

Predictions 2018: GDP, Sensex, inflation and gold



GDP growth (FY18): **6.5-6.7%**
 CPI inflation (2018): **4.9-5.1%**
 10-year G-sec yield: **6.9%**
 S&P BSE Sensex: **35,000-35,500**
 Gold price (10 gm): **Rs29,000**

Forecast based on SBI's internal research

RAJNISH KUMAR
 CHAIRMAN, SBI

The outlook for 2018 is positive. One, the resolution process for non-performing assets (NPAs) will gather momentum in the next 3-6 months, and that will free up a lot more capital. Two, many indicators show that the manufacturing sector is in for a revival, depending on the government's infra spend. Three, the consumption story is more or less intact.



GDP growth (FY18): **7.5%**
 CPI inflation (2018): **4%**
 10-year G-sec yield: **7.5%**
 S&P BSE Sensex: **7.5% up**
 from current levels
 Gold price (10 gm): **Rs30,000**
-32,000

RISHI GUPTA
 MD AND CEO, FINO PAYMENTS BANK

From a macro point of view, after demonetization and GST rollout in 2017 we will see stability and a positive impact in 2018. It is also the year before elections, hence we will see the government trying to push a lot of business on the rural side and general farmer incentives. At the same time, inflation and GDP will go up and so will rural consumption.



GDP growth (FY18): **7-7.5%**
 CPI inflation (2018): **4.5-5.50%**
 10-year G-sec yield: **7-7.5%**
 S&P BSE Sensex: **—**
 Gold price (10 gm): **—**

SHRIRAM RAMANATHAN
 HEAD -FIXED INCOME, L&T INVESTMENT MANAGEMENT

The RBI is expected to remain on 'hold' through the year. So, further upside to (10-year G-sec) yields should be limited. With the demonetization liquidity surge almost drained out, and inflation reverting to the more sustainable 4-6% range, yields have moved higher across various segments of the bond market. This is good for a debt fund investor.



GDP growth (FY18): **7.4-7.8%**
 CPI inflation (2018): **4.5-5%**
 10-year G-sec yield: **7-7.5%**
 S&P BSE Sensex: **36,000-37,000**
 Gold price (10 gm): **Rs31,000**
-32,000

NAVNEET MUNOT
 CIO, SBI FUNDS MANAGEMENT

CPI inflation may rise above 4% in the first half of 2019 due to temporary factors. But once the impact of these wanes, inflation will settle in the proximity of the RBI's 4% target. RBI will likely keep the repo rate on hold. The Sensex's 1-year forward P-E multiple was more than 20 times. For such high valuations to sustain, it's critical that corporate earnings revive.



GDP growth (FY18): **6.9-7%**
 CPI inflation (2018): **3-4%**
 10-year G-sec yield: **6.7%**
 S&P BSE Sensex: **35,000**
 Gold price: **\$1,240/oz**

KUMAR SHARADINDU
 MD AND CEO, SBI PENSION FUNDS

The Indian economy would be in better shape because of initiatives such as Bharat Mala and the government removing many bottlenecks for other stuck infrastructure projects. Both these initiatives would lead to growth in core areas. In pension, with a growing awareness of the National Pension System, the industry would grow at double the rate.



GDP growth (FY18): **7.50%**
 CPI inflation (2018): **5%**
 10-year G-sec yield: **7.25%**
 S&P BSE Sensex: **37,000**
 Gold price (10 gm): **Rs29,500**

AMITABH CHAUDHRY
 MD AND CEO, HDFC STANDARD LIFE INSURANCE

GDP growth should accelerate from the expected 6.3% in 2017, which was affected by demonetization and GST. Improvement will be driven by normalization of services and manufacturing, higher government expenditure (aided by elections in 2019) and a boost in rural consumption. Given the inflation trajectory, we don't expect RBI to cut rates in 2018.



GDP growth (FY18): **7-7.25%**
 CPI inflation (2018): **4.5-5%**
 10-year G-sec yield: **7-7.25%**
 S&P BSE Sensex: Expect 10% returns
 from markets
 Gold: Should track inflation levels

BHARGAV DASGUPTA
 MD AND CEO, ICICI LOMBARD GENERAL INSURANCE

Initiatives on the infrastructure front should lead to mobilization of resources and creation of jobs. We are moving from a deflationary condition to a mildly inflationary condition, which should auger well for nominal corporate earnings growth. The equity market is expected to consolidate past gains made with low-earnings momentum.



GDP growth (FY18): **7.25-7.5%**
 CPI inflation (2018): **4-5%**
 10-year G-sec yield: **7-7.5%**
 S&P BSE Sensex: **35,000-37,000**
 Gold price (10 gm): **\$1,100-**
\$1,250/oz

RAJESH SALUJA
 MD AND CEO, ASK WEALTH ADVISORS

Earnings growth will see modest recovery. Base effect, a small pickup in investment cycle, continued infra push, and an export-pickup aided by the coordinated global economic recovery will be the triggers. Upside risk on inflation will persist, keeping bond yields at current levels. Both fiscal and current account deficits are likely to deteriorate.



GDP growth (FY18): **7.5%**
 CPI inflation (2018): **5%**
 10-year G-sec yield: **7.4%**
 S&P BSE Sensex: **38,000**
 Gold price (10 gm): **Rs30,000**

PRAKASH PRAHARA
 FOUNDER, MAXSECURE FINANCIAL PLANNERS

The economy will see a pick-up in lending by commercial banks. There will be headway in implementation of the insolvency Act and resolution of some major NPA accounts. The returns on bank fixed deposits, post office public deposits and annuity will face lower rates of interest. There may be a move to shift a portion of pension funds to equity.