



Current Market Scenario



Indices rises from 2013 Lows

Index	Current Index	2013 low	2018 high	% rise from low	Present fall from peak	Current rise from 2013
Nifty	10472	5118	11760	129.78	19%	104.61
Nifty Midcap	16746	6261	21052	236.24	29%	167.47
Nifty small cap	6024	2477	9701	291.64	51%	143.20

Channels



*NIFTY50 (10,331.50, 10,492.00, 10,322.00, 10,472.00)

NIFTY Channels - Support



*NIFTY50 (10,331.50, 10,492.00, 10,322.00, 10,472.00)

11760

Fibonacci Retracement on recent rise

0.0%

23.6%

38.2%

50.0%

61.8%

100.0%

9950

10138

90%



Nifty corrected 24% of recent bull rally



MIDCAP corrected 41% of recent bull rally

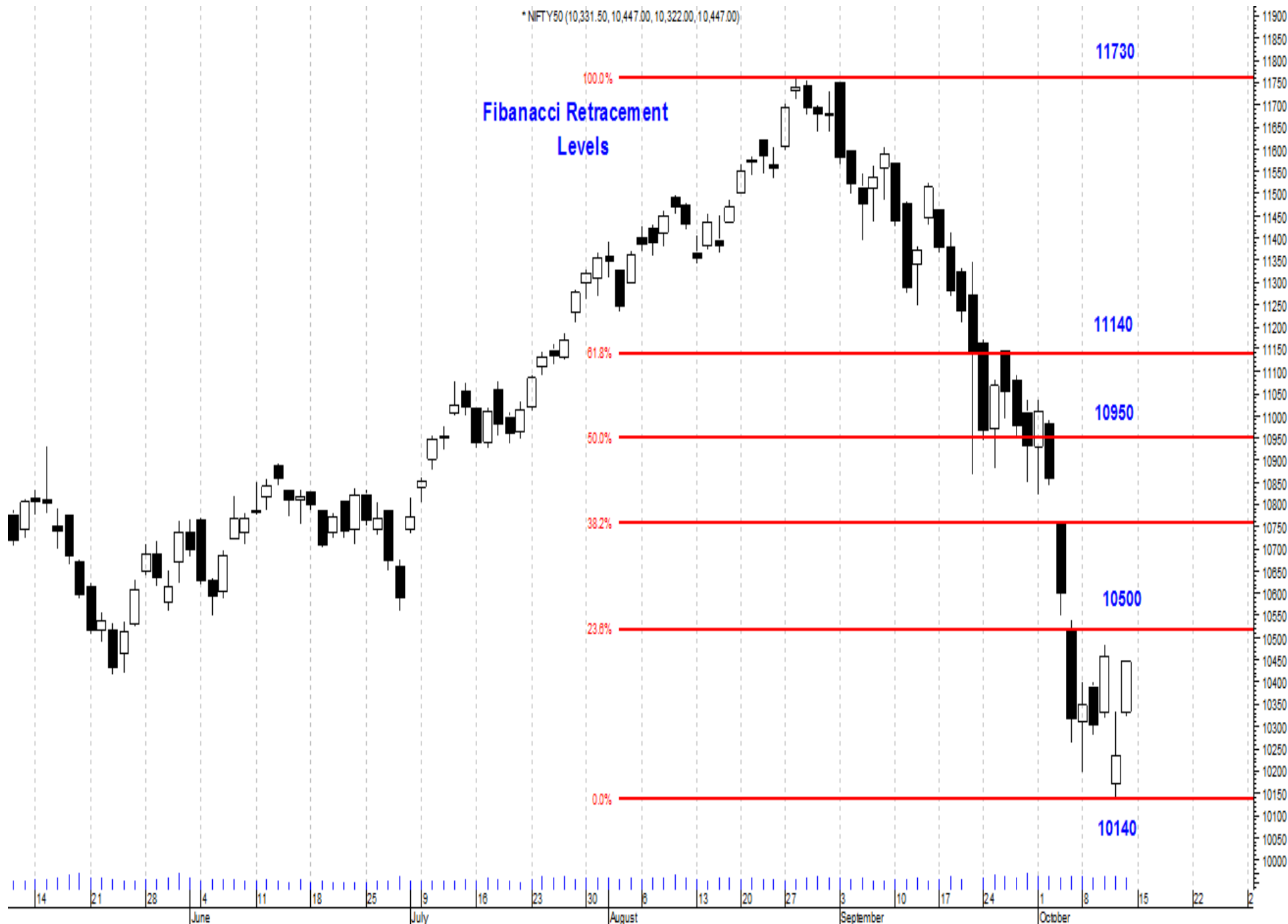


SMALLCAP corrected 55% of recent bull rally



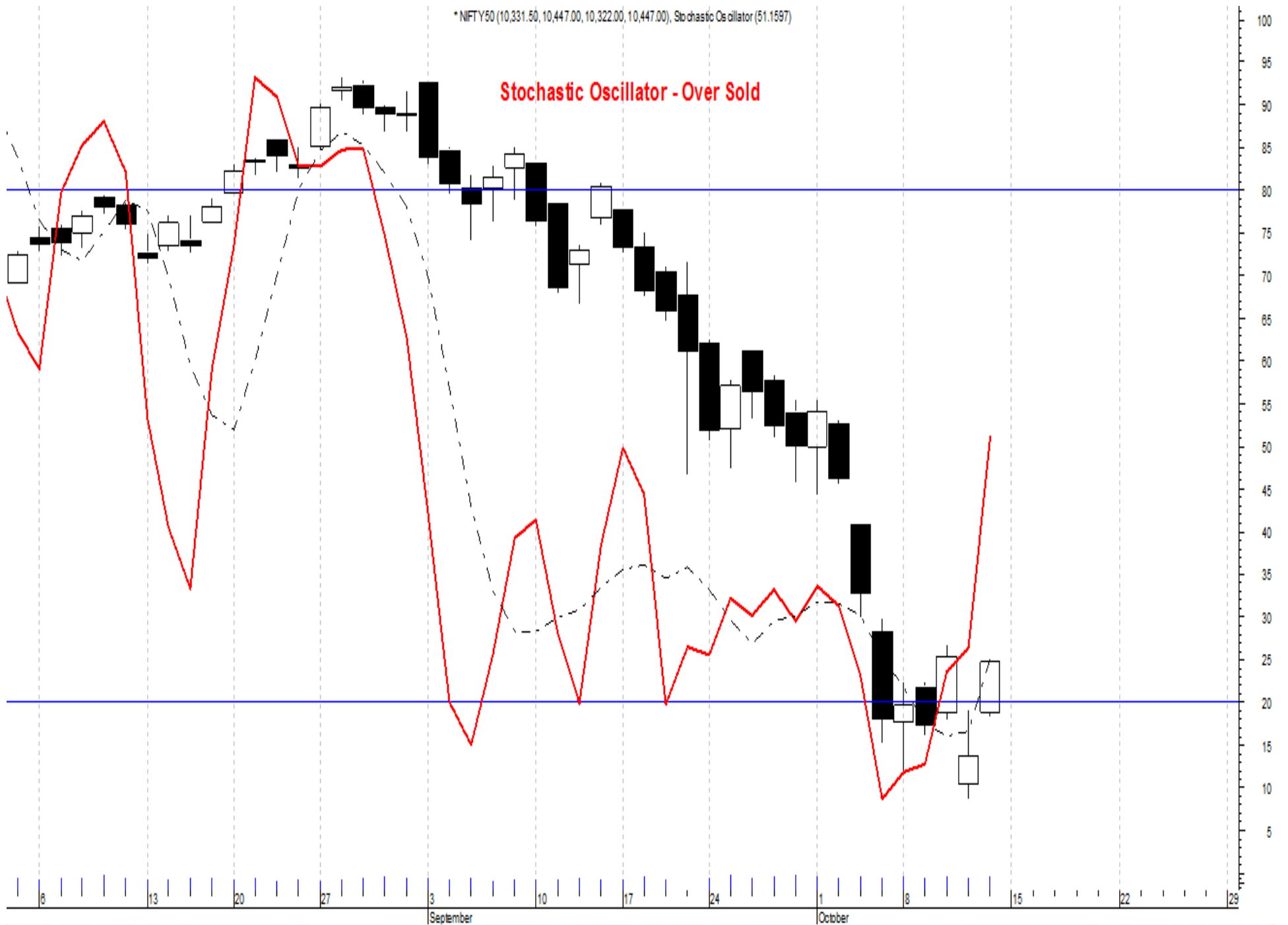
*NIFTY50 (10,331.50, 10,447.00, 10,322.00, 10,447.00)

Fibonacci Retracement Levels



* NIFTY50 (10,331.50, 10,447.00, 10,322.00, 10,447.00), Stochastic Oscillator (51.1597)

Stochastic Oscillator - Over Sold



*NIFTY50 (10,331.50, 10,492.00, 10,322.00, 10,472.00)

NIFTY - Support and Resistance



Equities Rout Across Categories



- Weakness triggered by domestic factors
- FII turn heavy sellers
- Crude Oil Rallies
- Mid and Small Cap bleeds

INDEX WATCH

INDEX	12, Oct	8, Sep	% Change
Nifty	10,472	11,589	- 9.6
Sensex	34,733	38,389	- 9.5
Nifty Midcap	16,746	19,579	- 14.4
BSE Small Cap	14,159	16,896	- 16.1

Terrible September



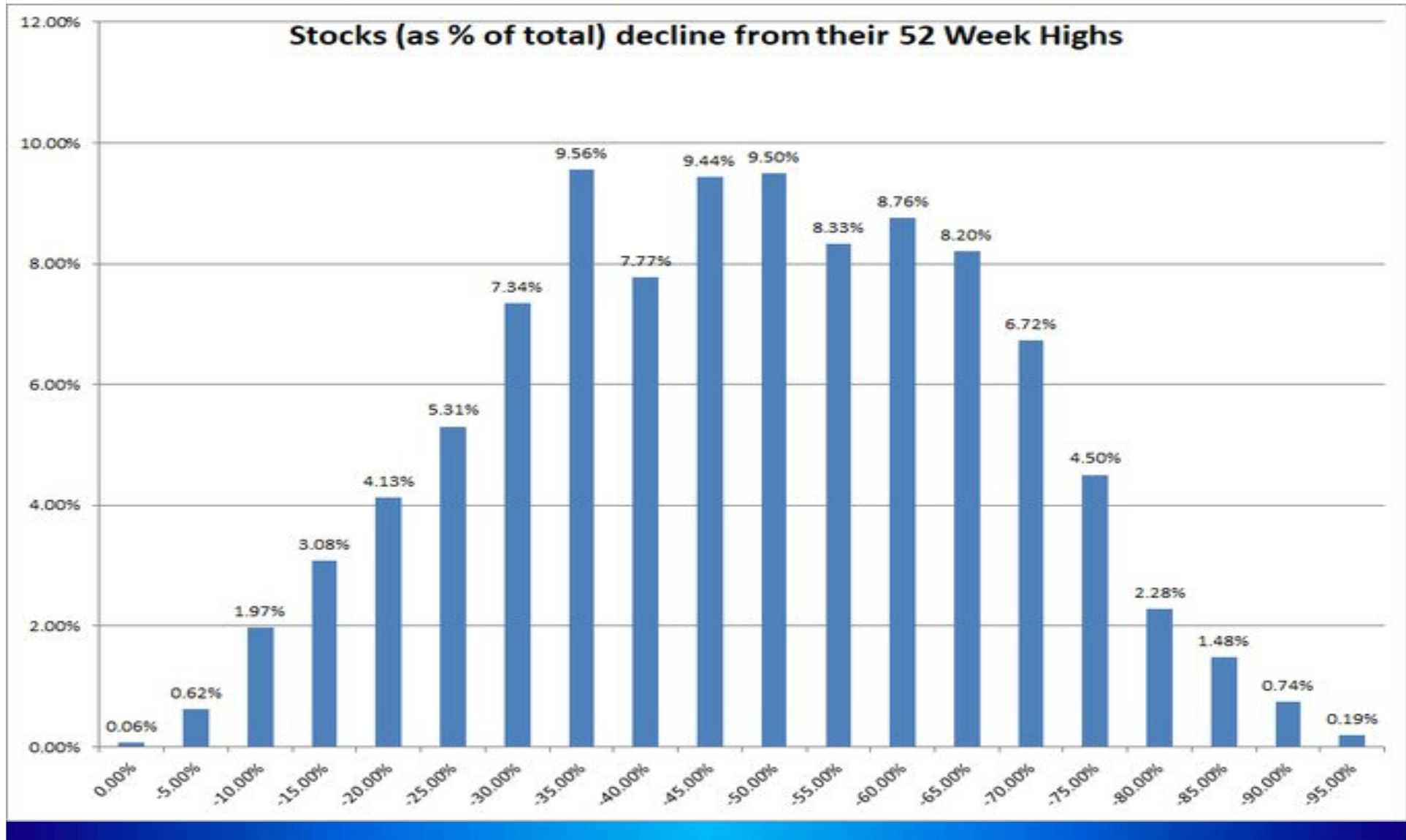
LEHMAN EFFECT		IL&FS EFFECT	
Sep-08	Returns	Sep-18	Returns
Nifty	-10.06%	Nifty	-6.42%
Nifty Junior	-15.34%	Nifty Junior	-12.69%
Nifty Midcap	-14.18%	Nifty Midcap	-13.89%
Nifty Smallcap	-18.99%	Nifty Smallcap	-19.79%



Are We In Bear Market ?

- Nifty corrected around 15% from peak
- Nifty Mid and Nifty Small caps corrected around 20%, 30%
- Broader markets already in bear market with majority of stocks corrected more than 20% from their 52 Week High
- Theoretically though we are not yet in bear market, portfolio performance indicate we are in bear market

Price Damage in Broader Market



Stock Fall from 52 Wk High



Extend of Fall	% of Listed Companies
Upto 10%	2.6
More Than 20%	94.2
More Than 30%	84.8
More Than 40%	67.9
More Than 50%	50.7
More Than 60%	32.8
More Than 70%	15.9
More Than 80%	4.6
More Than 90%	0.9

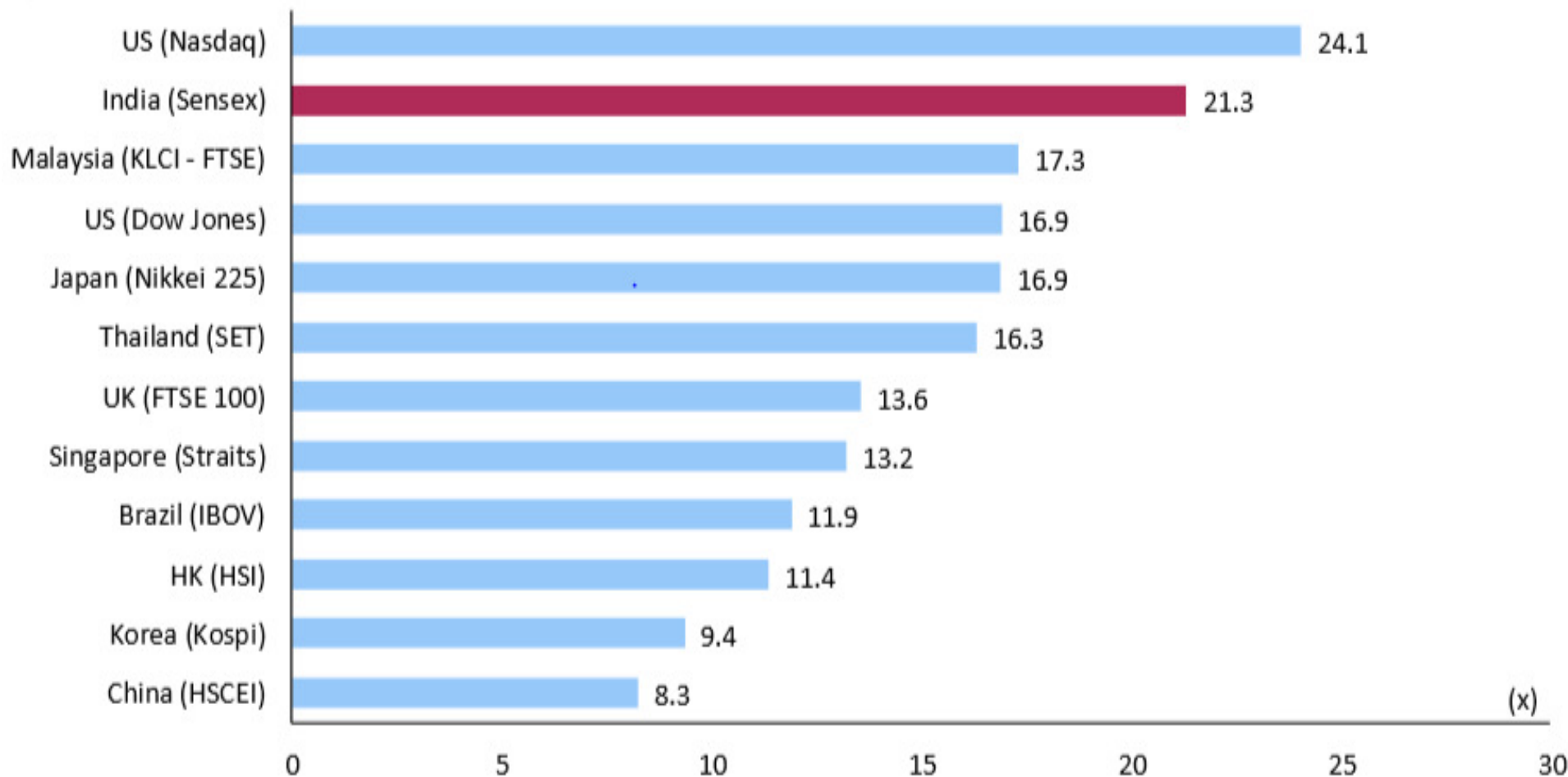


Markets See De Rating

- Significant Derating in stocks on near term uncertainty
- Expectation of growth tapering
- High P/E stocks may move to normalised valuations zone

India Still UnAttractive

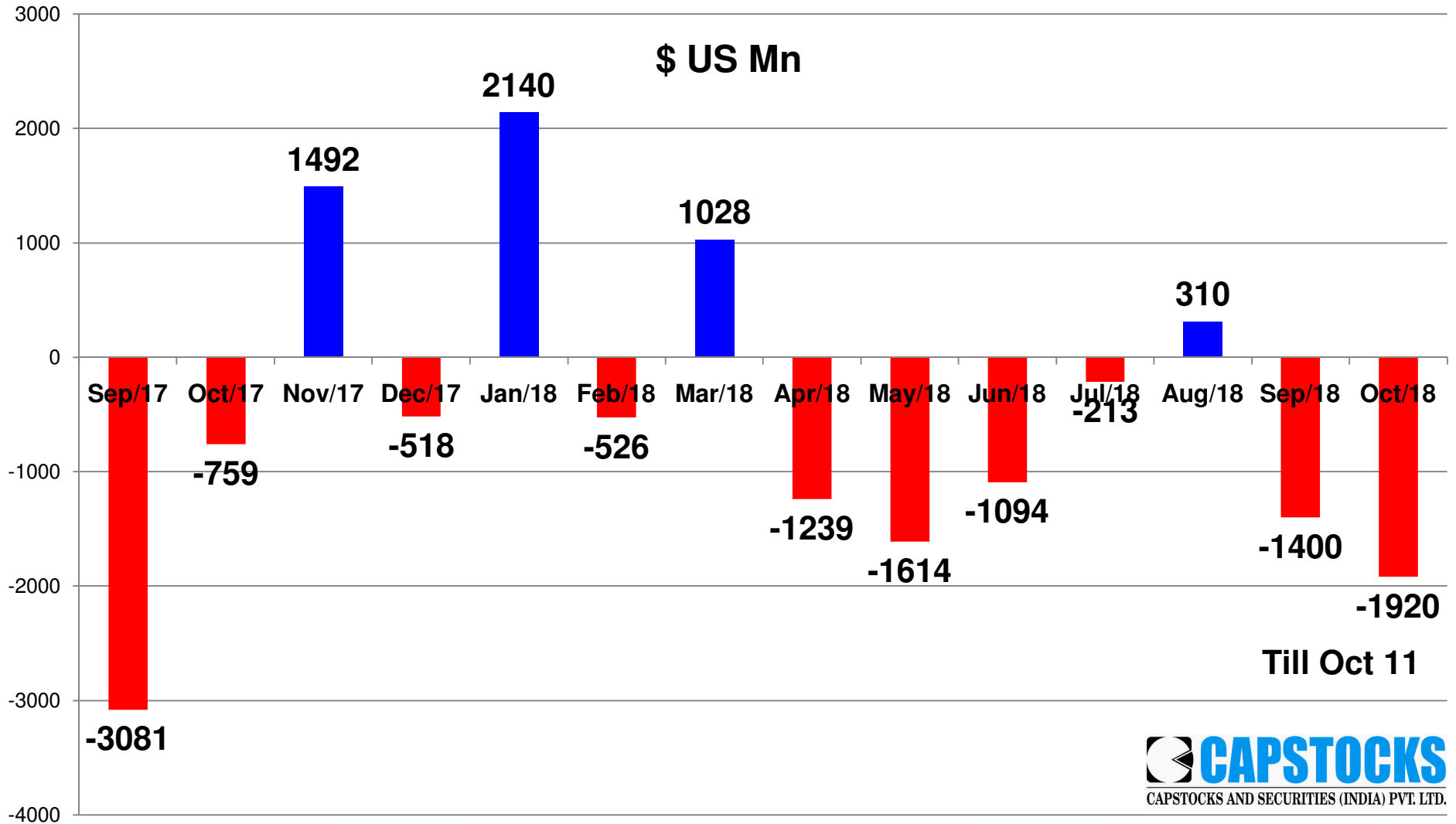
P/E Multiple CY18/FY19 of Indices



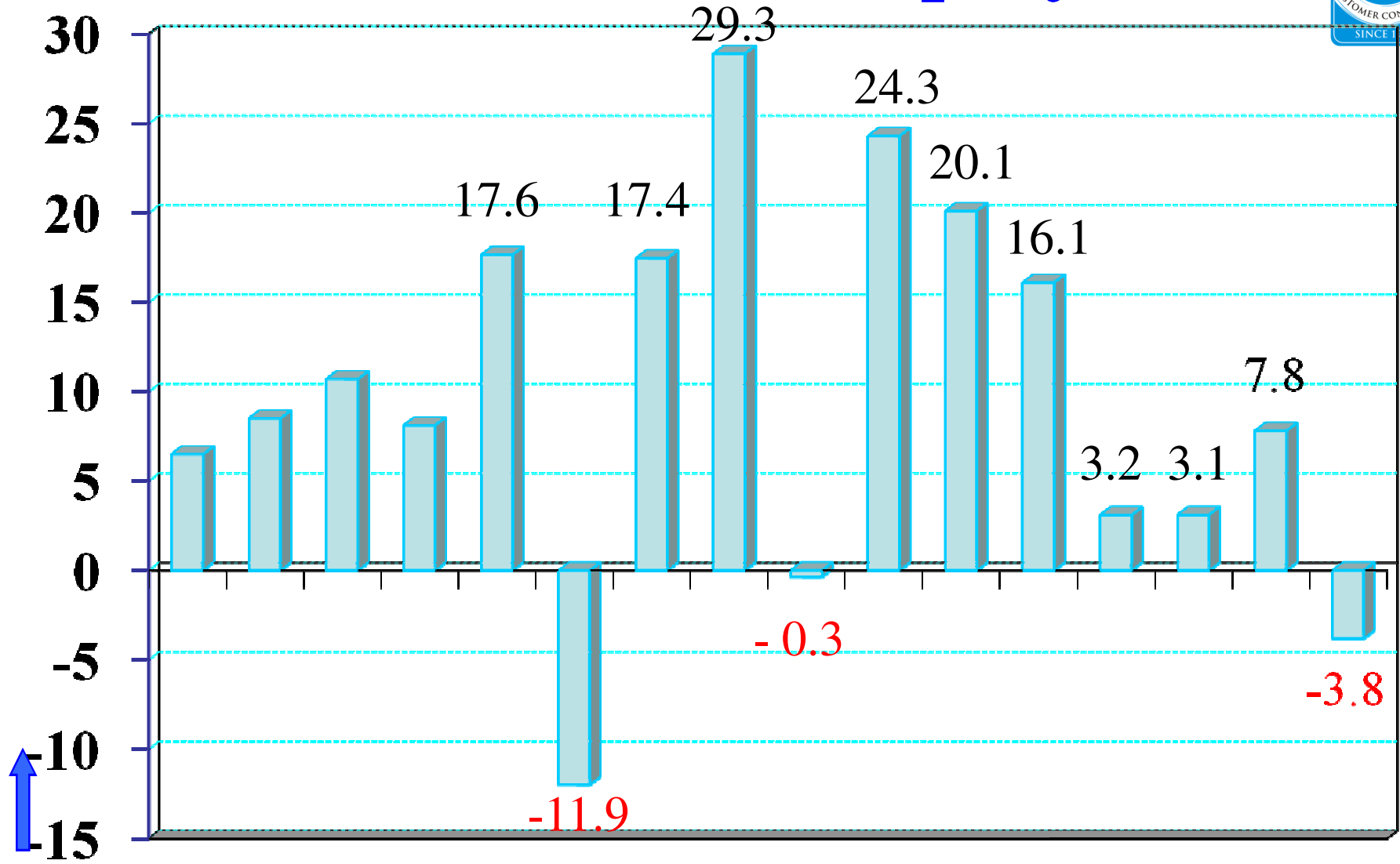
Source: Axis Capital, Bloomberg

* For India & Japan Fiscal year is FY19 while others it is CY18

FII Flows



FII Flows - Equity



billion
US \$

2003 2005 2007 2009 2011 2013 2015 2017



IL&FS Default Sets Panic

- IL&FS and its subsidiaries default in interest and capital payment
- Asset Liability mismatch lead to default
- Il&FS Debt paper are “AAA” rated few months back and downgraded to Junk post default
- Trust deficit built post defaults



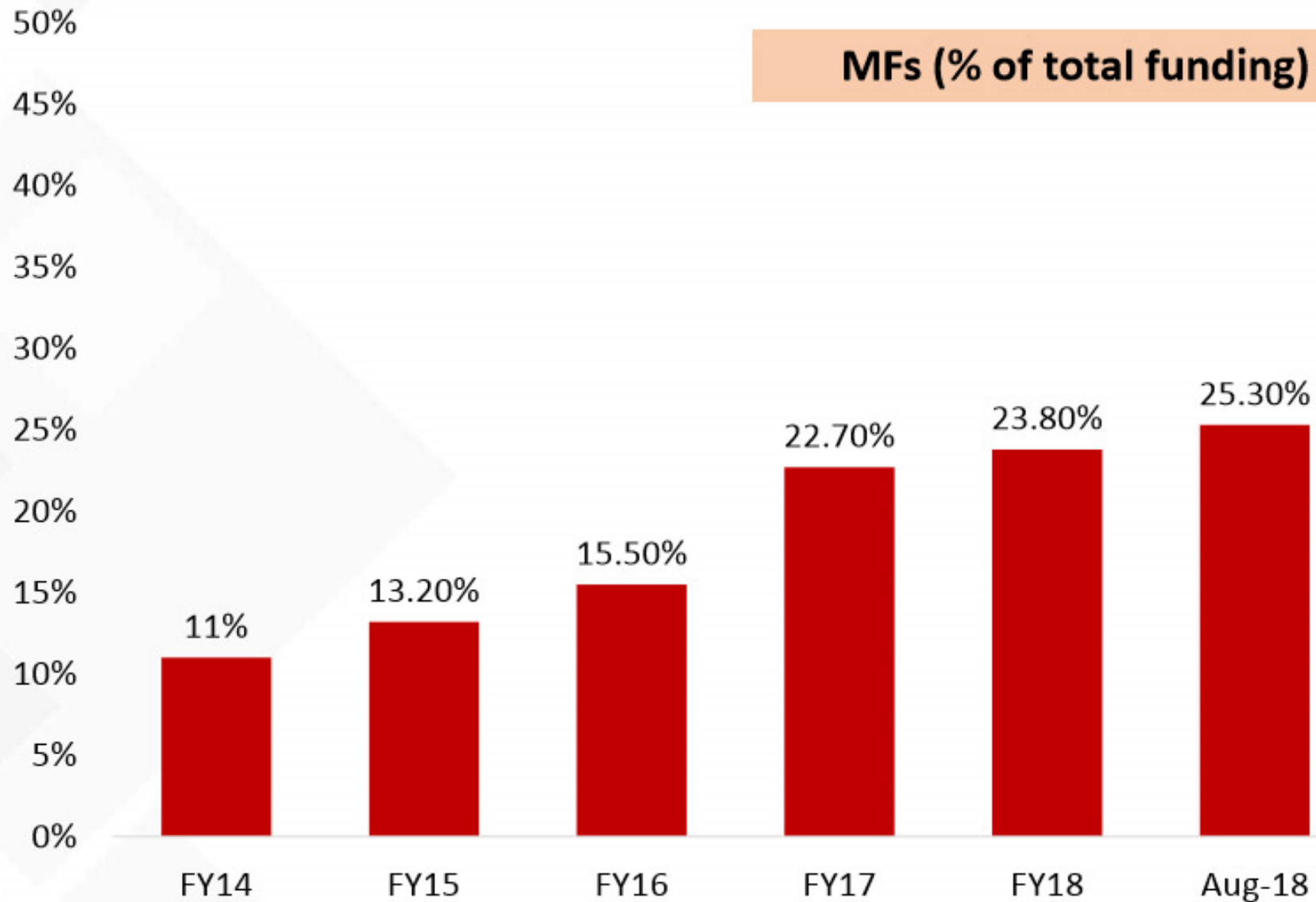
NBFC On Sharp Sell Off

- NBFC stocks see massive sell off post IL&FS default
- Cash crush in money market will lead to higher borrowing cost and debt rollover issue
- NBFC rely upon wholesale debt market for liquidity
- Last four years saw substantial increase in NBFC's balance sheet

NBFC/HFC Dependence on Mutual Fund



MFs (% of total funding)



Banks Vs NBFC

Segment	Banks	NBFC
Source of Fund	CASA, Retail and Wholesale deposit	Wholesale Debt market , retail deposits, bank borrowing
Lending	Large Projects, Corporate, MSME, Retail	Retail, MSME, Corporate
Regulations	Tighter	Moderate
Ticket Size	More tilted towards large	Smaller
Loan Sanction Time	Time Consuming	Easy



Crude Oil Rally Sharply

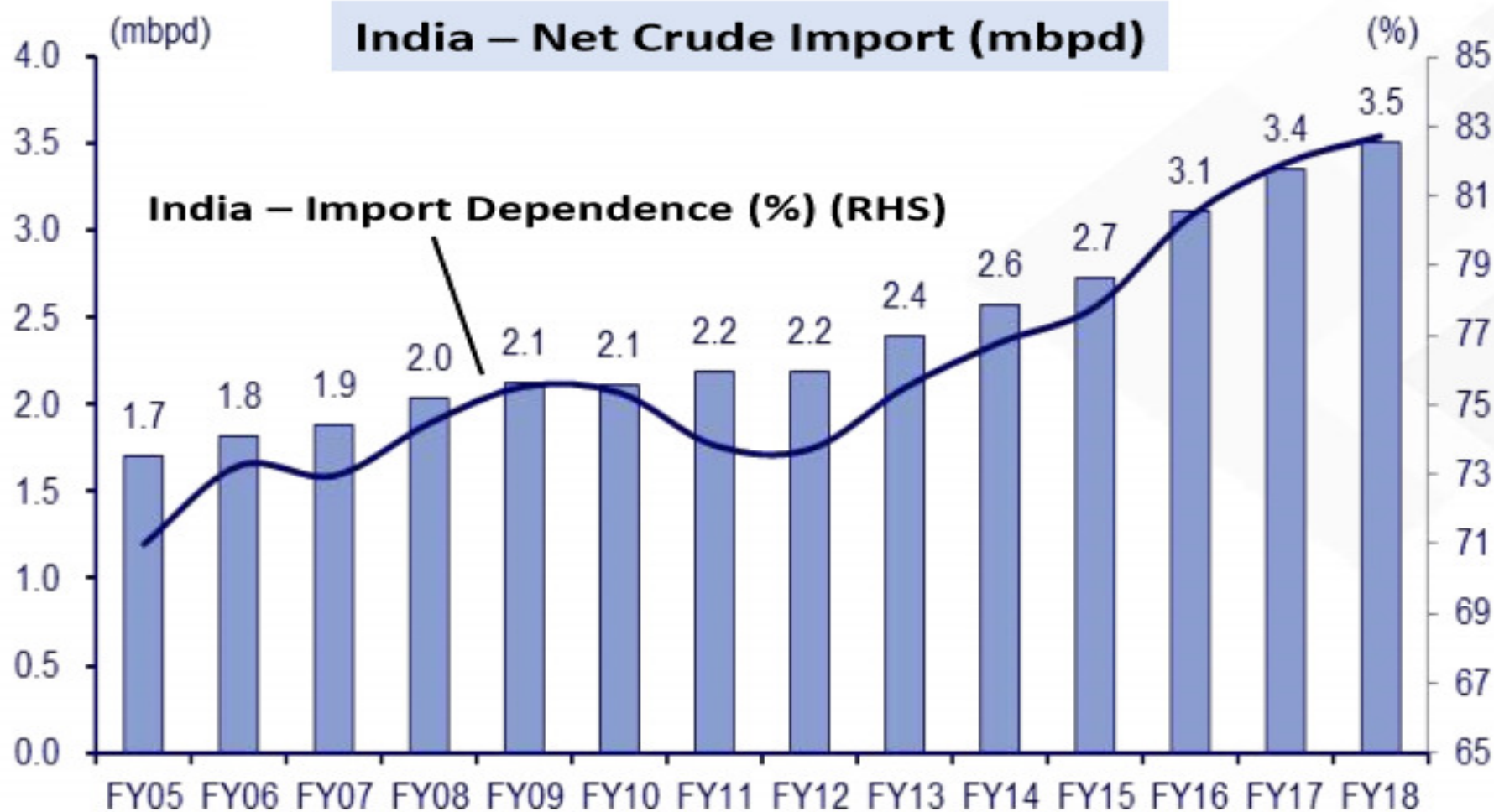
- Sanctions on Iran will reduce supply
- Market overall balanced
- Saudi Arabia and Russia set to increase production to offset Iran reduction



Impact of Higher Crude Oil Prices

- Macro economy will get impacted with higher trade deficit, weaker currency and higher inflation
- Since money is going out of India for crude oil imports , it will be deterrent to economy
- Though in dollar terms Crude oil still below previous highs, in Rupee terms it is near to all Time high

India Lacks Energy Security



Rupee At All Time Low



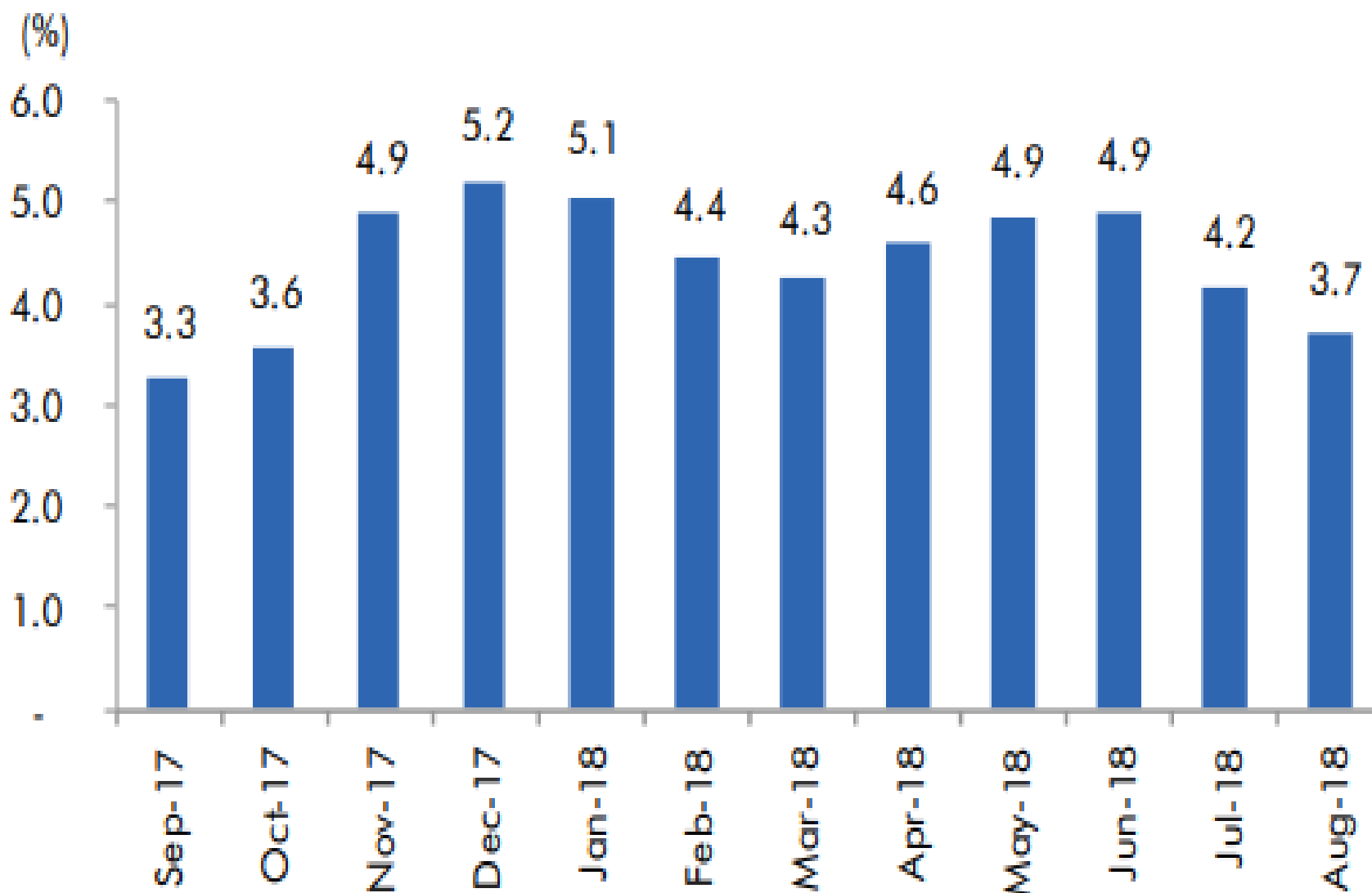
SOURCE: TRADINGECONOMICS.COM | OTC INTERBANK

RBI Keeps Repo Rate Unchanged



- Status Quo on policy decision on soft inflation
- Inflation Targeting is RBI core agenda
- Exchange Rate will be determined by market
- Market surprise on RBI monetary committee decision

CPI Under Control



Mutual Fund Equity Flows Increases



Month	Equity	ELSS	Balanced
September	10,237	935	731
August	7,734	641	2,630
July	8,512	940	287
June	8,794	866	1,487
May	10,444	906	2,666
April	10,724	447	3,500
March	2,954	3,703	6,754
February	14,683	1,585	5,026
January	13,404	1,986	7,665

**Source: Amfi*

Volatility in Bond Yield



BloombergMarkets



Recent Updatations In Capital Markets

- SEBI Allowed unified license to include all financial business in single platform
- NSE & BSE introduces Commodity Futures in Bullions from October 2018
- Demating of Non – Agri commodities and Commodity based mutual funds are in consideration



Advantages to Customers

- Single Account opening is permitted for customers to trade in Equity & Commodity.
- Common fund can utilise to take position in equity and commodity
- Equity holding can be considered as margin for commodity trading



Events to Watch

- Crude Oil
- Currency
- Q2 results

The Road Ahead . . .



- Crude Oil prices has to fall for durable rally
- Valuations are becoming lower
- Stocks likely to see sideways movement
- Nibbling of stocks gradually is the strategy to adopt



Thank You