

The market is at an all-time high, the rally is over. How far can it go from here?



- Markets are all time High
- It's very risky!
- How farther can it go?

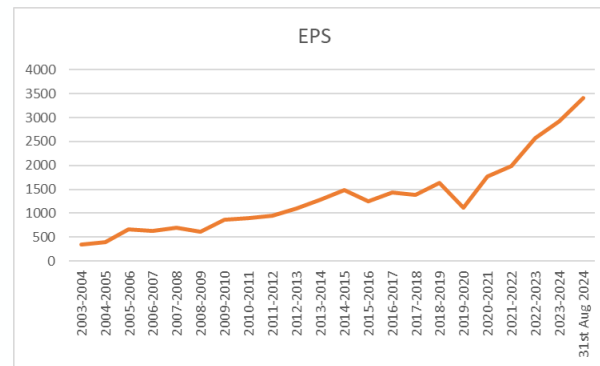
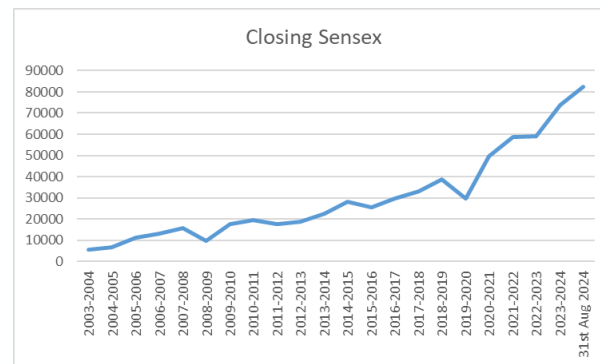
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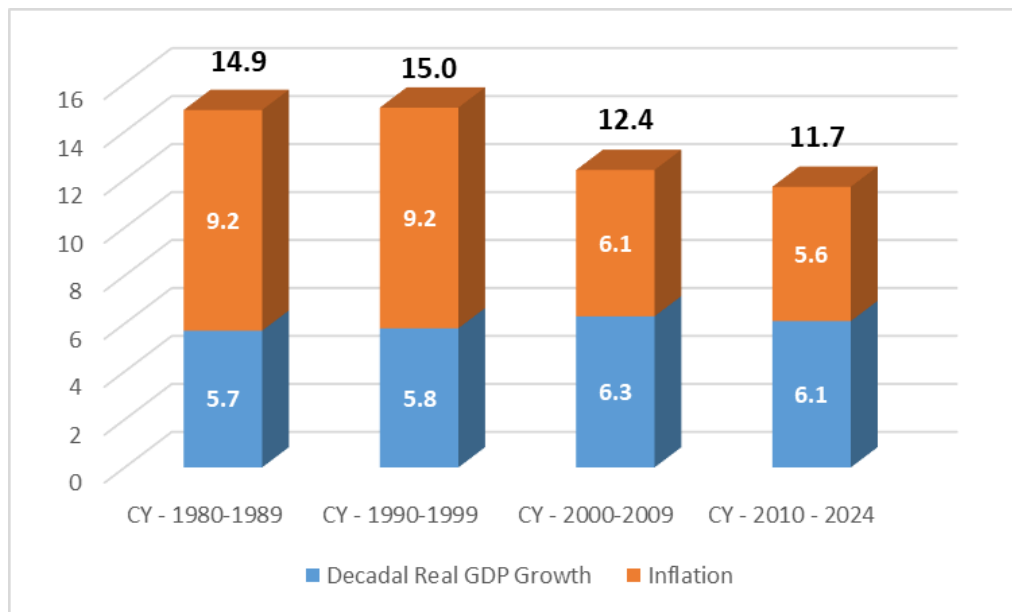
AMFI Registered Mutual Fund Distributor

Price always follow earning in long run

FY	Closing Sensex	EPS
2003-2004	5591	346
2004-2005	6493	392
2005-2006	11280	664
2006-2007	13072	631
2007-2008	15644	692
2008-2009	9709	620
2009-2010	17528	871
2010-2011	19445	900
2011-2012	17404	941
2012-2013	18836	1102
2013-2014	22386	1288
2014-2015	27957	1493
2015-2016	25342	1256
2016-2017	29621	1436
2017-2018	32969	1386
2018-2019	38673	1631
2019-2020	29468	1115
2020-2021	49509	1762
2021-2022	58569	1983
2022-2023	58992	2575
2023-2024	73651	2928
31st Aug 2024	82366	3409



Decadal growth rate of India



Equities over time grow in line with the growth of underlying businesses/economy. This is evident in the fact that the Indian economy has grown at a nominal growth of ~ 14% p.a., while SENSEX has grown at a CAGR of 15.79%. (From Mar 1979 to Mar 2024) which is a little more than the nominal GDP growth.

Predicting EPS

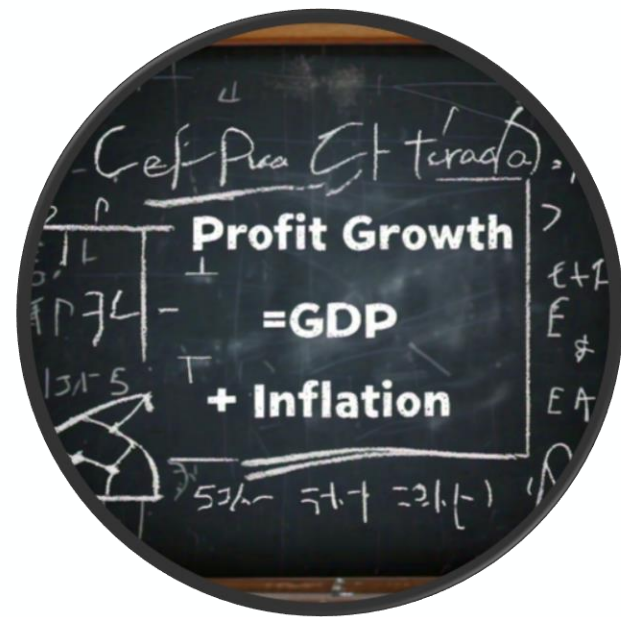
- Profit Growth
 - Sales Growth + Price Growth
 - GDP + Inflation
- Assumed Profit growth - 12%*

Assumed - GDP - 7 & Inflation - 5



Predicting EPS

- Profit Growth
 - Sales Growth + Price Growth
 - GDP + Inflation
- Assumed Profit growth - 12%*
 - *Assumed - GDP - 7 & Inflation - 5*
- Current EPS - **3409***
- Expected EPS after 10 Years – **10,588**



*Current EPS is as on 31st August. 2024. Source: www.bseindia.com

Price always follow earning

- Bearish Sentiment - **15.66 PE**
- Average Sentiment - **20.87**
- Most Bullish Sentiment - **29.53**





Expected Sensex

Sensex

EPS * PE



Expected Sensex

$$\text{Sensex} = \text{EPS} * \text{PE}$$

Situation	PE	EPS	Tentative Sensex*
Most Bearish	15.7	₹ 10,588	₹ 1,66,238
Average	20.9	₹ 10,588	₹ 2,21,297
Most Bullish	29.9	₹ 10,588	₹ 3,16,593



*This calculation is only for illustrative purposes and is not to be treated as a prediction or investment advice.



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