Twitter Thread by Prashant Nair



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I spoke with Chris Wood of Jefferies post US inflation data. 20 min chat on markets.

(Link - https://t.co/El8K1GOw2E)

TOP 25 takeaways,

1. Double whammy of higher rates & b/s tightening

2. Will be astonished if S&P-50 doesn't fall by atleast 30% from peak

#StockMarket (1/8)

3. After a 30% fall S&P-500, market will become very receptive to any hints about Fed changing stance

4. A > than 30% fall would need markets to stay down & then big retail outflows

#StockMarket (2/8)

5. Key question is if Fed's changes language later this yr

6. Huge political pressure from Washington on Fed

7. All opinion polls in US show inflation No.1 issue for Americans

8. For 1st time in > 40 yrs, we have pressure from political establishment on Fed

#StockMarket (3/8)

9. U.S. consumer confidence has fallen dramatically, could be mix of inflation & stocks falling

10. Cash buffers with U.S. consumers built up during pandemic running thin now, could be losses in stocks or crypto

#StockMarket (4/8)

11. U.S. CPI will keep inflation story bubbling

12. May CPI will make the market assume that the next hike will be 50 bps

13. Problem is that the Fed is so far behind the curve, that they need to impose real rates now & they are nowhere close

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14. FII selling in India @ historic highs

15. If people start losing money on 1 yr, see risk to retail inflows

16. India a great story with 10 yr view

17. Property mkt up, evidence of capex pick-up

18. A sideways year, would be a good outcome for India

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19. RBI is behind the curve, but nowhere as far behind the curve as the Fed

20. Base case is India corrects further,
supports (charts) at 14,000-14,500

21. Don't necessarily have to go there if retail inflows hold up, mkt trades sideways & valn adjust lower

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22. India is expensive, but U.S. valuations way more expensive (relative to sales)

23. India a domestic demand driven story

24. Risk is if monetary tightening delays capex pick-up

25. History suggests that Indian market is heavily influenced by Wall St

#StockMarket (8/8)