

Macro-Economic Update and Key Events

Event Update

Current account balance recorded a surplus in Q4 FY24

India's current account balance recorded a surplus of US\$ 5.7 billion (0.6% of GDP) in Q4 FY24 as against a deficit of US\$ 8.7 billion (1.0% of GDP) in Q3 FY24 and US\$ 1.3 billion (0.2% of GDP) in Q4 FY23. Current account deficit improved significantly to US\$ 23.2 billion (0.7% of GDP) during FY24 from US\$ 67.0 billion (2.0% of GDP) in FY23 on the back of a lower merchandise trade deficit.

Manufacturing PMI climbed to 58.3 in Jun 2024

The Manufacturing Purchasing Managers' Index climbed to 58.3 in Jun 2024 compared to 57.5 in May 2024. The latest reading indicated a sharper improvement in business conditions, as strong demand conditions spurred the expansion in new orders, output and buying levels.

Services PMI rose slightly to 60.5 in Jun 2024

India's Services Purchasing Managers' Index (PMI) rose slightly to 60.5 in Jun 2024 as compared to 60.2 in May 2024 buoyed by strong demand and a record rise in export orders. Composite PMI also rose to 60.9 from 60.5 in the same period.

IIP growth declined to 5.0% YoY in Apr 2024

Industrial production growth in India (IIP) declined to 5.0% YoY in Apr 2024, as compared to 5.4% rise in Mar 2024. Production in the manufacturing industry increased by 3.9%, mining by 6.7% and electricity by 10.2% in Apr 2024.

CPI-based inflation eased to 4.75% YoY in May 2024

The consumer price index-based inflation eased to 12-month low of 4.75% YoY in May 2024 compared to 4.83% in Apr 2024. The number remained within the RBI's upper tolerance level for the ninth consecutive month. Consumer food price inflation eased slightly to 8.69% YoY in May 2024 from 8.70% in Apr 2024.

WPI-based inflation surged to 2.61% YoY in May 2024

India's wholesale price index (WPI) based inflation surged to 15-month high of 2.61% YoY in May 2024 as compared to 1.26% in Apr 2024. Positive rate of inflation in May 2024 was primarily due to increase in prices of food articles, manufacture of food products, crude petroleum & natural gas, mineral oils, other manufacturing.

Merchandise trade deficit widened YoY in May 2024

India's merchandise trade deficit widened to \$23.78 billion in May 2024 from \$22.53 billion in May 2023. Exports surged 9.10% to \$38.13 billion in May 2024 from \$34.95 billion of the same month of previous year and imports also rose by 7.71% to \$61.91 billion from \$57.48 billion during the same period.

Fiscal deficit stood at 3.0% of BE till May of FY25

Government data showed that India's fiscal deficit for the period from Apr to May of FY25 stood at Rs. 50.62 thousand crore or 3.0% of Budget Estimates (BE) of the current fiscal. India's fiscal deficit was at 11.8% of the BE in the corresponding period of the previous fiscal year. Total expenditure stood at Rs. 6.23 lakh crore or 13.1% of the BE as compared to 13.9% of the BE in the corresponding period of the previous fiscal year.

Key Indicator	Frequency	Period	Latest	Previous
CPI	Monthly	May-24	4.75%	4.83%
WPI	Monthly	May-24	2.61%	1.26%
IIP	Monthly	Apr-24	5.00%	5.40%
GDP	Quarterly	Mar-24	7.80%	8.60%
Credit Growth	Month End [^]	Jun-24	19.20%	19.80%
Deposit Growth	Month End [^]	Jun-24	12.60%	12.70%
Export Growth (YoY)	Monthly	May-24	9.10%	1.07%
Import Growth (YoY)	Monthly	May-24	7.71%	10.25%
Trade Balance (Billion)	Monthly	May-24	-\$23.78	-\$19.10

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. [^]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 30-Jun-2024.

Institutional Flows (Equity)

Net Flow (INR Crore)	Latest Month	Previous Month	Year to Date
FII Flows	26,565	-25,586	3,201
DII Flows	28,633	55,733	236,127
MF Flows	28,226	48,099	190,688

Source: CDSL, NSE & SEBI; As on 28-Jun-2024.

Exchange Rate Movement

Exchange Rate	Jun-24	1 Month Ago	3 Months Ago	6 Months Ago	Year Ago
₹/ Dollar	83.45	83.42	83.37	83.12	82.04
₹/ Euro	89.25	90.05	90.22	92.00	89.13
₹/ Pound	105.46	105.87	105.29	106.11	103.51
₹/ 100 Yen	51.86	53.18	55.09	58.82	56.77

Source: Refinitiv

Performance of Various Commodities

Commodities	Jun-24	Returns			
		1 Month	3 Month	6 Month	1 Year
Crude Brent (\$/Barrel)	88.75	10.18%	3.78%	10.54%	18.87%
Gold (\$/Oz)	2,325.71	-0.05%	4.18%	12.76%	21.16%
Gold (₹./10 gm)	71,563	-0.78%	6.83%	13.70%	23.79%
Silver (\$/Oz)	29.13	-4.11%	16.63%	22.59%	28.02%
Silver (₹./Kg)	87,840	-4.86%	18.66%	20.30%	28.64%

Source: Refinitiv, MCX

Monthly Market Update

July 2024



Indian Debt Market Update

Key Policy Rates (%)

	Jun-24	3 Months Ago	6 Months Ago	Year Ago	2 Years Ago
Repo	6.50	6.50	6.50	6.50	4.90
Reverse Repo	3.35	3.35	3.35	3.35	3.35
Bank Rate	6.75	6.75	6.75	6.75	5.15
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	4.65

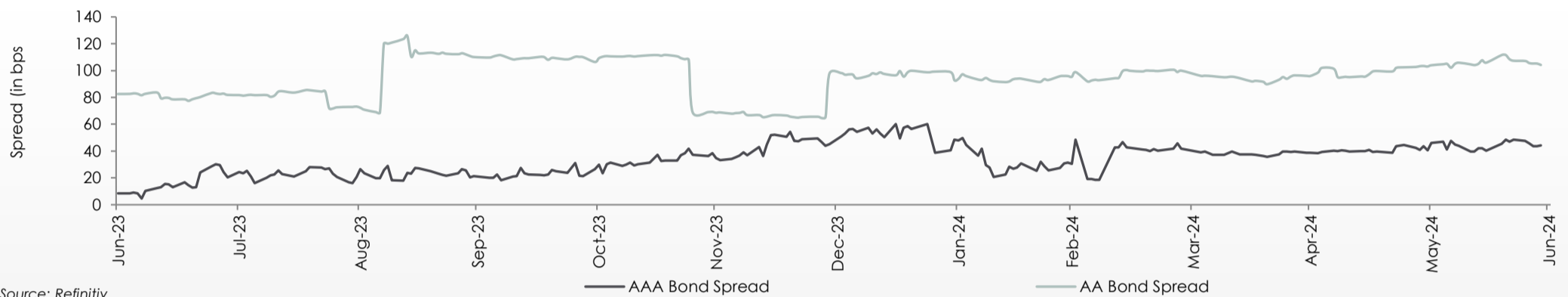
Source: RBI

Money Market Rates (%)

	Jun-24	1 Month Ago	3 Months Ago	6 Months Ago	Year Ago
TREP (Overnight Rate)	6.72	6.36	6.99	6.77	6.75
91 Days T-Bills	6.79	6.86	6.90	7.00	6.71
3 Month CD	7.12	7.23	7.77	7.33	6.90
3 Month CP	7.21	7.18	7.70	7.45	6.97
6 Month CP	7.45	7.50	7.77	7.72	7.29
364 Days T-Bills	6.94	7.03	7.00	7.10	6.86

Source: Refinitiv

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



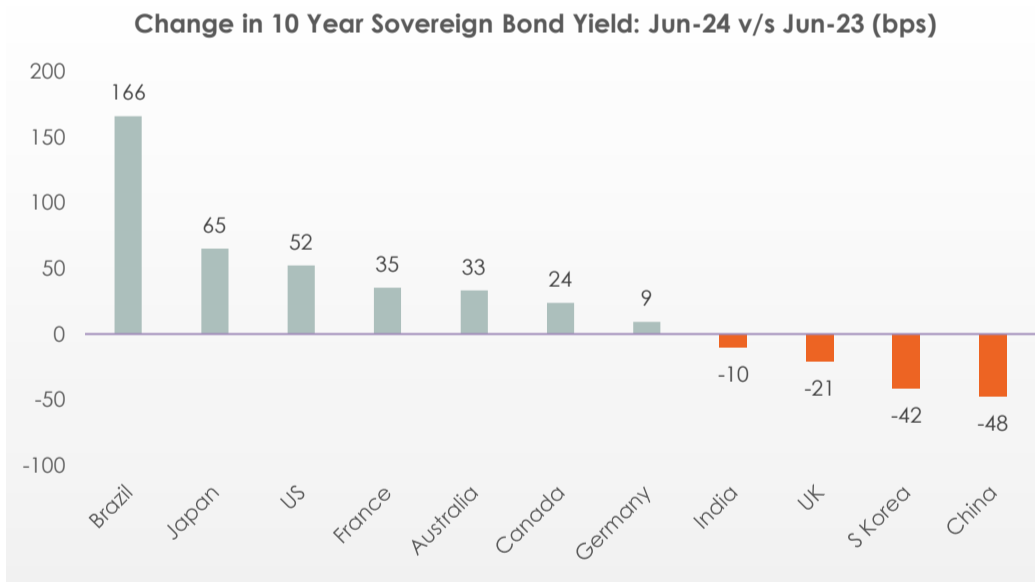
Source: Refinitiv

Bond yields rose after vote-counting trends showed that the existing party alliance at the Centre would win a narrower majority than was expected. However, losses were restricted following a softer-than-expected U.S. inflation print in May 2024.

Yield on corporate bonds went down in the range of 2 to 17 bps across the curve, barring 8 & 9 year papers that increased by 1 bps each, while 7 & 10 year papers were unchanged.

Global Debt Market Update

Brazil saw the highest rise in yields while China witnessed the highest fall



Yield of 10 Year Government Bonds (%)

	May-2024	Jun-2024	Inflation: Jun-2024	Real Yields: Jun-24
Brazil	11.8	12.3	3.9	8.4
India	7.0	7.0	4.8	2.3
UK	4.3	4.2	2.0	2.2
China	2.3	2.2	0.3	1.9
US	4.5	4.3	3.3	1.0
France	3.1	3.3	2.3	1.0
S Korea	3.6	3.3	2.4	0.9
Australia	4.4	4.3	3.6	0.7
Canada	3.6	3.5	2.9	0.6
Germany	2.6	2.5	2.4	0.1
Japan	1.1	1.1	2.3	-1.2

Source: Refinitiv

Asset Class Monthly Performance

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
Crude Oil	14.41%	Crude Oil 2.97%	Crude Oil 10.12%	Gold 7.27%	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%
Silver	8.87%	Bond Index 0.56%	Domestic Equity 2%	Silver 3.34%	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%
Global Equity	4.05%	Gold -1.24%	Bond Index 0.47%	Bond Index 0.36%	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%
Domestic Equity	2.94%	Silver -1.35%	Gold -4.71%	Global Equity -2.78%	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%
Gold	2.32%	Global Equity -2.17%	Global Equity -5.81%	Domestic Equity -2.84%	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%
Bond Index	0.6%	Domestic Equity -2.53%	Silver -9.31%	Crude Oil -4.61%	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%

In June 2024, a mixed trend were witnessed among the asset classes, with crude oil followed by domestic equity rose the most, while silver followed by gold fell the most. Crude oil prices rose amid expectations of increased demand for oil and tighter supplies. Further, prices rose as investors evaluated the prospects for global oil supply and demand.

Source: NSE, Refinitiv; Data as on 28-Jun-2024; Bond Index data as on 30-Jun-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.

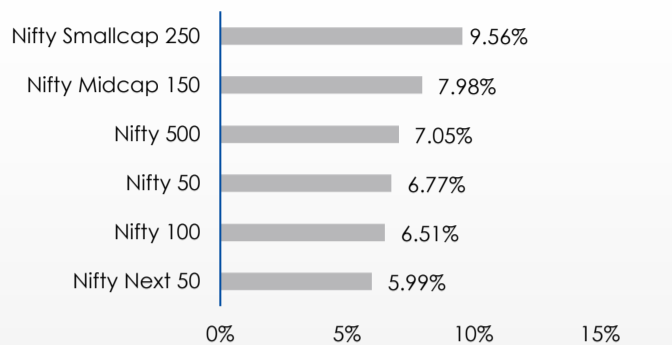
Monthly Market Update

July 2024

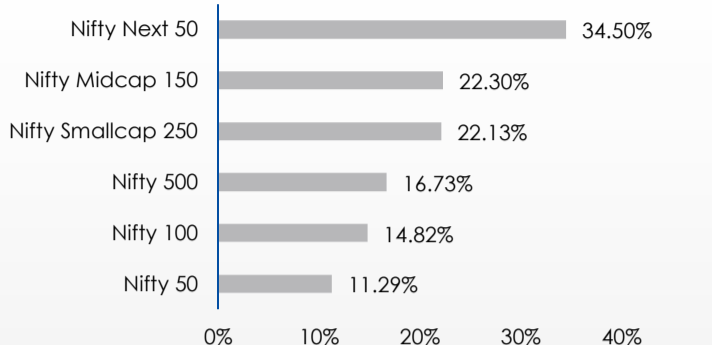


Indian Equity Market Update

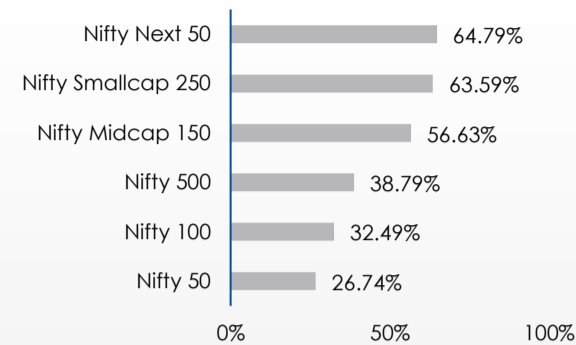
1 Month



CYTD



1 Year



Domestic equity markets initially witnessed volatility as the outcome of the general elections did not come in line with market expectations. However, markets rebounded sharply on hopes of political stability and policy continuity. Gains were extended after India's GDP growth came better than expectations and stood at 7.8% in the fourth quarter of FY24. Markets went up further following domestic and U.S. retail inflation data, as both eased on an annual basis in May 2024.

Source: NSE; Returns are on the basis of TRI index as on Jun 28, 2024; CYTD- Calendar Year to Date as on Jun 28, 2024

Sector Monthly Performance

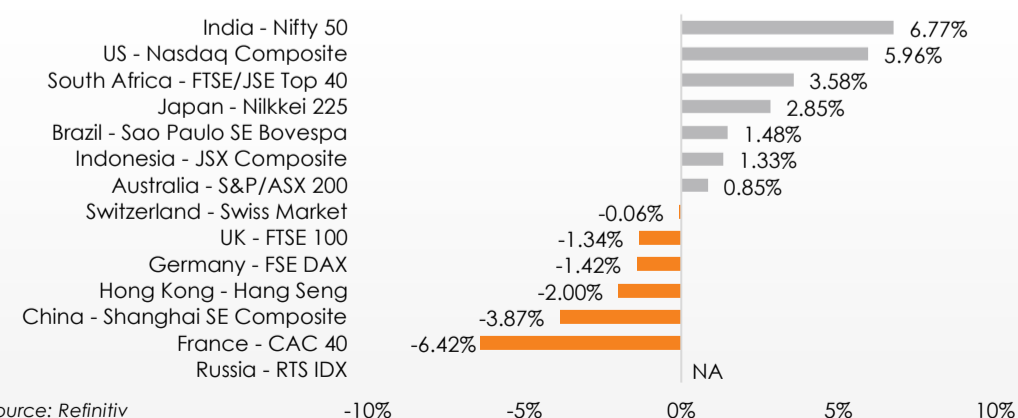
Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
Nifty Media 18.22%	Nifty Media 11.34%	Nifty Energy 6.22%	Nifty Realty 4.75%	Nifty Realty 18.36%	Nifty Energy 14.25%	Nifty Energy 9.80%	Nifty Realty 6.36%	Nifty Auto 4.95%	Nifty Metal 11.13%	Nifty Metal 5.97%	Nifty IT 11.72%
Nifty Pharma 9.32%	Nifty IT 4.14%	Nifty Infra 4.98%	Nifty FMCG -0.66%	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 Realty 9.25%	Nifty Pharma 0.80%	Nifty Auto 3.28%	Nifty Auto -1.65%	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 Metal 8.94%	Nifty Auto 0.02%	Nifty Realty 3.16%	Nifty Energy -1.96%	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 Energy 8.73%	Nifty Metal -1.35%	Nifty Metal 2.77%	Nifty Infra -2.36%	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 Infra 6.66%	Nifty Realty -1.47%	Nifty Pharma 2.17%	Nifty Media -3.05%	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 Auto 4.14%	Nifty Infra -2.32%	Nifty IT 1.99%	Nifty Financial Services -3.06%	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 Bank 2.03%	Nifty FMCG -2.92%	Nifty Bank 1.35%	Nifty IT -3.26%	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 IT 1.47%	Nifty Bank -3.42%	Nifty Financial Services 1.09%	Nifty Bank -3.90%	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 Financial Services 1.43%	Nifty Financial Services -3.47%	Nifty FMCG 1.00%	Nifty Pharma -4.79%	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 FMCG 0.86%	Nifty Energy -3.71%	Nifty Media -1.09%	Nifty Metal -5.65%	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%

In June 2024, information technology (IT) sector remained the top performing sector followed by realty and financial services. IT sector climbed following the European Central Bank's decision to cut the interest rate by 25 bps, as European Union markets are pretty big for some domestic information technology firms.

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

Global Equity Market Update

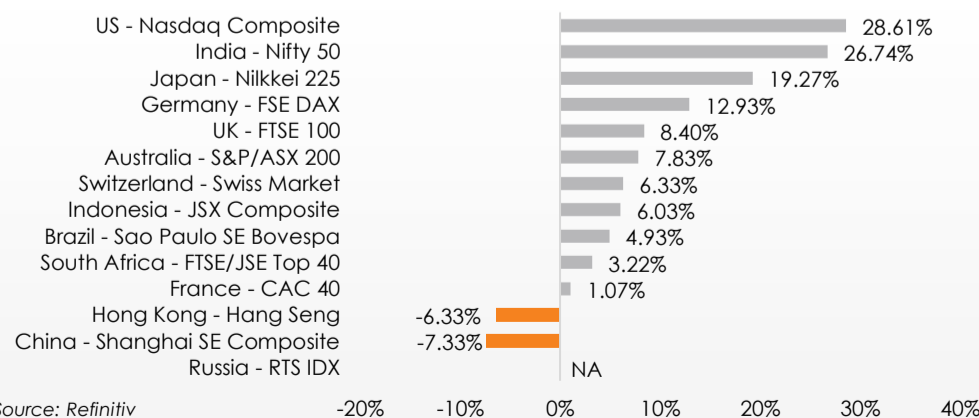
1 Month Performance



Source: Refinitiv

Global markets remained mixed in June 2024 with India followed by U.S. showed the highest rise and France followed by China witnessed highest fall.

1 Year Performance



Source: Refinitiv

In the last one year, most of 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 suggested to introduce credit default swaps (CDS) in mutual funds. The market regulator has proposed that debt funds should be allowed to buy and sell CDS against their holdings in corporate bonds. SEBI regulations state that the scheme must pay a premium in order to purchase this kind of insurance. Additionally, fund houses are permitted to purchase or sell CDS up to 10% of the total amount of AUM.
- The Insolvency and Bankruptcy Board of India (IBBI) has proposed that the resolution plan submitted by an investor won't extinguish the creditors' right to proceed against loan guarantors to the stressed firm and enforce realisation of guarantees governed through various agreements. The proposal is aimed to make it difficult for personal guarantors of defaulting firms to escape liabilities.
- The RBI in collaboration with the Indian government have released an updated framework on currency swap agreements with South Asian Association for Regional Cooperation countries for the years 2024 to 2027 in order to address short-term foreign exchange liquidity needs or balance of payments crises.
- SEBI has instructed market intermediaries, such as mutual fund companies, their distributors, and registered investment advisors not to engage with 'influencers' directly or indirectly. According to the market regulator, market intermediaries are not permitted to directly or indirectly compensate these people with money or non-monetary benefits.
- According to a circular, IRDAI has instructed life insurance providers not to promote index-linked products and ULIPs as investment products. Rather, the regulator has instructed insurers to provide cautionary notes that draw attention to risk factors connected to related products. Furthermore, insurance companies must make sure that policyholders are aware that ULIPs do not guarantee future prospects or returns.

2. International

- The Federal Reserve disclosed that officials now only anticipate one interest rate reduction this year, in addition to announcing their widely anticipated decision to keep interest rates constant on 12th Jun, 2024. In support of its goals of maximum employment and inflation at the rate of 2% over the longer run, the Fed said it decided to maintain the target range for the federal funds rate at 5.25 to 5.50%.
- The Bank of Japan delayed its normalization of policy on Jun 14, 2024 as policymakers decided to unveil a detailed plan for reducing its bond purchase programme at its upcoming meeting in Jul 2024. The board unanimously decided to maintain the uncollateralized overnight call rate to remain at around 0 to 0.1%.
- China's central bank maintained its lending rates unchanged, as widely expected. The People's Bank of China kept its one-year loan prime rate unchanged at 3.45%. Similarly, the five-year LPR, the benchmark for mortgage rates, was retained at 3.95%.
- According to the Commerce Department, U.S. gross domestic product jumped by 1.4% in the first quarter of 2024 compared to the previously estimated 1.3% increase. The upward revision matched economists' estimates. The GDP growth in the first quarter still reflects a notable slowdown compared to the 3.4% surge in the fourth quarter of 2023.
- According to the Labor Department, U.S. consumer prices were unexpectedly flat in the month of May 2024 after rising by 0.3% in Apr 2024. Economists had expected consumer prices to inch up by 0.1%.

Market Outlook

- June 2024 was characterized by large volatility in the Equity Markets, with a range of 12.8% for the month on the Nifty 50 Index which finally closed up 6.16% for the month. This single month gain markets the largest gain since December 2023 when Nifty reacted positively to the state election results which were announced in early December.
- There were initial concerns around a reduced mandate for the NDA government with the come back of coalition politics for the first time in more than a decade. However, these concerns were soon shrugged off by the markets which have continued its march up to fresh all time highs into July 2024.
- Post election results, the new government has pushed focus on the rural economy, marked by release of financial assistance for farmers, towards construction of 30 mn new houses in rural and urban areas and increase in MSP for 14 kharif crops for the 2024-25 season.
- FII have finally turned into net buyers of INR 188 billion in the month of June after being net sellers through Jan-May 2024. The story of strong Mutual Fund Inflows continues with a massive INR 400bn fresh inflows in the month of June.
- Sentiment continues to remain resilient post elections even in the face of global uncertainties such as Federal Reserve decision on rate cuts, spike in inflation, slowing down of growth in Q1 across sectors, firm crude oil prices and escalating geo political tensions especially in the Middle East.
- There are today 117 listed companies in India with a Market Capitalization > USD 10bn. Of these 80% closed up for the month of June.
- There are ~2,450 listed Companies (Market Cap > INR 100 Crs) - Of these, roughly 53% outperformed CNX 500 in the Month of June 2024. Again, roughly 80% of the entire universe of 2,450 stocks have closed positive for the month of June 2024 which clearly shows the money making environment has been easy.
- RBI which kept rates unchanged in June 2024 MPC meeting, continues to monitor inflation levels which are expected to firm up in July readings. A lower than expected inflation print could lead to expectations of a rate cut in the upcoming August MPC.
- The upcoming Annual Budget on 23rd July 2024 will be a closely watched event which will set stage for the second half of this year. It is largely expected that the Government is likely to continue on the path of development led agenda with certain socialist overtures in form of alleviating rural stress.
- Certain pockets of the market look to be overheated, especially PSUs, Defence, Capital Goods and Autos. It is likely that money will rotate out of some of these over extended sectors and find opportunities in lagging sectors such as Consumption, Agri, Chemicals, Healthcare and IT.

Disclaimers and Risk Factors

- The document includes statements/opinions which contain words or phrases such as "will", "believe", "expect" and similar expressions that are forward-looking statements. Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with the statements mentioned with respect to exposure to market risks, and general economic and political conditions in India and other countries globally, which have an impact on our services and/or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices etc.
- The information contained in this document is extracted from different public sources. All reasonable care has been taken to ensure that the information contained herein is not misleading or untrue at the time of publication.
- We are not soliciting any action based on this material and it is for general information only. Investors should consult their financial advisors if they doubt whether the product is suitable for them before investing.
- The views expressed in this presentation are subject to change at any time based on market and other conditions. This is not an offer or solicitation for the purchase or sale of any security and should not be construed as such. References to specific securities and issuers are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations to purchase or sell such securities.
- These materials are not intended for distribution to or use by any person in any jurisdiction where such distribution would be contrary to local law or regulation. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe any such restrictions