

Macro-Economic Update and Key Events

Event Update

GDP grew 4.1% YoY in the Mar quarter of 2022

India's gross domestic product (GDP) at constant (2011-12) prices grew 4.1% on a yearly basis for the quarter ended Mar 31, 2022 as compared to a growth of 5.4% in the previous quarter and a growth of 2.5% in the same period of the previous year. Meanwhile, the overall growth recorded for the FY22 is estimated at 8.7% as against a contraction of 6.6% in FY21. During the Mar 2022 quarter, Gross Value Added (GVA) for agriculture grew at 4.1% while manufacturing contracted 0.2%. Public administration, defence and other services, which represent government expenditure, grew 7.7% during the Mar quarter, boosting overall economic growth. Among other sectors, mining and quarrying and construction grew 6.7% and 2% respectively.

Consumer inflation rose to 7.79% in Apr 2022

Consumer price index-based inflation (CPI) rose to 7.79% in Apr 2022 as against 6.95% in Mar 2022. The CPI rose due to rising food and fuel prices. Consumer Food Price Index (CFPI) also rose 8.38% as compared to 7.68% in the previous month. Food inflation that accounts for nearly half the consumer price index (CPI) basket, remained elevated due to higher vegetable and cooking oil prices globally.

Industrial output grew 1.9% YoY in Mar 2022

Index of industrial output (IIP) grew 1.9% YoY in Mar 2022 as against 24.2% rise in Mar 2021. Mining, manufacturing and electricity sector rose 4%, 0.9% and 6.1% in Mar 2022, respectively, as against growth of 6.1%, 28.4% and 22.5% in Mar 2021. For FY22, industrial output has clocked a growth of 11.3% as against contraction of 8.4% in FY21.

Wholesale inflation rose to 15.08% YoY in Apr 2022

India's Wholesale price index-based inflation (WPI) rose to 15.08% YoY in Apr 2022 from 14.55% in Mar 2022. WPI based rate of inflation in the same period of the previous year stood at 10.74%. The rise in WPI for Apr 2022 came on the back of rise in prices of mineral oils, basic metals, crude petroleum & natural gas, food articles, non-food articles, food products and chemicals & chemical products etc. as compared Apr 2021.

India's exports rose 30.70% in Apr 2022

India's merchandise exports rose 30.70% to \$40.19 billion in Apr 2022 on account of healthy performance by sectors such as petroleum products, electronic goods and chemicals. Similarly, imports grew 30.97% to \$60.30 billion in Apr 2022. Thus, trade deficit widened to \$20.11 billion in Apr 2022 as against trade deficit of \$15.29 billion in Apr 2021.

Core output grew 8.4% in Apr 2022

Government data showed that the combined index of eight core industries grew 8.4% in Apr 2022 as compared to a growth of 4.9% in Mar 2022 and a growth of 62.6% in the same period of the previous year. The maximum growth was in the coal sector which witnessed a growth of 28.8% followed by electricity sector and refinery product sector which witnessed a growth of 10.7% and 9.2%, respectively.

India's fiscal deficit for FY22 stood at 6.71% of GDP

India's fiscal deficit for FY22 stood at 6.71% of GDP. The revenue deficit stood at 4.37% of GDP while the effective revenue deficit stood at 3.34% of GDP. Total receipts stood at Rs. 22.08 lakh crore or 101.3% of the budget estimate as compared to 105.6% in the corresponding period of the previous year. Total expenditure stood at Rs. 37.94 lakh crore or 100.6% of the budget estimate as compared to 101.7% in the corresponding period of the previous year.

Manufacturing PMI eased to 54.6 in May 2022

According to S&P Global, India's Manufacturing Purchasing Managers' Index (PMI) edged down to 54.6 in May 2022 from 54.7 in Apr 2022. India's manufacturing steadied in May on the back of rising international orders despite an increase in prices. New orders and output increased at the same rate as in Apr.

Key Indicator	Frequency	Period	Current	Previous
CPI	Monthly	Apr-22	7.79%	6.95%
WPI	Monthly	Apr-22	15.08%	14.55%
IIP	Monthly	Mar-22	1.90%	1.50%
GDP	Quarterly	Mar-22	4.10%	5.40%
Credit Growth	Fortnightly	May-22	11.90%	11.20%
Deposit Growth	Fortnightly	May-22	9.70%	10.10%
Export Growth (YoY)	Monthly	Apr-22	30.70%	19.76%
Import Growth (YoY)	Monthly	Apr-22	30.97%	24.21%
Trade Balance (Billion)	Monthly	Apr-22	-\$20.11	-\$18.51

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-May-2022.

Institutional Flows (Equity)

Net Flow (INR Crore)	Current Month	Previous Month	Year to Date
FII Flows	-39,993	-17,144	-167,156
DII Flows	50,836	30,843	185,368
MF Flows	27,360	21,964	116,213

Source: CDSL & SEBI: As on May 31, 2022

Institutional Flows (Debt)

Net Flow (INR Crore)	Current Month	Previous Month	Year to Date
FII Flows	-5,506	-4,439	-13,455
MF Flows	-13,326	7,911	-3,282

Source: CDSL & SEBI: As on May 31, 2022

Exchange Rate Movement

Exchange Rate	May-22	1 Month Ago	3 Months Ago	6 Months Ago	Year Ago
₹/ Euro	83.41	80.58	84.26	84.94	88.42
₹/ Pound	97.87	95.71	100.92	99.99	102.87
₹/ 100 Yen	60.73	58.66	65.34	66.34	66.08
₹/ Dollar	77.66	76.42	75.49	75.09	72.52

Source: Refinitiv

Performance of Various Commodities

Commodities	May-22	Returns			
		1 Week	1 Month	6 Month	1 Year
Crude Brent (\$/Barrel)	130.22	11.03%	21.39%	80.96%	85.42%
Gold (\$/Oz)	1,837.09	-1.54%	-3.13%	3.57%	-3.63%
Gold (₹/10 gm)	50,861	-0.38%	-1.90%	5.89%	3.94%
Silver (\$/Oz)	21.54	-2.52%	-5.30%	-5.54%	-23.23%
Silver (₹/Kg)	61,230	-0.28%	-5.41%	-1.19%	-14.31%

Source: Refinitiv

Key Events Calendar

Event	Date	Current	Previous
Eurozone GDP Growth Rate YoY 2nd Est (Q1)	17-May	5.10%	4.70%
Japan GDP Growth Annualized Prel (Q1)	18-May	-1.00%	3.80%
U.K. Inflation Rate YoY (Apr)	18-May	9.00%	7.00%
U.S. GDP Growth Rate QoQ2nd Est (Q1)	26-May	-1.50%	6.90%
India GDP Growth Rate (YoY) Q1	31-May	4.10%	5.40%

Source: Refinitiv

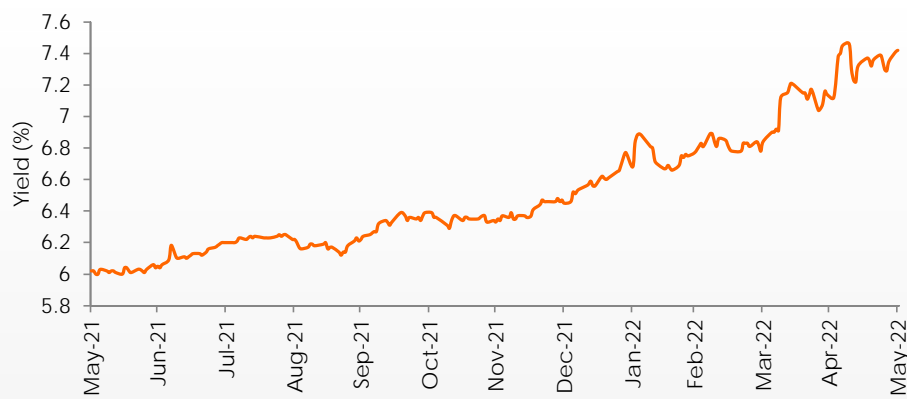
Indian Debt Market Update

Key Policy Rates (%)

	May-22	3 Months Ago	6 Months Ago	Year Ago	2 Years Ago
Repo	4.40	4.00	4.00	4.00	4.40
Reverse Repo	3.35	3.35	3.35	3.35	3.35
Bank Rate	4.65	4.25	4.25	4.25	4.25
CRR	4.50	4.00	4.00	3.00	3.00
SLR	18.00	18.00	18.00	18.00	18.00
SDF	3.75	-	-	-	-

Source: RBI

10 Year Benchmark Bond



Source: Refinitiv

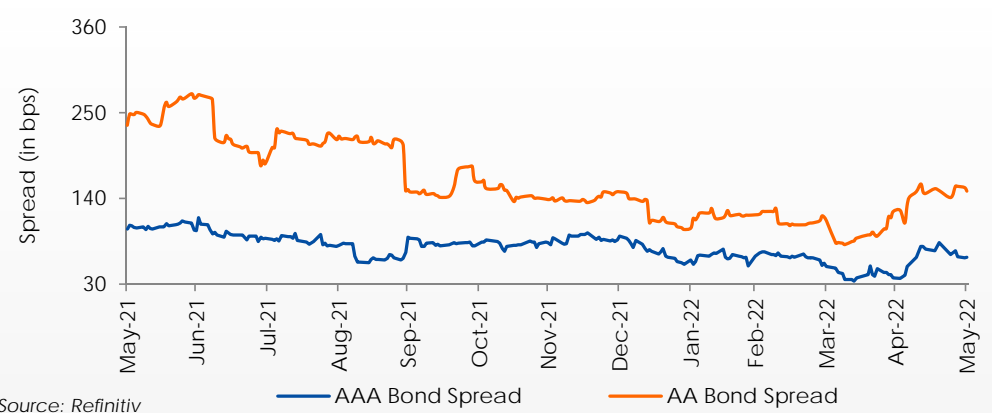
Bond yields surged after the Monetary Policy Committee unexpectedly raised the key policy repo rate for the first time in four years. Yields rose further after consumer inflation in Apr 2022 reached to a near 8-year high, which increased probability of aggressive rate hikes ahead.

Money Market Rates (%)

	May-22	1 Month Ago	3 Months Ago	6 Months Ago	Year Ago
Call	4.09	3.33	3.28	3.26	3.18
TREP	4.15	3.76	3.23	3.30	3.23
FBIL 1 Month Term Mibor	4.58	4.14	4.05	3.65	3.63
91 Days T-Bills	4.94	4.04	3.70	3.52	3.38
3 month CP	5.30	4.25	4.25	4.20	3.62
6 month CP	5.85	4.80	4.75	4.40	3.95

Source: Refinitiv

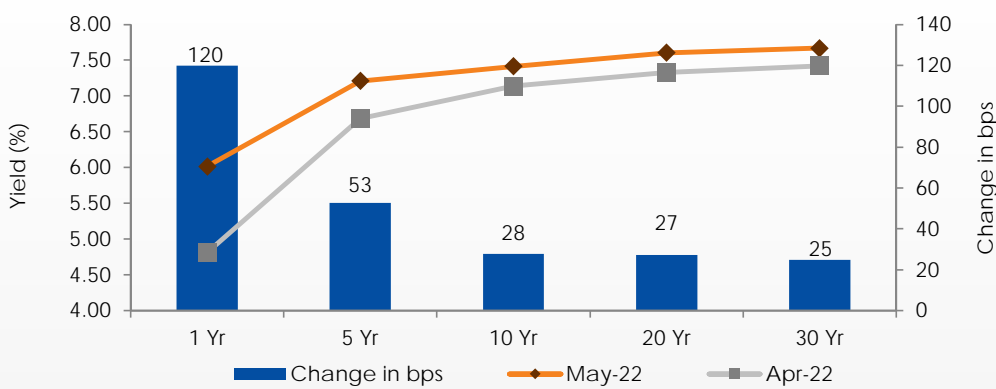
10 Year Corporate Bond Spread (for AAA & AA bonds)



Source: Refinitiv

Yield on corporate bonds went up in the range of 18 to 98 bps across the curve. Yield rose the most on 1 year paper and the least on 15 year paper.

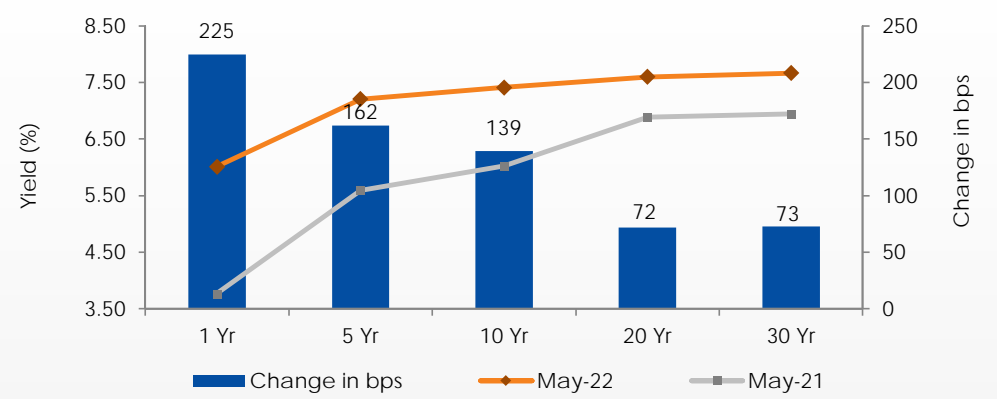
India Yield Curve Shift (Month-on-Month)



Source: Refinitiv

Yield on gilt securities surged in the range of 24 to 123 bps across the maturities. Yield rose the most on 1 year paper and the least on 12 year paper. Difference in spread between corporate bond and gilt securities expanded in the range of 9 to 62 bps across the segments, except 1, 2 & 15 year papers that contracted 27, 19 & 10 bps, respectively.

India Yield Curve Shift (Year-on-Year)



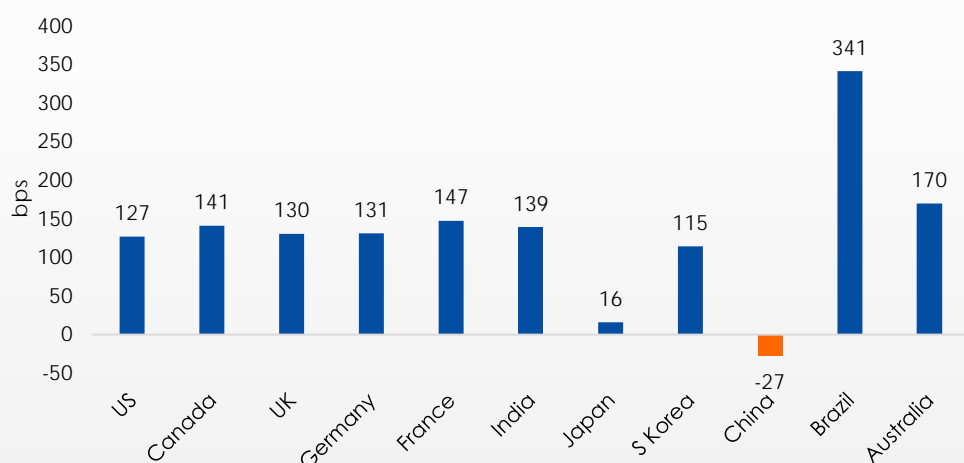
Source: Refinitiv

Year on year, yield on gilt securities rose in the range of 74 to 230 bps across the maturities. Yield rose the most on 3 year paper and the least on 19-year paper. Yield on corporate bonds increased in the range of 86 to 219 bps across the curve. Yield went up the most on 3-year paper and the least on 15-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: May 2022 v/s May 2021 (bps)



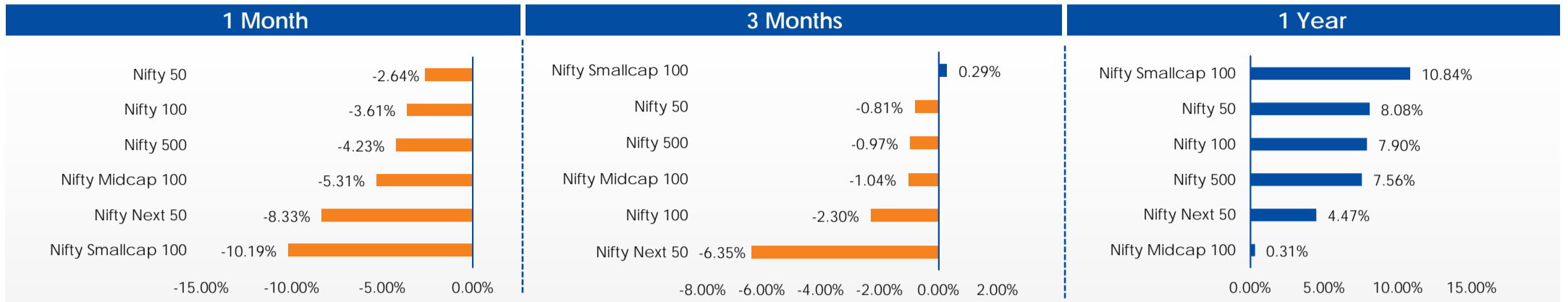
Source: Refinitiv

Yield of 10 Year Government Bonds (%)

	Apr-22	May-22	Range:May 2022	Real Yields: May-22
China	2.8	2.8	2.79 - 2.88	0.7
Brazil	12.3	12.6	10.97 - 12.37	0.4
India	7.1	7.4	6.78 - 7.22	-0.4
Australia	3.2	3.4	2.79 - 3.18	-1.7
S Korea	3.2	3.3	3.08 - 3.41	-2.1
Japan	0.2	0.2	0.21 - 0.25	-2.2
France	1.5	1.6	0.99 - 1.46	-3.6
Canada	2.9	2.9	2.4 - 2.89	-3.9
US	2.9	2.8	2.35 - 2.94	-5.5
Germany	0.9	1.1	0.52 - 0.96	-6.3
UK	1.9	2.1	1.55 - 2.01	-6.9

Source: Refinitiv

Indian Equity Market Update



Indian equity market ended the month in the negative territory, weighed down by global and domestic inflationary pressure, coupled with rate hike stance adopted by central banks of major economies. Meanwhile, instances of encouraging quarterly earning numbers, positive cues from Asian bourses and bargain hunting seen in the second half of the month provided underlying support to the bourses.

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

Rolling Returns – Monthly Performance

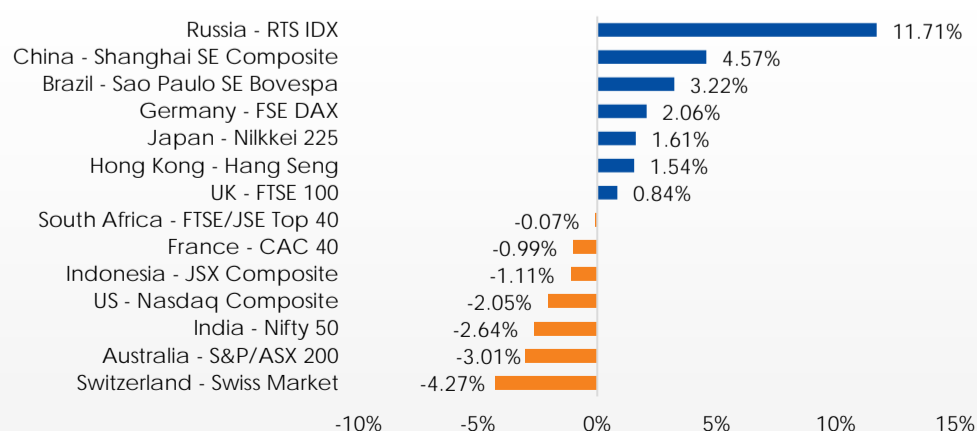
Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22
Nifty IT 7.57%	Nifty Realty 15.93%	Nifty IT 13.43%	Nifty Media 34.12%	Nifty Auto 6.6%	Nifty IT 1.85%	Nifty IT 10.44%	Nifty Energy 10.39%	Nifty Metal 8.21%	Nifty Media 18.49%	Nifty Energy 10.74%	Nifty Auto 4.59%
Nifty FMCG 3.32%	Nifty Metal 10.81%	Nifty Financial Services 9.75%	Nifty Realty 32.90%	Nifty Media 5.04%	Nifty Pharma -1.56%	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 Realty 2.32%	Nifty IT 4.95%	Nifty FMCG 9.66%	Nifty Energy 13.32%	Nifty Bank 4.52%	Nifty Infra -1.70%	Nifty Pharma 4.1%	Nifty Auto 7.01%	Nifty FMCG -1.93%	Nifty IT 7.30%	Nifty Auto 4.99%	Nifty Financial Services -0.40%
Nifty Media 2.05%	Nifty Infra 2.33%	Nifty Energy 7.24%	Nifty Infra 6.93%	Nifty Financial Services 2.68%	Nifty Energy -1.78%	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 1.85%	Nifty Pharma 0.97%	Nifty Infra 6.37%	Nifty Auto 5.62%	Nifty Energy 1.65%	Nifty FMCG -2.18%	Nifty Media 2.2%	Nifty Infra 2.16%	Nifty IT -2.80%	Nifty Realty 6.22%	Nifty Bank -0.78%	Nifty Media -4.52%
Nifty Metal 1.55%	Nifty Financial Services 0.24%	Nifty Bank 5.36%	Nifty Bank 2.75%	Nifty Infra 0.39%	Nifty Realty -2.23%	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 Auto 1.04%	Nifty Media -0.08%	Nifty Auto 0.07%	Nifty FMCG 2.27%	Nifty Metal -0.85%	Nifty Media -3.33%	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 Infra 0.37%	Nifty FMCG -0.09%	Nifty Pharma -0.34%	Nifty IT 1.45%	Nifty IT -1.39%	Nifty Auto -6.14%	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 Energy -0.28%	Nifty Bank -0.46%	Nifty Metal -0.86%	Nifty Financial Services 1.30%	Nifty Realty -2.94%	Nifty Metal -6.50%	Nifty Bank -0.6%	Nifty FMCG -2.96%	Nifty Auto -7.36%	Nifty Financial Services 1.26%	Nifty Realty -4.27%	Nifty Realty -7.22%
Nifty Financial Services -1.14%	Nifty Energy -4.48%	Nifty Realty -2.79%	Nifty Pharma 0.85%	Nifty Pharma -4.06%	Nifty Financial Services -6.69%	Nifty Realty -0.7%	Nifty Pharma -7.33%	Nifty Realty -9.13%	Nifty Bank 0.46%	Nifty Media -9.66%	Nifty Energy -10.33%
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%	Nifty IT -12.74%	Nifty Metal -15.72%

In May 2022, majority of the sectors declined with metal and energy showed the steepest fall while slowest fall was witnessed on Financial services and Banks. Auto and FMCG sectors have been one of the best performers in the last two months.

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

Global Equity Market Update

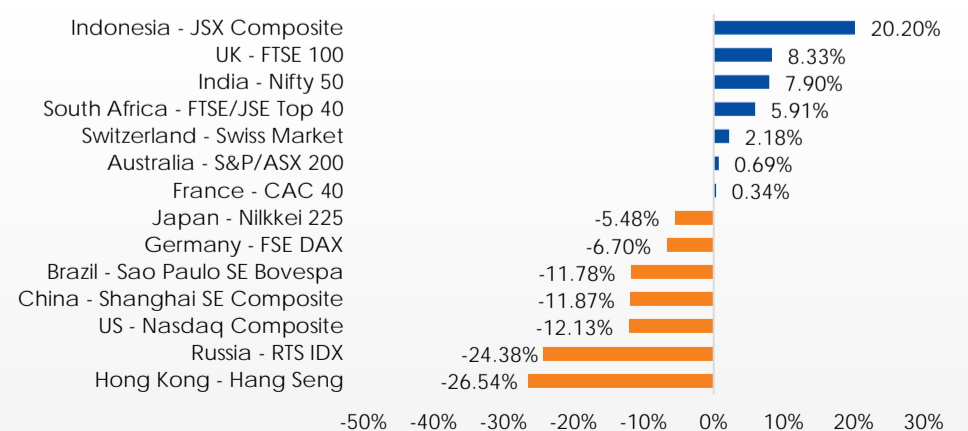
1 Month Performance



Source: Refinitiv

Global markets showed a mixed trend in May 2022 with Russia and China showed highest gains while Switzerland and Australia witnessed steepest fall.

1 Year Performance



Source: Refinitiv

In the last one year, Indonesia and UK saw the highest gains. However, Hong Kong and Russia saw the steepest fall.

News Summary & Knowledge Corner

News Summary

1. Domestic

- Capital market regulator Securities and Exchange Board of India (SEBI) gave approval to mutual funds to launch equity-linked savings schemes (ELSS) as passively-managed funds as well.
- SEBI came out with guidelines on how debt passive funds – exchange traded funds (ETFs) and index funds – should be managed.
- SEBI to enhance liquidity in units of ETFs on stock exchange platform has decided that direct transaction with asset management companies (AMCs) shall be provided to investors only for transactions that are above a specified threshold.
- An empowered group of ministers (GoM) has recommended a flat 28% goods and services tax (GST) on internet gaming, casinos, and horse races.
- The Union Cabinet has given its approval to a proposal that would allow the boards of public sector undertakings (PSUs) to recommend strategic divestiture, minority stake sales, or the liquidation of their subsidiaries and joint ventures.
- Sebi has derecognised Indian Commodity Exchange (ICEX) Ltd after finding the bourse non-compliant on several grounds like net worth requirement.
- According to SEBI, if there is a change in index constituents change due to periodic review, the portfolio of debt ETFs and Debt Index funds need to be re-balanced within seven calendar days.
- SEBI has ordered REIT and InvIT issuers, stock exchanges, and all other intermediaries to ensure that units of REITs and InvITs are listed within 6 working days of the issue closing.

2. International

- The U.S. GDP fell by 1.5% in the first quarter of 2022 compared to the previously reported 1.4% drop. The contraction comes after U.S. GDP grew 6.9% in the fourth quarter of 2021.
- The Central Bank of Russia reduced the key interest rate sharply by 300 basis points to 11% from 14%. The move comes as the central bank took note of a slowdown in inflation and the upward momentum in the ruble exchange rate.
- The People's Bank of China surprisingly reduced its lending rates for long-term loans by 15 bps to 4.45% (five-year loan prime rate). The move is set to support lending to the property market.
- According to preliminary statistics, Japan's gross domestic product declined by an annualised 1% in the first quarter of 2022 following a downwardly revised 3.8% gain in the previous three months.
- Japan's consumer inflation accelerated to 2.5% YoY in Apr 2022 from 1.2 rise in prior month. Core CPI, which excludes volatile food prices, went up 2.1% YoY, higher than 0.8% in the previous month.
- U.K. consumer price inflation rose 9% YoY in Apr 2022 from 7% in Mar 2022. The sharp increase was caused by rising food and gasoline prices.
- According to final estimate, eurozone harmonized index of consumer prices rose 7.4% YoY in Apr 2022, the same as in Mar 2022. Core inflation that excludes energy, food, alcohol and tobacco, rose sharply to 3.5% in Apr from 3% in Mar 2022.
- China's consumer price inflation rose 2.1% in Apr 2022 from 1.5% in Mar 2022. The rise came amid rising food prices. Core inflation that excludes energy and food prices eased to 0.9% in Apr from 1.1% in Mar.

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

Knowledge Corner

6 Smart Ways for Long-Term Investing

When it comes to investing, it is advisable to stay aligned with the long-term investment plans. Investors must remember the often-quoted advice, "long term investing is often boring. If you are finding it adventurous, you may not be doing it right." Here are seven smart tips for long-term investing:

1. Aligning Investments with Financial Goals

One should align their investments with financial goals. Financial goals also tend to define the investment horizon, which assumes the importance of selecting the mutual fund scheme best suited for the financial plans. Further, linking specific investments with financial goals also provides intrinsic motivation to the investors to continue investing and allows them to stay focused on their investment journey.

2. Starting to Invest at an early age

It is critical to allow their investments for longer time especially when investing in equity markets. Therefore, it is advisable to start investing in mutual funds early. One must remember that time is an essential asset in the wealth creation journey, and one cannot recall the lost time. Experts say, "It's about time in the markets, not timing the markets".

When one starts their investment journey at an early stage, the power of compounding can be harnessed in a better manner. For example, if one starts to invest at the age of 30 and invests Rs. 20,000 per month, the investment portfolio can grow to Rs. 4.15 crores at the retirement age of 60 (assuming that the investments generate 10% annualised returns). However, if the investor had started the investment journey five years earlier i.e., at the age of 25, the investment corpus would have swollen to Rs. 6.85 crores at the age of 60, keeping all other assumptions the same.

3. Invest Regularly

Martin Luther King Jr. once said, "if you can't fly, then run. If you can't run, then walk. If you can't walk, then crawl." This quote rightly encapsulates the importance of investing regularly and continuing to move ahead in the investment journey.

Mutual funds provide a convenient option for the investors to invest regularly through Systematic Investment Plans (SIPs). Regular and consistent investing allows investors to accumulate healthy amounts over the long-term.

4. Asset Allocation

One must maintain an optimal asset allocation within their investment portfolio. While equities can be volatile over the short-term, they also equip the investors with the potential of long-term wealth creation. In contrast, debt investing aims at capital preservation and or income generation. It thus assumes importance for the investors that the investors must balance their investment portfolio with their risk profile and return expectations.

5. Ignore Market Noise

One should ignore the market noise and stay focused on long-term financial goals. The historical performance of equity markets also vouches for their long-term wealth creation potential, as equity markets have handsomely rewarded the investors who have continued to stay invested with them across market movements. If one had invested Rs. 1 lakh in 1979 (inception of S&P BSE Sensex Index), the investment would have grown to Rs. 4.47 crores over 43 years as of May 31, 2022, generating 15.2% annualized returns. Source – MFI Explorer

6. Periodic Portfolio Review

One should monitor their investment portfolio periodically, as it is crucial to identify underperforming investments well in time and replace such schemes with better performing schemes. Such periodic review also allows the investors to measure their goal achievement objectively and review their financial plans for any changes in the risk profile, financial assumptions and goals.

With the above six smart tips, the investors can have a pleasant investment experience in the long-term wealth creation journey.