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QUOTES-Investor reaction to Adani market rout after short-seller report - Reuters News

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SINGAPORE, Feb 2 (Reuters) - Adani Group called off a \$2.5 billion share sale as losses for the conglomerate's biggest firms snowballed to more than \$100 billion in the wake of a U.S. short-seller's report.

The rout has sparked concern that the fallout could also affect, more broadly, confidence in India.

Following are comments from investment managers:

PANKAJ PATHAK, FUND MANAGER - FIXED INCOME, QUANTUM ASSET MANAGEMENT, MUMBAI:

"Everybody's keeping a very close eye on (Adani's) debts. But on the domestic debt side, we hardly see any impact on the broader corporate bond market... In the domestic market, it's not widely held, except for banks and banks do not mark-to-market and so we will not know the real impact until the debt comes due."

DAVID CHAO, GLOBAL MARKET STRATEGIST AT INVESCO, SINGAPORE

"I think it's possible that there could be a bit of systemic risk. If retail sentiment is damaged, we could have a bit of valuation correction in midcap and small cap companies."

"This development could present an interesting catalyst for foreign investors to start looking at Indian stocks again, and especially if we do get a bit of valuation rerating from the mid to small cap companies."

"I think the greatest challenge right now is on the stock market and how to prevent the share price from tumbling and the immediate requirement is to (get) support, either through media or through other investor base, for the stock market to put some kind of floor."

MONICA HSIAO, CHIEF INVESTMENT OFFICER OF TRIADA CAPITAL, A CREDIT FUND BASED IN HONG KONG:

"We were happy to take our profits trading the volatility in recent week across Adani bonds, because we believed there was a floor based on hopes of FPO (follow-on public offering) completion and we sold into strength on their announcement about FPO subscription."

"However after this U-turn by the company to pull out from FPO with equity spiralling, we see the market is losing confidence on how to gauge where the bottom can be and although there will be short-covering rebounds, we expect more fundamental downside risks given more private banks (are) likely to cut or reduce margin and (there may be) possible risk to their ratings and widening inquiries by regulators."

SAT DUHRA, PORTFOLIO MANAGER, DIVIDEND INCOME STRATEGY AT JANUS HENDERSON INVESTORS, SINGAPORE:

"We own less than 2% in Indian equities and would need to see a serious correction before we considered adding especially in light of the recent issues which are likely to sour sentiment for an expensive market."

GEORGE BOUBOURAS, HEAD OF RESEARCH AT K2 ASSET MANAGEMENT, MELBOURNE (UNDERWEIGHT ON INDIA)

"The Adani effect works both ways given the market cap relative to index. (Investors) benefited on the upside and are obviously dealing with the downside given current events."

"The weighting-risks are similar to the large weighting of Samsung in the Korea Index...(India's) index will need to impose a single stock cap going forward."

MAN WING CHUNG, LEAD MANAGER FOR VALUE PARTNERS' ASIA EX JAPAN FUND, HONG KONG (UNDERWEIGHT ON INDIA)

"The Adani incident looks to be an idiosyncratic event and the contagion so far looks to be limited with the exception of some names in the financial sector. Given there has not been any significant change for now for the market valuation, the market remains overall expensive in our view."

JIMMY LIM, CHIEF INVESTMENT OFFICER, MODULAR ASSET MANAGEMENT, SINGAPORE (MODULAR HAS NO POSITION IN ADANI)

"We are short the Nifty index but that's a trading view. At this point in time, don't think it's a systemic risk as the balance sheets of banks are strong as they have de-leveraged a lot during COVID period."

"Don't see a wider fallout on Indian Rupee as RBI has strong reserves and have shown their willingness to use those reserves to defend the currency."

JOSHUA CRABB, HEAD OF ASIA-PACIFIC EQUITIES AT ROBECO, HONG KONG (UNDERWEIGHT ON INDIA ON VALUATIONS)

"India unlike the rest of Asia was at the higher end of its valuation range. We don't have any exposure to high leverage type of companies – but that just goes to show the impact some bad news can do to expensive markets. (India is) still a great long term story and getting cheaper now."

(Reporting by Summer Zhen in Hong Kong, Vidya Ranganathan, Tom Westbrook, Rae Wee and Ankur Banerjee in Singapore; Editing by Edwina Gibbs)

((ankur.banerjee@thomsonreuters.com ;; Mobile - +65 8121 3925; Twitter: <https://twitter.com/AnkurBanerjee17>;))

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