

Equity Outlook

Markets move in cycles. We have seen it in the past, we are seeing it now and we will see it in the future. Stock market participants get carried away at the peak as if the bull market will never end and capitulate at the bottom again thinking that the bear market will never end. What one needs to do is to look at markets from the outside, from the mountain peak and understand where the market is in the cycle.

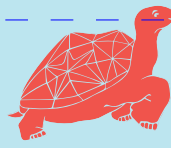
At the bottom of the markets there is sorrow, there is no respite, there are scams, there is no light visible at the end of tunnel, things look so murky that there is pessimism in the air, cut back to 2013 and such a situation emerges. Looking back at history that would have been the best time to buy stocks. Then came 2014 and Mr. Narendra Modi was elected as the Prime Minister of India. Suddenly optimism started building up. The macro too was in favour in terms of soft crude prices, twin deficit, global liquidity push etc. Lot of action was initiated by the Prime Minister, he has been carrying an economic broom in his hand to clean the economy of all the cobwebs and dust. Clearly first the intent was to get to capture data of almost every Indian in the digital form of Aadhar, second step was to open over 20 crore bank account and get the bottom of pyramid in the banking system, third step was to transfer government subsidy, now over 300 schemes, directly in the bank account of needy and thereby cut the corruption, fourth step was a bold one of demonization, fifth was to rollout GST and get the business community in the digital mode. All of these are steps to clean the economy. Currently action is being taken on the bankers to come clean on the NPA front. Next in line will be to link bank account and mobile number with Aadhar.

In a short span of less than 5 years, India will be almost digital. Each and every relevant transaction from the business community will be captured in the GST regime. Post banking account and mobile number getting linked to Aadhar – every individual transfer of money or talk or action will be tracked digitally by the government. This to our mind will be biggest reform ever done in India. The pace, step by step and the direction of government reforms are indeed credible. However growth will only be visible post resolution of the NPA issue by the bank. From a stock market perspective we are still miles away before which animal spirit gets awakened in the business community and they are willing to borrow at exorbitant rates and get in the expansion mode (we had seen this in 2004-2007 period), once we see that happening will be the time to be worried as the best of expectations would have been build in the prices.

So in our assessment we are coming out of the bottom of the earning cycle. Takeover of stress assets are happening, its time for consolidation, but an investment time for long term investors. Again in terms of market cycles we would compare this period with the one in late 2003 and early 2004 – a period of cautious optimism. We would continue to do our good work of taking care of your money by investing in businesses we believe have growth potential.

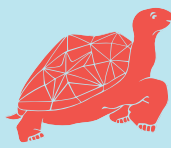
HAPPY INVESTING !!!

Bimal Choksi
Portfolio Manager
Scheme- Money Multiplier
A C Choksi Share Brokers Pvt. Ltd.

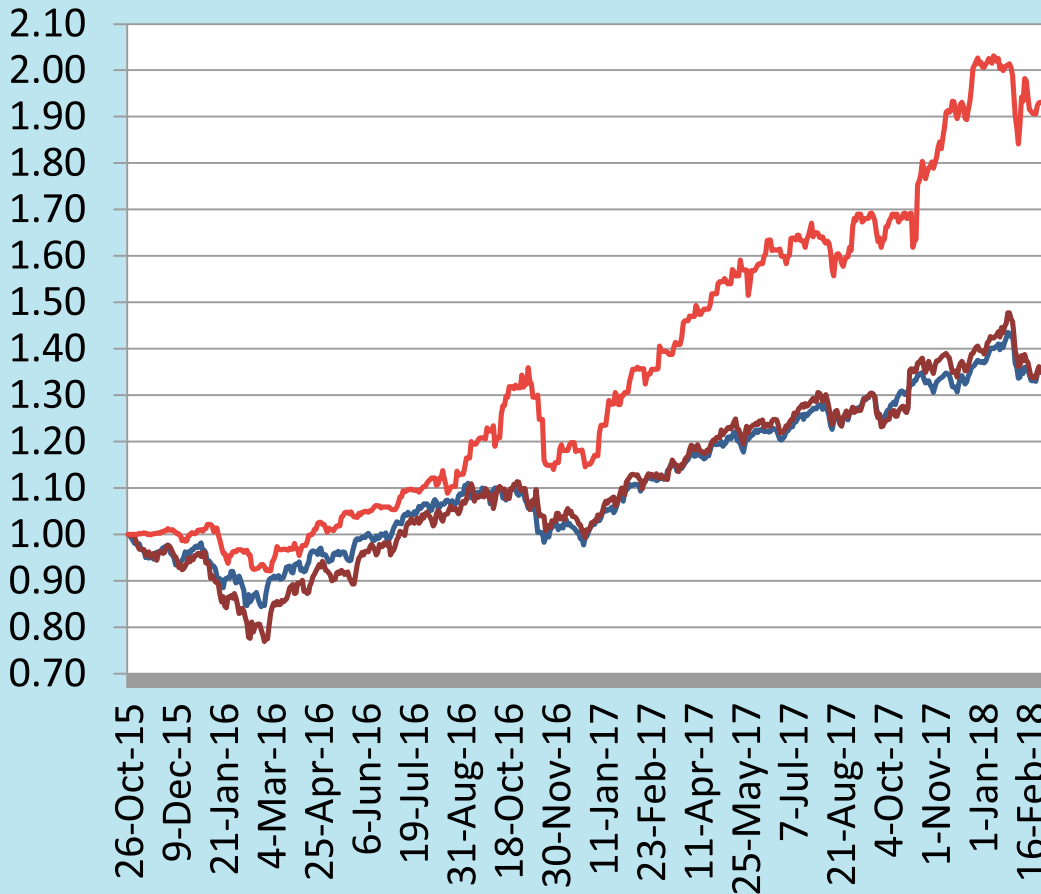


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- BSE -500`
- HDFC Equity fund
- A C Choksi PMS

Returns

BSE - 500 - 35%

HDFC Eq Fund- 35%

AC Choksi PMS-93%

* as on 28.02.2018.

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