Weekly Equity Market Updates for week ended November 14, 2024

Domestic Equity Market Update

- Indian equities ended the week on a negative note, with the large cap-oriented BSE Sensex ending lower by 2.40% & and Nifty 50 ending lower by 2.55% WoW respectively. The BSE Midcap index ended lower by 3.89% and the BSE Small cap index ended lower by 4.61%.
- On the BSE sectoral front, IT was the top performer. Power, Metal, and Capital Goods underperformed the most.
- Domestic equity markets ended the week on negative note amid a rise in dollar index and relentless selling by the foreign portfolio investors. Sentiment was weighed on concerns over potential impact of the newly elected US President's protectionist policies on the global economy as investors awaited clarity on the President's policy proposals on global geopolitics, US- China relations, NATO, immigration, and economic policies. Losses were extended following the rise in domestic retail inflation rate in October 2024 above 6% YoY.

Global Market Updates

- US equity markets ended on a negative note during the week as there are growing concerns regarding the future trajectory of interest rates, particularly in light of the US Federal Reserve Chair's comments on 14th Nov, 2024, which indicated that the central bank does not feel an urgent need to reduce rates. Furthermore, the market fell as investors engaged in profit-taking as they sought to capitalize on the recent market gains.
- European equity markets fell on worries regarding the possible negative effects of the new US President's protectionist policies on the global economic and political landscape that have influenced sentiment.
- Brent crude price fell from USD 71.83 per barrel to USD 70.90 on concerns about demand from China after China's economic stimulus measures fell short of expectations. Further, prices fell on persisting concerns about the outlook for demand.

Macro Data & Domestic News Released During the Week

- According to railways ministry data, in a year of tepid freight traffic, goods ferried via the Indian Railways registered a growth of 1.5% YoY during October to 131 million tonnes (mt).
- According to Anarock data, the time taken to buy a house from showing the first interest has reached the pre-pandemic level with buyers taking 26 days to book the house, down from 33 days in FY21.
- According to a group of international scientists, India's fossil fuel emissions are projected to rise by 4.6% in 2024, while China could see a marginal rise of 0.2%.
- As per the Union Finance Ministry, aggregate business of Public Sector Banks (PSBs) has shown strong growth of 11% YoY in H1 FY25 to touch Rs 236 trillion.
- As per industry body SIAM, passenger vehicle wholesales increased marginally year-on-year to 3,93,238 units in October 2024. The overall passenger vehicle dispatches to dealers stood at 3,89,714 units in October, 2023.
- **From Nifty 200 universe, 198 companies have announced their Q2FY25 earnings thus far. At an aggregate level, Sales, EBITDA and PAT have grown by 6.76%, -9.85% and 2.70% YoY, respectively. Excluding Financials, Sales, EBITDA and PAT have grown by 4.17%, -12.68% and -5.48% YoY respectively.**
- **From Nifty Smallcap 250 universe, 200 companies have announced their Q2FY25 earnings thus far. At an aggregate level, Sales, EBITDA and PAT have grown by 15.33%, -9.96% and -9.59% YoY, respectively. Excluding Financials, Sales, EBITDA and PAT have grown by 14.60%, -2.37% and -4.80% YoY respectively.**

Outlook

Going forward, Indian equity market is likely to be driven by incoming macro data points, earnings commentary, FPI/DII flows, and direction in which globally interest rate moves. In US, Trump's return to the White House 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. Citing the strength of the US economy, the US Fed chairman said that Fed can take a careful approach to future monetary policy decisions suggesting the central bank may not be as aggressive on its rate-cutting campaign going forward.

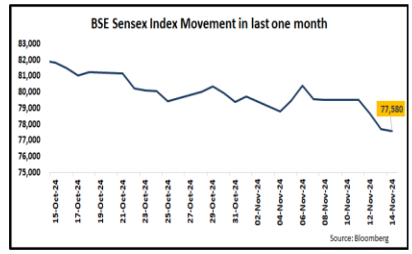
While, India continues to remain the fastest growing major economy, earnings momentum in the economy seems to be decelerating. In India, the macro-economic conditions continue to remains strong, with the high frequency data like the PMI, Tax collection and forex reserves remaining strong. However, the emerging issue in India seems to be the weakening urban demand. The performance of the companies in the ongoing festive season is likely to drive their stock price movement in the third quarter. The earnings season continues on a weak note, with many companies delivering numbers below expectations and this has led to volatility in the markets.

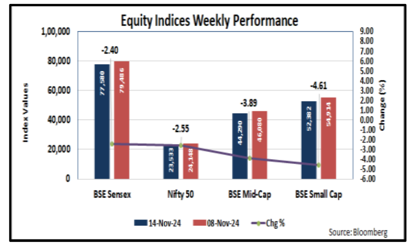
While the equity market valuations have moved up substantially in the last two years across many sectors and marketcap segments (especially midcap and Smallcap), future earnings in key marketcap segments are witnessing downgrades, which is not good news. FPI selling has also led to pressure on Indian equities leading to volatility and remains a key monitorable. While the inflow into the equity markets have been substantial from the domestic investors, the supply of fresh equity in the form of FPO, IPO and dilution by the promoters have also been substantial.

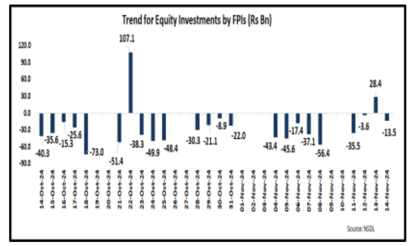
In such conditions, the tolerance for any bad news in form of Geo political flareups, uncertainty around the policy pursued by the new US administration, Domestic election uncertainty (with 2 key states going for polls), large supply of equities and earnings downgrades, could see continued volatility in the market; in absence of any policy levels support by the regulators/government.

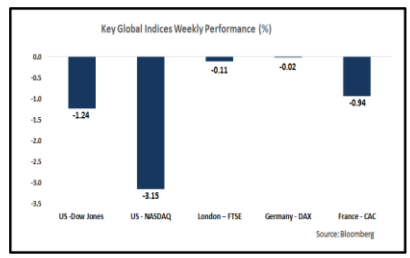
In the long term, improving domestic macro conditions, favourable demographics, rising per capital income and Strong consumption demand could keep driving the Indian corporate earnings higher and support the equity markets, thus making Indian markets a "buy on dips" play currently.

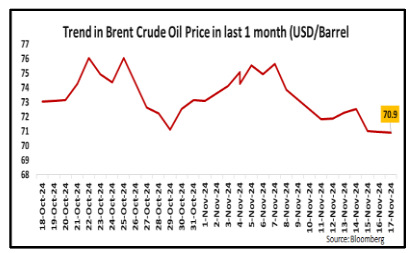
Fresh Investment deployment strategy could be 40% lumpsum and rest 60% to be staggered over the next 5-6 months. Mutual Fund investors can look to focus on categories like Largecap, Focused, Equity Hybrid and Multi-asset funds. Aggressive investors may also look at Business Cycle Funds for allocation. All allocations should be done in line with the risk profile and product suitability of the investor.

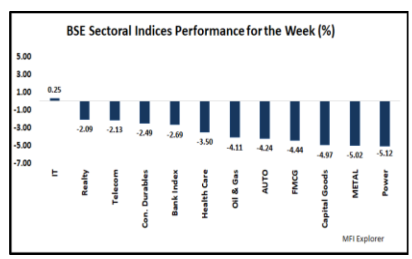


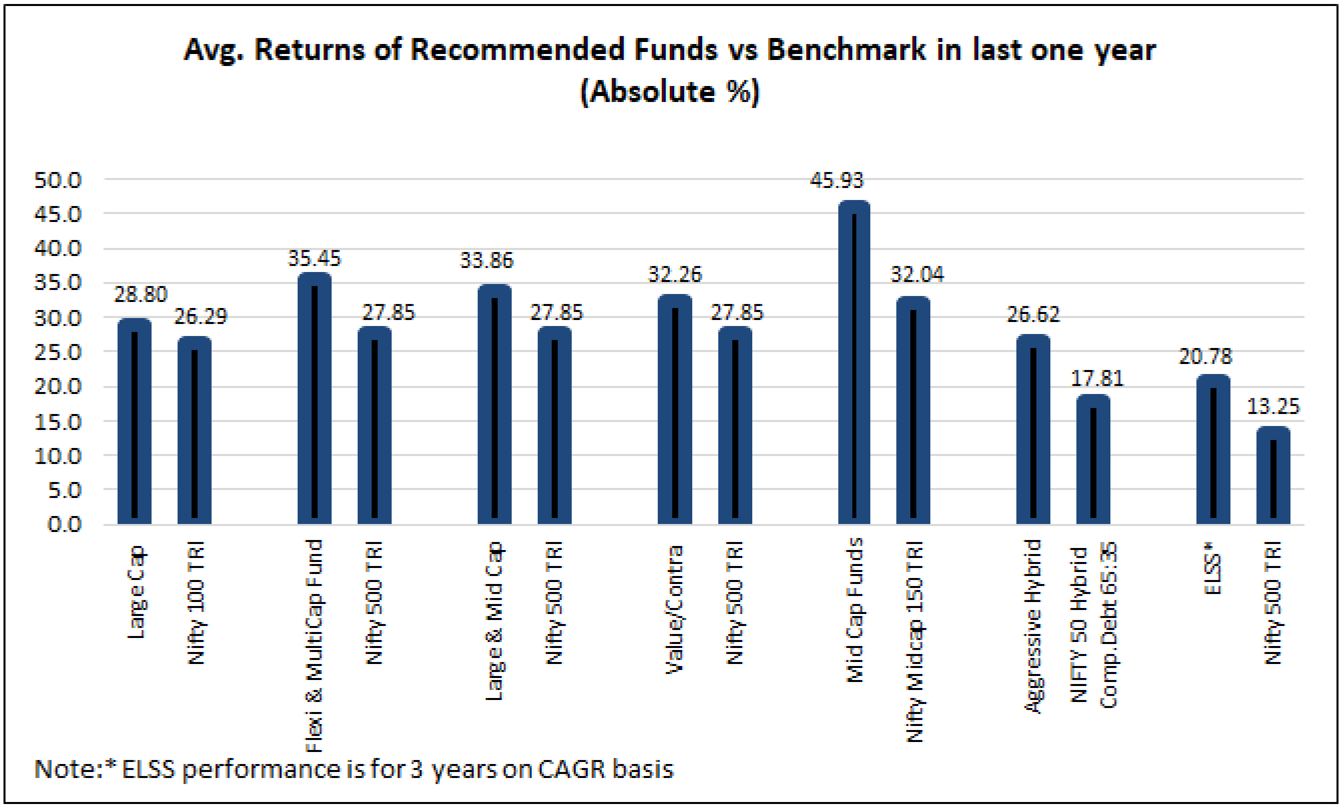












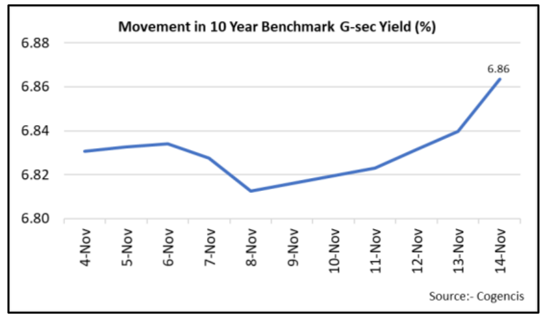
Returns Absolute %			Returns Compounded Annualised %			
Category Average of Recommended Funds	**1 Month**	**6 Months**	**1 Year**	**2 Years**	**3 Years**	**5 Years**
Large Cap Funds	-6.42	6.47	28.80	21.34	15.18	18.27
Flexi & MultiCap Fund	-5.74	10.26	35.45	27.82	20.30	23.19
Large & Mid Cap Funds	-6.87	8.00	33.86	26.48	18.34	22.59
Mid Cap Funds	-5.86	18.86	45.93	37.73	27.14	29.59
Small Cap Funds	-7.02	11.72	32.54	33.92	22.84	31.03
Value/Contra Funds	-6.22	7.95	32.26	27.33	20.00	25.81
Focused Funds	-6.20	8.25	34.42	24.29	17.70	22.25
Aggressive Hybrid Funds	-4.72	8.87	26.62	20.27	14.70	17.89
Dynamic Asset Allocation Funds	-2.92	5.88	21.49	17.74	13.77	16.22
Equity Linked Saving Schemes	-7.06	11.77	41.63	31.59	20.78	22.30
Infrastructure Oriented Funds	-7.17	5.52	42.15	33.07	23.46	28.28
Nifty 50 Index TRI	**-6.20**	**6.79**	**22.35**	**14.56**	**10.42**	**15.98**
Nifty 500 TRI	**-7.33**	**6.87**	**27.85**	**19.52**	**13.25**	**19.07**
Nifty Infrastructure TRI	**-8.34**	**0.79**	**34.28**	**27.38**	**17.76**	**22.77**

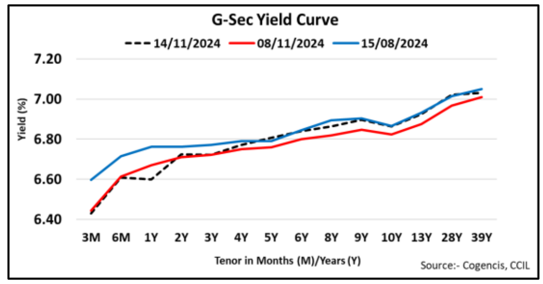
Note: Data as on November 14, 2024. Returns less than 1 year are in absolute % terms, whereas returns above 1 year are in CAGR terms.
Data has been sourced from ICRA Analytics Ltd. (For Disclaimer of ICRA Analytics Ltd, refer to https://icraanalytics.com/home/disclaimer)

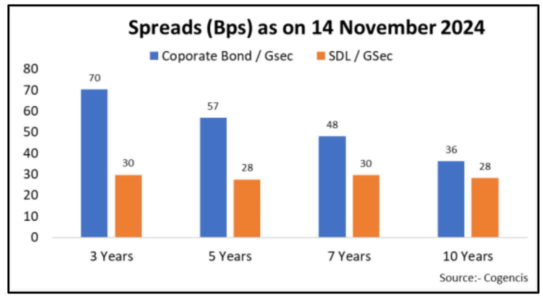
Overview - Fixed Income Markets & Mutual Funds as on 14 November 2024

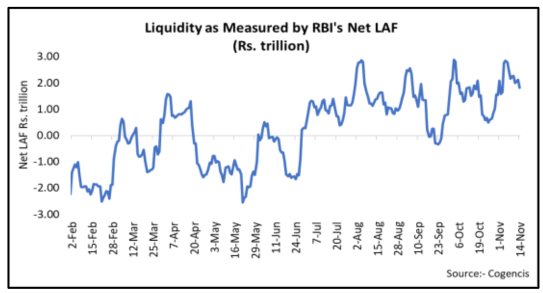
- Domestic G-Sec prices closed the week ended 14th November 2024 on a negative note wherein the yield on the 10-year benchmark, the 7.10% G-Sec 2034 bond, closed higher by 5 bps at 6.86% as against 6.81% on 8th November 2024.
- In case of AAA rated corporate bonds, yields in the less than one-year segment were mixed in the range of (-)10 bps to 5 bps on a WoW basis. In case of greater than one-year segment, yields were mixed in the range of (-)1 bp to 2 bps on a WoW basis.
- **Movement in G-sec yields :-**
  - Indian G-sec yields rose as a larger-than expected spike in domestic consumer inflation data of Oct 2024 diminished expectations of an early interest rate cut by the RBI. Losses were extended as elevated US Treasury yields hurt the demand for local bonds.
  - The total G-sec supply for the week stood at Rs 424 bn (SDLs + G-secs). In this, the G-secs' auction was to the tune of Rs 370 bn and the maturities were in the range of 5-30 years. The SDLs' auction was to the tune of Rs 54 bn and the maturities were in the range of 5-15 years. There were no 10-year SDLs in the latest auction. The average yield of 10-year SDLs in the previous week was 7.14% The G-secs' auction was for the following: 7.04% GS 2029, New GS 2039, and 7.09% GS 2054.
  - 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 surplus of ~Rs 1.99 trillion during the week as against a daily average surplus of ~Rs 2.60 trillion during the previous week.
- **Macro Data released during the week :-**
  - As per MoSPI, the CPI based inflation reached a 14-month high of 6.21% YoY in October 2024, up from 5.49% YoY in September 2024, indicating persistent price pressures across sectors.
  - According to MoSPI, the IIP in India witnessed an expansion of 3.1% YoY in September 2024 as against a contraction of 0.1% YoY in August 2024.
  - As per RBI, India's outward Foreign Direct Investment commitments rose to USD 3.24 bn in October 2024, up from USD 2.55 bn in October 2023. Sequentially, they declined from USD 3.77 bn in September 2024.
  - As per the RBI, India's foreign exchange reserves dipped by USD 6.4 bn to USD 675.65 bn as of November 8, 2024. Foreign currency assets (FCAs) fell by USD 4.4 bn to USD 585.38 bn.
- **Other macro-economic news :-**
  - As per a labour ministry statement, retirement fund body EPFO has seen a 6.6% YoY rise in contributing employers to ~766,000 while recording 7.6% YoY growth in members to 73.7 mn in FY24.
  - The chief economist at ICRA projected that any rate cuts in India would likely be limited to 50 bps, suggesting that the RBI is less likely to mirror the Fed's aggressive rate-cutting measures and instead would opt for a rate cut timeline that aligns with local economic needs.
  - As per data analytics firms Bigmint and Kpler, thermal coal imports of India plunged 31.8% YoY to 13.56 mn metric tons. This was the fastest rate of contraction in fifteen months.
  - The RBI issued an operational framework for reclassification of investment made by a Foreign Portfolio Investor to Foreign Direct Investment (FDI) if the entity breaches the prescribed limit.
- **Global Updates :-**
  - As per the US Labor Department, the US Consumer Price growth accelerated to 2.6% YoY in October 2024 from 2.4% YoY in September 2024, in line with economist estimates.
  - As per the National Bureau of Statistics, China's CPI grew at by 0.3% YoY in October 2024 after reporting a 0.4% YoY growth in September 2024. The market expected a 0.4% YoY increase in the reported period.
  - China's Minister of Finance announced a five-year package totaling 10 trillion yuan (USD 1.4 trillion) to tackle local government debt problems, while signaling more economic support would come next year
  - The Organization of the Petroleum Exporting Countries in a monthly report said that world oil demand will rise by 1.82 mn barrels per day in 2024, down from growth of 1.93 mn bpd it expected last month.
- **Outlook :-**

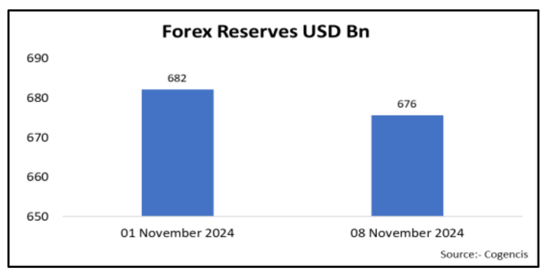
The liquidity conditions are likely to remain in surplus as the RBI continues to have a neutral stance. The CPI inflation for October 2024 climbed to a 14-month high of 6.21% YoY, higher than market expectations of 5.81% YoY. While the CPI inflation remains above the RBI's target of 4% YoY, the food inflation is expected to cool down with the onset of winter, which can cause headline inflation to gradually trend downwards. Additionally, the evolving geopolitical tensions in the Middle East may weigh on global crude oil prices. Going forward, the RBI's decision will be influenced by the GDP growth data for Q2 FY25 along with the status of inflation trajectory; as it tries to balance growth-inflation dynamics. In the US, the Federal Reserve cut its benchmark lending rate by 25 bps to 4.50-4.75%, in an effort to support the US economic conditions, as inflation data looks supportive. The results of the US Presidential Election saw Republican candidate Donald Trump as the President-elect, whose policies can determine the US growth-inflation dynamics in the medium term. The commodity prices seem to be consolidating post the rally after the stimulus announcement in China. China has announced further fiscal stimulus measures to support its domestic demand conditions, the impact of which needs to be monitored on the commodity prices going forward. Domestically, tactical opportunities for duration strategy have emerged, with yields at the longer end rising on the back of rise in the US bond yields and recent selling by the FPIs in the Indian Bond market. With the fiscal deficit expected to remain firmly under control, the supply-demand dynamics are likely to support lower yields at the longer end. Additionally, as liquidity conditions ease further due to the change in stance, it is likely to compress the corporate bond yields at the shorter end. **With this backdrop, the inverted corporate bond yield curve may normalize, making the case for 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.**

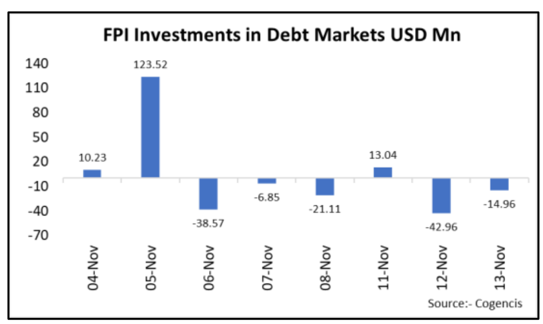












Category Average Returns as on 14 November 2024

Annualised Returns *	1 Day	1 Week	1 Month	2 Month	3 Months	6 Months	9 Months	1 Year	2 Year	3 Year
Overnight Funds	5.99	6.13	6.20	6.27	6.28	6.38	6.49	6.60	6.55	5.79
Liquid Funds	7.12	6.79	6.75	7.02	6.94	7.03	7.22	7.27	7.06	6.15
Floater Funds	-7.47	6.32	5.60	7.59	7.89	8.59	8.47	8.29	7.71	6.28
Low Duration Funds	6.37	6.88	6.42	7.52	7.33	7.36	7.52	7.38	7.10	5.93
Money Market Funds	7.05	6.79	6.77	7.32	7.19	7.16	7.44	7.38	7.21	6.16
Ultra Short Duration Funds	6.89	6.56	6.53	7.10	6.94	6.91	7.15	7.06	6.86	5.84
Banking And PSU Funds	-8.54	3.92	3.83	6.99	7.52	8.14	7.88	7.91	7.18	5.73
Corporate Bond Funds	-10.24	4.25	4.03	7.16	7.76	8.43	8.13	8.07	7.33	5.74
Medium Duration Funds	-18.15	1.15	2.96	6.51	7.48	8.55	8.03	8.27	7.27	6.02
Short Duration Funds	-7.91	4.05	4.94	7.00	7.42	8.09	7.80	7.82	7.06	5.94
Medium To Long Duration Funds	-57.41	-4.64	-0.44	3.66	6.06	8.55	7.85	8.68	7.22	5.43
Long Duration Funds	-119.50	-16.32	-5.54	2.02	6.20	10.02	8.93	11.35	8.72	6.08
Dynamic Bond Funds	-66.91	-7.91	-1.81	3.23	6.15	8.77	7.98	8.93	7.44	5.78
Credit Risk Funds	-4.88	2.49	5.31	7.33	7.82	8.39	8.11	8.05	7.85	8.93
Gilt Funds / Gilt Funds with 10 year constant duration	-91.01	-12.09	-3.35	2.19	5.73	8.88	8.16	9.39	7.75	5.65
Conservative Hybrid Funds	-19.41	-35.37	-14.31	-4.63	3.74	10.39	9.97	12.35	9.99	7.72
Index Funds	-5.84	4.26	3.29	6.23	7.11	8.75	8.29	8.71	7.63	5.42
Arbitrage Funds	27.95	10.19	8.13	6.71	6.67	7.21	7.29	7.35	7.27	5.96

* 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	0.28	6.55	8.94	9.21	7.69	5.62
Dynamic Bond Fund	-3.50	6.41	9.53	9.55	7.99	5.93
Gilt Funds & Gilt Funds with 10 year constant duration	-6.47	5.44	9.20	10.18	8.24	6.14
Short Duration / Medium Duration	4.22	7.37	8.29	8.10	7.30	5.83
Banking and PSU Funds	3.60	7.93	8.55	8.25	7.39	5.91
Corporate Bond Funds	4.31	8.15	8.91	8.57	7.74	6.26
Ultra Short Duration Funds /Low Duration / Floater Funds	6.76	7.50	7.47	7.54	7.30	6.23
Money Market Funds	7.05	7.46	7.45	7.71	7.57	6.51
Liquid Funds & Overnight Funds	6.81	7.02	7.11	7.36	7.14	6.22
Arbitrage Funds	8.36	6.92	7.51	7.70	7.61	6.34

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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