

Market Summary



Key Domestic Market Highlights

- Domestic equity markets rose initially after the U.S. nonfarm payroll employment data for Aug 2023 came along mixed lines. The data led to anticipation that the U.S. Federal Reserve may refrain from raising interest rates in its upcoming monetary policy review which was scheduled on Sep 20, 2023. Sentiments improved further after policymakers in China rolled out a slew of measures to improve the growth prospects of its faltering economy.
- On the domestic front, upbeat domestic macroeconomic data also boosted market sentiments. Gains were extended after the Reserve Bank of India decided to discontinue the incremental cash reserve ratio (I-CRR) in a phased manner. Meanwhile, a historic consensus was achieved at the G20 summit, which instilled confidence among market participants.
- However, the rising trend of the markets reversed as the Sensex took a breather from a record setting run and snapped a 11-day winning streak. Sentiments were hit after the U.S. Federal Reserve in its monetary policy review kept interest rates unchanged but hinted at one more rate hike by the end of this year.
- Higher global crude oil prices too kept markets under pressure as the same rekindled inflationary concerns and worries of an increase in import bill of the country. A strengthening dollar index and rising U.S. Treasury yields which surged to a 16-year high added to the losses. Profit booking further capped the gains.



Key Global Market Highlights

- U.S. equity markets fell after the U.S. Federal Reserve left interest rates unchanged as widely expected but forecasted another rate hike before the end of the year. Concerns of a U.S government shutdown and the outlook about interest rates also weighed on the market sentiment. Worries that higher global crude oil prices may keep U.S. inflation at higher levels too kept sentiments muted.
- U.S. Treasury prices fell sharply as yield on the 10-year U.S. Treasury surged to a 16-year high on worries that the U.S. Federal Reserve will keep interest rates at higher levels for an extended period to lower inflation to its 2% target.
- European equity markets mostly fell as concerns of further monetary policy tightening and its impact on global growth weighed on the markets. However, equity markets in U.K. went up after the U.K. economy registered a stronger than expected recovery in the second quarter of 2023 despite high inflation and tighter monetary policy.
- Asian equity markets fell following weak trade data from China for Aug 2023 which led to worries about slowing growth in the world's second-largest economy. Worries of escalating trade tensions between U.S. and China also weighed on the market sentiment. However, further losses were restricted amid reports that China will adopt measures to promote the development of its private economy. Sentiments also improved to some extent after Bank of Japan maintained its ultra-loose monetary policy.

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%	UST 5.74%
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%	10 Y GILT 5.59%
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%	LIQ 5.41%
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 5.37%
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%	LT 5.35%

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 after policymakers in China rolled out a slew of measures to improve the growth prospects of its faltering economy. Upbeat domestic macroeconomic data added to the gains. Gains were extended after the Reserve Bank of India decided to discontinue the incremental cash reserve ratio in a phased manner. A historic consensus was achieved at the G20 summit, which too instilled confidence among market participants. However, increase in global crude oil prices, rise in U.S. Treasury yields and a strengthening dollar index capped the gains.
- On the BSE sectoral front, all the sectoral indices closed in the green over the month. S&P BSE PSU rose the most by 10.58%. PSU stocks rose on hopes that the government may boost its social spending ahead of the general elections. The power sector also benefitted on anticipation that power demand may go up as India enters a phase of capex-driven GDP growth.
- U.S. equity markets fell initially as market participants awaited the outcome of the much-anticipated U.S. Federal Reserve monetary policy review. Markets fell further as concerns about the outlook for interest rates continued to weigh on the markets after the U.S. Federal Reserve left interest rates unchanged as widely expected but forecasted another rate hike before the end of the year. Concerns of a U.S. government shutdown and the outlook about interest rates also weighed on the market sentiment. Worries that higher global crude oil prices may keep U.S. inflation at higher levels too kept sentiments muted.
- European equity markets mostly fell as concerns of further monetary policy tightening and its impact on global growth weighed on the markets. The U.S. Federal Reserve kept interest rates on hold but indicated another rate hike by the end of the year, Swiss National Bank held rates unchanged but warned that more rate hikes may still be needed, Sweden's Riksbank raised borrowing costs by a quarter point, Norway's Norges Bank raised its benchmark interest rate by 25 bps and indicated another rate hike in Dec 2023. However, equity markets in U.K. went up after the U.K. economy registered a stronger than expected recovery in the second quarter of 2023 despite high inflation and tighter monetary policy.
- Asian equity markets fell following weak trade data from China for Aug 2023 which led to worries about slowing growth in the world's second-largest economy. Worries of escalating trade tensions between U.S. and China also weighed on the market sentiment amid reports that China is considering broadening the iPhone ban to state firms and agencies. Inflation fears due to rising global crude oil prices and its impact on growth added to the losses. Uncertainty surrounding the global interest rate outlook too kept markets under pressure. However, further losses were restricted amid reports that China will adopt measures to promote the development of its private economy.

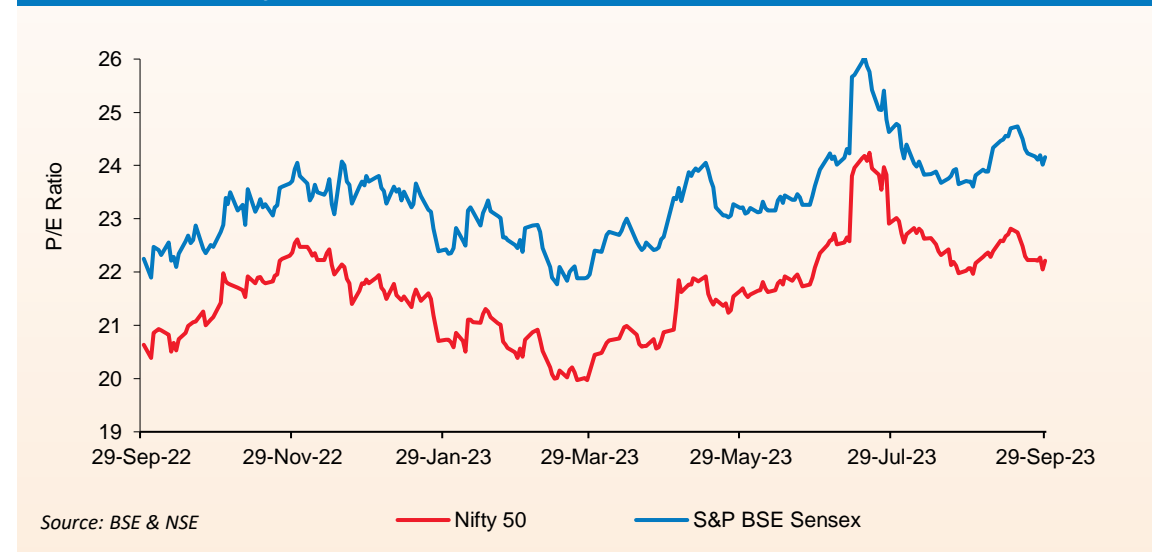
Broad Indices	29-Sep-23	% Change (MoM)	% Change (YoY)
S&P BSE Sensex	65,828.41	1.54	14.67
Nifty 50	19,638.30	2.00	14.93
S&P BSE 500	27,407.75	2.08	15.97
Nifty 500	17,292.60	2.18	16.66
S&P BSE Mid Cap	32,340.71	3.65	30.22
Nifty Mid Cap 100	40,537.05	3.63	32.28

Source: BSE & NSE

Sector Indices	29-Sep-23	% Change (MoM)	% Change (YoY)
S&P BSE Auto	36,628.82	3.14	25.62
S&P BSE Bankex	50,174.68	1.63	13.61
S&P BSE CD	45,359.94	1.78	6.78
S&P BSE CG	47,729.02	5.56	53.07
S&P BSE FMCG	18,679.41	1.16	15.49
S&P BSE HC	28,497.52	2.16	22.16
S&P BSE IT	32,065.34	1.70	16.70
S&P BSE Metal	23,206.33	6.36	28.90
S&P BSE Oil & Gas	19,025.66	3.14	2.52
S&P BSE Power Index	4,659.60	7.07	-1.89
S&P BSE PSU	12,646.89	10.58	44.34
S&P BSE Realty	4,605.93	3.08	36.51
S&P BSE Teck	14,470.90	3.02	12.79

Source: BSE

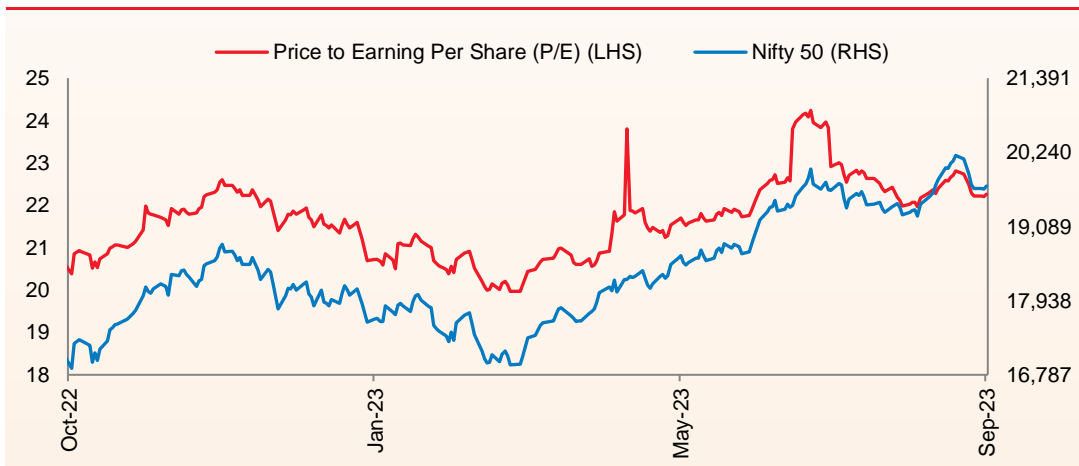
Movement of Nifty 50 and S&P BSE Sensex P/E



Country/Region	29-Sep-23	% Change (MoM)	% Change (YoY)
Nasdaq 100 (U.S.)	14,715.24	-5.07	34.23
FTSE 100 (U.K.)	7,608.08	2.27	10.39
DAX (Germany)	15,386.58	-3.51	27.09
Nikkei 225 (Japan)	31,857.62	-2.34	25.04
SSEC (China) ^[1]	3,110.48	-0.30	2.86

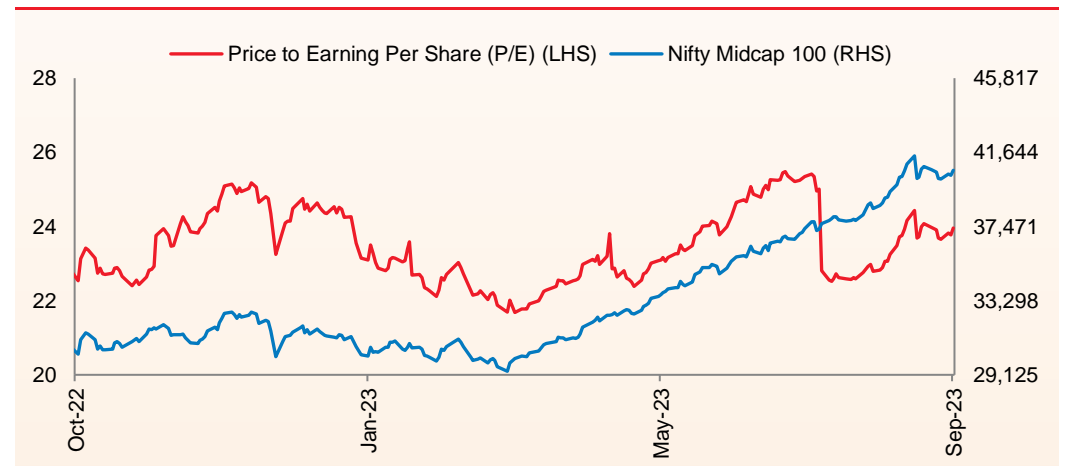
^[1]Data as on 28 Sep, 2023

Equity Market Round Up



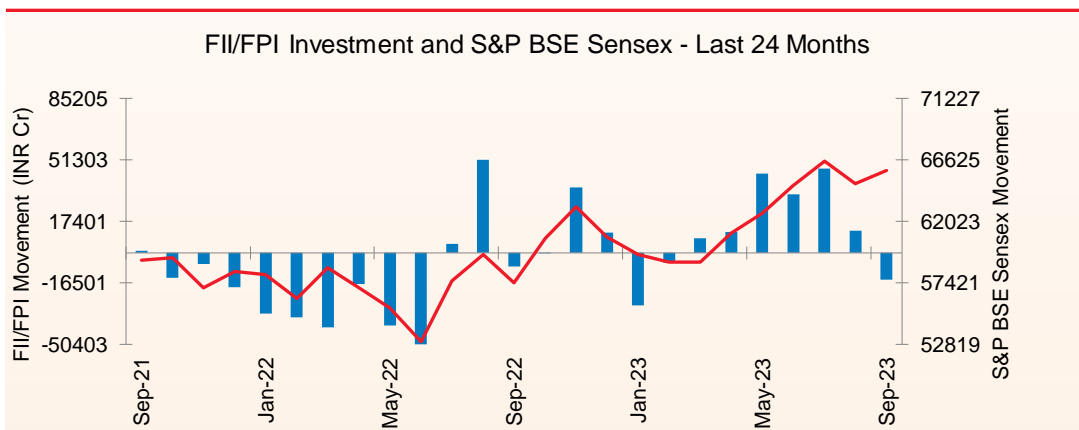
Source: NSE

During the month, S&P BSE Sensex and Nifty 50 rose 1.54% and 2.00% respectively to close at 65,828.41 and 19,638.3 respectively.



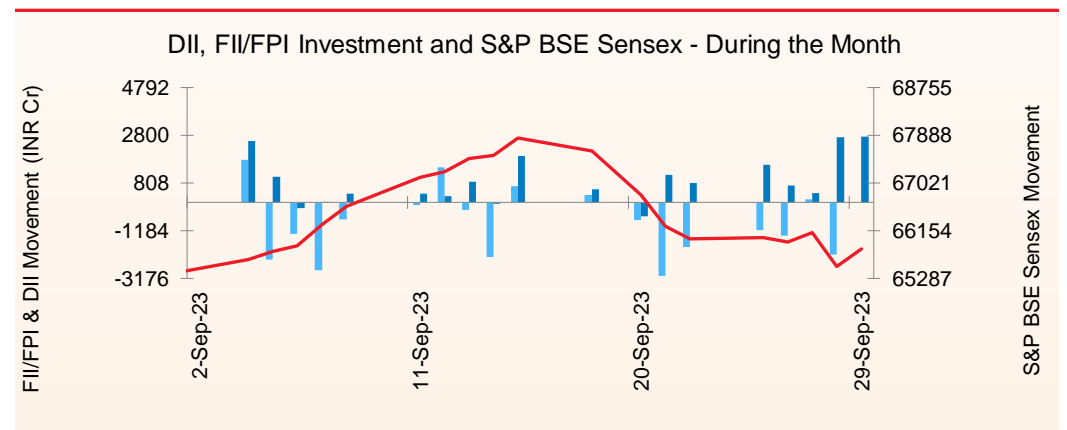
Source: NSE

During the month, Nifty Midcap 100 and Nifty Small cap 100 rose 3.63% and 4.12% respectively to close at 40,537.05 and 12,748.5 respectively.



Source : MFI Explorer

Foreign portfolio investors (FPIs) were net seller of domestic stocks worth Rs. 14,767.50 crore in Sep 2023 compared with net buy of Rs. 12,262.28 crore in Aug 2023.



Source : MFI Explorer

Domestic mutual funds remained net buyer in the equity segment to the tune of Rs. 19,747.050 crore in Sep 2023 (till Sep 27, 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 33.31%
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%	Smallcap 29.00%
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%	Auto 28.33%
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 27.39%
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 22.43%
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%	PSU Bank 21.76%
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%	FMCG 16.82%
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%	Media 13.86%
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 11.05%
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%	Largecap 7.22%
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%	Finance 4.37%
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 1.72%

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

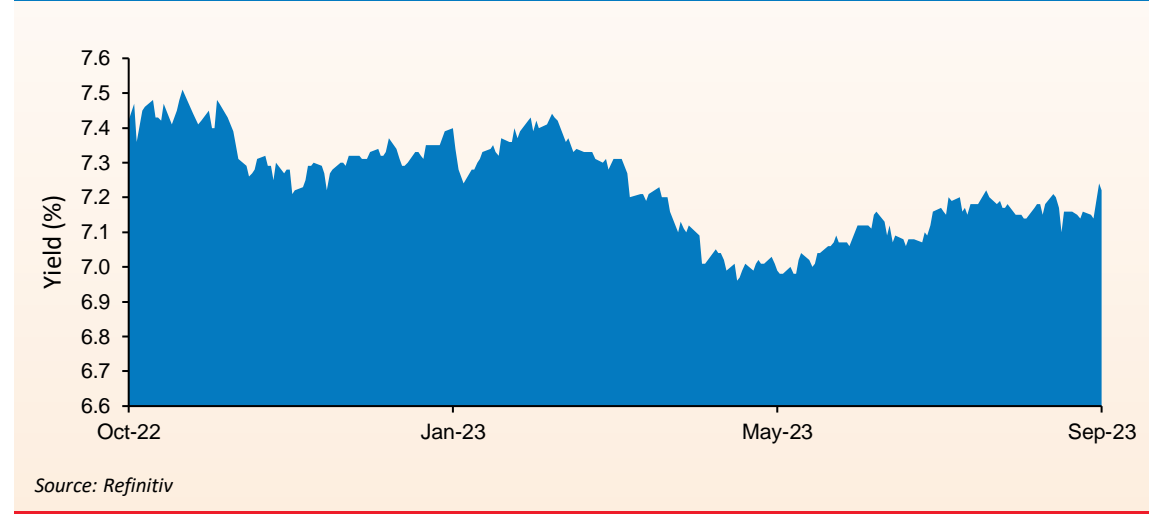
Finance returns represented by NIFTY Finance
 FMCG returns represented by NIFTY FMCG
 PSU Bank returns represented by NIFTY PSU Bank
 Largecap returns represented by Nifty 100
 Midcap returns represented by Nifty Midcap 150
 Smallcap returns represented by Nifty Small cap 250

Fixed Income Market Round Up

Fixed Income Market Commentary

- Bond yields rose during the month after a range bound movement. Yields climbed triggered by elevated U.S. treasury yields and crude oil prices. Losses increased as the government maintained its borrowing goal for the second half of FY24, defying market expectations that supply would decrease. However, losses were restricted after the consumer inflation data of Aug 2023 came lower than the market expectation. Initial optimism over inclusion of Indian bonds in global indexes also limited the rise in yields.
- Yield on the 10-year benchmark bond (7.26% GS 2033) increased 8 bps to close at 7.25% compared with the previous months' close of 7.17%.
- Yield on gilt securities rose in the range of 4 to 15 bps across the maturities. Yield rose the most on 2 year paper and the least on 11 year paper. Yield on corporate bonds rose in the range of 2 to 7 bps across the curve, barring 2-to-4- & 15-year papers that fell 9, 11 or 19 bps while 5-year paper was steady. Difference in spread between corporate bond and gilt securities contracted by up to 34 bps across the segments. Spread fell the most on 2 year paper and the least on 7 year paper.

Movement of 10-Year Benchmark Bond Rate

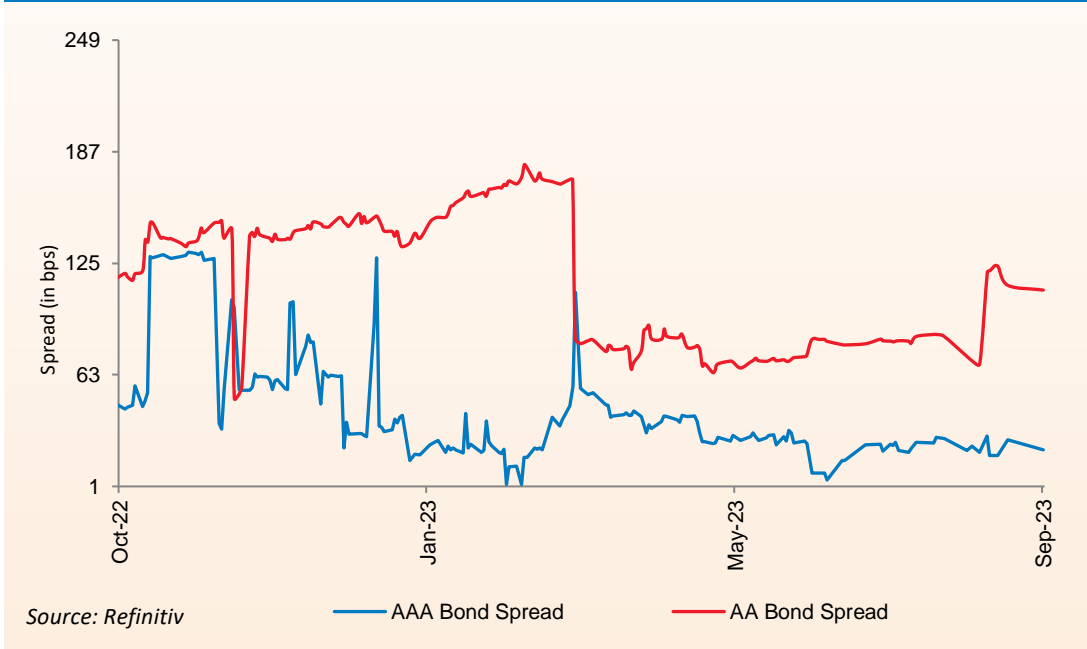


10 Year Corporate Bond Spread (for AAA & AA bonds)

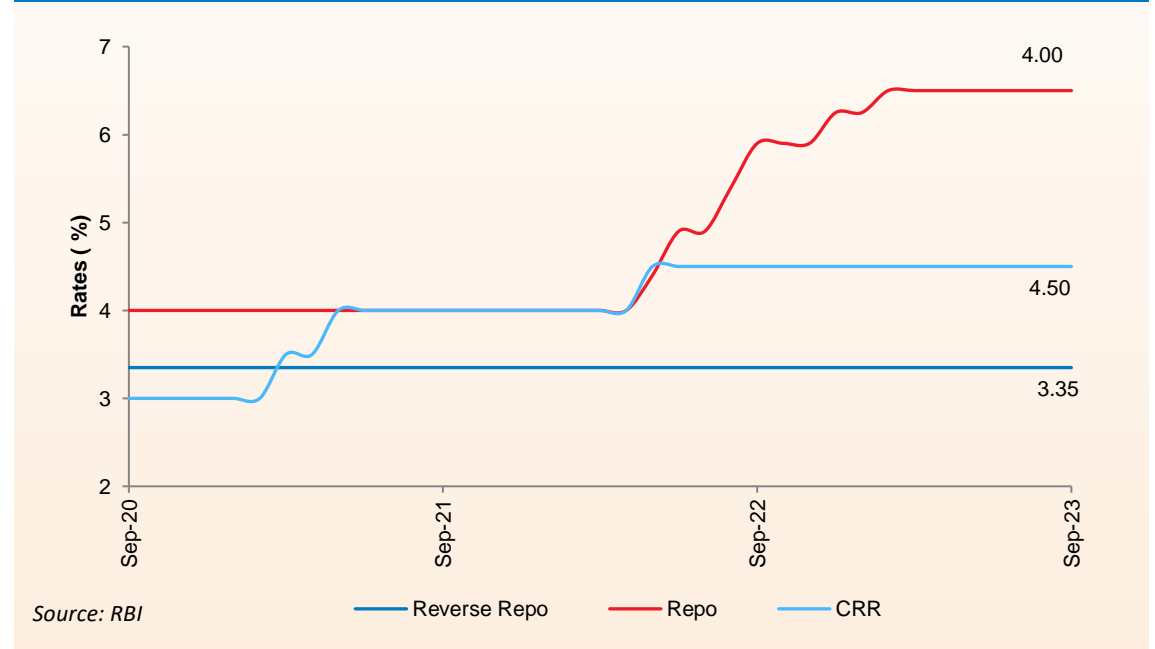
Date	Period	Spread	
		AAA	AA
29-Sep-23	1 Yr	73	105
	3 Yr	40	69
	5 Yr	24	66
31-Aug-23	1 Yr	67	91
	3 Yr	68	76
	5 Yr	30	75

Source: Refinitiv

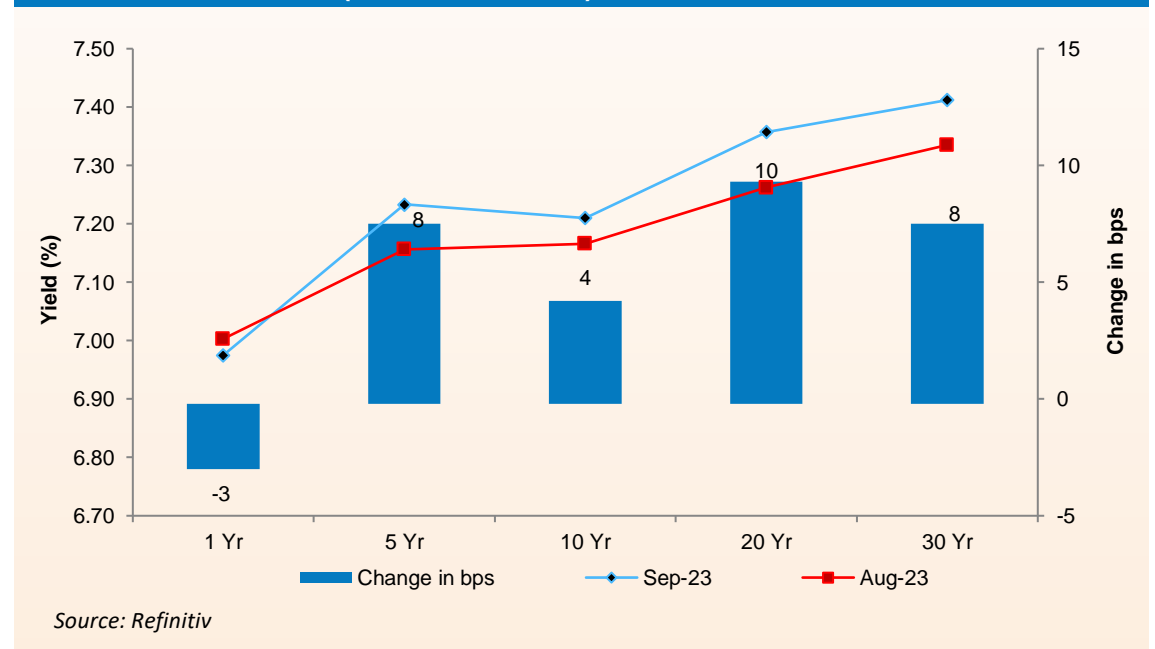
10 Year Corporate Bond Spread (for AAA & AA bonds)



Movements of Key Policy Rates in India



India Yield Curve Shift (Month-on-Month)



Macro-Economic Update and Key Events

Key Events

India's current account deficit narrowed to US\$ 9.2 billion in Q1FY2

India's current account deficit (CAD) narrowed to US\$ 9.2 billion (1.1% of GDP) in Q1FY24 from US\$ 17.9 billion (2.1% of GDP) in Q1FY23 but it was higher than US\$ 1.3 billion (0.2% of GDP) in the preceding quarter. The narrowing of CAD in Q1FY23 was mainly on account of a higher trade deficit coupled with a lower surplus in net services and decline in private transfer receipts.

India's WPI remains in the negative territory at -0.52% in Aug 2023

India's wholesale price index (WPI) based inflation remains in the negative territory for the fifth month in a row at -0.52% in Aug 2023 as compared to -1.36% in Jul 2023 and -4.18% in Jun 2023. The negative rate of inflation is primarily due to fall in prices of mineral oils, basic metals, chemical & chemical products, textiles and food products as compared to the corresponding month of previous year.

Consumer price index-based inflation eased to 6.83% in Aug 2023

The consumer price index-based inflation eased to 6.83% in Aug 2023 after reaching a 15-month high of 7.44% in Jul 2023, driven by decline in vegetable prices. The consumer food price index (CFPI) also eased to 9.94% in Aug from 11.51% in Jul. Despite the slowdown in Aug, inflation stayed above the RBI's target of 2%-6% for a second month.

Industrial production in India (IIP) increased 5.7% YoY in Jul 2023

Industrial production in India (IIP) increased 5.7% YoY in Jul 2023 as compared to 2.2% rise in Jul 2022. Electricity production increased by 8% in Jul 2023 as compared to 2.3% rise in Jul 2022, mining output increased by 10.7% in Jul 2023 as compared to 3.3% contraction in Jul 2022 and manufacturing sector increased by 4.6% in Jul 2023 as compared to 3.1% rise in Jul 2022.

Events for October 2023

Events	Date
India S&P Global Composite PMI (Sep)	5-Oct-23
Reserve Bank of India Interest Rate Decision	6-Oct-23
Industrial Output YY - Aug 2023	12-Oct-23
Manufacturing Output YY - Aug 2023	12-Oct-23

Key Rates (%)	Current	Month Ago	Year Ago
Reverse Repo	3.35	3.35	3.35
Repo	6.50	6.50	5.90
CRR	4.50	4.50	4.50
SLR	18.00	18.00	18.00
Bank Rate	6.75	6.75	6.15

Source: RBI

Key Indicator	Period	Current Month	Previous Month
CPI - Monthly	Aug-23	6.83%	7.44%
WPI - Monthly	Aug-23	-0.52%	-1.36%
IIP - Monthly	Jul-23	5.70%	3.76%
Export (Y-o-Y) - Monthly	Aug-23	-6.86%	-11.08%
Import (Y-o-Y) - Monthly	Aug-23	-5.24%	-20.14%
Trade Deficit - Monthly	Aug-23	24.16	20.67

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 ^[1]	(14,768)	12,262	105,715
DII Flows	19,529	25,017	128,945
MF Flows ^[2]	19,747	25,501	112,207

Source: CDSL, NSE & SEBI

^[1] As on 28 Sep, 2023; ^[2] As on 27 Sep, 2023

Institutional Flows (Debt)			
Net Flow (INR Crore)	Current Month	Previous Month	Year to Date
FII Flows ^[1]	938	7,733	17,291
MF Flows ^[2]	(5,137)	(34,482)	(43,180)

Source: NSDL & SEBI

^[1] As on 28 Sep, 2023; ^[2] As on 27 Sep, 2023

Events	Date
CPI Inflation YY - Sep 2023	12-Oct-23
WPI Inflation YY - Sep 2023	16-Oct-23
Payroll Reporting in India - Aug 2023	25-Oct-23
Infrastructure Output YY - Sep 2023	31-Oct-23

Commodity and Currency Round up

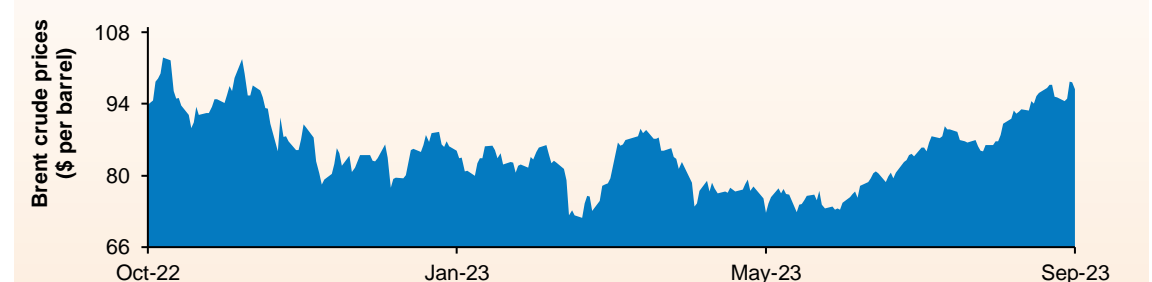
Commodity Market - Brent Crude

- Brent crude oil prices rose after Saudi Arabia and Russia extended their voluntary supply cuts of a combined 1.3 million barrels per day to the end of the year. Prices rose further as better-than-expected industrial output and retail sales data from China for Aug 2023 led to optimism around Chinese demand which improved the demand outlook of the commodity.
- However macroeconomic concerns, profit booking and worries that higher interest rates may lead to a slowdown in global growth hurt the demand outlook of the commodity which capped the gains.

Currency Market

- Rupee fell against the U.S. dollar following rising crude oil prices, high U.S. Treasury yields and strong greenback demand in the global market.
- However, losses were restricted on likely intervention by the Reserve Bank of India to restrict the rupee from declining. Rupee rose further amid recent inflow of foreign funds and anticipations of improved macroeconomic data.

Movement of Brent Crude Price Over 1 Year



Movement of Major Currencies (as on September 29, 2023)

Currency	29-Sep-23	Month Ago	Year Ago
INR/USD	83.06	82.68	81.55
INR/GBP	101.67	105.09	90.77
INR/EUR	87.94	90.22	80.11
INR/100 JPY	55.81	56.63	56.44

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