

## Equity Market Review



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### Market Review

- The month started on a weak note for Indian equities on the back of sudden surge in covid infections and its impact on the underlying economy. The cases continued to surge during the month and several states took decisions of lockdown for few days to few weeks to reduce the pace of rising cases. Due to this, market remain volatile and ended the month on a negative note. The benchmark Sensex index was down by 1.5 % while Nifty was down by 0.4%.
- On the macro front, CPI inflation inched higher to 5.52% in March compared to 5.03% in February. IIP contracted for the second consecutive month by 3.6% YoY in Feb-21 versus -0.9% YoY in Jan-21. Credit growth continued to remain sluggish at 4.9% for March 2021.
- On the sectoral indices front, Healthcare (+10.3%), Metals (+24.2%) and Oil & Gas (+1.2%) outperformed the key indices while Capital Goods (-4.0%), Auto (-2.6%), Realty (-7.6%) and Bankex (-0.6%) underperformed the key indices.

Benchmark Index	Latest Price	1 Month Return	3 Month Return	6 Month Return	1 year Return
BSE Sensex	48,782	-1.50%	5.40%	23.10%	44.70%
CNX NIFTY	14,631	-0.40%	7.30%	25.70%	48.40%
BSE Small-Cap	21,670	4.90%	20.50%	45.60%	95.20%
BSE IT Sector	26,306	-0.90%	6.00%	24.90%	84.80%
BSE Mid Cap	20,312	0.60%	12.30%	36.30%	69.10%
BSE FMCG Sector	12,509	-2.80%	2.40%	14.50%	16.10%
BSE Cap Goods	20,252	-4.00%	4.00%	43.00%	66.20%
BSE Cons Durables	32,325	-1.50%	7.40%	34.30%	57.50%
BSE 500	19,690	0.40%	9.50%	29.40%	54.80%
BSE Healthcare	23,531	10.30%	14.10%	22.20%	53.50%
BSE 200	6,299	0.10%	8.80%	28.30%	52.10%
BANKEX	37,305	-0.60%	7.60%	36.20%	50.90%
BSE 100	14,834	-0.20%	7.50%	26.60%	49.10%
BSE Auto	21,668	-2.60%	-2.10%	23.70%	62.30%
BSE Power	2,481	0.20%	23.80%	43.50%	66.50%
BSE Oil & Gas	14,996	1.20%	8.60%	23.70%	24.30%
BSE Realty	2,468	-7.60%	2.10%	36.80%	70.20%
BSE Metal	17,822	24.20%	61.60%	117.10%	164.20%

### Capital flows:

FII were net seller in equity to the tune of ₹ 9660 crores (US\$ 1,297mn) in April 2021. Cumulatively, FIIs bought equity worth ₹ 266,742 crores (US\$ 36,018mn) in last twelve months i.e., from May'20 – April'21 and DIIs sold equity worth ₹ 89,652 crores (US\$ 12,182mn) for the same period. (As on April 2021 Source: SEBI) (February 2021 Avg. 1 USD = INR 74.5).

### Outlook

- After a strong performance in the last three months, market sentiment turned negative during the month due to the rising Covid cases in India. The second wave seems to have taken everyone by surprise. The daily cases count has reached to 4lakh/day compared to high of approx. 95000/day during the first wave in 2020. This has led to negative sentiment in the equity markets. Risks are emerging in the form of economic slowdown and its impact on the various sectors.
- While the cases are rising and as per various experts should peak around mid of May, pick up in the vaccination drive is been seen as a positive trigger for the market in the near term. Govt has approved number of vaccines and opened vaccination for the age group between 18-45 years. Given the large quantity requirement for the pan India vaccination drive, there would be some initial challenges and hiccups. The government's focus and participation from the private sector should result in a pickup the drive.
- Going ahead, as the vaccination drive progresses, the focus of market should come back on the real economic demand environment and challenges. We have seen the pace of pent-up demand last year and we believe the same should replicate in the current year also. On the rural economy side, expectation of third strong consecutive monsoon season will be positive and should provide a strong base for the economic growth in the FY22 and onwards.
- While the market has been focusing on the positive news inflows on the economic front, the risks facing us are emerging from the 1) Higher commodity prices (especially crude) 2) Surge in interest rates and 3) Risk of rising inflation – both Domestic as well as Global. These economic risks may have negative impact on the equity markets in the short term. While near term could be bleak, we continue to like India's long term growth story.
- 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.
- After the strong run up in the last one year, we expect market to go through a consolidation phase. During this phase we believe stock selection will be the key contributor to the overall portfolio returns.
- We prefer to focus on existing leaders who are likely to disrupt/ innovate in their businesses to ensure that their leadership or competitive advantage remains strong. Value creation is imperative in investment viz, high standards of governance, high capital efficiency, strong moats and sustainable growth.

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](http://www.licmf.com) and at the official points of acceptance of LIC Mutual Fund Asset Management Ltd.

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