

MARKET INSIGHTS:

HEAD WINS IN THE SHORT TERM BUT LIGHT AT THE END OF THE TUNNEL:

We have recently seen a sharp rally in the Indian Equity Market from the low of June 2022. India Outperformed against all World Markets in this rally due to reason of inherent strong Fundamentals, a Strong Domestic Consumption Story, and long-term Government Policies & Reforms. We believe India continues to Outperform despite Geo-Political issues. We believe one should stay Invested & BUY Stock Specific in any kind of short-term correction or Consolidation in the Market for medium to long-term perspectives.

Short-term Headwinds in India Growth Story.

- Monterey tightening Policy by all Central Banks across the Globe.
- Inflation worries across due to a sharp surge in prices of all commodity baskets across the Globe.
- Supply chain disruption due to Geo-Political Problems due to Russia- Ukraine War.
- Constant FII Selling in the Indian Equity Markets from the last one & half Years.
- High Crude Oil prices with the depreciation of USD/INR in short term.

Rationales behind India's Long term Growth Story:

- Strong Domestic Consumption Growth Story across many sectors.
- Constant Policy Reforms by Government
- Strong Domestic Fund flow in equity Participation through Mutual funds.
- Strong Tax Collection numbers.
- Government strong vision towards Make in India with Production link incentives Schemes across many sectors.
- Strong India's Position in the world in such a crisis due to good leadership by the Ruling party government.
- Appetite of Indian investors particularly the young demographic population towards Equity as only Investment option, as other Asset class is not able to beat Inflation adjusted return.
- China + 1 strategy is an opportunity for India as an alternate channel partner in global markets having the cost competitive advantage of a cheaper workforce.
- Digitalisation made transmission of the economy towards more organized players from unorganized players.

We also feel there is a strong divergence case between India with compare to all world markets in short term. We may see volatility in the market due to Geopolitical issues but it looks like we made a bottom around JUNE 2022 lower levels. We may see the market to stuck in range if the Geo-political issue persists for some more time but conclusively it will be a stock-specific buying opportunity for an investment horizon of around 2-3 years.

Therefore, there could be head wins in short term but the light at the end of tunnel.