

# FIN-O-DATE

THE FINANCIAL GAZETTE OF MDIM



**FINARITHA**

THE FINANCE CLUB OF MDIM

WEEKLY  
FINANCIAL  
MAGAZINE  
FOR THE  
STUDENTS  
OF  
MDIM



**LET BUSINESSES OWN THE WORLD  
YOU BE THE RULER**

# ABOUT US



Finartha, the finance club of Management Development Institute Murshidabad formed with the ambitions of bridging the gap between the academic and professional worlds. As a student—run organization, the club brings together students with a shared interest in Finance to enjoy presentations from industry professionals, competitions, quizzes, finance-related discussions, casual and formal networking events as well as a variety of social events. It provides the platform for interactive discussions and orients oneself towards the world of business and commerce. The club plans to get into media through social as well as print media to update the students, academic professionals and industry veterans about its various activities. It thrives on providing the students with additional resources needed to develop themselves into strong candidates for the prospective job market. If one is zealous enough for the activities which go into finance and its substrates then 'Finartha' is the platform to quench that zeal.



# FINARTHA



## MDI | Management Development Institute MURSHIDABAD



### FIN-O-DATE THE FINANCE MAGAZINE

February 07, 2021

ISSUE- 82

#### INDEX

- **SENSEX** 50731.63
- **NIFTY 50** 14924.25
- **NASDAQ** 13856.30
- **DOWJONES** 31148.24

#### CURRENCY

- **USD/INR** ₹ 72.79
- **GBP/INR** ₹ 99.99
- **YEN/INR** ₹ 0.69
- **EURO/INR** ₹ 87.70

**LATEST BY:**  
Feb 07th, 2021

#### TOP GAINERS

Securities	Prev closing	Closing Price	Percentage increase	High/Low
SBIN	355.10	393.10	11.24%	408.35/385.15
Tata Steel	655.95	685.05	4.99%	690.60/651.40
Divis Lab	3678.90	3822.45	4.73%	3859.80/3665.05
Kotak Bank	1910.40	1982.70	4.17%	1998.50/1913.15
Dr Reddy	4667.95	4800.90	2.83%	4830.00/4625.65

#### TOP LOSERS

Securities	Prev closing	Closing Price	Percentage decrease	High/Low
Axis Bank	743.90	719.60	2.86%	766.30/717.00
Bharti Airtel	600.70	581.10	2.73%	605.90/576.25
Tata Motor	326.5	315.90	2.36%	330.00/312.60
Coal India	143.60	140.85	1.95%	144.30/139.35
UPL	548.05	536.50	1.89%	553.85/535.00

#### TAKE-O-TRADE

SPOT	SIGNAL	TAKE AT	TARGET 1	TARGET 2	STOP LOSS
Adani Ports	BUY	578.00	630.00	650.00	560.00
Emami	BUY	517.00	560.00	600.00	495.00
Sobha	BUY	500.00	550.00	623.00	482.00

#### Market Watch

- Sensex reaches all time high thus suggesting bullish momentum
- Make sure you do not indulge in counter trend trading
- Sectors effect will shape the broader market
- I would recommend you to have a close look at IT, Pharma and Infra structure stocks. Auto will be volatile.

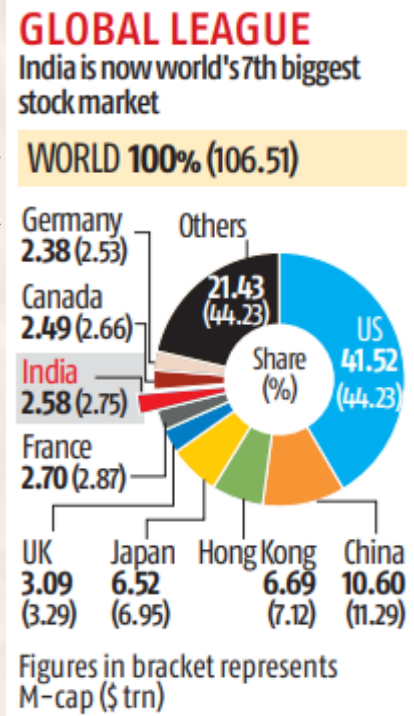
*Disclaimer: Futures, stocks and options trading involves substantial risk of loss and is not suitable for every investor. You are responsible for all the risks and financial resources you use and for the chosen trading system. You should not engage in trading unless you fully understand the nature of the transactions you are entering into .*

## What's Brewing In The Market?

### Red-hot rally: BSE firms' market cap crosses Rs. 200 tmn India's market cap-to-GDP ratio is now over 100%

The sum of the market value of BSE-listed companies crossed Rs. 200 trillion for the first time, on Thursday. The feat comes a day after the S&P BSE Sensex closed above the coveted 50,000-mark. The Sensex, on Thursday, ended at 50,614.29, up 358.54 points. The combined market capitalisation of the National Stock Exchange of India-listed companies was a shade lower at Rs. 199.1 trillion, based on Thursday's closing. The Nifty50 index ended the session at 14,895.65, up 105.70 points. In dollar terms, the market cap figure of BSE-listed firms is \$2.75 trillion — the seventh highest globally. The country's market cap-to-GDP ratio is now more than 100 per cent. Its nominal GDP (revised estimate for FY21) at current prices is around Rs. 195 trillion.

The combined market cap of BSE-listed companies had topped the Rs. 100 trillion-mark in December 2014. Back then, the market cap-to-GDP ratio was at 80 per cent. In September 2007, when the market cap crossed Rs. 50 trillion, the ratio was similar to the current level. The markets had come off more than 50 per cent in the following year due to the global financial crisis. In less than one year, India's market cap (based on BSE-listed companies) has nearly doubled. At the peak of the coronavirus-induced sell-off in March 2020, the market cap had plunged to Rs. 102 trillion. Based on BSE-listed firms, India's market cap had crossed Rs. 10 trillion at the turn of the century. Today, the country has two companies that are valued at more than Rs. 10 trillion each. Since 2000, India's market cap has grown at an annualised rate of 15 per cent. India's share in global market cap is about 2.5 per cent, similar to developed world economies, such as France, Canada, and Germany. However, most of these markets quote at a much lower price-to-earnings (P/E) than India. The benchmark Sensex currently quotes at a trailing 12-month P/E of highest-ever 34 times.



Analysts say valuations look optically high as earnings over the past one year have been depressed due to the Covid-19 pandemic. Even on a two-year forward basis, the benchmark indices quote at 22 times, much higher than the long-term average of about 16 times. The consensus analysts estimate for corporate earnings growth for the next two years is 70 per cent. The estimate was drawn before the Union Budget presented on Monday. The growth-focused Budget has raised hopes that companies will be able to achieve these lofty expectations.

### 3 in 4 Indian professionals considering job change in 2021: LinkedIn survey

The job market is set to become more competitive this year as three in four Indian professionals are likely to consider changing jobs or actively look for a new roles in the next 12 months, according to LinkedIn Job Seeker research. Based on 1,016 survey responses, findings show that three out of four Indian professionals will actively look for a new job in 2021. India remains resilient towards career growth as two in three (64 per cent) professionals say they are confident about their future progression while two in five think attending networking events (38 per cent), and investing in online learning (37 per cent) will be critical to landing a job in 2021, it noted.

There is a sense of professional uncertainty and worry among Indian professionals as the job market continues to get more competitive in 2021, the research said adding that more than one-third of job seekers are worried about too many recruitment stages, and long application documents, while three in four professionals say they have reservations about networking. LinkedIn has launched the 2021 'Jobs on the Rise' India list to empower professionals with critical insights about the dynamic jobs landscape. The list looks at 15 fastest-growing career opportunities that have seen the highest year-on-year growth rates in hiring based on LinkedIn data for the time frame of April to October 2020. "This year's Jobs on the Rise India list is a reflection of how the work ecosystem and the jobs market rapidly changed in 2020.

Digital transformation has continued to drive all industries, and both, tech and non-tech roles have shifted to meet the needs of a new collaborative, remote work culture," said Ruchee Anand, director — talent and learning solutions, India, at LinkedIn. Anand also said "the list shows us that audience builders and content creators are key to brands, HR continues to be at the heart of all operations.

### Reliance gets world's first carbon-neutral oil from US

Reliance Industries has sourced the world's first consignment of 'carbon-neutral oil' from the US as it looks to become a net zero-carbon company by 2035. Reliance, which operates the world's largest single location oil refining complex at Jamnagar in Gujarat with capacity of 68.2 million tonnes a year, got 2 million barrels of consignment from Permian Basin, the US supplier said in a statement. Oxy Low Carbon Ventures (OLCV), a division of US oil major Occidental, delivered carbon-neutral oil to Reliance, the firm said.

"This transaction, which was arranged in conjunction with Macquarie Group's Commodities and Global Markets group (Macquarie), is the energy industry's first major petroleum shipment for which greenhouse gas emissions associated with the entire crude lifecycle, well head through combustion of end products, have been offset," it said. Oxy Low Carbon Ventures and Macquarie will offset carbon dioxide equivalent to that associated with the production, delivery and refining of the crude oil and the use of the resulting product through the retirement of carbon offset credits.

"This transaction is a first step in the creation of a new market for climate-differentiated crude oil," the statement said.



## How many funds should you add to your mutual fund portfolio?

Investors often feel that if they invest in 10 to 15 funds or even more then they are well-diversified. Experts say 8 funds are enough and explain where you should invest.

When you invest in only one particular asset - stock, gold, mutual fund, fixed income instruments - you are taking too much risk by concentrating your portfolio. And this risk can be reduced by diversification. That is, you invest partially in all the above categories as per your risk profile so that when one investment tanks, the others can cushion that risk.

For example, in March 2020 and the period after that when 60% of returns were wiped out from our mutual funds, the only investment that could save the day was gold. A portfolio with the right diversification across asset classes makes sure the swing in your returns is kept to the minimum and you have a stress-free investing experience.

Now, this logic is true even for your mutual fund portfolio. One should invest in different types of funds to make sure that the portfolio is finely diversified. But there are often two mistakes that the investors make:

- 1) Adding sorts of funds to the portfolio
- 2) Buying too many funds in the same category

For most investors, being in every category of mutual funds becomes a fad. It isn't important to add every type of scheme to your portfolio. Choose your risk profile and time horizon based on which, choose the type of scheme you want to invest in.

Then there is the second category of investors who thinks that if they invest in 10 to 15 equity funds (or any other fund category) or even more, then they are diversified. That is not diversification because the asset class is still the same – equity (or fund category you chose). Diversification is investing in 4 different ways that will work differently. The same logic of portfolio diversification works here.

When the one asset class works, the other may not work, then when the third works, the fourth may not work.

### **So how many funds should one have in one's portfolio:**

And ideal count in any portfolio is about 8 schemes, where you have different kinds of equity and debt funds. Also, ensure there is real diversification in your schemes and not just the same mandate with different fund names.

This opinion changes on this from time to time but as for a basic portfolio it is suggested four categories: Indian equity funds, global equity funds, balanced funds, and some fixed income instruments. And in each category, you should have two funds.

If you are a first-time investor then start with large-cap and safe bond funds.



## Is the Turkish lira on the edge?

There was a time when the Turkish economy was the envy of the world. Its geographical proximity to the EU markets was an objective factor that hugely contributed to the economy, which had become synonymous with success, as it capitalised on the accession talks with the EU, investors poured in with cash and the Anatolian Tigers witnessed high annual growth to double digits. The economy grew at an annual rate of 7.2 percent between 2002 and 2007—and an interesting fact of the matter is that it performed relatively well during the 2008 financial crisis.

### **Volatility and vulnerability of the lira**

The lira is considered to be one of the most volatile and vulnerable currencies in the world. The pandemic has pushed its value to a record low over the past few months. By numbers, its value has been down by 20 percent to 25 percent against the dollar since the start of last year. Tatiana Lysenko, a global emerging markets economist at S&P Global, told **International Finance**, “In our view, it is not the low value but currency volatility—and more broadly, the lack of policy transparency and predictability that has a negative impact on investment and investors’ interest.”

### **Low investments, lost revenues and risk perceptions**

Gonenc explained that policy support was scaled down to contain the excessive current account deficit, inflation and exchange rate depreciation in summer months. “The central bank has raised its effective funding rate and credit interest rates increased substantially; public banks have reduced their credit expansion; and external demand has also weakened,” he said.

### **A bright side to the Turkish economy**

According to Lysenko, Turkey is a catching up economy with a young and growing population. With an adaptable and resilient private sector, the country offers many opportunities for profitable investment. “Recent changes of leadership at the Ministry of Finance and the central bank have improved investor sentiment, but it is too early to say whether these changes are part of a broader strategy to return to more conventional and transparent macroeconomic policies over the medium term,” she added.

### **The central bank is in distress**

It seems that “subjugation of the central bank to political control has severely undermined both investor confidence in the country and subverted the value of the lira,” Birch said, further explaining that “with the central bank’s institutional integrity undermined, it has pursued growth at the expense of economic stability, keeping its main policy rate below the prevailing rate of inflation for several months.” In the big picture, “these steps have served to lower interest rates and to undermine the value of the lira.”



## Diversifying Your Portfolio

It seems almost difficult to sell a stock for any amount lower than the price at which you purchased it while the market is booming. However, since we can never be sure of what the market will do at any moment, under any market condition, we can not ignore the value of a well-diversified portfolio.

The investment community preaches the same thing that the real estate market preaches for buying a house to create an investment strategy that tempers possible losses in a bear market: "location, location, location." Simply put, you can never put all your eggs in one basket. This is the key thesis on which the principle of diversification is based.

### Tips for diversification:

- **Asset Allocation:**

An investor can protect against major losses by including asset categories with investment returns that shift up and down under various market conditions within a portfolio. The returns of the three main groups of assets have traditionally not gone up and down at the same time. Market dynamics that cause one asset category to do well also cause average or low returns for another asset category. You will reduce the chance that you will lose money by investing in more than one asset group, and the total investment returns of your portfolio will have a smoother ride. If the investment return in one asset category decreases, you would be in a position to counteract your losses in that asset category with better returns on investment in another asset category.

- **Keep Building Your Portfolio:**

On a regular basis, add to your savings. Using the dollar-cost average if you have \$10,000 to spend. This technique is used to help smooth out the peaks and valleys produced by fluctuations in the market. The philosophy behind this method is to reduce the risk of your investment by spending the same amount of money over a period of time.

You invest money on a regular basis in a defined securities portfolio with dollar-cost averages. You'll buy more shares when prices are low, and less when prices are high, using this strategy.

- **Consider Index or Bond Funds:**

You may want to consider adding index funds to the mix, or fixed-income funds. Investing in stocks that track different indices makes your portfolio a wonderful investment in long-term diversification. You are hedging your portfolio further against market volatility and uncertainty by incorporating some fixed-income solutions. These funds aim to match the performance of large indices, so they try to reflect the value of the bond market rather than investing in a particular field.

There are also low fees for these funds, which is another bonus. In your wallet, it means more money. Because of what it takes to run these funds, the management and operational costs are low.

- **Know When to Get Out:**

Sound methods are buying and retaining and dollar-cost averaging. But just because you have your finances on autopilot doesn't mean that the powers at work can be overlooked.

Keep up to date on your savings and stay up to date with any shifts in business conditions overall. You'll want to know what's happening to the businesses in which you spend. Through doing so, you'll also be able to say when it's time for your next investment to cut your losses, sell and move forward.

- **Rebalance Your Portfolio Periodically:**

It is important to review your investment portfolio regularly and consider rebalancing the different properties. Check it on a yearly basis and make improvements based on important milestones in life. Meeting with your financial planner or accountant is an ideal way to verify where you and your lifestyle are connected to your investments.

# TEAM FINARTHA

The **FINANCE CLUB OF MDIM**

**BATCH OF 2019-21 & BATCH 2020-22**

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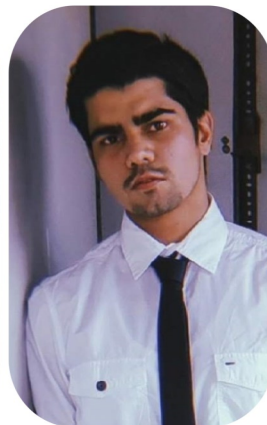
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Bhattacharya



Joy  
Dutta



Megha Poddar



Rahul  
Dhankhar



Navin  
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