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Monthly Factbook

October 2024

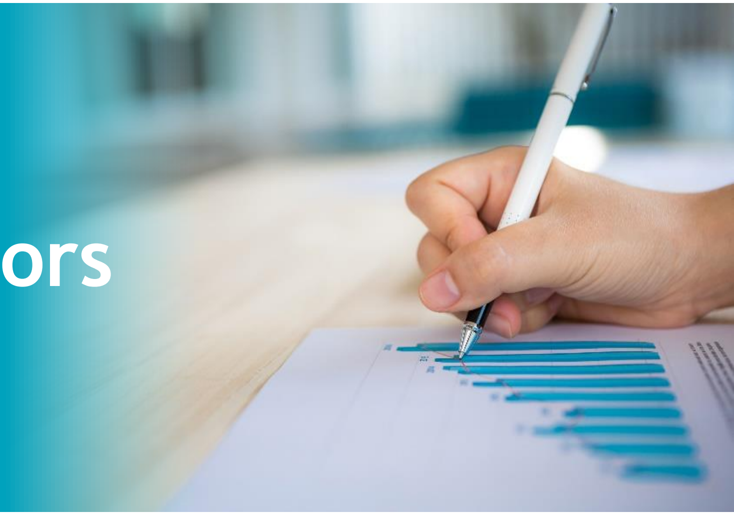
Key Domestic Market Highlights

- Domestic equity markets started the month on weaker note as broad-based sell-off was witnessed across the sectors as fears of a full-fledged war between Iran and Israel dented investors' appetite for riskier assets. Sentiment was dampened following the SEBI's new rules for derivatives trading, including raising the entry barrier by increasing the contract size and upfront collection of options premium.

- Additionally, an upward revision of inflation in Q3 FY25 by the RBI reiterates that the sticky inflation continues to remain a concern for the central bank, leading to further losses. However, losses were restricted after the RBI, in its monetary policy meeting concluded on Oct 9, 2024, kept the repo rate unchanged at 6.50% for the tenth consecutive time, and shifted its stance from 'withdrawal of accommodation' to 'neutral', paving the way for potential rate cuts in the future. Meanwhile, markets fell as sentiment was dented following muted earnings reported by major domestic companies for the second quarter of FY25 so far.

- Losses were extended due to persistent selling by foreign portfolio investors in domestic markets and subsequent transfer of funds to China following Beijing's announcement of various stimulus plans to accelerate economic expansion. However, losses were restricted towards the end of the month following an ease in global crude oil prices as concerns regarding tensions in the Middle East subsided.

Indian Economic Indicators



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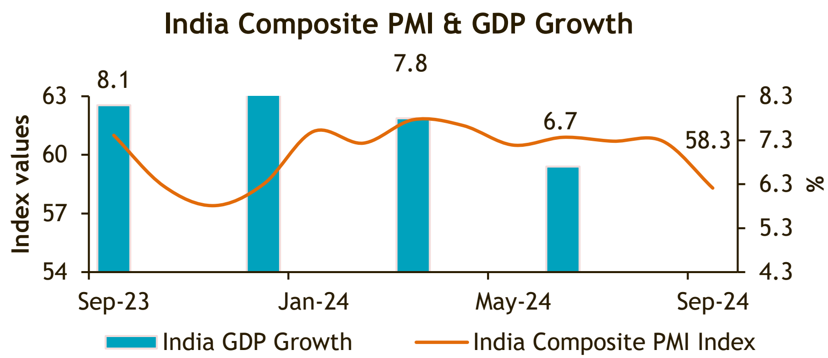
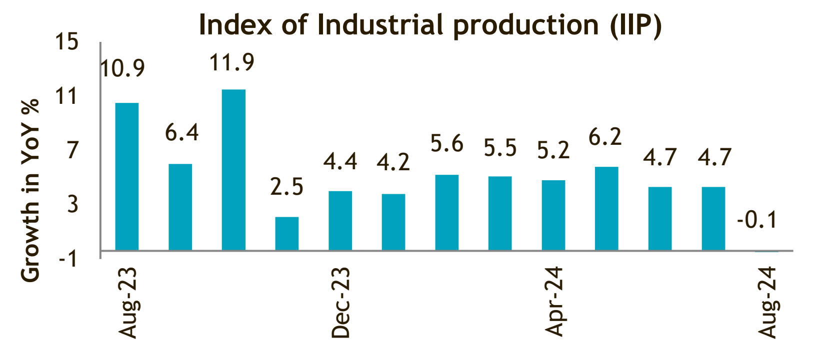


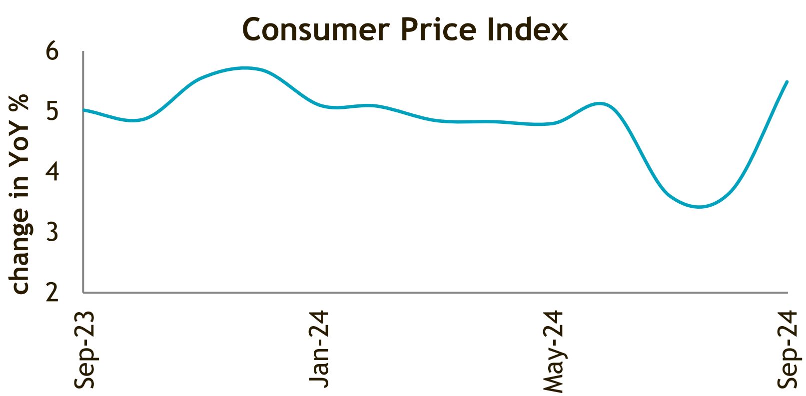
Source: Refinitiv; PMI >50 denotes expansion and <50 is contraction

India Composite PMI fell to 58.3 in Sep 2024 from 60.7 in Aug 2024 and GDP of the Indian economy at constant (2011-12) prices witnessed a growth of 6.7% YoY in the first quarter of FY25.



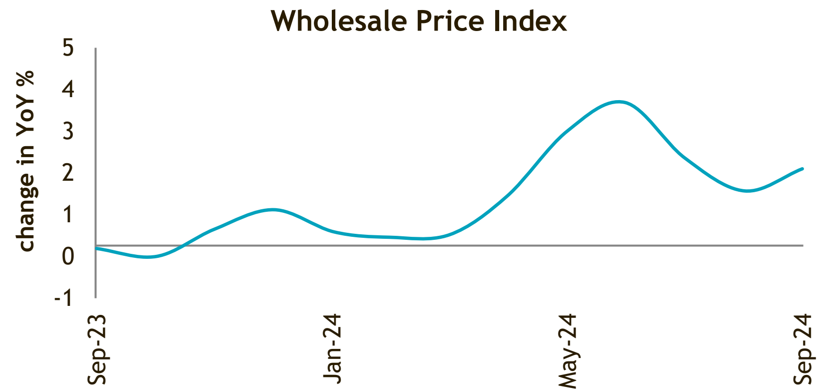
Source: Refinitiv

Index of Industrial production (IIP) contracted 0.1% YoY in Aug 2024, as compared to a 4.7% rise in Jul 2024.



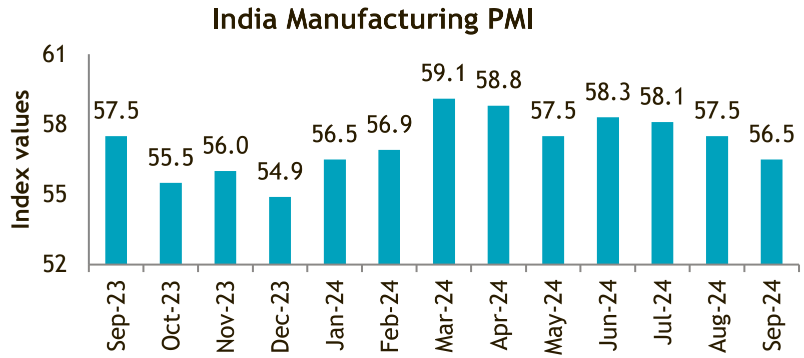
Source: Refinitiv

The consumer price index-based inflation surged to 5.49% YoY in Sep 2024 compared to 3.65% in Aug 2024.



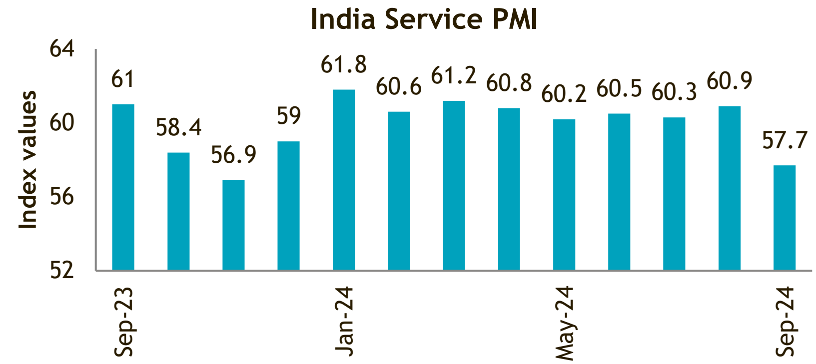
Source: Refinitiv

India’s wholesale price index (WPI) based inflation increased by 1.84% YoY in Sep 2024 as compared to 1.31% in Aug 2024.



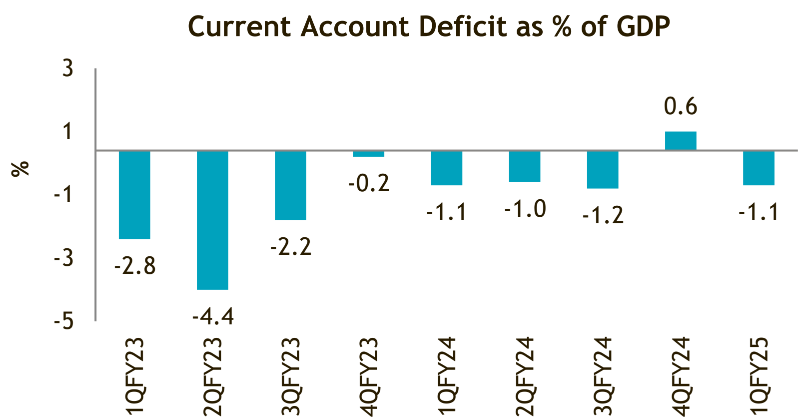
Source: Refinitiv; PMI >50 denotes expansion and <50 is contraction

The Manufacturing Purchasing Managers' Index edged down slightly to 56.5 in Sep 2024 compared to 57.5 in Aug 2024.



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

India's Services Purchasing Managers' Index (PMI) fell to 10-month low to 57.7 in Sep 2024 as compared to 60.9 in Aug 2024.



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 narrowed sequentially to $20.78 billion in Sep 2024 compared to $29.65 billion in Aug 2024.

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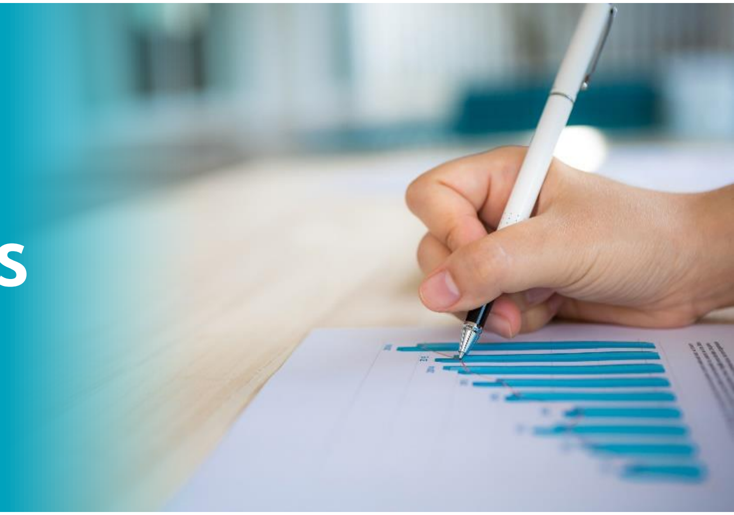
Domestic Equity Markets



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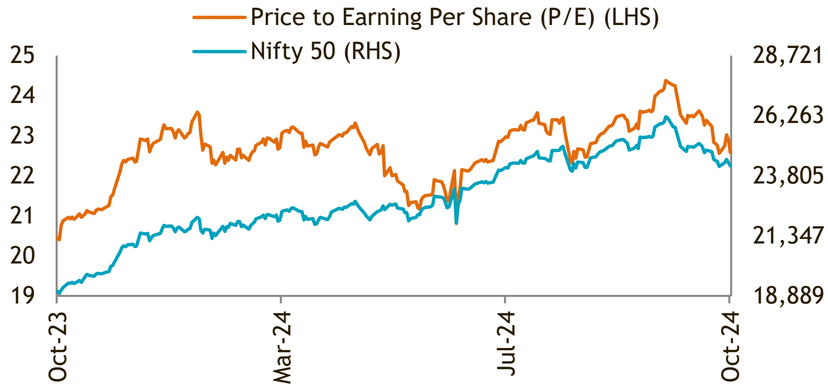
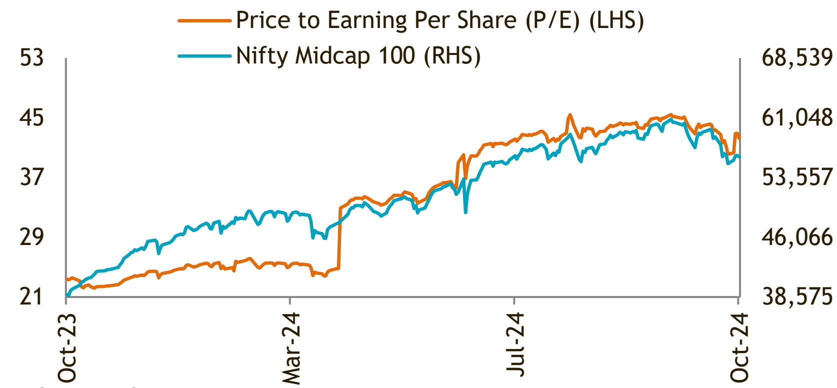


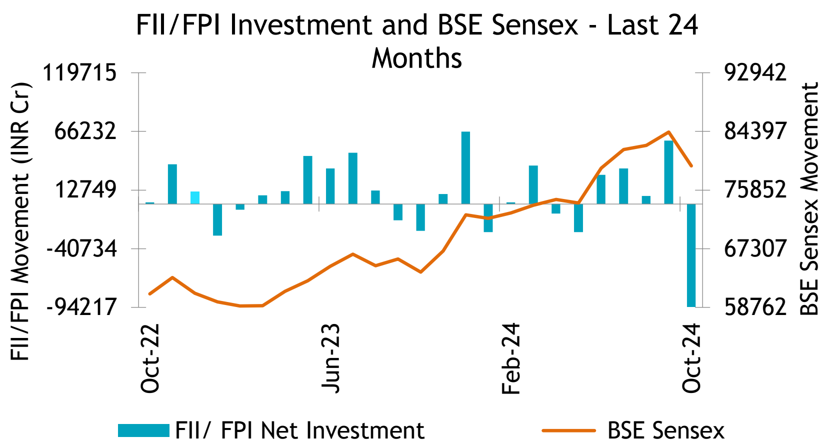
Source: NSE

During the month, BSE Sensex and Nifty 50 fell 5.83% and 6.22% respectively to close at 79,389.06 and 24,205.35 respectively.



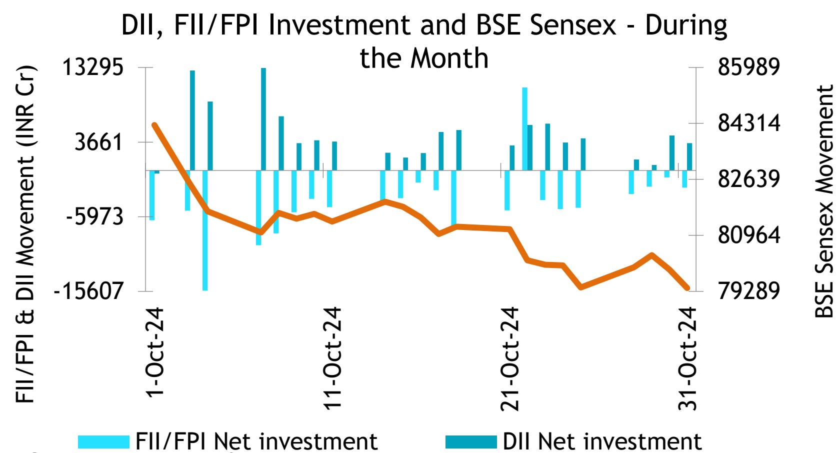
Source: NSE

During the month, Nifty Midcap 100 fell 6.72% and Nifty Small cap 100 fell 3.01% to close at 56,112.85 and 18,602.60 respectively.



Source : MFI 360 Explorer

Foreign portfolio investors (FPIs) were net seller of domestic stocks worth Rs. 94,016.95 crore in Oct 2024 compared with net purchase of Rs. 57,723.64 crore in Sep 2024.



Source : MFI 360 Explorer

Domestic mutual funds remained net buyer in the equity segment to the tune of Rs. 90,151.56 crore in Oct 2024.

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 35.07%
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 27.65%
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 26.42%
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 26.30%
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 22.25%
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%	PSU Bank 17.71%
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%	Metal 16.91%
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 14.33%
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%	IT 13.78%
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 11.17%
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 3.89%
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 -15.46%

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

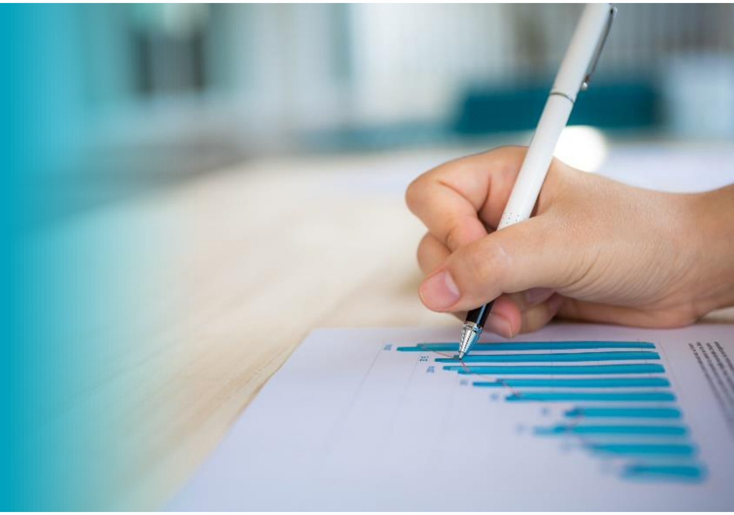
Finance returns represented by NIFTY Finance
FMCG returns represented by NIFTY FMCG
PSU Bank returns represented by NIFTY PSU Bank
Largecap returns represented by Nifty 100
Midcap returns represented by Nifty Midcap 150
Smallcap returns represented by Nifty Small cap 250

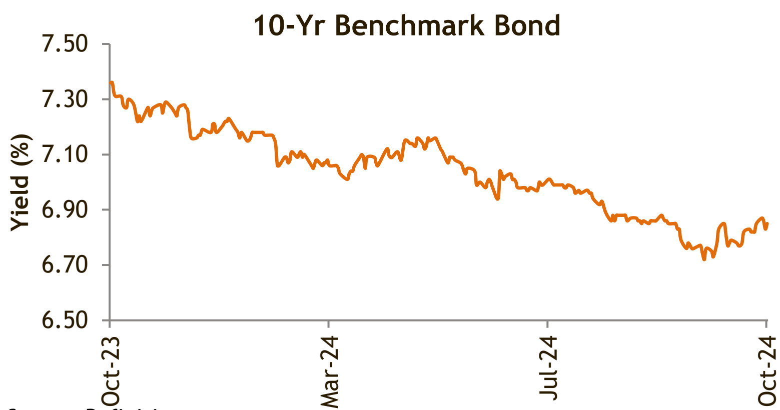
Source: MFI 360 Explorer

Equity Market Outlook

- The global macro environment just turned even more complex with latest US unemployment and growth data being resilient than estimated. Inflation and other data points indicating 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 4.3% as we write this outlook. 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, except China witnessed capital outflow during October. 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. These are all significant events and pose a risk to a low volatility market that has existed for a few years now, both globally and locally. The US growth is stabilizing at lower levels (but resilient) as the fiscal and monetary impulse is receding, employment data moderating and inflation is moderating gradually – although not as much as was expected lately. The latest PCE in the US is running at 2.1% 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 Dec 2024 and another 100-125bps in CY25.
- Our belief on domestic economic up-cycle stems from the fact that the enabling factor are in place viz. 1) Corporate and bank balance sheets are in best possible shape to drive capex and credit respectively, 2) Consumer spending remains resilient through cycle given our demographics, 3) Govt is focused on growth through direct investments in budget as well as through reforms like GST(increasing tax to GDP), lower corporate tax and ease of doing business (attracting private capex), PLIs(private capital through incentives for import substitution or export ecosystem creation) and 4) Accentuated benefits to India due to global supply chain re-alignments due to geopolitics. This makes us very constructive on India equities with 3-years view. We believe that India is in a business cycle / credit growth / earnings cycle through FY24-27E – indicating a healthy earnings cycle from medium term perspective.

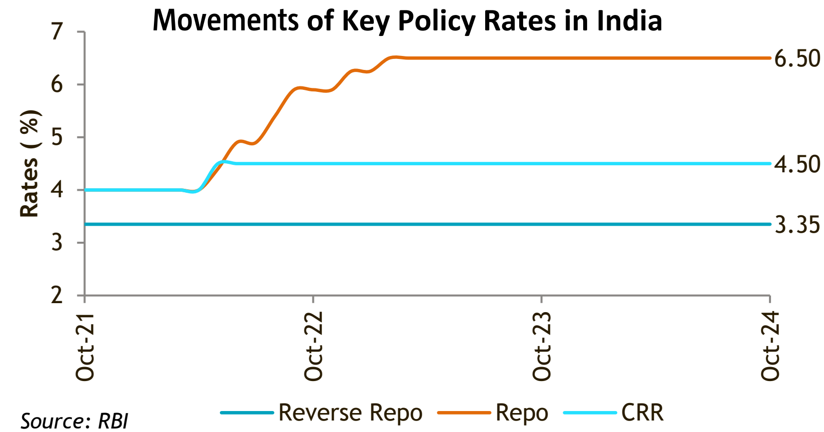
Domestic Debt Markets





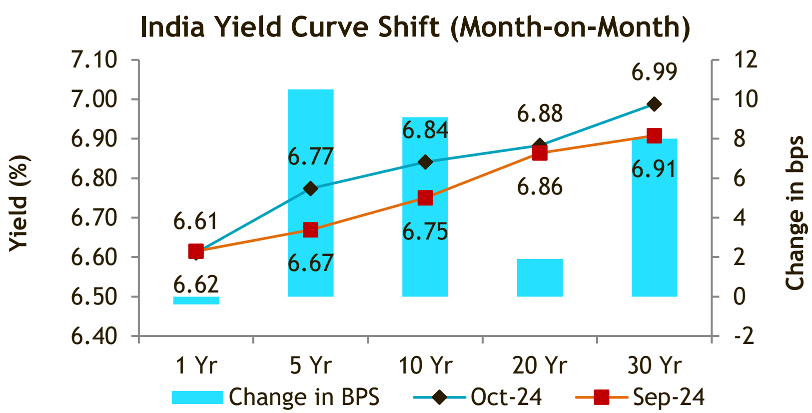
Source: Refinitiv

Bond yields rose tracking a rise in U.S. Treasury yields and global crude oil prices over an escalating conflict in the Middle East following Iran's missile strikes on Israel.



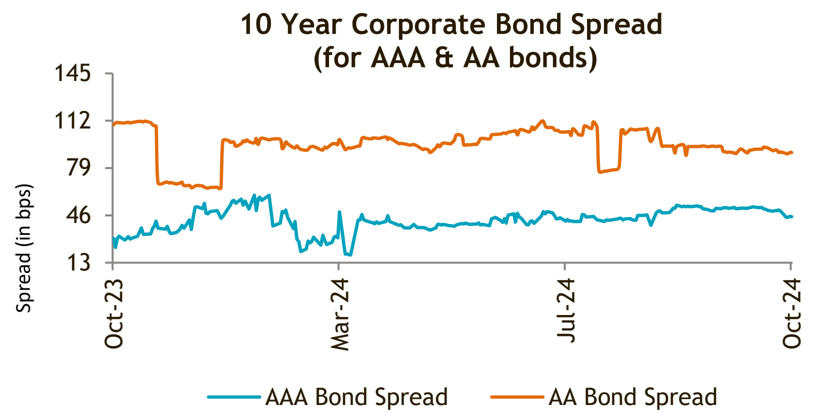
Source: RBI

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 rose between 2 to 11 bps across the maturities, barring 1 year paper that was unchanged.



Source: Refinitiv

Yield on corporate bonds increased in the range of 2 to 11 bps across the curve, barring 15 year paper that fell by 2 bps.

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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 9.71%
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 9.34%
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 8.11%
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%	LD 7.97%
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%	LIQ 7.33%

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

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Asset Class Returns

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	CYTD
Equity 37.31%	Debt 8.63%	Debt 12.91%	Equity 35.32%	Gold 7.87%	Gold 23.79%	Gold 27.88%	Equity 28.88%	Gold 13.94%	Equity 24.74%	Gold 25.81%
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 16.49%
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 9.34%

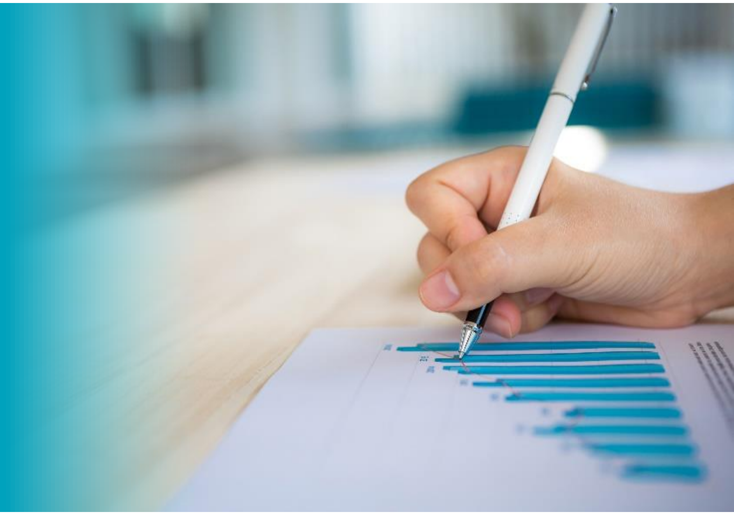
Equity	Equity Returns represented by Nifty 200 Index
Debt	Debt Returns represented by Crisil Composite Bond Fund Index
Gold	Gold Returns represented by domestic prices of gold

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 for the rate cuts to start in Indian market.
- The next market movement will largely hinge on the outcome of the U.S. election, as both candidates have significantly different approaches to guiding the country, with substantial policy implications for the rest of the world.
- With markets pricing further rate cuts from US FED in 2024, it is likely that RBI may ease rates in December 2024 policy but will largely hinge on US election outcome.
- FII flows continued to remain strong post inclusion in JP Morgan EM Bond Index since June 2024. Overall CYTD, FIIs have invested over USD 16.75 billion in debt.
- The influx of foreign funds is anticipated to be liquidity-positive, further contributing to the positive sentiment surrounding bonds.
- 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, 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 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 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



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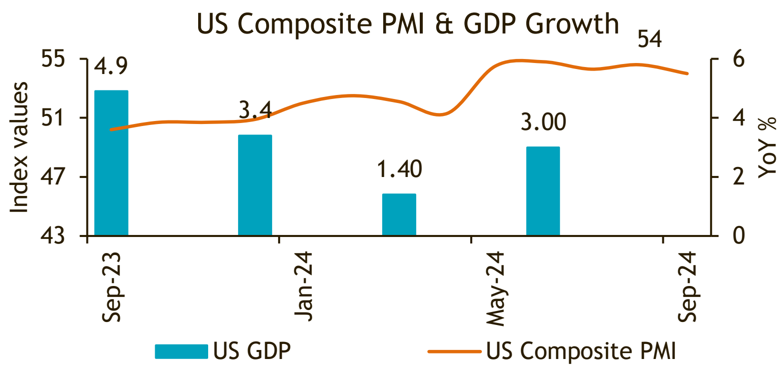
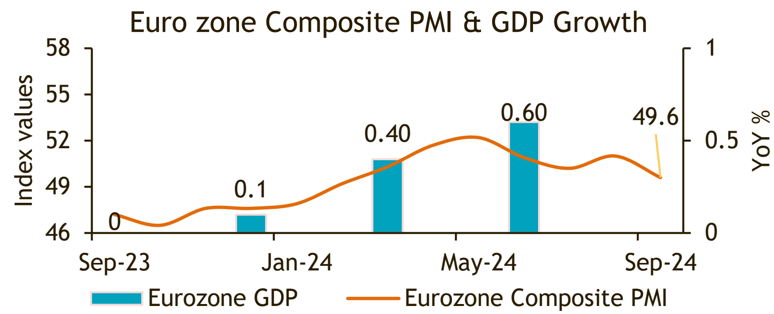


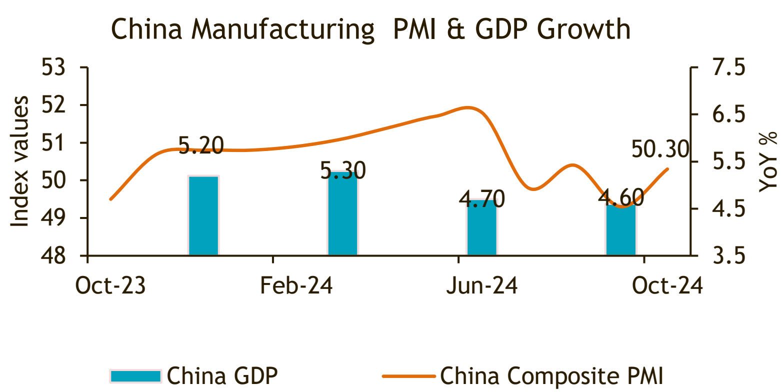
Source: Refinitiv, fxstreet; PMI > 50 denotes expansion and < 50 is contraction

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 54.0 in Sep 2024 from 54.6 in Aug 2024.



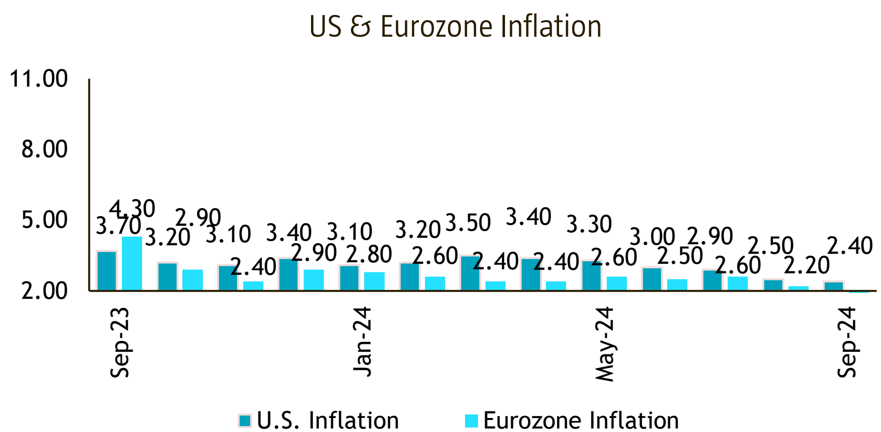
Source: Refinitiv, fxstreet; PMI > 50 denotes expansion and < 50 is contraction

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 the survey, China's Caixin manufacturing Purchasing Managers' Index rose to 50.3 in Oct 2024 from 49.3 in Sep 2024.



Source: Refinitiv

U.S. inflation stood at 2.40% in Sep 2024 from 2.50% in Aug 2024, and the eurozone inflation rate stood at 1.70% in Sep 2024 from 2.20% in Aug 2024.

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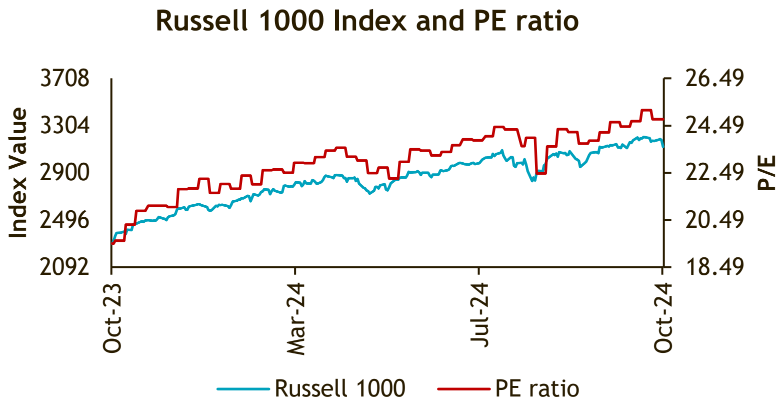
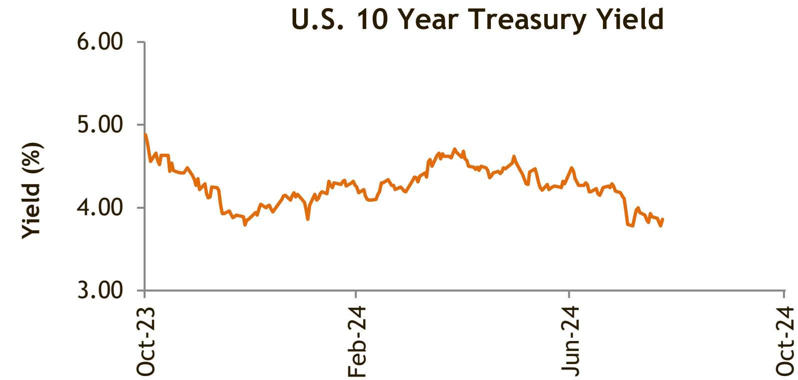


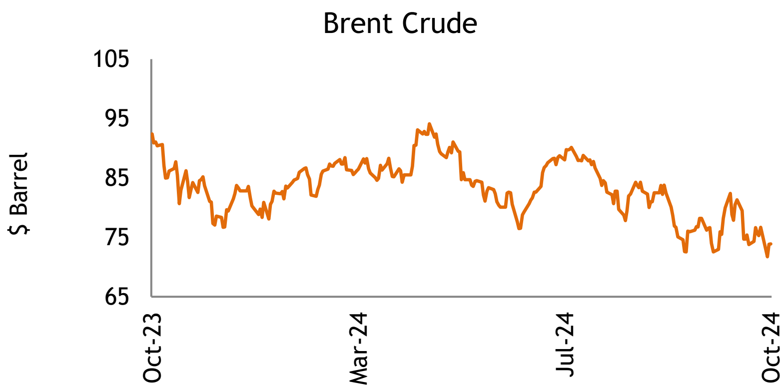
Source: Refinitiv

U.S. equity markets fell due to persistent concerns that the U.S. Federal Reserve might lower interest rates at a more gradual rate than rapidly.



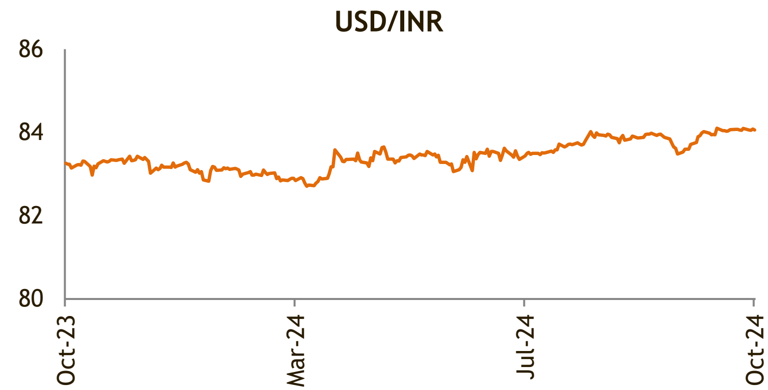
Source: Refinitiv

U.S. Treasury prices fell amid increasing uncertainty regarding the U.S. presidential election scheduled for 5th Nov, 2024.



Source: Refinitiv

Brent crude oil prices rose on concerns that a wider Middle East conflict could disrupt global energy shipments.



Source: Refinitiv

Rupee fell against the U.S. dollar due to weakness in its regional peers and likely outflows from domestic equities ahead of the U.S. presidential election.

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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%	HangSeng 19.18%
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%	Nasdaq 18.21%
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%	Nikkei 16.79%
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%	DAX 13.88%
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%	SSEC 10.25%
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%	STI 9.83%
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 4.87%
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 -2.56%
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 -3.73%

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 fell due to persistent concerns that the U.S. Federal Reserve might lower interest rates at a more gradual rate than rapidly. The market fell further amid a negative reaction to earnings news from major tech giants.
- U.S. Treasury prices fell after an unexpectedly robust employment report for Sep 2024 diminished the likelihood of significant interest rate reductions during the U.S. Federal Reserve's last two meetings of the year.
- European equity markets fell on concerns regarding ongoing tensions in the Middle East. The market sentiment was adversely affected by the disappointing preliminary reports of private sector activity from the Eurozone and the U.K. for the month of Oct 2024.
- Asian equity markets closed on a mixed note. The market rose after strong U.S. nonfarm payrolls for the month of Sep 2024 indicated economic strength, leading investors to reduce their expectations for interest rate cuts by the U.S. Federal Reserve in upcoming months. However, gains were restricted as a sense of caution permeated various regions in Asia, influenced by the mixed financial results from U.S. technology firms, ongoing tensions in the Middle East.

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