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**moat**  
Investments, Simplified!

THE NEWS

# MONTHLY NEWSLETTER

[pms@moatindia.com](mailto:pms@moatindia.com)

[www.moatindia.com](http://www.moatindia.com)

SEBI Regd No:  
INP000004482

Room No: 3-1, 3rd Floor, National  
Pearl Star, Edappally, Kochi,  
Kerala 682024

91+ 9895119711

*The Benchmark indices ended on a positive note in the month of July 2023. Our Emerging Moat Portfolio was up by 3.76% compared to Nifty returns of 0.6% in July 2023, while small-cap and midcap indices gave whopping returns of 7.8% and 5.2% respectively.*

*With the completion of the earnings season, we expect strong growth in the EMS (Electronic Manufacturing Sector) as the government has imposed import restrictions on laptops, tablets, and some types of computers. The IT sector has not been able to perform well compared with the market's expectation in Q1 FY24 excluding a couple of tier 2 companies. However, the market expects that IT companies would perform well after H2 FY24. Similarly, the chemical and agrochemical industry owing to the release of China's lockdown has reported poor results. The banking industry has reported strong revenue in this quarter and it is expected to show some traction in the upcoming quarter. The pharma and defense industries are also showing some positive movements.*

*Nifty EPS stands at INR 859.4 with a P/E multiple of 22.7 times. Data reveals that FPIs invested INR 46,618 cr in Indian equities in July, indicating a decline of around 1.1% compared to the June 2023 figures. The S&P 500 was also up 0.7% in July 2023 on a YTD basis, and the returns went up to 17.1%. The Dow Jones Industrial Average rose by 2.3% for the month and by 5.8% for YTD. The unemployment rate has marginally fallen from 8.5% in June 2023 to 8.0% in July 2023 as rural areas saw increased demand for agricultural labor with the onset of monsoon rains.*

*Fitch Ratings affirmed India's long-term rating at BBB -ve with a stable outlook. India's rating reflects a strong growth outlook with robust internal systems. India will be one of the fastest-growing Fitch-rated sovereigns globally at 6.3% growth in FY24. Softening of commodity prices is further relief for India to control inflation. A rainy July led to floods and flash floods in several states in India, but the next 2 months may be drier than normal for most of the country, according to Indian Meteorological Department's (IMD) latest forecast. Crude oil in our view is likely to come down in FY24 while FDI investment inflow is rapidly proliferating across sectors in India.*

*The India Manufacturing Purchasing Managers' Index came in at 57.7 in July compared to 57.8 in June. The business conditions now have strengthened in each of the past 25 months. Similarly, the sentiment still remains positive as India is able to outpace many of its major peers over the coming quarter. The revenue via GST collection for the month of July 2023 was 1,65,105 crores against INR 1,61,497 crores in June 2023, an increase of 2.2%.*

*The net inflow in mutual funds marginally fell to INR 12,139 crore in July compared to INR 12,275 crore in June 2023 as the investors shy away from volatility. The total AUM for the mutual fund industry rose to INR 37.74 trillion as of July 31, 2023 compared to INR 35.64 trillion in the previous month.*

*Automobile sales for July stood at 3,51,908 units, a surge of 7.4 percent on a MoM basis from 3,27,544 units sold in June 2023. It is expected that similar traction would be witnessed in the upcoming quarters owing to demand during the festive season. Import substitution themes of specialty chemicals, solar panels, and defense segments are witnessing strong demand. An increase in HNIs and UHNIs will give a boost to luxury consumption and experienced living. Luxury watches, cars, 5 star hotels are likely to do well over the next decade. We expect sectors like EMS, defense, railways, CAPEX oriented companies to do extremely well in the next 3-5 years. New sunrise industries like EV ancillary, renewable energy, solar and semiconductor chemicals, and hydrogen are expected to grow exponentially over the years.*

*Despite the global uncertainty, the market is reflecting positive sentiments for FY24. We have positioned our portfolio in such a way that it will make maximum benefit out of the most relevant growth themes when India reaches a 5 Trillion Economy. Assuring our best efforts.*