

Market Summary



Key Domestic Market Highlights

- Domestic equity markets rose following the release of a slew of upbeat domestic macroeconomic data which indicated that the Indian economy was on a strong footing in terms of macroeconomic stability. Domestic equities continued to move up and rose to record high levels after domestic retail inflation came down for the fourth consecutive month in May 2023 and moved closer to the Reserve Bank of India's medium-term target of 4%.
- The bulls continued their reign over the market amid reports that the Indian government held discussions with a major global credit rating agency with the objective of seeking a rating upgrade. The progress of the southwest monsoon also provided support to the markets. Robust buying of domestic equities by foreign institutional investors too aided market sentiment. Reports of tentative merger between two domestic twin companies operating in the banking and financial services segment further provided support to the markets.
- However, profit booking capped the gains. Markets also remained under pressure in anticipation that domestic equities are trading at stretched valuations and may witness some consolidation moving ahead. Sentiments also took a hit after the U.S. Federal Reserve Chief in its congressional testimony suggested that interest rates in U.S. may move higher at a moderate pace to tackle inflation in U.S. which continued to remain at elevated levels.



Key Global Market Highlights

- U.S. equity markets rose after the bill to raise the U.S. debt ceiling was passed in the House of Representatives which was subsequently approved by the Senate. The passage of the bill came as a relief as it eliminated the threat of a default by the U.S. government. Sentiments improved further after consumer price index-based inflation in U.S. slowed in May 2023. A slew of upbeat economic data from U.S. added to the gains as it led to hopes that the U.S. economy will be able to avoid a recession.
- U.S. Treasury fell after the U.S. Federal Chief in his congressional testimony indicated that interest rates could go higher still in 2023 as inflation in U.S. remained at elevated levels. U.S. Treasury prices fell further following upbeat U.S. economic data.
- European equity markets rose after eurozone inflation fell in Jun 2023 which helped offset concerns about higher interest rates. A slew of upbeat economic data from U.S. too eased fears of a recession in the U.S economy. However, rate hike concerns and worries over slowdown in global growth capped the gains.
- Asian equity markets rose after People's Bank of China cut interest rates to provide support to the world's second-largest economy. Expectations that the Chinese government will unveil more stimulus measures to boost its economy added to the gains. Japanese equity markets gained after the Bank of Japan maintained its ultra-easy monetary policy and signaled no change to its quantitative easing and yield curve control policies.

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 4.52%
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 4.17%
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%	UST 3.81%
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%	ST 3.70%
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 3.57%

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 equities rose during the month as market participants remained optimistic regarding the growth prospects of the domestic economy. Anticipation of the interest rate cycle peaking out amid receding concerns over inflation aided the market sentiment.
- On the BSE sectoral front, all the sectoral indices closed the month in green. S&P BSE Capital Goods rose the most by 9.42% followed by S&P BSE Healthcare and S&P BSE Realty which rose 9.01% and 8.56% respectively. Capital goods stocks rose as the sector is expected to benefit from the Government's focus on capex. The realty sector rose on expectations that the Reserve Bank of India led Monetary Policy Committee may start cutting interest rates from next year. Expectations that pharma, hospitals and diagnostics are on the cusp of a strong growth turnaround boosted the healthcare sector. The auto sector also benefitted due to better semiconductor chip supply and signs of revival in domestic demand.
- U.S. equity markets rose after the bill to raise the U.S. debt ceiling was passed in the House of Representatives which was subsequently approved by the Senate. The passage of the bill came as a relief as it eliminated the threat of a default by the U.S. government. Sentiments improved further after consumer price index-based inflation in U.S. slowed in May 2023. A slew of upbeat economic data from U.S. added to the gains as it led to hopes that the U.S. economy will be able to avoid a recession.
- European equity markets rose after eurozone inflation fell in Jun 2023 which helped offset concerns about higher interest rates. A slew of upbeat economic data from U.S. too eased fears of a recession in the U.S economy. Hopes that China will unveil more economic stimulus measures to boost its economy added to the gains. However, rate hike concerns and worries over slowdown in global growth capped the gains. The European Central Bank, Bank of England, Norges Bank and the Swiss National Bank all raised interest rates, and some of these central banks have signaled more rate hikes may come in the coming months.
- Asian equity markets mostly rose after the U.S. debt ceiling bill was passed in the House of Representatives which was subsequently approved by the Senate. Sentiments improved further after People's Bank of China cut interest rates to provide support to the world's second-largest economy. Expectations that the Chinese government will unveil more stimulus measures to boost its economy added to the gains. Japanese equity markets gained after the Bank of Japan maintained its ultra-easy monetary policy and signaled no change to its quantitative easing and yield curve control policies. However, worries of more monetary policy tightening by the U.S. Federal Reserve later in the year capped the gains.

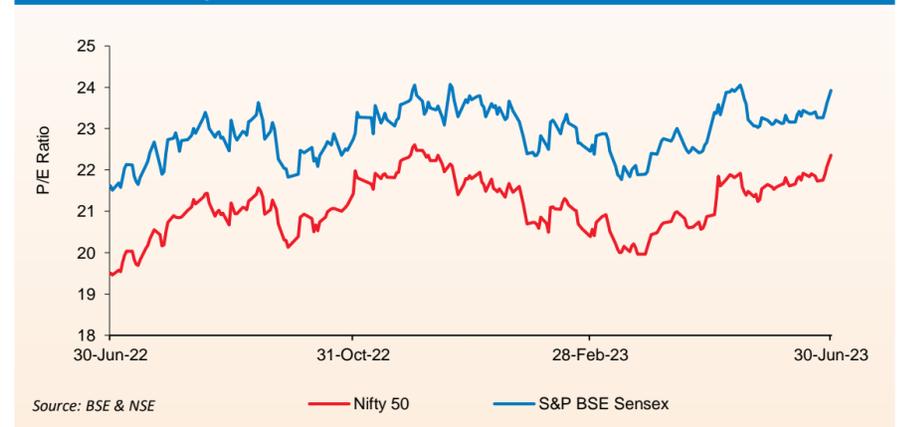
Broad Indices	30-Jun-23	% Change (MoM)	% Change (YoY)
S&P BSE Sensex	64,718.56	3.35	22.07
Nifty 50	19,189.05	3.53	21.60
S&P BSE 500	26,078.65	4.07	22.29
Nifty 500	16,430.00	4.21	22.73
S&P BSE Mid Cap	28,776.20	6.19	32.53
Nifty Mid Cap 100	35,754.35	5.90	35.16

Source: BSE & NSE

Sector Indices	30-Jun-23	% Change (MoM)	% Change (YoY)
S&P BSE Auto	34,919.74	6.68	30.45
S&P BSE Bankex	50,500.57	0.97	31.25
S&P BSE CD	42,861.12	4.91	23.52
S&P BSE CG	40,725.76	9.42	56.48
S&P BSE FMCG	18,690.49	2.39	35.77
S&P BSE HC	25,814.46	9.01	19.48
S&P BSE IT	29,876.53	1.81	5.52
S&P BSE Metal	20,561.27	5.21	32.21
S&P BSE Oil & Gas	18,209.80	1.32	1.04
S&P BSE Power Index	4,010.86	5.02	-1.38
S&P BSE PSU	10,736.16	3.62	33.99
S&P BSE Realty	4,161.18	8.56	35.62
S&P BSE Teck	13,423.12	1.44	3.54

Source: BSE

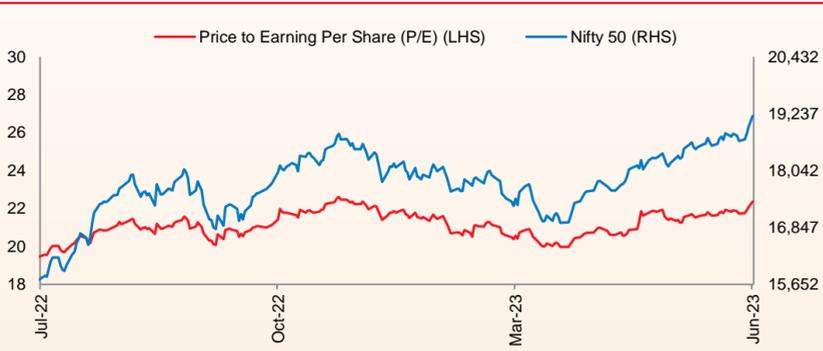
Movement of Nifty 50 and S&P BSE Sensex P/E



Source: BSE & NSE

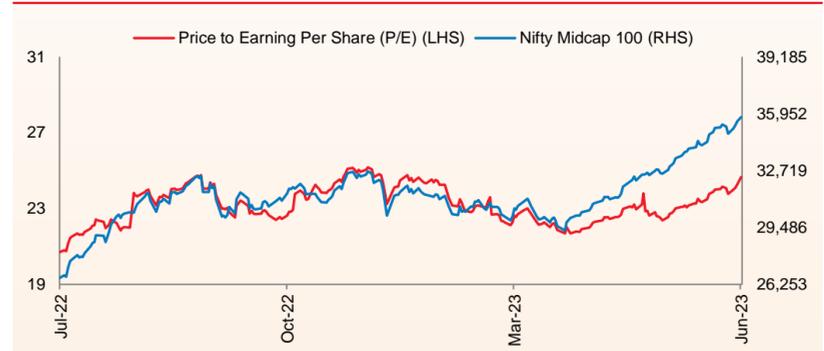
Country/Region	30-Jun-23	% Change (MoM)	% Change (YoY)
Nasdaq 100 (U.S.)	15,179.21	6.49	31.95
FTSE 100 (U.K.)	7,531.53	1.15	5.05
DAX (Germany)	16,147.90	3.09	26.32
Nikkei 225 (Japan)	33,189.04	7.45	25.75
SSEC (China)	3,202.06	-0.08	-5.78

Equity Market Round Up



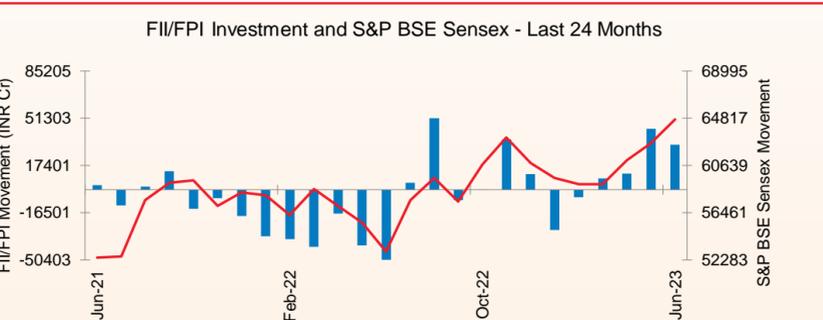
Source: NSE

During the month, S&P BSE Sensex and Nifty 50 rose 3.35% and 3.53% respectively to close at 64,718.56 and 19189.05 respectively.



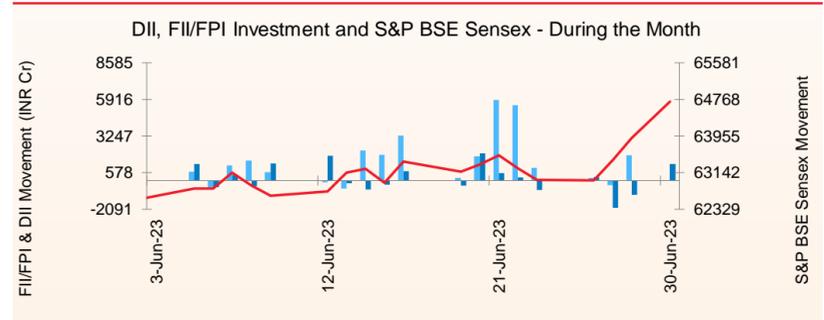
Source: NSE

During the month, Nifty Midcap 100 and Nifty Small cap 100 rose 5.90% and 6.60% respectively to close at 35,754.35 and 10,837.1 respectively.



Source : MFI Explorer

Foreign portfolio investors (FPIs) were net buyer of domestic stocks worth Rs. 47,148.34 crore in Jun 2023 compared with net buy of Rs. 43,838.11 crore in May 2023.



Source : MFI Explorer

Domestic mutual funds remained net buyer in the equity segment to the tune of Rs. 5,664.03 crore in Jun 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%	Realty 20.43%
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 20.11%
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%	FMCG 18.16%
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 12.75%
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 11.21%
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%	Pharma 9.29%
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%	Finance 5.67%
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 4.60%
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%	IT 3.29%
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 -4.82%
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%	Metal -7.65%
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%	Media -12.46%

- 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

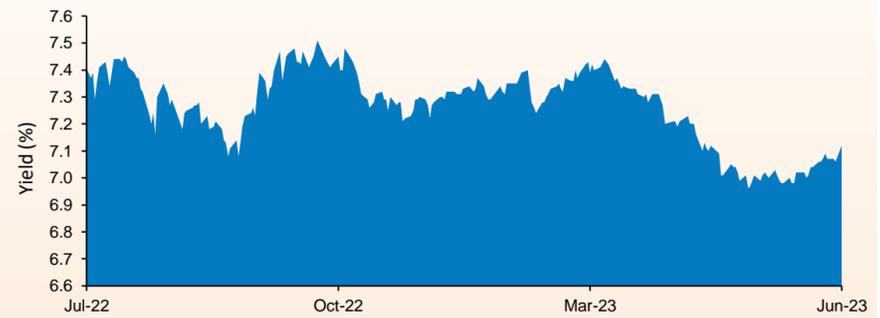
- Finance returns represented by NIFTY Finance
- FMCG returns represented by NIFTY FMCG
- PSU Bank returns represented by NIFTY PSU Bank
- Largecap returns represented by Nifty 100
- Midcap returns represented by Nifty Midcap 150
- Smallcap returns represented by Nifty Small cap 250

Fixed Income Market Round Up

Fixed Income Market Commentary

- Bond yields rose after the Reserve Bank of India's (RBI) Monetary Policy Committee (MPC) maintained status quo as expected by the market but signalled that monetary conditions would remain tight in the near future. Yields increased further after the U.S. Federal Reserve (Fed) signaled further rate hikes in 2023 even though it kept interest rates on hold in its monetary policy review. Losses increased after the weekly government bond auction added to the supply in the market, weak demand in one of the weekly auction and elevated U.S. Treasury yields. However, losses were restricted after domestic retail inflation fell to an over 2-year low in May 2023. Expectations that the U.S. Federal Reserve will pause its aggressive rate hiking cycle also boosted market sentiments.
- Yield on the 10-year benchmark bond (7.26% GS 2033) rose 12 bps to close at 7.11% compared with the previous months' close of 6.99%.
- Yield on gilt securities rose in the range of 8 to 22 bps across the maturities. Yield on corporate bonds rose in the range of 4 to 52 bps across the curve, barring 1, 9, 10 & 15 year papers that fell in the range of 2 to 19 bps. Difference in spread between corporate bond and gilt securities expanded in the range of 6 to 35 bps across the segments, except 1, 7, 10 & 15 year papers that contracted by up to 34 bps.

Movement of 10-Year Benchmark Bond Rate



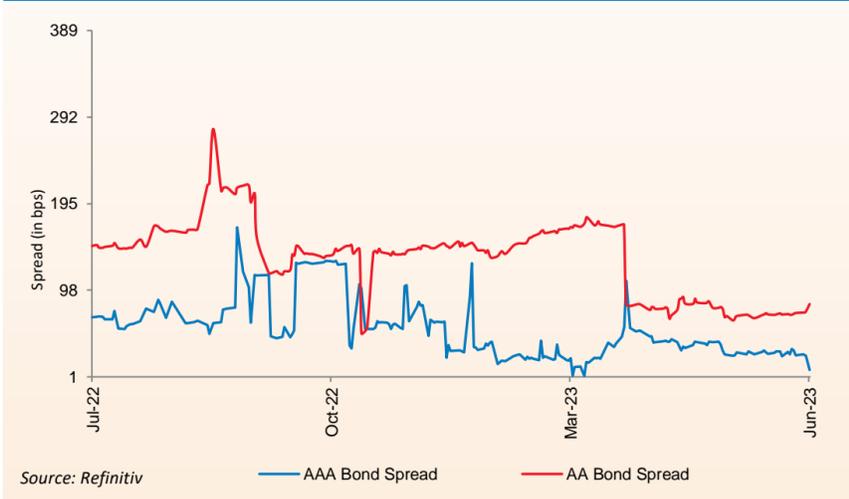
Source: Refinitiv

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

Date	Period	Spread	
		AAA	AA
30-Jun-23	1 Yr	62	128
	3 Yr	88	86
	5 Yr	52	77
31-May-23	1 Yr	85	106
	3 Yr	53	110
	5 Yr	37	96

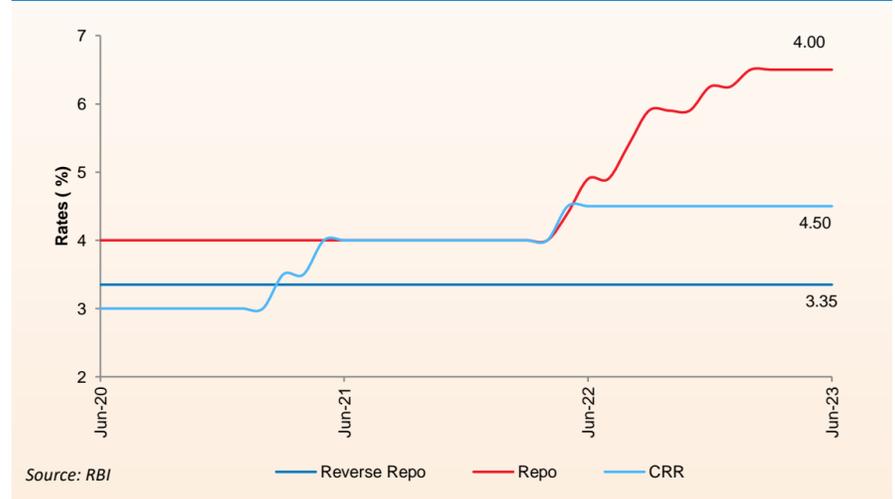
Source: Refinitiv

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



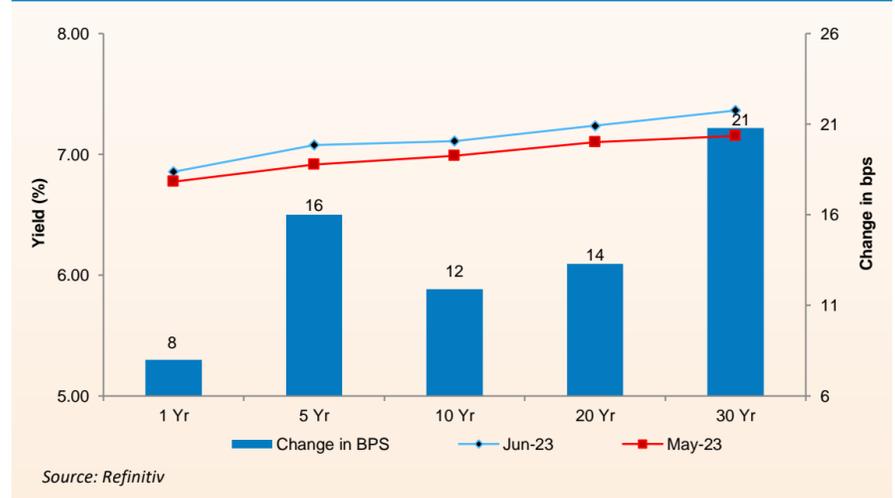
Source: Refinitiv

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 kept key policy repo rate unchanged at 6.50%

- The Monetary Policy Committee (MPC) in its second bi-monthly monetary policy review of FY24 kept key policy repo rate unchanged at 6.50% for the second time. The standing deposit facility (SDF) rate also remains unchanged at 6.25%. All six members unanimously voted to keep the policy repo rate unchanged. The MPC also remained focused on withdrawal of accommodation to ensure that inflation progressively aligns with the target, while supporting growth. Five out of six members voted in favour of the same.

IIP growth slowed to 4.2% YoY in Apr 2023

- The Index of Industrial Production (IIP) growth slowed to 4.2% YoY in Apr 2023 compared with rise of 6.7% in the same period of the previous year but better than 1.7% increase in the previous month. Slower increase in industrial output was led by manufacturing sector that rose 4.9% and electricity sector that contracted 1.1% during the reported period, compared to a growth of 5.6% and 11.8%, respectively in the same period of the previous fiscal.

India's current account deficit narrowed in Q4FY23

- India's current account deficit (CAD) decreased to US\$ 1.3 billion (0.2% of GDP) in Q4FY23 from US\$ 16.8 billion (2% of GDP) in Q3FY23, and US\$ 13.4 billion (1.6% of GDP) in Q4FY22. The sequential decline in CAD in Q4FY23 was mainly on account of a moderation in the trade deficit to US\$ 52.6 billion in Q4FY23 from US\$ 71.3 billion in Q3FY23, coupled with robust services exports. The current account balance recorded a deficit of 2% of GDP in FY23 as compared with a deficit of 1.2% in FY22 as the trade deficit widened to US\$ 265.3 billion from US\$ 189.5 billion a year ago.

Key Rates (%)	Current	Month Ago	Year Ago
Reverse Repo	3.35	3.35	3.35
Repo	6.50	6.50	4.90
CRR	4.50	4.50	4.50
SLR	18.00	18.00	18.00
Bank Rate	6.75	6.75	5.15

Source: RBI

Key Indicator	Period	Current Month	Previous Month
CPI - Monthly	May-23	4.25%	4.70%
WPI - Monthly	May-23	-3.48%	-0.92%
IIP - Monthly	Apr-23	4.20%	1.10%
Export (Y-o-Y) - Monthly	May-23	-10.17%	-13.76%
Import (Y-o-Y) - Monthly	May-23	-9.68%	-17.25%
Trade Deficit - Monthly	May-23	22.12	15.24

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	32,344	43,838	61,603
DII Flows	4,458	(3,306)	87,097
MF Flows	5,664	2,447	59,251

Source: CDSL, NSE & SEBI

Institutional Flows (Debt)			
Net Flow (INR Crore)	Current Month	Previous Month	Year to Date
FII Flows	(2,651)	3,276	4,893
MF Flows	8,625	(4,806)	(6,632)

Source: NSDL & SEBI

Events for July 2023

Events	Date
Industrial Output YY - May 2023	12-Jul-23
Manufacturing Output YY - May 2023	12-Jul-23
CPI Inflation YY - June 2023	12-Jul-23
CPI Food Inflation YY - June 2023	12-Jul-23

Events	Date
WPI Inflation YY - June 2023	14-Jul-23
Payroll Reporting in India - May 2023	25-Jul-23
Infrastructure Output YY - June 2023	31-Jul-23
Fiscal Deficit - Apr to Jun of 2023	31-Jul-23

Commodity and Currency Round up

Commodity Market - Brent Crude

- Brent crude oil prices rose following Saudi Arabia's decision to reduce output by an additional million barrels per day. Prices rose further after data from the U.S. Energy Information Administration showed that crude inventories in U.S. dropped by 9.6 million barrels for the week ended Jun 23.
- However, gains were capped as rate hikes from central banks of England, Norway and Switzerland fueled concerns of recession and slowdown in global growth which hit the demand outlook of the commodity.



Currency Market

- Rupee rose against the U.S. dollar following gains in the domestic equity market, robust macro-economic data, FII inflows and a weak greenback index globally.
- The gains were however capped as the U.S. Federal Reserve Chief in its congressional testimony indicated that interest rates in U.S. could go up further in 2023 and as domestic trade deficit widened in May 2023.

Movement of Major Currencies (as on June 30, 2023)			
Currency	30-Jun-23	Month Ago	Year Ago
INR/USD	82.04	82.68	78.94
INR/GBP	103.51	102.38	95.96
INR/EUR	89.13	88.36	82.58
INR/100 JPY	56.77	59.30	57.96

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