

Evergrande crisis can be catalyst for market correction: Nilesh Shah



It has been a topsy-turvy week for the global equity markets, having to deal with the [Evergrande](#) crisis in China. Will this event prove to be a catalyst triggering a market correction? Or is the worst over? In this exclusive interview with Puneet Wadhwa, Kotak Mahindra AMC Managing Director Nilesh Shah answers all these questions.

Edited excerpts:

Concerns around China's [Evergrande](#) crisis over now?

Evergrande more of a China problem than a global one

It's China's 'Lehman Brothers moment'

No global markets contagion, only a temporary setback

Some impact: Real estate slowdown, metal stocks to be hit

Will Evergrande ghost haunt global financial markets again?

Difficult to predict market sentiment

Events like Evergrande can act as a catalyst for market correction

Where will Nifty be after 6 months – 15,000 or 20,000?

Indian markets are fairly valued

Corporate results good, Covid cases dropping, ample money flowing

Evergrande crisis may force investors to look at India as alternative to China

Biggest risk to markets: surplus liquidity, inflation or retail investor frenzy?

None of these are risks

People sceptical about markets, but still want to invest

Indian market's fundamentals should be a worry

We have a good opportunity to narrow economic gap with China

If PLI scheme delivers, we may well become manufacturer to the world

Investors looking for growth will then come to India

What about the opportunity the US-China trade war gave?

China is competitive; exporting more now than before pandemic

India needs to leverage its strengths sector by sector

US Fed has indicated a taper. Can global equity markets also take a breather?

Excessive liquidity has created excessive valuation in asset classes like cryptos

No such excess in the listed company/stock universe

First impact of liquidity taper will be on NFT market, cryptos, unlisted equities

The listed/stock market universe will be last to be impacted

Should investors look at debt segment instead of equities?

Debt was an option in March 2020 as well

Investors must follow asset allocation

What should be proportion for allocation to each asset class?

Depends on life goals and risk profile

Investment opportunities in the current market?

Looking at an equal allocation between large, mid-and small-caps

Some themes that will run long –

Financialisation of savings: Beneficial for banks, NBFCs, AMCs, insurers, fintechs

Export-oriented plays: Pharma, IT

Industrial & engineering: Capex-driven play for the next 3-5 years

[Evergrande](#)