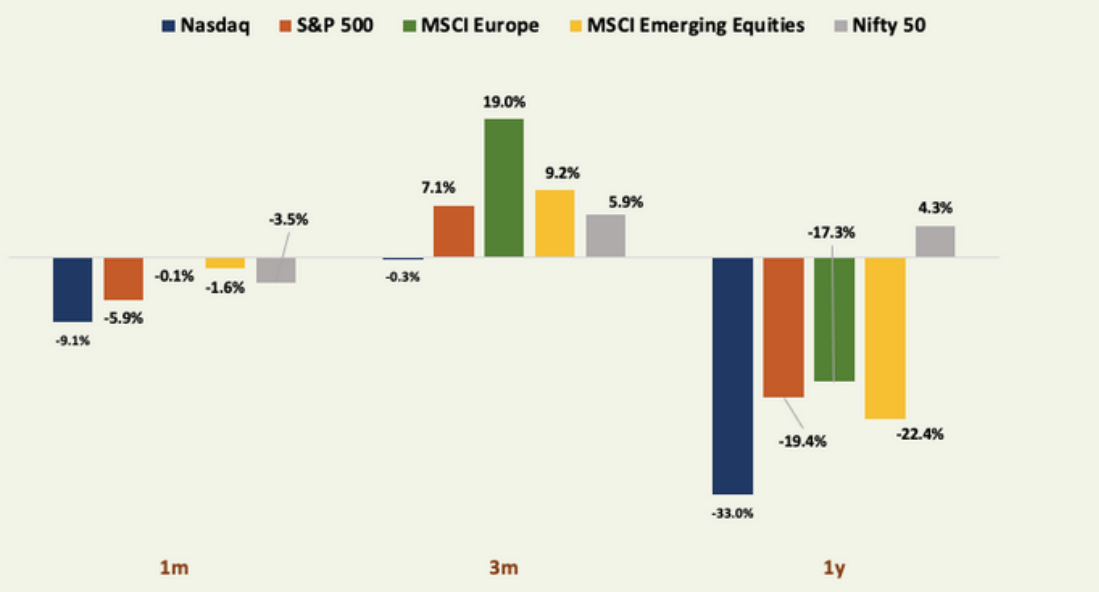




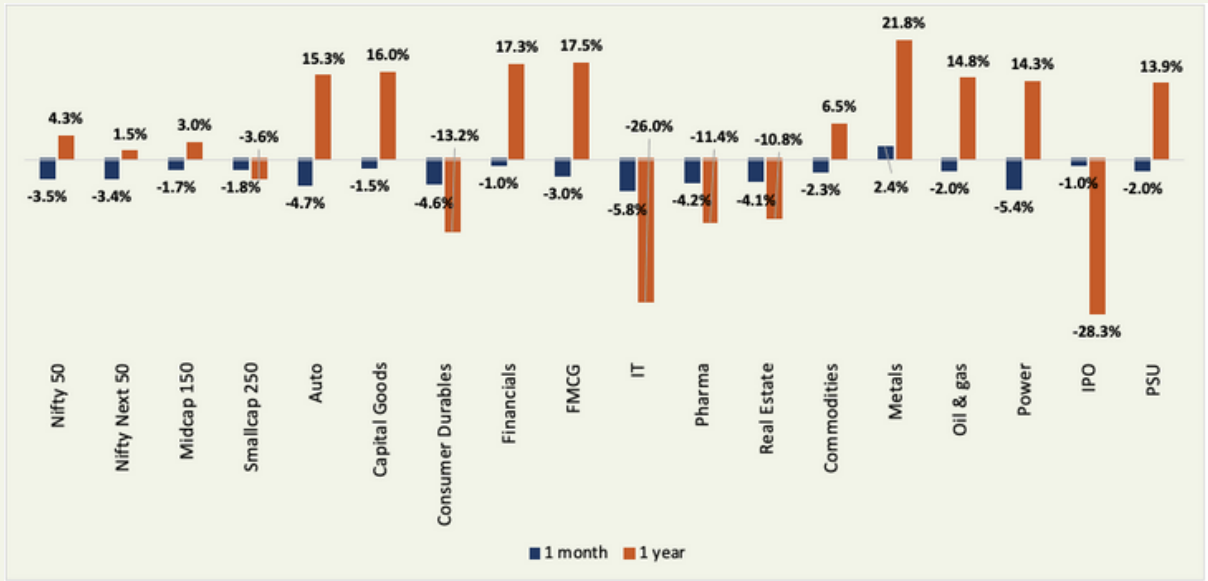
MONTHLY NEWSLETTER

WEALTH FIRST GROUP

GLOBAL EQUITIES



DOMESTIC EQUITIES



GLOBAL EQUITIES:
 WITH A DROP OF 20% IN 2022, THE MSCI ALL-COUNTRY WORLD INDEX IS HEADING TOWARDS ITS WORST PERFORMANCE SINCE THE 2008 CRISIS.

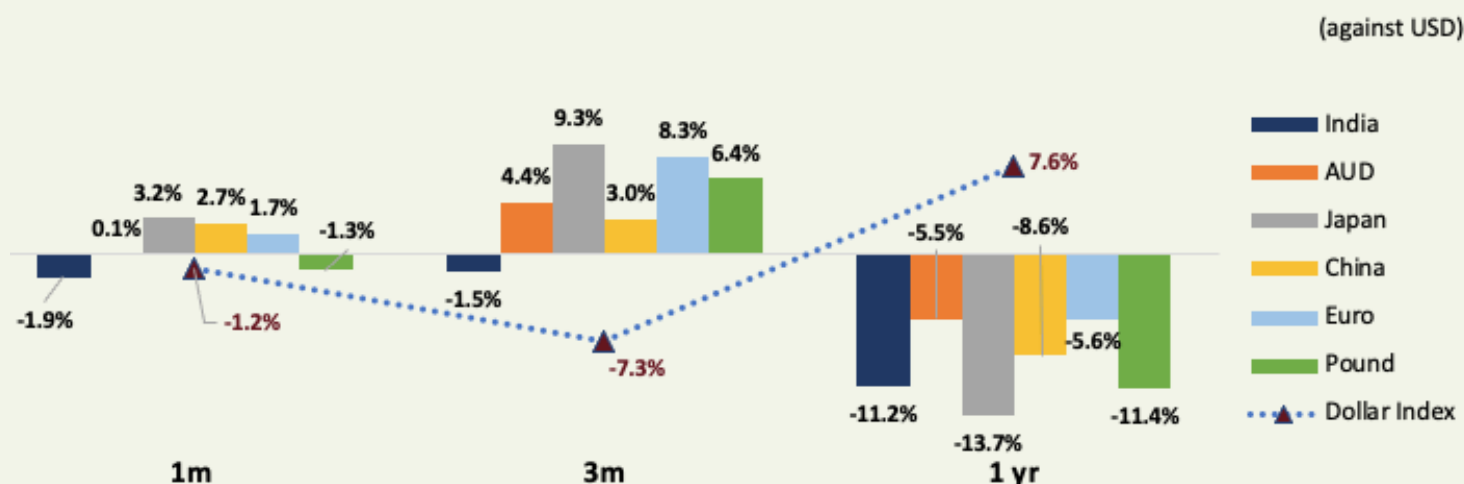
DOMESTIC EQUITIES:
 2022 HAS BEEN A VOLATILE YEAR FOR THE INDIAN MARKETS. INVESTORS HAD A TOUGH TIME TRYING TO TIME THE MARKETS RIGHT, ALTHOUGH THE MARKET OUTPERFORMED NASDAQ AND S&P 500.



COMMODITIES

Commodities	Returns		
	1m	3m	1y
Brent Crude	-0.9%	3.2%	11.4%
Precious Metals			
Gold	3.1%	9.9%	-0.3%
Silver	7.8%	25.9%	2.8%
Industrial Metals			
Steel	10.1%	5.3%	-18.6%
Iron Ore	14.1%	19.9%	1.3%
Aluminium	-3.9%	10.1%	-15.2%
Copper	2.1%	11.0%	-14.7%
Zinc	-2.1%	0.3%	-15.8%
Nickel	11.1%	42.2%	43.1%
Lead	7.1%	22.2%	-0.1%

CURRENCIES



COMMODITIES:

PRICES OF ENERGY COMMODITIES, MOST BASE METALS AND SEVERAL AGRICULTURAL COMMODITIES HAVE EASED IN THE LAST MONTH, THOUGH STILL HIGH. BRENT HAS BEEN VOLATILE IN THE 82-87 RANGE. GOLD APPRECIATED WELL IN THE FIRST HALF OF THE MONTH WHILE SILVER FINALLY SAW SOME SILVER LINING

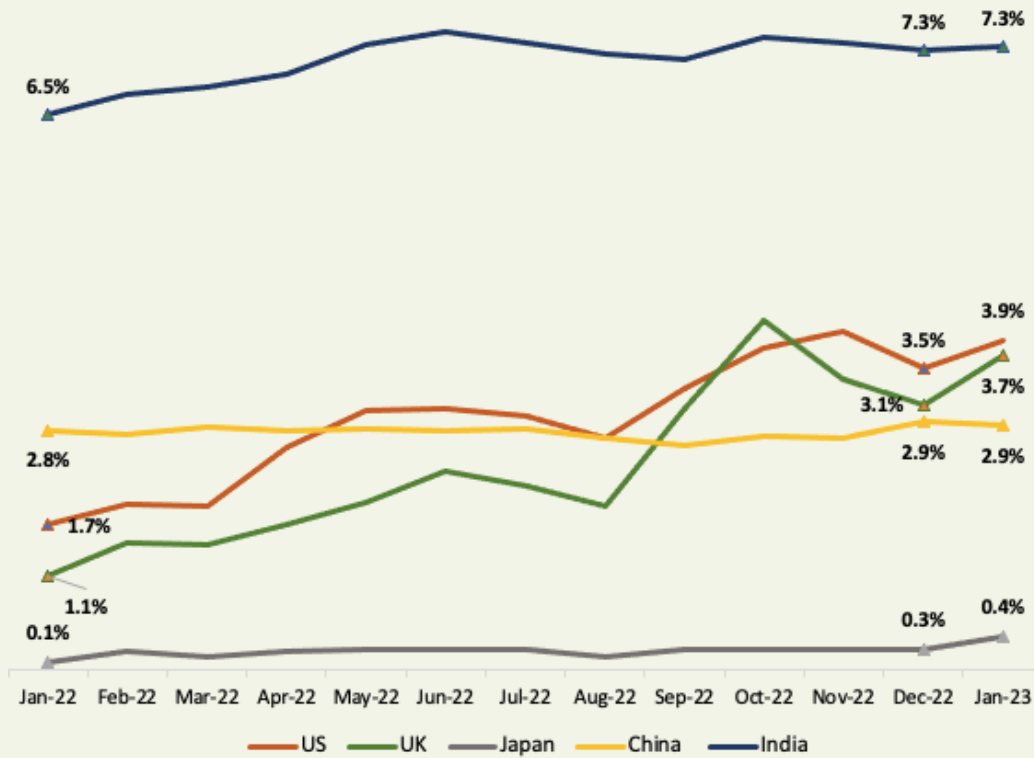
CURRENCIES:

THE BLOOMBERG DOLLAR INDEX NOTCHED BIGGEST QUARTERLY DECLINE SINCE 2010 AND TRADING AROUND ITS LOWEST LEVEL IN SIX MONTHS. WHILE THE INDEX IS DOWN MORE THAN 8% FROM ITS PEAK, IT IS STILL UP MORE THAN 6% SINCE THE END OF 2021, THE BEST YEAR-ON-YEAR PERFORMANCE FOR THE GAUGE SINCE 2015.

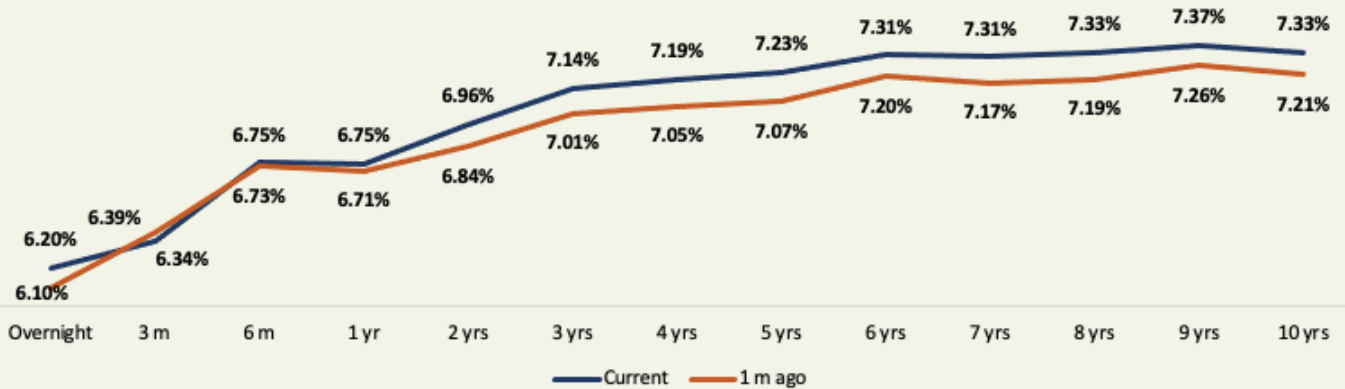


YIELD TRENDS

10-Year Government Yields



India Yield Curve



GLOBAL YIELDS:

INFLATION SURGED AROUND THE GLOBE AND CENTRAL BANKS HIKED RATES AT A HISTORIC PACE TO KEEP PRICE RISE FROM SPIRALING OUT OF CONTROL.

INDIA YIELD CURVE:

THE YIELD EASED FOR THE SECOND CONSECUTIVE QUARTER IN OCT-DEC (BY 10 BPS), BUT JUMPED 87 BPS IN 2022, ITS BIGGEST SUCH MOVE SINCE 2009; GLOBALLY RISING YIELDS IN LIGHT OF CENTRAL BANK RATE HIKES HAVE HAD AN IMPACT ON THE YIELDS.



MACRO TRENDS

*FII flows-
Equity*

FII Flows (in crore)	
Month	Inflow
Jul-22	4889
Aug-22	51204
Sep-22	-7624
Oct-22	-8
Nov-22	36239
Dec-22	11119

69% DECLINE MONTH ON MONTH

*DII flows-
Equity*

DII Flows (in crore)	
Month	Inflow
Jul-22	105406
Aug-22	-7069
Sep-22	14120
Oct-22	9277
Nov-22	-6301
Dec-22	24159

483% INCREASE MONTH ON MONTH

INFLATION & PMI

CPI data	
Month	Inflation
Jun-22	7.01
Jul-22	6.71
Aug-22	7.00
Sep-22	7.41
Oct-22	6.77
Nov-22	5.88

PMI		
Month	Manufacturing	Services
Jul-22	56.40	55.50
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 MANUFACTURING PMI AT 57.8

SURPLUS LIQUIDITY

Surplus Liquidity (in crore)	
Month	Inflow
Jul-22	237000
Aug-22	126000
Sep-22	75000
Oct-22	-12000
Nov-22	52333
Dec-22	9975

IPO Data

IPO Analysis	
Parameter	Value
No of IPOs in 2022	48
Amount Raised (in cr)	59,600
IPO Index Return in 2022	-28.30%
Trading above issue price	33
Trading below issue price	15
Listing Day Gains > 15%	15
Return in 2022 > 20%	19
Return in 2022 > 100%	3

*FII Debt
Flows*

FII Debt Flows (in crore)	
Month	Inflow
Jul-22	-2056
Aug-22	3845
Sep-22	4012
Oct-22	-3532
Nov-22	-1637
Dec-22	-1673

2.2% DECLINE MONTH ON MONTH

*Corporate
Bond
Issuances*

37,724 crore
31% DECLINE MONTH ON
MONTH

1,49,507 crore
MORE THAN 1.4 LAKH CRORE FOR
10 MONTHS STRAIGHT

*GST
Collection*



KEY TAKEAWAYS

Jan 02, 2023

CONCLUSIONS

Target Maturity Funds are still of interest with higher post tax yields.

The yield curve has largely remained flattish. Considering the risk reward, 4-5Y maturity segment remains the sweet spot for the investors.

Gold might be a good addition to the overall portfolio with surging global demand and favourable demand and supply conditions.

With a solid outperformance compared to other Equity markets behind us and in light of expensive valuations, Equity markets could largely be driven by Earnings momentum going forward.

IPOs Could see a subdued performance overall with a very few exceptions as the response has weakened substantially. In fact, the last 9 IPOs have delivered negative returns.

Small Savings schemes are once again under radar with 20-100bps rate hikes across schemes.

SNIPPETS

- Inflation, massive rate hikes and a super-strong dollar left bond investors with poor returns. The return on the S&P US Treasury Bond Index was -10.7% in 2022.
- China periodically shut down entire cities to contain the pandemic.
- Russia's invasion of Ukraine, snarled supply chains and another year of Covid turned markets on their head this year.
- Core inflation (excluding Food and Fuel) continued to remain above 6%, which may force the central bank to opt for one more rate hike in February.
- Although commodities prices are unlikely to fuel global inflation in 2023 as they did in 2021-22, upside risks to price forecasts are dependent on China reopening, climate changes and continued conflict in Russia-Ukraine.
- The dollar is headed into 2023 on a more downbeat note as the pace of Fed interest-rate hikes (425 bps) begins to slow.
- The Nifty outperformed all the major global indices this year, with an uptick of 4.5%, followed by Brazil with a gain of 3%.
- This year belonged to the PSU Banks index, that saw a rally of 68% this year.
- On the other hand, the indices that saw massive rallies during the pandemic- Pharma and IT, were both in the negative - 11% and 26% respectively.
- Equity markets are still at an expensive valuation of ~18000 indicating possibility of time/price correction.



BEHAVIOURAL FINANCE

Anchoring: Anchoring bias is a cognitive bias that causes us to rely too heavily on the first piece of information we are given about a topic without seeing it objectively.

In other words, the concept of anchoring draws on the tendency to attach or anchor investor thoughts to a reference point or information which might have no logical relevance to the investment decision at hand.

Generally, such bias occurs when an investor pays attention to unwarranted details, which lead to error in investment decisions. So, anchoring bias could influence your investment patterns and lead you to make sub-optimal decisions regarding your investment portfolio.

Offices: Mumbai, Ahmedabad, Hyderabad, Pune
Feedback & Queries: research@wealth-first.com

*"The most important quality for an investor is temperament, not intellect."
-Warren Buffet*