



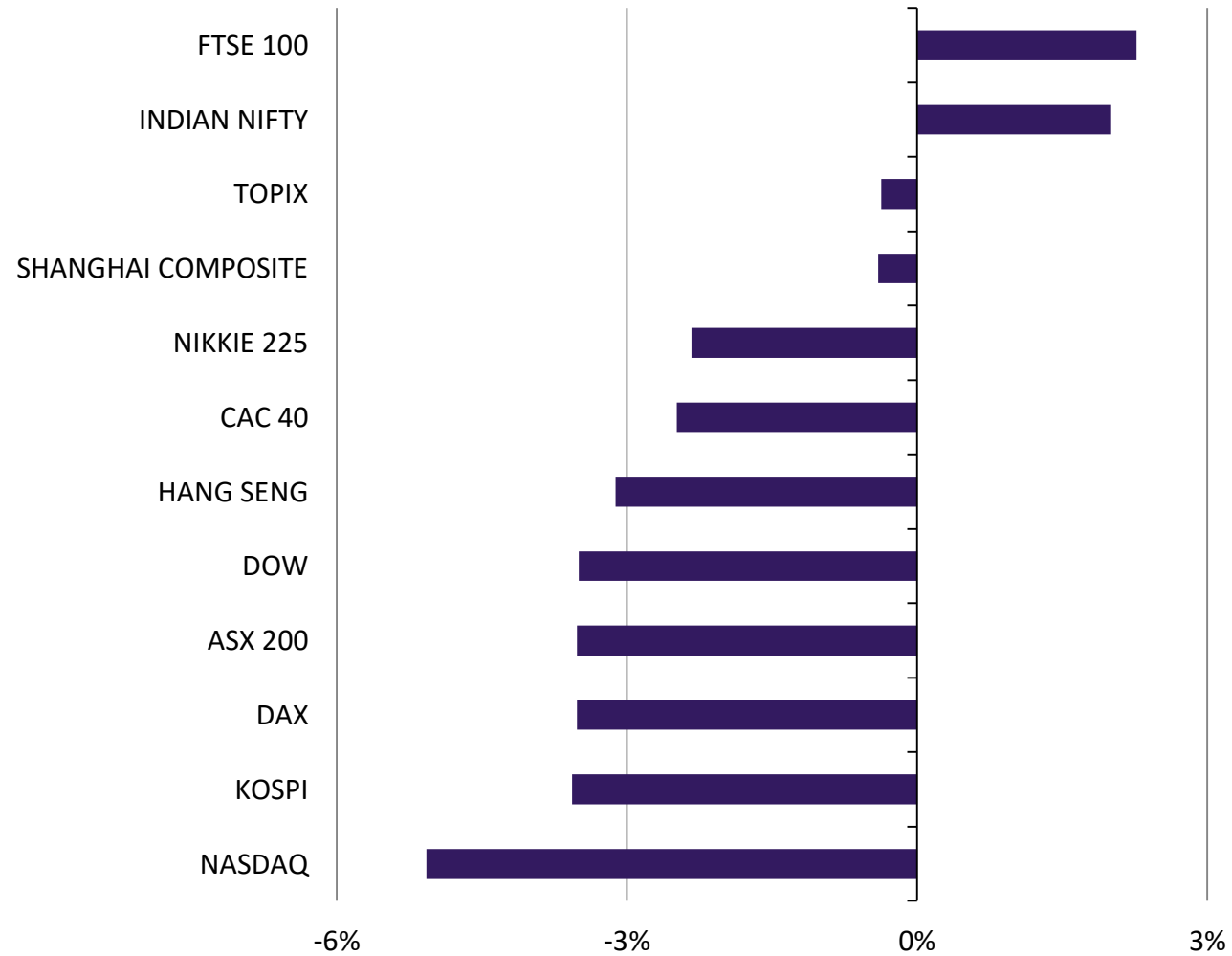
BESPOKE

Advice for a select few

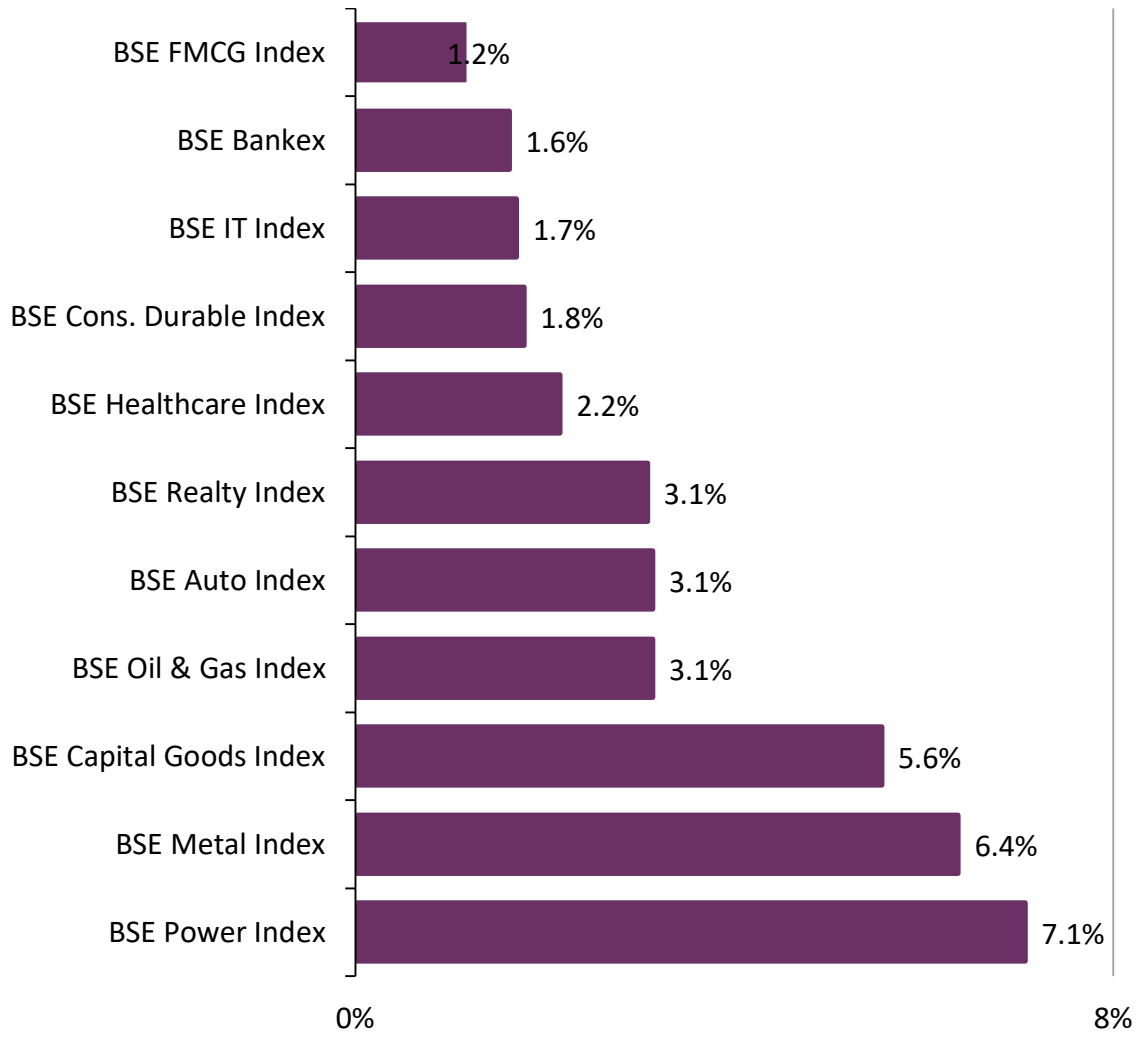
ANANDRATHI
PRIVATE CLIENT GROUP
EQUITY

The logo for AnandRathi Private Client Group Equity, featuring the letters 'PCCG' in a stylized, purple, serif font. The 'P' and 'C' are connected, and the 'G' is a large, bold letter.

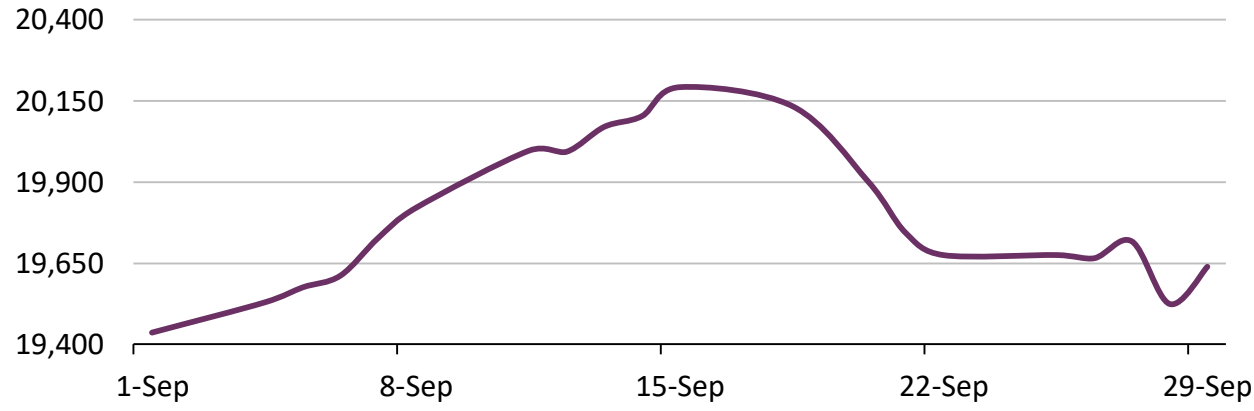
Global Markets performance in Sep-23



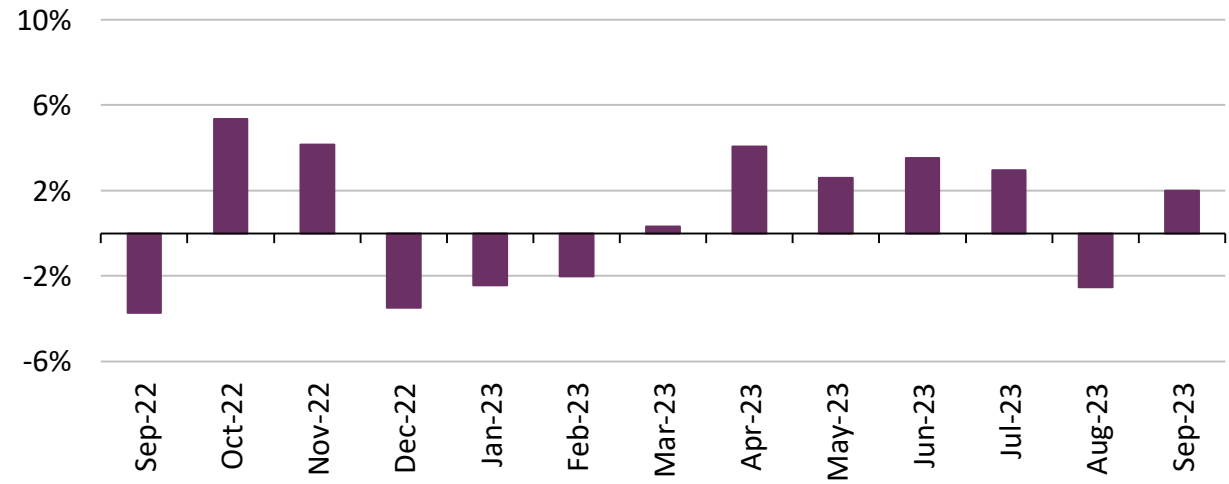
Sector wise performance during the month



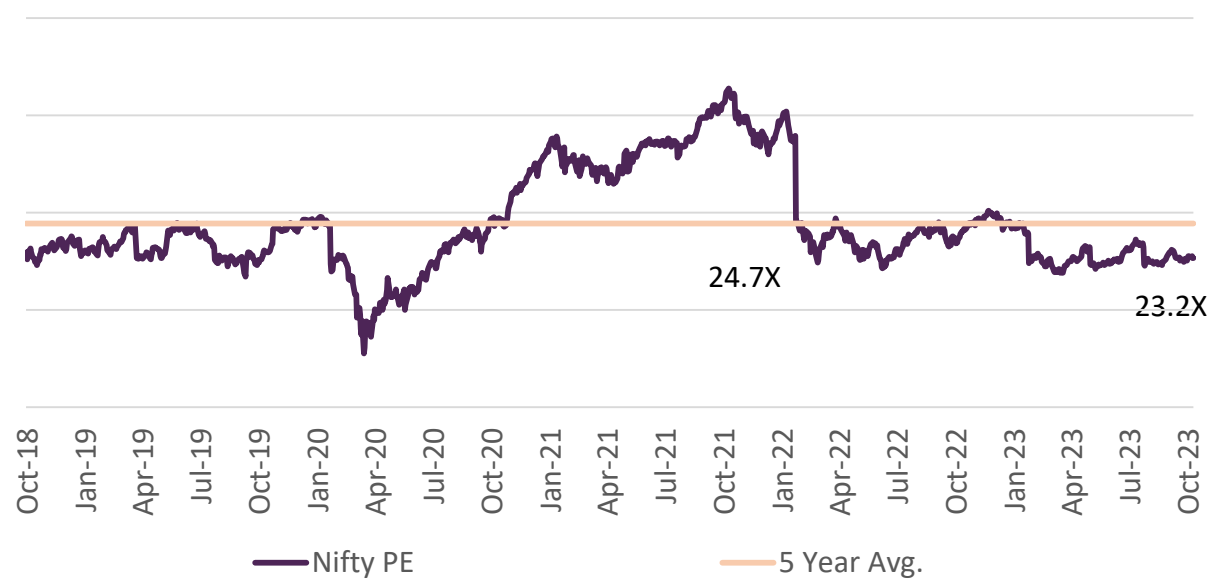
NIFTY Performance in Sep 2023



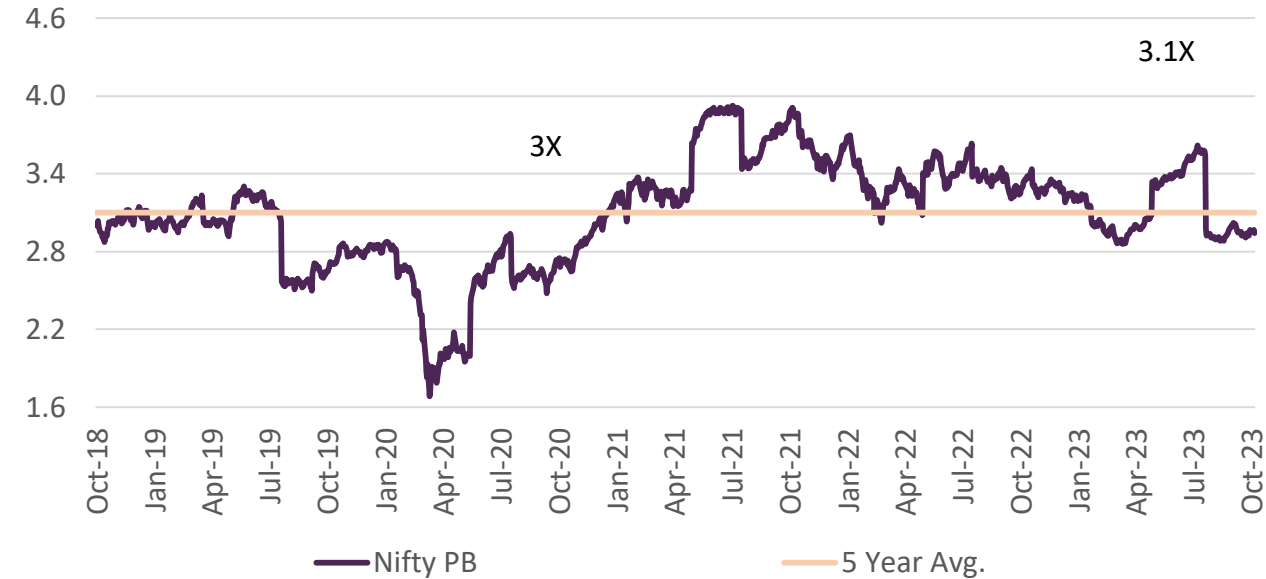
NIFTY monthly performance for trailing 12 months



Nifty Trailing 12M P/E & 5 Yr. Avg. P/E

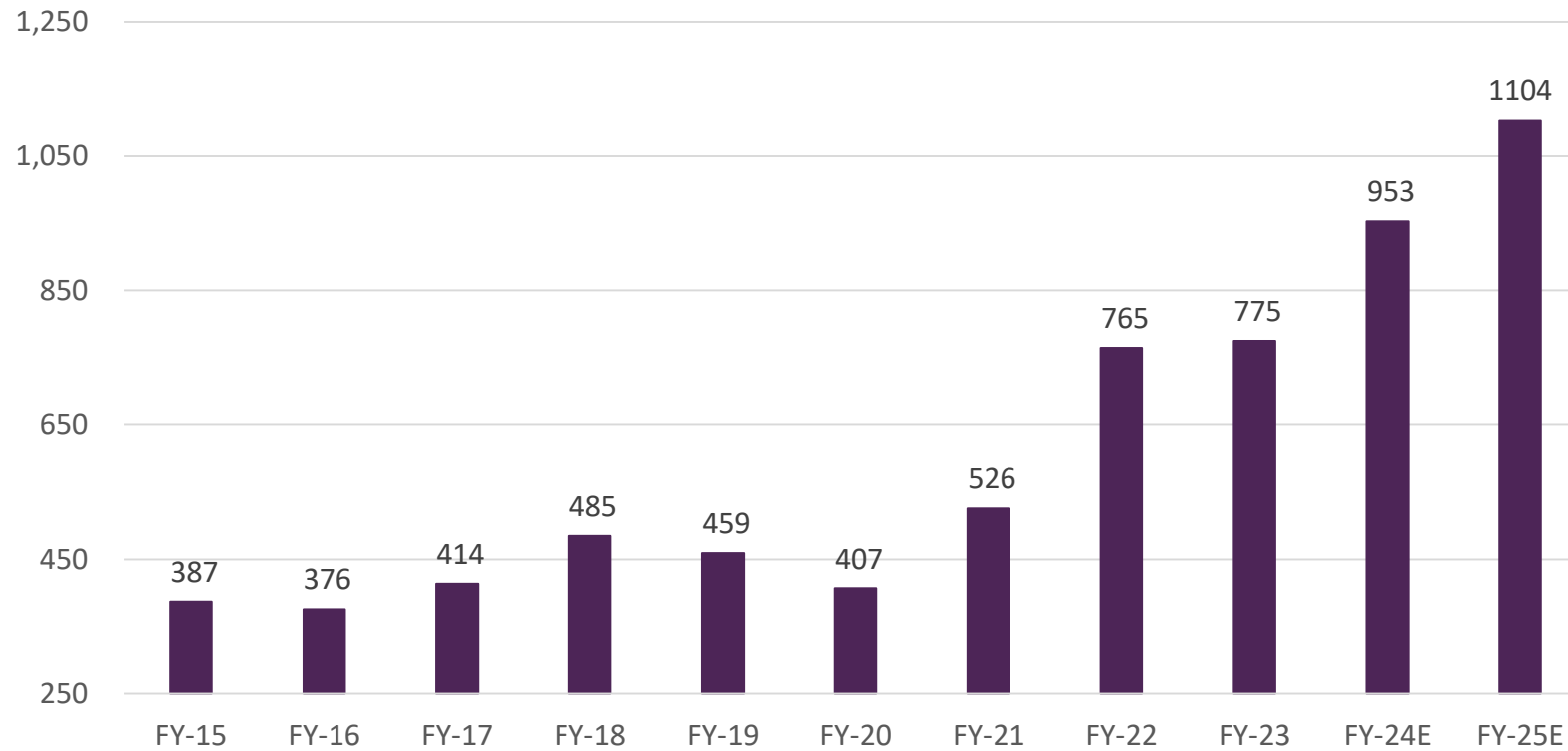


Nifty Trailing 12M P/B & 5 Yr. Avg. P/B



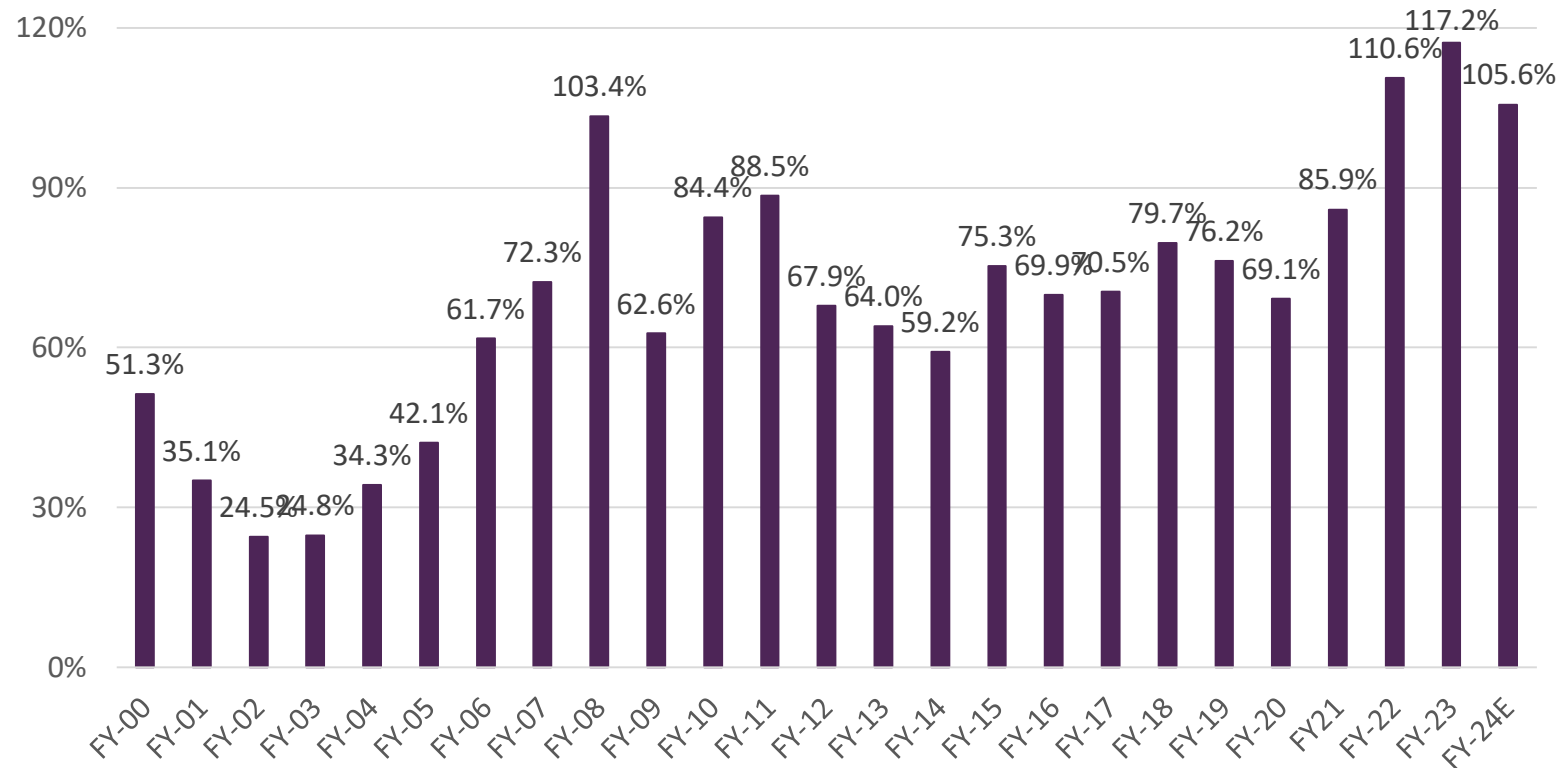
- Currently Nifty50 is trading at around 22.7x its trailing 12 month earnings while its five year historical average price to earnings ratio stands at around 25.2x. A discount of around 6% from its five year historical average.
- In terms of price to book ratio, the Nifty50 is trading at around 2.9x its book value while its five year historical price to book ratio stands at around 3.1x. Trading at a premium of 2.4% to its five year historical average.

Nifty Historical and Estimated EPS (Consensus)



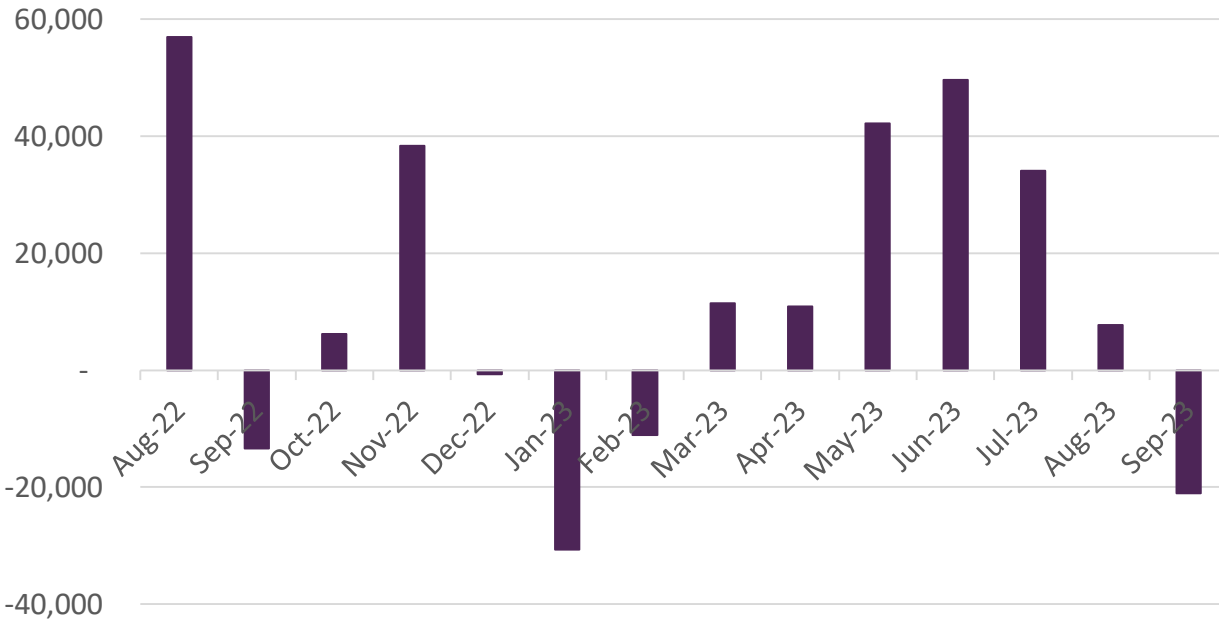
- From the financial year 2023 EPS the consensus estimates for Nifty50 from FY-23 to FY-25 expects earnings to grow at a CAGR of about 19%.

India Market Cap. to GDP Ratio

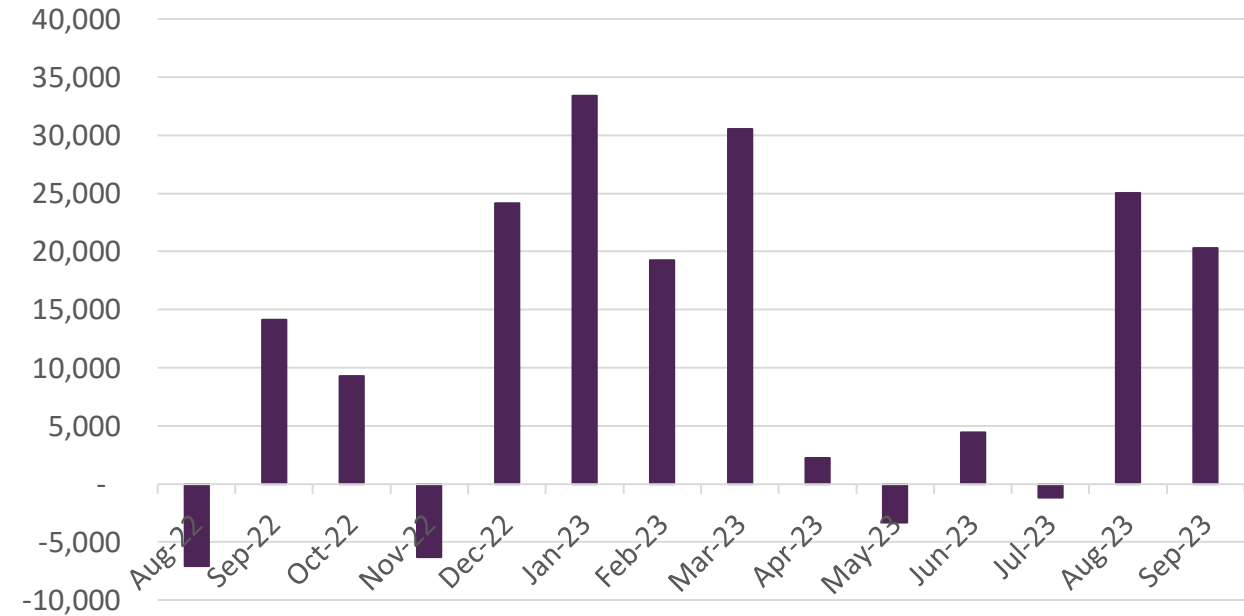


- Currently India's listed companies market capitalisation to GDP ratio stands at about 105.6% (FY-24E). The ratio is considered an indicative of overall equity market sentiments and cycles.
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FII Monthly Inflows in Equity (₹ Crore)

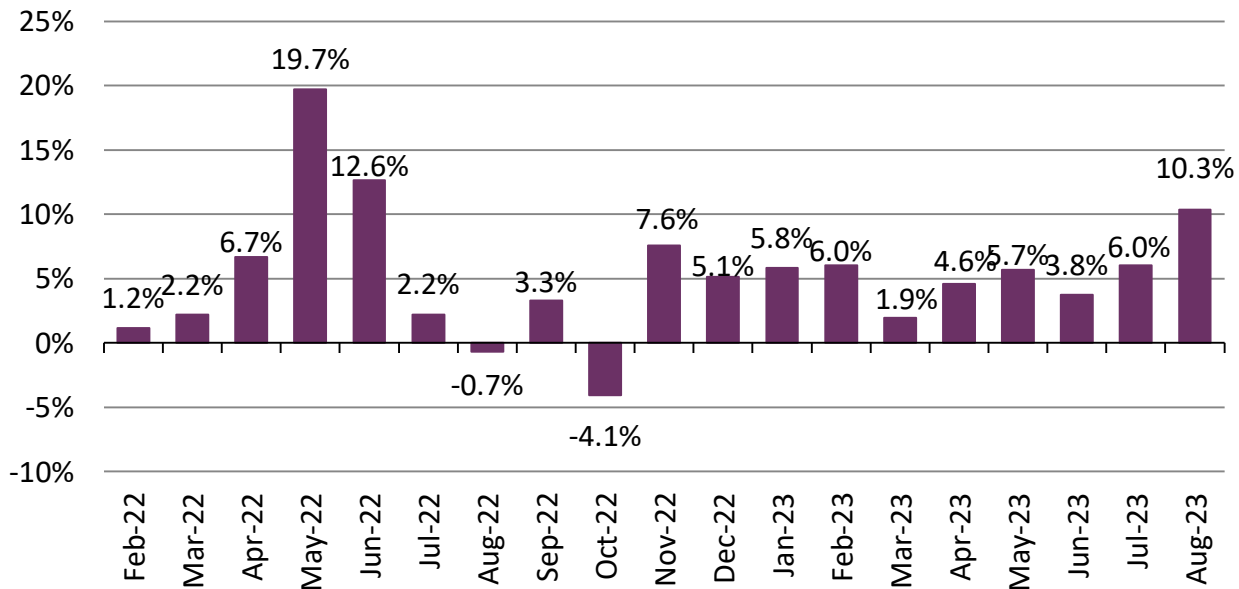


DII Monthly Inflows in Equity (₹ Crore)

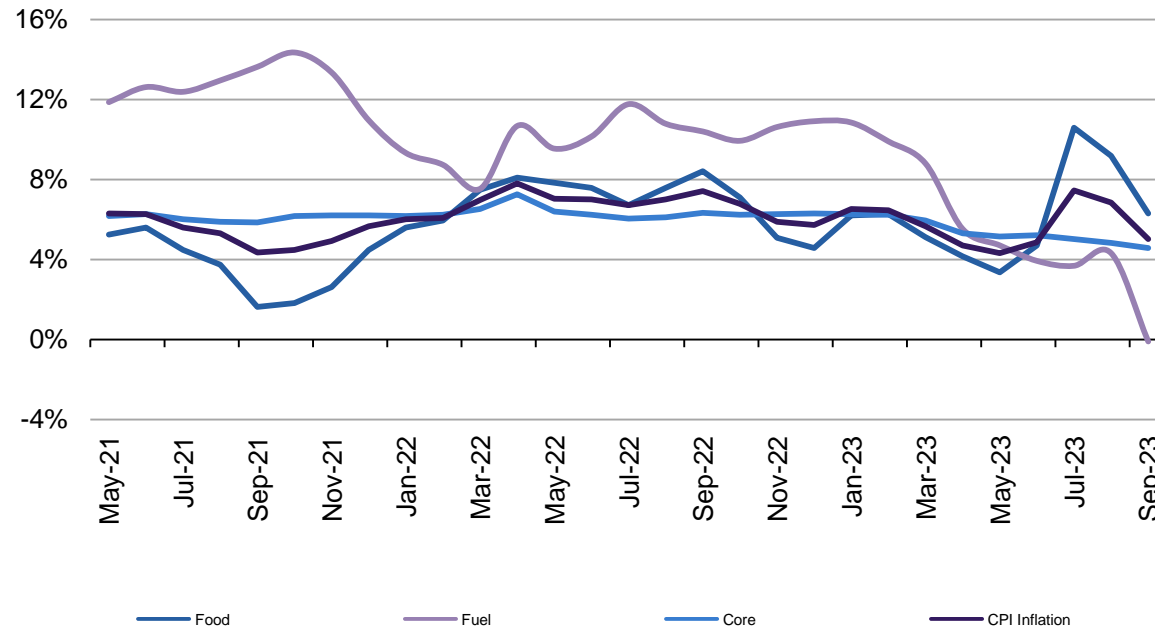


- FII monthly inflows for the month of Sep-23 has seen net outflows of almost ₹21,076 crores, which is third negative flows in current calendar year.
- On the other hand, domestic funds have seen monthly net inflows of around ₹20,311 crores, a fourth highest net inflow in current calendar year.

IIP Growth (%) trend (2011-12 base)



Food, Fuel, Core & CPI Inflation (%) YoY



- Index of Industrial Production (IIP) data for the latest month Aug-23 maintained its positive momentum for the year. The index stood at strong reading of 10.3% for the month..
- Latest inflation data released showed decrease in inflation. Inflation was seen decreasing with Food inflation slowing to 6.3%. The Core inflation for the Sep-23 month decreased to 4.6%. Fuel inflation decreased and stood at negative 0.1%.

Our take on the global economy

Growth

Slowdown in 2024 to continue but no recession, modest rebound in 2025

Inflation

Rising protectionism and changing consumption pattern to keep inflation higher

Interest rate

Interest rate in the advanced countries to remain higher vs. average during 2008 to 2019

Government balance

To support growth in face of high inflation loose fiscal policy in advanced countries

Investment

Higher interest rates and changing consumption pattern to depress investment

Consumption

With higher inflation and interest rate, resilient consumption, drop in savings

Our take on the Indian economy

Growth

To remain the fastest growing major economy in the world for the next five years

Inflation

Likely to hover around 4 to 5% range, inflation volatility likely to continue

Interest rate

Policy rates unlikely to come down in the next 12 months, yield can come down

Government balance

Fiscal consolidation is likely to be slow, but better quality of government spending

Investment

With rising service orientation of consumption, investment to GDP ratio to be range bound

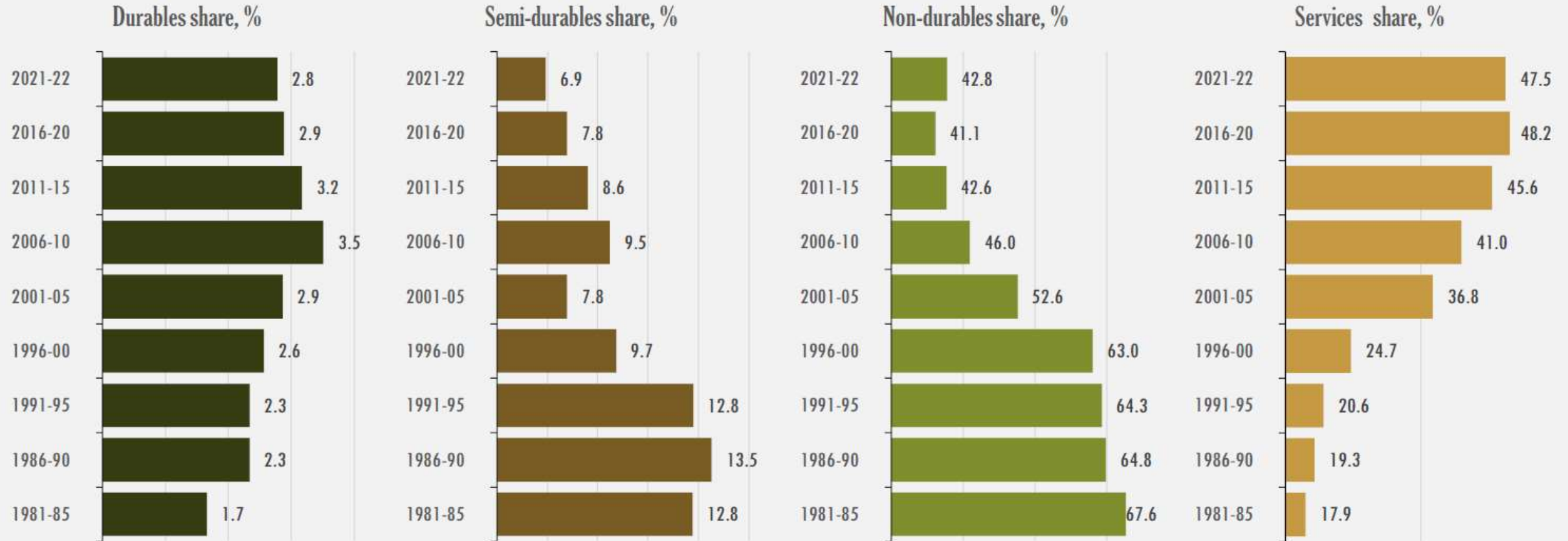
Consumption

With better income growth and aspirational demand, strong growth especially in services

Apart from the last decade, both personal income and private consumption accelerated in every successive decade, but savings rate also increased for the households, despite recent deceleration in income growth, consumption growth in India remains resilient

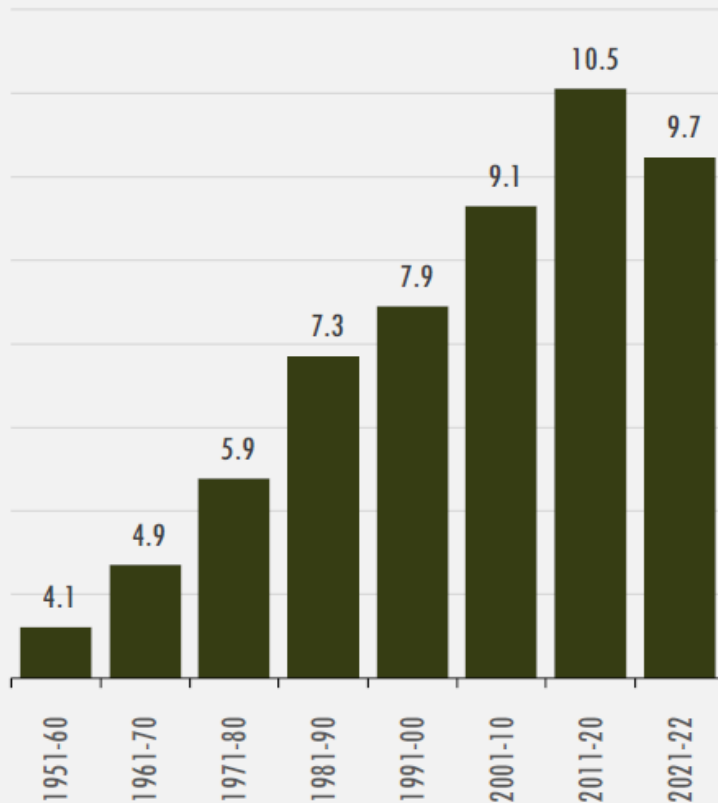


Durables still remains a miniscule part of private consumption spending, the share of semi- and non-durables in consumption is on the decline while the share of services has gone up sharply

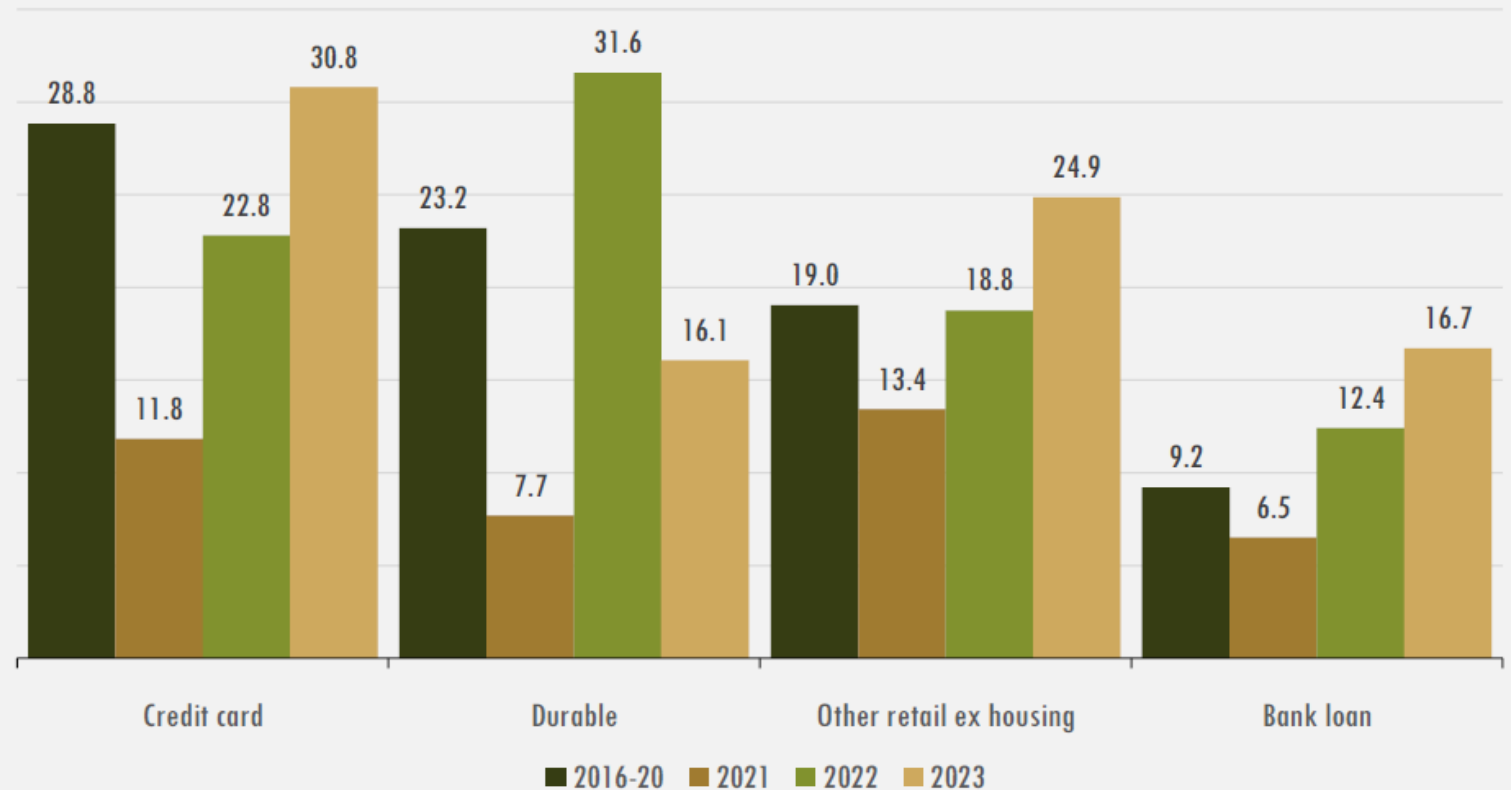


A share of wholesale and retail trade in GDP jumped through successive decades. Easy availability of retail loans seem to be boosting consumption demand

Share of wholesale & retail trade in GDP, %



Average loan growth, %



Our take on the India consumption story

Policy support

Tight monetary and loose fiscal policy to support consumption more than investment

Portfolio rebalancing

Increased equity investments to generate greater return reducing savings requirement

Demographic impact

Rising proportion of young adult would boost consumption demand

Aspirational demand

Premiumization with greater lifestyle information and rising aspirations

Low interest sensitivity

Availability of funding rather than cost of fund more important for consumers

Experience versus product

Greater spending on services vs. goods suggests move from merchandise to experience

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