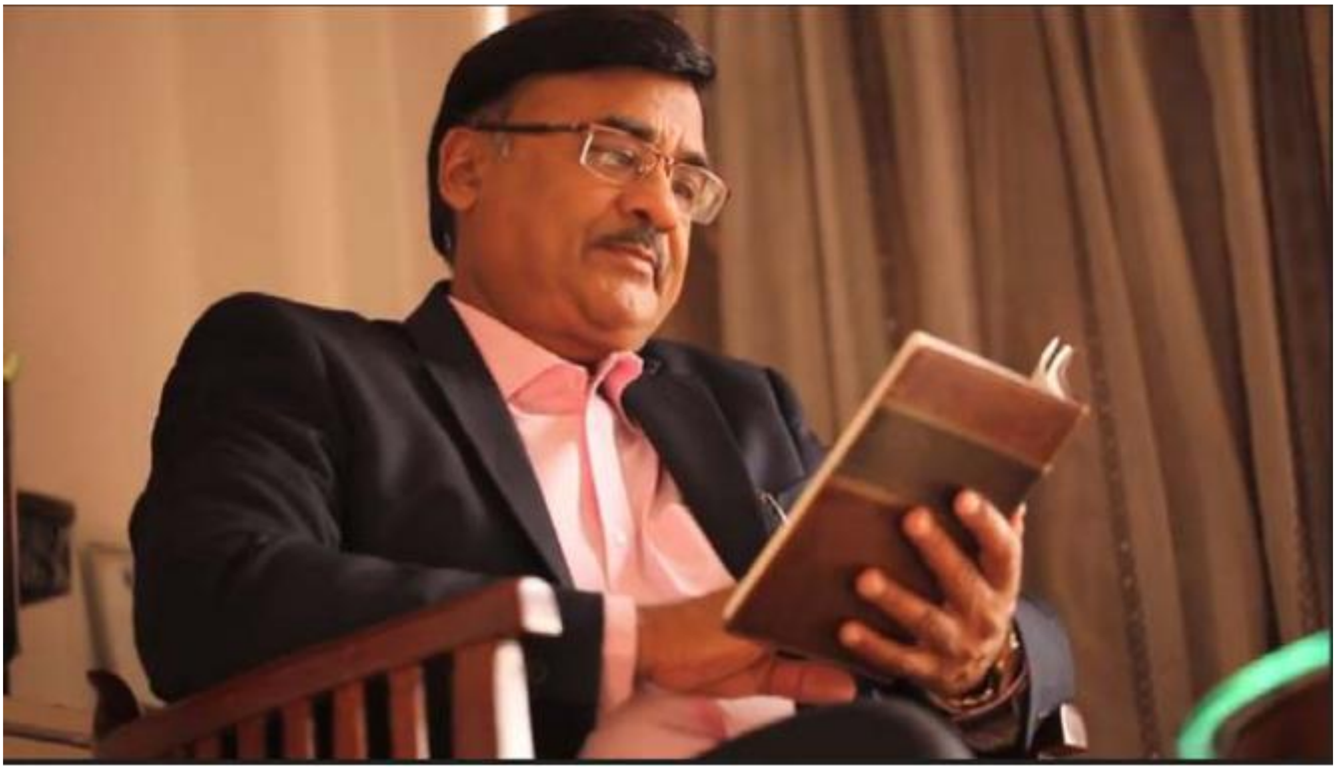

CA (Dr.) Ashok Ajmera's Weekly Column as on June 21st, 2024

The domestic markets saw a flat finish amid profit booking and volatile moves in both directions.

CA (Dr.) Ashok Ajmera's Weekly Column

Due to profit taking and fatigue in the markets, the local markets finished the turbulent week flat. While the Nifty Small Cap 250 Index had relatively larger gains of 1.2%, the Nifty 50 and Nifty Midcap 150 Index both concluded with minor gains of 0.2%.

The top gainers in the Nifty 50 index were ICICI Bank (up by 4.79%), Axis Bank (up by 8.77%), HDFC Bank (up by 4.31%), Adani Ports (up by 3.83%) and Kotak Mahindra (up by 3.40%). The major losers in in the Nifty 50 index were Hero Motocorp (down by 6.07%), UltraTechCement (down by 5.16%), Maruti Suzuki (down by 5.01%), Larsen (down by 4.14%), and Titan Company (down by 3.69%).

FII and DII activity

In the week gone by, FII were net buyers at Rs. 9102.87 crores and DII were net buyers at Rs. 9574.93 crores. In the previous week FII were net buyers at Rs. 2030.83 Crores and DII were net buyers at Rs. 6293.38 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 Private Bank was the outperforming sector of the week, up by 4.17%. The worst performing sector was Nifty Auto down by 2.45%.

Global Market and Major Developments

The Federal Reserve announced that industrial production had expanded 0.9% in May, well above consensus expectations and the fastest pace in nearly a year. Factories were also operating at 78.7% of capacity, a tick above expectations and the highest level since last November. The BoE left its key interest rate unchanged at a 16-year high of 5.25%. The headline inflation rate dropped to the central bank's target of 2% in May, down from 2.3% the month before. Core inflation, which excludes food and energy, eased to 3.5% from 3.9% in April. However, services inflation of 5.7% was higher than consensus expectations. The Swiss National Bank lowered rates by a quarter of a percentage for the second consecutive meeting, taking its policy rate to 1.25%. Private sector business activity in the Eurozone unexpectedly slowed in June as services lost momentum and manufacturing contracted more sharply, purchasing managers' surveys showed. expansion in business activity across Japan's private sector stalled in June, with the flash composite purchasing managers' index (PMI) compiled by au Jibun Bank falling to 50.0, from 52.6 in May. Separate data showed that Japan's exports surged 13.5% year over year in May, helped by weakness in the yen and solid increases in shipments to the US and China. China Industrial production rose a weaker-than-expected 5.6% in May from a year earlier, slowing from April's 6.7%. Fixed asset investment grew 4% in the calendar year to May compared with a year ago but eased from the January to April period as real estate investment declines deepened. Meanwhile, retail sales increased an above-consensus 3.7% in May from a year earlier and outpaced April's 2.3% gain. The nationwide urban unemployment rate remained steady at 5%.

Particulars	Close (21/06/2024: Friday)	Open (18/06/2024: Tuesday)	Previous Close (14/06/2024: Friday)	Change (%)
Nifty 50	23501.10	23570.80	23465.60	**+0.15%**
Sensex	77209.90	77235.31	76992.77	**+0.28%**
Nifty Midcap 100	55429.15	55421.20	55225.95	**+0.37%**
Nifty Smallcap 100	18235.05	18149.90	18043.60	**+1.06%**
		Sectoral Indices		
Nifty Bank	51661.45	50194.35	50002.00	**+3.32%**
Nifty Auto	25092.30	25844.70	25722.10	**-2.45%**
Nifty IT	35200.30	34696.00	34598.55	**+1.74%**
Nifty PSU Bank	7384.25	7493.65	7464.15	**-1.07%**
Nifty Fin Services	22991.55	22486.10	22411.95	**+2.59%**
Nifty Pharma	19528.40	19907.50	19895.65	**-1.85%**
Nifty FMCG	55990.10	57370.85	57225.85	**-2.16%**
Nifty Metal	9990.90	9957.30	9912.10	**+0.79%**
Nifty Realty	1131.90	1130.35	1129.10	**+0.25%**
Nifty Media	2039.65	2067.80	2057.85	**-0.88%**
Nifty Energy	40457.55	41353.50	41040.00	**-1.42%**
Nifty Private Bank	25811.35	24890.00	24777.05	**+4.17%**
Nifty Infra	8885.70	9086.55	9028.70	**-1.58%**
Nifty Commodities	9125.25	9255.70	9201.00	**-0.82%**
Nifty Consumption	11030.95	11268.70	11221.90	**-1.70%**
Nifty PSE	10605.05	10917.70	10804.90	**-1.85%**
Nifty Serv. Sector	29881.75	29394.50	29272.05	**+2.08%**
Nifty Healthcare	12424.50	12610.50	12613.00	**-1.49%**
Nifty Oil & Gas	11860.45	12194.50	12095.25	**-1.94%**
Nifty INDIA MFG	14528.85	14767.30	14683.35	**-1.05%**
		US Indices		
Dow Jones	39150.34	38565.18	38589.17	**+1.45%**
S&P 500	5464.61	5431.11	5431.61	**+0.61%**
NASDAQ 100	19700.43	19681.86	19659.80	**+0.21%**
		Commodities		
Gold (in Rs./ 10 gram)	71584	71672	71965	**-0.53%**
Brent Crude oil	85.01	82.47	82.56	**+2.97%**

Major Developments in Domestic Markets

1. Business activity in India expanded at a faster clip this month from May thanks to gains in manufacturing and services, according to a business survey that also showed the pace of job creation was at its strongest in over 18 years.
2. The State Bank of India on June 21 provided the Central government a cheque of Rs 6,959.29 crore as its dividend income for the financial year 2023-24, beating past year's payment record.
3. Indians' funds in Swiss banks plunge 70% to hit four-year low of Rs 9,771 cr.

4. The Indian economy is likely to remain the fastest-growing major one in coming years, but a majority of independent economists and policy experts polled by Reuters are not confident it will make any difference in narrowing stark economic inequality.
5. Ola Electric Mobility Ltd., India's largest electric scooter maker, is facing investor pushback on its targeted valuation for its upcoming initial public offering, according to people familiar with the matter.
6. RBI governor urges urban co-op banks to ensure proper loan underwriting, recovery practices.
7. India's forex reserves dropped by USD 2.922 billion to USD 652.895 billion for the week ended June 14, the Reserve Bank said.
8. India Infrastructure Finance Company Ltd plans to raise up to Rs 2,500 crore through bonds on June 24, money market sources said.

Ajcon Global's observations and view:

Short term view:

1) 1) The market is experiencing some fatigue with no clear direction from here on. In the week went by, the broader market witnessed moves in both directions, but stock specific action continued with midcap and smallcap pack performing well. In last 4 years post Covid from the Covid fall, stock specific activity has given much larger gains outperforming the Indices. While Nifty has given about 300% return from 7600 levels (Covid lows) to 23600 levels, many of the individual stocks have run up to 500 % to over 2000 %. This led to higher returns generated by most of PMS funds, Mutual Funds & other Schemes. But, now when the new Government is formed with a little different combination & things have settled down, it will be difficult for these funds to generate good returns from hereon. We therefore advise taking the money out from some of these funds & invest in direct equities in a few fundamentally good stocks and partially sit on cash.

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 & keep booking profits intermittently.

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 coming back to power

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