



## **UPSIDE** in store if PE multiples sustain, but earnings upgrades unlikely, it says **Nifty may Hit 15,000 by Dec 2021: JP Morgan**

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**Mumbai:** Indian markets have rallied 80% from March lows and gained 11% so far in 2020, but JP Morgan sees more room for upside. The brokerage firm expects the Nifty to cross 15,000 by December 2021 if the current extended price-to-earnings multiples sustain.

JP Morgan said the Indian economy does not appear strong enough to drive upgrades on already lofty earnings forecasts.

"The Indian economy has recovered rapidly so far, but consumer confidence and incomes/wages remain poor. Monetary policy is already as accommodative as it likely will be; a large fiscal impulse seems doubtful," said JP Morgan. "Headline GDP numbers will look strong on a low base, but activity may not be strong enough to drive broad earnings upgrades," said JP Morgan.

The firm's model portfolio comprises stocks such as Bajaj Auto, Mahindra & Mahindra, Nestle, Hindustan Unilever,

United Spirits, Reliance Industries, Coal India, Bharat Petroleum Corp, HDFC, Kotak Mahindra Bank, HDFC Bank, ICICI Bank, State Bank of India, Sun Pharma, Aurobindo Pharma, Larsen & Toubro, Ashok Leyland, HCL Technologies, ACC, UltraTech, Tata Steel, Asian Paints, Infosys, Bharti Airtel, GAIL and DLF.



**The firm has projected India's economic activity will not be strong enough to spur earnings upgrades**

The brokerage said the uncertainty of the US Presidential election seems over, vaccine approvals are imminent and central banks are executing 'QE squared'. "This narrative is currently self-reinforcing — Indian equities are being dragged up by the global tide. On a two-year forward basis, MSCI India is 2.6 standard deviations higher than average P/E (close to 15-year highs), but is at an average P/E premium to EM (emerging markets)," said JP Morgan.