

# MONTHLY OVERVIEW

Apr-24

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### Key Observations of Mar 2024

For fourth consecutive year since the covid fall in 2020, Nifty managed to close the month of March on a positive note while it also made a fresh all time high above 22500 levels. The overall bullish momentum was sustained on the back of positive sentiments related to the election season. Global rating agency Moody's raised India's GDP growth projection for 2024 calendar year to 6.8 per cent which is up from the 6.1 per cent earlier. The increase in estimate was attributed to India's robust economic performance in 2023 and diminishing global economic challenges.

### The Marco highlights during the MAR month were:

- India's merchandise exports were up 11.9% in February 2024 at \$41.40 billion, the highest in the last 1 year, despite the headwinds from the Red Sea crisis. The growth in goods shipments was the highest since June 2022. This was also the third month in a row when the merchandise trade deficit was below the \$20 billion mark. More gratifying was the services trade surplus for the month, which almost wiped out the merchandise trade deficit, leaving a net deficit of just about \$1.95 billion, easing pressure on CAD.
- India retail inflation for the month of February 2024 came in almost flat at 5.09%, compared to 5.10% in January 2024. While core inflation was 30 bps lower at 3.3%, the pressure came from food inflation, which spiked by 36 bps to 8.66% for the month. Food inflation was sticky in rural and urban areas. In the food basket, most of the inflation pressure came from vegetables, pulses and the high protein items like eggs and meat products. This marked the 53rd month in a row when the headline inflation stayed above 4%.
- CNG prices have been cut in India in line with the fall in global CNG prices, but analysts do not expect any major impact on the profitability of listed CGD (city gas distribution) players like IGL and MGL. Since the global prices are also down, the net margins of these companies are likely to remain neutral. It may be recollected that both IGL and MGL had cut CNG prices by Rs2.50 per KG last week. Prices of CNG in the global market have been trading at \$9/MMBTU in the fourth quarter (Q4), compared to \$15.2/MMBTU in Q3.
- Despite the strong GDP showing in Q3 at 8.4%, CRISIL remains cautious and expects the GDP growth to moderate in FY25. The second advance estimate by the NSO has pegged full year GDP growth at 7.6%, but now experts believe that even that may be conservative. CRISIL believes that the lag effect of higher rates in the economy and its impact on the cost of funds for corporates, could actually hit growth in FY25. Also, the focus on lowering the fiscal deficit would mean that the fiscal boost will be curbed.
- Market cap of 7 out of the 10 most valuable companies in the Nifty added total value of Rs65,302 crore during the week. Among the big gainers, TCS added Rs19,881 crore after the Jefferies upgrade. Other value accretions of the week included ICICI Bank Rs15,673 crore, SBI Rs12,182 crore, HDFC Bank Rs7,178 crore, Hindustan Unilever Rs5,052 crore, Bharti Airtel Rs4,524 crore, and ITC Rs811 crore. Among the market cap losers were LIC at Rs19,892 crore, Infosys Ltd at Rs9048 crore and Reliance at Rs3,720 crore. Index was up during the week.
- According to ICRA, aggregate revenues of 579 listed companies for Q3FY24 rose 3.7%. Sectors supporting positive growth included airlines, hotels, automotive, and FMCG. While there was a steady improvement in demand during festive season, revenues were curtailed by fall in price realizations. However, India Inc reported 171 bps expansion in operating margins to 17.2% in Q3, on the back of softening input costs. Revenue growth is likely to slow in Q4FY23 on a higher base and restrictions of election code of conduct.

## **SECTORIAL UPDATES**

### **SUGAR:**

- In first half of sugar cycle year 2023-24, Indian sugar output fell marginally by 0.64% to 280.79 lakh tonnes. This is as of March 15, 2024, with seven and a half months of the sugar cycle year left. Data was reported by Indian Sugar Mills Association (ISMA). Among the major sugar producing states, Uttar Pradesh saw a spike in sugar production at 88.40 lakh tonnes against 79.63 lakh tonnes last year. Sugar output in Maharashtra fell by 1.4% to 100.50 lakh tonnes. Karnataka sugar output also declined this year.

### **OIL MARKETING COMPANIES:**

- OMCs like IOCL, BPCL and HPCL announced a price cut of Rs2 per litre for petrol and diesel. The change comes just ahead of general elections and will be effective from March 15, 2024. The reduction in petrol and diesel prices is likely to boost spending and also keep inflation in check; especially with retail inflation consistently at over 5% in recent months. It may be recollected that fuel prices had been left unchanged since May 2022 despite the sharp vagaries in fuel prices. OMCs are still facing under-recoveries in diesel despite falling prices.

### **INSURANCE:**

- Indian insurance sector received over Rs54,000 crore as foreign direct investment (FDI) in last 9 years. This was driven by the liberalization of overseas capital flow norms by the government. It may be recollected that the government had raised the permissible FDI limits in 2 tranches; from 26% to 49% in 2015 and then from 49% to 74% in 2021. The permissible limit is 100%, although any stake beyond 74% requires the approval of the Cabinet Committee on Economic Affairs (CCEA) chaired by the prime minister.

### **PSU BANKS:**

- The Ministry of Finance directed all PSU banks to review their gold loan portfolios for compliance with the regulatory norms. Recently, the RBI had pulled up several NBFCs for lapses in compliance in IPO funding and in gold loans. Some of these anomalies pertain to the collection of fees and interest and closure of gold loan accounts. In many cases, the gold collateral was also insufficient and did not meet LTV norms. There has been a surge in gold funding demand due to the elevated prices of gold and easy gold loans.

### **SECTORIAL SNAP SHOT**

During the month of March, majority of the sectors witnessed a strong continuation of the bullish momentum except IT and Realty. Auto, and Metal ended up as the top gainer around 5% rises on monthly basis. On the other hand IT stocks witnessed a healthy profit booking along with the Realty, Pharma sector which eventually closed in red.

### **INSTITUTIONAL ACTIVITY:**

- March month, FIIs were bullish in the cash market with a buying of Rs 3,314.47 Cr compare to last month they were sellers of Rs 15962.72 Cr. and, Domestic Institutional Investors were buyers for Mar month as they buy worth Rs 56,311.60 Cr as compare to previous month they were buyers of 25,379.30 cr.



### Nifty Outlook for the Month of April 2024

During the month of March 2024, the index continued to trade with a positive bias for the fifth consecutive trading month. The index registered new all-time high levels at 22526.60 and closed above 22300 marks. The overall month-on-month index was up by +1.57% at 22326.90 levels.

Technically, the month saw a lackluster move with sideways action; the month saw an intraday dip below the 21900 mark, which triggered a negative bias. Further, as per the weekly chart, a distribution was seen on March 11<sup>th</sup>, suggesting an immediate top is in place and the RSI oscillator is trading lower, confirming the same. In the daily time frame, the index has met with support at 50 SMA and is currently bouncing back.

For the April month, we believe index may face resistance in the range of 22600–22800 marks, and if index registers new all-time high levels near 22800 marks, then that should be viewed as an exit / reducing longs. Going ahead, the structures of monthly and daily charts are positively placed; however, weekly charts suggest distribution. We expect the month to trade with a positive bias within the 22800–21500 range. On a cautious note, if the index slips below 21800 marks on a weekly closing basis, then a short-term correction of 5–8% may be on the cards.

Following is the list of SIP stocks to be bought in a staggered manner. Stocks are: Indusind bank, icici bank, Infosys, Coforge, Persistent, Tata Consumer, SRF, Green Panel, NCC, and Ultratech.

Nifty Outlook	
Short Term	Positive
Medium Term	Positive
Long Term	Positive

Nifty Technical Data	
Monthly Closing	22,326.90
Monthly High	22,526.60
Monthly Low	21,710.20
Monthly Bias:	Positive
Support Level:	21,200      20,100
Resistance Level:	23,100      23,800
Moving Averages	
50 DSMA	21,954
200 DSMA	20,403
200 WEEK MOVING AVG.	16,817



### Bank Nifty Outlook for the Month of April 2024

Bank nifty consolidated in a range for the majority of the month and traded sideways. Overall, month over month, the index was up by +2.18% at 47124.60 levels. During the month, Kotak Bank, Indusind Bank, ICICI Bank, and Hdfc Bank witnessed decent bounces, whereas Axis Bank, ICICI Bank, and Bandhan Bank were in red. On the PSU bank front, Union Bank, Maha Bank, and BOI were the leaders, while IOB and Central Bank hit the hardest.

The month's price action is trading within the range of the bullish candle formed on December 20, 2023; it has been the third consecutive month's index being in range. The structure of the monthly, weekly, and daily charts of the bank nifty is positively placed. However, the strong rollover and bottom-fishing in stocks like Hdfc Bank, Kotak Bank, and fresh buying in ICICI Bank suggest the continuation of upward momentum. However if 48000 call writing is taken out then the index has the potential to move towards 50k on the higher side, as per the weekly rising channel chart. Further, the daily chart is placed well above its 50 and 200 SMA, adding to its strength. The bias for the month remains sideways to positive with the buy-on-decline strategy.

PSU banks such as SBIN, Canara Bank, Bank of Baroda, Union Bank of India, and City Union Bank, followed by icici bank and Indusind bank can be viewed as adding on correction.

Bank Nifty Outlook	
Short Term	Positive
Medium Term	Positive
Long Term	Positive

Banking Sector Performer	
Top Outperformer	KOTAKBANK
	INDUSINDBANK
Top Underperformer	BANDHANBANK
	IDFCFIRSTB

Bank Nifty Technical Data	
Monthly Closing	47,124.60
Monthly High	48,161.25
Monthly Low	45,828.80
Monthly Bias:	Positive
Support Level:	44,800      42,900
Resistance Level:	48,900      50,800

Moving Averages	
50 DSMA	46,354
200 DSMA	45,396
200 WEEK MOVING AVG.	37,227

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