



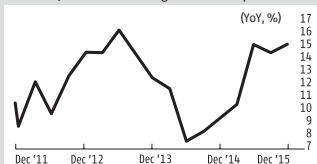
HOW REAL IS THE BEAR THREAT?

One test of a bear market is a 20 per cent decline from a 52-week high. Many stocks and key indices have broken this limit, and some have gone back from it. Here's a look at some other macro and external parameters that confirm and contradict this bear-market theory

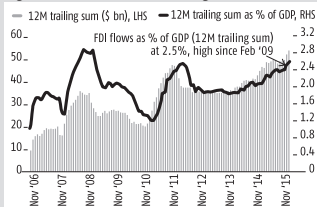
Positive

Growth drivers

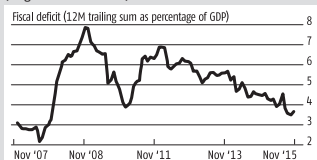
Public projects under Implementation, as indicated by CMIE data, continued robust growth in Dec quarter



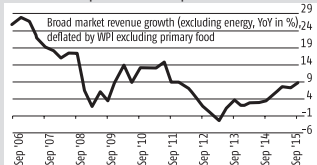
Gross FDI Inflows remain robust, reaching an all-time high of \$52 bn on a 12-month trailing basis in Nov



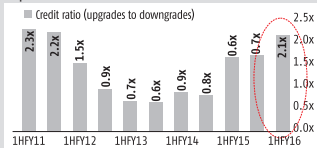
Fiscal deficit on a 12-month trailing basis continues to track below target at 3.5% of GDP in Nov (target of 3.9% of GDP).



Broad market corporate revenue growth in real terms accelerated in quarter ended September



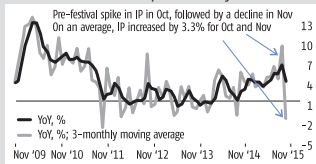
CRISIL's ratio of credit ratings upgrades to downgrades improved to 2.13 in H1FY16 from 1.68 in H2FY15



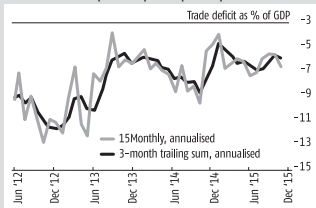
Negative

Drags

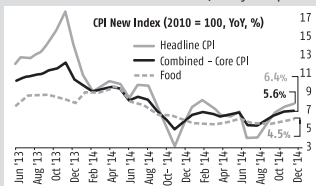
Industrial production (IP) growth declined in November at the fastest pace in four years



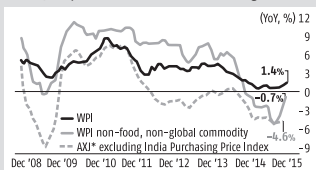
Trade deficit widened in December due to broad-based sequential pick-up in imports



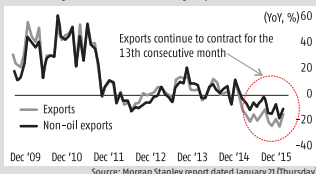
CPI inflation accelerated in December, led by food prices



WPI remained in deflation for the 14th consecutive month, but pace of contraction is moderating



Exports continue to contract, with declines in both commodity and non-commodity exports in December



Source: Morgan Stanley report dated January 21 (Thursday)