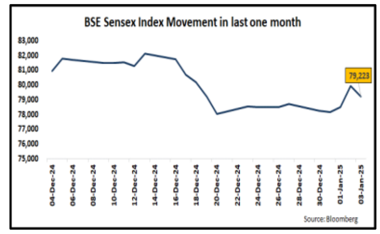
# Weekly Equity Market Updates for week ended January 3, 2025

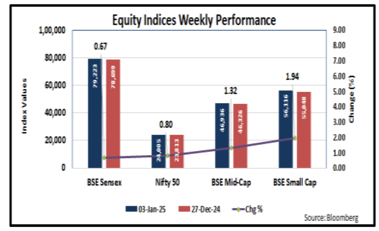
### Domestic Equity Market Update

- Indian equities ended the week on a positive note, with the large cap-oriented BSE Sensex ending higher by 0.67% & and Nifty 50 ending higher by 0.80% WoW respectively. The BSE Midcap index ended higher by 1.32% and the BSE Small cap index ended higher by 1.94%.
- On the BSE sectoral front, Auto was the top performer while, Metal, Realty and Bank Index underperformed the most.
- Domestic equity markets ended the week on a positive note driven by sector-specific gains supported by positive global cues ahead of the quarterly earnings season.



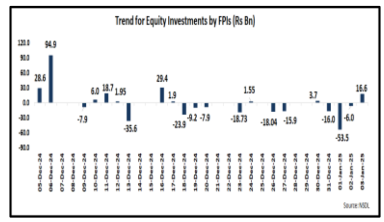

### Global Market Updates

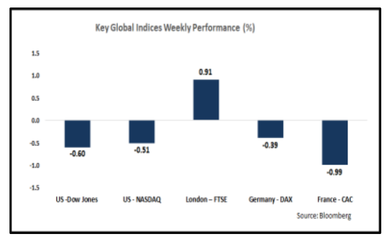
- US equity markets ended on a negative note on concerns about the outlook for the markets in the new year following recent volatility. Stocks have experienced significant fluctuations in recent weeks, following the US Federal Reserve's projection of fewer interest rate reductions in 2025 announced earlier December 2024.
- European markets were boosted by a surge in tech stocks, while a year-end selloff owing to concerns about high valuations and policies under the incoming US President kept markets under a pressure.
- Brent crude rose from USD 74.17 per barrel to USD 76.64 on China's growth optimism data and boosted by diesel demand in the US and Europe




### Macro Data & Domestic News Released During the Week

- According to Deloitte, the Indian economy is likely to grow at 6.5-6.8% YoY in FY25 due to election uncertainties and disruptions in activity due to heavy rainfall and geopolitical events in H1 FY25.
- According to a survey by the Retailers Association of India (RAI), retailers in India reported a modest 7% YoY growth in sales during the 2024 festive season, falling short of the anticipated 10% YoY rise, reflecting subdued consumption throughout the year.
- According to official data, the output of eight key infrastructure sectors slowed down to 4.3% YoY in November 2024 against 7.9% YoY growth registered a year ago.
- According to data from the National Payments Corporation of India (NPCI), Unified Payments Interface (UPI) transactions saw an 8% MoM increase in volume to 16.73 bn in December 2024.
- As per government data, India's power consumption rose nearly 6% YoY to 130.40 bn units (BU) in December 2024. In December 2023, power consumption was 123.17 BU.
- As per CMIE, the total value of new project announcements in Q3 FY25 declined 22% YoY to Rs 6 trillion. Meanwhile, the value of completed projects plummeted 52% YoY to less than Rs 1 trillion.
- As per S&P Global, the manufacturing activity in India registered its weakest growth of 2024 in December 2024 as the Manufacturing Purchasing Managers' Index (PMI) fell to 56.4, down from 56.5 in November 2024.
- As per the government, India's textiles and apparel exports, including handicrafts, grew 7% YoY during the April-October 2024 to USD 21.35 bn.



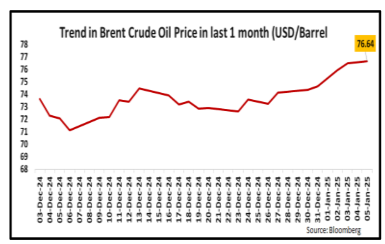




### Outlook

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. Despite the 50-bps 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.

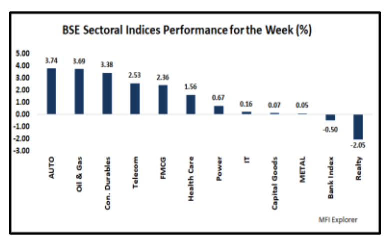
In US, Market participants are keenly awaiting the policy that Trump pursues to drive growth in the US. It is expected to be positive for corporations and the US economy, although there are some concerns about the effect planned tariff increases will have its trading partners including India.

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.



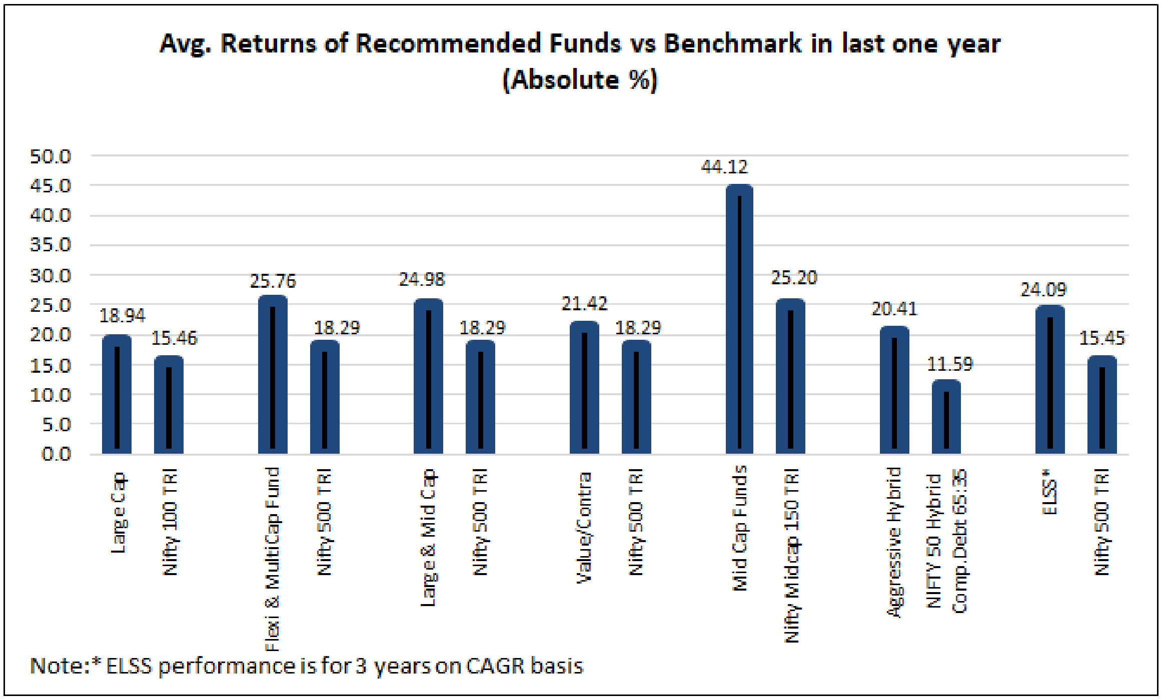

Strong improvement in Government spending, improved rural demand, steps taken by the RBI to add liquidity and possibly lower policy rates are likely to drive GDP growth going forward.

As we gaze into CY25, the earnings trajectory in India could be decelerating in Q3FY25 and sustained pickup from there is likely to drive the equity markets higher. The Indian equity markets could see rising volatility owing to weaker than expected earnings performance, although as corporate earnings see pickup due to policies adopted by the Government and the RBI, the equity markets could generate steady returns. Over CY24 we have seen overall returns from the equity markets decelerating, we expect the same trend to continue and expect CY25 returns from the equity markets to be lower at an aggregate level. **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.**




CY25 could be marked by global economies and risk assets factoring in the policies unleashed by the incoming US president Donald Trump as he has strong views on trade, geo-political conflicts and immigration. The reaction function of adversaries of the US like China and allies in the EU would be a key monitorable in terms of the space that opens up for Indian corporates.

**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 | -1.42 | -0.06 | 18.94 | 22.86 | 17.50 | 18.19 |
| Flexi & MultiCap Fund | -0.91 | 2.42 | 25.76 | 29.84 | 23.30 | 23.03 |
| Large & Mid Cap Funds | -0.58 | 1.54 | 24.98 | 28.60 | 21.27 | 22.71 |
| Mid Cap Funds | 1.99 | 11.45 | 44.12 | 42.57 | 31.10 | 31.16 |
| Small Cap Funds | -0.72 | 2.58 | 28.31 | 35.99 | 24.43 | 31.63 |
| Value/Contra Funds | -1.65 | -0.30 | 21.42 | 27.78 | 22.06 | 25.56 |
| Focused Funds | -1.82 | 0.37 | 24.00 | 25.31 | 19.89 | 22.16 |
| Aggressive Hybrid Funds | -0.79 | 3.07 | 20.41 | 21.80 | 16.57 | 17.73 |
| Dynamic Asset Allocation Funds | -0.52 | 2.39 | 15.32 | 18.39 | 14.97 | 16.27 |
| Equity Linked Saving Schemes | -0.16 | 5.68 | 32.74 | 34.42 | 24.09 | 23.08 |
| Infrastructure Oriented Funds | -2.59 | -2.14 | 27.59 | 33.34 | 25.83 | 28.35 |
| **Nifty 50 Index TRI** | **-1.85** | **-0.71** | **12.84** | **16.00** | **12.14** | **15.76** |
| **Nifty 500 TRI** | **-1.35** | **-0.23** | **18.29** | **21.90** | **15.45** | **19.16** |
| **Nifty Infrastructure TRI** | **-3.47** | **-5.53** | **18.83** | **28.39** | **20.82** | **22.67** |

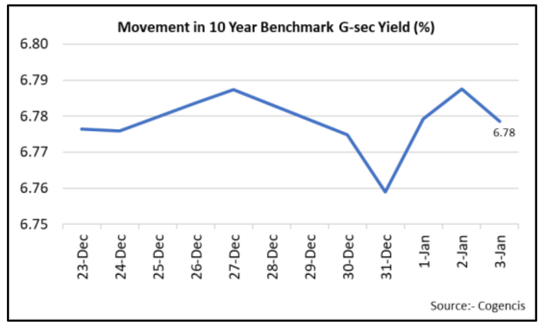
Note: Data as on January 3, 2025. Returns less than 1 year are in absolute % terms, whereas returns above 1 year are in CAGR terms.
Data has been sourced from ICRA Analytics Ltd. (For Disclaimer of ICRA Analytics Ltd, refer to https://icraanalytics.com/home/disclaimer)

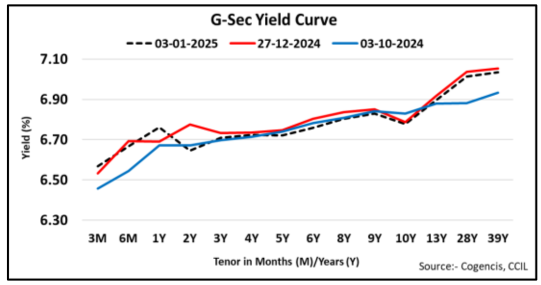
# Overview - Fixed Income Markets & Mutual Funds as on 3 January 2025

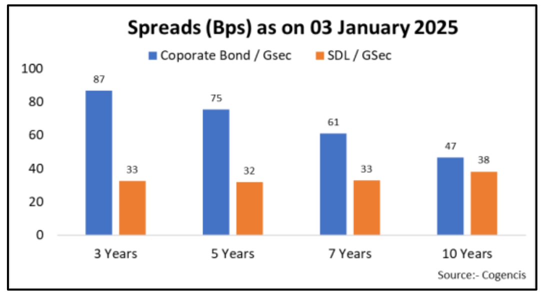
- Domestic G-Sec prices closed the week ended 3rd January 2025 on a positive note wherein the yield on the 10-year benchmark, the 6.79% G-Sec 2034 bond, closed lower by 1 bp at 6.78% as against 6.79% on 27th December 2024.
- In case of AAA rated corporate bonds, yields in the less than one-year segment were mixed in the range of (-)11 bps to 5 bps on a WoW basis. In case of the greater than one-year segment, yields fell up to 6 bps on a WoW basis.
- **Movement in G-sec yields :-**
  - Indian G-sec yields fell, aided by value buying in local bonds along with a downward tick in US Treasury yields. However, gains were limited on concerns over heavy borrowings by the central government in Q4 FY25. The central government is aiming to raise Rs. 2.79 trillion by the end of March 2025, while states aim to borrow a record Rs. 4.73 trillion for Q4 FY25.
  - The total G-sec supply for the week stood at Rs 567.29 bn (SDLs + G-secs). In this, the G-secs' auction was to the tune of Rs 320 bn and the maturities were in the range of 10-50 years. For the 10-yeara G-sec, the cut off came in at 6.80%. The SDLs' auction was to the tune of Rs 247.29 bn and the maturities were in the range of 11-30 years. There was no 10-year SDL in this week's auction. The average cut off yield for 10-year SDLs was 7.15% in the previous week. The G-secs' auction was for the following: 6.79% GS 2034 and 7.09% GS 2074.
  - Banking system liquidity improved during the week, wherein liquidity, as measured by the RBI's net Liquidity Adjustment Facility (LAF), stood at a daily average deficit of ~Rs 1.10 trillion during the week as against a daily average deficit of ~Rs 2.08 trillion during the previous week.
- **Macro Data released during the week :-**
  - India's fiscal deficit for April-November 2024 was Rs 8.47 trillion (USD 98.90 bn), or 52.5% of the estimate for the FY25. Net tax receipts for the first eight months of FY25 were at Rs 14.43 trillion, or 56% of the annual target, compared with Rs 14.36 trillion for the same period last year.
  - India's Goods and Services Tax (GST) collections rose to Rs 1.77 trillion in December 2024, a 7.3% YoY increase compared to the Rs 1.65 trillion collected in December 2023.
  - According to the Finance Ministry, India's external debt rose 4.3% QoQ to USD 711.8 bn as of September 2024. The external debt to GDP ratio stood at 19.4% in September 2024 against 18.8% as of June 2024.
  - As per the RBI, India's foreign exchange reserves fell by USD 4.11 bn to an eight-month low of USD 640.28 bn as of December 27, 2024. Foreign currency assets (FCAs) fell by USD 4.64 bn to USD 551.92 bn.
- **Other macro-economic news :-**
  - According to RBI data, credit growth gained pace and stood at 11.5% YoY and deposits grew in tandem, posting a growth of 11.5% YoY during the fortnight ended December 13, 2024. Outstanding deposits stood at Rs 227.61 trillion, while outstanding credit stood at Rs 180.81 trillion.
  - As per Govt data, the Centre's capital expenditure grew 21% YoY in November 2024 after a weak trajectory between April and October 2024.
  - As per data from the Agriculture Ministry, Kharif (summer) food grain production is estimated at a record 164.7 mn tonnes for the 2024-25 crop year ending June 2025, driven by favourable monsoon.
  - As per the Labour Minister, India created nearly 172 mn fresh jobs between 2014 and 2024, of which 46 mn were created in the FY24.
- **Global Updates :-**
  - According to the US Energy Information Administration, crude oil inventories in US decreased by 1.2 mn barrels in the week ended December 27th, 2024 after tumbling by 4.2 mn barrels in the previous week.
  - As per S&P Global, the HCOB manufacturing Purchasing Managers' Index of Eurozone fell slightly to a three-month low of 45.1 in December 2024 from 45.2 in November 2024. The flash reading was 45.2.
  - As per S&P Global, the Caixin manufacturing Purchasing Managers' Index of China posted 50.5 in December 2024, down from 51.5 in November 2024. The score was expected to climb to 51.6.
  - According to Reuters, Brent crude will likely average USD 74.33 per barrel in 2025, down from a forecast of USD 74.53 in November 2024, marking an eighth straight downward revision.
- **Outlook :-**

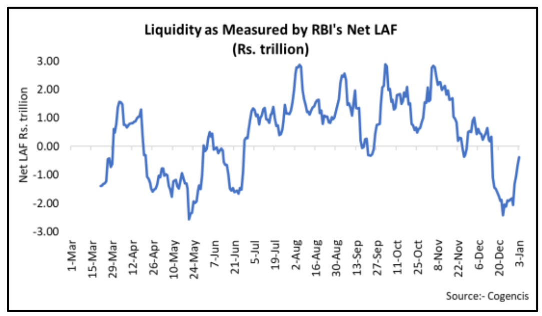
The liquidity continued to remain in deficit owing the to advance tax and GST payouts and RBI forex management. It is expected to improve with a rise in government spending in January 2025. However, the market participants still expect the RBI to inject further durable liquidity in the system in due 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. While the inflation trajectory in the US remains on a downward path and manufacturing continues to remain weak, the policy measures announced by the incoming Trump Administration would be a key factor that would drive the policy rates there.

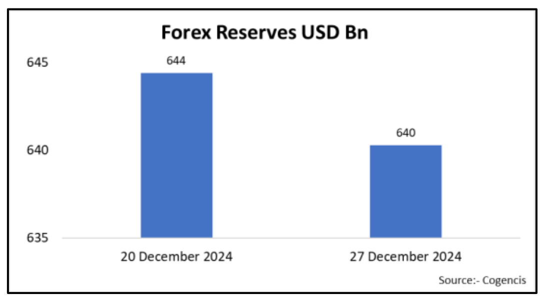
Domestically, tactical opportunity has again emerged for duration strategy due to the recent uptick in yields. With the growth decelerating, inflation moderating, and expectations of policy rate cuts on the rise, only the timing of the same seems to have been pushed forward. Additionally, improving liquidity 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.

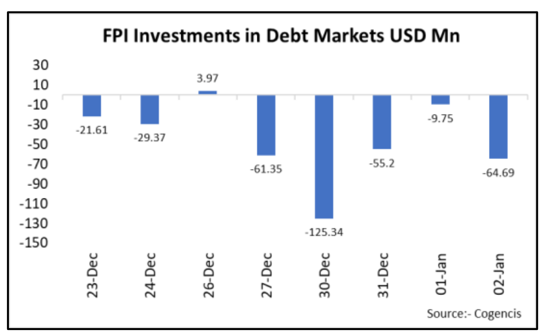


## Category Average Returns as on 3 January 2025

| Annualised Returns * | 1 Day | 1 Week | 1 Month | 2 Month | 3 Months | 6 Months | 9 Months | 1 Year | 2 Year | 3 Year |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight Funds | 6.34 | 6.50 | 6.47 | 6.41 | 6.37 | 6.41 | 6.50 | 6.60 | 6.60 | 5.94 |
| Liquid Funds | 5.79 | 8.89 | 6.94 | 6.88 | 6.85 | 6.94 | 7.05 | 7.24 | 7.08 | 6.32 |
| Floater Funds | 9.15 | 7.80 | 4.73 | 6.22 | 6.36 | 7.89 | 7.94 | 8.12 | 7.71 | 6.50 |
| Low Duration Funds | 5.20 | 8.47 | 6.14 | 6.43 | 6.71 | 7.10 | 7.14 | 7.33 | 7.10 | 6.10 |
| Money Market Funds | 4.97 | 9.27 | 6.76 | 6.80 | 6.86 | 7.01 | 7.11 | 7.35 | 7.20 | 6.32 |
| Ultra Short Duration Funds | 4.19 | 8.77 | 6.52 | 6.53 | 6.64 | 6.77 | 6.86 | 7.06 | 6.86 | 6.01 |
| Banking And PSU Funds | 12.50 | 7.78 | 4.49 | 6.05 | 5.95 | 7.74 | 7.47 | 7.80 | 7.20 | 5.91 |
| Corporate Bond Funds | 11.89 | 7.74 | 4.08 | 6.23 | 6.07 | 8.03 | 7.74 | 7.98 | 7.35 | 5.93 |
| Medium Duration Funds | 14.23 | 9.05 | 3.70 | 6.19 | 6.10 | 8.13 | 7.89 | 8.12 | 7.36 | 6.24 |
| Short Duration Funds | 11.22 | 8.60 | 4.34 | 6.70 | 6.32 | 7.81 | 7.56 | 7.68 | 7.12 | 6.15 |
| Medium To Long Duration Funds | 16.57 | 9.07 | 1.65 | 5.23 | 3.82 | 7.52 | 7.76 | 8.40 | 7.31 | 5.72 |
| Long Duration Funds | 18.67 | 11.57 | 0.29 | 3.30 | 1.16 | 7.34 | 8.81 | 11.05 | 8.90 | 6.44 |
| Dynamic Bond Funds | 16.64 | 8.81 | 1.31 | 4.59 | 3.03 | 7.55 | 7.91 | 8.70 | 7.49 | 6.00 |
| Credit Risk Funds | 11.75 | 7.80 | 4.85 | 6.03 | 6.98 | 7.94 | 7.73 | 7.96 | 7.88 | 9.12 |
| Gilt Funds / Gilt Funds with 10 year constant duration | 16.90 | 10.07 | 0.55 | 4.71 | 2.77 | 7.66 | 8.23 | 9.11 | 7.86 | 5.95 |
| Conservative Hybrid Funds | -24.28 | 16.92 | -0.90 | 4.71 | 0.74 | 6.40 | 9.93 | 10.59 | 10.57 | 8.43 |
| Index Funds | 6.69 | 6.67 | 4.20 | 6.22 | 5.73 | 7.93 | 8.03 | 8.32 | 7.65 | 5.57 |
| Arbitrage Funds | 29.29 | 10.41 | 6.57 | 7.11 | 7.50 | 6.68 | 6.96 | 7.27 | 7.19 | 6.12 |

* 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 | 1.34 | 4.17 | 8.01 | 8.90 | 7.81 | 6.00 |
| Dynamic Bond Fund | 0.49 | 1.87 | 7.49 | 9.20 | 8.00 | 6.15 |
| Gilt Funds & Gilt Funds with 10 year constant duration | 0.06 | 1.07 | 7.12 | 9.89 | 8.31 | 6.36 |
| Short Duration / Medium Duration | 4.40 | 6.26 | 7.93 | 7.94 | 7.38 | 6.04 |
| Banking and PSU Funds | 4.45 | 5.69 | 7.94 | 8.10 | 7.42 | 6.09 |
| Corporate Bond Funds | 3.83 | 6.16 | 8.34 | 8.42 | 7.75 | 6.45 |
| Ultra Short Duration Funds /Low Duration / Floater Funds | 6.59 | 6.94 | 7.31 | 7.53 | 7.30 | 6.34 |
| Money Market Funds | 7.01 | 7.11 | 7.28 | 7.68 | 7.55 | 6.66 |
| Liquid Funds & Overnight Funds | 6.98 | 6.89 | 7.01 | 7.32 | 7.16 | 6.38 |
| Arbitrage Funds | 7.03 | 7.88 | 7.01 | 7.63 | 7.54 | 6.51 |

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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