



23rd July, 2024



Global equity markets corrected last week led by Nasdaq 100, which fell by almost 6% from its recent top. We believe the global equities may stabilise and may even recover for now and may not have significant downside in the short term. We do, however, continue to expect a significant correction by September-October of this year. We expect the Indian equities to also toe a similar line. Barring a negative surprise from the Budget today, Indian equities could extend its rally before the markets reverse for a significant correction by October.

On a longer-term basis Indian equities represent the biggest bubble ever thanks in large part to the domestic inflows, which are completely blind to level and valuations. This is a phenomenon with no precedent in world history and will have catastrophic consequences for an entire generation of the Indian middle-class, which is endlessly buying into a bubble of monstrous proportions. We continue to be bullish on long-term US and Indian government bonds. Gold and Silver have corrected sharply over the last week and need some more time to sort out the recent excesses.



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