

Indian mkt is best performer in 2018

Gains 10% Year-To-Date In ₹ Terms, 6% In July

Coimbatore: Riding high on the surge in equities during July, India has emerged as the best performing market among large stock markets in the world during 2018. The Indian markets gained 10% year-to-date in rupee terms, which was much higher than key stock markets such as US, China and Japan.

For the month of July, the markets returned 6%, the second best performance among large stock markets. Brazil, which gave 9% returns, was the best performer.

Over the last 12 months, the MSCI India index rose 11%, outperforming the MSCI EM (Emerging Markets) index that advanced by 2%. Notably, over the last five years, MSCI India has outperformed MSCI EM by 127%. MSCI India P/E is at a premium of 66% to MSCI EMP/E, above its historical average premium of 44%.

MOMENTUM RUN

Country	Market cap (\$ trillion)	Returns in local currency in 2018 (%)	Returns in dollar during 2018 (%)
India	22	10	3
US	31	5	5
Japan	6.2	-1	0
UK	3.7	1	-2
China	6.4	-13	-17
MSCI EM	13.7	-6	-6

Note: Data for January-July 2018

Source: Bloomberg, Motilal Oswal Securities

The sharp slide in the rupee, however, pushed India to the second position in performance in US dollar terms. While the Indian markets advanced 3% in dollar terms in 2018, the US markets gained 5% to take the top slot.

The Nifty rallied in July after two consecutive months of flattish performance. Improving global sentiment, moderation in foreign institutional investor (FII) selling, a decent start to the earnings season and a

moderation in crude oil prices kept the markets buoyant. The Nifty scaled new highs during the month.

The market cap-to-GDP ratio for India, at 82%, is above its long-term average of 78%, data compiled by Motilal Oswal Securities showed. India's share in world market cap, at 2.8%, is also above its historical average of 2.5%. While the world market cap has increased by 6.2% (\$4.7 trillion), India's market cap is up 7.3% over the last 12 months.