

Monthly Market Update - February' 2018

Indian Equity Markets

Benchmark index rallied led by sharp gains in 6 stocks (TCS 15%, HDFC Ltd 14%, L&T 13%, ICICI Bank 12.4%, Infosys 11% & HDFC Bank 7.1%) which contributed nearly 80% (4.5%/5.6%) of the gains. Mid & Small Cap indices posted sharp losses of -2.6% & -2.7% respectively and only 4 out of the 10 sector indices posted gains this month. FII's were net buyers of ₹13,781 Cr in equities.

Debt Markets

10Y G-Sec yields have risen from 7.32% to 7.43% during the month. Government reassessed its additional borrowings requirement by reducing it from ₹50,000 Cr to ₹20,000 Cr. FII's invested ₹8,523 Cr into debt during the month.

Global Markets

Except for FTSE all major global indices witnessed sharp rally, led by earnings season and liquidity support. NASDAQ and DJIA gained 7.4% and 5.8% respectively, HSI gained 9.9% and RTSI gained as much as 11% reversing previous year's losses.

Corporate Announcements

HDFC to raise ₹ 11,104 Cr from investors including GIC, KKR.

ONGC to buy 51.1% stake in HPCL for ₹36,915 cr at ₹473.97 per share.

IDFC Bank to merge with Capital First, with Share swap ratio of 139:10.

TCS signs \$690m deal with M&G Prudential.

SBI approves the issuance of long term bonds worth ₹5,000 Cr.

GST council cuts tax rates on 29 products and 54 services.

ICICI Lombard & Practo to launch health insurance app, IL Take Care.

Biocon and Sandoz to launch biosimilars in immunology and oncology.

PSU banks to receive ₹88,139 Cr in 1st tranche of recapitalization.

Bharti Airtel to transfer 25% in Bharti Tele media to Nettle Infrastructure.

BHEL gets ₹2,800 Cr order to set up a 660MW thermal power project.

Market Outlook

The rally has been liquidity driven which is evident from the FII flows into equity markets (equivalent to 25% of the previous year's inflows). The divergence in performance of SENSEX(5.6%) & BSE500(2.3%) and sector specific rally shows reallocation of investments into blue chips and select sectors by market participants.

The current valuations can't be sustained unless supported by double digit growth in earnings. Hence, we remain vigilant on our market outlook for near term.

Jerome Powell to take charge as US Fed Chair in the 1st week of February coinciding with the 6th RBI MPC meeting, which would further set the tone for the Debt markets. We expect status Quo on interest rates.

Model Portfolio	PE*	1M	3M	2017	2016	2015
BSE SENSEX	25.69	5.6	8.29	27.91	1.95	-5.03
Portfolio Strategy	PE	1M	3M	2017	2016	2015
Diversified Conservative	20.73	-0.35	3.92	45.12	8.83	5.69
Diversified Moderate	23.23	-0.61	4.32	40.52	7.36	5.54
Diversified Aggressive	27.79	1.12	7.39	48.42	6.04	6.63
Sector Strategy	25.83	1.29	8.63	38	4.2	5.6
Thematic Strategy	29.34	-0.96	5.67	43.41	4.84	7.82

*PE based on 31st Dec Portfolio data

Benchmark	31-Jan-18	MTD
SENSEX	35965.02	5.6%
NIFTY	11027.70	4.7%
10 Year G-Sec	7.43%	1.5%

Top Gainers	Change	Top Losers	Change
TechM	21.2%	Bharti	16.9%
IBullHF	16.6%	Eicher	11%
TCS	15.2%	Aurobindo	8.5%
HDFC	14.3%	TataM DVR	8.2%
Coal India	13.5%	DrReddys	7.8%

Sector Performance	MTD	2018
Basic Materials	-0.2%	-0.2%
Telecom	-11.8%	-11.8%
Utilities	-4.7%	-4.7%
Industrials	1%	1%
Finance	5.9%	5.9%
Consumer Discretionary	-3%	-3%
FMCG	0.2%	0.2%
Energy	3.2%	3.2%
Healthcare	-1.6%	-1.6%
IT	11.3%	11.3%

FII (cr)	EQUITY	DEBT	HYBRID	TOTAL
MTD	13,781	8,523	-32	22,272
YTD	13,781	8,523	-32	22,272

Currencies	31-Jan-18	MTD	2018
USDINR	63.58	-0.4%	-0.4%
EURINR	79.18	3.5%	3.5%
GBPINR	89.91	4.2%	4.2%

Global Indices	31-Jan-18	MTD	2018
DJIA	26150	5.8%	5.8%
NASDAQ	7411	7.4%	7.4%
DAX	13189	2.1%	2.1%
FTSE	7530	-2%	-2%
CAC	5482	3.2%	3.2%
NIKKEI	23098	1.5%	1.5%
HSI	32887	9.9%	9.9%
KOSPI	2566	4%	4%
RTSI	1282	11.1%	11.1%
SHANGAI	3481	5.3%	5.3%

Commodity(USD)	31-Jan-18	MTD	2018
Gold	1345	3.3%	3.3%
Silver	17.34	2.4%	2.4%
Brent	69.05	3.3%	3.3%

IPO's -During Jan'18	Issue Price	Listed At
Amber Enterprises	₹ 859	₹ 1180
New Gen Software	₹ 245	₹ 253
Buy Back-BSE		
Max. Size	₹166 Cr	
Max.Buyback Price	₹ 1100	

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