

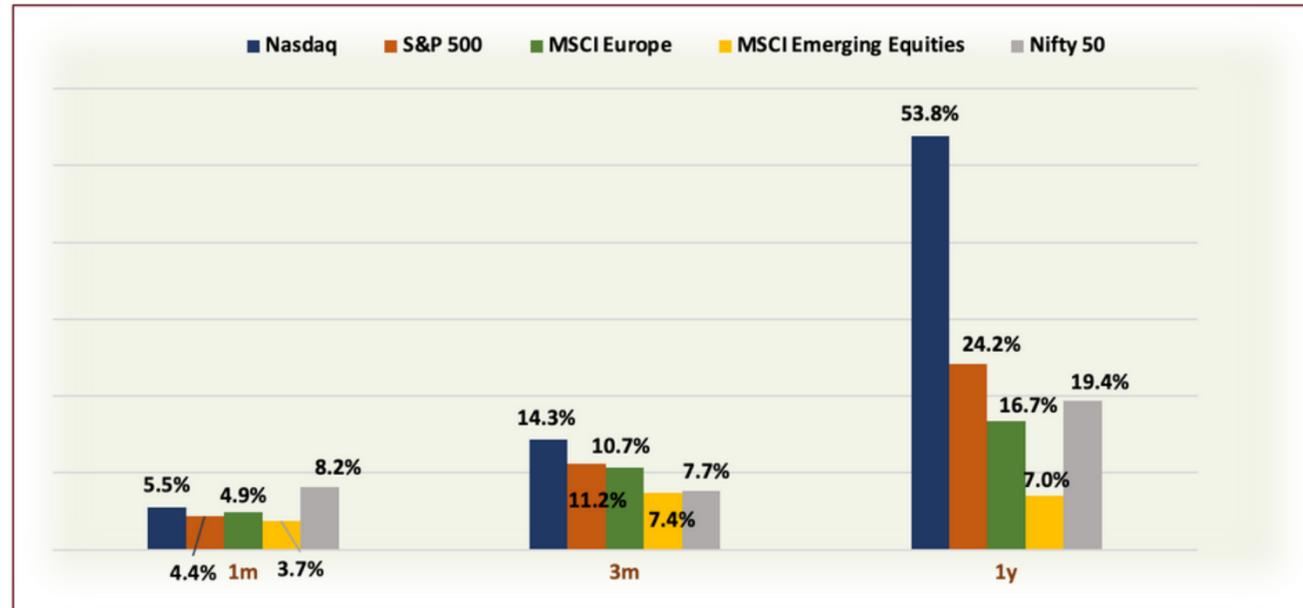


WEALTH FIRST

MONTHLY NEWSLETTER - JAN'24

"I never attempt to make money on the stock market. I buy on the assumption that they could close the market the next day and not reopen it for five years " - Wealth First

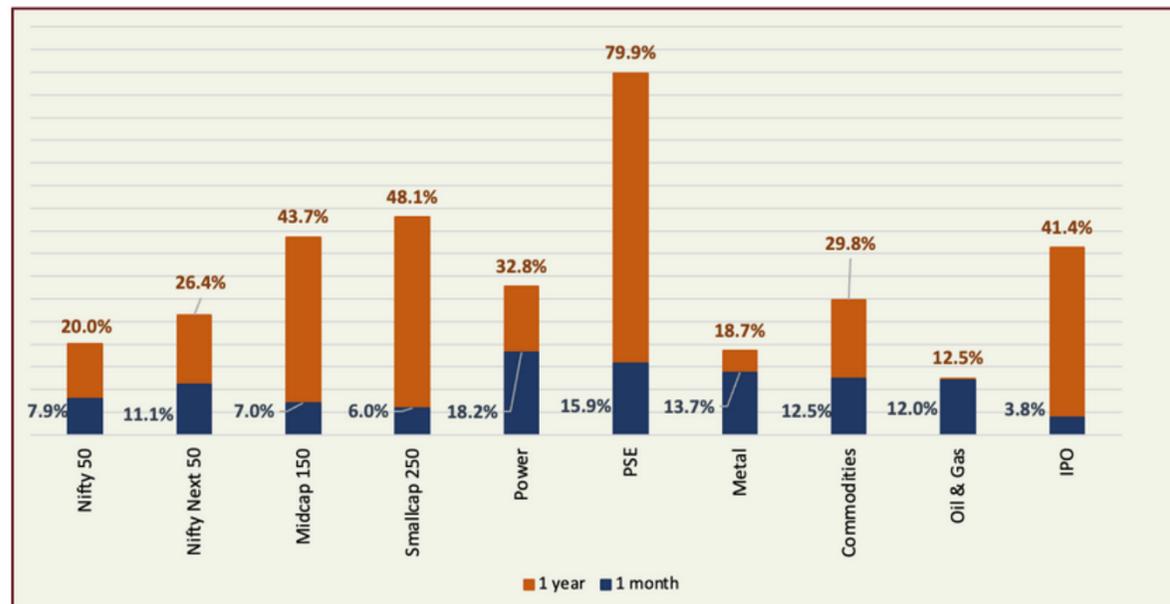
Global Equities (in USD terms)



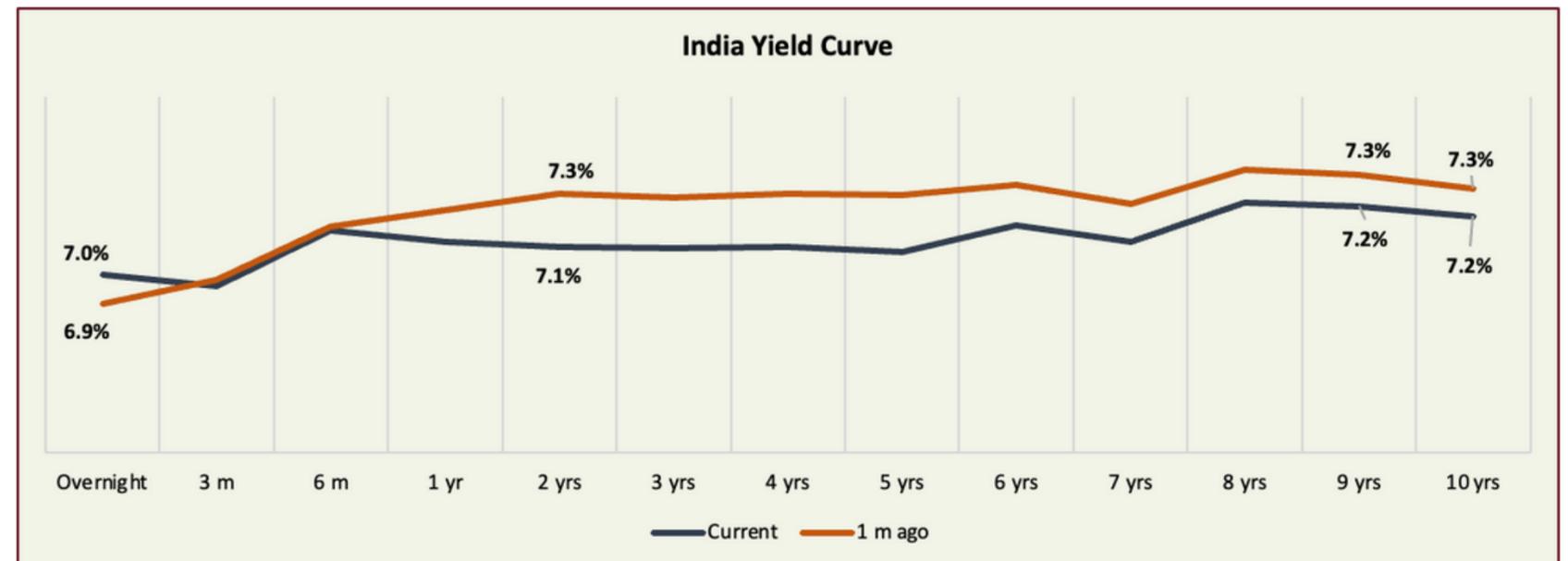
Global Yields

10 Year Government Yields					
Month	Japan	China	US	UK	India
Jan-23	0.41%	2.89%	3.70%	3.70%	7.33%
Aug-23	0.59%	2.70%	3.98%	4.36%	7.17%
Sep-23	0.63%	2.62%	4.12%	4.36%	7.17%
Oct-23	0.76%	2.71%	4.62%	4.48%	7.21%
Nov-23	0.92%	2.70%	4.72%	4.49%	7.36%
Dec-23	0.71%	2.70%	4.21%	4.14%	7.29%
Jan-24	0.63%	2.59%	3.87%	3.54%	7.20%

Domestic Equities



Domestic Yields



Commodities & Currencies

Commodities	Returns	
	1m	1y
Brent Crude	-4.4%	-10.1%
Precious Metals		
Gold	1.3%	13.1%
Silver	-1.7%	-0.9%
Industrial Metals		
Steel	1.1%	-2.3%
Iron Ore	7.6%	21.3%
Aluminium	8.7%	0.3%
Copper	1.4%	1.9%
Zinc	7.4%	-10.6%
Nickel	-0.4%	-45.2%
Lead	-2.8%	-12.9%

Macro Trends	Dec	Nov
FII flows (in crs)	66,135	9,001
DII flows (in crs)	12,942	12,762
FII flows - Debt (in crs)	-4,146	3,276
New Corporate Bond Issuances (in crs)	52,166	39,808
Surplus Liquidity (in crs)	2,15,664	3,06,248
GST Collection (in crs)	1,64,882	1,67,929
CPI	5.55	4.87
Manufacturing PMI	54.90	56.00
Services PMI	56.90	58.40

India Yield Curve		
Rate	Current	1 m ago
Overnight	7.00%	6.90%
3 m	6.96%	6.98%
6 m	7.15%	7.16%
1 yr	7.11%	7.22%
2 yrs	7.09%	7.27%
10 yrs	7.20%	7.29%

At a Glance



Global Equities:

- S&P 500 ended 2023 with a surprising 24% gain, its best since 2004 and Nasdaq rose 53.8%, driven by Big Tech.
- European markets closed positively, Stoxx 600 up 12.64%.
- Asian markets, except China, declined.
- Relief rally in risk assets amid economic resilience and Federal Reserve signals.

Indian Equities:

- Indian markets closed with a 20% gain. PSE, Energy, and Commodities gained nearly 15%.
- India's market surpassed Hong Kong, ranking seventh globally.
- Mid and Small Caps continued momentum with 6-7% gains.

Commodities:

- US crude oil closed over 10% lower due to oversupply concerns.
- Gold surpassed \$2,000/ounce, driven by hopes of Fed rate cuts. Gold and silver expected to outshine, reaching \$2,175/ounce by Q4 2024.

Currencies:

- Indian rupee showed stability, depreciating only 0.5% against the dollar. RBI's intervention and strong foreign inflows supported rupee resilience.

Global Yields:

- Anticipated easing cycle in developed markets, with risks favoring quicker cuts in a recession.
- US FOMC expected to initiate rate cuts in Q3 2024.

Indian Yields:

- 10-year Indian government bond yield stable at 7.2%.
- RBI's rate hikes concluded in February at 6.5%.
- Eased concerns led to a one-year low of 7%, but fears of quantitative tightening caused selling in Q2-Q3. Yields ended the year lower, supported by a rebound in US Treasuries.

India Macro trends:

- India's phased inclusion in JP Morgan's GBI-EM Global Diversified index anticipated to attract \$25-30 billion.
- Foreign portfolio investors (FPIs) injected Rs 1.7 lakh crore into Indian equity markets, expressing confidence in India's economic fundamentals.



Snippets

Indian markets had a terrific year with Nifty being among the best market performers in the world



Indian Markets

GDP growth is trending over 7% while consensus estimated from all leading institutions project similar continuity.

General elections in May 2024 and sustained high oil prices are the key risks for India in 2024. Most institutions and rating agencies expect continuity of policy and government while the outlook remains positive.

Services exports surged by \$60bn to \$300bn in 2023 due to rise of Global Captive Centres set up by MNCs.

Nifty at 21600 is trading in expensive zone as per valuation.



Macro

India's phased inclusion in JP Morgan's GBI-EM Global Diversified index over ten months is expected to attract \$25-30 billion in inflows, strengthening the rupee.

In 2023, FPIs injected Rs 1.7 lakh crore into Indian equity markets, reflecting confidence in the country's economic fundamentals amid global challenges.

Positive factors include anticipated FII buying in January, decreasing global yields, stable crude prices, and improvements in the Current Account and fiscal deficit (latest CAD at 1% compared to 3.8% last year).



Global

China's growth has been muted in the post reopening phase, amid housing and deleveraging. Europe is facing a recession threat while China is expected to have two-way growth risks.

Global elections involving 40 nations and covering over 40% of the world's population and GDP will be crucial in setting the tone of markets in 2024.

The US elections scenario is essentially unpredictable at this time while a change in control might have dramatic impact on policy.



Research Corner

A Recap into 2023

Nifty 50 Shines: In the bustling world of Dalal Street, the Nifty 50 took charge, soaring with an impressive 18% return. Yet, the real stars were mid and small-cap stocks, boasting gains of 40% and 50%. Sectors like defense, realty, autos, and pharma stole the limelight.

Move Over, World: India flexed its economic muscles, claiming the fifth-largest economy spot. A dance of infrastructure spending, foreign investments, and a touch of RBI magic led the way.

IPO Frenzy: The IPO extravaganza stole the show, with 58 mainboard IPOs raising a whopping Rs 49,500 crore. Meanwhile, 172 SME IPOs added nearly Rs 4,500 crore, showcasing India's economic swagger.

Hello Digital: Farewell to Rs 2,000 notes ushered in the digital age, and Apple set foot in Delhi and Mumbai, making India an iPhone-making powerhouse.

Credit Cards, Swipe, Spend, Panic: Credit card spending reached a peak at Rs 1.78 lakh crore, prompting a cautious RBI to tighten the reins on the credit wave.

The Soap Opera: The Adani vs. Hindenburg soap opera unfolded on Dalal Street, a roller coaster ride with \$150 billion in market cap vanishing. Investigations continue, but no conclusion is in sight.



Rupee's Ride: The rupee embarked on a wild ride, hitting a lifetime low against the dollar in October at 83.305, with global factors, trade deficits, and geopolitical tensions playing the villain.

HDFC's Rise: HDFC Bank climbed the global ladder, merging with HDFC to become the world's sixth-largest bank, with a market cap soaring to Rs 13 lakh crore.

Politics Ahoy: The political landscape saw BJP sweeping the heartland, while Congress held its ground in the south, triggering an impressive 3.5% week-over-week market gain.

India's economic rollercoaster, from population booms to lunar landings, and a financial extravaganza with JP Morgan, made 2023 a blockbuster year.

2024 Outlook

-Analyst Consensus

Gold investors anticipate record-high prices next year, anticipating a dovish shift in U.S. interest rates, ongoing geopolitical risk, and central bank buying to support the market.

Positive Predictions: Reuters experts foresee a 9% stock market rise in India by the end of 2023, highlighting India's market resilience despite slow economic progress.

RBI's Accommodative Stance: The RBI's commitment to growth is expected to boost the investor community, with lower rates and increased spending giving a lift to the economy.

Sectoral Groove for 2024: Banks, healthcare, energy, automobiles, retailers, real estate, and telecoms are poised to outperform in 2024.

Potential Market Missteps – Watch Your Step!

- Overvaluation Concerns
- Profit Booking
- Market Correction
- Global Headwinds
- Economic Slowdown
- Sectoral Risks

Blog 

Key Events in 2024

Feb: Interim Budget

May : India General Elections

Fed Meetings

India Full year Budget

RBI MPC

November: US Presidential Elections

Book a 
Consultation

Market Watch



BEHAVIOURAL FINANCE

The January Effect!!

This phenomenon suggests that, in January, stock prices (more specifically the US/Europe) tend to soar more than in any other month. But wait, it's not to be confused with the January barometer, which claims that how stocks perform in January can predict the entire year!

Picture this: back in 1942, investment banker Sidney B. Wachtel discovered the January Effect. His findings revealed that small-cap companies outshine large-cap ones in the first half of January. Since then, numerous studies have delved into this intriguing pattern.

One study spanning from 1904 to 1974 discovered that January returns were five times higher than average. Another from Salomon Smith Barney found a whopping 0.82% average outperformance in January for small-cap stocks compared to their large-cap counterparts from 1972 to 2002.

This Effect has its roots in tax planning, as investors sell underperforming stocks in December to secure a capital loss, reducing their tax bill. This triggers a bounce-back in prices come January. Year-end bonuses also contribute, as investors inject extra cash into the markets, lifting stock prices. The psychological boost of a new year inspires fresh beginnings, attracting individuals to try their hand at the stock market.

However, the January Effect has lost some of its sparkle in recent decades, attributed to the rise of tax-sheltered retirement accounts and increased awareness of potential January price hikes. Despite this, the allure of the stock market's January magic persists, keeping investors intrigued and eager to unravel the mysteries of the financial world!



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THANK YOU