

Market Summary



Key Domestic Market Highlights

- Domestic equity markets rose initially during the month under review on the back of upbeat domestic macroeconomic data for Feb 2023. Markets also benefitted after an Indian multinational conglomerate took steps to restore investors' trust which recently faced criticism for corporate misgovernance.
- However, gains were short lived as crisis at a major private sector bank in U.S. dampened investors' sentiment. Liquidity concerns over a major global investment bank and financial services firm founded and based in Switzerland also kept sentiments muted. Sentiments were further hit after the Indian government hiked securities transaction tax on futures and options contracts, along with other amendments in Finance Bill 2023.
- The trend reversed as concerns over the ongoing turmoil in the global banking sector eased after the U.S. Federal Reserve, the U.S. Treasury, the Federal Deposit Insurance Corporation, a consortium of major U.S. private banks and the Swiss Central Bank acted timely and took steps to contain the crisis and calm the markets.
- Reasonable valuations of domestic equities also prompted buying among Foreign Institutional Investors and Domestic Institutional Investors which added to the gains. The weakening of the dollar index and strengthening of the rupee against the greenback also acted as tailwinds for the markets. However, concerns regarding possibility of an EL Nino impacting the south-west monsoon capped the gains.



Key Global Market Highlights

- U.S. equity markets rose as concerns over the ongoing crisis in the global banking sector eased to some extent after steps were taken by regulators and corporates to rescue distressed banks in the U.S. and Europe. Gains were extended after the U.S. Treasury Secretary said that the government will provide protection to bank depositors if smaller lenders are threatened.
- U.S. Treasury prices rose during the month under review as market participants assessed possible ramifications from troubles in the global banking sector. Market participants worried about the liquidity in the banking system despite rescue measures adopted by regulators and central banks which too boosted the safe haven appeal of U.S. Treasuries.
- European equity markets mostly rose following a slew of upbeat economic data from euro zone. Gains were extended as worries over the ongoing crisis in the global banking sector eased to some extent after steps were taken by governments and central banks to provide support to distressed banks in the U.S. and Europe.
- Asian equity markets closed on a mixed note during the month under review. Markets initially remained under pressure on worries over escalating geopolitical tensions between U.S. and China. However, markets later received support as a slew of upbeat economic data from China made market participants optimistic regarding the recovery of China's economy.

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%	10 Y GILT 2.02%
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%	UST 1.83%
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%	LIQ 1.76%
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 1.69%
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 1.60%

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 rose during the month under review as concerns over the ongoing turmoil in the global banking sector eased to some extent as top regulators and corporates came out with rescue steps for distressed banks in U.S. and Europe. Upbeat domestic macroeconomic data added to the gains. Fall in global crude oil prices too aided market sentiment. However, worries regarding possibility of an EL Nino impacting the south-west monsoon capped the gains.
- On the BSE sectoral front, S&P BSE Power Index rose the most by 9.39% followed by S&P BSE Oil & Gas and S&P BSE FMCG which rose 2.77% and 2.01% respectively. Power stocks rose on expectations that companies under this sector will benefit in anticipation of strong demand of power in this summer season. Oil and gas stocks benefitted after the Petroleum and Natural Gas Regulatory Board amended its regulations to allow unified tariff for natural gas pipelines. The new mechanism is expected to help India achieve the 'One Nation One Grid One Tariff' model and also propel the gas markets in distant areas." FMCG stocks gained on anticipation that gradual decline in inflation and recovery in demand may result in improved profitability. However, IT stocks remained under pressure on concerns over recession and slowdown in global growth amid worries over the ongoing turmoil in the global banking sector.
- U.S. equity markets rose as concerns over the ongoing crisis in the global banking sector eased to some extent after steps were taken by regulators and corporates to rescue distressed banks in the U.S. and Europe. Gains were extended after the U.S. Treasury Secretary said that the government will provide protection to bank depositors if smaller lenders are threatened. Market sentiments were further boosted following a slowdown in the annual rate of core consumer price growth in U.S. for Feb 2023.
- European equity markets mostly rose following a slew of upbeat economic data from euro zone. The euro area private sector activity grew the most since mid-2022 in Feb 2023, euro zone producer price inflation slowed notably in Jan 2023 and Germany's exports rebounded more than expected in Jan 2023. Gains were extended as worries over the ongoing crisis in the global banking sector eased to some extent after steps were taken by governments and central banks to provide support to distressed banks in the U.S. and Europe.
- Asian equity markets closed on a mixed note during the month under review. Markets initially remained under pressure on worries over escalating geopolitical tensions between U.S. and China. Sentiments deteriorated further following the release of weak inflation data from China for Feb 2023 which led to concerns of muted demand in the region. However, markets later received support as a slew of upbeat economic data from China made market participants optimistic regarding the recovery of China's economy. Japanese markets rose following upbeat economic data on retail sales and industrial output for Feb 2023. Anticipation that the U.S. Federal Reserve is nearing the end of its monetary policy tightening cycle too aided market sentiment.

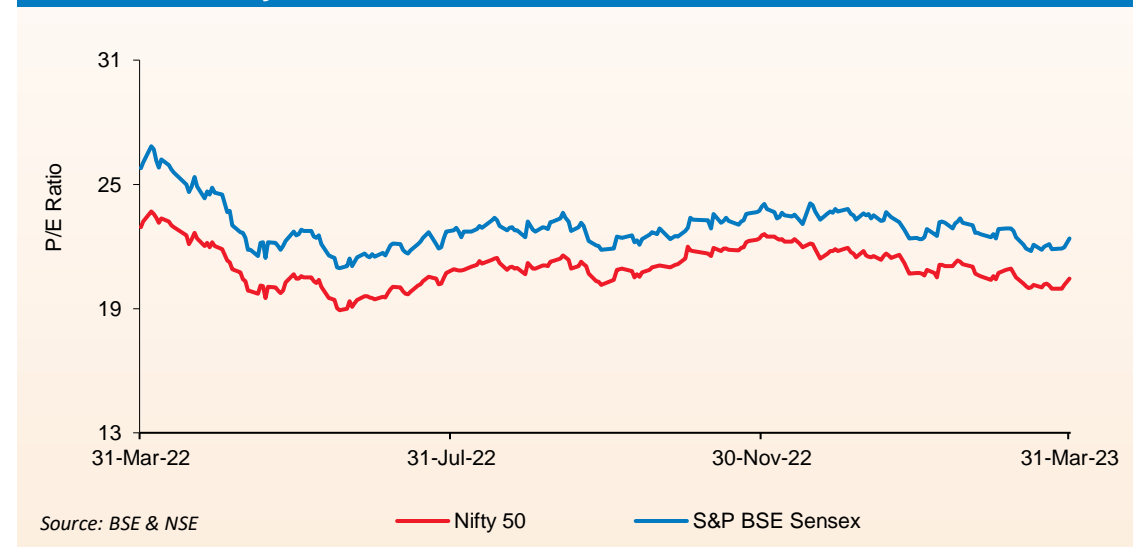
Broad Indices	31-Mar-23	% Change (MoM)	% Change (YoY)
S&P BSE Sensex	58,991.52	0.05	0.72
Nifty 50	17,359.75	0.32	-0.60
S&P BSE 500	23,160.01	0.33	-2.26
Nifty 500	14,557.85	0.27	-2.26
S&P BSE Mid Cap	24,065.59	-0.38	-0.18
Nifty Mid Cap 100	30,035.15	-0.27	1.15

Source: BSE & NSE

Sector Indices	31-Mar-23	% Change (MoM)	% Change (YoY)
S&P BSE Auto	28,246.92	-3.35	17.45
S&P BSE Bankex	46,031.95	0.93	10.25
S&P BSE CD	37,628.54	0.45	-10.98
S&P BSE CG	34,369.70	1.50	24.95
S&P BSE FMCG	16,487.02	2.01	23.64
S&P BSE HC	21,883.50	1.31	-9.96
S&P BSE IT	28,478.99	-3.15	-21.77
S&P BSE Metal	19,184.87	1.04	-14.23
S&P BSE Oil & Gas	17,383.40	2.77	-7.25
S&P BSE Power Index	3,605.80	9.39	-10.83
S&P BSE PSU	9,497.41	1.40	10.35
S&P BSE Realty	3,101.56	-1.60	-15.76
S&P BSE Teck	12,978.01	-2.75	-20.12

Source: BSE

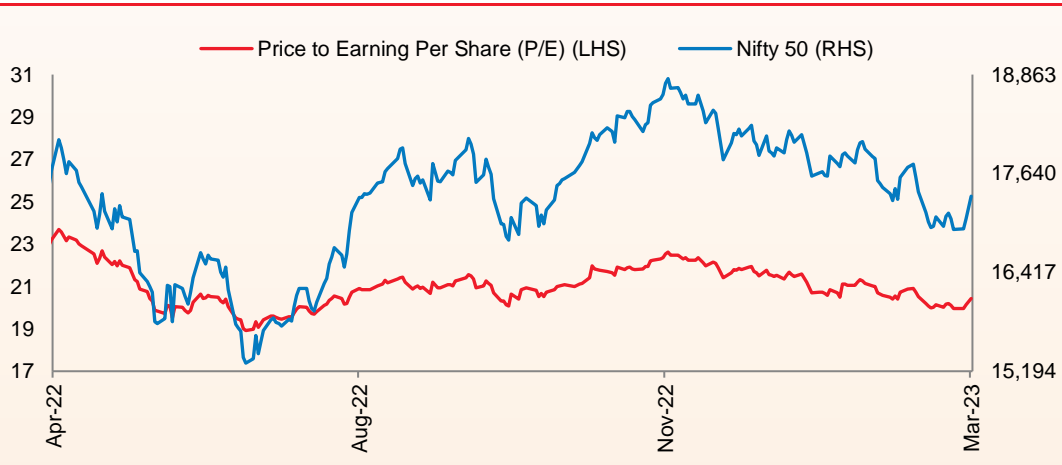
Movement of Nifty 50 and S&P BSE Sensex P/E



Source: BSE & NSE

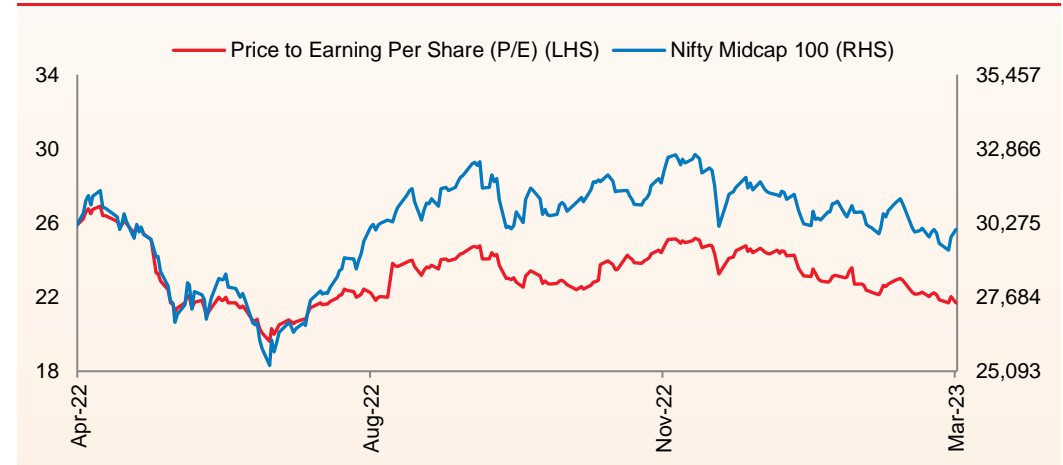
Country/Region	31-Mar-23	% Change (MoM)	% Change (YoY)
Nasdaq 100 (U.S.)	13,181.35	9.46	-11.17
FTSE 100 (U.K.)	7,631.74	-3.10	1.54
DAX (Germany)	15,628.84	1.72	8.42
Nikkei 225 (Japan)	28,041.48	2.17	0.79
SSEC (China)	3,272.86	-0.21	0.64

Equity Market Round Up



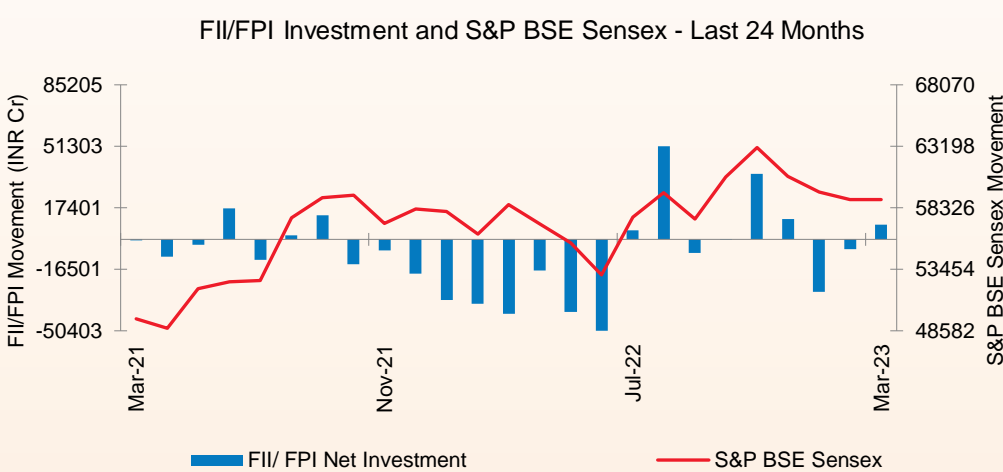
Source: NSE

During the month, S&P BSE Sensex and Nifty 50 rose 0.05% and 0.32% to close at 58,991.52 and 17,359.75 respectively.



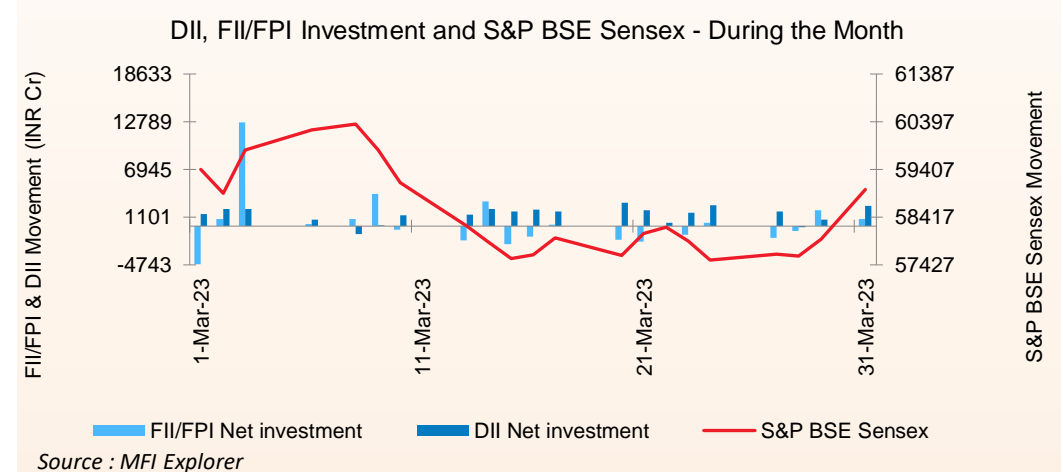
Source: NSE

During the month, Nifty Midcap 100 and Nifty Small cap 100 fell 0.27% and 1.76% to close at 30,035.15 and 8,994.75 respectively.



Source : MFI Explorer

Foreign portfolio investors (FPIs) were net buyer of domestic stocks worth Rs. 7,935.63 crore in Mar 2023 compared with net sell of Rs. 5294.31 crore in Feb 2023.



Source : MFI Explorer

Domestic mutual funds remained net buyer in the equity segment to the tune of Rs. 17,621.67 crore in Mar 2023 (as on Mar 24, 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%	FMCG 3.92%
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 0.27%
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%	Auto -2.92%
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%	Midcap -4.49%
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%	Pharma -4.61%
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%	Finance -4.86%
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 -5.87%
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%	Smallcap -7.31%
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%	Realty -10.29%
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%	PSU Bank -13.95%
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%	Media -14.66%
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%	Metal -18.23%

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

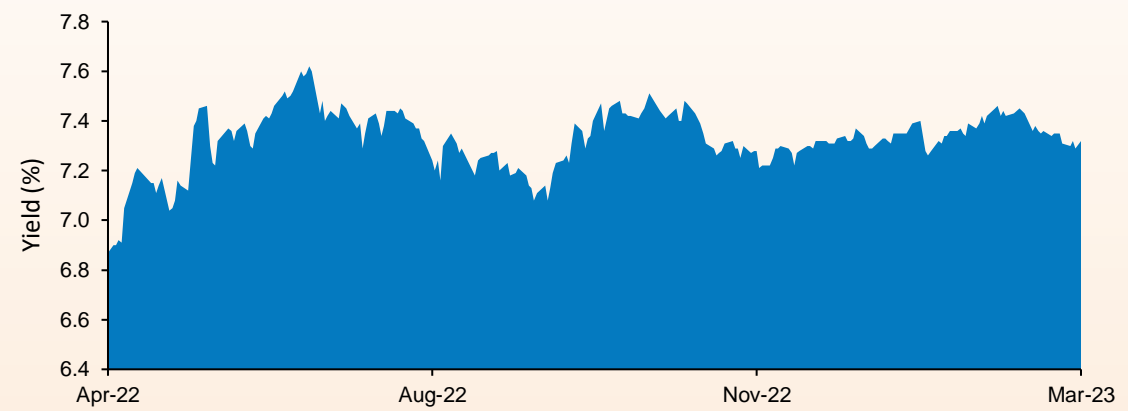
Finance returns represented by NIFTY Finance
 FMCG returns represented by NIFTY FMCG
 PSU Bank returns represented by NIFTY PSU Bank
 Largecap returns represented by Nifty 100
 Midcap returns represented by Nifty Midcap 150
 Smallcap returns represented by Nifty Small cap 250

Fixed Income Market Round Up

Fixed Income Market Commentary

- Bond yields fell following decline in yields on U.S. Treasuries. Gains increased after the U.S. Federal Reserve (Fed) hinted at ending the rate hike cycle soon. Yields also declined as market participants sought for value buying after weaker domestic GDP (gross domestic product) growth, which might force the Reserve Bank of India (RBI) to rethink on its monetary policy. Buying by mutual funds ahead of a taxation change from Apr 1, 2023, added to the gains. However, gains were restricted after large auction of state development loans, weighed on sentiment. Gains were further trimmed after the RBI released government's borrowing calendar for the second half of FY24 (Apr-Sep), while focus remains on the central bank's monetary policy decision.
- Yield on the 10-year benchmark bond fell 14 bps to close at 7.32% compared with the previous months' close of 7.46%.
- Yield on gilt securities fell in the range of 4 to 28 bps across the maturities. Yield fell the most on 2 & 5 year papers and the least on 19 & 30 year papers. Yield on corporate bonds rose by up to 45 bps across the curve. Yield rose the most on 15 year paper and the least on 1 year paper. Difference in spread between corporate bond and gilt securities expanded in the range of 18 to 57 bps across the segments. Spread rose the most on 15 year paper and the least on 1 year paper.

Movement of 10-Year Benchmark Bond Rate



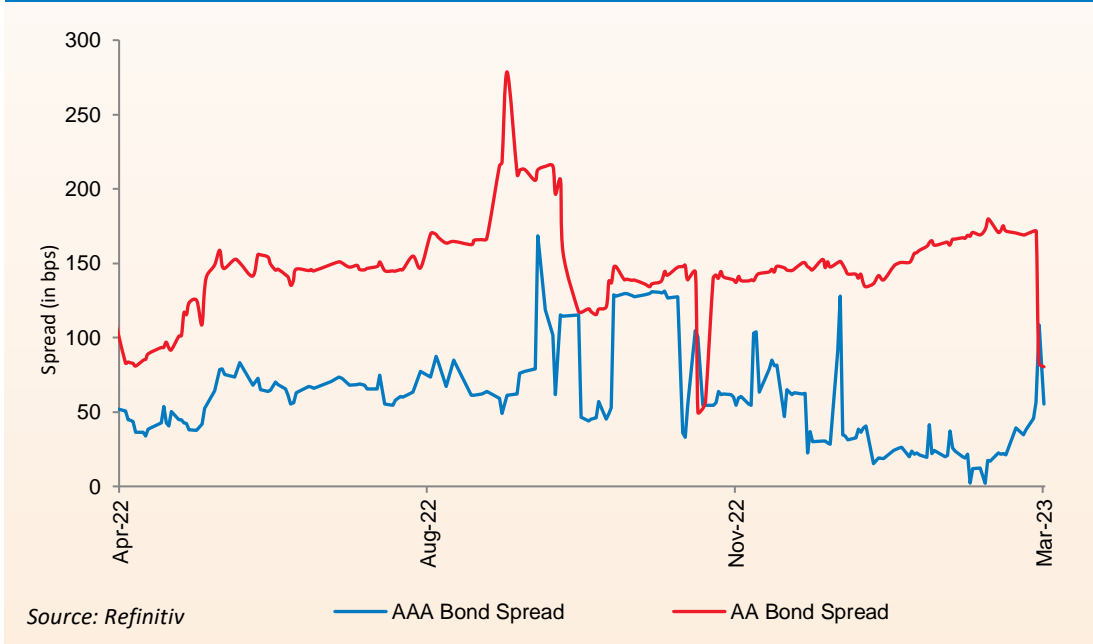
Source: Refinitiv

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

Date	Period	Spread	
		AAA	AA
31-Mar-23	1 Yr	60	92
	3 Yr	76	90
	5 Yr	67	72
28-Feb-23	1 Yr	43	94
	3 Yr	32	107
	5 Yr	29	99

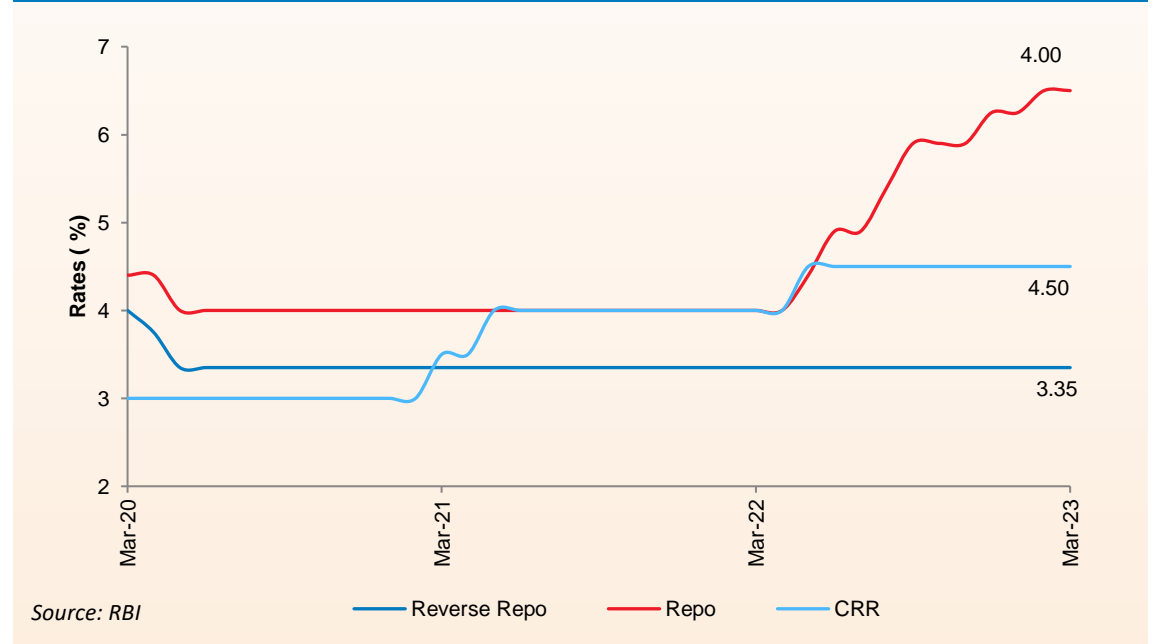
Source: Refinitiv

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



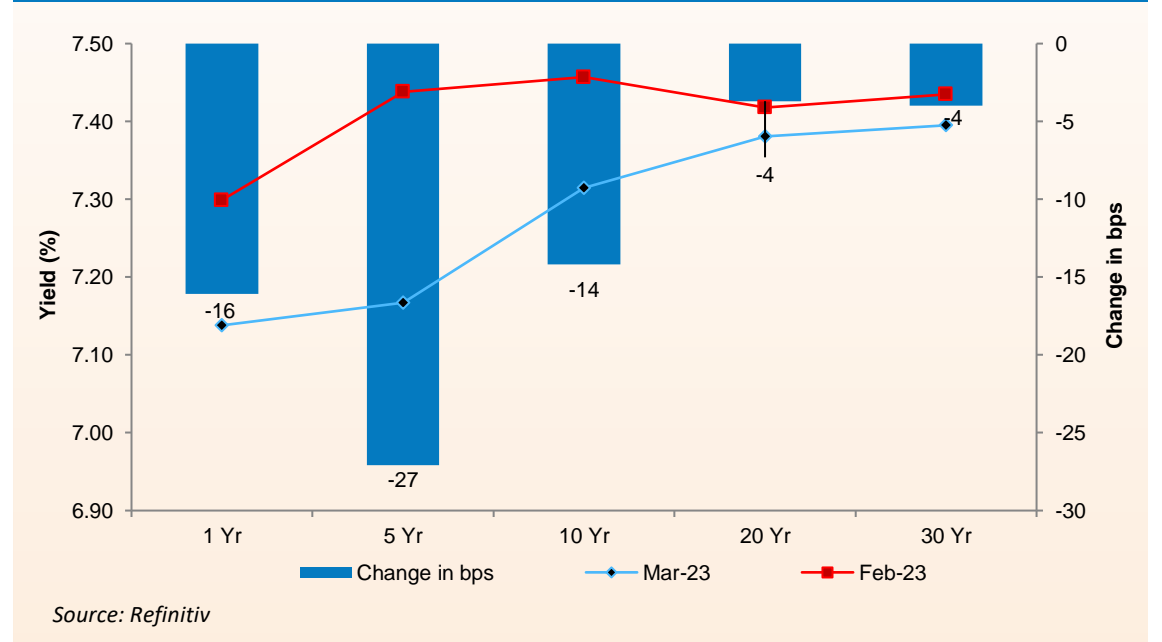
Source: Refinitiv

Movements of Key Policy Rates in India



Source: RBI

India Yield Curve Shift (Month-on-Month)



Source: Refinitiv

Macro-Economic Update and Key Events

Key Events

Manufacturing PMI rose the strongest in 2023

- According to S&P Global, India's Manufacturing Purchasing Managers' Index rose to 56.4 in Mar 2023 from 55.3 in Feb 2023. Manufacturing PMI rose the strongest in 2023 so far during March as growth of factory orders and production rose to its strongest in three months.

Services PMI fell from a 12-year peak in Mar 2023

- S&P Global India services Purchasing Managers' Index (PMI) fell to 57.8 in Mar 2023 from a 12-year peak of 59.4 in Feb 2023. According to the survey, favourable demand and fresh business gains caused an increase in output.

Industrial Production growth accelerated in Jan 2023

- The growth of Index of Industrial Production (IIP) growth accelerated to 5.2% YoY in Jan 2023 compared with rise of 2% in the same period of the previous year and 4.7% in the previous month. Faster rise in industrial output was led by manufacturing, mining and electricity sector that grew 3.7% 8.8% and 12.7% during the reported period much better than rise of 1.9%, 3.0% and 0.9%, respectively, in the same period of the previous fiscal.

Consumer inflation slowed marginally to 6.44% in Feb

- Consumer Price Index based inflation (CPI) slowed marginally to 6.44% in Feb 2023 from 6.52% in the previous month but accelerated from 6.07% in Feb 2022. The Consumer Food Price Index increased at a faster pace to 5.95% in Feb 2023 as compared to 6.00% rise in Jan 2023 and 5.85% in the same month of the previous year.

CAD declined to 2.2% of GDP in Q3 of FY23

- India's current account deficit (CAD) declined to USD 18.2 billion (2.2% of GDP) in Q3 of FY23 from USD 30.9 billion (3.7% of GDP) in Q2 of FY23 and USD 22.2 billion (2.7% of GDP) a year ago. The decrease in deficit came due to narrowing of the merchandise trade deficit to USD 72.7 billion in Q3 of FY23 from USD 78.3 billion in Q2 of FY23.

Key Rates (%)	Current	Month Ago	Year Ago
Reverse Repo	3.35	3.35	3.35
Repo	6.50	6.50	4.00
CRR	4.50	4.50	4.00
SLR	18.00	18.00	18.00
Bank Rate	6.75	6.75	4.25

Source: RBI

Key Indicator	Period	Current Month	Previous Month
CPI - Monthly	Feb-23	6.44%	6.52%
WPI - Monthly	Feb-23	3.85%	4.73%
IIP - Monthly	Jan-23	5.20%	4.30%
Export (Y-o-Y) - Monthly	Feb-23	-2.00%	-4.61%
Import (Y-o-Y) - Monthly	Feb-23	-7.47%	-2.45%
Trade Deficit - Monthly	Feb-23	17.43	17.75

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	7,936	(5,294)	(26,211)
DII Flows	30,549	19,239	83,729
MF Flows	20,764	12,825	54,942

Source: CDSL, NSE & SEBI

Institutional Flows (Debt)			
Net Flow (INR Crore)	Current Month	Previous Month	Year to Date
FII Flows	(2,505)	2,436	3,462
MF Flows	1,197	(12,868)	54,942

Source: NSDL & SEBI

Events for April 2023

Events	Date
Bi-monthly Monetary Policy Statement FY24	6-Apr-23
Forex Reserves	7-Apr-23
CPI Inflation (Mar 2023)	12-Apr-23
Index of Industrial Production (Feb 2023)	12-Apr-23

Events	Date
WPI Inflation (Mar 2023)	14-Apr-23
Credit Growth	14-Apr-23
Deposit Growth	14-Apr-23
Infrastructure Output (Mar 2023)	28-Apr-23

Commodity and Currency Round up

Commodity Market - Brent Crude

- Brent crude oil prices fell as worries over the global banking sector fueled concerns of recession and slowdown in global growth. Worries of a prolonged high-interest regime also weighed on the market sentiment.
- Prices rose further after producers reduced output at several oilfields in the semi-autonomous Kurdistan region of northern Iraq following a halt to the northern export pipeline. Expectations of strong demand from China also contributed to the upside.

Currency Market

- Rupee rose against the U.S. dollar following weak greenback in the overseas market, likely foreign capital inflows, rise in domestic equity market and ease in global crude oil prices.
- The rupee rose further on anticipation that the U.S. Federal Reserve is near the end of its rate hiking cycle. However, gains were capped as risk sentiment deteriorated due to concerns over the health of the financial sector in the U.S. and Europe.

Movement of Brent Crude Price Over 1 Year



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

Currency	31-Mar-23	Month Ago	Year Ago
INR/USD	82.22	82.68	75.81
INR/GBP	101.87	99.60	99.55
INR/EUR	89.61	87.55	84.66
INR/100 JPY	61.80	60.68	62.23

GROWTHFINITI WEALTH PRIVATE LIMITED

Unit No. 2, Ground Floor Senior Estate, 7/C Parsipanchayat Road, Andheri (E), MUMBAI Mumbai City MH 400069 IN

Email : info@growthfiniti.com | What's app : +917715982515 | Twitter : @growthfiniti

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