



MARKET 
insight
EQUITY

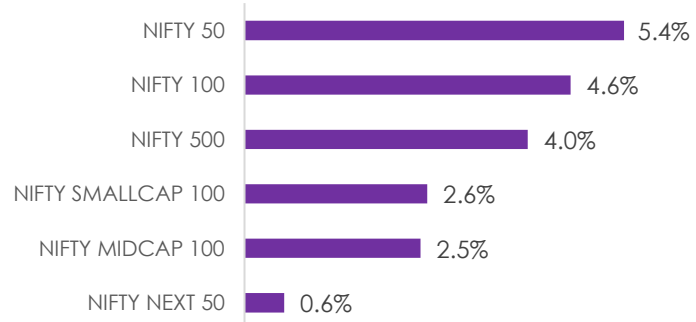
Equity Market Insight

November 2022

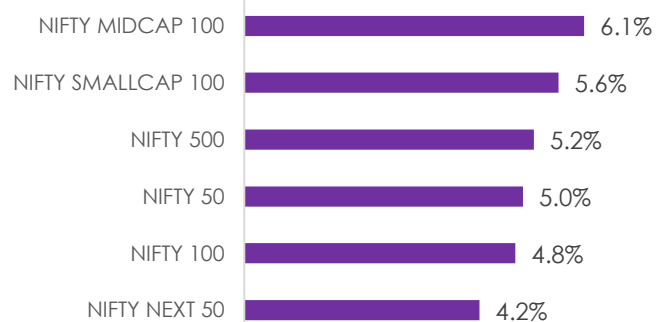
Domestic Sectors Performance

BROAD MARKET INDICES

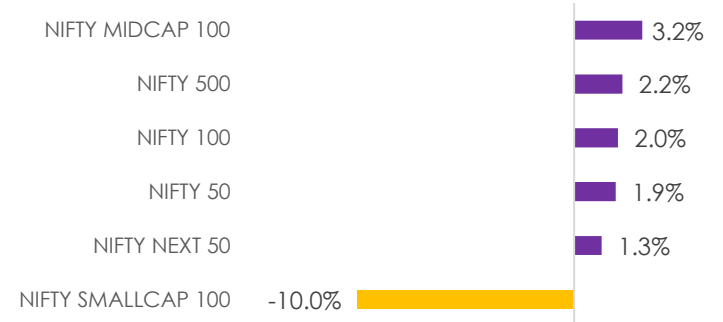
1 Month



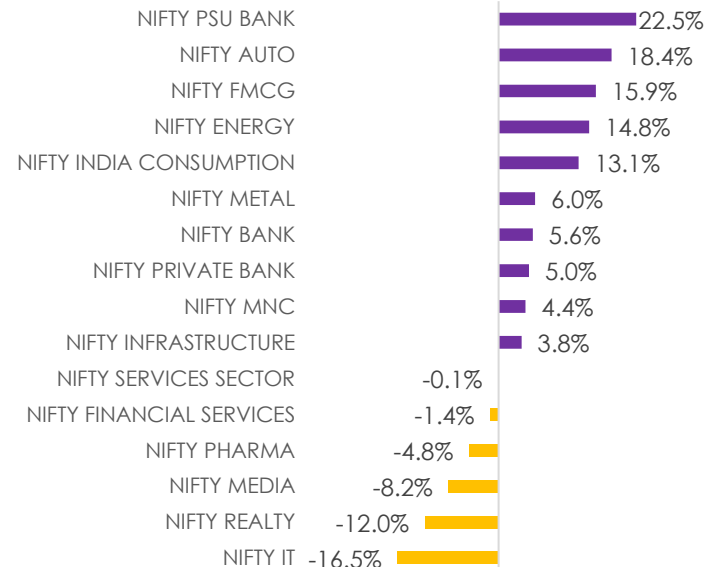
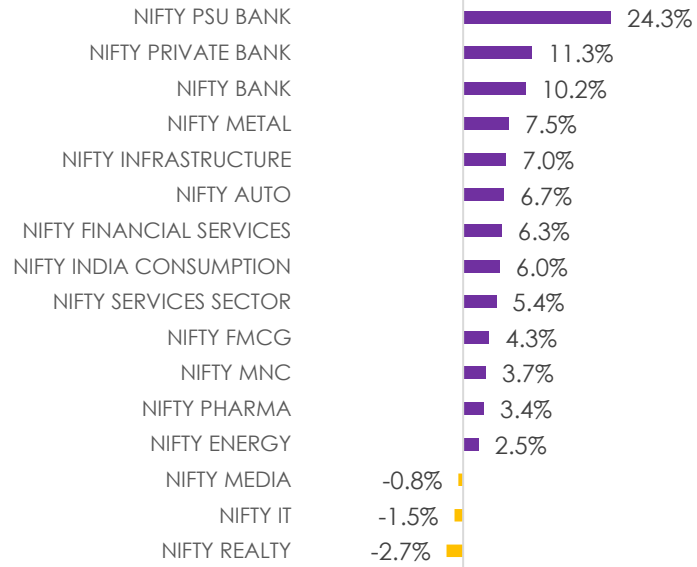
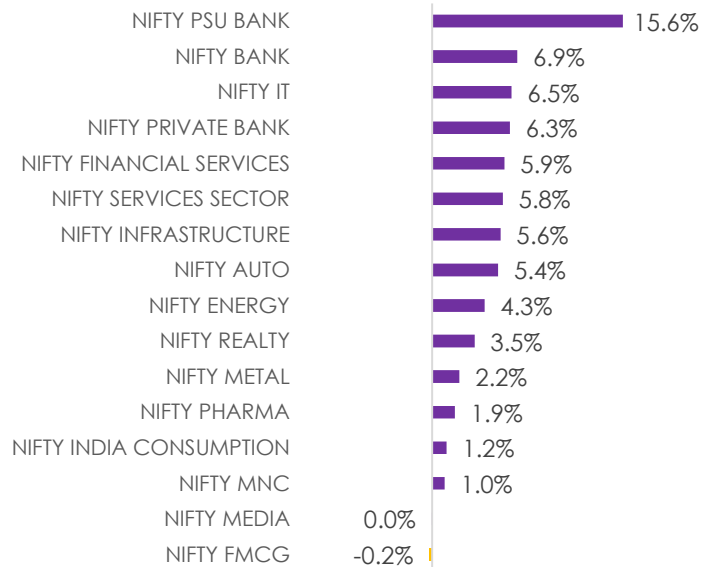
3 Months



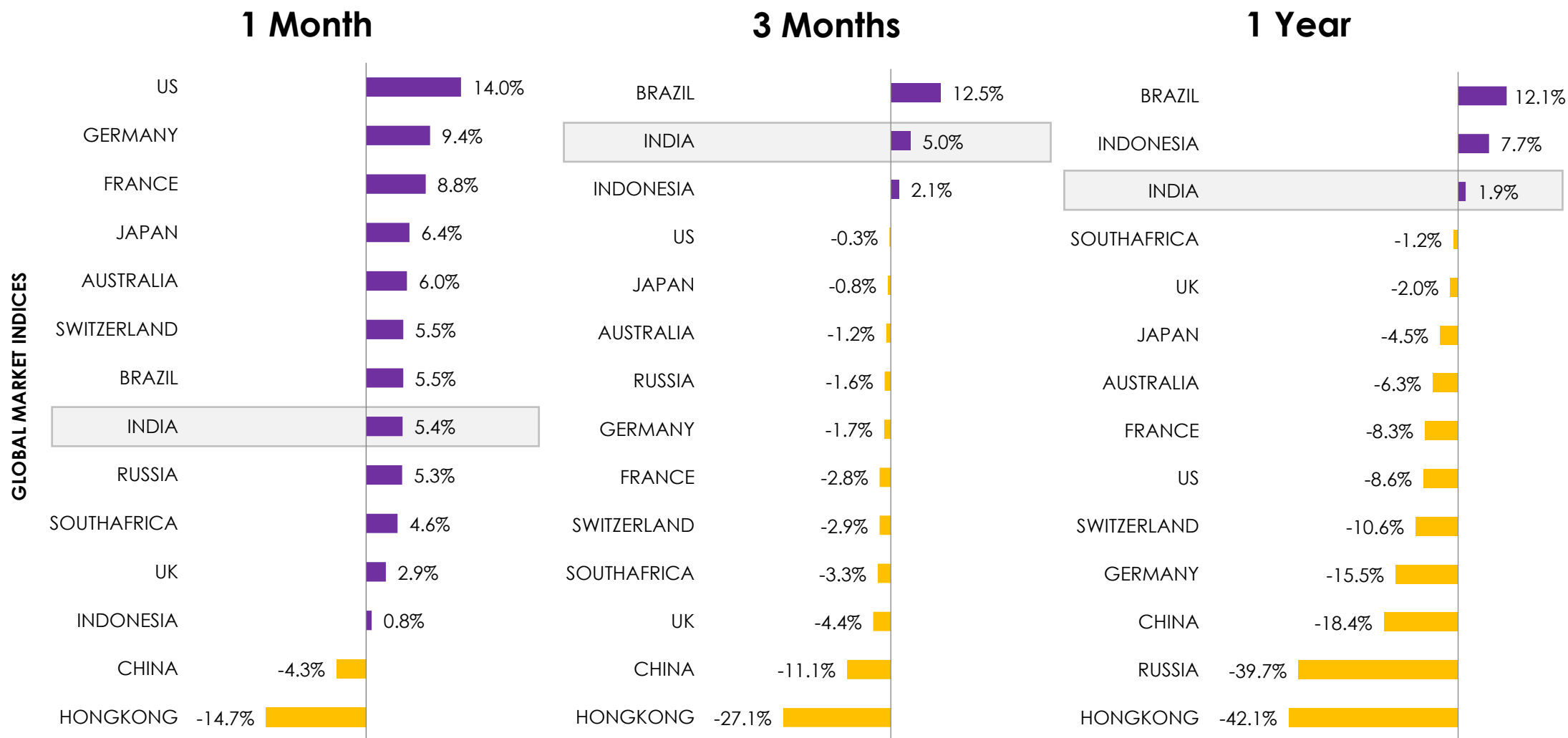
1 Year



SECTORAL / THEMATIC INDICES



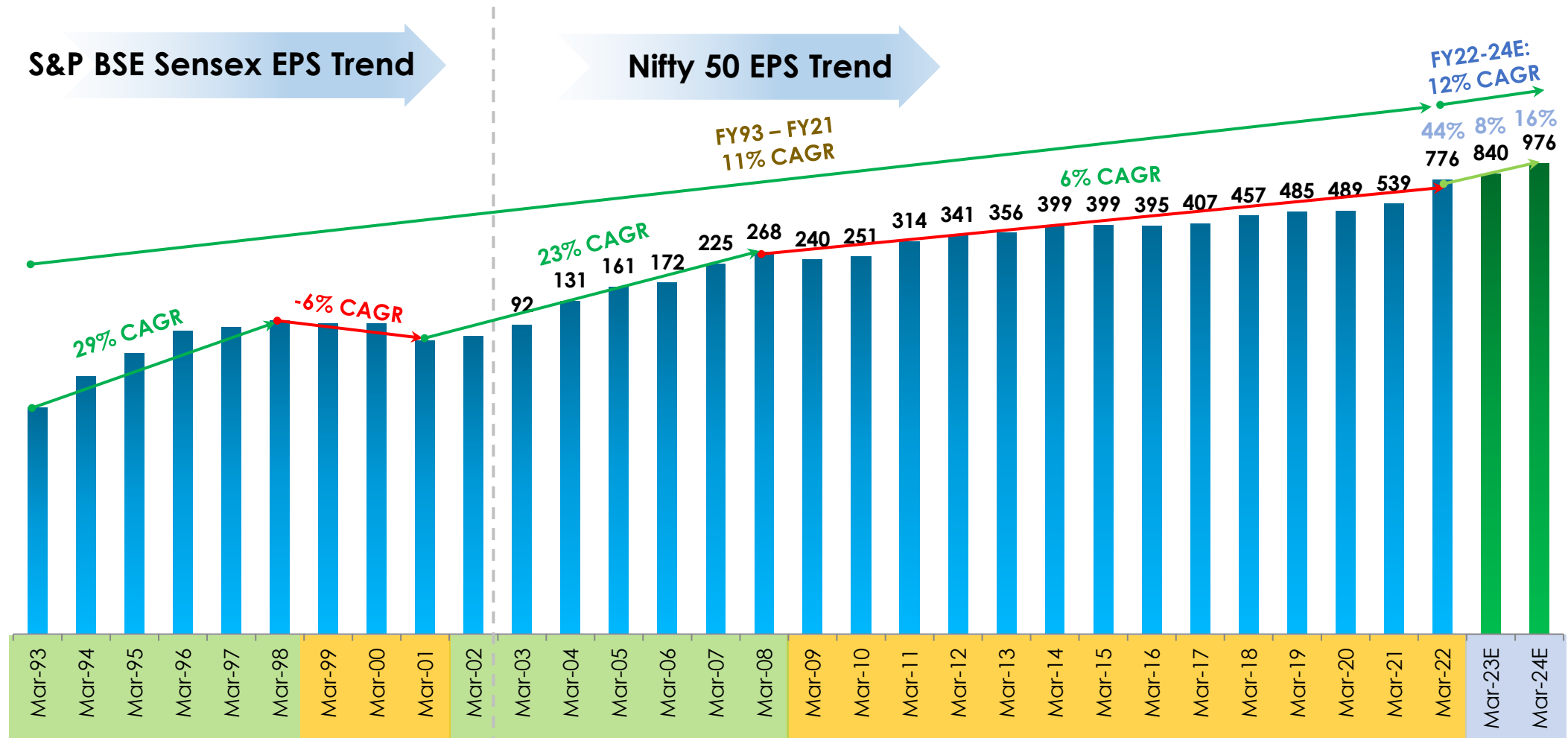
Global Markets Performance



Data as of October 31, 2022. Source: Bloomberg; Returns are in absolute (point-to-point)

Index representation: Brazil - Brazil Ibovespa Index; France - Cac 40 Index; Germany - Dax Index; US - Dow Jones Indus. Avg; UK - FTSE 100 Index; South Africa - FTSE/JSE Africa All Share; Hongkong - Hang Seng Index; Indonesia - Jakarta Composite Index; India - Nifty 50; Japan - Nikkei 225; Russia - Russian RTS Index; Australia - S&P/ASX 200 Index; China - Shanghai Se Composite; Switzerland - Swiss Market Index

Earnings Trend

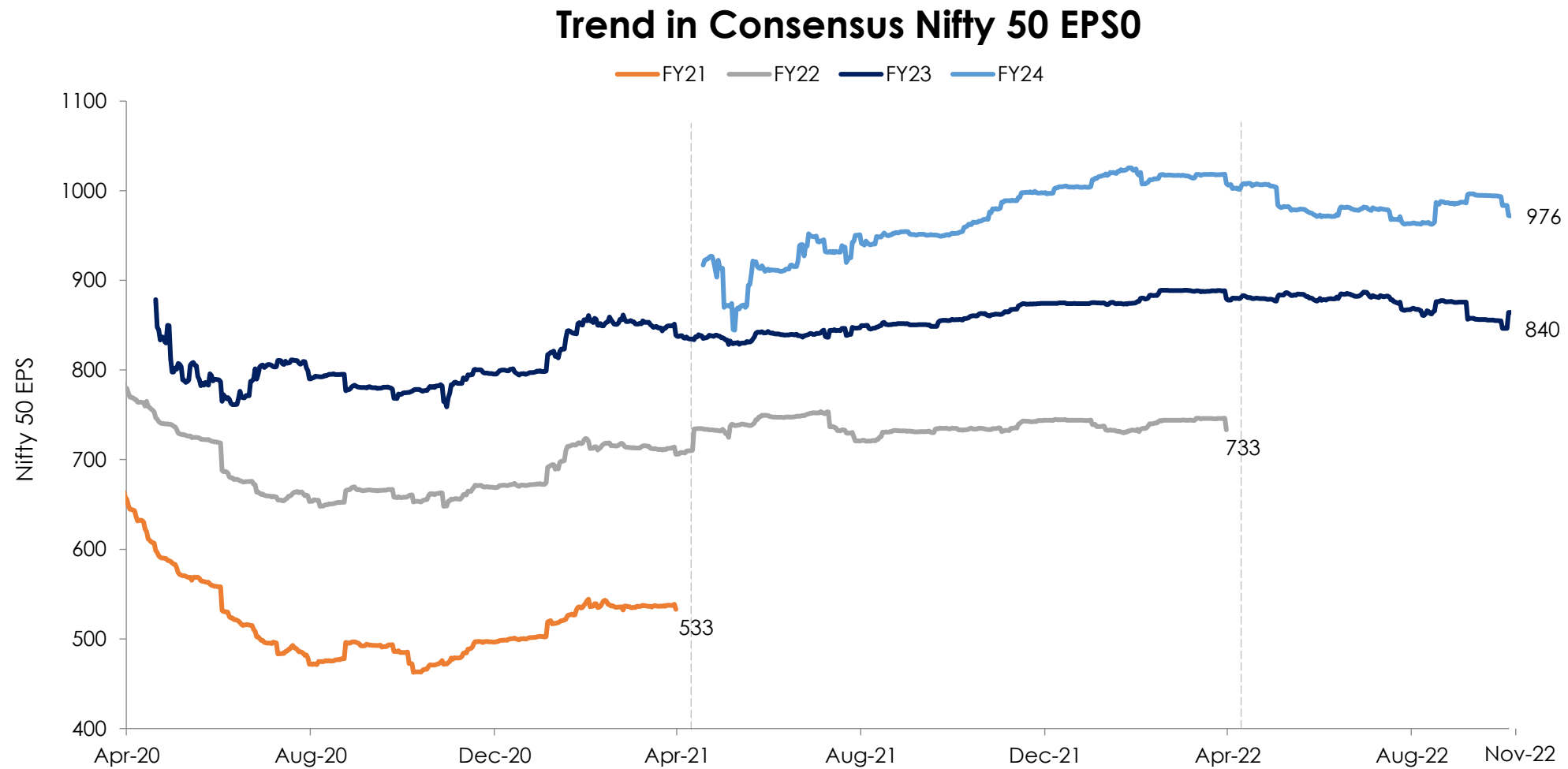


Source: Bloomberg. Data as of Nov 3, 2022

The vertical axis is on a logarithmic scale Nifty 50, EPS: Earnings per share.

CAGR: Compound annual growth rate

Earnings Expectations

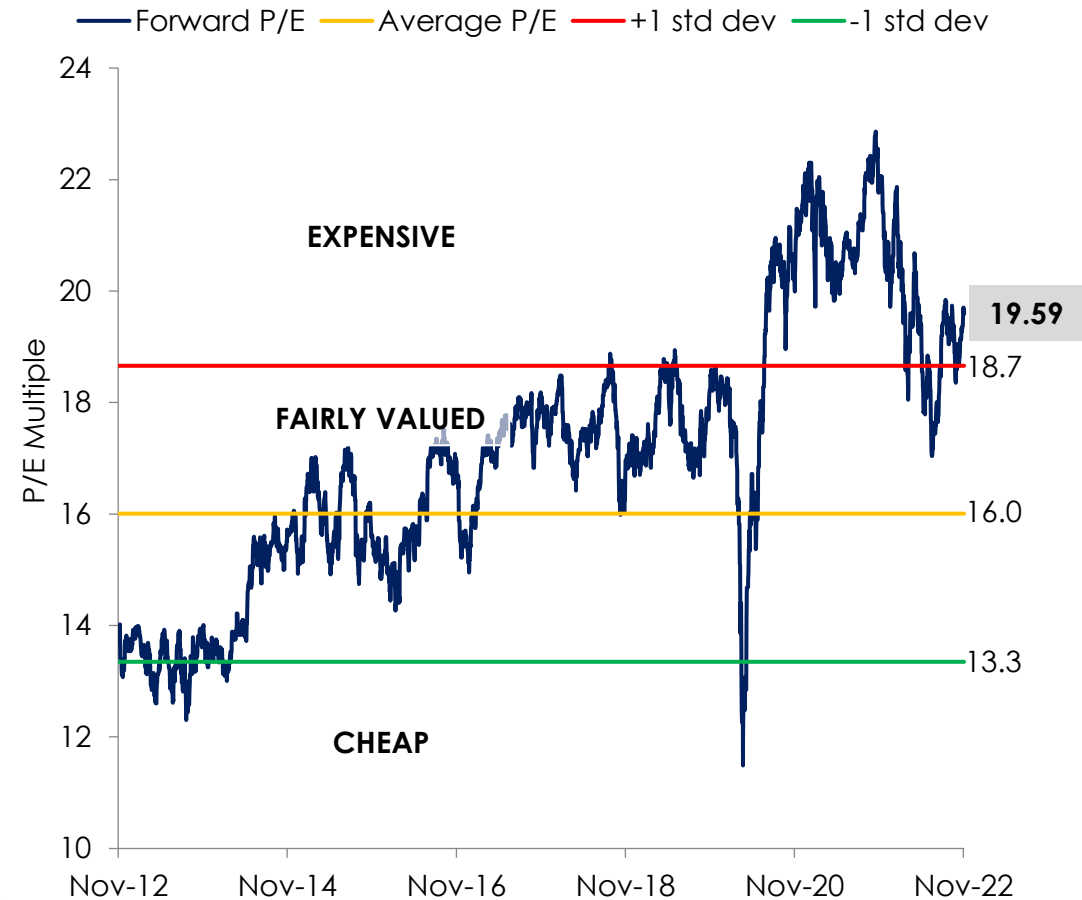


P/E valuations

Nifty 50 Trailing P/E



Nifty 50 Forward P/E

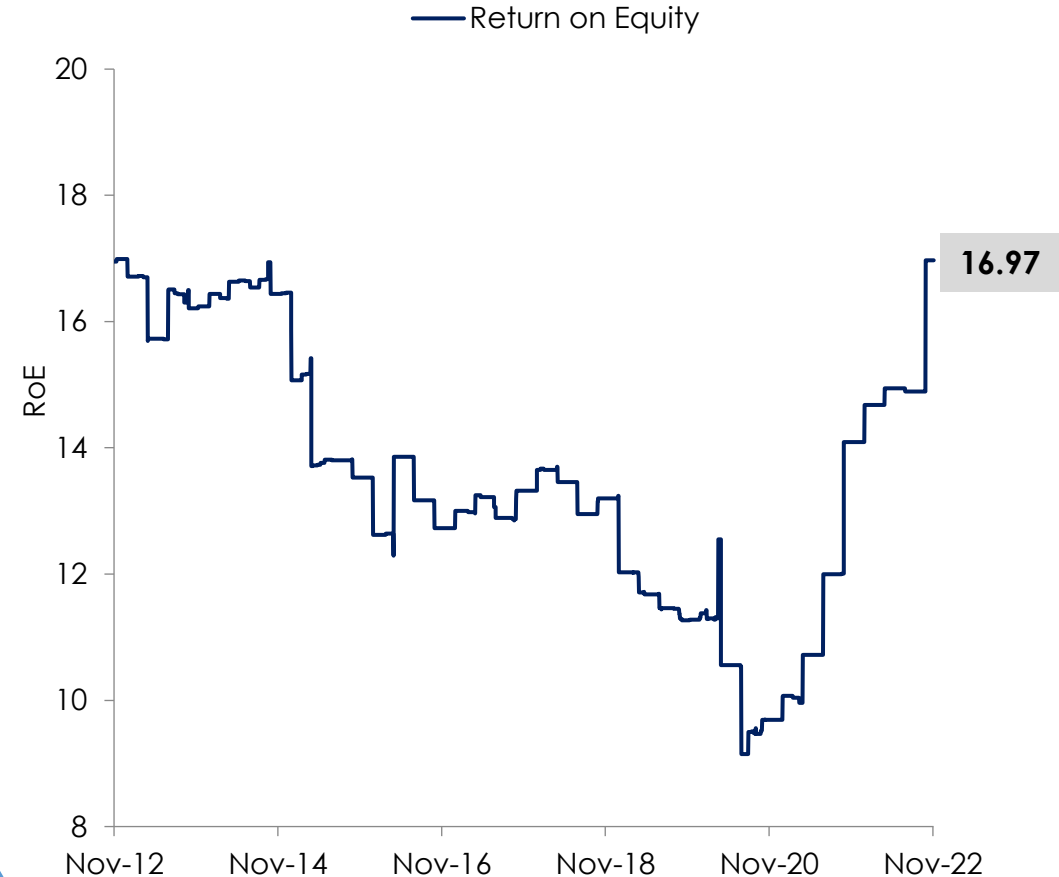


P/B Ratio & RoE

Nifty 50 Trailing P/B

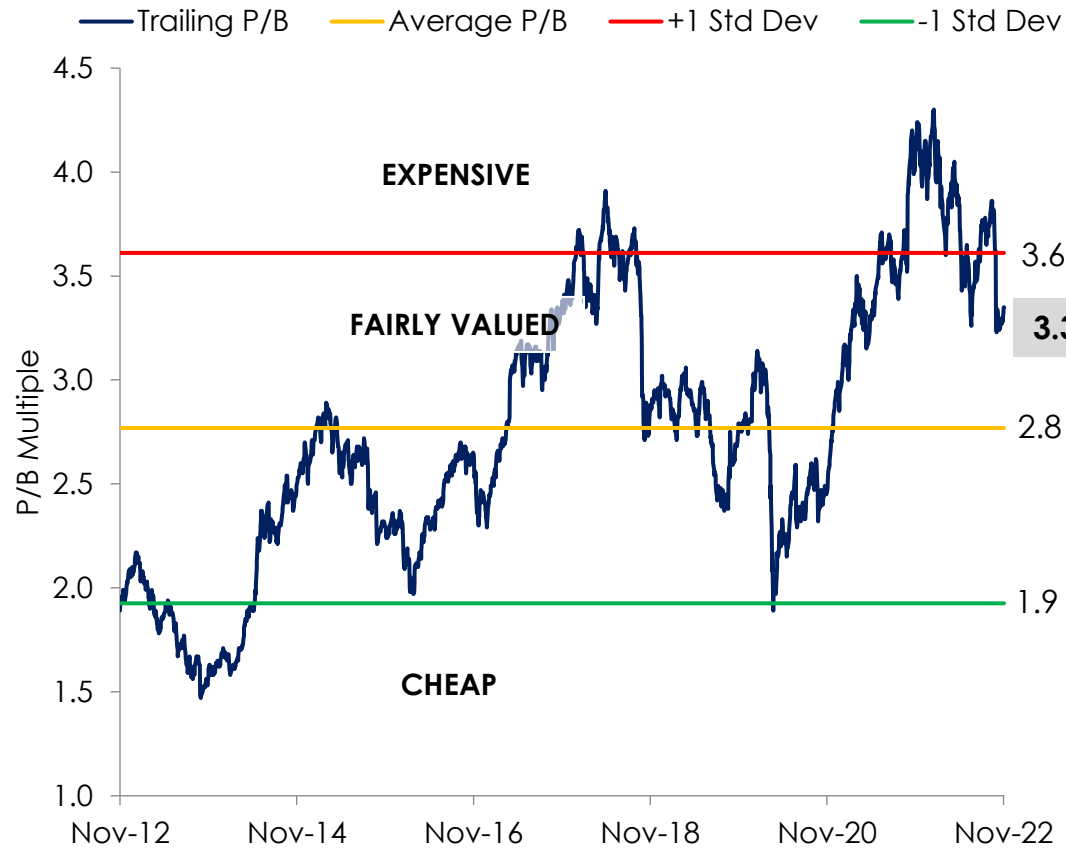


Nifty 50 Return on Equity (RoE)

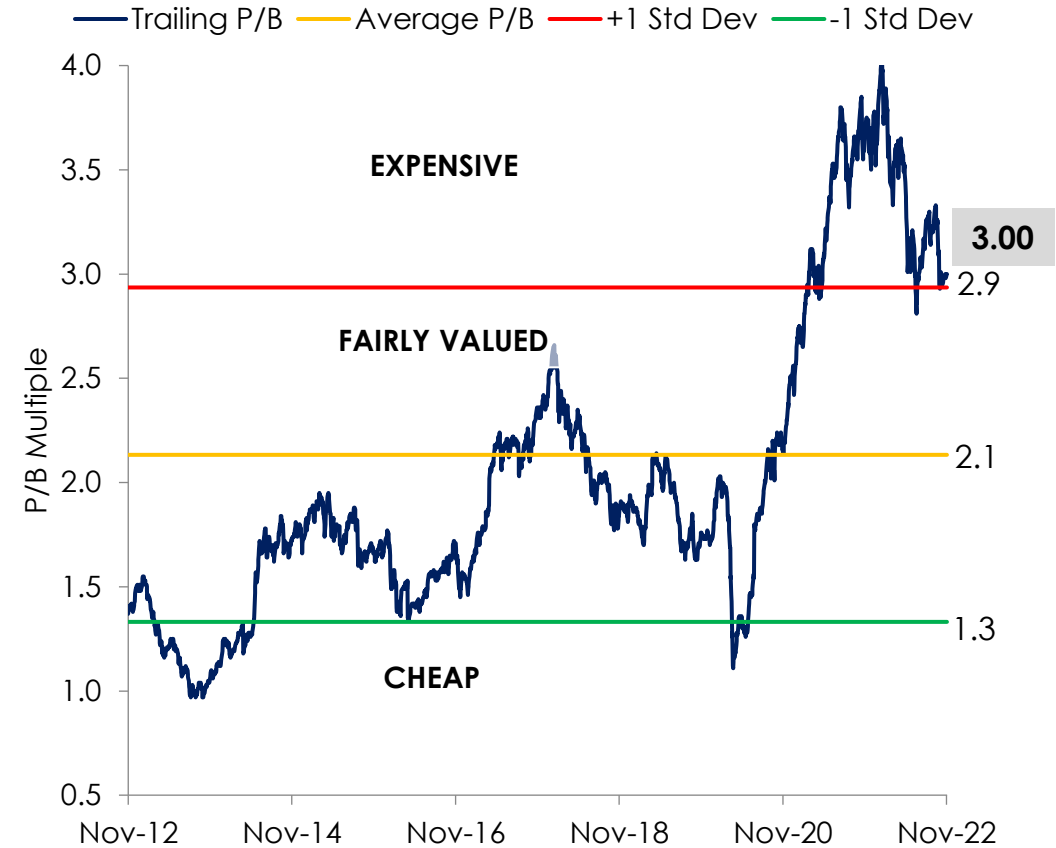


P/B Ratio: Mid caps & Small caps

Nifty Midcap 150 Trailing P/B

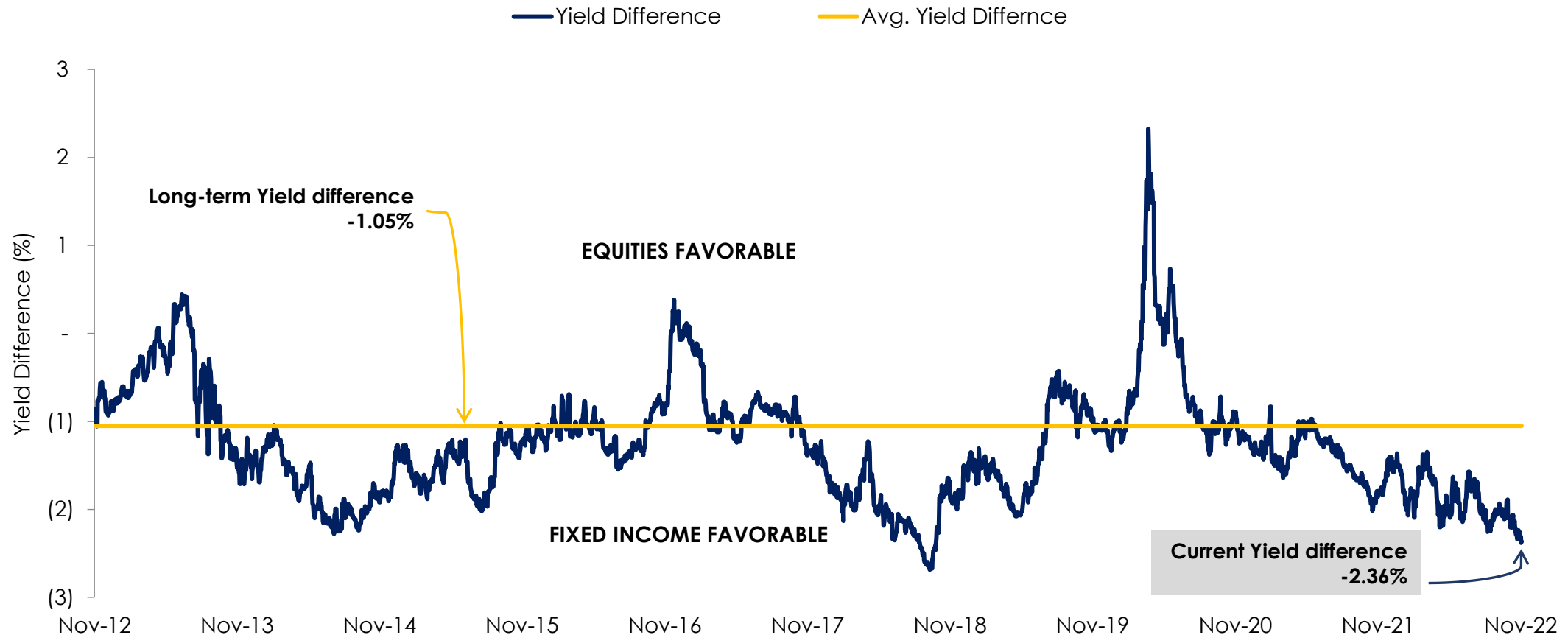


Nifty Smallcap 250 Trailing P/B



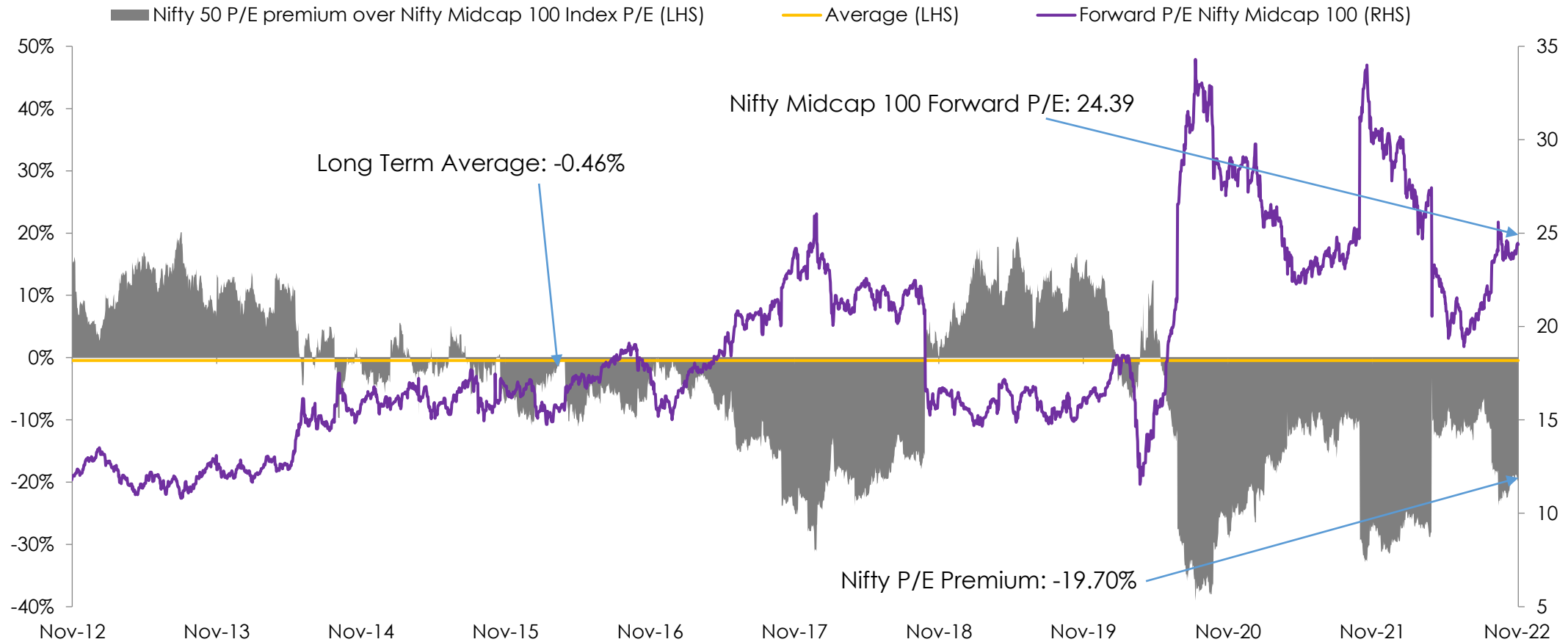
Equities v/s Bonds

Nifty 50 Yield vs 10 Year G-Sec Yield



Large caps v/s Mid caps

Nifty 50 valuations versus Nifty Midcap 100



Key take away

- The FED remains on the hiking path to counter record inflation; Probability of US recession has risen to 60% (Bloomberg consensus)
- Europe faces growth risks, inflation and an energy crisis; while China's growth is impacted by the zero-COVID approach
- The Dollar has remained strong; drop in commodity prices, shipping freight rates indicate weakening demand outlook
- In India, MPC minutes indicate further hikes but at a potentially slower pace
- India's macro indicators are in relatively better shape; the level of FX reserves and low FX debt provide comfort in the context of 3.4% CAD in FY23e (Bloomberg)
- Earnings estimates in sectors where volumes and pricing are sensitive to global growth trends could see challenges. Other sectors could experience second order impact
- Equity valuations are above the long-term averages; Bonds appear attractive relative to equities
- Investors should adopt a staggered approach

Thank You

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Haq, ek behtar zindagi ka.