

## Market News

Market extended the winning streak in the sixth consecutive week ended December 8 and also tested fresh record high levels amid positive global cues, strong GDP data, BJP's massive victory in 3 states and inline RBI policy with keeping key rates unchanged for the fifth time in a row and upgraded GDP growth boosted investor confidence.

In this week, BSE Sensex rose 3.47 percent or 2344.41 points to close at 69,825.60, while Nifty50 surged 701.5 points or 3.46 percent to finish at 20,969.40. On Friday, the Nifty went past the 21,000 mark for the first time when it hit 21,006.10 and the BSE Sensex also touched a new high of 69,893.80.

Among the broader indices BSE Small-cap, BSE Mid-cap, BSE Large-cap indices rose 3.8 percent, 2 percent and 1.3 percent, respectively and also touched record highs.

Hindalco Industries is well positioned to invest even during a commodity cycle downturn; the company may not need to revise its capex after slashing it by almost half to \$4.4 billion in April, Managing Director Satish Pai told Moneycontrol in an exclusive interview on December 7.

Pai expects India demand for aluminium and copper to remain strong despite lingering concerns over global macroeconomic factors. The US arm of the Aditya Birla

Group's aluminium and copper flagship, Novelis, may see financial results improving progressively with every quarter, he added.

Prime Minister Narendra Modi on December 9 said India's GDP growth of 7.7 per cent in the first six months of the current fiscal year is a reflection of the country's strengthening economy and the transformative reforms carried out in the last 10 years.

Addressing the 'Infinity Forum 2.0' conference at the GIFT City here via video link, Modi said his government wants to turn the Gujarat International Finance Tec (GIFT) City into a global nerve centre of the new age global financial and technology services."In the first six months of this financial year, India has achieved a GDP growth of 7.7 per cent...Today, the entire world has pinned its hopes on India, and this did not happen just on its own. This is a reflection of India's strengthening economy and also the transformative reforms carried out in the last 10 years," Modi said in his inaugural address.

India is one of the fastest growing fintech markets in the world today and the GIFT International Financial Services Centre (IFSC) is emerging as its centre, the PM said. He urged experts to share their ideas on developing a market mechanism for green credits.

## Results & Corporate Action

Corporate Action	Company	Type & Percentage	Record Date	Ex-Date
<b>Bonus</b>	Sonata	Bonus Ratio 1:1	12-12-2023	12-12-2023
<b>Bonus</b>	Safari Ind	Bonus Ratio 1:1	12-12-2023	12-12-2023
<b>Bonus</b>	Dhyaani Tile	Bonus Ratio 9:5	12-12-2023	12-12-2023
<b>Splits</b>	Sudev Ind	Old FV 10 New FV 5	11-12-2023	11-12-2023
<b>Splits</b>	Teamo Productio	Old FV 10 New FV 1	14-12-2023	14-12-2023
<b>Dividends</b>	BPCL	Interim 210.00	12-12-2023	12-12-2023
<b>Dividends</b>	Rashtriya Chem	Final 37.00	13-12-2023	13-12-2023
<b>Dividends</b>	Hind Zinc	Interim 300.00	14-12-2023	14-12-2023

## Nifty Spot in Last Week:-

As we saw the Price Movement in Nifty Spot in last week that In Upside is 21006.10 and in Downside 20507.75.



NIFTY WEEKLY CHART



BANKNIFTY WEEKLY CHART

## Nifty Spot in Upcoming Week:-

Nifty down side 20700 strong support buy in deep with sl 20600 up side target 21350 to 21500 possibility.

## Bank Nifty in Upcoming week:-

Bank Nifty down side 46300 strong support buy in deep with sl 46300 up side target 48900 possibility.

## Recommendation for next week

Serial No.	Stock Name Cash segment	Above / Below / Add HOLD	CMP as on 09.12.2023	Trail SL	Buy Stop loss	Sell Stop loss	Target
1	HOVS (BUY)	CMP 61.80	61.80		58		65-70-75
2	LTIM (BUY)	CMP 5708	5708		5540		7000
3	DVL (BUY)	HOLD 354	327		315		400-450

# Commodity Market

**COPPER:-** Investors can buy on deep around 710 with sl 690 up side target will be 745 possibility.



**CRUDEOIL:-** Investors can buy in deep around level 5700 to 5500 with stop loss 5200 up side target will be to 6600 possibility.



**SILVER:** Investors can buy in deep around level 70100 with stop loss of 69100 up side target will be to 74000 possibility.



**GOLD:-** Investors can buy in deep around level 61350 with stop loss 60900 up side target will be to 62200 possibility.

## Currency Market (Future Levels)

**USDINR:** - Investors can sell on rise around 83.40 range with sl 83.60 down side target 82.30 to 81.50 possibility.



**GBPINR:** Investors can sell on rise around 105.50 to 106.00 range with sl 106.30 down side target 103.50 possibility.



**EURINR:** Investors can sell on rise around 91.00 to 91.35 range with sl 91.50 down side target 89.00 possibility.



**JPYINR:** - buy on every deep add 55.85 to 55.00 with sl 54.50 target 60.00 to 61.00 possibility.





## Currency Corner

Premium / Discount (USD/ INR) Based on Forward Rates	
Duration	Premium
One month Forward	0.08
Three month Forward	0.18
Six month	0.48
One year	1.28

RBI reference Rates	
Currency	Rates
USD	83.36
GBP	104.91
Euro	89.89
100 Yen	57.88

Currency FUT LEVEL	DEMAND ZONE LEVEL		CLOSE	SUPPLY ZONE LEVEL	
	D2	D1		S1	S2
USDINR	81.50	82.30	83.38	83.60	85.00
GBPINR	103.00	104.00	104.74	106.20	107.00
EURINR	87.50	88.50	89.84	91.50	92.00
JPYINR	56.50	57.00	57.81	58.50	59.50

## How Policymakers Have Driven Economic Change in India (Part-2)

Friends the govt.'s decision do impact the economy. Through an interesting article presented by Marcellus Investment Managers ([marcellus@marcellus.in](mailto:marcellus@marcellus.in)) will see some glimpse.

Of course, they have presented very detailed report since the independence, we will see the likely impact of the recent policies.

In last article we have seen three points on the likely impact, in this one we will see two more points.

Post-1947, India's economy has been through four distinct eras. Now, with socialism fading away and with the country increasingly operating as a free market economy, we see five distinct directions in which India's economy will evolve over the next decade: (1) Profits will polarize in the hands of a few highly efficient companies; (2) Wealth will polarize in the hands of well-educated & well-connected businesspeople; (3) Economic growth will polarize in favour of a few highly developed states; (4) Fiscal transfers will have to increase [see Exhibit 1] to mitigate the polarizing effects of the preceding bullets; and (5) Foreign capital will flood into India

How is the Indian economy likely to change going forward? (Points 4 and 5)

As socialism fades away and the Indian economy moves towards an increasingly unfettered pan-India free market, the gap between the winners and losers will widen along multiple dimensions:

### 3. Fiscal transfers will have to increase

Given that India is a democracy, in order to win elections parties across the political spectrum will have to transfer money into the bank accounts of voters left behind by the groundswell of economic growth sweeping across this vast land. This can be seen in Exhibit 1 (which shows how Government spending as a % of GDP has steadily increased) and in Exhibit 5 (which shows how Government spending on Education, Food, Fuel & Fertilizers has risen over the past decade).

**Exhibit 5: Indian government's expenditure as a % of GDP in four eras shows definite policy focus**

Eras in the Indian Economy	Government Capex as a % of GDP	Government Spending on Healthcare as a % of GDP	Government Spending on Education as a % of GDP	Government Spending on Food, Fertilizer, and Petroleum Subsidies as a % of GDP
Era 1: 1947-1979	4.9%"	NA	NA	NA
Era 2: 1980-1990	6.7%	NA	NA	1.1%'
Era 3: 1991-2013	3.8%	3.7%_	3.6%'''	1.5%
Era 4: 2014-2023	3.9%	3.3%_	4.2%'''	1.7%'

*Source: Marcellus Investment Managers, Union Budget, EPW Research Foundation, World Bank, Macrotrends; " - reliable and continuous data available only after 1971 and therefore start year considered is 1971 - government capex data taken from budget documents and for pre 2008-09 divided by current GDP; \_ - data starts from 2001 and ends by 2021; data starts in 1998 and ends in 2020 with gaps in the following years - 2002, 2003, 2008, 2009; ''' - data starts in 1997 with gaps in the following years - 2001, 2002, 2007, 2008, 2016, 2018, and 2019; ' - data starts in 1979 and actual figures used everywhere except for the years 2021-22 and 2022-23 where revised and budgetary estimates are used respectively*



The electoral compulsion to spend money can also be seen in the assembly election campaigns currently underway in the states of Rajasthan, MP, Chhattisgarh and Telangana. As award winning journalist and author Shankkar Aiyar writes:

“It is instructive that the contest in the poll bound states is less about ideas and ideology and more a competition of schemes. In state after state, political parties have designed schemes to contain discontentment.

“...Unlike in the past the schemes are targeted to harvest votes—based on parameters of caste, class and gender. Women voters—who constitute 78 million of the 161.4 million voters—are deemed the X factor, game changer The instrument of endearment is direct cash benefit transfer. In Madhya Pradesh the Shivraj Chauhan regime has promised to up the cash transfer under the Ladli Behna scheme from 1250 to Rs 1500 and raise it to Rs 3000 per month.

“...There is the promise of direct cash transfer and then there is the top-up strategy where states add to the payments/subsidies provided by the Centre with additional allocations from the state kitty.

“...Cash benefit transfers and top ups for subsidies have been enabled by the availability of the Aadhaar-based DBT-Bharat. Indeed state governments have registered over 7500 user codes for a plethora of transfers on the NPCI grid. For sure there is no free lunch but political parties are not obliged to outline the costs of the promises or how the additional expenditure will be funded. ...” (Source: <https://www.bqprime.com/opinion/the-politics-of-economics-signals-from-the-election-campaign>)

## 5. Foreign capital will flood in

Foreign investors have invested roughly \$3.5 trillion in the Chinese stock market. The said market has produced a total return CAGR over the past decade (in US\$) of 4.7% (source: Bloomberg). In contrast, foreign investors have invested \$0.6 trillion in the Indian stock market which has produced a total return CAGR over the past decade (in US\$)

of 12.6% (source: Bloomberg) i.e., more than 2x the return generated by the Chinese market. If you stretch this data back to 20 years or 30 years, the conclusion remains the same. The only large stock market in the world which has been able to keep up with India over the past 30 years is USA. With rising concerns around the Chinese economy and geopolitics, western allocators have turned their attention to India as an alternative market in which to invest capital.

A similar story seems likely to play out on the FDI front. Over the past decade, foreign investors have on average pumped in around US\$ 120 bn p.a. vs only US\$ 12 bn p.a. into India. With the Chinese and American governments now at loggerheads, these FDI inflows into China have stopped altogether. With America keen to use India as a counterweight to China, it is likely that some of these flows will come into India.

India needs these – both FPI and FDI – flows to finance its current account deficit which oscillates between 2-3% of GDP (\$60-100 bn p.a.) as India's domestic financial savings hitting a 50-year low.

Unlike the East Asian economies (which grew by exporting goods made by low-wage workers), India's growth is fueled by a large Services economy (55% of GDP) and by the export of knowledge intensive services (IT Services exports are \$250 bn p.a.) & products (Pharma exports are \$25 bn p.a.). Remittances from Indians living abroad bring in more than \$100 bn of inflows. Therefore, with around \$400 bn per annum (9% of GDP) coming into India every year thanks to the intellectual horsepower of India's well-educated middle class, the INR tends to be an overvalued currency. This makes it almost impossible for India to be an exporter of low-end manufactured goods like clothes, shoes and sports goods. The overvalued INR also makes imported goods (especially electronic items, overseas holidays and overseas education) relative cheap for Indians thus fueling the current account deficit and a low domestic financial savings rate (see <https://marcellus.in/blogs/midnight-approaches-for-indias-retail-lending-boom/>).

To square this circle, India needs to continue attracting foreign capital. Given the disappointing experience foreign investors have had in China, if they swing towards India even 10% of the amounts that they have

invested in China over the past decade, the impact on the Indian economy will be transformational.

### **HEAD OFFICE**

B/230-231, International Trade Center, Majura Gate, Ring Road, Surat-2. (Guj.) India Ph: 0261-40 60 750, 246 27 90 Fax: 0261-246 27 91 [www.markethubonline.com](http://www.markethubonline.com) E-Mail: [info@markethubonline.com](mailto:info@markethubonline.com)

**IA SEBI REGISTRATION NO.:INA000005333**

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