

Market Summary



Key Domestic Market Highlights

- Domestic equity markets fell earlier during the month after U.S. Federal Reserve's meeting minutes for Dec 2022 indicated that the U.S. Federal Reserve will continue to raise interest rates to contain inflation. Losses were extended on renewed concerns over the ongoing geopolitical tension between Russia and Ukraine. The Russian President had offered a ceasefire, which was rejected by his Ukrainian counterpart.
- Markets fell further after the United Nations downgraded its GDP growth forecast for India for the calendar year 2023. The United Nations warned that higher interest rates and global economic slowdown may adversely impact domestic exports and investments.
- The sell-off in the market deepened following a report by a U.S. based research firm which expressed concerns regarding the use of extreme leverage by an Indian multinational conglomerate. Persistent selling by foreign institutional investors too contributed to the market downside.
- However, further losses were restricted after key domestic IT companies came out with earning numbers for the quarter ended Dec 2022 which beat market expectations. Market sentiments were further boosted after consumer price index-based inflation for India and U.S. slowed in Dec 2022. Gains were extended after India's factory output rebounded to a five-month high in Nov 2022.



Key Global Market Highlights

- U.S. equity markets rose after U.S. consumer price index-based inflation slowed in Dec 2022 which led to anticipation that the U.S. Federal Reserve may slowdown the pace of rate hikes moving ahead. U.S. equity markets rose further following the release of some upbeat U.S. economic data which boosted market sentiments. The U.S. economy grew more than expected in the fourth quarter of 2022, initial jobless claims in U.S. came down for the week ended Jan 21 and U.S. durable goods orders, personal income, new home sales and pending home sales grew in Dec 2022.
- U.S. Treasury prices rose after data showed U.S. consumer prices fell in Dec 2022 for the first time in two and a half years. This led to hopes that the U.S. Federal Reserve will slow down the pace of rate hikes. The safe haven appeal of U.S. Treasuries was further boosted after data showed that U.S. retail sales fell more than expected in Dec 2022.
- European equity markets rose as easing concerns about inflation in euro zone boosted market sentiments. Gains were extended following an improvement in German business sentiment and a surge in eurozone manufacturing activity in Jan 2023. The data led to optimism that a recession in the euro zone might be avoided.
- Asian markets mostly rose on hopes for China's emergence from the Covid-19 pandemic. Rise in Singapore retail sales in Nov 2022 also added to the gains. Markets received further support amid optimism surrounding China's reopening and expectations of more stimulus to support domestic demand.

Category-wise Fixed Income Returns

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	CYTD
UST 9.43%	10 Y GILT 15.28%	LT 8.93%	10 Y GILT 14.24%	UST 6.86%	10 Y GILT 8.00%	LT 12.20%	LT 13.46%	LT 4.22%	UST 5.29%	UST 0.57%
LIQ 9.34%	LT 14.04%	UST 8.59%	LT 13.09%	LIQ 6.57%	UST 7.96%	10 Y GILT 11.34%	10 Y GILT 13.20%	ST 4.07%	LIQ 5.23%	LIQ 0.56%
ST 8.03%	ST 10.47%	ST 8.55%	ST 9.28%	ST 6.35%	LIQ 7.25%	ST 9.15%	ST 10.13%	UST 3.93%	ST 3.75%	10 Y GILT 0.54%
LT 5.11%	UST 9.52%	LIQ 8.30%	UST 8.04%	LT 5.55%	ST 6.65%	UST 7.84%	UST 5.58%	LIQ 3.56%	LT 2.71%	LT 0.46%
10 Y GILT 2.65%	LIQ 9.23%	10 Y GILT 8.17%	LIQ 7.45%	10 Y GILT 3.52%	LT 6.04%	LIQ 6.74%	LIQ 4.43%	10 Y GILT 3.13%	10 Y GILT 2.34%	ST 0.45%

LIQ	Liquid Returns represented by ICRA Liquid Index
ST	Short Term Returns represented by Nifty Short Duration Debt Index
LT	Long Term Returns represented by ICRA Composite Bond Fund Index
UST	Low Duration Returns represented by NIFTY Ultra Short Duration Debt Index
10 Y Gilt	10 Year G-sec Returns represented by ICRA Composite Gilt Index

Source: MFI Explorer

Equity Market Round Up

Equity Market Commentary

- Domestic equity markets fell during the week under review as key benchmark indices S&P BSE Sensex and Nifty 50 fell in excess of 2%. Losses were widespread as the mid cap segment and the small cap segment also closed the month in red. Markets remained under pressure amid concerns over corporate misgovernance by an Indian multinational conglomerate. Persistent selling by foreign institutional investors also contributed to the market downside. Concerns that the U.S. Federal Reserve will continue to hike interest rates for a longer period of time also weighed on the market sentiment.
- On the BSE sectoral front, S&P BSE Power Index fell the most by 10.84% followed by S&P BSE Oil & Gas and S&P BSE Bankex which fell 9.25% and 5.78% respectively. The panic sell off can be attributed to concerns over corporate misgovernance by an Indian multinational conglomerate. Banking stocks fell on worries that huge debt exposure towards the concerned Indian multinational conglomerate may hit asset quality of banks in the coming months. However, S&P BSE Auto rose the most by 5.29% followed by S&P BSE IT and S&P BSE Teck which rose 3.43% and 1.78% respectively. Auto stocks rose on hopes that new product launches and an improving economy will aid the sector moving ahead. IT stocks benefitted after some prominent domestic mid cap companies reported upbeat earning numbers for the quarter ended Dec 2022.
- U.S. equity markets rose further following the release of some upbeat U.S. economic data which boosted market sentiments. The U.S. economy grew more than expected in the fourth quarter of 2022, initial jobless claims in U.S. came down for the week ended Jan 21 and U.S. durable goods orders, personal income, new home sales and pending home sales grew in Dec 2022.
- European equity markets rose as easing concerns about inflation in euro zone boosted market sentiments. Market sentiments were further boosted after eurozone economic confidence rose in Dec 2022. Gains were extended following an improvement in German business sentiment and a surge in eurozone manufacturing activity in Jan 2023. The data led to optimism that a recession in the euro zone might be avoided. Hopes of demand recovery in China also added to the gains.
- Asian markets mostly rose following improved reading in China's Caixin services Purchasing Managers' Index for Dec 2022 and on hopes for China's emergence from the Covid-19 pandemic. Rise in Singapore retail sales in Nov 2022 also added to the gains. Markets received further support amid optimism surrounding China's reopening and expectations of more stimulus to support domestic demand. Better -than-expected trade data from China amid easing COVID-restrictions too boosted sentiments.

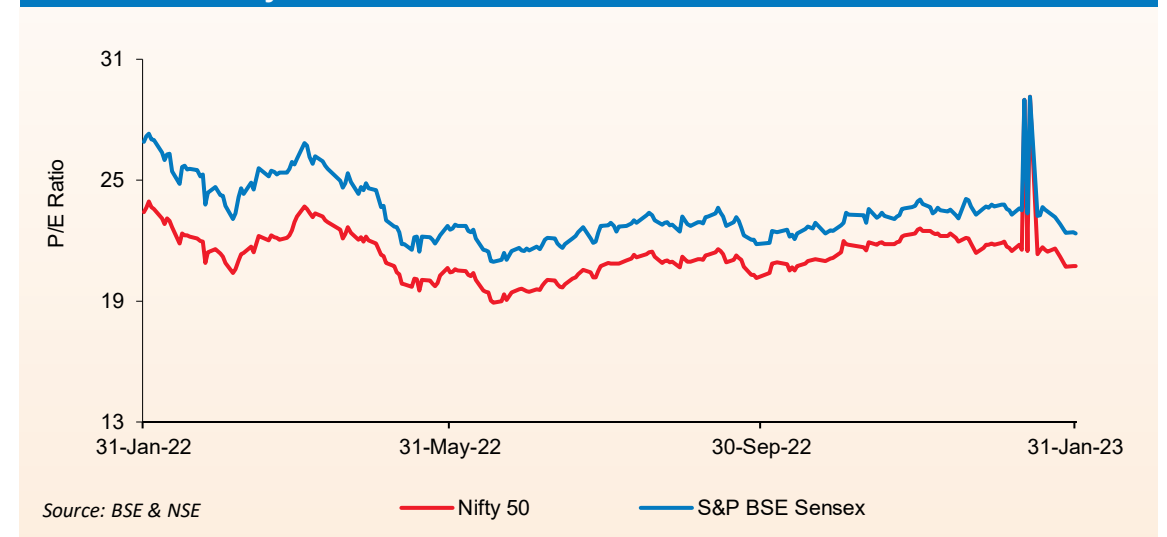
Broad Indices	31-Jan-23	% Change (MoM)	% Change (YoY)
S&P BSE Sensex	59,549.90	-2.12	2.65
Nifty 50	17,662.15	-2.45	1.86
S&P BSE 500	23,778.46	-3.36	0.27
Nifty 500	14,935.50	-3.32	0.09
S&P BSE Mid Cap	24,642.73	-2.65	0.12
Nifty Mid Cap 100	30,676.45	-2.64	1.33

Source: BSE & NSE

Sector Indices	31-Jan-23	% Change (MoM)	% Change (YoY)
S&P BSE Auto	30,452.05	5.29	15.31
S&P BSE Bankex	46,079.85	-5.78	5.76
S&P BSE CD	37,732.22	-5.01	-9.99
S&P BSE CG	33,806.17	1.39	15.94
S&P BSE FMCG	16,108.25	0.21	19.67
S&P BSE HC	22,491.63	-2.35	-6.69
S&P BSE IT	29,655.45	3.43	-14.63
S&P BSE Metal	21,152.96	1.43	11.42
S&P BSE Oil & Gas	18,522.05	-9.25	-0.80
S&P BSE Power Index	3,906.54	-10.84	-0.79
S&P BSE PSU	9,750.67	-2.67	8.10
S&P BSE Realty	3,279.56	-4.85	-13.96
S&P BSE Teck	13,651.57	1.78	-11.80

Source: BSE

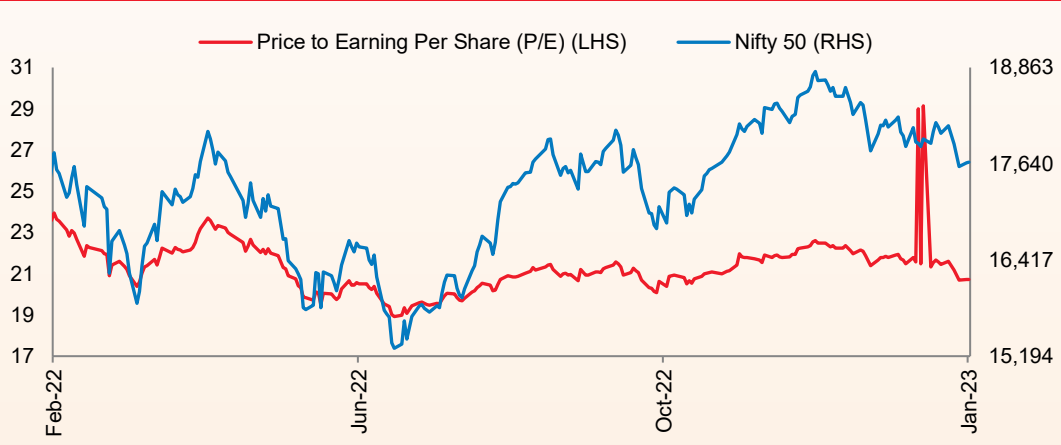
Movement of Nifty 50 and S&P BSE Sensex P/E



Country/Region	31-Jan-23	% Change (MoM)	% Change (YoY)
Nasdaq 100 (U.S.)	12,101.93	10.62	-18.94
FTSE 100 (U.K.)	7,771.70	4.29	4.12
DAX (Germany)	15,128.27	8.65	-2.22
Nikkei 225 (Japan)	27,327.11	4.72	1.20
SSEC (China)	3,255.67	5.39	-3.12

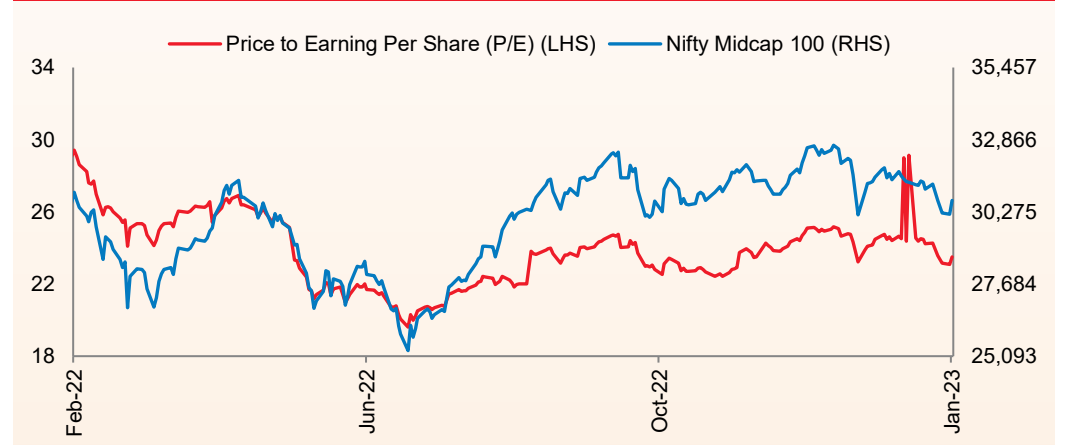
¹¹Data as on 30 Jan, 2023

Equity Market Round Up



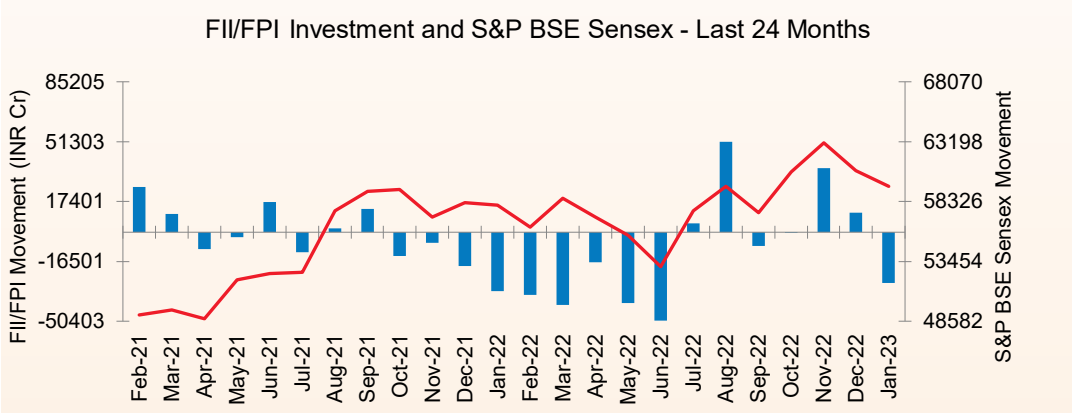
Source: NSE

During the month, S&P BSE Sensex and Nifty 50 fell 2.12% and 2.45% to close at 59,549.90 and 17,662.15 respectively.



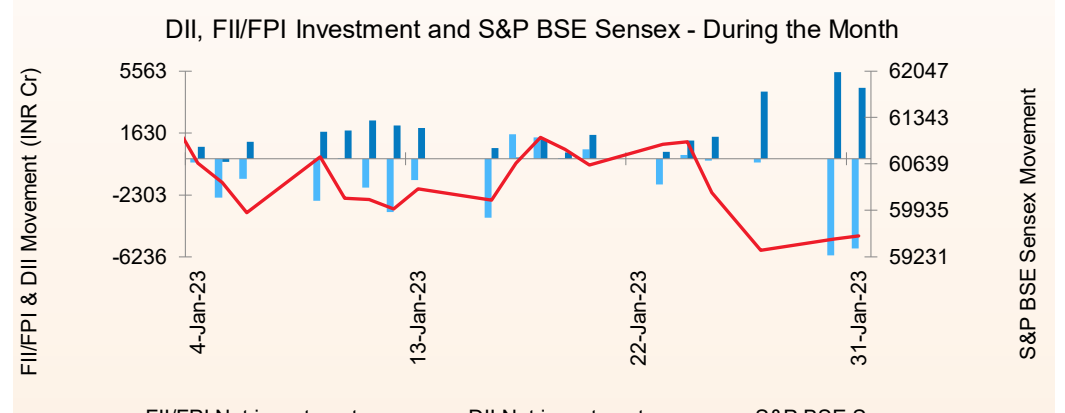
Source: NSE

During the month, Nifty Midcap 100 and Nifty Small cap 100 fell 2.64% and 2.36% to close at 30,676.45 and 9,501.75 respectively.



Source: MFI Explorer

Foreign portfolio investors (FPIs) were net seller of domestic stocks worth Rs. 28,852.02 crore in Jan 2023 compared with net buy of Rs. 11,118.99 crore in Dec 2022.



Source: MFI Explorer

Domestic mutual funds remained net buyer in the equity segment to the tune of Rs. 17,957.760 crore in Jan 2023 (as on Jan 30, 2023).

Returns of Major NSE Indices

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	CYTD
IT 57.97%	Smallcap 69.57%	Media 10.30%	Metal 45.20%	Realty 110.22%	IT 23.64%	Realty 28.49%	Pharma 60.43%	Metal 69.66%	PSU Bank 70.92%	Auto 5.65%
Pharma 26.51%	PSU Bank 67.07%	Smallcap 10.20%	Auto 10.75%	Smallcap 57.47%	FMCG 13.57%	Finance 25.65%	IT 54.75%	Smallcap 61.94%	Metal 21.83%	IT 3.91%
FMCG 12.18%	Midcap 60.26%	Pharma 9.26%	Midcap 5.41%	Midcap 54.53%	Finance 10.54%	Largecap 10.42%	Smallcap 25.02%	IT 59.58%	FMCG 17.59%	FMCG 0.65%
Auto 9.41%	Finance 57.34%	Midcap 8.41%	Finance 4.93%	Metal 48.71%	Largecap 1.13%	IT 8.39%	Midcap 24.31%	Realty 54.26%	Auto 15.36%	Pharma -1.88%
Largecap 6.46%	Auto 56.69%	FMCG 0.33%	PSU Bank 4.11%	Finance 41.56%	Pharma -7.77%	Midcap -0.28%	Metal 16.14%	Midcap 46.81%	Finance 9.55%	Smallcap -2.32%
Media 1.50%	Pharma 43.42%	IT -0.03%	Largecap 3.60%	Media 32.80%	Midcap -13.26%	FMCG -1.29%	Largecap 14.82%	PSU Bank 44.37%	Largecap 3.64%	Midcap -2.43%
Midcap -3.01%	Largecap 33.17%	Auto -0.32%	FMCG 2.78%	Auto 31.47%	PSU Bank -16.47%	Smallcap -8.27%	FMCG 13.42%	Media 34.56%	Midcap 2.97%	Largecap -3.60%
Finance -7.32%	Media 33.02%	Largecap -2.41%	Smallcap 0.36%	Largecap 31.15%	Metal -19.84%	Pharma -9.34%	Auto 11.43%	Largecap 25.04%	Smallcap -3.66%	Metal -3.79%
Smallcap -8.14%	FMCG 18.22%	Finance -5.41%	Media -0.85%	FMCG 29.47%	Auto -22.99%	Auto -10.69%	Realty 5.11%	Auto 18.96%	Media -10.25%	Finance -4.67%
Metal -14.26%	IT 17.84%	Realty -15.02%	Realty -4.20%	PSU Bank 24.17%	Media -25.80%	Metal -11.20%	Finance 4.46%	Finance 13.96%	Realty -10.84%	Media -4.69%
PSU Bank -30.44%	Realty 10.02%	Metal -31.35%	IT -7.25%	IT 12.21%	Smallcap -26.68%	PSU Bank -18.25%	Media -8.55%	Pharma 10.12%	Pharma -11.46%	Realty -4.69%
Realty -34.38%	Metal 7.02%	PSU Bank -32.91%	Pharma -14.18%	Pharma -6.32%	Realty -32.87%	Media -29.72%	PSU Bank -30.50%	FMCG 9.96%	IT -26.11%	PSU Bank -7.22%

- IT returns represented by NIFTY IT
- Metal returns represented by NIFTY Metal
- Realty returns represented by NIFTY Realty
- Auto returns represented by NIFTY Auto
- Pharma returns represented by NIFTY Pharma
- Media returns represented by NIFTY Media

- Finance returns represented by NIFTY Finance
- FMCG returns represented by NIFTY FMCG
- PSU Bank returns represented by NIFTY PSU Bank
- Largecap returns represented by Nifty 100
- Midcap returns represented by Nifty Midcap 150
- Smallcap returns represented by Nifty Small cap 250

Fixed Income Market Round Up

Fixed Income Market Commentary

- Bond yields were little changed after a range bound movement during the month. Bond yields rose as weekly government bond auctions led to higher supply in the market. Investors remained concerned over higher borrowing by the Indian government in the next financial year. Higher global crude oil prices also weighed on the market sentiment. However, losses were neutralized following decline in yields on U.S. Treasuries. Expectations that the U.S. Federal Reserve might slow down the pace of rate hikes also boosted market sentiments. Yields also fell following the Bank of Japan's (BOJ) policy decision to retain its yield curve control targets. Market sentiments were further boosted after the government decided to issue a new 10-year paper.
- Yield on the 10-year benchmark bond rose 1 bps to close at 7.34% compared with the previous months' close of 7.33%.
- Yield on gilt securities rose by up to 11 bps on 1, 2, 6, 7, 10 & 12 to 14 year papers while remaining maturities fell by up to 6 bps. Yield on corporate bonds rose by up to 20 bps on 1 to 4 year papers while 6 to 10 & 15 year papers fell by up to 16 bps. Yield on 5 year paper was unchanged. Difference in spread between corporate bond and gilt securities expanded by up to 18 bps on 1 & 3 to 5 year papers while remaining securities contracted in the range of 2 to 11 bps.

Movement of 10-Year Benchmark Bond Rate

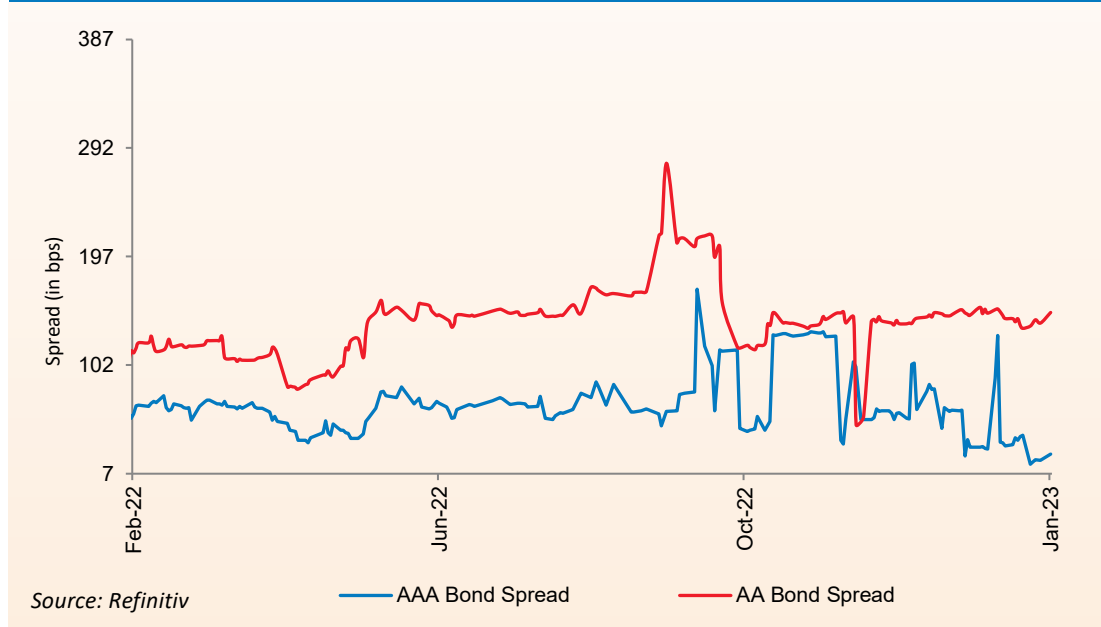


10 Year Corporate Bond Spread (for AAA & AA bonds)

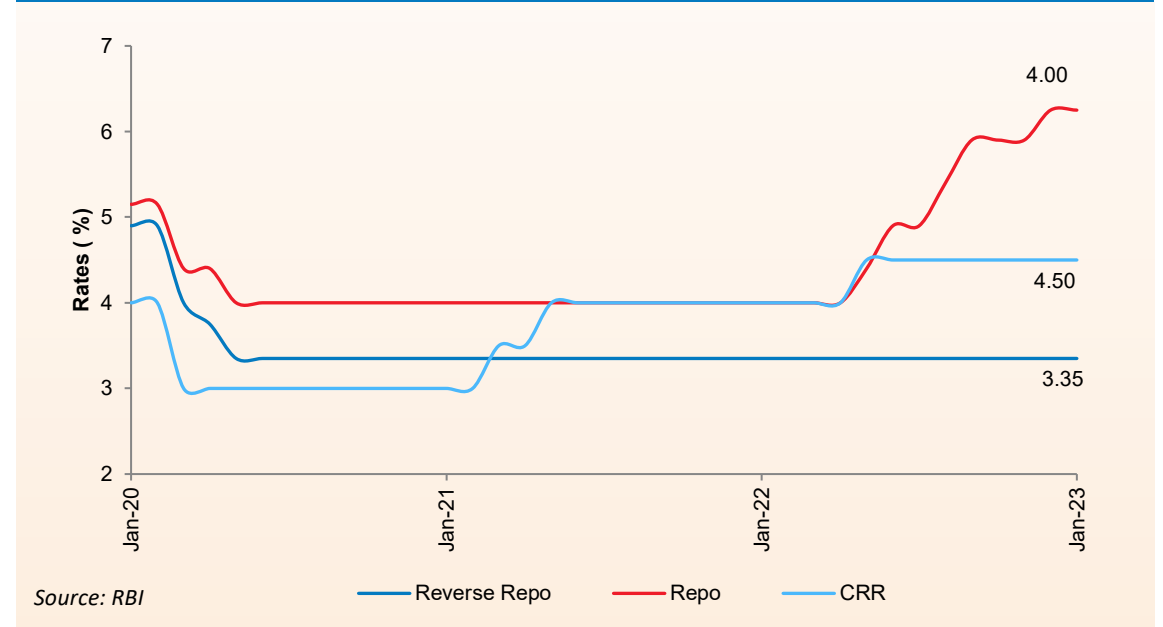
Date	Period	Spread	
		AAA	AA
31-Jan-23	1 Yr	89	108
	3 Yr	44	117
	5 Yr	43	103
30-Dec-22	1 Yr	71	123
	3 Yr	40	115
	5 Yr	42	102

Source: Refinitiv

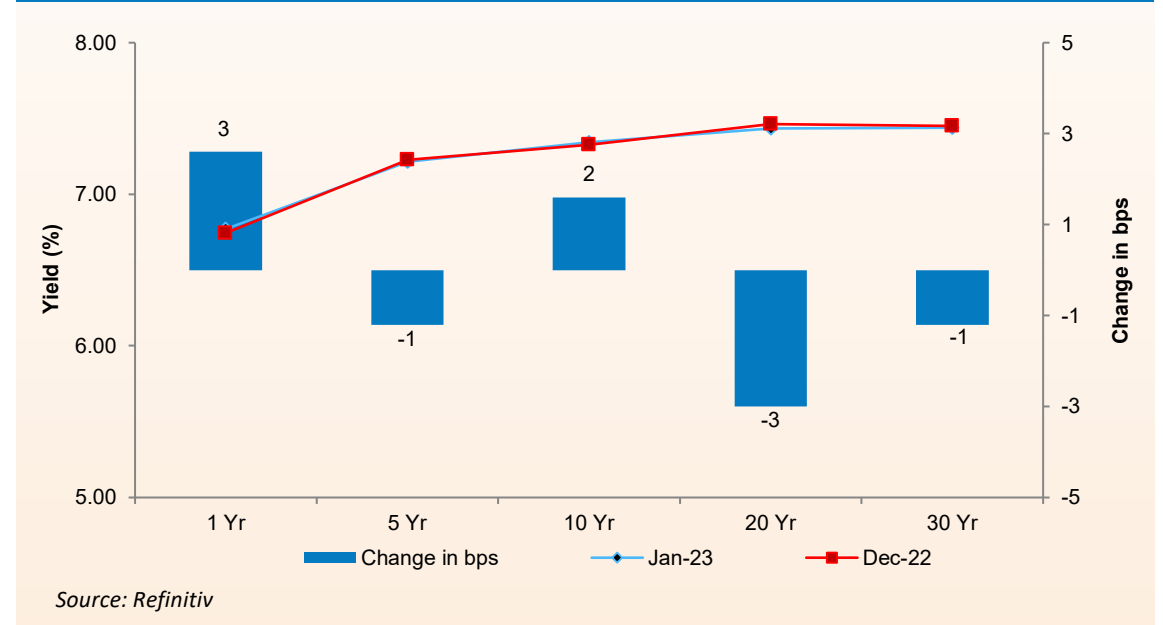
10 Year Corporate Bond Spread (for AAA & AA bonds)



Movements of Key Policy Rates in India



India Yield Curve Shift (Month-on-Month)



Macro-Economic Update and Key Events

Key Events

Economic Survey 2022-23 projects a baseline real GDP growth of 6.5% in real terms for FY24

- Economic Survey 2022-23 projects a baseline real GDP growth of 6.5% in real terms for FY24, in the range of 6% -6.8%, depending on global economic and political developments. India is clearly a bright spot on a lackluster global stage, while indicators of domestic economic activity remain uneven but are showing signs of strength, particularly those pertaining to the services sector.

Retail inflation slowed to 5.72% in Dec 2022

- Consumer Price Index based inflation slowed for the third consecutive month and touched twelve-month low to 5.72% in Dec 2022 from 5.88% in the previous month but accelerated from 5.66% in Dec 2021. Retail inflation fell below the upper tolerance level of the Reserve Bank of India's retail inflation target of 6% for the second time in calendar year 2022. The Consumer Food Price Index increased at a slower pace to 4.19% in Dec 2022 as compared to 4.67% rise in Nov 2022 but accelerated from 4.05% in the same month of the previous year.

IIP surged 7.1% YoY in Nov 2022

- The growth of Index of Industrial Production (IIP) growth surged to 7.1% YoY in Nov 2022 compared with a contraction of 4.2% in the previous month and 1.0% rise in the same period of the previous year. IIP jumped at the steepest pace since Jun 2022. The manufacturing sector output also grew strongly by 6.1% in Nov 2022 from a growth of 0.3% in the same period of the previous year.

Manufacturing PMI fell to 55.4 in Jan 2023

- According to S&P Global, India's Manufacturing Purchasing Managers' Index fell to 55.4 in Jan 2023 from 57.8 in Dec 2022. The manufacturing sector fell in Jan as production slowed as well as total sales and output.

Key Rates (%)	Current	Month Ago	Year Ago
Reverse Repo	3.35	3.35	3.35
Repo	6.25	6.25	4.00
CRR	4.50	4.50	4.00
SLR	18.00	18.00	18.00
Bank Rate	6.50	6.50	4.25

Source: RBI

Key Indicator	Period	Current Month	Previous Month
CPI - Monthly	Dec-22	5.72%	5.88%
WPI - Monthly	Dec-22	4.95%	5.85%
IIP - Monthly	Nov-22	7.10%	-4.00%
Export (Y-o-Y) - Monthly	Dec-22	-8.81%	6.49%
Import (Y-o-Y) - Monthly	Dec-22	-2.08%	5.55%
Trade Deficit - Monthly	Dec-22	23.76	23.89

Source: Refinitiv; CPI- Consumer Price Index, WPI- Wholesale Price Index IIP- Index of Industrial Production, Trade deficit- in \$Billion

Institutional Flows (Equity)			
Net Flow (INR Crore)	Current Month	Previous Month	Year to Date
FII Flows	(28,852)	11,119	(28,852)
DII Flows	33,941	24,159	33,941
MF Flows ^[1]	19,049	14,692	19,049

Source: CDSL, NSE & SEBI

Institutional Flows (Debt)			
Net Flow (INR Crore)	Current Month	Previous Month	Year to Date
FII Flows	3,531	(1,673)	3,531
MF Flows ^[1]	(6,395)	2,567	(6,395)

Source: NSDL & SEBI

Events for February 2023

Events	Date
RBI Monetary Policy Review	8-Feb-23
CPI Inflation YY - Jan 2023	10-Feb-23
Industrial Output YY - Dec 2022	10-Feb-23
Manufacturing Output YY - Dec 2022	10-Feb-23

Events	Date
Trade Deficit YY - Jan 2023	10-Feb-23
WPI Inflation YY - Jan 2023	14-Feb-23
Fiscal Deficit - Apr 2022 to Jan 2023	28-Feb-23
Infrastructure Output YY - Dec 2022	28-Feb-23

Commodity and Currency Round up

Commodity Market - Brent Crude

- Brent crude oil prices inched up as normalization of the Chinese economy due to easing concerns of COVID-19 pandemic in the region boosted expectations of a recovery in oil demand.
- Concerns that OPEC+ could cut oil output in Feb 2023 added to the gains. However, most of the gains were neutralized amid indications of strong oil supply from Russia which offset better-than-expected U.S. economic growth data for the fourth quarter of 2022. Worries of a slowdown in global growth also weighed on the market sentiment.

Currency Market

- Rupee rose against U.S. dollar as easing U.S. consumer inflation for Dec 2022 raised expectations that the U.S. Federal Reserve may further slowdown the pace of its rate hikes.
- Rupee rose further following intervention by the Reserve Bank of India. However, the gains were capped following losses in the domestic equity market.

Movement of Brent Crude Price Over 1 Year



Movement of Major Currencies (as on January 31, 2023)

Currency	31-Jan-23	Month Ago	Year Ago
INR/USD	81.74	82.79	74.97
INR/GBP	100.90	99.74	100.63
INR/EUR	88.60	88.15	83.70
INR/100 JPY	62.77	62.45	64.92

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