

Current Market Scenario

10th Aug 2024



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NIFTY Channels

Channel Resistance 25500 Plus



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Union Budget

Union Budget Highlights

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- Govt. to continue fiscal consolidation
- Allocation to major sectors inline with interim budget
- Tax Rationalisation among various asset classes
- Long Term and Short Term Capital gains on equities hiked, STT for derivatives hiked
- Buyback taxation changed

Fiscal Math

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Fiscal Snapshot

	FY24 (PA)	FY25 (BE)	FY24 (PA)	FY25 (BE)
	Rs Trillion		Y-o-Y %	
Net Tax Revenue	23.3	25.8	10.9	11.0
Non-Tax Revenue	4.0	5.5	40.8	35.8
Non-Debt Capital Receipts	0.6	0.8	-16.3	29.0
Total Receipts (Non-Debt)	27.9	32.1	13.6	15.0
Revenue Expenditure	34.9	37.1	1.2	6.2
Capital Expenditure	9.5	11.1	28.2	17.1
Total Expenditure	44.4	48.2	5.9	8.5
Nominal GDP	295.4	326.4	9.6	10.5
	Rs Trillion		% GDP	
Fiscal Deficit	16.5	16.1	5.6	4.9

Source: Union Budget Documents, CareEdge. PA: Provisional Actual BE: Budget Estimate

Impact of Fiscal Deficit

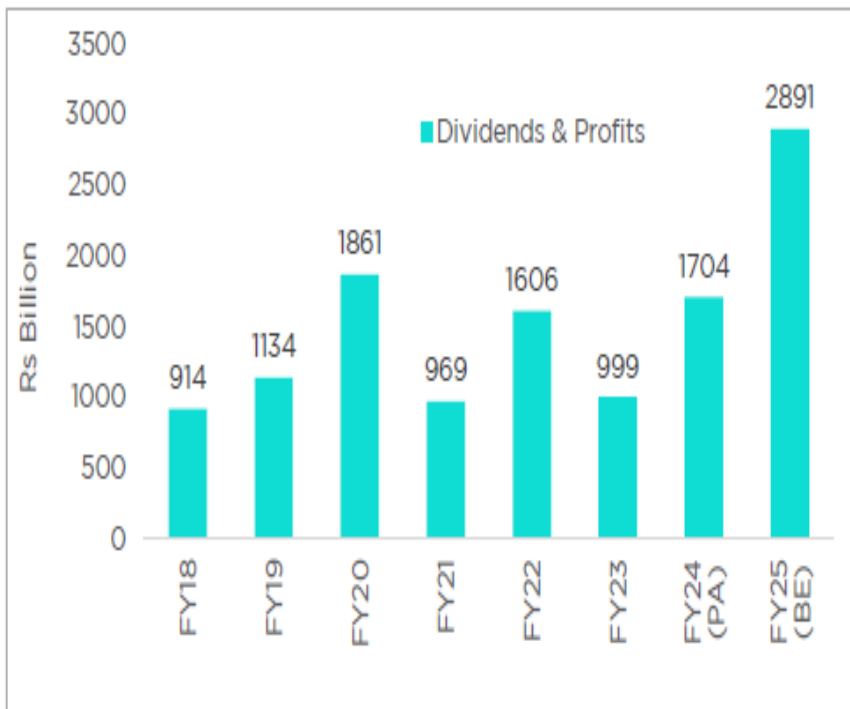
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	FY21	FY22	FY23	FY24 (PE)	FY25 (BE)
Revenue Receipts Lakh Cr.	16.3	21.6	23.4	27.2	31.2
Interest Expenses Lakh Cr.	6.7	8.0	9.2	10.6	11.6
Interest expense as % of Revenue Receipts	41.1	37.0	39.3	38.5	37.1

Non – Tax Revenue

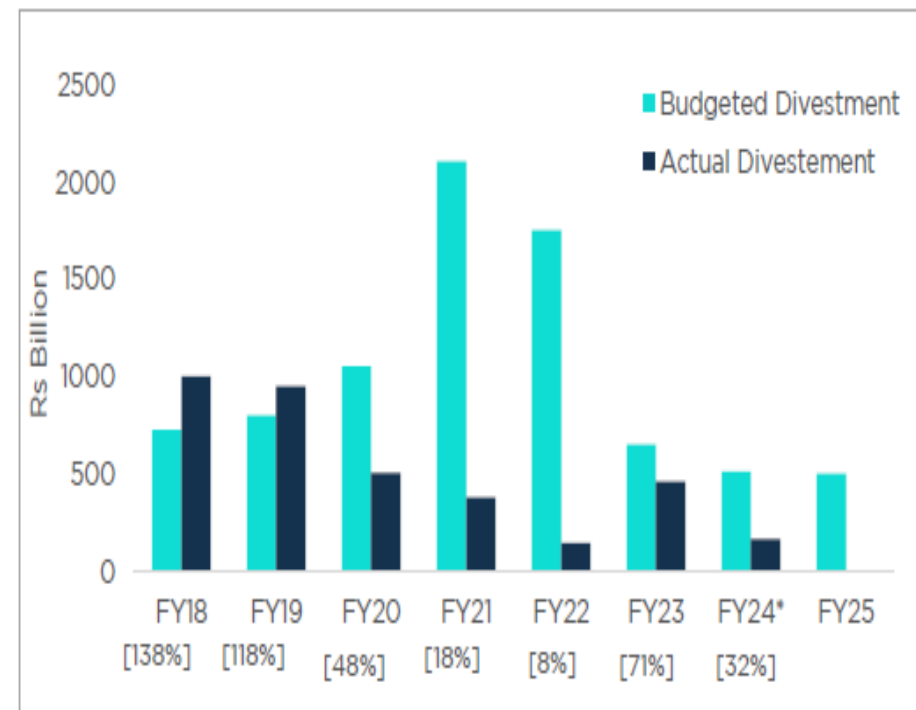
Non-Tax Revenue

Record RBI Dividend Supports Non-Tax Revenue



Source: Union Budget, CareEdge. PA: Provisional Actual BE: Budget Estimate

Divestment Target Retained



Source: Union Budget, CareEdge, * 2024 actual numbers are derived from DIPAM's data on divestment. FY25 budgeted value shows misc. capital receipts which includes divestment. Figures in bracket show actual divestment (% of budgeted divestment).

Sectorial Allocation

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	FY24 (PA)	FY25 (BE)	FY25 (BE)
	Rs Billion		Y-o-Y %
Ministry of Road Transport and Highways	2,645	2,722	2.9
Ministry of Railways	2,400	2,520	5.0
Ministry of Defence	1,678	1,822	8.6
Ministry of Communications	717	857	19.6
Ministry of Housing and Urban Affairs	265	286	7.9
Total Capital Expenditure	9,485	11,111	17.1

Source: Union Budget Documents, CareEdge; Note: (PA): Provisional/Actuals; (BE): Budget Estimates

Capital Market Related Changes

- Long Term Capital Gains hiked from 10% to 12.5%
- Short Term Capital Gains hiked from 15% to 20%
- STT on options hiked from 0.0625% to 0.1%, on futures from 0.0125% to 0.02%
- Exemption of Long Term capital Gains hiked from 1 Lakh to 1.25 lakhs in a financial year

Tax Rationalisation

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Asset type	STCG		Holding period	LTCG	
	Earlier	Revised		Earlier	Revised
Listed stocks and equity MFs/ETFs	15%	20%	12 months	10%	12.50%
Unlisted shares	Slab rate	Slab rate	24 months	20% with indexation	12.50%
Foreign shares	Slab rate	Slab rate	24 months	20% with indexation	12.50%
Debt MFs and ETFs	Slab rate	Slab rate	NA	Slab rate	Slab rate
Listed bonds	Slab rate	20%	12 months	10%	12.50%
REITs and InVITs	15%	20%	12 months	10%	12.50%
Physical real estate	Slab rate	Slab rate	24 months	20% with indexation	12.50%
Gold/silver ETFs	Slab rate	20%	12 months	Slab rate	12.50%
Physical gold	Slab rate	Slab rate	24 months	20% with indexation	12.50%

Current Market Scenario

Markets Turns Volatile

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- Asset Classes fall on unwinding of Yen Carry Trade
- Muted Q1 results
- US Fed rate cut likely in September
- Increasing Geopolitical Tensions

INDEX WATCH

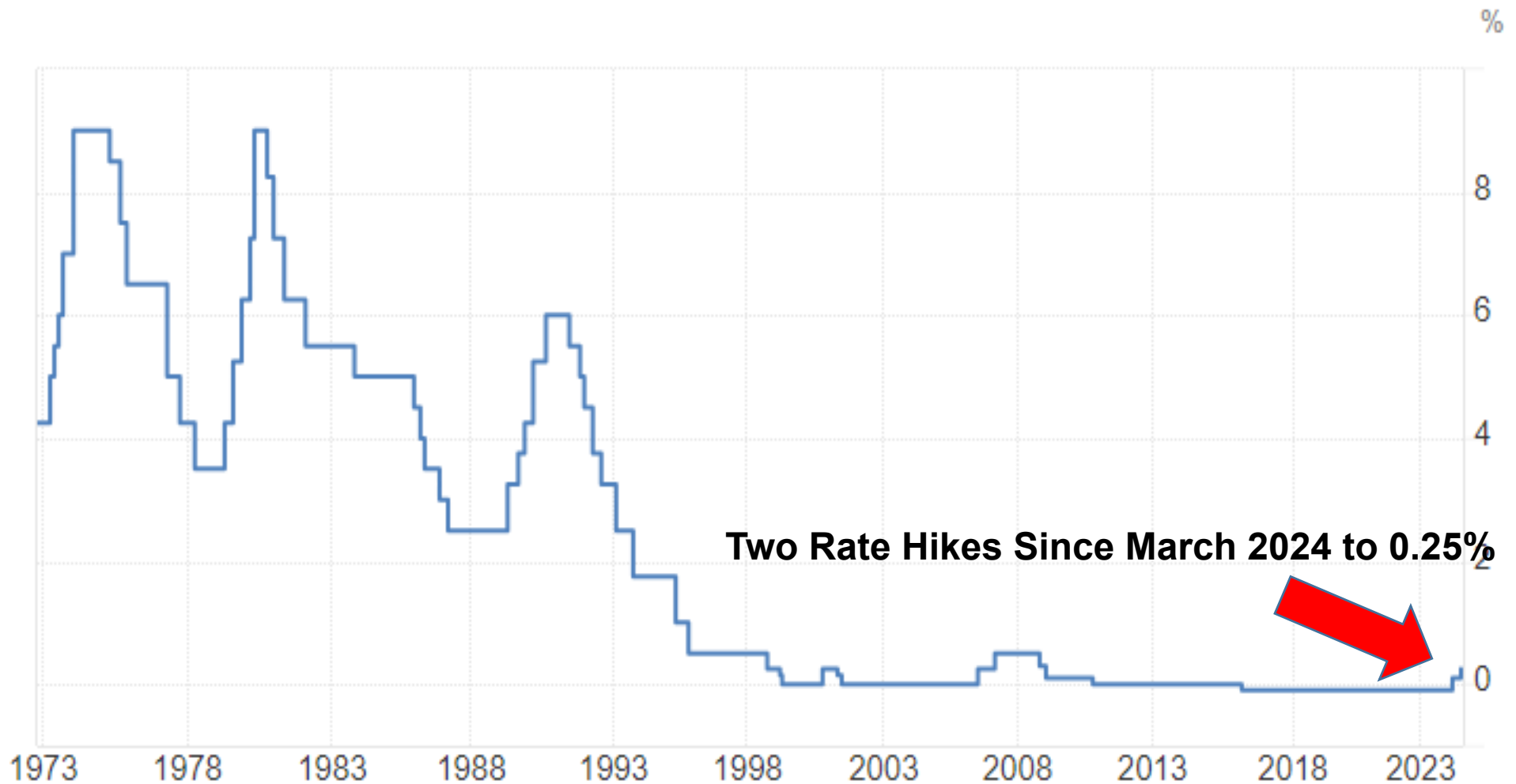
INDEX	10 th Aug	12 th July	% Change
Nifty	24,367	24,502	- 0.5
Sensex	79,705	80,519	- 1.0
Nifty Midcap	57,174	57,173	0.0
BSE Small Cap	53,614	54,013	- 0.7

Bank of Japan Hikes Interest Rates

- BoJ hikes interest rates by 15 basis points to 0.25%, highest level since 2008
- Interest rate hike send tremors across global asset classes
- Appreciating Yen led to panic unwinding of “Yen Carry Trade”

Japan Interest Rates

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Bank of Japan

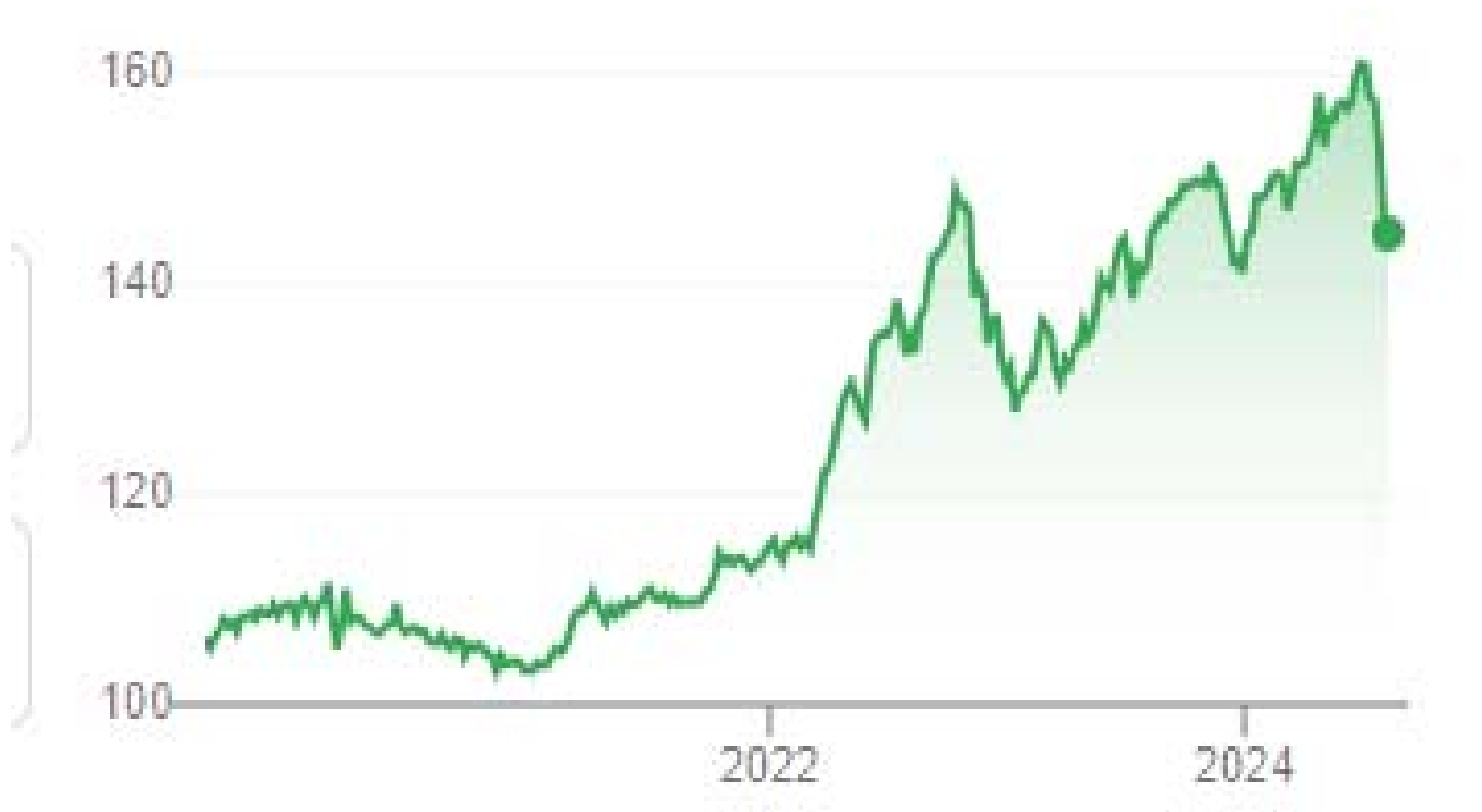
Value

Chg

Chg%

Yen Vs Dollar

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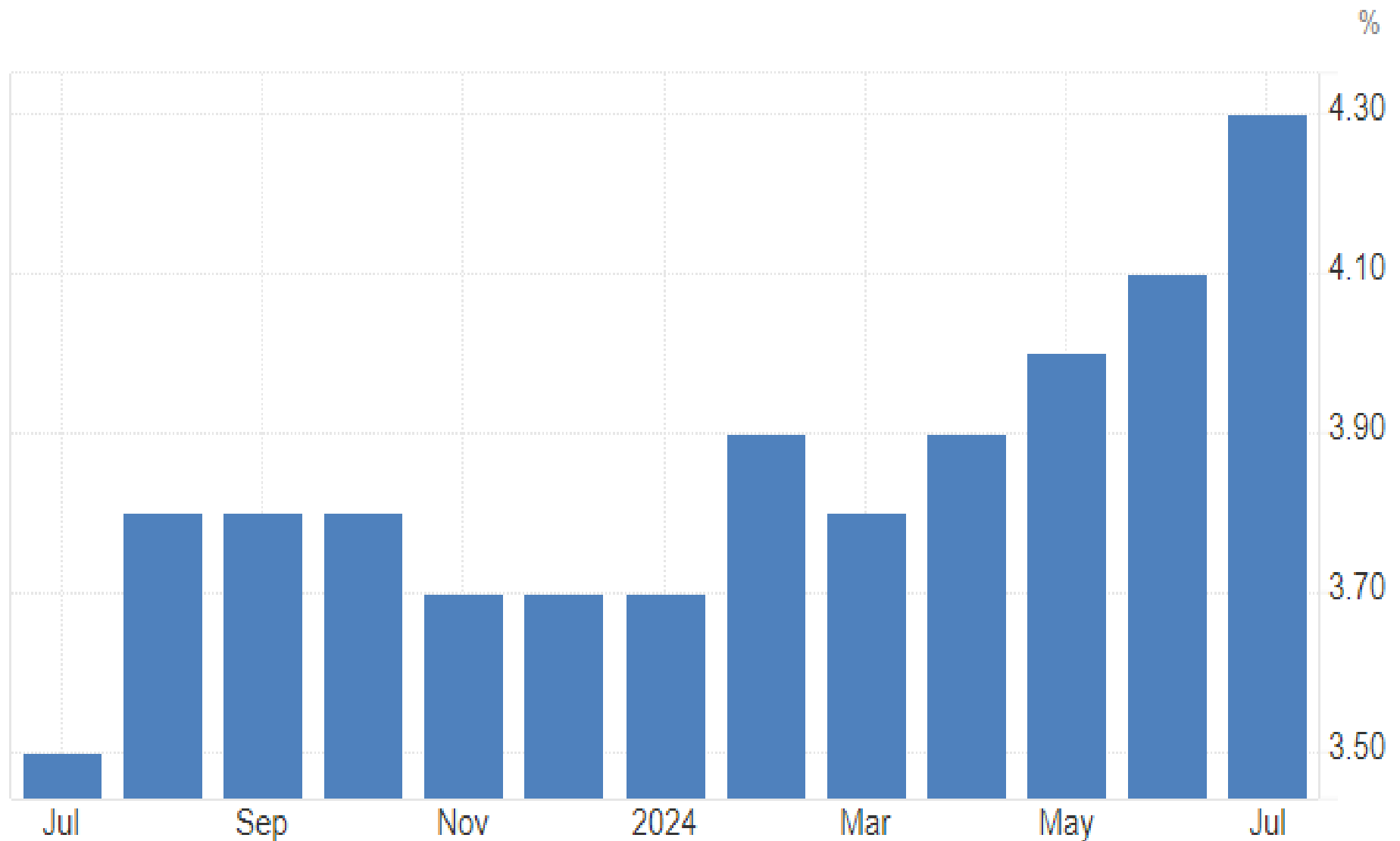


US Recession Fear Resurfaces **CAPSTOCKS**

- Weak jobs data ignites fear of recession in US
- US Fed gives hint of rate cut in September meeting
- Market participants expects overall 100 to 125 basis points rate cut in rest of current calendar year

US Unemployment Rate

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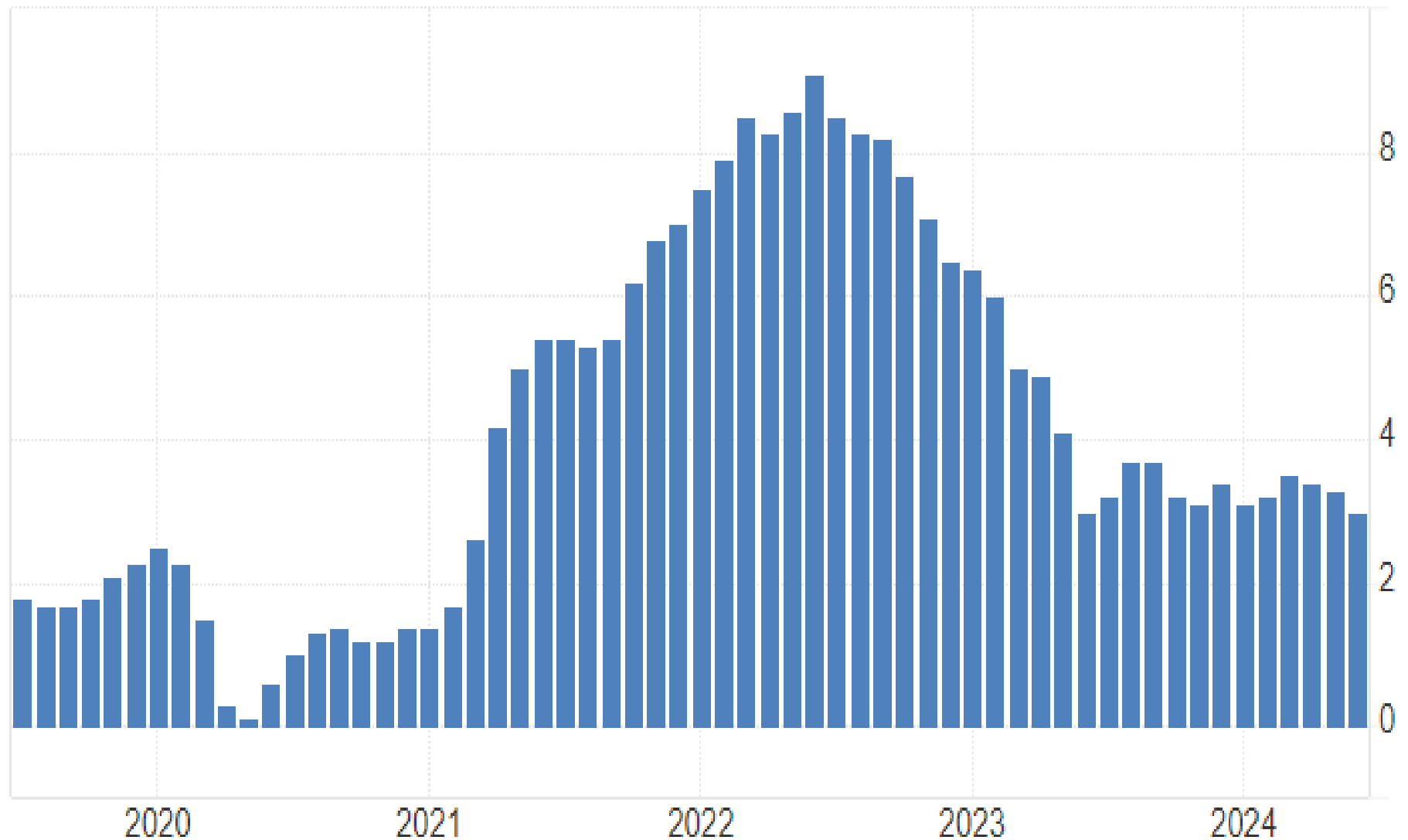


U.S. Bureau of Labor Statistics

Value Chg Chg%

US Inflation Rate

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US Fed Action

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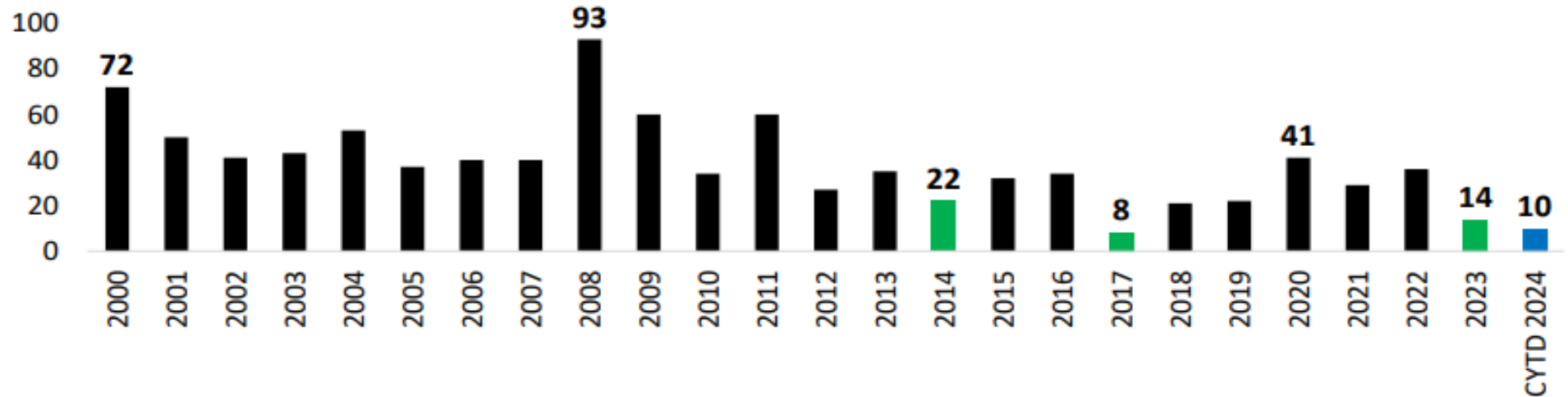
- US Fed likely to cut rate in September
- Further rate cut possible in subsequent meetings depending upon data
- Employment data started showing weakness

Volatility Reduced

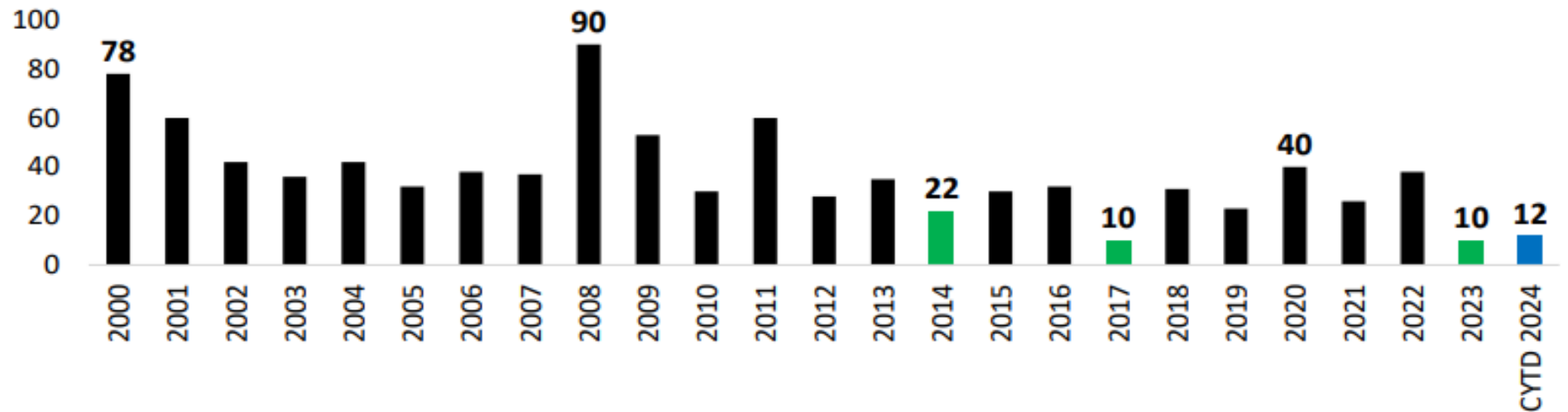
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Number of days in a year with a decline of 1% or more

Nifty 50



Nifty 500



Muted Q1 Results

- Majority of companies posted below average results
- Prolonged heat wave, elections engagement are reasons told by management for subdued performance
- Govt. spending down due to elections code of conduct

Q1 Fiscal Deficit Down Sharply

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Centre's Account(*in lakh crore*)

Head	2024-25	2023-24	% change
Revenue receipts	8.29	5.88	40.96
Tax revenue (Net)	5.49	4.33	26.75
Non-tax revenue	2.80	1.54	80.71
Non-debt capital receipts	0.045	0.10	-57.77
Total receipts	8.34	5.99	39.20
Revenue expenditure	7.88	7.72	2.16
Capital Expenditure	1.81	2.78	- 34.99
Total expenditure	9.69	10.50	- 7.69
Fiscal deficit	1.35	4.51	- 69.93

Geopolitical Tension

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- Geopolitical Tensions increasing
- US increased its troops in Gulf region

SEBI to Curb F&O Speculation **CAPSTOCKS**

- Hike minimum Contract size to 20 - 30 lakhs in two stages
- Rationalisation of weekly index products
- Rationalisation of option strikes
- Upfront collection of options premium
- Intraday monitoring of position limits
- Higher margin and removal of calendar spread benefit on expiry day

If SEBI consultation on F&O curbs implemented

- Options volume will come down
- Profitability of brokers, stock exchanges to get affected
- Part of Retail money which are now in derivatives market may move to intraday cash market trading

Monsoon Progress

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- Monsoon 2% above normal as on July 31st
- Southern and Central India got copious rainfall
- La Nina to get delayed
- August and September to see above normal rainfall

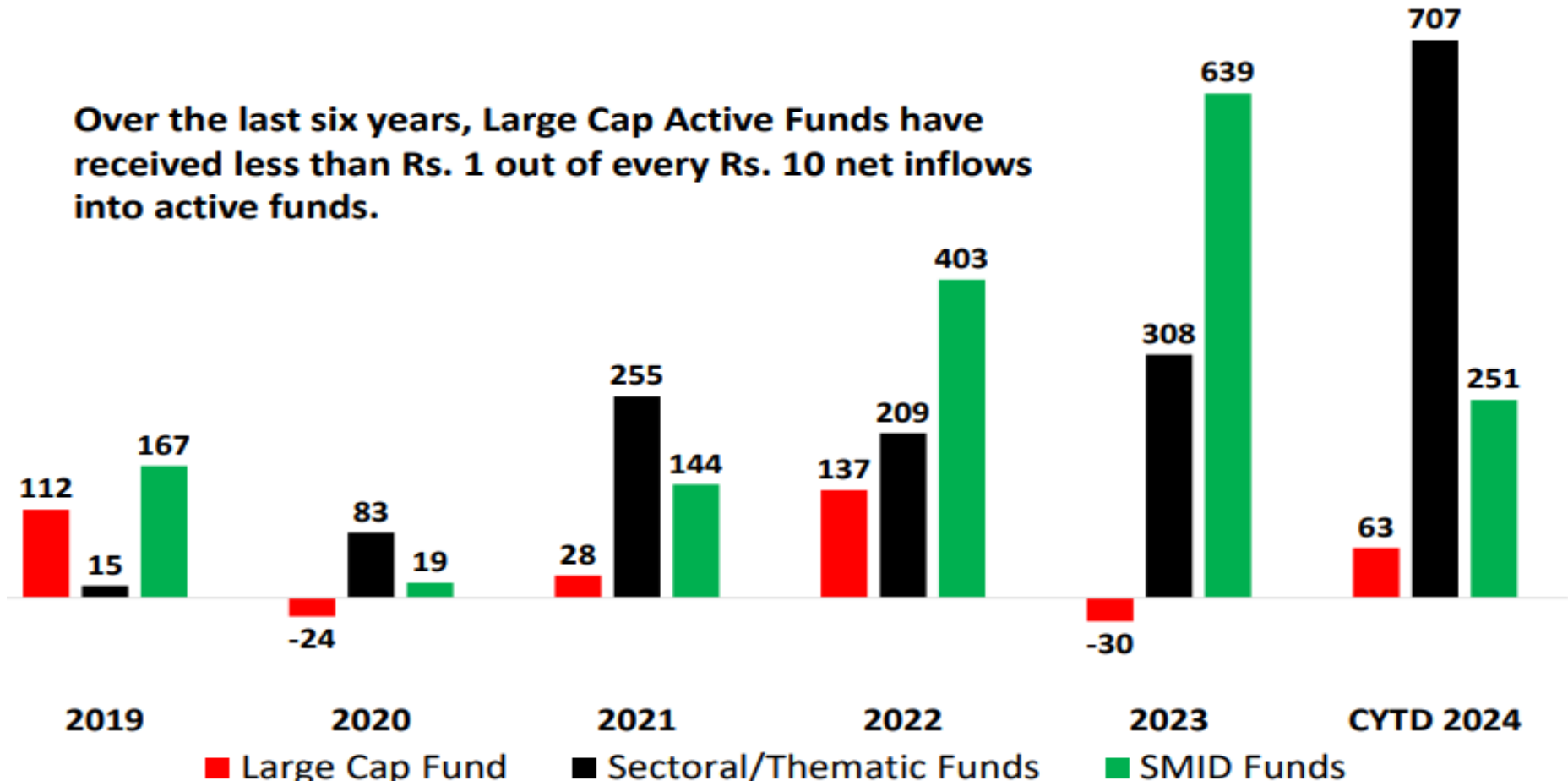
Rainfall (in mm) as on 08 August 2024

Region	Actual	Normal	% Departure from Long Period Average
EAST & NORTHEAST INDIA	713.9	834.9	-11%
NORTHWEST INDIA	328.9	344.7	-5%
CENTRAL INDIA	695.2	585.3	+19%
SOUTH PENINSULA INDIA	523.5	418.3	+25%
COUNTRY AS A WHOLE	556.3	518.3	+7%

Large Cap Funds Gets Less Flow

Active Mutual Fund Net Flows (₹ Billion)

Over the last six years, Large Cap Active Funds have received less than Rs. 1 out of every Rs. 10 net inflows into active funds.

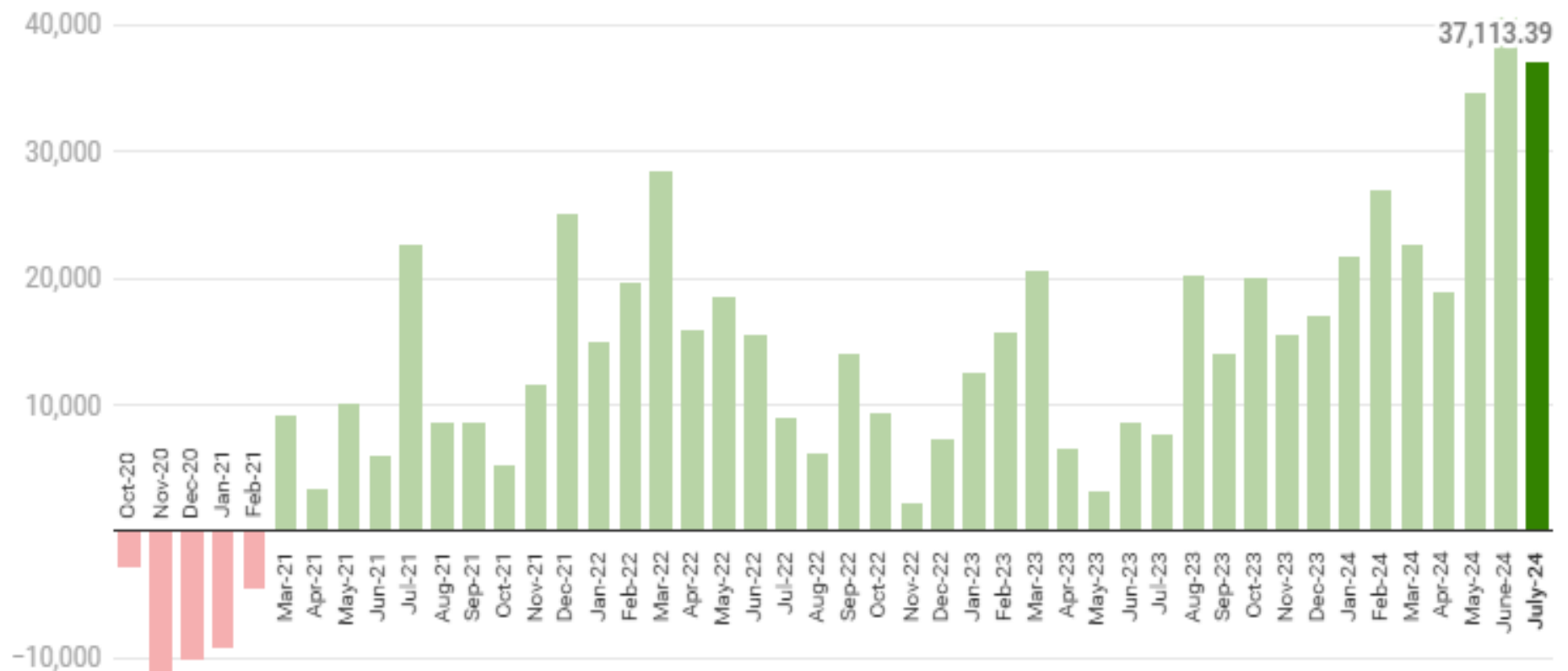


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Record Equity Mutual Fund Flows

Net Equity Inflows

(Rs crore)

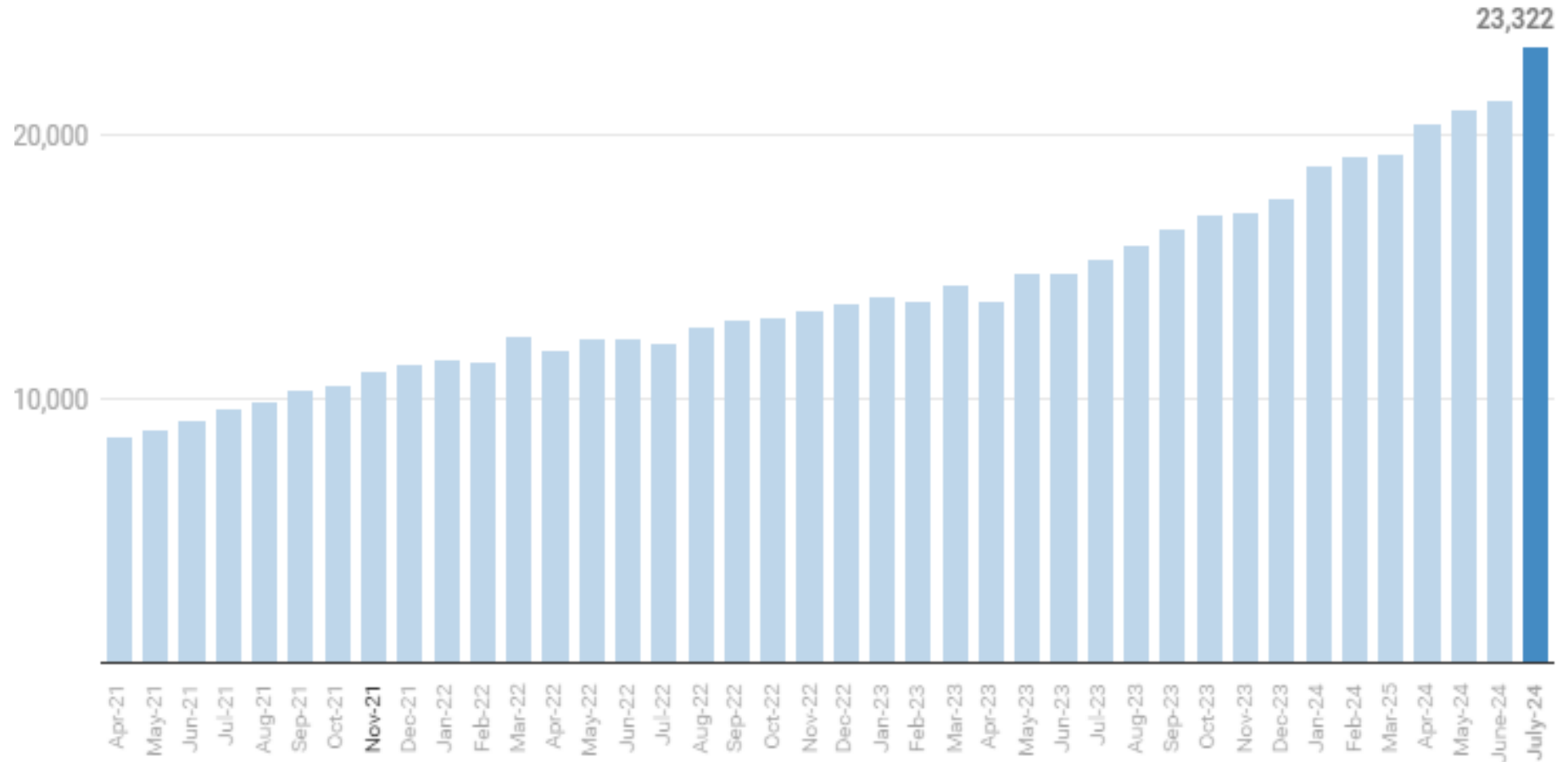


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SIP Flows on Record Flows

SIP Contribution

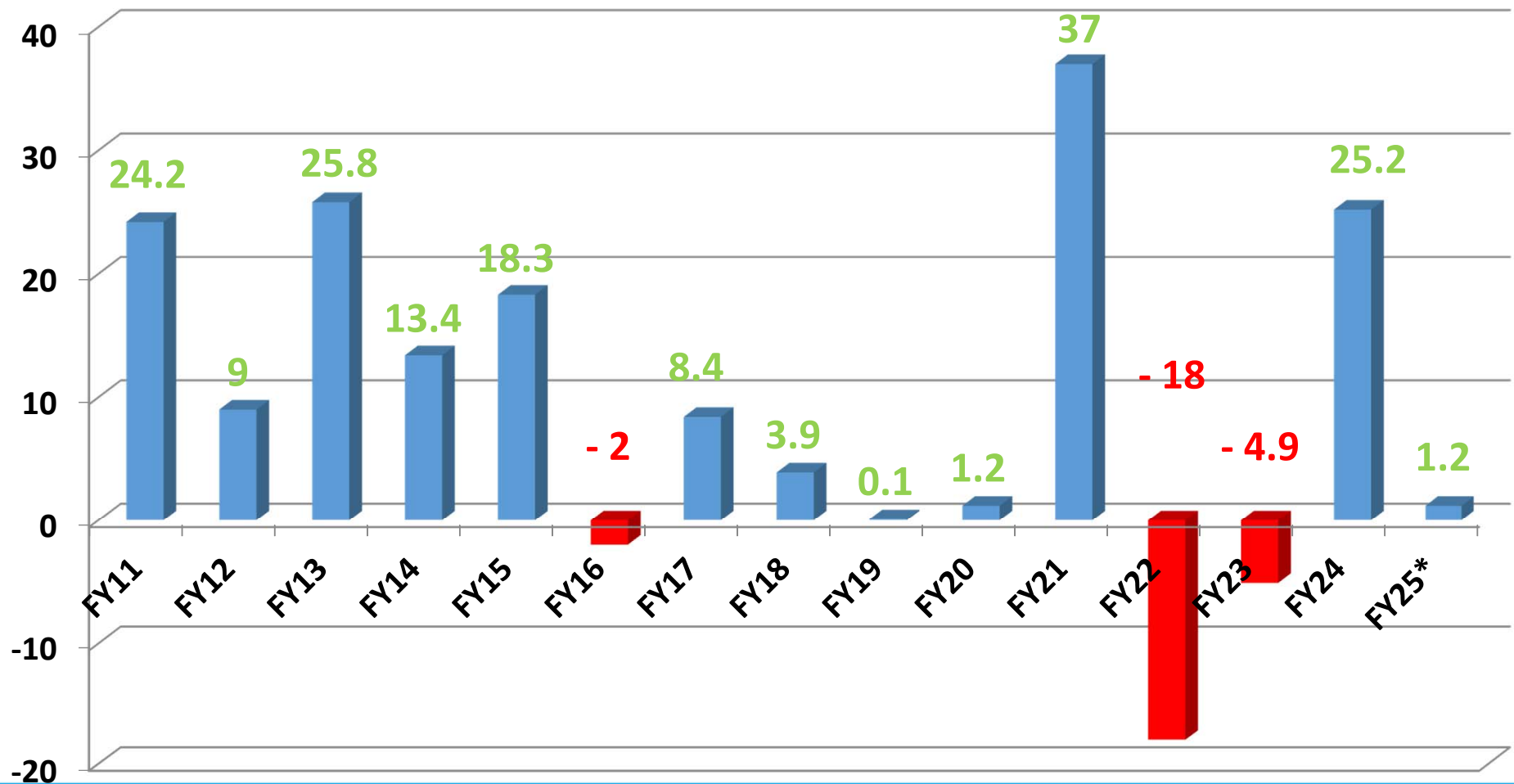
Gross investments (Rs crore)



FPI Flows

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FPI Flows in US Bn \$



Data To Watch

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- Q1 Results
- Monsoon progress
- 100 Days action plan of Government
- US Elections progress
- Global markets

Thank You