

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.
- 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 11.14%	LD 9.05%	10 Y Gilt 15.28%	LD 8.94%	10 Y Gilt 14.28%	LD 6.80%	10 Y Gilt 8.00%	10 Y Gilt 11.34%	10 Y Gilt 13.23%	ST 4.38%	LIQ 4.18%
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 3.94%
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 1.97%
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 -0.81%
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 -0.99%

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

- Indian equity markets rose during the month under review as global crude oil prices came down to some extent which gave some respite to market participants regarding the burgeoning import bill of the country. Upbeat domestic corporate earning numbers of some major companies in the IT, FMCG, cement and banking and financial services sector for the quarter ended Jun 2022 further added to the gains. Optimism over the government's increased capital expenditure plan and hopes that the U.S. Federal Reserve will slow down the pace of interest rate hikes in the upcoming meetings also generated optimism in the markets.
- 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. Upbeat earning numbers for the quarter ended Jun 2022 from major technology companies in U.S. also contributed to the upside.
- 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. Market sentiments were further boosted after retail sales in Eurozone and new industrial orders in Germany rose in May 2022. 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. Europe currently is facing an unprecedented energy crisis due to reduced gas supplies from Russia and there are worries that such crisis can push the euro zone economy towards recession. Concerns over prolonged political uncertainty Italy also weighed on the market sentiment.
- 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. Concerns over economic growth in China also added to the losses after China's top leadership indicated that no big stimulus for economic growth was on the way and downplayed the necessity of achieving the "around 5.5%" GDP target. Worries over strict COVID-19 lockdowns and declining confidence in China's property market further weighed on the market sentiment. However, markets 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.

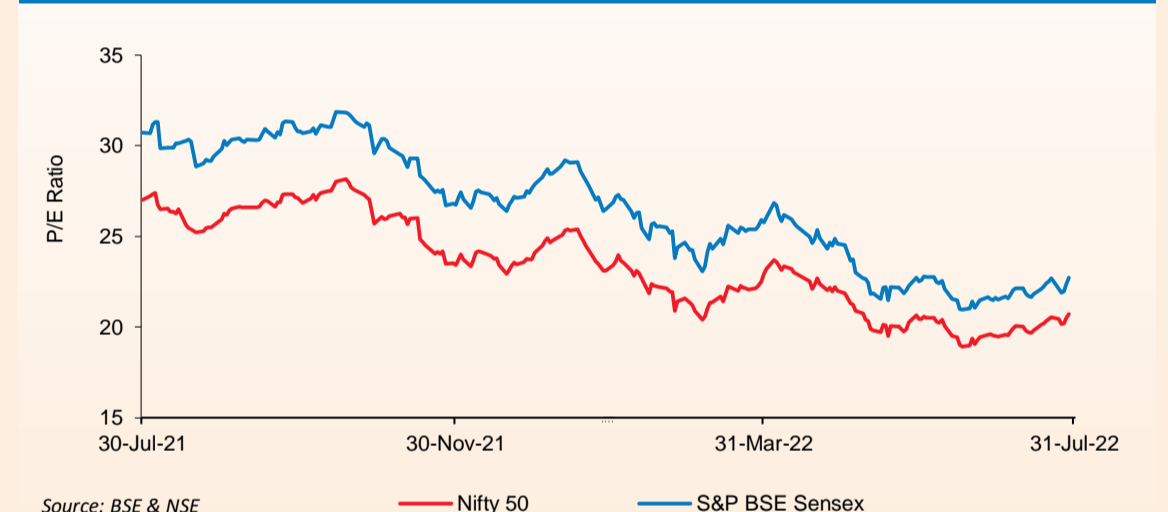
Broad Indices	29-Jul-22	% Change (MoM)	% Change (YoY)
S&P BSE Sensex	57,570.25	8.58	9.48
Nifty 50	17,158.25	8.73	8.85
S&P BSE 500	23,359.64	9.54	7.38
Nifty 500	14,665.65	9.55	7.33
S&P BSE Mid Cap	24,050.90	10.77	4.17
Nifty Mid Cap 100	29,634.25	12.03	6.54

Source: BSE & NSE

Sector Indices	29-Jul-22	% Change (MoM)	% Change (YoY)
S&P BSE Auto	28,728.64	7.32	27.74
S&P BSE Bankex	43,130.69	12.10	10.06
S&P BSE CD	39,570.36	14.04	8.75
S&P BSE CG	29,717.26	14.19	25.54
S&P BSE FMCG	15,489.37	12.52	14.90
S&P BSE HC	22,901.59	6.00	-12.44
S&P BSE IT	29,488.38	4.15	-4.40
S&P BSE Metal	18,189.93	16.96	-13.43
S&P BSE Oil & Gas	18,999.02	5.42	23.04
S&P BSE Power Index	4,556.28	12.03	74.13
S&P BSE PSU	8,657.35	8.04	11.82
S&P BSE Realty	3,591.24	17.04	12.84
S&P BSE Teck	13,429.02	3.58	-0.38

Source: BSE

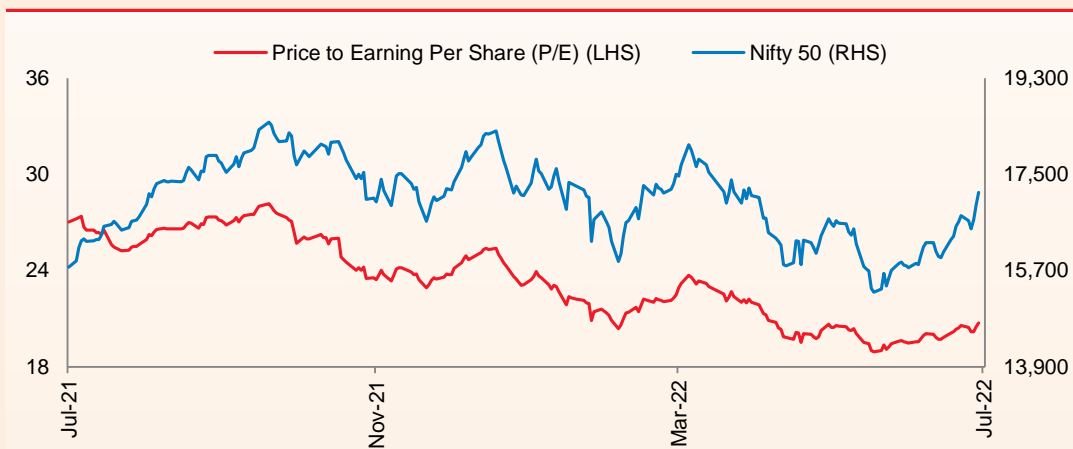
Movement of Nifty 50 and S&P BSE Sensex P/E



Source: BSE & NSE

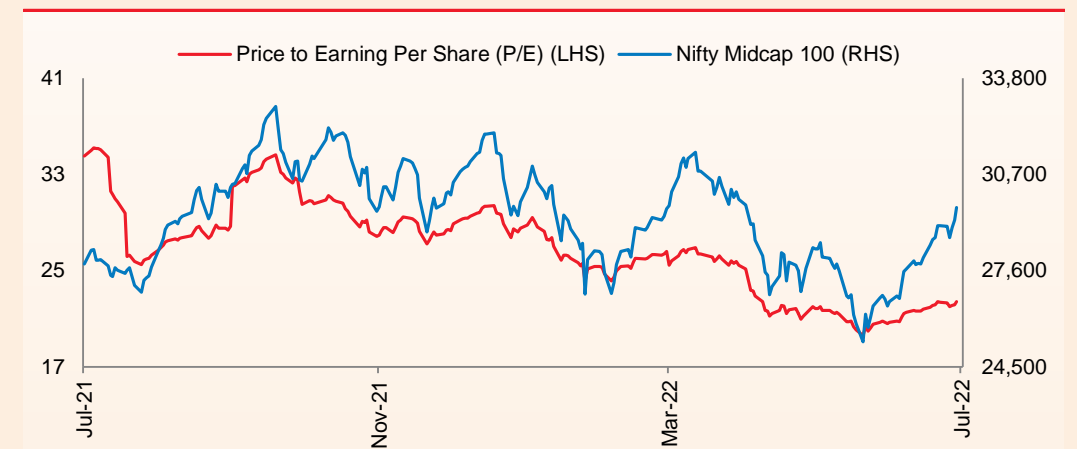
Country/Region	29-Jul-22	% Change (MoM)	% Change (YoY)
Nasdaq 100 (U.S.)	12,947.98	12.55	-13.45
FTSE 100 (U.K.)	7,423.43	3.55	5.56
DAX (Germany)	13,484.05	5.48	-13.25
Nikkei 225 (Japan)	27,801.64	5.34	1.90
SSEC (China)	3,253.24	-4.28	-4.24

Equity Market Round Up



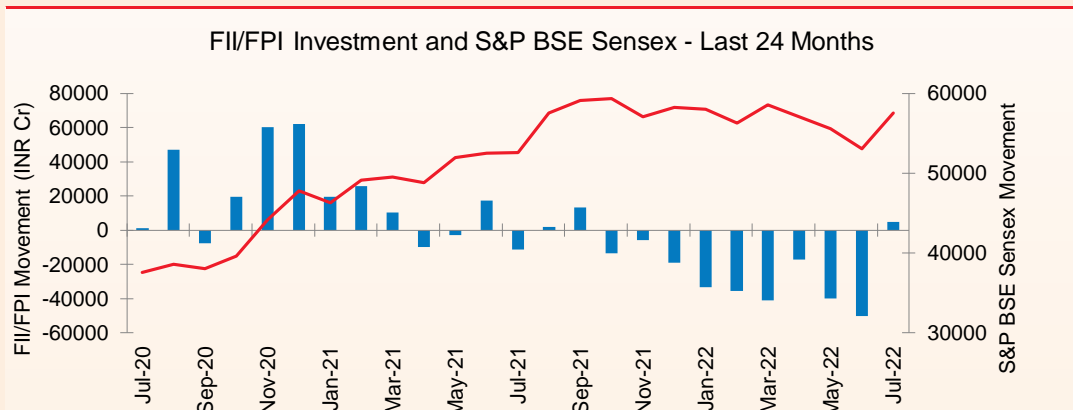
Source: NSE

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.



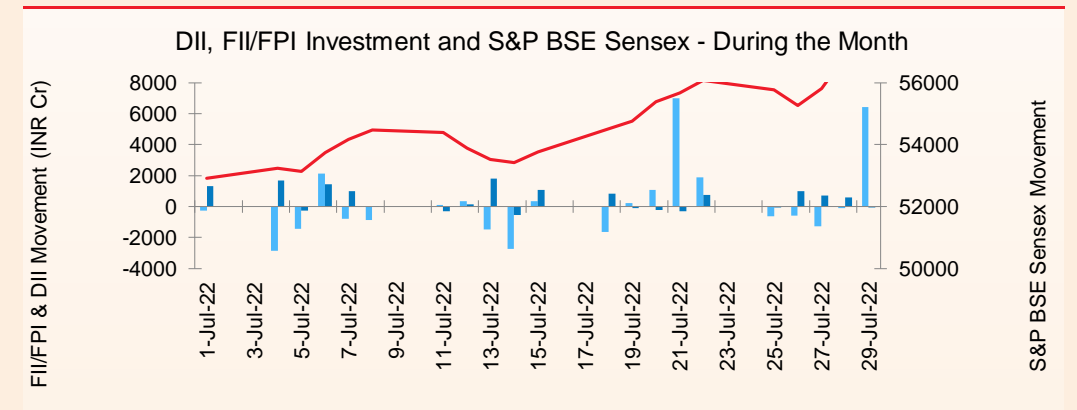
Source: NSE

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 14.69%
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%	FMCG 13.06%
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%	PSU Bank 10.06%
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%	Finance 0.62%
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%	Metal -0.65%
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%	Largecap -1.24%
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%	Midcap -3.02%
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%	Media -6.30%
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%	Realty -6.86%
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 -10.17%
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%	Smallcap -10.67%
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 -24.67%

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

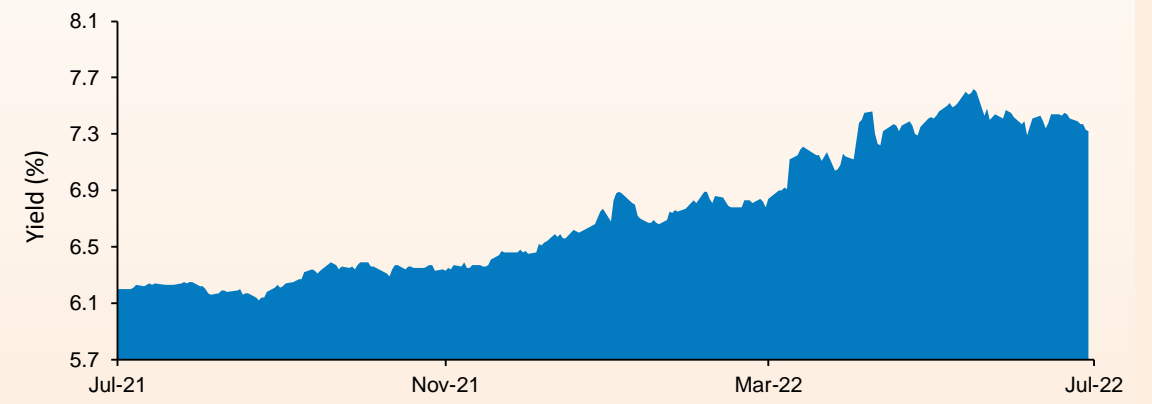
Finance returns represented by NIFTY Finance
 FMCG returns represented by NIFTY FMCG
 PSU Bank returns represented by NIFTY PSU Bank
 Largecap returns represented by Nifty 100
 Midcap returns represented by Nifty Midcap 150
 Smallcap returns represented by Nifty Small cap 250

Fixed Income Market Round Up

Fixed Market Commentary

- Bond yields fell tracking plunge in global crude oil prices amid concerns over a slowdown in global growth. Yields declined further following easing of consumer inflation for Jun 2022 along with gains in the Indian rupee. Gains increased following decline in the U.S. Treasury yields as the quantum of rate hike by U.S. Federal Reserve in the latest policy meeting was as per market expectations. The U.S. Federal Reserve chief indicated that it may slowdown the pace of rate hikes in the future meetings which also aided market sentiment.
- Yield on the 10-year benchmark bond fell 13 bps to close at 7.32% compared with the previous months' close of 7.45%.
- Yield on gilt securities fell in the range of 4 to 27 bps across the maturities, barring 1 year paper that rose 14 bps. Yield fell the most on 11 year paper and the least on 12 & 30 year papers. Yield on corporate bonds fell in the range of 7 to 18 bps across the curve, except on 1 to 3 & 15 year papers that rose 3, 9 or 14 bps. Yield fell the most on 6 year paper. Difference in spread between corporate bond and gilt securities expanded in the range of 3 to 25 bps across the segments, except 1, 6 & 7 year papers that contracted 5, 12 & 4 bps, respectively. Spread rose the most on 2 year paper.

Movement of 10-Year Benchmark Bond Rate



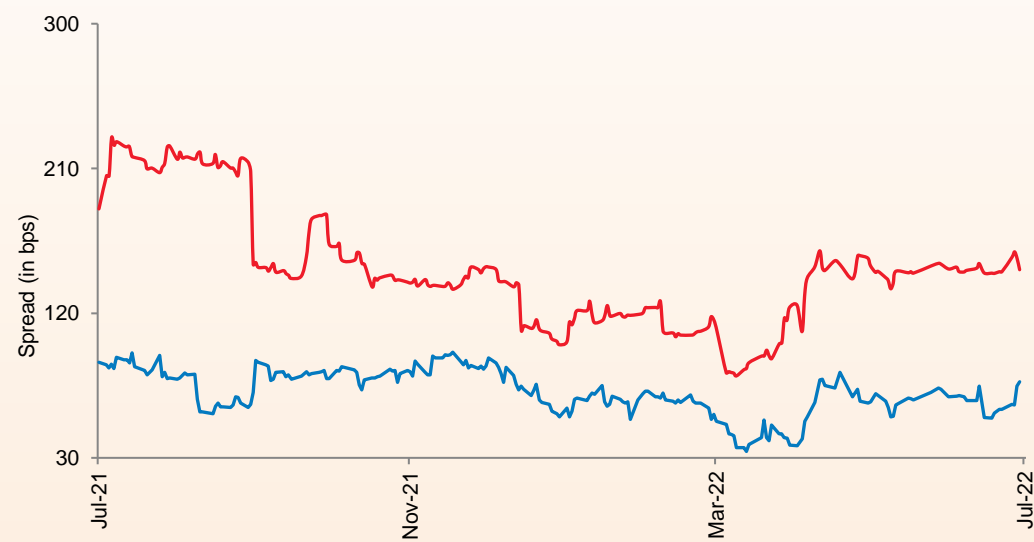
Source: Refinitiv

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

Date	Period	Spread	
		AAA	AA
29-Jul-22	1 Yr	26	-6
	3 Yr	44	40
	5 Yr	58	102
30-Jun-22	1 Yr	31	40
	3 Yr	21	27
	5 Yr	56	70

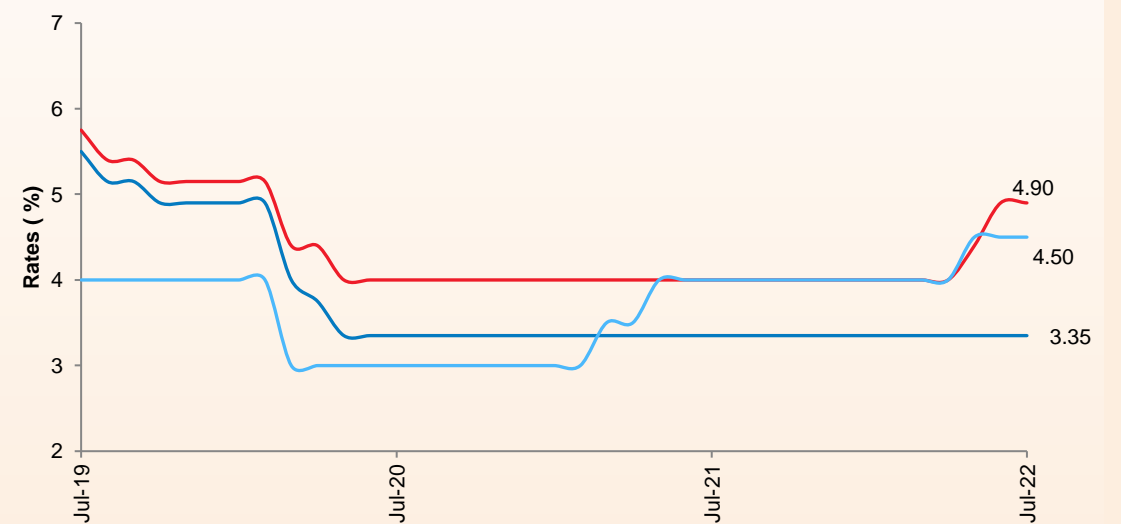
Source: Refinitiv

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



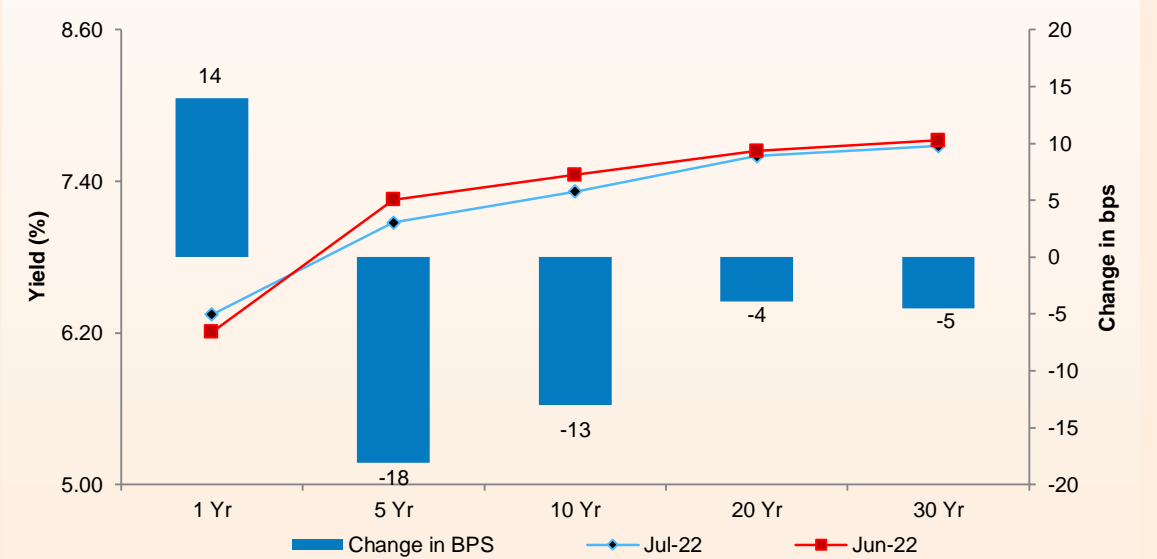
Source: Refinitiv

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 7.01% in Jun 2022

- India's consumer price index-based inflation (CPI) eased to 7.01% in Jun 2022 as against 7.04% in May 2022. The CPI continued to remain above the upper limit of Reserve Bank of India's tolerance band for the sixth consecutive month. Consumer Food Price Index (CFPI) also eased to 7.75% in Jun as compared to 7.97% in May.

India's trade deficit widened to \$26.18 billion in Jun 2022

- According to data from the Commerce Ministry, India's merchandise exports rose 23.52% to \$40.13 billion in Jun 2022. Similarly, imports grew 57.55% to \$66.31 billion in Jun 2022. Thus, trade deficit widened to \$26.18 billion in Jun 2022 as against trade deficit of \$9.60 billion in Jun 2021.

India's Index of industrial output (IIP) grew 19.6% YoY in May 2022

- India's Index of industrial output (IIP) grew 19.6% YoY in May 2022 as against 6.7% rise in Apr 2022 and 27.6% in May 2021. The electricity sector, manufacturing sector and mining sector grew 23.5%, 20.6% and 10.9%, respectively, in Jun. According to use-based classification, consumer durable goods segment witnessed maximum growth of 58.5% and capital goods expanded 54% in May.

India's Wholesale price index-based inflation (WPI) rose 15.18% YoY in Jun 2022

- India's Wholesale price index-based inflation (WPI) rose 15.18% YoY in Jun 2022 as against 15.88% in May 2022. WPI based rate of inflation in the same period of the previous year stood at 12.07%. The growth of WPI Food index stood at 12.41% in Jun 2022 as against 10.89% in May 2022 and 9.13% in Apr 2022.

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

Source: RBI

Key Indicator	Period	Current Month	Previous Month
CPI - Monthly	Jun-22	7.01%	7.04%
WPI - Monthly	Jun-22	15.18%	15.88%
IIP - Monthly	May-22	19.60%	6.70%
Export (Y-o-Y) - Monthly	Jun-22	23.52%	20.55%
Import (Y-o-Y) - Monthly	Jun-22	57.55%	62.83%
Trade Deficit - Monthly	Jun-22	26.18	24.29

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	4,989	(50,203)	(212,370)
DII Flows	10,546	46,599	242,513
MF Flows	4,712	22,051	145,436

Source: CDSL, NSE & SEBI

Institutional Flows (Debt)			
Net Flow (INR Crore)	Current Month	Previous Month	Year to Date
FII Flows	(2,056)	(1,414)	(16,925)
MF Flows	4,460	(8,681)	(7,786)

Source: NSDL & SEBI

Events for August 2022

Events	Date
MPC Monetary Policy Review	5-Aug-22
Industrial Output YY - Jun 2022	12-Aug-22
Manufacturing Output YY - Jun 2022	12-Aug-22
CPI Inflation YY - Jul 2022	12-Aug-22

Events	Date
WPI Inflation YY - Jul 2022	16-Aug-22
Payroll Reporting in India - Jun 2022	25-Aug-22
Infrastructure Output - Jul 2022	31-Aug-22
GDP - Q1FY23	31-Aug-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.
- However, most of the losses were neutralized after Russia reduced the amount of natural gas flowing to Europe through a major pipeline. Prices rose further on concerns over tight supply amid worries that OPEC+ might consider keeping oil output unchanged for Sep 2022 in its upcoming meeting on Aug 3.

Movement of Brent Crude Price Over 1 Year



Currency Market

- The Indian rupee fell against the greenback amid concerns over slowdown in global growth and uncertainty in the global macro environment.
- However, losses were restricted after the U.S. Federal Reserve indicated in its monetary policy review that pace of rate hikes may slow down in the future meetings once inflation in U.S. peaks out.

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

Currency	29-Jul-22	Month Ago	Year Ago
INR/USD	79.42	78.94	74.39
INR/GBP	96.90	95.96	103.73
INR/EUR	81.17	82.58	88.39
INR/100 JPY	59.73	57.96	67.89

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