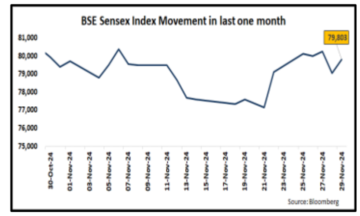
Weekly Equity Market Updates for week ended November 29, 2024

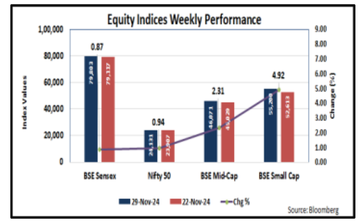
Domestic Equity Market Update

- Indian equities ended the week on a positive note, with the large cap-oriented BSE Sensex ending higher by 0.87% & and Nifty 50 ending higher by 0.94% WoW respectively. The BSE Midcap index ended higher by 2.31% and the BSE Small cap index ended higher by 4.92%.
- On the BSE sectoral front, Capital Goods was the top performer. Auto, IT and Consumer Durables underperformed the most.
- Domestic equity markets ended the week on positive note driven by outcome of state election results and easing geopolitical tensions. However, gains were limited due to uncertainty over the Federal Reserve's interest rate path due to expectations of high inflation in November 2024.



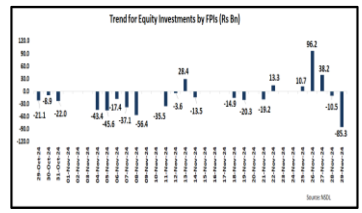
Global Market Updates

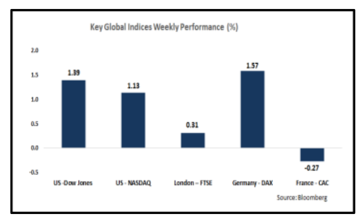
- US equity markets ended on a positive note during the week boosted by strong economic data and the nomination of Scott Bessent as Treasury Secretary that eased fiscal concerns. However, some losses were witnessed as technology stocks fell amid concerns that the Fed may delay rate cuts following strong US inflation data.
- European equity markets mostly rose amid anticipations of additional rate reductions by central banks, and there are indications of a rise in inflation within the eurozone. However, concerns over the French government's ability to push through its budget and sell off in auto stocks following concerns over US tariffs led to losses in that market.
- Brent crude price fell from USD 74.63 per barrel to USD 72.12 on reports of Israel-Hezbollah cease-fire agreement.



Macro Data & Domestic News Released During the Week

- According to data from S&P Global, HSBC's flash India Composite Purchasing Managers' Index (PMI) rose to 58.6 in October 2024 from September 2024's final reading of 58.3.
- According to CRISIL, the revenue growth of Indian companies for the Q2 FY25 is estimated to be 5-7% YoY, marking the slowest growth in 16 quarters.
- As per the data by the Ministry of Commerce and Industry, growth in the output of eight key infrastructure industries, known as the core sector, further recovered to 3.1% YoY in October.
- According to ICRA, NBFCs will see asset growth in microfinance lending moderate to 10-12% YoY in FY25 from 30% YoY growth in FY24.
- According to Government data, India's annual growth rate in milk production has slowed down further to 3.78% YoY in FY24 as compared to 3.83% YoY in FY23.
- Rating agency Icra has revised down its volume growth forecast for the cement industry to 4-5% YoY at 445-450 mn tonne for FY25 on account of sluggish construction activity.
- As per Business Standard Analysis, in Q2 FY25, the combined salary and wage expenses of 3,515 listed companies in the Business Standard sample grew 7.7% YoY, down from 14.2% YoY in Q2 FY24.
- As per Crisil Ratings, lower realisations and flat operating margin can drag absolute Ebitda for primary steelmakers 5-7% YoY lower in FY25, at a time of substantial growth capex.





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. While the Q2 FY25 GDP numbers were below expectations due to poor performance of manufacturing and mining sectors, the market participants expect that H2FY25 could see incremental improvement driven by Government spending. While elevated inflation makes a December rate cut unlikely, RBI could acknowledge the need to support growth, cementing a February rate cut options.

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.

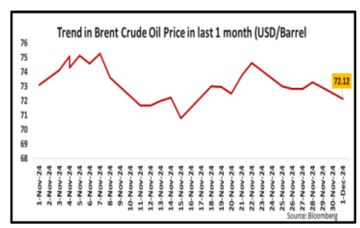
In India, earnings momentum in the economy seems to be decelerating and without incremental improvement, the markets could continue to consolidate/correct. Even the high frequency data points in India are suggesting a gradual deceleration of momentum. Data like the Tax collection, Government spending, Exchange rate etc are showing incremental weakening. 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 determine their stock price movement in the third quarter.

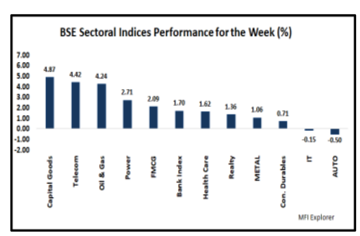
With the both the state elections (Maharashtra & Jharkhand) behind, market participants expect the government spending to start picking up. This along with a strong marriage season could support the equity market in the near term. Lower Capex spend by the Government and continued weakness in Urban demand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

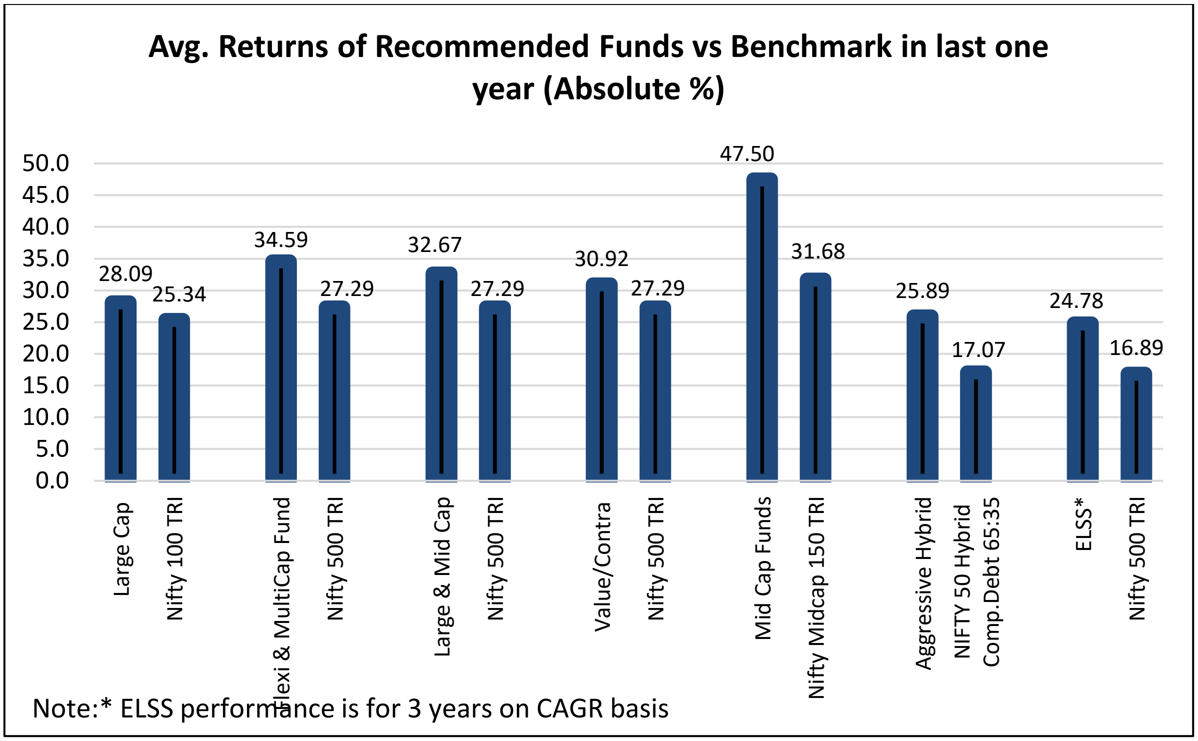
Despite the recent correction, the aggregate valuations in the markets continue to remain high. Valuations are relatively favourable in Large Cap and Small cap vs the Midcap Indices. FPI selling remains a key monitorable. While the inflow into the equity markets have been substantial from the domestic 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.

The View on equity markets remain cautiously optimistic and 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, Flexicap, Multicap, 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	-0.13	7.37	28.09	21.58	18.94	18.50
Flexi & MultiCap Fund	0.62	10.46	34.59	28.42	24.46	23.18
Large & Mid Cap Funds	0.12	8.57	32.67	27.31	22.39	22.83
Mid Cap Funds	2.85	20.98	47.50	39.32	31.68	30.50
Small Cap Funds	-0.09	14.24	33.71	35.28	26.80	32.02
Value/Contra Funds	-0.33	8.37	30.92	27.51	23.84	25.97
Focused Funds	0.36	9.33	32.92	24.50	21.67	22.29
Aggressive Hybrid Funds	0.08	9.32	25.89	20.71	17.39	17.98
Dynamic Asset Allocation Funds	0.43	5.95	20.62	17.96	15.59	16.39
Equity Linked Saving Schemes	0.54	12.77	40.90	32.29	24.78	23.02
Infrastructure Oriented Funds	-0.12	5.92	39.47	33.78	27.44	29.06
Nifty 50 Index TRI	**-0.26**	**7.79**	**21.27**	**14.69**	**13.76**	**16.21**
Nifty 500 TRI	**0.05**	**8.08**	**27.29**	**20.38**	**16.89**	**19.44**
Nifty Infrastructure TRI	**-0.93**	**1.36**	**33.67**	**27.59**	**21.98**	**22.85**

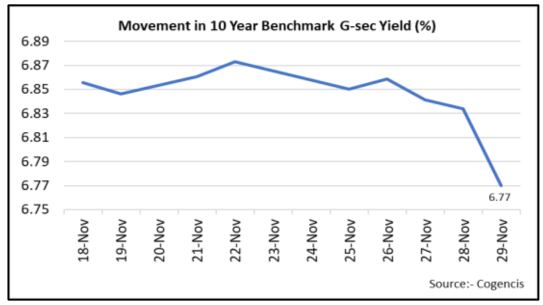
Note: Data as on November 29, 2024. Returns less than 1 year are in absolute % terms, whereas returns above 1 year are in CAGR terms.
Data has been sourced from ICRA Analytics Ltd. (For Disclaimer of ICRA Analytics Ltd, refer to https://icraanalytics.com/home/disclaimer)

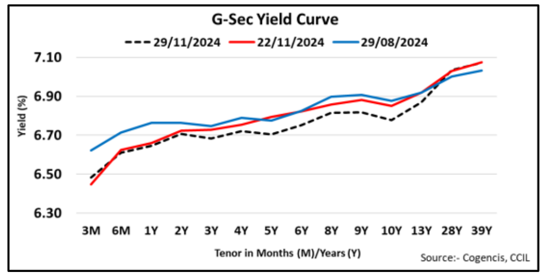
Overview - Fixed Income Markets & Mutual Funds as on 29 November 2024

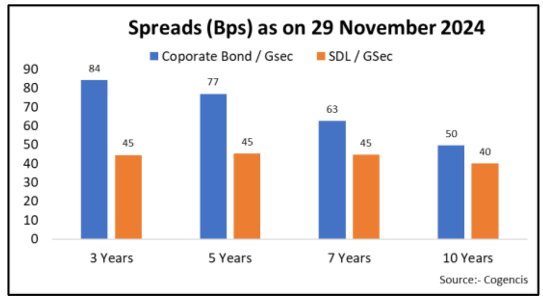
- Domestic G-Sec prices closed the week ended 29th November 2024 on a positive note wherein the yield on the 10-year benchmark, the 7.10% G-Sec 2034 bond, closed lower by 10 bp at 6.77% as against 6.87% on 22nd November 2024.
- In case of AAA rated corporate bonds, yields in the less than one-year segment were mixed in the range of (-)1 bp to 12 bps on a WoW basis. In case of greater than one-year segment, yields fell up to 8 bps on a WoW basis.
- **Movement in G-sec yields :-**
  - Indian G-sec yields fell during the week following the weaker-than-expected domestic GDP growth data for the second quarter of FY25, which may pave the way for an earlier rate cut by the RBI. Gains were extended following an ease in US Treasury yields after the newly elected US President said that he will nominate a prominent fund manager as Treasury secretary, who is seen a fiscal conservative and will likely to want to keep a leash on US deficits.
  - The total G-sec supply for the week stood at Rs 572.92 bn (SDLs + G-secs). In this, the G-secs' auction was to the tune of Rs 265.02 bn and the maturities were in the range of 7-40 years. For the 10-year G-sec, the cut off yield came in at 6.79%. The SDLs' auction was to the tune of Rs 307.90 bn and the maturities were in the range of 4-30 years. For the 10-year SDL, the average cut off yield came in at 7.16%, as against 7.12% in the previous week. The G-secs' auction was for the following: 7.02% GS 2031, New GOI SGrB 2034, 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 68 bn during the week as against a daily average surplus of ~Rs 947 bn during the previous week.
- **Macro Data released during the week :-**
  - As per RBI data, after running surplus liquidity of about Rs 1.4 trillion for over two months, the banking system liquidity saw a decline, prompting the RBI to inject Rs 69.56 bn on November 25, 2024. The liquidity deficit was because of the RBI selling dollars in the market to support the rupee.
  - According to the RBI, credit growth in the fortnight ending November 15, 2024 slowed to 11.15% YoY while deposit growth slightly outpaced credit growth, reaching 11.21% YoY. Outstanding deposits stood at Rs 218.54 trillion, while outstanding credit stood at Rs 173.62 trillion.
  - According to data from S&P Global, HSBC's flash India Composite Purchasing Managers' Index (PMI) rose to 58.6 in October 2024 from September 2024's final reading of 58.3.
  - As per the RBI, India's foreign exchange reserves dipped by USD 1.31 bn to USD 656.58 bn as of November 22, 2024. Foreign currency assets (FCAs) fell by USD 3.04 bn to USD 566.79 bn.
- **Other macro-economic news :-**
  - As per India Ratings and Research (Ind-Ra), India's fiscal deficit is expected to be 19 bps lower at 4.75% of the GDP than budgeted in FY25, due to fiscal discipline and slower economic activity in H1 FY25.
  - According to TeamLease Services, 59% of employers are planning to increase headcount in H2 FY25 and 7.1% workforce growth is expected during the period.
  - According to a white paper by the Forum for Progressive Gig Workers, the gig economy market is expected to grow at a CAGR of 17% YoY to reach a gross volume of USD 455 bn by 2024.
- **Global Updates :-**
  - As per the US Commerce Department, US GDP surged by 2.8% YoY in Q3 CY24, unchanged versus the "advance" estimate issued in October 2024. The unrevised reading matched expectations.
  - According to US Fed's latest Monetary Policy meeting minutes, officials believe it will be appropriate to gradually lower interest rates to a more neutral stance if economic data comes in as expected, with inflation continuing to move down sustainably to 2% and the economy remaining near maximum employment.
  - The US Securities and Exchange Commission (SEC) has approved the establishment of a 24-hour stock exchange, marking a significant milestone in global financial markets.
  - According to S&P Global, Eurozone private sector activity shrank moderately in October as the HCOB flash composite output index rose slightly to 49.7 in October 2024 from 49.6 in September 2024.
- **Outlook :-**

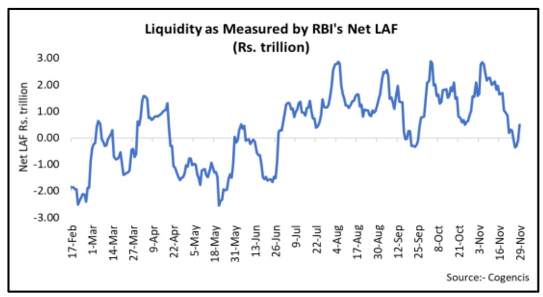
The liquidity conditions briefly moved to a deficit, seemingly on the back of RBI's forex intervention to support the orderly movement of INR. However, it ended the week in surplus. The CPI inflation for October 2024 climbed to a 14-month high of 6.21% YoY, higher than market expectations of 5.81% YoY. 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. India's Q2 FY25 GDP came in at a 7-month low of 5.4% YoY, well below expectations. With growth trajectory declining sharply, the market participants expect that the RBI is likely to act on both the liquidity and the policy rate front in the near term. In the US, the Federal Reserve officials are suggesting a gradual lowering of rates if the high frequency data comes in as expected. The policies adopted by the incoming US administration of Donald Trump would also guide the rate cut path there.

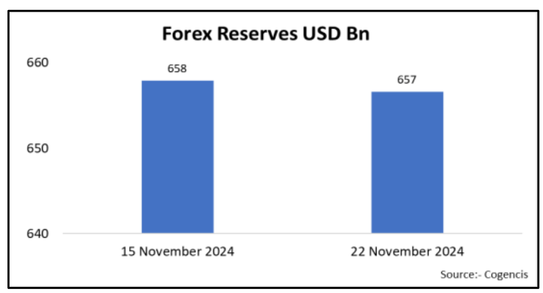
Domestically, tactical opportunities for duration strategy are playing out, with the growth decelerating and expectation of policy rate cuts rising. With the fiscal deficit expected to remain firmly under control, the supply-demand dynamics are likely to support lower yields at the longer end. Additionally, 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.**

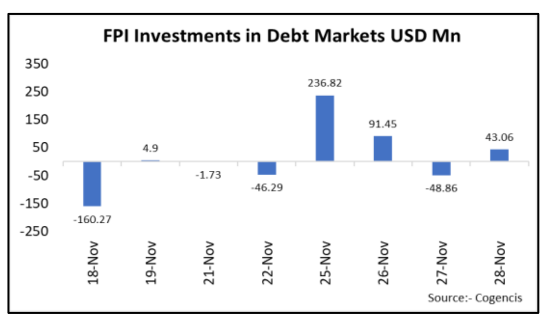












Category Average Returns as on 29 November 2024

Annualised Returns *	1 Day	1 Week	1 Month	2 Month	3 Months	6 Months	9 Months	1 Year	2 Year	3 Year
Overnight Funds	6.50	6.53	6.29	6.29	6.33	6.40	6.51	6.61	6.56	5.83
Liquid Funds	6.76	6.66	6.79	6.83	6.92	6.97	7.17	7.26	7.07	6.20
Floater Funds	11.27	8.24	6.64	6.66	7.61	8.36	8.33	8.28	7.69	6.35
Low Duration Funds	9.55	5.80	6.30	6.99	7.20	7.27	7.39	7.39	7.08	5.98
Money Market Funds	6.95	6.50	6.76	6.91	7.12	7.12	7.34	7.38	7.20	6.21
Ultra Short Duration Funds	7.13	6.09	6.44	6.74	6.88	6.86	7.05	7.07	6.85	5.90
Banking And PSU Funds	32.28	10.79	6.10	5.89	7.38	7.94	7.68	8.00	7.15	5.77
Corporate Bond Funds	38.98	11.70	6.72	6.18	7.80	8.28	8.01	8.22	7.33	5.80
Medium Duration Funds	45.59	17.42	7.05	6.22	8.06	8.51	8.07	8.49	7.32	6.10
Short Duration Funds	35.08	11.44	7.67	6.48	7.69	8.04	7.73	7.97	7.07	6.01
Medium To Long Duration Funds	65.57	21.85	6.23	3.06	6.77	8.24	7.88	8.96	7.27	5.49
Long Duration Funds	72.24	25.79	1.93	-1.01	6.11	9.16	8.77	11.85	8.68	5.99
Dynamic Bond Funds	70.00	23.21	5.01	2.08	6.83	8.45	7.99	9.23	7.51	5.84
Credit Risk Funds	27.02	12.76	6.41	7.62	8.06	8.27	8.02	8.17	7.87	9.01
Gilt Funds / Gilt Funds with 10 year constant duration	85.83	29.27	5.74	1.59	6.84	8.68	8.33	9.78	7.89	5.72
Conservative Hybrid Funds	82.89	30.88	5.49	-3.07	2.68	10.80	10.69	12.47	10.25	8.59
Index Funds	28.06	11.65	6.35	5.57	7.16	8.47	8.14	8.78	7.56	5.35
Arbitrage Funds	11.04	-1.87	6.29	6.71	6.41	6.78	7.02	7.34	7.17	5.92

* 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	7.33	7.57	8.79	9.56	7.77	5.68
Dynamic Bond Fund	3.13	6.60	8.90	9.77	8.05	5.99
Gilt Funds & Gilt Funds with 10 year constant duration	2.94	6.13	8.84	10.62	8.34	6.23
Short Duration / Medium Duration	6.87	7.64	8.19	8.23	7.33	5.90
Banking and PSU Funds	5.54	7.58	8.25	8.30	7.37	5.96
Corporate Bond Funds	6.97	8.24	8.71	8.70	7.75	6.33
Ultra Short Duration Funds /Low Duration / Floater Funds	6.63	7.45	7.45	7.58	7.27	6.22
Money Market Funds	7.02	7.40	7.41	7.71	7.56	6.56
Liquid Funds & Overnight Funds	6.83	6.99	7.05	7.35	7.15	6.27
Arbitrage Funds	6.50	6.64	7.09	7.69	7.52	6.30

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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