



# **Current Market Scenario**

## **12 Nov 2022**

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# Consolidation in Markets



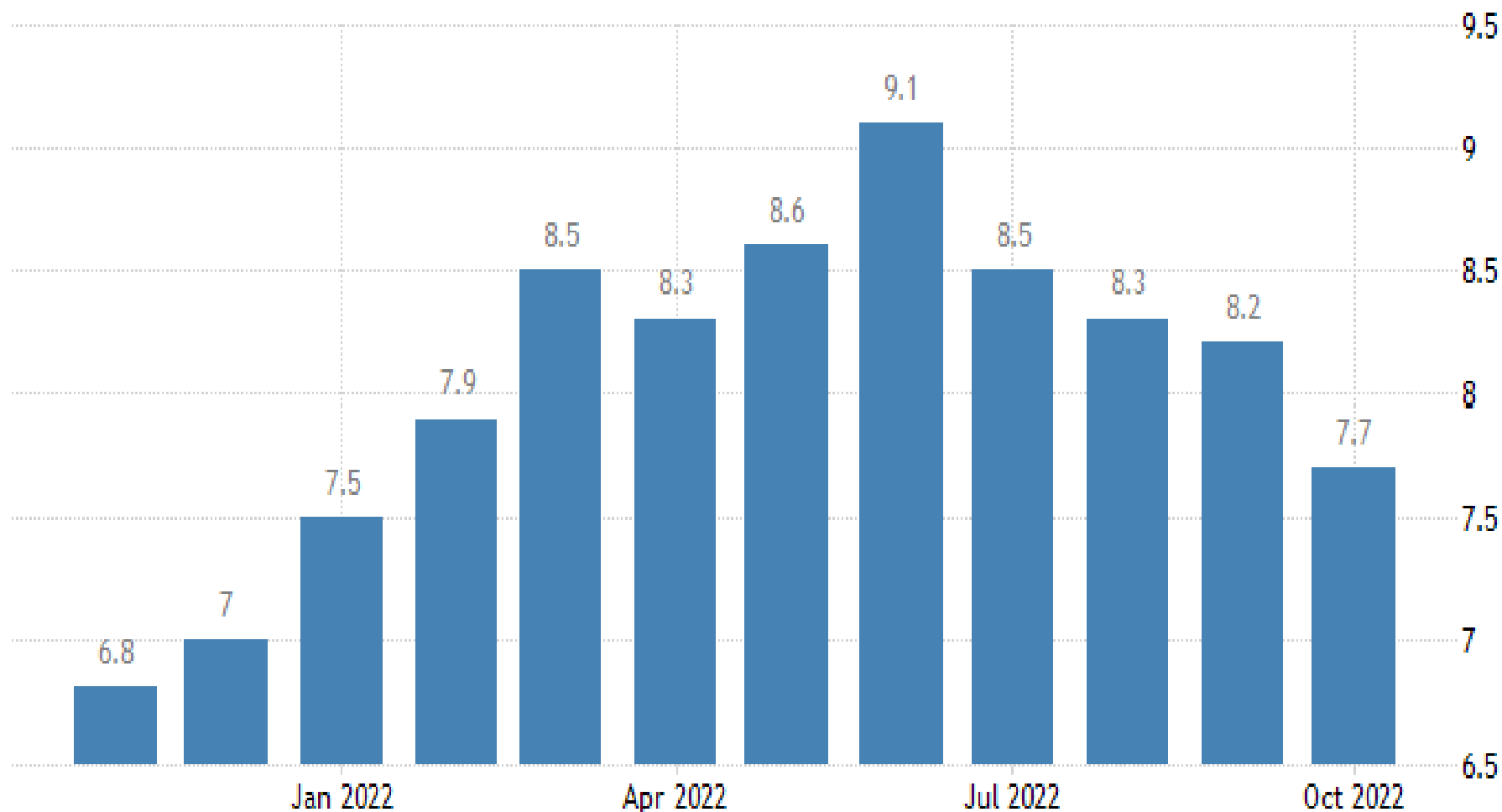
- US CPI inflation on downward trajectory
- FII stopped selling
- Domestic economy relatively doing well
- Mixed Result season

## INDEX WATCH

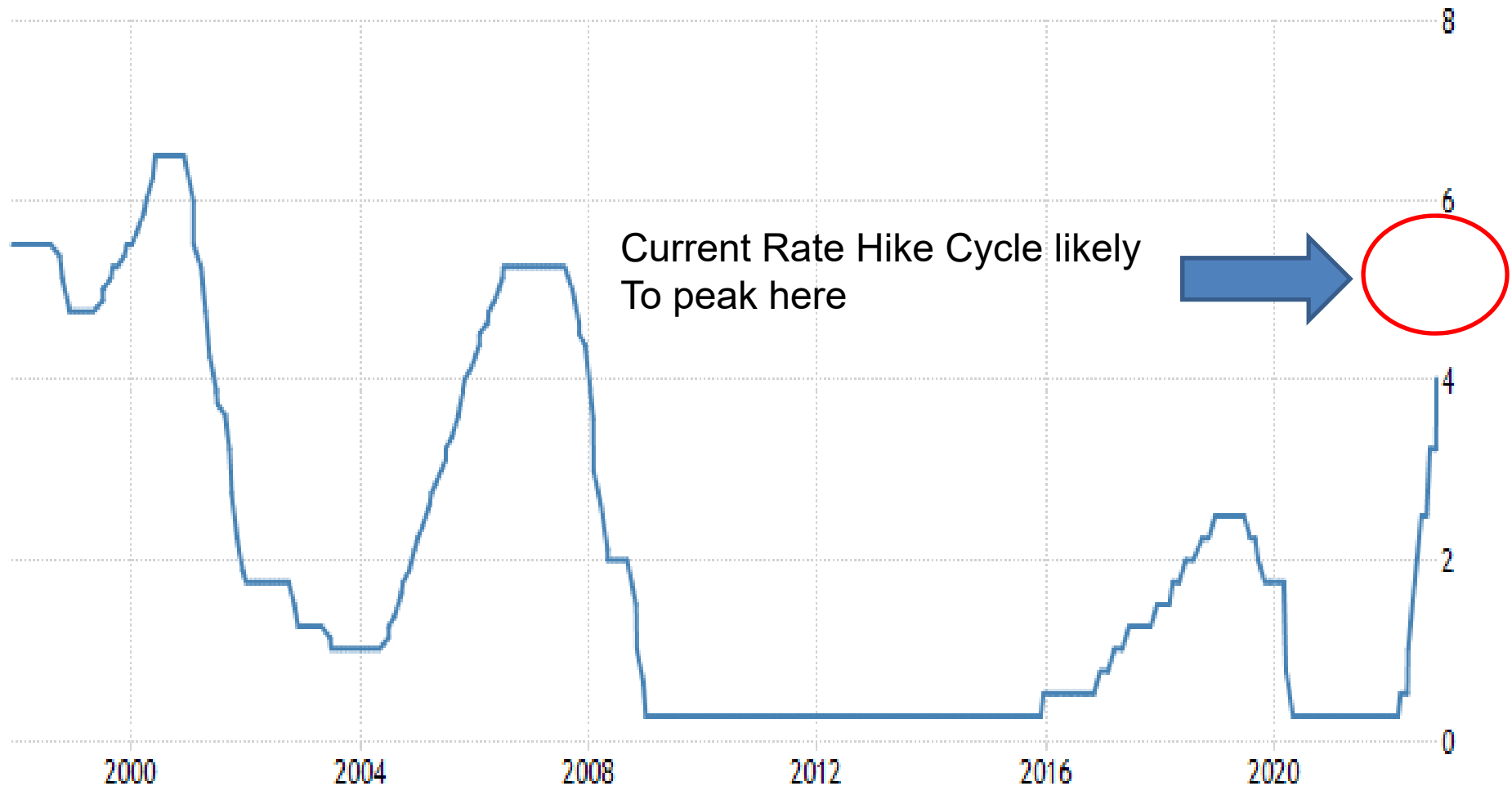
INDEX	12, Nov	8, Oct	% Change
Nifty	18,349	17,314	+ 5.9
Sensex	61,795	58,191	+ 6.1
Nifty Midcap	31,381	31,406	0
BSE Small Cap	28,985	29,182	- 0.6

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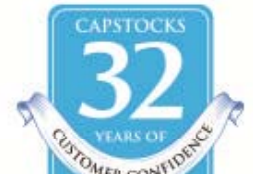
# US CPI Inflation Data



# US Fed Continue to Hike Rates



# US Unemployment bottomed Out



# Nasdaq in Bear Market



- In last one year Nasdaq down by 30%
- Many individual stocks down by more than 50%
- Meta (Facebook) down by 75% from peak

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# Morgan Stanley – Very Bullish on Indian Economy

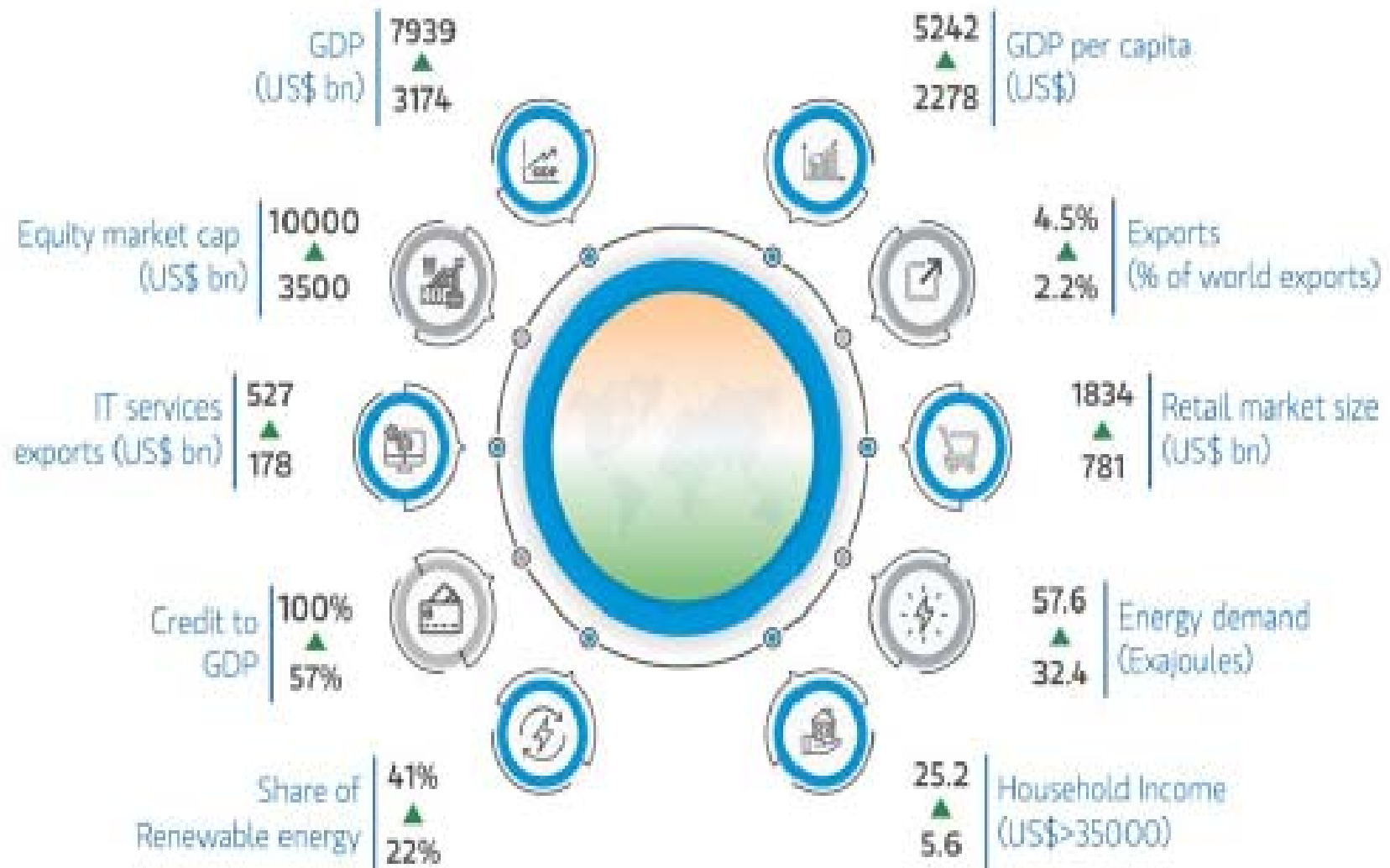


- MS says it is going to be “India’s Decade”
- Economic boom will be fueled by Offshoring, Investment in manufacturing, energy transition and advance digital infrastructure

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# Morgan Stanley Projections on Indian Economy for Next Decade



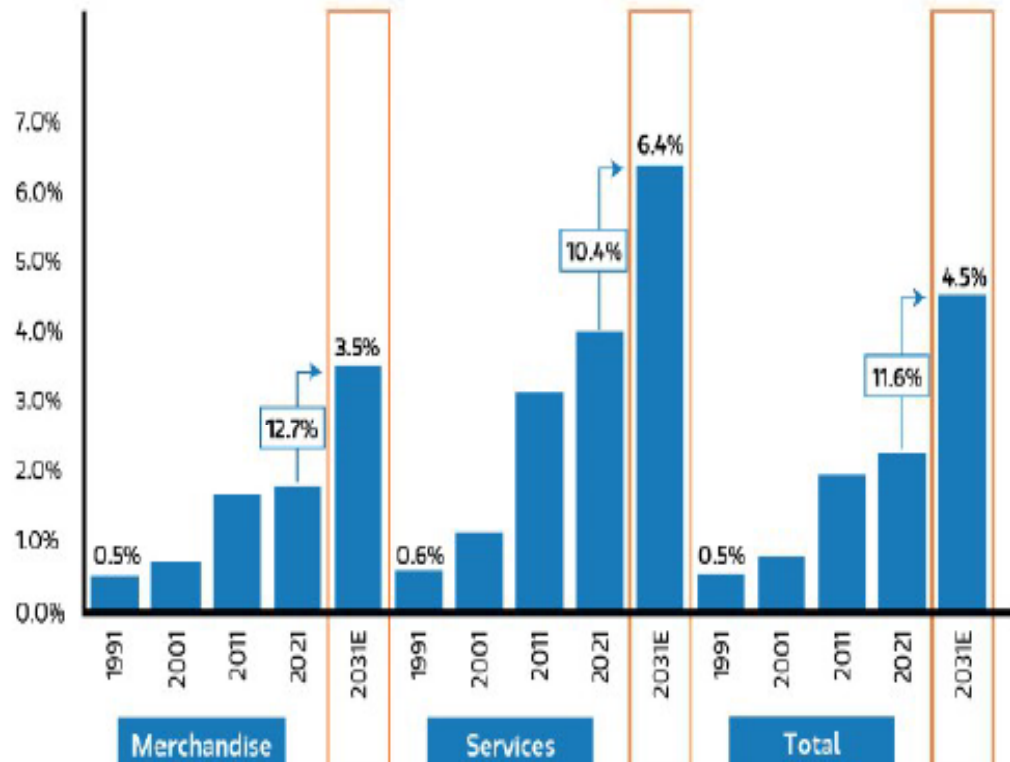
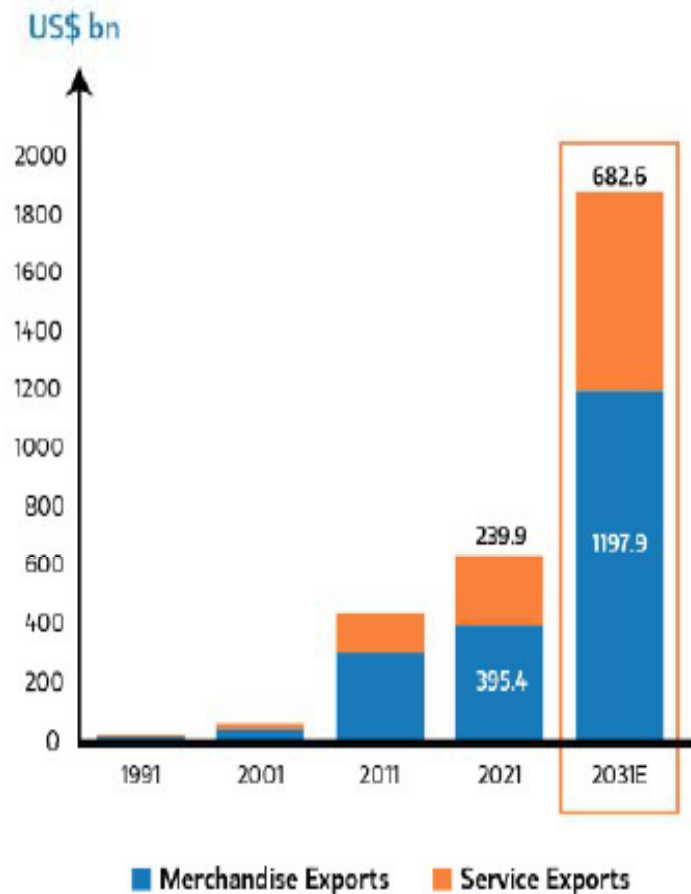


# Office of the World



## INDIA'S SHARE IN WORLD EXPORTS

We expect CAGR for merchandise exports to be sharper at **12%** vs. services exports at **~11%**

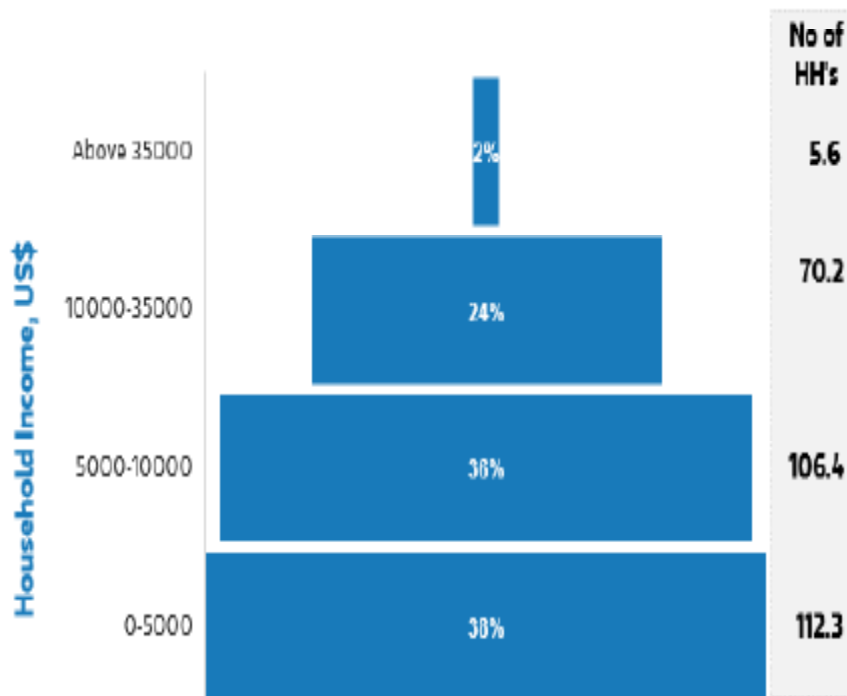


# Shift Coming in India's Income Pyramid



## 2021 Households by Income Distribution

Households: 294.8mn  
GDP per capita: \$2278



## 2031 Households by Income Distribution

360.5mn  
\$5242



# Latest World Economic Outlook Growth Projections

(real GDP, annual percent change)	PROJECTIONS		
	2021	2022	2023
<b>World Output</b>	<b>6.0</b>	<b>3.2</b>	<b>2.7</b>
<b>Advanced Economies</b>	<b>5.2</b>	<b>2.4</b>	<b>1.1</b>
United States	5.7	1.6	1.0
Euro Area	5.2	3.1	0.5
Germany	2.6	1.5	-0.3
France	6.8	2.5	0.7
Italy	6.6	3.2	-0.2
Spain	5.1	4.3	1.2
Japan	1.7	1.7	1.6
United Kingdom	7.4	3.6	0.3
Canada	4.5	3.3	1.5
Other Advanced Economies	5.3	2.8	2.3
<b>Emerging Market and Developing Economies</b>	<b>6.6</b>	<b>3.7</b>	<b>3.7</b>
<b>Emerging and Developing Asia</b>	<b>7.2</b>	<b>4.4</b>	<b>4.9</b>
China	8.1	3.2	4.4
India	8.7	6.8	6.1
ASEAN-5	3.4	5.3	4.9
<b>Emerging and Developing Europe</b>	<b>6.8</b>	<b>0.0</b>	<b>0.6</b>
Russia	4.7	-3.4	-2.3
<b>Latin America and the Caribbean</b>	<b>6.9</b>	<b>3.5</b>	<b>1.7</b>
Brazil	4.6	2.8	1.0
Mexico	4.8	2.1	1.2
<b>Middle East and Central Asia</b>	<b>4.5</b>	<b>5.0</b>	<b>3.6</b>
Saudi Arabia	3.2	7.6	3.7
<b>Sub-Saharan Africa</b>	<b>4.7</b>	<b>3.6</b>	<b>3.7</b>
Nigeria	3.6	3.2	3.0
South Africa	4.9	2.1	1.1
<b>Memorandum</b>			
<b>Emerging Market and Middle-Income Economies</b>	<b>6.8</b>	<b>3.6</b>	<b>3.6</b>
<b>Low-Income Developing Countries</b>	<b>4.1</b>	<b>4.8</b>	<b>4.9</b>

Source: IMF, *World Economic Outlook*, October 2022

Note: For India, data and forecasts are presented on a fiscal year basis, with FY 2021/2022 starting in April 2021. For the October 2022 WEO, India's growth projections are 6.9 percent in 2022 and 5.4 percent in 2023 based on calendar year.



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# Will History Repeat ?



- Post Global financial crisis in 2008, Indian economy was the first to bounce back sharply, but started slowing significantly later
- Some analyst based on 2008-09 experience saying Indian economy may outperform for now but long term growth will depend upon global economic recovery
- **Stock market Experience are double edged swords. It is all about future and no one can predict with 100% certainty.**

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# Mutual Funds Flows

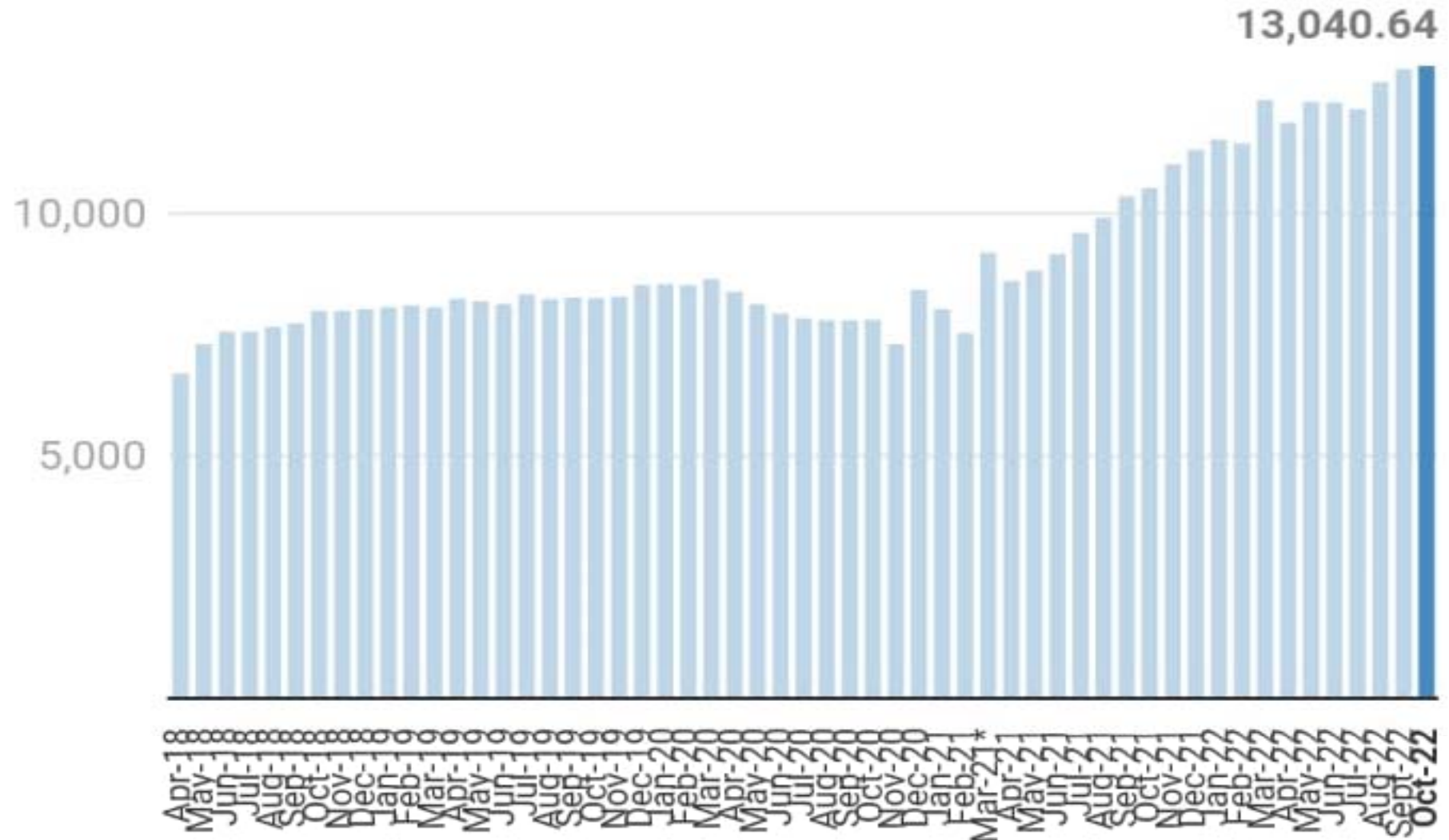


## Net Equity Inflows

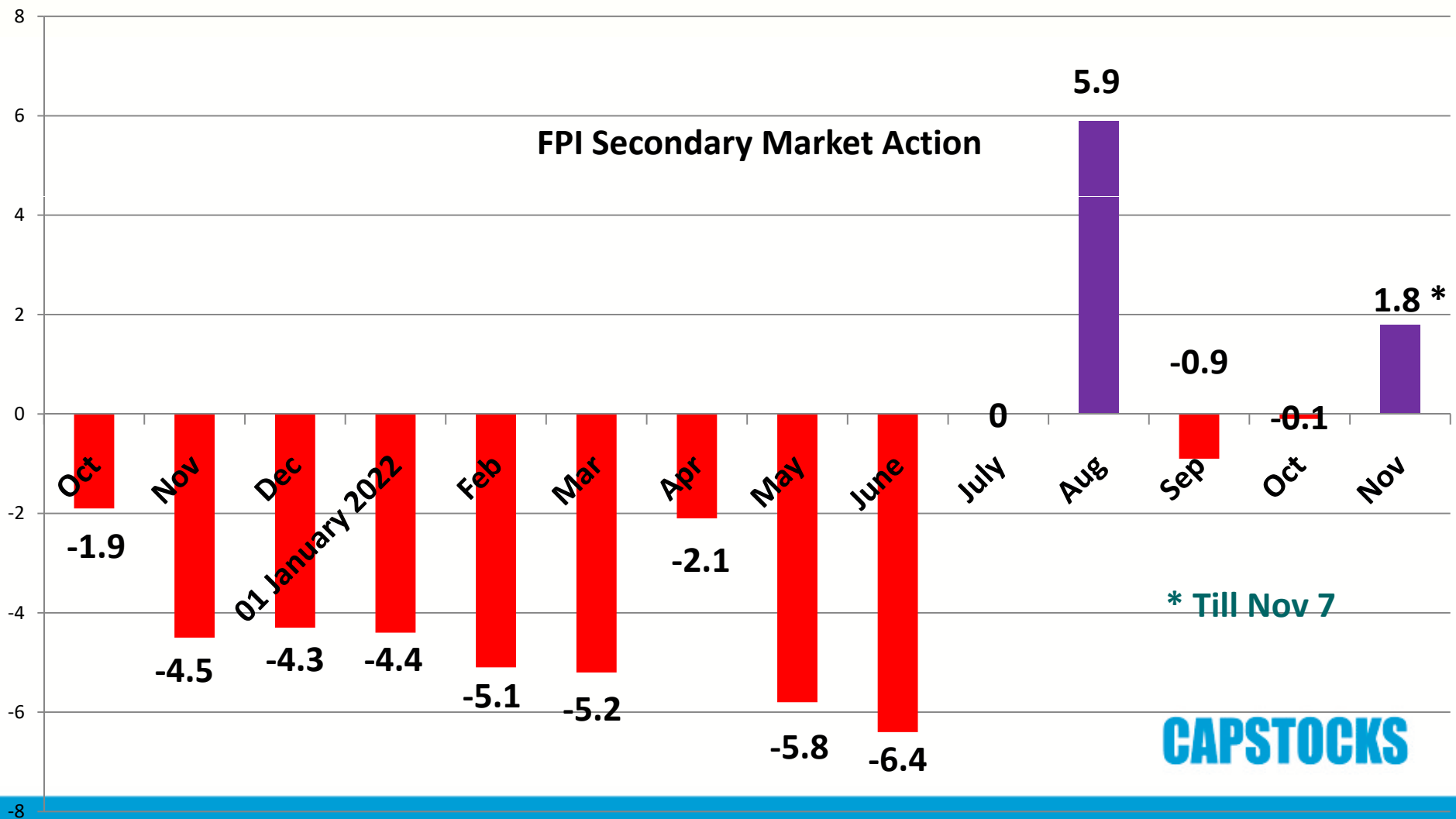
(Rs crore)



# Mutual Funds SIP Flow



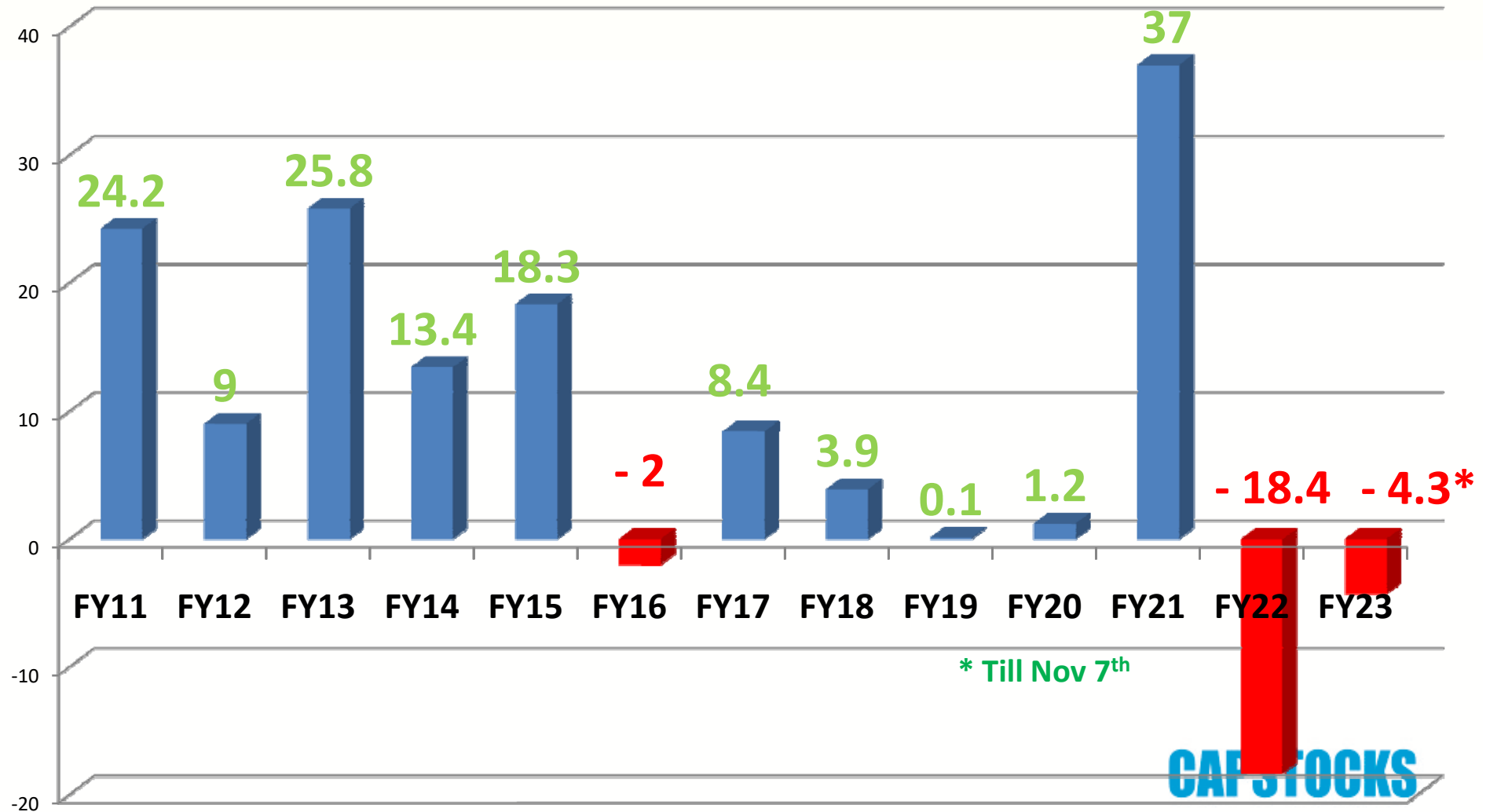
# Worst of FPI Selling Behind Us



# FII Activity



FPI Flows in US \$ Bn





# Robust GST Tax Collection



## GST Collections For Transactions in September

GST collected during October is the second time the revenue has crossed the 1.5 lakh crore mark



*GST numbers are released with a lag of one month. (In Rs crore).*

# China – Elephant in the Room



- China Composite PMI less than 50 indicating contraction in economy
- Frequent lock down due to zero Covid policies affecting economy
- Real estate in huge stress
- China is the largest consumer of majority of commodities

# Q2 Earnings



- Results are mixed
- Large cap IT companies results are inline
- Banks results are good led by PSU banks due to strong credit growth
- Metals and cement see sharp erosion in profits on raw material price spike amid seasonally weak quarter
- Mixed results from pharma
- Poor cash flow from operation

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# Q2 Results



- Sharp volatility in raw material prices affecting margin
- Valuations to see contraction where pricing power is less

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## Q2 Result Performance

	% Change (YoY)	
	Sep 2022	Sep 2021
Sales	<b>29.5</b>	<b>29.8</b>
Net Profit	<b>- 2.5</b>	<b>30.7</b>

**Results of 932 companies**

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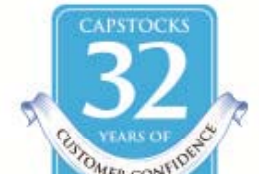
# Interesting Last Five Years of Market



Year	Outperformance	Underperformance
2018, 2019	Overvalued Quality Stocks	Value stocks
2020,2021	Roller coast ride due to Covid	
2022	Value Stocks	Overvalued Quality Stocks

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# S&P BSE PSU Index



1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



# Strong Credit Growth





# Theme To Focus - Domestic



- Global economy facing headwinds
- Domestic dependent sectors like banks, infra, defence and select consumptions will do relatively well

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# Events To Watch



- Geopolitical developments
- FII Flows

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**Thank You**

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