

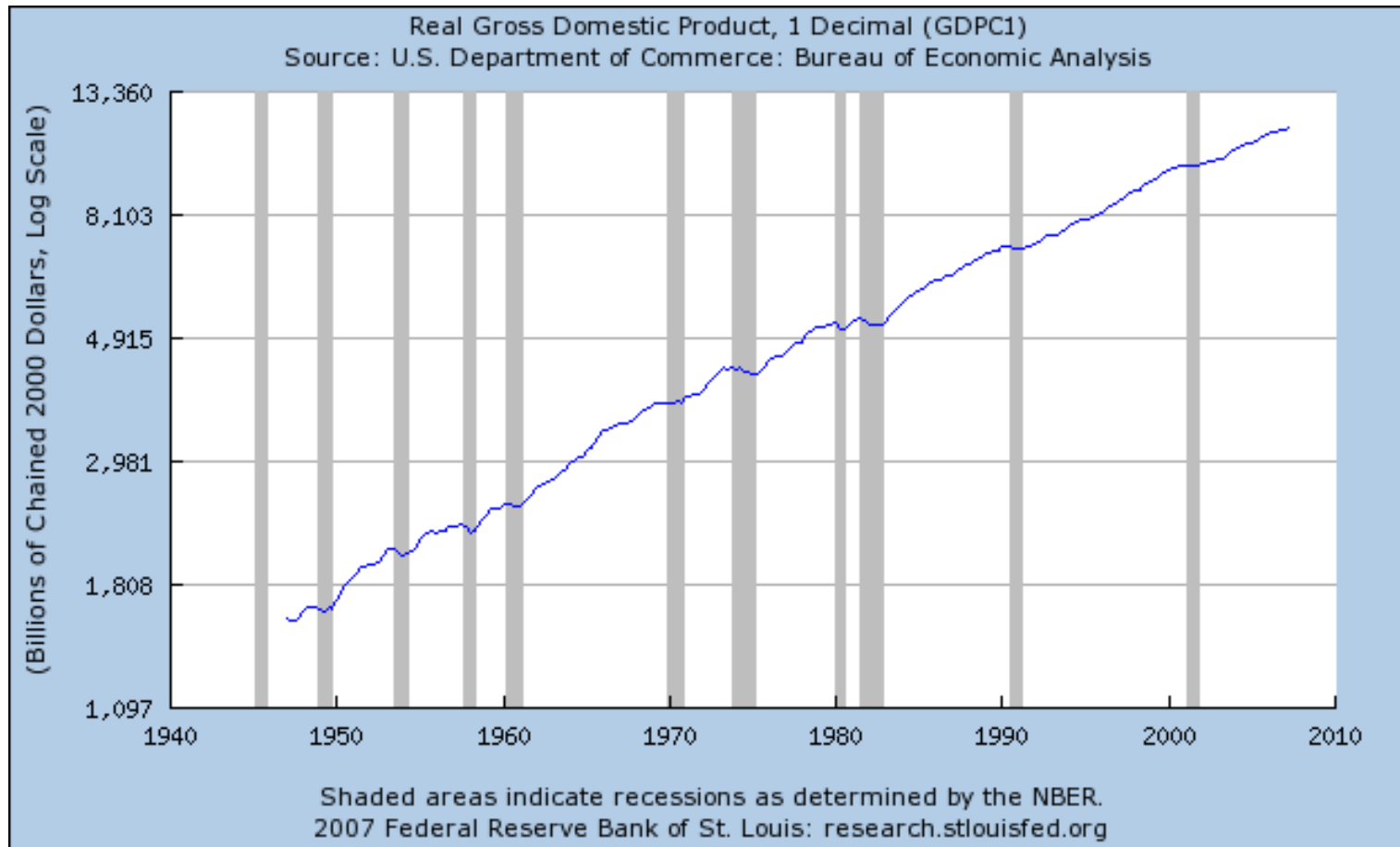
# TOP DOWN OR BOTTOM UP ANALYSIS?

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- The usual practice as recommended by the CFA Institute is a top-down approach to analyzing equities.
- First is a look at macro-economic conditions (usually local, increasingly global) to get a sense of the state of the world.
- Second is to look at industry-level information.
- Third is company level (technical and fundamental analysis).
- This is the approach we follow.

# US GDP Growth (total production of goods and services).

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- Long-term US GDP growth rate of about 3% (pretty spectacular for a large mature economy). Last 5 years about 2%, going forward?
- India GDP measurement underwent a dramatic revision in 2015 to bring more in line with peers.

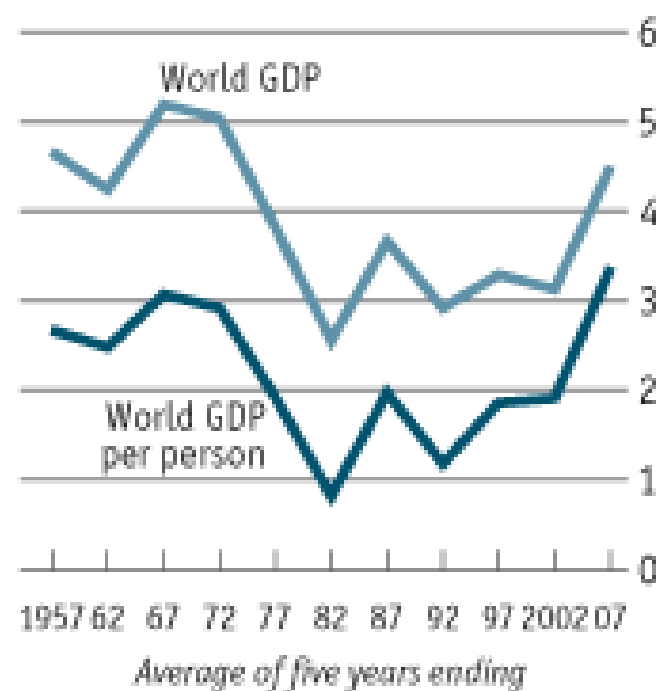
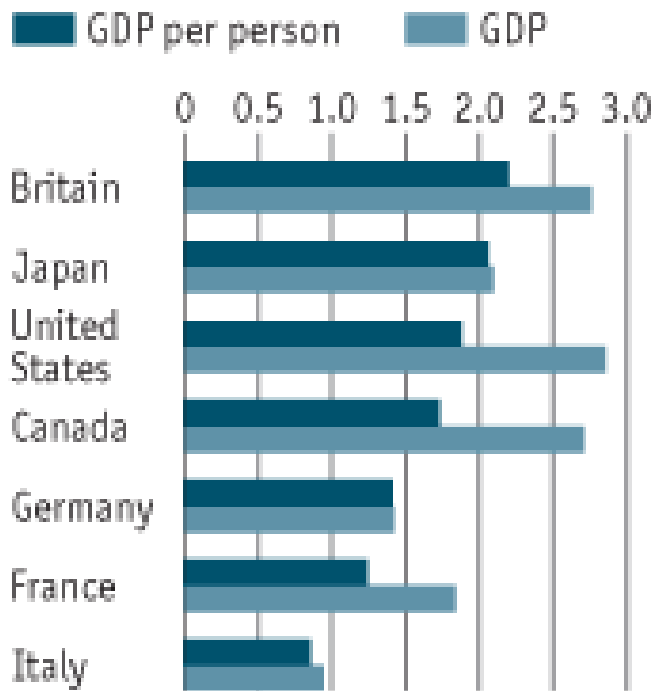
## Look at GDP per capita (tied to population growth).

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### Looking through a different lens

Average annual % increase, 2003-07

% increase



Sources: IMF; Angus Maddison; Economist Intelligence Unit; National statistics

- Japan has a declining GDP and a declining population but is better than US per capita! Somewhat the same story in Germany.
- Story for India, historically at 6.8% versus China (10.2%), the disparity is not so evident in GDP growth. Forward looking from 2015, India at 7:5%, China?

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