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Weekly Newsletter

Market Masala...

The flavors that influenced the market this week

Headlines this week

Flattening Covid19 curve, OPEC Agreement, more stimulus



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6 out of top 10 highly coronavirus impacted countries are seeing drop in new cases. USA, Germany, Spain, Italy, Iran and Netherlands are witnessing lower cases. New York the epicentre for coronavirus spread saw the lowest new hospital admissions since the start of the pandemic. Market was also enthused by announcement on various announcements on progress on treatments and vaccines for Coronavirus. Vaccine to be potentially be available for emergency use by early 2021.

Saudi Arab and Russia reached a deal to cut 10mbpd of oil production. This fell short of market expectations which was expecting 15-20mbpd to bridge the glut in supply and demand. Oil dropped post a brief surge but may be a bottom has been made. India announced that it will build strategic reserves of oil to take advantage of low oil prices. A good move.

US Fed in it's US\$2.3trillion program to support businesses included purchase of junk bonds, US Fed is following it's mantra of whatever it takes to avoid economy slipping into a depression. India has also announced it's own version of stimulus amounting to Rs1.7trillion, which most think is too little in the face of challenge. Expectations for a second stimulus is keeping market interested.

And Global Markets finds its feet

Name	Returns %			
	One Week <small>(04/04/2020-10/04/2020)</small>	One Month <small>(11/03/2020-10/04/2020)</small>	One Year <small>(11/04/2019-10/04/2020)</small>	YTD <small>(01/01/2020- 10/04/2020)</small>
NASDAQ Composite TR USD	8.90	2.66	4.20	-8.87
S&P 500 TR USD	10.46	1.78	-1.11	-13.15
Hang Seng HSI PR HKD	4.38	-2.96	-19.42	-13.80
DJ Industrial Average TR USD	10.82	-0.36	-7.04	-16.32
Nikkei 225 Average TR JPY	8.57	-0.88	-9.26	-17.40
NYSE Composite TR USD	10.75	-1.14	-11.04	-19.34
FTSE 100 TR GBP	6.60	-2.15	-17.97	-21.79
S&P BSE SENSEX India INR	10.24	-12.56	-19.98	-24.47
IISL Nifty 50 TR INR	10.40	-12.63	-20.87	-24.87



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So did Indian markets

Week Ending 10th April 2020

Auto 23.05 %	Healthcare 17.41 %	Bankex 15.95 %	Telecom 14.56 %	Finance 14.25 %
Consumer Disc. 13.88 %	Metal 12.76 %	Infra 12.76 %	Basic Materials 12.25 %	Energy 11.77 %
Consumer Durables 11.1 %	Oil Gas 10.8 %	Teck 9.45 %	FMCG 8.98 %	Utilities 8.6 %
IT 8.26 %	Industrials 8.12 %	Realty 7.88 %	Power 7.65 %	Capital Goods 6 %

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



Voices that matter

But experienced fund managers are cautious



Hugh Young, Head of Asia Pacific, Aberdeen Standard Investments says
"I think it's a mugs game, no one has the answer. It's possible that markets have bottomed out but it is difficult to say with certainty."
Read [more](#).



Legendary Fund Manager Mark Mobius says
"No one can know if we are at bottom in index terms,. We do know that historically for all markets the average bear decline has been around 50% with a range of 23% to 70%. So if history is any guide, then we could have more to go."



Amit Lodha, Portfolio Manager, Fidelity Global Equities Fund sums it up with a quote from Charles Dicken's *"It was best of the time, it was worst of the time..."* Read [here](#) in detail the uncertainty surrounding the investment opportunity

Macros this week

As Economists make a Race to the bottom



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Goldman Sachs

Goldman Sachs cuts FY21 GDP target for India to 1.6%. Prachi Mishra, Chief India Economist, Goldman Sachs writes "The shock is intrinsically different this time. The one key difference between the global financial crisis and this time is that the fear and scare factor was not prevalent during previous period of stress... Covid19 represents a unique physical constraint on physical activity. And when the constraints are physical, the quarterly contractions in economic activity can be very steep". Read [here](#)

Other notable downgrades for FY21 GDP growth for India were:

S&P Global
Ratings

3.5%

Fitch
Ratings

2%

India Ratings
& Research
A Fitch Group Company

3.6%

MOODY'S
INVESTORS SERVICE

2.5%



What If History repeats?

Nifty 50	2008			2020(till now)		
	Index	% from Peak	% Bounce	Index	% from Peak	% Bounce
Peak	6,288			12,430		
1st fall	4,503	-28%		7,610	-39%	
1st bounce	5,228		16%	9,112		20%
2nd fall	3,817	-39%		7,504	-39%	
2nd bounce	4,620		21%	9,084		21%
Final fall	2,524	-60%		4,963	-60%	
Final bounce	3,148		25%	6,190		25%

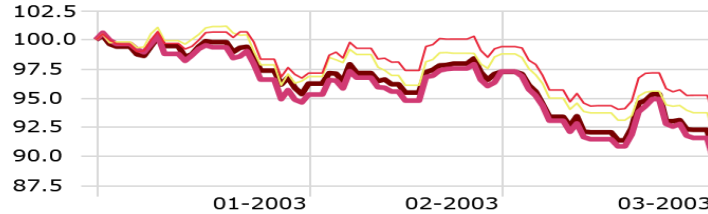
1. An analysis of how market behaved in 2008 Global Financial Crisis. There were 3 waves of sell down.
2. If we see same pattern again, we are looking at substantial downside still.
3. However, maybe the fiscal and monetary response is much stronger globally now as compared to 2008.
4. Maybe a new drug announcement might cut short the bearishness.
5. Still better to be cautious.

Funds Performance in Periods of Virus Outbreak

How Funds have Performed in the Past Significant Virus Outbreaks

SARS :Jan 2003-March 2003

Time Period: 01-01-2003 to 31-03-2003



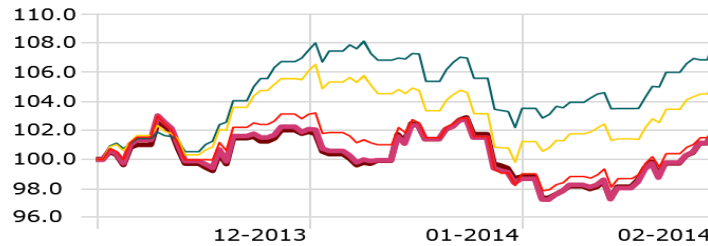
India Fund Large-Cap India Fund Mid-Cap IISL Nifty 50 TR INR
S&P BSE SENSEX TR INR

Time Period: 01-01-2003 to 31-03-2003 Calculation Benchmark: IISL Nifty 50 TR INR

	Return	Std Dev	Excess Return
India Fund Large-Cap	-6.50	15.79	3.98
India Fund Mid-Cap	-8.27	15.79	2.22
India Fund Small-Cap			
IISL Nifty 50 TR INR	-10.48	17.48	0.00
S&P BSE SENSEX TR INR	-9.71	16.45	0.78

Ebola : Dec 2013- Feb 2014

Time Period: 01-12-2013 to 28-02-2014



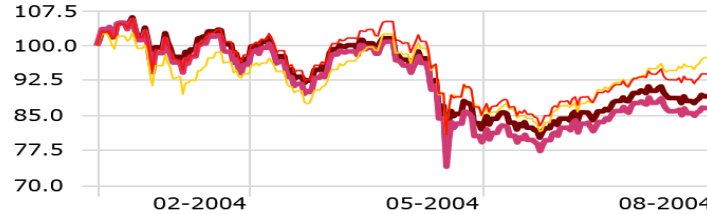
India Fund Large-Cap India Fund Mid-Cap India Fund Small-Cap
IISL Nifty 50 TR INR S&P BSE SENSEX TR INR

Time Period: 01-12-2013 to 28-02-2014 Calculation Benchmark: IISL Nifty 50 TR INR

	Return	Std Dev	Excess Return
India Fund Large-Cap	2.17	13.86	0.39
India Fund Mid-Cap	5.19	13.40	3.42
India Fund Small-Cap	7.97	13.20	6.19
IISL Nifty 50 TR INR	1.78	14.86	0.00
S&P BSE SENSEX TR INR	1.73	14.42	-0.05

Avian Influenza: Jan 2004-Aug 2004

Time Period: 01-01-2004 to 31-08-2004



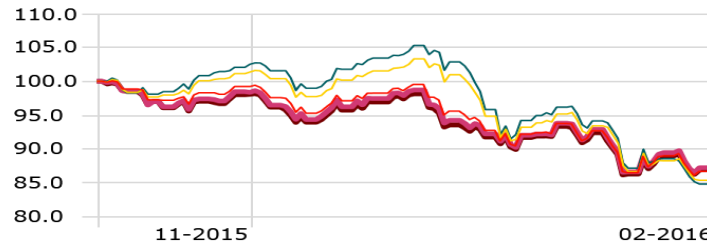
India Fund Large-Cap India Fund Mid-Cap IISL Nifty 50 TR INR
S&P BSE SENSEX TR INR

Time Period: 01-01-2004 to 31-08-2004 Calculation Benchmark: IISL Nifty 50 TR INR

	Return	Std Dev	Excess Return
India Fund Large-Cap	-4.36	34.07	7.69
India Fund Mid-Cap	-0.63	32.89	11.42
India Fund Small-Cap			
IISL Nifty 50 TR INR	-12.05	39.08	0.00
S&P BSE SENSEX TR INR	-9.59	35.63	2.46

Zika : Nov 2015- Feb 2016

Time Period: 01-11-2015 to 29-02-2016



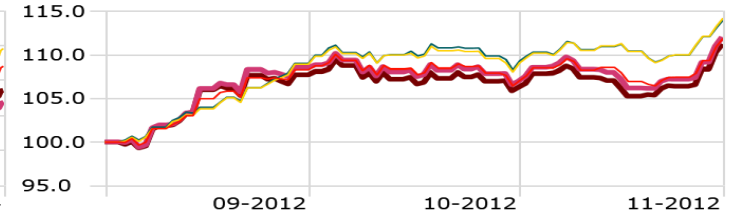
India Fund Large-Cap India Fund Mid-Cap India Fund Small-Cap
IISL Nifty 50 TR INR S&P BSE SENSEX TR INR

Time Period: 01-11-2015 to 29-02-2016 Calculation Benchmark: IISL Nifty 50 TR INR

	Return	Std Dev	Excess Return
India Fund Large-Cap	-13.81	19.16	-0.50
India Fund Mid-Cap	-14.62	21.33	-1.32
India Fund Small-Cap	-15.24	22.92	-1.94
IISL Nifty 50 TR INR	-13.31	19.85	0.00
S&P BSE SENSEX TR INR	-13.64	19.28	-0.33

MERS : Sept 2012-Nov 2012

Time Period: 01-09-2012 to 30-11-2012



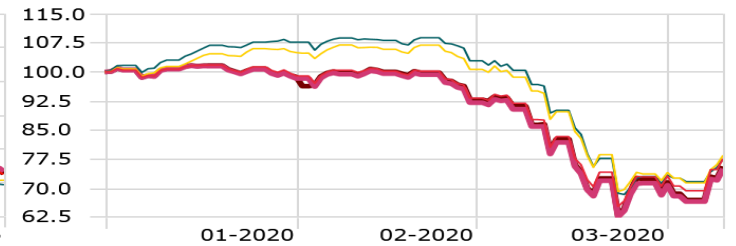
India Fund Large-Cap India Fund Mid-Cap India Fund Small-Cap
IISL Nifty 50 TR INR S&P BSE SENSEX TR INR

Time Period: 01-09-2012 to 30-11-2012 Calculation Benchmark: IISL Nifty 50 TR INR

	Return	Std Dev	Excess Return
India Fund Large-Cap	11.83	13.83	-0.17
India Fund Mid-Cap	14.15	11.75	2.15
India Fund Small-Cap	13.93	11.60	1.94
IISL Nifty 50 TR INR	12.00	16.15	0.00
S&P BSE SENSEX TR INR	11.20	15.63	-0.80

Coronavirus : Jan 2020-

Time Period: 01-01-2020 to 09-04-2020



India Fund Large-Cap India Fund Mid-Cap India Fund Small-Cap
IISL Nifty 50 TR INR S&P BSE SENSEX TR INR

Time Period: 01-01-2020 to 08-04-2020 Calculation Benchmark: IISL Nifty 50 TR INR

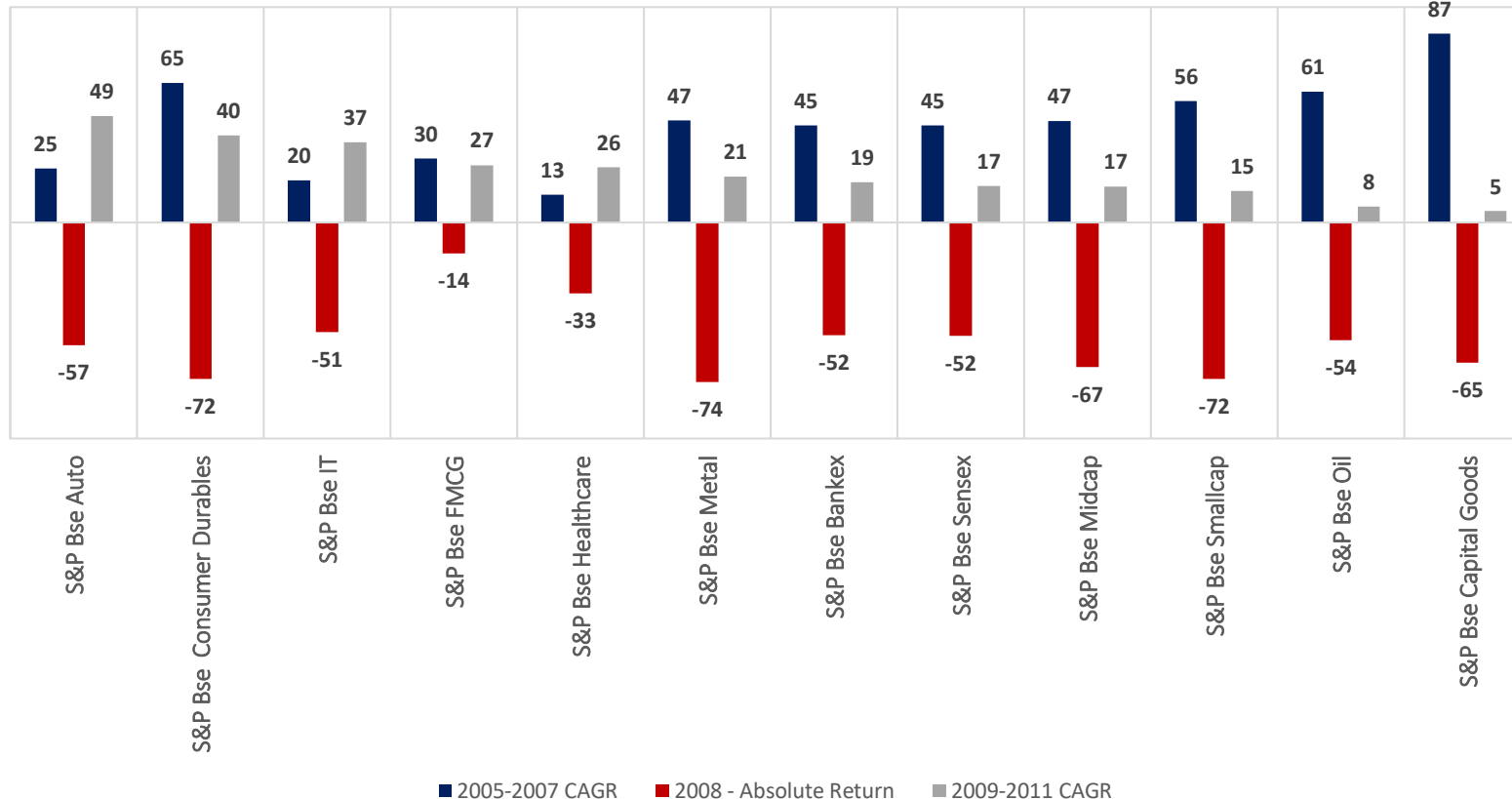
	Return	Std Dev	Excess Return
India Fund Large-Cap	-25.20	54.65	2.67
India Fund Mid-Cap	-23.85	47.55	-4.02
India Fund Small-Cap	-24.51	45.24	3.35
IISL Nifty 50 TR INR	-27.87	59.89	0.00
S&P BSE SENSEX TR INR	-27.32	61.24	0.55

Source: Morningstar Direct



History repeats – but maybe not exactly

Sector wise return (%) across different time periods



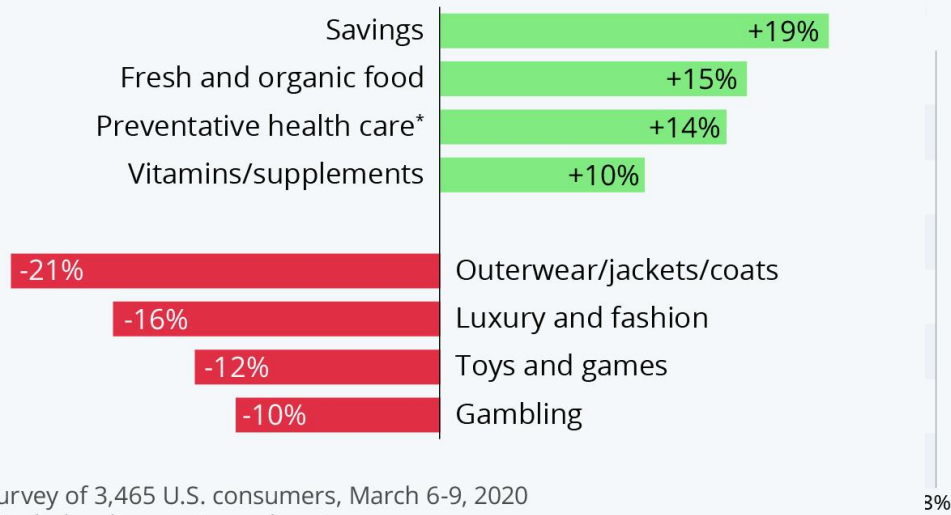
1. An analysis of what performed before the Global Financial crisis and what worked after tells a great story.
2. Consumption took over from Capex as the flavour of the market.
3. Thinking aloud, what will happen post Covid19. Will you be using public transport? Will autos make a comeback? Will you buy more insurance? Will you consume the same way as before?



Preferences already starting to change

Health Care, Food and Savings Profit From Pandemic

Net share of U.S. consumers who said they would spend more/less on the following in the next six months



Survey of 3,465 U.S. consumers, March 6-9, 2020

* includes diagnostics and testing

Source: Boston Consulting Group



- U.S. consumers have said they wanted to spend more money on fresh food and preventative health care and also put more money away in savings due to the coronavirus pandemic.
- That 19 percent net share of people saving more decreased to around 15 percent in mid-March. Still, increasing savings remains – for now – a major winner of the pandemic at least according to consumers themselves. As a recently published survey by Gallup shows, half of salaried employees have not felt the financial impact of the virus outbreak.
- While from March 6-9, a net 25 percent of consumers said they would spend less on tobacco products, that had changed just approximately net 5 percent in mid-March. Most recently, around a net 10 percent said they wanted to spend less on alcohol, but sales have soared at the same time.
- The segments even more affected by consumer negligence are fashion and outerwear, with net spending reductions of more than 20 percent each.



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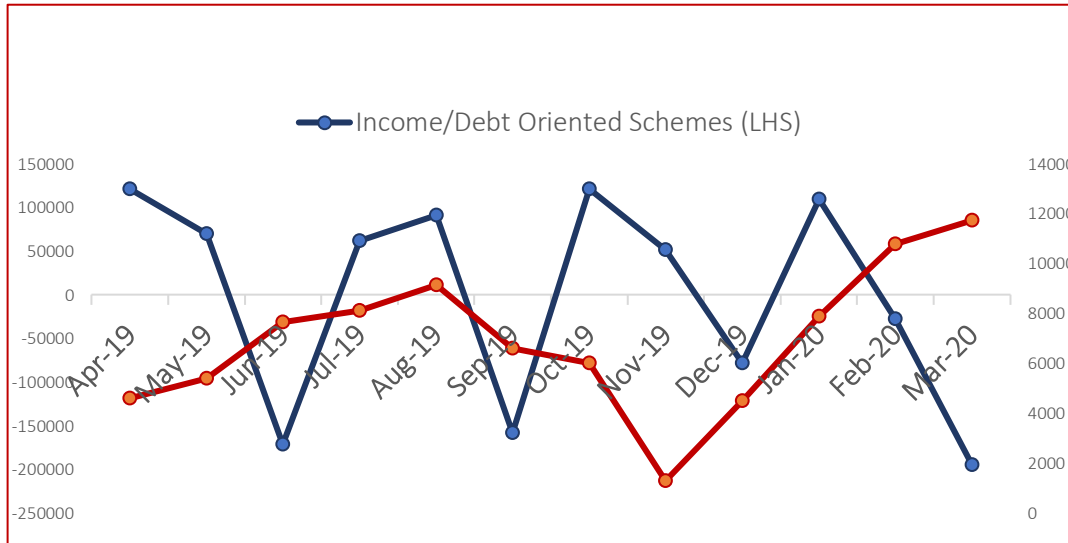
Tech Check – Pullback has steam left



1. Short covering led pullback has gathered pace. 9600-10000 levels possible.
2. However upside is limited due to long term impact of ongoing pandemic.
3. Things can change if some effective treatment line is found.
4. Vaccine can be available at the earliest in CY21.

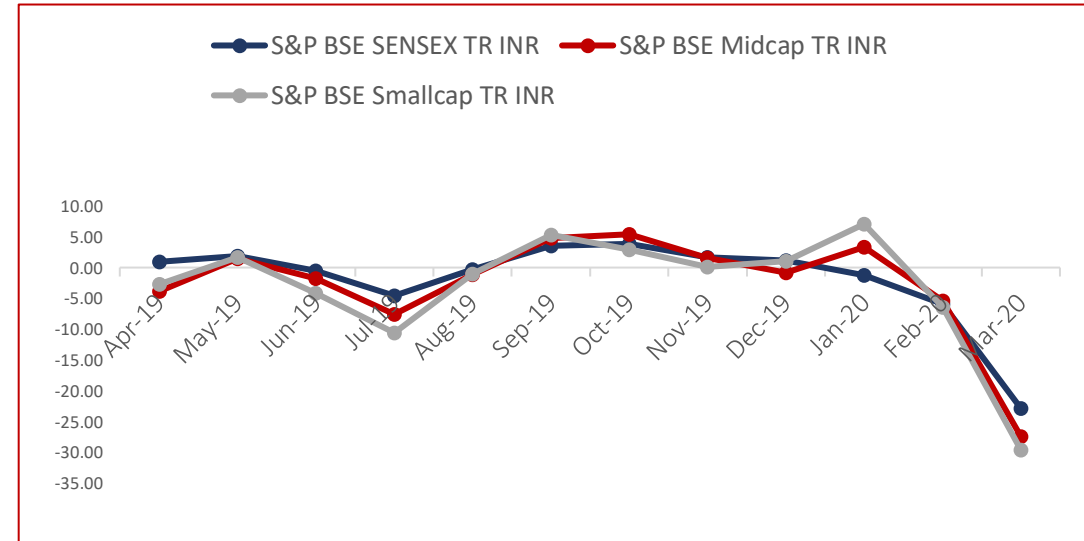
As Net Inflows into Equity Funds touched 12 month high in March despite the vicious sell off in markets whereas Debt Funds touched 12 month low

Net Inflows into Mutual Funds



Large , Mid and Small Cap Index Performance in FY20

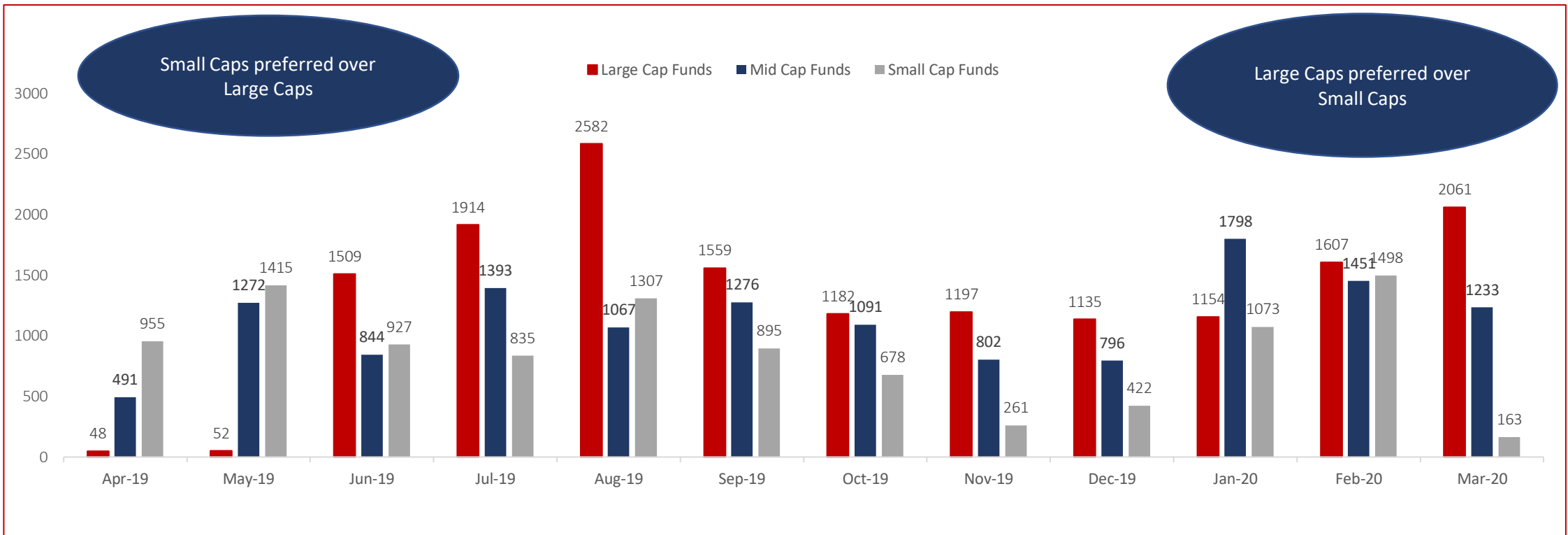
All figures are in INR Crores



The fall in the frontline indices was used as an opportunity by HNIs, family offices and some institutions to allocate money through large cap, multicap and index funds
A. Balasubramanian – MD & CEO, Aditya Birla Sun life AMC

Large cap funds – the preferred ones now

Net Inflows into Large, Mid and Small Cap Funds (INR Cr)

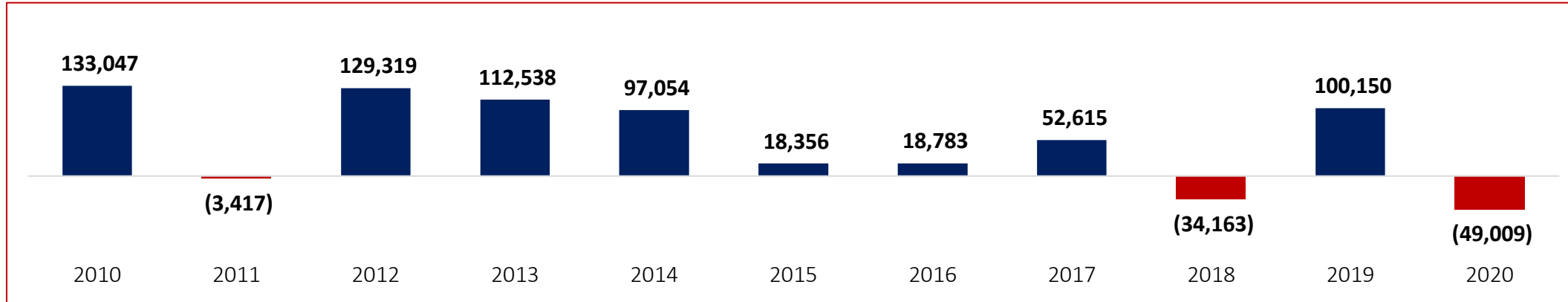


FII sell off– slowed but continues



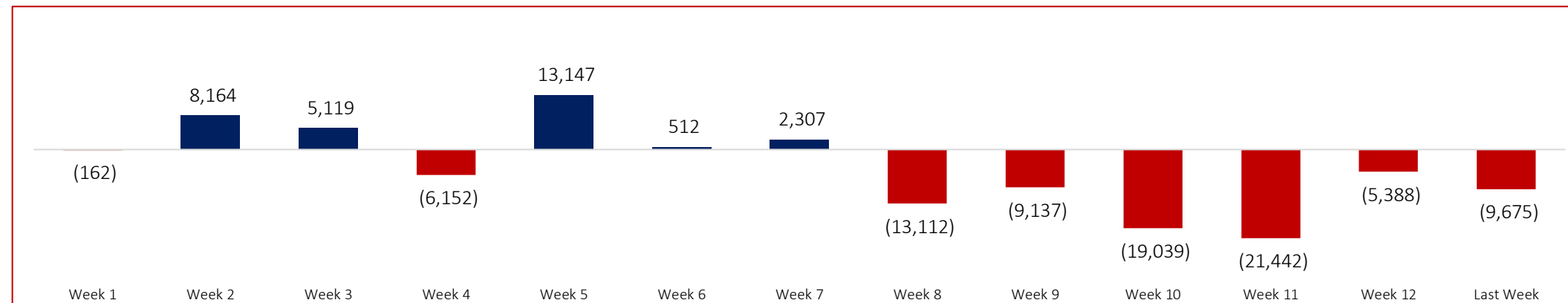
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FII Flows in Indian Equities over the Years (INR Cr)



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

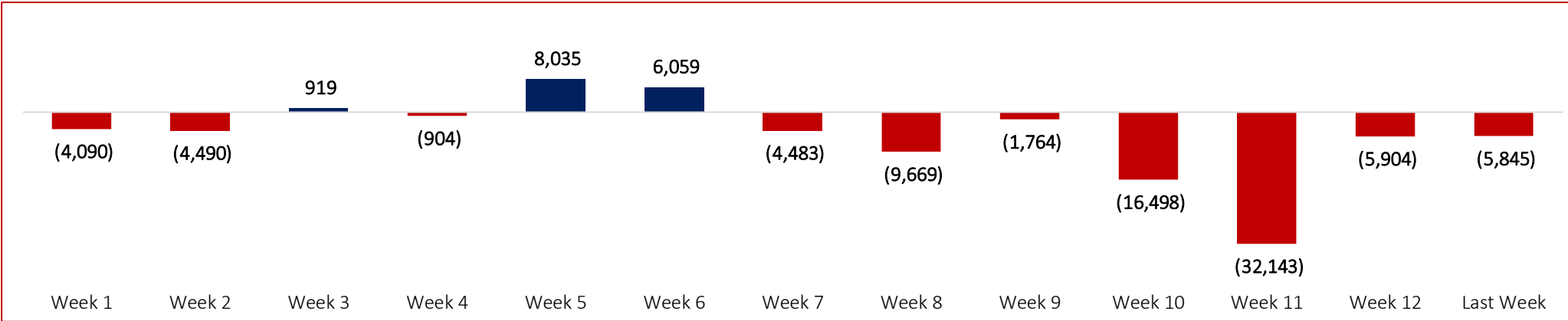
11-04-2020

FII sell off – same trend in Debt Markets



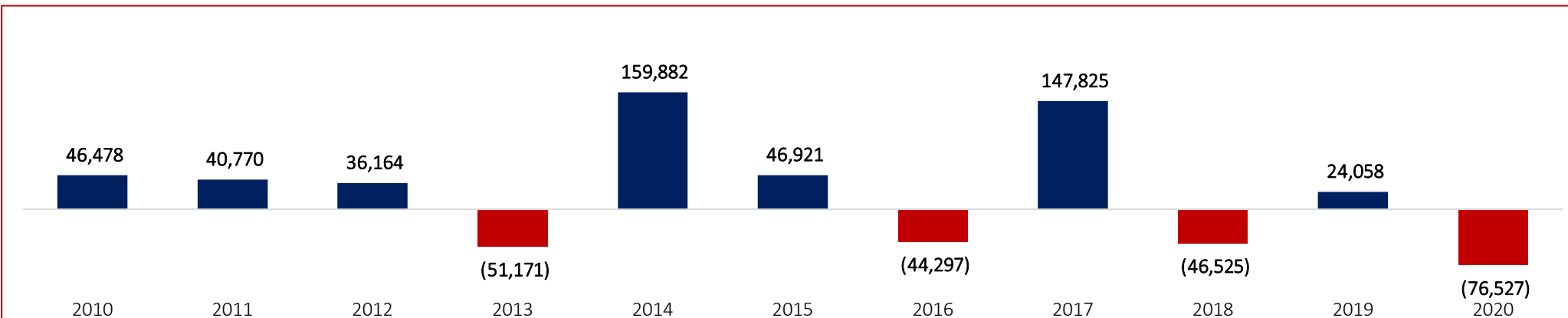
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Weekly FII Flows in Indian Debt Market in CY20 (INR Cr)



Note : Week 1 starts from January 6th , 2020

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



Note : all above years are CY and not FY

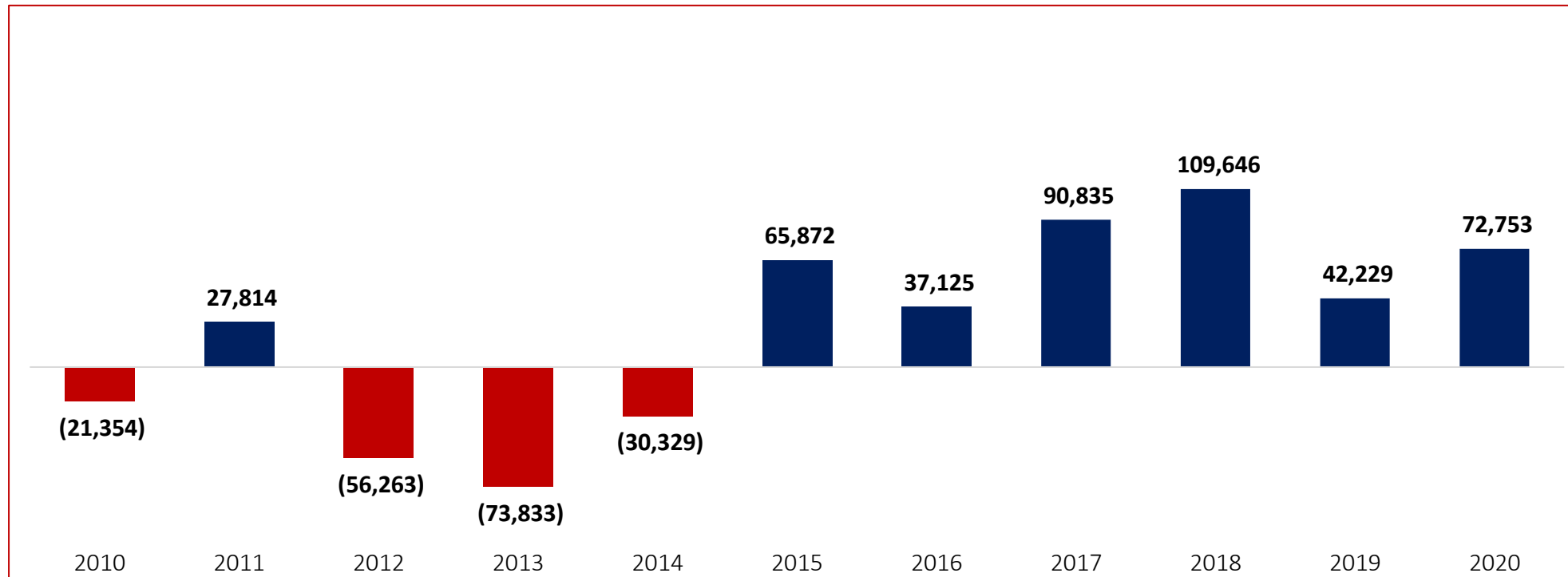
DII continue to be positive



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DII Net Flows in Equities (INR Cr)



Note : all above years are CY and not FY.



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Interesting – block trades last month

Fund	Stock Purchased	Amount (Rs cr)
Nalanda India Equity Fund	Cera Sanitary	138
	Thyrocare	143
	Thermax	78
	Total	359
Ward Ferry	MCX	96
Invesco Global	Oberoi Reality	216
UBS Principal Capital Asia Ltd	IndusInd Bank	198



What GIA Analysts are Saying

Infra Sector: Abject Pessimism?

Ankit, GIA Infra and Metals Analyst wrote on Gayatri Projects and how a company with superior fundamentals and 20%+ ROEs has fallen a whopping 95%. His note discusses the company's strong fundamentals and superior growth prospects – [Read Here](#)

Agri – Can it survive Corona?

GIA's Agri Analyst Radha, discussed how Agri sector is best positioned in the current scenario, as it has highest GOI priority after health. [Read her note](#), in which she discusses how GOI is ensuring that Kharif season is not adversely impacted by lockdown and how Nath Bio Genes is bound to benefit.

Iron Ore – Paradigm Shift?

In his Iron Ore Research, Ankit discusses iron ore mine auctioning. [Read it here](#) to know how steel companies margins are bound to get impacted which could result in sub optimal production levels subsequently. Integrated steel players like Godawari are best positioned.

Featured Analysts:



ankit@goindiaadvisors.com

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



radha@goindiaadvisors.com

CA and a biking enthusiast. Fitness freak who loves sea food.

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>

SBI MF – Tops AUM in FY20

Rank	Fund House	AUM March 2020	Q4 Net Inflows	Market Share	
		INR CR	%n Change (YoY)	Mar-20	Mar-19
1	SBI MF	3,73,537	31.6%	13.83%	11.60%
2	HDFC MF	3,69,783	8.0%	13.69%	13.99%
3	ICICI Pru MF	3,50,743	9.3%	12.99%	13.11%
4	Aditya Birla MF	2,47,522	0.4%	9.17%	10.08%
5	Nippon MF	2,04,884	-12.3%	7.59%	9.55%
6	Kotak MF	1,86,088	24.0%	6.89%	6.14%
7	UTI MF	1,51,513	-5.1%	5.61%	6.53%
8	Axis MF	1,38,402	54.3%	5.12%	3.67%
9	Franklin Templeton	1,16,323	-2.2%	4.31%	4.86%
10	IDFC MF	1,03,912	49.8%	3.85%	2.84%
11	DSP MF	80,422	2.6%	2.98%	3.20%
12	L&T MF	71,056	0.2%	2.63%	2.90%
13	Tata MF	53,149	-1.9%	1.97%	2.22%
14	Mirae MF	43,200	78.6%	1.60%	0.99%

Axis AMC : Best Performer across Categories



**Mr Shreyas
Devalkar:**

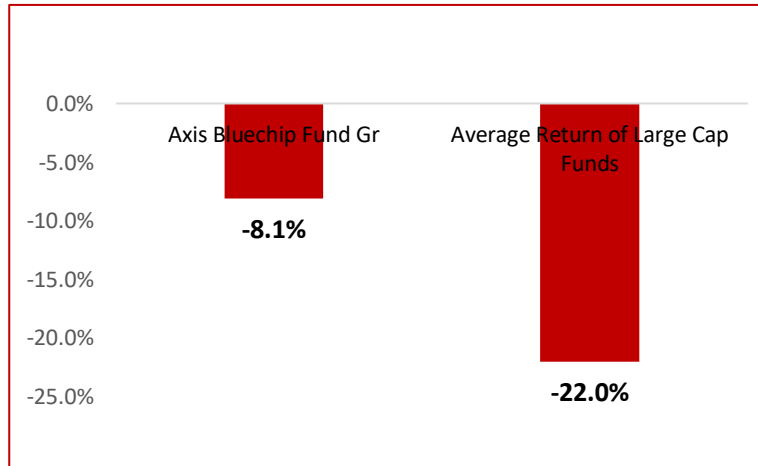
**(Chemical Engineer, MBA)
Fund Manager of Axis Large
Cap, Axis Multi Cap and Axis
Mid Cap Fund**



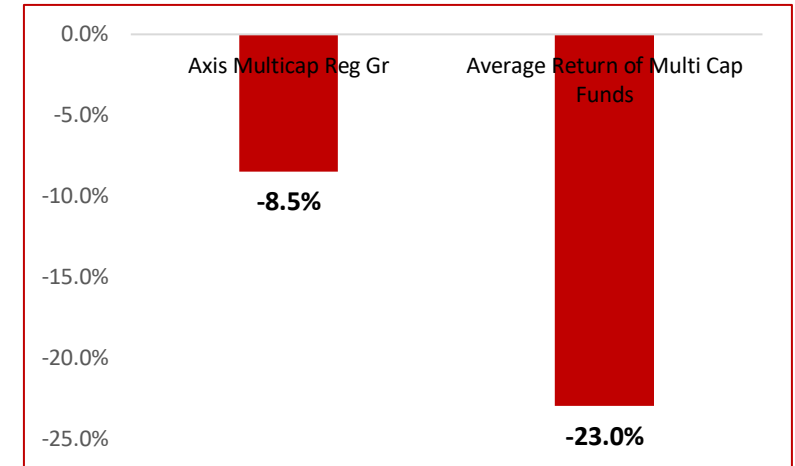
Mr Anupam Tiwari:

**(Chartered Accountant)
Fund Manager of Axis Small Cap
Fund**

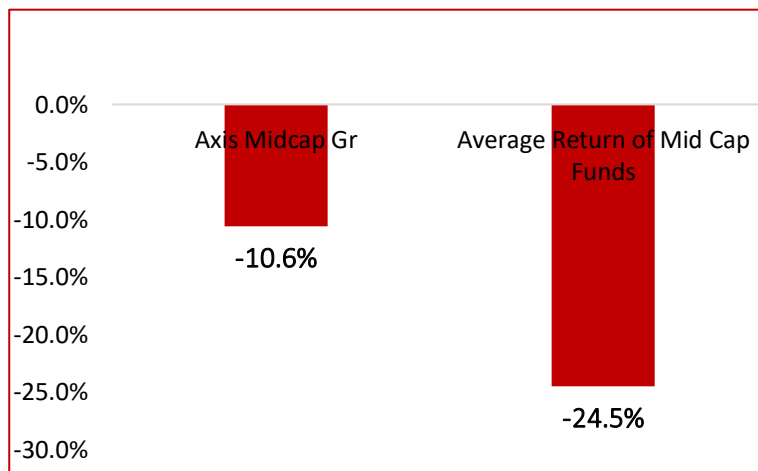
FY 20 Large Cap Funds Performance



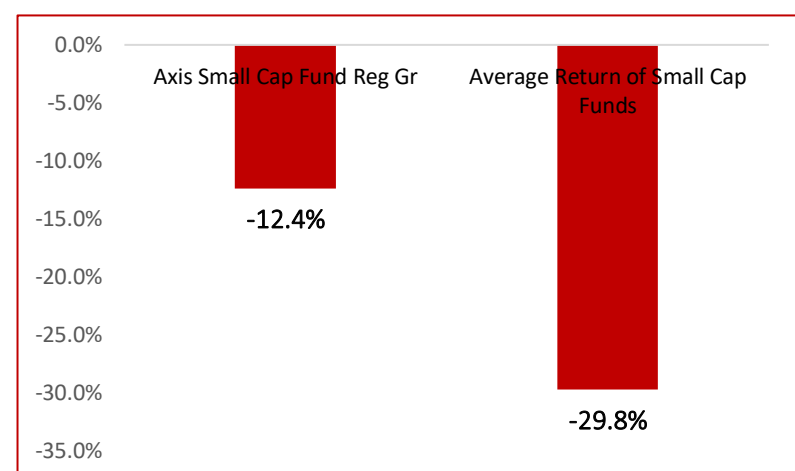
FY20 Multi Cap Fund Performance



FY20 Mid Cap Fund Performance

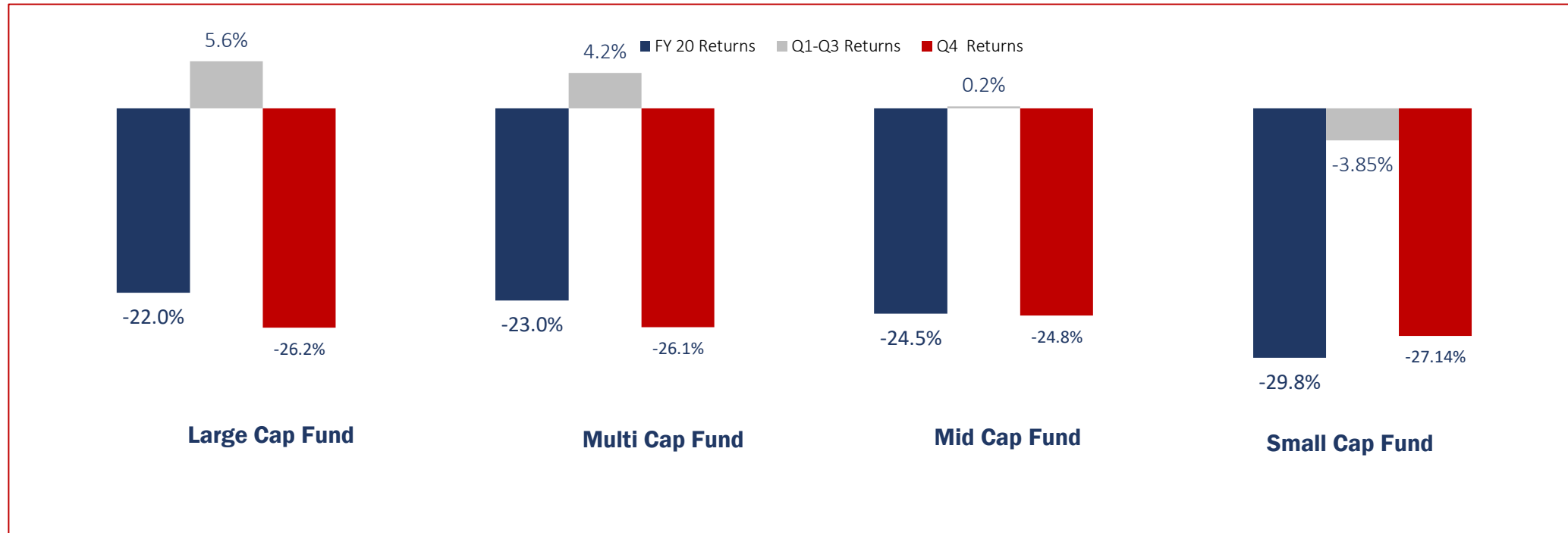


FY20 Small Cap Fund Performance



A Year for Large Caps: But not spared the sell-off


Fund Performances







Important Upcoming Events...


13 April 2020


 India CPI (YoY)
Industrial Production (YoY)



 South Korea - Export and Import Price Index (YoY)


 NZ – Electronic Card Retail Sale (MoM)

14 April 2020

 India WPI, Food, Fuel Inflation (YoY)


 USA: EX/IM Price Index (MOM)
NFIB Small business optimism


  China and South Korea Trade Balance


 NZ – FPI MOM

 AUS: Westpac Consumer Sentiment

15 April 2020

 France, Spain and Italy -
CPI and HICP


 Core Retail Sales (MoM), Mortgage
Market Index, Capacity Utilisation Rate
and Industrial Production, Overall Net
Capital Flow


 BoC Monetary Policy Report and
Rate Decision

 Australia - Employment Change,
Participation Rate

 China - House Prices


16 April 2020


 Germany - CPI, HICP and WPI


 Switzerland and Russia -
PPI

 USA - OPEC Monthly Report,
Philly Fed CAPEX Index

 Canada - Manufacturing Sales

 South Korea - Unemployment Rate


 China - GDP, Industrial Production,
Retail Sales, Unemployment Rate


 Singapore - Non - Oil Exports

17 April 2020

 Japan - Capacity Utilisation and
Industrial Production (MoM)

 Italy - Trade Balance

 EUR - Core CPI, CPI, CPI ex
Tobacco, HICP ex Energy and Food

 Canada - Foreign Securities
Purchase

Thank You



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- 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