MONEY TRENDS

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Vol. 6 - October 2022

Market Summary

Key Domestic Market Highlights

- Domestic equity markets fell during the month under review as domestic headline indices S&P BSE Sensex and Nifty 50 fell in excess of 3% over the month and turned negative for 2022. Mounting concerns over global recession due to continued aggressive monetary policy tightening by central banks across the globe weighed on the market sentiment. The selling pressure was widespread as losses were witnessed in the mid cap segment and the small cap segment as well.
- Domestic equity markets commenced the month on a positive note following upbeat domestic macroeconomic data. Gains were extended following fall in global crude oil prices as S&P BSE Sensex and Nifty 50 surpassed the psychological level of 60,000 level and 18,000 level respectively.
- However, gains were short lived amid growing concerns of a global recession following warnings from World Bank. World Bank warned that the global economy could be edging towards a recession in 2023 as central banks across the world continued to tighten its monetary policy to put a check on rising inflation. A weaker rupee against the greenback and a strengthening dollar index also acted as a headwind for the markets which fueled concerns of foreign fund outflow from the domestic capital markets. However, further losses were restricted as markets rose sharply on the penultimate day of the month after the Monetary Policy Committee raised key policy repo rate by 50 bps which was already factored in and was in line with market expectations.

Key Global Market Highlights

- U.S. equity markets fell after U.S. Federal Reserve raised interest rates by 75 bps and indicated more rate hikes in the upcoming meetings. Market participants remained wary that aggressive monetary policy tightening by central banks around the world may lead to a global recession.
- U.S. Treasury prices fell after the U.S. Federal Reserve raised interest rates by 75 bps in its upcoming monetary policy review and indicated more rate hikes in the upcoming meetings to bring back U.S. inflation under control. Losses were extended after Britain's new finance minister announced a slew of tax cuts to give a boost to the British economy and huge increases in borrowing for the current financial year to fund the tax cuts.
- European equity markets rose initially after the European Central Bank raised interest rates by a record 75 basis points which was in line with market expectations. However, the trend reversed after World Bank warned of a global recession in 2023. Turmoil in the foreign currency market following the new U.K. government's widely condemned fiscal policy announcements also weighed on the market sentiment.
- Asian equity markets rose initially after China announced measures to provide support to its economy which has been hit by the COVID-19 pandemic. However, all the gains were neutralised following negative cues from U.S. and European equity markets. Persisting concerns over elevated inflation, slowdown in global growth and increased political tensions with Russia weighed on the market sentiment.

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 3.39%
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 3.16%
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 1.80%
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 0.46%
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 0.00%

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 fell during the month under review as domestic headline indices S&P BSE Sensex and Nifty 50 fell in excess of 3% over the month and turned negative for 2022. Mounting concerns over global recession due to continued aggressive monetary policy tightening by central banks across the globe weighed on the market sentiment. The selling pressure was widespread as losses were witnessed in the mid cap segment and the small cap segment as well. Almost all the sectoral indices ended in deep red barring the FMCG sector and the Healthcare sector which closed the month on a positive note.
- U.S. equity markets fell after U.S. Federal Reserve raised interest rates by 75 bps and indicated more rate hikes in the upcoming meetings. Market participants remained wary that aggressive monetary policy tightening by central banks around the world may lead to a global recession. Increased political tensions with Russia also contributed to the downside. Upbeat U.S. economic data hardly provided any respite to markets. as market participants were of the view that the same would give U.S. Federal Reserve the extra legroom to hike interest rates at an aggressive pace.
- European equity markets rose initially after the European Central Bank raised interest rates by a record 75 basis points which was in line with market expectations. Bargain hunting added to the gains. However, the trend reversed after World Bank warned of a global recession in 2023. Turmoil in the foreign currency market following the new government's widely condemned fiscal policy announcements in Britain also weighed on the market sentiment. The newly elected British government announced historic tax cuts and huge increases in borrowing in an economic agenda that imparted significant volatility to the currency market and U.K. debt market.
- Asian equity markets rose initially after China announced measures to provide support to its economy which has been hit by the COVID-19 pandemic. Sentiments were further boosted after inflation in China slowed more than expected in Aug 2022 which raised hopes of more policy support from the Chinese government. However, all the gains were neutralised following negative cues from U.S. and European equity markets. Persisting concerns over elevated inflation, slowdown in global growth and increased political tensions with Russia weighed on the market sentiment. Mounting concerns over a global recession due to aggressive monetary policy tightening by the U.S. Federal Reserve and other major central banks also kept markets under pressure.

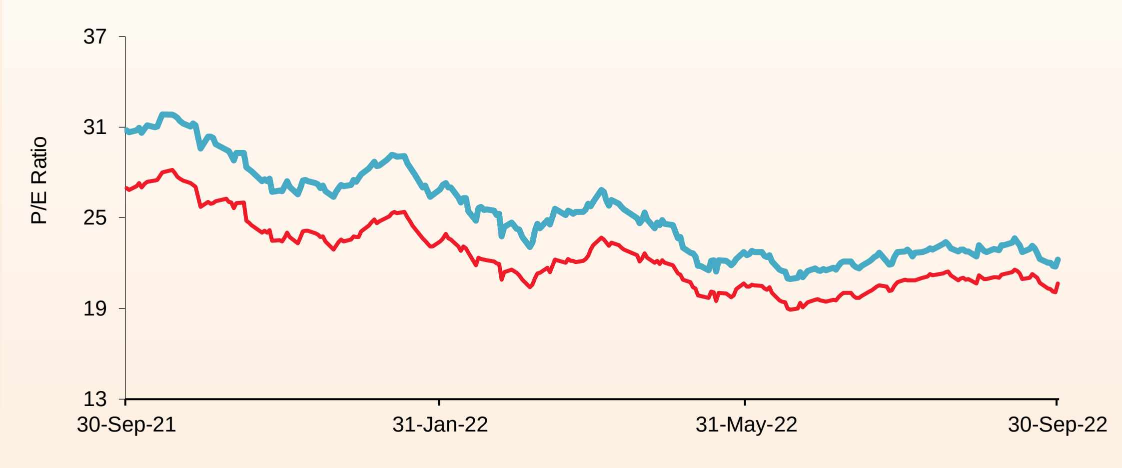
Broad Indices	30-Sep-22	% Change (MoM)	% Change (YoY)
S&P BSE Sensex	57,426.92	-3.54	-2.87
Nifty 50	17,094.35	-3.74	-2.97
S&P BSE 500	23,642.46	-3.25	-1.23
Nifty 500	14,829.35	-3.23	-1.48
S&P BSE Mid Cap	24,853.94	-2.18	-1.58
Nifty Mid Cap 100	30,668.30	-2.58	0.94

Source: BSE & NSE

Sector Indices	30-Sep-22	% Change (MoM)	% Change (YoY)
S&P BSE Auto	29,177.76	-3.81	22.26
S&P BSE Bankex	44,179.79	-2.46	3.40
S&P BSE CD	42,488.99	-0.52	2.78
S&P BSE CG	31,217.82	-3.12	20.22
S&P BSE FMCG	16,180.06	1.42	8.87
S&P BSE HC	23,340.50	1.42	-10.55
S&P BSE IT	27,488.42	-4.93	-20.13
S&P BSE Metal	18,015.22	-6.00	-10.74
S&P BSE Oil & Gas	18,559.11	-8.53	1.41
S&P BSE Power Index	4,748.88	-9.16	48.46
S&P BSE PSU	8,770.93	-3.49	3.53
S&P BSE Realty	3,376.90	-8.51	-17.71
S&P BSE Teck	12,834.73	-3.19	-16.33

Source: BSE

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



Source: BSE & NSE

Country/Region	30-Sep-22	% Change (MoM)	% Change (YoY)
Nasdaq 100 (U.S.)	10,971.22	-10.60	-25.31
FTSE 100 (U.K.)	6,893.81	-5.36	-2.72
DAX (Germany)	12,114.36	-5.61	-20.62
Nikkei 225 (Japan)	25,937.21	-7.67	-11.94
SSEC (China)	3,024.39	-5.55	-15.24

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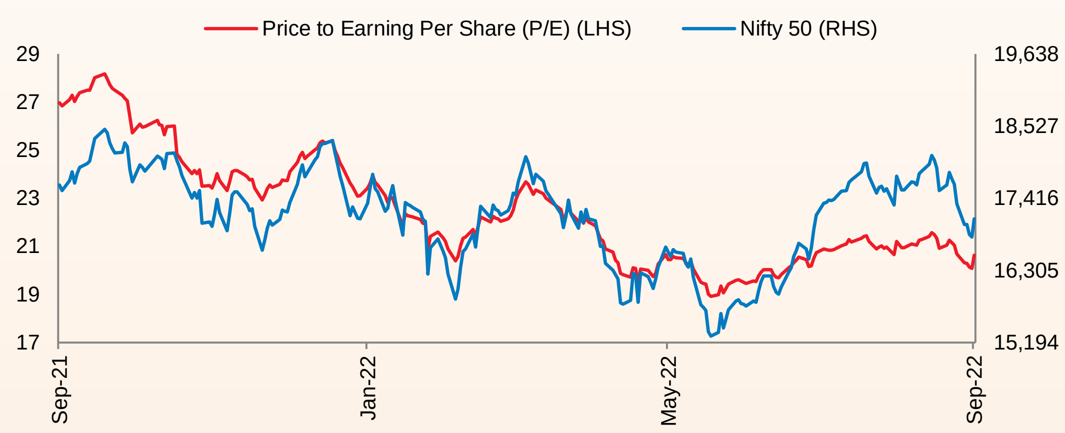
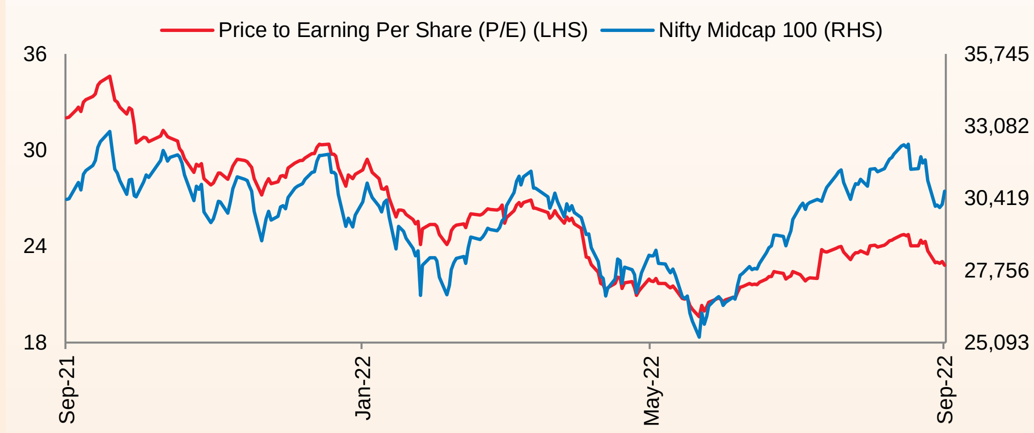
Equity Market Round Up



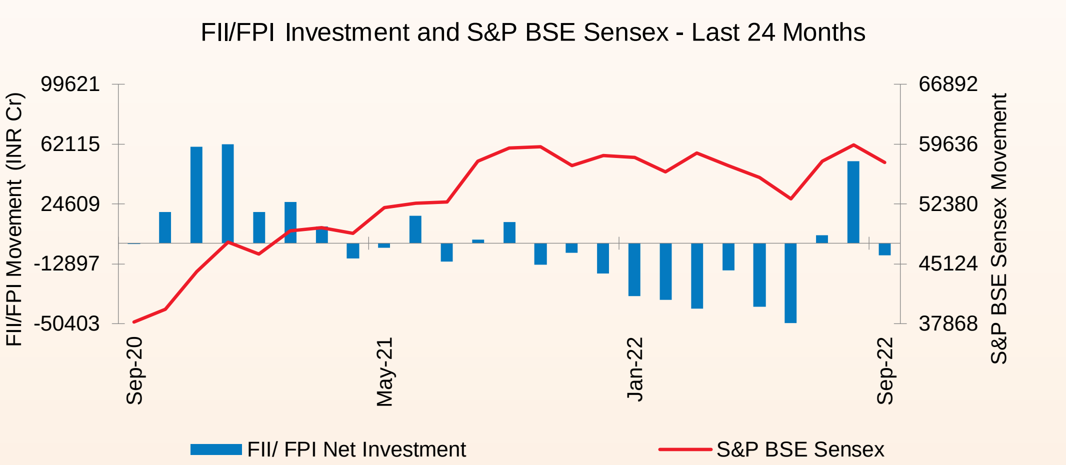
Source: NSE

During the month, S&P BSE Sensex and Nifty 50 fell 3.54% and 3.74% to close at 57,426.92 and 17,094.35 respectively.



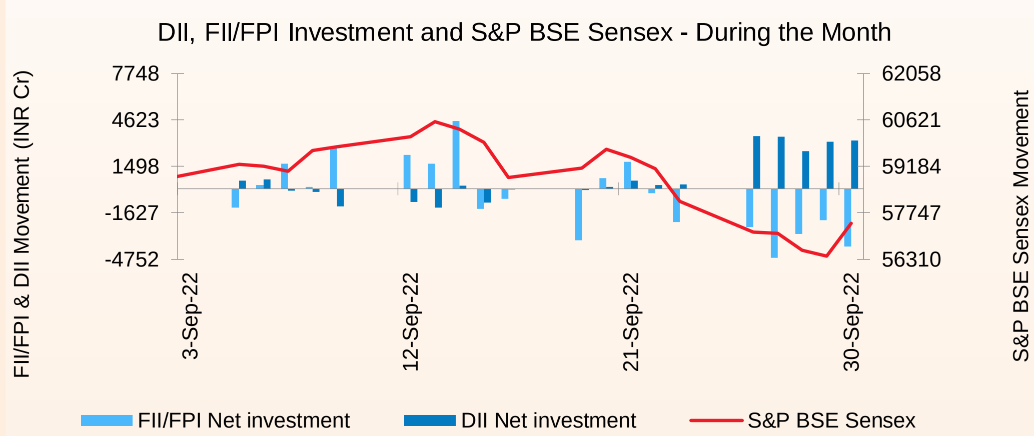
Source: NSE

During the month, Nifty Midcap 100 and Nifty Small cap 100 fell 2.58% and 1.87% to close at 30,668.3 and 9,441.8 respectively.



Source : MFI Explorer

Foreign portfolio investors (FPIs) were net seller of domestic stocks worth Rs. 7,623.66 crore in Sep 2022 compared with net buy of Rs. 51,204.42 crore in Aug 2022.



Source : MFI Explorer

Domestic mutual funds remained net buyer in the equity segment to the tune of Rs. 18,602 crore in Sep 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%	PSU Bank 18.36%
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 18.16%
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%	Auto 16.11%
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 4.46%
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 1.01%
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 0.96%
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%	Largecap -1.02%
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%	Smallcap -6.52%
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%	Media -7.03%
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 -8.80%
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 -12.42%
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 -30.28%

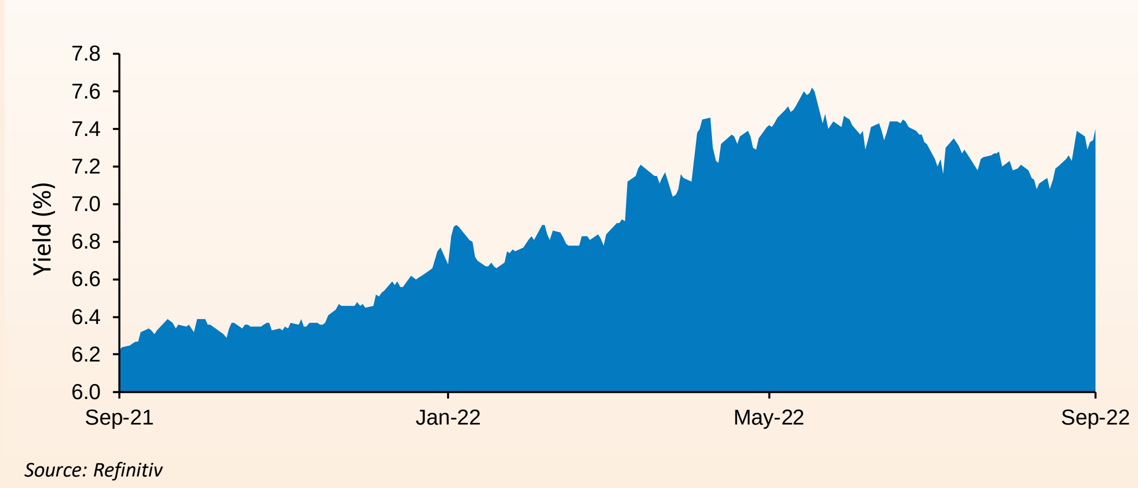
IT returns represented by NIFTY IT
Metal returns represented by NIFTY Metal
Realty returns represented by NIFTY Realty
Auto returns represented by NIFTY Auto
Pharma retunrs represented by NIFTY Pharma
Media returns represented by NIFTY Media
Financa returns represented by NIFTY Finance
FMCG returns represented by NIFTY FMCG
PSU Bank returns represented by NIFTY PSU Bank
Largecap returns represented by Nifty 100
Midcap retunrs represented by Nifty Midcap 150
Smallcap retunrs represented by Nifty Small cap 250

Fixed Income Market Round Up

Fixed Income Market Commentary

- Bond yields rose on concerns that the Monetary Policy Committee (MPC) would continue to tighten its monetary policy at an aggressive pace to put a check on rising inflation. MPC raised key policy rates by 50 bps as per market expectations and committee expects inflation to remain above 6% in the first three quarters of FY23. Yields also went up after the U.S. Federal Reserve (Fed) raised interest rates by 75 bps in its monetary policy review and signaled more rate hikes in the coming months. Losses increased after consumer price index-based inflation in U.S. rose in Aug 2022 contrary to market expectations. The 10-year U.S. Treasury yield hit 4% for the first time since April 2010, which fueled concerns of foreign fund outflow from the domestic debt market. However, losses were restricted on hopes of inclusion of India's sovereign debt in global indexes and tracking fall in global crude oil prices.
- Yield on the 10-year benchmark bond rose 21 bps to close at 7.40% compared with the previous months' close of 7.19%.
- Yield on gilt securities rose in the range of 9 to 51 bps across the maturities. Yield rose the most on 2 year paper and the least on 30 year paper. Yield on corporate bonds went up in the range of 13 to 53 bps across the curve. Yield rose the most on 1 year paper and the least on 6 year paper. Difference in spread between corporate bond and gilt securities contracted in the range of 2 to 19 bps across the segments, except 1 & 15 year papers that expanded 16 & 14 bps, respectively. Spread fell the most on 5 year paper and the least on 3 year paper.

Movement of 10-Year Benchmark Bond Rate



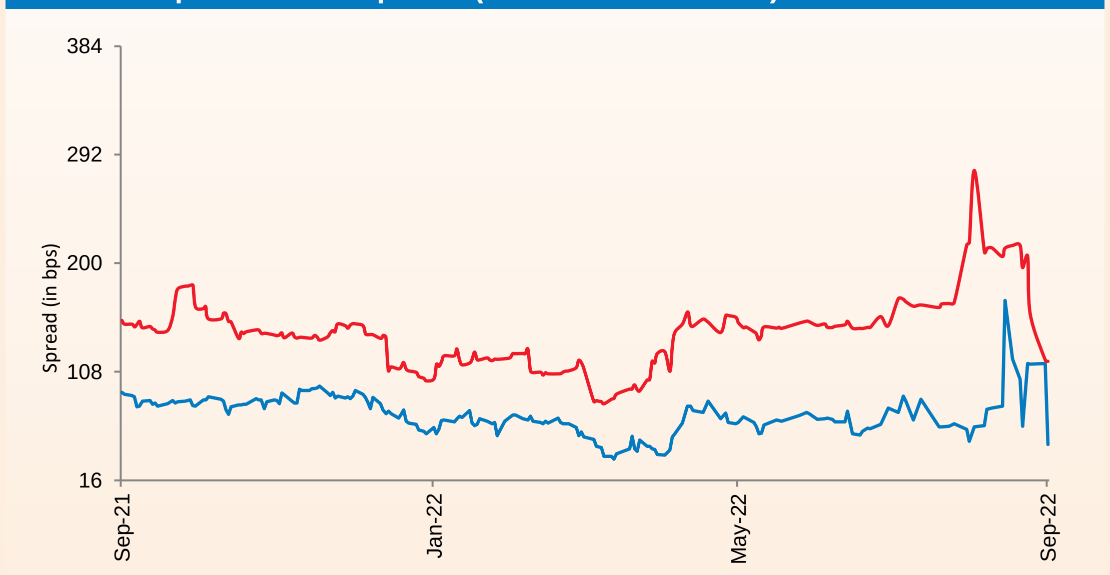
Source: Refinitiv

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

Date	Period	Spread AAA	Spread AA
30-Sep-22	1 Yr	42	35
	3 Yr	31	57
	5 Yr	37	88
31-Aug-22	1 Yr	28	78
	3 Yr	35	80
	5 Yr	58	134

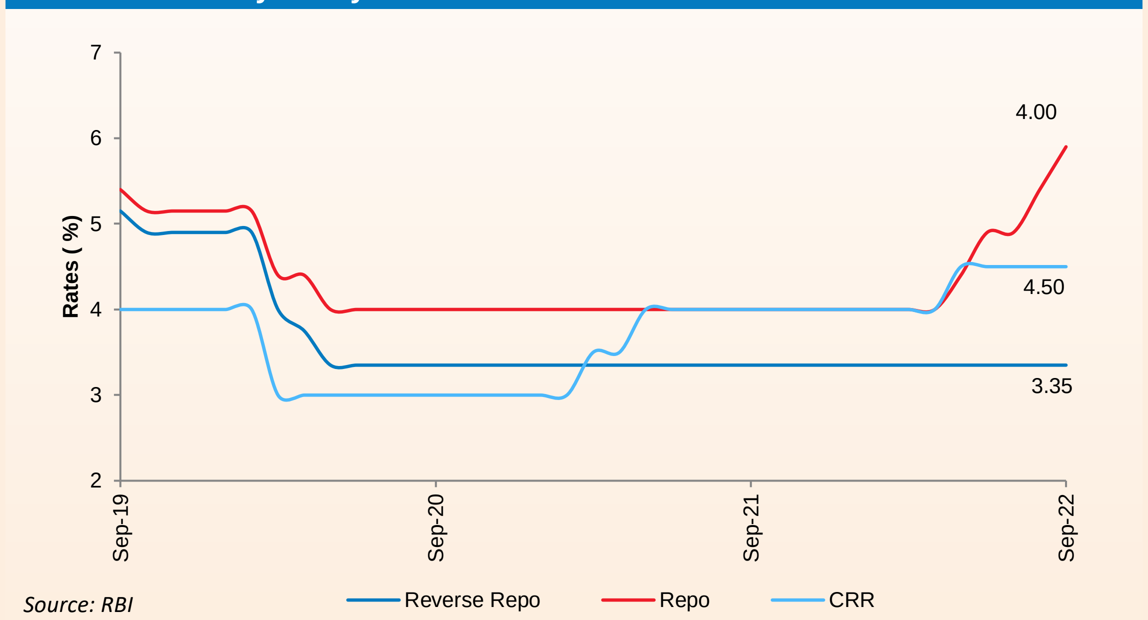
Source: Refinitiv

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



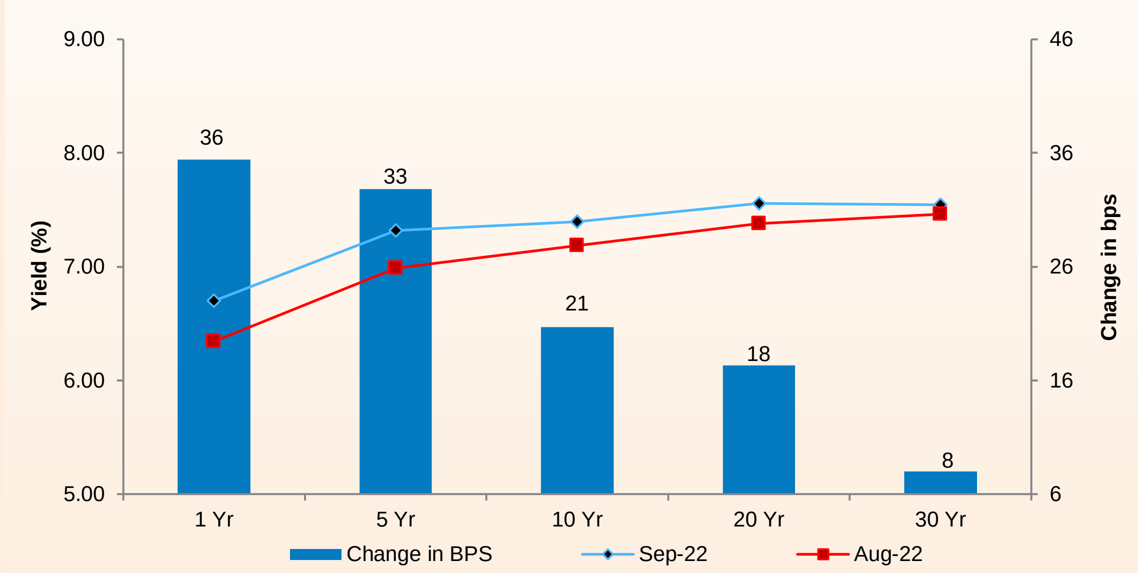
Source: Refinitiv

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

- The Monetary Policy Committee (MPC) in its bi-monthly monetary policy review raised key policy repo rate by 50 bps to 5.90%. Thus, MPC has so far raised the repo rate by 190 bps in this fiscal. This is the fourth consecutive rate hike by the Committee since it embarked on a policy tightening spree from May this year. It also decided to remain focused on withdrawal of accommodation to ensure that retail inflation remains within the target going forward, while supporting growth.

Consumer inflation rose to 7.00% in Aug 2022

- Consumer price index-based inflation (CPI) rose to 7.00% in Aug 2022 from 6.71% in Jul 2022 and 5.30% in the same period of the previous year mainly due to higher food prices. The consumer price index-based inflation is above the Reserve Bank of India's comfort level of 6% for the eighth month in a row.

Industrial Production slowed significantly to 2.4% in Jul 2022

- The growth of Index of Industrial Production (IIP) slowed significantly to 2.4% in Jul 2022 from 12.7% in the previous month and 11.5% in the same period of the previous year. IIP witnessed its slowest growth since March 2022. The manufacturing sector output growth came down to 3.2% in Jul 2022 from a growth of 10.5% in the same period of the previous year.

Current account deficit stood at 2.8% of GDP in Q1FY23

- Current account balance recorded a deficit of US$ 23.9 billion (2.8% of GDP) in Q1FY23 as against deficit of US$ 13.4 billion (1.5% of GDP) in Q4FY22 and a surplus of US$ 6.6 billion (0.9% of GDP) in Q1FY22. The widening of current account deficit in Q1FY23 was mainly due to widening of the merchandise trade deficit to $68.6 billion in Q1FY23 from $54.5 billion in Q4FY22.

Key Rates (%)	Current	Month Ago	Year Ago
Reverse Repo	3.35	3.35	3.35
Repo	5.90	5.40	4.00
CRR	4.50	4.50	4.00
SLR	18.00	18.00	18.00
Bank Rate	6.15	5.65	4.25

Source: RBI

Key Indicator	Period	Current Month	Previous Month
CPI - Monthly	Aug-22	7.00%	6.71%
WPI - Monthly	Aug-22	12.41%	13.93%
IIP - Monthly	Jul-22	2.40%	12.30%
Export (Y-o-Y) - Monthly	Aug-22	1.92%	2.37%
Import (Y-o-Y) - Monthly	Aug-22	31.45%	42.82%
Trade Deficit - Monthly	Aug-22	27.98	30.00

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	(7,624)	51,204	(168,789)
DII Flows	14,120	(7,424)	249,209
MF Flows	18,602	(1,202)	160,632

Source: CDSL, NSE & SEBI

Institutional Flows (Debt)

Net Flow (INR Crore)	Current Month	Previous Month	Year to Date
FII Flows	4,012	3,845	(9,069)
MF Flows	(20,385)	5,760	(22,309)

Source: NSDL & SEBI

Events for Oct 2022

Events	Date
Index of Industrial Production (Aug 2022)	12-Oct-22
CPI Inflation (Sep 2022)	12-Oct-22
WPI Inflation (Sep 2022)	14-Oct-22
Forex Reserves - Sep 2022	7-Oct-22

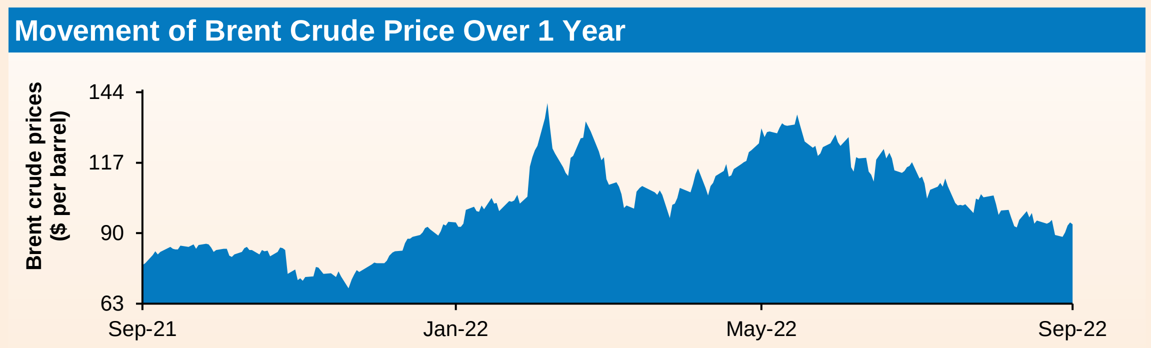
Events	Date
Credit Growth - Sep 2022	14-Oct-22
Deposit Growth - Sep 2022	14-Oct-22
Infrastructure Output - Sep 2022	31-Oct-22
Fiscal deficit (as a % of budget estimates)	31-Oct-22

Commodity and Currency Round up

Commodity Market - Brent Crude

- Brent crude oil prices fell on concerns that aggressive monetary policy tightening by key central banks across the globe may lead to a global recession which can hit the demand outlook of the commodity. Losses were extended after IEA projected almost zero growth in oil demand in the fourth quarter of 2022 owing to a weaker demand outlook in China.
- However, further losses were restricted after Russian President threatened to halt oil and gas exports to Europe if price caps are imposed.

Movement of Brent Crude Price Over 1 Year



Currency Market

- The Indian rupee fell against the U.S. dollar following losses in the domestic equity market. Rupee weakened further after the U.S. Federal Reserve raised interest rates by 75 bps in its monetary policy review and indicated more rate hikes in the upcoming meetings.
- Rupee fell further amid reports that domestic debt will not be considered for listing on a major global index this year and due to month end dollar demand from oil importers.

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

Currency	30-Sep-22	Month Ago	Year Ago
INR/USD	81.55	79.72	74.26
INR/GBP	90.77	93.35	99.86
INR/EUR	80.11	79.71	86.14
INR/100 JPY	56.44	57.54	66.35

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