



# UPDATE - CORONA

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# Crash or A Correction?

Nifty -17.2% From Top



Nasdaq -19.3% From Top



**As We had Informed you Earlier the Next Stock Market Crash/Correction will not be Local, but a Global Event & that's what is playing out**

# Crash or Correction, History of USA



## Stock Market Crash USA

Start Date	End Date	Days	% Drawdown S&P	Recession
Nov-68	May-70	543	-36%	Yes
Jan-73	Oct-74	630	-48%	Yes
Nov-80	Aug-82	621	-27%	Yes
Aug-87	Dec-87	101	-34%	No
Mar-00	Oct-02	929	-49%	Yes
Oct-07	Mar-09	517	-57%	Yes
Recession = Less than 1% Real GDP Growth				

## Stock Market Correction USA

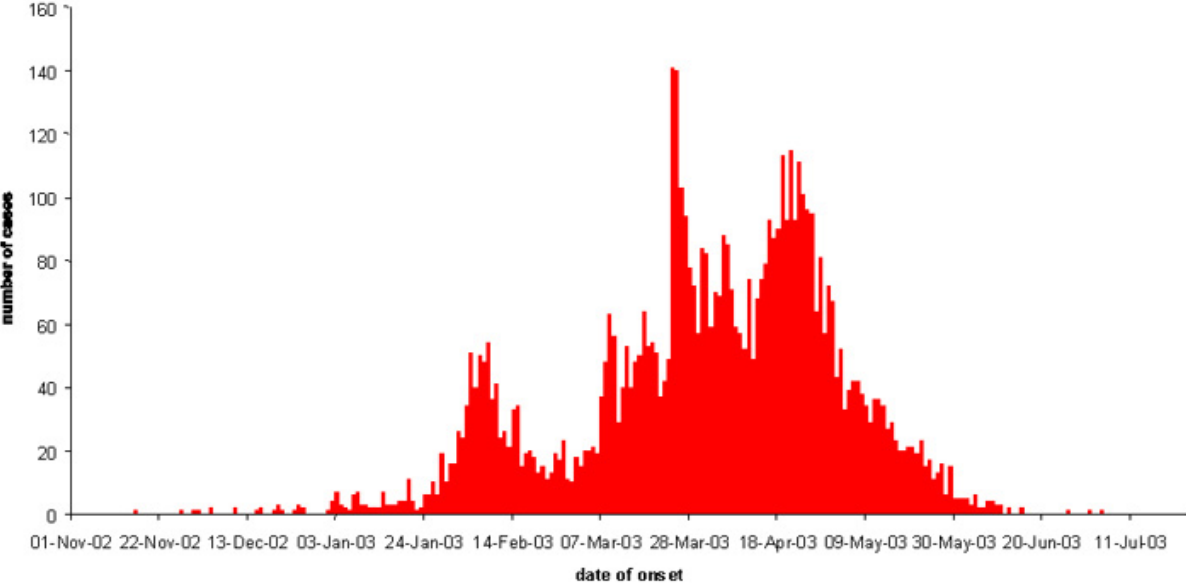
Start Date	End Date	Days	% Drawdown S&P	Recession
Sep-76	Mar-78	531	-19%	No
Feb-80	Mar-80	43	-17%	Yes
Jul-90	Oct-90	87	-20%	Yes
Jul-98	Oct-98	83	-19%	No
Apr-10	Jul-10	70	-16%	No
Apr-11	Oct-11	157	-19%	No
Sep-18	Dec-18	82	-19%	No
Recession = Less than 1% Real GDP Growth				

**Majority of Large Stock Market Crashes happen due to a Recession in the US Markets, Of course as we see in 1980's & 1990's there was a Recession but the Stock Market correct -17% & -20% Respectively & Bounced Back. We have Corrected from 3393 to 2734 on S&P500 in 14 days or a drawdown of 19.4%**

# The Cause - Corona

## Source WHO -SARS Topped Out in April - May

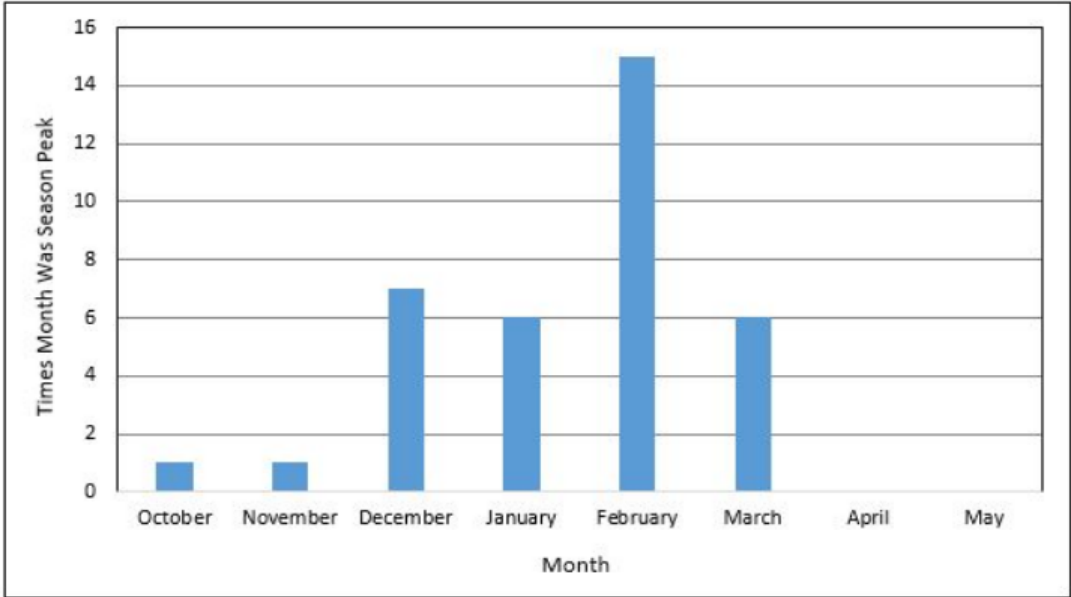
Probable cases of SARS by week of onset  
Worldwide\* (n=5,910), 1 November 2002 - 10 July 2003



\*This graph does not include 2,527 probable cases of SARS (2,521 from Beijing, China), for whom no dates of onset are currently available.

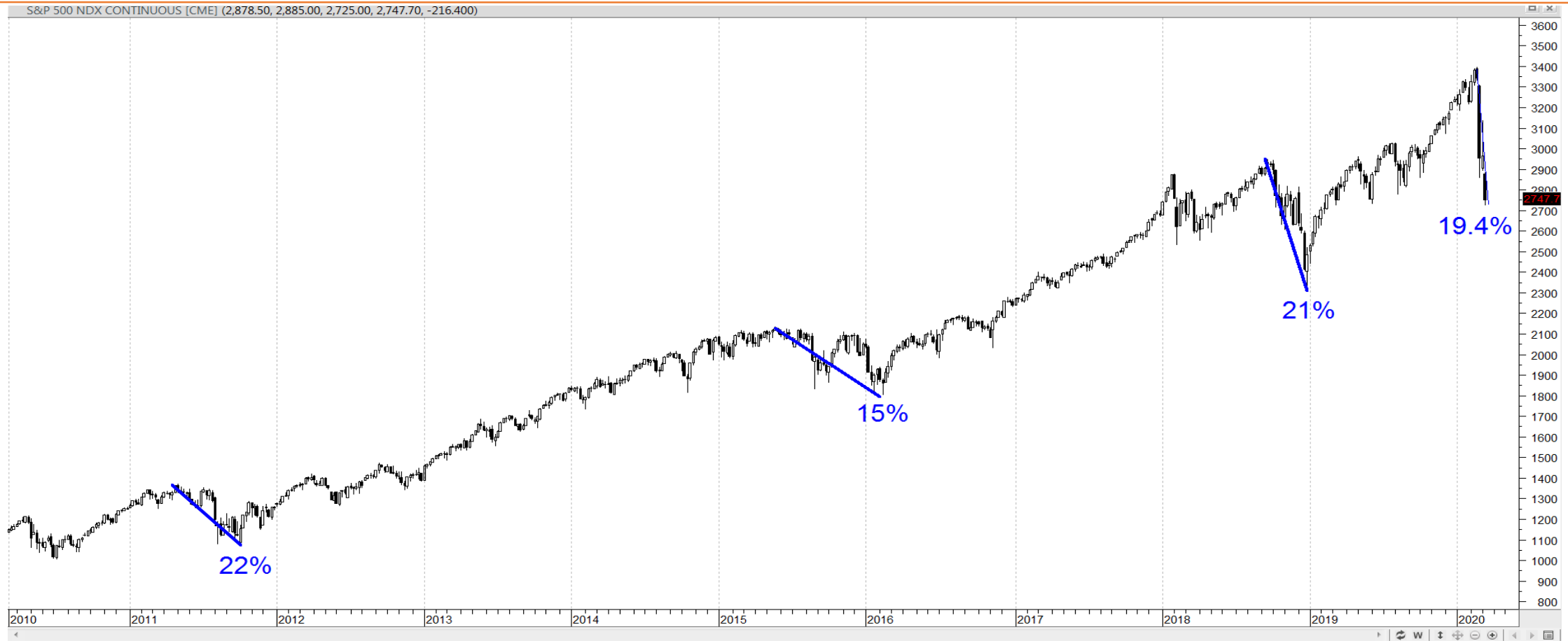
## Source CDC – FLU Highest in Feb/March

Peak Month of Flu Activity  
1982-1983 through 2017-2018



Since they are from same Family of Virus, There is a good Probability that Corona will be History by Maximum April End. Disclaimer we are not Doctors nor do we understand medicine much, Its just Data we are Seeing.

# The Fed Put – Will it Work?



Whenever the Markets have been in Trouble after 2008, the FED has come to bail out with Market but will it work this Time?

# The FED PUT – Will it Work

Published on Investing.com, 10/Mar/2020 - 11:06:49 GMT, Powered by TradingView.  
United States 10-Year, United States, NYSE:US10YT=X, D



The 10 Year Bond Yield hit New Lows of 0.36 Yesterday & the Futures Markets are Pricing in a 100% Probability of Fed cutting Rates by 50 Bps in 18<sup>th</sup> March FOMC Meeting.

The Fed will go all out & Markets wont be surprised even if they go for QE4, Unlike ECB, Fed has a lot of Steam still left to go.

Money of course cant solve this Problem but it can stop temporarily this crazy panic Selling.

# Trump – Always Gets what he Wants



- Over last 4 years, Seeing Trump closely, I have observed he is always seems to way ahead of the media as well as the stock market.
- Trump has been torturing FED via his Tweets to cut Interest rates, with Corona FED has already cut 50 Bps & high Likelyhood of FED Cutting another 50 Bps.
- Its Election Year, Trump knows it really well he cannot let the Stock Market go down, by April End he will have massive Liquidity push + High Likelyhood of Corona Cases declining.
- He Will Claim in Elections to be the Hero if Corona Declines although if Corona doesn't stop US can easily go into Recession soon.

# Crude a New Headache?



In My opinion, its not the Level of Crude that Matters, it's the Volatility of Prices of Crude which brings about displacement to world Equity Markets. The World typically adjusts itself with Crude in 2 Months, High Cost players are replaced by More efficient players that's the rule of the game for any commodity including this.



# Conclusion



- We yet are not Sure if this is a Correction or a Crash
- There are Signs like the Pace of the First Fall & the Strong Melt up before the fall which tells us that this can be a Crash but then there are signs like the FED Put + US Elections + Corona getting out of the Picture in 1-2 Months that confuses us that this may just be a Correction. (Nobody really Knows to be Honest)
- What we think we know - The Markets are really Oversold & may see a PullBack of atleast 30% of the loss till the 18<sup>th</sup> of March (FED Policy) & that's where we decide our course of action ahead. We have to be Careful here because the last time when Fed did an Emergency cut of 50 Bps the Markets actually fell down.
- All our 3 Products i.e. the PMS, Multibagger & momentum are between -4% to +2% Year to date (1<sup>st</sup> January to 10<sup>th</sup> March 2020) even after this Sharp Fall v/s -14% for the Nifty 50 & -8.7% for CnxMidcap.
- The next few weeks are Important & whatever happens we will react in most Prudent way with one eye on Capital Protection & other on Capital Appreciation.