



# Indbank Online

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## What's New!!!

### Economic & Business Updates

**Impact of coronavirus pandemic still hurting Indian economy, says FM Nirmala Sitharaman:** The coronavirus pandemic has definitely hit the supply chains which is continuing to disrupt the economic revival, said union finance minister Nirmala Sitharaman. While speaking about the state of economy on 1<sup>st</sup> August 2020 with CNBC TV 18, she said the economy is definitely trying to come out of difficulty but it would be difficult to get a complete picture at this point of time due to the uncertainty around the pandemic.

**Bold reform that triggers animal spirits needed for Indian economy says Mr. Raghuram Rajan:** Bold government reform that triggers "animal spirits" and implemented effectively is essential for India to come out of the Covid-19 setbacks, said former RBI Governor Raghuram Rajan at a LinkedIn interaction that was on COVID-19 impact on economies and the way forward on 30<sup>th</sup> July 2020. He also made it clear that the space for expanding the balance sheet for RBI is not "infinite", and the central bank will need to have a strong focus on monitoring inflation as it does that.

**Rural Areas Continue To Lead Revival of Indian Economy:** Rural India continued to lead the recovery in Indian economy in the month of July 2020 with digital payments, Goods and Services Tax (GST) tax collections, tractor sales, two-wheeler sales, and sowing of kharif crops continuing to register impressive growth.

**India's factory activity contracted at a sharper pace in July 2020:** India's factory slump deepened in July 2020 as renewed lockdown measures to contain surging coronavirus cases weighed on demand and output, raising the chances of a sharper economic contraction.

**Mr. Sashidhar Jagdishan to replace Mr. Aditya Puri as HDFC Bank CEO:** The Reserve Bank of India (RBI) on 04<sup>th</sup> August 2020 cleared the name of Sashidhar Jagdishan as the next chief executive officer of HDFC Bank w.e.f November 2020.

**Franklin Templeton Mutual Fund may face SEBI heat as audit sees lapses:** During April 2020, Franklin Templeton Mutual Fund spooked the markets by shutting six debt schemes and a forensic auditor has submitted adverse findings against the fund house could face Securities and Exchange Board of India (SEBI)'s heat.

**Moody's upgrades Yes Bank by a notch following capital raise:** Rating agency Moody's on 3<sup>rd</sup> August 2020 in its statement upgraded private sector lender Yes Bank's long-term foreign currency issuer rating by one notch from Caa1 to B3, citing the bank's recent success in raising capital.

**Our Centralised Dealing Room Contact No: 044 - 42021368, 24313087, 24321232.**

### Snap Shots

<i>Inflation (WPI) (%)</i>	-1.81% (June 2020)	-3.21% (May 2020)	- * (April 2020)	1.00% (March 2020)
<i>Inflation (CPI) (%)</i>	6.09% (June 2020)	- * (May 2020)	5.84% (April 2020)	5.91% (March 2020)
<i>India Industrial Production (IIP) (%)</i>	Yet to be released (June 2020)	Not released (May 2020)	-16.7% (March 2020)	4.5% (February 2020)
<i>Particulars</i>	31-Jul-2020	24-Jul-2020	17-Jul-2020	10-Jul-2020
<i>91-Day Cut-off (%)</i>	3.31	3.25	3.22	3.18
<i>10-yr G-Sec yield (%)</i>	5.83	5.81	5.80	5.76
<i>USD/INR(Rs)</i>	74.91	74.76	74.89	75.19
<i>EUR/INR (Rs)</i>	88.24	87.14	85.59	84.97

\*could not be computed due to non-availability data owing to COVID-19 lockdown restrictions.

### Global Indices

<b>Indices</b>	<b>Country</b>	<b>Index as on 31.07.2020</b>	<b>Index as on 30.06.2020</b>	<b>Variation (%) (Inc/ Dec)</b>
<i>SENSEX</i>	<i>India</i>	37,606.89	34,915.80	7.71
<i>NIFTY 50</i>	<i>India</i>	11,073.45	10302.10	7.49
<i>NASDAQ</i>	<i>United States</i>	10,745.27	10,058.77	6.82
<i>DJIA</i>	<i>United States</i>	26,428.32	25,812.88	2.38
<i>S&amp;P 500</i>	<i>United States</i>	3,271.12	3,100.29	5.51
<i>Hang Seng</i>	<i>Hong Kong</i>	24,595.35	24,427.19	0.69
<i>Nikkei 225</i>	<i>Japan</i>	21,710.00	22,288.14	-2.59
<i>Shanghai Composite</i>	<i>China</i>	3,310.01	2,984.67	10.90
<i>Straits Times</i>	<i>Singapore</i>	2,529.82	2601.88	-2.77
<i>FTSE 100</i>	<i>United Kingdom</i>	5,897.76	6175.19	-4.49
<i>CAC 40</i>	<i>France</i>	4,783.69	4,935.99	-3.09
<i>DAX</i>	<i>Germany</i>	12,313.36	12,310.93	0.02

### Sector-wise performance (July 2020)

Sector	Market-Cap (Rs in Crores)	Change	No. of stocks Advanced	No. of stocks Declined
Agri	1,22,035	2.82%	8	53
Alcohol	73,265	-14.74%	1	8
Automobile & Ancillaries	8,64,397	-37.68%	5	108
Aviation	38,302	-31.02%	0	3
Banks	16,95,014	-48.22%	3	28
Capital Goods	2,46,665	-38.34%	5	78
Chemicals	6,12,501	13.19%	20	78
Construction Materials	3,58,485	-15.50%	4	53
Consumer Durables	1,33,858	0.80%	5	22
Containers & Packaging	7,597	-17.20%	2	8
Diamond & Jewellery	1,16,903	-6.95%	4	9
Diversified	1,57,515	-34.55%	3	18
Electricals	15,000	-60.51%	0	23
ETF	16,260	-28.62%	31	16
Finance	9,91,052	-20.46%	14	93
FMCG	14,29,000	20.02%	13	26
Footwear	32,460	61.82%	2	3
Healthcare	9,97,871	29.04%	38	56
Hospitality	22,987	-63.08%	0	24
Industrial Gases & Fuels	1,00,569	-19.55%	3	3
Infrastructure	2,39,477	-41.16%	0	58
Insurance	3,81,741	4.49%	4	2
Logistics	65,275	-41.40%	2	29
Manufacturing	11,646	-34.57%	0	6
Media & Entertainment	55,652	-63.23%	1	32
Metals & Mining	4,88,903	-47.88%	6	91
Miscellaneous	87,738	-25.71%	3	34
Oil & Gas	18,09,676	32.95%	1	13
Paper	7,192	-60.45%	0	20

Photographic Products	14	-81.32%	0	1
Plastic Products	52,270	-19.46%	3	24
Power	3,20,333	-31.15%	5	25
Real Estate	1,22,297	-47.86%	2	52
Retailing	1,88,337	20.60%	3	10
Ship Building	4,264	-39.72%	0	1
Software & IT Services	18,55,763	34.50%	22	64
Telecom	4,17,397	-22.40%	5	16
Textiles	81,724	-45.02%	5	97
Trading	36,687	-31.60%	0	16

### Institutional Investments

Category	Debt/Equity	Gross Purchases (Rs Crores)	Gross Sales (Rs Crores)	Net Investment (Rs Crores)
FII Investments July 2020	Equity	119,641.89	111,051.76	8,590.13
	Debt	26,272.81	28,106.21	-1,833.40
Mutual Fund July 2020	Equity	48,786.72	56,013.17	-7,226.45
	Debt	132,781.85	109,715.81	23,066.04
FII Derivative Trades (Rs. in Crores) July 2020	INDEX FUTURES	INDEX OPTIONS	STOCK FUTURES	STOCK OPTIONS
-Buy	109,901.63	6,168,456.18	409012.07	123171.98
-Sell	107,123.16	6,153,948.01	415910.46	122314.89

### New Fund Offers

Fund Name	Open Date	Close Date	Min. Investment (Rs.)	Type
ICICI Prudential Alpha Low Vol 30 ETF	03-Aug-2020	10-Aug-2020	5000	Open Ended

### Forthcoming Corporate Action

Symbol	Company Name	Purpose	Ex-date	Record date
BHARTIARTL	Bharti Airtel Limited	Dividend - Rs 2 Per Share	06-Aug-20	07-Aug-20
TATASTEEL	Tata Steel Limited	Dividend - Rs 10 Per Share	06-Aug-20	-
NAVINFLUOR	Navin Fluorine International Limited	Dividend - Rs 3 Per Share	07-Aug-20	-
VINDHYATEL	Vindhya Telelinks	Annual General Meeting/Dividend	10-Aug-20	-

	Limited	- Rs 10 Per Share		
UNIVCABLES	Universal Cables Limited	Annual General Meeting/Dividend - Rs 2 Per Share	10-Aug-20	-
HONAUT	Honeywell Automation India Limited	Annual General Meeting/Dividend - Rs 75 Per Share	10-Aug-20	11-Aug-20
ATFL	Agro Tech Foods Limited	Annual General Meeting/Dividend - Rs 3 Per Share	11-Aug-20	-
TTKPRESTIG	TTK Prestige Limited	Annual General Meeting/Dividend - Rs 20 Per Share	13-Aug-20	-
CLNINDIA	Clariant Chemicals (India) Limited	Annual General Meeting/Dividend - Rs 11 Per Sh	17-Aug-20	-
AKZOINDIA	Akzo Nobel India Limited	Annual General Meeting/Dividend - Rs 14 Per Share	20-Aug-20	-
BANARISUG	Bannari Amman Sugars Limited	Annual General Meeting/Dividend - Rs 10 Per Share	25-Aug-20	-
MUNJALSHOW	Munjal Showa Limited	Annual General Meeting/Dividend - Rs 4.50 Per Share	27-Aug-20	-

### Stock picks

Company Name	Current Market Price (CMP) (RS)	Buy / Sell	Recommended Buy / Sell price range	Stop loss	Target	Short / Medium / Long term
Reliance Industries	2158	Buy	2120-2130	2050	2250	Medium term
United Breweries	940	Buy	930-940	865	1000	Medium term
IGL	388	Buy	380-385	360	420-430	Medium term

\* Short term – 3 to 6 months, Medium term – 6 to 12 months, Long term – 12 months and above, CMP as on 04.08.20.

### Crude and Rupee check

Crude opened at \$41.47 in June. Crude price in the month of June witnessed minor recovery from earlier month fall in price. Crude closed at \$43.30. Rupee closed at Rs74.91 on 31<sup>st</sup> July, 2020.

### Brent crude price movement



### USD-INR price movement:



### **ETF Corner**

Scheme for the Month : Motilal Oswal NASDAQ 100 Exchange Traded Fund

Level of Risk : High

#### **Objective**

The Scheme seeks investment return that corresponds to the performance of NASDAQ 100 Index, subject to tracking error.

#### **Trailing Returns**

Trailing Returns (%)	Fund (%)	Nasdaq 100 TRI (%)
YTD	33.97	27.41
1-M	7.63	7.37
3-M	26.05	39.58
1-Y	54.10	42.17
3-Y	29.94	28.97
5-Y	22.71	22.16

#### **ETF Details**

Last Traded Price NSE: N100	812.77 (as on 05.08.2020)
Fund House	Motilal Oswal AMC
Launch Date	29-Mar-2011
Return Since Launch	24.55%
Benchmark	Nasdaq 100 TRI
Type	Open-ended
Assets Under Management	₹ 1,091 Cr (As on 30-Jun-2020)
Expense	0.54% (As on 30-Jun-2020)
Underlying asset	Nasdaq 100

## **Knowledge corner!!!**

### **Diversification and its benefits:**

Diversification is a technique that reduces risk by allocating investments among various financial instruments, industries, and other categories. It aims to maximize returns by investing in different areas that would each react differently to the same event.

### **Benefits of diversification:**

**Minimising risk of loss:** if one investment performs poorly over a certain period, other investments may perform better over that same period, reducing the potential losses of your investment portfolio from concentrating all your capital under one type of investment.

**Preserving capital:** not all investors are in the accumulation phase of life; some who are close to retirement have goals oriented towards preservation of capital, and diversification can help protect your savings.

**Generating returns:** sometimes investments don't always perform as expected. By diversifying you're not merely relying upon one source for income.

It is said "Never put all your eggs in one basket". This may be a frequently used cliché but holds very true when it comes to investing. One of the most effective ways of reducing risk is to bring variety into your investments or diversify your investments. A diversified portfolio has a mix of varied asset classes like equities, debt, cash, real estate, gold, etc. Even within these asset classes, investments can be further diversified based on sectors, geographies, and other factors.

### **A diversified portfolio means spreading risk by investing:**

- Across different asset classes such as shares, cash, fixed interest, property.
- Within such asset classes purchasing shares across different industry sectors
- Across different fund managers if investing in managed funds.

Generally, particular investments or asset classes will perform better than others over a specific period depending on a range of factors including:

- Current market conditions
- Interest rates
- Currency markets.

No particular investment consistently outperforms other investments.

### **So why one should diversify his/ her portfolio?**

Let's take a portfolio of only airline stocks. If it is announced that airline fuel charges are going to witness a steep increase then share prices of airline stocks will drop. That means such a portfolio of airline stocks will experience a noticeable drop in value.

If the portfolio is counter balanced with say other sector for example railway stocks wherein such news has no effect then only part of the portfolio would be affected. In fact, there is a good chance the railway stock prices would climb higher, as passengers turn to trains as an alternative form of transportation. But one could diversify even further because there are many risks that affect both rail and air, as both air and rail are involved in transportation sector. An event that reduces any form of travel, hurts both types of companies. Therefore, one would want to diversify across the board, not only different types of companies but also different types of industries. The more uncorrelated your stocks are, the better.

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