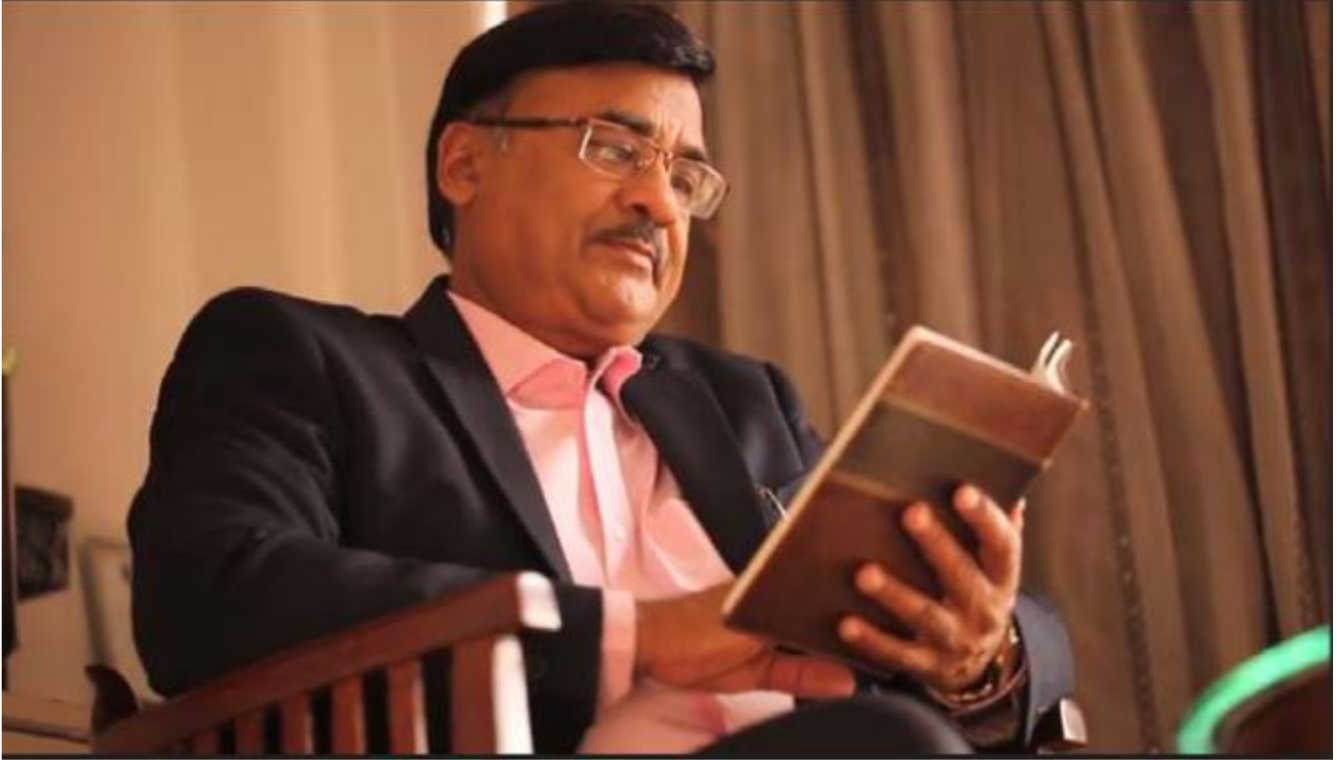




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CA (Dr.) Ashok Ajmera's Weekly Column as on June 28th, 2024

The domestic indices scaled to new all-time high in the week gone by and ended the highly volatile month on a positive note.



CA (Dr.) Ashok Ajmera's Weekly Column

The domestic broad market benchmarks had a great start to the week, but profit booking ended the winning run. Large-cap stocks spearheaded this week's modest bounce, which saw the Nifty 50 rise 2.2%. Conversely, while they crept a little higher, mid and small Caps saw modest performance: Nifty Midcap 150 gained 0.5%, and Nifty Small Cap 250 gained 0.4%.

The top gainers in the Nifty 50 index were Ultra Tech Cement (up by 9.43%), Grasim (up by 8.28%), Reliance (up by 7.65%), Dr Reddys Labs (up by 6.50%) and NTPC (up by 5.16%). The major losers in the Nifty 50 index were IndusInd Bank (down by 4.10%), Cipla (down by 3.94%), Eicher Motors (down by 3.56%), Tata Steel (down by 3.30%), and Coal India (down by 1.47%).

FII and DII activity

In the week gone by, FII were net buyers at Rs. 4622.19 crores and DII were net buyers at Rs. 7186.13 crores. In the previous week FII were net buyers at Rs. 9102.87 Crores and DII were net buyers at Rs. 9574.93 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 Energy was the outperforming sector of the week, up by 3.29%. The worst performing sector was Nifty Realty down by 2.40%.

Global Market and Major Developments

The US banking sector featured prominently in the headlines and drove the KBW Bank Index, a common benchmark for the sector, to a strong performance. The Fed's announcement that all 31 of the large US banks that the central bank assessed in its latest round of stress testing remained above their minimum capital levels, potentially allowing them to return capital to shareholders in the form of dividends and buybacks. The core PCE price index for May revealed a 0.1% increase in prices from April, with the exception of food and energy. The markets greeted the slowdown from April's upwardly revised 0.3% pace as a sign that a September Fed rate drop is more possible because Core PCE is the Fed's favoured measure of inflation. Slower increases in fuel and food prices drove the harmonized rate of inflation lower in France and Spain in June, according to preliminary data. In France, the annual rate fell to 2.5% in June from 2.6%; in Spain, inflation dropped from just over a one-year high of 3.8% to 3.5%. A rise in unemployment and an unexpected deterioration in business confidence highlighted the German economy's difficulty in overcoming stagnation. The jobless rate rose to 6.0% in June, the highest level in just over three years, from 5.9% in May. Confidence data in the Eurozone were mixed in June. The European Commission's economic sentiment indicator ticked lower to 95.9, which was below the 96.2 forecast by analysts in a Fact Set poll. The increase was driven primarily by services inflation and fanned speculation about BoJ policy normalization, as the central bank aims to reach its 2.0% inflation target in a sustainable manner. Separate data releases showed that both retail sales and industrial production grew by more than anticipated in May. China industrial profits at large companies edged up 0.7% in May from a year earlier, the National Bureau of Statistics reported, down from April's 4% gain. Turkey's central bank held its scheduled monetary policy meeting. As expected, the central bank kept its key interest rate, the one-week repo auction rate, at 50.0%.

Major Developments in Domestic Markets

1. Reliance's Jio, Bharti Airtel and Vodafone Idea, India's three largest telecom operators, raised their tariffs for the first time in three years, aiming to begin recouping the billions poured into 5G technology over two years.

Particulars	Close (21/06/2024: Friday)	Open (18/06/2024: Tuesday)	Previous Close (14/06/2024: Friday)	Change (%)
Nifty 50	24010.60	23382.30	23501.10	+2.17%
Sensex	79032.73	76885.65	77209.90	+2.36%
Nifty Midcap 100	55736.90	55309.65	55429.15	+0.56%
Nifty Smallcap 100	18317.70	18174.25	18235.05	+0.45%
Sectoral Indices				
Nifty Bank	52342.25	51280.25	51661.45	+1.32%
Nifty Auto	25200.60	25033.95	25092.30	+0.43%
Nifty IT	36157.50	35067.75	35200.30	+2.72%
Nifty PSU Bank	7365.95	7332.60	7384.25	-0.25%
Nifty Fin Services	23420.30	22833.80	22991.55	+1.86%
Nifty Pharma	19731.55	19511.85	19528.40	+1.04 %
Nifty FMCG	56756.85	55958.10	55990.10	+1.37%
Nifty Metal	9814.30	9912.85	9990.90	-1.77%
Nifty Realty	1104.75	1129.10	1131.90	-2.40%
Nifty Media	1992.35	2035.90	2039.65	-2.32%
Nifty Energy	41789.20	40297.95	40457.55	+3.29%
Nifty Private Bank	26075.50	25615.45	25811.35	+1.02%
Nifty Infra	9133.95	8845.10	8885.70	+2.79%
Nifty Commodities	9266.70	9090.25	9125.25	+1.55%
Nifty	11131.60	11000.10	11030.95	+0.91%
Consumption				
Nifty PSE	10685.50	10571.70	10605.05	+0.76%
Nifty Serv. Sector	30428.05	29685.55	29881.75	+1.83%
Nifty Healthcare	12576.25	12403.90	12424.50	+1.22%
Nifty Oil & Gas	12223.35	11837.25	11860.45	+3.06%
Nifty INDIA MFG	14622.10	14499.70	14528.85	+0.64%
US Indices				
Dow Jones	39118.87	39184.49	39150.34	-0.08%
S&P 500	5460.49	5459.58	5464.61	-0.08%
NASDAQ 100	19682.87	19648.23	19700.43	-0.09%
Commodities				
Gold (in Rs./ 10 gram)	71582	71716	71584	-0.00%
Brent Crude oil	84.86	84.27	85.01	-0.18%



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2. India's fiscal deficit, for the first two months of the current financial year that started April 1 stood at 506.15 billion rupees (\$6.07 billion), or 3% of the estimate for the whole year, government data.
3. Forecasts for a mild slowdown in India's fast-growing economy held steady in the first Reuters poll of economists since the ruling Bharatiya Janata Party lost its parliamentary majority in phased national elections that ended in early June.
4. India's markets regulator is considering easing certain disclosure norms for listed companies, ranging from related party transactions to large shareholders.
5. Growth in companies setting up global capability centres (GCCs) in India is set to accelerate sharply as it evolves from a low-cost back office location to a high-value innovation hub, said Lalit Ahuja, founder and CEO of consulting group ANSR.
6. UltraTech Cement, opens new tab said it is buying a stake worth up to US\$228 million in rival India Cements, intensifying a battle with the Adani group which is challenging its position as the South Asian nation's top cement maker.
7. Indian banks' capital position remains robust, supported by high profits, and their asset quality should further improve through March next year, a report released by the central bank.
8. Vedanta Resources will sell a 2.6% stake in Indian metals-to-oil firm Vedanta, to a group of institutional investors, the former said in a statement.

Ajcon Global's observations and view:

Short term view:

1) The market showed an excellent up move in the week gone by with broader market indices scaling to new all-time high, but stock specific action remained subdued during the week as the rally was supported by few major large cap stocks. Profit booking and churning should be continued at this juncture as it is imminent and the next major trigger will now be the Union Budget expected to be announced around last week of July which will set the tone for the market going ahead as it will give a clear direction about the sectors which are going to stay in government's focus. Sitting on cash when market is making new highs in each session though is difficult as investors but is definitely a mantra to avoid getting trapped in what can be a possible frenzy.

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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