

## Indian Economy

- India climbed up 14 places in the World Bank's 'Ease of Doing Business' 2020 survey to stand at 63, among 190 countries, making it one of the world's top 10 most improved countries for the third consecutive year. India's ranking has improved 79 places, from 142 in 2014 to 63 in 2019 - a record for a major economy.
- The government approved setting up an INR 25,000 Cr Alternative Investment Fund (AIF) to finance nearly 1600 stalled middle and low-income RERA registered housing projects that are networth positive. This will help in completion of unfinished project, generate employment, revive demand for cement, steel etc. and boost the sentiment of housing sector.
- The July-September 2019 quarter (Q2) earnings have been positive for corporate India boosted by the tax rate cut. The aggregate sales and net profit for 1256 companies for the Q2 FY20 are

	Q2 FY 18-19	Q2 FY 19-20
Sales	24.2%	-0.2%
Net Profit	-3.3%	26.3%

Source: Capitaline

- Sectors such as Telecom, Banks, Cement, Consumer Staples, Industrials and Utilities performed in line with the expectation. But the performance of Oil & Gas, Information Technology, Consumer Discretionary were below expectations.
- Index of Industrial Production (IIP) contracted by 4.3% Y-o-Y in Sep'19, steepest drop in last 8 years due to a slowdown in manufacturing output and decline in production of capital goods.
- The upcoming GDP growth data for Q2 FY20 is expected to be sub 5% on account of low automobile sales, deceleration in air traffic movement, flattening of core sector growth and declining investment in construction and infrastructure. Thus providing RBI enough reason to go for the rate cut in next monetary policy.
- Retail Inflation rose to 4.6% in Oct'19 crossing RBI's median target level. This is mainly due to hike in food inflation.
- Trade deficit narrowed to USD 10.9 Bn in Sep'19 with the exports declining by 6.6% and imports falling by 13.8% (the sharpest fall in 37-months).
- The RBI in its Oct'19 monetary policy, projected economic recovery in 2H FY20. Government has announced various measures to revive economy – cut in corporate taxes, capital infusion in public sector banks, setting up fund to revive housing sector. All this will together help to spur the economy.
- Indian markets continued to rise in Oct'19 on the back of improved sentiments and reached all time high in Nov'19. Markets got the boost from better than expected

earnings season, various steps announced by the Government to revive the economy.

## **Global Economy**

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- The US Federal Reserve has cut interest rates for the third time this year to help sustain US growth.
- A vast majority of central banks globally have been easing monetary policies in the wake of slowing growth.
- The trade negotiations between the U.S. and China have still not been finalized because of disagreements on a number of issues.

## **Outlook**

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- Adverse global events, rise in crude oil prices, delays in NPA resolution under NCLT are key risks in the near term.
- Nifty is trading at approx. 18X on 1-Year forward P/E multiple. Equity market continues to stay attractive.
- Investors are recommended to maintain their equity allocation as per their risk profile.
- In the fixed income category, investment in short term funds, tax free bonds and fixed deposits are recommended.