Weekly Equity Market Updates for week ended January 10, 2025

Domestic Equity Market Update

- Indian equities ended the week on a negative note, with the large cap-oriented BSE Sensex ending lower by 2.33% & and Nifty 50 ending lower by 2.39% WoW respectively. The BSE Midcap index ended lower by 5.74% and the BSE Small cap index ended lower by 6.05%.
- On the BSE sectoral front, most of the sectors ended on a negative note with Power, Realty and Consumer Durables Index underperforming the most.
- Domestic equity markets ended the week on a negative note on concerns over a weakening rupee, rising crude oil prices and continued outflows by the foreign institutional investors. Losses were extended on concerns over a potential delay in the U.S. Fed's rate cut in 2025 following strong US service sector activity in December 2024 and job openings data of November 2024. Concerns over a potential moderation in earnings growth in Q3 FY25, further widened the losses.

Global Market Updates

- US equity markets ended on a negative note as strong economic data dimmed hopes for the Federal Reserve (Fed) rate cuts. Additionally, increasing bond yields contributed to the adverse impact.
- European markets ended on a positive note after inflation data came in line with expectations and in anticipation that the US may adopt less aggressive tariffs than expected against China.
- Brent crude rose from USD 76.64 per barrel to USD 81.2 amid optimism about the outlook for global oil demand and the possibility of a supply shortage resulting from the sanctions imposed on crude oil exports from Iran and Russia.

Macro Data & Domestic News Released During the Week

- As per S&P Global, India's Services Purchasing Managers' Index (PMI) for December 2024 rose to 59.3 points, an increase from 58.4 points recorded in November 2024.
- As per the United Nations (UN) flagship report, World Economic Situation and Prospects 2025, the Indian economy is expected to grow by 6.6% YoY in 2025 and 6.7% YoY in 2026.
- According to ICRA, revenue of the Indian construction companies for FY25 is estimated to grow at 8-10% YoY, slower in comparison to a growth of 12-15% YoY during previous years.
- As per the Ministry of Statistics, the GDP estimates for FY25 have been maintained at 6.4% YoY. This is significantly lower than the 8.2% YoY GDP growth witnessed in FY24.
- NSO data shows that the share of Gross Fixed Capital Formation (GFCF), a proxy for infrastructure investment in the economy, is expected to fall to 30.1% of GDP in FY25.
- According to Knight Frank, housing sales rose 7% YoY in 2024 across eight major cities to reach 12-year high at 350,613 units on better demand for premium homes.
- Oil ministry data showed that India's fuel consumption in December 2024 rose 2.1% YoY to 20.67 mn metric tons, its highest level since last May 2024.
- As per the GSTN portal, the E-way bills, generated by businesses for transporting goods within and across states, touched their second-highest level in December 2024 in 24 months, growing 17.6% YoY to reach 112 mn.
- As per AMFI data, inflows into India's equity mutual funds rose about 15% MoM in December 2024. Inflows into equity mutual funds rose to Rs 411.56 bn in December 2024.
- As per the Ministry of Statistics and Programme Implementation, Industrial production rose 5.2% YoY in November 2024, faster than the 3.7% YoY gain in October 2024. India's industrial production expanded at the fastest pace in six months in November 2024.

Outlook

Going forward, Indian equity market is likely to be driven by incoming macro data points, upcoming union budget, FPI/DII flows, monetary policy moves from the RBI, Q3FY25 results and announcement of policy changes by the Incoming US Administration. A robust US economy along with rising dollar index has led to FPI outflows from emerging markets which has impacted the market negatively and also has raised doubts over possibility of delay in rate cuts. Despite the 50-bps CRR cut by the RBI to infuse durable liquidity in the system, the system liquidity continued to remain in deficit, resulting in weaker credit growth. Improvement in the liquidity condition remains a key to improved growth conditions in the economy.

In US, Market participants are keenly awaiting the policy that Trump pursues to drive growth in the US. It is expected to be positive for corporations and the US economy, although there are some concerns about the effect planned tariff increases will have its trading partners including India.

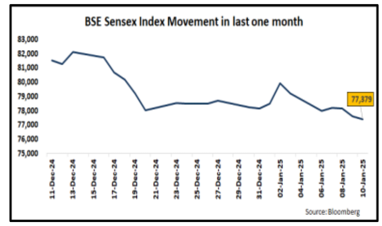
While India's overall GDP growth remained strong in CY24, gradual weakness was starting to build into urban consumption and Government capex towards the end of the year. Tight monetary policy by the RBI to control inflation and currency, and a slowdown in government spending during and immediately post the general elections seem to be the key reasons that could be ascribed to the gradual growth deceleration.

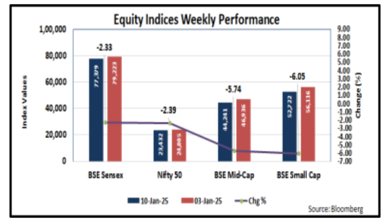
Strong improvement in Government spending, improved rural demand, steps taken by the RBI to add liquidity and possibly lower policy rates are likely to drive GDP growth going forward.

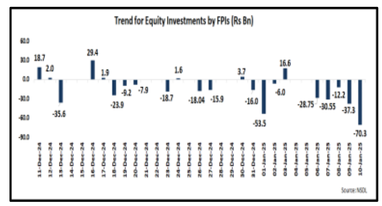
The Quarterly earnings for Q3FY25 has begun on mixed note, with some IT companies reporting steady numbers, but the banking sector is suggesting weakening growth impulses. The market participants are likely to assess the performance of the corporates in the ongoing earning season to decide the further course of action. Weak earnings could see continuation of the current correction.

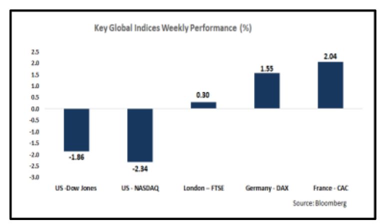
On the valuations front, Large caps look better than Small caps which look better than Mid caps. In the absence of any policy stimulus, CY25 could see fewer number of stocks getting re-rated and bottom-up stock selection would become an important parameter to generate portfolio alpha.

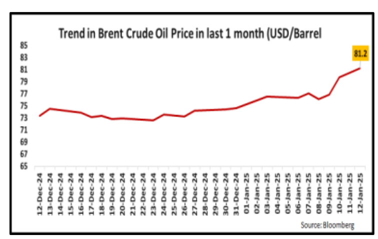
Investment deployment strategy could remain at 50% lumpsum and rest 50% to be staggered over the next 5-6 months. All allocations should be done in line with the risk profile and product suitability of the investor. Mutual Fund investors can look to focus on categories like Diversified equity, Equity, Hybrid and Multi-asset funds. Aggressive investors may also look at Business Cycle Funds for allocation. All allocations should be done in line with the risk profile and product suitability of the investor.

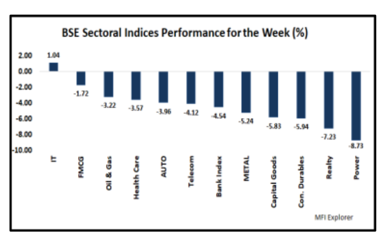


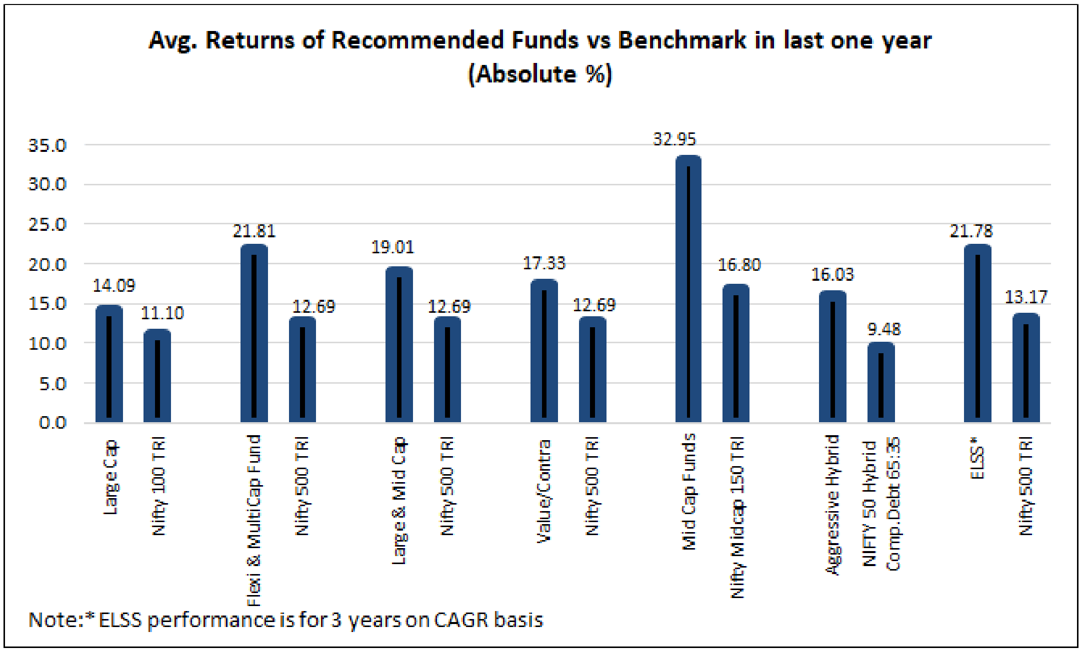












Returns Absolute %			Returns Compounded Annualised %			
Category Average of Recommended Funds	**1 Month**	**6 Months**	**1 Year**	**2 Years**	**3 Years**	**5 Years**
Large Cap Funds	-5.55	-4.15	14.09	21.61	15.39	17.37
Flexi & MultiCap Fund	-6.07	-1.28	21.81	29.26	20.61	20.85
Large & Mid Cap Funds	-5.82	-3.36	19.01	26.66	18.73	21.62
Mid Cap Funds	-6.33	4.26	32.95	38.93	27.86	29.38
Small Cap Funds	-8.66	-3.55	19.24	32.63	21.22	29.77
Value/Contra Funds	-6.23	-3.44	17.33	27.15	20.12	25.32
Focused Funds	-6.19	-4.14	18.14	23.81	17.55	21.22
Aggressive Hybrid Funds	-4.57	-0.69	16.03	20.51	14.71	16.99
Dynamic Asset Allocation Funds	-3.25	-0.36	12.36	17.52	13.78	15.71
Equity Linked Saving Schemes	-5.87	0.48	25.50	32.46	21.78	21.94
Infrastructure Oriented Funds	-8.22	-7.64	20.34	30.41	22.77	26.71
Nifty 50 Index TRI	**-4.79**	**-3.26**	**9.64**	**15.63**	**10.46**	**15.14**
Nifty 500 TRI	**-6.49**	**-4.77**	**12.69**	**20.34**	**13.17**	**18.10**
Nifty Infrastructure TRI	**-7.19**	**-10.58**	**11.69**	**26.22**	**18.26**	**21.57**

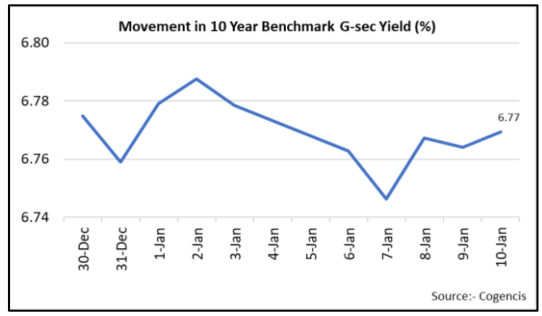
Note: Data as on January 10, 2025. Returns less than 1 year are in absolute % terms, whereas returns above 1 year are in CAGR terms.
Data has been sourced from ICRA Analytics Ltd. (For Disclaimer of ICRA Analytics Ltd, refer to https://icraanalytics.com/home/disclaimer)

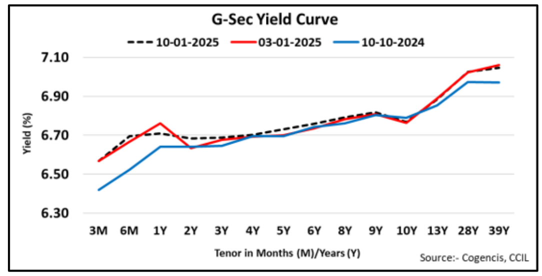
Overview - Fixed Income Markets & Mutual Funds as on 10 January 2025

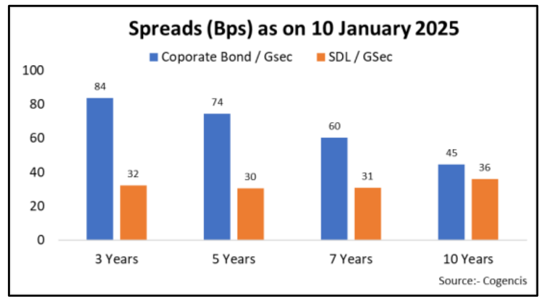
- Domestic G-Sec prices closed the week ended 10th January 2025 on a positive note wherein the yield on the 10-year benchmark, the 6.79% G-Sec 2034 bond, closed lower by 1 bp at 6.77% as against 6.78% on 3rd January 2025.
- In case of AAA rated corporate bonds, yields in the less than one-year segment were mixed in the range of (-)1 bp to 19 bps on a WoW basis. In case of the greater than one-year segment, yields rose up to 2 bps on a WoW basis.
- **Movement in G-sec yields :-**
  - Indian G-sec yields fell on likely buying by foreign portfolio investors in domestic bonds. However, gains were limited following a selloff in US Treasuries after data indicated a healthy labour market and an acceleration in services activity in the US, reinforcing that the US Federal Reserve will move cautiously on rate cuts.
  - The total G-sec supply for the week stood at Rs 415.25 bn (SDLs + G-secs). In this, the G-secs' auction was to the tune of Rs 220 bn and the maturities were in the range of 3-40 years. The SDLs' auction was to the tune of Rs 195.25 bn with a devolvement of Rs 19.75 bn, and the maturities were in the range of 6-30 years. The average cut off yield for 10-year SDLs was 7.15%. There was no 10-year SDL in the previous week's auction. The G-secs' auction was for the following: 6.64% GS 2027 and 7.34% GS 2064.
  - Banking system liquidity deteriorated during the week, wherein liquidity, as measured by the RBI's net Liquidity Adjustment Facility (LAF), stood at a daily average deficit of ~Rs 1.70 trillion during the week as against a daily average deficit of ~Rs 1.10 trillion during the previous week.
- **Macro Data released during the week :-**
  - DGCIS data showed that the government has revised downwards the gold import data for November 2025 to USD 9.8 bn, a sharp reduction from the earlier announced figure of USD 14.8 bn.
  - NSO data shows that share of Gross Fixed Capital Formation (GFCF), a proxy for infrastructure investment in the economy, is expected to fall to 30.1% of GDP in FY25 from 30.8% in FY24 in nominal terms.
  - As per CRISIL, the average cost of preparing a vegetarian thali was up 6% YoY at Rs 31.6 per plate in December 2024 compared to the year-ago period's Rs 29.7, but was down from November 2024's rate of Rs 32.7. A non-vegetarian thali cost was higher by 12% YoY and 3% MoM to Rs 63.3 in December 2024.
  - As per the RBI, India's foreign exchange reserves fell by USD 5.69 bn to a ten-month low of USD 634.59 bn as of January 03, 2025. Foreign currency assets (FCAs) fell by USD 6.4 bn to USD 545.47 bn.
- **Other macro-economic news :-**
  - As per data from the Household Consumption Expenditure Survey 2023-24, the share of rent in consumption expenditure has risen to 6.58%, the highest it has been since the turn of the millennium.
  - A Business Standard poll of 10 economists showed that the upcoming Union Budget to be presented on February 1, 2025 is likely to assume a Nominal GDP growth between 10-10.5% YoY for FY26.
  - As per Commerce Minister Piyush Goyal, India has potential to increase organic product exports to Rs 200 bn in the next three years, with the sector targeting USD 2 bn by CY30.
- **Global Updates :-**
  - The minutes of the US Fed's December 2024 Monetary Policy meeting said that a careful approach will be needed due to a variety of factors, including increased upside risks to the outlook for inflation due in part to uncertainty about the impact of US President-elect Donald Trump's proposed policies.
  - The Atlanta Fed's GDPNow model estimate for real GDP growth in the US for the Q4 CY24 was lowered to 2.6% YoY from 3.1% YoY forecast on December 2024.
  - As per the US Commerce Department, the US trade deficit increased to USD 78.2 bn in November 2024 from a revised USD 73.6 bn in October 2024. Economists had expected it to climb to USD 78.0 bn.
  - As per Eurostat, the harmonized index of consumer prices in the Eurozone climbed 2.4% YoY in December 2024, following a 2.2% YoY gain in November 2024. The pace of growth matched economists' expectations.
  - China's National Bureau of Statistics said that Consumer Prices in China were flat MoM in December 2024. That exceeded expectations for a decline of 0.2% MoM following the 0.6% MoM drop in November 2024.
- **Outlook :-**

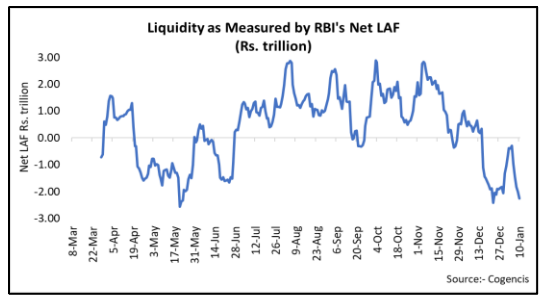
The liquidity continued to remain in deficit owing to RBI forex management. It is expected to improve with a rise in government spending in January 2025. However, the market participants still expect the RBI to inject further durable liquidity in the system in due course. The CPI inflation for November 2024 eased slightly to 5.48% YoY, below market expectations of 5.53% YoY. While the CPI inflation remains above the RBI's target of 4% YoY, the food inflation is expected to cool down further during the winter months, which could cause headline inflation to gradually trend downwards and could give room to the MPC for policy rate cuts. **Issues on the external front, in terms of rising trade deficit and weakening currency, remain a key challenge for the RBI to negotiate with in the medium term and can have implication on the timing of the policy rate cuts.** In the US, the Federal Reserve is guiding to slowing the pace of policy rate cuts in the light of improving growth and employment data. The employment data in the US continues to remain strong. Going forward, policy measures announced by the incoming Trump Administration would be a key factor that would drive the policy rates there.

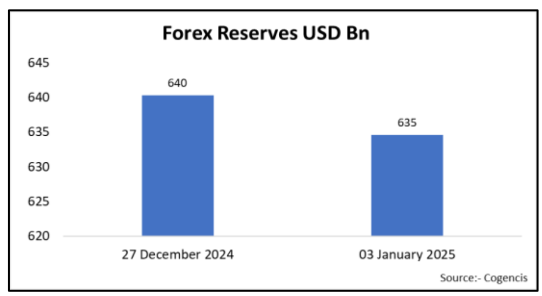
Domestically, tactical opportunity remains strong for duration strategy due to uptick in yields. With the growth decelerating, inflation moderating, and expectations of policy rate cuts on the rise, only the timing of the same seems to have been pushed forward. Additionally, improving liquidity conditions are likely to compress corporate bond yields at the shorter end in the medium term. With this backdrop, the inverted corporate bond yield curve may normalize, making the case for investment into corporate bonds at the 1-4-years segment of the curve. Hence, investors can look at Corporate Bond Funds for a horizon of 15 months and above. For a horizon of 24 months and above, investors can look at Dynamic Bond Funds. For a horizon of 3 months and above, investors can consider Arbitrage Funds or Money Market Funds. Whereas for a horizon of up to 3 months, investors can consider Overnight Funds and Liquid Funds. Investors can also look at Multi-asset allocation funds for a horizon of 36 months and above. Investors should invest in line with their risk profile and product suitability.

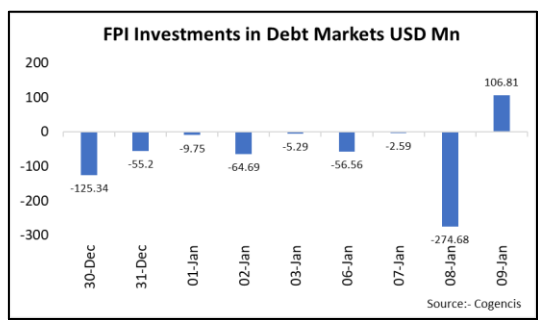












Category Average Returns as on 10 January 2025

Annualised Returns *	1 Day	1 Week	1 Month	2 Month	3 Months	6 Months	9 Months	1 Year	2 Year	3 Year
Overnight Funds	6.57	6.47	6.49	6.45	6.40	6.41	6.50	6.59	6.60	5.96
Liquid Funds	6.83	6.05	6.75	6.76	6.77	6.93	6.99	7.21	7.08	6.33
Floater Funds	2.62	7.80	5.35	6.03	6.30	7.83	7.95	8.11	7.73	6.56
Low Duration Funds	8.30	5.14	5.71	6.20	6.42	7.02	7.06	7.30	7.09	6.11
Money Market Funds	9.25	5.13	6.21	6.55	6.65	6.96	7.00	7.31	7.20	6.33
Ultra Short Duration Funds	9.23	4.99	6.04	6.31	6.43	6.71	6.77	7.03	6.86	6.01
Banking And PSU Funds	4.62	5.79	4.11	5.87	5.72	7.58	7.52	7.78	7.21	6.00
Corporate Bond Funds	7.86	7.11	4.01	6.15	5.94	7.90	7.81	7.97	7.36	6.01
Medium Duration Funds	5.00	7.41	3.83	6.08	6.15	8.03	7.98	8.06	7.35	6.36
Short Duration Funds	4.01	6.15	4.22	6.04	6.18	7.67	7.58	7.63	7.11	6.22
Medium To Long Duration Funds	-0.88	6.69	1.63	4.87	4.22	7.39	7.91	8.18	7.27	5.91
Long Duration Funds	-15.99	6.98	-1.16	3.16	2.26	7.41	9.26	10.58	8.72	6.81
Dynamic Bond Funds	-6.34	7.70	0.87	4.50	3.68	7.48	8.11	8.53	7.48	6.16
Credit Risk Funds	10.78	7.37	5.00	5.97	6.98	7.87	7.82	7.92	7.88	9.18
Gilt Funds / Gilt Funds with 10 year constant duration	-9.38	7.77	0.01	4.42	3.46	7.58	8.44	8.85	7.82	6.15
Conservative Hybrid Funds	-76.36	-35.38	-12.95	0.18	-1.55	4.54	8.38	9.53	10.32	8.06
Index Funds	2.99	7.54	3.89	6.21	5.68	7.80	8.09	8.21	7.60	5.77
Arbitrage Funds	40.42	8.14	7.82	6.40	7.01	6.71	6.89	7.30	7.21	6.17

* Return figures for all schemes are Annualised for < 1 year and Compounded Annualised for >= 1 year

Recommended Funds' Average Returns (% Annualised Returns)	1 Months	3 Months	6 Months	1 Year	2 Year	3 Year
Medium to Long Duration Funds & Long Duration Funds	1.13	4.20	7.96	9.57	8.21	6.18
Dynamic Bond Fund	-0.19	2.78	7.53	9.03	8.01	6.29
Gilt Funds & Gilt Funds with 10 year constant duration	-1.78	2.37	7.38	9.73	8.35	6.61
Short Duration / Medium Duration	4.66	6.29	7.93	7.95	7.45	6.20
Banking and PSU Funds	3.79	5.47	7.78	8.05	7.43	6.16
Corporate Bond Funds	3.99	6.03	8.24	8.40	7.77	6.54
Ultra Short Duration Funds /Low Duration / Floater Funds	6.10	6.73	7.23	7.54	7.37	6.42
Money Market Funds	6.41	6.89	7.21	7.64	7.54	6.67
Liquid Funds & Overnight Funds	6.82	6.84	7.00	7.31	7.18	6.42
Arbitrage Funds	8.18	7.35	7.01	7.64	7.54	6.55

Please Note that all the Dividend options factor in the taxation applicable for corporates
Return figures for all schemes are Annualised for < 1 year and Compounded Annualised for >= 1 year
Returns shown in the chart above are for growth options.
Source for entire data stated above is Accord Fintech Pvt Ltd

(Please refer to the disclaimer on the next page)

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