



Sensex has jumped 5 percent till June 15. (Reuters)

The Sensex may remain flat over the next 12 months, global brokerage firm Morgan Stanley says. The global brokerage expects nearly an upside of 1 percent from the benchmark [BSE Sensex](#) over the next one year. The brokerage has set a June 2019 Sensex target of 36,000 based on 16 times 1-year forward P/E. In the volatile stock markets of today, the global brokerage prefers large caps over midcaps such as private corporate and retail banks and is positive on discretionary consumption and industrial, ET Now reported citing Morgan Stanley. Bajaj Auto, [Mahindra](#) & Mahindra, Maruti, Zee, ITC, RIL, and HDFC Bank are in the focus list of stocks for Morgan Stanley.

Sensex has jumped 5 percent till June 15, whereas BSE Midcap has slipped nearly 12 percent during the same period.

Meanwhile, Morgan Stanley's Ridham Desai had earlier said that valuations and earnings are catching up and adjusting to reality. Taking stock of the domestic flows, he had said that DII inflows have remained largely positive in the recent times. "Foreign investors have been pulling money out of India. Their overweight position on India has declined. We are at 2011 levels. They are still overweight but it has come down significantly. So you can tell that they have been persistently disappointed by India's lack of growth and they are stepping aside," he told in another interview to CNBC TV18 day back.

While Ridham Desai sees further pain in the midcap stocks, his outlook on Sensex remains positive. Even if mid caps don't move up much in the 12 months, Sensex can move up significantly in the next 12 months. Bond markets is factoring in high growth ahead, he had said. Stocks will eventually follow high growth, he also said. Yield curve surging to a 7-year high is an indicator of good growth ahead.

“Consumption growth is coming back and the private corporate cycle is coming back. The credit growth will speed up after corporate cycle picks up,” he had said.

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