

Global Navigator

April 2024

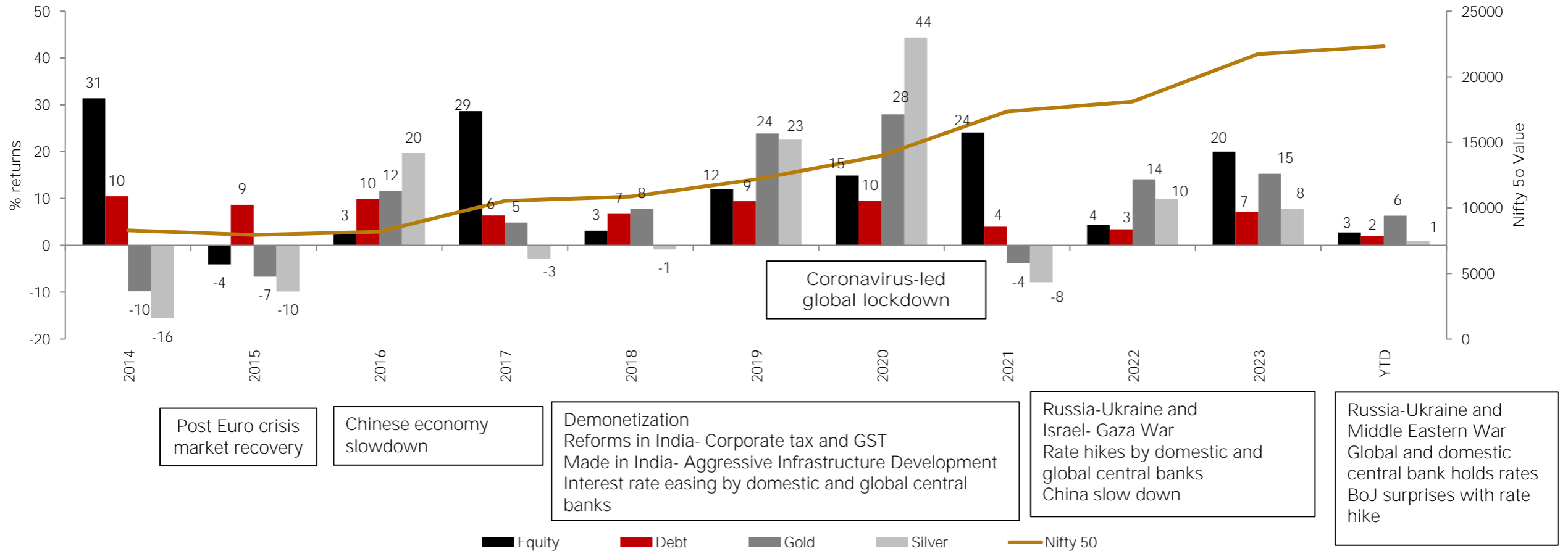


HSBC Mutual Fund

History of asset classes through major events

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

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

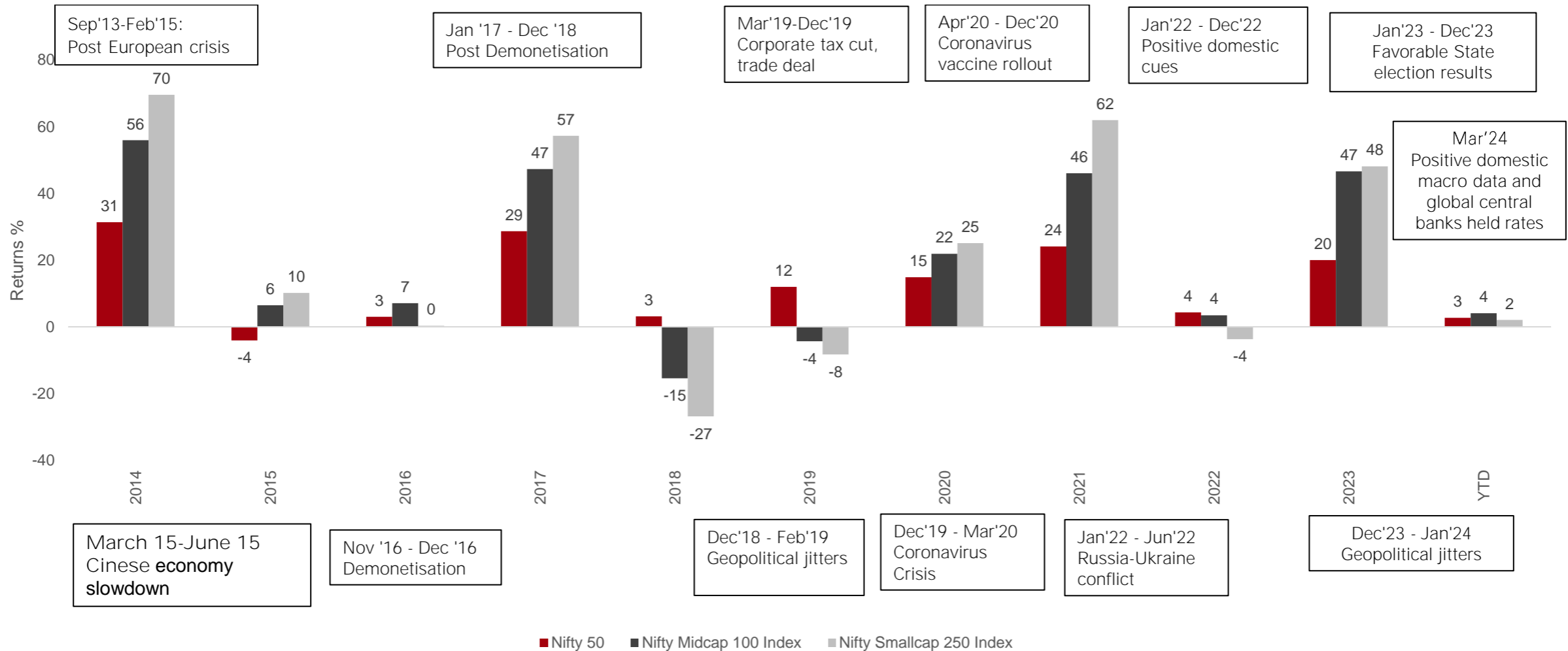
Coronavirus-led global lockdown

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

Russia-Ukraine and Middle Eastern War
Global and domestic central bank holds rates
BoJ surprises with rate hike

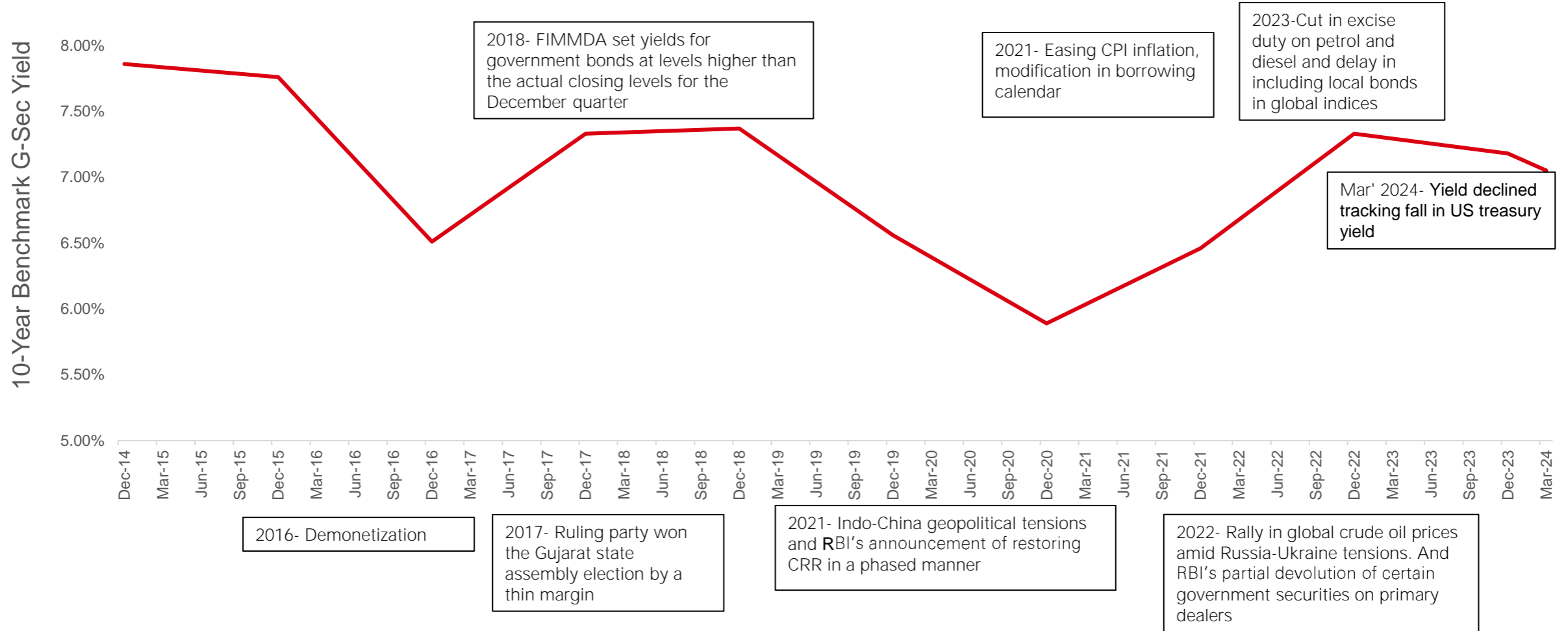
History of Equity markets through major events

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



History of Debt Markets through major events

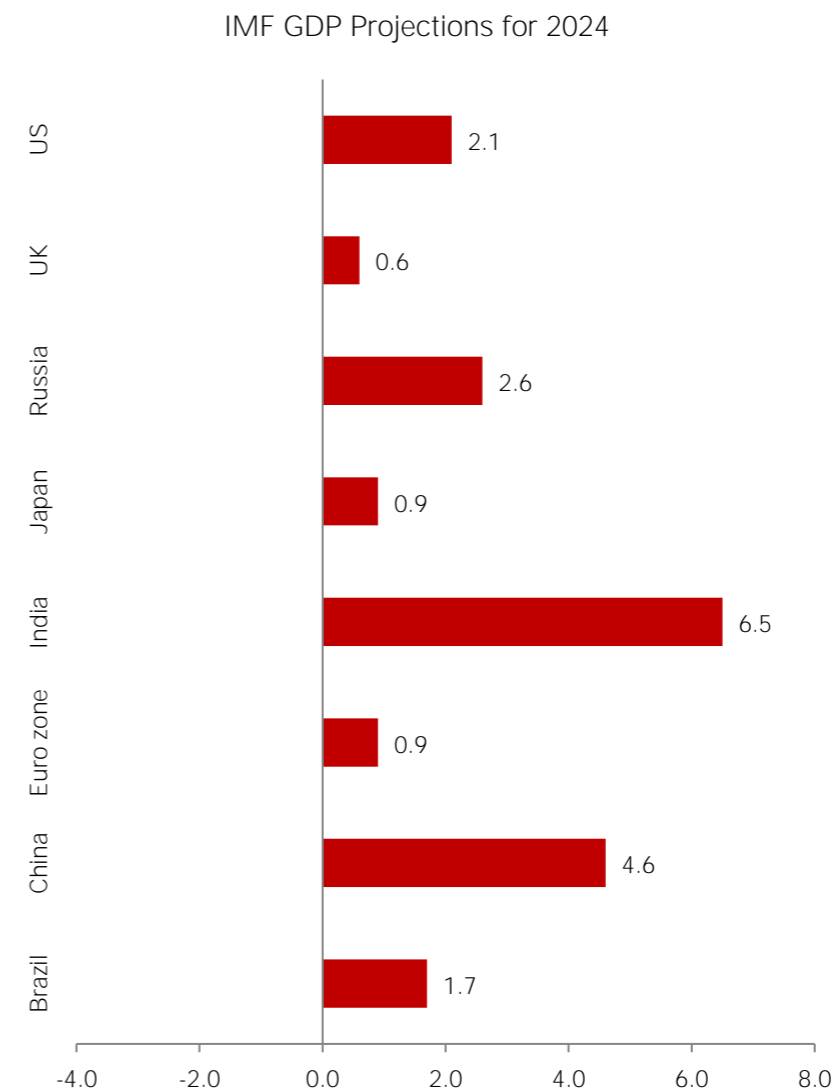
10-year G-Sec yield movement through major events



Source: NSE, CRISIL, Data as on 28 March 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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	GDP		Inflation		Industrial Growth	
	Current	Previous	Current	Previous	Current	Previous
US	3.4% Q4 2023	4.9% Q3 2023	3.2% Feb'24	3.1% Jan'24	-0.2% Feb'24	-0.3% Feb'24
Eurozone	0.1% Q4 2023	0.1% Q3 2023	2.6% Feb'24	2.8% Jan'24	6.7% Jan'23	0.2% Dec'23
UK	0.3% Q4 2023	0.1% Q3 2023	3.4% Feb'24	4.0% Jan'24	0.5% Jan'24	0.6% Dec'23
China	5.2% Q4 2023	4.9% Q3 2023	0.7% Feb'24	-0.8% Jan'24	10.2% Jan-Feb'24	6.8% Dec'23
Japan	-0.4% Q4 2023	-3.2% Q3 2023	2.8% Feb'24	2.2% Jan'24	-3.4% Jan'24	-1.5% Jan'24
India	8.4% Q3 2023	8.1% Q2 2023	5.09 Feb'24	5.1% Jan'24	3.8% Jan'24	3.8% Dec'23
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			0.0%			
India			6.50%			



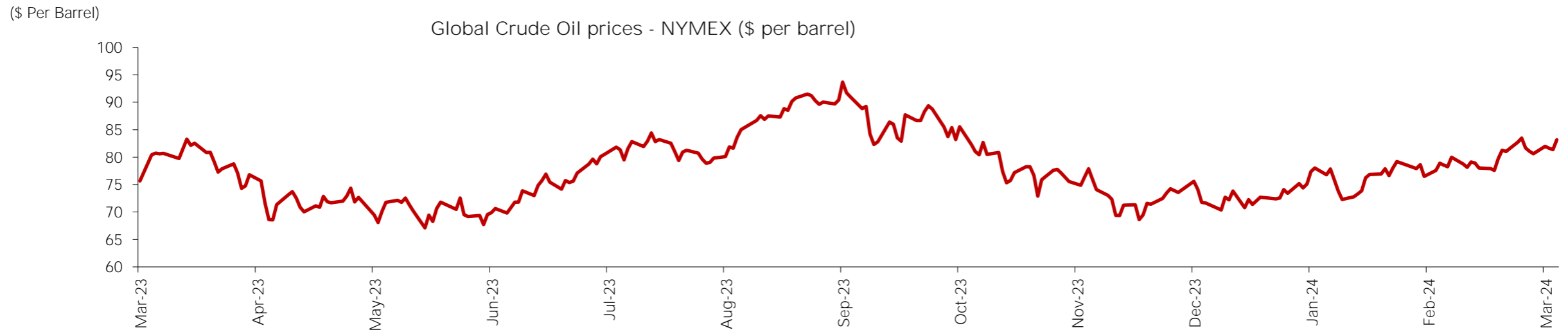
Global economic outlook likely to improve slightly next year

Source: CRISIL, Bloomberg, Respective Central Banks, IMF. Data as on 28 March 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 rose in March

- Crude oil prices on the New York Mercantile Exchange (NYMEX) closed at \$83.17 per barrel on March 28, 2024, up 6.27% from \$78.26 per barrel on February 29.
- Oil prices rose mainly due to concerns about tightening supply following escalating geopolitical tensions. These concerns were exacerbated by a) a fall in crude oil exports from Iraq and Saudi Arabia, b) ongoing Russian refinery issues, c) Russian government orders to curb oil output, and d) attacks on energy infrastructure in Russia and Ukraine. .
- However, further gains in the oil prices halted due to rising supply from the Western Hemisphere and after the US Energy Information Administration (EIA) raised its forecast for higher US crude oil production and bearish economic data.



Oil prices higher due to heightened supply concerns

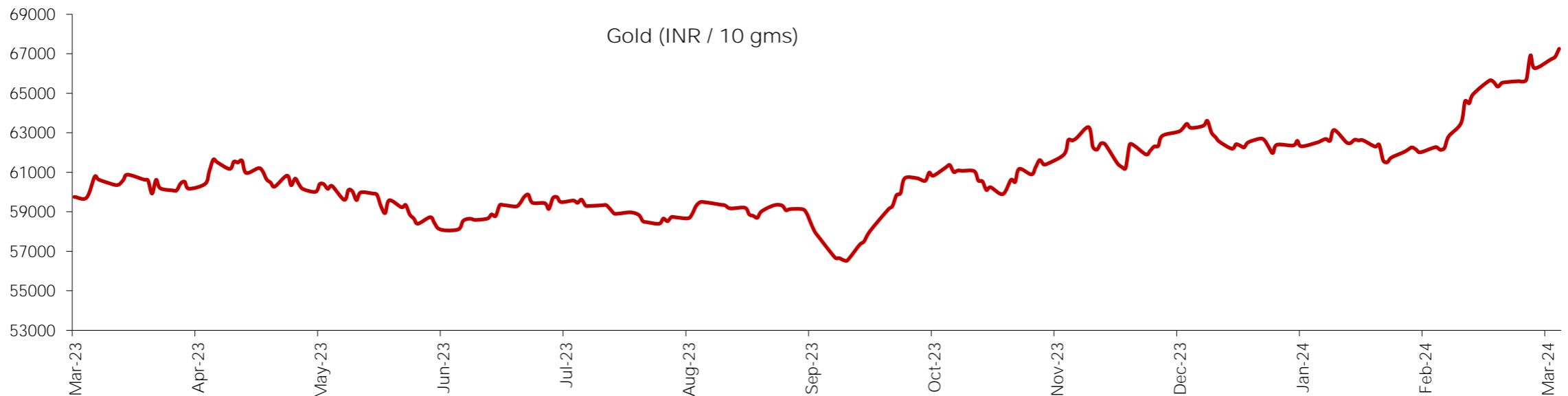
Source – CRISIL, NYMEX. Data as on 28 March 2024

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Gold rose in March

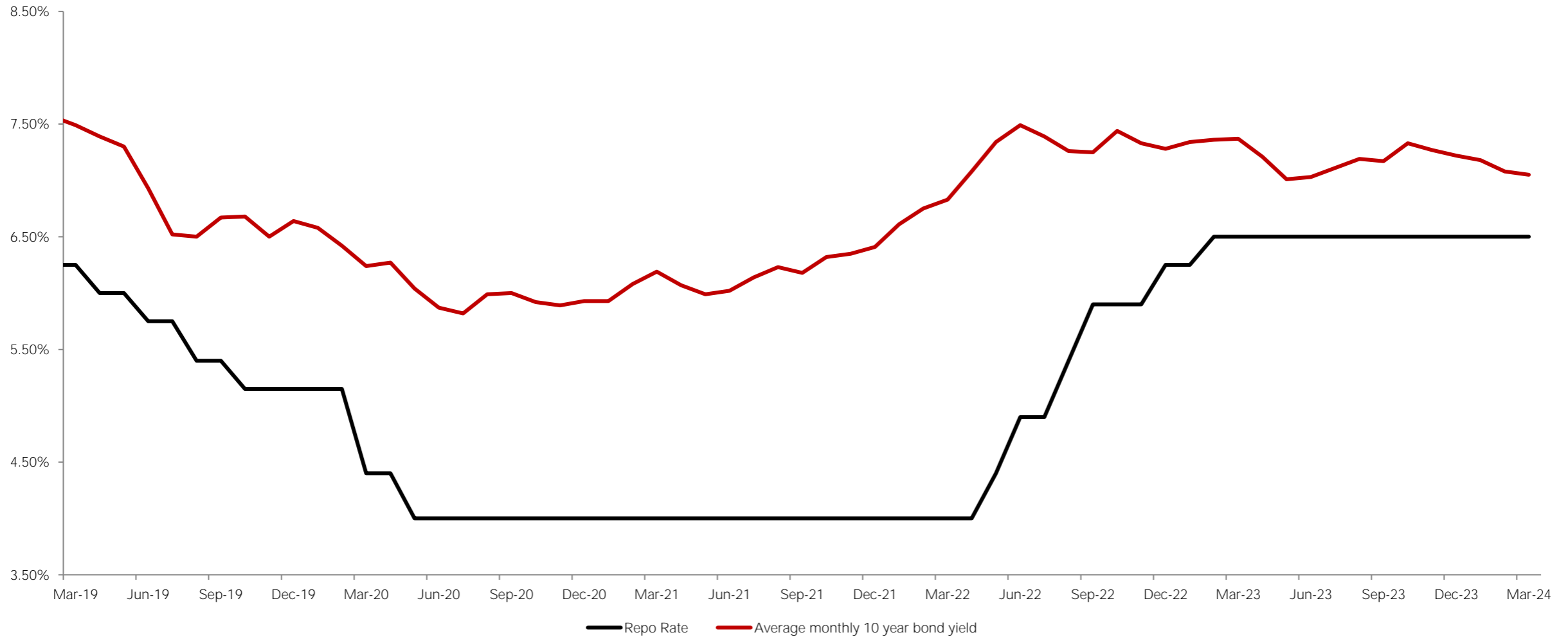
- Gold prices ended at Rs 67,252 per 10 gram on March 29, 2024, up 8.05% from Rs 62,135 per 10 gram on February 29, as per the India Bullion and Jewellers Association.
- Prices rallied following a similar trend in the global metal prices, on rising bets of a Fed rate cut and safe-haven appeal due to geopolitical crisis.
- Caution trading ahead of key US economic data release, such as growth and PCE price index data, also aided the bullion prices.
- Back home, improved domestic demand ahead of the wedding season also supported the rally.



Gold prices rose on rising bets of a Fed rate cut

Source: CRISIL, IBJA. Data as on 28 March 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.

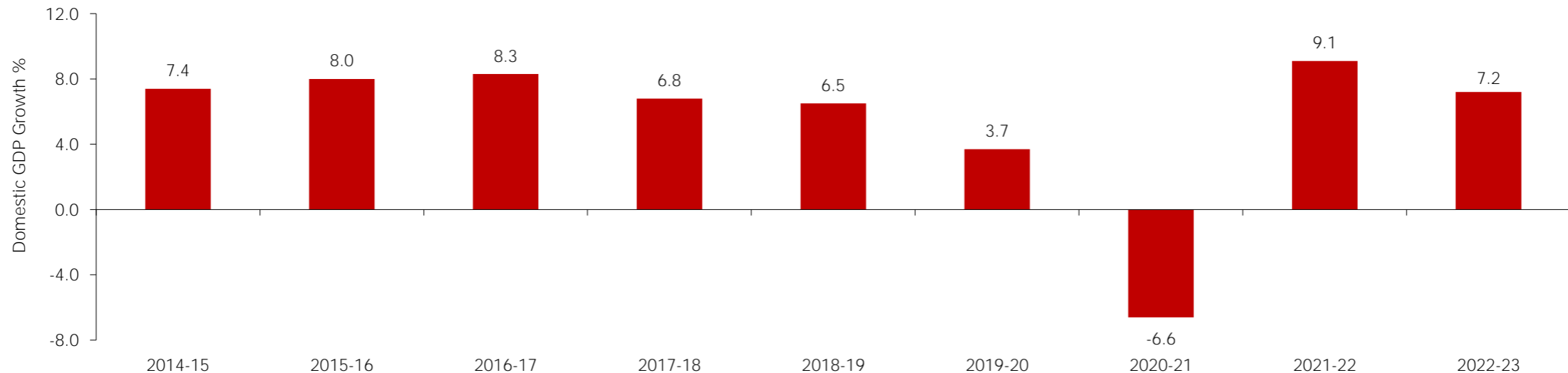
RBI Repo Rate held at 6.50%



Source: RBI, CRISIL Research, Data as on 28 March 2024
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Outlook on Indian economy upbeat, analysts raise growth forecast for fiscals 2024 and 2025

- The better-than-expected 8.4% GDP growth reported during the third quarter of fiscal 2024 triggered an upward revision in growth forecast for fiscals 2024 and 2025.
- Expressing confidence that higher activity in the industry and services verticals would eventually lead to close to 8% growth in India's real GDP in fiscal 2024, Chief Economic Advisor (CEA) Anantha Nageswaran said that the Indian economy could clock over 7% growth in fiscal 2025 if conditions continued to remain favourable.
- Meanwhile, the Ministry of Finance, in its latest Monthly Economic Review for February 2024, noted that the economic outlook for fiscal 2025 looked bright owing to an uptick in private investment, strong growth, and robust fundamentals



Source – CRISIL, Mospi, Data as on 28 Mar 2024

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Retail inflation eases to four-month low of 5.09% in February 2024

- India’s consumer price index(CPI)-based inflation came in at 5.09% in February 2024. While this was only marginally lower than the preceding month (5.1% in January 2024), it was the lowest in four months and reflected a significant easing as compared to a year ago (6.44% in February 2023).
- Meanwhile, India’s wholesale price index-based (WPI) inflation also eased to a four-month low of 0.2% in February.

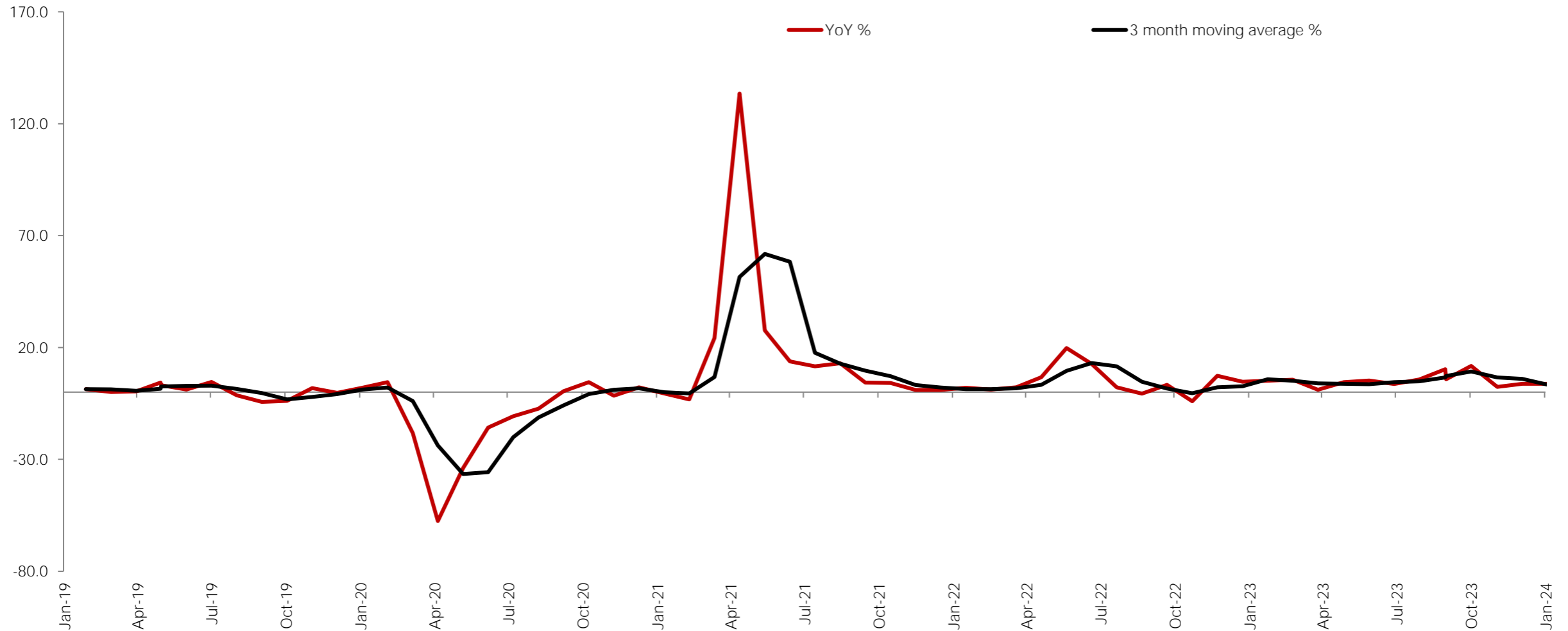
Indicators	Current	Previous
Monthly CPI Inflation	5.09% (February-24)	5.1% (January-24)
Industrial Growth	3.8% (January-24)	3.8% (December-23)
Exports	\$394.99 bn (Apr-Feb FY24)	\$409.11 bn (Apr-Feb FY23)
Imports	\$620.19 bn (Apr-Feb FY24)	\$655.05 bn (Apr-Feb FY23)
Trade Balance	-\$72.24 bn (Apr-Feb FY24)	-\$116.13 bn (Apr-Feb FY23)
Gross Tax Collections	INR 2209782 cr (Apr-Feb FY24)	INR 1980828 cr (Apr-Feb FY23)

Source – Ministry of Commerce, Comptroller General of Accounts, CRISIL, Data as on 28 March 2024
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Index of Industrial Production - IIP

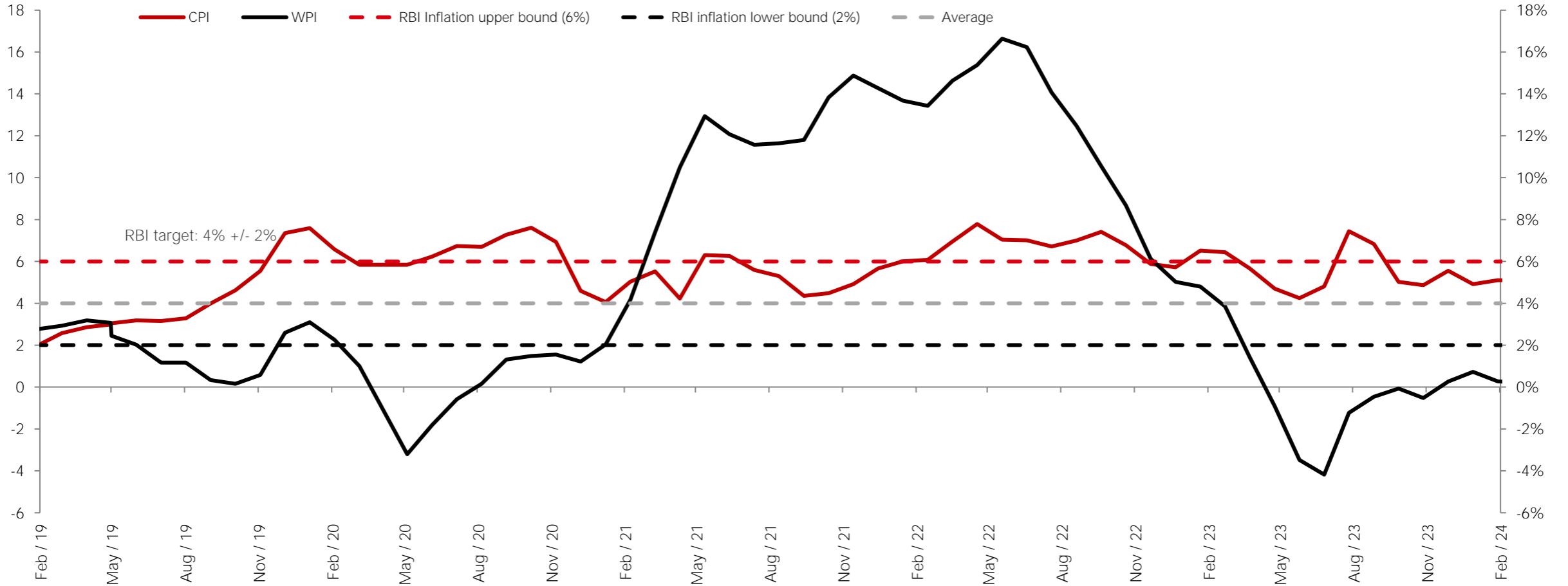
- After a 3.8% on-year growth in December 2023, India's industrial production measured by the index of industrial production (IIP) grew by another 3.8% in January 2024.



Source: CRISIL, MOSPI, Data as on 28 March 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

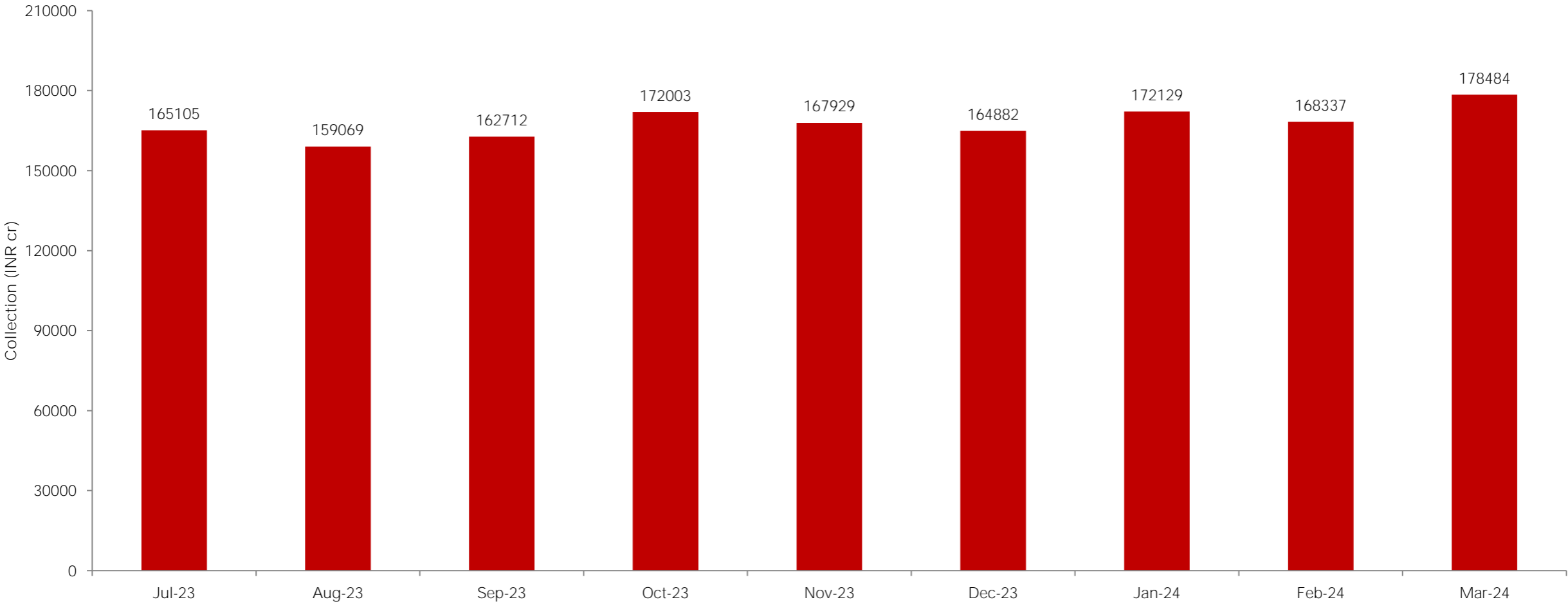
CPI inflation below the RBI's max target range



Source: CRISIL, MOSPI, RBI, Data as on 28 March 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 rose to INR 1.78 lakh crore in March

The government collected INR 1.78 lakh crore goods and services tax (GST) for the month of March



Source: CRISIL, Ministry of Finance, Data as on 28 March 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 gained in March '24

- Indian benchmark equity indices closed higher in March influenced by global central bank decisions and domestic macro-economic data, impacting investor sentiment and sector performances in the market. The S&P BSE Sensex and Nifty 50 ended higher with 1.59% and 1.57% on-month, respectively
- The month began with a surge in optimism as Indian equity indices rallied to record highs during the first week. This rally was fuelled by encouraging domestic growth data for the third quarter of the fiscal. Indian economy grew 8.4% on an annual basis in the third quarter as against a revised upwards growth of 8.2% in the first and 8.1% in the second. Fiscal 2024 growth estimate was also revised upwards to 7.6% from 7%
- Further, a favourable outlook on the US Federal Reserve's rate trajectory following the release of the US Personal Consumption Expenditure (PCE) Price Index data. The US annual PCE inflation rate slowed to 2.4% in January, the lowest since February 2021, from 2.6% in December, while core PCE eased to 2.8% from 2.9%
- Indices further rose after the US Fed Chair, in his congressional testimony, signalled a rate cut this year
- Later part of March witnessed gains in the Indian equity market following the US Fed and Bank of England decision to maintain their interest rates. The US Fed left the key lending rates unchanged at 5.25-5.50% for a fifth straight meeting and policymakers still plan to cut interest rates three times this year, similar to the quarterly forecasts in December
- At the end of the month, the market saw sporadic gains after the RBI tweaked investment norms for alternative investment funds, boosting investors sentiments.

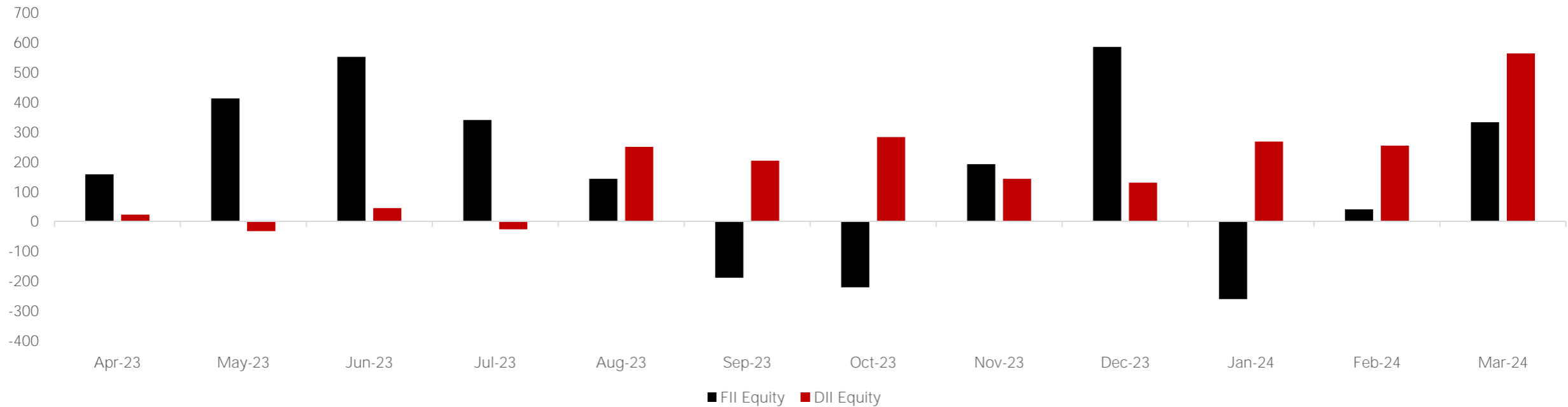
Markets gained on strong domestic macroeconomic data and global cues

Source –CRISIL, Data as on 28 March 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 mixed in March '24

- Most sectoral indices ended mixed, with capital goods, auto and metal gaining the most. S&P BSE Capital goods rose 6.15%, while S&P BSE Auto and S&P BSE Metal were up 4.96% and 3.81%, respectively.
- However, some losses were seen in information technology (IT), realty and fast-moving consumer good (FMCG). S&P BSE IT was down 7.20%, S&P BSE Realty fell 1.21%, and S&P BSE FMCG slipped 0.67%

FII/ DII investments in equities INR Bn



Source: CRISIL, NSDL, NSE, Data as on 31 March 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

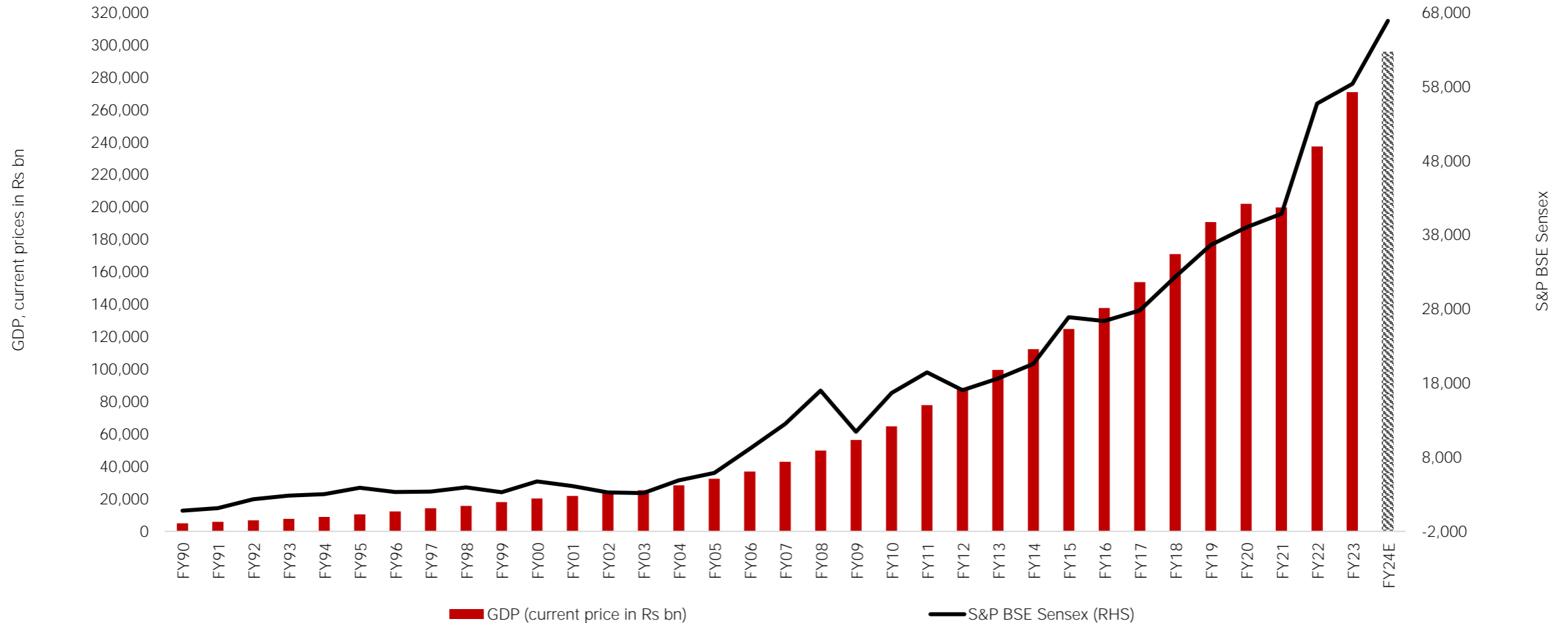
Indices	28-Mar-2024	29-Feb-2024	% Change 1 Month	% Change 1 Year	% Change YTD
Nifty 50	22327	21983	1.57	28.61	2.74
S&P BSE Sensex	73651	72500	1.59	24.85	1.95
S&P BSE Auto	49142	46819	4.96	73.97	16.37
S&P BSE BANKEX	53515	52457	2.02	16.26	-1.59
S&P BSE Capital Goods	60943	57415	6.15	77.32	9.52
S&P BSE Consumer durables	52277	51224	2.05	38.93	4.55
S&P BSE FMCG	19318	19448	-0.67	17.17	-5.62
S&P BSE Healthcare	35053	35079	-0.08	60.18	11.11
S&P BSE IT	35645	38412	-7.20	25.16	-1.02
S&P BSE Metal	28196	26865	4.95	46.97	4.47
S&P BSE MidCap	39322	39347	-0.06	63.40	6.74
S&P BSE Oil & Gas	27644	27665	-0.07	59.03	20.08
S&P BSE Power	6702	6590	1.70	85.86	15.18
S&P BSE PSU	18275	18327	-0.29	92.42	17.46
S&P BSE Realty Index	7108	7195	-1.21	129.19	14.89
S&P BSE SmallCap	43166	45225	-4.55	60.13	1.15

Source: NSE, BSE, Data as on 28 March 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 29 February 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

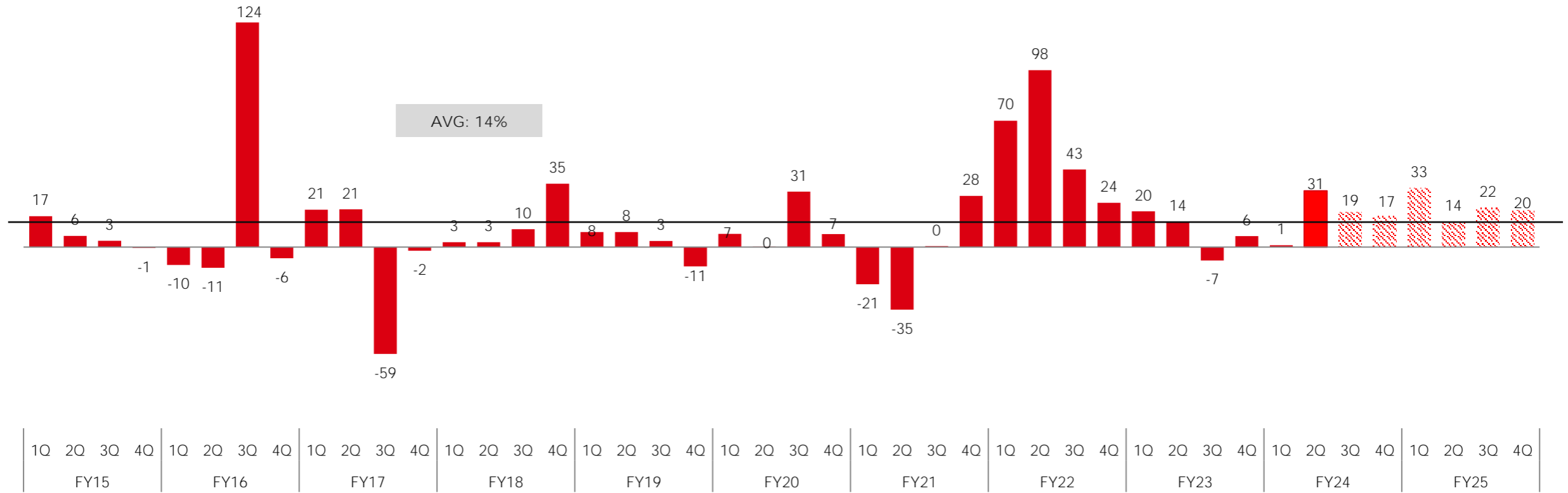
Sectoral indices	% Change										
	CY15	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24*	10-year CAGR*
Nifty 50	-4.06	3.01	28.65	3.15	12.02	14.90	24.12	4.33	11.20	2.74	12.78
S&P BSE Sensex	-5.03	1.95	27.91	5.91	14.38	15.75	21.99	4.44	10.10	1.95	12.65
S&P BSE Auto	-0.60	9.39	32.06	-22.12	-11.27	12.59	15.27	16.54	38.48	16.37	13.98
S&P BSE BANKEX	-9.92	7.35	39.08	5.27	20.72	-2.14	13.63	21.03	2.83	-1.59	13.89
S&P BSE CG	-8.51	-3.28	40.03	-1.63	-9.97	10.63	43.47	15.97	49.93	9.52	17.63
S&P BSE CD	24.02	-6.34	101.92	-8.79	20.86	21.52	41.81	-11.27	18.62	4.55	23.13
S&P BSE FMCG	1.36	3.29	31.54	10.60	-3.58	10.55	8.57	-10.93	19.17	-5.62	10.73
S&P BSE Healthcare	15.06	-12.88	0.49	-5.92	-3.55	61.45	17.62	16.62	31.87	11.11	13.27
S&P BSE IT	4.51	-8.00	10.83	24.93	9.84	56.68	41.79	-12.10	15.89	-1.02	15.03
S&P BSE Metal	-31.20	36.65	47.78	-20.75	-11.92	11.23	57.06	-24.24	16.23	4.47	10.86
S&P BSE Oil & Gas	-3.43	27.17	34.00	-15.57	7.25	-4.44	24.22	8.36	0.70	20.08	11.29
S&P BSE Power	-6.44	1.53	19.83	-16.06	-3.65	7.05	67.62	16.57	12.32	15.18	14.54
S&P BSE PSU	-17.18	12.88	19.27	-21.11	-3.88	-16.88	41.01	25.84	34.65	17.46	11.14
S&P BSE Realty	-13.55	-5.98	106.36	-31.07	26.85	8.66	53.34	-10.26	64.11	14.89	17.08

Source: CRISIL, BSE, Figures in red indicate negative returns in that period. *10-year CAGR, Data as on 28 March 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

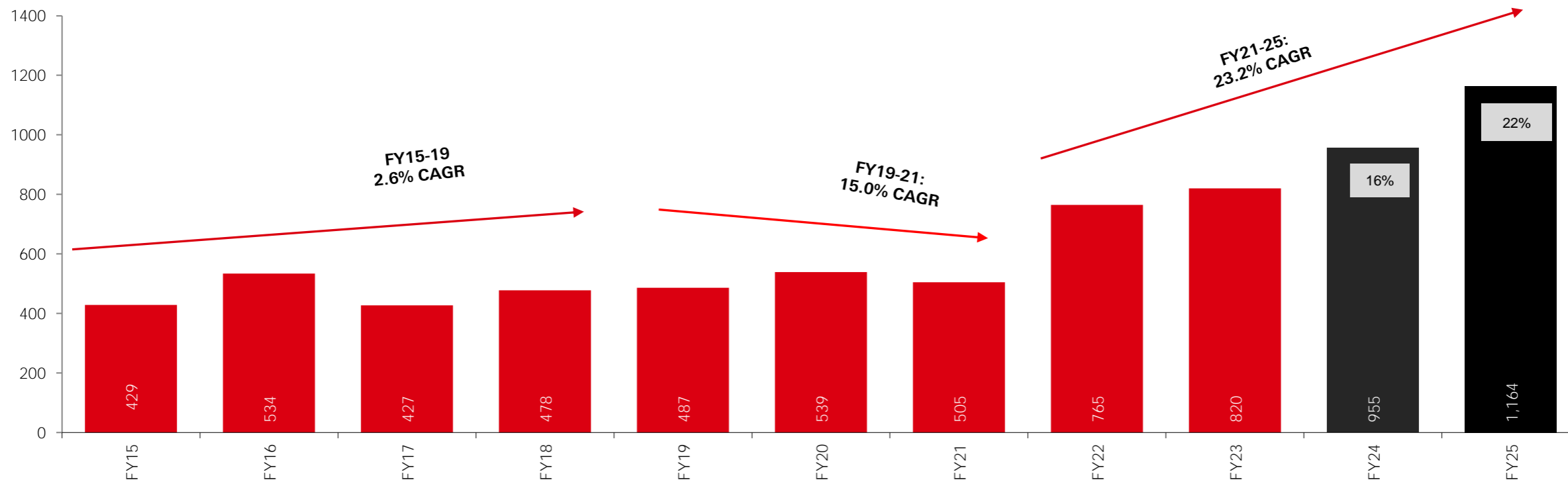
^Average figure mentioned is from FY15 to FY25

Source: CRISIL, Bloomberg, Data as on 28 March 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)

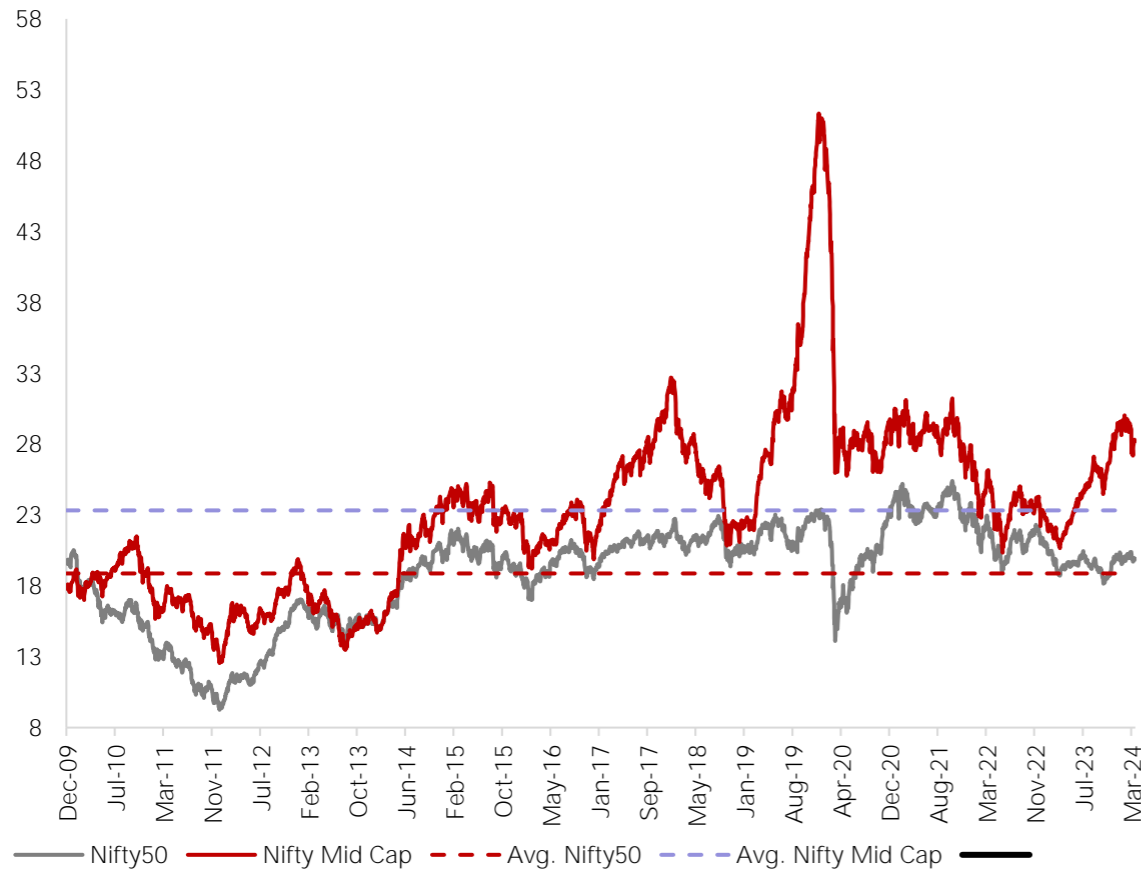


Note: Trailing 12M EPS (Earnings Per Share)
Black shaded columns are estimates of FY24 and FY25

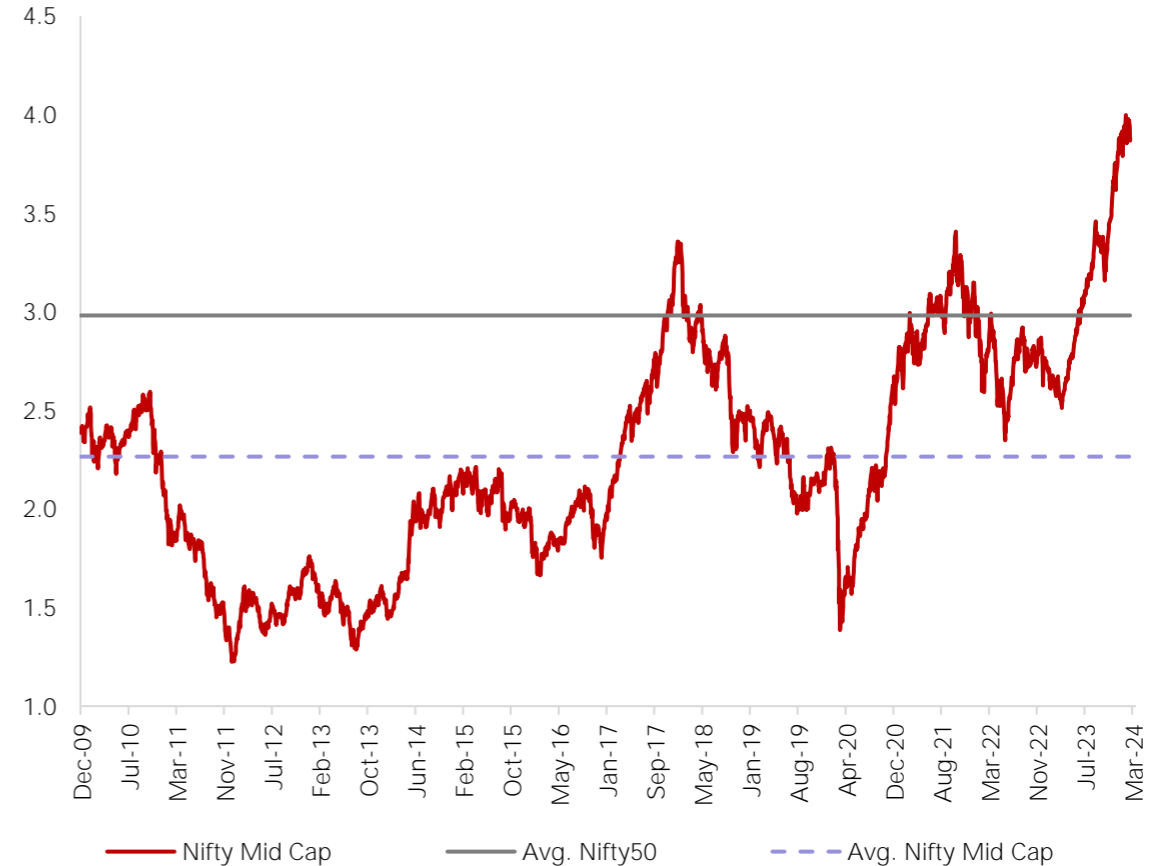
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Market valuations – Nifty 50 and Nifty Midcap 100

Large and Mid Cap - Price to Earnings (PE)



Large and Mid Cap - Price to Book (PB)



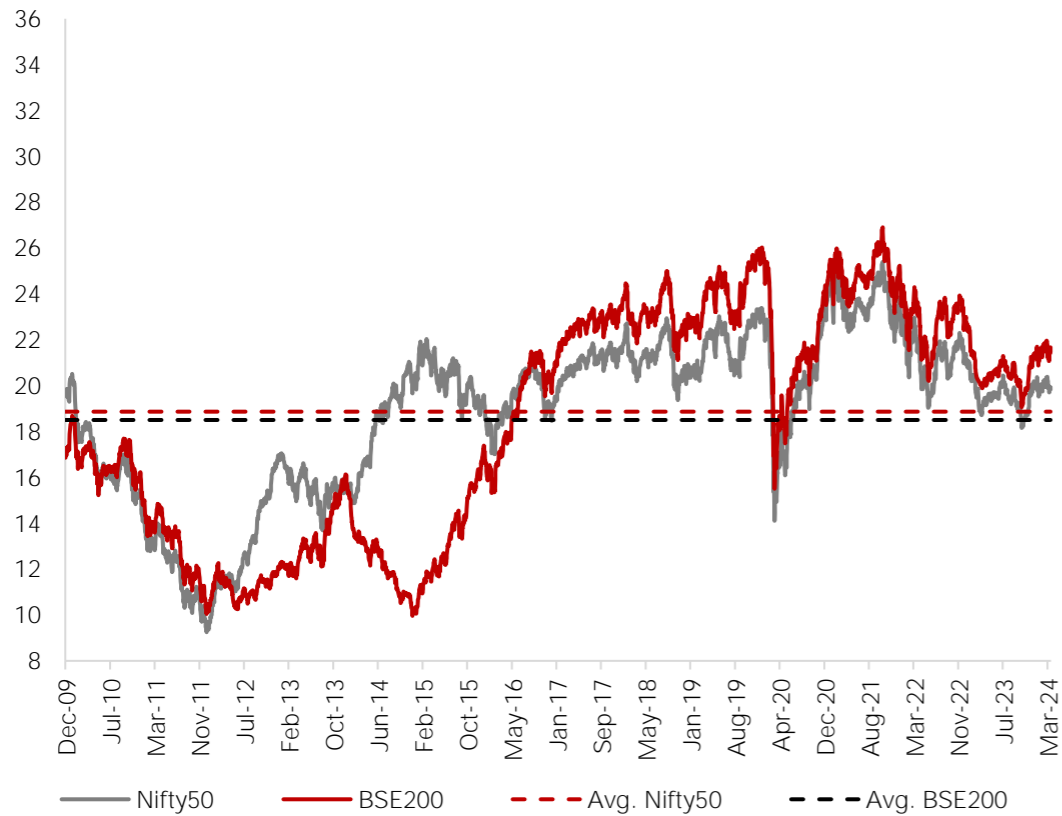
Source: CRISIL, Bloomberg

Data as on 28 March 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

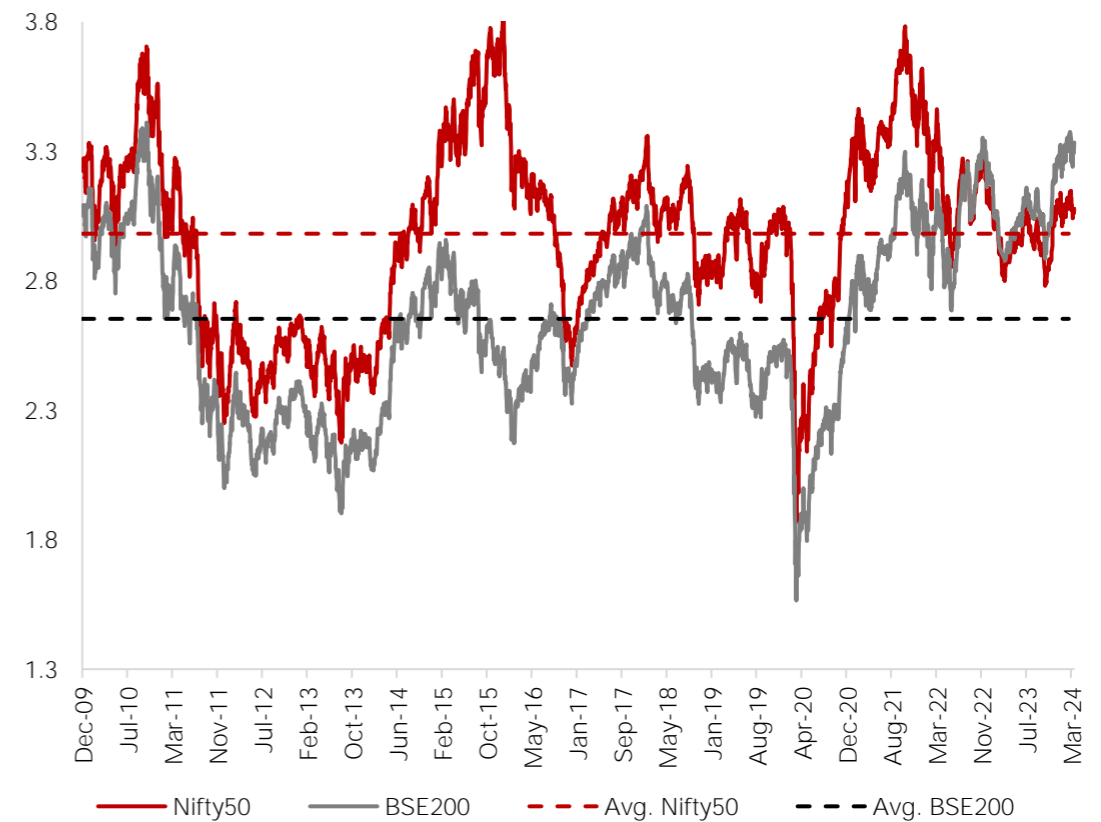
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Market valuations – Nifty 50 and S&P BSE 200

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



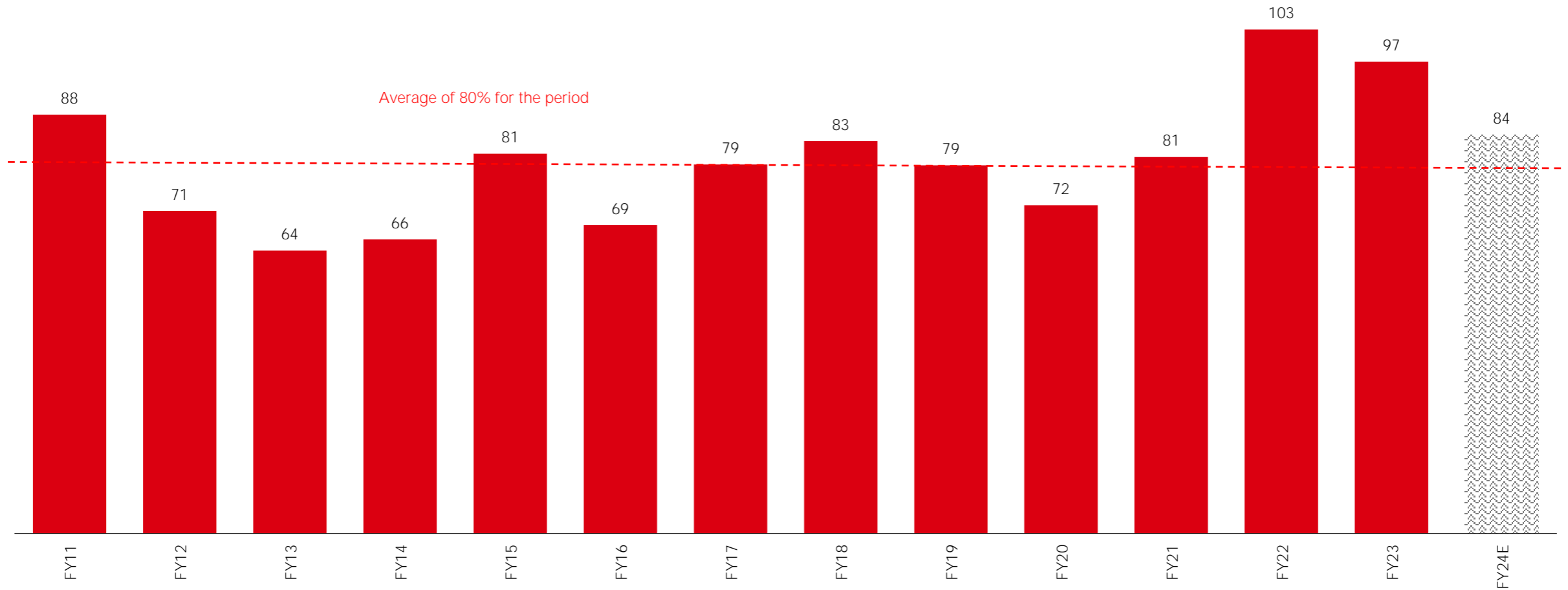
Large and S&P BSE 200 - Price to Book (PB)



Source: CRISIL, Bloomberg, BSE, Data as on 28 March 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) – FY24

Source: CRISIL, MOSPI, Bloomberg, CRISIL estimates;

Data as on 28 March 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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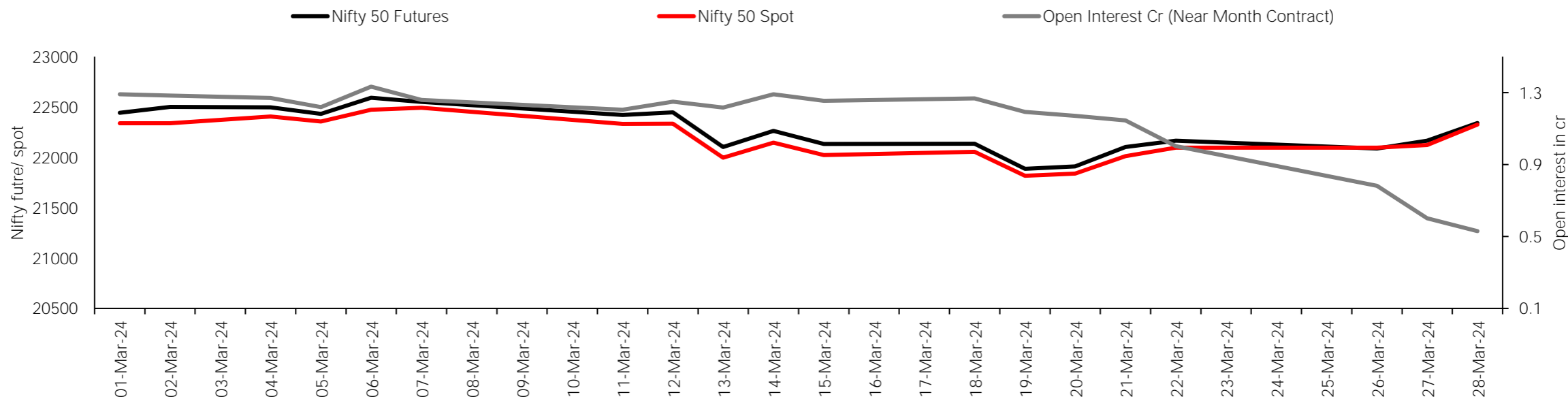
- FIIs were strong net buyers of Indian equities in March with an inflow of US\$4bn while DIIs invested a highest ever US\$6.8 bn during the month. Domestic MFs invested US\$5.4 bn and the remaining was contributed by domestic insurance.
- Nifty FY25 consensus earnings estimate increased by 2% while FY26 saw a small decline.
- Nifty now trades on 20.5x 1-year forward PE more than 10% above its 10-year average and similar to its 5-year average. Valuations in midcap and smallcap space are much more elevated.
- Global macro environment remains challenging with heightened geo-political and economic uncertainties. However, with inflation now under control, US Fed has indicated potential for interest rate cuts going forward.
- For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction.
- The 2024 interim budget has re-affirmed government's focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.
- India starts 2024 on a strong footing with positive growth momentum. India's investment cycle expected to be on a medium term uptrend supported by rising government investment in infrastructure and recovery in the real estate cycle.
- Expect higher private investment in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains.
- Real Estate remains another strong medium term growth driver having weathered the impact of higher interest rates.
- Expect improvement in consumption as the impact of high inflation fades and real incomes start to grow again.
- However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. Remain constructive on Indian equities supported by the more robust medium term growth outlook, cautious against high return expectations.

Source: HSBC Asset Management, India, Data as on 31 March 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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Nifty futures

- The Nifty 50 near-month future contract of March rose on the rollover day (March 28) versus spot.
- The new near-month contract (April 25) ended ~161 points higher on March 28.
- The rollover of the new near-month contract (April) was 61% on the expiry day compared to 74% in the previous expiry.
- Volatility of the Nifty 50 index, as measured by India VIX moved in a narrow range during the month, rising to 12.82 on March 28 from 15.57 on February 29 (rollover date) and ended the month at 12.82.
- Nifty futures saw trading volume of around Rs 3.94 lakh crore, arising out of 35.21 lakh contracts, with an open interest of around 29.77 crore during the month



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Nifty options

- On March 28, Nifty 22,500 call option witnessed the highest open interest of around 215 lakh, while Nifty 22,500 call contract garnered the maximum number of contracts of 357 lakh.
- Nifty 22,300 put option witnessed the highest open interest of 220 lakh on March 28 and the Nifty 22,300 put contract garnered the maximum number of contracts of 248 lakh.

NSE F&O turnover

- Turnover on the NSE's derivative segment fell 16% in the month led by gains in index futures and options and stock futures and stocks. The average put-call ratio was 0.95 in March slightly higher than from 0.94 in February.

Instrument	Monthly turnover summary (Figures in INR crore)		
	28-March	29-Feb	Change %
Index futures	725,716.52	839,361.05	-14%
Stock futures	2,645,364.47	2,969,909.40	-11%
Index options	709,793,535.64	845,211,353.01	-16%
Stock options	8,672,454.06	10,434,751.38	-17%
Total	721,837,070.69	859,455,374.84	-16%

Source – CRISIL, NSE. Data as on 28 March 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.
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Futures & Options (F&O) Review

FII segment

On March 28, FIIs' open interest was Rs 5.31 lakh crore (~62 lakh contracts). The details of FII derivatives trades for March 1 to 28 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	1171651	103669	1203422	107336	0.19	0.20	0.20	0.21
Index Options	591127930	50377642	593641899	50588945	96.89	96.86	96.96	96.93
Stock Futures	8725214	721267	8344545	689501	1.43	1.39	1.36	1.32
Stock Options	9079123	807989	9064754	806559	1.49	1.55	1.48	1.55
Total	610103918	52010567	612254620	52192341	100.00	100.00	100.00	100.00

Source – CRISIL, NSDL. Data as on 28 March 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 above RBI repo rate in March

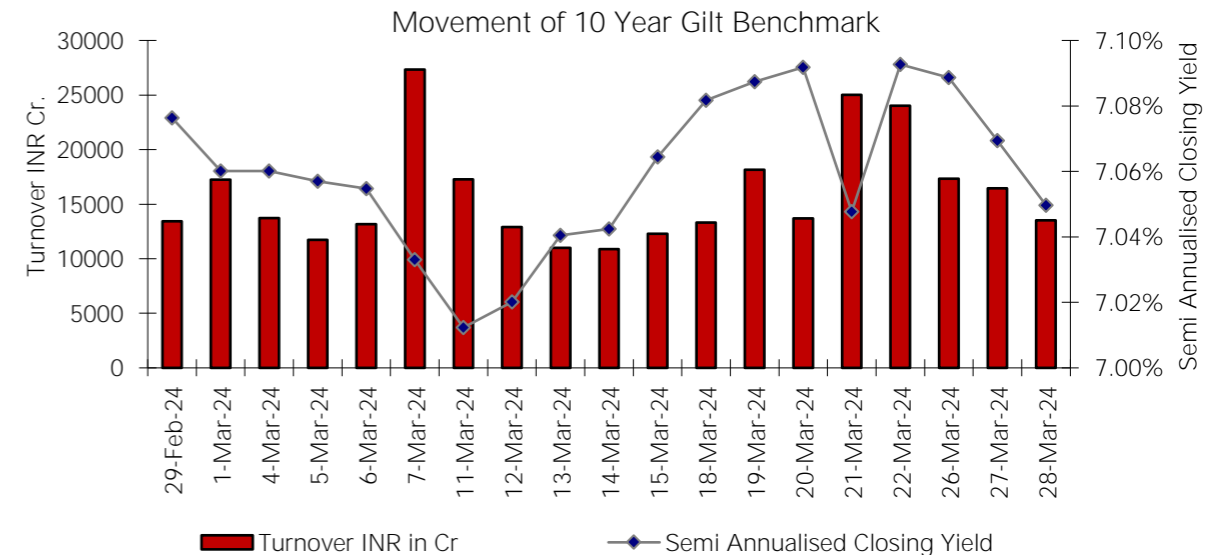
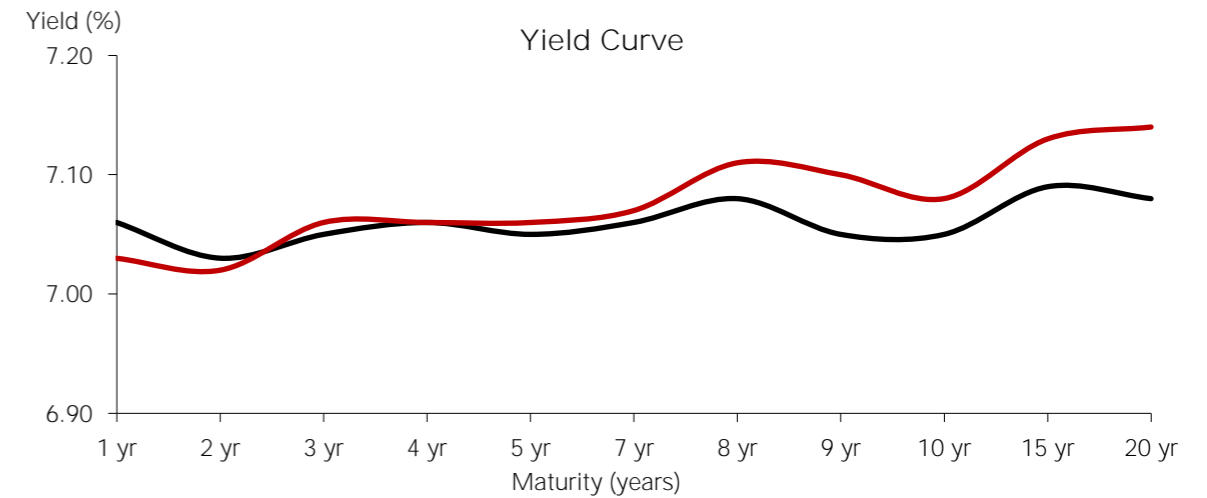
- Interbank call money rates averaged at 6.61% which is above the RBI's repo rate of 6.5% in March as the liquidity levels eventually began tightening during the second half of the month due to outflows on account of Goods and Services Tax (GST) payments. However, the liquidity deficit was capped by a series of variable rate repo auctions conducted by the RBI, coupled with increased government spending.

Bond prices ended higher in March

- Indian government bond yields remained largely range-bound in March. The yield on the 10-year benchmark 7.18% 2033 bond hovered in the range of 7.01–7.10% during the course of the month. The yield eventually settled at 7.06% on March 28, marginally lower than 7.08% on February 29
- Bond prices saw early gains on an upbeat response from market participants towards encouraging economic data. India's GDP grew by a better-than-expected 8.4% in the third quarter of fiscal 2024, its fastest pace in one-and-a-half years, led by strong manufacturing and construction activity
- Bond prices also rose after the US government estimated that the economy expanded by 3.2% on-year in the fourth quarter of calendar year 2023, coming on the back of a 4.9% growth in the preceding quarter
- Yields also decreased due to optimism arising from Bloomberg's announcement that it will include 34 Indian government bonds eligible for investment via the country's fully accessible route in its Emerging Market Local Currency Index from January 31, 2025. The inclusion will be phased over a 10-month period ending October 2025
- Bond prices were also kept buoyant by an intermittent fall in the US Treasury yields
- Bond prices also rose as the government's planned borrowing from the market in the first half was sharply lower than estimated, improving investor sentiment

Debt Market Review

Debt Market Indicators	28-March-24	29-February-24
Call Rate	6.24%	6.50%
3-mth CP rate	8.15%	8.39%
5 Year Corp Bond	7.57%	7.69%
10 Year Gilt	7.05%	7.08%
Repo	6.50%	6.50%
SDF	6.25%	6.25%
CRR	4.50%	4.50%
1-mth CDs	7.40%	7.05%
3-mth CDs	7.55%	7.75%
6-mth CDs	7.62%	7.77%



Source: CRISIL Fixed Income database

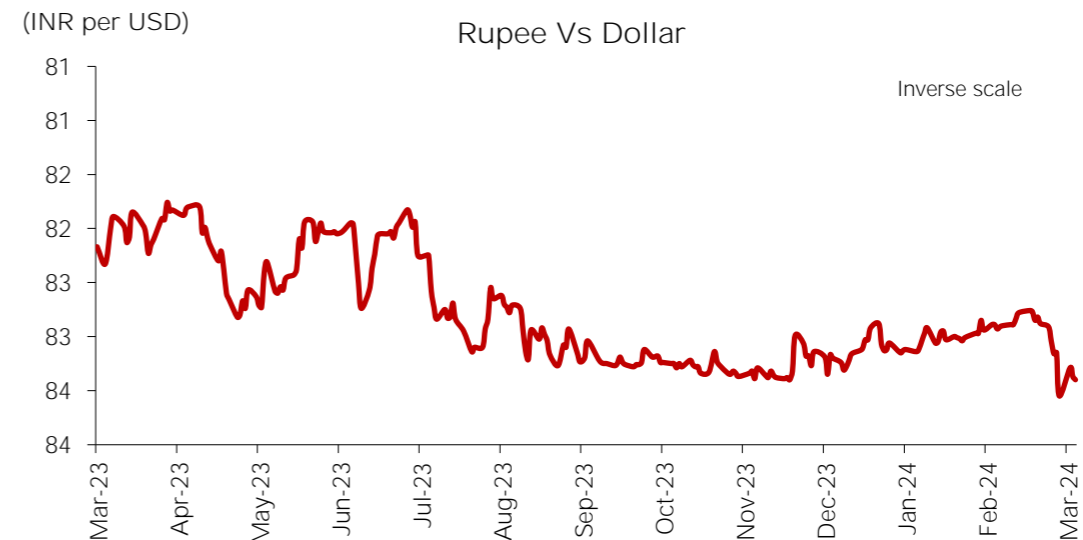
Data as on 28 March 2024, Past Performance may or may not be sustained in future. Investors should not consider the same as investment advice
 Note-The details provided above is as per the information available in public domain at this moment and subject to change. Please consult your financial advisor for any investment decisions.

- The Federal Open Market Committee (FOMC) maintained status quo on policy rates in its March policy, while ruling out the need for any immediate easing.
- The dot plot indicated 75 bps of policy easing each in 2024, 2025 (revised lower from 100 bps earlier) and 2026, and the long-term policy rate was increased from 2.5% to 2.6%.
- In India, Core inflation continued to fall further. WPI inflation remained muted.
- Current Account Deficit (CAD) for Q3 FY2024 came in at 1.2% of GDP with expectations building of FY2024 CAD to be around 1%.
- PMI numbers remained strong and GST collections continued its impressive streak clocking INR 1.78 trn (YoY growth of 11.5%) in March 2024.
- Another key announcement was the inclusion of Indian Government Bonds (IGBs) in the Bloomberg EM Local Currency Index. India is expected to reach 10% weightage in the index, with the inclusion staggered over a 10-month period starting Jan 2025.
- Indian bond markets have so far been less volatile relative to global bond markets. Demand from local investors and FPIs has kept rates supported even though US rates have moved up.
- While we do expect an easing cycle in India as well, the rate cutting cycle will probably be a shallow one.
- Prior to the first rate cut, RBI is likely to gradually shift the liquidity deficit into a surplus, consistent with an easing cycle.
- Lower gross borrowing announced in the Budget as well as FPI buying on the back of index inclusion as well as strategic allocations will keep demand for IGBs buoyant.
- With AAA PSU corporate bond yields trading at a favourable level, select bond with 2-5 year maturity segment look appealing.
- With markets expecting rate cuts in the US as well as in India through 2024 and 2025, allocation to longer duration products may make sense.

Indian rupee declined in March

- The Indian rupee fell on-month in March 2024, ending the month at Rs 83.40 per dollar, down 0.6% compared with February-end.
- The decline was driven by demand for the greenback from importers and oil companies, coupled with debt repayment outflows. A strong dollar index on account of better-than-expected US home sales data, weakness in most Asian currencies and delayed intervention by the Reserve Bank of India also contributed significantly to the fall.
- Further losses were capped due to sessions of positive movement in domestic equity markets and foreign fund inflows during the course of the month. An intermittent fall in global crude oil prices also helped trim losses.

Rupee Movement V/s Global Currencies				
	28-Mar-24	29-Feb-24	Change	% Change
USD	83.40	82.91	-0.49	-0.6
GBP	105.03	105.02	0.00	0.0
EURO	89.87	89.98	0.10	0.1
100 YEN	55.09	55.33	0.24	0.4



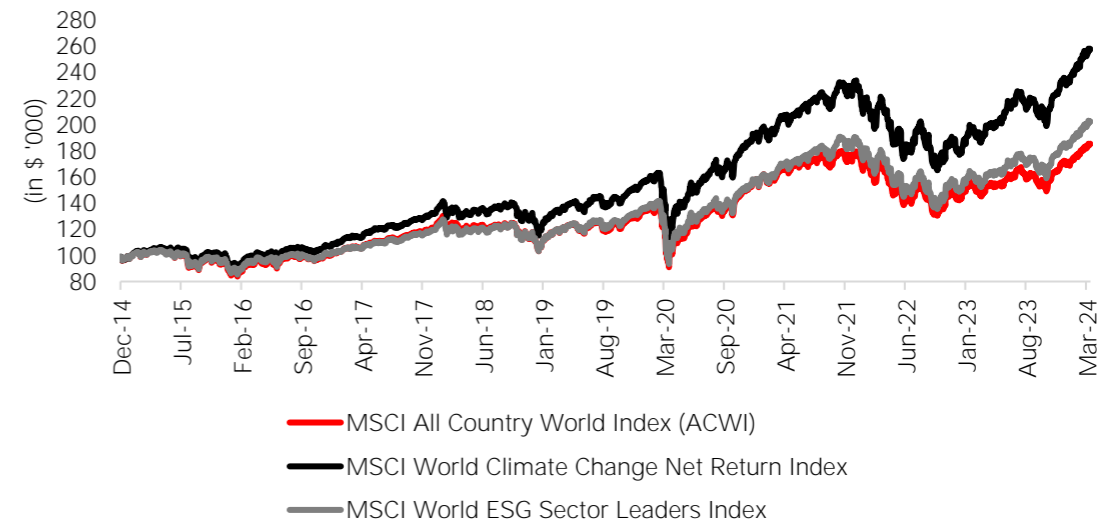
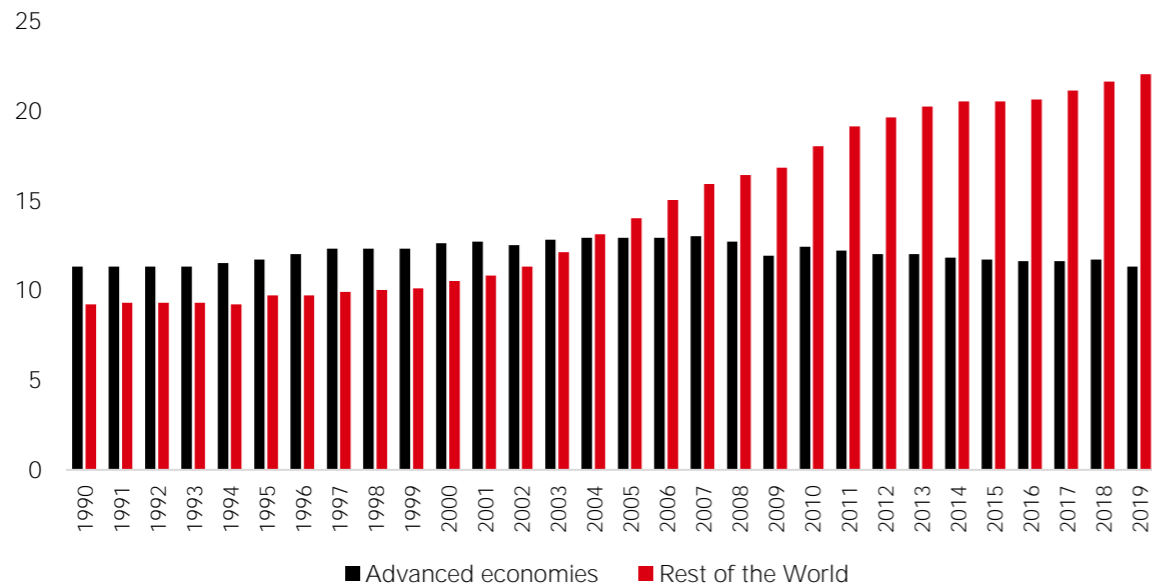
Strong domestic equities and weak dollar index supported the rupee

Source: RBI, CRISIL. Data as on 28 March 2024, 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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Climate Change and ESG

- The issue of climate change (generally measured in terms of carbon dioxide or CO2 emissions) has been in the limelight amid the rising number of climate disasters such as wildfires, floods, droughts, diseases, etc in recent times.
- This has resulted in shifting of focus towards businesses which are sensitive towards tackling these issues or in other words take into consideration the environmental, social and governance (ESG) factors while conducting their business.
- If we consider climate change and ESG themes in terms of performance vis-à-vis general equity for illustrative purposes, a sum of \$100000 invested in MSCI World Climate Change index and MSCI World ESG Sector Leaders index in December 2014 would have grown to \$257674 and \$185217, respectively as on March 28, 2024, as against growth of \$202434 in MSCI All Country World Index (ACWI) during the same period.

Energy Related CO2 Emissions (in giga tonnes)

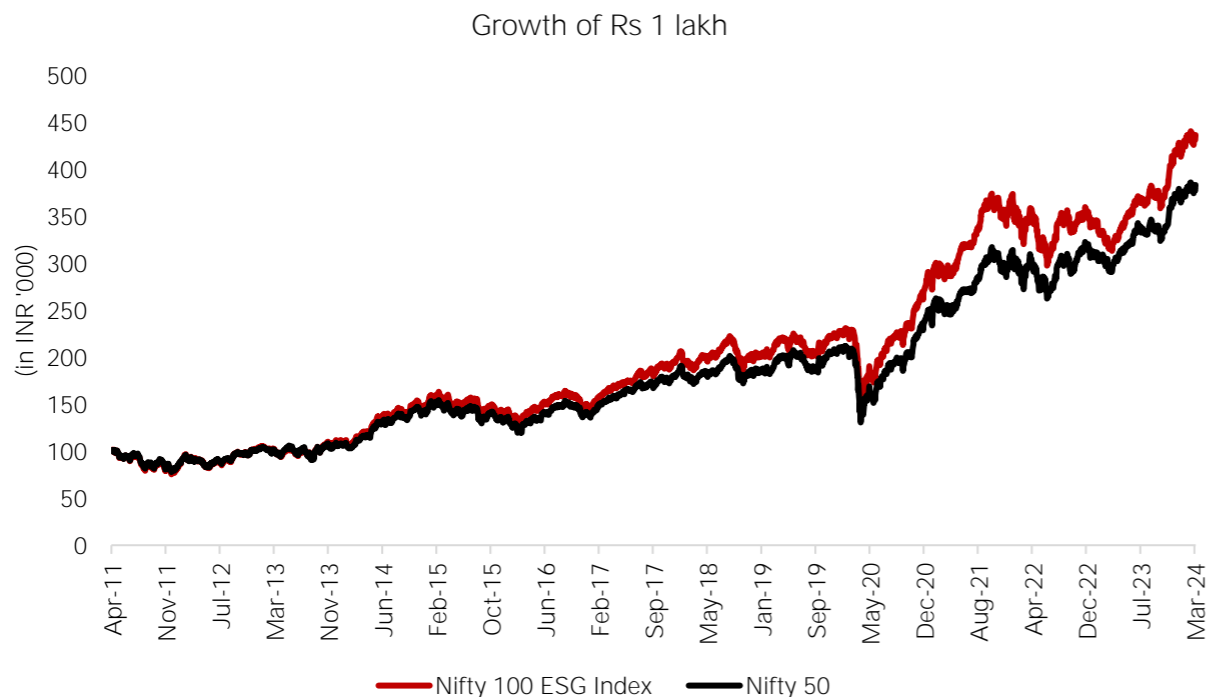


Source: CRISIL, Bloomberg, International Energy Agency (IEA)

Data as on 28 March 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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- In the Indian context, the ESG theme has shown encouraging performance.
- In terms of returns, ESG (represented by Nifty 100 ESG) has outperformed general equity (represented by Nifty 50) across some time periods.
- If long-term growth in ESG scheme is analyzed, if an investor put in INR 100,000 in Nifty 100 ESG and Nifty 50 in April 2011, it would have grown to INR 437,000 and INR 383,000, respectively, for the period ended March 28, 2024.



Period	Performance (%)	
	Nifty 100 ESG	Nifty 50
1 year	12.84	13.84
2 years	15.02	15.41
3 years	14.96	14.03
5 years	14.81	13.67
7 years	14.66	13.55

Source: NSE, Bloomberg. Returns above 1 year are compounded annualized.

Data as on 28 March 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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Global Economic Update

The US grows 3.4% in the fourth quarter of 2023; Fed holds rates, signals three rate cuts in 2024

- The US economy expanded an annualised 3.4% in the fourth quarter of 2023, slightly higher than 3.2% estimated previously and compared with 4.9% in the third quarter.
- Meanwhile, the US Federal Reserve (Fed) left the key lending rates unchanged at 5.25%-5.50% for a fifth straight meeting and policymakers still plan to cut interest rates three times this year, similar to the quarterly forecasts in December..

Key economic indicators

- Non farm payrolls came in at 275,000 in February compared to downwardly revised 229,000 from January. While unemployment rate rose to 3.9% compared to 3.7%.
- CPI inflation unexpectedly edged up to 3.2% in February 2024, compared to 3.1% in January while core inflation eased to a near three-year low of 3.8%, down slightly from 3.9%.

US economy grew 3.4% in Q4

Eurozone grows 0.1% in the fourth quarter of 2023; ECB holds rates

- The Eurozone's GDP expanded 0.1% on-year in the fourth quarter of 2023 compared with an upwardly revised 0.1% reading in the third quarter, while the economy stagnated in the fourth quarter on a quarterly basis, following a 0.1% contraction in the third quarter
- Meanwhile, the European Central Bank (ECB) maintained its interest rates at 4.5%, with the deposit facility rate unchanged at an unprecedented 4%.

Key Eurozone economic indicators

- Consumer price inflation rate was confirmed at 2.6% on year in February, compared to 2.8% in January, while core inflation rate fell to 3.1%, from 3.3%.
- Industrial Production decreased 6.70% on year in January compared to revised 0.2% growth in December.

The UK contracts 0.2% in the fourth quarter of 2024; BoE holds rates

- The UK economy contracted 0.2% on-year in the fourth quarter of 2023, marking its first period of contraction since the 2020-21 recession compared with growth of 0.2% in the previous quarter.
- Meanwhile, the Bank of England maintained the bank rate at 5.25% during its March meeting, its highest level since 2008, as policymakers awaited clear signals indicating that the country's persistent inflationary pressures had subsided.

Key UK economic indicators

- The inflation rate cooled to 3.4% annually in February, compared to 4% in January while Annual core inflation rate slowed to 4.5% from 5.1%.
- Industrial production increased 0.5% in January 2024, down from a 0.6% rise in the previous month.

Eurozone economy grew 0.1% in Q4

PBoC holds rates to support the economy

- The People's Bank of China (PBoC) launched a total of CNY 387 billion via a one-year medium-term lending facility (MLF) to support the banking system, while keeping the interest rate unchanged at 2.50% on March 15.
- The PBoC kept lending rates unchanged at its March meeting. The one-year loan prime rate (LPR) was retained at a record low of 3.45%; and the five-year rate, a reference for mortgages, was maintained at 3.95%.

Key Chinese economic indicators

- The country's trade surplus increased to \$125.16 bn in January-February period from \$103.8 bn in the same period a year earlier.
- Industrial production expanded by 7.0% on year in January-February combined faster than a 6.8% growth in December.

Japan's growth contracts 0.4% in fourth quarter of 2023; BoJ surprises with rate hike

- The Japanese economy expanded 0.4%, unchanged from a preliminary reading and up from a downwardly revised 3.2% contraction in the third quarter.
- The Bank of Japan (BoJ) decided by a 7-2 majority vote to end the negative interest rate policy it adopted in January 2016 and hike its short-term policy rate from -0.10% to a 0%–0.1% range in its first rate increase since 2007.

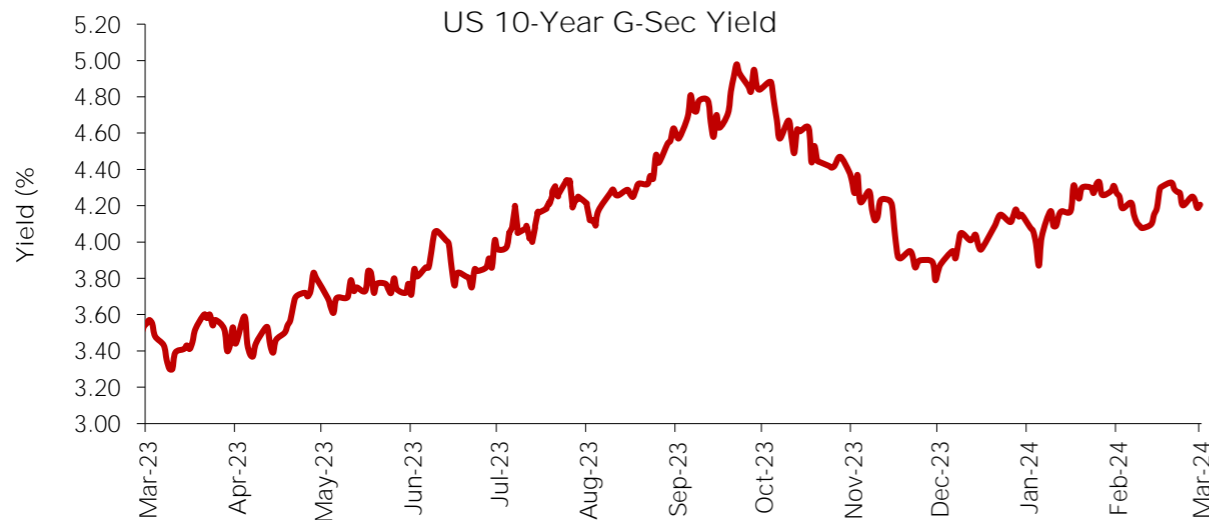
Key Japanese economic indicators

- The country's trade deficit decreased sharply to JPY 379.4 bn in February, compared to downwardly revised deficit of JPY 1760.3 bn.
- Industrial production decreased 3.40% on year in February, compared to 1.5% decline in January.

Source: CRISIL, Data as on 28 March 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 March

- United States (US) Treasury prices rose in March. The yield on the 10-year Treasury settled at 4.21% on March 28 compared with 4.24% on February 29.
- Bond prices rose after Federal Reserve (Fed) Chairman Jerome Powell said continued progress on inflation “is not assured”.
- It elevated further after the Federal Reserve held the interest rates steady in its preceding policy meeting.



Global bond yields			
	28-Mar	29-Feb	Change
US 10-Year (%)	4.21	4.24	-1.41
UK 10-Year (%)	3.98	4.13	-5.01
German 10-Year (%)	2.29	2.40	-6.91
Japan 10-Year (%)	0.71	0.72	2.32

US treasury yield fell after Fed Chair **said continued progress on inflation “is not assured”**

Source: CRISIL, Bloomberg, Data as on 28 March 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
02-April-24	India HSBC Manufacturing PMI, March	56.9
03-April-24	US ADP Employment Change, March	140,000
	Eurozone Inflation Rate, March	2.6%
04-April-24	India HSBC Composite/Services PMI, March	60.6
05-March-24	US Unemployment Rate, March	3.9%
	US Non-Farm Payrolls, March	275,000
	India RBI Interest Rate Decision	6.5%
10-April-24	US Inflation Rate, March	3.2%
11-April-24	Eurozone ECB Interest Decision	4.5%
	China Inflation Rate, March	0.7%

Source: CRISIL, Data as on 28 March 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
12-April-24	UK GDP, February	-0.3%
	India Inflation Rate, March	5.09%
	India Industrial Production, February	3.8%
15-April-24	India Balance of Trade, March	
	India WPI inflation, March	0.2%
16-April-24	China GDP Growth Rate Q1	5.2%
22-April-2024	China Loan Prime Rate 1Y/5Y, April	3.45%, 3.95%
23-April-2024	India HSBC Composite/Manufacturing/Services PMI April	59.1
25-April-24	US GDP Growth Rate adv, Q1	
26-April-24	US PCE Price Index, March	2.5%
	Japan BoJ Interest Rate Decision	0%
30-April-24	India Infrastructure Output March	6.7%

Source: CRISIL, Data as on 28 March 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 government notified rules to operationalise the Citizenship (Amendment) Act, 2019.
- The government approved a special provision to make seventh-generation Indian-origin Mauritians eligible for the Overseas Citizen of India (OCI) card.
- The government's dividend receipts from state-run undertakings for the current fiscal stood at about Rs 63,000 crore, 26% higher than revised budget estimates.
- The National Pension System (NPS) added 21.5% fewer fresh subscribers under the corporate segment in 2023 as compared to the preceding year.
- The government finalised its borrowing programme for the first half of fiscal 2025 in consultation with the RBI. It announced plans to borrow Rs 7.50 lakh crore, including Rs 12,000 crore to be raised by issuing sovereign green bonds
- The Ministry of Corporate Affairs (MCA) raised the asset and turnover thresholds for mergers and acquisitions of firms that would need approval from the Competition Commission of India.
- The Ministry of Health and Family Welfare announced the formation of an expert committee to review the implementation of Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (AB-PMJAY).
- The government and the Asian Development Bank (ADB) signed a \$23 million loan agreement to enhance access to quality fintech education, research, and innovation at the Gujarat International Finance Tec-City.
- The Government approved a new electric vehicle (EV) policy to boost EV manufacturing in India
- India and the Dominican Republic signed a protocol for the setting up of a Joint Economic and Trade Committee (JETCO) to boost trade relations between both nations.
- Union Minister for Road Transport and Highways Nitin Gadkari announced four road & transportation projects entailing a total outlay of Rs 1,885.51 crore.
- India's forex reserves touch its all-time high of \$642.631 billion during the week ended March 22

Source –CRISIL, Data as on 28 March 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 issued directions pertaining to the issuance of credit cards by card networks, and the arrangement between lenders and card networks. These are aimed at ensuring greater choice and flexibility for customers.
- The RBI made amendments to credit and debit card regulations to enhance transparency and accountability. These amendments pertain to aspects such as business credit cards, penalties for delays in card closure, co-branded cards, compensation for grievances, and data protection guidelines, among others.
- The RBI issued a framework for recognising self-regulatory organisations for its regulated entities, requiring them to set minimum benchmarks for their members and operate with credibility, objectivity, and responsibility. The move is aimed at improving regulatory compliance.
- SEBI notified the regulations to govern small and medium real estate investment trusts (SM-REITs) of income-generating and completed properties that may include commercial assets, rental housing, warehousing, and hotels, among others.
- SEBI put in place a framework to introduce the beta version of the T+0 trade settlement cycle for a limited set of 25 scrips and with a limited number of brokers on an optional basis. This will be in addition to the existing T+1 settlement cycle in the equity cash market.

Key economic indicators released in the month

- The combined Index of Eight Core Industries (ICI) increased 6.7% on-year in February 2024, as compared to a modest 4.1% rise in the preceding month.
- India's merchandise trade deficit widened from \$17.49 billion in January 2024 to \$18.71 billion in February. This was also wider than the \$16.57 billion deficit registered in the corresponding month a year ago. Merchandise exports rose a healthy 11.9% on-year to an 11-month high of \$41.40 billion. However, this was offset by a faster 12.2% on-year increase in merchandise imports to \$60.11 billion, triggered by a surge in imports of gold, silver, and electronic goods.
- As per the latest data released by the Reserve Bank of India (RBI), India's current account deficit narrowed to \$10.5 billion in the third quarter of fiscal 2024 (1.2% of GDP), down from \$11.4 billion in the September 2023 quarter (1.3% of GDP).

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RBI- Reserve Bank of India GDP- Gross Domestic Product

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