

## Equity market outlook: November 2023

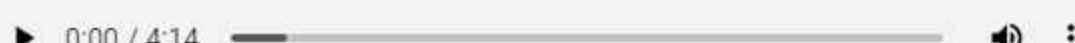
Amit Premchandani of UTI MF, Asit Bhandarkar of JM Financial MF, Sanjay Chawla of Baroda BNP Paribas MF and Shreyash Devalkar of Axis MF share their views for the coming month.



Muzammil Bagdadi 18 hours ago



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Equity markets remained significantly volatile last month. After touching all-time highs across large cap and mid cap segments, the markets saw downtrend in the last few sessions due to surge in US treasury yield, oil prices and food inflation. However, small cap segment remained flat throughout the month due to adequate liquidity and expectation of healthy earnings seasons.

Will the market continue its downward trajectory or will it regain its growth momentum in November? To know more, let's hear from Amit Premchandani of UTI MF, Asit Bhandarkar of JM Financial MF, Sanjay Chawla of Baroda BNP Paribas MF and Shreyash Devalkar of Axis MF.

#### Amit Premchandani, Senior Vice President & Fund Manager – Equity, UTI Mutual Fund

##### Outlook

- Lot of positives – stronger GDP growth, high tax collections, CPI under control, low current account deficit and high credit growth will drive the markets
- Markets expects earnings to grow by 18% in FY 24 and 14% in FY 25
- Valuations has become expensive in mid and small cap segments. On a relative basis, this has generated a considerable value gap in favour of large caps



##### Sectors to watch out for

- Pharma, banking and financial services, IT and consumer durable sectors to do well

##### Fund recommendation

- Investors with high risk appetite and long-term horizon can consider value funds

#### Asit Bhandarkar, Senior Fund Manager (Equity), JM Financial Mutual Fund

##### Outlook

- Volatility in equity markets has increased significantly. With the strong rise in small and midcap stocks in recent months, markets have become overheated
- Liquidity and future expectations have led to high valuation of small and midcap stocks. Be ready for heightened volatility in these two segments
- Large cap looks attractive in terms of valuations
- Factors such as China +1, production linked incentives, import replacements, internet enterprises will drive the economy in the long term



##### Sectors to watch out for

- Financials, engineering, automobiles and health care are some of the promising sectors in the medium term

##### Fund recommendation

- Investors should consider hybrid funds considering the high volatility
- Long-term investors should look at flexi cap funds

#### Sanjay Chawla, Chief Investment Officer (CIO) - Equity, Baroda BNP Paribas Mutual Fund

##### Outlook

- While large cap, midcap and small cap have witnessed a downward trends during the month, small caps outperformed large and midcaps on a relative basis
- The decline was led by PSU Banks, IT, metals and commodities
- In the near term, we expect the consolidation trend in the market to sustain, as high interest rates globally and the Middle East geopolitical impact weigh on markets
- Nifty 50 is trading at its historical average. A positive statement from the Fed Reserve on interest rates and inflation can act as a positive trigger for the market
- Two key aspects. Firstly, earnings growth for midcap and small cap companies continues to outpace larger peers. Secondly, midcap and small cap space continue to be a bottom-up stock-picking strategy



##### Sectors to watch out for

- Consumption and capex sectors are recommended. These include financials largely driven by strong credit growth and likely lower cost of funds

##### Funds recommendation

- Hybrid funds could be one of the options that offer a wide spectrum of opportunities from conservative hybrid to aggressive hybrid equity funds

#### Shreyash Devalkar, Head Equity, Axis Mutual Fund

##### Outlook

- Equities have declined in the second half month of October in light of rising US Treasury yields
- Large caps have seen lesser declines than mid and small caps. We expect some amount of volatility and profit booking to continue in the near term. Valuations of the midcap and small caps have become expensive
- On a medium to long-term basis, India remains on a strong footing compared to its regional peers
- Market will assess the geopolitical conflict and its impact on the world along with the expected slowdown in the US coupled with higher interest rates



##### Sectors to watch out for

- One may remain cautious on export-oriented sectors like IT and pharma due to slowdown concerns. Investment part of economy and associated companies like financial services sectors are expected to continue to grow

##### Fund recommendation

- Have exposure to all segments of markets - large, mid and small-cap