

INDIAN STOCK MARKET JOURNAL

EMPOWERING TRADERS AND INVESTORS

**Stock
Market
Outlook**

**Stock To
Bet On**

**Illuminate Your Finances
Diwali-Inspired Financial Wisdom**

**Surging US Bond Yields
And Its Impact On Dalal Street**

**Understanding the Main
Players in the Stock Market**



**Muhurat
Trading**

**The Unique Indian
Stock Market Tradition**



FROM THE FOUNDER'S DESK



INDIAN STOCK MARKET JOURNAL

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Full efforts have been made to ensure the authenticity and accuracy of the contents of the Yearbook, but we do not accept any liability for the errors if committed and the subsequent loss arising from the same, but we will make sure that the errors if occurred are rectified and minimized in future editions and also would welcome the reader's feedback.

We welcome your comments and suggestions for our future editions to make it more helpful month after month.

Dear Readers,

Among the festivities, demand for goods and services, from new clothes and jewellery to home appliances and vehicles, can be seen rising. This Diwali, plan for the future of you and your family. Invest wisely and smartly in the assets that fit your investing style, tenure of your goals and risk appetite.

This edition of ISMJ has brought you the history of the Muhurat Trading tradition and the timings of the session this year. We will also understand the main players in the Indian Stock Market, including the regulators and participants.

Also, in the edition, we will decode the reasons behind the rising US 10-year bond yields and its subsequent impact on the Indian Stock market. Finally, we will look at the financial lessons that we could learn from festivals like Diwali and Dhanteras.

Along with all the topics deemed the future of markets, we also bring you the Stock Market Outlook and how Nifty and Bank Nifty are expected to move in the upcoming months. Hope you learn and grow.

We would like to thank you for appreciating our previous editions with your kind words. We would love to have your continuous feedback to improve our work. Please feel free to write to us at support@equitypandit.com.

Happy Investing and Happy Diwali!

Abhishek Parakh
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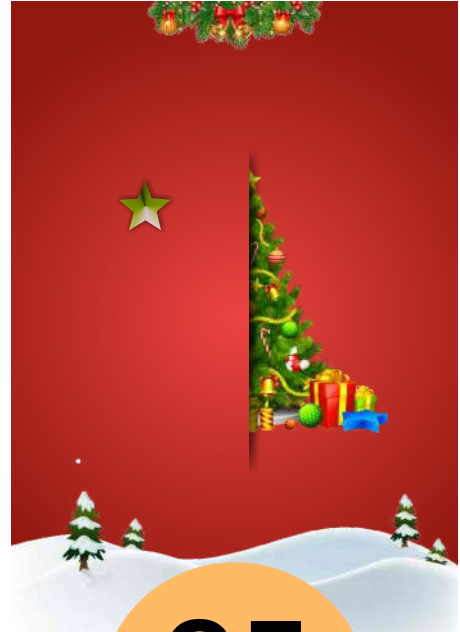
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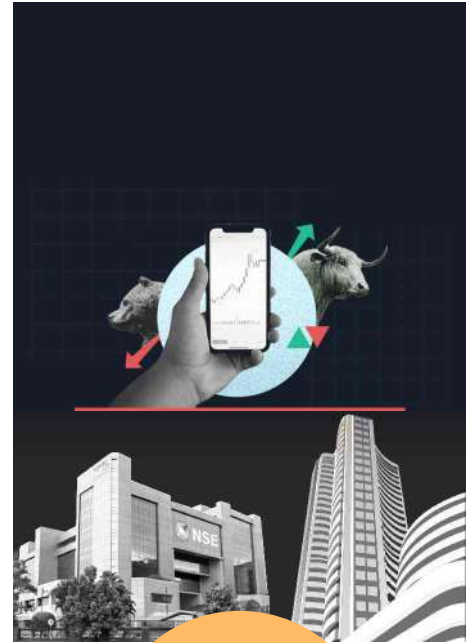
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Stock Market Outlook

NIFTY



Nifty Future had a consolidative move in the last 2 to 3 weeks. Levels around 18800-19000 acting as good AREA OF SUPPORT. (CLOSING 19488 (8/11/23))

Some key players in banking stocks such as **HDFCBANK** and **ICICIBANK** and some tech stocks like **RELIANCE** and **INFY** all have been showing mixed consolidative moves from the last 2 to 3 weeks.

The Nifty Future Index is currently around 19500 levels, taking crucial weekly support

of around 18800-19000, if broken, then the index can fall around 18400-18500 levels in quick time. On the other hand, any positive trigger can push the index to around the 20400-20500 level.

Our final verdict: As Nifty Future is moving in a positive weekly channel, support taken around 19000 proving a bit sideways as global sentiments are still shattered. Waiting for a strong trigger to drag the market either side.

BANK NIFTY



BANK NIFTY future is trading below the weekly trend, breaking around the 43900 level, as shown in the chart. (CLOSING 43825 (08/11/23))

The last 2 to 3 weeks were consolidative for the index as the movement was range-bound. Private and public sector Banks like **ICICIBANK**, **HDFCBANK**,

AXISBANK and **SBI** were also in bearish consolidation from the last few weeks.

Our final verdict: As we still wait for some strong positives coming in favour of the market, the index can go bearish sideways for some more time as the level around 41000-41500 seems to be the ultimate channel support in the coming 3 to 4 weeks time.



UPCOMING TRADING



HOLIDAYS



NOVEMBER



Diwali-Balipratipada

November 14, 2023

• • •
Tuesday

Gurunanak Jayanti

November 27, 2023

• • •
Monday





Upcoming Trading Holiday December



CHRISTMAS

December 25, 2023

Monday





THE UNIQUE INDIAN STOCK MARKET TRADITION

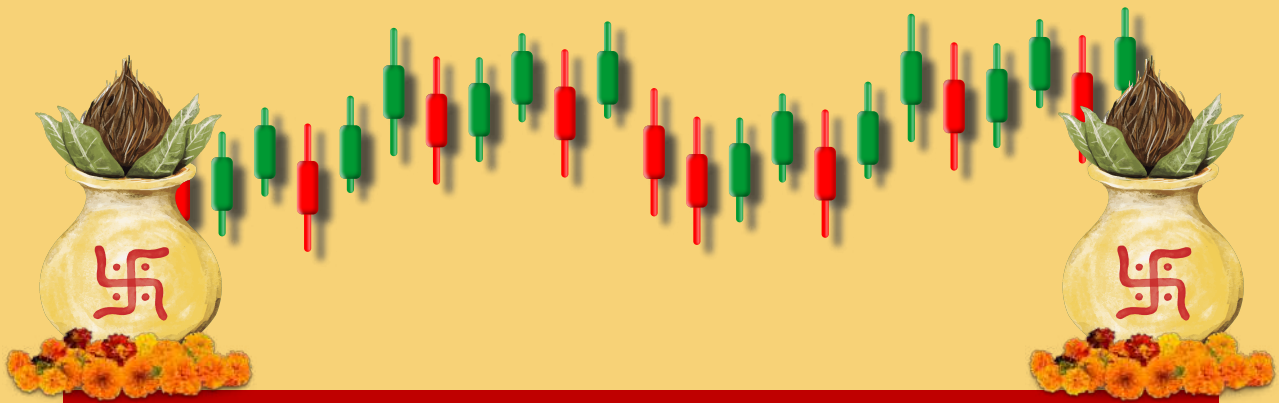


The world is a home for people of varied cultures, traditions, customs, dialects, and beliefs, and India is one of the most diverse countries in the world. Festivals are a huge part of all the different religions in our country, with Diwali being one of the most significant ones.

Families and friends come together to celebrate this festival of lights and this auspicious season of wealth and renewal.

Diwali symbolises the victory of good over evil, light over darkness and knowledge over ignorance.

Just like every other festival, there are many rituals and traditions surrounding Diwali. One of these traditions is the Muhurat Trading Session held by the stock exchanges on the festival day. In this article, we will learn about this unique trading session, its history, and everything else there is to know about it.



Understanding Muhurat Trading

Muhurat Trading is an auspicious event held on the Indian stock exchanges during India's largest festival, Diwali. Muhurat trading gives investors two messages- to concentrate on quality and to invest for the long term.

The word 'Muhurat' is derived from the Sanskrit words "Muhur", meaning moment, and "Rat" meaning order. As per the Hindu calendar, Muhurat refers to an auspicious moment when the planets align favourably to ensure positive results.

The one-hour-long trading window on the day of Laxmi Pujan is considered auspicious for investing in shares by many market participants. Exchanges notify traders and investors of the scheduled Muhurat trading hour yearly through circulars.

For traders, Muhurat trading is an essential part of the Diwali festivities. Traders book their profits and avoid losses during Diwali week and believe that the occasion symbolises good luck and prosperity for the upcoming year.

History & Tradition Of Muhurat Trading

Muhurat trading is held on Diwali, which marks the auspicious beginning of the New Year. Businessmen have believed for centuries that trading on this day brings wealth and prosperity throughout the year.

Muhurat trading is a more than half-century-old tradition, started by Asia's oldest stock market, the Bombay Stock Exchange (BSE), in 1957. The National Stock Exchange (NSE) embraced the auspicious practice in 1992.

Since then, every Diwali-Lakshmi Puja has been marked by the time-honoured Muhurat trading session. Traders and investors believe the occasion to be auspicious, and hence, it has become a symbolic tradition unique only to the Indian stock markets. Many beliefs were associated with Muhurat trading.

Ancient trading communities in India would perform puja of their account books, safes and ledgers on Dhanteras and Diwali. Shopkeepers used to stay awake with lights burning all night and believed that the Goddess of wealth, Lakshmi, resided at the place of the puja.

Similarly, stock brokers also perform puja of their books of accounts at the exchange on Diwali. They would open new settlement accounts for all their clients during the Muhurat trading session.

To this day, investors purchase shares of strong companies, holding them for long-

term gains and passing them down to the next generation. Some also believe that buying shares on the customary Muhurat trading brings Goddess Lakshmi's blessings for the rest of the year.



How Does Muhurat Trading Work?

During Muhurat Trading, regular trading hours are reduced from an entire day to just one hour, wherein participants can invest in any stock on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE). The Muhurat trading session, to

be conducted on November 12 this year, is divided and conducted in five parts. The normal trading session lasts for an hour, with the block deal session and pre-open session conducted before and the call auction and closing session after the normal trading session.



Diwali Muhurat Trading Session	Start Time	End Time
Block deal session	05:45 pm	06:00 pm
Pre Open	06:00 pm	06:08 pm
Normal Market	06:15 pm	07:15 pm
Call Auction Illiquid session	06:20 pm	07:05 pm
Closing Session	07:25 pm	07:35 pm
Trade Modification cut-off time	06:15 pm	07:45 pm

The timings of these sessions are decided based on the Hindu calendar. The exchanges have decided the timing for these sessions, as shown in the table.

Block Deal Session

(05:45-06:00 pm)

In the block deal session, two parties agree to buy or sell securities at a fixed, predetermined price and inform the respective stock exchanges about the same. This 15-minute session kicks off the Muhurat Trading.

Pre-Open

(06:00-06:08 pm)

The stock exchanges determine the equilibrium opening price during this session. This session usually lasts for about 8 minutes.

Normal Market

(06:15-07:15 pm)

This one-hour session is where the actual trading takes place. Investors buy and sell shares of the companies listed on the exchanges.

Call Auction Illiquid session

(06:20-07:05 pm)

The exchanges set certain criteria to term a security illegal. These illiquid securities are traded in this session.

Closing session

(07:25-07:35 pm)

This final 10-minute session, during which investors can place an order on the final closing price, sums up the Muhurat trading.

Things To Keep In Mind

Trading in the Muhurat session is considered to bring good fortune and prosperity and an auspicious occasion to invest one's money or for a new trader to make their first trade. Many traders believe that Muhurat trading brings them a lot of profits.

The market sentiment during the Muhurat trading session is usually bullish, as the festive spirit of prosperity and wealth encourages people to be optimistic about the economy

and the stock markets. Hence, it is a good opportunity for investors and traders to buy or sell securities since trading volumes also remain high during this period.

Conversely, since the trading window is available for only one hour, the markets could witness high volatility. A day trader, hence, must keep a close watch on the support and resistance levels. Further, all trades executed in the Muhurat session shall result in settlement obligations.





ILLUMINATE YOUR FINANCES DIWALI-INSPIRED FINANCIAL WISDOM





The festival of Diwali, celebrated with zeal and joy across India, is not just a celebration of the victory of light over darkness but also a season brimming with financial wisdom. As you light lamps and exchange gifts, here are five days of financial lessons to brighten up your fiscal future.

DHANTERAS

Dhanteras heralds the onset of Diwali and symbolizes renewal and auspicious

beginnings. Use this day as a reminder to shed financial habits that no longer serve you and to adopt proactive, future-oriented financial strategies. Remember, the earlier you invest, the brighter your financial prospects shine.

Embrace New Beginnings and a Future-Oriented Mindset, Plan Ahead



NARAKA CHATURDASHI

This day signifies liberation from suffering and spiritual enlightenment. Ensure you avoid getting trapped in the abyss of misguided investments. Harness knowledge, set clear financial goals, and

choose investment avenues that align with them. Whether securing your child's education, buying a home, or planning for retirement, let clarity guide your steps.



Empower Yourself with Knowledge and Avoid the Pitfalls with Goal-Based Investing.

DIWALI

As homes reverberate with the sparkle of fireworks and the warmth of family gatherings, remember to bring a spark of diversity to your investment portfolio. Like the assorted Diwali treats, diversifying your investments can spread risk and potentially offer better returns.



Diversify to Amplify, Illuminate Your Portfolio with Variety On Diwali.

ANNAKUT/PADWA

This day is about fresh starts and new blessings. Give your investment portfolio the attention it deserves. Regularly review

it to weed out underperformers and ensure your investments align with your evolving goals.



Time for a Portfolio Spring Clean, Begin the New Year with a Refreshed Perspective.

BHAI DUJ

The essence of Bhai Duj lies in the bond of protection and love between siblings. Drawing inspiration, ensure you're adequately insured. Be proactive and

avoid common insurance mistakes. Investing in a good insurance plan when young can offer better benefits and peace of mind.

Shielding What Matters Most, Invest in Protection for Your Loved Ones.





Diwali's radiant glow
is a yearly nudge urging us to
prioritize our financial well-being.
By integrating these financial lessons
inspired by Diwali, you're not just
celebrating a festival but also paving
the way for a secure, prosperous
future. Here's to a well-lit path
to financial success!

Happy Diwali!

Surging US Bond Yields And Its Impact On Dalal Street

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Indian benchmark equity indices, NSE Nifty 50 and S&P BSE Sensex saw a six-day losing streak, the longest since February 2023. The indices shed approximately 4.8% during the six days the market was open between October 18 and 26. One of the several reasons behind this downward trend is the elevating United States (US) bond yields.



The US 10-year Treasury bond yield rose to 4.990%, surpassing the 2008 financial crisis levels. Fluctuations in US bond yields can have a significant impact on assets and investments worldwide.

So, why are US bond yields spiking? What is the potential impact that this surge poses on the Indian markets? What should retail investors do? Read along to decode these questions, but first, let's understand the basics of US treasury bonds.

Introduction To Bonds And US 10-Year Bond Yield

When a citizen like you and I need funds, we usually take a loan from a bank. When a country like India or the United States needs funds, they issue bonds to meet their needs.

A bond is a fixed-income instrument issued by a corporate entity, a government





or a municipality to a large number of borrowers for a fixed interest to raise funds for various needs in return.

The company or the government is called the issuer. The price paid for purchasing the bond is called the face or par value of the bond. The bonds may be short or long-term, depending on their maturity.

The interest that the borrower pays is called a coupon. Countries decide the interest of their bonds based on the inflation numbers to make the bonds attractive for investors who want inflation-beating returns.

The yield is the return that the bond owner earns. It is calculated by dividing the coupon or the interest by the bond price. The yield keeps changing actively as the bond price rises and falls. Geopolitical instability, political changes, natural disasters and other factors worldwide impact the prices of government bonds.

Bonds issued by the US Government are

perceived as safe-haven assets. The US government's 10-year Treasury yield serves as an important indicator of the confidence of investors in the market.

Bond yields and bond prices move in opposite directions. When investors can find assets that could potentially deliver returns higher than the coupon of bonds, the prices of the 10-year bond drop. This causes the yields to rise. On the other hand, the price of bonds rises and yields fall when the market confidence is low.

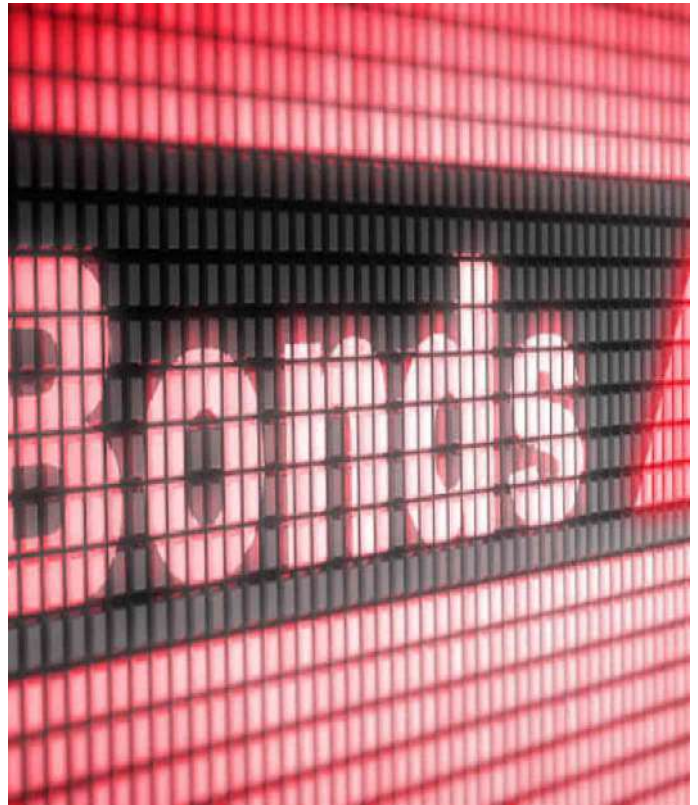


Reasons Behind The Rising Bond Yields

The US 10-year Treasury yields have reached a 16-year high. Some implications and cracks of the surge are already visible in the US economy.

- 30-year fixed mortgage rate at a 23-year high
- 24-month personal loan rate of commercial banks at the highest since 2007
- Average interest rates on retail credit cards at the highest-ever mark

The sharp increase in bond yield is a culmination of various factors. Let's get into some of the major reasons behind it.



Fed's Interest Rates

The US bond interest is based on the benchmark interest rate at which commercial banks borrow money from the central bank. When the central bank is expected to reduce interest rates, the bond yields fall. When markets expect the central bank to raise interest rates, bond yields rise.

Post-covid, the US Federal Reserve raised and maintained a high interest rate to control the elevated inflation in the country. Further, the Fed indicated that

additional interest rate increases might be necessary, and they may remain at high levels for a prolonged period to achieve the 2% inflation target.



Supply Of Money

The US Federal Reserve kept interest rates low and printed a lot of money during the COVID-19 pandemic, making borrowing money easier. This led to a boost in the economy and an increase in inflation. After things began to normalise, the Fed withdrew money to reduce liquidity in the market and control inflation.



US Debt

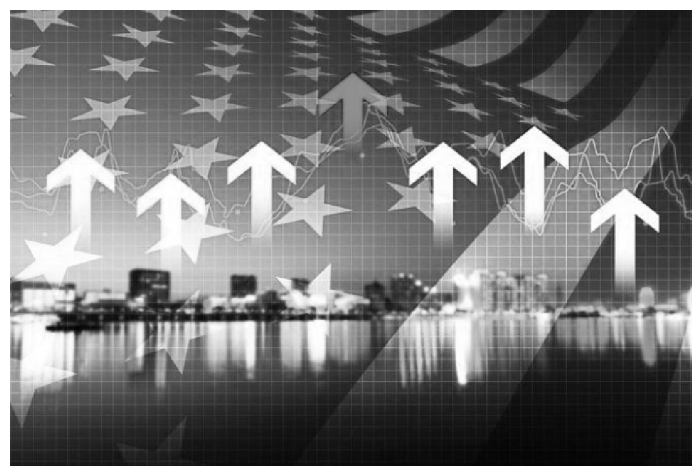
The US debt is at an all-time high of \$33.5 trillion. Moreover, the two largest holders of US Treasury bonds, China and Japan, have started selling their holdings. In recent quarters, The issuance of treasury bonds has been increasing to cover the high fiscal deficits.



How Will This Impact India?

Bonds are considered low-risk instruments with lower volatility than shares. US Treasury bonds are one of the safest in the world. With the increase in bond yields, the risk-adjusted returns of US bonds increase.

When bond yields surpass the average returns from stocks, the opportunity cost





of investing in stocks escalates, making bonds more attractive. Consequently, the fund of investors may shift from equity to debt markets.

This trend is already visible. As per MoneyControl, Foreign Institutional Investors (FIIs) have already sold more than Rs 2.15 lakh crore worth of Indian stocks this month.

In September and October, FIIs have remained net sellers in the Indian equity markets, incentivised by the higher

interest rates to move money to the US. If US bond yields keep increasing, Indian stocks could witness more selling by foreign investors.

Further, higher bond yields strengthen the dollar and lead to a depreciation in the Indian rupee. This may hurt the bottom line of companies with borrowings in US dollar denominations. Companies face additional pressure to give higher returns to their investors, given the rising bond yields.

What Should Investors Do?

India is the world's fastest-growing large economy. The Indian economy stands fundamentally strong in its unique position in the global landscape. It is emerging as a manufacturing powerhouse, making it a viable alternative to China. India's robust growth potential is supported by its vast domestic market,



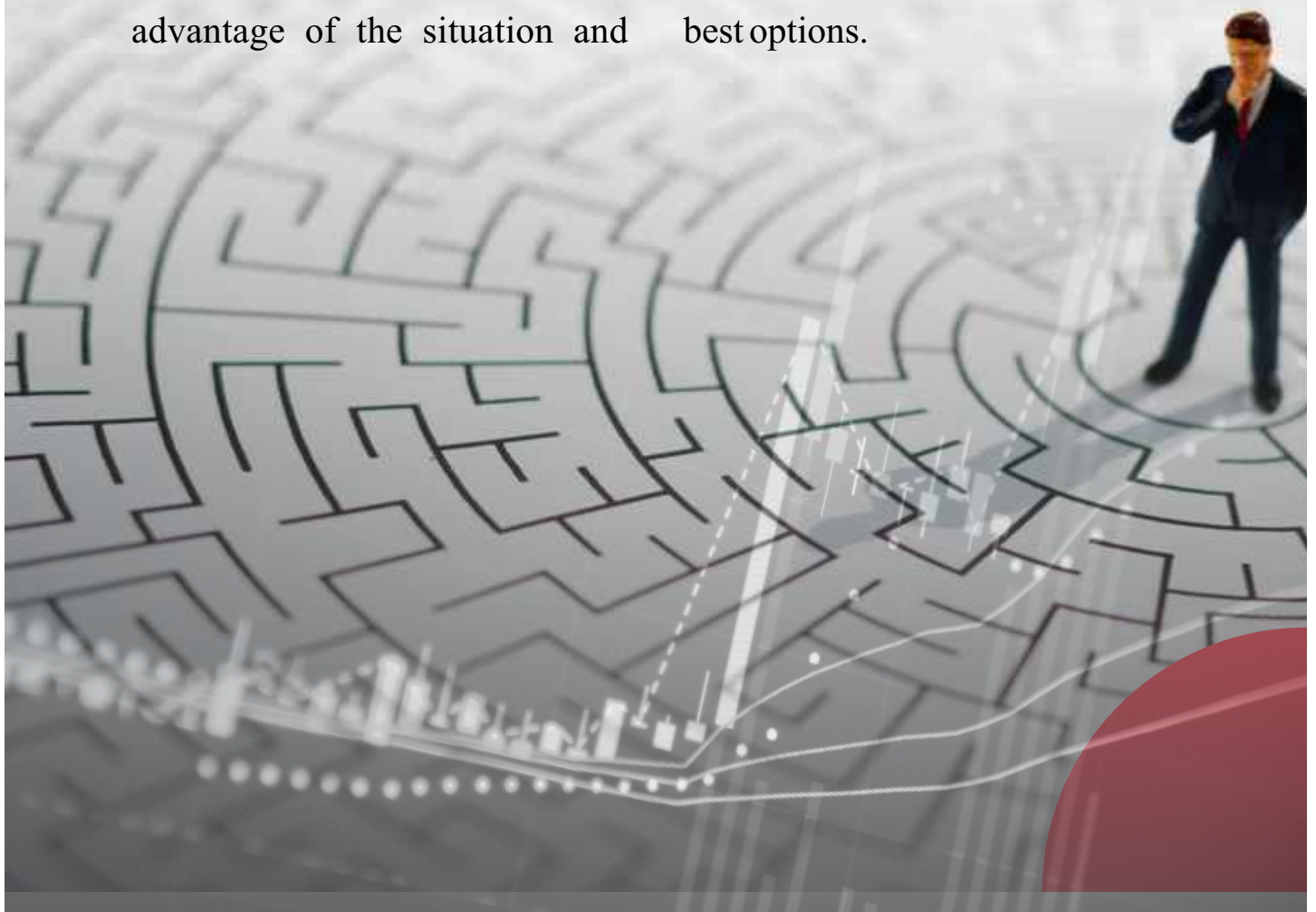
stable political scenario, and favourable demographic.

Further, central banks worldwide want to maintain lower interest rates to help their respective economies in the post-pandemic recovery. Market experts expect FII inflows to keep coming into Indian markets if the US Fed maintains an accommodative stance.

Despite the steep FII selling, Domestic Institutional Investors (DIIs) have stayed resilient. As markets cool off, DIIs are taking advantage of the situation and

investing heavily. In these times of market volatility, retail traders and investors should remain calm and focused.

For long-term investments, one should focus on quality and fundamentally sound stocks. While predicting short-term market fluctuations is challenging, buying during market dips could be beneficial. Further correction might lead to a reasonable market valuation. To help mitigate risk, diversification and systematic investment plans (SIPs) are your best options.



Understanding The Main Players In The Stock Market





Navigating the stock market can seem like an intricate web of interactions. However, much like any organisation, it's made up of several key players, each contributing to its functionality. Let's dive into understanding these essential participants.

1 The Watchful Eye: SEBI, The Regulator

Think of SEBI (Securities and Exchange Board of India) as the guardian overseeing the Indian stock market. Drawing parallels

with cricket, just as the BCCI manages cricket in India, SEBI regulates the stock market, ensuring fairness and transparency.



The primary functions of SEBI include:

- Educating and safeguarding investor interests.
- Setting guidelines and codes of conduct for financial entities.
- Investigating and preventing market fraud.
- Registering and regulating financial intermediaries.
- Overseeing the overall development of the Indian Stock Market.

2 The Marketplaces: Stock Exchanges

Stock exchanges, primarily the National Stock Exchange (NSE) and BSE Limited (BSE) in India, act as platforms for

buying and selling securities. They bring together brokers and investors, making transactions seamless and efficient.



3 The Players: Publicly Listed Companies

Stock exchanges, primarily the National Stock Exchange (NSE) and BSE Limited (BSE) in India, act as platforms for

buying and selling securities. They bring together brokers and investors, making transactions seamless and efficient.



4 The Decision-Makers: Investors and Traders

There's a distinction between investors and traders:



Investors: Those who purchase shares with a long-term perspective, expecting steady returns over time.

- **Retail Investors:** Direct participants in the stock market.
- **Institutional Investors:** Entities such as banks, AMCs, insurance companies, pension funds, etc., can be domestic and foreign.



Traders: Those looking for short-term gains by capitalising on stock price fluctuations.

5 The Facilitators: Market Intermediaries

These entities play an essential role in ensuring smooth transactions in the stock market while abiding by the regulations set by SEBI.

- **Depositories and Depository Participants (DP):** They are akin to 'banks' for securities, holding them in a digital format. NSDL and CDSL are primary depositories in India, while DPs act as agents, allowing you to open accounts with depositories.
- **Trading Members:** Also known as stockbrokers, they provide platforms for investors to trade in the stock market.
- **Clearing Members and Houses:** Clearing members ensure the deals executed by trading members are settled, while clearing houses act as intermediaries, guaranteeing the completion of transactions.
- **Clearing Banks:** These banks form the link between clearing corporations and clearing members, ensuring financial obligations are met.

— In Conclusion —



To comprehend the stock market's workings, understanding its participants is crucial. With SEBI at the helm, stock exchanges, companies, investors, traders, and intermediaries all work in tandem to ensure a thriving, transparent, and efficient market.

Disclaimer: Investing in the stock market involves risks. Always read all relevant documents carefully before making any decisions. This article is informational and should not be perceived as an invitation or persuasion to invest or trade.





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apollo
TYRES

Apollo Tyres Ltd



Cummins India Ltd

ipca
A dose of life

IPCA Laboratories Ltd

EXIDE
INDUSTRIES LIMITED

Exide Industries Ltd

MCX
METAL & ENERGY
Trade with Trust

Multi Commodity Exchange Of India Ltd

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