

Monthly Newsletter



Benchmark indices were Nifty up 3.5%, CNX midcap up 1.5% and CNX small cap 3.2% up.

In the Month of November, Markets reacted favourably to expectations that China is loosening its Zero Covid policy following Beijing's announcement that they are speeding up the rate of Covid injections to the elderly. The Nasdaq 100 Index advanced 5.6%, the Nasdaq Composite rose 4.5%, the S&P 500 gained 5.6%, the Dow added 6.0% and the Russell 2000 rose 2.3%. Materials, Industrials and Utilities led sector returns, helping the Dow. Earlier in the month, the Fed hiked rates again by 0.75% though it did give the impression that the pace of rate hike may show signs of slowing down.

Federal Reserve Chair Jerome Powell added that more rate hikes will be needed to tame inflation and said that the ultimate terminal rate may be higher than previously thought. Currently, the market expects a 50bp rate increase at the December Fed meeting. The yield on the benchmark U.S.10-year Treasury now sits at 3.60%, below the October peak of 4.25%. The falling yields helped equities rally in November. On inflation, input prices rose the least in 28 months, well below their long-run figures; while the rate of charge inflation eased to a nine-month low.

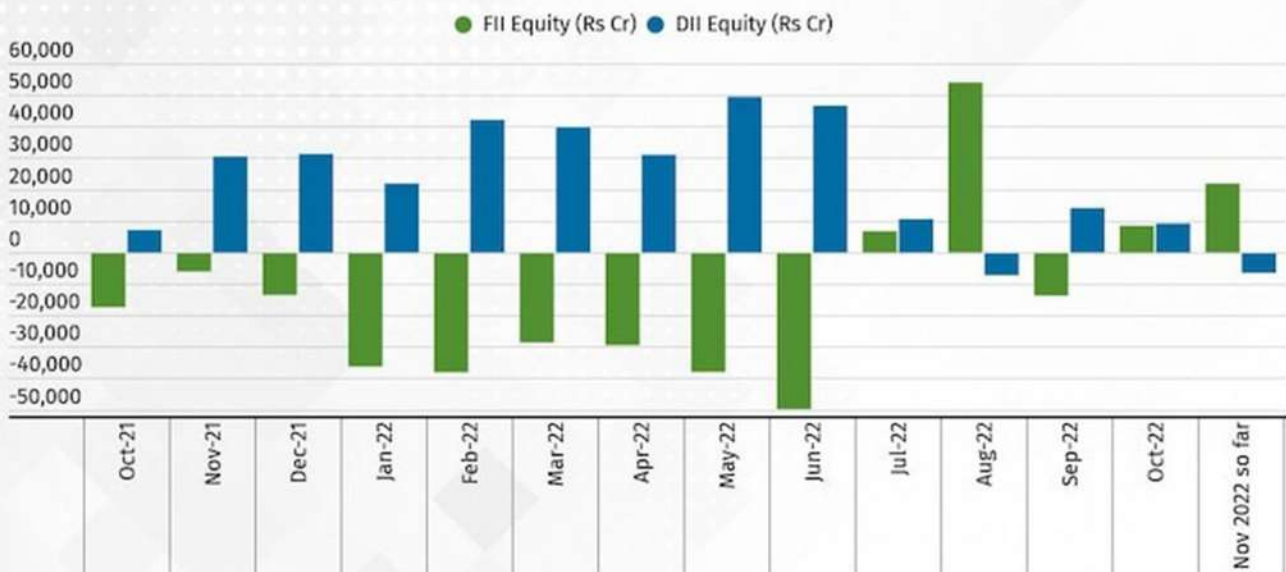




Persistent levels of elevated inflation in a rising rate environment continue to accelerate the U.S. dollar rally. The U.S. Dollar Index declined 5% in November but has gained nearly 11% YTD. Market participants will also be having a critical look at the oil prices as developments in China could hurt demand and in turn result in lower prices. This could benefit India. The Indian stock market had a good start in the first week as quarterly earnings reports of most companies were above the estimates.

In India, Nifty PSU Bank headlined the gains with an up move of 4.7% during the month. Notably, Nifty Services recorded gains of up to 3% in the month. PSU Banks continued to show their strength as more than five of them touched their 52-week highs this week. Barring Nifty Pharma, all the indices ended with gains in the month of November. The majority of the sectors have seen consolidation. We are seeing this across sectors: Power, Telecom, Cement, Banks, NBFCs, Real Estate, building materials, Paper, pharma, capital goods, consumer durables, etc. This will give strong profitability for incumbents due to the high barrier to entry for the next few years. We are incrementally adding to banks. Banks are the key beneficiaries of credit cycle pick-up. As industrial activity improves, the working capital loans will be drawn from banks which will lead to credit growth. Riding on stable demand, easing of supply chain in the second half of the ongoing financial year, the Indian auto component industry is expected to post an 8-10% growth in FY23. Over the long term, premiumisation of vehicles, focus on localization, improved exports potential and EV opportunities, resulting in higher content per vehicle, would translate to healthy growth for auto component suppliers. Oil prices declined nearly 7% in November

MONTHLY FII / DII FLOWS IN INDIAN MARKETS



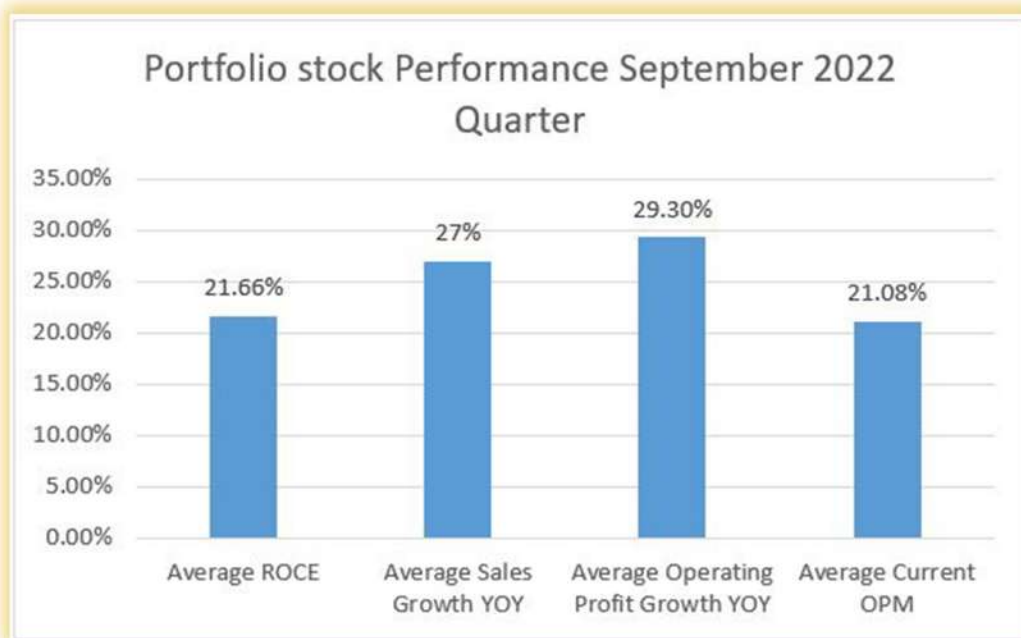
Source: Bloomberg



The S&P Global India Manufacturing PMI increased to a three-month high of 55.7 in November 2022 from 55.3 in the prior month, exceeding market estimates of 55.0 and staying above its long-run average of 53.7. Demand resilience boosted growth, with firms noting the quickest rise in new orders and output for three months. After the intent of the government to continue giving a boost to the CAPEX and investment in public infrastructure, we remain positive on the companies that would benefit from the Capex cycle. Infra, logistics, and industrial-related companies would be the key beneficiaries.

We are looking at opportunities in banking and financial, infrastructure, Utility PSUs, autos, and logistics. We continue to remain positive on existing companies that are delivering good growth. We remain optimistic about the market's situation going forward amid robust earnings and solid credit growth.

Data on quarterly results of our companies:



Going forward we are confident that our companies will take benefit of manufacturing opportunities in India and will be part of India's 1 Trillion USD manufacturing exports journey. We are confident that robust earnings, quality of promoters and growth catalysts together will play a symphony of wealth creation.

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