

EYE POPPER: NSE's derivatives-to-cash volume ratio is the world's highest at 421x, surpassing Germany, the second-highest at 36x, by 12 times.

MARKET ROUNDUP

March 06, 2024

Exhibit 01: Nifty 50 hits fresh lifetime high

Major Global Indices	Close	1M %	CY23 %
NIFTY 50	21,982.8	1.2%	1.2%
DJI	38,996.3	2.2%	3.8%
NASDAQ	18,043.9	5.3%	8.3%
FTSE	7,667.7	0.7%	-0.9%
DAX	17,678.2	4.6%	5.0%
CAC	7,954.0	4.3%	5.1%
NIKKEI 225	39,166.0	7.9%	17.7%
SHANGHAI COMPOSITE	3,015.1	8.1%	1.4%
HANGSENG	16,511.5	6.6%	-3.6%

Exhibit 02: Sideways market continues in Broader market.

Indian Broader Market	Close	1M %	CY23 %
NIFTY 500	20,090.1	1.5%	3.3%
NIFTY MIDCAP 100	48,335.7	-0.5%	4.3%
NIFTY SMALLCAP 100	15,976.0	-0.4%	5.1%

Exhibit 03: PSU Bank came back strongly.

Sectoral Performance	Close	1M %	CY23 %
PSU BANK	6,929.5	10.5%	20.9%
OIL & GAS	11,457.3	6.8%	20.0%
REALTY	910.6	6.4%	16.5%
AUTO	20,412.4	6.2%	9.4%
PHARMA	19,003.1	5.9%	12.7%
ENERGY	38,838.0	5.7%	15.7%
IT	37,720.4	3.0%	6.3%
BANK	46,120.9	0.3%	-4.3%
METAL	7,921.9	-0.6%	-0.9%
FMCG	54,015.6	-1.9%	-5.4%
PVT BANK	23,104.7	-2.1%	-6.9%
MEDIA	2,050.0	-4.7%	-14.6%

Source: Ace Equity, Trading View, Prices as on February 29, 2024

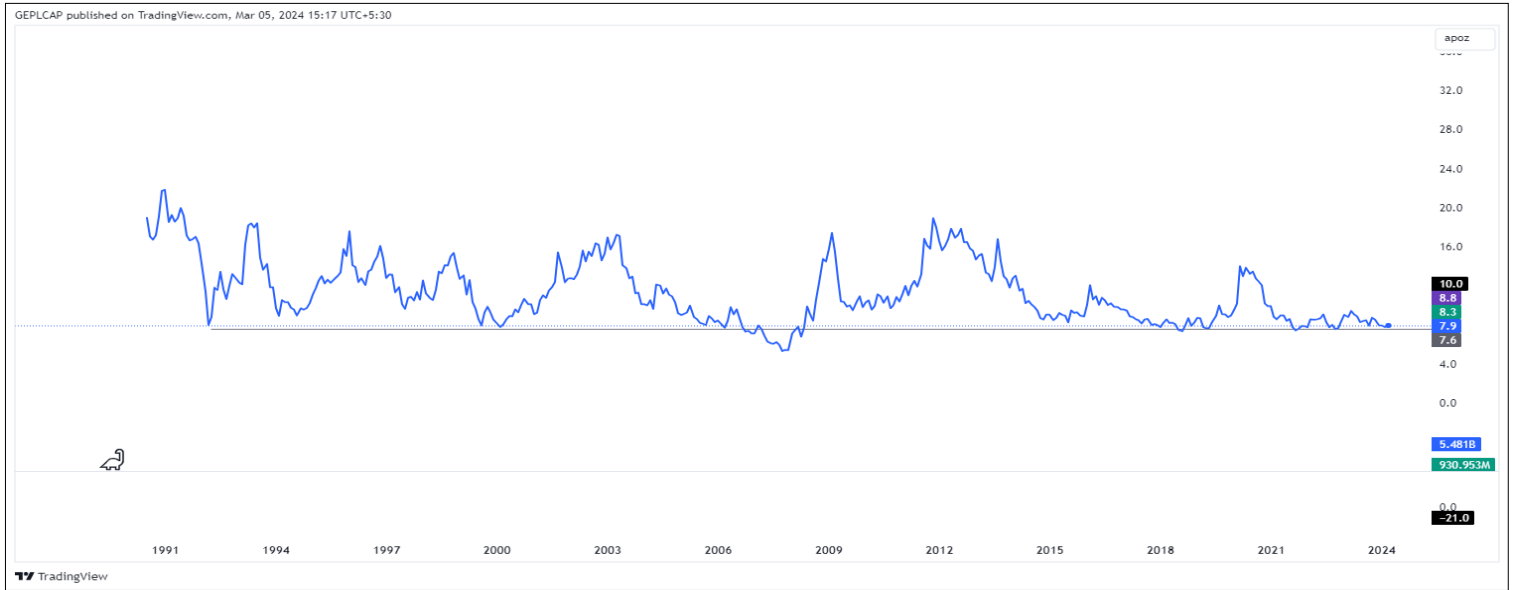
Market Overview

- NIFTY 50 Hits Fresh Life High:** Nifty hits a fresh lifetime high in the February Series at 22297.50 and ended month with a 1.18%, The move came after a doji in Feb Series and is in line with major global indices. Nasdaq and Dow Jones moved up 5.3%, 2.2%. While European market DAX/CAC posted robust gain of 4.6%/4.3%. SSE Composite came back strong and HangSeng saw recovery of 8.1%/6.6%. The FII sold INR – 15962.72 Cr while DII's continued purchase with INR 25379.3 Cr in Feb-24.
- Roaring GDP growth :** India's economy outperforms expectations by reporting 8.4% GDP growth in Q3FY24, surpassing the expectation of 6.6%. The growth was fueled by the Construction and Manufacturing sector by 11.6% and 9.5% respectively. Private Consumption remains muted at 3.6%. CPI inflation rate stands at 5.10% vs 5.69% in Jan-24. The GST collection rises to 12.5% YoY to 1.68 lakh Cr in Feb 2024. The Unemployment rate declined to 6.5% in Q3FY24 vs 7.2% in Q3FY23. The repo rate stands at 6.5% in Feb 2024. The PMI Index touched 5 month high of 56.9 points vs 56.5 Points on Jan-24.
- Bullions & Nifty:** Bullions moving healthy with Gold leading the way. With a favor of Gold/Nifty Ratio to the yellow metal, The Gold/Nifty ratio is at multi year low and street anticipated Fed rate cut can fuel the rally in bullions. we expect Gold to continue recent performance and remains bullish on bullions.
- Mixed bag in Commodities:** Gold & Silver remained flat, closed -0.27%/-1.34% in Jan -24 respectively. DXY gained 0.61% to close at 104, crude oil gained 3.17%. The Base metals aluminum, Zinc, Nickel loosed -2.24%, -4.71%, -0.83%, Copper gained 4.80% respectively. Natural gas lost -11.34% in Feb-24.
- Outlook Ahead**
 - Bank Nifty to Support the Nifty 50 index:** The Nifty 50 trading at 1 yr forward PEX of 20.3x and is inline with historical median of 20x. The Bank Nifty 1 yr forward PB trade at 1.86x vs historical median of 2.52x with a 26% discount. The relative underperformance combine with Median valuations establishes Bank nifty as Spinal Cord of Index. The Global rally in equities to have positive influence on Nifty50.
 - Resurgence in Crypto:** major Crypto currency Bitcoin reclaimed its all time high at 60k mark, the action see in broader crypto as well. The global Rally in risky assets underlines the Risk-on environment across assets class.
- Weakness in El Nino:** The IMD expects abundant rainfall in CY24 due to a weakened El Niño effect. They anticipate a neutral impact of El Niño in India, predicting better rains than FY23. The rainfall, is crucial for the agriculture sector, contributing 14% to the GDP and employing over half of the 1.4 billion population. The IMD will announce the first monsoon prediction on Apr-24.
- PVT Bank to lead Way:** Recollecting from the Mar-22, from where the Bank Nifty performed robust, The Underperformance of Nifty Bank relative to Nifty now has came down the level of mar-22. The Bank Nifty Index is trading at 26% discount to 1yr Forward Price to Book of 1.86x vs 2.52x (10 Yr Median). Heavy Weight Private players such as HDFC Bank, Kotak Bank are trading at 30-35% discount to 10 Yr Median PB, The Relative underperformance combined with discount multiple offers healthy headroom for Bank Nifty.

Key Development

AMFI Asks Funds house to disclose more on Risk matrix of Small and Mid cap Portfolios.

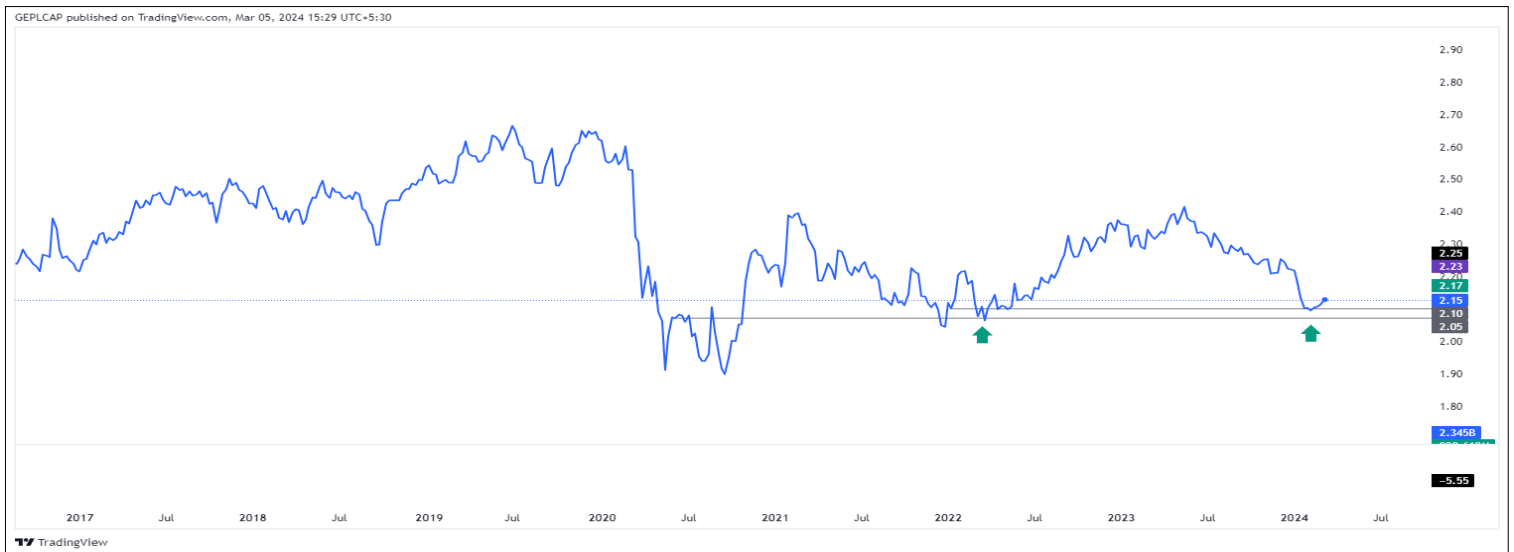
Exhibit 04 : Gold to Nifty Ratio



Source: Bloomberg, GEPL Capital Research

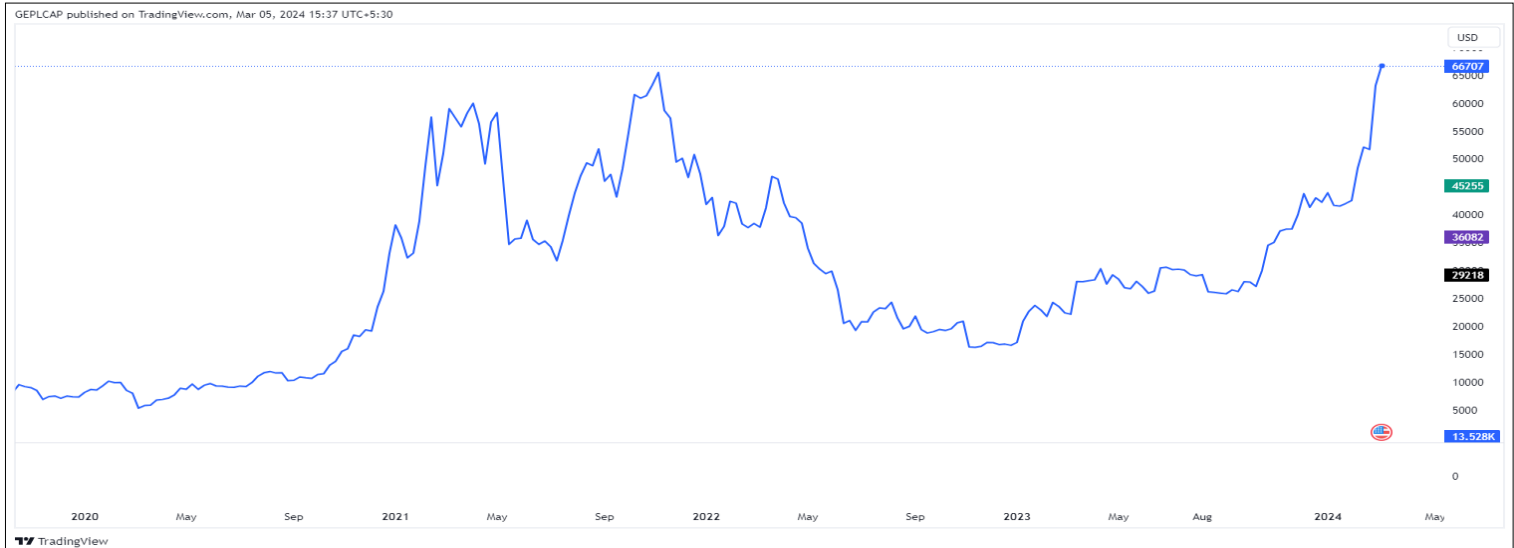
..... Gold/Nifty ratio favors Yellow Metal.

Exhibit 05: Bank Nifty relative to Nifty



..... Bank Nifty Relative Performance at Crucial Level.

Exhibit 06: Bitcoin Hits Lifetime High



..... Bitcoin achieves Lifetime High.

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