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**CAPITAL MARKET REVIEW**

1. **Trends in Resource Mobilisation by Corporates**

* Resource mobilised through equity issuances increased to ₹7,866 crore during August 2022 from ₹7,516 crore during July 2022.
* A total of ₹ 875 crore was mobilized through 5 IPOs during the month, out of which 4 issues were SME/start-up listings that mobilised ₹ 34 crore (Table 1).
* In the month under review, ₹71 crore were raised through 3 rights issues.
* Amount raised through preferential allotment during August 2022 was ₹4,921 crore, compared to ₹7,235 crore in July 2022. There was one QIP during August 2022 that raised ₹2,000 crore.
* During August 2022, ₹279 crore was raised through public issuance of debt compared to ₹298 crore during July 2022. Private placement of debt raised ₹44,880 crore during August 2022, compared to ₹68,868 crore during July 2022.

**Table 1: Fund Mobilisation by Corporates (₹ crore)**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **Jul-22** | **Aug-22** |
| ***I. Equity Issues*** | **7,516** | **7,866** |
| a. IPOs (i+ii) | 222 | 875 |
| *i. Main Board* | 0 | 840 |
| *ii. SME Platform* | 222 | 34 |
| b. FPOs | 0 | 0 |
| c. Equity Rights Issues | 59 | 71 |
| d. QIPs/IPPs | 0 | 2,000 |
| e. Preferential Allotments | 7,235 | 4,921 |
| ***II. Debt Issues*** | **69,166** | **45,159** |
| a. Debt Public Issues | 298 | 279 |
| b. Private Placement of Debt | 68,868 | 44,880 |
| **Total Funds Mobilised (I+II)** | **76,682** | **53,025** |

**Source:** SEBI, BSE, NSE and MSEI

1. **Trends in the Secondary Market**

* During August 2022, the Nifty 50 touched a high of 17,992 on August 19, 2022, and closed at 17,759 surging by 3.5 per cent over July end of 2022. Similarly, BSE Sensex touched a high of 60,411 on August 19, 2022, and closed at 59,537 rising by 3.4 per cent over the end of July 2022. The P/E ratios of S&P BSE Sensex and Nifty 50 were 22.9 and 21.2 respectively, at the end of August 2022.
* The market capitalization of both BSE and NSE recorded a rise of 5.1 per cent respectively, at the end of August 2022, over the previous month-end.

**Table 2: Snapshot of the Indian Capital Market**

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Jul-22** | **Aug-22** | **M-o-M variation (%)** |
| **Equity Market indices** | | | |
| Nifty 50 | 17,158 | 17,759 | 3.5 |
| Sensex | 57,570 | 59,537 | 3.4 |
| Nifty Midcap 50 | 8,171 | 8,556 | 4.7 |
| Nifty Smallcap 100 | 9,171 | 9,622 | 4.9 |
| BSE Midcap | 24,051 | 25,408 | 5.6 |
| BSE Smallcap | 27,056 | 28,651 | 5.9 |
| **Market Capitalisation (₹ crore)** | | | |
| BSE | 2,66,58,604 | 2,80,24,622 | 5.1 |
| NSE | 2,64,70,031 | 2,78,17,242 | 5.1 |
| **P/E Ratio** | | | |
| Sensex | 22.0 | 22.9 | 3.9 |
| Nifty 50 | 20.7 | 21.2 | 2.3 |
| **No of Listed Companies** | | | |
| BSE | 5,357 | 5,361 | 0.1 |
| NSE | 2,104 | 2,111 | 0.3 |
| **Gross Turnover in Equity Cash Segment (₹ crore)** | | | |
| BSE | 67,680 | 1,12,791 | 66.7 |
| NSE | 9,78,642 | 11,59,065 | 18.4 |
| **Gross Turnover in Equity Derivatives Segment (₹ crore)** | | | |
| BSE | 49,72,343 | 45,18,990 | -9.1 |
| NSE | 22,96,51,765 | 26,88,41,242 | 17.1 |
| **Gross Turnover in Currency Derivatives Segment (₹ crore)** | | | |
| BSE | 5,50,727 | 6,31,435 | 14.7 |
| NSE | 26,40,256 | 28,05,471 | 6.3 |
| MSEI | 13,293 | 7,048 | -47.0 |
| **Gross Turnover in Interest Rate Derivatives Segment (₹ crore)** | | | |
| BSE | 1,837 | 1,205 | -34.4 |
| NSE | 872 | 1,151 | 32.0 |

***Source:*** *BSE, NSE and MSEI*

**Figure 1: Movement of S&P BSE Sensex and Nifty 50**

**Source:** BSE and NSE

**Figure 2: Trends in Average Daily Turnover of at Equity Cash Segment of Exchanges (₹ crore)**

**Source:** BSE and NSE

* The gross turnover in the equity cash segment rose by 66.7 per cent at BSE and 18.4 per cent at NSE in August 2022 over previous month.
* During August 2022, among the selected sectoral indices, BSE Power showed positive return of 14.74 per cent followed by Capital Goods 8.44, Consumer Durables at 7.94 Oil at 6.79 and Automobiles at 5.59. The average daily volatility and monthly returns for these select BSE indices for August 2022 are illustrated in Figure 3.

**Figure 3: Trends of BSE Sectoral Indices during August 2022 (per cent)**

**Source:** Refinitiv

* NSE, most of the selected indices showed positive returns. Returns of Nifty Energy were at 8.02 per cent followed by PSU at 7.84 and Bank at 5.5. The average daily volatility and monthly returns of these select NSE indices for August 2022 are illustrated in Figure 4.

**Figure 4: Trends of NSE Sectoral Indices during August 2022 (per cent)**

**Source:** Refinitiv

1. **Trends in Depository Accounts**

* During August 2022, NSDL added 4 lakh demat accounts while CDSL added 17 lakh demat accounts. At the end of August 31, 2022, 2.9 crore demat accounts were registered with NSDL and 7.2 with CDSL.

**Figure 5: Monthly New Demat Accounts Added (in lakh)**

1. **Trends in Derivatives Segment**
2. **Equity Derivatives**

**BSE**

During August 2022, the notional turnover of the equity derivatives segment at BSE declined by 9.1 per cent to ₹45.2 lakh crore.

**NSE**

The monthly notional turnover in the equity derivatives segment at NSE showed a significant rise of 17.1 per cent to ₹2,688 lakh crore in August 2022.

**Figure 6: Trends of Average Daily Notional Turnover at BSE and NSE (₹ crore)**

**Note:** ADNT implies Average Daily Notional Turnover

**Source:** BSE and NSE

**Table 3: Trends in Equity Derivatives Market**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Description** | **NSE** | | | **BSE** | | |
| **Jul-22** | **Aug-22** | **Percentage Change Over Month** | **Jul-22** | **Aug-22** | **Percentage Change Over Month** |
| **A. Turnover (₹crore)** | | | | | | |
| **(i) Index Futures** | 7,35,915 | 7,43,532 | 1 | 5 | 3 | -40.2 |
| **(ii) Options on Index** |  |  |  |  |  |  |
| ***Put*** | 10,73,80,805 | 12,71,06,307 | 18.4 | 7, 57,540 | 33,31,996 | 339.8 |
| ***Call*** | 11,51,07,334 | 13,38,69,958 | 16.3 | 42,14,797 | 11,86,990 | -71.8 |
| **(iii) Stock Futures** | 15,63,847 | 16,39,249 | 4.8 | 0 | 0 | - |
| **(iv) Options on Stock** |  |  |  |  |  |  |
| ***Put*** | 15,42,588 | 16,34,998 | 6 | 0 | 0 | - |
| ***Call*** | 33,21,277 | 38,47,198 | 15.8 | 0 | 0 | - |
| **Total** | **22,96,51,765** | **26,88,41,242** | **17.1** | **49,72,343** | **45,18,990** | **-9.1** |
| **B. No. of Contracts** | | | | | | |
| **(i) Index Futures** | 87,27,699 | 81,16,257 | -7 | 63 | 35 | -44.4 |
| **(ii) Options on Index** |  |  |  |  |  |  |
| ***Put*** | 1,27,41,73,740 | 1,39,22,53,742 | 9.3 | 92,61,892 | 4,01,34,624 | 333.3 |
| ***Call*** | 1,33,00,93,490 | 1,42,97,30,994 | 0 | 4,65,16,220 | 1,22,46,492 | -73.7 |
| **(iii) Stock Futures** | 2,44,97,021 | 2,32,81,578 | -5 | 0 | 0 | - |
| **(iv) Options on Stock** |  |  |  |  |  |  |
| ***Put*** | 2,42,91,787 | 2,27,29,586 | 0 | 0 | 0 | - |
| ***Call*** | 4,89,23,986 | 5,02,52,120 | 2.7 | 0 | 0 | - |
| **Total** | **2,71,07,07,723** | **2,92,63,64,277** | **8** | **5,57,78,175** | **5,23,81,151** | **215** |
|  | | | | | | |

**Source:** BSE and NSE

1. **Currency Derivatives**

* During August 2022, the monthly notional turnover of currency derivatives in India (NSE, BSE, and MSEI together) stood at ₹ 34,43,954 crore as compared to ₹ 32,04,276 crore in July 2022, registering rise of 7.5 per cent.

**Figure 7: Trends of Currency Derivatives at NSE, MSEI, and BSE (₹ crore)**

**Source:** BSE, NSE and MSEI

1. **Interest Rate Derivatives**

* During August 2022, the monthly notional turnover of interest rate derivatives at BSE decreased by 34.4 per cent to ₹1,205 crore while at NSE it increased by 32.0 per cent at ₹ 1,151 crore.

**Figure 8: Trends of Interest Rate Derivatives at NSE and BSE (₹ crore)**

**Source:** BSE and NSE

1. **Trading in the Corporate Debt Market**

* During August 2022, in the corporate bond segment at BSE, 10,474 trades were reported with traded value of ₹17,106 crore, which is 4 per cent lower in compared to July 2022.
* At NSE, 5,667 trades were reported with a traded value of ₹100,628 crore in August 2022 which was 8 per cent higher compared to July 2022.

**Figure 9: Trends in Reported Turnover of Corporate Bonds (₹ crore)**

***Data Includes only settled trades through the exchange platform***

1. **Trends in Investments by the Foreign Portfolio Investors (FPIs)**

* FPIs remained net buyers in the month of August 2022 with inflows worth ₹ 56,521 crore. In August 2022, net inflows were visible in equity and debt (including Debt VRR) segments whereas hybrid segment witnessed net outflows. For the month of August 2022, the net inflow into the equity and debt segments (including Debt VRR) were to the tune of ₹ 51,204 crore and ₹ 6,842 crore respectively. The net outflow in the hybrid segment stands at ₹ 1,525 crore in August 2022
* Within equity segment, FPI investment via primary market route witnessed a net inflow of ₹ 3,908 crore in August 2022. In the secondary market, FPIs were net buyers in equity with net inflow of ₹ 47,297 crore in the month of August 2022.
* The AUC of FPIs in India, as at the end of August 2022 was ₹ 52,09,180 crore, out of which the notional value of offshore derivative instruments (ODIs) (including ODIs on derivatives) was ₹ 84,810 crore which constituted 1.6 per cent of total AUC of FPIs.

**Figure 10: Trends in FPIs’ Investments** (₹ crore)

**Source: NSDL**

1. **Trends in Fund Mobilisation/Transactions by Mutual Funds**

* The mutual fund industry saw a net inflow of ₹ 65,078 crore during August 2022 compared to net inflow of ₹ 23,604 crore during July 2022.
* Gross funds mobilised by open-ended schemes during August 2022 was ₹8,93,156 crore as against redemption/repurchase of ₹ 8,29,312 crore, resulting in a net inflow of ₹ 63,844 crore from open-ended schemes. Of the gross fund mobilisation, ₹8,30,437 crore was mobilised through income/debt oriented schemes, ₹ 27,846 crore through growth/equity oriented schemes, ₹ 11,808 crore through hybrid schemes, ₹280 crore through solution oriented schemes and ₹22,784 crore through other schemes.
* During August 2022, ₹ 992 crore were matured/repurchased[[1]](#footnote-1) by close-ended schemes while in the interval schemes, ₹336 crore were matured/redeemed.
* The cumulative net assets under management of mutual funds increased by 4.7 per cent to ₹39.5 lakh crore as at the end of August 2022.
* In the secondary market, during August 2022, mutual funds redeemed ₹1,121 crore in equity schemes and invested ₹5,760 crore in debt schemes.

**Figure 11: Trends in Net Purchase/Sales of Mutual Funds Transactions in Secondary Market (₹ crore)**

1. **Trends in Portfolio Management Services**

* As at end of August 2022, AUM of the portfolio management industry stood at ₹25.6 lakh crore as compared to ₹25.4 lakh crore at the end of July 2022. On a year on year basis, the total AUM of portfolio management services witnessed a growth of 15.8 per cent.
* There were 1,24,643 clients in portfolio management industry at the end of August 2022, of which 1,15,940 clients were of discretionary services category, 6,786 clients in non-discretionary services category and 1,911 clients availed advisory services of portfolio managers.

1. **Trends in Substantial Acquisition of Shares and Takeovers**

* During August 2022, 6 open offers with offer value of ₹93 crore were closed under SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011.

**Figure 12: Details of Open Offers Closed under the SEBI (SAST) Regulations**

1. **Commodity Derivatives Markets**
2. **Market Trends**

* At the end of August 2022, MCX iCOMDEX composite index decreased by 2.3 per cent (M-o-M). The decrease was due to fall in prices of most of the constituent commodities, except zinc and natural gas of the Index.
* Amongst sectoral indices, MCX iCOMDEX Energy Index increased by 1.4 per cent, while MCX iCOMDEX Bullion index and MCX iCOMDEX Base Metal declined by 4.5 per cent and 1.9 per cent, respectively.
* Movement of domestic commodity indices during the last 12 months is given in ***Figure 12.*** The monthly data of MCX’s iCOMDEX composite index is provided in ***Table 64.***

**Figure 13: Movement of Domestic Commodity Derivatives Market Indices**

Source: MCX

**Table 4: Snapshot of Indian Commodity Derivatives Markets**

|  |  |  |  |
| --- | --- | --- | --- |
| **Items** | **Jul-22** | **Aug-22** | **Percentage variation M-O-M** |
| **A. Indices** |  |  |  |
| MCX iCOMDEX | 13,577 | 13,263 | *-2.3* |
| Bullion | 14,323 | 13,682 | *-4.5* |
| Base Metals | 17.059 | 16,735 | *-1.9* |
| Energy | 10,052 | 10,196 | *1.4* |
| NCDEX Guarex | 6,342 | 5,971 | *5.9* |
| **B. Turnover Exchange Wise (₹crore)** | | | |
| **All-India** | **11,02,963** | **11,92,329** | *8.1* |
| **MCX, of which** | **10,82,083** | **11,75,426** | *8.6* |
| *Futures* | 5,05,437 | 4,93,879 | *-2.3* |
| *Options* | 5,76,646 | 6,81,547 | *18.2* |
| **BSE, of which** | **1,698** | **1,138** | *-33.0* |
| *Futures* | 380 | 402 | *5.7* |
| *Options* | 1,317 | 736 | *-44.1* |
| **NCDEX, of which** | **17,417** | **14,090** | *-19.1* |
| *Futures* | 16,792 | 14,085 | *-16.1* |
| *Options* | 625 | 5 | *-99.2* |
| **NSE, of which** | **1,766** | **1,676** | *-5.1* |
| *Futures* | 1 | 1 | *1.5* |
| *Options* | 1,765 | 1,675 | *-5.1* |
| **All-India** | **11,02,963** | **11,92,329** | *8.1* |

**Source: MCX, BSE, NCDEX, NSE**

1. **Commodity Derivatives Turnover**

* During August 2022, pan- India turnover of commodity derivatives increased by 8.1 per cent to ₹11.9 lakh crore over the previous month.
* The percentage share of agri and non-agri segments in overall turnover accounted for 1.3 per cent and 98.7 per cent, respectively. The turnover of agri. segment decreased by 19.5 per cent while that of non-agri segment increased by 17.9 per cent.
* The percentage share of futures and options contracts in overall turnover stood at 42.6 per cent and 58.2 per cent, respectively. The turnover of futures contracts decreased by 2.7 per cent and that of options increased by 17.9 per cent, respectively, over the previous month.
* At exchange level, the turnover increased at MCX (8.6 %) while it decreased at rest of the other exchanges.
* In terms of percentage share of commodity derivatives turnover among exchanges, the MCX has the highest market share of 98.6 per cent, followed NCDEX (1.2 per cent), BSE (0.1 per cent) and NSE (0.14 per cent).
* At MCX, the turnover of agri. segment decreased by 25.9 per cent while it increased for non-agri by 8.7 per cent.
* At NCDEX, the overall turnover decreased by 19.1 per cent to ₹14,090 crore over the previous month. The turnover in agricultural index GUAREX decreased to 2.9 crore from ₹183.9 crore in August 2022. The steel long, the only non-agri commodity traded at NCDEX, recorded turnover of ₹37 crore during the month.
* The BSE recorded turnover of ₹1,138 crore, recording 33 per cent decline from previous month. The agri futures contracts contributed 28.7 % (₹327 crore) while options contract contributed 64.7% (₹736 crore) to the total turnover. Of the options turnover gold mini contracts solely contributed the turnover.
* NSE recorded turnover of ₹1,675 crore, a decrease of 5.1 per cent over the previous month. The options on gold mini contract contributed almost all the turnover of commodity derivatives segment.
* The trends in turnover of commodity derivatives at exchanges are shown in Figures 15, 16 and 17 and the details are given in Tables 65 to 69.

**Figure 14: Trends in Turnover of Agricultural Commodity Derivatives**

**Source: MCX, NCDEX, NSE, BSE & ICEX**

**Figure 15: Trends in Turnover of Non-Agricultural Futures contracts**

**Source: MCX, NCDEX, NSE, BSE & ICEX.**

**Figure 16: Trends in Turnover of Non-Agricultural Options contracts**

**Source: MCX, BSE & NSE.**

**OVERVIEW OF THE GLOBAL FINANCIAL MARKETS**

1. **State of Economy**

**Global Economy**

* The Organization for Economic Co-operation and Development (OECD), in its recently released Composite Leading Indicators (CLIs), anticipated a loss of growth momentum in large economies except Japan. It noted that on account of persisting uncertainties related to the war in Ukraine, renewed COVID-19 threats, and the impact of high inflation on real household income, the CLI components might be subject to larger than usual fluctuations.
* Among the major emerging market economies, only in India CLI continues to show a stable growth.
* The PMI survey data showed a contraction in global economic activity for the first time since June 2022. The J. P. Morgan Global Composite Output Index posted a reading of 49.3 in August 2022, down from 50.8 in July 2022. The J. P. Morgan Global Manufacturing PMI fell to a 26-month low of 50.3 in August 2022, down from 51.1 in July 2022. For the J. P. Morgan Global Services Business Activity Index, the reading of 49.2 was observed for August 2022 against 51.1 of the previous month.

**United States**

* According to the advance estimate by Bureau of Economic Analysis, the real GDP of the US decreased at an annual rate of 0.6 per cent (Q-o-Q) in Q2 2022, as compared to a contraction of 1.6 per cent in Q1 2022.
* Seasonally adjusted CPI for All Urban Consumers increased 0.1 per cent (M-o-M) in August 2022, after remaining unchanged at 0.0 in July 2022. Over the last 12 months, the all items index increased 8.3 percent without adjustment. The Unemployment rate slightly increased to 3.7 per cent in August 2022 from 3.5 per cent in July 2022.
* The S&P Global US Composite PMI Output Index posted 44.6 in August 2022, down from 47.7 in July 2022, signaling a sharper contraction in business activity lead by service sector. The S&P Global US Manufacturing PMI posted 51.5 in August 2022, down from 52.2 in previous month, indicating slower pace of expansion of manufacturing activities, while the S&P Global US Services PMI Business Activity Index registered 43.7 in August 2022 down from 47.3 in July 2022.

**United Kingdom**

* As per first estimates of GDP released by Office of National Statistics, the real GDP of the UK has fallen by 0.1 per cent (Q-o-Q) in Q2 2022, as compared to a growth of 0.8 per cent in Q1 2022.
* The Consumer Prices Index (CPI) rose by 9.9 per cent August 2022, lower than 10.1 per cent in July 2022 (the highest reading since 1982).
* The UK unemployment rate for May 2022 to July 2022 decreased by 0.2 percentage points on the quarter to 3.6 per cent, the lowest since May – July 1974.
* In its Monetary Policy meeting held in August 2022, Bank of England raised Bank Rate by 50 bps to 1.75 per cent, the sixth consecutive rate hike to meet the 2 per cent inflation target and to sustain growth and employment.
* S&P Global UK Manufacturing PMI fell to a 26-month low of 47.3 in August 2022, from 52.1 in July 2022. Services PMI dropped to 50.9 in August 2022 from 52.6 in the previous month.

**Euro area**

* As per the preliminary flash estimates of GDP released by Eurostat (the statistical office of the European Union), GDP increased by 0.8 per cent (Q-o-Q) in euro area in Q2 2022, as compared to a growth of 0.7 per cent in Q1 2022.
* Estimates of inflation released by Eurostat indicate that euro area annual inflation was 9.1 per cent in August 2022, up from 8.9 per cent in the previous month.
* In July 2022, the euro area seasonally-adjusted unemployment rate was 6.6 per cent, slightly lower compared with the level in June 2022 (6.7 per cent).

**India**

* The real Gross Domestic Product (GDP) at constant prices rose by 13.5 per cent in Q1 of FY 2022-23 over Q1 of FY 2021-22. The Gross Value Added (GVA) at Basic Prices rose by 12.7 per cent in Q1 of FY 2022-23 over Q1 of FY 2021-22.
* All India inflation rate based on CPI (general) jumped to 7.0 per cent (provisional) in August 2022 from 6.7 per cent in previous month.
* As per quick estimates released by MOSPI, Index of Industrial Production (IIP) increased by 2.4 per cent (Y-o-Y) in July 2022 as compared to 12.3 per cent rise in previous month.
* In its Monetary Policy Committee (MPC) meeting in August 2022, RBI increased the policy repo rate by 50 basis points to 5.4 per cent. Consequently, the standing deposit facility (SDF) rate stands adjusted to 5.15 per cent and the marginal standing facility (MSF) rate and the Bank Rate to 5.65 per cent.

1. **Market Trends –**

**Equity Markets**

* During August 2022, amongst the BRICS countries (excluding Russia), highest annualized volatility was observed in IBOVESPA index of Brazil (19.0 per cent), while Nifty 50 index of India recorded the lowest volatility of 12.9 per cent.
* In terms of monthly movement in indices, highest monthly return of 6.2 per cent in August 2022 was recorded by Brazil IBOVESPA itself, while FTSE/JSE Africa All Share index recoded decline of 2.4 per cent.
* Among select developed market indices[[2]](#footnote-2), Nasdaq Composite index of the U.S. was the most volatile (24.5 per cent) during August 2022, while FTSE 100 index of the UK exhibited the least volatility (6.8 per cent).
* Among the select developed market indices, NIKKEI 225 of the Japan recorded highest monthly return of 1.0 per cent in August 2022, while CAC 40 index of France registered decline of 5.0 per cent.
* The MSCI World Index, a broad global equity index that represents large and mid-cap equity performance across 23 developed markets, decreased by 4.3 per cent in August 2022.
* MSCI All Country World Price Index (MSCI ACWI), which represents performance of set of large- and mid-cap stocks across 23 developed and 27 emerging markets, went down by 3.9 per cent in August 2022.

**Table 1: Performance of Stock Indices**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Country** | **Name of the Index** | **Closing Value as on** | **Percentage change in Closing Value over period** | | | | **Volatility (%)** | **P/E Ratio** |
| **31-Aug-22** | **1-Month** | **3-Month** | **6-Month** | **1-Year** |
| **BRICS Nations** | | | | | | | | |
| Brazil | BRAZIL IBOVESPA | 1,09,523 | 6.2 | -1.6 | -3.2 | -7.8 | 19.0 | 5.9 |
| India | Nifty 50 | 17,759 | 3.5 | 7.1 | 5.7 | 3.7 | 12.9 | 21.2 |
| India | S&P BSE SENSEX | 59,537 | 3.4 | 7.1 | 5.8 | 3.4 | 13.2 | 23.2 |
| China | SHANGHAI SE COMPOSITE | 3,202 | -1.6 | 0.5 | -7.5 | -9.6 | 13.7 | 12.0 |
| South Africa | FTSE/JSE AFRICA ALL SHR | 67,257 | -2.4 | -6.7 | -11.6 | -0.3 | 16.0 | 7.5 |
| **Developed Markets** | | | | | | | | |
| USA | NASDAQ COMPOSITE | 11,816 | -4.6 | -2.2 | -14.1 | -22.6 | 24.5 | NA |
| USA | DOW JONES INDUS. AVG | 31,510 | -4.1 | -4.5 | -7.0 | -10.9 | 16.5 | 17.3 |
| France | CAC 40 | 6,125 | -5.0 | -5.3 | -8.0 | -8.3 | 12.1 | 10.2 |
| Germany | DAX | 12,835 | -4.8 | -10.8 | -11.2 | -18.9 | 16.1 | 12.8 |
| UK | FTSE 100 | 7,284 | -1.9 | -4.3 | -2.3 | 2.3 | 6.8 | 10.2 |
| Hong Kong | HANG SENG | 19,954 | -1.0 | -6.8 | -12.1 | -22.9 | 20.9 | 9.7 |
| South Korea | KOSPI | 2,472 | 0.8 | -8.0 | -8.4 | -22.7 | 13.9 | NA |
| Japan | NIKKEI 225 | 28,092 | 1.0 | 3.0 | 5.9 | 0.0 | 17.2 | 15.5 |
| Singapore | STRAITS TIMES STI | 3,222 | 0.3 | -0.3 | -0.6 | 5.5 | 8.1 | 11.0 |
| Taiwan | TAIWAN TAIEX | 15,095 | 0.6 | -10.2 | -14.5 | -13.7 | 15.6 | 10.5 |

**Note:** P/E Ratios are as on the last trading day of month.

**NA:** Not Available

Data for Sensex and Nifty were taken from respective exchange website.

**Source:** Refinitiv, BSE and NSE

**Figure 1: Trends in Select Stock Market Indices**

**Note**: All indices have been normalised to 100 on 31 July 2021.

**Source**: Refinitiv

**Bond Market**

* Among BRIC Nations, 10-year government bond yield was observed to be highest in Brazil (12.2 per cent); on the other hand, the lowest was observed for China (2.6 per cent) at the end of August 2022.
* Indian 10-year government bond yield fell to 7.2 per cent at the end of August 2022 from 7.3 per cent at the end of the previous month.
* Among select developed countries[[3]](#footnote-3), 10-year government bond yield in U.S. increased to 3.1 per cent at the end of August 2022 from 2.6 per cent at the end of July 2022.
* Japan reported 10-year government bond yield of 0.2 per cent at the end of August 2022 same as at the end of the previous month.

**Table 2: 10-year Government Bond Yields**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Country** | **Yield as on** | **Bond Yield in previous period** | | | |
| **31-Aug-22** | **1-Month** | **3-Month** | **6-Month** | **1-Year** |
| **BRIC Nations** | | | | | | |
| Brazil | **12.2** | 13.0 | 12.6 | 11.3 | 10.6 |
| Russia | **9.4** | 9.1 | 9.5 | 12.8 | 7.0 |
| India | **7.2** | 7.3 | 7.4 | 6.8 | 6.2 |
| China | **2.6** | 2.8 | 2.8 | 2.8 | 2.9 |
| **Developed Markets** | | | | | | |
| USA | **3.1** | 2.6 | 2.8 | 1.8 | 1.3 |
| UK | **2.8** | 1.9 | 2.1 | 1.4 | 0.6 |
| Germany | **1.5** | 0.8 | 1.1 | 0.2 | -0.4 |
| Spain | **2.7** | 1.9 | 2.2 | 1.1 | 0.3 |
| Japan | **0.2** | 0.2 | 0.2 | 0.2 | 0.0 |

**Source:** Refinitiv

**Currency Market**

* During August 2022, among BRICS nations, Rand of South Africa depreciated most against USD by 2.8 per cent, followed by Renminbi of China (2.2 per cent), Real (Brazil) and Rupee of India both appreciated by 0.2 per cent each while Ruble of Russia appreciated by 1.3 per cent.
* Among developed markets, major currencies depreciated against USD during August 2022, viz., Pound by 4.7 per cent, followed by Yen (4.3 per cent) and Franc (2.7 per cent).

**Table 3: Movement in Major Currencies across Developing and Developed Markets**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Country** | **Currency** | **Index as on** | **Percentage change in Currency Index over period** | | | |
|  | **31-Aug-22** | **1-Month** | **3-Month** | **6-Month** | **1-Year** |
| **BRICS Nations** | | | | | | |
| Brazil | Real | 5.2 | 0.2 | 9.5 | 0.4 | 0.7 |
| Russia | Rouble | 59.0 | -1.3 | -2.1 | -41.6 | -19.3 |
| India | Rupee | 79.5 | 0.2 | 2.5 | 5.3 | 9.0 |
| China | Renminbi | 6.9 | 2.2 | 3.3 | 9.2 | 6.6 |
| S. Africa | Rand | 17.1 | 2.8 | 9.5 | 11.4 | 17.9 |
| **Developed Markets** | | | | | | |
| UK | Pound | 0.9 | 4.7 | 8.4 | 15.5 | 18.4 |
| Europe | Euro | 1.0 | 1.6 | 6.7 | 11.5 | 17.4 |
| Japan | Yen | 139.0 | 4.3 | 8.0 | 20.8 | 26.3 |
| France | Franc | 1.0 | 2.7 | 1.9 | 6.6 | 6.8 |
| US | Dollar Index | 108.7 | 2.6 | 6.8 | 12.4 | 17.4 |

**Note:** 1. All Currency rates are against USD (excluding USD Index)

2. Negative sign (in percentage change figures) indicates appreciation of quote currency against the base currency (USD)

**Source:** Refinitiv

**Figure 2: Movement of the USD-INR Index, US Dollar Index and MSCI EM Currency Index**

**Note:**

1. All indices have been normalised to 100 on 31 July 2021.
2. The U.S. Dollar Index is an index of the value of the United States Dollar relative to a basket of foreign currencies. The Index goes up when the U.S. Dollar gains value compared to other currencies. The index is maintained and published by Intercontinental Exchange. It is a weighted geometric mean of the dollar's value relative to following select currencies: Euro, Japanese Yen, Pound Sterling, Canadian Dollar, Swedish Krona, Swiss Franc.
3. The MSCI Emerging Markets (EM) Currency Index tracks the performance of twenty five emerging market currencies relative to the US Dollar.

**Source:** Refinitiv

**Foreign Holdings of US Treasury Securities**

* At the end of June 2022, Japan was the biggest foreign holder of US Treasury Securities, holding 16.6 per cent of the total US Treasury Securities, followed by China (13.0 per cent). The total foreign holding of US Treasury Securities at the end of June 2022 was USD 7430.8 billion of which the holdings by India stood at 2.5 per cent (USD 208.8 billion). India’s holding increased by 2.5 per cent (M-o-M), but fell by 5.2 per cent (Y-o-Y).

**Table 4: Major Foreign Holders of US Treasury Securities (USD billion)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Country** | **Jun-22** | **Change over Period (%)** | |
| **1-Month** | **1-Year** |
| Japan | 1236.3 | 1.0 | -3.4 |
| China, Mainland | 967.8 | -1.3 | -8.9 |
| United Kingdom | 615.4 | -3.0 | 15.3 |
| Luxembourg | 306.8 | 4.2 | 1.6 |
| Cayman Islands | 300.4 | 2.0 | 15.5 |
| Switzerland | 295.3 | 1.4 | -2.2 |
| Ireland | 285.1 | -1.2 | -11.7 |
| Belgium | 273.6 | 2.0 | 19.7 |
| France | 236.9 | -2.7 | 4.5 |
| Taiwan | 233.9 | 1.4 | -2.3 |
| Brazil | 230.5 | -0.9 | -7.5 |
| **India** | **208.8** | **2.5** | **-5.2** |
| Canada | 193.6 | -8.1 | 15.4 |
| Hong Kong | 187.7 | 0.9 | -14.4 |
| Singapore | 181.8 | 2.1 | -3.3 |
| Saudi Arabia | 119.2 | 3.9 | -6.6 |
| Norway | 112.4 | 3.7 | -2.9 |
| Korea | 112.3 | -2.9 | -14.2 |
| Germany | 94.9 | 3.6 | 13.9 |
| Bermuda | 78.9 | 2.6 | 16.0 |
| Netherlands | 63.6 | 0.2 | -12.5 |
| Australia | 52 | -4.8 | 15.3 |
| Israel | 51.5 | 1.2 | -17.7 |
| Philippines | 49.7 | -1.8 | -1.4 |
| Thailand | 49.6 | -0.8 | -11.4 |
| Mexico | 48.8 | 1.7 | -1.6 |
| Kuwait | 46 | -0.6 | -2.5 |
| Sweden | 42.2 | 0.7 | -2.3 |
| Chile | 41 | 2.5 | 7.9 |
| Italy | 40.5 | -3.6 | 1.5 |
| United Arab Emirates | 39.9 | 4.2 | -34.4 |
| Vietnam | 39.2 | 0.3 | 0.0 |
| Poland | 35.3 | -1.9 | -34.8 |
| Colombia | 34.9 | 0.0 | -1.1 |
| Iraq | 32 | -2.7 | 50.9 |
| Peru | 30.8 | 3.0 | 4.8 |
| Bahamas | 30.3 | 1.0 | 121.2 |
| All Other | 432.3 | 0.9 | -0.3 |
| Grand Total | 7430.8 | 0.1 | -1.2 |
|  | | | |
| Of which: |  |  |  |
| For. Official | 3902.6 | -0.2 | -7.4 |
| Treasury Bills | 238.3 | -4.1 | -11.6 |
| T-Bonds & Notes | 3664.3 | 0.0 | -7.1 |

**Note**:

1. Data available as on September 13, 2022
2. The data in this table are collected primarily from U.S.-based custodians and broker-dealers. Since U.S. securities held in overseas custody accounts may not be attributed to the actual owners, the data may not provide a precise accounting of individual country ownership of Treasury securities (see TIC FAQ #7 at: http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/ticfaq1.aspx)
3. Estimated foreign holdings of U.S. Treasury marketable and non-marketable bills, bonds, and notes reported under the Treasury International Capital (TIC) reporting system are based on monthly data on holdings of Treasury bonds and notes as reported on TIC Form SLT, Aggregate Holdings of Long-Term Securities by U.S. and Foreign Residents and on TIC Form BL2, Report of Customers' U.S. Dollar Liabilities to Foreign Residents.

**Source**: U.S. Department of the Treasury

**HIGHLIGHTS OF DEVELOPMENTS IN**

**INTERNATIONAL SECURITIES MARKET**

1. **IOSCO**

* The Bank for International Settlements’ Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) published a paper for public comment on central counterparty (CCP) practices to address non-default losses (NDL). It observed that CCPs have become increasingly important in the financial system for managing counterparty risk, especially since the introduction of the clearing obligation for standardised OTC derivatives following the 2007–09 global financial crisis.

1. **SEC, USA**

* The SEC proposed new rules to help improve governance arrangements across all registered clearing agencies by reducing the likelihood that conflicts of interest may influence the board of directors or equivalent governing body of a registered clearing agency. The proposed rule would establish new governance requirements on board composition, independent directors, nominating committees, and risk management committees.
* The SEC adopted amendments to its rules to require registrants to disclose information reflecting the relationship between executive compensation actually paid by a registrant and the registrant’s financial performance. The rules implement a requirement mandated by the Dodd-Frank Act. The Commission proposed pay versus performance disclosure rules in 2015 and reopened the comment period on the proposal in January 2022.
* The SEC adopted two amendments to the rules governing its whistleblower program. The first rule change allows the Commission to pay whistleblowers for their information and assistance in connection with non-SEC actions in additional circumstances. The second rule affirms the Commission’s authority to consider the dollar amount of a potential award for the limited purpose of increasing an award but not to lower an award.

1. **FCA, UK**

* FCA confirmed new rules to make authorised financial firms (principal firms) more responsible for their appointed representatives (ARs). Principal firms have been made responsible for ensuring that their ARs comply with FCA rules.

1. **MAS, Singapore**

* MAS announced Singapore’s S$2.4 billion inaugural sovereign green bond priced at 3.04%. S$2.35 billion of the 50-year bond (the “Aug-72 bond”) was placed with institutional and accredited investors. The remaining S$50 million of the bond was offered to individual investors.

**POLICY DEVELOPMENTS IN INDIAN SECURITIES MARKET**

1. **Enhanced Guidelines for Debenture Trustees and Listed Issuer Companies on Security Creation and Initial Due Diligence**

SEBI had issued a circular on November 03, 2020 on creation of security and due diligence by the debenture trustees (DTs). On the basis of feedbacks from market participants, certain aspects of the said circular has been tweaked laying down revised requirements relating to encumbrance, creation of security and related due diligence by DTs. This circular provides guidelines on manner of change in security/ creation of additional security/ conversion of unsecured to secured in case of already listed non-convertible debt securities, encumbrance on securities for issuance of listed debt securities, due diligence certificate in case of shelf prospectus/ memorandum, empanelment of external agencies by debenture trustee(s) and compliance with SEBI circulars on ‘security & covenant monitoring system’.

*Source: SEBI/HO/DDHS/DDHS\_Div1/P/CIR/2022/106 dated Aug 04, 2022*

1. **Trading Window closure period under Clause 4 of Schedule B read with Regulation 9 of SEBI (Prohibition of Insider Trading) Regulations, 2015 (“PIT Regulations”) – Framework for restricting trading by Designated Persons (“DPs”) by freezing PAN at security level**

Clause 4 (1) of Schedule B read with Regulation 9 of PIT Regulations provides a notional trading window shall be used as an instrument of monitoring trading by the designated persons on the condition that the same shall be closed when the compliance officer determines that a designated person or class of designated persons can reasonably be expected to have possession of unpublished price sensitive information (“UPSI”). This circular puts in place a system to restrict trading by DPs of listed company during trading window closure period to be developed by the stock exchanges and the depositories.

To begin with, the provisions mentioned in this circular shall be applicable to declaration of financial results of the listed company that is or was part of NIFTY 50 and SENSEX. The restriction on trading shall be for on-market transactions, off-market transfers and creation of pledge in equity shares and equity derivatives contracts (i.e. Futures and Options) of such listed companies.

*Source: SEBI/HO/ISD/ISD-SEC-4/P/CIR/2022/107 dated Aug 05, 2022*

1. **Guidelines for overseas investment by Alternative Investment Funds (AIFs) / Venture Capital Funds (VCFs)**

As per the provisions of SEBI (Venture Capital Funds) Regulations 1996 and SEBI (Alternative Investment Funds) Regulations, 2012, AIFs/VCFs may invest in securities of companies incorporated outside India subject to such conditions or guidelines that may be stipulated or issued by the Reserve Bank of India and SEBI from time to time. Now, SEBI has specified the guidelines for AIFs/VCFs to invest in securities of companies incorporated outside India. AIFs/VCFs have to file an application to SEBI for allocation of overseas investment limit. They have to invest in an overseas investee company, incorporated in a country whose securities market regulator is a signatory to the International Organization of Securities Commission’s Multilateral Memorandum of Understanding or a signatory to the bilateral Memorandum of Understanding with SEBI. They cannot invest in an overseas investee company, which is incorporated in a country identified in the public statement of Financial Action Task Force (FATF).

*Source: SEBI/HO/AFD-1/PoD/CIR/P/2022/108 dated August 17, 2022*

1. **Block Mechanism in demat account of clients undertaking sale transactions**

SEBI in July 2021 had introduced block mechanism in the demat account of clients undertaking sale transactions, for ease of operations in Early Pay-in mechanism. Pursuant to extensive consultation with Depositories, Clearing Corporations and Stock Exchanges, and considering the benefits of block mechanism, clause 5 of the said circular was revised to make the proposed facility of block mechanism mandatory for all early pay-in transactions.

*Source: SEBI/HO/MIRSD/DoP/P/CIR/2022/109 dated August 18, 2022*

1. **Participation as Financial Information Providers in Account Aggregator framework**

SEBI has mandated that from now on the Depositories and Asset Management Companies (AMCs) (through their RTAs) are referred as Financial Information Providers (FIPs) in the securities markets. It has also been mandated that FIPs in securities market shall enter into a contractual framework with the Account Aggregators (AAs), and shall distinctly specify the rights and obligations of each party and Modalities of Dispute Resolution mechanism.

The FIPs in the securities markets are required to share the “Financial Information” pertaining to securities markets, through the AA only on receipt of a valid consent artefact from the customer through the Account Aggregator. Further, the FIPs in the securities markets shall also verify, through appropriate means, the validity of consent, specified dates and usage and the credentials of the AA. Upon due verification of the consent artefact, the FIPs are required to digitally sign the financial information and securely transmit the same to the AA in accordance with the terms contained in the consent artefact. Certain guidelines have also been issued to ensure that responses of the FIPs in the securities markets shall be in real time. The circular specifies that the FIPs are to abide by the applicable code of conduct .

*Source: SEBI/HO/MRD/DCAP/P/CIR/2022/110 dated August 19, 2022*

1. **Disclosure requirement for Asset Management Companies (AMCs)**

SEBI has amended the definition of “associate” as per clause (c) of sub-regulation (1) of regulation 2 of SEBI (Mutual Funds) Regulations, 1996 vide a Gazette Notification. AMCs have to ensure scheme wise disclosure of investments, as on the last day of each quarter, in securities of such entities that are excluded from the definition of associate. Disclosure of Investment has to include ISIN wise value of investment and value as percentage of AUM of scheme. Such disclosure shall be made on the websites of respective AMCs and on the website of AMFI, within one month from the close of each quarter.

*Source: SEBI/HO/IMD/DOF2/P/CIR/2022/111 dated August 25, 2022*

1. **Circular for Portfolio Managers**

The SEBI (Portfolio Managers) Regulations, 2020 (“PMS Regulations”) has been amended, which inter-alia mandates prudential limits on investments in associates/related parties of Portfolio Manager, the requirement of taking prior consent of client for such investments, restrictions based on the credit rating of securities and disclosure of details of investments by Portfolio Managers. The definitions of the terms “related party” and “associate” have been provided in the PMS Regulations. The amendment to PMS Regulations shall come into force on the thirtieth day from the date of their publication in the Official Gazette.

Source: SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2022/112 dated August 26, 2022

1. **Enhanced Disclosures by CRAs and Norms on Rating Withdrawal**

In order to allow investors and other stakeholders to properly use disclosures in a fair assessment of Credit Rating Agencies (CRAs), certain changes were suggested for disclosures made by CRAs to be applicable to credit ratings of securities that are listed, or proposed to be listed, on a recognized stock exchange, and other credit ratings that are required under various SEBI Regulations or circulars thereunder. The changes disclosures were suggested for the following: methodology for computation of sharp rating action, Issuers Not Cooperating (INC) and information required for rating, rating withdrawal of perpetual debt securities and disclosure of average rating transition rates for long-term credit ratings. Further, in order to facilitate enhanced transparency and usability of disclosures made by CRAs on their websites, enhanced disclosure requirements were suggested.

*Source: SEBI/HO/DDHS/DDHS-RACPOD2/P/CIR/2022/113 dated August 25, 2022*

1. **Corrigendum to Master Circular for Depositories dated February 05, 2021 on Opening of demat account in case of HUF**

SEBI has replaced the Subsection 1.2 (a) of Section 1.4 of the Master Circular for Depositories dated February 05, 2021 with the following:

*“In the event of death of Karta of HUF, the name of the deceased Karta in the Beneficial Owner (BO) account shall be replaced by the new Karta of the HUF who in such a case shall be eldest coparcener in the HUF or a coparcener who is appointed as Karta by an agreement reached amongst all the coparceners of the HUF*”

Other provisions of the said circular will remain unchanged.

*Source: SEBI/HO/MRD/MRD-POD-2/P/CIR/2022/114 dated August 26, 2022*

1. **Amendments to guidelines for preferential issue and institutional placement of units by a listed InvIT**

SEBI had earlier issued several circulars providing guidelines for preferential issue and institutional placement of units by listed InvITs. Now, SEBI has amended certain guidelines for preferential issue and institutional placement of units by listed InvITs. The amendments, inter-alia includes listing of the units of InvITs to the stock exchanges and pricing of frequently traded units of InvITs.

*Source: SEBI/HO/DDHS/DDHS\_Div3/P/CIR/2022/0115 dated August 26, 2022*

1. **Amendments to guidelines for preferential issue and institutional placement of units by a listed REIT**

SEBI had earlier issued several circulars providing guidelines for preferential issue and institutional placement of units by listed REITs. Now, SEBI has amended certain guidelines for preferential issue and institutional placement of units by listed REITs. The amendments, inter-alia includes listing of the units of REITs to the stock exchanges and pricing of frequently traded units of REITs.

*Source: SEBI/HO/DDHS/DDHS\_Div3/P/CIR/2022/0116 dated August 26, 2022*

*Disclaimer: The summary has been prepared for the convenience of readers. In case of any ambiguity, please refer to the original circular from SEBI website.*

**LATEST PUBLICATIONS**

1. SEBI Annual Report: 2020-21

2. Handbook of Statistics on Indian Securities Market: 2020

Please visit SEBI website at the following URL to refer/download the publications.

<https://www.sebi.gov.in/reports-and-statistics.html>

1. *In case of close ended schemes, at the time of maturity, AMC repurchases the units.* [↑](#footnote-ref-1)
2. USA, France, Germany, UK, Hong Kong, South Korea, Japan, Singapore and Taiwan [↑](#footnote-ref-2)
3. US, UK, Germany, Spain, Japan [↑](#footnote-ref-3)