

# Sudden 5-7% downward movement of market cannot be ruled out: Piyush Garg, ICICI Securities

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**Piyush Garg :** Numbers have been mixed and cannot indicate anything in terms of direction of the market. The stock specific movements are going to continue and as you have put, the numbers which are good are being rewarded, possibly more than they deserve. Also, there is lack of confidence in the market which makes this movement slightly bigger.

**ET Now :** After the recent low of 7250 on the Nifty, do you think the downward movement is here to stay because on Wednesday we went dangerously close to that?

**Piyush Garg :** You can flick a coin and decide. It is no different from the probability. One bad day in the global market got the Nifty down 200-300 points. This is what we saw. If you see Tuesday late afternoon market, Nifty started falling from 7550 odd levels and by 9:20 am next day morning, it was trading at 7350. So the overnight risk in the market has significantly increased. Day risk can still be managed to some extent but overnight risk is high and it is totally insync w ..

**ET Now :** What should be the positioning - bearish, bullish, staying out?

**Piyush Garg :** Over the next six-eight months, if the negative momentum gathers steam, then it will look like a reality to me.

**ET Now :** Stay out if you are planning to buy and if you plan to go short. Is this the time to go short still?

**Piyush Garg :** No it is not easy. You can take a call. It is very difficult if the market moves because after a 20 per cent fall in indices, it actually does not make much sense to short the market. So from a shorter term perspective, the chances of bounce back is high but the medium-term risks are still there in the market. Some of those risks have to be seen over a six-month or a eight-month period to see how they pan out. It is a very difficult call. Whatever you do, you should hedge a bit on t..

**ET Now :** If you look at the numbers that have been put out by companies with exposure to the infrastructure side especially from the capital good space, the picture is not pretty. Whether you look at a biggie like Larsen & Toubro or at a smaller name

like Cummins or Crompton Greaves BSE -1.71 %, the picture is the same. Do you think that we would probably see even tougher times and tougher quarters ahead for some of these companies like in case of Crompton Greaves, the stock that has been wip..

**Piyush Garg :** I cannot go into stock specifics, obviously some other stocks are also falling because of some corporate governance issues. But largely, it is very clear. Industry is operating at closer to 70 per cent capacity utilisation. There is no private capex happening that is almost engraved in stone now. Whatever capital expenditure is happening is possibly flowing from the government. The debate is shifting now to terms of what fiscal deficit targets the government needs to follow next ye..

**ET Now :** So what is the good news? In markets, there are always good news and bad news and so far we have heard only the bad news.

**Piyush Garg :** We have discussed reality. Now if you take it as good or bad is a different thing. The only good thing I can see is that Nifty has corrected 20 per cent approximately from the top. Typically if you see a 10-15 year market structure, (except for 2008 which was obviously a year of global crisis and the market corrected 50-60 per cent) typically between 20-25 per cent is considered a good correction to start buying. But this is also valid for people who were not buying earlier so much..