



# Current Market Scenario

## 13 Nov 2021

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# Market in Consolidation



- Foreign Investors sellers
- Commodities showing signs of correction
- US markets at historic levels
- Strong tailwinds for domestic economy

## INDEX WATCH

INDEX	12, Nov	9, Oct	% Change	INDEX
Nifty	18,102	17,895	+ 1.1	Nifty
Sensex	60686	60,059	+ 1.0	Sensex
Nifty Midcap	31,925	31,437	+ 1.5	Nifty Midcap
BSE Small Cap	29,232	29,329	- 0.3	BSE Small Cap

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# Strong Tailwinds for Domestic Economy



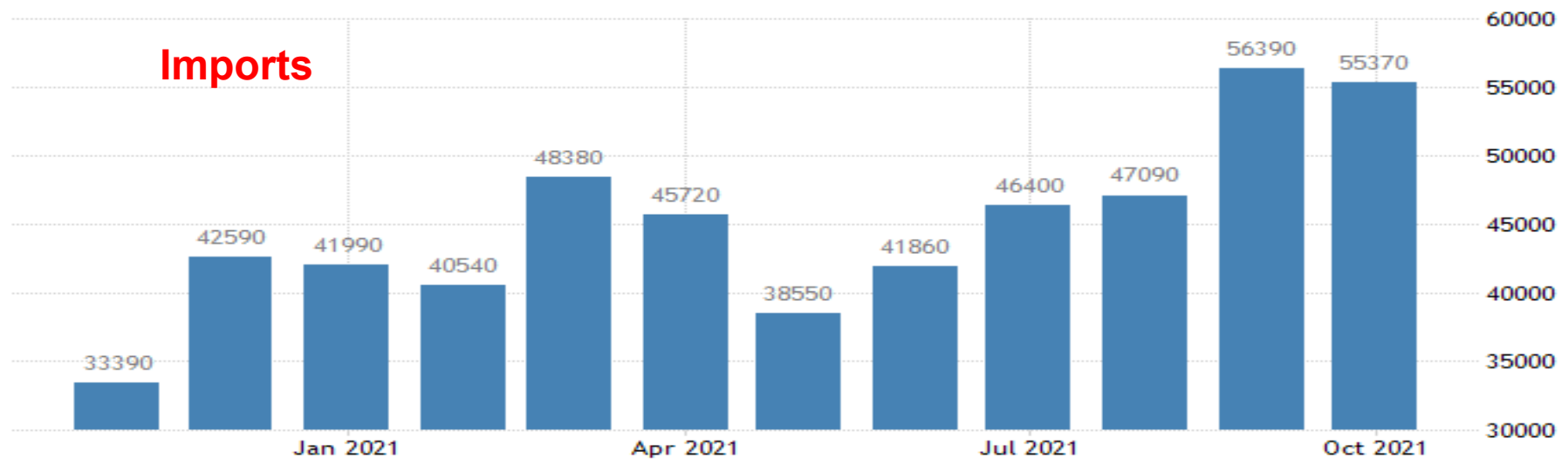
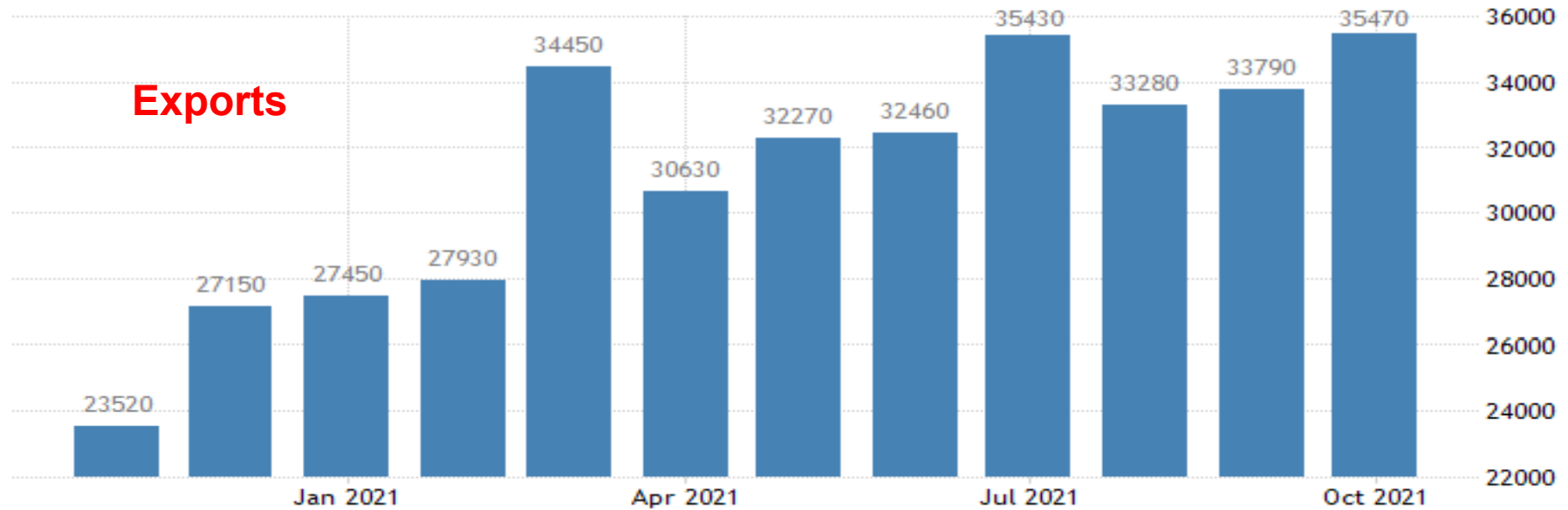
- Large scale recruitment and salary hike from IT sector to boost consumption
- Govt. spending to increase ahead of state elections next year
- Exports doing well
- Commodities peaked out in near term

# IT Exports To Pick Up on Large Base



FY	India IT Service Exports (US\$ bn)	IT Service Exports (% yoy)	India IT Service Exports (% of GDP)
2005	18		2.45
2006	24	33.33	2.82
2007	31	33.05	3.29
2008	40	28.34	3.24
2009	47	18.07	3.03
2010	48	1.91	3.50
2011	59	22.92	3.44
2012	69	16.95	3.78
2013	76	10.14	4.15
2014	88	15.79	4.73
2015	99	12.50	4.86
2016	108	9.09	5.13
2017	117	8.33	5.10
2018	126	7.69	4.75
2019	137	8.73	5.07
2020	147	7.30	5.12
2021	150	2.04	5.63
CAGR%	14.29%		5.35%

# India Exports Imports Zoom



# MERCHANDISE TRADE IN OCT 2021

	Value in \$ billion			% growth	
	Oct '19	Oct '20	Oct '21	Oct '21 over Oct '19	Oct '21 over Oct '20
Exports	26.23	24.92	35.47	35.21	42.33
Imports	37.99	34.07	55.37	45.76	62.49
Deficit	11.75	9.15	19.9	69.29	117.38

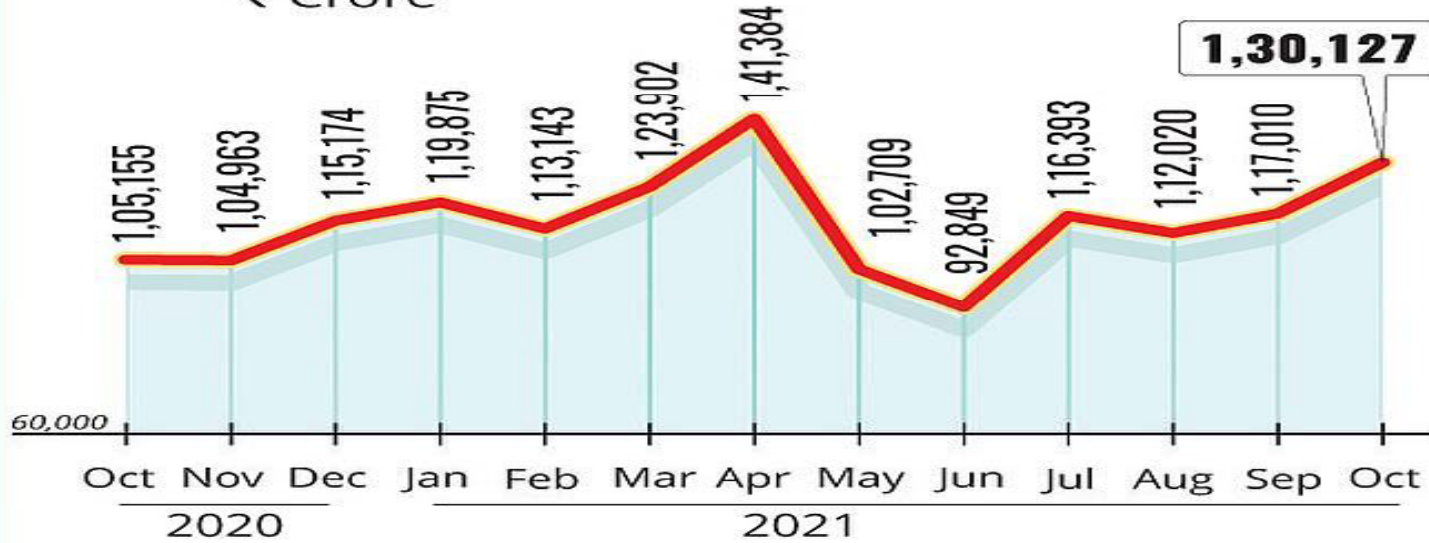
Source: PIB

# GST Collections



## GST Revenue Collection

₹ Crore



### For Oct 2021

₹ Crore



Source: Ministry of Finance

KBK Infographics

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# Chinese Economy to Slow



- Real estate and related sector which is 30% of China GDP slowing sharply
- Large Chinese real estate companies are in deep financial crisis
- Chinese Govt. induced real estate slowdown



# China wants lower Commodity Prices



- Chinese Govt. action indicates they want lower commodity prices
- Stern action taken to reduce speculation
- Releases base metals from strategic reserves
- Coal prices retraces 50% of gains

# Coal Prices Retrace



# Cargo Shipping Price Cost Falling



# Margin Pressure hurts Profitability



- Sharp and swift increase in raw material prices led to contraction in margins for many companies
- Companies pass on price inflation in a staggered manner with a time lag
- Q3 also expected to see margin pressure



## Q2 Result Performance

	% Change (YoY)	
	Sep 2021	Sep 2020
Sales	29.4	- 5.3
Net Profit	26.2	59.7

Results of 1,417 companies

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# Q2 Results Continue ...



	% Change (YoY)	
	Companies excluding BFSI	Companies excluding BFSI & Commodities
Sales	36.4	23.5
EBITA	16.2	4.8
Net Profit (adj)	24.0	2.4

Results of 923 companies

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# US Fed Announces Tapper



- Currently US Fed buying \$120 Bn of Treasuries and mortgage backed securities
- Tapper process will see reductions of \$15 Bn bond buying each month
- Bond buying expected to conclude by July 2022. One rate hike expected next year
- US Fed still believes inflation is transitory due to supply issues

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# US Inflation Vs Bond Yield



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





# IPO Market To Remain Active



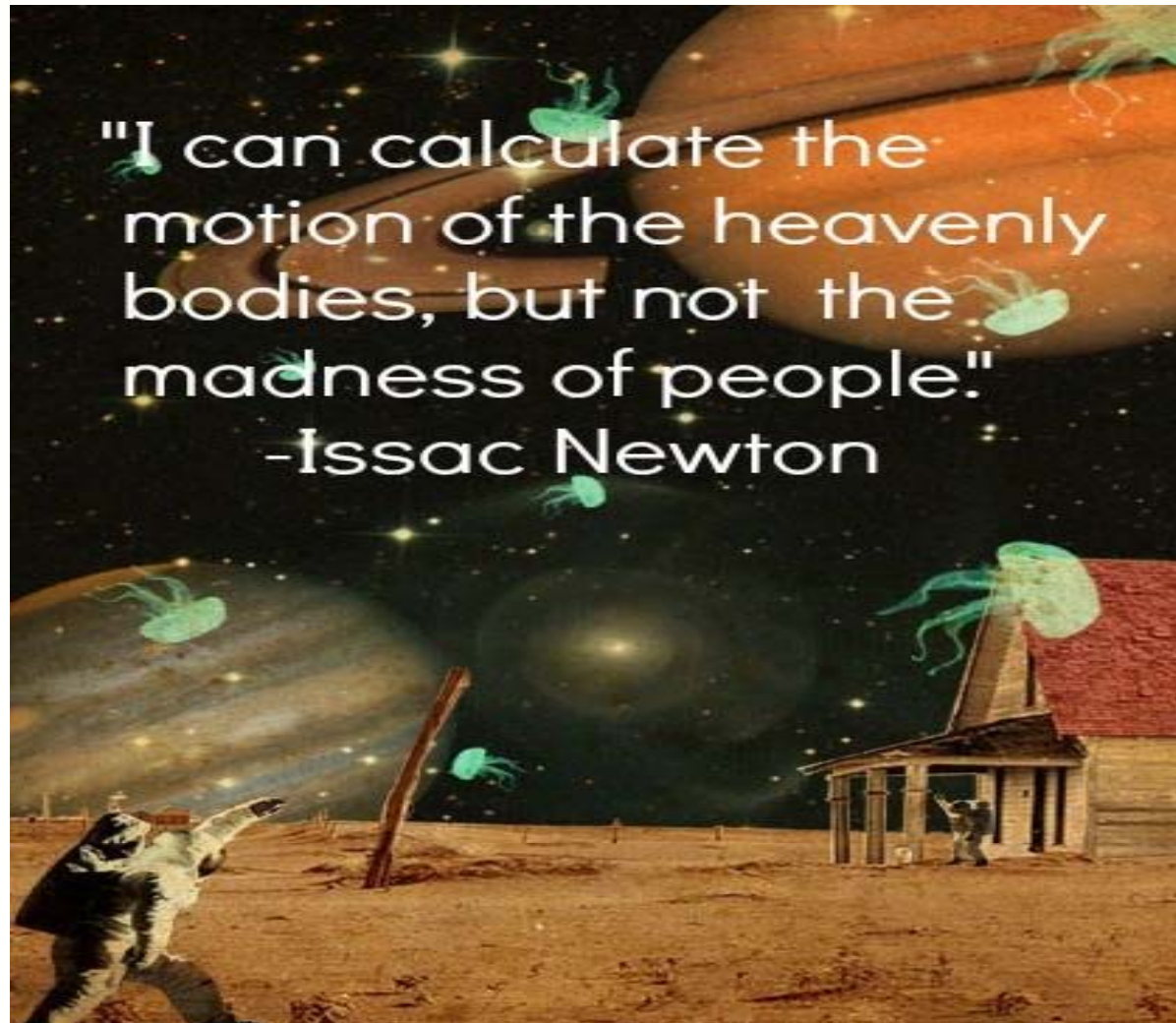
- Many new age Tech companies are getting listed
- As in previous bull markets majority of IPO's are Pricey
- Analyst comments are “ Short Term Positive, Long Term Negative”

# Crypto –Bubble in the making ?



- Crypto currency market cap is now \$ 3Tn against \$10 Tn for equities
- Many retail investors are buying without understanding how crypto works
- Since it is unregulated in many countries, can be cheated very easily

# Immortal Quote



**In 1720's Newton lost 20000 Pounds in South Sea bubble**

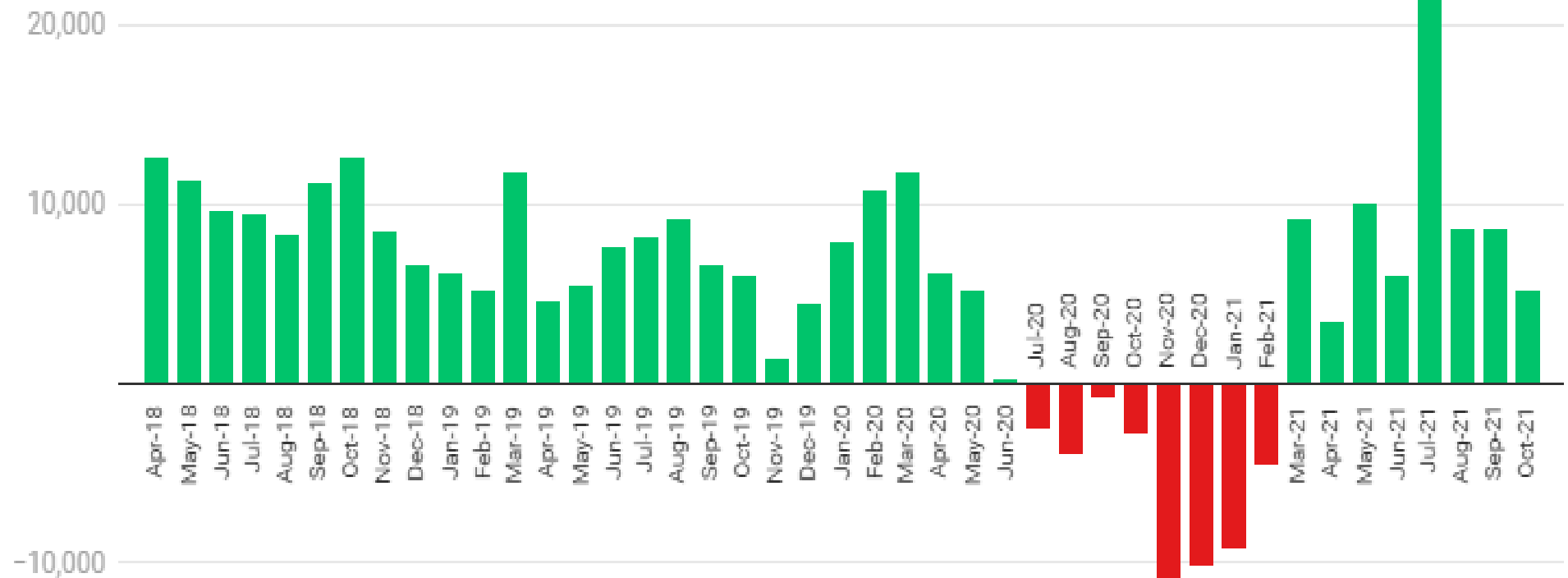
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# Equity Mutual Fund Flows

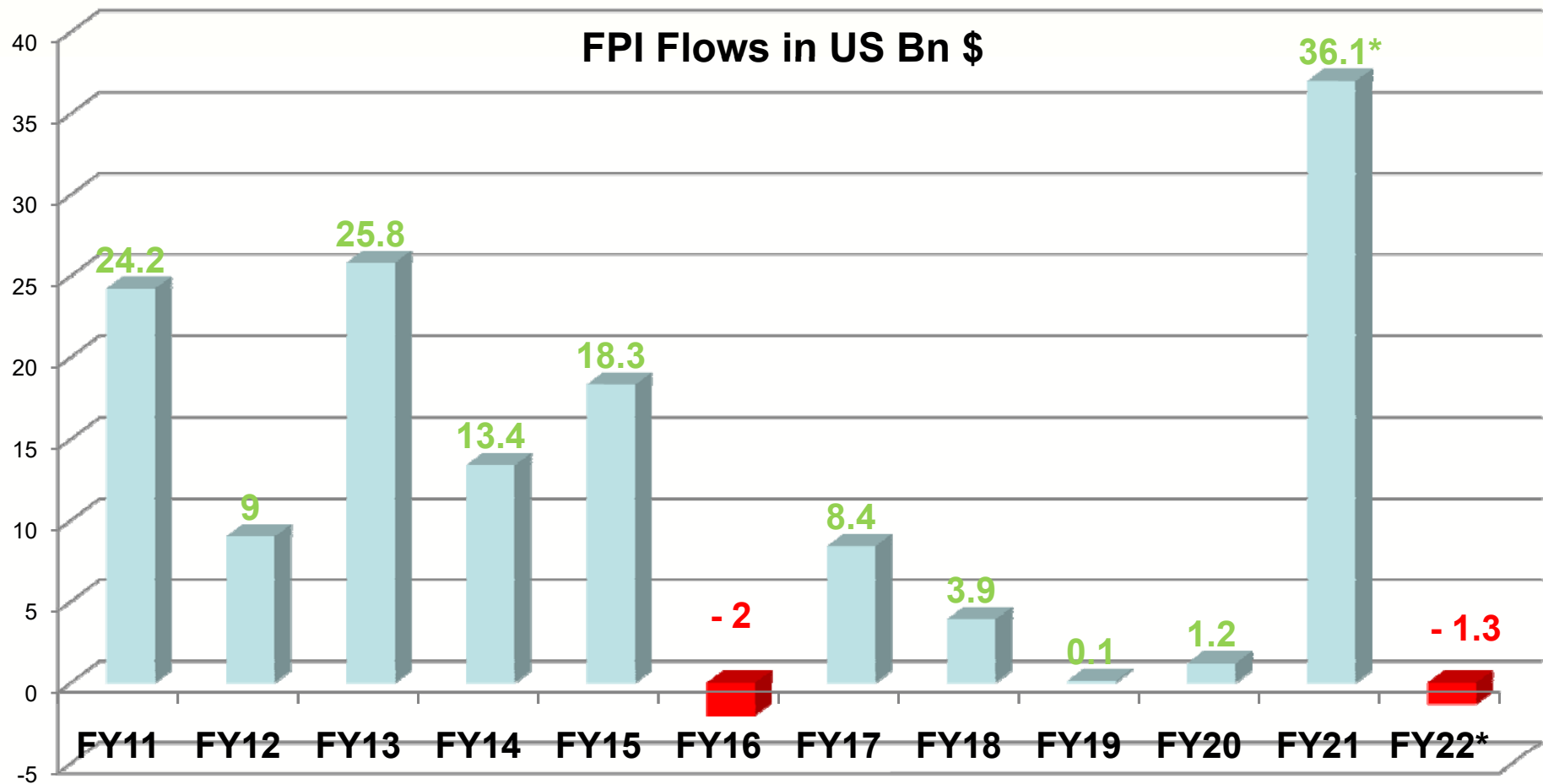


## Net Equity Inflows

(Rs crore)



# FPI Flows



\* Till Nov 10<sup>th</sup>

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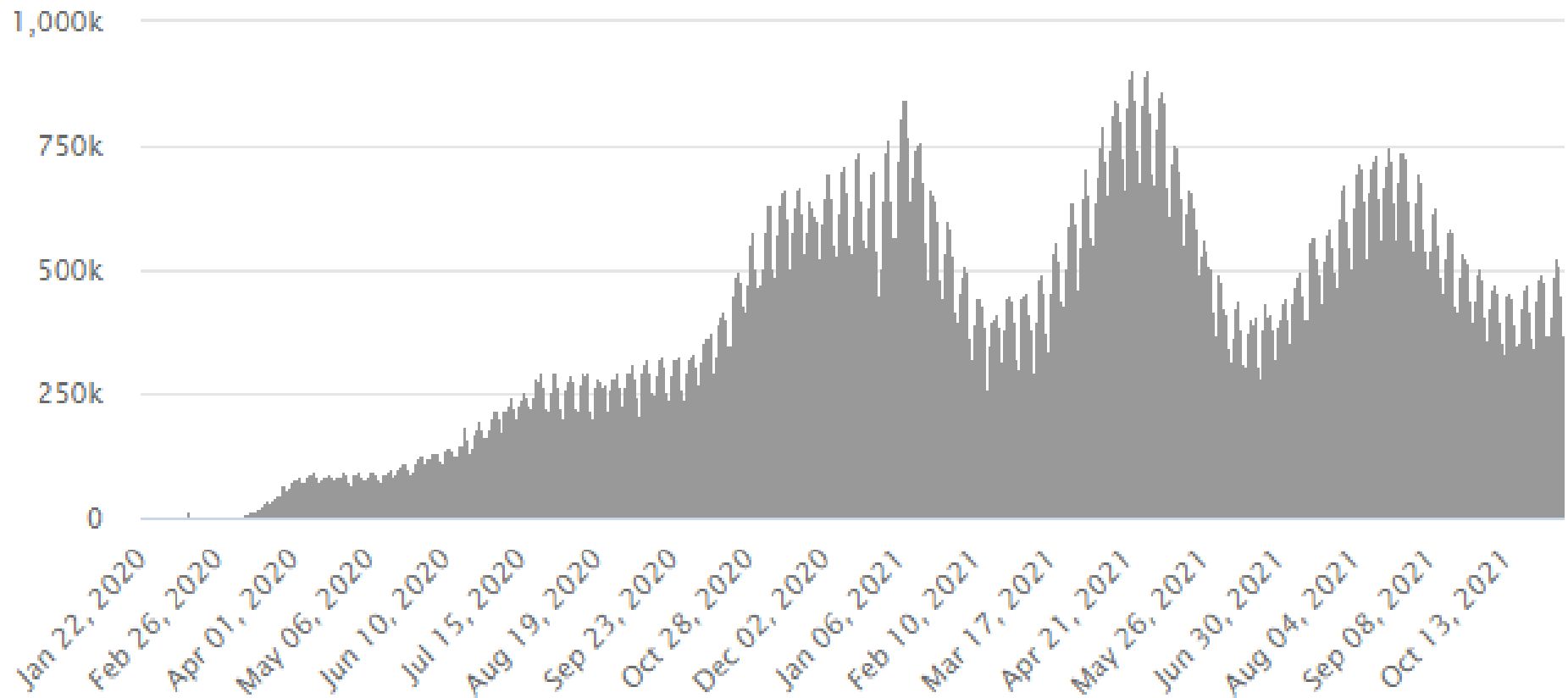
# Global Covid Cases – Never Ending Woe



## Daily New Cases

Cases per Day

Data as of 0:00 GMT+0

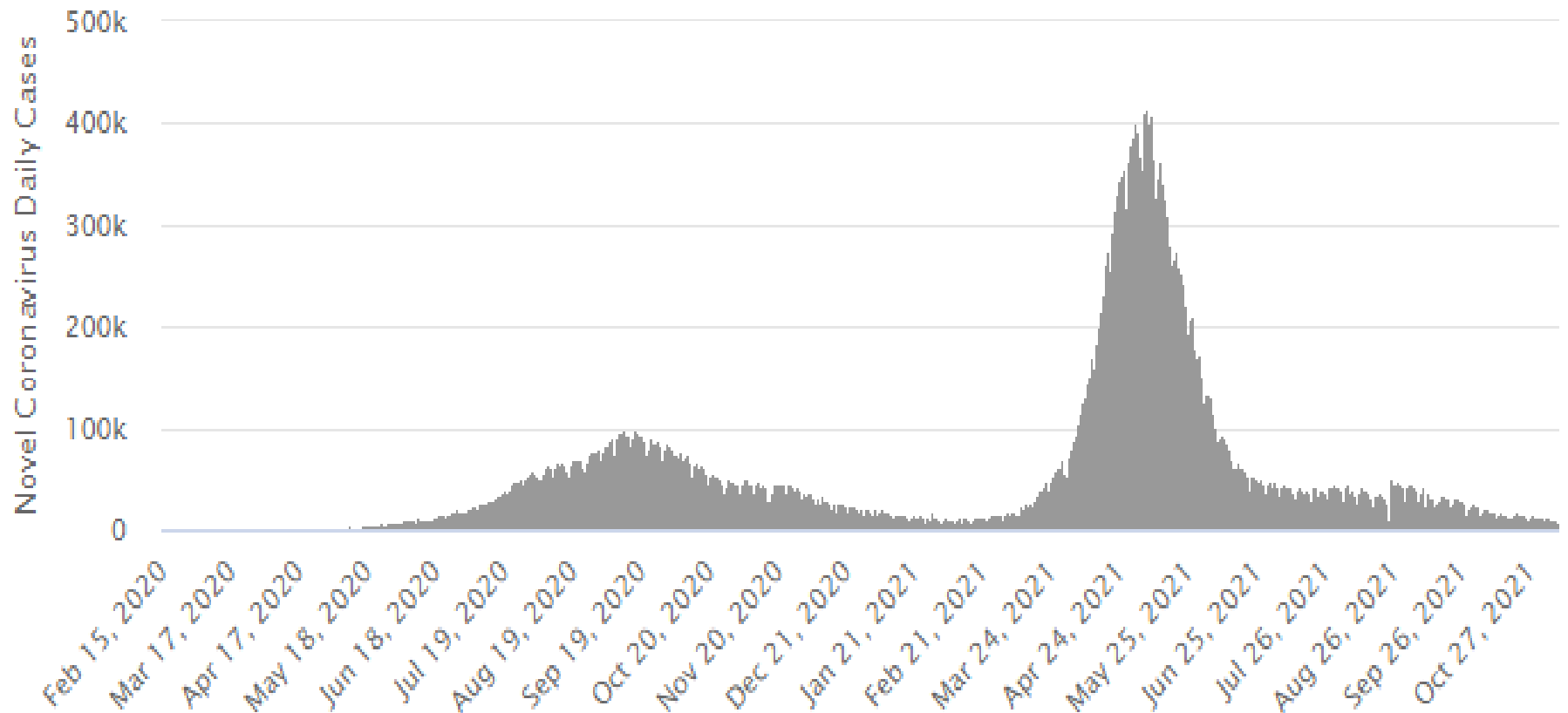


# India Second Covid Wave Plateau



## 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
- Keep Exit Strategy in place for individual stocks if events change



# Events To Watch



- Foreign flows
- Energy prices
- Chinese Economy
- US Tapper



**Thank You**

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