 6.49 million barrels for the week ending May 24, 2024, following a 2.48 million barrel increase the previous week, according to the API's Weekly Statistical Bulletin. The seasonally adjusted estimate for total dwellings approved in Australia dropped by 0.3% month-over-month to 13,078 units in April 2024, missing market forecasts of a 1.5% growth while reversing from an upwardly revised 2.7% increase in the previous month, a preliminary figure showed. The economic sentiment indicator in the Euro Area rose to 96 points in May 2024, the highest in four months, compared to 95.6 in April, but slightly below forecasts of 96.2. The unemployment rate in the Euro Area hit a fresh record low of 6.4% in April 2024, down from 6.5% in each of the prior five months and slightly below market forecasts of 6.5%. The number of people claiming unemployment benefits in the US rose by 3,000 to 219,000 on the week ending May 25th, marginally above market expectations of 218,000. GDP Deflator in United States reported as 3.1% in Q1 2024 vs 1.7% in the previous release. The US economy expanded an annualized 1.3% in Q1 2024, below 1.6% in the advance estimate and 3.4% in Q4 mainly due to a downward revision in consumer spending. Japan's unemployment unexpectedly was at 2.6% in March 2024, the same pace as in the prior month. Retail sales in Japan rose 1.2% year-on-year in March 2024, slowing significantly from an upwardly revised 4.7% gain in February and coming in way below market expectations for a 2.5% growth. Industrial production in Japan increased by 4.4% month-over-month in March 2024, compared with flash data of a 3.8% rise and after a 0.6% fall in the prior month.

Particulars	Close (31/05/2024: Friday)	Open (27/05/2024: Monday)	Previous Close (24/05/2024: Friday)	Change (%)
Nifty 50	22530.70	22038.95	22957.10	-1.86%
Sensex	73961.31	75655.46	75410.39	-1.92%
Nifty Midcap 100	51705.70	52661.05	52424.45	-1.37%
Nifty Smallcap 100	16696.70	17000.55	16883.00	-1.10%
Sectoral Indices				
Nifty Bank	48983.95	45105.90	48971.65	+0.03%
Nifty Auto	23419.60	23972.40	23891.45	-1.97%
Nifty IT	32386.10	33914.45	33824.30	-4.25%
Nifty PSU Bank	7386.00	7387.55	7359.05	+0.37%
Nifty Fin Services	21718.30	21913.00	21852.30	-0.61%
Nifty Pharma	18796.30	19258.15	19119.50	-1.69%
Nifty FMCG	54107.35	55649.60	55449.15	-2.42%
Nifty Metal	9723.60	9997.75	9928.40	-2.06%
Nifty Realty	1019.40	1029.00	1023.65	-0.42%
Nifty Media	1870.40	1901.35	1897.00	-1.40%
Nifty Energy	40255.50	41842.65	41634.65	-3.31%
Nifty Private Bank	24224.10	24367.00	24303.50	-0.33%
Nifty Infra	8668.00	8899.85	8855.90	-2.12%
Nifty Commodities	8885.60	9194.70	9141.85	-2.80%
Nifty	10470.90	10778.50	10741.40	-2.52%
Consumption				
Nifty PSE	10511.10	10910.80	10825.90	-2.91%
Nifty Serv. Sector	28178.35	28786.85	28677.55	+1.74%
Nifty Healthcare	11795.10	12114.90	12043.50	-2.06%
Nifty Oil & Gas	11625.00	12031.75	11992.15	-3.06%
Nifty INDIA MFG	13684.95	14045.45	13972.25	-2.06%
US Indices				
Dow Jones	38686.33	39028.99	39069.60	-0.98%
S&P 500	5277.50	5315.91	5303.26	-0.51%
NASDAQ 100	18536.65	18855.10	18808.35	-1.44%
Commodities				
Gold (in Rs./ 10 gram)	71834	71595	71256	+0.81%
Brent Crude oil	81.28	82.05	82.11	-0.83%

Major Developments in Domestic Markets

1. FII continued their selling in the month of May as they sold around Rs. 42214.28 crores.
2. Swan Energy reported its earnings (Consolidated, YoY) Revenue up 50% to Rs 1,398 crore versus Rs 933 crore. Ebitda down 51% to Rs 118 crore versus Rs 238 crore. Margin at 8.4% versus 25.5%. Net profit down 11% to Rs 56 crore versus Rs 62 crore.
3. MTAR Technologies announced an 84.3% year-on-year (YoY) decline in its net profit for the fourth quarter of the financial year 2024 at Rs. 4.9 crore. The consolidated revenue for the quarter fell 27.2% YoY to Rs. 143 crore.
4. Tata Steel announced its January-March quarter results for fiscal 2023-24 (Q4FY24) reporting a drop of 64.8% in consolidated net profit at Rs. 554.6 crore, compared to Rs. 1,566 crore in the corresponding period last year. The revenue from operations fell 6.8% to Rs. 58,687.3 crore in the March quarter, compared to Rs. 62,961 crore in the year-ago period.
5. India's Gross Domestic Product for the fourth quarter of fiscal year 2023-24 grew at 7.8%. The full fiscal year real GDP growth provisionally stands at 8.2%.
6. In the central bank's latest annual report, the income in the financial year 2023-24 rose around 17% year-on-year to Rs. 2.76 lakh crore due to a significant rise in interest income from foreign securities. Interest income from foreign securities surged to Rs 65,327.93 crore in FY24 as compared to Rs 43,649.26 crore in FY23. Due to lower expenses compared to FY23 RBI was left with a surplus of Rs. 2.11 lakh crore which was transferred to the government as dividend.
7. Lakshmi Machine Works announced their Q4 results, revealing a decline in revenue by 25.51% and profit by 29.88% compared to the same quarter last year. The company also saw a decrease in revenue by 20.04% and profit by 33.2% when compared to the previous quarter.
8. The exit polls are suggesting return of NDA government led by the BJP with comfortable majority.

Ajcon Global's observations and view:

Short term view:

1) Volatile month of May has ended on flat note mainly because of the strong buying support by the DII against the heavy selling by the FII. India VIX continued its upward trajectory showing the effects of nation's big event whose results are going to be declared on Tuesday. The results season has ended and the overhang of election will end on Tuesday. The exit polls have suggested sufficient majority for the current NDA government and the above estimated GDP numbers will trigger the positive sentiments in the current nervous market. One should focus on selecting good fundamental stocks and building their position.

2) Considering the huge majority shown in exit polls for the current regime, the market will open with huge gap up on Monday which can be taken as an opportunity to book some profit. However, fresh position can be built up on declaration of results on 4th June if there is no major variation from the exit polls.

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 will bring in complete 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.

Disclaimer

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Ajcon Global Services Limited is a SEBI registered Research Analyst entity bearing registration Number INH000001170 under SEBI (Research Analysts) Regulations, 2014.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provides any assurance of returns to investors.

Individuals employed as research analyst by Ajcon Global Services Limited or their associates are not allowed to deal or trade in securities that the research analyst recommends within thirty days before and within five days after the publication of a research report as prescribed under SEBI Research Analyst Regulations, 2014.

Subject to the restrictions mentioned in above paragraph, We and our affiliates, officers, directors, employees and their relative may: (a) from time to time, have long or short positions acting as a principal in, and buy or sell the securities or derivatives thereof, of Company mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage.

Ajcon Global Services Limited is a fully integrated stock broking, investment banking, merchant banking, corporate advisory, commodity and currency broking Company. It may therefore have commercial relationship for the above said services with the Company covered in this Report. Ajcon Global Services Limited research analysts responsible for the preparation of the research report may interact with trading desk personnel, sales personnel and other parties for gathering, applying and interpreting information.

Ajcon Global Services Limited encourages independence in research report preparation and strives to minimize conflict in preparation of research report. Ajcon Global Services Limited or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither Ajcon Global Services Limited nor Research Analysts have any material conflict of interest at the time of publication of this report.

Ajcon Global Services Limited or its associates may have commercial transactions with the Company mentioned in the research report with respect to advisory services.

The information and opinions in this report have been prepared by Ajcon Global Services Limited and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of Ajcon Global Services Limited. While we would endeavor to update the information herein on a reasonable basis, Ajcon Global Services Limited is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Ajcon Global Services Limited from doing so. This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed.

This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Ajcon Global Services Limited will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Ajcon Global Services Limited accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Ajcon Global Services Limited or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

It is confirmed that CA (Dr.) Ashok Ajmera or any other Research Analysts of this report has not received any compensation from the company mentioned in the report in the preceding twelve months. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Ajcon Global Services Limited or its subsidiaries collectively or Directors including their relatives, Research Analysts, do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Ajcon Global Services Limited may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Neither the Research Analysts nor Ajcon Global Services Limited have been engaged in market making activity for the companies mentioned in the report.



AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

We submit that no material disciplinary action has been taken on Ajcon Global Services Limited by any Regulatory Authority impacting Equity Research Analysis activities.

Analyst Certification

I, CA (Dr.) Ashok Ajmera, research analyst, author and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. I also certify that no part of compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view (s) in this report.

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