



MARKET EXPLORER

Fundamentals | Technical | Derivatives

February, 2024

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Dear Investor,

After trading with positive bias for the two consecutive months, the markets took a U-turn and ended flat in the red. In the month of January, the first half continued to see positive momentum however in the second half some profit booking was seen ahead of the announcements of the Interim Union Budget. Further, the downside was capped as the ongoing Q3FY24 earnings numbers did not have any surprises but majorly remained on the expected line barring few. Besides, the Fed interest rate decision on keeping the rates unchanged was on expected lines while there are hopes of rate cut in the medium term. Thus, the benchmark indices, Sensex ended January month down by 0.7% & Nifty on the flat note. However, the broader markets, BSE-Midcap & BSE-Smallcap, ended with strong gains of 5.3%/7.1%, respectively, outperforming the benchmark. Amongst the sectors, fall in Banking dragged the indices followed by FMCG and Metals. However, all the others ended in the green with Oil & Gas, PSU banks, Realty and Power being the top gainers.

The fund flow data suggest that after two consecutive months of healthy buying, FII turned net sellers for January and sold stocks to the tune of Rs 35,978 Cr. On the flip side, DIIs continued to be net buyer for the sixth consecutive month and brought stocks worth Rs 26,744 Cr in the month of January. On the macro front, India's CPI Inflation witnessed marginal rise for December 2023 as it came in at 5.69% as against 5.55% in the month of November 2023. This is within the RBI's tolerance band of 4-6% for the fourth consecutive month. Besides, all eyes will be on the RBI monetary policy outcome scheduled this week i.e. on 8th Feb 2024. Moreover, IIP for November rose by 2.4% against 11.6% MoM.

With the announcement of the sectoral data for the month, 1) Auto numbers for January were largely led by 2/4-wheelers passenger vehicles wherein they continued to showcase its upwards trajectory driven by consistent demand and the premiumization trend. Commercial vehicle volumes were in a mixed trend with some companies reporting growth while others reported a decline due to rise in cost of ownership as well as delay in implementation ahead of general elections. Tractors volume remained impacted due to the high base of last year. 2) Life Insurance premium revenue for the month of December 2023 reported a healthy growth of 43.8% YoY after muted growth in the months of October and November. The strong growth was mainly due to the increase in LIC's premium numbers which holds the highest market share in the Life Insurance sector posted a growth of 93.8% YoY. 3) Mutual funds AuM for the month of December 2023 stood at Rs 50.8 Lakhs Cr, up by 3.5% MoM. Net equity inflows were recorded at Rs 16,997 Cr as against Rs 15,514.5 Cr in November. Amongst funds, small-cap funds recorded inflows of Rs 3,857 Cr, however, large cap funds saw an outflow of Rs 281 Cr. Mid-cap funds saw an inflow of Rs 1,393 Cr. 4) Telecom companies during November 2023 added 34.2 Lakh customers taking the overall user base to 118.6 Cr. The leading players, Jio and Bharti Airtel added 35.7 Lakh and 19 Lakh users respectively, accounting for ~72.1% of the market. Vodafone Idea shed 10.7 Lakh customers while its market share declined to 19%.

The government announced an Interim Union Budget which paved the way for some long term and sustainable measures which could be implemented going forward. The center made provisions relating to its commitment towards infrastructure and financial inclusion. Along with providing a push to the economy, the government is focused on keeping the fiscal deficit under check in the coming financial years which remained elevated in the last 3 years as compared to the previous election period. The government intends to catch up in its roadmap to disinvestment plans which have been lagging in the last 4 years. From the stock market point of view, the announcements made in the budget may not benefit immediately but from a medium to long term perspective few sectors such as Auto, FMCG, Cement, Infrastructure, Defence and Renewables shall be key beneficiaries.

For the global market, US CPI inflation for December 2023 increased by 0.3% MoM and up by 3.4% as compared to the last year. The rise in CPI was mainly due to increase in food and energy prices which were up at a monthly rate of 0.2% and 0.4%, respectively. Further, the US Fed, in the recently concluded monetary meeting, kept the interest rate unchanged and decision was in-line with street expectation as they announced maintaining the benchmark interest rates at 5.25-5.50% for the fourth consecutive meeting. Also, in their commentary they mentioned that they were not going to keep on taking rate cuts on the immediate horizon. Besides, the UK's inflation rate rises to 4% and at a monthly rate of 0.4%. The rise in CPI was attributable to the rise in the prices of alcohol and tobacco. Euro Area inflation grew at an annual rate of 2.9% with services contributing highest at 1.74% followed by food, alcohol and tobacco at 1.21%.

With the Union Budget behind us, the focus will be on the upcoming RBI MPC meet scheduled on 8th February. Also, the ongoing Q3FY24 earnings will keep the stock volatility high in the domestic market while geopolitical issues and movement in the global market will remain on radar. Further, for the upcoming MPC meet, we expect RBI may keep the interest rates unchanged, however, there are chances that they might change the stance from 'Withdrawal of Accommodation' to 'Neutral' as the economy faces liquidity crunch which is impacting bank's balance sheet. Meanwhile, with high volatility and events lined up we would suggest investors to remain selective and prefer large-cap stocks.

Research Team

Religare Broking Limited





MONTHLY WRAP-UP

Indian Indices			
		% Change	
	Close	1 Month	1 Year
SENSEX	71,752.1	-0.7	20.5
CNX NIFTY	21,725.7	0.0	23.0
BSE MIDCAP	38,774.5	5.3	57.3
BSE SMLCAP	45,722.6	7.1	62.1
NIFTY BANK	45,996.8	-4.8	13.1

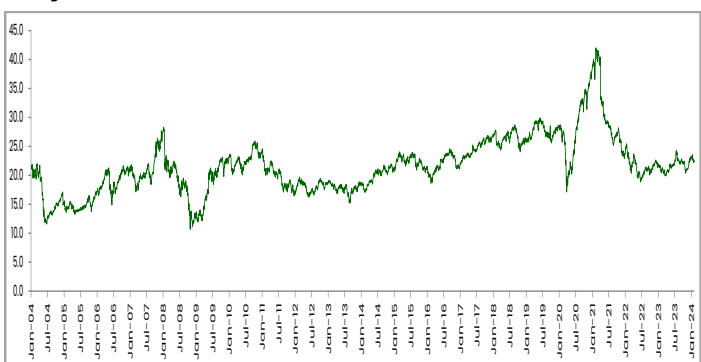
BSE Sectoral Indices			
		% Change	
	Close	1 Month	1 Year
BSE Metal	26,760.7	-0.9	26.5
BSE Cons Durable	50,349.9	0.7	33.4
BSE Cap Goods	56,689.8	1.9	67.7
BSE FMCG Sector	19,892.9	-2.8	23.5
BSE Healthcare	33,816.0	7.2	50.3
BSE IT Sector	37,358.7	3.7	26.0
BSE PSU	17,296.5	11.2	77.4
BSE Teck	16,639.3	4.4	21.9
BSE Auto	43,995.0	4.2	44.5
BANKEX	51,999.1	-4.4	12.8
BSE Oil&Gas	25,915.9	12.6	39.9
BSE Power	6,317.4	8.6	61.7
BSE Realty	6,766.4	9.4	106.3

Close price as on January 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)	
Mar	1,245	(43,281)	1,998	
Apr	(12,039)	(40,653)	5,712	
May	(6,015)	(54,292)	27,856	
Jun	(26)	(58,112)	27,250	

Nifty PE Movement



Market Overview

After trading with positive bias for the two consecutive months, the markets took a U-turn and ended flat in the red. In the month of January, the first half continued to see positive momentum however in the second half some profit booking was seen ahead of the announcements of the Interim Union Budget. Further, the downside was capped as the ongoing Q3FY24 earnings numbers did not have any surprises but majorly remained on the expected line barring few. Besides, the Fed interest rate decision on keeping the rates unchanged was on expected lines while there are hopes of rate cut in the medium term. Thus, the benchmark indices, Sensex ended January month down by 0.7% & Nifty on the flat note. However, the broader markets, BSE-Midcap & BSE-Smallcap, ended with strong gains of 5.3%/7.1%, respectively, outperforming the benchmark. Amongst the sectors, fall in Banking dragged the indices followed by FMCG and Metals. However, all the others ended in the green with Oil & Gas, PSU banks, Realty and Power being the top gainers.

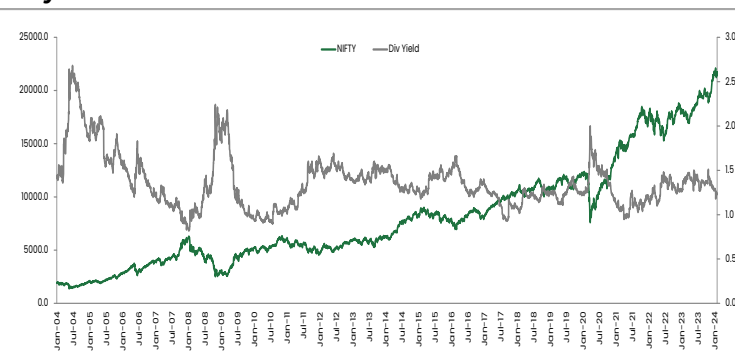
Market Outlook

With the Union Budget behind us, the focus will be on the upcoming RBI MPC meet scheduled on 8th February. Also, the ongoing Q3FY24 earnings will keep the stock volatility high in the domestic market while geopolitical issues and movement in the global market will remain on radar. Further, for the upcoming MPC meet, we expect RBI may keep the interest rates unchanged, however, there are chances that they might change the stance from 'Withdrawal of Accommodation' to 'Neutral' as the economy faces liquidity crunch which is impacting bank's balance sheet. Meanwhile, with high volatility and events lined up we would suggest investors to remain selective and prefer large-cap stocks.

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 lost 5.70 points in the month of January, 2024.

Below is a summary of Top Nifty Gainers & Losers:

Top Nifty Gainers January 2024

Scrip Name	Close Price* (₹)	% Change
ONGC	252.25	23.02%
ADANI PORTS	1207.65	17.89%
BHARTIARTL	1170.7	13.42%
TATAMOTORS	884.2	13.37%
BAJAJ-AUTO	7667.55	12.80%

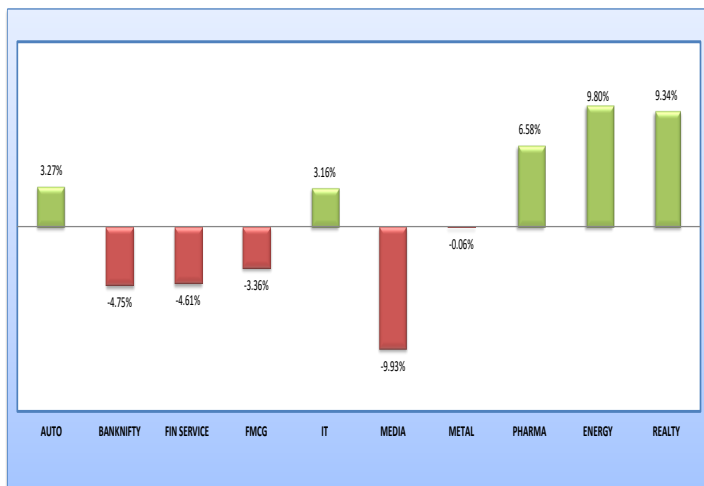
Top Nifty Losers for January 2024

Scrip Name	Close Price* (₹)	% Change
HDFCBANK	1462.55	-14.43%
LTIM	5448.55	-13.45%
ASIANPAINT	2957.85	-13.07%
HDFCLIFE	576.6	-10.84%
UPL	537.7	-8.44%

*Closing of last trading day of the month.

- Breadth of Nifty stocks was neutral- 25 stocks closed in green, 25 stocks ended lower in the month of January, 2024.
- Relative comparison shows Pharma, Energy and Realty were the outperformers whereas Banknifty, Fin service and MediaUnder performed in January, 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 (21,725.70)*

Support 21,500/21,100/20,800

Resistance 22,150/22,500/ 22,750



Outlook for Bank Nifty (45,996.45)*

Support 45350,/ 44,600/46,250

Resistance 46,300 / 46,800/ 47.400



- Nifty remained volatile in the broad range throughout the month and closed on a flat note. It continued its upward momentum but witness profit taking from the record high to close at 21725.70.
- Mixed trend was witnessed on the sectoral front. Wherein Pharma, energy and realty outshined the markets whereas Fin service, FMCG and Media witnessed profit taking.
- Technically, we believe 22150, to act as an intermediate hurdle, sustenance above the same, we shall witness meaningful traction towards 22500 levels. While on the other hand failure to surpass the hurdle we might see some breather towards 21500-21100 which would act key support for the index.

- Banking index underperformed the benchmark index and witnessed a divergent move causing index to close on a weak note. It finally settled lower losing 4.75% at 45996.80 levels.
- Surprisingly PSU bank continued to inch higher to record high levels and significantly outperforming the private banking majors, rallying nearly 10 percent. Whereas Private banking index closed lower by 5.15 percent.
- The current price action suggests, the consolidation with the negative bias in the banking index especially in the private banking names. Traders should maintain focus on PSU Pack and use dips as buying opportunity.

*Close price as on February 02, 2024



DERIVATIVES MONTHLY ROLLOVER REPORT

January Expiry Derivatives Summary

For the January Series, NIFTY closed at around 21,350 after Volume weighted average price (VWAP) based buying activity was witnessed in the second half of the day.

Nifty February Futures contract Open Interest started with around 122 lakh vs 128 lakh in January. Banknifty February futures have seen an Open Interest of around 35.2 lakh vs 20.8 lakh in January. At expiry, VIX was at around 14% levels implying around 780 odd points swing in the NIFTY in next 30 days. The highest Nifty February monthly options Open Interest is at 21000 PE and 23000 CE. Nifty 23000 Call Open Interest stands at around 62000 contracts and 21000 Put Open Interest at around 58000 contracts.

In January series; Cement @ 96% is the sector where highest rollovers was seen whereas Telecom @ 87% is the sector where lowest rollovers was seen.

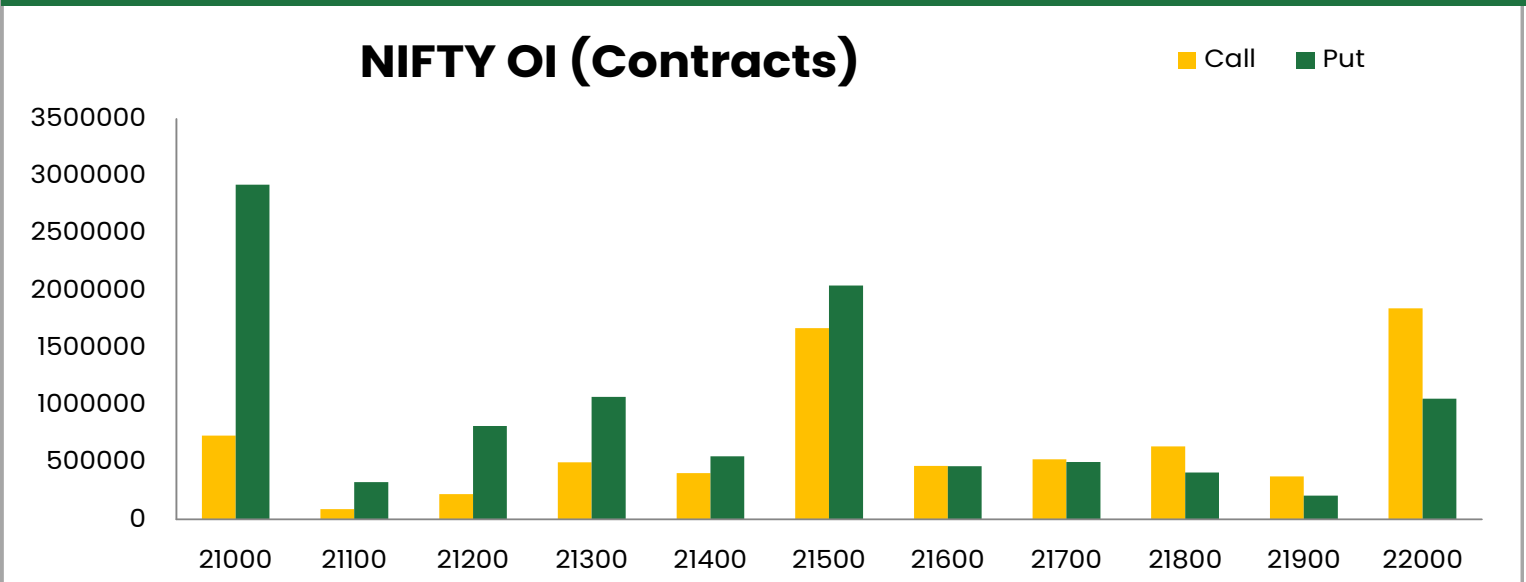
We believe **BANKING, FMCG & CHEMICALS** are the sectors that can outperform the index in February series.

ICICIBANK, CROMPTON, NATIONALUM & SAIL are the stocks that can outperform the benchmark in the February series.

TOP 5 - HIGHEST ROLLS	Expiry-to-Expiry
STOCK NAME	% ROLL
AXISBANK	98
SHRIRAMFIN	98
GLENMARK	98
JKCEMENT	98
MANAPPURAM	98

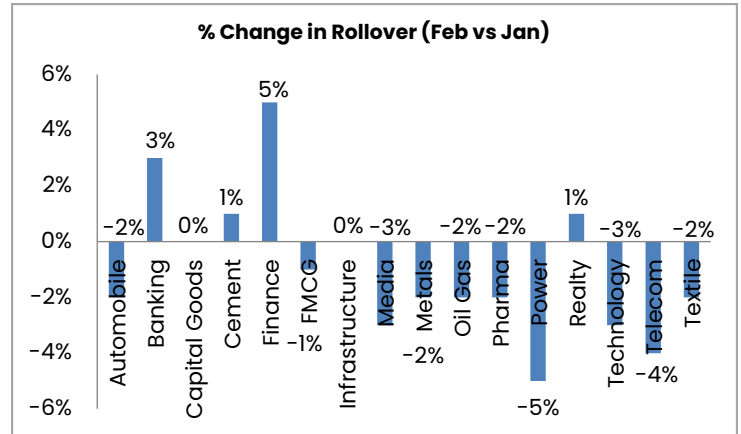
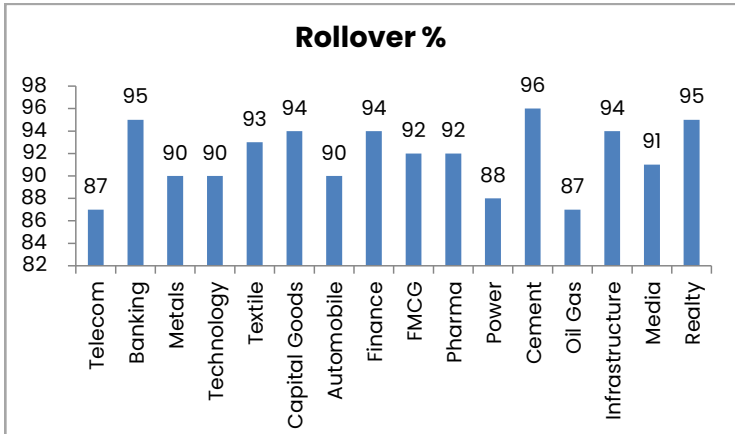
TOP 5 - LOWEST ROLLS	Expiry-to-Expiry
STOCK NAME	% ROLL
ONGC	61
ALKEM	64
HINDALOC	67
OFSS	69
BRITANNIA	71

NIFTY February Series Option Data





February Series Sector Outlook



ICICIBANK(CMP : 1020): The stock remained flat in the previous series but added more than 22% OI. The positions are being rolled at 97%. With good cash based buying in last 3 day of the series and the stock trading above weighted average price of 1002, we believe its poised to test 1060-1080 in the near term.



NATIONALUM(CMP : 158): The stock rose by around 10% with substantial OI addition of 78%. With rollovers at par but higher base suggesting participants carrying their directional bets. Holding the support at 128, we anticipate the stock to edge further higher in the coming days.





February Series Outlook

Long Buildup

Long Build up	Price (%)	OI (%)
JKCEMENT	10.38	91.13
NATIONALUM	9.72	77.56
DLF	4.12	61.70
VEDL	2.35	29.53
ABBOTINDIA	10.77	28.22

Short Buildup

Short Build up	Price (%)	OI (%)
HDFCBANK	-15.85	93.37
NAVINFLUOR	-12.91	92.60
ALKEM	-3.02	72.99
CONCOR	-3.30	65.60
INDUSINDBK	-6.12	63.84

CROMPTON(CMP : 304): The stock gained marginally with no major change in OI. With rollovers at par @ 97% with the previous series, we believe the stock is still carrying longs. Holding 288, we anticipate the stock to do good in February series.



HINDPETRO(CMP : 512): The stock has witnessed a good run up off late and gained 3% in January series, But with unwinding of major positions and lesser rollovers, we believe the stock is poised to witness some profit taking at current levels. So keeping a stop at 465, be Negatively Biased in the stock.





February Series Outlook



Nifty futures has rolled at around 81% vs 80% which is at par with respect to the previous series. The Open Interest for the new contract is lesser by around 9 lakhs w.r.t to the last month contract implying reduction of shorts.

A combination of both Long & Short rolls was seen in February series. For February futures with an average price of around 21450 which becomes a pivot for the month. Till the time Nifty trades above 21200, the index is in a Buy on Dips mode for the first weekly expiry. We expect the Nifty to find strong support at 21200 levels for February series. On spot basis 21200-22100 might be the range for Nifty for first fortnight of February series. The upcoming Union Budget on 1st of February-2024 would bring in higher implied volatility.

FIIs Long ratio is now at 22% vs 70% previously in Index futures implying more of hedged positions into the February series. The IVs for options have also remained higher at 15% vs 14% implying higher swing in the underlying.

FIIs have sold around 35k Cr in cash market for the January month.

Banknifty futures rolled at 77% vs 81%, lesser than the previous month.

Banknifty futures have seen higher open interest of around 14 lakh w.r.t. the last month. This might be because of the more short positions in Banknifty during the January expiry. Banknifty had underperformed the Nifty in the January series losing 8% against the Nifty which lost 2%, we believe this might not continue in February.

For this series, ratio wise (Banknifty/Nifty) has a resistance at 2.20 and support at 2.05 The ratio between Banknifty and Nifty currently at around 2.1.

The major support for Banknifty would be around 44000 levels. We expect Banknifty to be in 44000-46500 levels for the first fortnight of February series.



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S. No.	Statement	Answer	
		Yes	No
		Tick appropriate	
	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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