

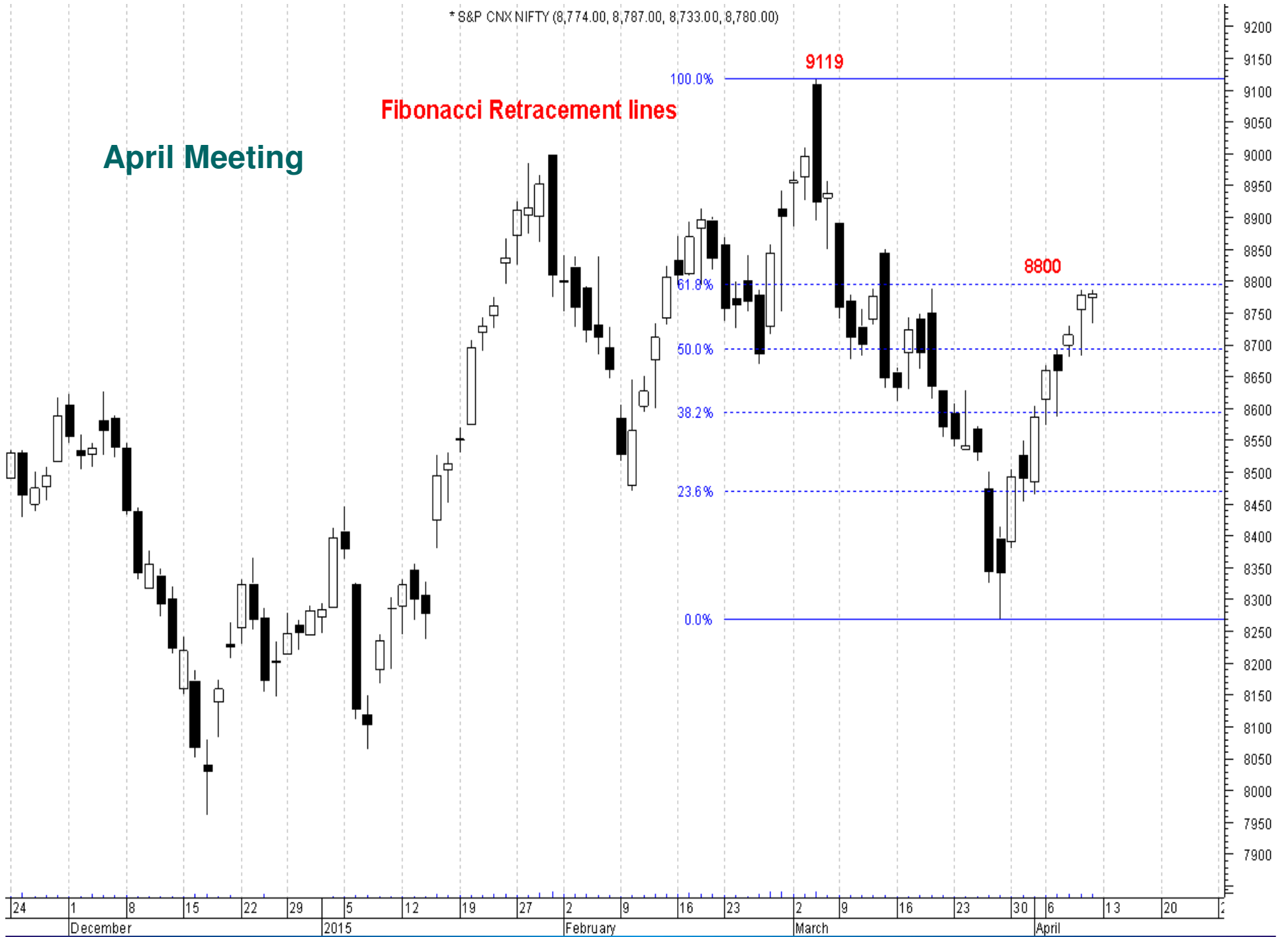


# Current Market Scenario

\* S&P CNX NIFTY (8,774.00, 8,787.00, 8,733.00, 8,780.00)

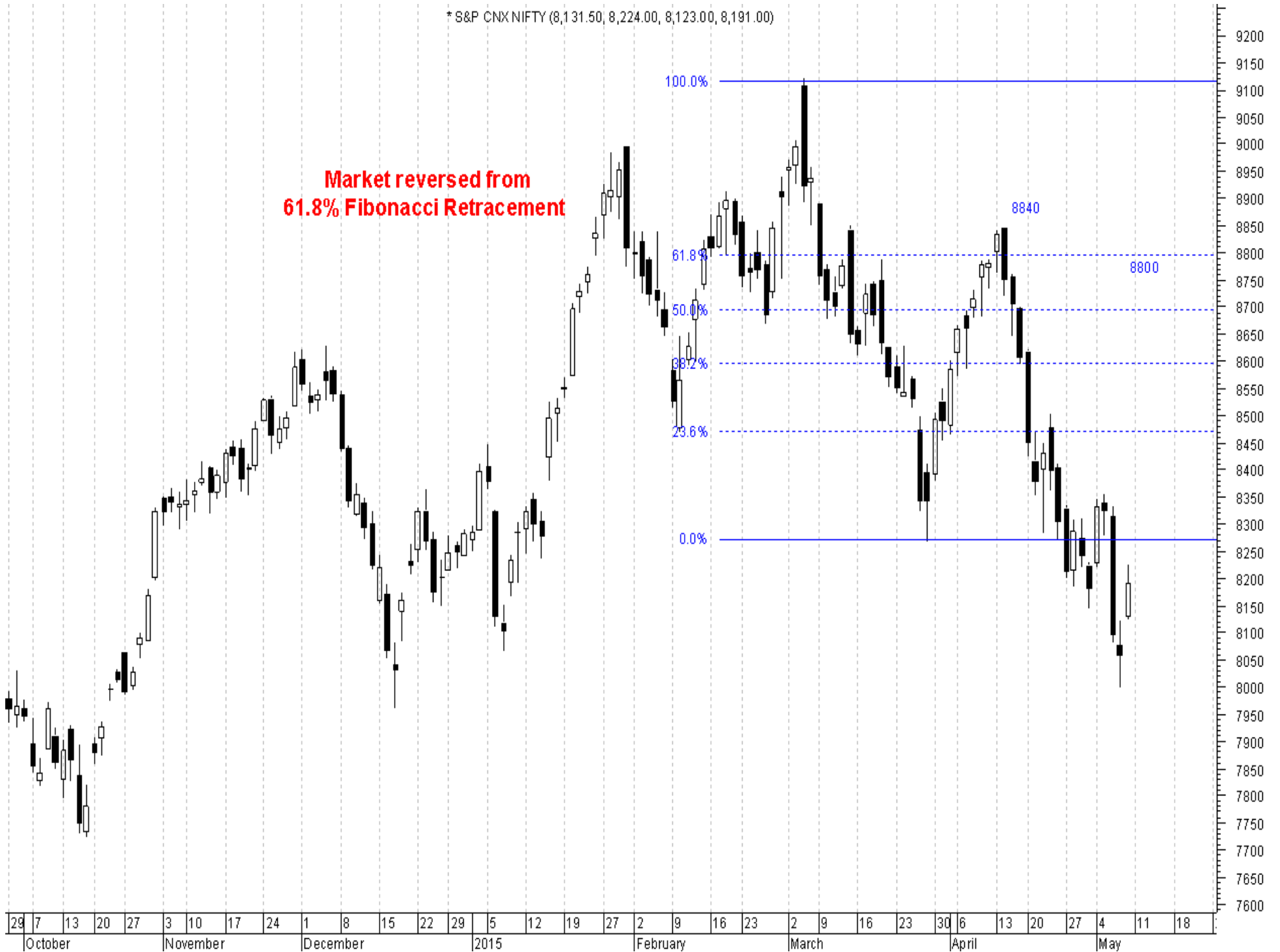
# April Meeting

## Fibonacci Retracement lines



\* S&P CNX NIFTY (8,131.50, 8,224.00, 8,123.00, 8,191.00)

**Market reversed from  
61.8% Fibonacci Retracement**





\* S&P CNX NIFTY (8,131.50, 8,224.00, 8,123.00, 8,191.00)

### Long Term Channel Breakdown



\* S&P CNX NIFTY (8,131.50, 8,224.00, 8,123.00, 8,191.00)

**Channel Resistance**  
**8600 to 8650**

**Channel Resistance**

**Channel Breakdown**



\* S&P CNX NIFTY (8,131.50, 8,224.00, 8,123.00, 8,191.00)

**Channel Support  
7600 to 7700**

**Channel  
Breakdown**

**1000 Points**

**1000 Points**

**Channel  
Support**



\* S&P CNX NIFTY (9,741.50, 8,822.00, 8,729.00, 8,805.00)

February Meeting

Broadening and Ascending wedge





\* S&P CNXNIFTY (8,756.20, 8,785.50, 8,882.46, 8,778.30)

Broadening and Ascending wedge

April Meeting



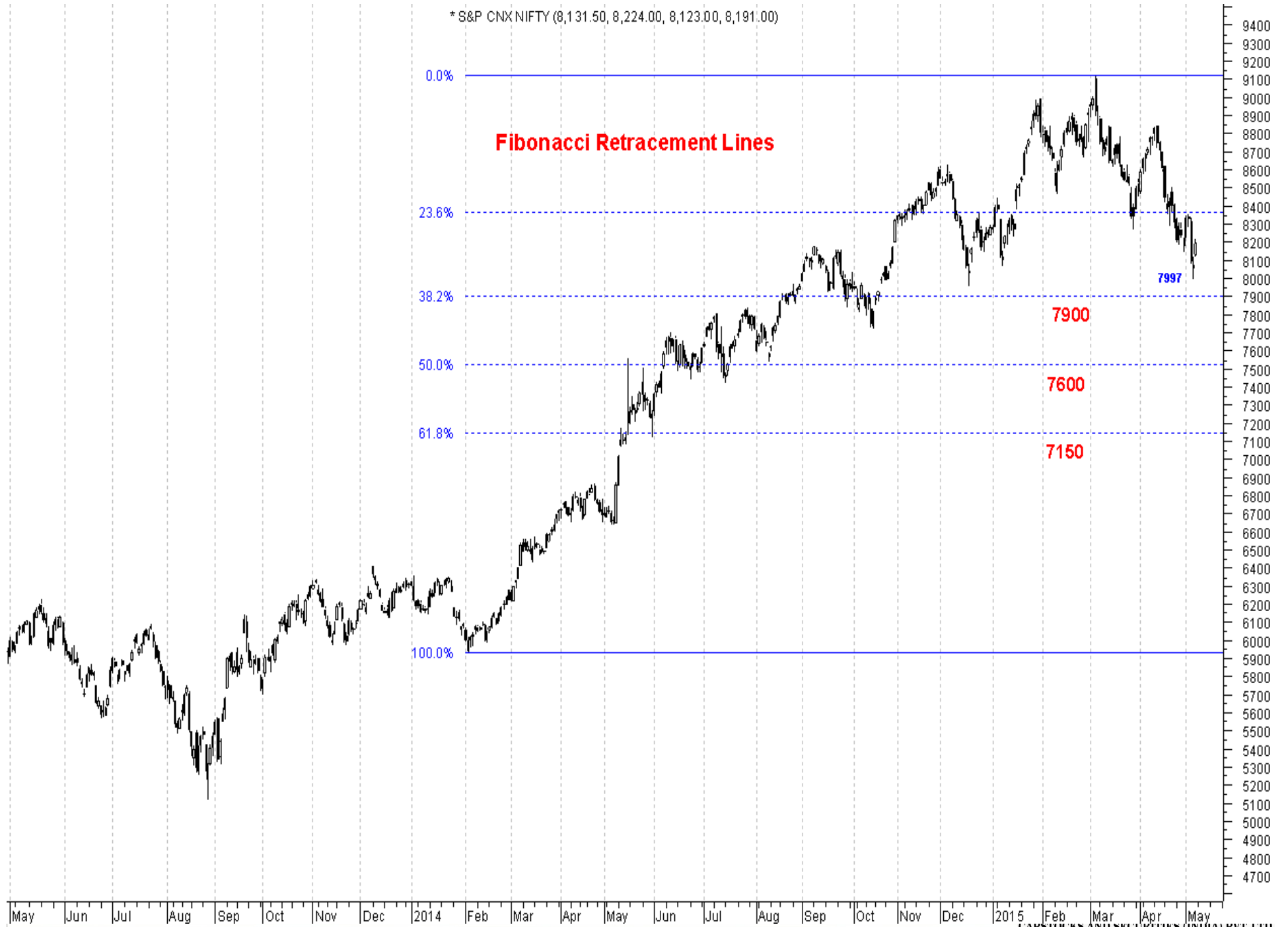
\* S&P CNXNIFTY (8,131.00, 8,224.00, 8,123.00, 8,191.00)

### Broadening and Ascending wedge



\* S&P CNX NIFTY (8,131.50, 8,224.00, 8,123.00, 8,191.00)

### Fibonacci Retracement Lines



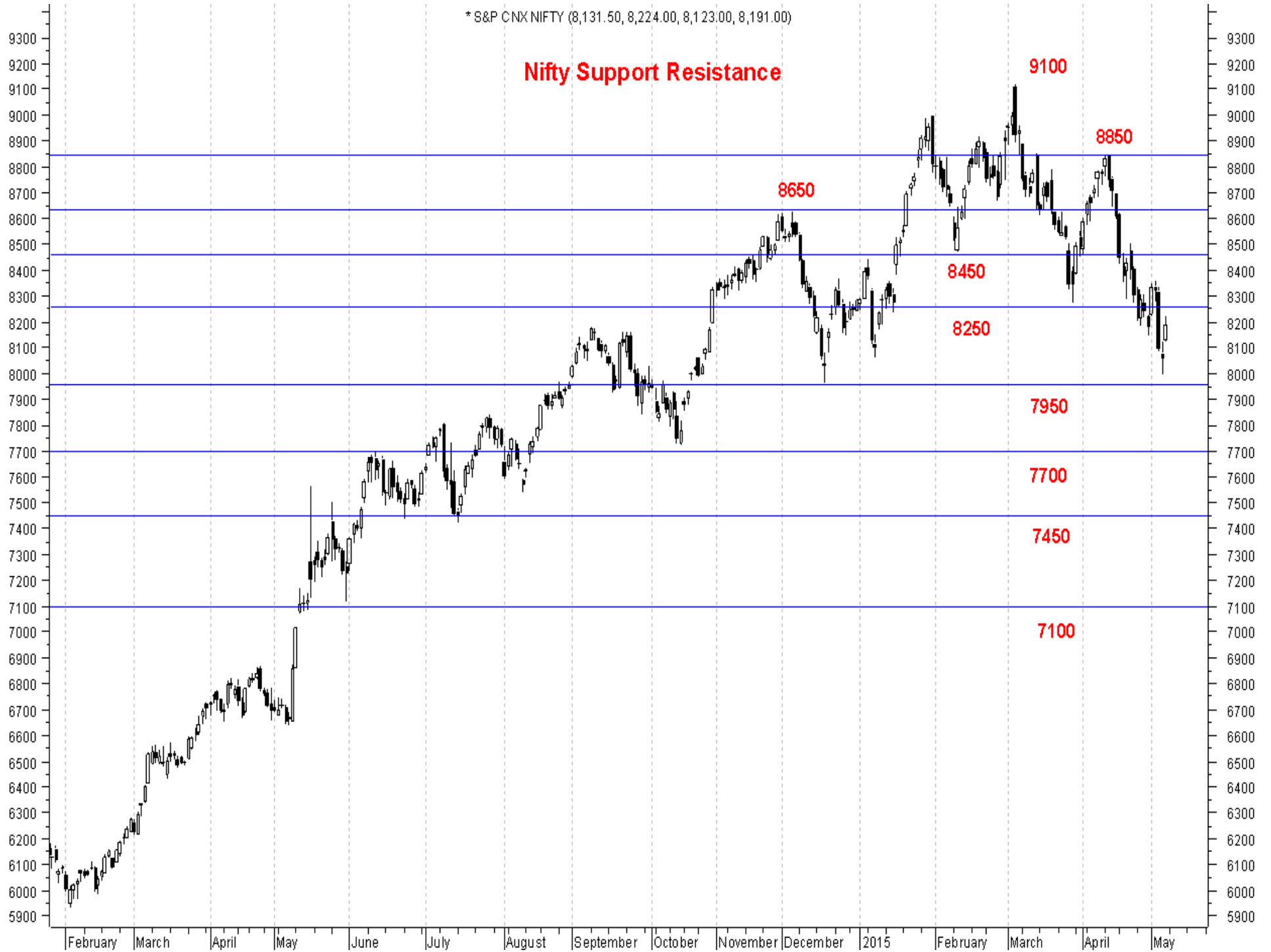
\* S&P CNX NIFTY (8,131.50, 8,224.00, 8,123.00, 8,191.00)

**Head and Shoulder Pattern?**

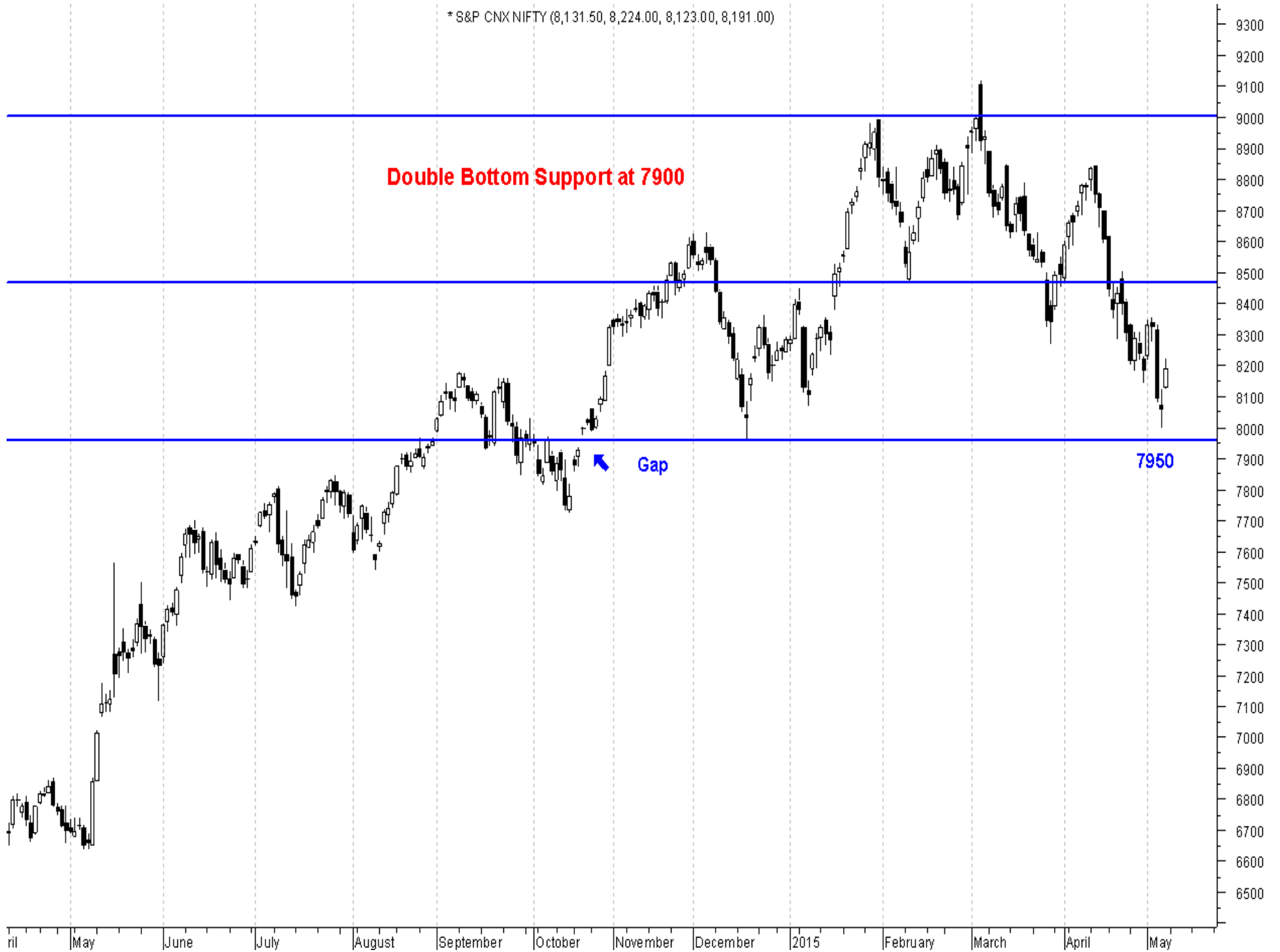


\* S&P CNX NIFTY (8,131.50, 8,224.00, 8,123.00, 8,191.00)

### Nifty Support Resistance



\* S&P CNX NIFTY (8,131.50, 8,224.00, 8,123.00, 8,191.00)



# Markets Correct on Multiple Concern



- Sensex YTD return turns negative
- Global markets are volatile
- Domestic Institutions active buyers
- Modi euphoria subsides

## INDEX WATCH

<b>INDEX</b>	<b>8, May</b>	<b>11, Apr</b>	<b>% Change</b>
Nifty	8191	8780	-6.7
Sensex	27105	28879	-6.2
CNX Midcap	12529	13620	-8.0
BSE Small Cap	10829	11846	-8.6



# Reasons for Current Market Correction

- No visible recovery in economy at ground level
- Govt. unable to pass crucial bills like Land Acquisition bill
- Tax notices to Foreign Investors
- Bounce back in crude oil prices
- Weak monsoon forecast
- Waning of “Modi” wave
- Active Chinese IPO Market and Rotation story in Emerging Markets





# Avalanche of IPO in China

- Between May 5 and May 12 - 25 companies would mobilise \$377 Billion
- This is 11 times the amount Indian companies raised through IPO in the past decade
- This is 3 times cumulative FII equity investments in India since 1992-93
- Chinese IPO are attractive since rules force companies to issue shares at a substantial discount to valuation listed peers
- In the past one year all IPO have recorded more than 40% listing gain



# Rotation in Emerging markets

- FII selling share to reduce overweight position in India
- FII buying countries like China, Korea as they out performed other EM peers and also are underweight

# Tax Notice Spooks Foreign Investors



- Media reported 40,000 Cr. tax notice send to foreign investors
- Finance ministry clarified 600 Cr. tax notice given to foreign investors to pay Minimum Alternative Tax (MAT)
- Bombay High Court gave stay order for Tax Notice to an FII
- FM gave assurance to set a committee



# FII Taxation

- Due to Tax treaty, Mauritius and Singapore Foreign investors are exempted from Tax
- Foreign investors from US and UK don't pay tax as they don't have permanent establishment in India
- Tax dept. says minimum alternative tax has to be paid in spite of exemptions but foreign investors says it applies only to Indian companies

# Bounce in Crude Oil



CBM15 - Crude Oil Brent - Daily OHLC Chart



# Contradictory Predictions for South West Monsoon

Agency	Expected Rainfall of Long Term Average
IMD	93 %
SKYMET	102 %

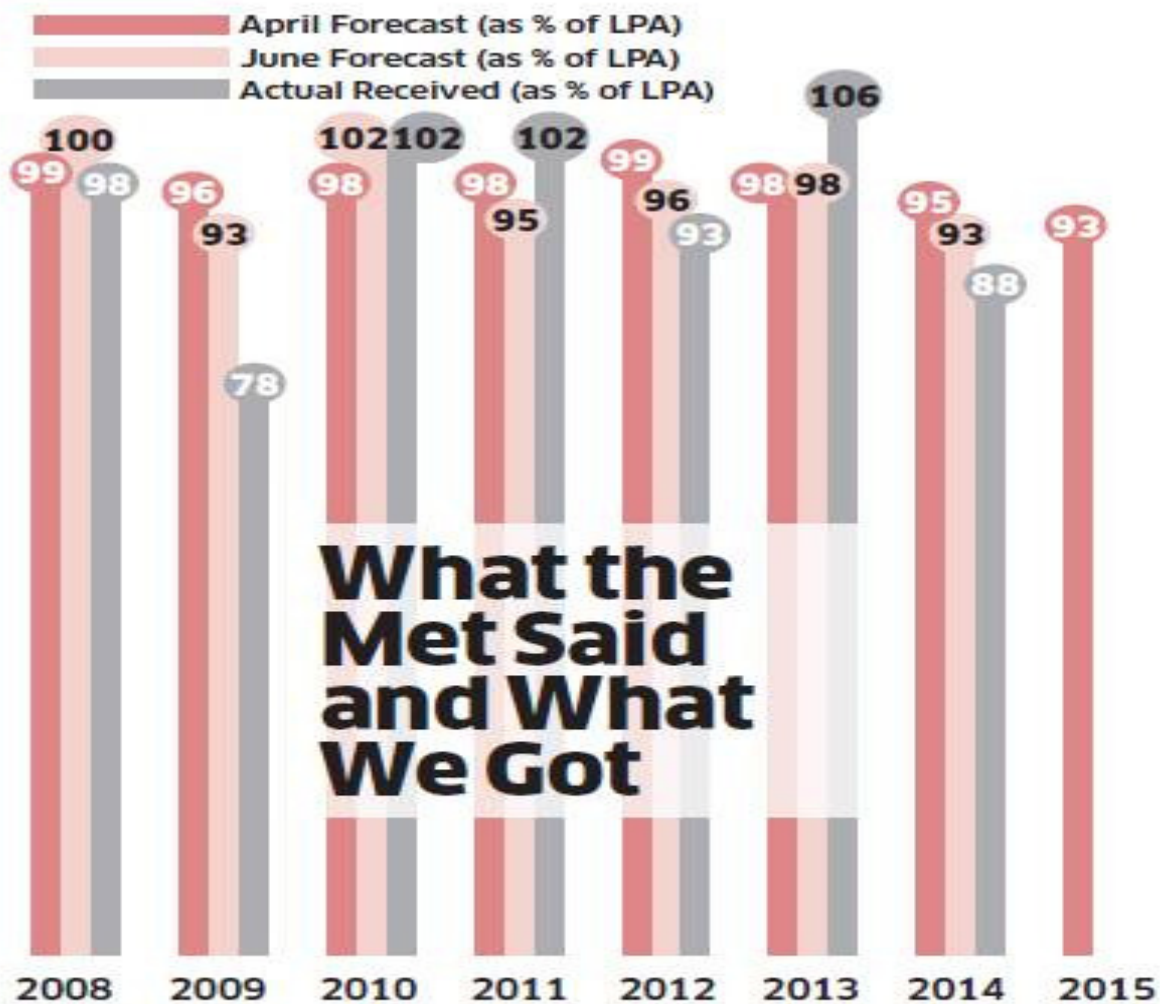
Year	% Rainfall
2009	-22
2010	+ 2
2011	+ 2
2012	-7
2013	+ 6
2014	- 12

# IMD Vs SKYMET Monsoon Forecast



	% of Long Period Average		
Year	IMD	SKYMET	Actual
2012	99	95	93
2013	98	103	106
2014	95	94	88

**Skymet Forecast are closer to Actual Monsoon Rains**



Long Period Average (LPA), or 89 cm, is the average rainfall India gets during the monsoon. Say, a forecast of 99% LPA in April 2008 means the IMD predicted monsoon rains to be 1% less (or 88.1 cm)

Source: India Meteorological Department





# Q4 Result Performance

	% Change (YoY)	
	Mar 2015	Mar 2014
Sales	<b>- 8.4</b>	<b>14.8</b>
Net Profit	<b>6.3</b>	<b>15.1</b>

**Results of 285 companies**

# Sensex Earnings Below Estimates



Financial Year	Sensex EPS	% Growth
2010	850	10
2011	1060	24
2012	1155	9
2013	1200	4
2014	1340	12
2015	1410 *	5

**Initially FY2015 Earnings growth expected to be 15 %**

**\* Estimates**

# IT Companies Post Muted Results



- All large cap IT companies fell post announcement of results
- MidCap companies like Geometric, KPIT nosedived post results
- Currency headwinds, lower demand are cited as reason for muted results
- Only time will tell IT companies problem are structural or temporary

# Is Rural Economy Slowing Down ?



- Fall in agri product prices like cotton, rubber, sugar
- Lower Govt. spending in rural job guarantee schemes like MNEREGA
- Crop damage on unseasonal rains



# Impact of Rural Economy Slowdown

- Two wheeler sales growth will be lower
- Volume growth of FMCG companies will be muted
- Lower end of consumer durables will get impacted



# Conclusion

- If monsoon arrives in time and if it is ample, market will go up after bottom formation in May
- Good time to accumulate select mid and large cap stocks if correction is steep



## Events to Watch

- Q4 results
- Global markets
- FII activity
- Monsoon
- Inflation and IIP Data



**Thank You**