Current Market Scenario & Way Forward

Scenario	2013	2014	2015-2016*
GDP	4.80%	5.50%	6.5-7%*
CAD	4.8	4.1	3.5*
Commodities Prices			
Brent Oil	112-120$	88-95$	85-90$*
Gold	1500$	1230$	1050$ - 1200$*
Dollar	63-67	60-62	58-60*
Core Inflation	11.70%	7.70%	6%*
G- Sec	8.97%	8.48%	7.50%-7.80%*
International Scenario	Good & Stable	Stable & Weak	Weak*
(U.S , Europe & Rest of World)			
Liquidity	Tight	Stable	Stable*
Commodities (steel & Others)	Stable	Weak*	Weak*
Political Scenario & Sentiment	Poor	Stable	Stable*
Corporate Growth			
Capacity Utilization	30-50%	50-75%	75-100%*
Credit Off take	12-13%	15-20%	20-25%*
Earnings	12-15%	15-20%	20-25%*

Note: * Estimate only, subject to change

The key indicators which are Oil , Gold Import & Dollar are heading lower since Sept .2013 and the most important indicator i.e Inflation has also started trending down, which will force RBI to start rate cut and boost the three key sectors : Infrastructure, banking and capital goods and that's why India is well poised to achieve higher levels in stock markets in coming years.

Action plan:

Debt Funds : we should move out from short funds (6 months to 1year)to Income Funds (1year-2years). This shift is necessary due to interest rate is at the peak of cycle and will trend downwards. The major beneficiary of the rate cut will be income funds (note : investment horizon is 1-2 years)

Equity Funds: If we want to benefit out of changes in demography , demand and development in next 3-5years .One should consider investing in Infrastructure , banking, capital goods and consumption stocks. All these sectors are dark horses available at reasonable to cheap valuations.

Also, well diversified portfolio with a mix of large & mid cap stocks and the funds which are focusing into industrial space, auto ,banking and consumption stocks will do very well and Defensive sectors like FMCG, Pharma, Telecom, Utilities & I.T will relatively underperform.

!!!!Happy Investing !!!!!