

Global Navigator

February 2025

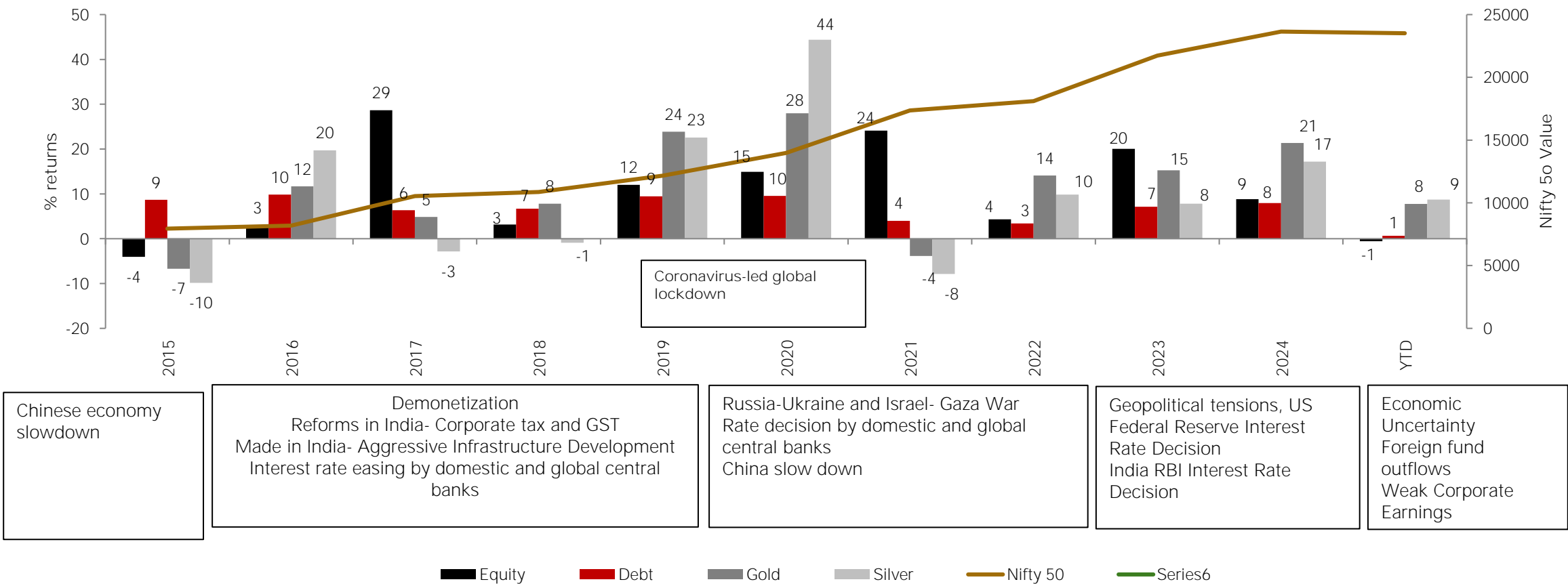


HSBC Mutual Fund

History of asset classes through major events

Calendar year performance of asset classes

Calendar year performance of asset classes



Equity- Nifty 50, Debt- CRISIL short duration debt index

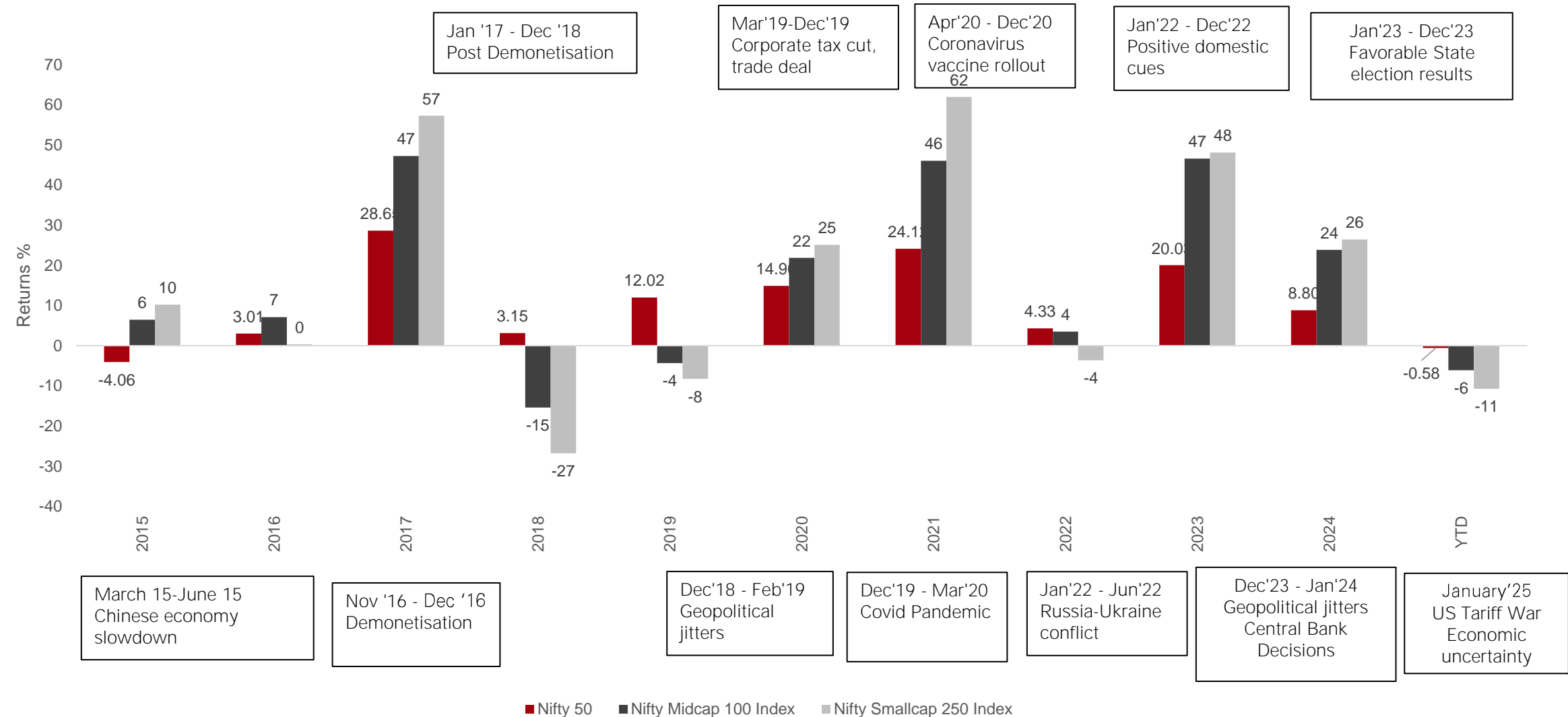
Gold and silver returns are based on spot rates from India Bullion and Jewellers Association (IBJA) and MCX

Source: NSE, CRISIL, Data as on 31 January 2025 , 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 Equity markets through major events

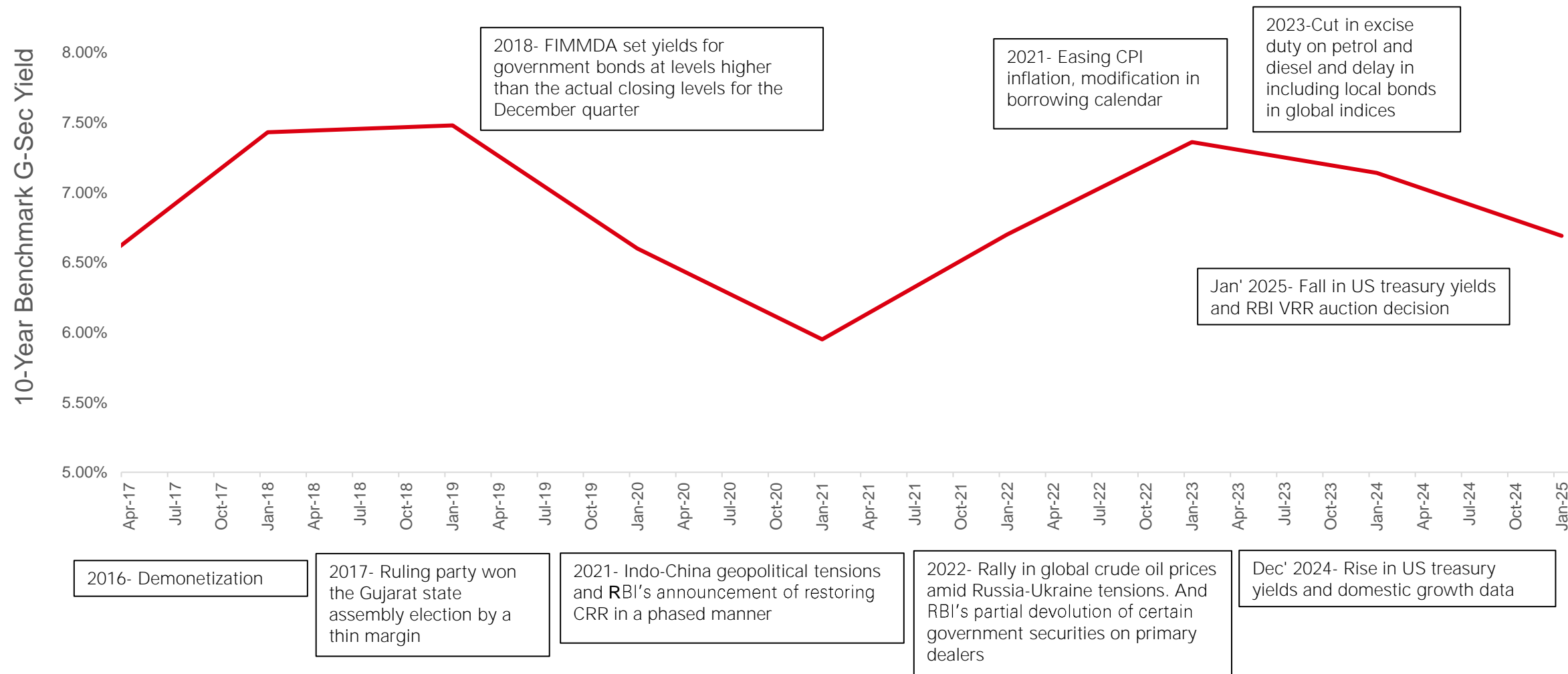
Performance of major equity indices



Source: NSE, CRISIL, Data as on 31 January 2025, 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

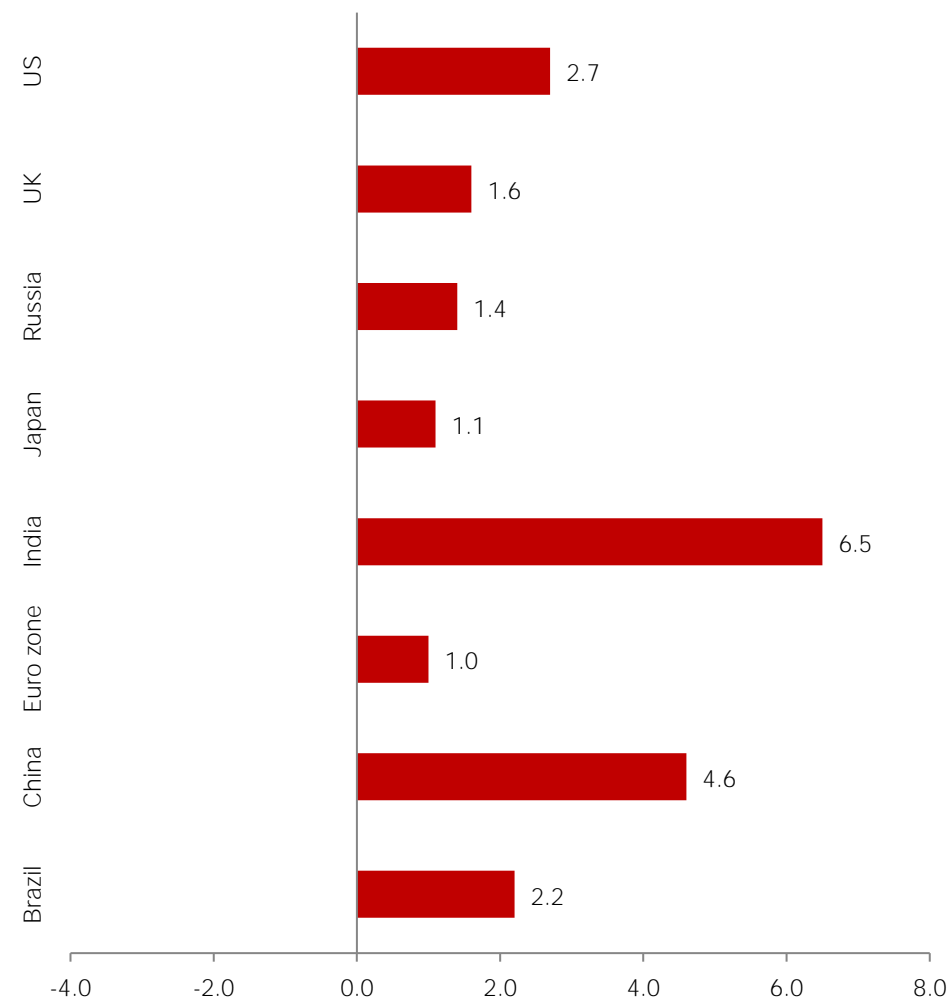


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	GDP		Inflation		Industrial Growth	
	Current	Previous	Current	Previous	Current	Previous
US	2.3% Q4 2024	3.1% Q3 2024	2.9% Dev'24	2.7% Nov'24	0.5% Dec'24	-0.6% Nov'24
Eurozone	0.9% Q4 2024	0.9% Q3 2024	2.4% Dec'24	2.2% Nov'24	-1.90% Nov'24	-1.10% Oct'24
UK	0.9% Q3 2024	0.9% Q2 2024	2.5% Dec'24	2.6% Nov'24	-1.8% Nov'24	-1.1% Oct'24
China	5.4% Q4 2024	4.6% Q3 2024	0.1% Dec'24	0.2% Nov'24	6.2% Nov'24	5.4% Nov'24
Japan	1.2% Q3 2024	2.2% Q2 2024	3.6% Dec'24	2.9% Nov'24	-1.10% Dec'24	-2.70% Nob'24
India	5.4% Q2 FY25	6.7% Q1 FY25	5.22% Dec'24	5.48% Nov'24	5.2% Nov'24	3.5% Oct'24

Major Global Central Bank	Latest Key Interest rate
US Federal Reserve	4.25-4.55%
Bank of England	4.75%
European Central Bank	2.90%
Bank of Japan	0.50%
India	6.50%

IMF GDP Projections for 2025



Source: CRISIL, Bloomberg, Respective Central Banks, IMF. Data as on 31 January 2025

Past performance may or may not be sustained in future and is not a guarantee of any future returns., GDP – Gross Domestic Product, IMF – International Monetary Fund

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International crude oil rose in January

- Crude oil prices on the New York Mercantile Exchange closed at \$72.53 per barrel on January 31, up 1.13% from \$71.72 per barrel on December 31.
- Prices of oil rose on optimism about China's economic growth following expectations the government there will announce additional stimulus measures and increased demand for the commodity, particularly driven by cold weather in the US. Supply concerns also contributed to price increases, revenue.

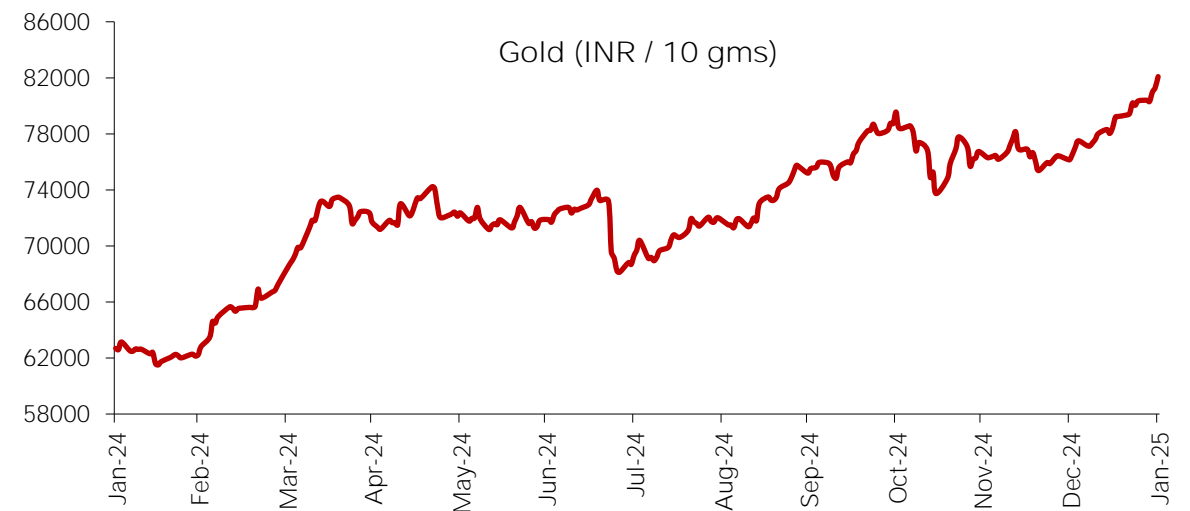
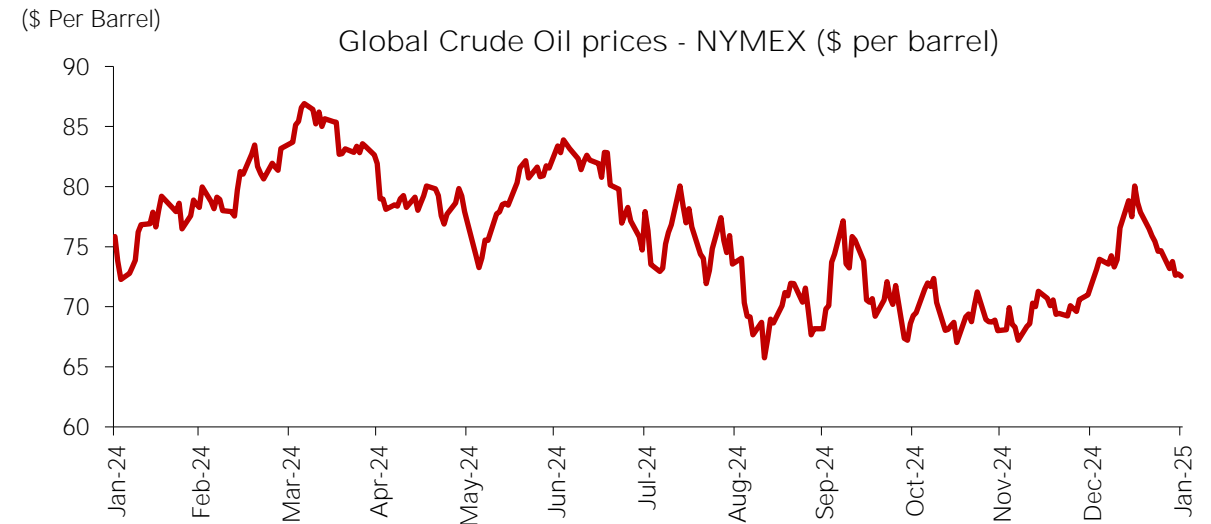
Gold rose in January

- Gold prices closed at Rs 82,086 per 10 grams on January 31, 2025, up 7.78% from Rs 76,162 per 10 gram on December 31, 2024, according to the India Bullion and Jewellers Association Ltd.
- The prices rose owing to positive global cues amid concerns surrounding the US tariffs policy and rising geopolitical concerns.
- Domestic cues that supported the prices were strong jewellery demand during the ongoing wedding season and weakness in the rupee.

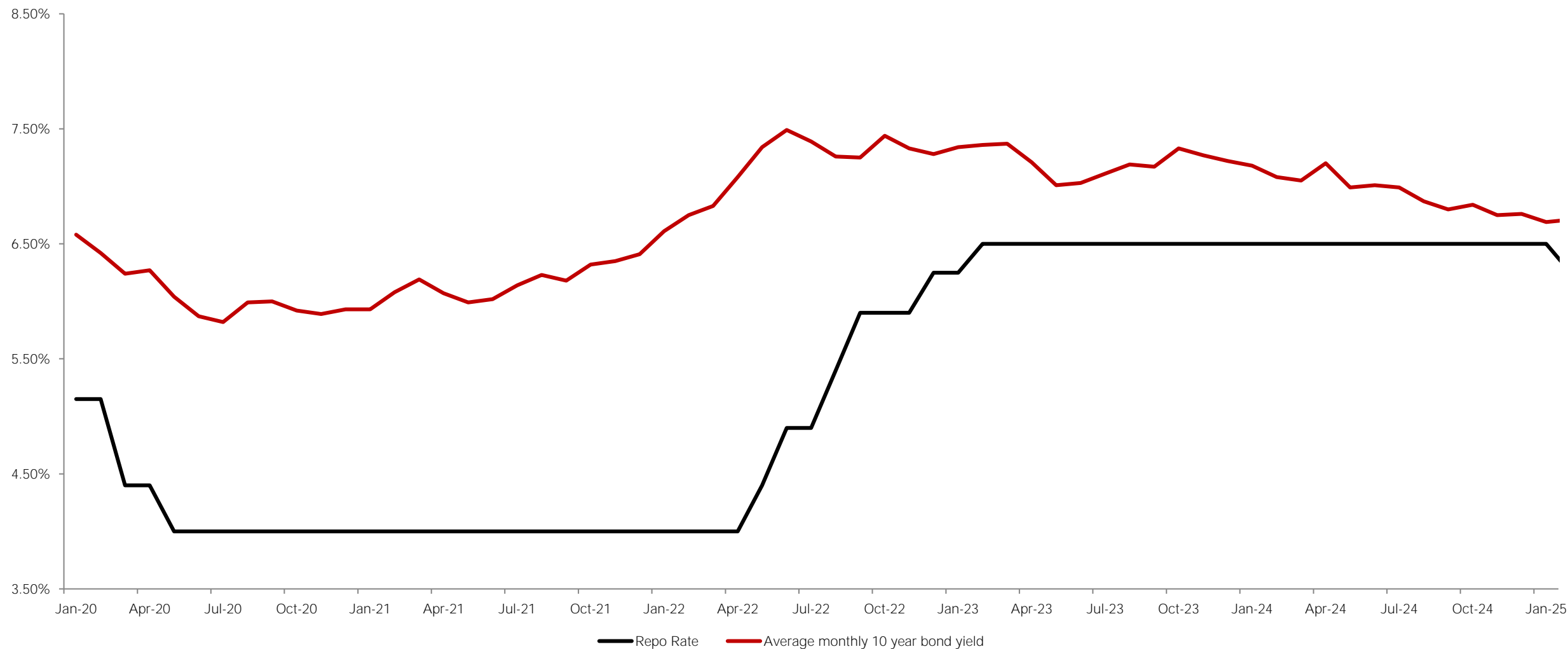
Source – CRISIL, NYMEX. Data as on 31 January 2025

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RBI Repo Rate cut by 25bps to 6.25%



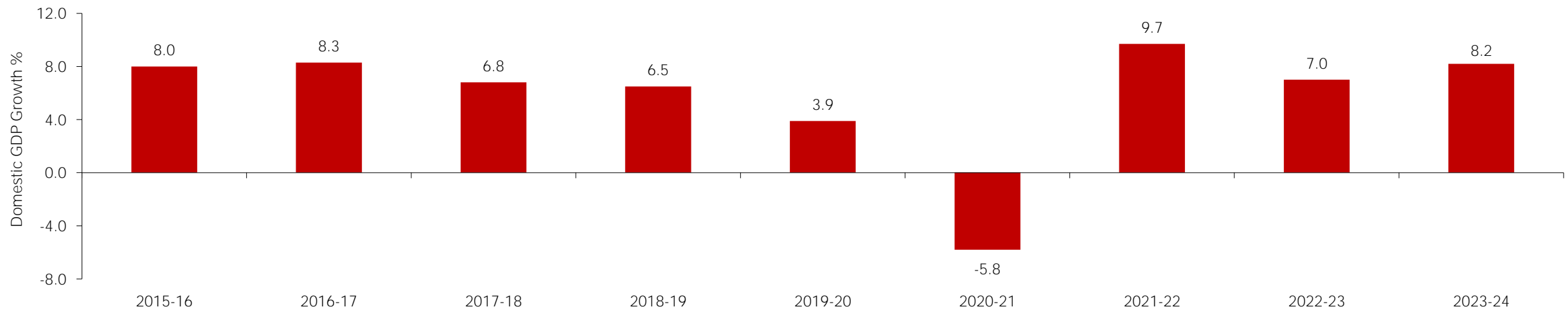
Source: RBI, CRISIL Research, Data as on 31 January 2025
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Indian Economic Environment

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Government pegs GDP growth at four-year low of 6.4% in FY25; outlook remains positive

- After a weaker-than-expected 5.4% growth in the second quarter of fiscal 2025, India's gross domestic product (GDP) growth is projected to drop to 6.4% (close to its decadal average) by the end of the fiscal, according to the first advance estimates of GDP released by the National Statistics Office, Ministry of Statistics and Programme Implementation (MoSPI). This is a sharp decline from 8.2% growth recorded in fiscal 2024.
- The projection is also lower than the previous Economic Survey growth estimate of 6.5-7% and the Reserve Bank of India's (RBI) recent revised projection of 6.6% growth.
- Despite the slowdown, the country is expected to remain the fastest-growing major economy.



Source – CRISIL, Mospi, Data as on 31 January 2025

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Retail inflation declined to 5.22% in December **'25**

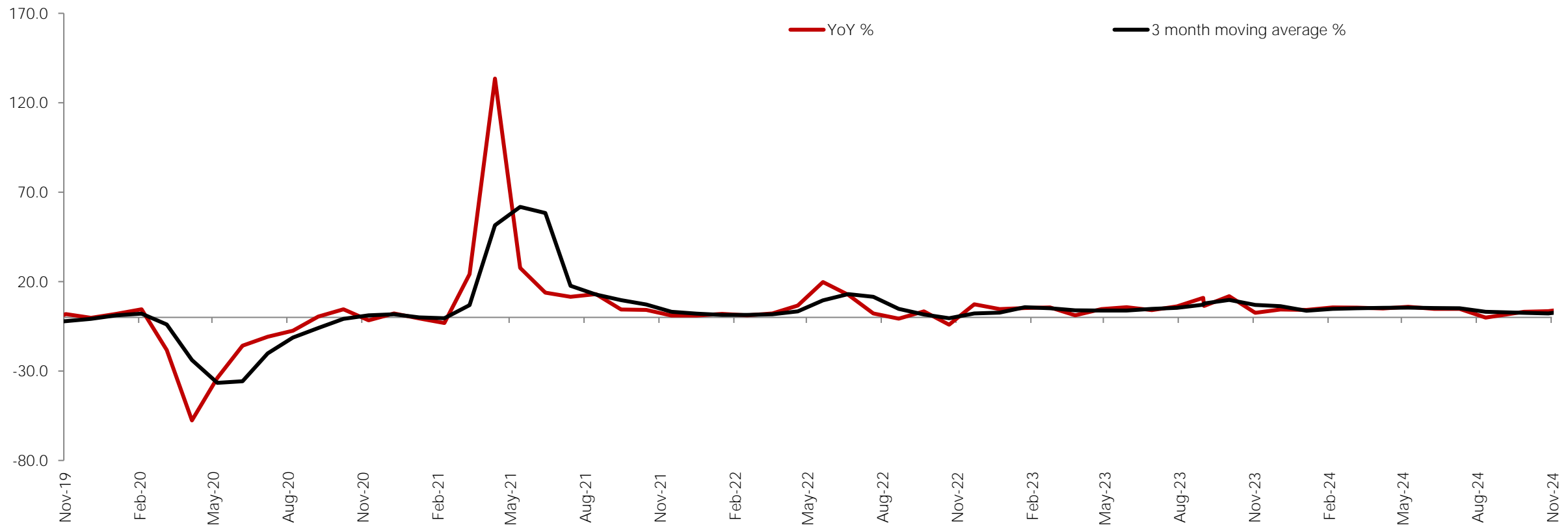
- The Consumer Price Index (CPI)-based inflation eased to a four-month low of 5.22% in December 2024, from 5.48% in November '25, thanks to a notable drop in prices of key food items such as vegetables, pulses, sugar and cereals.

Indicators	Current	Previous
Monthly CPI Inflation	5.22% (Dec-24)	5.48% (Nov-24)
Industrial Growth	5.2% (Nov-24)	3.5% (Oct-24)
Exports (Merchandise)	\$321.71 bn (Apr-Dec 24)	\$316.65 bn (Apr-Dec 23)
Exports (Services)	\$280.94 bn (Apr-Dec 24)	\$251.71 bn (Apr-Dec 23)
Imports (Merchandise)	\$532.48 bn (Apr-Dec 24)	\$506.39 bn (Apr-Dec 23)
Imports (Services)	\$149.67 bn (Apr-Dec 24)	\$131.64 bn (Apr-Dec 23)
Trade Balance	\$-79.50 bn (Apr-Dec 24)	\$-69.67 bn (Apr-Dec 23)
Gross Tax Collections	INR 2750428 cr (Apr-Dec FY25)	INR 2482499 cr (Apr-Dec FY24)

Source – Ministry of Commerce, Comptroller General of Accounts, CRISIL, Data as on 31 January 2025
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Index of Industrial Production - IIP

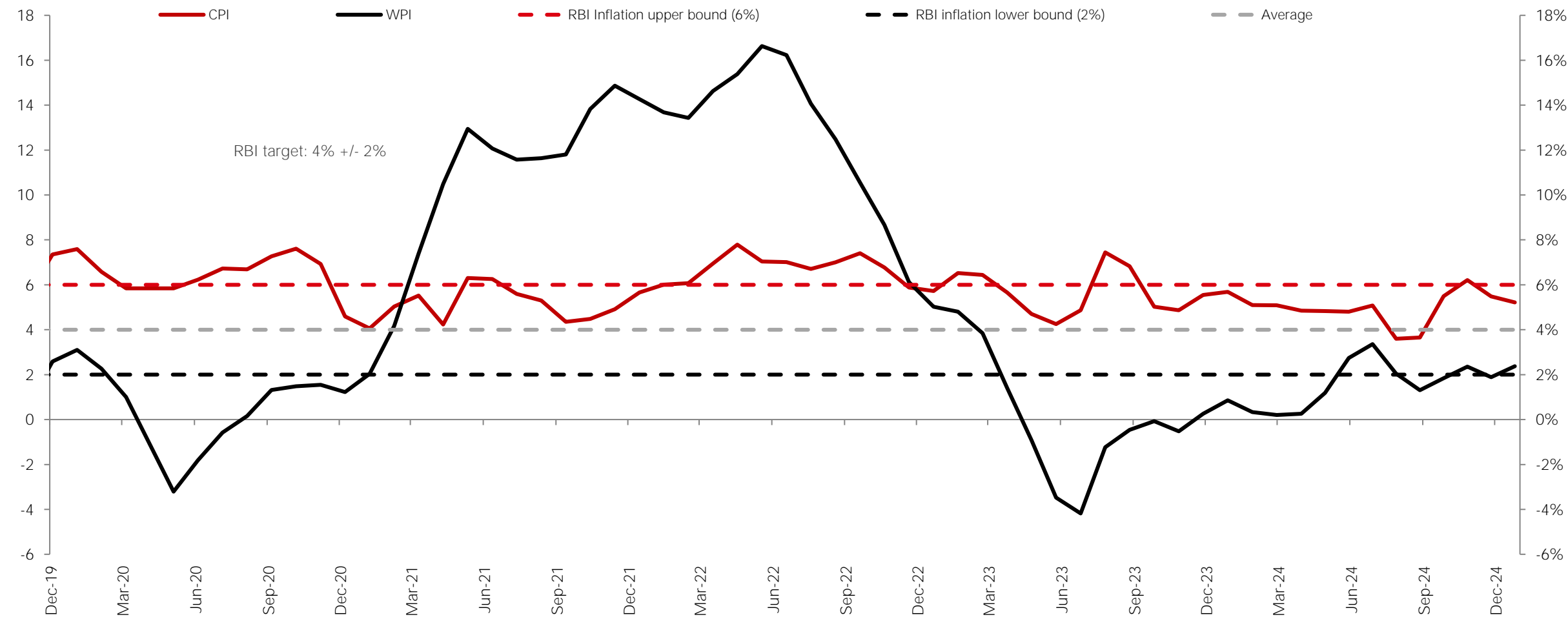
- According to the latest data released by the MoSPI, India's Index of Industrial Production (IIP) rose to a six-month high of 5.2% in November 2024 from 3.5% in October 2024. The acceleration can be attributed to festive demand and pickup in manufacturing, with the sector's output increasing 5.8% in November from 4.1% in October 2024.



Source: CRISIL, MOSPI, Data as on 31 January 2025, 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

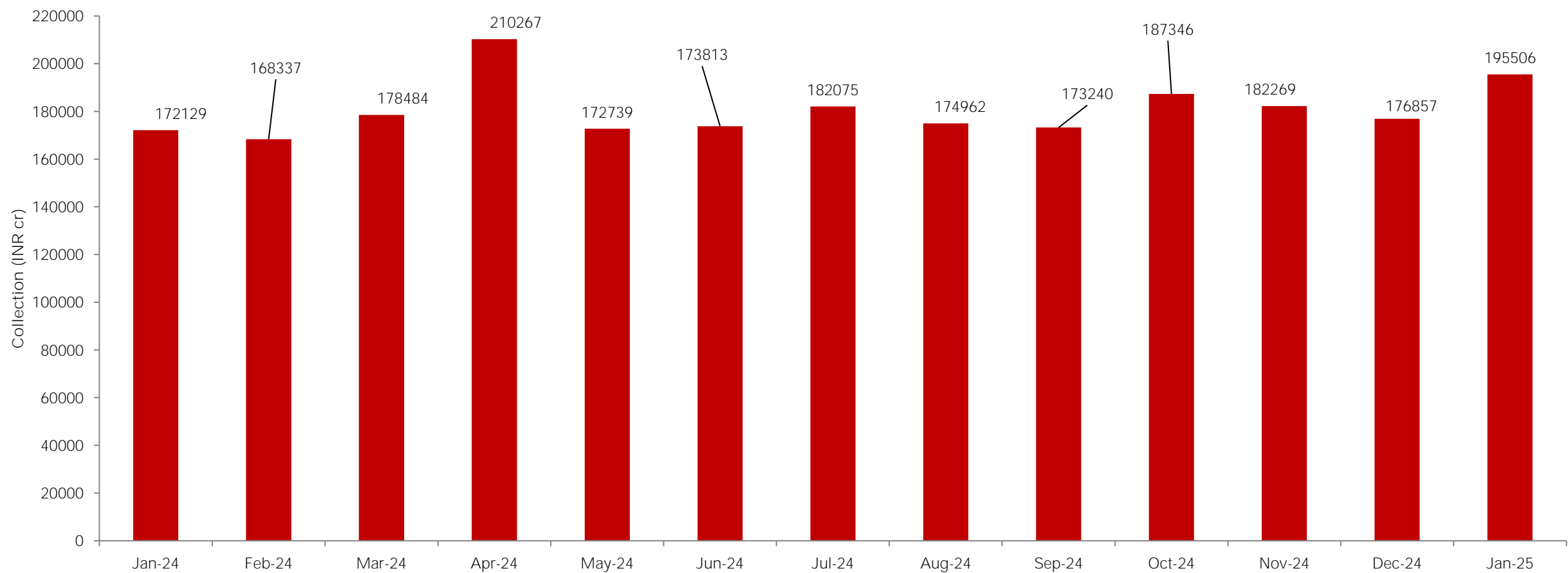
CPI inflation below the RBI's upper target range



Source: CRISIL, MOSPI, RBI, Data as on 31 January 2025, 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 1.95 lakh crore in January '25

As per reports, the government collected INR 1.95 lakh crore goods and services tax (GST) for the month of January



Source- CRISIL, gst.gov.in, Data as on 31 January 2025, 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 January'25

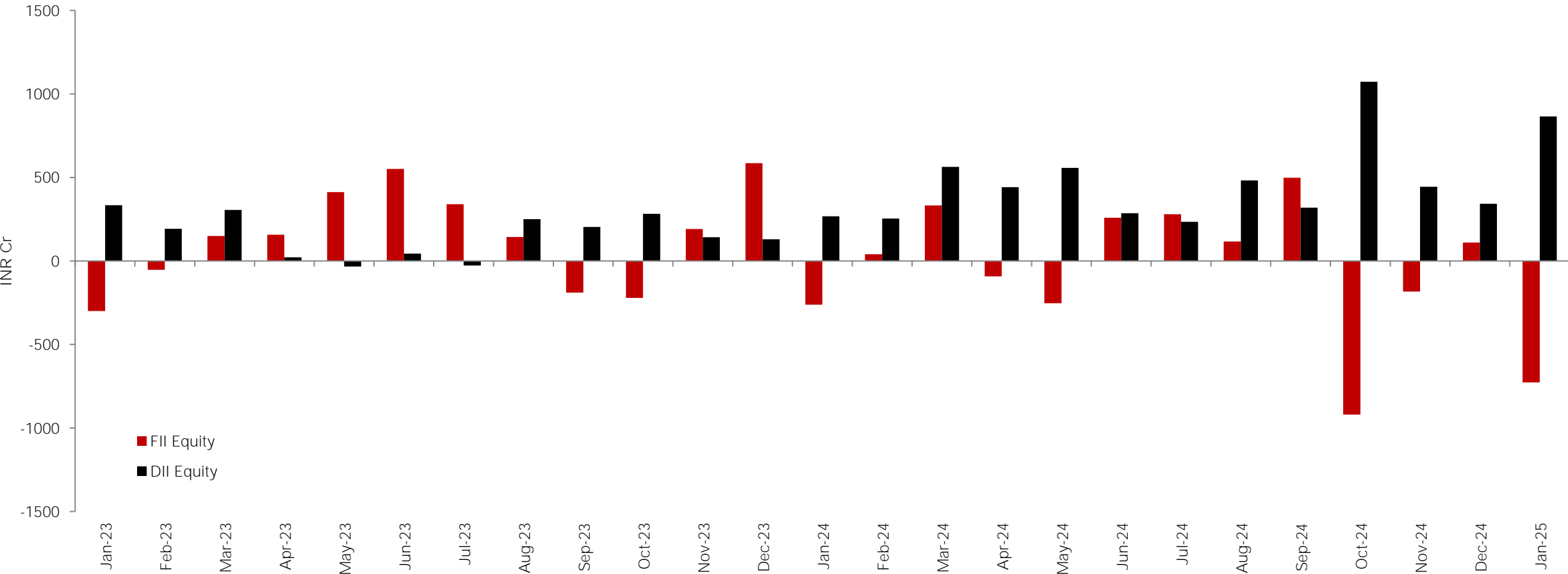
- Softer-than-expected corporate earnings, persistent foreign fund outflows, weak global data, and rising economic uncertainty led the Indian stock markets into a four-month losing streak in January 2025. Both benchmark indices declined about 1% each during the month ended 31st January 2025 as compared to December-end.
- Concerns over weaker-than-expected third quarter earnings and unabated foreign capital outflows led to heavy selling in market heavyweights and across the board during the first half of the month.
- The fall was further exacerbated by dimming hopes of rate cuts by the US Fed following the release of strong US jobs data and inflation data.
- The uncertainty surrounding the newly elected US government's trade policies led to massive selling by foreign institutional investors, leading to a further fall in the market. This was followed by another massive across-the-board selloff, triggered by global trade war worries after the US President announced tariffs on neighbouring countries on his inauguration day.
- Some losses were triggered by the new HMP virus scare. The release of weaker-than-expected services PMI data also led to some losses.
- Furthermore, weak global trends and a rapidly depreciating Indian rupee also exerted downward pressure on the Indian bourses.
- On the other hand, some gains were seen after the government data showed that retail inflation had eased in December. The US government's announcement of significant investments in artificial intelligence (AI) also led to some gains during the month.

BSE sectoral indices ended lower in January'25

- All the key sectoral indices encountered a monthly fall as compared to December-end.
- The biggest loser during the month was the BSE Realty index, which shed ~13% value, followed by the BSE Consumer Durables, which lost ~10%.

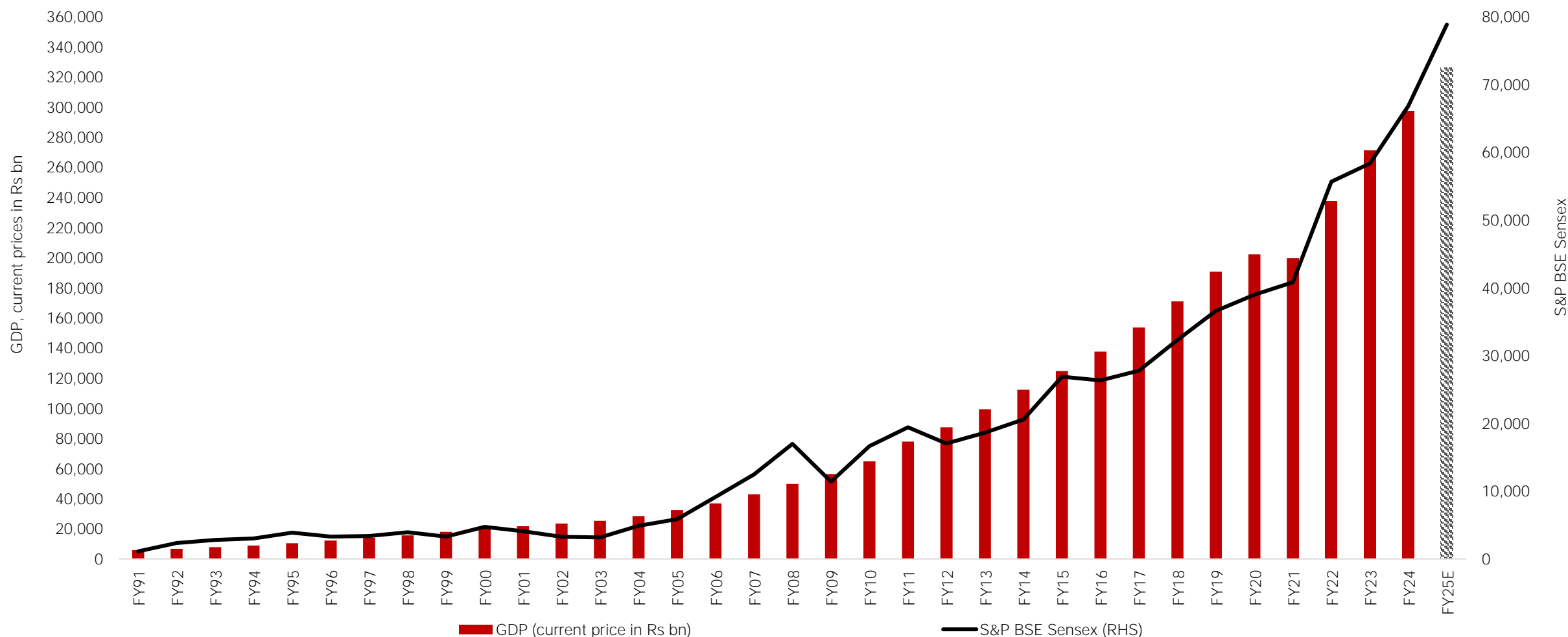
Source – CRISIL, Data as on 31 January 2025, Past performance may or may not be sustained in future and is not a guarantee of any future returns. GDP – Gross Domestic Product
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- Foreign institutional investors (FIIs) turned net sellers in the Indian stock markets. They sold equities worth Rs 727 billion in January (till 31st January 2025), compared to buying equity worth Rs 111 billion in December (till 31st December 2024).
- The domestic market was supported by continued domestic institutional investor (DII) buying. They bought Rs 866 billion worth of equities during the month (till 31st January 2025), compared with Rs 342 billion in December (till 31st December 2024)



Source: CRISIL, NSDL, NSE, Data as on 31 January 2025, 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



Source: CRISIL, Bloomberg, BSE, IMF, The GDP projection for fiscal year 2025 is shown shaded in this graph is for illustration purposes only and is not guaranteed, Data as on 31 January 2025, 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

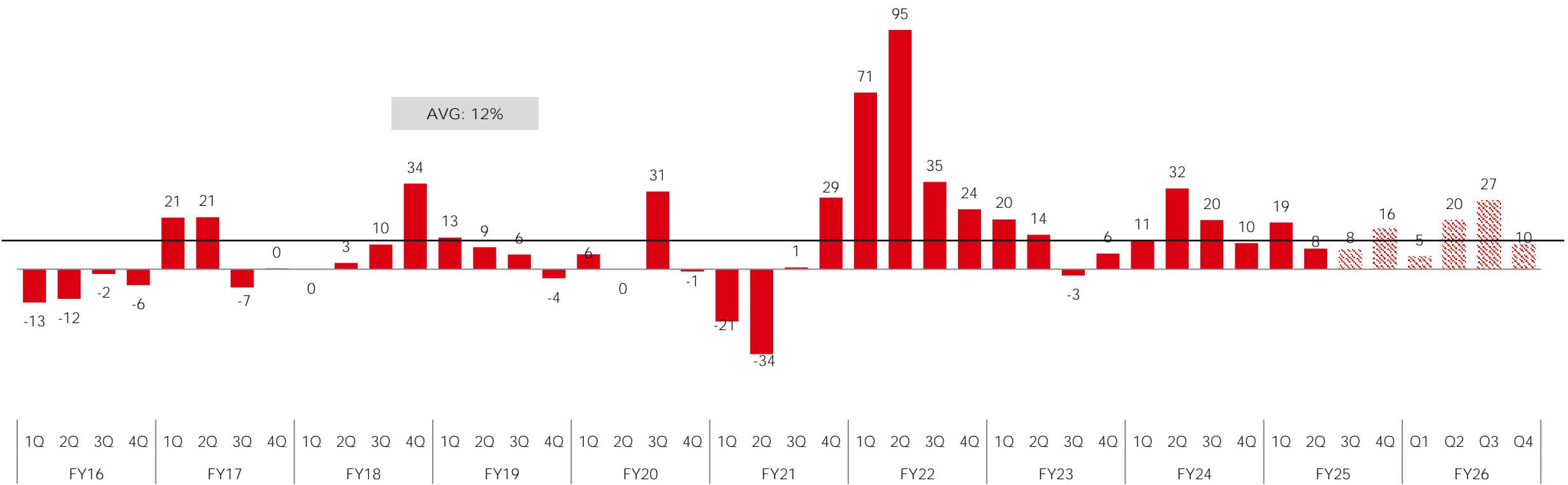
Sectoral indices	% Change										
	CY15	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24*	10-year CAGR*
Nifty 50 TRI	-3.01	4.39	30.27	4.64	13.48	16.14	25.59	5.69	21.30	10.09	11.66
BSE SENSEX TRI	-3.68	3.47	29.56	7.23	15.66	17.16	23.23	5.80	20.33	9.49	11.64
BSE Auto TRI	0.08	10.38	33.31	-21.33	-9.94	14.27	20.59	17.83	47.71	23.40	11.11
BSE BANKEX TRI	-9.03	8.39	39.98	5.65	21.12	-2.12	12.97	21.91	12.12	7.15	10.15
BSE CG TRI	-7.77	-2.38	41.42	-0.49	-8.79	12.52	54.75	17.17	68.15	22.53	15.35
BSE CD TRI	24.79	-5.83	102.87	-8.32	21.53	22.19	47.73	-10.93	26.40	29.31	18.97
BSE FMCG TRI	2.80	4.77	33.26	12.11	-2.14	13.19	11.70	19.08	29.65	3.25	11.40
BSE Healthcare TRI	15.62	-12.43	1.10	-5.38	-2.80	62.61	21.54	-11.50	37.97	44.30	10.99
BSE IT TRI	6.65	-6.14	13.29	27.26	11.84	60.05	58.45	-22.70	28.28	22.21	16.38
BSE Metal TRI	-28.85	43.19	52.82	-16.20	-10.16	18.43	72.68	15.70	35.50	10.24	15.77
BSE Oil & Gas TRI	-1.22	30.38	37.81	-12.40	10.59	-0.55	31.72	20.45	17.30	16.50	13.45
BSE Power TRI	-5.26	2.99	22.03	-14.30	-0.64	11.38	73.68	28.51	36.45	21.28	13.95
BSE PSU TRI	-14.87	16.89	22.69	-18.69	-1.12	-12.80	47.95	28.30	61.48	24.34	12.30
BSE Realty TRI	-12.82	-5.27	107.24	-30.69	27.58	9.20	55.40	-9.97	80.16	33.45	15.26

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

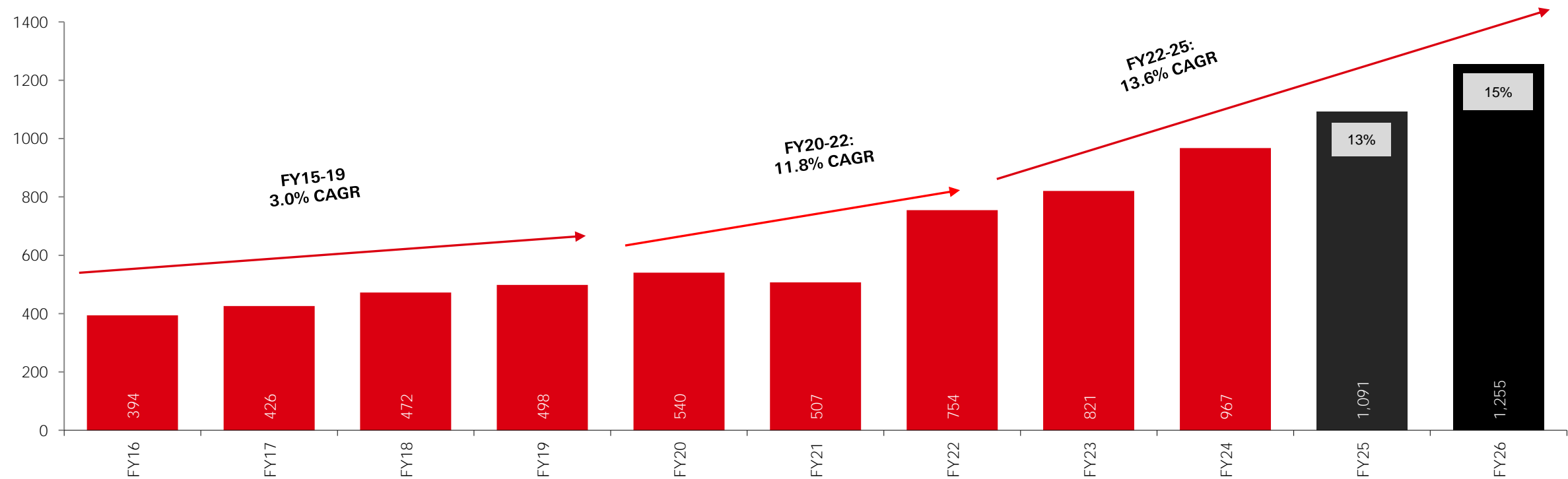


Nifty 50 EPS Growth (Y-o-Y)

Estimates – shaded portion of FY25 and FY26
Source: CRISIL, Bloomberg, Data as on 31 January 2025, 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

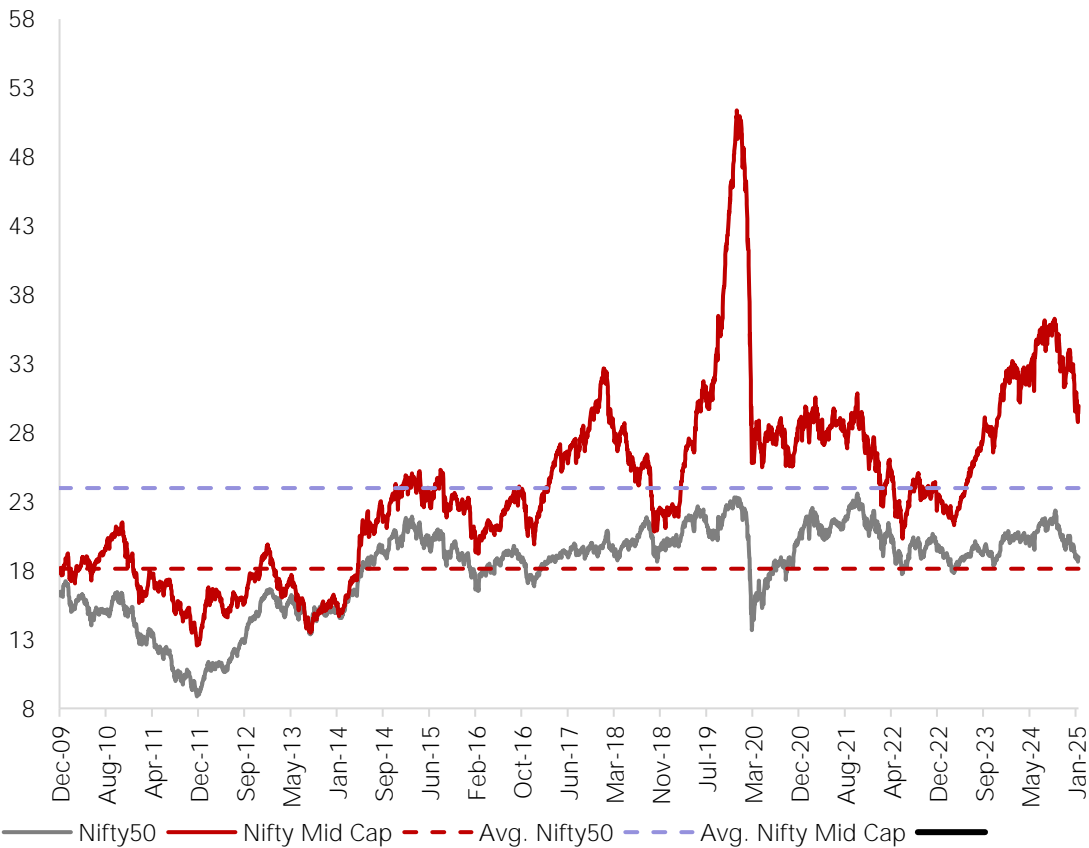
India - Equity earnings (Nifty 50 EPS)



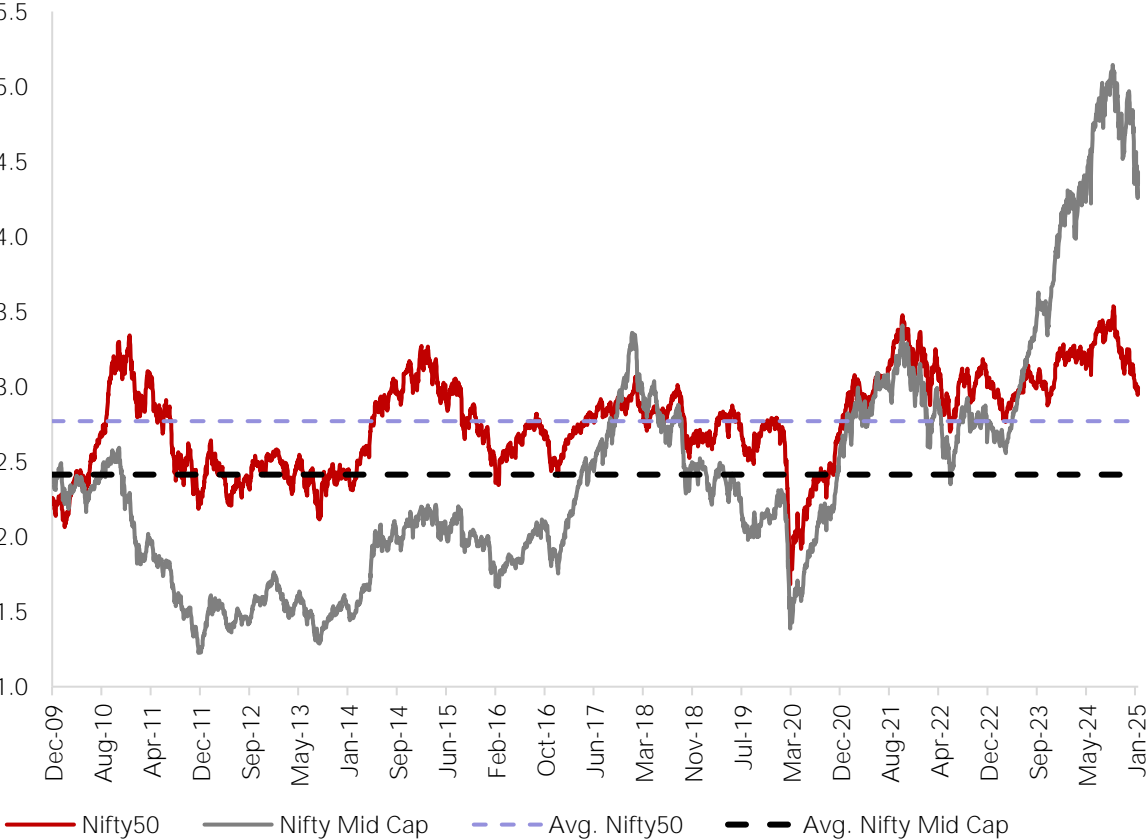
Note: Trailing 12M EPS (Earnings Per Share)
Black shaded columns are estimates of FY25 and FY26
Data for FY 26 is for only three quarters
Source: CRISIL, Bloomberg, Data as on 31 January 2025, Past performance may or may not be sustained in future and is not a guarantee of any future returns.
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Market valuations – Nifty 50 and Nifty Midcap 100

Large and Mid Cap - Price to Earnings (PE)



Large and Mid Cap - Price to Book (PB)

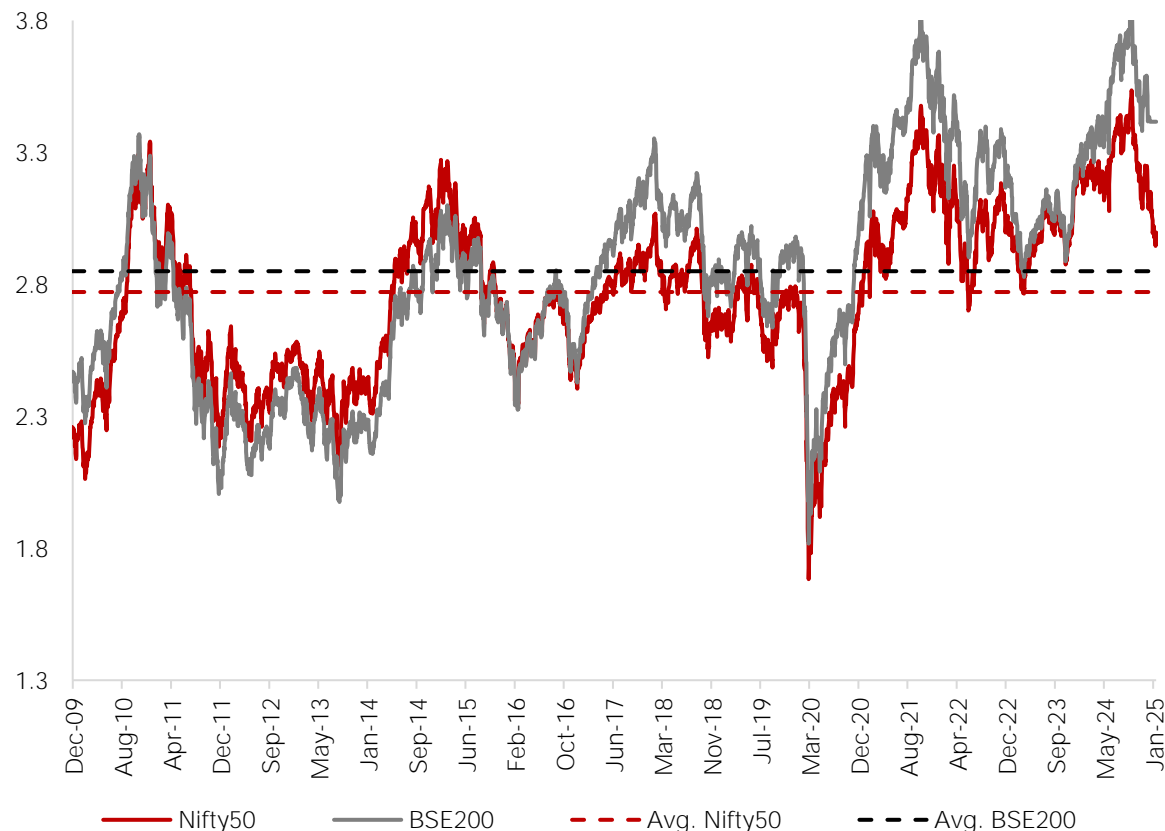


Source: CRISIL, Bloomberg
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Nifty50 and BSE 200 - Price to Earnings (PE)



Nifty50 and BSE 200 - Price to Book (PB)

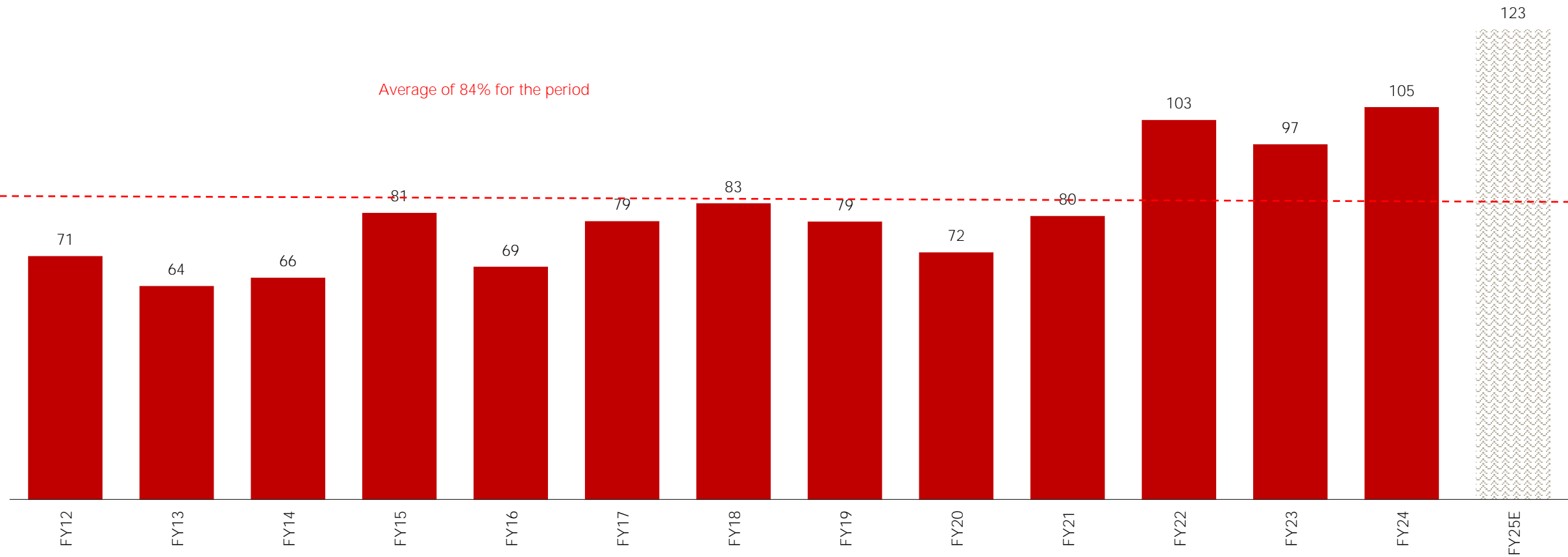


Source: CRISIL, Bloomberg, BSE, Data as on 31 January 2025, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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India Market cap to GDP (%)

Market cap as a % of GDP



Shaded area are Estimates (E) – FY25
Source: CRISIL, MOSPI, Bloomberg, CRISIL estimates;
Data as on 31 January 2025, 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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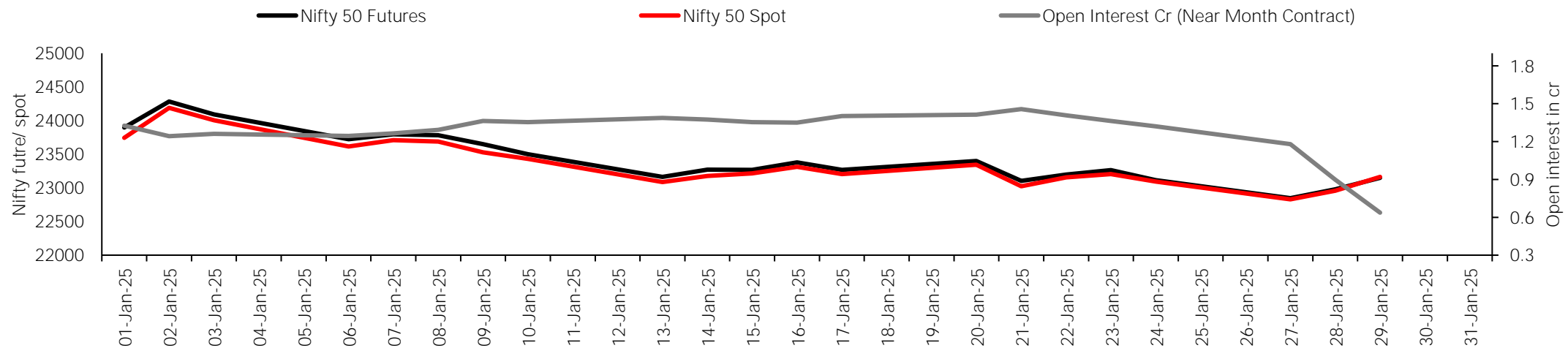
- Global macro environment remains challenging with heightened geo-political and economic uncertainties. Policies of the incoming US administration are still awaited.
- For India, GDP growth has moderated to 5.4%yoy in Q2FY25. We believe government has tried to partly address the slowdown in private consumption through the income tax rate cuts.
- Strong monsoon and higher food prices should be supportive for rural consumption in FY25.
- Government capex spending has been slow in H1FY25 impacted by the general election and prolonged monsoons. It is showing signs of pickup in Q3, however, government capex spend is now expected to grow only at 7%yoy in FY25 vs previous budgeted estimate of 17%yoy. In FY26, government expects this to grow at 10%yoy.
- There is a certain level of slowdown in India's growth momentum, however we believe longer term outlook remains strong.
- We expect India's investment cycle to be on a medium-term uptrend supported by government investment in infrastructure and manufacturing, pickup in private investments and recovery in real estate cycle.
- We 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.
- Post the recent correction, Nifty valuations are now in-line with its 5/10-year average. We remain constructive on Indian equities supported by the more robust medium term growth outlook.
- Weak global growth is likely to remain a headwind on demand going forward.
- Global policy uncertainty: Risk of tariffs and general policy uncertainty, mercantilist policies of certain countries and geo-political conflicts are likely to be a headwind to private investments.
- Industry capacity utilisation based on RBI survey data is at a reasonably high level and indicates potential for increase in private capex going forward. Real Estate remains another strong medium term growth driver having weathered the impact of higher interest rates. Benign global prices of crude oil and fertilizers has been a positive for India from inflation, fiscal deficit and corporate margins perspective in FY24-25. However, any significant increase would be a headwind.

Source: HSBC Asset Management, India, Data as on 31 January 2025, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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Nifty futures

- The Nifty 50 near-month future contract of January rose on the rollover day (January 30) versus spot.
- The new near-month contract (February 27) ended 169 points higher on January 30.
- The rollover of the new near-month contract (February 27) was 77% up on the expiry day compared to 72% 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 17.39 on January 30 compared to 14.03 on December 26 (rollover date) and ended the month at 16.25.
- Nifty futures saw trading volume of around Rs 4.2 lakh crore, arising out of 60 lakh contracts, with an open interest of around 40 crore during the month



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Nifty options

- On January 31, Nifty 24,000 call option witnessed the highest open interest of around 139 lakh, while Nifty 24,000 call contract garnered the maximum number of contracts of around 21 lakhs.
- Nifty 23,000 put option witnessed the highest open interest of around 149 lakh on January 31 and the Nifty 23,400 put contract garnered the maximum number of contracts of around 10 lakh.

NSE F&O turnover

- Turnover on the NSE’s derivative segment came in flat in the month. The average put-call ratio was at 0.90 in January marginally lower from 0.92 in December.

Instrument	Monthly turnover summary (Figures in INR crore)		
	31-Jan	31-Dec	Change %
Index futures	714,628.08	633,443.88	13%
Stock futures	3,079,845.14	2,664,568.67	16%
Index options	425,374,476.08	425,754,313.03	0%
Stock options	12,417,066.11	10,424,707.20	19%
Total	441,586,015.41	439,477,032.78	0.48%

Source – CRISIL, NSE. Data as on 31 January 2025, 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 January 31, FIIs’ open interest was Rs 8.34 lakh crore (~100 lakh contracts). The details of FII derivatives trades for January 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	1411084	100777	1409761	118329	0.34	0.22	0.34	0.26
Index Options	371045412	41900788	373020817	42187749	88.71	93.27	88.77	93.28
Stock Futures	15096213	932744	14775622	910535	3.61	2.08	3.52	2.01
Stock Options	30695706	1991102	31005274	2009919	7.34	4.43	7.38	4.44
Total	418248415	44925412	420211474	45226532	100.00	100.00	100.00	100.00

Source – CRISIL, NSDL. Data as on 31 January 2025 , 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 averaged higher than RBI repo rate in January

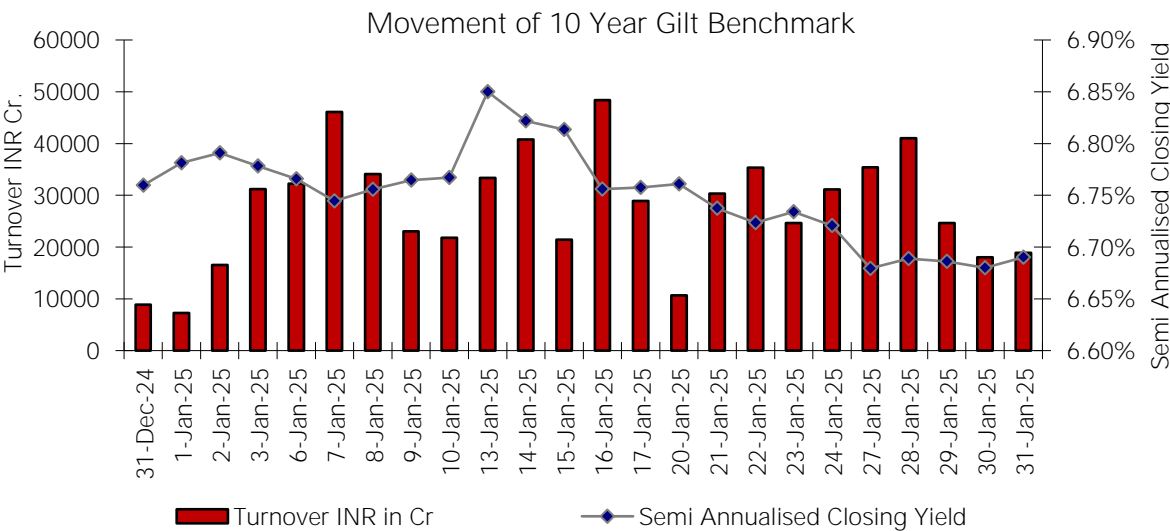
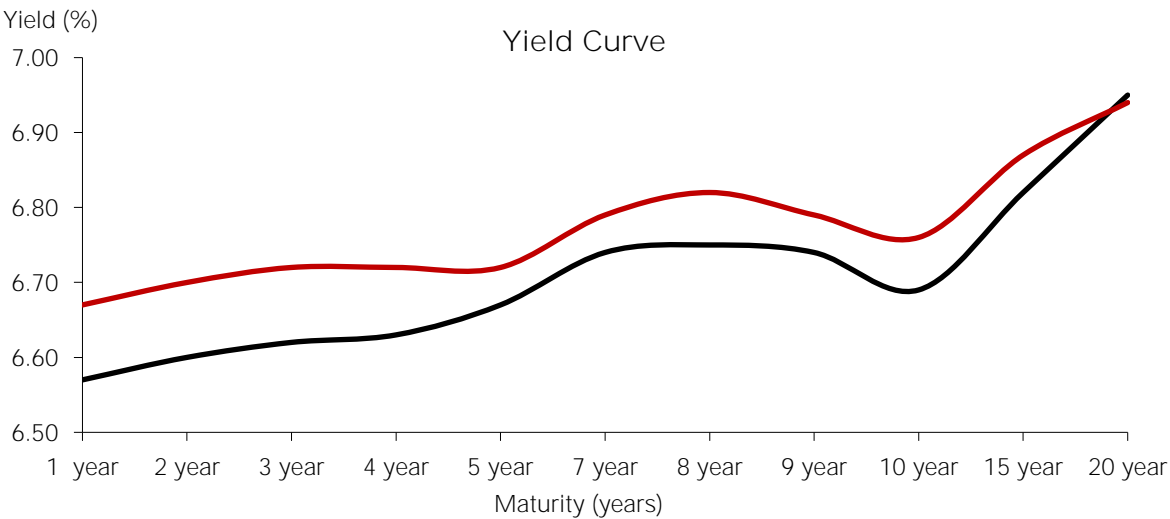
- The Indian banking system encountered its worst liquidity crunch in more than a decade in January 2025.
- The deficit led to increased dependence by banks on market borrowing, thereby keeping interbank call money rates consistently above the policy repo rate of 6.50%. The WACR averaged at 6.61% during the month till January 31, 2025.
- Bond prices ended higher in January
- In January, Indian government bond yields pushed to their lowest level since February 2022. After hovering within a range of 6.75-6.85% during the first half of the month, it eased close to the 6.70% mark thereafter before briefly hitting a near-three-year low of 6.69% on January 31 compared with 6.76% on December 31, 2024.
- Bond prices saw some gains during the first half of the month, owing to a sharp fall in US yields spurred by heavy buying by risk-averse investors. During this period, domestic yields were also kept in check by lower US Treasury yields following the release of data indicating a softening of core inflation in the US, which in turn led to renewed hopes of rate cuts by the US Fed.
- Indian bond yields also witnessed a drop after the RBI decision to conduct VRR auctions on a daily basis.
- However, a further rise in bond prices was capped by intermittent spikes in the US Treasury yields, as upbeat jobs data dimmed hopes of interest rate cuts by the US Fed in the near future.
- Domestic yields underwent some rise after the RBI's debt auction aided supply. Some losses were seen at the onset of the month because of traders' worries about higher borrowings in the preceding quarter and the then upcoming central government debt auctions.

Source: CRISIL, Data as on 31 January 2025, Past performance may or may not be sustained in future and is not a guarantee of any future returns. US- United States RBI- Reserve Bank of India

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.

Debt Market Review

Debt Market Indicators	31-Jan-25	31-Dec-24
Call Rate	6.65%	6.00%
3-mth CP rate	7.87%	7.72%
5 yr Corp Bond	7.20%	7.35%
10 Yr Gilt	6.69%	6.76%
Repo	6.50%	6.50%
SDF	6.25%	6.25%
CRR	4.00%	4.00%
1-Month CD	7.26%	7.25%
3-mth CD rate	7.48%	7.48%
6-Month CD	7.64%	7.53%



Source: CRISIL Fixed Income database
Data as on 31 January 2025, Past Performance may or may not be sustained in future. Investors should not consider the same as investment advice
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- Amid global developments the outlook for 2025 is slated to see volatility as uncertainties, particularly around global trade, tariffs and the potential upending of the global supply chains could weigh business optimism.
- For India, the domestic factors continue to drive the policy decisions, so far. The Union Budget provided near-equal stimulus to both consumption (personal income tax cuts amount to INR1 trn) and Capital Expenditure (budget outlays rise by INR1 trn), while lowering the fiscal deficit (to 4.4% of GDP for FY26 from 4.8% in FY25).
- The MPC unanimously decided to lower the policy Repo Rate by 25 bps to 6.25% and retain the stance as 'neutral'. Consequently, the SDF rate stands at 6.00% and the MSF rate at 6.50%
- The neutral stance implies that the MPC deliberately does not want to give any forward guidance on its future course of action
- The RBI's "proactive" approach on liquidity suggests that more policy instruments might be deployed as and when required, basis the evolving liquidity conditions.
- The neutral stance in some way rules out aggressive policy easing, while also not giving any forward guidance to the market on the future trajectory. We believe the MPC is likely to cut rates by another 25bps in April 2025 given that risks to growth are on the downside and headline inflation is likely to trend closer to the medium-term target of 4.0%. While we still ascribe a limited probability to a third cut over June / September, it would be completely dependent on the global environment settling down and domestic growth-inflation balance evolving favorably.
- We believe interest rates will continue to soften over the next few months. The policy action comes in the milieu of recent liquidity measures which coupled with fiscal consolidation leading to favorable G-Sec supply-demand dynamics (more so with RBI's OMO Purchases), all of which should keep rates benign.
- Given this backdrop, we continue to maintain a positive duration bias across the funds. We recommend investors to stay invested and add duration to their portfolios wherever possible subject to their risk return frameworks.

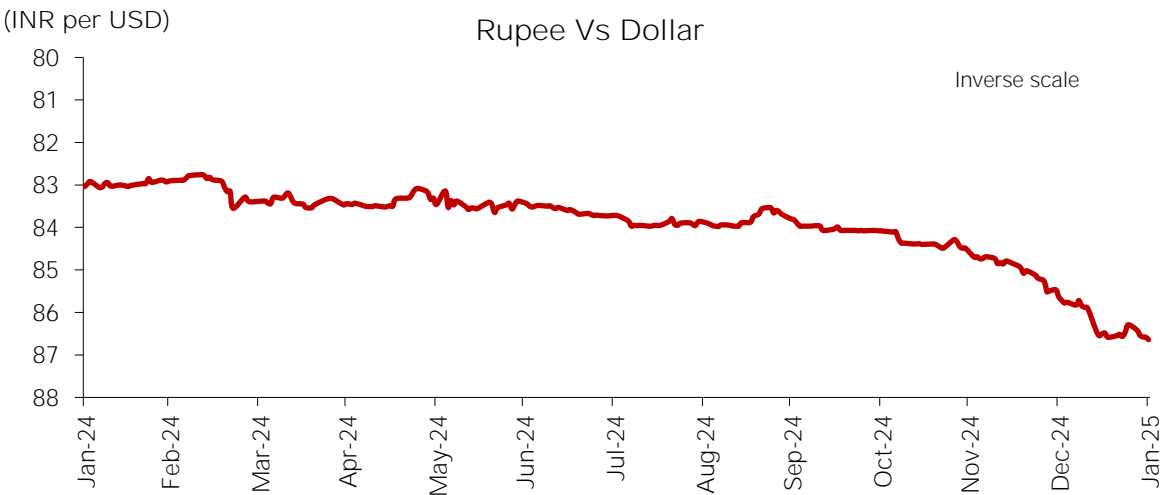
Source: HSBC Asset Management, India, Data as on 31 January 2025. Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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Indian rupee ended lower in January

- The Indian rupee hit its all-time low against the dollar in January. Foreign portfolio outflows, rising expectations of a rate cut by the Reserve Bank of India (RBI) and uncertainty surrounding US trade tariffs exerted immense pressure on the domestic unit, making it the worst performer among major Asian currencies during the month. The rupee ended the month at Rs 86.64 to the dollar, about 1.2% lower than its December 31 close of 85.62. This is the fourth consecutive on-month decline of the rupee since October.
- As the month drew to a close, trade tariff comments from the US President and the US Federal Reserve’s decision to keep interest rates unchanged weighed down on the rupee.

Rupee Movement V/s Global Currencies				
	31-Jan-25	31-Dec-24	Change	% Change
USD	86.64	85.62	1.02	1.19%
GBP	107.62	107.46	0.16	0.15%
EURO	90.0094	89.0852	0.9242	1.04%
100 YEN	55.96	54.82	1.14	2.08%



Rupee fell sharply due to massive pullout of funds by FPIs

Source: RBI, CRISIL. Data as on 31 January 2025, Past performance may or may not be sustained in future and is not a guarantee of any future returns. US- United States
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Global Economic Update

US economy grows 2.3% in the fourth quarter of 2024; US Federal Reserve keeps the fed funds rate steady

- US economy expanded annually at 2.3% in the fourth quarter of 2024, compared with 3.1% in the third quarter of 2024, while personal consumption expenditure (PCE) price index rose an annualized 2.3%, accelerating from 1.5%.
- The US Fed kept the fed funds rate steady in the 4.25%-4.5% range during its January 2025 meeting, while confirming an expected cautious approach to further cuts in the year and signaling a wait-and-watch approach to gauge what policies US President Donald Trump may pursue.

Key economic indicators

- The US economy non-farm payrolls rose to 256,000 in December, following a downwardly revised 212,000 in November
- Annual inflation rose to 2.9% in December compared with 2.7% in November, while the annual core consumer price inflation rate eased to 3.2% from 3.3%

Eurozone economy grew at 0.9% in the fourth quarter; ECB cut interest rates for the fifth time by 25 bps

- The Eurozone economy grew 0.9% on-year in the fourth quarter of 2024, matching the previous quarter's pace.
- The European Central Bank cut its key marginal lending rate by 25bps to 3.15% from 3.40% in its first meeting of 2025, marking a fifth reduction.
- Bert Colijn, Chief Economist at ING, said as that a big current driver of domestic inflation is set to fade, as wage growth is set to drop substantially towards the end of the year.

Key Eurozone economic indicators

- In December, the inflation rate accelerated for a third straight month to 2.4%, the highest rate since July, compared with 2.2% in November
- Industrial production declined 1.90% in November, compared with a 1.1% fall in October

Source : CRISIL, Data as on 31 January 2025, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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.

UK growth expands 1% in November; IMF raises growth projection to 1.6% for 2025

- The British economy expanded 1% on-year in November, slightly below 1.1% in October.
- IMF raised the growth projection for 2025 to 1.6% and 1.5% for 2026.
- The Bank of England is anticipated to announce a quarter-point cut in its interest rates on February 6, 2025, lowering the official rate to 4.5%.

Key UK economic indicators

- The annual inflation rate edged lower to 2.5% in December, compared with 2.6% in November, while the annual core inflation rate fell to 3.2% from 3.5%
- Industrial Production decreased 1.8% in November compared with a 1.1% decline in October, while manufacturing production declined by 1.2% from 0.4%

PBoC maintained its key lending rates; Chinese economy expanded 5.4% on-year in fourth quarter

- The Chinese economy expanded 5.4% on year in the fourth quarter of 2024, accelerating from 4.6% growth in the third quarter.
- The People's Bank of China (PBoC) kept its key lending rates steady for the third straight month in January.
- The one-year loan prime rate (LPR), the benchmark for most corporate and household loans, was maintained at 3.1%. Meanwhile, the five-year LPR, a reference for property mortgages, was retained at 3.6%.

Key Chinese economic indicators

- The trade surplus soared to \$104.84 billion in December 2024, up from \$75.31 billion in the year-ago period, surpassing expectations of \$99.80 billion
- Industrial production grew 6.2% in December, compared with the growth rate of 5.4% in November

Source: CRISIL, Data as on 31 January 2025, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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BoJ raised its key short-term interest rates by 25 bps

- The Bank of Japan (BoJ) raised its key short-term interest rates by 25 basis points to 0.5%, the highest level in 17 years, in line with the market consensus.
- The BoJ Governor Kazuo Ueda emphasised the central bank's commitment to achieving a sustained 2% inflation rate, as measured by the overall Consumer Price Index (CPI).
- In assessing the durability of this inflation target, the BoJ focuses on the underlying inflation, which excludes transient factors, such as fuel and volatile fresh food prices.

Key Japanese economic indicators

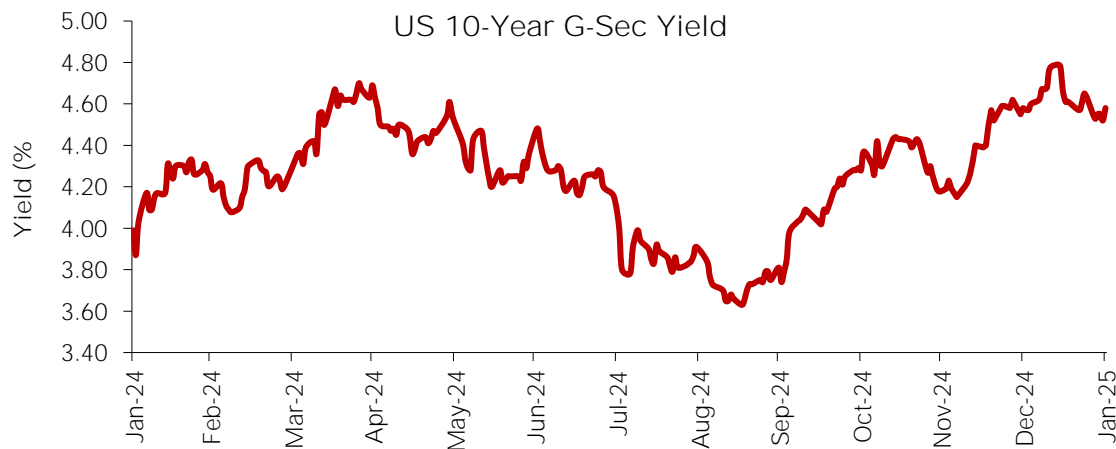
- The country's trade surplus soared to JPY 130.94 billion in December 2024 from JPY 32.35 billion in the year-ago month
- The annual inflation rate rose to 3.6% in December from 2.9% in November
- Industrial production declined -1.1% in December 2024, compared with -2.7% in November

Source: CRISIL, Data as on 31 January 2025, 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 ended flat in January

- US Treasury prices ended flat in January. The yield on the 10-year Treasury settled at 4.58% on January 31, 2025, unchanged from December 31, 2024.
- Bond prices rose after core inflation (excluding volatile food and energy prices) in the Consumer Price Index slowed in December, giving rise to hopes of rate cuts by the US Fed.
- The yields declined after comments from the Federal Reserve Governor Chris Waller raised expectations of multiple rates cuts this year.
- However, during the second week of the month bond prices fell, following an unexpected growth in ISM Services PMI numbers. They fell further after reports suggested the US president was contemplating the use of emergency measures to allow a new tariff programme.
- The prices declined further following reports that US President-elect Donald Trump was considering declaring a national economic emergency to provide a legal footing for a series of universal tariffs on allies and adversaries.



Global bond yields			
	31-Jan	31-Dec	Change
US 10-Year (%)	4.58	4.58	0.00
UK 10-Year (%)	4.53	4.57	-0.04
German 10-Year (%)	2.46	2.36	0.10
Japan10-Year (%)	1.24	1.07	0.17

Source: CRISIL, Bloomberg, Data as on 31 January 2025, 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
12-February-25	US Inflation Rate, January	2.9%
	India Industrial/Manufacturing Production, December	5.2%/5.8%
	India Inflation Rate , January	5.22%
13-February-25	UK GDP YoY, December	0.9%
14-February-25	Eurozone GDP Growth Rate, Q4	0.9%
	India WPI Inflation , January	2.37%
17-February-25	Japan GDP Growth Rate, Q4	1.2%

Source: CRISIL, Data as on 10 February 2025, 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
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.

Economic Events Calendar (cont'd)

Date	Indicators	Previous
19-February-25	UK Inflation Rate , January	2.5%
20-February-25	China Loan Prime Rate 1Y/ 5Y, February	3.1%-3.6%
24-February-25	Eurozone Inflation Rate, January	2.4%
27-February-25	US GDP Growth Rate QoQ 2nd Est Q4	3.1%
28-February-25	India Government Budget Value, January	INR-9140.9B
	India Infrastructure Output, January	4%
	India GDP Growth Rate, Q4	5.4%
	India Fiscal Year GDP Growth, 2025-24	8.2%

Source: CRISIL, Data as on 10 February 2025, 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 Cabinet approved the setting up of a third launchpad at the Satish Dhawan Space Centre in Sriharikota, Andhra Pradesh. This is expected to help the Indian Space Research Organisation become future-ready to use the heavier Next Generation Launch Vehicle that it is currently developing.
- The Cabinet approved the establishment of the Eighth Pay Commission to revise the salaries and pensions of government employees and pensioners.
- The Cabinet approved the refarming of 687 MHz of spectrum for mobile services, which will take the total available spectrum to 1,587 MHz.
- The Cabinet approved the extension of the National Health Mission for another five years after reviewing its progress over the past three years.
- The Cabinet approved the launch of the National Critical Mineral Mission with a total outlay of Rs 34,300 crore over seven years. The mission seeks to reduce India's dependence on imports, strengthen domestic value chains, and support India's goal of net zero by 2070.
- The Cabinet Committee on Economic Affairs (CCEA) approved a Rs 11,440 crore revival plan for debt-laden Rashtriya Ispat Nigam Ltd.
- The CCEA approved the minimum support price (MSP) of raw jute for the marketing season 2025-26. The MSP has been fixed at Rs 5,650 per quintal – an increase of Rs 315 per quintal over the previous marketing season.
- The Cabinet Committee on Security approved a project worth Rs 10,000 crore to procure ammunition for the Indian Army's Pinaka multi-barrel rocket launcher systems.

Source –CRISIL, Data as on 31 January 2025, 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 kept the interest rate on its Floating Rate Savings Bonds (Taxable) – FRSB 2020 (T) for the period January 1 to June 30, 2025, unchanged at 8.05%.
- The RBI approved the merger of National Co-operative Bank with Cosmos Co-operative Bank with effect from January 6, 2025.
- The RBI issued a master direction consolidating various instructions issued to credit information companies (CICs), including banks and other financial institutions, pertaining to the reporting of credit information of their customers. It has directed CICs to send alerts through SMS/email to customers whenever their credit information report is accessed by the specified users.
- The RBI mandated banks to offer fixed interest rate products in all equated instalment-based personal loan categories.
- The RBI issued new rules seeking to streamline and tighten the settlement process for dues payable by borrowers to asset reconstruction companies (ARCs). The revised framework mandates ARCs to adopt a more structured approach to settle dues while ensuring transparency and accountability in their operations.

Key economic indicators released in the month

- The output of India's eight core sectors moderated from 4.4% in November to 4% in December. This was also slower than the 5.1% growth recorded in December 2023. The deceleration can be attributed to lower on-year growth in all segments, barring electricity, cement and crude oil.
- The HSBC India Purchasing Managers' Index, compiled by S&P Global, slipped from 56.5 in November to 56.4 in December, indicating the weakest growth in manufacturing activity in calendar 2024. The slowdown was because of softer increase in output, new orders and stock purchase.
- In December, India recorded a merchandise trade deficit of \$21.94 billion as against to \$18.76 billion in the corresponding month a year ago. The deficit was because of 4.9% on-year rise in imports, driven by ~55% surge in gold imports and a ~1% decrease in exports.

Source –CRISIL, Data as on 31 January 2025, 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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^- Sources- <https://www.rbi.org.in/>

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