

# Indian economy resilient; accumulate stocks on correction: Report

AGENCIES

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The Indian economy is resilient and has shown strength despite weakness across the globe whereas any correction in its equity markets should be utilized as an opportunity to invest for the long-term, said financial services firm Emkay Wealth Management.

The strength in the country's economy can be seen in its equity and currency markets as the correction in the Indian benchmark indices and rupee has been quite low compared to the other emerging market economies, it said in a note. "On a closer look at the selling by overseas investors closely, it can be seen that much of it is in the large-cap space



and not in the mid-cap or small-cap space," it added.

Currently, western economies have been going through sharp volatility with high energy prices posing challenges to growth. Bucking the global trend, India's latest GDP data, it said, reflect a resilient and robust economy

compared to any of the comparable economies in the emerging markets space.

"While the selling by overseas investors has been there in all the emerging markets, the extent to which the currency depreciated is also comparatively less in the case of the domestic economy."

However, a significant challenge for the markets in the immediate, it said, is the rising interest rates.

"This (monetary) policy is to contain the inflationary pressures, which may steal the economy of its efficiency and impede growth by adversely affecting consumption demand. Rising rates result in higher cost of funds and may be a drag on companies which have a huge outlay on capital expenditure," the financial services company said.

Further, it said the country moving into the festival season would help promote demand and consumption. Discretionary consumption is an area that may be able to perform better and consumption in the fashion and appar-

el sector may look good with better earnings prospects.

"The manufacturing sector is expected to perform well in the light of the spends by the companies and the various initiatives by the government like PLI, and also due to the opportunities presented by China plus one, and the key beneficiaries are likely to be autos, auto ancillaries, engineering companies, and speciality chemicals," it added. Lastly, the note said this is a time to focus on businesses that have strong balance sheets, leadership positions in the respective businesses and demonstrated persistent growth as such companies will have greater stability even in the face of adverse conditions.