

Media Release

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The India equity market has upside potential Long-term investors may consider taking positions

While economists searching for some positive economic news amidst the gloom have generally focused on China, the PMI figures for April show that domestic demand in India is on the road to recovery. In its latest equity strategy report, Bank Sarasin & Co Ltd notes that the Indian economy will further benefit as global demand gains traction. Despite a recent 70% rally, valuations remain attractive and the market has significant upside potential.

“While the Indian market has risen about what may see a daunting 70% since March, even another 30% rally would leave it 15% below its January 2008 high”, notes Philipp E Baertschi, Equity Strategist at Bank Sarasin. “Long-term investors may find it worthwhile to take up positions in the Indian equity market.”

While the outcome of the elections may cause some short-term volatility, they should not detract from improving fundamentals. Sarasin forecasts an increase in foreign funds to the Indian equity market after the election. Valuations remain attractive, with PE ratio of 15 slightly above the 15 year average. If the global economy recovers significantly in the second half of 2009, “India could spring some positive surprises.” Baertschi said.

For more information, or if you would like to receive a copy of the Equity Strategy report, please contact:

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