moat

Investments, Simplified!

Monthly Newsletter

Benchmark indices were Nifty down by 0.32%, CNX midcap down 0.27% and CNX small cap 1.9% down.

Volatility and correction especially quivering in small caps and midcaps was witnessed in markets last 2 months. We believe that this would continue till fed announces a stop clearly on further rate hikes. In our view, next rate hike will be the last one in hike season as USA faces changing liquidity and employment rates. While the current season most of our companies produced extremely good revenue and profits growth, the effect of general markets gets srinkled on them too. However we are very confident of markets making rerating to them once bit of stability returns. In our profoundly researched and very objective opinion, four large trends are unstoppable in India. 1. Decrbonisation (green, solar, ev, impact and sustainability changes) 2. Young and luxury consumption which is recession free 3. Replace China – china plus 1 – India being only favourable natural destination with Import substitution 4. Private companies benefitting from public asset formation like railways, satellites, defence, ports /airports etc.

India is at the cusp of becoming a significant power in Asia after China and in the world. Most of fund managers of global private equities, financial institutions and technology companies heads are having strong sense that coming decade belongs to India. Therefore opportunity that lies in front of us is eagerly tempting, attractive and paradigm shift in making. The above megatrend participating companies will be making multibaggers in years to come and portfolio is and being positioned to maximise gains in coming times. Results of it will reflect in coming 6 months, 1 year and 2 year time frames in strong way.

We thank you again for trusting us in this financial year and we think we will make significant progress in coming times.

Assuring our best efforts
Moat PMS

For the month of March, the S&P was up 3.51%, the Dow 1.89% and the Nasdaq 6.69%. The S&P 500 concluded a topsy-turvy ,yet winning first quarter of 2023 , overcoming a shock to the U.S. banking system in March to rise around 7%. The 30-stock Dow Jones Industrial Average, meanwhile, eked out a roughly 0.4% gain. Stocks' rip-roaring January eased in February, with all three major Wall Street indexes finishing lower in that month. Then came the failure of three U.S. banks within days of each other starting March 8, which spooked investors and further stoked recession fears. The S&P 500 briefly went negative for the year on March 15, a rough session defined by banking concerns spreading to Europe. But as the bank crisis stabilized over the past two weeks, the averages more than bounced back. Major events including the collapse of the Silicon Valley Bank (SVB), Credit Suisse's buyout by rival UBS, global inflation and continuing geopolitical tensions kept the stock markets on the edge. The RBI is expected to increase the repo rate by 25 bps in April 2023, as retail inflation continues to remain high (6.4% in February 2023) from the central bank's tolerance limit of 2% to 6%. RBI's MPC commentary and decision would set the tone for the markets in the medium-term. The US Federal Reserve in its latest policy decided to take a much smaller hike in key interest rates by a quarter(25 bps) of a percentage point in March 2023, taking the rate to 4.75%-5% target range. The current 10 year treasury yield as of March 30, 2023 is 3.55%.

The rupee may depreciate further, as the widening of current account deficit (CAD) due to higher energy prices and capital outflow as a result of rate hikes by the US Federal Reserve are likely to put pressure on the local unit.

The Indian stock market continued to clock a monthly slide in March with the Nifty and the Sensex down by almost 1% on the back of global uncertainties fueled by a banking crisis and persisting inflation. Domestic markets in India have been performing in line with the global correction and March volatility is expected to spill over to April given the uncertain situation in the U.S. banking system. Weak economic prospects in developed markets and relatively higher growth in emerging markets would increase foreign portfolio investments allocation to select emerging markets and India.

The IT services sector in India in particular may bear the brunt of the collapse of SVB and other banks, which may affect their next fiscal growth momentum and the growth potential of some of the large Indian IT firms that have significant exposure to banks under stress. Consumer demand is witnessing a rebound. The sector in recent times has not performed well and that provides some degree of valuation comfort with improving profitability. Industrials can be a multiyear theme with capex (both private and public) witnessing strong traction on the back of a combination of several factors. Credit or financials are benefitted from an uptick in both consumption and capex. Double-digit credit growth along with historic-low credit costs implies good investment opportunity in the sector.

The S&P Global India Manufacturing PMI rose to a 3-month high of 56.4 in March 2023 from 55.3 in the previous month, topping forecasts of 55.0. Output rose at the quickest pace since last December and outpaced its long-run average, and new order growth was at 3-month peaks. Banks, Renewable energy and telecom should remain the top sectoral themes for 2023. Earnings estimates in India are expected to grow in mid-teens in the coming quarters.

Assuring our best efforts

Contact us:

www.moatindia.com

pms@moatindia.com