



Current Market Scenario

Fibonacci Retracement Lines-Nifty



OCKS

CAPSTOCKS AND SECURITIES (INDIA) PVT. LTD.



Indices rise from recent fall

| Index | Percentage rise |
|---------------|-----------------|
| Nifty | 63% |
| NSE Mid cap | 21% |
| BSE Small cap | 19% |





S&P CNX NIFTY (10,736.00, 10,750.00, 10,717.00, 10,733.00)

Pull Back to the Channel



* S&P CNX NIFTY (10,736.00, 10,750.00, 10,717.00, 10,733.00)

New Downward Channel



Divergent Index Performance



- Bloodbath in Mid and Small cap segment
- Portfolio see significant damage
- FII selling continues

INDEX WATCH

| INDEX | 9, June | 11, May | % Change |
|---------------|----------------|----------------|-----------------|
| Nifty | 10,767 | 10,806 | -0.3 |
| Sensex | 35,443 | 35535 | -0.2 |
| Nifty Midcap | 18,830 | 19,507 | -3.4 |
| BSE Small Cap | 16,887 | 17,818 | -5.2 |



Indices Fall From Recent High

| Index | Current Index | Recent High | % fall |
|--------------|---------------|-------------|--------|
| Nifty | 10767 | 11171 | 4 |
| Nifty Midcap | 18830 | 21580 | 13 |
| BSE Smallcap | 16887 | 20183 | 16 |



Mid and Small Cap Carnage

- Sharp fall in mid and small cap stocks led to significant erosion in portfolio values
- Majority of stocks unlikely to see recent high valuations
- Though selloff is attributed to churning of mutual fund schemes on SEBI circular but it is due to reality adjustment

Auditors Resignations



- Recently auditors of Manpasand beverage, Vakrangee and Atlanta resigned
- Auditors resignation points to suspicious accounting practice
- Strict audit practice is positive for investors



Additional Surveillance Mechanism

- Exchanges puts market fancied stocks under ASM
- 100% margin applicable with 5% price band. Exchanges will closely watch these companies
- Momentum and Volume will come down significantly
- HEG, Graphite, Rain Ind, Bombay Dying ,Dilip Buildcon are some stocks in ASM

Criteria For ASM



- High Low Price Variation
- Client Concentration
- No. Of Price Band Hits
- SEBI and Exchanges will decide the stocks



2019 General Elections

- Recent bypoll outcome setback for BJP
- Uncertain on 2019 verdict
- Markets may dislike coalition Govt. with multiple parties

FY18 Earnings



- Sensex companies profitability on aggregate basis up by 10%
- Banks led by SBI, ICICI Bank, Axis bank dragged overall earnings but Tata Steel extraordinary income boosted profitability
- Overall earnings were mixed

Sensex Valuations Still High



India (Sensex) v/s other markets

| | PE (x) | |
|-----------|----------------|----------------|
| | CY17 / FY18 | CY18 / FY19 |
| India | 25.8 | 19.2 |
| US | 22.0 | 17.0 |
| Japan | 16.3 | 16.2 |
| Indonesia | 21.2 | 15.3 |
| Taiwan | 15.4 | 14.0 |
| UK | 14.3 | 14.0 |
| China | 15.2 | 12.2 |
| MSCI EM | 14.6 | 12.1 |
| Brazil | 19.5 | 11.4 |
| Korea | 12.6 | 9.4 |
| Russia | 6.7 | 5.6 |

CAPSTOCKS

CAPSTOCKS AND SECURITIES (INDIA) PVT. LTD.

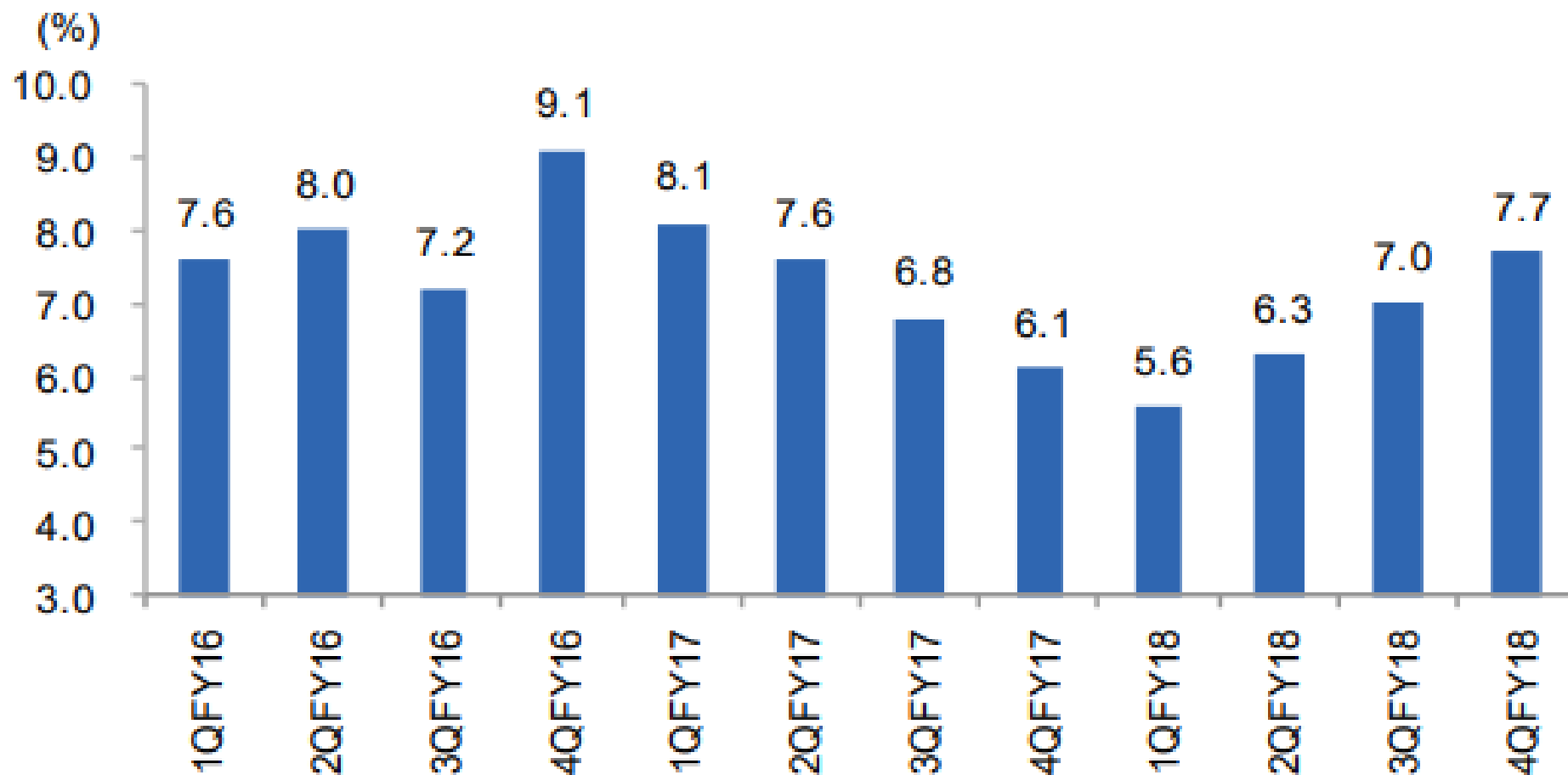
RBI Hikes Repo Rate



- RBI hikes Repo rate by 25 bps to 6.25%
- First hike after four and half years
- Already bond and commercial paper are ahead of RBI action
- Next Monetary Policy Committee outcome on Aug 1



Q4 GDP on UP Tick





GDP Growth

- GDP Growth at 7 Quarter High
- Base effect and high spending by Govt. Led to higher GDP growth
- FY18 GDP growth at four year low of 6.7%
- Second half of FY19 growth to be lower on high base effect



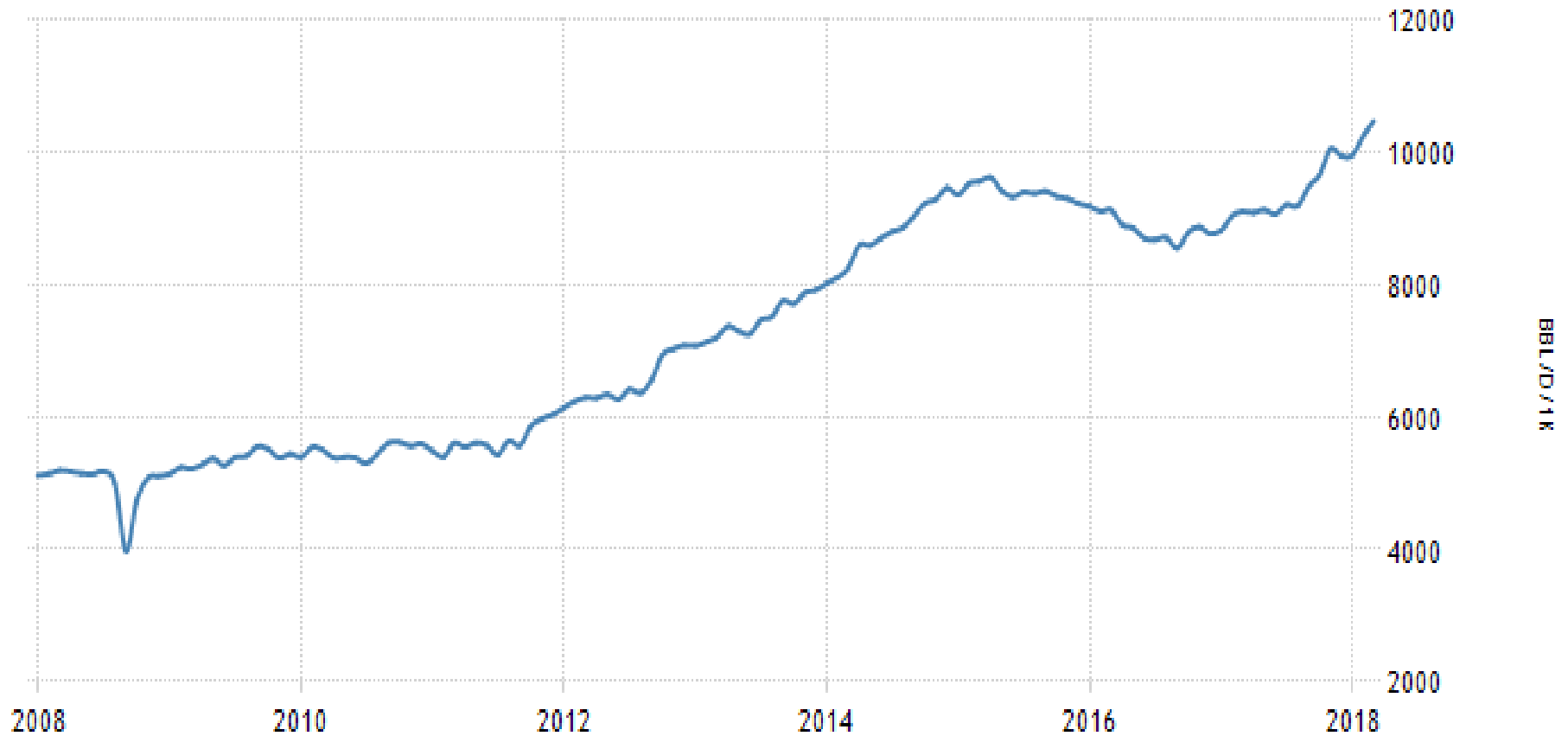
Crude Oil Prices can turn Sentiment

- Any fall below \$65 in brent crude oil will turnaround market sentiment
- US production is increasing rapidly
- OPEC meeting on 22th June to discuss output hike

US Oil Output At Record High



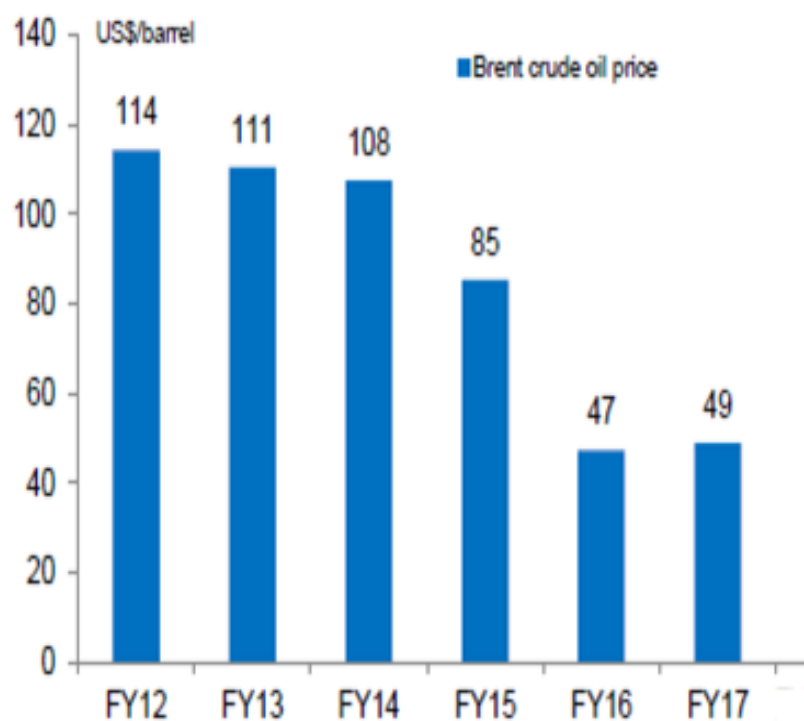
US CRUDE OIL PRODUCTION



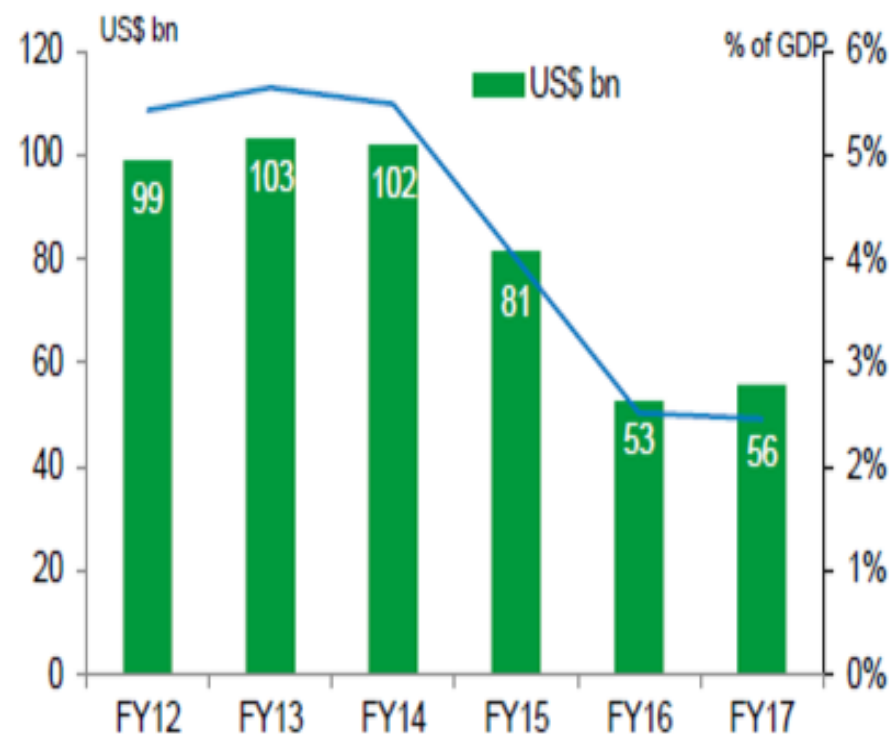
SOURCE: TRADINGECONOMICS.COM | U.S. ENERGY INFORMATION ADMINISTRATION

Crude Oil Impact

Global crude oil prices (average)



Net oil imports



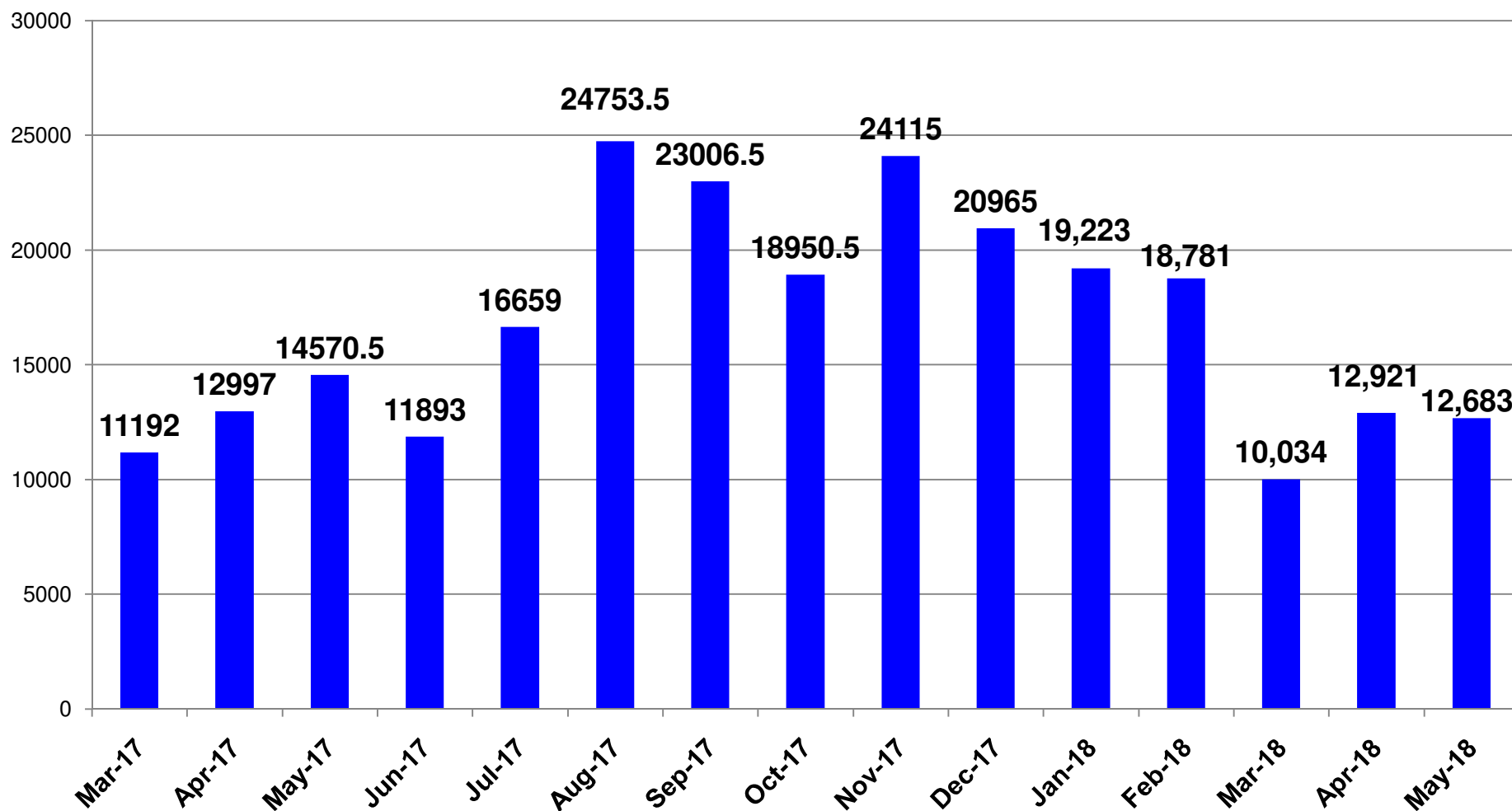
Auto Sales Continue To Be Strong



| Company | Segment | % Change (YoY) |
|---------------|--------------------|----------------|
| Maruti Suzuki | Passenger Vehicle | 24 |
| Hero Moto | 2 Wheeler | 11 |
| Bajaj Auto | 2 Wheeler | 23 |
| TVS Motor | 2 Wheeler | 2 |
| Tata Motor | Commercial Vehicle | 56 |
| Ashok Leyland | Commercial Vehicle | 51 |



Mutual Fund Inflows





What Investors Should Do ?

- During market fall majority of stocks will come down irrespective of fundamentals
- Bottom will form sooner than expected
- Gradually accumulate good stocks



Events to Watch

- OPEC Meeting on June 22
- Monsoon Progress



Thank You