



January 03, 2023



News Wrap

- Dollar's rally stalled, slower rate hikes expected in 2023
- Wall Street ends 2022 with biggest annual drop since 2008
- Year 2023 may hold good for healthcare and defense stocks
- Rupee falls 11% in 2023 on dollar strength and widening BoP

Global Indices	15-12-2022	30-11-2022	% chg
Dow Jones	33,202.22	34,589.77	-4.01
S&P 500	3,895.75	4,080.11	-4.52
Nasdaq 100	11,345.22	12,030.06	-5.69
Dollar Index	104.56	105.95	-1.31
Rupee spot	82.75	81.43	1.63

Source: Bloomberg

Performance of leading US Equity Stocks (NYSE) (\$)

	Last Price	1 Day %chg	15 Day %chg	1 Month %chg	1 Year %chg	2 Year %chg
Apple	129.9	0.2	-10.1	-12.1	-28.6	-2.1
Amazon	84.0	-0.2	-7.2	-10.8	-50.7	-48.4
Alphabet	88.2	-0.2	-5.4	-12.2	-39.1	0.7
Tesla	123.2	1.1	-26.6	-36.8	-69.2	-47.6
Meta	120.3	0.1	4.9	-2.6	-64.5	-55.9
Microsoft	239.8	-0.5	-5.0	-6.0	-28.4	7.8
Netflix	294.9	1.3	-6.4	-8.0	-50.6	-45.5
Walmart	141.8	-0.3	-4.2	-7.5	-2.0	-1.6

Source: Bloomberg, Last price as on 30th Dec, 2022

NSE IFSC RECEIPTS – Top Ten Active Stocks (\$)

Company	Open	High	Low	Close	Trade Qty (Lots)	Traded Value (\$)
Coca Cola	12.75	12.75	12.75	12.75	20	255
Merck	22.21	22.21	22.18	22.18	6	133.17
Berkshire Hathway	6.15	6.16	6.13	6.16	12	73.74
Mc Donald's	10.59	10.59	10.57	10.57	6	63.48
Cisco Systems	9.43	9.43	9.42	9.42	6	56.55
Alphabet	8.69	8.69	8.68	8.68	6	52.11
Amazon	8.32	8.32	8.3	8.3	6	49.86
Chevron	7.13	7.13	7.11	7.11	6	42.72
Johnson & Johnson	7.1	7.1	7.08	7.08	6	42.54
Comast	6.94	6.94	6.92	6.92	6	41.58

Source: NSE IFSC Website, Data of 30th Dec, 2022



Briefings

Dollar weakness to continue as slower rate hikes might be interpreted as a dovish stance

The dollar index has been falling for last three months, as a slowdown in US economy and a looming recession improve the conviction among traders that Fed might cut rates in 2023 and is nearing terminal rates. Housing market is expected to cool down in coming months. With loosening of Labour market, ex-housing core services can be brought down (which is Fed's main focus). Cooling price pressure and a higher base might lead to lower YoY inflation numbers in coming months. Beijing's plans to completely open the economy might have a hit on safe haven bids.

US Labour data and FOMC meeting minutes are going to be the major events for the week. After a few calm sessions, volatility is set to return to the markets. FOMC minutes might telegraph prospects of a slower pace of rate hikes in the coming meetings, which might be interpreted as a dovish stance by markets. The Jobs market has been cooling down. Lower than expected Non-farm payrolls might lead to further weakness in the greenback.



Wall Street ends 2022 with biggest annual drop since 2008

Year 2022 shaped out to be a worst year for the US stocks in more than a decade, driven by aggressive interest rate hikes to curb inflation, recession fears, the Russia-Ukraine war and rising concerns over Covid cases in China. Wall street's three main Indices booked their first yearly drop since 2018 as an era of loose monetary policy ended with the Federal Reserve's fastest pace of rate hikes since the 1980s. The benchmark S&P 500 has shed 19.4% this year, marking a roughly \$8 trillion decline in market cap. The tech-heavy Nasdaq is down 33.1%, while the Dow Jones Industrial Average has fallen 8.9%. Growth stocks including Apple Inc, Alphabet Inc, Microsoft Corp, Nvidia Corp, Amazon, Tesla have been under pressure are among the worst drags on the S&P growth index, down between 28-66% in 2022. Energy has recorded stellar annual gains of 59% as oil prices surged. The focus has shifted to the 2023 corporate earnings outlook with growing concerns about the likelihood of a recession.

Year 2023 may hold good for healthcare and defense stocks

Shares of Eli Lilly and Merck to continue to outperform the broader market in 2023. They offer relatively high dividend yields and are still reasonably valued, making them attractive defensive plays amid the current market backdrop. In general, stocks of defensive companies whose products and services are essential to people's everyday lives, such as drug manufacturers, tend to perform well in environments of slowing economic growth and market turbulence. Defense stocks will continue their march higher in 2023 as the defense giants remain well-positioned to benefit from growing government and military defense budgets due to the current global geopolitical environment. Increased tensions between the U.S., its NATO partners, and Russia due to the ongoing Ukraine war will hold these stocks higher in 2023. Energy stocks have performed exceptionally well in 2022 with some of the leading stocks including Exxon making a strong comeback. However, risk to upside remains if oil price plunges.

Rupee depreciates more than 10% in 2023 on dollar strength and widening BoP

USD/INR pair seems to have no respite and depreciated even during the last month of 2022, falling more than 10% for the year. The rupee weakened on broad dollar strength, narrowing yield differentials with the US and widening the balance of payments deficit. The year 2022 saw one of the steepest falls in forex reserves, due to RBI intervention and valuation losses. The rupee spot might continue to be under further pressure amid lower forward yields, elevated crude oil prices leading to a higher trade deficit, and a looming recession testing investor's risk appetite. A slowdown in the global economy might lead to a fall in exports, which might outpace the decline in imports. RBI is near the terminal rates and is expected to start cutting rates in 2023, while Fed is expected to keep rates at higher levels in 2023, adding to Rupee pressure.



Key economic indicators to watch out

Economic Calendar				
Date	Time	Event	Forecast	Previous
01-03-2023	20:15	US S&P Global US Manufacturing PMI	46.2	46.2
01-04-2023	20:30	USISM Manufacturing	48.5	49
01-05-2023	19:00	US Initial Jobless Claims	230k	225k
01-05-2023	18:45	US ADP Employment Change	145k	127k
01-05-2023	19:00	US Trade Balance	-\$72.0b	-\$78.2b
01-06-2023	19:00	US Change in Nonfarm Payrolls	200k	263k
01-06-2023	20:30	US Durable Goods Orders	--	-2.10%
01-06-2023	19:00	US Unemployment Rate	3.70%	3.70%
01-06-2023	20:30	US Factory Orders	-0.90%	1.00%
01-12-2023	19:00	US CPI YoY	6.70%	7.10%
01-12-2023	17:30	India CPI Yoy	-	5.88%

The update and data points are compiled from Bloomberg, NSE IFSC website along with other media reports

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