

Equity Market Review



Mr. Sachin Relekar, CIO - Equity

Market Review

On ground momentum in the economy continues to remain weak. March WPI moderated sharply to 1% as against 2.26% in the previous month while CPI inflation moderated 5.91% in March vs 6.58% in February. The equity market saw recovery from a weak base of March with BSE Sensex increasing by 18.6% month-on-month and CNX Nifty increasing by 19.1% for the same month.

Sector-wise indices- The indices saw some recovery during the month gone by with BSE Auto, BSE Capital Goods, BSE Metal, BSE Power, BSE Consumer durables, BSE IT, BSE Healthcare, BSE Bankex, BSE FMCG, BSE Oil & Gas and BSE Realty recovering month-on-month by 30.9%, 25.8%, 24.4%, 19.1%, 19.0%, 18.7%, 16.5%, 14.1%, 11.1%, 10.8% and 9.2% respectively.

Benchmark Index	Latest Price	1 Month Return	3 Month Return	6 Month Return
BSE Sensex	33,718	18.60%	-17.60%	-15.80%
CNX NIFTY	9,860	19.10%	-18.10%	-16.80%
BSE Auto	12,066	30.90%	-15.60%	-22.90%
BSE 100	15,332	30.50%	8.80%	17.00%
BSE Cap Goods	13,350	25.80%	-27.30%	-29.40%
BSE Metal	6,746	24.40%	-30.60%	-27.90%
BSE Power	9,951	19.10%	-18.20%	-16.80%
BSE Cons Durables	11,102	19.00%	-24.50%	-17.30%
BSE 500	4,140	18.90%	-18.40%	-16.60%
BSE IT Sector	12,721	18.70%	-19.20%	-17.00%
BSE Healthcare	12,013	16.50%	-22.80%	-18.30%
BSE Small-Cap	24,725	14.30%	-29.50%	-26.90%
BANKEX	14,235	14.10%	-11.40%	-5.90%
BSE Mid Cap	12,187	12.50%	-30.70%	-35.30%
BSE FMCG Sector	10,771	11.10%	-7.90%	-12.00%
BSE Oil & Gas	1,491	10.80%	-22.90%	-24.80%
BSE Realty	1,450	9.20%	-42.00%	-28.80%
BSE 200	20,525	7.70%	-20.70%	-23.30%

Capital flows:

FII's were net sellers in the equity to the tune of ₹ 3,082 crores (US\$ 404 mn) in April 2020. Cumulatively, FII's sold equity worth ₹ 21,847 crores (US\$ 2,689 mn) in last twelve months i.e. from May'19-April'20 and DII bought equity worth ₹ 79,308 crores (US\$ 11,103 mn) for the same period. (As on 30th April 2020, Source: SEBI) (April 2020 Avg. 1 USD = INR 76.2343).

Outlook

- An abrupt market sell-off in March was followed by a rally in April. The Nifty index gained almost 15% in April, after falling more than 20% in March.
- The 21-day lockdown further got extended further 3rd May as a measure to control the spread of the coronavirus. Post this extension the central government decided to ease restrictions on economic activity and movement of people depending on the severity of the Covid-19 situation in each district. The decision perhaps reflects (1) growing confidence about containment of Covid-19 outbreak in several districts with few or no cases and (2) growing worries about the medium-term impact of an extended lockdown on the economic and financial health of companies and households. While opening economies is good news, it comes along with a risk of spike in COVID-19 cases which could potentially lead to another round of shutdowns. The fact remains that the risk associated will stay until a reasonable cure / vaccine is found which is still sometime away.
- As bottoms-up focused investors, we aim to treat macro aspects as risk factors while building our portfolio. While macro doings/outcomes are of utmost importance, it is clearly difficult to gain edge over it. Short term outlook remains very uncertain as there are number of unknown variables affecting the economy. As a fund house, we continue to follow a well-articulated investment framework which begins with focus on risk management.
- We are allocating capital incrementally to business which are likely to be relevant and gain advantage because of changes in competitive landscape or having wherewithal to adapt and reshape. Given the sharp volatility, we are focusing on behavioral discipline and maintaining portfolio quality in strong conformity with the framework.

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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