

## Sebi ups vigil on raiding Chinese investors | DIIs almost matched FII outflows in March | Tata, Birla put off capex to conserve cash

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To: made\_ash@yahoo.co.in

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### MORNING NEWSLETTER

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SENSEX

**30,690** -469.60

NIFTY 50

**8,994** -118.05

Gold

**46,270** +976.00

USD/INR

**76.26** -0.01

### Good Morning!

A BofA survey showed fund managers globally are sitting on the largest cash pile since the 9/11 terrorist attacks at 5.9%, up from 5.1% in March. And veterans like Mark Mobius say markets are headed for 'double-bottom' as corporate earnings are likely to be 'pretty bad' and economic data brutal. Yet, when stocks are largely sticking to the bear market script, investor behaviour is suggesting more greed than fear; as if they are desperate to force a market bottom when light is yet to show up at the end of the tunnel!



## STREET PULSE: Where we stand

Nifty futures on the Singapore Exchange traded 186 points higher at 7am (IST), signalling some more gains ahead on Dalal Street. Elsewhere in Asia, shares paused at one-month highs as warnings of the worst global recession since the 1930s underlined the economic damage already done as some countries tried to re-open for business. [READ MORE](#)

- ➔ Japanese stocks slipped half a per cent, while shares in Sydney opened modestly higher. However, MSCI's broadest index of Asia-Pacific shares outside Japan was a slight 0.1% firmer in early trade.
- ➔ Wall Street jumped on Tuesday as hopes that President Donald Trump could move to ease coronavirus-induced lockdowns overshadowed dismal quarterly earnings reports from JPMorgan and Wells Fargo. Dow finished higher by 558 points, or 2.39%, S&P500 rose 3.06% and the Nasdaq 3.95%.
- ➔ Benchmark US crude rose more than 3% in early trade on Wednesday, recovering from a 10% slump the previous session on hopes of purchases by consumer countries for their strategic stockpiles on a scale not before seen. WTI crude futures rose by 3.43%, or 69 cents, to \$20.80.
- ➔ The rupee pared initial losses to settle on a flat note at 76.27 against the US dollar on Monday amid weakening of the greenback in the international market. The currency market was closed on Tuesday for an official holiday.

## WHO'S

**DOWN**

**TURBULENCE AHEAD ON D-ST...** Investors may need to brace for some turbulence as the gloom surrounding the extended lockdown across the country could lead to the market giving up some of its recent gains. All hopes are pinned on the government's much-awaited stimulus for industries that have been hit the most by the economic disruptions because of coronavirus but the size of the programme will be crucial. [READ MORE](#)

**SEBI CHECK ON THE CHINESE...** As a lurking fear of wealthy Chinese investors raiding the Indian stock market seems to be taking roots, Sebi has asked custodian banks to disclose details of 'ultimate beneficial owners' of foreign portfolio investors based in China and Hong Kong. The direction came as an immediate reaction to People's Bank of China buying a little above 1% in HDFC. [READ MORE](#)

**INDUSTRY CLAMOURS FOR RELIEF...** India Inc welcomed the extension of national lockdown till May 3 by Prime Minister Narendra Modi saying that it will flatten the curve but sought urgent financial help for the large sections of the industry struggling with little production and no demand. Industry chambers pointed to the growing economic cost and possibility of large-scale job loss in the absence of industry-specific support. [READ MORE](#)

**LOOK WHO'S**  **UP**

**DIIs BUYING WITH BOTH HANDS...** A sharp fall in quality stocks in March attracted domestic institutional investors, including pension funds and bank treasuries. Their assets under management grew by 6% and 48%, respectively. DIIs invested Rs 55,597 crore in March 2020, the highest ever in a month. It was just Rs 6,375 crore short of the total money pulled out by FIIs during the month. [READ MORE](#)

**MORE RBI LIQUIDITY COMING...** RBI is likely to raise its liquidity game to calm market anxiety and facilitate smooth government borrowing as bond yields surge despite a 75 basis point cut in interest rate. The central bank may have to raise the amount it lends through Targeted Long-Term Repo Operations, and step up bond purchases, including buying corporate bonds for the first time ever. It may also raise the ceiling on central and

state governments' borrowing through the short-term borrowing programme, called Ways and Means Advances. [READ MORE](#)

**INDIA INC PUTS OFF CAPEX PLANS...** India Inc has opened war rooms where whiteboards seem to have only one item on the agenda – conserving cash. Capex plans for FY21 are being deferred, as top companies believe creating capacities don't make sense until demand revives. Tatas, Godrej, Mahindra and Aditya Birla have decided to restrain capex, something Britannia is considering. Companies are considering multiple revival time-frames, ranging from three to six months. [READ MORE](#)

### Meanwhile...

**IMF CUTS GROWTH ESTIMATE...** The IMF has further slashed India's growth estimate for FY21 to 1.9% from 5.8% estimated in January, warning that the "worst recession since the Great Depression" will dwarf the economic damage caused by the global financial crisis a decade back. It said India and China would be the only two major economies likely to register growth, with all others contracting. [READ MORE](#)

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## KEY INDICES

Nifty Midcap 100

**12,376** -177.8

S&P BSE Small-Cap

**10,246** -47.48

Nifty Bank

**19,488** -425.6

Nifty IT

**12,603** -125.45

[Price Movers](#) | [Volume Movers](#) | [Near 52 Week High](#) | [Near 52 Week Low](#)

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## Stocks to Watch >>>



Tata Group is considering extending Jaguar Land Rover (JLR) CEO Ralf Speth's tenure by a year. He is due to retire in September.

HDFC chairman Deepak Parekh has said his company would talk to SBI to set

- up a stressed real estate fund with participation of global investors like IFC
- YES Bank rescue has undermined confidence of depositors in private sector lenders and will lead to smaller entities losing deposits to PSU banks, Moody's Investors Service said.
- Online food delivery app Zomato is in talks to acquire grocery retailer Grofers in an all-stock deal, two people in the know of developments said
- Indian Railways' decision to stop passenger services further till May 3 is set to wipe out the national transporter's ticket earnings and a huge share of IRCTC's service charge revenue
- Two of the world's largest vaccine manufacturers, Sanofi and GlaxoSmithKline, are coming together to work on a Covid-19 vaccine, which if it passes the clinical trials would become available by 2021

## **UnQuote: W-SHAPED RECOVERY**

Markets moving more towards U- or W-shaped recovery

*Andrew Holland, CEO, Avendus Capital*

## **The DAY PLANNER**

- India March WPI Print
- India March Balance of Trade
- US API Crude Oil Stock Change
- BoC Interest Rate Decision
- China March FDI Flow
- US March Industrial Production

## **OUTLOOK**

### **AUTO IN DEEP PAIN**

- Independent Analyst Anand Tandon says auto would be one of the last sectors to recover largely on account of the fact that it is a discretionary demand. "Within this space, two-wheelers are probably likely to come back faster than cars. Within the car space itself, one would argue that the kind of people who would perhaps go out and buy at this juncture would be people who have too much money surplus cash perhaps," says he. [READ MORE](#)

### **BIG BANKS TO DO WELL**

- Nitin Raheja of AQF Advisors says among the banks, larger players will do well. "The private sector banks have corrected quite a bit and if you take Axis

and ICICI, they are trading close to book. HDFC has come down close to historic low valuations. Kotak is compressing gradually. In the long term or if we take six months, these guys will come back far stronger," he says. [READ MORE](#)

## SMALLCAPS GOOD OPTION

➔ Samir Rachh of Nippon India AMC says the most interesting thing about smallcap investing is that you should be able to utilize the volatility of the market in your favor. "So currently, we have seen very sharp correction in the smallcap space and kind of values which are there, I think that is very good fertile ground for the long-term investors. So those who have a risk profile should start investing," says he. [READ MORE](#)

## STOCKS RECOMMENDATIONS

### **Bata India Ltd.**

Sell Bata India, target price Rs 1,100: Suruchi Kapoor

15 Apr, 2020 | 08:26 AM IST

Sell

### **Larsen & Toubro Ltd.**

Buy Larsen & Toubro, target price Rs 920: Suruchi Kapoor

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Buy

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