

MONTHLY OVERVIEW

Dec-23

Key Observations of Nov 2023

In the month of November 2023, the index saw buying activity at lower levels and tested its critical support levels between 19000 and 18900 levels. This buying was primarily driven by as investor optimism grew around the possibility that the Federal Reserve may have completed its cycle of interest rate hikes. The broader markets also outperformed, with gain of 8.37% and 12.03% in the mid and small-size indices, respectively.

The Marco highlights during the NOV month were:

The central fiscal deficit as of the close of the first half of FY24 came in at 39.3% of the full year target. The fiscal deficit growth has tapered in the last two months after growing rapidly in June and July. The good news is that the revenue account has shown a surplus in the last two months, which could be due to back-ending of expenditure. The center has set a full year fiscal deficit target of 5.9% of GDP and looks to be on track. Revenues were better than expected in H1-FY24, although election spending is a worry.

The Fed statement issued late on Wednesday maintained status quo on the US Fed rates in the range of 5.25% to 5.50%. While this action was along expected lines, what was of interest was the language of the Fed and that continued to remain hawkish. While the Fed acknowledged that companies were facing constraints with respects to their operations, the GDP growth continues to very strong at 4.9% in the third quarter of 2023, even as the labour market continued to be tight. Rate hikes are still likely.

Government may have estimated dividend from CPSEs of Rs43,000 crore for FY24, but the actual numbers are likely to be closer to Rs63,000 crore. This is partially likely to fill up the shortfall in disinvestment flows for FY24. The big dividend pay-outs came from National Investment & Infrastructure Fund (Rs3,031 crore), IOCL (Rs2,182 crore), Powergrid (Rs1,701 crore), Coal India (Rs1,556 crore), and NTPC (Rs1,487 crore). If the revised estimates are achieved, it would be higher than the Rs59,000 crore reported in FY23.

India's merchandise exports are expected to cross \$1 trillion by 2030 and that means, exports of goods will more than double from current levels. The Directorate General of Foreign Trade (DGFT) expects this surge in merchandise exports to be largely driven by emerging segments like electronics, IT, renewable energy, hardware, and electric vehicles. Much of the electronic exports are likely to be driven by the likes of Apple and Samsung. Product linked incentive (PLI) scheme is likely to become one of the big growth factors.

India finally moved into the elite club of \$4 trillion market cap. It had been hovering around \$3.7 trillion in the last few months, but has now made a dash for the \$4 trillion mark around the time the Nifty has also crossed the psychological mark of 20,000. Currently, only the US, China and Japan have a market cap in excess of \$4 trillion and the market cap is now genuinely above the GDP, which raises questions about whether the Indian markets were starting to look overpriced. This comes when the rupee is at the weakest.

SECTORIAL UPDATES

OIL:

- Indian oil minister, Hardeep Puri, has confirmed that India may look to buy Venezuelan oil if the prices were more economical. India still relies on imports for 80-85% of its crude oil needs on a daily basis. This was after the US lifted sanctions on Venezuelan oil post their default. While Venezuela has been going through political and economic strife, it must be remembered that Venezuela and Saudi Arabia are the 2 countries with the highest oil reserves in the world. A surge in supply from Venezuela could temper prices, although costs need to be worked out.

FMCG :

- FMCG biggies are facing some real pressure from small and regional brands with niche markets. These smaller FMCG companies have effectively used product, packaging, promotion, and pricing to give the FMCG big boys a run for their money. According to experts, these smaller players have a much deeper grasp of local needs compared to the MNCs. Also, decisions are much quicker as structures are a lot leaner. These include names like Priya Gold Biscuits, Annapurna Swadisht etc., who also offer smaller buying units to buyers.

IT:

- For a change, the Indian IT spends is likely to grow by 10.7% in the year 2024. According to estimates put out by Gartner, software and IT services are likely to lead the way on tech spending, with growth pegged at 18.5% and 14.5% respectively. The IT spend is pegged at \$124.60 billion, which represents a 10.7% growth over 2023. Gartner has pointed out that while demand for AI and Generative AI will continue, the impact of these business on IT spending in India will be small. Digital adoption is big trigger.

SECTORIAL SNAP SHOT

During the month of Nov, all indices closed in the green. Nifty REALTY, IT, PHARMA, AUTO, FMCG AND METAL INDEX were the leaders. Nifty REALTY and Nifty PHARMA, AUTO gained 11 and 10 per cent respectively.

INSTITUTIONAL ACTIVITY:

Nov month, FIIs bullish in the cash market with a buying of Rs 14014.81 Cr compare to last month they were sellers of Rs 29056.61 Cr. and, Domestic Institutional Investors were buyers for nov month as they buy worth Rs 14342.63 Cr as compare to previous month they were buyers of 25105.86 cr.



Nifty Outlook for the Month of Dec 2023

INDEX witnessed a strong bounce back from the demand zone of 19000 marks and registered an engulfing bullish candlestick pattern at the close. Month on month, the INDEX was up by +5.52% at 20,133 levels.

On the daily chart, INDEX has witnessed a strong recovery from the swing low of October 26 at 18,837.85. and has gained for 24 trading sessions. The daily and weekly charts have met with swing reversals at 19800 marks and have marked higher high formations. Additionally, the monthly charts have registered a strong bullish candle close, same like the month of July 2022 candle, suggesting strength. We believe INDEX is poised to test the levels of 20,800–21,100 as the next upside range.

Technically, the placement of the averages and the oscillator in the weekly and monthly time frames is strongly in the hands of bulls, suggesting a bullish outlook; however, on the way down, the value of 50 SMA at 19,577 will be the immediate support or demand zone. The expected trading range for the month of December is likely to be within the 19,500–21,000 levels.

The buy on declines strategy should be adopted during the month. We would recommend adding the SIP stocks in a staggered manner. **SIP Stocks: BDL, COCHIN SHIP, CAN FIN HOMES, CHALET HOTEL, CIE INDIA, COFORGE, DLF, UNION BANK, PRINCE PIPE, LEMON TREE, PNC INFRA, SONA COMS, TATA POWER, LODHA.**

Nifty Outlook	
Short Term	Positive
Medium Term	Positive
Long Term	Positive

Nifty Technical Data	
Monthly Closing	20,133.15
Monthly High	20,158.70
Monthly Low	18,973.70
Monthly Bias:	Positive
Support Level:	19,100 17,900
Resistance Level:	21,100 22,300
Moving Averages	
50 DSMA	19,577
200 DSMA	18,805
200 WEEK MOVING AVG.	15,802



Bank Nifty Outlook for the Month of Dec 2023

Bank nifty has too trade with positive bias and has recovered from its previous month’s loss (OCT 2023). Overall, month over month, the INDEX was up by +3.82% to close at 44,481.75 levels.

On the weekly chart, prices have witnessed a pullback to the levels of the rising trend line as shown in the chart; further, the levels of 44500 is also the cluster of resistance zones. However, the INDEX is hinting at early signs of reversal as the short- and medium-term averages are turning positive. For the coming trading session, Bank INDEX has to strongly scale above 46,000 marks followed by a volume breakout then the probability of further gains may be seen and a rally towards 50K levels can be on cards. For the coming trading session, we expect the range-bound trading session to continue within 43000–46000 for the next couple of weeks.

PSU banks such as SBIN, Canara Bank, Bank of Baroda, Union Bank of India, and City Union Bank (Private Bank) can be viewed to add longs near the demand zone.

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

Banking Sector Performer	
Top Outperformer	AUBANK
	AXISBANK
Top Underperformer	BANKBARODA
	SBIN

Bank Nifty Technical Data	
Monthly Closing	44,481.75
Monthly High	44,764.80
Monthly Low	42,589.65
Monthly Bias:	Positive
Support Level:	42,200 40,000
Resistance Level:	46,700 48,900

Moving Averages	
50 DSMA	43,947
200 DSMA	43,397
200 WEEK MOVING AVG.	35,178

Head Technical & Derivatives

Brijesh Ail

brijesh.ail@idbicapital.com

Research Analyst

Kshitija Salvi

kshitija.salvi@idbicapital.com



IDBI Capital Markets & Securities Ltd. (A wholly owned subsidiary of IDBI Bank Ltd.)

Retail Research Desk

Regd. Office: 6th Floor, IDBI Tower, WTC Complex, Cuffe Parade, Colaba, Mumbai – 400 005. Phones: (91-22) 2217 1700; Fax: (91-22) 2285 0785; Email: info@idbidirect.in

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Compliance Officer: Ms. Sunita Rangankar; Email: compliance@idbicapital.com; Telephone: (91-22) 2217 1700

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