



Current Market Scenario

11 March 2023

CAPSTOCKS

Markets on Consolidation



- Yield Curve Inverts
- US Fed remain hawkish
- No let up in Russia Ukraine War
- Natural Gas prices at precovid levels

INDEX WATCH

INDEX	10, Mar	11, Feb	% Change
Nifty	17,412	17,856	- 2.4
Sensex	59,135	60,682	- 2.5
Nifty Midcap	30,717	31,029	-1.0
BSE Small Cap	27,952	28,263	- 1.1

CAPSTOCKS

Silicon Valley Bank Shuts



- First major casualty on sharp increase in US interest rates
- Asset Liability mismatch led to liquidity crisis for SVB
- Forced to book loss in long term bonds to meet deposit redemption
- US banking regulator assumed control of SVB
- Cannot compare with Lehman Movement

CAPSTOCKS

Index Consolidation Continues



Nifty 50 consolidation extending to 18th Month



Drought in News Flows



- News flow related to companies reduced
- Analyst meets, presentation uploads relatively lower
- Typical bear or side ways market phenomenon

GQG invests in Adani Shares



- Big relief for Adani Group as GQG Partners invests \$1.87 Billion in 4 Adani Group companies
- Promoters of Adani Group sold shares and got money
- Post selling promoters unpledged shares
- GQG Partners explained their investment rationale in Adani Group

What is next for Adani Group ?



- Adani Group unlikely to see big rally in near term
- Waves of positive and negative news will keep on coming
- Consolidation is expected in near term
- Group's growth will get moderated

Is ESG Theme Over?



- Environmental Social Governance (ESG) Theme was favourite till early 2022
- Many thematic funds launched
- Russia – Ukraine War punctured ESG Theme
- ESG will be adopted amid slow pace

ITC – Biggest Outperformer



	19.10.2021	08.03.2023	% Change
Nifty	18418	17754	- 3
ITC	Rs. 246	Rs. 392	+ 59

CAPSTOCKS

Mememes on ITC Two Years Back



ITC Investors after stock price crosses ₹210



@tradetoexplore

CAPSTOCKS

Are Markets Efficient?



- Efficient market Theory says all information is in stock price and text book says markets are efficient
- In reality, stock prices overreacts on both upside and downside
- Social media and Over information influences a lot in decision making

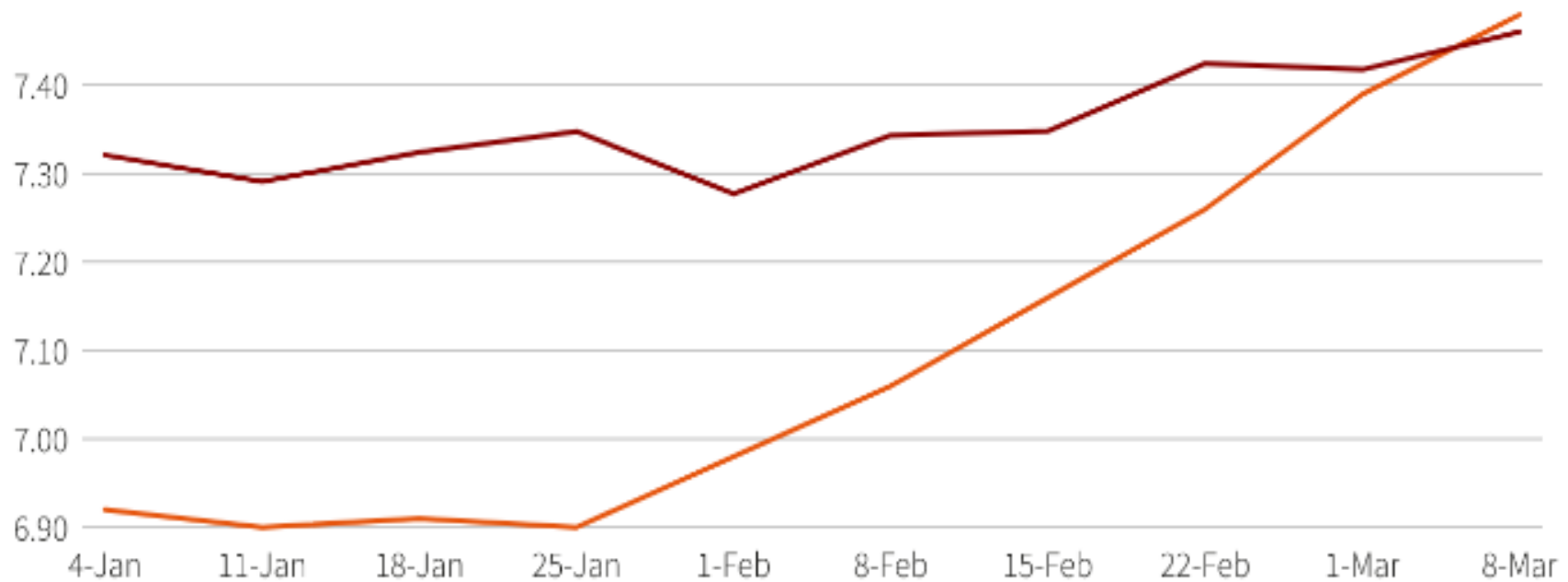
Domestic Bond Yield Inverts



Movement in 364-day T-bill and 10-year bond yield

Yield in percentage

— 364-day yield — 10-year bond yield



Note: Cutoff at primary 364-day T-bill auction considered

Source: RBI, Refinitiv data

U.S. Treasury yields

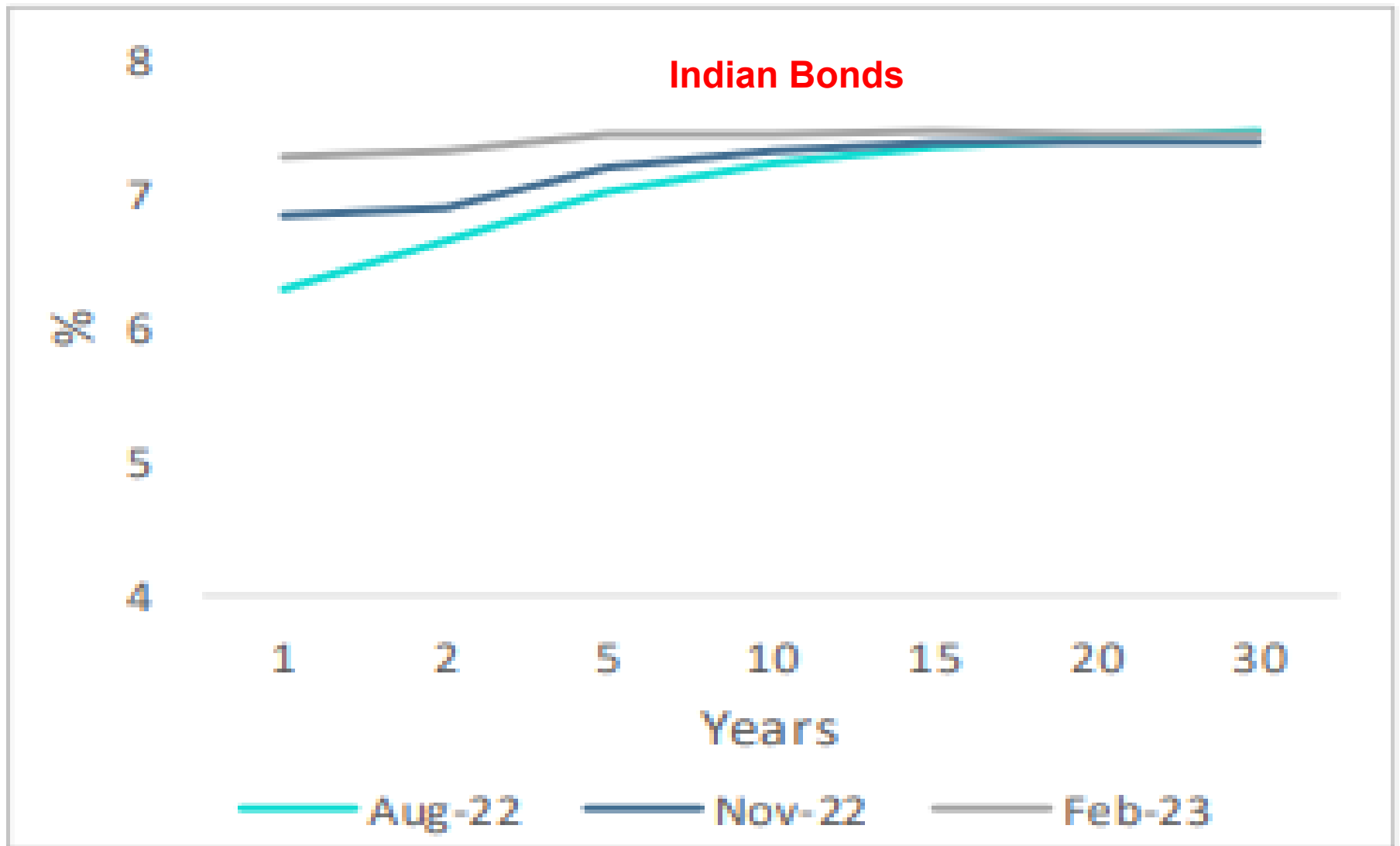


Sources: Ryan ALM; Tullett Prebon (intraday)



CKS

Yield Curve Flattens

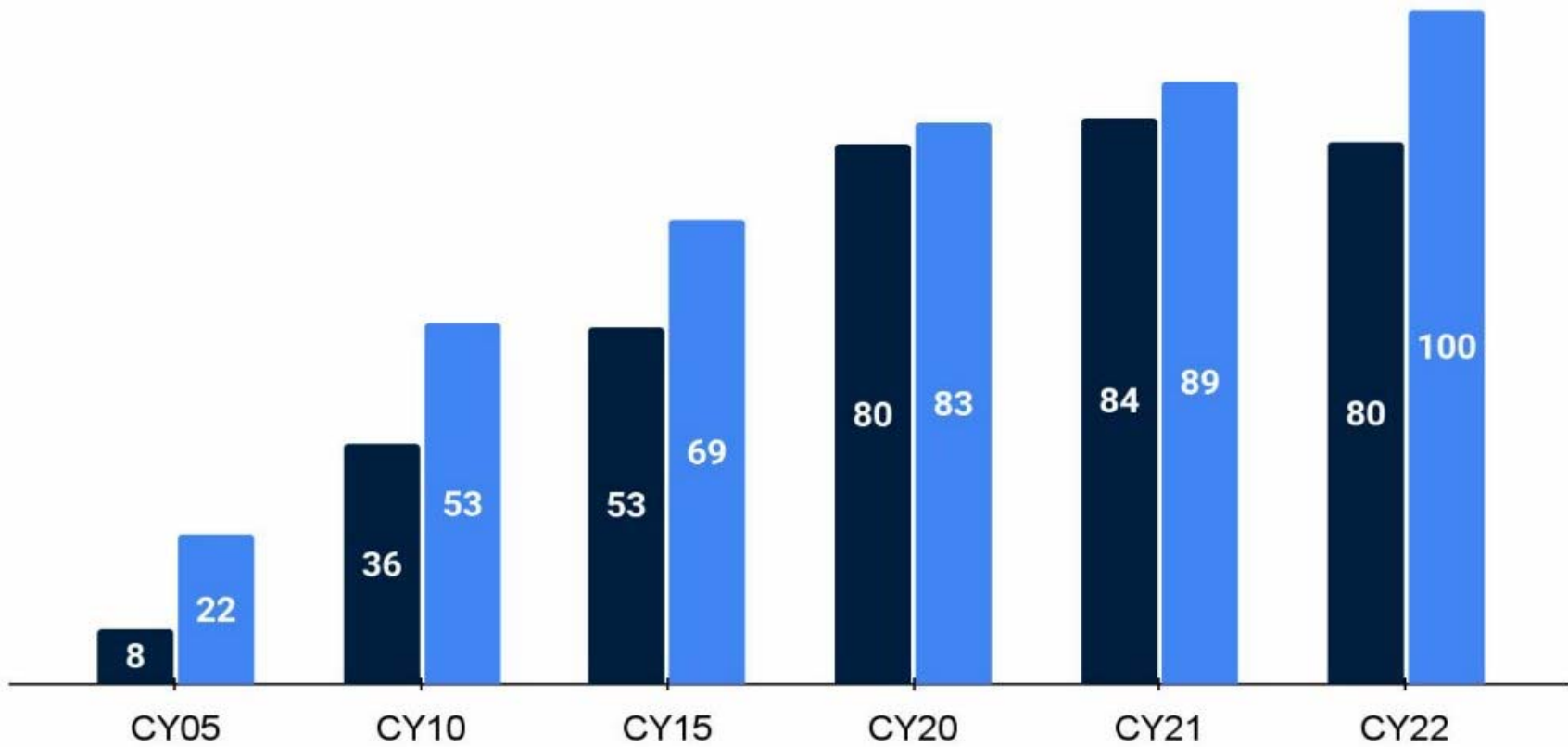


NRI'S Finances Trade Deficit

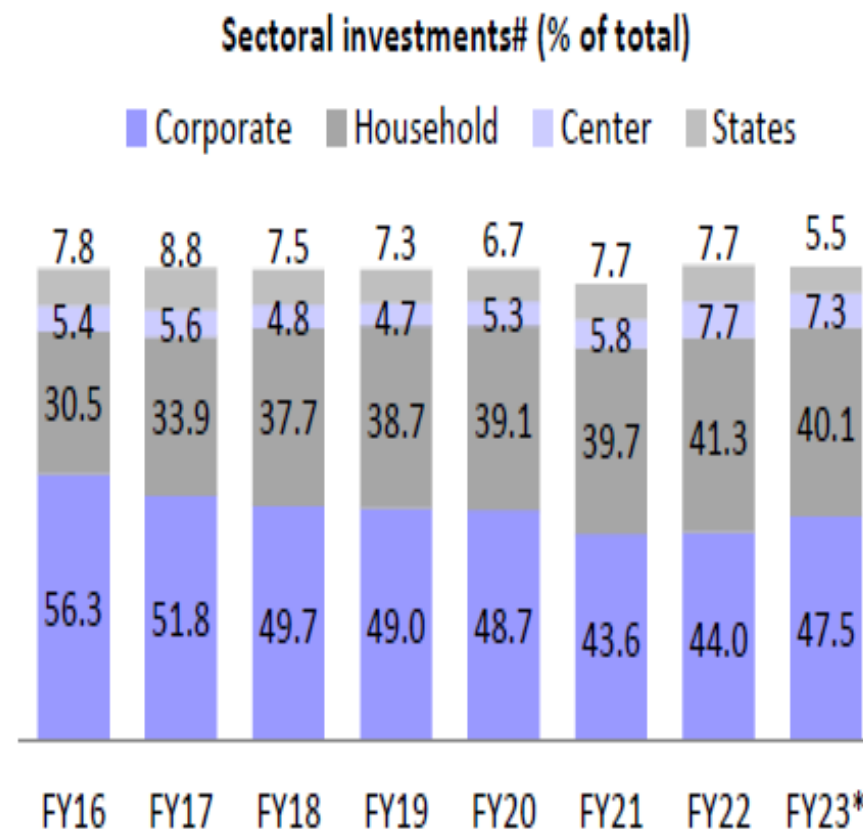
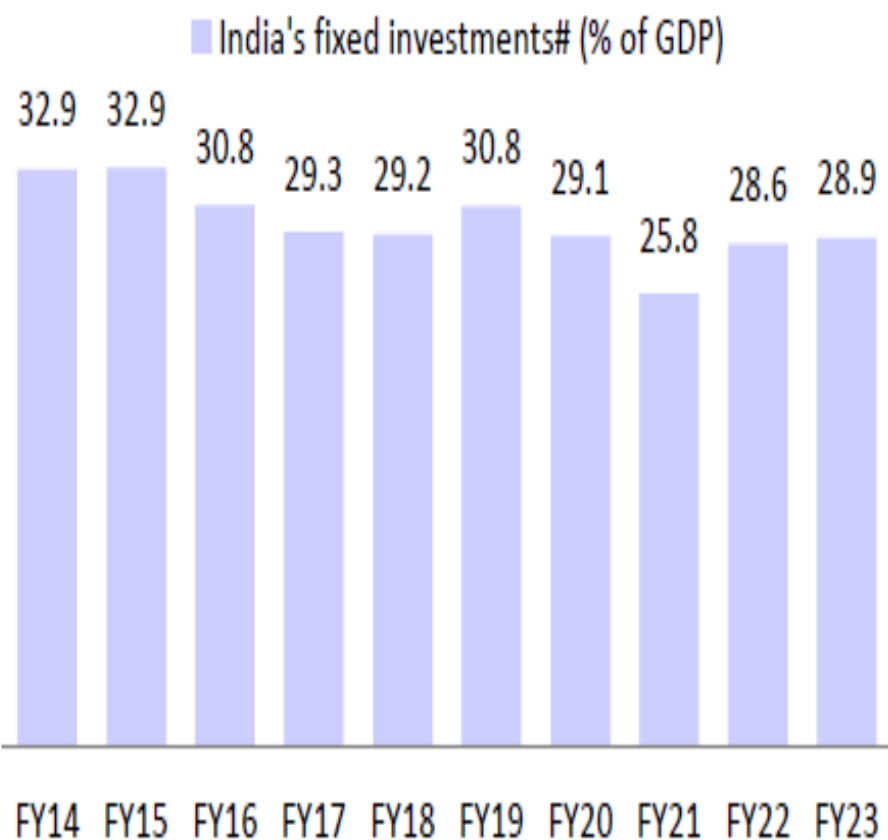


FDIs vs Remittance (\$Bn)

■ FDI ■ Remittance



Capex Lower Than Pre Covid



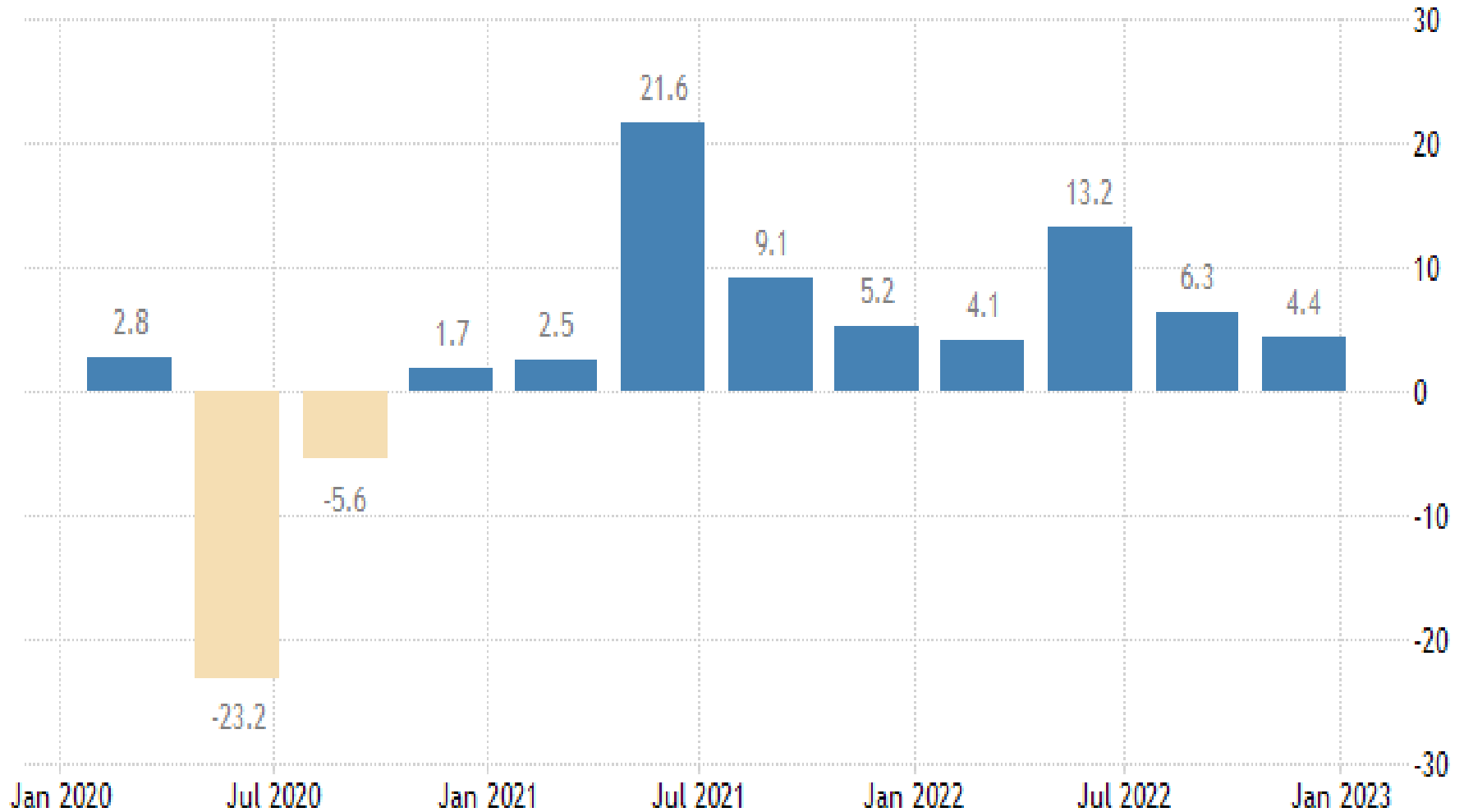
GFCF + Change in inventories (excluding 'valuables')
9M data for all years

* 9MFY23

GFCF + Change in inventories

Source: Central Statistics Office (CSO), CEIC, MOFSL

India GDP Growth



Natural Gas Prices



Domestic Liquidity - Paradigm Shift



DOMESTIC BOOST

Net investment in Indian equities (in ₹ cr)	Year	FPIs	Mutual funds
	FY18	22,271	141,769
	FY19	170	88,152
	FY20	6,152	91,814
	FY21	273,366	-120,615
	FY22	-141,833	171,985
	FY23*	-36538	153,344

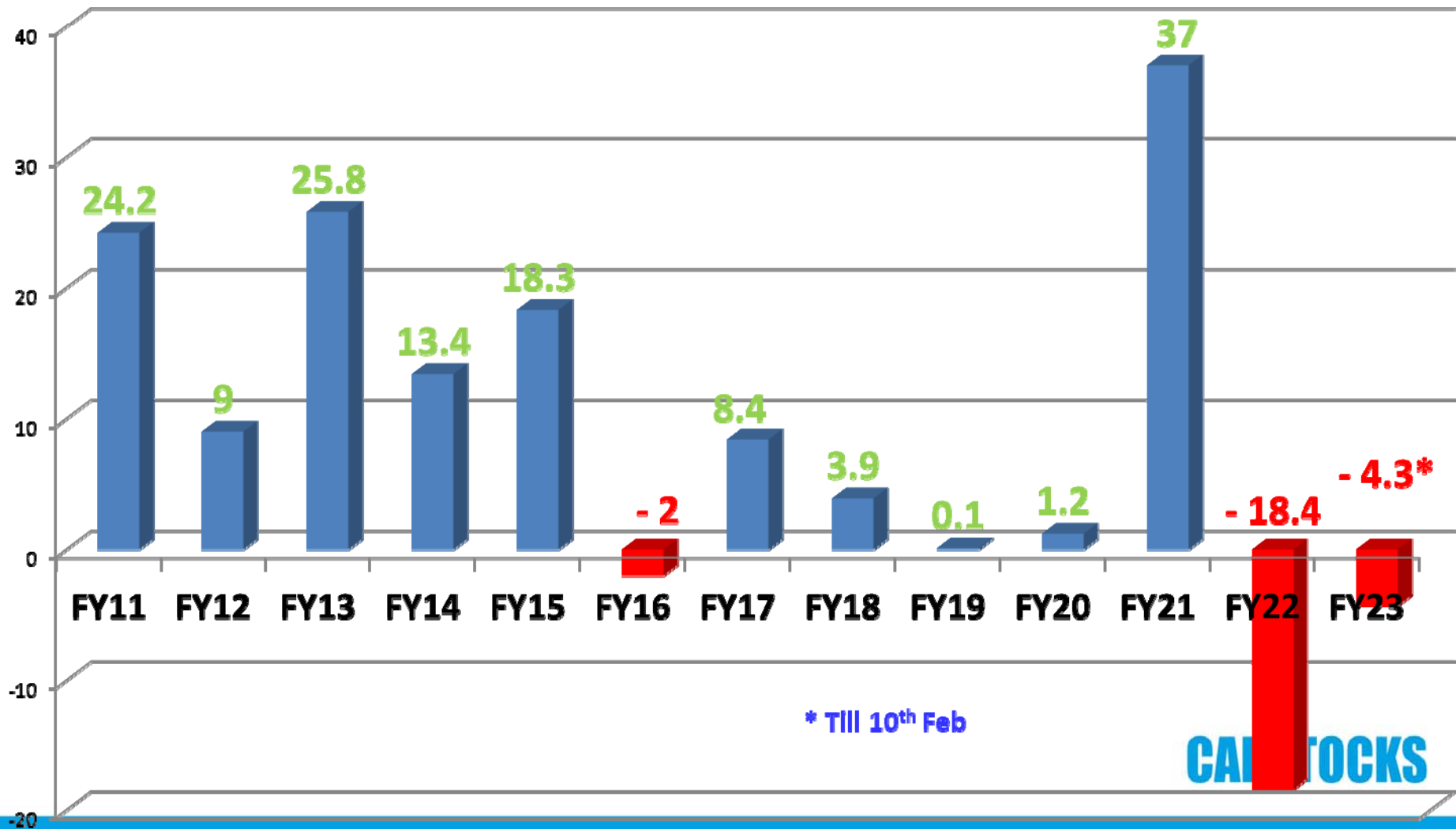
Note: *Till March 1, 2023

Sources: NSDL; Sebi; Exchange data compiled by BS Research

FII Activity



FPI Flows in US Bn \$

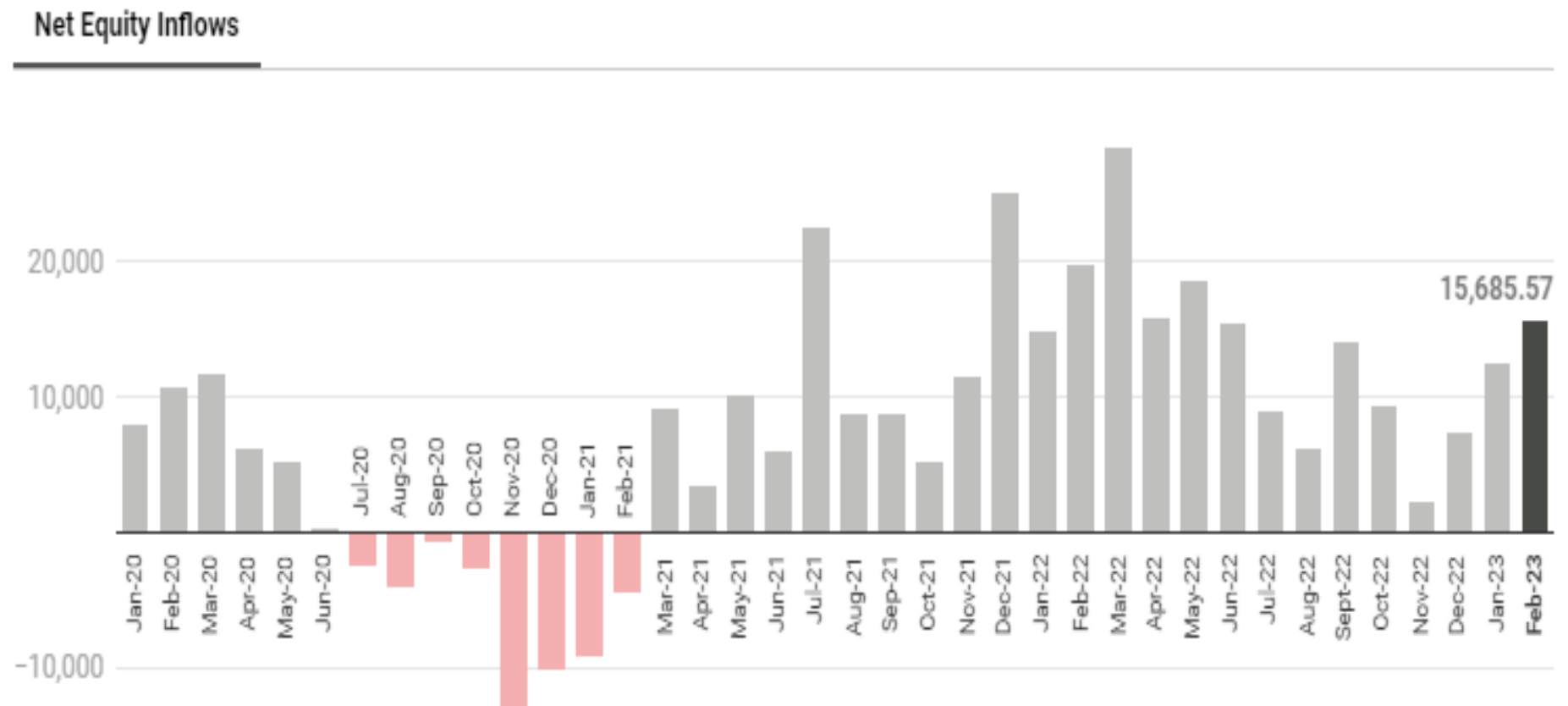


Mutual Fund Flows



Net Equity Inflows

(Rs crore)



India – Long Term Story Intact



Global Ranking	2000	2021
Size of Industry	12	5
Size of Agriculture	13	7
Size of Services	3	2
Consumer Spending	11	5
Savings	12	7
Savings Rate	12	4
Investment	7	3
FDI	10	4

Source: World Bank

CAPSTOCKS

What Investor Should Do



- Markets will be range bound near term
- Ideal time for portfolio building
- Gradual accumulation advised

Data To Watch



- FPI action
- US Fed Action



Thank You

CAPSTOCKS
