

MONTHLY OVERVIEW

Nov-24

Key Observations of Oct 2024

- In October 2024, the market experienced a wave of profit-taking after a sustained rally. This shift was accompanied by an increase in the India VIX, which indicates heightened volatility. Foreign Institutional Investors (FIIs) have been consistently selling off equities, especially in anticipation of the upcoming U.S. election results, adding to market uncertainty. Furthermore, the outcomes of the earnings season have not offered much reassurance to market participants, resulting in an overall cautious sentiment.

The Marco highlights during the OCTOBER month were:

- IMF retained India's growth forecast at 7% for FY25 and at 6.5% for FY26. In terms of the inflation peg, IMF forecast 4.4% inflation for FY25 and 4.1% for FY26. That is lower than the FY24 GDP growth of 8.2%, although the gap is on account of higher levels of inflation. This broadly syncs with RBI GDP growth target for FY25 of 7.2%. IMF sees India and China gaining in share of global manufacturing in FY25 and in FY26. IMF pegged China growth for 2024 lower at 4.8%, while the US growth was upped 20 bps at 2.8%
- RBI Monetary Policy Committee (MPC) announced its monetary policy on October 09, 2024, holding the rates static at 6.5% for the tenth meeting in a row. The last time the rates had been changed was in Feb-23. However, the MPC changed stance of monetary policy from "gradual withdrawal of accommodation" to a "Neutral" stance, in sync with the changing liquidity conditions. This neutral stance may be seen as a precursor to a rate cut, which now looks likely, either in December 2024 this year or in February 2025 next year, despite high growth.
- Crude oil fell by 2% after OPEC cut its demand view in the light of weak demand for oil coming from China. While China has announced stimulus measures, the markets are yet to see substantial grassroots action. China's oil imports were lower for the fifth month in a row. Brent has been facing resistance at \$80/bbl and has struggled to go above that level. The lower Chinese oil import demand was due to higher domestic production of crude oil in China as well as much greater adoption of electrical vehicles (EVs). The moral of the story is that oil import demand is down.
- FPIs have raised their holdings in several small and mid-sized stocks in India in the September quarter. Some of the small cap stocks include Tech Electric, Honasa Consumer, Heritage Foods, Genus Power, Sansera Engineering, Electronics Mart, Kalyan Jewellers, and Arvind Fashions. Techno Electric has seen a sharp spike in FPI holdings from 4.39% to 9.81% during the September quarter. FPIs have taken their stake in Honasa (Mamaearth) to 19.32%. Post Andhra elections, Heritage is also attracting eyeballs.
- In FY24, the direct tax to GDP ratio touched a 24- year high of 6.64%. Even the direct tax buoyancy was much higher at 2.12, compared to the previous year. Tax buoyancy is the ratio of nominal GDP growth to growth in direct tax collections for FY24, nominal GDP grew at 8.2% while direct tax inflows grew 17.82% resulting in tax buoyancy ratio of 2.12. It was 1.18 in FY23. Fiscal year FY24 saw gross direct tax collections of Rs23.4 trillion and net inflows (post-refunds) at Rs19.2 trillion. Direct tax share was 54.63%.

SECTORIAL UPDATES

AUTO:

- For the month of September, the sale of two wheelers have shown a sharp surge ahead of the festive season. The growth was anywhere between 9% and 26% for the major players. The positive traction was seen across all the key players including Bajaj Auto, Hero Motocorp, Honda Motorcycles and TVS Motors. The first half of FY25 reflected a sharp growth of 16% in two-wheeler sales on a yoy basis. The surge in two wheeler sales has been due to a combination of festive sales and a sharp revival in rural demand too. That seems to be the trend.
- India's automobile exports have risen by 14% in the first half of FY25, largely driven by passenger vehicles (PV) and two-wheelers. In FY24, auto exports had fallen by -5.5%, but the current year has seen a sharp recovery. There is a sharp revival in markets like Latin America and Africa, which remain major markets for Indian auto exports. About 25.28 lakh vehicles were exported from India in H1-FY25. Car major, Maruti, saw exports grow 12% while Hyundai saw exports fall by -1%. Two-wheeler exports surged 16% in H1FY25, as global demand surged.

RENEWABLE ENERGY:

- India's renewable energy capacity has already crossed 200 GW and now accounts for over 46% of the total power capacity in India. It may be recollected that India has a target of 500 GW of renewable energy (RE) to be achieved by year 2030. India has a diverse renewable energy base including sprawling solar farms to wind farms and hydroelectric projects. If the 8.180 MW of nuclear projects are also added, then the value of RE will cross 50% in India. Out of 200 GW capacity, solar is 91 GW and wind power is 47 GW. The balance is accounted by other RE forms.

SUGAR:

- Sugar output for sugar cycle year 2024-25 is expected at 33 million tonnes per annum (MTPA). The Indian sugar cycle year extends from October to September. This should be sufficient to meet the annual sugar consumption of 29 MTPA and 4.5 MTPA required for ethanol production. In terms of acreage, this year has been higher by 5.76 million hectare amid strong monsoons. The opening stock of sugar is estimate at 7.9 MT compared to normal stock of 6 MT. Ethanol blending target for SCY25 is 18%.

AVIATION:

- Indian aviation sector is set to take off big time as government plans to develop 50 new airports in next 5 years. It has already doubled number of airports to 157 in the last 10 years. Normally, airport expansion has a multiplier effect as it propels jobs and commercial growth in a big way. The surge in fliers is largely thanks to the regional connectivity scheme (RCS); also known as the UDAN scheme of 2016. Nearly 601 routes are now operational in the UDAN routes. More than 1.44 crore people flew under UDAN scheme.

SECTORIAL SNAP SHOT

On the sectoral front, All Indices witnessed huge sell off. Auto (-13.00%), Realty, (-9.9%), FMCG (-9.66) and Metal - 8.55% on a MoM basis.

INSTITUTIONAL ACTIVITY:

The FII on the cash market has now become a net seller, with a sell of -114,445.89 crore, as compared to its previous month's buying of 12,611.79 levels. Meanwhile, the DII continued to remain on the buy side, with 107,254.68cr compared to the previous month's buying of 30,857.30 levels.



Nifty Outlook for the Month of Nov 2024

October was a month for profit booking, as anticipated, with the index correcting nearly 6.22% to close at 24205.30. The candlestick pattern showed a significant RED bar, indicating a substantial sell-off. During this month, sectors such as PSU Bank, Small Cap, Metals, and Realty experienced considerable buying interest, while IT, Auto, and Consumer Durables faced notable profit booking.

Currently, the daily structure is in a downtrend, forming a lower top and lower bottom pattern. In contrast, the weekly and monthly trends continue to move upward. According to the daily analysis, we have broken through the 50-day moving average and 100 SMA, indicating that the value of 200 SMA is likely to be tested soon. The outlook remains cautious, as we expect the index to eventually break below 24000. From a technical standpoint, the levels around 23800- 23500 are critical support points, and we anticipate the index will find demand at these levels, BUY side opportunities for individual stock-specific long trades can be initiated. The expected trading range for the month is between 23500 and 25500. For the coming trading session if the market experiences a significant correction of 10-12% from its all-time highs, that would be a good opportunity to consider adding long-term positions.

List of SIP stocks for long-term investment: ICICIBANK, AXISBANK, HDFCBANK, ITC, TRENT, KPIITECH, APOLLOHOSP, COFORGE, SUNPHARMA, GRAVITA, INDHOTEL, TATAMOTORS, SBILIFE, HDFCLIFE, SBIN.

Nifty Outlook	
Short Term - Daily	Consolidation
Medium Term - weekly	Positive
Long Term - Monthly	Positive

Nifty Technical Data	
Monthly Closing	24,205
Monthly High	25,907
Monthly Low	24,073
Monthly Bias:	Range Bound.
Support Level:	23200 22100
Resistance Level:	25400 26000
Moving Averages	
50 DSMA	25103
200 DSMA	23435
200 WEEK MOVING AVG.	18717



Bank Nifty Outlook for the Month of Nov 2024

The Bank Nifty has forfeited its previous monthly gains and closed in the red. Overall, the index saw a month-on-month decline of 2.84%, or 1,503 points, finishing at 51,475 levels.

During the past month, the index experienced a sell-off at the start of the week and registered a low of 50194 on October 7. However, throughout the month, Bank Nifty consolidated within a range, indicating signs of base formation. Analysing the daily chart over the last 19 trading sessions, it's evident that after the significant correction on October 7, when it hit a low of 50194, these levels have remained robust. The index has gradually moved upward, with prices stabilizing and RSI oscillators displaying higher highs. Additionally, moving averages indicate that prices are hovering around 50 SMA levels. If the index rallies above 52000, we could anticipate a fresh rally accompanied by short covering. For the upcoming month, we expect a positive bias to emerge, driving the index back towards 53000 and further towards 54500 levels with 50000 acting as the immediate support zone.

Public sector banks like SBI, Canara Bank, Bank of Baroda, Union Bank of India, and City Union Bank, along with private sector banks such as ICICI Bank, Axis Bank, and IndusInd Bank, are recommended for purchase on declines.

Bank Nifty Outlook	
Short Term - Daily	consolidation
Medium Term- Weekly	Positive
Long Term- Monthly	Positive

Banking Sector Performer	
Top Outperformer	FEDERALBANK SBIN
Top Underperformer	INDUSINDBANK AUBANK

Bank Nifty Technical Data		
Monthly Closing	51475	
Monthly High	53235	
Monthly Low	50194	
Monthly Bias:	Range Bound.	
Support Level:	49400	47400
Resistance Level:	53500	55,000

Moving Averages	
50 DSMA	51,859
200 DSMA	49,491
200 WEEK MOVING AVG.	41,279

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.)

Research Desk

Regd. Office: 6th Floor, IDBI Tower, WTC Complex, Cuffe Parade, Colaba, Mumbai – 400 005. Phones: (91-22) 4069 1700; Fax: (91-22) 2285 0785; Email: info@idbidirect.in

SEBI Registration: BSE & NSE (Cash & FO) – INZ000007237, NSDL – IN-DP-NSDL-12-96, Research – INH000002459, CIN – U65990MH1993GOI075578

Compliance Officer: Ms. Pushkar Vartak; Email: compliance@idbicapital.com; Telephone: (91-22) 4069 1700

Disclaimer

This report has been published by IDBI Capital Markets & Securities Ltd. (hereinafter referred to as "IDBI Capital") for private circulation. This report should not be reproduced or copied or made available to others. No person associated with IDBI Capital is obligated to call or initiate contact with you for the purposes of elaborating or following up on the information contained in this report. The information contained herein is strictly confidential and meant for solely for the selected recipient and may not be altered in any way, transmitted to copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without the prior written consent of IDBI Capital. Recipients may not receive this report at the same time as other recipients. IDBI Capital will not treat recipients as customers by virtue of their receiving this report.

The information contained herein is from the public domain or sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up-to-date and it should not be relied upon as such. While reasonable care has been taken to ensure that information given is at the time believed to be fair and correct and opinions based thereupon are reasonable, due to the very nature of research it cannot be warranted or represented that it is accurate or complete and it should not be relied upon as such. In so far as this report includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Opinions expressed are current opinions as of the date appearing on this material only. While we endeavor to update on a reasonable basis, the information discussed in this material, IDBI Capital, its directors, employees are under no obligation to update or keep the information current. Further there may be regulatory, compliance, or other reasons that prevent us from doing so.

Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice.

IDBI Capital, its directors and employees and any person connected with it, will not in any way be responsible for the contents of this report or for any losses, costs, expenses, charges, including notional losses/lost opportunities incurred by a recipient as a result of acting or non-acting on any information/material contained in the report.

This is not an offer to sell or a solicitation to buy any securities or an attempt to influence the opinion or behavior of investors or recipients or provide any investment/tax advice.

This report is for information only and has not been prepared based on specific investment objectives. The securities discussed in this report may not be suitable for all investors. Investors must make their own investment decision based on their own investment objectives, goals and financial position and based on their own analysis.

Trading in stocks, stock derivatives, and other securities is inherently risky and the recipient agrees to assume complete and full responsibility for the outcomes of all trading decisions that the recipient makes, including but not limited to loss of capital.

Opinions, projections and estimates in this report solely constitute the current judgment of the author of this report as of the date of this report and do not in any way reflect the views of IDBI Capital, its directors, officers, or employees.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject IDBI Capital and associates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this report may come are required to inform themselves of and to observe such restriction.

E-mail is not a secure method of communication. IDBI Capital cannot accept responsibility for the accuracy or completeness of any e-mail message or any attachment(s).

This transmission could contain viruses, be corrupted, destroyed, in complete, intercepted, lost or arrived late. IDBI Capital, its directors or employees or associates accept no liability for any damage caused, directly or indirectly, by this email.

Analyst Disclosures

We, hereby certify that the views expressed in this report accurately reflect my personal views about the subject companies and / or securities. I also certify that no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report. Principally, I will be responsible for the preparation of this research report and have taken reasonable care to achieve and maintain independence and objectivity in making any recommendations herein.

Other Disclosure

IDBI Capital Markets & Securities Ltd. (hereinafter referred to as "IDBI Capital") was incorporated in the year 1993 under Companies Act, 1956 and is a wholly owned subsidiary of IDBI Bank Limited. IDBI Capital is one of India's leading securities firm which offers a full suite of products and services to individual, institutional and corporate clients namely Stock broking (Institutional and Retail) , Distribution of financial products, Merchant Banking, Corporate Advisory Services, Debt Arranging & Underwriting, Portfolio Manager Services and providing Depository Services. IDBI Capital is a registered trading and clearing member of BSE Ltd. (BSE) and National Stock Exchange of India Limited (NSE). IDBI Capital is also a SEBI registered Merchant Banker, Portfolio Manager and Research Analyst. IDBI Capital is also a SEBI registered depository participant with National Securities Depository Limited (NSDL) and is also a Mutual Fund Advisor registered with Association of Mutual Funds in India (AMFI).

IDBI Capital and its associates IDBI Bank Ltd. (Holding Company), IDBI Intech Ltd. (Fellow Subsidiary), IDBI Asset Management Ltd. (Fellow Subsidiary) and IDBI Trusteeship Services Ltd. (Fellow Subsidiary).

IDBI Group is a full-serviced banking, integrated investment banking, investment management, brokerage and financing group. Details in respect of which are available on www.idbicapital.com IDBI Capital along with its associates are leading underwriter of securities and participants in virtually all securities trading markets in India. We and our associates have investment banking and other business relationships with a significant percentage of the companies covered by our Research Department. Investors should assume that IDBI Capital and/or its associates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material. IDBI Capital generally prohibits its analysts, persons reporting to analysts, and their dependent family members having a financial conflict of interest in the securities or derivatives of any companies that the analysts cover. Additionally, IDBI Capital generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our sales people, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Directors of IDBI Capital or its associates may have interest in the Companies under recommendation in this report either as Director or shareholder. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. We are not soliciting any action based on this material. It is for the general information of clients of IDBI Capital. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. We and our associates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. For the purpose of calculating whether IDBI Capital and its associates holds beneficially owns or controls, including the right to vote for directors, 1% of more of the equity shares of the subject issuer of a research report, the holdings does not include accounts managed by IDBI Asset Management Company/ IDBI Mutual Fund.

IDBI Capital hereby declares that our activities were neither suspended nor we have materially defaulted with any Stock Exchange authority with whom we are registered in last five years. However SEBI, Exchanges and Depositories have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on IDBI Capital for certain operational deviations. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time. IDBI Capital, its directors or employees or associates, may from time to time, have positions in, or options on, and buy and sell securities referred to herein. IDBI Capital or its associates, during the normal course of business, from time to time, may solicit from or perform investment banking or other services for any company mentioned in this document or their connected persons or be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or their affiliate companies or act as advisor or lender / borrower to such company(ies)/associates companies or have other potential conflict of interest. This report may provide hyperlinks to other websites. Except to the extent to which the report refers to the website of IDBI Capital, IDBI Capital states that it has not reviewed the linked site and takes no responsibility for the content contained in such other websites. Accessing such websites shall be at recipient's own risk. IDBI Capital encourages the practice of giving independent opinion in research report preparation by the analyst and thus strives to minimize the conflict in preparation of research report. Accordingly, neither IDBI Capital nor Research Analysts have any material conflict of interest at the time of publication of this report. We offer our research services to primarily institutional investors and their employees, directors, fund managers, advisors who are registered with us. The Research Analyst has not served as an officer, director or employee of Subject Company. We or our associates may have received compensation from the subject company in the past 12 months. We or our associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. We or our associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. We or our associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. We or our associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research Analyst or his/her relative's may have financial interest in the subject company. IDBI Capital or its associates may have financial interest in the subject company. Research Analyst or his/her relatives does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. IDBI Capital or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. The Subject Company may have been a client during twelve months preceding the date of distribution of the research report. Price history of the daily closing price of the securities covered in this note is available at www.bseindia.com; www.nseindia.com and www.economicstimes.indiatimes.com/markets/stocks/stock-quotes.