



Equity Outlook

Equity is currently going through a consolidation phase. The key event which will have an impact in the near term is that of Winter session of the parliament and the possibility of rate hike by the FED. Market carries an apprehension that the rate hike in US will see shift in money flow from emerging markets and back to US. We feel that the fears are unwarranted.

The long term average interest rate differential between US and India has been at 4.1%, in the last few years we had seen US rate going down and the Indian interest rate going North-wards. This movement of interest rates took the gap between Indian and US interest rates to a high of 8%+, we are now seeing the gap getting bridged. The key thing to understand is that INR depreciates by the gap of interest differential. In future if we are seeing the gap getting narrow, we will see INR depreciate at a slower pace, lower INR depreciation is a welcome from the eyes of overseas investors like FIIs, NRIs, FPIs etc. If US raises interest rates, we will witness a knee jerk reaction but this will act as long term benefit for the overseas investors.

In next year we will see US recovering and China & Europe slowing. Growth-wise better days of US will be set off by slowing China. The liquidity to world market will be provided by European Commercial Bank (ECB) and Bank of Japan (BOJ) Again India will stand out as an exception to the global mayhem.

Swiftly and silently Indian Auto Ancillary will do well over the next few years. The optimism emerges from the three legs of revival of domestic Auto demand, replacement demand and exports. Indian Auto Industry is gearing up for higher exports. The industry is engaged more in automation and hence requires semi-skilled labour. Most of global OEM now have their base in India and are expanding capacities for global demand. We believe a suitable auto ancillary stock with successful track record, parent support and honorable track record could emerge as a significant market outperformer.

An icing on the cake for markets could be successful passage of GST in the current winter session. GST could provide a necessary spark to the otherwise cold market this winter.

Happy Investing !!!

Bimal Choksi
Portfolio Manager
A C Choksi Share Brokers Pvt. Ltd.

Disclaimer:

This report is for personal information of the authorized recipient and does not constitute to be any investment, legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and A C Choksi Share Brokers Private Limited and its Associate or Group Company is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your information and should not be reproduced or redistributed to any other person in any form.

The information and views presented in this report are prepared by A C Choksi Share Brokers Private Limited. The information contained herein is based on study of available charts, statistical data and their interpretation of the same, our analysis and upon sources that we consider reliable. Accordingly the views and opinions expressed in the report may or may not match or may be contrary at the times with views, estimates, ratings, target price etc. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. The investments discussed or recommended in this report may not be suitable for all investors. Investors must make their own investment decisions based on their specific investment objectives and financial position and using such independent advice, as they believe necessary. While acting upon any information or analysis mentioned in this report, investors may please note that neither A C Choksi Share Brokers Private Limited nor any person connected with any associated companies of A C Choksi Share Brokers Private Limited accepts any liability arising from the utilization of information and views mentioned in the report. The research analyst(s) who prepared this research report hereby certifies that the views expressed in this research report accurately reflects the research analyst's personal views about all of the subject issuers and/or securities, that the analyst have no known conflict of interest and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific views or recommendations contained in this research report. The Research Analyst certifies that he /she or his / her family members does not own the stock(s) covered in this research report.

Caution:

Risk of loss in trading can be substantial. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.