

Buying on dips can add to your portfolio

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Indian markets are maturing with every passing events. In the last few weeks we have seen the outcome of state elections and the Reserve Bank of India (RBI) governor resigning. At a point when everyone thought we would have tough times in the equity market on the outcome of BJP losing all state elections, the Nifty 50 index from a low of 10,330 made a smart recovery till about 10,950 levels. The bounce back in the Indian market was largely driven on the back of foreign institutional investor buying.

Oil has been the big savior for the Indian market. Fall in crude oil prices from \$86 per barrel to around \$53 per barrel has improved sentiment towards India and the Indian market. The fall in oil also



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helped strengthen the Indian rupee that gained from Rs 74 against the dollar to the current level of Rs 70. Indian market is clearly showing signs of outperformance compared to our global peers and US markets. Concerns over economic slowdown in the US market augur well for the Indian market and foreign flows.

There is convergence of various factors, from global growth, to quantitative tightening concerns, as well as political risk in the US.

At a time when 23% of the world's markets are trading at 52-week low, our own market is giving clear buy on dips signal. Our strategy to buy on dips and keep booking regular profits con-

tinues. Retail investors and traders should not be worried with global markets and continue to buy on dips for short-term trading gains. With no major domestic events in the coming few months, we believe that there is opportunity to trade in quality mid-caps. Cash rich Public Sector Undertaking (PSUs) and selective large PSU banks and financials looks good from risk reward point of view. In the next 15 days all eyes will be on the December-ended quarterly corporate performance. Lower oil prices and stable rupee may throw some surprises. However, broadly we expect Nifty 50 index to trade in range of 10,200- 11,200 for few more months. Investors would be better-off to adopt a buy on dips and sell on rise strategy.

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