

Macro-Economic Update and Key Events

Event Update

GDP grew 6.3% YoY in Sep Qtr 2022

India's gross domestic product (GDP) grew 6.3% on a yearly basis for the quarter ended Sep 30, 2022 as compared to a growth of 13.5% in the previous quarter and a growth of 8.4% in the same period of the previous year. During Sep 2022 quarter, Gross Value Added (GVA) agriculture grew at 4.6%, public administration, defence and other services, which represent government expenditure, grew 6.5% and construction sector grew 6.6%. The manufacturing and mining sectors recorded a fall in growth at 4.3% and 2.8%, respectively, during the quarter under review.

India's Manufacturing PMI rose to 55.7 in Nov 2022

According to S&P Global, India's Manufacturing Purchasing Managers' Index rose to 55.7 in Nov 2022 from 55.3 in Oct 2022. India's manufacturing sector expanded at its highest rate in three months in Nov as input cost inflation dropped to a two-year low in spite of the worsening state of the global economy.

India Services PMI rose to 56.4 in Nov 2022

S&P Global India Services Purchasing Managers' Index rose to 56.4 in Nov 2022 from 55.1 in Oct 2022. Strong demand, effective marketing, and a consistent uptick in sales all contributed to the increase in the service activity. The overall S&P Global India Composite PMI Output Index rose to 56.7 in Nov 2022 from 55.5 in Oct 2022.

Industrial Production rose 3.1% YoY in Sep 2022

The Index of Industrial Production (IIP) rose 3.1% YoY in Sep 2022 compared with a contraction of 0.7% in the previous month and 4.4% rise in the same period of the previous year. For the period from Apr to Sep of FY23, IIP growth slowed considerably to 7.0% from a growth of 23.8% in the same period of the previous fiscal. The manufacturing sector output grew at a slower pace of 1.8% in Sep 2022 from a growth of 4.3% in the same period of the previous year. In Apr to Sep of FY23, the growth in manufacturing sector output slowed considerably to 6.8% as compared to a growth of 25.9% in the same period of the previous fiscal.

Consumer inflation slowed to 6.77% in Oct 2022

Consumer Price Index based inflation slowed to 6.77% in Oct 2022 from 7.41% in the previous month but accelerated from 4.48% in Oct 2021. Retail inflation thus stayed above the upper tolerance level of the Reserve Bank of India's retail inflation target of 6% for the tenth consecutive month. The Consumer Food Price Index increased at a slower pace to 7.01% in Oct 2022 from 8.60% in the previous month but accelerated from 0.85% in the same month of the previous year.

Wholesale inflation eased to 8.39% YoY in Oct 2022

Wholesale price index-based inflation (WPI) eased to 8.39% YoY in Oct 2022 from 10.70% rise in Sep 2022 and 13.83% increase in the same period of the previous year. The growth of WPI Food index eased to 6.48% in Oct 2022 from 8.08% in Sep 2022 and 10.06% in Aug 2022.

Trade deficit expanded due to rise in imports

The trade deficit expanded in Oct 2022 from year ago period due to rise in imports and decline in exports. Merchandise exports fell 16.65% YoY to \$29.78 billion while imports rose 5.69% to \$56.69 billion in Oct 2022. The merchandise trade deficit for Apr-Oct 2022 was estimated at \$173.46 billion as against \$94.16 billion in Apr-Oct 2021.

Key Indicator	Frequency	Period	Current	Previous
CPI	Monthly	Oct-22	6.77%	7.41%
WPI	Monthly	Oct-22	8.39%	10.70%
IIP	Monthly	Sep-22	3.10%	-0.70%
GDP	Quarterly	Sep-22	6.30%	13.50%
Credit Growth	Fortnightly	Nov-22	17.20%	17.00%
Deposit Growth	Fortnightly	Nov-22	9.60%	8.20%
Export Growth (YoY)	Monthly	Oct-22	-16.65%	4.91%
Import Growth (YoY)	Monthly	Oct-22	5.69%	8.46%
Trade Balance (Billion)	Monthly	Oct-22	-\$26.91	-\$25.71

Source: RBI, MOSPI CPI- Consumer Price Index, WPI- Wholesale Price Index IIP- Index of Industrial Production, GDP- Gross Domestic Product, Trade deficit- in Billion, All above indicators are in percentage change on Y-o-Y (Year-on-Year) basis, except Trade Deficit. For Credit and Deposit growth, previous means last fortnight of the previous month. Latest available data as on 30-Nov-2022.

Institutional Flows (Equity)

Net Flow (INR Crore)	Current Month	Previous Month	Year to Date
FII Flows	36,239	-8	-132,558
DII Flows	-2,870	9,197	255,536
MF Flows*	4,402	6,318	172,995

Source: CDSL & SEBI; * As on 28-Nov-2022

Institutional Flows (Debt)

Net Flow (INR Crore)	Current Month	Previous Month	Year to Date
FII Flows	-1,637	-3,532	-14,238
MF Flows*	-598	-9,324	-33,506

Source: CDSL & SEBI; * As on 28-Nov-2022

Exchange Rate Movement

Exchange Rate	Nov-22	1 Month Ago	3 Months Ago	6 Months Ago	Year Ago
₹/ Euro	84.45	82.14	79.71	83.41	84.94
₹/ Pound	97.75	95.11	93.35	98.00	99.99
₹/ 100 Yen	58.95	56.25	57.54	60.97	66.34
₹/ Dollar	81.60	82.41	79.72	77.51	75.09

Source: Refinitiv

Performance of Various Commodities

Commodities	Nov-22	Returns			
		1 Week	1 Month	6 Month	1 Year
Crude Brent (\$/Barrel)	87.08	-0.54%	-7.49%	-33.13%	21.01%
Gold (\$/Oz)	1,768.45	1.10%	8.29%	-3.74%	-0.30%
Gold (₹./10 gm)	52,574.00	0.80%	4.76%	3.37%	9.46%
Silver (\$/Oz)	22.19	3.16%	15.96%	3.06%	-2.65%
Silver (Rs./Kg)	61,765.00	0.65%	8.37%	0.87%	-0.33%

Source: Refinitiv

Key Events Calendar

Event	Date	Current	Previous
Japan Gross Domestic Product (QoQ)(Q3) P	15-Nov	-0.30%	1.10%
U.K. Consumer Price Index (YoY)(Oct)	16-Nov	11.10%	10.10%
Eurozone Consumer Confidence (Nov) P	22-Nov	-23.90	-27.50
Germany Gross Domestic Product (QoQ)(Q3)	25-Nov	0.40%	0.10%
U.S. Gross Domestic Product Annualized(Q3) P	30-Nov	2.90%	2.60%

Source: Refinitiv

Indian Debt Market Update

Key Policy Rates (%)

	Nov-22	3 Months Ago	6 Months Ago	Year Ago	2 Years Ago
Repo	5.90	5.40	4.40	4.00	4.00
Reverse Repo	3.35	3.35	3.35	3.35	3.35
Bank Rate	6.15	5.65	4.65	4.25	4.25
CRR	4.50	4.50	4.50	4.00	3.00
SLR	18.00	18.00	18.00	18.00	18.00
SDF	5.65	5.15	4.15	NA	NA

Source: RBI

10 Year Benchmark Bond



Source: Refinitiv

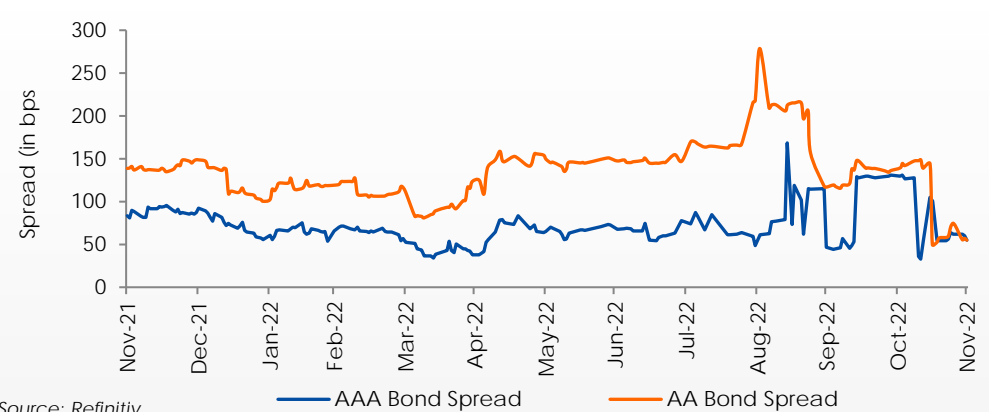
Bond yields fell after upbeat U.S. inflation and India's inflation slowed in Oct 2022. Gains in the rupee, minutes of the US Fed's Nov 2022 meeting indicated slower pace of rate rises from Dec 2022 and tracking fall in global crude oil prices, added to the gains.

Money Market Rates (%)

	Nov-22	1 Month Ago	3 Months Ago	6 Months Ago	Year Ago
Call	5.82	6.18	5.21	4.10	3.25
TREP	5.66	6.16	5.43	4.18	3.37
FBIL 1 Month Term Mibor	6.46	6.39	5.59	4.58	3.76
91 Days T-Bills	6.37	6.42	5.63	4.88	3.51
3 Month CP	6.87	7.00	5.95	5.30	3.95
6 Month CP	7.38	7.40	6.35	5.85	4.45

Source: Refinitiv

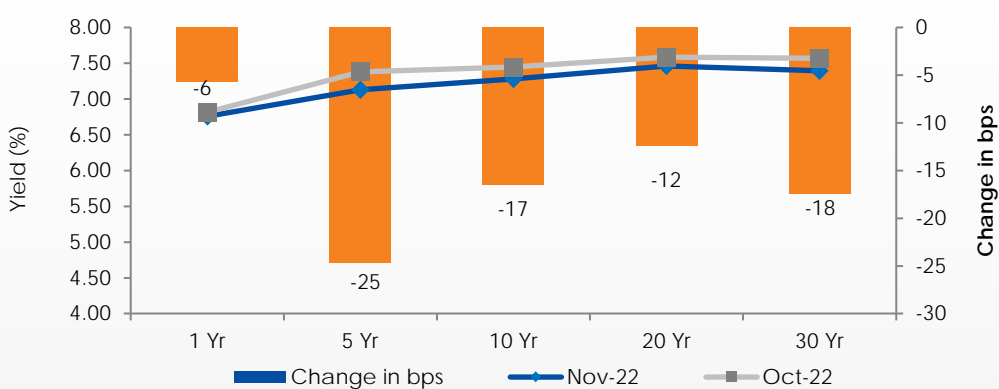
10 Year Corporate Bond Spread (for AAA & AA bonds)



Source: Refinitiv

Yield on corporate bonds fell in the range of 4 to 122 bps across the curve, leaving 1 to 4 year papers that rose in the range of 17 to 29 bps, respectively. Yield fell the most on 15 year paper and the least on 5 year paper.

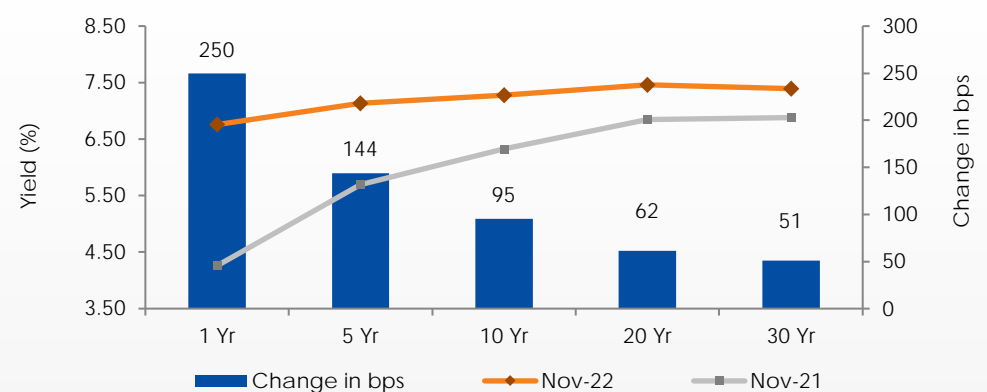
India Yield Curve Shift (Month-on-Month)



Source: Refinitiv

Yield on gilt securities fell in the range of 6 to 31 bps across the maturities. Yield fell the most on 3 year paper and the least on 1 year paper. Difference in spread between corporate bond and gilt securities expanded in the range of 22 to 59 bps on 1 to 5 year papers while 6, 7, 10 & 15 year contracted in the range of 10 to 108 bps.

India Yield Curve Shift (Year-on-Year)



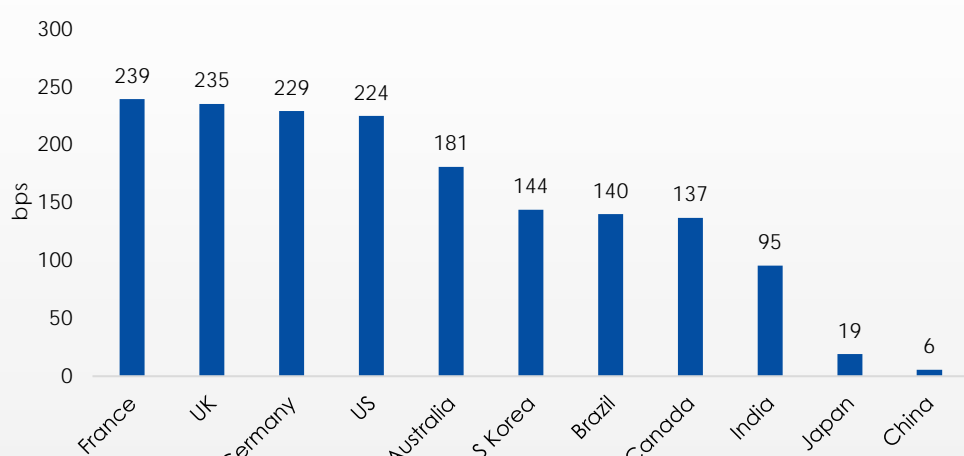
Source: Refinitiv

Year on year, yield on gilt securities rose in the range of 53 to 257 bps across the maturities. Yield rose the most on 1 year paper and the least on 30-year paper. Yield on corporate bonds increased in the range of 61 to 307 bps across the curve. Yield went up the most on 1-year paper and the least on 15-year papers.

Global Debt Market Update

France saw the highest rise in yields while least increase was in China

Change in 10 Year Sovereign Bond Yield: Nov-22 v/s Nov-21 (bps)



Source: Refinitiv

Yield of 10 Year Government Bonds (%)

	Oct-22	Nov-22	Range:Nov-2022	Real Yields: Nov-22
Brazil	11.9	12.8	13.88 - 11.79	6.3
China	2.7	2.9	2.92 - 2.67	0.8
India	7.5	7.4	7.54 - 7.33	0.5
S Korea	4.3	3.7	4.27 - 3.61	-1.3
Japan	0.3	0.3	0.25 - 0.24	-3.5
Australia	3.8	3.5	4.06 - 3.54	-3.8
France	2.7	2.4	2.86 - 2.3	-3.8
Canada	3.3	2.9	3.6 - 2.94	-4.0
US	4.1	3.7	4.21 - 3.69	-4.0
UK	3.5	3.2	3.64 - 3.01	-7.9
Germany	2.2	1.9	2.33 - 1.85	-8.5

Source: Refinitiv

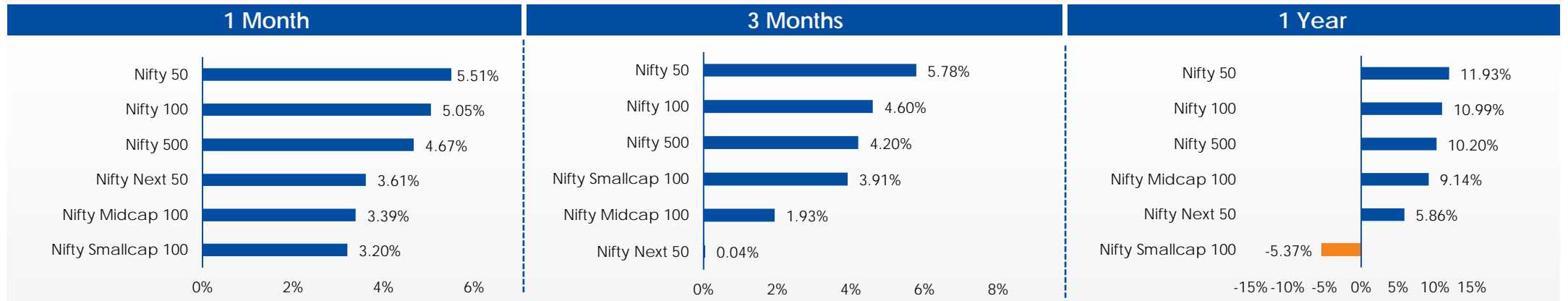
Monthly Market Update

December 2022



Haq, ek behtar zindagi ka.

Indian Equity Market Update



Domestic equity markets rose and closed the month at fresh lifetime peaks during the month under review. Strong domestic macroeconomic data like GST collections, manufacturing PMI, and consumer inflation and foreign portfolio investors continuing to show increased interest in the Indian economy were the major factors for the upside. The market rally was broad based as gains were witnessed in the mid cap segment and small cap segment as well.

Source: NSE; Returns are on the basis of TRI Index

Rolling Returns – Monthly Performance

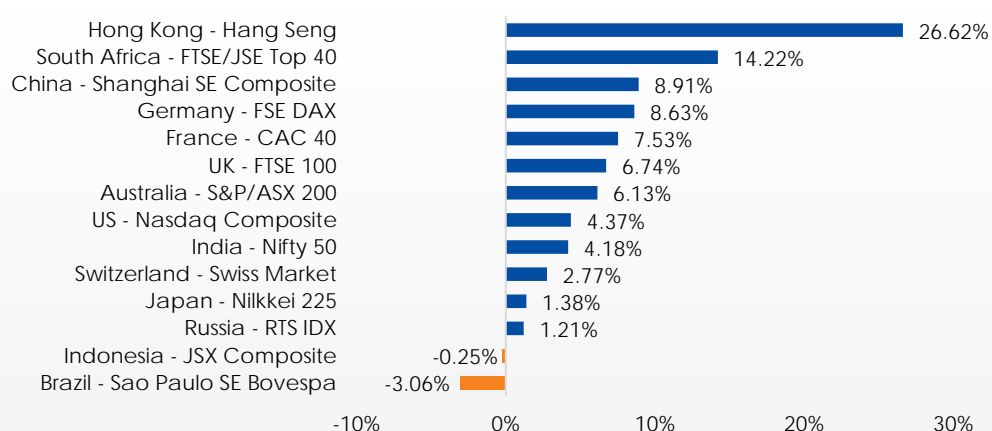
Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22
Nifty IT 10.44%	Nifty Energy 10.39%	Nifty Metal 8.21%	Nifty Media 18.49%	Nifty Energy 10.74%	Nifty Auto 4.59%	Nifty Auto 1.34%	Nifty Metal 18.41%	Nifty Energy 8.88%	Nifty Pharma 2.17%	Nifty IT 6.97%	Nifty Metal 11.33%
Nifty Metal 6.59%	Nifty Bank 7.03%	Nifty Pharma -1.68%	Nifty Metal 9.41%	Nifty FMCG 5.32%	Nifty FMCG 2.07%	Nifty Energy -2.03%	Nifty Realty 17.12%	Nifty Metal 8.35%	Nifty FMCG 1.34%	Nifty Bank 6.93%	Nifty IT 5.96%
Nifty Pharma 4.10%	Nifty Auto 7.01%	Nifty FMCG -1.93%	Nifty IT 7.30%	Nifty Auto 4.98%	Nifty Financial Services -0.40%	Nifty FMCG -2.35%	Nifty FMCG 12.83%	Nifty Bank 5.66%	Nifty Media 0.07%	Nifty Financial Services 5.90%	Nifty Bank 4.66%
Nifty Auto 3.14%	Nifty Financial Services 2.92%	Nifty Energy -2.20%	Nifty Energy 6.80%	Nifty Infra 2.21%	Nifty Bank -1.18%	Nifty Pharma -3.47%	Nifty Financial Services 12.74%	Nifty Auto 5.57%	Nifty Bank -2.29%	Nifty Infra 5.58%	Nifty Financial Services 4.43%
Nifty Media 2.20%	Nifty Infra 2.16%	Nifty IT -2.80%	Nifty Realty 6.22%	Nifty Bank -0.78%	Nifty Media -4.52%	Nifty Infra -5.26%	Nifty Bank 12.22%	Nifty Infra 5.38%	Nifty Metal -2.73%	Nifty Auto 5.37%	Nifty Infra 4.07%
Nifty FMCG 0.52%	Nifty Media 0.80%	Nifty Bank -4.66%	Nifty Pharma 5.08%	Nifty Pharma -0.89%	Nifty Infra -4.89%	Nifty Bank -5.75%	Nifty Media 9.56%	Nifty Financial Services 4.70%	Nifty Infra -3.29%	Nifty Energy 4.27%	Nifty FMCG 3.00%
Nifty Infra 0.01%	Nifty Realty -0.80%	Nifty Infra -4.74%	Nifty Infra 4.67%	Nifty Metal -1.50%	Nifty IT -5.68%	Nifty Financial Services -6.04%	Nifty Auto 7.58%	Nifty FMCG 3.16%	Nifty Auto -3.92%	Nifty Realty 3.46%	Nifty Media 2.72%
Nifty Energy -0.31%	Nifty Metal -0.88%	Nifty Financial Services -5.00%	Nifty FMCG 2.17%	Nifty Financial Services -2.97%	Nifty Pharma -6.37%	Nifty IT -6.15%	Nifty Infra 6.11%	Nifty Realty 2.93%	Nifty Financial Services -3.99%	Nifty Metal 2.22%	Nifty Realty 2.61%
Nifty Bank -0.60%	Nifty FMCG -2.96%	Nifty Auto -7.36%	Nifty Financial Services 1.26%	Nifty Realty -4.27%	Nifty Realty -7.22%	Nifty Realty -6.42%	Nifty IT 5.32%	Nifty Pharma -0.30%	Nifty IT -5.02%	Nifty Pharma 1.85%	Nifty Energy 2.55%
Nifty Realty -0.70%	Nifty Pharma -7.33%	Nifty Realty -9.13%	Nifty Bank 0.46%	Nifty Media -9.66%	Nifty Energy -10.33%	Nifty Media -7.55%	Nifty Pharma 5.21%	Nifty Media -0.36%	Nifty Realty -8.42%	Nifty Media -0.03%	Nifty Pharma -0.49%
Nifty Financial Services -1.16%	Nifty IT -9.89%	Nifty Media -10.00%	Nifty Auto -2.46%	Nifty IT -12.74%	Nifty Metal -15.72%	Nifty Metal -11.57%	Nifty Energy 3.62%	Nifty IT -2.54%	Nifty Energy -8.98%	Nifty FMCG -0.17%	Nifty Auto -1.11%

In Nov 2022, all the above sectors rose except pharma and auto with metal and IT showed the steepest rise while slowest increase was witnessed on energy and realty. Banking sector has been one of the best performer among top 5 sectors in the last five consecutive months.

Source: NSE; Returns are on the basis of TRI Index

Global Equity Market Update

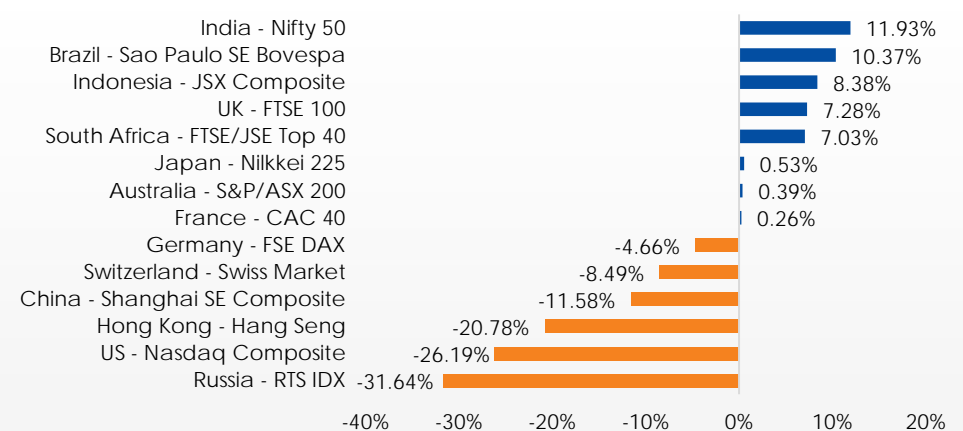
1 Month Performance



Source: Refinitiv

Global markets rose strongly in Nov 2022, barring Brazil and Indonesia with Hong Kong showed highest gains while Russia witnessed the slowest rise.

1 Year Performance



Source: Refinitiv

In the last one year, Russia, US and Hong Kong saw the steepest fall while the fastest rise was in India, Brazil and Indonesia.

News Summary & Knowledge Corner

News Summary

1. Domestic

- Capital market regulator Securities and Exchange Board of India (SEBI) recently released new guidelines to standardise the application of the rating scales used by Credit Rating Agencies (CRAs).
- SEBI put a cap on the number of ISINs for debt securities issued on private placement basis maturing in a financial year with an aim to boost liquidity in the corporate bond market.
- SEBI has established a regulatory framework to assist companies that operate online bond marketplaces and offer listed debt instruments.
- SEBI released a proposal to safeguard the interests of public equity shareholders in situations when listed companies are going through the insolvency resolution process.
- SEBI has established three different committees in a renewed effort to modernise the capital markets and increase the ease of doing business.
- SEBI has announced new regulations for AMCs regarding the transmission of dividend and redemption funds to mutual fund unitholders.
- RBI will introduce the first pilot programme for retail digital rupees on Dec 01, 2022. The pilot would cover select locations in closed user group (CUG) that consists of participating customers and merchants.
- SEBI has asked alternative investment funds (AIFs) that follow a priority distribution model in their schemes, not to accept fresh commitments or make investments in new investee companies until the regulator takes a stand on the subject.
- According to Reserve Bank of India (RBI), overnight balances held by banks with the RBI under the Standing Deposit Facility (SDF) will be eligible as level-1 high quality liquid assets for the computation of Liquidity Coverage Ratio.

2. International

- Germany's gross domestic product growth accelerated to 0.4% QoQ in the Sep quarter of 2022 from 0.1% increase (originally reported 0.3% rise) in the previous quarter. Growth was driven by household spending and gross fixed capital formation in machinery and equipment.
- Japan's gross domestic product contracted 1.2% YoY in the third quarter of 2022 following the upwardly revised 4.6% expansion in the second quarter of 2022.
- According to flash estimate from Eurostat, eurozone inflation slowed more than expected to 10% in Nov 2022 from 10.6% in Oct 2022.
- U.S. consumer price index rose 0.4% MoM in Oct 2022, same as Sep 2022. The consumer prices rose 7.7% YoY in Oct 2022 as against 8.2% rise in Sep 2022.
- The People's Bank of China left its one-year loan prime rate (LPR) unchanged at 3.65% and the five-year LPR was maintained at 4.30%.
- The Organisation for Economic Co-operation and Development predicted global growth to ease 2.2% in 2023 from 3.1% in 2022. In 2024, growth is projected to be 2.7%, helped by initial steps to ease policy interest rates.
- According to the U.S. Commerce Department, U.S. durable goods orders rose 1% in Oct 2022 following rising by a downwardly revised 0.3% in Sep 2022.

Knowledge Corner

What is an Equity Linked Savings Scheme (ELSS)?

An ELSS refers to the specified equity mutual fund scheme, which invests at least 80% of its net assets in equity-related investments and carries a lock-in period of three years. The investment in such funds is eligible for tax benefit under Section 80C of the Income Tax Act 1961.

Why should you invest in an ELSS?

Here are five key reasons why one should invest in ELSS, which is also commonly referred to as tax saver mutual funds:

1. Tax Benefits : ELSS is one of the available investment options under Section 80C of the Income Tax Act, which allows a tax benefit up to Rs. 1.50 lakhs in a financial year to the taxpayer. The amount of tax benefit is equal to the amount invested during the period, subject to the overall ceiling limit of Rs. 1.50 lakhs considered for all eligible payments/ investments taken together. One may invest in a lump sum or through SIP in ELSS to avail of the tax benefit.

2. Lock-in period : ELSS are subject to a 3-year lock-in period. As such, one cannot redeem the units from ELSS before 3 years from the date of investment. If one is investing through SIP, such a lock-in period is calculated from the actual investment date for each instalment and not from the date of SIP registration.

3. Taxation: Considering the 3-year lock-in period, the gains from ELSS will be classified as Long-Term Capital Gains (LTCG). As such, the gains from such funds are taxed at 10% (plus applicable cess and surcharge) without any indexation benefit. Since no benefit of indexation is allowed to the investors, one can directly deduct the redemption value from the cost of units redeemed to calculate the gains. Further, one can also avail an aggregate exemption of Rs. 1 lakh per year in respect of LTCG from equity shares and equity funds, including ELSS, taken together.

4. No Auto Redemption : Unlike most of the eligible investments under Section 80C, the investments in ELSS units are not redeemed at the end of the lock-in period. As such, one can continue to stay invested in such funds, even beyond the 3-year lock-in period. This allows the investors to link such investments with their long-term financial goals. As such, ELSS enables investors to club their tax savings and financial plans together.

5. Market linked returns: Since ELSS investments provide market-linked returns, the investors may expect better returns over the long term, since equities are known to perform better over the long-term. Further, the lock-in period allows the fund manager to reasonably predict the fund redemptions and hence, plan for long term investments in a better manner.

How to invest in ELSS?

One may use online route to invest in ELSS by visiting the website of the mutual fund house. The investor must validate the KYC status on the portal by providing PAN details and after that, input the necessary information, including the scheme name, mode of investment, i.e., lumpsum or SIP, etc. Once the same has been entered, the transaction interface will redirect to the payment gateway for the payment towards investment transactions.

In case one has opted for SIP investments, SIP mandate must be registered on the Net banking portal of the concerned bank account by mentioning the SIP reference number as generated by the transaction portal along with the autopay instructions. Once such mandate has been registered, the payment towards regular SIP instalments would be automatically deducted from the bank account and invested in ELSS funds.

With tax benefits, along with the potential of market-linked returns through ELSS funds, the investors may consider such funds for their investment journey in pursuit of their financial goals.

Note: The tax provisions as mentioned in the article are as per the prevailing tax laws and are for illustrative purposes only. The tax rates for capital gains will be as per the tax laws applicable on the date of redemption/ sale and not on the date of investment.

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