



Current Market Scenario

Pull Back Rally in Markets



- Lock down extended further with exemptions
- Global markets moving in tandem
- Crude oil prices volatile
- Market awaiting stimulus package

INDEX WATCH

INDEX	8, May	10, Apr	% Change
Nifty	9,251	9,111	1.5
Sensex	31,642	31,159	1.5
Nifty Midcap	12,788	12,553	1.8
BSE Small Cap	10,638	10,293	3.3



CAPSTOCKS AND SECURITIES (INDIA) PVT. LTD.

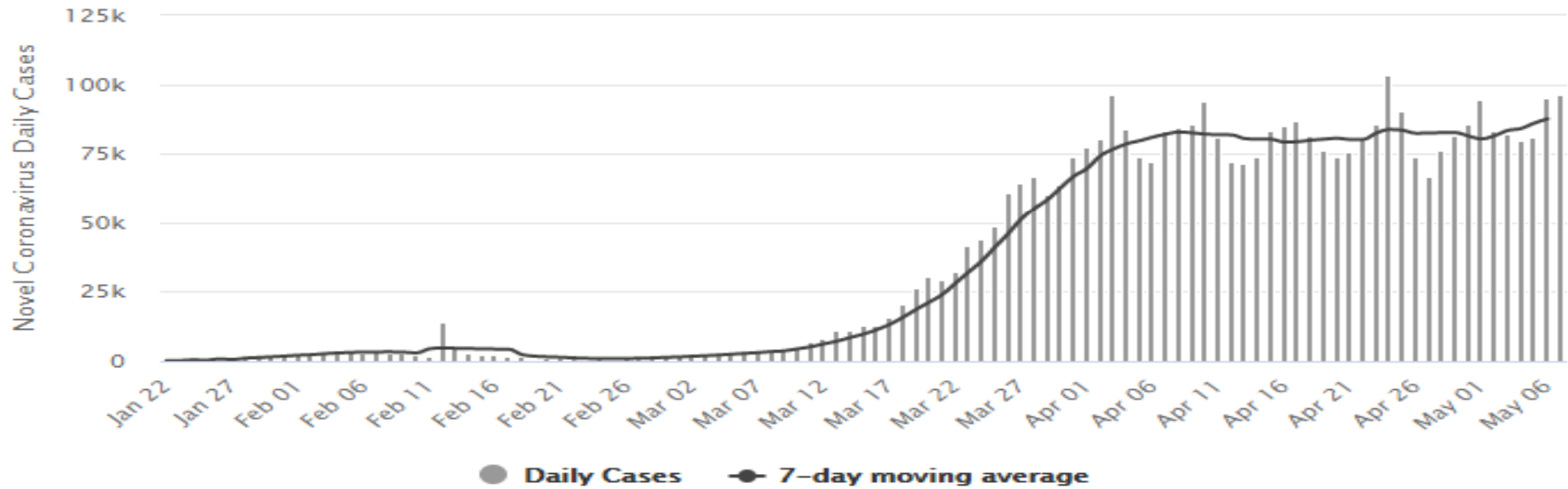
Govt. Extends Lock Down



- Extends lockdown for two more weeks till May 17
- Segregates areas into Red, Orange and Green zones
- Relaxation given to Orange and Green zones

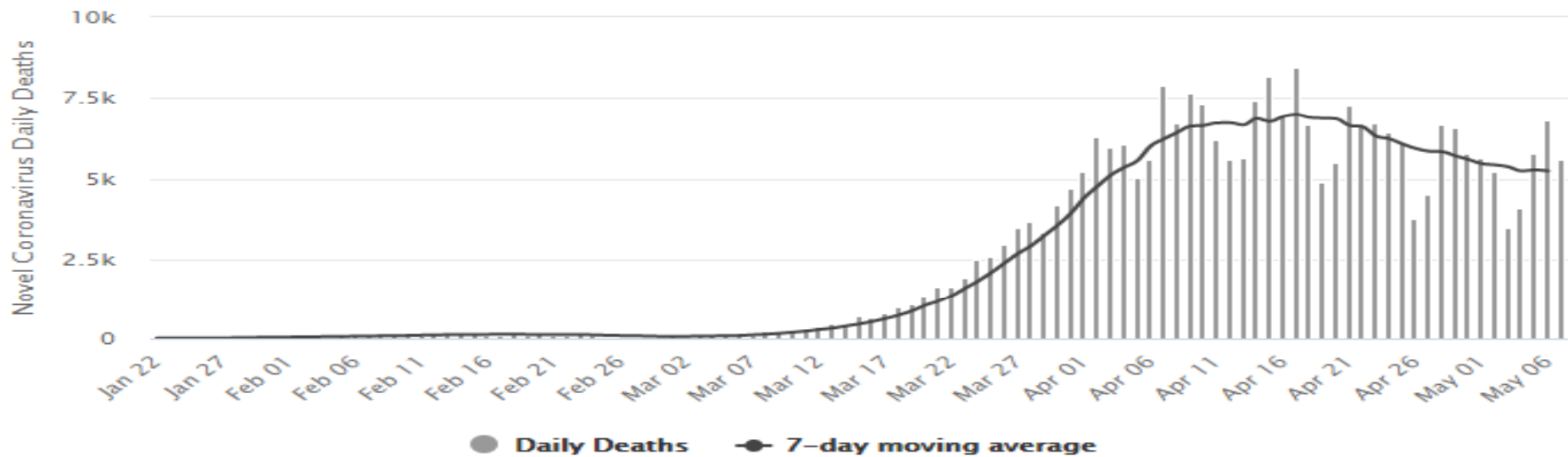
Global Daily New Cases

Cases per Day
Data as of 0:00 GMT+0



Daily Deaths

Deaths per Day
Data as of 0:00 GMT+8

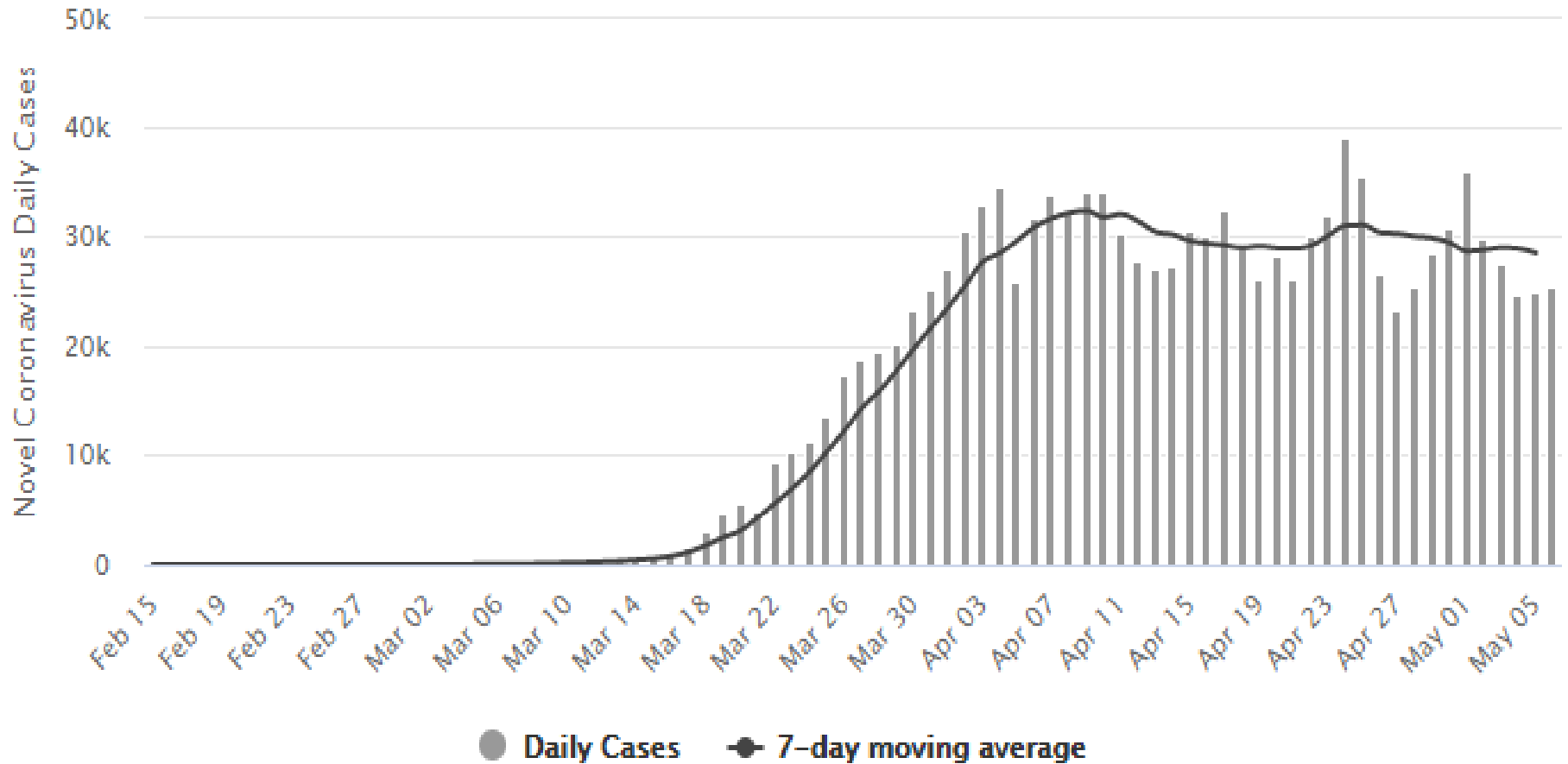


US Daily New Cases



Daily New Cases

Cases per Day
Data as of 0:00 GMT+0

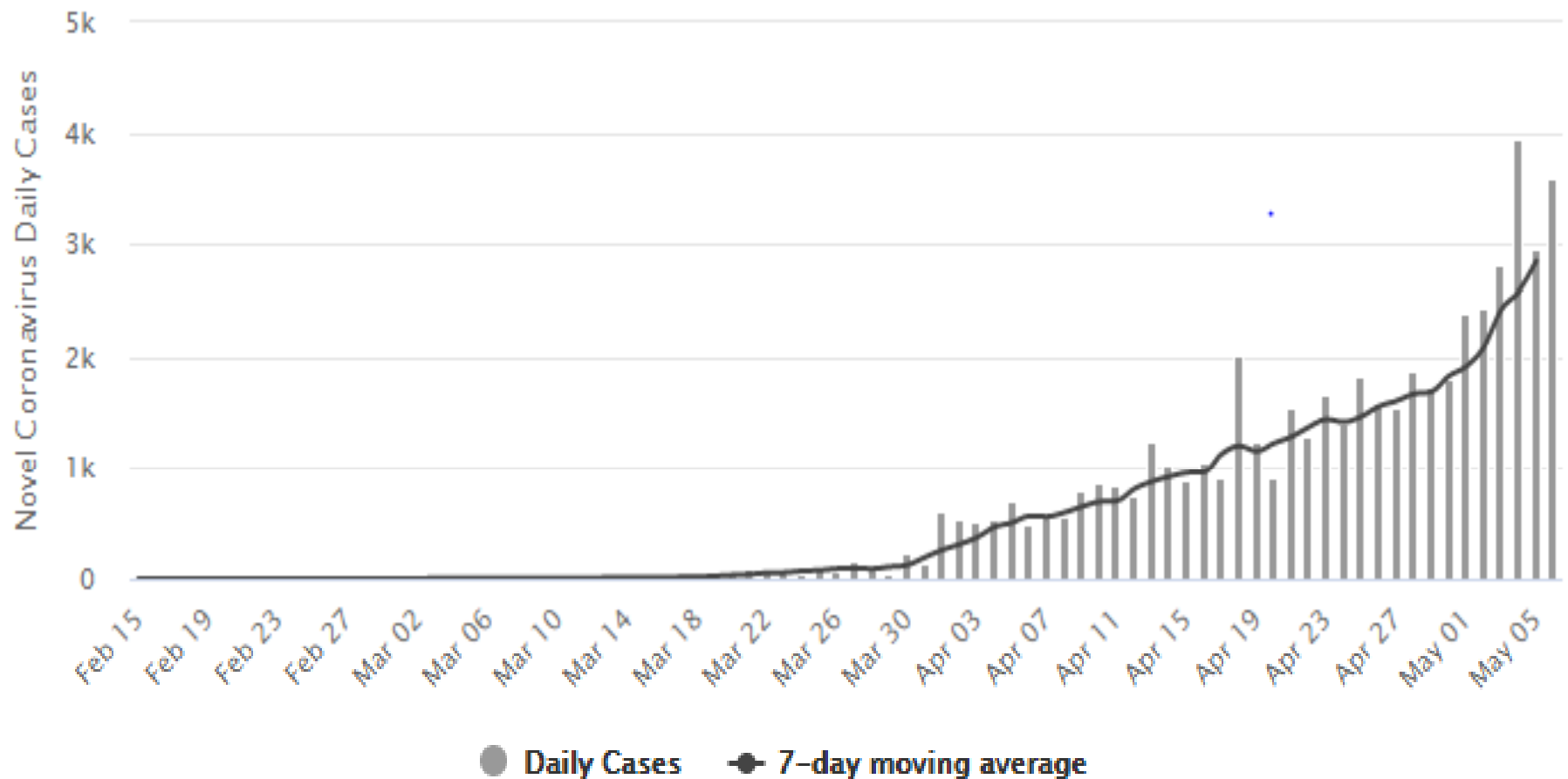


India Covid Daily Cases



Daily New Cases

Cases per Day
Data as of 0:00 GMT+0



Govt. Financial Situation Precarious



- Main source of revenue for Govt. is Taxation
- With economy under lock down, significant fall in tax collection expected
- Majority of expenses like interest payment, pensions, salary cannot be avoided
- Lower crude oil prices can bridge portion of tax collection on higher duties

Will Govt. Monetise Debt ?



- With expected fall in tax revenues, Govt. has to go for borrowing to keep economy moving
- Any further borrowing from market will crowd out private investments
- In this extraordinary situation Govt. can directly borrow from RBI which is called “Monetisation”
- Borrowed amount should be used for plan expenditure
- Any sharp increase in non plan expenditure will shoot up inflation and depreciate rupee

Reliance – India's FAANG Stock



- FaceBook to buy 10% stake in Jio platform for US \$5.7 Bn(43,574 Cr.)
- Silver Lake and Vista PE fund to invest 5656 Cr. and 11367 Cr.in Jio Platform
- Jio to become a futuristic consumer oriented technology company
- Reliance which owns Jio could well become India's FAANG stock and enjoy premium valuations

Reliance Rights Issue



- To raise 53,125 Cr from rights issue
- Rights issue at 1:15 at Rs.1257
- Aims to become Net Debt free by Mar 21

Two Mega Deals To Suck Liquidity



- HUL stake sale by GSK and Reliance Rights Issue to suck around \$7 Bn liquidity
- Generally high offerings is not good for market

US China Cold War – Next Risk To Market



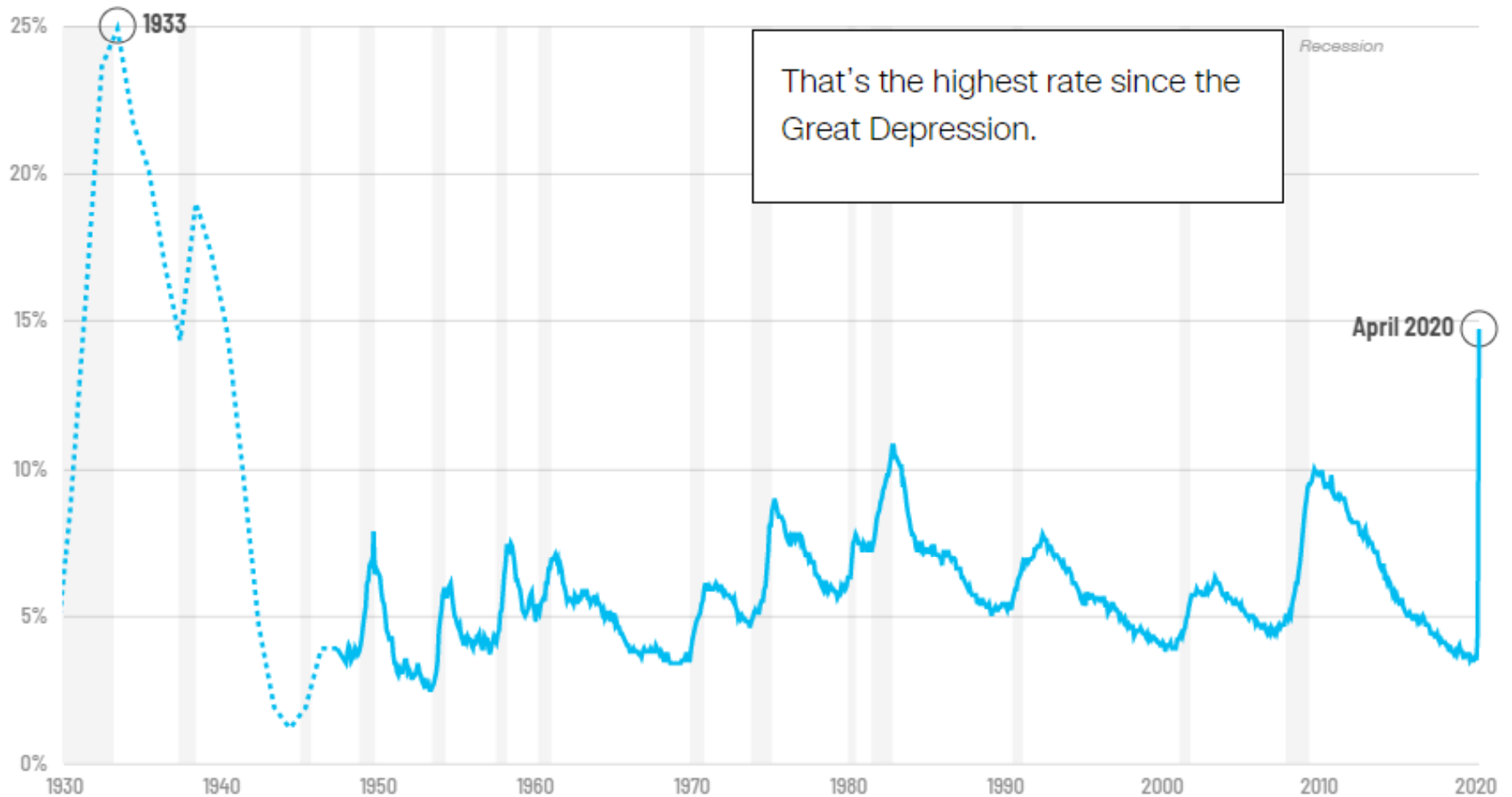
- Trump accuses China for Corona Virus pandemic
- Threatens to put tax on Chinese products
- Anger spans across countries against China
- Many MNC are planning to relocate manufacturing units from China

US Unemployment Rate Skyrockets



History of the unemployment rate in the US

— Monthly rate - - - Annual estimates



Note: The unemployment rates for 1929 to 1947 are only available as annual averages. From 1948 onward, it's monthly. The 1929 to 1947 data includes the US population ages 14 and up. From 1948 onward, it's 16 and up.

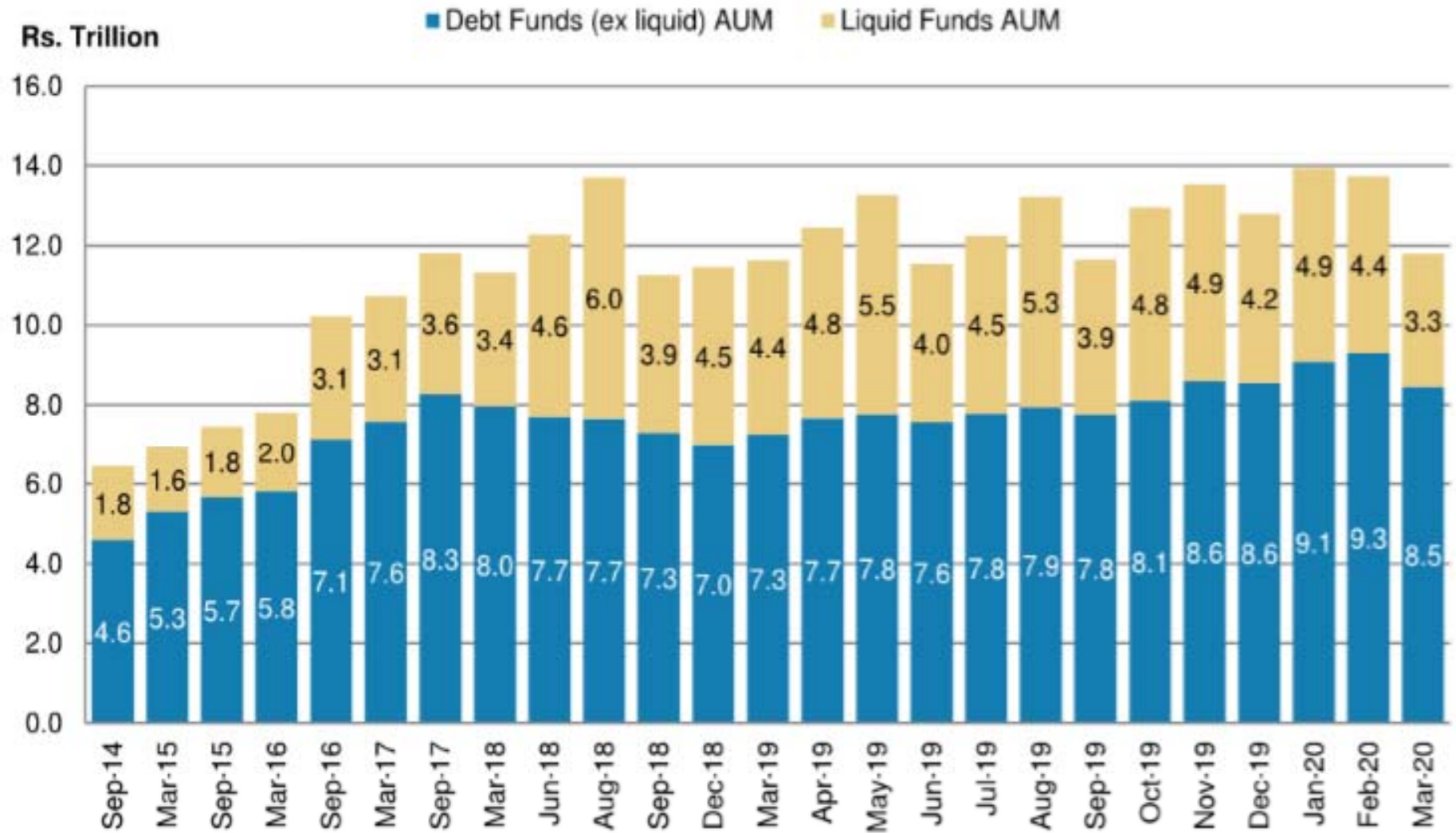
Source: US Bureau of Labor Statistics

Debt Funds Turn Riskier



- Franklin winds-up 6 debt schemes
- Lack of liquidity in low rated debt papers led to closure
- Asset Liability mismatch is the core problem for Open ended debt funds
- Corporate may shun debt funds for parking surplus liquidity

Mutual Fund Debt Category AUM

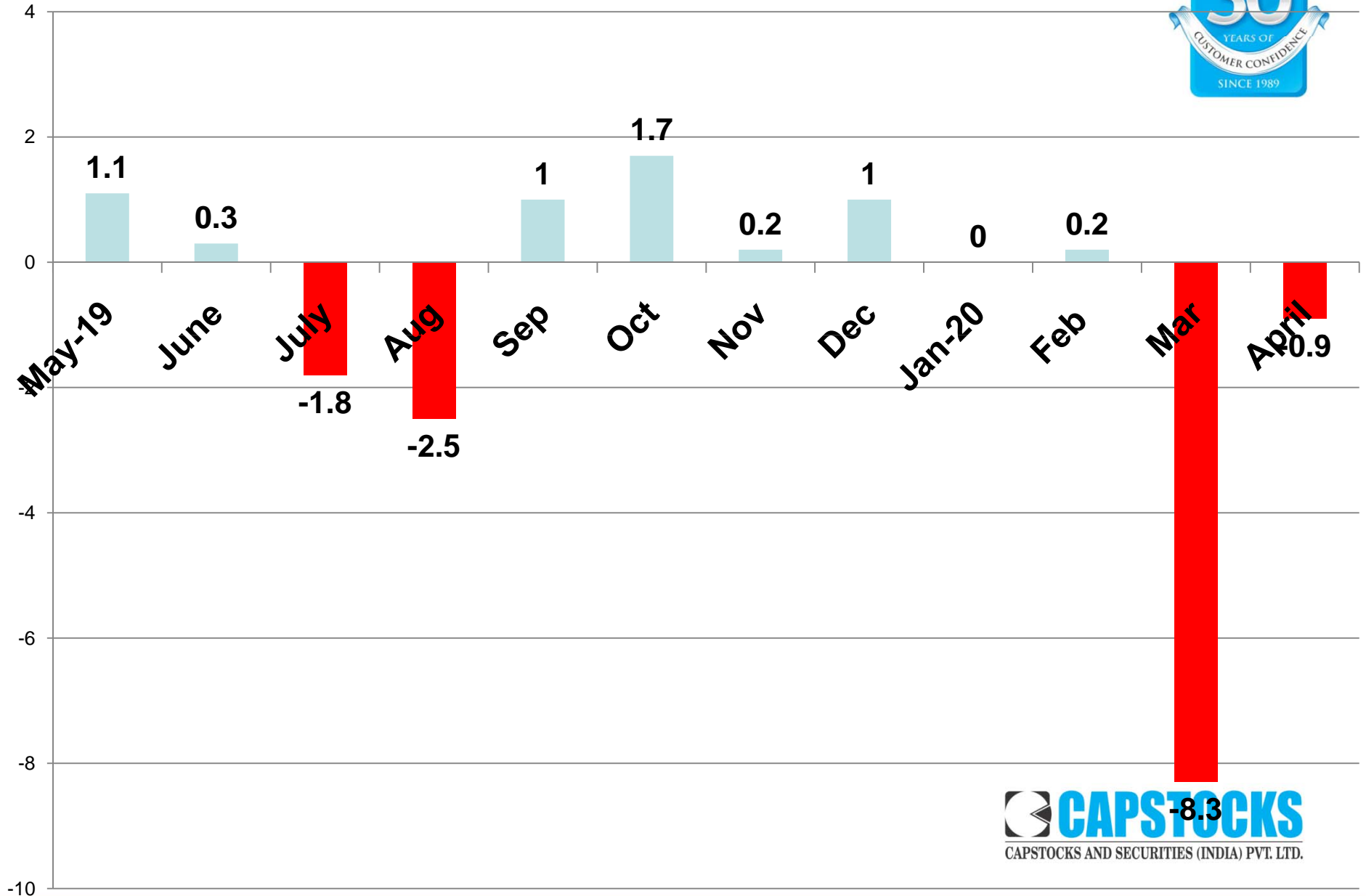


Global Markets YTD Return



Country	%
US – Nasdaq	1
Shanghai	- 5
Korea	- 11
Hong Kong	- 14
Japan – Nikkei	- 14
US – Dow	- 14
Germany	- 18
UK	- 21
France	- 23
India	- 23
Brazil	- 30

FII Flows in \$ Bn



Brent Crude Chart



Volatility in Crude Oil will Continue



- Nymex Crude May – Dated futures Contract turned negative on forced long position liquidation
- Lack of available storage space led to forced selling
- Crude oil price will remain volatile on both side in coming days

Impact of Tsunami Global Liquidity



- Globally major central banks are flooding world with liquidity
- Liquidity has to chase some asset class
- It may be gold, equities, crypto currency, real estate or commodities
- Bubble will be visible in select asset class in spite of weak global economy

Events to Watch



- Corona Virus status
- Q4 Result
- FII Activity



Thank You