

One can expect quite mixed results from different sectors for second quarter earnings.

Consumption oriented sectors may witness a rise in earnings as well as sales aided by a rise in urban and rural consumption. Pay increases for government staff and a normal monsoon would have supported it in the second quarter of the financial year. Sectors like retail, FMCG, auto, pharma, telecom, and consumer durables may show good performance.

Automobiles may show good growth riding on new launches and healthy rural demand following a good monsoon. Pharmaceuticals, driven by new launches in the US, should see better growth. IT services sector is expected to grow slower than in the past, aided by volume and rupee depreciation. Public banks may continue with high provisions.

However, given the 3.1% decline in additional capital investments in Q1 and a fiscally stressed government's constraints in keeping the public investment momentum, the need for private investment becomes more important. Capital goods, heavy engineering, and infra may see weak growth.

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