

Monthly Market Update - January' 2018

Indian Equity Markets

Sensex with 28% in annual gains stood as a favorite market among the World indices in 2017. FII bought record ₹51,252cr in Equities compared to ₹38,376cr bought in 2015 & 2016 combined.

Public issues raised a record amount of ₹ 78,841cr to seize upon investor appetite in equity markets. Interestingly, all the 16 BSE Sectoral Indices gave positive return, it happened only twice since 2007.

Lower interest rates, Political stability, Government Initiatives, limited impact of demonetisation, Recovery in Corporate Earnings were among the key fundamental reasons for this year's gains.

Debt Markets

10Y GSec yields have risen sharply during year from 6.41% to 7.32%, despite FII's net buying of ₹1,48,808cr in debt, Neutral monetary policy stance by RBI, Strong ₹ and Moody's upgrade of Sovereign Credit rating, as market choose to focus on future challenges like bank recapitalisation, revised fiscal deficit target, bulging list of PSU banks under RBI's PCA framework and cue's from the US FED's move to raise the target range for federal funds rate.

Global Markets

All the global indices gave positive returns, led by HSI. Only laggard has been Russian index which closed flat.

Corporate Announcements

HDFC Bank & HDFC Ltd to raise ₹24,000Cr & ₹13,000Cr respectively.

HDFC Ltd sells HDFC Developers & HDFC Realty to Quikr for INR 350 Cr.

Bank of India under RBI's PMA, becomes 8th lender under the list.

Edelweiss gets IRDA nod for its Health & General insurance business.

Cairn to acquire debt & controlling stake in AvanStrate at USD 158M.

RCom to sell wireless spectrum Towers, Fibers & MCNS to Reliance Jio.

IndusInd & Yes Bank replaces **Cipla & Lupin** in Sensex.

Market Outlook

The immediate goal posts that would lend direction to equity markets are the Earnings season and Budget. Oil prices and FII participation are the key global factors, while Political stability and Execution of major reforms announced in the previous year together would decide the fate of markets for the year ahead in our opinion.

Certainly, the gains wouldn't mirror that of 2017, but it is a year to buy for long term investors only.

We expect the 10Y G-Sec yields to remain at current elevated levels, hence Liquid & short-term bond funds are preferred until the release of governments borrowing program for the next fiscal prior to making allocations to medium and long-term funds.

Model Portfolio	PE*	1M	3M	2017	2016	2015
BSE SENSEX	24.36	2.74	9	27.91	2	-1
Portfolio Strategy	PE	1M	3M	2017	2016	2015
Diversified Conservative	20.17	4.03	12.04	45.21	9	6
Diversified Moderate	22.59	4.27	12.44	40.70	7	8
Diversified Aggressive	27.45	4.34	12.64	48.71	6	6
Sector Strategy	25.82	4.04	10.93	35.42	6	4
Thematic Strategy	29.14	4.90	13.41	43.47	5	7

*PE based on 30th Nov Portfolio data

Benchmark	29-Dec-17	MTD	2017
SENSEX	34056.8	2.7%	27.9%
NIFTY	10530.7	2.97%	28.6%
10 Year G-Sec	7.32	3.7%	12.4%

Top Gainers	Change	Top Losers	Change
Maruti	12.3%	SBI	5.9%
HINDALCO	10.9%	Coal India	4.9%
Vedanta	10.5%	PowerGrid	4.1%
HUL	7.1%	Aurobindo	3.1%
GAIL	8.3%	RIL	2.6%

Sector Performance	MTD	2017
Basic Materials	6.3%	55.95%
Telecom	6.97%	49.5%
Utilities	3.2%	29.7%
Industrials	5.4%	38.1%
Finance	1%	42.9%
Consumer Discretionary	6%	54.4%
FMCG	3.6%	31.5%
Energy	0.6%	40.2%
Healthcare	5.8%	0.5%
IT	5.1%	10.8%

FII (Cr)	EQUITY	DEBT	TOTAL
MTD	-5,883	2,350	-3,544
YTD	51,252	1,48,808	2,00,049

Currencies	29-Dec-17	MTD	2017
USDINR	63.87	-0.92%	-5.96%
EURINR	76.53	0.28%	6.77%
GBPINR	86.27	-0.41%	3.33%

Global Indices	29-Dec-17	MTD	2017
DJIA	24719	1.8%	25.1%
NASDAQ	6903	0.4%	28.2%
DAX	12918	-0.8%	13.4%
FTSE	7688	4.9%	7.6%
CAC	5313	-1.1%	9.3%
NIKKEI	22765	0.2%	19.1%
HSI	29919	2.5%	35.9%
KOSPI	2467	-0.4%	21.8%
RTSI	1154	2.02%	0.18%

Commodity(USD)	29-Dec-17	MTD	2017
Gold	1302.8	2.2%	13.5%
Silver	16.93	3%	6.3%
Brent	66.87	5.2%	17.7%

IPO's – During Dec'17	Issue Price	Listed At
Jhandewalas Foods	INR 55	
Rithwik Facilities	INR 50	
Astron Paper Mills	INR 50	INR 114

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