

**Dear All,**

This month, Indian markets again achieved a historic high of Nifty at 10,179 on 19th September 2017. This is the second time Nifty tried to cross 10,150 level in last three months. The continuous upside in the market was mainly due to continuous flow of money into domestic MFs and investments by domestic insurance and pension funds.

On the other hand, FIIs are continuously withdrawing money since 1st August they have withdrawn around Rs. 26,000 crore till date from the equity market.



### **Way Ahead...**

So far, this withdrawal of money by FIIs fully matches the record inflow of around Rs. 20,000 crore in domestic MFs in August 2017.

However, now it seems that Nifty has made the top for the time being and is due for correction. The correction also seems very much realistic in the view of slowdown in Indian economy and lower export numbers. Besides, fall in rupee and increase in oil prices may also derail the Nifty growth story in the near term.

The high valuations of the recent IPOs also remind that the things are pegging up and in many cases the investors may not be able to make quick money in IPOs of insurance and other companies. The Nifty at P/E of 26.3x looks highly valued looking at recent fall in GDP and export data and tepid corporate earnings.

**Going forward, we expect the P/E coming down to the normalcy in the range of 22x – 24x P/E and Nifty may touch 9500 level in one month's time frame.**

Investors to be highly cautious while trading as this being the second half of the year when FIIs generally retreat and the geopolitical tensions created by North Korea are yet to settle.

So advice to investors – “Book your profits wherever you are getting and not to go overboard on acquiring high value shares and hedge your portfolios. Nifty puts may also be bought to make the quick money.”

### **What to buy at dips when Nifty falls –**

**Nifty IT and Nifty Pharma:** With the fall in rupee these companies may again gain in terms of revenue. Except for the temporary impact on profitability, the US visa regime would put limited impact on the Indian IT industry.

Digesting the jolts of earnings pressure in the previous quarter, easing pressure by the USFDA on inspections and patents and the slow progress of pharmaceutical pricing policy makes it lucrative in the near future.

**Cement and Steel:** With the completion of monsoon, the infrastructure development activities will again spree high; the thrust given by the central government on infrastructure and imminent implementation of new projects will push the demand for cement and steel.

Nothing to mention again continue to invest in mutual fund SIPs as the benefits of GST rollout would start reflecting in the economy in six months to one year time frame.

***Happy Investing and Trading to All of You....***

***Dishant Sagwaria***  
***President & CEO***



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