

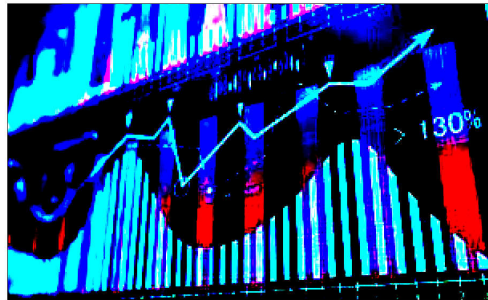
Take cues from global events while investing

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The weak Indian rupee continued to drag the Indian equity market lower with the Nifty 50 index losing 1.4% in the last nine trading sessions till September 14, 2018. Nifty corrected from the peak of 11,760 that it made in end of August 2018 to 11,270 in just about 15 days on the back of weak macros. The rupee touched its all-time low of 72.92 against the US dollar, losing almost 10% in the last one month. The weakness in the rupee, rising oil prices and global tensions escalating between US and the China don't augur well for India.

While macro continues to remain weak for our economy with rise in oil price and weakening rupee, micro provides some sense of stability with better earnings, lower inflation and higher GDP and IP growth rate.

Statements from the finance minister and Reserve Bank of India (RBI) that



there is no need to any panic on the falling rupee and India is well poised for higher growth than projected and that the government would not cut any capital expenditure to curtail any current account deficit may soothe nerves and give some comfort to the market. However, all eyes will continue to remain on the global markets.

Impact from global events
The escalating trade war tension between US and China

continue to unnerve the world market. The sharp rise in crude prices over last few days has also been on the back of hurricane in US, which could disrupt the oil supply in the short term, but in our sense, this could get back to normalcy once the flood situation eases in US. More important will be the supply impact of oil, following Iran sanctions.

Our market has been on a roller coaster ride after touching a high of 11,760 in

August 2018. Although our micro remains strong with positive economy indicators and news and better corporate earnings, macro news and rising oil prices continue to dent our markets. Nifty may trade in a range for the rest of September 2018. One may see sector specific activity during the month. One may see profit booking in IT and money would flow into pharma stocks. We believe that pharma would outperform the overall market along with two-wheeler and cement. Nothing much has changed fundamentally into metals given the global trade war situations, but the price pattern in few of the metal names is very encouraging and one may see some sharp rally in few metals name. Market will take the trend from the rupee and global oil price movement until result season kicks in October 2018.

The writer is head, privilege client group, Reliance Securities