

Indian Equity Markets:

Benchmark indices surged more than 14% led by rally in global markets despite the lockdown restrictions in India extended until 17th May, severely restricting the mobility of people and conduct of commercial activities.

India's relatively low Covid positive cases vs Global peers isn't a sign of relief until a larger population set is tested scientifically and contained thereafter.

Large, Mid & Small cap indices gained 14.7%, 13.6% and 15.5% respectively.

All sectoral indices ended positively, pharma emerged as market leader with 26%.

FII's were net sellers for the month with an outflow of ₹6,884 Cr in equities.

Debt Markets

RBI intervened by conducting LTRO and a Special Liquidity Facility for MFs of ₹50,000Cr each.

RBI Governor reviewed current economic situation, credit flows to MSMEs post-lockdown, issues in implementing moratorium on EMLs and stability of financial sector with banks.

Spike in yields of AT-1 bonds prompted by redemption pressure in debt funds could risk the prospect of banks planning to issue them for strengthening their balance sheet.

Debt MF witnessed significant outflow in March and in case the trend continues it could pose challenge to roll over CPs and NCDs issued by corporates resulting in liquidity crisis and increase in cost of borrowing if replaced with bank lending.

₹ touched 76.9/\$ during the month and closed at 75/\$ and FIIs sold ₹12,552Cr in debt.

Global Markets

Major global Indices rallied after multiple drugs were being tested as a possible vaccine to treat coronavirus despite sharp increase in unemployment rate (30 million Americans have filed initial unemployment claims since mid-March) and glut in oil destroying its price which can lead to bankruptcy in US Oil & Gas sector.

FOMC left target rate unchanged and agreed to maintain until it is confident that the economy has weathered recent events and is on track to achieve maximum employment and price stability goals. The US GDP shrank 4.8% in Q1, worst recorded since 2008.

Gold touched \$1,730/oz during the month as demand for safe-haven assets increased.

OPEC and its allies agreed to cut production by 10 million bpd in May and June.

Corporate Announcements

Reliance announced a rights issue of ₹53,125 Cr in the ratio of 1:15 at ₹1,257 per share.

SBI reduced its MCLR by 35 bps w.e.f 10th Apr and reduced saving rate to 2.75%.

NTPC raised ₹4,374 Cr via NCDs on private placement basis.

TCS and **Infosys** announced a final dividend of ₹6 and ₹9.5 per share respectively.

M&M raised NCDs aggregating to ₹1,000 Cr on private placement basis.

L&T raised ₹2,500 Cr through issuance of NCDs.

Facebook bought a 9.9% stake in **Reliance Jio** for ₹43,574 Cr.

Tata Steel issued NCDs aggregating to ₹1,000 Cr on private placement basis.

Axis Bank to acquire 29% stake in Max Life Insurance from Max Financial Services.

Market Outlook

Domestic auto sales dropped to zero in April, so were passenger airlines and other key employers as nationwide lockdown took a toll on each and every sector amid shutdown of their units resulting in unemployment rate at 21%.

Moody's changed outlook for Indian banking system to negative from stable as it expects deterioration in banks asset quality due to disruption in economic activity from coronavirus outbreak while IMF slashed GDP growth forecast to 1.9% in 2020.

Economic activity can only resume once access to capital, sourcing of raw material and availability of skilled labour is synchronized which remains a challenge until lockdown is completely lifted.

Full year Earnings are expected to be announced towards the end of June by most corporates, while the limited number of results announced so far aren't a gauge of what is to come as nearly 47 out of 54 days of lockdown fall in the current financial year and hence we are focused on the outlook than the results itself.

Benchmark	30-Apr-20	MTD	2020
SENSEX	33,717.62	14.42%	-18.27%
NIFTY	9,859.9	14.68%	-18.97%
10Y G-Sec	6.1244%	-0.25%	-6.64%

Top Gainers	Change	Top Losers	Change
Hero	35.92%	HUL	4.46%
IndusInd Bank	33.28%	SBI	3.33%
Sun Pharma	31.98%	Tech M	2.48%
Reliance	31.88%		
Bajaj Auto	29.77%		

BSE Sector Performance	MTD	2020
Basic Materials	17.43%	-20.46%
Telecom	16.68%	1.59%
Utilities	12.75%	-17.73%
Industrials	13.30%	-27.61%
Finance	13.78%	-30.07%
Consumer Discretionary	15.57%	-21.51%
FMCG	5.03%	-5.57%
Energy	26.83%	-10.29%
Healthcare	26.21%	14.17%
IT	10.84%	-8.02%

FII (Cr)	EQUITY	DEBT	DEBT-VRR	HYBRID	TOTAL
MTD	-6884	-12552	4033	544	-14859
YTD	-54914	-82479	11364	2895	-123135

Currencies	30-Apr-20	MTD	2020
USDINR	75.1150	-0.36%	5.39%
EURINR	81.6170	-1.72%	2.17%
GBPINR	93.5923	0.55%	0.12%

Global Indices	30-Apr-20	MTD	2020
DJIA	24,345.72	11.08%	-14.69%
NASDAQ	8,889.55	15.45%	-0.93%
DAX	10,861.64	9.32%	-18.02%
FTSE	5,901.21	4.04%	-21.76%
CAC	4,572.18	5.02%	-23.52%
NIKKEI	20,193.68	6.75%	-13.89%
HSI	24,643.59	4.41%	-12.58%
KOSPI	1,947.56	10.99%	-11.38%
RTSI	1,125.03	11.04%	-27.37%
SHANGHAI	2,860.08	3.99%	-6.23%

Commodity (\$)	30-Apr-20	MTD	2020
Gold	1,694.2	7.42%	11.23%
Silver	14.973	5.74%	-16.45%
Brent	25.27	11.13%	-61.71%

Q4 Results FY20			
Company	PAT Growth	Company	PAT Growth
HDFC Bank	15.81%	Axis Bank	-174.5%
Infosys	6.3%	RIL	-37.2%
		Tech M	-35.52%
		IndusInd	-12.3%
		Wipro	-5.96%

Given the sharp rally in April, we expect the scope for correction only widens and future relief rallies could be much smaller in magnitude.

We expect equity market to bottom out by the end of calendar year and volatility would continue until then.

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