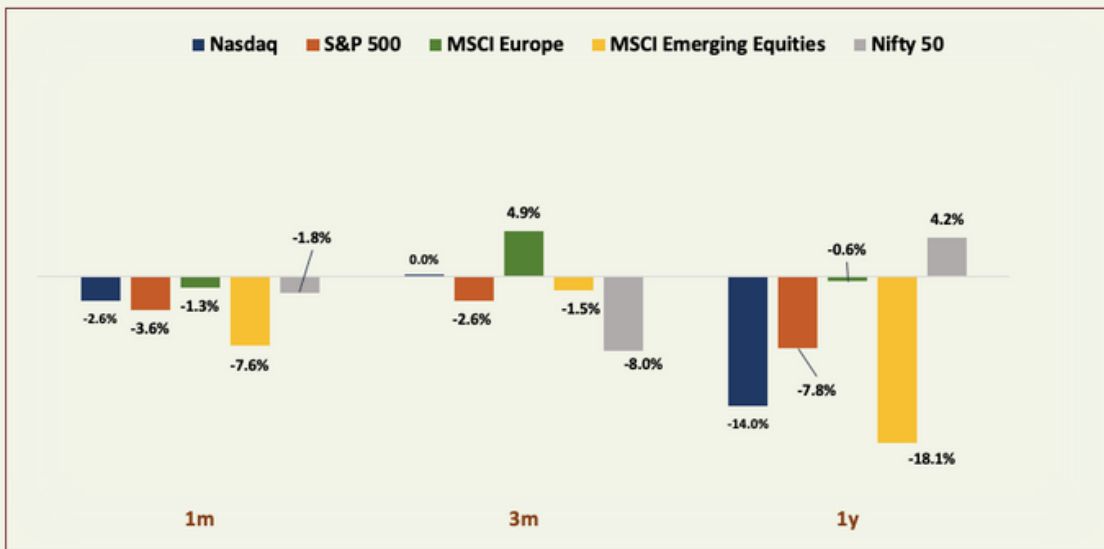




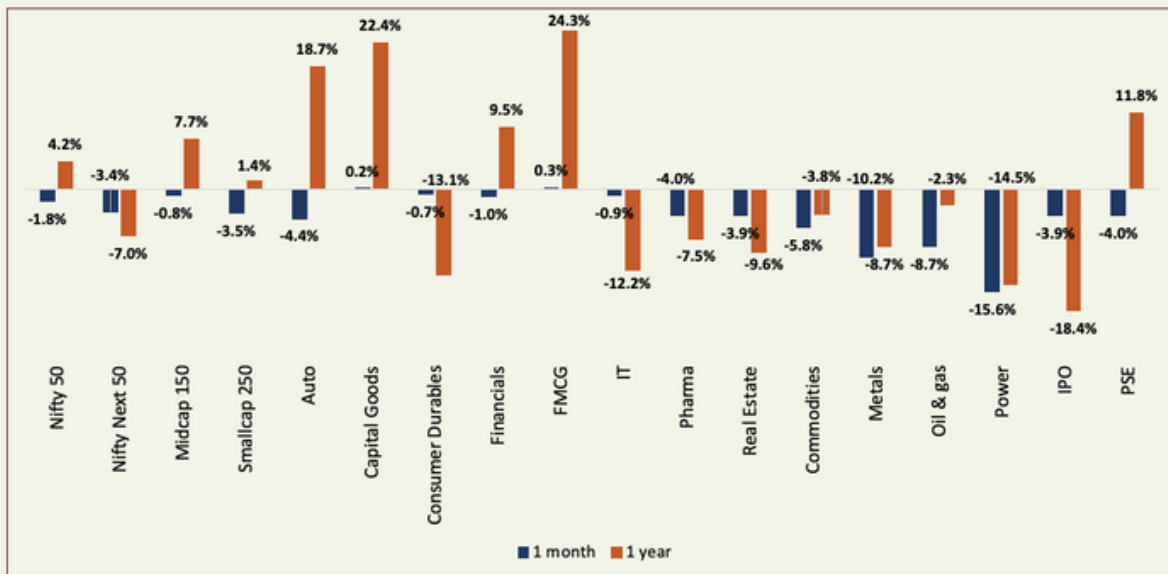
MONTHLY NEWSLETTER

WEALTH FIRST GROUP

GLOBAL EQUITIES



DOMESTIC EQUITIES



Global Equities:

US equities closed on a weak note in February on renewed concerns of further rate hikes and an unexpected fall in consumer confidence according to Economic data. Emerging markets have slumped 6.8% as against a gain of nearly 8% in Jan. MSCI's All-World Index of global shares fell about 3% erasing a large chunk of Jan's 7% gain.

Domestic Equities:

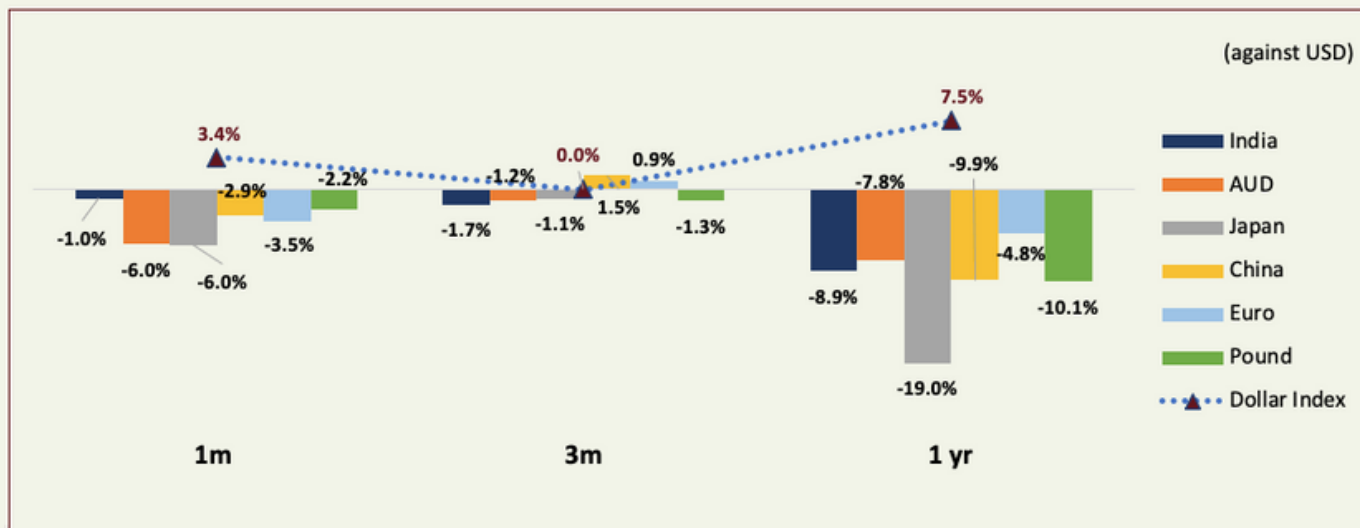
Domestic equities outperformed developed markets despite the Adani imbroglio. However, they underperformed emerging markets bringing down their relative valuations. Nearly all sectoral indices are down with the exception of FMCG and Capital Goods.



COMMODITIES

Commodities	Returns		
	1m	3m	1y
Brent Crude	0.5%	-4.4%	-23.1%
Precious Metals			
Gold	-7.2%	0.4%	-6.8%
Silver	-14.2%	-9.6%	-18.9%
Industrial Metals			
Steel	-0.4%	12.5%	-21.5%
Iron Ore	-1.6%	20.0%	-11.0%
Aluminium	-10.5%	-5.2%	-32.2%
Copper	-1.9%	5.6%	-12.1%
Zinc	-11.2%	-3.4%	-20.6%
Nickel	-13.0%	-8.0%	-1.0%
Lead	-0.5%	-2.0%	-12.2%

CURRENCIES



Commodities:

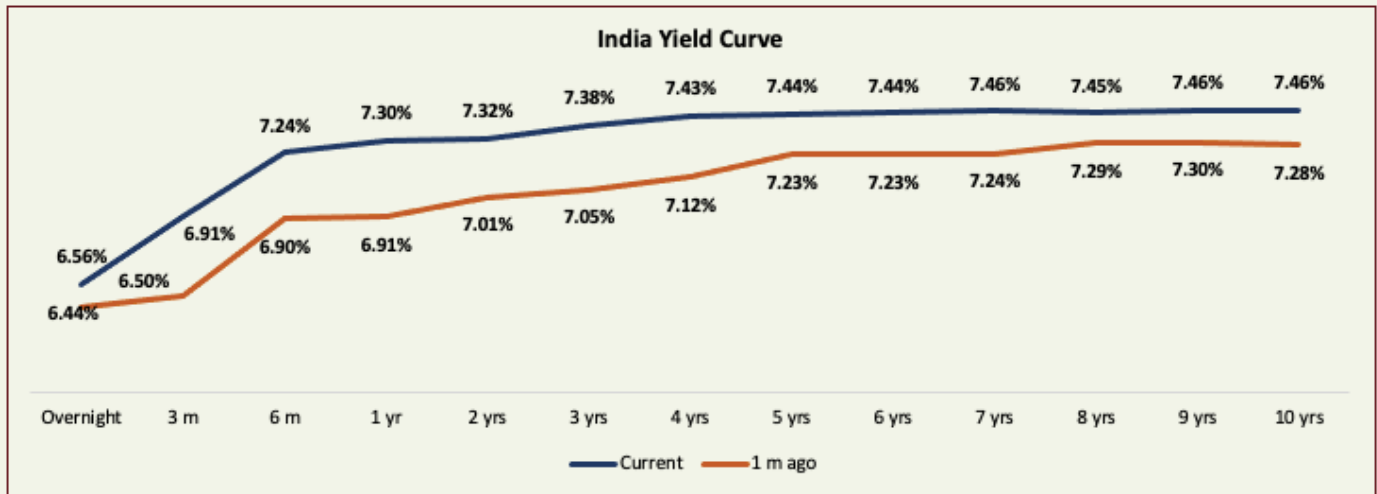
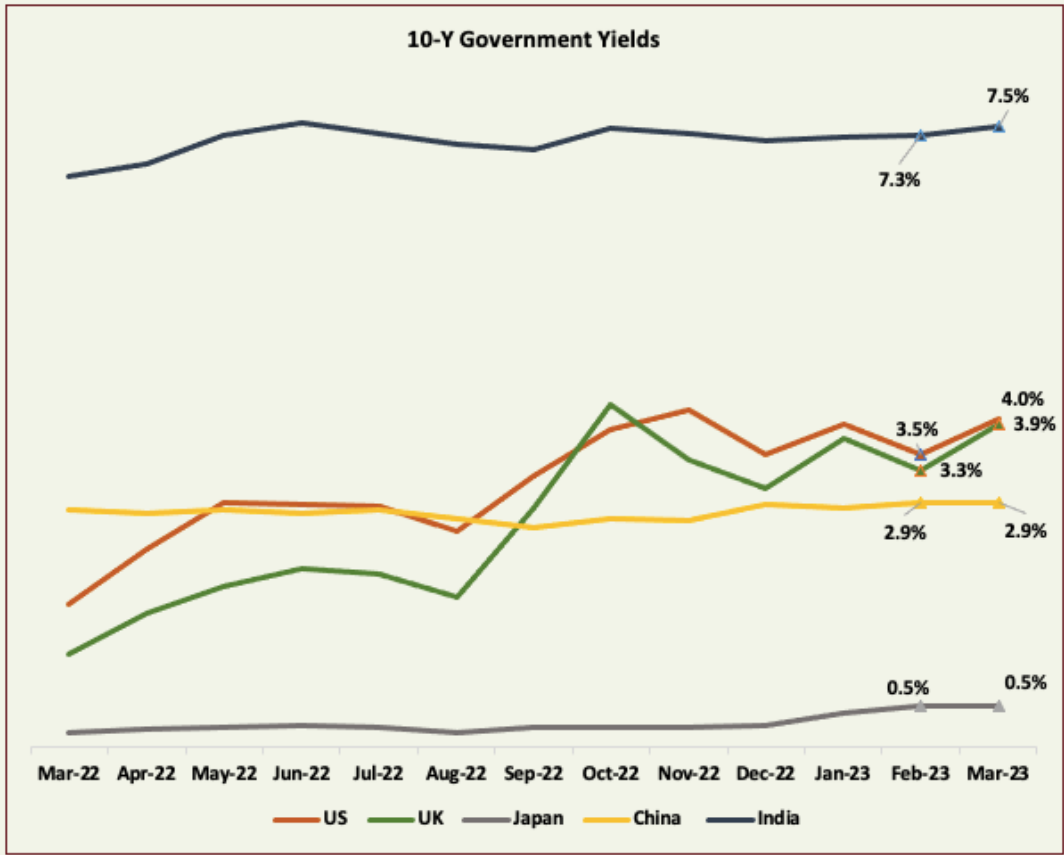
Prices of almost all commodities except Brent crude have fallen while correction seen in industrial metals confirmed that China's opening is weak. Recent central bank rate hikes have weighed on the appetite for Gold as it yields no interest. S&P believes that China's oil demand could be 5% higher this year.

Currencies:

The US dollar witnessed a strong rebound after a significant sell-off between September and February. INR has relatively outperformed developed market currencies. The Dollar Index witnessed its best month since Sep with an increase of 3.4% month-on-month. It has reversed over a quarter of its losses sustained during Sep-Feb.



YIELD TRENDS



Global Yields:
 Fed has raised their key rate by 25 basis points in february amid concerns of sticky inflation. US treasury yields ended almost 50 bps higher, their biggest monthly jump since September. Markets are assuming a peak US terminal Fed funds rate of 5.48% (currently at 4.58%) which is 33bps higher than previous peak in early November. Also, investors' enthusiasm quickly waned on news of resilient economy and healthy employment levels as these kept the door open for the Fed to maintain an aggressive stance.

India Yield Curve:
 The yield curve is almost flat with 1Y T Bill at 7.31% and 5Y at 7.42%. From 5Y to 30Y, yields are in a narrow range of 7.4-7.45%. This indicates slowdown expectations over the short term (Latest GDP reading of 4.4% is supportive of it) as well lower liquidity in the system.



MACRO TRENDS

*FII flows-
Equity*

FII Flows (in crore)	
Month	Inflow
Sep-22	-7624
Oct-22	-8
Nov-22	36239
Dec-22	11119
Jan-23	-28852
Feb-23	-5294

82% INCREASE MONTH ON MONTH

DII Flows (in crore)	
Month	Inflow
Sep-22	14120
Oct-22	9277
Nov-22	-6301
Dec-22	24159
Jan-23	10019
Feb-23	14629

46% INCREASE MONTH ON MONTH

*DII flows-
Equity*

INFLATION & PMI

CPI data	
Month	Inflation
Aug-22	7.00
Sep-22	7.41
Oct-22	6.77
Nov-22	5.88
Dec-22	5.72
Jan-23	6.52

PMI		
Month	Manufacturing	Services
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-23	55.40	57.20

FEB MANUFACTURING PMI AT 55.3

SURPLUS LIQUIDITY

Surplus Liquidity (in crore)	
Month	Inflow
Sep-22	75000
Oct-22	-12000
Nov-22	52333
Dec-22	9975
Jan-23	64034
Feb-23	-18257

LIQUIDITY IN THE SYSTEM HAS MOVED SURPLUS OF 5L CRORE LAST MONTHS AGO TO MINOR DEFICIT NOW.

*Corporate
Bond
Issues*

30036 crore

44% INCREASE MONTH ON MONTH

FII Debt Flows (in crore)	
Month	Inflow
Sep-22	4012
Oct-22	-3532
Nov-22	-1637
Dec-22	-1673
Jan-23	3531
Feb-23	2436.45

31% DECLINE MONTH ON MONTH

*FII Debt
Flows*

*Adani
Saga*

Nifty declined 4.5%

ADANI GROUP STOCKS FELL MORE THAN 25% IN 1 MONTH

*Core
Sector
Growth*

7.8% in Jan' 23

UP 0.4% MONTH ON MONTH, WITH CUMULATIVE GROWTH FROM APR'22-JAN'23 AT 7.9%

1,49,577 crore
MORE THAN 1.4 LAKH CRORE FOR 12 MONTHS STRAIGHT

*GST
Collection*



SUMMARY

Mar 03, 2023



Key Takeaways

- FD rates might look attractive with most of the banks heading for 8% rates in the near term.
- 4-6Y remains to be the sweet spot for investors in debt considering the risk-reward.
- RBI has announced premature withdrawal dates for various tranches of SGBs.
- Central banks added \$70 billion worth of gold to their stockpiles in 2022, the most since 1950. Central bank purchases took total global gold demand last year up 18% from 2021, and the highest for any year since 2011. As per World Gold Council, Central bank buying in 2023 is unlikely to match 2022 levels.
- Gold & Silver have fallen by 7% and 14% respectively which might give investors a good chance to look at re-enter this segment.
- Equity markets have witnessed a correction partly on concerns of stickier than expected inflation while Adani saga hastened the fall. SIPs might be the way forward this year.

Key Events in Mar, 2023

10th Mar - US Employment Data

13th Mar - India CPI Data

14th Mar - US CPI Data

Snippets

India

- February witnessed Bond and equities sell off amid renewed concerns of more rate hikes post Fed meet. Indian markets faced the harsh brunt of Adani crash.
- India's foreign exchange reserves suffer a setback after rising for 3 months.
- Moody's Investor Services has raised the GDP projection for 2023 to 5.5% from 4.8% and GDP growth for 2024 at 6.5%.
- PMI manufacturing has been in expansion zone for 12 consecutive months and economy is now mean reverting to pre-pandemic levels. Indian Auto sales number is projected to be strong in February indicating an optimistic picture going forward.
- El Nino might have a negative effect on the economy and might lead to a higher retail inflation.
- Nifty at 17320 is at the higher end of fair zone of valuation.

Nifty Valuation Zones	
Above 17700	Expensive
13200-17700	Fair
11400-13200	Buy
Below 11400	Strong Buy

Global

- Initial signs show US bank credit beginning to slow. Commercial banks' total loan growth has decelerated by 0.9% from December while commercial and industrial (C&I) loan growth is down from 16.3% YoY in late November to 13.6% YoY.
- The same trend can be seen in the Eurozone, in terms of both a slowdown in loan growth and surveys indicating weakening loan demand.
- The spread between the US 10-year Treasury yield and the 3-month T-bill yield has declined from a positive 199 bps in April 2022 to a negative 104 bps in February. Historically, this has almost always followed up by recession.
- Oil market likely to go into a deficit by 2nd half of 2023 with Russia trimming supply and China ramping consumption. Brent crude forecasted to average \$89.2 a barrel this year. Slower demand from key regions (US and Europe) would likely keep the prices around \$85 in the first quarter.



BEHAVIOURAL FINANCE

Have you heard of the greater fool theory? and No!, we are not making this up.

This theory states that, rational people will buy overvalued assets as long as they believe there is someone more foolish to buy it even at a higher valuation. According to this theory, people ignore valuations, earnings reports and all the other data.

For example, in the financial crisis of 2008 people took loans from banks to buy houses in the hope of selling these at higher prices and make good gains. This theory worked until the "supply of fools" dried up, or say the bubble burst.

Now, there is a reason why such tendencies arise in people. It is due to a bias called "Neglect of Probability".

Neglect of probability bias is the tendency to disregard probability or risk when making decisions in the face of uncertainty. The most optimal choice is the one that has the highest probability of turning out well, but people tend to opt for the option that will have the biggest positive impact if it occurs, regardless of how likely it is. You can learn more about it here: [🔗](#)

Consistent due-diligence and constant vigilance is the only way to overcome these traits.

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"If you make a mistake and do not correct it, this is called a mistake"
-Confucius