




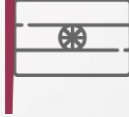



ATLAS

Monthly Market Review
September 2024



KGV	Div.	Umsatz 29.10.2010	Stück	Tsd. Euro	Stück (€)
2010	2011 Rend.s	936060	43869	935077	
17	17	157881	1739312	1739312	
		20072	3213370	3213370	

TABLE OF CONTENTS

	01 >	MACRO Macro Economic Update
		INDIA Indian Equity Market Update
		02 
	03 >	GLOBAL Global Equity Market Update
		DEBT Global and Indian Market Update
		04 
	05 >	MUTUAL FUND Category Performance

MACRO ECONOMIC INDICATORS

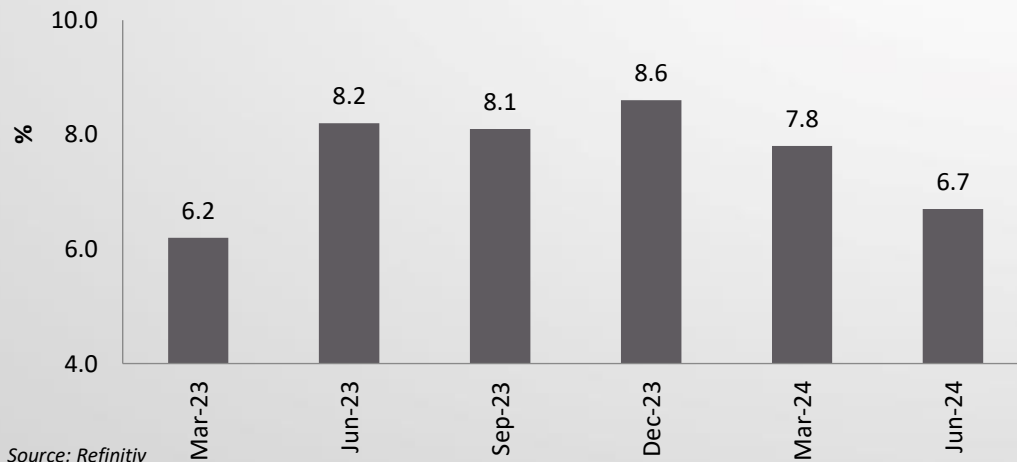
GDP and Current Account Deficit Trend



MACRO

GDP growth eased YoY in 1QFY25

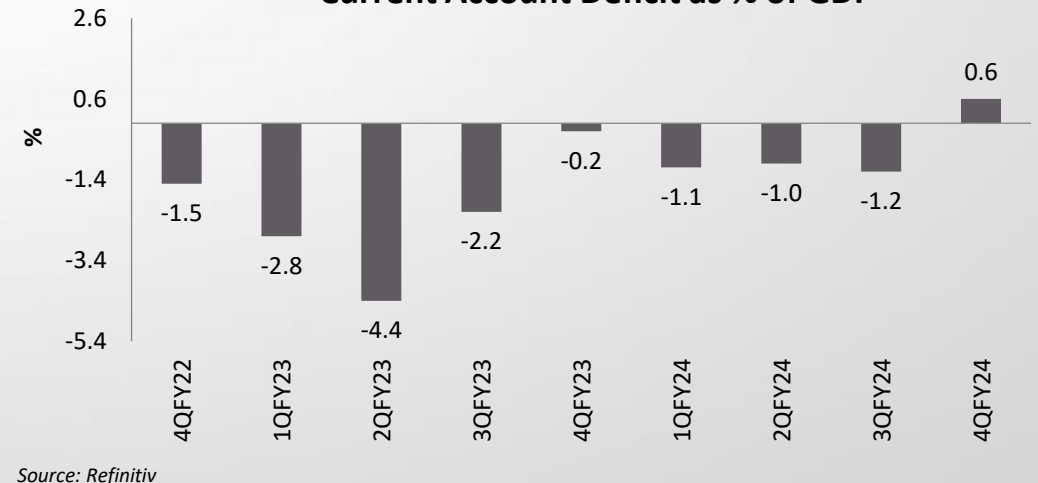
India GDP Growth (%)



GDP of the Indian economy at constant (2011-12) prices witnessed a growth of 6.7% YoY in the first quarter of FY25. In the Apr-Jun quarter of last year, the GDP growth rate was 8.2%.

Current a/c balance at surplus in 4QFY24

Current Account Deficit as % of GDP



Current account balance recorded a surplus of US\$ 5.7 billion (0.6% of GDP) in 4QFY24 as against a deficit of US\$ 8.7 billion (1.0% of GDP) in 3QFY24 and US\$ 1.3 billion (0.2% of GDP) in 4QFY23.

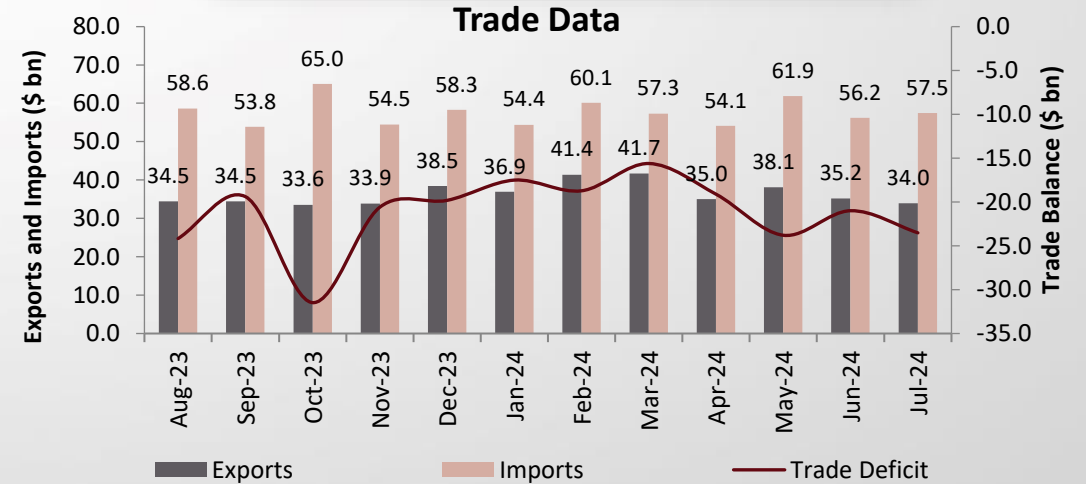
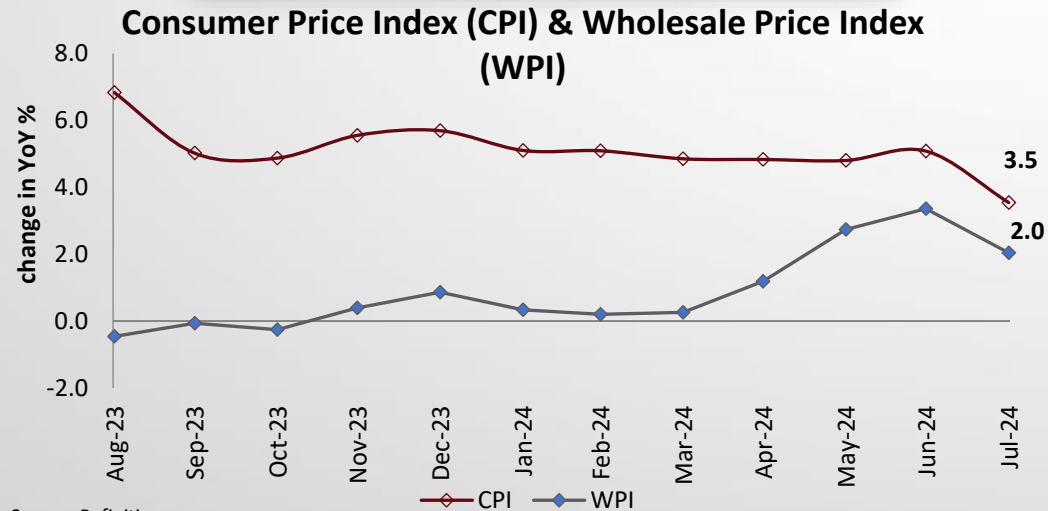
MACRO ECONOMIC INDICATORS

Inflation and Trade Data Trend

MACRO

CPI-base inflation fell sharply in Jul 2024

Trade deficit widened YoY in Jul 2024



CPI-based inflation fell sharply to 3.54% YoY in Jul 2024 compared to 5.08% in Jun 2024. WPI-based inflation eased to 3-month low of 2.04% YoY in Jul 2024 as compared to 3.36% in Jun 2024.

Merchandise trade deficit widened to \$23.50 billion in Jul 2024 from \$19 billion in Jul 2023. Exports fell by 1.48%, while imports rose by 7.46% during the same period.

MACRO ECONOMIC INDICATORS

Manufacturing and Services PMI Trend

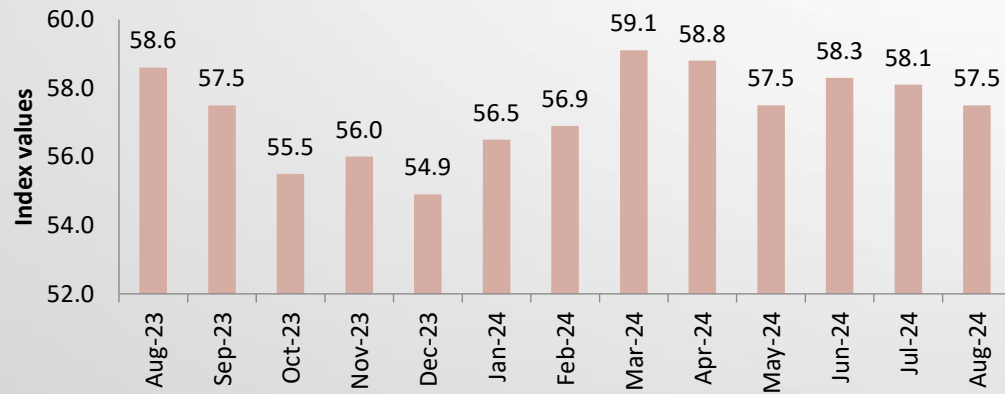


MACRO

Manufacturing PMI eased slightly in Aug 2024

Services PMI rose to 5-month high in Aug 2024

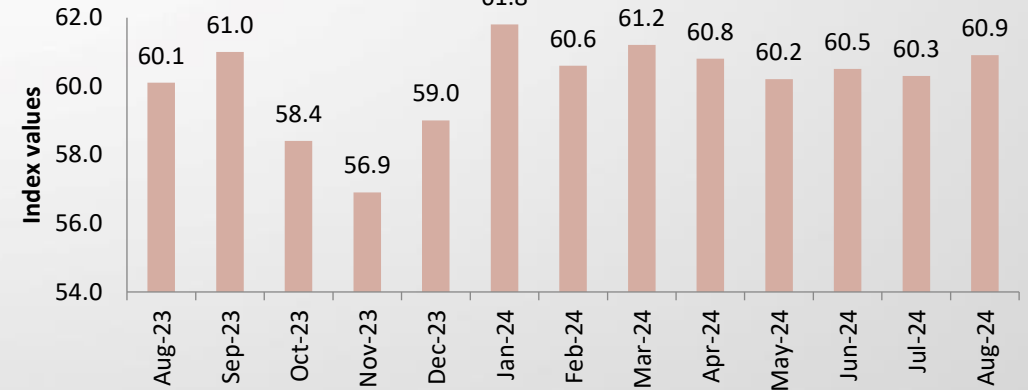
India Manufacturing PMI



Source: Refinitiv; PMI >50 denotes expansion and <50 is contraction

Manufacturing PMI edged down slightly to 57.5 in Aug 2024 compared to 58.1 in Jul 2024, due to a notable decline in demand.

India Service PMI



Source: Refinitiv; PMI >50 denotes expansion and <50 is contraction

Services PMI rose to 5-month high to 60.9 in Aug 2024, due to resilient demand and easing inflationary pressures. Composite PMI remained unchanged to 60.7 in the same period.

MACRO ECONOMIC INDICATORS

IIP and GST Trend

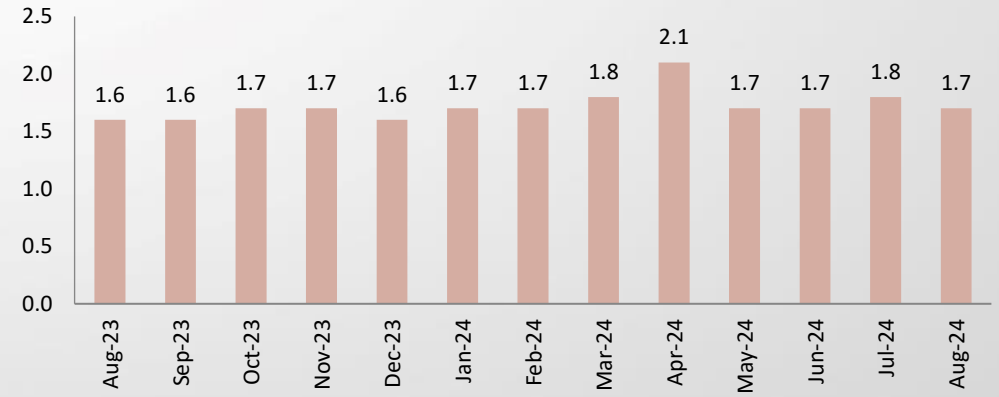
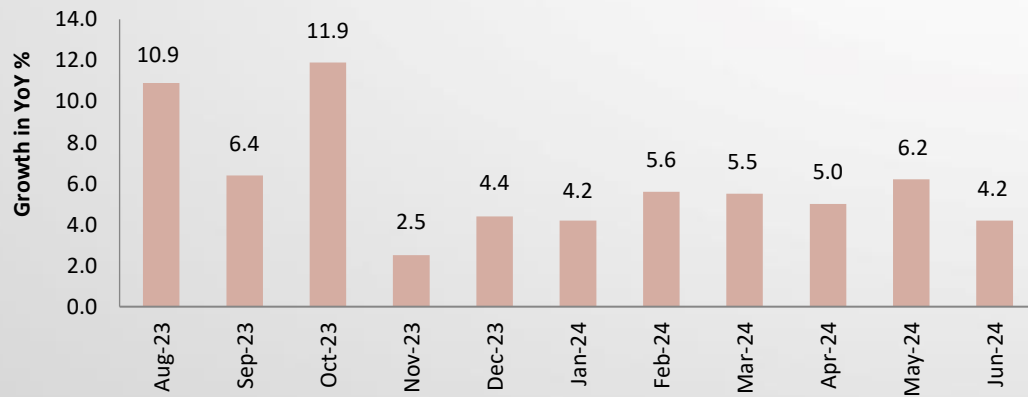


Industrial output eased YoY in Jun 2024

GST collections grew 10% YoY to Rs. 1.75 lakh crore in Aug 2024

Index of Industrial production (IIP)

GST Collections (Rs. Lakh Crore)



Source: Refinitiv

Source: PIB

Industrial production growth eased to 4.2% YoY in Jun 2024, as compared to 6.2% rise in May 2024. Production in the manufacturing industry increased by 2.6% in Jun 2024.

Gross GST collections in Aug 2024 stood at Rs. 1,74,962 crore, representing a 10% YoY rise. This growth was observed across all categories: Central GST, State GST, Integrated GST, and cess.

MACRO ECONOMIC INDICATORS

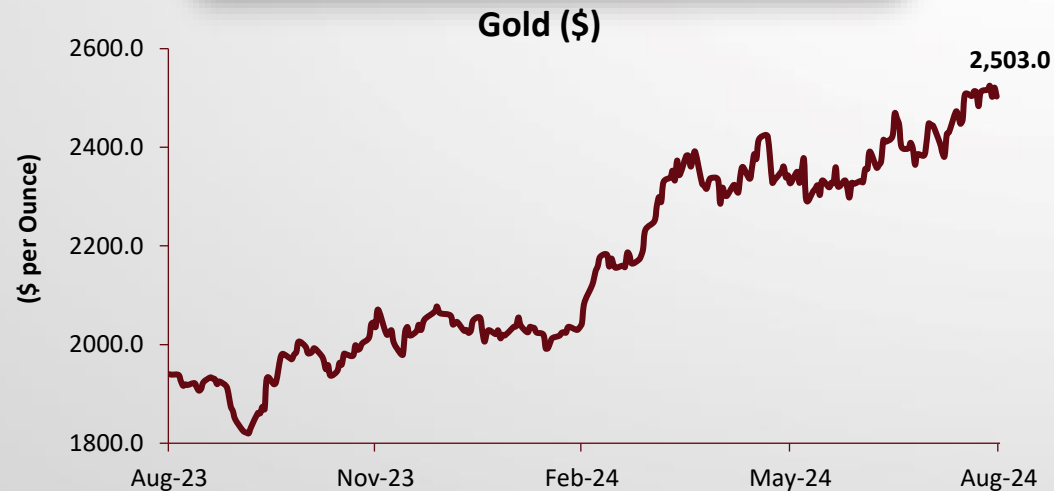
International Gold and U.S. 10 Year Treasury Trend



MACRO

Gold prices rose MoM in Aug 2024

U.S. Treasury yields fell MoM in Aug 2024



Source: Refinitiv

Source: Refinitiv

Gold prices rose amid expectations that the U.S. Federal Reserve will begin to reduce interest rates in Sep 2024. The rising tensions in the Middle East also played a significant role in the increase.

U.S. Treasury yields fell following the remarks of the U.S. Fed Chair at the Jackson Hole Economic Symposium, where he provided a hint of rate cut in the upcoming policy meeting in Sep 2024.

Gold data as on 30th Aug 2024; U.S. 10 Year Treasury Yield data as on 30th Aug 2024

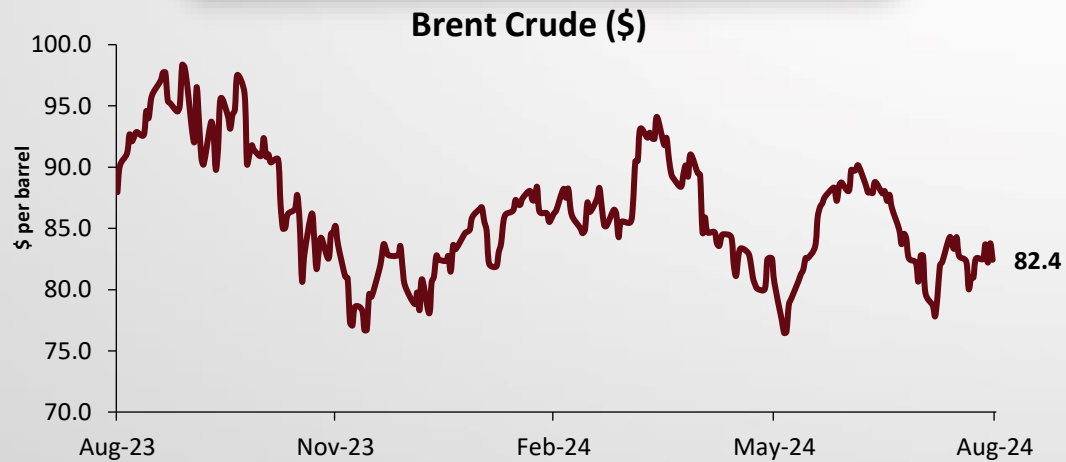
MACRO ECONOMIC INDICATORS

Crude and USD/INR Currency Trend



MACRO

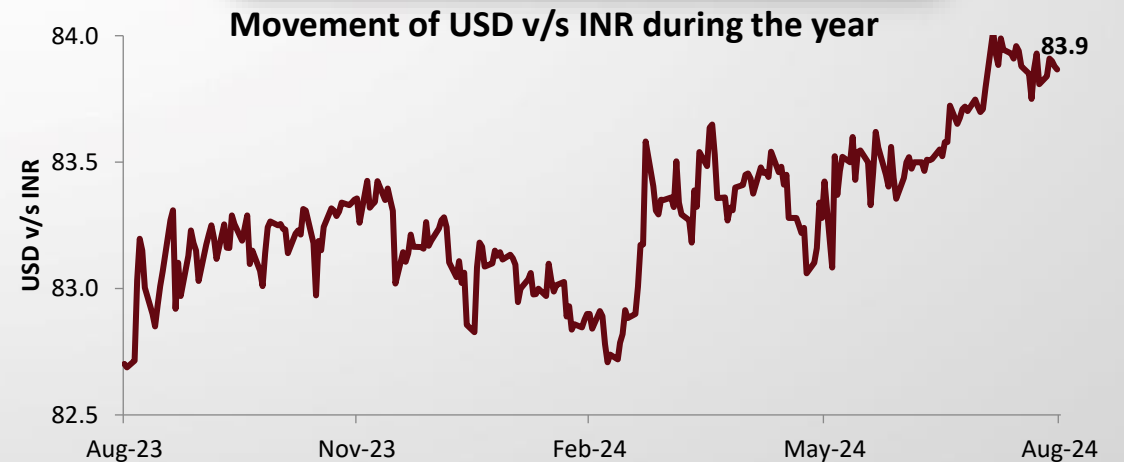
Crude oil prices fell MoM in Aug 2024



Source: Refinitiv

Brent crude oil prices fell marginally amid increasing worries about the prospects of oil demand due to sluggish growth in the U.S. and concerns that the U.S. economy might face a recession.

Rupee depreciated against U.S. dollar on MoM in Jul 2024



Source: Refinitiv

Rupee fell against the U.S. dollar as the domestic market experienced a downturn, following the global stock market sell-off on 5th Aug 2024 by concerns of a slowdown in the U.S. economy.

EVENT UPDATE

RBI MPC maintains status quo, keeps repo rate unchanged at 6.5%



MACRO

Key Highlights

- MPC kept repo rate **unchanged at 6.50%**
- **Cash reserve ratio (CRR)** kept **unchanged at 4.50%**
- The MPC voted by **majority on “withdrawal of accommodation”**
- For FY25, **retail inflation target projected at 4.5%**
- For FY25, **real GDP growth projection remained unchanged at 7.2%**

Policy Rates / Reserve Ratio	07-Jun-24	08-Aug-24	Status
CRR	4.50%	4.50%	↔
SLR	18.00%	18.00%	↔
SDF	6.25%	6.25%	↔
Repo Rate	6.50%	6.50%	↔
MSF	6.75%	6.75%	↔
Bank rate	6.75%	6.75%	↔
Fixed Reverse Repo Rate	3.35%	3.35%	↔

Growth Outlook

- The ongoing growth in services and manufacturing points to stable urban demand.
- Strong **growth in steel consumption**, high-capacity utilization, strong bank and corporate balance sheets, and the **government's ongoing push for infrastructure spending** are all high frequency indicators of investment activity that **suggest a positive outlook**.

Inflation Outlook

- Looking ahead, as the **positive base effects fade**, **inflation is predicted to slightly increase in Q3 of FY25**.
- The improvement in the monsoon, the kharif sowing season, the availability of sufficient buffer stocks of foodgrains, and the decline in global food prices are all beneficial for reducing the pressure on food prices.
- The **change in mobile tariff rates is probably going to cause core inflation to rise**.

EVENT UPDATE

India's GDP grew 6.7% in Q1FY25



MACRO

Key Highlights

- Gross Domestic Product (GDP) of the Indian economy at constant (2011-12) prices witnessed a **growth of 6.7% YoY in Q1FY25**. In the Apr-Jun quarter of last year, the GDP growth rate was 8.2%.
- On the sectoral front, the growth of **Manufacturing sector accelerated to 7.0% in Q1 of FY25** from 5.0% in same quarter of previous fiscal year.

Gross Value Added (GVA)

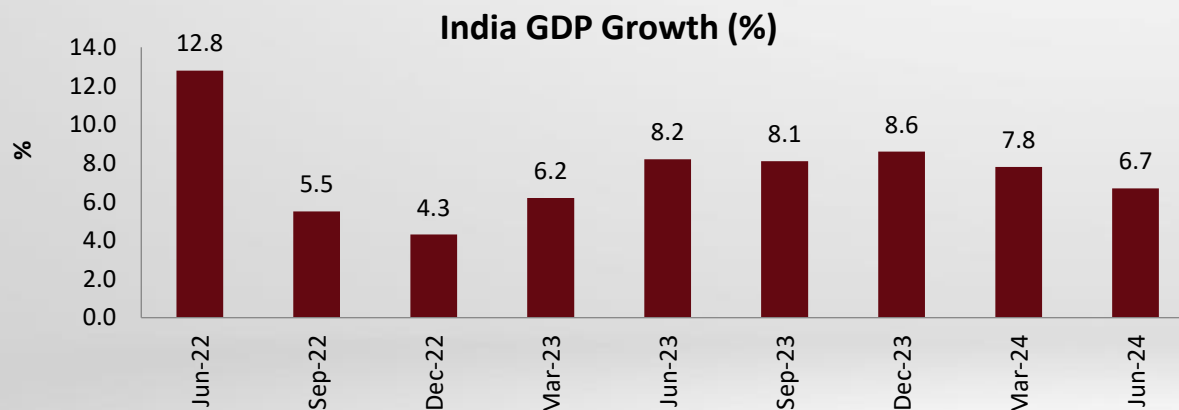
- Gross Value Added (GVA) in Q1FY25 was 6.8% compared to 8.3% growth in the same quarter of the preceding year with manufacturing rose to 7.0% in June 2024 quarter, against of 5.0% a year ago.

Gross Fixed Capital Formation (GFCF) & Private Final Consumption Expenditure (PFCE)

- GFCF indicates how much of the new value added is invested rather than consumed, **accelerated its share to 34.8% from 34.6%**. PFCE, a marker to gauge how households have spent on buying goods and services, has also rose to 56.3% from 55.9%.

Year-on-Year % Change

- Growth of **Agriculture, Livestock, Forestry & Fishing slowed to 2.0% in Q1 of FY25** compared to 3.7% growth in Q1 of FY24.



Source: Refinitiv

DOMESTIC & GLOBAL

Equity Market Update

INDIAN EQUITY MARKET DASHBOARD

August 2024



DOMESTIC

Index Name (Broader Market Indices)	Absolute (%)				CAGR(%)		
	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
BSE Sensex	0.95	11.94	14.63	28.63	14.15	18.54	13.35
Nifty 50	1.36	12.55	15.76	32.64	15.17	19.37	13.59
Nifty 100	1.15	12.21	17.51	38.29	16.10	19.98	14.14
Nifty 500	1.04	12.91	18.89	41.58	18.95	22.70	15.32
Nifty Midcap 150	0.38	13.84	23.36	50.08	27.88	31.88	20.76
Nifty Smallcap 250	1.37	16.63	21.84	53.26	28.12	33.46	17.89
Nifty Microcap 250	1.27	21.85	24.50	58.75	39.79	44.56	24.58
Sectoral Indices							
Nifty Pharma	6.80	24.02	22.70	54.84	18.32	24.41	9.40
Nifty Healthcare	5.67	23.44	21.83	53.97	17.38	25.90	11.33
Nifty IT	4.76	32.41	14.67	40.12	9.49	24.15	17.10
Nifty Oil & Gas	1.82	16.13	17.89	75.43	25.12	26.29	17.42
Nifty FMCG	1.67	17.61	18.00	25.79	18.96	18.60	14.30
Nifty Bank	-0.17	5.19	12.33	17.78	13.08	14.01	13.23
Nifty Energy	-0.27	9.25	13.24	72.48	31.62	27.45	18.71
Nifty Infrastructure	-0.51	9.25	17.12	59.78	27.45	27.29	13.30
Nifty Metal	-1.66	-2.96	19.11	41.94	19.85	34.61	14.27
Nifty Auto	-1.67	12.51	29.11	68.25	38.86	31.47	14.15
Nifty Realty	-3.63	3.57	15.96	89.28	40.11	32.01	17.48
Nifty PSU Bank	-5.56	-5.29	1.53	57.51	45.92	24.05	7.94

- The BSE Sensex and the Nifty 50 index were up by 0.95% & 1.36%, respectively in Aug 2024.
- The momentum in midcaps eased, with the Nifty Midcap index up by 0.38%, while the Nifty Smallcap index was up by 1.37% over the same period.

BROADER MARKET INDICES PERFORMANCE

Calendar Year wise



DOMESTIC

2015 (%)	2016 (%)	2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)	2023 (%)	CYTD (%)
Nifty Smallcap 250 11.3	Nifty Midcap 150 6.5	Nifty Smallcap 250 58.5	BSE Sensex 7.2	BSE Sensex 15.7	Nifty Smallcap 250 26.5	Nifty Smallcap 250 63.3	BSE Sensex 5.8	Nifty Smallcap 250 49.1	Nifty Smallcap 250 30.0
Nifty Midcap 150 9.7	Nifty 500 5.1	Nifty Midcap 150 55.7	Nifty 50 4.6	Nifty 50 13.5	Nifty Midcap 150 25.6	Nifty Midcap 150 48.2	Nifty 50 5.7	Nifty Midcap 150 44.6	Nifty Midcap 150 28.9
Nifty 500 0.2	Nifty 100 5.0	Nifty 500 37.7	Nifty 100 2.6	Nifty 100 11.8	Nifty 500 17.9	Nifty 500 31.6	Nifty 100 4.9	Nifty 500 26.9	Nifty 500 23.1
Nifty 100 -1.3	Nifty 50 4.4	Nifty 100 32.9	Nifty 500 -2.1	Nifty 500 9.0	BSE Sensex 17.2	Nifty 100 26.4	Nifty 500 4.2	Nifty 50 21.3	Nifty 100 21.0
Nifty 50 -3.0	BSE Sensex 3.5	Nifty 50 30.3	Nifty Midcap 150 -12.6	Nifty Midcap 150 0.6	Nifty 50 16.1	Nifty 50 25.6	Nifty Midcap 150 3.9	Nifty 100 21.2	Nifty 50 17.3
BSE Sensex -3.7	Nifty Smallcap 250 1.4	BSE Sensex 29.6	Nifty Smallcap 250 -26.1	Nifty Smallcap 250 -7.3	Nifty 100 16.1	BSE Sensex 23.2	Nifty Smallcap 250 -2.6	BSE Sensex 20.3	BSE Sensex 15.2

- On CYTD basis, Nifty Midcap 150 and Nifty Smallcap 250 continue to deliver better returns than Nifty 50.

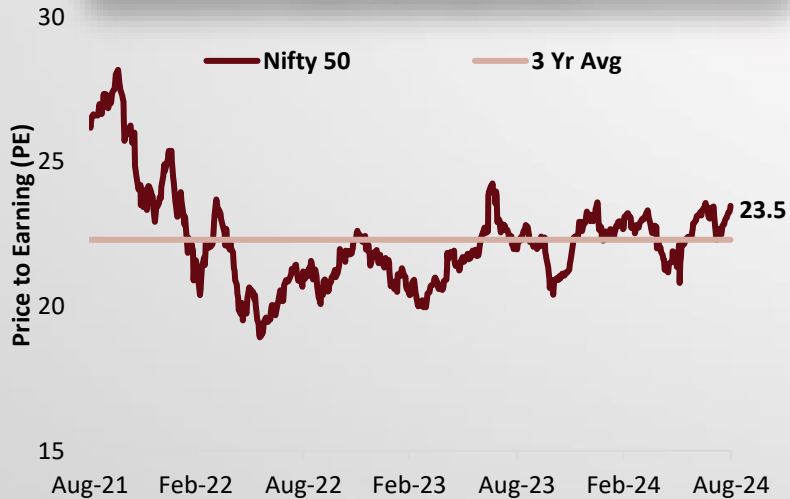
RELATIVE TRAILING VALUATIONS (P/E)

Large Cap vs Mid Cap vs Small Cap



DOMESTIC

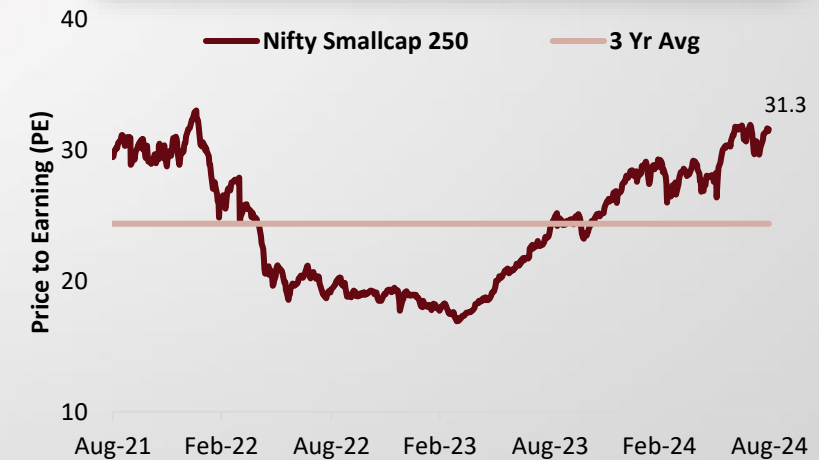
Nifty 50 trailing PE remained above of 3-year average mark



Nifty Midcap 150 trailing PE surged way above 3-year average level



Nifty Smallcap 250 trailing PE continued to remained above 3-year average level



- Currently, Mid cap valuations are expensive compared with Large cap and Small cap due to sudden surge in the past several months.
- Large cap valuations are hovering near their 3-year avg level since Jan this year while Mid cap and Small cap are well above their avg level.

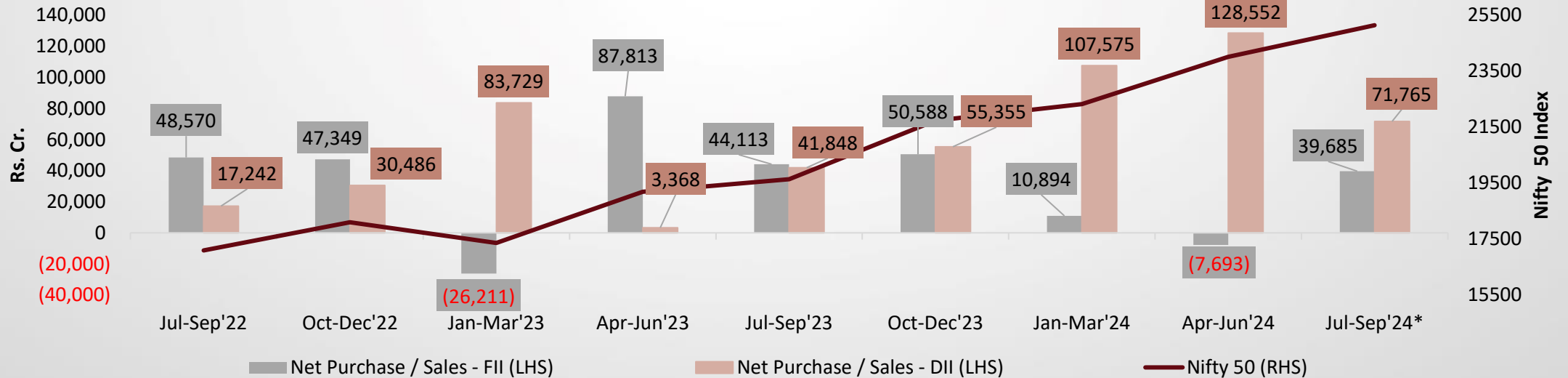
EQUITY FLOWS

Quarterly FII & DII Flows



DOMESTIC

Quarterly Net FII & DII Flow (Cash) in Rs. Cr. V/S Nifty 50



- FII were net buyers in Aug 2024 for the third consecutive month. Nonetheless, cumulative inflows stood at Rs. 3,09,913 Cr since July 2022 till date. Since April 2021 till date, cumulative FII outflows stood at Rs. 62,563 Cr.
- Mutual funds have been net buyers in equity segment in the last 40 months till Aug 2024, except April 2023 and August 2022. Cumulative inflows stand at Rs. 7,09,288 Cr from March 2021 till date.

GLOBAL EQUITY MARKET DASHBOARD

August 2024



GLOBAL

Emerging Markets	Index	Absolute (%)					CAGR(%)		
		1 Month	3 Months	YTD	6 Months	1 Year	2 Years	3 Years	5 Years
Brazil	Brazil Ibovespa	6.54	11.39	1.36	5.41	17.51	11.44	4.62	6.10
Indonesia	Jakarta Composite	5.72	10.04	5.47	4.85	10.32	3.37	7.64	3.92
India	Nifty 50	1.14	12.01	16.13	14.80	31.07	19.18	13.78	17.99
Taiwan	Taiwan TAIEX	0.31	5.17	24.19	17.41	33.87	21.46	8.38	15.95
China	Shanghai Composite	-3.28	-7.92	-4.46	-5.74	-8.90	-5.79	-7.09	-0.31
South Korea	Kospi	-3.48	1.43	0.72	1.21	4.62	4.01	-5.80	6.32
Developed Markets									
Germany	DAX	2.15	2.21	12.87	6.95	18.56	21.37	6.09	9.62
US	Russell 3000	1.86	6.93	20.11	10.08	29.19	24.42	7.34	17.38
Europe	Euro Stoxx 50 Pr	1.75	-0.52	9.65	1.64	15.38	18.73	5.72	7.66
France	CAC 40	1.32	-4.53	1.16	-3.74	4.29	11.62	4.54	6.84
UK	FTSE 100	0.10	1.22	8.32	9.79	12.60	7.24	5.57	3.05
Japan	Nikkei 225	-1.16	0.42	15.49	-1.32	18.48	17.29	11.22	13.28

- U.S. equity market rose as highly anticipated remarks by the U.S. Federal Reserve Chair at Jackson Hole on 23rd Aug 2024 indicated the central bank is prepared to begin lowering interest rates.
- European equity markets rose amid diminishing concerns regarding the prospects for the U.S. economic recession, and there is a growing sense of optimism surrounding a potential interest rate reduction by the U.S. Federal Reserve in Sep 2024.

GLOBAL MARKET INDICES PERFORMANCE

Calendar Year wise



GLOBAL

	2015 (%)	2016 (%)	2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)	2023 (%)	CYTD (%)
Germany	9.6	U.K. 14.4	Hong Kong 36.0	India 3.2	U.S. 34.2	U.S. 36.9	U.S. 25.0	India 4.3	U.S. 40.0	U.S. 20.1
China	9.4	Germany 6.9	India 28.7	U.S. -3.3	Germany 25.5	Japan 16.0	India 24.1	U.K. 0.9	Japan 28.2	India 16.1
Japan	9.1	U.S. 5.7	U.S. 27.8	Japan -12.1	China 22.3	India 14.9	Germany 15.8	Japan -9.4	Germany 20.3	Japan 15.5
U.S.	3.5	India 3.0	Japan 19.1	U.K. -12.5	Japan 18.2	China 13.9	U.K. 14.3	Germany -12.4	India 20.0	Germany 12.9
India	-4.1	Japan 0.4	Germany 12.5	Hong Kong -13.6	U.K. 12.1	Germany 3.6	Japan 4.9	China -15.1	U.K. 3.8	U.K. 8.3
U.K.	-4.9	Hong Kong 0.4	U.K. 7.6	Germany -18.3	India 12.0	Hong Kong -3.4	China 4.8	Hong Kong -15.5	China -3.7	Hong Kong 5.5
Hong Kong	-7.2	China -12.3	China 6.6	China -24.6	Hong Kong 9.1	U.K. -14.3	Hong Kong -14.1	U.S. -29.6	Hong Kong -13.8	China -4.5

- U.S. equity markets rose after the Commerce Department data showed that U.S. retail sales jumped by 1.0% in Jul, 2024, which was significantly stronger than anticipated, alleviating worries regarding the U.S. recession fear.
- The Chinese market fell after the People's Bank of China left its benchmark lending rates unchanged as expected on 20th Aug 2024.

ASSET CLASS PERFORMANCE

Calendar Year wise



ASSET CLASS

2015 (%)	2016 (%)	2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)	2023 (%)	CYTD (%)
Real Estate 9.7	G-Sec 14.3	Indian Equity 37.7	G-Sec 8.0	Intl 34.2	Intl 36.9	Indian Equity 31.6	Gold 13.9	Intl 40.0	Indian Equity 23.1
Bonds 8.9	Bonds 13.1	Intl 27.8	Gold 7.9	Gold 23.8	Gold 28.0	Intl 25.0	Cash 5.2	Indian Equity 26.9	Intl 20.1
Cash 8.3	Gold 11.3	Real Estate 7.2	Cash 7.3	Bonds 12.2	Indian Equity 17.9	Bonds 4.2	Indian Equity 4.2	Gold 15.4	Gold 13.9
G-Sec 8.2	Real Estate 8.3	Cash 6.6	Bonds 6.0	G-Sec 11.3	Bonds 13.5	Cash 3.6	Real Estate 2.8	G-Sec 7.7	G-Sec 7.3
Intl 3.5	Cash 7.5	Bonds 5.5	Real Estate 5.1	Indian Equity 9.0	G-Sec 13.2	G-Sec 3.1	Bonds 2.7	Cash 7.3	Bonds 6.7
Indian Equity 0.2	Intl 5.7	Gold 5.1	Indian Equity -2.1	Cash 6.7	Cash 4.4	Real Estate 3.1	G-Sec 2.3	Bonds 7.2	Cash 5.1
Gold -6.6	Indian Equity 5.1	G-Sec 3.5	Intl -3.3	Real Estate 3.0	Real Estate 2.2	Gold -4.2	Intl -29.6	Real Estate 3.8	Real Estate 2.8

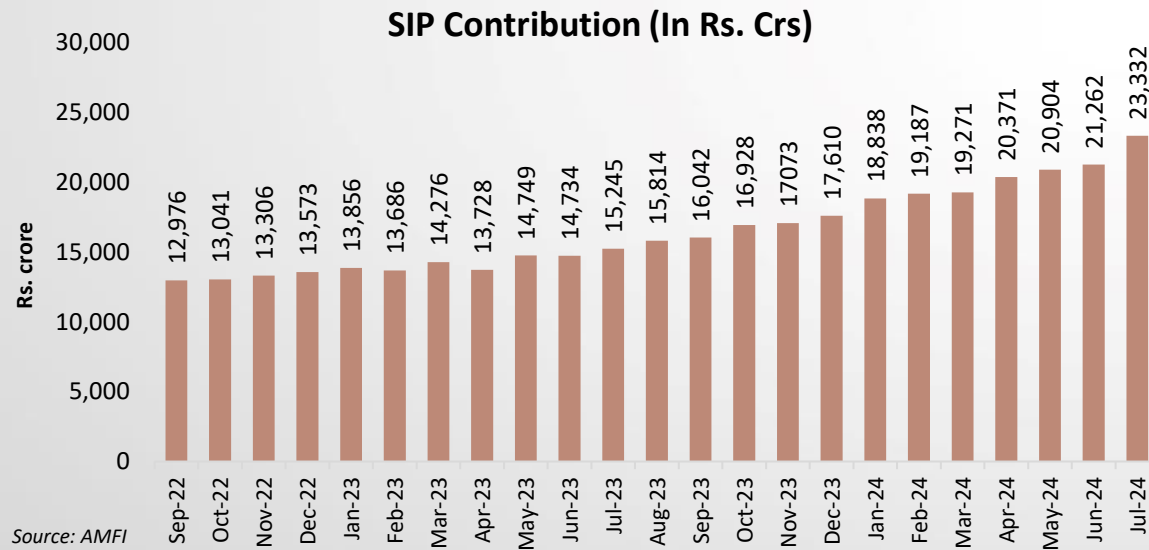
- On CYTD basis, domestic equity market continues to remain at the top followed by international equity market and gold.
- Till 2023, Indian equities has been among the top three gainers for the past four calendar years while Gold has been one of the top performers in five out of six years.

MUTUAL FUNDS

SIP Flows and SIP Returns Data



DOMESTIC



- According to AMFI, SIP contribution in July 2024 touched a new high and stood at Rs. 23,332 crore. SIP AUM increased to Rs. 13.09 lakh crore with 933.96 lakh outstanding SIP accounts.

Equity Broad MF category	Category average SIP returns (%)		
	3-year	5-year	10-year
Large cap	24.4	22.4	15.9
Large & Mid cap	30.4	27.6	19.0
Flexi cap	27.5	24.8	17.8
Multi cap	31.6	29.9	20.2
Mid cap	35.0	32.3	21.2
Small cap	34.7	36.1	22.9
Focused	26.8	23.9	17.2
Value	32.8	30.1	20.0

- Small cap category remained top performer in 5- & 10-year period, while Mid cap category was the top performer in 3-year period.
- Large cap category has been the bottom performer across periods.

Performance is of regular plan growth option.

SIP performance as on 30th Aug 2024. Source: AMFI India, MFI 360 Explorer
<http://www.icraanalytics.com/legal/standard-disclaimer.html>

CATEGORY PERFORMANCE

Equity Mutual Funds



CATEGORY PERFORMANCE

Category	Absolute Returns (%)			CAGR (%)			
	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Large Cap	1.21	12.32	17.72	38.46	16.04	19.34	13.56
Large & Mid Cap	1.67	13.99	22.23	45.12	20.81	24.15	16.48
Flexi Cap	1.46	13.18	19.80	41.37	18.36	21.88	15.37
Multi Cap	1.89	14.37	22.12	45.27	22.30	26.04	17.12
Mid Cap	1.06	15.13	25.84	49.68	24.60	29.22	18.86
Small Cap	1.84	16.16	23.72	45.30	25.88	33.54	20.19
Focused	2.09	14.00	20.56	41.01	17.88	21.36	14.96
Value	1.27	13.73	20.53	49.15	23.18	25.43	16.99
Index:							
Nifty 100	1.15	12.21	17.51	38.29	16.10	19.98	14.14
Nifty 500	1.04	12.91	18.89	41.58	18.95	22.70	15.32
Nifty Midcap 150	0.38	13.84	23.36	50.08	27.88	31.88	20.76
Nifty Smallcap 250	1.37	16.63	21.84	53.26	28.12	33.46	17.89

- In the last one-month, Focused category delivered the highest returns followed by Multi Cap & Small Cap categories.
- It is to be worth noted that all the equity categories witnessed positive returns in all the mentioned periods.

EQUITY MARKET ROUNDUP

Key Takeaways & Outlook



DOMESTIC

Domestic & Global factors that played out for the Indian markets:

- Domestic equity markets started the month on weaker note on concerns over a potential economic slowdown in the U.S. because of lackluster economic indicators such as sluggish job growth, increased unemployment rates, and disappointing corporate profits.
- Losses were extended due to Yen carry trade issue following the Bank of Japan's (BoJ) decision to raise its interest rate from 0.10% to 0.25%.
- However, the trend reversed after the BoJ's Deputy Governor reassured that the central bank would not raise interest rates during a period of financial instability, which eased the Yen carry trade issue. Gains were extended following the dovish comments from the Chairperson of the U.S. Federal Reserve that raised the expectations of rate cut in Sep 2024.

Outlook:

- Moving ahead, markets are expected to get support from moderate inflation, steady crude oil prices, and easing domestic bond yields. Net inflows from domestic institutional investors will also help to support the growth. An ease in domestic inflation may pave the way for a rate cut in the second half of 2025 if it continues to fall short of the RBI's target.
- On the global front, a rate cut cycle is expected to start in Sep 2024 by the U.S. Federal Reserve which would result inflow of foreign funds into domestic equity markets.
- While **India's structural story remains intact, geopolitical tensions pose some risks to the growth prospects of the domestic economy. Macros remain strong with an easing inflation cycle, progress of monsoons and robust economic growth.**
- However, **looking at the volatility, investors may look at Large cap oriented funds along with Multi Asset, Balanced Advantage and Balanced Hybrid categories as these categories shall assist to manage the near term risks.**

DOMESTIC & GLOBAL

Debt Market Update

DEBT MARKET

Indian Government Bond and Policy Rate Trend



INDIAN DEBT

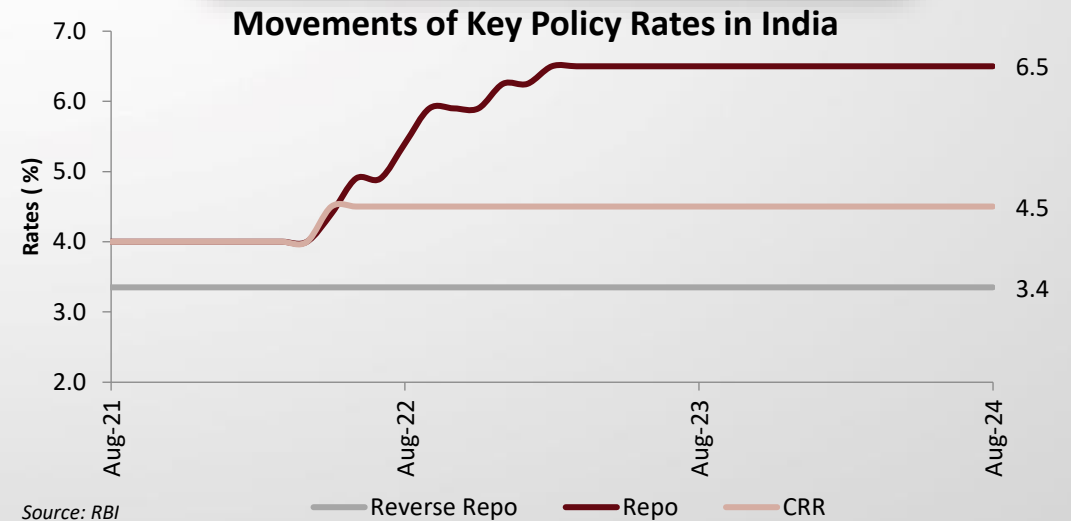
10-year benchmark G-sec yield fell by 6 bps MoM in Aug 2024



Source: Refinitiv

Bond yields fell following a drop in U.S. Treasury yields after the U.S. Fed hinted that its rate-easing cycle could start in Sep 2024.

RBI maintained key policy repo rate at 6.50% for the ninth consecutive time



Source: RBI

The Monetary Policy Committee in its third bi-monthly monetary policy review of FY25 kept key policy repo rate unchanged at 6.50% with immediate effect for the ninth consecutive time.

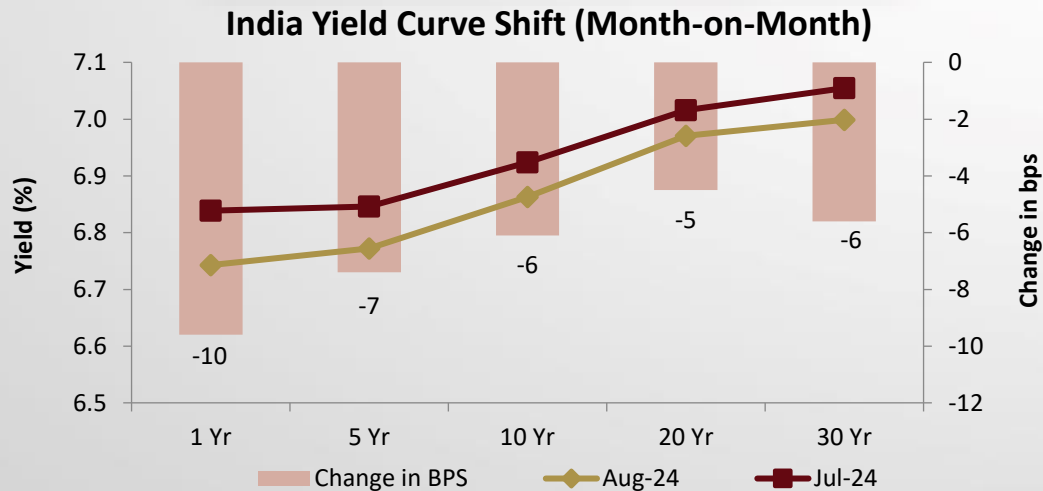
DEBT MARKET

Government Bond & Corporate Bond Yield Trend



INDIAN DEBT

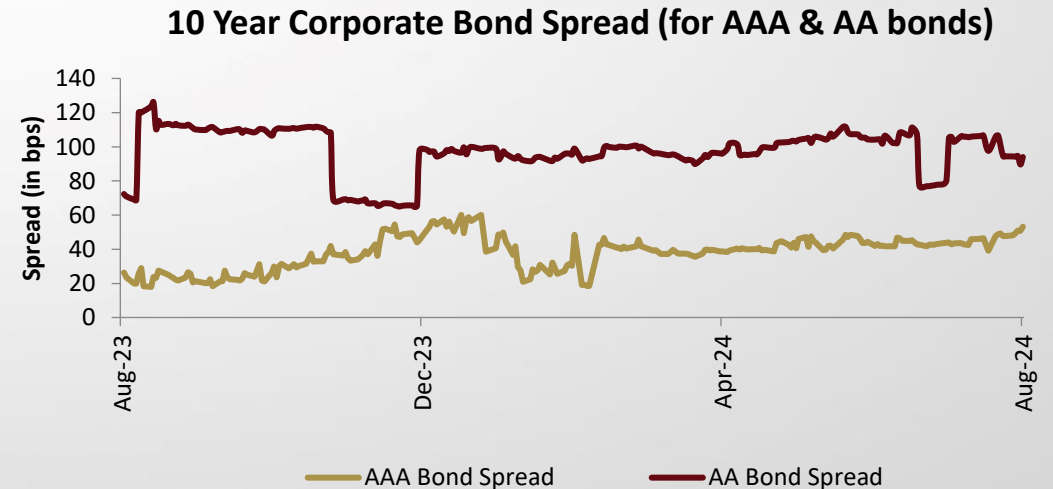
G-sec yields mostly fell during the month



Source: Refinitiv

Yield on gilt securities fell in the range of 5 to 10 bps across the maturities. Difference in spread between corporate bond and gilt securities expanded between 3 to 19 bps across the segments.

Corporate bond yields mostly declined during the month



Source: Refinitiv; Spread= 10 year Corporate bond yield minus 10- year Gsec yield

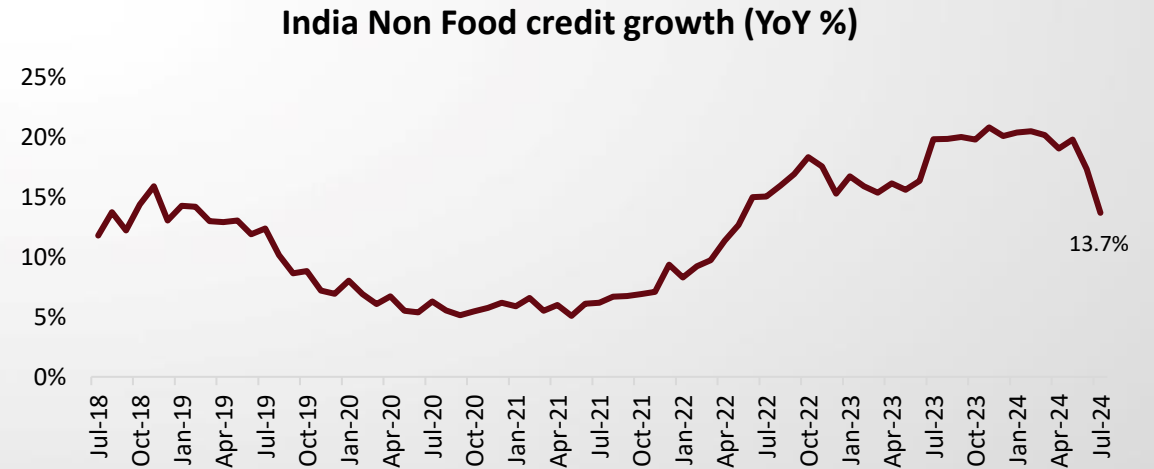
Yield on corporate bonds fell up to 4 bps across the curve, barring 1, 9, 10 & 15 year papers that increased up to 10 bps.

DEBT MARKET

System Liquidity



INDIAN DEBT



- Banking system's liquidity remained in surplus mode during Aug 2024 for the second consecutive month. This surplus has led to a decrease in borrowing costs, with treasury bill yields and short-term debt instrument rates falling sharply. However, the governor of the RBI raised concerns about the gap between credit and deposit growth in Indian banks, to avoid a potential structural liquidity issue. As per the RBI data as of Aug 09, 2024, Indian banks' loans rose 13.6% YoY, while deposits grew only 10.9%. As the deposit growth remained sluggish, trailing credit offtake, public sector banks have made a strong appeal to the finance ministry urging that government cash balances be held by them, rather than the RBI, in order to bolster the share of low-cost current account and savings account (CASA) deposits.

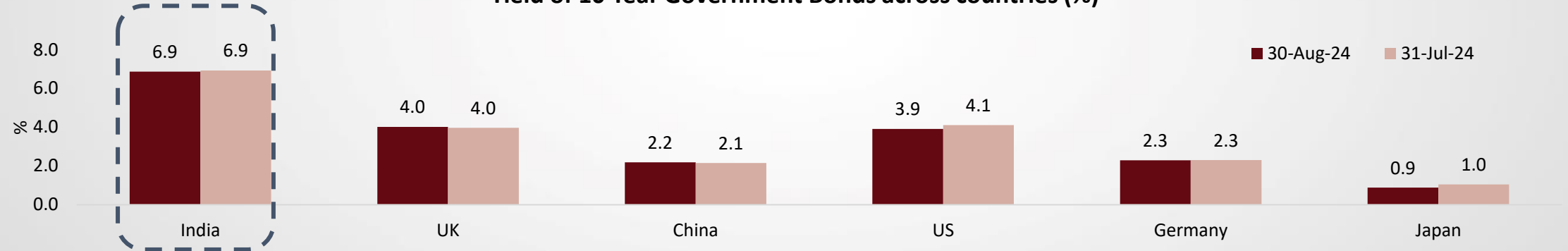
DEBT MARKET

Global



GLOBAL DEBT

Yield of 10 Year Government Bonds across countries (%)



Current Yield (%)	6.9	4.0	2.2	3.9	2.3	0.9
Inflation (%)	3.5	2.2	0.5	2.9	2.3	2.6
Real Yields (%):						
30-Aug-24	3.3	1.8	1.7	1.0	0.0	-1.7

- Globally, 10-year sovereign yields remained mixed during the month. All above economies witnessed positive inflation adjusted returns/yields except Japan with India being the highest followed by U.K. and China.
- U.S. Treasury prices rose following the remarks of the U.S. Fed Chair at the Jackson Hole Economic Symposium, where he provided a hint of rate cut in the upcoming policy meeting in Sep 2024.

CATEGORY PERFORMANCE

Debt Mutual Funds



CATEGORY PERFORMANCE

Category	Absolute Returns (%)			CAGR (%)		
	1 month	3 months	6 months	1 year	3 years	5 years
Overnight Fund	0.52	1.59	3.25	6.68	5.55	4.72
Liquid Fund	0.56	1.73	3.60	7.23	5.88	5.12
Ultra Short Term Fund	0.52	1.68	3.52	6.91	5.59	5.29
Low Duration Fund	0.55	1.80	3.68	7.08	5.67	5.89
Money Market Fund	0.54	1.74	3.67	7.21	5.84	5.62
Arbitrage Fund	0.55	1.75	3.61	7.38	5.61	5.04
ICRA Liquid Index	0.60	1.84	3.81	7.63	6.30	5.51
Short Term Bond Fund	0.65	2.05	3.81	7.27	5.63	6.13
Medium Duration Fund	0.74	2.19	3.95	7.53	5.77	5.80
Banking and PSU Fund	0.69	2.08	3.85	7.40	5.41	6.28
Corporate Bond Fund	0.71	2.14	3.99	7.50	5.38	6.36
Credit Risk Fund	0.74	2.07	3.93	8.26	9.26	6.32
Nifty Short Duration Debt Index	0.60	1.90	3.80	7.41	5.59	6.50
Dynamic Bond Fund	0.91	2.47	4.21	8.24	5.72	6.07
Medium to Long Duration Fund	0.87	2.38	4.16	7.82	5.46	5.73
ICRA Composite Bond Fund Index	0.96	2.73	4.81	8.80	6.06	7.27
Gilt Fund	0.98	2.58	4.45	8.74	5.58	6.07
ICRA Composite Gilt Index	1.04	2.96	4.89	9.37	6.20	6.99

- Gilt Funds, Credit Risk Funds and Dynamic Bond Funds are the top performing categories over the past year, generating over 8% return.

DEBT MARKET

Sensitivity Analysis



INDIAN DEBT

Sensitivity Analysis				Interest Rate Scenario's					
Category	Avg YTM (%)	Avg Maturity (Years)	Avg Mod duration (Years)	Increases			Decreases		
				0.25%	0.50%	1.00%	0.25%	0.50%	1.00%
Overnight Fund	6.27	0.00 Years	0.00 Years	6.27%	6.27%	6.27%	6.27%	6.27%	6.27%
Liquid Fund	7.05	0.04 Years	0.11 Years	7.02%	7.00%	6.94%	7.08%	7.11%	7.16%
Ultra Short Term Fund	7.15	0.20 Years	0.40 Years	7.05%	6.95%	6.75%	7.25%	7.35%	7.55%
Money Market Fund	7.41	0.20 Years	0.51 Years	7.29%	7.16%	6.90%	7.54%	7.67%	7.92%
Low Duration Fund	7.67	0.78 Years	0.88 Years	7.45%	7.23%	6.79%	7.89%	8.11%	8.55%
Short Term Bond Fund	7.51	3.67 Years	2.71 Years	6.83%	6.15%	4.80%	8.19%	8.86%	10.22%
Corporate Bond Fund	7.53	4.73 Years	3.36 Years	6.69%	5.85%	4.17%	8.37%	9.21%	10.89%
Banking and PSU Fund	7.44	4.94 Years	3.31 Years	6.62%	5.79%	4.13%	8.27%	9.10%	10.75%
Credit Risk Funds	8.21	2.98 Years	2.13 Years	7.68%	7.15%	6.08%	8.74%	9.28%	10.34%
Medium Duration Fund	7.71	4.93 Years	3.53 Years	6.83%	5.94%	4.18%	8.59%	9.47%	11.24%
Dynamic Bond Fund	7.18	13.59 Years	6.83 Years	5.47%	3.77%	0.35%	8.89%	10.60%	14.01%
Medium to Long Duration Fund	6.70	10.09 Years	5.79 Years	5.25%	3.80%	0.91%	8.14%	9.59%	12.49%
Gilt Fund	7.10	16.22 Years	7.96 Years	5.11%	3.12%	-0.86%	9.09%	11.08%	15.06%

- Credit Risk funds, Medium Duration funds and Low Duration funds offer higher YTM's.

Note: Modified Duration indicates the sensitivity of a fund/bond with a change in interest rate scenario. It helps help investors predict how the bond's price will be affected by the fluctuations in interest rates.

For eg: If a fund with a modified duration of 8 years and YTM of 8% sees a 50-bps interest rate fall in a year, then the estimated return will be 12% [Average YTM - (Modified Duration x Change in Interest Rate)].

DEBT MARKET ROUNDUP

Key Takeaways & Outlook



INDIAN DEBT

Domestic & Global factors that played out for the Indian markets:

- Bond yields decreased during the month following a drop in U.S. Treasury yields after the U.S. Federal Reserve hinted that its rate-easing cycle could start in Sep 2024. Gains were extended following a slump in U.S. manufacturing data in Jul 2024 which ignited concerns that the U.S. Federal Reserve may be behind the curve with rate cuts. Yields fell further as weak U.S. jobs data of Jul 2024 increased the expectation of aggressive rate cuts by the U.S. Federal Reserve.
- However, gains were restricted after the RBI maintained a status quo on interest rates and retained its hawkish policy stance with focus on bringing inflation down in its latest monetary policy meeting concluded on Aug 8, 2024.

Outlook:

- Domestic bond markets are expected to benefit from a favorable global environment as market participants are expecting aggressive rate cuts by the U.S. Federal Reserve starting from Sep 2024. Domestic inflation is predicted to decline because of a strong monsoon that would help to cool down the perishable items in the food basket, while core inflation is expected to stay mostly under control. Domestic bond yields could decrease even more due to global flows into debt markets along with ongoing JP Morgan index inclusion related flows. However, tighter lending norms by the RBI are anticipated as pressure in the unsecured lending market has been mounting, which could restrict the yields from easing.
- **For Core portfolio (60-70% of the entire debt portfolio), investors may consider Short Duration funds, Banking & PSU, Corporate Bond and Target Maturity funds (matching with the average maturity of the funds and investment horizon).** Along with MFs, good quality Corporate FDs and Bonds can be looked at allocation in the debt portfolio.
- **For Satellite portfolio (30-40% of the entire debt portfolio), investors may consider mutual fund categories such Medium to Long duration, Gilt and Dynamic Bond Funds as they can generate capital gains when interest rates cuts by central banks happen in future.**

ECONOMIC CALENDAR

Upcoming Key Events for the Month



DOMESTIC

Events for September 2024	
Event	Date
Industrial Production YoY Jul 2024	12-Sep-24
CPI Inflation Rate YoY Aug 2024	12-Sep-24
Passenger Vehicles Sales YoY Aug 2024	12-Sep-24
WPI Inflation YoY Aug 2024	16-Sep-24
Balance of Trade Aug 2024	16-Sep-24
Fiscal deficit (as a % of budget estimates) Aug 2024	30-Sep-24
Infrastructure Output YoY Aug 2024	30-Sep-24
Current Account Deficit Q1FY25	30-Sep-24



GLOBAL

Events for September 2024	
Event	Date
China CPI YoY Aug 2024	09-Sep-24
U.K. GDP Estimate YoY Jul 2024	11-Sep-24
U.S. CPI YoY, NSA Aug 2024	11-Sep-24
Euro Zone ECB Refinancing Rate Sep 2024	12-Sep-24
U.S. Fed Reserve Policy	18-Sep-24
U.K. BOE Bank Rate Sep 2024	19-Sep-24
Japan CPI, Overall Nationwide Aug 2024	19-Sep-24
China Loan Prime Rate 1Y Sep 2024	20-Sep-24

MUTUAL FUND DASHBOARD

Category Performance

MUTUAL FUND DASHBOARD

Category Performance



CATEGORY PERFORMANCE

Equity Category:	1 Yr	3 Yr	5 Yr	10 Yr
Large Cap	38.46	16.04	19.34	13.56
Large & Mid Cap	45.12	20.81	24.15	16.48
Multi Cap	45.27	22.30	26.04	17.12
Flexi Cap	41.37	18.36	21.88	15.37
Mid Cap	49.68	24.60	29.22	18.86
Small Cap	45.30	25.88	33.54	20.19
Focused	41.01	17.88	21.36	14.96
Value	49.15	23.18	25.43	16.99
Hybrid Category:				
Conservative Hybrid	14.19	8.80	9.35	8.27
Balanced Advantage	26.41	12.87	14.15	10.75
Multi Asset Allocation	27.44	15.94	19.04	12.69
Aggressive Hybrid	32.89	15.42	18.50	12.87

Debt Category	3 Mths	6 Mths	1 Yr	3 Yr
Money Market:				
Overnight	1.59	3.25	6.68	5.55
Liquid	1.73	3.60	7.23	5.88
Ultra Short Duration	1.68	3.52	6.91	5.59
Low Duration	1.80	3.68	7.08	5.67
Money Market	1.74	3.67	7.21	5.84
Accrual:				
Short Duration	2.05	3.81	7.27	5.63
Medium Duration	2.19	3.95	7.53	5.77
Banking & PSU Debt	2.08	3.85	7.40	5.41
Corporate Bond	2.14	3.99	7.50	5.38
Floating Rate	2.26	4.33	7.92	5.93
Credit Risk	2.07	3.93	8.26	9.26
Duration:				
Medium to Long Duration	2.38	4.16	7.82	5.46
Long Duration	3.00	4.95	10.08	6.15
Dynamic Bond	2.47	4.21	8.24	5.72
Gilt	2.58	4.45	8.74	5.58
Gilt Fund with 10 year constant duration	2.60	4.60	8.57	5.15

Note: <1 year return are absolute and ≥ 1 year returns are CAGR. Performance is of regular plan growth option for MF category performance. MF Category average performance as on 30th Aug 2024. Source: MFI 360 Explorer <http://www.icraanalytics.com/legal/standard-disclaimer.html>

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