Monthly Newsletter

VALTRUST MOMENTUM

May 2026

From March Mayhem to April Momentum

In many ways, the month of April has not been different from the month of March. The war in the Gulf continued, oil continued to trade higher, ship movements were still restricted, and FII's continued to be sellers. The India Meteorological Department (IMD) forecast the 2026 southwest monsoon at 92% of the Long Period Average. The primary and second level impact of a failed monsoon is enormous for a country such as India.

The markets though seemed to see April way differently from March. The fear was gone and stocks went up across the board. Nifty Small Cap 100 registered its third best month ever. Valtrust Momentum logged double digit gains. The big question is what changed? Even with the benefit of hindsight, it is tough to point out specific reasons for the strong reversal.

March was a bad month for most as markets dropped big time only to shock everyone by the recovery in April. One cannot take advantage of the rally we saw in April without having suffered in March.

Missing one month can result in a meaningful underperformance that is tough to catch up. The cost of lower drawdown comes from trading a meaningful upside. At Valtrust Momentum, our models are designed not to go to Cash unless there is clear and deep weakness that historically has shown to be persistent.

Oil continues to trade well above 90 USD. FII's have continued to exit our markets with their ownership in the Nifty 500 companies having reduced to 17.10%, the lowest we have seen in a long time. Rupee has depreciated nearly 12% in the last one year, Indian macro isn't weak like we have seen during the 2013 Taper Tantrum, the sentiment though is.

With no major elections round the corner and the opposition literally voted out, the government can for now breathe easy and take the measures that are required for the next stage of growth. We remain bullish on India and continue to believe that bad days are behind us even though the good days may take a while to fructify.