



MARKET EXPLORER

Fundamentals | Technical | Derivatives

July, 2024

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Dear Investor,

The markets in June experienced significant volatility, driven by both political and economic factors. Overall, market capitalization surged by 13.8% for the quarter, making it the best performer among the top 10 global stock markets. Both the Sensex and Nifty indices rallied nearly 7% in June alone, with the BSE Midcap and Small Cap gaining 7.7% and 10.3%, respectively.

However, this period wasn't without turbulence. On June 4, a major market dip occurred, following Lok Sabha election results, leading to a sharp sell-off. The Sensex dropped by 4,390 points (5.74%) and the Nifty fell by 1,379 points (5.93%) on that day. However, the market quickly recovered, buoyed by strong performances across all sectors, led by IT, Auto, Realty, Banks, and FMCG. This resilience highlights the market's robust fundamentals and investor confidence in India's long-term growth prospects.

On the fund flow side, after two consecutive months of negative fund flow, FIIs turned net buyers, purchasing stocks worth ₹2,037 crore. Meanwhile, DIIs continue to support, being net buyers to the tune of ₹28,633 crore in June.

Key data announced during the month:

Auto Sales: A mixed bag, with moderate PV sales of 3.5 lakh units, up 4% YoY. Maruti Suzuki reported sales of 1.33 lakh units, down 2.9% MoM and 23.8% YoY. Tata Motors' domestic sales volumes declined by 8% YoY to 74,147 units, with CV volumes down by 7% to 31,980 units. M&M total sales were up by 11% YoY to 69,397 units, and Eicher Motors reported a growth of 10.6% YoY to 7,424 units.

GST Revenue: June's gross Goods and Services Tax revenue stood at ₹1.74 lakh crore, an 8% increase YoY. Q1 Fiscal Year 2025 collections reached ₹5.57 lakh crore.

Equity Mutual Funds: Inflows surged 83.4% to a record high of ₹34,697 crore in May, with strong inflows in small-cap and mid-cap funds, amounting to ₹2,724.7 crore and ₹2,605.7 crore, respectively. SIP investments rose to ₹20,904 crore in May from ₹20,371 crore in April.

Telecom Spectrum Auction: Conducted by the Department of Telecommunications (DoT) in June, it raised bids worth approximately ₹11,300 crore. Bharti Airtel was the largest bidder, purchasing spectrum worth ₹6,857 crore, followed by Vodafone Idea and Reliance Jio, which bought spectrum worth ₹3,510.4 crore and ₹973.62 crore, respectively.

Banking & Finance: Life insurance industry new business premiums (NBP) in April 2024 increased by 15.5% YoY to ₹27,034 crore, with policies sold up by 12.5% YoY to 19 lakh. LIC held the highest market share in NBP at 61.7%, followed by SBI Life (8.7%) and HDFC Life Insurance (8.4%). The credit card industry saw a net addition of 76 lakh credit cards in May, a 2.7% MoM increase, with spending growing 17% YoY to ₹1.65 lakh crore (5% MoM growth). UPI payments continued robust growth, increasing 34.7% YoY in May, with stable ticket sizes at ₹1,500.

The Reserve Bank of India's Monetary Policy Committee announced its decision on June 7, 2024, to keep the repo rate unchanged at 6.5%, with a 4:2 majority vote. The committee also maintained its stance of 'withdrawal of accommodation'. Additionally, the RBI raised its GDP growth forecast for FY25 to 7.2% from the previous estimate of 7%. India's retail inflation based on the consumer price index (CPI) dropped to 4.75% in May from 4.83% in April. CPI has remained within the RBI's target range of 2-6% since September 2023. India's Wholesale Price Index (WPI)-based inflation surged to 2.61 per cent in May 2024, marking the highest rate in 15 months since February 2023. The recent spike in WPI-based inflation is attributed to rising prices in key sectors such as food articles, the manufacture of food products, crude petroleum and natural gas, mineral oils, and manufacturing sectors. Industrial output in India rose by 5% on an annual basis in April 2024, more than market expectations of 4.6%. Manufacturing output which accounts for nearly 78% of total industrial production expanded by 3.9%. During the previous month, exports increased USD 38.13bn while imports increased to USD 61.91bn.

In the global markets, The US Federal Reserve announced its interest rate decision and has kept benchmark interest rates unchanged at 5.25% - 5.50% for the seventh straight meeting since July 2023. Now FOMC is expecting only one rate cut in 2024 and four cuts in the coming year 2025. Besides, the other global data were, a) US GDP increased at an annual rate of 1.4% in the first quarter of 2024, according to the "third" estimate released by the Bureau of Economic Analysis. In the fourth quarter of 2023, real GDP increased 3.4%. b) UK GDP grew by 0.7% Q-o-Q in the three months to March this year, recovering after falls of 0.3% and 0.1% in the previous two quarters, Y-o-Y growth was upwardly revised to 0.3% from 0.2%. c) The Bank of England (BoE) announced that it left the policy rate unchanged at 5.25%. Seven policymakers voted to hold rates steady while other two, Dave Ramsden and Swati Dhingra voted to cut rates by 0.25 percentage points. d) The European Central Bank (ECB) lowered its key interest rate to 3.75%, down from the record high of 4% where it had remained since September 2023. This decision reflects the ECB's attempt to balance the dual objectives of supporting economic growth while managing inflation.

Looking ahead, the focus will be on the Q1 earnings season, monsoon progress, and the Union Budget for cues on the next market direction. Participants will also monitor inflation trends and US Fed interest rate decisions scheduled for the month-end. We recommend investing in a balanced mix of large-cap and large mid-cap stocks. Sectors such as Private Banks, IT, and FMCG, as well as select pockets of the Auto sector, are attractive investment opportunities.

Research Team

Religare Broking Limited





MONTHLY WRAP-UP

Indian Indices			
		% Change	
	Close	1 Month	1 Year
SENSEX	79,032.7	6.9	22.1
CNX NIFTY	24,010.6	6.6	25.1
BSE MIDCAP	46,158.4	7.7	60.4
BSE SMLCAP	52,130.4	10.3	59.9
NIFTY BANK	52,342.3	6.9	17.0

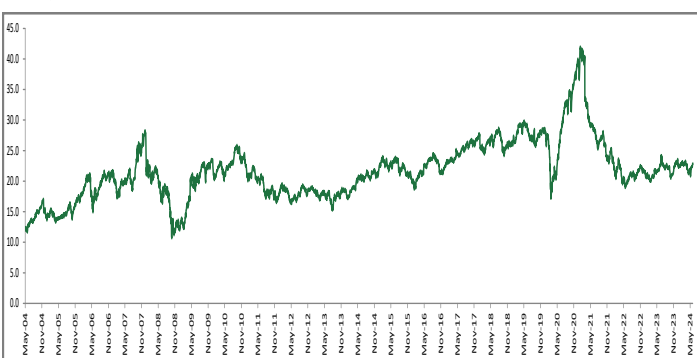
BSE Sectoral Indices			
		% Change	
	Close	1 Month	1 Year
BSE Metal	33,050.6	1.0	60.7
BSE Cons Durable	58,826.9	7.1	37.3
BSE Cap Goods	72,324.4	3.2	77.6
BSE FMCG Sector	20,549.6	5.2	9.9
BSE Healthcare	37,110.3	6.4	43.8
BSE IT Sector	36,951.4	11.3	23.7
BSE PSU	21,203.7	1.5	97.5
BSE Teck	17,164.4	9.5	27.9
BSE Auto	57,293.1	8.0	64.1
BANKEX	59,640.9	6.9	18.1
BSE Oil & Gas	29,473.4	2.9	61.9
BSE Power	7,954.5	3.3	98.3
BSE Realty	8,634.8	8.2	107.5

Close price as on May 31, 2024

FII Investments In Indian Equities

Net Investment (₹ Crore)				
Month	2021	2022	2023	2024
Jan	8,981	(41,346)	(41,465)	(35,978)
Feb	42,044	(45,720)	(11,091)	(15,963)
Mar	1,245	(43,281)	1,998	3,314
Apr	(12,039)	(40,653)	5,712	(35,692)
May	(6,015)	(54,292)	27,856	(42,214)
Jun	(26)	(58,112)	27,250	2,037

Nifty PE Movement



Market Overview

The markets in June experienced significant volatility, driven by both political and economic factors. Overall, market capitalization surged by 13.8% for the quarter, making it the best performer among the top 10 global stock markets. Both the Sensex and Nifty indices rallied nearly 7% in June alone, with the BSE Midcap and Small Cap gaining 7.7% and 10.3%, respectively.

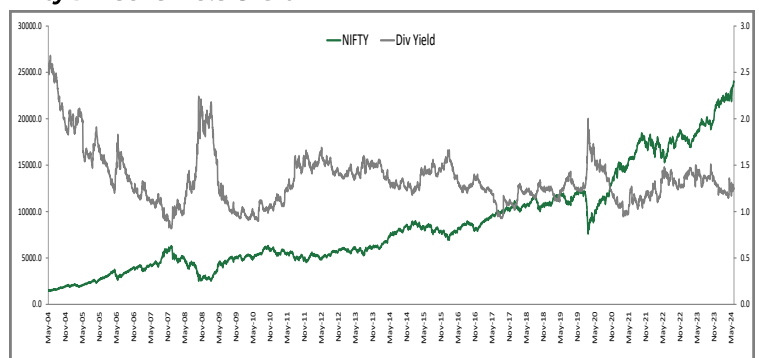
Market Outlook

Looking ahead, the focus will be on the Q1 earnings season, monsoon progress, and the Union Budget for cues on the next market direction. Participants will also monitor inflation trends and US Fed interest rate decisions scheduled for the month-end. We recommend investing in a balanced mix of large-cap and large mid-cap stocks. Sectors such as Private Banks, IT, and FMCG, as well as select pockets of the Auto sector, are attractive investment opportunities.

Net Investment (₹ Crore)

Month	2021	2022	2023	2024
July	(23,193)	(6,568)	13,922	
Aug	(2,569)	22,026	(20,621)	
Sept	914	18,308	(26,692)	
Oct	(25,572)	(489)	(29,057)	
Nov	(39,902)	22,546	7,033	
Dec	(35,494)	(14,231)	31,960	

Nifty Dividend Yield Chart





MONTHLY OUTLOOK

The Month That Was:- Nifty gained 1479.9 points in the month of June, 2024.

Below is a summary of Top Nifty Gainers & Losers:

Top Nifty Gainers June 2024		
	Close Price* (D)	% Change
ULTRACEMCO	11667.9	17.67%
WIPRO	514.85	17.49%
TECHM	1430.35	16.44%
GRASIM	2670.45	15.29%
LTIM	5385.05	14.53%

Top Nifty Losers for June 2024		
Scrip Name	Close Price* (D)	% Change
ADANIENT	3177.15	-6.87%
COALINDIA	473.15	-3.67%
LT	3548.45	-3.29%
MARUTI	12033.85	-2.95%
BPCL	303.95	-1.43%

*Closing of last trading day of the month.

- Breadth of Nifty stocks was positive - 43 stocks closed in green, 7 stocks ended lower in the month of May, 2024.
- Relative comparison shows IT, Realty and Fin service were the outperformers whereas Metal, Energy and FMCG under performed in June, 2024.

Sector Relative Performance



All the sectors have been compared with Nifty & the zero line represent Nifty. The movement of the sector vis-a-vis Nifty whether they outperform or underperform is shown in the above chart. It shows which sectors have attracted inflows and also the sectors from where money has exited.



Outlook for Nifty 50 (24,010.60)*

Support 23,700/23,300/22,800

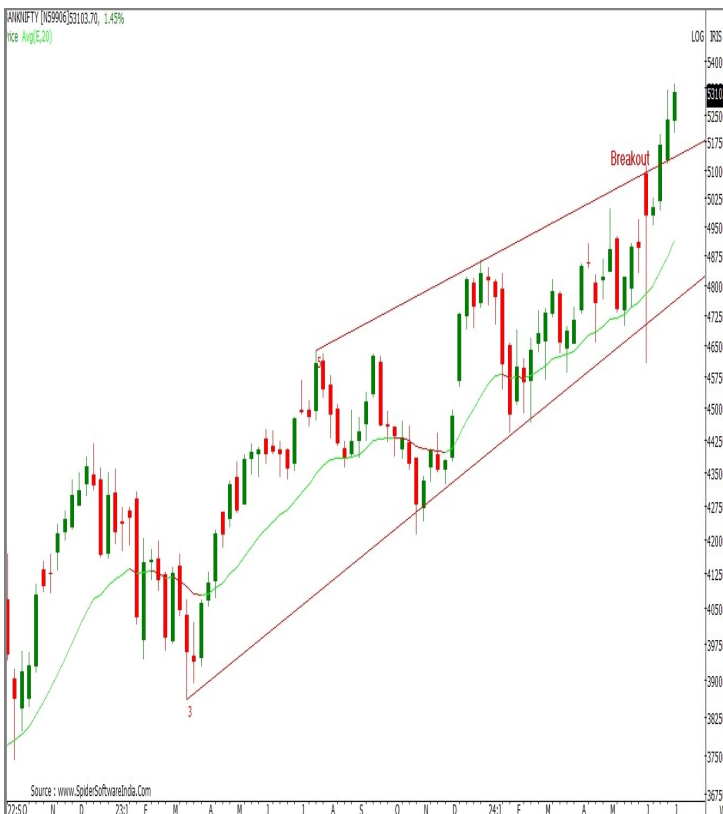
Resistance 23,050/23,400/ 23,700



Outlook for Bank Nifty (52342.25)*

Support 52000,/ 51,400/50,800

Resistance 53,400 / 54,000/ 54,700



- Nifty edged higher in June amid excessive volatility and made a new record high as well, supported by firm global trends, buying from the FII desk and rotational buying in index heavy weights. It gained ~1480 odd points i.e. 6.57% to finally close at 24,010.60 levels.
- On the sectoral front, almost all the sectors participated in the move on rotational basis where IT and Realty outperformed the markets and Metals and Energy remained on the back foot.
- We expect the ongoing momentum to continue in the near term and Nifty to claim 24,600 mark soon. A new base is now created for the index which is at 23700 first and then 23300 mark. One should utilize dips towards support to create longs and not chase the market at higher level.

- The banking index started the month on a volatile note on the back of election results. However, post the sharp decline, index recovered smartly from the lows to close the June month at record high levels, gaining nearly 7 percent at 52342.
- The PSU Banking index took a breather and remained sideways for yet another month to close marginally lower. While the private banking index was the highlight of the month, which closed higher by over seven and half percent.
- The banking index recorded a breakout from the two months of consolidation, which hints at a bullish bias. We thus continue to maintain a "buy on dips" approach in the index and suggest traders to focus on the private banking names over PSU banking stocks, especially the stocks which are showing higher relative strength.

*Close price as on July 03, 2024



DERIVATIVES MONTHLY ROLLOVER REPORT

June Expiry Derivatives Summary

For the June Series, NIFTY closed above 24,000 after Volume weighted average price (VWAP) based buying activity was witnessed through-out the session.

Nifty Futures contract Open Interest started with around 151 lakh vs 144 lakh in June. Banknifty futures have seen an Open Interest of around 27 lakh vs 23 lakh in June. At expiry, VIX was at around 14% levels implying 750 odd points swing in the NIFTY in next 30 days. The highest Nifty July monthly options Open Interest is at 23000 PE and 24000 CE. Nifty 24000 Call Open Interest stands at around 115000 contracts and 23000 Put Open Interest at around 139000 contracts.

In June series; REALTY @ 96% is the sector where highest rollovers was seen whereas MEDIA @ 56% is the sector where lowest rollovers was seen.

We believe **FMCG & PHARMA** are the sectors that can outperform the index in July series.

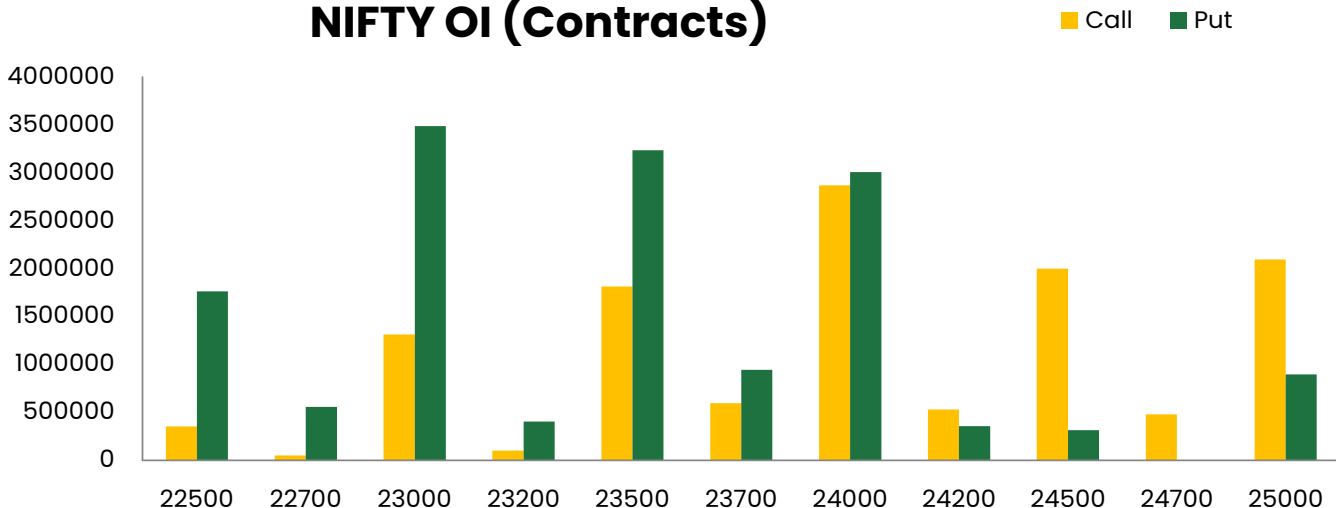
VEDL, BIOCON, UBL & INDUSTOWER are the stocks that can outperform the benchmark in the July series.

TOP 5 - HIGHEST ROLLS	Expiry-to-Expiry
STOCK NAME	% ROLL
IDEA	98
BAJFINANCE	98
BHEL	98
DLF	98
DALBHARAT	98

TOP 5 - LOWEST ROLLS	Expiry-to-Expiry
STOCK NAME	% ROLL
GRASIM	53
GNFC	54
METROPOLIS	64
PNB	65
RAMCOCEM	67

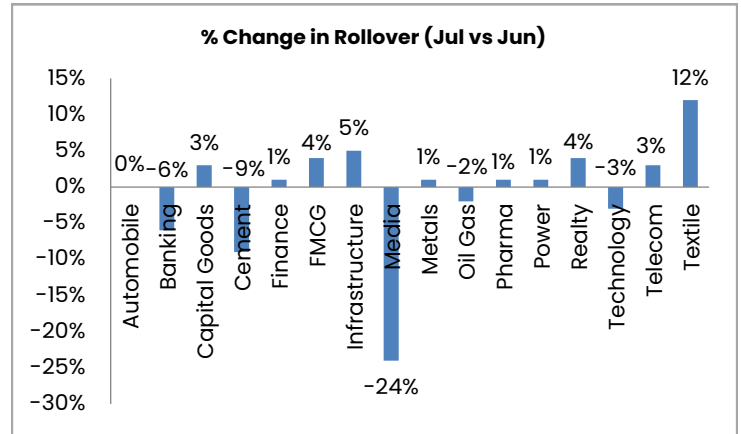
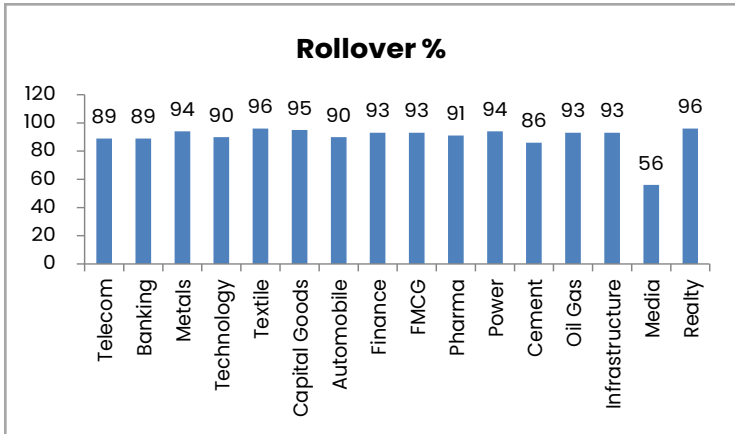
NIFTY July Series Option Data

NIFTY OI (Contracts)





July Series Sector Outlook



VEDL(CMP : 469): The stock did not do anything in June series but added significant OI of more than 38%. With more rolls, now at 97% against 93% previously, we believe these are likely longs. With good cash based accumulation, we anticipate the stock to move higher with a stop at 415.



BIOCON(CMP : 361): Gaining 11% in price, the stock added 19% OI in June series implying Long Positions. The rolls were at 98% as compared to 95% in last series. With PHARMA as a sector poised to do well, BIOCON is no different. One may Look to Go Long in the stock with a Stop at 320.





July Series Outlook

Long Buildup

Long Build up	Price (%)	OI (%)
MPHISIS	5.59	111.22
COROMANDEL	20.12	83.48
OFSS	32.79	80.42
IDEA	26.85	60.10
LTF	17.05	54.34

Short Buildup

Short Build up	Price (%)	OI (%)
OBEROIRLTY	-2.83	52.78
MARUTI	-3.33	45.39
IPCALAB	-12.91	45.21
HINDCOPPER	-9.81	40.10
HAVELLS	-0.42	35.81

INDUSTOWER(CMP : 404): The stock rose 6% but added substantial OI of 51% in the June series. Though rolls were less, but with more long positions and decent cash based buying, we believe stock is poised to see new highs. One can look for creating fresh longs with a Stop at 330.

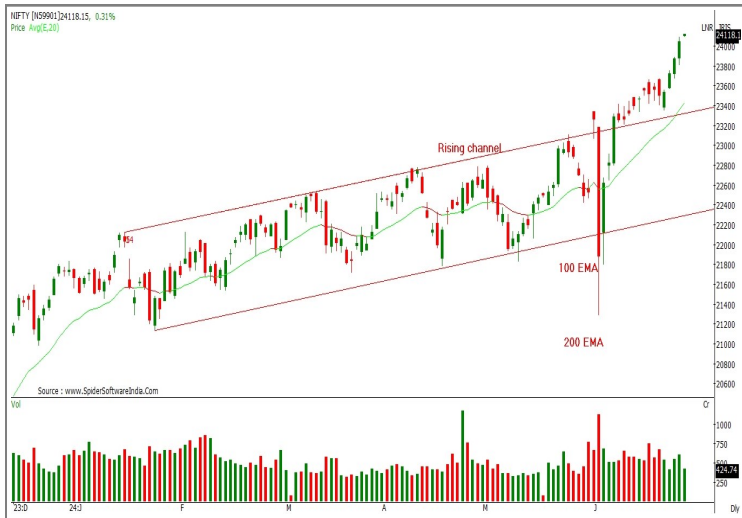


UBL(CMP : 2012): The stock gained nearly 8% in price with addition of 25% OI. Those positions have been rolled to the new series to the tune of 91% as compared to 79% previously. With support at 1940-1960 holding, we believe the stock has the potential to do well in July. One should be Positively biased in the stock with a Stop at 1900.





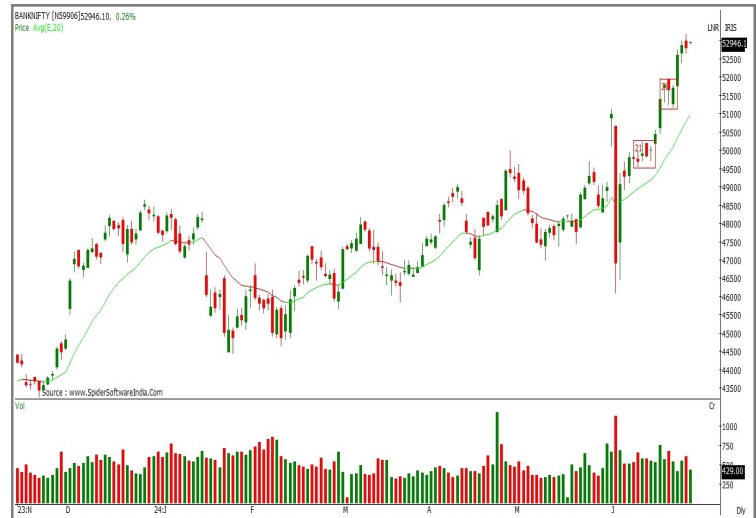
July Series Outlook



Nifty futures has rolled at around 76% vs 72% which is slightly higher with respect to the previous series. The Open Interest for the new contract is higher by around 7 lakhs w.r.t the last month contract implying more Long Positions.

The majority of the rolls which happened to the July series was on the Long side. For July futures with an average price of around 23750 which becomes a pivot for the month. Till the time Nifty trades above 23,700-750 on spot, the index is in a BUY ON DIPS mode for the first weekly expiry. We expect the Nifty to find strong resistance around 24,400-500 levels for July series. On spot basis 23,700-24,400 might be the range for Nifty for first fortnight of July series.

FII's Long ratio is now at 82% vs 13% previously in Index futures implying less hedged positions into the July series. The IVs for options have declined substantially now at 14% vs 24% implying less swing in July series.



Banknifty futures rolled at 71% vs 68%, higher than the previous month.

Banknifty futures have seen addition of open interest of around 4 lakh w.r.t. the last month. This might be because of the higher positions in Banknifty during the June expiry. Banknifty had outperformed against the benchmark in the June series. Going forward, we believe this would continue.

For this series, ratio wise (Banknifty/Nifty) has a resistance at 2.21 and support at 2.14. The ratio between Banknifty and Nifty currently at around 2.19.

The major support for Banknifty would be around 51,500 levels. We expect Banknifty to be in 51,500-54,000 levels for the first fortnight of July series.



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Statements on ownership and material conflicts of interest, compensation – Research Analyst(RA)

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S. No.	Statement	Answer	
		Yes	No
		Tick appropriate	
		Yes	No
	I/we or any of my/our relative has any financial interest in the subject company? [If answer is yes, nature of Interest is given below this table]		No
	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?		No
	I / we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance?		No
	I/we have received any compensation from the subject company in the past twelve months?		No
	I/we have managed or co-managed public offering of securities for the subject company in the past twelve months?		No
	I/we have received any compensation for brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation for products or services other than brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation or other benefits from the subject company or third party in connection with the research report?		No
	I/we have served as an officer, director or employee of the subject company?		No
	I/we have been engaged in market making activity for the subject company?		No

Nature of Interest (if answer to F(a) above is Yes

Name(s) with Signature(s) of RA(s).

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to questions under F(a) to F(j) above , are given below]

SS.No.	Name (s) of RA.	Signatures of RA	Serial Question of question which the signing RA needs to make a separate declaration / answer	Yes	No.

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