# From CEO Desk - Market at a Glance
# January 2018

**Dear All,**

***Wishing you all a very Happy New Year 2018!***

Indian markets have started the journey in the year 2018 on the positive note and the Nifty again touching all time high. As mentioned in our December 2017 communiqué, Nifty can touch 12,500 by December 2018.

The upside momentum in the market looks good for U.S. and all emerging markets which have opened up on the positive note in the year 2018.

**Going by the momentum, by the time Finance Minister submits his budget recommendation on 1st Feb 2018 Nifty would already in the range of 11,000 in the hope of higher infrastructure investment and better GST implementation. The speed of remaining journey of Nifty in 2018 from 11,000 to 12,500 depends upon the budget proposals and international events.**

***So What is the Way Ahead for Investors in 2018?***

**The beginning of 2018 reminds me the journey of Nifty in the year 2007, particularly Jan 2007, where Equity Indices, Crude Oil and Gold were simultaneously going up.**

Indian equity markets are being threatened by the rising crude oil prices. We understand that the rising crude oil prices up to the range of $80 per barrel can be absorbed by the Indian markets.

The government will try to balance the domestic oil prices by the way of appreciating rupee and some reduction in excise and VAT levies. This being the election year, the government would not like to increase retail fuel and oil prices from the high of prices prevailed in previous regime. The rising oil prices beyond $80 per barrel may derail the government's fiscal plan and equity market's onward journey.

The geopolitical tensions in Korean peninsula and in the Middle-East will also remain a threat to equity markets in the year 2018.

***Where to Invest at Current Juncture?***

Extending our views in the previous communiqué (Dec 2017), we still envisage Cement, Steel, Power and Infrastructure sectors to be market out-performers in the year 2018, whereas, Real Estate will remain exciting for the risk taking players. On the other hand NiftyBank, IT, Pharmaceuticals, FMCG and consumer Durables will reflect the market performance.

**Capital Goods:**

Recent announcement by Tata Steel going for the expansion of capacity by way of Rs.25,000 crores investment shows the bullishness in the segment and marks the beginning of new capex investment cycle. Besides that Vedanta group has also initiated capex along with many other industrial groups. So the companies under this segment have good chance make the investors money grow. Among PSUs, BHEL will be the best bet to take advantage of the beginning of the capex cycle.

**Oil & Gas:**

With the thrust of government on cleaner fuel, India will become more gas based economy which will be advantageous for the companies in this sector. Government is also planning to implement national gas grid and expansion of pipelines to eastern and central India. ONGC, GAIL and Petronet LNG would be the key beneficiaries of the policy move by the government. However, OMCs could remain sluggish, as the government, in an attempt to contain retail oil prices in the country may ask OMCs to share the burden taking a toll on their margins.

**So What is the Way Ahead for Traders?**

The year 2018 offers a big opportunity and risk for equity markets. Traders may pick up high beta stocks to get the greater trading leverage and momentum since the year 2018 seems to offer both risk and reward equally.

**Commodity and Currency:**

Strengthening global major economies would maintain the robust demand for and pull up the prices of base metals in the near future. Resilience of the Chinese economy, multiyear high level of US economic growth and Japanese economy would spur the industrial demand of base metals in the global markets. As mentioned in December communiqué, the appreciating rupee could touch 62 level against the US Dollar by December 2018 and would further strengthen to 60 by March 2019.

Nothing to mention again continue to invest in mutual fund SIPs as the benefits of increase in GDP would start reflecting in corporate earnings in the coming year.

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

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

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