

Market Commentary

Apr 2024

Index Name	1 Mth	1 Yr ↑	2 Yrs	3 Yrs	5 Yrs	10 Yrs	15 Yrs
Nifty 50 TRI	1.2	26.3	16.2	16.9	15.3	14.3	14.6
Nifty Next 50 TRI	6.6	64.7	24.3	24.1	19.5	18.2	19.5
Nifty 100 TRI	2.1	32.0	17.1	17.9	15.8	14.9	15.4
Nifty Midcap 150 TRI	6.0	58.7	30.7	28.4	25.7	22.0	21.6
Nifty SmallCap 250 TRI	9.9	69.1	30.7	30.7	25.5	19.9	19.3
Nifty 500 TRI	3.4	38.9	20.3	20.5	18.0	16.1	16.0
Nifty Microcap 250 TRI	10.0	87.0	41.1	43.9	32.7	27.5	24.2
Nifty100 Equal Weight TRI	3.3	49.9	22.6	22.0	18.9	15.9	17.2

The headline from The Telegraph clearly explains the continued rally in Mid Cap & Small Cap albeit concerns about high valuations.



Equity mutual funds sees inflow of ₹18,917.09 crore in April with midcap funds and smallcap funds improvement

Debt funds saw an inflow of ₹1,89,890.52 crore in April compared with an outflow of ₹1,98,298.90 crore in March

A Staff Reporter | Calcutta | Published 10.05.24, 11:24 AM

Index Name	1 Mth	1 Yr ↑	2 Yrs	3 Yrs	5 Yrs	10 Yrs	15 Yrs
Nifty Realty TRI	7.6	118.4	48.5	46.9	30.9	19.0	9.2
Nifty PSE TRI	9.0	116.5	56.3	50.9	26.9	17.3	12.3
Nifty PSU Bank TRI	8.0	83.1	68.4	56.4	20.8	10.6	11.1
Nifty Auto TRI	3.2	71.9	20.1	33.1	22.2	19.5	14.1
Nifty Energy TRI	4.7	71.1	43.5	33.8	23.2	15.5	21.1
Nifty Infrastructure TRI	2.7	61.0	30.3	29.8	24.2	14.3	9.2
S&P BSE Consumer Discretionary TRI	4.8	58.8	27.7	26.9	20.9	18.7	19.2
Nifty Oil & Gas TRI	3.2	58.6	21.2	25.4	19.7	18.4	15.2
Nifty Healthcare TRI	10.5	58.3	21.9	25.7	26.3	16.4	--
Nifty Commodities TRI	5.3	53.0	20.3	24.9	20.8	16.2	--
Nifty Metal TRI	-0.7	50.0	20.2	14.9	18.5	11.6	17.0
NIFTY100 ESG TRI	1.2	33.7	14.6	16.3	16.3	15.5	--
Nifty IT TRI	-4.6	21.7	4.4	11.0	17.0	15.9	20.1
Nifty FMCG TRI	4.5	15.1	17.9	15.4	11.2	15.1	17.2
Nifty Financial Services TRI	3.8	15.0	15.6	12.8	12.4	16.1	18.1
Nifty Bank TRI	0.5	14.7	21.1	19.4	14.3	13.7	18.6
Nifty Private Bank TRI	3.9	12.8	16.5	12.4	8.3	15.0	19.4

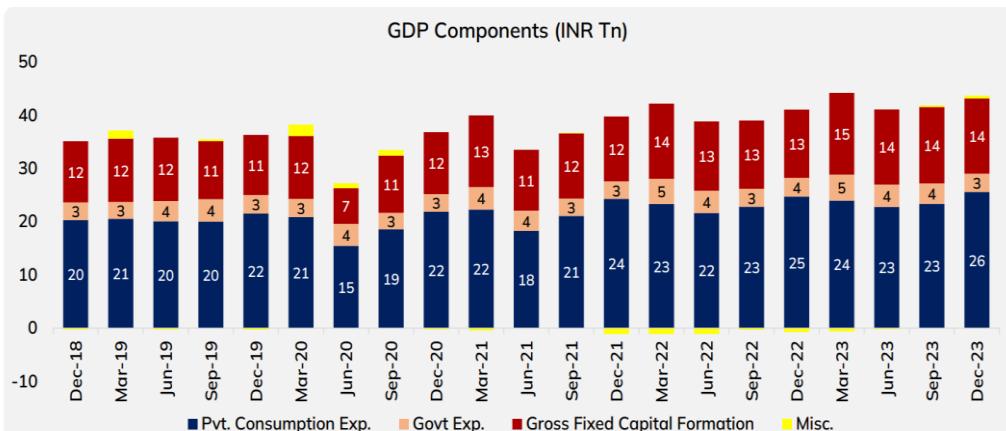
- ⊕ Private Banks & Financial Services continue to lag in performance & perhaps offer the best value currently or at least some money managers believe so.
- ⊕ Public Sector Enterprise, Realty, Auto, Energy continue to offer growth in pockets & are in momentum, but while stocks have got rerated based on order books or expected order books, these have to translate into earnings.
- ⊕ We should expect rotation in leadership, in terms of stock price movements in this space
- ⊕ The Healthcare Indice saw a sharp up move during the month even as IT continue to lose market cap on the back of disappointing earnings

Long Term India Story remains Positive on the back of positive macro economics

	FY14	FY24
Real GDP Growth	6.4%	7.6%
Nominal GDP Rank	10	5
Fiscal Deficit to GDP	4.5%	5.8%
CAD to GDP	1.7%	0.7%
Market Cap (USD t)	1.2	4.4
Market Cap Rank	11	5
Domestic MF AUM (INR t)	1.9	25.3

Source : MOSL AMC Monthly Newsletter

Growth in corporate earnings,
 Healthy balance sheets,
 Policy momentum &
 Fiscal Prudence
 Liquidity tailwind in
 equity markets, through
 strong retail participation

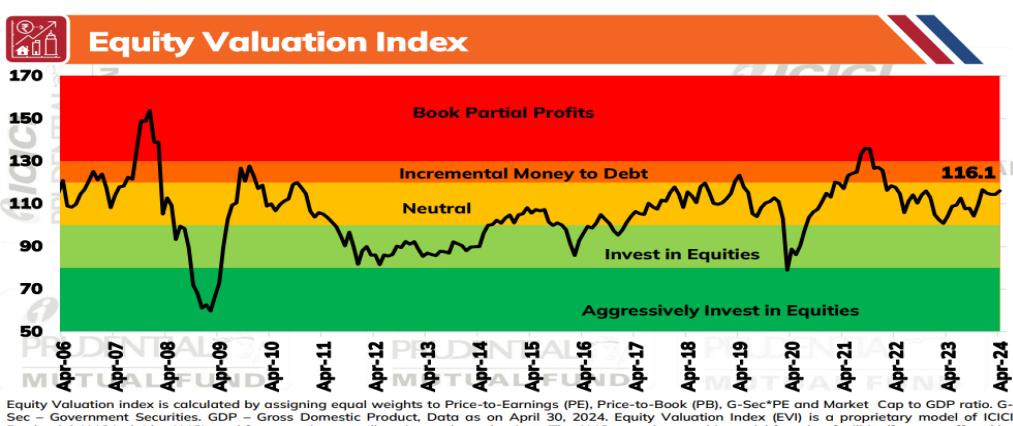


Source : ICICI Prudential AMC Monthly Newsletter

GDP Growth aided by Consumption in last decade & increased govt focus on infrastructure capex in last few years. The environment also seems to be well poised for Private Investments to take off.

[Equity Monthly Market Outlook for April 24.pdf](#)

Valuations are not cheap and there are pockets of exuberance



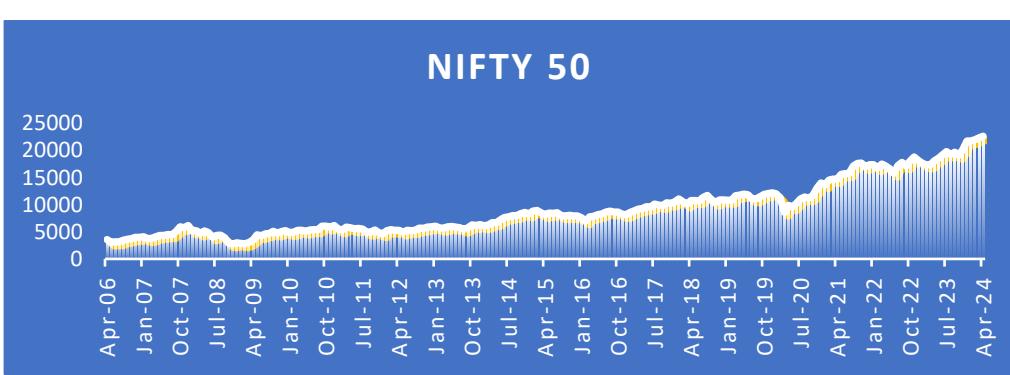
The chart on the left reproduced from ICICI Prudential AMC, May 24 Equity Outlook, indicates Neutral Stance in Equities from a valuation perspective



CAUTION

Looking at the past Nifty 50 movement with reference to the above, it seems the Valuation Index in the Neutral Zone may not warrant a Reduce Equity stance. However, the Valuation Index moving to the Amber or Red Zone has definitely seen sharp drawdowns

NIFTY 50



Source : Esbee Sharpe Research

- ⊕ For investors who are in the process of creating portfolios for long term wealth creation, we continue to allocate funds across large (60-65%) mid & small cap (35 - 40%).
- ⊕ We also continue to allocate invest in Balanced Advantage Funds – a dynamic allocation strategy, for investors looking to participate in equity with lower volatility

Lok Sabha Elections 2024 – Market Volatility



Source: AceMF. Data as on 30th April 2024. Past performance may or may not be sustained. VIX Index – Volatility Index.

Chart reproduced from Mirae Asset AMC note

It is typical of markets to see heightened volatility closer to Election results but the volatility should subside post elections as seen from past data. Depending on the outcome markets may react in the short term, however in the long term growth in the economy & corporate earnings will drive equity prices.

First-time buyers, rural demand to drive two-wheeler sales in India

Maruti Suzuki India sees revival of small car segment by end of 2026 and beginning of 2027

Whenever there is a growth in the two-wheeler segment, after a time lag, a similar growth is witnessed in the entry level car segment

Two-wheeler sales skyrocket in April 2024, Hero and Honda lead

Rural FMCG growth overtakes urban after 5 quarters

Some headlines in the last 2 weeks !!

Are these early signs of a Rural Recovery ??

Source : Esbee Sharpe Research & newspaper headlines

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