

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 4.1% month-on-month and CNX Nifty falling by 3.5% for the same month.
- The market saw sentiments improving with second quarter results coming in for FY21 and customer sentiments improving with festive cheer. Sector-wise indices – BANKEX, BSE Realty, BSE IT, BSE Power, BSE 100, BSE 200, BSE 500, BSE Capital Goods, BSE Mid-Cap and BSE Small-Cap rose by 12.5%, 7.9%, 5.4%, 4.6%, 2.9%, 2.7%, 2.5%, 2.4%, 1.4% and 0.1% respectively. BSE Consumer durables, BSE Oil & Gas, BSE FMCG, BSE Metal, BSE Auto and BSE Healthcare declined by 0.8%, 0.9%, 1.2%, 1.2%, 2.0% and 2.7% respectively.

Benchmark Index	Latest Price	1 Month Return	3 Month Return	6 Month Return
BSE Sensex	39,614	4.10%	5.00%	17.50%
CNX NIFTY	11,642	3.50%	4.90%	18.10%
BANKEX	27,389	12.50%	11.20%	10.80%
BSE Realty	1,804	7.90%	15.90%	24.40%
BSE IT Sector	21,059	5.40%	15.90%	47.90%
BSE Power	1,729	4.60%	12.80%	16.00%
BSE 100	11,721	2.90%	4.90%	17.80%
BSE 200	4,910	2.70%	5.50%	18.60%
BSE 500	15,215	2.50%	6.10%	19.60%
BSE Cap Goods	14,167	2.40%	11.60%	16.30%
BSE Mid Cap	14,905	1.40%	8.70%	24.10%
BSE Small-Cap	14,888	0.10%	15.30%	34.10%
BSE Cons Durables	24,076	-0.80%	12.20%	17.30%
BSE Oil & Gas	12,126	-0.90%	-8.70%	0.50%
BSE FMCG Sector	10,923	-1.20%	-3.90%	1.40%
BSE Metal	8,208	-1.20%	5.70%	21.70%
BSE Auto	17,517	-2.00%	6.20%	31.20%
BSE Healthcare	19,258	-2.70%	9.00%	25.60%

Capital flows:

FII's were net buyers in the equity to the tune of ₹ 18,934 crores (US\$ 2,577mn) in October 2020. Cumulatively, FII's bought equity worth ₹ 77,549 crores (US\$ 10,615mn) in last twelve months i.e. from November'19-October'20 and DII sold equity worth ₹ 7,936 crores (US\$ 1,044mn) for the same period. (As on 30th October 2020, Source: SEBI) (October 2020 Avg. 1 USD = INR 73.4688).

Outlook

- During the month gone by, the central government of India announced stimulus measures targeting both consumption and investment. They outlined measures at an estimated cost of ₹ 467 bn to provide a boost of ₹ 600 bn. Including states and PSB/PSUs the cost is expected at ₹ 561 bn and boost of ₹ 730 bn. The schemes have targeted PSU and government employees and came days before the festive season indicating pro-activeness of the government to ensure economic revival. Also, government's allocation of special interest-free 50-year loan of ₹ 120 bn to states should expedite the infrastructure projects and provide the macro-economy the fillip to advance forward from the halt caused by the pandemic.
- RBI's Monetary Policy Committee maintained status quo on rates at 4% and maintained the 'accommodative' policy stance. The minutes are in line with the policy commentary – with concerns highlighted on growth, inflation, and financial markets. RBI's key priority has been to revive growth on a sustainable basis. The inflation has been above the RBI's target band however, risks are currently supply-led and are likely to wane in the coming months.
- The Indian economy continued its recovery trajectory and aggregate demand showed gradual pick up. Amidst falling active cases and decline in daily number of new cases, most of the macro-economic indicator like the electricity consumption, daily average e-way bills, GST collection, real estate and vehicle purchase are at near/above pre-Covid levels.
- Going ahead, we believe the US Presidential elections will play a major role for the swings in the market. Also, the Covid-19 cases in the US and European zone have been increasing and as a result, uncertainty in the global markets are high.
- Indian companies, so far, have declared healthy results for their Q2FY21 with recovery across sectors and optimism over good festive season ahead. 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 businesses to ensure that their leadership/competitive advantage remain strong. Value creation imperatives in investments 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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