

EYE POPPER: The Top 10 cities median Intercity distance is at par. However the Median speed at China's InterCity travels journey is 95 kmph, India has speed of 55 kmph, 76% lower than China.

MARKET ROUNDUP

September 05, 2023

Exhibit 01: Indian markets sold off from all time highs

Major Global Indices	Close	1M %	YTD %
NIFTY 50	19,253.0	-2.5%	5.8%
DJI	34,721.0	-2.4%	4.8%
NASDAQ	15,504.0	-1.8%	42.7%
FTSE	7,430.0	-3.5%	-1.7%
DAX	15,947.0	-3.0%	13.3%
CAC	7,312.0	-2.6%	11.0%
NIKKEI 225	32,498.0	-2.4%	25.9%
SHANGHAI COMPOSITE	3,119.0	-5.2%	0.1%
HANGSENG	18,382.0	-8.5%	-8.8%

Exhibit 02: Broader markets remain resilient despite pressure.

Indian Broader Market	Close	1M %	YTD %
NIFTY 500	16,924.0	-0.8%	9.0%
NIFTY MIDCAP 100	39,118.0	3.7%	23.1%
NIFTY SMALLCAP 100	12,243.0	4.6%	24.9%

Exhibit 03: Median and IT gains traction .

Sectoral Performance	Close	1M %	YTD %
MEDIA	2,293.0	11.2%	13.8%
IT	31,164.0	4.1%	8.4%
PHARMA	15,095.0	0.7%	20.3%
AUTO	15,670.0	-0.2%	23.7%
METAL	6,659.0	-1.5%	-3.3%
REALTY	558.0	-1.5%	28.0%
PVT BANK	22,921.0	-2.1%	4.2%
FMCG	51,092.0	-2.9%	15.6%
PSU BANK	4,467.0	-3.3%	2.7%
BANK	43,989.0	-3.6%	1.8%
ENERGY	25,722.0	-4.2%	-1.2%
OIL & GAS	7,729.0	-5.1%	-8.7%

Source: Ace Equity, Trading View, Prices as on August 31, 2023

Market Overview

- August saw Cool-off in Nifty:** Post hitting all time highs, Indian equities sold-off in august however the correction remained constrained to Index level as broader market structure remained firm and strong despite fall. The NIFTY Mid and small caps gained 3.7% & 4.6% respectively. The Nifty move was in sync with global major indices fell in the range of 2% to 8%. China market remained in pressure due to domestic problems. The FII sold INR 20,620 Cr while DII's bought in INR 25,016 Cr in Aug-23.
- Growth Slowed on Indian Inc Result:** The NSE listed companies reported 6% yoy growth in Q1FY24, which was less than long period avg of 11.6% largely on account of higher base of FY23. The growth was lowest from 2019 period. The no of companies witnessed positive growth fell down to 46% and negative growth companies increased to 54% out of NSE. The data was again lowest fro 2019 levels (except 2021 due covid base). The recovery in topline growth amid lower monsoon condition is key watch to maintain ongoing growth in Indian markets
- Inflation Picked:** RBI revised up inflation outlook for FY24 by 30 bps to 5.40%. The revision came in Q1,Q2 and Q3 qtrs. While Q4 is kept constant. The CPI inflation for July-23 came at 7.44%, largely due to pick up veggies and Pulses prices, the change in CPI is short and recent Govt. measures to aid in curbing elevated prices. Smoothing of inflation is constrained to recovery in monsoon conditions across nation.
- DXY & Crude Oil Strengthening:** DXY and CL climbs 1.74%/2.60% in last month, could put pressure on market in short term. Gold and Silver recovers from bottom. In Base metals, aluminum, Zinc, Nickel, Copper loosed 1.35%, 4.4%, 2.6%, 2.7% respectively. Natural gas gained 6.88% Aug-23.
- Monsoon Recovery Remains Crucial:** August-23 stood most dry month in last 123 years in India as the rainfall departed 40% from long period average. The state wise deviation was more sharper in Kerala (87%), Rajasthan (80%), Karnataka (74%), Maharashtra (58%), mostly high in Agri economies. Companies have prepared for upcoming festive season however, the rail fall deviation could temper demand in Agri economy leading to damage to broader consumption, Thus recovery of Rain conditions is crucial for healthy festive season. The deviation in south peninsula, Central India, East India stood at 17%, 10%, 16% and country as a whole remained at 9%.
- Elections to Keep Markets Volatile:** After Karnataka, Country is preparing for election in five major states as follows Madhya Pradesh, Chhattisgarh, Rajasthan, Telangana and Mizoram. Along with these, first half of 2024 to followed by general election. The news flows amid elections to keep markets volatile till the announcements of final results. Investors can utilized any volatile move to buy on dips.

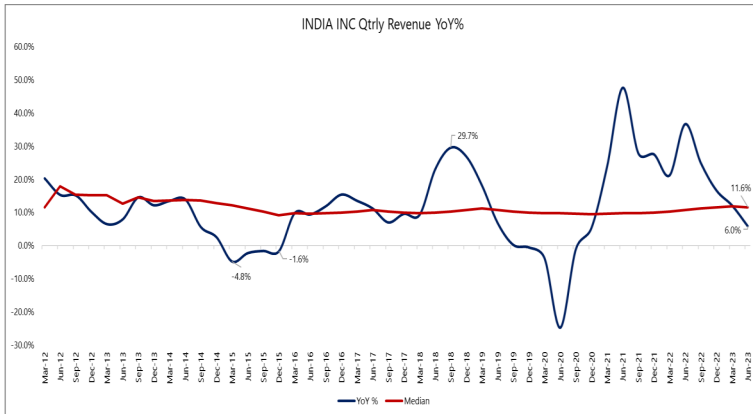
Outlook Ahead

- Keep Systematic Approach:** Many pockets of the boarder markets has appreciated healthy, giving disconnect with benchmark indices. We advice investors to keep systematic approach of investing and avoid lump-sum style.
- Large Caps could gain traction:** Large caps valuations are less departed from long period average, thus large caps could be attractive over Mid and small caps.

Key Development

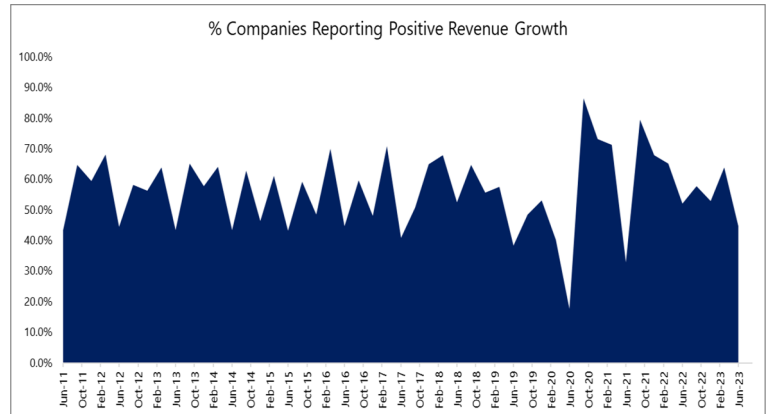
GST council has started decided to apply 28% tax on Online Gaming, Casinos and Horse Racing .

Exhibit 04 : India Inc Revenue growth (Q1FY24 yoy)



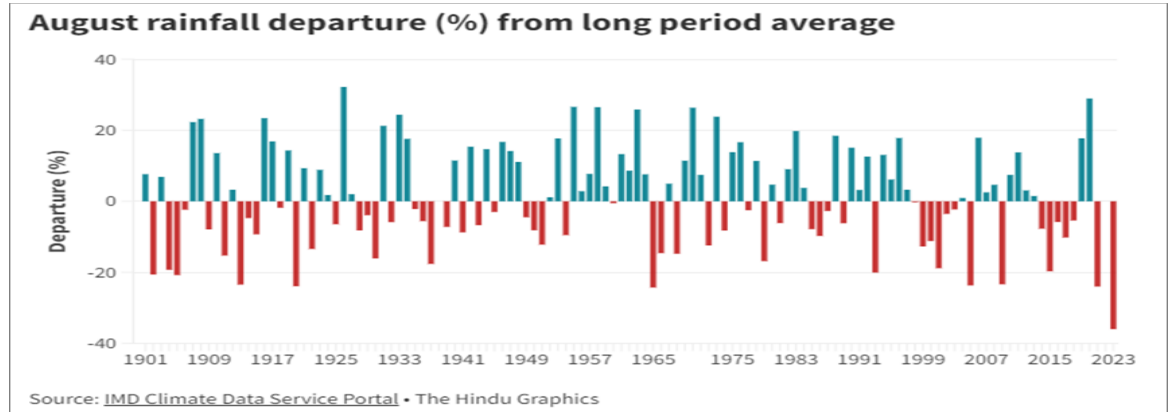
Source: Ace Equity, GEPL Capital Research

Exhibit 05 : % companies with Positive revenue



Source: Ace Equity, GEPL Capital Research

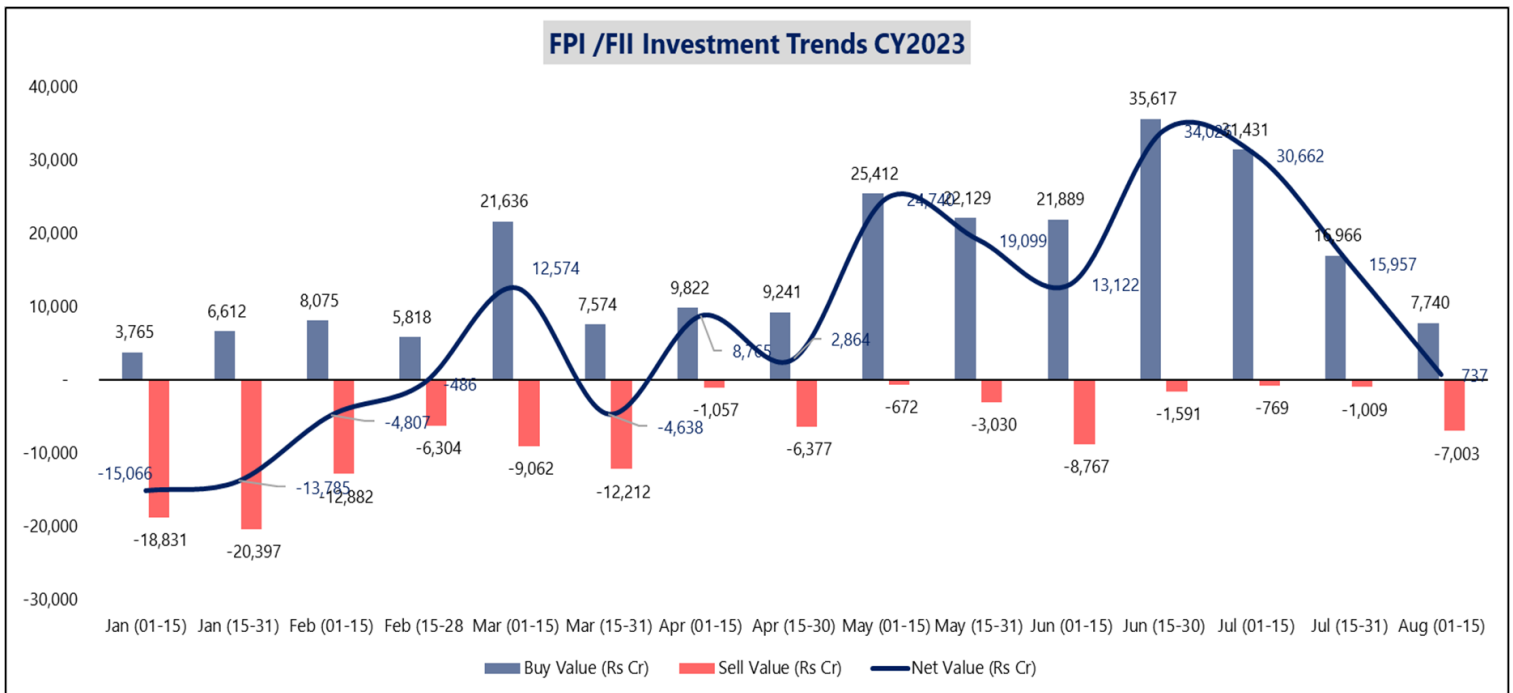
Exhibit 06 : August Rainfall departure from long period average



Source: The Hindu graphics

.....August-2023 remains most dry month in last 123 years of history.

Exhibit 07 : FPI Net Investment



Source: CDSL, GEPL Capital Research

.....FPI Investment trends cooled-off between June-23 to Aug first half.

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