

# ETMarkets Smart Talk: Good chance of heading towards 80,000 on Sensex in 6 months: Dimplekumar Shah

By Kshitij Anand, ETMarkets.com • Last Updated: Apr 29, 2024, 09:00:00 AM IST

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## Synopsis

Dimplekumar Shah foresees Sensex hitting 80,000. Market faces volatility due to geopolitical concerns. Strong GDP and earnings growth expected. Global inflation affects rate trajectory. BJP manifesto impacts sectors. Equity culture on the rise. Shah further says: "Technically speaking, May has been a positive month 7 out of 10 times in the last decade. However, the derivatives market is suggesting a range bound setup as of now."



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*"If you see from a 6-month perspective, we believe there is a good chance we are heading towards an 80,000 **Sensex**," says **Dimplekumar Shah**, MD & Co-Head, Investment Advisory & Distribution, **JM Financial Services Ltd.***

*In an interview with ETMarkets, Shah said: "May has been a positive month 7 out of 10 times in the last decade. However, the derivatives market is suggesting a range-bound setup as of now,". Edited*

*Excerpts:*

**Indian market hit fresh record highs with Sensex hitting 75K market but quickly ran into turbulence amid rising geopolitical concerns. What is your view on markets – a perfect 'buy on dips' market?**

**Dimplekumar Shah:** Geopolitical concerns are expected to cause short-term volatility (as seen in the Russia-Ukraine war) and any fall in the broader markets should be seen as an opportunity to Buy Large Cap and quality Mid Cap companies (which provide earnings visibility and are available at a reasonable valuation).

We believe that the **Indian equity market** will continue to perform well, given its strong macros (India GDP growth estimate of 7% is the highest growth in major world economies) and strong corporate earnings growth outlook over FY25-26.

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**If geopolitical concerns escalate—it could have an impact on crude oil prices and inflation will be the next big thing which investors have to watch out for. What is the kind of rate trajectory you see from US Fed and RBI in FY25?**

**Dimplekumar Shah:** Brent crude oil price has rallied by 16% in CY24YTD amid geopolitical worries and tight supplies.

Energy price rise is a concern for global inflation and major central banks would keenly watch out for inflation data before starting the rate cut cycle.

RBI is also likely to follow the lines of global central banks as the India growth outlook is strong. While this may bring in short-term volatility, we expect the undertone to remain positive for the medium to long term.

**In the run up to elections 2025 – what should be the investment strategy?**

**Dimplekumar Shah:** The expectation of a third term of the BJP under PM Modi bodes well for the equity markets, from a medium to long term perspective, as a stable government provides clarity on the continuity of policy reforms.

We advise investors to remain fully invested in Large Caps and keep some cash to take advantage of any kind of correction in the Mid/Small Cap space.

Investors can look to add on dips in case there is any volatility in the run up to the election outcome.

**Which sectors one should keep an eye on amid elections? Which sectors are likely to benefit the most from the BJP manifesto?**

**Dimplekumar Shah:** In our view Manufacturing and Capex-driven themes would be key focus areas. We expect sectors like Industrials (Defence, Railways), Infrastructure, Utilities, Real Estate and Banks to be key beneficiaries from the BJP manifesto.

**The Rupee is hitting fresh record lows – what is causing the fall – strong Dollar? Is it temporary or we could see India Inc. getting to face the heat in the next few quarters?**

**Dimplekumar Shah:** As we know the Rupee was confined in a range for the past 8-10 months despite high volatility seen in the global currencies, thanks to our domestic fundamentals remaining much stronger than other global economies.

But the recent decline towards the end of last FY, may be attributed to Dollar demand from imports/oil marketing companies and some foreign fund outflows from the domestic market ahead of elections.

However, we don't expect a bigger fall in the Rupee and expect it to trade between 82 to 84 levels.

**Total number of folios of the Indian mutual fund industry doubled in the last 5 years to touch 17.79 lakh crore. What does it tell us about the rise in equity culture?**

**Dimplekumar Shah:** The rising folios show increasing participation by domestic investors in Equities to capitalize on the India growth story.

This, coupled with rising Demat accounts (14-15 crore), clearly indicates higher retail participation towards Equities versus traditional investment products.

This shift reflects broader changes in the overall Indian economy, including improved financial literacy, widespread digitization, availability of diverse investment products and changing demographic profiles with younger investors leading the way in adopting more diversified investment strategies.

**What are you advising your clients right now who want to say invest fresh money of about Rs 10 lakh – wait or take the STP route?**

**Dimplekumar Shah:** We are positive on Indian equities from a medium to long-term perspective and advise taking the SIP route for long-term investors.

**PSU as a theme worked well for investors in FY24 – do you see the theme has more steam left?**

**Dimplekumar Shah:** We believe that large cap PSU companies are a better bet, given the relatively better valuation and likely benefit of continued policy reforms.

Small PSUs should be looked upon if there is any meaningful correction given run-up in the valuations. Technically, the Realty Index is quite strong and we remain a positive outlook for the next 3-6 month period.

**The voices are getting louder and valuations look stretched. But are there any sectors where there is still value or under-owned?**

**Dimplekumar Shah:** Most of the sectors are trading at a premium to their historical average valuation. However, Private Banks are available at a discount to their historical long-term average P/BV multiple despite better ROEs.

*(Disclaimer: Recommendations, suggestions, views, and opinions given by the experts are their own. These do not represent the views of the Economic Times)*