

## Macro-Economic Update and Key Events

### Event Update

#### GDP of the Indian economy grew 8.4% in Q3FY24

Government data showed that Gross Domestic Product (GDP) of the Indian economy at constant (2011-12) prices witnessed a growth of 8.4% in the third quarter of FY24. In the Oct-Dec quarter of last year, the GDP growth rate was 4.3%. On the sectoral front, the growth of the manufacturing sector soared to 11.6% in Q3 of FY24 from a negative 4.8% in same quarter of previous fiscal year. However, Agriculture, Livestock, Forestry & Fishing shrank by 0.8% in Q3 of FY24 compared to 5.2% growth in Q3 of FY23.

#### RBI kept repo rate unchanged at 6.50%

The Monetary Policy Committee (MPC) in its sixth bi-monthly monetary policy review of FY24 kept key policy repo rate unchanged at 6.50% with immediate effect for the sixth consecutive time. The standing deposit facility (SDF) rate also remained unchanged at 6.25%. Five out of six members voted to keep the policy repo rate unchanged. The MPC also remained focused on withdrawal of accommodation to ensure that inflation progressively aligns with the target, while supporting growth.

#### Manufacturing PMI rose to 56.9 in Feb 2024

The Manufacturing Purchasing Managers' Index (PMI) rose to 5 months high to 56.9 in Feb 2024 compared to 56.5 in Jan 2024 supported by both domestic & external demand and easing of pricing pressures.

#### Services PMI eased to 60.6 in Feb 2024

India's Services Purchasing Managers' Index (PMI) eased to 60.6 in Feb 2024 as compared to 61.8 in Jan 2024 due to softer expansions in business activity, sales and jobs. Composite PMI also eased to 60.6 from 61.2 in the same period.

#### CPI based inflation eased to 5.10% in Jan 2024 YoY

The consumer price index-based inflation eased to 5.10% in Jan 2024 YoY compared to 5.69% in Dec 2023 due to cool off in food prices. The retail inflation remained below the central bank's upper tolerance level for consecutive five months. The consumer food price inflation fell to 8.30% in Jan 2024 from 9.53% in Dec 2023.

#### Industrial production increased by 3.8% YoY in Dec 2023

Industrial production growth in India (IIP) increased by 3.8% YoY in Dec 2023, as compared to 2.4% rise in Nov 2023. Production in the manufacturing industry increased by 3.9%, mining by 5.1% and electricity by 1.2% in Dec 2023.

#### WPI based inflation eased to 0.27% in Jan 2024 YoY

India's wholesale price index (WPI) based inflation eased to 0.27% in Jan 2024 YoY as compared to 0.73% in Dec 2023. Positive rate of inflation in Jan 2024 is primarily due to increase in prices of food articles, machinery & equipment, other manufacturing, minerals, other transport equipment.

Key Indicator	Frequency	Period	Latest	Previous
CPI	Monthly	Jan-24	5.10%	5.69%
WPI	Monthly	Jan-24	0.27%	0.73%
IIP	Monthly	Dec-23	3.80%	2.40%
GDP	Quarterly	Dec-23	8.40%	8.10%
Credit Growth	Month End <sup>^</sup>	Feb-24	20.30%	20.30%
Deposit Growth	Month End <sup>^</sup>	Feb-24	13.60%	13.20%
Export Growth (YoY)	Monthly	Jan-24	3.19%	1.00%
Import Growth (YoY)	Monthly	Jan-24	4.17%	-4.85%
Trade Balance (Billion)	Monthly	Jan-24	-\$17.49	-\$19.80

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 29-Feb-2024.

#### Institutional Flows (Equity)

Net Flow (INR Crore)	Latest Month	Previous Month	Year to Date
FII Flows	1,539	-25,744	-24,205
DII Flows	24,927	26,744	51,670
MF Flows	14,295	23,011	37,306

Source: CDSL, NSE & SEBI; As on 29-Feb-2024.

#### Exchange Rate Movement

Exchange Rate	Feb-24	1 Month Ago	3 Months Ago	6 Months Ago	Year Ago
₹/ Dollar	82.92	83.15	83.32	82.65	82.68
₹/ Euro	89.86	90.17	91.64	89.38	87.55
₹/ Pound	105.03	105.66	105.92	104.30	99.60
₹/ 100 Yen	55.36	56.20	56.59	56.46	60.68

Source: Refinitiv

#### Performance of Various Commodities

Commodities	Feb-24	Returns			
		1 Month	3 Month	6 Month	1 Year
Crude Brent (\$/Barrel)	86.22	0.76%	1.21%	-1.98%	3.18%
Gold (\$/Oz)	2,043.24	0.30%	0.37%	5.34%	11.83%
Gold (₹./10 gm)	62,095	-0.79%	-0.55%	4.78%	12.25%
Silver (\$/Oz)	22.67	-1.08%	-10.22%	-7.23%	8.39%
Silver (₹./Kg)	69,496	-2.79%	-8.48%	-6.66%	10.73%

Source: Refinitiv, MCX

# Monthly Market Update

March 2024



## Indian Debt Market Update

### Key Policy Rates (%)

	Feb-24	3 Months Ago	6 Months Ago	Year Ago	2 Years Ago
Repo	6.50	6.50	6.50	6.50	4.00
Reverse Repo	3.35	3.35	3.35	3.35	3.35
Bank Rate	6.75	6.75	6.75	6.75	4.25
CRR	4.50	4.50	4.50	4.50	4.00
SLR	18.00	18.00	18.00	18.00	18.00
SDF	6.25	6.25	6.25	6.25	NA

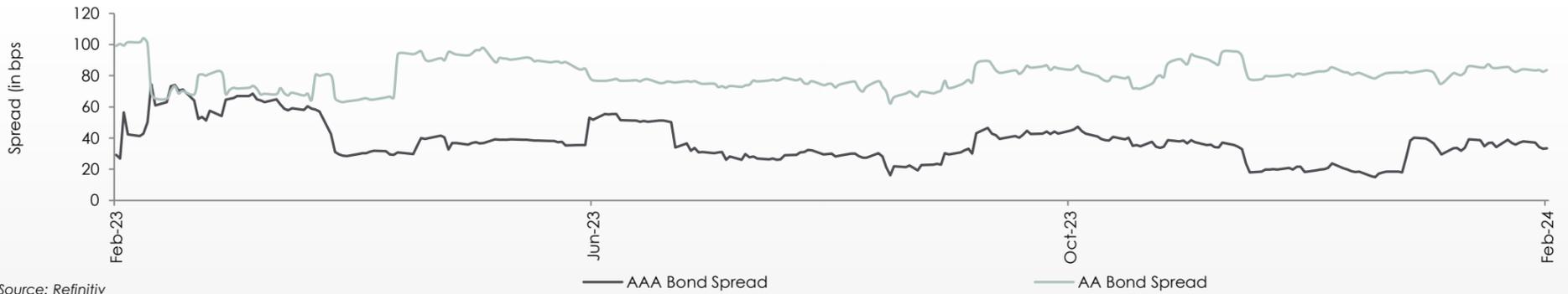
Source: RBI

### Money Market Rates (%)

	Feb-24	1 Month Ago	3 Months Ago	6 Months Ago	Year Ago
TREP(Overnight Rate)	6.68	6.76	6.77	6.75	6.60
91 Days T-Bills	6.86	6.99	6.96	6.80	6.89
3 Month CD	7.72	7.84	7.36	7.03	7.52
3 Month CP	7.76	7.90	7.40	7.05	7.62
6 Month CP	7.90	7.90	7.60	7.33	7.77
364 Days T-Bills	7.11	7.14	7.14	7.00	7.31

Source: Refinitiv

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



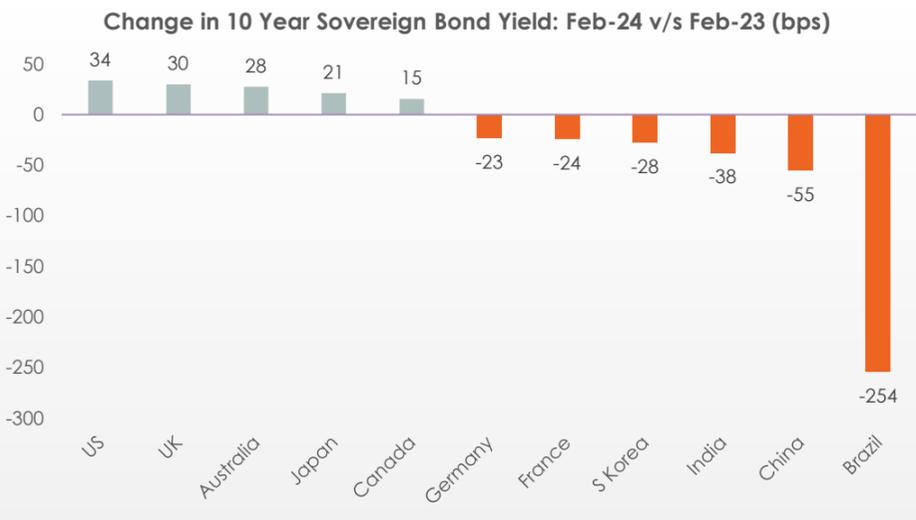
Source: Refinitiv

Bond yields fell mostly after the interim union budget of 2024 positively surprised the market participants with lower-than-expected fiscal deficit and gross borrowing targets for FY25. However, gains were restricted as the RBI did not any major dovish guidance in its MPC meeting.

Yield on corporate bonds fell in the range of 3 to 35 bps across the curve, barring 3 & 4 year papers that increased up to 2 bps. Yield fell the most on 15 year paper and the least on 2 & 5 year papers.

## Global Debt Market Update

### U.S. saw the highest rise in yields while Brazil witnessed the highest fall



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

	Jan-2024	Feb-2024	Inflation: Feb-2024	Real Yields: Feb-24
Brazil	10.6	10.8	4.5	6.3
China	2.4	2.4	-0.8	3.2
<b>India</b>	<b>7.1</b>	<b>7.1</b>	<b>5.1</b>	<b>2.0</b>
US	4.0	4.3	3.1	1.2
Canada	3.3	3.5	2.9	0.6
S Korea	3.3	3.5	3.1	0.4
UK	3.8	4.1	4	0.1
Australia	4.0	4.2	4.1	0.1
France	2.7	2.9	3.1	-0.2
Germany	2.2	2.4	2.9	-0.5
Japan	0.7	0.7	2.6	-1.9

Source: Refinitiv

### Asset Class Monthly Performance

Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24
Silver 11.66%	Domestic Equity 4.1%	Global Equity 6.13%	Global Equity 5.07%	Crude Oil 12.23%	Crude Oil 1.43%	Crude Oil 10.12%	Gold 8.52%	Global Equity 10.95%	Domestic Equity 7.94%	Crude Oil 7.83%	Global Equity 6.12%
Gold 7.49%	Silver 4%	Domestic Equity 3.17%	Domestic Equity 2.52%	Silver 6.94%	Bond Index 0.52%	Domestic Equity 2%	Silver 4.42%	Silver 9.21%	Global Equity 5.52%	Global Equity 4.11%	Domestic Equity 1.32%
Global Equity 4.11%	Crude Oil 3.96%	Bond Index 0.72%	Crude Oil 0.88%	Global Equity 3.83%	Silver -0.16%	Bond Index 0.45%	Bond Index 0.3%	Domestic Equity 5.4%	Gold 1.32%	Bond Index 0.58%	Crude Oil 0.76%
Bond Index 0.61%	Gold 1.11%	Gold -2.35%	Bond Index 0.44%	Domestic Equity 2.47%	Gold -1.38%	Gold -4.71%	Domestic Equity -2.91%	Gold 3.12%	Bond Index 0.66%	Domestic Equity 0.07%	Bond Index 0.66%
Domestic Equity -1.29%	Bond Index 1.07%	Crude Oil -5.84%	Gold -2.76%	Gold 2.06%	Domestic Equity -1.86%	Global Equity -5.81%	Global Equity -4.36%	Bond Index 0.58%	Crude Oil -5.75%	Gold -1.5%	Gold 0.3%
Crude Oil -6.34%	Global Equity 0.04%	Silver -7.36%	Silver -3.95%	Bond Index 0.54%	Global Equity -2.8%	Silver -9.31%	Crude Oil -5.64%	Crude Oil -8.32%	Silver -5.9%	Silver -2.46%	Silver -1.08%

In February 2024, global equity rose the most followed by domestic equity and crude oil while silver fell the most among the asset classes. Global equity rose following the upbeat fourth-quarter results from a major U.S. computer hardware company and a tech company.

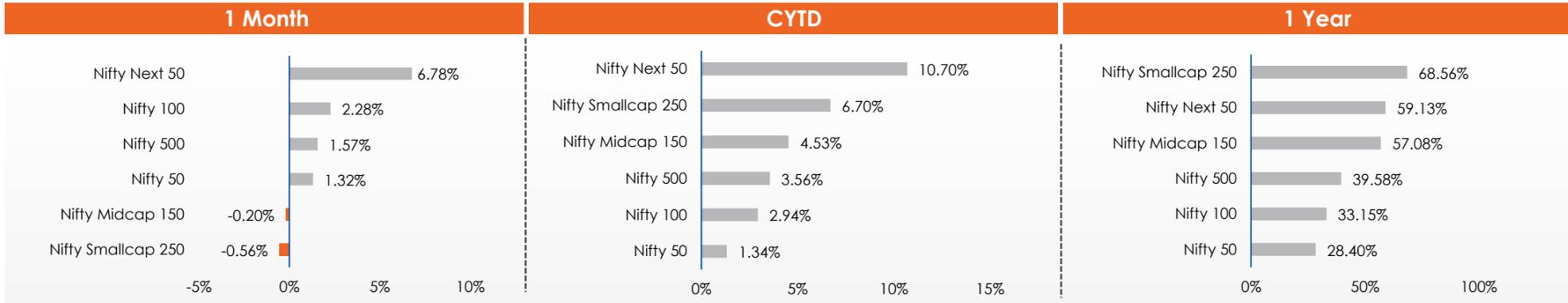
Source: NSE, Refinitiv; Data as on 29-Feb-2024; Domestic equity market-Nifty 50 TRI, Global Equity market-Nasdaq composite, Bond Index -Nifty Corporate Bond Index, Gold, Silver and Crude Oil prices are in U.S. dollar. While Gold and Silver prices are measured in per ounce, Crude oil is on the basis of per barrel.

# Monthly Market Update

March 2024



## Indian Equity Market Update



Domestic equity markets rose during the month under review as market participants cheered the outcome of the Interim Union Budget 2024. Market sentiments were further boosted as domestic inflationary pressures eased in Jan 2024 and remained below the RBI's upper tolerance level for fifth consecutive month. However, gains were capped due to uncertainty as to what stance the U.S. Federal Reserve may adopt regarding its monetary policy in the coming months.

Source: NSE; Returns are on the basis of TRI index as on Feb 29, 2024; CYTD- Calendar Year to Date as on Feb 29, 2024

## Sector Monthly Performance

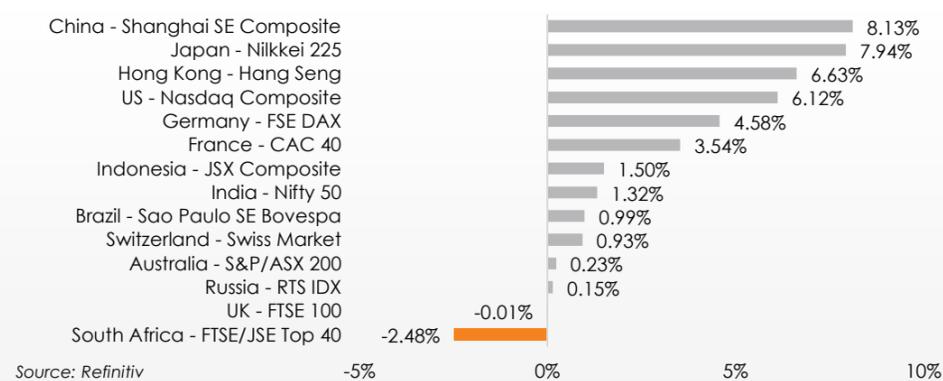
Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24
Nifty Energy 5.22%	Nifty Realty 14.90%	Nifty Auto 7.66%	Nifty Realty 8.65%	Nifty Media 18.22%	Nifty Media 11.34%	Nifty Energy 6.22%	Nifty Realty 4.75%	Nifty Realty 18.36%	Nifty Energy 14.25%	Nifty Energy 9.80%	Nifty Realty 6.36%
Nifty Metal 4.38%	Nifty Auto 7.72%	Nifty Realty 7.57%	Nifty Pharma 8.61%	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 Pharma 2.30%	Nifty Bank 6.46%	Nifty FMCG 6.85%	Nifty Auto 6.69%	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 FMCG 2.17%	Nifty Financial Services 6.11%	Nifty IT 5.83%	Nifty Metal 5.42%	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 Infra 1.48%	Nifty Metal 5.50%	Nifty Bank 2.58%	Nifty Infra 5.13%	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 0.84%	Nifty Infra 5.21%	Nifty Media 2.39%	Nifty Energy 3.49%	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 Financial Services 0.39%	Nifty Pharma 4.97%	Nifty Financial Services 2.13%	Nifty Financial Services 3.20%	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 Media -0.22%	Nifty FMCG 4.31%	Nifty Infra 1.93%	Nifty FMCG 2.44%	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 Realty -1.49%	Nifty Energy 4.03%	Nifty Metal 1.56%	Nifty Bank 1.50%	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 IT -3.25%	Nifty Media 0.87%	Nifty Energy 0.59%	Nifty IT 1.35%	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 Auto -3.83%	Nifty IT -3.30%	Nifty Pharma 0.52%	Nifty Media -0.69%	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%

In February 2024, a mixed trend was witnessed across the sectors, among them realty sector showed the highest rise followed by energy and auto, while media followed by FMCG and metal showed the steepest fall. Energy and Realty sectors continue to be one of the top performers in the last 6 consecutive months.

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

## Global Equity Market Update

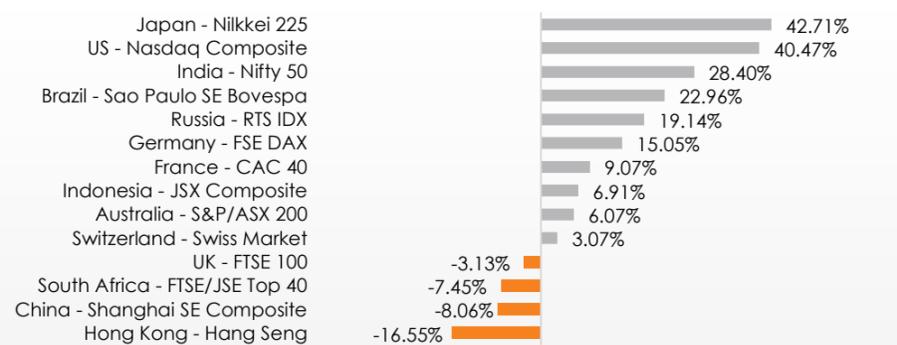
### 1 Month Performance



Source: Refinitiv

Global markets rose in February 2024 barring South Africa and U.K., with China followed by Japan and Hong Kong showed the highest rise.

### 1 Year Performance



Source: Refinitiv

In the last one year, Global markets witnessed a mixed trend, where Japan rose the most and Hong Kong fell the most.

## News Summary & Market Outlook

### News Summary

#### 1. Domestic

- SEBI has instructed all fund houses through AMFI to implement a policy that will safeguard the interests of investors in small and midcap funds. As per AMFI, trustees, in collaboration with unitholder protection committees of AMCs, must guarantee that a policy safeguarding the interests of all investors is implemented, given the increasing froth in the market's small and mid-cap segments and the ongoing flows in mutual fund schemes catering to these investors.
- SEBI in a consultation paper suggested doing away with the need to make nomination mandatory in joint mutual fund folios. SEBI has also proposed to exclude exchange traded funds and index funds tracking equity indices from any sectoral exposure limit.
- IRDAI released draft guidelines for the introduction of 'Bima Sugam', a digital platform through which investors will be able to buy, renew, port, and request claims all online. Through the network of 'Bima Vahaks', insurance agents and intermediaries will be able to use this platform to sell and renew insurance policies as well as submit requests for claims entirely online.
- The Reserve Bank of India has announced plans to strengthen security measures for the Aadhaar-enabled payment system (AePS) in order to reduce the risk of fraud. The absence of two-factor authentication is currently a source of concern because it leaves users vulnerable, particularly those who are older. With this move, more fraud prevention measures like timed OTP authentication may be implemented.
- According to a gazette notification by IRDAI, insurance companies including life, non-life and standalone health insurers must develop a board-approved policy for directly sourced policies that would have a lower premium if a policy is sourced directly from a policyholder. The new regulations will be in force for three years, starting on Apr 1, 2024.

#### 2. International

- According to the Commerce Department, U.S. consumer prices rose by 0.3% in Jan 2024 after inching up by a revised 0.1% in Dec 2024. Economists had expected consumer prices to rise by 0.3% compared to the 0.2% uptick originally reported for the previous month.
- According to Destatis, Germany's retail sales decreased 0.4% in Jan 2024 from the previous month, confounding expectations for an increase of 0.5%.
- According to the Commerce Department, U.S. real gross domestic product in the fourth quarter of 2023 was downwardly revised to 3.2% from the previously reported 3.3%. Economists had expected the surge in GDP to be unrevised.
- According to the Ministry of Economy, Trade and Industry, Japan's retail sales were up 2.3% on the year in Jan 2024. That beat forecasts for an increase of 2.0% following the upwardly revised 2.4% gain in Dec 2024.
- According to the Ministry of Internal Affairs and Communications, Japan's consumer prices in Japan were up 2.2% on year in Jan 2024. That was in line with forecasts and down from 2.6% in Dec 2023.
- According to the Commerce Department, U.S. new home sales climbed 1.5% to an annual rate of 661,000 in Jan 2024 after surging by 7.3% to a revised rate of 651,000 in Dec 2023.
- According to Destatis, Germany's gross domestic product slid 0.3% sequentially in the three months to Dec 2023 after stagnating in the third quarter. Data showed that household spending gained 0.2% and government consumption moved up 0.3%.

### Market Outlook

While mainstream indices Nifty 50 and CNX 500 are making fresh life highs as of 11<sup>th</sup> March 2024, the broader market internals have already started showing clear signs of fatigue since February 2024 post the stupendous phase of wealth creation that started from March 2023 lows.

- Large Caps 📈 Mid Caps & Small Caps 📉**
  - We are currently constructive on the largecap and large midcap space owing to severe underperformance vs Smallcap and Midcap indices over the previous 12 months.
  - Despite improving profitability, as of February 2024 end, the contribution of the top 100 listed companies by Market Capitalization to the total market capitalization of +2000 listed companies on NSE **hit a 25 year low of 64.8%**.
  - To contain the flow of hot money into the Small and Mid Caps space and to protect small investors from indulging in speculative mania, SEBI has implemented a few crucial steps since February 2024:
    - They have asked AMFI to instruct AMCs to go slow on lumpsum contributions while also capping SIP contributions per scheme in the smallcap segment.
    - AMFI has been instructed to request AMCs to conduct stress tests on their schemes to prepare in advance for any adverse liquidity event / redemption pressures kicking in
- Relative Strength analysis:**
  - Within sectors, key pockets of strength clearly lie in sectors such as Metals, Capital Goods, Power, Infrastructure, Healthcare and PSUs. Any pull back or correction would be an opportunity to accumulate good quality stocks in these sectors from a long-term perspective.
  - IT, Banks, financial services and FMCG sectors continue to be laggards - As a side note, IT, Banks and FMCG currently contribute a significant 55% of the Nifty 50 Index
  - After a 11-month period of showcasing strong outperformance, the Small Cap and Mid Cap Indices are now showing clear signs of divergence in momentum from February 2024 onwards - *both down ~5% from life highs hit in February 2024 vs fresh highs on Nifty 50 and Nifty 500 as of 11th March 2024.*
  - Of the +3000 stocks listed on both exchanges (with Market Capitalization > 50 Crs), ~44% of the stocks are already down =>20% from their 52W highs (Average stock is down 30%)
- Market Breadth Analysis:** Worsening market breadth clearly points to a consolidation phase kicking in:
  - Market Breadth of Nifty 500:**
    - Number of stocks in Nifty 500 that currently trade above their 50 Daily Moving Averages (which signifies positive near term price performance) has now fallen to 49% in early March 2024. For reference, this ratio stood at nearly 90% in early January 2024. *During the March 2023 bottom, this ratio hit a low of 21%.*
    - Number of stocks in Nifty 500 that current trade above their 200 Daily Moving Averages (which signifies positive long term price performance) has now fallen to 73% in early March 2024. For reference, this ratio stood at nearly 95% in early January 2024. *During the March 2023 bottom, this ratio hit a low of 30%.*
  - Market Breadth of Nifty Midcap 100:**
    - Number of stocks in Nifty Midcap 100 that currently trade above their 50 Daily Moving Averages (which signifies positive near term price performance) has now fallen to 53% in early March 2024. For reference, this ratio stood at nearly 93% in early January 2024. *During the March 2023 bottom, this ratio hit a low of 18%.*
    - Number of stocks in Nifty 500 that current trade above their 200 Daily Moving Averages (which signifies positive long term price performance) has now fallen to 79% in early March 2024. For reference, this ratio stood at nearly 98% in early January 2024. *During the March 2023 bottom, this ratio hit a low of 37%.*
  - Market Breadth of Nifty Smallcap 100:**
    - Number of stocks in Nifty Smallcap 100 that currently trade above their 50 Daily Moving Averages (which signifies positive near term price performance) has now fallen to 42% in early March 2024. For reference, this ratio stood at nearly 91% in early January 2024. *During the March 2023 bottom, this ratio hit a low of 23%.*
    - Number of stocks in Nifty 500 that current trade above their 200 Daily Moving Averages (which signifies positive long term price performance) has now fallen to 74% in early March 2024. For reference, this ratio stood at nearly 93% in early January 2024. *During the March 2023 bottom, this ratio hit a low of 34%.*

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