

Market Summary



Key Domestic Market Highlights

- Domestic equity markets rose initially after the Monetary Policy Committee of the Reserve Bank of India maintained a status quo on repo rates and policy stance which was in line with market expectations. In addition, the central bank kept the growth projections of Indian economy for FY24 unchanged at 6.5% which provided additional support.
- However, the trend reversed as concerns over rising U.S. Treasury yields, worries about potential interest rate hikes by the U.S. Federal Reserve and anxiety about the ongoing war between Israel and Hamas kept market participants on tenterhooks. Multiple headwinds kept the broader market sentiment muted. Yield on U.S. Treasury hit the 5% mark for the first time since 2007 while the U.S. Federal Reserve Chief indicated that interest rates in U.S. may remain at higher levels for an extended period. The U.S. Federal Reserve Chief opined that inflation in the U.S. remains too high and that multiple interest rate hikes may be required to bring down U.S. inflation to the 2% target level. The remarks by the U.S. Federal Reserve Chief pushed back market expectations that the rate hikes by U.S. Federal Reserve had reached an end. The monthly futures and options expiry also contributed to market volatility.
- However, further losses were restricted due to bargain hunting as market participants bought beaten down quality stocks at lower price levels. A major global brokerage firm upgraded India equities to 'overweight' from 'Neutral' which also aided market sentiment.



Key Global Market Highlights

- U.S. equity markets fell after the U.S. Federal Reserve Chief in its speech warned that U.S. inflation is "still too high" and warned additional interest rate hikes may be needed to bring down inflation under control. The ongoing turmoil in the Middle East too weighed on the market sentiment. U.S. equity markets fell further following a slew of upbeat U.S economic data.
- U.S. Treasury prices fell on concerns that the U.S. Federal Reserve may keep interest rates at higher levels for an extended period.
- European equity markets fell following a slew of weak economic data from euro zone which led to concerns of slowdown in global growth. Lingering concerns about the ongoing Israel-Hamas conflict also weighed on the market sentiment. Worries about higher interest rates and inflation too kept markets under pressure after the U.S. Federal Reserve Chief warned that U.S. inflation is "still too high" and the U.S. 10-year Treasury yield hit the 5% mark for the first time since 2007.
- Asian equity markets fell due to persisting concerns over the ongoing unrest in the Middle East. Increase in U.S. Treasury yields also weighed on the market sentiment. Markets also remained under pressure after the U.S. tightened restrictions on China's semiconductor industry and a prominent property developer missed repayment.

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 6.37%
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%	LIQ 6.04%
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 5.81%
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%	LT 5.25%
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%	10 Y GILT 5.20%

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 remained in the bear-grip due to multiple factors namely weakness in the global equity markets, concerns over higher U.S. Treasury yields, escalating geopolitical tensions in the Middle East and monthly futures and options expiry. However, further losses were restricted on bargain hunting as market participants bought beaten down quality stocks at lower price levels. Upbeat domestic macroeconomic data also provided some support to the markets.
- On the BSE sectoral front, all the indices closed in the red barring S&P BSE Realty which rose 3.70%. S&P BSE Realty rose due to festive cheer, recovery in demand, and encouraging second-quarter business updates from numerous developers. IT stocks remained under pressure due to revenue guidance cuts for FY24 by key domestic IT companies. Concerns over weakness in China's economy also weighed on the metal stocks.
- U.S. equity markets fell after the U.S. Federal Reserve Chief in its speech warned that U.S. inflation is "still too high" and warned additional interest rate hikes may be needed to bring down inflation under control. The ongoing turmoil in the Middle East too weighed on the market sentiment. However, upbeat corporate earning numbers for the quarter ended Sep 2023 from several big-name companies in U.S. restricted further losses. Bargain hunting too provided some support to the markets.
- European equity markets fell following a slew of weak economic data from euro zone which led to concerns of slowdown in global growth. Lingering concerns about the ongoing Israel-Hamas conflict also weighed on the market sentiment. Worries about higher interest rates and inflation too kept markets under pressure after the U.S. Federal Reserve Chief warned that U.S. inflation is "still too high" and the U.S. 10-year Treasury yield hit the 5% mark for the first time since 2007. However, stronger than expected GDP data from China for the third quarter of 2023 restricted further losses. Value buying too provided some support to the markets.
- Asian equity markets fell due to persisting concerns over the ongoing unrest in the Middle East. Increase in U.S. Treasury yields also weighed on the market sentiment. Markets also remained under pressure after the U.S. tightened restrictions on China's semiconductor industry and a prominent property developer missed repayment. However, upbeat retail sales and industrial output figures from China for Sep 2023 and better than expected China's GDP data for the third quarter of 2023 restricted further losses. Markets also benefitted after China's sovereign wealth fund bought exchange-traded funds to provide support to the country's slumping stock market and policymakers in China rolled out fresh stimulus to shore up its economic recovery.

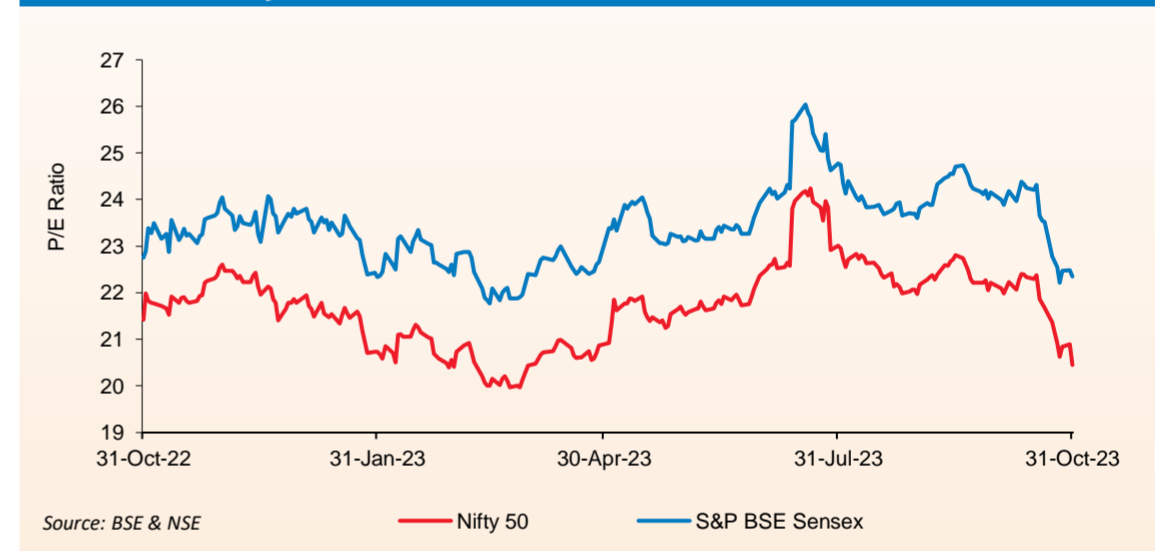
Broad Indices	31-Oct-23	% Change (MoM)	% Change (YoY)
S&P BSE Sensex	63,874.93	-2.97	5.15
Nifty 50	19,079.60	-2.85	5.93
S&P BSE 500	26,605.19	-2.93	8.20
Nifty 500	16,801.10	-2.84	8.93
S&P BSE Mid Cap	31,245.10	-3.39	23.21
Nifty Mid Cap 100	38,876.95	-4.10	23.68

Source: BSE & NSE

Sector Indices	31-Oct-23	% Change (MoM)	% Change (YoY)
S&P BSE Auto	36,172.00	-1.25	17.75
S&P BSE Bankex	48,448.07	-3.44	2.21
S&P BSE CD	44,307.99	-2.32	3.84
S&P BSE CG	45,784.43	-4.07	37.63
S&P BSE FMCG	18,518.38	-0.86	14.80
S&P BSE HC	27,271.79	-4.30	13.99
S&P BSE IT	31,060.45	-3.13	7.36
S&P BSE Metal	22,238.64	-4.17	16.89
S&P BSE Oil & Gas	18,233.06	-4.17	-6.44
S&P BSE Power Index	4,431.42	-4.90	-8.95
S&P BSE PSU	12,234.05	-3.26	28.65
S&P BSE Realty	4,776.55	3.70	36.76
S&P BSE Teck	13,965.66	-3.49	2.72

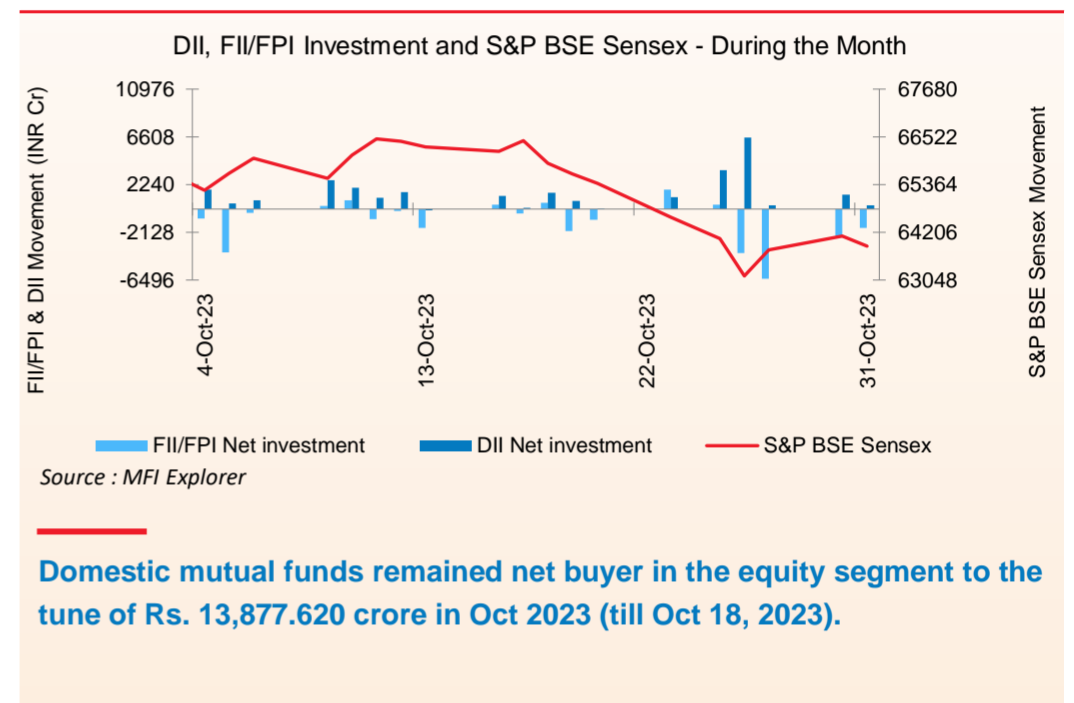
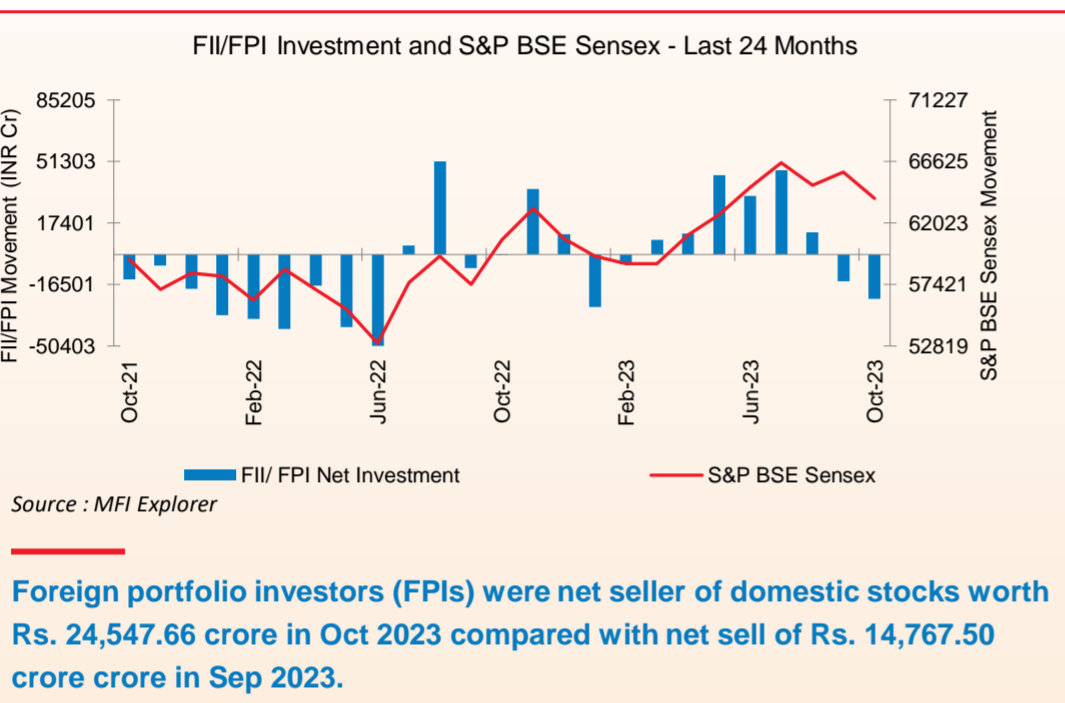
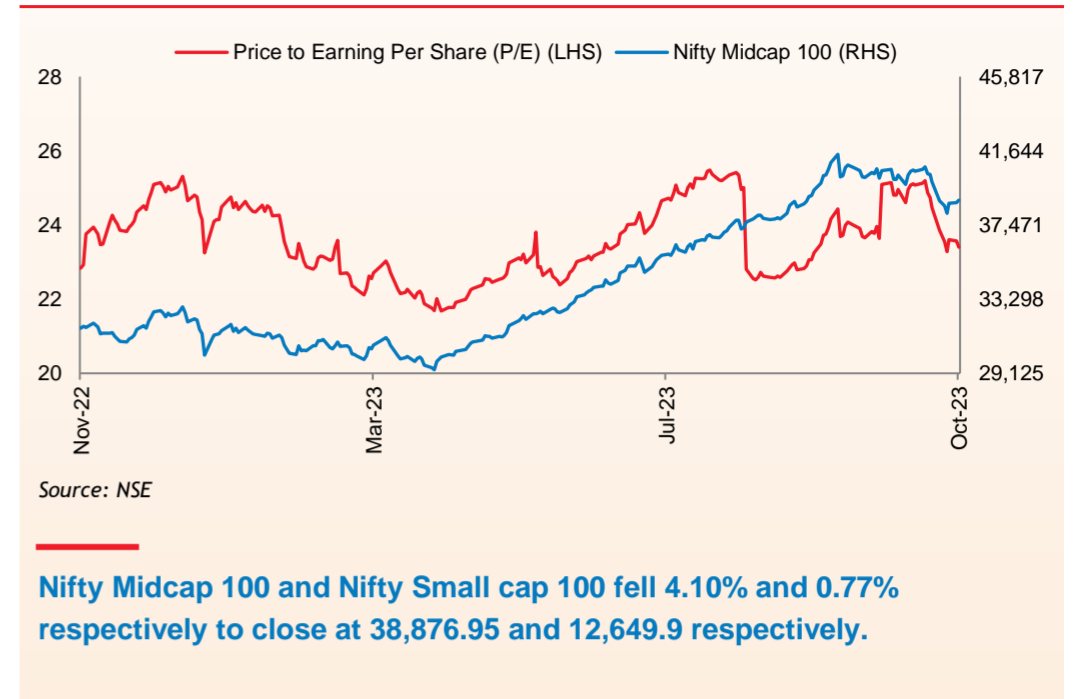
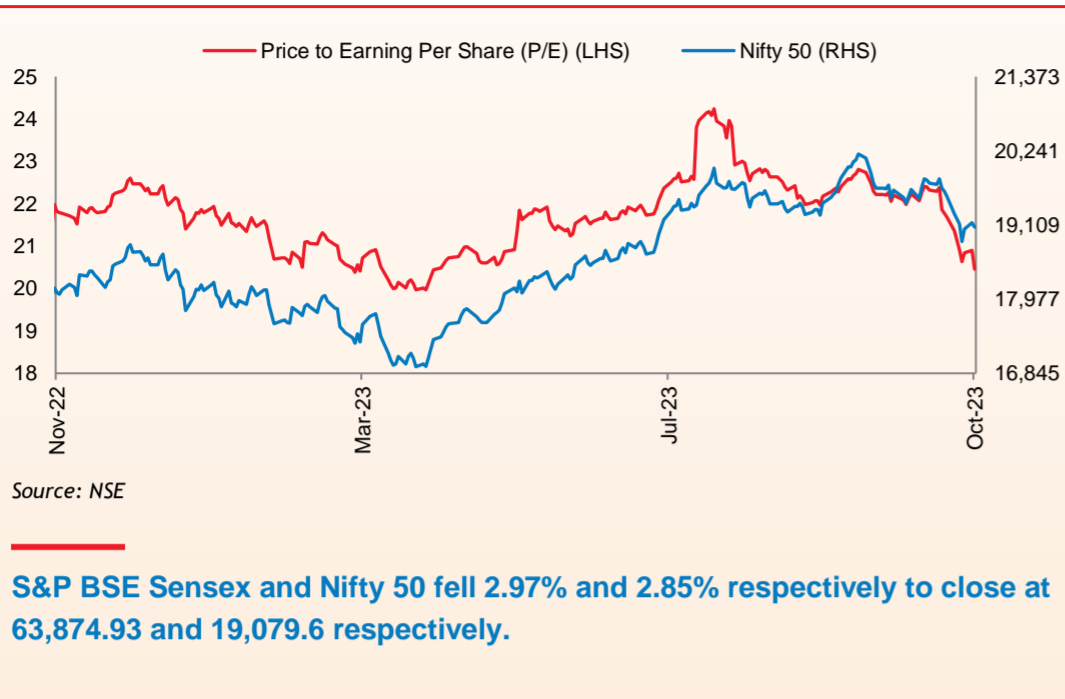
Source: BSE

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



Country/Region	31-Oct-23	% Change (MoM)	% Change (YoY)
Nasdaq 100 (U.S.)	14,409.78	-2.08	26.34
FTSE 100 (U.K.)	7,321.72	-3.76	3.20
DAX (Germany)	14,810.34	-3.75	11.74
Nikkei 225 (Japan)	30,858.85	-3.14	11.86
SSEC (China)	3,018.77	-2.95	4.33

Equity Market Round Up



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 39.65%
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 26.82%
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 26.20%
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 22.55%
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 16.56%
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%	FMCG 16.05%
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%	PSU Bank 14.26%
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 10.39%
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 6.85%
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 4.25%
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 1.18%
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 -4.03%

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 went up during the month as market participants were surprised by the RBI's announcement that it would be conducting open market sale of bonds through auctions. Meanwhile, the Monetary Policy Committee (MPC) in its fourth bi-monthly monetary policy review of FY24 kept key policy repo rate unchanged at 6.50% for the fourth consecutive time. Yields also rose tracking rise in the U.S. Treasury yields on increased expectations that the U.S. Federal Reserve (Fed) will keep interest rates elevated for a longer period. However, losses were restricted following decline in the global crude oil prices and strong demand witnessed in one of the weekly government debt sale.
- Yield on the 10-year benchmark bond (7.18% GS 2033) rose 14 bps to close at 7.35% compared with the previous months' close of 7.21%.
- Yield on gilt securities rose in the range of 2 to 37 bps across the maturities. Yield rose the most on 1 year paper and the least on 11 year paper. Yield on corporate bonds went up in the range of 10 to 25 bps across the curve. Yield rose the most on 15 year paper and the least on 3 year paper. Difference in spread between corporate bond and gilt securities expanded in the range of 2 to 8 bps across the segments, barring 1 year that contracted 17 bps.

Movement of 10-Year Benchmark Bond Rate



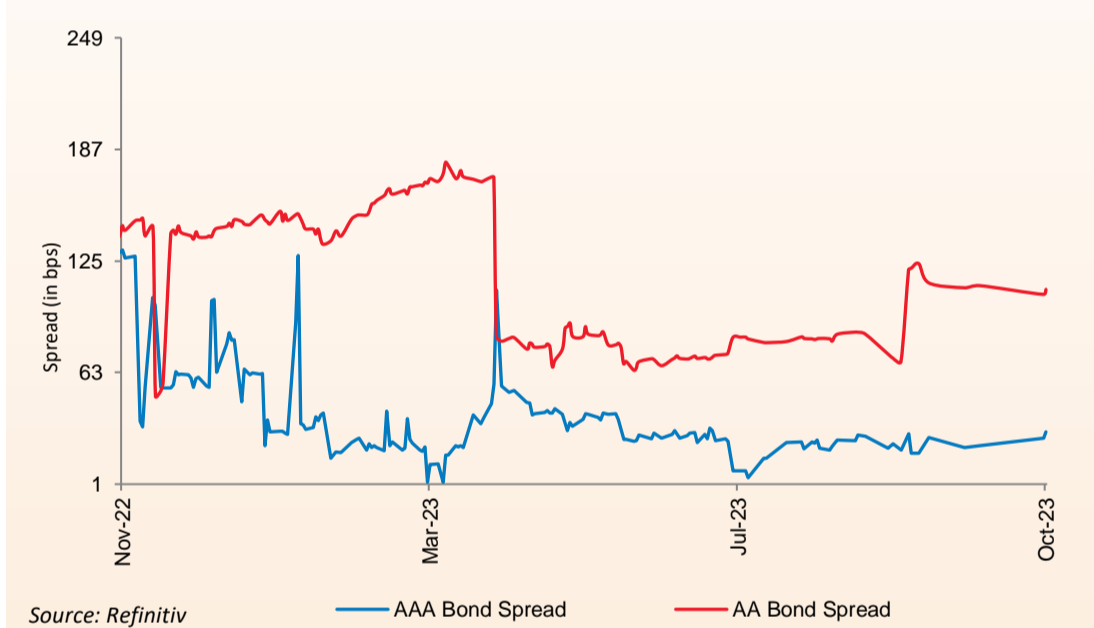
Source: Refinitiv

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

Date	Period	Spread	
		AAA	AA
31-Oct-23	1 Yr	61	90
	3 Yr	52	76
	5 Yr	28	67
29-Sep-23	1 Yr	73	105
	3 Yr	40	69
	5 Yr	24	66

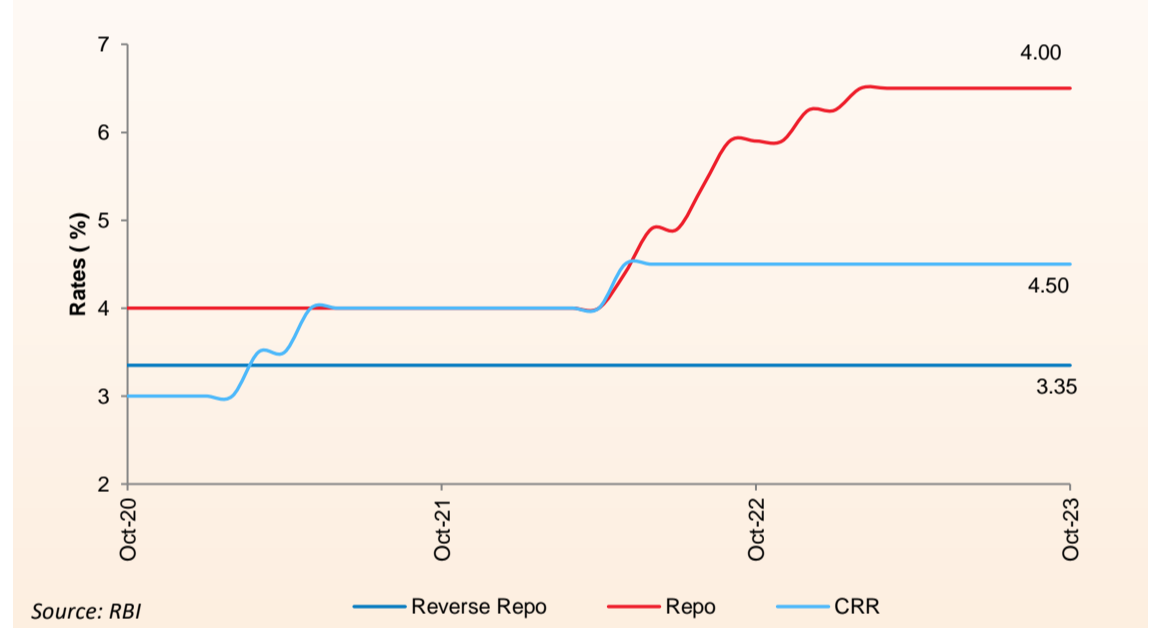
Source: Refinitiv

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



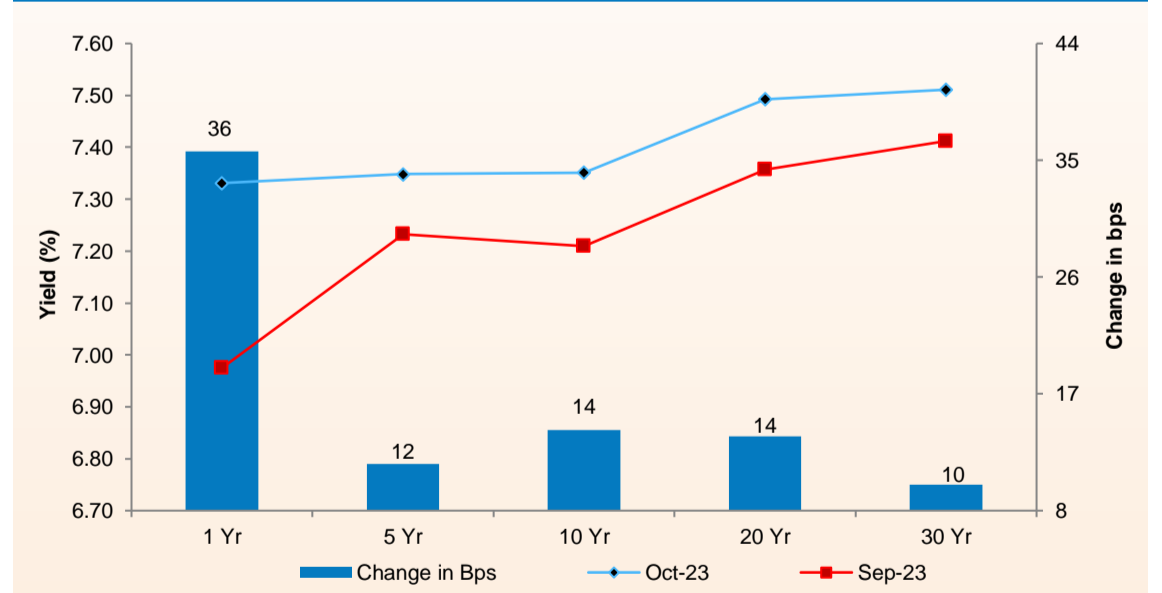
Source: Refinitiv

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 consumer price inflation dropped to 5.02% in Sep 2023**

The consumer price index-based inflation dropped to 5.02% in Sep 2023 compared to 6.83% in Aug 2023. The rate fell within the RBI's upper tolerance level of 6% after remaining above in the previous two months due to a significant slowdown in food inflation. The consumer food price index eased to 6.56% in Sep from 9.94% in Aug.

▪ **Industrial production in India climbed to 10.3% YoY in Aug 2023**

Industrial production in India (IIP) climbed to 10.3% YoY in Aug 2023, the highest since Jun last year, as compared to 6.0% rise in Jul 2023. Production in the manufacturing industry increased by 9.3%, in mining by 12.3% and in electricity by 15.3%.

▪ **India's WPI remained in the negative territory at -0.26% in Sep 2023**

India's wholesale price index-based inflation remains in the negative territory for the sixth month in a row at -0.26% in Sep 2023 as compared to -0.52% in Aug 2023. The decline in inflation is primarily attributed to lower prices for food items, textiles, basic metals, chemical products, and mineral oils compared to corresponding month of previous year.

▪ **RBI kept interest rates on hold in its monetary policy review**

The Monetary Policy Committee (MPC) in its fourth bi-monthly monetary policy review of FY24 kept key policy repo rate unchanged at 6.50% with immediate effect for the fourth consecutive time. The standing deposit facility (SDF) rate also remained 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.

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	Sep-23	5.02%	6.83%
WPI - Monthly	Sep-23	-0.26%	-0.52%
IIP - Monthly	Aug-23	10.30%	5.70%
Export (Y-o-Y) - Monthly	Sep-23	-2.60%	3.86%
Import (Y-o-Y) - Monthly	Sep-23	-15.04%	-2.88%
Trade Deficit - Monthly	Sep-23	19.37	21.65

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	(24,548)	(14,768)	86,600
DII Flows	28,254	19,529	155,634
MF Flows ^[1]	13,878	20,506	125,173

Source: CDSL, NSE & SEBI

^[1] As on 18 Oct, 2023

Institutional Flows (Debt)			
Net Flow (INR Crore)	Current Month	Previous Month	Year to Date
FII Flows	6,382	938	21,747
MF Flows ^[1]	(938)	(6,809)	(47,382)

Source: NSDL & SEBI

^[1] As on 18 Oct, 2023

Events for November 2023

Events	Date
India S&P Global Composite PMI (Oct)	3-Nov-23
Industrial Production YY - Sep 2023	10-Nov-23
Manufacturing Production YY - Sep 2023	10-Nov-23
CPI Inflation YY - Oct 2023	13-Nov-23

Events	Date
CPI Food Inflation YY - Oct 2023	13-Nov-23
WPI Inflation YY - Oct 2023	14-Nov-23
GDP Growth Rate YY - Q2FY24	30-Nov-23
Infrastructure Output YY - Oct 2023	30-Nov-23

Commodity and Currency Round up

Commodity Market - Brent Crude

- Brent crude oil prices fell on concerns over macroeconomic headwinds and worries that high interest will slow global growth which hit the demand outlook of the commodity.
- However, further losses were restricted on fears that tensions in Israel and Gaza could spread into a wider conflict that could disrupt global crude supplies.

Movement of Brent Crude Price Over 1 Year



Currency Market

- Rupee fell against the U.S. dollar following strong greenback, rise in U.S. Treasury yields and on persisting worries that U.S. interest rates will continue to rise. Rupee fell further due to higher crude oil prices and ongoing equity outflows.
- However, losses were restricted by the Reserve Bank of India's ongoing support of the domestic currency from falling to a record low.

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

Currency	31-Oct-23	Month Ago	Year Ago
INR/USD	83.27	83.06	82.39
INR/GBP	101.16	101.67	95.54
INR/EUR	88.32	87.94	81.92
INR/100 JPY	55.42	55.81	55.74

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