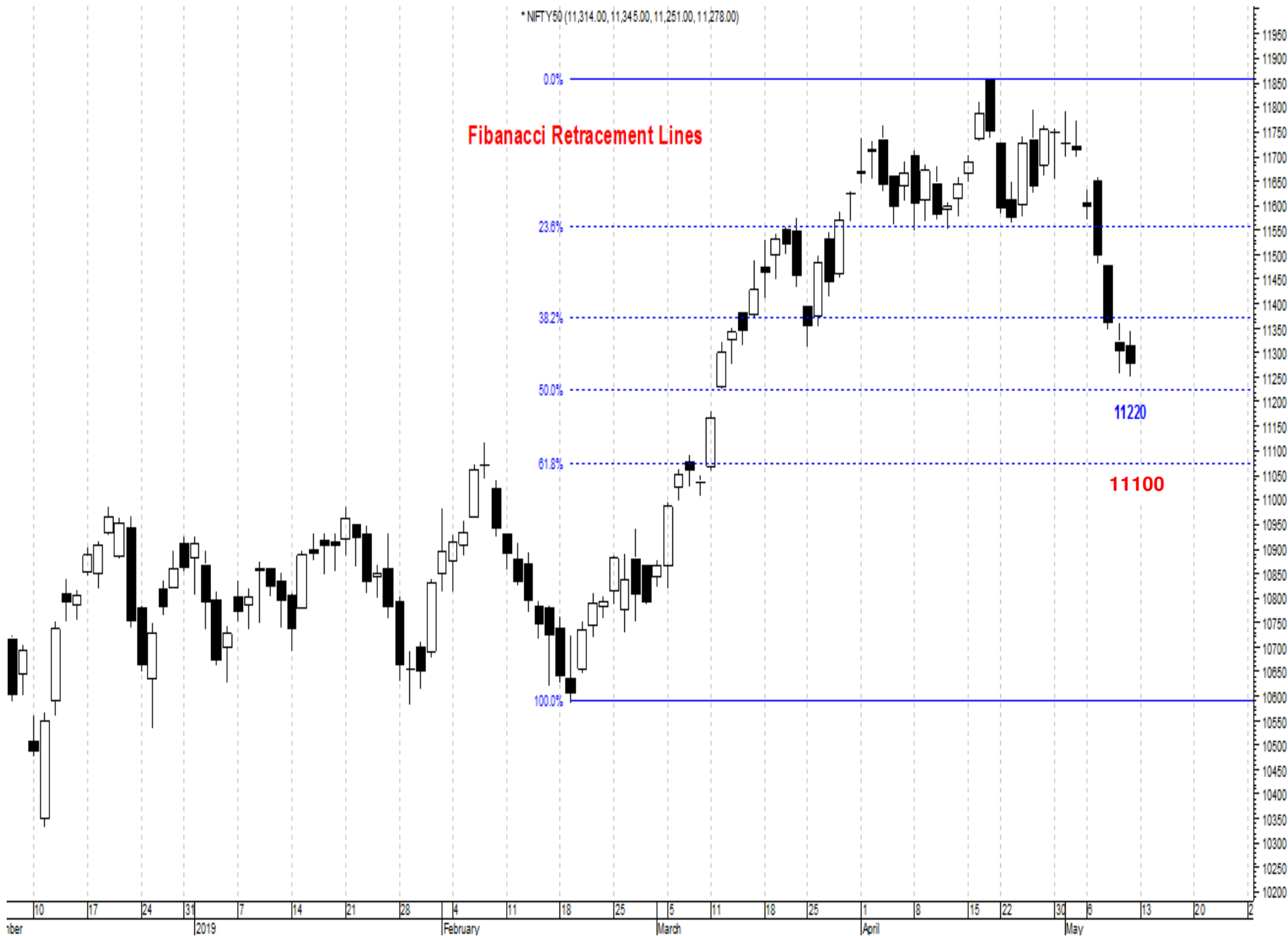




# Current Market Scenario

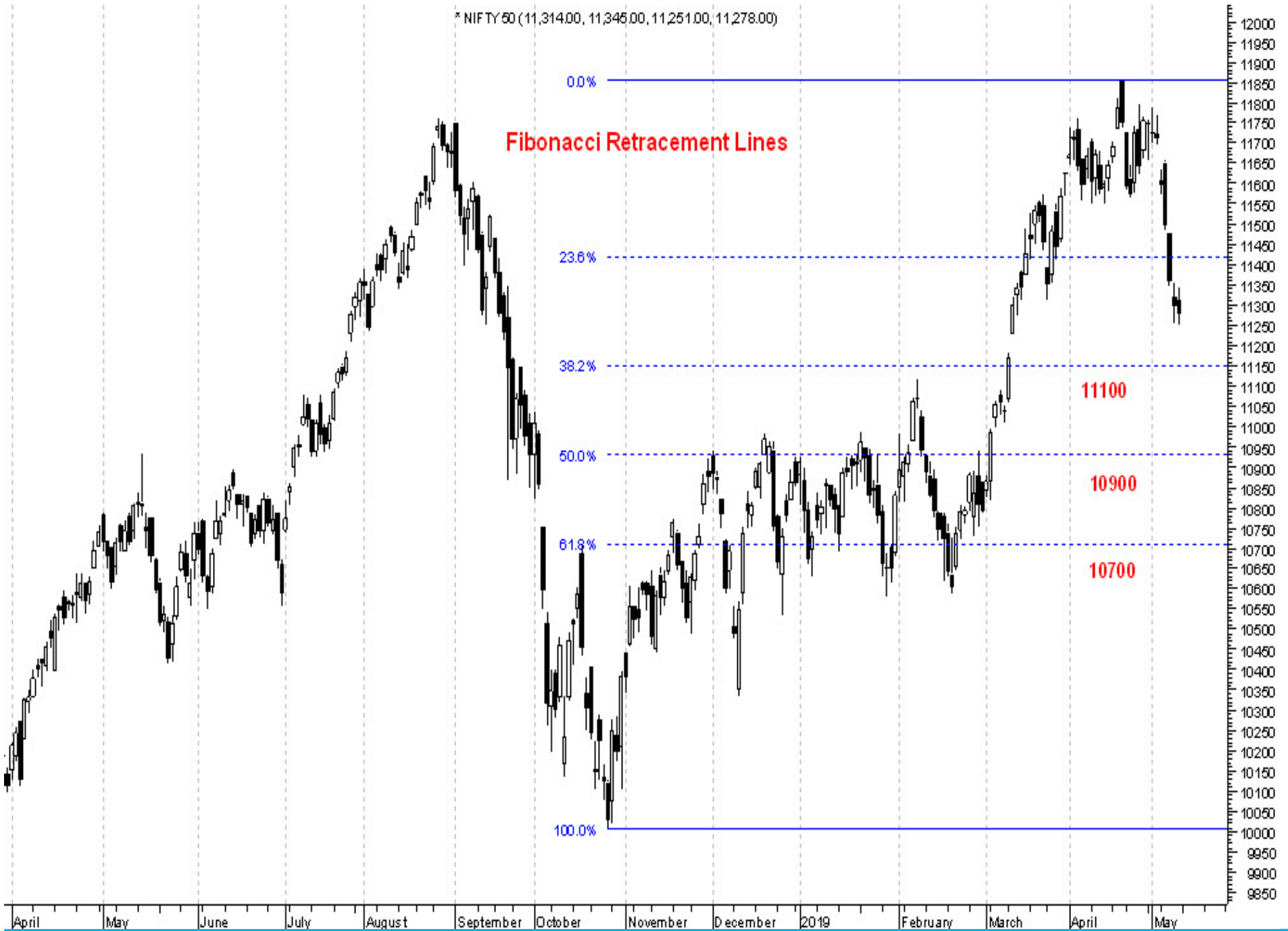
\*NIFTY50 (11,314.00, 11,345.00, 11,251.00, 11,278.00)

### Fibonacci Retracement Lines



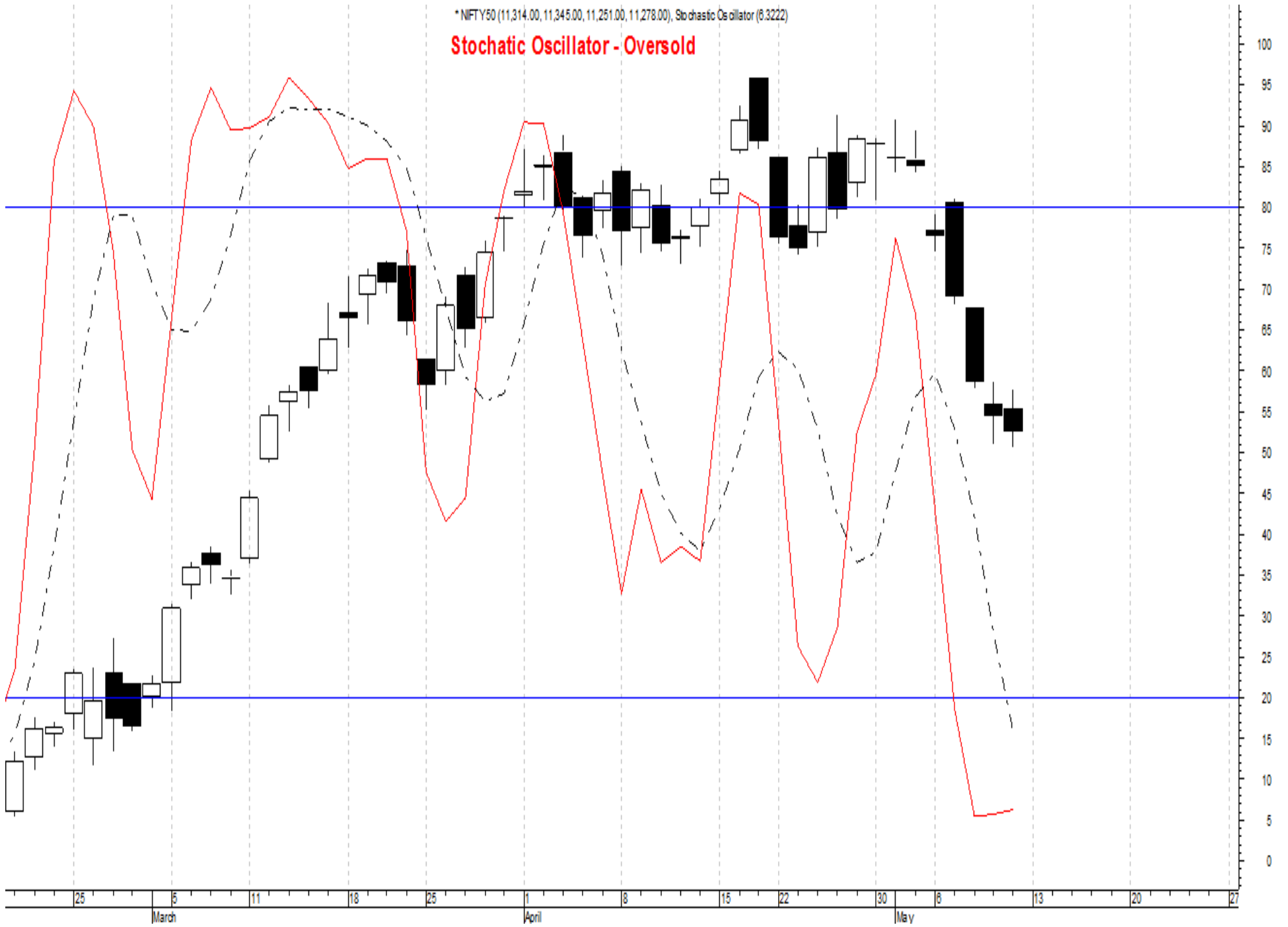
\* NIFTY 50 (11,314.00, 11,345.00, 11,251.00, 11,278.00)

### Fibonacci Retracement Lines



\* NIFTY50 (11,314.00, 11,345.00, 11,251.00, 11,278.00), Stochastic Oscillator (6,3,22)

### Stochastic Oscillator - Oversold



# Indices Fall On Multiple Negative News



- Broader market remain weak
- FPI in wait and watch mode
- Sluggish economy
- Trade War, Election outcome will dictate direction

## INDEX WATCH

INDEX	11, May	12, Apr	% Change
Nifty	11,278	11,643	- 3.2
Sensex	37,462	38,767	- 3.3
Nifty Midcap	17,029	18,167	- 6.2
BSE Small Cap	14,105	15,022	- 6.1

# Elections Update



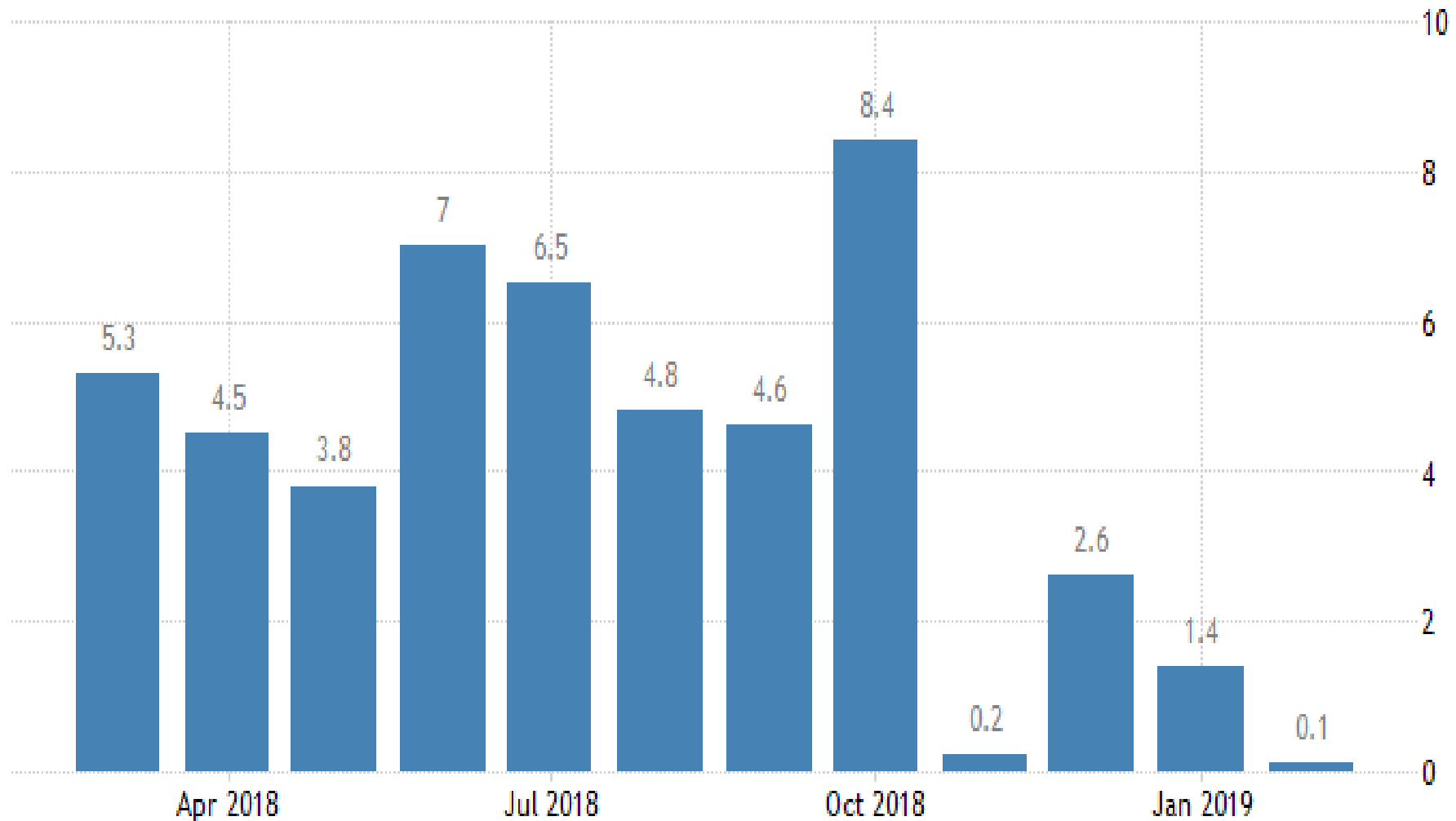
- 6<sup>th</sup> and 7<sup>th</sup> Phase of elections for 118 seats out of 543 seats are scheduled on 12<sup>th</sup> and 19<sup>th</sup> May
- Exit Poll on 19<sup>th</sup> May evening
- Counting on 23<sup>rd</sup> May

# Economy Remain Weak



- Auto sales under pressure
- Cautious commentary from FMCG companies
- Economy will see gradual recovery if election outcomes are favourable
- Prolonged Weak economy is not discounted in over valued consumption stocks

# Muted IIP Growth



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



# Tough Task for New Govt.



- Foremost step is to revive economy
- No fiscal room for Govt. Stimulus
- Confidence to be improved so that private spending kick starts

# NBFC Crisis Resurfaces



- Rating downgrade of ADAG Group companies led to further tightness in liquidity
- Debt mutual funds have exposure to ADAG debt papers
- NBFC crisis was initiated by IL&FS default in Sep 2018

# Trade War Jitters



- US increases tariffs on Chinese imports
- US unhappy with trade talks
- Markets react negatively on fear of slowdown in global economy

# Q4 Result Performance



	% Change (YoY)	
	Mar 2019	Mar 2018
Sales	<b>13.1</b>	<b>15.8</b>
Net Profit	<b>19.9</b>	<b>10.0</b>

**Results of 342 companies**

# Q4 Earnings Highlights



- Private Banks, IT performed relatively well
- FMCG and consumption companies disappointed

# Q1, FY'20 Will Be Weak Too



- Postponement of buying by consumers due to elections
- Lower cash transactions due to strict vigilance by Election Commission
- Only in second half of FY20, possibility of recovery in earnings

# Reality Check – Overvalued Stocks



- Overvalued sectors like FMCG and consumption based will see reality check in valuations on slowing economy
- Seeing first signs of stock price correction
- Enjoying premium valuations on healthy balance sheet and resilient business models

# Corporate Banks Turnaround



- Corporate banks like Axis and ICICI Bank has shown improved results
- NPA Cycle has peaked out leading to lower provisions
- Trend is expected to continue and will be outperformer



# Equity Mutual Fund Flows

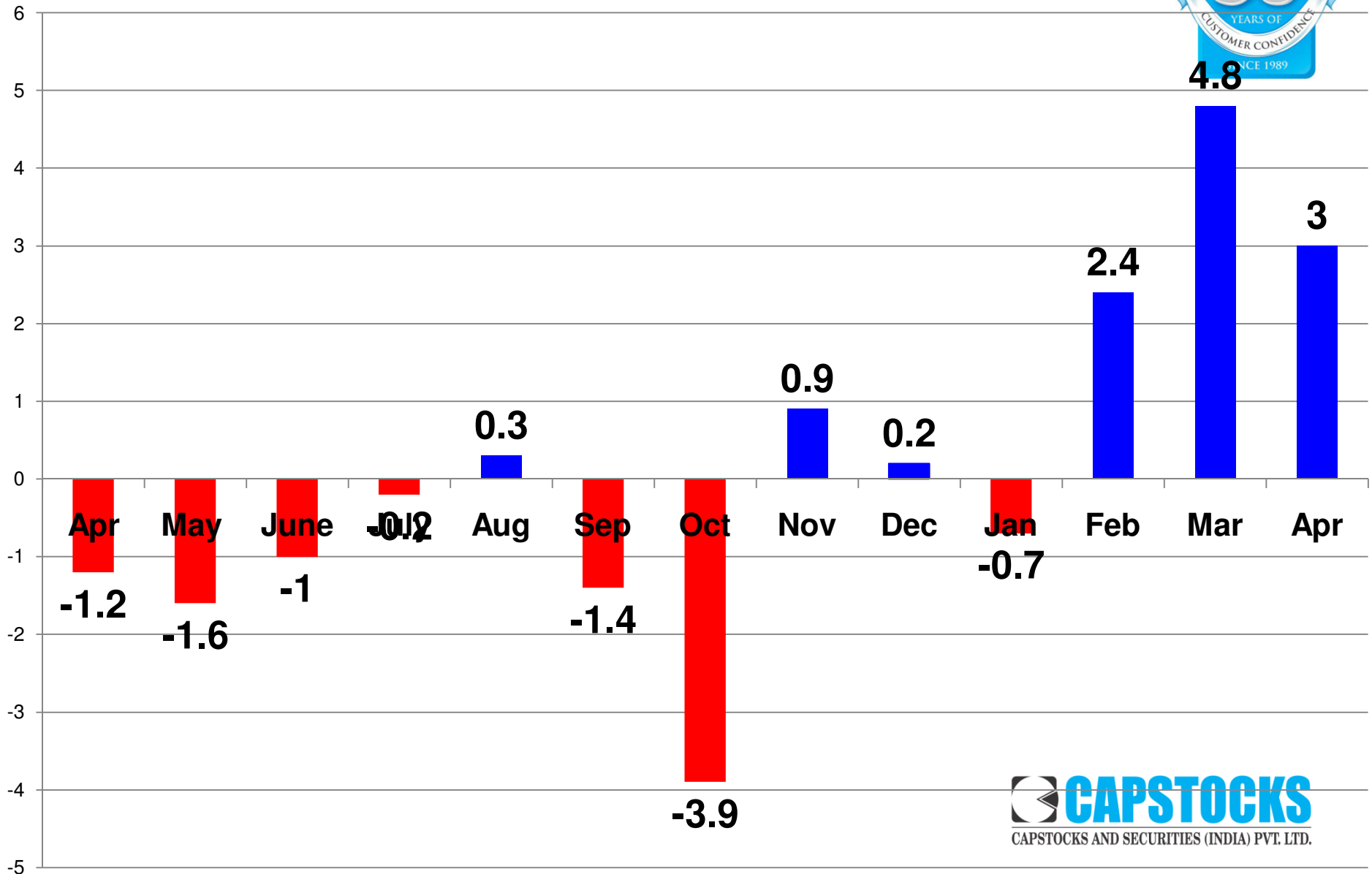


## Net Equity Inflows Hit A 31-Month Low

(Rs crore)



# FPI Flows in US \$ Bn



# Chinese Market – Focus for Indian Pharma Companies



- China is a the second Largest drug market in the world with \$160 Bn market size
- Indian pharma companies entering Chinese market with local joint venture partner
- Distribution and profit margins are the hurdle
- Will take 2 to 3 years to see material impact on companies financials.

# Events to Watch



- Election Outcome
- FII and DII action
- Monsoon Progress



**Thank You**