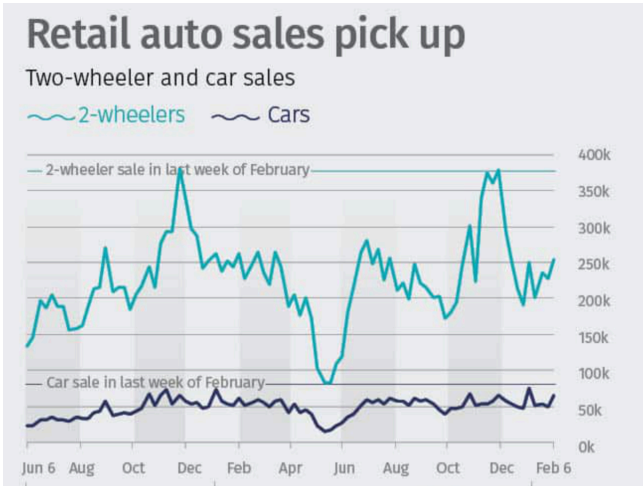
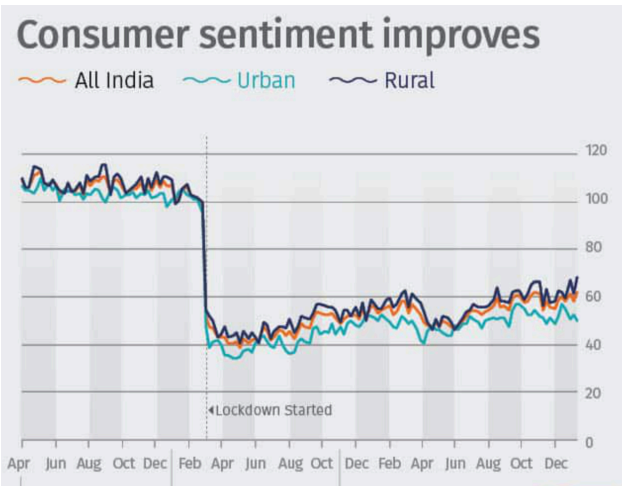
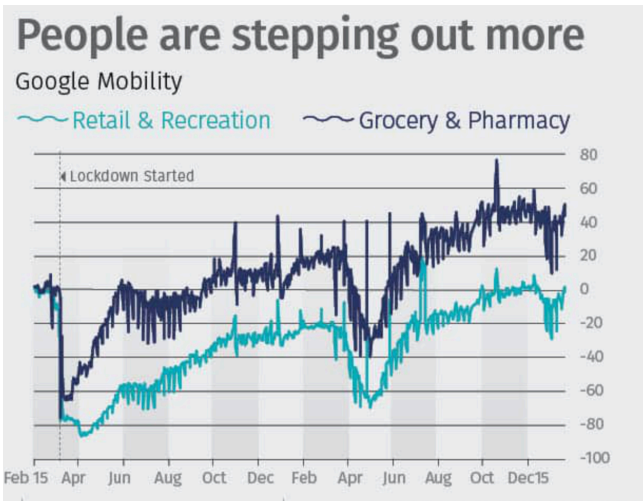
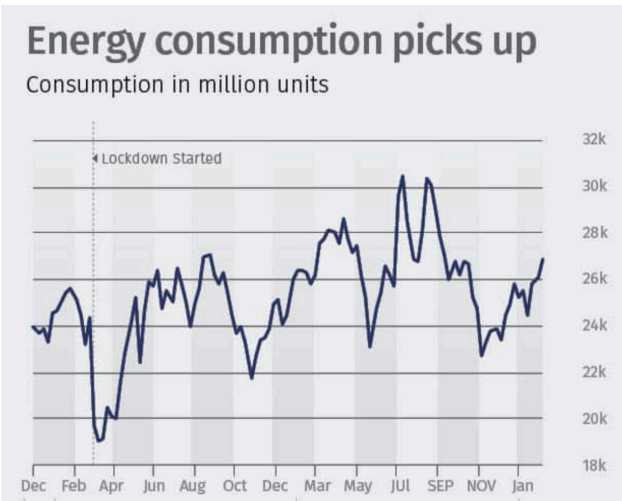


Market Commentary

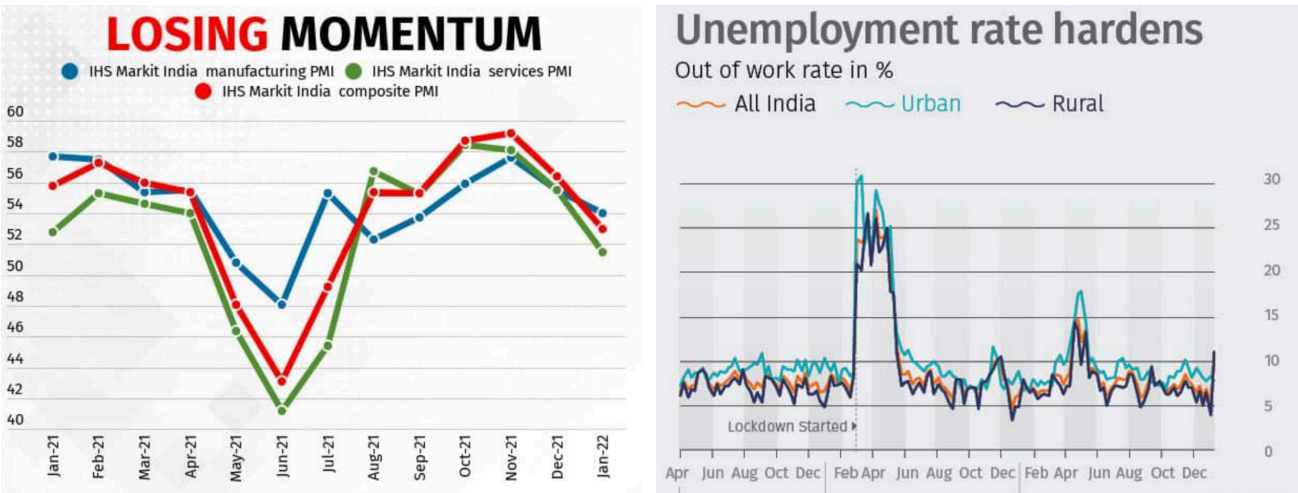
PIONEER WEALTH MANAGEMENT

With the Omicron wave ebbing, the economic recovery seems to have gotten back on track. In the week gone by, all indicators we track improved except for unemployment and PMI. The unemployment rate has almost doubled while the PMI were lower than the previous month.

Mobility has picked up and so has power consumption, consumer sentiment and vehicle registrations. Among the monthly indicators, exports and e-way bills showed traction. Following are the snapshots



The unemployment rate in the beginning of Feb was 10.6% almost double from its previous months, while January's India Composite PMI for manufacturing and services slid to a six-month low. The Composite PMI is a snapshot of month-on-month growth in private sector activity, both in manufacturing and services. The India Composite Purchasing Managers Index (PMI) for January 2022 fell to 53, down from 56.4 in the previous month. While a slowdown was seen in the manufacturing sector, the loss of momentum in services was sharper, as the Omicron wave led to business restrictions and travel curbs. The India services PMI came in at 51.5 for January, down from 55.5 in December. See Chart.



Overall The Indian equity markets seem to be suffering from a mild hangover, after frenetic celebrations over a growth-oriented Union Budget 2022-23. The three-day rally tripped on Thursday as frontline stocks in infrastructure, fast-moving consumer goods and information technology shed some of this week's gains. Is this profit-booking by investors or is it because the fine print of the budget has dampened sentiment?. Then there are other concerns over the government's borrowing plan coupled with the external risk of global central banks intending to tighten liquidity. Meanwhile, there is uncertainty on whether the demand spurt seen after the second COVID-19 wave will sustain over the longer term.

This is not to say that all hope is lost for investors. One can draw solace from the decent ramp-up in revenue and profits of companies in the December quarter, especially when viewed in the context of high commodity prices. Some market analysts are convinced that India is likely to outperform its emerging market peers on gross domestic product and corporate earnings growth in the near term. That said, markets could continue to be jittery as investors look for further cues from the crucial Monetary Policy Committee meeting of the RBI, scheduled next week.