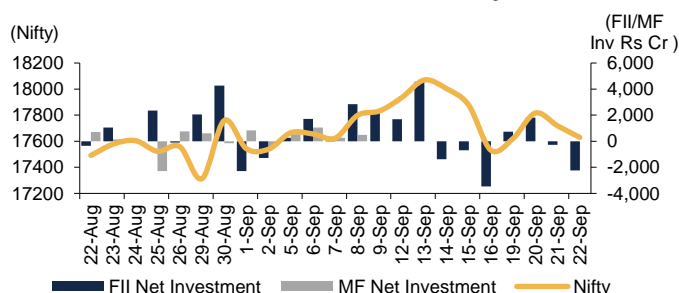


Indian equity benchmark indices' returns

Broad Indices	Sep 23	% chg week	% chg 3 Mth	% chg Year
S&P BSE Sensex	58,099	-1.26	11.16	-2.98
Nifty 50	17,327	-1.16	11.38	-2.78
Nifty 500	15,058	-1.22	14.26	-0.97
S&P BSE 100	17,828	-1.21	12.76	-1.55
S&P BSE Midcap	25,271	-1.12	17.68	-0.86
S&P BSE Smallcap	28,813	-1.32	19.38	2.50

FII and mutual fund investment vs. Nifty



Sectoral Indices	Sep 23	% chg week	% chg 3 Mth	% chg Year
S&P BSE FMCG	16,364	3.68	20.34	7.29
S&P BSE Healthcare	22,936	1.20	6.49	-13.70
S&P BSE Auto	30,026	1.04	15.87	28.40
S&P BSE CD	42,450	0.72	21.61	3.28
S&P BSE IT	27,135	-0.67	-4.17	-24.15
S&P BSE Oil & Gas	19,057	-2.01	10.94	7.32
S&P BSE Metal	18,685	-2.50	23.92	-7.64
S&P BSE Bankex	45,281	-2.98	18.52	4.64
S&P BSE CG	31,698	-3.02	25.79	19.78
S&P BSE Realty Index	3,479	-3.95	14.36	-11.61
S&P BSE Power	4,983	-5.10	29.46	63.70

Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

Indicators	Sep 23	Previous Week	1 month ago
Call Rate	5.65%	5.65%	4.90%
10 Yr G-Sec [^]	7.43%	7.26%	7.28%

[^]6.54% 2032 paper [^]Weighted Average Yield

Currencies vs INR

Currency	Sep 23	Week ago	3 months ago	1 year ago
USD	80.99	79.74	78.32	73.64
GBP	90.16	90.75	95.85	100.71
Euro	79.07	79.50	82.37	86.32
Yen*	56.67	55.69	57.84	66.97

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- Indian equity indices fell for second straight week on fears over slowdown in global economic growth and recession risk after the US Federal Reserve (Fed) and Bank of England (BoE) continued their hawkish policy stance and raised rates to control inflation. S&P BSE Sensex and Nifty 50 fell about 1.3% and 1.2% respectively.
- Further, Russia's escalation of war in Ukraine also aided the market downside.
- Almost all sectors ended negative, with power, realty and capital goods counters declining the most. S&P BSE Power, S&P BSE Realty and S&P BSE Capital Goods fell about 5.1%, 3.9% and 3.0% respectively.
- However, some losses were cut short due to buying in FMCG and healthcare stocks. S&P BSE FMCG and S&P BSE Healthcare rose about 3.7% and 1.2% respectively.
- Shares of Sun Pharma emerged the top gainer on the Nifty 50, up ~6% on week to settle at Rs 921.1 per share, in line with buying in other healthcare stocks.
- Shares of Power Grid Corp emerged the top decliner on the Nifty 50, down ~14% on week to settle at Rs 202.55 per share following a broad sell-off in power stocks.

2. Debt

- Government bond prices declined sharply in the week ended September 23, 2022. The yield of the 10-year benchmark 6.54% 2032 settled at 7.43%, compared with 7.27% on September 16, 2022.
- Yield witnessed biggest weekly jump in four months on fear that US Fed's ultra-hawkish stance may prompt an aggressive rate hike by the RBI in its policy meet due September 30, 2022.
- However, sharp gains in yields were capped after news that the government's direct tax collection rose in the first half of the financial year, supporting sentiments that a stronger fiscal position would deter additional supplies of bonds in the markets.
- The government aims to borrow a record Rs 14.31 lakh crore on a gross basis through sale of bonds in this financial year, of which Rs 5.86 lakh crore is set for October-March.
- Meanwhile, in the debt sale held on September 23, 2022, the RBI auctioned 7.38% GS (government security) 2027, GOI FRB (floating rate bonds) 2028, 7.54% GS 2036, and 7.36% GS 2052 for a total notified amount of Rs 32,000 crore.

3. Forex

- The rupee ended to all-time low breaching 81 mark against the US dollar, after the dollar index rallied due to risk-off sentiments following interest rate hike by the Fed and the BoE.
- Additionally, escalating geo-political tensions between Russia and Ukraine and weak trend in the local equity market also pressurised the local currency.
- These losses were trimmed on reports of dollar sales by the RBI, after the rupee breached the 81 mark for the first time ever.

International equity benchmark indices' returns

Indices	Sep 23	% chg week	% chg 3 Mth	% chg Year
DJIA*	30,077	-2.42	-1.33	-12.21
Nasdaq Composite*	11,067	-3.33	0.12	-25.71
FTSE 100*	7,160	-1.07	0.99	1.08
Nikkei 225*	27,154	-1.50	3.84	-8.39
Straits Times	3,227	-1.26	4.34	4.90
Hang Seng	17,933	-4.42	-15.70	-26.84
Shanghai Comp	3,088	-1.22	-6.98	-15.21

*As of Sep 22

International debt market indicators

Indicators	Sep 22	Sep 16
US 10-Year	3.71%	3.45%
UK 10-Year	3.53%	3.16%
German 10-Year	1.98%	1.77%
Japan 10-Year	0.23%	0.25%
3-M USD Libor	3.64%	3.57%
6-M USD Libor	4.18%	4.12%
1-Y USD Libor	4.80%	4.67%

Commodities

Commodity	Sep 23	% chg week	% chg 3 Mth	% chg Year
Brent Crude Oil (\$ per barrel)*	90.46	-0.97	-19.04	18.73
Indian gold (Rs per 10 gm)	49,432.00	0.18	-2.79	5.86
Indian Silver (Rs per Kg)	56,100.00	1.73	-6.50	-7.71

*As of Sep 22

Source: Respective commodity exchanges, ibjrates.com

B. International

1. Equity

- Most global equity markets ended lower on rate hikes by global central banks.
- US stocks slumped this week as investors worried about economic growth after the Fed continued with its aggressive rate hike stance and projected more hikes in future.
- The Fed raised its target interest rate by 75 bps to a range of 3-3.25% and signalled it would stay in path of a larger hike to 4.40% by end-2022 and 4.60% in 2023 to battle the dizzy levels of inflation.
- However, some losses were capped due to buying in industrial, banking and technology stocks.
- Britain's FTSE declined 1% on recession fears after an increase in interest rate by the BoE and the Fed to tame inflation.
- The BoE raised its key interest rate by 50 bps to 2.25%, the seventh consecutive rate hike, with officials unanimously voting to reduce the bond buying programme by 80 billion pounds over the next twelve months
- Asian equities ended lower. Japan's Nikkei declined 1.5% mirroring similar weakness in the global markets amid fear over recession risk and economic slowdown after the Fed and BoE continued with their aggressive monetary policy stance.
- The Bank of Japan maintained its key short-term interest rate at -0.1% and that for 10-year bond yields around 0%.
- Hong Kong's Hang Seng plummeted 4.4% after interest rate hikes by global central banks, worries over Chinese economic growth and US-China tensions.
- China's Shanghai Composite slipped 1.2% after the Fed ramped up interest rates to fight inflation, and on US-China geopolitical tensions and persistent Covid-19 woes.
- However, bargain hunting provided some support to the market.
- The People's Bank of China kept its one-year and five-year loan prime rate unchanged at 3.65% and 4.3%, respectively.

2. Commodity

- Crude oil prices fell in this week on demand concerns as aggressive stance of US Federal Reserve raised economic recession worries and due to intermittent strength in dollar index.
- Gold prices rose this week tracking similar trend in the global metal prices along with rupee depreciation.
- Silver prices advanced this week mirroring similar trend in gold and industrial metals.

C. News summary

1. Domestic

- According to government data, retail inflation for farm and rural workers rose to 6.94% and 7.26%, respectively, in August mainly due to higher prices of certain food items.
- S&P said India is unlikely to face recession on "not so coupled" nature of the economy with the global economy.
- Asian Development Bank (ADB) slashed its India growth projection for 2022-23 to 7% from 7.2% earlier citing higher than expected inflation and monetary tightening which is expected to slow down the economy's pace of growth.
- The Union Cabinet approved the second tranche of the performance-linked incentive (PLI) scheme for the development of solar PV modules, with an outlay of Rs 19500 crore.
- The Union Cabinet approved a uniform incentive of 50% of the project cost for setting up semiconductor, display and compound semiconductor fabrication units.
- The Union Cabinet approved the National Logistics Policy (NLP) which purposes to enable seamless movement of goods in the country and improve the competitiveness of Indian goods in the domestic and export markets.
- RBI made it mandatory for all credit and debit card data used in online, point-of-sale, and in-app transactions to be replaced with unique tokens by September 30, 2022.
- SEBI issued a new framework to prevent misuse of clients' securities and funds by their stockbrokers.
- SEBI came out with a detailed framework for social stock exchange, specifying minimum requirements for a Not-for-Profit Organisation (NPO) for registering with the bourse and disclosure requirements.

2. International

- The Federal Reserve (Fed) raised its target interest rate by 75 basis points to a range of 3-3.25% and signalled to stay in path of larger hike to 4.40% by 2022 end and 4.60% in 2023 to battle continued strong inflation.
- The Bank of England raised its key interest rate by 50bps to 2.25%, the 7th consecutive rate hike and the officials unanimously voted to reduce bond buying program by 80 billion pounds over the next twelve months.
- The People's Bank of China kept its one-year and five-year loan prime rate (LPR) unchanged at 3.65% and 4.3% respectively.
- The Bank of Japan maintained its key short-term interest rate at -0.1% and that for 10-year bond yields around 0%.

D. Week ahead

Day	Events
Monday, Sep 26, 2022	<ul style="list-style-type: none"> US Dallas Fed Manufacturing Index, September Japan Jibun Bank Manufacturing/Services/Composite PMI Flash, September
Tuesday, Sep 27, 2022	<ul style="list-style-type: none"> US Durable Goods Orders, August US House Price Index, July US CB Consumer Confidence, September
Wednesday, Sep 28, 2022	<ul style="list-style-type: none"> US Pending Home Sales, August
Thursday, Sep 29, 2022	<ul style="list-style-type: none"> US GDP Growth Rate, Q2 US Consumer Spending, Q2 US Initial Jobless Claims, September 24 Eurozone Consumer Confidence, September UK BoE Consumer Credit, August
Friday Sep 30, 2022	<ul style="list-style-type: none"> US Personal Spending, August US PCE Price Index, August US Chicago PMI, September US Michigan Consumer Sentiment, September Eurozone Inflation Rate, September UK GDP Growth Rate final, Q2 China Caixin Manufacturing PMI, September Japan Consumer Confidence, September Japan Industrial Production Preliminary, August India RBI rate decision India Infrastructure Output, August India Current Account, Q2 India Foreign Exchange Reserves, September 23

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