Weekly Equity Market Updates for week ended November 8, 2024

Domestic Equity Market Update

- Indian equities ended the week on a negative note, with the large cap-oriented BSE Sensex ending lower by 0.30% & and Nifty 50 ending lower by 0.62% WoW respectively. The BSE Midcap index ended lower by 0.44% and the BSE Small cap index ended lower by 1.27%.
- On the BSE sectoral front, IT was the top performer. Realty, Power and FMCG, underperformed the most.
- Domestic equity markets started the week on weaker note as increased tensions in the Middle East, along with concerns surrounding the upcoming US Presidential election and the US Fed's decision on interest rates. Meanwhile, markets recovered as sentiment was boosted after the former U.S. President and Republican candidate took a decisive lead in the 2024 US election. However, markets experienced fall towards the end of the week amid concerns over softening second quarter earnings.

Global Market Updates

- US equity markets ended on a positive note during the week as a reaction to the former President's victory in the US presidential election. Further, the US market gained after the US Federal Reserve made its anticipated announcement regarding a reduction in interest rates, decreasing them by a quarter point on 7th Nov, 2024.
- European equity markets fell on concerns about geopolitical tensions, and the anticipated effects of the new President's protectionist policies on the global economy have negatively influenced market sentiment.
- Brent crude price rose from USD 73.1 per barrel to USD 73.80 supported by OPEC's choice to postpone its plans for production increases, alongside escalating worries regarding tensions in the Middle East.

Macro Data & Domestic News Released During the Week

- According to Vahan data from the Ministry of Road Transport and Highways, EV registration in India reached 217,716 in October 2024 representing a 35% MoM recovery from the 160,237 units sold in September 2024.
- As per Govt Data, India's power consumption rose marginally by about 1% YoY to 140.47 bn units (BU) in October 2024, mainly due to heavier base effect.
- The headline Purchasing Managers' Index (PMI) figure, released by HSBC and compiled by S&P Global, improved to 58.5 in October 2024 from 57.7 in September 2024.
- As per Chief Economic Advisor, Venkatramanan Anantha Nageswaran, India's job creation in India is progressing, but the spotlight should be on the quality of those jobs, particularly as artificial intelligence (AI) is changing labour dynamics.
- According to consumer intelligence firm NielsenIQ, India's fast-moving consumer goods (FMCG) sector grew 5.7% by value and 4.1% in volume during Q2 FY25. Price growth was 1.5%.
- According to estimates by Counterpoint Research, in Q3 CY24 smartphone shipments, India accounted for 15.5% of global shipments, second only to China, which led with a 22% share.
- **From Nifty 200 universe, 170 companies have announced their Q2FY25 earnings thus far. At an aggregate level, Sales, EBITDA and PAT have grown by 6.47%, -9.75% and 3.58% YoY, respectively. Excluding Financials, Sales, EBITDA and PAT have grown by 3.41%, -12.84% and -4.38% 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.

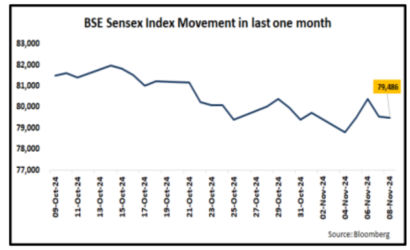
While, India continues to remain the fastest growing major economy, earnings momentum in the economy seems to be decelerating. In India, the macro-economic conditions continue to remains strong, with the high frequency data like the PMI, Tax collection and forex reserves remaining strong. However, the 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.

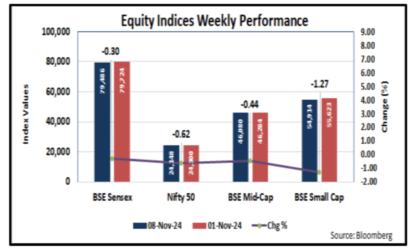
While the equity market valuations have moved up substantially in the last two years across many sectors and marketcap segments (especially midcap and Smallcap), future earnings in key marketcap segments are witnessing downgrades, which is not good news. FPI selling has also led to pressure on Indian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

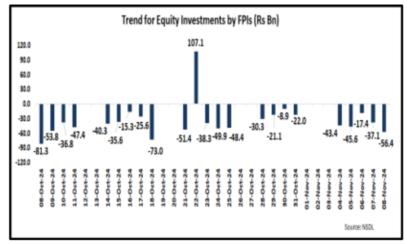
In such conditions, the tolerance for any bad news in form of Geo political flareups, uncertainity around the policy pursued by the new US administration, Domestic election uncertainty (with 2 key states going for polls), large supply of equities and earnings downgrades, could see continued volatility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

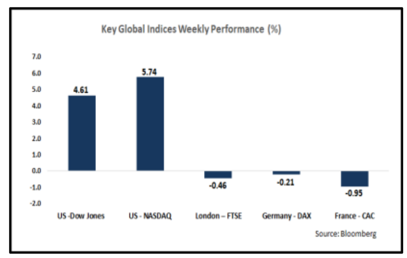
In the long term, improving domestic macro conditions, favourable demographics, rising per capital income and Strong consumption demand could keep driving the Indian corporate earnings higher and support the equity markets, thus making Indian markets a "buy on dips" play currently.

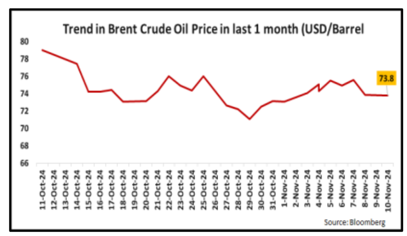
Fresh Investment deployment strategy could be 40% lumpsum and rest 60% to be staggered over the next 5-6 months. Mutual Fund investors can look to focus on categories like Largecap, Focussed, Equity Hybrid and Multi-asset funds. Aggressive investors may also look at Business Cycle Funds for allocation.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

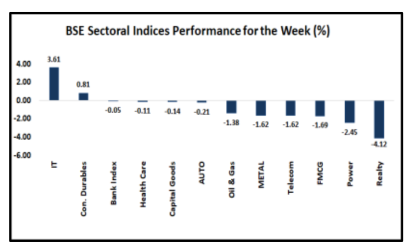


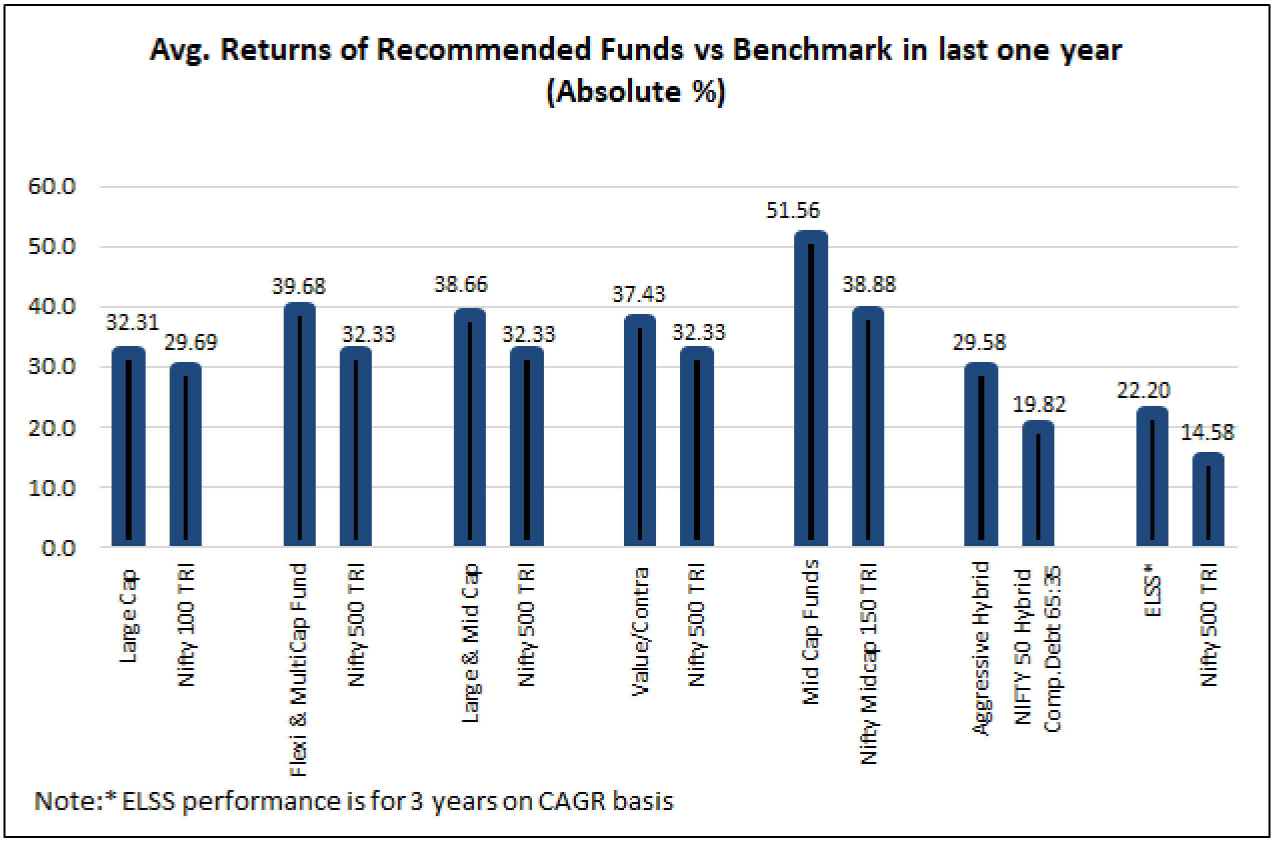












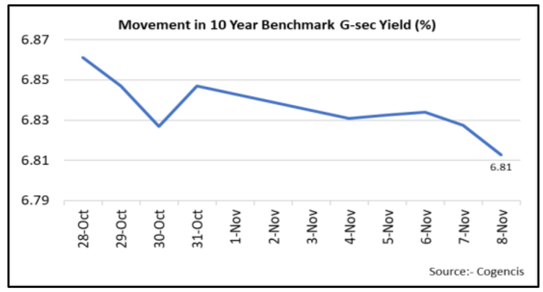
Returns Absolute %			Returns Compounded Annualised %			
Category Average of Recommended Funds	**1 Month**	**6 Months**	**1 Year**	**2 Years**	**3 Years**	**5 Years**
Large Cap Funds	-3.45	8.78	32.31	22.94	16.25	18.73
Flexi & MultiCap Fund	-2.03	13.08	39.68	29.11	21.44	23.63
Large & Mid Cap Funds	-3.19	11.46	38.66	28.01	19.65	23.26
Mid Cap Funds	-1.51	22.36	51.56	37.60	28.67	30.60
Small Cap Funds	-0.72	16.61	40.36	35.98	24.93	32.12
Value/Contra Funds	-2.46	11.28	37.43	28.94	21.38	26.35
Focused Funds	-3.15	11.11	38.11	25.69	18.69	22.57
Aggressive Hybrid Funds	-2.02	10.96	29.58	21.55	15.65	18.23
Dynamic Asset Allocation Funds	-1.15	7.16	23.67	18.53	14.32	16.42
Equity Linked Saving Schemes	-2.64	14.91	46.89	33.00	22.20	23.00
Infrastructure Oriented Funds	-2.45	10.44	48.68	35.06	25.20	29.30
Nifty 50 Index TRI	**-3.32**	**9.32**	**25.58**	**16.42**	**11.46**	**16.50**
Nifty 500 TRI	**-3.59**	**10.16**	**32.33**	**21.46**	**14.58**	**19.72**
Nifty Infrastructure TRI	**-4.87**	**3.94**	**39.40**	**29.00**	**19.50**	**23.27**

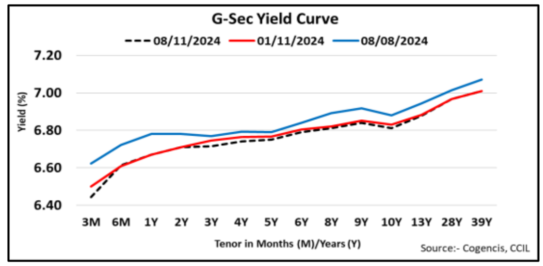
Note: Data as on November 8, 2024. Returns less than 1 year are in absolute % terms, whereas returns above 1 year are in CAGR terms. Data has been sourced from ICRA Analytics Ltd. (For Disclaimer of ICRA Analytics Ltd, refer to https://icraanalytics.com/home/disclaimer)

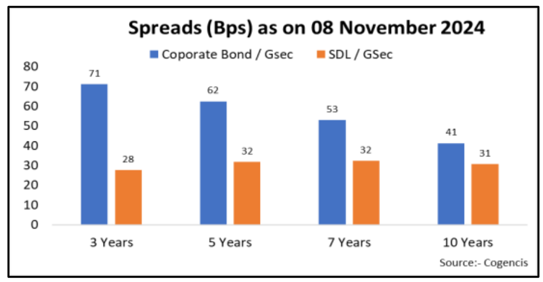
Overview - Fixed Income Markets & Mutual Funds as on 8 November 2024

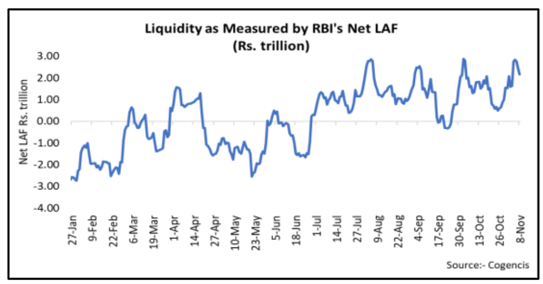
- Domestic G-Sec prices closed the week ended 8th November 2024 on a positive note wherein the yield on the 10-year benchmark, the 7.10% G-Sec 2034 bond, closed lower by 4 bps at 6.81% as against 6.85% on 1st November 2024.
- In case of AAA rated corporate bonds, yields in the less than one-year segment were mixed in the range of (-)4 bps to 8 bps on a WoW basis. In case of greater than one-year segment, yields fell up to 3 bps on a WoW basis.
- **Movement in G-sec yields :-**
  - Indian G-sec yields remained largely steady during the week; however yields fell at the end of the week following a drop in US Treasury yields after the US Federal Reserve reduced interest rate by 25 bps in its Nov 2024 policy meeting.
  - The total G-sec supply for the week stood at Rs 314.67 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 94.67 bn and the maturities were in the range of 5-23 years. For the 10-year SDL, the average cut off yield came in at 7.13%, as against 7.14% in the previous week. The G-secs' auction was for the following: 7.02% GS 2027 and 7.34% GS 2064.
  - 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 surplus of ~Rs 2.60 trillion during the week as against a daily average surplus of ~Rs 1.24 trillion during the previous week.
- **Macro Data released during the week :-**
  - Goods and Services Tax (GST) collections climbed to a six-month peak of Rs 1.87 trillion in October 2024, remaining above the Rs 1.7 trillion threshold for the eighth consecutive month. The collections were up 8.1% MoM and saw an 8.9% YoY, rising from Rs 1.72 trillion.
  - Data from the Ministry of Rural Development indicated that around 19.89 mn people sought employment under the MGNREGS in October 2024, marking a 9.2% decrease from the previous year. These individuals represented 16.97 mn households, which is a 7.6% YoY decline.
  - As per the RBI, India's foreign exchange reserves dropped by USD 2.6 bn to USD 682.13 bn as of November 1, 2024. Foreign currency assets (FCAs) dipped by USD 3.9 bn to USD 589.84 bn.
- **Other macro-economic news :-**
  - The RBI Governor Shaktikanta Das warned that inflation for October 2024 is likely to be higher than the 5.5% YoY recorded in September 2024.
  - As per Chief Economic Advisor, Venkatramanan Anantha Nageswaran, India's job creation in India is progressing, but the spotlight should be on the quality of those jobs, particularly as artificial intelligence (AI) is changing labour dynamics.
  - As per the Solvent Extractors' Association of India, India's vegetable oil imports are estimated to decline further in the 2024-25 season to 15 mn metric tonnes, as favourable weather will likely boost domestic production.
- **Global Updates :-**
  - The US Federal Reserve decided to lower the target range for the federal funds rate by 25 bps to 4.50-4.75%. Its decision to continue lowering rates comes as labor market conditions have generally eased, while inflation continues to make progress towards its 2% YoY objective.
  - As per the US Labor Department, initial jobless claims in US crept up to 221,000 in the week ended November 2, 2024, an increase of 3,000 from the previous week's revised level of 218,000.
  - The Bank of England has decided to lower the rate by 25 bps to 4.75%. Previously, it had reduced the policy rate by a quarter-point in August 2024, which was the first reduction since March 2020.
  - The Bank of Japan kept its benchmark interest rate unchanged at 0.25%, as widely expected.
- **Outlook :-**

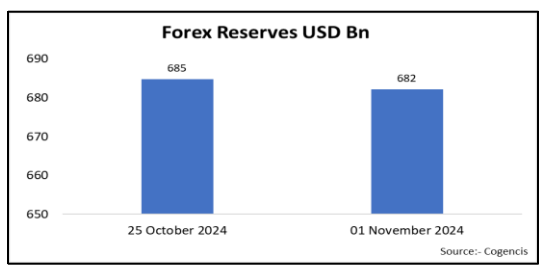
The liquidity conditions are likely to remain in surplus as the RBI continues to have a neutral stance. The CPI inflation for September 2024 jumped to a 9-month high of 5.49% YoY, higher than market expectations of 5.1% YoY. With base effect wearing off, and food prices remaining elevated, the CPI inflation is likely to remain above the RBI's target of 4% YoY in the near term. 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, with the strong government fiscal position, favourable demand-supply dynamics of Indian G-Secs, and recent rise in the bond yields; tactical opportunities for duration strategy have emerged. Additionally, with the change in the RBI's stance to neutral, liquidity conditions have eased. Risks for the longer duration may emerge from weakening of INR vs. the USD. **With this backdrop, the Corporate Bond spreads at the shorter end may shrink, making the case for corporate bonds at the 2-4-years segment of the curve. Hence, investors can look at Corporate Bond Funds and Short duration 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.**

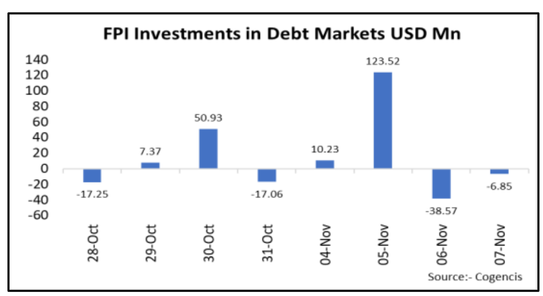












Category Average Returns as on 8 November 2024

Annualised Returns *	1 Day	1 Week	1 Month	2 Month	3 Months	6 Months	9 Months	1 Year	2 Year	3 Year
Overnight Funds	6.14	6.06	6.20	6.28	6.29	6.40	6.50	6.61	6.54	5.77
Liquid Funds	6.78	7.15	6.76	7.00	6.94	7.03	7.23	7.27	7.06	6.13
Floater Funds	20.43	9.08	7.93	8.26	8.13	8.76	8.51	8.32	7.79	6.29
Low Duration Funds	10.01	7.10	7.31	7.60	7.31	7.38	7.51	7.38	7.12	5.92
Money Market Funds	6.87	7.31	6.96	7.33	7.12	7.14	7.44	7.37	7.21	6.15
Ultra Short Duration Funds	6.53	6.86	6.79	7.08	6.89	6.91	7.14	7.06	6.86	5.83
Banking And PSU Funds	18.70	7.24	6.93	7.92	7.83	8.38	7.83	7.98	7.30	5.75
Corporate Bond Funds	18.45	7.65	7.09	8.26	8.13	8.67	8.09	8.14	7.46	5.76
Medium Duration Funds	24.49	8.11	7.60	8.52	8.28	8.99	8.07	8.39	7.57	6.05
Short Duration Funds	20.98	11.32	7.61	8.17	7.84	8.37	7.79	7.88	7.21	5.96
Medium To Long Duration Funds	32.19	8.64	4.51	7.15	7.54	9.54	7.88	8.90	7.67	5.50
Long Duration Funds	40.96	8.50	3.00	7.89	8.86	12.06	9.09	11.71	9.46	6.24
Dynamic Bond Funds	29.95	7.98	3.89	7.41	7.95	9.93	8.15	9.24	7.84	5.88
Credit Risk Funds	17.92	7.69	9.68	8.61	8.57	8.67	8.22	8.16	8.00	8.98
Gilt Funds / Gilt Funds with 10 year constant duration	36.14	9.64	3.54	7.24	7.96	10.36	8.38	9.77	8.29	5.75
Conservative Hybrid Funds	-30.42	4.44	-2.90	2.57	6.89	11.92	10.77	13.21	10.46	8.01
Index Funds	21.08	7.56	6.20	7.52	7.55	9.06	8.22	8.80	7.94	5.44
Arbitrage Funds	38.22	13.52	8.66	6.52	6.60	7.24	7.28	7.36	7.23	5.99

* 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	4.87	7.95	9.89	9.39	8.13	5.70
Dynamic Bond Fund	3.07	8.79	10.91	9.89	8.43	6.06
Gilt Funds & Gilt Funds with 10 year constant duration	1.70	8.33	11.22	10.67	8.83	6.32
Short Duration / Medium Duration	6.90	7.81	8.56	8.16	7.49	5.84
Banking and PSU Funds	6.92	8.36	8.90	8.34	7.53	5.94
Corporate Bond Funds	7.59	8.62	9.17	8.65	7.88	6.29
Ultra Short Duration Funds /Low Duration / Floater Funds	7.25	7.47	7.47	7.53	7.30	6.21
Money Market Funds	7.18	7.38	7.43	7.71	7.57	6.50
Liquid Funds & Overnight Funds	6.82	7.01	7.10	7.36	7.14	6.20
Arbitrage Funds	8.85	6.92	7.55	7.71	7.58	6.37

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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