

Macro-Economic Update and Key Events

Event Update

MPC hiked repo rate by 40 bps to 4.40%

Monetary policy committee in a surprising policy meeting on May 4 decided to hike the repo rate by 40 bps to 4.40% with immediate effect. The cash reserve ratio (CRR) was also increased by 50 bps to 4.5%, starting May 21, 2022. The RBI's MPC also decided to maintain its accommodative stance while working on reducing accommodation to ensure that inflation remains within target while supporting growth in the future. The MPC expects inflation to rule at elevated levels, warranting resolute and calibrated steps to anchor inflation expectations and contain second round effects.

Manufacturing PMI rose to 54.7 in Apr 2022

According to S&P Global, India's Manufacturing Purchasing Managers' Index (PMI) rose to 54.7 in Apr 2022 from 54.0 in Mar 2022. India's manufacturing sector grew in Apr owing to stronger gains in output and factory orders, as well as increased growth in international sales.

Services PMI rose to 57.9 in Apr 2022

India S&P Global India Services Purchasing Managers' (PMI) Index rose to 57.9 in Apr 2022 from 53.6 in Mar 2022. India's services activity expanded on strong demand, prompting firms to add jobs for the first time since Nov, however, sky-rocketing inflation remained a major concern. The composite index rose to 57.6 in Apr from 54.3 in Mar.

Consumer inflation accelerated to 6.95% in Mar 2022

India's consumer price index-based inflation (CPI) rose to 6.95% in Mar 2022 as against 6.07% in Feb 2022 and 5.52% in the same period of the previous year. The CPI rose due to rising food prices. Consumer Food Price Index (CFPI) also rose 7.68% as compared to 5.85% in the previous month and 4.87% in the same period of the previous year. The CPI continued to remain above the upper limit of RBI's tolerance band for the third consecutive month.

Industrial output grew 1.7% in Feb 2022

India's Index of industrial output (IIP) grew 1.7% YoY in Feb 2022 as against 3.2% decline in Feb 2021. Both mining and electricity sector grew 4.5% each and manufacturing sector grew 0.8% in Feb 2022. For Apr 2021- Feb 2022, industrial output has clocked a growth of 12.5% as against contraction of 11.1% in the same period of the previous year.

Wholesale inflation accelerated to 14.55% in Mar 2022

India's Wholesale price index-based inflation (WPI) rose to 14.55% YoY in Mar 2022 from 13.11% in Feb 2022. WPI based rate of inflation in the same period of the previous year stood at 7.89%. The growth of WPI Food index stood at 8.71% in Mar 2022 as against 8.47% in Feb 2022 and 9.55% in Jan 2022. The high rate of inflation in March 2022 is mostly due to increases in the prices of crude petroleum and natural gas, mineral oils, basic metals, and other basic commodities because of the global supply chain disruption caused by the Russia-Ukraine conflict.

Trade deficit widened in Mar 2022

According to data from the Commerce Ministry, India's exports rose 19.76% to \$42.22 billion in Mar 2022 on account of healthy performance by sectors such as petroleum products, engineering, and leather. Similarly, imports grew 24.21% to \$60.74 billion. Thus, trade deficit widened to \$18.51 billion in Mar 2022 as against trade deficit of \$13.64 billion in Mar 2021.

Eight core industries grew 4.3% in Mar 2022

Government data showed that the combined index of eight core industries grew 4.3% in Mar 2022 as compared to a growth of 6.0% in Feb 2022 and a growth of 12.6% in the same period of the previous year. The maximum growth was witnessed in the fertilizers sector which witnessed a growth of 15.3% followed by cement sector and natural gas sector which witnessed a growth of 8.8% and 7.6% respectively.

Key Indicator	Frequency	Period	Current	Previous
CPI	Monthly	Mar-22	6.95%	6.07%
WPI	Monthly	Mar-22	14.55%	13.11%
IIP	Monthly	Feb-22	1.70%	1.30%
GDP	Quarterly	Dec-21	5.40%	8.40%
Credit Growth	Fortnightly	Apr-22	11.20%	9.60%
Deposit Growth	Fortnightly	Apr-22	10.10%	8.90%
Export Growth (YoY)	Monthly	Mar-22	19.76%	23.77%
Import Growth (YoY)	Monthly	Mar-22	24.21%	36.78%
Trade Balance (Billion)	Monthly	Mar-22	\$18.51	\$20.88

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-Apr-2022.

Institutional Flows (Equity)

Net Flow (INR Crore)	Current Month	Previous Month	Year to Date
FII Flows	-17,144	-41,123	-127,162
DII Flows	30,843	39,677	134,532
MF Flows	21,964	22,220	88,853

Source:CDSL & SEBI: As on Apr 29, 2022

Institutional Flows (Debt)

Net Flow (INR Crore)	Current Month	Previous Month	Year to Date
FII Flows	-4,439	-5,632	-7,950
MF Flows	7,911	-4,771	10,044

Source:CDSL & SEBI: As on Apr 29, 2022

Exchange Rate Movement

Exchange Rate	Apr-22	1 Month Ago	3 Months Ago	6 Months Ago	Year Ago
₹/ Euro	80.58	84.66	83.70	87.26	89.83
₹/ Pound	95.71	99.55	100.63	103.11	103.35
₹/ 100 Yen	58.66	62.23	65.00	65.86	68.13
₹/ Dollar	76.42	75.81	74.97	74.79	74.06

Source: Refinitiv

Performance of Various Commodities

Commodities	Apr-22	Returns			
		1 Week	1 Month	6 Month	1 Year
Crude Brent (\$/Barrel)	107.27	2.46%	-3.01%	28.56%	56.99%
Gold (\$/Oz)	1,896.40	-1.73%	-2.11%	6.37%	7.23%
Gold (₹/10 gm)	51,847	-0.74%	1.03%	8.48%	8.99%
Silver (\$/Oz)	22.74	-5.80%	-8.20%	-4.65%	-12.20%
Silver (₹/Kg)	64,735	-2.12%	-3.00%	0.69%	-7.36%

Source: Refinitiv

Key Events Calendar

Event	Date	Current	Previous
European Central Bank Refinancing Rate	14-Apr	0.00%	0.00%
Bank of Japan Rate Decision	28-Apr	-0.10%	-0.10%
RBI Monetary Policy Committee Repo Rate	04-May	4.40%	4.00%
U.S. Fed Funds Target Rate	05-May	0.88%	0.38%
Bank of England Bank Rate	05-May	1.00%	0.75%

Source: Refinitiv

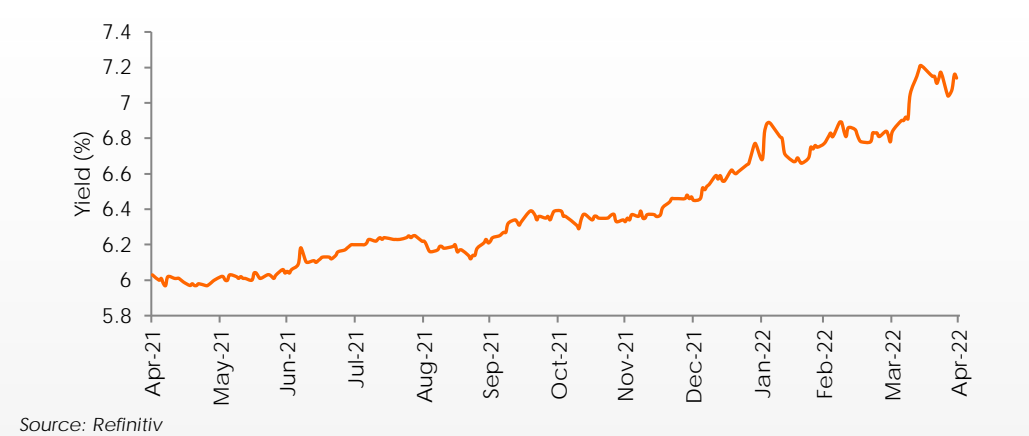
Indian Debt Market Update

Key Policy Rates (%)

	Apr-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	3.75
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	18.00
SDF	3.75	-	-	-	-

Source: RBI

10 Year Benchmark Bond



Source: Refinitiv

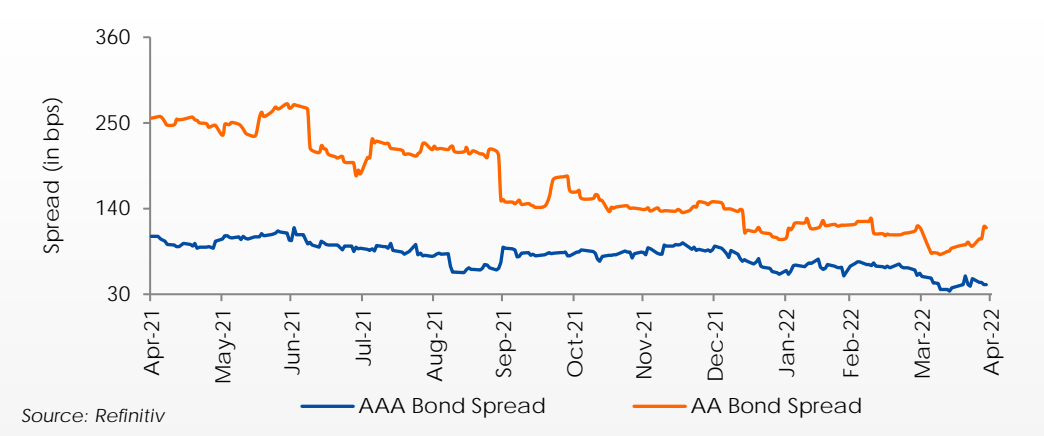
Bond yields rose as the first half yearly schedule auction of government securities, disappointed investors. Yields surged and touched at its highest level in nearly three years after the MPC modified its monetary stance, after keeping an accommodative tone for almost three years.

Money Market Rates (%)

	Apr-22	1 Month Ago	3 Months Ago	6 Months Ago	Year Ago
Call	3.33	3.56	3.22	3.26	3.21
TREP	3.76	3.64	3.17	3.30	3.25
FBIL 1 Month Term Mibor	4.14	4.11	4.03	3.65	3.62
91 Days T-Bills	4.04	3.77	3.71	3.52	3.30
3 month CP	4.25	4.20	4.15	4.20	3.50
6 month CP	4.80	4.85	4.65	4.40	3.90

Source: Refinitiv

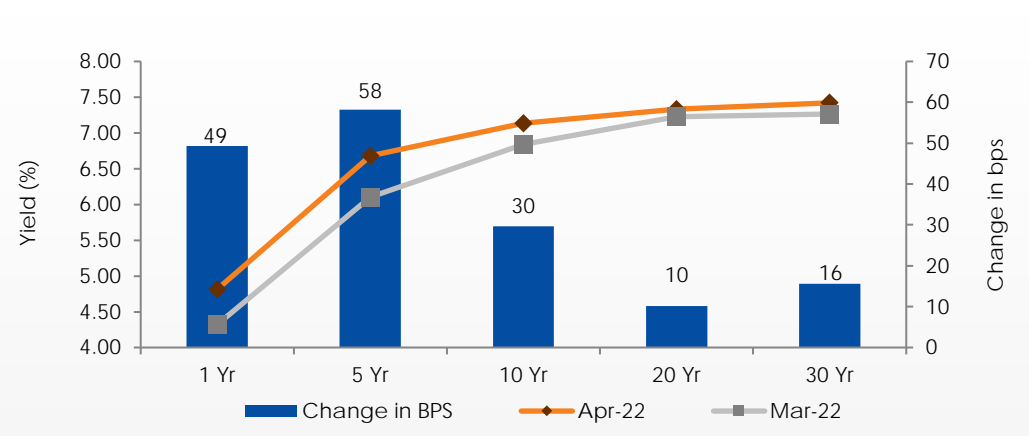
10 Year Corporate Bond Spread (for AAA & AA bonds)



Source: Refinitiv

Yield on corporate bonds went up in the range of 16 to 64 bps across the curve. Yield rose the most on 5 year paper and the least on 10 year paper.

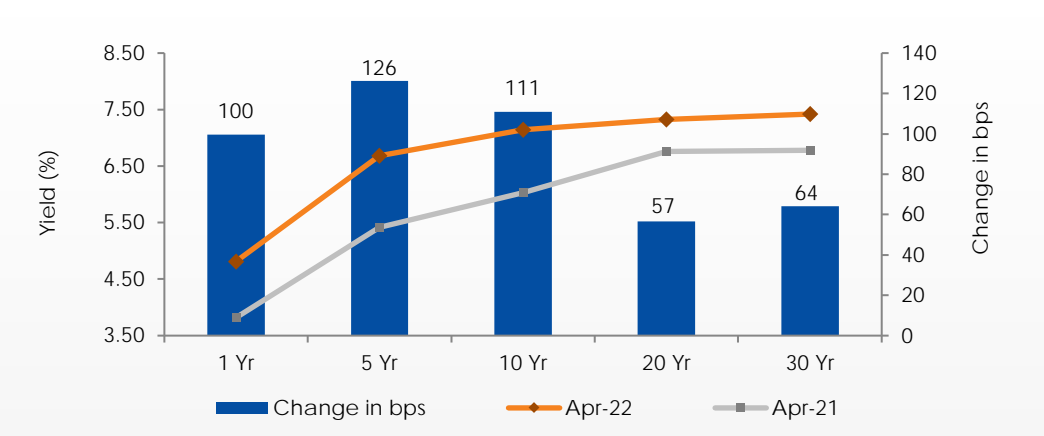
India Yield Curve Shift (Month-on-Month)



Source: Refinitiv

Yield on gilt securities surged in the range of 10 to 60 bps across the maturities. Yield rose the most on 5 year paper and the least on 19 year paper. Difference in spread between corporate bond and gilt securities expanded in the range of 3 to 20 bps across the segments, except 1, 10 & 15 year papers that contracted 5, 15 & 68 bps, respectively.

India Yield Curve Shift (Year-on-Year)



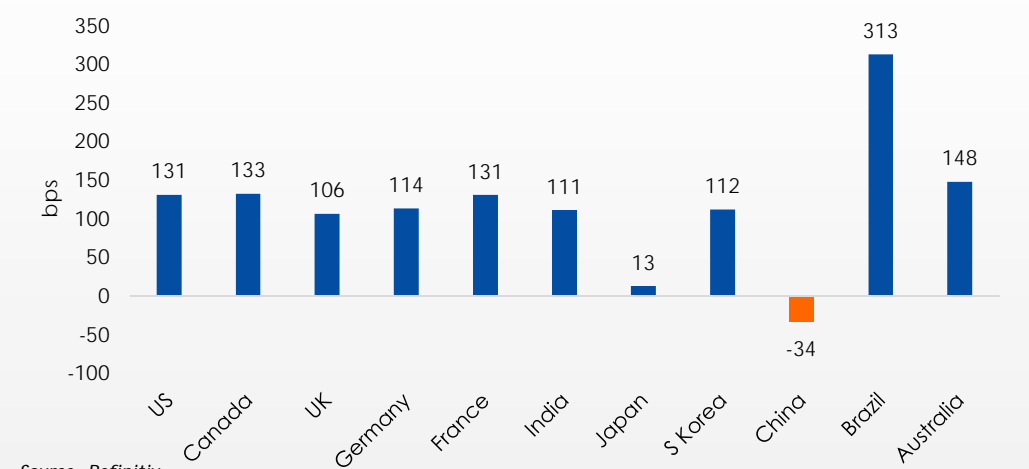
Source: Refinitiv

Year on year, yield on gilt securities rose in the range of 59 to 148 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 43 to 127 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: Apr 2022 v/s Apr 2021 (bps)



Source: Refinitiv

Yield of 10 Year Government Bonds (%)

	Mar-22	Apr-22	Range:Apr 2022	Real Yields: Apr-22
China	2.8	2.8	2.79 - 2.88	1.3
India	6.8	7.1	6.9 - 7.22	1.1
Brazil	11.6	12.3	10.97 - 12.37	1.0
Japan	0.2	0.2	0.21 - 0.25	-1.1
S Korea	3.0	3.2	3.01 - 3.36	-1.6
Australia	2.8	3.2	2.83 - 3.18	-1.9
France	1.0	1.5	1.01 - 1.46	-3.0
Canada	2.4	2.9	2.44 - 2.89	-3.8
UK	1.6	1.9	1.55 - 2.01	-5.1
US	2.3	2.9	2.39 - 2.94	-5.6
Germany	0.5	0.9	0.52 - 0.96	-6.4

Source: Refinitiv

Indian Equity Market Update



Indian equity markets weakened amid ongoing tension between Ukraine and Russia, coupled with uncertainty of the pace of future rate hikes by U.S. Federal Reserve loomed large. Nonetheless, optimism over the ongoing corporate earnings season and the accommodative stance adopted by Reserve Bank of India, in its latest policy meeting soothed investors’ nerve.

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

Rolling Returns – Monthly Performance

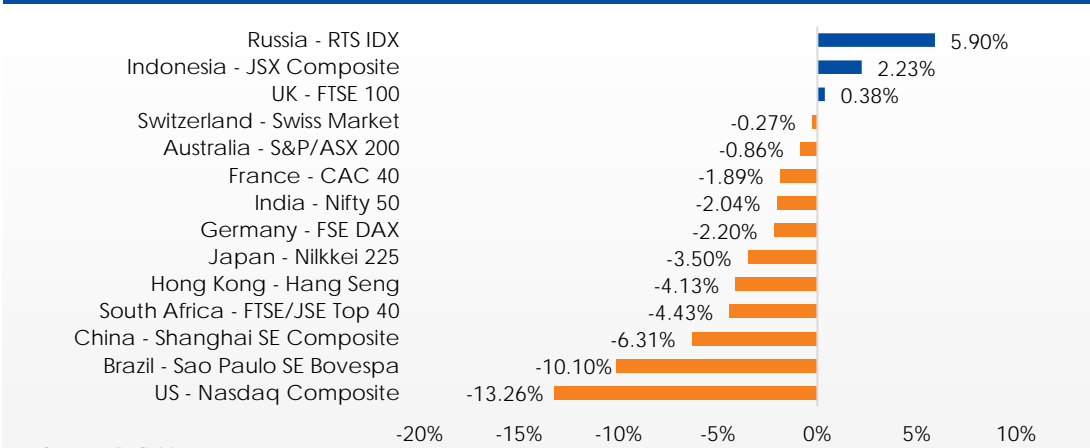
May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22
Nifty Media 13.79%	Nifty IT 7.57%	Nifty Realty 15.93%	Nifty IT 13.43%	Nifty Media 34.12%	Nifty Auto 6.6%	Nifty IT 1.85%	Nifty IT 10.44%	Nifty Energy 10.39%	Nifty Metal 8.21%	Nifty Media 18.49%	Nifty Energy 10.74%
Nifty 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 Pharma -1.56%	Nifty Metal 6.59%	Nifty Bank 7.03%	Nifty Pharma -1.68%	Nifty Metal 9.41%	Nifty FMCG 5.32%
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 -1.70%	Nifty Pharma 4.1%	Nifty Auto 7.01%	Nifty FMCG -1.93%	Nifty IT 7.30%	Nifty Auto 4.99%
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 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 8.37%	Nifty Pharma 1.85%	Nifty Pharma 0.97%	Nifty Infra 6.37%	Nifty Auto 5.62%	Nifty Energy 1.65%	Nifty FMCG -2.18%	Nifty Media 2.2%	Nifty Infra 2.16%	Nifty IT -2.80%	Nifty Realty 6.22%	Nifty Bank -0.78%
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 -2.23%	Nifty FMCG 0.52%	Nifty Media 0.80%	Nifty Bank -4.66%	Nifty Pharma 5.08%	Nifty Pharma -0.89%
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 -3.33%	Nifty Infra 0.01%	Nifty Realty -0.80%	Nifty Infra -4.74%	Nifty Infra 4.67%	Nifty Metal -1.50%
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 -6.14%	Nifty Energy -0.31%	Nifty Metal -0.88%	Nifty Financial Services -5.00%	Nifty FMCG 2.17%	Nifty Financial Services -2.97%
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 -6.50%	Nifty Bank -0.6%	Nifty FMCG -2.96%	Nifty Auto -7.36%	Nifty Financial Services 1.26%	Nifty Realty -4.27%
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 -6.69%	Nifty Realty -0.7%	Nifty Pharma -7.33%	Nifty Realty -9.13%	Nifty Bank 0.46%	Nifty Media -9.66%
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%	Nifty IT -12.74%

In Apr 2022, majority of the sectors declined with IT and Media showed the steepest fall while highest rise was witnessed on Energy and FMCG. Energy sector has been one of the best performers in thee of the last four months.

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

Global Equity Market Update

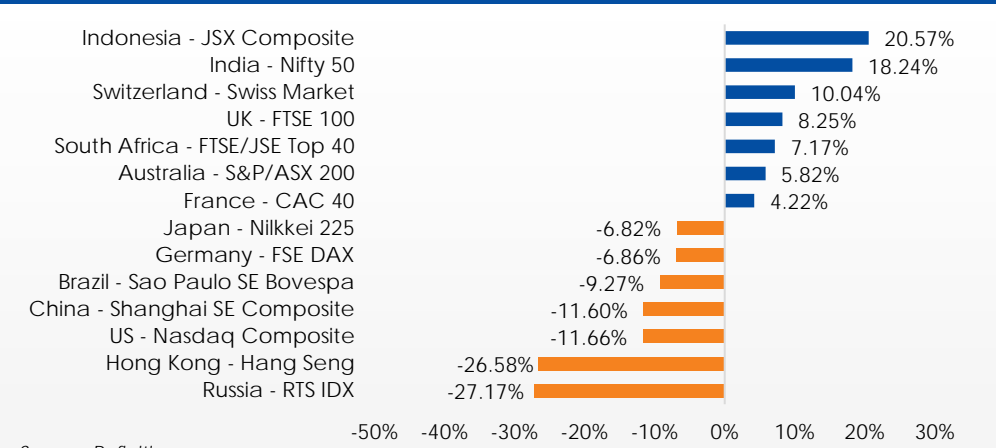
1 Month Performance



Source: Refinitiv

Global markets were mostly fell in Apr 2022 lead by US and Brazil amid ongoing concerns about the Federal Reserve aggressively tightening monetary policy.

1 Year Performance



Source: Refinitiv

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

News Summary & Knowledge Corner

News Summary

1. Domestic

- SEBI streamlined the process of public issue of Real Estate Investment Trust (REIT) and Infrastructure Investment Trust (InvIT). SEBI reduced the time taken for the listing of such emerging investment vehicles to 6 working days from the present 12 days.
- SEBI gave relaxation to certain requirements for the initial public offering of Life Insurance Corporation of India (LIC). SEBI has allowed the government to divest 3.5% in LIC, thus exempting it from the mandatory 5% stake sale for large issues.
- SEBI issued operational guidelines for security and covenant monitoring using Distributed Ledger Technology (DLT). The recording of asset details (and their verification), allotment, listing and payment of interest or redemption shall be available in the DLT system from Apr 1, 2022.
- SEBI streamlined the payment of processing fee through the Unified Payments Interface (UPI) system for shares which were applied for and allotted during an initial public offering.
- The Indian Government approved the continuation of the Interest Subvention Scheme (ISS) with modifications. According to the norms, for providing short term crop loans of up to Rs. 3 lakhs to farmers at an interest rate of 7% per annum, the government offers interest subvention of 2% annually to banks.
- The Reserve Bank of India (RBI) has tweaked its NBFC capital requirements, allowing revaluation of property reserves to be counted as Tier-1 capital rather than Tier-2. It also allowed for the calculation of profits subject to dividend deductions based on previous years' earnings.
- RBI has changed the rules governing debit and credit cards, imposing penalties on banks that issue or upgrade cards to users without their permission. It has also allowed non-banking financing businesses (NBFCs) to issue credit cards with the regulator's previous approval.
- RBI stated that non-banking finance companies (NBFCs) will have to confirm that borrowers have received authorization from the government and other regulatory bodies for their projects before issuing loans to the real estate sector.

2. International

- U.S. Federal Reserve raise the target range for the federal funds rate interest rates by 50 bps to 0.75% to 1.0% as widely expected by the market. The central bank anticipates that ongoing increases in the target range will be appropriate in an effort to return elevated inflation to its 2% objective.
- The Bank of England hiked its benchmark rate by a quarter-point to its highest level since 2009, as officials attempt to combat increasing inflation, which is now expected to exceed 10% in 2022. The MPC will keep an eye on developments in light of new information and their implications for medium-term inflation.
- The Bank of Japan in its policy review maintained its massive stimulus and guidance of ultra-low interest rates at -0.1% and raised the inflation forecast.
- U.S. economy's real gross domestic product growth contracted 1.4% in the Mar quarter of 2022 after surging 6.9% in the corresponding quarter of previous year. The drop in GDP reflected fall in private inventory investment, exports, and government spending along with an increase in imports.
- Preliminary estimates showed, Germany's consumer inflation accelerated to 7.4% YoY from 7.3% rise in the prior month. Inflation touched a new high in over four decades, driven by runaway energy prices and increased production costs.

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

Knowledge Corner

How long is a long-term investment? Is it advisable to invest in mutual funds for 30 years?

While there is no absolute rule or definition for a long-term investment, any investment plan that exceeds 5 years may be considered a long-term investment.

Mutual fund scheme offer investors the flexibility to invest for the short-term, medium-term and long-term. However, investments in Mutual Fund scheme, especially Equity Funds, are wise long-term investments because they are most likely to generate higher returns than other fixed-income investments over time. The benefits of investing in Mutual Fund schemes for the long term are:

Manage risk: Over the long-term, market ups and downs may get evened out. This aids in improving the return outcomes as the relative risk reduces gradually over the long-term.

Professional management: Mutual Funds scheme are managed by professional fund manager/s with experience. This eliminates your need to keep track of the individual stocks/ securities.

The power of compounding: Investing in a Mutual Fund scheme will help you take advantage of the power of compounding. This may help you build wealth in the long term.

Let's consider this with an example:

Say, you choose to invest Rs 25,000 per month through Systematic Investment Plan (SIP) (a method of investing in mutual fund scheme regularly) in a Mutual Fund scheme for 15 years and 30 years respectively.

SIP Amount	Rs 25,000	Rs 25,000
Investment Tenure	15 Years	30 Years
Total Amount Invested	Rs 45 Lakhs	Rs 90 Lakhs
Assumed Rate of Return*	10%	10%
Investment Corpus	Rs 1 Crore	Rs 5.19 Crore

*Above illustration is based on monthly SIP investment with an assumed growth rate of 10% (yearly compounding). The above figures are only for illustration purpose for understanding the concept and based on assumed rate of return. No Mutual fund schemes guarantees any returns. For SIP calculations above, it is assumed that investment is made on 1st day of every month or subsequent business day. The returns are compound annual growth rate (CAGR).

However, ensure that you take your investment goal and risk appetite into consideration before choosing the right fund to invest in for the long-term. Evaluate the long-term performance of the fund, the investment strategy and portfolio diversification. Also, review the portfolios from time to time to ensure it is meeting your expectations.

Upcoming Key Events

Event	Date
Euro Zone ZEW Survey Expectations May 2022	10-May
China Consumer price index inflation (CPI) YY Apr 2022	11-May
U.S. CPI MM, SA Apr 2022	11-May
U.K. CPI YY Apr 2022	18-May
Japan CPI, Overall Nationwide Apr 2022	19-May

Source: Refinitiv