

Flash Notes 21/03/2019

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Goldman Sachs upgrades India to 'overweight'

- Goldman Sachs upgraded its view on India to "overweight" amid expectations of another majority win for the ruling Bhartiya Janata Party. Investors have started to place their bets for a stable government, especially after India's tensions with its nuclear-armed neighbour have slightly allayed.
- Foreign investors are returning to Indian stock markets: Stock exchange data showed net foreign portfolio inflows into India hit a 15-month high of \$2.42 billion in February, a big swing from 2018's net outflows of \$4.4 billion, the largest since the 2008 global financial crisis. Inflows have been sustained this month, with the market riding a wave of patriotism following India's military strike on Pakistan. Most analysts say Modi's action following the Kashmir attack improve his chances in the massive vote that will begin on April 11.
- Also helping the market has been Modi's populist budget unveiled last month and a Feb. 7 rate cut by the central bank.
- Recent economic reforms, and hopes for continuity in this reformist agenda, have helped bring back foreign investors to India.
- "The risk/reward appears favourable for India once again", GS analysts said. Goldman Sachs expects India's NSE index to reach 12,500 level (+8.4%) in the next 12 months.
- Among the preferred sectors, Goldman Sachs upgraded its view on state-run banks, industrials and auto sectors to "overweight". It downgraded technology, metals and non-banking financial sectors.