

Monthly Market

Newsletter

November 2024

Thought for the month

“You have to keep learning if you want to become a great investor. When the world changes, you must change.”

Charlie Munger



Market Setup

- Market Outlook
- Equity Investment Ideas
- Technical & Derivatives Outlook
- Commodities Market Outlook
- Advisory Products

Benchmark Indices

Index	Oct 24	MoM(%)	YoY(%)
Sensex	79,389	-5.8%	24.3%
Nifty	24,205	-6.2%	26.9%

Economic Pulse

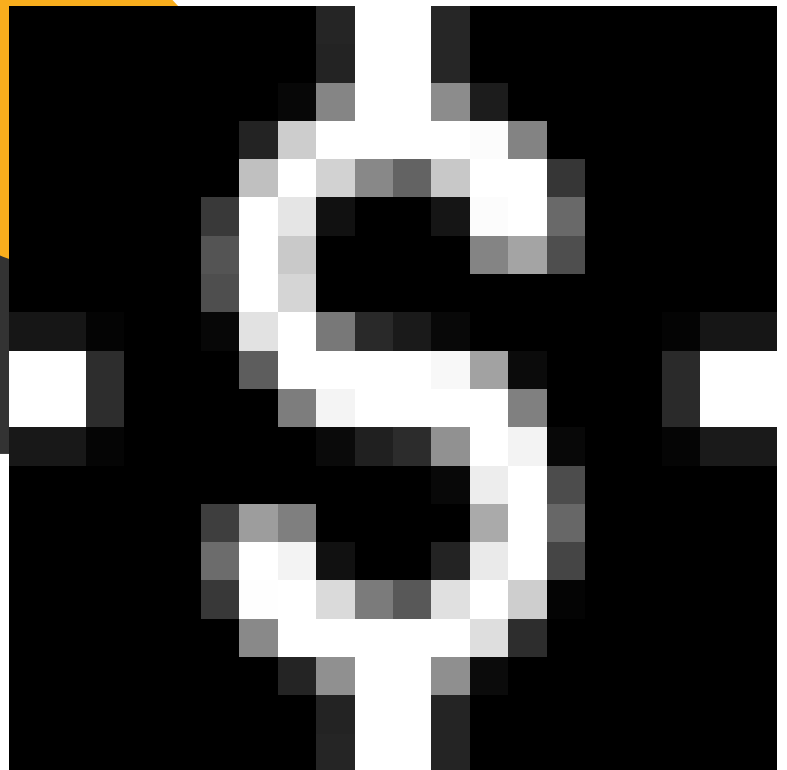
Key Indicators	Curr. Month	Prev. Month
IIP	-0.10%	4.80%
CPI	5.49%	3.65%

Key Highlights

- Nifty scales new high for 4th straight month
- US Fed signals change in cycle with a 50bps rate cut
- Key Events: Q2 results, RBI meeting, Festive season

Siddhartha Khemka

Sr. Group Vice President
Head - Retail Research



After a robust four-month rally, equity markets paused in October 2024. Nifty corrected by -6.2% in Oct'24 largely due to the weak Q2 performance and the highest-ever monthly selling by FIIs. This was the steepest MoM decline in Nifty since the Covid induced fall of Mar'20 (when it fell by -23%).

Broader market too ended on a weak note, with Nifty Midcap 100 falling -6.7% while Smallcap 100 was down -3.0%.

FIIs were relentless sellers on each and every day of October, having sold ₹1.14 lakh crore - the highest ever in a month. DII inflows too were at a record monthly high of ₹1.07 lakh crore.

The corporate earnings scorecard for 2QFY25 has been weak but excluding commodities, it's broadly in line. The earnings growth of 166 MOFSL coverage companies that announced their results as of 31st Oct'24, declined 8% YoY (est. decline of -4% YoY) in 2QFY25 (which was the lowest in last 17 quarters). Excluding Metals and O&G, the MOFSL Universe and Nifty clocked 9% and 11% earnings growth.

In a major global event, Former US president Donald Trump won the election and is slated to return to the White House. This not only reduced the political uncertainty, but also boosted sentiments on hopes that his policies would lead to a stronger US economy. This can be positive for several Indian exports focused sectors including IT, Pharma, Textiles, Speciality chemicals.

Currently, Nifty is trading at a 12-month forward P/E of ~21x, marginally above its 10-year average of 20.4x. This reflects optimism about long-term growth, particularly as India is projected to be one of the fastest-growing economies. Other macro factors too suggest a strong outlook like GST, advance tax, toll, power demand, etc. Nifty earnings growth is anticipated to remain steady at around 12% CAGR over FY24-26. Hence, we Nifty to deliver returns similar to earnings growth as valuations remain near long term averages.

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