



Current Market Scenario

11 Nov 23

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Markets on Consolidation



- Small Cap Index bounces back
- Commodities fall
- Q2 Results mixed
- US Bond Yield Cools

INDEX WATCH

INDEX	11, Nov	14, Oct	% Change
Nifty	19,425	19,751	- 1.6
Sensex	64,904	66,282	- 2.0
Nifty Midcap	40,733	40,453	+ 0.6
BSE Small Cap	38,378	38,184	+ 0.5

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US Bond Yield Cools



US 10 Year Note Bond Yield 4.4824 -0.0406 (-0.0406%)



US Unemployment Data



TRADINGECONOMICS.COM | U.S. BUREAU OF LABOR STATISTICS

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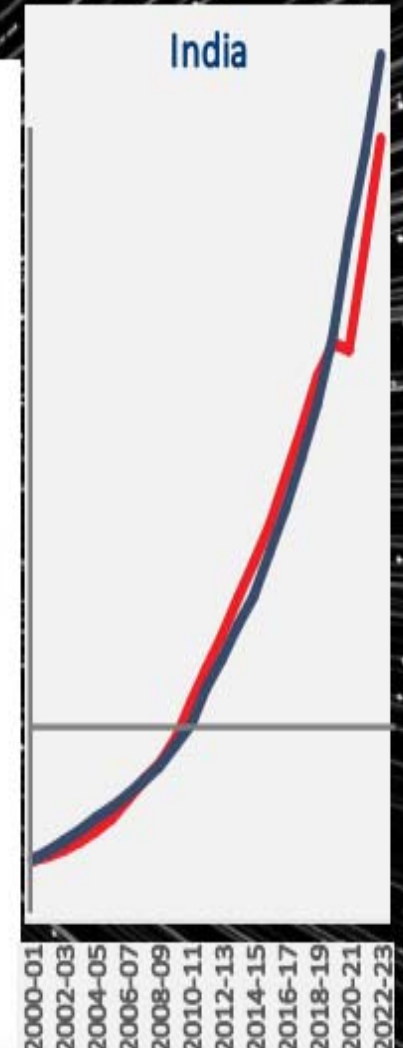
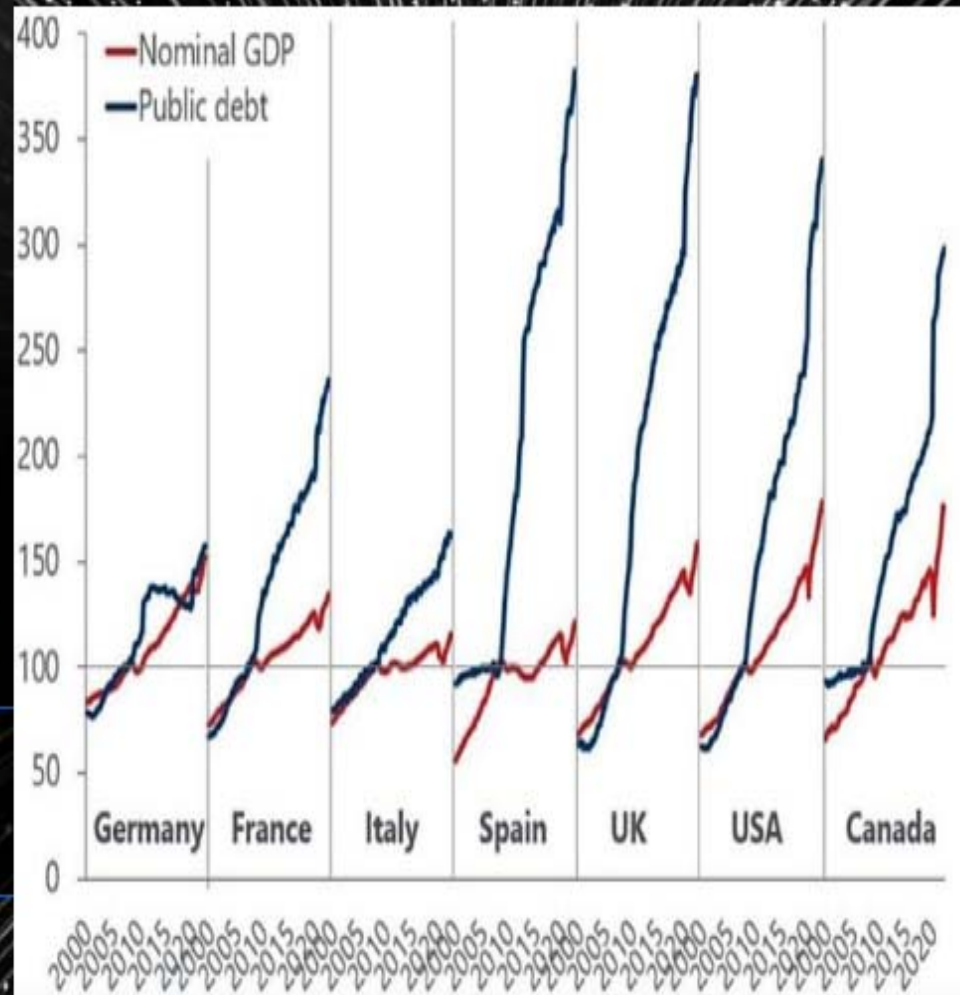
India Relatively Better Place

World has
been on
steroids

India has been measured

Source: Haver Analytics

Advanced Economies: Nominal GDP and Public Debt



Spot the Odd One Out!

Growth sans leverage

Source: HSBC

	Core debt of non-financial sector (Q1 2022, % OF GDP)				Change since Q1 2008			
	Household	Corporate	Government	Total	Household	Corporate	Government	Total
Debt/GDP (Avg %)	61	84	104	249	4	10	48	62
Australia	118	64	57	239	11	-13	49	47
Brazil	38	54	88	180	20	23	26	69
Mainland China	62	157	70	289	43	62	41	147
France	65	166	129	360	19	61	61	141
Germany	56	73	74	203	-4	5	9	10
India	37	51	85	173	-6	-12	11	-6
Italy	43	70	154	267	5	-8	58	55
Japan	60	119	249	428	2	20	82	104
South Korea	104	117	45	266	34	29	23	86
Mexico	16	24	40	80	2	10	20	32
South Africa	34	34	69	137	-10	-1	44	33
Spain	57	98	154	309	-25	-28	114	61
UK	84	70	119	273	-10	-15	79	54
US	76	82	124	282	-23	11	61	49

China Population To Fall



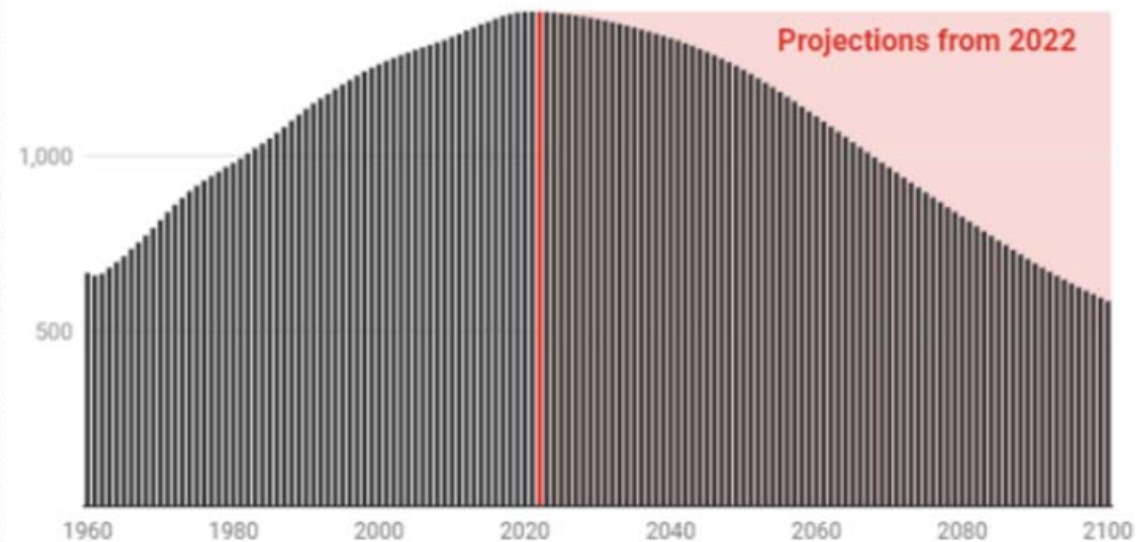
Global Labour trends

A billion consumers less in 75 years!!!

Source: WEF

China's population and projections

Total population, millions

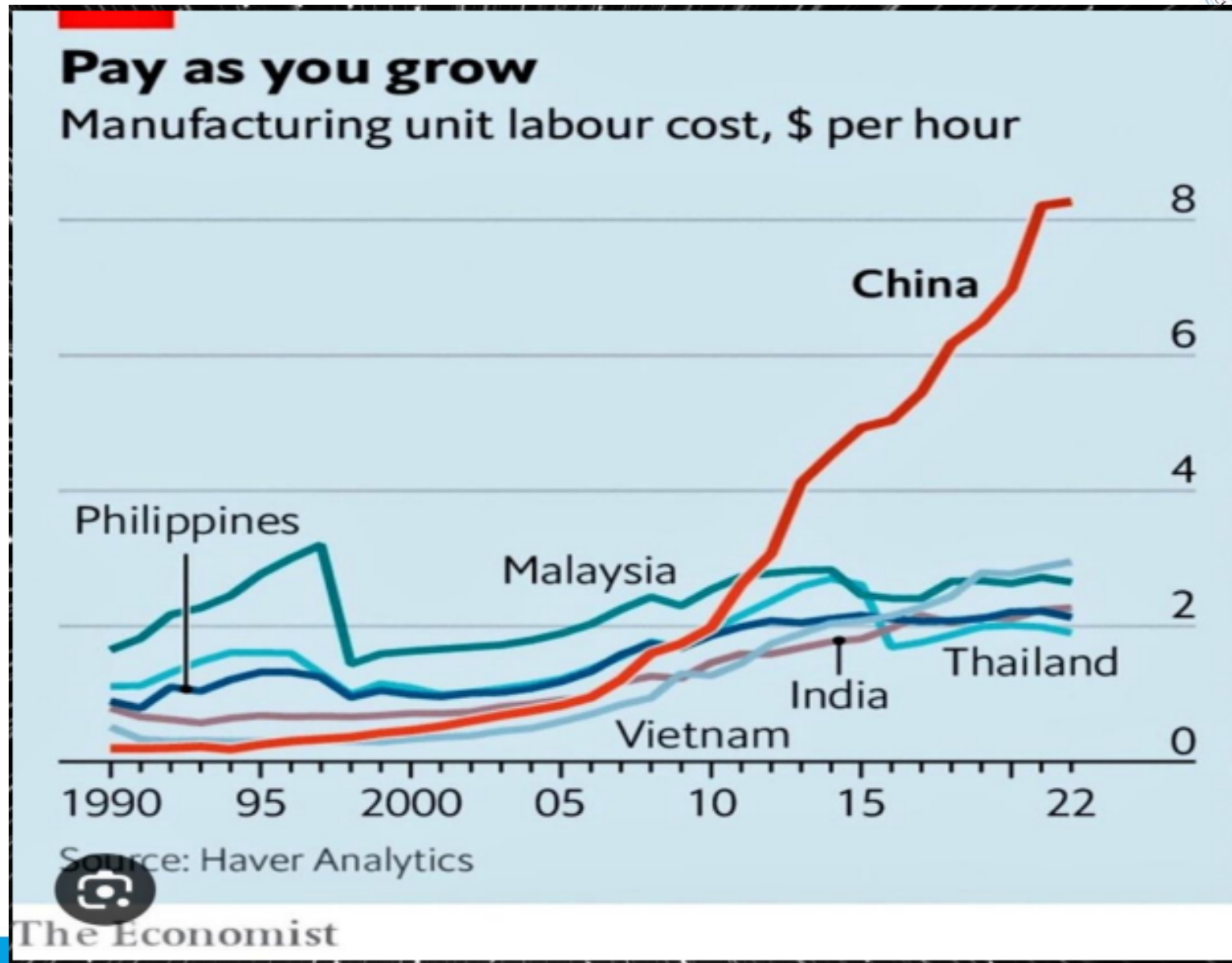


Source: Shanghai Academy of Social Sciences • [Get the data](#)

China's population is predicted to decrease to 587 million in 2100, less than half of what it is today. Image: Shanghai Academy of Social Sciences

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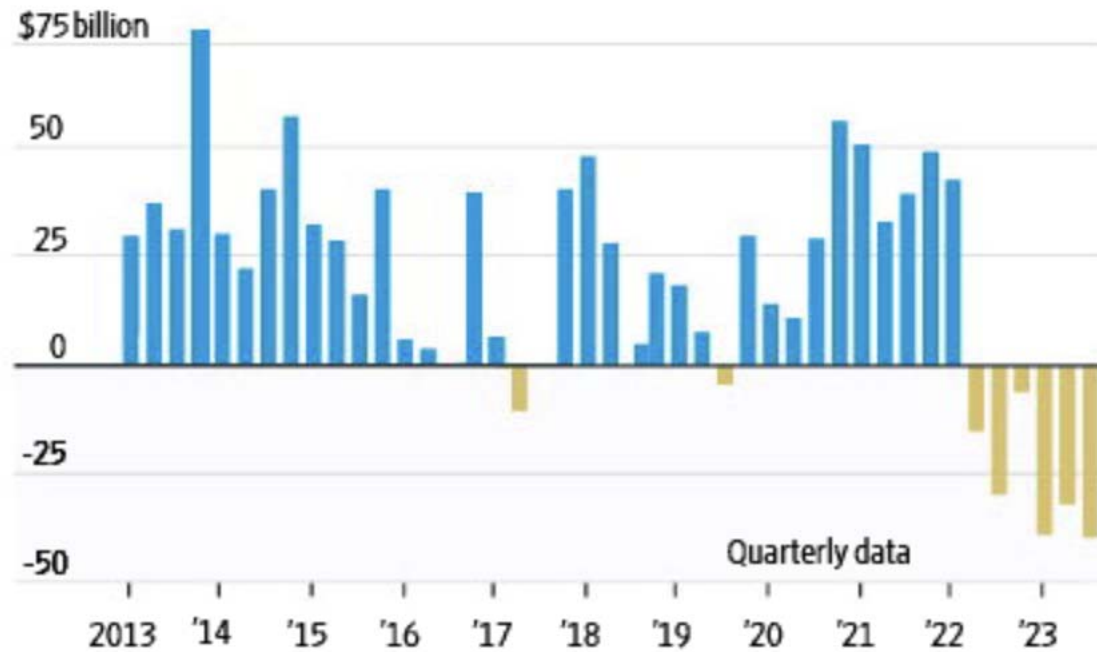
China Labour Cost Way Above Us



Foreign Companies Cautious on China



Foreign companies' net reinvested earnings into China*



*Estimated
Source: Macrobond

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Can India Seize China + 1 Opportunity?



- Indian labour cost lower than China but productivity is far less
- To increase productivity Infrastructure should be improved

Infra Spending Crucial for Productivity Increase



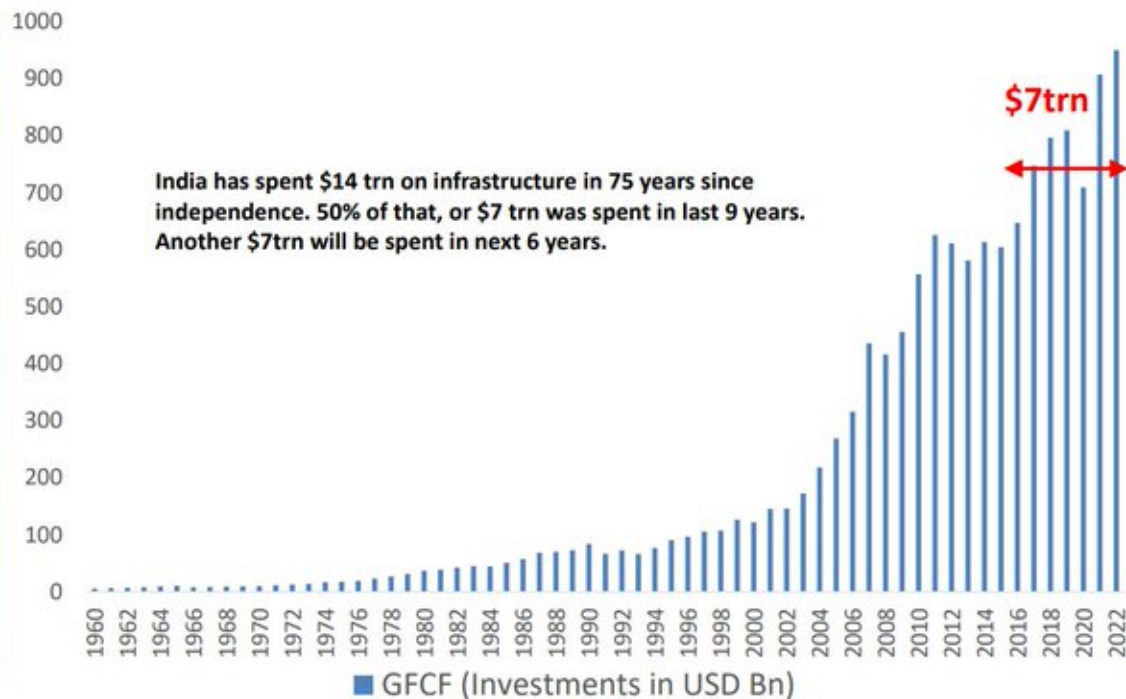
The Coming Investments Upsurge

India has come out of an investment winter. The investment to GDP ratio (measured by gross fixed capital formation to GDP) peaked in 2011 & remained low until COVID-led disruption upended the supply chains. Post COVID recovery & a large push through government expenditure, investments are making a come back.

There has been a spend of \$14 trn on investments since independence. This includes spending on housing by households, infrastructure creation by the government, & private capital expenditure.

In spite of poor investment growth over the last many years, India has spent \$7trn on new investments over the last 9 years. As the base becomes large this number will repeat itself in the next 6 years.

What does this mean? The capex cycle is likely to surprise on the upside in the next few years.



DSP

Source: World Bank, Govt Documents Data as on Feb 2023

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Govt. Focussing On Road & Railways



Table 4: Main Heads of Capital Expenditure (Rs Crore)

	Rs Crore		% of Budget Estimate		% Change*
	H1 FY23	H1 FY24	H1 FY23	H1 FY24	H1 FY24
Road Transport and Highways	1,21,893	1,56,383	64.9	60.5	28.3
Railways	88,548	1,42,603	64.6	59.4	61.0
Defence	64,075	67,394	39.9	39.3	5.2
Telecommunication	25,593	28,133	47.3	45.6	9.9
Housing and Urban Affairs	9,121	12,021	33.4	46.2	31.8
Total Capital Expenditure	3,42,889	4,90,628	45.7	49.0	43.1

Source: Controller General of Accounts (CGA); % Change is calculated over H1 FY23

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Q2 Results



- Mixed Q2 results
- Fall in raw material prices aides margin
- Volume growth muted
- Exports are weak
- PSU Banks at peak of good asset quality
- Pharma posted good results, chemicals posted bad performance

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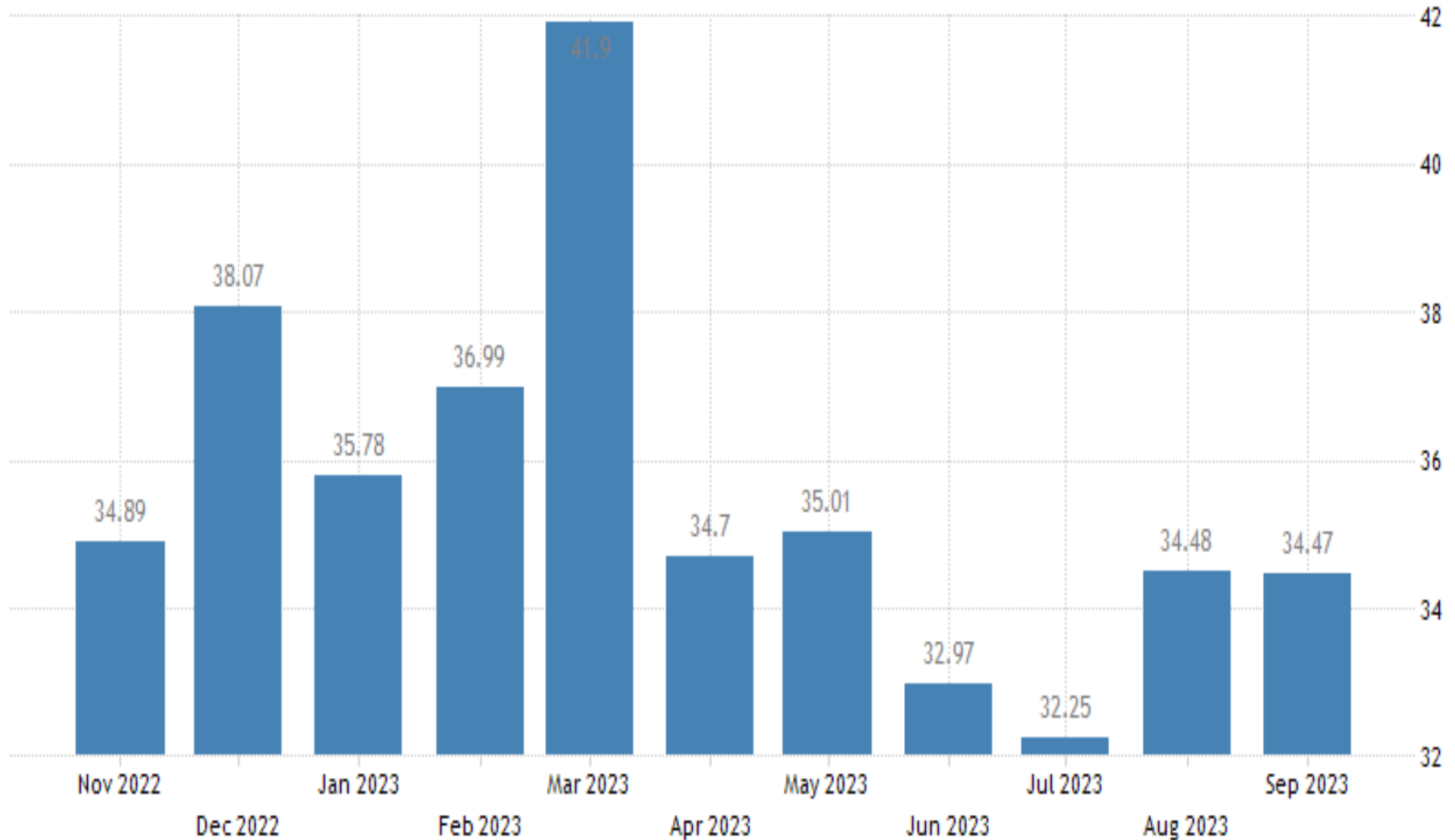
Q2 Result Performance

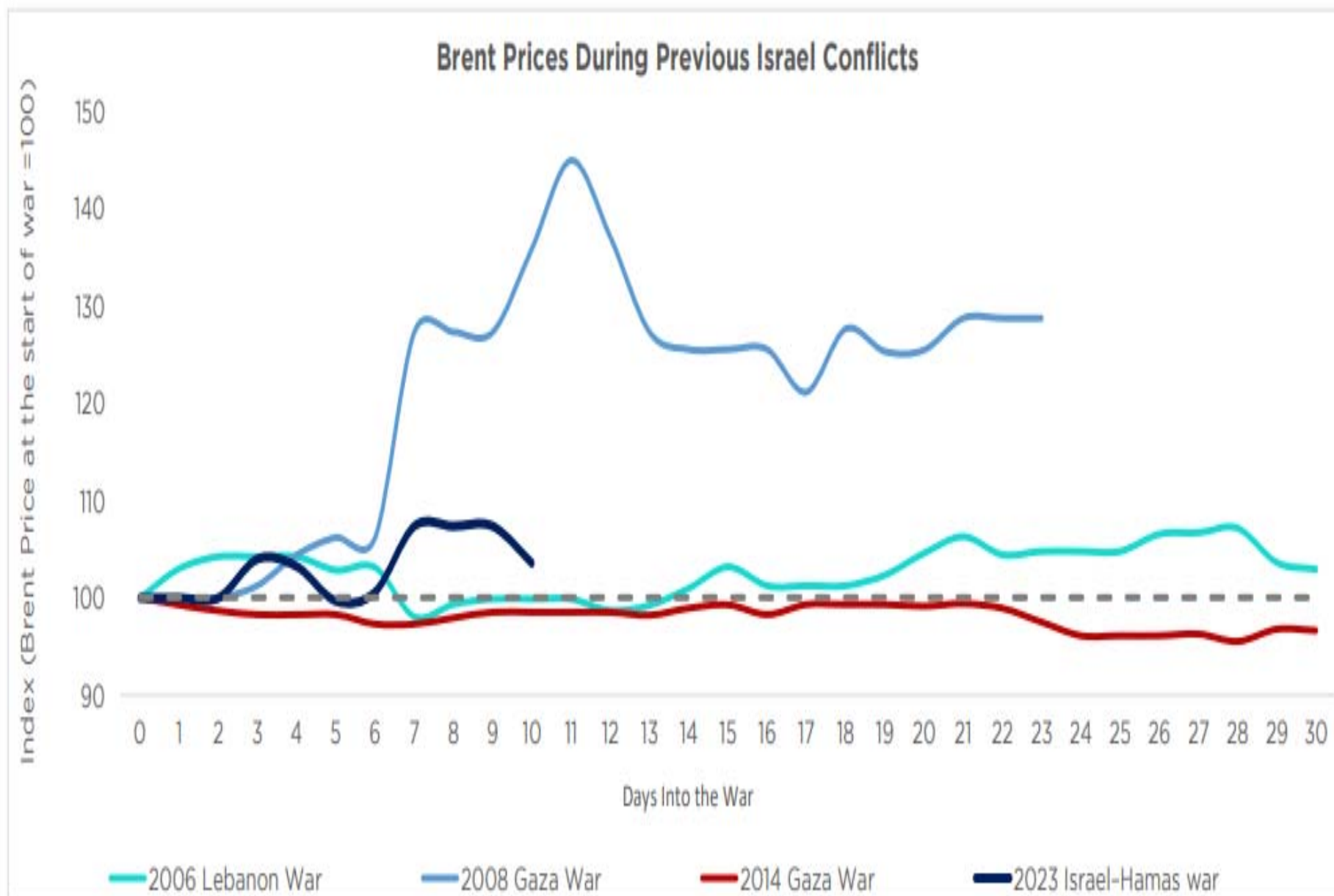
	% Change (YoY)	
	Sep 2023	Sep 2022
Sales	3.8	28.8
Net Profit	47.1	- 5.9

Results of 1,527 companies

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Exports Are Weak





Source: Refinitiv DataStream

Brent Crude Oil



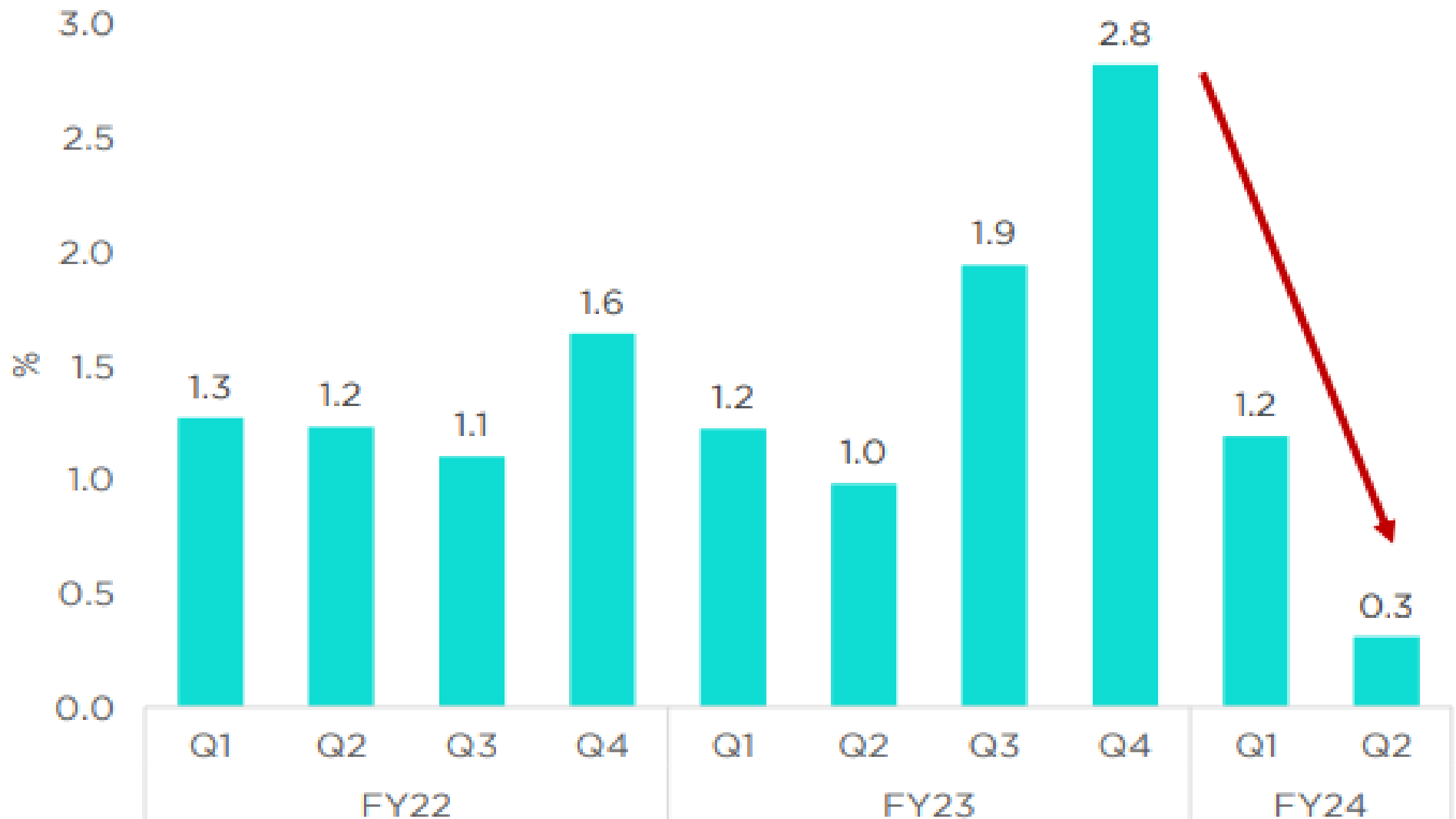
Brent Crude Oil (USD/Bbl) 80.018 -4.922 (-5.80%)



New Project Announcement Slows



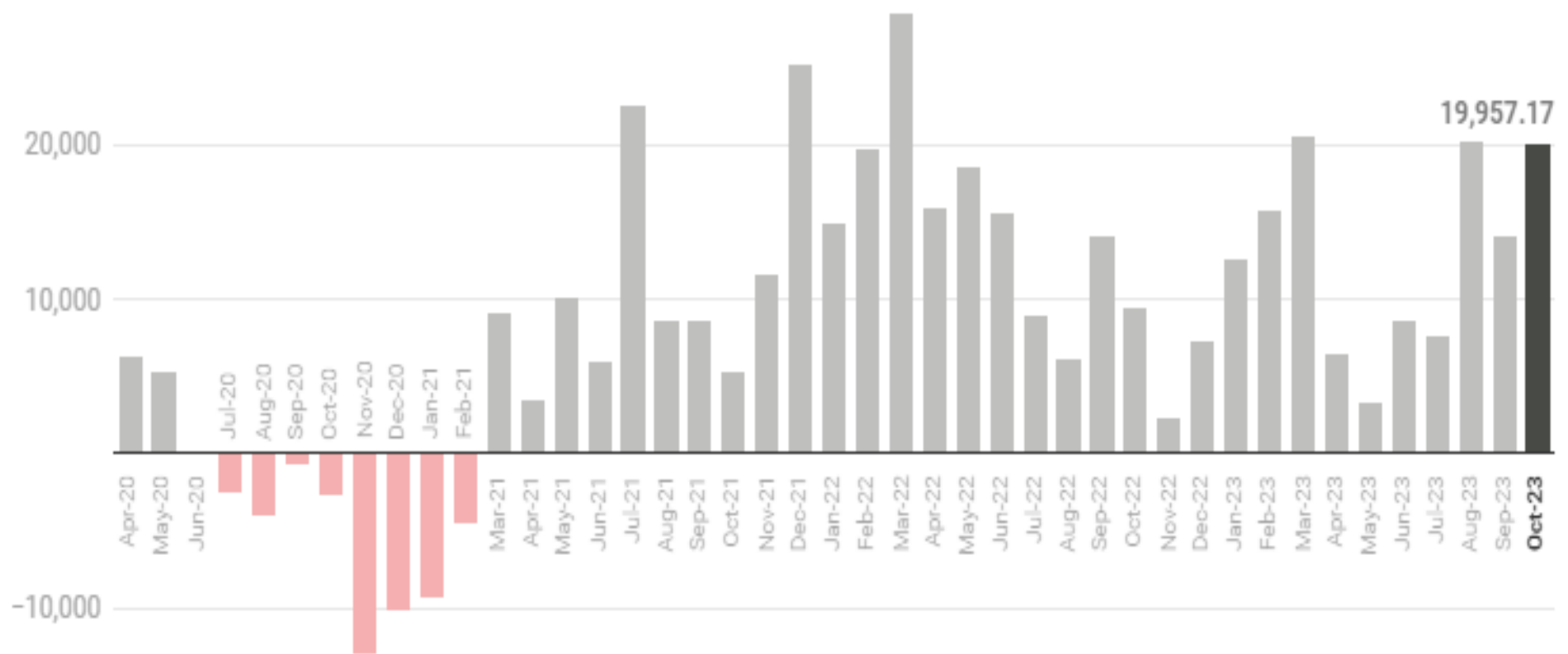
Rate of Investment Additions Nosedive in Q2 FY24



Mutual Fund Inflows



(Rs crore)



Source: AMFI

BQ PRIME

FPI Flows - Yearly



FPI Flows in US Bn \$



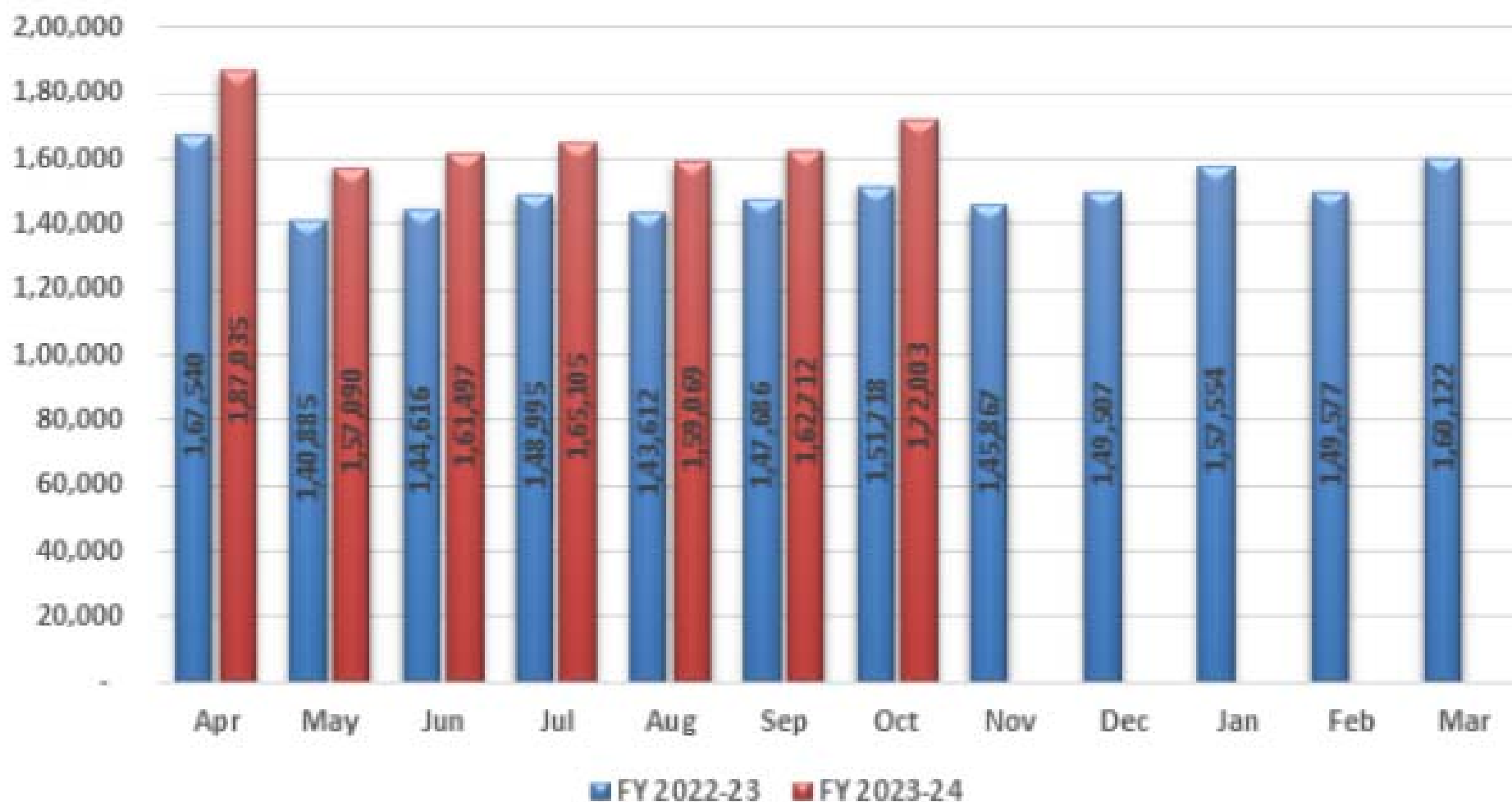
* Till Nov 9th

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GST Collections



Trends in GST Revenue Collection (Rs. in crores)



What Investor Should Do



- Broader Markets will see volatility
- Entry of large number of new investors will surprise bears
- Be selective in buying mid and small cap space due to sharp euphoric move in many stocks
- Pockets of opportunities still available

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Data To Watch



- FPI Flows
- Crude Oil

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**Capstocks wishes all
A Happy & Prosperous
Diwali.
Happy Investing**

Thank You

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