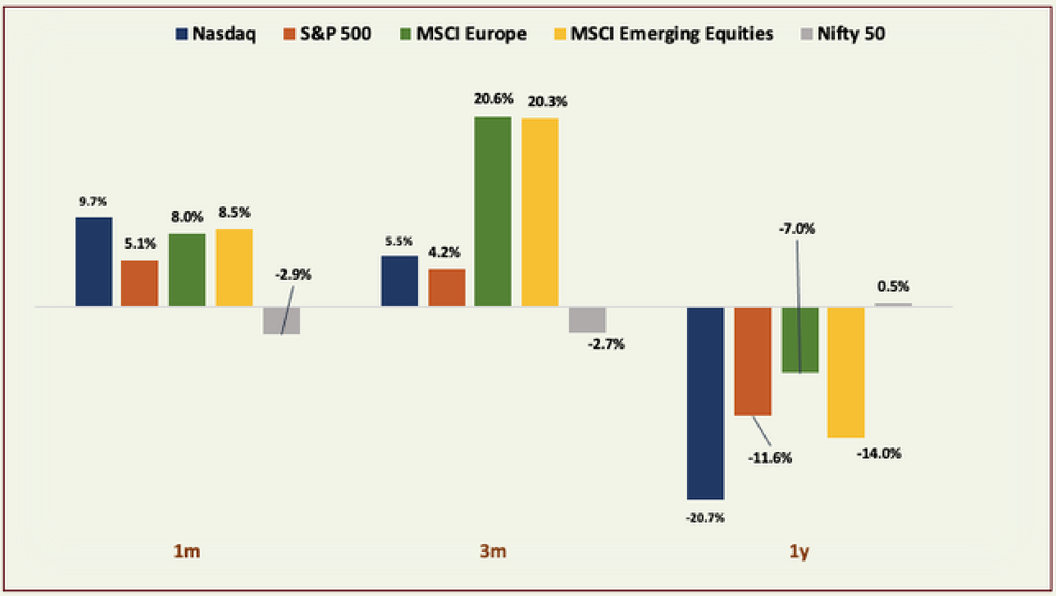
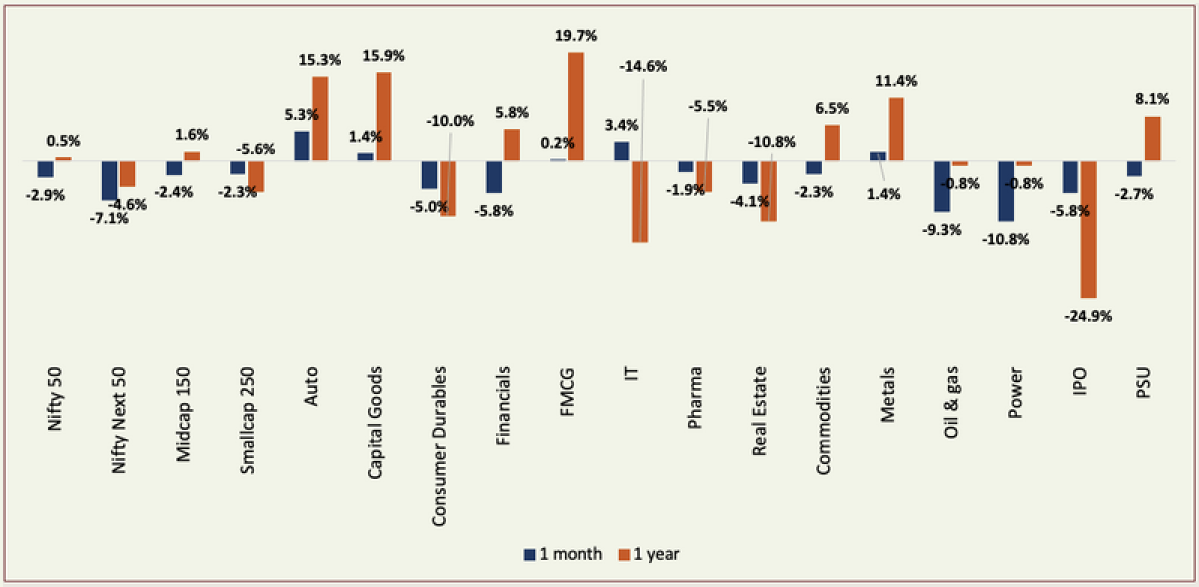
MONTHLY NEWSLETTER

WEALTH FIRST GROUP

GLOBAL EQUITIES



DOMESTIC EQUITIES



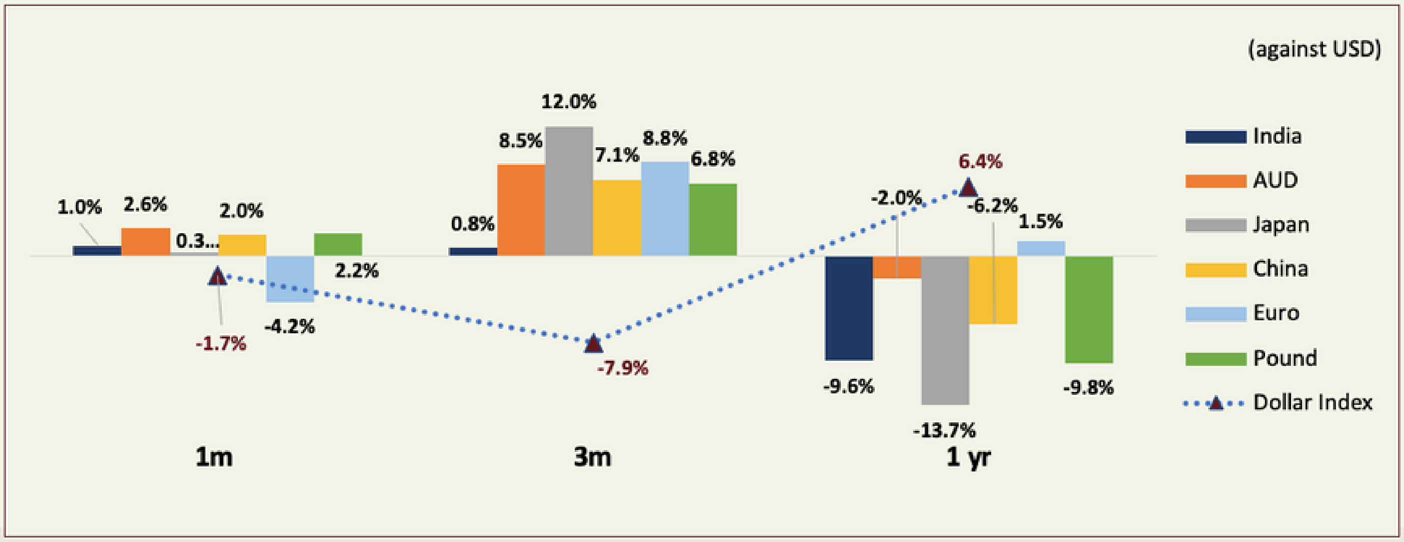
Global Equities:
US equities posted strong gains in Jan following last year's dismal performance owing to optimistic investor sentiment, based on moderating inflation data and the hope that the Fed could pull off a soft landing as opposed to a much-feared deep recession. Other factors include softening dollar, reopening of the Chinese economy and easing of supply chain constraints.

Domestic Equities:
Markets underperformed developed markets as FIIs continued to sell and valuation premiums continued to decline compared to peers.

COMMODITIES

Commodities	Returns		
	1m	3m	1y
Brent Crude	4.1%	-7.9%	-4.1%
Precious Metals			
Gold	5.7%	17.0%	7.1%
Silver	-1.2%	20.6%	4.7%
Industrial Metals			
Steel	5.5%	27.5%	-19.2%
Iron Ore	9.8%	58.3%	-10.1%
Aluminium	14.5%	19.1%	-12.7%
Copper	12.2%	21.8%	-4.6%
Zinc	13.5%	24.2%	-5.4%
Nickel	0.9%	28.2%	29.2%
Lead	-8.9%	7.1%	-5.1%

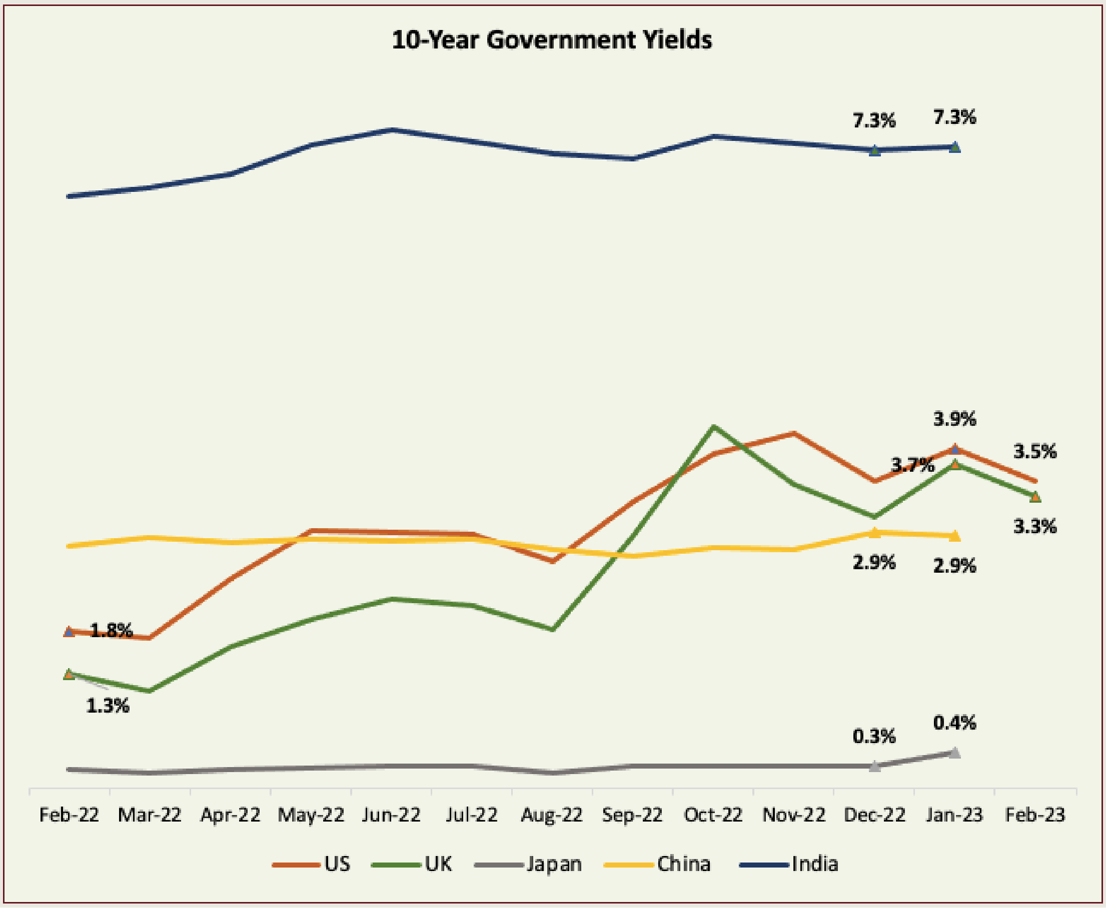
CURRENCIES

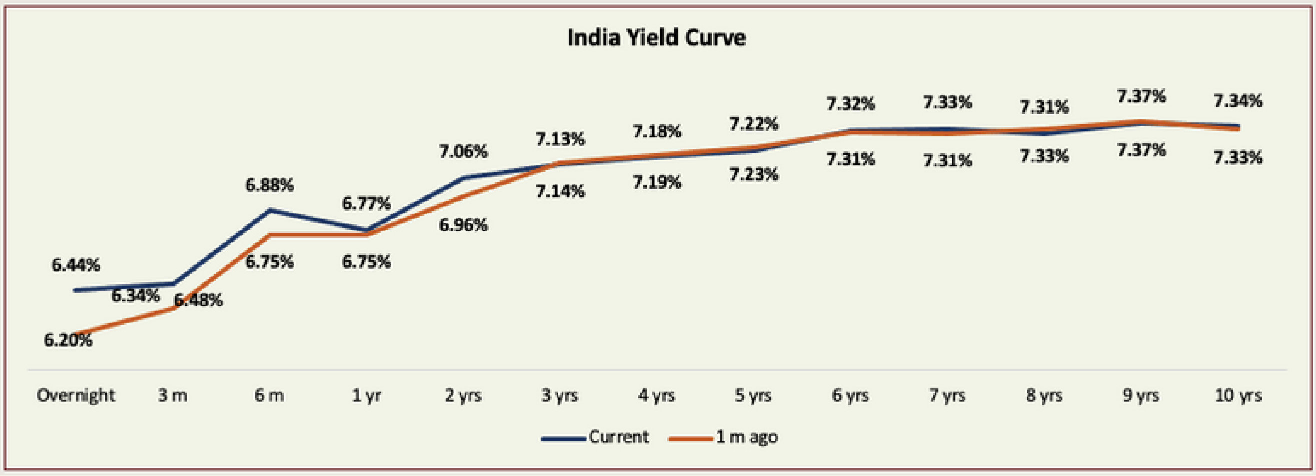


Commodities:
Prices of Commodities rose on expectations of strong demand as China re-opens its economy after abandoning its strict zero-COVID policy. Of these, Gold has touched new highs while silver is seeing a bumpy ride.

Currencies:
The US dollar ticked lower for 4 consecutive months on the expectation that the Fed will slow the pace of rate hikes as inflation pressures somewhat ease. The Dollar Index declined 1.7% in Jan and is down 11% from its September peak of $114.

YIELD TRENDS





Global Yields:
Central Banks around the globe are expected to further hike rates but on a reduced pace. Most of the yields including the treasury declined/remained flat in the last month owing to easing inflation.

India Yield Curve:
Yields have remained range bound and almost flat beyond 6Y maturity. Government has stuck to the fiscal consolidation path and the net borrowing numbers for next Financial Year is lower than anticipated.

MACRO TRENDS

FII flows- Equity

FII Flows (in crore)	
Month	Inflow
Aug-22	51204
Sep-22	-7624
Oct-22	-8
Nov-22	36239
Dec-22	11119
Jan-23	-28852

359% DECLINE MONTH ON MONTH

DII flows- Equity

DII Flows (in crore)	
Month	Inflow
Aug-22	-7069
Sep-22	14120
Oct-22	9277
Nov-22	-6301
Dec-22	24159
Jan-23	10019

58% DECLINE MONTH ON MONTH

INFLATION & PMI

CPI data	
Month	Inflation
Jul-22	6.71
Aug-22	7.00
Sep-22	7.41
Oct-22	6.77
Nov-22	5.88
Dec-22	5.72

PMI		
Month	Manufacturing	Services
Aug-22	56.20	57.20
Sep-22	55.10	54.30
Oct-22	55.30	55.10
Nov-22	55.70	56.40
Dec-22	57.80	58.50

JAN MANUFACTURING PMI AT 55.4

SURPLUS LIQUIDITY

Surplus Liquidity (in crore)	
Month	Inflow
Aug-22	126000
Sep-22	75000
Oct-22	-12000
Nov-22	52333
Dec-22	9975
Jan-23	-2687

Corporate Bond Issues

20,795 crore

45% DECLINE MONTH ON MONTH

Economic Survey 2022-23

6-6.8% GDP Growth

EXPECTED IN 2023-24

FII Debt Flows

FII Debt Flows (in crore)	
Month	Inflow
Aug-22	3845
Sep-22	4012
Oct-22	-3532
Nov-22	-1637
Dec-22	-1673
Jan-23	3531

311% INCREASE MONTH ON MONTH

Core Sector Growth

7.4% in Dec' 22

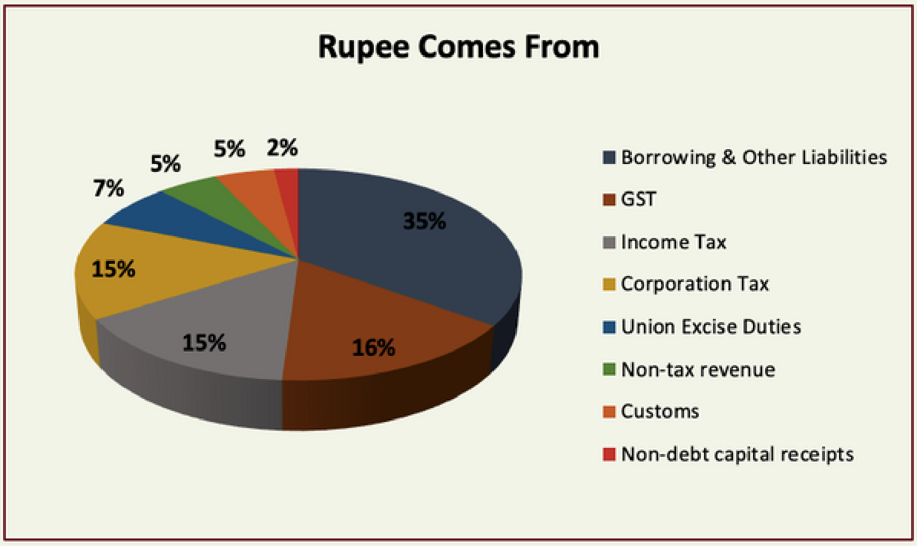
UP 1.7% MONTH ON MONTH, WITH CRUDE OIL CONTRACTING 1.2%

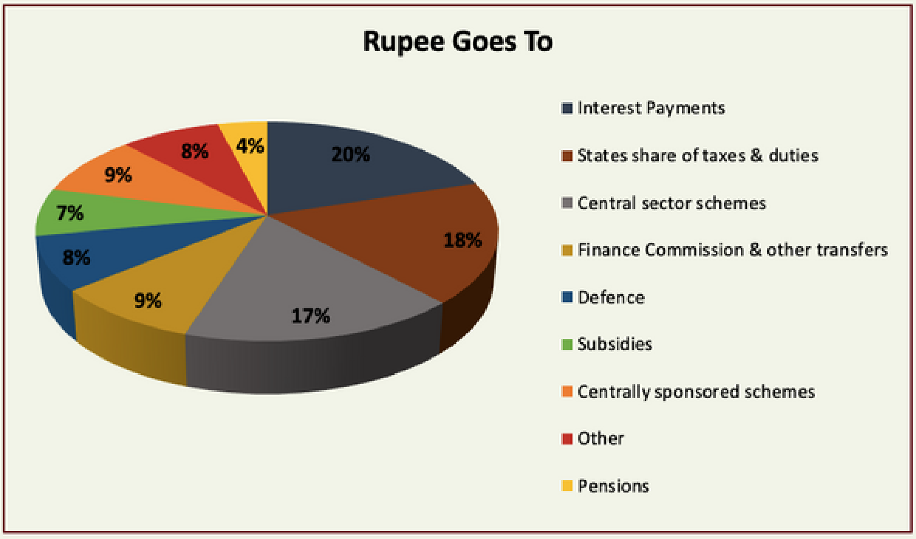
GST Collection

1,55,922 crore

MORE THAN 1.4 LAKH CRORE FOR 11 MONTHS STRAIGHT

BUDGET AT A GLANCE





Budget Implications for Investors

- *Fiscal deficit targets of 5.9% and consequently 4.5%, along with lower borrowing are positive signs for yields and thereby debt investors.*
- *Gains from market-linked debentures proposed to be taxed as short term capital gains at the applicable rates.*
- *Income from insurance policies will be taxable if the aggregate annual premium is above 5L.*
- *'Repayment of Debt' component of distribution in REITs is now taxable.*
- *Maximum investment in Senior CItizen Savings Schemes increased to Rs 30L from 15L.*
- *Capital Gains > 10 crore will not get benefit of Sec 54F. This means that, if one sells a house and gains > 10 cr, then max benefit is till 10 crore only when one invests in another property .*
- *TDS of 10% will be applicable on interest on Listed Debentures.*

SUMMARY

Feb 03, 2023

Key Takeaways

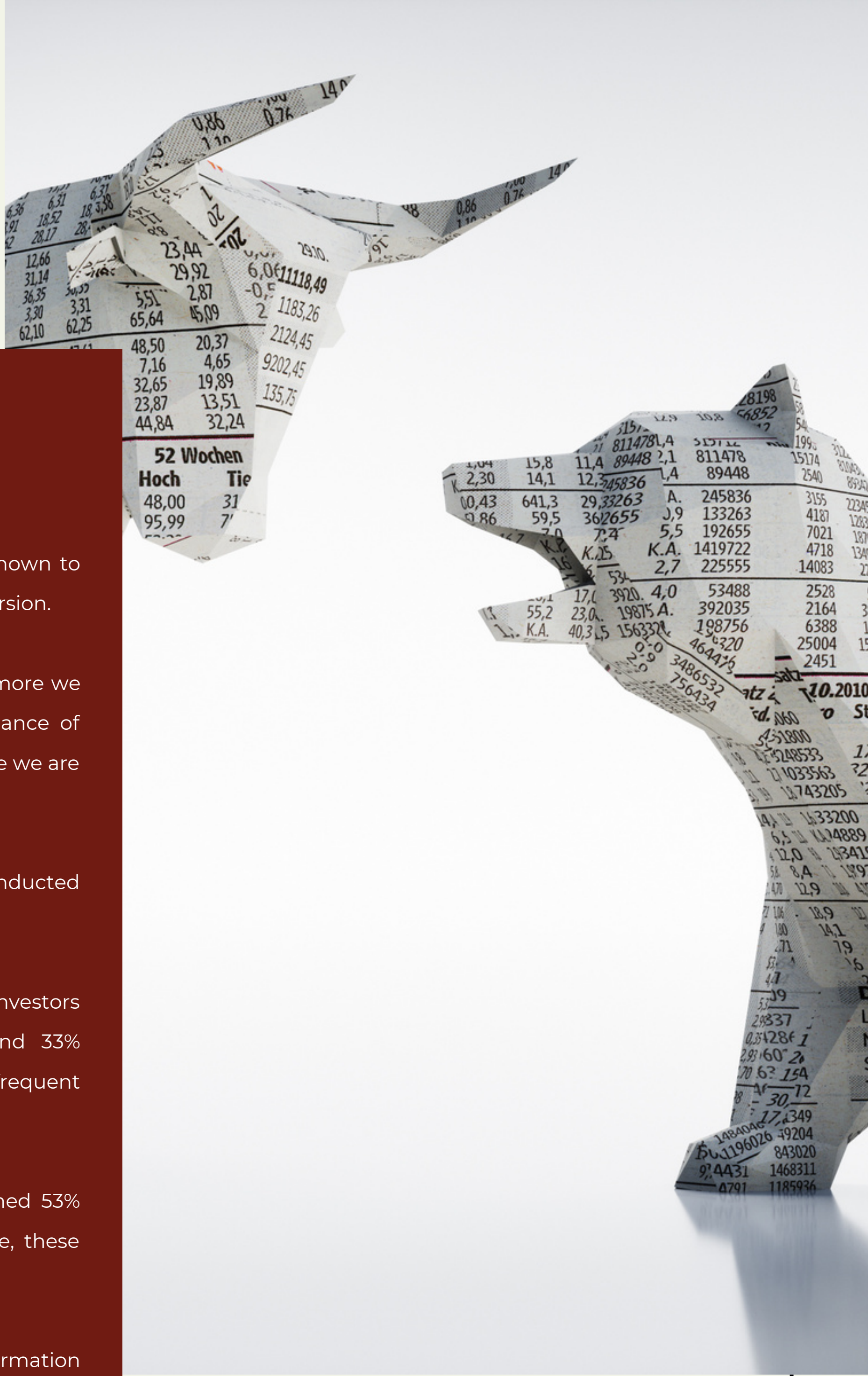
- FD rates might look attractive with most of the banks heading for 8% rates in the near term.
- The yield curve has remained flattish. Considering the risk reward, 4-6Y maturity segment remains the sweet spot for the investors.
- Precious metals might be the flavour of the year with very little dip in the demand for gold and favourable supply conditions.
- Market instruments such as SGBs and Gold funds seem to be good vehicles to participate in .
- Equity market actions have become highly stock specific and could correct more with many of the sectors still highly valued.

Key Events in Feb, 2023

8th Feb - RBI Policy Outcome
10th Feb - India IIP Data
14th Feb - Jan CPI Data
23rd Feb - Fed Policy Minutes Discussion
28th Feb - India GDP Data

Snippets

- Bonds might be turning the tide with slower pace of rate hikes and a hope for drop in rates by the end of the year. The S&P US Treasury Bond Index yielded a 0.5% return in Jan showing signs of recovery.
- Fiscal deficit target maintained at 6.4% of GDP with targets for FY24 and FY26 at 5.9% and 4.5% of GDP.
- FY24 Net market borrowing at 12.3 L (lower than expected) leading to positive impact on yields.
- Core inflation (excluding Food and Fuel) continues to remain above 6%, which may force the central bank to opt for one more probably smaller rate hike in February.
- Commodities prices might not fuel global inflation in 2023 as they did in 2021-22, despite China reopening as demand is muted globally.
- The dollar is headed into 2023 on a more downbeat note as the pace of Fed interest-rate hikes begins to slow.
- Nifty at 17600 is at the higher end of fair zone of valuation.



BEHAVIOURAL FINANCE

Loss Aversion is a concept that is not unknown to you. But, have you heard of Myopic Loss aversion.

Myopic Loss Aversion is the idea that, the more we evaluate our portfolios, the higher our chance of seeing a loss, and thus, the more susceptible we are to loss aversion.

To prove the same, researchers actually conducted a 14-day experiment.

The key finding of the experiment is that investors with infrequent information invest around 33% more in risky assets than investors with frequent information do.

All those with infrequent information earned 53% higher profits than the latter. What's more, these results were consistent at all levels of profit.

To conclude, individuals who receive information about investment performance too frequently tend to underinvest in riskier assets, losing out on the potential for better long-term gains.

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"Too many people spend money they haven't earned, to buy things they don't want, to impress people they don't like"

-Will Rogers

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