

Macro-Economic Update and Key Events

Event Update

Current account balance recorded a deficit of 2.7% of GDP

Data from Reserve Bank of India (RBI) showed that India's current account balance recorded a deficit of US\$ 23.0 billion (2.7% of GDP) in Q3 of FY22 as against deficit of US\$ 9.9 billion (1.3% of GDP) in Q2 of FY22 and US\$ 2.2 billion (0.3% of GDP) in Q3 of FY21. The widening of current account deficit in Q3 of FY22 was mainly on account of higher trade deficit. India recorded a current account deficit of 1.2% of GDP in Apr-Dec 2021 as against a surplus of 1.7% in Apr-Dec 2020 on the back of a sharp increase in the trade deficit.

Trade deficit widened to \$20.88 billion in Feb 2022

India's merchandise trade deficit widened to \$20.88 billion in Feb 2022 from \$13.12 billion in Feb 2021. The trade deficit thus widened by 59.18%. Merchandise exports grew 25.10% YoY to \$34.57 billion in Feb 2022 from \$27.63 billion in Feb 2021. Merchandise imports grew 36.07% YoY to \$55.45 billion in Feb 2022 from \$40.75 billion in Feb 2021.

Industrial output grew 1.3% YoY in Jan 2022

India's Index of industrial output (IIP) grew 1.3% YoY in Jan 2022 as against 0.6% decline in Jan 2021. Manufacturing, mining and electricity grew 1.1%, 2.8% and 0.9%, respectively, in Jan 2022. The manufacturing and mining sector fell 0.9% and 2.4% in Jan 2021, while electricity rose 5.5% in the same period of the previous year. For Apr 2021-Jan 2022, industrial output has clocked a growth of 13.7% as against contraction of 12% in Apr 2020-Jan 2021.

Consumer inflation rose to 6.07% in Feb 2022

India's consumer price index-based inflation (CPI) rose to 6.07% in Feb 2022 as against 6.01% in Jan 2022. Consumer Food Price Index (CFPI) also rose 5.85% as compared to 5.43% in the previous month. The CPI continued to remain above the upper limit of RBI's tolerance band.

Wholesale inflation rose to 13.11% YoY in Feb 2022

India's Wholesale price index-based inflation (WPI) rose to 13.11% YoY in Feb 2022 from 12.96% in Jan 2022. WPI based rate of inflation in the same period of the previous year stood at 4.83%. The growth of WPI Food index stood at 8.47% in Feb 2022 as against 9.55% in Jan 2022 and 9.37% in Dec 2021.

Core output witnessed a growth of 5.8% in Feb 2022

Government data showed that the index of eight core industries witnessed a growth of 5.8% in Feb 2022 as compared to a growth of 4.0% in Jan 2022 and a decline of 3.3% in the same period of the previous year. The natural gas sector witnessed a maximum growth of 12.5% followed by refinery product sector and coal sector that grew 8.8% and 6.6%, respectively. All the core sectors witnessed growth barring crude oil sector and fertilizers sector that contracted 2.2% and 1.4% respectively. For the period from Apr to Feb of FY22, the index of eight core industries witnessed a growth of 11.0% as compared to a contraction of 8.1% in the same period of the previous year.

Manufacturing PMI fell to 54.0 in Mar 2022

According to S&P Global, India's Manufacturing Purchasing Managers' Index (PMI) fell to 54.0 in Mar 2022 from 54.9 in Feb 2022. In Mar, India's manufacturing sector fell as production expanded slowly and new export orders declined.

Passenger vehicle sales fell 7.84% in Feb 2022

According to the Federation of Automobile Dealers Associations (FADA), the passenger vehicle (PV) sales fell 7.84% to 2,38,096 units from 2,58,337 units in Feb 2022. The industry continued to suffer production loss due to chip shortage. The industry body warned that the Russia-Ukraine conflict could further impact the production of semiconductors.

Key Indicator	Frequency	Period	Current	Previous
CPI	Monthly	Feb-22	6.07%	6.01%
WPI	Monthly	Feb-22	13.11%	12.96%
IIP	Monthly	Jan-22	1.30%	0.40%
GDP	Quarterly	Dec-21	5.40%	8.40%
Credit Growth	Fortnightly	Mar-22	8.50%	7.90%
Deposit Growth	Fortnightly	Mar-22	8.80%	8.60%
Export Growth (YoY)	Monthly	Feb-22	25.10%	25.27%
Import Growth (YoY)	Monthly	Feb-22	36.07%	23.55%
Trade Balance (Billion)	Monthly	Feb-22	-\$20.88	-\$17.43

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 31-Mar-2022.

Institutional Flows (Equity)

Net Flow (INR Crore)	Current Month	Previous Month	Year to Date
FII Flows	-41,123	-35,592	-110,019
DII Flows	39,677	42,084	103,690
MF Flows	22,999	28,181	69,756

Source: CDSL & SEBI; As on Mar 31, 2022

Institutional Flows (Debt)

Net Flow (INR Crore)	Current Month	Previous Month	Year to Date
FII Flows	-5,632	-3,073	-3,511
MF Flows	-7,510	5,597	1,554

Source: CDSL & SEBI; As on Mar 31, 2022

Exchange Rate Movement

Exchange Rate	Mar-22	1 Month Ago	3 Months Ago	6 Months Ago	Year Ago
₹/ Euro	84.66	84.26	84.05	86.10	85.78
₹/ Pound	99.55	100.92	100.30	100.95	100.78
₹/ 100 Yen	62.23	65.34	64.92	66.36	66.05
₹/ Dollar	75.81	75.49	74.30	73.50	73.14

Source: Refinitiv

Performance of Various Commodities

Commodities	Mar-22	Returns			
		1 Week	1 Month	6 Month	1 Year
Crude Brent	110.60	-15.56%	6.48%	42.31%	75.36%
Gold (\$/Oz)	1,937.23	-1.03%	1.54%	10.28%	13.49%
Gold (Rs./10 gm)	51,317.00	-0.66%	1.66%	12.48%	16.65%
Silver (\$/Oz)	24.77	-2.90%	1.44%	11.59%	1.57%
Silver (Rs./Kg)	66,740.00	-1.46%	2.57%	14.94%	6.29%

Source: Refinitiv

Key Events Calendar

Event	Date	Current	Previous
U.K. Gross Domestic Product (QoQ)(Q4)	31-Mar	1.30%	1.00%
U.S. Gross Domestic Product Annualized (Q4)	30-Mar	6.90%	7.00%
U.K. Consumer Price Index (YoY)(Feb)	23-Mar	6.20%	5.50%
Bank of England Interest Rate Decision	17-Mar	0.75%	0.50%
U.S. Federal Reserve Interest Rate Decision	16-Mar	0.50%	0.25%

Source: Refinitiv

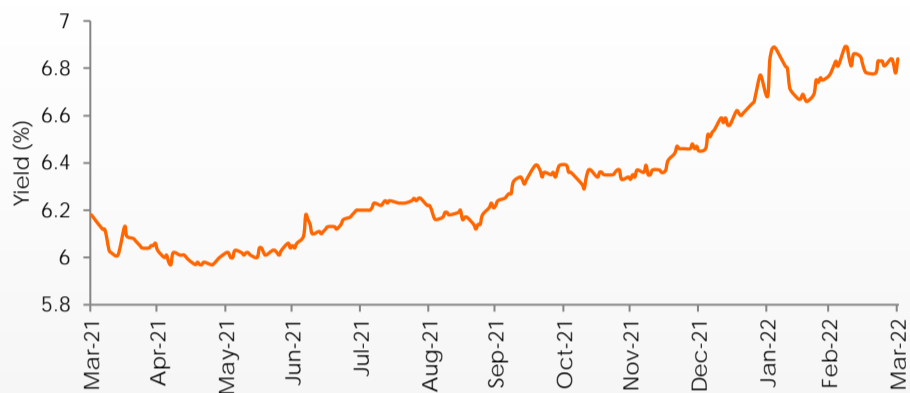
Indian Debt Market Update

Key Policy Rates (%)

	Mar-22	3 Months Ago	6 Months Ago	Year Ago	2 Years Ago
Repo	4.00	4.00	4.00	4.00	4.40
Reverse Repo	3.35	3.35	3.35	3.35	4.00
Bank Rate	4.25	4.25	4.25	4.25	4.65
CRR	4.00	4.00	4.00	3.00	3.00
SLR	18.00	18.00	18.00	18.00	18.25

Source: RBI

10 Year Benchmark Bond



Source: Refinitiv

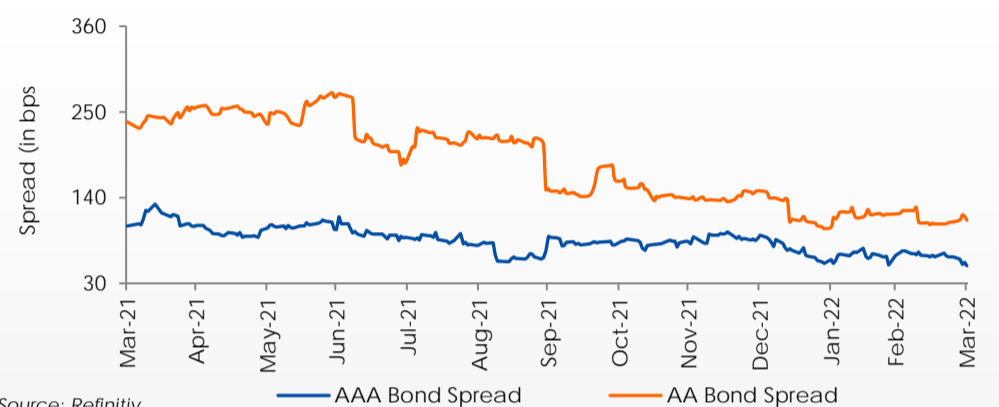
Bond yields rose after broadly moving in a range during the last month of the FY22 on rise in crude oil prices and U.S. treasury yields. Yields went up as market participants lowered their positions ahead of the release of scheduled government borrowing calendar from Apr to Sep of FY23.

Money Market Rates (%)

	Mar-22	1 Month Ago	3 Months Ago	6 Months Ago	Year Ago
Call	3.56	3.28	3.38	3.37	3.30
TREP	3.64	3.23	3.45	3.31	3.37
FBIL 1 Month Term Mibor	4.11	4.05	3.96	3.67	3.68
3 Month CD	3.89	3.91	3.62	3.54	3.28
3 Month CP	4.20	4.25	4.00	3.75	3.55

Source: Refinitiv

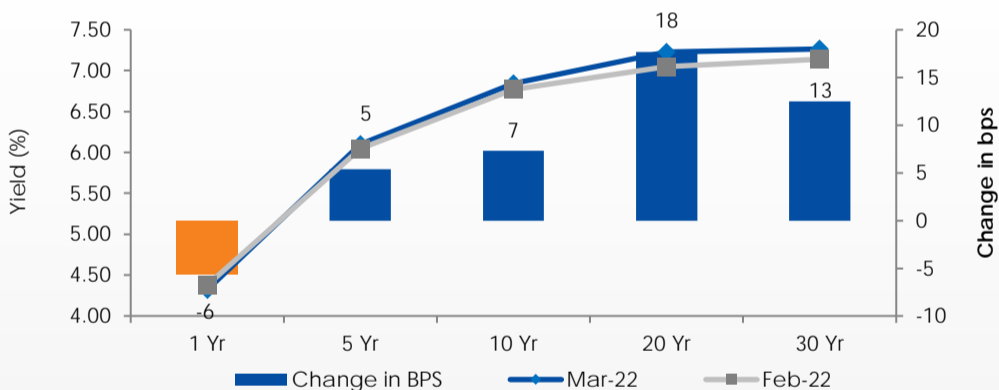
10 Year Corporate Bond Spread (for AAA & AA bonds)



Source: Refinitiv

Yield on corporate bonds fell in the range of 5 to 16 bps across the curve, leaving 1 & 15 year papers that rose 8 & 19 bps, respectively. Yield fell the most on 6 & 7-year papers.

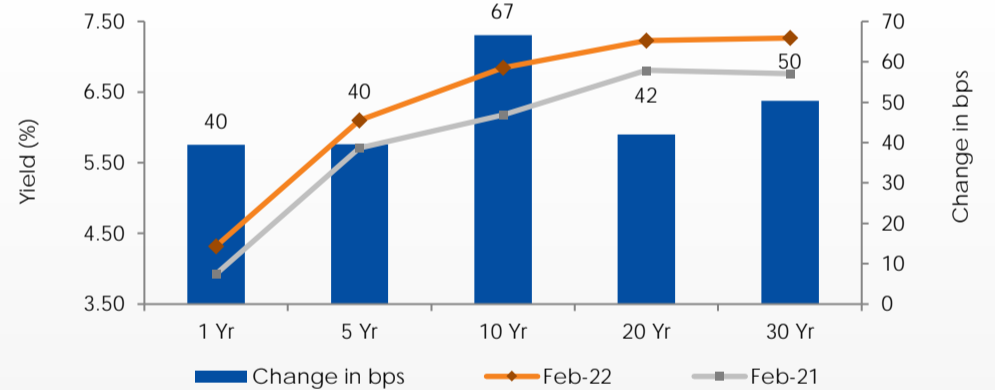
India Yield Curve Shift (Month-on-Month)



Source: Refinitiv

Yield on gilt securities rose in the range of 3 to 18 across the maturities, barring 1 year paper that fell 6 bps. Yield rose the most on 19 year paper and the least on 11 year paper. Spread between corporate bond and gilt securities contracted in the range of 13 to 24 bps across the segments, except 1 & 15 year that expanded 14 & 11 bps, respectively.

India Yield Curve Shift (Year-on-Year)



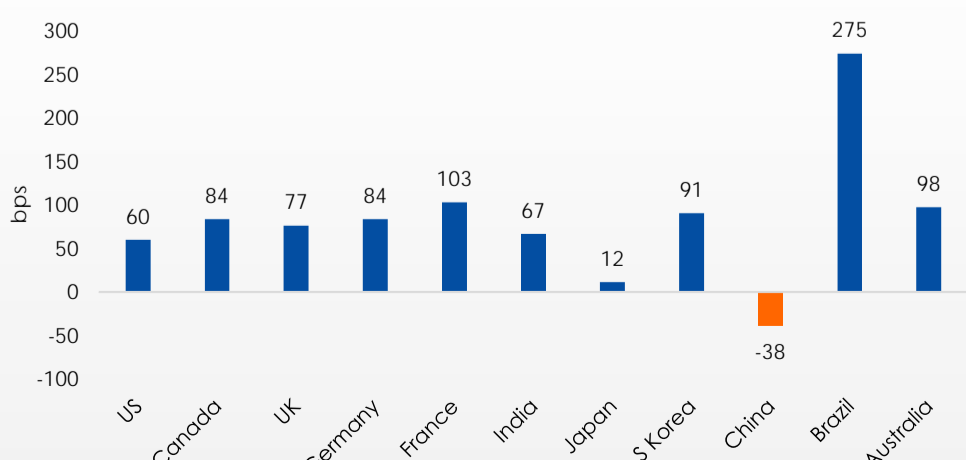
Source: Refinitiv

Year on year, yield on gilt securities rose in the range of 38 to 76 bps across the maturities. Yield rose the most on 3 year paper and the least on 6-year paper. Yield on corporate bonds increased by up to 56 bps across the curve, barring 5 to 7 year papers that fell in the range of 2 to 6 bps. Yield went up the most on 15-year paper and the least on 8-year paper.

Global Debt Market Update

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

Change in 10 Year Sovereign Bond Yield: Mar 2022 v/s Mar 2021 (bps)



Source: Refinitiv

Yield of 10 Year Government Bonds (%)

	Feb-22	Mar-22	Range:Mar 2022	Real Yields: Mar-22
US	1.8	2.3	1.72 - 2.49	-5.6
Canada	1.8	2.4	1.66 - 2.55	-3.3
UK	1.4	1.6	1.11 - 1.71	-4.6
Germany	0.2	0.5	-0.1 - 0.66	-6.8
France	0.6	1.0	0.35 - 1.08	-3.3
India	6.8	6.8	6.78 - 6.9	0.8
Japan	0.2	0.2	0.14 - 0.25	-1.1
S Korea	2.7	3.0	2.61 - 3.03	-1.1
China	2.8	2.8	2.78 - 2.86	1.9
Brazil	11.3	11.6	11.19 - 12.39	1.1
Australia	2.2	2.8	2.09 - 2.91	-0.7

Source: Refinitiv

Indian Equity Market Update



Indian equity markets ended the last month of FY22 on a positive note. Easing of the elevated global Brent crude oil prices from multi-year closing high of \$139.85 per barrel, favourable outcome of state polls and signs of progress in Russia-Ukraine peace talks have propelled the markets. Nonetheless, impending U.S. Fed rate hike and downward revision of domestic GDP forecasts by various agencies kept investors wary.

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

Rolling Returns – Monthly Performance

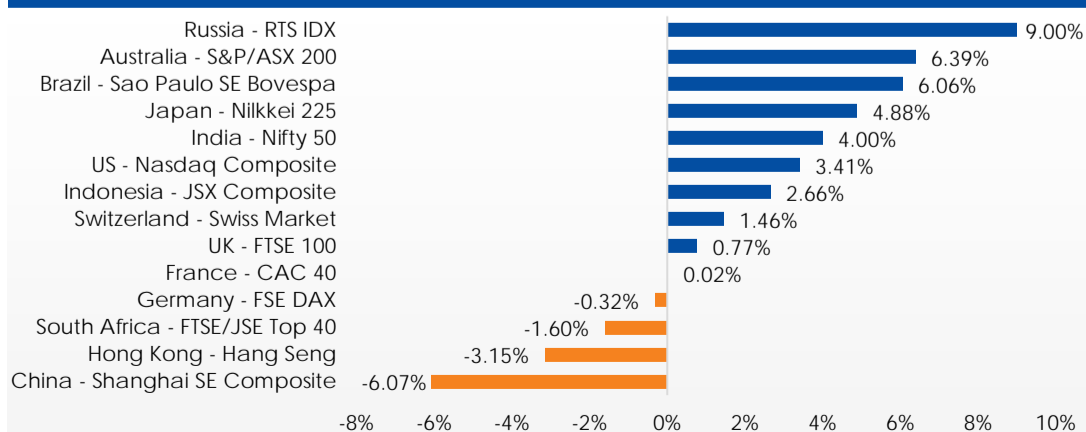
Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
Nifty Metal 21.89%	Nifty Media 13.79%	Nifty IT 7.57%	Nifty Realty 15.93%	Nifty IT 13.43%	Nifty Media 34.12%	Nifty Auto 6.6%	Nifty IT 1.95%	Nifty IT 10.44%	Nifty Energy 10.39%	Nifty Metal 8.21%	Nifty Media 18.49%
Nifty Pharma 9.75%	Nifty Energy 10.41%	Nifty FMCG 3.32%	Nifty Metal 10.81%	Nifty Financial Services 9.75%	Nifty Realty 32.90%	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 Media 0.17%	Nifty Auto 8.83%	Nifty Realty 2.32%	Nifty IT 4.95%	Nifty FMCG 9.66%	Nifty Energy 13.32%	Nifty Bank 4.52%	Nifty Infra -1.43%	Nifty Pharma 4.1%	Nifty Auto 7.01%	Nifty FMCG -1.93%	Nifty IT 7.30%
Nifty IT -0.58%	Nifty Realty 8.58%	Nifty Media 2.05%	Nifty Infra 2.33%	Nifty Energy 7.24%	Nifty Infra 6.93%	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 Energy -0.85%	Nifty Bank 8.37%	Nifty Pharma 1.85%	Nifty Pharma 0.97%	Nifty Infra 6.37%	Nifty Auto 5.62%	Nifty Energy 1.65%	Nifty FMCG -2.09%	Nifty Media 2.2%	Nifty Infra 2.16%	Nifty IT -2.80%	Nifty Realty 6.22%
Nifty Infra -0.85%	Nifty Financial Services 7.26%	Nifty Metal 1.55%	Nifty Financial Services 0.24%	Nifty Bank 5.36%	Nifty Bank 2.75%	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 Financial Services -0.97%	Nifty Infra 6.78%	Nifty Auto 1.04%	Nifty Media -0.08%	Nifty Auto 0.07%	Nifty FMCG 2.27%	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 Bank -1.57%	Nifty Metal 6.47%	Nifty Infra 0.37%	Nifty FMCG -0.09%	Nifty Pharma -0.34%	Nifty IT 1.45%	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 Auto -2.25%	Nifty IT 6.07%	Nifty Energy -0.28%	Nifty Bank -0.46%	Nifty Metal -0.86%	Nifty Financial Services 1.30%	Nifty Realty -2.94%	Nifty Metal -6.34%	Nifty Bank -0.6%	Nifty FMCG -2.96%	Nifty Auto -7.36%	Nifty Financial Services 1.26%
Nifty FMCG -3.6%	Nifty FMCG 4.91%	Nifty Financial Services -1.14%	Nifty Energy -4.48%	Nifty Realty -2.79%	Nifty Pharma 0.85%	Nifty Pharma -4.06%	Nifty Financial Services -6.67%	Nifty Realty -0.7%	Nifty Pharma -7.33%	Nifty Realty -9.13%	Nifty Bank 0.46%
Nifty Realty -7.35%	Nifty Pharma 4.32%	Nifty Bank -1.89%	Nifty Auto -4.55%	Nifty Media -10.67%	Nifty Metal -1.55%	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%

In Mar 2022, all other sectors rose except Auto with Media showed the steepest rise and the least increase was in Banking sector. Metal sector has been one of the best performers in three of the last four months.

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

Global Equity Market Update

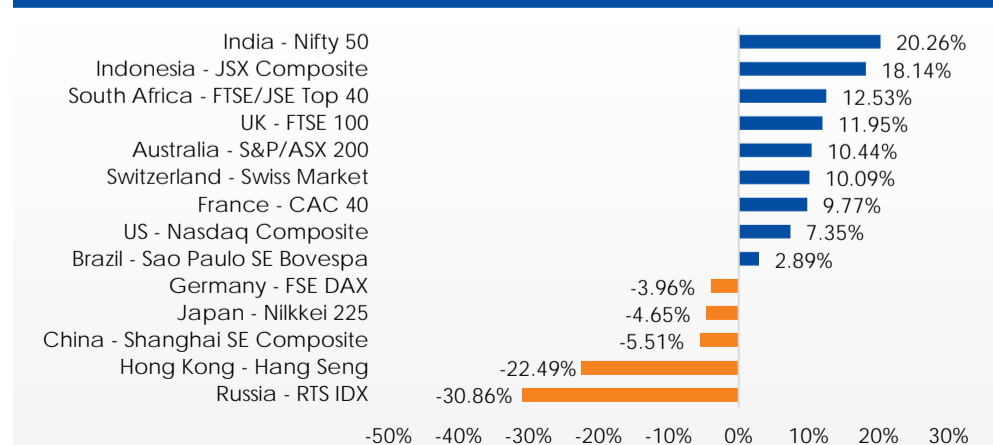
1 Month Performance



Source: Refinitiv

Global markets were mostly positive in Mar 2022 led by Russia and Australia on hope of a resolution to the Ukraine crisis.

1 Year Performance



Source: Refinitiv

In the last one year, India saw the highest gains while slowest rise was in Brazil. However, Russia and Hong Kong witnessed the steepest fall.

News Summary & Knowledge Corner

News Summary

1. Domestic

- Capital market regulator Securities and Exchange Board of India (SEBI) has raised the investment limit for retail investors applying in public debt securities issuance through the unified payments interface (UPI) mechanism from Rs. 2 lakh to Rs. 5 lakh.
- Securities Exchange Board of India (Sebi) released product requirements for electronic gold receipts (EGR). According to Sebi, the trading of EGR would take place on stock exchanges in the 'trading unit,' and the stock exchanges would specify the same.
- The finance ministry has announced that ministries and departments will no longer be able to provide a 'Letter of Comfort' to any organisation, to increase openness in fiscal concerns and budgeting.
- The Securities and Exchange Board of India (SEBI) enhanced the regulatory framework for collective investment schemes (CIS) to align with mutual fund regulations to eliminate regulatory arbitrage.
- The Union Cabinet has approved the formation of a new firm to hold and monetize surplus land and buildings of government agencies and public sector undertakings (PSUs) that are being privatised or shut down.
- The Indian government has accorded 'In-Principle' approval for setting up of 21 Greenfield Airports across the country. Out of these, 8 Greenfield airports have been operationalized.
- IRDAI has pushed insurance companies to provide health insurance to transgenders, differently abled people, HIV-positive or AIDS-infected people, and people with mental illnesses.
- SEBI extended the deadline for implementing certain directions for mutual funds, including those pertaining to usage of pool accounts for transactions, to Jul 01, 2022.

2. International

- The U.S. Federal Reserve (Fed) increased interest rates for the first time since Dec 2018 as it decided to raise the target range for the federal funds rate by 25 bps to 0.25% - 0.5%. The Fed projected an interest rate of 1.9% by the end of the year.
- The European Central Bank declared that interest rates would remain steady, with the deposit rate remaining at -0.5%. New changes to the central bank's quantitative easing programmes were also disclosed.
- Bank of England in its monetary policy review voted by a majority of 8-1 and raised the key interest rate, the bank rate, by 25 bps to 0.75%. The move comes as inflation is projected to climb even higher after the Russia's invasion of Ukraine.
- The Bank of Japan (BoJ) kept its massive monetary policy stimulus unchanged in its monetary policy review. BoJ projected inflation to increase moving ahead due to a significant rise in energy prices.
- The Central Bank of Russia left its key interest rate unchanged at 20% as widely expected. The central bank raised its interest rate sharply to 20.00% from 9.50% on Feb 28, 2022 in order to sustain financial stability and prevent uncontrolled price rises.
- According to a report released by the Labor Department, U.S. non-farm payroll employment rose 431,000 jobs in Mar 2022 after surging by an upwardly revised 750,000 jobs in Feb 2022. The unemployment rate fell to 3.6% in Mar 2022 from 3.8% in Feb 2022.

Knowledge Corner

Never heard about Value Funds? Here's what you should know

As we all know, there are various types of mutual funds catering to different investment needs. And having a right mix of mutual funds in your portfolio may aid in building a corpus over a period of time. Likewise, while investing in value funds would lead to diversification in investment style and unlock the potential of wealth creation over medium to long run.

What is a Value Fund?

It is a variant of an equity mutual fund that invests predominantly into stocks that are available at an undervalued price but are potential for up move.

The fund managers of value funds aim to identify and invest in stocks that are deemed to be undervalued in price for various reasons are trading below their actual worth but exhibit their ability to grow. Once the market realizes the stock's true value, the stock price increases. And, the fund thus stands to gain from this price rise.

The fund managers may consider one or more valuation metrics viz., price to earnings ratio, price to book ratio, discounted cash flow, earnings yield, free cash flow yields etc., to determine the intrinsic value of a company. There are also various other qualitative factors considered while determining the intrinsic value of a company which includes business model, competitive position, management team, etc. If the company's market value is less than its intrinsic value, then it is considered to have 'value'. These stocks are deemed to be undervalued and have future growth potentials. The fund enjoys the flexibility to invest in stocks across the market capitalisation and sectors.

What Makes Value Funds Worthwhile?

As understood a value fund is a fund that follows a value investing strategy and seeks to invest in stocks that are deemed to be undervalued in price based on fundamental characteristics. The premise behind value investing is that the market has some inherent inefficiencies causing specific companies to trade at levels below their actual worth for various reasons. Value fund managers are skilled in identifying these market inefficiencies, thus gain from the expected increase in the share price.

In contrast to value investing, growth investing focuses on companies with high growth prospects whose earnings are expected to increase at an above-average rate compared to their industry or sector or the overall market.

Investors may consider investing in both Value and Growth funds with an objective to achieve diversification to overall equity portfolio and benefit from growth potential over the long period. The percentage of allocation to each of these funds would depend on market conditions along with individual's ability and preference for risk.

Who should invest in Value Funds?

Value funds are suitable for investors looking for diversification in investment style over growth funds. Investor may also consider investing in value funds to build one's core portfolio holding and looking for achieving long-term financial goals.

What Is the Ideal Time Horizon?

A value fund is a suitable option for investors having a medium to long-term time horizon. It is preferable to stay invested for at least 5 years. A Systematic Investment Plan (SIP)* can help in tackling market volatility over the time and also would create a disciplined approach to investing.

(*SIP is a process for a disciplined investment of a certain amount on a pre-decided date over a period in a specific mutual fund scheme regularly)

Disclaimers: The information on this document is provided for information purposes only. It does not constitute any offer, recommendation or solicitation to any person to enter into any transaction or adopt any hedging, trading or investment strategy, nor does it constitute any prediction of likely future movements in rates or prices or any representation that any such future movements will not exceed those shown in any illustration. Users of this document should seek advice regarding the appropriateness of investing in any securities, financial instruments or investment strategies referred to on this document and should understand that statements regarding future prospects may not be realized. The recipient of this material is solely responsible for any action taken based on this material. Opinions, projections and estimates are subject to change without notice.

UTI AMC Ltd is not an investment adviser, and is not purporting to provide you with investment, legal or tax advice. UTI AMC Ltd or UTI Mutual Fund (acting through UTI Trustee Company Pvt. Ltd) accepts no liability and will not be liable for any loss or damage arising directly or indirectly (including special, incidental or consequential loss or damage) from your use of this document, howsoever arising, and including any loss, damage or expense arising from, but not limited to, any defect, error, imperfection, fault, mistake or inaccuracy with this document, its contents or associated services, or due to any unavailability of the document or any part thereof or any contents or associated services.

Source: ICRA Analytics Ltd. Readers are requested to click here for ICRA Analytics disclaimer - <https://icraanalytics.com/home/Disclaimer>

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.