



# Current Market Scenario

# Sharp Rally in Markets



- Broad based participation
- FII turn to buyers
- V Shape recovery in US Market
- Smart bounce back in crude oil prices

## INDEX WATCH

<b>INDEX</b>	<b>13, June</b>	<b>8, May</b>	<b>% Change</b>
Nifty	<b>9,972</b>	<b>9,251</b>	<b>7.8</b>
Sensex	<b>33,780</b>	<b>31,642</b>	<b>6.7</b>
Nifty Midcap	<b>14,339</b>	<b>12,788</b>	<b>12.1</b>
BSE Small Cap	<b>11,845</b>	<b>10,638</b>	<b>11.3</b>



CAPSTOCKS AND SECURITIES (INDIA) PVT. LTD.

# Global Markets Rally on Economy Opening Up



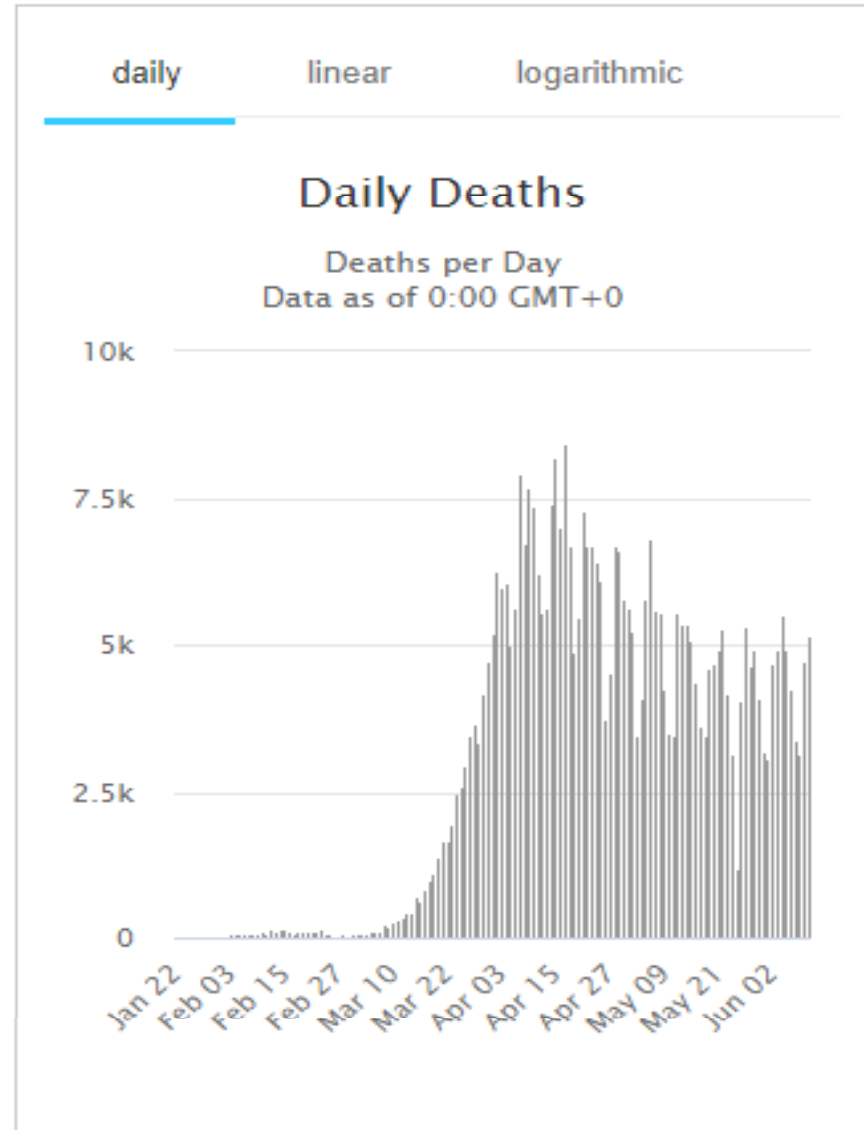
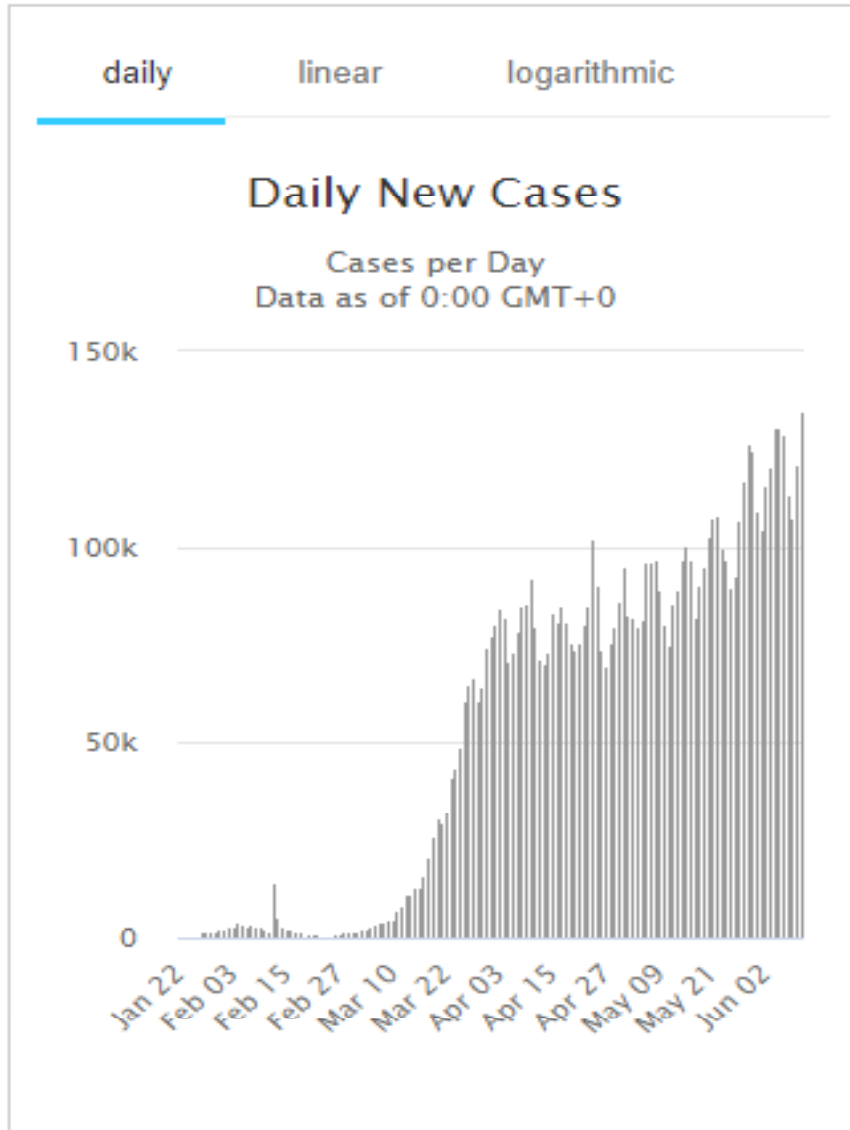
- Stock markets up on hopes of economic recovery
- Rally driven by abundant liquidity
- Foreign investors laps up high ticket domestic offerings
- Global Covid cases continue to go up

# Global Markets YTD Return



<b>Country</b>	<b>% On May 8</b>	<b>% On June 11</b>
US – Nasdaq	<b>1</b>	<b>11</b>
Shanghai	<b>- 5</b>	<b>- 4</b>
Korea	<b>- 11</b>	<b>- 1</b>
Hong Kong	<b>- 14</b>	<b>- 13</b>
Japan – Nikkei	<b>- 14</b>	<b>- 5</b>
US – Dow	<b>- 14</b>	<b>- 5</b>
Germany	<b>- 18</b>	<b>- 7</b>
UK	<b>- 21</b>	<b>- 17</b>
France	<b>- 23</b>	<b>- 17</b>
India	<b>- 23</b>	<b>-18</b>
Brazil	<b>- 30</b>	<b>- 18</b>

# Global

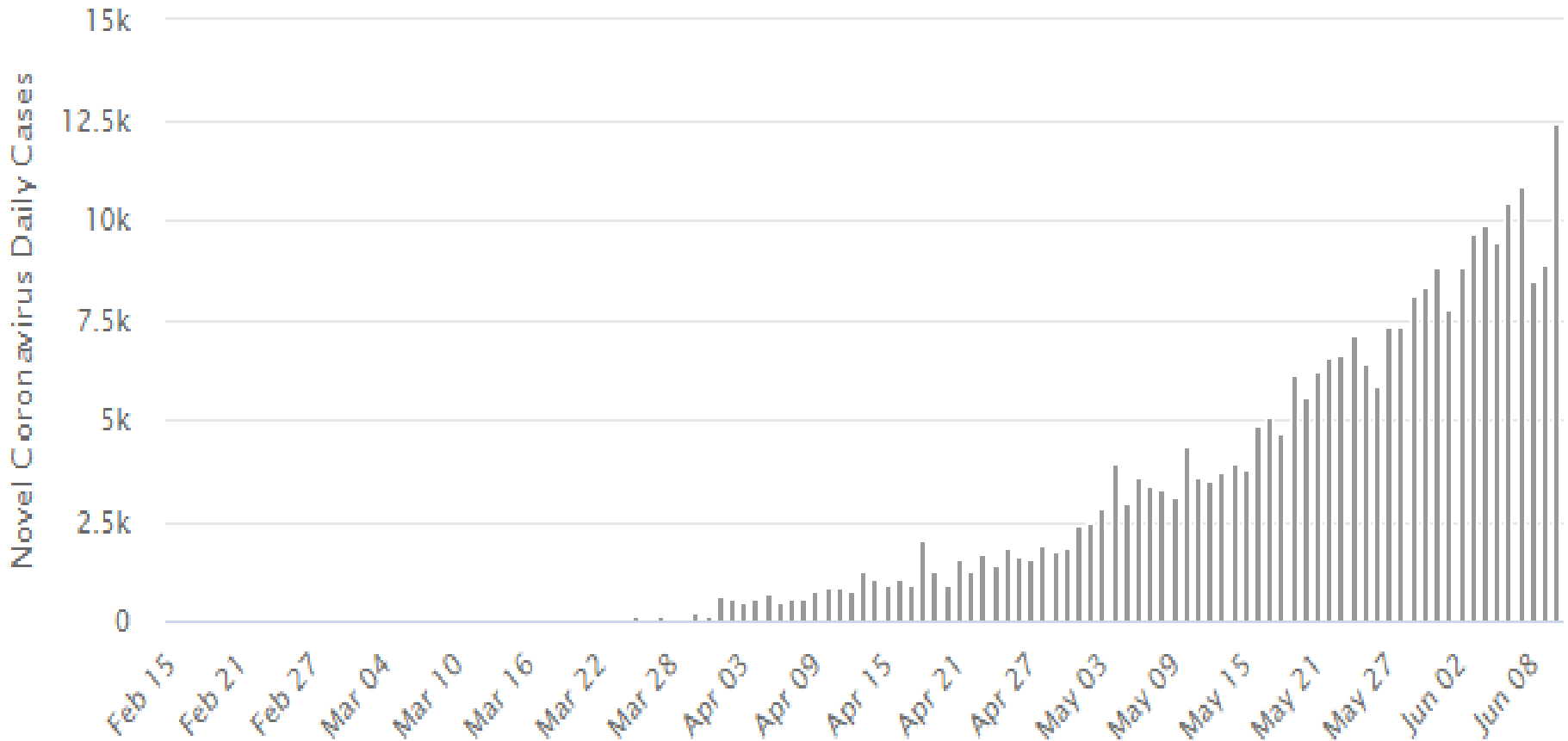


# India Covid Daily Cases



## Daily New Cases

Cases per Day  
Data as of 0:00 GMT+0



# Big Ticket Offerings

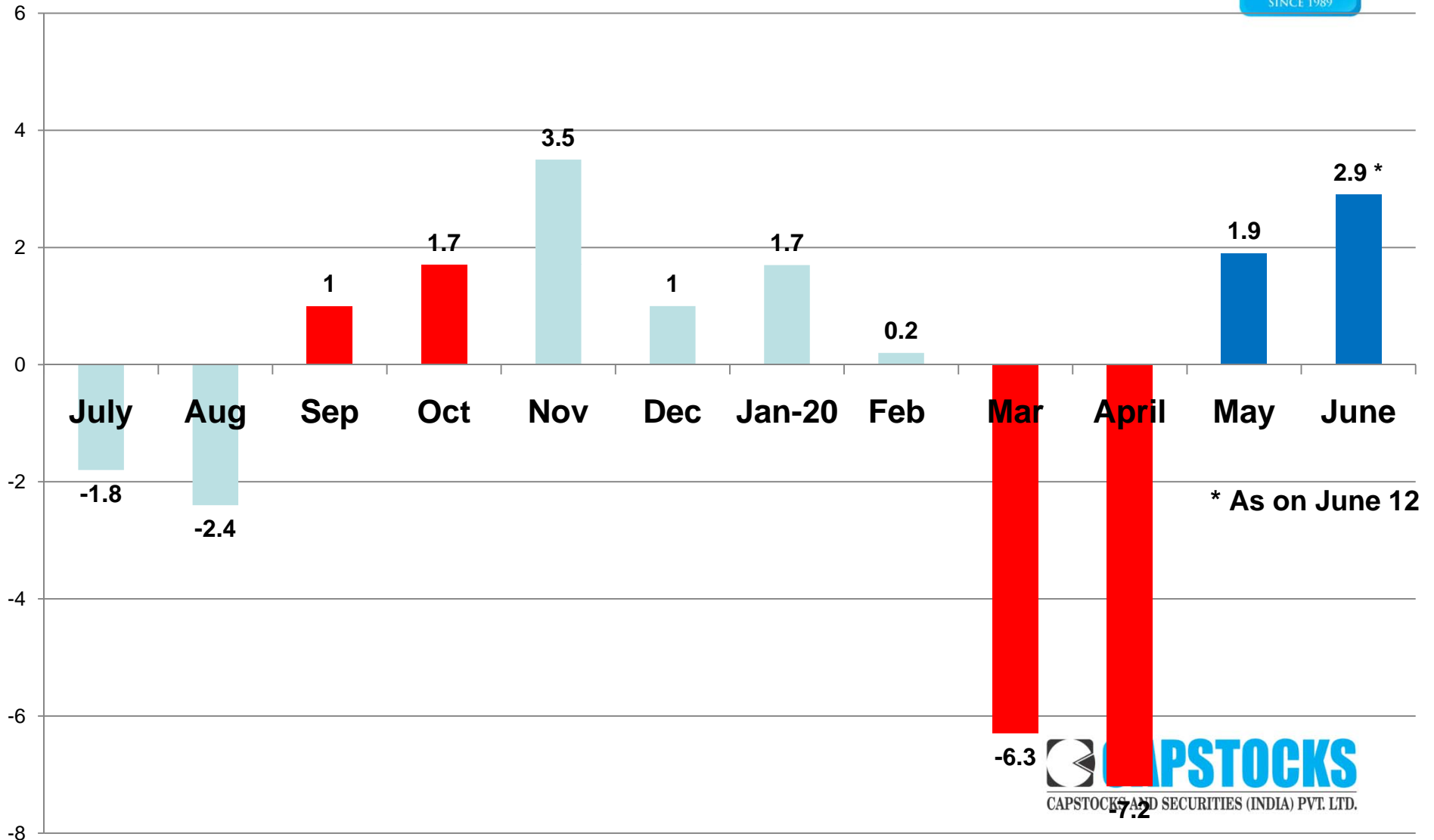


<b>Company</b>	<b>\$ Bn</b>
Hind. Unilever	<b>3.3</b>
Kotak Bank (QIP + Promoter)	<b>1.9</b>
Reliance Rights	<b>1.7</b>
Bharti Airtel	<b>1.1</b>
HDFC Life	<b>0.4</b>
Total	<b>8.4</b>

# FPI Flows

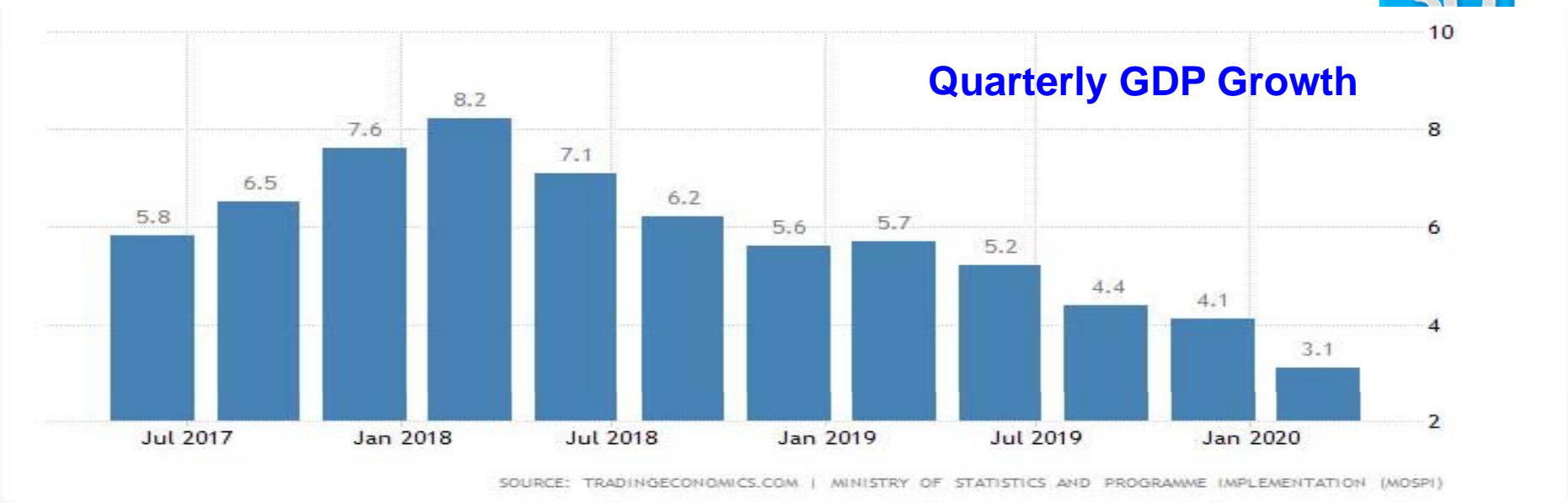


FII's Flows in \$ Bn

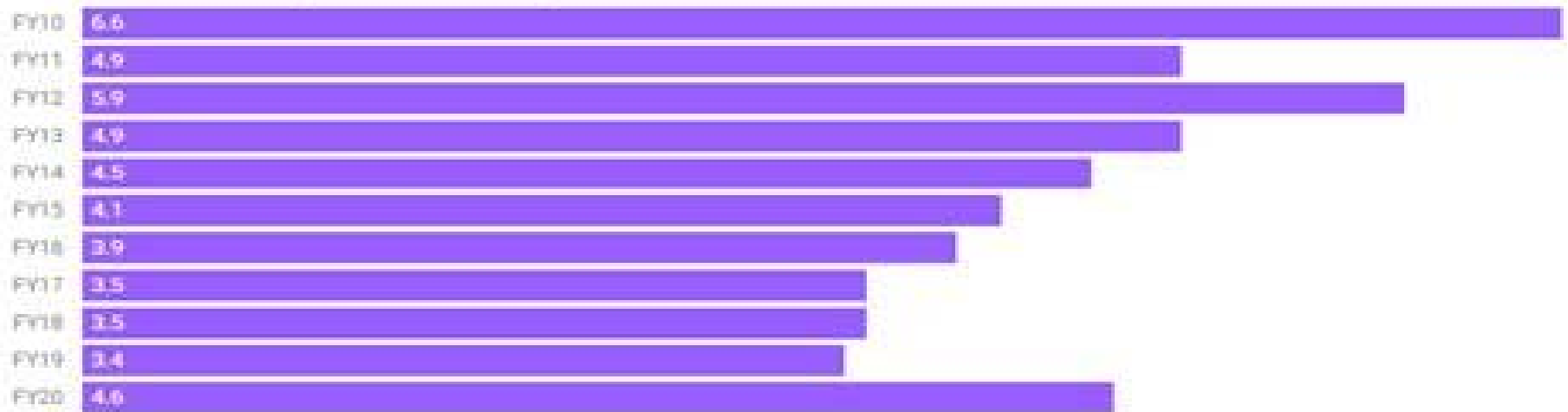




# Worsening Domestic Macro Economy



## Fiscal Deficit (As % of GDP)



Source: CGA, RBI

# Normal Monsoon Expected



- IMD expects south west monsoon to be 102% of Long Term Average
- SKYMET skipped from giving forecast

## Seasonal Rainfall (in mm) as on 11 June, 2020

<u>Region</u>	<u>Actual</u>	<u>Normal</u>	<u>% Departure from Long Period Average</u>
EAST & NORTHEAST INDIA	99.9	103.6	-4%
NORTHWEST INDIA	23.1	16.3	+42%
CENTRAL INDIA	61.0	31.3	+95%
SOUTH PENINSULA INDIA	62.1	48.6	+28%
<b>COUNTRY AS A WHOLE</b>	55.8	41.6	+34%

# Three Themes in Focus



<b>Themes</b>	<b>Sub Category</b>	<b>Stocks</b>
<b>Digital</b>	<b>Telecom, select IT stocks</b>	Reliance, Bharti, TCS, HCL Tech
<b>Pharma</b>	<b>API, Formulations, Domestic and exports</b>	Sun, Alembic, Glenmark, Granules, Abbott
<b>Agri</b>	<b>Crop protection, seeds, fertilizers</b>	Rallis, UPL, Dhanukha Agri, Coromandal Fertilizer

# Analyst Forecast for Telecom Sector



SOURCE: COMPANIES, WORLD BANK, MOSPI, JEFFERIES ESTIMATES

**Exhibit 11 - Sector revenues could double over FY20-25...**

Mobile sector revenue estimates



Source: TRAI, MOSPI, Jefferies estimates

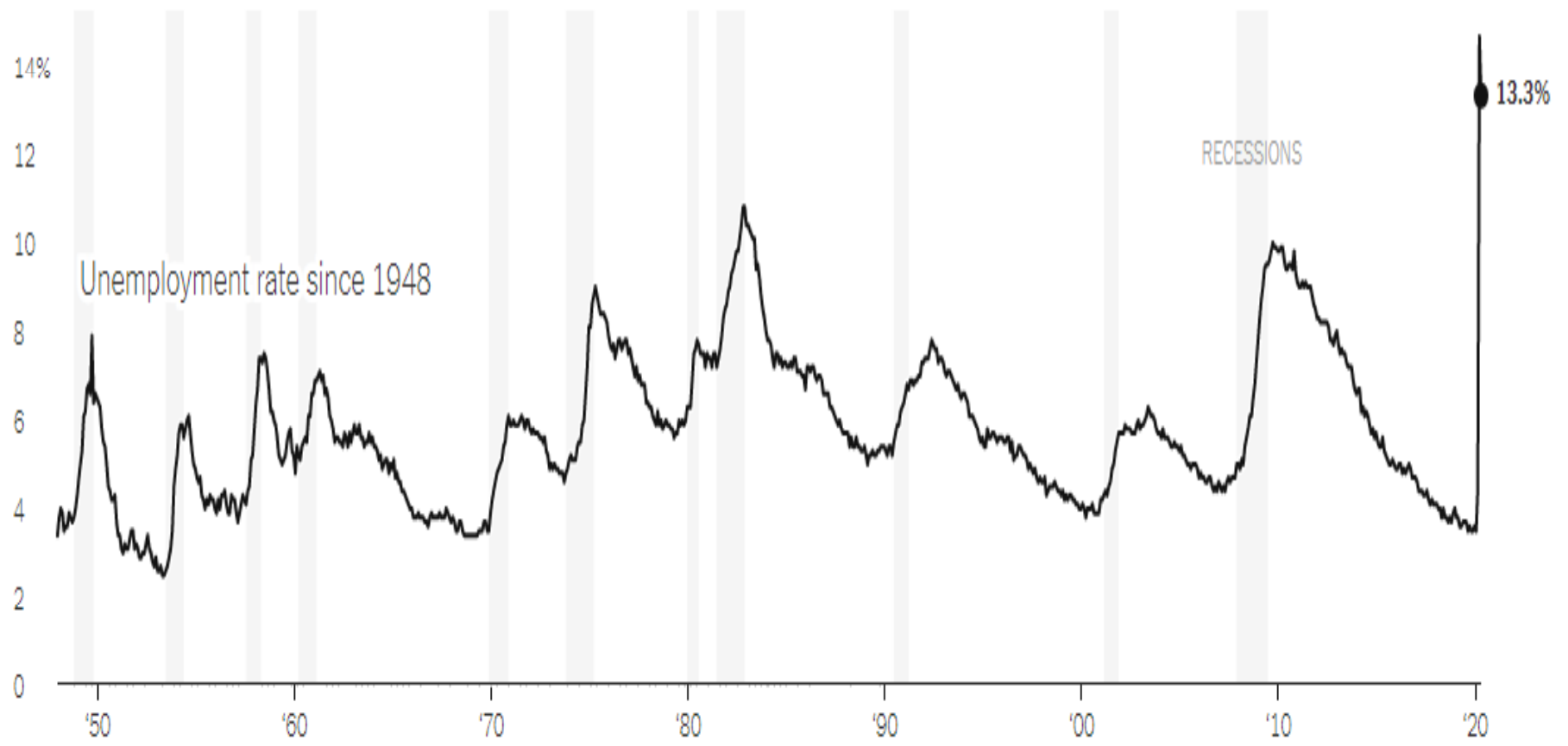
**Exhibit 12 - ... driving doubling of sector Arpus to Rs214**

Mobile sector ARPUs



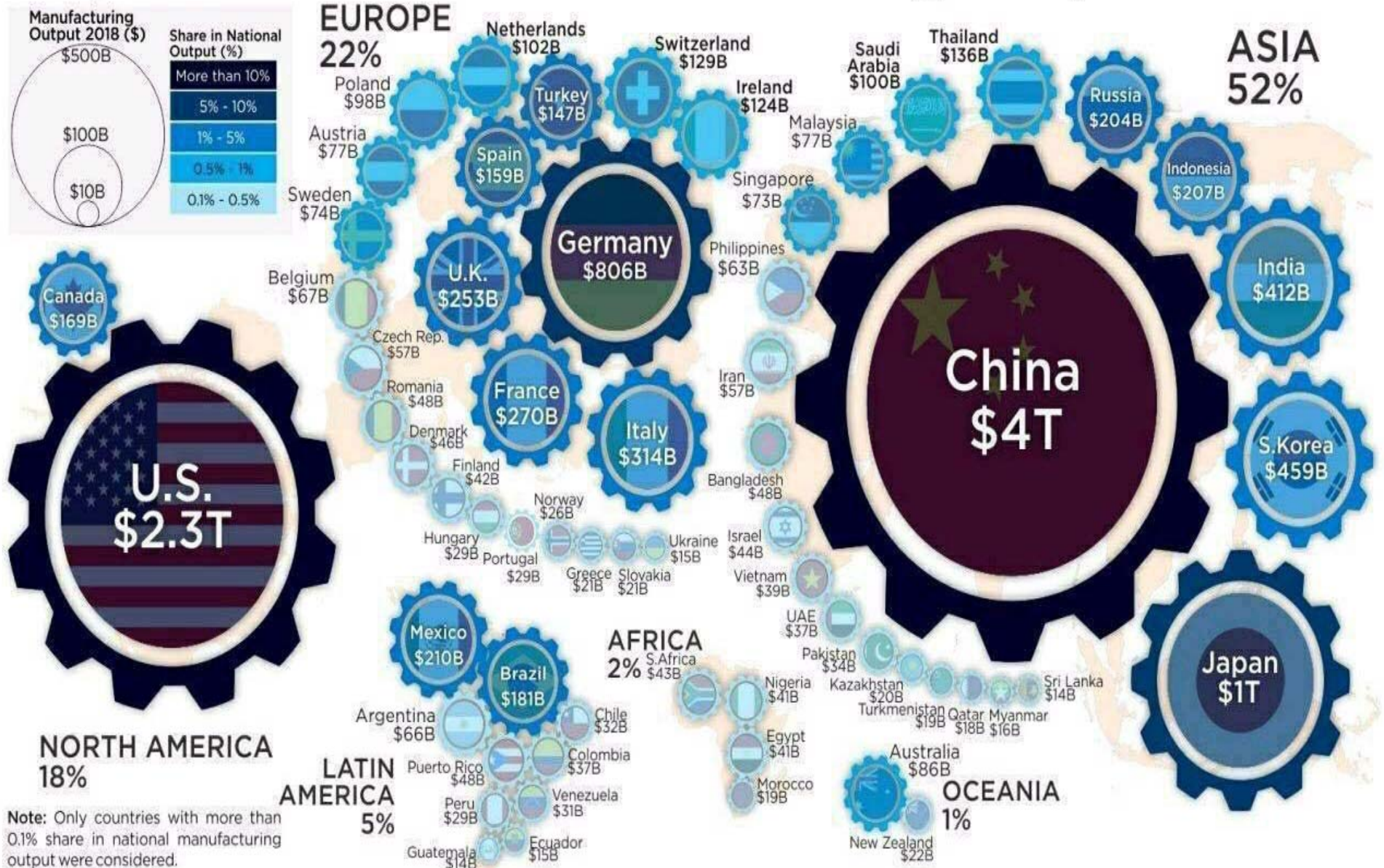
Source: TRAI, Jefferies estimates

# US Unemployment fell to 13.3 percent in May, with a gain of 2.5 million jobs.





# Map of the World's Manufacturing Output



**Note:** Only countries with more than 0.1% share in national manufacturing output were considered.

**Article & Sources:**

<https://howmuch.net/articles/map-worlds-manufacturing-output>  
 United Nations Statistics Division - <https://unstats.un.org/>

# Vocal for Local – Multi Year Challenge



- To compete China in manufacturing is a herculean task
- Strong Govt. support needed
- Labour reforms are must
- Blanket import ban from China or higher import duty will only affect consumers

# Nymex Crude Chart





# Can Liquidity Alone Support the Market



- Stock prices stand on fundamentals and liquidity
- Markets supported by liquidity alone will lead to distorted stock prices
- Without earnings support, rally will be extremely fragile
- Many times markets discounts future earnings growth in advance where many of them unable to do it

# Events to Watch



- Corona Virus status
- FII Activity



**Thank You**