



Current Market Scenario

12 August 2023

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Markets on Consolidation



- Sector and Stock Specific Action
- China is slowing down
- FPI flow slows
- Surplus July rainfall

INDEX WATCH

INDEX	11, Aug	8, July	% Change
Nifty	19,428	19,331	+ 0.5
Sensex	65,322	65,280	+ 0.0
Nifty Midcap	37,836	36,076	+ 4.8
BSE Small Cap	35,290	33,129	+ 6.5

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China Slowdown



- Economic Data indicates slowdown in China
- Will impact global growth
- Domestic Chemical companies were first hit among China +1 theme
- Theoretically commodities will get affected if China slowdown sustains

World Top 10 Economies



Rank & Country	GDP (USD billion)	GDP Per Capita (USD thousand)
#1 United States Of America (U.S.A)	26,854	80.03
#2 China	19,374	13.72
#3 Japan	4,410	35.39
#4 Germany	4,309	51.38
#5 India	3,750	2.6
#6 United Kingdom (U.K.)	3,159	46.31
#7 France	2,924	44.41
#8 Italy	2,170	36.81
#9 Canada	2,090	52.72
#10 Brazil	2,080	9.67

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Morgan Stanley Upgrades India

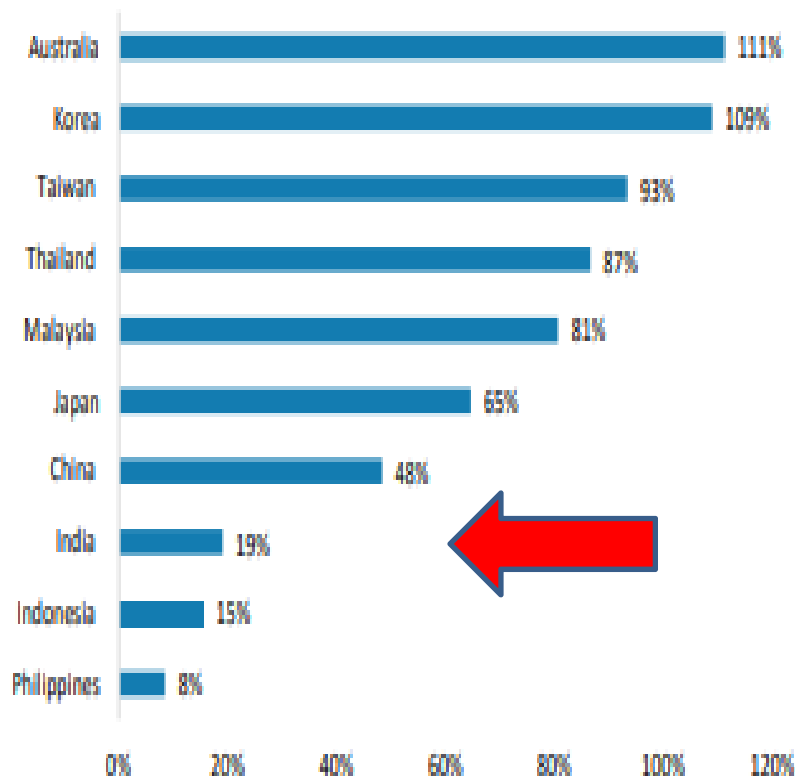


- Upgrades India to overweight
- Downgrades China to Equal weight
- Finds secular growth story on India

Less Leverage in Private Sector

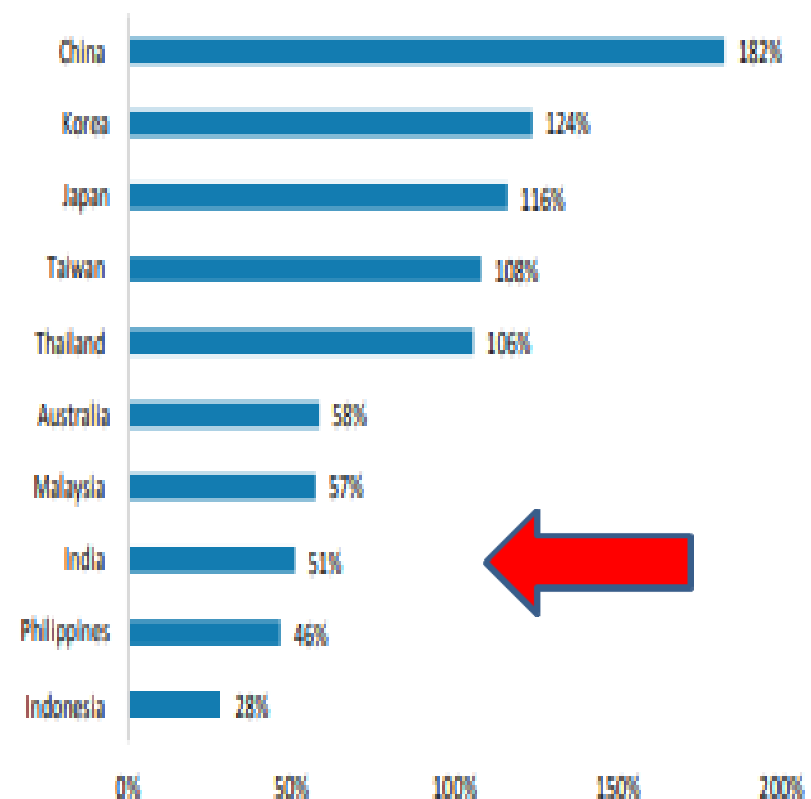


Household debt to GDP (1Q23)



Source: CEIC, Morgan Stanley Asia Economic Research estimates; Note that China Household Debt to GDP has been adjusted to exclude SME loans.

Non-financial corporate debt to GDP (1Q23)

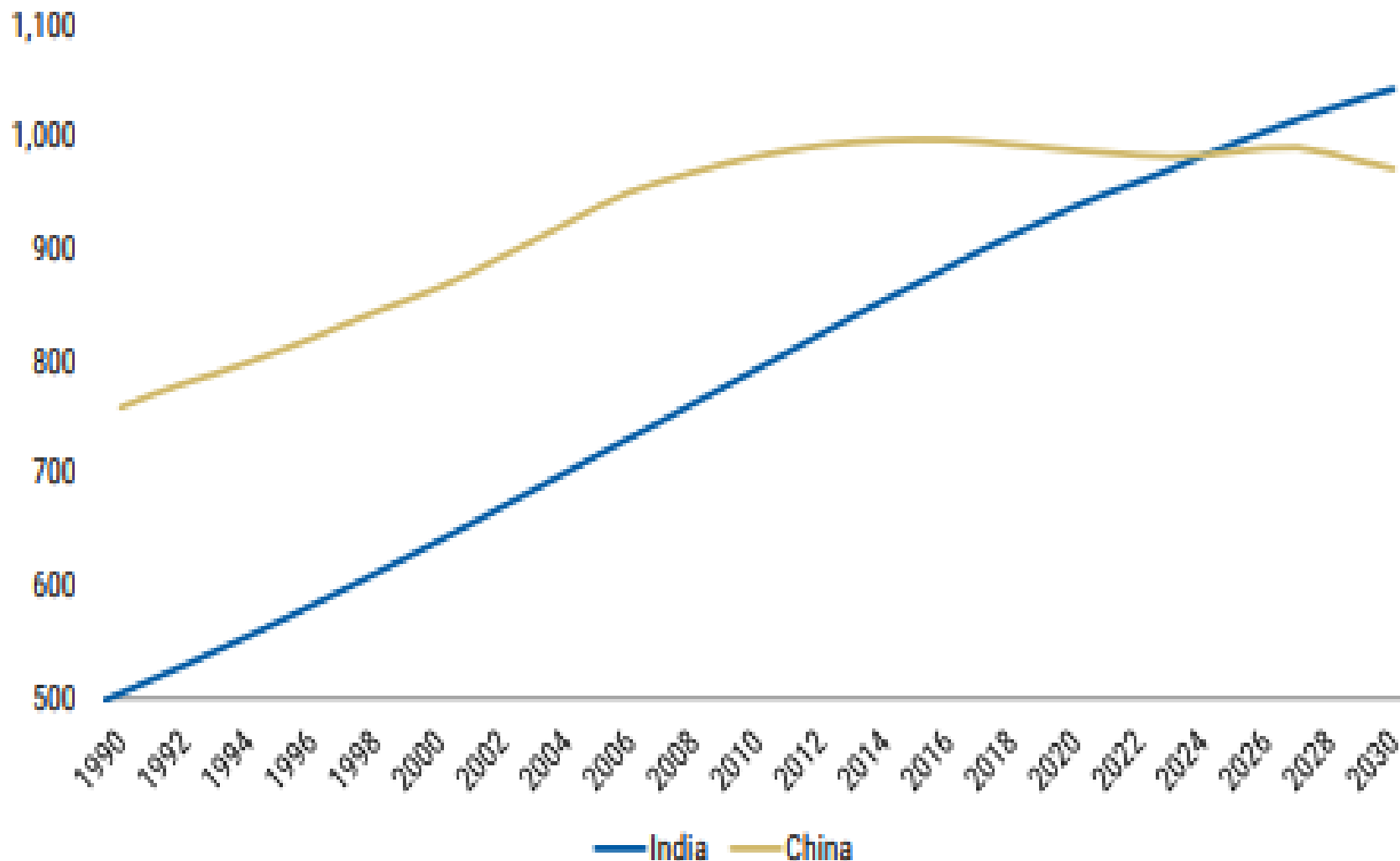


Source: CEIC, Morgan Stanley Asia Economic Research estimates; Note that China Non-Financial Corporate Debt to GDP has been adjusted to include SME loans.

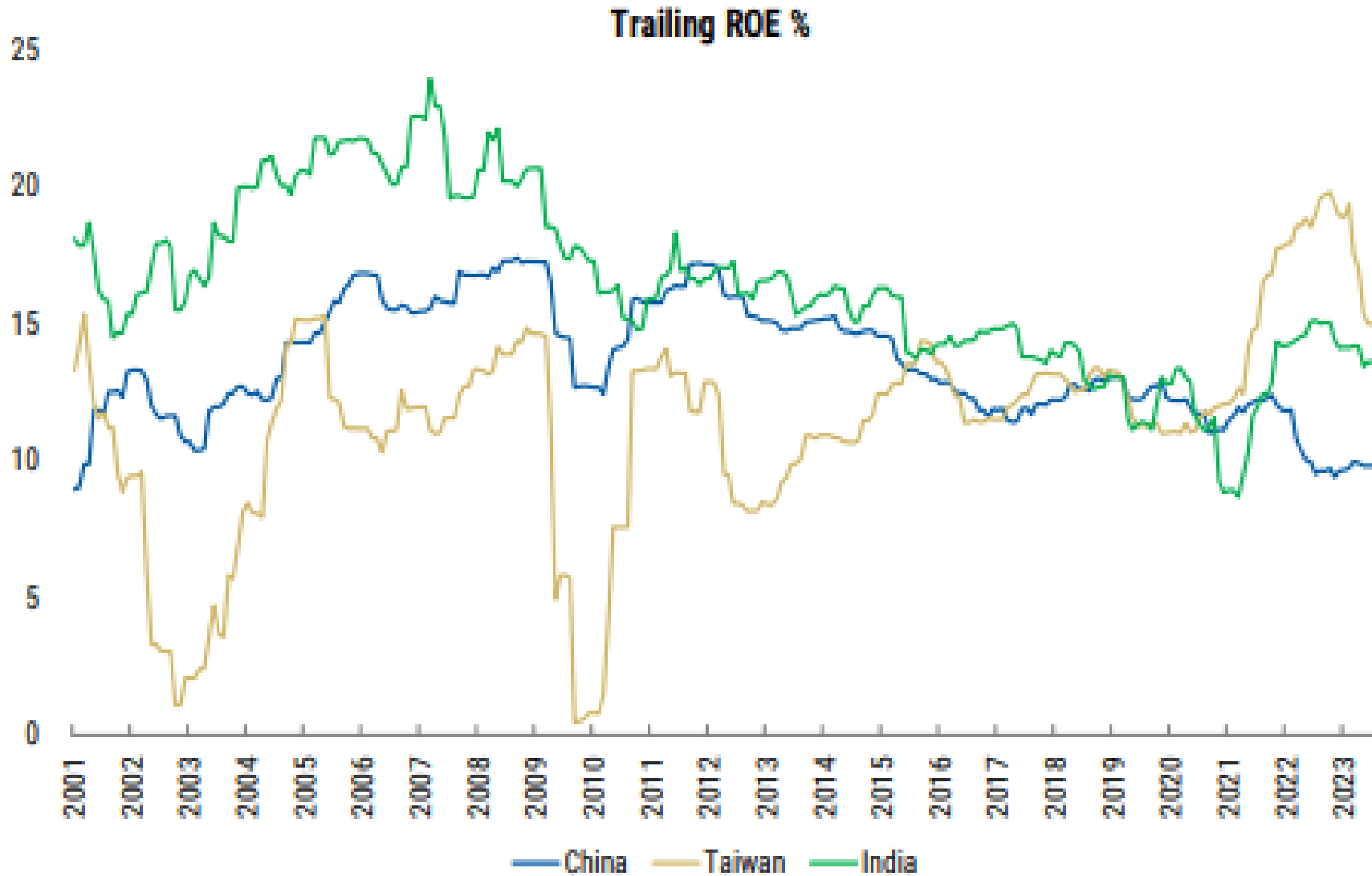
Favourable Demographic Trend



Working Age Population (15-64, mn)



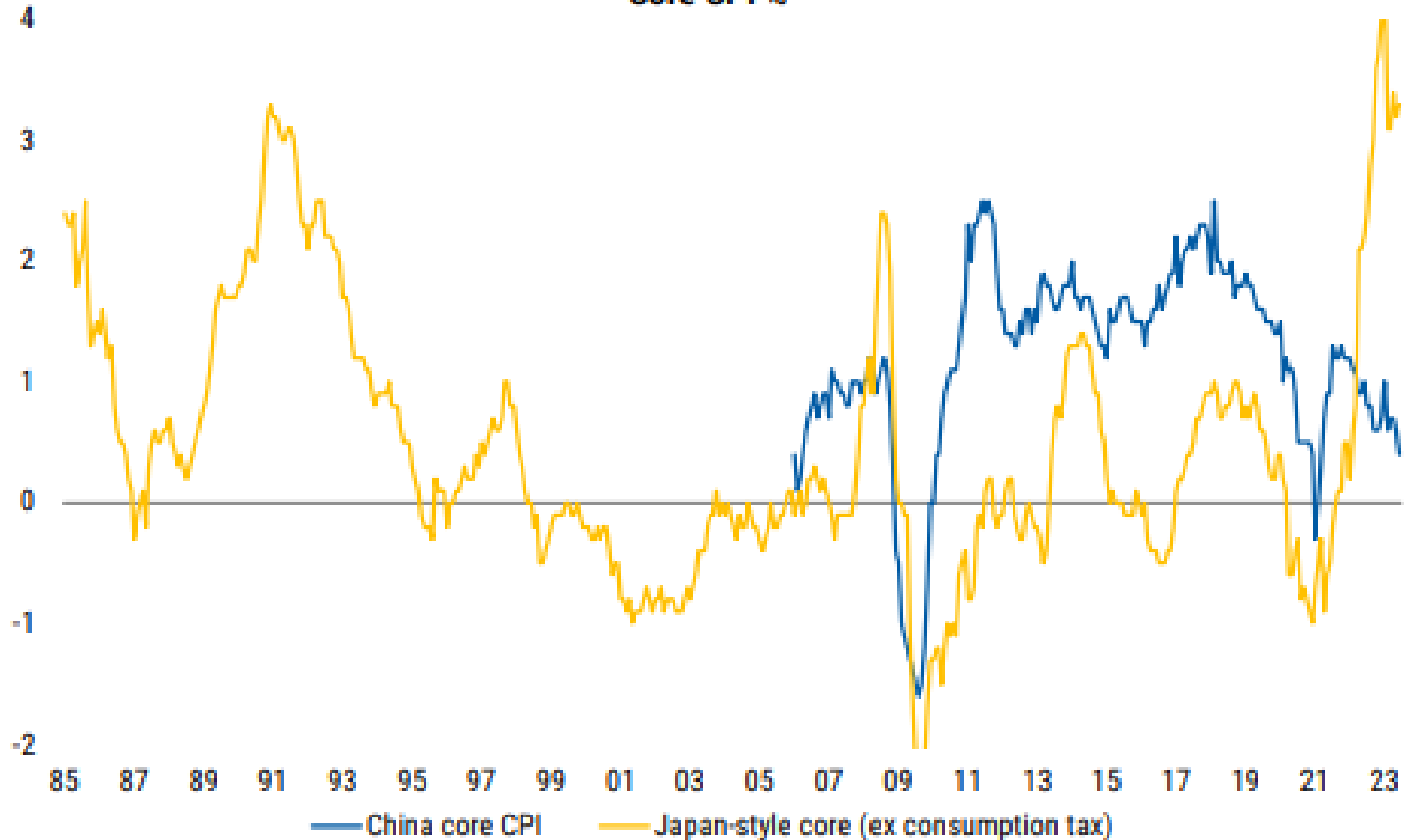
ROE Comparisons



China Inflation Remain Low



Core CPI %



Theme in Focus - Pharma



- Pharma stocks showing strong uptrend
- Fall in raw material prices
- Pharma is a diversified sector and should not paint all companies with same brush

Segment	Our View
Domestic formulations	Long Term Positive
US Generics	Near Term Positive
API	Neutral
CDMO	Positive

S&P BSE Healthcare Index



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US Generic Companies – Better Times Ahead



- US Generic companies faced tough times between 2018 to 2022
- Harsh US FDA plant inspections, now turning soft
- High price erosion due to concentrated buyers led to company closure
- Drug shortage in US
- Fall in raw material prices , a fresh tailwind
- Positive on Dr Reddy, Zydus life, Lupin

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Q1 Earnings



- Results are mixed
- Banks posted inline results
- IT disappointed
- Pharma companies posted better results
- Chemicals posted bad results
- Mixed results from commodities



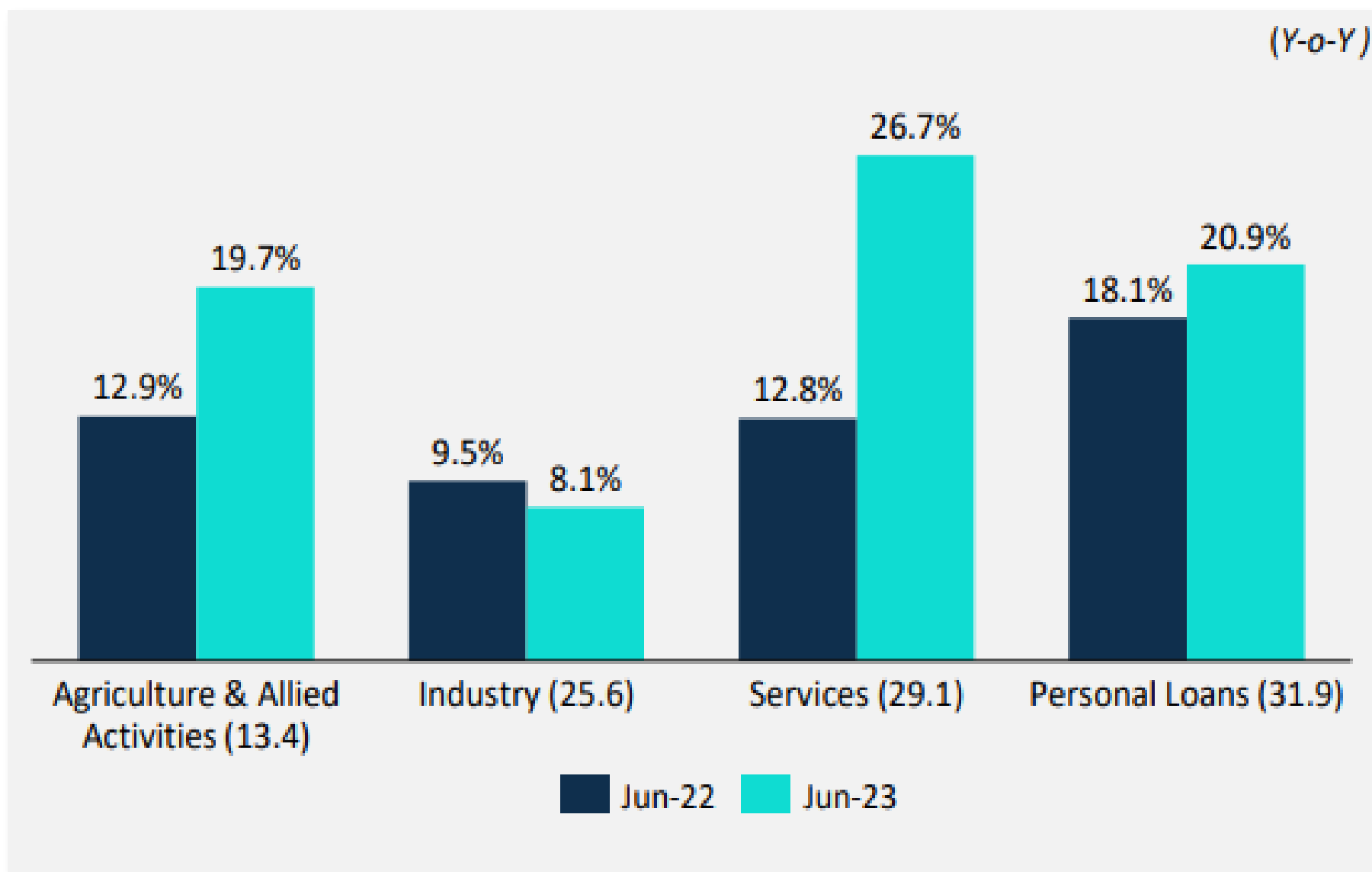
Q1 Result Performance

	% Change (YoY)	
	June 2023	June 2022
Sales	4.4	43.2
Net Profit	43.8	26.5

Results of 1,489 companies

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Credit to Services Picks Pace; Industrial Credit Growth Relatively Weak



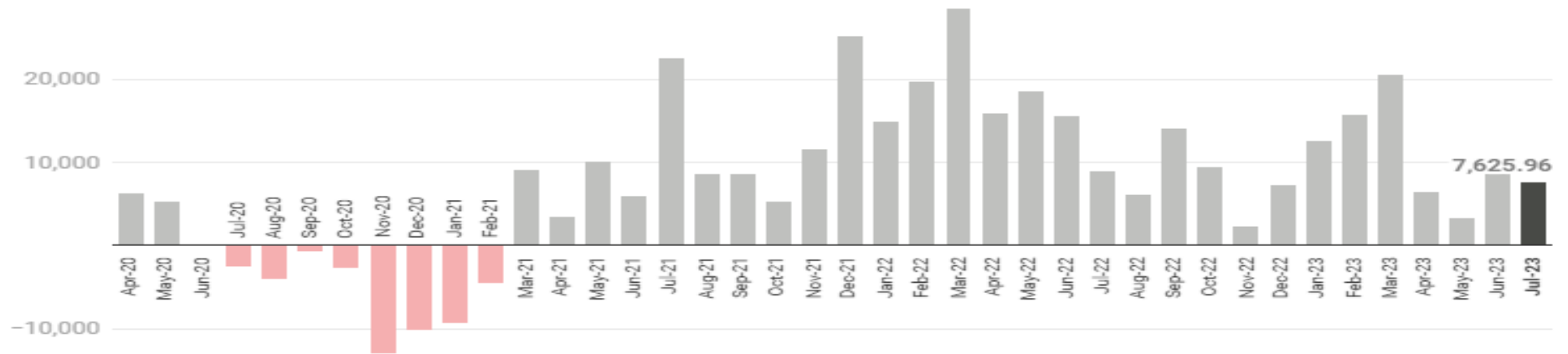
Source: RBI; Note: Figures in bracket represent % share in total credit

Mutual Fund Flows



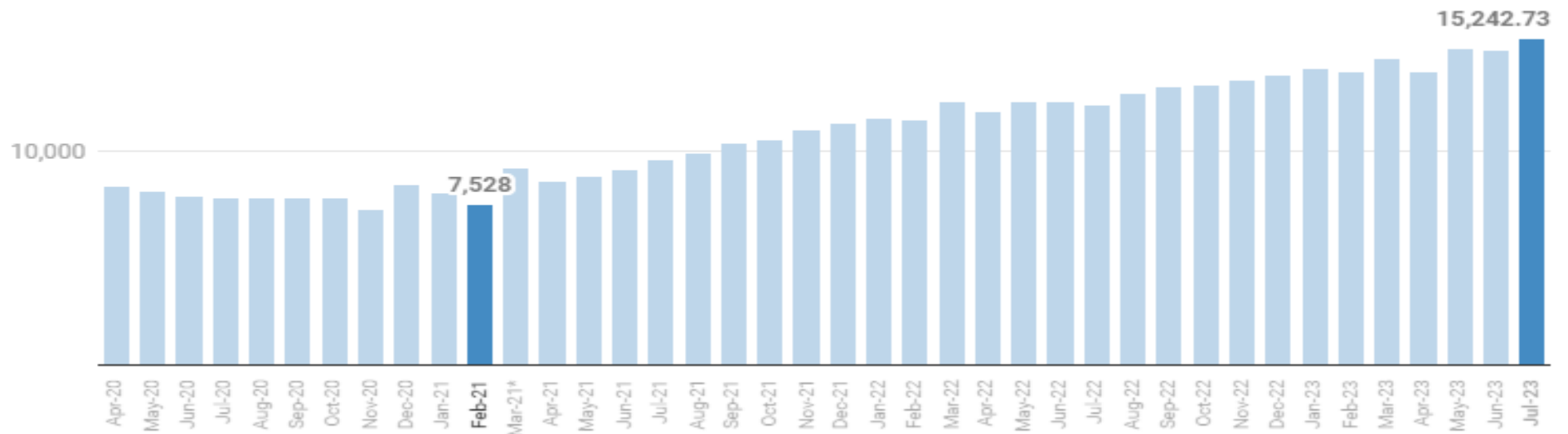
Net Equity Inflows

(Rs crore)



SIP Contribution

Net investments (Rs crore)



Good inflows in Small Cap funds



Equity & Hybrid - FYTD July - Net Flows	Rs Cr
Small Cap Fund	15,108
Mid Cap Fund	6,358
Large & Mid Cap Fund	4,345
Value Fund/Contra Fund	3,815
Multi Cap Fund	3,546
Multi Asset Allocation Fund	3,443
Sectoral/Thematic Funds	2,334
Equity Savings Fund	1,558
Dividend Yield Fund	1,152
Multi Asset Allocation	445
Retirement Fund	343
Childrens Fund	197
Conservative Hybrid Fund	93
Growth/Equity Oriented Schemes	0
Dynamic Asset Allocation/Balanced Advantage	-71
Equity Savings	-136
Dynamic Asset Allocation/Balanced Advantage Fund	-552
Flexi Cap Fund	-766
Fund of funds investing overseas	-1,298
ELSS	-1,636
Other Equity Schemes	-1,926
Balanced Hybrid Fund/Aggressive Hybrid Fund	-2,134
Focused Fund	-3,160
Large Cap Fund	-5,239
Equity & Hybrid - Total	25,819

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FPI Flows



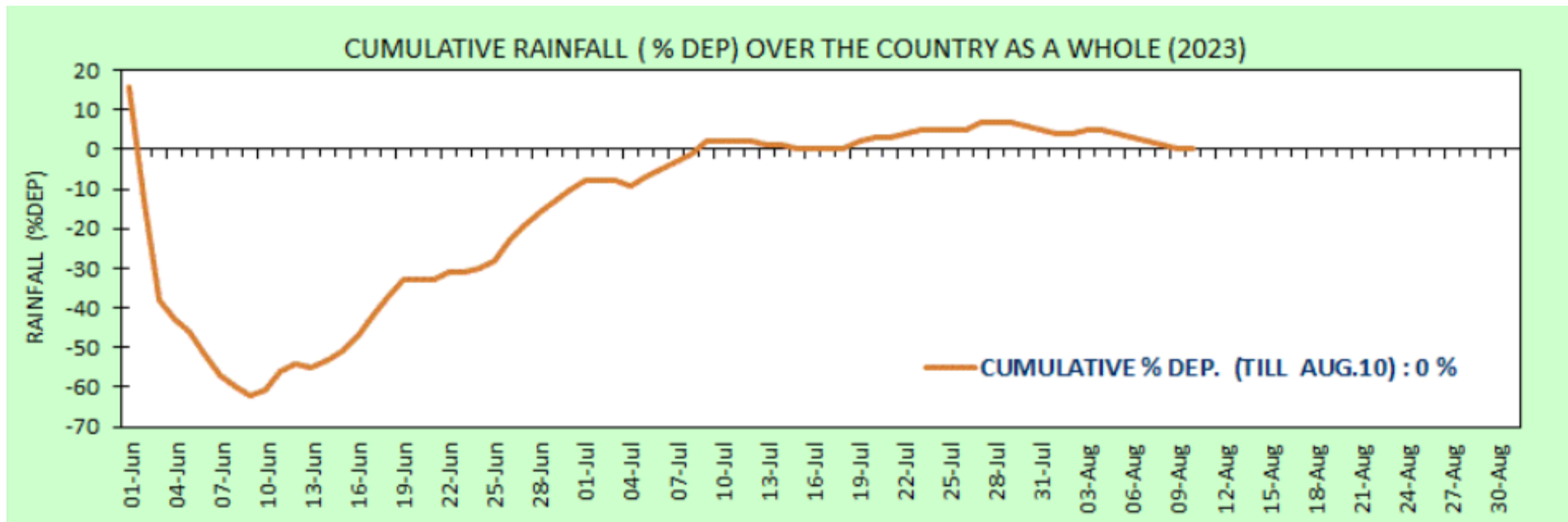
FPI Flows in US Bn \$



Monsoon Update

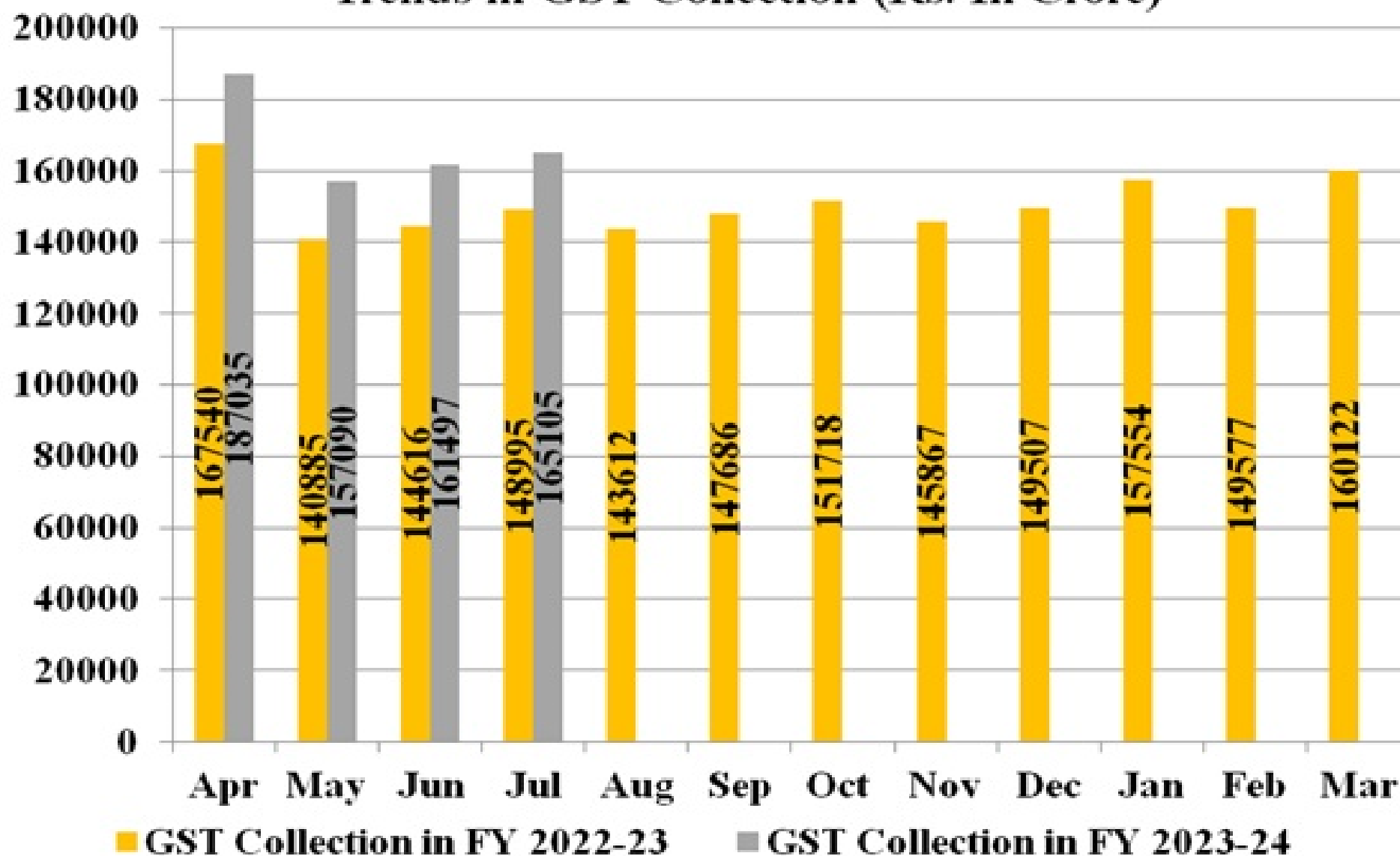


- Monsoon 5% above normal till half season
- IMD forecast August and September to be normal
- Market prepared for below normal monsoon

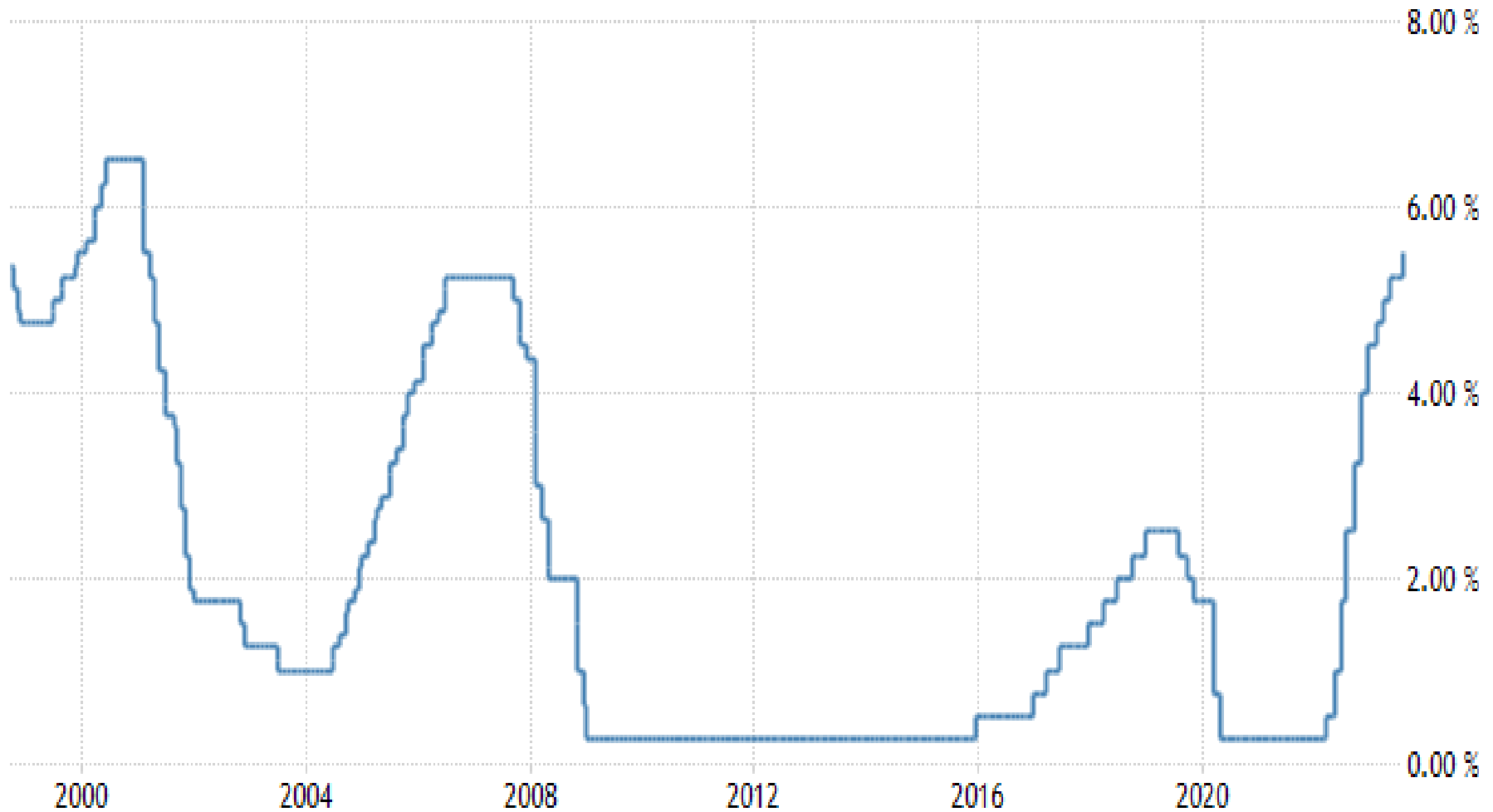


GST Collections

Trends in GST Collection (Rs. In Crore)



US Fed Rate



What Investor Should Do



- Markets unlikely to see major fall, intermittent technical corrections may happen
- Be selective in buying mid and small cap space due to sharp euphoric move in many stocks
- Pockets of opportunities still available

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Data To Watch



- Monsoon progress
- FPI Flows



Thank You

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