



Current Market Scenario

Fall in Indices & rises from recent lows



Index	Current Index	2018 high	% fall from peak	Present fall from peak
Nifty	11552	11760	15%	2%
Nifty Midcap	17146	21841	28%	22%
Nifty small cap	6076	9656	41%	37%

*NIFTY50 (11,601.00, 11,639.00, 11,538.00, 11,552.00)

Nifty channels



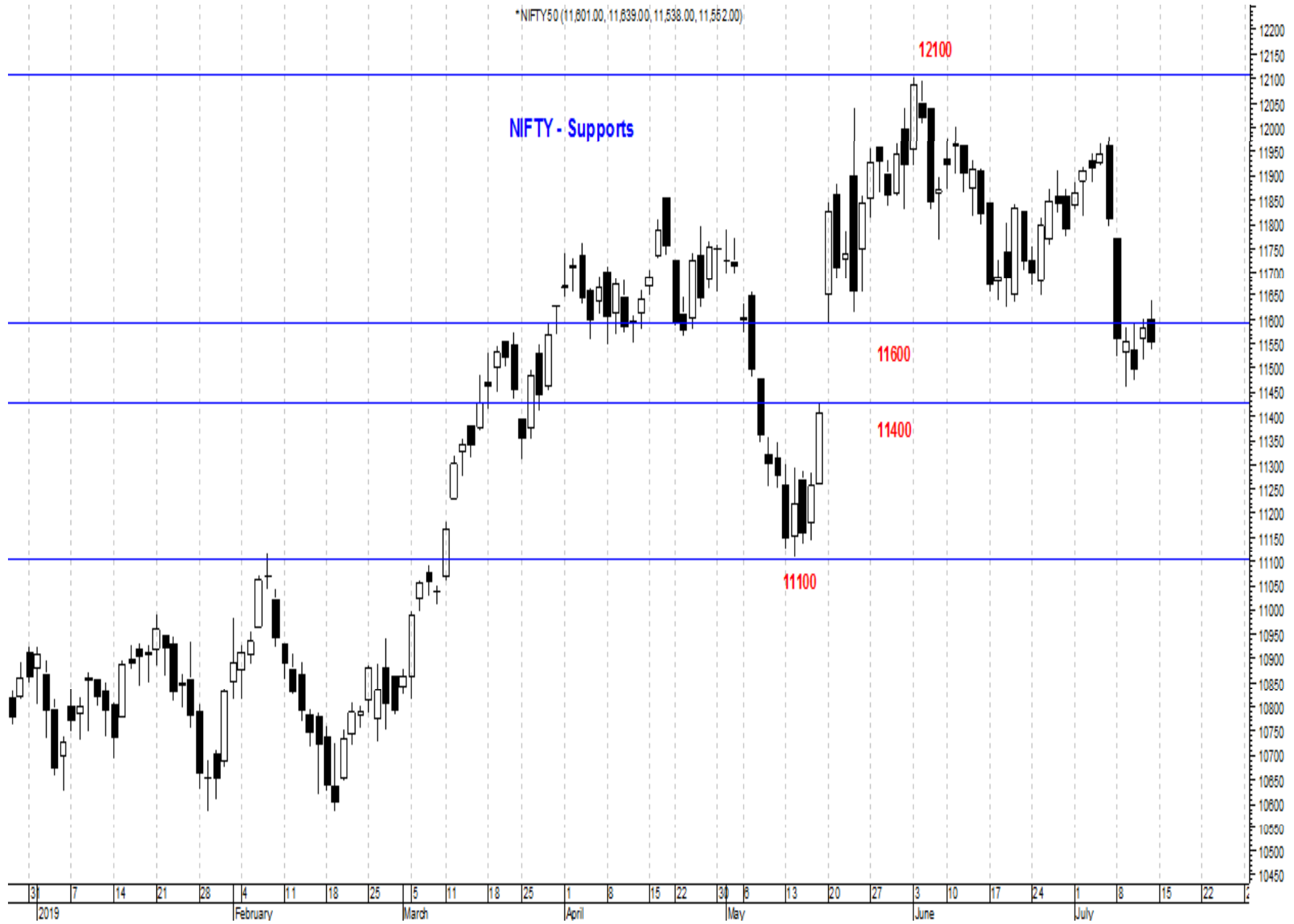
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April May June July August September October November December 2019 February March April May June July

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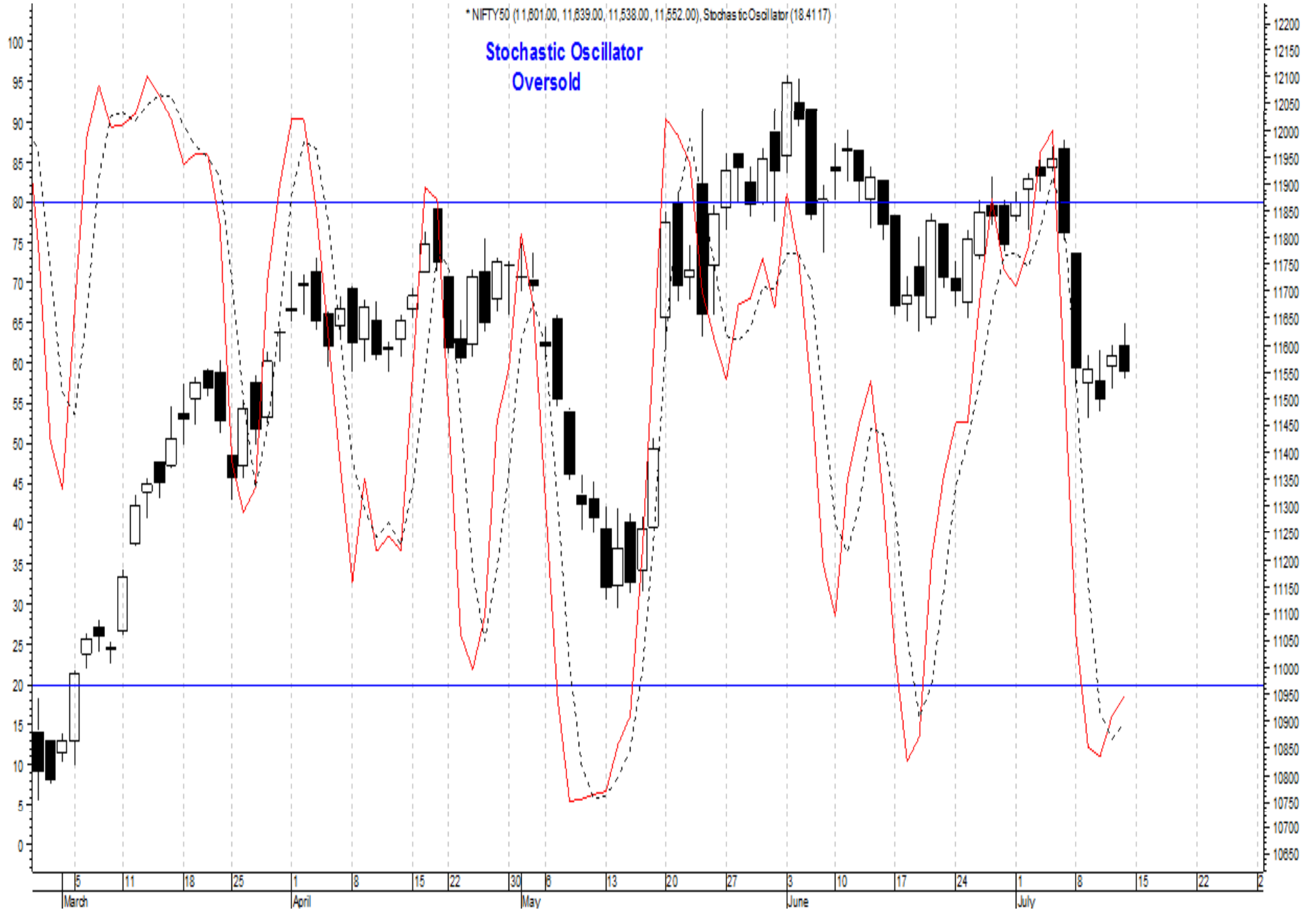
*NIFTY50 (11,801.00, 11,839.00, 11,538.00, 11,562.00)

NIFTY - Supports



*NIFTY50 (11,801.00, 11,839.00, 11,538.00, 11,552.00), Stochastic Oscillator (18,4117)

Stochastic Oscillator Oversold



Markets Slide on No Positive Budget



- Concern on weak earnings
- Muted institutional flow
- Mid and Small Cap continue to remain weak
- Retail investors patience to be tested

INDEX WATCH

INDEX	13, July	8, June	% Change
Nifty	11,552	11,870	- 2.7
Sensex	38,736	39,615	- 2.2
Nifty Midcap	17,146	17,781	- 3.5
BSE Small Cap	13,776	14,657	- 6.0

Union Budget Highlights



- Govt. to borrow overseas
- Fiscal deficit at 3.3% of GDP
- Buybacks to be taxed
- Minimum shareholding of public for listed companies increased from 25% to 35%

Union Budget Highlights



- Incentive for electric vehicles and housing sector
- Sops for NBFC Sector
- Higher tax for fuel and gold imports
- Higher customs duty for select products
- Higher Surcharge for super rich

Buyback Tax



- Budget introduced buyback tax of 20% on buyback amount
- Recently many cash rich companies preferring buyback in lieu of dividend on tax planning
- With this proposed tax, companies coming out with buyback will come down

High Tax for Select FPI



- Budget hiked surcharge for taxable income between 2 to 5 Cr. from 15% to 25% , for above 5 Cr. it is from 15% to 37%
- FPI registered as trust will get impacted
- Long term capital gain will be 14.25% Vs 11.96%, Short term capital gain will be 21.3 % Vs 17.9% currently
- Around 40% of FPI are registered as Trust

Minimum Public Shareholding To Increase



- Govt. asked SEBI to take steps to increase public shareholding from 25% to 35%
- Companies with more than 65% promoter stake has to bring down to 65% once regulations comes
- Around 3 Lakh Crore worth of shares to hit market
- SEBI will give time to dilute stake

Govt. To Borrow Abroad



- Govt. Decided to borrow in foreign currency by issuing sovereign bonds abroad
- Currently govt. is borrowing money to bridge fiscal deficit through domestic bond issue
- It is a major decision

Implications of Foreign Borrowing



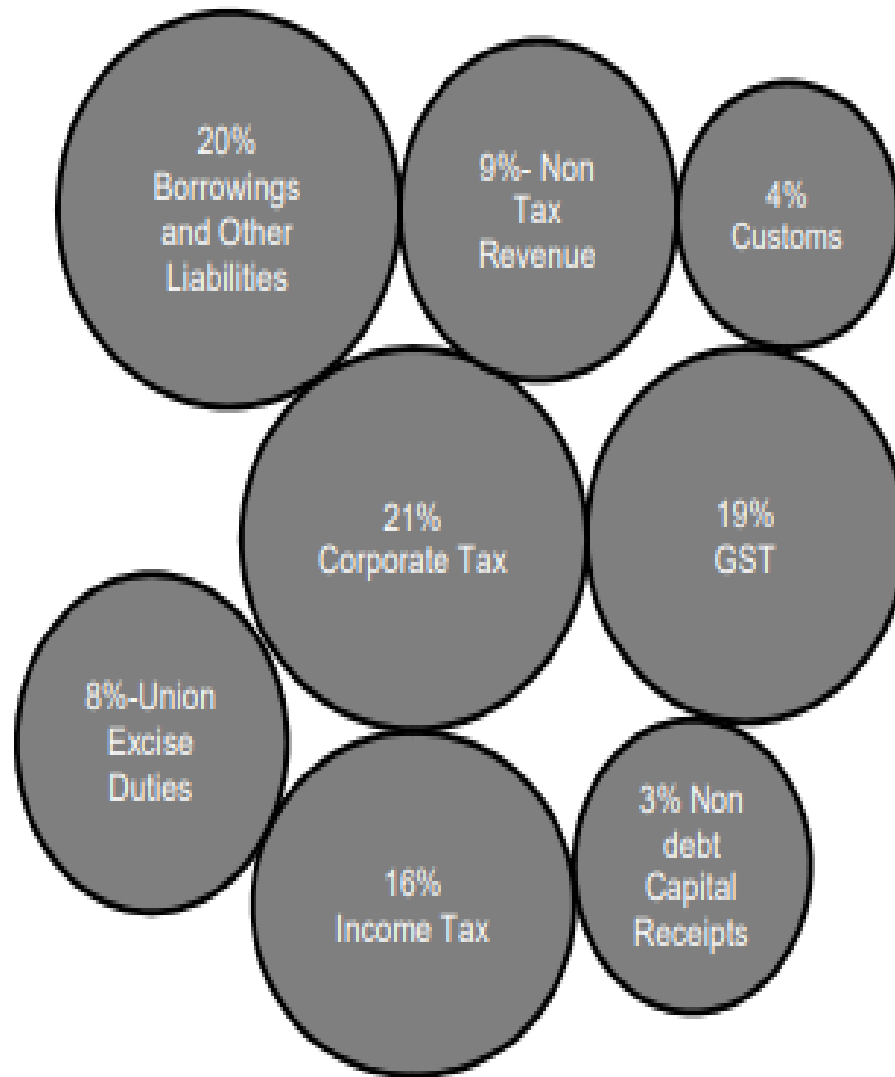
- Domestic interest rate will remain low
- Though foreign borrowing interest rates are low, forex risk are there

Fiscal Deficit - Never Ending Burden....

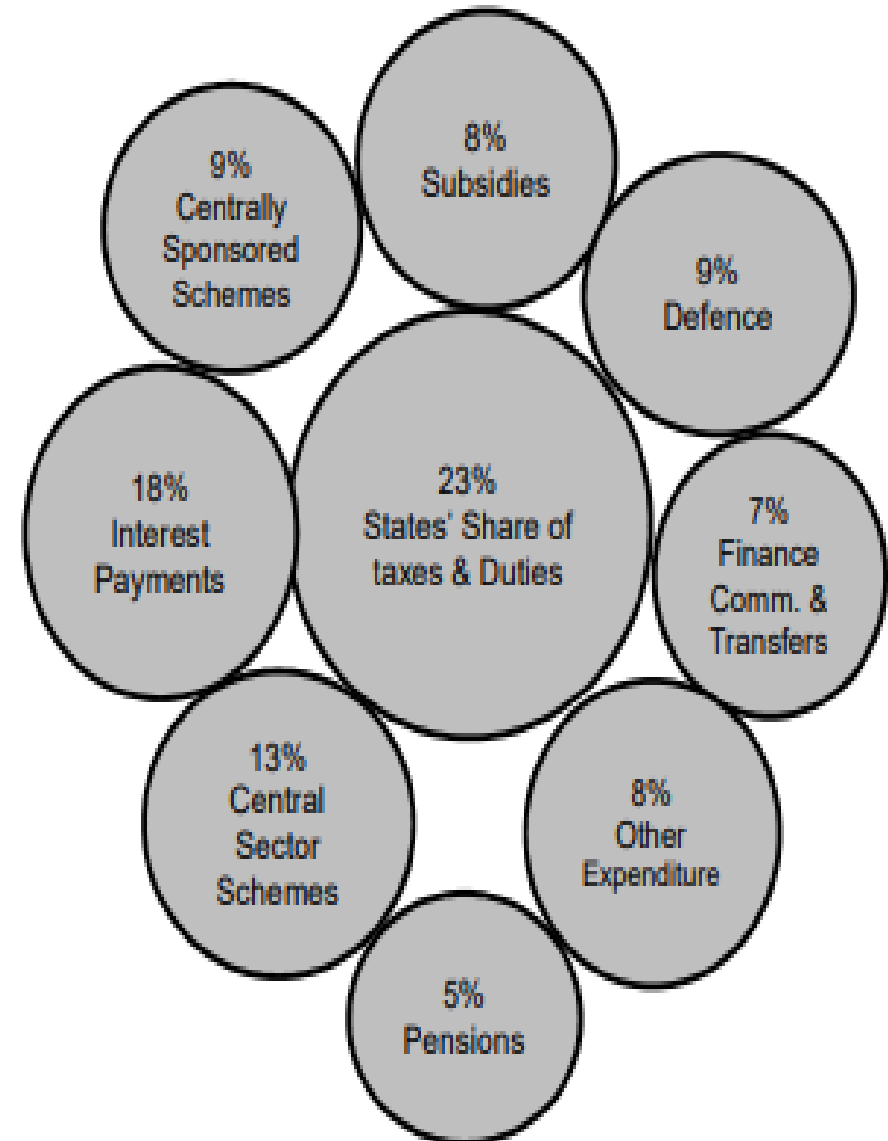


Year	Fiscal Deficit Lakh Cr.	% GDP
FY20 (P)	7.0	3.3
FY19	6.3	3.4
FY18	5.9	3.5
FY17	5.3	3.5
FY16	5.3`	3.9
FY15	5.1	4.1
FY14	5.0	4.5

RUPEE COMES FROM



RUPEE GOES TO



Economy Remain Weak



- Commentary from company management muted
- Auto sales very weak
- No visibility in near term

Tough Time for Auto Companies



- Auto sales remain very weak
- BS VI will be implemented from April 2020
- Govt. push for electric vehicles bringing more uncertainty for long term

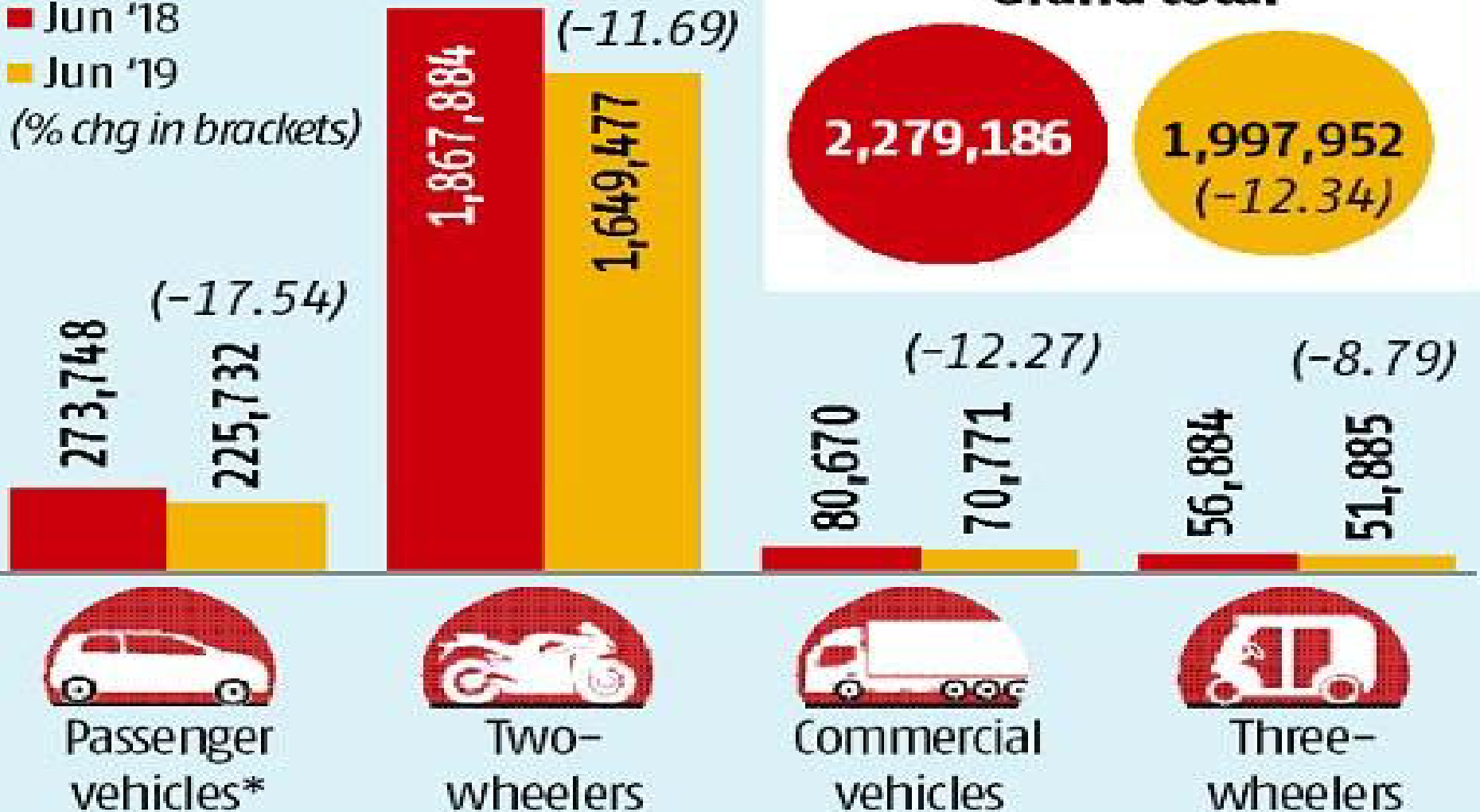
DOMESTIC SALES

UNITS SOLD

■ Jun '18

■ Jun '19

(% chg in brackets)



87 units of quadricycles sold in June 2019;

*Passenger cars, utility vehicles and vans

Source: Siam

Q1 Results Not To Be Good



- Q1 results expected to be weak on slow down in economy
- Banks expected to do well
- Autos will report bad result on volume compression

High P/E Valuations Under Treat



- HDFC Bank loan growth at 17%, fell below from its traditional 20% Lakshman Rekha
- Titan Q1 gold jewellery business growth at 13% against expected 20%.
- Already stocks like Eicher Motor and Page Ind corrected significantly from peak

Monsoon Update



Seasonal Rainfall (in mm) from 1 June 2019 till today,

Region	Actual	Normal	% Departure from Long Period Average
EAST & NORTHEAST INDIA	418.8	506.5	-17%
NORTHWEST INDIA	126.4	136.7	-8%
CENTRAL INDIA	271.3	277.6	-2%
SOUTH PENINSULAR INDIA	168.1	231.9	-28%
COUNTRY AS A WHOLE	230.0	261.8	-12%

Lever for Economic Revival



- Only lever available for economic revival is low interest rate
- Govt. Spending will give support

India 10 Yr Bond Yield



Gold on Strong Wicket



- Gold looking fundamentally and technically strong
- Many countries led by China started adding gold reserves
- Retail can take exposure in gold through
 1. Gold ETF
 2. Gold Mining Companies (DSP World Gold Fund)
 3. Gold Derivatives (MCX)

Time To Buy Stocks !



- Time to buy is when news flows are negative
- Retail investors are losing confidence
- A person who is buying share now will be making money down the line

Events to Watch



- Q1 results
- Monsoon Progress
- US Fed meeting on



Thank You