

Equity Market Review



Mr. Sachin Relekar, CIO - Equity

Market Review

- On ground momentum in the economy continues to remain weak. November IIP growth came in at 1.8% against -4% during the month of October. December CPI rose sharply to 7.35% as against 5.54% in November. The steep rise in inflation was mostly due to high food inflation. Due to the sluggish economic environment, equity market saw some decline during the month with BSE Sensex decreasing by 2% month-on-month and CNX Nifty decreasing by 2.4% for the same month.
- Sector-wise indices- BSE Consumer Durables, Healthcare, Capital goods, IT and FMCG gave positive returns of 4.2%, 3.7%, 2.9% and 1.7% respectively during the month, whereas major drags were seen in BSE Metal, Oil and Gas, Banks, Auto, and Power with negative returns of -8.9%, -5.9%, -4.3%, -2.6% and -0.8% respectively during the month.

Benchmark Index	Latest Price	1 Month Return	3 Month Return	6 Month Return
BSE Sensex	40,723	-2.0%	1.5%	8.9%
CNX NIFTY	11,962	-2.4%	0.7%	7.9%
BSE Realty	2,526	11.3%	22.5%	21.9%
BSE Small-Cap	14,668	7.5%	8.2%	16.0%
BSE Cons Durables	26,147	4.2%	-2.8%	16.4%
BSE Healthcare	13,957	3.7%	5.5%	10.9%
BSE Mid Cap	15,462	3.3%	4.0%	14.1%
BSE Cap Goods	17,462	2.9%	-7.2%	0.2%
BSE IT Sector	15,871	1.9%	3.1%	1.5%
BSE FMCG Sector	11,642	1.7%	-4.9%	5.8%
BSE 500	15,650	-0.6%	1.7%	9.7%
BSE Power	1,899	-0.8%	-4.4%	-2.8%
BSE 200	5,041	-1.3%	1.2%	9.3%
BSE 100	12,083	-1.9%	0.7%	8.2%
BSE Auto	18,161	-2.6%	-4.1%	18.9%
BANKEX	35,289	-4.3%	4.0%	8.3%
BSE Oil & Gas	13,924	-5.9%	-11.5%	6.3%
BSE Metal	9,494	-8.9%	2.0%	0.4%

Capital flows:

FII's were net buyers in the equity to the tune of ₹ 10,378 crores (US\$ 1456 mn) in January 2020. Cumulatively, FII's bought equity worth ₹ 1,13,207 crores (US\$16,042 mn) in last twelve months i.e. from February'19-January'20 and DII bought equity worth ₹ 41,920 crores (US\$5,925 mn) for the same period. (As on 31st January 2020, Source: SEBI) (January 2020 Avg. 1 USD = INR 71.2894).

Outlook

- January remained an overall weak month for the Indian equity market. However, signs of economic revival are visible in the near term now. The month gone by saw results for Quarter 3 flowing into the market. The overall results have been in-line with our expectations with certain service sector and consumer facing businesses showing growth amidst a weak macro environment. Auto demand continued to remain soft especially in the CV segment. The net income of companies received significant impetus through corporate tax cuts provided by the MoF.
- Global environment began on a negative note at the inception of 2020. The global market saw huge tensions emerging after the US military killed Iran's top military commander in an air-strike. However, both the economies resolved the issue quickly thereby removing a broader military conflict. The month ended with the rising concern all over the world over the spreading of coronavirus with Chinese territory completely shut. On the positive side, the phase one agreement was reached between US and China.
- At the end of the month, the Economic Survey Report released suggesting growth to rebound next fiscal. GDP growth is expected to revive to 6 – 6.5% in FY21. The major themes still reverberate, that is, cut government subsidy, boost spending and reform labour and land norms. Also, ease of doing business, relief to taxpayers and boost to domestic industries are other issues which needs to be addressed appropriately.
- The year 2019 was a challenging year for the Indian economy due to various structural as well as cyclical issues. We are positive on the revival of the economy going forward because of the various steps taken by the government and its agencies in the right direction. As a fund house, we continue to believe consumer centric players with strong distribution networks, differentiated products, no regulatory overhang on manufacturing units, strong urban and rural base and clear competitive advantage are better placed to tide over any market volatility.

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.

Disclaimer: The views expressed herein are based on internal data, publicly available information and other sources believed to be reliable. Any calculations made are approximations, meant as guidelines only, which you must confirm before relying on them. The information contained in this document is for general purposes only. The document is given in summary form and does not purport to be complete. The document does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. The information / data herein alone are not sufficient and should not be used for the development or implementation of an investment strategy. The statements contained herein are based on our current views and involve known and unknown risk and uncertainties that could cause actual results, performance or event to differ materially from those expressed or implied in such statements. Past performance may or may not be sustained in the future. LIC Mutual Fund Asset Management Ltd. / LIC Mutual Fund is not guaranteeing / offering / communicating any indicative yield on investment made in the scheme(s). Neither LIC Mutual Fund Asset Management Ltd. and LIC Mutual Fund (the Fund) nor any person connected with them, accepts any liability arising from the use of this document. The recipients(s) before acting on any information herein should make his/her/their own investigation and seek appropriate professional advice and shall alone be fully responsible / liable for any decision taken on the basis of information contained herein.