

## Your Masters Voice...

This week was another reply of Budget story. Pre Budget Nifty fell by 1170 points to recover in 28 hours post budget. This week we saw a technical snag in NSE on Wed at 11.40 am and exchange was shut. Though the primary reason was technical snag and Fin-min even called report on the same we made some observations which were very interesting.

Now days, it is permitted to swap your intraday positions in any exchange as per regulations. Eg, if you are long in TATA Steel in NSE, you can sell either in NSE or for that matter, even in BSE. Now when NSE was shut from 11.40 am, there was complete chaos as no notification was coming forth, except that efforts are being made and trading will resume as soon as possible. But nothing was heard till 1.30 to 2.00 pm. Many BSE brokers started panicking and (may be auto squared off) positions of traders. This resulted in IOC, TATACONSUMER, Tata Steel hitting lower circuits. SBI rose to 420, TCS hit low of 2701 West-life from 522 to 389 and INDIGO hit upper circuit. There may be many stocks, though we noticed what we mentioned.

Now consider this. Nifty had been correcting for past 5 days from 15350 levels to a low of 14650 and trading around 14820 when it was frozen for almost 30 to 40 minutes and then entire exchange was shut down at 11.40 am. After compulsory squaring off in BSE till 3.30 pm with very short notice of say less than 15 minutes announcement came that Nifty will start at 3.30 pm for pre market and 3.45 pm for normal trading.

The game started after normal trading resumed. Square offs were already done in BSE before 3.30 pm. Nifty made a high of 15524 from 14820 a historic rise of 704 points which made replica of budget day.

All this happened one day before expiry. What a coincidence...? There was killing across the board in 75 minutes trading and market recovered all lost grounds.

NSE BSE were helpless and nothing will come out of investigation also but it was well thought pre-planned action by some strong hands who have taken full advantage of WOH 75 minutes reminding us of WOH 70 minutes of CHAK DE INDIA..... yes we had CHAK DE INDIA this week.

Indian P M spoke on divestment and said 100 new cos will be on divestment list to raise 2.5 trillion Rs. That sparked rally in PSU. we had been telling this for long that PSU will be theme of India.

Our observation is that hedge fund will witness their first annual net inflow since 2017 in this year. The industry globally is set to attract up to **\$30 billion** from investors after net withdrawals of that amount in the prior 12 months. The most popular strategies are sector-specific equity managers, market-neutral stock-pickers and discretionary macro funds. Generalist equity funds are least in favour. Interesting trend, we are also witnessing in India MF as well, redemption everywhere but thematic funds are witnessing inflows. This is over and above 50 BN USD inflow still pending out of QE.

Now we believe that private banks will rise faster than PSU banks. Off late, lot of money had shifted from pvt banks to psu banks. Why? When we know you can get better value why did BOB did QIP at Rs 81..?

GOVT announced to sell 4 PSB. Is it possible without taking parliamentary nod? As per RBI ACT promoters cannot hold more than 15 pc stake in pvt banks? It means govt will have to first change promoter holding in pvt banks from 15 pc to 51 pc ... else how will they sell 4 PSB ? Is it possible that promoters who buy from Govt will enjoy 51 pc and others at 15% ..? Matter will go to Supreme Court then.

Therefore logically RBI will have to change the limits of all promoters in private bank and if this happens all pvt banks will double ... bank nifty will cross 60000 to 70000. Therefore, even though PSB are on a good run, pvt banks will have 100 pc upside. GOVT also allowed pvt banks to do biz with govt at par with psu. Psu privatisation process will take some time and BPCL will happen first.

Another important reform process initiated is to open the bond market. Narendra Modi is trying hard to include India in Morgan bond global index and if it happens, then another **25 to 30 bn usd inflow** will come in the debt market. And this is not possible without opening up and broad based reforms in

bond market. This too will help large pvt banks and their profitability will scale up in a big way as globally major income of banks come from bond market.

Out of the QE portion we have seen inflow of 40 BN USD out of 90 BN USD expected hence another **50 bn usd** inflow will come. Thus we expect aggregate of **110 BN USD** is still pending to enter.

Bharti reported the MSCI deal on Friday at Rs 555 560 levels even though major accumulation was done at Rs 600 plus and how they manage books is big question mark...? Because the day that is 9th FEB the MSCI re balancing was announced BHARTI never touched Rs 555 then how the deal is reported at loss...? This happens in INDIA. But to my mind Bharti is clear buy for 3 reasons.... 5G, further dilution for fund raising and rising ARPU. On 19th March they will allot 3.64 Crs more shares to Lion Meadow Investment on preference basis. May be they want to issue shares at lower price. This is in order to execute its deal for buying additional 20% stake in its DTH arm Bharti Telemedia.

TATA MOTORS has held JLR analysts meet on FRIDAY which in our opinion has to be positive.

Stocks like TATA COFFEE has shined even the falling market. Many B grade stocks started out performing like MMTC Himadri etc. This is area where action can happen.

Friday market opened week after DOW fell and there was havoc in the bond market. But to our mind this was the first day first show and there was no pain in the market. There was also no call writing which clearly suggest that there was more of fear and markets will bounce heavily. Entire fall was assigned to banking and FIN stocks mostly e g KOTAK Bank AXIS Bank Bajaj Finserv Bajaj Finance HDFC and ICICI Bank. These were top 6 losers out of 10 rest were MNM and ONGC Ultratech and power grid. This again shows that fall was misleading. One must go long with stop loss of 14200 (worst case scenario ) for target 15700 in March.

TEAM CNI.....