

SINGLE COUNTRIES**INDIA (3.5 STARS — ATTRACTIVE)**

- India's exports grew at 5.17% y-o-y in Apr 18, while imports grew at 4.6% y-o-y during the same time period.
- India's CPI rose to 4.58% during the month of Apr 18 as against 4.28% during the previous month.
- IIP stood at 4.4% y-o-y in Mar 18 compared to revised growth rate of 7.0% y-o-y in Feb 18.
- Consensus estimates for earnings growth for FY19 and FY20 are 24.43% and 21.22% respectively. (As on 24 May 2018)

MARKET OUTLOOK

Exports during April 2018 were valued at USD 25.91 billion as compared to USD 24.64 billion during April 2017 exhibiting a positive growth of 5.17% year-on-year. While imports during April 2018 were valued at USD 39.63 billion which was 4.6% year-on-year higher in USD terms over the level of imports valued at USD 37.88 billion in April 2017.

Major commodity groups of export showing positive growth over the corresponding month of last year are Engineering Goods (17.63%), Organic & Inorganic Chemicals (38.48%), Drugs & Pharmaceuticals (13.56%), Cotton Yarns/ Fabs/ Made-ups, Handloom Products (15.66%) and Plastic & Linoleum (30.03%).

Major commodity groups of import showing high growth in April 2018 over the corresponding month of last year are Petroleum, Crude & products (41.49%), Machinery, electrical & non electrical (9.11%), Coal, Coke & Briquettes, etc. (20.43%), Organic & inorganic Chemicals (18.36) and Transport & Equipment (33.18%). In effect, the Trade Deficit for the month stood at US \$ 13.72 billion vis-a-vis the deficit of US \$ 13.25 billion during April 2017.

India's CPI came higher at 4.58% year-on-year during the month of April 2018 as against 4.28% during the previous month. Food and Beverages which have a weightage of 54.18% in the CPI basket reported increase in prices by 3% in April'18. Within the food and beverages segment, prices of cereals increased 2.56%, prices of milk products increased by 3.21% and vegetable prices increased 7.29%. Housing and Fuel & light prices increased by 8.50% and 5.24% respectively which also contributed to the increase in inflation during the month of April 2018. Rise in inflation makes it more difficult for a rate cut in the near future.

IIP stood at 4.4% year-on-year in March compared to revised growth rate of 7.0% year-on-year in February. The major sectors like Mining, Manufacturing and Electricity registered growth rates of 2.8%, 4.4% and 5.9% respectively. As per Use-based classification, the growth rates in March 2018 over March 2017 are 2.9% in Primary goods, -1.8% in Capital goods, 2.1% in Intermediate goods and 8.8% in Infrastructure/ Construction Goods. Further, the Consumer durables and Consumer non-durables have recorded growth of 2.9% and 10.9% respectively.

As on May 24, 2018 the benchmark index (S&P BSE Sensex) closed at 34,663.11. The earnings estimates for HDFC Bank, the highest weighted stock in the index were at 14.53% and 21.56% for FY19 and FY20. The earnings estimates for FY19 and FY20 for Housing Development Finance Corp Ltd, the second highest weighted stock in the index were at 11.64% and 13.73% respectively. Over a one month period, the top gainers in the index were State Bank of India (11.6%), Asian Paints Ltd (10.0%) and Kotak Mahindra Bank Ltd (9.3%). The bottom performing stocks during the same period were Tata Motors Ltd (-12.8%), Sun Pharmaceutical Industries Ltd (-10.7%) and Bharti Airtel Ltd (-8.5%).

According to consensus estimates, as on May 24, 2018 the estimated PE ratio for India's stock market (Sensex) are 23.56X, 18.94X and 15.62X for FY18, FY19 and FY20 respectively. Estimated earnings growth is -1.49%, 24.43% and 21.22% for FY18, FY19 and FY20 respectively. We maintain an "Attractive" rating of 3.5 stars for the Indian equity market.

**RECOMMENDED FUND:
MANULIFE INDIA EQUITY FUND**

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DECISION SHOULD BE BASED ON
THE SPECIFIC

OF THE FUTURE OR LIKELY PERFORMANCE OF THE FUND. THE VALUE OF UNITS AND THE INCOME FROM THEM MAY FALL AS WELL AS RISE. OPINIONS EXPRESSED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE.

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