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Weekly Newsletter

Market Masala...

The flavors that influenced the market this week

Global Markets tumble hit by Covid19

Name	One Week Return	One Month Return	One Year Return	Return YTD
Hang Seng HSI PR HKD	3.04	-11.81	-17.22	-18.13
DJ Industrial Average TR USD	12.84	-15.84	-13.48	-14.49
NASDAQ Composite TR USD	9.06	-12.34	-0.79	-1.91
S&P 500 TR USD	10.28	-14.53	-7.59	-8.55
NYSE Composite TR USD	11.60	-18.58	-16.97	-17.69
FTSE 100 TR GBP	11.81	-21.83	-24.82	-24.83
Nikkei 225 Average TR JPY	20.55	-10.19	-6.25	-5.23
IISL Nifty 50 TR INR	-0.39	-28.60	-29.41	-30.10
S&P BSE SENSEX India INR	0.13	-28.26	-28.04	-28.64



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Indian markets – rebound at last

Bankex 18.65 %	Finance 16.7 %	Energy 14.57 %	IT 14.18 %	Teck 13.39 %
Capital Goods 12.15 %	FMCG 11.08 %	Consumer Durables 10.44 %	Telecom 10.07 %	Industrials 9.9 %
Infra 9.18 %	Consumer Disc. 7.78 %	Auto 6.45 %	Realty 5.89 %	Power 5.83 %
Healthcare 5.65 %	Basic Materials 5.65 %	Utilities 4.95 %	Oil Gas 4.41 %	Metal 3.8 %

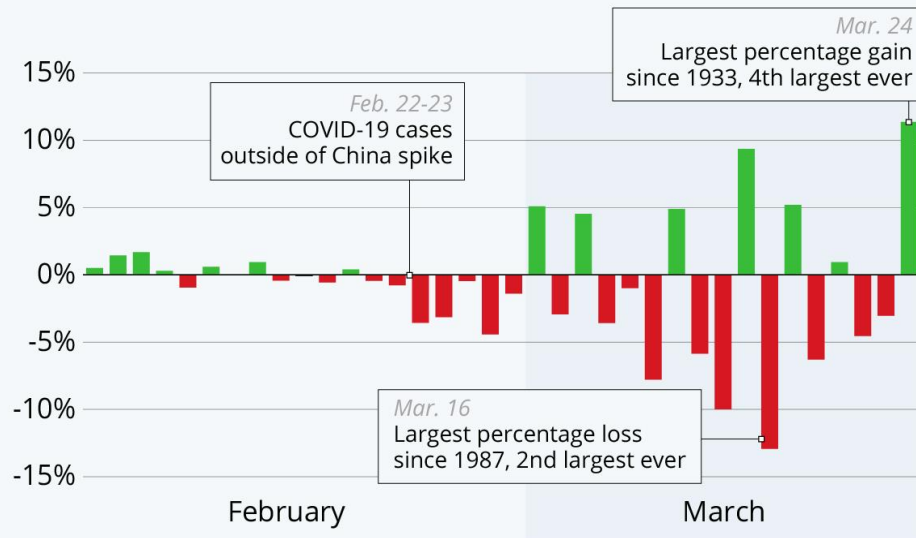
For more information: Click on the image.



Volatility is the name of the game

Stock Market Swings Wildly Amid Coronavirus Uncertainty

Daily changes in the Dow Jones Industrial Index in February and March 2020



Source: Yahoo! Finance



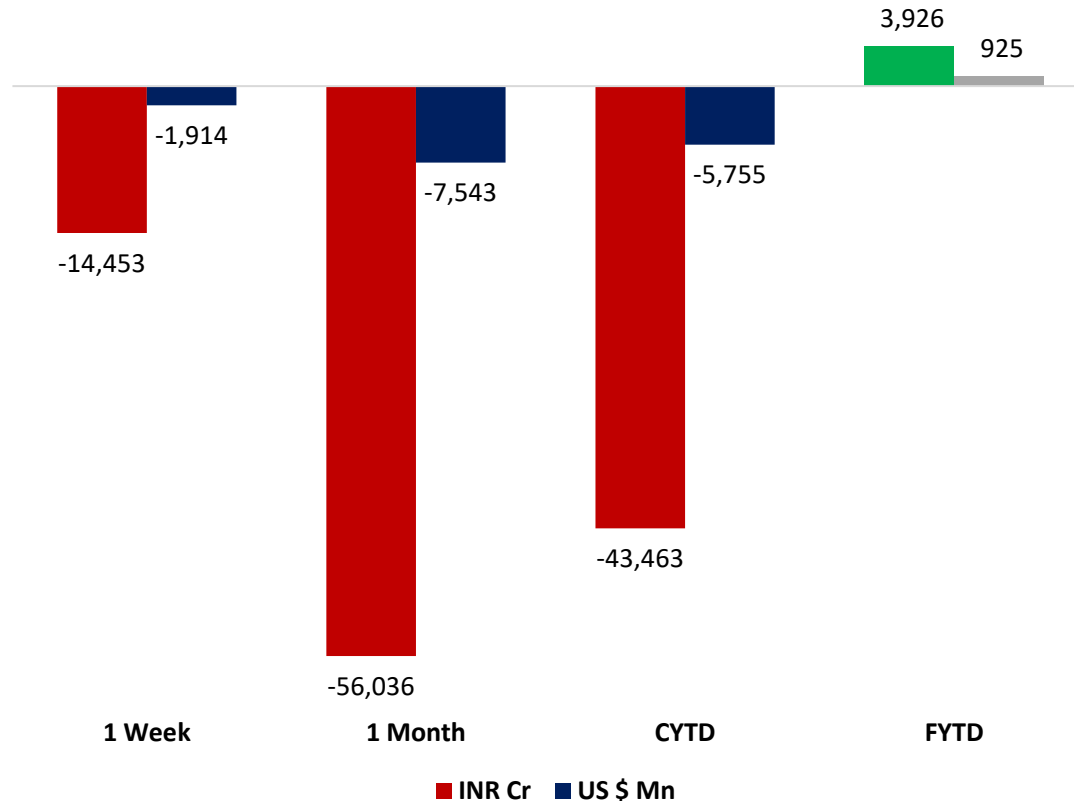
- Ever since news of the novel coronavirus spreading rapidly in Iran, Italy and South Korea emerged during the weekend of February 22 and 23, stock markets have seen some of the largest ups and downs in history, as investors jump on every piece of news amid the uncertainty that comes with an unprecedented global health crisis.
- On Tuesday, U.S. stocks soared on news that the Senate was about to reach an agreement on a \$2 trillion aid package to help the U.S. economy through these challenging times.
- The Dow Jones Industrial Average surged 2,113 points or 11.4 percent, in what was the largest single-day point gain in history and the largest percentage increase since 1933.

FII – continue to pull out of India

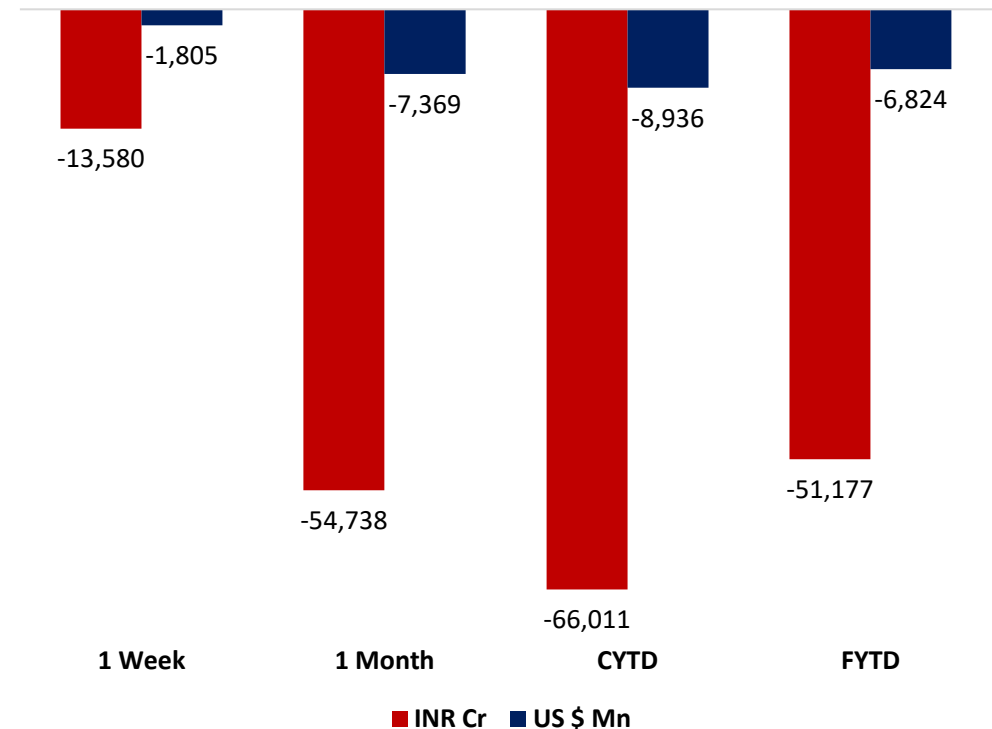


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FII Flows in Indian Equity Market



FII Flows in Indian Debt Market

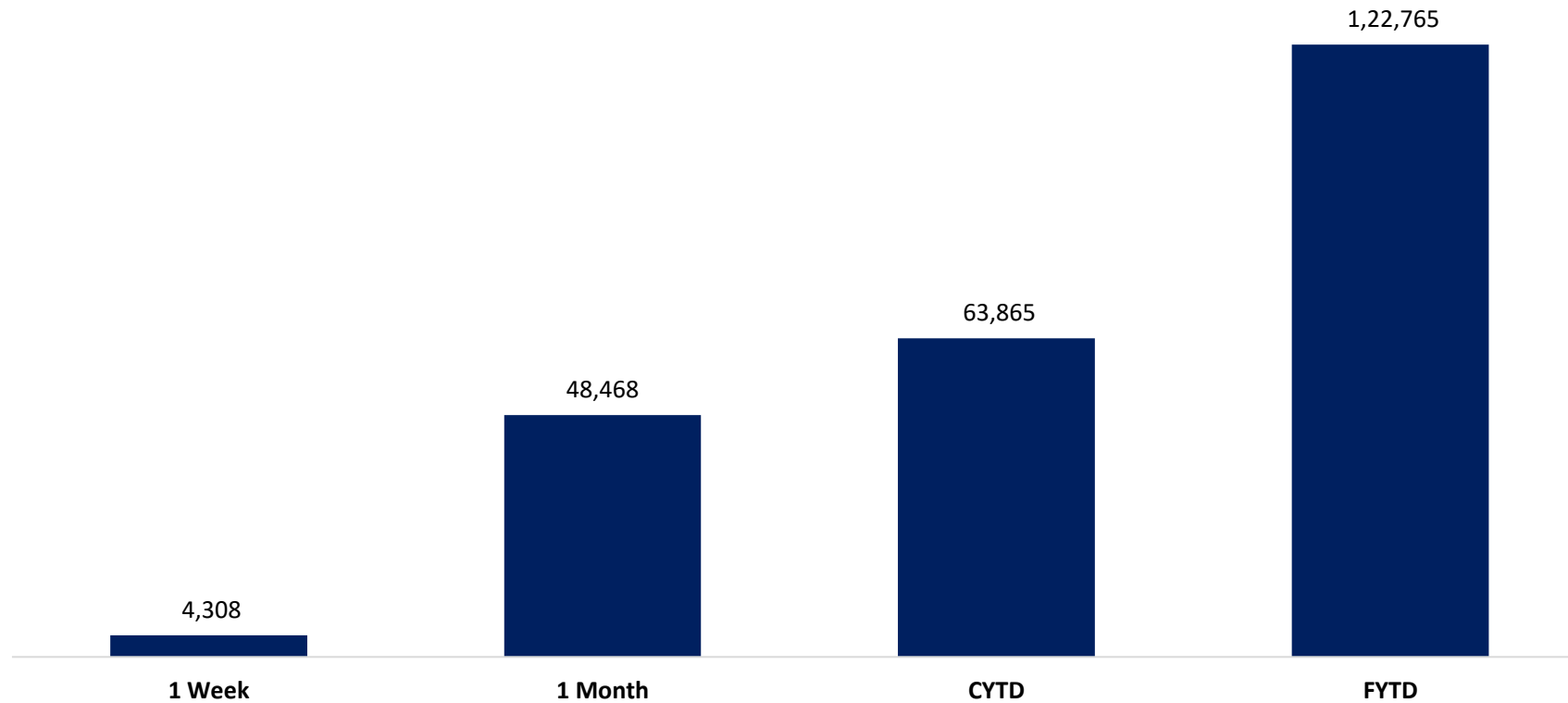


While DIIs have little choice



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DII Net Inflows (INR Cr)



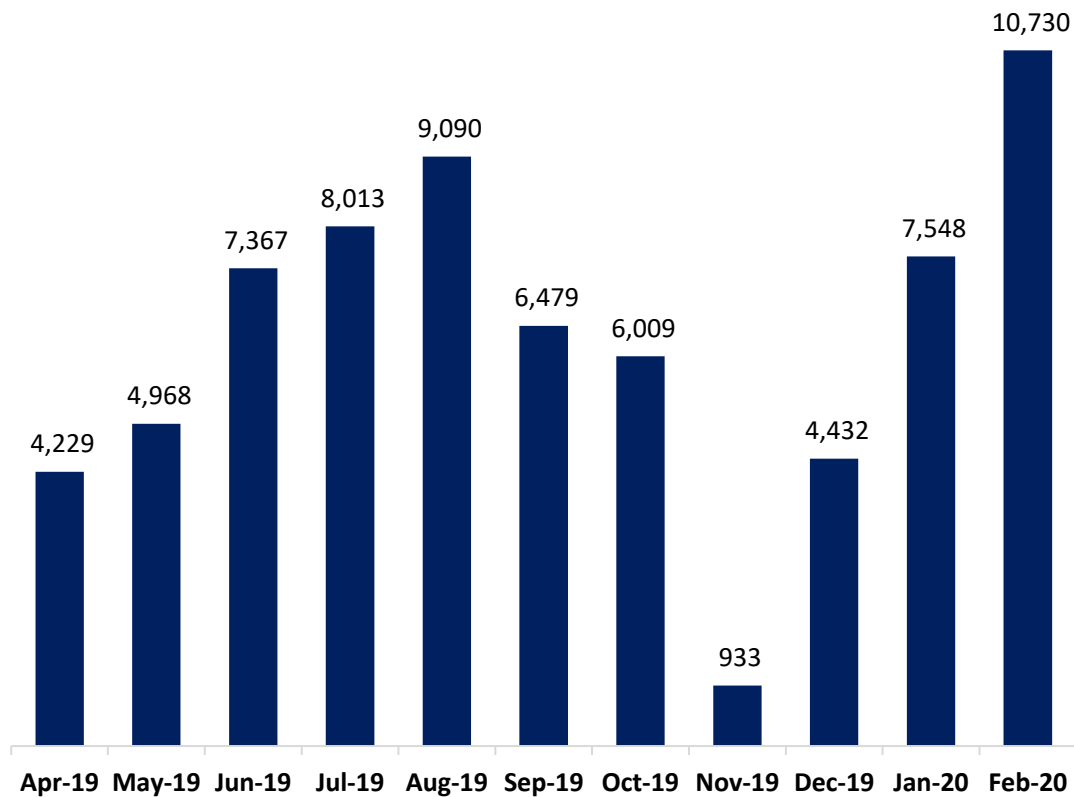
Retail investors continue to keep faith



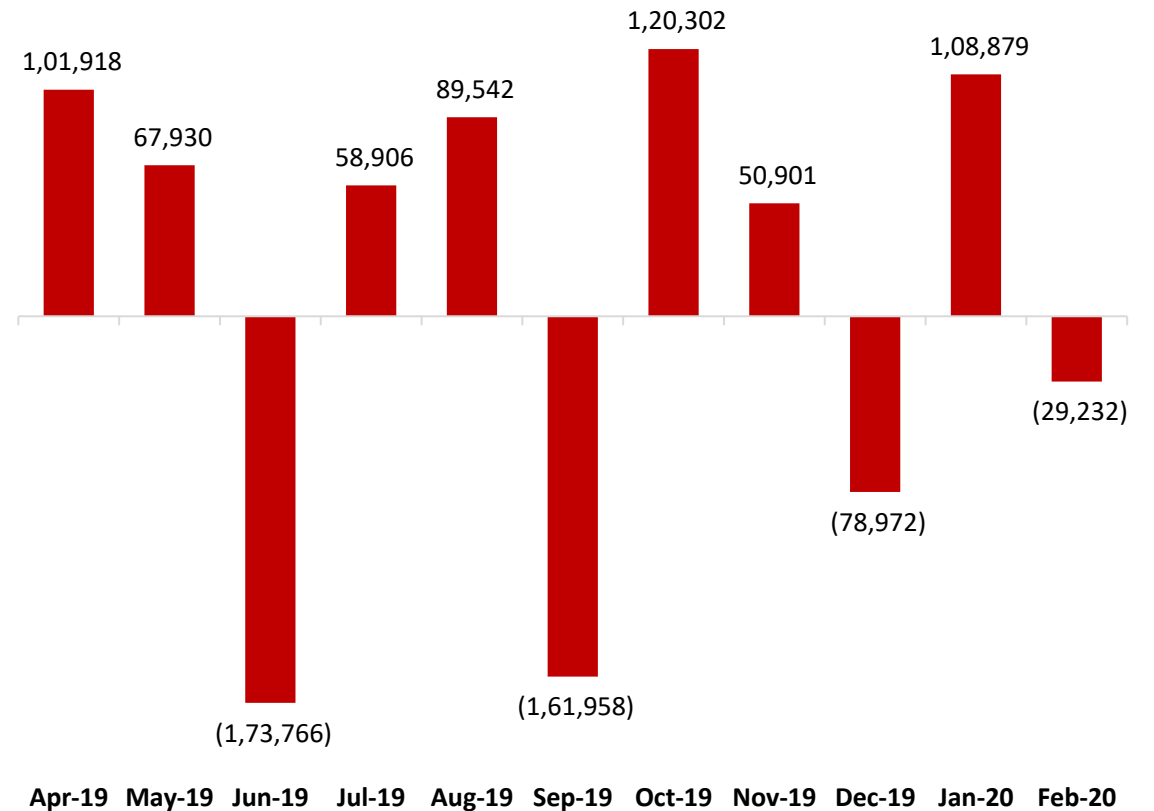
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Growth/Equity Oriented Schemes (INR Cr)



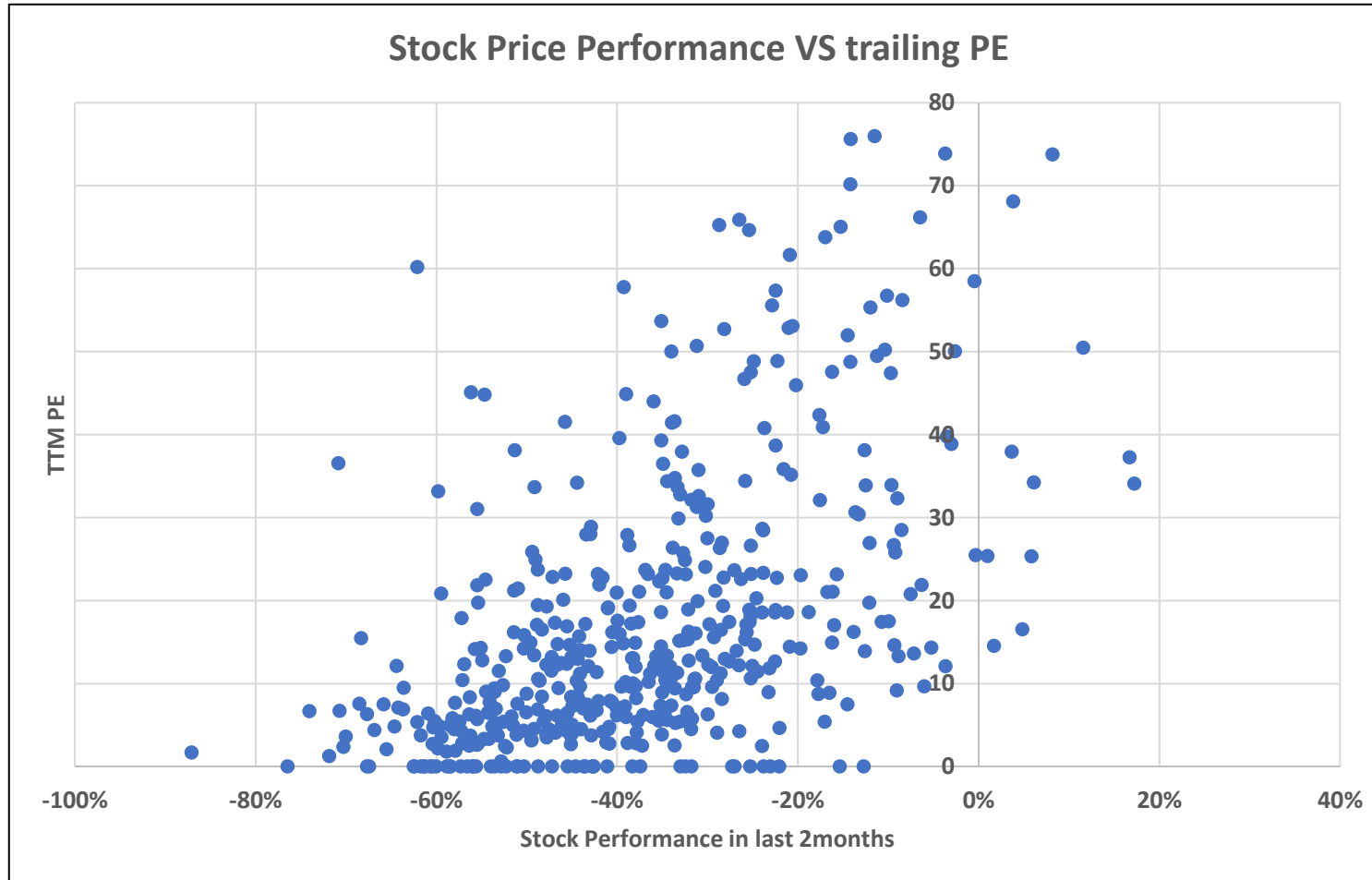
Income/Debt Oriented Schemes (INR Cr)



What drives stocks – certainly not cheap valuations



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1. The chart shows BSE500 stocks plotted on TTM PE and the stock performance in last 2 months.

2. Clearly cheap stocks have fallen way more than high PE stocks.

3. This is despite, FIIs doing bulk of the selling, so would be owning high quality stocks.

4. Valuation is last of trigger to get someone to buy, work on business moat!

Government takes action



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SEBI extends deadline

SEBI extends deadline to file Q4 results till June 30, relaxes disclosure norms

19 March 2020

Extension of deadline for regulatory filings

FM announced extension of deadlines for filing income tax returns, goods and services tax, and customs and central excise taxes; raised threshold limit for companies falling into the ambit of Insolvency and Bankruptcy code

24 March 2020

Total Lockdown in India

Prime Minister Narendra Modi announced a nationwide lockdown for 21 days in order to contain the rapid spread of Covid -19

25 March 2020

GOI announces Rs 1.7 lakh crore relief package

which includes:

- insurance cover for frontline medical personnel
- 800 million people to get free cereals and cooking gas
- Direct cash transfer for 3 months
- INR 1000 ex gratia payment for 30 million poor citizens
- INR 2,000 under Pradhan Mantri Kisan Yojana

27 March 2020

What Fund Managers Said Post Relief Package Announcement



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Market bottom to be decided by medical solution and not financial It would be too early to say that 7,500 is the bottom, it is the virus which is going to decide it says **Nilesh Shah - Kotak AMC.**



Until people are able to go back to work in our country which is middle of April or late April, it is going to be difficult to take advantage of the measures that the RBI has announced. I am not expecting any roaring rally until the second half of April, Says **Saurabh Mukherjee - Marcellus**



I do not think there is any method by which one can model this and certainly not forecast both a priceline and a timeline. We have some idea of where valuations are in a historical context and that is what we would prefer to be guided by than by models, Says **Vetri Subramaniam – UTI AM**

30-03-2020

What Fund Managers are Saying



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Andrew Holland – Avendus Cap

Ban on short selling wont work in the current situation. No matter how low the interest rates are, there is no cash flow to service. Companies will have cashflow and payment problem due to COVID-19.



S Naren – ICICI Pru Cap

Huge rate cuts are required. Quantum of OMO must be in sync with huge amount of FII selling. Entire macro environment is extremely favorable for India.



Sunil Singhania - Abakus Asset Manager

Die hard optimists are finding it difficult to invest until stability returns. Can't Call this a bottom; valuations are compelling. Removing Capital gains tax will improve sentiment.

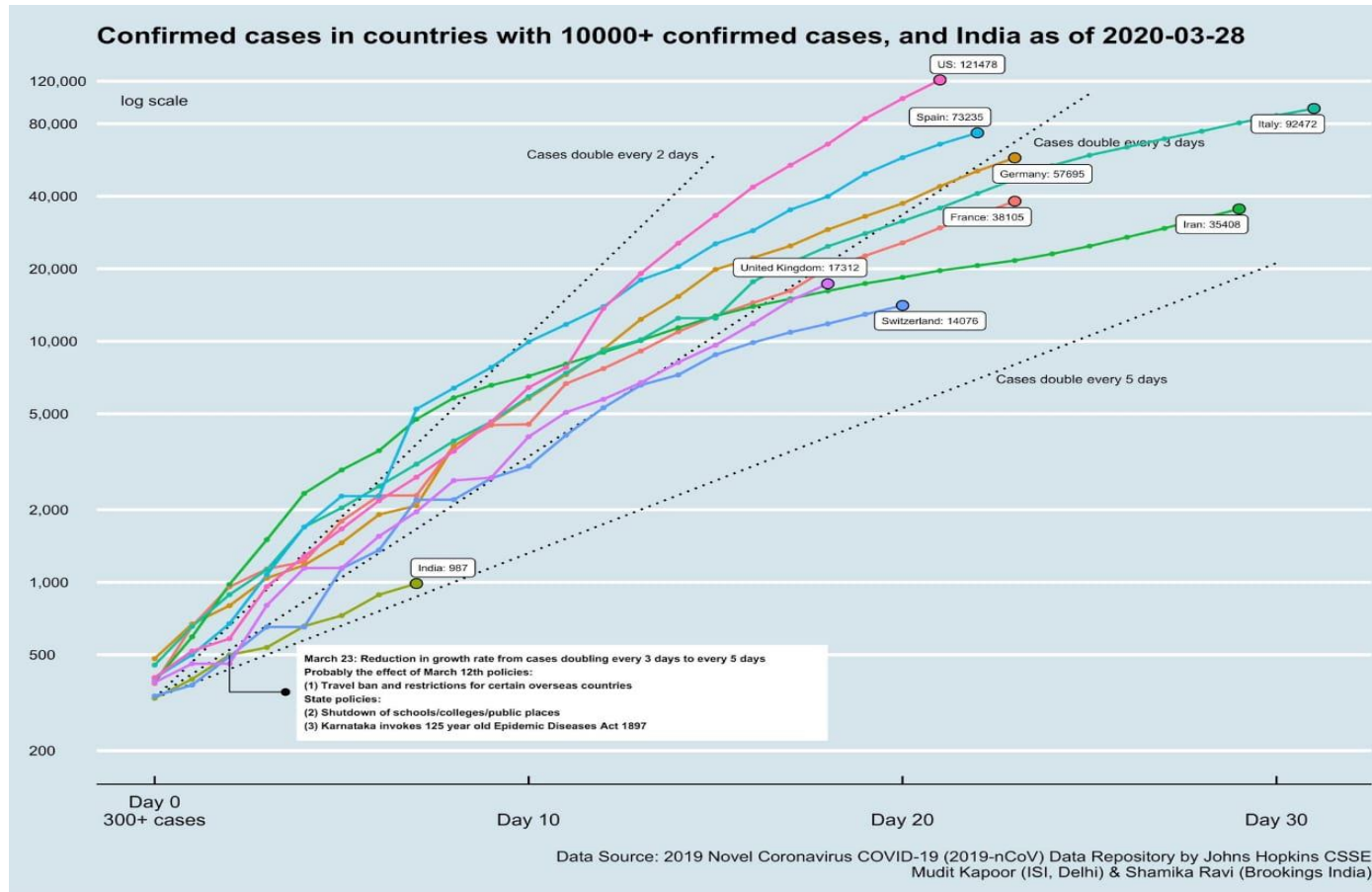


Samir Arora – Helios Capital

Investors should sit on the sidelines for now. Shouldn't be obsessed with the desire to catch the bottom. Indian systems take too long to react, bottom is close in time, not in levels.



Covid 19 Check – curve flattens



1. Lockdown seems to be working in flattening the curve.

2. India has been testing only high risk category population. It's heartening that out of 35000 tests done only around 1000 has tested positive. A rate of just 2.8%.

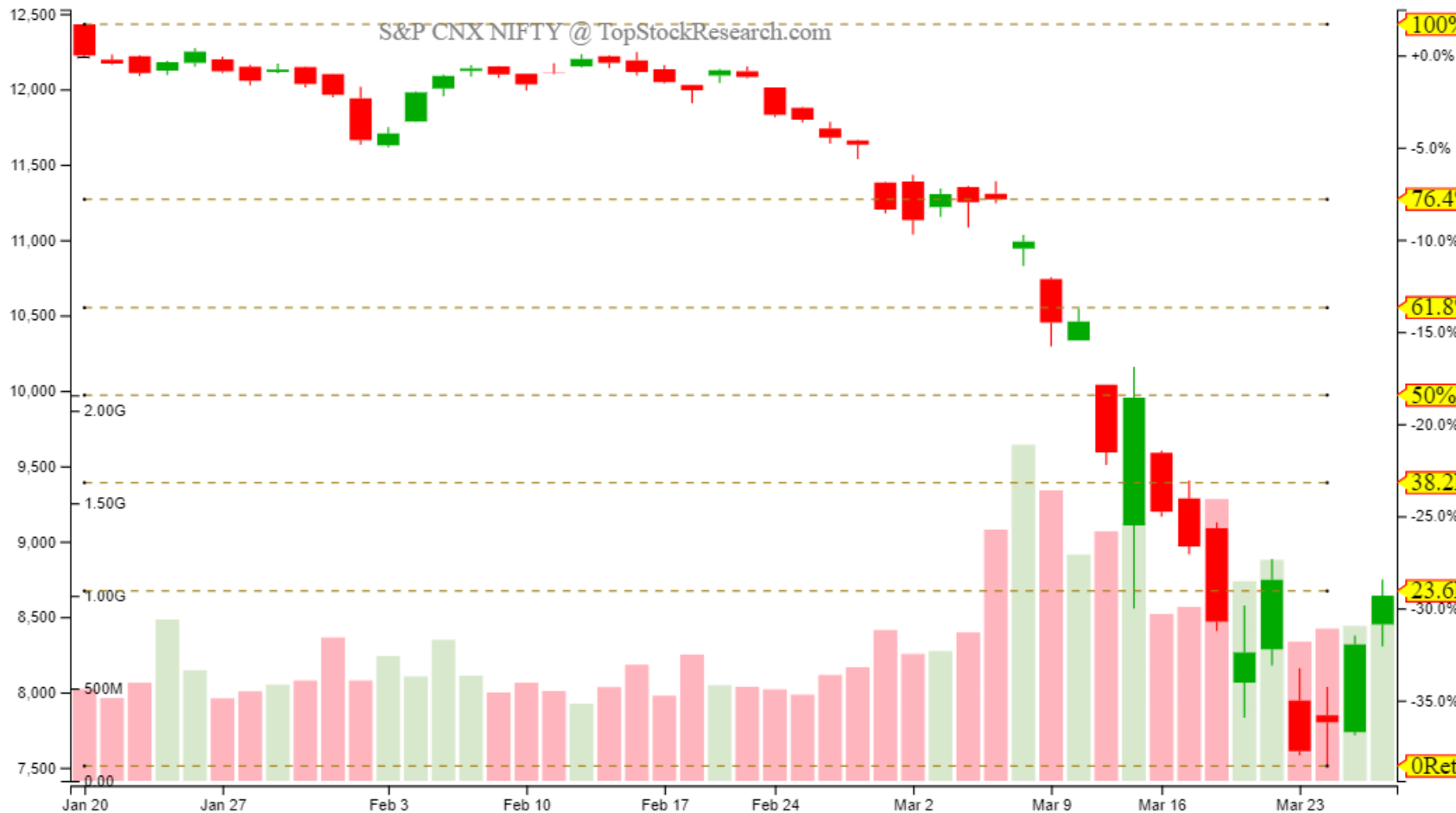
3. In fact, in last 2 days 9000 tests were done and only 143 cases came out positive. So quite a deceleration with wider sampling.

4. The recent exodus of migrant labourers do pose significant risks.



Technical Check – bottom formation starts

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The percentages in yellow are Fibonacci levels for the recent fall

1. Market remains in downtrend. The pull back seen last week was just a pull back and not reversal of direction.
2. The bottom formation is underway.
3. MACD is very near to positive cross.
4. RSI touched low of 19, it has risen to 36 but still remains in bearish zone.
5. Resistances – 9050/9390/10000
6. Support – 8100/7500/6800

FM in Focus: Mr Shreyas Devalkar, Axis AMC

Shreyas Devalkar

Preferred Sector-Financials Services

Investment Style- Quality and Growth

(Invested 30% of combined AUM in Financial Services)

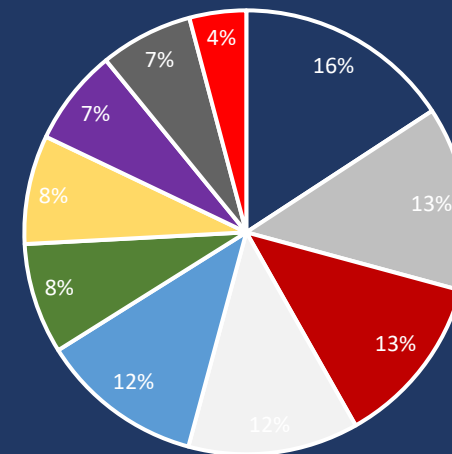
Name	Total Return YTD(%)	Benchmark	Benchmark Return YTD(%)	Fund Size (INR Mn)
Axis Bluechip Fund Gr	-2.3	Nifty 50	-15.6	1,18,239
Axis Midcap Gr	-7.7	S&P BSE Midcap	-25.7	51,929
Axis Multicap Reg Gr	-3.1	Nifty 500	-24	58,515

Note: YTD is calculated from 1/1/19 to 27/3/2020

Shreyas Devalkar

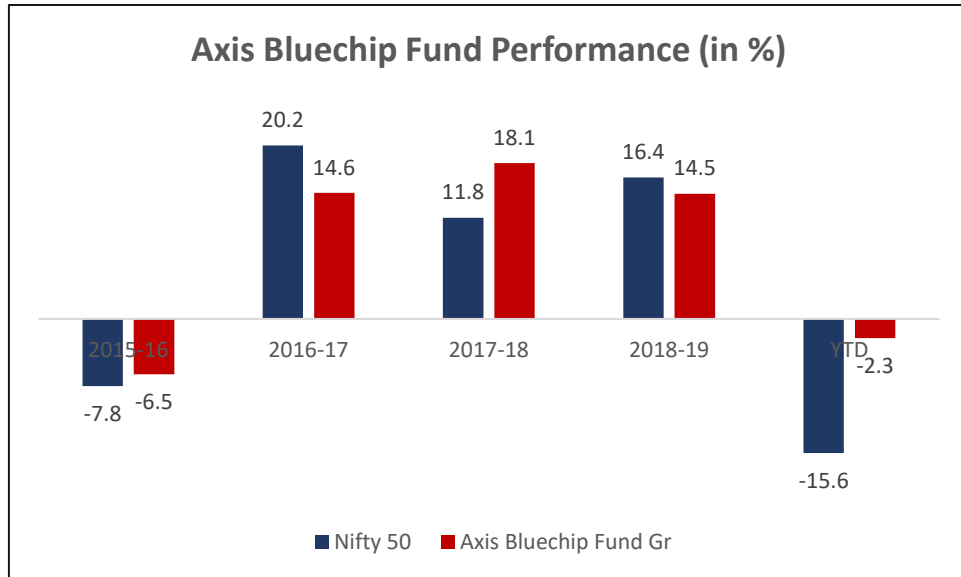
(Chemical Engineer,MBA) - He is a Senior Fund Manager at Axis Mutual Fund. Prior to this he was a fund manager at BNP Asset Management (India) Pvt Ltd and has an experience of 7 years as an analyst at IDFC AMC and JP Morgan.

Top 10 Bets



- Bajaj Finance
- Kotak Mahindra Bank
- HDFC Bank
- Housing Development Finance Corp
- HUL
- ICICI Bank
- Avenue Supermarts
- Infosys Ltd
- Asian Paints
- Bajaj Finserv

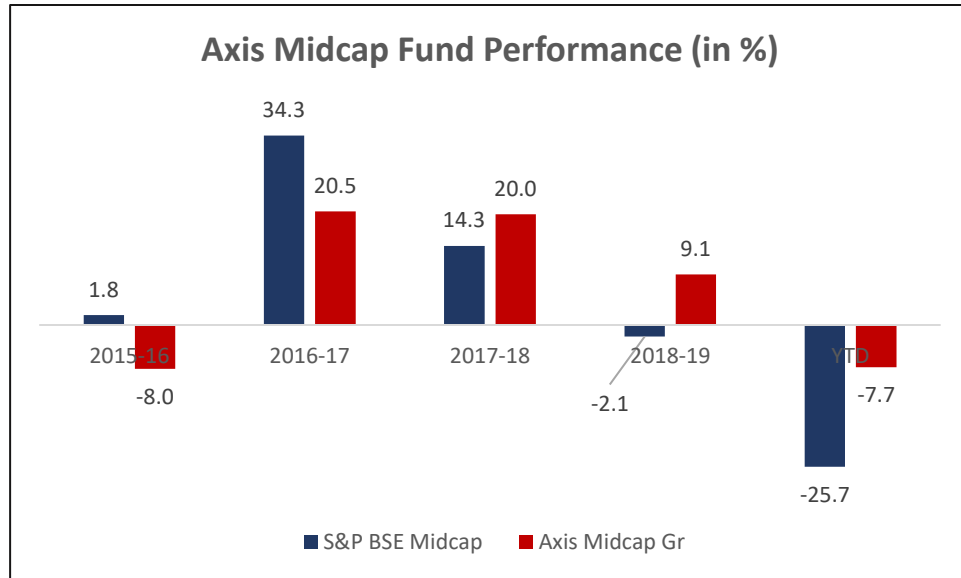
Axis Bluechip Fund Performance



Shares constantly bought in the last 3 months			
	Share Change Feb-20	Share Change Jan-20	Share Change Dec-19
Kotak Mahindra Bank Ltd	50,000	1,80,000	7,40,000
ICICI Bank Ltd	19,30,000	13,95,000	11,66,000
Avenue Supermarts Ltd	4,69,001	4,29,999	2,46,000
Asian Paints Ltd	62,000	2,68,000	1,70,000
Bajaj Finserv Ltd	39,738	41,000	23,000
Nestle India Ltd	23,000	20,608	24,239
Hindustan Unilever Ltd	2,40,000	3,30,000	65,000
Bharti Airtel Ltd	9,70,000	27,30,000	16,28,093
Titan Co Ltd	3,25,000	2,70,102	3,14,898
Tech Mahindra Ltd	1,00,000	1,43,000	1,28,185
UltraTech Cement Ltd	70,000	1,98,000	37,000

Shares constantly sold in the last 3 months			
	Share Change Feb-20	Share Change Jan-20	Share Change Dec-19
Reliance Industries Ltd	-5,00,000	-8,00,000	-13,50,000

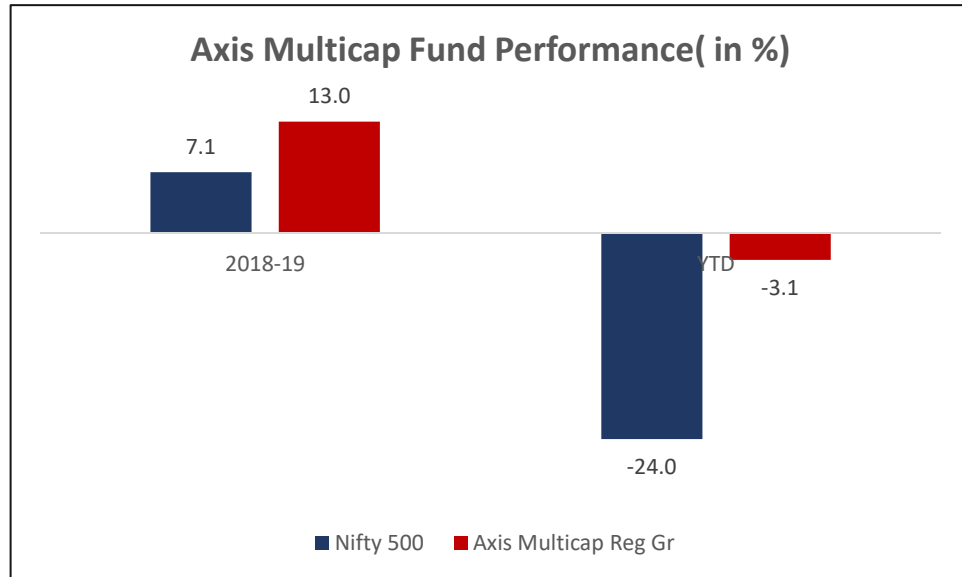
Axis Midcap Fund Performance



Shares constantly bought in the last 3 months			
	Share Change Feb-20	Share Change Jan-20	Share Change Dec-19
Avenue Supermarts Ltd	1,04,000	1,06,945	1,00,000
City Union Bank Ltd	2,86,021	3,93,979	4,20,000
Bata India Ltd	30,000	2,70,000	91,000
Voltas Ltd	3,66,412	95,450	90,000
Astral Poly Technik Ltd	49,781	75,226	33,852
Ipca Laboratories Ltd	1,60,079	2,92,563	11,544
PI Industries Ltd	97,000	1,30,000	75,700
Trent Ltd	1,95,069	1,32,285	77,824
Indian Hotels Co Ltd	3,57,000	13,48,000	5,53,361
Sanofi India Ltd	17,105	6,000	9,694
MindTree Ltd	75,235	1,39,765	5,20,000
Balkrishna Industries Ltd	1,55,200	2,36,800	1,77,791
AIA Engineering Ltd	7,079	83,174	13,478
RBL Bank Ltd	1,00,000	1,37,750	7,12,250

Shares constantly sold in the last 3 months	
NIL	

Axis Multicap Fund Performance



Shares constantly bought in the last 3 months			
	Share Change Feb-20	Share Change Jan-20	Share Change Dec-19
Bajaj Finance Ltd	25,243	1,09,657	68,718
Avenue Supermarts Ltd	1,60,000	1,77,000	59,464
Hindustan Unilever Ltd	1,69,731	1,80,000	20,000
Bharti Airtel Ltd	5,50,000	13,60,000	5,91,378
Titan Co Ltd	1,75,318	2,50,000	40,000
UltraTech Cement Ltd	80,000	30,000	10,000

Shares constantly sold in the last 3 months			
	Share Change Feb-20	Share Change Jan-20	Share Change Dec-19
Reliance Industries Ltd	-2,30,000	-5,00,000	-8,65,000

Upcoming Events



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- **Monday, March 30**
 - Singapore central bank policy decision
- **Tuesday, March 31**
 - China PMI
 - Australia private credit
 - New Zealand building permits and business confidence
 - South Korea business surveys, industrial production
 - Japan jobless rate, retail sales and industrial production, Thailand trade
- **Wednesday, April 1**
 - N.Z. house prices
 - Australia building approvals and RBA minutes
 - Japan Tankan survey, South Korean trade, Indonesia CPI, Manufacturing PMIs across Asia
- **Thursday April 2**
 - Japan monetary base, South Korea CPI, India PMI
- **Friday, April 3**
 - China Caixin services PMI
 - Australia retail sales
 - Japan Jibun Bank services PMI
 - Singapore retail sales and PMI
 - South Korea and Thailand forex reserves
 - Philippines budget balance

Thank You

- 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



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