



Go India Advisors

Weekly Newsletter

Market Masala...

The flavors that influenced the market this week

Headlines this week

Franklin Templeton debt market shock and RBI's Band aid; Remdesivir positive data; Reliance Industries mega rights issue



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Franklin Templeton closed 6 credit risk debt schemes, as it faced huge redemption pressure and no takers for the low rated bonds. RBI moved in with a special facility of Rs50000cr, however market continues to doubt the effectiveness of banks passing on this to stressed MFs. Redemptions across debt mutual funds gathers pace.



Gilead's experimental anti-viral drug remdesivir ongoing clinical trials showed positive data triggering a strong rally in the market. The detailed results will take another few weeks. In another positive the vaccine development by Oxford university reached human trial phase, expected to be complete by Sep 2020. Indian Serum Institute is already starting production of this vaccine at 5mn units per month, in anticipation of successful trials.



Reliance Industries announces massive rights issue to raise Rs54000cr @ Rs1257/sh. This is a significant step by the India's largest corporate borrower looking to deleverage it's balance sheet. Market is seeing it both ways, on one side they see massive confidence boost by promoters who pitch in half the amount. On other side some participants worried that economic situation probably is more weak and can last longer.

Global Markets rally halted by Tariff Man

Lockdown relaxing, All it takes by Fed/ECB, blunted by Tariff war threat by Trump



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Index	Returns %			
	One Week (25/04/2020-01/05/2020)	One Month (01/04/2020-01/05/2020)	One Year (01/05/2019-01/05/2020)	YTD (01/01/2020- 01/05/2020)
Dow 30	-0.22%	10.79%	-9.82%	-16.87%
S&P 500	-0.21%	12.02%	-2.98%	-12.38%
Nasdaq	-0.34%	14.93%	7.07%	-4.10%
FTSE 100	0.19%	5.16%	-21.60%	-23.59%
Nikkei 225	1.86%	10.11%	-11.86%	-17.07%
Hang Seng	3.41%	5.86%	-17.70%	-12.58%
KOSPI	3.10%	12.91%	-11.98%	-11.38%
Nifty 50	7.71%	19.46%	-15.91%	-18.97%
BSE Sensex	7.63%	19.29%	-13.50%	-18.27%



India saved by May day

Cyclicals bounce while defensives take a breather

Indian Markets for Week Ending 1st May 2020

Metal 13.85 %	Finance 11.96 %	Bankex 10.04 %	IT 9.86 %	Auto 9.26 %
Teck 9.24 %	Oil Gas 8.5 %	Basic Materials 8.22 %	Consumer Durables 6.32 %	Realty 6.05 %
Industrials 5.58 %	Utilities 5.19 %	Telecom 5.17 %	Consumer Disc. 5.13 %	Capital Goods 4.78 %
Energy 4.75 %	Infra 3.68 %	Power 2.76 %	FMCG -0.01 %	Healthcare -0.58 %

For more information: [Click on the image.](#)



Tech Check

Market tiring, Multiple Resistances, correction ahead

NIFTY 50



1. Market has rallied very strongly and seems to be ignoring all negative news. With lockdown getting extended, and earnings season to bear on the market, upside seems limited. And possibly, correction seems on cards.
2. Healthcare/Pharma and IT remain the key outperforming sectors.



Q4FY20 Results: Economy Weak before Covid 19

HUVL, RIL disappoint, Pharma and IT hold out

All Figures In INR Crores

Company Name	Net Sales	YOY Net	QOQ Net	PAT	YOY PAT %	QOQ PAT %	EPS (TTM)	CMP	PE (TTM)	P/BV	MCAP	Result Type
		Sales %	Sales %									
Reliance Industries	1,39,283	-2%	-11%	6,575	-37%	-44%	62.08	1467	23.63	2.05	9,30,012	Consolidated
Hindustan Unilever	9,211	-10%	-9%	1,520	-3%	-7%	28.74	2196	76.39	62.5	5,15,493	Consolidated
Axis Bank	16,503	9%	3%	-1,250	-175%	-166%	6.57	445	67.7	1.45	1,25,459	Consolidated
HDFC Life Insurance	10,476	2%	33%	312	-15%	24%	6.43	501	77.94	14.46	1,01,122	Consolidated
ICICI Prudential	10,475	4%	29%	179	-32%	-41%	7.43	412	55.4	7.87	59,115	Consolidated
Tech Mahindra	9,490	7%	-2%	725	-37%	-35%	41.76	546	13.08	2.41	52,746	Consolidated
Ambuja Cement	6,250	-9%	-12%	739	7%	3%	10.85	172	15.83	1.37	34,094	Consolidated
Indusind Bank	7,387	23%	1%	315	-12%	-76%	64.28	468	7.28	0.96	32,458	Consolidated
Atul	966	-9%	-7%	142	26%	-16%	224.69	4851	21.59	4.56	14,390	Consolidated
Adani Power	6,172	-8%	-6%	-1,313	-307%	-87%	-5.9	32	0	1.88	12,207	Consolidated
Hexaware Tech.	1,542	22%	1%	175	26%	4%	22.72	280	12.31	2.84	8,343	Consolidated
Security And Int	2,210	13%	1%	-1	-102%	-102%	15.37	420	27.32	4.44	6,160	Consolidated
Laurus Labs	839	32%	15%	110	155%	50%	23.88	512	21.46	3.1	5,478	Consolidated
Apollo Tricoat Tubes	229	4911%	0%	11	6261%	-38%	13.9	328	23.61	5	998	Standalone
Sasken Technologies	113	-17%	-5%	10	-66%	-60%	52.37	408	7.8	1.29	615	Consolidated

Voices that matter

Cautious undertones



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David Rosenberg

Chief economist & strategist of Rosenberg Research & Associates

One of Wall Street's biggest long-time bears is signalling a shift. **David Rosenberg** is toning down his negativity — asserting he doesn't hate stocks right now. Rosenberg said. "We get a vaccine, it's a total game changer."



Carl Icahn

Founder Icahn Enterprises

Carl Icahn isn't buying stocks right now. He's hoarding cash, shorting commercial real estate and preparing for the coronavirus to wreak more havoc.



Bill Ackman

CEO, Pershing Square

Bill Ackman's "very negative view" and "good sense of timing" powered the firm's stellar USD2.6 billion gain last month but the high-profile activist hedge fund manager does not fear a protracted 1930s-style depression as a result of the Covid-19 shutdown.

Franklin Templeton Fiasco – debt exodus

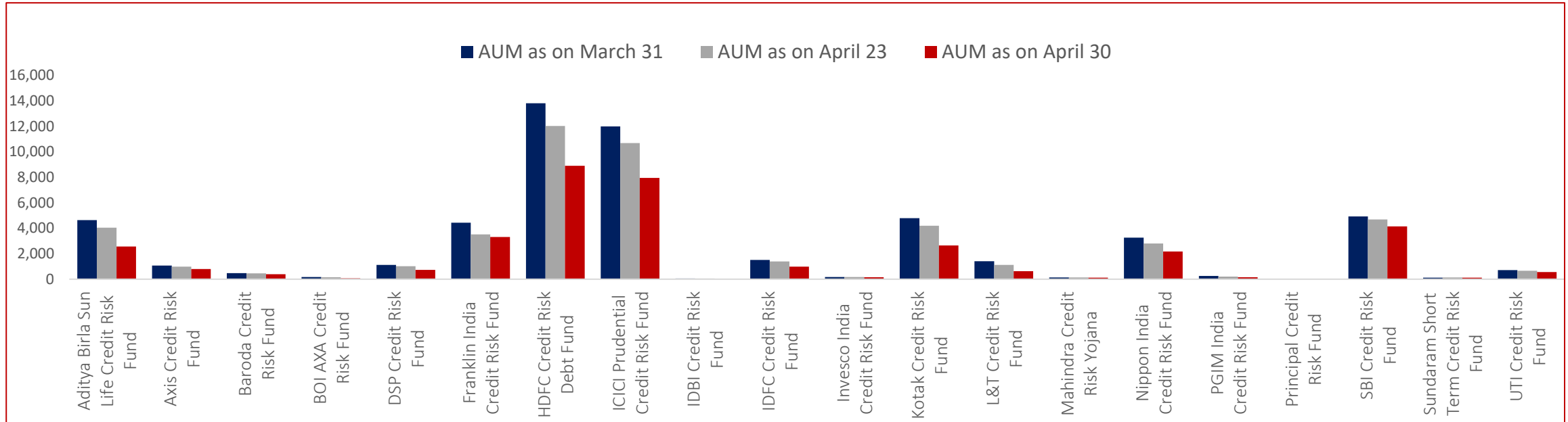
Heavy Redemptions seen across Credit Risk Funds



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All figures in INR Cr

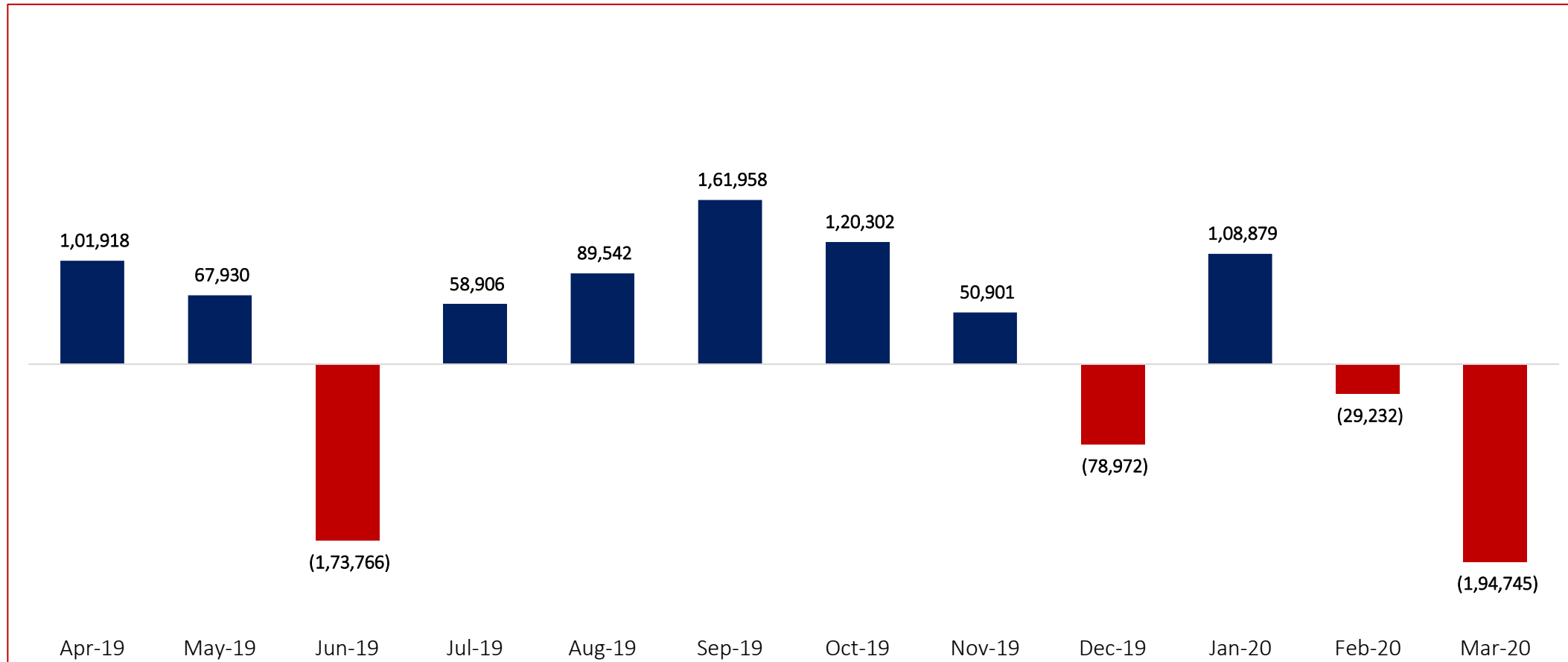


- Credit-risk funds are a type of debt funds that invest approximately 65% of the investment corpus in less than AA-rated paper. By taking greater credit risk and investing in lower-rated documents, they produce high returns. Such firms offer greater interest rates and offer a capital gain advantage as and when their ratings move up.
- Dividends are exempt from tax, but a dividend distribution tax of 28.84% must be paid by the scheme. Returns you earn are subject to short-term capital gains tax within three years of investment. This will be per your income tax slab. After three years, with the advantage of indexing, you are eligible for long-term capital gains tax at 20%

Investors sell out of debt mutual funds



Income/Debt Oriented Schemes Net Inflows/Outflows (INR Cr)



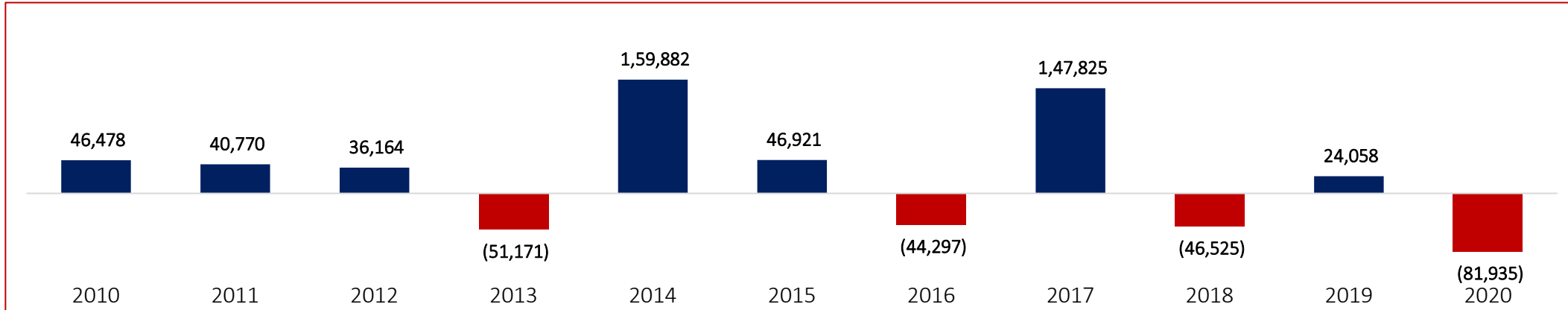
FII sell off – resumes in Debt Markets



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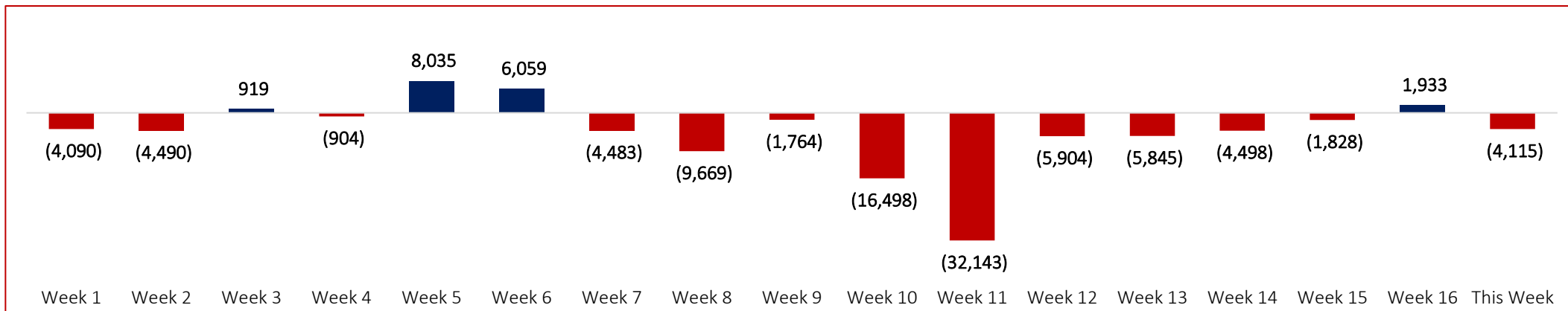
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FII Flows in Indian Debt Market over the Years (INR Cr)



Note : all above years are CY and not FY

Weekly FII Flows in Indian Debt Market in CY20 (INR Cr)



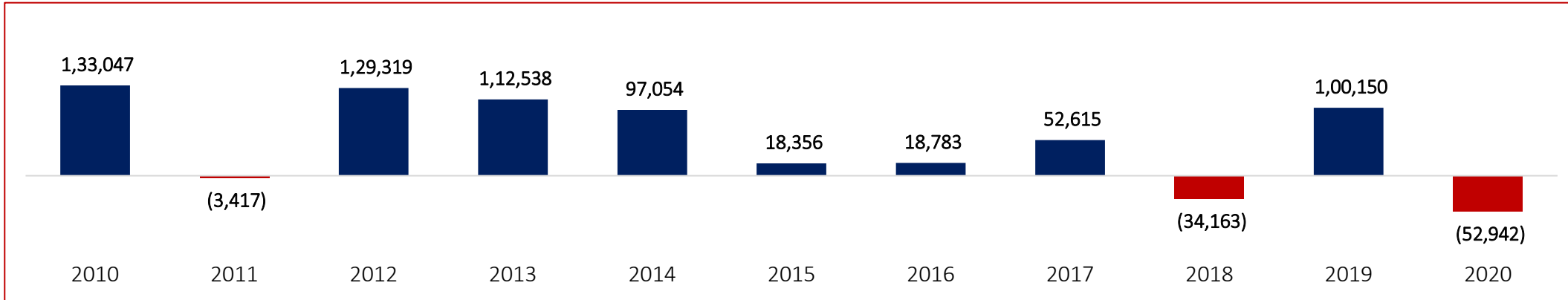
Note : Week 1 starts from January 6th , 2020

02-05-2020

FII – still not buying Indian Equities

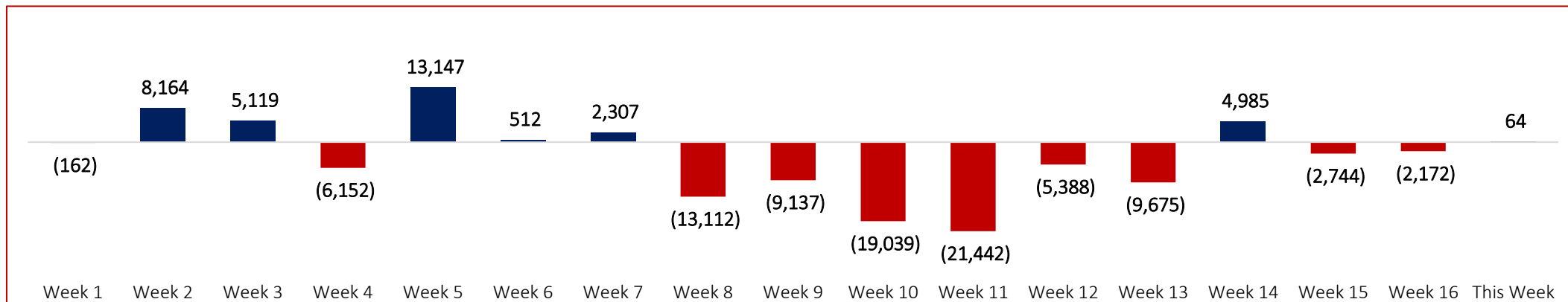


FII Flows in Indian Equities over the Years (INR Cr)



Note : all above years are CY and not FY

Weekly FII Flows in Indian Equities in CY20 (INR Cr)



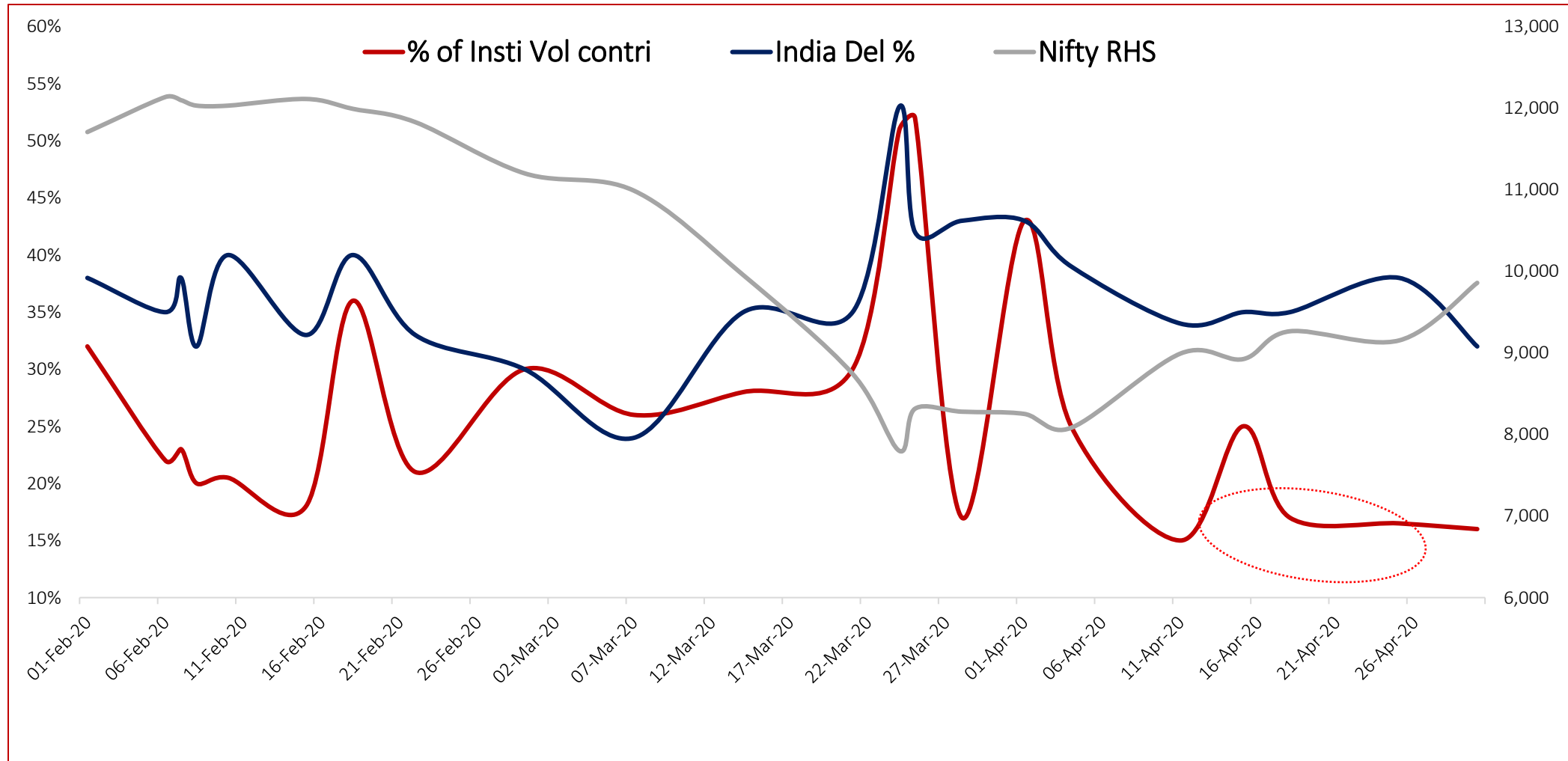
Note : Week 1 starts from January 6th , 2020

02-05-2020



Market rally driven by retail investors

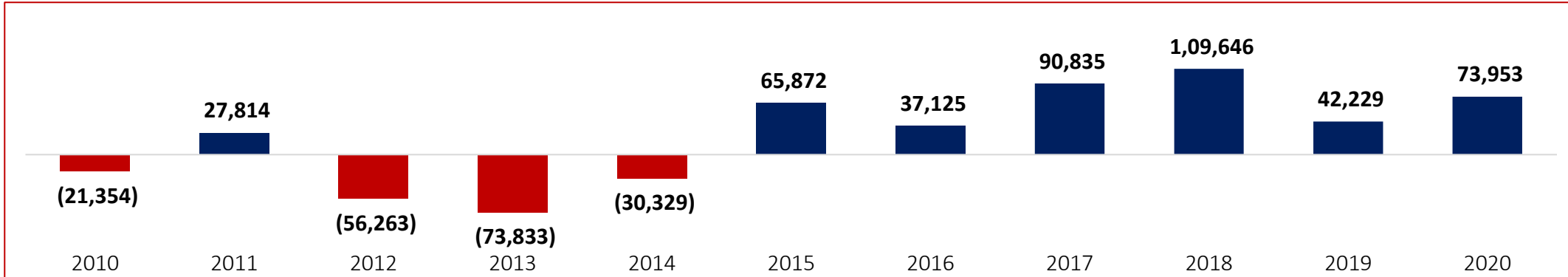
Institutional equity volume has dipped significantly in April





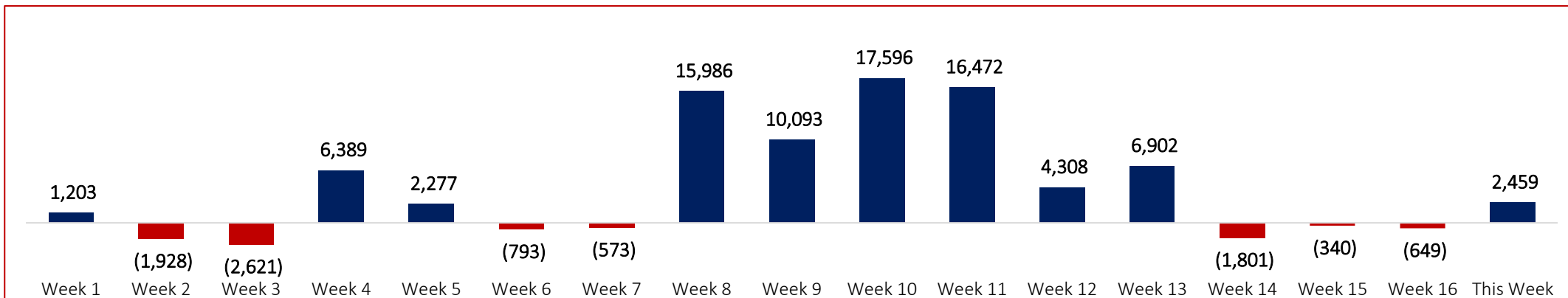
DII continue to get Inflows

DII Flows in Indian Equities over the Years (INR Cr)



Note : all above years are CY and not FY.

Weekly DII Flows in Indian Equities in CY20 (INR Cr)



Note : Week 1 starts from January 6th, 2020

02-05-2020



Interesting – block trades in April,20

All figures in INR Crore

Stock	Buyer	Amount	Seller	Amount
Cyient Ltd	Amansa Holdings	43	T Rowe	62
Prataap Snacks			Small Cap World Fund	11
Tata Communications	East Bridge	103	Fidelity	186
Tata Communications	University of Notre Dame	35		
Zee Entertainment	Florida Retirement System	72		
Metropolis	Small Cap World Fund	108		
Phoenix Mills	Schroders	136	Nordea	108

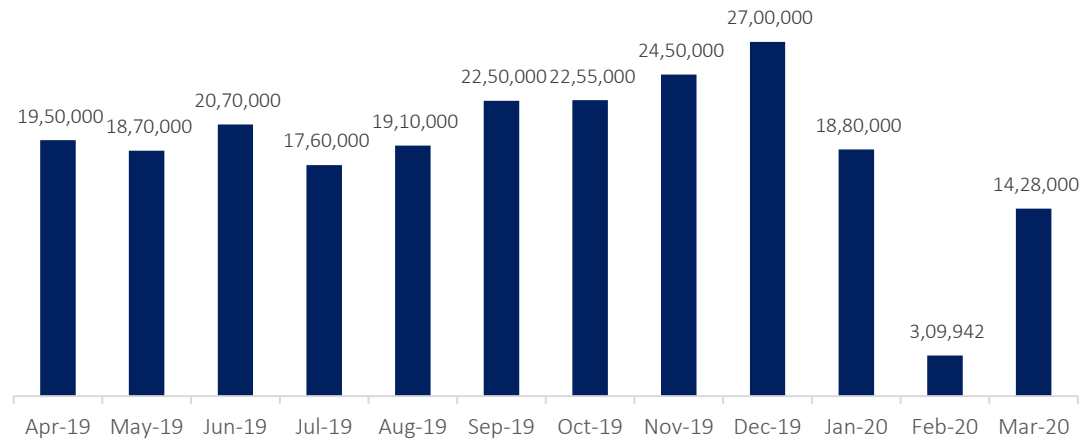
Macro Check: Revenge buying, evidence mounts..



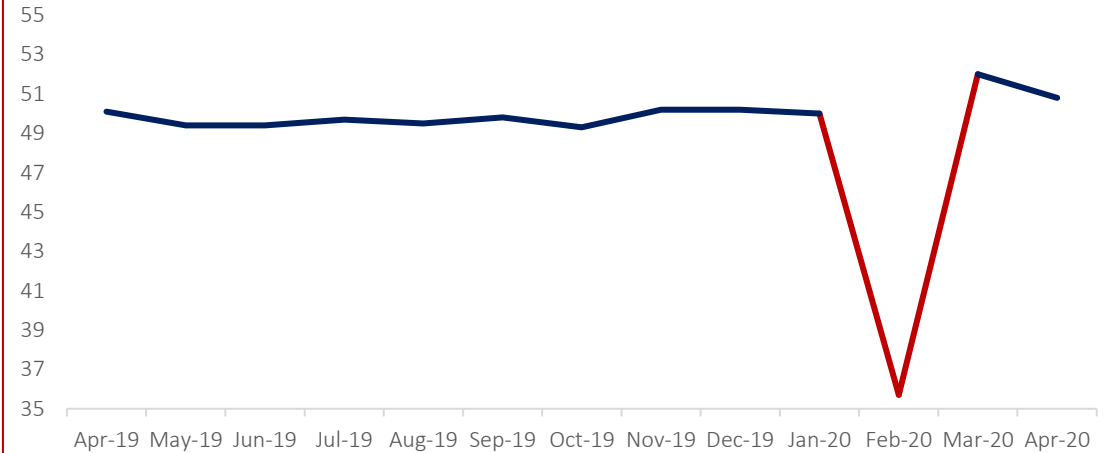
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Vehicle Sales in China



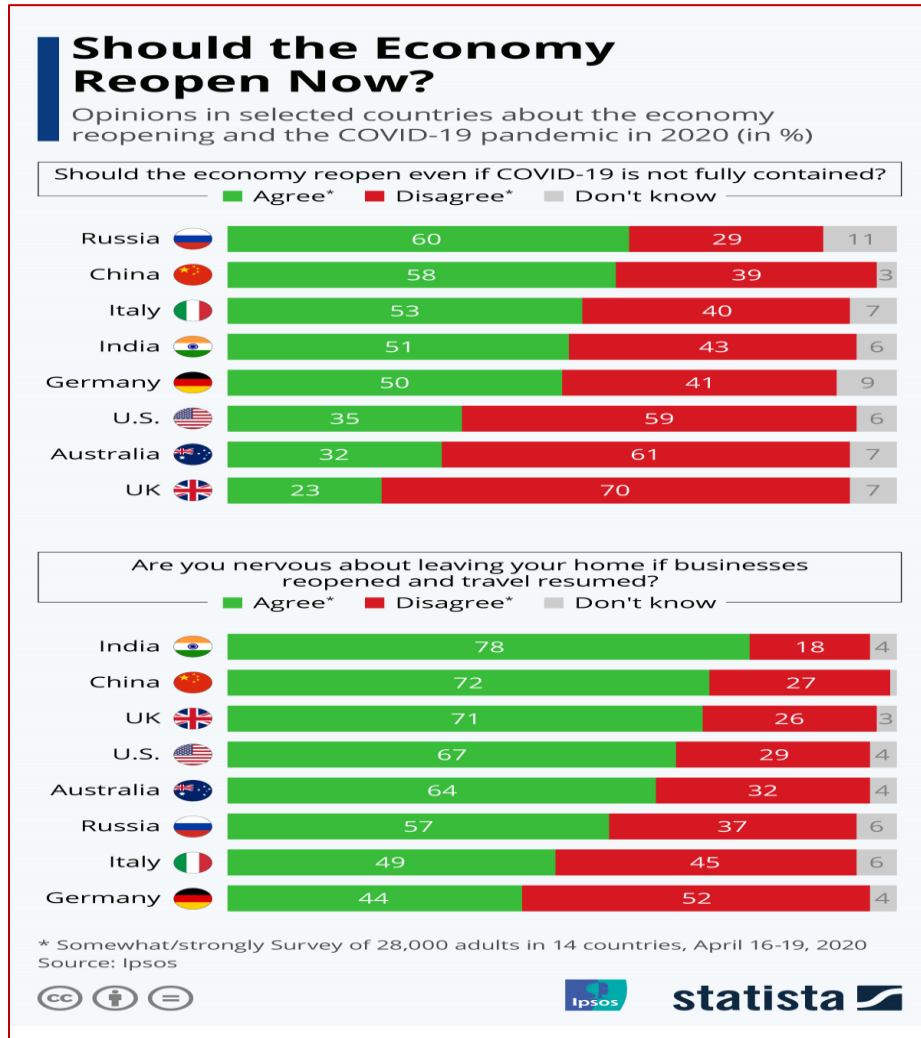
Manufacturing PMI Index of China (%)



- **Luxury flats- huge demand:** One day highest sales at Hermes store in Guangzhou of US\$2.7mn on re-opening made news earlier this month. Louis Vuitton also reported high growth in sales in China. However these were brushed aside as one offs. Now 160 luxury flats worth US\$2.4mn each in Shanghai saw [huge](#) demand. 160 got lucky out of 500 who had deposited advance to have chance at these flats!
- **Jaguar Land Rover production in China reaches [75%](#) of pre-covid capacity.** China auto sector is [starting](#) to recover post a collapse in Feb'20. China has extended the subsidy on energy efficient cars to help the rebound.



Indians least confident leaving home!

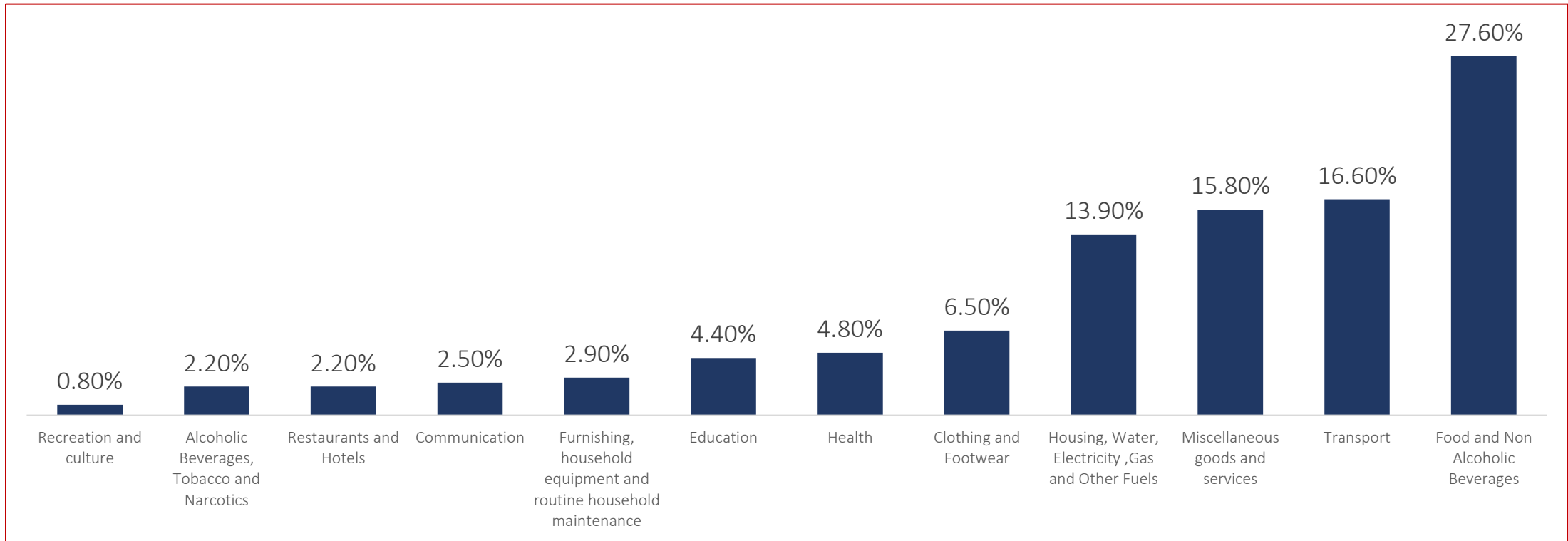


- India extended the lockdown by another 2 weeks to 17th May. However, a survey by Statista reveals that majority of Indians are in any case not feeling confident leaving the house as Covid 19 cases continue to increase.
- Relaxation has been granted for construction and industrial activity even in red zones.
- Go India client companies have restarted operations though at a slower pace. Labour is available for construction, however there are fears that once railways restart, they might want to go to their hometowns.
- Go India channel checks reveal that Cement sales reached 30-40% of monthly run-rate within 3-4days of opening.



The Indian consumption pie

Private Final Consumption Expenditure by Purpose



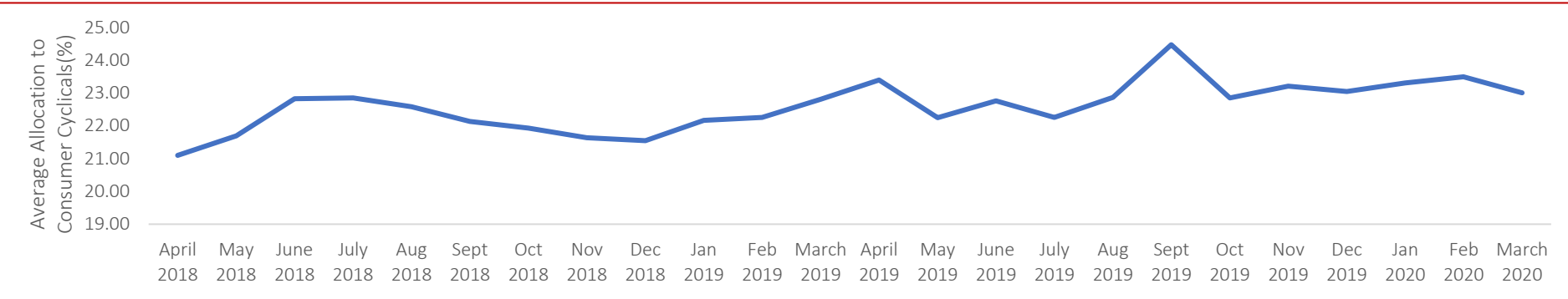
Source: Ministry of Statistics and Programme Implementation (MOSPI)



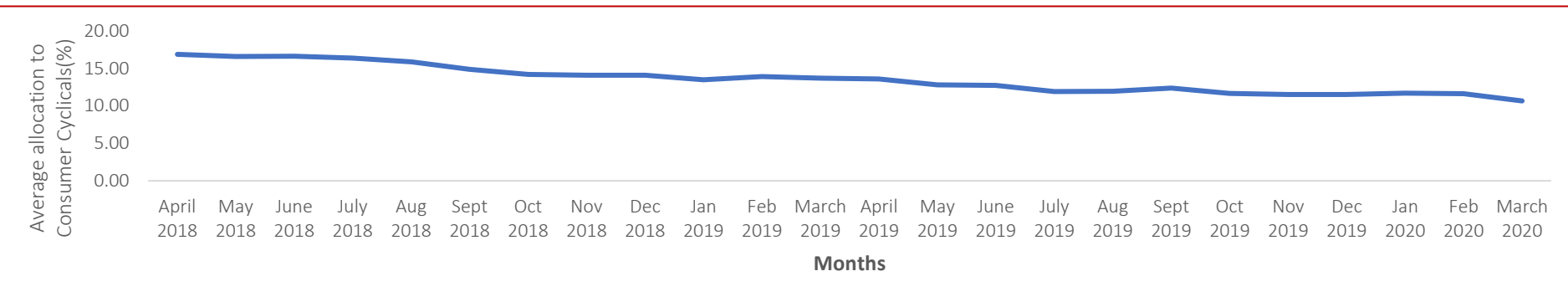
India Consumer Cyclical – mixed trend

Equity funds reduce exposure but many consumer focussed funds increase

Top 15 Consumer Cyclical focussed funds have seen an increase in allocation to Consumer Cyclical in the last 24 months



Overall Equity Focussed Funds have seen a de allocation to Consumer Cyclical in the last 24 months

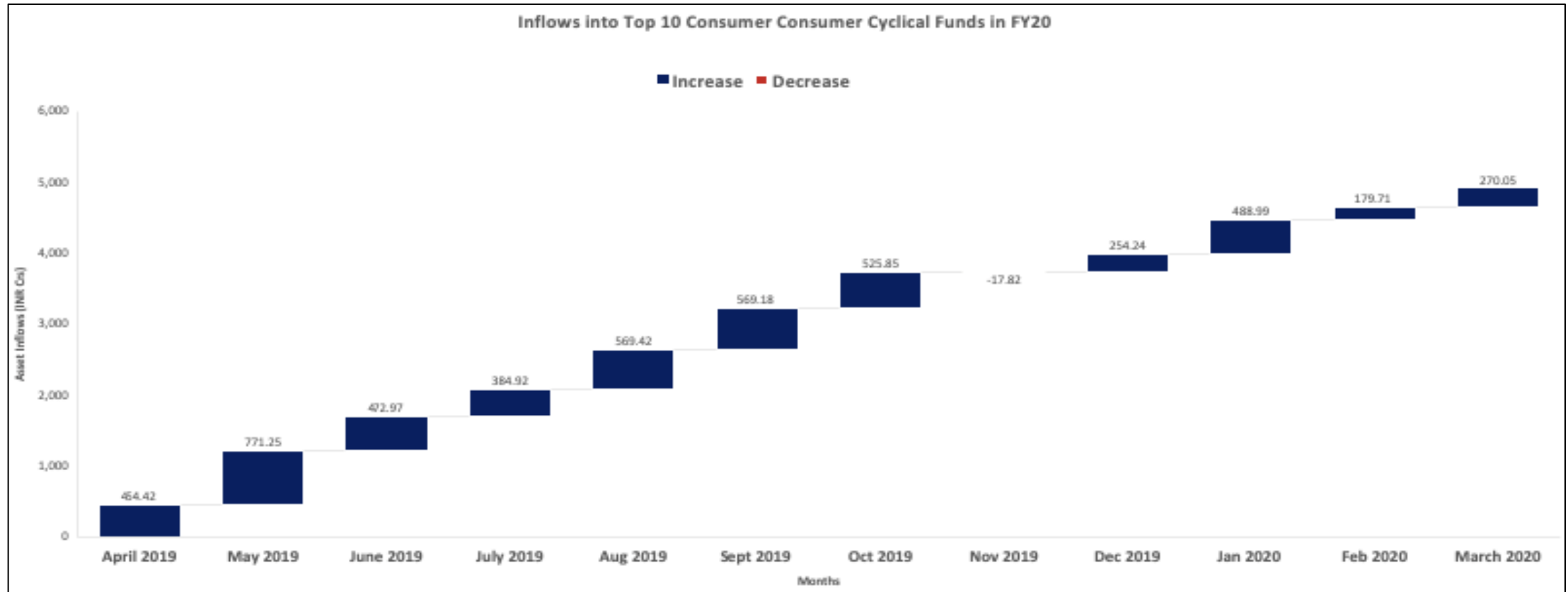


- Sectors in Consumer Cyclical**
1. Advertising
 2. Autos
 3. Entertainment
 4. Homebuilding
 5. Apparels
 6. Retail & Malls
 7. Restaurants
 8. Travel & Leisure



Top Consumer Cyclical Funds sustain Inflows

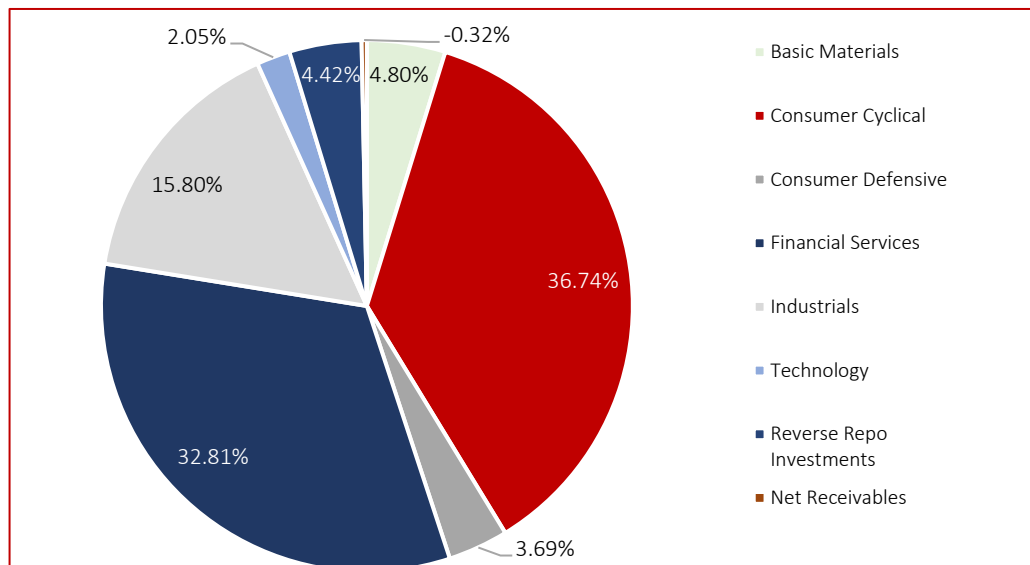
Inflows into Top 10 Consumer Cyclical Funds in FY20



Motilal Oswal: Bets big on Consumer Cyclicals

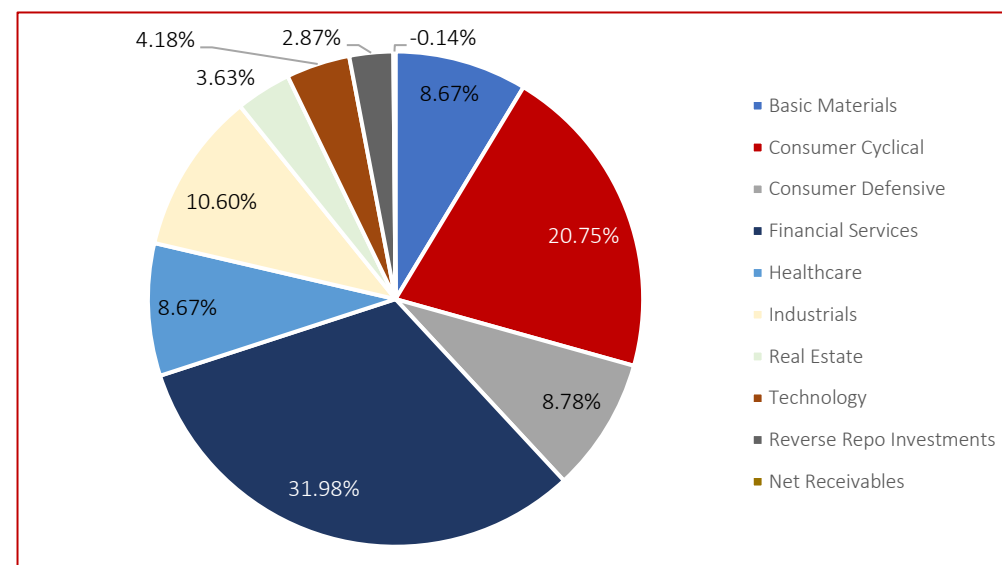


Motilal Oswal Midcap Fund: More than 1/3rd assets invested in Consumer Cyclicals



Charts Data is as on 31st March 2020

Motilal Oswal Large and Midcap Fund: More than 1/5th assets invested in Consumer Cyclicals



Akash Singhania: Fund Manager – Motilal Oswal Midcap Fund



02-05-2020

“ Looking for consumer-linked companies whose earnings stand to increase even in a gloomy growth environment or that have high return on capital and low levels of debt ”

Aditya Khemani: Fund Manager – Motilal Oswal Large and Midcap Fund



“ The portfolio has moved from 'growth stocks at any price' towards 'growth stocks at a reasonable price ’ ”

Most sectors have been struggling pre Covid too

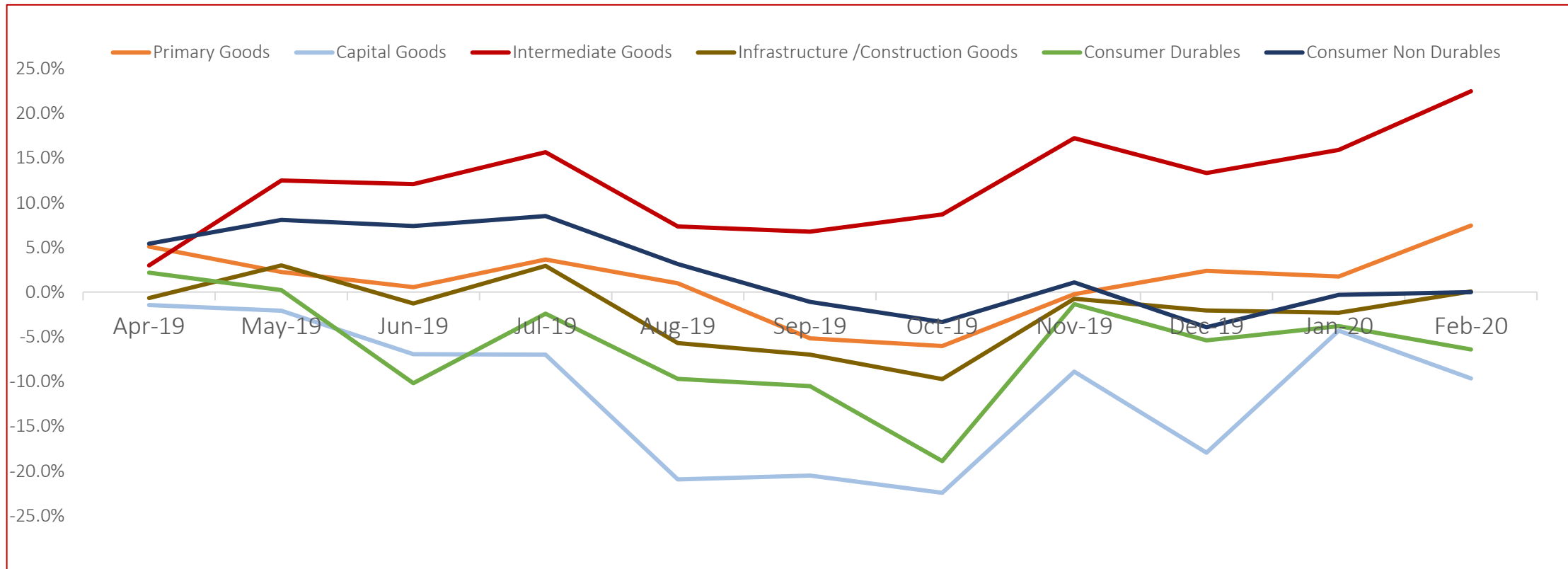
Has government done enough to support the recovery?



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Percentage Growth in IIP-Use Based



Source: Ministry of Statistics and Programme Implementation (MOSPI)

Note: Feb 20 data are Quick Estimates by the Ministry



Retail Stocks: Buyers and Sellers



○ DII - DSP, Kotak AMC

○ DII – Birla AMC, ICICI Pru
○ FII – Nissay India



○ DII – Motilal Oswal, Franklin, ICICI Pru AMC, Nippon, Axis

○ DII – Kotak, EDEL
○ FII – Mirae, HSBC, VT Halo



○ DII – Nippon, ICICI Pru AMC, Franklin, UTI
○ FII - Nissay

○ DII – IDFC, Sundaram, EDEL, Nippon
○ FII – GS



○ FII – SEB

○ DII –HSBC



○ DII – Axis, ICICI Pru AMC, SBI AMC, LIC
○ FII - Nissay

○ DII – Edel, Nippon, HDFC
○ FII – BNP



○ DII –SBI AMC, DSP, IDFC
○ FII – CBUS

○ DII –HSBC
○ FII – Wasatch, Alquity



What GIA Analysts are Saying

IRON ORE: Best Performing, can it stay there?

This week, Ankit explores how Iron Ore has withstood Mayhem, we have seen in commodities market. In his note he discusses, how Iron market is still well supported and should not fall too much below \$80. [Read his rationale here.](#)

Featured Analysts:



ankit@goindiaadvisors.com

CA and CFA, loves good Marwari food. Has an amazing sense of humour.

GIA Analysts are young, energetic people who are deeply passionate about research. They argue fiercely, work with high integrity and can have wittiest conversations. Want to know more about them.

Read here: <https://goindiaadvisors.com/team>



Upcoming Results and Conference Calls

Results Calendar

- 02/05/20
- Apollo Pipes Ltd
 - AU Small Finance Bank Ltd
 - ICICI Lombard General Insurance Company Ltd

- 05/05/20
- Elantas Beck India Ltd
 - NIIT Technologies Ltd
 - Persistent Systems Ltd
 - Tata Coffee Ltd
 - Varun Beverages Ltd

- 06/05/20
- JM Financial Ltd
 - Kansai Nerolac Paints Ltd
 - TCI Developers Ltd
 - Yes Bank Ltd

- 07/05/20
- Cigniti Technologies Ltd
 - Cyient Ltd
 - Gillette India Ltd
 - HCL Technologies Ltd
 - SKF India Ltd

- 08/05/20
- Proctor and Gamble Hygiene and Healthcare Ltd
 - R Systems International Ltd
 - TCI Express Ltd

Upcoming Conference Calls

- 02/05/20
- ICICI Lombard General Insurance Company Ltd

- 04/05/20
- AU Small Finance Bank Ltd

- 05/05/20
- Affle (India) Ltd
 - Varun Beverages Ltd

- 06/05/20
- Persistent Systems Ltd

- 07/05/20
- Cyient Ltd


- 08/05/20
- HCL Technologies Ltd


For Further Details,
Visit [GO INDIA STOCKS](#).





Important Upcoming Events...

04 May 2020


 Spain, Italy, France, Singapore
Germany, India – Manufacturing
PMI


 Brazil – Trade Balance, Manufacturing
PMI

 USA – Factory Orders

 Australia – AIG Construction Index


07 May 2020

 Germany, France – Industrial
Production

 Hong Kong, Singapore – FX
Reserves

 Russia - CPI


 UK – Interest Rate Decision

 France, China – Trade Balance


 Japan – Services PMI, Overtime Pay


05 May 2020

 Singapore, Australia – Retail
Sales

 Switzerland - CPI

 Hong Kong, USA, China -
PMI

 Brazil – Industrial Production

 USA, Canada – Trade Balance

 New Zealand – Labour Cost Index,
Unemployment Rate


06 May 2020


 Spain, Italy, France,
Brazil, Germany, China,
India – Services PMI


 Australia – Trade Balance


 South Korea – FX Reserves


08 May 2020


 Switzerland – Unemployment Rate


 Germany – Trade Balance

 South Africa – FX Reserves

 Spain – Industrial Production

 Brazil - CPI

 USA , Canada – Unemployment
Rate

 India – Deposit and Bank Loan Growth,
FX Reserves

Thank You



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Newsletter

- Any suggestions for what will be useful for you to get a bird's eye view of the market, do write to us at hello@goindiaadvisors.com
- To check out more about the market, visit www.goindiastocks.com