

Market Summary



Key Domestic Market Highlights

- Domestic equity markets rose initially during the month under review as global crude oil prices came down which eased concerns over rising inflation to some extent.
- However, optimism in the markets were short lived as volatility re-emerged with worries over rising inflation and fears of a looming recession playing spoilsport. India's retail inflation stayed above the Reserve Bank of India's upper tolerance limit of 6% for the sixth consecutive month in Jun 2022 while the U.S recorded a 41-year-high inflation of 9.1% in the same month which once again fueled concerns of aggressive monetary policy tightening by central banks across the globe.
- Markets were able to overcome the downbeat sentiment after the U.S. Federal Reserve chief indicated in the monetary policy review that the pace of rate hikes may slow down in the future meetings once inflation in U.S. peaks out which eased concerns over foreign fund outflows from the domestic capital markets. Moderation in selling by foreign institutional investors further contributed to the upside.
- However, lingering concerns over recession and slowdown in global growth capped the gains. The International Monetary Fund downgraded India's economic growth forecast to 7.4% from 8.2% for FY23 citing the domestic economy's vulnerability to external shocks and rapid monetary policy tightening which also weighed on the market sentiment to some extent.



Key Global Market Highlights

- U.S. equity markets rose initially during the month under review amid reports that the U.S. President may announce a rollback of some U.S. tariffs on Chinese imports. Upbeat U.S. jobs data for Jun 2022 also contributed to the upside. Market sentiments were further boosted after the U.S. Federal Reserve chief indicated that the pace of rate hikes may slow down in the upcoming months once inflation peaks out in U.S.
- U.S. Treasury prices fell after the U.S. Federal Reserve chief at the global central bank conference in Jackson Hole, Wyoming reiterated that the U.S. central bank will continue to raise interest rates to fight inflation.
- European equity markets rose as a strike by Norwegian oil and gas workers came to an end following intervention by the Norwegian government which eased worries of energy supply crunch. Hopes that the U.S. Federal Reserve will slow down its pace of rate hikes moving ahead amid fears of a recession also added to the gains. However, worries over high inflation and escalating gas crisis in Europe capped the gains.
- Asian equity markets closed on a mixed note in July. Markets initially remained under pressure after data showed that China's economy grew at the slowest pace in the second quarter of 2022 since the start of the COVID-19 pandemic. However, markets later received some support after People's Bank of China kept its benchmark lending rates unchanged as expected and the U.S. Federal Reserve Chief indicated in its monetary policy review that it may slow down the pace of rate hikes in the upcoming meetings.

Category-wise Fixed Income Returns

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	CYTD
10 Y GILT 11.11%	LD 9.05%	10 Y GILT 15.28%	LD 8.94%	10 Y GILT 14.24%	LD 6.80%	10 Y GILT 8.00%	10 Y GILT 11.34%	10 Y GILT 13.20%	ST 4.38%	LIQ 2.93%
LD 10.20%	LIQ 9.03%	LT 14.31%	ST 8.66%	LT 12.91%	LIQ 6.66%	LD 7.69%	LT 10.72%	LT 12.25%	LD 4.23%	LD 2.86%
LT 9.34%	ST 8.27%	ST 10.47%	LT 8.63%	ST 9.82%	ST 6.05%	LIQ 7.58%	ST 9.53%	ST 10.39%	LIQ 3.60%	ST 1.91%
ST 9.10%	LT 3.79%	LD 9.87%	LIQ 8.23%	LD 9.02%	LT 4.71%	ST 6.65%	LD 8.60%	LD 7.45%	LT 3.44%	LT 0.87%
LIQ 8.50%	10 Y GILT 2.65%	LIQ 9.21%	10 Y GILT 8.17%	LIQ 7.48%	10 Y GILT 3.52%	LT 5.91%	LIQ 6.86%	LIQ 4.60%	10 Y GILT 3.13%	10 Y GILT 0.61%

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 ICRA Composite Gilt Index

Source: MFI Explorer

Equity Market Round Up

Equity Market Commentary

- Domestic equity markets rose during the month under review on the back of continued buying by foreign institutional investors. Robust macroeconomic data and upbeat corporate earning numbers for the quarter ended Jun 2022 too contributed to the upside. Fall in global crude oil prices also aided market sentiment. However, gains were capped after the U.S. Federal Reserve chief at a global central bank conference in Jackson Hole, Wyoming indicated that the U.S. central bank will continue to raise interest rates to fight inflation. The U.S. Federal Reserve Chief warned of 'some pain' ahead as interest rates are expected to remain at higher levels for some time.
- U.S. equity markets fell during the month under review after minutes from the U.S. Federal Reserve's monetary policy review held in Jul 2022 and comments from St. Louis Federal Reserve President indicated that aggressive pace of monetary policy tightening by the U.S. Federal Reserve may continue. Market sentiments were further dampened after the U.S. Federal Reserve chief at a global central bank conference in Jackson Hole, Wyoming indicated that the U.S. central bank will continue to raise interest rates to fight inflation.
- European equity markets rose amid optimism following the latest batch of earnings updates for the quarter ended Jun 2022. Market sentiments were further boosted after Euro zone industrial production grew more than expected in Jun 2022. However, the trend reversed as concerns of a recession and slowdown in global growth dampened market sentiments. Losses were extended following remarks from the U.S. Federal Reserve Chief at the Jackson Hole symposium that the central bank's efforts to combat inflation will cause "some pain." Reports showing the European Central Bank could discuss a 75 basis-point hike at its Sep meeting further contributed to the downside. Markets also came under pressure amid reports that Russia will halt natural gas supplies to Europe for three days at the end of Aug 2022 for maintenance purpose.
- Asian equity markets closed on a mixed note in Aug 2022. Markets got some support initially during the month after China's government announced stimulus measures to shore up its economy which led to optimism among market participants. However, concerns over recession and slowdown in global growth due to aggressive monetary policy tightening by central banks across the globe weighed on the market sentiment. Markets fell further towards the end of the month after China's Shenzhen widened COVID-19 restrictions as COVID-19 infection cases continued to climb. Sentiments were further hit after official data from the National Bureau of Statistics showed that China's August factory activity contracted in Aug 2022 as new COVID-19 infections, the worst heatwaves in decades and an embattled property sector adversely affected production.

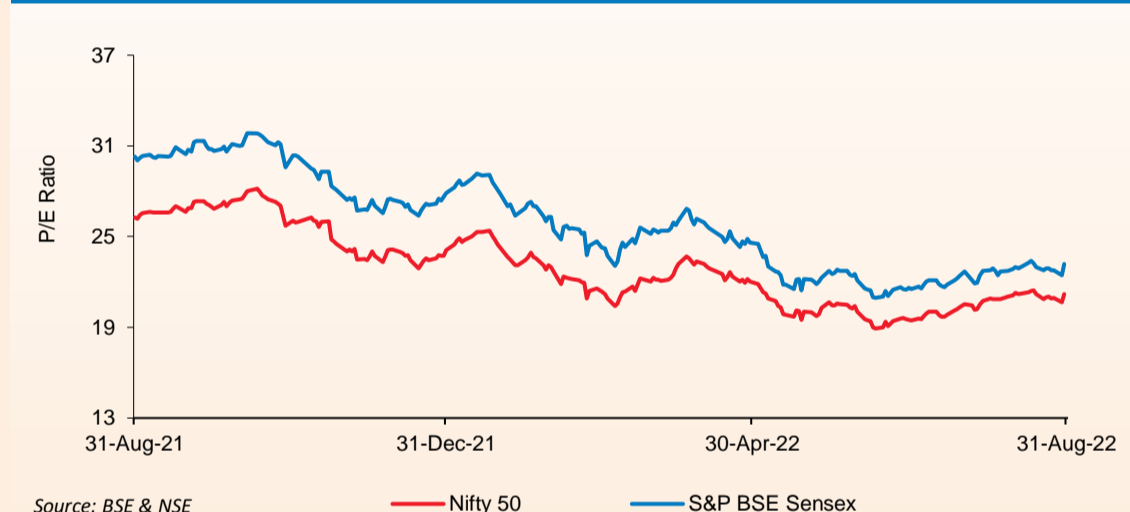
Broad Indices	30-Aug-22	% Change (MoM)	% Change (YoY)
S&P BSE Sensex	59,537.07	3.42	3.45
Nifty 50	17,759.30	3.50	3.66
S&P BSE 500	24,437.22	4.61	5.45
Nifty 500	15,325.05	4.50	5.28
S&P BSE Mid Cap	25,408.49	5.64	6.52
Nifty Mid Cap 100	31,481.70	6.23	10.78

Source: BSE & NSE

Sector Indices	30-Aug-22	% Change (MoM)	% Change (YoY)
S&P BSE Auto	30,334.18	5.59	34.39
S&P BSE Bankex	45,295.67	5.02	9.23
S&P BSE CD	42,711.42	7.94	14.32
S&P BSE CG	32,224.78	8.44	29.03
S&P BSE FMCG	15,954.27	3.00	9.42
S&P BSE HC	23,013.78	0.49	-13.38
S&P BSE IT	28,914.80	-1.95	-15.41
S&P BSE Metal	19,166.08	5.37	-6.87
S&P BSE Oil & Gas	20,289.83	6.79	18.77
S&P BSE Power Index	5,227.96	14.74	78.96
S&P BSE PSU	9,088.27	4.98	17.47
S&P BSE Realty	3,690.82	2.77	19.64
S&P BSE Teck	13,257.08	-1.28	-11.34

Source: BSE

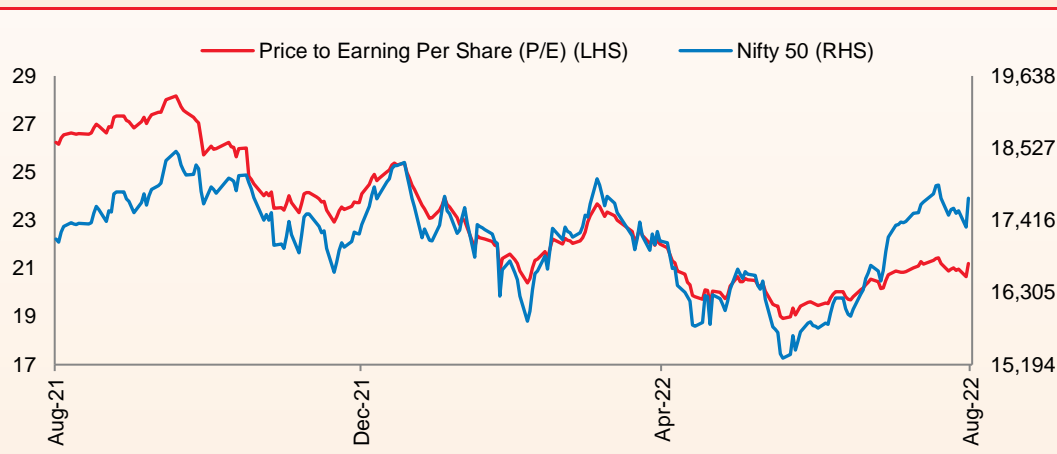
Movement of Nifty 50 and S&P BSE Sensex P/E



Source: BSE & NSE

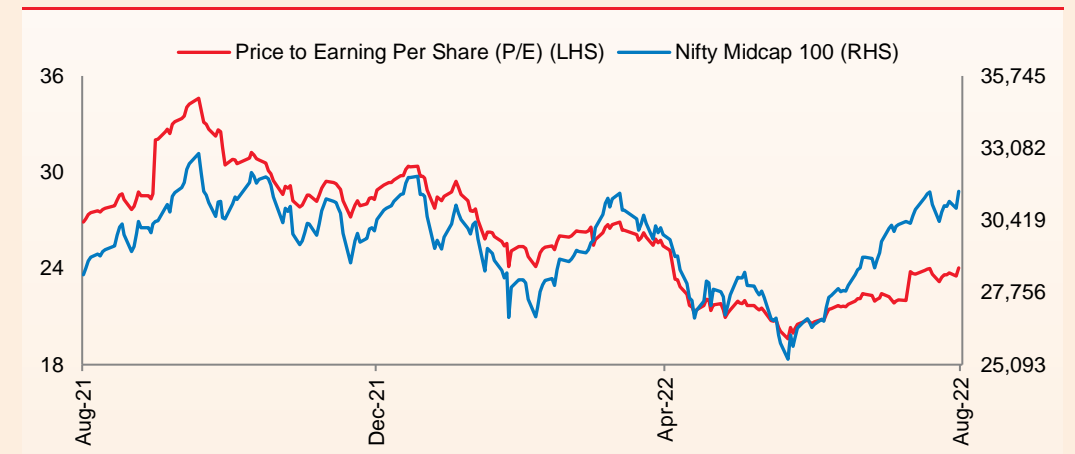
Country/Region	31-Aug-22	% Change (MoM)	% Change (YoY)
Nasdaq 100 (U.S.)	12,272.03	-5.22	-21.24
FTSE 100 (U.K.)	7,284.15	-1.88	2.31
DAX (Germany)	12,834.96	-4.81	-18.95
Nikkei 225 (Japan)	28,091.53	1.04	0.01
SSEC (China)	3,202.14	-1.57	-9.64

Equity Market Round Up



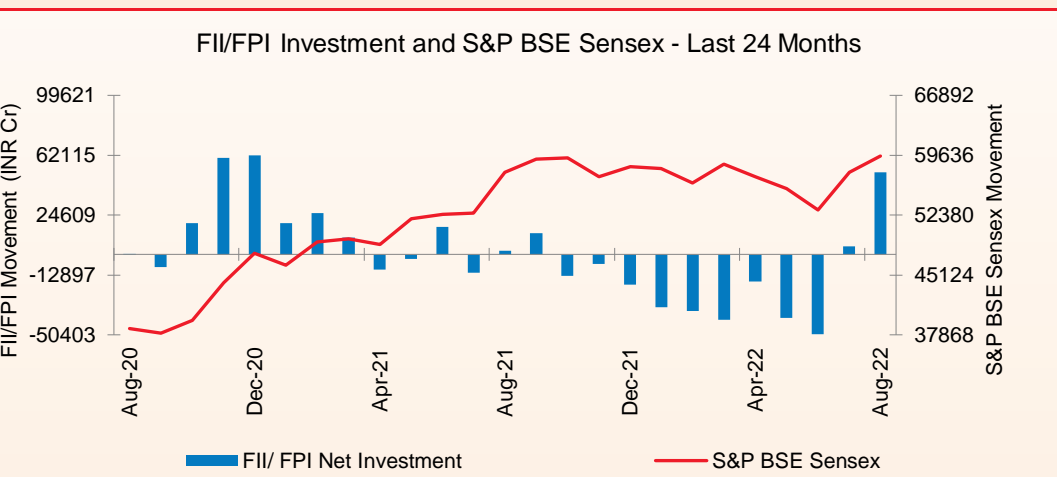
Source: NSE

During the month, S&P BSE Sensex and Nifty 50 rose 8.58% and 8.73% to close at 57,570.25 and 17,158.25 respectively.



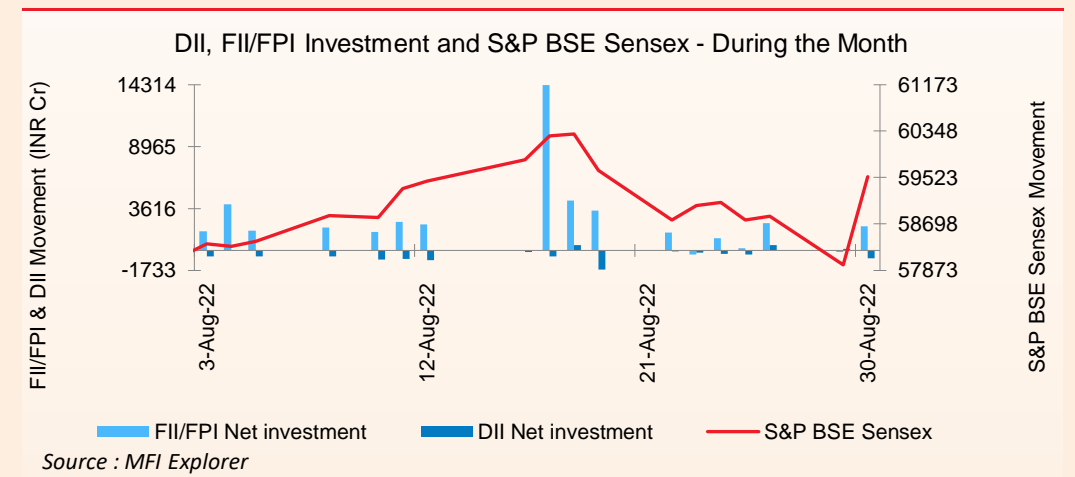
Source: NSE

During the month, Nifty Midcap 100 and Nifty Small cap 100 rose 12.03% and 8.60% to close at 29,634.25 and 9,171.20 respectively.



Source: MFI Explorer

Foreign Portfolio Investors (FPIs) were net buyer of domestic stocks worth Rs. 4,988.79 crore in Jul 2022 compared with net sale of Rs. 50,202.81 crore in Jun 2022.



Source: MFI Explorer

Domestic mutual funds remained net buyer in the equity segment to the tune of Rs. 6,919.60 crore in Jul 2022 (updated till Jul 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%	Auto 20.85%
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 18.69%
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 16.61%
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%	Metal 7.48%
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%	Finance 5.22%
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 2.80%
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%	Largecap 2.80%
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%	Realty -4.33%
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%	Smallcap -5.63%
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%	Media -6.74%
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%	Pharma -10.71%
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 -26.60%

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

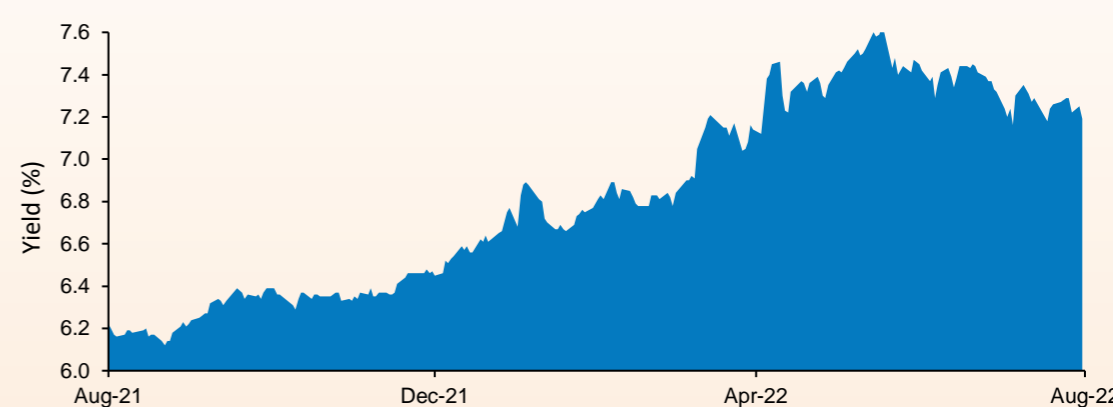
Financa returns represented by NIFTY Finance
 FMCG returns represented by NIFTY FMCG
 PSU Bank returns represented by NIFTY PSU Bank
 Largecap returns represented by Nifty 100
 Midcap returns represented by Nifty Midcap 150
 Smallcap returns represented by Nifty Small cap 250

Fixed Income Market Round Up

Fixed Income Market Commentary

- Bond yields fell majorly tracking fall in global crude oil prices, which raised hopes that domestic inflationary pressures will come down. Yields declined further on media reports that development had been made in discussions to include India's sovereign debt in the JP Morgan bond index. However, gains were capped after the Monetary Policy committee increased key policy repo rate by 50 bps. Market sentiments were further dampened following rise in the U.S. Treasury yields, on concerns that the U.S. Federal Reserve will continue to tighten its monetary policy at an aggressive pace.
- Yield on the 10-year benchmark bond fell 13 bps to close at 7.19% compared with the previous months' close of 7.32%. The benchmark paper declined for the third consecutive month during the reported period.
- Yield on gilt securities fell in the range of 3 to 23 bps across the maturities, barring 2 & 3 year papers that rose 19 & 13 bps, respectively while 1 year paper was steady. Yield on corporate bonds fell in the range of 5 to 54 bps across the curve, except on 2 & 3 year papers that rose 9 & 1 bps, respectively while 1 year paper was unchanged. Difference in spread between corporate bond and gilt securities contracted in the range of 2 to 35 bps across the segments, except 1 year paper that was unchanged. Spread fell the most on 15 year paper.

Movement of 10-Year Benchmark Bond Rate



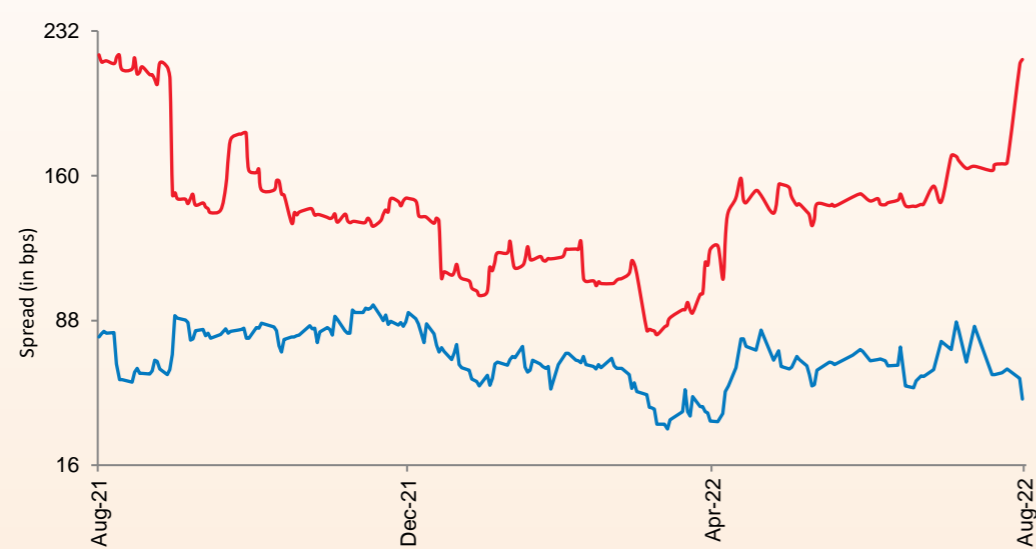
Source: Refinitiv

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

Date	Period	Spread	
		AAA	AA
30-Aug-22	1 Yr	28	78
	3 Yr	35	80
	5 Yr	58	134
29-Jul-22	1 Yr	26	-6
	3 Yr	44	40
	5 Yr	58	102

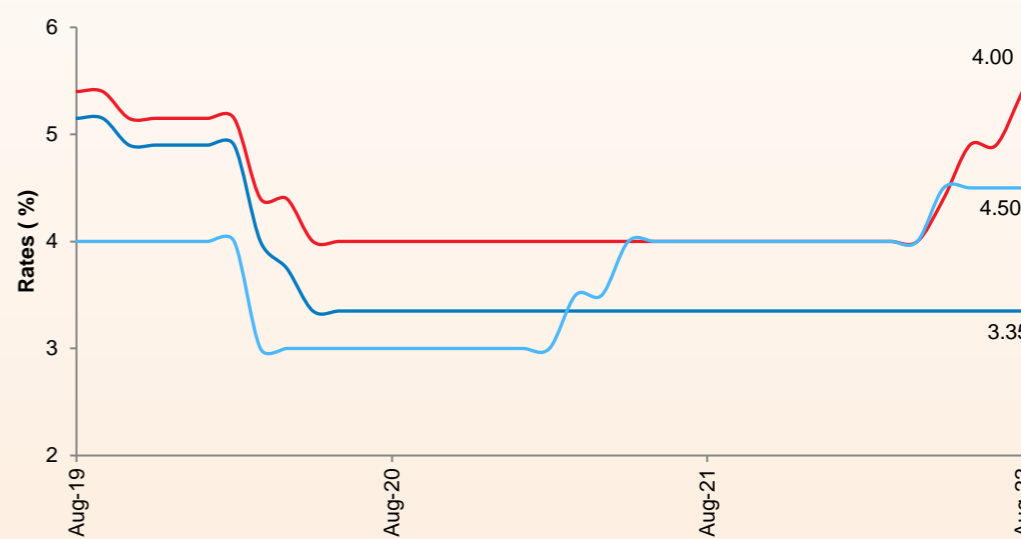
Source: Refinitiv

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



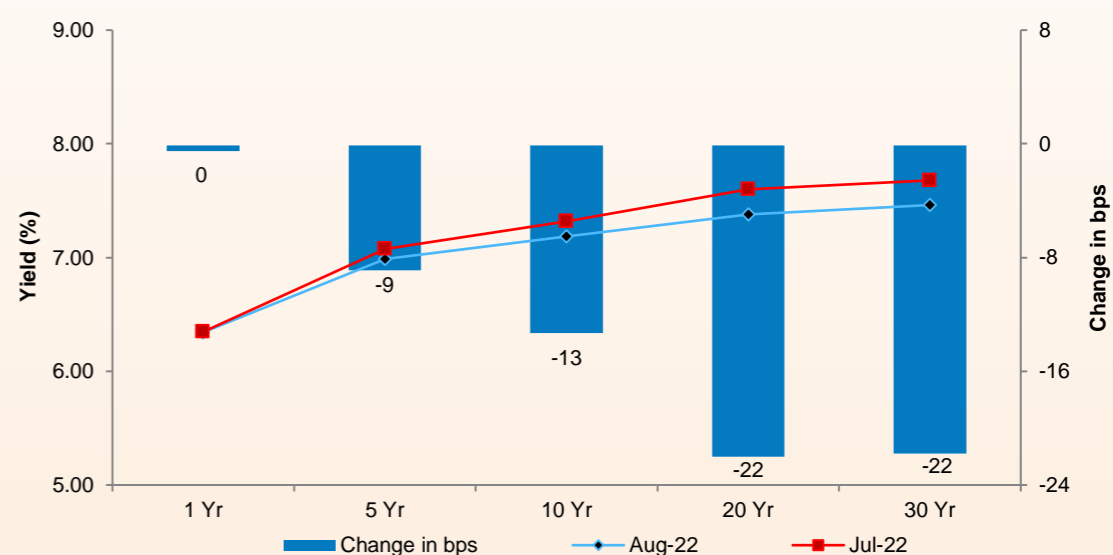
Source: Refinitiv

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 retail inflation eased to 6.71% in Jul 2022

- India's consumer price index-based inflation eased for the third consecutive month to 6.71% in Jul 2022 from 7.01% in the previous month. Inflation for Jul 2021 was at 5.59%. The Consumer Food Price Index also slowed to 6.75% in Jul 2022 from 7.75% in the previous month but remained higher than 3.96% in the same month of the previous year. Retail inflation thus stayed above the upper tolerance level of the Reserve Bank of India's retail inflation target of 6% for the seventh consecutive month.

India's trade deficit widened to \$30.00 billion in Jul 2022

- According to data from the Commerce Ministry, India's merchandise exports rose 2.14% YoY to \$36.27 billion in Jul 2022. Similarly, imports jumped 43.61% YoY to \$66.27 billion in Jul 2022. Thus, trade deficit almost tripled to \$30.00 billion in Jul 2022 as against trade deficit of \$10.63 billion in Jul 2021. Cumulative trade deficit during Apr to Jul of 2022 stood at \$98.99 billion as against \$42.07 billion during the corresponding period in the previous year.

India's Index of industrial output (IIP) grew 12.3% YoY in Jun 2022

- India's Index of industrial output (IIP) grew 12.3% YoY in Jun 2022 slower than 13.8% rise in June 2021. As per the sectoral classification, manufacturing sector growth rose 12.5% YoY as compared to 13.2% in the year ago period. Mining sector growth eased to 7.5% from 23.1% a year ago while growth of the electricity sector surged to 16.4% from 8.3% in the same period of the previous year.

Key Rates (%)	Current	Month Ago	Year Ago
Reverse Repo	3.35	3.35	3.35
Repo	5.40	4.90	4.00
CRR	4.50	4.50	4.00
SLR	18.00	18.00	18.00
Bank Rate	5.65	5.15	4.25

Source: RBI

Key Indicator	Period	Current Month	Previous Month
CPI - Monthly	Jul-22	6.71%	7.01%
WPI - Monthly	Jul-22	13.93%	15.18%
IIP - Monthly	Jun-22	12.30%	19.60%
Export (Y-o-Y) - Monthly	Jul-22	2.14%	23.63%
Import (Y-o-Y) - Monthly	Jul-22	43.61%	58.41%
Trade Deficit - Monthly	Jul-22	30.00	26.18

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	51,204	4,989	(161,165)
DII Flows	(7,424)	10,546	235,089
MF Flows*	(1,642)	4,712	143,794

Source: CDSL, NSE & SEBI ; *Data as on Aug 26, 2022

Institutional Flows (Debt)			
Net Flow (INR Crore)	Current Month	Previous Month	Year to Date
FII Flows	3,845	(2,056)	(13,081)
MF Flows**	4,642	4,460	(3,144)

Source: NSDL & SEBI; **Data as on Aug 26, 2022

Events for September 2022

Events	Date
Index of Industrial Production (Jul 2022) - Sep 202	12-Sep-22
CPI Inflation (Aug 2022) - Sep 2022	12-Sep-22
WPI Inflation (Aug 2022) - Sep 2022	14-Sep-22
Forex Reserves - Sep 2022	2-Sep-22

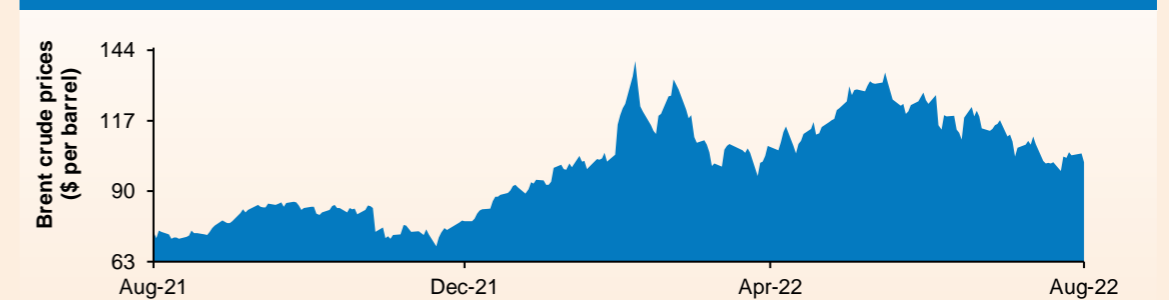
Events	Date
Credit Growth - Sep 2022	9-Sep-22
Deposit Growth - Sep 2022	9-Sep-22
Infrastructure Output - Sep 2022	30-Sep-22
Fiscal deficit (as a % of budget estimates) - Sep 2022	30-Sep-22

Commodity and Currency Round up

Commodity Market - Brent Crude

- Brent crude oil prices fell as persisting worries over a worldwide recession and slowdown in global growth hit the demand outlook of the commodity. Concerns of a slowdown in global growth came to the fore on worries over higher inflation and aggressive monetary policy tightening by central banks across the globe.
- However, further losses were restricted following indication from Saudi Arabia that OPEC could cut output.

Movement of Brent Crude Price Over 1 Year



Currency Market

- The Indian rupee weakened against the U.S. dollar as worries over India's worsening external balance were intensified following a record trade deficit in Jul 2022.
- The domestic currency fell further after minutes of the U.S. Federal Reserve's latest meeting fuelled concerns that aggressive monetary policy tightening could stick for longer.

Movement of Major Currencies (as on August 30, 2022)

Currency	30-Aug-22	Month Ago	Year Ago
INR/USD	79.72	79.42	73.15
INR/GBP	93.35	96.90	100.95
INR/EUR	79.71	81.17	86.53
INR/100 JPY	57.54	59.73	66.60

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