



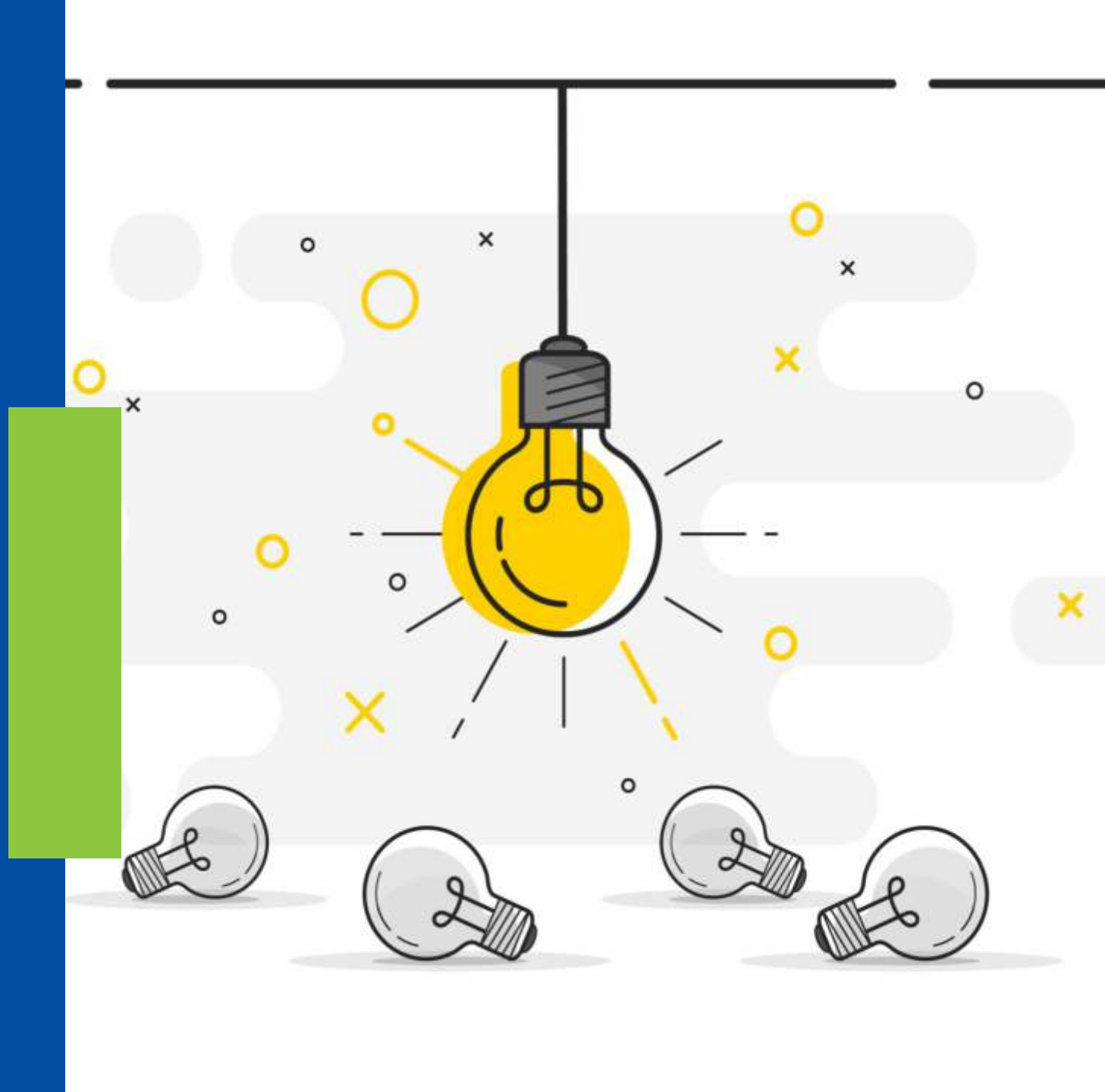
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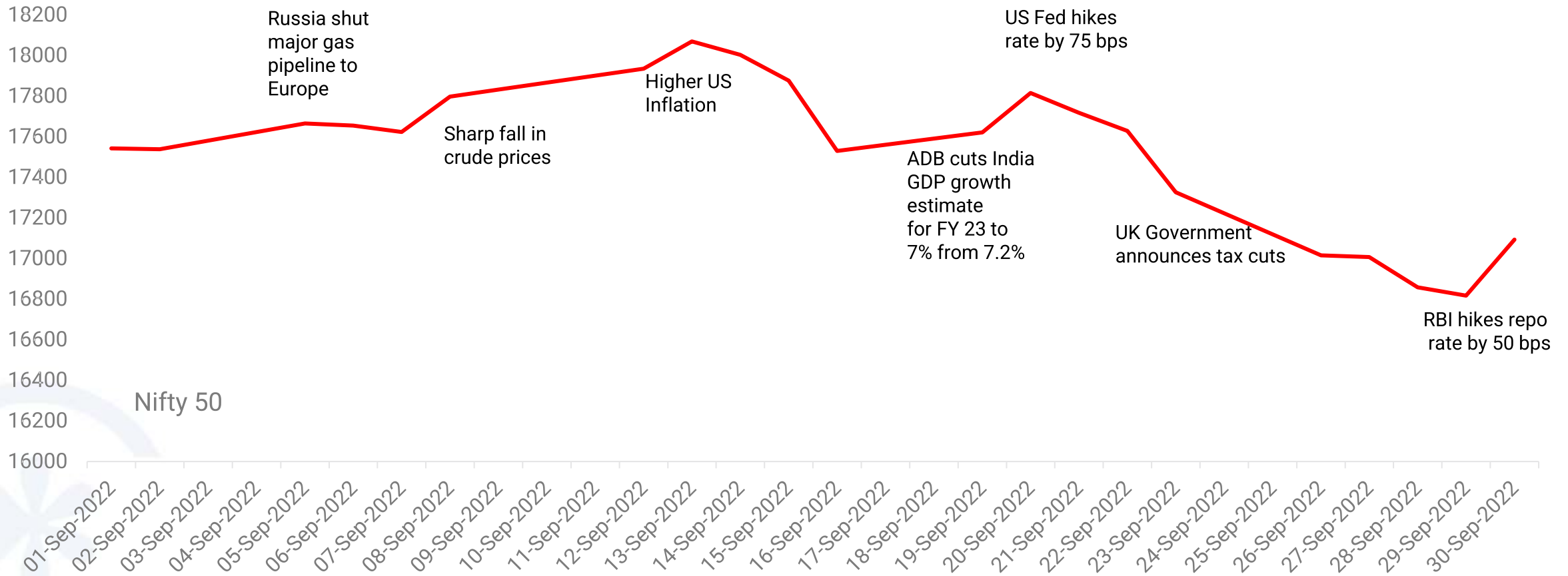
Equity Market & Fund Insights

Sept 2022

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Key events during the month



Nifty 50

Global Equity Markets at glance



	Countries	Exchange Name	Index Level	P/E (x)	Valuation (FY23)			Performance (%)				
					P/B (x)	Divd Yield (%)	ROE (%)	1Month	3Month	6Month	1 Year	YTD
Developed Market	USA	S&P500	3,640	16.3	3.4	1.8	21.1	(8.0)	(3.8)	(19.6)	(15.5)	(23.6)
	USA	Nasdaq	10,738	24.1	4.3	0.9	17.8	(9.1)	(2.6)	(24.5)	(25.7)	(31.4)
	Europe	STOXX 600	387	10.8	1.5	3.9	14.3	(6.8)	(4.9)	(15.1)	(14.9)	(20.7)
	UK	FTSE 100	6,924	8.4	1.4	4.5	17.2	(4.9)	(3.4)	(7.9)	(2.3)	(6.2)
	Germany	DAX	12,064	9.9	1.3	4.1	13.1	(6.0)	(5.6)	(16.3)	(20.9)	(24.1)
	France	CAC 40	5,735	9.1	1.4	3.9	15.4	(6.4)	(3.2)	(13.9)	(12.0)	(19.8)
	Japan	Topix	1,836	11.7	1.1	2.7	9.4	(6.5)	(1.9)	(5.7)	(9.6)	(7.8)
	Australia	ASX 200	6,474	12.7	1.8	5.0	14.2	(7.3)	(1.4)	(13.7)	(11.7)	(13.0)
	Singapore	STI Index	3,130	12.0	1.0	4.5	8.6	(2.8)	0.9	(8.2)	1.4	0.2
	Hong Kong	Hang Seng	17,223	9.5	1.0	3.9	10.2	(13.7)	(21.2)	(21.7)	(29.9)	(26.4)
Emerging Market	India	Nifty 50	17,094	20.0	3.0	1.5	15.0	(3.7)	8.3	(2.1)	(3.0)	(1.5)
	China	Shanghai composite	3,024	10.7	1.2	3.0	11.7	(5.6)	(11.0)	(7.0)	(15.2)	(16.9)
	Brazil	Bovespa	1,07,664	6.2	1.4	9.8	22.6	(1.7)	9.3	(10.3)	(3.0)	2.7
	Russia	MOEX Russia	1,925	2.4	NM	13.5	NM	(19.8)	(12.7)	(28.8)	(53.1)	(49.2)
	South Africa	Johannesburg AllShr	63,666	8.3	1.5	5.5	17.8	(5.3)	(3.9)	(15.7)	(1.0)	(13.6)
	Korea	KOSPI	2,155	9.3	0.8	2.4	9.1	(12.8)	(7.6)	(21.8)	(29.8)	(27.6)
	Mexico	IPC	45,103	12.0	1.7	4.1	14.2	0.4	(5.1)	(20.2)	(12.2)	(15.3)
	Phillipines	PCOMP	5,741	13.7	1.4	2.4	10.3	(12.8)	(6.7)	(20.3)	(17.4)	(19.4)
Turkey	XU100	3,152	4.1	1.2	4.3	29.2	(0.6)	31.0	41.1	124.1	69.7	

Source: Bloomberg estimates. Data as on Sep 30, 2022. Performance in home currency.

Indian Equity Markets at glance

Marketcap, theme and factor performance – Trailing period

	Segment	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
Market-cap	Large-cap (NIFTY 50)	-3.74	8.73	-1.37	-1.64	15.57	13.19	12.97
	Large-cap (NIFTY Next 50)	-3.01	16.48	3.81	1.30	16.57	10.12	15.75
	Multicap (NIFTY 500)	-3.21	11.19	0.38	-0.22	17.95	12.79	13.94
	Midcap (Nifty Midcap 150)	-1.69	16.51	5.69	3.65	26.53	14.36	18.34
	Small-cap (Nifty Smallcap 250)	-0.80	14.33	-1.41	-0.72	26.53	9.64	15.18
Themes/Sector	Auto (NIFTY AUTO)	-3.92	9.12	21.53	21.17	20.69	4.54	12.43
	Commodities (NIFTY COMMODITIES)	-5.17	11.69	-6.16	0.05	21.12	10.54	10.69
	Consumption (NIFTY CONSUMPTION)	-0.99	17.91	16.82	10.86	18.08	13.74	15.39
	Energy (NIFTY ENERGY)	-8.98	2.70	-0.23	15.36	21.43	17.80	14.62
	Financials (Nifty Financial Services)	-3.99	13.34	2.80	-3.50	10.98	12.62	14.90
	Infrastructure (NIFTY INFRA)	-3.29	8.14	-0.62	0.41	17.50	10.73	8.62
	Information Technology (NIFTY IT)	-5.02	-2.52	-25.00	-21.43	22.67	23.22	17.81
	Realty (NIFTY REALTY – TRI)	-8.42	10.41	-8.00	-17.21	18.31	9.64	6.26
	Healthcare (S&P BSE Healthcare)	1.45	8.47	-4.43	-9.92	23.95	12.32	12.67
Factors	Beta (Nifty High Beta 50)	-4.06	21.24	-1.78	-2.00	19.37	1.86	3.83
	Value (Nifty 50 Value 20 Index)	-3.76	6.55	-4.80	-3.33	19.88	17.92	15.14
	Quality (Nifty 100 Quality 30 Index)	-2.64	10.62	2.93	-2.81	14.15	12.49	13.51
	Momentum/Alpha (Nifty Alpha 50)	-1.08	13.27	-15.21	-5.62	34.49	20.18	22.10

Source: ACE MF. Performance upto 1 yr is absolute above 1 yr is CAGR. Data as on Sep 30, 2022

Indian Equity Markets at glance

Marketcap, theme and factor performance - YOY



	Segment	2022YTD	2021	2020	2019	2018	2017
Market-cap	Large-cap (NIFTY 50)	-0.35	25.26	16.01	12.98	5.59	30.27
	Large-cap (NIFTY Next 50)	1.37	29.84	15.97	1.86	-7.68	47.73
	Multicap (NIFTY 500)	-0.05	30.95	17.70	8.64	-1.55	37.65
	Midcap (Nifty Midcap 150)	1.84	46.48	25.12	0.58	-12.49	55.73
	Small-cap (Nifty Smallcap 250)	-5.63	61.48	25.55	-7.59	-26.54	58.47
Themes/Sector	Auto (NIFTY AUTO)	17.39	19.32	13.58	-8.84	-21.57	32.57
	Commodities (NIFTY COMMODITIES)	1.68	49.18	12.47	2.30	-12.99	38.32
	Consumption (NIFTY CONSUMPTION)	12.97	20.11	20.59	1.00	-0.39	46.70
	Energy (NIFTY ENERGY)	15.18	37.94	8.98	13.21	3.56	41.94
	Financials (Nifty Financial Services)	1.89	14.73	4.62	25.13	12.40	42.67
	Infrastructure (NIFTY INFRA)	1.46	36.90	14.06	3.99	-10.98	36.06
	Information Technology (NIFTY IT)	-29.23	60.99	57.38	10.91	27.20	14.53
	Realty (NIFTY REALTY – TRI)	-12.14	53.43	5.91	26.44	-32.83	110.68
	Healthcare (S&P BSE Healthcare)	-10.34	20.57	62.19	-3.06	-5.45	1.10
	Beta (Nifty High Beta 50)	0.62	35.02	9.94	-18.07	-27.37	60.96
Factors	Value (Nifty 50 Value 20 Index)	-4.77	36.30	27.92	8.56	11.56	31.84
	Quality (Nifty 100 Quality 30 Index)	-1.70	21.70	22.55	5.64	5.77	23.45
	Momentum/Alpha (Nifty Alpha 50)	-13.78	73.09	51.33	7.89	-13.39	69.75

Large, Mid and Smallcap performance

10 out of 15 years Mid and Small caps have outperformed Large caps. In FYTD23 Mid caps have outperformed.

Period	Largecap	Midcap	Smallcap
FY2008	25.12	21.47	31.33
FY2009	-35.44	-48.52	-54.9
FY2010	75.29	135.77	141.42
FY2011	12.36	4.74	0.91
FY2012	-7.45	-4.48	-8.43
FY2013	10.83	7.4	-2.78
FY2014	19.47	18.01	22.9
FY2015	28.17	59.73	62.76
FY2016	-7.82	-1.67	-5.95
FY2017	20.16	37.21	40.56
FY2018	12.68	18.75	15.32
FY2019	16.45	-0.65	-12.44
FY2020	-25.02	-30.09	-40.22
FY2021	72.54	101.57	118.68
FY2022	20.26	25.05	37.02
FYTD23	-1.37	5.69	-1.41

Flows

FII flows turned negative again

CY	FII-Cash (US\$ mn.)	DIIs (US\$ mn.)	MFs(subset of DIIs)
2015	3,274	10,313	10,872
2016	2,903	5,425	6,976
2017	8,014	14,043	18,322
2018	-4,557	15,896	17,365
2019	14,234	5,971	7,509
2020	23,373	-4,910	-6,989
2021	3,761	13,034	10,611
2022 (YTD)	-22,366	32,481	19,738
Jan 22	-4,817	2,939	2,212
Feb 22	-5,018	5,601	3,752
Mar 22	-3,693	5,195	3,121
Apr 22	-3,816	4,041	2,934
May 22	-4,871	6,573	3,539
June 22	-6,342	5,969	2,829
July 2022	836	1,328	594
Aug 2022	6,791	-889	-140
Sep 2022	-1,437	1,723	847

Source: Bloomberg and Kotak Institutional Equities. Data in US\$ mn.

Key Macro Indicators



Indicator	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22
CPI Inflation (YoY %)	4.3	4.5	4.9	5.7	6	6.1	7	7.8	7.04	7	6.71	7
Crude Indian Basket (\$)	73	82	80	73	84	93	113	102	109	116	106	98
GST Collection (lkh Crs.)	1.17	1.3	1.32	1.3	1.41	1.33	1.42	1.67	1.41	1.45	1.49	1.44
FX Reserve (\$ bn)	639	642	638	634	630	632	623	602	601	593	574	561
Trade Balance (\$Bn)	-22	-18	-22	-21	-17	-19	-18	-20	-24	-26	-28	-28
CAD (% of GDP)	-1.3	-1.3	-1.3	-2.74	-2.74	-2.74	-1.52	-1.52	-1.52	-2.8	-2.8	-2.8
Bank Credit (Industry)	2.5	4.1	3.8	7.6	6.4	6.5	3.9	7.5	8.1	9.5	10.5	11.4
Bank Credit (Services)	0.8	2.9	3.6	10.8	7.3	5.6	8.7	11.1	12.9	12.82	16.5	17.2
Bank Credit (Retail)	12.1	11.7	11.6	14.3	11.6	12.3	12.6	14.7	16.4	18.1	18.4	19.5
Manufacturing PMI	53.7	55.9	57.6	55.5	54	54.9	54	54.7	54.6	53.9	56.4	56.2
Services PMI	55.2	58.4	58.1	55.5	51.5	51.8	53.6	57.9	58.9	59.2	55.5	57.2

Government Reforms

Reforms that are likely to generate macro dividend in coming years

Production linked
incentive scheme for
14 manufacturing
sector

Insolvency and
bankruptcy code

Corporate Tax Cut in
2019

Asset monetisation
scheme

GST

Various privatisation
and disinvestment
initiative

Financialisation of Savings

Rise in financial savings is aiding equity markets



Year	Financial Savings (% of total household savings)	Physical Savings (% of total household Savings)
FY12	31.1	68.9
FY13	32.8	67.2
FY14	36.4	63.6
FY15	36.1	63.9
FY16	44.9	55.1
FY17	41.1	58.9
FY18	39.6	60.4
FY19	37.2	62.8
FY20	40.6	59.4
FY21	44.8	55.2
FY22E	47.1	52.9
FY23E	48.8	51.2

India tagged as the fastest growing economy



GDP Growth	2021	2022E	2023E
India	8.7%	7.4%	6.1%
US	5.7%	2.3%	1%
Advanced Economies	5.2%	2.5%	1.4%
Developing Economies	6.8%	3.6%	3.9%

India has is the fastest growing major economy in the coming years

Total debt to GDP%	2008	2013	2021
India	180%	175%	176%
US	240%	250%	281%
Advanced Economies	230%	261%	289%
Developing Economies	112%	148%	228%

India has the lowest debt compared to the rest of the world which leaves huge scope for financial leverage for the economy

Equity markets and rate cycles

Equity markets have performed well during all interest rate hike cycles

Time frame		Duration (no of days)	Interest Rate Phase	Policy Rate	Change in Policy Rate(bps)	Nifty 50 Absolute returns during the period
18-09-2004	11-10-2008	1484	Hike	Repo 6% to 9%	300	89.2%
11-10-2008	13-02-2010	490	Easing	Repo 9% to 4.75%	-425	47.2%
13-02-2010	10-03-2012	756	Hike	Repo 4.75% to 8.50%	375	10.5%
10-03-2012	20-09-2013	559	Easing	Repo 8.50% to 7.25%	-125	12.7%
20-09-2013	15-01-2015	482	Hike	Repo 7.25% to 8.00%	75	41.3%
15-01-2015	06-06-2018	1238	Easing	Repo 8% to 6%	-200	25.8%
06-06-2018	07-02-2019	246	Hike	Repo 6% to 6.50%	50	3.6%
07-02-2019	08-04-2022	1156	Easing	Repo 6.5% to 4.00%	-250	60.7%
08-04-2022	31-08-2022	102	Hike	Ongoing	120	-2.96%

Equity markets and Inflation

Most sectors have done well during high inflation cycles

Index	Average monthly returns when inflation was above 6%	Average monthly returns when inflation was below 6%
NIFTY AUTO - TRI	3.37	-0.13
NIFTY PHARMA - TRI	3.18	-0.05
Nifty Private Bank - TRI	3.05	0.74
NIFTY METAL - TRI	2.72	0.51
NIFTY BANK - TRI	2.69	0.72
Nifty Financial Services - TRI	2.65	0.83
NIFTY IT – TRI	2.61	1.18
NIFTY COMMODITIES – TRI	2.37	0.59
NIFTY MEDIA – TRI	2.33	0.09
NIFTY CONSUMPTION – TRI	2.30	0.79
NIFTY ENERGY – TRI	2.29	0.99
NIFTY MNC – TRI	2.27	0.86
NIFTY 50 – TRI	2.26	0.64
NIFTY SERV SECTOR – TRI	2.26	0.81
NIFTY FMCG – TRI	2.14	0.90
NIFTY INFRA – TRI	2.00	0.43
NIFTY REALTY – TRI	1.77	1.30
NIFTY PSU BANK – TRI	1.51	-0.06

India in last 8 years



	2014	2022	2030
GDP Rank	10 th	6 th	<p>?</p> <p>Big potential growth by 2030</p>
Share in Global GDP	2.6%	3.2%	
Share in global trade	2%	2.2%	
Share in FDI Flows	2.1%	6.7%	
Auto Production Rank	7 th	4 th	
Steel Production Rank	4 th	2 nd	
No of Start-ups becoming Unicorns	4	100	
Ease of doing business rank	142 nd	63 rd	
Nifty 50 Index	6,101 (Jan 2014)	16,415 (June 2022)	

Investing during bad time has been rewarding



...the Next 5 year average CAGR were

Investing,
when
1 year
returns
were

