

Global Navigator

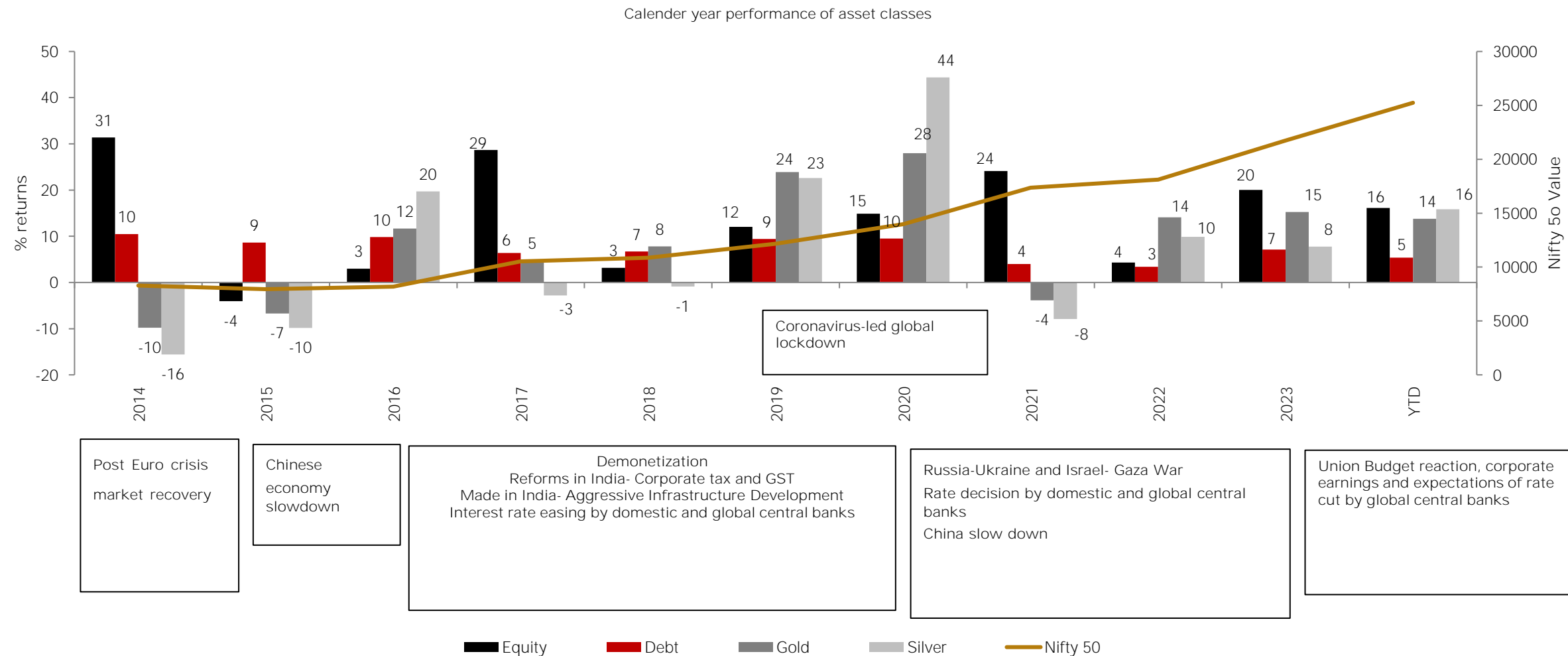
September 2024



HSBC Mutual Fund

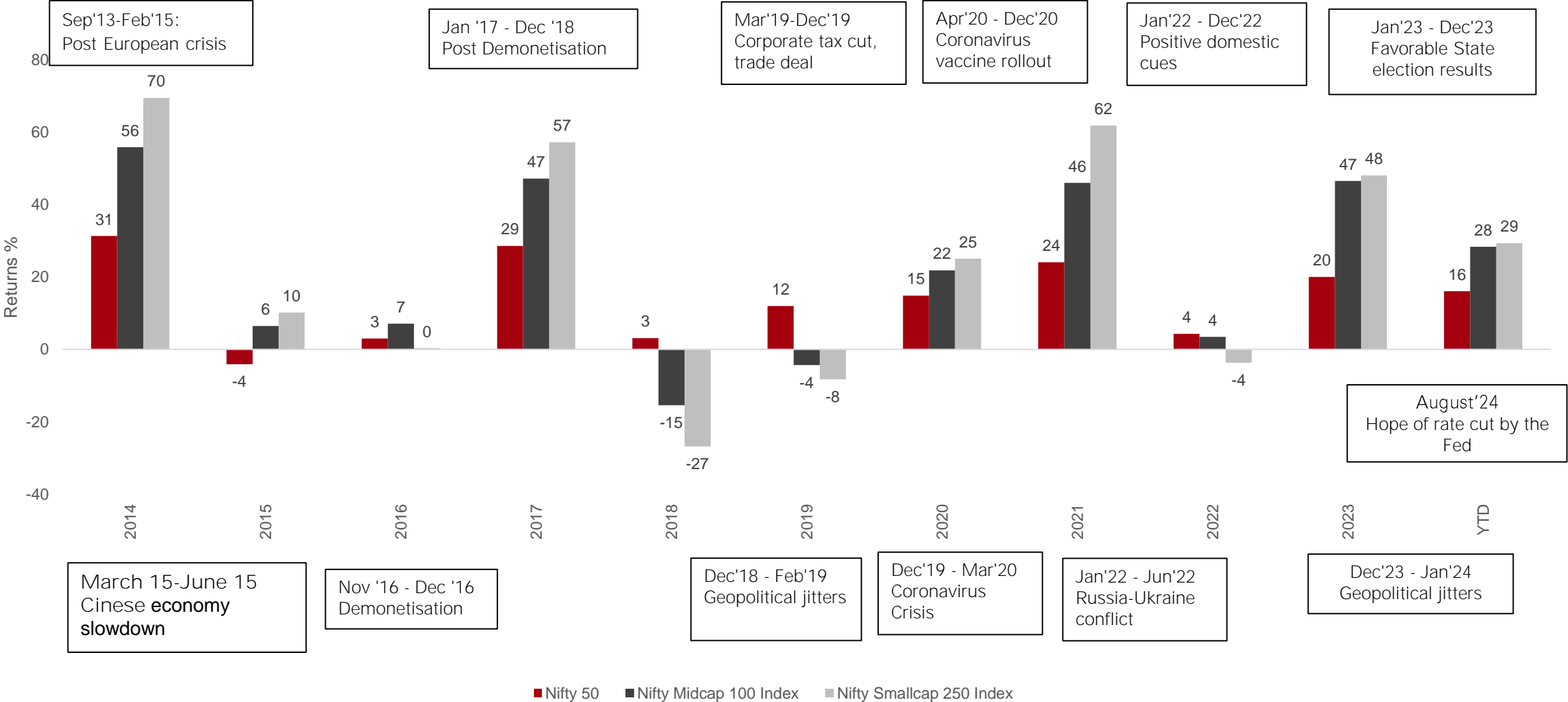
History of asset classes through major events

Calendar year performance of asset classes



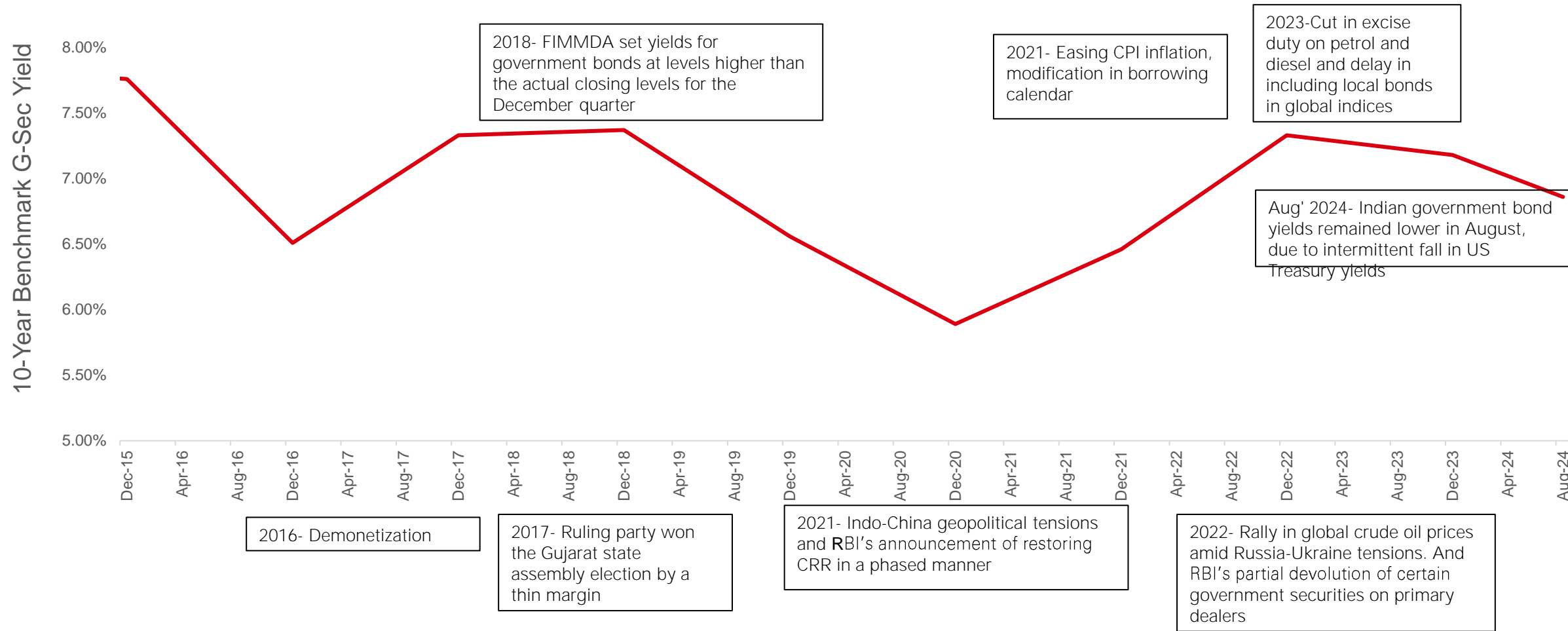
History of Equity markets through major events

Performance of major equity indices



History of Debt Markets through major events

10-year G-Sec yield movement through major events

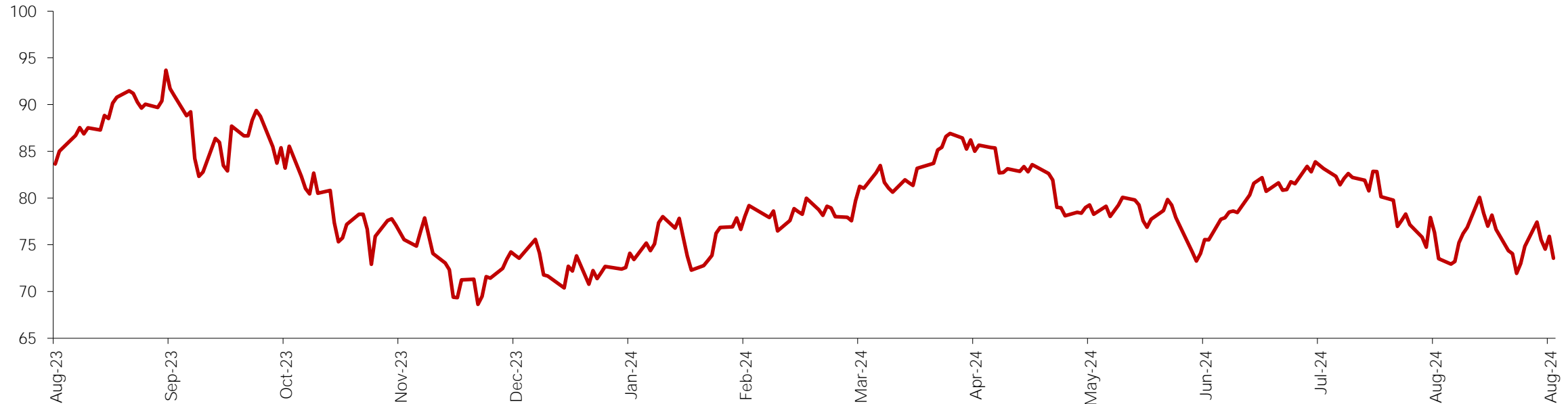


International crude oil fell in August

- Crude oil prices on the New York Mercantile Exchange (NYMEX) closed at \$73.55 per barrel on August 30, 2024, down 5.60% from \$77.91 per barrel on July 31, 2024.
- Oil prices declined on: a) hopes that geopolitical uncertainty is likely to have little impact on supply; b) rising global demand growth concerns; c) rising US crude oil supply; d) rising demand concerns after the downward revision in US annual job forecast; and e) expectations over a rise in OPEC+ output.
- However, further gains in oil prices were halted on demand hopes after the US Fed chairman Jerome Powell hinted that large rate cuts could be delivered soon.

(\$ Per Barrel)

Global Crude Oil prices - NYMEX (\$ per barrel)



Source – CRISIL, NYMEX. Data as on 31 August 2024

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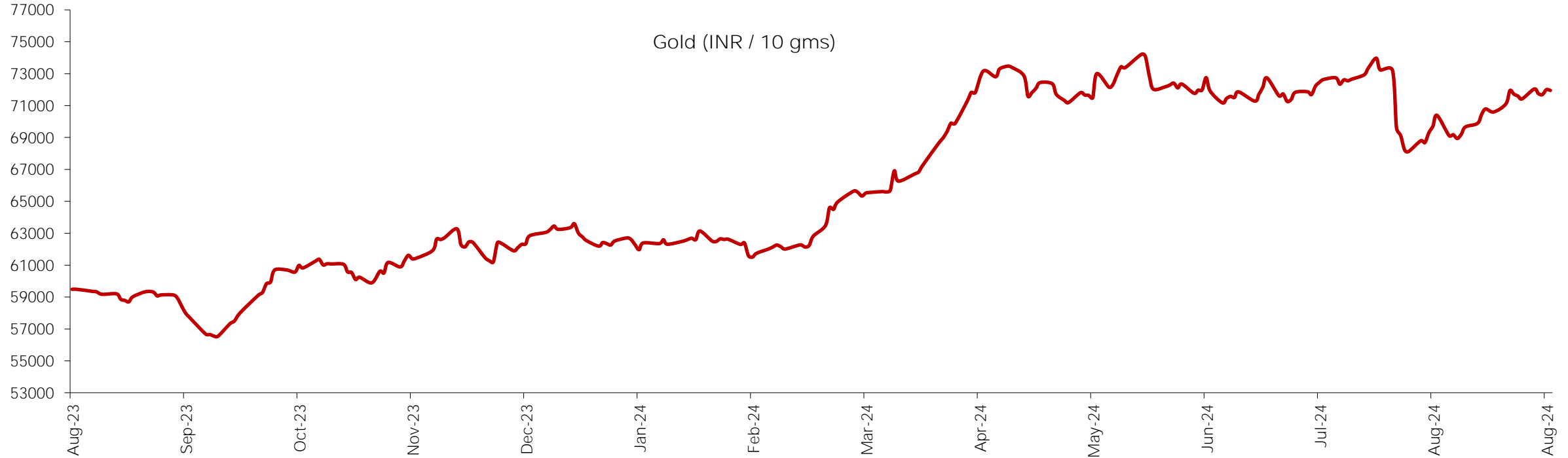
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Commodity Market Review

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Gold rose in August

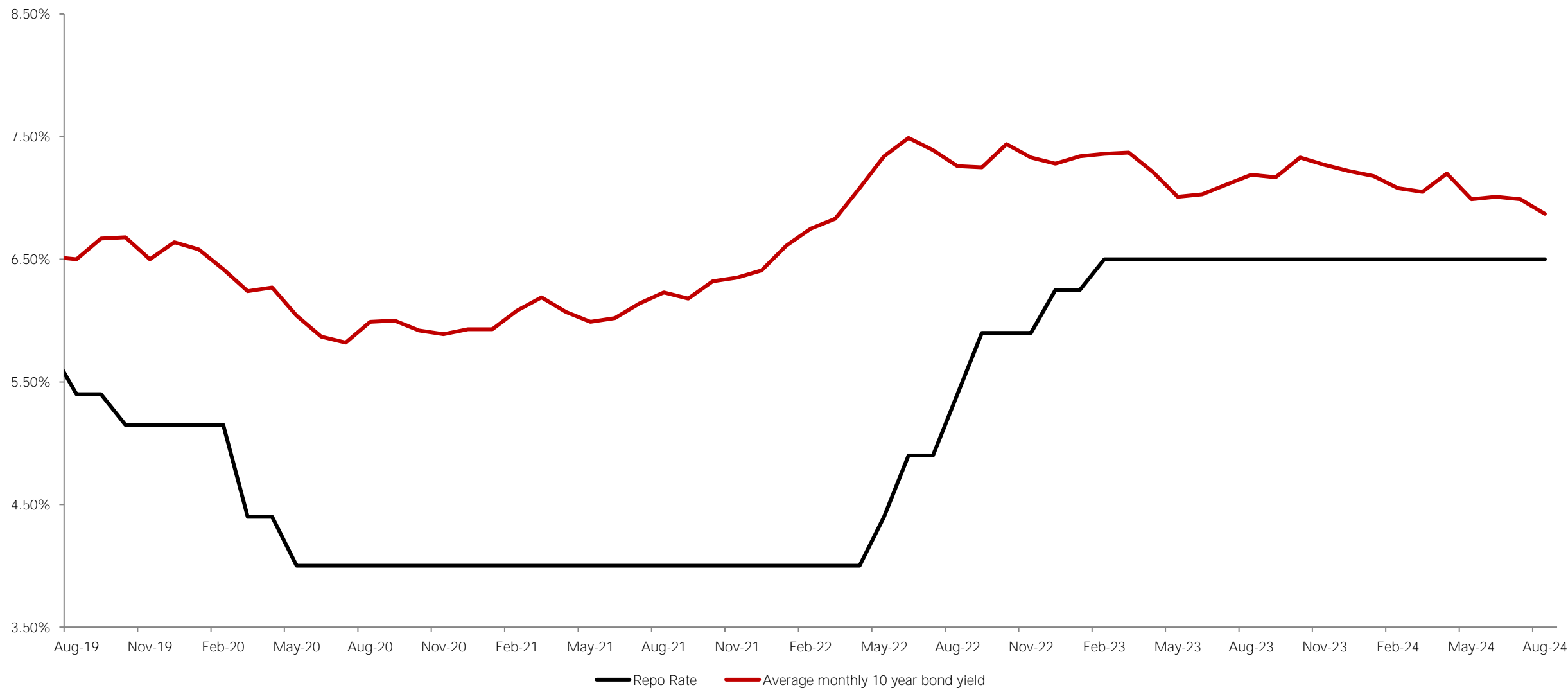
- Gold prices ended at Rs 71,958 per 10 grams on Aug 30, up 3.8% from Rs 69,309 per 10 grams on July 31, according to the India Bullion and Jewellers Association Ltd.
- Prices advanced amid expectations of an imminent rate cut by the Federal Reserve at its September monetary policy meeting.
- More gains were seen on improved domestic demand ahead of key local festivals.



Source: CRISIL, IBJA. Data as on 31 August 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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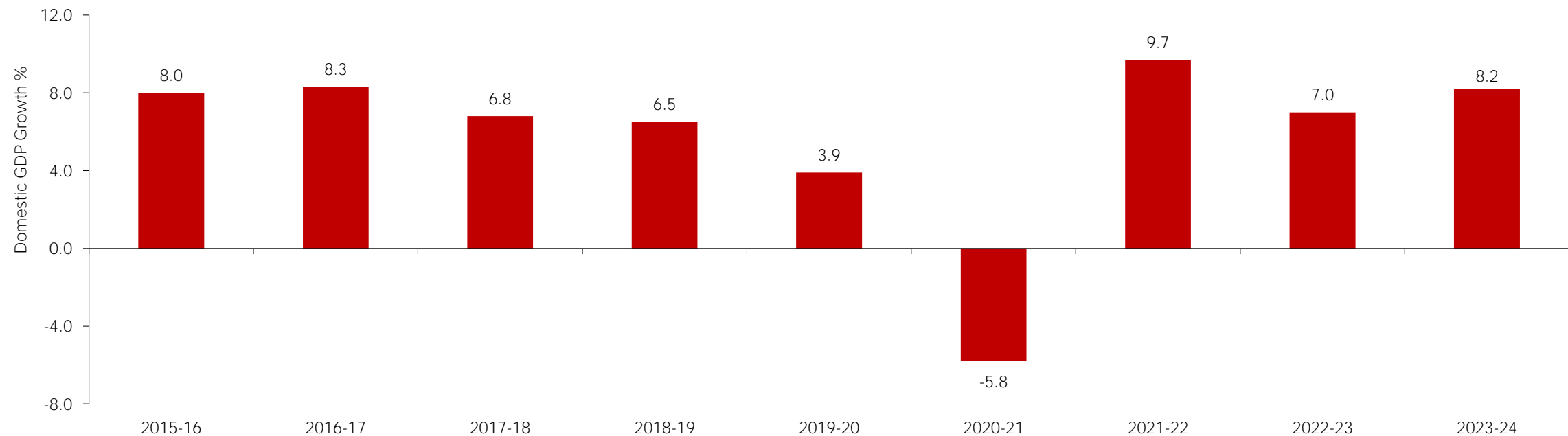
RBI Repo Rate held at 6.50%



Source: RBI, CRISIL Research, Data as on 31 August 2024
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GDP growth slows down in Q1FY25, economic outlook remains positive

- India's gross domestic product (GDP) growth print for the first quarter of fiscal 2025 came in at 6.7%, the slowest in the past five quarters.
- The Reserve Bank of India (RBI), however, kept its growth forecast for the current fiscal unchanged at 7.2%. Attributing the slowdown to lower government spending in the backdrop of the Lok Sabha elections, RBI Governor Shaktikanta Das expressed confidence in factors such as consumption, investment, manufacturing, services and construction, as well as a pickup in government expenditure in the coming quarters, to support the central bank's growth projections for the year.



Source – CRISIL, Mospi, Data as on 31 August 2024

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Retail inflation eased to four-month low of 3.54% in July 2024

- India’s consumer price index (CPI)-based inflation came in at 3.54% in July 2024. While this was lower than the preceding month (5.08% in June 2024), it was the lowest in four months and reflected a significant decrease as compared to a year ago (7.4% in July 2023).
- Meanwhile, India’s wholesale price index-based (WPI) inflation eased to a four-month low of 2.04% in July.

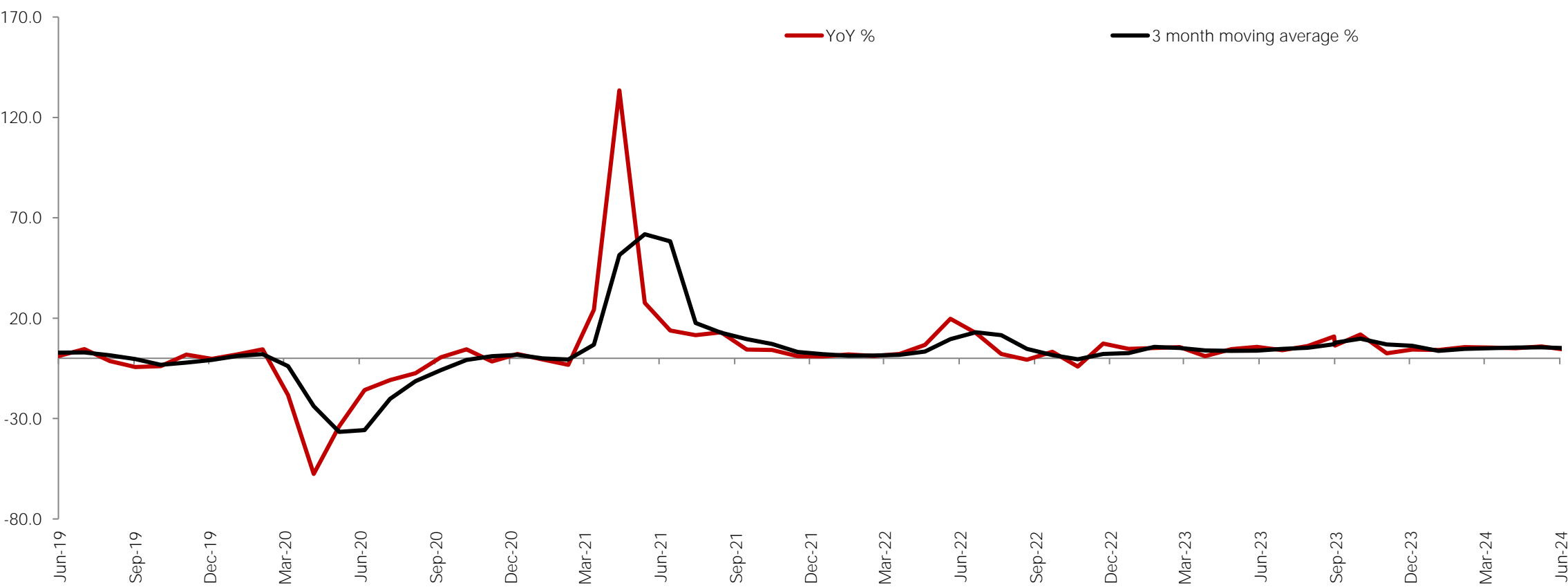
Indicators	Current	Previous
Monthly CPI Inflation	3.54% (Jul-24)	5.08% (Jun-24)
Industrial Growth	4.2% (Jun-24)	5.9% (May-24)
Exports	\$144.12 bn (Apr-Jul 24)	\$138.39 bn (Apr-Jul 23)
Imports	\$229.70 bn (Apr-Jul 24)	\$213.53 bn (Apr-Jul 23)
Trade Balance	\$-31.17bn (Apr-Jul 24)	\$-27.55 bn (Apr-Jul 23)
Gross Tax Collections	INR 1084229 cr (Apr-Jul FY25)	INR 894150 cr (Apr-Jul FY24)

Source – Ministry of Commerce, Comptroller General of Accounts, CRISIL, Data as on 31 August 2024
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Index of Industrial Production - IIP

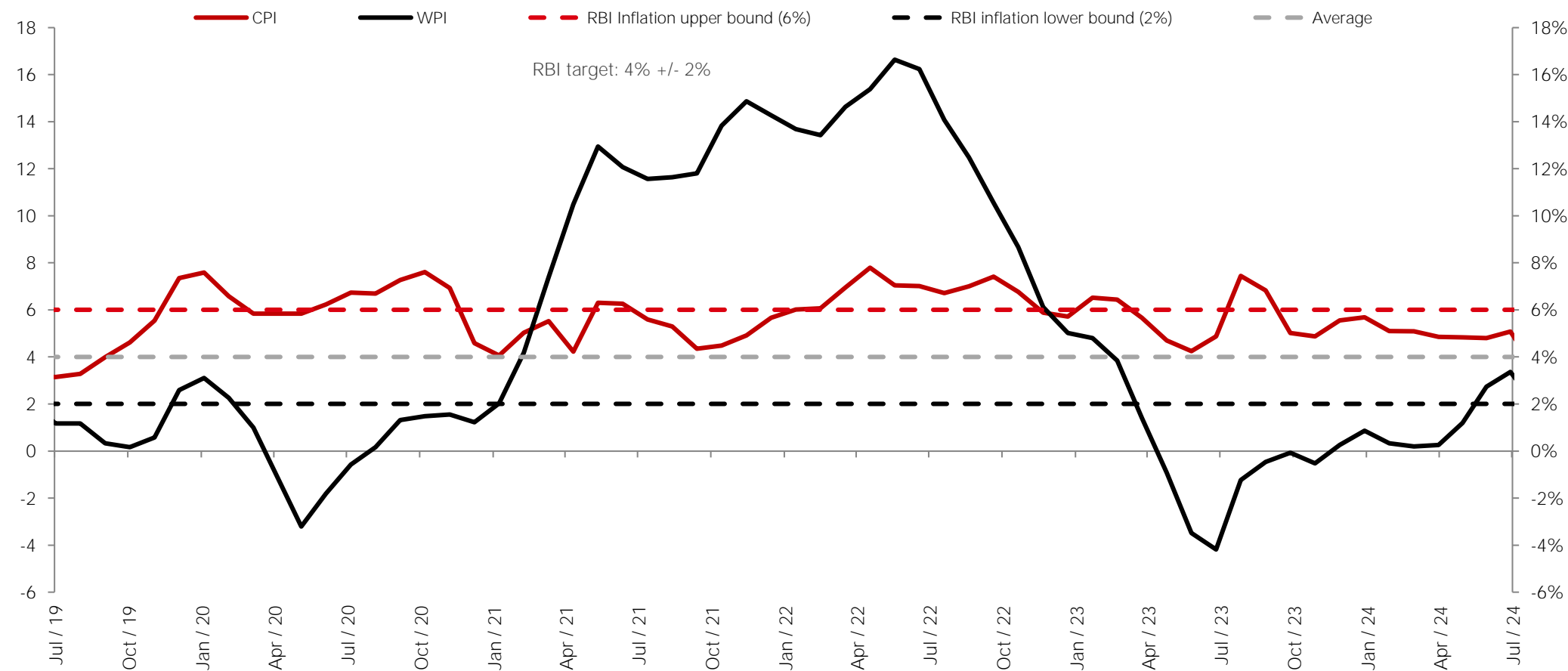
- India’s industrial output, as measured by the Index of Industrial Production, fell to 4.2% in June 2024.



Source: CRISIL, MOSPI, Data as on 31 August 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.
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Inflation target and trend

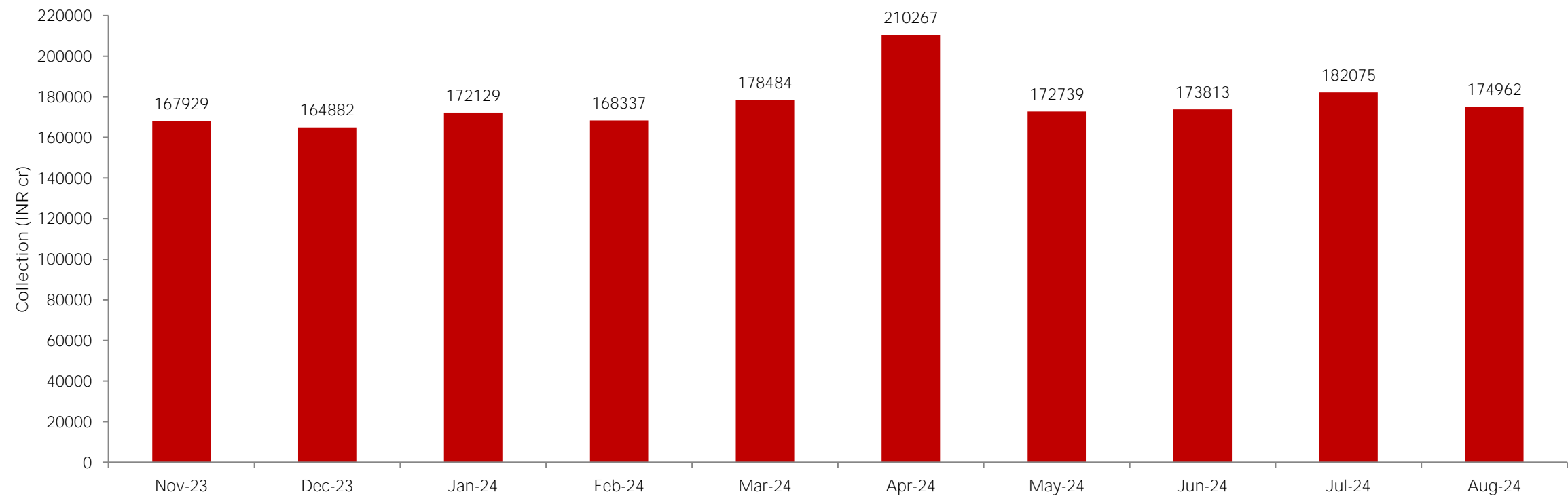
CPI inflation below the RBI's max target range



Source: CRISIL, MOSPI, RBI, Data as on 31 August 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.
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GST collection INR 1.74 lakh crore in August

As per reports, the government collected INR 1.74 lakh crore goods and services tax (GST) for the month of August



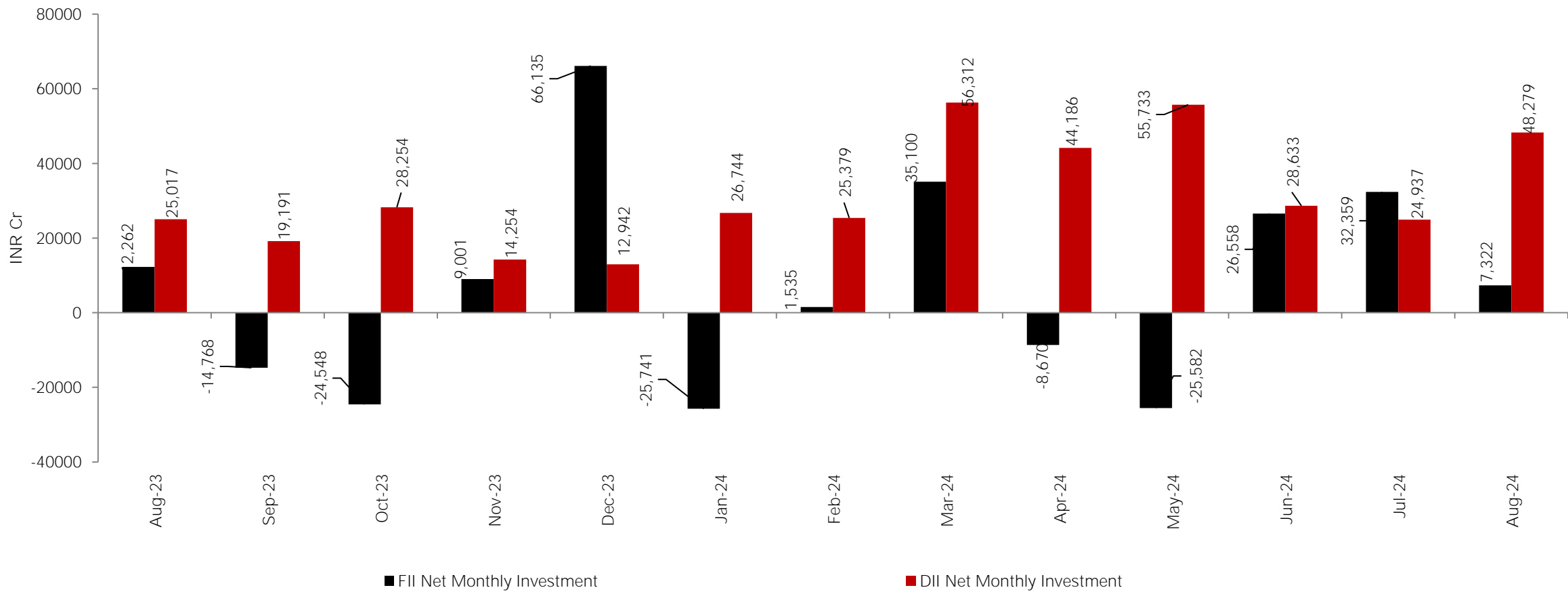
Source- CRISIL, gst.gov.in, Data as on 31 August 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns. GST – Goods and Services Tax
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Indian equity indices rose in August '24

- India's equity markets extended their gains for the third month in a row in August and ended at record highs. The Benchmarks BSE Sensex and Nifty 50 rallied 0.76% and 1.14% on-month, respectively. The markets scaled all-time high multiple times, with the Sensex and Nifty breaching the 82,000-mark and 25,200-mark, respectively.
- Strong signals of an imminent rate cut by the US Fed in the near future, coupled with positive US economic data, propelled the domestic equities to fresh all-time highs during the month. The US economy grew at an annualised rate of 3% in the second quarter this calendar, up from 1.4% in the first quarter.
- The markets saw some early gains after the Fed kept interest rates unchanged, thereby hinting at a potential rate cut in September. The bank had retained the federal funds rate at a 23-year high of 5.25-5.50% for the eighth consecutive meeting in July.
- The rate cut indications became even stronger during the latter half of the month, following the Fed's latest meeting minutes and Chair Jerome Powell's statement that the time was ripe for a rate cut. The minutes of the Fed's July 30-31 meeting said a "vast majority" of policymakers "observed that, if the data continued to come in about as expected, it would likely be appropriate to ease policy at the next meeting".
- The markets were supported by continued buying by domestic institutional investors (DIIs) and foreign institutional investors (FIIs). In August, DIIs bought Rs 48,278 crores worth of Indian equities, compared with Rs 24,936 crores in July. FIIs bought Indian equities worth Rs 7,322 crores in August, compared with Rs 32,365 crores in July.
- Further gains were capped because of a sell-off in consumer and energy stocks and worries over heightening Middle East tensions.
- Some losses were also seen after the RBI decided to maintain interest rates, citing inflationary pressure. The RBI decided to keep the benchmark interest rate unchanged at 6.50%. The central bank's rate setting panel cautioned that high food prices could spill over into core inflation, despite the progress made in controlling overall inflation.

BSE sectoral indices mostly ended higher in August '24

- The BSE Healthcare sector was the top gainer for the month, surging by 6.6% on expectations of a strong growth outlook and improved margins.



Source: CRISIL, NSDL, NSE, Data as on 31 August 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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Equity Market Review

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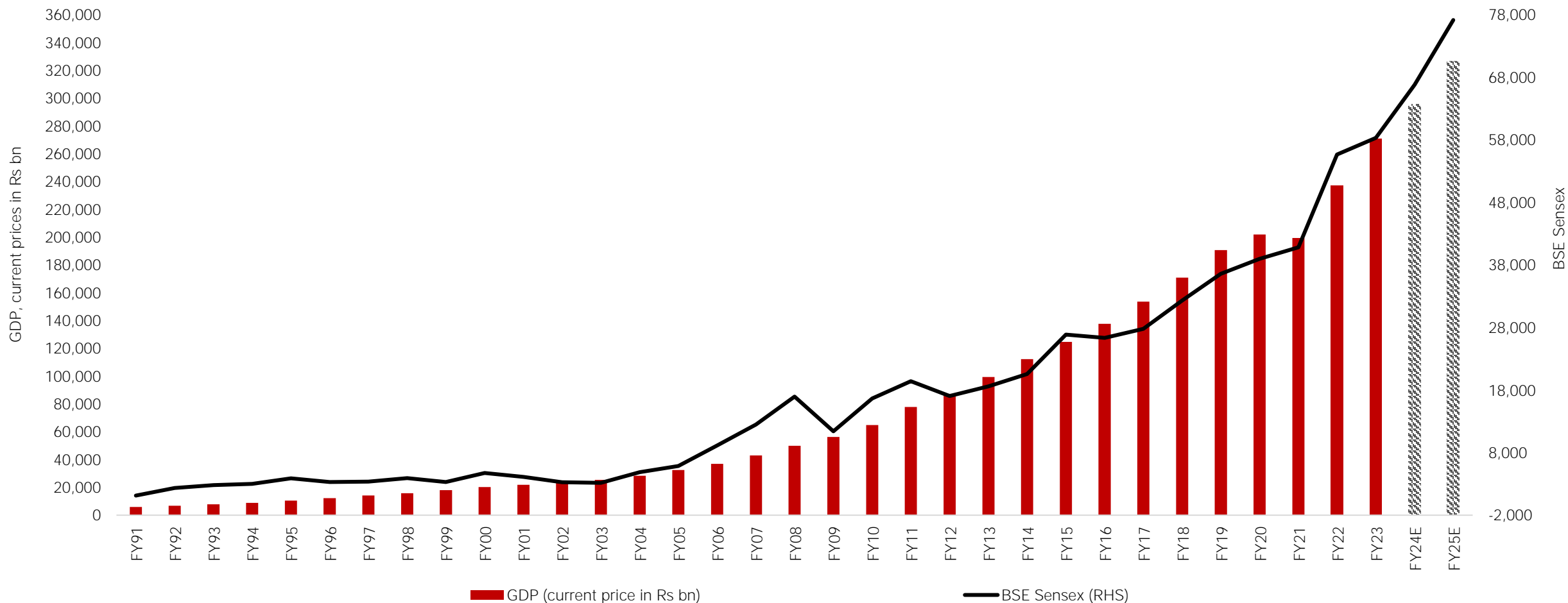
Indices	30-Aug-2024	31-July-2024	% Change 1 Month	% Change 1 Year	% Change YTD
Nifty 50	25236	24951	1.14	31.07	16.13
BSE Sensex	82366	81741	0.76	27.05	14.02
BSE Auto	59041	60185	-1.90	66.25	39.81
BSE BANKEX	58312	58866	-0.94	18.11	7.23
BSE Capital Goods	73169	75640	-3.27	61.82	31.50
BSE Consumer durables	63590	60929	4.37	42.69	27.18
BSE FMCG	23022	22507	2.29	24.68	12.48
BSE Healthcare	43177	40519	6.56	54.79	36.86
BSE IT	43487	41707	4.27	37.93	20.76
BSE Metal	32456	32771	-0.96	48.76	20.25
BSE MidCap	49065	48634	0.89	57.26	33.19
BSE Oil & Gas	32978	32563	1.27	78.78	43.25
BSE Power	8232	8442	-2.49	89.15	41.47
BSE PSU	21977	22814	-3.67	92.17	41.26
BSE Realty Index	8234	8540	-3.59	84.27	33.08
BSE SmallCap	56022	55332	1.25	50.82	31.28

Source: NSE, BSE, Data as on 30, August 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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Equity mirrors economic growth in the long term

GDP - The Indian economy is expected to carry the momentum of last year’s GDP growth into the current fiscal year as well



Source: CRISIL, Bloomberg, BSE, IMF, The GDP projection for fiscal year 2024 is shown shaded in this graph is for illustration purposes only and is not guaranteed, Data as on 31 August 2024, Past Performance may or may not be sustained in future. Investors should not consider the same as investment advice GDP – Gross Domestic Product. Note-The details provided above is as per the information available in public domain at this moment and subject to change. Please consult your financial advisor for any investment decisions.

Sectoral performance long term trends

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Sectoral returns – Sectoral indices post positive performance over the 10-year period

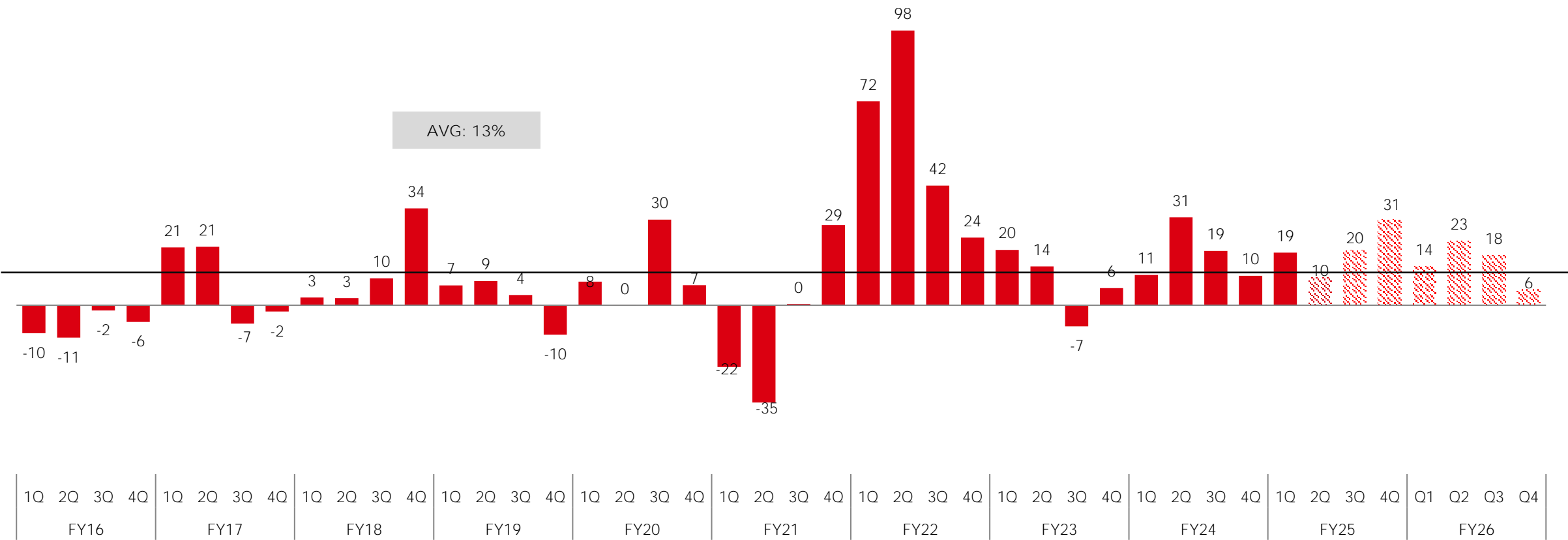
Sectoral indices	% Change										
	CY15	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24*	10-year CAGR*
Nifty 50	-4.06	3.01	28.65	3.15	12.02	14.90	24.12	4.33	11.20	16.13	12.22
BSE Sensex	-5.03	1.95	27.91	5.91	14.38	15.75	21.99	4.44	10.10	14.02	11.93
BSE Auto	-0.60	9.39	32.06	-22.12	-11.27	12.59	15.27	16.54	38.48	39.81	13.05
BSE BANKEX	-9.92	7.35	39.08	5.27	20.72	-2.14	13.63	21.03	2.83	7.23	12.45
BSE CG	-8.51	-3.28	40.03	-1.63	-9.97	10.63	43.47	15.97	49.93	31.50	17.21
BSE CD	24.02	-6.34	101.92	-8.79	20.86	21.52	41.81	-11.27	18.62	27.18	21.32
BSE FMCG	1.36	3.29	31.54	10.60	-3.58	10.55	8.57	-10.93	19.17	12.48	12.00
BSE Healthcare	15.06	-12.88	0.49	-5.92	-3.55	61.45	17.62	16.62	31.87	36.86	12.43
BSE IT	4.51	-8.00	10.83	24.93	9.84	56.68	41.79	-12.10	15.89	20.76	15.71
BSE Metal	-31.20	36.65	47.78	-20.75	-11.92	11.23	57.06	-24.24	16.23	20.25	10.22
BSE Oil & Gas	-3.43	27.17	34.00	-15.57	7.25	-4.44	24.22	8.36	0.70	43.25	11.40
BSE Power	-6.44	1.53	19.83	-16.06	-3.65	7.05	67.62	16.57	12.32	41.47	14.94
BSE PSU	-17.18	12.88	19.27	-21.11	-3.88	-16.88	41.01	25.84	34.65	41.26	10.49
BSE Realty	-13.55	-5.98	106.36	-31.07	26.85	8.66	53.34	-10.26	64.11	33.08	16.88

Source: CRISIL, BSE, Figures in red indicate negative returns in that period. *10-year CAGR, Data as on 31 August 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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Earnings growth – quarterly trend

Nifty 50 earnings retreated Q2 FY22 onwards



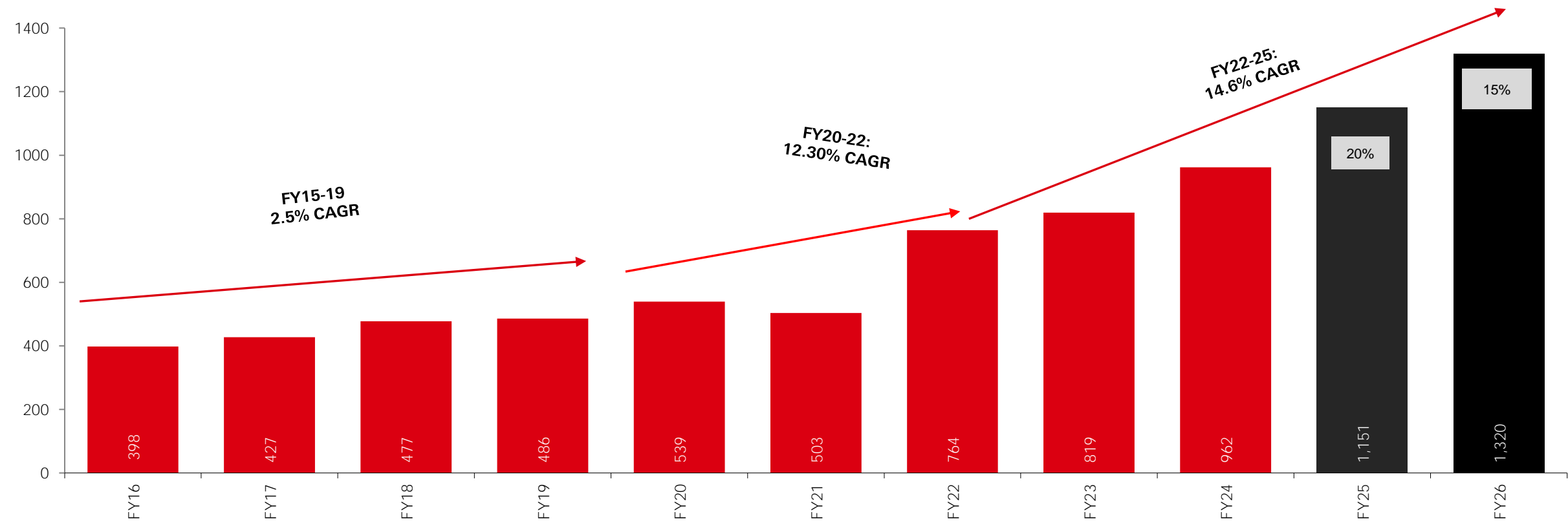
Nifty 50 EPS Growth (Y-o-Y)

Estimates – shaded portion of FY25 and FY26

Source: CRISIL, Bloomberg, Data as on 31 August 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.
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Earnings trend

India - Equity earnings (Nifty 50 EPS)

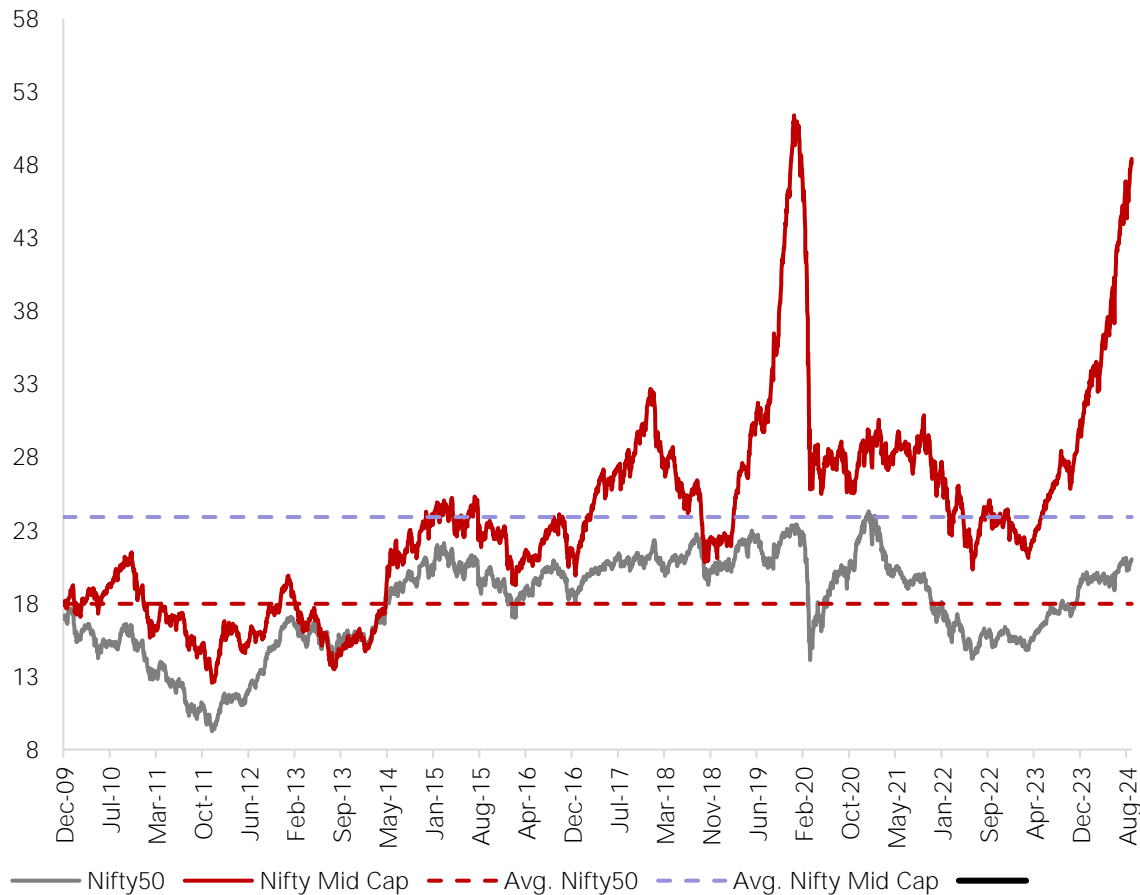


Note: Trailing 12M EPS (Earnings Per Share)
Black shaded columns are estimates of FY25 and FY26
Data for FY 26 is for only three quarters

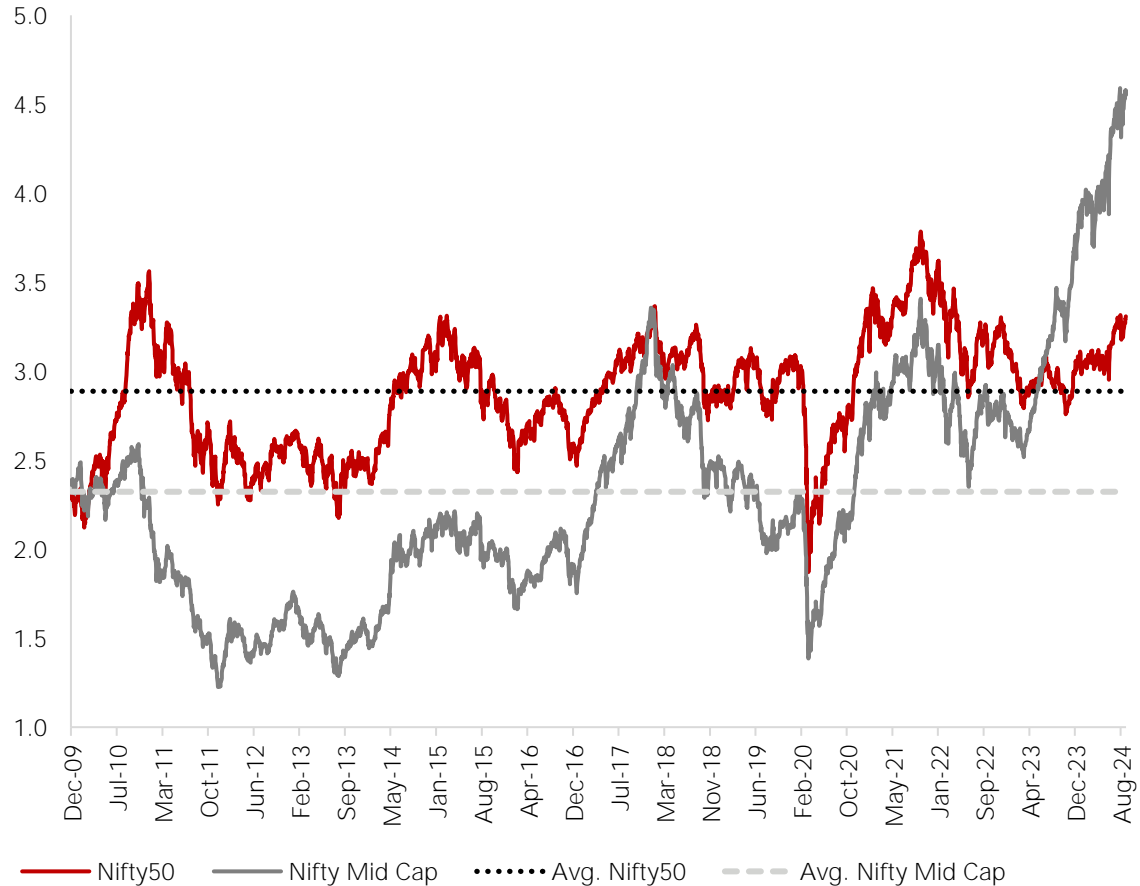
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Market valuations – Nifty 50 and Nifty Midcap 100

Large and Mid Cap - Price to Earnings (PE)



Large and Mid Cap - Price to Book (PB)

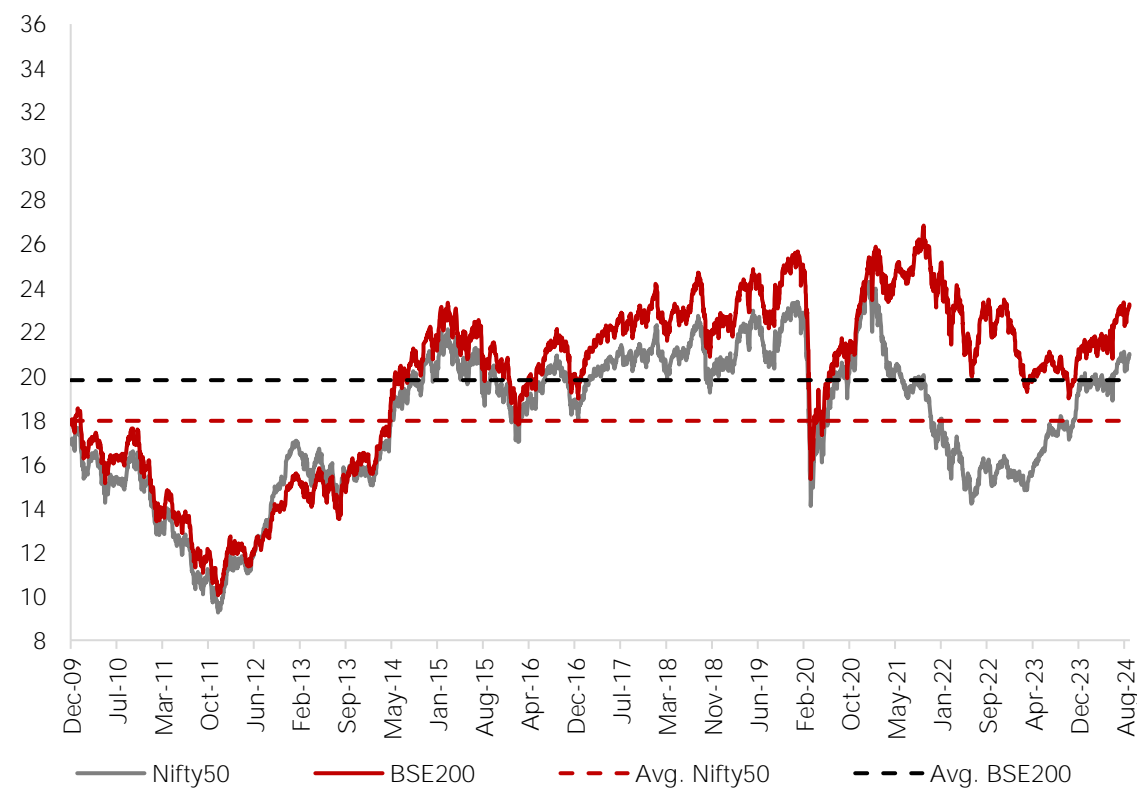


Source: CRISIL, Bloomberg

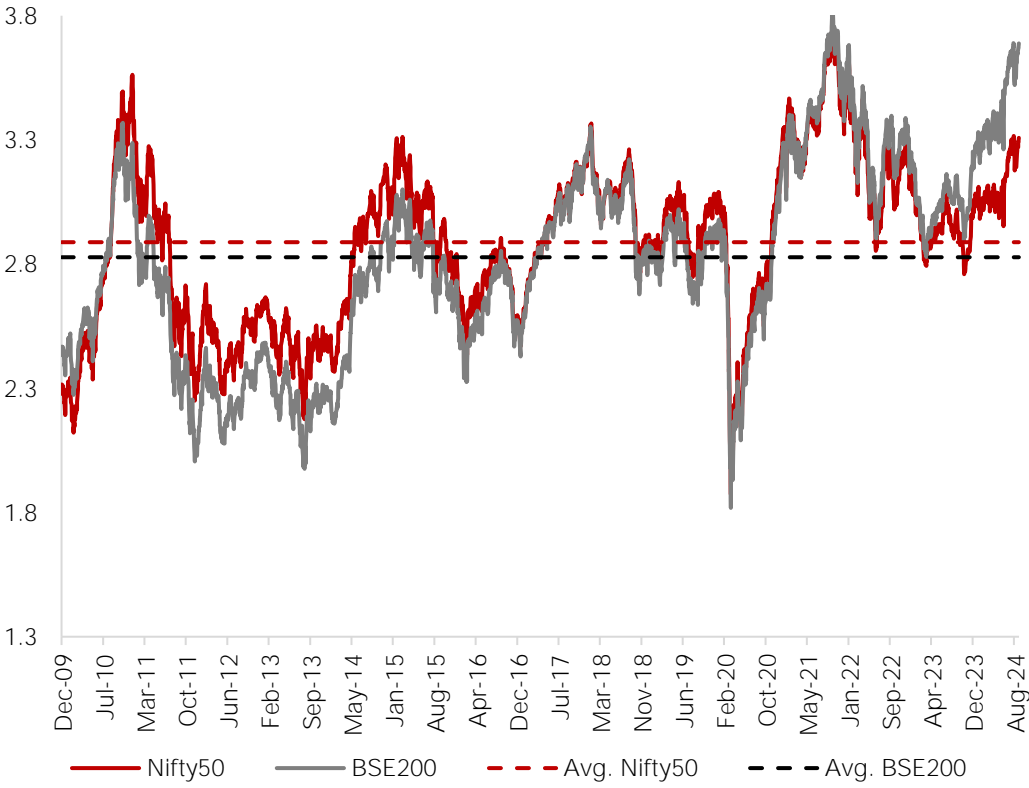
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Large and BSE 200 - Price to Earnings (PE)



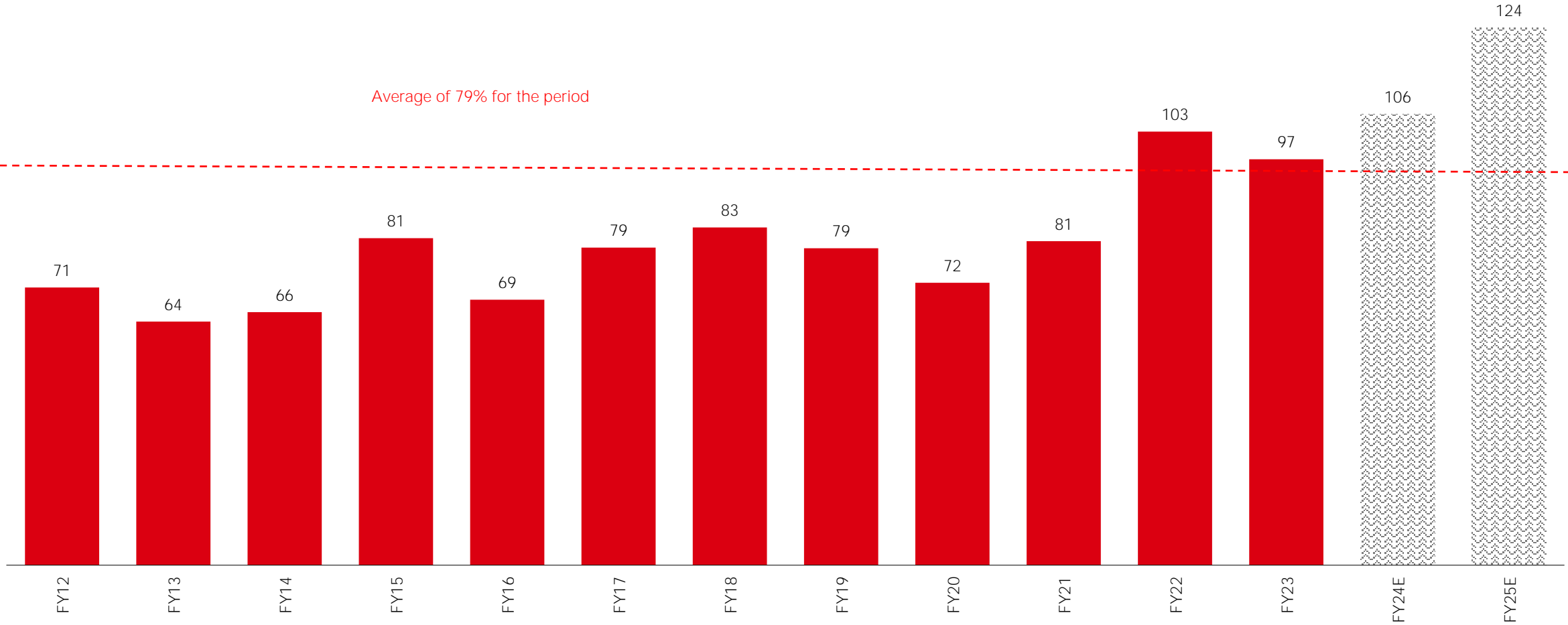
Large and BSE 200 - Price to Book (PB)



Source: CRISIL, Bloomberg, BSE, Data as on 31 August 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.
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India Market cap to GDP (%)

Market cap as a % of GDP



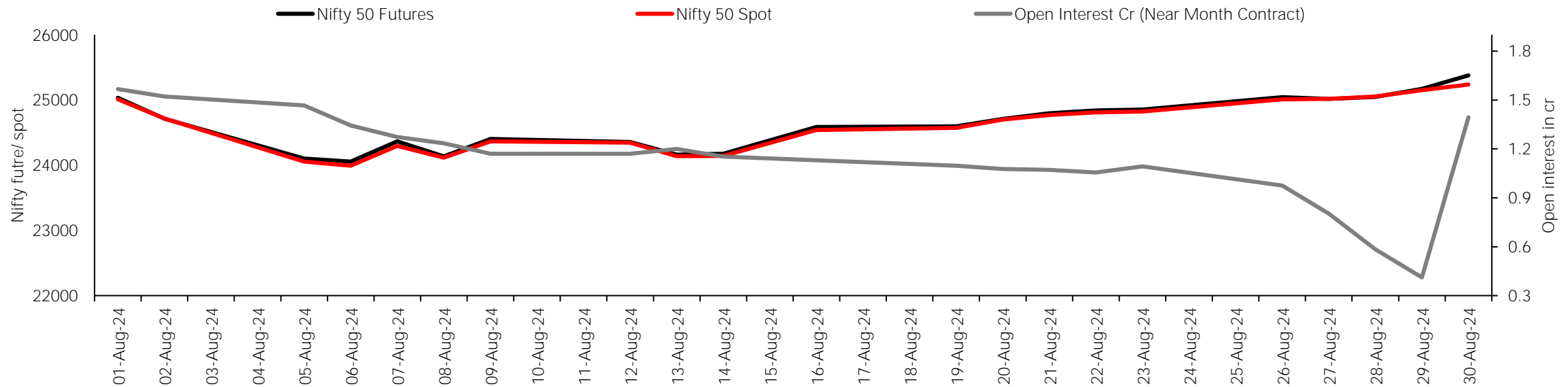
Shaded area are Estimates (E) – FY24, FY25
Source: CRISIL, MOSPI, Bloomberg, CRISIL estimates;

Data as on 31 August 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns. GDP- Gross Domestic Product
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- FII remained net buyers of Indian equities in August with inflow of US\$1.4 bn. DII's invested US\$5.75 bn with MFs investing US\$4.1 bn while Insurance were net buyers with an inflow of US\$1.65 bn during the month.
- India's GDP growth for Q1FY25 remained strong at 6.7% (YoY) but was slower than 7.8% (YoY) for Q4FY24. The growth has been supported by higher investment and consumption growth while government spending was slow partly impacted by the general elections during the quarter.
- While consensus earnings estimate for FY25/26 remained flat in August. Nifty now trades on 21.9x 1-year forward PE 20% above its 10-year average and 12% above its 5-year average. Valuations in Mid Cap and Small Cap space are much more elevated.
- India's growth remained strong with GDP growth of 6.7% (YoY) in Q1FY25 despite slowdown in government spending due to elections.
- The government has maintained policy continuity in the Union Budget. Infra thrust of the government along with reduction in fiscal deficit should be supportive for domestic growth and capex cycle.
- Outlook for monsoon's is also positive and therefore supportive for rural demand and overall consumption growth in FY25.
- Government focus on employment generation and skill development is likely to lead to further policy support for manufacturing.
- India's investment cycle to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in the real estate cycle.
- Higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains to support faster growth.
- Government thrust on infrastructure spending continues to support economy.
- Real Estate remains another strong medium-term growth driver having weathered the impact of higher interest rates. Demand trends in top metro cities remain strong and inventory levels have declined.
- Industry capacity utilization based on RBI survey data is at a reasonably high level and indicates potential for increase in private capex going forward.

Nifty futures

- The Nifty 50 near-month future contract of August rose marginally on the rollover day (August 29) versus spot.
- The new near-month contract (September 26) ended 113.25 points higher on August 29.
- The rollover of the new near-month contract (September) was 72% up on the expiry day compared to 66% in the previous expiry.
- Volatility of the Nifty 50 index, as measured by India VIX moved in a narrow range during the month, came in at 13.79 on August 29 compared to 11.76 on July 25 (rollover date) and ended the month at 13.39.
- Nifty futures saw trading volume of around Rs 4.3 lakh crore, arising out of 71 lakh contracts, with an open interest of around 30 crore during the month



Source – NSE, CRISIL, Data as on 31 August 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.
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Nifty options

- On August 30, Nifty 26,000 call option witnessed the highest open interest of around 182 lakh, while Nifty 25,200 call contract garnered the maximum number of contracts of around 31 lakhs.
- Nifty 25,000 put option witnessed the highest open interest of around 159 lakh on August 30 and the Nifty 25,200 put contract garnered the maximum number of contracts of around 37 lakh.

NSE F&O turnover

- Turnover on the NSE’s derivative segment came in negative in the month. The average put-call ratio was at 0.94 in August higher than 0.91 in July.

Instrument	Monthly turnover summary (Figures in INR crore)		
	30-Aug	31-July	Change %
Index futures	752,883.13	825,104.39	-9%
Stock futures	3,366,229.10	3,831,730.12	-12%
Index options	776,808,850.18	821,487,304.73	-5%
Stock options	11,639,361.57	11,927,530.95	-2%
Total	792,567,323.98	838,071,670.19	-5%

Source – CRISIL, NSE. Data as on 31 August 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.
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FII segment

On August 30, FIIs’ open interest was Rs 7.51 lakh crore (~104 lakh contracts). The details of FII derivatives trades for August 1 to 30 are as follows:

	BUY		SELL		BUY %		SELL %	
	No. of contracts	Amount in INR Cr	No. of contracts	Amount in INR Cr	No. of contracts	Amount in INR Cr	No. of contracts	Amount in INR Cr
Index Futures	1664534	110109	1590606	104898	0.19	0.19	0.18	0.18
Index Options	845128628	56453897	842950781	56341035	97.10	96.58	97.09	96.57
Stock Futures	11817783	937180	11773215	933597	1.36	1.60	1.36	1.60
Stock Options	11796679	951557	11929332	962503	1.36	1.63	1.37	1.65
Total	870407624	58452744	868243934	58342033	100.00	100.00	100.00	100.00

Source – CRISIL, NSDL. Data as on 31 August 2024 , Past performance may or may not be sustained in future and is not a guarantee of any future returns.
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Average inter-bank call money rates close to RBI repo rate in August

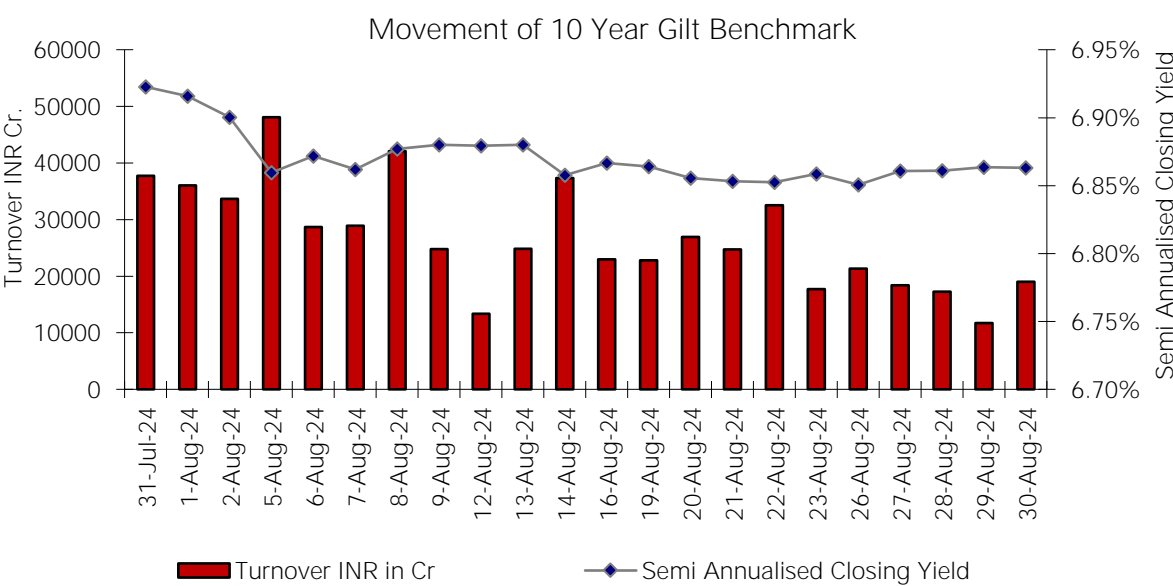
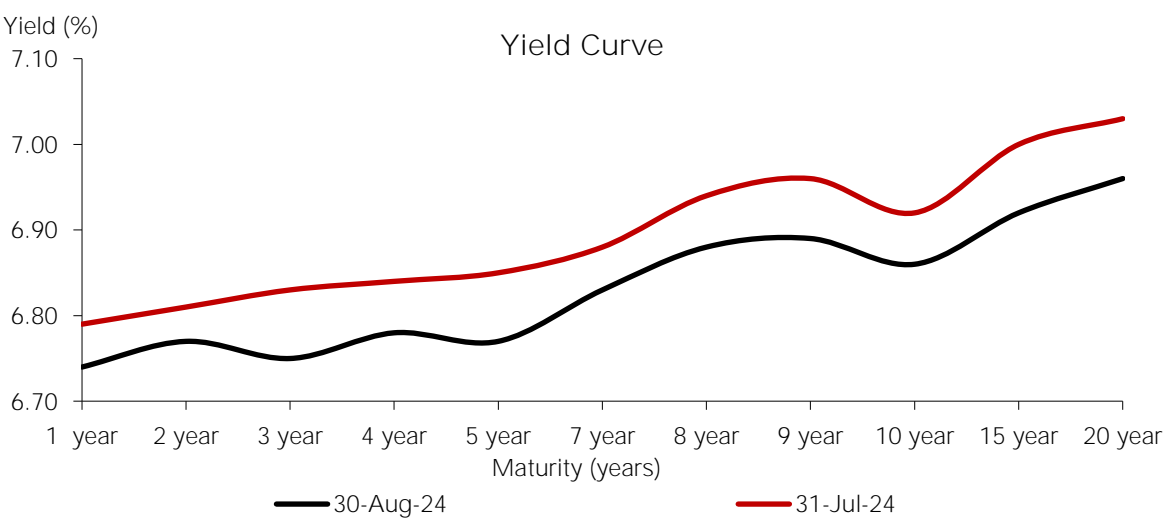
- Liquidity in the Indian banking system remained in surplus for the second month in a row in August. High government spending pushed it towards a one-year high during the first half of the month. Accordingly, the weighted average overnight money market rates briefly traded below the standing deposit facility (SDF) rate. Nonetheless, the RBI resorted to multiple variable rate reverse repo (VRRR) auctions on almost all days of the month to mop up the excess liquidity. Eventually, August ended with the interbank weighted average call rate (WACR) averaging at 6.52%, close to the RBI's repo rate of 6.50%.

Bond prices ended rose in August

- Indian government bond yields consistently held below the 6.88% mark throughout the month, near the lowest levels in two years. The yield eventually settled at 6.86% on August 30, as opposed to 6.92% on July 31.
- For a major part of August, the bond prices were buoyant because of intermittent fall in US Treasury yields amid rising hopes of an impending interest rate cut by the US Fed. These hopes were further stoked by comments made by Fed Chair Powell and the minutes of the bank's latest policy meeting, both hinting at the likelihood of the first rate cut in four years by as early as September.
- Bond prices were also supported by a sharp decline in US Treasury yields following weak economic data (pertaining to jobs and inflation) and rising concerns about economic growth in the US.
- However, further gains in bond prices were halted as investors awaited Fed Chair Powell's remarks at the Jackson Hole Symposium.
- Back home, bond prices came under pressure as the month drew towards a close because of increased supply caused by higher-than-expected sales of bonds by state governments. Intermittent profit booking also constrained bond prices. Furthermore, the RBI's decision to hold steady the policy rate at its latest policy meeting also weighed on the prices

Debt Market Review

Debt Market Indicators	30-Aug-24	31-July-24
Call Rate	6.50%	6.50%
3-mth CP rate	7.64%	7.65%
5 yr Corp Bond	7.48%	7.52%
10 Yr Gilt	6.86%	6.92%
Repo	6.50%	6.50%
SDF	6.25%	6.25%
CRR	4.50%	4.50%
1-Month CD	6.95%	6.90%
3-mth CD rate	7.22%	7.19%
6-Month CD	7.47%	7.43%

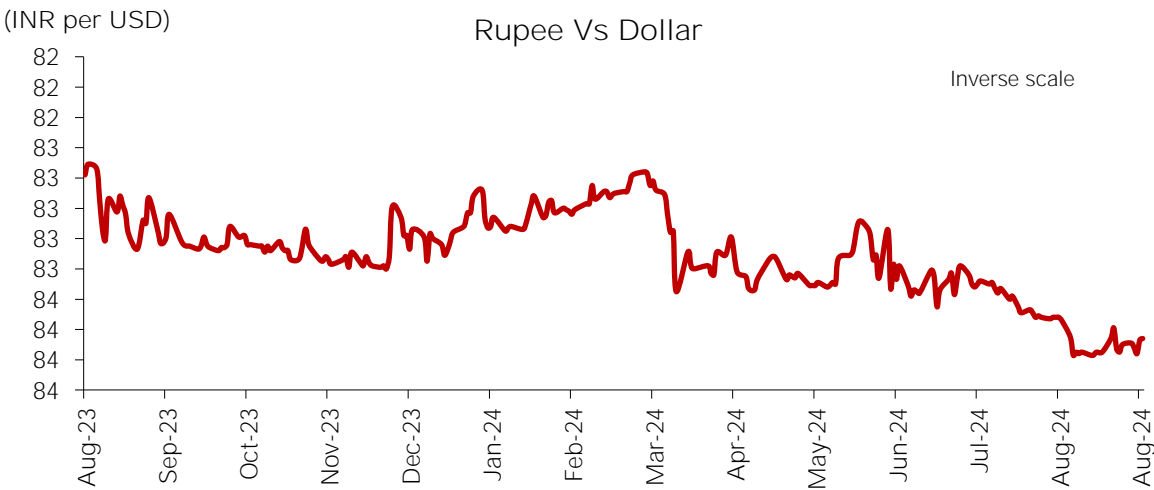


- Global markets turning positive, with various Central Banks commencing easing of policy rates.
- Focus of Fed shifting from inflation to softening of labour market data, resulting in pricing of rate cuts from September 2024
- In India, CPI inflation for July printed at almost a 5-year low of 3.54% due to favourable base effect. Core CPI moved slightly higher to 3.4% predominantly due to telecom tariff hikes.
- Positive outlook on interest rates, based on various favorable factors:
 - Reduced Fiscal Deficit number of 4.9%, which looks imminently achievable
 - Relatively low volatility of India's bond and currency markets versus other asset classes and peers
 - Favorable G-Sec supply demand dynamics
 - Possible incremental G-Sec purchase by Banks to increase HQLA (High Quality Liquid Assets) assets
 - Benign core inflation with expectations of a better than normal monsoon resulting in undershooting of RBI's inflation estimates
 - Soft signals by Government and RBI on liquidity
- With liquidity easing and expectations of rate cuts getting priced in over the next few months, the 1.5 – 2 years segment may benefit from market expectations of softening in short end yields along with compression in spreads of Corporate bonds.
- 2 – 6 years segment may get support from the liquidity easing and pricing of rate cuts along with implementation of revised LCR norms, which could result in (a) softening of yields (b) steepening of the yield curve and (c) compression in spreads of Corporate bonds.
- With index inflows continuing in IGBs, where demand supply dynamics is favorable and rate cut expectations get built in over the next few months, 7 – 10 years segment may provide an opportunity to generate alpha for investors who are looking to play the duration theme.

Indian rupee ended lower in August

- The Indian rupee declined for the second consecutive month in August 2024 against the US dollar, closing 0.2% lower at Rs 83.86 per dollar.
- The currency hit its life lows several times during the month, breaching above Rs 84 per dollar.
- A massive sell-off in broader global equity markets amid rising geopolitical uncertainty and concerns about a looming US recession (following a weak jobs report) pushed the rupee to record lows during the first half of the month.
- Nonetheless, RBI interventions helped the rupee cap its losses. Domestic equity market, intermittent foreign fund inflows, weakness in the US dollar index, lower crude oil prices and dollar sales by foreign banks offered support to the domestic currency.

Rupee Movement V/s Global Currencies				
	30-Aug-24	31-Jul-24	Change	% Change
USD	83.86	83.72	-0.14	-0.17
GBP	110.58	107.44	-3.14	-2.9
EURO	92.95	90.65	-2.30	-2.5
100 YEN	57.78	55.66	-2.12	-3.8



Rupee ended lower amid rising geopolitical uncertainty

Source: RBI, CRISIL. Data as on 31 August 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns. US- United States
Note-The details provided above is as per the information available in public domain at this moment and subject to change. Please consult your financial advisor for any investment decisions.

Global Economic Update

US economy grows 3% in Q2 2024

- The US economy grew 3% annualised in Q2 2024 versus 1.4% in Q1.
- The "vast majority" of policymakers "observed that if the data continued to come in about as expected, it would likely be appropriate to ease policy at the next meeting", according to the minutes of the Federal Reserve's July 30-31 meeting.
- The Federal Reserve Bank of Kansas City hosted its annual economic policy symposium in Jackson Hole, Wyoming, where central bankers, policymakers and economists discussed key economic issues and policy options.

Key economic indicators

- The annual non-farm payroll was revised to -818,000 in March 2024, compared with -187,000 in 2023
- Inflation eased to 2.9% in July compared with 3% in June, while core inflation declined to 3.2% from 3.3%

Eurozone economy grew 0.6% in Q2

- The Eurozone economy expanded 0.6% annually in Q2 2024 compared with 0.5% in the previous quarter.
- Meanwhile, the minutes of the European Central Bank (ECB) highlighted that the bank is taking a cautious approach to potential interest-rate cuts, emphasising that no decision should be assumed ahead of its September meeting. Instead, the ECB will rely on a broad evaluation of upcoming economic data before making any policy changes, despite market expectations of a rate cut.

Key Eurozone economic indicators

- The annual inflation rate rose to 2.6% in July compared with 2.5% in June, while the core flash inflation rate remained unchanged at 2.9%
- Industrial production fell 3.9% on-year in June compared with a 3.3% decline in May

Source : CRISIL, Data as on 31 August 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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UK growth expands 0.9% in the second quarter

- The British economy expanded 0.9% on-year in Q2 2024, the biggest annual growth since Q3 2022, compared with 0.3% in Q1.
- Bank of England Governor Andrew Bailey said at the Jackson Hole symposium that although inflation pressure is easing, interest rate cuts would not be rushed as it is too soon to confirm that inflation is under control.

Key UK economic indicators

- Annual inflation rose to 2.2% in July from 2% in June, while the core inflation eased to 3.3% compared with 3.5%
- Industrial production decreased 1.40% on-year in June compared with 0.4% in May, while manufacturing production decreased 1.50% from an upwardly revised 0.4%

PBoC holds cut rates

- The People's Bank of China held its loan prime rate (LPR) steady at its August policy meet, after cutting them in July. The one-year LPR remains at 3.45%, and the five-year LPR is at 3.85%. Both are at record-lows, following the unexpected rate cuts in July.

Key Chinese economic indicators

- The country's trade surplus narrowed to \$84.65 bn in July compared with \$99.05 bn in June.
- Industrial production advanced 5.1% on-year in July, easing from the 5.3% growth in June.

Japanese economy grew 3.1% in Q2

- The Japanese economy grew 3.1% on an annualised basis in Q2 2024, shifting from a 2.3% contraction in Q1.
- Bank of Japan (BOJ) deputy governor Shinichi Uchida stated that the central bank will not raise interest rates during periods of financial market instability.

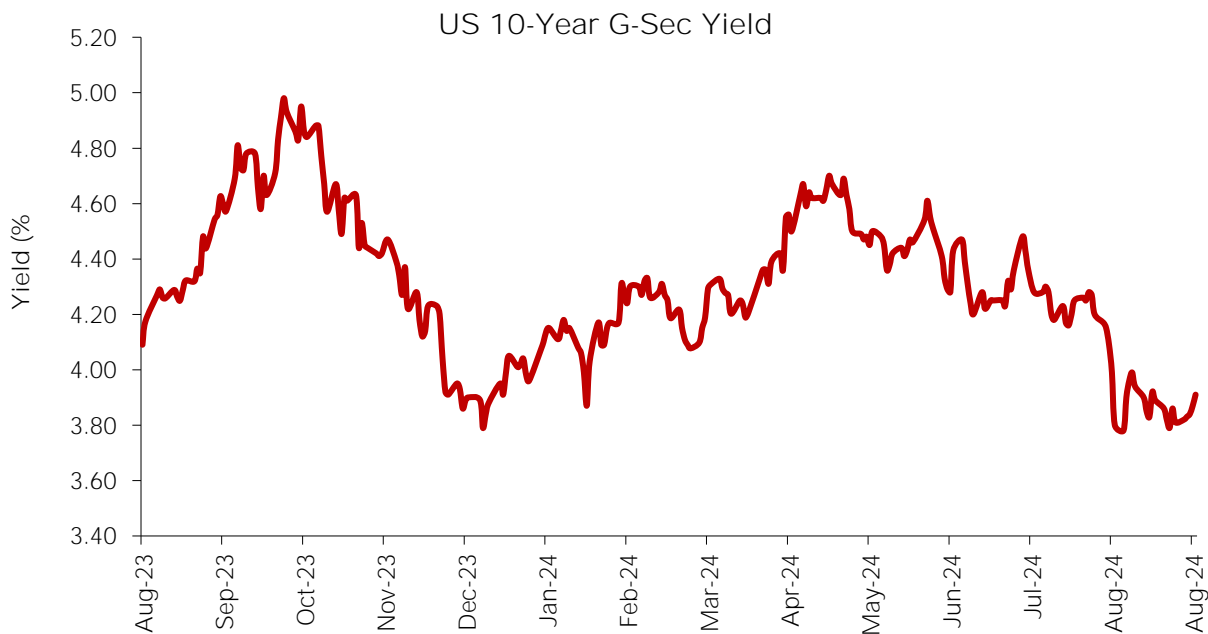
Key Japanese economic indicators

- The country's recorded a trade deficit of JPY 621.84 bn in July compared with a surplus of JPY 224 bn in June, with exports rising 10.3% compared with 5.4% growth, while imports gained 16.6% compared with a 3.2% rise
- Annual inflation remained unchanged at 2.8% in July, compared with June, while core consumer price index increased 2.7% from 2.6%

Source: CRISIL, Data as on 31 August 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.
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US treasury prices rose in August

- The 10-year US Treasury yield settled at 3.91% on August 30, 2024 vs 4.09% on July 31, 2024.
- Bond prices saw an increase after the minutes of the US Federal Reserve (Fed) meeting hinting at a September rate cut.
- It further increased after Fed Chair Jerome Powell’s statement of confidence in imminent policy easing in the policy rate amid further cooling of the job market and inflation nearing the Fed's 2% target.



Global bond yields			
	30-Aug	31-Jul	Change
US 10-Year (%)	3.91	4.09	0.18
UK 10-Year (%)	4.02	3.97	-0.05
German 10-Year (%)	2.29	2.30	0.01
Japan10-Year (%)	0.89	1.06	0.17

Source: CRISIL, Bloomberg, Data as on 31 August 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.
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Economic Events Calendar

Date	Indicators	Previous
04-September-24	India HSBC Composite/Services PMI, August	60.7/60.3
05-September-24	US ADP Employment Change, August	122K
06-September-24	Eurozone GDP Growth Rate, Q2	0.5%
09-September-24	China Inflation Rate, August	0.5%
	Japan GDP Growth Rate, Q2	-0.5%
11-September-24	US Inflation, August	2.9%
	UK GDP, July	0.7%
12-September-24	Eurozone ECB Interest Rate Decision	4.25%
	India Inflation Rate, August	3.54%
	India Industrial/manufacturing Production, July	4.2%/2.6%
16-September-24	India WPI inflation, August	2.04%

Source: CRISIL, Data as on 31 August 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

US- United States, UK- United Kingdom, GDP- Gross Domestic Product, WPI- Wholesale Price Index

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Economic Events Calendar (cont'd)

Date	Indicators	Previous
18-September-24	US Fed Interest Rate Decision	5.5%
	Eurozone Inflation Rate, August	2.6%
	UK Inflation Rate, August	2.2%
19-September-24	UK Bank of England Interest Rate Decision	5%
20-September-24	UK GfK Consumer Confidence, September	-13
	China Loan Prime Rate 1Y/5Y, September	3.35%/3.85%
	Japan Inflation Rate, August	2.8%
	Japan Bank of Japan Interest Rate Decision	0.25%
26-September-2024	US GDP Growth Rate, Q2	3.0%
30-September-24	UK GDP Growth Rate, Q2	0.3%
	India fiscal deficit, August	NA
	India Infrastructure Output, August	6.1%

Source: CRISIL, Data as on 31 August 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

US- United States, UK- United Kingdom, GDP- Gross Domestic Product, PCE – Personal Consumption Expenditure

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Annexure

Indian Economic Environment

Other major developments

- The Union Cabinet approved the Unified Pension Scheme (UPS) for central government employees. The scheme, which will come into effect from April 1, 2025, will allow employees to choose between the National Pension Scheme and the new UPS
- The Union Cabinet approved 12 new project proposals under the National Industrial Corridor Development Programme with an estimated outlay of Rs 28,602 crore. The move is aimed at creating a robust network of industrial nodes and cities to boost economic growth and global competitiveness
- The Union Cabinet approved the construction of three crore additional houses under the Pradhan Mantri Awaas Yojana. Under this project, two crore houses will be constructed under the Pradhan Mantri Awaas Yojana-Gramin, approved for the period—fiscal 2025 to 2029, while one crore would be constructed under the newly approved PMAY-Urban 2.0 Scheme
- The Cabinet gave its nod to three railway projects entailing an investment of Rs 6,456 crore. These projects include the construction of 14 new stations and are expected to improve connectivity for about 1,300 villages
- The Cabinet approved metro rail projects in Bengaluru, Pune, and Thane to eradicate traffic congestion and enhance transportation efficiency
- The Union Cabinet approved the progressive expansion in the Central Sector Scheme of financing facility under the Agriculture Infrastructure Fund to make it more attractive, impactful and inclusive
- The Union Cabinet approved a proposal to conduct the third batch of ascending e-auctions for 730 channels in 234 new cities under the Private FM Radio Phase III Policy
- The Cabinet Committee on Economic Affairs chaired by the Prime Minister approved the development of eight important national high-speed corridor projects with an aggregate length of 936 km at an investment of Rs 50,655 crore
- The government eased the requirements for Indian companies seeking to list on international exchanges within IFSCs, making rules at par with global standards
- The World Bank raised India's growth forecast for FY25 to 7% from 6.6% earlier.

Source –CRISIL, Data as on 31 August 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

RBI- Reserve Bank of India GDP- Gross Domestic Product

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Regulatory developments in the month

- The RBI enhanced the transaction limit for tax payments through Unified Payments Interface (UPI) from the Rs 1 lakh to Rs 5 lakh per transaction
- The RBI introduced a delegated payment feature for UPI payments. The feature enables a primary user to allow a secondary user to make UPI transactions from the primary user's bank account
- SEBI issued a draft circular proposing that all bonus issues must be implemented within 15 days from the date of approval by the board and made available for trading within two days from the record date
- The Central Government issued a notification at the International Financial Services Centre (IFSC) mandating a 10% public shareholding requirement for companies seeking to list on recognised stock exchanges, which is lower than the minimum public shareholding of 25% stipulated for companies listed on other local exchanges

Key economic indicators released in the month

- The print for India's industrial output growth rate for June 2024, measured by the Index of Industrial Production, came in at 4.2%, slower than the 6.2% growth registered in May, but slightly faster than the 4% growth in June 2023, supported by double-digit growth in mining activity (10.3% on-year).
- The output of the country's eight core sectors, indicated by the combined Index of Eight Core Industries, increased 6.1% on-year in July 2024, which was faster than the 5.1% growth (revised) recorded in the preceding month. The growth was supported by positive on-year growth in all key sectors, barring crude oil (2.9% decline) and natural gas (1.3% decline).
- India's merchandise trade deficit widened from \$20.98 billion in June 2024 to \$23.50 billion in July, substantially wider than the deficit of \$19 billion logged in the corresponding month in 2023. A 7.5% on-year rise in imports (\$57.48 billion in July 2024 vs \$53.49 billion in July 2023), largely driven by items such as petroleum products, electronic goods, non-ferrous metals, coal and related products, and vegetable oils and lower exports (\$33.98 billion in July 2024 vs \$34.49 billion in July 2023) contributed to the widening trade gap.
- India could restrict its fiscal deficit for the first four months of fiscal 2025 to Rs 2.76 trillion, which represented about 17.2% of the yearly target of Rs 16.1 trillion.

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RBI- Reserve Bank of India GDP- Gross Domestic Product

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