



FUTURE FOCUS

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Black Swan Event - All Markets Down

DIGITIAN VIEW!

As I predicted in the last two Newsletters(Jan/Feb 2020) that a Stock Market crash in USA is eminent during March/April 2020. However, the trigger came from a **Black Swan Event of globally spreading Corona Virus (Covid-19) originated in China.** This would give the market a cause for correction of overvalued stocks.

As Nassim Taleb points out that a **Black Swan** Event is the rarest event which takes everybody by surprise and it cannot be predicted in advance. More importantly its effect could not be assessed fully given the magnitude, scale and its linkages with global economy and social structure - hence **highly uncertain, which is not good for market.**

It was predicted that a correction is due in some of the markets(USA/India etc) given the over valuation, over bullish sentiment, falling corporate income, falling demand in China, India and most countries of the World. As such, the trigger was expected to be economic/ financial reasons on the basis of available data but as it panned out it is Corona Virus spread which created a lot of uncertainty. **The effect is in the Table alongside all markets are down.**

Effect of Corona Virus :

1. Linkage of China in Global

Trade - when SARS happened in 2004 China's share was only 3.4% of the Global Trade and in 2020 China's share is approx. 16.3% of the global trade. This shows the extent of disruption a problem in China can create

“ Black swan event requires extraordinary change in investment strategy, preservation of cash till the volatility in the market place subsidize”

MARKET WATCH

Equity Indices	Monthly Open	Monthly Close	Monthly Change %	2020 YTD %	2019 %
S & P	3225	2954	-8.4%	-8.6%	28.9%
Nasdaq	8992	8567	-4.7%	-4.5%	35.2%
FTSE 100	7286	6581	-9.7%	-12.7%	12.1%
Shanghai Composite	2977	2960	-0.6%	-3.0%	22.3%
NIFTY	11975	11201	-6.5%	-8.1%	12.2%
Nairobi SE 20	2600	2337	-10.1%	-11.9%	-6.3%
Egypt SE 30	13918	12228	-12.1%	-12.4%	7.1%
Tanzania All Shares	2104	2036	-3.2%	-1.1%	0.9%
Ghana Composite	2212	2187	-1.1%	-3.1%	-12.2%
Nigeria SE 30	1275	1140	-10.6%	-3.2%	-16.9%
Morocco All Shares	12532	12260	-2.2%	0.7%	7.1%
Bangladesh DSE 30	1524	1474	-3.3%	-1.9%	-20.1%

Commodity	Monthly Open	Monthly Close	Monthly Change %	2020 %	2019 %
Gold	1589	1698	6.9%	11.7%	18.5%
Crude Oil	56.65	51.4	-9.3%	-22.2%	22.0%
WTI Oil	51.62	46.09	-10.7%	-24.7%	33.6%
Copper	2.549	2.549	0.0%	-8.9%	6.3%
Iron Ore	92.9	86.46	-6.9%	-5.5%	32.4%
Aluminium	1726	1698	-1.6%	-5.9%	-20.1%

2. Supply-Chain disruption: Most of the manufacturing supplies to OECD world and the emerging world are coming from China, South Korea and Japan, all of them are affected in the early phase of the Virus spread. So the markets failed to assess the extent and the industries which will be affected. **This is a supply side issue for recession.**

3. Global Travel Linkages will spread the virus faster than expected. There is huge travel - both commercial and leisure - takes place between China, South Korea, Japan, South Asean countries and rest of the world. There are huge expat populations of these countries in mostly all parts of the world. This makes it different from Ebola. Thus, before the detection of this virus many people got affected moved all over the world. Secondly, most of the tourism industry is heavily dependent on Chinese, Korean and Japanese who will be not traveling for the next 6 months to 1 year. This implies huge effect on service industry. **This makes it most vulnerable as it continues to effect most of the countries over a long period of time.**

4. Demand disruptions : In order to contain the Virus, in the initial days China blocked the city, sanctioned movement, confined people within their Homes etc etc. Now other cities and countries also following the same method of shutting down schools/offices/gatherings etc. First this will create huge effect on **Consumer discretionary retail, demand for energy**(oil dropped to lowest in 5 years), **travels and hospitality industry will be hugely affected, physical entertainment/event management will be affected, Banking, card business will see lowest growth, Automobile/Housing/white goods - will be affected, Due to death claim etc life insurance companies will be affected, Telecommunication companies** (as they bet on 5G), overall productivity

across industries. Before the Virus outbreak, on the basis of financial performance and demand outlook already there were emerging divides among Industry Groups as per Bloomberg.

5%-40% growth in Profit : Financial Industry, Technology-Software, Consumer Discretionary, Healthcare Services and consumer staples --- **of these mostly will be down except most part of Health Care services.**

How Far we are from Recession ? One Quarter away

Yes if this virus continues to spread from the present 7 countries to over 20 countries including India **death toll ex china crosses 30,000. Then the global economy is not far from recession.**

What action is on cards by Governments/ Central Banks?

As already predicted, USA expects to cut rates further (may be three times in 2020) so that will make the rates close to zero. This will be also followed by Europe, China, Australia, UK and BRAC for sure. But already the interests are in zero or negative Zone, so how effective it will be is doubtful.

Further since 2019 countries are introducing special fiscal package to charge the economies, they would again do so but the options are limited. Thus, there will be fall in the global GDP growth by 0.75% to 1% in 2020.

Thus, spectacular V shape recovery in the stock markets are ruled out, it will be U shape recovery. However, the duration will be dependent on the global linkage of each economy and how the portfolio money move between countries. It will take at least 2-3 months to assess.

COUNTRY DATA

Countries	GDP (USD Bn)	Market Cap (USD Bn)	GDP Growth 2020 %	Inflation %
USA	18570	29898	2.0%	1.9%
China	12238	6119	5.8%	3.5%
India	2260	2305	5.0%	5.0%
Egypt	331	53	5.7%	9.00%
Kenya	71	18	6.0%	5.3%
Tanzania	54	10	6.0%	3.7%
Ghana	43	20	6.0%	9.3%
Nigeria	405	101	2.40%	13.0%
Morocco	101	59	2.8%	1.0%
Bangladesh	221	40	7.8%	5.52%

Forex	Monthly Open	Monthly Close	Monthly Change %	2020 YTD %	2019 %
EUR USD	1.109	1.106	-0.3%	-1.3%	-2.3%
GBP USD	1.321	1.280	-3.1%	-3.4%	-10%
USD INR	71.555	72.530	-1.3%	-1.8%	-2.1%
USD KES	100.400	101.150	-0.7%	1.4%	-0.7%
USD EG POUND	15.800	15.630	1.1%	2.6%	11.60%
USD TZS	2300.000	2300.000	0.0%	0.0%	0.0%
USD CEDI	5.486	5.460	0.5%	4.4%	-14.5%
USD NAIRA	362.235	306.400	18.2%	18.3%	0.5%
USD TAKA	84.600	84.940	-0.4%	-0.1%	-1.8%

Prescription for **individual small investors**, during this phase especially in **USA Market (Short term View <3 months)**

1. **Prefer Cash than staying put in Investment** : If you are not sure of any of your investment it is better to sell off all your short/medium stocks and reassess the long term stocks. At this point Cash is more important than stay put in investment but do not do panic sale

2. **High Volatility : will be the norm of the Game** : Do not be greedy and note that big players are in play so they will be in and out too quickly and will create volatility.

3. **FOMO: Fear of Missing out:** Avoid FOMO and focus on identification of future winner to invest; if still invests keep a narrow stop loss'

4. **Reassessment of the Revenue Model of the companies before investment:** please note that there will be significant changes in the revenue model and the winning companies in the last bull run may not be the one this time. So critical analysis of the revenue model is necessary from the future perspective;

Remember preservation of cash is more important till the full effect becomes clear.

Play a waiting game to identify the right opportunity and let the volatility stabilize.

Enjoy and be happy in your Investment!

Coming Soon

New Service : Surrogate Investment

Digitian Capital (DC) has launched a new service "Surrogate Investment". We have come across many of our readers who may not have USD 100,000 or equivalent to join the club and make their investment fortune. Further, we understand **TRUST & BELIEF** are two big factors confronting the medium value investors. The service is designed to address these issues while creating a family of DIGITIAN investors :
The features of Surrogate Investment (SI) :

1. Invest your own Money through your own custodian account (so no money transfer)
2. Only two markets : India and USA
3. Atleast investable funds of USD 20,000 or AED 10,000 or INR 10,00,000
4. Digitian Capital would give you names of only 1(one) share (on the basis of our model **WINGS to freedom**)
5. You will invest yourself on the basis of that **Tips on that share**
6. Digitian will advise you to sell the shares at right point in time.
7. You transfer 20% of the profit you generated out of the sale of shares. (Say you invested USD 20000/- in Apple and you sold it at USD 24000 then you will pay DC, USD

800 (20% of gain of USD 4000)
8. On receipt of USD 800 DC will provide you another name of shares where you will invest again USD 20000 or more.

If you have a loss from a tip it will be adjusted first from subsequent gain, before upside kicks in.

So it is **SIMPLE .. SIMPLE**

Why You should avail this service?

- You do not have time like Professional Fund Managers like us, so you are getting a professional specific advise
- Your money is in your own account. You can sell whenever you want
- Digitian capital is doing all the hard work, Selecting the share, monitoring the performance of the company, attending AGM and Investors Conference, advising you the buy and sell time with entry and exit price.

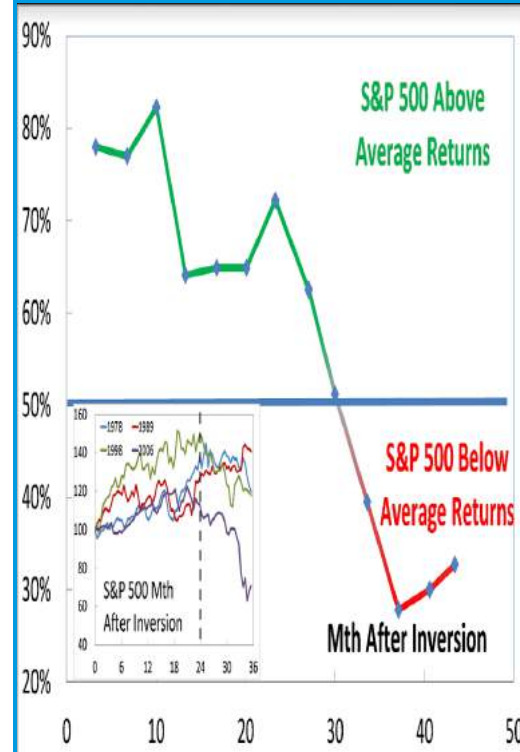
Fees for the Service :

- a) ZERO UPFRONT Fees
- b) Upside of 20% of the profit **only on realisation** of the profit (So Zero risk)

Process :

- 1) Sign up : digitiancapital.com
- 2) Start Your millionaire Journey

BEST CHART OF THE MONTH



Courtesy: Bloomberg

“ If we follow S&P 500 Curve months after Treasury yield curve inversion (Insert) of 1978, 1989, 1996 and 2006, it may be observed that Month after inversion point S&P 500 has produced below average return in comparison to months before inversion where S&P produced above average return”



VALUE INVESTING

Debashish Neogi

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“If you are a long term investor, turn off the screen, be off from social media for some time, enjoy the nature, go for holiday, take break, basically stop seeing the screen, you will be happy”

Corono Virus Crises - Long term View (>5 years)

There is a famous Chinese proverb :
“Those who predict, do not know, those who know, do not predict. But nobody knows”

The above statement is so apt during this crisis of Coronavirus. One cannot predict by extrapolating the past as this virus is different. Those who are expert are also conservative and scared to predict, actually no one knows for surety which makes it very difficult for us to act.

What we know :

Coronavirus disease 2019 (COVID-19) is a respiratory illness that can spread from person to person. The virus that causes COVID-19 is a novel coronavirus that was first identified during an investigation into an outbreak in Wuhan, China. COVID-19 is spreading from person to person in whole world . Risk of infection with COVID-19 is higher for people who are close contacts of someone known to have COVID-19, for example healthcare workers, or household members. Other people at higher risk for infection are those who live in or have recently been in an area with ongoing spread of COVID-19.

What we don't know?

The recent spread of the coronavirus is causing a global panic. Our shared

terror arises not so much from the death toll of the new flu-like disease — more than 3,300 people have died worldwide — but **from what we don't know about it.**

Wild speculation followed that the coronavirus was a virulent or mutated superbug. Had it arisen naturally or escaped from a nearby military lab? Did it originate from a sick lab animal? A conspiracy theory arose that it was a manufactured virus that had escaped from scientists' botched efforts to create either a vaccine or a biological weapon or the virus may have originated in one of these markets, where exotic mammals such as bats and pangolins are still sold for human consumption.

We don't know what we don't know

The method of the contagion has been perplexing to experts. Why is the mortality rate for infected patients in Iran roughly double that of patients in countries such as South Korea, Italy, and Japan? Why have almost no children under ten died from the infection?

are we instead overestimating its dangers? Thousands of patients may have already recovered from mild cases — and perhaps never knew they were sick in the first place. Evidence suggests that only about 2 percent of patients will die after infection.

As in the case of other viral illness, the unfortunate victims are mostly elderly people with existing illnesses. Or Does that pattern suggest the coronavirus may be more like annual influenza outbreaks — deadly to thousands but hardly the stuff to shut down a global economy?

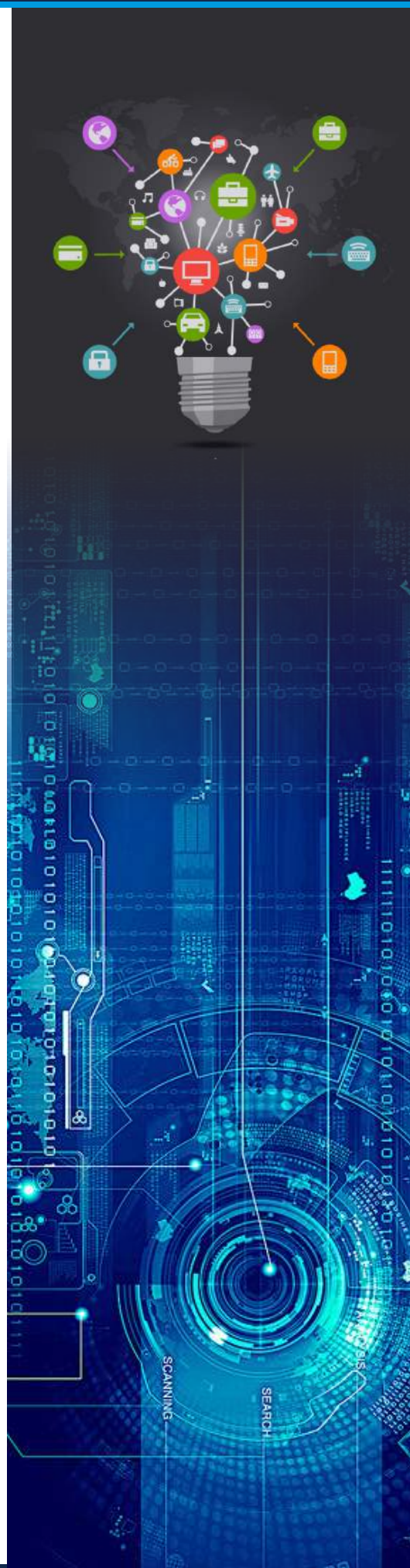
The economic impact :

Economists have been using the SARS epidemic to put the coronavirus outbreak in context. The 2003 SARS epidemic is estimated to have shaved 0.5 percent to 1 percent off of China's growth that year and cost the global economy about \$40 billion (or 0.1 percent of global GDP).The coronavirus epidemic, which like SARS originated in China, differs in a few key ways. China's economy accounted for roughly 4 percent of the world's GDP in 2003; it now commands 16.3 percent. If the coronavirus has a similar effect on China as SARS, the impact on global growth will be worse. Moreover, China's growth is weaker than it was in 2003—after years of rapid economic development, China's growth stands at 6 percent, the lowest it's been since 1990. The economic fallout from the coronavirus could rattle China's economy further and dampen global growth. Many are predicting Global growth to fall

Continued Page 5

NEWS FROM FRONTIER & EMERGING MARKETS WE FOLLOW

Courtesy : DIGITIAN Global Consulting



USA	Digitian Country Rating AAA
»	USA market crashed finally on the spread of Corona Virus globally - black swan event which took the market by surprise and all the indices fell by over 12% finally Nasdaq corrected back a little but volatility is very high and given the uncertainty the bottom is not reached;
»	As per Bloomberg, the last quarter US Economy is also showing mix sign with half of the industries are loosing revenue while still half of the industries are still making good growth due to consumer spending;
»	Oil prices crashed to 5 years low firing with \$45 level in 2 months from a high of \$65 due to falling world demand especially in China further depressed due to coronavirus effect .
India	Digitian Country Rating AA
»	As projected Indian market also shown up nervousness and shed 6.5% in the month and first major decline in 2020 mainly due to poor financial results, falling economy and corona virus
»	Indian Political environment remained volatile and the growth momentum is lost completely
»	The Budget disappointed the market for sure as the market expected more stimulus for industry and it remains mainly focused on infrastructure, Rural development and Agriculture. Read Budget Analysis
China	Digitian Country Rating AA
»	Interestingly, China Market did not drop much only 0.67% while China is the epicenter of the corona virus, this may be due to the fact the market was closed for new year and absorbed the corona virus effect;
»	China production output PMI is slowed down to 38 (due to stoppage) which is the lowest in 2 decades;
Kenya	Digitian Country Rating B +
»	Kenya market gave up the December recovery by further dropping by 10% down after 27% fall since 2018 mainly due to trade disruption and tourism related threat out the spread of Coronavirus
»	Kenya's Currency is holding against dollar well depreciated on 0.7% in Feb. Thus in last 3 years depreciation is almost controlled by strong handling of Central Bank. CBK lowered benchmark lending rate by 25 bps to 8.50% projects a double digit growth in lending;
»	The Export in 2019 fallen to a three year low of \$5.9 billion resulting into widening trade deficit which is affecting domestic employment generating opportunity. While kenyan Forex reserve depleted by \$262 million to \$ 8.5 billion
Ghana	Digitian Country Rating C
»	Ghana Stock market is comparatively held fort with a further decline by 1.1% ; Inflation rate fall by 0.3% while PMI is increasing and stood at a good 52.7;
»	The Ghanaian cedi in contrast gained further in Feb by 0.5%,(2019f all by -14.5%). Moodys' upgraded Ghana's rating to B3 rating (Outlook Positive). The GDP growth is expected to be 6.2% in 2020.

Egypt	Digitian Country Rating BB
<ul style="list-style-type: none"> ➤ Egypt EGx30 index showing a mixed reaction with a majorfall in February by 12.1% in (2019 -7%) Amidst this fall also the Pounds still appreciated by 1.1%; ➤ Failure of the Washington round of negotiations over the operation of the GERD and the filling of the reservoir alongside the flare up in military activities in Libya and Syria led massive sell off ➤ Weak consumer and business sentiments and the sharp effect of the Covid-19 turmoil on global supply chain and Chinese economy will keep the headline PMI in the contraction territory of 46-47 ➤ Weak labor market dynamics are still weighing on the outlook for domestic demand. 	
Tanzania	Digitian Country Rating C
<ul style="list-style-type: none"> ➤ Tanzania All share Index given up all the gains of last 2 months(aggregate 4.6%) by dropping 3.5% while the currency remains anchored around TZS 2300 (remained neutral in 2019 through out) ➤ Tanzania grew @ 6.6% per annum during the five year period 2013-18 making it among the Top 20 fastest growing economy in the world; ➤ Tanzania inflation rate in 2020 will be around 3.7 % 	
Nigeria	Digitian Country Rating D
<ul style="list-style-type: none"> ➤ Nigeria NSE 30 has reversed the last month gain of 8.2% by falling 10.7% finally after dropping almost 45% in the last 2 years. This is due to the dropping Crude oil price which is the main contributor to GDP. ➤ In sharp contrast the Naira against dollar appreciated significantly by 18% in February 2020 ; 	
Bangladesh	Digitian Country Rating BB
<ul style="list-style-type: none"> ➤ Bangladesh DSE 30 shown some resistance and dropped only 3.5% (after a two full year of drop of 30.5%.) So the future will remain volatile with negative outlook but the currency fell only 0.4% ➤ Bangladesh's textile sector could not capitalise on the opportunity to increase exports to the United States, mainly due to a lack of supply side capacity and product diversification. Currency devaluation in competing countries such as India and Vietnam also contributed to Bangladesh's poor export performance. 	



DIGITIAN MOMENTS

Courtesy : DIGITIAN Global Consulting

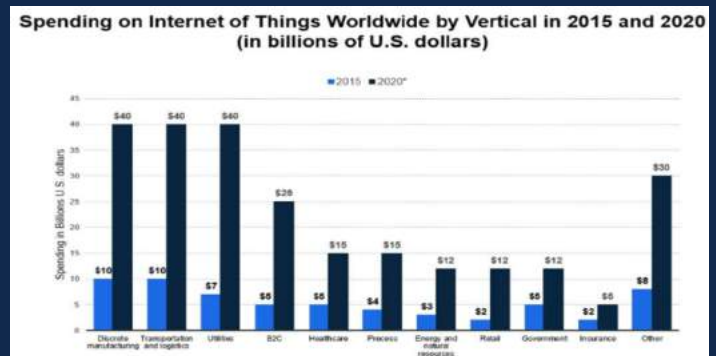


Internet of Things (IOT)

Internet of Things (IoT) refers advanced interconnected global network of physical objects—devices, vehicles, buildings and other items – embedded with electronics, software, sensors and diverse network connectivity, enabling to collect and exchange data remotely. It has transformational potential of connecting devices to the cloud and blurring the lines around traditional business models IOT is not really about things but about service. The Fourth Industrial Revolution is data-driven. And a primary reason for this is the rise of the internet of things (IoT). Last year, IoT devices outnumbered the world's population for the first time, and by 2021, Gartner predicts that one million new IoT devices will be purchased every hour

Cyber-physical systems – smart objects, smart grids, smart homes, smart enterprises, smart environment and smart cities resulting in improved efficiency, accuracy and economic benefits IOT enables the business-model transformations that trickles down and spreading across industries. For examples, If GM sells a Wi-Fi-enabled car, that means AT&T, looking for ways to expand beyond phones, can add a vehicle to your data plan. Konica Minolta no longer sells office copy machines — it provides a connected “digital hub” and businesses pay for the scanning, copying, and digitization services it provides. Over the last 15 years, the vision of the IoT evolved due to a convergence of multiple technologies, RFID in 1999 to wireless communication, NFC to the Internet and from embedded systems to micro-electromechanical systems (MEMS).

- ❖ The World Economic Forum's Center for the Fourth Industrial Revolution is working with IoT initiatives in Denmark that are creating incredible societal efficiencies. An Accenture study already suggests that the integration of IoT data in key sectors in Denmark could deliver \$80 billion in value. This is particularly notable given that Denmark is a country with only 5.7 million people and a GDP of about \$330 billion.
- ❖ The main Company in the IOT space are (CISCO, IBM, Huawei, GE Digital, Bosch, Siemens , SAP, DHL, DELL) There are numerous medium small and startup companies in the space contributing towards building the components of IOT.
- ❖ The graph shows significant increase in spending across Industry - Discreet manufacturing, Logistics, B2C, Utilities, Healthcare Process, Energy, Retail, Insurance, Government and others which signifies the progress & focus.





DIGITIANS are those who born in or after the year 2000 and will be a dominant force through 2075. They are completely different in usage of their left brain and motor nerves. They are different from the Millennials in behaviour, thinking and action.

The world is changing superfast – media, communications, banking, currencies, education, retail channels, health & medicines, travel and tourism, consulting, manufacturing, agriculture, – every sectors facing disruptive innovations; Nano technology, internet of things, artificial intelligence and robotics will be overwhelmingly embedded. In this age, model disruption, extinction, miniaturisation, real time delivery, speed and virtualisation are neo normals.

We make you ready for them

HOW TO INVEST IN DIGITIAN CAPITAL

Presently DIGITIAN is raising money from Equity Investor in various classes (A, B and C) depending upon investment amount. This is a Unique opportunity to select a Zero Tax destination to Invest money especially for Diasporas. If you need to know about Investment opportunities, Please write to us for more details at info@mydigitian.com

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