

## Macro-Economic Update and Key Events

### Event Update

#### Manufacturing PMI eased slightly to 58.8 in Apr 2024

The Manufacturing Purchasing Managers' Index (PMI) eased slightly to 58.8 in Apr 2024 compared to 59.1 in Mar 2024 bolstered by strong demand conditions which resulted in a further expansion of output.

#### Services PMI eased slightly to 60.8 in Apr 2024

India's Services Purchasing Managers' Index (PMI) eased slightly to 60.8 in Apr 2024 as compared to 61.2 in Mar 2024 but saw the fastest growth rates in 14 years. Growth was driven by significant rise in new orders, with a notable strength in domestic demand.

#### IIP growth accelerated to 5.7% YoY in Feb 2024

Industrial production growth in India (IIP) accelerated to 5.7% YoY in Feb 2024, as compared to 4.1% rise in Jan 2024. Production in the manufacturing industry increased by 5.0%, mining by 8.0% and electricity by 7.5% in Feb 2024.

#### CPI based inflation eased to 4.85% YoY in Mar 2024

The consumer price index-based inflation eased to 10-month low of 4.85% YoY in Mar 2024 compared to 5.09% in Feb 2024, mainly due to cooling food prices. The retail inflation remained below the central bank's upper tolerance level for consecutive seven months. Consumer food price inflation also eased to 8.52% in Mar 2024 from 8.66% in Feb 2024.

#### WPI inflation accelerated by 0.53% YoY in Mar 2024

India's wholesale price index (WPI) based inflation accelerated by 0.53% YoY in Mar 2024 as compared to 0.20% in Feb 2024. The positive rate of inflation in Mar 2024 is primarily due to an increase in prices of food articles, electricity, crude petroleum & natural gas, machinery & equipment and other manufacturing products.

#### Merchandise trade deficit narrowed YoY in Mar 2024

India's merchandise trade deficit narrowed to \$15.60 billion in Mar 2024 from \$18.96 billion in Mar 2023. Exports edged down 0.67% to \$41.68 billion in Mar 2024 from \$41.96 billion of the same month of previous year and imports also decreased by 5.98% to \$57.28 billion from \$60.92 billion during the same period.

#### GST hit a record high in Apr 2024 at Rs. 2.10 lakh crore

According to the Ministry of Finance, gross goods and services tax (GST) hit a record high in Apr 2024 at Rs. 2.10 lakh crore, representing a significant 12.4% YoY growth driven by a strong increase in domestic transactions and imports.

Key Indicator	Frequency	Period	Latest	Previous
CPI	Monthly	Mar-24	4.85%	5.09%
WPI	Monthly	Mar-24	0.53%	0.20%
IIP	Monthly	Feb-24	5.70%	4.10%
GDP	Quarterly	Dec-23	8.40%	8.10%
Credit Growth	Month End <sup>^</sup>	Apr-24	19.00%	19.90%
Deposit Growth	Month End <sup>^</sup>	Apr-24	13.30%	13.80%
Export Growth (YoY)	Monthly	Mar-24	-0.67%	11.92%
Import Growth (YoY)	Monthly	Mar-24	-5.98%	12.20%
Trade Balance (Billion)	Monthly	Mar-24	-\$15.60	-\$18.71

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 30-Apr-2024.

### Institutional Flows (Equity)

Net Flow (INR Crore)	Latest Month	Previous Month	Year to Date
FII Flows	-8,671	35,098	2,222
DII Flows	44,186	55,904	151,761
MF Flows	32,824	44,233	114,363

Source: CDSL, NSE & SEBI; As on 30-Apr-2024.

### Exchange Rate Movement

Exchange Rate	Apr-24	1 Month Ago	3 Months Ago	6 Months Ago	Year Ago
₹/ Dollar	83.52	83.37	83.12	83.27	81.78
₹/ Euro	89.34	90.22	89.96	87.95	90.09
₹/ Pound	104.64	105.29	105.61	100.93	102.03
₹/ 100 Yen	53.25	55.09	56.42	55.66	60.36

Source: Refinitiv

### Performance of Various Commodities

Commodities	Apr-24	Returns			
		1 Month	3 Month	6 Month	1 Year
Crude Brent (\$/Barrel)	89.37	4.50%	4.44%	-3.27%	8.14%
Gold (\$/Oz)	2,285.57	2.38%	12.19%	15.28%	14.87%
Gold (₹./10 gm)	71,777	7.15%	14.68%	17.51%	19.83%
Silver (\$/Oz)	26.28	5.23%	14.68%	14.76%	4.97%
Silver (₹./Kg)	80,083	8.18%	12.02%	11.25%	8.67%

Source: Refinitiv, MCX

# Monthly Market Update

May 2024



## Indian Debt Market Update

### Key Policy Rates (%)

	Apr-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	3.75

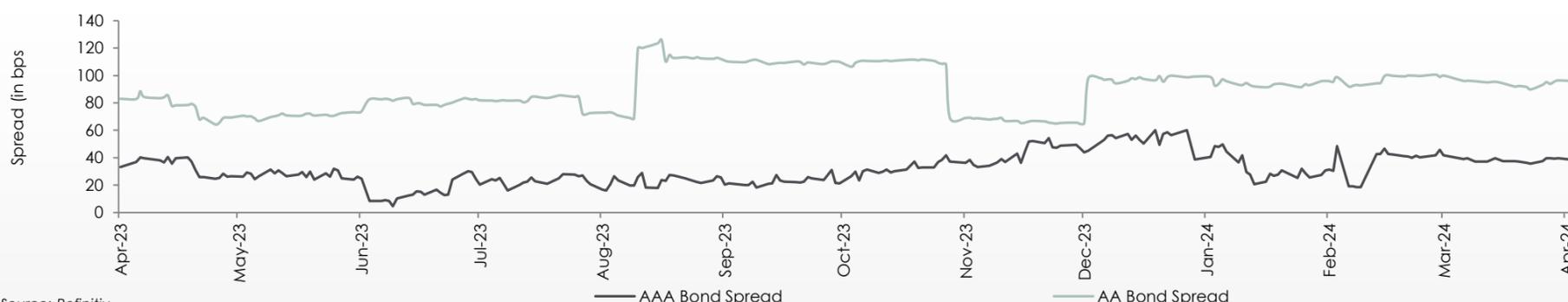
Source: RBI

### Money Market Rates (%)

	Apr-24	1 Month Ago	3 Months Ago	6 Months Ago	Year Ago
TREP (Overnight Rate)	6.63	6.99	6.70	6.76	6.78
91 Days T-Bills	6.98	6.90	7.03	6.89	6.78
3 Month CD	7.28	7.77	7.77	7.21	7.12
3 Month CP	7.34	7.70	7.90	7.35	7.18
6 Month CP	7.56	7.77	7.90	7.56	7.35
364 Days T-Bills	7.06	7.00	7.13	7.15	6.99

Source: Refinitiv

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



Source: Refinitiv

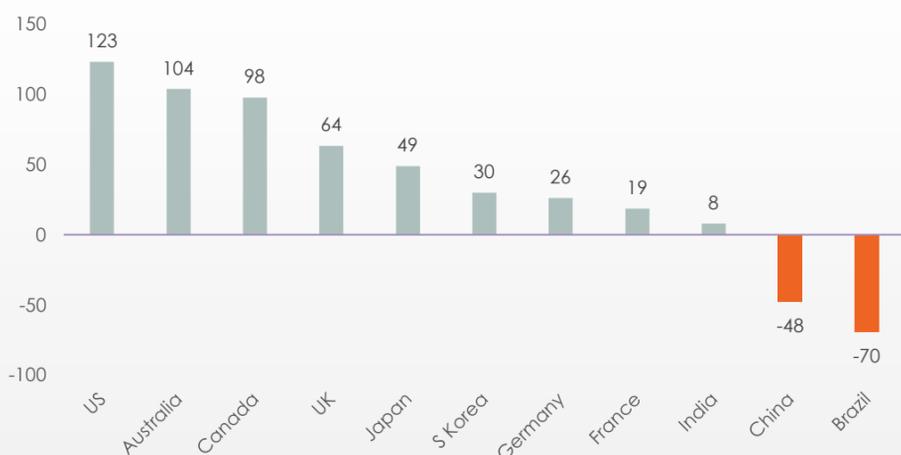
Bond yields rose following surge in U.S. Treasury yields as stronger-than-expected manufacturing data of Mar 2024 in the U.S. trimmed rate-cut expectations by the U.S. Fed. However, losses were restricted following an ease in crude oil prices due to easing geopolitical tensions.

Yield on corporate bonds went up in the range of 10 to 19 bps across the curve. Yield rose the most on 2 year paper and the least on 1 year paper.

## Global Debt Market Update

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

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



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

	Mar-2024	Apr-2024	Inflation: Apr-2024	Real Yields: Apr-24
Brazil	11.0	11.8	3.9	7.9
<b>India</b>	<b>7.1</b>	<b>7.2</b>	<b>4.9</b>	<b>2.3</b>
China	2.3	2.3	0.1	2.2
US	4.2	4.7	3.5	1.2
UK	3.9	4.4	3.2	1.2
Canada	3.5	3.8	2.9	0.9
Australia	4.0	4.4	3.6	0.8
France	2.8	3.1	2.3	0.8
S Korea	3.4	3.7	2.9	0.8
Germany	2.3	2.6	2.2	0.4
Japan	0.7	0.9	1.8	-0.9

Source: Refinitiv

### Asset Class Monthly Performance

May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24
Global Equity 5.8%	Global Equity 6.59%	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%
Domestic Equity 2.6%	Domestic Equity 3.53%	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%
Bond Index 0.77%	Crude Oil 2.71%	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 -1.37%	Bond Index 0.38%	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%
Silver -6.23%	Gold -2.18%	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%
Crude Oil -12.04%	Silver -3.09%	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%

In April 2024, silver rose the most followed by crude oil and gold, while global equity fell among the asset classes. Crude oil prices rose on supply concerns due to geopolitical tensions. Further, the decision to maintain production cuts by the OPEC and its partners sustained the upward trend in oil prices.

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

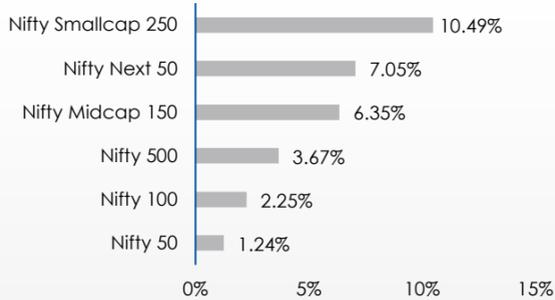
# Monthly Market Update

May 2024

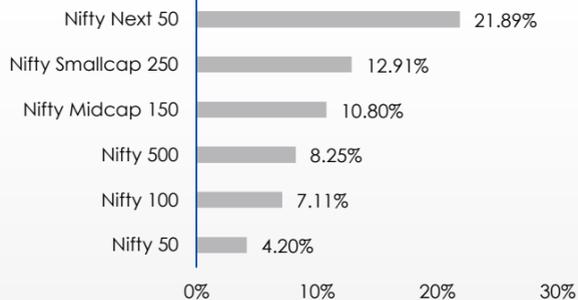


## Indian Equity Market Update

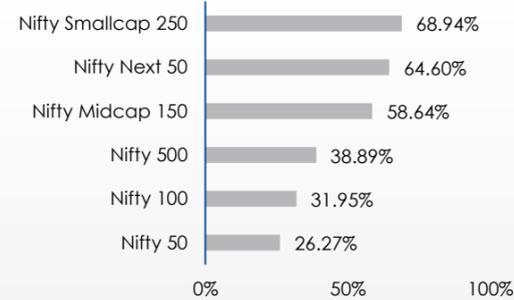
### 1 Month



### CYTD



### 1 Year



Domestic equity markets rose during the month as India's strong economic growth outlook, anticipation of upbeat corporate earnings for the quarter ended Mar 2024 and the prospects of political stability following the outcome of general elections kept the underlying sentiment positive. However, the rally in the domestic equities took a breather in the interim as escalating geopolitical tensions between Iran and Israel dented market sentiment.

Source: NSE; Returns are on the basis of TRI index as on Apr 30, 2024; CYTD- Calendar Year to Date as on Apr 30, 2024

## Sector Monthly Performance

May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24
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 Auto 4.95%	Nifty Metal 11.13%
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 Metal 4.23%	Nifty Realty 8.06%
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 Infra 3.10%	Nifty Media 5.46%
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 Financial Services 2.88%	Nifty Auto 4.95%
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 2.18%	Nifty Bank 4.82%
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 Energy 0.47%	Nifty Financial Services 4.06%
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 Pharma -0.03%	Nifty Energy 3.45%
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 FMCG -0.09%	Nifty Infra 2.87%
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 Realty -1.08%	Nifty FMCG 0.55%
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 IT -7.48%	Nifty Pharma -0.13%
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%	Nifty Media -12.40%	Nifty IT -4.86%

In April 2024, all the sectors rose except IT & pharma sector, among the gainers metal sector showed the highest rise followed by realty and media. Metal sector rose following the rise in base metal prices on expectations of strong global demand after data showed manufacturing growth in China and the U.S. in Mar 2024.

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

## Global Equity Market Update

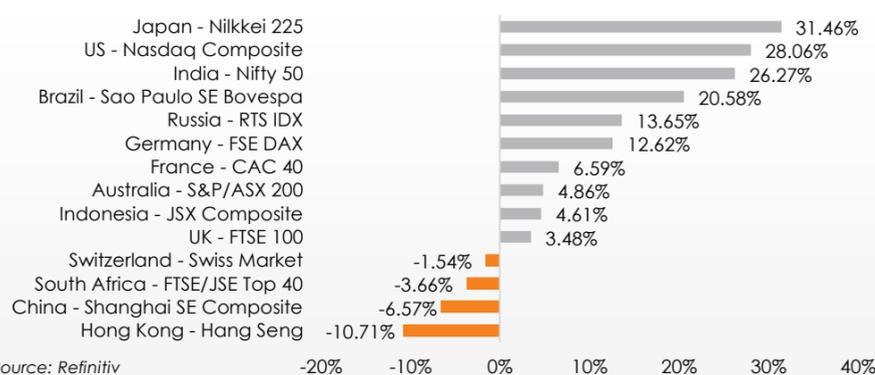
### 1 Month Performance



Source: Refinitiv

Global markets remained mixed in April 2024 with Hong Kong followed by Russia showed the highest rise and Japan followed by U.S. witnessed highest fall.

### 1 Year Performance



Source: Refinitiv

In the last one year, most of the global markets rose with Japan gaining the most while U.K. rising the least.

## News Summary & Market Outlook

### News Summary

#### 1. Domestic

- SEBI has updated its SEBI Complaints Redress System (SCORES) by introducing its 2.0 version. According to the capital market regulator SEBI, the new version has further streamlined the grievance and complaint filing process and reduced the turnaround time to just 21 days.
- According to media report, IRDAI recently announced that it will maintain its surrender value norms, in contrast to its earlier proposal to set a threshold on surrender charges and raise surrender value so that policyholders receive a higher amount after prematurely terminating the policy. The latest regulations will be applicable to both linked and non-linked life insurance products.
- The RBI issued a significant directive which stated that no entity involved in card transactions will be permitted to store data except the card issuer and card networks w.e.f. Aug 1, 2025. The purpose of this directive is to improve the security and privacy of cardholder data while conducting transactions.
- A significant step forward, IRDAI eliminated the need for insurers to offer health plans with a maximum age limit. So far, individuals could buy a fresh insurance policy till 65-years of age. According to the new rule, any one regardless of their age can buy a new health policy. The insurance regulator has also instructed insurers to establish a separate channel to address the health insurance related claims and grievances of senior citizens.
- AMFI has asked mutual fund houses to facilitate digital KYC or eKYC facility on the homepage of their respective websites. Through this facility, mutual fund houses will basically redirect investors to their respective KYC registration agency website based on their PAN details.

#### 2. International

- The U.S. Federal Reserve decided to maintain the target range for the federal funds rate at 5.25 to 5.50% in support of its dual goals of maximum employment and inflation at the rate of 2% over the longer run. Members of the Fed also reiterated they need "greater confidence" inflation is moving sustainably toward 2% before they consider cutting interest rates.
- China left its benchmark lending rates unchanged as expected after the economy showed signs of improvement at the start of the year. The People's Bank of China kept the one-year loan prime rate at 3.45%.
- According to the Commerce Department, U.S. gross domestic product increased by 1.6% in the first quarter of 2024 after surging by 3.4% in the fourth quarter of 2023. Economists had expected GDP to jump by 2.5%.
- The Bank of Japan left its key interest rate unchanged near zero and the bank's latest projections showed the underlying inflation staying around 2%, which further damped expectations for aggressive tightening in the future. The BoJ policy board, decided to hold the overnight interest rate at around 0 to 0.1%.
- According to a survey, China's manufacturing sector continued to expand in Apr 2024, and at a faster pace with a manufacturing PMI score of 51.4. That's up from 51.1, and it moved further above the boom-or-bust line of 50 that separates expansion from contraction.
- According to Eurostat, eurozone's harmonized index of consumer prices grew 2.4% on a yearly basis, the same rate as seen in Mar 2024 and matched economists' expectations.

### Market Outlook

- Current Nifty 50 trades at ~21.5x 1 Year forward earnings v/s 17x in June 2022 and 18x in March 2023, which have been marked as important market bottoms post March 2020 pandemic.
- India Vix, a key gauge for fear and uncertainty in the equity markets, has seen its sharpest rise since the break out of Russia Ukraine war in February 2024. The index has risen from levels of 10 in last week of April 2024 to just over 18 in the second week of May primarily factoring in some uncertainty around the Indian General Elections concluding in June 2024.
- Indian Markets have seen a modest pullback in early May since a robust bounce in the Month of April 2024. The primary reasons contributing for this weakness in sentiment are:
  - Softer domestic flows due to teething KYC issues being faced by millions of retail investors at KRA agencies after change in KYC verification norms kicked in April 2024.
  - Domestic investors holding back from making large commitments to equity markets ahead of the Central elections in May-June 2024
  - Rejigging of the Asia-Ex-China Emerging Markets Basket by Foreign Institutional Investors has resulted in net selling from India and other EMs with allocation moving up to Chinese equities since the beginning of 2024.
  - Uncertainty emerging on the ground post low voter turnout in multiple states after 3 round of polls being conducted across the country. There is skepticism with respect to the current incumbent, BJP-NDA's ability to meet its target of winning +400 seats and expectations have slowly got watered down. However it is pertinent to note that the current ruling party continues to remain the favorite candidate to win the 2024 elections by majority market participants in India.
- One clear aspect visible from the current Q4 earnings season is that the rate of change in growth expectations is slowly coming off after a spectacular growth phase witnessed between the FY21 trough to FY24. While most companies continue to report strong earnings growth, the number of misses vs street expectations has expanded indicating aggressive future growth expectations being built in current valuations of stock prices.

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