

## Macro-Economic Update and Key Events

### Event Update

#### Manufacturing PMI rose to 57.5 in Oct 2024

The Manufacturing Purchasing Managers' Index stood at 57.5 in Oct 2024 compared to 56.5 in Sep 2024. Enhanced demand has led to an increase in job creation and a favourable business environment. There has been a significant rise in new orders, both from domestic and international markets.

#### Services PMI increased to 58.5 in Oct 2024

India's Services Purchasing Managers' Index (PMI) increased to 58.5 in Oct 2024 as compared to 57.7 in Sep 2024, driven by strong demand and job creation. Composite PMI rose to 59.1 from 58.3 in the same period.

#### Industrial production contracted 0.1% YoY in Aug 2024

Index of Industrial production (IIP) contracted 0.1% YoY in Aug 2024, as compared to a 4.7% rise in Jul 2024. Production in mining and electricity decreased by 4.3% and 3.7%, respectively, while manufacturing witnessed a growth of 1% in Aug 2024.

#### CPI-based inflation surged to 5.49% YoY in Sep 2024

The consumer price index-based inflation surged to 5.49% YoY in Sep 2024 compared to 3.65% in Aug 2024. It was the highest inflation rate since the start of the year, overshooting the RBI's target of 4% after dropping below the threshold in the first two months of Q2FY25. The increase in inflation is attributed to the ongoing rise in vegetable prices.

#### WPI-based inflation increased by 1.84% YoY in Sep 2024

India's wholesale price index (WPI) based inflation increased by 1.84% YoY in Sep 2024 as compared to 1.31% in Aug 2024. The positive rate of inflation in Sep 2024 was primarily due to increase in prices of food articles, food products, other manufacturing, manufacture of motor vehicles, trailers & semi-trailers, manufacture of machinery & equipment, etc.

#### Merchandise trade deficit narrowed MoM in Sep 2024

India's merchandise trade deficit narrowed sequentially to \$20.78 billion in Sep 2024 compared to \$29.65 billion in Aug 2024, however, the deficit widened on an annual basis compared to \$20.08 billion in Sep 2023. Exports rose marginally by 0.49% YoY to \$34.58 billion in Sep 2024, and imports increased by 1.60% YoY to \$55.36 billion during the same period.

#### Fiscal deficit stood at 29.4% of BE till Sep of FY25

Government data showed that India's fiscal deficit for the period from Apr to Sep of FY25 stood at Rs. 4.75 lakh crore or 29.4% of the Budget Estimates (BE) of the current fiscal. India's fiscal deficit was at 39.3% of the BE in the corresponding period of the previous fiscal year. Total expenditure stood at Rs. 21.1 lakh crore or 43.8% of the BE as compared to 47.1% of the BE in the corresponding period of the previous fiscal year.

Key Indicator	Frequency	Period	Latest	Previous
CPI	Monthly	Sep-24	5.49%	3.65%
WPI	Monthly	Sep-24	1.84%	1.31%
IIP	Monthly	Aug-24	-0.10%	4.70%
GDP	Quarterly	Jun-24	6.70%	7.80%
Credit Growth	Month End <sup>^</sup>	Oct-24	11.50%	12.80%
Deposit Growth	Month End <sup>^</sup>	Oct-24	11.70%	11.80%
Export Growth (YoY)	Monthly	Sep-24	0.49%	-9.33%
Import Growth (YoY)	Monthly	Sep-24	1.60%	3.31%
Trade Balance (Billion)	Monthly	Sep-24	-\$20.78	-\$29.65

Source: RBI, Refinitiv, MOSPI CPI- Consumer Price Index, WPI- Wholesale Price Index IIP- Index of Industrial Production, GDP- Gross Domestic Product, Trade deficit- in Billion, All above indicators are in percentage change on Y-o-Y (Year-on-Year) basis, except Trade Deficit. <sup>^</sup>RBI releases credit and deposit growth data on fortnightly basis. For Credit and Deposit growth, previous means last fortnight of the previous month. Latest available data as on 31-Oct-2024.

#### Institutional Flows (Equity)

Net Flow (INR Crore)	Latest Month	Previous Month	Year to Date
FII Flows	-94,017	57,724	6,592
DII Flows	107,255	30,857	447,900
MF Flows	90,771	32,264	370,497

Source: CDSL, NSE & SEBI; As on 31-Oct-2024.

#### Exchange Rate Movement

Exchange Rate	Oct-24	1 Month Ago	3 Months Ago	6 Months Ago	Year Ago
₹/ Dollar	84.09	83.79	83.74	83.52	83.27
₹/ Euro	91.25	93.53	90.62	89.34	88.32
₹/ Pound	108.95	112.16	107.55	104.64	101.16
₹/ 100 Yen	55.03	59.11	54.78	53.25	55.42

Source: Refinitiv

#### Performance of Various Commodities

Commodities	Oct-24	Returns			
		1 Month	3 Month	6 Month	1 Year
Crude Brent (\$/Barrel)	73.89	1.23%	-10.74%	-17.32%	-20.02%
Gold (\$/Oz)	2,743.80	4.15%	12.08%	20.05%	38.39%
Gold (₹./10 gm)	79,181	5.50%	14.68%	10.32%	29.63%
Silver (\$/Oz)	32.65	4.82%	12.43%	24.24%	42.58%
Silver (₹./Kg)	96,548	7.83%	16.58%	20.56%	34.12%

Source: Refinitiv, MCX

# Monthly Market Update

November 2024



## Indian Debt Market Update

### Key Policy Rates (%)

	Oct-24	3 Months Ago	6 Months Ago	Year Ago	2 Years Ago
Repo	6.50	6.50	6.50	6.50	5.90
Reverse Repo	3.35	3.35	3.35	3.35	3.35
Bank Rate	6.75	6.75	6.75	6.75	6.15
CRR	4.50	4.50	4.50	4.50	4.50
SLR	18.00	18.00	18.00	18.00	18.00
SDF	6.25	6.25	6.25	6.25	5.65

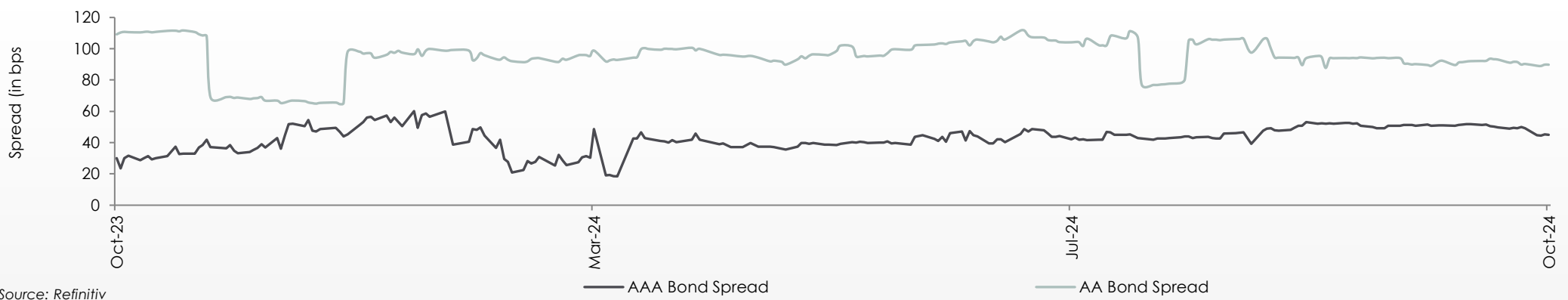
Source: RBI

### Money Market Rates (%)

	Oct-24	1 Month Ago	3 Months Ago	6 Months Ago	Year Ago
TREP (Overnight Rate)	6.27	6.64	6.41	6.63	6.76
91 Days T-Bills	6.51	6.40	6.65	6.98	6.89
3 Month CD	7.17	7.30	7.16	7.28	7.36
3 Month CP	7.23	7.28	7.20	7.34	7.33
6 Month CP	7.46	7.47	7.48	7.56	7.56
364 Days T-Bills	6.75	6.55	6.79	7.06	7.15

Source: Refinitiv

### 10 Year Corporate Bond Spread (for AAA & AA bonds)



Source: Refinitiv

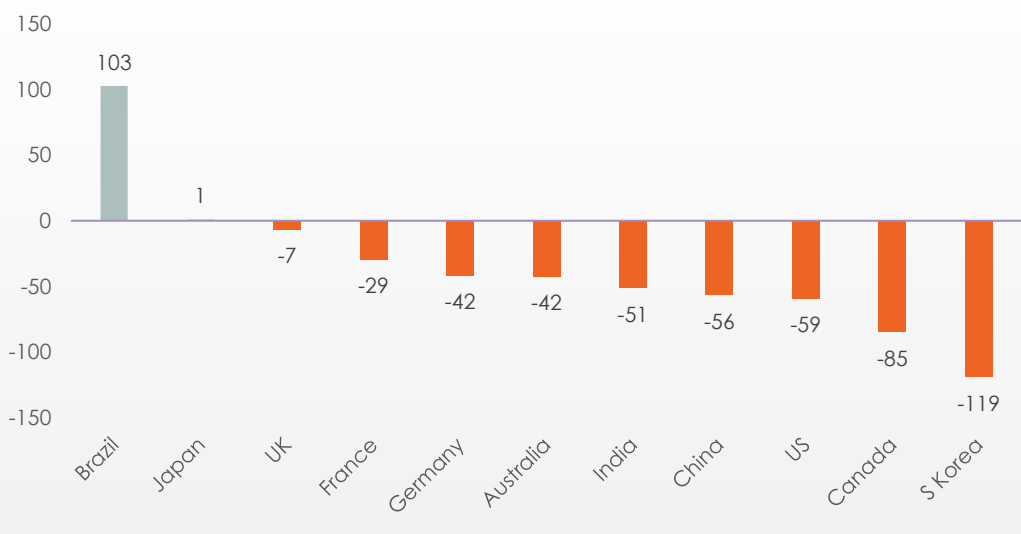
Bond yields rose tracking a rise in U.S. Treasury yields and global crude oil prices at the beginning of the month over an escalating conflict in the Middle East following Iran's missile strikes on Israel.

Yield on corporate bonds increased in the range of 2 to 11 bps across the curve, barring 15 year paper that fell by 2 bps.

## Global Debt Market Update

### Brazil saw the highest rise in yields while S Korea fell the most

Change in 10 Year Sovereign Bond Yield: Oct-24 v/s Oct-23 (bps)



### Yield of 10 Year Government Bonds (%)

	Sep-2024	Oct-2024	Inflation: Oct-2024	Real Yields: Oct-2024
Brazil	12.4	12.9	4.4	8.4
UK	4.0	4.4	1.7	2.7
France	2.9	3.1	1.1	2.0
US	3.8	4.3	2.4	1.9
S Korea	3.0	3.1	1.3	1.8
China	2.2	2.1	0.4	1.7
Australia	4.0	4.5	2.8	1.7
Canada	3.0	3.2	1.6	1.6
<b>India</b>	<b>6.8</b>	<b>6.8</b>	<b>5.49</b>	<b>1.4</b>
Germany	2.1	2.4	1.6	0.8
Japan	0.9	1.0	1.8	-0.8

Source: Refinitiv

### Asset Class Monthly Performance

	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24
Global Equity	10.7%	Domestic Equity 7.94%	Crude Oil 6.58%	Global Equity 6.12%	Silver 10.17%	Silver 5.23%	Silver 15.58%	Crude Oil 10.18%	Gold 5.26%	Gold 2.24%	Silver 7.99%	Silver 4.82%
Silver	10.26%	Global Equity 5.52%	Global Equity 1.02%	Domestic Equity 1.18%	Gold 9.26%	Crude Oil 4.5%	Global Equity 6.88%	Domestic Equity 6.57%	Domestic Equity 3.92%	Domestic Equity 1.14%	Gold 5.25%	Gold 4.15%
Domestic Equity	5.52%	Gold 1.32%	Bond Index 0.64%	Crude Oil 0.76%	Global Equity 1.79%	Gold 2.38%	Gold 1.81%	Global Equity 5.96%	Bond Index 0.78%	Global Equity 0.65%	Global Equity 2.68%	Crude Oil 1.23%
Gold	2.68%	Bond Index 0.71%	Domestic Equity -0.03%	Bond Index 0.66%	Domestic Equity 1.57%	Domestic Equity 1.24%	Bond Index 0.81%	Bond Index 0.52%	Silver -0.3%	Bond Index 0.64%	Domestic Equity 2.28%	Bond Index 0.62%
Bond Index	0.59%	Crude Oil -5.75%	Gold -1.23%	Gold 0.3%	Bond Index 0.61%	Bond Index 0.39%	Domestic Equity -0.33%	Gold -0.05%	Global Equity -0.75%	Crude Oil -0.41%	Bond Index 0.73%	Global Equity -0.52%
Crude Oil	-7.79%	Silver -5.9%	Silver -3.55%	Silver -1.08%	Crude Oil -0.81%	Global Equity -4.41%	Crude Oil -9.87%	Silver -4.11%	Crude Oil -6.73%	Silver -0.67%	Crude Oil -11.46%	Domestic Equity -6.22%

In October 2024, precious metals followed by crude oil rose the most, while equity markets fell the most. Gold prices rose amid persisting worries about geopolitical tensions and continued uncertainty about the global economic outlook, and the upcoming U.S. elections.

Source: NSE, Refinitiv; Data as on 31-Oct-2024; Bond Index data as on 31-Oct-2024. Domestic equity market-Nifty 50 TRI, Global Equity market-Nasdaq composite, Bond Index -Nifty Corporate Bond Index, Gold, Silver and Crude Oil prices are in U.S. dollar. While Gold and Silver prices are measured in per ounce, Crude oil is on the basis of per barrel.

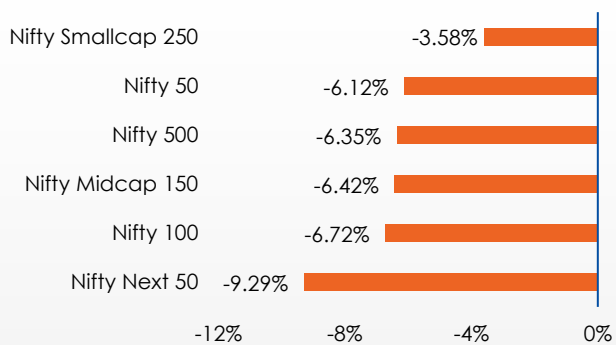
# Monthly Market Update

November 2024

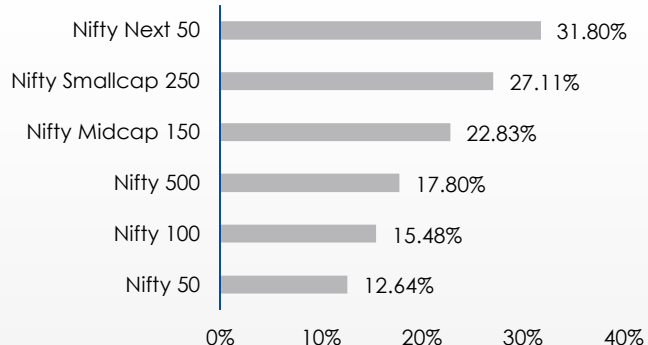


## Indian Equity Market Update

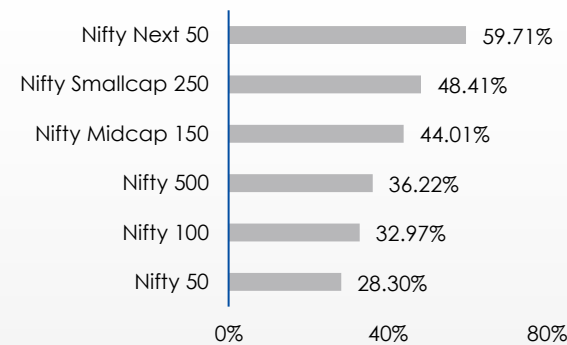
### 1 Month



### CYTD



### 1 Year



Domestic equity markets fell amid a broad-based sell-off across the sectors as fears of a full-fledged war between Iran and Israel dented investors' appetite for riskier assets on expectations of a significant retaliatory attack by Israel following Iran's missile strikes. Losses were extended as sentiment was dented following muted earnings reported by major domestic companies for the second quarter of FY25 so far.

Source: NSE; Returns are on the basis of TRI index as on Oct 31, 2024; CYTD- Calendar Year to Date as on Oct 31, 2024

## Sector Monthly Performance

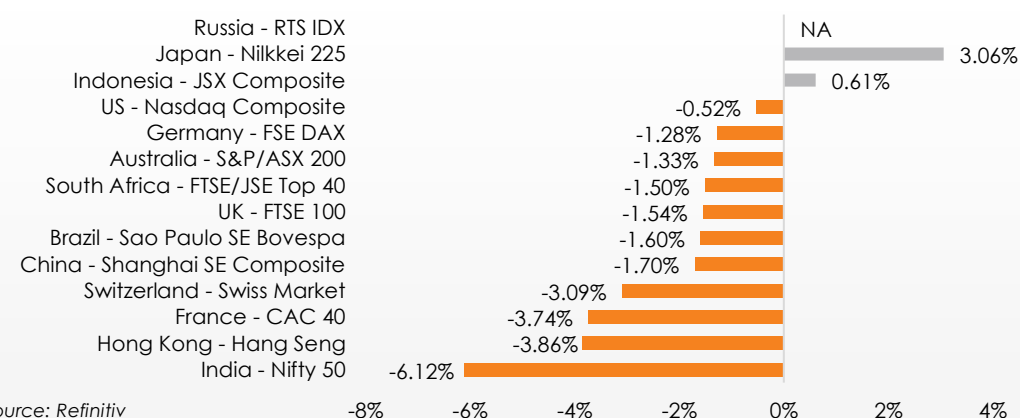
Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24
Nifty Realty 18.36%	Nifty Energy 14.25%	Nifty Energy 9.80%	Nifty Realty 6.36%	Nifty Auto 4.95%	Nifty Metal 11.13%	Nifty Metal 5.97%	Nifty IT 11.72%	Nifty IT 13.14%	Nifty Pharma 6.80%	Nifty Metal 8.54%	Nifty Pharma -2.34%
Nifty Pharma 10.62%	Nifty Metal 13.72%	Nifty Realty 9.34%	Nifty Energy 6.22%	Nifty Metal 4.23%	Nifty Realty 8.06%	Nifty Realty 4.75%	Nifty Realty 8.38%	Nifty Pharma 10.61%	Nifty IT 4.76%	Nifty Realty 4.34%	Nifty Financial Services -2.42%
Nifty Auto 10.28%	Nifty Infra 10.90%	Nifty Infra 7.62%	Nifty Auto 6.20%	Nifty Infra 3.10%	Nifty Media 5.46%	Nifty Auto 4.18%	Nifty Financial Services 7.91%	Nifty FMCG 9.45%	Nifty FMCG 1.67%	Nifty FMCG 3.93%	Nifty Bank -2.84%
Nifty Energy 9.77%	Nifty Realty 9.73%	Nifty Pharma 6.58%	Nifty Pharma 6.16%	Nifty Financial Services 2.88%	Nifty Auto 4.95%	Nifty Infra 1.08%	Nifty Auto 7.81%	Nifty Media 7.90%	Nifty Financial Services 1.18%	Nifty Financial Services 3.56%	Nifty IT -3.12%
Nifty Metal 8.78%	Nifty IT 9.00%	Nifty IT 3.46%	Nifty Infra 3.07%	Nifty Bank 2.18%	Nifty Bank 4.82%	Nifty Financial Services 0.00%	Nifty Bank 6.95%	Nifty Auto 6.13%	Nifty Bank -0.17%	Nifty Auto 3.26%	Nifty Media -5.57%
Nifty Infra 8.20%	Nifty Bank 8.57%	Nifty Auto 3.27%	Nifty IT 2.97%	Nifty Energy 0.47%	Nifty Financial Services 4.06%	Nifty FMCG -0.12%	Nifty Media 6.52%	Nifty Energy 5.53%	Nifty Energy -0.27%	Nifty Bank 3.17%	Nifty Infra -7.81%
Nifty IT 6.66%	Nifty FMCG 7.50%	Nifty Metal -0.06%	Nifty Bank 0.27%	Nifty Pharma -0.03%	Nifty Energy 3.45%	Nifty Energy -0.28%	Nifty FMCG 5.69%	Nifty Infra 4.07%	Nifty Infra -0.51%	Nifty Media 1.61%	Nifty Metal -8.55%
Nifty Media 4.54%	Nifty Financial Services 7.14%	Nifty FMCG -3.36%	Nifty Financial Services -0.41%	Nifty FMCG -0.09%	Nifty Infra 2.87%	Nifty Bank -0.29%	Nifty Infra 5.51%	Nifty Financial Services 0.00%	Nifty Metal -1.66%	Nifty Infra 1.58%	Nifty Realty -9.05%
Nifty Financial Services 4.48%	Nifty Auto 6.08%	Nifty Financial Services -4.61%	Nifty Metal -0.58%	Nifty Realty -1.08%	Nifty FMCG 0.55%	Nifty Pharma -0.90%	Nifty Pharma 4.98%	Nifty Realty -0.84%	Nifty Auto -1.67%	Nifty Energy 0.59%	Nifty FMCG -9.65%
Nifty Bank 3.82%	Nifty Media 3.99%	Nifty Bank -4.75%	Nifty FMCG -1.42%	Nifty IT -7.48%	Nifty Pharma -0.13%	Nifty Media -1.18%	Nifty Energy 3.81%	Nifty Bank -1.49%	Nifty Media -2.00%	Nifty Pharma 0.28%	Nifty Energy -10.63%
Nifty FMCG 3.75%	Nifty Pharma 3.65%	Nifty Media -9.93%	Nifty Media -4.58%	Nifty Media -12.40%	Nifty IT -4.86%	Nifty IT -1.61%	Nifty Metal 0.95%	Nifty Metal -2.25%	Nifty Realty -3.63%	Nifty IT -1.97%	Nifty Auto -12.99%

In October 2024, a broad-based sell-off across the sectors was witnessed. Auto sector declined following the sales data of Sep 2024, which pointed out that the start of the festive season for automobile companies remained weaker. Metal sector plunged after China fails to introduce new stimulus measures.

Source: NSE; Returns are on the basis of TRI index; Month wise returns are calculated on absolute basis.

## Global Equity Market Update

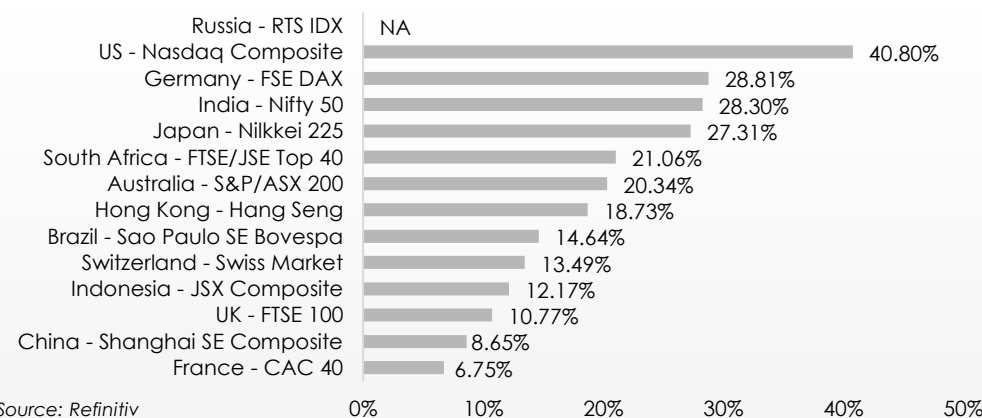
### 1 Month Performance



Source: Refinitiv

Global markets fell in October 2024 except Japan & Indonesia, with India followed by Hong Kong fell the most and U.S. followed by Germany fell the least.

### 1 Year Performance



Source: Refinitiv

In the last one year, the global markets rose with U.S. gaining the most while France rising the least.



## News Summary & Market Outlook

### News Summary

#### 1. Domestic

- SEBI has approved the implementation of the MF Lite framework specifically designed for passively managed schemes. This framework simplifies the eligibility criteria for sponsors and lowers compliance obligations. Current AMC's are permitted to manage active and passive schemes independently. The newly established regulations are intended to attract new participants, improve market liquidity, and promote innovation within the mutual fund industry.
- SEBI stated that Registered Investment Advisors (RIAs) are permitted to handle only those securities market products that fall under its regulation. As a result, RIAs cannot provide additional services like estate planning, will preparation, and tax planning, which are important for a full financial plan. In its proposed regulations, the market regulator suggested that RIAs could work with unregulated products only if they create a separate company and keep it distinct from their main operations.
- IRDAI has introduced several changes to make health insurance customer friendly, effective from Oct 01, 2024. These changes include reduced waiting period for pre-existing conditions, no maximum age limit for buying health insurance, wide coverage, no claim denials after 5 years, meaningful discounts, anytime refund policy, claims review committee and simplified claim settlement. Overall, these changes make health insurances more accessible and affordable.
- SEBI has placed mutual funds under the Prohibition of Insider Trading norms. According to the norms, fund houses will have to disclose the existing investments of their designated persons, AMC's, trustees and their immediate family members on a quarterly basis from Nov 01, 2024. However, the capital market regulator clarified that there will be no restrictions on the investment and redemption of mutual fund units. For employees of fund houses, SEBI said all employees should refrain from profiting from sale and purchase of securities within 30 calendar days from the date of their personal transaction.

#### 2. International

- The Federal Reserve announced on 7th Nov, 2024 its anticipated decision to reduce interest rates by an additional quarter point, after aggressively slashing interest rates by half a percentage point in Sep 2024. The U.S. Federal Reserve said it has decided to lower the target range for the federal funds rate by 25 basis points, setting it at 4.50% to 4.75%. The central bank announced that its choice to persist in reducing interest rates is influenced by the overall easing of labor market conditions, alongside the ongoing advancement of inflation towards its target of 2%.
- The Bank of England has lowered its benchmark interest rate for the second time this year on 7th Nov, 2024, attributing this decision to ongoing advancements in disinflation. The Monetary Policy Committee opted to decrease the rate by 25 basis points, bringing it down to 4.75%.
- The Bank of Japan maintained its key interest rate at the same level, as anticipated, on 31st Oct, 2024, while adopting a cautious stance due to concerns regarding political instability and the upcoming U.S. presidential election, which have raised apprehensions about the economic outlook. In a unanimous vote, the Policy Board decided to maintain the uncollateralized overnight call rate to remain at around 0.25%. This was the highest since late 2008.
- The European Central Bank reduced its main refinancing operations rate by 25 basis points from 3.65% to 3.40% on 17th Oct, 2024, in line with expectations. Policymakers determined that the disinflation process is progressing as anticipated; however, they are growing increasingly apprehensive about the state of the euro area economy in light of some disappointing data released since the Sep 2024 policy meeting.

### Market Outlook

FII's have been cumulative sellers to the tune of INR 1.4 Lac Crores from 1st Oct'24 to 12th Nov'24 in the Indian Equity Markets. This has been matched by DII buying worth INR 1.25 Lac Crores.

The key underperforming sectors post Nifty peaking in end September 2024 include the Auto (-15%), Energy (-14%), FMCG (-13%), Realty (-12%) and Metals (-8.5%).

The Q2 earnings season has been a subdued quarter with more than 50% of Nifty 50 companies missing street expectations on either revenue or profit growth. Incidentally Nifty 50 FY26 EPS has seen a 7% cut already by the end of this earnings season that concludes in Mid- November 2025.

For FY25 Nifty is likely to end with an EPS in the range of 1040-1060, resulting in a sharp deceleration in earnings growth to sub 5% for the year, compared to the +20% CAGR that it enjoyed between 2020-24. This is likely to have implications on the Valuation Multiples and upsides in the market may remain capped for the foreseeable future.

Reasons for the earnings shockers can be attributed to:

- (1) Meaningful slowdown in urban as well as rural consumption with wage growth being unable to keep pace with inflationary pressures witnessed by middle and lower-income households
- (2) Sharp slowdown in government expenditure in H1FY25
- (3) Global uncertainty with the ongoing conflicts in Europe and Middle East
- (4) Uncertainty over US elections (that concluded only in November 2024).

However managements are hopeful of a recovery in growth in H2FY25 which is seasonally always a stronger period for growth for most businesses. This is supported by high frequency data points such as

- (1) Auto sales growing 32% YoY and 75% MoM in Oct-24
- (2) The recently concluded Amazon Great Indian Festival and Flipkart's Big Billion Days has seen robust consumer spending
- (3) Indian Hotel's management has highlighted that Q3FY25 will be their best quarter yet with over 4 million weddings this season

With the October Inflation print coming in at over 6%, well above RBI's comfort zone, rate cuts may still be a while away for Indian markets. As such the divergent central bank policies between RBI and other global central banks is set to widen further.

Post Donald Trump's history win, the USD/INR has already depreciated by over 1% and looks to be breaking out of its tightly managed range of 82.5-83.5. Historically whenever USD/INR has broken out of a trade, the average depreciation has been in the range of 10-15%.

Once Trump takes over the US Presidency in January 2025, it will take time for things to settle, particularly given the mandate that he has been elected with. Which businesses will be eventual winners or loser as a result of the new unfolding US Policy decisions, will become clearer in times to come.

An interesting statistical perspective on the current structure of the market (13th Nov 2024 with Nifty currently trading at 23,700). From a peak of 26,277 touched on 27th September 2024, Nifty flirting with the 200 EMA (1% away) at 23,544. It is interesting to note that in the last 2 years Nifty made important bottoms upon testing the 200 EMA, notably:

- (1) 4th June 2024 - General Elections Day when Nifty made a panic bottom of 21,281 (200 EMA: 21,248)
- (2) 26th October 2023: 18,857 (200 EMA: 18,830)

Technically all parameters suggest that we could soon see a substantial relief rally from current levels. Additionally, what supports this expectation is that the Market Mood Index Indicator (published on [www.tickertape.com](http://www.tickertape.com)) reading stands at 33.05, denoting "FEAR". It's quite likely that with another 1-2% cut on the index this indicator should start flashing "EXTREME FEAR".

Another important statistic to note is that ~54% of the top 1000 listed Companies on BSE are down 20% or more from their 52W Highs. Indeed a lot of froth that had built up in the market post June 2024 general elections is now getting washed away.

It is not to say that market may not correct further, but even if this market were to make way for lower levels in the ensuing quarters, it will certainly not go down in a straight line. There should ideally be very large bounces from time to time and we will always have several stocks and certain sectors continuing to outperform the benchmark indices.

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