



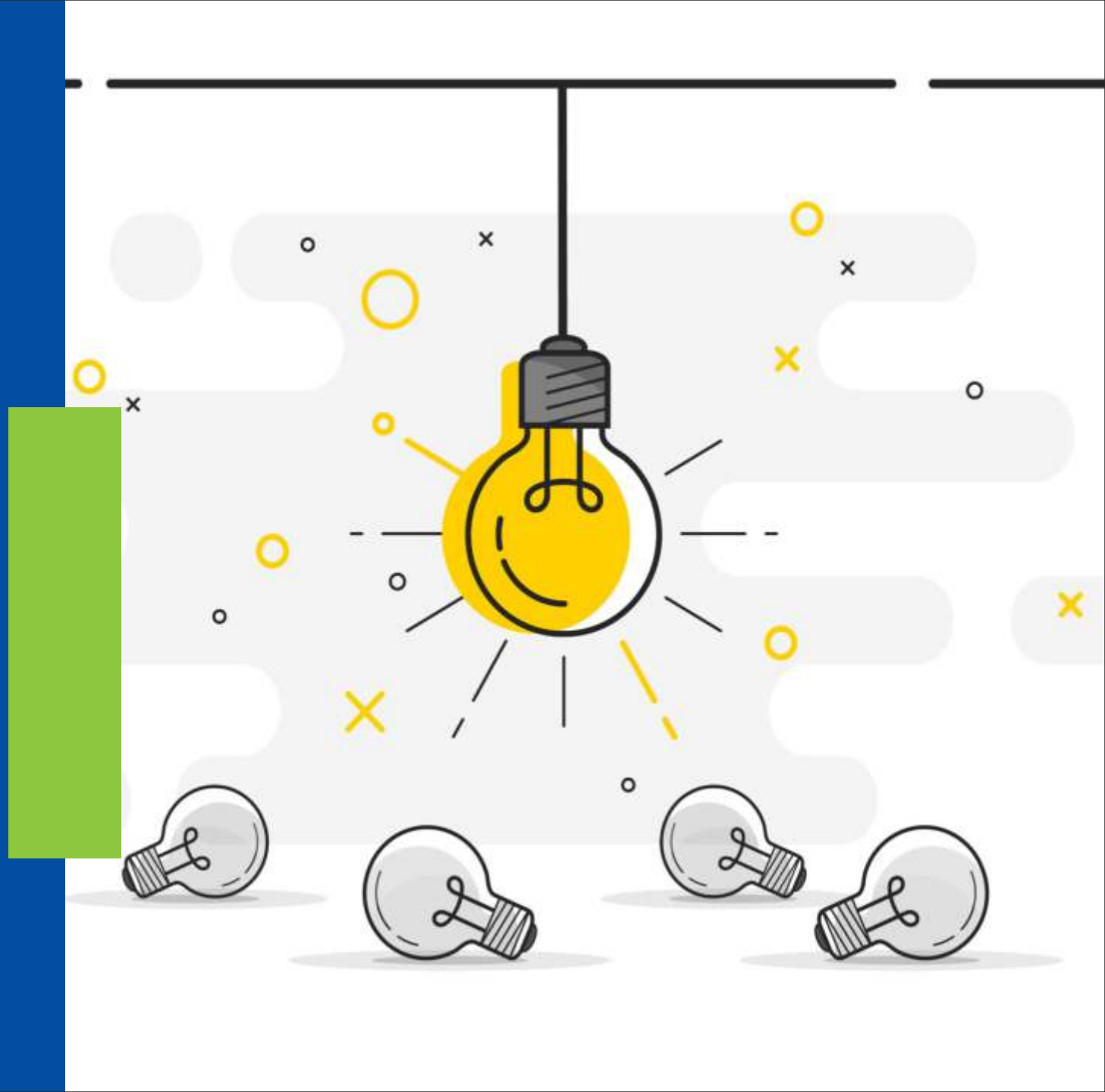
# FinYog

For a healthy and wealthy life.

## Equity Market & Fund Insights

February 2023

Contact: 9331883386 | Follow:   /finyog.in



# Global Equity Markets at glance



	Countries	Exchange Name	Index Level	Valuation (12 month forward)				Performance (%)				
				P/E (x)	P/B (x)	Divd Yield (%)	ROE (%)	1Mth	3Mth	6Mth	1 Year	YTD
Developed Market	USA	S&P500	3982	17.8	3.5	1.8	19.7	(2.3)	(2.4)	0.7	(9.0)	3.7
	USA	Nasdaq	11467	24.7	4.3	2.9	17.5	(1.0)	(0.0)	(3.0)	(16.6)	9.6
	Europe	STOXX 600	462	12.9	1.7	3.5	13.1	1.9	5.0	11.3	1.9	8.7
	UK	FTSE 100	7903	10.7	1.4	4.2	13.1	1.7	4.4	8.5	6.0	6.1
	Germany	DAX	15374	12.2	1.5	3.3	12.5	1.6	6.8	19.8	6.3	10.4
	France	CAC 40	7287	12.6	1.7	3.3	13.4	2.9	8.1	19.0	9.4	12.6
	Japan	Topix	1993	13.0	1.1	2.7	8.7	0.9	0.4	1.5	5.6	5.4
	Australia	ASX 200	7258	13.9	2.0	4.4	14.2	(2.9)	(0.4)	3.9	3.0	3.1
	Singapore	STI Index	3263	10.7	1.0	5.0	9.6	(3.1)	(0.8)	1.3	0.6	0.3
	Hong Kong	Hang Seng	19786	9.2	1.0	3.8	11.1	(9.4)	6.4	(0.8)	(12.9)	0.0
Emerging Market	India	Nifty 50	17304	17.9	2.8	1.6	15.4	(2.0)	(7.8)	(2.6)	3.0	(4.4)
	China	Shanghai composite	3280	10.5	1.2	3.3	11.8	0.7	4.1	2.4	(5.3)	6.2
	Brazil	Bovespa	105711	7.3	0.9	6.8	12.2	(6.8)	(6.0)	(3.5)	(6.6)	(3.7)
	South Africa	Johnanesburg AllShr	77463	10.5	1.7	4.6	15.8	(2.5)	3.5	15.2	1.8	6.0
	Korea	KOSPI	2413	12.0	0.8	2.6	7.0	(0.5)	(2.4)	(2.4)	(10.6)	7.9
	Mexico	IPC	53014	12.6	1.9	3.9	14.9	(2.8)	2.6	18.0	(0.7)	9.4
	Phillipines	PCOMP	6556	1.5	2.3	12.6	12.0	(3.5)	(3.3)	(0.4)	(10.3)	(0.2)
	Turkey	XU100	5245	1.3	3.8	4.0	32.5	5.4	5.4	65.4	169.5	(4.8)
	Thailand	SET	1622	15.2	1.5	3.2	10.0	(2.9)	(0.8)	(1.0)	(3.7)	(2.8)
	Vietnam	VN30	1015	7.5	1.2	NA	16.4	(9.8)	(3.3)	(22.0)	(33.1)	1.0

Source: Bloomberg estimates. Data as on Feb 28, 2023. 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
<b>Market-cap</b>	Large-cap (NIFTY 50)	-1.63	-6.70	-1.22	4.27	16.98	11.89	13.14
	Large-cap (NIFTY Next 50)	-4.99	-13.13	-13.25	-6.03	13.02	5.89	13.84
	Multicap (NIFTY 500)	-2.31	-7.93	-3.92	2.58	17.55	10.66	13.78
	Large & Midcap (Nifty LargeMidcap250)	-1.49	-6.78	-3.35	4.93	19.64	11.40	15.76
	Midcap (Nifty Midcap 150)	-0.17	-5.01	-2.47	8.28	23.14	11.85	18.08
	Small-cap (Nifty Smallcap 250)	-1.20	-7.27	-2.93	1.40	23.91	6.74	15.67
<b>Themes/Sector</b>	Auto (NIFTY AUTO)	-2.68	-2.28	-1.46	18.82	24.04	3.92	12.33
	Commodities (NIFTY COMMODITIES)	-5.09	-9.87	-7.37	-3.79	23.47	8.48	11.20
	Consumption (NIFTY CONSUMPTION )	-2.55	-7.90	-8.26	6.19	14.89	9.49	13.82
	Energy (NIFTY ENERGY)	-10.29	-19.11	-21.79	-9.57	19.89	11.68	13.05
	Financials (Nifty Financial Services)	-0.23	-6.29	0.33	7.11	10.46	12.12	15.34
	Infrastructure (NIFTY INFRA)	-0.04	-7.01	-1.51	5.53	20.45	9.55	9.76
	Information Technology (NIFTY IT)	-0.30	-1.95	4.23	-10.45	27.38	20.69	17.57
	Realty (NIFTY REALTY – TRI)	-3.52	-11.68	-13.30	-9.60	12.25	4.22	4.97
	Healthcare (S&P BSE Healthcare)	-4.46	-8.76	-4.79	-6.85	17.76	9.64	11.42
<b>Factors</b>	Beta (Nifty High Beta 50)	-3.34	-9.37	-3.05	2.95	21.30	-0.29	5.39
	Value (Nifty 50 Value 20 Index)	-1.36	-0.76	4.65	8.01	24.96	16.61	15.81
	Quality (Nifty 100 Quality 30 Index)	-0.52	-3.79	-1.18	4.01	15.97	10.58	13.25
	Momentum/Alpha (Nifty Alpha 50)	-7.07	-17.16	-13.60	-20.04	24.56	14.53	19.88

# Indian Equity Markets at glance

## Marketcap, theme and factor performance - YOY

	Segment	YTD 23	2022	2021	2020	2019	2018	2017
<b>Market-cap</b>	Large-cap (NIFTY 50)	-4.34	9.5	25.26	16.01	12.98	5.59	30.27
	Large-cap (NIFTY Next 50)	-11.60	4.55	29.84	15.97	1.86	-7.68	47.73
	Multicap (NIFTY 500)	-5.93	7.6	30.95	17.7	8.64	-1.55	37.65
	Midcap (Nifty Midcap 150)	-3.89	5.73	46.48	25.12	0.58	-12.49	55.73
	Small-cap (Nifty Smallcap 250)	-5.75	-0.9	61.48	25.55	-7.59	-26.54	58.47
<b>Themes/Sector</b>	Auto (NIFTY AUTO)	1.01	22.33	19.32	13.58	-8.84	-21.57	32.57
	Commodities (NIFTY COMMODITIES)	-9.61	11.22	49.18	12.47	2.3	-12.99	38.32
	Consumption (NIFTY CONSUMPTION )	-5.62	13.73	20.11	20.59	1	-0.39	46.7
	Energy (NIFTY ENERGY)	-16.19	23.17	37.94	8.98	13.21	3.56	41.94
	Financials (Nifty Financial Services)	-5.21	12.67	14.73	4.62	25.13	12.4	42.67
	Infrastructure (NIFTY INFRA)	-4.45	11.49	36.9	14.06	3.99	-10.98	36.06
	Information Technology (NIFTY IT)	3.83	-19.79	60.99	57.38	10.91	27.2	14.53
	Realty (NIFTY REALTY – TRI)	-8.94	-6.72	53.43	5.91	26.44	-32.83	110.68
	Healthcare (S&P BSE Healthcare)	-6.03	-7.99	20.57	62.19	-3.06	-5.45	1.1
<b>Factors</b>	Beta (Nifty High Beta 50)	-10.03	11.96	35.02	9.94	-18.07	-27.37	60.96
	Value (Nifty 50 Value 20 Index)	1.35	5.14	36.3	27.92	8.56	11.56	31.84
	Quality (Nifty 100 Quality 30 Index)	-0.95	3.31	21.7	22.55	5.64	5.77	23.45
	Momentum/Alpha (Nifty Alpha 50)	-14.75	-10.55	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	0.26	3.28	-4.58

# 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
<b>2022</b>	<b>-17,016</b>	<b>35,771</b>	<b>23,953</b>
<b>2023 YTD</b>	<b>-4,298</b>	<b>6,422</b>	<b>3,184</b>
Jan23	-3,660	4,093	2,617
Feb23	-639	2,329	567

# Key Macro Indicators



Indicator	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
CPI Inflation (YoY %)	6.1	7	7.8	7.04	7	6.71	7	7.41	6.8	5.9	5.7	6.52
Crude Indian Basket (\$)	93	113	102	109	116	106	98	90	91	87	78	80.7
GST Collection (lakh Crs.)	1.33	1.42	1.67	1.41	1.45	1.49	1.44	1.47	1.51	1.45	1.5	1.55
FX Reserve (\$ bn)	632	623	602	601	593	574	561	537	531	550	562	576.8
Trade Balance (\$Bn)	-19	-18	-20	-24	-26	-28	-28	-26	-27	-23	-24	-17.7
CAD (% of GDP)	-2.74	-1.52	-1.52	-1.52	-2.8	-2.8	-2.8	-4.4	-4.4	-4.4	-4.4	-4.4
Bank Credit (Industry)	6.5	3.9	7.5	8.1	9.5	10.5	11.4	12.6	13.6	13.1	8.7	8.7
Bank Credit (Services)	5.6	8.7	11.1	12.9	12.82	16.5	17.2	20	22.5	21.3	21.3	21.5
Bank Credit (Retail)	12.3	12.6	14.7	16.4	18.1	18.4	19.5	19.6	20.2	19.7	20.2	20.4
Manufacturing PMI	54.9	54	54.7	54.6	53.9	56.4	56.2	55.1	55.3	55.7	57.8	55.4
Services PMI	51.8	53.6	57.9	58.9	59.2	55.5	57.2	54.3	55.1	56.4	58.5	57.2



# Government Reforms



## PLI

Financial incentives worth USD 26 Bn to promote domestic production in 14 sectors

## Tax Cut

Corporate tax reduced; amongst lowest globally

- For existing units - 22%
- For new units - 15%

## SemiCon

Incentives worth \$10bn to develop semiconductors and display manufacturing ecosystem

## EoBD

79 positions jump in Ease of Doing Business Rank. 40,000+ compliances reduced

## Infra

\$1.4 trillion spending plan in infrastructure in the next five years

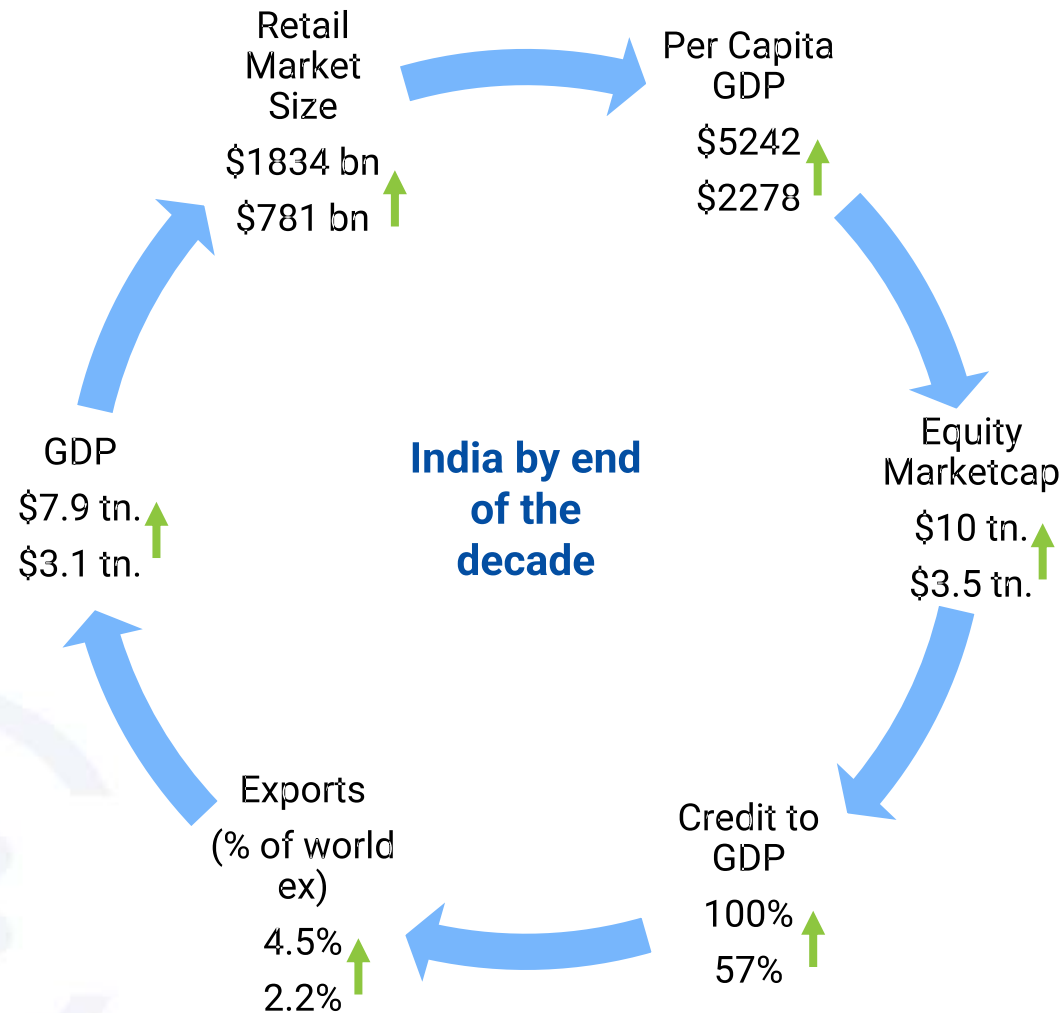
## IBC

Insolvency and bankruptcy code to improve corporate insolvency resolution

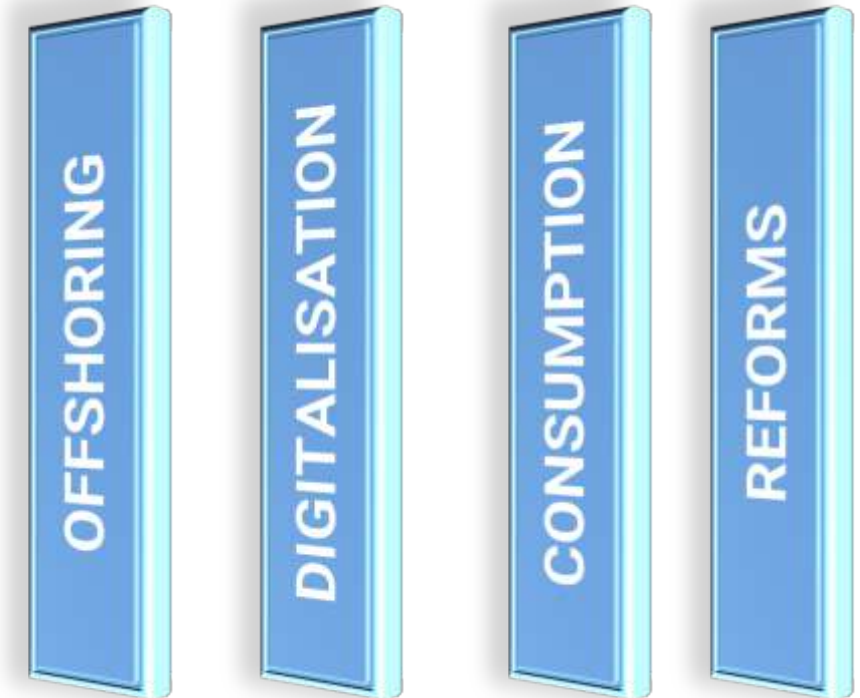
- ✦ Increase in frequency of reforms post 2014.
- ✦ Continued engagement with key stakeholders leading to faster implementation and amendments
- ✦ These reforms are likely to generate macro dividends in coming years



# India to drive a fifth of global growth through the end of this decade



## Growth lead by 4 Pillars



# India – Coming of age

 Indian received ~\$950 Billion FDI since 1947, of which **\$532 Billion FDI** came in the last 90 months.

 From start of 2015, India's GDP rank jumped from **10<sup>th</sup> to 5<sup>th</sup> rank.**


 **2nd largest working population** of 522 Mn with median age of ~29 years.

 Manufacturing GDP to grow **15x to USD 6.2 Tn** by 2047

 India added a unicorn **every 9 days** in 2022.

 **2/3<sup>rd</sup> of India's GDP** is driven only by domestic demand.

 Services GDP to grow **13x to USD 20 Tn** by 2047

 Per Capita income to grow **10X to USD 20,000** by 2047

# Bull market loading...?

Current bull market rhymes with 2003-08 bull market.. and may have more legs to continue the run.

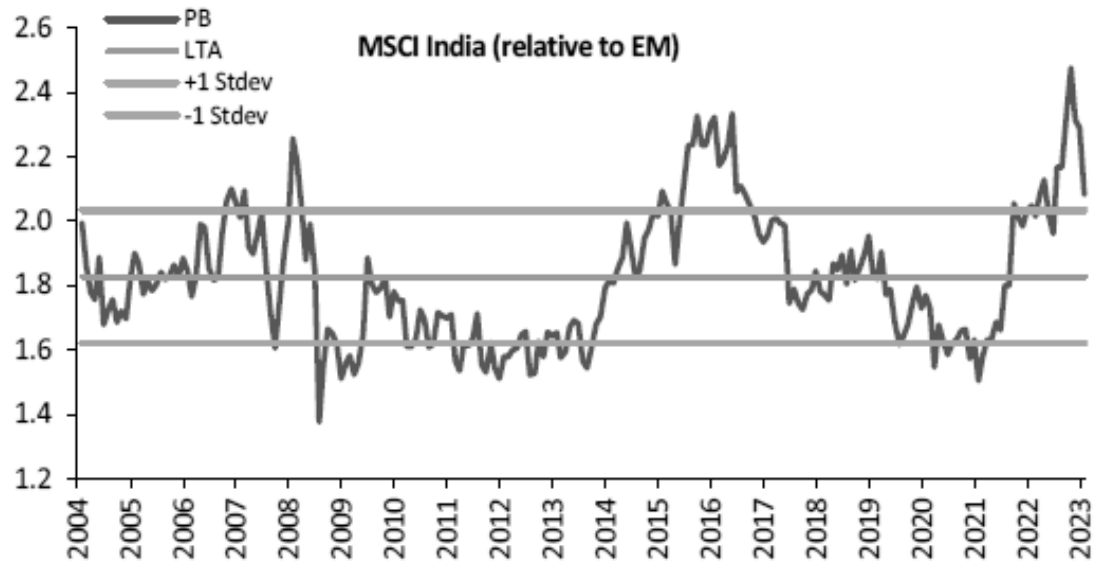
Performance Metrics	Apr'93 to Sep'94	Nov'98 to Feb'00	Feb'03 to Jan'08	Jan'09 to Nov'10	Since Mar'2020 to Feb 2023
Bottom of SENSEX	2,037	2,774	<b>2,904</b>	8,110	<b>25,639</b>
Peak of SENSEX	4,643	6,151	<b>21,207</b>	20,917	<b>63,583</b>
Duration in weeks	72	67	<b>246</b>	87	<b>150</b>
Absolute Returns	128%	122%	<b>630%</b>	158%	<b>148%</b>
Top Performing Sectors	IT	IT	<b>Industrial</b>	Financial	<b>Industrial</b>
Worst Performing Sectors	Materials	Cons Staples	<b>Cons Staples</b>	Comm Services	<b>Utilities</b>
Starting P/E	21.0	11.2	<b>11.8</b>	8.9	<b>13.8</b>
Ending P/E	37.4	30.0	<b>33.3</b>	24.9	<b>24.0</b>
EPS Growth during the bull market	19.6%	-13.8%	<b>22.2%</b>	-4.8%	<b>5%</b>
Start and End ROE (%)	14.1 to 15.2	18.0 to 18.2	<b>17.9 to 23.5</b>	20.0 to 15.8	<b>12.7 to 14.8</b>
FPI Flows to Markecap	2.9%	1.3%	<b>9.6%</b>	3.9%	<b>0.5%</b>
Peak 10yr G-Sec yield	12.4%	10.5%	<b>8.2%</b>	8.2%	<b>7.6%</b>

- ✦ Earnings cycle has just kicked in and is expected to stay healthy in coming years
- ✦ Banking sector is healthy & well-capitalized to actuate credit cycle further.
- ✦ Domestic tailwinds for capex revival is in place amidst global sentiment dampening.
- ✦ Key reforms announced over last few years have now started contributing to growth helping India to decouple from the world.

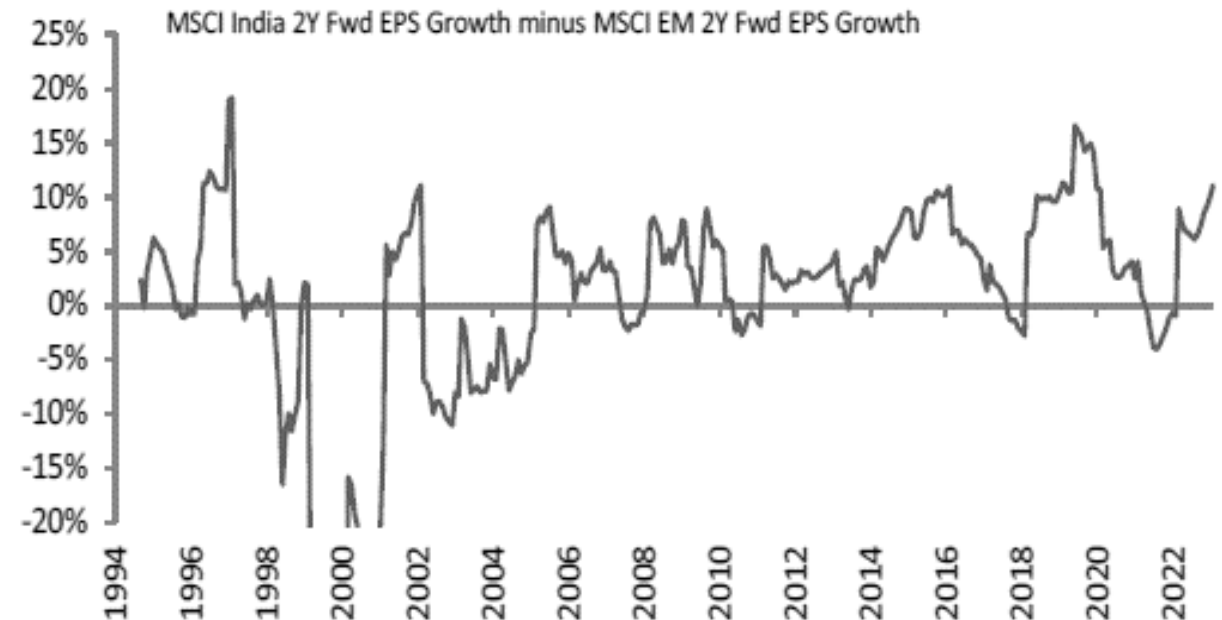
# India is well place in the EM basket



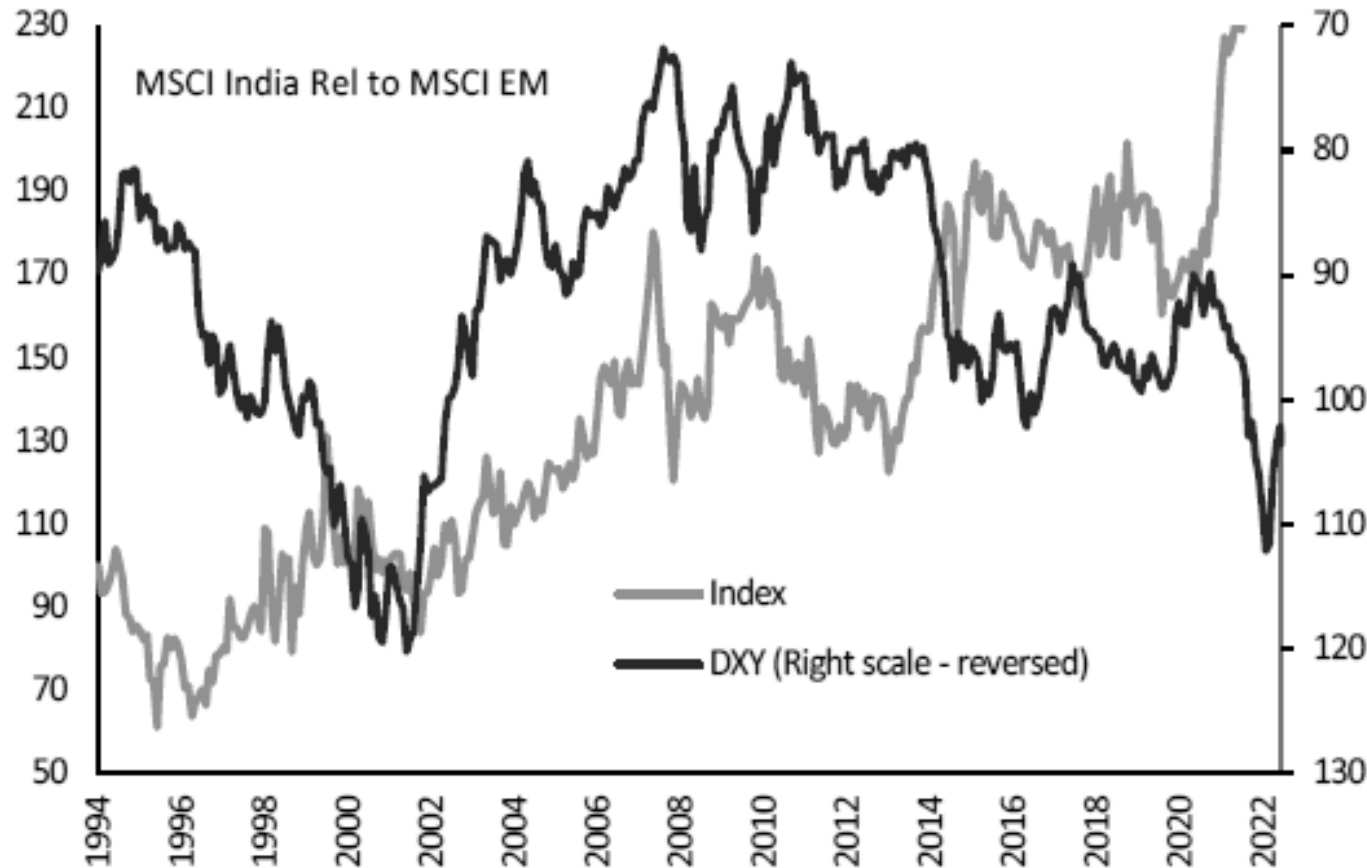
## India's relative valuation to EM has come off the peak



## India's relative fundamentals to EM remain strong



# Weak Dollar Index is good for Indian Equities

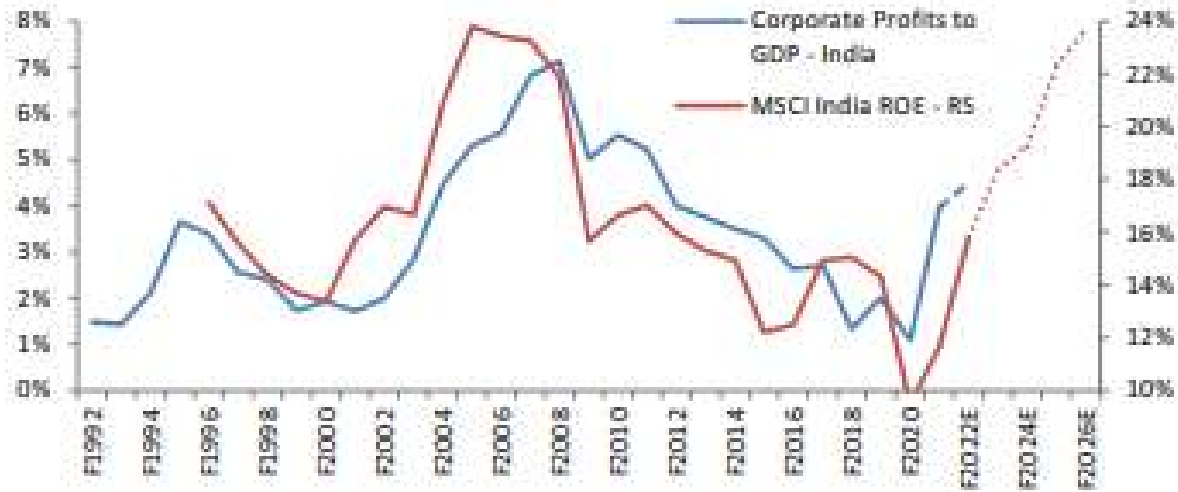


- \* India has outperformed EM when the dollar index depreciated.
- \* A rising dollar makes growth and macro stability vulnerable to policy errors as causes flows and forex reserves to fall, as seen recently.
- \* As with oil, the relationship between stocks and the Dollar Index has broken down.

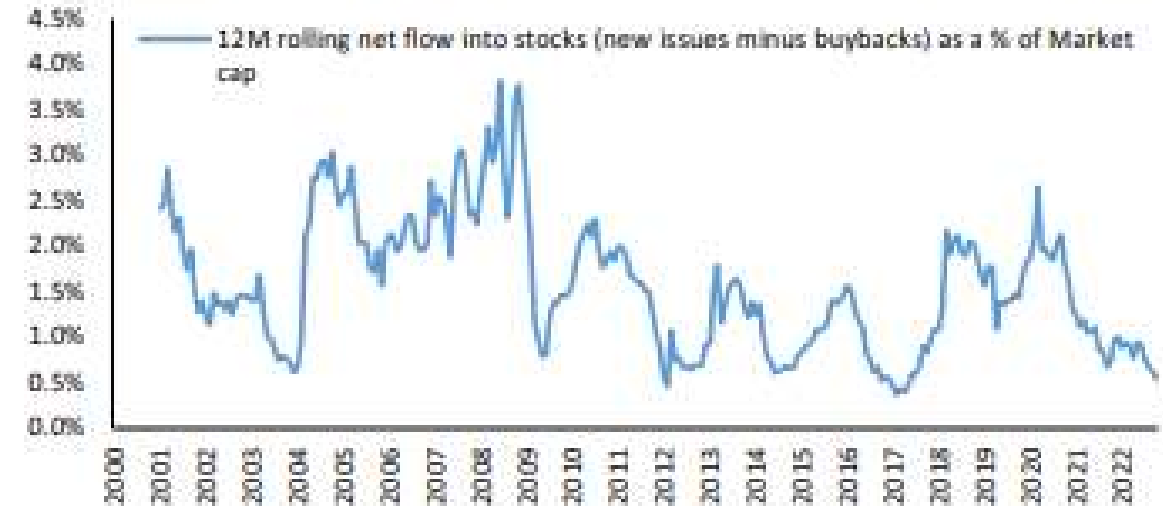
# Flows into equities likely to improve



India's corporate profit cycle is likely to stay strong...

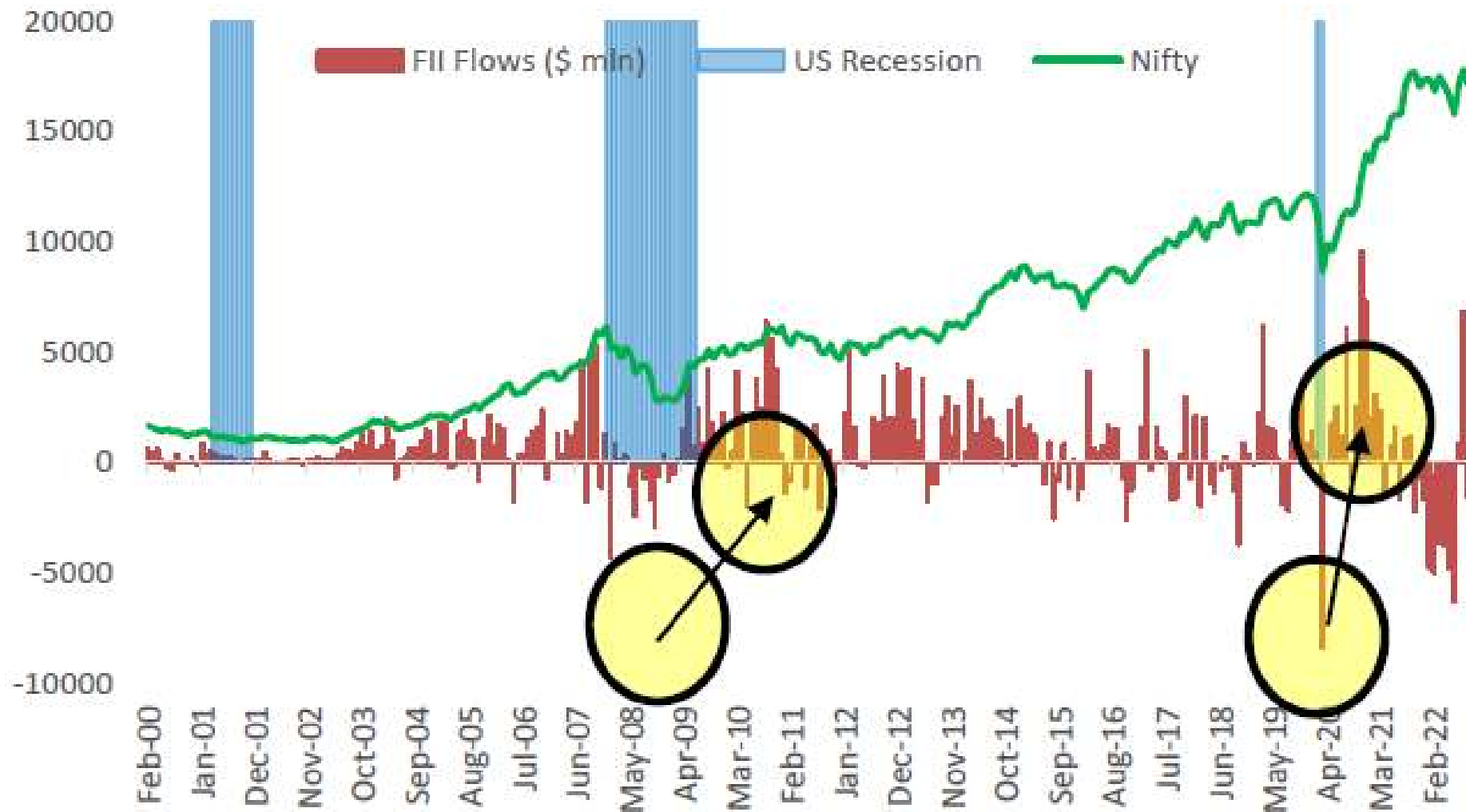


...which shall pull FPIs into Indian equities back



# FII flows turn back to India after US recession

FII flows have jumped up sharply after every recession in the US





# Earnings momentum continues



## Q2FY23 good performance amidst tough environment

Amid a volatile global macro backdrop, Indian corporates delivered better-than-expected performance across most sectors. BFSI led from the front, yet again, while commodities drag. Global Cyclical played a spoilsport once again.

### Key highlights



Top-line growth holding up, margins remain under pressure



Strong performance from Financials. Global cyclical disappoints.



FY23EEPS has seen 1-2% cut with large downgrades in commodities offset by upgrades in banks

# 4 pillars propelling India's journey to \$5tn



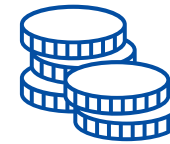
## Consumption

- \* 140 Mn households to be added to India's middle class by 2030 which would drive spends.
- \* 56% Urbanization by 2030 will lead to better consumption prospects.



## Infra Investments

- \* 8-9% infra spends as a % of GDP would enable \$ 5 Trillion economy.
- \* 70% National Infra Pipeline targets to be achieved by 2025.



## Corporate Capex

- \* 2/3rd of companies saw debt reduce in 2021, best placed to drive capex.
- \* Rs.3.5-4 Trillion capex to be invested via the PLI scheme in the next 3-4 yrs.



## Innovation

- \* 80% transactions to be digital by 2030 – Digital India.
- \* 100+ Unicorn with a total valuation of \$ 340 billion