

Equity Market Review



Mr. Yogesh Patil, Fund Manager - Equity

Market Review

- The Indian economy and the sentiments appear to break-out from the fears of the pandemic. The supply side challenges have recovered significantly, however; demand aggregates appear challenging. During the month, equity market saw appreciation with BSE Sensex rising by 10.6% month-on-month and CNX Nifty rising by 10.6% for the same month.
- On the macro front, CPI Inflation rose to a 7-year high of 7.61% in October. September IIP went up by 0.2% as against -7.4% in August. Sector-wise indices – BSE Metal, BAKEX, BSE Capital Goods, BSE Power, BSE Realty, BSE Mid-Cap, BSE Small-Cap, BSE Auto, BSE 500, BSE 200, BSE Oil & Gas, BSE 100, BSE Consumer Durables, BSE FMCG, BSE Healthcare and BSE IT rose by 25.6%, 22.2%, 17.8%, 16.5%, 16.5%, 14.2%, 12.7%, 12.5%, 11.1%, 11.0%, 10.7%, 10.4%, 5.5%, 4.7%, and 2.9% respectively.

| Benchmark Index | Latest Price | 1 Month Return | 3 Month Return | 6 Month Return |
|-------------------|--------------|----------------|----------------|----------------|
| BSE Sensex | 44,150 | 10.60% | 12.90% | 37.10% |
| CNX NIFTY | 12,969 | 10.60% | 12.20% | 36.70% |
| BSE Metal | 10,219 | 25.60% | 11.40% | 52.70% |
| BANKEK | 33,884 | 22.20% | 26.30% | 53.90% |
| BSE Cap Goods | 17,022 | 17.80% | 20.00% | 41.50% |
| BSE Power | 1,999 | 16.50% | 15.40% | 36.00% |
| BSE Realty | 2,062 | 16.50% | 11.90% | 52.60% |
| BSE Mid Cap | 16,915 | 14.20% | 11.60% | 45.50% |
| BSE Small-Cap | 16,875 | 12.70% | 12.30% | 56.70% |
| BSE Auto | 20,129 | 12.50% | 9.10% | 45.20% |
| BSE 500 | 16,995 | 11.10% | 11.70% | 38.50% |
| BSE 200 | 5,481 | 11.10% | 11.80% | 37.20% |
| BSE Oil & Gas | 13,251 | 11.00% | -0.30% | 15.80% |
| BSE 100 | 13,051 | 10.70% | 11.60% | 36.10% |
| BSE Cons Durables | 27,046 | 10.40% | 15.10% | 41.90% |
| BSE FMCG Sector | 11,726 | 5.50% | 0.90% | 10.70% |
| BSE Healthcare | 20,319 | 4.70% | 5.20% | 32.80% |
| BSE IT Sector | 21,635 | 2.90% | 18.30% | 52.30% |

Capital flows:

FII's were net buyers in the equity to the tune of ₹ 70,896 crores (US\$ 9,560mn) in November 2020. Cumulatively, FII's bought equity worth ₹ 125,956 crores (US\$ 17,029mn) in last twelve months i.e. from December'19-November'20 and DII sold equity worth ₹ 25,002 crores (US\$ 3,317mn) for the same period. (As on 27th November 2020, Source: SEBI) (November 2020 Avg. 1 USD = INR 74.1572).

Outlook

- The month of November was an eventful month both globally and domestically. It started with the results declaration for the US presidential elections. Joe Biden defeated Donald Trump to win presidency. From the domestic economy view, the Finance Ministry announced 12 measures under the 'Atmanirbhar Bharat 3.0' to revive the economy. The government's pro-activeness towards India's revival has been strong and more announcements are expected, going forward. However, the Real GDP growth plummeted at -7.5% during Q2FY21 mostly due to the headwinds faced by Indian enterprises because of the pandemic.
- 2QFY21 was one of the blockbuster quarters for the Indian listed players with significant earning beats and upgrades. Top line continued to contract, however, much lower than anticipated by the street showing signs of resilience of the Indian economy even in the state of a pandemic. Banks are showing improvement in growth and asset quality and NBFCs too suggest improvement in disbursements across segments.
- The high-power rural demand overruled the muted urban demand and supply chains are gradually improving too. Companies have identified cost optimization measures and technology is also gaining pace. Overall, we believe, some pressure in the domestic demand to remain in the short term but the globally linked sectors to outperform as global recovery has been faster than domestic. Rural demand is expected to remain robust.
- The month also brought good news on the development of vaccine for Covid-19. Pfizer, Moderna and Astrazeneca said that their experimental Covid-19 vaccine has been highly effective based on Phase 3 trials. Availability of a drug or a vaccine is extremely important to bring back the activities to normal and clear the clutters of unknown.
- We believe, India is well placed among its global peers and going forward a) industry consolidation, b) technological adoption, c) structural industrial changes, d) government reforms. e) focus on domestic manufacturing and f) cost saving measures are likely to drive the Indian equity market. We prefer to focus on existing leaders who are likely to disrupt/ innovate in their business to ensure that their leadership or competitive advantage remains strong. Value creation is imperative in investment viz, high standards of governance, high capital efficiency, strong moats and sustainable growth are unlikely to change.

Statutory Details Sponsor: Life Insurance Corporation of India.

Investment manager: LIC Mutual Fund Asset Management Ltd. CIN: U67190MH1994PLC077858

For further details, please refer to the Scheme Information Document, Statement of Additional Information & Key Information Memorandum cum Application forms, available on our website www.licmf.com and at the official points of acceptance of LIC Mutual Fund Asset Management Ltd.

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