

Market Summary



Key Domestic Market Highlights

- Domestic equity markets rose as S&P BSE Sensex crossed the psychological levels of 66,500 and 19,500 respectively. The market rally was broad-based as the mid cap segment and the small cap segment also closed the month in green.
- Domestic equity markets rose initially on the back of robust domestic macroeconomic data. Markets rose further following positive cues from global equity markets after data showed that consumer price growth in U.S. moderated in Jun 2023 from the previous month. This led to expectations that the U.S. Federal Reserve might not raise interest rates at an aggressive pace and could be closer to end its monetary policy tightening cycle.
- Domestic equities scaled fresh peaks on the back of continued buying by foreign institutional investors. It needs to be noted that foreign portfolio investors (FPIs) were net sellers in equities in the previous two fiscals, but in 2023 till date, net investment by FPIs in domestic equity stood at Rs. 1.23 lakh crore.
- However, gains were capped following a slew of upbeat economic data from U.S. which led to worries of continued rate hikes by the U.S. Federal Reserve as data showed that the U.S. economy was on a strong footing. Furthermore, increase in global crude oil prices and rise in yields on U.S. Treasuries added to the losses. Profit booking too contributed to the market downside.



Key Global Market Highlights

- U.S. equity markets initially remained under pressure after non-farm payroll employment in U.S. rose less than expected in Jun 2023. However, the trend reversed soon following upbeat earning numbers for the quarter ended Jun 2023 from some big-name companies in U.S. Market sentiments were further boosted after the annual rate of growth in consumer prices for U.S. slowed in Jun 2023. The data eased rate hike jitters to some extent. Gains were extended following a slew of upbeat economic data from U.S. which indicated that the U.S. economy was on a strong footing.
- U.S. Treasury prices fell after the U.S. Federal Reserve raised interest rate in its monetary policy review and kept the door open for future rate hikes.
- European equity markets rose after eurozone inflation fell in Jun 2023. Gains were extended after some prominent companies in euro zone reported encouraging earning numbers for the quarter ended Jun 2023. Sentiments improved further after Chinese authorities pledged more support measures to boost growth in the world's second-largest economy.
- Asian equity markets mostly rose after policymakers in China pledged further support to its ailing property sector with an economic stimulus. Positive cues from U.S. equity markets added to the gains. However, gains were capped after the Bank of Japan in its monetary policy review adjusted its bond purchase policy thereby marking a step toward allowing interest rates to rise.

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 4.97%
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 4.66%
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 4.49%
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 4.31%
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 4.19%

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 as S&P BSE Sensex crossed the psychological levels of 66,500 and 19,500 respectively. The market rally was broad-based as the mid cap segment and the small cap segment also closed the month in green. Markets rose on the back of upbeat domestic macroeconomic data and continued buying by foreign institutional investors. However, worries of continued rate hikes by the U.S. Federal Reserve capped the gains.
- On the BSE Sectoral front, S&P BSE PSU rose the most by 9.26% followed by S&P BSE Power and S&P BSE Realty which rose 9.20% and 9.01% respectively. PSU stocks rose on expectations that the central government will push its infrastructure, road, railways and other projects ahead of the upcoming general elections in 2024 which is expected to benefit the state-run banks. S&P BSE Power rose due to strong growth outlook of the power sector. Realty sector witnessed gains on expectations that the domestic residential property markets will remain robust as underlying demand remains firm. Metal sector also benefitted after policymakers in China announced fresh stimulus measures to provide support to China's economy.
- U.S. equity markets initially remained under pressure after non-farm payroll employment in U.S. rose less than expected in Jun 2023. However, the trend reversed soon following upbeat earning numbers for the quarter ended Jun 2023 from some big-name companies in U.S. Market sentiments were further boosted after the annual rate of growth in consumer prices for U.S. slowed in Jun 2023. The data eased rate hike jitters to some extent. Gains were extended following a slew of upbeat economic data from U.S. which indicated that the U.S. economy was on a strong footing. However, gains were capped after the U.S. Federal Reserve in its monetary policy review kept the door open for future rate hikes.
- European equity markets rose after eurozone inflation fell in Jun 2023. Market sentiments were further boosted after eight major banks in Britain passed stress tests and the U.K. economy contracted less than expected in May. Sentiments improved further after Chinese authorities pledged more support measures to boost growth in the world's second-largest economy. However, gains were capped after a slew of upbeat economic data from U.S. and the outcome of the U.S. Federal Reserve monetary policy review clouded the outlook for interest rates.
- Asian equity markets mostly rose after policymakers in China pledged further support to its ailing property sector with an economic stimulus. Positive cues from U.S. equity markets added to the gains. However, gains were capped after the Bank of Japan in its monetary policy review adjusted its bond purchase policy thereby marking a step toward allowing interest rates to rise. Sentiments were also hit after after China's economy grew at a slower than expected pace in the second quarter of 2023 which raised concerns about the outlook for global growth.

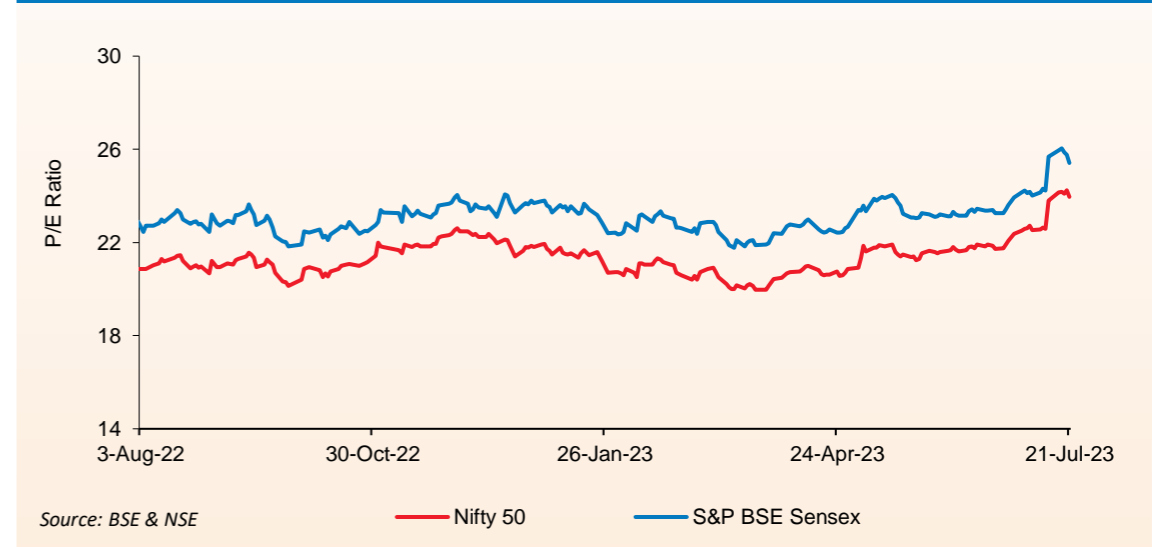
Broad Indices	31-Jul-23	% Change (MoM)	% Change (YoY)
S&P BSE Sensex	66,527.67	2.80	15.47
Nifty 50	19,753.80	2.94	15.04
S&P BSE 500	27,069.01	3.80	15.79
Nifty 500	17,059.00	3.83	16.22
S&P BSE Mid Cap	30,419.75	5.71	26.32
Nifty Mid Cap 100	37,721.35	5.50	27.12

Source: BSE & NSE

Sector Indices	31-Jul-23	% Change (MoM)	% Change (YoY)
S&P BSE Auto	36,017.44	3.14	25.22
S&P BSE Bankex	51,432.39	1.85	19.13
S&P BSE CD	42,752.52	-0.25	8.00
S&P BSE CG	44,045.93	8.15	47.90
S&P BSE FMCG	18,986.42	1.58	22.44
S&P BSE HC	27,736.45	7.45	20.99
S&P BSE IT	30,276.57	1.34	2.66
S&P BSE Metal	22,180.72	7.88	21.81
S&P BSE Oil & Gas	19,424.13	6.67	2.23
S&P BSE Power Index	4,379.71	9.20	-3.85
S&P BSE PSU	11,730.28	9.26	35.27
S&P BSE Realty	4,536.14	9.01	26.15
S&P BSE Teck	13,674.87	1.88	1.82

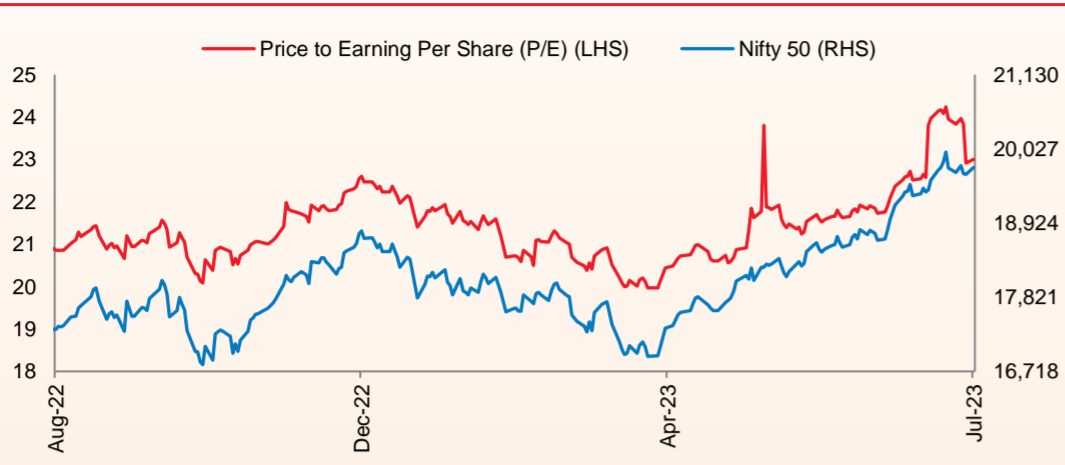
Source: BSE

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



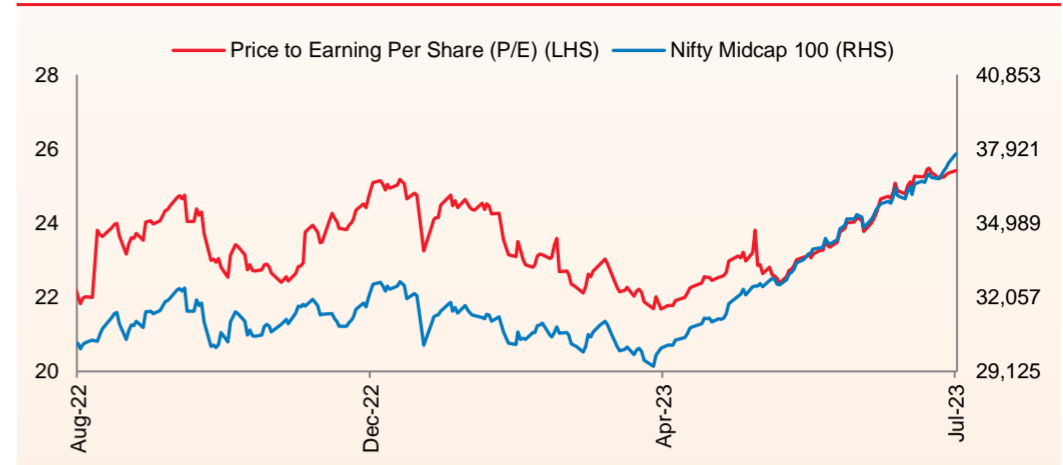
Country/Region	31-Jul-23	% Change (MoM)	% Change (YoY)
Nasdaq 100 (U.S.)	15,757.00	3.81	21.56
FTSE 100 (U.K.)	7,699.41	2.23	3.70
DAX (Germany)	16,446.83	1.85	21.84
Nikkei 225 (Japan)	33,172.22	-0.05	19.20
SSEC (China)	3,291.04	2.78	1.16

Equity Market Round Up



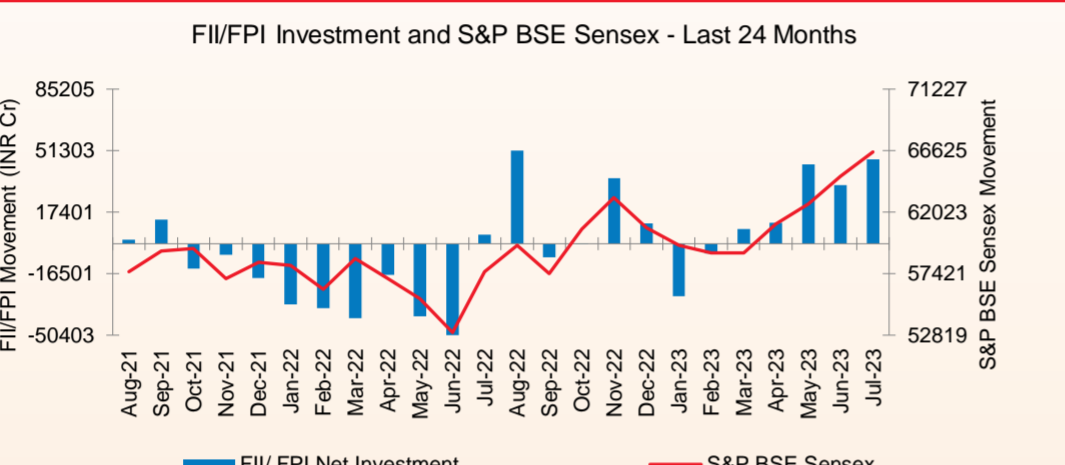
Source: NSE

During the month, S&P BSE Sensex and Nifty 50 rose 2.80% and 2.94% respectively to close at 66,527.67 and 19,753.8 respectively.



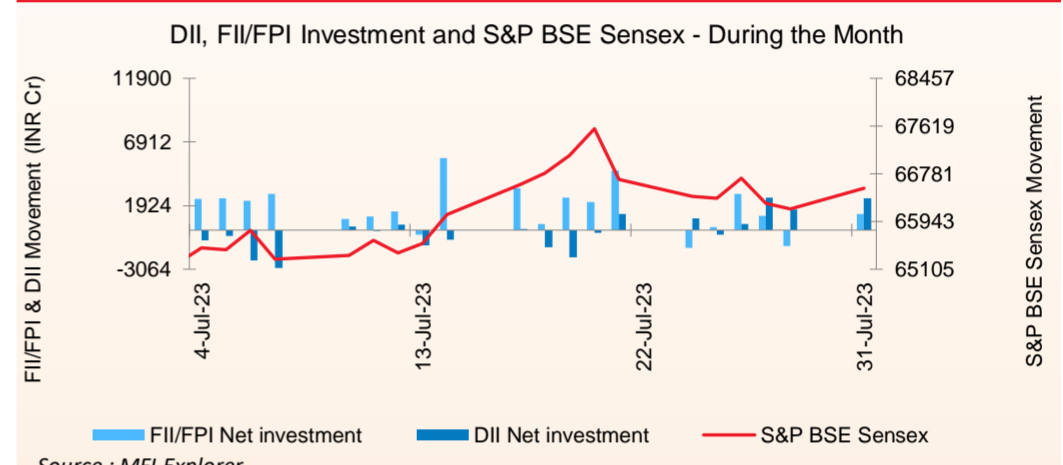
Source: NSE

During the month, Nifty Midcap 100 and Nifty Small cap 100 rose 5.50% and 7.99% respectively to close at 37,721.35 and 11,702.85 respectively.



Source : MFI Explorer

Foreign portfolio investors (FPIs) were net buyer of domestic stocks worth Rs. 46,617.76 crore in Jul 2023 compared with net buy of Rs. 47,148.34 crore in Jun 2023.



Source : MFI Explorer

Domestic mutual funds remained net buyer in the equity segment to the tune of Rs. 7,707.46 crore in Jul 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 31.25%
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 24.55%
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%	Smallcap 19.76%
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%	FMCG 19.16%
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%	Pharma 19.01%
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%	Midcap 18.97%
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%	Largecap 7.78%
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%	Finance 7.17%
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%	PSU Bank 6.99%
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%	IT 4.57%
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%	Pharma -11.46%	Media 3.49%
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 0.52%

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

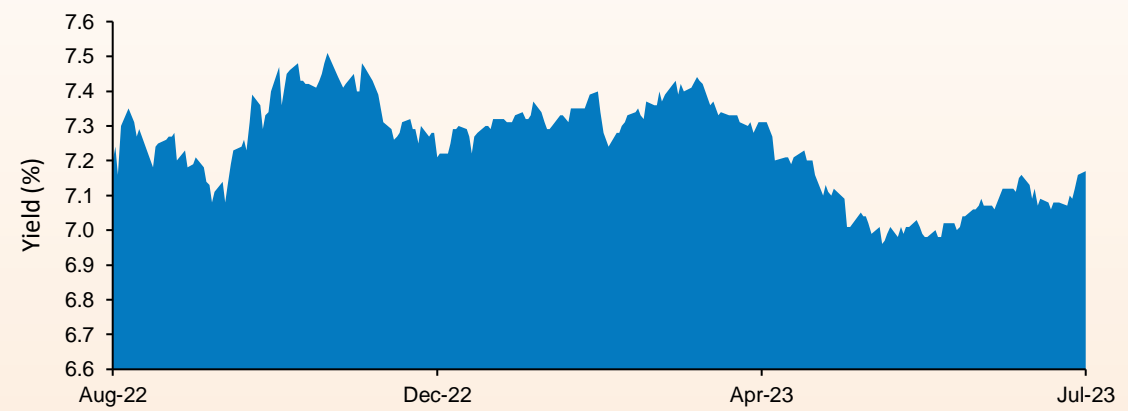
Finance returns represented by NIFTY Finance
 FMCG returns represented by NIFTY FMCG
 PSU Bank returns represented by NIFTY PSU Bank
 Largecap returns represented by Nifty 100
 Midcap returns represented by Nifty Midcap 150
 Smallcap returns represented by Nifty Small cap 250

Fixed Income Market Round Up

Fixed Income Market Commentary

- Bond yields remained in a narrow range during most part of the July month but closed on a higher note at the end. Yields rose after minutes of U.S. Federal Reserve's June meeting indicated that multiple rate hikes may come in the coming months. However, losses reversed after U.S. inflation eased, which increased confidence of the market participants that U.S. Federal Reserve rate hikes will soon come to an end. At the end, bond yields rose following rise in yields on U.S. Treasuries and as weekly debt auction added to fresh supply. Worries that domestic inflationary pressures may rise also weighed on the market sentiment.
- Yield on the 10-year benchmark bond (7.26% GS 2033) rose 6 bps to close at 7.17% compared with the previous months' close of 7.11%.
- Yield on gilt securities rose by up to 14 bps across the maturities. Yield rose the most on 2 year paper and the least on 30-year paper. Yield on corporate bonds rose by up to 36 bps across the curve, barring 2 to 6 year papers that fell in the range of 6 to 17 bps. Yield rose the most on 15-year paper. Difference in spread between corporate bond and gilt securities contracted in the range of 3 to 28 bps across the segments, except 10 & 15 year papers that expanded 16 & 29 bps, respectively.

Movement of 10-Year Benchmark Bond Rate



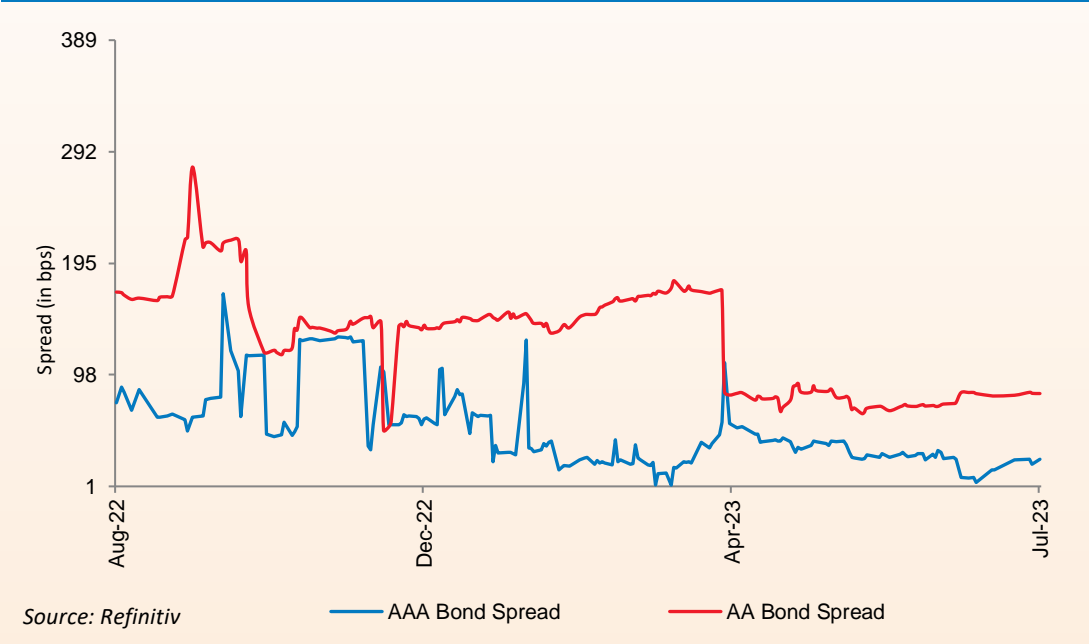
Source: Refinitiv

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

Date	Period	Spread	
		AAA	AA
31-Jul-23	1 Yr	59	100
	3 Yr	64	81
	5 Yr	30	75
30-Jun-23	1 Yr	62	128
	3 Yr	88	86
	5 Yr	52	77

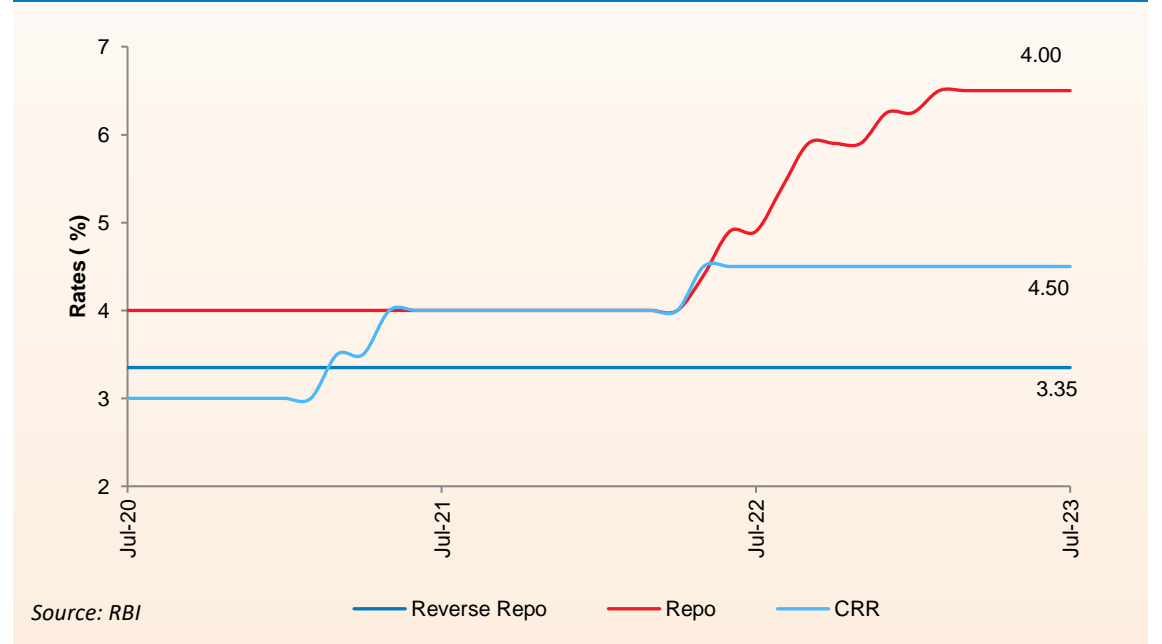
Source: Refinitiv

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



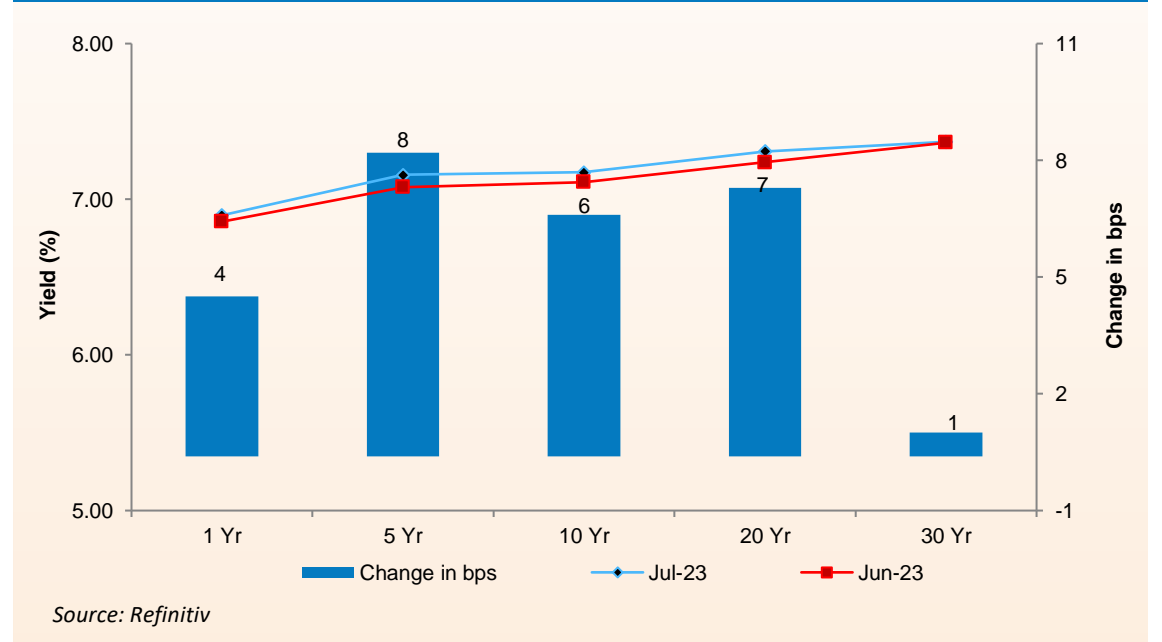
Source: Refinitiv

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

IIP growth slowed to 5.2% YoY in May 2023

- The Index of Industrial Production (IIP) growth slowed to 5.2% YoY in May 2023 compared with rise of 19.7% in the same period of the previous year but better than 4.5% increase in the previous month. Slower increase in industrial output was led by all three sectors. Manufacturing, mining and electricity sectors rose 5.7%, 6.4% and 0.9%, during the reported period, slower than 20.7%, 11.2% and 23.5%, respectively, in the same period of the previous fiscal.

Retail inflation rose to 4.81% during June 2023

- Consumer Price Index based inflation (CPI) rose to 4.81% during June 2023 after touching its lowest level in more than two years in the previous month due to faster rise food inflation. In June 2023, CPI accelerated from 4.31% in May 2023 but remained much lower than 7.01% in June 2022. Despite rising sequentially, retail inflation still remained below the upper tolerance level of the Reserve Bank of India's retail inflation target of 6% for the fourth consecutive month during the reported period.

WPI inflation contracted 4.12% in Jun 2023

- According to statistics from the Commerce Ministry, the wholesale price index (WPI)-based inflation rate in India contracted 4.12% in Jun 2023 from 3.48% contraction in May 2023 and 0.79% contraction in Apr 2023.

India's trade deficit narrowed to \$20.13 billion in Jun 2023

- India's merchandise trade deficit narrowed to \$20.13 billion in Jun 2023 from \$22.12 billion in May 2023. The country's merchandise exports fell 22% to \$32.97 billion in Jun 2023 from \$42.28 billion a year earlier while imports declined 17.48% to \$53.1 billion in Jun 2023 compared to \$64.35 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	Jun-23	4.81%	4.31%
WPI - Monthly	Jun-23	-4.12%	-3.48%
IIP - Monthly	May-23	5.20%	4.20%
Export (Y-o-Y) - Monthly	Jun-23	-17.84%	-10.17%
Import (Y-o-Y) - Monthly	Jun-23	-19.92%	-9.68%
Trade Deficit - Monthly	Jun-23	20.13	22.12

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	46,618	32,344	108,220
DII Flows	(2,698)	4,458	84,400
MF Flows	7,707	5,664	66,959

Source: CDSL, NSE & SEBI

Institutional Flows (Debt)			
Net Flow (INR Crore)	Current Month	Previous Month	Year to Date
FII Flows	3,726	(2,651)	8,619
MF Flows	3,071	8,625	(3,561)

Source: NSDL & SEBI

Events for August 2023

Events	Date
Forex Reserves	4-Aug-23
Index of Industrial Production (Jun 2023)	11-Aug-23
Credit Growth	11-Aug-23
Deposit Growth	11-Aug-23

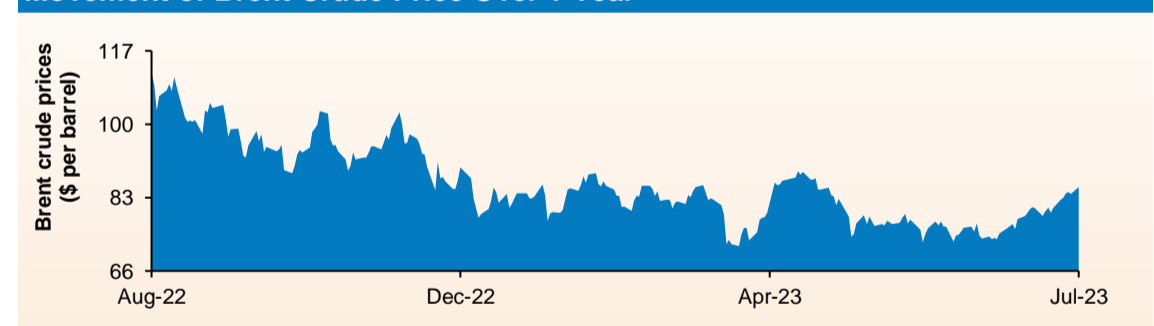
Events	Date
CPI Inflation (Jul 2023)	14-Aug-23
WPI Inflation (Jul 2023)	14-Aug-23
Infrastructure Output	31-Aug-23
Fiscal deficit (as a % of budget estimates)	31-Aug-23

Commodity and Currency Round up

Commodity Market - Brent Crude

- Brent crude oil prices rose initially after Saudi Arabia and Russia announced supply cuts for Aug 2023. Prices rose further after supply disruptions in Libya and Nigeria heightened concerns that oil supply may tighten in coming months.
- Gains were extended on improved prospects for global growth and energy demand after policymakers in China pledged further policy support to aid the country's economic recovery. However, worries that higher interest rates may lead to a slowdown in global growth capped the gains.

Movement of Brent Crude Price Over 1 Year



Currency Market

- Rupee fell against the U.S. dollar following rise in global crude oil prices. Rupee rose further following month end dollar demand from oil importers and a strong greenback against major rivals in the overseas.
- The losses were however restricted following gains in domestic equity market and corporate dollar inflows.

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

Currency	31-Jul-23	Month Ago	Year Ago
INR/USD	82.25	82.04	79.42
INR/GBP	105.76	103.51	96.90
INR/EUR	90.58	89.13	81.17
INR/100 JPY	58.06	56.77	59.73

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