Monthly Factbook

September 2024

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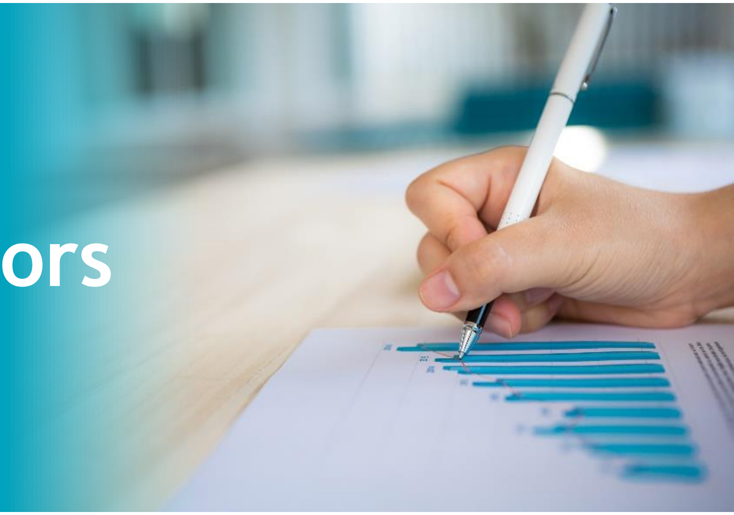
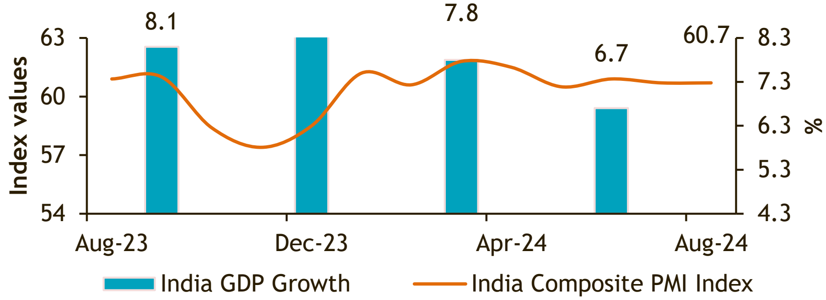
Indian Economic Indicators



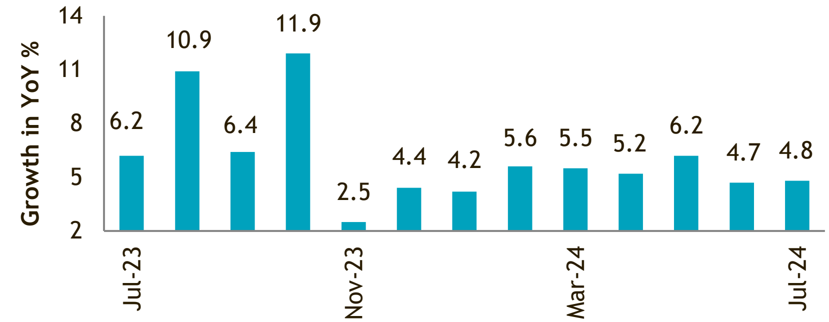
India Composite PMI & GDP Growth



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

India Composite PMI remained steady at 60.7 in Aug 2024 from 60.7 in Jul 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.

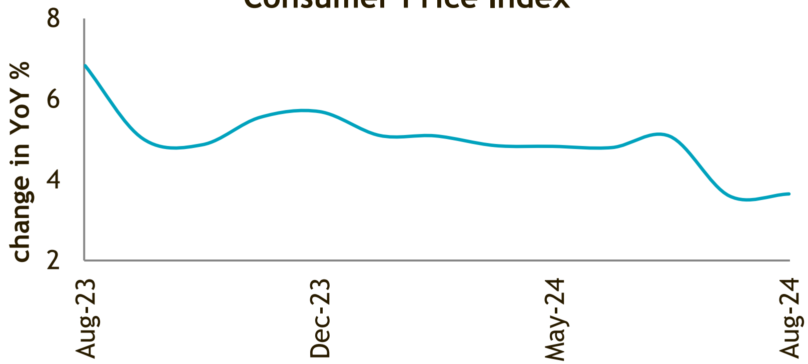
Index of Industrial production (IIP)



Source: Refinitiv

Industrial production growth in India (IIP) increased to 4.8% YoY in Jul 2024, as compared to 4.7% in Jun 2024.

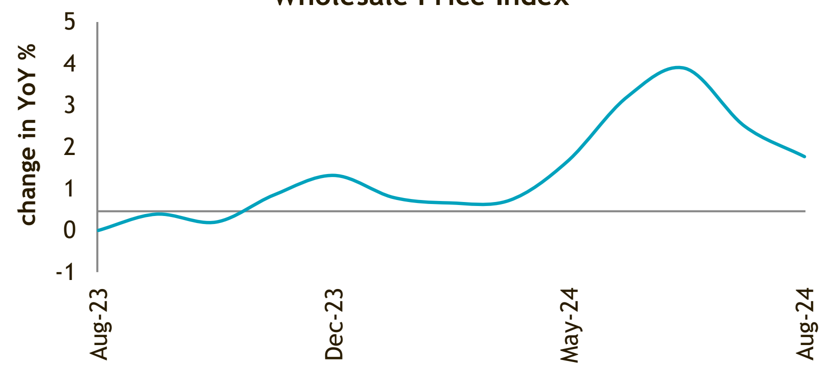
Consumer Price Index



Source: Refinitiv

The consumer price index-based inflation increased marginally to 3.65% YoY in Aug 2024 compared to 3.60% in Jul 2024.

Wholesale Price Index



Source: Refinitiv

India's wholesale price index (WPI) based inflation eased to 4-month low of 1.31% YoY in Aug 2024 as compared to 2.04% in Jul 2024.

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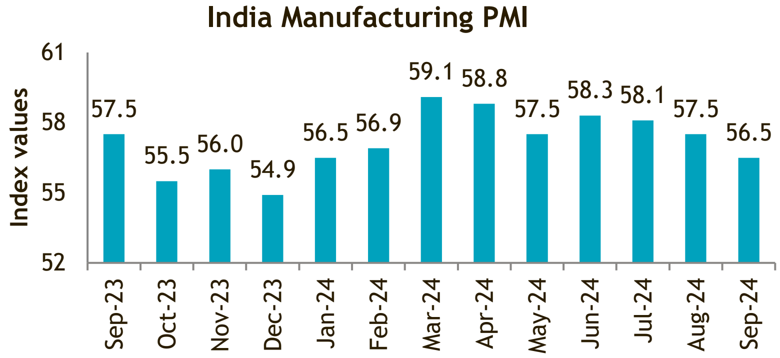
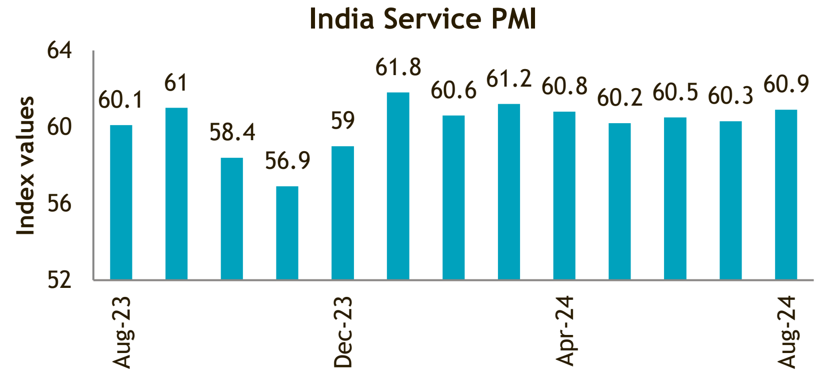


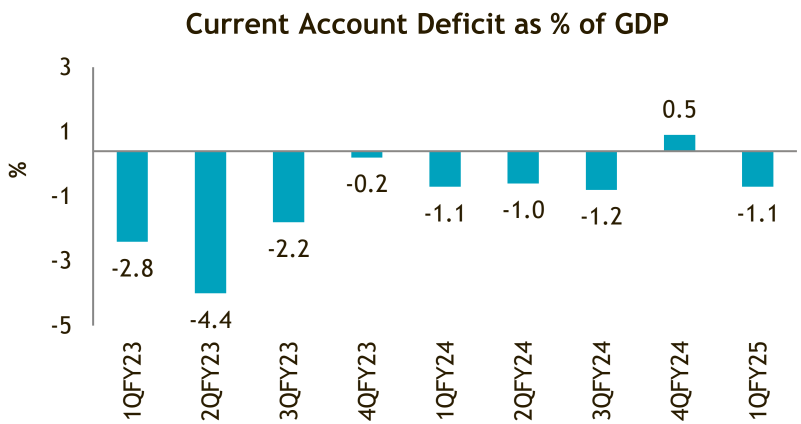
Source: Refinitiv; PMI >50 denotes expansion and <50 is contraction

The Manufacturing Purchasing Managers' Index edged down slightly to 56.5 in Sep 2024 compared to 57.5 in Aug 2024. The latest reading indicated growth decreased to 8 months low in Sep 2024.



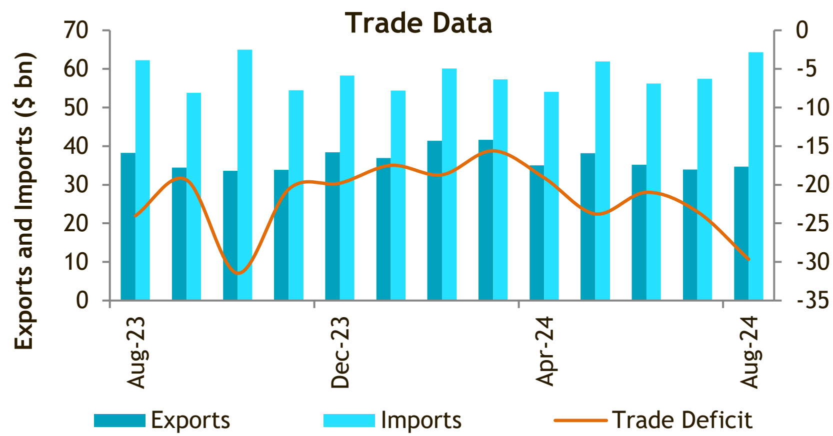
Source: Refinitiv; PMI >50 denotes expansion and <50 is contraction

India's Services Purchasing Managers' Index (PMI) rose to 5-month high to 60.9 in Aug 2024 as compared to 60.3 in Jul 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 widened to $29.65 billion in Aug 2024 from $24.02 billion in Aug 2023.

Key Domestic Market Highlights

- Domestic equity markets started the month on weaker note amid weak global cues as sentiment was dampened following weak U.S. manufacturing data of Aug 2024, which reignited concerns over an economic slowdown in the world's largest economy. However, the trend reversed, as sentiment was boosted following comfortable consumer inflation rate in the U.S. which grew 0.2% MoM in Aug 2024 that raised the optimism of rate cut by the U.S. Federal Reserve in its Sep 2024 meeting.

- Gains were extended following the news that China is expected to cut rates by 50 bps on $5 trillion mortgages to boost demand in real estate and commodity markets. Markets rose further as investors reacted positively to the U.S. Federal Reserve’s decision to cut interest rate by 50 bps, signalling further easing in coming months to keep the labour market from slowing too much. Sentiment was boosted following China's recent economic stimulus announcement, resulting in significant positive momentum, especially in the metal sector. Gains were further extended following a sharp drop in global crude oil prices after reports emerged that the OPEC member Saudi Arabia was prepared to pump more oil to regain market share.

- However, gains were limited as investors expected the Bank of Japan to raise interest rates from their near-zero levels, which would in turn lead to a stronger Yen under the government of Japan's newly appointed prime minister.

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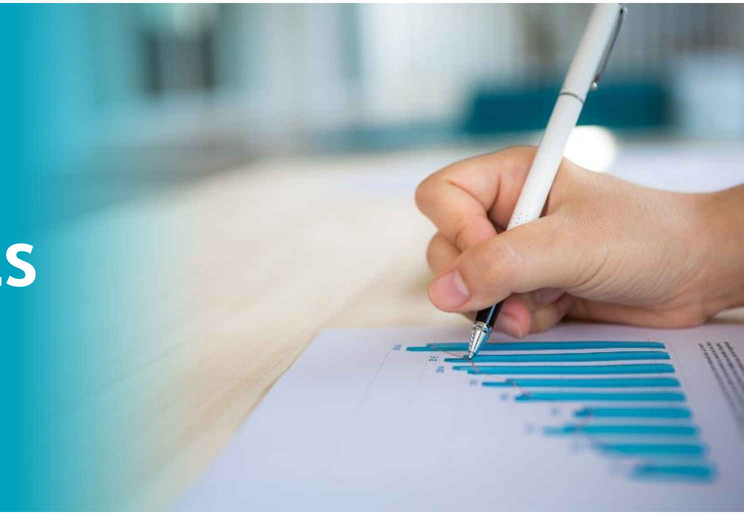
Domestic Equity Markets



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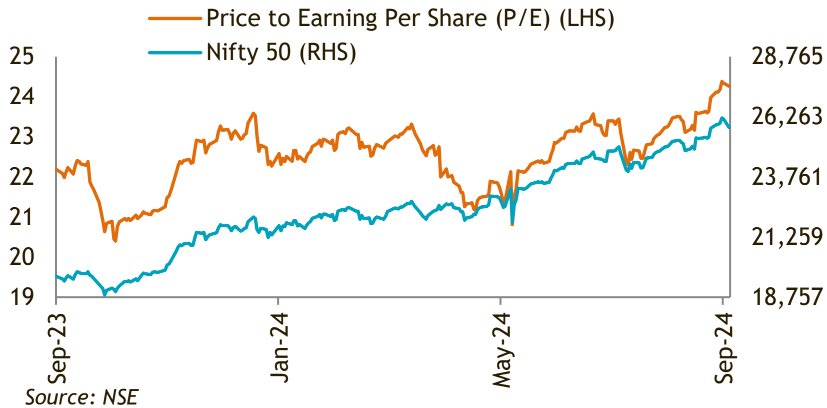
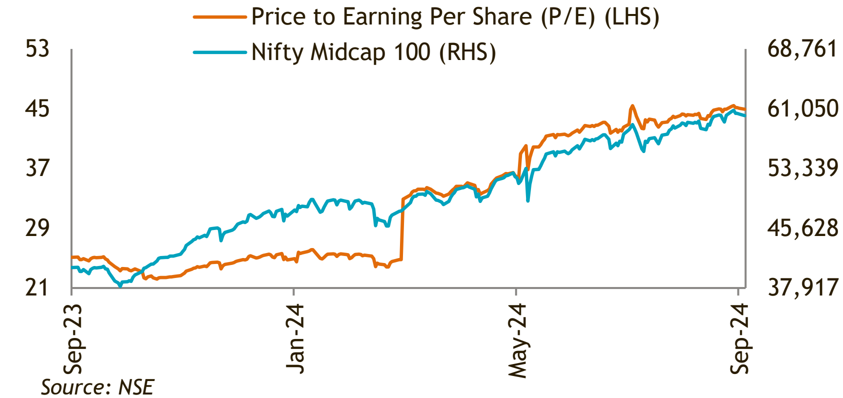


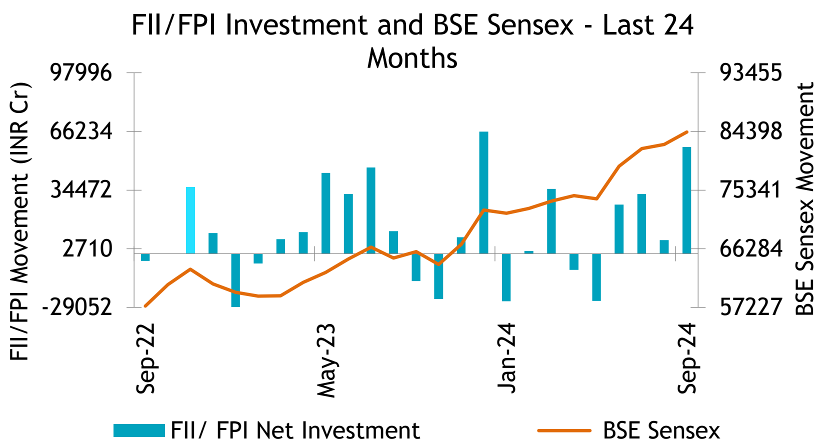
Source: NSE

During the month, BSE Sensex and Nifty 50 rose 2.35% and 2.28% respectively to close at 84,299.78 and 25,810.85 respectively.



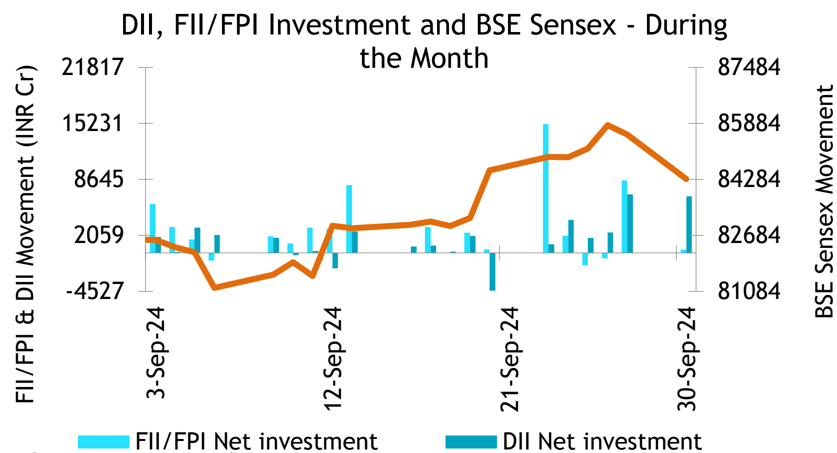
Source: NSE

During the month, Nifty Midcap 100 rose 1.46% and Nifty Small cap 100 fell 0.66% to close at 60,153.80 and 19,179.65 respectively.



Source : MFI 360 Explorer

Foreign portfolio investors (FPIs) were net buyer of domestic stocks worth Rs. 57,723.64 crore in Sep 2024 compared with net purchase of Rs. 7,320.12 crore in Aug 2024.



Source : MFI 360 Explorer

Domestic mutual funds remained net buyer in the equity segment to the tune of Rs. 32,263.82 crore in Sep 2024.

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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%	Auto 45.17%
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 40.35%
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%	Pharma 38.32%
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%	Smallcap 31.12%
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 30.65%
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%	Metal 27.83%
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%	Largecap 22.68%
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%	PSU Bank 18.25%
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 18.11%
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%	FMCG 15.01%
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%	Finance 13.93%
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 -10.45%

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

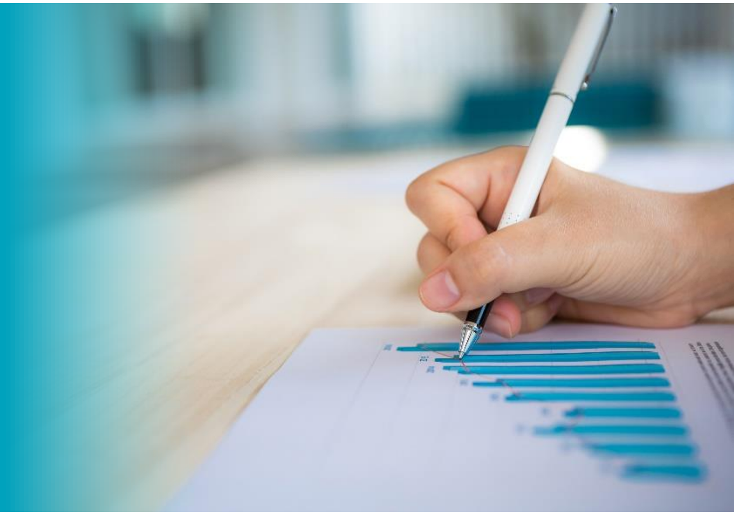
Finance returns represented by NIFTY Finance
FMCG returns represented by NIFTY FMCG
PSU Bank returns represented by NIFTY PSU Bank
Largecap returns represented by Nifty 100
Midcap returns represented by Nifty Midcap 150
Smallcap returns represented by Nifty Small cap 250

Source: MFI 360 Explorer

Equity Market Outlook

- Global macro environment just turned more complex in last few weeks with US employment data turning weak, Japan Increased interest rates (when US is cutting rates) reversing Yen trade and Israel killing top Hezbollah leader in Lebanon. Geopolitics in the middle east is clearly on a escalator path, adverse for growth and energy prices both. We expect another 50bps cut before Dec 2024 and another 100-125bps 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. China reacted to this vicious cycle by giving sizable monetary stimulus last week, leading to market moving up significantly (>20%).
- Geopolitical tensions are taking time to abate and are only getting complex. Given these tensions, supply chains and global trade has become vulnerable to new dimension now, missing till pre-covid. India remains one of the differentiated markets in terms of growth and earnings. In our worldview, 1) the Liquidity, 2) Growth and 3) Inflation surfaced post monetary and fiscal expansion in CY20-21 in that order and they will reverse in the same order during CY23-24. We expect 100-150bps of interest rate cuts over the next 12 months now.
- Indian macro remains best among large markets. Political stability looks almost given. CAD has improved significantly and is expected to be ~1% for FY25. Most domestic macro and micro indicators remain steady. Given these aspects, the domestic equity market remains focused on earnings. Earnings growth (13-15% earnings CAGR FY24-26E) remains relatively better than most EM/DM markets. Indian equity market trades at 21FY26 earnings – with earnings CAGR of ~15% over FY24-26E – in a fair valuation zone from medium term perspective – given longevity of earnings cycle in India.
- 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 constructive on India equities with 3-years view.

Domestic Debt Markets



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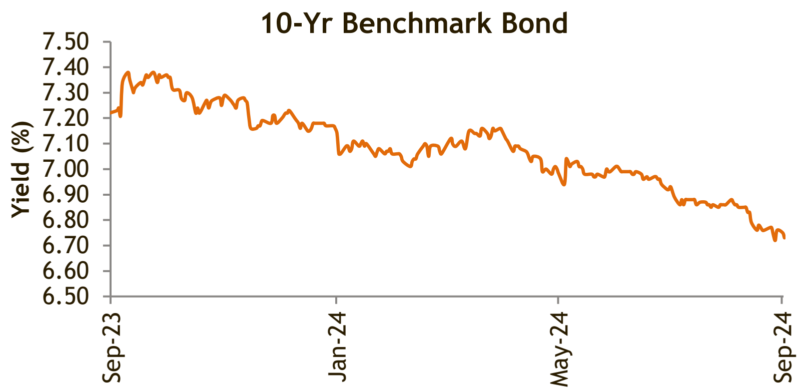
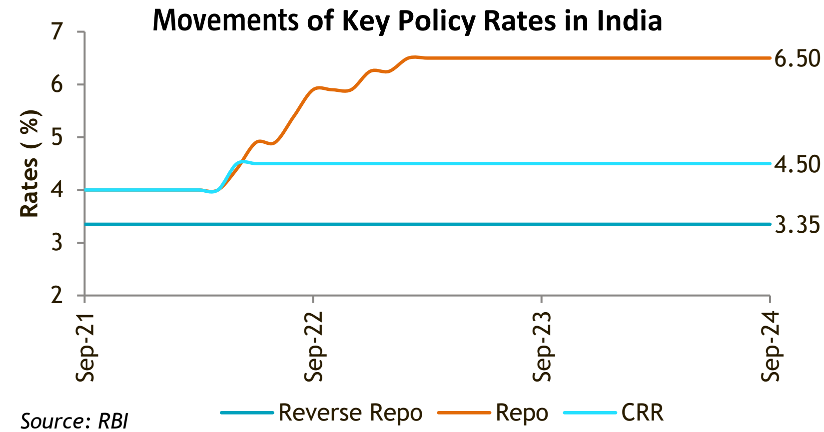


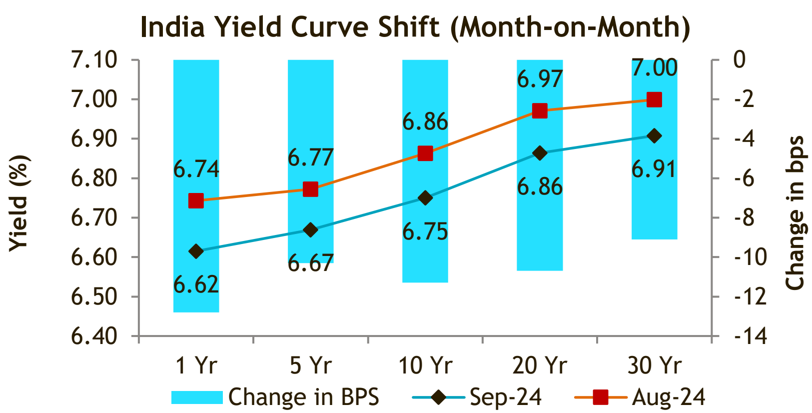
Source: Refinitive

Bond yields fell after the U.S. Federal Reserve kicked off its interest rate cut cycle, with a significant reduction of 50 basis points.



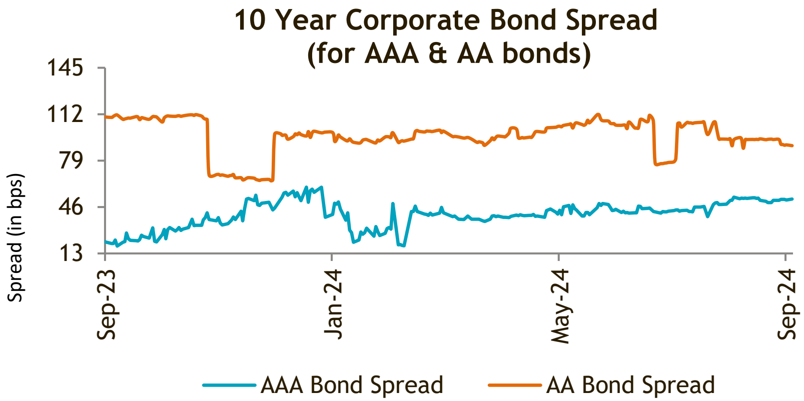
Source: RBI

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



Source: Refinitiv

Yield on gilt securities fell between 9 to 14 bps across the maturities.



Source: Refinitiv

Yield on corporate bonds decreased in the range of 2 to 16 bps across the curve.

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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 10.88%
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 10.00%
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 8.25%
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 7.95%
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 7.34%

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%	Equity 24.88%
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%	Gold 19.24%
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 10.00%

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

- The fiscal consolidation efforts have supported markets and yields have been softening.
- Market dynamics are likely to be influenced by global factors as RBI is likely to remain in pause mode.
- The Bank of England (BoE) started its easing cycle, by reducing its key policy rate by 25bps. ECB had already cut rates in early July 2024.
- With US FED indicating likely rate easing in September, markets are pricing in more rate cuts in 2024 and yields have dropped from highs seen in Apr-May 2024.
- FII flows continued to remain strong post inclusion in JP Morgan EM Bond Index since June 2024. Overall CYTD, FIIs have invested over USD 13 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 anticipated rate moves from the US FED, we believe that RBI may change to neutral stance in next few policies.
- We may expect 25 bps rate cut from RBI in FY2025.
- We anticipate that over the next few months, 10-year yields may trade in 6.80 – 6.95% range.

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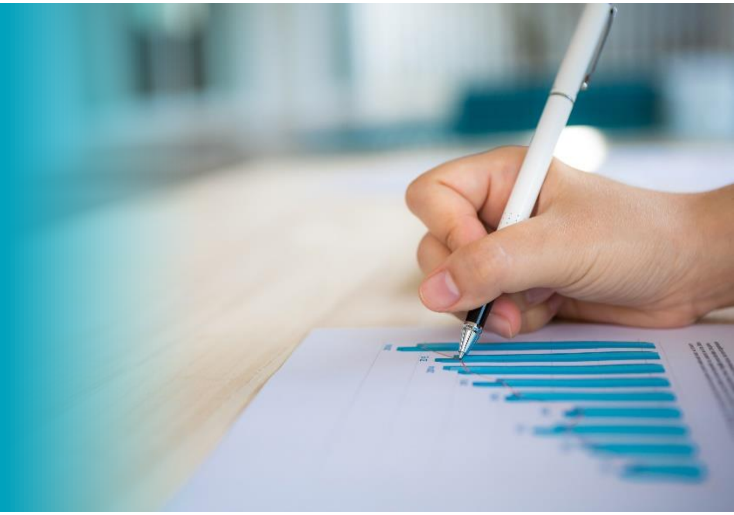
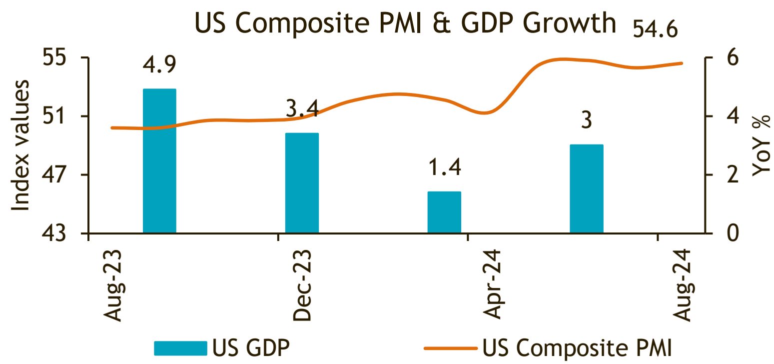
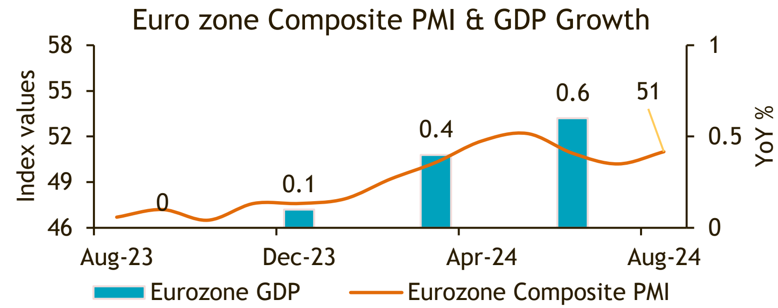
Global Markets





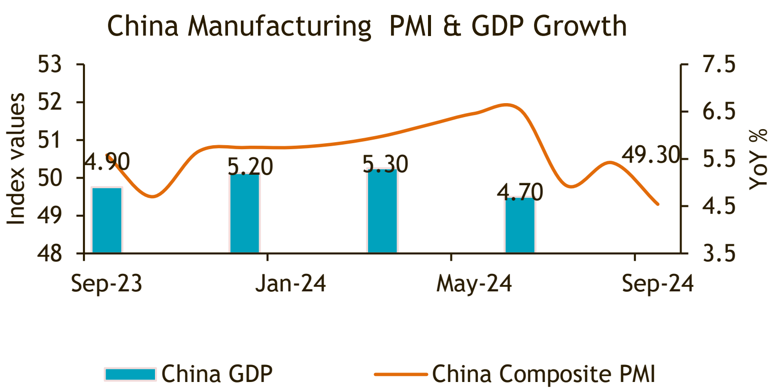
Source: Refinitiv, fxstreet; PMI > 50 denotes expansion and < 50 is contraction

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 54.6 in Aug 2024 from 54.3 in Jul 2024.



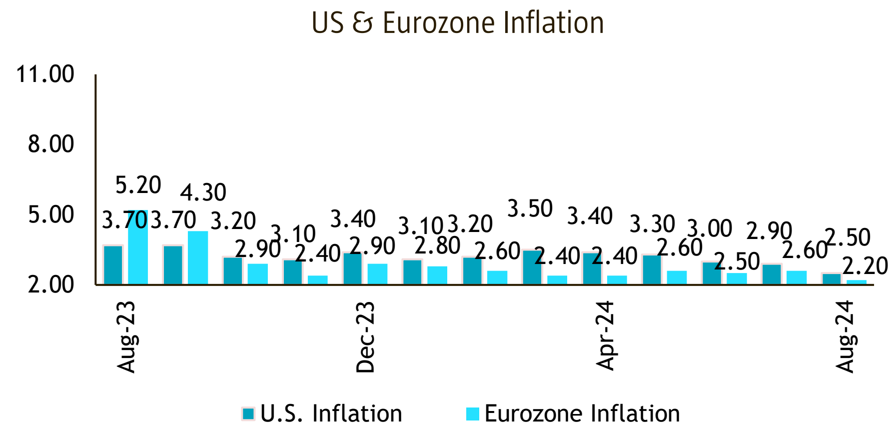
Source: Refinitiv, fxstreet; PMI > 50 denotes expansion and < 50 is contraction

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.



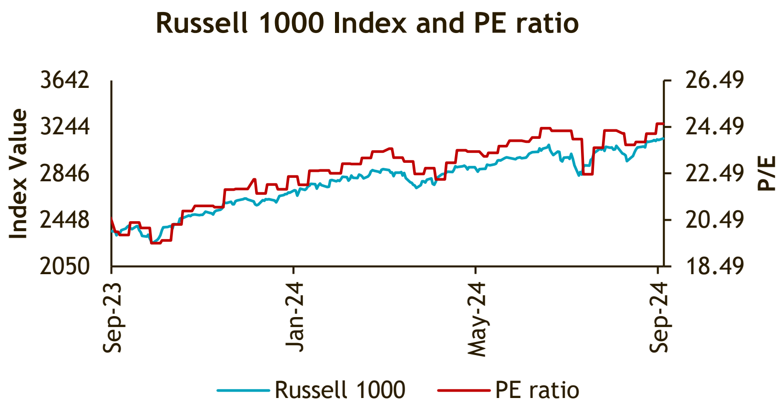
Source: Reuters, fxstreet; PMI > 50 denotes expansion and < 50 is contraction

According to the survey, China’s manufacturing sector fell into contraction territory in Sep 2024, with a manufacturing PMI score of 49.3. That's down from 50.4 in Aug 2024.



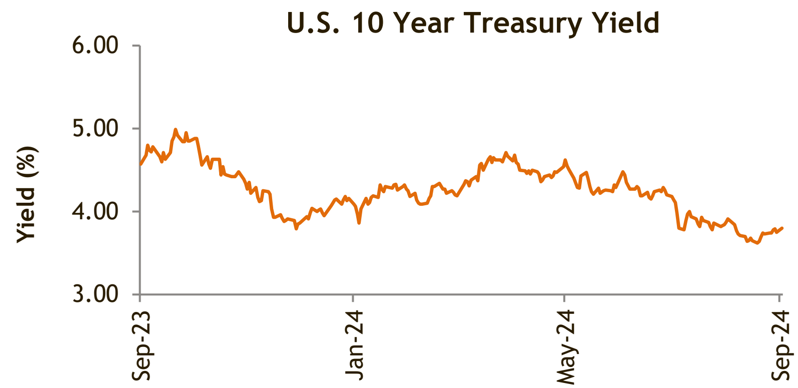
Source: Refinitiv

U.S. inflation stood at 2.50% in Aug 2024 from 2.90% in Jul 2024, and the eurozone inflation rate stood at 2.20% in Aug 2024 from 2.60% in Jul 2024.



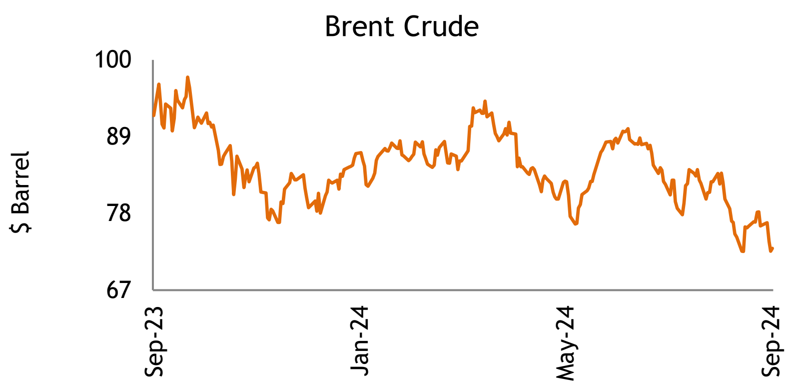
Source: Refinitiv

U.S. equity markets rose amid optimism about the outlook for the economy following the U.S. Federal Reserve's interest rate cut on 18th Sep, 2024.



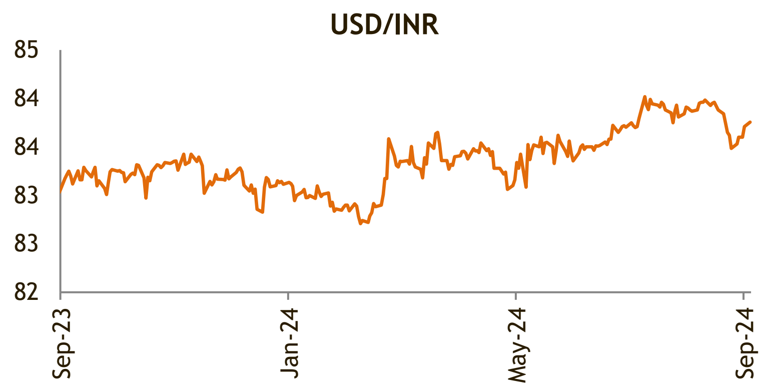
Source: Refinitiv

U.S. Treasury prices rose following the release of a report by the Institute for Supply Management, it was revealed that U.S. manufacturing activity experienced a sustained contraction during the month of Aug 2024.



Source: Refinitiv

Brent crude oil prices fell amid concerns about the outlook for demand and on worries about excess supply in the market.



Source: Refinitiv

Rupee rose against the U.S. dollar supported by anticipated portfolio inflows and following the U.S. Federal Reserve's decision to implement a 50-basis point reduction in interest rates.

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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 23.97%
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 19.22%
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%	DAX 15.36%
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 13.31%
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 12.15%
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 10.65%
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 6.51%
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 1.23%
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 -2.34%

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 amid optimism about the outlook for the economy following the U.S. Federal Reserve's interest rate cut on 18th Sep, 2024. It is expected that the U.S. Federal Reserve will continue to reduce interest rates in the coming months, as signs of easing inflation become apparent, even though the economy remains in a relatively strong state.

- U.S. Treasury prices rose following the release of a report by the Institute for Supply Management, it was revealed that U.S. manufacturing activity experienced a sustained contraction during the month of Aug 2024.

- European equity markets closed on a mixed note. The market rose after the Bank of England decided on 19th Sep, 2024 to keep interest rates steady and was likewise absorbed by investors. However, gains were restricted amid concerns about the health of the world's largest economy, the U.S., following unsatisfactory employment data.

- Asian equity markets closed on a mixed note. The Chinese and Hong Kong markets surged following China's central bank announcement of its most significant stimulus package since the pandemic to support the economy and address the ongoing challenges in the property sector. However, the Japanese market fell after Japan's newly established ruling party voiced its endorsement of the Bank of Japan's decision to increase interest rates from their historically low levels.

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