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# I don't think market up move is anywhere close to over: Devina Mehra

## Synopsis

You can make a trade-off between passing on the decline in prices to the consumer and giving a boost to demand or having the margin expand or a combination of the two, in any case it will be positive.



I mean in general that is where our reading of the market is.

"As always people tell me that tell us when to get out and when to get in but very few people action it then because at that time there is uncertainty and everybody wants to wait and watch and then that part of the move is over but I do not think the full move is over definitely," says [Devina Mehra](#), First Global.

## It has been a dream summer of 2023. Is the best of this summer 2023 rally over?

Before the summer started, at end of March I had put out a tweet which clearly said that it was time to be back in the [market](#). In fact, I specifically also answered the question that is this the bottom. I said I do not know whether it is the bottom, but it is definitely somewhere close and the risk is more on missing out an up move.

As always, people tell me that tell us when to get out and when to get in but very few people action it then because at that time there is uncertainty and everybody wants to wait and watch and then that part of the move is over but I do not think the full move is over definitely. Even now both for global equities and Indian equities, [equity](#) as an [asset class](#) is looking pretty good and even relative to the globe, India is definitely one of the better markets. So, I do not think the move is anywhere close to over and again the risk is not being invested. Now, I get people asking me that should I wait for a 10% correction before getting in and I said there is no guarantee that you are getting that 10% correction, as of now our systems do not show that there is going to be anything like that.

## What are your systems saying and what gives you the belief that a 10% correction is not around the corner?

We use a lot of systems together which tell us that and even if you look at simple things like PE, etc, it is not as if that you are at the extreme end and I think last time we spoke about you asked me that what is going to be the theme for the next few months and I said the crude price which is down very significantly from last year over...I think about 35-40% that kind of range. That is going to be one big positive if you are looking for a specific positive for both the Indian economy as well as the corporate earnings because crude is not just crude oil, it impacts a whole lot of downstream petrochemicals which are inputs for many industries, from FMCG, textiles, chemicals and so on and even other commodities are in a kind of a softer phase this year, so that helps the input prices for a lot of companies and corporate earnings.

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It is not as if the market always has a one-to-one correlation with what is going to happen next quarter to earnings and it reflects that but as I said overall that picture is looking just fine.

## I wanted to also understand what the outlook is within the entire financial space given the fact that we do have, of course, the RBI policy and there is that stark view with the large cap stocks that have not quite participated in this leg up of the rally as we are making our way towards those life highs. What is your view on how one should be approaching large cap private sector financials?

I think I have spoken earlier on your channel that I am a nervous investor in banks and lenders, let us say as a general rule, so throughout 2020 and 2021 we were not investors in banks to any significant extent. In fact it was a risk relative to the index because the index has such a high weightage to them. Middle of 2022 onwards we became market weight on banks so which with price action has become overweight, but not really on the non-bank financials. We will have still very small holdings in the non-bank financials because as I said as

personally as well as the fact that we generally prioritise risk management over everything else that is the space we are generally not very comfortable with. So that is where we would be just now that banks slightly overweight but not the non-banking financials.

**Let us spend some time understanding that why a correction is not around the corner. I think it is a Templeton quote which says that more money is lost in waiting for the correction when the real correction will occur. So let us talk about where you can make 10% gain. Do you think this market in next 6 to 12 months can give another double digit gain, I mean 10% from here also?**

I have told you before in 30 years I have never given an index target and as Daniel Kahneman writes in the book it is objective ignorance, it is something you cannot know and so everybody making a prediction is actually just taking a punt.

In January everyone gives a prediction but there are no charts showing that what is the track record of those predictions versus actuals for those particular experts for the last five years. If you start putting that, maybe people will stop giving the predictions on the channel, but as I said here the risk still is in the not being invested, in missing out on up moves, I mean in general that is where our reading of the market is.