



Dear Reader,

Global Overview: Global markets performed fairly well during the February 2024, most of the equity markets closed higher for the fourth consecutive month. At the onset of the month, Federal Reserve's conveyed that officials were unlikely to begin reducing interest rates in the immediate future, a hawkish sentiment echoed by the European Central Bank and Bank of England. However, strong labor market and decent economic growth supported the decision, and, after the initial disappointment, sentiment gradually shifted towards optimism as corporate earnings outperformed initial expectations, thereby supporting the markets to close in positive territory.

Market Performance: In US core inflation remains sticky at 3.9%, economic data also proved resilient, with the US composite Purchasing Managers' Index (PMI) suggesting activity continued to expand over February and the US economy adding 353,000 jobs in January. Dow Jones Industrial Average closed higher by surging 2.22% to 38,996 while S&P 500 closed higher by 5.10% to 5,096 and Tech heavy NASDAQ gained over 6% to close the month at 16,092 levels.

Eurozone - In UK GDP fell by 0.3% QoQ in the final quarter of 2023 as both consumer and government spending receded, Eurozone equities have performed well given the favourable global environment for risk assets. Following these news flows, equities performed well in February wherein CAC and DAX rose over 3% and 4% respectively while FTSE was marginally flat by losing 0.01%.

In Asia excluding India, markets mostly witnessed rally during the month, Chinese equities gained over 8% during the month to settle at 3,015, despite weaker than expected fourth quarter GDP print (-0.1% quarter on quarter) Japan's Nikkei gained 8% in February 2024 to 39,166. Hang Seng also gained over 6% to close at 16,511.

Back to home, sentiments in domestic equities remained positive, Indian indices closed higher for 6 consecutive months. RBI in its policy decision kept the interest rate unchanged at 6.50% in line with global banks. Sensex and Nifty surged over 1% each during the month of February 2024 to close at 72,500 and 21,983 levels respectively. Midcap and Smallcap index faced some profit booking and fell by 0.30% each during the month. On sectoral front, Realty gained 6.35% followed by Nifty Auto which gained over 6%, pharma which rose over 5% and nifty IT gained 2.95% during the month. Loser during February 2024 were, Nifty financial services, Nifty metals and Nifty FMCG which fell by 0.44%, 0.64% and 1.92% respectively.

Domestic Macro-Economic: India has retained its title of the world's fastest growing major economy as it expanded 8.4% 3rd quarter of financial year 2024. The International Monetary Fund (IMF) expects India's economy to expand by 6.5% in 2024, compared with 4.6% for China. Rating agency Moody's raised its forecast for India's GDP growth in 2024 to 6.8% from 6.1%. GST revenue collected for February 2024 at Rs 1.68 lakh crore, posting a 12.5% increase compared to the same month in 2023. Retail inflation eased to 5.10% on an annual basis as against a four-month high of 5.69% in December. Wholesale price index-based inflation eased further to 0.27% in January on an annual basis, as against 0.73% in December.



Conclusion: Strong equity market performance in February was fueled by strong economic data from US and rising economic activity in Europe. Positive data flows, better than expected corporate earnings alongside ease in inflation in most of the major markets has filled in optimism in risk assets. However, Central banks are bit cautious as of now and are likely to hold the rates.

As evident from macro-economic data, India has again proved its resilience, retaining its title of the world's fastest growing major economy where the Q3FY24 GDP numbers were far better than expected. Domestic inflations are sticky and gradually easing but is above the RBI's comfort level of 4%. Prior any rate cut announcement, RBI is taking cognizance of global central banks actions, development in domestic and global economy and inflation.

Investors shall remain cautious at this juncture as market across the globe are trading near all-time highs and higher valuations of domestic equities especially Midcap and Smallcap are matter of concern. Having said that, focus on accumulating/buying quality companies with strong balance sheets seems prudent given earnings expectations remain elevated.

Global Index	31-Jan	29-Feb	Change	Sectoral Indices	31-Jan	29-Feb	Change
Sensex	71,752	72,500	1.04%	NIFTY Midcap 150	17,885	17,831	-0.30%
Nifty	21,726	21,983	1.18%	NIFTY Smallcap 100	16,026	15,976	-0.31%
Dow	38,150	38,996	2.22%	NIFTY Auto	19,227	20,412	6.16%
Nasdaq	15,164	16,092	6.12%	NIFTY Bank	45,997	46,121	0.27%
S&P 500	4,849	5,096	5.10%	NIFTY Financial Services	20,498	20,408	-0.44%
CAC	7,657	7,927	3.54%	NIFTY FMCG	55,071	54,016	-1.92%
DAX	16,904	17,678	4.58%	NIFTY IT	36,638	37,720	2.95%
FTSE	7,631	7,630	-0.01%	NIFTY Media	2,151	2,050	-4.70%
Nikkei	36,287	39,166	7.94%	NIFTY Metal	7,973	7,922	-0.64%
Hang Seng	15,485	16,511	6.63%	NIFTY Pharma	17,939	19,003	5.93%
Shanghai Composite	2,789	3,015	8.13%	NIFTY Private Bank	23,594	23,105	-2.08%
Key Data Release				NIFTY PSU Bank	6,272	6,930	10.49%
Particulars		Current	Previous	NIFTY Realty	856	911	6.35%
India Manufacturing PMI (Feb)		56.9	56.5	Other Asset Class			
India Service PMI (Feb)		60.6	61.8	MCX Gold 10 g (in Rs)	62,958	62,567	-0.62%
India CPI (YoY) (Jan)		5.10%	5.93%	MCX Silver Kg (in Rs)	72,247	69,665	-3.57%
India WPI Inflation (YoY) (Jan)		0.27%	0.73%	Brent Crude (\$ Barrel)	81.71	83.62	2.34%
India IIP (Dec)		3.84%	2.40%	India 10 Year G-Sec Yield	7.14%	7.08%	-0.92%
RBI Interest Rate		6.50%	6.50%	US 10 Year G-Sec Yield	3.92%	4.25%	8.58%
India Q3FY24 GDP (YoY)		8.36%	8.08%	USD INR	83.08	82.94	-0.17%
FII Net (Rs cr)		-15,963	-35,978				
DII Net (Rs cr)		25,379	26,744				

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