

The year 2017 is going to see a big change in global policies – most of the developed nations are increasingly becoming protectionist of trade and jobs and this trend is on rise. In Europe, Britain and Italy have already confirmed that they prefer isolation compared to staying in EU. Other countries in EU are also indicating similar attitudes. In US, Trump had made it clear from very beginning that he wants to protect jobs for Americans and wants to boost US businesses by protecting them from global competition, mainly Chinese imports. We expect 2017 to be a year of **DeGo – De-globalization**.

This has serious negative implications for all those Indian sectors that benefit from global trade like IT and Pharma industries.

Apart from impact of DeGo, Indian markets will also be under pressure from effects of demonetization for 2 - 3 quarters.

Investors are hoping that RBI will cut rates as the inflation is under control, but a lower rate (if that happens) can be negative for economy as US Fed is expected to hike rate and that would weaken Rupee, lead to inflation, FII outflows, and higher deficit.

We recommend investors to remain cautious in the year 2017.

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