CANARA ROBECO

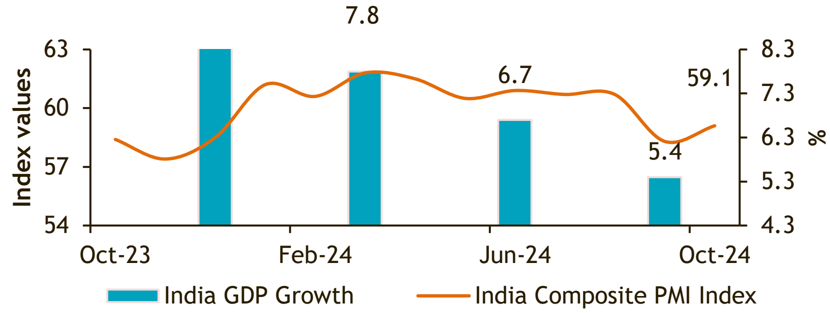
Monthly Factbook

November 2024

Indian Economic Indicators

CANARA ROBECO

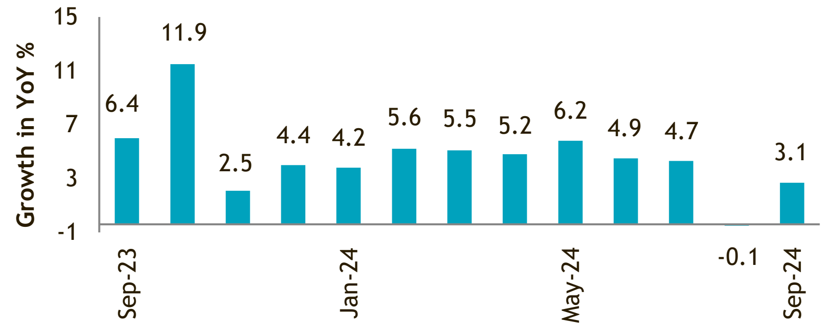
India Composite PMI & GDP Growth



Source: Refinitiv; PMI >50 denotes expansion and <50 is contraction

India Composite PMI rose to 59.10 in Oct 2024 from 58.3 in Sep 2024 and GDP of the Indian economy at constant (2011-12) prices witnessed a growth of 5.4% YoY in the second quarter of FY25.

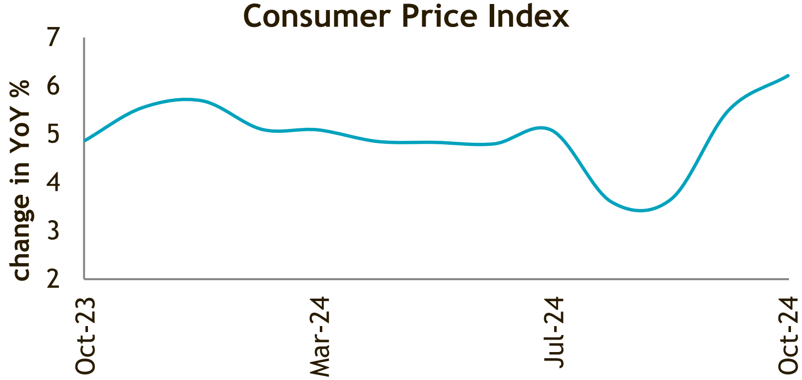
Index of Industrial production (IIP)



Source: Refinitiv

Index of Industrial production (IIP) rose 3.1% YoY in Sep 2024, as compared to a contraction of 0.1% in Aug 2024.

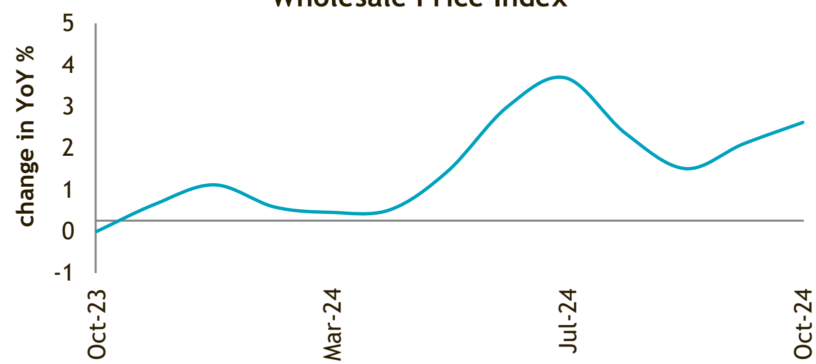
Consumer Price Index



Source: Refinitiv

The consumer price index-based inflation accelerated to 6.21% YoY in Oct 2024 compared to 5.49% in Sep 2024, mainly due to rise in food prices.

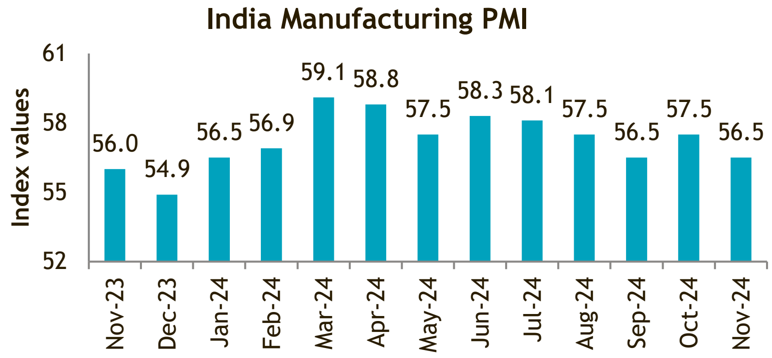
Wholesale Price Index



Source: Refinitiv

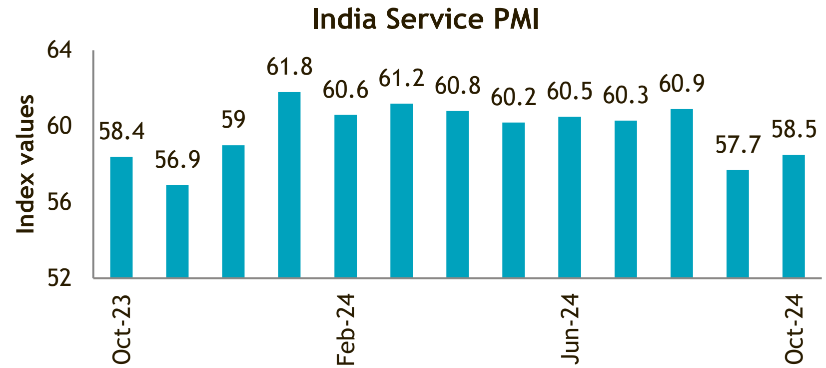
India’s wholesale price index (WPI) based inflation hit 4-month high to 2.36% YoY in Oct 2024 as compared to 1.84% in Sep 2024.

CANARA ROBECO



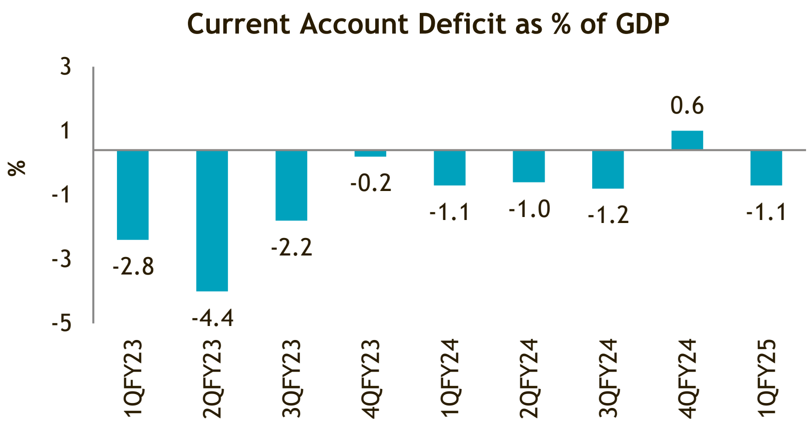
Source: Refinitiv; PMI >50 denotes expansion and <50 is contraction

The Manufacturing Purchasing Managers' Index fell to 56.5 in Nov 2024 compared to 57.5 in Oct 2024.



Source: Refinitiv; PMI >50 denotes expansion and <50 is contraction

India's Services Purchasing Managers' Index (PMI) increased to 58.5 in Oct 2024 as compared to 57.7 in Sep 2024, driven by strong demand and job creation.



Source: Refinitiv

India's current account deficit (CAD) widened marginally to US$ 9.7 billion (1.1% of GDP) in Q1 FY25 from US$ 8.9 billion (1.0% of GDP) in Q1 FY24 and against a surplus of US$ 4.6 billion (0.5% of GDP) in Q4 FY24.

Source: Refinitiv

India's merchandise trade deficit widened sequentially to $27.14 billion in Oct 2024 compared to $20.78 billion in Sep 2024, however, the deficit narrowed on an annual basis compared to $30.43 billion in Oct 2023.

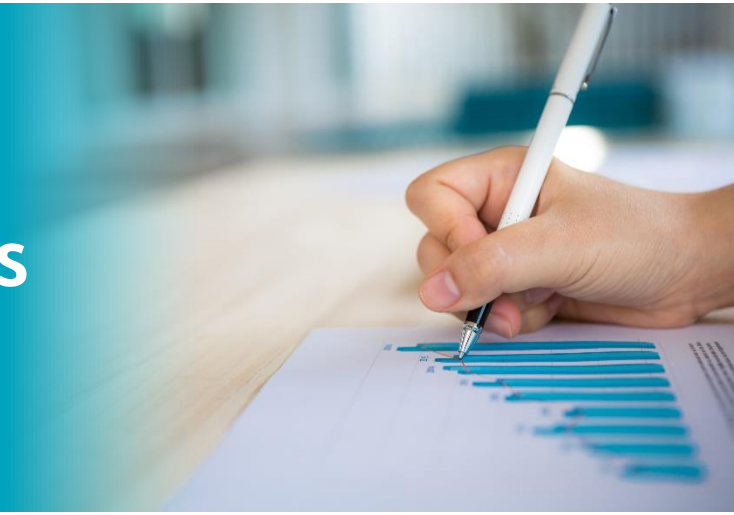
Key Domestic Market Highlights

- Domestic equity markets remained volatile during the month under review as markets rose initially after the former U.S. President and Republican candidate took a decisive lead in the 2024 U.S. election, which increased the expectation of tax cuts and increased government spending in the U.S. However, the trend reversed as sentiment was weighed on concerns over potential impact of the newly elected U.S. President's protectionist policies on the global economy as investors awaited clarity on the President's policy proposals on global geopolitics, U.S.- China relations, NATO, immigration, and economic policies.

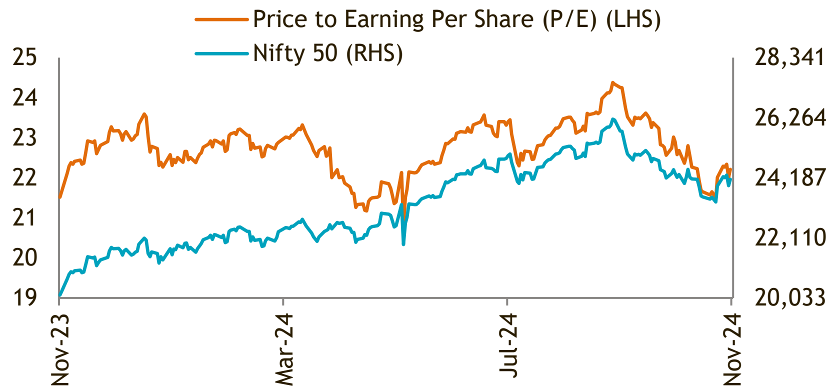
- Additionally, the rise in domestic retail inflation rate in Oct 2024 above the RBI's upper tolerance level along with the weaking of rupee against U.S. dollar, further extended the losses. Sentiment was further dampened after the U.S. District Court and the Securities & Exchanges Commission filed bribery allegations against the chairman and other executives of a prominent domestic conglomerate.

- However, sentiment improved after the Indian conglomerate clarified that it was not facing any charges related to the Foreign Corrupt Practices Act in relation to the issues set out by the U.S. Department of Justice or the civil complaint by the U.S. Securities and Exchange Commission. Markets extended its gains after the Maharashtra state's current coalition government, led by the ruling party at the Centre, achieved a notable triumph in the state assembly election which raised expectations for an increased government spending and policy continuity with emphasis on infrastructure and capex.

Domestic Equity Markets

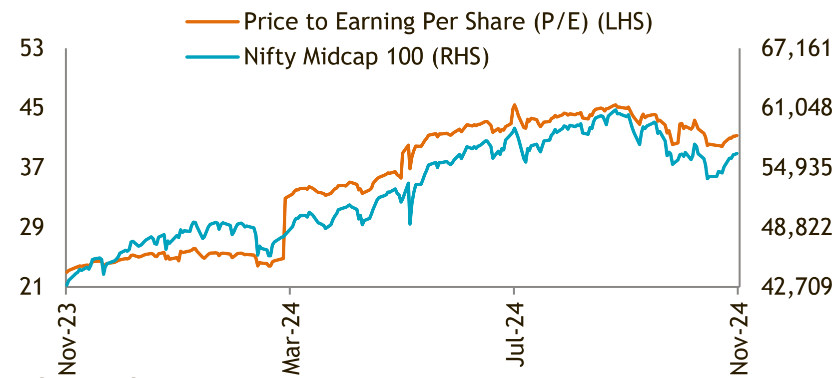


CANARA ROBECO



Source: NSE

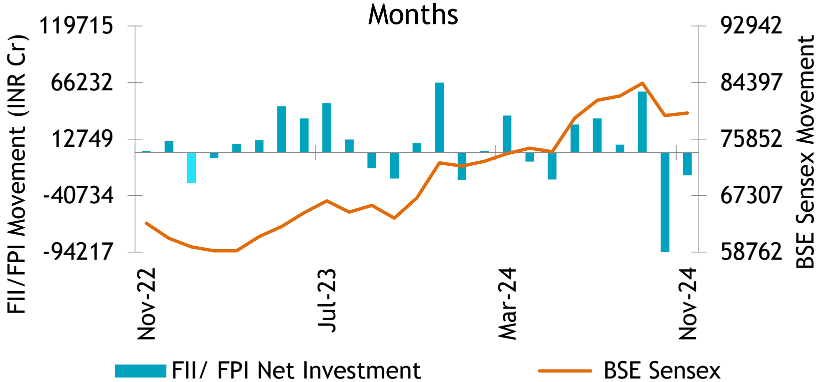
During the month, BSE Sensex rose 0.52% and Nifty 50 fell 0.31% to close at 79,802.79 and 24,131.10 respectively.



Source: NSE

During the month, Nifty Midcap 100 rose 0.50% and Nifty Small cap 100 rose 0.26% to close at 56,392.65 and 18,650.95 respectively.

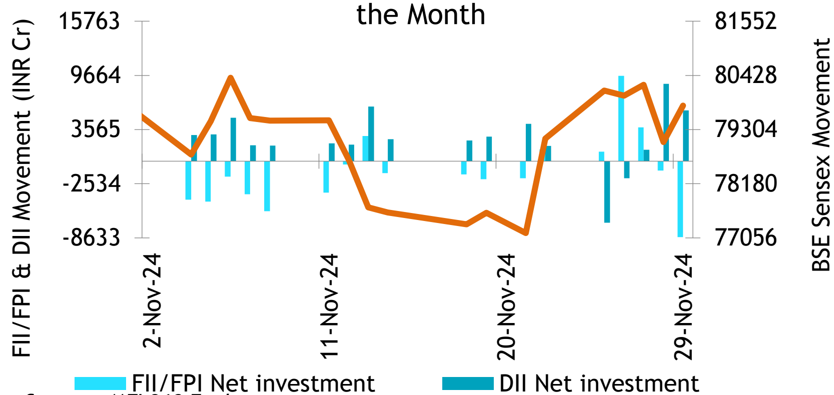
FII/FPI Investment and BSE Sensex - Last 24 Months



Source : MFI 360 Explorer

Foreign portfolio investors (FPIs) were net seller of domestic stocks worth Rs. 21,611.80 crore in Nov 2024 compared with net sale of Rs. 94,016.95 crore in Oct 2024.

DII, FII/FPI Investment and BSE Sensex - During the Month



Source : MFI 360 Explorer

Domestic mutual funds remained net buyer in the equity segment to the tune of Rs. 32,154.89 crore in Nov 2024 (As on Nov 28, 2024).

CANARA ROBECO

Returns of Major NSE Indices

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	CYTD
Smallcap 69.57%	Media 10.30%	Metal 45.20%	Realty 110.22%	IT 23.64%	Realty 28.49%	Pharma 60.43%	Metal 69.66%	PSU Bank 70.92%	Realty 81.64%	Pharma 32.13%
PSU Bank 67.07%	Smallcap 10.20%	Auto 10.75%	Smallcap 57.47%	FMCG 13.57%	Finance 25.65%	IT 54.75%	Smallcap 61.94%	Metal 21.83%	Smallcap 48.26%	Realty 30.28%
Midcap 60.26%	Pharma 9.26%	Midcap 5.41%	Midcap 54.53%	Finance 10.54%	Largecap 10.42%	Smallcap 25.02%	IT 59.58%	FMCG 17.59%	Auto 47.78%	Smallcap 26.17%
Finance 57.34%	Midcap 8.41%	Finance 4.93%	Metal 48.71%	Largecap 1.13%	IT 8.39%	Midcap 24.31%	Realty 54.26%	Auto 15.36%	Midcap 43.82%	Auto 25.51%
Auto 56.69%	FMCG 0.33%	PSU Bank 4.11%	Finance 41.56%	Pharma -7.77%	Midcap -0.28%	Metal 16.14%	Midcap 46.81%	Finance 9.55%	Pharma 33.72%	Midcap 22.43%
Pharma 43.42%	IT -0.03%	Largecap 3.60%	Media 32.80%	Midcap -13.26%	FMCG -1.29%	Largecap 14.82%	PSU Bank 44.37%	Largecap 3.64%	PSU Bank 32.40%	IT 21.49%
Largecap 33.17%	Auto -0.32%	FMCG 2.78%	Auto 31.47%	PSU Bank -16.47%	Smallcap -8.27%	FMCG 13.42%	Media 34.56%	Midcap 2.97%	FMCG 29.10%	PSU Bank 19.26%
Media 33.02%	Largecap -2.41%	Smallcap 0.36%	Largecap 31.15%	Metal -19.84%	Pharma -9.34%	Auto 11.43%	Largecap 25.04%	Smallcap -3.66%	IT 24.16%	Largecap 14.30%
FMCG 18.22%	Finance -5.41%	Media -0.85%	FMCG 29.47%	Auto -22.99%	Auto -10.69%	Realty 5.11%	Auto 18.96%	Media -10.25%	Largecap 20.11%	Metal 13.24%
IT 17.84%	Realty -15.02%	Realty -4.20%	PSU Bank 24.17%	Media -25.80%	Metal -11.20%	Finance 4.46%	Finance 13.96%	Realty -10.84%	Media 19.94%	Finance 11.74%
Realty 10.02%	Metal -31.35%	IT -7.25%	IT 12.21%	Smallcap -26.68%	PSU Bank -18.25%	Media -8.55%	Pharma 10.12%	Pharma -11.46%	Metal 18.72%	FMCG 1.68%
Metal 7.02%	PSU Bank -32.91%	Pharma -14.18%	Pharma -6.32%	Realty -32.87%	Media -29.72%	PSU Bank -30.50%	FMCG 9.96%	IT -26.11%	Finance 13.24%	Media -16.39%

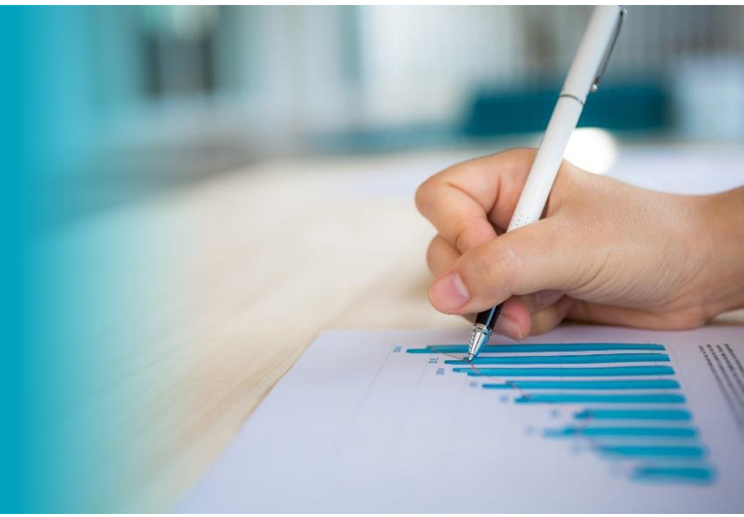
- IT returns represented by NIFTY IT
- Metal returns represented by NIFTY Metal
- Realty returns represented by NIFTY Realty
- Auto returns represented by NIFTY Auto
- Pharma returns represented by NIFTY Pharma
- Media returns represented by NIFTY Media
- Finance returns represented by NIFTY Finance
- FMCG returns represented by NIFTY FMCG
- PSU Bank returns represented by NIFTY PSU Bank
- Largecap returns represented by Nifty 100
- Midcap returns represented by Nifty Midcap 150
- Smallcap returns represented by Nifty Small cap 250

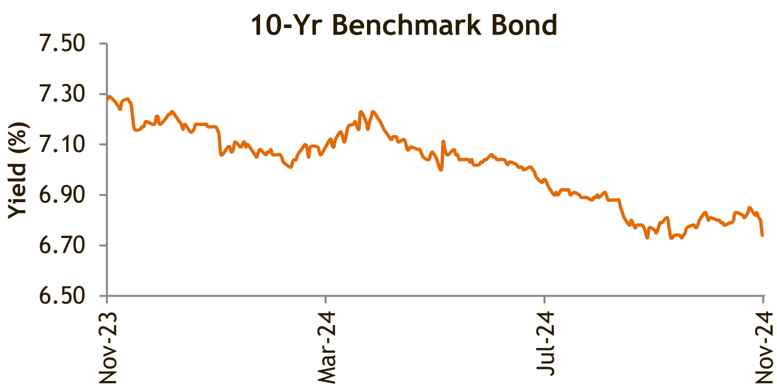
Source: MFI 360 Explorer

Equity Market Outlook

- The global macro environment remains complex with the latest US unemployment and growth data being more resilient than estimated. Inflation and other data points indicate that inflation, while cooling on headline, the core Personal Consumption Expenditures (PCE) is not receding incrementally – pushing back aggressive rate cut hopes. This led to US 10-year rallying from 3.7% to 4.4% over last 2 months. The dollar index continued to strengthen because of Republican Party's victory in the upcoming election, a negative for all Emerging Market (EM) capital flows in the near term. All EM's witnessed capital outflow during October/November. Geopolitics in the middle east, Ukraine-Russia (and now even N-S Korea) is clearly on an escalator path, adverse for growth and energy prices both. However, Trump return might mean de-escalation in wars over next few months – energy/growth positive. The latest PCE in the US is running at 2.3% now. This is leading to a possible goldilocks scenario where you might get lower inflation without hurting growth too much. We expect another 25bps cut before Feb'25 and another 75-100bps in CY25. Europe is gradually stabilizing at lower levels (but manufacturing continues to suffer), as inflation and interest rates peak in most economies in the Euro area. China continues to have challenges on growth revival due to ageing population and leverage in households/Real estate, which are structural in our view.
- Earnings growth remains relatively far better than most Emerging Markets/ Developed Markets. Having said this, FY25 earnings growth for nifty is likely to be high single digit, a downgrade of 3-5% from the start of the financial year. Indian equity market trades at 20FY26 earnings – in a fair valuation zone from medium term perspective – given longevity of earnings cycle in India. The broader market has moved up >30% in last 1 year -capturing near term earnings valuation positives for FY25/26E. Expect a rollover returns, as the earnings rollover to FY27E. Given the upfronting of returns in mid and small caps (aided by very strong flows also), valuations are at 20-30% premium to past; we are more constructive on large cap from FY25/26 perspective.

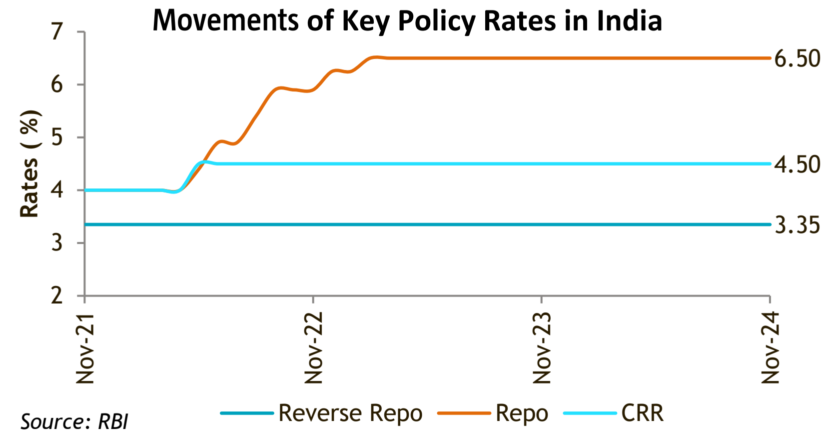
Domestic Debt Markets





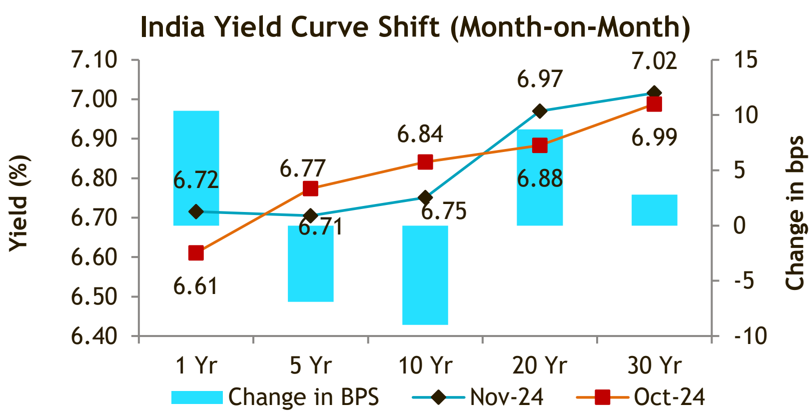
Source: Refinitiv

Bond yields fell during the month following the weaker-than-expected domestic GDP growth data for the second quarter of FY25, as market participants expecting that could pave the way for an earlier rate cut by the RBI.



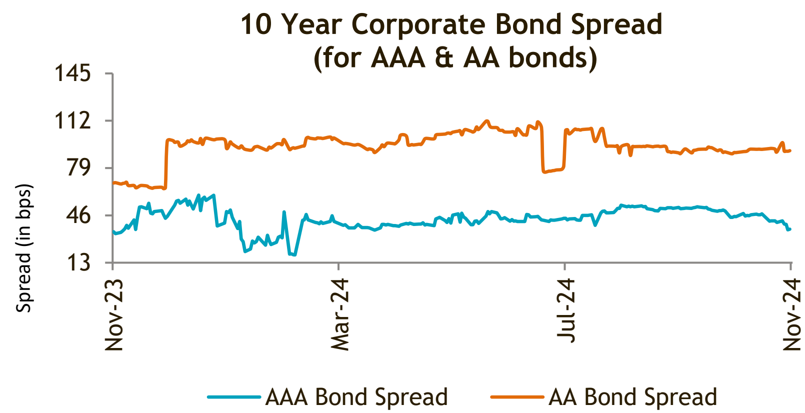
Source: RBI

The Monetary Policy Committee (MPC) in its fourth bi-monthly monetary policy review of FY25 kept key policy repo rate unchanged at 6.50% with immediate effect for the tenth consecutive time.



Source: Refinitiv

Yield on gilt securities fell up to 9 bps across the maturities, barring 1, 15, 19 & 30 year papers that rose between 3 to 11 bps, while 12 & 14 year papers were unchanged.



Source: Refinitiv

Yield on corporate bonds fell in the range of 2 to 22 bps across the curve, barring 1 & 2 year papers that increased by 5 bps each.

CANARA ROBECO

Category-wise Fixed Income returns

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	CYTD
LT 14.31%	LD 8.94%	10 Y GILT 14.93%	LD 6.80%	LD 7.69%	LT 10.72%	LT 12.25%	ST 4.38%	LIQ 5.08%	LD 8.86%	10 Y GILT 9.81%
10 Y GILT 14.14%	ST 8.66%	LT 12.91%	LIQ 6.66%	LIQ 7.58%	10 Y GILT 10.46%	ST 10.39%	LD 4.23%	LD 3.65%	10 Y GILT 7.82%	LT 9.16%
ST 10.47%	LT 8.63%	ST 9.82%	ST 6.05%	ST 6.65%	ST 9.53%	10 Y GILT 9.23%	LIQ 3.60%	ST 3.59%	LT 7.29%	ST 8.08%
LD 9.87%	LIQ 8.23%	LD 9.02%	LT 4.71%	10 Y GILT 6.03%	LD 8.60%	LD 7.45%	LT 3.44%	LT 2.51%	ST 7.26%	LIQ 7.33%
LIQ 9.21%	10 Y GILT 7.39%	LIQ 7.48%	10 Y GILT -0.05%	LT 5.91%	LIQ 6.86%	LIQ 4.60%	10 Y GILT 1.35%	10 Y GILT 0.46%	LIQ 7.13%	LD N/A%

LIQ	Liquid Returns represented by Crisil Liquid Fund Index
ST	Short Term Returns represented by Crisil Short Term Bond Fund Index
LT	Long Term Returns represented by Crisil Composite Bond Fund Index
LD	Low Duration Returns represented by Crisil Low Duration Index
10 Y Gilt	10 Year G-sec Returns represented by CRISIL 10 Yr Gilt

Source: MFI 360 Explorer

Asset Class Returns

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	CYTD
Equity 37.31%	Debt 8.63%	Debt 12.91%	Equity 5.32%	Gold 7.87%	Gold 23.79%	Gold 27.88%	Equity 28.88%	Gold 13.94%	Equity 24.74%	Gold 21.39%
Debt 14.31%	Equity -0.75%	Gold 11.35%	Gold 5.12%	Debt 5.91%	Debt 10.72%	Equity 16.78%	Debt 3.44%	Equity 4.93%	Gold 15.41%	Equity 16.62%
Gold -7.91%	Gold -6.65%	Equity 5.08%	Debt 4.71%	Equity 0.31%	Equity 10.03%	Debt 12.25%	Gold -4.21%	Debt 2.51%	Debt 7.29%	Debt 9.16%

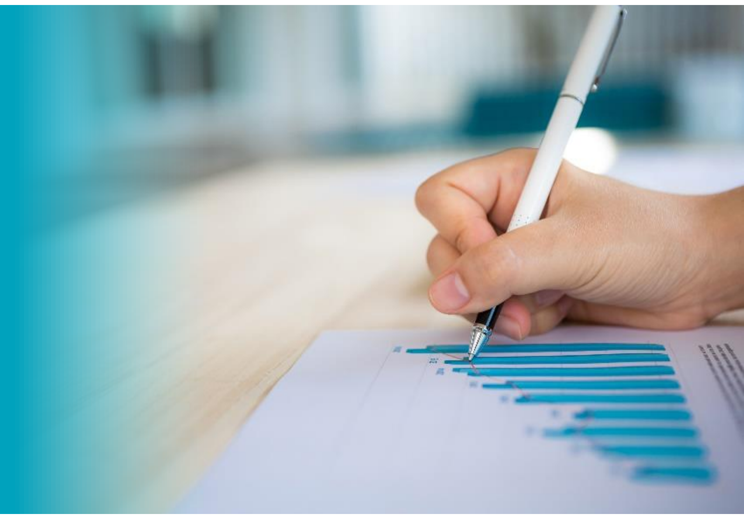
Equity	Equity Returns represented by Nifty 200 Index
Debt	Debt Returns represented by Crisil Composite Bond Fund Index
Gold	Gold Returns represented by domestic prices of gold

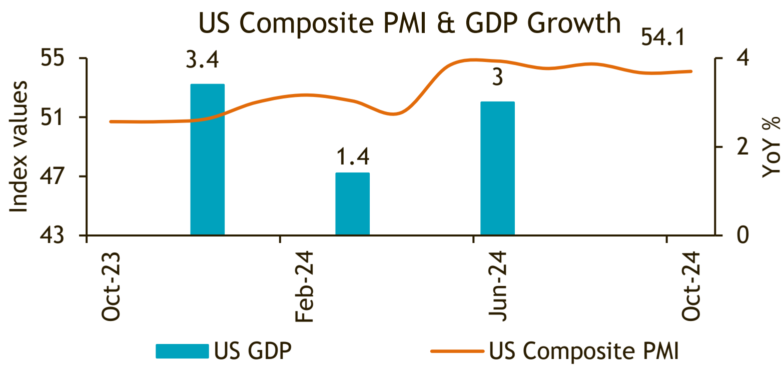
Source: MFI 360 Explorer

Fixed Income Market Outlook

- US FED rate cut has turned market sentiments positive as participants look forward to RBI action as they have changed stance to neutral in October MPC. The change in stance would pave way for the rate cuts to start in Indian market.
- With the sharp drop in GDP growth in Q2FY2025, RBI may look at some easing measures.
- Liquidity has further tightened, and there are hopes of CRR (Cash Reserve Ratio) cut / OMO (Open Market Operations) purchases to bring in durable liquidity.
- FII flows have reduced but are likely to restart in 2025 as index flows resume with addition of Indian G-Secs to Bloomberg EM Bond index.
- Looking ahead to the medium and long term, the effect on bonds is expected to be positive due to inclusion in JP Morgan Bond Index and other indices, as the demand for Government Securities (G-Sec) is likely to drive yields downward.
- Coupled with further rate moves from the US FED, we believe that RBI may likely deliver first rate easing by Dec 24 or at least start the narrative of cut in Feb policy.
- We are structurally long on India as growth inflation dynamics are still favourable for yields to tick down as RBI would look for further cues.
- We anticipate that over the next few months, 10-year yields may trade in 6.60 – 6.85% range.

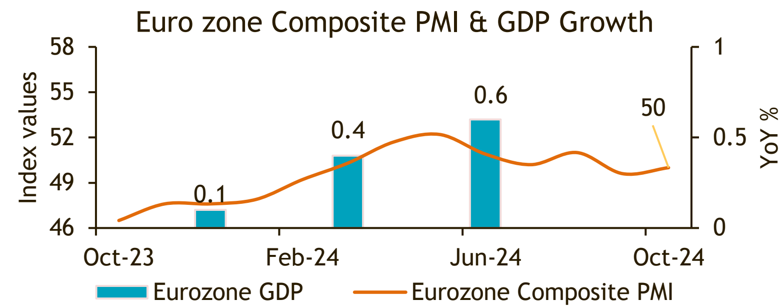
Global Markets





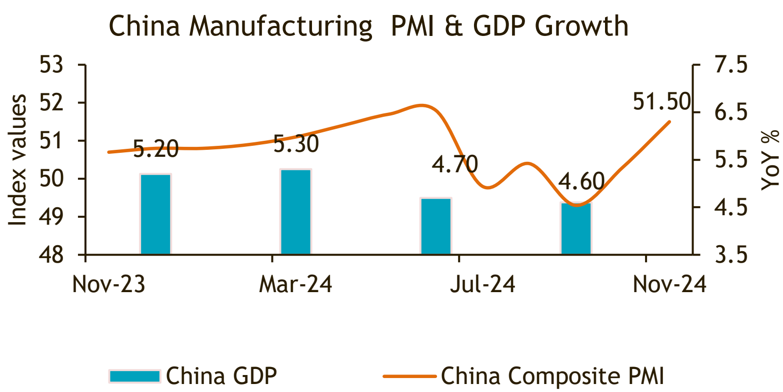
Source: Refinitiv, fxstreet; PMI > 50 denotes expansion and < 50 is contraction

U.S. gross domestic product rose by 3.00% in the second quarter of 2024 after jumping by 1.40% in the first quarter of 2024. And the U.S. Composite PMI surged to 54.10 in Oct 2024 from 54 in Sep 2024.



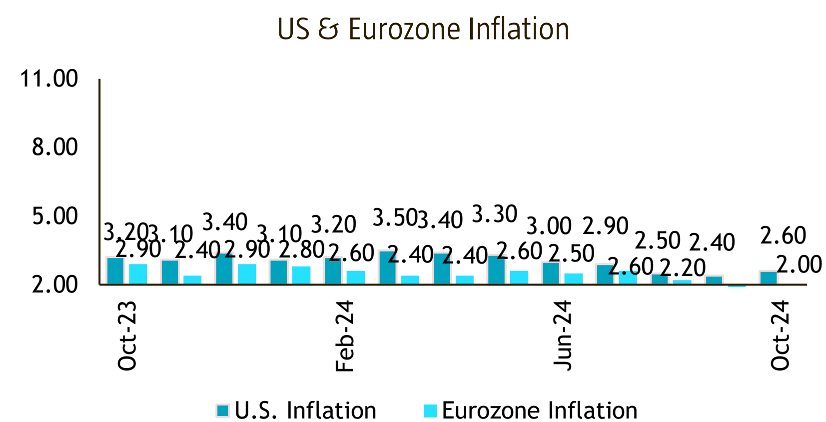
Source: Refinitiv, fxstreet; PMI > 50 denotes expansion and < 50 is contraction

Year-on-year growth of the Euro zone economy grew to 0.6% in the second quarter of 2024 from 0.4% in the first quarter of 2024.



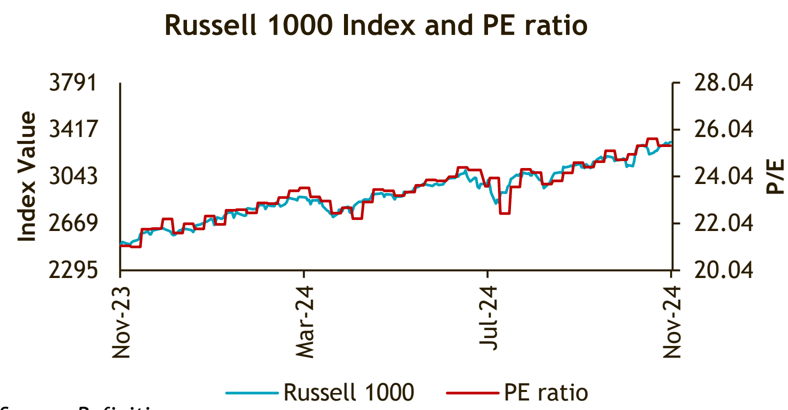
Source: Reuters, fxstreet; PMI > 50 denotes expansion and < 50 is contraction

According to a survey, China's manufacturing PMI score of 51.5 in Nov 2024. That's up from 50.3 in Oct 2024.



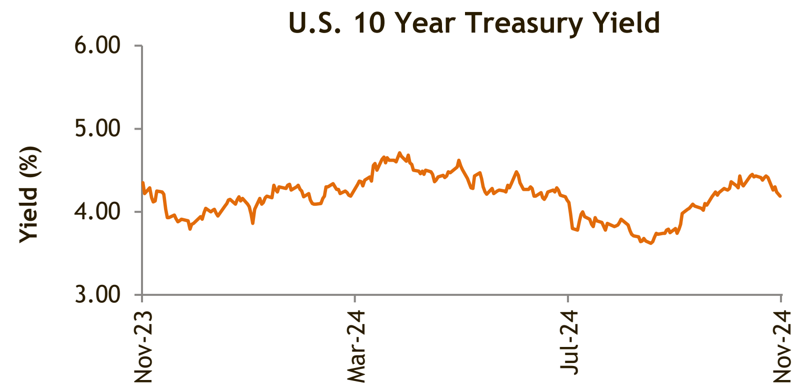
Source: Refinitiv

U.S. inflation stood at 2.60% in Oct 2024 from 2.40% in Sep 2024, and the eurozone inflation rate stood at 2.00% in Oct 2024 from 1.70% in Sep 2024.



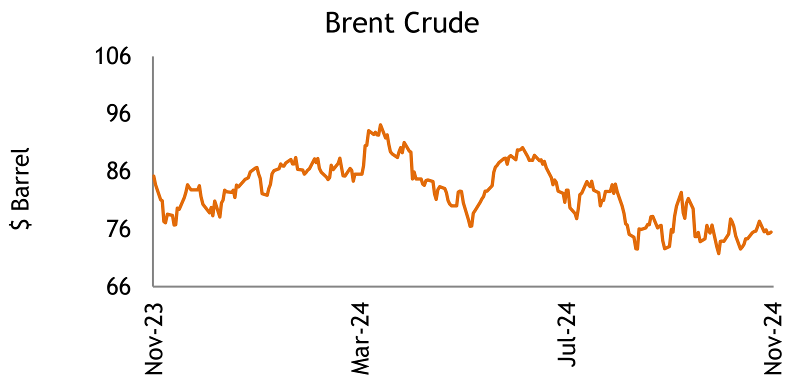
Source: Refinitiv

U.S. equity markets rose as fresh hope for global economic growth during the second term of U.S. President.



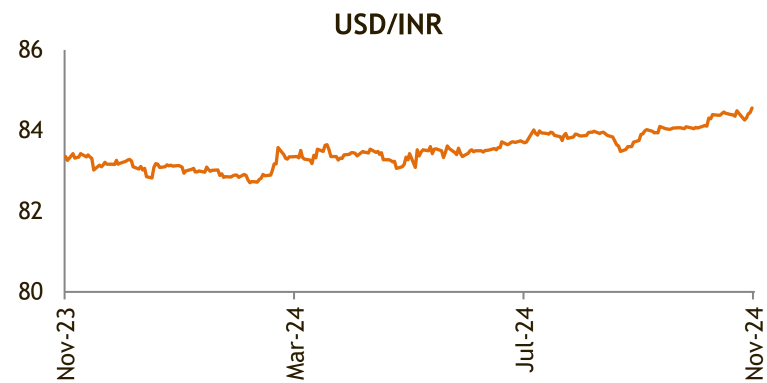
Source: Refinitiv

U.S. Treasury prices rose after the U.S. Federal Reserve cut interest rates by 25 basis points on 7th Nov, 2024, as widely expected.



Source: Refinitiv

Brent crude oil prices rose amid rising concerns about the Russia - Ukraine conflict.



Source: Refinitiv

Rupee fell against the U.S. dollar as the U.S. presidential election outcome boosted the greenback demand.

CANARA ROBECO

Returns of Major Global Indices

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	CYTD
SSEC 52.87%	DAX 9.56%	RTS 52.22%	HangSeng 35.99%	Nasdaq -1.04%	RTS 45.28%	Nasdaq 47.58%	CAC 28.85%	STI 4.09%	Nasdaq 53.81%	Nasdaq 24.39%
Nasdaq 17.94%	SSEC 9.41%	FTSE 14.43%	Nasdaq 31.52%	RTS -7.65%	Nasdaq 37.96%	Kospi 30.75%	Nasdaq 26.63%	FTSE 0.91%	Nikkei 28.24%	DAX 17.16%
Nikkei 7.12%	Nikkei 9.07%	DAX 6.87%	Kospi 21.76%	STI -9.82%	CAC 26.37%	Nikkei 16.01%	DAX 15.79%	Nikkei -9.37%	DAX 20.31%	STI 15.40%
STI 6.24%	CAC 8.53%	Nasdaq 5.89%	Nikkei 19.10%	CAC -10.95%	DAX 25.48%	SSEC 13.87%	RTS 15.01%	CAC -9.50%	Kospi 18.73%	Nikkei 14.18%
DAX 2.65%	Nasdaq 8.43%	CAC 4.86%	STI 18.13%	Nikkei -12.08%	SSEC 22.30%	DAX 3.55%	FTSE 14.30%	DAX -12.35%	CAC 16.52%	HangSeng 13.94%
HangSeng 1.28%	Kospi 2.39%	Kospi 3.32%	DAX 12.51%	FTSE -12.48%	Nikkei 18.20%	HangSeng -3.40%	STI 9.84%	SSEC -15.12%	RTS 11.63%	SSEC 11.82%
CAC -0.54%	RTS -4.26%	Nikkei 0.42%	CAC 9.26%	HangSeng -13.61%	FTSE 12.10%	CAC -7.14%	Nikkei 4.91%	HangSeng -15.46%	FTSE 3.78%	FTSE 7.16%
FTSE -2.71%	FTSE -4.93%	HangSeng 0.39%	FTSE 7.63%	Kospi -17.28%	HangSeng 9.07%	RTS -10.42%	SSEC 4.8%	Kospi -24.89%	STI -0.34%	RTS 4.36%
Kospi -4.76%	HangSeng -7.16%	STI -0.07%	SSEC 6.56%	DAX -18.26%	Kospi 7.67%	STI -11.76%	Kospi 3.63%	Nasdaq -32.97%	SSEC -3.70%	CAC -4.08%
RTS -45.17%	STI -14.34%	SSEC -12.31%	RTS 0.18%	SSEC -24.59%	STI 5.02%	FTSE -14.34%	HangSeng -14.08%	RTS -39.18%	HangSeng -13.82%	Kospi -7.51%

CAC returns represented by CAC 40 Index (France)
DAX Index returns represented by FSE DAX (Germany)
FTSE returns represented by FTSE 100 (United Kingdom)
HangSeng returns represented by HangSeng (Hong Kong)
Nasdaq returns represented by Nasdaq 100 (US)
Nikkei returns represented by Nikkei 225 (Japan)
RTS returns represented by RTS Index (Russia)
SSEC represented by SHANGHAI SE COMPOSITE (China)
STI returns represented by FTSE Straits Times (Singapore)
Kospi represented by Kospi Index (South Korea)

Source: MFI 360 Explorer

Key Global Market Highlights

- U.S. equity markets rose as fresh hope for global economic growth during the second term of U.S. President. Further, the U.S. market gained after the U.S. Federal Reserve made its anticipated announcement regarding a reduction in interest rates, decreasing them by a quarter point on 7th Nov, 2024.

- U.S. Treasury prices rose as investors are anticipating new data that may provide additional insights into U.S. Federal Reserve policy.

- European equity markets mostly rose amid anticipations of additional rate reductions by central banks as there are indications of a rise in inflation within the eurozone. Further, gains were increased as investors were hopeful for stronger economic growth after news that the U.S. President intended to nominate a new U.S. Treasury secretary. However, ongoing geopolitical issues in the Middle East, along with the potential effects of the U.S. President's global economic policies, have contributed to increased volatility in the markets.

- Asian equity markets closed on a mixed note. The market rose as positive Chinese trade data in Oct 2024 alleviated worries regarding the effects of the new U.S. President's policies on international trade, immigration, and other significant matters. However, gains were restricted as the Japanese markets are experiencing pressure due to expectations of a Bank of Japan interest rate increase, which has resulted in a stronger Japanese yen.

Disclaimer

The information used towards formulating the outlook have been obtained from sources published by third parties. While such publications are believed to be reliable, however, neither the AMC, its officers, the trustees, the Fund nor any of their affiliates or representatives assume any responsibility for the accuracy of such information and assume no financial liability whatsoever to the user of this document. The document is solely for the information and understanding of intended recipients only. Internal views, estimates, opinions expressed herein may or may not materialize. These views, estimates, opinions alone are not sufficient and should not be used for the development or implementation of an investment strategy. Forward looking statements are based on internal views and assumptions and subject to known and unknown risks and uncertainties which could materially impact or differ the actual results or performance from those expressed or implied under those statements. All information contained in this document has been obtained by ICRA Online Limited from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided ‘as is’ without any warranty of any kind, and ICRA Online Limited or its affiliates or group companies and its respective directors, officers, or employees in particular, makes no representation or warranty, express or implied, as to the accuracy, suitability, reliability, timelines or completeness of any such information. All information contained herein must be construed solely as statements of opinion, and ICRA Online Limited, or its affiliates or group companies and its respective directors, officers, or employees shall not be liable for any losses or injury, liability or damage of any kind incurred from and arising out of any use of this document or its contents in any manner, whatsoever. Opinions expressed in this document are not the opinions of our holding company, ICRA Limited (ICRA), and should not be construed as any indication of credit rating or grading of ICRA for any instruments that have been issued or are to be issued by any entity.

Readers are requested to click here for ICRON disclaimer - http://www.icraonline.com/legal/standard-disclaimer.html