Monthly Market Update
October 2022

UTI Mutual Fund
Haq, ek behtar zindagi ka.

Macro-Economic Update and Key Events

Event Update

MPC raised key policy repo rate by 50 bps

The Monetary Policy Committee (MPC) in its bi-monthly monetary policy review raised key policy repo rate by 50 bps to 5.90%. Thus, MPC has so far raised the repo rate by 190 bps in this fiscal. This is the fourth consecutive rate hike by the Committee since it embarked on a policy tightening spree from May this year. It also decided to remain focused on withdrawal of accommodation to ensure that retail inflation remains within the target going forward, while supporting growth.

Consumer inflation rose to 7.00% in Aug 2022

Consumer price index-based inflation (CPI) rose to 7.00% in Aug 2022 from 6.71% in Jul 2022 and 5.30% in the same period of the previous year mainly due to higher food prices. The consumer price index-based inflation is above the Reserve Bank of India's comfort level of 6% for the eighth month in a row. Consumer Food Price Index (CFPI) also rose to 7.62% in Aug from 6.69% in Jul and 3.11% in the same period of the previous year.

Wholesale inflation eased to 12.41% in Aug 2022

Wholesale price index-based inflation (WPI) eased to 12.41% YoY in Aug 2022 as against 13.93% rise in Jul 2022. The decline came due to softening in prices of manufactured and fuel products, even as food items remained expensive. WPI based rate of inflation in the same period of the previous year stood at 11.64%.

Industrial output slowed significantly to 2.4% in Jul 2022

The growth of Index of Industrial Production (IIP) slowed significantly to 2.4% in Jul 2022 from 12.7% in the previous month and 11.5% in the same period of the previous year. IIP witnessed its slowest growth since March 2022. The manufacturing sector output growth came down to 3.2% in Jul 2022 from a growth of 10.5% in the same period of the previous year.

Trade deficit rose due to increased crude oil imports

India's exports rose marginally 1.62% to $33.92 billion in Aug 2022. India's imports rose 37.28% to $61.9 billion in Aug 2022. The trade deficit rose to $27.98 billion in Aug 2022 due to increased crude oil imports from $11.71 billion in the same period of the previous year. During Apr 2022-Aug 2022, exports rose 17.68% to $193.51 billion, imports rose 45.74% to $318.03 billion.

Current account deficit at 2.8% of GDP in Q1FY23

Current account balance recorded a deficit of US$ 23.9 billion (2.8% of GDP) in Q1FY23 as against deficit of US$ 13.4 billion (1.5% of GDP) in Q4FY22 and a surplus of US$ 6.6 billion (0.9% of GDP) in Q1FY22. The widening of current account deficit in Q1FY23 was mainly due to widening of the merchandise trade deficit to $68.6 billion in Q1FY23 from $54.5 billion in Q4FY22 and an increase in net outgo of investment income payments.

India's Manufacturing PMI fell to 55.1 in Sep 2022

According to S&P Global, India's Manufacturing Purchasing Managers' Index (PMI) fell to 55.1 in Sep 2022 from 56.2 in Aug 2022. Manufacturing sector dropped due to a slowing in demand and output despite reducing inflationary pressures and robust business confidence. I

India Services PMI fell to 54.3 in Sep 2022

S&P Global India Services Purchasing Managers' Index (PMI) fell to 54.3 in Sep 2022 from 57.2 in Aug 2022. India's services sector fell in Sep 2022 amid substantial easing in demand amid high inflation. The overall S&P Global India Composite PMI Output Index slowed to 55.1 in Sep from 58.2 in Aug as both manufacturing and services sectors cooled on falling demand.

Key Indicator	Frequency	Period	Current	Previous
CPI	Monthly	Aug-22	7.00%	6.71%
WPI	Monthly	Aug-22	12.41%	13.93%
IIP	Monthly	Jul-22	2.40%	12.70%
GDP	Quarterly	Jun-22	13.50%	4.10%
Credit Growth	Fortnightly	Sep-22	16.40%	16.20%
Deposit Growth	Fortnightly	Sep-22	9.20%	9.50%
Export Growth (YoY)	Monthly	Aug-22	1.62%	2.37%
Import Growth (YoY)	Monthly	Aug-22	37.28%	42.82%
Trade Balance (Billion)	Monthly	Aug-22	-$27.98	-$30.00

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-Sep-2022.

Institutional Flows (Equity)

Net Flow (INR Crore)	Current Month	Previous Month	Year to Date
FII Flows	-7,624	51,204	-168,789
DII Flows	14,120	-7,424	249,209
MF Flows	18,602	-1,202	160,632

Source:CDSL & SEBI; As on 30-Sep-2022

Institutional Flows (Debt)

Net Flow (INR Crore)	Current Month	Previous Month	Year to Date
FII Flows	4,012	3,845	-9,069
MF Flows	-20,385	5,760	-22,309

Source:CDSL & SEBI; As on 30-Sep-2022

Exchange Rate Movement

Exchange Rate	Sep-22	1 Month Ago	3 Months Ago	6 Months Ago	Year Ago
₹/ Euro	80.11	79.71	82.58	84.24	86.14
₹/ Pound	90.77	93.35	95.96	99.46	99.86
₹/ 100 Yen	56.44	57.54	57.96	62.24	66.35
₹/ Dollar	81.55	79.72	78.94	75.77	74.26

Source: Refinitiv

Performance of Various Commodities

Commodities	Sep-22	Returns			
		1 Week	1 Month	6 Month	1 Year
Crude Brent ($/Barrel)	93.39	4.49%	-7.65%	-15.56%	20.16%
Gold ($/Oz)	1,659.67	1.01%	-2.98%	-14.33%	-5.52%
Gold (₹./10 gm)	50,074.00	0.95%	-1.98%	-2.42%	9.75%
Silver ($/Oz)	19.00	0.86%	5.73%	-23.30%	-14.41%
Silver (Rs./Kg)	56,084.00	-0.82%	3.54%	-15.97%	-3.41%

Source: Refinitiv

Key Events Calendar

Event	Date	Current	Previous
U.S. Fed Funds Target Rate	22 Sep	3.13%	2.38%
U.K. BOE Bank Rate Sep 2022	22-Sep	2.25%	1.75%
Japan JP BOJ Rate Decision 22 Sep	22-Sep	-0.10%	-0.10%
U.S. GDP Final Q2 2022	29-Sep	-0.60%	-0.60%
Euro Zone CPI Flash YY Sep 2022	30-Sep	10.00%	9.10%

Source: Refinitiv

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Indian Debt Market Update

Key Policy Rates (%)

	Sep-22	3 Months Ago	6 Months Ago	Year Ago	2 Years Ago
Repo	5.90	4.90	4.00	4.00	4.00
Reverse Repo	3.35	3.35	3.35	3.35	3.35
Bank Rate	6.15	5.15	4.25	4.25	4.25
CRR	4.50	4.50	4.00	4.00	3.00
SLR	18.00	18.00	18.00	18.00	18.00
SDF	5.65	4.65	NA	NA	NA

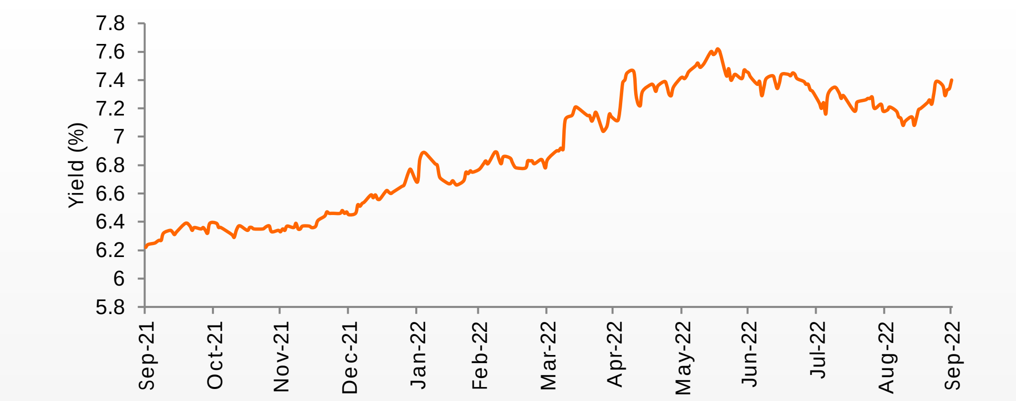
Source: RBI

Money Market Rates (%)

	Sep-22	1 Month Ago	3 Months Ago	6 Months Ago	Year Ago
Call	5.98	5.21	4.75	3.30	3.37
TREP	5.94	5.43	4.69	3.38	3.31
FBIL 1 Month Term Mibor	6.20	5.59	5.04	4.05	3.67
91 Days T-Bills	6.04	5.63	5.11	3.81	3.44
3 Month CP	6.45	5.95	5.55	4.25	3.75
6 Month CP	6.95	6.35	6.25	4.85	4.10

Source: Refinitiv

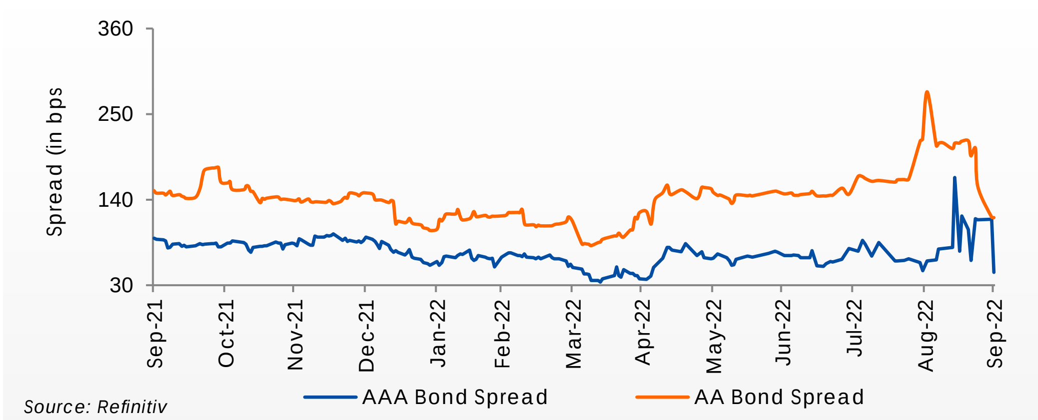
10 Year Benchmark Bond



Source: Refinitiv

Bond yields rose on concerns that the MPC would tighten its monetary policy at an aggressive pace to put a check on rising inflation. Yields also went up after the U.S. Fed raised rates by 75 bps in its monetary policy review and signaled more rate hikes in the coming months.

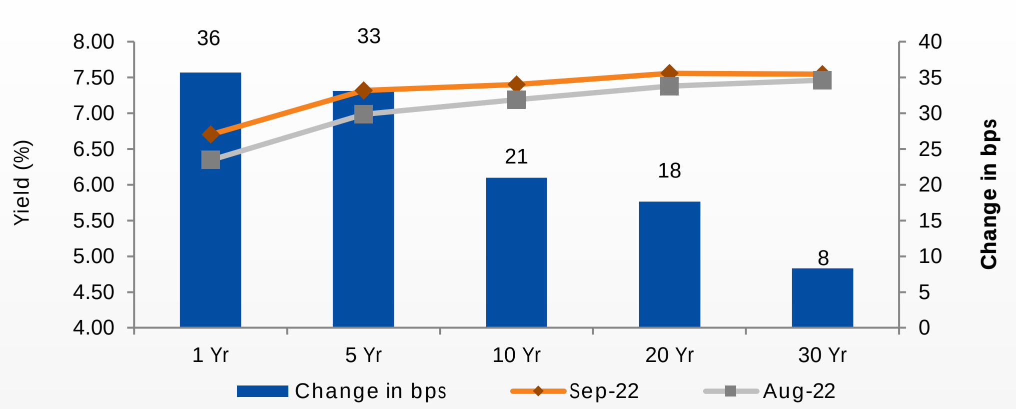
10 Year Corporate Bond Spread (for AAA & AA bonds)



Source: Refinitiv

Yield on corporate bonds went up in the range of 13 to 53 bps across the curve. Yield rose the most on 1 year paper and the least on 6 year paper.

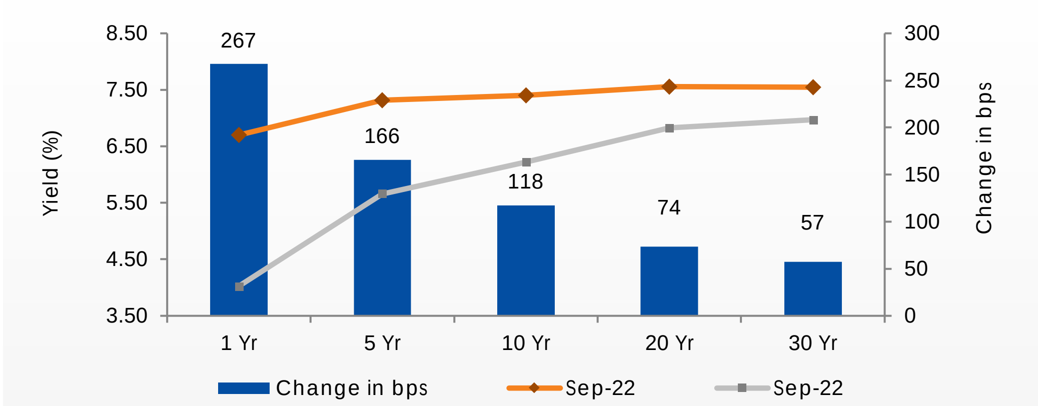
India Yield Curve Shift (Month-on-Month)



Source: Refinitiv

Yield on gilt securities rose in the range of 9 to 51 bps across the maturities. Yield rose the most on 2 year paper. Difference in spread between corporate bond and gilt securities contracted in the range of 2 to 19 bps across the segments, except 1 & 15 year that expanded 16 & 14 bps, respectively. Spread fell the most on 5 year paper.

India Yield Curve Shift (Year-on-Year)



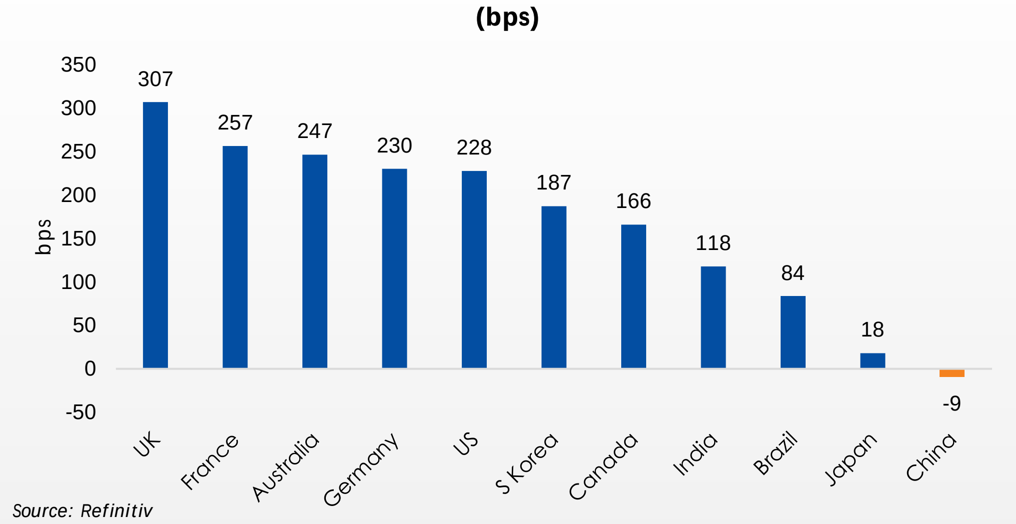
Source: Refinitiv

Year on year, yield on gilt securities rose in the range of 59 to 275 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 78 to 265 bps across the curve. Yield went up the most on 2-year paper and the least on 10-year paper.

Global Debt Market Update

UK saw the highest rise in yields while least increase was in Japan

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



Source: Refinitiv

Yield of 10 Year Government Bonds (%)

	Aug-22	Sep-22	Range:Sep-2022	Real Yields: Sep-22
Brazil	12.2	12.0	12.2 - 11.61	3.3
India	**7.2**	**7.4**	**7.40 - 7.11**	**0.4**
China	2.6	2.8	2.78 - 2.63	0.3
S Korea	3.7	4.1	4.3 - 3.62	-1.5
Australia	3.6	4.0	4.11 - 3.57	-2.1
Japan	0.2	0.3	0.26 - 0.24	-2.6
France	2.2	2.7	2.83 - 2.15	-3.2
Canada	3.1	3.2	3.32 - 3.04	-3.8
US	3.1	3.8	3.96 - 3.19	-4.5
Germany	1.5	2.1	2.25 - 1.52	-5.8
UK	2.8	4.1	4.5 - 2.88	-5.8

Source: Refinitiv

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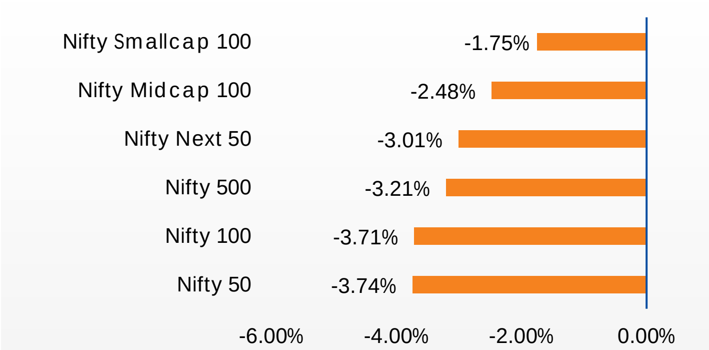
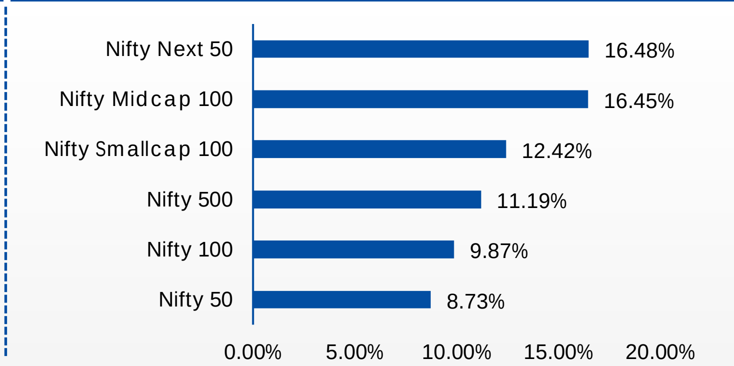
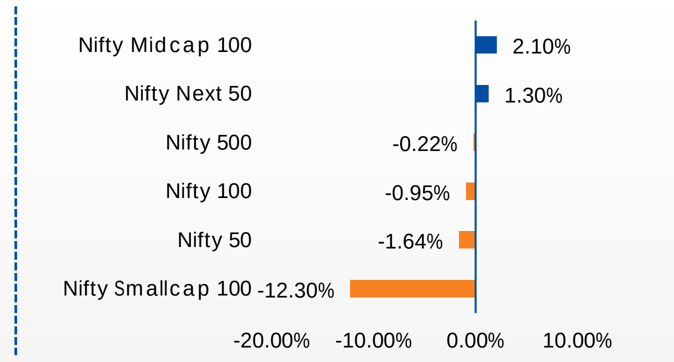
Indian Equity Market Update

1 Month	3 Months	1 Year







Domestic equity markets fell on mounting concerns over global recession due to continued aggressive monetary policy tightening by central banks across the globe. The selling pressure was widespread as losses were witnessed in the mid cap segment and the small cap segment as well. Almost all the sectoral indices ended in deep red barring the FMCG sector and the Healthcare sector which closed the month on a positive note.

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

Rolling Returns – Monthly Performance

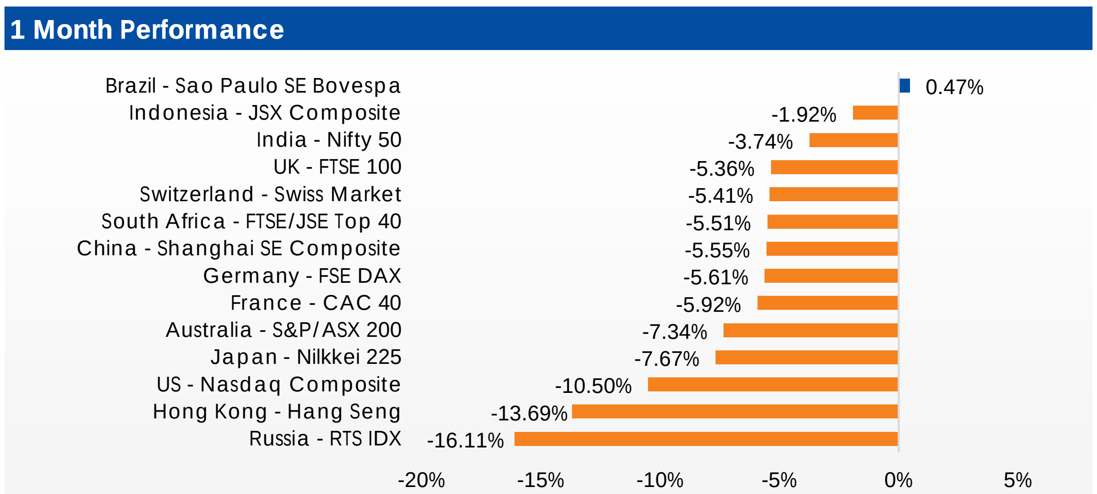
Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22
Nifty Auto 6.60%	Nifty IT 1.95%	Nifty IT 10.44%	Nifty Energy 10.39%	Nifty Metal 8.21%	Nifty Media 18.49%	Nifty Energy 10.74%	Nifty Auto 4.59%	Nifty Auto 1.34%	Nifty Metal 18.41%	Nifty Energy 8.88%	Nifty Pharma 2.17%
Nifty Media 5.04%	Nifty Energy -1.17%	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 4.52%	Nifty Infra -1.43%	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 2.68%	Nifty Pharma -1.53%	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 Energy 1.65%	Nifty FMCG -2.09%	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 Infra 0.39%	Nifty Realty -2.22%	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 Metal -0.85%	Nifty Media -3.28%	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 IT -1.39%	Nifty Auto -6.12%	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 Realty -2.94%	Nifty Metal -6.34%	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 -4.06%	Nifty Financial Services -6.67%	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 FMCG -5.25%	Nifty Bank -8.74%	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%

In Sep 2022, most of the above sectors fell with energy and realty showed the steepest fall while slowest decline was witnessed on bank and metals. FMCG sector has been one of the best performance among top 5 sectors in five out of six months.

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

Global Equity Market Update

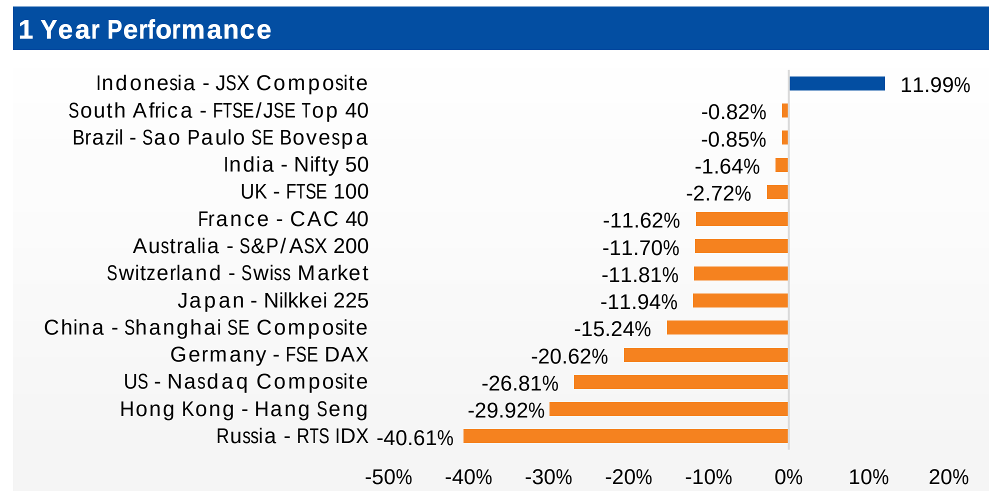
1 Month Performance



Source: Refinitiv

Global markets fell in Sep 2022, barring Brazil with Russia & Hong Kong showed highest losses while France, Indonesia & India witnessed the slowest fall.

1 Year Performance



Source: Refinitiv

In the last one year, Russia, Hong Kong and the US saw the steepest fall while the slowest decline was in South Africa, Brazil and India.

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News Summary & Knowledge Corner

News Summary

1. Domestic

- Insolvency and Bankruptcy Board of India has revised its regulations to permit sale of one or more assets of an organisation undergoing insolvency resolution process, among other adjustments, in a move that will improve market-linked solutions for stressed enterprises.

- The Union Cabinet approved a budget of Rs. 27,360 crore for the "PM Schools for Rising India" (PM SHRI) programme that aims to modernise over 14,500 government schools nationwide in accordance with the National Education Policy, 2022.

- According to the Centre for Monitoring Indian Economy, India's labour market shrank by 2.1 million in Aug 2022 due to a fall in salaried positions, while the labour force grew by 4 million as a result, there were more than 6 million more unemployed people in the nation.

- Sebi released a new framework for credit rating agencies (CRAs) that involves ratings of securities with specific credit improvement characteristics. The new framework, which goes into effect on Jan 01, 2023, aims to improve openness and the grading process.

- The Indian government extended the existing Foreign Trade Policy (2015-20) by another six months till Mar 2023. The extension comes on account of currency fluctuations and volatile global geo-political and economic situation.

- Sebi allowed Real Estate Investment Trust (REIT) and Infrastructure Investment Trust (InvIT), emerging investment vehicles, to issue commercial papers. This is contingent on a number of factors, including that REITs and InvITs abide by the Reserve Bank of India's (RBI) rules for the issue of commercial papers and the Sebi's listing requirements.

- The National Pension System (NPS) settlement period has been lowered by the Pension Fund Regulatory and Development Authority (PFRDA) from T+4 days (about 5 days) to T+2 days (roughly 3 days) at the time of withdrawal.

2. International

- The U.S. Federal Reserve (Fed) increased its target range of federal funds rate by 75 bps for the third consecutive time to 3 to 3.25%, citing its dual goals of maximum employment and inflation at a rate of 2% over the longer run.

- The Bank of England raised its key interest rate to 2.25% from 1.75% and said it would continue to "respond forcefully, as necessary" to inflation, despite the economy entering recession.

- The Bank of Japan maintained its ultra-loose monetary policy despite the significant decline in the value of the yen and the tightening attitude taken by its international competitors. The Bank of Japan continued to charge financial firms keeping current accounts at the central bank a negative interest rate of -0.1%.

- Eurozone's inflation rose 10% in Sep 2022 as against 9.1% in Aug 2022. In Sep 2022, eurozone inflation reached double digits for the first time on record, as the single currency union battles to satisfy energy demands amid an extreme scarcity.

- The Bank of England decided to intervene in the U.K. Bond market to restore some stability. There was significant volatility in the currency and gilt market after the new U.K. government announced massive tax cuts.

- The People's Bank of China adopted measures to safeguard the yuan from further depreciation. The People's Bank of China decided to raise the risk reserve requirement for banks' forward forex sales to 20% from 0%. The new rate will come into effect from Sep 28, 2022.

Knowledge Corner

Gold ETF Fund of Fund - A smart & convenient way to invest in Gold

Gold has remained the most precious asset in our lives since the concept of wealth creation was curated by human civilisation and from ages, the conventional way to invest in gold was to buy physical gold. But investing in physical Gold comes with certain disadvantages like storage hassles, impurity risk along with an additional cost such as making charges & lack of transparency in pricing as prices of gold vary from dealer to dealer. And when the time comes for you to liquidate it, you may go through similar hassles.

While taking any investment decision some of the aspects that are important are safety, liquidity and convenience of investing. Gold ETF Fund of Fund is one such investment option, which allows investors to take exposure in gold the mutual fund way while taking care of all the aspects of simple and easy investing.

Gold ETF Fund of Fund offers a smart way to invest in Gold that helps you to take exposure in Gold via Gold ETF which invests physical gold bars with 99.5% purity, without any hassles. You can invest in Gold ETF Fund of Fund just the way you invest in any other mutual fund scheme even without having a demat/ trading account.

Moreover, investments in Gold ETF Fund of Fund can help you avail benefits like:

Liquidity: Gold ETF Fund of Fund offers easy liquidity as it allows investors to invest or redeem investments anytime during the business hours

No need for demat account: Investors can invest in the fund without having a demat/ trading account like any other mutual fund scheme.

Hassle-free: It helps to get rid of the hassles such as storage, impurity risk and associated making charges

Theft-proof: Units are allotted in electronic form hereby making it theft-proof

Safe Haven: Gold may be a safe haven during economic & geopolitical uncertainty and hailed as a hedge against inflation over long-term

Indexation Benefit: Investment for more than 3 years provides the benefit of indexation

SIP Facility: One may invest lumpsum amount or even smaller amount through Systematic Investment Plan (SIP), the SIP facility allows investors to take disciplined exposure in Gold as an asset class.

Further, investment in Gold as an asset class holds one of the most-powerful seat as it has been observed that gold helps in overall portfolio diversification, offers hedge against inflation and currency depreciation and is also considered as a safe investment during periods of economic turmoil. So, from a strategic asset allocation aspect, the importance of investment in Gold is well accepted for a balanced portfolio.