

INVESTMENT INSIGHT

Monthly Update



Jan 08, 2010

Editorial

All change is not growth; all movement is not forward. Countries and corporations around the world learnt this painful truth first in 2008, and then over the first three months of 2009. The year came on the heels of a global meltdown that left many economies around the world at the edge of collapse. Countries in developed world were much more affected. There have been urgent and unprecedented actions taken by government all over the world by unleashing series of stimulus in form of investments and opening of money floodgates to support the collapsing economies and preventing the world to enter another great depression. With our relatively low dependence on exports, growing domestic demand, and conservative banking and financial system, India was impacted to a lesser extent. However, the steps that were taken in response to an extraordinary situation have helped build a stronger and more resilient Indian economy.

We believe that the experience of the meltdown has helped us sharpen our skills and has changed us for better. As we enter the next decade, the signs are positive. Data flowing in from around the globe seems to indicate that the worst is over. The heartening 7% growth in Indian GDP has added a new sense of optimism, and policy makers and industry seem to have arrived at a consensus that it is time to move ahead, and lay to rest the ghosts of an economic meltdown.

The year 2010 is going to present much more opportunities and also the challenges amid great developments and reforms in the Indian economy; consequently benefiting all section of society by spreading prosperity and wealth all around. However, if we see the stock market rallies since 1993, we will find that no other rally has run up so much in such a short time as the current one. This means that either we are bound to see a correction in the near term or the markets have to hold itself at current levels for quite some time before moving forward. If the correction does happen in the short term, it should be treated as a good opportunity for long term investors to invest and capitalize on the long term India growth story.

Wish you and your family a Healthy, Wealthy and Prosperous 2010.

Happy Investing!