



# Current Market Scenario October 2021

# Sensex At 60000



- Bullish trend continues
- Indian market outperforms
- China to see slowdown
- PSU Stocks shines

## INDEX WATCH

INDEX	9, Oct	11, Sep	% Change
Nifty	17,895	17,369	3.0
Sensex	60,059	58305	3.0
Nifty Midcap	31,437	29,341	7.1
BSE Small Cap	29,329	27,645	6.0

# Indian Stock Market better placed in Near Term



- Good Q2 results will give support to stock prices
- Slowdown and regulatory issues in China will make Indian markets attractive
- Momentum chasers will focus on India on big outperformance

# MSCI EM Vs MSCI India



# Moody Revises Outlook



- Moody's upgrade India's rating **outlook** from Negative to Positive
- Rating retained at "Baa3"
- Downward risk between real economy and financial system are receding is the main reason cited for Outlook revision

# Positive Q2 Commentary



- Positive commentary from Titan, Dmart, M&M Fin, Federal Bank , real estate companies
- Q2 results expected to be good

# Air India Privatisation – Decades Wait Got Over



- Tata wins Air India privatisation bid
- Govt. trying to sell Air India since early 2000
- In 1953 Govt. took over from Tata and nationalised Air India

# Monsoon Update



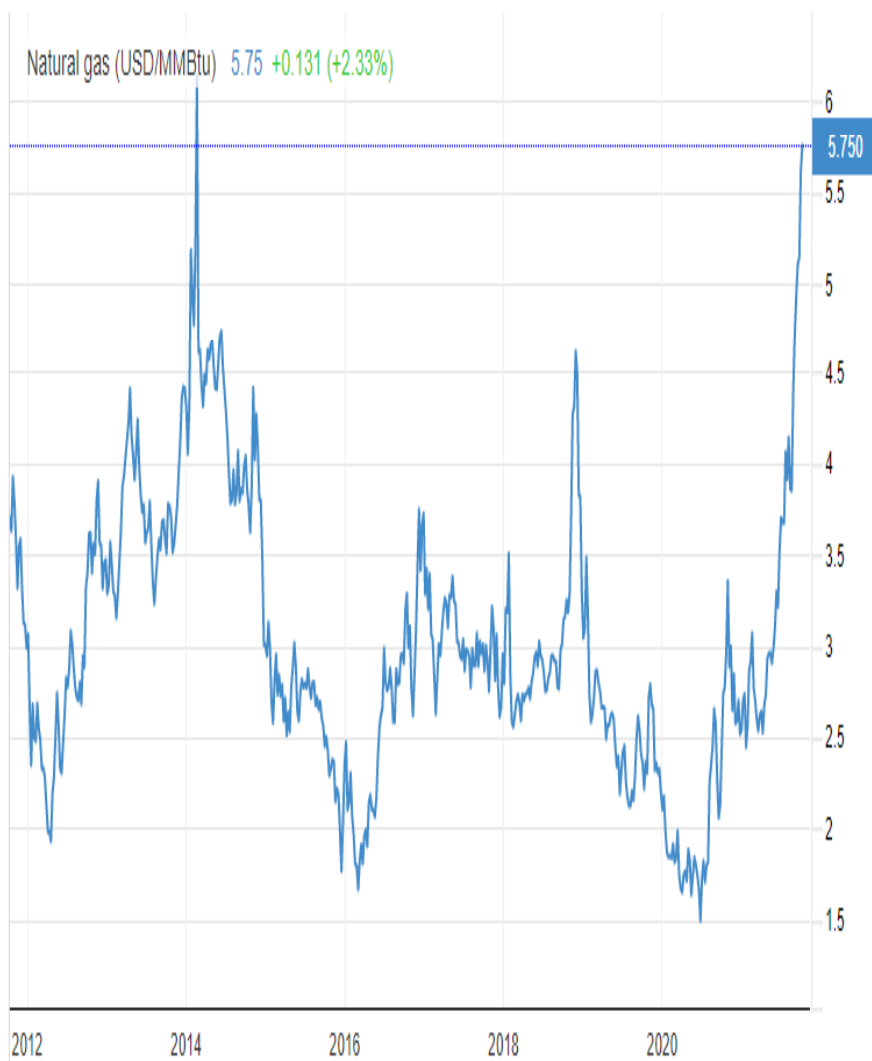
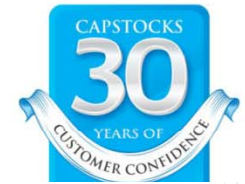
- September Rainfall pushes overall rainfall to normal
- Third consecutive normal monsoon
- Normal monsoon augurs well for rural economy

## All India Southwest Monsoon Seasonal Rainfall Departure for this year and last five years

YEAR	ACTUAL (mm)	NORMAL (mm)	% DEPARTURE FROM LONG PERIOD AVERAGE
2021	874.6	880.6	-1%
2020	957.6	880.6	+9%
2019	968.3	880.6	+10%
2018	804.0	887.5	-9%
2017	841.3	887.5	-5%
2016	862.0	887.5	-3%



# Energy Prices Skyrocketing



# Why Energy Prices Going Up



- World shunned away from Coal for some time on environmental concerns
- Higher power demand post Covid unable to fulfilled by clean energy like Solar and Wind
- European countries buying natural gas
- China which stopped importing coal from Australia due to geo political issue started buying from other sources
- Nuclear power will be an alternate if countries shed fear factor otherwise consumers has to bear high power cost

# China Impact – Global Supply Chain Disruption



- China has significant global market share in basic chemicals, Key starting material for pharma and agro chemicals
- Consumers across world started facing shortage and price inflation for Chinese products
- World will see another supply disruption if power shortage continues in China

# Inflation – Threat To Global Recovery



- Skyrocketing energy prices will lead to higher global inflation
- If high prices sustains it will be threat to low interest rate regime

# US Bond Yield Rises



US 10 Year Note Bond Yield (percent) 1.5904 +0.014 (+0.89%)



# China – Country to Watch



- China turning to a real communist country
- Policy announcements are towards “Common Prosperity “
- Real estate, Education and healthcare to be made affordable to all

# Evergrande – Chinese Regulatory Action Casualty



- Evergrande , second largest property developer in China on verge of default
- Govt. Restrictions on companies to take loan and banks to lend to real estate led to cash flow mismatch
- Evergrande has real estate assets and will sell to settle liabilities

# China Slow Down Imminent



- Slowdown in real estate and power crisis will lead to slower economic growth
- India will benefit as some customers will look India as a alternate source
- Since China is second largest economy in world any sharp slow down will have impact on global economy



# PSU Stocks Doing Well



- PSU stocks doing well on higher commodity prices
- Since most of PSU stocks are old economy, recent run up in oil, gas and coal prices led to rally
- Should be seen as a tactical move

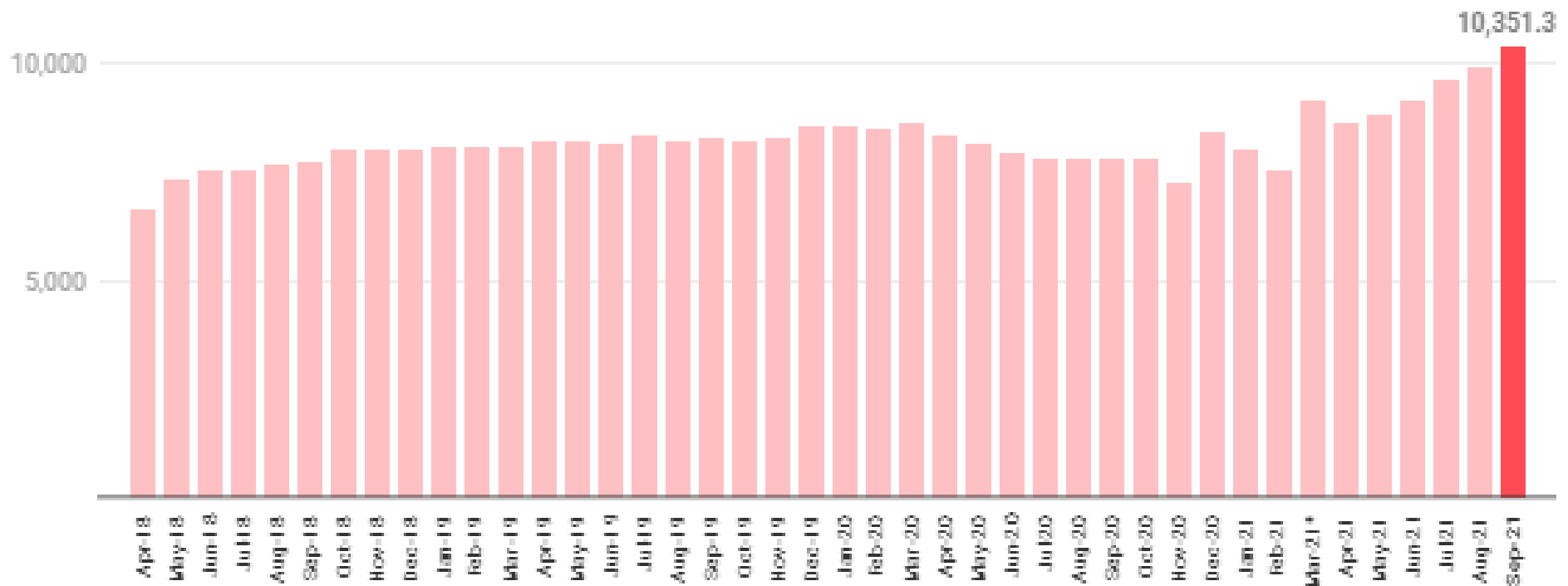


# Equity SIP Flows



## SIP Contribution

Net investments (Rs crore)



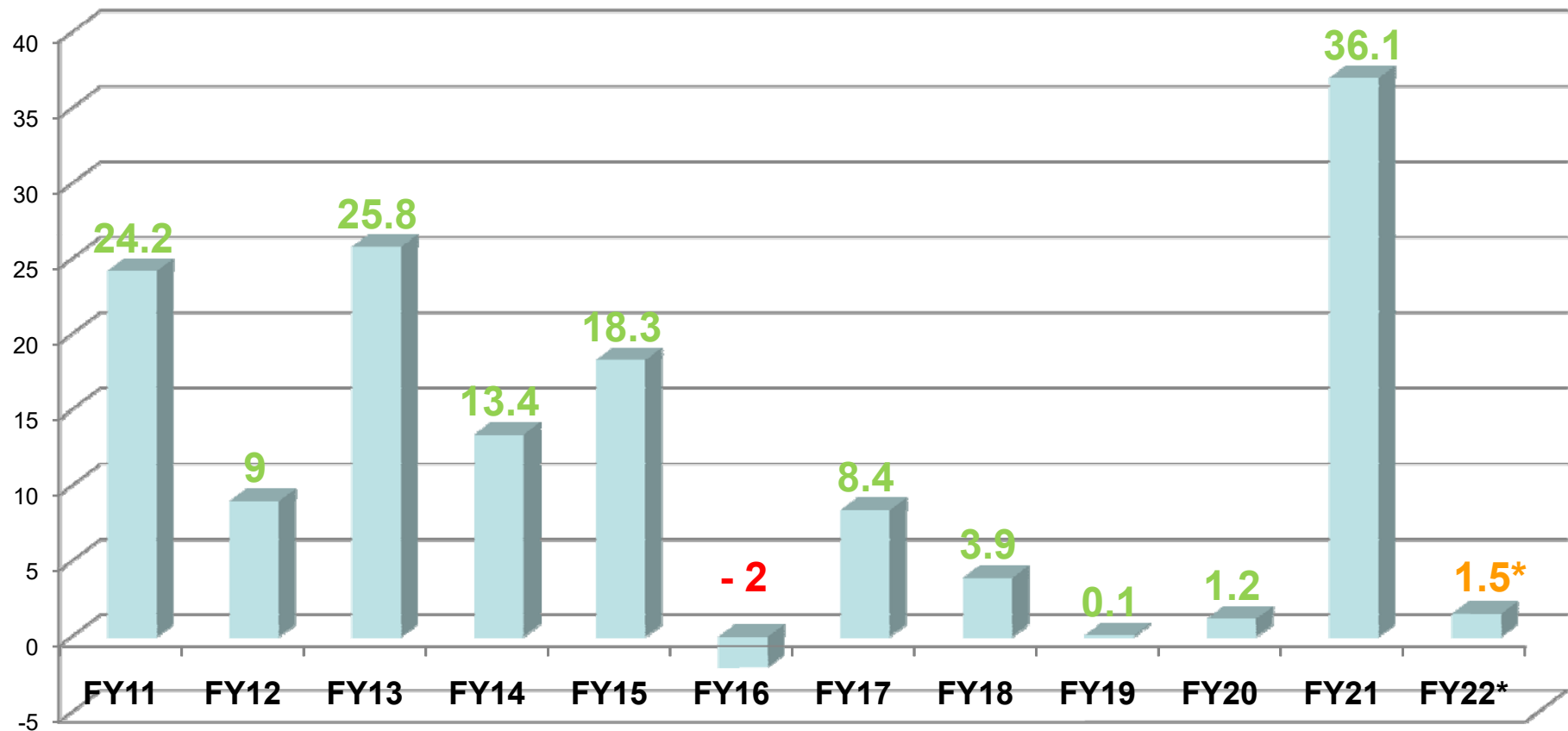
\*March 2021 SIP numbers are sourced from a Motilal Oswal note.

Source: AMFI

# FPI Flows

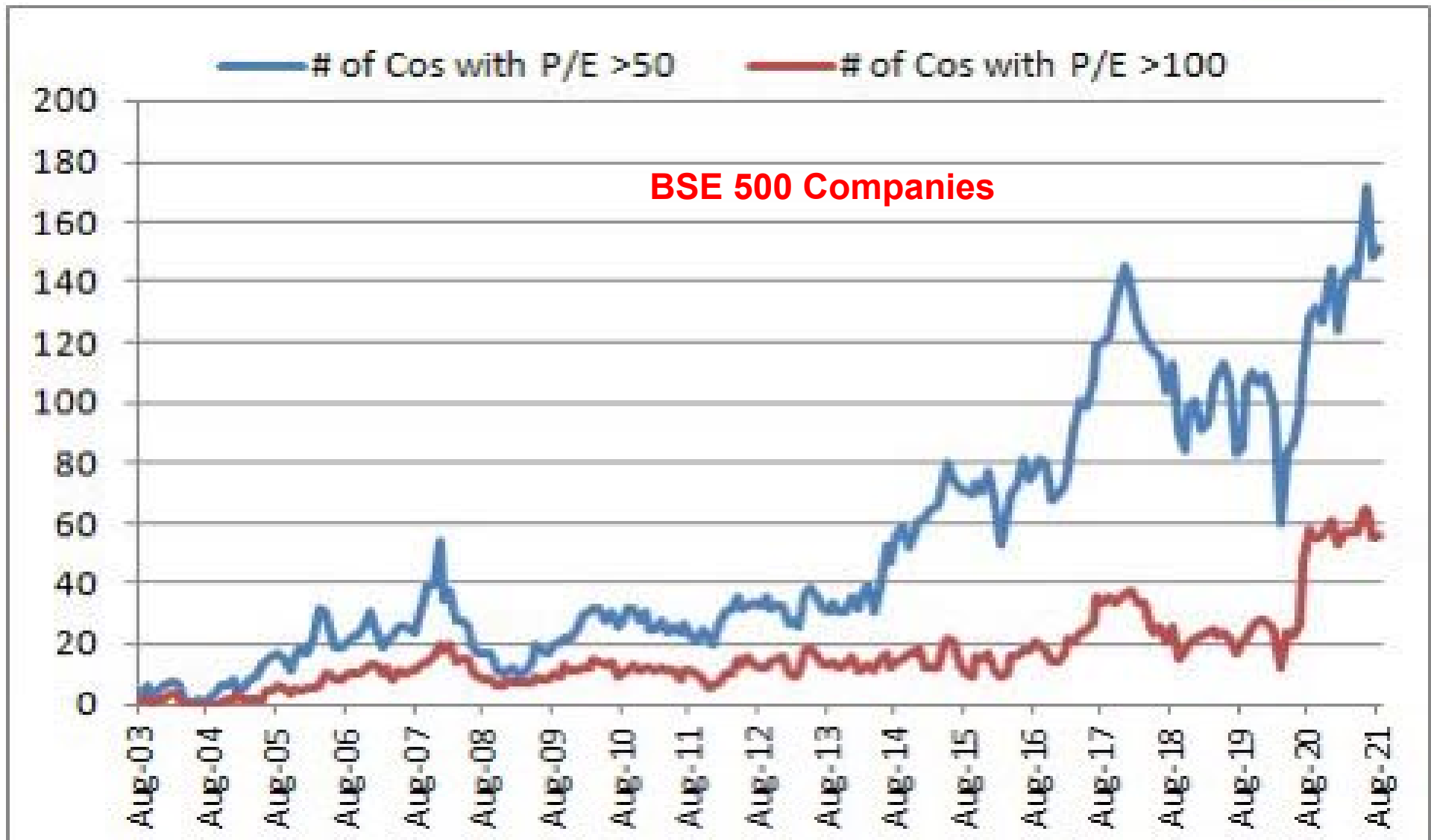


## FPI Flows in US Bn \$



\* Till Oct 9th

# Valuations Going Up



# India Second Covid Wave Plateau

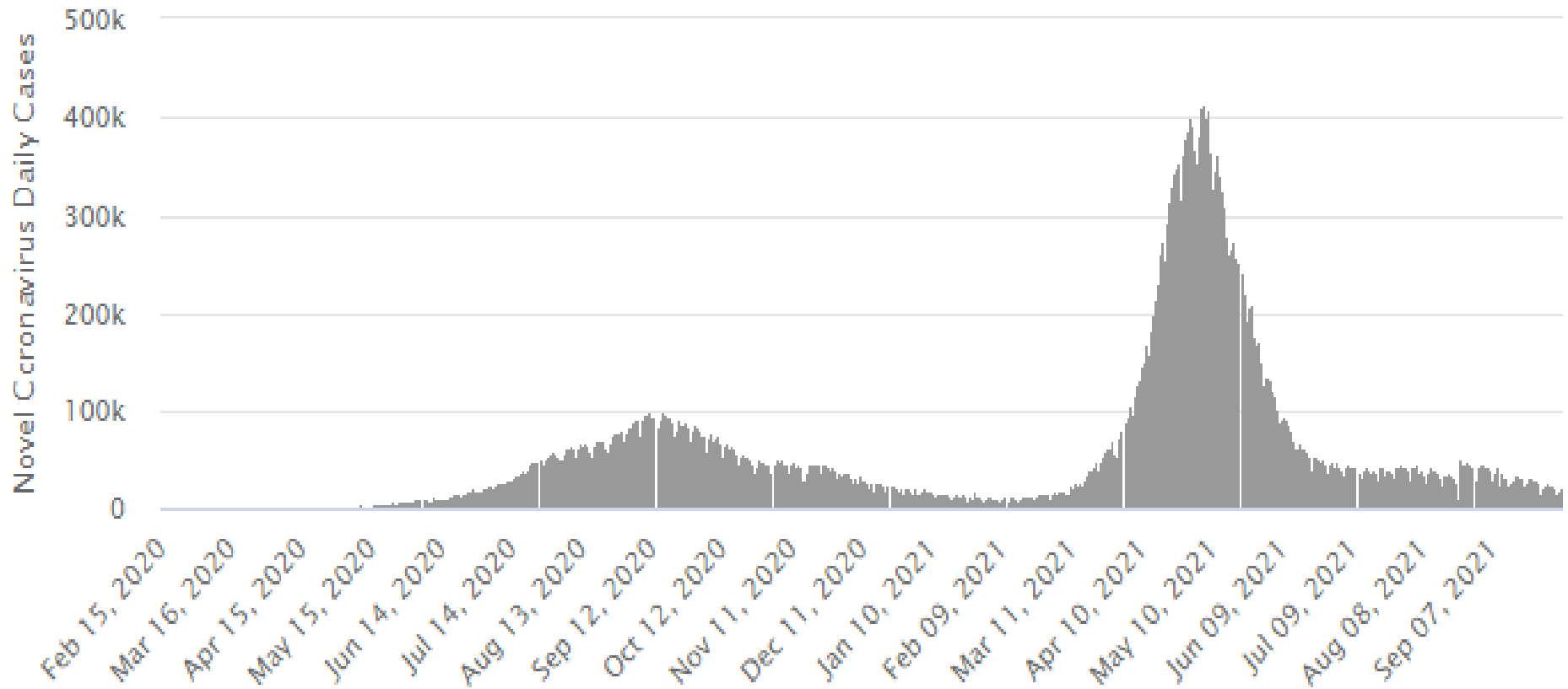


## Daily New Cases

### Daily New Cases

Cases per Day

Data as of 0:00 GMT+0

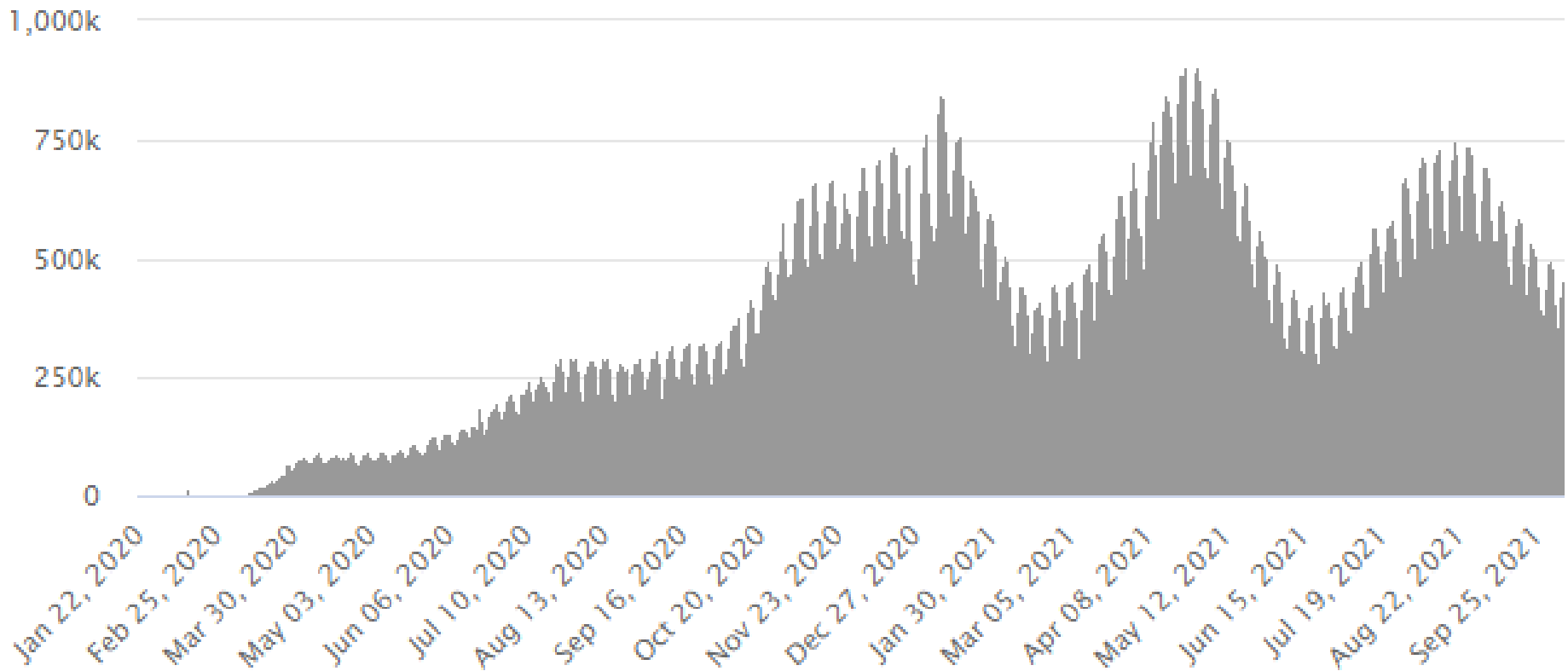


# Global Covid Cases



## Daily New Cases

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



# Conclusion



- Market expected to see volatility
- Don't chase momentum unless for trading purpose or have conviction on that stock

# Events To Watch



- Q2 results
- Energy prices





**Thank You**