

## Executive Summary

The broad sentiments in the world stock markets are generally negative for the week indicating the looming recessionary pressure squeezing the confidence of the market participants. From trade perspective, these movements are quite natural after the recovery moves revisit the lost grounds. However an eye of suspicion will prevail after Moody's downgrade of US credit rating, which acted as bad omen to reveal fiscal and debt-oriented worries that is haunting the US economy. The rise in treasury yields might be an indication that investor prefer bonds with higher interest rate but such rise in interest rate can significantly impact the money flow in the economy. The inflationary pressure with nature of stagflation is an uninvited guest at this moment. The trump policies and economic conditions pose great challenge for US economy since the decision and economic conditions not moving in congruence. The warning from JP morgan CEO about the mounting risk from inflation and credit risk had to taken seriously while framing the fiscal policies.

Asian market showed resilience over the ongoing bearish sentiments but such nature might act as transient if more negativity tests the strength of the market. The weakness of international trade has not significantly affected the domestic market of Asian countries and it is understandable considering the massive size of Indian and Chinese economy. Within the Asian economy Japan reacted in tandem with US economy but showed less aggressiveness while participating. In India, the industrial and service sectors sustained its momentum and general weakness in the global economy had not visibly impacted market dynamics apart from fear-oriented moves in stock markets. The decline in corporate earning of nifty stocks might be an early warning but how Indian economy reacts with adversity is very crucial. From IMF GDP data, it is visible that only few countries are projected with above 6 percent growth rate. India, Libya, Niger, Zambia, Tanzania and Mongolia are few countries projected with 6 percent growth rate. Apart from India, none of countries fall within first twenty GDP ranking countries. Thus, from institutional investors perceptive, the favoured destination to park fund might be India after considering the democratic nature of country. Like gold, India is also burdened with expectations after observing the significantly high price earnings ratios in Indian markets. It is quite interesting to watch, how these dynamics will play while deciding to park the funds with growing economies. Value investing stocks are a rare species in India but there are abundant companies with higher growth prospects. The strong political will is another encouraging factor in India but shareholders wealth maximization is not an enchanting slogan in India

because Indian investors are behind money and not highly interested in value. These bare realities always pose significant challenge while thinking about long term investment in India.

Now it is time to gain some insights about future prospects, it is understood fact the major investments in AI and robotics are happening all over the world. The expectation from these technologies is very high. Google announcement of investing \$75 billion in AI expansion shows the seriousness of technology companies in embracing Artificial intelligence. At this junction, they don't have much clue about deriving profitable revenue from these ventures. Sometimes the future is like that, the final destination is just a mirage, and your role is simply to reach the next visible point and wait for the next moment of clarity.

## **World Stock Markets**

The board sentiments in the world stock markets were generally bearish but disparity in the movements from each region is generally visible since regional sentiments influenced market movements. In US, the concern over fiscal deficit brooding over the mounting national debt had really drained the enthusiasm of bulls. The inflationary pressure and rising treasury yield augmented the ongoing sentiments and market reacted with 2.61 percent downside movement. European markets reacted less aggressively to bearish sentiments compared with US markets and the delay in implementing the proposed 50 percent tariff on European Union had influenced the market sentiments. From trade perspective last week bearish movements are considered as profit booking since market had appreciated significantly after the blow of tariff war reflected in the markets. Asian market remained relatively calm over the ongoing bearish mood in US and European markets. On contrary to US and European markets, Hong Kong stock market sustained its positivity over the general bearish sentiments backed by strong credit and trade fundamentals. From the data, it is visible that a free economy like Hong Kong attracted more export and imports at the time of turbulence. Indian market also stayed neutral but the decline in quarterly earning of nifty stocks had really impacted enthusiasm of buyers.

World Exchanges Weekly Sentiments						
	Pre Close	Open	High	Low	Last	% Change
1 S&P 500	5958.38	5902.88	5968.61	5767.41	5802.82	-2.61
2 NASDAQ Composite	19211.10	18937.42	19241.41	18599.69	18737.21	-2.47
3 Nikkei 225	37753.72	37572.36	37921.81	36855.83	37160.47	-1.57
4 SSE Composite Index	3367.46	3365.88	3394.75	3348.37	3348.37	-0.57
5 Hang Seng Index	23345.05	23156.27	23917.00	23059.89	23601.26	1.10
6 FTSE 100	8684.60	8684.60	8798.50	8604.80	8718.00	0.38
7 Euro STOXX 50	5427.53	5409.04	5467.28	5252.94	5326.31	-1.86
8 Nifty 50	25019.80	25005.35	25062.95	24462.40	24853.15	-0.67
9 DAX 40	23767.43	23705.93	24152.24	23274.85	23629.58	-0.58
10 KOSPI	2626.87	2613.70	2633.41	2588.09	2592.09	-1.32

\* Weekly computed data

## Forex Market

The weakness in dollar index is explicitly visible and the current value is below the previous support level indicating the general weakness of dollar against the basket of six currencies. The gloomy US fiscal outlook and fear of widening of national debt due to sweeping tax cuts and spending bills had generally impacted on the perception of weak dollar. The rising treasury yield indicates the probability of rise in inflation and investor high interest expectation over treasury bonds. Interestingly Chinese yuan continue to strengthen against dollar amidst of tariff war. De-escalation of tariff war and general good vibe in industrial production aided the sentiments. The reduction in international trade had not significantly affected the Chinese economy even though it continues to exist as a burning issue.

Currencies Weekly Sentiments						
	Pre Close	Open	High	Low	Last	% Change
1 EUR/USD	1.1164	1.1188	1.1377	1.1174	1.1371	1.85
2 USD/JPY	145.6300	145.2980	145.4490	142.4690	142.5500	-2.11
3 GBP/USD	1.3282	1.3306	1.3545	1.3292	1.3537	1.92
4 AUD/USD	0.6420	0.6412	0.6502	0.6393	0.6498	1.21
5 USD/CAD	1.3968	1.3953	1.3972	1.3728	1.3734	-1.68
6 USD/MXN	19.4575	19.4512	19.4840	19.2287	19.2287	-1.18
7 USD/CNY	7.2065	7.2090	7.2194	7.2019	7.2037	-0.04
8 USD/SGD	1.3003	1.2982	1.2988	1.2842	1.2868	-1.04
9 USD/INR	85.5889	85.5003	86.0998	85.0822	85.1031	-0.57
10 USD/HKD	7.8136	7.8138	7.8331	7.8138	7.8330	0.25

\* Weekly computed data

## Commodities Market

The appeal of gold as safe haven investment revisited after Moody's downgrade of US credit rating brought the cloud of uncertainty over US economy. The rising treasury yield had augmented the probability of rise in inflation and significant increase in interest rate might reduce the growth prospects. The prices of silver moved in tandem with gold prices and increased demand from renewable energy sector also influenced the sentiments. Corporate acquisitions coupled with rise trend in global demand had significantly influenced the copper prices. Meanwhile the rise of wheat prices and soybean prices showed the rising trend in inflation. At present the positive movements in wheat failed give any clue on change in ongoing trend that is highly influences by global over supply. The tornado outbreak in US wheat producing areas might influence prices in short term. The soybean price sentiments largely driven by drier weather condition in soybean growing regions in US. The Counter had showed tendency of bottoming out but it is too early to predict a change in trend.

Commodities Weekly Sentiments						
	Pre Close	Open	High	Low	Last	% Change
1 Brent Crude Oil (USD/Bbl)	65.410	65.220	66.010	63.740	64.780	-0.96
2 Crude Oil WTI (USD/Bbl)	61.970	61.810	62.730	60.380	61.530	-0.71
3 Natural Gas (USD/MMBtu)	3.3340	3.1650	3.4530	3.0980	3.3340	0.00
4 Gold Spot (USD/t.oz)	3203.8	3234.80	3366.00	3204.50	3358.00	4.81
5 Silver(USD/t.oz)	32.2740	32.4650	33.6970	32.1220	33.4550	3.66
6 Copper (USD/Lbs)	4.5511	4.5574	4.8594	4.5408	4.8294	6.12
7 Steel Rebar (CNY/T)	3105.00	3102.00	3120.00	3075.00	3081.00	-0.77
8 Aluminium (USD/T)	2479.90	2470.40	2498.30	2430.60	2472.40	-0.30
9 Wheat (USD/Bu)	525.00	530.50	556.25	525.50	542.50	3.33
10 Soyabean	1020	1054.50	1070.80	1045.80	1060.30	3.95
* Weekly computed data						

### Disclaimer

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### References