

Market Summary



Key Domestic Market Highlights

- Domestic equity markets rose initially during the month under review which can be attributed to upbeat corporate earning numbers for the quarter ended Mar 2023 and favourable domestic macroeconomic data. The S&P Global India Manufacturing PMI rose to a four-month high in Apr 2023 which can be attributed to improved demand and supply chain conditions coupled with moderation in price pressures. GST revenue collection rose to its highest level of Rs. 1.87 lakh crore in Apr 2023. The S&P Global India Services PMI accelerated in Apr 2023 due to a pick-up in new business growth and favourable market conditions.
- Markets received further support after data indicated easing of domestic inflationary pressures in Apr 2023. Data showed that India's consumer price index based inflation in India plummeted to an eighteen month low in Apr 2023. Also, India's wholesale price index based inflation fell to a near three-year low in Apr 2023 and slipped into the negative territory for the first time in 33 months. Optimism regarding the possibility of a debt ceiling deal in U.S. also provided support to market sentiment. The U.S. President assured that a deal will be reached and that the U.S. will be able to avoid a default.
- Domestic equity markets continued to move up as market participants remained cautiously optimistic and awaited India's gross domestic product (GDP) data for the quarter ended Mar 2023. Expectations of a normal monsoon this year also boosted market sentiments which alleviated concerns regarding weather-related impacts on inflation to some extent.



Key Global Market Highlights

- U.S. equity markets rose due to optimism about raising the U.S. debt ceiling amid reports that lawmakers in U.S. are closing in on an agreement. Market sentiments were further boosted after the U.S. President and the congressional leaders came to an agreement regarding the debt ceiling deal.
- U.S. Treasury prices fell on concerns that the U.S. Federal Reserve will continue to raise interest rates to put a check on U.S. inflation which continued to remain at elevated levels. Prices fell further as its safe haven appeal dwindled after the U.S. President and the congressional leaders came to an agreement regarding the debt ceiling deal.
- European equity markets fell after the European Central Bank raised interest rates by 25 bps and indicated that its unlikely to pause its policy tightening anytime soon. Sentiments were further dampened following Bank of England's decision to raise its benchmark interest rate by 25 bps. Concerns over worsening ties between U.S. and China also weighed on the market sentiment.
- Asian equity markets mostly fell amid fears of a resurgence in China-U.S. trade tension. Sentiments were further dampened as China witnessed a new wave of coronavirus cases which led to worries regarding the growth outlook of China's economy. Comments from U.S. Federal Reserve officials led to concerns that the U.S. Federal Reserve will continue to raise interest rates which also added to the losses.

Category-wise Fixed Income Returns

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	CYTD
UST 9.43%	10 Y GILT 15.28%	LT 8.93%	10 Y GILT 14.24%	UST 6.86%	10 Y GILT 8.00%	LT 12.20%	LT 13.46%	LT 4.22%	UST 5.29%	10 Y GILT 5.12%
LIQ 9.34%	LT 14.04%	UST 8.59%	LT 13.09%	LIQ 6.57%	UST 7.96%	10 Y GILT 11.34%	10 Y GILT 13.20%	ST 4.07%	LIQ 5.23%	LT 4.31%
ST 8.03%	ST 10.47%	ST 8.55%	ST 9.28%	ST 6.35%	LIQ 7.25%	ST 9.15%	ST 10.13%	UST 3.93%	ST 3.75%	ST 3.29%
LT 5.11%	UST 9.52%	LIQ 8.30%	UST 8.04%	LT 5.55%	ST 6.65%	UST 7.84%	UST 5.58%	LIQ 3.56%	LT 2.71%	UST 3.20%
10 Y GILT 2.65%	LIQ 9.23%	10 Y GILT 8.17%	LIQ 7.45%	10 Y GILT 3.52%	LT 6.04%	LIQ 6.74%	LIQ 4.43%	10 Y GILT 3.13%	10 Y GILT 2.34%	LIQ 2.98%
LIQ	Liquid Returns represented by ICRA Liquid Index									
ST	Short Term Returns represented by Nifty Short Duration Debt Index									
LT	Long Term Returns represented by ICRA Composite Bond Fund Index									
UST	Low Duration Returns represented by NIFTY Ultra Short Duration Debt 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 initially during the month under review which can be attributed to upbeat corporate earning numbers for the quarter ended Mar 2023 and favourable domestic macroeconomic data. The S&P Global India Manufacturing PMI rose to a four-month high in Apr 2023. GST revenue collection rose to its highest level of Rs. 1.87 lakh crore in Apr 2023. The S&P Global India Services PMI accelerated in Apr 2023 due to a pick-up in new business growth and favourable market conditions.
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- Domestic equity markets continued to move up as market participants remained cautiously optimistic and awaited India's gross domestic product (GDP) data for the quarter ended Mar 2023. Expectations of a normal monsoon this year also boosted market sentiments which alleviated concerns regarding weather-related impacts on inflation to some extent.
- U.S. equity markets rose due to optimism about raising the U.S. debt ceiling amid reports that lawmakers in U.S. are closing in on an agreement. Market sentiments were further boosted after the U.S. President and the congressional leaders came to an agreement regarding the debt ceiling deal.
- European equity markets fell after the European Central Bank raised interest rates by 25 bps and indicated that its unlikely to pause its policy tightening anytime soon. Sentiments were further dampened following Bank of England's decision to raise its benchmark interest rate by 25 bps. Concerns over worsening ties between U.S. and China also weighed on the market sentiment.
- Asian equity markets mostly fell amid fears of a resurgence in China-U.S. trade tension. Sentiments were further dampened as China witnessed a new wave of coronavirus cases which led to worries regarding the growth outlook of China's economy. Comments from U.S. Federal Reserve officials led to concerns that the U.S. Federal Reserve will continue to raise interest rates which also added to the losses. However, hopes that the impasse surrounding the U.S. debt deal issue would come to an end restricted further losses. Japanese equity markets rose as the yen weakened on growing possibility of another interest rate hike by the U.S. Federal Reserve in June and expectations that the Bank of Japan will hold off on tightening monetary policy this year.

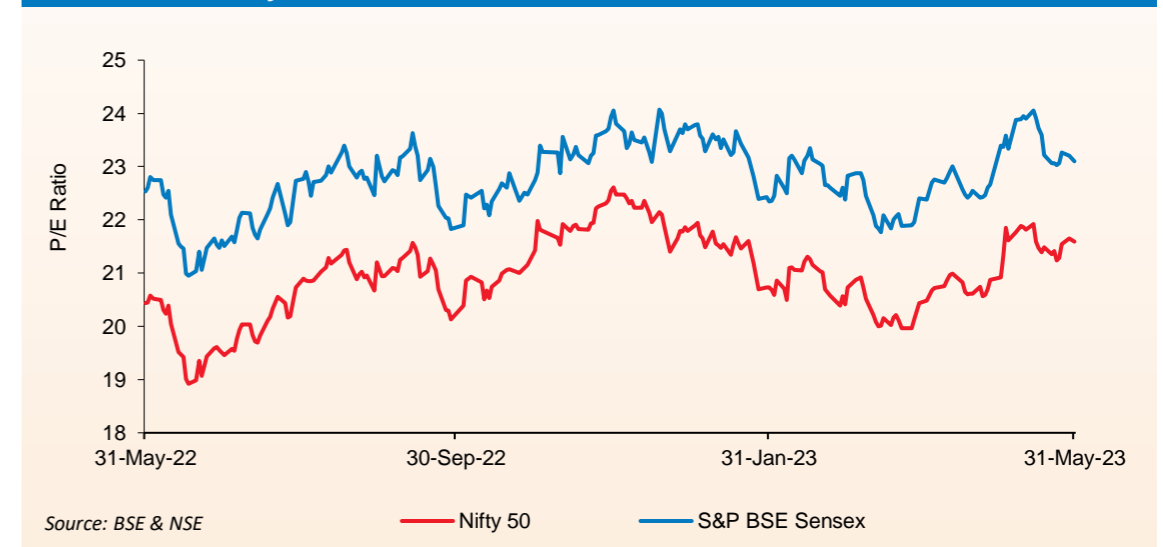
Broad Indices	31-May-23	% Change (MoM)	% Change (YoY)
S&P BSE Sensex	62,622.24	2.47	12.70
Nifty 50	18,534.40	2.60	11.76
S&P BSE 500	25,059.67	3.51	11.39
Nifty 500	15,766.40	3.59	11.66
S&P BSE Mid Cap	27,100.05	6.31	17.09
Nifty Mid Cap 100	33,761.30	6.19	19.35

Source: BSE & NSE

Sector Indices	31-May-23	% Change (MoM)	% Change (YoY)
S&P BSE Auto	32,732.08	7.94	23.73
S&P BSE Bankex	50,017.52	2.11	22.27
S&P BSE CD	40,855.93	6.47	7.52
S&P BSE CG	37,220.98	1.31	37.12
S&P BSE FMCG	18,253.41	5.89	28.85
S&P BSE HC	23,681.37	2.81	5.41
S&P BSE IT	29,346.42	6.70	-2.60
S&P BSE Metal	19,542.69	-2.94	7.97
S&P BSE Oil & Gas	17,972.15	-1.64	-3.41
S&P BSE Power Index	3,819.30	2.01	-9.63
S&P BSE PSU	10,361.02	1.73	22.14
S&P BSE Realty	3,833.16	7.67	16.93
S&P BSE Teck	13,233.13	5.54	-2.91

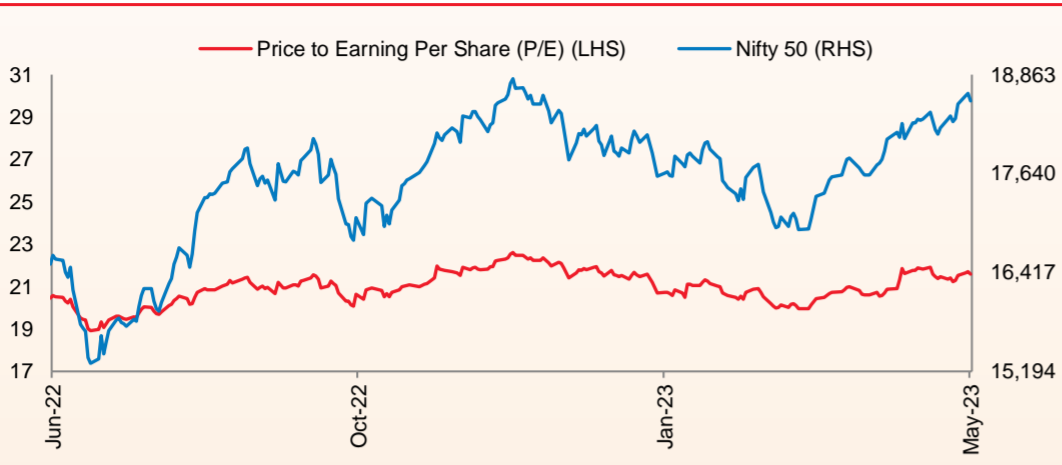
Source: BSE

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



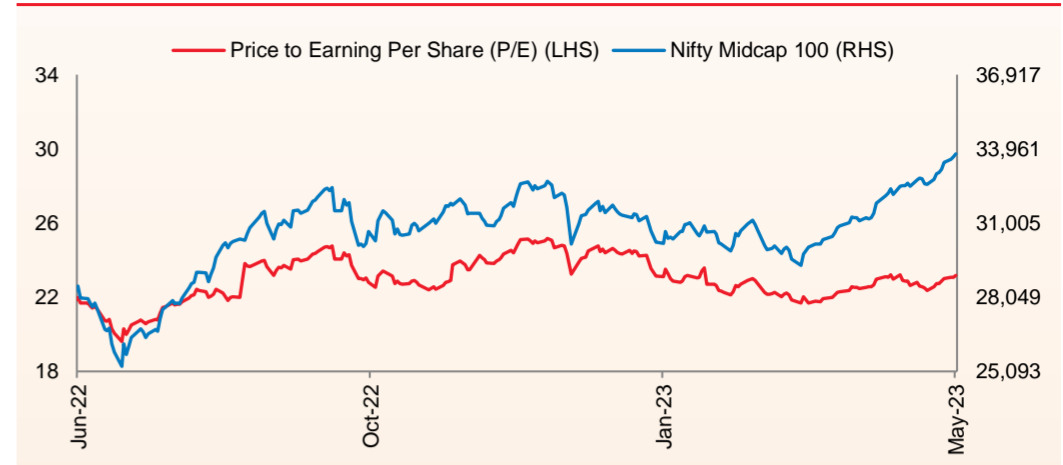
Country/Region	31-May-23	% Change (MoM)	% Change (YoY)
Nasdaq 100 (U.S.)	14,254.09	7.61	12.75
FTSE 100 (U.K.)	7,446.14	-5.39	-2.12
DAX (Germany)	15,664.02	-1.62	8.87
Nikkei 225 (Japan)	30,887.88	7.04	13.23
SSEC (China)	3,204.56	-3.57	0.57

Equity Market Round Up



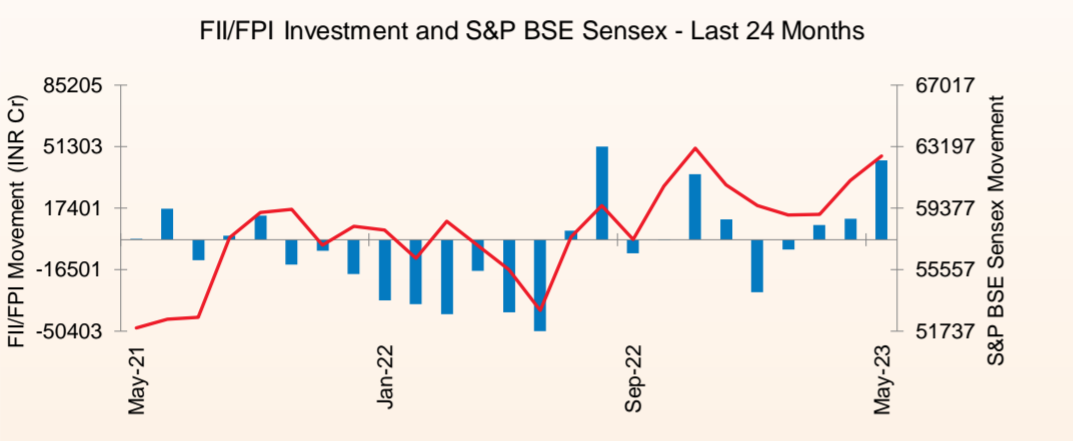
Source: NSE

During the month, S&P BSE Sensex and Nifty 50 rose 2.47% and 2.60% respectively to close at 62,622.24 and 18,534.4 respectively.



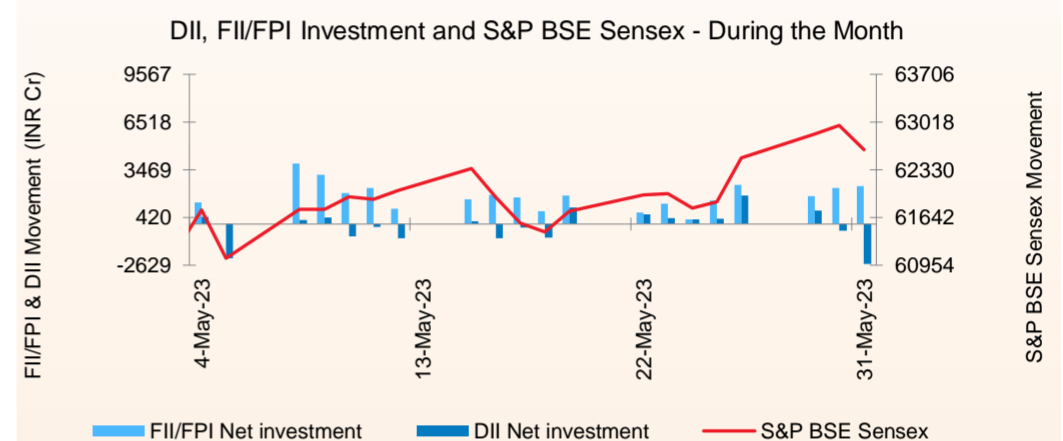
Source: NSE

During the month, Nifty Midcap 100 and Nifty Small cap 100 rose 6.19% and 5.10% respectively to close at 33,761.3 and 10,166.1 respectively.



Source : MFI Explorer

Foreign portfolio investors (FPIs) were net buyer of domestic stocks worth Rs. 43,838.11 crore in May 2023 compared with net buy of Rs. 11,630.82 crore in Apr 2023.



Source : MFI Explorer

Domestic mutual funds remained net buyer in the equity segment to the tune of Rs. 2,446.510 crore in May 2023.

Returns of Major NSE Indices

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	CYTD
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 70.92%	FMCG 15.56%
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%	Metal 21.83%	Auto 12.59%
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 17.59%	Realty 10.88%
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%	Auto 15.36%	Midcap 6.21%
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 9.55%	Smallcap 4.56%
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 3.64%	Finance 2.45%
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 2.97%	IT 2.44%
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 -3.66%	Largecap 0.98%
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 -10.25%	Pharma 0.64%
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%	Realty -10.84%	PSU Bank -6.69%
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 -11.46%	Media -11.86%
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 -26.11%	Metal -12.39%

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

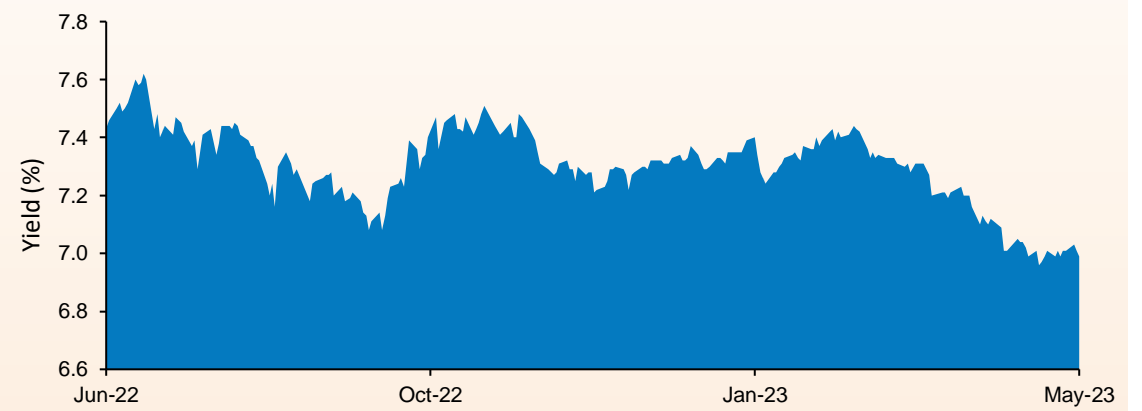
Finance returns represented by NIFTY Finance
 FMCG returns represented by NIFTY FMCG
 PSU Bank returns represented by NIFTY PSU Bank
 Largecap returns represented by Nifty 100
 Midcap returns represented by Nifty Midcap 150
 Smallcap returns represented by Nifty Small cap 250

Fixed Income Market Round Up

Fixed Income Market Commentary

- Bond yields fell on expectations of dovish commentary from the U.S. Federal Reserve (Fed) in its monetary policy review. Yields fell as easing domestic consumer inflation bettered the interest rates outlook along with fixed-income assets. Gains increased on expectations that the Reserve Bank of India's (RBI) move to withdraw its highest denomination 2,000-rupee note from circulation would improve the liquidity of the Indian banking system. Sentiments boosted further after the RBI Governor said that countries holding excess rupees in their vostro accounts in India can invest the surplus in government securities and Treasury bills. However, gains were restricted following rise in yields on U.S. Treasuries amid increasing chances for another rate hike by the U.S. Fed after minutes of the latest meeting indicated hawkish view of policymakers.
- Yield on the 10-year benchmark bond (7.26% GS 2033) fell 13 bps to close at 6.99% compared with the previous months' close of 7.12%.
- Yield on gilt securities fell in the range of 8 to 19 bps across the maturities. Yield on corporate bonds fell in the range of 3 to 17 bps across the curve, barring 1 to 4 year papers that rose in the range of 7 to 31 bps. Difference in spread between corporate bond and gilt securities expanded in the range of 9 to 45 bps across the segments, except 6 & 10 year papers that contracted by up to 2 bps while 7 year paper was steady.

Movement of 10-Year Benchmark Bond Rate



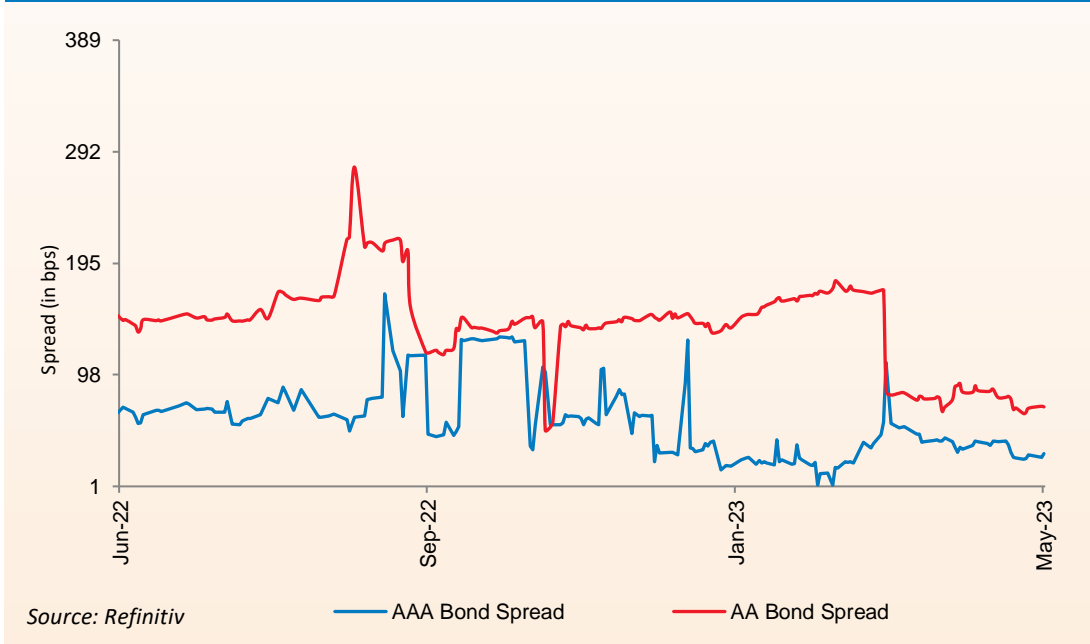
Source: Refinitiv

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

Date	Period	Spread	
		AAA	AA
31-May-23	1 Yr	85	106
	3 Yr	53	110
	5 Yr	37	96
28-Apr-23	1 Yr	42	96
	3 Yr	27	76
	5 Yr	29	64

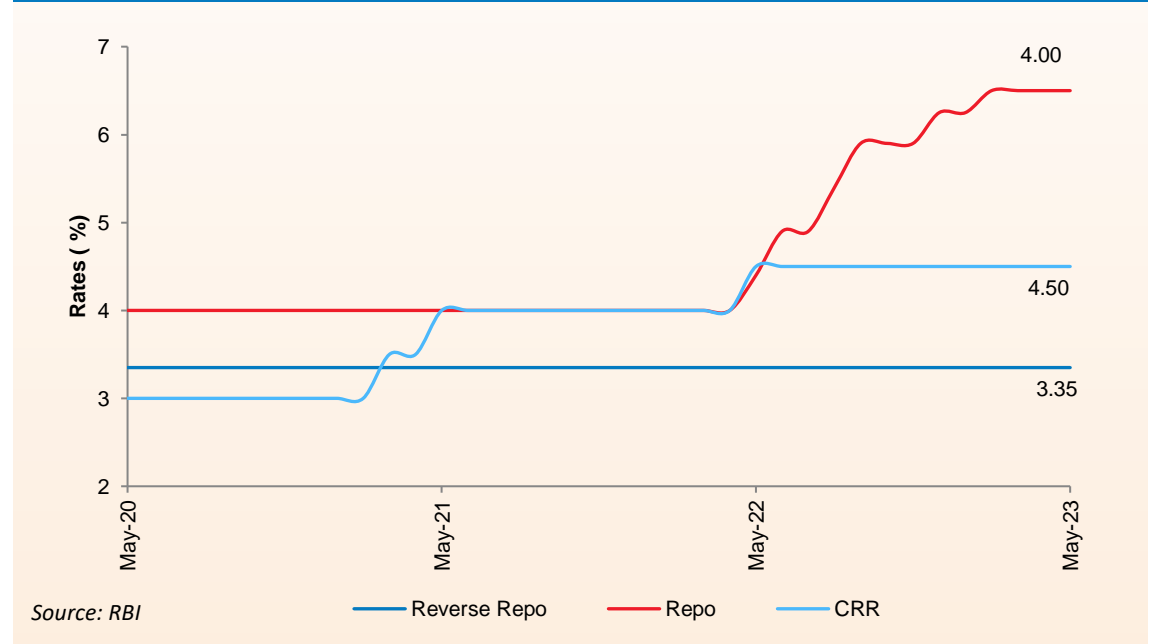
Source: Refinitiv

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



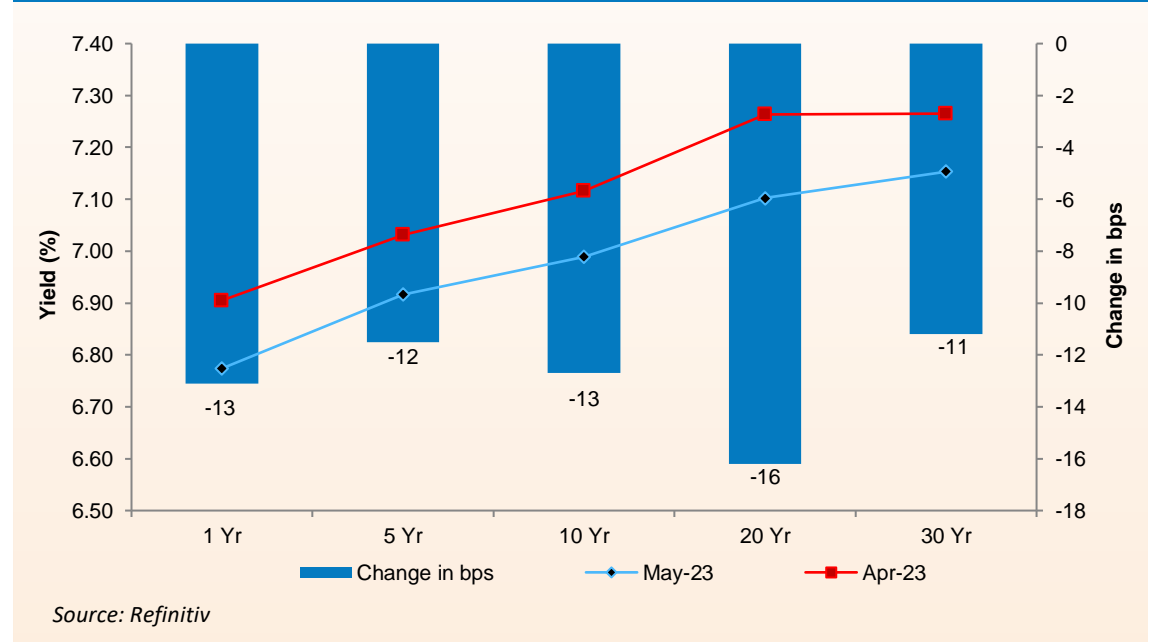
Source: Refinitiv

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 GDP at Constant (2011-12) prices grew 6.1% in Q4FY23

- Government data showed that Gross Domestic Product (GDP) of the Indian economy at Constant (2011-12) prices witnessed a growth of 6.1% in the fourth quarter of FY23 as compared to a growth of 4.5% in the previous quarter and a growth of 4.0% in the same period of the previous year. The growth in real GDP during FY23 was estimated at 7.2% as compared to 9.1% in FY22. On the sectoral front, the growth of the manufacturing sector slowed to 1.3% in FY23 from 11.1% in FY22. However, growth of Agriculture, Forestry & Fishing improved to 4.0% in FY23 from 3.5% in FY22. Also, growth of Financial, Real Estate & Professional Services accelerated to 7.1% in FY23 from 4.7% in FY22.

India's fiscal deficit narrowed to 6.4% of GDP in FY23

- Government data showed that India's fiscal deficit narrowed to 6.4% of GDP in FY23 from 6.71% of GDP in the previous fiscal. Revenue deficit also narrowed to 3.9% of GDP in FY23 from 4.37% of GDP in the previous fiscal. The Indian government was able to meet its budgeted fiscal deficit target for FY23 which can be attributed to buoyant tax collections.

Retail Inflation eased to 4.70% in Apr 2023

- Consumer Price Index based inflation (CPI) eased considerably to 4.70% in Apr 2023 from 5.66% in the previous month and 7.79% in Apr 2022 due to slower rise in food inflation. Inflation rate fell 18-month low during the reported period. Retail inflation went below the upper tolerance level of the Reserve Bank of India's retail inflation target of 6% for the second consecutive month during the reported period.

Key Rates (%)	Current	Month Ago	Year Ago
Reverse Repo	3.35	3.35	3.35
Repo	6.50	6.50	4.40
CRR	4.50	4.50	4.50
SLR	18.00	18.00	18.00
Bank Rate	6.75	6.75	4.65

Source: RBI

Key Indicator	Period	Current Month	Previous Month
CPI - Monthly	Apr-23	4.70%	5.66%
WPI - Monthly	Apr-23	-0.92%	1.34%
IIP - Monthly	Mar-23	1.10%	5.80%
Export (Y-o-Y) - Monthly	Apr-23	-13.76%	-9.10%
Import (Y-o-Y) - Monthly	Apr-23	-17.25%	-4.33%
Trade Deficit - Monthly	Apr-23	15.24	19.73

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	43,838	11,631	29,258
DII Flows	(3,306)	2,217	82,639
MF Flows	2,447	(5,131)	53,587

Source: CDSL, NSE & SEBI

Institutional Flows (Debt)			
Net Flow (INR Crore)	Current Month	Previous Month	Year to Date
FII Flows	3,276	806	7,544
MF Flows	(4,806)	10,604	(15,257)

Source: NSDL & SEBI

Events for June 2023

Events	Date
Forex Reserves	2-Jun-23
Credit Growth	9-Jun-23
Deposit Growth	9-Jun-23
CPI Inflation (May 2023)	12-Jun-23

Events	Date
Index of Industrial Production (Apr 2023)	12-Jun-23
WPI Inflation (May 2023)	14-Jun-23
Infrastructure Output	30-Jun-23
Fiscal deficit (as a % of budget estimates)	30-Jun-23

Commodity and Currency Round up

Commodity Market - Brent Crude

- Brent crude oil prices fell on growing possibility of continued interest rate hikes by the U.S. Federal Reserve due to high inflation. Worries over China's economic recovery also weighed on the market sentiment.
- However, forecast of higher global demand from the International Energy Agency restricted further losses. Oil prices rose further after comments from Russian Deputy Prime Minister lowered the prospect of further OPEC+ production cuts at its meeting in Vienna on June 4.

Currency Market

- Rupee fell against the U.S. dollar following decline in the Chinese yuan on poor economic data, strength in greenback in the overseas market and worries over debt-ceiling impasse.
- However, losses were restricted following continued greenback inflows, gains in domestic equity market and on improving domestic macro-economic data.

Movement of Brent Crude Price Over 1 Year



Movement of Major Currencies (as on May 31, 2023)

Currency	31-May-23	Month Ago	Year Ago
INR/USD	82.68	81.78	77.66
INR/GBP	102.38	102.03	97.87
INR/EUR	88.36	90.09	83.41
INR/100 JPY	59.30	60.36	60.73

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