

SENSEX: 39,067.33

NIFTY: 11,754.65

DOW JONES: 26543.33

NASDAQ: 8146.40

USD/INR: 69.85

GOLD: \$1288.80

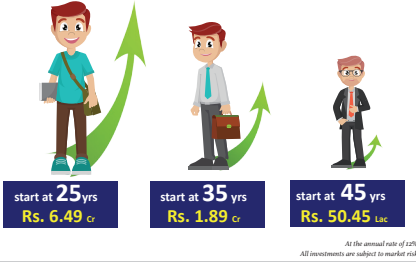
OIL: 63.30

(June 2019 future Contract)

(June 2019 future contract)

Benefits of early investing

If you invest Rs.10,000 monthly till the age of 60



Stock Picks

Company Name	CPM (Rs)	Target(Rs)
CUMINS INDIA Ltd	724	798
DILIP BUILDCON Ltd	642	729
STATE BANK OF INDIA	306	345

Source: Geojit Financial Services

INR Fund Picks

Performance as on 24/04/19		Returns (CAGR)	
Company Name		3Yr	5Yr
Reliance Large Cap Fund-G	Largecap	15.90	16.32
HDFC Mid-Cap Oppor	Midcap	13.63	18.40
HDFC Equity Fund -	Multicap	15.61	14.11
Tata India Consumer	Thematic	20.35	-
SBI Equity Hybrid Fund - G	Balanced Hybrid	11.51	14.47
HDFC Small Cap Fund	Smallcap	18.13	18.88
Tata Equity P/E Fund	Value	16.49	18.15

UAE Round Up

- Expo 2020 Dubai has invited all 192 countries "without exception" to take part in the event next year, making it the most inclusive and international Expo ever organised
- Smart Dubai completes phase 1 of digital identity project.. UAEPASS initiative, a nationwide programme for digital identity, has so far integrated seven government entities.
- Arabian Travel Week, an umbrella brand comprising four co-located shows including the 2019 edition of Arabian Travel Market (ATM) will launch on Saturday.
- The United Arab Emirates on Tuesday unveiled a new branch of government, a Ministry of Possibilities, three years after launching a department in charge of happiness.

Global:

- # The S&P 500 (+1.2%) and Nasdaq Composite (+1.9%) each posted solid gains this week while setting new closing highs in the process. Strength in the U.S. economy and solid earnings reports from mega-cap companies contributed to the week's upside bias. The Dow Jones Industrial Average declined 0.1%
- # U.S. economic data this week showed healthy pickups in new home sales and durable goods orders for March. The advance estimate for first quarter GDP also topped expectations, increasing 3.2% while the GDP Price Deflator showed prices moderate more than expected.
- # The narrative overseas, however, remains gloomy. a slowdown in demand from China while foreign economic data corroborated slowing growth expectations. South Korea's first quarter GDP contracted by 0.3%, and Germany's Ifo Business Climate Index remained on the decline. The Bank of Japan also expects rates to be kept at extremely low levels until at least the spring of 2020.
- # Oil prices started the week on a higher note after the U.S. decided to end import waivers for countries to import oil from Iran. Prices reeled in following President Trump telling OPEC to keep fuel costs down.
- # U.S. Treasuries finished higher in a curve-steepening trade, driven by muted inflation and dovish policy from central banks. The 2-yr yield declined 11 basis points to 2.27%, and the 10-yr yield declined five basis points to 2.51%. The U.S. Dollar Index rose 0.6% to 98.03.

Index	Started Week	Ended Week	Change	Change%	YTD %
DJIA	26559.54	26543.33	-16.21	-0.1	13.8
Nasdaq	7998.06	8146.40	148.34	1.9	22.8
S&P 500	2905.03	2939.88	34.85	1.2	17.3

India:

- # In the week ended Friday, 26 April 2019, the Sensex fell 72.95 points or 0.19% to settle at 39,067.33. The Nifty 50 index rose 1.85 points or 0.02% to settle at 11,754.65.
- # The BSE Mid-Cap index fell 318.58 points or 2.07% to settle at 15,063.99. The BSE Small-Cap index fell 207.82 points or 1.38% to settle at 14,813.38.
- # The Sensex reported small losses while the Nifty ended almost flat last week. Broader market witnessed selloff amid high volatility due to firm crude oil prices and expiry of April futures and options contracts on Thursday, 25 April 2019. World equity markets slipped amid worries of global growth.
- # Shares of oil exploration and production companies rose in tandem with crude oil prices. Higher crude oil prices would result in increase in realisations from crude sales for oil exploration firms.
- # On the political front, the fourth phase of voting in the 2019 Lok Sabha election will take place across 71 parliamentary constituencies in nine states on 29 April 2019. The 2019 Indian general election, which is scheduled to be held in seven phases, kicked off on 11 April 2019. It will conclude on 9 May 2019. The counting of votes will be conducted on 23 May 2019, and on the same day the results will be declared.



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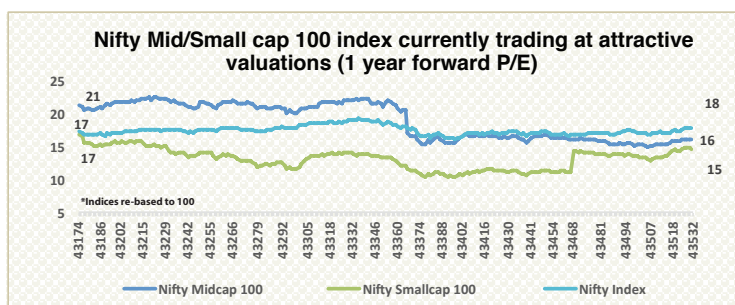
Mid/Small cap laggards on a comeback trail...

From the start of year 2018, investor's favourite mid and small cap indices registered deep corrections compared to large cap indices largely on account of premium valuations, re-categorisation of mutual funds by SEBI, sell-off of pledged shares, and domestic macro headwinds. However, with the announcement of general election and expectation of a positive outcome (as per media) to the ruling

party, mid and small indices witnessed strong gains. In the last one-month, Nifty gained 6% while Nifty mid-cap and small-cap 100 registered 10% and 15% rise respectively, outperforming other broader indices. On the valuation front, Nifty midcap/small cap 100 indices are trading at attractive levels of 16x/15x (1 year forward P/E basis) compared to 21x/17x during March 2018.

Index	Valuation		12 Month Trailing Dividend Yield (%)	Index Market Cap (Rs Tr)
	1 Yr Fwd P/E	3 Yr Avg P/E		
Nifty Mid Cap 100	16	19	1.1	16
Nifty Small Cap 100	15	14	1.0	4.6
Nifty 50	18	17	1.4	82

Source: Bloomberg. Market cap, Dividend Yield, Valuation as of 15 Mar 2019



Sector specific price movement in mid/small cap space

Nifty Mid Cap 100			Nifty Small cap 100		
Sector Mix (%)	Price % Change 1-Month		Sector Mix (%)	Price % Change 1-Month	
CONSTRUCTION	5.1	18%	INDUSTRIAL MANUFAC	7.2	30%
MEDIA	0.7	17%	ENERGY	3.2	25%
SERVICES	2.1	16%	FINANCIAL SERVICES	19.5	19%
METALS	1.6	16%	TEXTILES	4.7	18%
CEMENT	1.4	15%	CEMENT & PRODUCTS	2.5	18%
FINANCIAL SERVICES	27.7	15%	CONSTRUCTION	11.2	17%
ENERGY	8.2	11%	CHEMICALS	6.9	16%
FERTILISERS	1.7	10%	METALS	2.9	13%
CONSUMER GOODS	14.7	10%	PHARMA	5.4	13%
INDUSTRIAL MANF	5.0	9%	CONSUMER GOODS	8.3	13%
TEXTILES	3.0	9%	IT	11.4	11%
AUTOMOBILE	7.7	8%	FERTILISERS & PESTICIDES	4.5	10%
TELECOM	0.7	7%	MEDIA	2.4	9%
PHARMA	10.1	7%	SERVICES	4.0	8%
CHEMICALS	1.5	6%	AUTOMOBILE	1.6	7%
IT	7.2	2%	HEALTHCARE SERVICES	3.6	2%
HEALTHCARE SERVICES	1.7	-2%	TELECOM	0.8	-7%

Source: Bloomberg, NSE. Price % as of Mar 15, 2019 (1-month average)

Sector specific price movement in mid/small cap space

- Sectors like financials, industrials, energy, and consumer staples helped to drive the indices up in the last one month.
- In Midcap, the best price performers were mainly from construction, media, services, metals, cement and financial services.
- In Smallcap, best performers were from sectors like Industrial manufacturing, energy, financial services, textiles and cement.
- In Nifty Midcap 100 index, higher contribution is shared mainly between financial services, consumer goods and pharma while in Small cap 100, major index heavyweights are financial services, IT, construction.

Below, we have given the performance of mid cap and small cap 100 stocks based on dividend yield and financial health (consistent PAT growth)

Source: Bloomberg, Price % as of Mar 15, 2019

High Dividend Yield stocks from Nifty Mid/small cap 100 space

Source: Bloomberg

Nifty Mid Cap 100		Nifty Small cap 100	
3 Yr Avg Dividend Yield (%)	1 Year Trailing Dividend Yield (%)	3 Yr Avg Dividend Yield (%)	1 Year Trailing Dividend Yield (%)
RECLTD	7.6%	CHENNPETRO	9%
RELINFRA	6.7%	BSE	7%
NATIONALUM	6.2%	GMDCLTD	10%
RELCAPITAL	5.4%	BITES	6%
PFC	4.0%	CARERATING	2%
DHFL	3.6%	KTKBANK	2%
ENGINEERSIN	2.8%	SOUTHBANK	4%
GRAPHITE	2.5%	JKTYRE	7%
TATACHEM	2.4%	TRIDENT	4%
CASTROLIND	2.3%	GSFC	3%

High Dividend Yield stocks from Nifty Mid/small cap 100 space

- Among Nifty Midcap 100 stocks RECLTD, RELINFRA and NATIONALUM topped the chart by distributing consistent dividend income to its shareholders.
- Among Nifty Smallcap 100 stocks, CHENNPETRO, BSE, GMDC and RITES gave above 3% dividend yield on 3 year average basis.

Consistent PAT growth stocks from Mid/Small cap space				
Nifty Midcap 100 - Top stocks with consistent PAT Growth, attractive valuation				
Nifty Mid Cap 100	PAT 3 Yr CAGR (FY15-18)	PAT Est growth 3 Yr CAGR Exp (FY18-21E)	1 Yr Fwd P/E	P/E Trailing
RBLBANK	45%	34%	3.1*	4*
MANAPPURAM	35%	24%	2*	2.6*
AUBANK	28%	39%	4.5*	7.6*
VGUARD	23%	25%	40.9	69
PAGEIND	21%	21%	52.2	77
ENDURANCE	16%	22%	26.8	41
SRF	15%	25%	17.7	30
LTI	13%	20%	16.6	20

Source: Bloomberg, PAT Estimates: Bloomberg estimates, For Banks - Valuation is based on Price/Book Value
Above stocks selected purely based on consistent PAT performance for the last three years, valuation and 3 year average RoE

Consistent PAT growth stocks from Mid/Small cap space- For Midcap

- In terms of historical PAT growth, best performers from Midcap space were RBLBANK, MANAPPURAM, AUBANK and VGUARD.
- Based on Bloomberg forecast (for PAT over FY18-21E), best performers are expected to be AUBANK, RBLBANK, SRF, and VGUARD.
- On the valuation side, the stocks trading at attractive valuations are AUBANK, VGUARD and SRF.

Consistent PAT growth stocks from Mid/Small cap space				
Nifty Smallcap 100 - Top stocks with consistent PAT Growth				
Nifty Small cap 100	PAT 3 Yr CAGR (FY15-18)	PAT Est growth 3 Yr CAGR Exp (FY18-21E)	1 Yr Fwd P/E	P/E Trailing
PVR	112%	31%	34.3	62
JAIN IRRIGATION	57%	41%	7.3	15
KEC	41%	15%	12.6	17
NCC	36%	34%	10.1	36
NIITTECH	35%	26%	16.6	21
TRIDENT	30%	21%	8.1	13
HIMATSEIDE	28%	15%	8.4	11
CHAMBLFERT	26%	19%	7.9	14
KALPATPOWR	25%	18%	14.7	24

Source: Bloomberg, PAT Estimates: Bloomberg estimates
Above stocks selected purely based on consistent PAT performance for the last three years

Consistent PAT growth stocks from Mid/Small cap space - For Smallcap

- The best 5 performers on the basis of consistent 3 year PAT growth over FY15-18 were PVR, JAIN IRRIGATION, KEC, NCC and NIITTECH.
- In terms of estimated PAT growth over FY18-21E, robust growth are expected from JAIN IRRIGATION, NCC and PVR.
- In terms of valuation, the stocks trading at a discount are NCC, JAIN IRRIGATION, PVR and CHAMBLFERT.



The trend is always up. Or not.



Which of the following statements agrees with you better?

1. Stock markets are unpredictable.
2. Stock markets are predictable some times.

First statement must be the one, most of you agree with. And for obvious reasons too. But, often times, or at least sometimes, we tell ourselves, backed by wisdom, ego, experience or whatever, that we can out think them all.

We are captivated by the thought that, even though we believe that markets exist in the realm of unpredictability, we would like to tone down that belief, at least when it is our money that is on the line, willing the markets not to veer much away from our expectations. The idea of predictability and unpredictability coexisting is central to what drives investors to stock market.

But, if all investors believed that markets were unpredictable, then it is highly likely that the stock prices will display patterns. Now we know that patterns are recognizable, and recognisability reduces the unpredictability of stock markets. Hence, if investors are consistently expecting unpredictability, then the markets are likely to become more and more predictable. In other words, inconsistency in investor expectations is the key to markets staying truly unpredictable. Now, this has become a circular argument. But, this indeterminacy is not a unique problem. In philosophy, if one sets out to understand the meaning of things, by following the trail of words, it is likely that he ends up where he began.

However, we are not interested in stock markets' philosophy, as much as we are interested in monetising it. How can we do that without attempting to understand where exactly the unpredictability resides? Is it stock market, or is it investor expectation, which is unpredictable? Can they be considered the same, given the fact that it is human behaviour that influences both? Rather than attempting to make sense of either, it might be easier to employ a simple measure of central tendency, which allows us sidestep the predictability question.

Central Tendency is a statistical measure that identifies a figure that represents the entire set of data. Mean, median and mode are the three such measures, with "average", being the most widely used one, by beginners and experts alike.

The use of averages, however, does not answer all the questions, but it certainly seeks to convert the question of unpredictability to one of variation, thereby reducing the sticky problem that it was, to one that the human mind finds much easier to comprehend and act upon. Stock market studies usually employ "moving averages" in place of averages in order to incorporate the latest data as well. What does a moving average (MA) do? Primarily, it smooths the data, which in our case is price, allowing us to ignore the volatility of the previous days. For example, if the price of HDFC Bank is 2295 now, and its 10 day moving average is 2000, it throws us at least two inferences. Firstly, that it is on an uptrend, with respect to its last 10 days, and secondly, that it has gained quite strongly, given the percentage difference between the average and the price. In other words, not only do we get a sense of short term direction, but we also get to understand the strength of the same. Often times, in our rush to squeeze profit from stock market moves, we tend to give undue importance to calling the trend right. The concept of moving average allows us to take a binary approach to investment.

The binary approach:

Until it reverses, the trend is always up. This sounds a bit

like Newton's law of motion, which states that every object in a state of uniform motion will remain in that state of motion unless an external force acts on it. The advantage of taking a binary approach in stock price analyses is that it saves us the burden of prediction, having assumed already that the trend is always up. That leaves us with only one task: to identify when the uptrend stops. And that is where the moving average steps in.

Getting MAs to work.

Depending on the period used, MAs may be seen as either short term or long term averages. When you start to compare them that is when MAs begin to show their real worth. Several commonly used price indicators are either entirely built on, or based on Cross Overs[1]. In the case of MACD (Moving Average Convergence Divergence), two lines are created using several moving averages, with the idea of using the cross overs of these lines in identifying trends. MACD line is the difference between the 12 day EMA[2] and 26 day exponential moving average (EMA), while the signal line is the 9 day EMA of the MACD line. Bollinger band concept studies how price and volatility interact with each other, by having two price bands that follow two standard deviations away from a middle band which is a 20 day simple moving average (SMA). Moving averages not only help with the direction, but also indicates potential support and resistance levels, where price moves are likely to slow down. And when used in conjunction with other analyses, moving average becomes a very powerful weapon in the investor's arsenal.

Golden Cross: A bullish crossover hinting uptrend, which occurs when the shorter moving average crosses above the longer moving average.

Dead Cross: A bearish crossover hinting reversal in uptrend, which occurs when the shorter moving average crosses below the longer moving average.

But, make no mistake; moving averages are no torch bearers of trend, in that they do not predict price direction. It is a lagging indicator, as they are based on past prices, and it can only confirm what has already unfolded. It is the price that leads the trend, while moving average is that step behind, where you rest your hind heel for assurance; that helps you lunge ahead. Often times, it is just what we require.

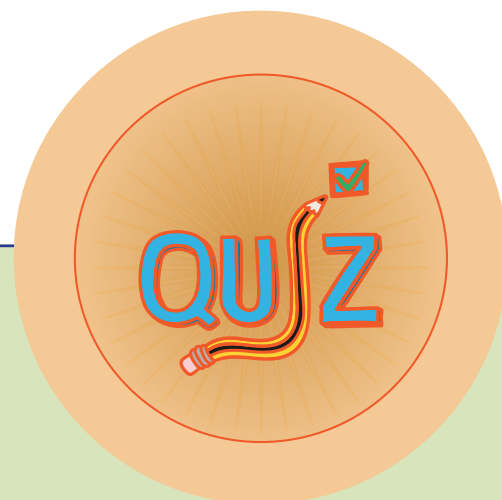
[1] A price crossover happens, when the price crosses from above or below a moving to signal a potential change in trend.

[2] Exponential moving averages (EMAs) reduce the lag by applying more weight to recent prices. The weighting applied to the most recent price depends on the number of periods in the moving average. EMAs differ from simple moving averages in that a given day's EMA calculation depends on the EMA calculations for all the days prior to that day.



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Q:The relationship between price and yield is that.?

- a. If price goes up, yeild goes down
- b. If price goes up, yeild remains the same
- c. It has no correlation

Answer to the last quiz:

Q: What does "Short Selling" mean? is c) Both A&B

Thank you for the quick responses. The early right answer of the quiz was given by:

Mr. Joseph Raphael
Mr. K. Ananda Ganesh



Share the answer at reply@barjeel.ae

The answer to the question along with the **Winners Name** will be published in the next issue of Market Digest. All the best!

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