WOMEN'S SPECIAL ISSUE

INDIAN STOCK MARKET JOURNAL

EMPOWERING TRADERS AND INVESTORS

FEATURED

WOMEN-THE NEW CFO OF HOUSEHOLD

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SELF-HELP

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Share It With Every Woman You know!

It is our duty to empower women politically economically & socially

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A Message from the CEO

Dear Readers,

Women constitute half of the world's population and two-thirds of the working professionals around the globe. Though we have come a long way in fighting for gender equality, we are still not at a satisfactory level when it comes to financial literacy and independence of women.

Financial literacy of women is indispensable for her independence and for the overall progress of society. EquityPandit supports financial literacy and socio-economic empowerment of women.

Knowledge Empowers! We at EquityPandit acknowledge the fact that awareness and education gives a person an edge above the others. In our attempt to empower women, we have compiled some insightful articles that might help them become financially independent. Hope these articles help.

We would like to thank you for appreciating our previous edition 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!

Abhishek Parakh

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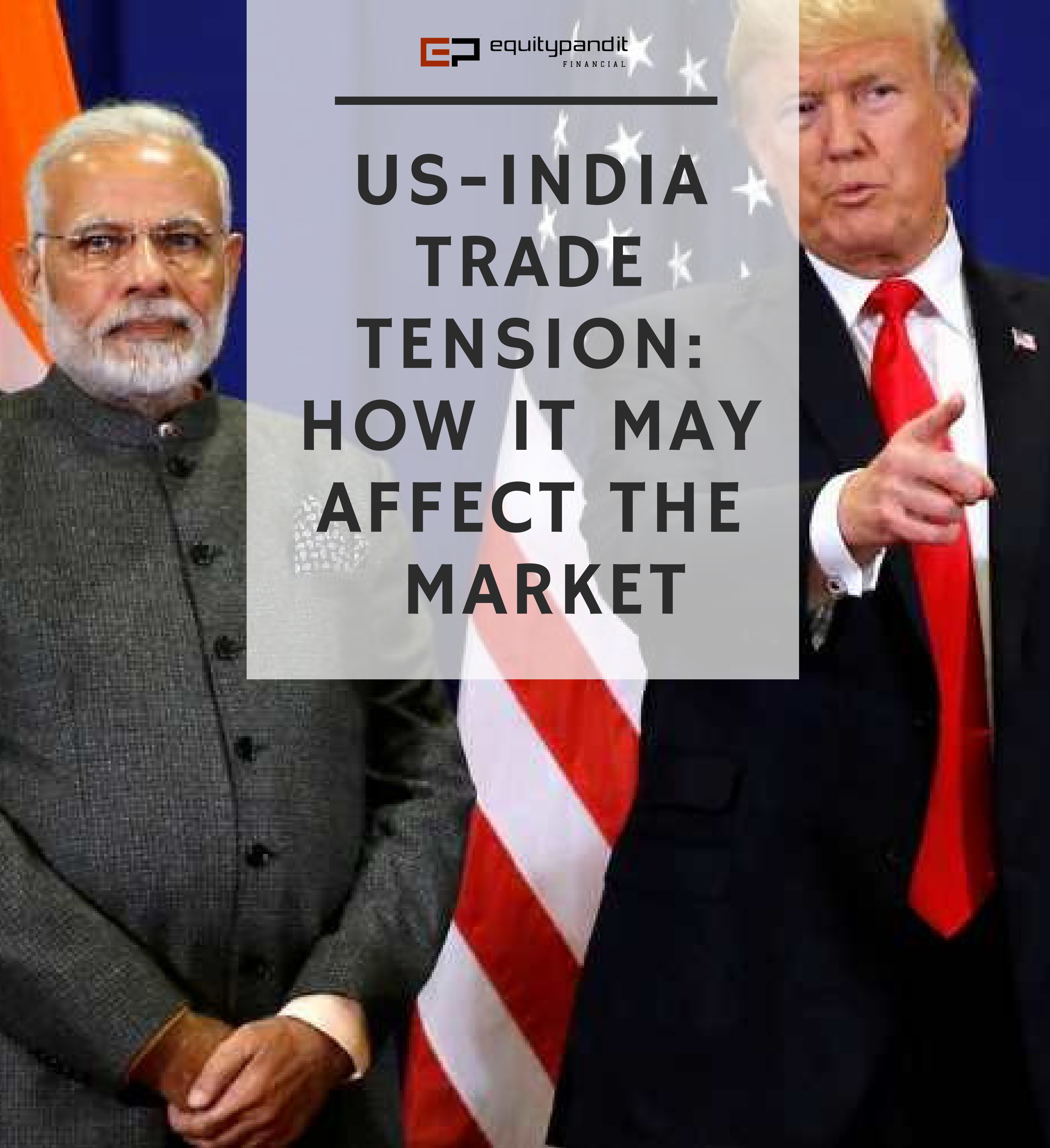

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US-INDIA TRADE TENSION: HOW IT MAY AFFECT THE MARKET

On one hand, experts see US-China trade tension coming to an end, on the other hand, the USA is planning to tighten trade policy for India.

Find out how it may impact the financial market and the economy

The international geopolitical tension doesn't seem to settle anytime soon. On one hand, experts see US-China trade tension coming to an end, on the other hand, the USA is planning to tighten trade policy for India.

In the first week of March, the US President expressed his will to discontinue India and Turkey’s designations as beneficiary developing countries under the Generalized System of Preferences (GSP) programme. President Trump claims to have his own reasons behind this action. He has determined that India has not assured United States that it will provide equitable and reasonable access to the market of India.

Under the GSP programme, India is allowed to export to the USA duty-free, a total of 1784 products. This scheme benefits exporters of textiles, engineering, gems and jewellery and chemical products, amongst many others.

the US President expressed his will to discontinue India and Turkey’s designations as beneficiary developing countries under the Generalized System of Preferences (GSP)

India is the largest beneficiary of the GSP programme. Out of the total US imports of $1.2 billion under GSP in 2017 India's share has been $5.6 billion followed by Thailand ($4.2 billion) and Brazil ($2.5 billion).

Ministry of Commerce in India, however, has put down the probable impact of the decision. It believes that the withdrawal of GSP benefits will have a “minimal and moderate impact”.

How did US-India economic tensions reach this point?

GSP Programme

The Generalized System of Preferences (GSP) is the largest and oldest U.S. trade program designed to promote economic growth in the developing world. It allows duty free entry for over 3000 products from 129 designated beneficiary countries and territories.

As per the official data United States of America has imported goods from India worth $5.6 billion in 2017 under the GSP Programme. This amounts to more than 10% of total Indian goods United Stated imported in 2017. The US goods trade deficit with India was $22.9 billion in 2017.

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India’s Tariff Structure

India levied a very high tariff until the late 1990s. The highest tariff was on the non-agricultural products. From the highest 150% in 1991-92 to 40% in 1997-98 it was subsequently brought down to 20% in 2004-05 and 10% in 2007-08. According to WTO data, India applies an average tariff of around 13% and is on its way to moving toward the ASEAN tariff rates of 5% (on an average)progressively. Also, on a number of other items, the government of India has increased the tariff, over a period of 5 years.

Eligibility Review

In 2017, American medical giants such as Abbott, Medtronic and Strykers etc were adversely affected as India had put a cap on prices of medical equipment such as cardiac stents and knee implants etc.

Following the issues raised by the American medical and dairy industry , the USA had launched an eligibility review of Inda's compliance with the GSP market criterion, in April 2018. In reply, the Indian government had come up with a balanced package to address US concerns and to safeguard the interest of the Indian public. The solution proposed by India could not impress its American counterparts.

“India has implemented a wide array of trade barriers that create serious negative effects on United States commerce. Despite intensive engagement, India has failed to take the necessary steps to meet the GSP criterion,”said the USTR statement.

Following the issues raised by the American medical and dairy industry, the USA had launched an eligibility review of Inda's compliance with the GSP market criterion, in April 2018.

How will it impact the market?

The rising trade tension between India and the US did not seem to have a major impact on the equity and the currency market on 5th March 2019. The market did see a knee jerk reaction as it opened gap down but recovered within a few hours. Sensex ended at 36,443, higher by 379 points or 1.05 per cent while its NSE index Nifty ended at 10,987, up 124 points or 1.14 per cent. Financial markets' performance may not be the correct indicator of situation especially when long term implications are concerned.

The positive rally in the market could be because of its hope for ending US-China trade war or the expectation of re-election of NDA government. The adverse effect of GSP withdrawal may have not hit the market with intensity, but the risk is not over yet.

At present India has been trying to come over its sluggish export growth. Any withdrawal of GSP benefits might impact both the concerned industry and the Indian rupee.

Export to the US is highly significant for some sectors like gems and jewellery, textile products, chemical products etc. These sectors will be adversely affected if the GSP benefits are withdrawn.

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Withdrawal of GSP Programme will also result in loss of employment. The majority sector of exports under GPS comprises of small and medium-sized enterprises which are labour intensive. A decline in export from these industries will lead to a higher rate of unemployment. These factors might affect the economy and the financial market in the long run.

What Lies Ahead?

India and USA have had a cordial political and economic relations with each other, especially since the last five years. Various bilateral steps have been taken to strengthen trade relations. A number of Indian domestic policies like the e-commerce policy, local storage of data, localisation of manufacturing etc has upset the American players.

The withdrawal of GSP benefits will adversely affect some sectors including leather processing, chemical products and engineering equipment. They might lose competitiveness in the US market, which is one of the largest importers of these products.

A practical problem solving approach to the India-US trade issue is likely to yield India much greater benefits than an openly confrontational one.

India has a limited option in this situation. One is to provide fiscal support to the affected sector and second to move to WTO(World Trade Organization) against the US. While providing fiscal support is not a long term solution, moving to WTO will adversely affect the relations between the two countries. A practical problem solving approach to the India-US trade issue is likely to yield India much greater dividends than an openly confrontational one.

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MODI GOVERNMENT RETAINING POWER WILL FUEL MARKET RALLY

The pre-election season has set-in in India. As expected the financial market did start the pre-election rally and bank nifty is already trading above its lifetime high. Indian stocks are hitting fresh highs of 2019 after various opinion polls narrate the comeback story of the National Democratic Alliance (NDA).

Indian stocks are hitting fresh highs of 2019 after various opinion polls predicts NDA Govt again

Some of the most reputed opinion polls agencies such as ABP C Voter and India TV CNX painted a winning picture for the NDA government. So at present market is betting on the second term of NDA

Allianz in upcoming elections and global markets also provide support to those positive sentiments.

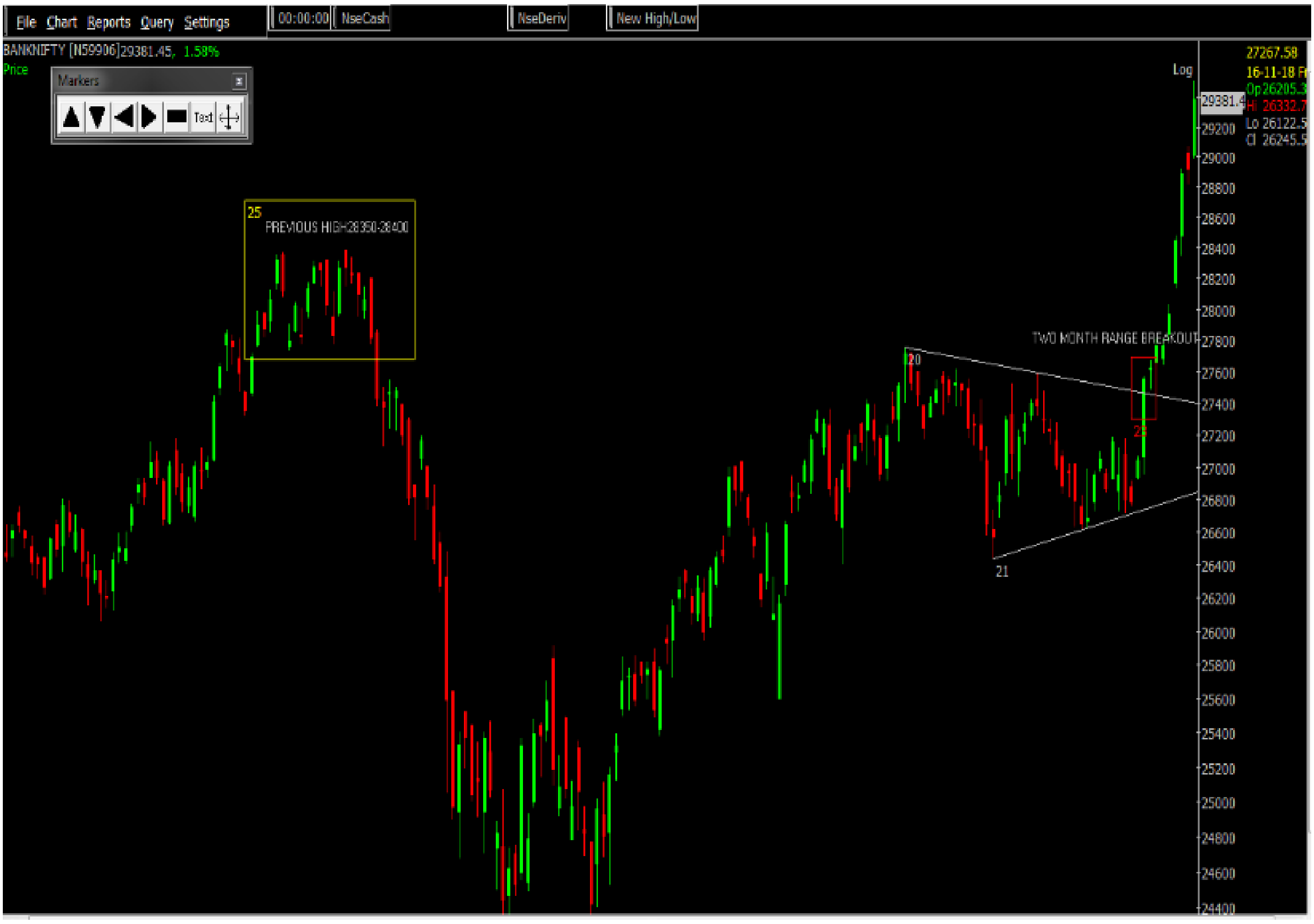
At present nifty is only 2% from its lifetime high but considering FII & FPI data, Nifty is likely to test its new lifetime highs in March series itself.

A remarkable thing to notice is the FII and FPI Data. In March month alone both of them bought more than 40,000 cr in the Indian market and buying still continues. This is the highest monthly buying done by foreign investors in almost 5years. FIIs who have been selling rigorously for several months is back on hopes of easing monetary policy and a stable central government. This continued aggressive buying by the FIIs has triggered a pre-election rally.

FII& FPI bought more than 40,000 cr in the Indian market and buying still continues

In our previous edition, we clearly mentioned that as soon as Banknifty closes above 27000 level on a monthly basis it will see a new high in the coming months. In the month of December it closed above 27000 and within three months, it is trading at almost 29900 levels.

Now as seen in the chart the previous high of 28350-28400 has been taken out after two months of consolidation range. And as soon as the range is taken out banknifty rally surprises almost every analyst in the market. Now we can surely say that 28400 is the solid support for bank nifty as it was a previous high that has been taken after a one and half year of consolidation.



Are mid-cap and small-cap stocks a better bet?

At present we are expecting good momentum in the market till the election and good quality small-cap and midcap is likely to outperform Blue-chip stocks in coming years and we might see excellent run in well managed small-cap companies.

After trailing for more than one year, small and mid-caps in India are outperforming well than large-caps. ‘Buy’ signals for small and mid-cap companies are very strong but finding the right multibaggers in a crowded space could be a daunting task.

Small-caps may look attractive but the chances of the volatility of these stocks are high as well as they are inherently risky. The strategy is bricked on the premise that the bigger businesses will weather volatile induced by the next month’s election ballot, more so than their smaller counterparts.

Larger companies suffer from corporate governance issues that worsened the sell-off in the nation’s mid-cap stocks last year.

The mid-cap and small-cap stocks significantly underperformed the large caps for a prolonged period. As the macro-economic situations improve these stocks are expected to give better returns than the large-caps.

However only if the Investor has a time frame of one year, should keep accumulating the stock on dips. But for very short term investor, this is not a time to buy stocks, as we are now expecting short term consolidation in the market.

As the macro-economic situations improve small & Mid-cap stocks are expected to give better returns than the large-caps.

Will PSU Banks and Consumption outperform other sectors?

We believe that PSU banks will perform exceptionally well in the new financial year. With sustainable economic growth and a stable political scenario in the future, the banks are expected to remain investors favorite in 2019.

FII & FPI money mainly went into financial stocks, Consumer stocks. So Finance and Consumption would be the sector for Upcoming years. Stocks like Axis bank, Federal Bank, Britannia and other Financial and Consumption stocks would likely to go up.

WOMEN - THE NEW CFO OF THE HOUSEHOLD

Role of women is changing from being the homemaker to the financial advisor of the house

Correct is the saying that feminism is not only concerned with making women stronger, but it is also rather concerned with providing total equality to the women. Whether it be financially or righteously. In today's era, women are rarely confused with contexts like only daughter, homemaker, a sister, a mother or as the only wife. They are righteously participating in financial decisions of the house; they are seen as a financial advisor of the family; in fact, the CFO of the house, who earns, saves and later invests. This has been a reason, why women play a crucial part in the family's financial advising.

Women are the new CFOs of the house, who earns, saves and later invests

Women have become strategically more clear with their financial decisions and taking calculated risks. In the study conducted by PWC, it showed the significant growth in female billionaires in comparison to the growth of the male billionaires.

CHANGING ROLE OF WOMEN IN INDIAN HOUSEHOLD

keen interest in being financially independent rather than putting financial weight spouse or father

Since decades, there has been a rapid shift where women are acting as financial decision makers and are becoming financially independent. From just being a homemaker and looking after the husband and the children, women have now started taking part in financial matters in the concern. When discussed, they shared a keen interest in being financially independent rather than putting all the financial weight on the shoulders of her spouse or father.

Years ago, it was common to have only one earning person in the household which was indeed difficult for the family to incur all expenses, which later became the root to not saving and not investing, as well. Which, however, laid an impact on the financial stability and future financial planning of the family.

With time, women started to become financially independent and helping the family in increasing the sources of income. Where women used to save money in cash or either in gold are now earning and investing.

A growing percentage of dual-income families indicate the primary breadwinners are females. Still, in most families, men are the primary person that is responsible for generating income; however, women play a larger role in managing the budget, expenses, savings and relocating different sources of earning. In various studies, it has also proved that women are becoming more financially independent rapidly yet steadily.

Be it a single working woman, a married working lady or a homemaker, women are taking the reign of financial decisions in their hands. They are fulfilling the role of the CFO in the household and rocking it as they always do.

Arti's investment journey has been one roller-coaster ride to date

Arti Devendran, a digital marketing professional based in Navi Mumbai, is an example of starting early and making it big. Her father's enthusiasm for the stock market grabbed her attention to investment in the financial market. She started investing at a tender age of 20 under the guidance of her father. Arti's investment journey has been one roller-coaster ride to date. However, she did not let fear overcome her passion for the stock market.

Now 28, not only does she has a well-diversified portfolio in stocks but also a good mix of other investment especially in fixed income instruments like non-convertible debentures and real estate. She is the rare breed of women investors who is a perfect combination of training and instinct for investment. However, she relies more on her judgment to build and manage an investment portfolio.

This Picture is for illustration purpose only. She is not the real Arti D.

While cases like Arti Devendran were rare to find earlier, we may now find a rising trend of such single, well-educated and earning women especially in tier 1 and tier 2 cities.

Homemakers too are fast assuming the roles of the CFO of the household. Though in most of the cases women make a joint decision with their spouse, there are some women who have taken absolute control of the finance.

Homemakers like Gayatri Maan too are fast assuming the roles of the CFO of the household

Gayatri Maan married after working for 2 years in corporate finance. She continued working after she tied the knot. However, she had to quit working after her first daughter was born. She found her financial independence lost.

Gayatri, then, took over the managing investments for the family and has proved her mettle through rewarding returns. Over the years, she has built a portfolio that includes debt and equity mutual funds fixed deposits, gold, and some shares. Her exposure to finance and help from some ex-colleagues sailed her through. She is a full-time homemaker and wealth manager of the family.

It was not easy for women to challenge the stereotype and overcome it. They have proved their mettle over time as financial planners. Ultimately, it has been about changing a mindset and creating more awareness so that more women become financially important.

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HOW WOMEN CAN START INVESTING?

Find out how women may start saving and investing money

When we talk about investing, the first thing that comes to everyone's mind is 'Saving', which is indeed correct. One cannot invest until they save first. Saving is the part of the income saved aside to meet any contingencies and using accordingly. In India, saving is primarily concerned with saving in cash or either buying gold which offers minimal or no rate of return. Whereas, investments are the systematic approach to wealth creation either in the long term or for a short span.

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Talking about India, India is a saving-focused country where 26 per cent of the saving comes from the household savings as per the statistics in 2018. Household savings are usually bricked by the women of the house in the form of Cash Savings, Savings Account, etc.

India is a saving-focused country where 26 per cent of the saving comes from the household savings as per the statistics in 2018

It's still a myth that women are not good financial advisors in the family. It cannot really stick to the family, indeed, women themselves shy somewhere about discussing or involving in the financial matters of the family and also due to their financial illiteracy. Lack of financial literacy often acts as an obstacle to the women in Indian cities from directing themselves to invest their savings appropriately.

Among working women in India, only 23per cent of women take their own investment decisions. The remaining 77per cents depends on spouse, parents or are informed about the decisions already taken. Women cannot be really empowered until they focus on financial independence. Not only in terms of earning but also securing their futures and planning about the same.

There might be various reasons; women are not participating in investment schemes and options. **First** and foremost, are the still-burning stereotypes stating that women are not competent enough to make financial decisions for the family.

Second is the financial illiteracy among women. They hesitate to take the decision, take it for any reason. It is important for the women as the future is unexpected and it becomes crucial for women to focus on the secure way to finance them.

There are quite effective ways that women can opt for to start investing their savings which would eventually help to secure their future.

There might be various reasons women are not participating in investment schemes and options

Women can actively invest, beginning from the first step from learning and reading financial instruments and financial matters as much as possible which would increase the knowledge of women and empower them to invest effectively.

START WELL, PLAN WELL

While starting to learn to invest, one should not invest directly in the major investments. The focus should be given on low-risk options such as Public Provident Fund (PPF), Recurring Deposits (RDs) and Fixed Deposits (FDs).

Investing in such schemes might seem low in comparison to other investment options but it would give an outlook of how an investment process works, what are the procedure and terms and conditions of the same which would act as a preface to other options.

LOOK FOR DIFFERENT WAYS AS YOU GROW

In the stage of starting to invest, look for greater new ways you can use to invest. Such as Government Bonds, Post-office deposits, Mutual Funds (MFs), etc. Sticking to just one investment option is not always safe. It becomes efficient if one chooses more than just one investment option to increase the knowledge as well as increase the ways to grow income.

MAKE INSURANCE, PART OF THE INVESTMENT

75 per cent of the women makes a mistake of not covering their health insurance and life insurance because the family or the spouse has already claimed. However, covering the life insurance and health insurance are crucial to ensure financial security and receiving tax benefits on various schemes.

CONSIDERING EACH FACTOR

Everyone would want to invest appropriately and gain a profit out of it. Thus, it requires huge considerations on each factor that may affect the investment. Considerations such as, are you only the earning member of the family. Or does your family depend solely on your income? If yes, you must make sure that you invest in less risky instruments such as debt mutual fund; and make sure you've liquid assets at the time of emergency.

POWER OF EXPERT ADVICE

At the beginning of the investment, make sure you have an expert's advice to look forward. An expert advisor would be able to understand your income structure, expenses, and ambitions; and can help you chart out your plan with proper guidance.

HOW WOMEN MAY MANAGE THEIR FUND WELL?

HOW WOMEN MAY MANAGE THEIR FUNDS

1 COMING UP WITH SAVING AND OTHER GOALS AND DRAFTING THE PLAN

Coming with a realistic goal makes an individual directive and helps save accordingly. Start with creating a budget and take a fixed percentage say 10% (according to the expenditure need) of the funds to save.

2 CREATING A BALANCE BETWEEN YOUR SOCIAL LIFE AND YOUR SAVINGS

Social life can really break the budget unless you set a limit on it. Fix a particular amount of saving every month and spend accordingly.

3 MAKE SAVINGS FOR RETIREMENT A PRIORITY

Retirement must be a priority for everyone for women where women have a longer life expectancy and they are less likely to be covered by a company pension and retirement plan.

4 BEING PREPARED FOR THE CHANGES IN THE JOB MARKET

Many women are concerned about careers becoming obsolete as well as what declining salaries will mean for their financial success. Consulting with a financial planner can help you through making decisions about your work as well as how to handle negotiations.

5 NOT TAKING ANYONE'S DEBT

If you are considering tying the knot, make sure you are not taking on your partner's debt. Wait until they are done paying it off or get a prenuptial agreement.

About EquityPandit

EquityPandit is a leading research and advisory firm in India. The firm is one of the biggest players with a dominant position in both institutional and retail. The company specializes in the business of analysis, information, and intelligence.

The business is supported by an efficient powerful research and back office team. EquityPandit's set of diligent advisors helps its customers plan and get more out of one's money. We offer a diversified range of products according to the difference in the Needs of an investor, trader or a broker.

The firm's philosophy is entirely client centric, with a clear focus on providing long-term value addition to clients, while maintaining the highest standards of excellence, ethics, and professionalism. The entire firm activities are divided across distinct client groups, individuals, private clients, corporates and institutions all of which are supported by powerful research teams.

We thank our contributors Mr Darpan Shah for Research and Analysis; and our editorial team Ms Surabhi Deo & Ms Tanya Tamrakar, for putting together the magazine.

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