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Market Trends

STOCK INDICES	% CHANGE
Nifty 50	10855.15 0.49
Sensex	36212.91 0.64
MSCI India	822.82 0.06
MSCI EM	2215.32 1.38
MSCI BRIC	572.66 1.21
MSCI World	8018.09 0.39
SX 40	21286.74 0.61
Nikkei	20427.06 1.1
Hang Seng	26462.32 2.27
Strait Times	3158.07 1.12

Values in US \$, Gross. At 7 pm IST

OIL (\$)	DUBAI CRUDE
58.52	1.9
Absolute Change	

GOLD RATE	US	India
Prices per Troy Ounce (\$)	1286.10	1395.99
OPEN	1281.60	1401.50
LAST*		

*At 10.30pm. After adjusting for import duty, Indian spot gold lower by \$ 8.26 to US Comex gold price on Wednesday. The premium on local gold is due to tight supply following import curbs.

FOREX RATE (₹-₹ Exchange Rate)	OPEN	LAST*
	70.06	70.47

Market on Twitter@ETMarkets

Heard on the Street

Fortis Health Disappoints Punters

Several high net worth investors, who were looking to make a quick buck in Fortis Health-care ahead of the open offer, have been caught on the wrong foot after the Supreme Court in December put on hold its sale to Malaysia's IHH. Unnerved by the uncertainty about the deal's prospects, many of these investors are squaring off their positions, resulting in Fortis shares falling 11% to ₹138 in less than a month. These investors had bought shares at lower levels to take advantage of the arbitrage opportunity available in early December when the price was at around ₹145. The buyback price was at ₹175. The apex court put the deal on hold while hearing the plea of Japanese firm Daiichi Sankyo against Malvinder and Shivinder Singh.

Contributed by Rajesh Mascarenhas

EQUITY'S SHARE IN INDIA'S HOUSEHOLD ASSETS AT 4.6% IS THE HIGHEST SINCE FY08

Indian Households Increase Equity Play Via the SIP Route

The share of equity investments in India's household assets has reached a decade high following rising acceptance of mutual fund investments among retail investors. Data from RBI, AMFI, IRDA and MOSPI, compiled by CLSA, show that equity's share in the country's household assets increased to 4.6% in FY18, the highest since FY08. It had dropped to 2.2% in 2014 and has been gradually improving since then. While the proportion was similar to that in FY08, what has changed is the route of investment. A decade ago direct equity investment was the chosen path. In FY18, investors opted for the systematic investment plans (SIPs) of mutual funds. The direct retail holding in the BSE 500 index stocks dropped to 11.7% in March 2018 from 13.1% four years ago. On the other hand, the equity assets under management of the mutual funds increased four times to ₹7.5 lakh crore boosted by inflows of ₹3.5 lakh crore during the period. SIP

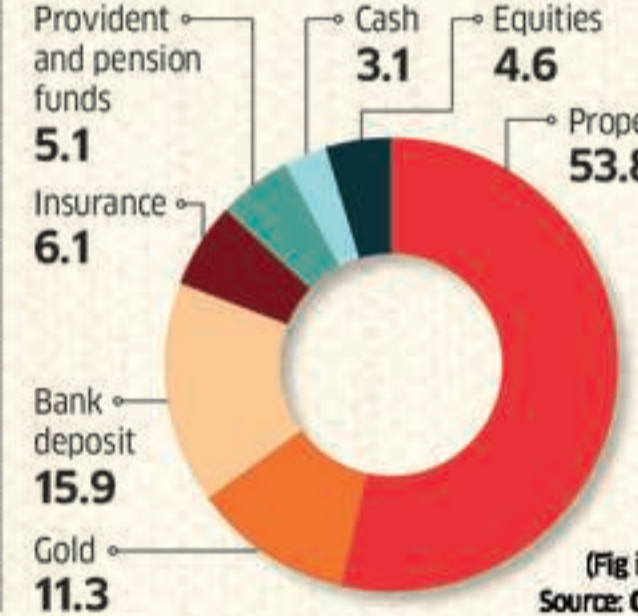
monthly inflows reached ₹8,200 crore in December 2018 from ₹3,122 crore in March 2016. In addition, mutual fund inflows in the four years to FY18 were four times higher than that in the 10 years prior to the period. However, the trend does not necessarily mean an overbought situation, according to experts. "If we consider the peak market valuation scenario, we still have room to reach a proportion of 6% for equities in the household assets," said Sailesh Raj Bhan, deputy CIO, Reliance Mutual Fund. Equity's share may reach 8-9% in the next five-seven years following stable inflows and rising percentage of financial assets, says A Balasubramanian, CEO, Birla Sun Life Mutual Fund. Total household assets were \$8.5 trillion (around ₹95 trillion), about three times India's FY18 GDP and grew 9.3% year-on-year. Of this, \$391 billion (₹27 trillion) were parked in equities. -Ashutosh R Shyam/ETIG



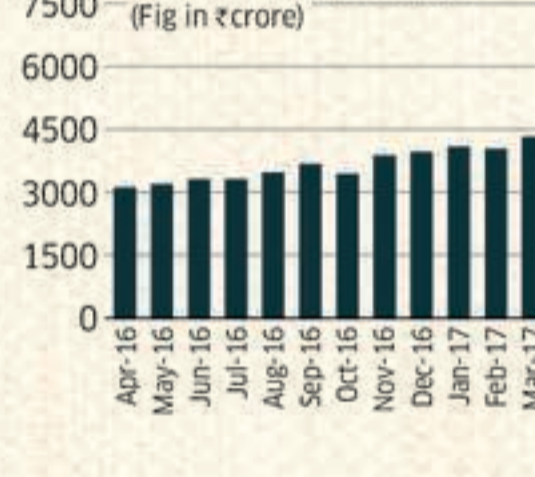
Equity Saving as Percentage of Households Assets



India's Household Asset Break-up



Monthly SIP Flows



Rupee Falls Another 25 Paise to 70.46

The rupee Wednesday extended its losses by another 25 paise to close at 70.46 as continued rise in global oil prices weighed on sentiments. Besides, the stronger US dollar against major global currencies also put pressure on the rupee. It opened on a firm note at 70.08, but soon pared its initial gains and fell to an intra-day low of 70.65. - PTI

RUPEE GAINED 7.88% against the greenback since Oct 9; India second-best performer among the world's top 15 capital markets in the past two months

Nifty Cos Return More in Dollar Terms Since Oct

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ET Intelligence Group: The Nifty's returns in dollar terms have continued to edge ahead of those pegged to the local currency, helping India emerge as the second-best performer among the world's top 15 capital markets in the past two months. Data compiled by ETIG showed that dollar returns at about 11% exceeded rupee-denominated returns since October 9 last year. The rupee has gained 7.88% against the US currency since that date.

At the vanguard of the gains in the broader indices are stocks of large-sized companies known for their high cash-flows, dominant market share, and attractive return ratios. ICICI Bank, Bajaj Finance, Axis Bank, Hindustan Unilever, HDFC, and Larsen & Toubro have paced the gains in returns. The rupee's climb against the US monetary unit has enhanced the performance of these stocks in dollar terms since October. In the past one year, the Nifty has nominally gained 2.05%, but fallen 5.75% in dollar

Top Gainers

COMPANY	Oct 9 - Jan 9 (% Retruns)	INR	USD
ICICI Bank	24.9	31.9	
Bajaj Finance	22.5	29.3	
Axis Bank	21.3	28.0	
HDFC	17.9	24.5	
HUL	17.7	24.3	
Larsen & Toubro	13.4	19.7	
Kotak Bank	11.8	18.0	
Maruti Suzuki India	11.6	17.8	
HDFC Bank	9.0	15.1	
ITC	8.3	14.3	

Source: ETIG database

The rupee had hit a low of 74.4 against the dollar in October before the rebound helped the local unit gain 7.88% to date. Tracking the performance of the Nifty in dollar terms is one of the crucial barometers for foreign investors as it helps them gauge the attractiveness of Indian equities vis-a-vis other emerging markets. Foreign investors own 45% of the Nifty's free float, underscoring the importance of tracking the performance of the Nifty in dollar terms.

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EM TOPPER
Among the emerging markets, dollar returns from Indonesia have been the highest at 16.6%

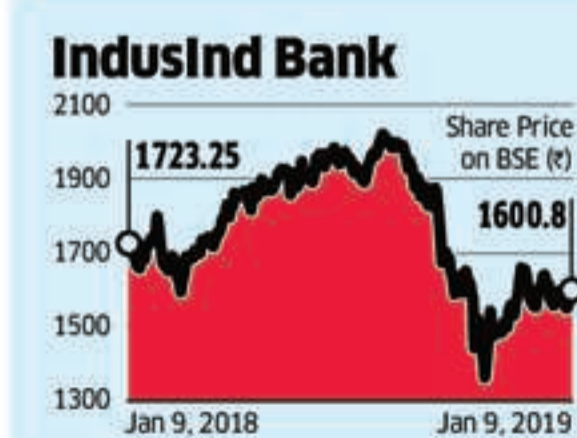
The robust stock returns of 9-32% between October 9 and Wednesday in the index bellwethers show that foreign investors have gained consid-

erably from their dollar investments in India. Separately, the dollar returns of the Indian and Indonesian markets have been robust since October 9 last year. Dollar returns from the Indian markets were 10.8% since October 9. Among the emerging markets, dollar returns from Indonesia have been the highest at 16.6%. By contrast, equities in France, Germany, the US, the UK, and Japan are down in the range of 7-10% since October last year. An ETIG analysis shows that since the end to the rupee rout, exactly a third of the 15 FII-heavy stocks on the Nifty yielded more than 20% in dollar terms. These stocks are HDFC, ICICI Bank, Axis Bank, HUL, and Bajaj Finance. In rupee terms, three stocks - ICICI Bank, Axis Bank and Bajaj Finance - have gained more than 20%. In the past one year, Bajaj Finance has returned the highest in rupee terms, at 40.6%. In dollar terms, Bajaj Finance yielded 27% returns in that period. But since October 9, Bajaj Finance has returned 29.3% in dollar terms and 22.5% in rupee terms.

IndusInd Beats Estimates Despite Higher Provisions for IL&FS in Q3

Net profit rises 5% to ₹985 crore; Total provisions for Q3 were ₹607 crore

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Brokers Poll	BUYS	HOLDS	SELLS
	40	11	0
12-Month Price Target	₹1941.11		
Returns Potential	21.2%		

Source: Bloomberg

Mumbai: IndusInd Bank's December quarter earnings beat expectations, boosted by fee and trading income, although its provisions for likely losses jumped due to loans to Infrastructure Leasing & Financial Services (IL&FS). The lender said loans and profits would grow in the current quarter too as retail demand remains strong. But at the same time, it would raise its provisions for IL&FS exposure over and above what is required by regulations to create a sufficient buffer.

The bank said net profit rose 5% to ₹985 crore, from ₹936 crore a year earlier. A Bloomberg poll had pegged its profit at ₹811 crore. "We are going to be ahead of the standard provisioning level prescribed by the regulators," said Romesh Sobti, managing director at IndusInd Bank. "We will continue providing till we are comfortable, also taking into account the realisable value of the assets. We believe that we have enough securities and operational as-

sets of the company." Loans were at ₹1.73 lakh crore, up 35% from ₹1.28 lakh crore a year earlier. Net interest income, the difference between the interest earned from loans and that paid on deposits, grew 21% to ₹2,288 crore from ₹1,895 crore a year ago. Other income, which includes fees and trading income, rose 24% to ₹1,469 crore from ₹1,187 crore a year ago. But the provisions dented the profits which would have been higher.

Total provisions for the quarter ended December were ₹607 crore, 1.5 times the ₹236 crore reported a year earlier. IndusInd has a ₹3,000 crore exposure to IL&FS. It set aside ₹255 crore as provisions for these loans which are classified as special mention account (SMA-1) and SMA-2 which means that payments have been delayed for more than 30 days but less than 90 days. In the September quarter it provided ₹275 crore for IL&FS losses. Shares of the lender ended 1.55% higher at ₹1,601 on Wednesday. IndusInd Bank will also pursue its acquisition of IL&FS Securities Services despite fresh bids called by the new board, Sobti said. The bank had signed a share purchase agreement with IL&FS in June 2018 to acquire the company and already had RBI approval in place.

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Punit Goenka
President IAA India Chapter

MD & CEO, Zee Entertainment Enterprises Limited

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