

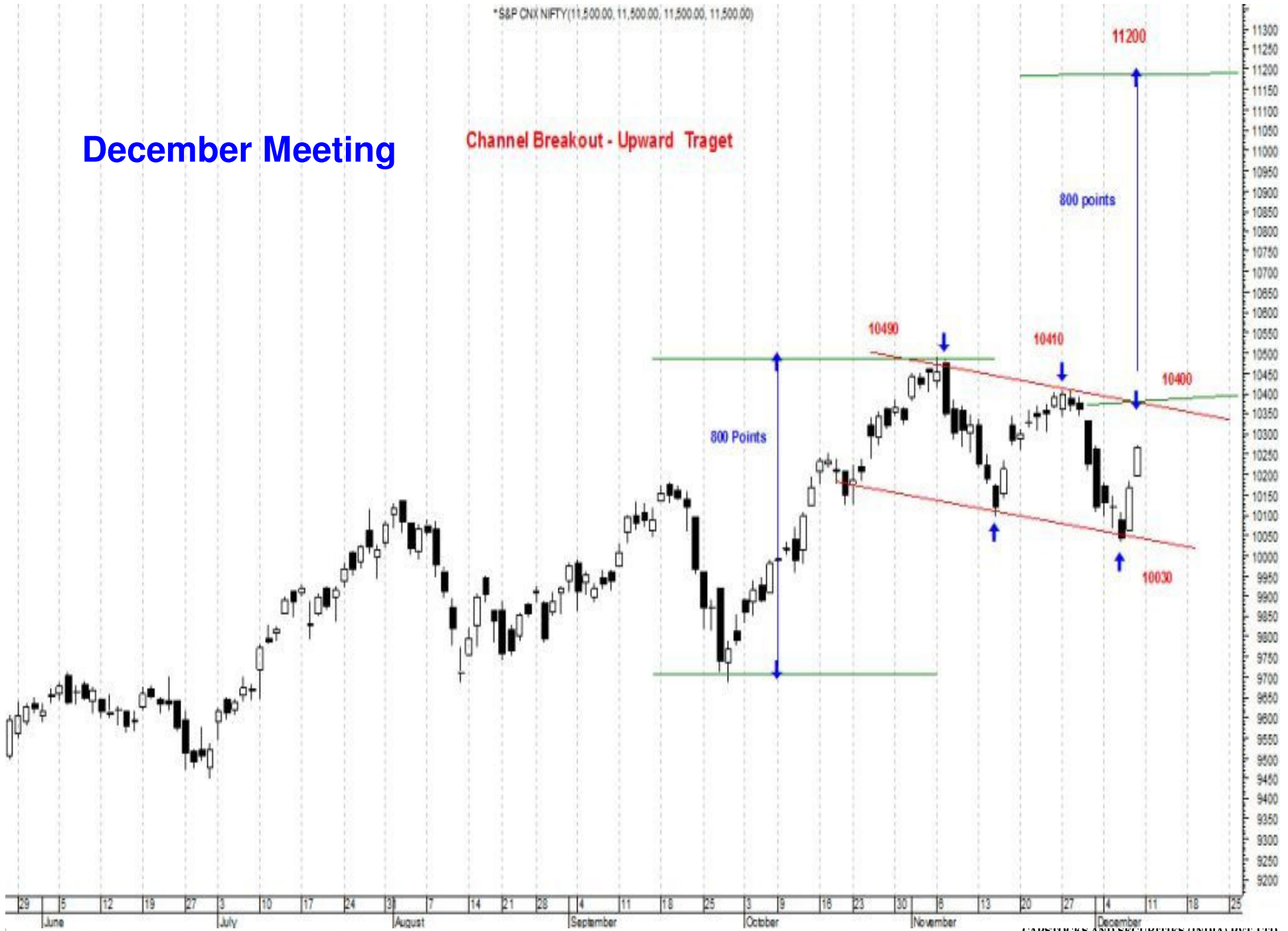


Current Market Scenario

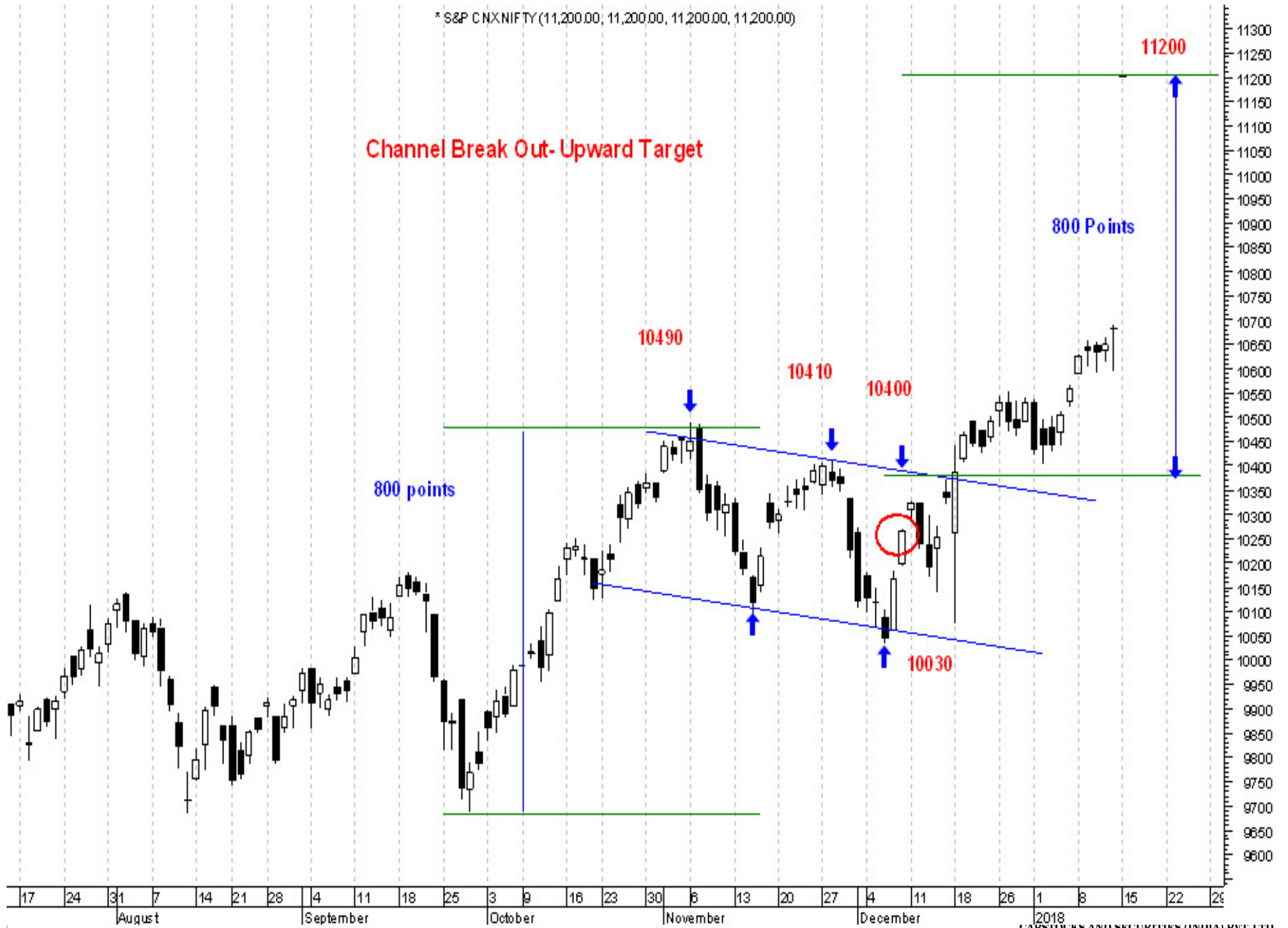
December Meeting

*S&P CNX NIFTY(11,500.00, 11,500.00, 11,500.00, 11,500.00)

Channel Breakout - Upward Target



* S&P CNX NIFTY (11,200.00, 11,200.00, 11,200.00, 11,200.00)



* S&P CNX NIFTY (10,882.50, 10,890.40, 10,597.10, 10,881.25)

NIFTY Channels

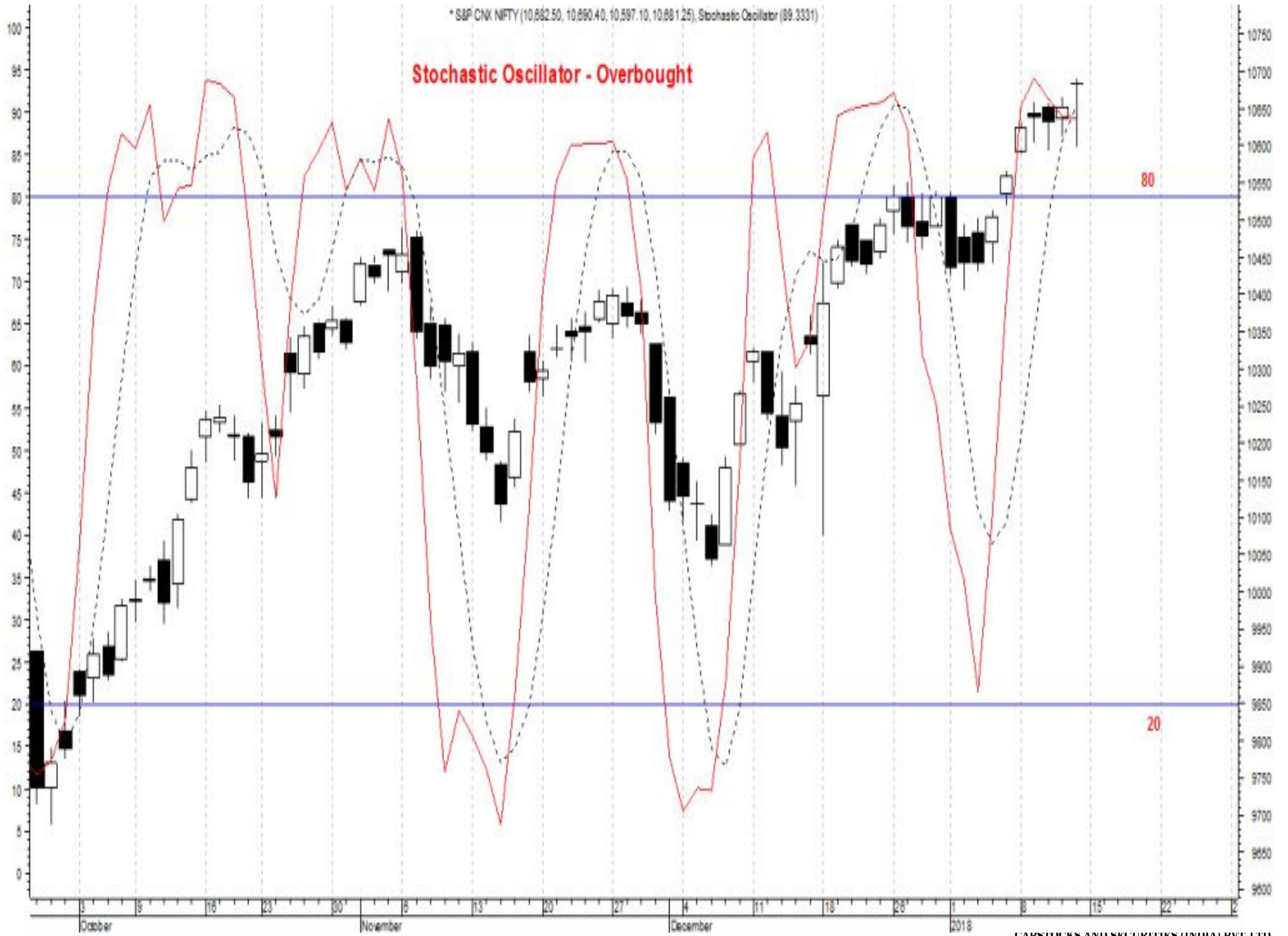


* S&P CNX NIFTY (11,400.00, 11,400.00, 11,400.00, 11,400.00)



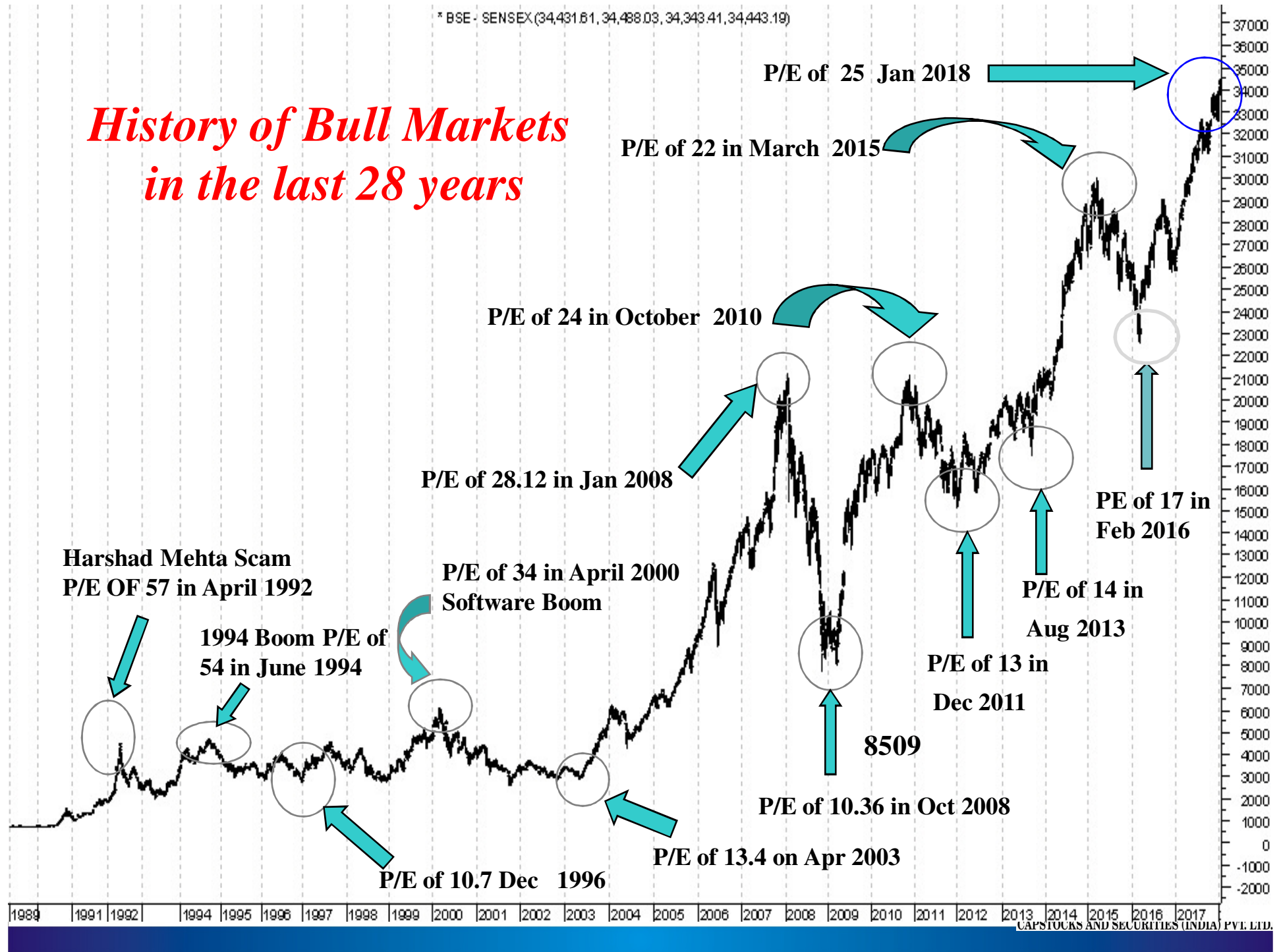
* S&P CNX NIFTY (10,682.50, 10,690.40, 10,597.10, 10,661.25), Stochastic Oscillator (89.3331)

Stochastic Oscillator - Overbought

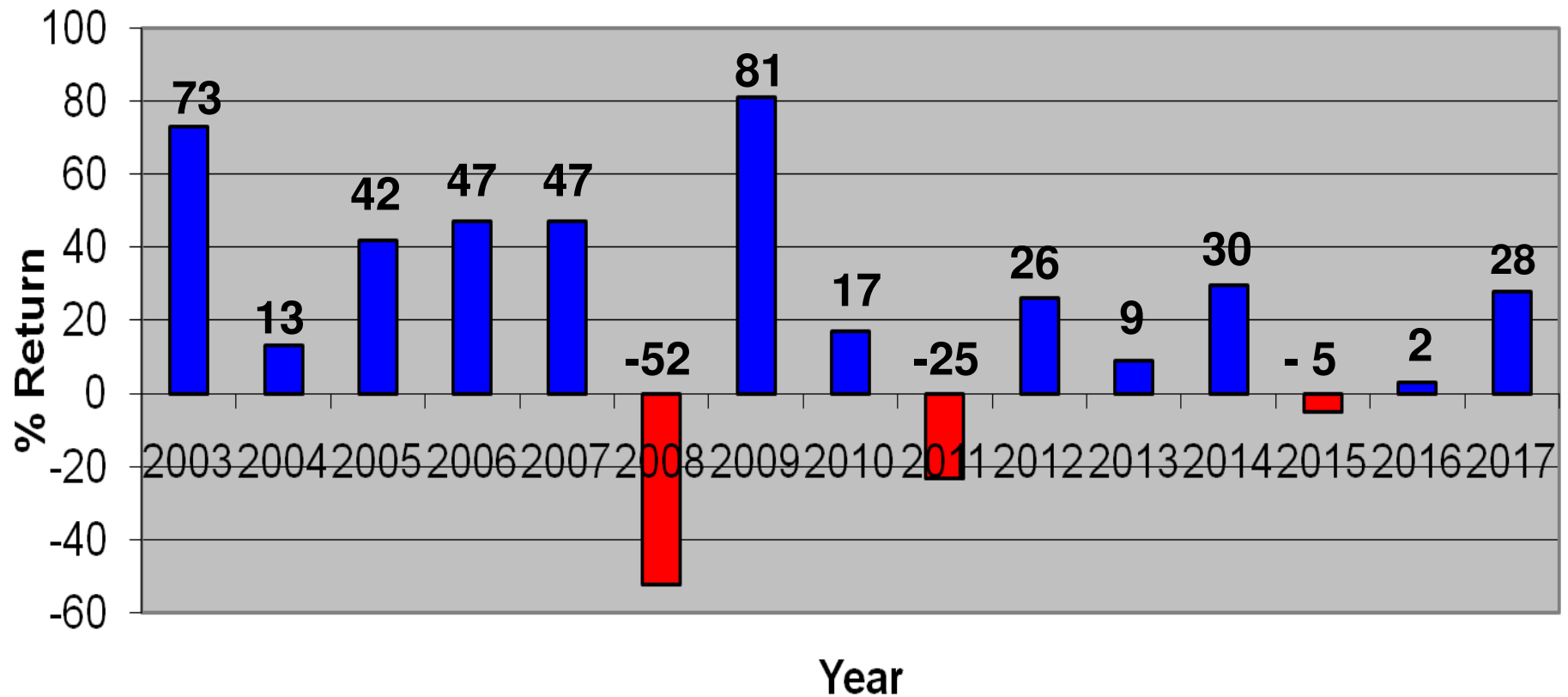


* BSE - SENSEX (34,431.61, 34,488.03, 34,343.41, 34,443.19)

History of Bull Markets in the last 28 years



Sensex Annual Performance



Markets Hits Record Level



- Indices at All Time High
- Mid and Small Cap Outperforms
- US Market continues strong bull run
- Commodities Rally

INDEX WATCH

INDEX	13, Jan	8, Dec	% Change
Nifty	10,681	10,265	4.0
Sensex	34,592	33,250	4.0
Nifty Midcap	21,694	20,014	8.3
BSE Small Cap	19,993	18,211	9.7

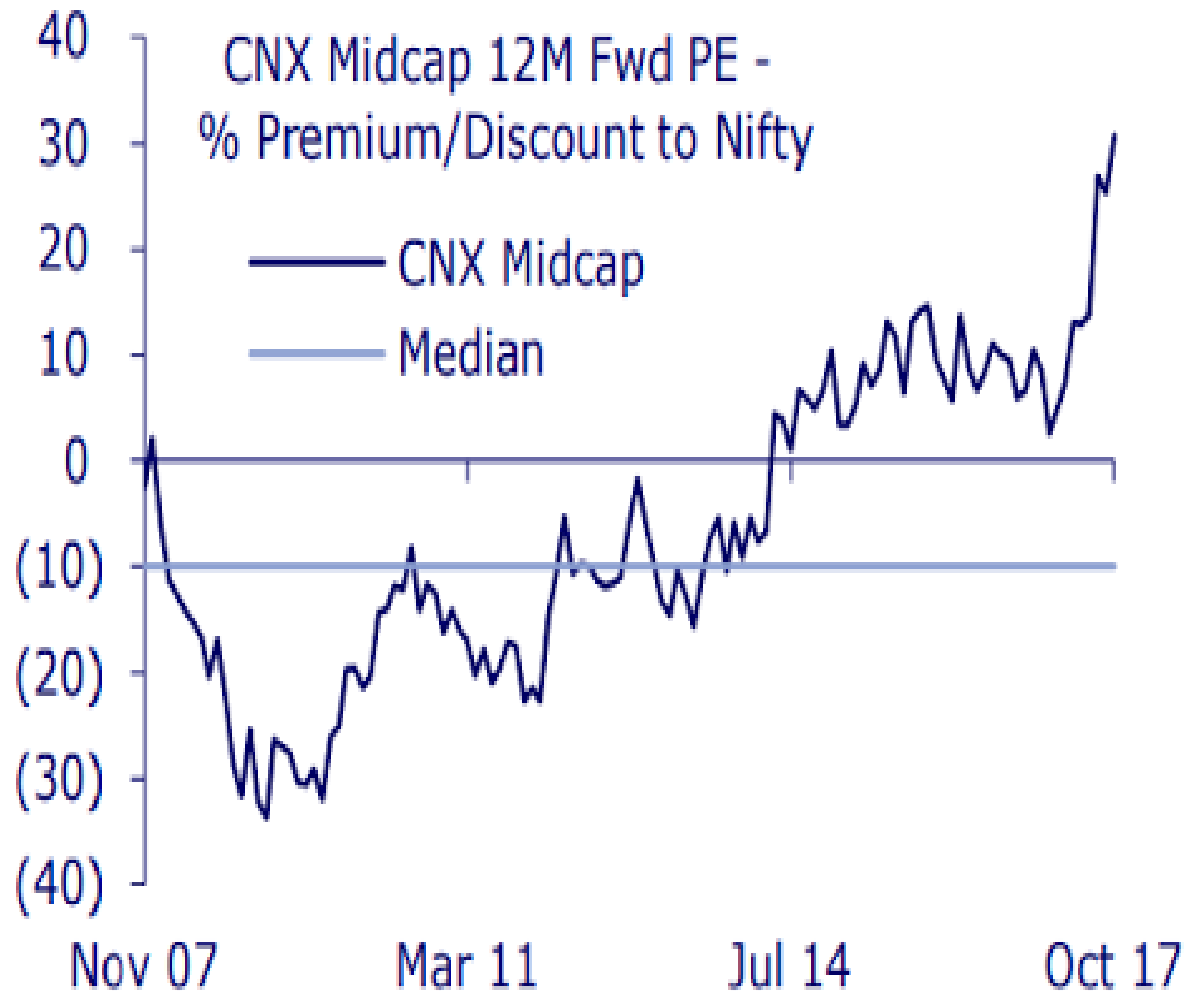
Markets At All Time High – Scepticism Persists



- Lack of earnings growth and Higher Valuations
- Lesson of 2008 still in memory

Midcap index at a 30% premium to Nifty

Midcap valuations appear expensive



Source: Bloomberg, CLSA

Budget Expectations



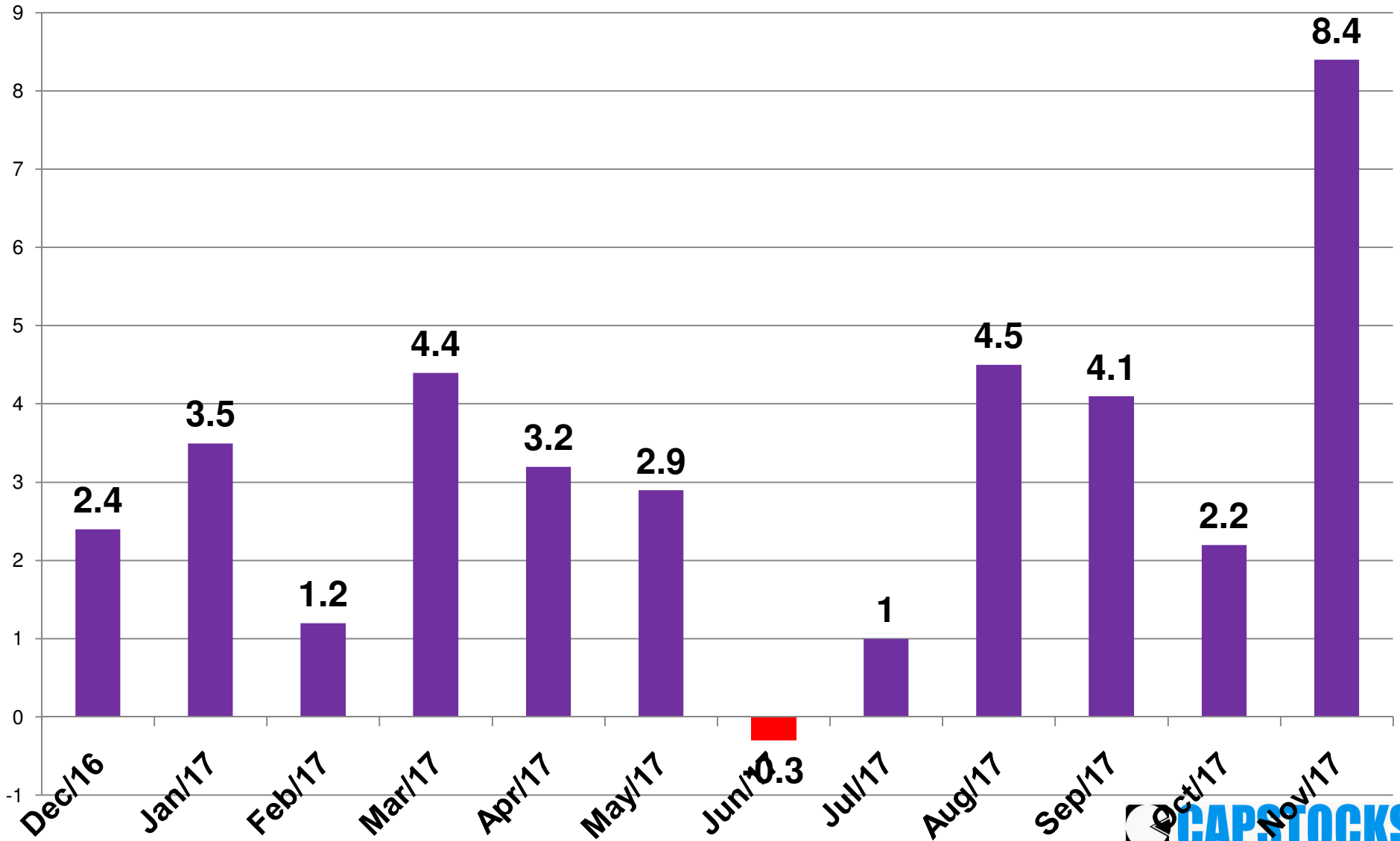
- To focus on sectors related to rural economy
- Tax Sops for middle class segment
- Introduction of long term capital gains

Will Govt. Introduce LTCG ?



- Debate on introduction of Long Term Capital Gain for shares started
- STT was introduced in Oct 2004 in lieu of LTCG
- Immediate market reaction depends upon the form of LTCG
- Right now there is no tax if we sell shares after one year

Green Shoots Visible – IIP at 17 Month High



December Vehicle Sales



Segment	% Change (YoY)
Car	0
Two Wheelers	41
Commercial Vehicle	52

Concern on Domestic Macro Economy



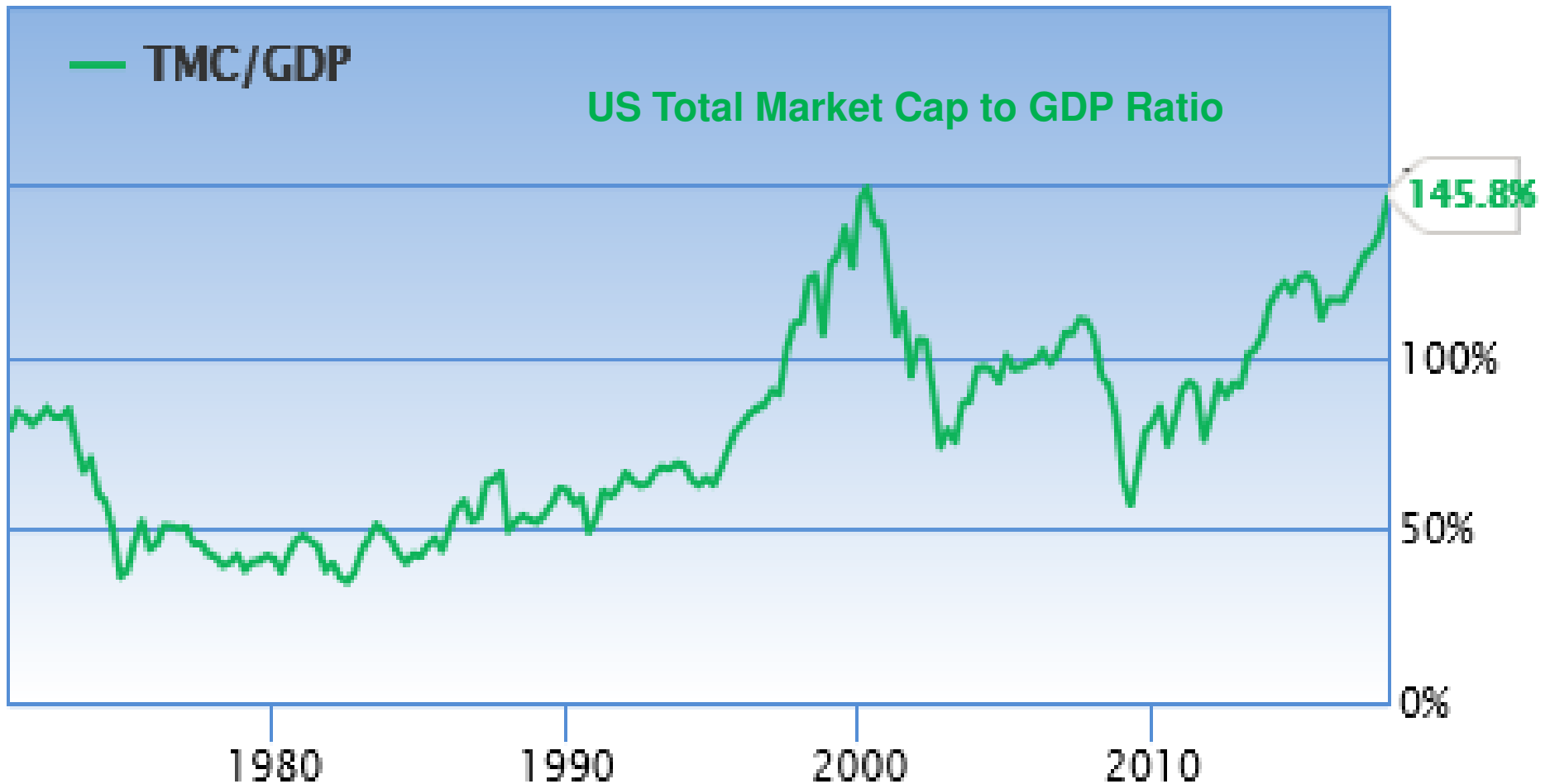
- Higher fiscal deficit on lower tax collection due to GST implementation
- Higher current account deficit on higher crude oil prices
- Higher interest rate on more Govt. borrowing

US Markets on Huge Rally



- Rally triggered by Trump Policy on infrastructure spending and Corporate Tax Cut
- Recovery in economy giving fundamental support
- Valuations at higher levels
- US markets will have impact on global market

Valuations Near All Time High



China strict Environment Laws

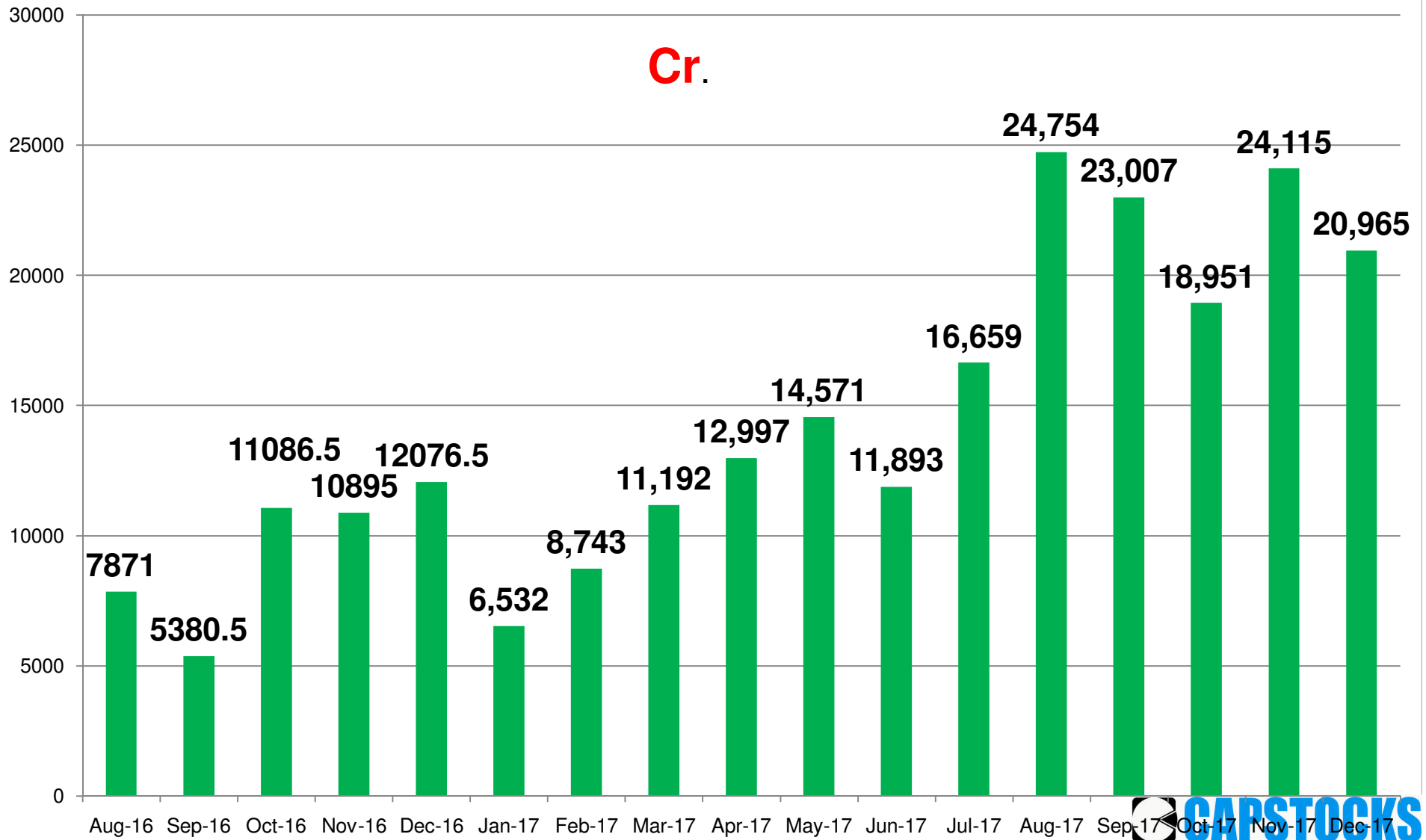


- Plant closure in China on pollution control leading to supply squeeze in metals and chemicals
- Steel Exports from China has come down significantly
- Stopped importing waste paper and plastics

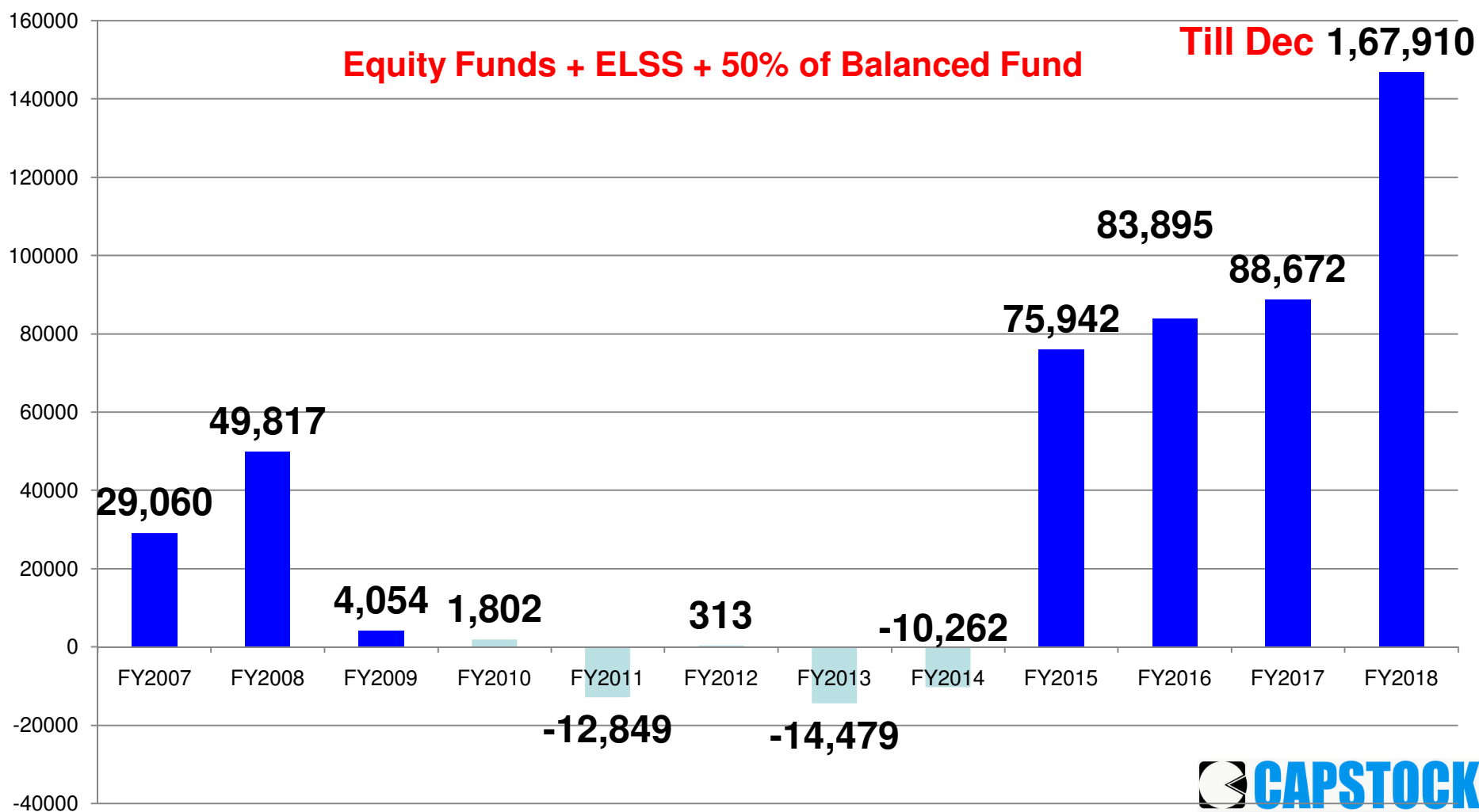
Mutual Fund Inflows



Cr.



Record Inflows in Mutual Fund





HDFC Twins To Raise Huge Money

- HDFC Bank to raise 24,000 Cr. through various means out of which HDFC will subscribe for 8,500 Cr.
- HDFC to raise 13,000 Cr.
- Overall HDFC twins to raise around 28,500 Cr.

Bitcon – Is it Another Bubble ?



Bitcoin Price

Bitcoin.com





Events to Watch

- Union Budget on Feb 1
- Global markets



Thank You