

Global Navigator

October 2024

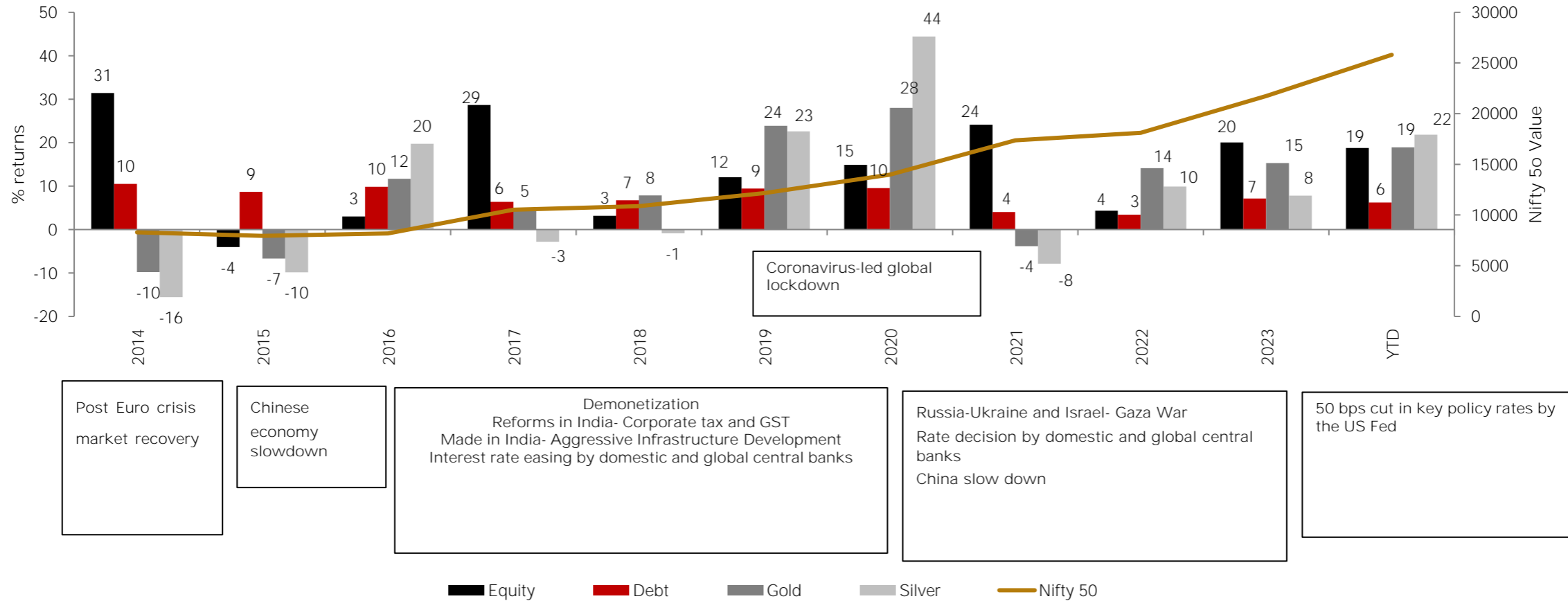


HSBC Mutual Fund

History of asset classes through major events

Calendar year performance of asset classes

Calendar year performance of asset classes



Post Euro crisis market recovery
Chinese economy slowdown

 Demonetization
 Reforms in India- Corporate tax and GST
 Made in India- Aggressive Infrastructure Development
 Interest rate easing by domestic and global central banks

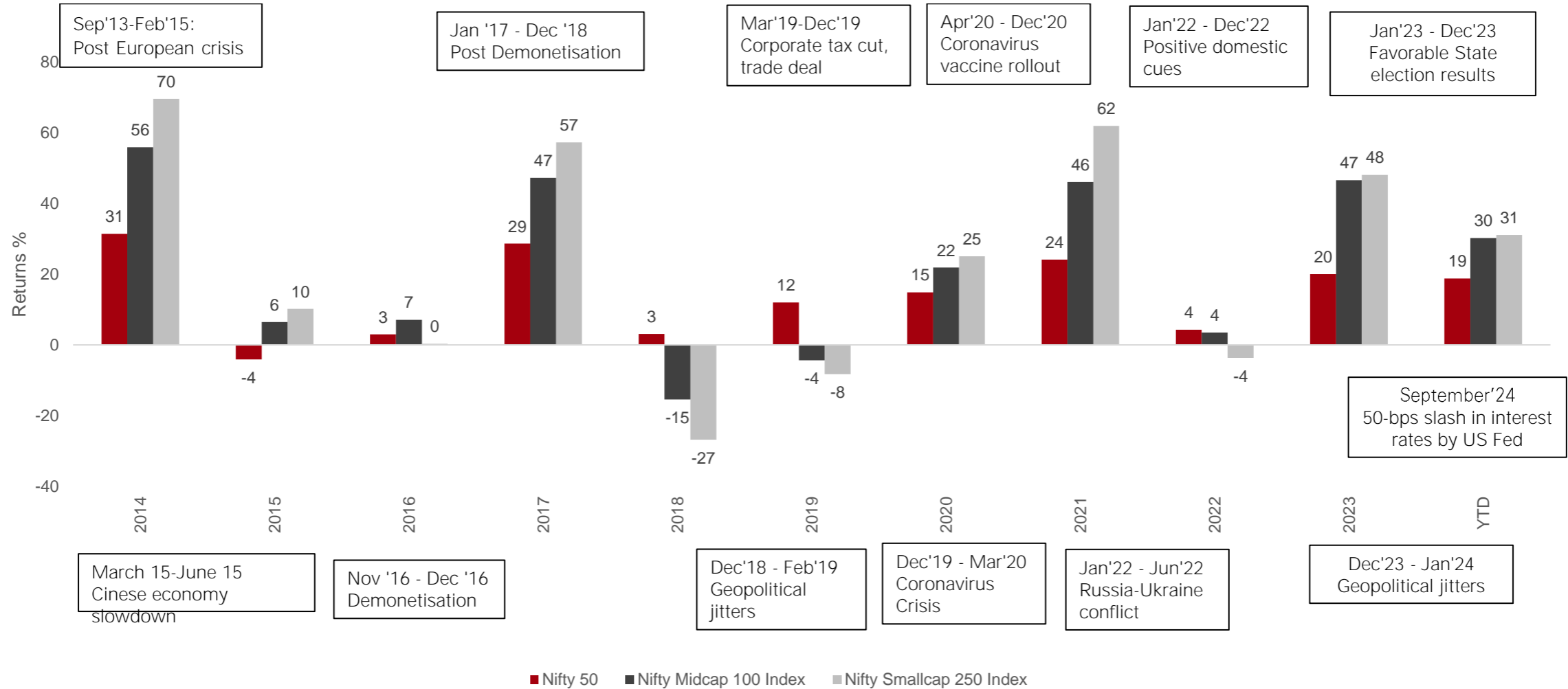
 Russia-Ukraine and Israel- Gaza War
 Rate decision by domestic and global central banks
 China slow down

50 bps cut in key policy rates by the US Fed

Equity
Debt
Gold
Silver
Nifty 50

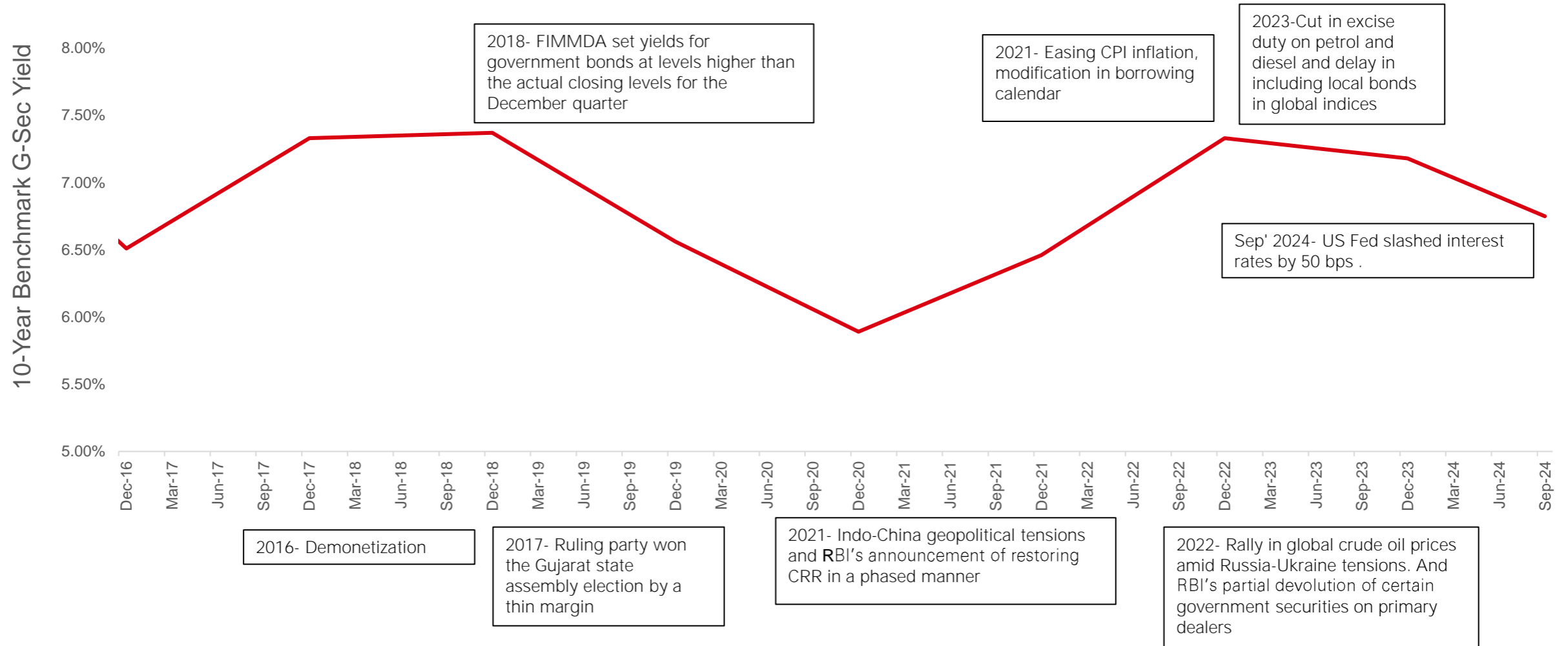
History of Equity markets through major events

Performance of major equity indices



History of Debt Markets through major events

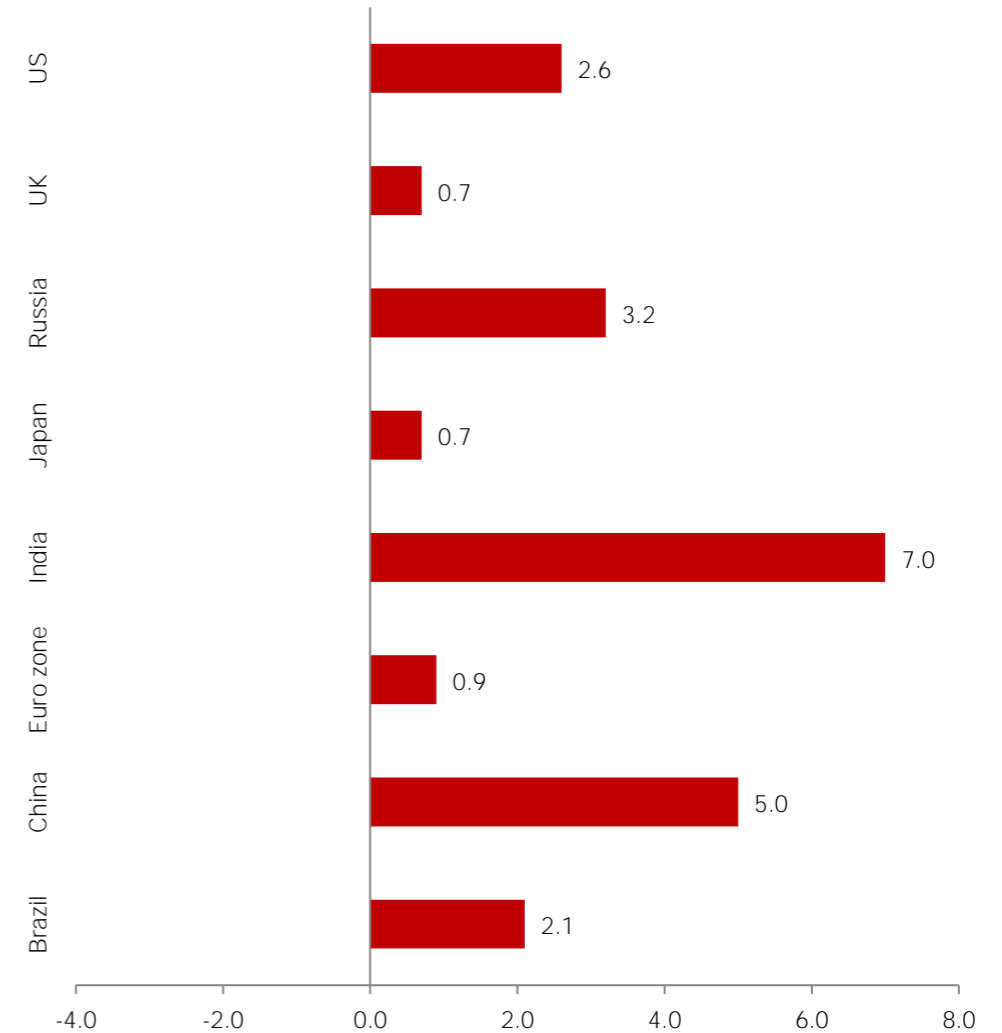
10-year G-Sec yield movement through major events



	GDP		Inflation		Industrial Growth	
	Current	Previous	Current	Previous	Current	Previous
US	3.0% Q2 2024	1.6% Q1 2024	2.5% Aug'24	2.9% Jul'24	0.7% Aug'24	0.2% Jul'24
Eurozone	0.6% Q2 2024	0.5% Q1 2024	2.2% Aug'24	2.6% Jul'24	-2.2% Jul'24	-4.1% Jun'24
UK	0.7% Q2 2024	0.3% Q1 2024	2.2% Aug'24	2.2% Jul'24	-1.2% Jul'24	-1.4% Jun'24
China	4.7% Q2 2024	5.3% Q1 2024	0.6% Aug'24	0.5% Jul'24	4.5% Aug'24	5.1% Jul'24
Japan	2.9% Q2 2024	-2.3% Q1 2024	3.0% Aug'24	2.8% Jul'24	-4.90% Aug'24	2.90% Jul'24
India	6.7% Q1 FY25	7.8% Q4 FY24	3.65% Aug'24	3.60% Jul'24	4.8% Jul'24	4.7% Jun'24

Major Global Central Bank	Latest Key Interest rate
US Federal Reserve	4.75-5.0%
Bank of England	5.00%
European Central Bank	3.65%
Bank of Japan	0.25%
India	6.50%

IMF GDP Projections for 2024

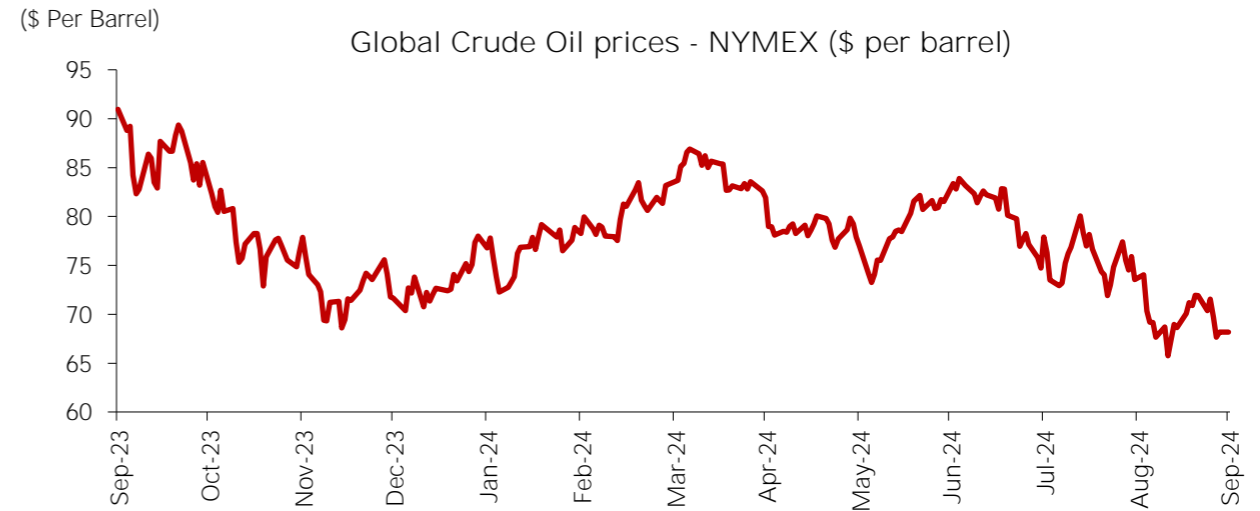


Source: CRISIL, Bloomberg, Respective Central Banks, IMF. Data as on 30 September 2024

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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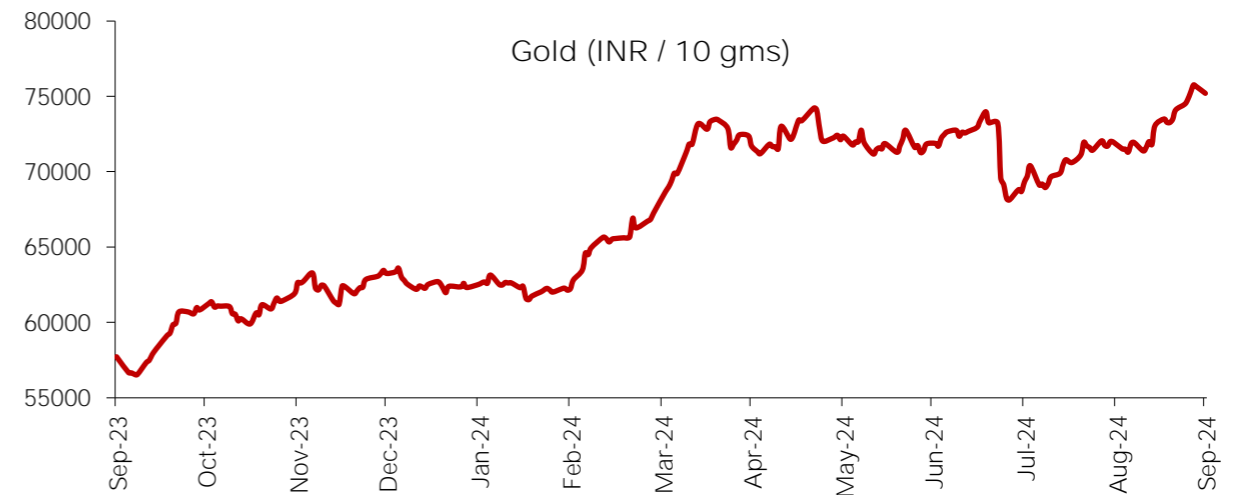
International crude oil fell sharply in September

- Crude oil prices on the New York Mercantile Exchange closed at \$68.17 per barrel on September 30, 2024, down 7.31% from \$73.55 on August 30, 2024.
- The decline came after the Organisation of the Petroleum Exporting Countries (OPEC) trimmed demand outlook.
- Weak economic data reported by the US and China added to demand concerns. The US rate cut decision caused worry over economic growth.



Gold remained up in September

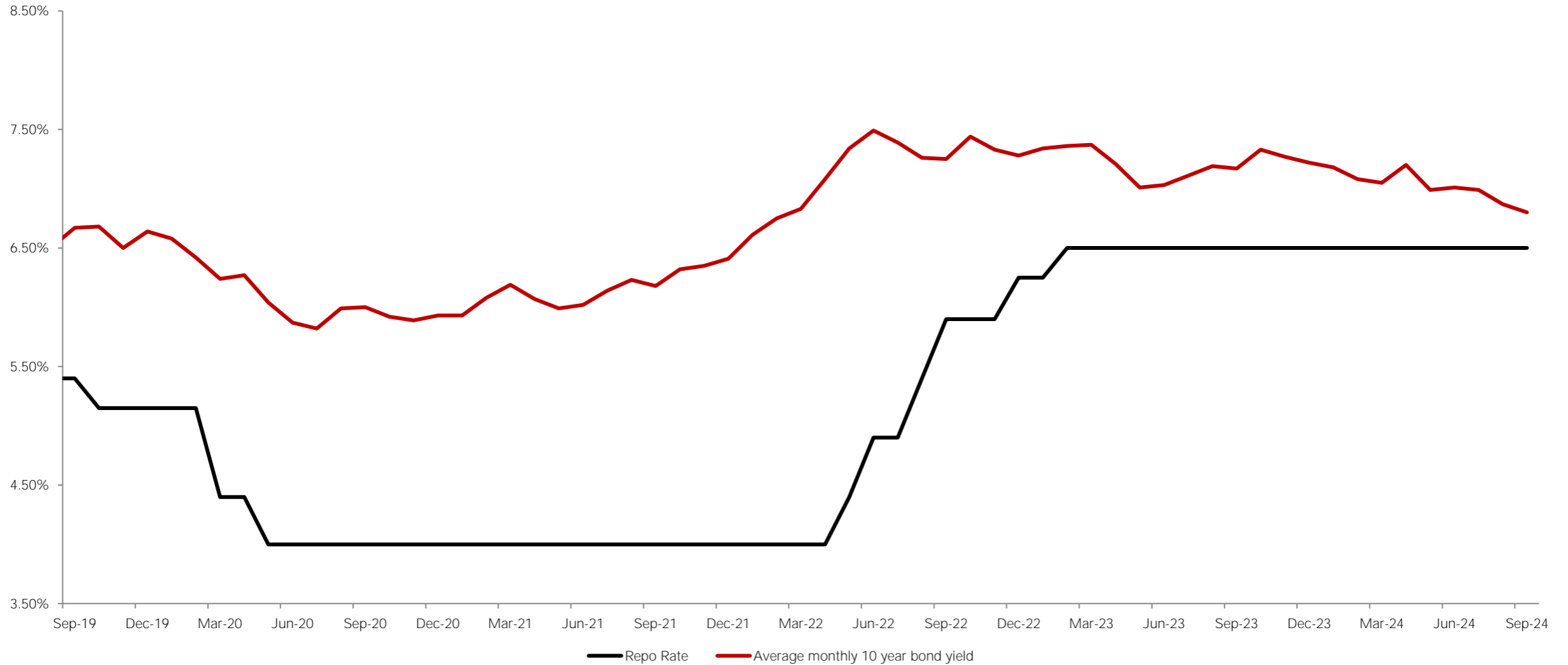
- Gold prices ended at Rs 75,197 per 10 grams on September 30, up 4.5% from Rs 71,958 per 10 grams on August 30, according to the India Bullion and Jewellers Association Ltd
- Prices remained high during the month amid expectations of an imminent rate cut by the Federal Reserve at its September monetary policy meeting
- Back home, improved domestic demand ahead of festivities also kept prices of the yellow metal high



Source – CRISIL, NYMEX. Data as on 30 September 2024

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RBI Repo Rate held at 6.50%



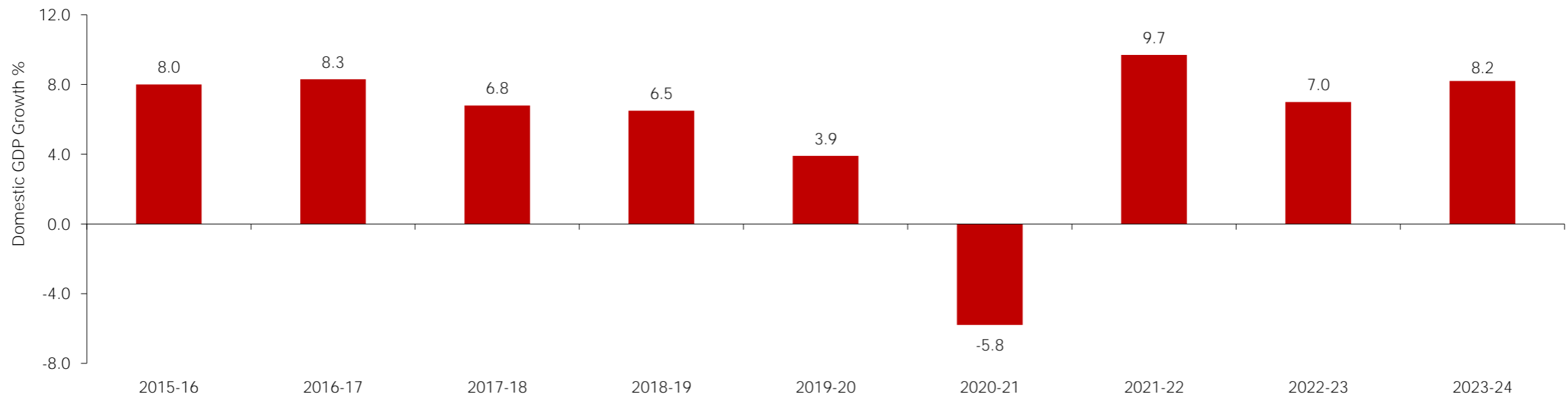
Source: RBI, CRISIL Research, Data as on 30 September 2024

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Economic outlook remains positive; all eyes on RBI policy meet

- The growth outlook for the Indian economy remains positive, with several international agencies, including the World Bank and the Organisation for Economic Corporation and Development, upgrading their growth forecasts to between 6.7% and 7% for fiscals 2025 and 2026.
- S&P Global Ratings expects India to emerge as the world’s third-largest economy and transition to the upper-middle-income category by fiscal 2031 if it can maintain 6.7% growth every year
- On the policy front, an aggressive 50 basis points cut in interest rates by the US Federal Reserve in September – its first in over four years – led to some speculation that the RBI may follow suit at its monetary policy meeting in October.



Source – CRISIL, Mospi, Data as on 30 September 2024

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Retail inflation ticks up to 3.65% in August

- After falling to a near five-year low of 3.60% in July, India's retail inflation came in at a slightly higher 3.65% on an annual basis in August.
- Meanwhile, India's wholesale inflation eased to a four-month low of 1.31% in August from 2.04% in July (on an annual basis). Falling fuel prices and slowing pace of food inflation drove down wholesale prices.

Indicators	Current	Previous
Monthly CPI Inflation	3.65% (Aug-24)	3.60% (Jul-24)
Industrial Growth	4.8% (Jul-24)	4.2% (Jun-24)
Exports	\$178.68 bn (Apr-Aug 24)	\$176.67 bn (Apr-Aug 23)
Imports	\$295.32 bn (Apr-Aug 24)	\$275.83 bn (Apr-Aug 23)
Trade Balance	-\$46.46bn (Apr-Aug 24)	-\$37.94 bn (Apr-Aug 23)
Gross Tax Collections	INR 1332722 cr (Apr-Aug FY25)	INR 1189180 cr (Apr-Aug FY24)

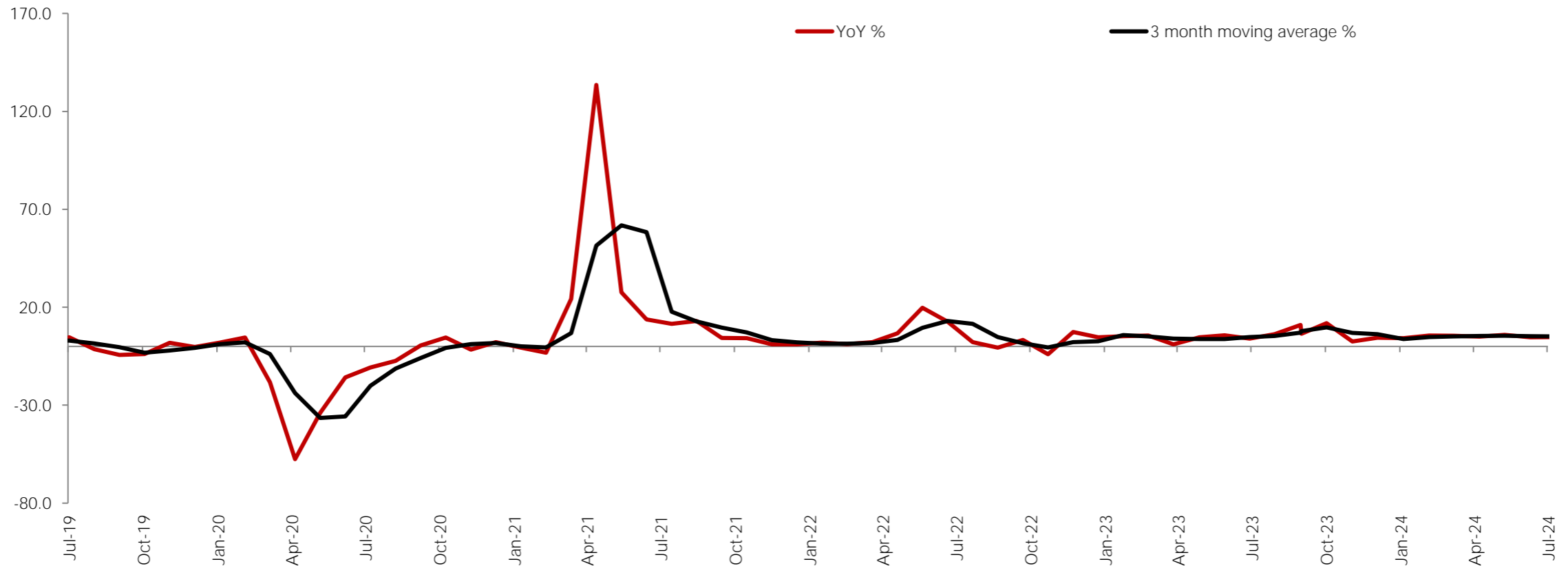
Source – Ministry of Commerce, Comptroller General of Accounts, CRISIL, Data as on 30 September 2024

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Index of Industrial Production - IIP

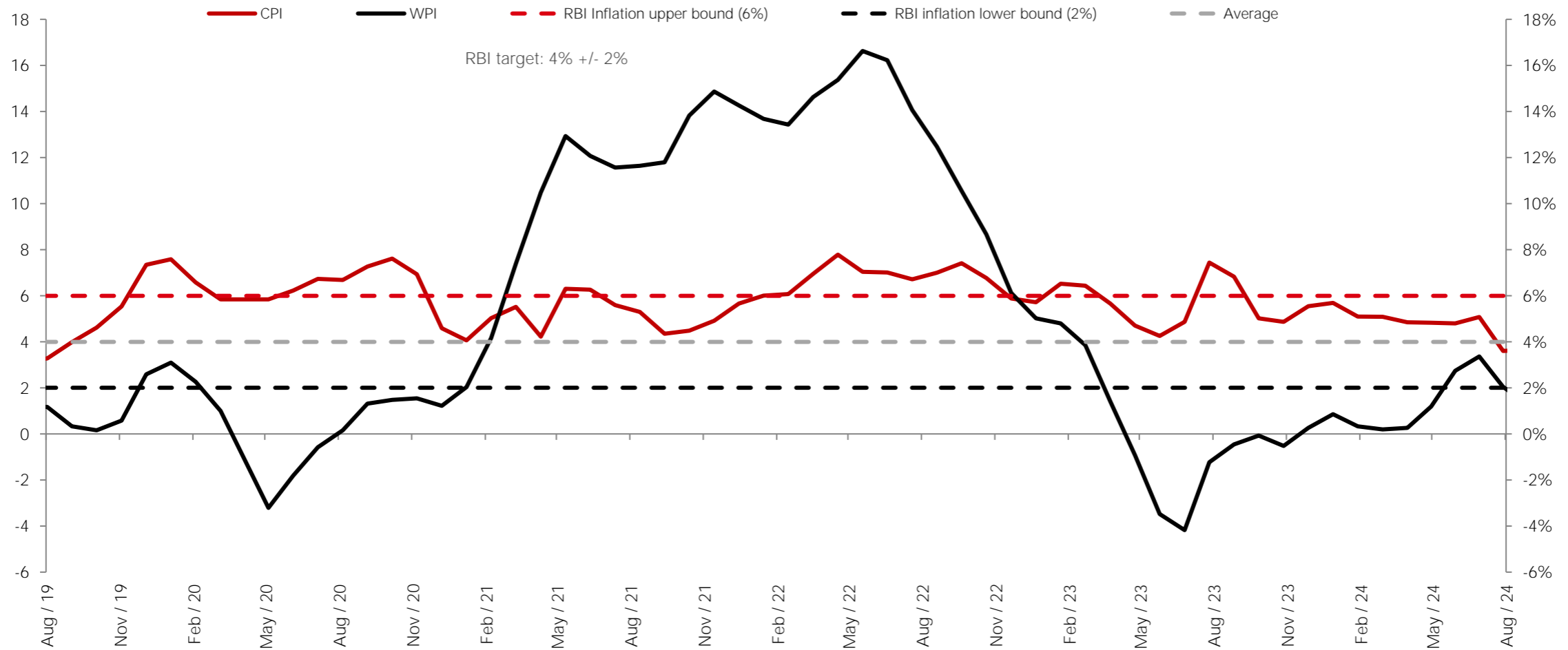
- Latest data from the Ministry of Statistics & Programme Implementation showed industrial output in the country, measured by the Index Of Industrial Production or IIP, grew 4.8% on-year in July 2024. This was slightly faster than the 4.7% growth (revised) registered in the preceding month.



Source: CRISIL, MOSPI, Data as on 30 September 2024, 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.

Inflation target and trend

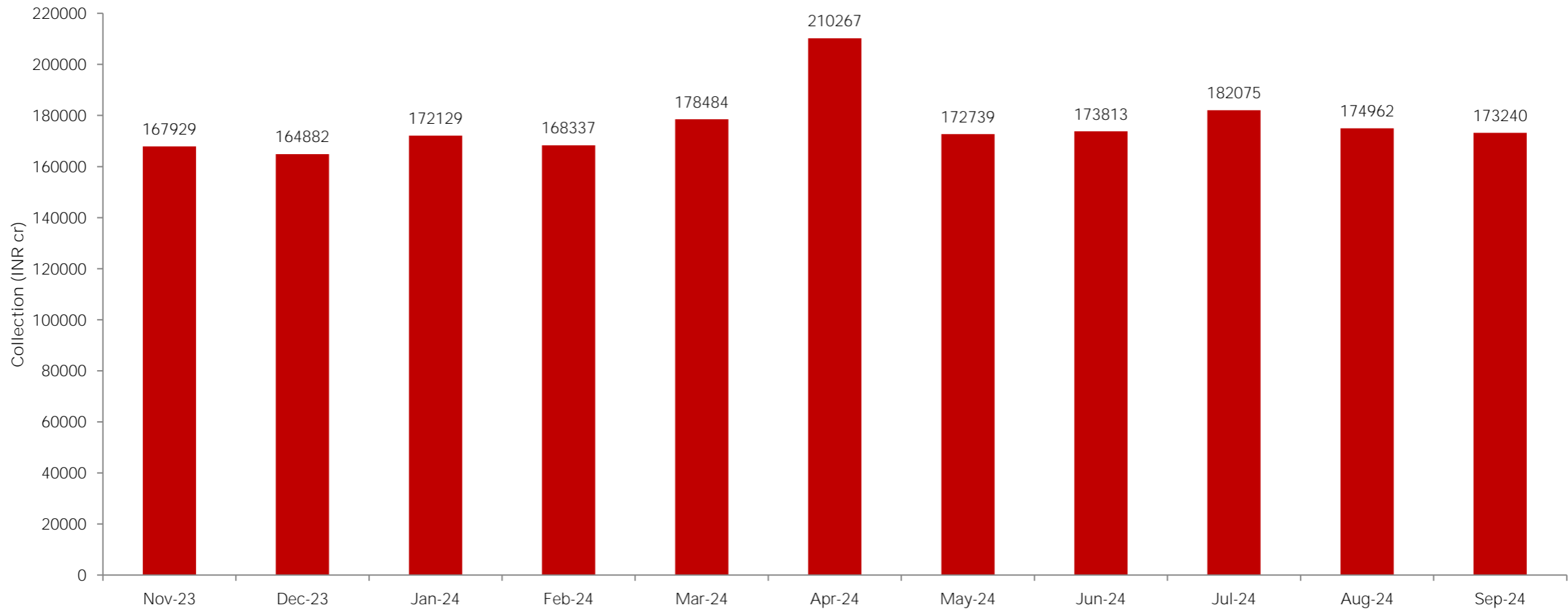
CPI inflation below the RBI's max target range



Source: CRISIL, MOSPI, RBI, Data as on 30 September 2024, 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.

GST collection INR 1.73 lakh crore in September

As per reports, the government collected INR 1.73 lakh crore goods and services tax (GST) for the month of September



Source- CRISIL, gst.gov.in, Data as on 30 September 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns. GST – Goods and Services Tax
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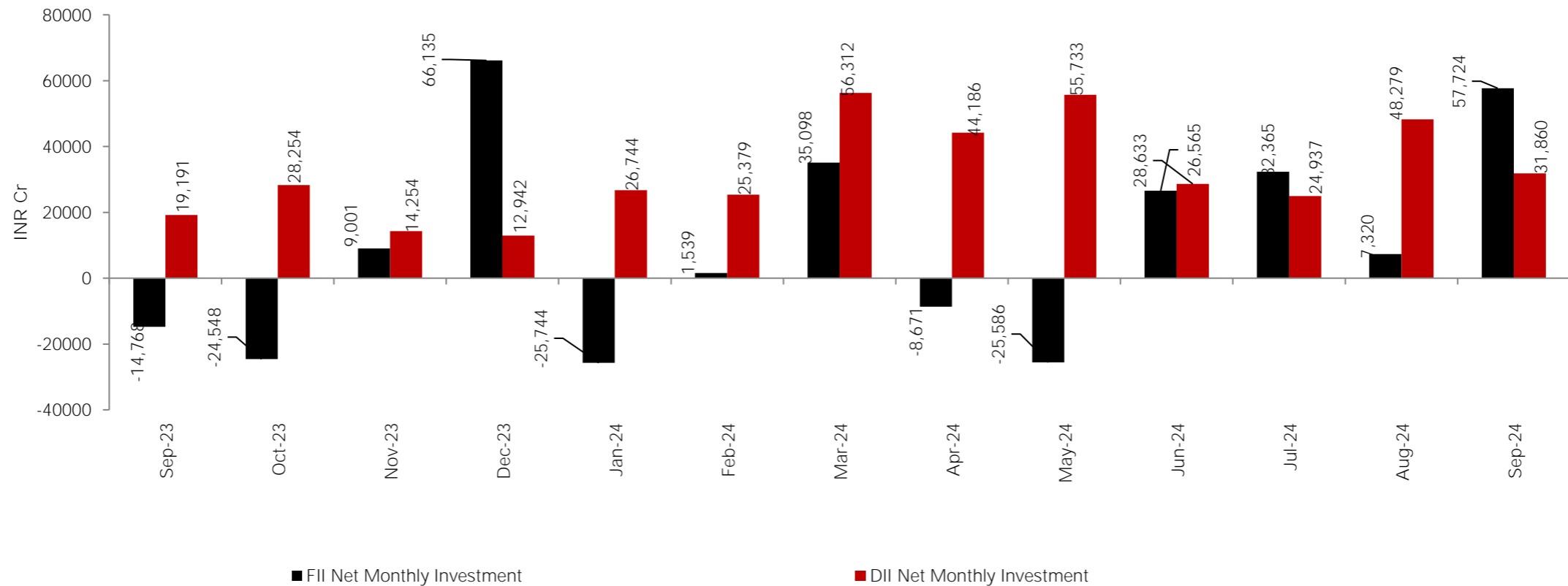
Indian equity indices rose in September '24

- India's equity markets extended their gains for the fourth month in a row in September and ended at record highs. The Benchmarks BSE Sensex and Nifty 50 rallied 2.35% and 2.28% on-month, respectively. The markets scaled an all-time high multiple times, with the Sensex and Nifty breaching the 84,000 and 25,800 marks, respectively.
- A sharp cut in key policy rates by the US Fed propelled the Indian equity markets to new all-time highs in September. While the 50-bps slash in interest rates boosted investor sentiments globally, both the Indian benchmark indices outperformed most of their global peers and hit fresh all-time intraday highs on September 27.
- The gains subsequently grew stronger after the Federal Open Market Committee finally slashed its key overnight borrowing rate by 50 bps on September 18, the first rate cut since the early days of the pandemic.
- As the month progressed, optimism about further rate cuts, and heavy buying in sectors such as banking and finance, realty, auto, metal and energy further boosted the markets. The Indian equity markets also made some gains following the government's decision to lower goods and services tax on select cancer drugs. Furthermore, the monthly expiry in the derivatives segment helped the bourses rake in substantial gains.
- The markets were supported by continued buying by domestic institutional investors (DIIs) and foreign institutional investors (FIIs). In August, DIIs bought Rs 31,860 crores worth of Indian equities in September, compared with Rs 48,278 crores in August. FIIs bought Indian equities worth Rs 57,359 crores in September, compared to Rs 7,322 crores in August.
- However, further gains were capped because of profit booking at record levels during the last few trading sessions of the month. Mixed global cues, rate hike concerns, the anticipation of US inflation data and geopolitical uncertainties involving Israel, Lebanon and Iran also influenced heavy investor sell-off during the end of the month.

Source –CRISIL, Data as on 30 September 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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BSE sectoral indices mostly ended higher in September '24

- Among all the key sectoral indices, 12 gained in value in September, compared with August.
- The top gainers in the month were the BSE Metal (6.6%), BSE Consumer Durables (6.4%), and BSE Commodities (5.7%) indices, all raking in substantial gains from the US Fed's aggressive rate cut.



Source: CRISIL, NSDL, NSE, Data as on 30 September 2024, 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.

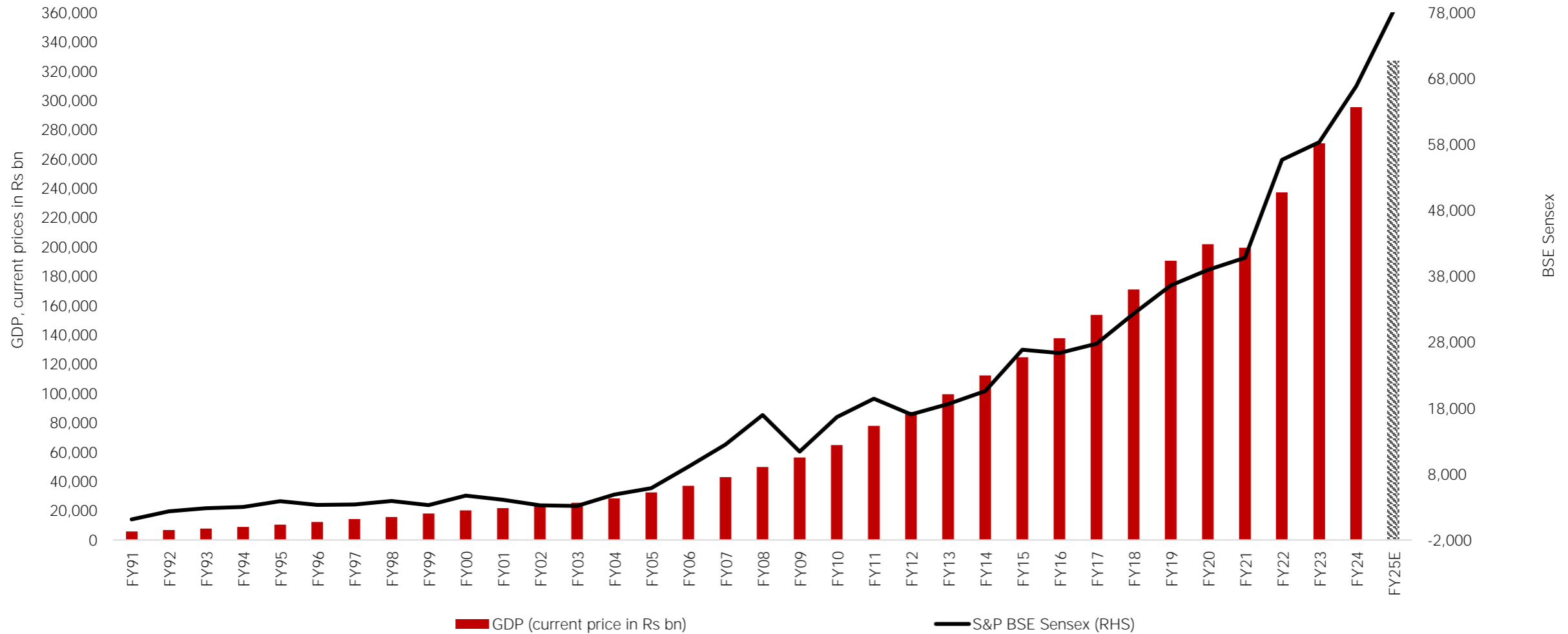
Equity Market Review

Indices	30-Sep-2024	30-Aug-2024	% Change 1 Month	% Change 1 Year	% Change YTD
Nifty 50	25811	25236	2.28	31.43	18.77
BSE Sensex	84300	82366	2.35	28.06	16.69
BSE Auto	61051	59041	3.40	66.67	44.57
BSE BANKEX	60038	58312	2.96	19.66	10.41
BSE Capital Goods	73107	73169	-0.09	53.17	31.38
BSE Consumer durables	67662	63590	6.40	49.17	35.32
BSE FMCG	23788	23022	3.32	27.35	16.22
BSE Healthcare	44236	43177	2.45	55.23	40.21
BSE IT	42370	43487	-2.57	32.14	17.66
BSE Metal	34609	32456	6.63	49.13	28.22
BSE MidCap	49352	49065	0.58	52.60	33.97
BSE Oil & Gas	31835	32978	-3.47	67.33	38.29
BSE Power	8652	8232	5.11	85.68	48.69
BSE PSU	21402	21977	-2.61	69.23	37.56
BSE Realty Index	8593	8234	4.36	86.56	38.88
BSE SmallCap	57131	56022	1.98	52.10	33.88

Source: NSE, BSE, Data as on 30, September 2024, 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.

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 2025 is shown shaded in this graph is for illustration purposes only and is not guaranteed, Data as on 30 September 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

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

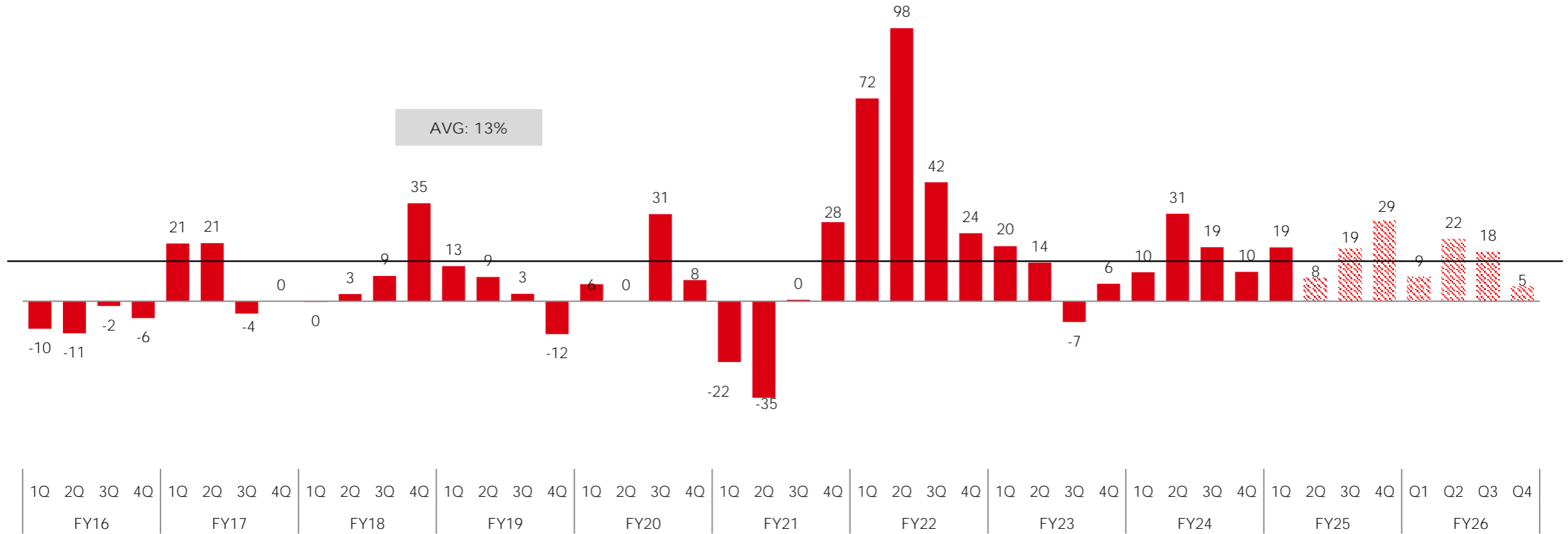
Sectoral indices	% Change										
	CY15	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24*	10-year CAGR*
Nifty 50	-4.06	3.01	28.65	3.15	12.02	14.90	24.12	4.33	11.20	18.77	12.47
BSE Sensex	-5.03	1.95	27.91	5.91	14.38	15.75	21.99	4.44	10.10	16.69	12.20
BSE Auto	-0.60	9.39	32.06	-22.12	-11.27	12.59	15.27	16.54	38.48	44.57	13.14
BSE BANKEX	-9.92	7.35	39.08	5.27	20.72	-2.14	13.63	21.03	2.83	10.41	13.03
BSE CG	-8.51	-3.28	40.03	-1.63	-9.97	10.63	43.47	15.97	49.93	31.38	17.73
BSE CD	24.02	-6.34	101.92	-8.79	20.86	21.52	41.81	-11.27	18.62	35.32	21.23
BSE FMCG	1.36	3.29	31.54	10.60	-3.58	10.55	8.57	-10.93	19.17	16.22	12.03
BSE Healthcare	15.06	-12.88	0.49	-5.92	-3.55	61.45	17.62	16.62	31.87	40.21	11.90
BSE IT	4.51	-8.00	10.83	24.93	9.84	56.68	41.79	-12.10	15.89	17.66	14.75
BSE Metal	-31.20	36.65	47.78	-20.75	-11.92	11.23	57.06	-24.24	16.23	28.22	11.73
BSE Oil & Gas	-3.43	27.17	34.00	-15.57	7.25	-4.44	24.22	8.36	0.70	38.29	11.48
BSE Power	-6.44	1.53	19.83	-16.06	-3.65	7.05	67.62	16.57	12.32	48.69	15.89
BSE PSU	-17.18	12.88	19.27	-21.11	-3.88	-16.88	41.01	25.84	34.65	37.56	10.64
BSE Realty	-13.55	-5.98	106.36	-31.07	26.85	8.66	53.34	-10.26	64.11	38.88	18.43

Source: CRISIL, BSE, Figures in red indicate negative returns in that period. *10-year CAGR, Data as on 30 September 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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Earnings growth – quarterly trend

Nifty 50 earnings retreated Q2 FY22 onwards



Nifty 50 EPS Growth (Y-o-Y)

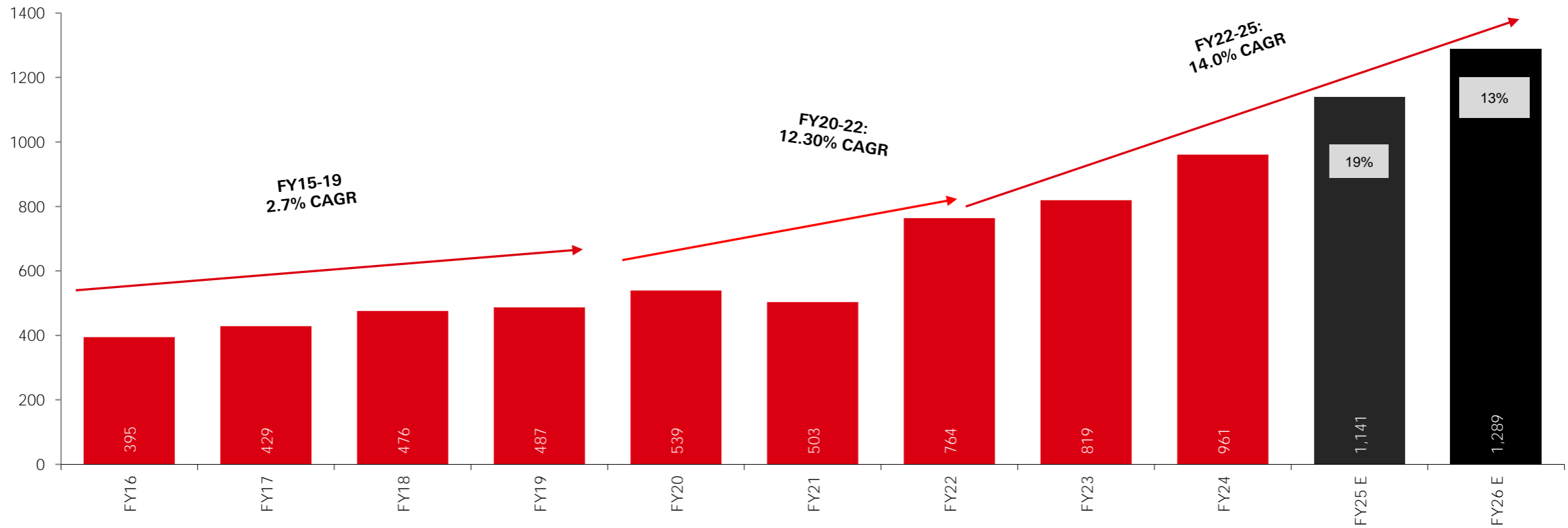
Estimates – shaded portion of FY25 and FY26

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

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Earnings trend

India - Equity earnings (Nifty 50 EPS)

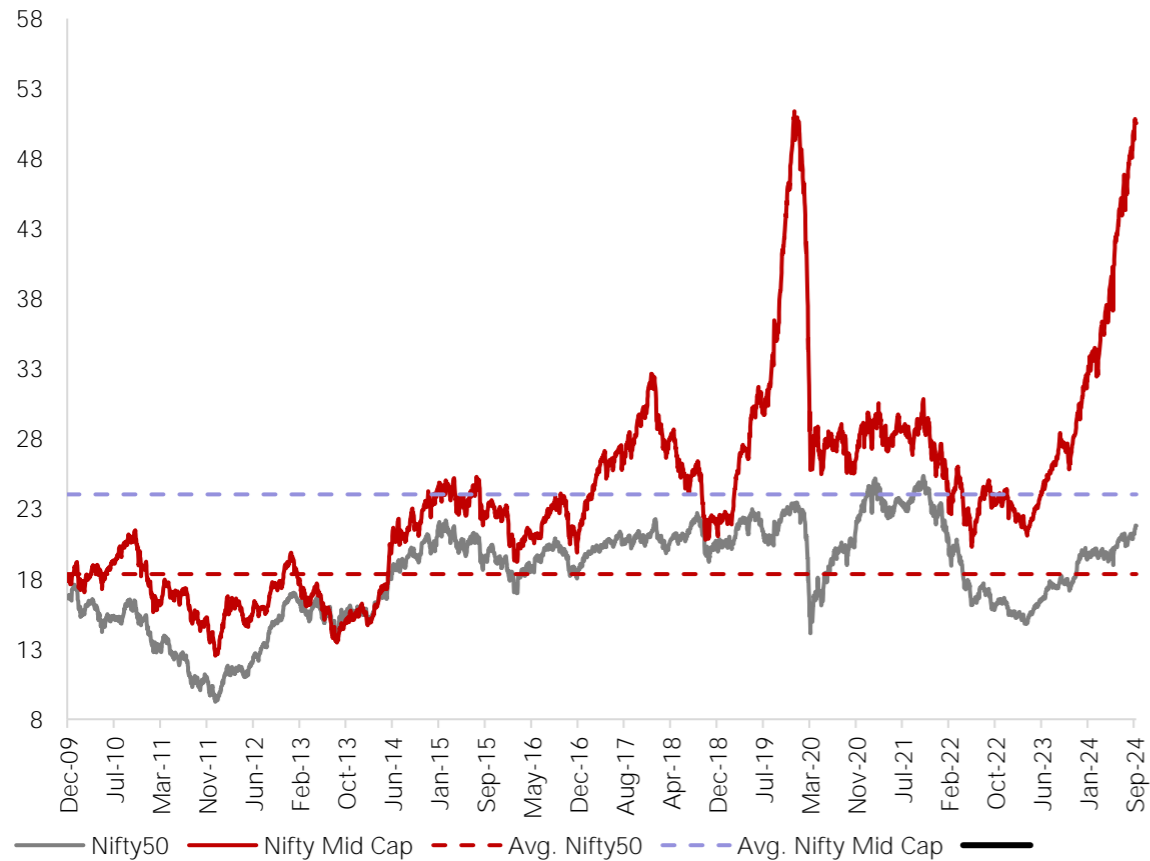


Note: Trailing 12M EPS (Earnings Per Share)
Black shaded columns are estimates of FY25 and FY26
Data for FY 26 is for only three quarters

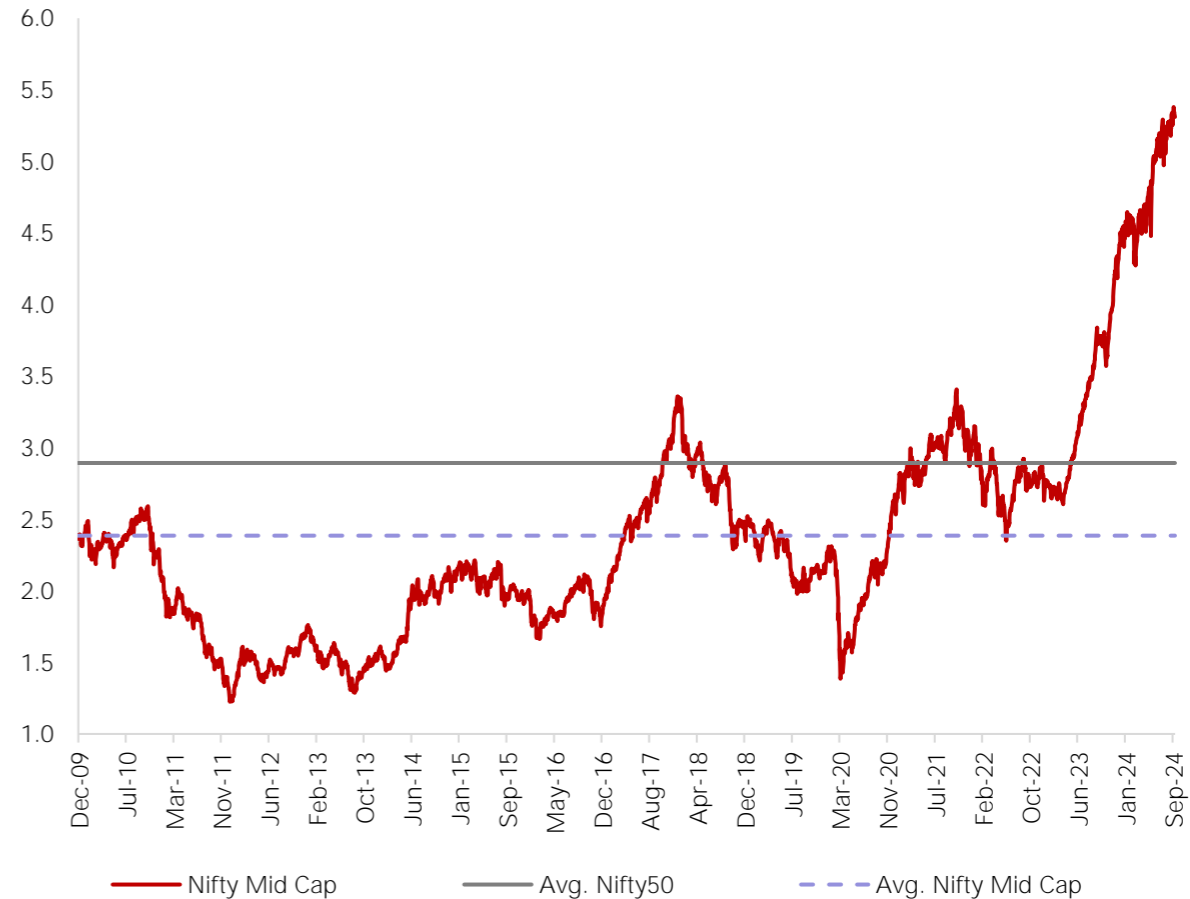
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Market valuations – Nifty 50 and Nifty Midcap 100

Large and Mid Cap - Price to Earnings (PE)



Large and Mid Cap - Price to Book (PB)

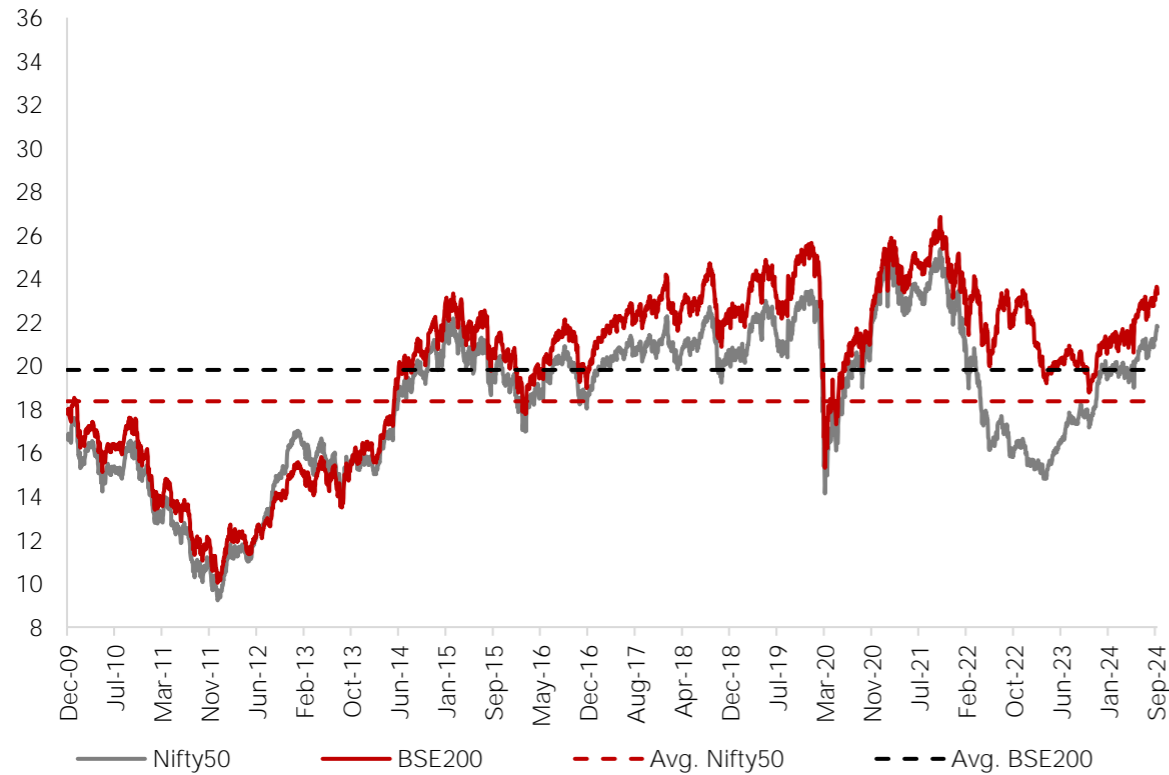


Source: CRISIL, Bloomberg

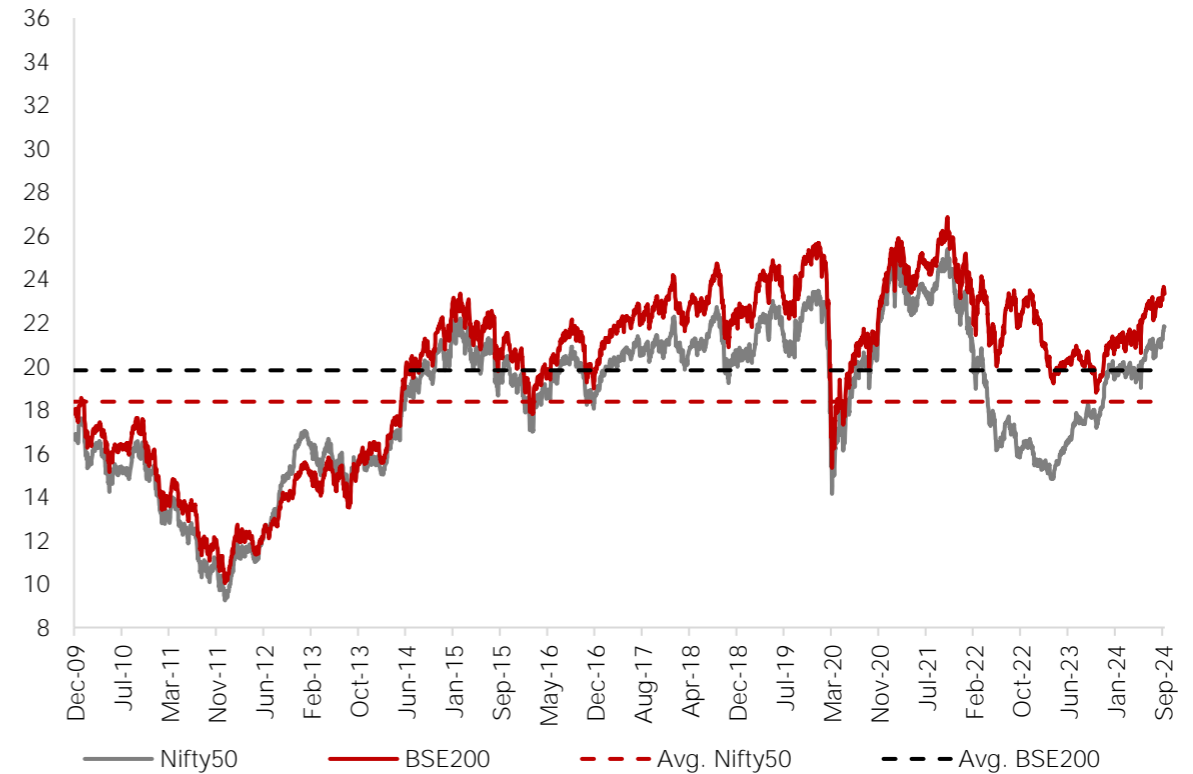
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Large and BSE 200 - Price to Earnings (PE)



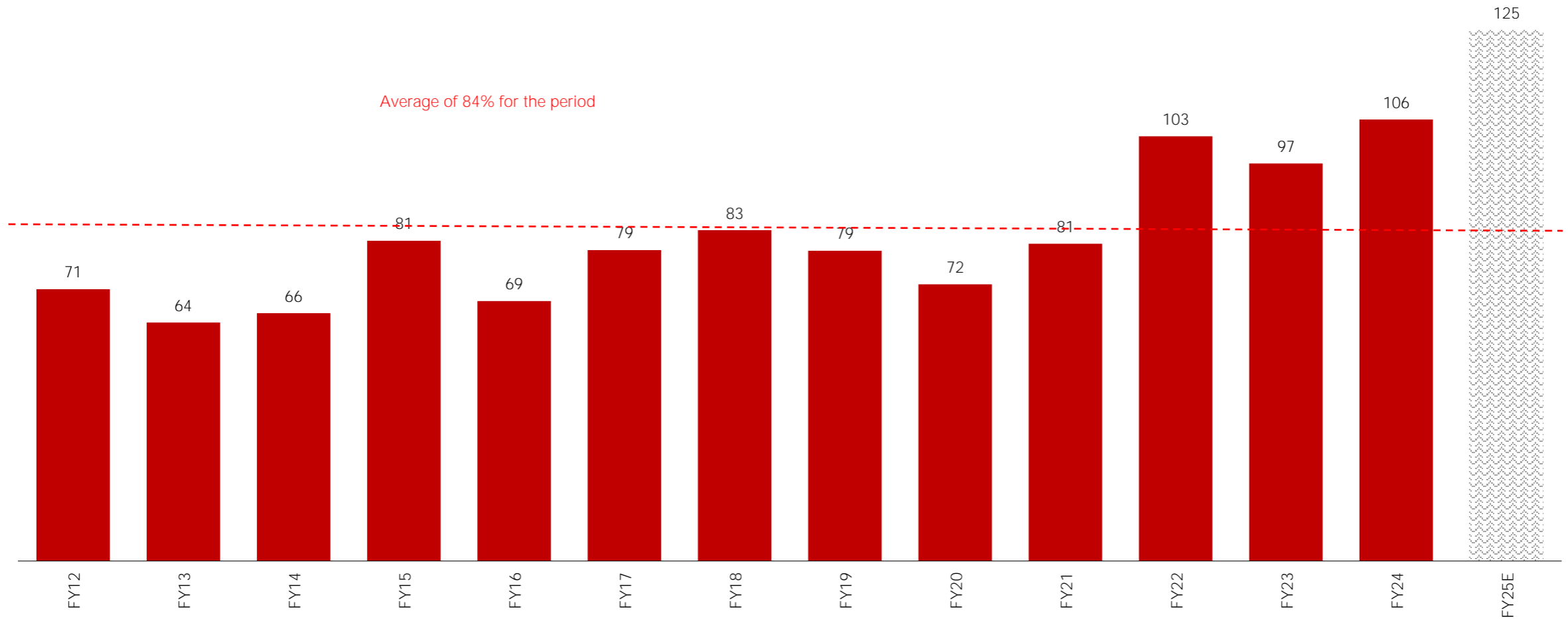
Large and BSE 200 - Price to Book (PB)



Source: CRISIL, Bloomberg, BSE, Data as on 30 September 2024, 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.

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 30 September 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns. GDP- Gross Domestic Product

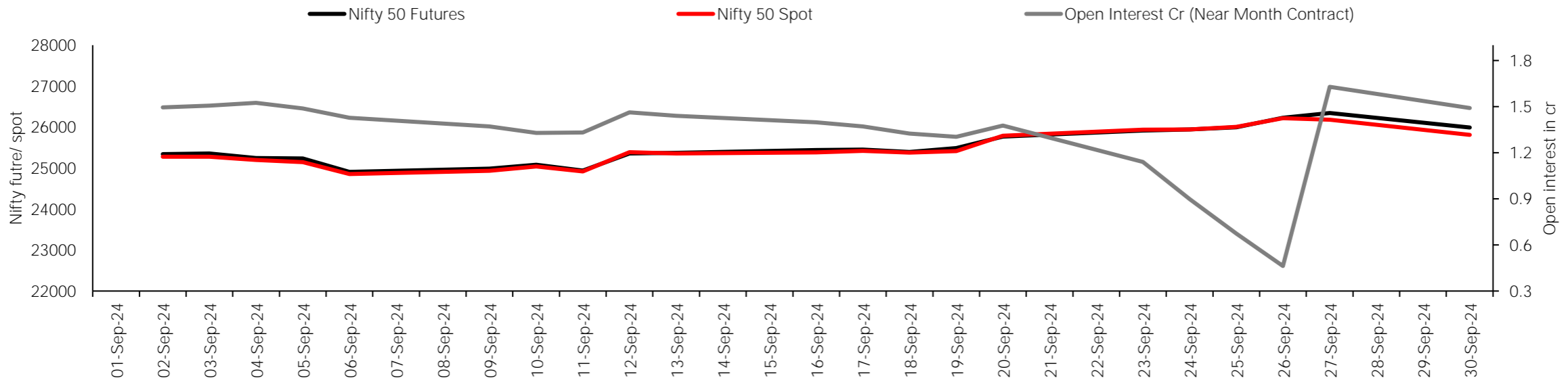
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- Global market update: MSCI World index also moved up another 1.7% in September.
- FII flows into Indian equities surged with an inflow of US\$5.9 bn in September vs US\$1.4 bn in August. DIIs invested a steady US\$3.8 bn with MFs investing US\$3.9 bn during the month.
- S&P retained India's FY25 GDP growth forecast of 6.8%.
- Industrial production growth (IIP) remains flattish at 4.8% (YoY) in July versus 4.7% in June.
- Gross GST revenue collection slowed to Rs 1.73 tn in September 2024, up only 6.5% (YoY).
- While consensus earnings estimate for FY25/26 were revised down slightly in Sep. Nifty therefore now trades on 22.4x 1 year forward PE more than 20% above its 10-year average and 15% above its 5-year average. Valuations in Mid Cap and Small Cap space are much more elevated.
- Global macro environment remains challenging with heightened geo-political and economic uncertainties. US Fed rate cut and Chinese government stimulus measures could be positive for the global economy.
- For India, growth has remained strong with GDP growth of 6.7% (YoY) in Q1FY25 despite slowdown in government spending due to elections.
- India's growth momentum and outlook remains strong. Increased government focus on employment generation and skill development is likely to lead to further policy support for 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. While we remain constructive on Indian equities supported by the more robust medium term growth outlook we would caution against high return expectations.

Source: HSBC Asset Management, India, Data as on 30 September 2024, 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.

Nifty futures

- The Nifty 50 near-month future contract of September rose marginally on the rollover day (September 26) versus spot.
- The new near-month contract (October 31) ended 92.80 points higher on September 26.
- The rollover of the new near-month contract (October) was 74% 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 12.74 on September 26 compared to 13.79 on August 29 (rollover date) and ended the month at 11.96.
- Nifty futures saw trading volume of around Rs 4.3 lakh crore, arising out of 67 lakh contracts, with an open interest of around 35 crore during the month



Source – NSE, CRISIL, Data as on 30 September 2024, 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.

Nifty options

- On September 30, Nifty 31,000 call option witnessed the highest open interest of around 0.46 lakh, while Nifty 31,000 call contract garnered the maximum number of contracts of around 0.011 lakhs.
- Nifty 31,000 put option witnessed the highest open interest of around 0.02 lakh on September 30 and the Nifty 31,000 put contract garnered the maximum number of contracts of around 0.001 lakh.

NSE F&O turnover

- Turnover on the NSE's derivative segment came in positive in the month. The average put-call ratio was at 0.92 in September marginally lower than 0.94 in August.

Instrument	Monthly turnover summary (Figures in INR crore)		
	30-Sep	30-Aug	Change %
Index futures	712,659.23	752,883.13	-5%
Stock futures	3,414,779.18	3,366,229.10	1%
Index options	809,748,226.92	776,808,850.18	4%
Stock options	12,883,956.62	11,639,361.57	11%
Total	826,759,621.95	792,567,323.98	4%

Source – CRISIL, NSE. Data as on 30 September 2024, 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.

Futures & Options (F&O) Review

FII segment

On September 30, FIIs' open interest was Rs 9.99 lakh crore (~137 lakh contracts). The details of FII derivatives trades for September 1 to 30 are as follows:

	BUY		SELL		BUY %		SELL %	
	No. of contracts	Amount in INR Cr	No. of contracts	Amount in INR Cr	No. of contracts	Amount in INR Cr	No. of contracts	Amount in INR Cr
Index Futures	1473139	100330	1420284	96070	0.18	0.18	0.17	0.18
Index Options	801515122	52453016	803531667	52558573	96.90	96.25	96.90	96.24
Stock Futures	11804379	959490	11782709	956427	1.43	1.76	1.42	1.75
Stock Options	12332414	985829	12539052	999978	1.49	1.81	1.51	1.83
Total	827125054	54498665	829273712	54611049	100.00	100.00	100.00	100.00

Source – CRISIL, NSDL. Data as on 30 September 2024 , 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.

Average inter-bank call money rates close to RBI repo rate in September

- In line with July and August 2024, liquidity in the Indian banking system remained in surplus for most of September. The surplus condition kept the weighted average overnight money market rates consistently trading close to the RBI's repo rate of 6.50% during the first half of the month. A series of variable rate reverse repo auctions to mop the excess liquidity, coupled with quarterly advance tax payments and monthly GST outflows, briefly pushed the liquidity levels into deficit mode during the latter half of the month. Nevertheless, as the month ended, variable rate repo (VRR) auction, conducted by the RBI, helped liquidity levels return to surplus mode and eventually brought the interbank weighted average call rate (WACR) for September back in alignment with the repo rate at 6.55%.

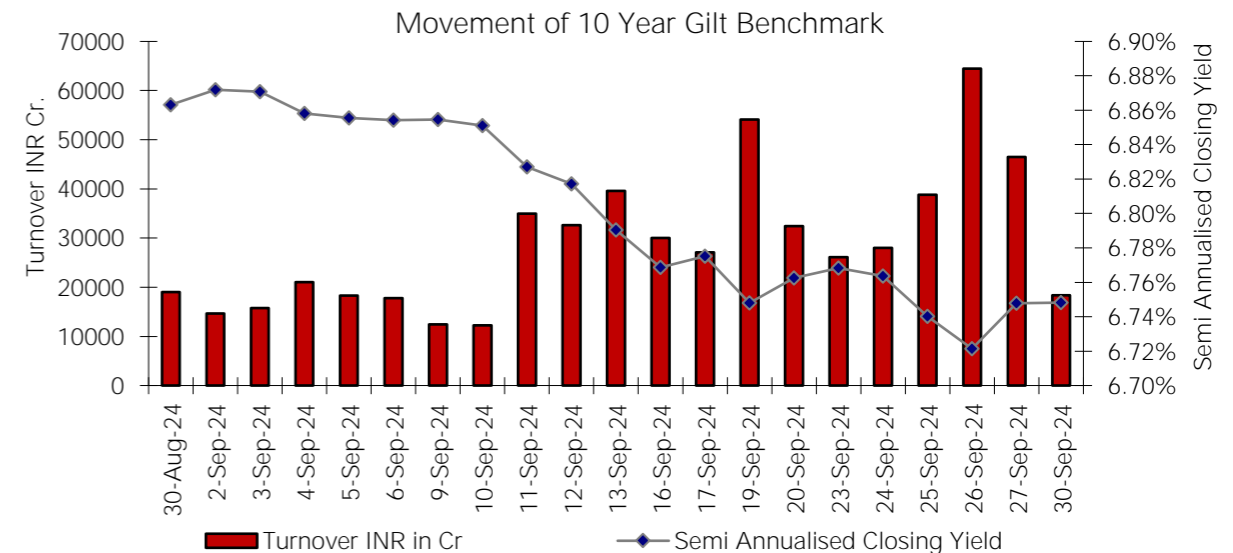
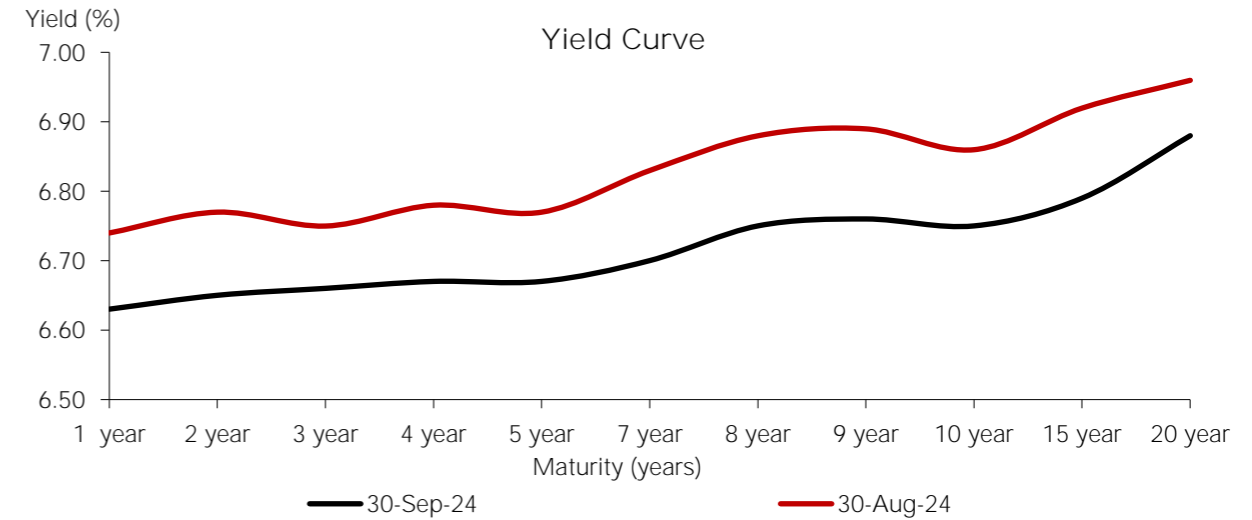
Bond prices ended higher in September

- After remaining stable in August, Indian government bond yields were pushed to their lowest level in September. The yield dropped to 6.72% by September 26, the lowest level witnessed since February 2022, before eventually settling at 6.75% on September 30 vs 6.86% on August 30
- Bond yields started falling at the very onset of the month, tracking a decline in US treasury yields amid rising hopes of a rate cut by the US Fed. These hopes were spurred by a host of cues, including economic data emerging from the US
- The declining trend continued into the latter half of the month as the US Fed finally slashed interest rates by 50 bps on September 18. An intermittent drop in crude oil prices also kept bond prices high throughout the month. Furthermore, expectations of policy easing from China supported bond prices. Towards the end of the month, expectations of another rate cut by the US Fed kept yields under pressure
- Further gains in bond prices were halted after the government maintained its borrowing target for the second half of fiscal 2025

Source: CRISIL, Data as on 30 September 2024, 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	30-Sep-24	30-Aug-24
Call Rate	6.24%	6.50%
3-mth CP rate	7.45%	7.64%
5 yr Corp Bond	7.30%	7.48%
10 Yr Gilt	6.75%	6.86%
Repo	6.50%	6.50%
SDF	6.25%	6.25%
CRR	4.50%	4.50%
1-Month CD	7.10%	6.95%
3-mth CD rate	7.18%	7.22%
6-Month CD	7.32%	7.47%



Data as on 30 September 2024, Past Performance may or may not be sustained in future. Investors should not consider the same as investment advice
 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.

- The FOMC commenced its rate easing cycle by reducing policy rates by 50 bps on September 18, 2024, instead of broad market expectations of a 25 bps cut.
- The Dot plot suggests another 50 bps of easing in 2024, 100 bps in 2025 and another 50 bps in 2026, taking the terminal rate to below 3%.
- The ECB also eased policy rates by cutting their deposit rates by 25 bps while BOJ and BOE kept rates unchanged.
- With risks of global slowdown having escalated and with the Fed commencing its rate easing cycle by 50 bps, we continue to believe that the RBI is unlikely to remain immune from rate actions by global Central Banks, thereby implying that the possibility of rate easing by 75-100 bps in India has meaningfully increased.
- RBI announced the G-Sec borrowing calendar for H2 FY2025. Gross borrowing for H2 FY2025 was announced at INR 6.61 trn (in line with the budgeted gross borrowing number for FY2025).
- While Government bond yields have rallied by about 25-30 bps over past few months, we believe there is further space for yields to still move lower and resultantly, we maintain our positive outlook on interest rates and a long duration bias across our portfolios.
- While swap markets are pricing in about 75 bps of rate cuts, the underlying G-Sec curve is still not pricing any significant rate easing. As and when the underlying curve starts pricing in policy easing, it may create room for yields to fall further.
- G-Sec supply-demand dynamics continue to remain favourable. The AUM growth of EPFO, insurance companies and pension funds remain strong, resulting in demand for longer maturity G-Sec. Also, the proposed changes in the LCR norms for Banks may create further demand for short to mid maturity G-Sec.

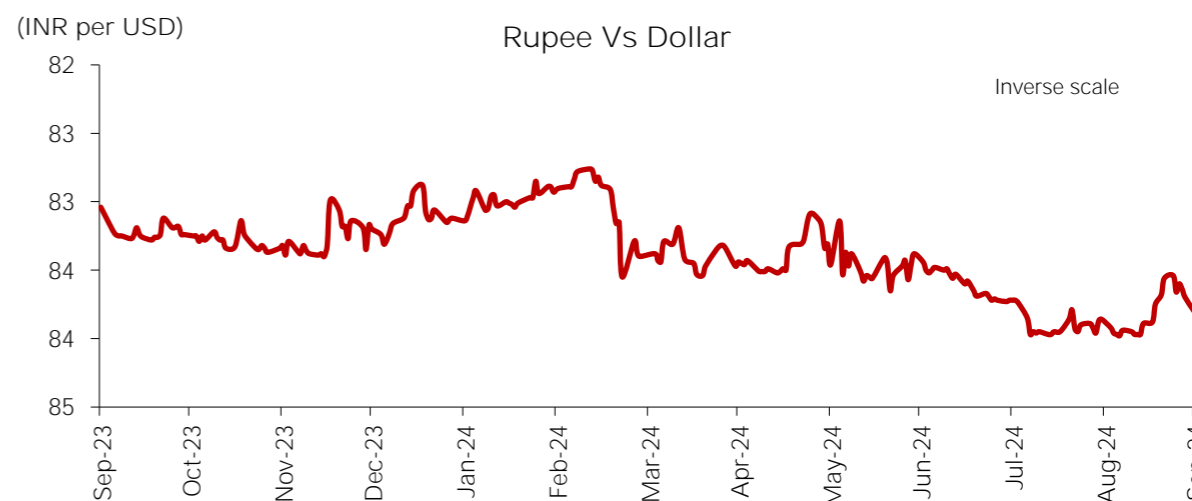
Source: HSBC Asset Management, India, Data as on 30 September 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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Indian rupee ended higher in September

- The Indian rupee snapped a two-month losing streak in September 2024 and ended the month at Rs 83.80 per US dollar, about 0.07% higher compared with August-end (Rs 83.86 per US dollar).
- The rupee made some sizeable gains against the US dollar following the decision by the US Federal Reserve (US Fed) decision to reduce its policy rates by 50 basis points, intermittent weakness in the dollar index and certain positive global cues.
- Significant foreign fund inflows and a firm domestic equity market also supported the currency. In addition, RBI interventions and an intermittent decline in crude oil prices helped limit losses at certain junctures.

Rupee Movement V/s Global Currencies				
	30-Sep-24	30-Aug-24	Change	% Change
USD	83.80	83.86	0.06	0.07
GBP	112.24	110.58	-1.66	-1.5
EURO	93.77	92.95	-0.82	-0.9
100 YEN	58.78	57.78	-1	-1.7



Rupee ended higher after US Fed cut the policy rates

Source: RBI, CRISIL. Data as on 30 September 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns. US- United States
Note-The details provided above is as per the information available in public domain at this moment and subject to change. Please consult your financial advisor for any investment decisions.

Global Economic Update

US economy grows at 3% in Q2 2024; Federal Reserve slashed the interest rate by 50 basis points (bps)

- The United States (US) economy expanded at an annualised rate of 3% in second quarter (Q2) of 2024, above an upwardly revised 1.6% expansion in Q1.
- The US Federal Reserve slashed the benchmark interest rate by 50 basis points (bps) to 4.75% -5% for the first time since 2020 and penciled another 50bps cut by end-2024 and a full percentage point in 2025.
- The Fed said its rate-setting committee "has gained greater confidence that inflation is moving sustainably toward 2%, and judges that the risks to achieving its employment and inflation goals are roughly in balance."

Key economic indicators

- The economy added 142,000 jobs in August compared with a downwardly revised 89,000 in July
- Inflation rate slowed for a fifth consecutive month to 2.5% in August, the lowest since February 2021

Eurozone economy grew at 0.6% in Q2; ECB lowered marginal lending facility to 3.65% and 3.90%

- Eurozone gross domestic product expanded 0.6% on-year in Q2 of 2024, compared with 0.5% growth in the previous quarter.
- The European Central Bank (ECB) cut the deposit facility rate by 25bps to 3.5% from 3.75% to ease monetary policy restrictions. Also, the interest rates on the main refinancing operations and the marginal lending facility were lowered to 3.65% and 3.90% from 4.25% and 4.5%, respectively.

Key Eurozone economic indicators

- The annual inflation rate eased to 2.2% in August compared with 2.6% in July, while the core inflation rate edged down to 2.8% from 2.9%
- Industrial production decreased 2.2% on-year in July, compared with a 4.1% fall in the previous month

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

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UK growth expands 0.7% in the second quarter

- The United Kingdom (UK) economy expanded 0.7% on-year in Q2 of 2024, revised lower from 0.9% in the first estimate, compared with 0.3% in Q1.
- The Bank of England (BoE) maintained interest rates at 5.0% and voted to run down its stock of British government bonds by another 100 billion pound over the coming 12 months.

Key UK economic indicators

- The annual inflation rate remained unchanged to 2.2% in August, while the core inflation rose to 3.6% compared with 3.3%
- Industrial production fell 1.2% on-year in July compared with a 1.4% decline in June while manufacturing production decreased 1.3% from a 1.5% fall

PBoC lowered its one-year policy loan rate by 30bps to 2.0%

- The People's Bank of China kept its lending rates unchanged to its one-year loan prime rate at 3.35% and the five-year rate at 3.85%.
- However, it lowered its one-year policy loan rate by 30bps to 2.0% from 2.3% and cut the standing lending facility by 20bps across tenures.
- Accordingly, it trimmed the overnight rate to 2.35%, and the seven-day and one-month rates to 2.50% and 2.85%, respectively, to boost the economy.

Key Chinese economic indicators

- The trade surplus surged to \$91.02 billion in July compared with \$84.65 billion in June; exports rose 8.7% compared with 7% growth, while imports declined 0.5% compared with a 7.2% rise
- Industrial production rose 4.5% on-year in August slowing from a 5.1% increase in July

Japanese economy grows at 2.9% in Q2

- The Japanese economy expanded 2.9% on year in Q2 from a marginally revised 2.4% contraction in Q1.
- The Bank of Japan (BoJ) unanimously retained its key short-term interest rate at around 0.25% during its September meeting, keeping it at the highest level since 2008.

Key Japanese economic indicators

- The country's trade deficit decreased to 695.30 billion yen in August from 940.10 billion yen in the same month a year earlier
- The annual inflation rate rose to 3.0% in August from 2.8% in the prior three months, pointing to the highest level since October 2023

Source: CRISIL, Data as on 30 September 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 September

- The yield on the 10-year US Treasury settled at 3.81% on September 30, 2024, compared with 3.91% on August 30, 2024.
- Bond prices rose as softer manufacturing and labour market data for August raised expectations of a rate cut by the US Federal Reserve. Investor appetite for a safe-haven bond increased after US S&P Global Manufacturing PMI eased to 47.9 in August, compared with 49.6 in July.
- Uncertainty around the US presidential election also elevated safe-haven bond prices.



Global bond yields			
	30-Sep	30-Aug	Change
US 10-Year (%)	3.81	3.91	0.10
UK 10-Year (%)	4.01	4.02	0.01
German 10-Year (%)	2.13	2.29	0.16
Japan10-Year (%)	0.86	0.89	0.03

Source: CRISIL, Bloomberg, Data as on 30 September 2024, 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.

Economic Events Calendar

Date	Indicators	Previous
09-October-24	India RBI Interest Rate Decision	6.50%
10-October-24	US Inflation, September	2.5%
11-October-24	UK GDP, August	1.2%
	India Industrial/manufacturing Production, August	4.8%/4.6%
13-October-24	China Inflation Rate, September	0.6%
14-October-24	India Inflation Rate, September	3.65%
	India WPI inflation, September	1.31%
15-October-24	China PBoC 1-Year MLF Announcement	2.0%
	India Balance of Trade, September	\$-29.7B
16-October-24	UK Inflation Rate, September	2.2%
17-October-24	Eurozone Inflation Rate, September	2.2%
	Eurozone ECB Interest Rate Decision	3.65%
	Eurozone Marginal Lending Rate	3.9%

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

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

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Economic Events Calendar (cont'd)

Date	Indicators	Previous
18-October-24	China GDP Growth Rate, Q3	4.7%
	Japan Inflation Rate, September	3%
21-October-24	China Loan Prime Rate 1Y/5Y, October	3.35%/3.85%
25-October-24	UK GfK Consumer Confidence, October	-20
30-October-2024	US GDP Growth Rate, Q3	3%
	Eurozone GDP Growth Rate Flash, Q3	0.6%
31-October-24	Japan Bank of Japan Interest Rate Decision	0.25%
	India Government Budget Value September	INR-4351.8B
	India Infrastructure Output, September	-1.8%

Source: CRISIL, Data as on 30 September 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

Regulatory developments in the month

- SEBI has modified the reporting timeline for entities with listed commercial papers, asking them to disclose their payment obligations within one working day of the due date.*

Key economic indicators released in the month

- The combined Index of Eight Core Industries (ICI) contracted 1.8% on-year (provisional) in August 2024, its first decline in 42 months. The decline was broad-based, with all industries except fertilisers and steel witnessing a contraction during the month amid disruptions caused by excessive rainfall. A high-base effect also contributed to this decline.
- In August 2024, India's merchandise trade deficit widened to \$29.65 billion, up from \$24.02 billion a year earlier. A sharp 9.3% on-year decline in exports and a 3.3% rise in imports led to the larger deficit. While the fall in exports was mainly due to a 37.6% drop in petroleum exports amid geopolitical tensions in the Middle East, the growth in imports was largely driven by gold, silver and electronic goods.
- The widening merchandise trade deficit (\$65.1 billion in Q1FY25 vs \$56.7 billion in Q1FY24) eventually pushed the economy into a current account deficit (CAD) position during the first quarter of FY25. Consequently, India ended the quarter with a CAD of \$9.7 billion (1.1% of GDP), as opposed to a current account surplus of \$4.6 billion in Q4FY24 (0.5% of GDP). The CAD recorded during Q1FY25 was also marginally wider than the CAD of \$8.9 billion in the corresponding quarter a year ago, viz., Q1FY24 (1.0% of GDP).
- As per the latest data released by the Controller General of Accounts (CGA), India's fiscal deficit for the period April-August 2024 stood at Rs 4.35 trillion, which amounted to about 27% of the annual estimate for FY25 (Rs 16.1 trillion). This reflected a substantial narrowing down as compared to the 36% fiscal deficit recorded during the corresponding period a year ago. This was aided by higher dividend payout from the RBI, coupled with reduced capital expenditure against the backdrop of the Lok Sabha elections.

Source – CRISIL, SEBI, Data as on 30 September 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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* SEBI vide it's circular SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/117 dated September 6, 2024

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