

# Global Navigator

July 2024

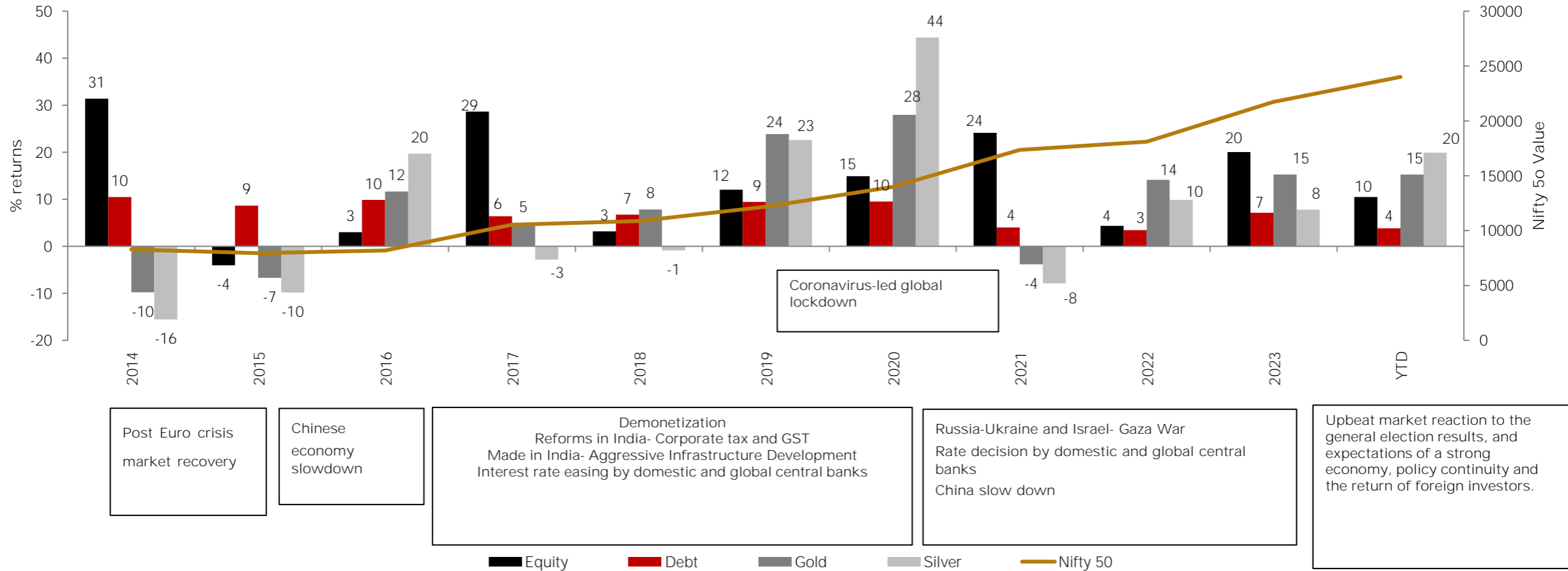


**HSBC** Mutual Fund

# 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

Coronavirus-led global lockdown

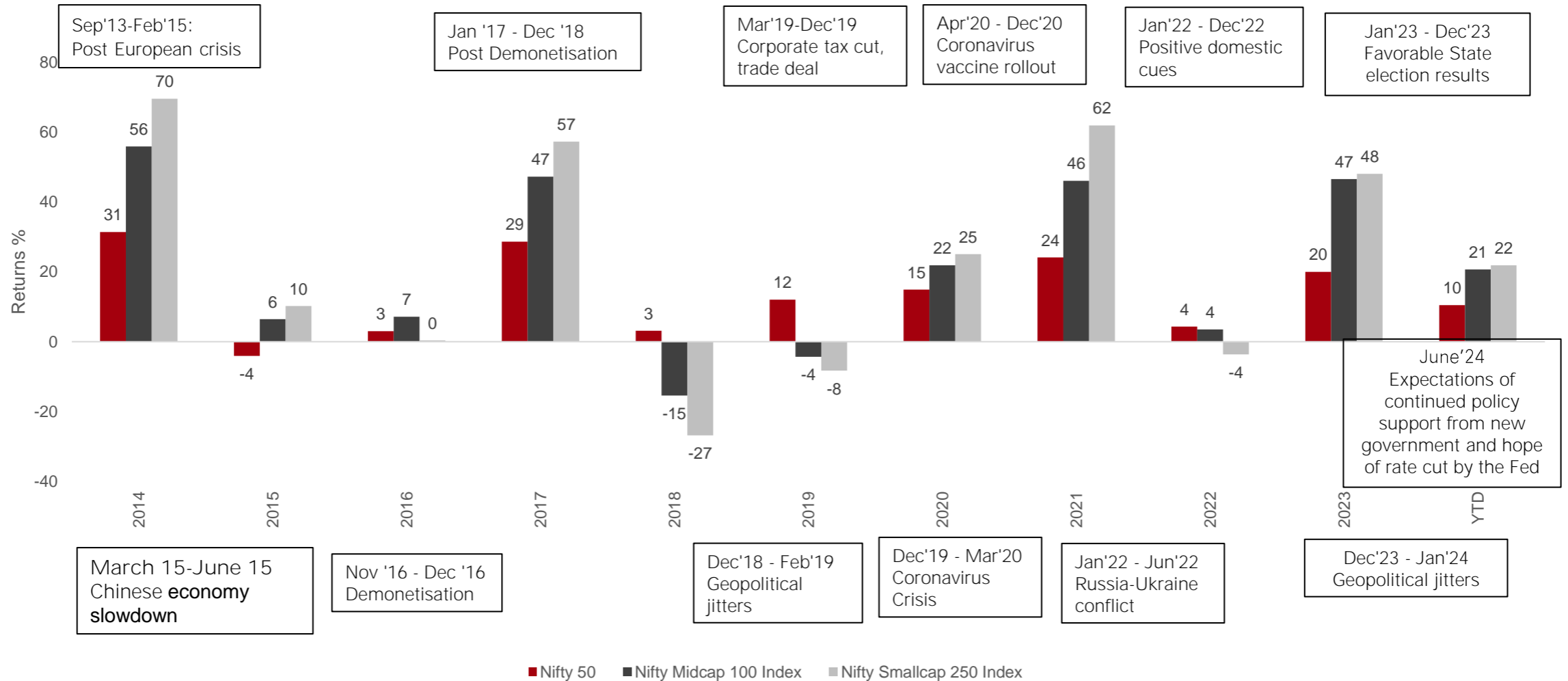
Russia-Ukraine and Israel- Gaza War  
Rate decision by domestic and global central banks  
China slow down

Upbeat market reaction to the general election results, and expectations of a strong economy, policy continuity and the return of foreign investors.

Equity Debt Gold Silver Nifty 50

# History of Equity markets through major events

## Performance of major equity indices

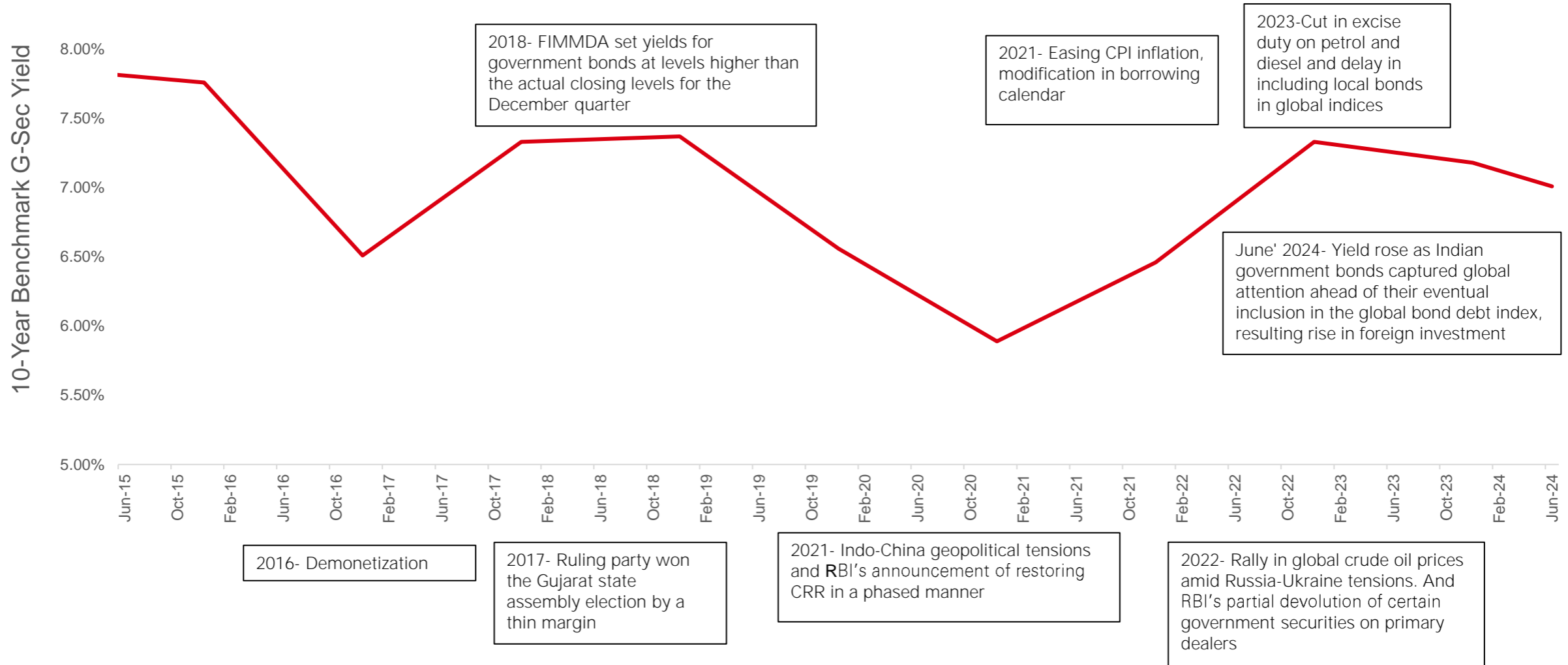


Source: NSE, CRISIL, Data as on 28 June 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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# History of Debt Markets through major events

10-year G-Sec yield movement through major events

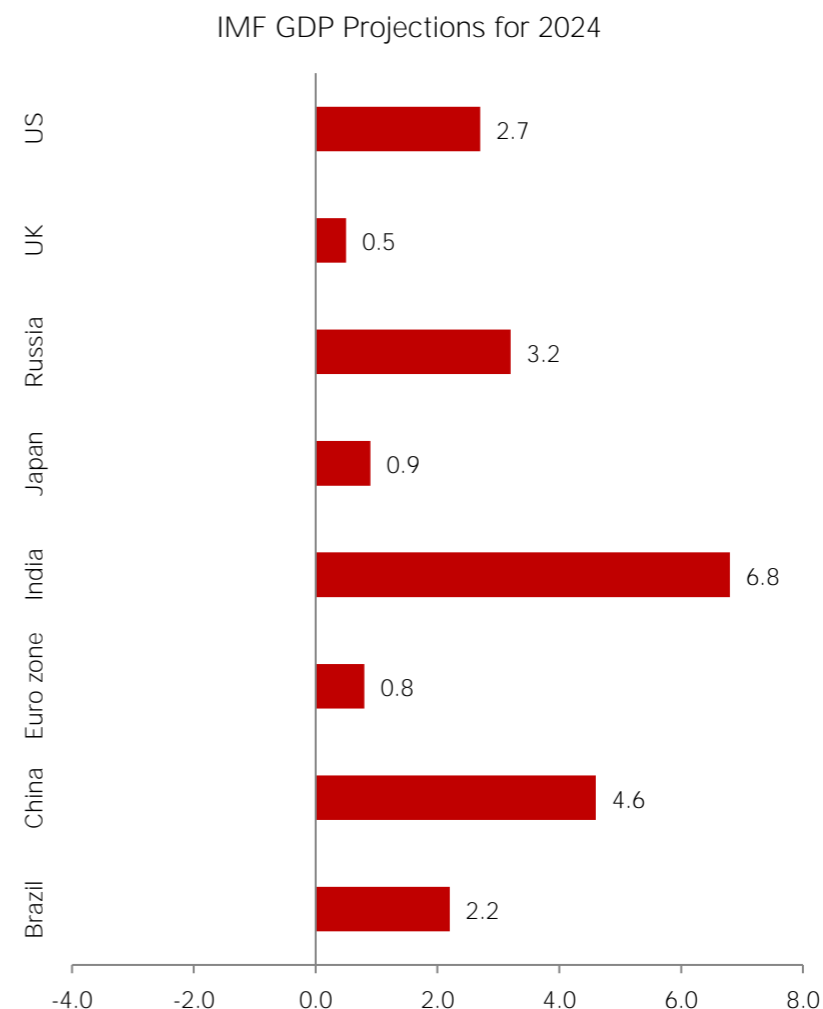


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	GDP		Inflation		Industrial Growth	
	Current	Previous	Current	Previous	Current	Previous
US	1.4% Q1 2024	3.4% Q4 2023	3.3% May'24	3.4% Apr'24	0.4% May'24	-0.7% Apr'24
Eurozone	0.4% Q1 2024	0.1% Q4 2023	2.5%* June'24	2.6% May'24	-3.0% Apr'24	-1.0% Mar'24
UK	0.3% Q1 2024	-0.2% Q4 2023	2.0% May'24	2.3% Apr'24	-0.4% Apr'24	0.5% Mar'24
China	5.3% Q1 2024	5.2% Q4 2023	0.3% May'24	0.3% Apr'24	5.6% May'24	6.7% Apr'24
Japan	-2.9% Q1 2024	0.1% Q4 2023	2.8% May'24	2.5% Apr'24	-1.80% Apr'24	-6.2% Mar'24
India	8.6% Q1 2024	7.8% Q4 2023	4.75% May'24	4.83% Apr'24	5.0% Apr'24	5.4% Mar'24

Major Global Central Bank	Latest Key Interest rate
US Federal Reserve	5.25-5.5%
Bank of England	5.25%
European Central Bank	4.25%
Bank of Japan	0.10%
India	6.50%



Source: CRISIL, Bloomberg, Respective Central Banks, IMF. Data as on 28 June 2024, \*Preliminary data

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 gain in June

- Crude oil prices on the New York Mercantile Exchange (NYMEX) closed at \$81.54 per barrel on June 28, 2024, up 5.91% from \$76.99 per barrel on May 31.
- Oil prices rose after the European Central Bank cut rates, raising hopes that the United States Federal Reserve (Fed) would follow suit. More gains were added after the Organization of the Petroleum Exporting Countries (OPEC) and non-OPEC producers indicated that the latest oil output agreement could change depending on the market.

(\$ Per Barrel)

Global Crude Oil prices - NYMEX (\$ per barrel)



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

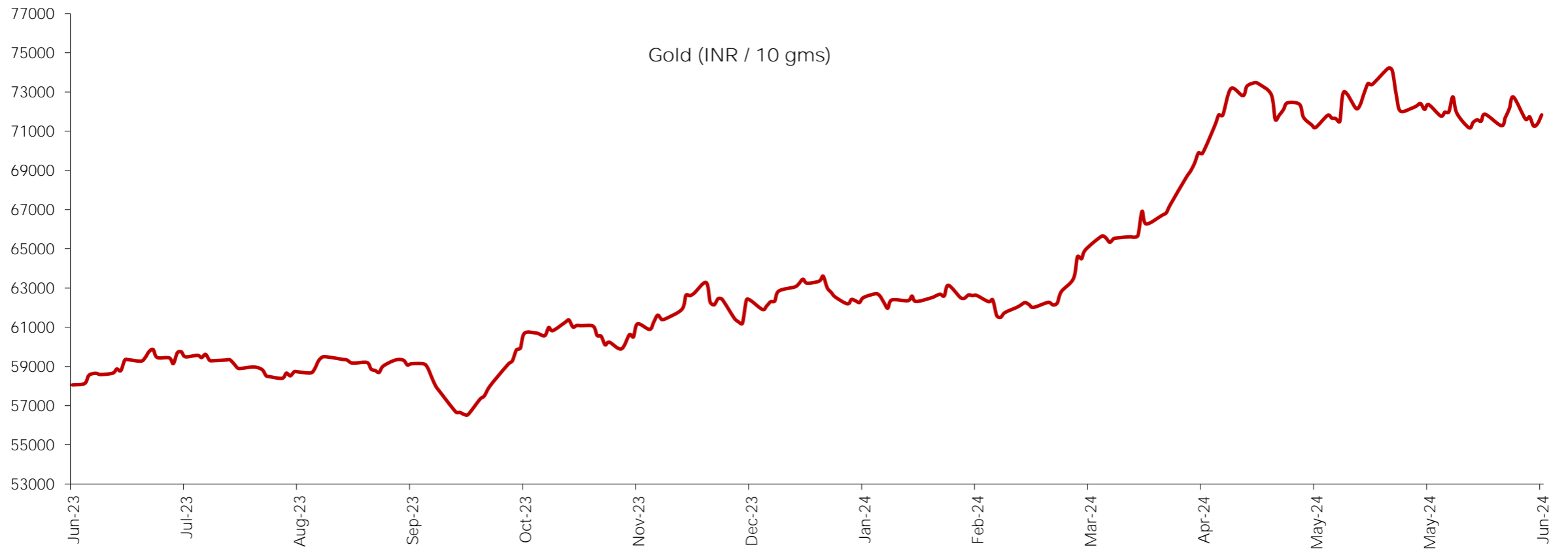
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# Commodity Market Review

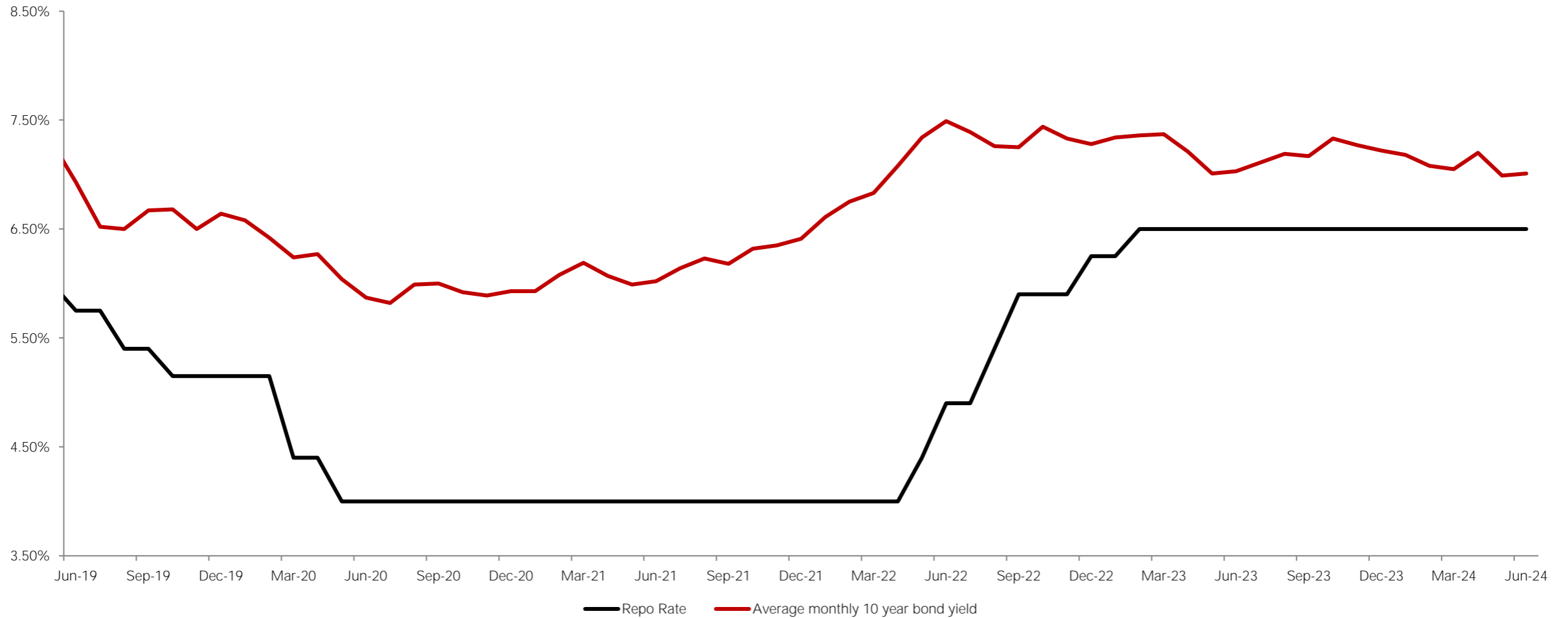
## Gold fell in June

- Gold price ended at Rs 71,835 per 10 gram on June 28, down 0.72% from Rs 72,356 on May 31, as per the India Bullion and Jewellers Association
- Prices declined following a similar trend in global metal prices, on a strong dollar index and after Fed Chair Jerome Powell said the central bank needs more evidence that inflation is easing, to enable it to start slashing interest rates.



Source: CRISIL, IBJA. Data as on 28 June 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%

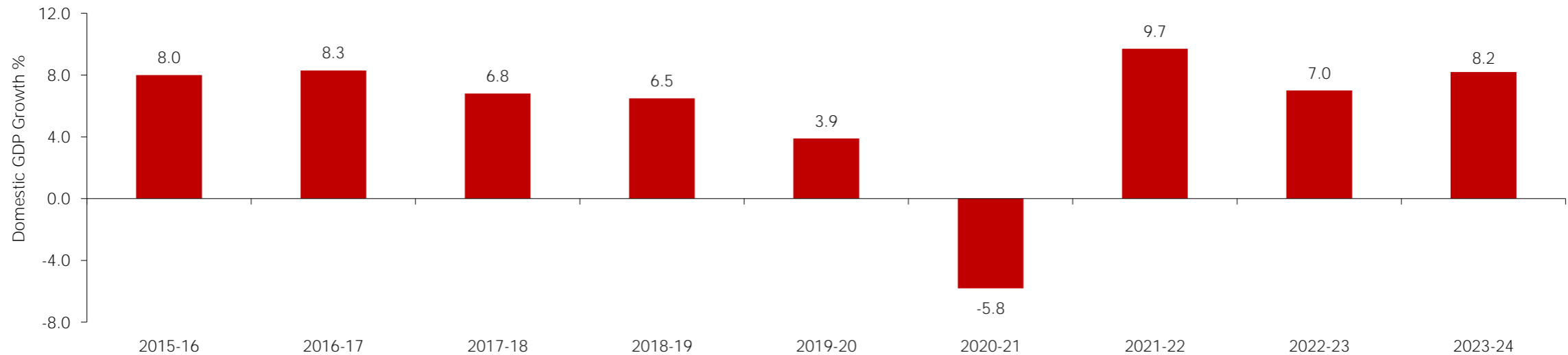


Source: RBI, CRISIL Research, Data as on 28 June 2024  
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GDP growth outlook for FY25 remains positive; RBI raises growth projection to 7.2%

- Rising private consumption and the prospects of a revival in urban and rural demand conditions amid an encouraging monsoon forecast have increased optimism about India’s GDP growth outlook. This prompted the Reserve Bank of India (RBI) to revise its GDP growth projection for FY25 to 7.2% from the 7% forecast earlier.
- RBI Governor expressed confidence in the revised growth forecast, pinning hopes on a strong momentum in economic activity. However, the governor expressed concerns about retail inflation, pointing out that despite the central bank’s efforts to bring it closer to the targeted 4%, the final stage of the disinflationary process was proving to be difficult due to ‘stubborn’ food prices.
- The RBI’s Monetary Policy Committee (MPC) has maintained its inflation forecast for FY25 at 4.5%. However, several MPC members sounded caution about potential supply-side disruptions in coming months due to the unusually warm summer experienced in many parts of India.



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

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Retail inflation eases to four-month low of 4.75% in May 2024

- India's consumer price index (CPI)-based inflation came in at 4.75% in May 2024. While this was only marginally lower than the preceding month (4.83% in April 2024), it was the lowest in four months and reflected a significant increase as compared to a year ago (4.2% in May 2023).
- Meanwhile, India's wholesale price index-based (WPI) inflation rose to a four-month high of 2.61% in May.

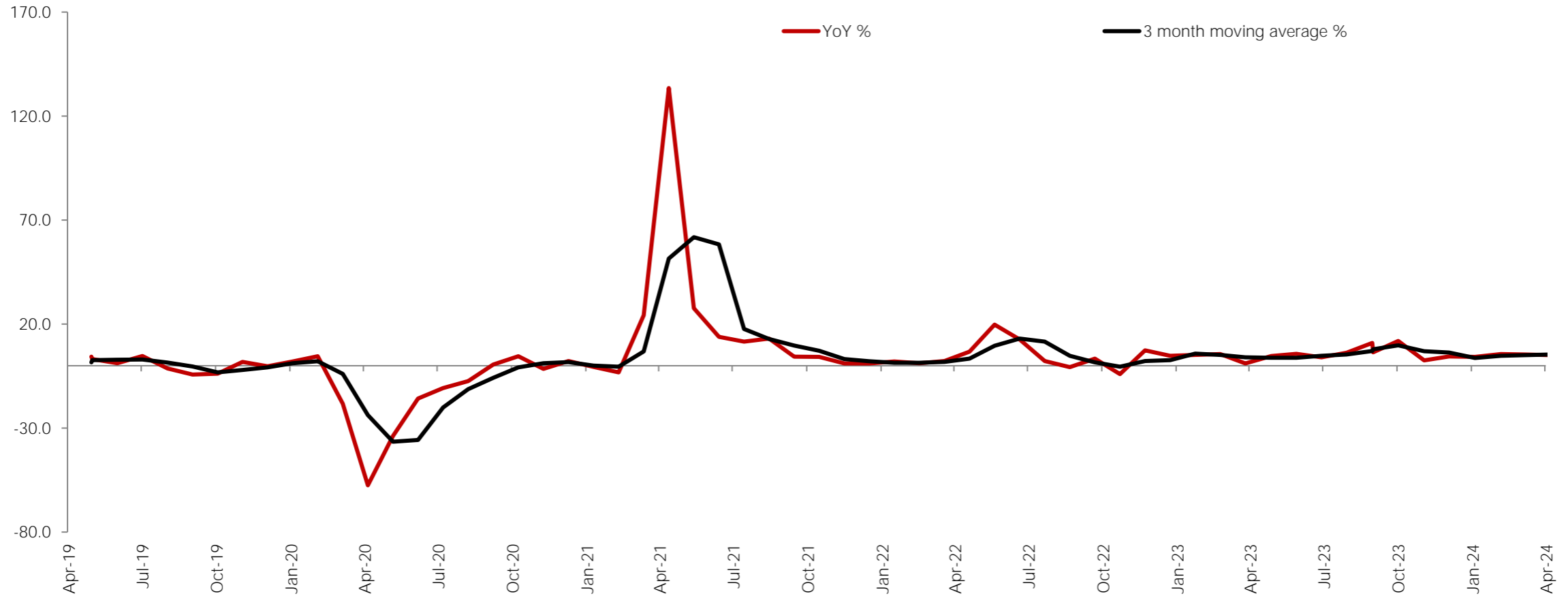
Indicators	Current	Previous
Monthly CPI Inflation	4.75% (May-24)	4.83% (April-24)
Industrial Growth	5.0% (April-24)	5.4% (March-24)
Exports	\$69.72 bn (Apr-May 24)	\$78.70 bn (Apr-May 23)
Imports	\$106.99 bn (Apr-May 24)	\$119.18 bn (Apr-May 23)
Trade Balance	-\$13.28bn (Apr-May 24)	-\$20.56 bn (Apr-May 23)
Gross Tax Collections	INR 459629 cr (Apr-May FY25)	INR 396954 cr (Apr-May FY24)

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

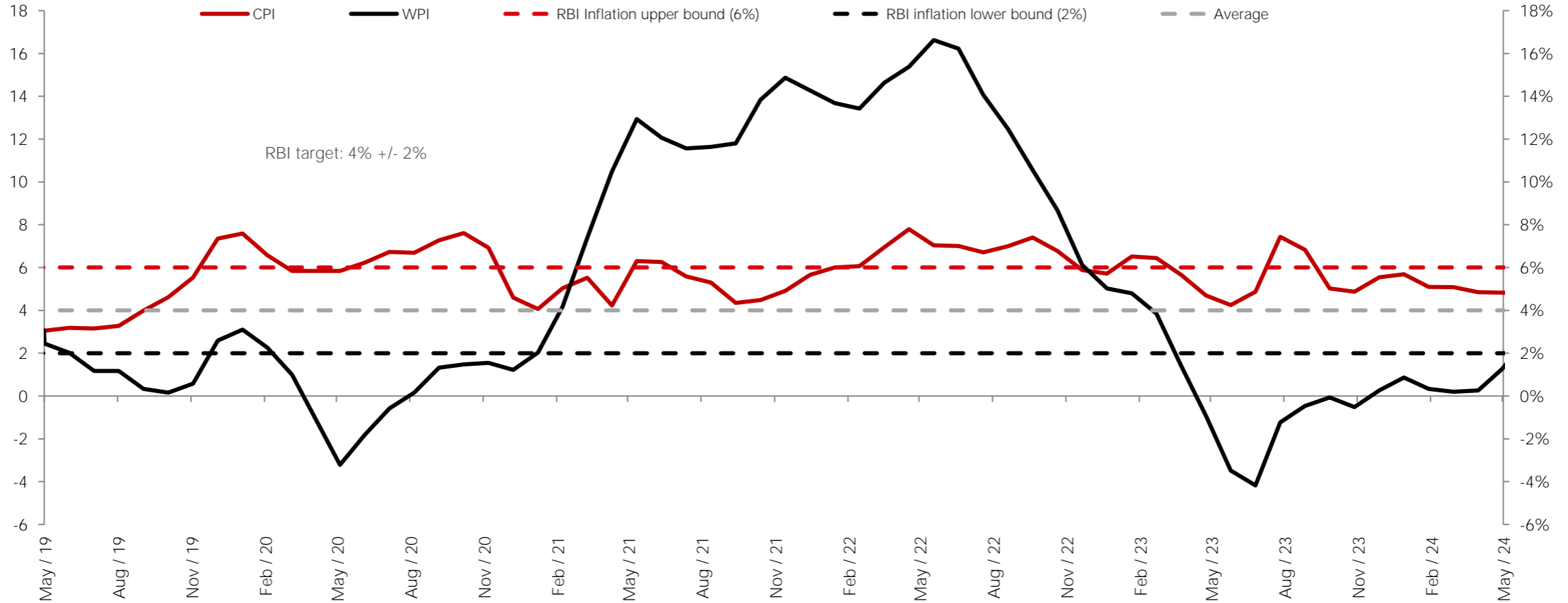
- India's industrial output, as measured by the Index of Industrial Production, fell to 5.0% in April 2024.



Source: CRISIL, MOSPI, Data as on 28 June 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

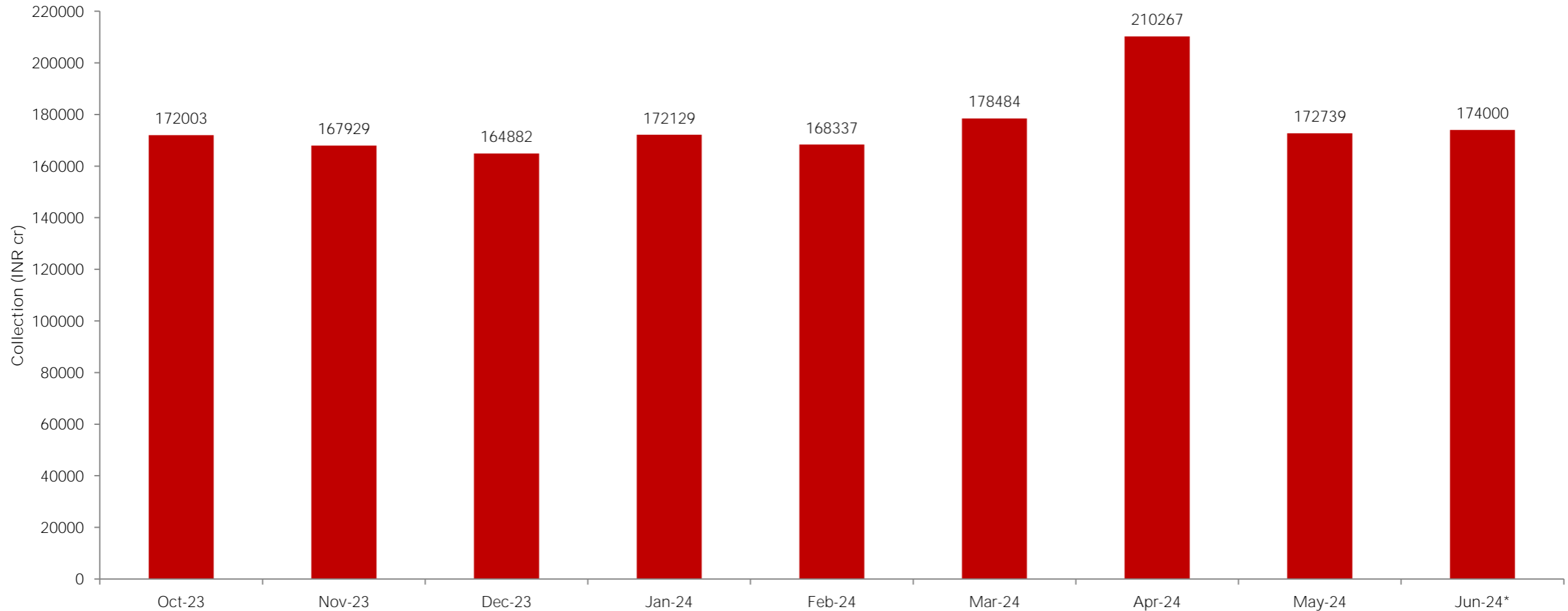
CPI inflation below the RBI's max target range



Source: CRISIL, MOSPI, RBI, Data as on 28 June 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 1.74 lakh crore in June

As per reports, the government collected INR 1.74 lakh crore goods and services tax (GST) for the month of June



Source- \* media report, CRISIL, Ministry of Finance, Data as on 30 June 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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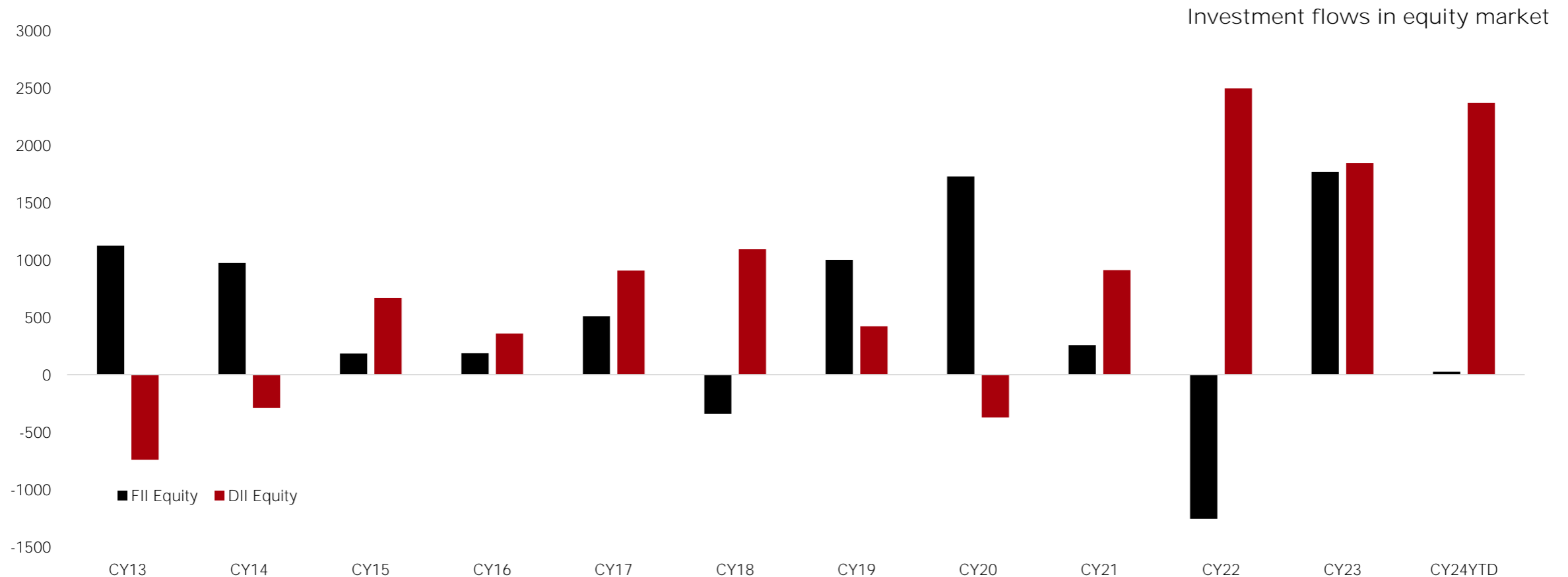
## Indian equity indices rose in June '24

- Indian equity indices reversed previous month's losses, with benchmarks BSE Sensex and Nifty 50 soaring 6.8% and 6.6% on-month, respectively. In June 2024, India's equity markets scaled new all-time highs multiple times, with BSE Sensex and Nifty 50 breaching the 79,000 mark and 24,000 mark, respectively, for the first time ever.
- Both benchmark indices recorded their best monthly gains since December 2023, spurred by an upbeat market reaction to the general election results, and expectations of a strong economy, policy continuity and the return of foreign investors.
- Early gains were seen in response to strong quarterly growth data released at the end of May 2024. India's GDP expanded to 7.8% in the last quarter of fiscal 2024, compared with the upwardly revised 8.4% growth in the third quarter of fiscal 2024. The growth estimate for fiscal 2024 was revised to 8.2% from 7.6%.
- More gains were added following the declaration of the Indian general election results, driven by investor optimism over political stability and policy continuity by the newly formed government.
- Investor confidence in the country's growth story strengthened after the Reserve Bank of India (RBI) raised its growth estimates for fiscal 2025 while keeping rates unchanged for the eighth consecutive time.
- The RBI raised India's real GDP growth forecast for fiscal 2025 to 7.2% from 7% earlier on improved rural and urban demand, buoyed by monsoon forecasts. Meanwhile, the inflation forecast was retained at 4.5% by the RBI rate-setting panel.
- The markets also reacted positively to the news of easing inflation in India. India's retail inflation eased to 4.75% on an annual basis in May, as against an 11-month low of 4.83% in April.
- Some gains also stemmed from certain cues in the US. These included news of easing inflation and weak retail sales data, which raised hopes of at least one rate cut by the US Fed.

Source –CRISIL, Data as on 28 June 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 June '24

- All the key sectoral indices saw gains as compared to May-end.
- The biggest gainer during the month was the US rate-sensitive BSE IT index, rising by 11.3% due to a bullish sentiment following positive global cues, strong international market performances, and expectations of favourable Indian economic indicators.



Source: MOSL, Data as on 30 June 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

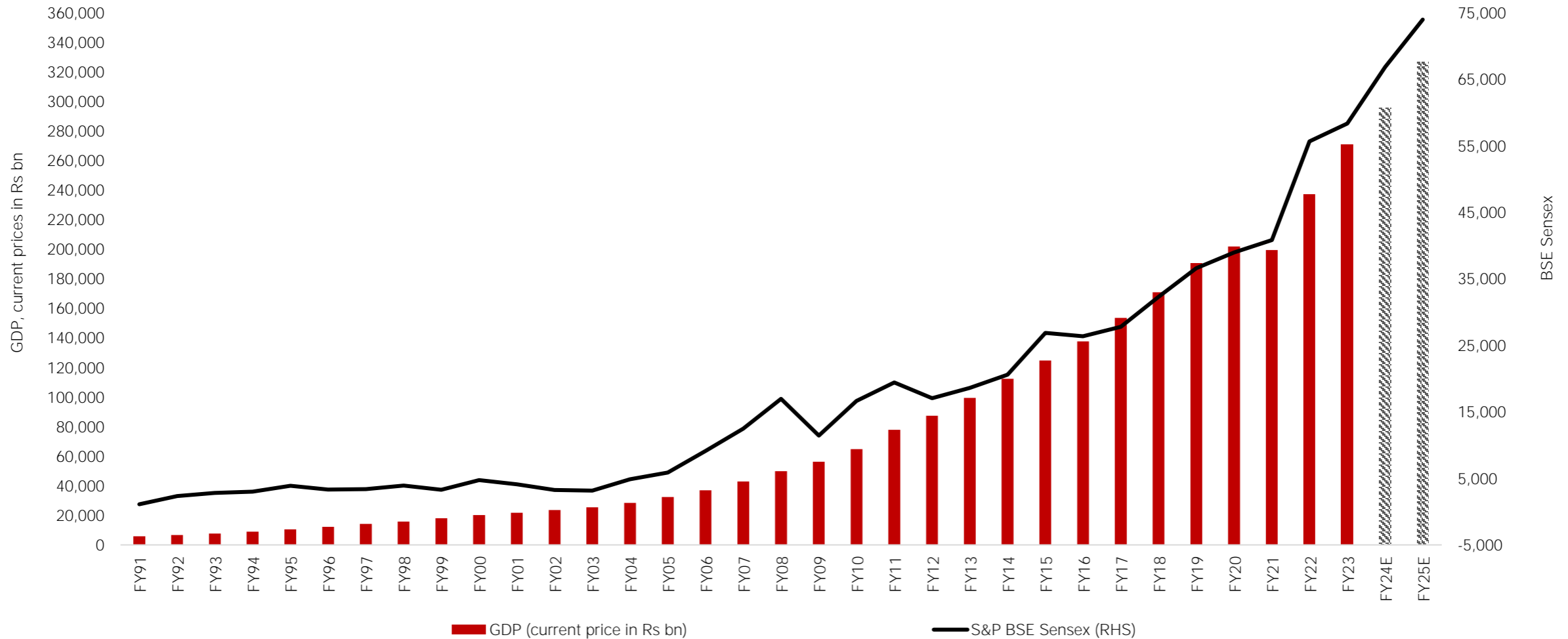
Indices	28-June-2024	31-May-2024	% Change 1 Month	% Change 1 Year	% Change YTD
Nifty 50	24011	22531	6.57	25.13	10.49
BSE Sensex	79033	73961	6.86	22.12	9.40
BSE Auto	57293	53026	8.05	64.07	35.67
BSE BANKEX	59641	55772	6.94	18.10	9.68
BSE Capital Goods	72324	70056	3.24	77.59	29.98
BSE Consumer durables	58827	54915	7.12	37.25	17.65
BSE FMCG	20550	19529	5.23	9.95	0.40
BSE Healthcare	37110	34890	6.37	43.76	17.63
BSE IT	36951	33199	11.30	23.68	2.61
BSE Metal	33051	32713	1.03	60.74	22.45
BSE MidCap	46158	42853	7.71	60.40	25.30
BSE Oil & Gas	29473	28640	2.91	61.85	28.03
BSE Power	7955	7699	3.31	98.32	36.71
BSE PSU	21204	20888	1.51	97.50	36.29
BSE Realty Index	8635	7980	8.21	107.51	39.56
BSE SmallCap	52130	47264	10.30	59.90	22.16

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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 28 June 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

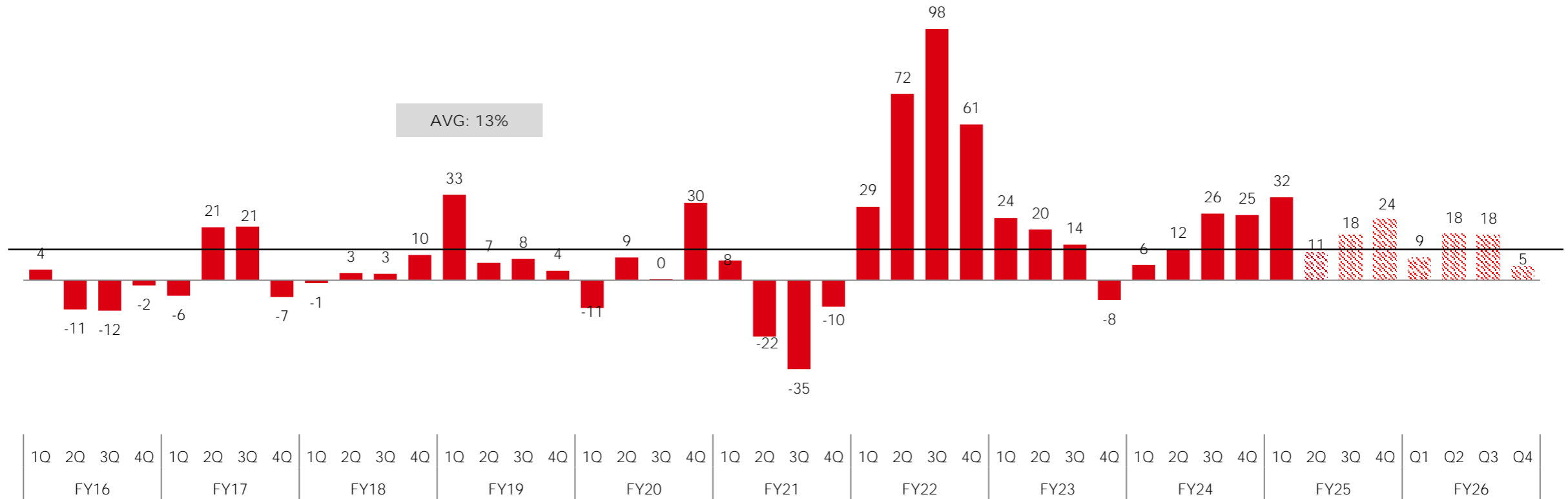
Sectoral indices	% Change										
	CY15	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24*	10-year CAGR*
Nifty 50	-4.06	3.01	28.65	3.15	12.02	14.90	24.12	4.33	11.20	6.57	12.17
BSE Sensex	-5.03	1.95	27.91	5.91	14.38	15.75	21.99	4.44	10.10	6.86	12.01
BSE Auto	-0.60	9.39	32.06	-22.12	-11.27	12.59	15.27	16.54	38.48	8.05	14.15
BSE BANKEX	-9.92	7.35	39.08	5.27	20.72	-2.14	13.63	21.03	2.83	6.94	13.06
BSE CG	-8.51	-3.28	40.03	-1.63	-9.97	10.63	43.47	15.97	49.93	3.24	16.13
BSE CD	24.02	-6.34	101.92	-8.79	20.86	21.52	41.81	-11.27	18.62	7.12	20.82
BSE FMCG	1.36	3.29	31.54	10.60	-3.58	10.55	8.57	-10.93	19.17	5.23	11.90
BSE Healthcare	15.06	-12.88	0.49	-5.92	-3.55	61.45	17.62	16.62	31.87	6.37	12.46
BSE IT	4.51	-8.00	10.83	24.93	9.84	56.68	41.79	-12.10	15.89	11.30	14.73
BSE Metal	-31.20	36.65	47.78	-20.75	-11.92	11.23	57.06	-24.24	16.23	1.03	9.69
BSE Oil & Gas	-3.43	27.17	34.00	-15.57	7.25	-4.44	24.22	8.36	0.70	2.91	10.20
BSE Power	-6.44	1.53	19.83	-16.06	-3.65	7.05	67.62	16.57	12.32	3.31	13.12
BSE PSU	-17.18	12.88	19.27	-21.11	-3.88	-16.88	41.01	25.84	34.65	1.51	9.40
BSE Realty	-13.55	-5.98	106.36	-31.07	26.85	8.66	53.34	-10.26	64.11	8.21	15.31

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

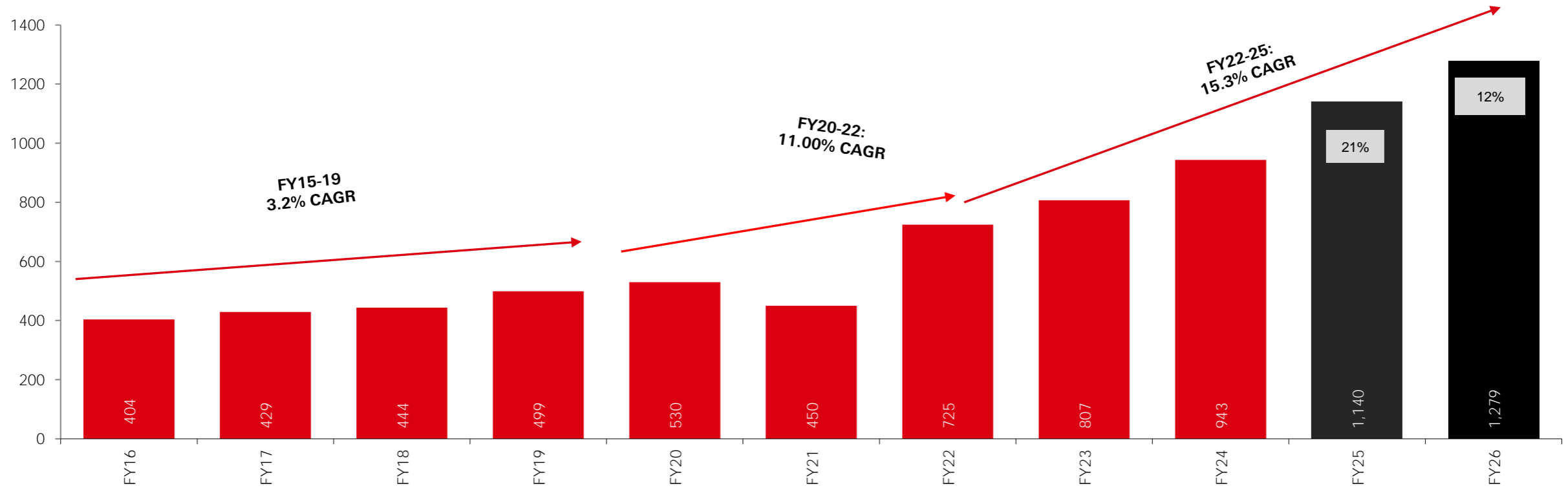
Estimates – shaded portion of FY25 and FY26

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

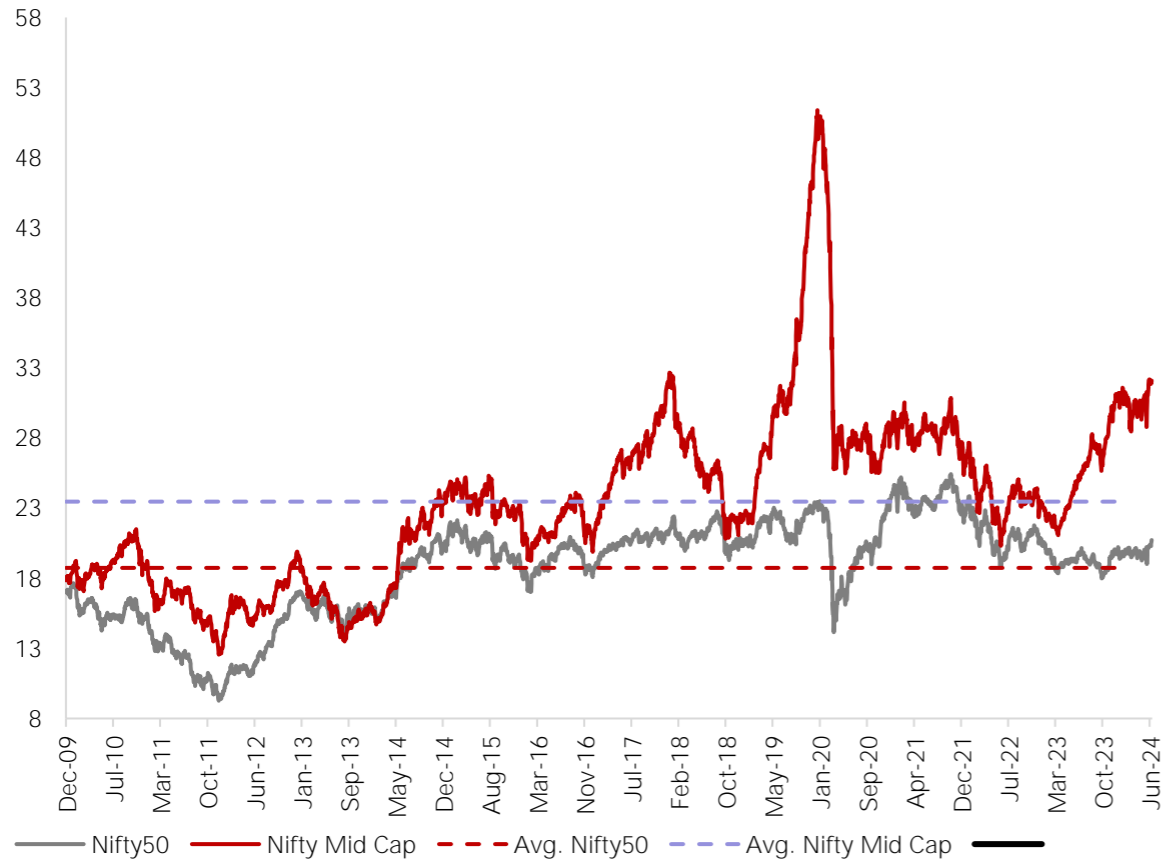


Note: Trailing 12M EPS (Earnings Per Share)  
Black shaded columns are estimates of FY25 and FY26  
Data for FY 26 is for only three quarters

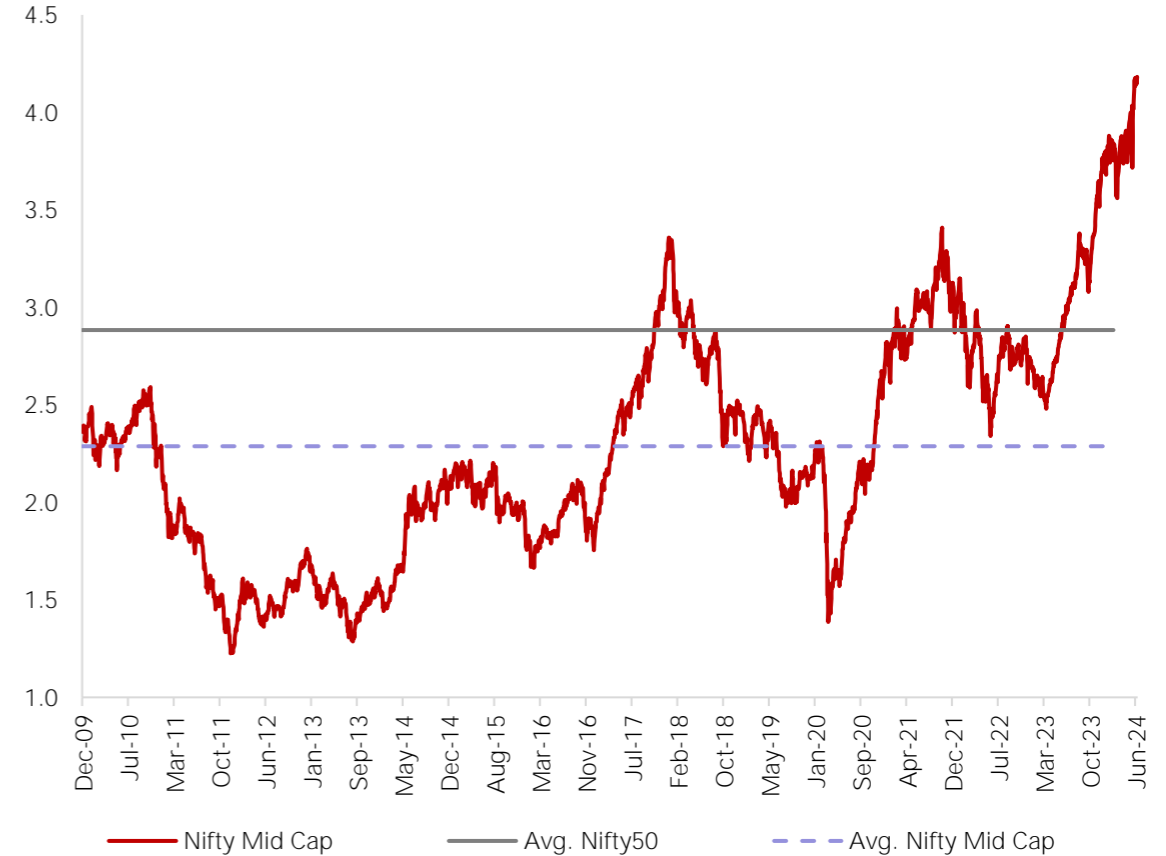
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# Market valuations – Nifty 50 and Nifty Midcap 100

Large and Mid Cap - Price to Earnings (PE)



Large and Mid Cap - Price to Book (PB)



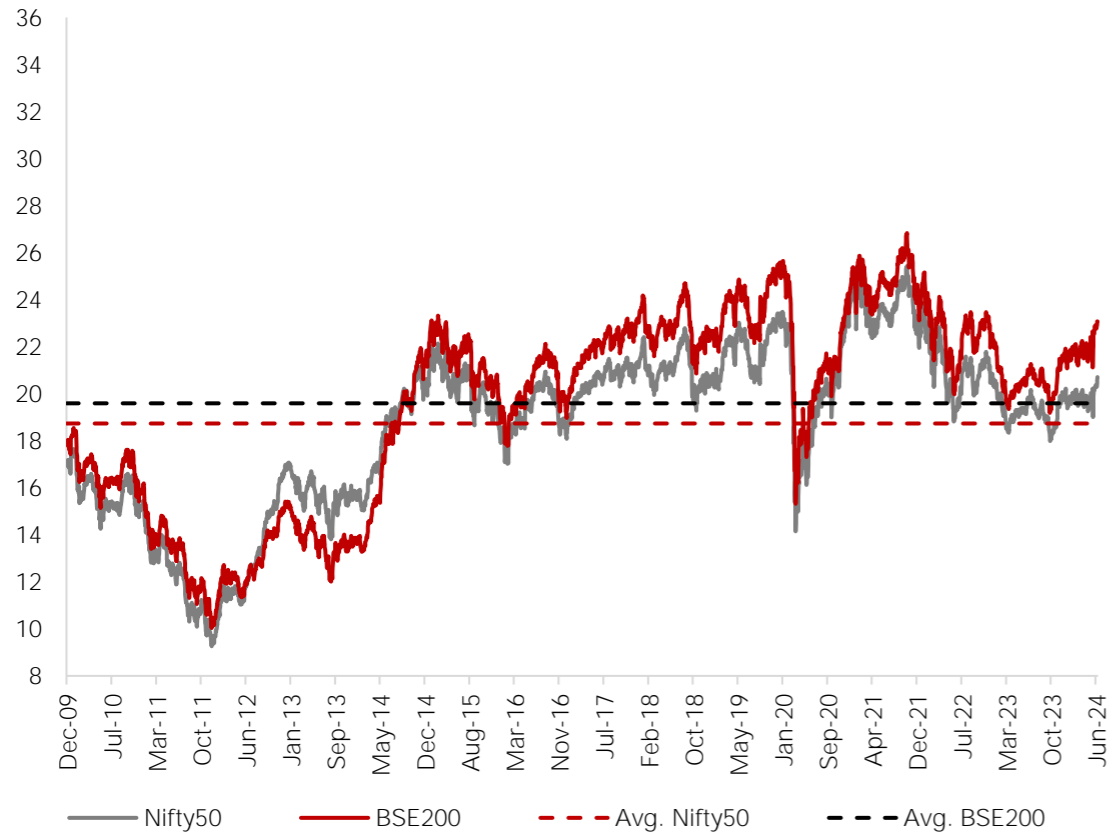
Source: CRISIL, Bloomberg

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

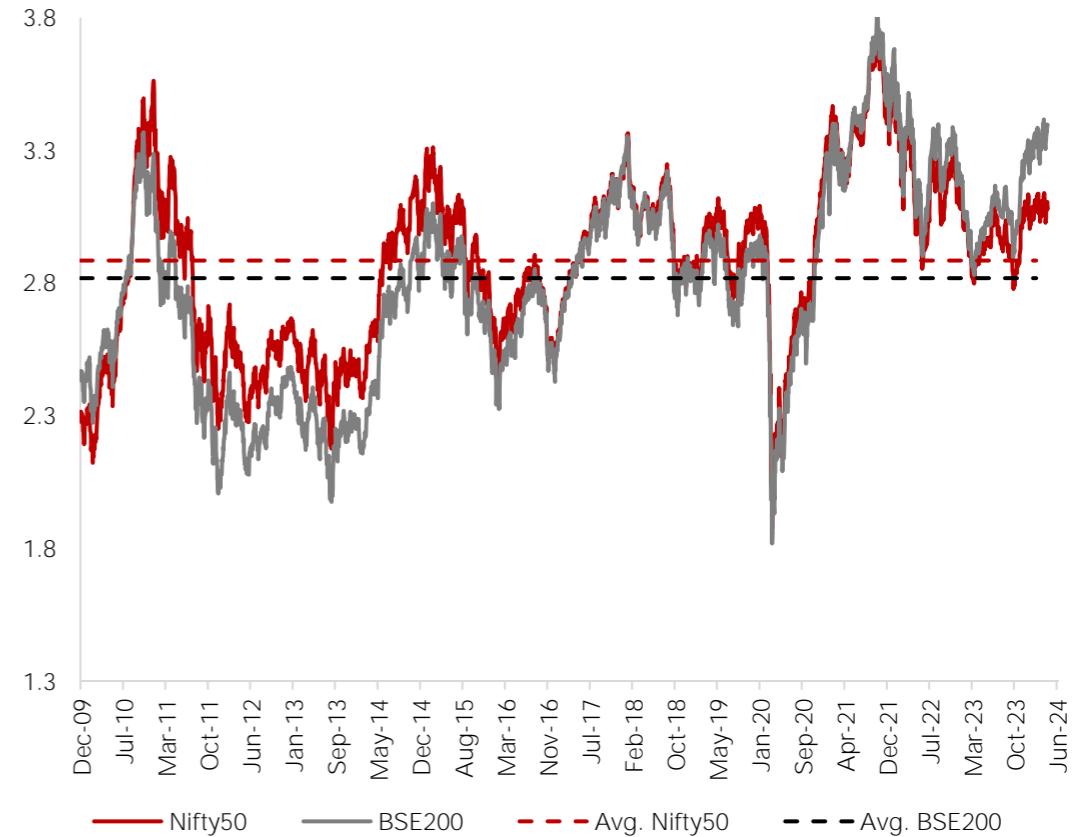
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# Market valuations – Nifty 50 and BSE 200

### Large and BSE 200 - Price to Earnings (PE)



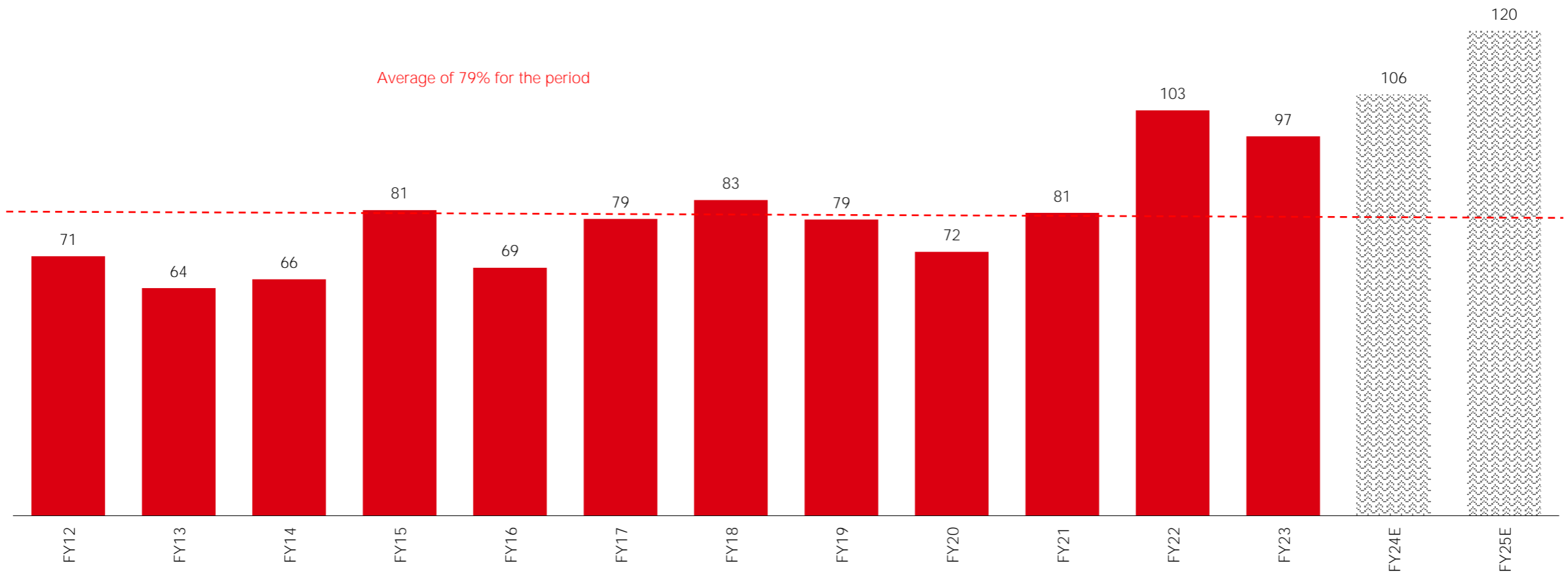
### Large and BSE 200 - Price to Book (PB)



Source: CRISIL, Bloomberg, BSE, Data as on 28 June 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.  
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# India Market cap to GDP (%)

Market cap as a % of GDP



Shaded area are Estimates (E) – FY24, FY25

Source: CRISIL, MOSPI, Bloomberg, CRISIL estimates;

Data as on 28 June 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns. GDP- Gross Domestic Product

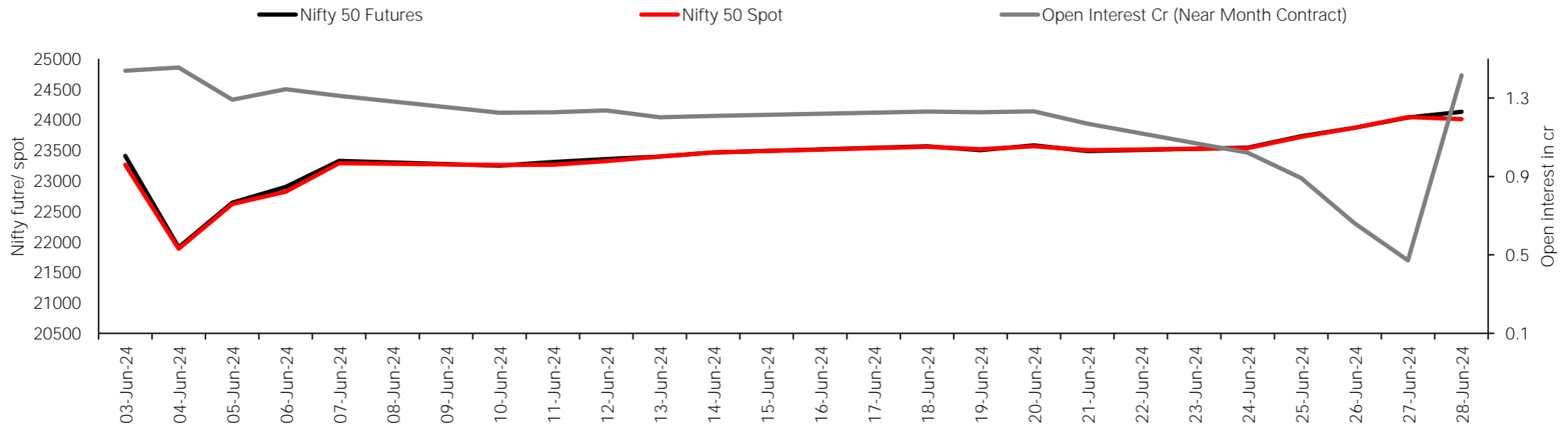
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- Indian equity indices rose sharply in June 2024 post the election results. The broader market saw an even stronger up-move with the BSE Smallcap index rising 10.4% and the NSE Midcap Index rising 8% during the month.
- Index of Industrial Production growth (IIP) stood at 5.0% (YoY) in April slightly down from 5.4% (YoY) in March.
- While equity indices registered a sharp upmove in June, consensus earnings estimate for FY25/26 saw modest downgrades taking index valuations even higher.
- NSE Nifty now trades on 21.4x 1-year forward PE 18% above its 10-year average while it is now 10% above its 5-year average. Valuations in Midcap and Smallcap space are much more elevated.
- The new government will present the Union Budget in July. We expect a continuity of policies. Infra thrust of the government along with a reduction in fiscal deficit should be supportive of domestic growth and capex cycle.
- The outlook for monsoons is also positive and therefore supportive of rural demand and overall consumption growth in the economy in FY25.
- India's growth momentum and outlook remain strong. Despite the need to accommodate multiple coalition partners, we expect to focus on infrastructure development while maintaining fiscal discipline. An increased focus on employment generation could lead to an even greater thrust on manufacturing.
- We expect India's investment cycle to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in the real estate cycle. We also expect higher private investments in renewable energy and related supply chains, 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.



## Nifty futures

- The Nifty 50 near-month future contract of June rose on the rollover day (June 27) versus spot.
- The new near-month contract (July 25) ended 51.35 points higher on June 27.
- The rollover of the new near-month contract (July) was 70% on the expiry day compared to 68% 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 14.15 on June 27 compared to 24.18 on May 30 (rollover date) and ended the month at 13.80.
- Nifty futures saw trading volume of around Rs 5.5 lakh crore, arising out of 94.98 lakh contracts, with an open interest of around 29.17 crore during the month



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## Nifty options

- On June 28, Nifty 25,000 call option witnessed the highest open interest of around 156.07 lakh, while Nifty 24,100 call contract garnered the maximum number of contracts of 40.76 lakhs.
- Nifty 23,000 put option witnessed the highest open interest of 131 lakh on June 28 and the Nifty 24,000 put contract garnered the maximum number of contracts of 50.13 lakh.

## NSE F&O turnover

- Turnover on the NSE's derivative segment came in positive in the month with index and stocks futures, options witnessed growth. The average put-call ratio was at 0.89 in June lower than 0.92 in May.

Instrument	Monthly turnover summary (Figures in INR crore)		
	28-June	31-May	Change %
Index futures	983,344.45	806,652.31	22%
Stock futures	3,662,528.41	3,464,429.89	6%
Index options	722,615,027.63	715,356,509.40	1%
Stock options	11,176,801.08	11,034,694.05	1%
Total	738,437,701.57	730,662,285.65	1%

Source – CRISIL, NSE. Data as on 28 June 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 Jun 28, FIIs' open interest was Rs 6.85 lakh crore (~95 lakh contracts). The details of FII derivatives trades for Jun 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	2659320	169669	2054493	131388	0.37	0.33	0.28	0.26
Index Options	699361870	49067240	701163028	49211323	96.17	95.75	96.28	95.86
Stock Futures	12867756	993635	12652828	977282	1.77	1.94	1.74	1.90
Stock Options	12314197	1015660	12354191	1018700	1.69	1.98	1.70	1.98
Total	727203143	51246204	728224540	51338693	100.00	100.00	100.00	100.00

Source – CRISIL, NSDL. Data as on 28 Jun 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 June

- The tight liquidity conditions prevailing through most of the month pushed the interbank weighted average call rate (WACR) to 6.60%, higher than the RBI's repo rate of 6.5%.

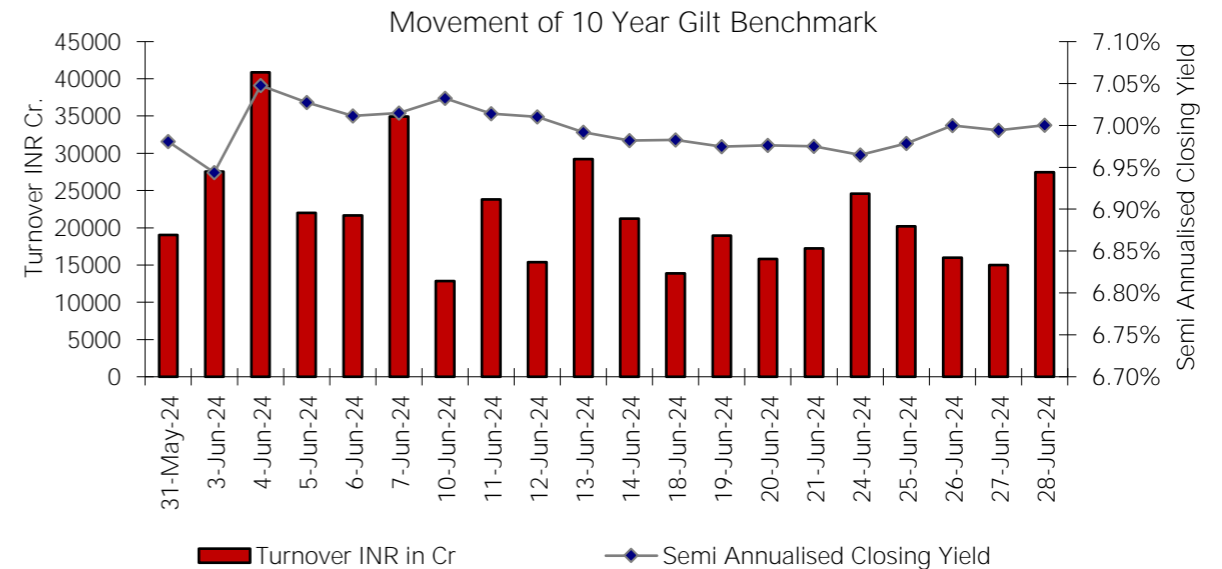
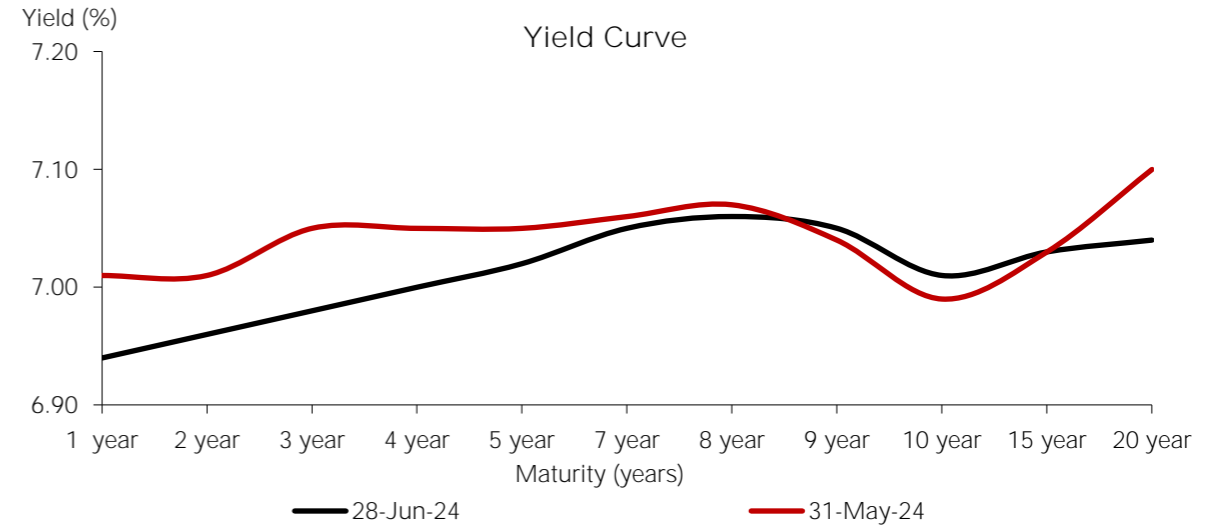
Bond prices ended lower in June

- Indian government bond yields remained in a very narrow range in June, indicating stable market conditions. The yield on 10-year benchmark 7.10% 2034 bonds, which stood at 6.98% on May 31, settled only a tad higher at 7.01% on June 28. This was due to a significant influx of foreign investments through the course of the month, with Indian government bonds capturing global attention ahead of their eventual inclusion in the global debt index on June 28.
- Bond prices declined at the beginning of the month after the Monetary Policy Committee (MPC) of the RBI decided to maintain the repo rate under its liquidity adjustment facility (LAF) at 6.50% for the eighth consecutive time at its policy review meeting. The standing deposit facility (SDF), marginal standing facility (MSF) and bank rates were also kept unchanged at 6.25%, 6.75% and 6.75%, respectively.
- Prices declined further amid uncertainties surrounding the Lok Sabha election results.
- A further fall in bond prices was restricted as investors cheered favourable exit poll results, raising hope of a stable government.
- Mid-June, however, reports indicating that the government was likely to stick to its fiscal deficit target in the forthcoming Union Budget led to a rise in bond prices.
- Bond yields remained in check, in tandem with a decline in US Treasury yields after softer-than-expected inflation and other economic data raised expectations that the US Fed might cut rates in its September policy meeting.
- Further, purchases by foreign investors and banks boosted sentiment ahead of the inclusion of Indian bonds in the JPMorgan Emerging Market Bond Index (EMBI), thereby keeping prices buoyant.

Source: CRISIL, Data as on 28 June 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  
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# Debt Market Review

Debt Market Indicators	28-June-24	31-May-24
Call Rate	6.25%	6.24%
3-mth CP rate	7.80%	7.70%
5 yr Corp Bond	7.55%	7.55%
10 Yr Gilt	7.01%	6.99%
Repo	6.50%	6.50%
SDF	6.25%	6.25%
CRR	4.50%	4.50%
1-Month CD	7.15%	7.00%
3-mth CD rate	7.15%	7.13%
6-Month CD	7.43%	7.45%



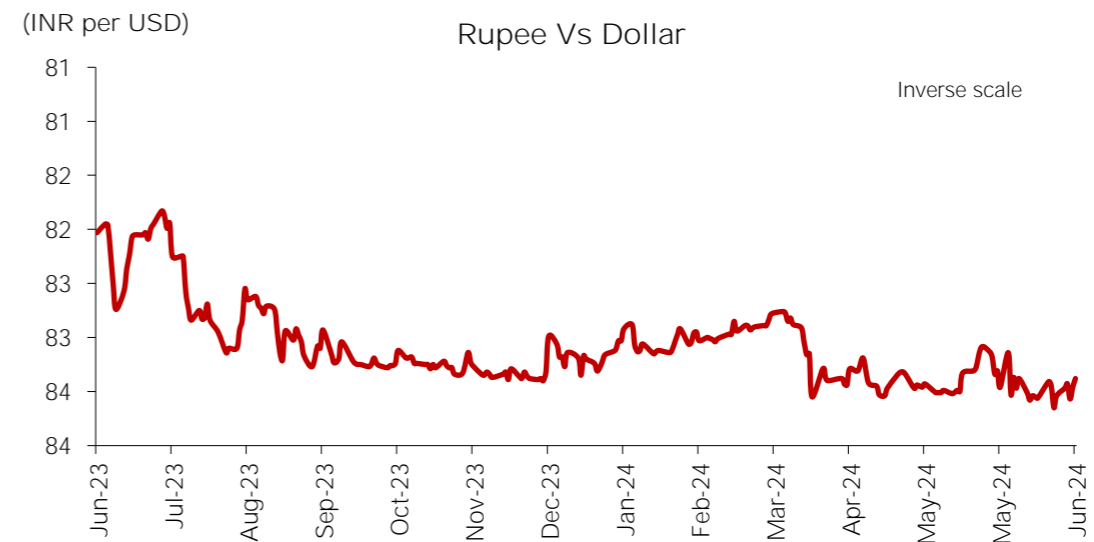
Data as on 28 June 2024, Past Performance may or may not be sustained in future. Investors should not consider the same as investment advice  
 Note-The details provided above is as per the information available in public domain at this moment and subject to change. Please consult your financial advisor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

- Amongst the many pivotal moments for the Indian economy and the Indian financial markets in history, the India bond index inclusion by JP Morgan could rival as one of the most awaited ones.
- Indian Government Bonds (IGBs) got added to the JP Morgan GBI-EM index on Jun 28, 2024 and is expected to reach a maximum weight of 10% by March 2025.
- We believe all necessary conditions are in place for the Indian bond markets to benefit from a significant investment by foreign strategic investors.
- Sovereign wealth funds, central bank reserve managers and other large institutional investors are likely to closely track and get more familiar with the Indian bond markets, as part of their EM allocations.
- The other big domestic event was the formation of the new Central Government, albeit with a lesser majority than earlier expected, which led to a fair bit of volatility earlier in the month. However, as the dust settled on the election outcome, favorable macro-economic factors pushed yields lower even as global markets lent volatility to domestic rates.
- On global markets, the Federal Open Market Committee (FOMC) kept policy rates unchanged in its June meeting, in line with market expectations. While the Fed Chair acknowledged the recent softening in inflation, future actions would continue to remain data dependent with focus on keeping monetary policy restrictive to facilitate inflation moving towards the target.
- The dot plots were revised, with the median expectations of a 25 bps rate cut in 2024 (vs 75 bps earlier) and a 100 bps cut each in 2025 and 2026 respectively (vs 75 bps for each year earlier).
- CPI inflation for May 2024 came in marginally lower at 4.83%, with Core inflation remaining benign at 3.1%.
- Liquidity, which remained negative for most of the month has turned positive on the back of Government spending and G-Sec maturities. Both RBI and Government have given soft signals on improving liquidity conditions and we continue to believe that it will remain a key theme going forward.

## Indian rupee ended higher in June

- The Indian rupee ended the month at Rs 83.38 per US dollar, up ~0.1% from its May close of Rs 83.44 per dollar.
- The rupee saw an early rally following favourable exit poll results, strong domestic growth data and the Reserve Bank of India's (RBI) status quo on rates.
- A positive trend in the domestic equity markets and reports of the RBI's intermittent interventions also helped keep the domestic unit buoyant during the first half of the month.
- Interestingly, the rupee briefly fell to a record low against the greenback, due to foreign fund outflows and strong demand for the dollar from local importers.

Rupee Movement V/s Global Currencies				
	28-Jun-24	31-May-24	Change	% Change
USD	83.38	83.46	0.08	0.10
GBP	105.48	106.21	0.73	0.7
EURO	89.30	90.53	1.23	1.4
100 YEN	51.88	53.07	1.19	2.2



Rupee ended higher on strong domestic growth data

Source: RBI, CRISIL. Data as on 28 June 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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# Global Economic Update

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World Bank: Global growth to stabilise for the first time in three years

- The World Bank raised its global growth outlook for 2024 to 2.6% in June from the 2.4% projected in January, while warning that growth remains weak by historical standards.

US economy grows at 1.4% in Q1 2024; Fed holds rates

- The US economy expanded at an annualized 1.4% in Q1 2024, slightly higher than the second estimate of 1.3% and lower than the 3.4% growth in the previous quarter.
- On the policy front, in June, the Federal Reserve left the key Fed funds target range steady at 5.25-5.50% for a seventh consecutive time.

Key economic indicators

- Non-farm payrolls added 272,000 jobs in May, significantly higher than the revised 165,000 in April, and the unemployment rate rose to 4%, slightly up from 3.9%
- Inflation slowed to 3.3% on year in May, the lowest in three months, compared with 3.4% in April while core inflation eased to an over three-year low of 3.4% from 3.6%

Source : CRISIL, Data as on 28 June 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.

Eurozone expands 0.4% in Q1 2024; ECB cuts rates

- The Eurozone's GDP expanded by 0.4% from the corresponding quarter of the previous year, in line with preliminary estimates, and gaining traction from 0.1% growth in the previous quarter.
- Meanwhile, the European Central Bank lowered the three key interest rates by 25 basis points in June. The main refinancing operations rate was lowered to 4.25%, the deposit facility rate to 3.75% and the marginal lending rate to 4.5%.

Key Eurozone economic indicators

- Inflation increased to an annualised 2.6% in May from 2.4% in April, while core inflation was at 2.9%, up from 2.7%
- Industrial production slowed 3% on year in April compared with 1.2% in March.

UK growth expands in Q1 2024; BoE maintains rates

- The UK economy grew 0.30% annually in the first quarter of 2024, higher than preliminary estimates of 0.20% growth and a 0.2% de-growth in Q3 2023.
- The Bank of England decided to maintain the bank rate at 5.25% during its June meeting.

Key UK economic indicators

- Annual inflation slowed to 2% in May, the lowest since July 2021, from 2.3% in April, while core inflation slowed to an annualised 3.5% from 3.9%
- Industrial production slowed 0.40% on year in April, following a 0.5% fall in March, while manufacturing production grew 0.4% against a 2.3% gain.

## PBoC keeps key rates unchanged

- The People's Bank of China (PBoC) infused a total of CN¥182 billion via a one-year medium-term lending facility into the financial institutions while maintaining the interest rate at 2.50%.
- The PBoC kept key lending rates unchanged at the June fixing. The 1-year loan prime rate was maintained at 3.45%, and the 5-year rate at 3.95%.

## Key Chinese economic indicators

- The country's trade surplus widened to \$82.62 bn in May from \$72.55 bn in April, with exports advancing 7.6% and imports growing 1.8%
- Industrial production expanded 5.6% on year in May, but the growth was lower than the 6.7% recorded for April.

## Japan growth shrinks in Q1 2024; Bank of Japan holds rates

- The Japanese economy contracted at an annualised rate of 2.9% in the first quarter of 2024, lower than the preliminary reading of a 1.8% fall and after a downwardly revised 0.1% growth in the previous quarter.
- The Bank of Japan kept its key short-term interest rate unchanged at 0.1% at its June meeting.

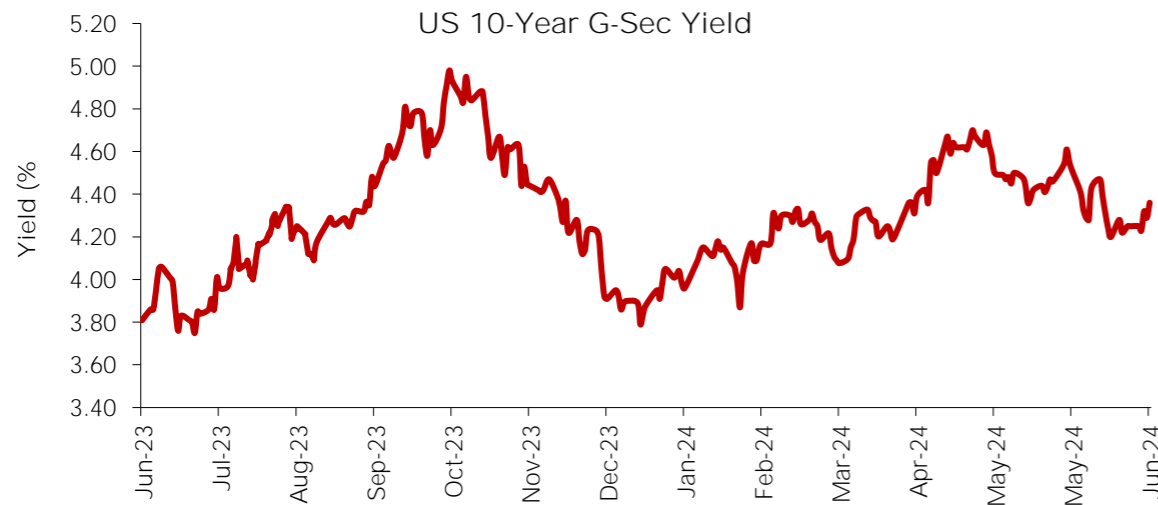
## Key Japanese economic indicators

- The country's trade deficit fell to JPY 1,221 bn in May from JPY 1,382 bn in April
- Inflation accelerated to 2.8% in May from 2.5% in April, while core consumer price index increased by 2.5% from 2.2%.

Source: CRISIL, Data as on 30 June 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 June

- US Treasury prices rose in June. The yield on the 10-year Treasury settled at 4.36% on June 28, 2024, compared with 4.51% on May 31, 2024.
- Bond prices rose after the economic data released during the month raised hopes of rate cuts by the US Federal Reserve in the coming months.
- Bond prices continued to rise after the Federal Reserve left the fed funds target range steady at 5.25-5.50% for the seventh consecutive time during its June meeting.



Global bond yields			
	28-Jun	31-May	Change
US 10-Year (%)	4.36	4.51	-0.15
UK 10-Year (%)	4.18	4.37	-0.19
German 10-Year (%)	2.49	2.66	-0.17
Japan 10-Year (%)	1.03	1.06	-0.03

Source: CRISIL, Bloomberg, Data as on 28 June 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
10-July-24	China Inflation Rate, June	0.3%
11-July-24	US Inflation, June	3.3%
	UK GDP, May	0.6%
12-July-24	India Inflation Rate, June	4.75%
	India Industrial Production, May	5%
15-July-24	China GDP Growth Rate, Q2	5.3%
	India WPI inflation, June	2.61%
	India Balance of Trade, June	-\$23.8B
17-July-24	Eurozone Inflation, June	2.6%
	UK Inflation Rate, June	2%

Source: CRISIL, Data as on 28 June 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-July-24	Eurozone ECB Interest Rate decision	4.25%
19-July-24	UK GFK Consumer Confidence, July	-14
	Japan Inflation, June	2.8%
22-July-2024	China Loan Prime Rate 1Y/5Y, July	3.45% / 3.8%
25-July-24	US GDP Growth Rate, Q2	1.4%
27-July-24	China Industrial Profits, June	3.4%
30-July-24	Eurozone GDP Growth Rate, Q2	0.4%
31-July-24	US ADP Employment Change July	NA
	US Fed Interest Rate Decision	5.5%
	Japan Bank of Japan Interest Rate decision	0.1%
	India Infrastructure Output, June	6.3%

Source: CRISIL, Data as on 28 June 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

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## Other major developments

- Prime Minister released the 17th instalment of the PM-KISAN scheme worth Rs 20,000 crore. The scheme, known as PM Kisan Samman Nidhi, aims to support eligible farmer families by paying them Rs 6,000 in three equal instalments in their Aadhaar-linked bank accounts.
- The government approved two interstate transmission system projects costing Rs 13,595 crore to evacuate 9 GW of renewable energy from Rajasthan and Karnataka.
- The Ministry of Commerce unveiled investment opportunities worth over \$500 billion by the year 2030, particularly in clean energy value chain, including renewables, green hydrogen, and electric vehicles.
- The Goods and Services Tax (GST) Council empowered tax authorities to waive interest and penalties on past tax demands, reduce the pre-deposit amount for filing appeals, determine fixed monetary limits for appeals against assesseees at various legal forums, and set a sunset date for anti-profiteering cases.
- The GST Council recommended the implementation of a new optional facility through Form GSTR-1A to help taxpayers amend the details in Form GSTR-1 for a specific tax period and/or to declare additional details.
- The Director General of Foreign Trade placed restrictions on importing gold jewellery of certain kinds. The categories placed under restricted imports include gold jewellery studded with pearls, gold jewellery studded with diamonds of two types of heading, gold studded with precious and semi-precious stones, and gold parts. The restrictions have been imposed on imports from all countries except the UAE, as part of the Comprehensive Economic Partnership Agreement between the two nations.
- The Central Board of Indirect Taxes and Custom (CBIC) came out with a draft Central Excise Bill, 2024, which seeks to replace the Central Excise Act, 1944.

Source –CRISIL, Data as on 28 June 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 hiked the threshold for bulk fixed deposits to Rs 3 crore from the existing Rs 2 crore.
- The RBI announced the inclusion of recurring payments for FASTag, National Common Mobility Card (NCMC), etc. with auto-replenishment facility under the e-mandate framework. The automatic replenishment will be triggered when the balance in FASTag or NCMC falls below a threshold amount set by the customer.
- The RBI proposed a facility to allow customers to automatically replenish their UPI Lite wallets. This was aimed at promoting small-value digital payments.
- The RBI released an indicative calendar announcing 13 sets of auctions in July-September through which states plan to sell bonds and Treasury Bills to raise funds. State governments and Union Territories seek to raise funds worth Rs 2.64 lakh crore, while the Centre aims to raise Rs 2.60 lakh crore during Q2FY25.
- The RBI scrutinised payouts to key management personnel in NBFCs under the new compensation policy.
- SEBI formed an ad-hoc expert committee to review the ownership and economic structure of clearing corporations, and to suggest measures to ensure that they function as resilient, independent, and neutral risk managers.

## Key economic indicators released in the month

- The latest Index of Industrial Production quick estimates released by the Ministry of Statistics and Programme Implementation reflected a 5% growth rate for April 2024 compared with 4.6% growth recorded in the corresponding month a year ago.
- The combined Index of Eight Core Industries (ICI) increased by 6.3% on-year (provisional) in May, led by positive on-year growth in the output of electricity, coal, steel, natural gas and refinery products.

Source –CRISIL, Data as on 28 June 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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