

**EYE POPPER:** At 48 hrs. a week, Indian are 6th Most hardworking people globally and remains fasted growing economy at 8.7% GDP growth rate with current 5 day 9 hrs. model.

(Source: ILO)

# MARKET ROUNDUP

November 06, 2023

Exhibit 01: Indian markets sold off from all time highs

Major Global Indices	Close	1M %	YTD %
NIFTY 50	19,079.9	-2.8%	4.8%
DJI	33,052.9	-1.4%	-0.3%
NASDAQ	14,374.7	-2.1%	32.3%
FTSE	7,327.0	-3.4%	-3.1%
DAX	14,810.0	-3.8%	5.3%
CAC	6,900.0	-3.1%	4.8%
NIKKEI 225	31,364.0	-1.5%	21.5%
SHANGHAI COMPOSITE	3,018.8	-3.0%	-3.1%
HANGSENG	17,112.0	-3.9%	-15.1%

Exhibit 02: Mid cap saw pressure while smallcaps recovered.

Indian Broader Market	Close	1M %	YTD %
NIFTY 500	16,801.0	-2.8%	8.2%
NIFTY MIDCAP 100	38,877.0	-4.1%	22.3%
NIFTY SMALLCAP 100	12,649.0	-0.8%	29.1%

Exhibit 03: Realty showing healthy traction .

Sectoral Performance	Close	1M %	YTD %
REALTY	603.0	4.8%	38.3%
FMCG	51,262.6	-0.7%	16.0%
AUTO	15,916.2	-1.7%	25.6%
ENERGY	26,785.8	-2.0%	2.9%
MEDIA	2,199.1	-3.1%	9.1%
OIL & GAS	7,609.5	-3.7%	-10.1%
PVT BANK	22,235.3	-3.8%	1.1%
IT	30,582.5	-3.8%	6.4%
BANK	42,845.9	-3.9%	-0.8%
PHARMA	14,683.6	-4.8%	17.0%
METAL	6,452.5	-5.7%	-6.3%
PSU BANK	4,934.3	-6.2%	13.5%

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

## Market Overview

- Nifty Touched 200 day average:** Nifty felled sharply post Oct mid amid adverse developing macro settings, the nifty touched 18837 near 200 EMA on the downside. The move was in sync with world indices as global market felled due elevated interest rates & weakening sentiments. USA market loosed grip as Nasdaq & DJI lost -2.1%/1.4% respectively. European market remained in pressure as DAX/CAC/Nikkei felled 3.8%/3.1%/1.5%. The FII sold INR 26,056 Cr while DII's bought in INR 25,105 Cr in Oct-23.
- K Shape Growth in Realty:** Indian real estate sector witnessing K-Shape growth as premium luxury housing category has seen robust growth while affordable housing segment has reported degrowth amid elevated borrowing cost. The recent Knight Frank data shows MMRs real estate market reported 10 yrs highest growth as it sold 10523 properties in Sep-23, 25% surge in registrations and 15% revenue growth compare to previous year, rising income levels and the positive inclination towards bigger homes driving the growth says Knight frank.
- Inflation Picked:** Unemployment ratio in Sep-23 stood at 7.1% vs 8.1% previous showing decline, the CPI inflation index growth rate for Sep-23 reported at 5.02% vs 6.83% previous, and the GDP growth rate is expected to be in the range of 7.0% in Q2Y24. GST Collection for Oct-23 gained 2nd highest position with INR 1,72,003 Cr.
- Commodity Check:** Gold & Silver gained momentum of 5.8%/2.6% in Oct-23 respectively. DXY continued its winning streak with marching towards 107, crude oil loosed -10%. The Base metals, aluminum, Zinc, Nickel, Copper dropped 2.6%, 5.7%, 2.7%, 2.1% respectively. Natural gas gained 22.5% Oct-23.
- Yield returning towards Normalcy:** The US 10 Yr and 02 Yr Short term bond yield differential started returning towards normalcy as differential drops to -0.53% , 52 week high, Historically, when the inverted yield curve normalizes, it has caused Dow Jones index turbulence. The current process of normalization, with a smaller yield differential, has put pressure on Dow Jones prices. Bond rates led the Fed funds rate until October 2022, but short-term rates remained low after the SVB crisis.
- Fed Chair Speech Brings Hope ?:** As expected by street, The Federal reserves kept key interest rate constant at 5.5%, however the speech this time was interpreted as little dovish that previous ones, and thus reflected in the recent run-up in tech stocks rally. The US unemployment rate experienced a slight increase, falling just 0.1% below the 4% threshold. In addition, remarks from Federal Reserve official Barkin diminished the likelihood of interest rate cuts. The Chairman is seem to be happy with ongoing decline in inflations and Non-Farm Payrolls, and this has brings rally in emerging markets as well.

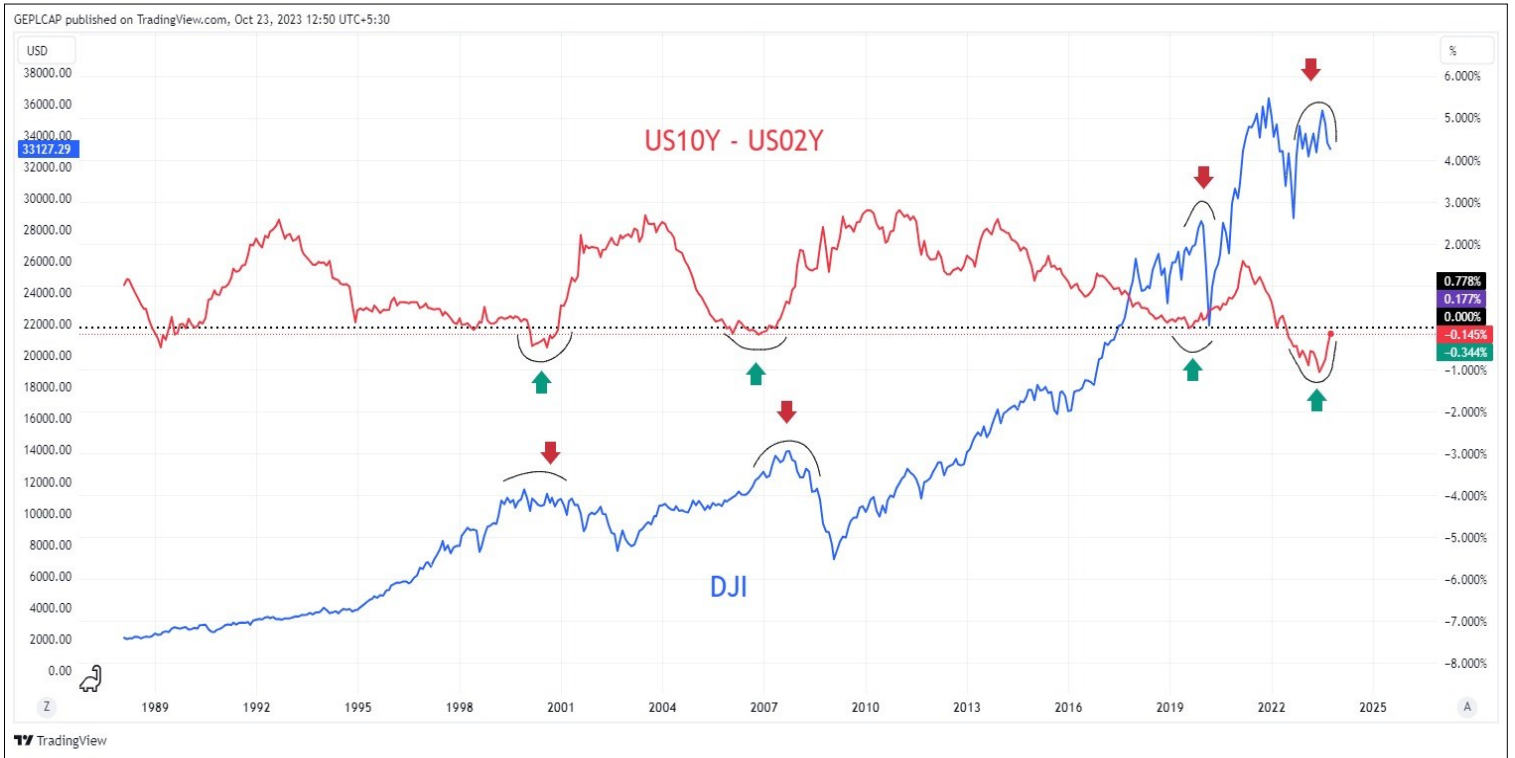
## Outlook Ahead

- Finance Counters looks good:** Q2FY24 results have come modest, banks have reported NIMs compression however the credit growth remains robust and valuations are attractive compared to historical avg.
- Selective Approach in Mid Small Caps :** Mid-Small Caps trades at premium hence selective approach is suggested at current juncture.

## Key Development

**Top 100 Listed company will have to clarify on rumors within 24 Hrs.**

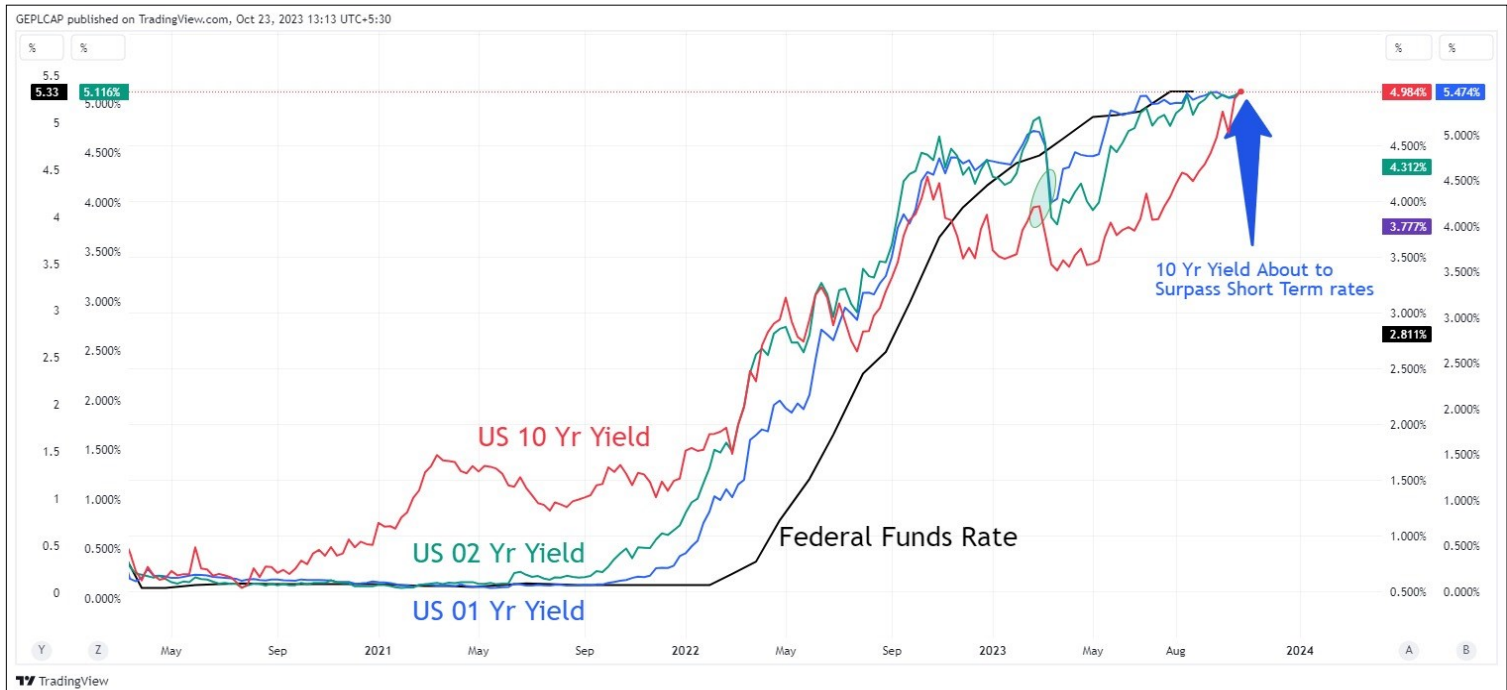
Exhibit 04 : US Yield Differential and DJI correlation



Source: The Hindu graphics

.....DJI holds correlation with US Yield differential, Historically, The period of Normalization of Inverted yield curve (a case wherein long term rates < short term rates) as resulted turbulence in Dow Jones index.

Exhibit 05: US G-sec yields



Source: Trading view, GEPL Capital Research

.....Bond rates were running ahead of Fed funds rate till Oct-22, however the short term rates remained muted post SVB crisis.



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