Weekly Equity Market Updates for week ended November 22, 2024

Domestic Equity Market Update

- Indian equities ended the week on a positive note, with the large cap-oriented BSE Sensex ending higher by 1.98% & and Nifty 50 ending higher by 1.59% WoW respectively. The BSE Midcap index ended higher by 1.67% and the BSE Small cap index ended higher by 0.44%.
- On the BSE sectoral front, Realty was the top performer. Oil & Gas and Power underperformed the most.
- Domestic equity markets ended the week on positive note driven by an across-the-board rally led by heavyweight stocks and lower-level value buying. Strong buying by domestic institutional investors and a firm trend in the U.S. markets also supported the sentiment. However, gains were restricted after the U.S. District Court and the Securities & Exchanges Commission filed bribery allegations against the chairman and other executives of a prominent domestic conglomerate.

Global Market Updates

- US equity markets ended on a positive note during the week amid strong gains in a few major companies. Additionally, fresh hope for global economic growth during the second term of US President led to positive market sentiments.
- European equity markets rose tracking the rally in Wall Street this week. Meanwhile, investors digested regional and US economic data, and corporate news, in addition to following the developments on the geopolitical front.
- Brent crude price rose from USD 71.31 per barrel to USD 75.17 amid rising concerns about the Russia – Ukraine conflict. Further, prices rose amid the rising possibility of supply disruptions following an escalation in geopolitical tensions.

Macro Data & Domestic News Released During the Week

- S&P Global Ratings projected the Indian economy can grow between 6.5-7% YoY in the three fiscal years till March 2027 as infrastructure spending and private consumption drive growth momentum.
- According to CareEdge Ratings, in Q2 FY25, India saw a modest recovery in capital expenditure (Capex), largely driven by a 10.3% YoY increase in central government spending.
- As per the study, titled "India's GCC Landscape", India's global capability centres (GCCs) are projected to become a USD 100 bn industry by 2030, employing over 2.5 mn professionals.
- According to ratings agency CRISIL, tyre manufacturers in India are bracing for a second consecutive year of single-digit revenue growth, with estimates suggesting the increase to be at 7-8% YoY during the FY25.
- As per Economic Affairs Secretary Ajay Seth, India's economic growth may have slowed in Q2 FY25, but overall, there is not much downside risk to 6.5-7% YoY in FY25. On capex, Seth said that the government's capital expenditure may see some undershooting of the Rs 11.11 trillion in FY25.
- As per Domestic rating agency Icra, India's real GDP growth for Q2 FY25 is likely to decline to 6.5% YoY due to heavy rains and weaker corporate performance.
- As per head of ecommerce at retail market tracker NielsenIQ, sales volume of ready-to-eat foods topped growth on quick-comm channels, expanding 52% YoY in Q2 FY25. Sales of salty snacks and refined edible oils grew 41% YoY each, followed by biscuits (40% YoY) and packaged atta (39% YoY).

Outlook

Going forward, Indian equity market is likely to be driven by incoming macro data points, policy action by the government, 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. This could be a near term negative for US and global risk assets.

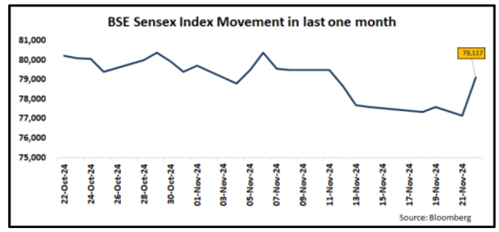
While, India continues to remain the fastest growing major economy, earnings momentum in the economy seems to be decelerating. In India, the macro-economic conditions continue to remains strong, with the high frequency data like the PMI, Tax collection and RBI Economic activity index remaining strong. However, the emerging issue in India seems to be the weakening urban demand and muted Government capex spend. The performance of the companies in the ongoing festive season is likely to drive their stock price movement in the third quarter. The Q2FY25 earnings season saw weak performance across sectors, ex -banking, with many companies delivering numbers below expectations and this has led to volatility in the markets.

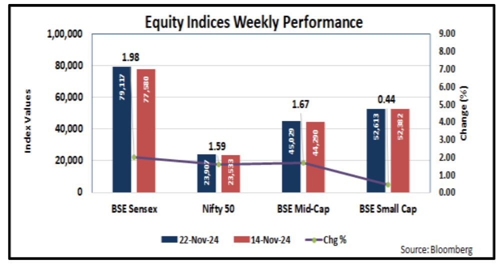
With the both the state elections (Maharashtra & Jharkhand) behind, market participants expect the government spending to start picking up. This along with a strong marriage season could support the equity market in the near term. Lower Capex spend by the Government and continued weakness in Urban demand remain key downside risk to the market, from current levels.

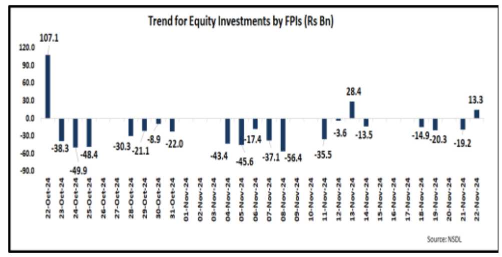
While the equity market valuations have moved up substantially in the last two years across many sectors and marketcap segments (especially midcap and Smallcap), future earnings in key marketcap segments are witnessing downgrades, which is not good news. FPI selling has also led to pressure on Indian 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.

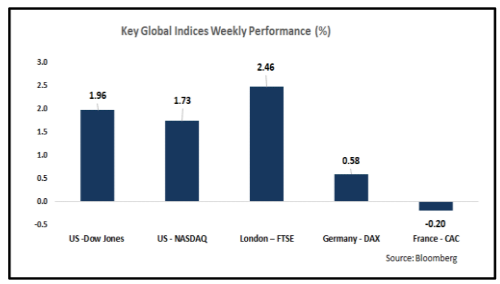
In the long term, improving domestic macro conditions, favourable demographics, rising per capital income and Strong consumption demand could keep driving the Indian corporate earnings higher and support the equity markets, thus making Indian markets a "buy on dips" play currently.

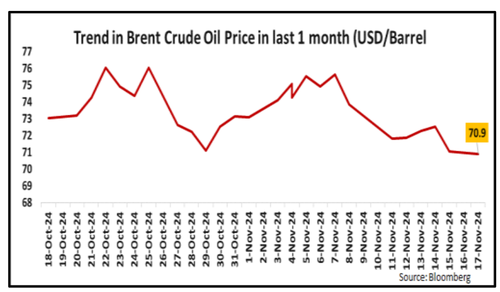
Fresh Investment deployment strategy could be 40% lumpsum and rest 60% to be staggered over the next 5-6 months. Mutual Fund investors can look to focus on categories like Largecap, Focused, Equity Hybrid and Multi-asset funds. Aggressive investors may also look at Business Cycle Funds for allocation.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

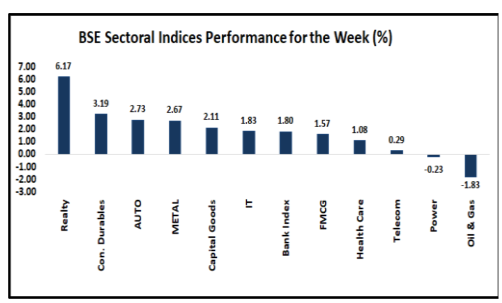


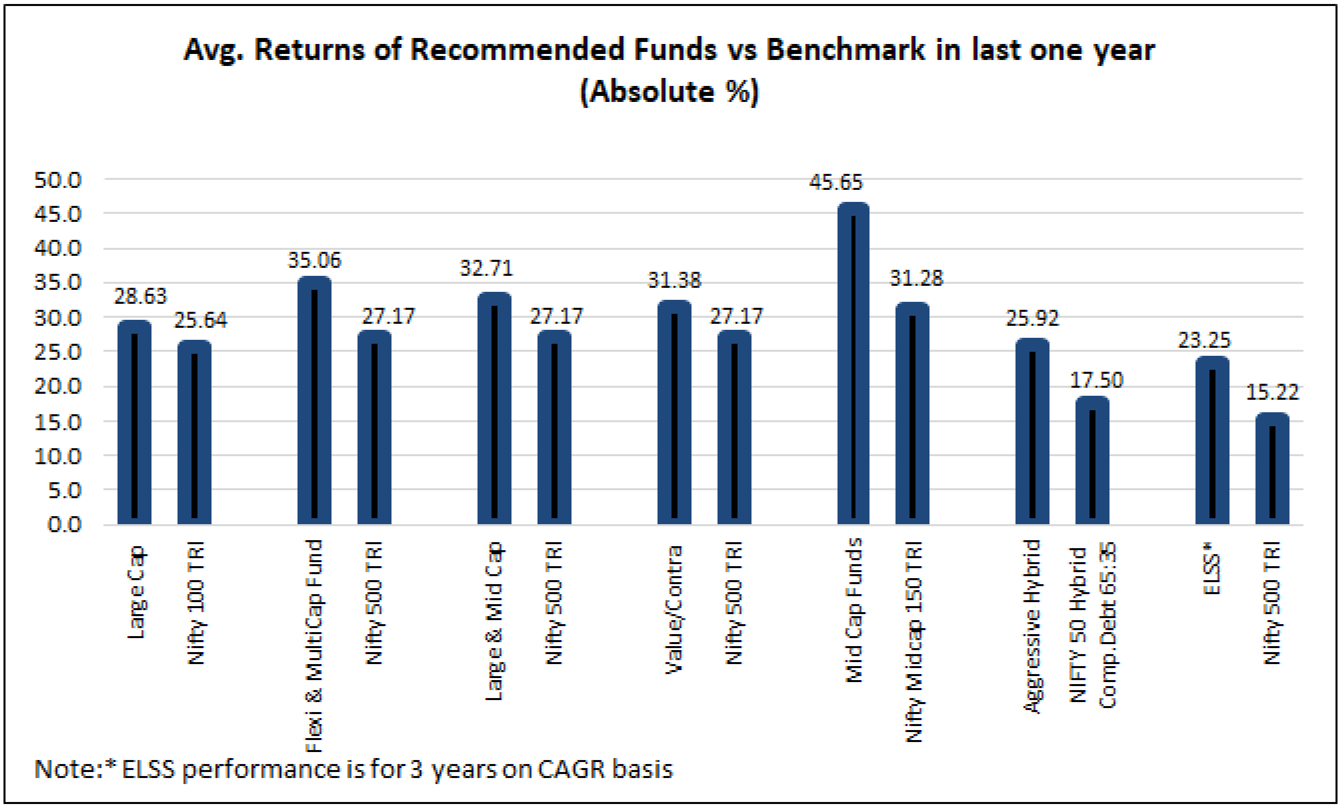












	Returns Absolute %		Returns Compounded Annualised %			
Category Average of Recommended Funds	**1 Month**	**6 Months**	**1 Year**	**2 Years**	**3 Years**	**5 Years**
Large Cap Funds	-2.38	5.51	28.63	22.45	17.40	18.48
Flexi & MultiCap Fund	-1.57	8.07	35.06	28.78	22.72	23.11
Large & Mid Cap Funds	-2.50	5.69	32.71	27.46	20.55	22.66
Mid Cap Funds	0.56	16.50	45.65	39.09	30.04	30.09
Small Cap Funds	-2.07	8.36	30.26	34.20	24.99	31.18
Value/Contra Funds	-2.51	5.85	31.38	27.91	22.16	25.85
Focused Funds	-2.35	7.15	33.60	25.08	19.95	22.17
Aggressive Hybrid Funds	-1.80	7.58	25.92	21.08	16.14	17.88
Dynamic Asset Allocation Funds	-1.04	4.74	20.68	18.14	14.72	16.27
Equity Linked Saving Schemes	-2.13	9.90	42.02	32.71	23.25	22.75
Infrastructure Oriented Funds	-3.12	2.06	39.46	33.67	25.37	28.22
Nifty 50 Index TRI	**-2.17**	**6.59**	**22.03**	**15.73**	**12.45**	**16.26**
Nifty 500 TRI	**-2.48**	**5.27**	**27.17**	**20.78**	**15.22**	**19.28**
Nifty Infrastructure TRI	**-4.32**	**-1.47**	**33.27**	**28.30**	**20.11**	**22.45**

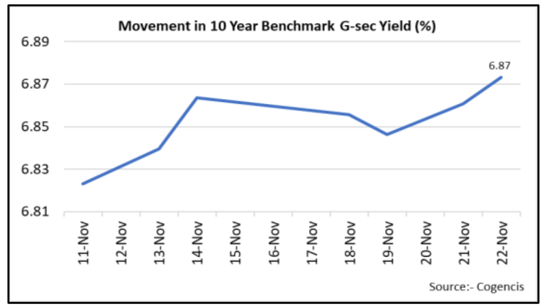
Note: Data as on November 22, 2024. Returns less than 1 year are in absolute % terms, whereas returns above 1 year are in CAGR terms. Data has been sourced from ICRA Analytics Ltd. (For Disclaimer of ICRA Analytics Ltd, refer to https://icraanalytics.com/home/disclaimer)

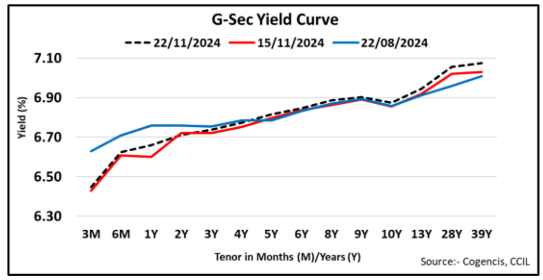
Overview - Fixed Income Markets & Mutual Funds as on 22 November 2024

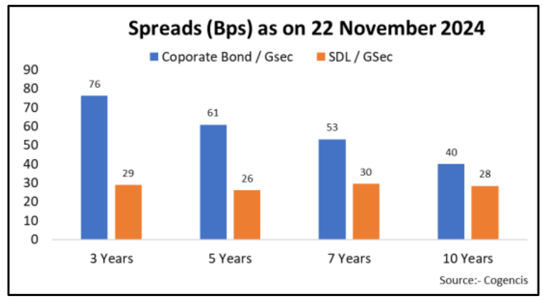
- Domestic G-Sec prices closed the week ended 22nd November 2024 on a negative note wherein the yield on the 10-year benchmark, the 7.10% G-Sec 2034 bond, closed higher by 1 bp at 6.87% as against 6.86% on 14th November 2024.
- In case of AAA rated corporate bonds, yields in the less than one-year segment were mixed in the range of (-)10 bps to 10 bps on a WoW basis. In case of greater than one-year segment, yields rose up to 1 bp on a WoW basis.
- **Movement in G-sec yields :-**
  - Indian G-sec yields rose following a fresh supply of benchmark government securities in the weekly auction. The government sold benchmark paper 6.79% GS 2034 worth of Rs. 220 bn through the auction on Nov 22, 2024. Losses were extended after the RBI emphasized its concern on domestic inflation. However, sentiment was boosted by comments from India's finance minister, who said economic growth requires "far more affordable" bank interest rates.
  - The total G-sec supply for the week stood at Rs 413.49 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-year G-sec, the cut off yield came in at 6.86%. The SDLs' auction was to the tune of Rs 93.49 bn and the maturities were in the range of 7-14 years. For the 10-year SDL, the average cut off yield came in at 7.12%. There was no 10-year SDL in the previous week's auction. The G-secs' auction was for the following: 6.79% GS 2034 and New GS 2074.
  - 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 947 bn during the week as against a daily average surplus of ~Rs 1.99 trillion during the previous week.
- **Macro Data released during the week :-**
  - India's merchandise exports grew by 17.3% YoY to USD 39.2 bn, while merchandise imports increased by 3.9% YoY to USD 66.34 bn, leading to a widening trade deficit of USD 27.1 bn in October 2024.
  - According to RBI, the net inflows through External Commercial Borrowings (ECBs) rose to USD 7.9 bn in H1 FY25 from USD 6.8 bn in H1 FY24.
  - As per RBI Bulletin, the RBI was a net buyer of dollars in H1 FY25 with USD 8.52 bn purchased during the period. In H1 FY24, the central bank had bought a net USD 17.68 bn worth of the foreign currency.
  - As per the RBI, India's foreign exchange reserves dipped by USD 17.76 bn to USD 657.89 bn as of November 15, 2024. Foreign currency assets (FCAs) fell by USD 15.55 bn to USD 569.83 bn.
- **Other macro-economic news :-**
  - As per RBI Governor, despite ongoing global challenges like inflation, geopolitical tensions, and lingering pandemic effects, India's economy is steady, thanks to a robust external sector, strong economic buffers.
  - As per the Ministry of Commerce and Industry, India's wholesale price index (WPI)-based inflation increased in October 2024 to a four-month high of 2.36% YoY from 1.84% YoY in September 2024.
  - As per NSO, in a positive sign, the urban unemployment rate in Q2 FY25 declined to a fresh low of 6.4% YoY since the data was started to be compiled in 2017, due to a sharper dip in female unemployment rate.
  - Retirement fund body EPFO logged 9.33% YoY growth in net member additions in September 2024 at 1.88 mn. EPFO enrolled around 0.95 mn new members in September 2024, an 6.22% YoY growth.
- **Global Updates :-**
  - As per the US Fed, Industrial Production in the US fell by 0.3% MoM in October 2024 after sliding by a downwardly revised 0.5% MoM in September 2024. Economists had expected it to dip by 0.3% MoM.
  - As per Eurostat, the trade surplus of Eurozone rose to EUR 12.5 bn in September 2024 from EUR 9.8 bn in the same period last year. Exports grew 0.6% YoY, while imports dropped 0.6% YoY.
  - As per the China's National Bureau of Statistics, Industrial production in China posted a growth of 5.3% YoY in October 2024 after rising 5.4% YoY in September 2024.
  - The People's Bank of China maintained its one-year loan prime rate at 3.10%. Likewise, the five-year LPR, the benchmark for mortgage rates, was retained at 3.60%.
- **Outlook :-**

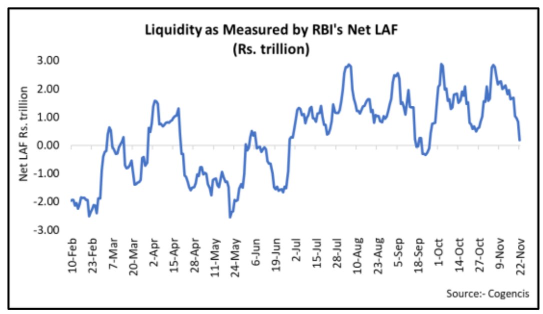
The liquidity conditions are likely to remain in surplus as the RBI continues to have a neutral stance. The CPI inflation for October 2024 climbed to a 14-month high of 6.21% YoY, higher than market expectations of 5.81% YoY. While the CPI inflation remains above the RBI's target of 4% YoY, the food 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 between Russia-Ukraine 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 officials seem to be suggesting a pause on the rate cut front as the high frequency data is showing strength. The policies adopted by the incoming UD administration of Donald Trump would also guide the rate cut path there.

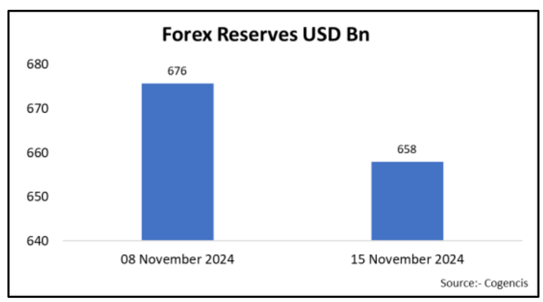
Domestically, tactical opportunities for duration strategy have emerged, with yields at the longer end rising on the back of rise in the US bond yields and recent selling by the FPIs in the Indian Bond market. With the fiscal deficit expected to remain firmly under control, the supply-demand dynamics 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.**

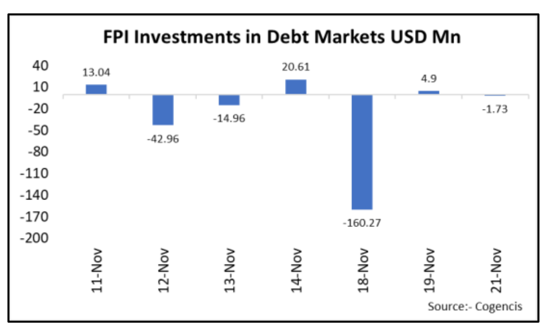












Category Average Returns as on 22 November 2024

Annualised Returns *	1 Day	1 Week	1 Month	2 Month	3 Months	6 Months	9 Months	1 Year	2 Year	3 Year
Overnight Funds	6.51	6.29	6.25	6.27	6.31	6.40	6.51	6.62	6.55	5.81
Liquid Funds	6.37	6.52	6.80	6.94	6.92	6.98	7.19	7.27	7.07	6.18
Floater Funds	-2.56	4.45	6.08	6.91	7.29	8.23	8.30	8.21	7.68	6.29
Low Duration Funds	5.36	5.85	6.80	7.26	7.20	7.26	7.43	7.39	7.09	5.95
Money Market Funds	6.90	6.38	6.85	7.21	7.07	7.13	7.36	7.38	7.20	6.18
Ultra Short Duration Funds	6.61	6.16	6.67	6.97	6.85	6.87	7.08	7.07	6.86	5.87
Banking And PSU Funds	-10.76	4.21	5.40	5.84	7.13	7.71	7.59	7.85	7.13	5.73
Corporate Bond Funds	-5.38	4.92	5.78	6.15	7.44	8.01	7.89	8.03	7.29	5.74
Medium Duration Funds	-8.86	3.97	4.44	5.54	7.15	8.05	7.75	8.16	7.23	6.01
Short Duration Funds	-2.97	5.42	6.53	6.32	7.26	7.74	7.58	7.80	7.04	5.96
Medium To Long Duration Funds	-16.02	1.49	1.38	2.14	5.20	7.57	7.32	8.43	7.16	5.39
Long Duration Funds	-22.86	-4.23	-4.86	-0.62	3.93	8.35	8.01	10.87	8.55	5.93
Dynamic Bond Funds	-12.11	0.23	-0.27	1.61	5.01	7.71	7.44	8.68	7.37	5.73
Credit Risk Funds	2.60	4.29	5.71	6.71	7.67	8.14	8.00	8.00	7.82	8.95
Gilt Funds / Gilt Funds with 10 year constant duration	-16.82	0.12	-1.38	0.41	4.36	7.67	7.52	9.05	7.68	5.58
Conservative Hybrid Funds	130.78	16.11	-1.88	-5.07	1.95	9.54	9.76	12.32	10.31	8.27
Index Funds	-6.62	3.54	4.16	5.23	6.66	8.16	7.98	8.57	7.55	5.39
Arbitrage Funds	5.87	6.88	7.55	6.83	6.85	7.07	7.24	7.50	7.25	5.97

* 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	2.11	5.76	7.95	8.94	7.62	5.56
Dynamic Bond Fund	-2.79	4.55	8.20	9.18	7.88	5.86
Gilt Funds & Gilt Funds with 10 year constant duration	-4.72	3.36	7.79	9.83	8.16	6.09
Short Duration / Medium Duration	5.58	7.12	7.87	8.05	7.28	5.83
Banking and PSU Funds	4.89	7.31	8.03	8.12	7.34	5.90
Corporate Bond Funds	5.71	7.75	8.40	8.49	7.69	6.26
Ultra Short Duration Funds /Low Duration / Floater Funds	6.95	7.38	7.39	7.54	7.29	6.25
Money Market Funds	7.15	7.33	7.42	7.71	7.56	6.54
Liquid Funds & Overnight Funds	6.86	6.99	7.06	7.36	7.15	6.24
Arbitrage Funds	7.77	7.13	7.37	7.84	7.59	6.36

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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