


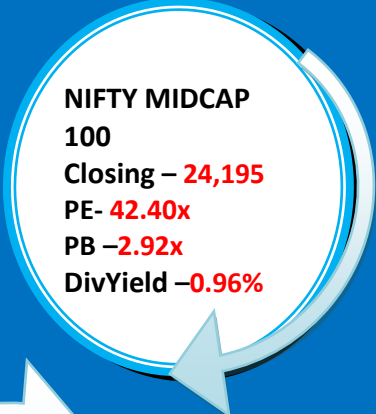
MONTHLY REPORT

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NIFTY 50
Closing- **14,631**
PE –**32.21x**
PB – **4.19x**
Div Yield –**1.00%**



**NIFTY MIDCAP
100**
Closing – **24,195**
PE- **42.40x**
PB –**2.92x**
DivYield –**0.96%**



10 Yr GOI Yield
6.03%



CRUDE

67.25
\$/bbn



USD/INR

74.09



GOLD
1769
\$/Oz

Data as on April 30, 2021
Source: Bloomberg

Indicators	Apr-21	Mar-21	Feb-21	Jan-21	Dec-20	Nov-20	Oct-20	Sep-20	Aug-20	Jul-20	Jun-20	May-20	Apr-20
Sensex	-1.47%	4.55%	7.24%	-2.26%	8.15%	10.59%	5.13%	-3.55%	1.46%	7.94%	7.68%	-9.2%	14.4%
Nifty	-0.41%	5.89%	7.99%	-1.72%	7.81%	10.57%	4.52%	-3.43%	1.65%	7.66%	7.53%	-8.4%	14.7%
Nifty Midcap	2.12%	14.36%	12.41%	0.92%	5.21%	15.65%	0.44%	-2.22%	7.39%	4.55%	10.78%	-4.9%	15.4%
Nifty SmallCap 250 Index	4.58%	15.36%	13.75%	1.87%	8.18%	11.70%	0.25%	-1.20%	11.98%	4.63%	14.93%	-5.3%	12.9%
S&P 500 Index	5.24%	6.36%	5.09%	-0.57%	2.58%	11.23%	-1.93%	-4.13%	7.42%	6.32%	1.84%	2.7%	12.7%
Nifty 50 EPS TTM (Rs)	444.80	412.33	420.30	422.68	401.77	401.78	406.89	387.96	391.56	412.37	436.87	466.06	507.81
Nifty 50 Price/Earnings (PE Ratio)	32.89	35.63	35.65	32.26	34.80	32.28	28.83	28.99	29.08	26.92	23.58	19.37	19.42
Nifty Midcap 100 (PE Ratio)	19.19	29.22	41.95	40.65	40.55	40.76	33.95	33.02	26.70	23.45	20.45	14.68	14.42
India Economic Indicator													
Bank Credit Growth (%)	5.32%	4.11%	5.92%	6.35%	6.06%	5.82%	5.09%	5.12%	5.54%	5.83%	6.18%	6.24%	-17.76%
Bank Deposit Growth (%)	10.94%	10.20%	10.87%	11.42%	11.33%	10.90%	10.13%	10.51%	10.17%	10.84%	11.02%	10.66%	42.51%
Debt Market Indicator													
RBI Repo Rate (%)	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.40
G-sec 10 year Yield (%)	6.03	6.17	6.23	5.91	5.87	5.91	5.86	6.06	6.14	5.83	5.89	5.76	6.11
1 Year Tbill (%)	3.76	3.75	4.04	4.19	3.37	3.33	3.44	3.71	3.75	3.66	3.73	3.87	4.08
Corp Bond 10 Yr AAA Yield (%)	6.72	7.19	7.24	6.66	6.59	6.51	6.58	6.81	6.91	6.53	7.05	7.28	7.47
Corp Bond 10 Yr AA Yield (%)	7.49	7.90	7.94	7.36	7.35	7.31	7.37	7.58	7.69	7.37	7.78	7.92	8.13
Corp Bond 10 Yr A Yield (%)	9.21	9.30	9.29	8.91	8.84	8.78	8.83	9.02	9.10	8.77	8.84	8.73	9.52
Corp Bond 5 Yr AAA Yield (%)	5.86	6.28	6.34	5.70	5.52	5.55	5.62	6.00	6.01	5.67	6.16	6.38	6.83
Corp Bond 1 Yr AAA Yield (%)	4.26	4.15	4.41	4.22	3.92	3.89	3.93	4.40	4.78	4.31	4.98	5.72	6.10
CD 1 Yr (%)	3.90	4.38	4.25	3.97	3.78	3.57	3.74	4.00	3.86	3.75	4.05	3.99	4.79
Commodity & Currency													
Gold Price (USD)	1769	1708	1734	1848	1894	1788	1877	1881	1965	1957	1781	1730	1687
Gold (Rs/10gm)	47569	43994	46425	49205	49774	48778	50656	49550	50981	53099	48304	48200	47260
Crude(\$)	67.25	63.54	66.13	55.88	51.34	48.18	39.12	42.43	45.05	42.94	41.15	35.33	20.15
INR/1 USD	74.09	73.11	73.47	72.95	73.31	74.04	73.87	73.79	73.40	74.85	75.51	75.62	75.74
INR/1 EURO	89.60	85.78	89.10	88.40	89.91	88.28	86.82	85.86	87.41	87.96	84.78	83.91	82.24
Flows													
FII-Equity (Rs.cr)	-111163	16959	21959	14512	53499	70896	18400	-5689	45637	9506	18684	13000	-309
FII-Debt (Rs.cr)	-2672	-3984	-7158	-3661	5635	-2888	3296	3009	-4155	-2453	-1714	-20507	-12009
MF-Equity (Rs.cr)	5926	2476	-16306	-12980	-35251	-30730	-14344	-3982	-8418	-7695	-3689	5108	-6846
MF-Debt (Rs.cr)	21216	14068	8161	11832	26295	20349	30995	16009	23647	31018	41364	11500	-9811

Source: Bloomberg, W2W Research

Summary:-

- Indian equity market fell 0.4% amidst rising COVID-19 cases & fatality, shortage of vaccines, medical supplies and localized restrictions.
- Owing to a surge in COVID cases, Healthcare performed. Metals & Basic Materials did well due to good demand growth. Sectors like Banks, Auto, etc. were key laggards.
- The GST collections touched a record high at Rs 1.41 trillion in April, surpassing the Rs one trillion mark for the seventh straight month in a row during 2020-21.
- CPI print rose to 5.52% in March vs 5.03% in Feb, largely on account of an unfavourable base.
- For FY21, average inflation stood at 6.2%, first annual print above 6% since RBI adopted the flexible inflation targeting framework.
- WPI stood at 7.39% as against 4.17% in month of March & Feb 2021 respectively.
- IIP for the month of Feb 2021 was registered at -3.6% & for Jan 2021 was -0.9%.

Debt Market Review

- The US GDP increased at a 6.4% annualized rate in the first quarter of 2021, which is the second-fastest GDP growth pace since the third quarter of 2003, following a 4.3% growth rate in the fourth quarter of 2020.
- The euro-area economy slipped into a double dip recession but is set to bounce back in 2Q as vaccination roll outs pick up.
- In April, 10-year Treasury yields falling back from their March peak of 1.75% to 1.53%, before ending the month at 1.63%.
- Bond yields came down in April. The 10-year G-sec yield fell by 15 basis points in the month from 6.18% on March 31, 2021, to 6.03% on April 30, 2021.
- If the RBI continues with adhoc OMOs/Operation Twists over and above the committed GSAP amount, bond yields will likely fall further.
- The interbank call money rate settled at 3% on April 30.
- Twists over and above the committed GSAP amount, bond yields will likely fall further.
- Bank credit rose by 5.32% YOY in the month end of April 2021, and bank deposit by 10.94% YOY growth in month end April, 2021.
- FII remained net sellers in debt market to the tune of Rs.2,672crs compared to the net selling of Rs.3,984 cr in the previous month. While DII remained net buyers in Debt market to the tune of Rs 21,216crs for the month of April 2021.

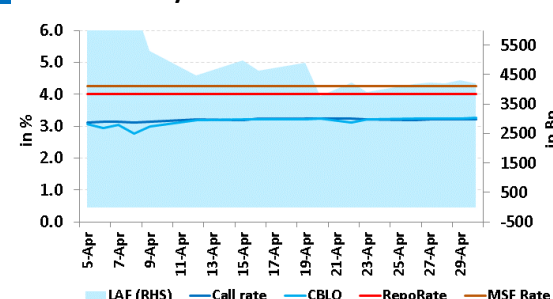
Debt Market Outlook

- The Asian Development Bank (ADB) forecasted India's GDP to grow at 11% for fiscal 2022 amid strong roll-out of COVID-19 vaccines while cautioning 'risk' for economic recovery due to surge in cases. For fiscal 2023, it expects India's GDP to expand at 7%.
- In terms of loan growth, a gradual rise has been observed from ~5.6% level in October 2020 to 6.5% in February 2021. Credit pick-up can be observed in segments like agri, home loans and MSME.
- Given the risks emanating from second wave, MPC deferred policy normalization by leaving key policy rates unchanged and maintaining accommodative stance. Under G-SAP 1.0, RBI committed to Rs.1 trn purchases in 1QFY22. Pre-commitment to use RBI Balance Sheet and a defined quantum made it closest to an Indian version of QE.
- In the weekly debt sale, which was fully subscribed, the RBI sold the 3.96% 2022 paper, 5.85% 2030 paper, and 6.76% 2061 paper for a total notified Rs 26,000 crore.
- RBI is expected to continue gradual normalization of liquidity management operations as the growth & economic activity picks-up.
- We believe aggressive vaccine roll-out measures, easy liquidity conditions and fiscal support may provide support to growth recovery. This may come with risk of elevated inflation and likely interest rate volatility.

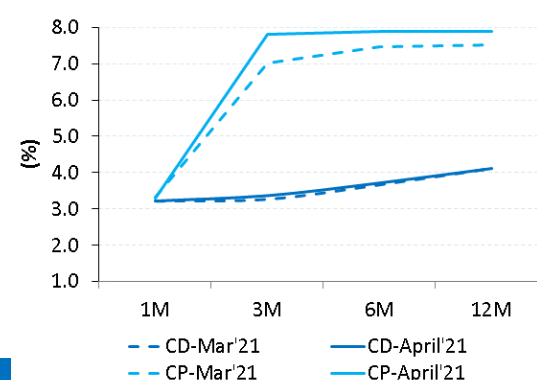
Investment Strategy

- Even though economy is reviving at a faster pace than expected, but still we are not out of the woods. Playing it safe puts you in an advantageous position to grab opportunities in future.
- Investors can consider investing in recommended Low Duration, Money Market Funds, Short Term, Banking & PSU or Corporate Bond funds as a considerable allocation into their portfolio.
- Govt revenues are likely to see cyclical upswing enabling more spending. Further volatility in short end of the curve is expected. We recommend tactical allocation in our recommended Floating Rate Category Fund for an investment horizon of 6 months to 1 year.

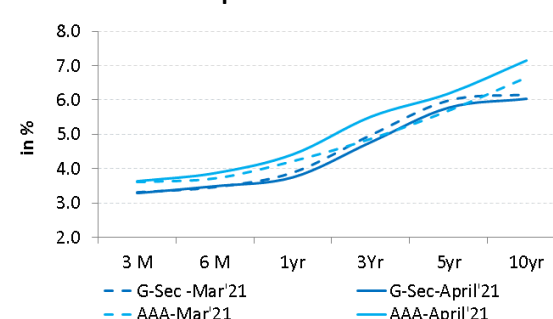
LAF and Money Market Rate Movement



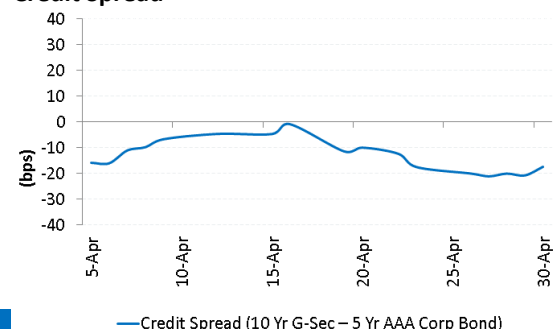
CD Rate Movement



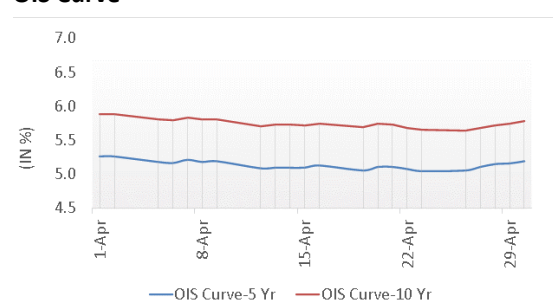
G-Sec and AAA Corp Bond Yield Movement



Credit Spread



OIS Curve



Source: Bloomberg, W2W Research

Equity Market Review

- MSCI EM Value Index has begun to outperform the MSCI EM Growth index. Historically, MSCI EM Value Index has performed when US Dollar depreciates.
- S&P 500 led the way, returning 5.3% for the month, while more cyclical markets such as the MSCI Europe ex-UK and the TOPIX in Japan lagged, returning 2.1% and -2.8%, respectively.
- Britain's FTSE index rose 0.3% on hopes of economic recovery and some positive corporate earnings updates & other European equities ended mixed amid regional corporate earnings announcements. France's CAC 40 rose 0.7%, while Germany's DAX fell 0.8%.
- China's Shanghai Composite fell 0.8% following lacklustre domestic industrial profits and factory activity data.
- China's official manufacturing Purchasing Manager's Index (PMI) fell to 51.1 in April from 51.9 in March, while non-manufacturing PMI fell to 54.9 in April from 56.3 in March.
- Nifty (-0.4%) underperformed the global markets during April as a surge in daily Covid-19 cases in India to 400k+ (~4x peak of 1st wave) led to renewed restrictions across the country.
- The benchmark Nifty closed at 14,631 levels, up by approximately 2.02% for the last week of April.
- The Sensex closed at 48,782 levels, up by approximately 1.89% for the last week.
- Heavy buying in metal, banking and oil & gas firms brought in more gains into the market. S&P BSE Metal (topmost sectoral gainer), S&P BSE Bankex and S&P BSE Oil & Gas rose 10.3%, 3.6% and 3.3%, respectively.

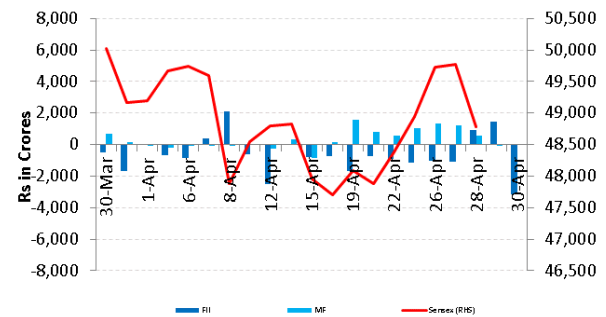
Equity Market Outlook

- The evidence that economy is rebounding is also evident from S&P 500 companies which are on track for their highest rate of profit growth in more than a decade.
- The output of eight core sectors grew by 6.8% in March, driven by base effect-led uptick in production of natural gas, steel, cement and electricity; the growth rate of the eight infrastructure sectors stood at -8.6 % in March 2020.
- India VIX also surged over 11% this week, indicating nervousness among investor participants.
- Indian stock market shows optimistic sign has a lot to do with low interest rates globally and optimism around vaccines.
- The market can correct/consolidate in the near term given the strong rally and increasing covid related worries. But the overall glide path in 2021 will remain positive as the market will lead the ongoing recovery in the economy and earnings.
- FII remained net sellers in the Equity market to the tune of Rs. 1,11,163cr in April compared to buying of Rs 16,959 cr in the previous month. While MF institutions turned net buyers in Equity market to the tune of Rs 5,926 cr compared to selling of Rs. 2,476 cr in the previous month.

Investment Strategy

- India's long term growth story remains intact since it is better placed in terms of fundamentals. We would advise investors not to time the market and invest in a disciplined way in equities for the long-term within their earmarked asset allocation (based on one's risk profile).
- In the current market scenario, staggered investments through SIPs or STPs would remain the best ways to invest in equities.
- Investors with aggressive-moderate risk appetite should increase allocation in our recommended Dynamic (Balanced) Advantage Fund, Flexi-cap, Mid cap & Small cap funds with a with a medium to long term view. We also recommend investors to allocate 10 to 15% of the equity allocation in recommended themes like PSU Equity Funds, Banking & Financial Services Funds with an investment horizon of 2 to 3 years. (Click to refer our special note on [banking & financial equity fund](#)).
- We believe investors should also consider geographic diversification of their investments and we currently recommend 10-15% of the portfolio allocation to Emerging Markets International Equity Funds (Click to refer our detailed note [on emerging market equity funds](#)).

Sensex, FII & MF Movement



Indices Performance

Index	30-Apr-21	31-Mar-21	Change	% Chg
India				
Sensex	48,782	49,509	-726.8	-1.5%
Nifty	14,631	14,691	-59.6	-0.4%
US				
Dow Jones	33,875	32,982	893.3	2.7%
Nasdaq	13,963	13,247	715.8	5.4%
EC				
FTSE 100	6,970	6,714	256.2	3.8%
Asia				
Nikkei 225	28,813	29,179	-366.2	-1.3%
Hang Seng	28,725	28,378	346.5	1.2%
Shanghai Comp	3,447	3,442	4.9	0.1%
Bovespa	118,894	116,634	2260.1	1.9%
RTS	1,920	1,936	-16.8	-0.9%
Other				
MSCI WORLD	2,939	2,812	127.1	4.5%
MSCI EM	1,348	1,316	31.2	2.4%
MSCI EM Asia	744	727	17.1	2.3%

Sector Performance

Sector Index	30-Apr-21	31-Mar-21	Change	% Chg
BSE Auto	21,668	22,252	-584.4	-2.6%
Bankex	37,305	37,548	-242.9	-0.6%
BSE CD	32,325	32,826	-501.4	-1.5%
BSE CG	20,252	21,096	-843.4	-4.0%
BSE FMCG	12,509	12,875	-366.8	-2.8%
BSE HC	23,531	21,328	2202.5	10.3%
BSE IT	26,306	26,543	-237.3	-0.9%
BSE Metal	17,822	14,351	3471.0	24.2%
BSE Oil	14,996	14,820	175.2	1.2%
BSE Power	2,481	2,475	6.0	0.2%
BSE PSU	6,732	6,704	28.0	0.4%
BSE Real	2,468	2,670	-202.1	-7.6%
BSE TEC	11,803	11,920	-117.0	-1.0%

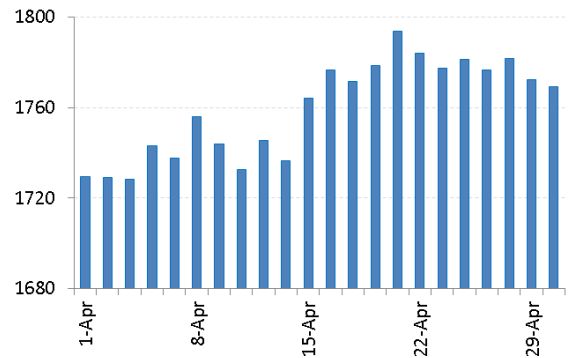
Review

- The rupee depreciated sharply in the first half of April month till its fresh 10 months low of 75.57. However, losses were supported by a continued weakness in the dollar index as the greenback was out of favour after world stocks started hitting a record high, amid increasing investor confidence in a rapid global recovery from the pandemic.
- The current range of Rs. 74 to 75.5/\$ reduces the need for any intervention from the RBI at the current moment which will bring about stability in the currency markets.
- Precious metals are one place which has started to see some momentum because of the uncertainty. Gold prices inched higher to hover near their 8-week highs as the dollar weakened.
- Oil prices rose on shrinking crude stockpiles in the US and expectation of a stronger recovery in global demand, lower US government bond yields helped to push gold prices higher.

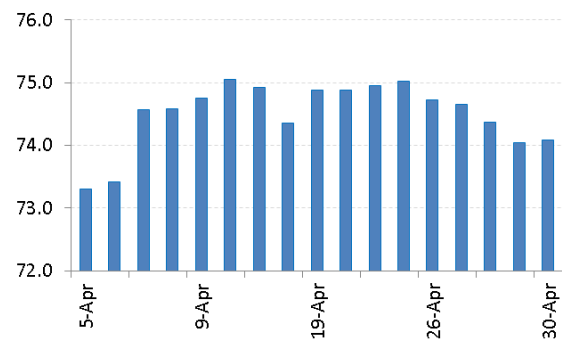
Outlook

- The gold/silver ratio, measure of number of silver ounces needed to buy an ounce of gold, fell slightly in the April, which indicates that silver continues to outperform gold since last year.
- Overall, we expect the appreciation in rupee to halt near 74 level strong outflows in domestic equities since last month are likely to support the pair in the short-term. However, further weakening of dollar index may continue to add pressure around 75.50 level
- China's 2021 gold demand will see annual growth and will revert to pre-pandemic levels if there are no dramatic changes to the global economic and geo-political situation, a World Gold Council (WGC) official said.
- Inflation from rising commodity and oil prices can spark fear in economic recovery. However, with lower utilization in various sectors, inflation might not be passed on completely to take advantage of higher volumes and favorable operating leverage.

International Gold Movement



USD/INR Movement



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