

**DIGITIAN  
CAPITAL**



## FUTURE FOCUS

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**It is difficult but we again predicted the market well in 2023!!**

# DIGITIAN VIEW!

**We completed 2023 as a great Year of Turnaround for major stock markets except China.**

The markets are in bullish mode since November after recouping almost all losses of 2022. Lets look at major markets since 2018 :

by 5-6% from the 2021 life time high. When you have such a volatility in the market, it is better to follow a strict regime of investment. Thus we were able to gauge the trend.

Our Projection for India turns out to be match as Nifty turns out to have

Equity Indices	2023%	2022%	2021%	2020 %	2019 %	2018 %
S & P	23.5%	-19.5%	26.9%	16.2%	28.9%	-11%
Nasdaq	41.1%	-33.1%	21.4%	43.6%	35.2%	-10%
FTSE 100	0.5%	0.4%	14.8%	-14.3%	12.1%	-12.9%
Shanghai Compsite	-4.3%	-15.1%	4.8%	13.9%	22.3%	-26.5%
NIFTY	18.9%	4.5%	16.4%	22.5%	12.2%	2.9%

In our January 2023 Newsletter (click Link news letter) **we predicted that index will atleast grow 15% conservatively in USA**, but post FED stopping the rate hike, not much recessionary effect is felt as every body anticipated, the market did well in the last quarter especially S&P recovered completely of the 2022 rout and NASDAQ is still short

created a new high by end of 2023, as we predicted. This is mainly due to continuous investment by Government in infrastructure projects and also China Plus one policy gaining ground and

## MARKET WATCH

Equity Indices	Monthly Close	Monthly Change %	2023%	2022%
S & P	4742	3.8%	23.5%	-19.5%
Nasdaq	14765	3.8%	41.1%	-33.1%
FTSE 100	7490	0.0%	0.5%	0.4%
Shanghai Compsite	2957	-0.5%	-4.3%	-15.1%
NIFTY	21570	3.4%	18.9%	4.5%
Nairobi SE 20	1509	0.7%	-10.0%	-11.7%
Egypt SE 30	25469	1.4%	73.9%	22.5%
Tanzania All Shares	2091	20.4%	11.2%	-0.9%
Nigeria SE 30	2839	8.4%	54.1%	7.0%
Morrocco All Shares	12141	3.2%	12.1%	-18.9%
Bangladesh DSE 30	2092	-1.1%	-4.7%	-13.3%

Commodity	Monthly Close	Monthly Change %	2023%	2022%
Gold	2072	1.7%	13.2%	0.05%
Crude Oil	75.3	-2.2%	-12.4%	10.98%
WTI Oil	70.30	-2.4%	-12.3%	6.14%
Copper	3.87	2.1%	1.0%	-13.35%
Iron Ore	136.4	4.6%	22.6%	-1.08%
Aluminium	2313	6.5%	-2.8%	-15.03%

Only our Projection about China appears to be not correct as the market further slided by 4.5%. This is mainly due to the fact that China did not introduce a complete revival package boosting the economy and also followed a very strict regulatory compliance regime with their Giants corporates, this created a negative sentiment in the private sector and the market. From an Investment point, we took a view that Chinese stock will do good which got delayed.

### USA market :

USA economy did not face the real recession - either it is further delayed or it will be just a slowdown in 2024. The main concern was Inflation - after high average of 8% in 2022, but Fed has strictly followed the rate hike 11 times till July 2023 to 5.5% - the inflation fallen sharply to an average of 4%. The unemployment rate also did not increase sharply beyond 3.7% - which is still at 50 year low. Thus in the H2 Fed did not raise rates which gave positive message to the market. The NASDAQ which are mostly Tech stocks overweighted, was mostly affected in 2022 than S&P. However, recovery followed S&P lead. The main sectors which did well are Tech, Communications, Consumer Discretionary. The markets came back through Top stocks mainly. The only sector which took a breather is Energy but still holding good. The interest rate scenario remains very high after two decades which affected the mortgage Industry and housing start creating a supply gap. It was expected that delinquency would be high but lower unemployment and delayed recession did not affect the Finance sector much and helped recovery.

World economy has adjusted to a great extent with Russia-Ukrainian War.

### Indian Market :

In line with our projection, Indian stock market for the sixth straight year registered a 18.9% growth. This is mainly due to the fact that India picked up fast in 2022 post COVID 2019 and showed resilience in economic infrastructure spending and third the

front, secondly the Government continuously infused money in infrastructure and in other important sector, thirdly strong upturn in foreign direct investment inflows from manufacturing firms under China plus 1 strategy including Google and Facebook.

Although FDI took a deep to \$ 70.9 billion in 2023 but in the past 4 years (2020-23) accumulated \$328 billion, much higher than previous Last 4 years (2016-2019) of \$ 238 billion - it could be attributed to China Plus 1 and also the improvement doing business environment in India. Most important INR slide could be stopped.

In terms of economy, GDP growth rate reached 7.1% while inflation was around 5.6% mainly energy driven. Since India will go for election in 2024 so there will be a lot of government spending in 2024 and the market will remain bullish for the same.

### Africa Market :

Like 2022, African markets are the worst sufferer post COVID -1) currency depreciation in the three largest african economies - Egypt (20%)and Nigeria (50% decline) and kenya (21%) have suffered the most mainly due to high double digit inflation Egypt (37%) Nigeria (29%). It will take long for the African market to be stable. This is not a good environment to be in these markets as investors.

### Commodity

Gold gave 11.7% return in 2023 mainly due to inflation. Iron Ore make a come back after 2 years - due to lot of infrastructure project funded by Govt and post war built up while Aluminum slided

We shall take closer look at the market and our estimation in January 2024.

Happy Investing

## COUNTRY DATA

Countries	GDP (USD Bn)	Market Cap (USD Bn)	GDP Growth 2023 %	Inflation %
USA	27966	50781	2.7%	4.00%
China	17963	10889	5.2%	0.2%
India	3732	4330	7.1%	5.6%
Egypt	500	45	4.2%	36.00%
Kenya	115	10	5.1%	7.7%
Tanzania	79	7	5.3%	4.7%
Morocco	138	11	2.8%	6.10%
Nigeria	487	54	3.30%	28.7%
Bangladesh	486	68	5.6%	9.40%

Forex	Monthly Close	Monthly Change %	2023%	2022%
EUR USD	1.090	0.93%	2.0%	-5.57%
GBP USD	1.264	0.32%	4.9%	-11.00%
USD INR	83.300	-0.04%	-0.7%	-9.95%
USD KES	157.26	-2.52%	-21.6%	-8.24%
USD EG POUND	30.93	-0.42%	-19.9%	-36.58%
USD TZS	2515.00	-0.60%	-7.5%	-0.95%
USD NAIRA	885.91	-9.42%	-49.5%	-8.00%
USD TAKA	109.93	0.06%	-6.1%	-16.98%



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Recommendation by	Name of the Company	Date of Purchase	Entry Price	Actual Gain Published in March 2022	Actual Gain Published in June 2023	Actual Gain Published in Dec 2023
Debashish	NGL Fine Chem	13-Mar-20	302	729%	572%	631%
Debashish	Tata Elxsi	27-Apr-20	790	646%	883%	1024%
Debashish	RACL Geartech	4-Aug-20	65	897%	2085%	1817%
Debashish	Arman Financial	8-Feb-17	243	327%	826%	952%
Saugata	Shivalik Bimetal	5-Feb-21	69	697%	933%	770%
Saugata	Newgen Software	7-Apr-20	116	477%	610%	1279%
Saugata	Trident	1-Oct-20	6.55	740%	419%	648%
Saugata	Indian Bank	11-Jan-21	87	94%	287%	422%



**Debashish**



**Saugata**

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# VALUE INVESTING

Debashish Neogi

“A 100x Multi bagger will be generally in the small cap, sector agnostic, multiplies in a short time span but may be over 10 years, - a right to win is a must but you require a megatrend as tail wind”

## No One Knows the Future in the short run (part 1)

**Context : Indian market has been in a golden bull run for the last 6 years since 2018 - Indices have doubled with a return of 104.7%. So the obvious question is what is the future of the Indian stock market?**

An interesting discussion with close friends and my answer to them ignited this thought provoking article.

**No one knows what in short term market will be, no one has accountability, especially the guys who came on TV Business channels. If they are right they will say “see I told you” but how many of times you have seen them saying “I was wrong”.**

**The Question has an inner question : Whether the Indian market will correct in 2024?**

Out of last 20 years, market have corrected in 18 years more than 10%. Hence, I expect that market (read Nifty /Sensex )will correct in 2024 by at least 8-10% anytime , only issue: **we don't know exactly when.**

However, as per my Value Investing conviction and experience, I believe that if we are invested in quality stocks it's better to be always remain invested instead of timing it.

For PMS, I can understand, it is different as they are always in “collection and then investment mode”. However many of the top PMS managers in the market have stopped collecting further money hence stopped investment.

Having said that I would also like to mention that **for first time in history of Indian market the forward earnings growth is keeping momentum with forward PE and huge retail money (read DII) remaining to be invested, hence every correction is getting bought into.**

The biggest negative is there are huge **new gen investors** who have come after Covid and they have not seen any bear cycle and hence any major macro related correction / black swan event can be scary like Covid because of unwinding.

### No one knows, so what you do?

At this point it is better to dig on to some value investing motivator and icon like Charlei Munger.

What he does in such a situation in the market? He does not even blink.



## No one knows, so what you do?

Holding companies is an art and who better know than Warren buffet or Charlie Munger .

- Buy good companies at good valuations
- Do maintenance due diligence
- Stay invested

## Look where India will be in Future

Secondly, I would suggest to consider a very long horizon to understand the Trend of India's growth.

This is from Goldman Sachs research the world largest Investment Banking firm

At this point, the developed world is looking at India and China. Since the developed world has the ingestible surplus, their assessments of the very long term future has some meaning.

So as per the projection, India around 2050 will be third largest economy after China and USA. This implies there will be huge interest and investment in Indian economy in the next 25 years.

## Every Fed Rate Hike Cycle Has Ended With A Crisis



DSP

Source: Bloomberg, DSP; Data as on Dec 2023

**There will also be Macro headwind** –which was there before ,there will be now and there will be in future also

Like the kind of analysis (as above) which shows that every US Fed rate hike cycle has ended with a crisis.

The world politics are passing through a very volatile phase and on any day any of these developments can create hindrance for Global trade or can create issue with Supply chain, disrupt trade and create cost for the economy.

## The Istanbul-Jakarta axis — the integration of the Eurasian continent

Iran, Saudi Arabia, UAE and Oman to form a joint navy

India-Iran-Armenia launch trilateral to create corridor to Russia & Europe

China 'Green Lights' A Whopping ¥ 400 Billion BRI Project To Pakistan; Aims To Connect Kashgar To Gwadar Via Kashmir

**Saudi Arabia takes step to join China-led security bloc, as ties with Beijing strengthen**

Russia and Iran sign rail deal for corridor intended to rival Suez Canal

'Iran may consider extension of sub-sea natural gas pipeline from Oman to India'

India and Russia in 'advanced talks' over free trade agreement

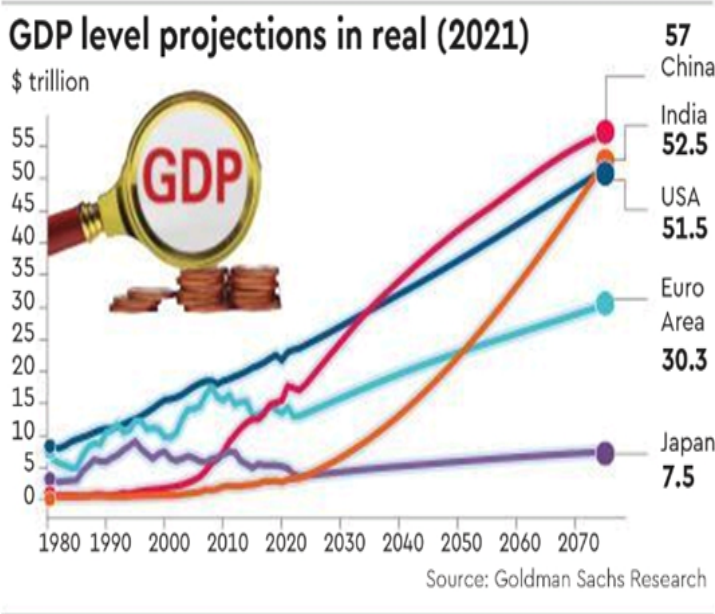
Erdoğan says Turkey and Russia to study Putin's gas hub proposal

Sources: news headline clippings

**Thus in a stock market there will be macro headwinds all along the way, but a value investor would focus on the very long term trend on the market and economy while stay focused on the growth path of your stock.**

Happy Investment!!

(to be continued)



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- **A separate Digital Account with Digitian Capital :** This will track trading results for easy reference.

## What is the structure of **SURROGATE INVESTMENT Platinum** ?

- **Minimum Investment Requirement :** USD 500,000 or INR 3 crores
- Markets : INDIA & USA
- **Open a dedicated Brokerage Account with any Large banking Brokerage**
- **Minimum Investment : 12 months for each stock**
- **Allow Digitian Capital processors to Buy and sell shares in your account**
- **Quarterly Review of Investment performance and upside payment to Digitian Capital**



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The world is changing superfast – media, communications, banking, currencies, education, retail channels, health & medicines, travel and tourism, consulting, manufacturing, agriculture, – every sectors facing disruptive innovations; Nano technology, internet of things, artificial intelligence and robotics will be overwhelmingly embedded. In this age, model disruption, extinction, miniaturisation, real time delivery, speed and virtualisation are neo normals.

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