

## Market Summary



### Key Domestic Market Highlights

- Indian equity markets settled for the month in the negative territory. Ongoing tension between Ukraine and Russia, coupled with uncertainty of the pace of future rate hikes by U.S. Federal Reserve loomed large which kept investors on tenterhooks. Additionally, renewed worries over fresh instances of COVID-19 infection in China reignited fears of global economic slowdown. Nonetheless, optimism over the ongoing corporate earnings season and the accommodative stance adopted by Reserve Bank of India, in its latest policy meeting soothed investors' nerve. Meanwhile, elevated domestic inflation numbers raised speculation that Reserve Bank of India may not hold on to its accommodative stance for long.
- During the month, bourses faced strong headwinds raised by concerns over aggressive interest rate hike by U.S. Federal Reserve in near future. The renewed military conflicts between Russia and Ukraine and its impending effect on the global commodity prices dampened market sentiments across the globe.
- However, investors heaved a sigh of relief as the Reserve Bank of India decided to keep the interest rates unchanged and maintained 'accommodative' stance despite liquidity unwinding by global central banks. Buying interest also found underlying support from expectation on record GST collection for Apr 2022.



### Key Global Market Highlights

- U.S. markets closed in the red amid ongoing concerns about the Federal Reserve aggressively tightening monetary policy. The Fed Chief indicated a 50-basis point rate hike would be on the table at the central bank's next meeting in early May. Major tech companies witnessed selling pressure after they reported dismal earning numbers and weak revenue guidance.
- U.S. Treasury prices fell initially during the month under review as market participants anticipated rapid reduction to the U.S. Federal Reserve's balance sheet alongside increases to the benchmark interest rate. U.S. Treasury prices fell further after European Central Bank in its monetary policy review maintained its plans to end its stimulus program in the third quarter of 2022 but gave no further insight on its schedule for raising interest rates, citing uncertainties stemming from Russia's invasion of Ukraine.
- European markets went down as investors had to account for a much steeper, a much more accelerated U.S. interest rate path than they thought was the case a week ago, a month ago or three months ago. Inflationary concerns too weighed on market sentiments.
- Asian markets too ended the month in the red, amid anxiety resulting from reports of a much steeper and accelerated interest rate hike by U.S. Fed in the upcoming month. Concerns over the impact of the lockdowns in China and the interest rate hardening worldwide too kept investors wary.

## Category-wise Fixed Income Returns

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	CYTD
10 Y Gilt 10.61%	LD 9.05%	LT 14.31%	LD 8.94%	10 Y Gilt 14.93%	LD 6.80%	LD 7.69%	LT 10.72%	LT 12.25%	ST 4.38%	LD 4.20%
LD 10.20%	LIQ 9.03%	10 Y Gilt 14.14%	ST 8.66%	LT 12.91%	LIQ 6.66%	LIQ 7.58%	10 Y Gilt 10.46%	ST 10.39%	LD 4.23%	LIQ 3.87%
LT 9.34%	ST 8.27%	ST 10.47%	LT 8.63%	ST 9.82%	ST 6.05%	ST 6.65%	ST 9.53%	10 Y Gilt 9.23%	LIQ 3.60%	ST 2.36%
ST 9.10%	LT 3.79%	LD 9.87%	LIQ 8.23%	LD 9.02%	LT 4.71%	10 Y Gilt 6.03%	LD 8.60%	LD 7.45%	LT 3.44%	LT -1.45%
LIQ 8.50%	10 Y Gilt -0.68%	LIQ 9.21%	10 Y Gilt 7.39%	LIQ 7.48%	10 Y Gilt -0.05%	LT 5.91%	LIQ 6.86%	LIQ 4.60%	10 Y Gilt 1.35%	10 Y Gilt -8.08%

LIQ	Liquid Returns represented by Crisil Liquid Fund Index
ST	Short Term Returns represented by Crisil Short Term Bond Fund Index
LT	Long Term Returns represented by Crisil Composite Bond Fund Index
LD	Low Duration Returns represented by Crisil Low Duration Index
10 Y Gilt	10 Year G-sec Returns represented by Crisil 10 year Gilt Index

Source: MFI Explorer

# Equity Market Round Up

## Equity Market Commentary

- Indian equity markets settled for the month in the negative territory. Ongoing tension between Ukraine and Russia, coupled with uncertainty of the pace of future rate hikes by U.S. Federal Reserve loomed large which kept investors on tenterhooks. Additionally, renewed worries over fresh instances of COVID-19 infection in China reignited fears of global economic slowdown. Nonetheless, optimism over the ongoing corporate earnings season and the accommodative stance adopted by the Monetary Policy Committee, in its latest policy meeting soothed investors' nerve. Meanwhile, elevated domestic inflation numbers raised speculation that Monetary Policy Committee may not hold on to its accommodative stance for long.
- U.S. markets closed in the red amid ongoing concerns about the U.S. Federal Reserve's (Fed) aggressively tightening monetary policy. The Fed Chief indicated a 50-basis point rate hike would be on the table at the central bank's next meeting in early May. Investors also remained cautious ahead of the release of a series of earnings news from big-name companies. Technology stocks have been the epicenter of the sell-off witnessed during the month as high interest rates hurt valuations, and supply chain issues stemming from Covid and the war in Ukraine disrupted business. Major tech companies witnessed selling pressure after they reported dismal earning numbers and weak revenue guidance.
- European markets went down as investors had to account for a much steeper, a much more accelerated U.S. interest rate path than they thought was the case a week ago, a month ago or three months ago. Inflationary concerns too weighed on market sentiments. France's consumer price inflation and producer price growth accelerated to set a new record, driven by energy prices and supply disruptions due to the war in Ukraine, and the economic output failed to grow in the first quarter, raising the risk of stagflation. Meanwhile, Germany's economy expanded at a faster than expected pace in the first quarter after shrinking in the previous three months, but rising inflation and the impact of the war in Ukraine damped the outlook.
- Asian markets too ended the month in the red, amid anxiety resulting from reports of a much steeper and accelerated interest rate hike by the Fed in the upcoming month. Concerns over the impact of the lockdowns in China and the interest rate hardening worldwide too kept investors wary. As per media reports, Shanghai has been facing the worst COVID-19 outbreak and has been desperately seeking medical care and basic supplies like food. Nonetheless, investors found some relief from China central bank Governor's decision to maintain prudent monetary policy and increase support for the economy. Investors also reacted positively after Bank of Japan kept the interest rates steady despite concerns over rising inflation and aggressive interest rate hike by the Fed.

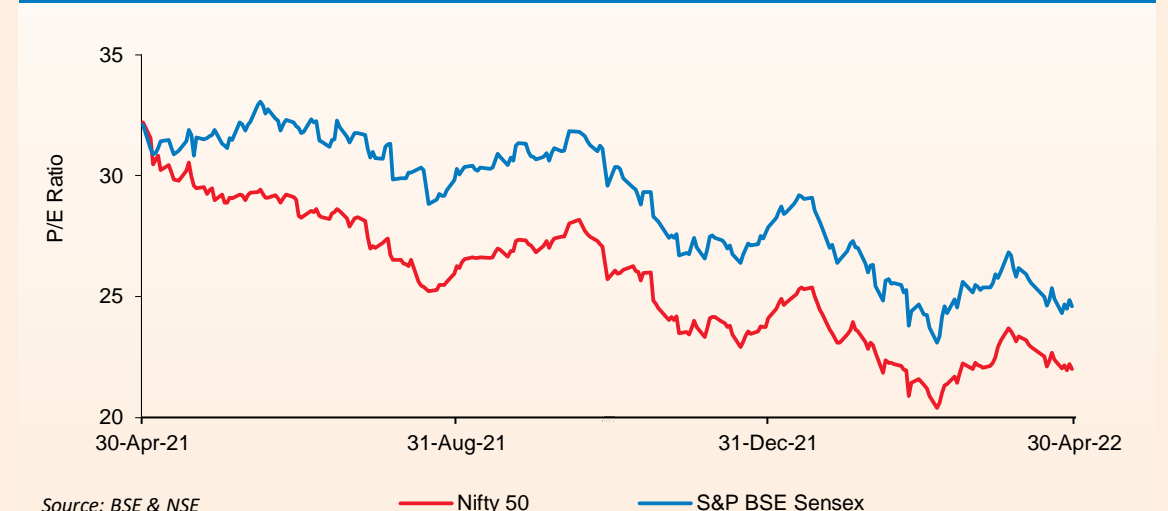
Broad Indices	29-Apr-22	% Change (MoM)	% Change (YoY)
S&P BSE Sensex	57,060.87	-2.57	16.97
Nifty 50	17,102.55	-2.07	16.89
S&P BSE 500	23,551.65	-0.61	19.62
Nifty 500	14,783.35	-0.75	19.56
S&P BSE Mid Cap	24,418.04	1.29	20.21
Nifty Mid Cap 100	29,880.35	0.63	23.49

Source: BSE & NSE

Sector Indices	29-Apr-22	% Change (MoM)	% Change (YoY)
S&P BSE Auto	25,210.17	4.82	16.35
S&P BSE Bankex	41,533.91	-0.53	11.34
S&P BSE CD	42,666.59	0.93	31.99
S&P BSE CG	27,370.68	-0.49	35.15
S&P BSE FMCG	14,082.17	5.60	12.58
S&P BSE HC	24,340.88	0.15	3.44
S&P BSE IT	31,989.90	-12.12	21.61
S&P BSE Metal	21,654.75	-3.19	21.51
S&P BSE Oil & Gas	19,497.83	4.04	30.02
S&P BSE Power Index	4,775.51	18.10	92.47
S&P BSE PSU	8,848.53	2.81	31.45
S&P BSE Realty	3,528.96	-4.15	42.98
S&P BSE Teck	14,339.02	-11.75	21.49

Source: BSE

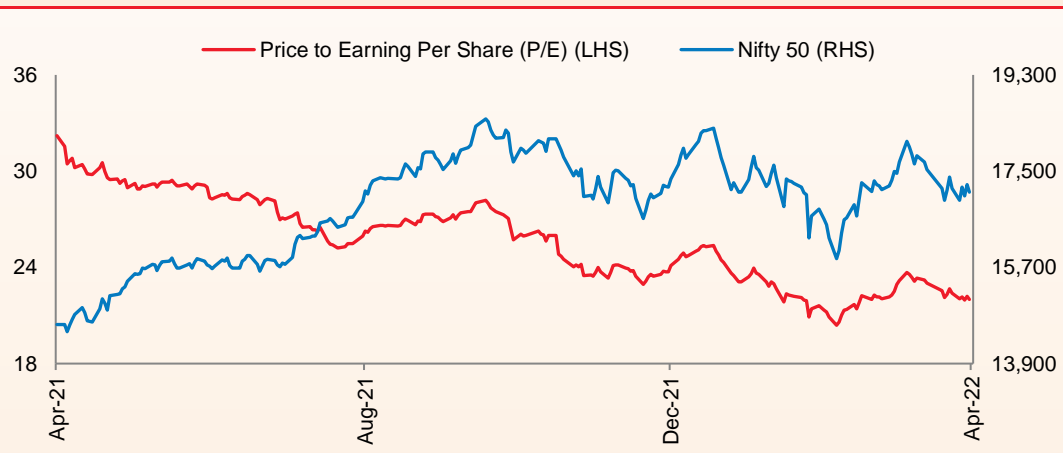
Movement of Nifty 50 and S&P BSE Sensex P/E



Source: BSE & NSE

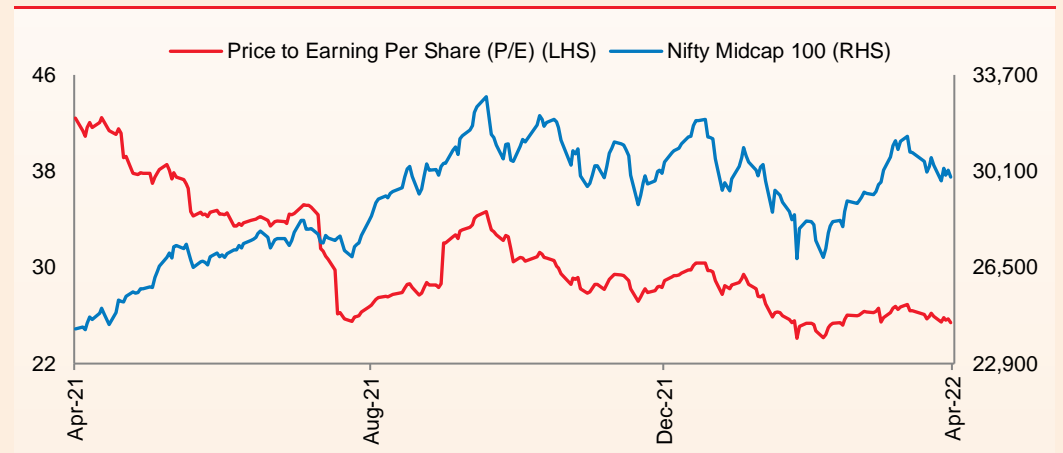
Country/Region	29-Apr-22	% Change (MoM)	% Change (YoY)
Nasdaq 100 (U.S.)	12,854.80	-13.37	-7.26
FTSE 100 (U.K.)	7,544.55	0.38	8.25
DAX (Germany)	14,097.88	-2.20	-6.86
Nikkei 225 (Japan)	26,847.90	-3.50	-6.82
SSEC (China)	3,047.06	-6.31	-11.60

# Equity Market Round Up



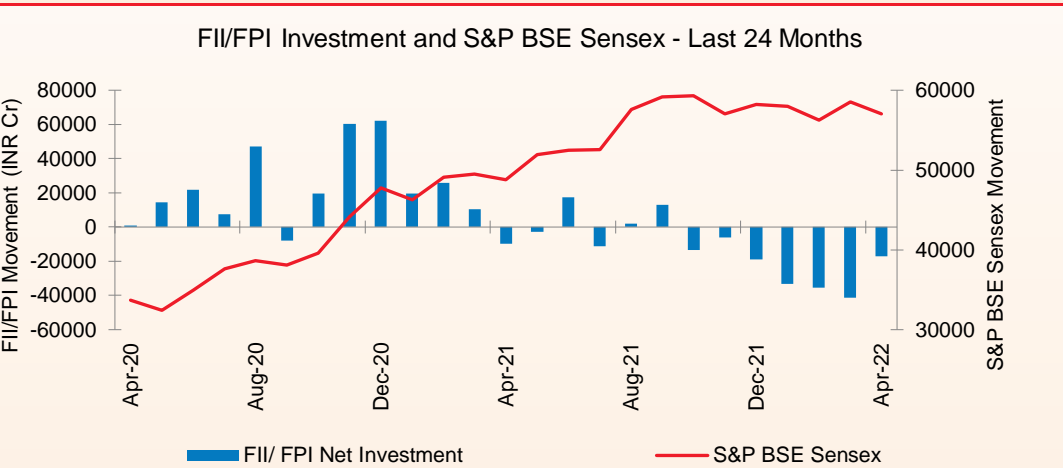
Source: NSE

During the month, S&P BSE Sensex and Nifty 50 slipped 2.57% and 2.07% to close at 57,060.87 and 17102.55, respectively.



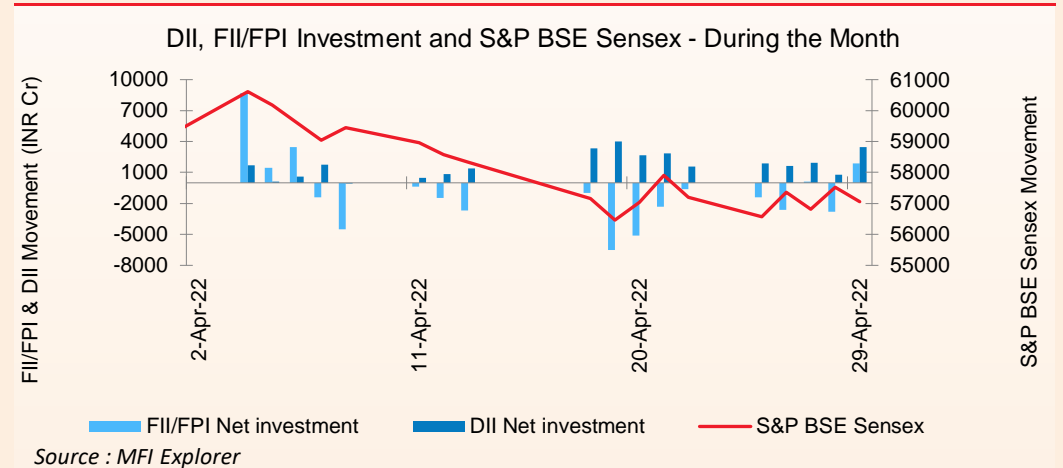
Source: NSE

During the month, Nifty Midcap 100 rose 0.63%, whereas Nifty Small cap 100 slipped 1.72% to close at 29,880.35 and 10,256.95, respectively.



Source: MFI Explorer

Foreign portfolio investors (FPIs) were net seller of domestic stocks worth Rs. 17,143.75 crore in Apr 2022 compared with net sale of Rs. 41,123.14 crore in Mar 2022.



Source: MFI Explorer

Domestic mutual funds remained net buyers in the equity segment to the tune of Rs. 21,964.41 crore in Apr 2022 (updated till Apr 27).

## Returns of Major NSE Indices

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	CYTD
Media 58.27%	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%	Metal 14.59%
Realty 52.36%	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%	PSU Bank 9.02%
Finance 51.61%	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 1.66%
FMCG 48.21%	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 1.29%
Midcap 43.99%	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%	Largecap -0.92%
Auto 42.20%	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%	Midcap -2.96%
PSU Bank 40.37%	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%	Media -3.11%
Smallcap 37.94%	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 -3.52%
Pharma 31.68%	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%	Finance -4.01%
Largecap 30.41%	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%	Pharma -5.34%
Metal 17.57%	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%	Realty -8.34%
IT -1.85%	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 -18.29%

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

Financa 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

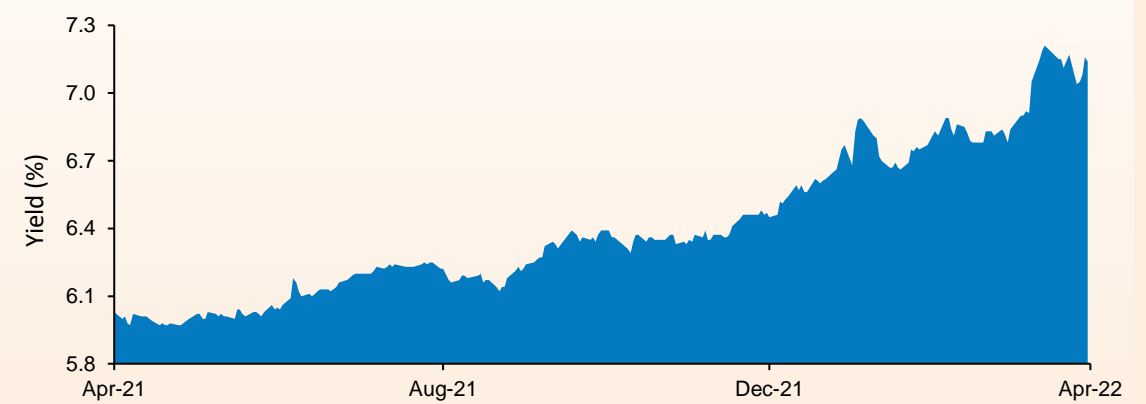


# Fixed Income Market Round Up

## Fixed Market Commentary

- Bond yields rose as the first half yearly schedule (Apr to Sep 2022) auction of government securities, disappointed market participants. Yields surged and touched at its highest level in nearly three years after the Monetary Policy Committee in its monetary policy review modified its monetary stance, after keeping an accommodative tone for almost three years. The MPC decided unanimously “to remain accommodative while focusing on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth.” After steep rise in the first half, yields remained elevated and moved in a broad range during the remaining part of the month due to large swings in global crude oil prices and U.S. treasury yields.
- Yield on the 10-year benchmark bond surged 30 bps to close at 7.14% compared with the previous months' close of 6.84%. During the month, benchmark paper rose again to its highest level in nearly three years.
- Yield on gilt securities surged in the range of 10 to 60 bps across the maturities. Yield on corporate bonds went up in the range of 16 to 64 bps across the curve. Difference in spread between corporate bond and gilt securities expanded in the range of 3 to 20 bps across the segments, except 1, 10 & 15 year papers that contracted 5, 15 & 68 bps, respectively. Spread rose the most on 7 year paper and the least on 5 year paper.

Movement of 10-Year Benchmark Bond Rate



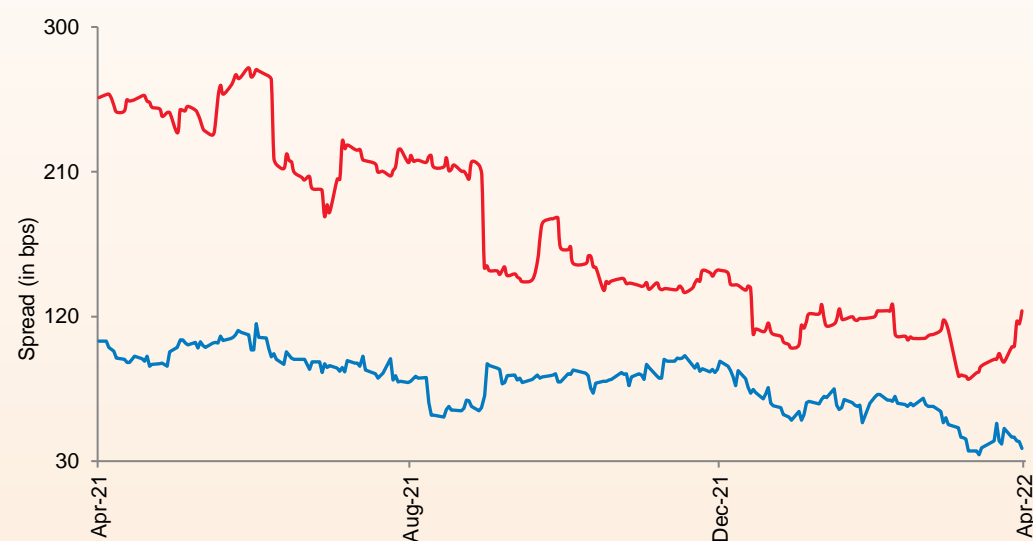
Source: Refinitiv

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

Date	Period	Spread	
		AAA	AA
29-Apr-22	1 Yr	57	117
	3 Yr	17	53
	5 Yr	40	82
31-Mar-22	1 Yr	62	97
	3 Yr	13	69
	5 Yr	37	81

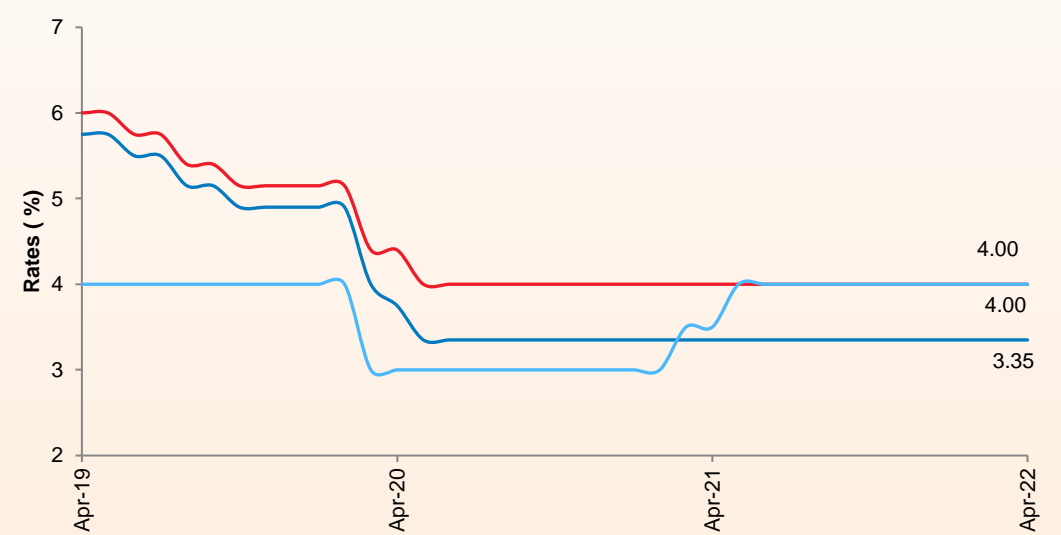
Source: Refinitiv

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



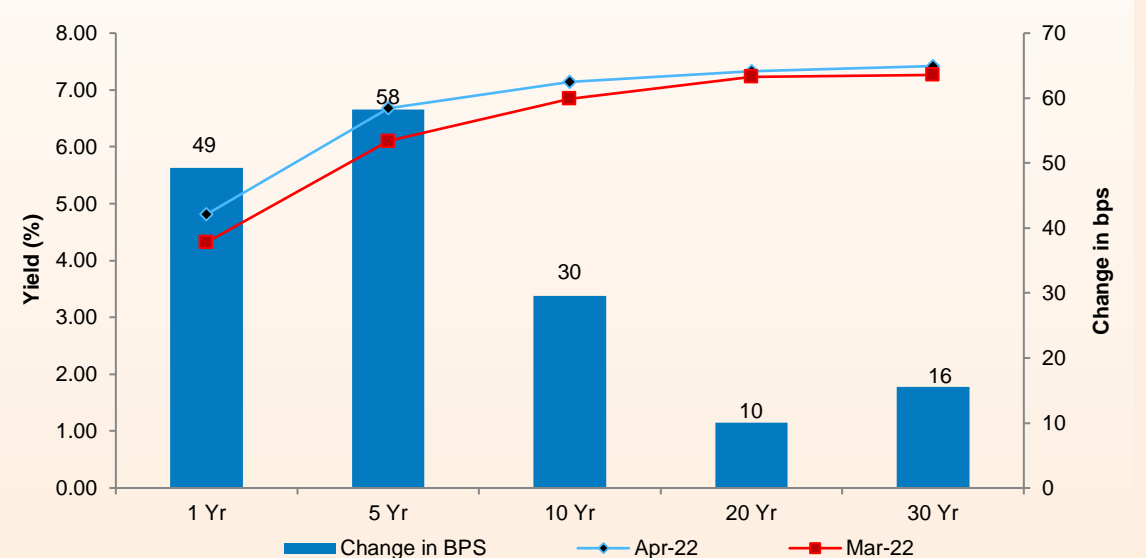
Source: Refinitiv

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

### India's consumer price index-based inflation rose to 6.95% in Mar 2022

- India's consumer price index-based inflation (CPI) rose to 6.95% in Mar 2022 as against 6.07% in Feb 2022 and 5.52% in the same period of the previous year. The CPI rose due to rising food prices. Consumer Food Price Index (CFPI) also rose 7.68% as compared to 5.85% in the previous month and 4.87% in the same period of the previous year. The CPI continued to remain above the upper limit of RBI's tolerance band for the third consecutive month.

### Index of industrial production (IIP) grew 1.7% YoY in Feb 2022

- India's Index of industrial output (IIP) grew 1.7% YoY in Feb 2022 as against 3.2% decline in Feb 2021. Both mining and electricity sector grew 4.5% each and manufacturing sector grew 0.8% in Feb 2022. For Apr 2021- Feb 2022, industrial output has clocked a growth of 12.5% as against contraction of 11.1% in the same period of the previous year.

### India's trade deficit widened to \$18.51 billion YoY in Mar 2022

- According to data from the Commerce Ministry, India's exports rose 19.76% to \$42.22 billion in Mar 2022 on account of healthy performance by sectors such as petroleum products, engineering, and leather. Similarly, imports grew 24.21% to \$60.74 billion. Thus, trade deficit widened to \$18.51 billion in Mar 2022 as against trade deficit of \$13.64 billion in Mar 2021. Exports in FY22 increased to \$419.65 billion and imports rose to \$611.89 billion, thus leaving a trade deficit of \$192.24 billion as against trade deficit of \$102.63 billion in FY21.

Key Rates (%)	Current	Month Ago	Year Ago
Reverse Repo	3.35	3.35	3.35
Repo	4.00	4.00	4.00
CRR	4.00	4.00	3.50
SLR	18.00	18.00	18.00
Bank Rate	4.25	4.25	4.25

Source: RBI

Key Indicator	Period	Current Month	Previous Month
CPI - Monthly	Mar-22	6.95%	6.07%
WPI - Monthly	Mar-22	14.55%	13.11%
IIP - Monthly	Feb-22	1.70%	1.50%
Export (Y-o-Y) - Monthly	Mar-22	19.76%	25.10%
Import (Y-o-Y) - Monthly	Mar-22	24.21%	36.07%
Trade Deficit - Monthly	Mar-22	18.51	20.88

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	(17,144)	(41,123)	(127,162)
DII Flows	30,843	39,677	134,532
MF Flows	21,964	22,220	88,853

Source: CDSL, NSE & SEBI

Institutional Flows (Debt)			
Net Flow (INR Crore)	Current Month	Previous Month	Year to Date
FII Flows	(4,439)	(5,632)	(7,950)
MF Flows	7,911	(4,771)	10,044

Source: NSDL & SEBI

## Events for May 2022

Events	Date
Industrial Output YY - Mar 2022	12-May-22
Manufacturing Output YY - Mar 2022	12-May-22
CPI Inflation YY - Apr 2022	12-May-22
CPI Food Inflation YY - Apr 2022	12-May-22

Events	Date
Trade Deficit - Apr 2022	16-May-22
WPI Inflation YY - Apr 2022	17-May-22
Payroll Reporting in India - Mar 2022	25-May-22
Infrastructure Output - Apr 2022	31-May-22

## Commodity and Currency Round up

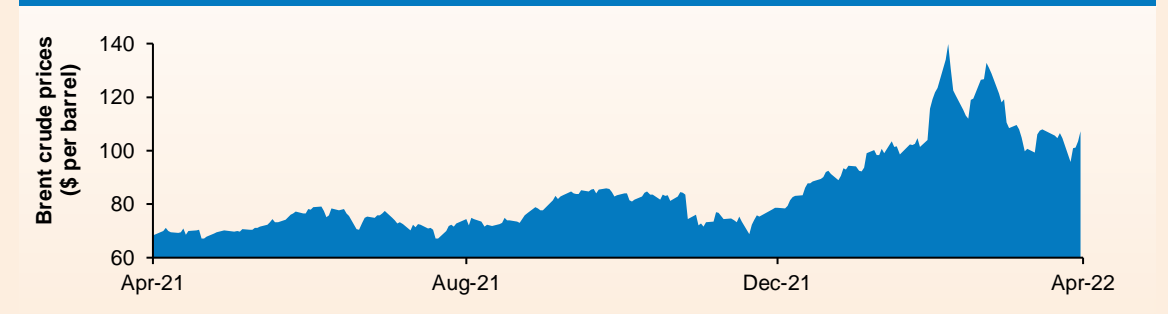
### Commodity Market - Brent Crude

- Brent crude prices closed a tad lower over the month as weak global economy, higher interest rates, and COVID-19 lockdowns in China weighed on consumption, even as the European Union proposes an embargo on Russian oil, which would constrain supply.
- The downturn was restricted by reports that Germany is no longer opposed to an embargo on Russian oil, which could further tighten supplies in the already stressed global crude market.

### Currency Market

- The Indian rupee fell against the U.S. dollar amid concerns after the Fed Chairman indicated that the U.S. central bank may raise interest rates by 50 bps in May 2022.
- However, the losses were restricted as the upcoming initial public offering from India's biggest life insurer boosted bets that likely heavy foreign fund inflows will support the domestic currency.

Movement of Brent Crude Price Over 1 Year



Movement of Major Currencies (as on April 29, 2022)

Currency	29-Apr-22	Month Ago	Year Ago
INR/USD	76.42	75.81	74.02
INR/GBP	95.71	99.55	103.16
INR/EUR	80.58	84.66	89.69
INR/100 JPY	58.66	62.23	68.02

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