

## Market Summary



### Key Domestic Market Highlights

- Indian equity markets ended the month in the negative territory with benchmark indices touching more than 52-week closing low during the period. Reserve Bank of India (RBI) and the U.S. Federal Reserve's rate hike decisions to combat elevated inflation kept investors cautious. U.S. Fed's rate hike decision also renewed worries over foreign fund outflow from the domestic markets. However, declining global crude oil prices eased inflationary worries to some extent.
- Bourses got initial support from hopes for less aggressive rate hike by the U.S. Federal Reserve. Additionally, ease in COVID 19 cases in China, along with early onset of monsoon in the country also contributed to the upside.
- Later, the outcome of the Monetary Policy Committee's (MPC) meeting played spoilsport. The Committee increased key policy repo rate by 50 bps to 4.90%. This was the second consecutive rate hike after 40 bps rate hike in May 2022. The MPC also decided to remain focused on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth.
- Additionally, upward inflation forecast for FY23 by RBI also contributed to the downside. Concerns over the impact of aggressive monetary policy tightening by the central banks of other major economies on global economic growth kept investors wary.



### Key Global Market Highlights

- U.S. equity markets fell during the month under review on concerns that aggressive tightening of the monetary policy may push the U.S. economy towards a recession and lead to a slowdown in global growth. However, intermittent bargain hunting restricted further losses.
- U.S. Treasury prices fell during the month under review following upbeat economic data from U.S. which increased the possibility of further rate hikes by the U.S. Federal Reserve.
- European markets also witnessed losses during the month under review on concerns that aggressive monetary policy tightening by central banks may push the global economy towards recession which may lead to a global economic meltdown. Market participants also remained wary of the high levels of debt in Europe and how a tighter monetary policy may become a financial constraint for the euro zone economy.
- Asian equity markets closed on a mixed note during the month under review. Markets initially remained under pressure as growing concerns of a possible recession in the foreseeable future due to aggressive policy tightening by central banks around the world kept market participants wary. However, later during the month markets got some support after China eased COVID-19 restrictions by reducing quarantine time for international travelers.

## 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 4.05%
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 3.46%
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 0.61%
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%	10 Y Gilt -2.20%
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%	LT -3.04%

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 ended the month in the negative territory with benchmark indices touching more than 52-week closing low during the period. Investors contemplated on the rate hike decision by RBI on the domestic front and U.S. Fed on the global front to combat elevated inflation levels. The rate hike decision of the Fed also renewed worries over foreign fund outflow from the domestic markets. However, easing global crude oil prices eased inflationary worries to some extent.
- U.S. equity markets fell initially during the month under review following upbeat U.S. jobs data for May 2022. Good news became bad news for the markets as it led to worries that the U.S. Federal Reserve may continue with its interest rate hikes primarily on perception that the U.S. economy is stable enough to withstand multiple rate hikes. Market sentiments were further dampened after the U.S. Federal Reserve chief at the European Central Bank's forum in Sintra, Portugal indicated further tightening of the monetary policy as he underlined the importance of putting a check on rising inflation. This led to concerns that aggressive tightening of the monetary policy may push the U.S. economy towards a recession and lead to a slowdown in global growth. However, intermittent bargain hunting restricted further losses.
- European markets also witnessed losses during the month under review on concerns that aggressive monetary policy tightening by central banks may push the global economy towards recession which may lead to a global economic meltdown. Concerns of a slowdown in global growth came to the fore after the European Central Bank announced in its monetary policy review that it intends to raise key interest rates by 25 bps at its Jul meeting and may go for a further rate hike in the Sep meeting as well. The Bank of England also jumped on the rate hike bandwagon as it implemented a fifth consecutive hike to interest rates to rein in soaring inflation. Market participants also remained wary of the high levels of debt in Europe and how a tighter monetary policy may become a financial constraint for the euro zone economy.
- Asian equity markets closed on a mixed note during the month under review. Markets initially remained under pressure as growing concerns of a possible recession in the foreseeable future due to aggressive policy tightening by central banks around the world kept market participants wary. However, later during the month markets got some support amid reports that China is considering extending tax exemption for new energy vehicles. Also, a top-level meeting approved a plan for the healthy development of China's large payment firms and fintech sector which added to the gains. Market participants remained hopeful that China's crackdown on the technology sector could be coming to an end. Market sentiments were further boosted after China eased COVID-19 restrictions by reducing quarantine time for international travelers.

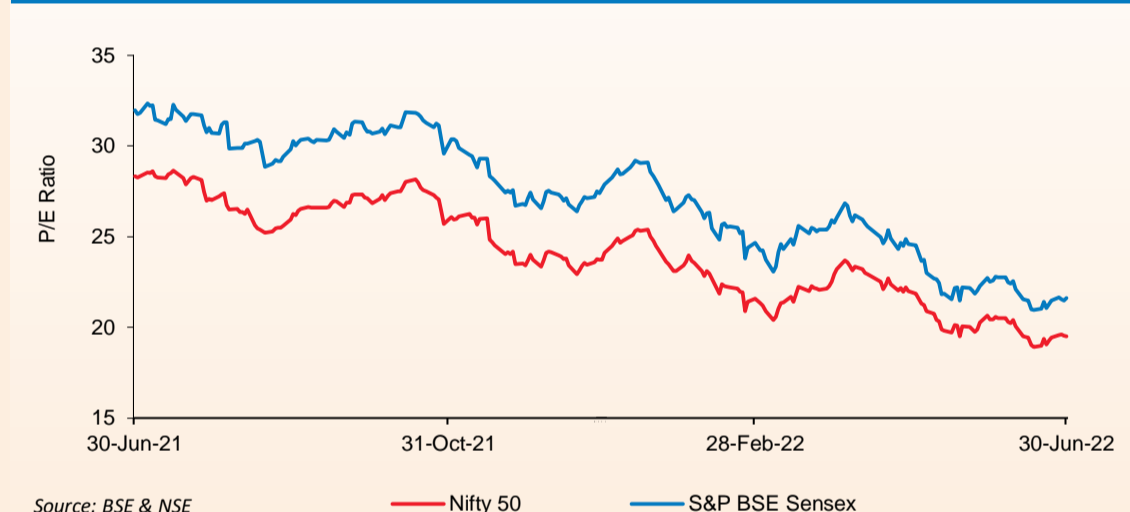
Broad Indices	30-Jun-22	% Change (MoM)	% Change (YoY)
S&P BSE Sensex	53,018.94	-4.58	1.02
Nifty 50	15,780.25	-4.85	0.37
S&P BSE 500	21,324.54	-5.21	-0.65
Nifty 500	13,387.55	-5.18	-0.64
S&P BSE Mid Cap	21,713.24	-6.18	-3.65
Nifty Mid Cap 100	26,452.75	-6.49	-1.92

Source: BSE & NSE

Sector Indices	30-Jun-22	% Change (MoM)	% Change (YoY)
S&P BSE Auto	26,768.23	1.19	12.61
S&P BSE Bankex	38,475.94	-5.94	-2.22
S&P BSE CD	34,699.09	-8.68	-2.46
S&P BSE CG	26,025.50	-4.12	13.41
S&P BSE FMCG	13,766.10	-2.83	1.84
S&P BSE HC	21,605.93	-3.83	-15.57
S&P BSE IT	28,313.08	-6.03	-6.05
S&P BSE Metal	15,552.22	-14.08	-16.68
S&P BSE Oil & Gas	18,021.93	-3.14	11.41
S&P BSE Power Index	4,067.00	-3.77	47.60
S&P BSE PSU	8,012.85	-5.54	3.04
S&P BSE Realty	3,068.27	-6.41	11.95
S&P BSE Teck	12,964.27	-4.88	-2.01

Source: BSE

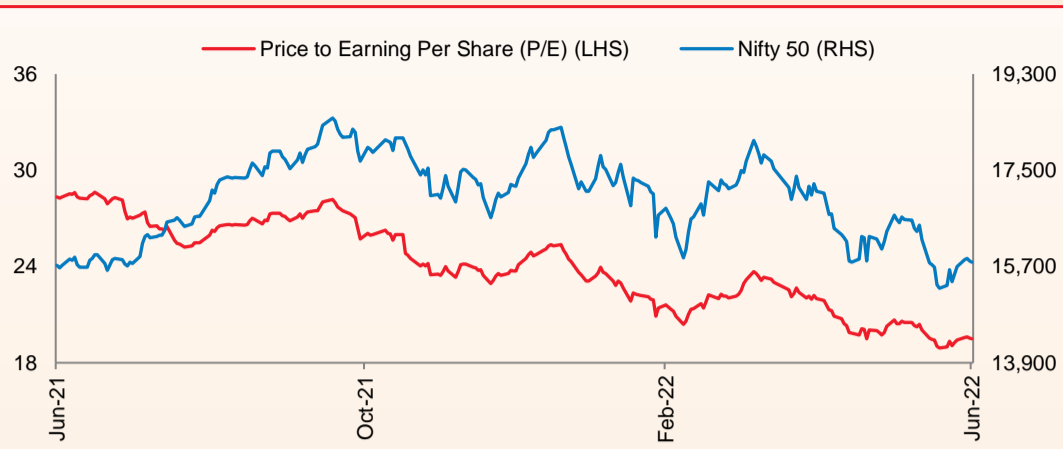
Movement of Nifty 50 and S&P BSE Sensex P/E



Source: BSE & NSE

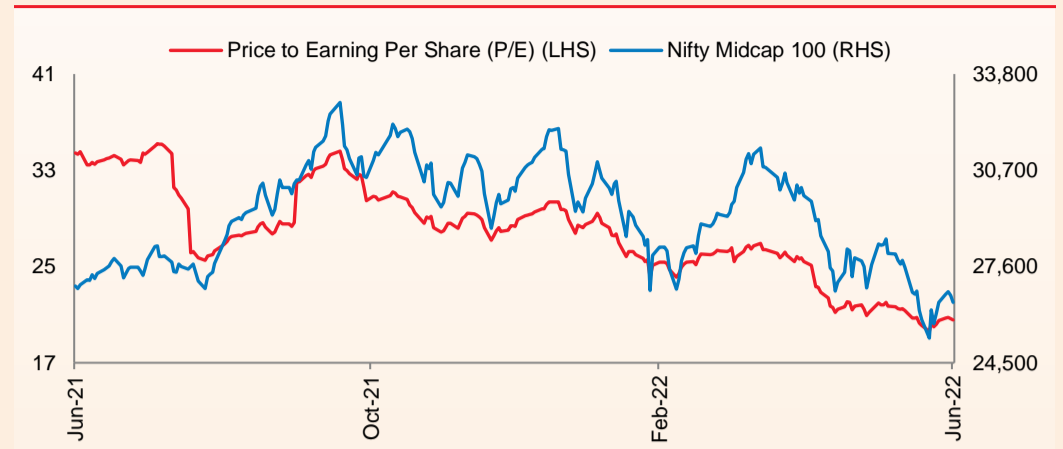
Country/Region	30-Jun-22	% Change (MoM)	% Change (YoY)
Nasdaq 100 (U.S.)	11,503.72	-9.00	-20.96
FTSE 100 (U.K.)	7,169.28	-5.76	1.87
DAX (Germany)	12,783.77	-11.15	-17.69
Nikkei 225 (Japan)	26,393.04	-3.25	-8.33
SSEC (China)	3,398.62	6.66	-5.36

# Equity Market Round Up



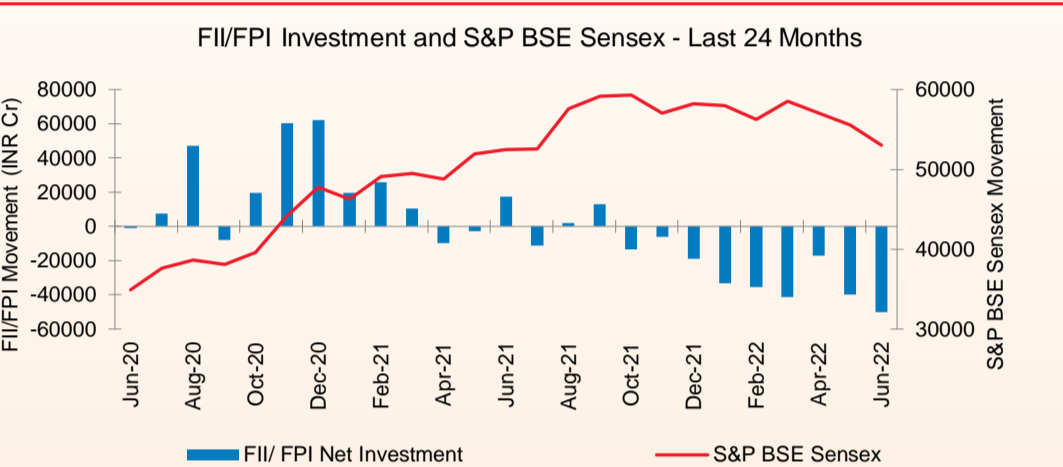
Source: NSE

During the month, S&P BSE Sensex and Nifty 50 slipped 4.58% and 4.85% to close at 53,018.94 and 15,780.25, respectively.



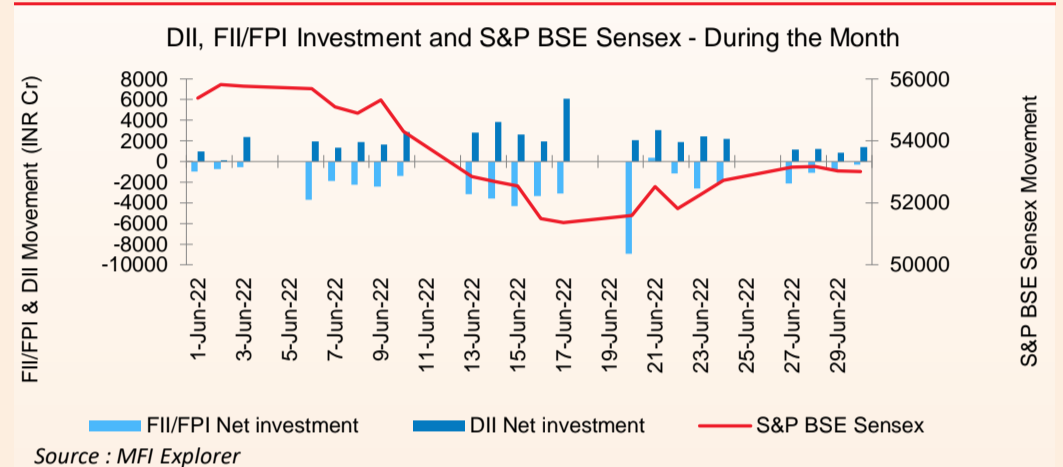
Source: NSE

Nifty Midcap 100 and Nifty Small cap 100 fell 6.49% and 8.29% to close at 26,452.75 and 8,445.25, respectively.



Source: MFI Explorer

Foreign portfolio investors (FPIs) were net seller of domestic stocks worth Rs. 50,202.81 crore compared with net sale of Rs. 39,993.22 crore in May 2022.



Source: MFI Explorer

Domestic mutual funds remained net buyers in the equity segment to the tune of Rs. 22,050.81 crore in Jun 2022 compared with net buy of Rs. 37,798.97 in May 2022.

## 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 6.99%
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 0.23%
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 -3.78%
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%	Largecap -9.59%
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 -10.71%
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 -13.00%
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 -14.48%
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%	Pharma -14.51%
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%	Metal -15.59%
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%	Smallcap -17.80%
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 -20.42%
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 -28.06%

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

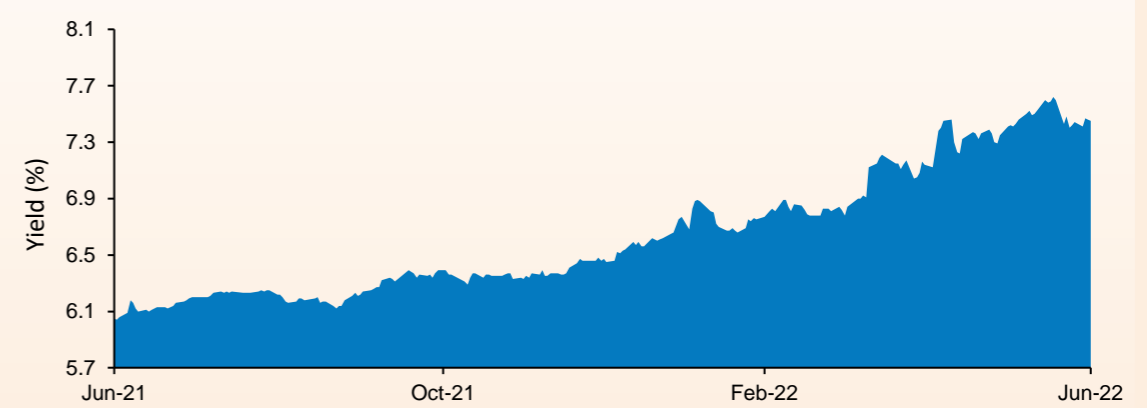


# Fixed Income Market Round Up

## Fixed Market Commentary

- Broadly, bond yields rose during the first half of Jun month but losses were almost neutralized in the remaining part of the month. Yields rose on concerns that the Monetary Policy Committee may raise interest rates on Jun 8 to put a check on rising domestic inflationary pressures. Elevated global crude oil prices and higher U.S. Treasury yields increased losses. Meanwhile, RBI led-Monetary Policy Committee increased the repo rate as per market expectation but did not announced any other liquidity withdrawal measure or raising banks' cash reserve ratio. Most of the losses reversed on better-than-expected cut-offs yields at third weekly government securities auction of the month. Value buying following rise in yields also provided support to market sentiment.
- Yield on the 10-year benchmark bond rose 3 bps to close at 7.45% compared with the previous months' close of 7.42%.
- Yield on gilt securities surged in the range of 2 to 20 bps across the maturities, barring 12 & 13 year papers that fell 3 & 2 bps respectively. Yield on corporate bonds fell in the range of 2 to 23 bps on 3 to 8 year papers while 1, 2, 9, 10 & 15 year papers rose in the range of 3 to 38 bps. Difference in spread between corporate bond and gilt securities expanded in the range of 5 to 28 bps across the segments, except 1, 10 & 15 year papers that expanded 1, 6 & 37 bps, respectively. Spread fell the most on 4 year paper and the least on 3 year paper.

Movement of 10-Year Benchmark Bond Rate



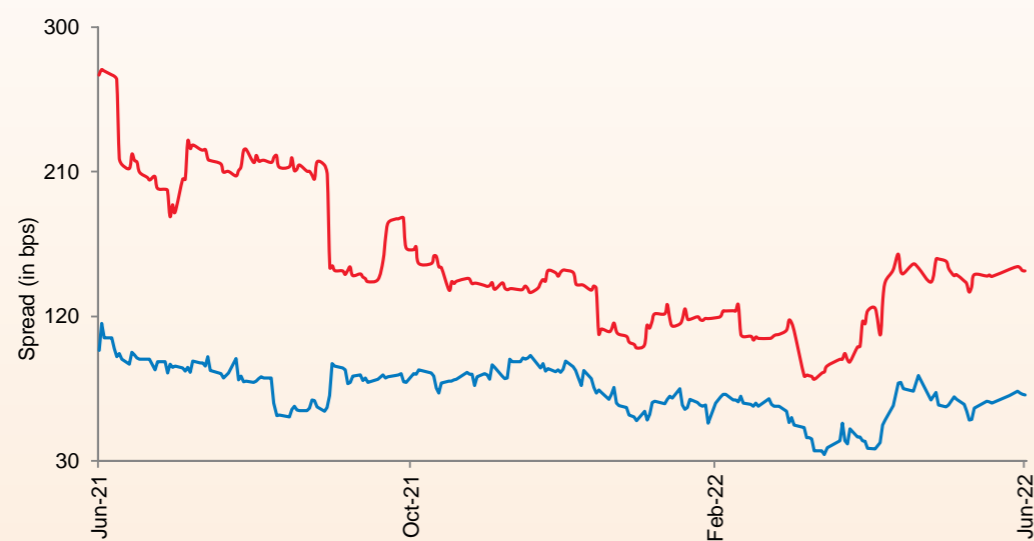
Source: Refinitiv

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

Date	Period	Spread	
		AAA	AA
30-Jun-22	1 Yr	31	40
	3 Yr	21	27
	5 Yr	56	70
31-May-22	1 Yr	30	69
	3 Yr	26	43
	5 Yr	83	75

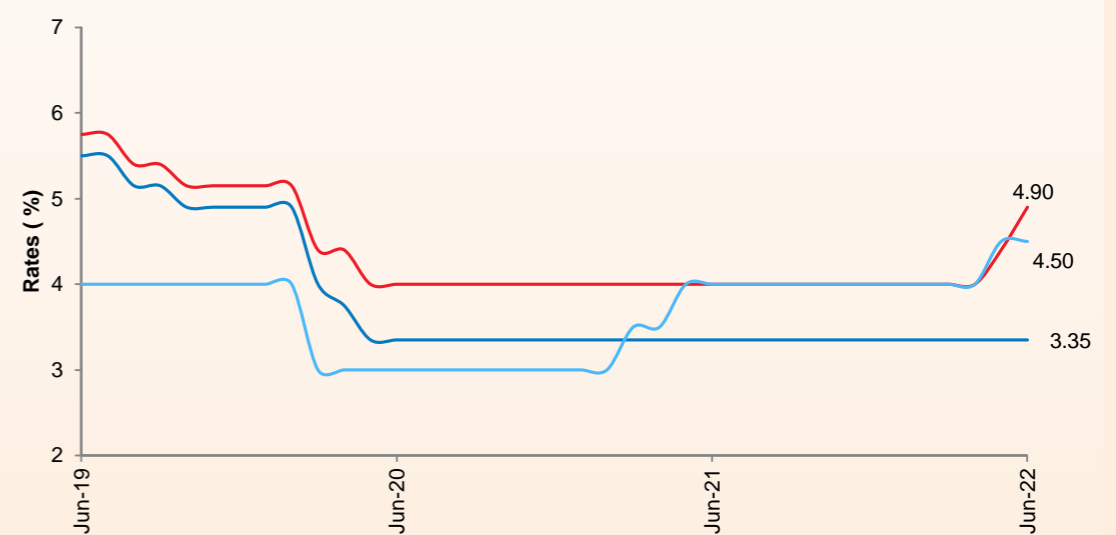
Source: Refinitiv

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



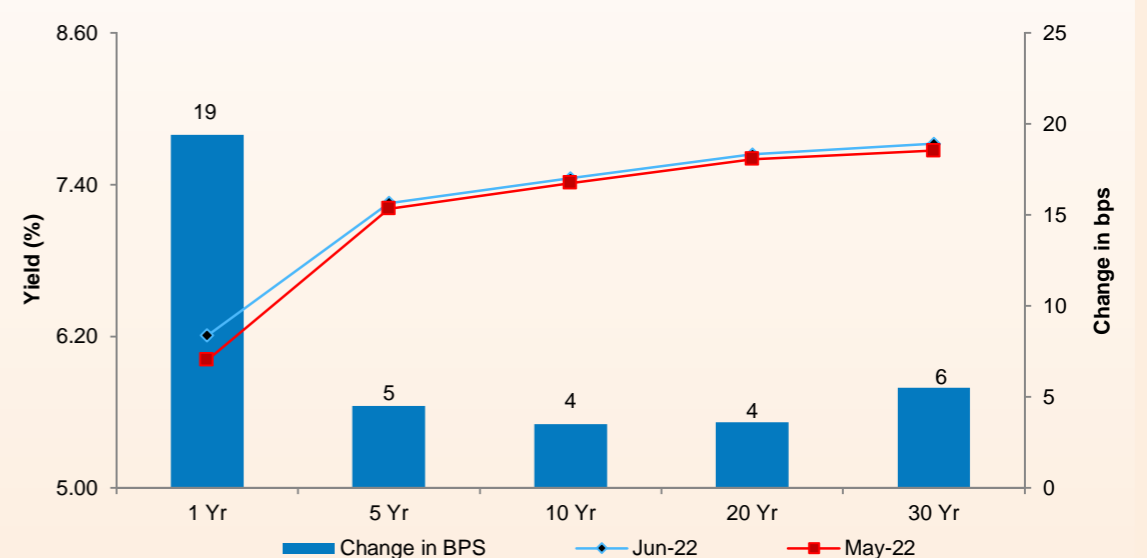
Source: Refinitiv

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

### MPC raised key policy repo rate by 50 bps to 4.90%

- The Monetary Policy Committee (MPC), in its monetary policy review, increased key policy repo rate by 50 bps to 4.90%. This was the second consecutive rate hike after 40 bps rate hike in May 2022. Consequently, the standing deposit facility (SDF) rate stands adjusted to 4.65% while the marginal standing facility (MSF) rate and the Bank Rate stood at 5.15% each. The MPC also decided to remain focused on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth.

### India's trade deficit widened to \$ 24.29 billion in May 2022

- According to data from the Commerce Ministry, India's merchandise exports rose 20.55% to \$ 38.94 billion in May 2022. Similarly, imports grew 62.83% to \$ 63.22 billion in May 2022. Thus, trade deficit widened to \$ 24.29 billion in May 2022 as against trade deficit of \$ 6.53 billion in May 2021. Petroleum and crude oil imports during May 2022 rose 102.72% to \$ 19.2 billion.

### India's Index of industrial output (IIP) grew 7.1% YoY in Apr 2022

- India's Index of industrial output (IIP) grew 7.1% YoY in Apr 2022 due to growth in capital goods and consumer durables sector. The manufacturing sector reported a growth of 6.3%, while electricity and mining grew 11.8% and 7.8% respectively. According to use-based classification, capital goods segment witnessed a growth of 14.7%, while consumer durables expanded 8.5% in Apr.

Key Rates (%)	Current	Month Ago	Year Ago
Reverse Repo	3.35	3.35	3.35
Repo	4.90	4.40	4.00
CRR	4.50	4.50	4.00
SLR	18.00	18.00	18.00
Bank Rate	5.15	4.65	4.25

Source: RBI

Key Indicator	Period	Current Month	Previous Month
CPI - Monthly	May-22	7.04%	7.79%
WPI - Monthly	May-22	15.88%	15.08%
IIP - Monthly	Apr-22	7.10%	2.20%
Export (Y-o-Y) - Monthly	May-22	20.55%	30.70%
Import (Y-o-Y) - Monthly	May-22	62.83%	30.97%
Trade Deficit - Monthly	May-22	24.29	20.11

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	(50,203)	(39,993)	(217,358)
DII Flows	46,599	50,836	231,967
MF Flows	22,051	29,414	140,317

Source: CDSL, NSE & SEBI

Institutional Flows (Debt)			
Net Flow (INR Crore)	Current Month	Previous Month	Year to Date
FII Flows	(1,414)	(5,506)	(14,869)
MF Flows	(8,681)	(12,523)	(11,160)

Source: NSDL & SEBI

## Events for July 2022

Events	Date
Industrial Output YY - May 2022	12-Jul-22
Manufacturing Output YY - May 2022	12-Jul-22
CPI Inflation YY - June 2022	12-Jul-22
CPI Food Inflation YY - June 2022	12-Jul-22

Events	Date
WPI Inflation YY - June 2022	14-Jul-22
Trade Deficit - June 2022	15-Jul-22
Payroll Reporting in India - May 2022	25-Jul-22
Infrastructure Output - June 2022	29-Jul-22

## Commodity and Currency Round up

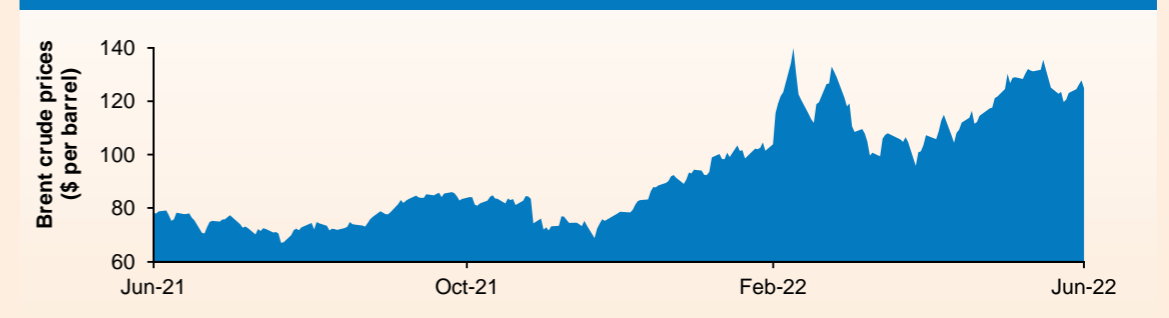
### Commodity Market - Brent Crude

- Brent Crude prices fell as the demand outlook of the commodity was hit on concerns that aggressive monetary policy tightening by major central banks may push the global economy towards a recession which may lead to a slowdown in global growth.
- However, concerns over tight supply due to supply outages in Libya and political unrest in Ecuador restricted further losses. A strike among Norwegian oil and gas workers also contributed to the upside to some extent.

### Currency Market

- The Indian rupee fell against the U.S. dollar on growing worries about the risk of a global recession from the impact of aggressive rate hikes by central banks, which dampened the demand for riskier assets.
- Greenback buying by domestic oil refining companies and fall in domestic equity market also weighed on rupee. However, fall in global crude oil prices restricted the losses.

Movement of Brent Crude Price Over 1 Year



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

Currency	30-Jun-22	Month Ago	Year Ago
INR/USD	78.94	77.66	74.35
INR/GBP	95.96	97.87	102.95
INR/EUR	82.58	83.41	88.50
INR/100 JPY	57.96	60.73	67.28

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