



# Current Market Scenario

# Fall in Indices & rises from recent lows



Index	Current Index	2018 high	% fall from peak	Present fall from peak
Nifty	11870	11760	15%	+1% (rise)
Nifty Midcap	17781	21841	28%	18%
Nifty small cap	6431	9656	41%	33%

\*NIFTY50 (11,865.00, 11,892.00, 11,789.00, 11,890.00)

### NIFTY - Channels

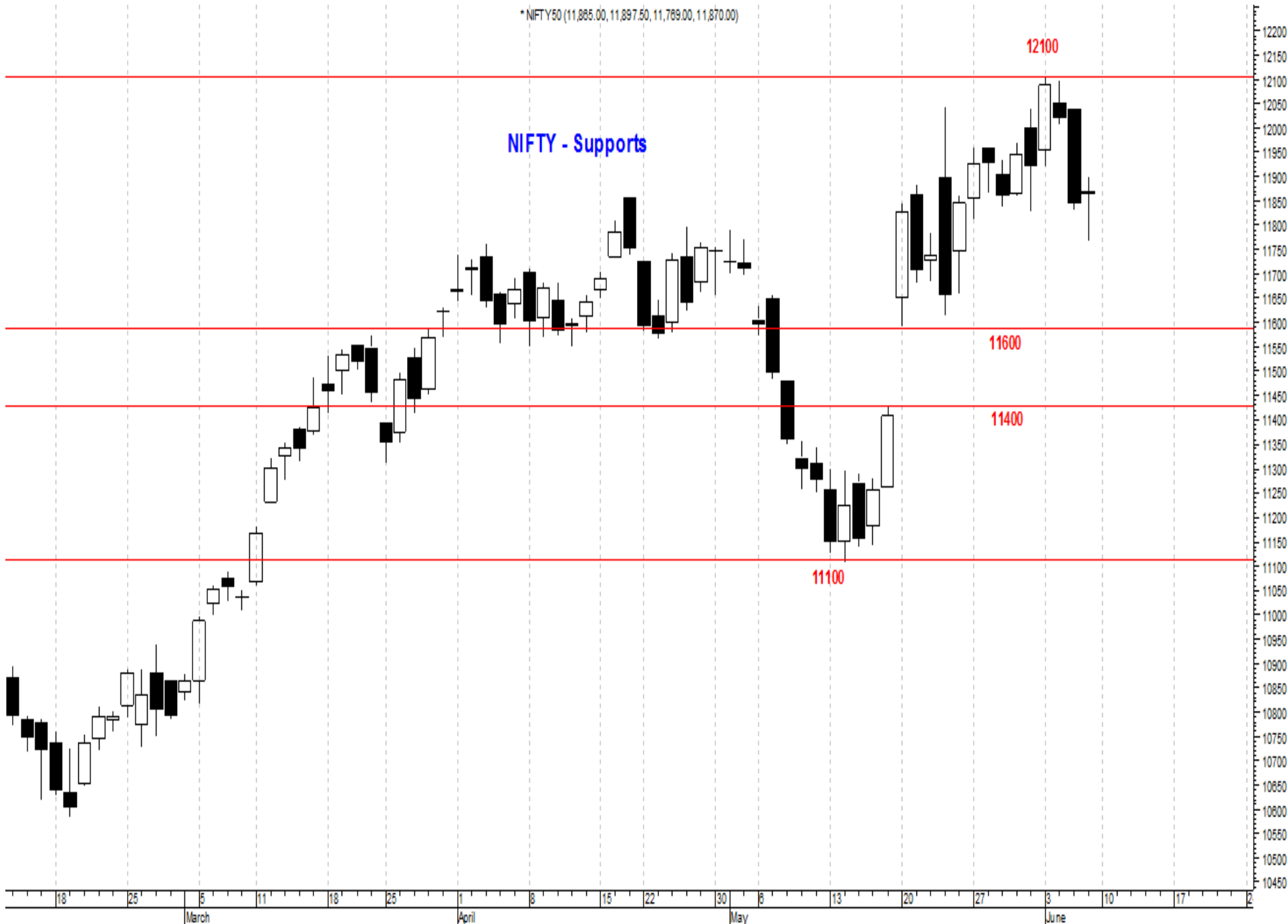


12100

11350

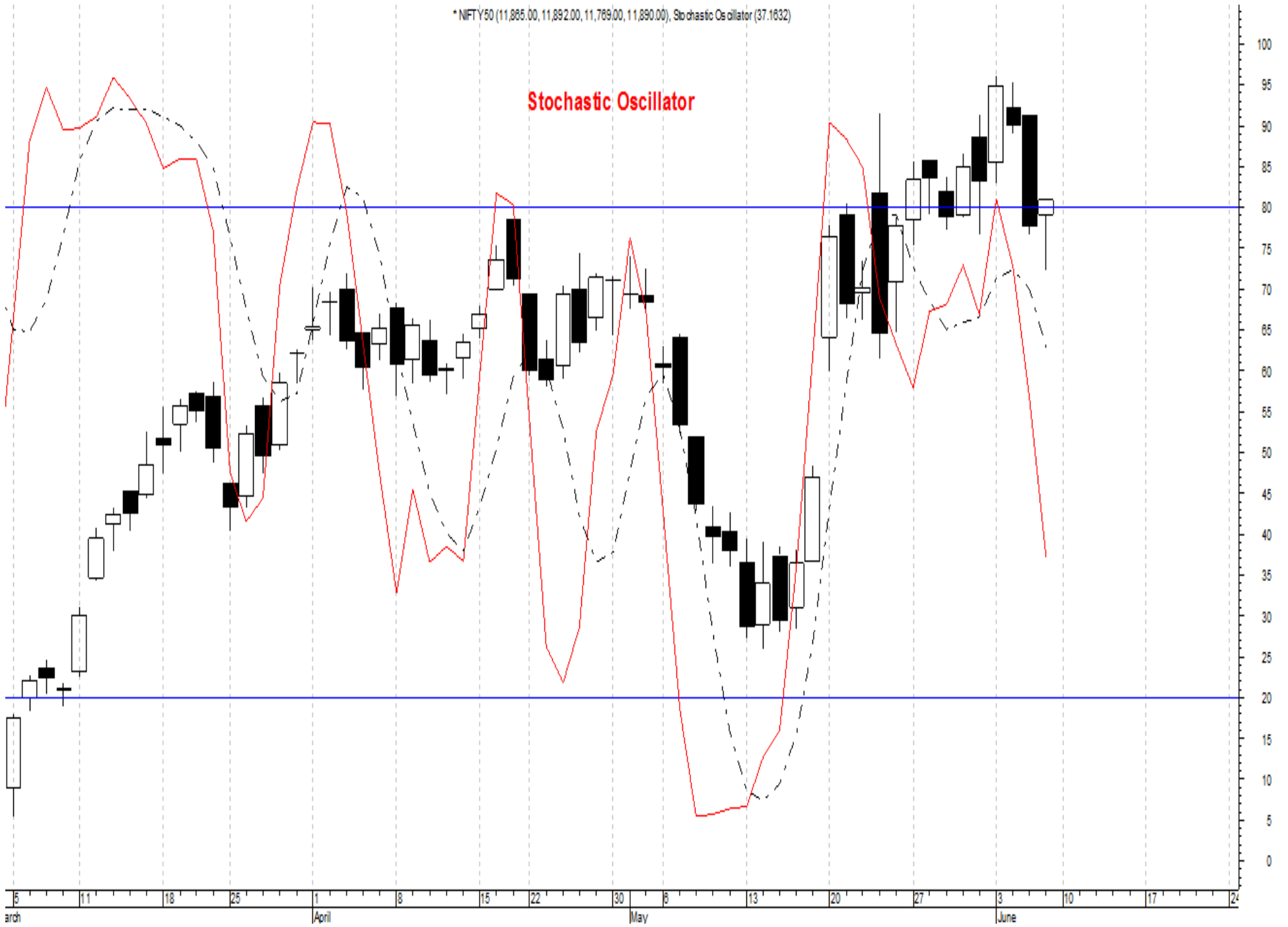
\* NIFTY50 (11,885.00, 11,897.50, 11,789.00, 11,870.00)

### NIFTY - Supports



\* NIFTY50 (11,885.00, 11,892.00, 11,769.00, 11,890.00), Stochastic Oscillator (37.1632)

### Stochastic Oscillator



# Markets Jubilant on Verdict Outcome



- Hope rally drives Sensex to 40000
- Mid and Small caps remain listless
- FII Turn to buyers
- Growth Concerns prevail

## INDEX WATCH

INDEX	8, June	11, May	% Change
Nifty	11,870	11,278	+ 5.2
Sensex	39,615	37,462	+ 5.7
Nifty Midcap	17,781	17,029	+ 4.4
BSE Small Cap	14,657	14,105	+ 3.9

# Recent Rally Was Broad Based



Shares	14-May	3-Jun	Return %
Nifty			7.72
IBULHSGFIN	659.05	810.85	23.03
BAJFINANCE	2931.85	3511.05	19.76
INDUSINDBK	1393.3	1662.65	19.33
IOC	142.6	169.7	19.00
LT	1317.65	1559.4	18.35
BPCL	355.1	417.1	17.46
ADANIPTS	364.75	424.75	16.45
SBIN	306.9	355.45	15.82
HDFC	1952.9	2230.45	14.21
BAJAJFINSV	7347.35	8348.1	13.62
HEROMOTOCO	2510.75	2840.25	13.12
ICICIBANK	376.3	422.9	12.38
AXISBANK	732.1	812.65	11.00
BRITANNIA	2676.55	2970.2	10.97
BHARTIARTL	318.65	352.75	10.70
TITAN	1144.7	1266.25	10.62
RELIANCE	1232.05	1360.2	10.40
KOTAKBANK	1389.35	1531.25	10.21
ULTRACEMCO	4338.45	4762.3	9.77
ASIANPAINT	1332.5	1459.25	9.51
HINDUNILVR	1702	1839.7	8.09

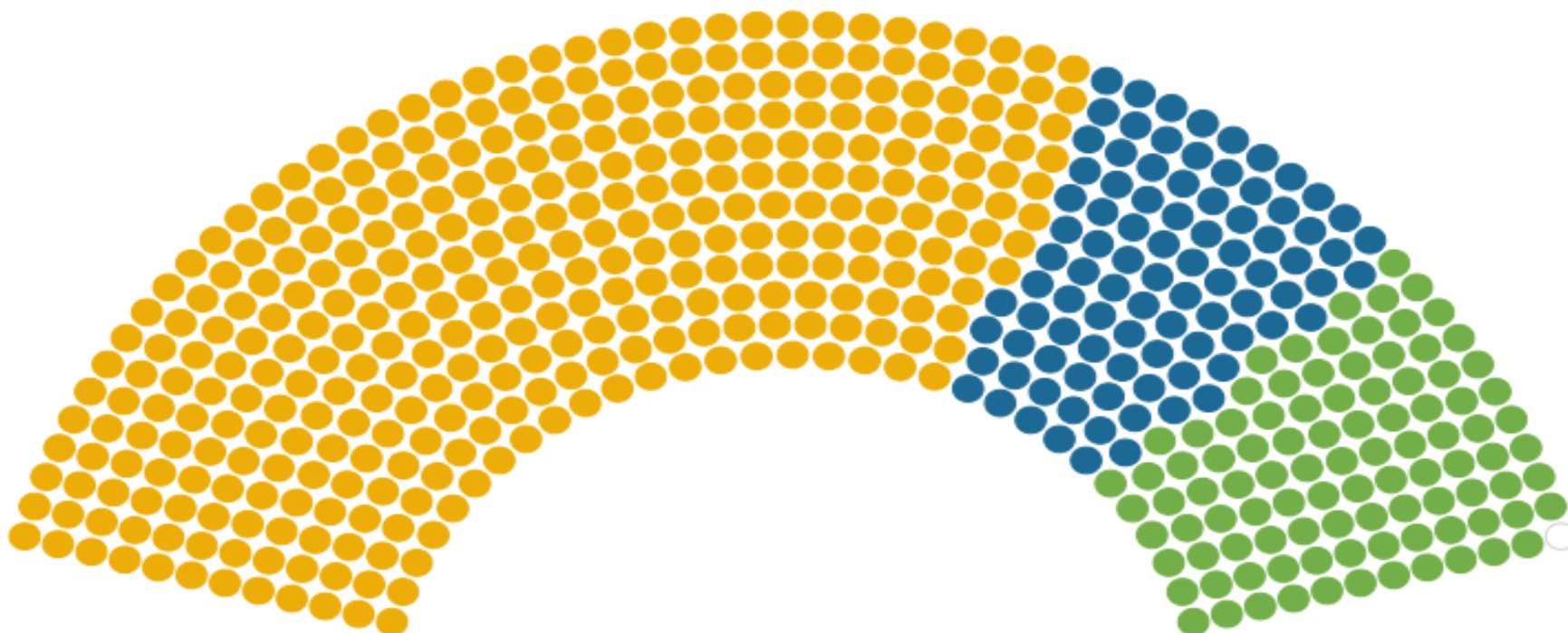
# Decisive Mandate for Modi



- BJP wins 2019 polls with clear majority of 303 seats beating its own 2014 tally
- Sweeps many Northern States and makes inroads to West Bengal
- Regional party weakens



# 2019 Lok Sabha Tally

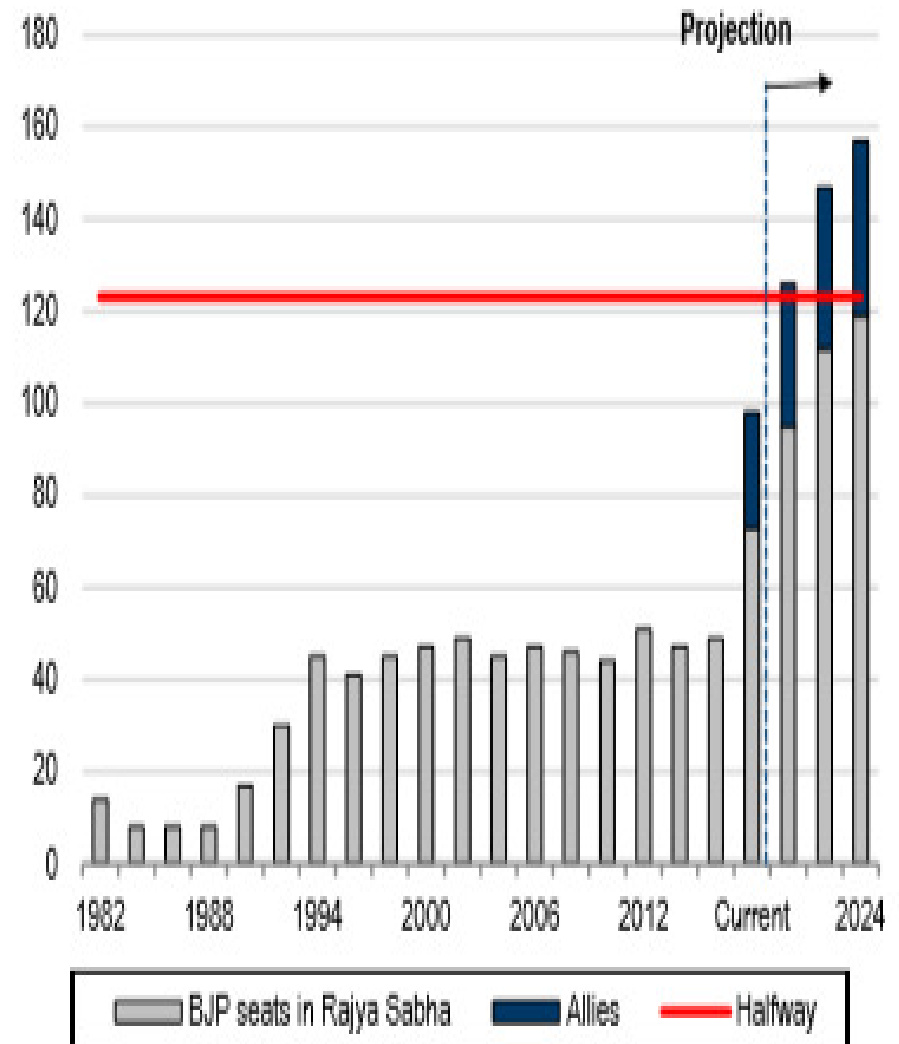
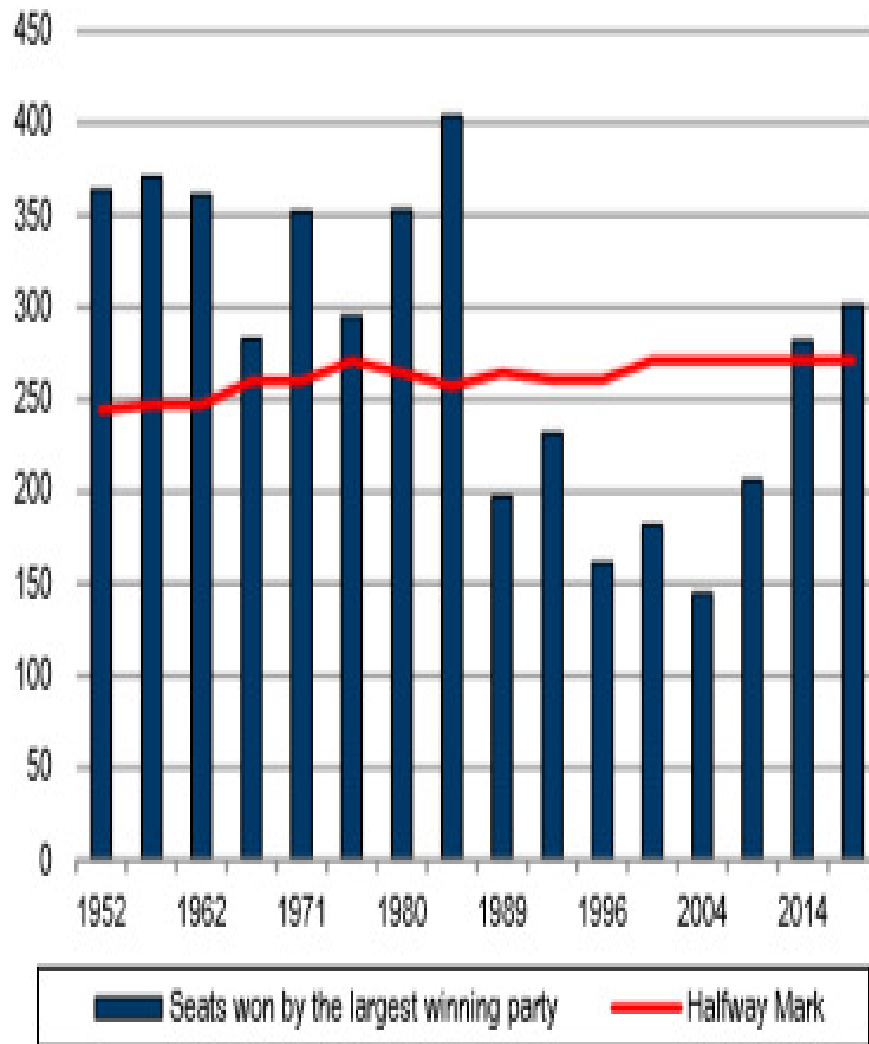


● BJP+ ● Congress+ ● Others ○ Unassigned

Party	2019	2014	2009	2004	Change (2014 vs 2019)
● BJP+	353	336	159	181	+ 17
● Congress+	91	60	262	218	+ 31
● Others	98	147	122	144	+ 49

Source: Election Commission of India

# A majority in both houses of Parliament by 2020



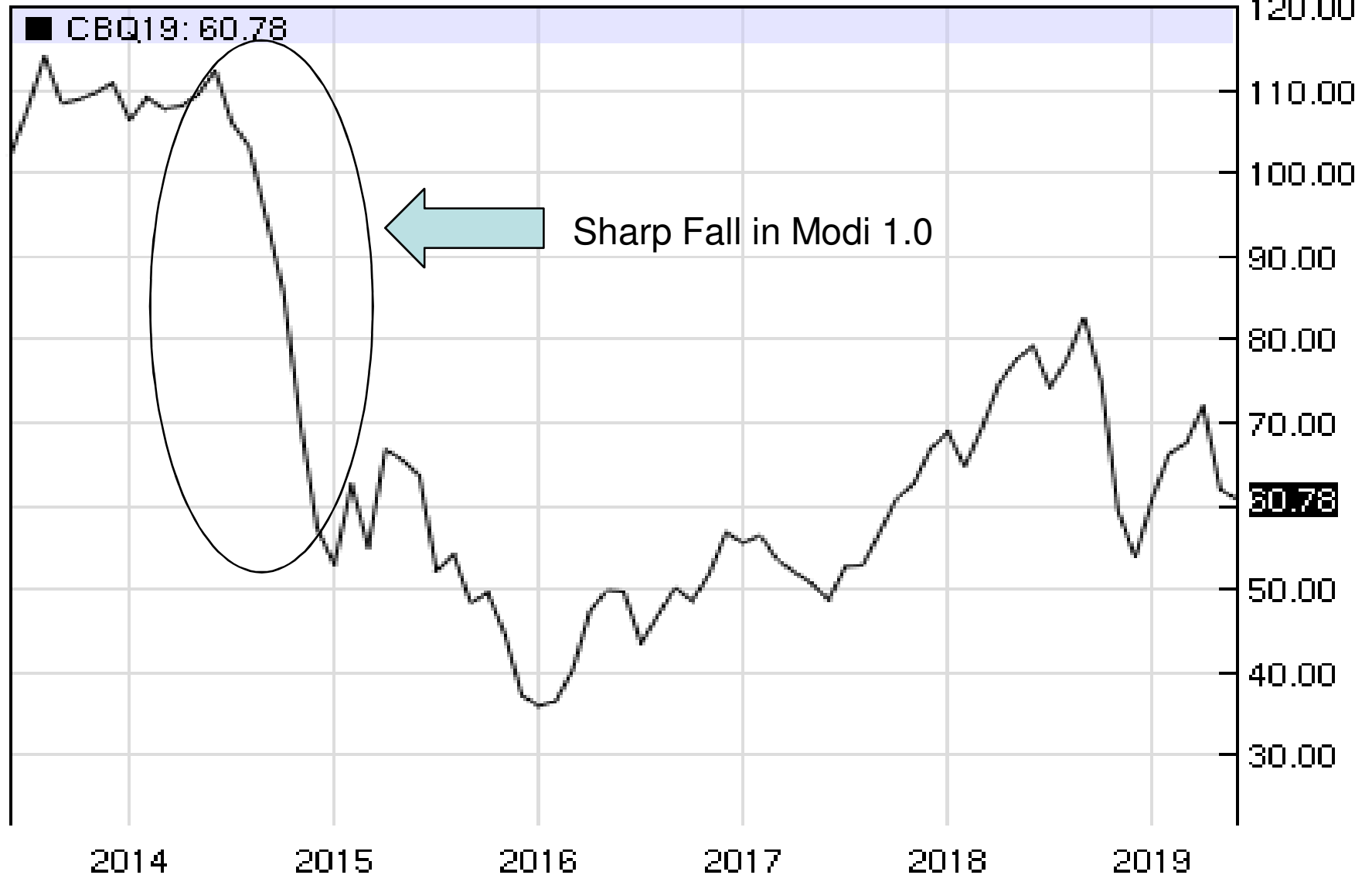
Source: ECI, Credit Suisse Research

# MODI 2<sup>ND</sup> Innings Priority



- Foremost priority is to revive economy
- Govt. And RBI should work together to stimulate growth
- India is one of few countries in the world with no political risk for next five years
- Should capitalise strong mandate and take bold decisions

# Crude Oil Slumps



# US Bond Yields are Falling



SOURCE: TRADINGECONOMICS.COM | U.S. DEPARTMENT OF THE TREASURY

# Global Central Bank Rates



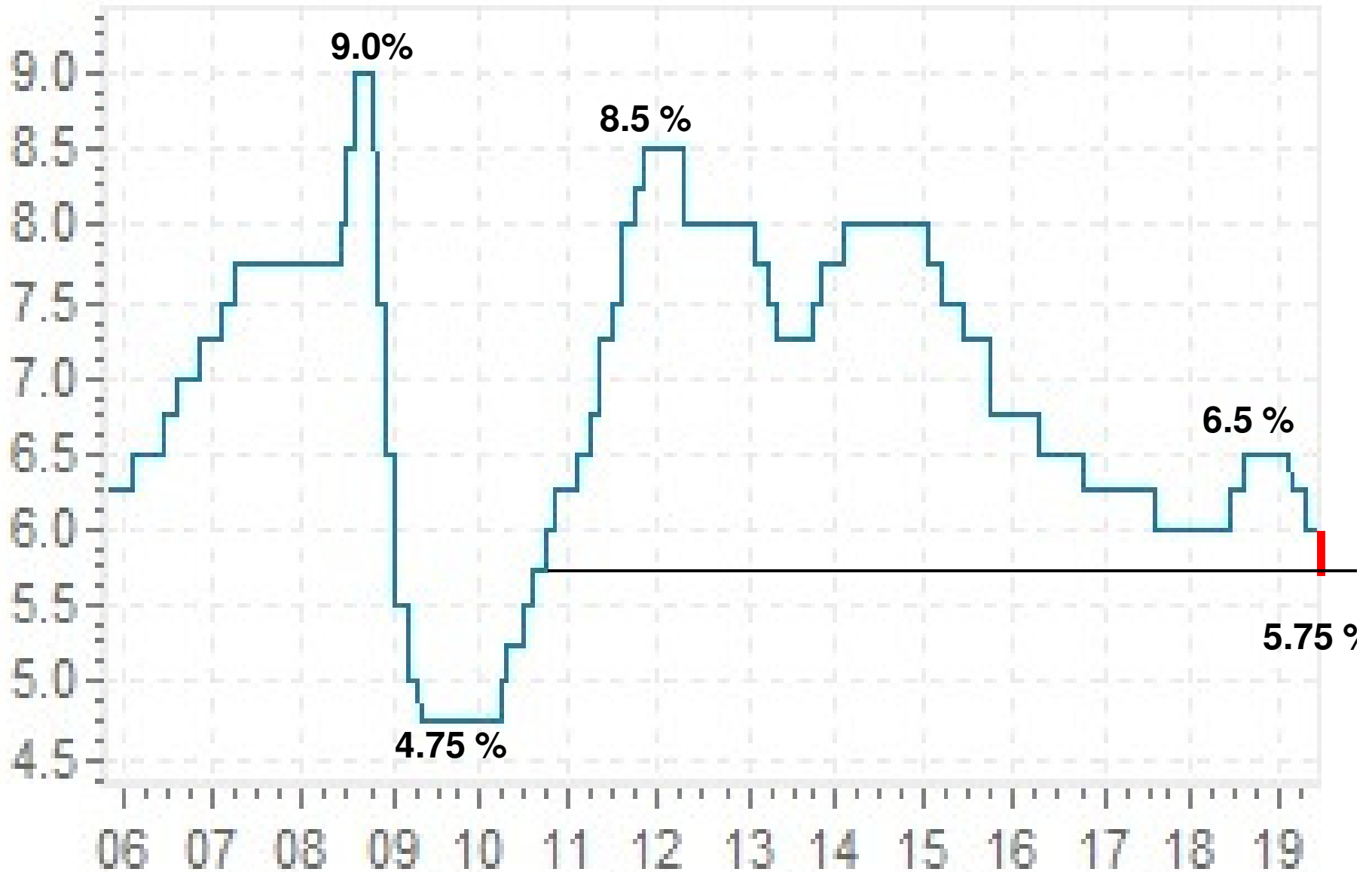
<b>Country</b>	<b>Central Bank Rate %</b>
Switzerland	<b>- 0.75</b>
Eurozone	<b>- 0.4</b>
Japan	<b>- 0.1</b>
Taiwan	<b>0.7</b>
US	<b>2.0</b>
Hong Kong	<b>2.75</b>
China	<b>4.35</b>
India	<b>5.75</b>
Brazil	<b>6.5</b>
South Africa	<b>6.75</b>
Russia	<b>7.75</b>

# RBI Cuts Interest Rates



- RBI cuts Repo rate by 25 Basis points to 5.75%
- Third rate cut in 2019
- If rate cut is transmitted, it will aid economic growth

# Historic Repo Rate



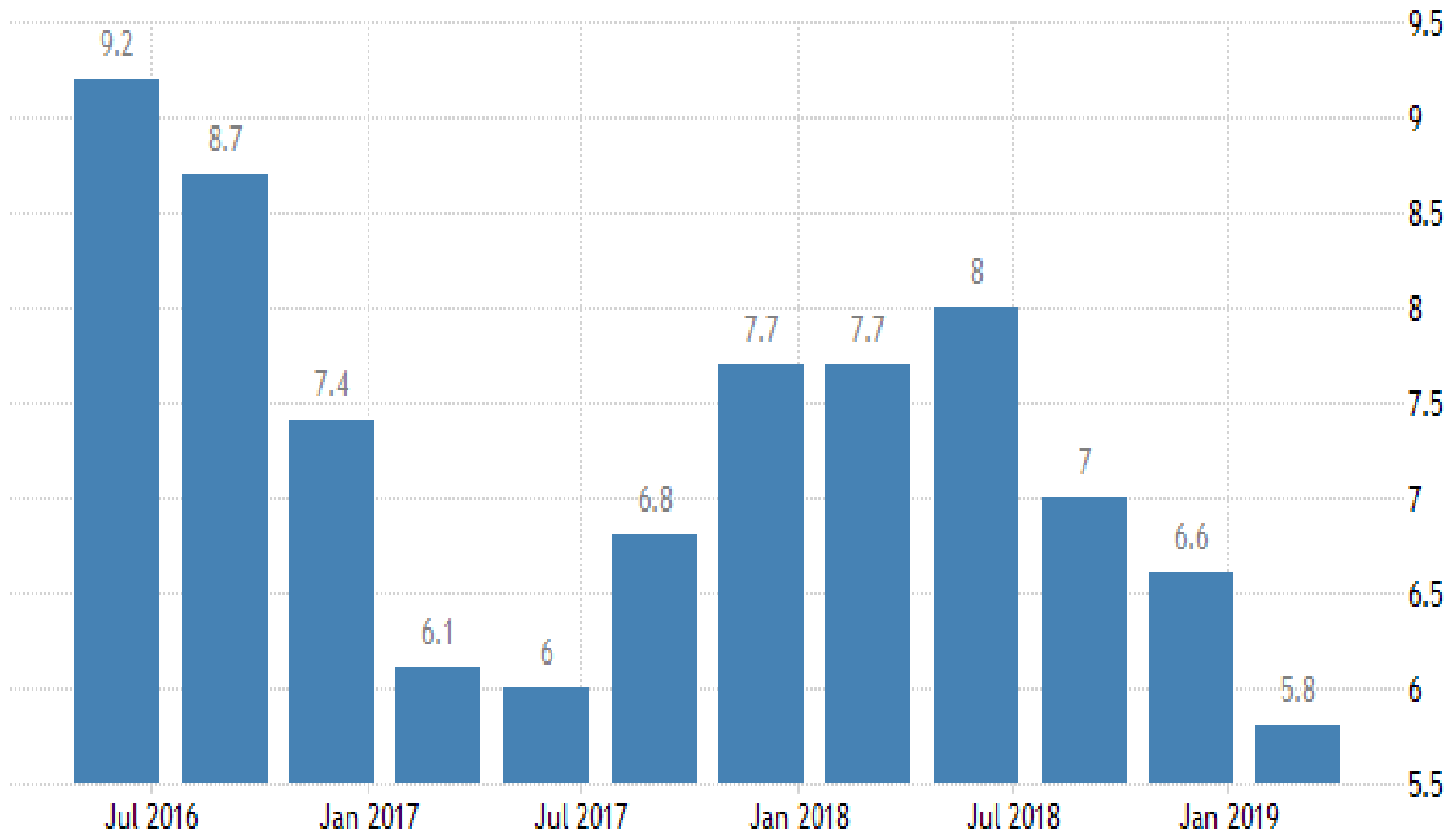


# Weak Domestic Economy



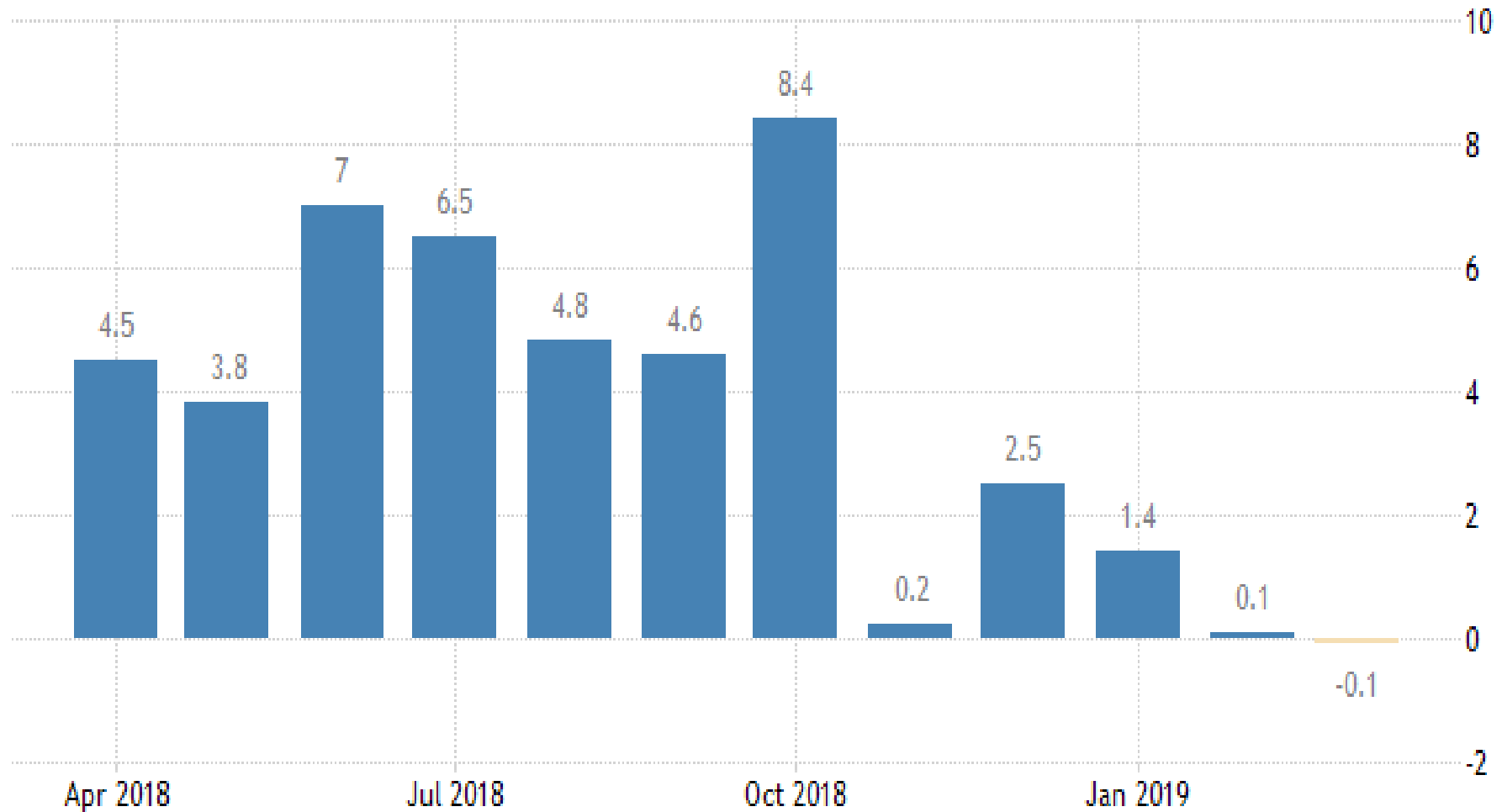
- GDP Data, IIP Growth, Auto Sales points to weaker economy
- Global markets remain uncertain
- Markets rallying on “Hope” that economy will revive on Govt. And RBI action

# GDP Growth Weakens Further



SOURCE: [TRADINGECONOMICS.COM](http://TRADINGECONOMICS.COM) | MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION (MOSPI)

# IIP Growth



SOURCE: [TRADINGECONOMICS.COM](http://TRADINGECONOMICS.COM) | MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION (MOSPI)

# Auto Sales Continue To Slide



Company	May (YoY) %
Maruti	- 22
M&M	- 3
M&M Tractors	- 16
Escorts	- 18
Tata Motors	- 26
Ashok Leyland	- 4
Eicher Motor	-19
Hero Moto	-7
TVS Motor	- 4
Bajaj Auto	7

# Flat year

(in units)

Category	FY19	FY18	% change
Passenger vehicles	33,77,436	32,88,581	2.7
Commercial vehicles	10,07,319	8,56,916	17.5
Three-wheelers	7,01,011	6,35,698	10.3
Two-wheelers	2,11,81,390	2,02,00,117	4.9
<b>Total</b>	<b>2,62,67,783</b>	<b>2,49,81,312</b>	<b>5.2</b>

Source: SIAM

# NBFC Crisis



- DHFL defaults on payment of interest on bonds
- Company says it will make payment within one week
- Rating agencies downgrade bond to “D” status
- NBFC Crisis unlikely to end in near term



# FY 19 Sensex Companies Performance

	% Change (YoY)	
	FY19	FY18
Sales	<b>20.0</b>	<b>12.7</b>
Net Profit	<b>0.4</b>	<b>10.3</b>
Ex. Tata Motor		
Sales	<b>21.3</b>	<b>13.2</b>
Net Profit	<b>11.2</b>	<b>10.1</b>

# PSU Companies Doing Well



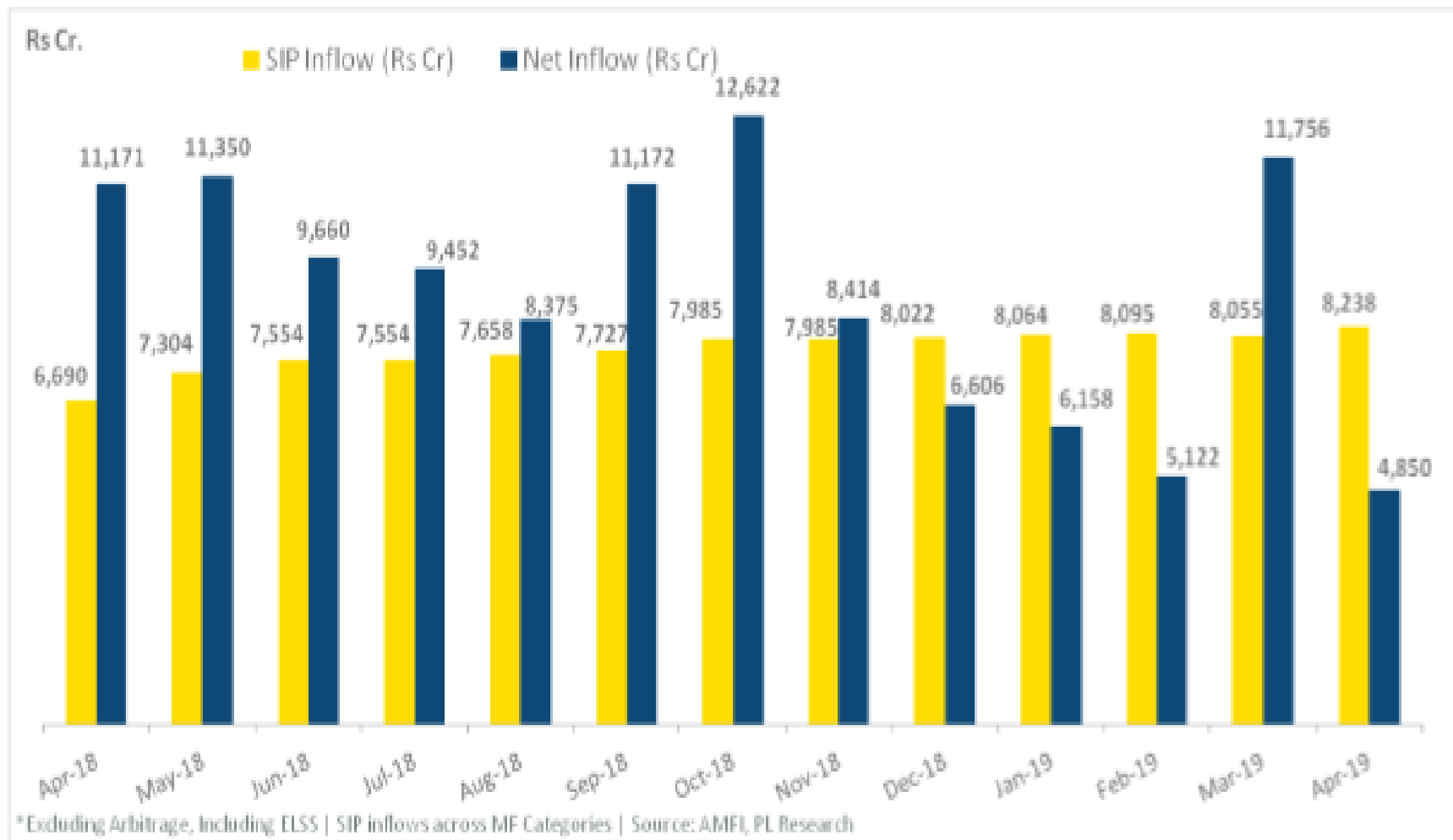
- Majority of non banking PSU companies relatively posted better results
- Activity in PSU companies to remain high on Govt divestment and strategic sale
- PSU Bank improved provision coverage ratio sharply



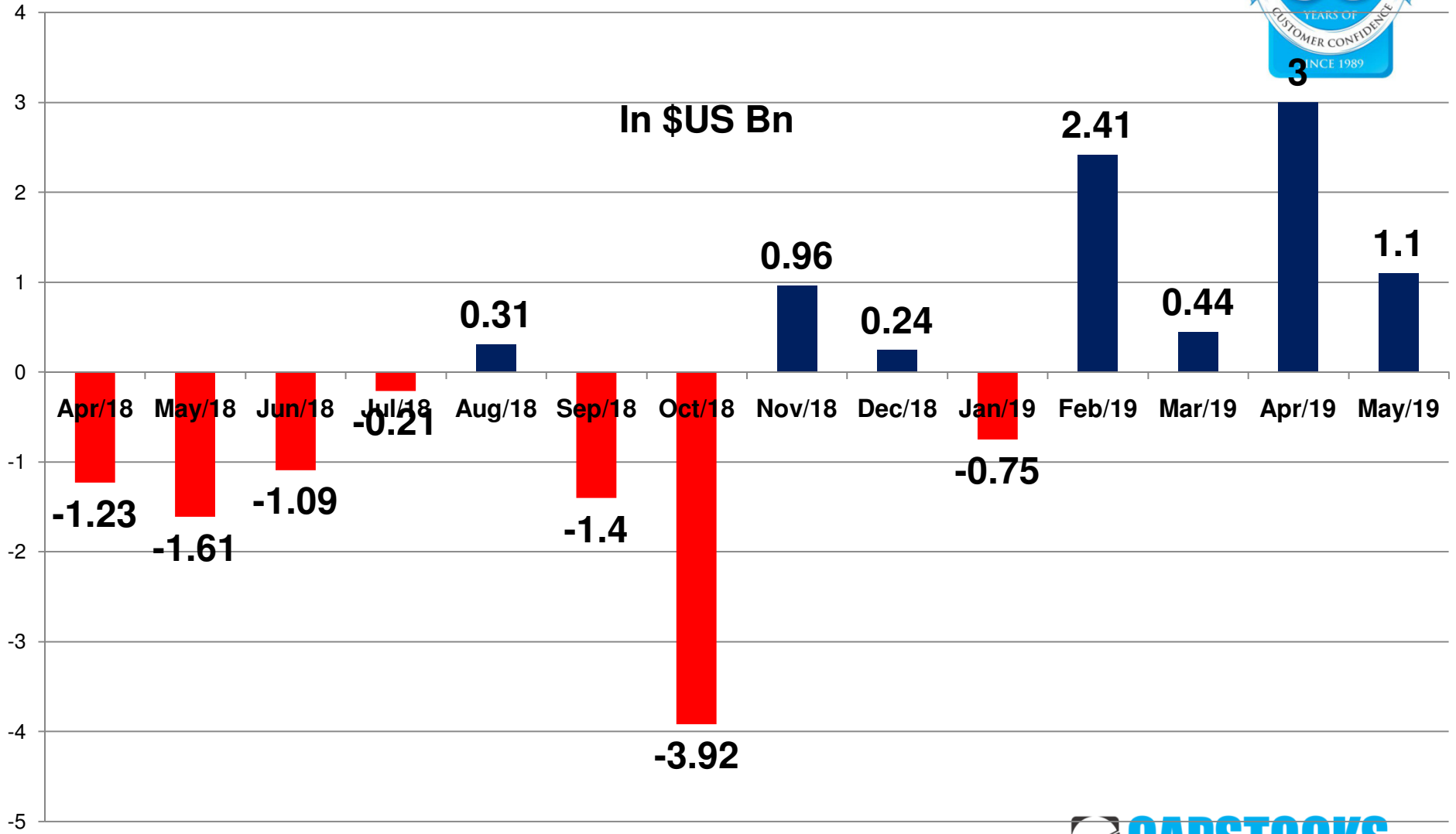
# Mutual Fund Flows



## Net Inflows in Equity Mutual Funds (Including ELSS)



# FII Flows



# Road Ahead



- Globally India is in a sweet spot with stable Govt. and growth prospects
- Govt. should capitalise strong mandate and bring bold reforms
- Markets will closely watch Govt. Action and earnings revival is crucial for further upside

# Events to Watch



- Monsoon Progress
- Govt. Actions
- US Fed meeting on June 19



**Thank You**