

# Market Outlook after Budget



**A venture by IIT Bombay  
alumnus**

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# Union Budget 2021

Budget with head and heart  
at the right place

Growth oriented

Get well soon very fast  
budget

# Salient Features of Budget

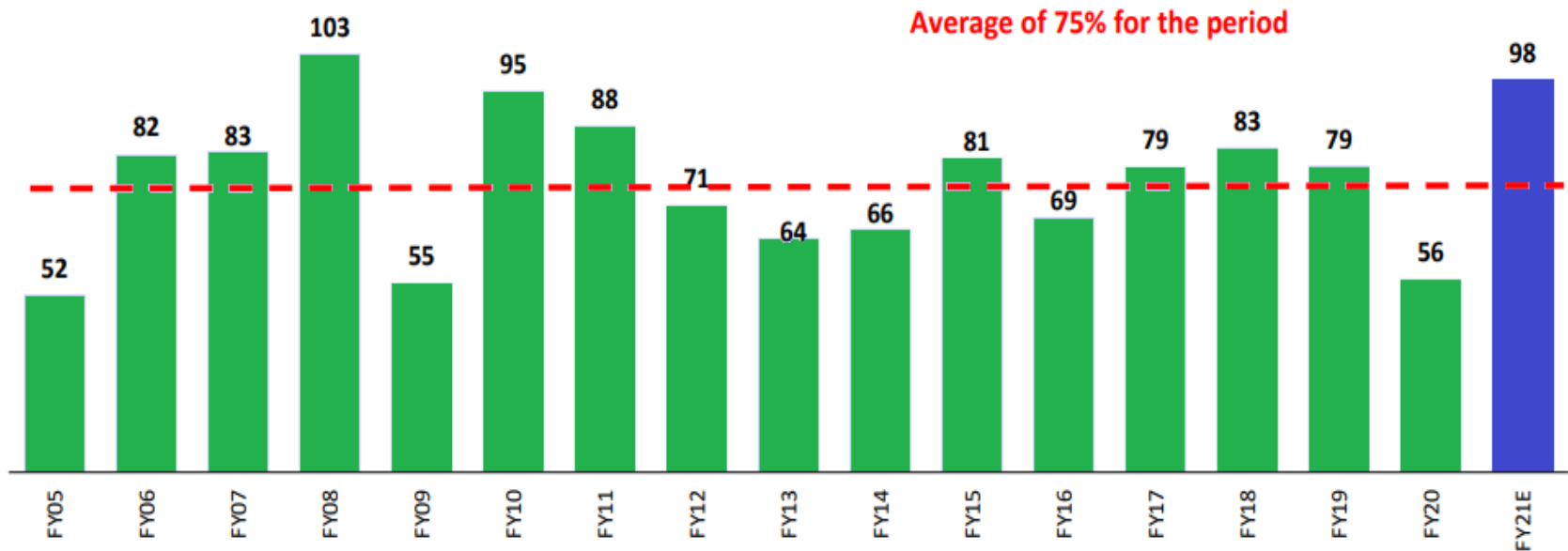
- Aatma Nirbhar For Fiscal Path
- Ambitious For Infrastructure
- Bold For Healthcare
- Confident For Accelerated Growth
- Empowering For Tax Payers
- Innovative For Raising Resources
- Metamorphic For Capital Markets
- Progressive For Woman Empowerment
- Self Reliant For Defence
- Transformational For PSUs
- Transparent For Accounting

# Sectoral Outlook

Sectors	Outlook
BFSI	Positive
Agriculture	Positive
FMCG	Mixed
Auto	Positive
Cement & Building Materials	Positive
Infra	Positive
Real Estate	Positive
Power	Positive
Aviation	Positive
Capital Goods	Positive
Oil & Gas	Neutral
Metals & Mining	Mixed
Pharma	Positive
Telecom	Neutral

# Buffet Indicator

Market cap-to-GDP ratio: Market rebound brings ratio above long term average **which indicates that the market is overvalued.**



However, this is significantly lower than the US (194.8), Japan(195.46) and other countries' Marketcap-to-GDP ratio.

# Other Economic Indicators

- GST collections for Jan 2021 touch all-time high of Rs 1.2 lakh crore
- Power demand touches all time high of 188.45 GW
- Toll collection to grow 15% in 2021-22: Ratings agency ICRA
- Forex Reserves Hit A New Lifetime High: RBI Data.
- Indian exports grow by 5.4 per cent in Jan 21
- Projected GDP growth for 2021 is 11.5%

# Growth, growth and growth

- According to IMF data, India is going to have fastest bounce back amongst major economies

(real GDP, annual percent change)	Estimate	Projections	
	2020	2021	2022
World	-3.5	5.5	4.2
Advanced economies	-4.9	4.3	3.1
United States	-3.4	5.1	2.5
Euro area	-7.2	4.2	3.6
Japan	-5.1	3.1	2.4
United Kingdom	-10.0	4.5	5.0
Other advanced economies	-2.5	3.6	3.1
Major advanced economies (G7)	-5.9	3.8	2.8
South America	-8.1	3.6	2.6

(real GDP, annual percent change)	Estimate	Projections	
	2020	2021	2022
Emerging market and developing economies	-2.4	6.3	5.0
Emerging and Developing Asia	-1.1	8.3	5.9
China	2.3	8.1	5.6
India	-8.0	11.5	6.8
ASEAN-5	-3.7	5.2	6.0
Emerging and Developing Europe	-2.8	4.0	3.9
Latin America and the Caribbean	-7.4	4.1	2.9
Middle East and Central Asia	-3.2	3.0	4.2
Sub-Saharan Africa	-2.6	3.2	3.9

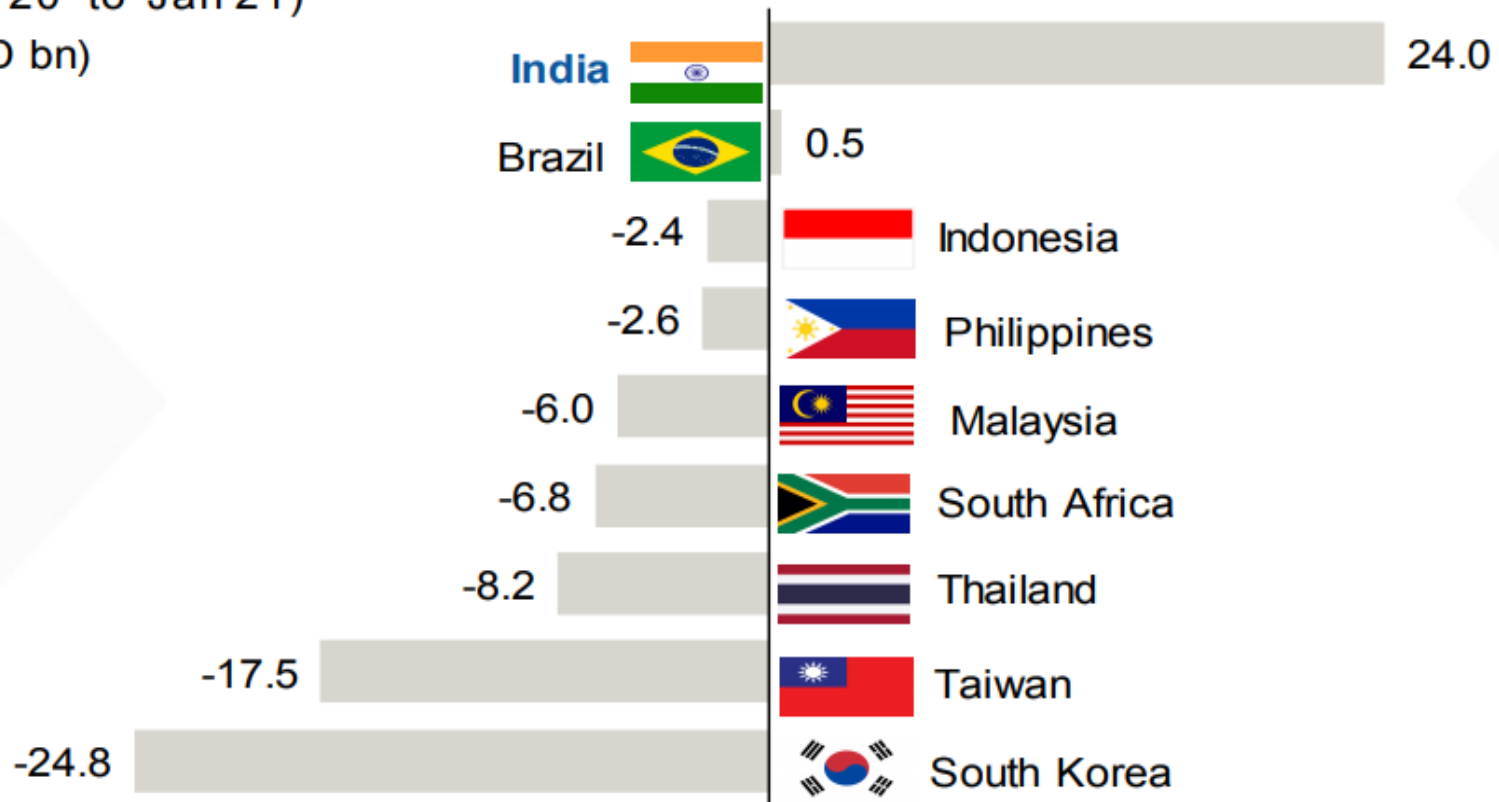
# Risk factors

- RBI stance on interest rates
  - As per RBI policy declared on 5<sup>th</sup> Feb, it is not in a mood to put a break on growth
- US Fed stance on interest rates
  - Increase in interest rates can be a **trigger for correction** in Equity markets
  - Timing of this event is difficult to predict



# Sare Jahan Se Acha Hindustan Hamara

**12 MONTHS FPI FLOW**  
(Jan'20 to Jan'21)  
(USD bn)



# Gold

- We highlighted risk of import duty being reduced in our 'Wealth Creation' presentation
- The same has played out in this budget as import duty rationalized from 12.5% to 10%. ( 7.5 % Import Duty Plus Agriculture Cess )
- If the import duty is reduced further, there will be a drop in Rupee Gold prices to that extent instantly.
- Subject to that volatility, we remain bullish Gold on a longer term basis.
- Gold has corrected in recent times for accumulation

# What do we expect?

- Emerging markets like India will continue to do well going forward.
- Three indicators to be watched for:
  - Crude Prices
  - US Central Bank
  - Indian Current Account Deficit

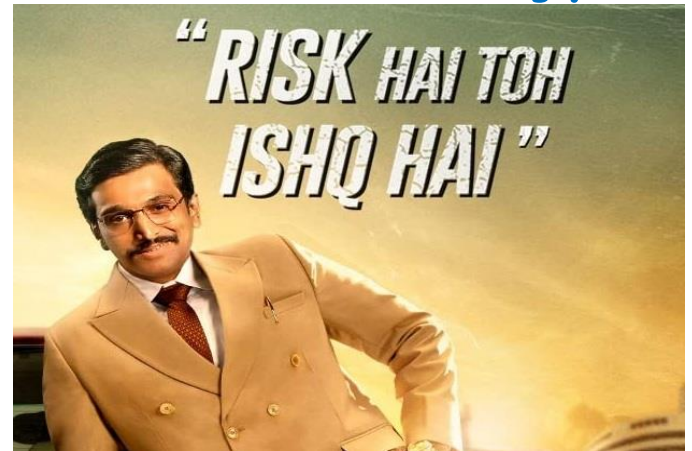
# Type of Investors

- Earlier

- Long-term investor
- Short-term investor
- Speculative investor

- These days

- Harshad Mehta type



- Warren Buffet type

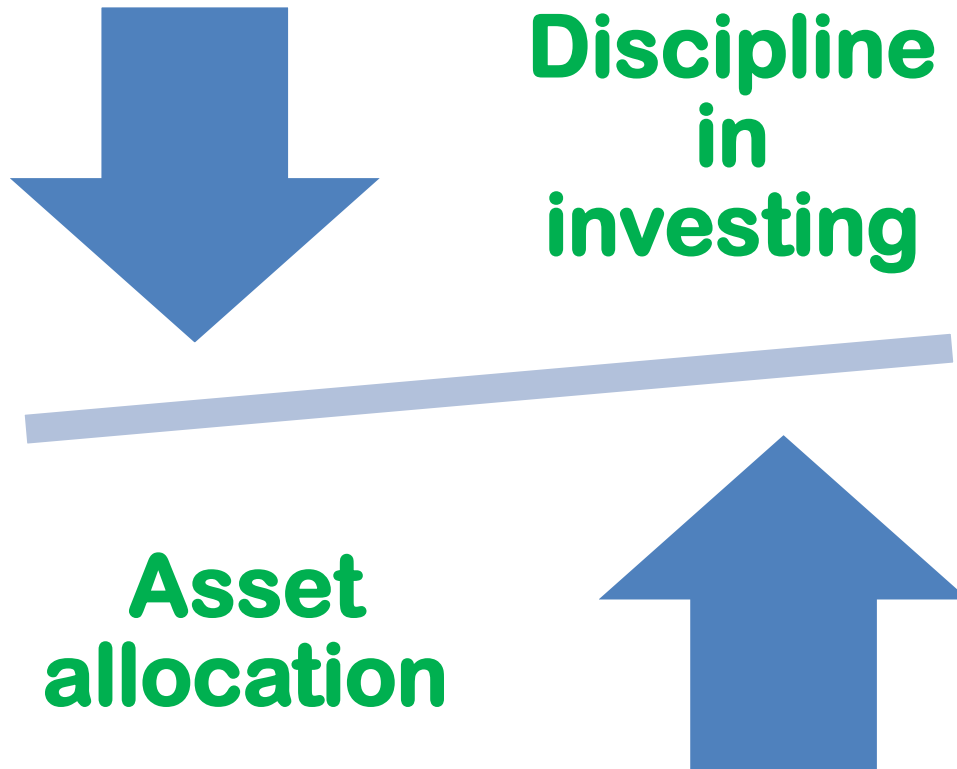


# Time to be cautious

- Maximum mistakes are committed during good times of market



# Bull phase in Equities



**Get in touch with us to know more**

## **A1 Investments**

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