



**DIGITIAN
CAPITAL**



FUTURE FOCUS

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“ The first phase is coming to end soon as the bull is back though the world is in deep recession, the second order effect will be coming end May and will be prolonged till August”

The New Abnormal - Bull Run in Covid 19

DIGITIAN VIEW!

As I mentioned earlier in our Newsletter, that there is a deep linkage other major global stock markets have with USA stock markets. With USA recovery, India, Egypt, Nigeria all recovered almost at the same speed. In USA the recovery is mainly driven by Tech sector and in May'20 it is expected that markets will be in Green for the year to date. (refer side Table 1). This is the power of digital age stocks.

**OUR USA RETURN in 2020
(31st March 2020):**

**20% vs -20% S&P 500
overvalued stocks. (2019 28%)**

This clearly shows our ability to perform and beat market even in in this kind of volatile market.

US Indices's recovery is V shaped (pundits mentioned flat U, W, and now squareroot) for the time being in spite of all our assertion that it will not be so.

Have the social and conditions changed ? No.

Have the effect of Covid-19 Pandemic gone? No

As on 3rd May 2020, 2.6 million infected in 210 countries with over 247000 deaths infection growing at 20%; Entire world is under lock down; oil crushed to century low, all borders closed, international travel closed, unemployment figures touched highest level in a century, negative GDP growth for 2020 confirmed for the world but markets are behaving like nothing happened.

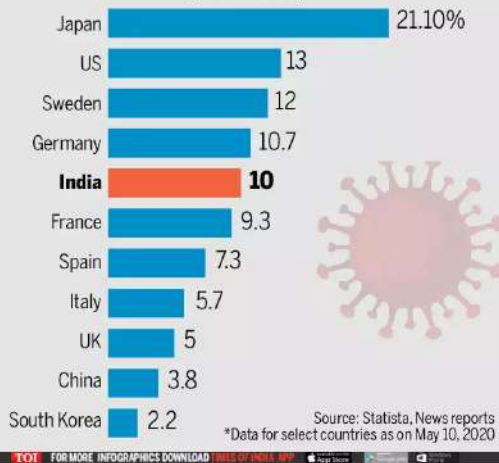
MARKET WATCH

Equity Indices	Monthly Open	Monthly Close	Monthly Change %	2020 YTD %	2019 %
S & P	2585	2912	12.6%	-9.9%	28.9%
Nasdaq	7700	8911	15.7%	-0.7%	35.2%
FTSE 100	5672	5901	4.0%	-21.8%	12.1%
Shanghai Composite	2759	2860	3.7%	-6.2%	22.3%
NIFTY	8510	9859	15.9%	-19.1%	12.2%
Nairobi SE 20	1930	1967	1.9%	-25.9%	-6.3%
Egypt SE 30	9521	10554	10.8%	-24.4%	7.1%
Tanzania All Shares	1741	1767	1.5%	-14.2%	0.9%
Ghana Composite	2159	2100	-2.7%	-7.0%	-12.2%
Nigeria SE 30	904	987	9.2%	-16.2%	-16.9%
Morocco All Shares	9704	9400	-3.1%	-22.8%	7.1%
Bangladesh DSE 30	1330	1331	0.1%	-11.4%	-20.1%

Commodity	Monthly Open	Monthly Close	Monthly Change %	2020 %	2019 %
Gold	1597	1692	5.9%	11.3%	18.5%
Crude Oil	25.89	26.67	3.0%	-59.6%	22.0%
WTI Oil	20.62	19.02	-7.8%	-68.9%	33.6%
Copper	2.2	2.34	6.4%	-16.4%	6.3%
Iron Ore	88.22	83.83	-5.0%	-8.4%	32.4%
Aluminium	1528	1492	-2.4%	-17.3%	-20.1%

HOW GLOBAL CORONAVIRUS STIMULUS PACKAGES COMPARE

(% of GDP)



Lopsided Capital Market Bull Run in USA :

Three main Trends (in 2 months) observed :

a) New Age Stocks created New Highs (BC- Before Covid)

Amazon from \$1626 to **\$2469** (BC \$ 2153) PE 115 **Netflix** from \$298 to **\$455** (BC \$ 384) PE92 **Zoom** from \$100 to **\$177**(BC \$ 106) PE**1942**
ServiceNow from \$249 to **\$388** (BC \$ 357) PE110 **NVDA** from \$196 to **\$340** (BC \$ 315) PE75 **VEEV** from \$121 to **\$202**(BC \$ 165) PE105
QDEL from \$81 to **\$212** (BC \$ 89) PE95 etc etc

b) Covid resistant segment within Industries out-shined others :

most shares reached within 5% of all time high or New High

- IT Media (FAANG shares)
- IT Virtual Companies
- IT Cloud computing/IoT
- IT Gaming (Apple,FB,MSFT,Snap,Square, TECD, FTNT,SMAR, TSLA, EA, ATVN etc)
- Customer Staple (Walmart, KR, Pepsi)
- Pharmaceuticals (BMY,Biogen, ABBV, ABT, JNJ, Elli Lily etc)
- Biotech (all covid Vaccine and test related) - (SRPT, Neo, GILD, MRNA, NVAX, etc)
- Healthcare -(Progressive, United Health, VRTX, REGN, etc)
- 5G Stock - (Tmobile, Verizon)

c) SECTORS which are doomed

due to COVID (Not only in USA in all Markets)

- Banks &Finance(40%-100% down)
- Energy (50%- 200% down)
- Airline (150% - 400% down)
- Hospitality (50% - 100% down)

COUNTRY DATA

Countries	GDP (USD Bn)	Market Cap (USD Bn)	GDP Growth 2020 %	Inflation %
USA	21729	26689	-3.6%	0.9%
China	12238	10290	1.6%	-2.0%
India	2260	2305	2.0%	4.2%
Egypt	331	53	3.5%	6.00%
Kenya	71	18	2.5%	5.3%
Tanzania	54	10	3.0%	3.7%
Ghana	43	20	3.0%	7.0%
Nigeria	405	101	0.50%	6.0%
Morocco	101	59	1.0%	1.0%
Bangladesh	221	40	4.0%	4.00%

Forex	Monthly Open	Monthly Close	Monthly Change %	2020 YTD %	2019 %
EUR USD	1.102	1.095	-0.7%	-2.4%	-2.3%
GBP USD	1.238	1.257	1.5%	-5.2%	-10%
USD INR	75.335	75.164	0.2%	-5.2%	-2.1%
USD KES	105.200	107.250	-1.9%	-4.3%	-0.7%
USD EG POUND	15.740	15.750	-0.1%	1.8%	11.60%
USD TZS	2313.000	2314.000	0.0%	-0.6%	0.0%
USD CEDI	5.765	5.775	-0.2%	-1.3%	-14.5%
USD NAIRA	361.000	360.500	0.1%	0.6%	0.5%
USD TAKA	84.450	84.980	-0.6%	-0.1%	-1.8%



What are the reasons behind?

According me there are couple of reasons for this **New Abnormal Bull run-**

1. Unprecedented Size of **Stimulus Package** which passed the money directly to Mass & Small Business and also bailouts for large business
2. Simultaneous intervention by major Central Banks - Quantitative Easing, Cut of prime rates, special loans to Banks/FIs - The Fed has done the most --- which created huge liquidity at a cheapest cost
3. **'Work from Home'** helped the New Age digital business both in terms of market and also internal delivery. They were already practicing WFH philosophy but moved almost near 100% during COVID 19.
4. Very Few Segments are chased by the entire market and the result is obvious(refer next page)

According to Satya Nadela, CEO of Microsoft, COVID-19 fast tracked virtualization by 3-4 years, almost overnight with lock-down. This is a great benefit. It is true from top to bottom everyone in the society understood the need for VIRTUALISATION in shortest time.

Other sectors such as **Consumer discretionary, Utility, Industrial** are affected but within 30%-50%.

Although we are discussing USA markets but when you analyze the other markets like India and other markets you will see the same happening in the sectors we mentioned.

So my advise to investors will be to now come back to market slowly and get ready for the second order play. **As I have mentioned what has happened is a New Abnormal - a bubble if you look at the PE and it will burst with the earning in June Quarter 2020 when you will see the full blown effect of the lock-down - in April, May and June when almost everything was stopped and effect of unemployment sinked in.**

However, you have now hind sight view as you have seen the quarterly result and have seen the COVID 19 effect for one month of lock down.

1. Do a proper study of the Financial and its future effect linked to recession and recovery

2. **High Volatility** : will be the norm for sure with VIX fluctuating between 20 -35., in the next 2 months so still you have to be cautious.

3. Try to build a portfolio as the market dips with the top share in each segment gradually. You can never fish at the bottom but you can create your long term portfolio

Stay at home and be happy with family and watch 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 advice 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: Forbes

“Human Willpower is more than effect of virus that what this chart shows - after all virus infection the market has come back strong - it will happen this time as well - only a matter of time and patience”

Saugata Banerjee



VALUE INVESTING

Debashish Neogi

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“A functioning & growing economy is like an immune system for livelihoods. A lockdown weakens that immune system and most hurts the impoverished in our society” - Anand Mahendra

Indian economy and Market is at critical juncture

India started managing Covid 19 very well :

I toggle frequently between Dubai and Bangalore. The last time I landed from Dubai to Bangalore was on 12th March. Around a week back, a close friend of mine landed from Dubai to USA .There was no check in USA nor in Dubai then, whereas, India started basic checks much early(like temperature reading of all at airports) .

This is what I wrote on my FB post on landing on 12th March "1)Just landed in Bangalore from Dubai,have been travelling Emirates regularly for last 11 years, never seen such an empty flight ,checked with the staff ,more than 200+ seats were empty 2) the Corona virus scan (temperature reading) in airport was done by a person 3)self declaration (2 copies)counter where the guy actually ask few questions 4) the immigration counter sees the stamped second copy ,checked deli gently the contact details including e mail address 5) there is announcement educating what one should do in next 28days if any symptom crops up 6) MUST say pretty impressed with the seriousness and the process in the airportlast in duty free the counter is so empty ,their sales are down more than 50%+ ,their sales are coming down with every passing day ...the guy knew exactly how many passengers were there in the flight”

"A functioning & growing economy is like an immune system for livelihoods. A lockdown weakens that immune system and most hurts the impoverished in our society," Anand Mahindra said few days back which is the naked truth .

What will be India’s GDP growth rate for this year because of Covid 19 –

Howard Marks’ latest memo is out, and he has titled it **Uncertainty**. He writes – **“The field of economics is muddled and imprecise, and there’s good reason it’s called “the dismal science.”** Unlike a “real” science like physics, in economics there are no rules that one can count on to consistently produce a given outcome, as in “if a, then b.” There are only patterns that tend to repeat, and while they may be historical, logical and often-observed, they’re still only tendencies...Which means we don’t have past patterns to fall back on or to extrapolate from. As I have said, **"if you have never experienced something before, you can’t say you know how it’s going to turn out.”**

In short, what Marks says is that when it comes to economics, or finance, or investing for that matter, NO ONE has any idea! Warren Buffet in his recent AGM almost said the same thing .So let us not pretend to have one, and just

put our heads down and work hard in the present than predict the future.

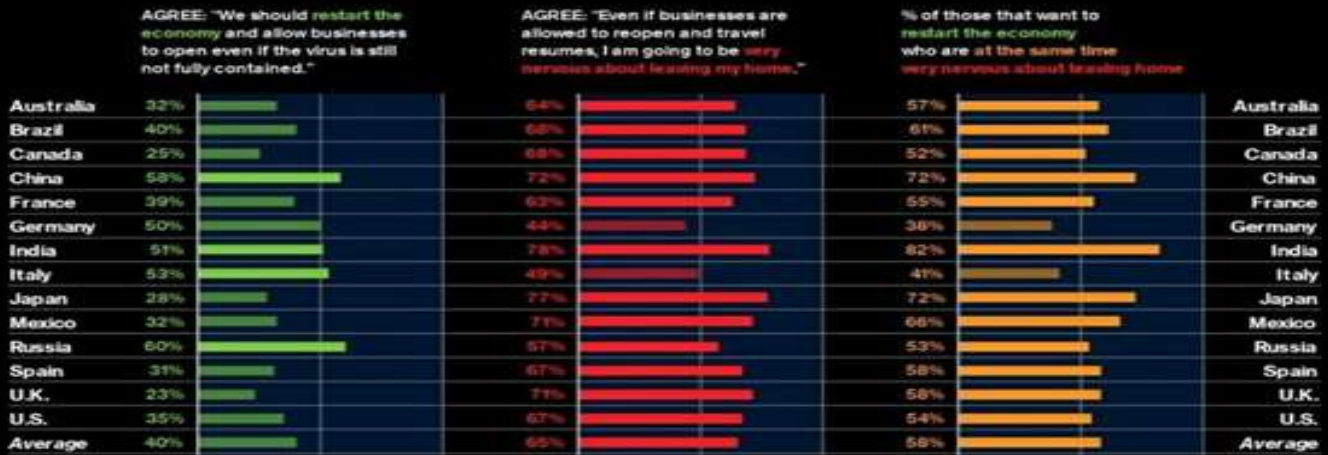
As we speak different research houses globally and in India started predicting + 2% GDP growth for this year and now within a month ,most of them are predicting at 0 to -2% - its anybody’s guess. Our job is not to predict macro but to find the best company where we invest like a partner. Covid 19 has brought some businesses at attractive price .The market in some cases is projecting as if the business model of some reputed companies itself in danger, forget about assigning any value .

Indians are still the MOST scared now : As per recent survey Indians are one of the most scared even when most propagate to open the economy. With close to 50% of the GDP coming from service sector and most of who are working from home atleast half of the GDP (even when people are scared) may be somewhat protected in long run . (refer to the Chart in P5)

As I write this article today evening Indian Prime Minister Narendra Modi have announced a massive stimulus of close to USD 300 billion which is close to 10% of India’s GDP. The fine print is yet to come but some salient points of his speech is given below .

Indians are the most nervous about a re-opening economy

Many who want the economy to restart may still stay at home



Source: Ipsos Global Advisor, Survey conducted April 16-19, 2020

BEN SCHOTT

Bloomberg | Quint

Decoding The Rs 20 trn Stimulus Package

PM Modi has announced a Rs 20 trn stimulus package, which includes measures already taken by the RBI and government. The government had announced a Rs 1.7 trn stimulus package (0.8% of GDP) to support the bottom of the pyramid in March.

In addition, the RBI has announced liquidity support measures which as of March 27 amounted to around Rs 6.5 trn or 3.2% of GDP (includes CRR and MSF cuts). To add to that, RBI announced Rs 500 bn of liquidity support for mutual funds, TLTRO 2.0 of Rs 500 bn and Rs 500 bn of liquidity support to NHB, SIDBI and NABARD.

In all, support from the RBI is around Rs 8 trn or 4% of GDP.

- The incremental measures would amount to just over Rs 10 trn (5% of GDP) in our assessment and may include further support from RBI as well as loan guarantees, all of which could amplify the package while keeping actual cash outflow contained
- The package itself may be spread over a one to two year time frame. As a case in point, the actual incremental expenditure from the Rs 1.7 trn stimulus package is limited to about Rs 0.65 trn

- Nevertheless, the entire direction of the government with the focus on labour, land, liquidity and law is positive

We are likely to see incremental reform measures from both centre and states which will help improve competitiveness. However, policy consistency will be crucial. The focus on supporting the middle class also bodes well for consumption.

Once the details of stimulus is known, new investment theme can emerge ,till then all the best !

Continued Page 6



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

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