

# Market Commentary

## PIONEER WEALTH MANAGEMENT

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The Reserve Bank of India has raised its benchmark lending rate by 35 basis points, marking the fifth increase since May 22. The central bank's primary objective is to bring inflation within a reasonable range. However, it is believed that the tightening cycle is approaching its end, with expectations of further rate hikes not exceeding 25 basis points. Interest rates are expected to peak in the first quarter of calendar year 2023.

The growth forecast for the fiscal year 2022-23 has been revised downward from 7.0% to 6.8%. Inflation is projected to remain at 6.7% for the fiscal year. Consumer confidence has been consistently growing over multiple quarters. However, significant risks to the forecast persist, including geopolitical tensions, a global economic downturn, and tighter global financial conditions. As a result, real GDP growth is estimated to reach 6.8% in the 2022-23 period, with growth rates of 4.4% in Q3 and 4.2% in Q4.

Regarding stock market performance, the Nifty index recorded a 4% increase in November 2022, in line with the majority of overseas indices. Out of the Nifty members, 36 companies saw higher gains, with approximately 50% outperforming the benchmark. On a year-to-date basis, 64% of Nifty members have experienced upward trading trends.

In November 2022, the gross GST income collected amounted to Rs. 1.46 L Crs, maintaining a streak of seven consecutive months with revenues exceeding Rs. 1.40 L Crs.

Inflation, as measured by the Consumer Price Index (CPI), decreased from 7.4% in September to 6.8% in October, primarily influenced by increased food costs. Wholesale Price Index (WPI) inflation has also declined, with the October 2022 figure at 8.4%, down from 10.7% in September. The Index of Industrial Production (IIP) experienced a growth of 3.1% in September 2022, contrasting with a decline of 0.7% in August 2022.

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Both the manufacturing and services Purchasing Managers' Index (PMI) continued to show positive trends in November. In fact, both PMIs were among the highest in the world during that month.

On the currency front, the Indian rupee strengthened against the US dollar in November, supported by stronger-than-expected growth data. This provided the Reserve Bank of India with more room to pursue an aggressive rate hike strategy.

In terms of earnings, the second quarter of fiscal year 2022-23 generally met expectations. The financial sector exhibited sustained strong performance, and losses in oil marketing companies (OMCs) were lower than anticipated. The Nifty's earnings growth increased by 9% compared to the previous year, primarily driven by the banking, financial services, and insurance (BFSI) sector. Excluding BFSI, profits decreased by 3% year-on-year. However, global commodities such as metals and oil and gas experienced significant declines in year-on-year profits, with declines of 67% and 29%, respectively.