NEW DIMENSIONS CAPITAL

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Quote of the Week.

"Anyone can list problems; it takes insight to bring solutions" – Anonymous

Nasdaq regained strong retail support, leading US markets higher on a combination of upbeat earnings surprises and several mega-cap spending announcements on AI investments. Early August losses on weak US job data were swiftly erased as AI-related capital expenditure headlines took center stage.

At all-time highs, the S&P 500 climbed 2.4%, closing in on its own record, while the Dow Jones added around 1.3–1.4%. Against this backdrop, it's worth examining what the smart money is doing now.

Retail vs. Smart Money Divergence:

- Retail sentiment is soaring, with speculative bets and meme-stock activities hitting new highs.
- Hedge funds and macro/CTA players are stepping back, with equity sensitivity to the S&P500 falling close to zero – historically a cautionary sign, as retail-led rallies often falter within 1-3 months.

Systematic Buying Continues but Raises Eyebrows:

- Trend-following and algorithmic funds have ramped up their long equity exposures to levels not seen since Jan 2020, suggesting momentum-chasing rather than conviction buying.

Mutual Fund Flows Reflect a Defensive Tilt:

- Equity mutual funds saw outflows of about $22 billion last week, exceeding the previous week's $14.5 billion.
- Bond funds attracted inflows of roughly $8.4 billion, indicating a pivot toward fixed income amid rising equity caution.

For Asia Pacific region, equities delivered mixed but generally positive performance over the past two weeks, with leadership from Japan and Australia offsetting continued hesitation in China and Hong Kong.

Concluding Actions:

1. US - retail-driven rally remains powerful, but smart money's cautious stance and defensive flows hint that August's highs could be vulnerable if momentum fades or macro surprises emerge.

2. In Asia Pacific,
   - Japan: Financials and industrials: riding structural tailwinds from global capex and yield curve steepening
   - Australia: Defensive high-yield sectors: steady income with upside potential on global growth resilience.
   - Hong Kong: Dividend-paying telcos/utilities: income cushion while awaiting policy catalysts in China.

3. Risks to monitor - tariff shocks targeting Asian supply chain, further weakness in US employment or disappointing China policy could weigh on August performance.

Last Week 's Notable Events.

US Economy/Politics

- Apple announced $600 billion in US investment, following Trump iPhone tariff threat – 6th Aug
- Trump says US to levy 100% tariff on imported chips, but some firms exempt – 7th Aug
- Fed Bowman says weaker than expected job data strengthen her belief that 3 cuts will be appropriate this year – 8th Aug

Europe Economy/Politics

- Bank of England cut rates to 4%, after narrow 5-4 vote – 7th Aug
- European leaders rally behind Ukraine ahead of Trump-Putin meeting – 8th Aug

Asia Pacific Economy/Equity

- Trump threatens 50% tariffs on India for buying Russian oil – 6th Aug
- Asian pharmaceuticals stocks decline after Trump says tariff on pharma imports will be announced within the next week or so – 6th Aug
- Japan' deepening political woes cloud budget, rate hike timing – 11th Aug

Weekly Data Monitor

Weekly chart:

- Global stocks tracking US stocks higher.
- US dollar index fall after poor US nonfarm payroll data.
- Gold maintain upside momentum on geopolitical uncertainties.

Note: The chart shows normalised weekly highs and lows for the Indicator, BLUE being the LATEST.

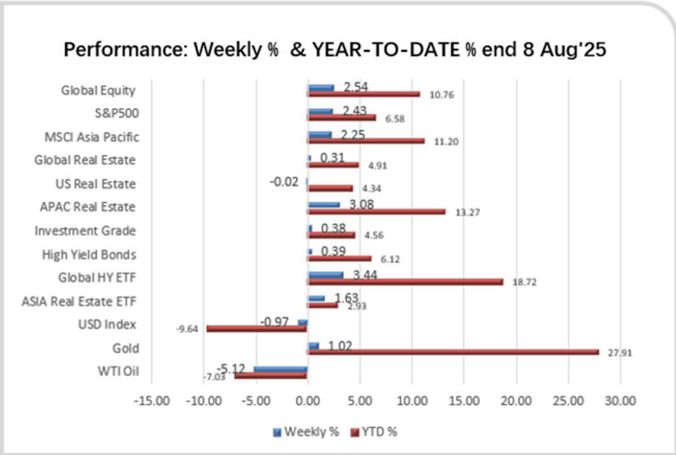
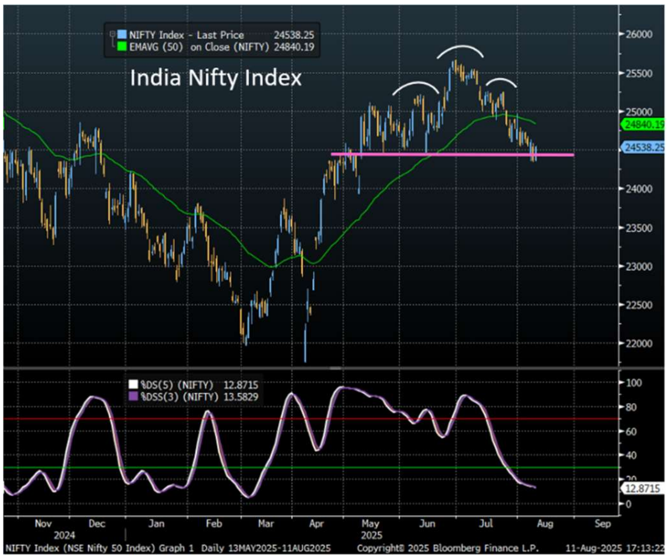


Chart of the Week

The Nifty appears to have completed a head-and-shoulders top, with price action now breaking below the neckline (~24,600). This classic reversal pattern signals the potential for further downside in the near term, amplified by headline risk from Trump's proposed 50% tariff on Indian imports, which is weighing on market sentiment.

However, the stochastic oscillator is now deep in oversold territory. While momentum remains negative, any reversal signal from these levels could present an opportunity to accumulate quality Indian stocks at more attractive valuations.



Key Levels to Watch:

- Support: 24,000–23,800 (potential next stop if selling pressure persists)
- Resistance: 24,600 (broken neckline now acting as overhead resistance)
- Tactical View: Avoid chasing the downside; instead, watch for momentum reversal cues to buy high-quality names on dips.