



#### INDIAN STOCK MARKET JOURNAL

Special Edition | April 2020

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We welcome your comments and suggestions for our future editions to make it more helpful month after month.

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### FROM THE CEO'S DESK



Dear Readers,

The business scenario is going indeed from a not so smooth time. The only thing that is making the market and the people to ride on a roller coaster is Coronavirus. Investors and share market are looking at BSE and NSE that on which direction it will go because of this.

In this edition of ISMJ, we are talking about the impact of Coronavirus and what are the measures the government have taken to ease the situation as much as possible. The edition also comes up with intriguing articles that will make you ponder over the changing business trends. The issue also comes up with a thorough knowledge of investing in gold.

Also, we bring to you some major points on why it is necessary to secure your retirement before 30. Along with this we have brought here the market prediction, how Nifty and Bank nifty will move in the month of April. Hope you learn and grow.

We would like to thank you for appreciating our previous editions with your kind words. We would love to have your continuous feedback so that we improve on our work. Please feel free to write to us at support@equitypandit.com.

Happy investing!

Abushek Jarokh

Abhishek Parakh

CEO & Director
EquityPandit Financial Services (P) Limited

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India has just started to catch the Corona fever and the markets have topped out much earlier in January 2020. The day honourable Prime Minister – Modi announced the 21 days lockdown on 24th March evening, the very next day on 25th March Nifty closed up 497 points – 6.37% higher locked biggest gain in 11 years! Followed by another 4.10% gain on 26th March 2020. This has resulted into an up move of more than 1100 points on the index from the lows of 7511 made on 24th March 2020 starting the day complete India lockdown was announced.



The Nifty and broader market has collapsed in March. Prices formed a strong bearish monthly candle having a high near 11433 and low at 7511.

In March, Nifty collapsed by 3922 points. This is a huge fall of more than 34% and the biggest decline in terms of price point Nifty has historically seen. It clearly indicates that the bigger cycles have turned negative that resulted in such sharp declines.

We are facing an unprecedented challenge as humanity and the existence the way we know it. Given the current pandemic of Coronavirus human survival instincts are challenged. Case in point is we do acknowledge the gravity of the situation but these are not the times to blame nature or anything else for the financial meltdown but to see what best can be made out of it.

## **Nifty**



On the daily chart below, we can see a formation of Elliott 3rd wave in progress. The index will gain strength on any close above the 9,131 level. In that scenario, we expect the rally to extend towards the 9,630 which is 161%



of retracement of 1st and 2nd wave and 9900 respectively which can be considered conservative target on the upside for wave c.

A fresh short position can be initiated once Nifty breaks 8900 level on the downside. The initial target on the downside will be at 8,650.



## **Bank Nifty**





The Bank Nifty ended the truncated week on a strong note up by more than 15% on the back of strong global cues. The up move was mostly lead by the private banking stocks as the Nifty private bank index closed higher by 17% on weekly basis. Bank Nifty ended the week at 19913, up by 2664 points or 15.5%. The index has started to form higher highs and lower lows on a daily basis which indicating some stability in the market. Important support can be seen at the 18480 level. From the wave perspective overall Currently wave c is in progress which is forming a double bottom pattern. Also, there is a tendency for wave c to move above the end of wave A hence Wave c will be confirmed once we see a break above 21463.

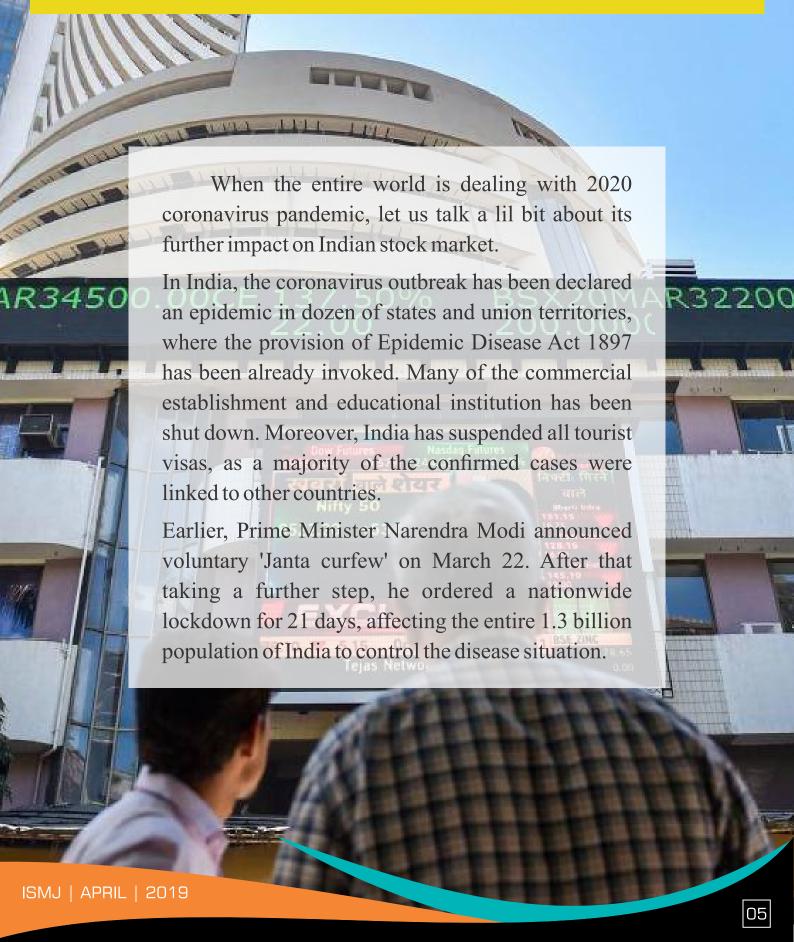
On daily chart since last 2 session index price are moving above 61.8% retracement of wave a. wave c can go towards 21462 (100% of wave a), 24131 (towards 161%) only if close above 20325.

Bank nifty can move towards 21462 followed by 24131 (161%) as long as 18480holds on the downside. The index is at a crucial juncture now and on the other side, a fresh short position can take below 18480 followed by 17920 and 17075 respectively.

During this market, evaluating sector with individual structure is utmost important. Traders are advised to follow the 'buying on dips strategy' and should book timely profits on a regular basis.











## **Impact of 21-Days Lockdown**

The 21 days lockdown has impacted defiantly better on health of people than on the commercial establishment, education, economy, entertainment, events, historical buildings, religions, sports, transportation such as flights, railways, and road.

Let's have a look at the impact on the economy, why coronavirus will lockdown Indian Stock Market Indefinitely

The Indian stock market posts the worst losses in history on March 23, 2020. Sensex fell 4,000 points (13.15 per cent) and NSE Nifty fell 1150 points (12.98 per cent). Meanwhile, Sensex posted its biggest gains in 11 years on March 25, adding the value of Rs 4.7 lakh crore (US \$66 billion) crore for investors.



## **Estimate of Economic Loses**



The cost of the 21-day shutdown, as well as the previous two shorter ones, will be around Rs 8.5 lakh crore (US\$120 billion).

## -Barclays

(British multinational investment bank and financial services company headquartered in London).



Moody's Investors Service downgraded its estimate of India's GDP growth from 5.3 per cent to 2-5 per cent in 2020.

Confederation of Indian Industry (CII) has sought an economic fiscal stimulus package of 1 per cent of India's GDP amounting to Rs 2 lakh crore (the US \$28 billion). The fiscal package and fiscal policies approach are being compared to what has happened in other countries such as Germany, Brazil and Japan.

The government can spend a huge amount of fund to fight against the impact of coronavirus that is Rs 1.3 lakh crore (the US \$18 billion), said by Jefferies Group.

Bloomberg's economists said that at least Rs 2.15 lakh crore (the US \$30 billion) needs to be spent. As per the estimation, the loss to the tourism industry will be Rs 15,000 crore (the US \$2.1 billion).

In March and April alone CII, ASSOCHAM and FAITH estimate that a huge chunk of the workforce involved with tourism in the country faces unemployment.





Due to coronavirus lockdown, the trading hours has reduced to 8 hours by Multi Commodity Exchange (MCX) and the Indian Commodity Exchange (ICEX), the new timings will last till April 14. The timing of the commodity market is done from 9 am to 11 pm. The pre-open session meant for cancellation of orders with good till cancel (GTC) or good till date (GTD) validity will start 15 minutes before the trading time. There would be no evening trading session available on April 2, 2020, April 6, 2020, and April 14, 2020. Further, there will be no change in the staggered delivery tender period for any commodity, it added.

When WHO declared COVID-19 a pandemic, the financial markets, as well as other asset categories such as real estate, commodities, crude oil, and bullion, it is the rare, completely unexpected, Black Swan event, whose impact may be deeper and longer than what was estimated a few weeks ago. As more Western nations, and others like India, declare economic shutdowns and travel restrictions, the worst may still be in the future. The short-term disruptions are likely to be severe. The financial market as well as other asset categories like real estate, commodities, crude oil, and bullion, it is the rare, completely unexpected when WHO declared COVID-19 a pandemic.

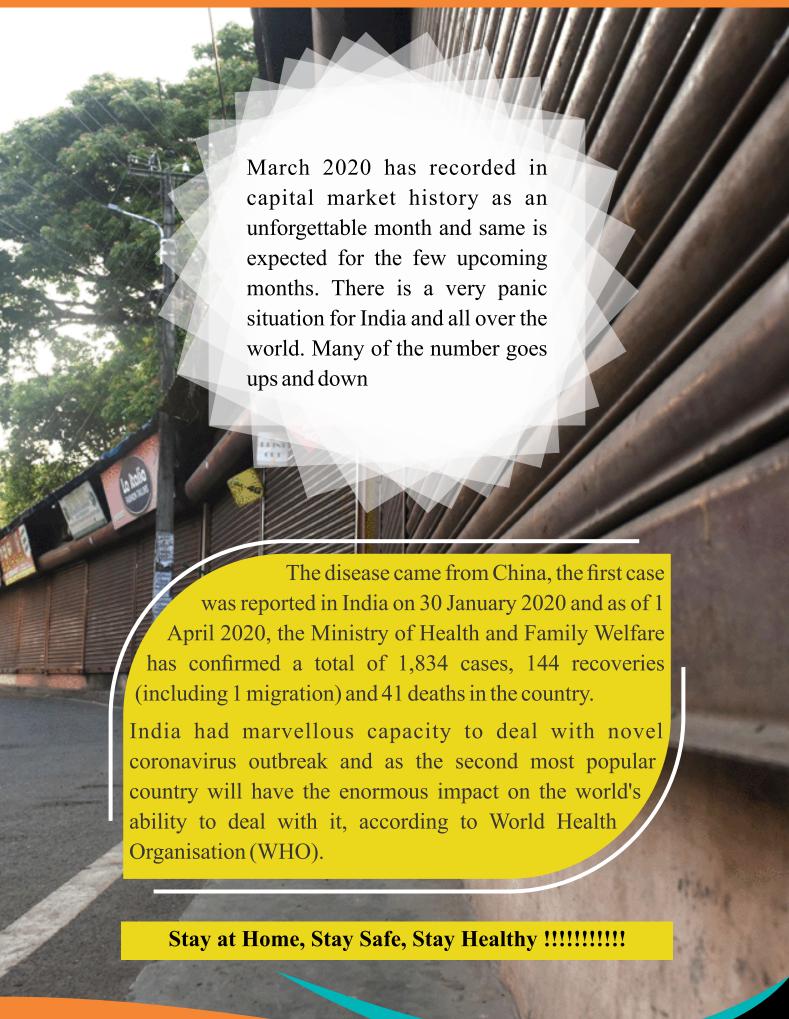


# India Lockdown Play Out for Economy & Markets

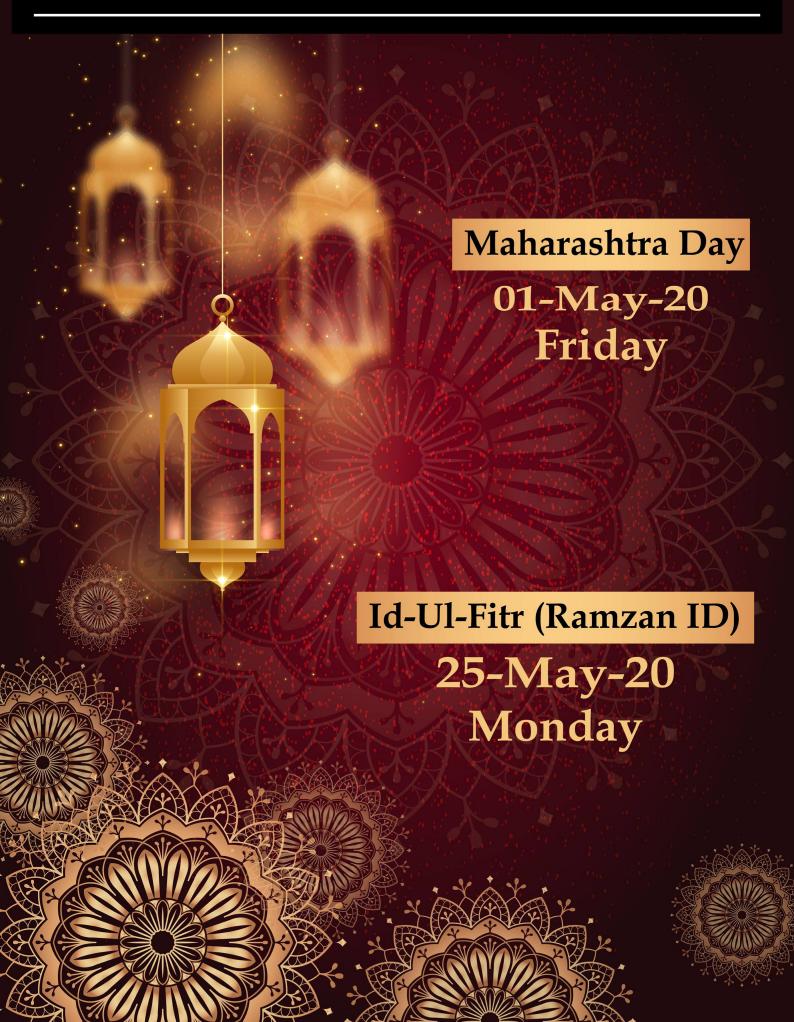


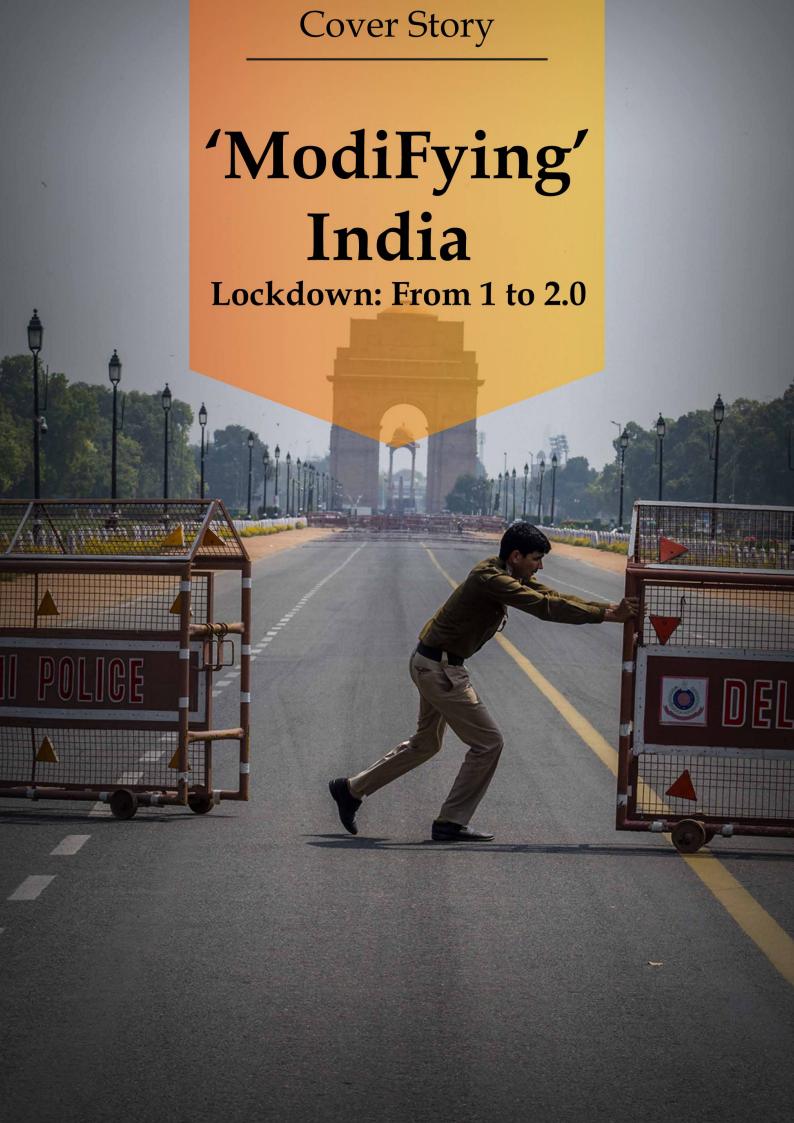
In January the coronavirus was spreading in China at a rapid pace. Some sector like autos and pharmaceuticals were impacted severely due to the shortage of imported components. Many of the host companies from India Cements to heavy engineering (BHEL) and automakers (Maruti Suzuki, M&M and Hero MotoCorp to ancillaries (Amtek Auto) Castrol India), have announced temporary shutdowns. On the other hand, some Fast Moving Consumer Goods (FMCG) firms named Hindustan Unilever, ITC and Dabur India also shut their manufacturing facilities, except for plants producing essentials, after the government announced partial lockdowns in some areas of the country.

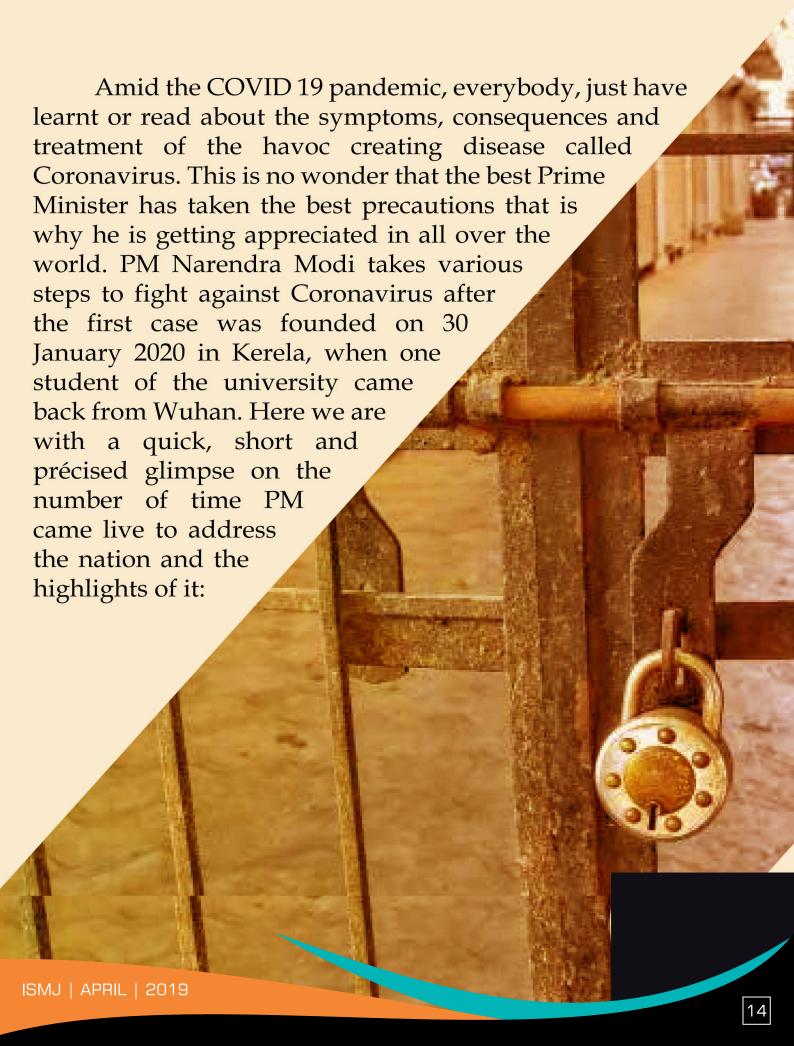
According to the data showed the worst virus hit states account for Rs 130 lakh crore in term of nominal GDP or nearly 64 per cent of national GDP. The largest number of cases is from Maharashtra for 14 per cent of national GDP.

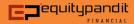


# UPCOMING TRADING HOLIDAYS











#### 19 March 2020

# Nine Days of Navratri with Nine Requests

On 19th March 8 pm, PM Modi addressed the Nation about one day 'Janta Curfew' which was held on 22nd March. Also made nine requests to fight against COVID-19, those were:

- Every Indian should remain alert and aware. Don't take a step out unless necessary need.
- The 60-65 years old person should stay inside their homes.
- Follow Janta Curfew from 7 am to 9 pm on March 22.
- •On March 22 at 5 pm for five minutes, thanks to the supportive service provider by clapping.
- Avoid going to hospitals for routine check-ups. Postpone elective surgeries.
- Ask the Finance Minister to take all necessary action under the Economic Response Task Force.
- Appeal business, high-income groups to not cut salaries of their employees.
- Citizens should not indulge in hoarding, panic buying.
- Don't believe rumours or unverified news.





On 24 March the Government of India ordered a nationwide lockdown of 21 days for all 1.3 billion people in the country to stay inside their homes, the biggest and most severe action undertaken anywhere to stop the spread of the Coronavirus.

'There will be a total ban of coming out of your homes,' Prime Minister, Narendra Modi, announced on television on 24th March night, giving Indians less than four hours' notice before the order took effect at 12:01 a.m. 'Every state, every district, every lane, every village will be under lockdown,' PM Modi said.



Cover Story

# 5th April 2020



#### **Lighting the Lamps of Hope**

While maintaining social distancing, people have been asked by PM to come out with lamps, torches, candles or even use mobile phone's flashlights for 9 minutes at 9 pm on April 5 to mark our fight against COVID-19. PM Modi has also urged people to remain indoors and not form groups.

#### PM Modi said in his video message:

Social distancing should not be breached under any circumstances. Also, never cross the line of social distancing and Let us defeat corona together and make India win. We are at home during the lockdown, but we are not alone as the collective strength of the entire country is with each one of us. On 5 April at 9 pm, switch off all lights, stand at balcony or gate with a candle, torch or mobile phone's flashlight, need to challenge the darkness of Coronavirus. He also thanked people for respecting the corona lockdown.





#### 14th April 2020

#### Lockdown 2.0: Extended Till 3rd May

Prime Minister Narendra Modi has extended the nationwide lockdown till May 3 announced on 14th April. In some areas which are outside of COVID-19 hotspots, some conditional relaxations to resume important activities could be given after April 20. Some state governments like Punjab, Odisha, Telangana and Tamil Nadu have already extended the lockdown on their own.

#### Some key points, how PM Modi addresses the nation:

- Those running businesses should be sensitive to the needs of their workers. Do not retrench people.
- The government will come out with extensive guidelines on 15th April.
- Download Aarogya Setu mobile app.
- Take special care of elders, senior citizens in the house.
- Areas outside of hotspot areas might get some relief during the lockdown.
- Relief Up to Certain Extend After April 20 Amid Lockdown 2.0.

PM Narendra Modi led government has made new additions to the list of activities that will be allowed amid lockdown 2.0 in parts of the country that are least affected by the coronavirus. The Ministry of Home Affairs has issued an order to include the following in the consolidated revised guidelines during the lockdown.

According to the notification below is a list of certain sectors, that what is permitted and what isn't in select areas across the country as shared by the government:



#### Cover Story

#### **Financial Services**

- RBI and other RBI regulated financial markets and entities
- Banks, ATM and IT vendors for banking operations
- SEBI and capital and debt market services
- IRDAI and insurance companies

#### **Commercial Services**

- Print and electronic media
- IT services with up to 50 per cent capacity
- Data and call centres for government activities
- CSCs at panchayat level
- E-commerce companies, e-commerce functions for non-essential items such as mobile phone, laptops, refrigerators, etc.

#### **Courier Services**

- Cold storage and warehousing
- Private security and facilities management services; hotels, homestays, etc.
- Establishment for quarantine facilities
- Self-employed services like electricians, plumbers, carpenters, etc.

#### **Movement of People**

- Private vehicles for medical emergency services and essential commodities
- In case of a four-wheeler, one passenger in the back seat beside the driver is permitted
- For two-wheelers, only one driver is permitted
- All personnel travelling to their workplace as exempted by State/UT/Local authority

#### **Social Services**

- Home for children, juveniles, divyang (handicapped), elderly etc. will be allowed to function. This includes observation homes and aftercare homes
- Disbursement of social security pensions and provident fund by EPFO
- Operation of Anganwadis



#### Cover Story

#### **Healthcare Services**

#### Hospitals and nursing homes

- Telemedicine facilities
- Medical shops and dispensaries
- Medical research, COVID-19 related labs and collection centres
- Authorized private establishments
- Veterinary hospitals, dispensaries and clinics, sale and supply of vaccine and medicines
- Manufacturing units, medical devices and construction of health infrastructure
- Movement of all medical personnel, scientists, nurses, paramedical staff, lab technicians

#### **Additional Services**

- Collection, harvesting and processing of minor forest produce, non-timber forest produce by ST and forest dwellers
- Bamboo, coconut, areca nut, cocoa, spices plantations and their harvesting sale and marketing
- NBFCs including Housing Finance and Micro Finance Companies with bare minimum staff, cooperative credit societies
- Construction activities in rural areas to include water supply and sanitation, power, telecom and cable lines

#### The Continuous Shutdown

Here is the list of the areas that will be continuously shut:

- Domestic and international air travel
- Passenger trains, buses, metro, taxis
- Interstate transport except for security and medical purposes
- Industrial and commercial activities
- Hospitality services
- Educational, training and coaching institutions
- Cinema halls, malls, gyms, bards, pools, entertainment parks, assembly halls, etc.
- All social, political, sports, complexes, religious places and other gatherings



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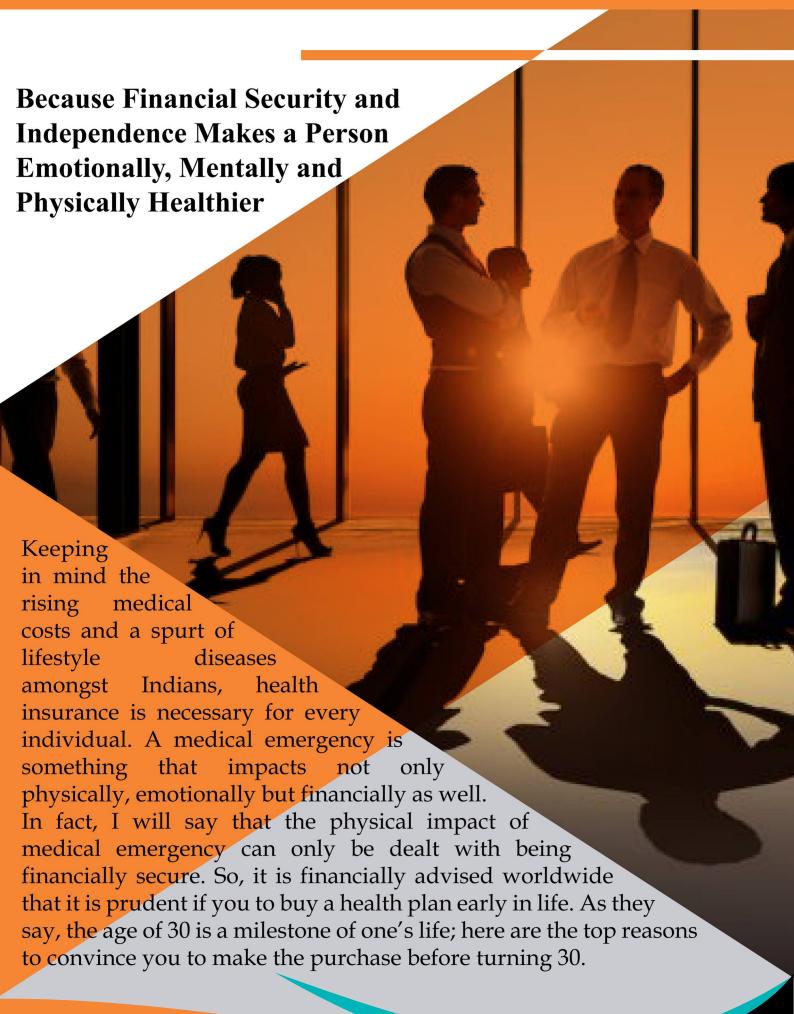
















#### **▲** The Early, the Best:

Buying a premium as early as possible is the best thing which results in a good deal along with the lowest possible premium. For example, a plan with Rs 5 lakh coverage will cost nearly 8,000 at the age of 45, Rs 6,000 at the age of 35 and Rs 5,000 at the age of 25.

# ▲ Because Every Company Doesn't Have Employee Cover, and Even If It Is, It's Just Not Sufficient:

The need of health insurance cannot be overstated if we talk about an exponential increase in health costs. For being sure on it you can look at the cost of a week's hospitalisation for any regular illness and compare it with the coverage your company gives on it. Now think about the time when you'll get older and might need more frequent medical attention.



## ▲ The Lifestyle These Days Comes With an Increase in the Incidence of Illness:

The lifestyle of today's youth carry comes with heart, cancer, lungs, stroke issues. You have to agree that you don't need to be 60 to get caught with these diseases. The fact is the unhealthy lifestyle we are going with, results in early age diseases.

#### ▲ Free Annual Health Checkup:

The best insurance policies come with annual health checkups, screenings, vaccination as well as counselling. These benefits cut your expenditure on regular checkups.

#### ▲ Health Insurance is More Than Just Hospitalization:

The best plan covers your daycare procedure, not only serious hospitalization. Amazingly, vector-borne diseases are also covered by it. And the most benefitting thing is the plans include maternity benefits too, which is important at this stage of your life. Additionally, your newborn will also be covered from the moment is/she is born...an additional premium.

Well, all the specifically depends upon your level of cover. But a health policy gives you many additional benefits other than your doctor and hospital charges, such as Ayurveda, Homeopathy, Physiotherapy, dental, optical, dietary advice and what not. Also, the best policy comes with a bigger cover for the extended family, which can be customized by your insurers.

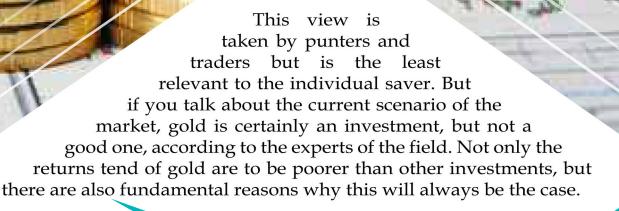
A successful person is always the one who is well planned for his future, health insurance gives a strengthen hand to your financial management.



# Why Buying Gold Is Not Always Getting Gold

India has always been a country that is partial about the ancient ways of doing everything. We trust the existing ways and the things that our ancients used to follow or do, other than what today's market say. Same is about gold. If you ask your previous generation or previous to the previous generation about the investment of money, they will surely say that a passive investment in gold is the best possible way for that, as it is an asset for tough financial times and every household should invest on it. Opinions about buying gold in India were always polarized. People think that gold is an easily bought and easily liquefied asset that can be relied upon. Another view about the

same is that gold is a commodity
to be traded like other
commodities.





# ▲ Why it's not a good idea to invest in gold:

Gold these days is considered as the class of investments that will never produce anything, which is the reason why gold cannot be an investment. People say that gold is an unproductive asset. Logically the belief that someone else will pay more for any investment you made is the reason on which an investment growth depends upon. Money that you invest in gold does not contribute to any kind of economic growth, unlike shares or bonds. No matter how much time passes, a pile of gold will stay the same pile of gold. Any other productive economic activity or an equivalent amount of money deployed in a business will always generate actual wealth and will grow larger in a very fundamental way. Some industrial applications but those are satisfied by just a small part of its production and this demand plays no role in its price, is the only use the gold is left in the market. The fear that other asset classes will lose value is where the value of gold has always been driven.

# ▲ Experts say...

Experts in the sector of investment say that no one should ever invest in gold. Also, they suggest that one should not invest in gold if s(he) have access to a modern financial system with all its options of a large variety of asset classes. People having no access to or trust in the financial system are the only ones for whom investing in gold makes sense. Gold is best viewed as an alternate currency.



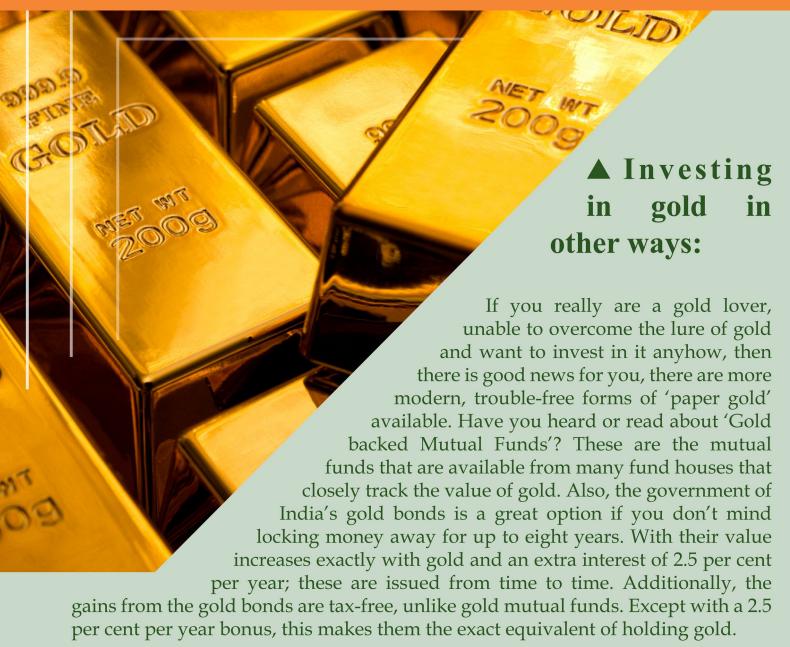
#### **▲** Remember demonetisation?

For instance, one should remember the instances at the time of demonetisation when people secretly squirreled away large amounts of cash. There were people who had kept more than Rs 10 lakh safe from their houses. These were the cases in which where gold would have worked better instead of cash. It would have maintained value better than cash, and as it turned out, would have been safe from being demonetised.

# ▲ The only time when investment in gold works:

Gold is only an extension of the 'bad times' reason for keeping gold. There are many parts of the world that have undergone some kind of an upheaval in the past 100 years that has led to a breakdown of society and institutions. The benefit of keeping physical gold is that it can survive in extreme cases where paper currencies do not. It is somewhat better in ways than actual currencies. Interestingly in India, physical gold has served yet another purpose, that of keeping wealth away from taxation. Remember November 2016, when PM Modi suddenly declared demonetisation? In the immediate house after the declaration, the crowds that materialised at jewellery shops are a testament to this. In fact, experts even say that in India, the purchase of large amounts of gold is mostly limited to those with cash to hide.





#### ▲ In a nutshell:

Though it's hard for people to believe and accept that gold is not a good investment, but it's true. Gold is certified as a currency that survives all the vicissitudes of history and economics by thousands of years of human culture, but we can say it's not without a reason. To be honest, we can say that gold has value because everyone thinks it has value, it can be called as a kind of social construct. Moreover, it's not going to make a big dent in such beliefs if we point out that such a belief is irrational or that its rate of return is poor. But still, it's the truth. So, we suggest you to always consult an investment expert before investing anywhere, even if it is a traditional and popular way of investment. Always remember 'change' is the basic nature of everything that exists, so as the investment patterns. We wish you good luck with your new and existing investments.





# Stocks to Bet On for April 2020









During this market, evaluating sector with individual structure is utmost important. Traders are advised to follow the 'buying on dips strategy' and should book timely profits on a regular basis.





# Confused about which stock to invest in?

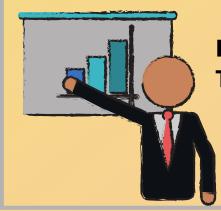
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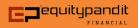
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