

Global Navigator

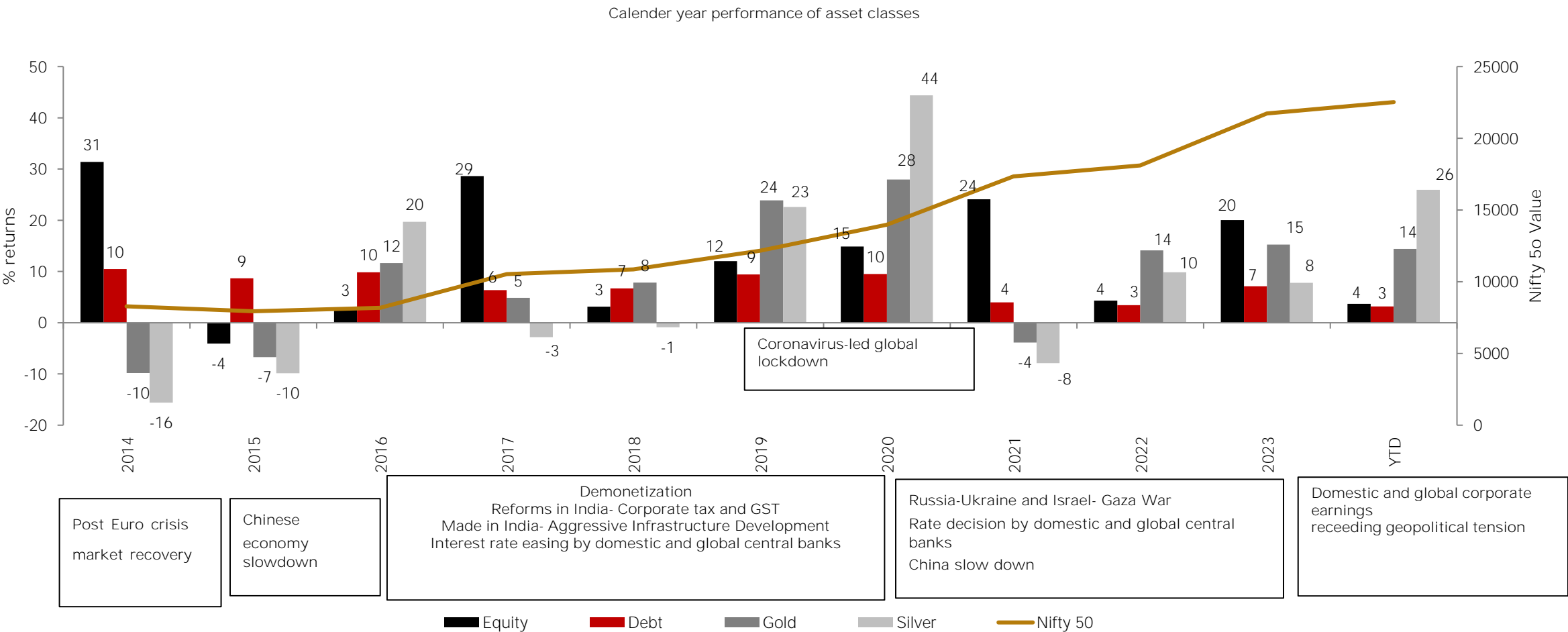
June 2024



HSBC Mutual Fund

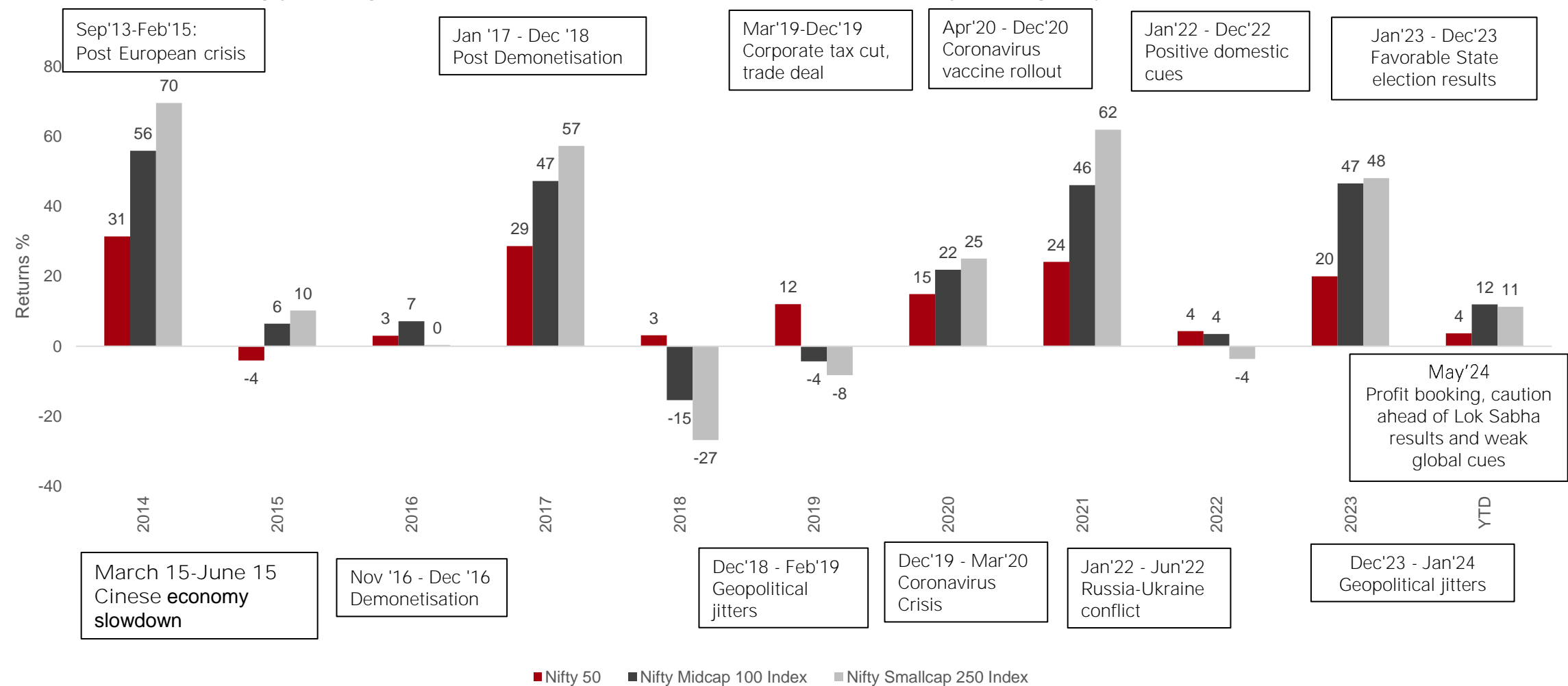
History of asset classes through major events

Different asset classes outperform each other during different market cycles and events



History of Equity markets through major events

Equity has performed strongly during positive market situation, but corrected sharply during major slow down events

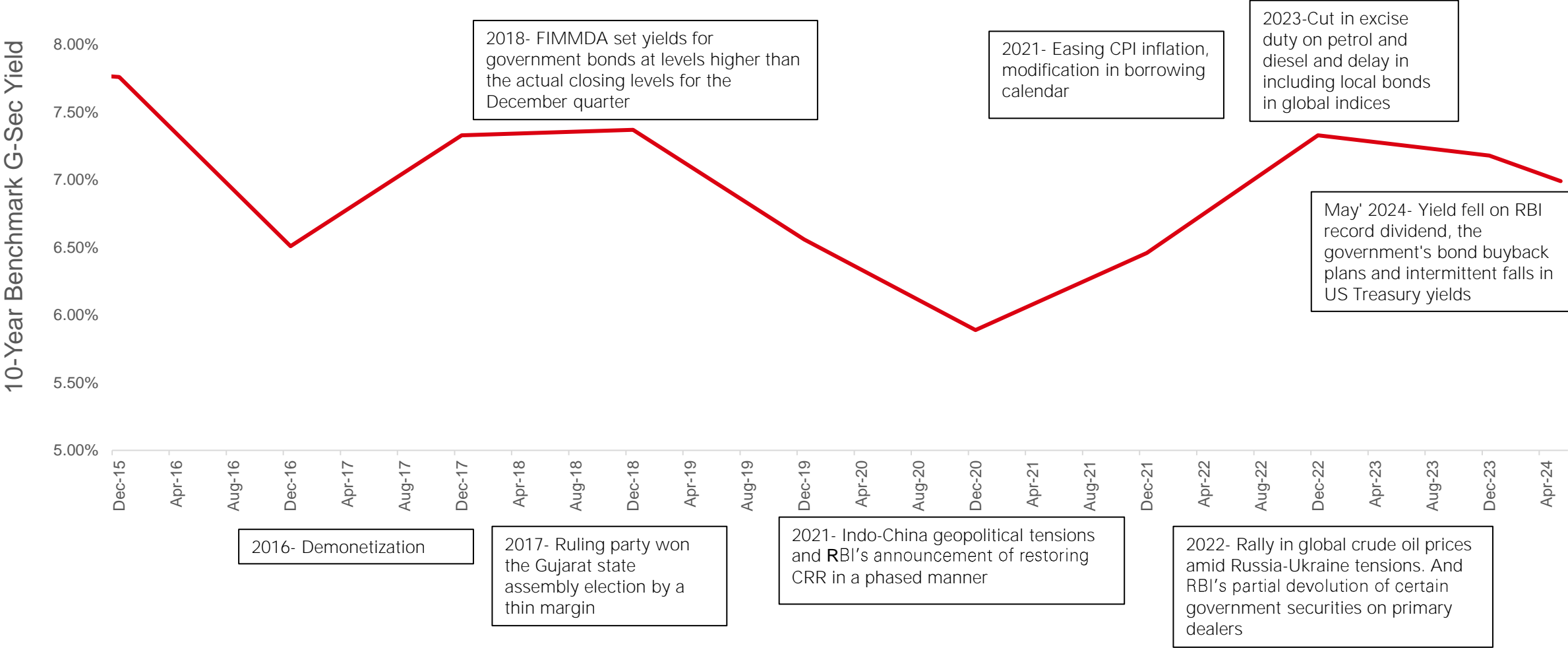


Source: NSE, CRISIL, Data as on 31 May 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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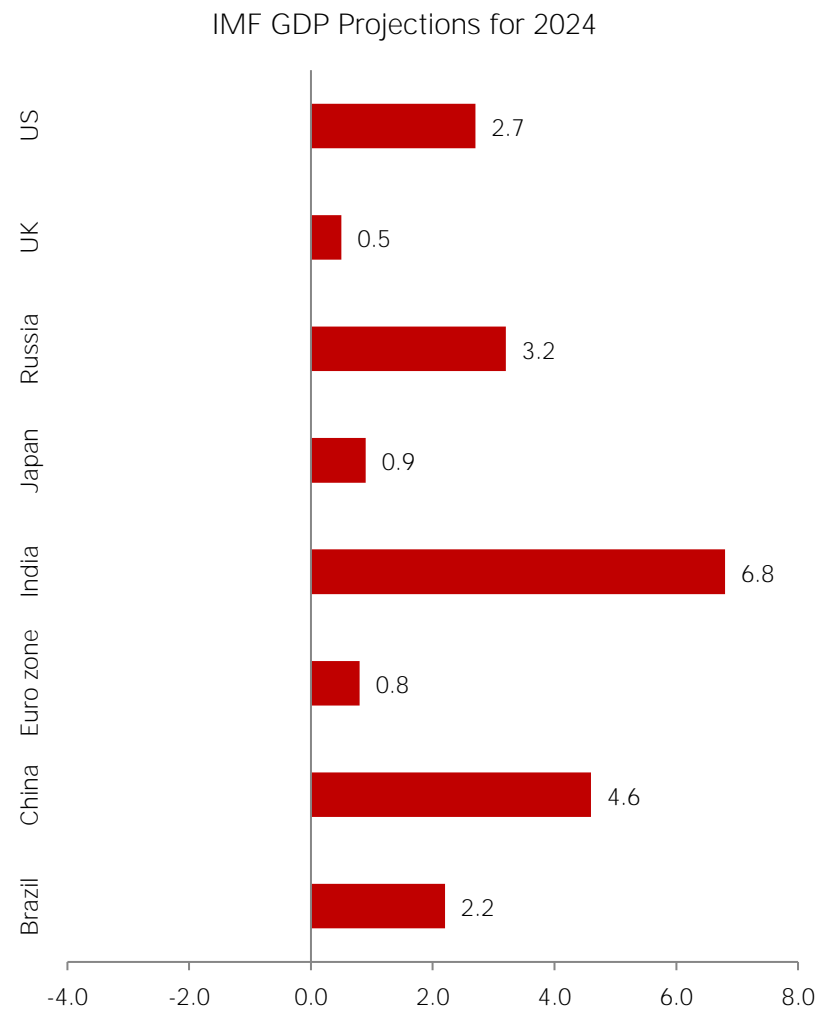
History of Debt Markets through major events

10-year G-Sec yield movement through major events



	GDP		Inflation		Industrial Growth	
	Current	Previous	Current	Previous	Current	Previous
US	1.3% Q1 2024	3.4% Q4 2023	3.4% Apr'24	3.5% Mar'24	-0.4% Apr'24	0.1% Mar'24
Eurozone	0.4% Q1 2024	0.1% Q4 2023	2.4% Apr'24	2.4% Mar'24	-1.0% Mat'24	-6.3% Feb'24
UK	0.2% Q1 2024	-0.2% Q4 2023	2.3% Apr'24	3.2% Mar'24	0.5% Apr'24	1.0% Mar'24
China	5.3% Q1 2024	5.2% Q4 2023	0.3% Apr'24	0.1% Mar'24	6.7% Apr'24	4.5% Mar'24
Japan	-2.0% Q1 2024	0.0% Q4 2023	2.5% Apr'24	2.7% Mar'24	-1.0%* Apr'24	-6.20% Mar'24
India	7.8% Q4 2023	8.6% Q3 2023	4.83% Mar'24	4.85% Mar'24	4.9% Mar'24	5.7% Feb'24

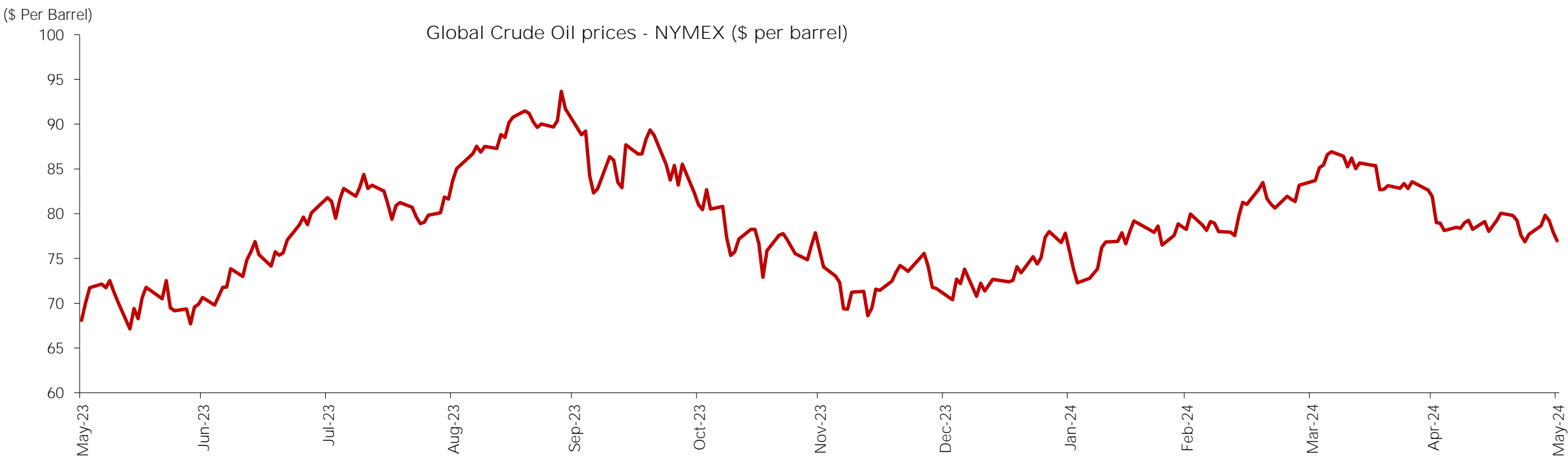
Major Global Central Bank	Latest Key Interest rate
US Federal Reserve	5.25-5.5%
Bank of England	5.25%
European Central Bank	4.50%
Bank of Japan	0.10%
India	6.50%



Global economic outlook likely to improve slightly next year

International crude oil fell in May

- Crude oil prices on the New York Mercantile Exchange (NYMEX) closed at \$76.99 per barrel on May 31, down 6.03% from \$81.93 per barrel on April 30.
- Oil prices went lower on demand concerns after the United States Federal Reserve (Fed) said it was awaiting more signs of inflation cooling before it started cutting interest rates. An unexpected rise in gasoline and distillate fuel stockpiles also kept prices under pressure.



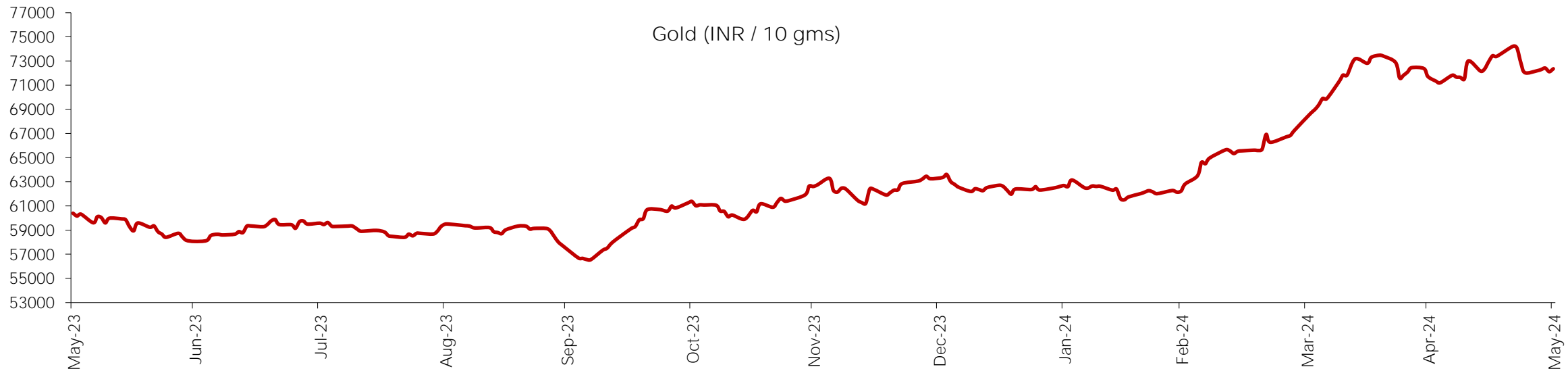
Oil prices fell due to rising demand worries

Commodity Market Review

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Gold rose in May

- Gold prices ended at 72,356 per 10 grams on May 31, up 0.90% from Rs 71710 per 10 grams on April 30, as per the India Bullion and Jewellers Association.
- The yellow metal rose in the initial period due to local demand for the auspicious occasion of Akshay Tritiya.
- There were more gains on optimism over an interest rate cut by the Federal Reserve (Fed).
- However, this optimism dimmed on the back of the Fed's hawkish stance and as strong US data raised concerns regarding a Fed rate cut.

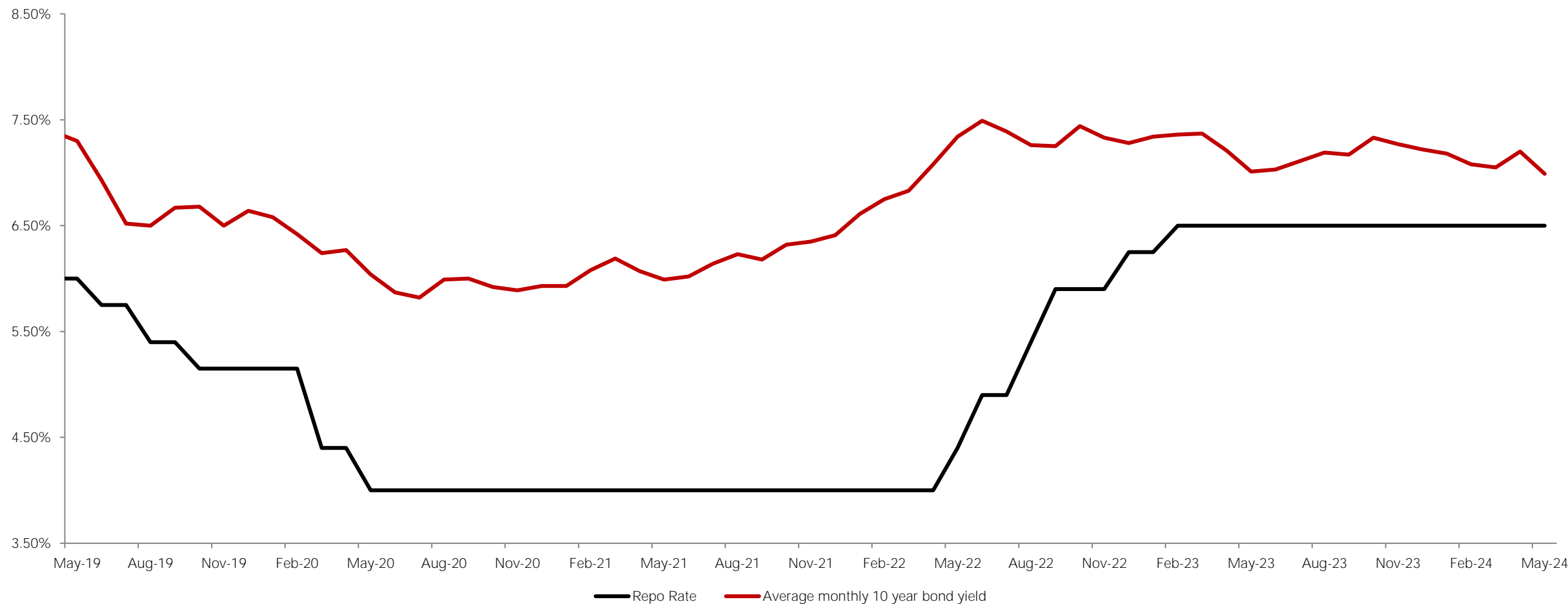


Gold prices rose on Akshay Tritiya demand

Source: CRISIL, IBJA. Data as on 31 May 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%



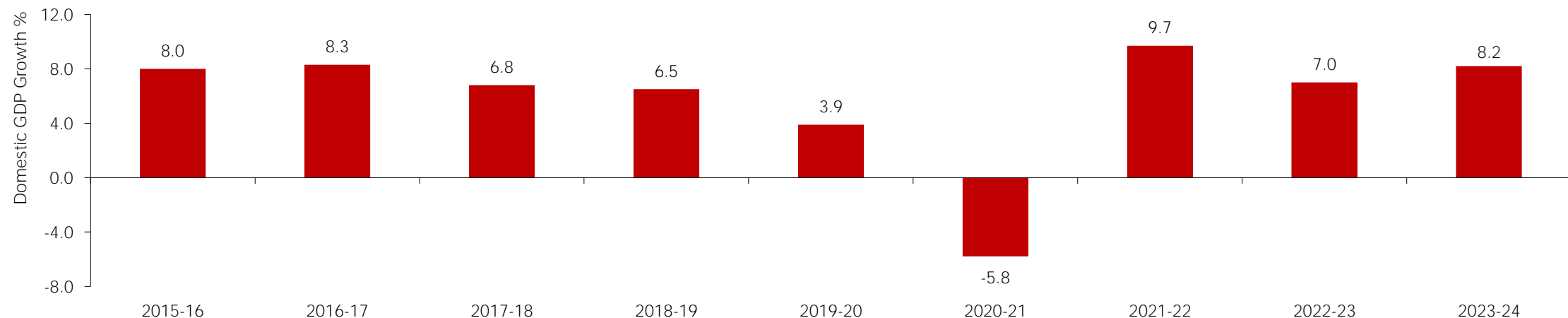
Source: RBI, CRISIL Research, Data as on 31 May 2024
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Indian Economic Environment

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GDP growth surges to faster-than-expected 8.2% in fiscal 2024; outlook for this fiscal positive

- As per provisional data released by the National Statistical Office (NSO) on May 31, India's real gross domestic product (GDP) is estimated to have grown 8.2% in fiscal 2024. This growth, significantly higher than 7% reported in the preceding year and the NSO's first advance estimates of 7.3%, came on the back of higher public spending, robust growth in manufacturing and construction, and lower spend on subsidies. This is the ninth instance since fiscal 1962 in which GDP growth has surpassed the 8% threshold.
- Meanwhile, the International Monetary Fund (IMF) expects public investments to drive 6.8% expansion in the Indian economy this fiscal.
- Back home, Chief Economic Advisor opined that India's economy could sustain growth of more than 6.5-7% per annum for a decade with the help of investments in physical and digital infrastructure



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

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Retail inflation eases to four-month low of 4.83% in April 2024

- India’s consumer price index(CPI)-based inflation came in at 4.83% in April 2024. While this was only marginally lower than the preceding month (4.85% in March 2024), it was the lowest in four months and reflected a significant easing as compared to a year ago (4.7% in April 2023).
- Meanwhile, India’s wholesale price index-based (WPI) inflation also rose to a four-month high of 1.26% in April.

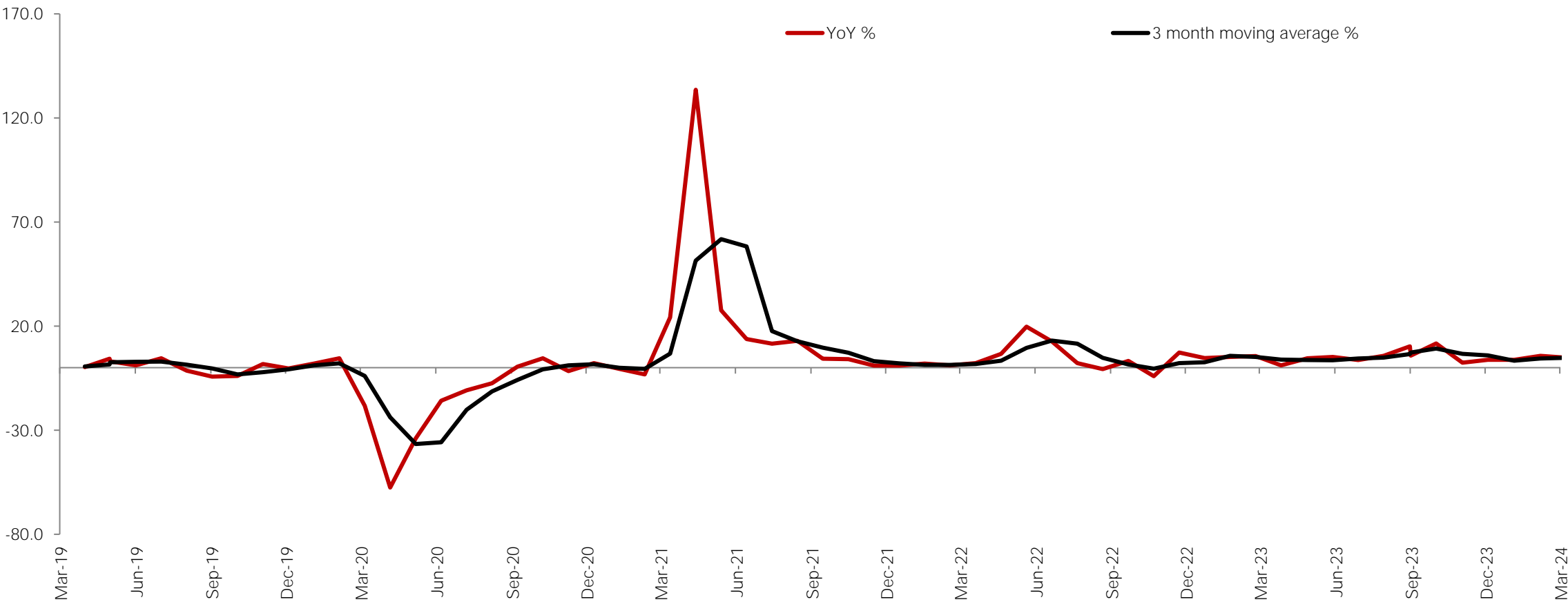
Indicators	Current	Previous
Monthly CPI Inflation	4.83% (April-24)	4.85% (March-24)
Industrial Growth	4.9% (March-24)	5.7% (February-24)
Exports	\$34.99 bn (Apr FY24)	\$34.62 bn (Apr FY23)
Imports	\$54.09 bn (Apr FY24)	\$49.06 bn (Apr FY23)
Trade Balance	\$-6.51bn (Apr FY24)	\$-2.62 bn (Apr FY23)
Gross Tax Collections	INR 212293 cr (Apr FY25)	INR 169859 cr (Apr FY24)

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

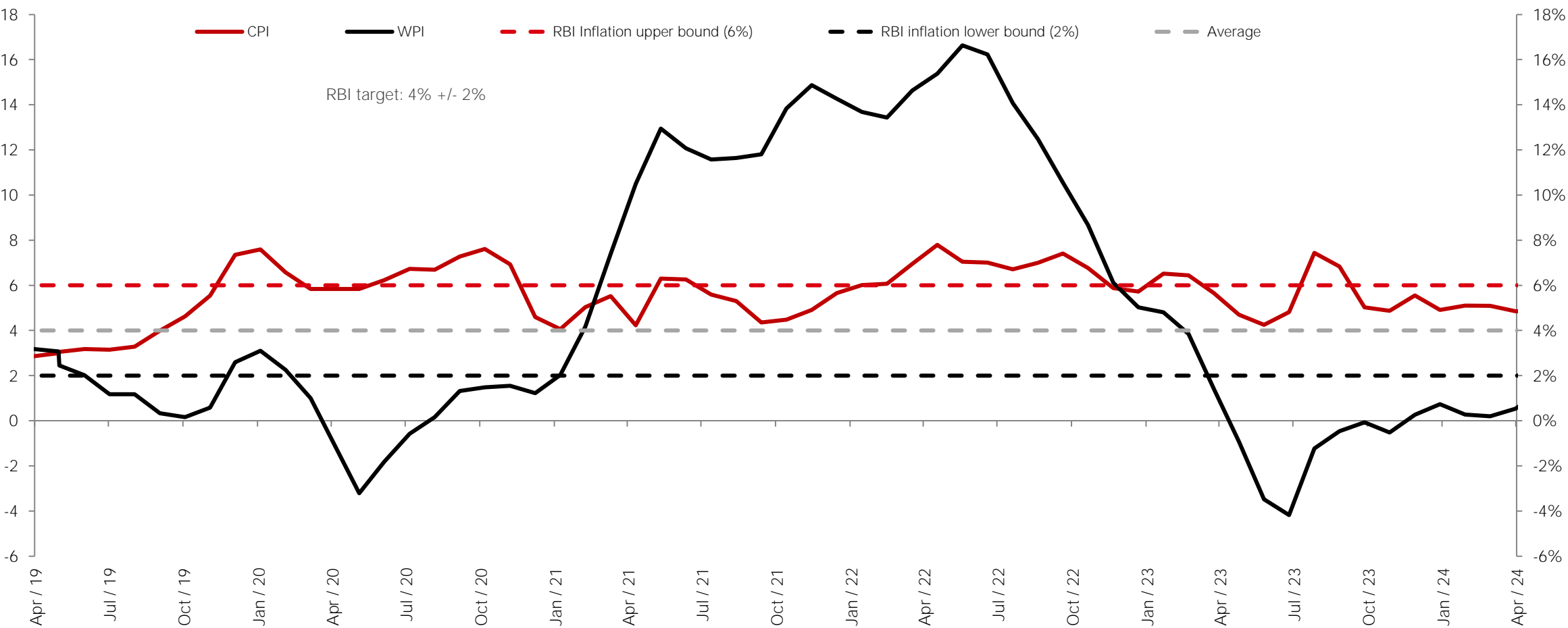
- India’s industrial output, as measured by the Index of Industrial Production, fell to a four-month low of 4.9% in March 2024.



Source: CRISIL, MOSPI, Data as on 31 May 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

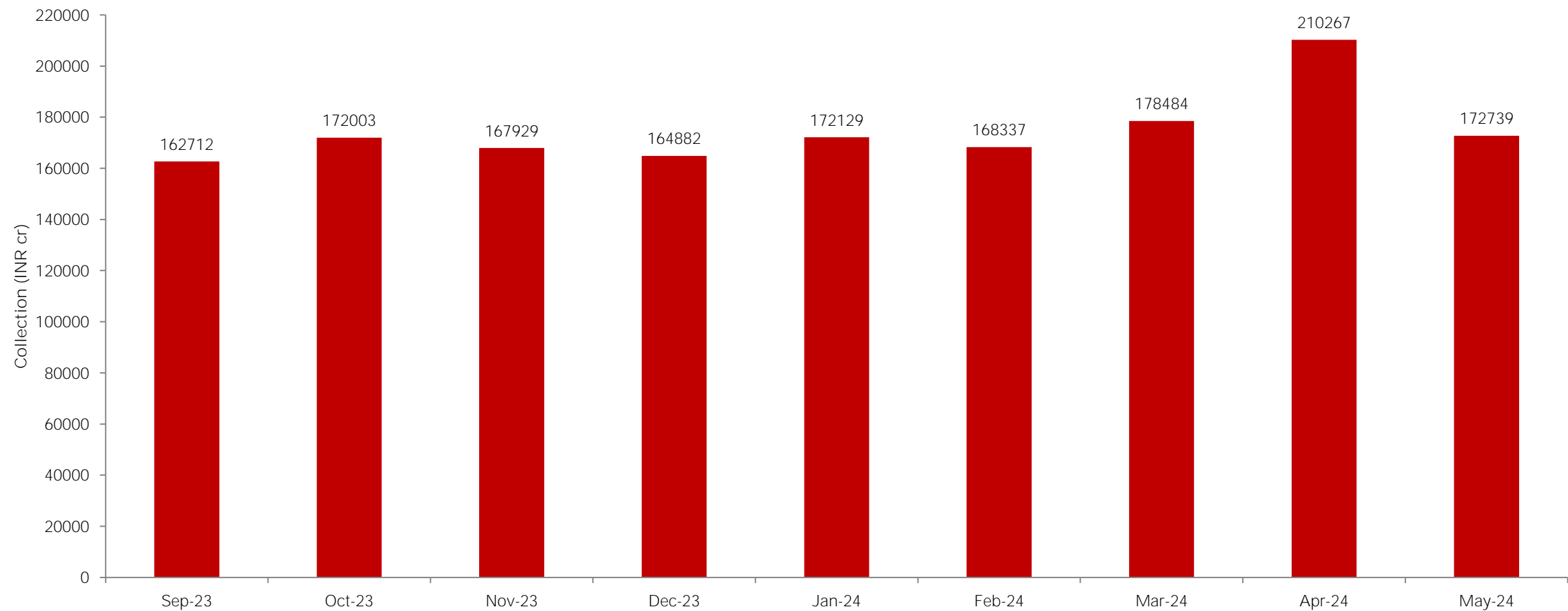
CPI inflation below the RBI's max target range



Source: CRISIL, MOSPI, RBI, Data as on 31 May 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 hit record of INR 1.72 lakh crore in May

The government collected INR 1.72 lakh crore goods and services tax (GST) for the month of May



Source: CRISIL, Ministry of Finance, Data as on 31 May 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 declined in May '24

- Indian equity indices snapped a three-month gain in May 2024, with benchmarks S&P BSE Sensex and Nifty 50 losing 0.70% and 0.33% on-month, respectively. This was largely due to profit booking and a generally cautious approach by investors ahead of the Lok Sabha 2024 election results, along with some mixed global cues.
- The markets saw some early gains following news of gross goods and services tax collections hitting a record high of Rs 2.1 lakh crore in April.
- Some gains were also witnessed due to rising expectations of rate cuts by the US Federal Reserve, as the central bank kept its rates unchanged at its policy meet at the start of the month and signalled no more hikes. These sentiments were strengthened following encouraging cues such as softer-than-expected US consumer inflation data.
- Additionally, the RBI's announcement of a larger-than-expected Rs 2.1 lakh crore dividend for the government for fiscal 2024 led to some gains towards the month-end, which was further bolstered by optimism over corporate earnings and hopes of a steady government.
- Eventually, however, these gains were trimmed by uncertainty over the outcome of general election in the second half of the month. Investors preferred to either book their profits or remain on the sidelines ahead of the final phase of polling.
- Investors also remained cautious ahead of the GDP growth data release.
- A disappointing revenue outlook for a major domestic multinational conglomerate and weakness in energy, auto, financial, and IT stocks also led to a drag on the markets.
- More losses were seen as investors raised concerns around the timing of the US interest rate cuts following hawkish comments from officials.

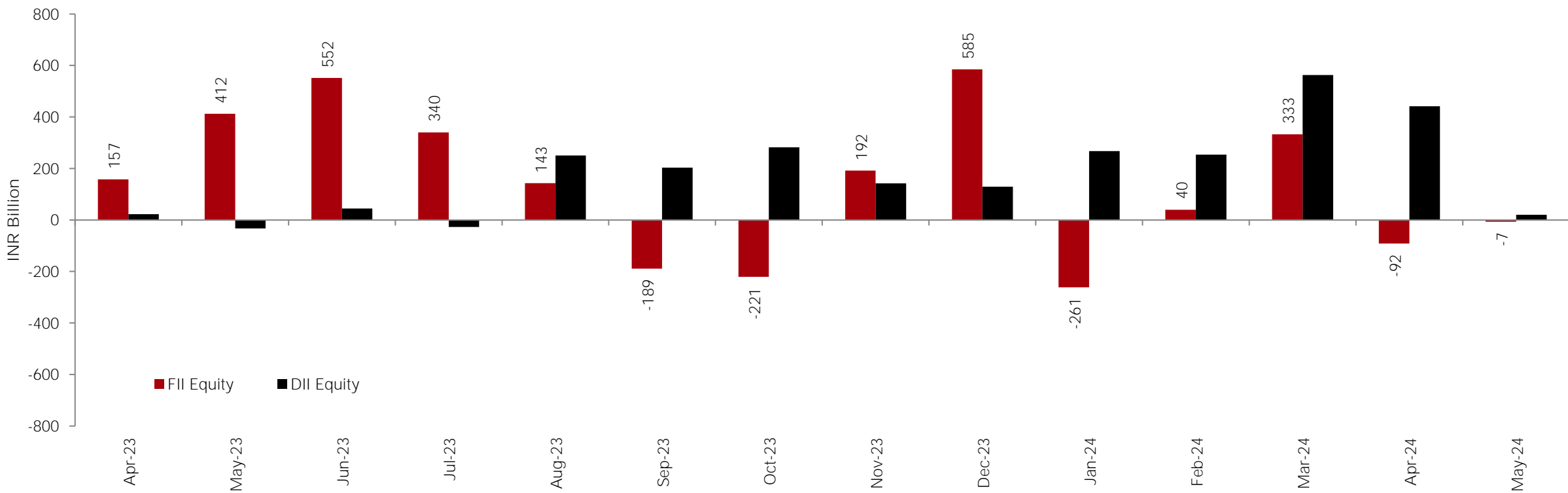
Markets suffered losses on profit booking and weak global cues

Source –CRISIL, Data as on 31 May 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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S&P BSE sectoral indices mostly ended lower in May '24

- Among all the key sectoral indices, about 11 witnessed an on-month fall in May 2024.
- The US rate-sensitive S&P BSE IT index was the biggest loser during the month, declining by 2.6% on increasing worries that US interest rates will stay higher for longer, coupled with profit booking.



Source: CRISIL, NSDL, NSE, Data as on 31 May 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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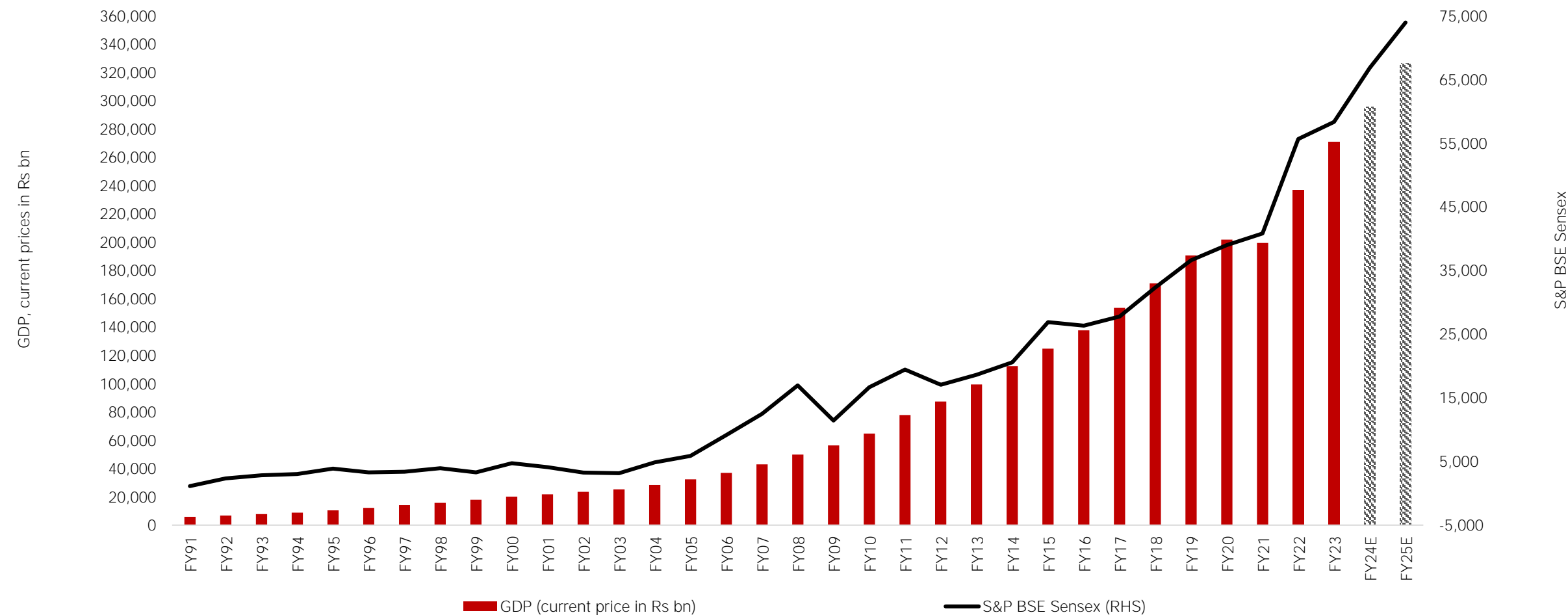
Indices	31-May-2024	30-Apr-2024	% Change 1 Month	% Change 1 Year	% Change YTD
Nifty 50	22531	22605	-0.33	21.56	3.68
BSE Sensex	73961	74483	-0.70	18.11	2.38
BSE Auto	53026	51066	3.84	62.00	25.57
BSE BANKEX	55772	55998	-0.40	11.50	2.56
BSE Capital Goods	70056	63025	11.16	88.22	25.90
BSE Consumer durables	54915	55198	-0.51	34.41	9.83
BSE FMCG	19529	19612	-0.42	6.99	-4.59
BSE Healthcare	34890	35406	-1.46	47.33	10.59
BSE IT	33199	34095	-2.63	13.13	-7.81
BSE Metal	32713	31251	4.68	67.39	21.20
BSE MidCap	42853	42121	1.74	58.13	16.32
BSE Oil & Gas	28640	28981	-1.18	59.36	24.41
BSE Power	7699	7220	6.64	101.59	32.32
BSE PSU	20888	20098	3.93	101.61	34.26
BSE Realty Index	7980	7643	4.40	108.18	28.98
BSE SmallCap	47264	47316	-0.11	54.84	10.76

Source: NSE, BSE, Data as on 31 May 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 May 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

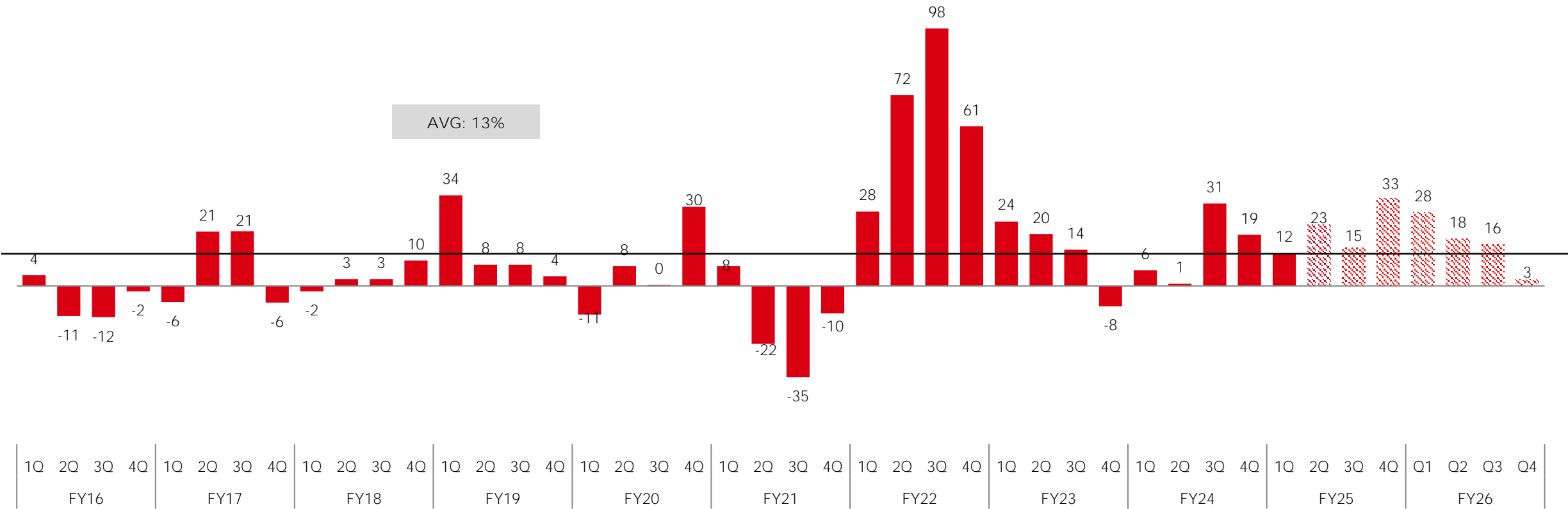
Sectoral indices	% Change										
	CY15	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24*	10-year CAGR*
Nifty 50	-4.06	3.01	28.65	3.15	12.02	14.90	24.12	4.33	11.20	4.02	12.93
S&P BSE Sensex	-5.03	1.95	27.91	5.91	14.38	15.75	21.99	4.44	10.10	3.10	12.75
S&P BSE Auto	-0.60	9.39	32.06	-22.12	-11.27	12.59	15.27	16.54	38.48	20.93	14.33
S&P BSE BANKEX	-9.92	7.35	39.08	5.27	20.72	-2.14	13.63	21.03	2.83	2.98	14.29
S&P BSE CG	-8.51	-3.28	40.03	-1.63	-9.97	10.63	43.47	15.97	49.93	13.27	17.91
S&P BSE CD	24.02	-6.34	101.92	-8.79	20.86	21.52	41.81	-11.27	18.62	10.40	23.80
S&P BSE FMCG	1.36	3.29	31.54	10.60	-3.58	10.55	8.57	-10.93	19.17	-4.18	11.22
S&P BSE Healthcare	15.06	-12.88	0.49	-5.92	-3.55	61.45	17.62	16.62	31.87	12.22	12.64
S&P BSE IT	4.51	-8.00	10.83	24.93	9.84	56.68	41.79	-12.10	15.89	-5.32	14.55
S&P BSE Metal	-31.20	36.65	47.78	-20.75	-11.92	11.23	57.06	-24.24	16.23	15.78	12.08
S&P BSE Oil & Gas	-3.43	27.17	34.00	-15.57	7.25	-4.44	24.22	8.36	0.70	25.89	11.73
S&P BSE Power	-6.44	1.53	19.83	-16.06	-3.65	7.05	67.62	16.57	12.32	24.09	15.64
S&P BSE PSU	-17.18	12.88	19.27	-21.11	-3.88	-16.88	41.01	25.84	34.65	29.18	11.95
S&P BSE Realty	-13.55	-5.98	106.36	-31.07	26.85	8.66	53.34	-10.26	64.11	23.54	18.51

Source: CRISIL, BSE, Figures in red indicate negative returns in that period. *10-year CAGR, Data as on 31 May 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



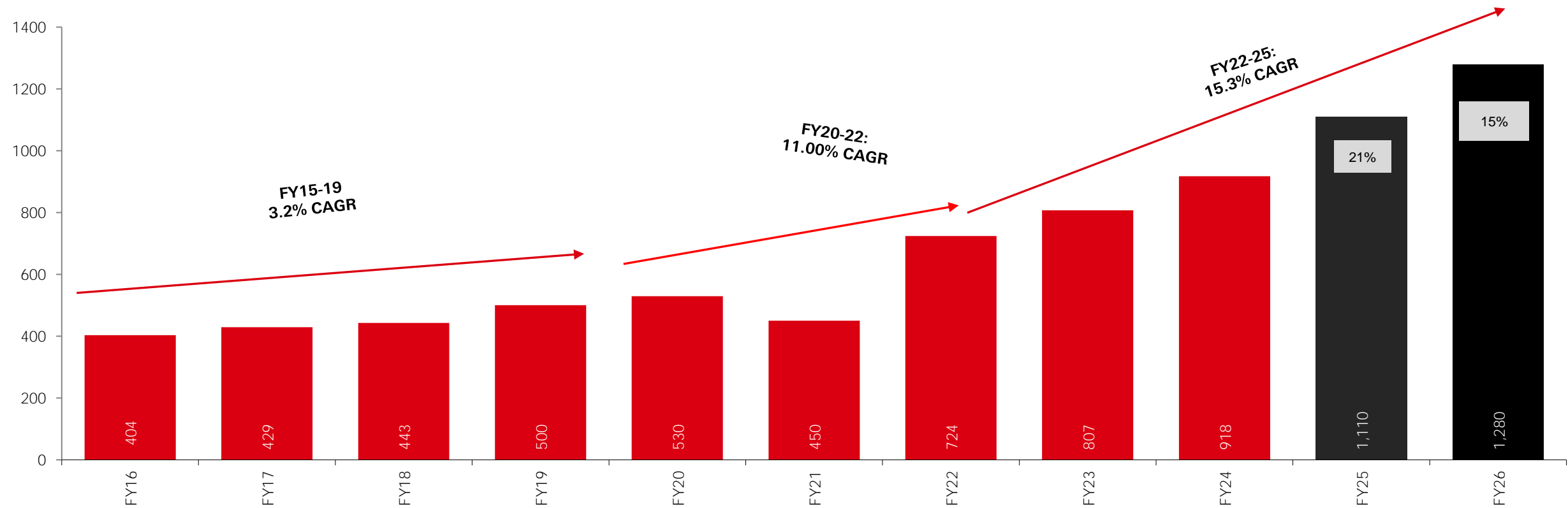
Nifty 50 EPS Growth (Y-o-Y)

Source: CRISIL, Bloomberg, Data as on 31 May 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.
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Estimates – shaded portion of FY25 and FY26

Earnings trend

India - Equity earnings (Nifty 50 EPS)

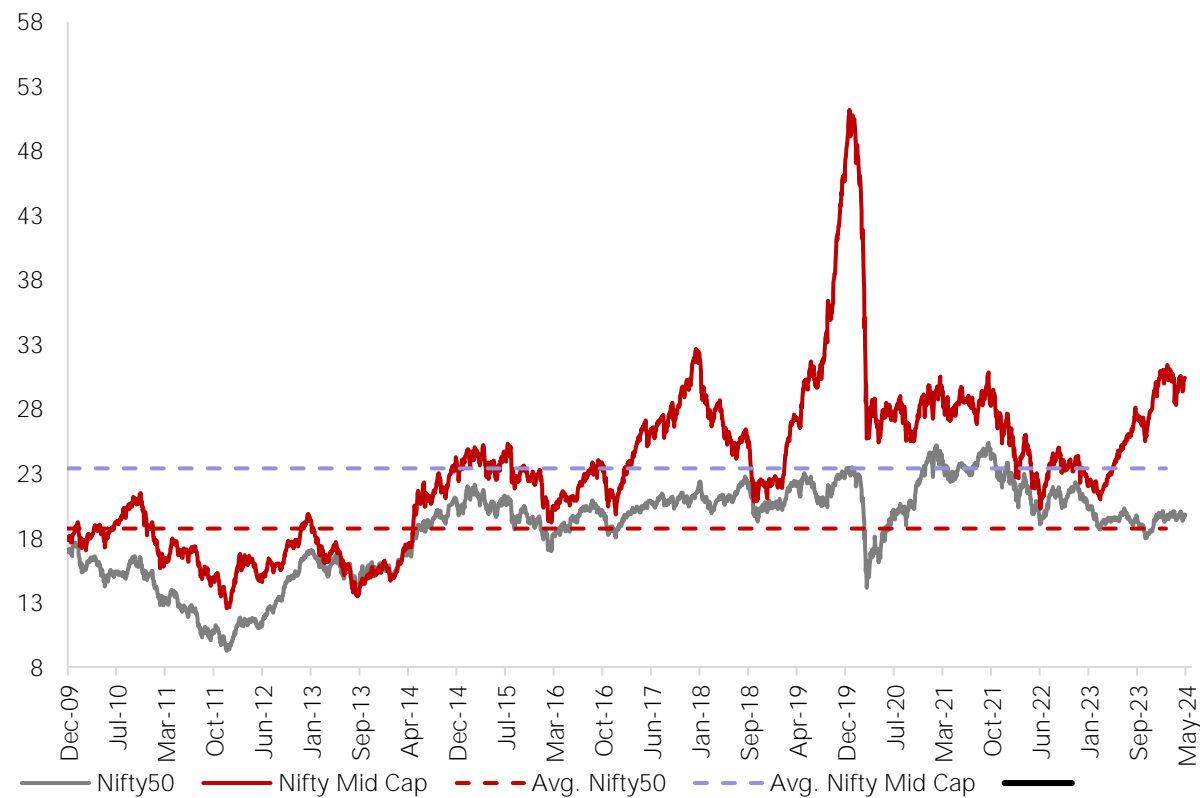


Note: Trailing 12M EPS (Earnings Per Share)
Black shaded columns are estimates of FY25 and FY26
Data for FY 26 is for only three quarters

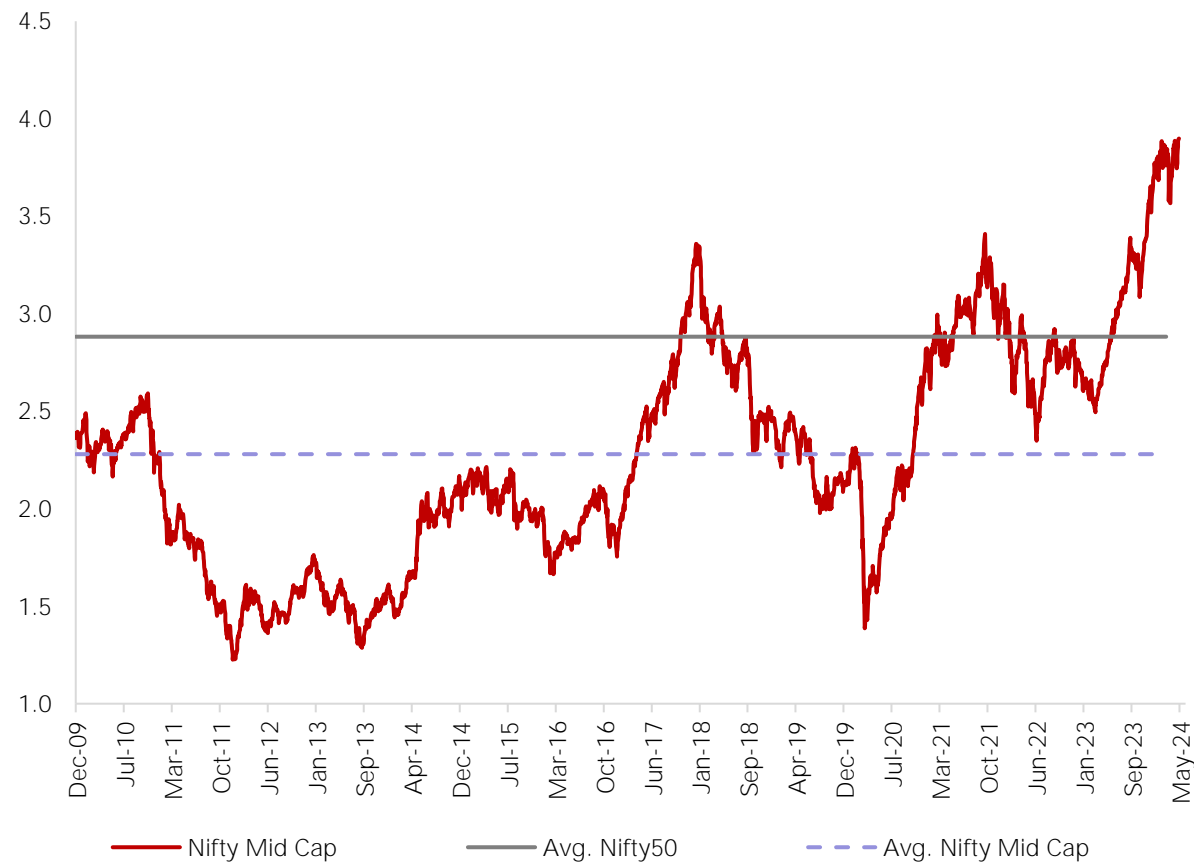
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Market valuations – Nifty 50 and Nifty Midcap 100

Large and Mid Cap - Price to Earnings (PE)



Large and Mid Cap - Price to Book (PB)

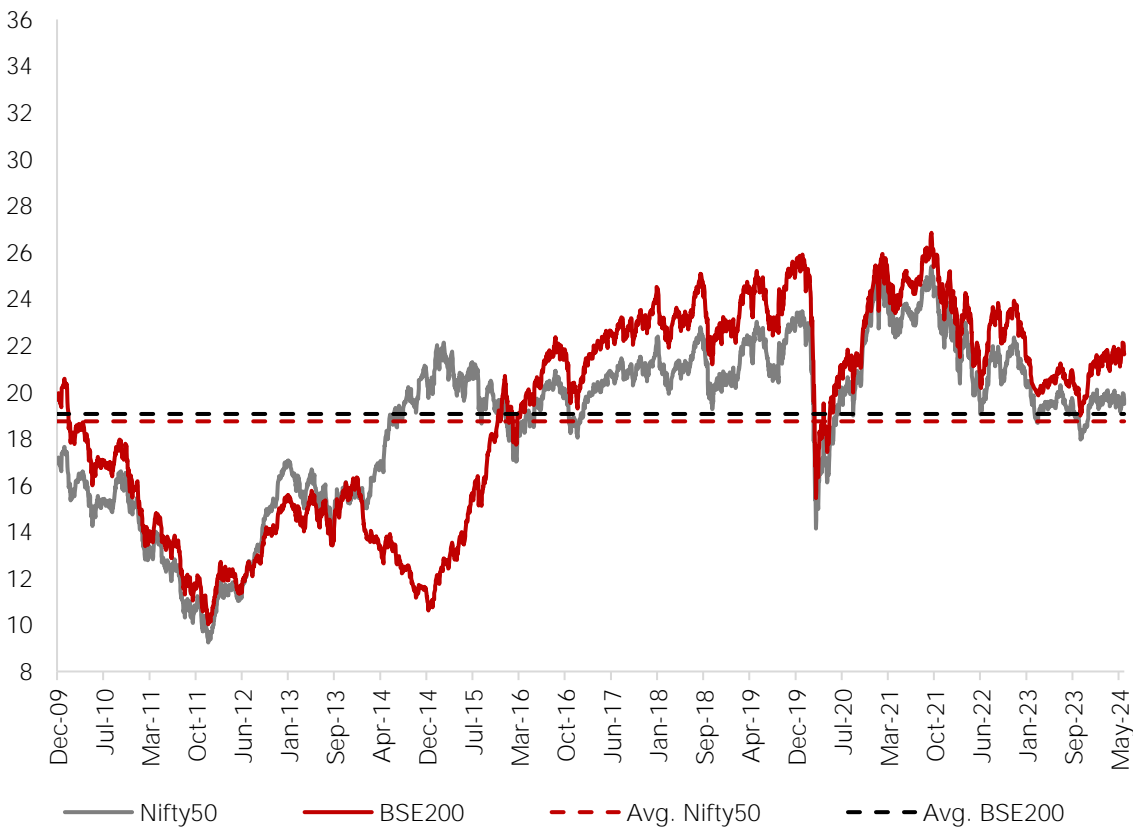


Source: CRISIL, Bloomberg

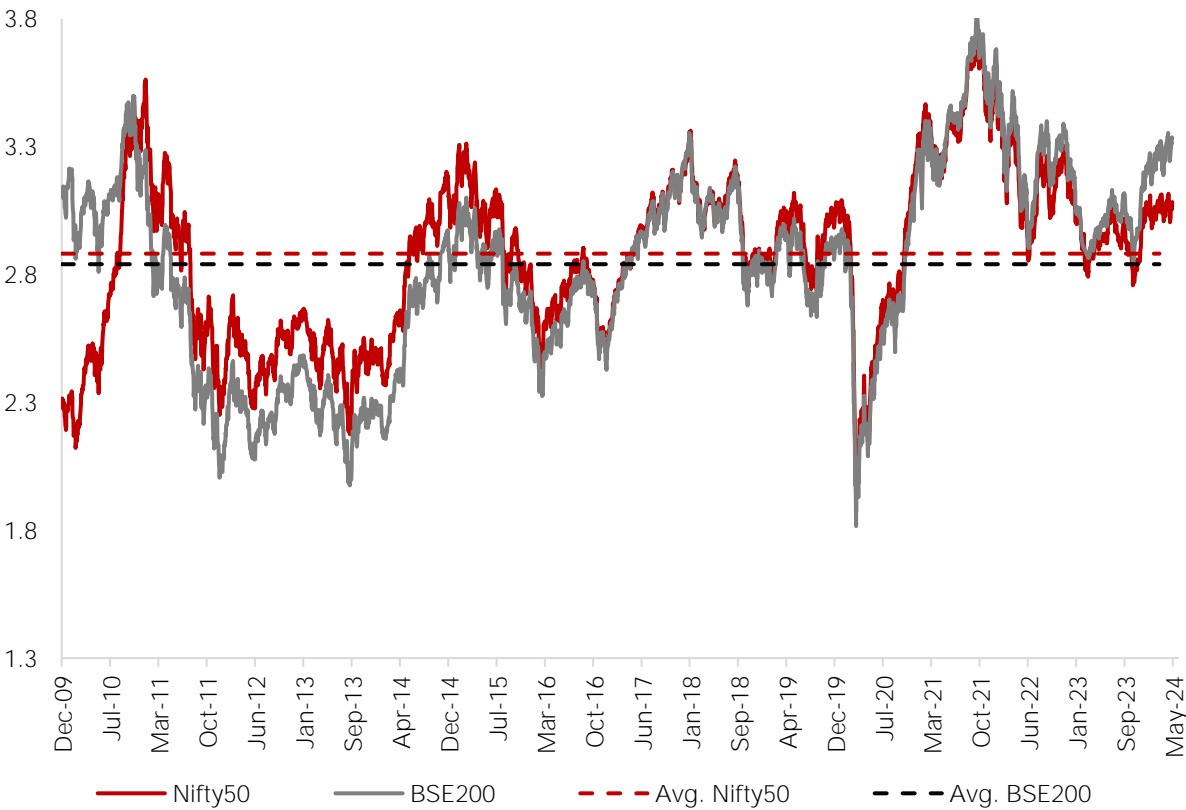
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Large and S&P BSE 200 - Price to Earnings (PE)



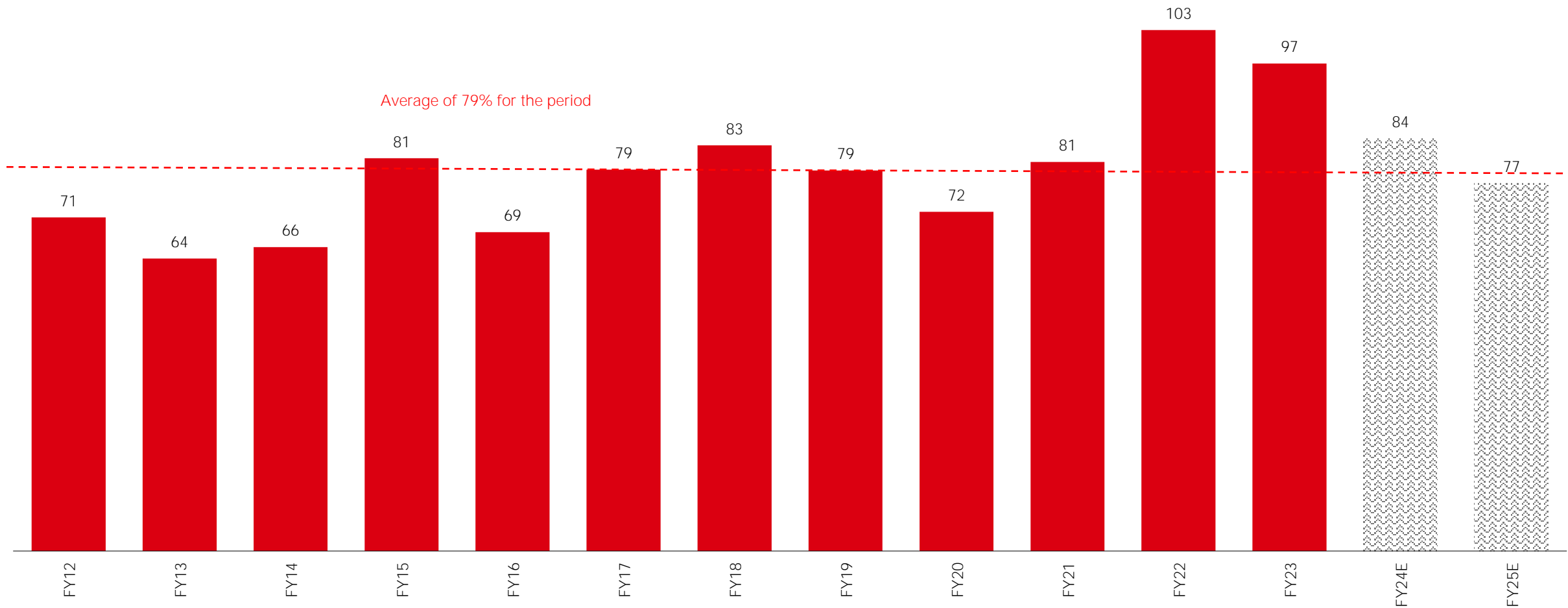
Large and S&P BSE 200 - Price to Book (PB)



Source: CRISIL, Bloomberg, BSE, Data as on 31 May 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

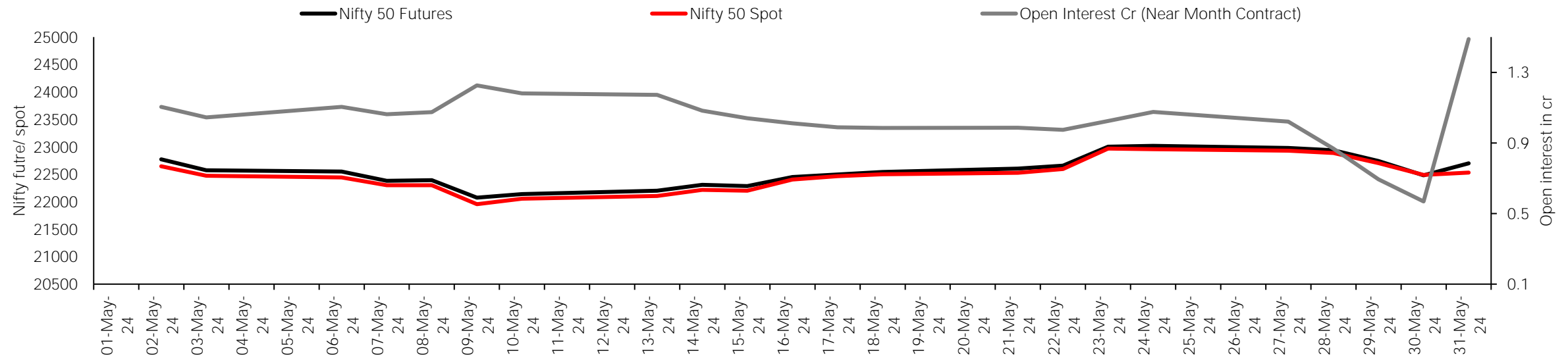


Shaded area are Estimates (E) – FY24, FY25
Source: CRISIL, MOSPI, Bloomberg, CRISIL estimates;
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- India's GDP growth for Q4FY24 remained strong at 7.8% yoy but was slower than 8.6%yoy for Q3FY24. The growth has been supported by higher investment spending while consumption growth has been slower.
- Nifty FY25 consensus earnings estimate rose by 1% while FY26 remained flat. Nifty now trades on 20.2x 1 year forward PE more than 10% above its 10-year average and similar to its 5-year average. Valuations in midcap and small cap space are much more elevated.
- Growth has continued to remain strong with GDP growth of 7.8% in Q4FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction.
- The new government will be present the Union Budget in July. We expect a continuity of policies. 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 the economy.
- India's growth momentum and outlook remains strong. We expect focus on infrastructure development while maintaining fiscal discipline to stay.
- An increased focus on employment generation could lead to an even greater thrust on manufacturing.
- We expect India's investment cycle to be on a medium term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle.
- We also expect 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.
- However, in our view several of these positives are getting discounted by the high valuations currently prevailing in the equity market.

Nifty futures

- The Nifty 50 near-month future contract of May rose on the rollover day (May 30) versus spot.
- The new near-month contract (June 27) ended 138 points higher on May 30.
- The rollover of the new near-month contract (June) was 68% on the expiry day compared to 37% 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 24.18 on May 30 compared to 10.73 on April 25 (rollover date) and ended the month at 24.60.
- Nifty futures saw trading volume of around Rs 4.6 lakh crore, arising out of 82.16 lakh contracts, with an open interest of around 33.49 crore during the month



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Nifty options

- On May 31, Nifty 24,000 call option witnessed the highest open interest of around 130.01 lakh, while Nifty 27,000 call contract garnered the maximum number of contracts of 15.72 lakhs.
- Nifty 21,000 put option witnessed the highest open interest of 133 lakh on May 31 and the Nifty 22,500 put contract garnered the maximum number of contracts of 17.27 lakh.

NSE F&O turnover

- Turnover on the NSE’s derivative segment came in positive in the month with index and stocks futures, options witnessed growth. The average put-call ratio was at 0.92 in May was lower than 0.94 in April.

Instrument	Monthly turnover summary (Figures in INR crore)		
	31-May	30-April	Change %
Index futures	806,652.31	693,063.84	16%
Stock futures	3,464,429.89	3,158,915.05	10%
Index options	715,356,509.40	707,237,363.93	1%
Stock options	11,034,694.05	9,921,344.74	11%
Total	730,662,285.65	721,010,687.56	1%

Source – CRISIL, NSE. Data as on 31 May 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 May 31, FIIs’ open interest was Rs 6.43 lakh crore (~96 lakh contracts). The details of FII derivatives trades for May 1 to 31 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	1855777	115257	1845201	115072	0.23	0.22	0.23	0.21
Index Options	718426039	47711876	722949071	48038165	89.64	89.71	89.63	89.72
Stock Futures	68479719	4333886	69080177	4367248	8.54	8.15	8.56	8.16
Stock Options	12732611	1024305	12711249	1023042	1.59	1.93	1.58	1.91
Total	801494146	53185323	806585698	53543528	100.00	100.00	100.00	100.00

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Average inter-bank call money rates above RBI repo rate in May

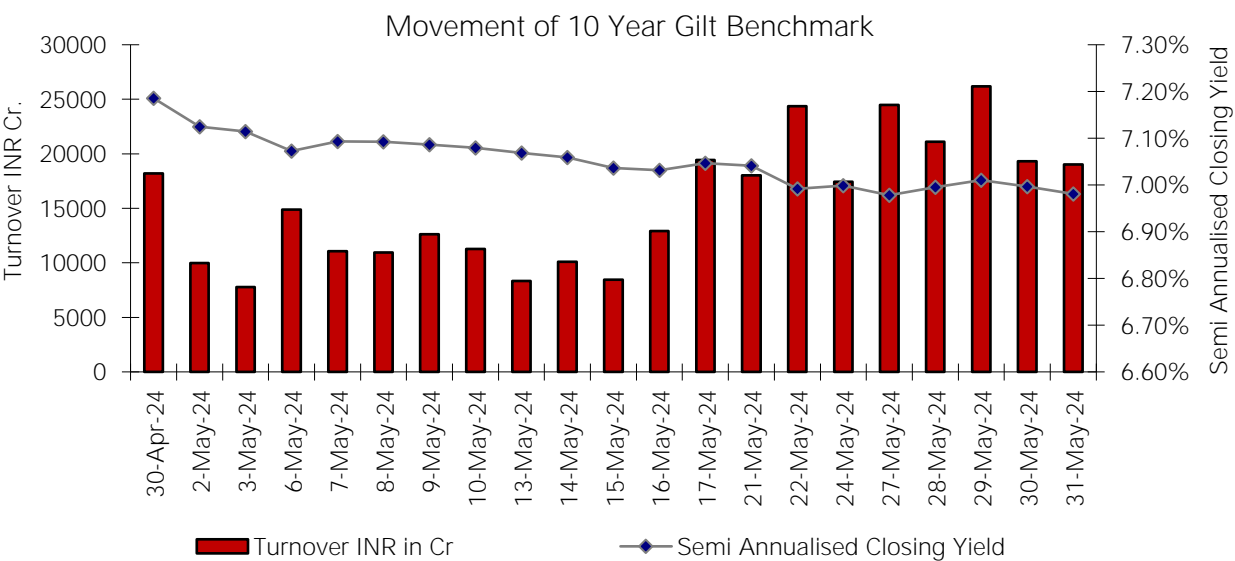
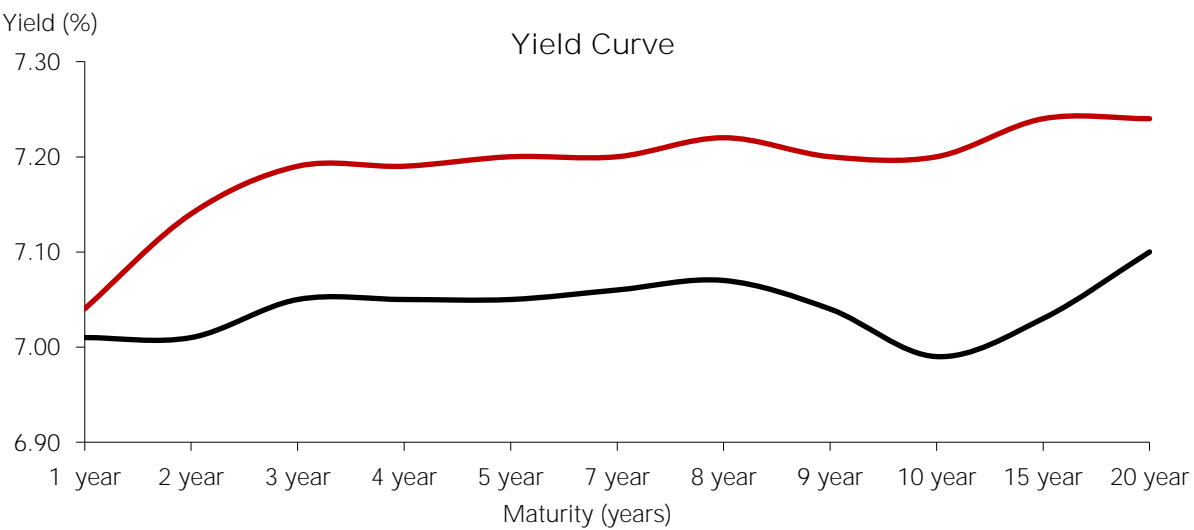
- Interbank call Weighted Average Rate (WAR) money rates averaged at 6.61% in May, higher than the RBI's repo rate of 6.5% and compared with 6.56% in April.

Bond prices ended lower in higher

- During the first half of the month, bond prices were kept on an upward trajectory by a decline in US Treasury yields. The fall in yields was set in motion after the US Fed kept its rates unchanged in its policy meeting, which was subsequently supported by encouraging cues such as softer-than-expected jobs data, cooler-than-expected inflation data and weaker-than-expected non-farm payrolls data in the US
- On the domestic front, government security prices also witnessed a rise towards the month-end following the RBI's record surplus transfer to the government in the form of dividend, which is expected to substantially bolster its fiscal position
- Furthermore, bond prices also saw gains after the RBI announced its plans to buy back government bonds worth an aggregate value of Rs 40,000 crore. This was to optimally deploy the ample cash reserves available in the hands of the government amid low election spending and the receipt of dividend from the central bank
- Nonetheless, further gains were trimmed by intermittent gains in US Treasury yields. Profit-booking at higher levels and a surge in cash supplies following weekly debt auctions also cut short further gains

Debt Market Review

Debt Market Indicators	31-May-24	30-April-24
Call Rate	6.24%	6.70%
3-mth CP rate	7.70%	7.60%
5 yr Corp Bond	7.55%	7.62%
10 Yr Gilt	6.99%	7.20%
Repo	6.50%	6.50%
SDF	6.25%	6.25%
CRR	4.50%	4.50%
1-Month CD	7.00%	7.15%
3-mth CD rate	7.13%	7.20%
6-Month CD	7.45%	7.48%



Source: CRISIL Fixed Income database
Data as on 31 May 2024, Past Performance may or may not be sustained in future. Investors should not consider the same as investment advice

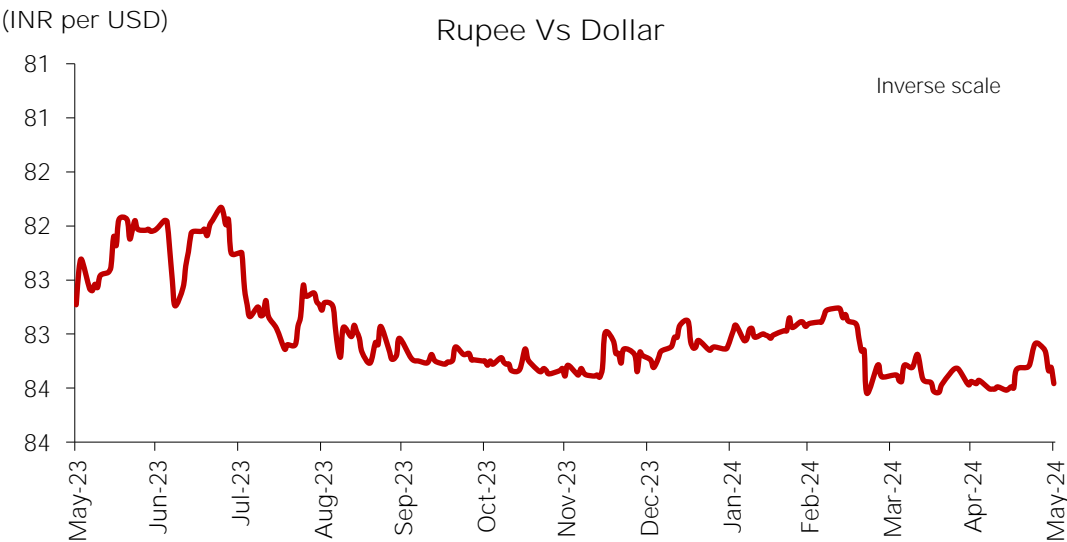
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- US markets are now pricing in a 60% probability of a rate cut in Sep 2024.
- On the domestic front, CPI inflation for Apr 2024 came in broadly unchanged at 4.83%. Food inflation has remained elevated, with the outlook going forward contingent on monsoon.
- GDP growth for Q4 FY2024 printed much higher than expected at 7.8%, driven by investment and growth.
- The Q3 GDP number was revised up to 8.6%, taking the full year GDP growth to 8.2%.
- GVA growth for Q4 FY2024 came in at 6.3%, taking full year GVA growth to 7.2%.
- Nominal GDP growth for FY2024 comes out to 9.6%.
- RBI transferred a record surplus of INR 2.1 trn to the Govt. (significantly higher than last year's transfer amount of INR 870 bn).
- This surplus creates a buffer of 0.4% of GDP, providing 3 options: (a) reduce deficit, (b) increase capital expenditure, or (3) mix of both.
- The revised estimate for the Fiscal deficit for FY2024 came out at 5.6%, 20 bps lower than Revised Budget Estimate (RE) of 5.8%.
- Global Rating Agency S&P Ratings upgraded India's sovereign rating outlook to positive from stable, while reaffirming the overall rating at 'BBB-'.
- The change in outlook was attributed to India's robust growth, fiscal prudence and consolidation and improved quality of Government expenditure. This also creates possibility of a rating upgrade over the next 2 years.
- We have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Indian rupee ended flat in May

- The Indian rupee ended May 2024 at Rs 83.46 per United States (US) dollar, largely unchanged from April-end (Rs 83.44 per dollar).
- Generally positive trends in the domestic equity markets and foreign fund inflows kept the local currency buoyant for a good part of the month.
- Eventually, however, strong dollar demand and the cautious stance of investors ahead of the general election results pulled back these gains towards month-end.

Rupee Movement V/s Global Currencies				
	31-May-24	30-Apr-24	Change	% Change
USD	83.46	83.44	-0.02	-0.02
GBP	106.21	104.67	-1.54	-1.5
EURO	90.53	89.50	-1.03	-1.2
100 YEN	53.07	53.21	0.14	0.3



Rupee ended flat in caution trading ahead of Lok Sabha election results

Source: RBI, CRISIL. Data as on 31 May 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

United Nations sees 2.7% growth in 2024

- The United Nations, in its mid-2024 report, projects the world economy to grow by 2.7% this year, up from the 2.4% forecast in its January report, and by 2.8% in 2025.
- The international agency highlighted a better outlook in the United States and several large emerging economies, including Brazil, India and Russia.

US growth slows to 1.3% in Q1 2024

- The US economy grew at an annualised rate of 1.3% in the first quarter of 2024, below 1.6% growth in the first advance estimate compared with 3.4% growth in the previous quarter.
- The Federal Reserve (Fed) policy meeting minutes revealed that officials earlier this month agreed to keep interest rates higher for longer, with “many” questioning whether the Fed policy was restrictive enough to bring inflation down to its target.

Key economic indicators

- Non-farm payrolls added 175,000 jobs in April, a deceleration compared to the upwardly revised 315,000 jobs added in March. While the unemployment rate edged up to 3.9% from 3.8%.
- Inflation eased to 3.4% on year in April, from 3.5% in March, while core inflation eased to 3.6% from 3.8%.

US economy grew 1.3% in Q1

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

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Eurozone expands 0.4% in Q1 2024

- The Eurozone's GDP grew by 0.4% on-year in the first quarter of 2024, in line with preliminary estimates, and gaining traction following two quarters of 0.1% growth.
- The European Central Bank policymakers said that the latest inflation and growth data reinforced their belief that inflation will head back to the central bank's 2% target by the middle of next year.

Key Eurozone economic indicators

- Annual inflation rate came at 2.4% in April, the same as in March, while annual core inflation rate eased to 2.7%, from 2.9%.
- Industrial production shrank by 1% on year in March, after an upwardly revised 6.3% slump in February.

UK growth expands in Q1 2024; BoE maintains rates

- The UK economy grew 0.2% year-on-year in the first three months of 2024, rebounding from a contraction of 0.2% in the previous period.
- Meanwhile, the Bank of England's (BoE) Monetary Policy Committee voted to maintain the bank rate at 5.25% at its May meeting, with two members preferring a 0.25 percentage point reduction.

Key UK economic indicators

- Annual inflation rate eased to 2.3% in April 2024 compared to 3.2% in March while annual core inflation rate slowed to 3.9% from 4.2%.
- Industrial production rose 0.5% on year in March, easing from a downwardly revised 1% growth in February.

Eurozone economy grew 0.4% in Q1

PBoC keeps rates on hold to support economy

- The People's Bank of China (PBoC) injected a total of CNY 125 bn into financial institutions via a one-year medium-term lending facility, leaving the interest rate unchanged at 2.50% on May 15.
- In addition, the central bank kept key lending rates unchanged at the May meeting. The one-year loan prime rate was maintained at 3.45% and the five-year rate was retained at 3.95%.

Key Chinese economic indicators

- The country recorded a trade surplus of \$72.35 bn in April, compared to surplus of \$ 125.16 bn in March, with exports increasing 1.50% on year from -7.5% while import rose 8.40% from -1.90%.
- Industrial production expanded by 6.7% on year in April compared to a 4.5% growth March.

Japan growth shrinks in Q1 2024

- The Japanese economy contracted by 2.0% in the first quarter of 2024, after showing no growth in a downwardly revised figure in the previous period.
- Meanwhile, the Bank of Japan (BOJ) Governor said that it is necessary to re-anchor inflation expectations and warned that estimating the neutral interest rate accurately is challenging in Japan.

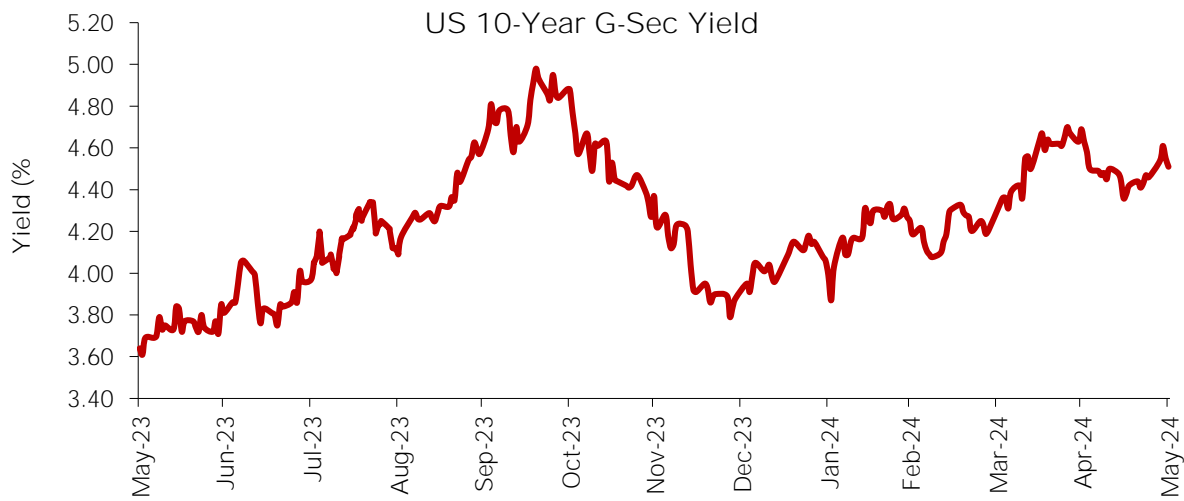
Key Japanese economic indicators

- The country's current account surplus increased to JPY 3,398.8 bn in March, compared to JYP 2644.2 bn in February.
- Industrial production decreased 1% in April, from 6.2% decline in March.

Source: CRISIL, Data as on 31 May 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 May

- US Treasury prices rose in May. The yield on the 10-year Treasury settled at 4.50% on May 31, 2024, compared with 4.68% on April 30, 2024.
- Bond prices rose after the United States Federal Reserve (Fed) kept policy rates unchanged at its May policy meeting. The Fed kept the target range for the federal funds rate unchanged at 5.25-5.50% for the sixth consecutive time during its May meeting.
- Prices rose further after policymakers indicated they will not cut rates until they have gained greater confidence that inflation is moving sustainably towards its 2% target.



Global bond yields			
	31-May	30-Apr	Change
US 10-Year (%)	4.51	4.68	-0.17
UK 10-Year (%)	4.37	4.41	-0.03
German 10-Year (%)	2.66	2.59	0.07
Japan10-Year (%)	1.06	0.87	0.18

US treasury yield declined on fading rate cut hopes

Source: CRISIL, Bloomberg, Data as on 31 May 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
06-June-24	Eurozone ECB Rate of Interest Decision	4.5%
07-June-24	Eurozone GDP Growth Rate, Q1	0.1%
	India RBI Interest Rate Decision	6.5%
10-June-24	Japan GDP Growth, Q1	0.0%
12-June-24	US Fed Interest Rate Decision	NA
	US Inflation, May	NA
	UK GDP, April	0.7%
	India Inflation Rate, May	4.83%
	India Industrial/manufacturing Production, April	4.9%
14-June-24	India WPI inflation, May	1.26%
	India Balance of Trade, May	\$-19.1B

Source: CRISIL, Data as on 31 May 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
19-June-24	UK Inflation Rate, May	2.3%
20-June-24	UK Bank of England Interest Rate Decision	5.25%
	China Loan Prime Rate 1Y/5Y, June	3.45%/3.95%
21-June-2024	Japan Inflation, May	2.5%
	India HSBC Manufacturing PMI, June	57.5
27-June-24	US GDP Growth Rate, Q1	3.4%
	China Industrial Profits, May	4.3%
28-June-24	UK GDP Growth Rate, Q1	-0.2%
	Japan Industrial Production, May	-1.0%
	India fiscal deficit, May	INR -2101.4 bn
	India Infrastructure Output, May	6.2%

Source: CRISIL, Data as on 31 May 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 Central government increased the dearness allowance and dearness relief by 4% in March 2024. This hike, which took the DA to 50%, also led to an increase in various components of central government employees' salaries.
- The National Account Statistics 2024 released by MoSPI (Ministry of Statistics and Program Implementation) revealed a third consecutive year of decline in net household savings in fiscal 2023. After having peaked at Rs 23.29 lakh crore in fiscal 2021, they encountered a declining trend before eventually coming in at a much lower Rs 14.16 lakh crore in fiscal 2023.
- India and Iran signed a long-term contract for the operation of the Shahid Beheshti Port terminal at Chabahar in Iran.
- The GST Network implemented a special procedure for manufacturers of pan masala, gutkha and similar tobacco products to register their machines with tax authorities.
- The Drugs Controller General of India directed all medical device licence holders and manufacturers to report any adverse events related to life-saving medical equipment on the government's Materiovigilance Programme of India platform.
- Following a special request by the Maldivian government, India decided to extend its budgetary support to the island nation with the rollover of a \$50-million treasury bill for another year.
- As a move to combat cybercrime, the government has directed telecom operators to block all incoming international spoofed calls displaying Indian mobile numbers.
- The Income Tax Department notified the Cost Inflation Index for the current fiscal beginning April 2024 for the purpose of calculating long-term capital gains arising from the sale of immovable property, securities and jewellery

Source –CRISIL, Data as on 31 May 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 updated its guidance note on operational risk management for the financial sector, also extending it to NBFCs, including housing finance companies. The erstwhile 2005 'Guidance Note on Management of Operational Risk', which has now been repealed, only covered commercial banks.
- The RBI issued directives to banks regarding their exposure to the capital markets, emphasising compliance with prescribed guidelines.
- The RBI issued directions on the margin for derivatives contracts, which came into force with immediate effect.
- The Securities and Exchange Board of India (SEBI) issued new regulations for companies launching an IPO, mandating an audio-visual format of disclosures made in the draft red herring prospectus (DRHP), RHP and price band advertisement for main-board public issues.
- SEBI introduced new price band rules for scrips in derivatives and revamped the price band formulation in the derivatives segment to tackle sudden price movements and errors.
- SEBI proposed measures to ease environmental, social, and governance or ESG-related disclosures by listed companies and their value chain partners.
- SEBI proposed a relaxation of rules on the valuation of investment portfolios of alternative investment funds

Key economic indicators released in the month

- In April 2024, the output of the country's eight core sectors increased 6.2% on-year, which was slightly faster than the 6.0% increase (revised) recorded in the preceding month.
- After narrowing to an 11-month low of \$15.60 billion in March, India's merchandise trade deficit widened to \$19.10 billion in April. This was also substantially wider than the deficit of \$14.44 billion in the corresponding month a year ago.
- As per the latest data released by the Controller General of Accounts (CGA), the government ended fiscal 2024 with a fiscal deficit of Rs 16.54 lakh crore, as against the budgetary target of Rs 17.86 lakh crore. This translated to 5.6% of GDP, which was below the revised estimate of 5.8%.

Source –CRISIL, Data as on 31 May 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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HSBC Mutual Fund, 9-11th Floor, NESCO - IT Park Bldg. 3, Nesco Complex, Western Express Highway, Goregaon East, Mumbai 400063. Maharashtra.

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