



**DIGITIAN  
CAPITAL**

# DIGITIANVIEW

A monthly Investment outlook



## FUTURE FOCUS

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### The Markets in 2024 : Where and How to Invest ?

## DIGITIAN VIEW!

### MARKET WATCH

In the first half of the year 2024 the markets will be range bounds S& P 500 is already at all high and NASDAQ will also reach its all time high peak soon.

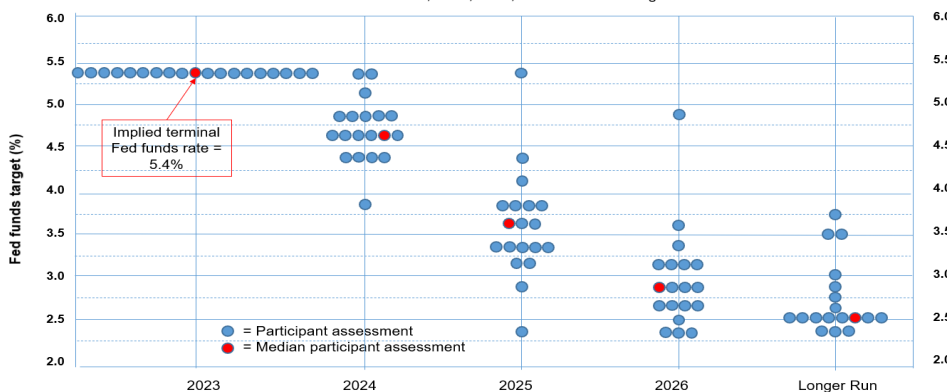
Fed rate at the end of 2024 will be 4.6% and 3.6% by 2025 and 2.9% by 2026 .

The markets are in bullish mode since November 2023 after recouping almost all losses of 2022. Our main predictions for our markets are bullish for 2024. Most of the shocks are absorbed. Fed rate cut will steadied the world market.

As per the December 2023 Fed Dod plot

We project a cut of 100 basis points starting June 2024. This will be copied by other Central banks also to a great extent which will create a Global growth momentum. The world World GDP will grow by 0.1% to 3.2% while inflation remains high 5.8%.

December 2023 FOMC participants' assessment of the appropriate Fed funds target rate at the end of 2023, 2024, 2025, 2026 and in the longer run



Source: Federal Reserve, Summary of Economic Projections (SEP), December 13, 2023

Equity Indices	Monthly Close	2024%	2023%	2022%
S & P	4944	4.3%	23.5%	-19.5%
Nasdaq	15597	5.6%	41.1%	-33.1%
FTSE 100	7613	1.6%	0.5%	0.4%
Shanghai Compsite	2702	-8.6%	-4.3%	-15.1%
NIFTY	21771	0.9%	18.9%	4.5%
Nairobi SE 20	1511	0.1%	-10.0%	-11.7%
Egypt SE 30	27665	8.6%	73.9%	22.5%
Tanzania All Shares	1739	-16.8%	11.2%	-0.9%
Nigeria SE 30	3899	37.3%	54.1%	7.0%
Morocco All Shares	12443	2.5%	12.1%	-18.9%
Bangladesh DSE 30	2133	2.0%	-4.7%	-13.3%

Commodity	Monthly Close	2024%	2023%	2022%
Gold	2040	-1.5%	13.2%	0.05%
Crude Oil	77.93	3.5%	-12.4%	10.98%
WTI Oil	72.89	3.7%	-12.3%	6.14%
Copper	3.77	-2.6%	1.0%	-13.35%
Iron Ore	128.6	-5.7%	22.6%	-1.08%
Aluminium	2205	-4.7%	-2.8%	-15.03%

Lets now look at the market specific trend for 2024:

USA Market :

USA economy will face a slow down in 2024. The inflation is going to come down below 3%. The unemployment rate will be 4% and the Growth rate is slightly revised upward to 2.1% from

1.5% earlier - this is mainly coming from the expectation of the fed rate cut and delayed recession.

As per Factsheet, in 2024, analysts are projecting earnings growth of 10.9% and revenue growth of 5.4%. **The forward 12-month P/E ratio for the S&P 500 is 20.4.** This P/E ratio is above the 5-year average of 19.0 and above the 10-year average of 17.7. We agree to this given the fed cut coming in the second half.

The NASDAQ recovered completely in 2023. and the forward PE ratio is projected at **20.92** which shows substantial growth in revenue by 28%. Average PE ratio for 10 years is 28.26 higher by 5%+.

4 Sectors which will **OUTPERFORM Financial, Energy, Technologies. and Materials.**

Please **stay away from Consumer Discretionary and Real Estates.**

Indian Market :

Indian economy will grow at a lower rate and inflation will be manageable, the FDI flow reduced from annual flow of 2020-2022 but hopefully it will remain stable at 2023 level. With the election year expenditure the fiscal deficit will be around 6% which will be tried to be corrected by Government post election.

The good factor is the incumbent Government is projected to come back winning for the third term.

infrastructure spending and third the

In economic environment that will create a continuity and direction so market will remain positive. However, I expect the market to be within the growth level of 5%-10%.

Indian Market is blessed with less volatility unlike USA and Chinese markets. I expected the market to correct during the mid part of the year. But the market will recover during the last quarter.

China Market

Economic growth is still projected to be lower than 2023 till 2025. Chinese woo will continue but still growing @ 4.6% for the size of Chinese economy is not a joke. I feel position in Chinese stocks will pay in the 2-3 year's time. Pick a Large stock now and make a kill by 2026.

Africa Market :

Like 2023, African markets will be the worst sufferer in terms of currency depreciation, higher inflation, lower growth and shortfall in foreign currency reserve, and high foreign debt. **Egypt** will face another major currency depreciation. This requires an exit from the market. **Kenya market** is a drag for the **last 6 years**, the market hit the rock bottom. I expect the market will start performing from this year.

Commodity

Gold will remain flat return in 2023. I expect a rebound for Copper and Aluminum. Iron ore may slide further but dependent on Chinese recovery. Crude oil prices will remain around 2023 price with intermittent swing.

Happy Investing

COUNTRY DATA

Countries	GDP (USD Bn)	Market Cap (USD Bn)	GDP Growth 2024p %	Inflation 2024p %
USA	27966	50781	2.1%	2.50%
China	17963	10889	4.6%	1.7%
India	3732	4330	6.6%	4.0%
Egypt	500	45	3.9%	26.20%
Kenya	115	10	5.3%	6.6%
Tanzania	79	7	5.5%	4.0%
Morocco	138	11	3.1%	2.60%
	187	54	3.50%	24.0%
Bangladesh	486	68	6.0%	7.90%

Forex	Monthly Close	2024%	2023%	2022%
EUR USD	1.074	-1.5%	2.0%	-5.57%
GBP USD	1.254	-0.8%	4.9%	-11.00%
USD INR	83.060	0.3%	-0.7%	-9.95%
USD KES	160.50	-2.1%	-21.6%	-8.24%
USD EG POUND	30.89	0.1%	-19.9%	-36.58%
USD TZS	2525.00	-0.4%	-7.5%	-0.95%
USD NAIRA	885.91	0.0%	-49.5%	-8.00%
USD TAKA	109.93	0.0%	-6.1%	-16.98%





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**Debashish**



**Saugata**

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%

*Still* **Missed it ?**

**Surrogate Investor gains 40%+ p.a**



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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 2)

*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?*

*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.*

*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*

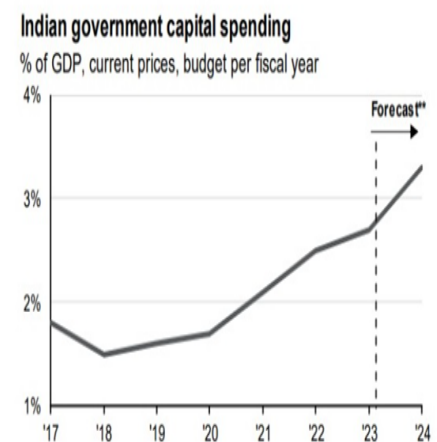
From the below table, It can be seen that in the last two years FY 22 and FY 23 all the sectors are up from 9% to 48% yearly. This happened only during FY 12- FY 14 when for 3 years all the sectors registered positive growth.

For the last 7 quarters from Jun 22 to Dec'23, all the sectors are in positive. This shows that market is under Bullish trend and creating new highs.

On the Domestic Front, Government has been investing on Capital Expenditure, in a scale never seen before. CE as % of GDP is now reaching 3.5% from below 2% and

It is predicted to grow further in 2024 given it is the election year.

Source: [JP Morgan Guide to the Markets](#)

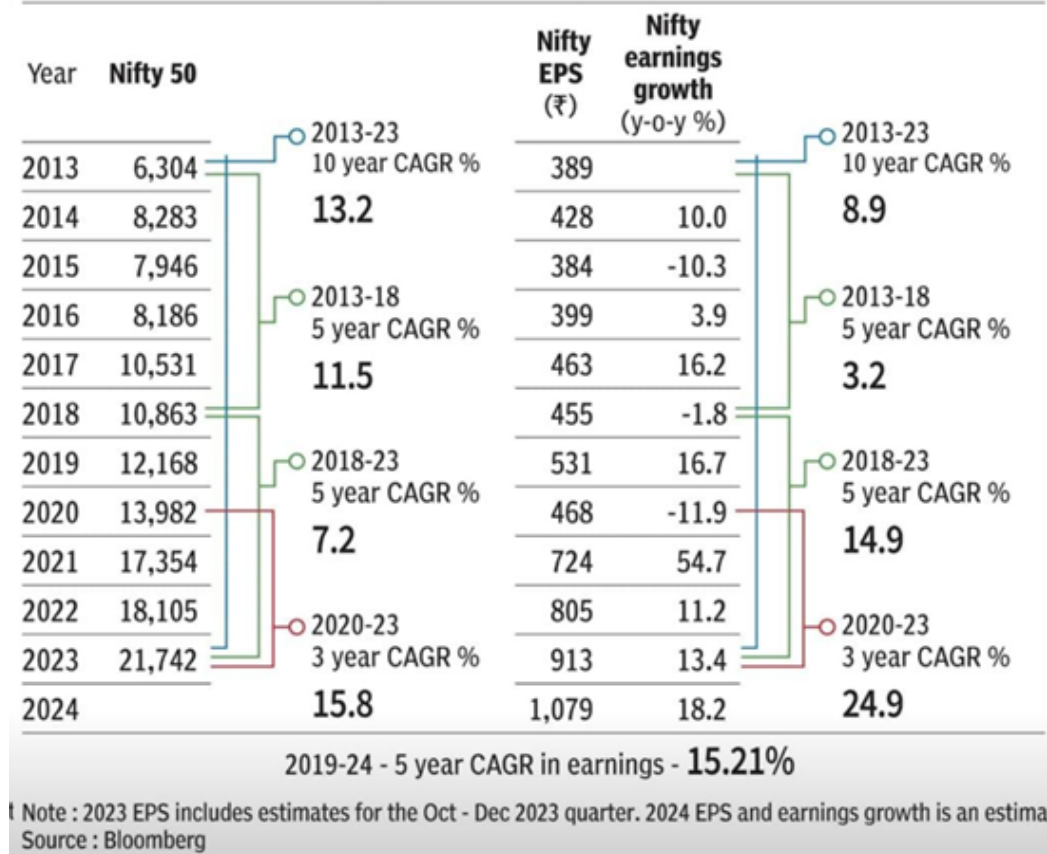


Sales- YoY	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23
Comm Services	20%	8%	11%	7%	5%	-1%	-13%	-2%	8%	15%	16%	19%	17%	20%	22%	19%	17%	14%
Consumer Disc (incl. Auto)	27%	14%	14%	11%	4%	3%	12%	6%	-12%	-4%	16%	29%	8%	13%	19%	29%	29%	27%
Ex TaMo	17%	16%	2%	7%	6%	9%	15%	10%	-11%	-4%	21%	33%	18%	24%	29%	33%	24%	20%
Consumer Staples	15%	16%	10%	9%	-2%	7%	5%	11%	5%	10%	15%	16%	17%	19%	17%	16%	10%	6%
Energy	33%	11%	7%	-9%	-20%	7%	20%	35%	0%	-20%	48%	30%	49%	47%	39%	30%	14%	4%
Financials	14%	15%	14%	20%	16%	17%	5%	17%	20%	14%	12%	17%	10%	11%	14%	17%	25%	26%
Health Care	27%	26%	25%	33%	9%	4%	-4%	11%	11%	1%	17%	9%	12%	9%	7%	6%	7%	9%
Industrials	27%	25%	13%	10%	4%	7%	12%	15%	8%	-7%	24%	37%	27%	37%	37%	36%	24%	10%
Information Technology	25%	19%	31%	12%	10%	14%	4%	16%	9%	6%	19%	18%	20%	21%	21%	20%	18%	14%
Materials	19%	5%	11%	2%	-12%	12%	18%	24%	-3%	7%	45%	10%	35%	25%	18%	10%	5%	3%
Utilities	13%	8%	13%	3%	1%	13%	8%	11%	7%	3%	13%	34%	25%	28%	31%	29%	18%	10%

DSP

Source: Bloomberg, Investec, DSP; Data as on Dec 2023

# Pick-up in earnings driving markets



—all the 3 words are very important for me —**sustainable, profitable and growth !!**

- Company should have pricing power
- Available at reasonable valuation, relative to the market standing;  
(However please be very careful while taking an exposure at this market level unless you are sure of the value of the stock you should not invest)

Most of my much-baggers are in the micro-small caps. In a growth market like india with Longterm goal, I believe your return will be 2x higher if your in small cap. The common theme I see in **small-cap companies** that ultimately become sustainable winners is the promoter and management teams .

You can make a judgment by just looking at their credentials, how they talk, how they operate, skin in the game, that you know they should be running a much larger business.

Keeping above in mind be focused on India in following sectors :

- Good Private banks & NBFC specially good MFI
- Good Pharmacy companies
- IT specifically in ER&D space
- Big Real estate companies

**While growth and profit are vanity and sanity but cash is reality** and hence some cash % ideally above 20% is best to hold now for any crash to capitalize at that moment .

**Happy Investment!!**

Capital Expenditure on Infrastructure building will increase the multiplier effect and created the environment for a positive private sector capital response.

**From an outside in perspective Nifty looks over valued.**

If you refer to the side chart, **for the first time you would see the Nifty forward PE is backed by strong earnings and projected earnings.**

For the last 10 years Earning growth was a moderate 8.9% while the nifty 50 growth 13.2% representing 1.48x.

While in the last 3 years Earning growth was a moderate 24.9% while the nifty 50 growth 15.8 representing only 0.63x implying higher forward PE.

I do not know how Indian market will behave in short or mid term but I know for sure Indian market will be in an upward trajectory in the long term.

Hence, as a value investor, my advise will always : Be invested in the market. Because you cannot simply time the market.

- Good management with strong execution skills and skin in the game (because you are betting on the jockey )
- A company which has competitive edge /Right to win and have clear focused “strategic intent “ for years.
- I can clearly see “sustainable profitable growth “atleast for next 5 years



# Be a millionaire Start **SURROGATE INVESTMENT Platinum** ?

After the success of Surrogate Investor for small and medium value investors We have introduced **SURROGATE INVESTMENT Platinum**

Surrogate Investment **Platinum** is for High Value Clients who does not have time to monitor their Investment and they are only interested in the return in their portfolio.

## Why it is a success:

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- **Time to market :** They are keeping daily watch on the stock/market behaviour and that of the global trend
- **Regular Profit booking :** They make profit and you make too in the medium to long term
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## Why it is a better structure than market Portfolio Management?

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- **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**
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