



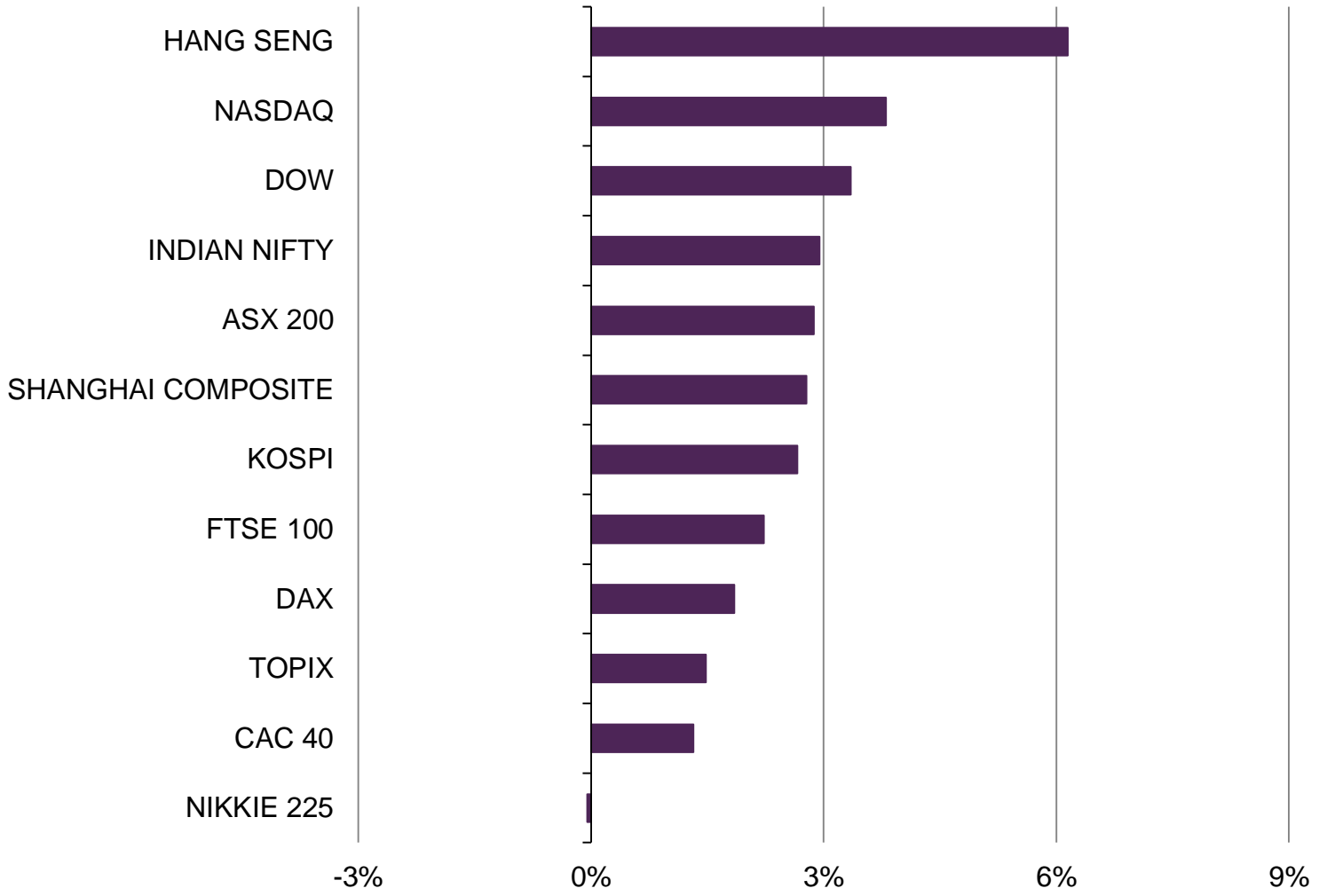
# BESPOKE

Advice for a select few

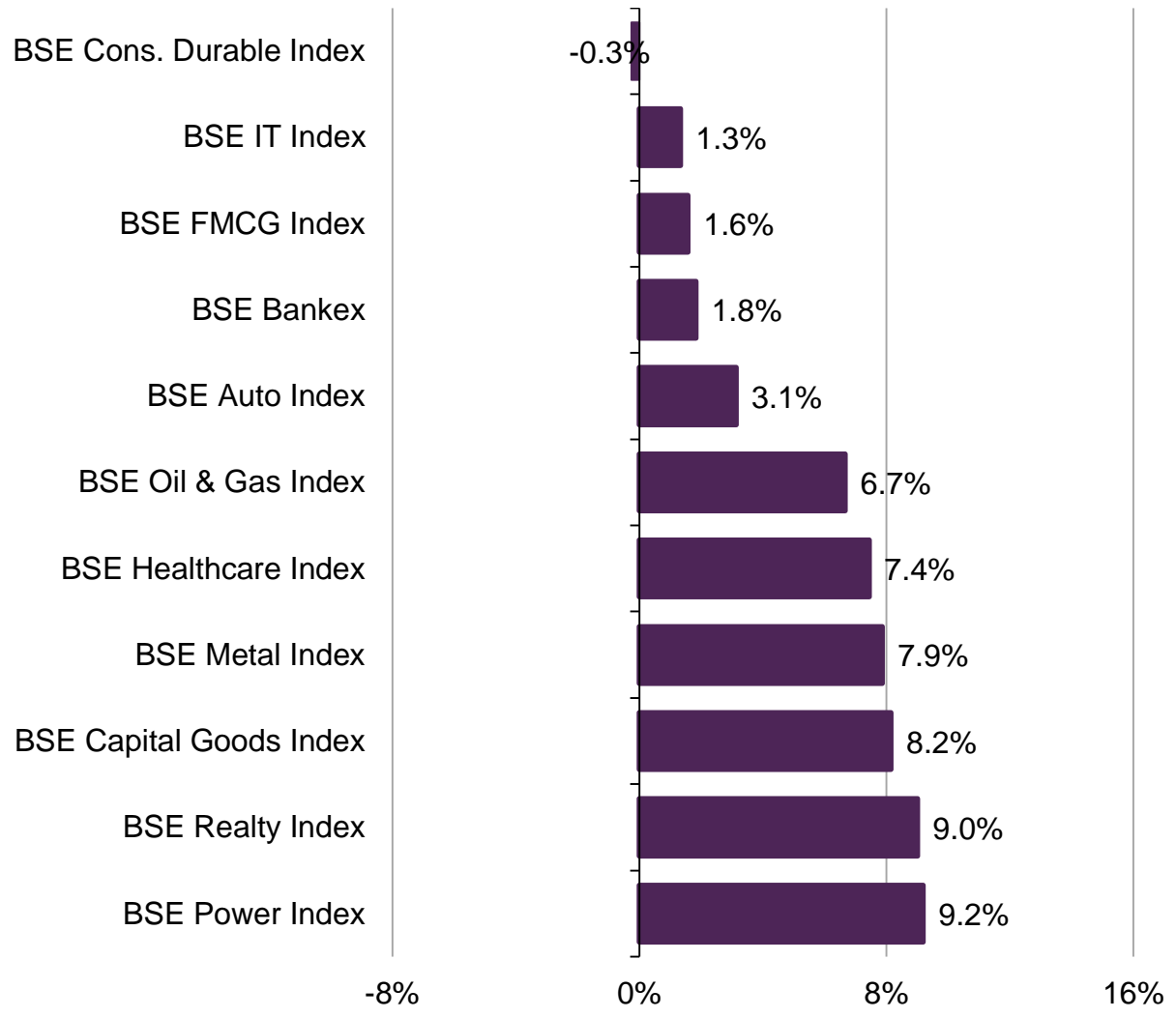
ANANDRATHI  
PRIVATE CLIENT GROUP  
EQUITY



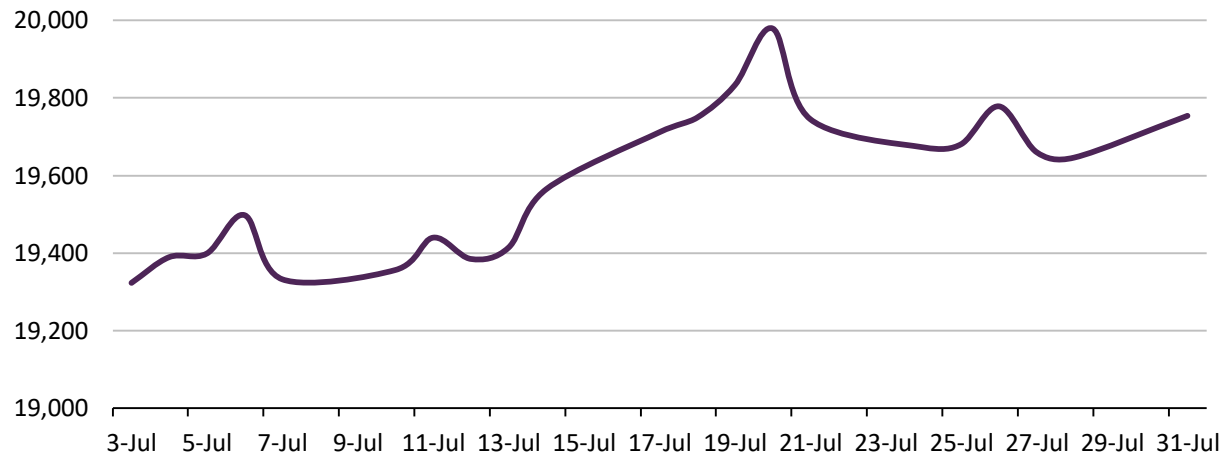
**Global Markets performance in July-23**



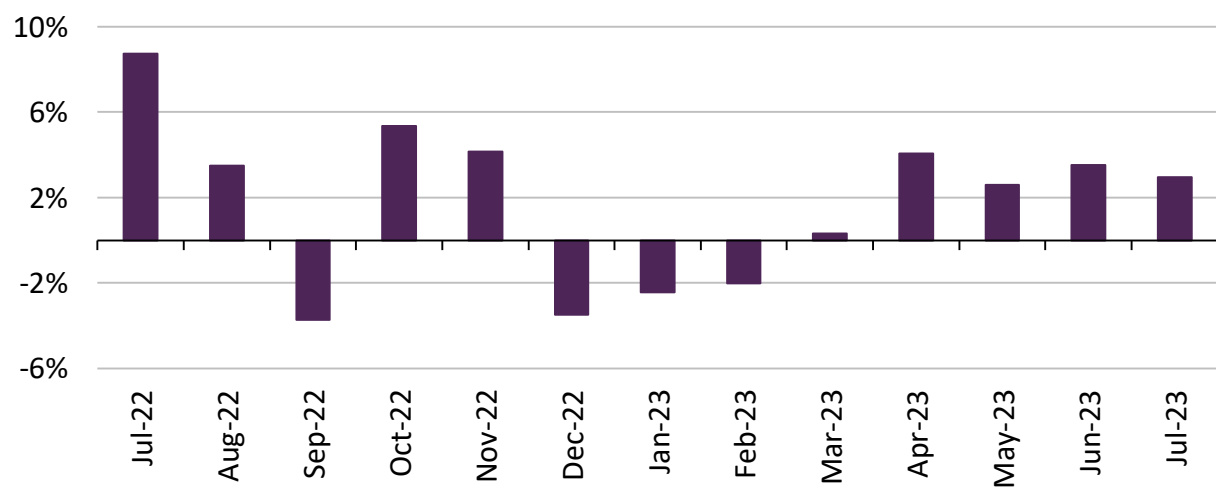
## Sector wise performance during the month



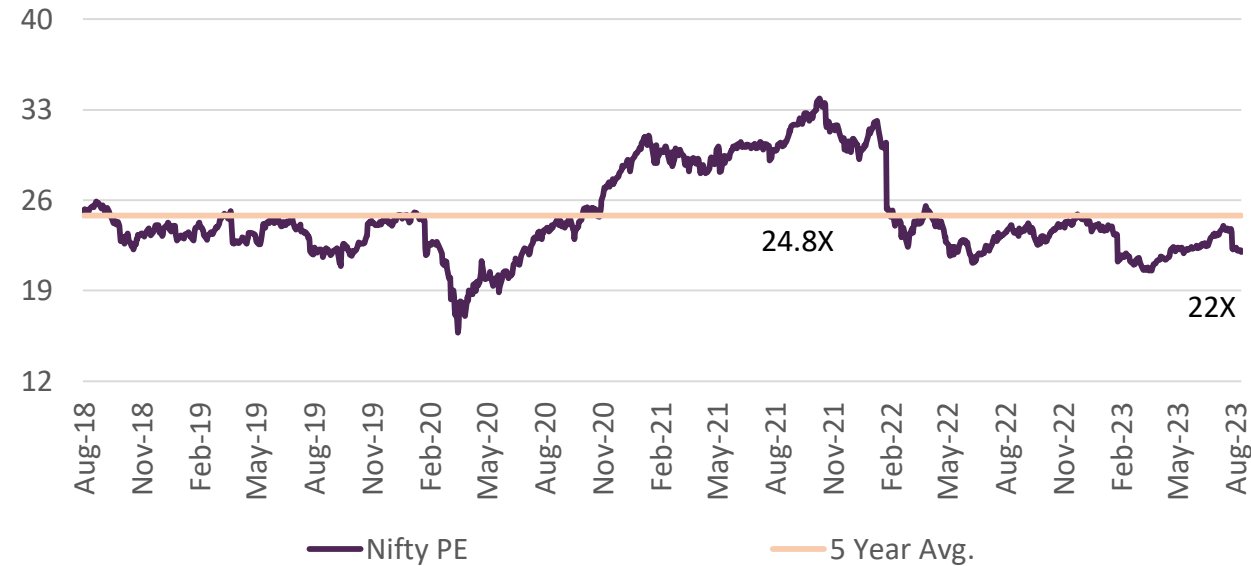
## NIFTY Performance in July 2023



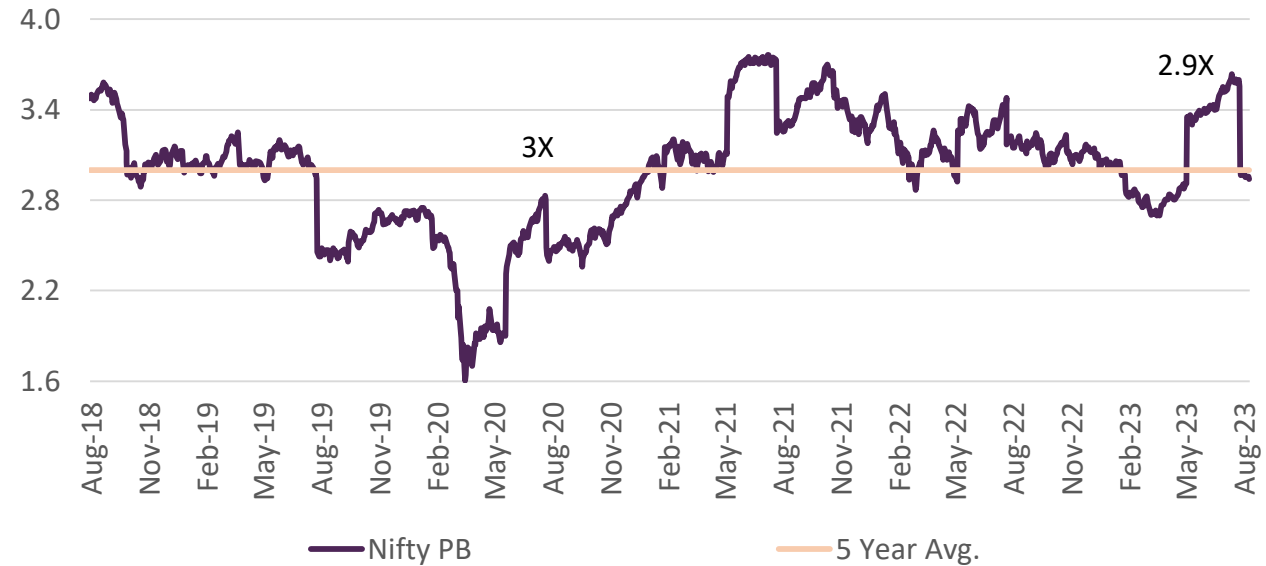
## NIFTY monthly performance for trailing 12 months



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

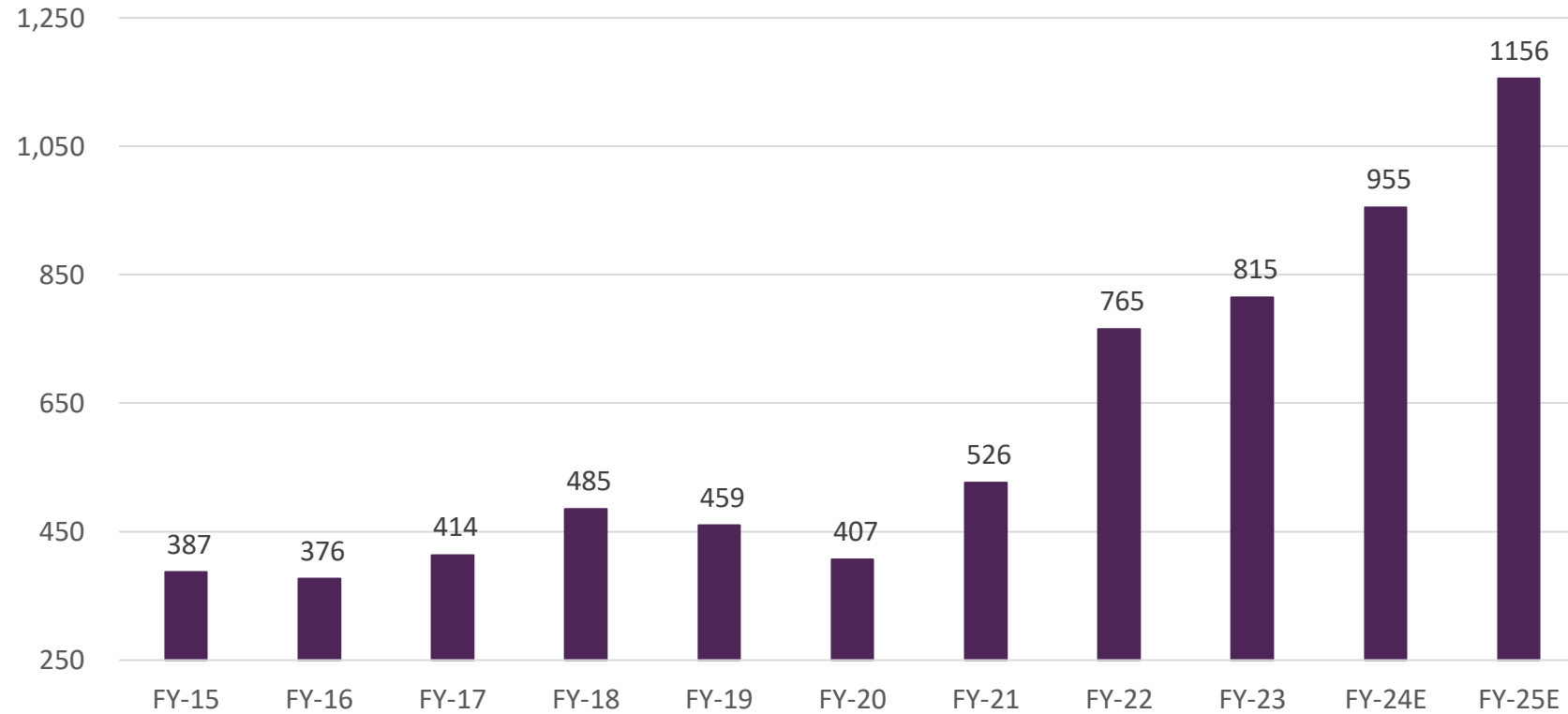


## Nifty Trailing 12M P/B & 5 Yr. Avg. P/B



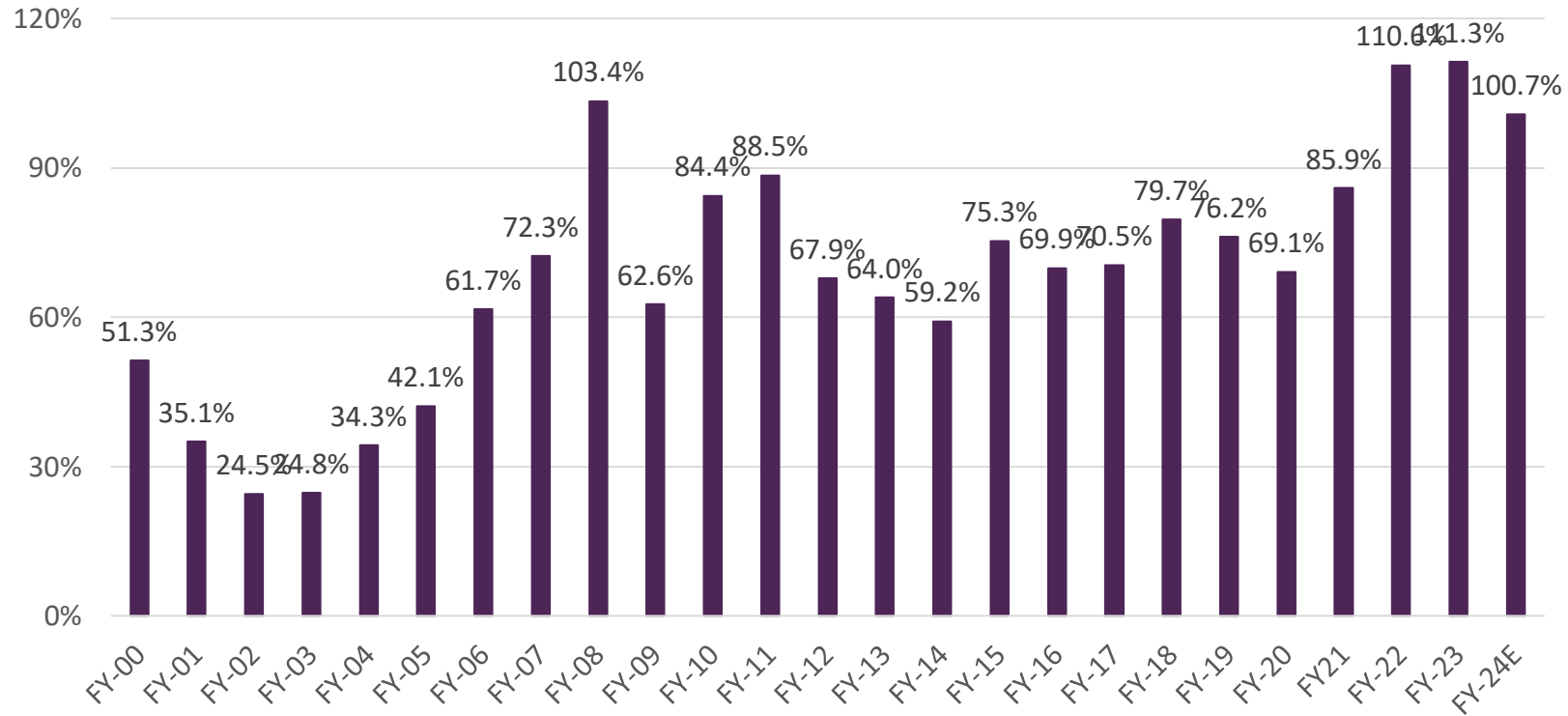
- Currently Nifty50 is trading at around 22x its trailing 12-month earnings while its five-year historical average price to earnings ratio stands at around 24.8x. A discount of around 11.3% from its five-year historical average.
- In terms of price to book ratio, the Nifty50 is trading at around 2.9x its book value while its five-year historical price to book ratio stands at around 3x. Trading at a discount of 2% to its five-year historical average.

### Nifty Historical and Estimated EPS (Consensus)



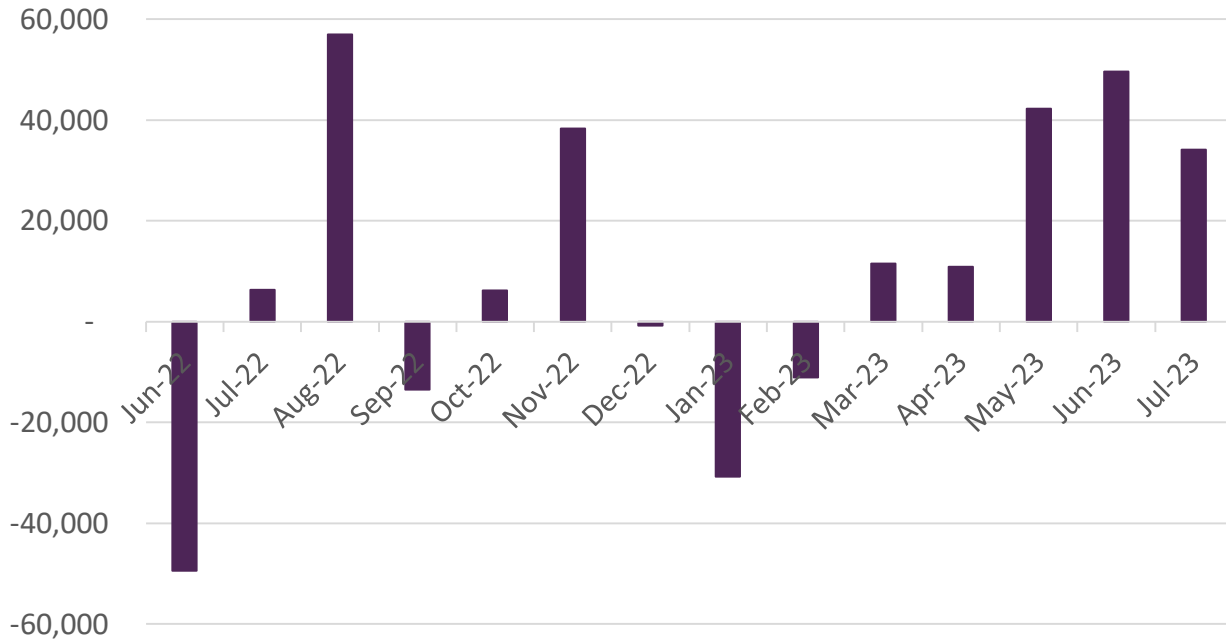
- From the financial year 2023 EPS the consensus estimates for Nifty50 from FY-23 to FY-25 expects earnings to grow at a CAGR of about 19%.

## India Market Cap. to GDP Ratio

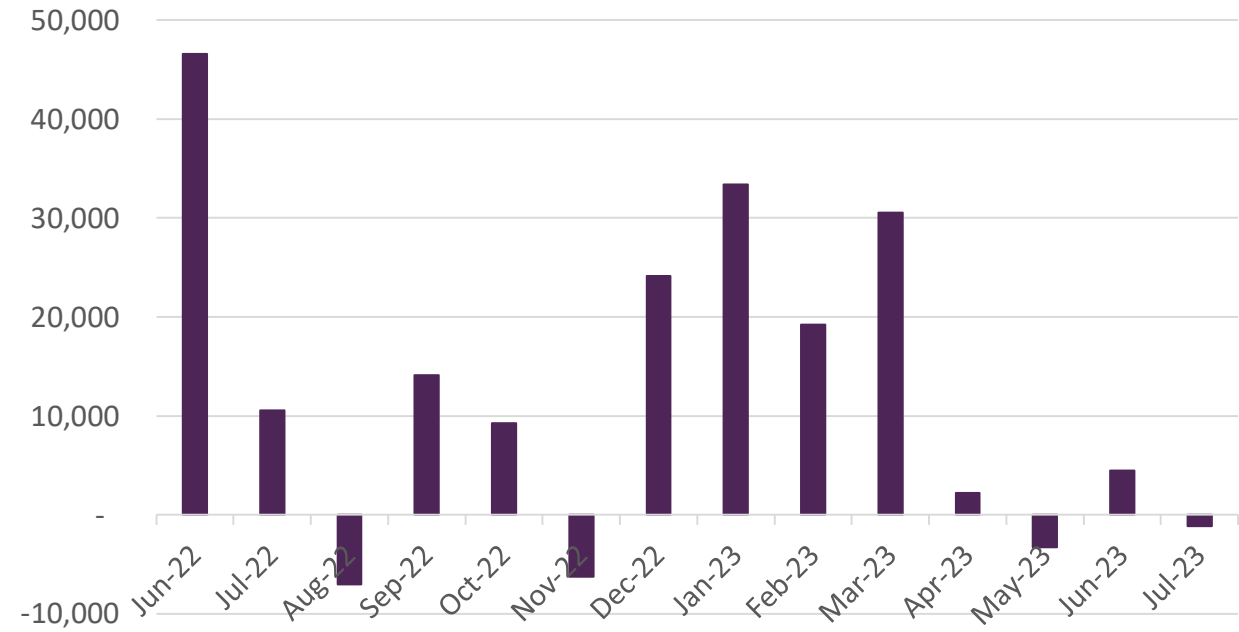


- Currently India's listed companies market capitalisation to GDP ratio stands at about 100.7% (FY-24E). The ratio is considered an indicative of overall equity market sentiments and cycles.
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### FII Monthly Inflows in Equity (₹ Crore)

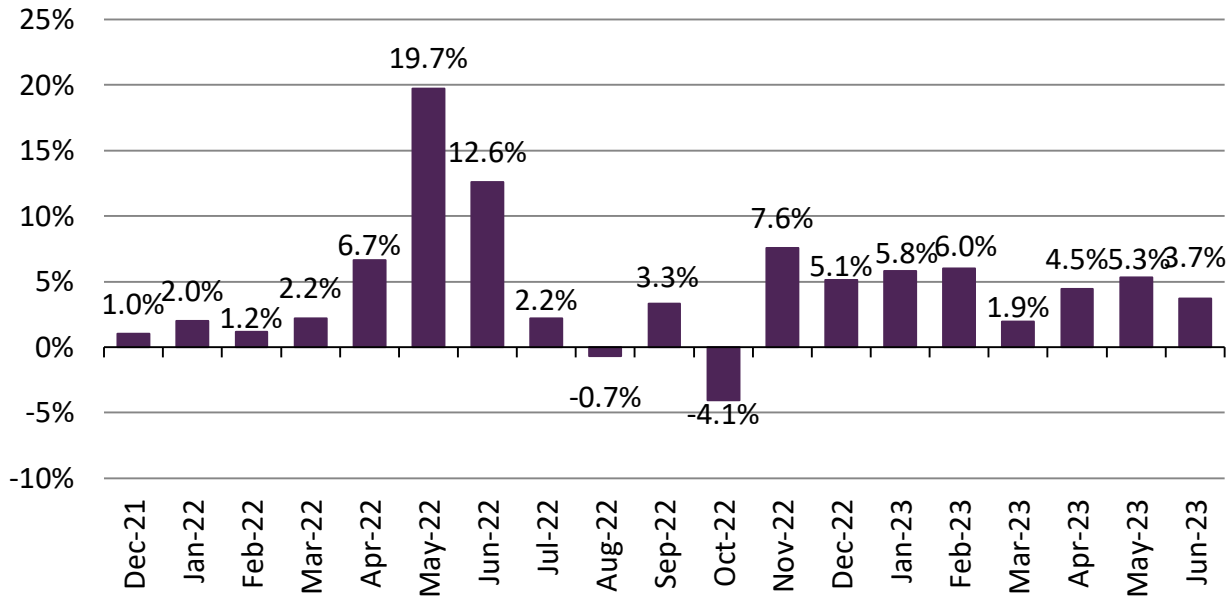


### DII Monthly Inflows in Equity (₹ Crore)

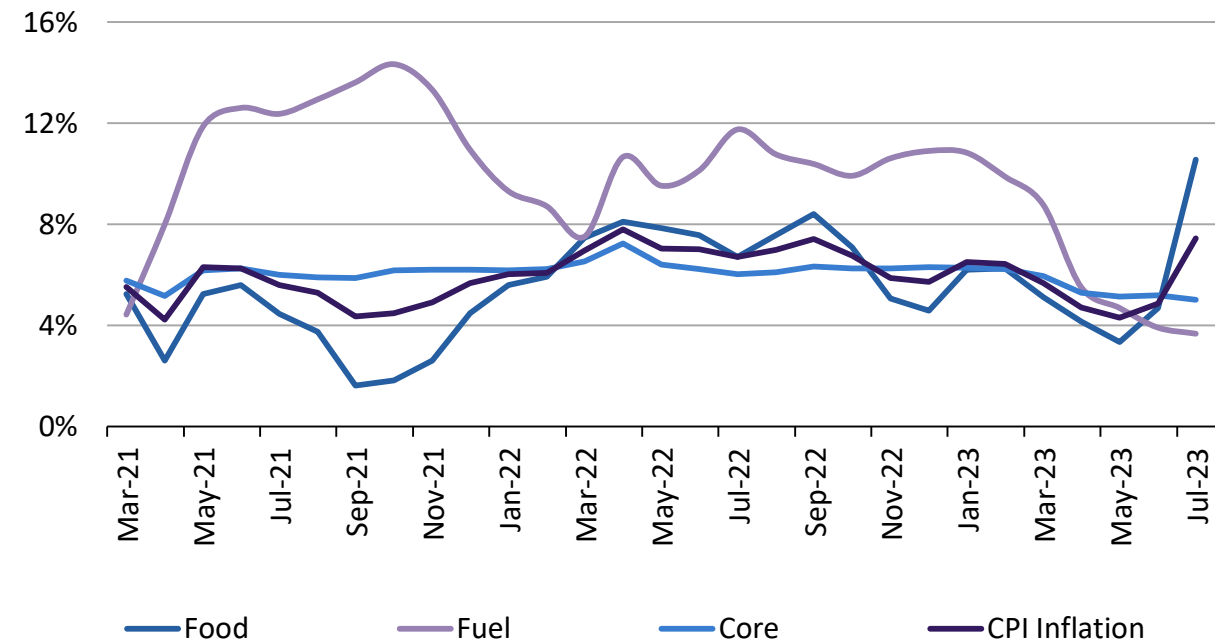


- FII monthly inflows for the month of July-23 has seen net inflows of almost ₹34,068 crores, which is third highest inflow for the current calendar year.
- On the other hand, domestic funds have seen monthly net outflows of around ₹1,185 crores, a second net outflow in current calendar year.

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



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



- Index of Industrial Production (IIP) data for the latest month Jun-23 maintained its positive momentum for the year. The index stood at 3.7% for the month..
- Latest inflation data released showed increase in inflation. Inflation was seen increasing with Food inflation rising to 10.6%. The Core inflation for the July-23 month decreased to 5%. Fuel inflation showed decline and stood at 3.7%.

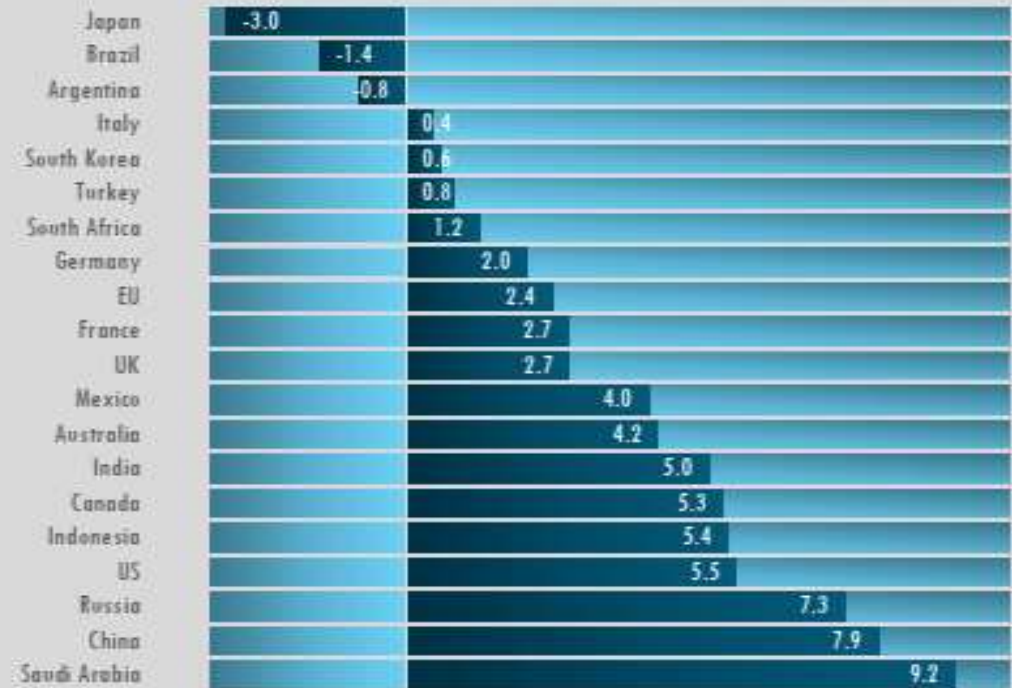


## G-20 average growth improving, several faced recession in last 5-years

Average GDP growth, G-20 countries, %

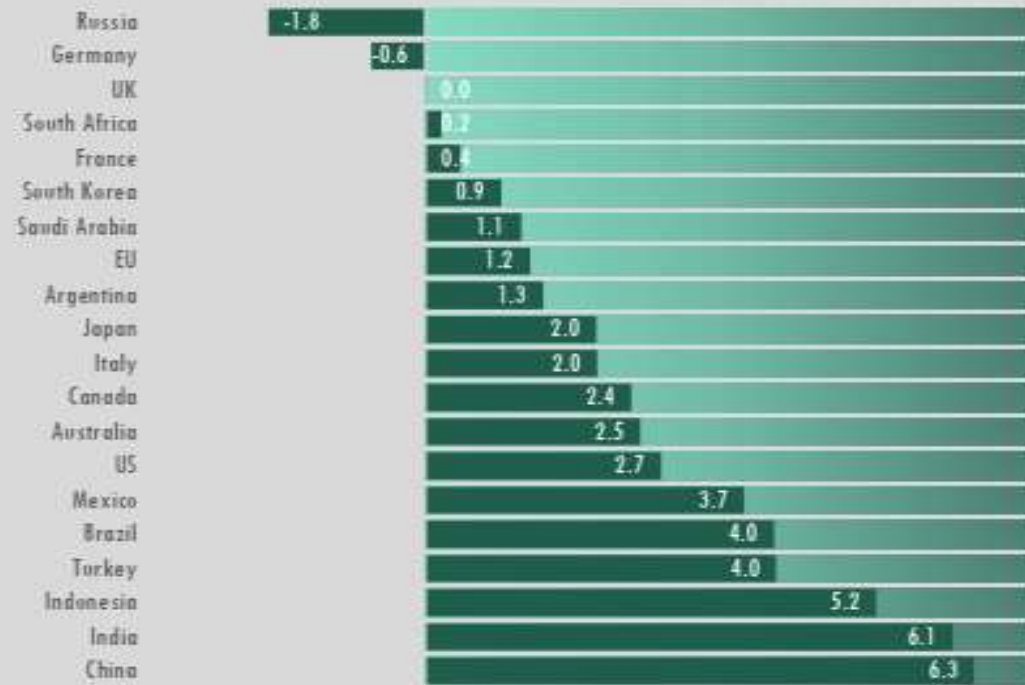


G-20: last 5-year annualised (US\$) growth, %

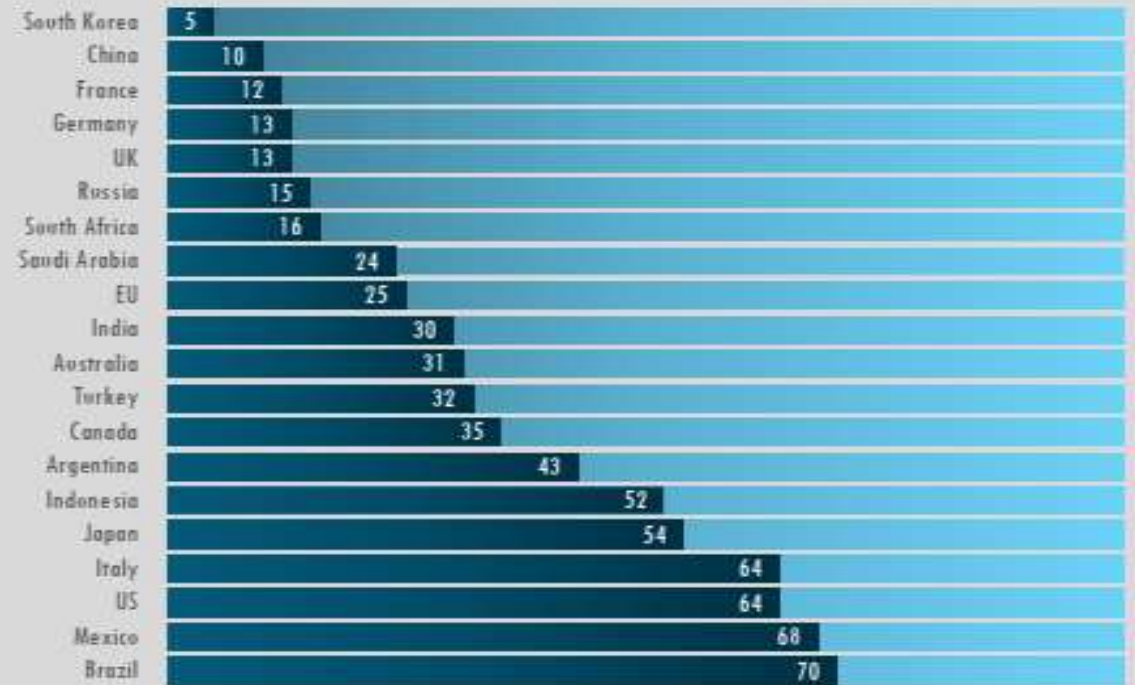


## Asia, Europe doing relatively badly vs. own past growth

Country-wise latest quarterly GDP growth, %



Current growth vs. own past, percentile

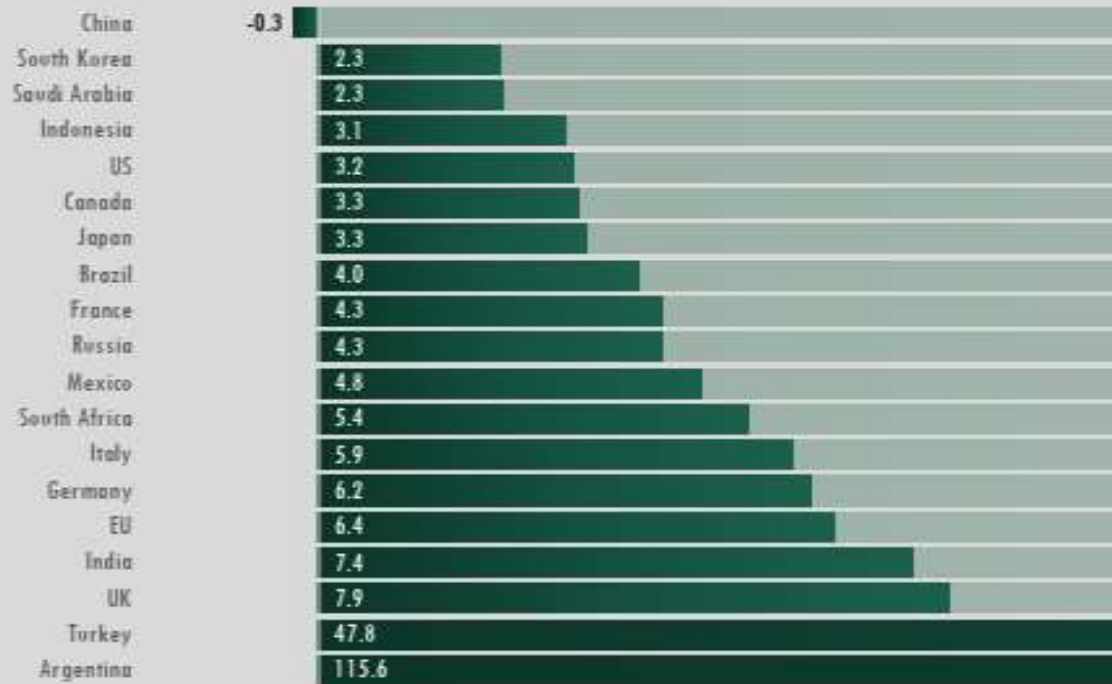


## No sign of a recession, outlook getting upgraded

Overall G-20 members	Developed countries	Emerging market economies	Exception to general trend	Near-term outlook
 <p>Average above pre-pandemic</p>	 <p>Europe down, America up</p>	 <p>Asia doing relatively badly</p>	 <p>Russia, Germany in contraction</p>	 <p>Estimates getting revised upwards</p>

## Current inflation still above average (since 2010) for almost all countries

G-20 country-wise latest inflation, %



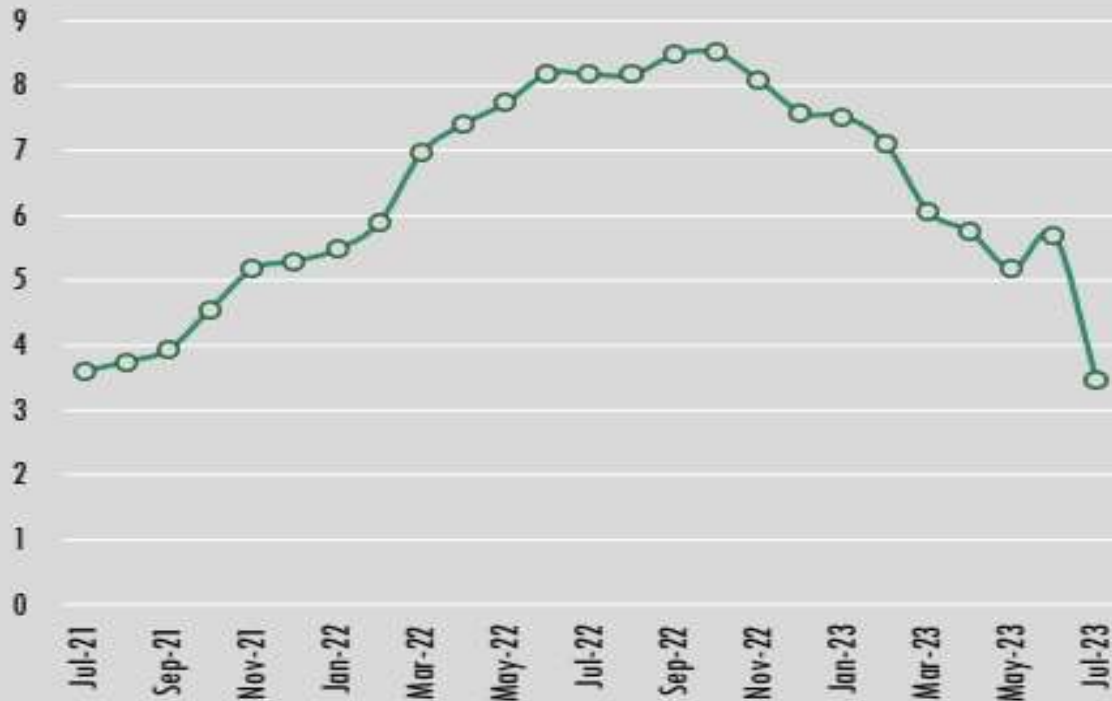
G-20: median inflation since 2010, %



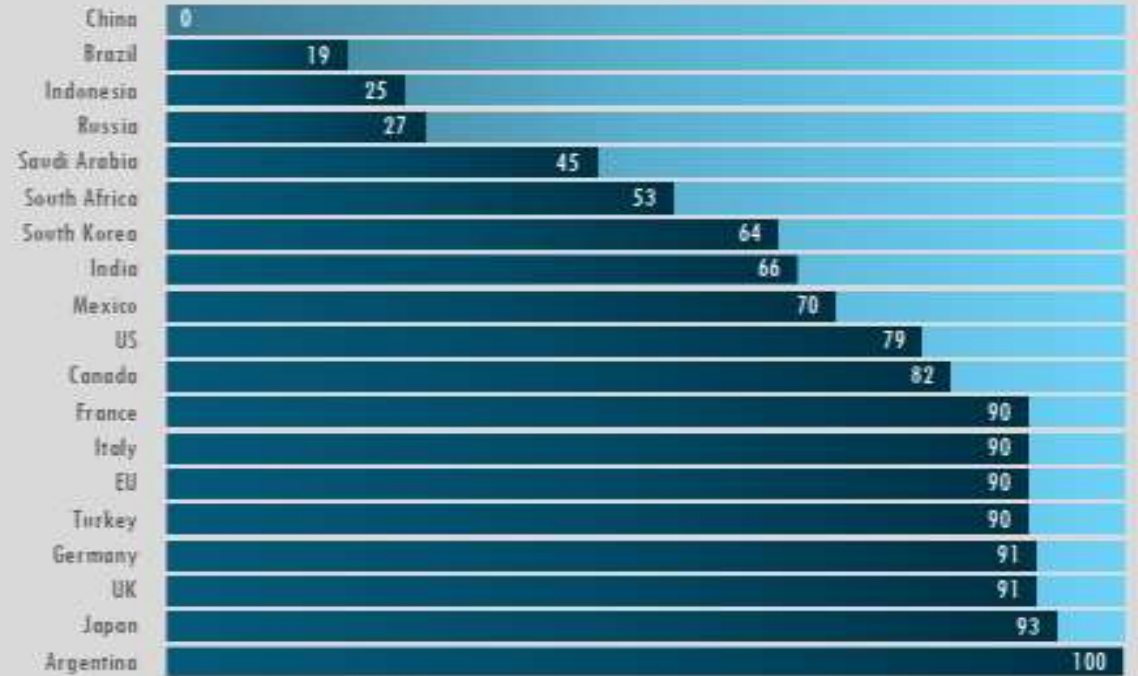


## Despite fall, inflation elevated (vs. own past) in advanced countries

Average inflation, G-20 countries, %



Current inflation vs. own past, percentile



## Inflation still elevated in advanced countries, but softening for most

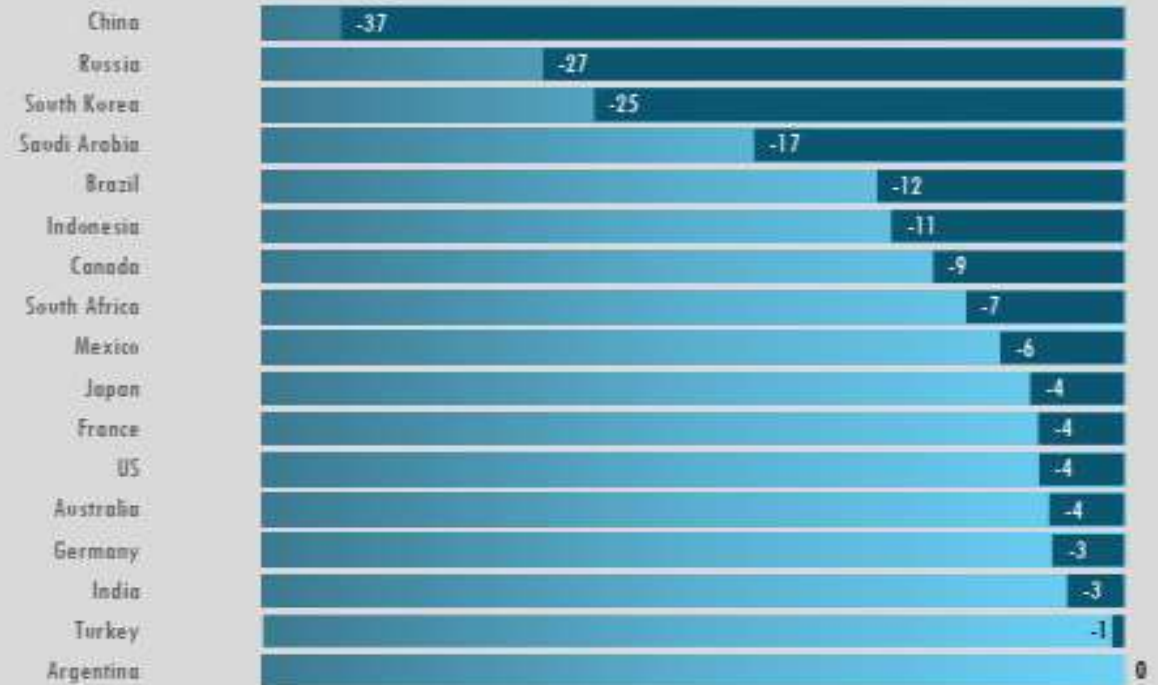
Overall G-20 members	Developed countries	Emerging market economies	Exception to general trend	Near-term outlook
				
Falling sharply in 2023	Still above long-term average	Close to own long-term average	China facing deflation	Likely to soften in the near-term

## Most G-20 equity markets close to all-time high

Equity index: Latest all-time high

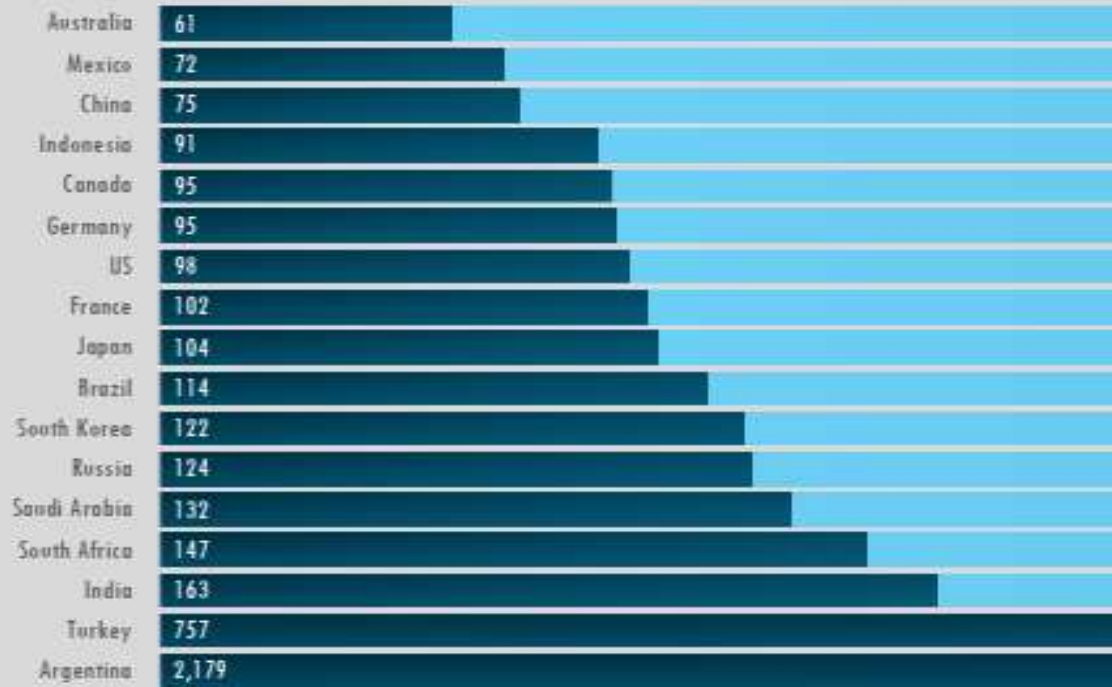


Equity return - current vs. recent high, %

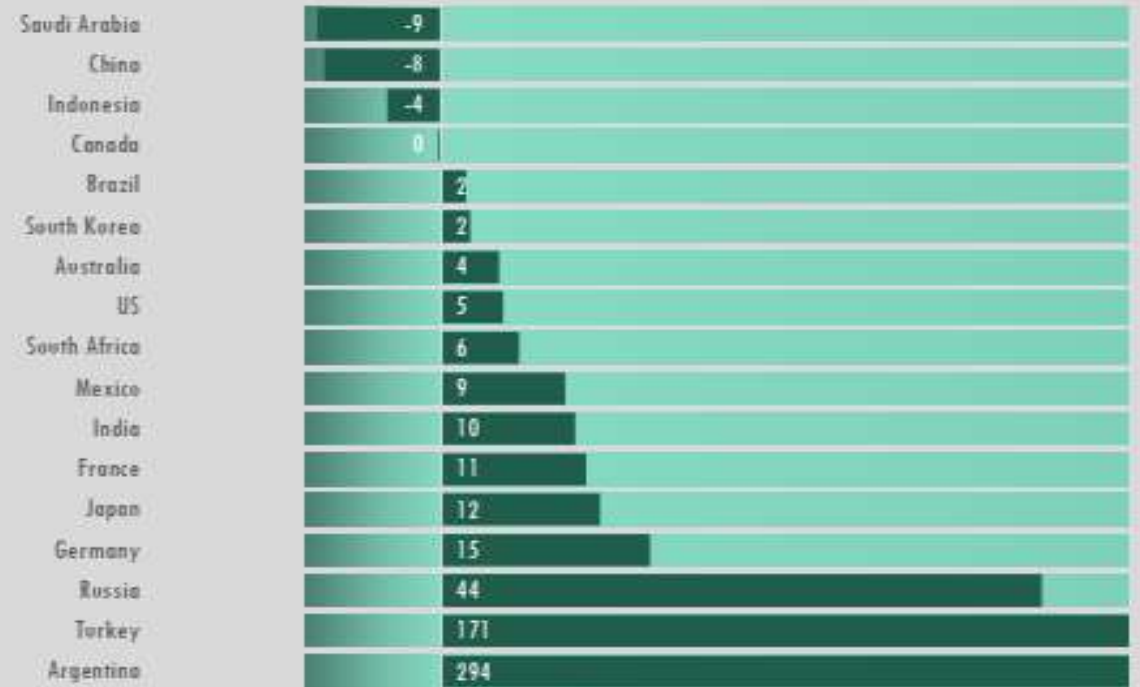


## Major post-pandemic rally continues, India leading among normal economies

Equity return: Covid rally - bottom to top, %



Equity return: Last 12-months, %





## Outlook still encouraging but risks seem to be building-up



### Demand holding

Growth outlook  
upgrade



### Higher cost

Commodity prices  
rising again



### Uncertain margin

Commodities, demand  
key risks



### Risk appetite

Policy outlook benign,  
moderate risk appetite

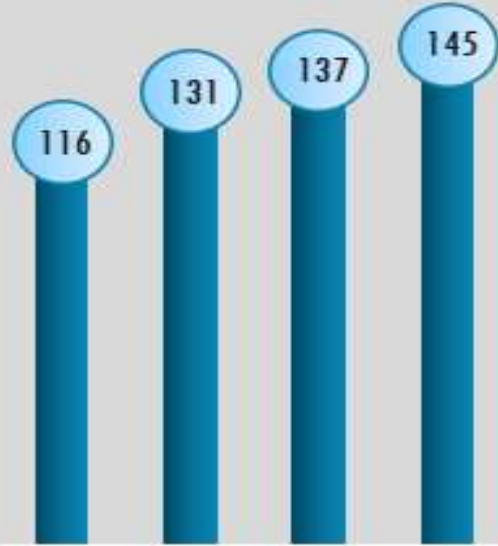


### Valuation concern

Earnings uncertain,  
interest rate high

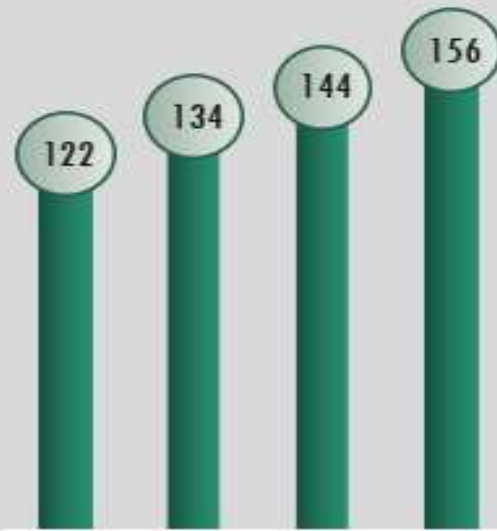
## Sluggish growth but business optimism seems to be improving

Industrial production,  
Monthly, Index



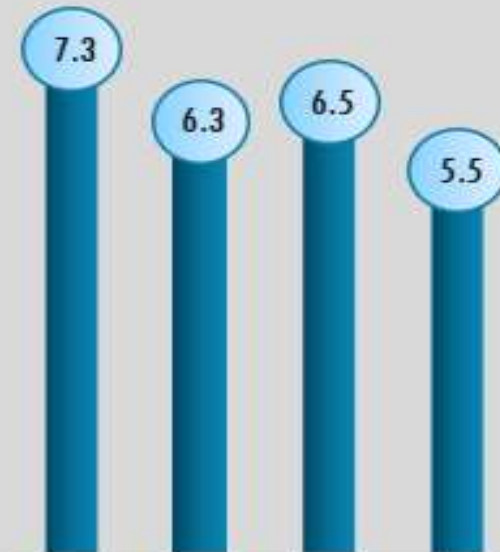
2020 2021 2022 2023

Infrastructure production,  
Monthly, Index



2020 2021 2022 2023

FDI inflow, Monthly, US\$  
billion



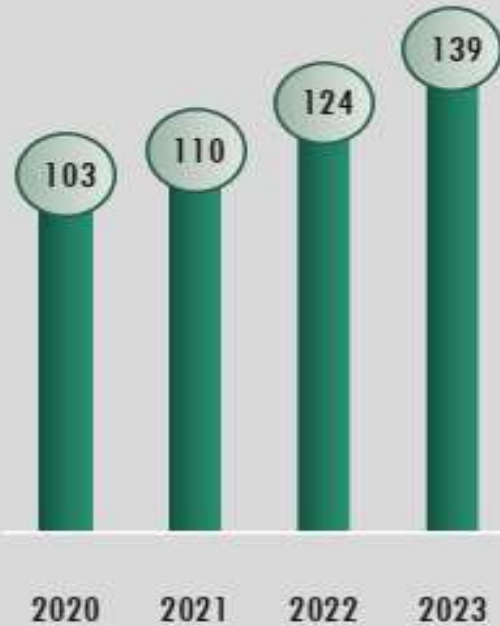
2020 2021 2022 2023

## Financial activities, passenger traffic on strong growth path

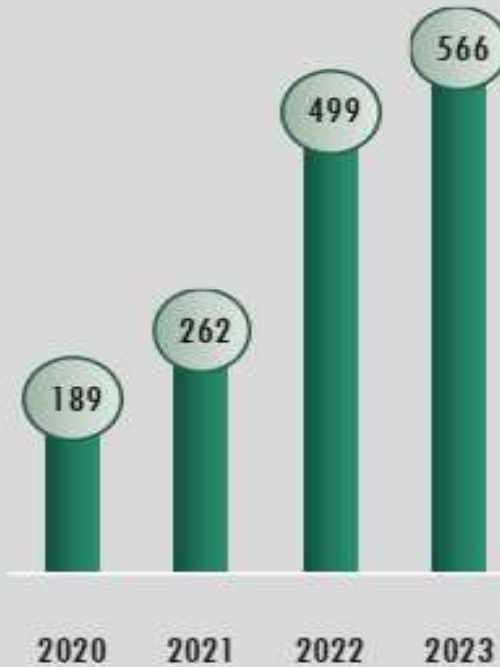
Bank deposits, average outstanding, Rs. trillion



Bank credit, average outstanding, Rs. trillion



Railway passenger traffic, Monthly, million



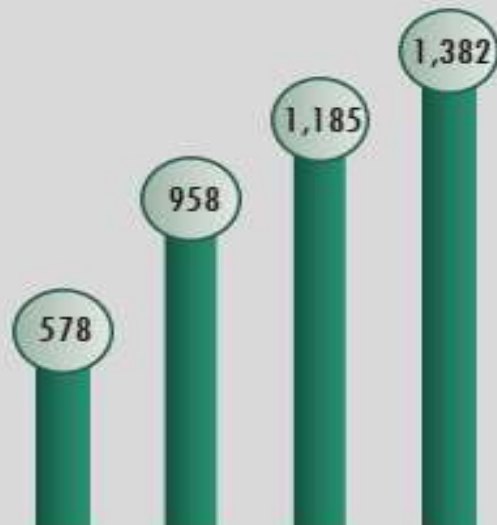
## Urban job market buoyant, foreign trade facing challenge

Employment - Job speak index



2020 2021 2022 2023

Net rayroll jobs, EPFO, Monthly, '000



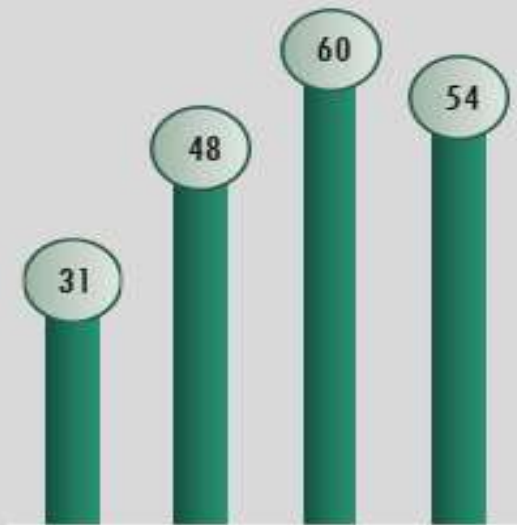
2020 2021 2022 2023

Goods exports, Monthly, USS billion



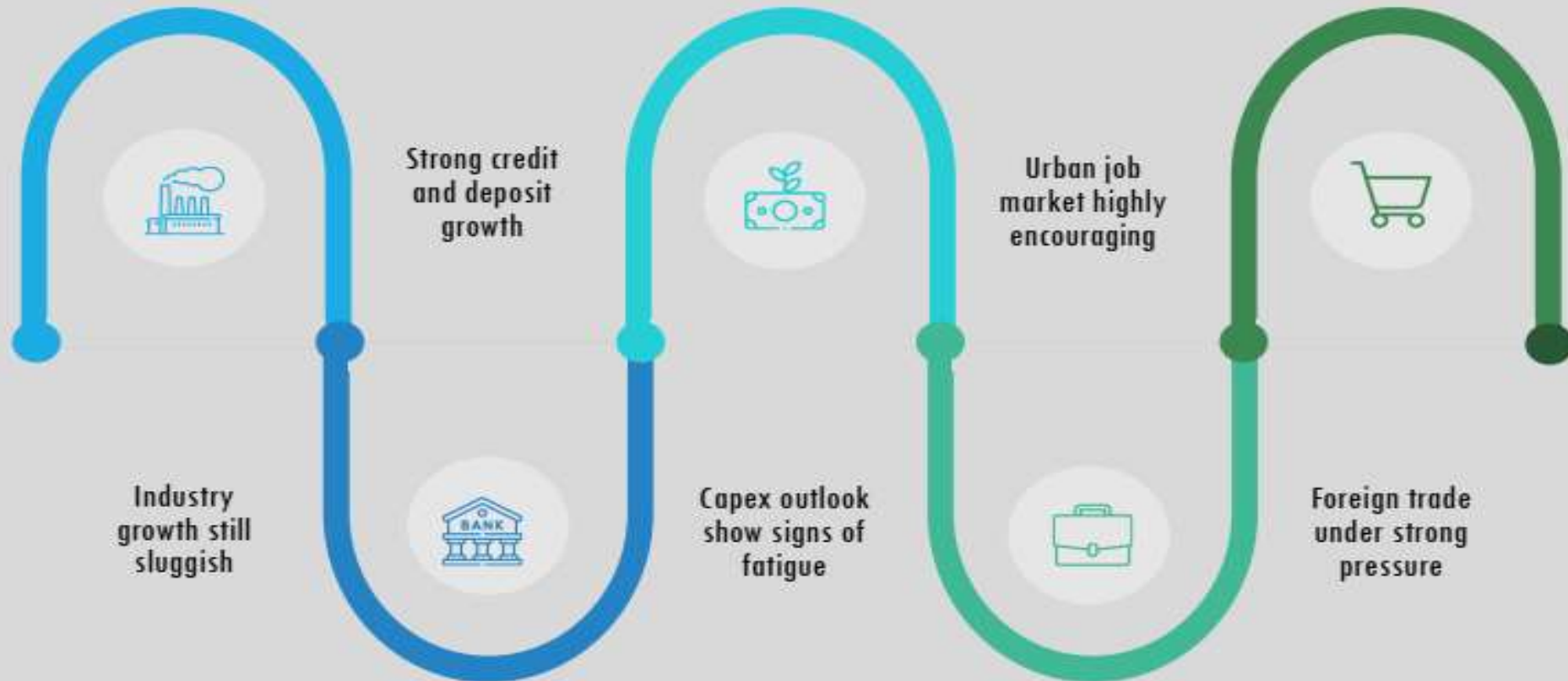
2020 2021 2022 2023

Goods imports, Monthly, USS billion



2020 2021 2022 2023

## India's macro fundamentals better than most peer and own pre-pandemic levels





## Corporate sector doing much better than the overall economy

Corporate sales, Rs. billion



Corporate profit, Rs. billion



## Corporate fundamentals healthy despite input cost pressures



## Indian equity valuation not cheap, not very expensive either



### **Jump in valuation during 2016-21**

Mis-match between expected and realized earnings performance



### **Modest drop in multiple in 2022**

With sharp rise in earnings, valuation multiples fallen



### **Strong earnings growth**

After slow earnings growth during 2016-21 big jump post-covid



### **Earnings growth slowed**

High base effect also margin pressures due to raw material



### **Earning likely to improve**

Consensus factoring in 11% growth, in line with nominal GDP



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