

## Twitter Thread by SAINIK



**SAINIK**

[@sainik636](#)



**1. Why am I extremely nervous about this market ? This was my POV which I had put forth on a fabulous discussion on CH on Thursday where I argued in front of a distinguished panel [@anishteli](#) [@Prashanth\\_Krish](#) [@VohiCapital](#) [@lonelycrowd](#) [@deepakshenoy](#)**

2. I am putting this here on the request of some of my friends who missed the discussion. While all my distinguished panelists made several excellent points on the Bullish side, it was left to me to play the Devil's Advocate for most part of the time... alone. ■

3. Today, a feeling of Deja vu prevails since situation similar to Dec'07 when India was the flavor of the season & was making newer highs whereas Global mkts led by US & Europe had topped out in Oct & China bubble had been pricked also around the same time.

4. While there was all round euphoria the FIIs were relentless sellers while the Non Institutional players were picking up the slack then as it is now

5. While the Nifty had hit 6k on Nov.1st '07 and was forming a toppish pattern between 6k & 6.3 k over the next several weeks, it was the midcaps & small caps which were where the Euphoria was.

6. I had participated on the short side, selling into the euphoria & was badly being burnt, while this time I had actually long positions in "kachra" stocks a couple of weeks ago , which I had switched to Blue chips : ITC, Reliance; HDFC Bank & TCS as an experiment.

7. Had proposed to end the experiment on Friday 16th coinciding with the Zomato Issue, to sell everything, except ITC positions both delivery as well as trading. ( I have done exactly that).

8. I did not have any Short positions even though I was extraordinarily bearish since I was waiting for further confirmation. At the close of Friday I still don't have any short positions.

9. I noticed that on Feb 16th 2021, Nikkei & HSI have topped out, locally its BN which has done so. Noticeably many blue chips like HDFC twins, Maruti, Hero, Bajaj, M&M, Kotak are down more than 10 % & Nifty itself is up just 3% above the prev

high ( again similar to 2007 )

10. Liquidity which is the main driver will be sucked out by the Mega IPOs & SEBI rules of margining which will come into effect Sep1st which will tighten the noose further.

11. Observation of Cash Market T/O shows that Non Institutional share is now 70 % which was around 54 % just 5 years ago. In F&O its increased to 68 % vis a vis 63 % 5 years ago, clearly edging out Institutions, which is a dangerous sign.

12. Overall turnover in both cash & Derivatives dropping steadily , esp in F&O where volumes in Nifty are regularly at multi year lows.

13. Macro Indicators, like High Inflation, Low growth in IIP, reduction in GST collections, rise in NPAs & general economic malaise indicating Stagflation.

14. Poor Fundamentals, shaky Technical indicators, Euphoric sentiment, no follow up buying in big blue chips, Low volumes, Liquidity fast drying up ,High levels of complacency among FMs, History, Anecdotal information, my experience & gut feel make me very very scared.

15. POST SCRIPT: Will change my mind only if there is a "WHITE TIGER" event ( Opposite of Black Swan) i.e. like Sep '19 when Corp Tax was reduced or '21 Budget. Hence, only the FM can make me change my mind, since I am not expecting any positive surprises on the Global Front■