

## Market Summary



### Key Domestic Market Highlights

- Domestic equity markets commenced the month on a positive note following weak economic data from U.S. Weak U.S. economic data was good news for the markets as it led to hopes that the U.S. Federal Reserve might consider slowing down the pace of rate hikes moving ahead. Data showed that the pace of U.S. manufacturing activity grew at its slowest pace in 30 months in Sep 2022 which eased concerns over aggressive monetary policy tightening by the U.S. Federal Reserve.
- Market sentiments were further boosted as domestic equity markets remained relatively insulated in terms of macroeconomic and political challenges compared to the markets in the rest of the world. Flagship companies in the banking, IT and FMCG sector came out with upbeat earning numbers which provided stability to market. Market participants remained optimistic about the India growth story despite worries over the near term global economic outlook.
- Markets rose further after the Reserve Bank of India in its monthly bulletin for Oct 2022 expressed hopes of expansion in economic activity and easing of retail inflation. Expectations that the U.S. Federal Reserve may slow down the pace of rate hikes in the coming months amid worries of a slowdown in the world's largest economy and that other central banks across the globe may follow suit added to the gains. Markets celebrated the last day of Oct 2022 with Sensex and Nifty surpassing the psychological levels of 60,000 and 18,000 respectively.



### Key Global Market Highlights

- U.S. equity markets rose as multiple big-name companies in U.S. reported upbeat earning numbers for the quarter ended Sep 2022. Reports suggesting that some U.S. Federal Reserve officials are at unease with the aggressive pace of rate hikes also added to the gains. This led to expectations that the U.S. Federal Reserve may slow down the pace of rate hikes and might pivot to small rate hikes from Dec 2022.
- U.S. Treasury prices fell after U.S. inflation print for Sep 2022 came higher than market expectations which led to concerns that the U.S. Federal Reserve will continue to tighten its monetary policy at an aggressive pace until next year.
- European equity markets rose after European Commission proposed emergency measures to tackle high energy prices. Markets also benefitted from optimism that the U.S. Federal Reserve might signal a slowdown in monetary policy tightening in its upcoming monetary policy review. Hopes that the new British Prime Minister will lead Britain out of an economic crisis further boosted market sentiments.
- Asian equity markets mostly remained under pressure during the month under review. Escalation of the Russia-Ukraine conflict weighed on the market sentiment. Market sentiments were dampened after new COVID-19 restrictions were imposed across China to contain the COVID-19 pandemic. Meanwhile, markets got some support on hopes that the U.S. Federal Reserve may slow down the pace of rate hikes in the coming months.

## 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 3.92%
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 3.62%
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 2.16%
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 0.70%
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 0.23%

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 as companies across multiple sectors reported upbeat earning numbers for the quarter ended Sep 2022. Hopes that domestic inflationary pressures would come down gradually also added to the gains. Market participants also remained hopeful that U.S. Federal Reserve and other major central banks across the globe would consider slowing down the pace of rate hikes in the coming months given the worries of a global economic slowdown and recession. Upbeat domestic demand due to the ongoing festive season further kept the overall market sentiment upbeat. However, persisting fears of a gloomy economic outlook and doubts as to whether the upbeat domestic demand will sustain in the coming months capped the gains.
- U.S. equity markets rose as multiple big-name companies in U.S. reported upbeat earning numbers for the quarter ended Sep 2022. Gains were extended after core consumer price growth in U.S. accelerated less than expected in Sep 2022 and the U.S. economy rebounded more than expected in the second quarter of 2022. Reports suggesting that some U.S. Federal Reserve officials are at unease with the aggressive pace of rate hikes also added to the gains. This led to expectations that the U.S. Federal Reserve may slow down the pace of rate hikes and might pivot to small rate hikes from Dec 2022.
- European equity markets rose after European Commission proposed emergency measures to tackle high energy prices. Market sentiments were further boosted after German economic sentiment improved in Oct 2022 and Europe's new car registrations increased for the second straight month in Sep 2022. Gains were extended after the Bank of England deputy governor indicated that interest rates are unlikely to rise as much as markets currently expect. Markets also benefitted from optimism that the U.S. Federal Reserve might signal a slowdown in monetary policy tightening in its upcoming monetary policy review. Hopes that the new British Prime Minister will lead Britain out of an economic crisis further boosted market sentiments.
- Asian equity markets mostly remained under pressure during the month under review. Escalation of the Russia-Ukraine conflict weighed on the market sentiment. Market sentiments were dampened after new COVID-19 restrictions were imposed across China to contain the COVID-19 pandemic. Losses were extended after International Monetary Fund downgraded Asia's growth forecast for this year and the next year. Concerns about a global recession also weighed on the market sentiment. Worries over a U.S. blockade on semiconductor exports to China too kept sentiments subdued. Meanwhile, markets got some support on hopes that the U.S. Federal Reserve may slow down the pace of rate hikes in the coming months also added to the gains. The Bank of Japan kept interest rates at ultra-low levels, as widely expected which also contributed to the upside.

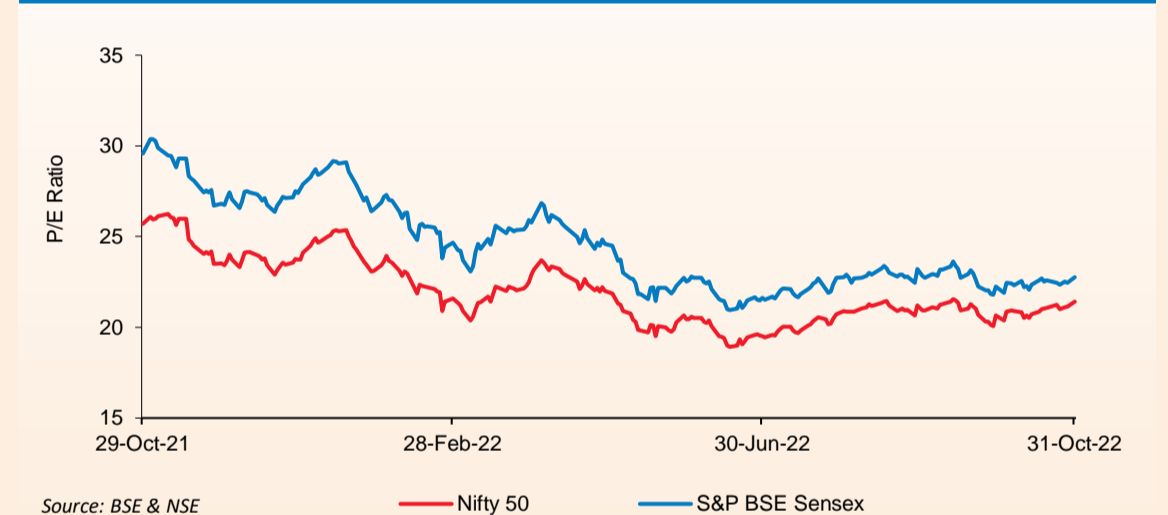
Broad Indices	31-Oct-22	% Change (MoM)	% Change (YoY)
S&P BSE Sensex	60,746.59	5.78	2.43
Nifty 50	18,012.20	5.37	1.93
S&P BSE 500	24,589.55	4.01	2.50
Nifty 500	15,424.00	4.01	2.23
S&P BSE Mid Cap	25,359.02	2.03	0.32
Nifty Mid Cap 100	31,432.30	2.49	3.16

Source: BSE & NSE

Sector Indices	31-Oct-22	% Change (MoM)	% Change (YoY)
S&P BSE Auto	30,719.01	5.28	21.24
S&P BSE Bankex	47,398.64	7.29	6.15
S&P BSE CD	42,669.45	0.42	-1.27
S&P BSE CG	33,266.16	6.56	24.72
S&P BSE FMCG	16,131.19	-0.30	15.20
S&P BSE HC	23,924.28	2.50	-4.43
S&P BSE IT	28,930.65	5.25	-13.62
S&P BSE Metal	19,024.82	5.60	-4.96
S&P BSE Oil & Gas	19,487.91	5.00	7.41
S&P BSE Power Index	4,866.96	2.49	45.82
S&P BSE PSU	9,509.84	8.42	10.13
S&P BSE Realty	3,492.70	3.43	-12.36
S&P BSE Teck	13,595.68	5.93	-9.13

Source: BSE

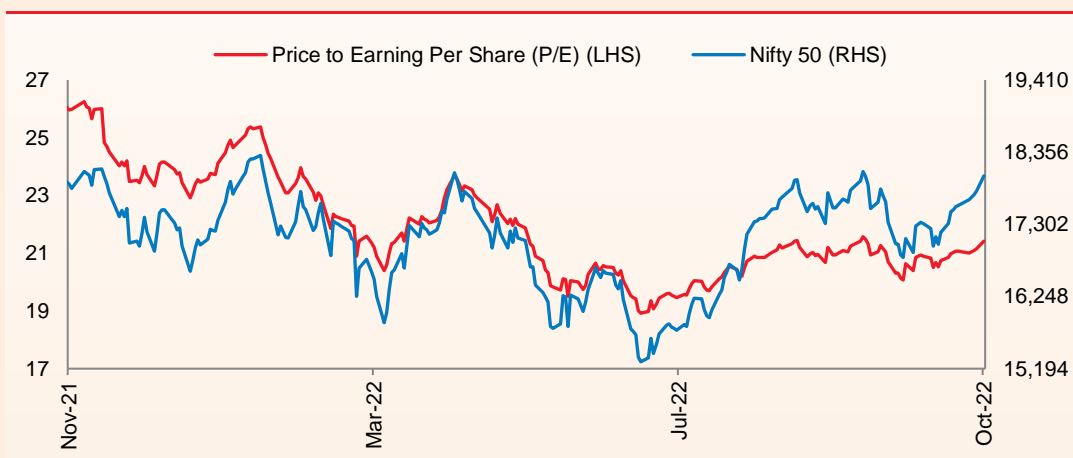
### Movement of Nifty 50 and S&P BSE Sensex P/E



Source: BSE & NSE

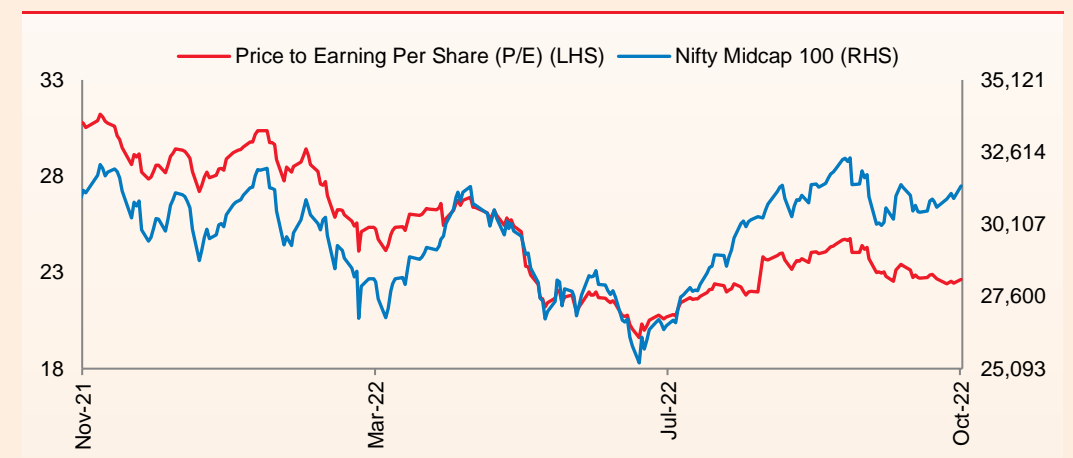
Country/Region	31-Oct-22	% Change (MoM)	% Change (YoY)
Nasdaq 100 (U.S.)	11,405.57	3.96	-28.04
FTSE 100 (U.K.)	7,094.53	2.91	-1.98
DAX (Germany)	13,253.74	9.41	-15.52
Nikkei 225 (Japan)	27,587.46	6.36	-4.52
SSEC (China)	2,893.48	-4.33	-18.43

# Equity Market Round Up



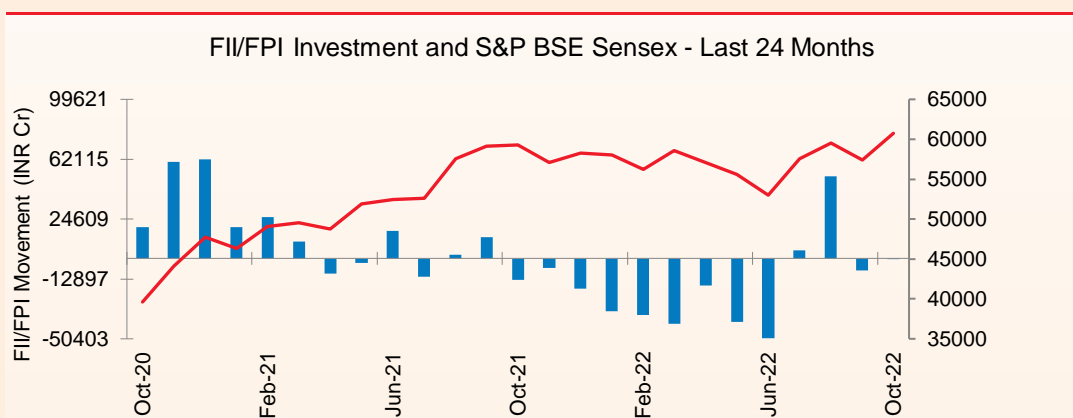
Source: NSE

During the month, S&P BSE Sensex and Nifty 50 rose 5.78% and 5.37% to close at 60,746.59 and 18,012.20 respectively.



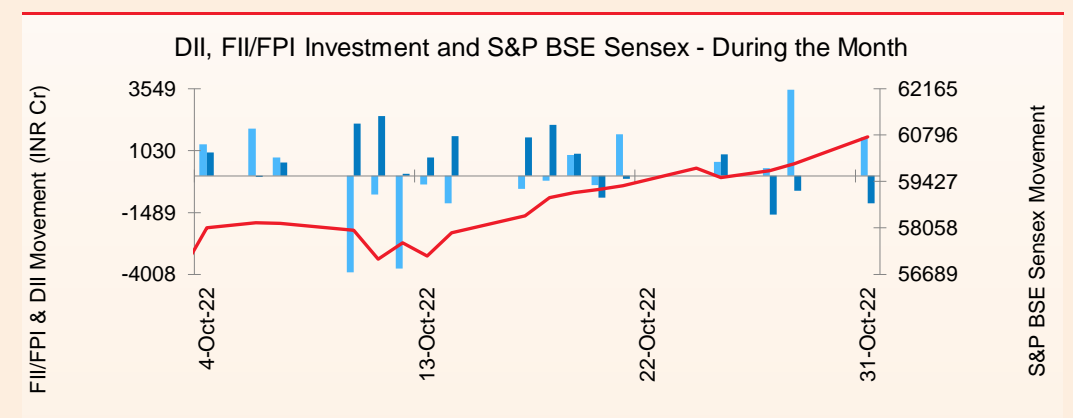
Source: NSE

During the month, Nifty Midcap 100 and Nifty Small cap 100 rose 2.49% and 2.59% to close at 31,432.3 and 9,686.1 respectively.



Source : MFI Explorer

Foreign portfolio investors (FPIs) were net seller of domestic stocks worth Rs. 8.29 crore in Oct 2022 compared with net sell of Rs. 7,623.66 crore in Sep 2022.



Source : MFI Explorer

Domestic mutual funds remained net buyer in the equity segment to the tune of Rs. 7,782.350 crore in Oct 2022 (updated till Oct 17).

## 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%	PSU Bank 36.78%
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%	Auto 22.35%
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 17.87%
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 6.97%
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 6.78%
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 3.55%
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 2.81%
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 -4.76%
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%	Media -7.05%
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 -7.11%
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 -9.40%
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 -25.77%

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 rose after moving in a narrow range during the month tracking rise in the U.S. treasury yields that crossed 4% mark. Volatility in the global crude oil prices also triggered movement in bond yields. Yields increased further after state development loans auction saw higher-than-expected cut-off yields and weekly government auction, added to the debt supply. Sentiments dampened further as the India's government bond was not immediately included in a key global index. However, losses were limited after retail inflation for Sep 2022 came in line with market expectation and minutes of the latest monetary policy meeting showed dovish view from some members, calming fears of aggressive rate hikes.
- Yield on the 10-year benchmark bond rose 5 bps to close at 7.45% compared with the previous months' close of 7.40%.
- Yield on gilt securities rose in the range of 2 to 15 bps across the maturities, barring 2 & 12 year papers that fell 8 & 1 bps, respectively. Yield on corporate bonds went up in the range of 7 to 122 bps across the curve, leaving 2 to 4 year papers that fell in the range of 21, 29 & 14 bps, respectively. Difference in spread between corporate bond and gilt securities expanded by up to 119 bps across the segments, except 2, 3 & 4 year papers that contracted 13, 43 & 21 bps, respectively.

Movement of 10-Year Benchmark Bond Rate



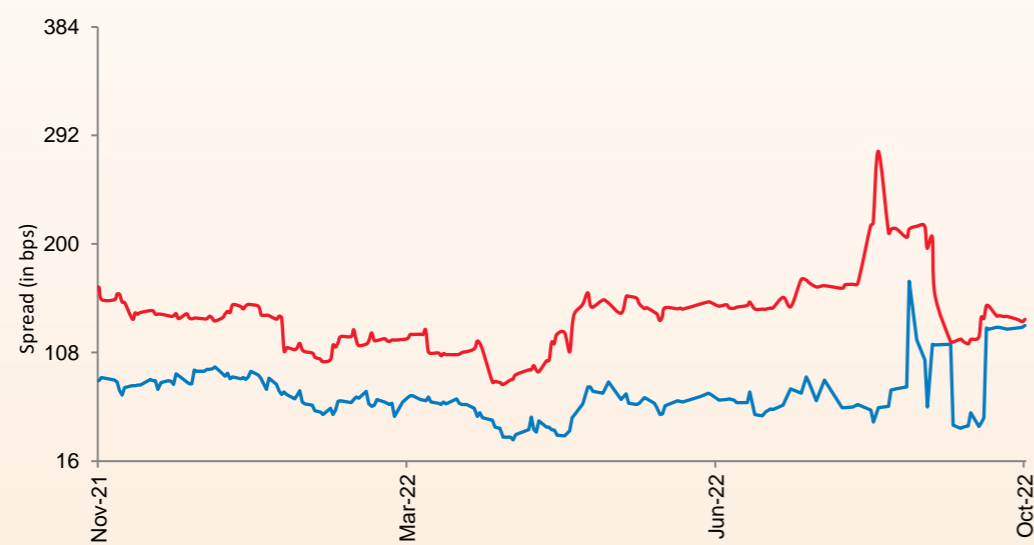
Source: Refinitiv

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

Date	Period	Spread	
		AAA	AA
31-Oct-22	1 Yr	46	61
	3 Yr	-12	50
	5 Yr	38	75
30-Sep-22	1 Yr	42	35
	3 Yr	31	57
	5 Yr	37	88

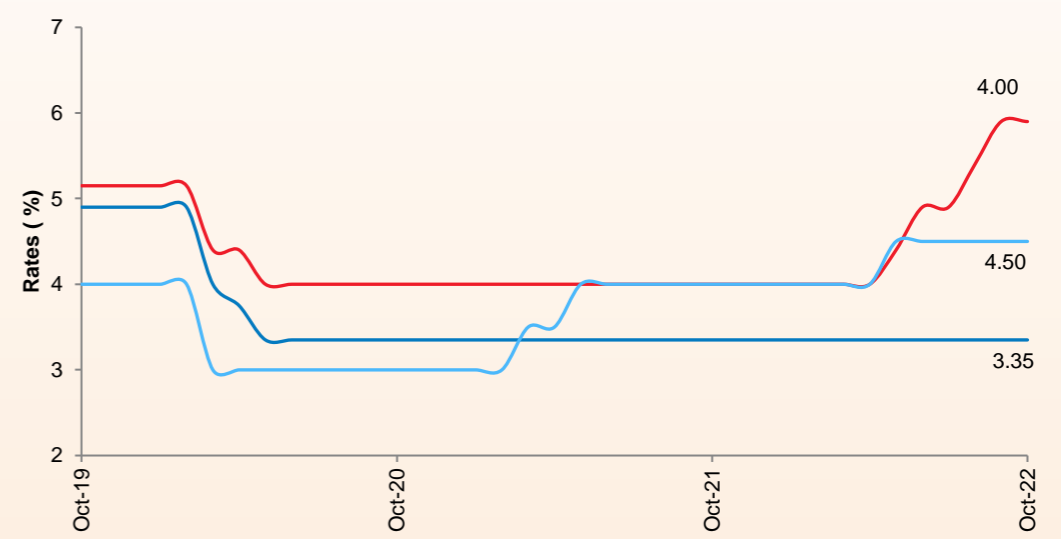
Source: Refinitiv

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



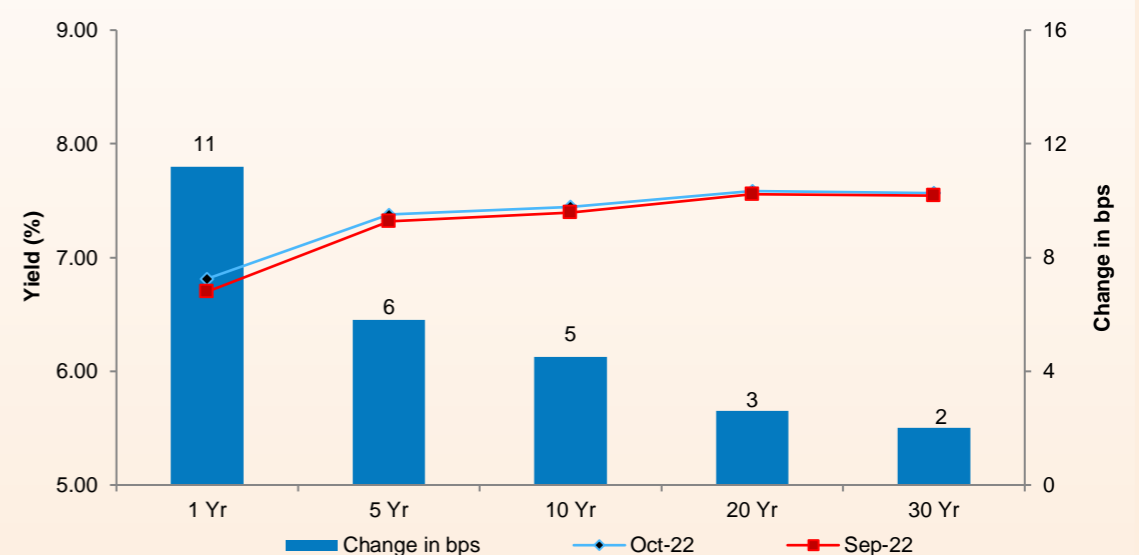
Source: Refinitiv

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 accelerated to 7.41% in Sep 2022

- Consumer Price Index based inflation accelerated to 7.41% in Sep 2022 from 7.00% in the previous month and 4.35% in Sep 2021. Inflation reached its highest level in five months during the latest period. Retail inflation thus stayed above the upper tolerance level of the Reserve Bank of India's retail inflation target of 6% for the ninth consecutive month. The Consumer Food Price Index also rose at a faster pace to 8.60% in Sep 2022 from 7.62% in the previous month and 0.68% in the same month of the previous year.

### India's Index of Industrial Production contracted 0.8% in Aug 2022

- The Index of Industrial Production (IIP) contracted 0.8% in Aug 2022 compared with a growth of 2.2% in the previous month and 13.0% rise in the same period of the previous year. IIP witnessed its first contraction since Feb 2021. For the period from Apr to Aug of FY23, IIP growth slowed to 7.7% from a growth of 29.0% in the same period of the previous fiscal. The manufacturing sector output saw negative growth of 0.7% in Aug 2022 from a growth of 11.1% in the same period of the previous year.

### India's trade deficit widened to \$25.71 billion in Sep 2022

- India's exports and imports rose 4.82% and 8.66% to \$35.45 billion and \$61.16 billion, respectively in Sep 2022. The trade deficit rose to \$25.71 billion in Sep 2022 from \$22.47 billion in Sep 2021. During Apr to Sep 2022, exports rose 16.96% to \$231.88 billion, imports rose 38.55% to \$380.34 billion. During Apr - Sep 2022, trade deficit widened to \$148.46 billion as against \$76.25 billion in the same period last year.

### India's Manufacturing PMI rose in Oct 2022

- According to S&P Global, India's Manufacturing Purchasing Managers' Index rose to 55.3 in Oct 2022 from 55.1 in Sep 2022. India's manufacturing sector rose as demand and output remained strong, spurring firms to increase hiring at the quickest rate in over three years.

Key Rates (%)	Current	Month Ago	Year Ago
Reverse Repo	3.35	3.35	3.35
Repo	5.90	5.90	4.00
CRR	4.50	4.50	4.00
SLR	18.00	18.00	18.00
Bank Rate	6.15	6.15	4.25

Source: RBI

Key Indicator	Period	Current Month	Previous Month
CPI - Monthly	Sep-22	7.41%	7.00%
WPI - Monthly	Sep-22	10.70%	12.41%
IIP - Monthly	Aug-22	-0.80%	2.40%
Export (Y-o-Y) - Monthly	Sep-22	4.91%	1.92%
Import (Y-o-Y) - Monthly	Sep-22	8.46%	31.45%
Trade Deficit - Monthly	Sep-22	25.71	27.98

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	(8)	(7,624)	(168,797)
DII Flows	9,197	14,120	258,406
MF Flows	6,318	17,961	168,513

Source: CDSL, NSE & SEBI

Institutional Flows (Debt)			
Net Flow (INR Crore)	Current Month	Previous Month	Year to Date
FII Flows	(3,532)	4,012	(12,601)
MF Flows	(9,324)	(21,558)	(33,081)

Source: NSDL & SEBI

## Events for October 2022

Events	Date
Index of Industrial Production (Sep 2022)	11-Nov-22
CPI Inflation (Oct 2022)	11-Nov-22
WPI Inflation (Oct 2022)	14-Nov-22
Forex Reserves	4-Nov-22

Events	Date
Credit Growth - Nov 2022	11-Nov-22
Deposit Growth - Nov 2022	11-Nov-22
Infrastructure Output	30-Nov-22
Fiscal deficit (as a % of budget estimates)	30-Nov-22

## Commodity and Currency Round up

### Commodity Market - Brent Crude

- Brent crude oil prices rose after OPEC+ on Oct 5 agreed to tighten global supply with a deal to cut production targets by 2 million barrels per day. Prices rose further following a strong rebound in U.S. gross domestic product in the third quarter of 2022. The German economy also grew unexpectedly in the third quarter of 2022 which boosted market sentiments.
- However, gains were capped after China widened its COVID-19 restrictions across the country amid uncertainty over its zero-COVID policy.

### Currency Market

- The Indian rupee weakened against the U.S. dollar following rise in the U.S. Treasury yields and on large corporate dollar outflows. The domestic currency fell further on strong greenback buying from oil importers, corporates and defence-related payments.
- However, losses were restricted on hopes that the U.S. Federal Reserve may pivot to smaller sized rate hikes from Dec 2022.

Movement of Brent Crude Price Over 1 Year



Movement of Major Currencies (as on October 31, 2022)

Currency	31-Oct-22	Month Ago	Year Ago
INR/USD	82.39	81.55	74.79
INR/GBP	95.54	90.77	103.11
INR/EUR	81.92	80.11	87.26
INR/100 JPY	55.74	56.44	65.86

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