



### Equity Outlook

Ahoy!!!!Much ado about nothing !!

Stock market is a funny place. The voice has always and unfortunately will always have a decibel loud enough to subside the voice. We witnessed one such event in recent days. The BREXIT – the noise was so loud that all were wondering the outcome – will leave, will stay, what if, who else, when now, still how long – blah, blah, blah... In all this noise we miss the big and important picture.

I will take rounded numbers intentionally to make thing simple. Life is simple, we make it and then love it when it becomes complicated.

GLARING STATISTICS	India	UK
Population in crs	130	6.5
GDP in US \$ trillions	2	2.8
Per Capita GDP (in \$)	1,538	43,077

- In India 10% account for 90% of wealth
- Corollary 90% population account for 10% of wealth

Indian Population in crs (90%)	117
Indian GDP in US \$ trillions (10%)	0.2
Per Capita GDP (in \$)	171

### No of times av UK person v/s 90% of Indian population is 252

Coming to few data points, India has a population of approx 130 crore, while UK has a population of lets says 6.5 crore people, so rounding off lets say India has 20 times population of US. India has a GDP of US \$ 2 trillion while GDP of UK is say at US 2.8 trillion. This means UK 1.4 is times in terms of GDP but has 1/20th of India’s population so on a per-capita basis, UK is (1.4 (GDP) X 20 (Population)) 28 times bigger than India.

A glaring truth remains that in India lets say top 10% of people account for 90% of country’s wealth. Let me tell you that you the reader form a part of this segment of 10%. This means 90% of India accounts for mere 10% of country’s wealth.

It means an average UK citizen is richer than 90% of India’s population i.e. 113 crore by 250 times. Now what does this difference of 250 times mean. It means one person has a monthly income of Rs 5 lakh (UK Citizen) and other has a monthly income of Rs 2000 (90% of India’s population). Does anything in life of a person having monthly income of Rs 5 lakh matter to a person earning Rs 2000 a month, No, plain simple No, they both do not exist for each other, their lifestyle is different, they are indifferent to each other, in fact they would act like apes from different planets. Then why make a big hue and cry on BREXIT – its like a noise to be deeply buried.

What matters will be change in the standard of living of 90% of Indians. More demand for Mobile Phones, more demand for 2- wheelers, more people traveling by airplanes, more number of Insurance policies getting sold – these are the data points which help gauge the health of the economy. The oldest and perhaps the most important point which helps to make money in stock markets is the underlying profits of the companies, ones in the portfolio. It is such factors that will drive profits of companies and consequently the stock prices. Bury the noise, hear the voice and thus focus on wealth creation in stock markets through the correct channel.



Happy Investing !!

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