



# Investor Insights & Outlook

SEPTEMBER 2021

04th October 2021

## Market Update

Nifty	17691
Sensex	59299
10Y G-Sec	6.25%
USD INR	74.15
Gold	46289 (Rs/10gm)
Brent	79.15 (\$/bbl)

## Product Recommendations

### Equity

ICICI Pru Value Discovery Fund  
Mirae Asset Large Cap  
Kotak Emerging Equity Fund  
Nippon India Pharma Fund  
Kotak Infrastructure & Economic Reform Fund

### Debt

ICICI Pru Equity Savings Fund  
Axis Short Term Fund  
Kotak Equity Arbitrage Fund  
DSP Floating Rate Fund  
IDFC Dynamic Bond Fund  
IDFC Bond Fund - ST  
HDFC Ltd Fixed Deposits  
Bajaj Finance Fixed Deposits

## Contact

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## EQUITY OUTLOOK

Indian markets continued to scale new heights with benchmark Nifty and Sensex ending the month 2 percent higher, even as some volatility was seen in global markets and despite FII selling in the latter part of the month. Select mid and small cap in media and hospitality, and other opening up trades saw traction and outperformed the benchmarks.

Domestically, the economic activity continued to pick up as the vaccination drive gained momentum and Covid cases dropped. The large liquidity domestically has driven prices higher with valuations at all time highs. This will naturally need to be supported by higher growth rates in the future to sustain the multiples.

Globally, the US Fed expectedly hinted at the possibility of tapering in the coming months on the back of economic recovery and inflation concerns; however, this did not affect sentiment adversely. This was seen positively by the markets as there was no immediate liquidity withdrawal from markets. Further, the likely resolution of Chinese real estate major Evergrande's debt problem also averted any significant impact on global markets

As in recent months, we retain our cautious view on markets as the current levels do not offer favourable risk-reward. While the momentum has continued to propel the markets higher, we believe any correction will be sharp and quick. Therefore, fresh investments may be undertaken only post such corrections. Domestic focused sectors such as capital goods, infrastructure and NBFCs remain our top picks.

## DEBT OUTLOOK

The yield on the new 10Y benchmark (6.10% GOI 2031) witnessed some volatility this month as it moderated further from the close of 6.21% of previous month and then rose 10 bps from the lows of 6.12% during the month to close at 6.22%. The benchmark yields have been tracking the sharp rise in US treasury yields after Federal Reserve indicated sooner than expected tapering of its bond purchases and a sharp rise in oil prices.

Whilst the oil prices shot up due to tighter supply and firm demand outlook, the power shortages in China which hit factory output further added to the cause. Domestically, the RBI seems reluctant to let core system liquidity rise further although remains accommodative with policy normalization being pushed to a later time.

Given this backdrop, we continue to suggest accrual and short duration bond funds and short-term fixed deposits until the rate cycle starts to reverse. Investors with higher risk appetite can consider dynamically managed fund.