

13th May 2022



Global Market – Risk-Off trade begins & impact of Emerging market equity & Crypto Currency.

Last week, we have discussed how US FOMC policy have clear their stand on interest, withdrawal of QE or reduction of Balance sheet. Last week, we have discussed – Surprise ends – Actions begins. And this week we have witness risk-off trade in emerging market equity & currency, commodity & Crypto currencies.

This week, we will discuss impact of US FOMC policy which is now very clear on its monetary policy. US Fed have now used all its financial tools and now the focus depends on quantum

of rate hike which will be followed by US Fed, ECB, BOE & RBI. First let us discuss valuation reset and opportunity which comes with a shake off which we have seen this week.

Valuation reset – An opportunity post shake-off



What is valuation reset – Post COVID-19 due to easy monetary policy by central banks across the world – cost of money was at its lowest level. Any amount in Government bonds yield was not growing, hence the money moved to chase return and gradually move to every asset class starting from Blue-chip companies, growth companies, commodities, emerging market equity & currencies, crypto currency & startups and many more.

Now, central banks across the world are battling from high inflation driven by demand as world gradually move to normal from COVID-19 related lockdown and to make things more difficult was Russia-Ukraine crisis which triggered commodity, Agriculture commodity prices sky rocketed.

Investment in US Bond yield is earning around 3% on 10-year bond yield and on the other hand central banks tight monetary policy reduces the easy liquidity and risk-appetite.

Valuation Reset: Market is now erasing the premium in valuation in companies which are believed to be next generation companies and was trading at high valuation compare to its historic valuation.

Valuation reset is painful process which has led to some of the stock prices to correct more than 50% from their recent highs.

Crypto Currencies



Crypto currency is now a familiar word in financial world. There are two extreme groups who are believer in crypto currency and on the other side of the camp who are non-believer as it is not regulated by any country and does not have any underlining as assets.

- TERRA DEVELOPERS SAY BLOCKCHAIN HAS BEEN HALTED FOLLOWING LUNA COIN'S 99.5% PLUNGE

- If you offered me all the bitcoin in the world for \$25, I wouldn't take it, says Warren Buffett – on 30th April 2022 in an Annual Shareholder meeting of BERKSHIRE HATHAWAY.
- Indian government also heavily tax crypto currency transaction to demotivate people to participate in trading activity.
- Here are some of the lists of Crypto currency which is down more than 15% – 35% on weekly basis after recovering around 5% - 10% from Thursday's low.

Sr. No	Name	Symbo l	Price (USD)	Market Cap	Vol (24H)	Total Vol	Chg (24H)	Chg (7D)
1	Bitcoin	BTC	30,356.80	\$578.36B	\$49.40B	36.31%	4.63%	-15.86%
2	Ethereum	ETH	2,090.50	\$252.63B	\$27.62B	20.31%	6.29%	-22.49%
3	Tether	USDT	0.9997	\$78.67B	\$99.80B	73.36%	0.24%	-0.13%
4	USD Coin	USDC	1.0012	\$49.96B	\$9.56B	7.03%	-0.32%	0%
5	BNB	BNB	302.7	\$49.36B	\$2.98B	2.19%	10.95%	-20.45%
6	XRP	XRP	0.43335	\$21.11B	\$3.29B	2.42%	12.56%	-27.09%
7	Cardano	ADA	0.5699	\$19.13B	\$2.15B	1.58%	19.04%	-27.77%
8	Solana	SOL	53.187	\$18.01B	\$3.13B	2.30%	19.33%	-35.01%
9	Binance USD	BUSD	1.0013	\$17.20B	\$11.33B	8.33%	-0.33%	0.26%
10	Dogecoin	DOGE	0.090105	\$11.98B	\$1.82B	1.34%	10.42%	-28.93%
11	Polkadot	DOT	11.17	\$10.98B	\$1.85B	1.36%	27.42%	-22.28%
12	Avalanche	AVAX	35.6	\$9.60B	\$1.35B	0.99%	16.47%	-37.55%

Indian market – Weekly Change

Indian Market	13-May-22	Weekly Change	
Indices	Close	Change	% Change
Nifty 50	15782.15	-629.10	-3.83%
BSE Sensex	52793.62	-2041.96	-3.72%
Banknifty	33121.35	-1469.85	-4.25%
Nifty Mid-Cap 100	27085.65	-1498.55	-5.24%
Nifty Small-Cap 100	8796.65	-762.50	-7.98%
India VIX	23.48	2.23	10.49%



Equichain Wealth Advisors: Key points & Opinion

- Major indices were down around 4% and more pain seen in Mid-Cap & Small-Cap stocks. VIX @ 23.45 level is showing high level of concern.
- Major sell-off continue due to high inflation, change in monetary policy by central banks globally.
- We see, this trend may continue till May 2022 end as we have mentioned in our earlier reports also. Shake-Off under way.
- Further 5% - 10% correction for current level will make an attractive entry opportunity. We remain watchful as this situation is still unfolding.
- LIC IPO list on Tuesday 17-May-22. Grey market premium has turned flat to negative. Today's closing was lower than March 2022 closing.



We continue to maintain our view and believe, global market is in for a testing time ahead, as for stock prices performance depends on earnings and inflation without growth which is termed as stagflation is biggest challenge for corporate earnings globally.

If we summarize, its economic war going on to retain financial supremacy at a time of stagflation

and politician globally are facing heat of high inflation from the people of their respective countries. We believe next 3 – 6 months will be critical for government and central banks across the world.

We change our concluding remarks are this week, we are entering critical week which could witness high volatility as risk-off trade may continue. We would continue to believe in capital allocation policy and remain watchful and bearish with further downside of 5% - 10% not ruled out in case VIX goes above 25 level.

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