



Investor Insights & Outlook

JANUARY 2023

06 Feb 2023

Market Update

Nifty	17765
Sensex	60507
10Y G-Sec	7.32%
USD INR	82.45
Gold	57440 (Rs/10gm)
Brent	80.43 (\$/bbl)
Repo Rate	6.25%
Reverse Repo	3.35%

Product Recommendations

Equity

Nippon India Pharma Fund
Kotak Emerging Equity Fund
ICICI Pru Technology Fund
Mirae Asset Large Cap
ICICI Pru Pharma Healthcare & Diagnostics (PHD) Fund

Debt

ICICI Pru Equity Savings Fund
DSP Nifty SDL Plus G-Sec Jun 2028 30:70 Index Fund
IDFC Gilt 2027 Index Fund
Kotak Nifty SDL Apr 2027 Top 12 Equal Weight Index Fund
HDFC Ltd Fixed Deposit
Bajaj Finance Fixed Deposit

Contact

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KEY HIGHLIGHTS & MARKET DEVELOPMENTS

EQUITY

- Indian equity markets witnessed heightened volatility during January due to a research report published on one of India's largest conglomerates', Adani Group.
- Frontline indices Nifty and Sensex fell over 2% each; Bank Nifty also corrected about 5%.
- However, Union Budget was well received as Indian Government remained fiscally prudent, focused on infrastructure spending and no incremental taxes.
- Globally, US Fed hiked the interest rates by 25bps in line with market expectations; the commentary was also dovish, resulting in strong up move in many global markets.

DEBT

- The 10-year benchmark yield of 7.26% 2032 settled at 7.37% in January '23 versus 7.31% in December'22.
- The bond's yield remained relatively stable for most of the month, but saw a slight increase during the last week.
- According to data from the Centre for Monitoring Indian Economy, India's unemployment rate dropped to 7.14% in January, the lowest in four months, from 8.30% in the previous month.
- The 2023-24 budgeted gross market borrowings were in line with expectations, estimated at 15.43 trillion rupees, rather than the expected 15.8 trillion rupees.
- The Federal Reserve raised the target range for the fed funds rate by 25bps to a range of 4.5% to 4.75% in its February meeting.
- The Monetary Policy Committee aims to bring inflation below 6% in the short term and around 4% in the medium term, leading the Reserve Bank of India to likely remain on hold for a longer period, unless there is certainty about the sustainable decline in inflation.

MARKET OUTLOOK

EQUITY

Despite easing inflationary pressures and rise in global markets, Indian equities underperformed during the month. The sentiment was weak on the back of the Hindenburg research report, which propelled a sharp fall in markets. While this brings uncertainty in the short term, we believe these dips may be used to increase equity allocations for medium to long term, particularly Banks.

Sector wise, we remain bullish on Banks as credit growth has picked up and we expect this trend to continue for the next few years. Further with Government focus on infrastructure, we expect the capital goods and manufacturing sectors also to do well. Our view on Pharma & IT also remains positive as valuations continue to look attractive although Pharma results have been disappointing.

DEBT

The recent Union Budget was a continuation of the prior two budgets, presented after the COVID-19 pandemic. The strong tax collection, due to higher nominal growth, made this year's fiscal deficit target comfortable. The budget's spending quality is good and may potentially lead to sustained growth despite global challenges. Changes in tax structures for certain insurance products may decrease demand for long-dated bonds, but short-term bonds are now more attractive.

Short-term investors should consider ultra-short-term funds, low-duration funds, and short-term AAA fixed deposits. Those with a longer investment outlook may opt for target maturity funds.