

Global Navigator

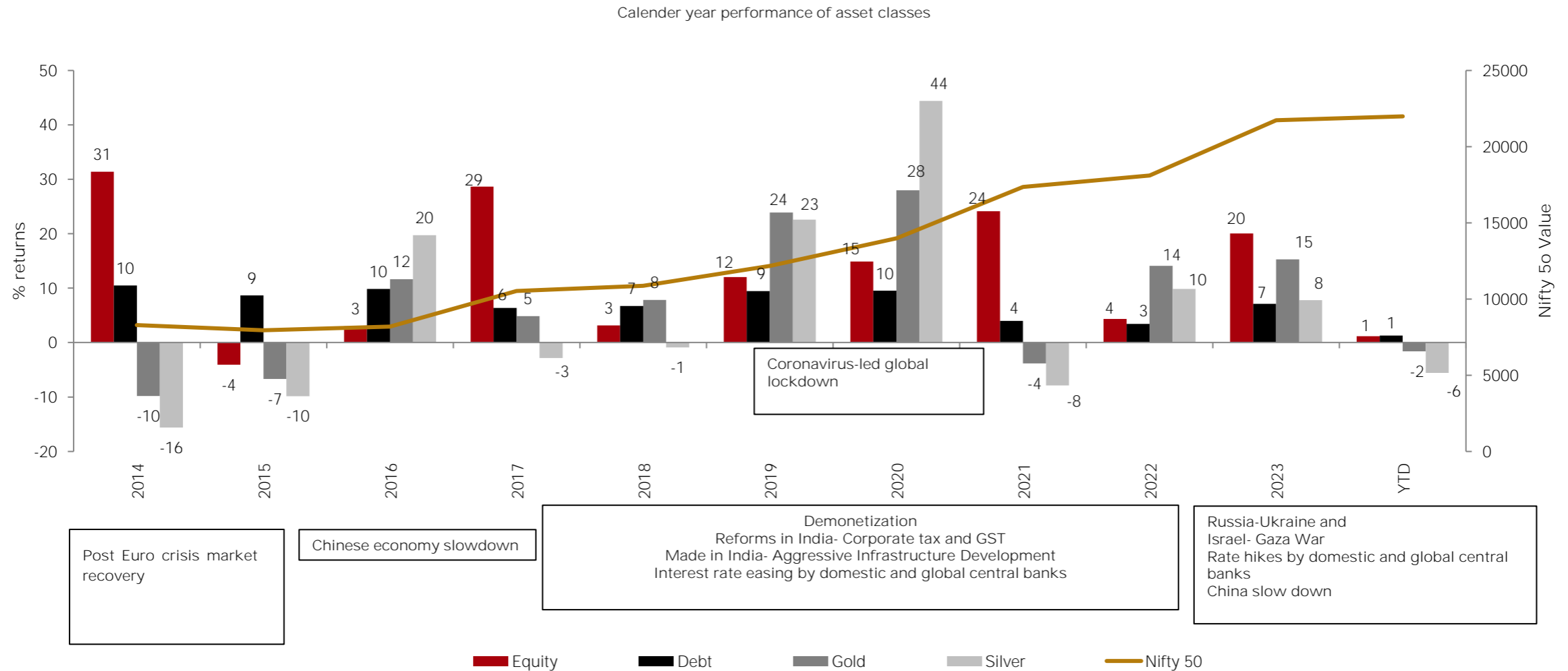
March 2024



HSBC Mutual Fund

History of asset classes through major events

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



Post Euro crisis market recovery

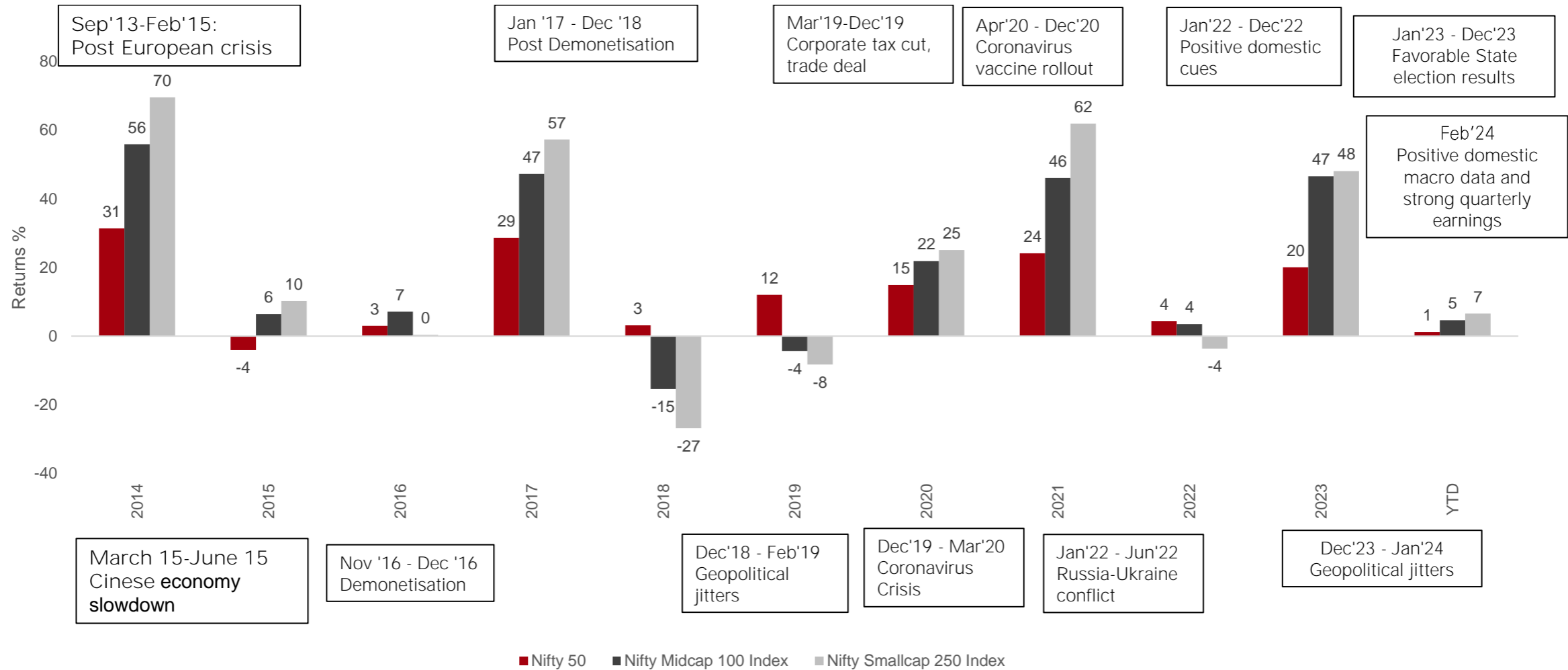
Chinese economy slowdown

Coronavirus-led global lockdown
 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 hikes by domestic and global central banks
 China slow down

History of Equity markets through major events

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

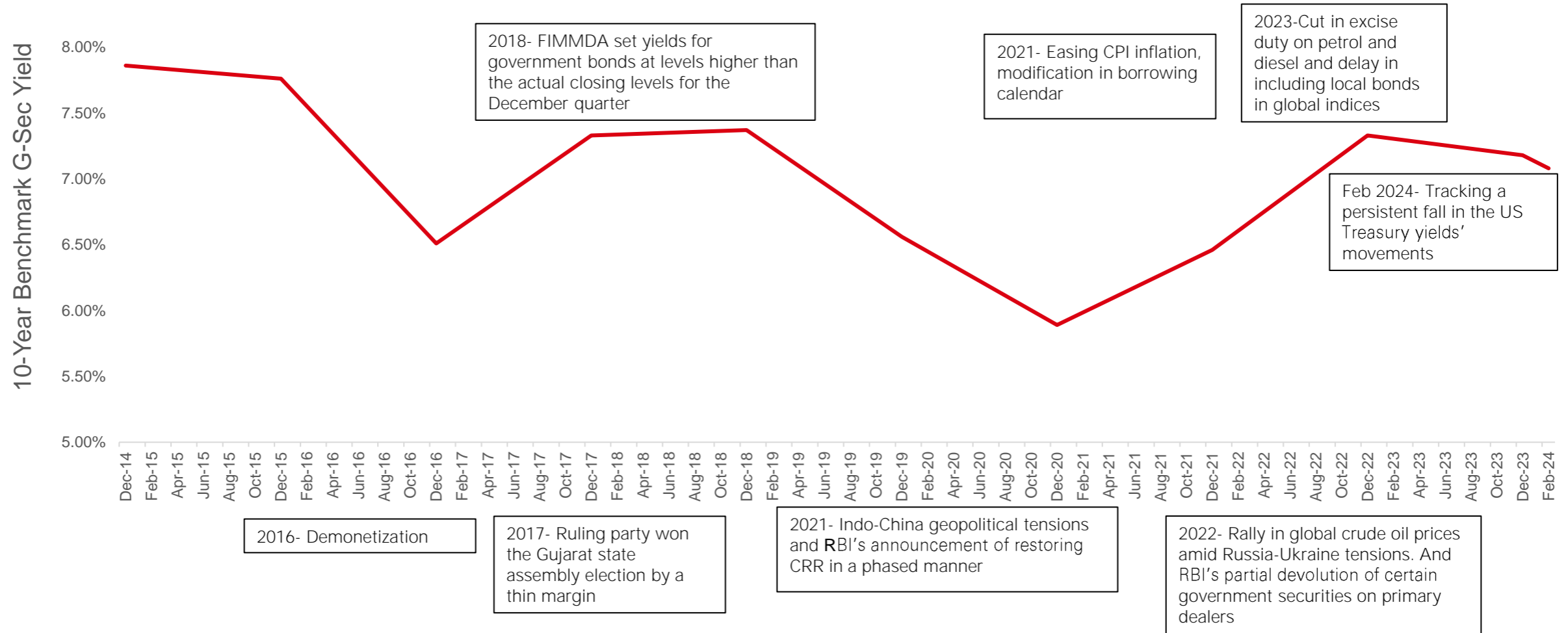


Source: NSE, CRISIL, Data as on 29 February 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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History of Debt Markets through major events

10-year G-Sec yield movement through major events



Source: NSE, CRISIL, Data as on 29 February 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

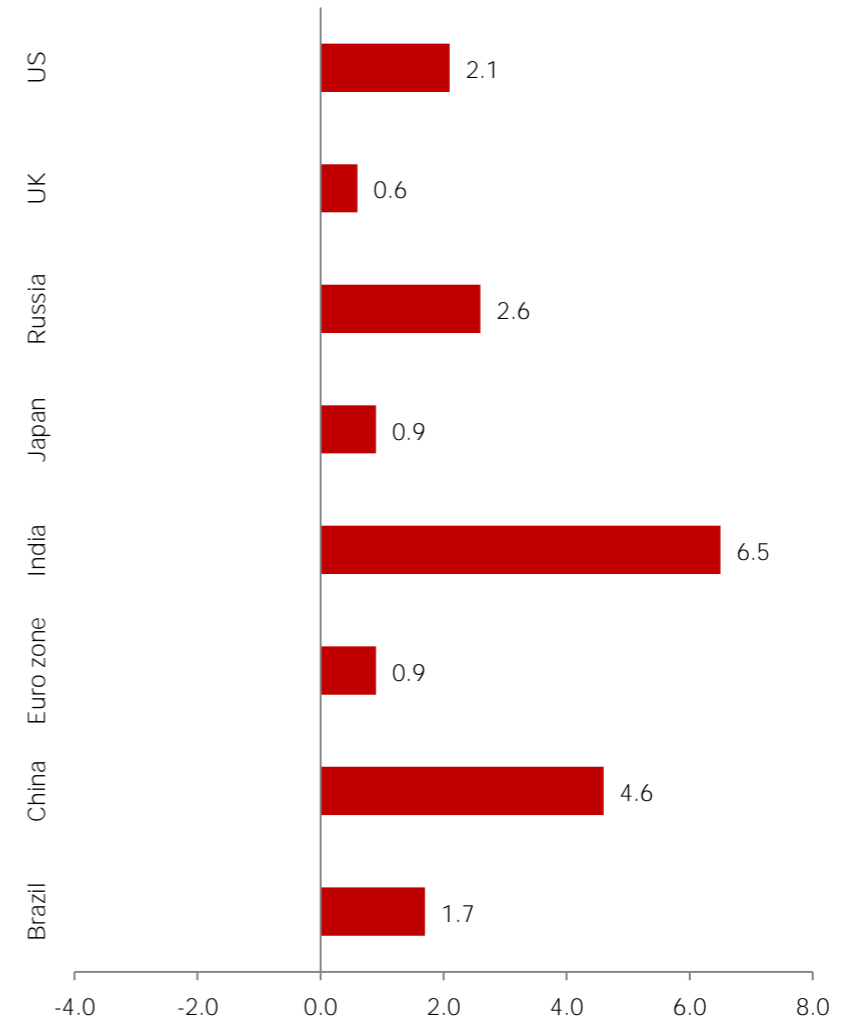
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Global Economic Update

	GDP		Inflation		Industrial Growth	
	Current	Previous	Current	Previous	Current	Previous
US	3.2% Q4 2023	4.9% Q3 2023	3.1% Jan'24	3.4% Dec'23	0% Jan'24	1.2% Dec'23
Eurozone	0.1% Q4 2023	0.0% Q3 2023	2.6% Feb'24	2.8% Jan'24	1.2% Dec'23	-5.4% Nov'23
UK	0.3% Q4 2023	0.1% Q3 2023	4.0% Jan'24	4.0% Dec'23	0.6% Dec'23	0.1% Nov'23
China	5.2% Q4 2023	4.9% Q3 2023	-0.8% Jan'24	-0.3% Dec'23	6.8% Dec'23	6.8% Dec'23
Japan	-0.4% Q4 2023	-3.3% Q3 2023	2.2% Jan'24	2.6% Dec'23	-1.49% Jan'24	-0.7% Dec'23
India^	8.4% Q3 2023	8.1% Q2 2023	5.1% Jan'24	4.91% Dec'23	3.8% Dec'23	2.40% Nov'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	-0.10%
India	6.50%

IMF GDP Projections for 2024



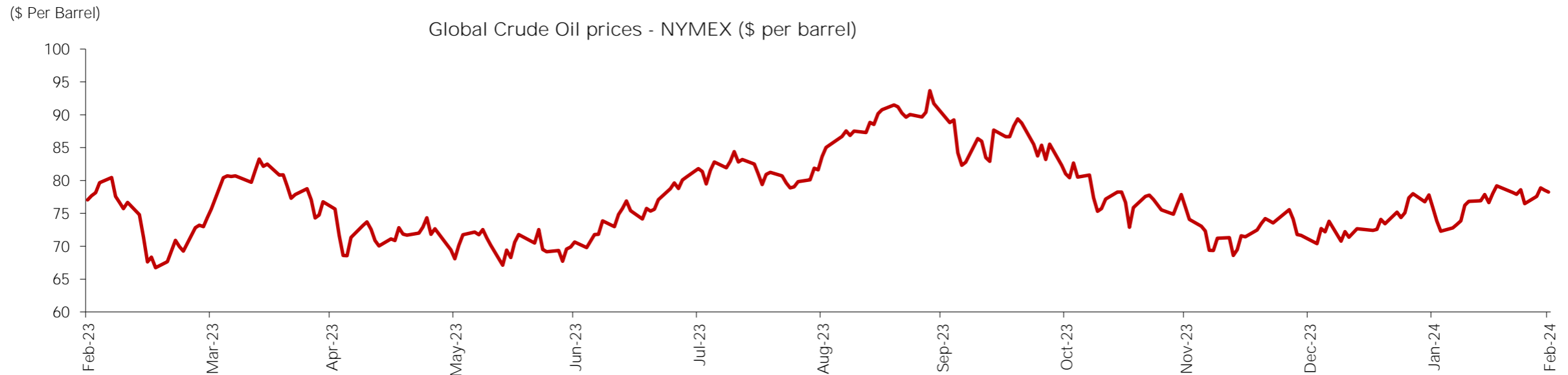
Global economic outlook likely to improve slightly next year

Source: CRISIL, Bloomberg, Respective Central Banks, IMF. Data as on 29 February 2024, ^Revised GDP Estimates

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 February

- Crude oil prices on the New York Mercantile Exchange (NYMEX) closed at \$78.26 per barrel on February 29, up 3.18% from \$75.85 per barrel on January 31.
- Oil prices rose owing to heightened supply concerns because of three reasons: the continuing geopolitical tensions between Russia and Ukraine and in the Middle East; the US Energy Department's estimation that crude oil production would grow less than expected in 2024; and reports that the Organization of the Petroleum Exporting Countries (OPEC) will extend voluntary cuts until the year-end.
- However, further gains were halted after the latest economic data from the US shrank the odds of any imminent interest rate cuts, raising demand growth concerns



Oil prices higher due to **heightened supply concerns**

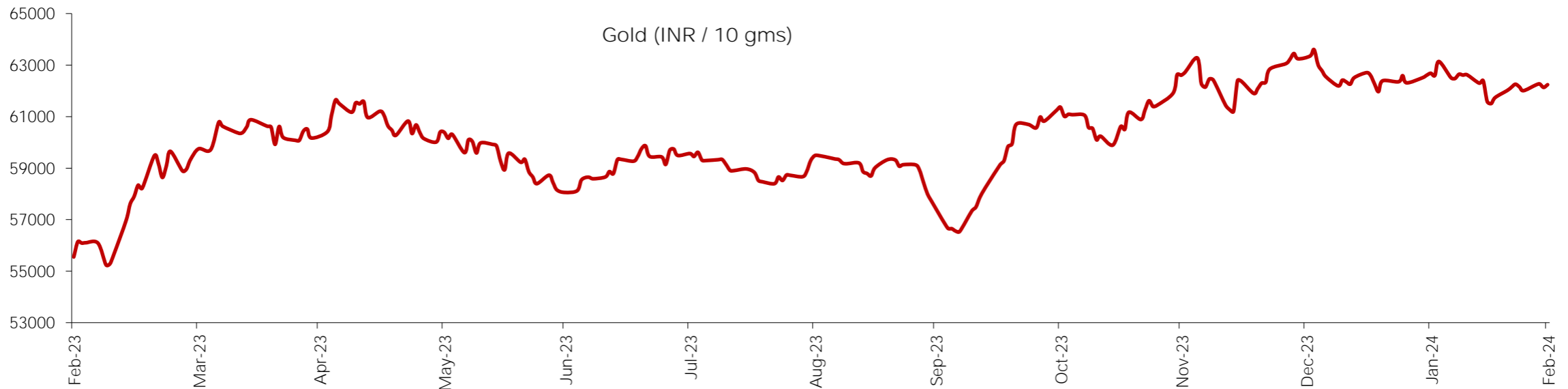
Source – CRISIL, NYMEX. Data as on 29 February 2024

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Gold fell in February

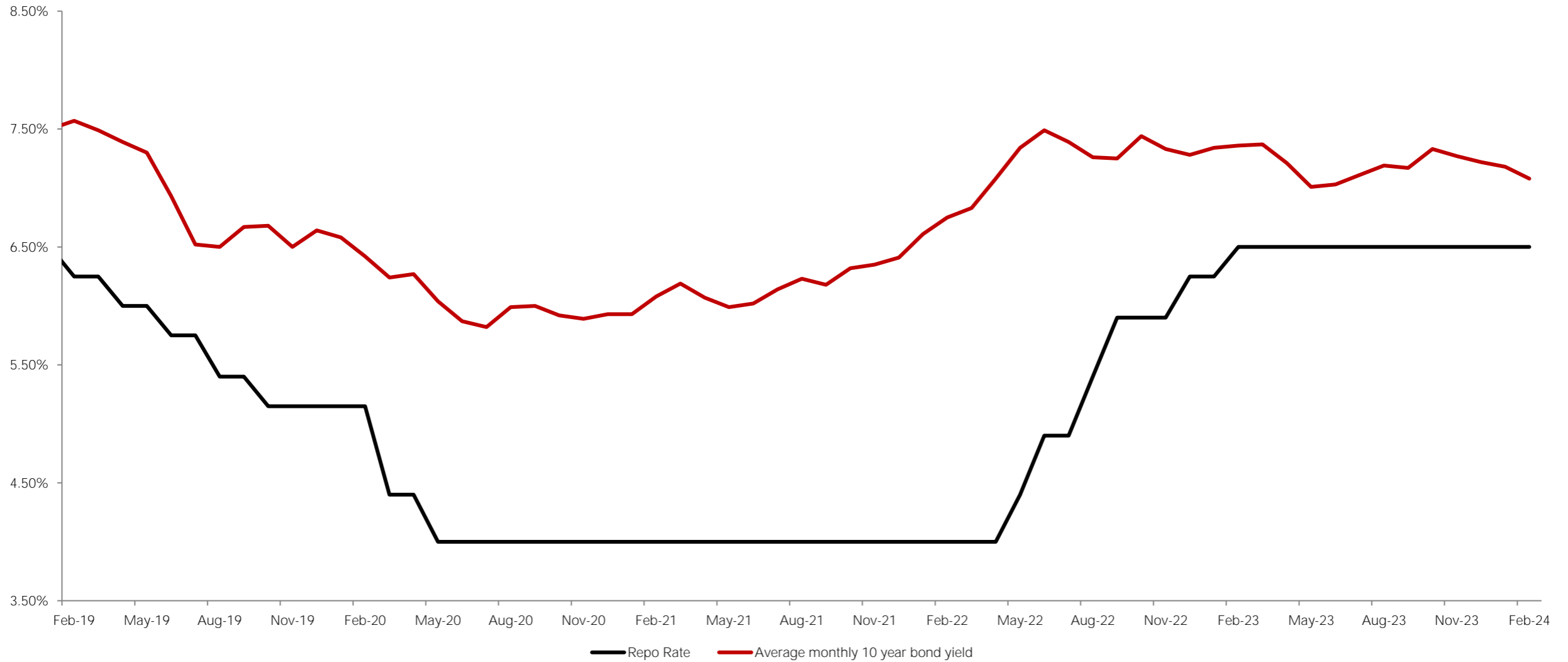
- Gold prices ended at Rs 62,135 per 10 grams on February 29, down 0.28%, from Rs 62,686 per 10 grams on January 31, as per the India Bullion and Jewellers Association.
- Prices fell following a similar trend in the global bullion prices, after the dollar index and US treasury yields rose as hopes of an early rate cut by the Fed faded, with a few Fed officials signalling the central bank may keep it elevated for a longer period.
- Some gains were seen during the month on safe-haven appeal due to the Middle East geopolitical crisis.



Gold prices fell due to strong dollar index

Source: CRISIL, IBJA. Data as on 29 February 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.

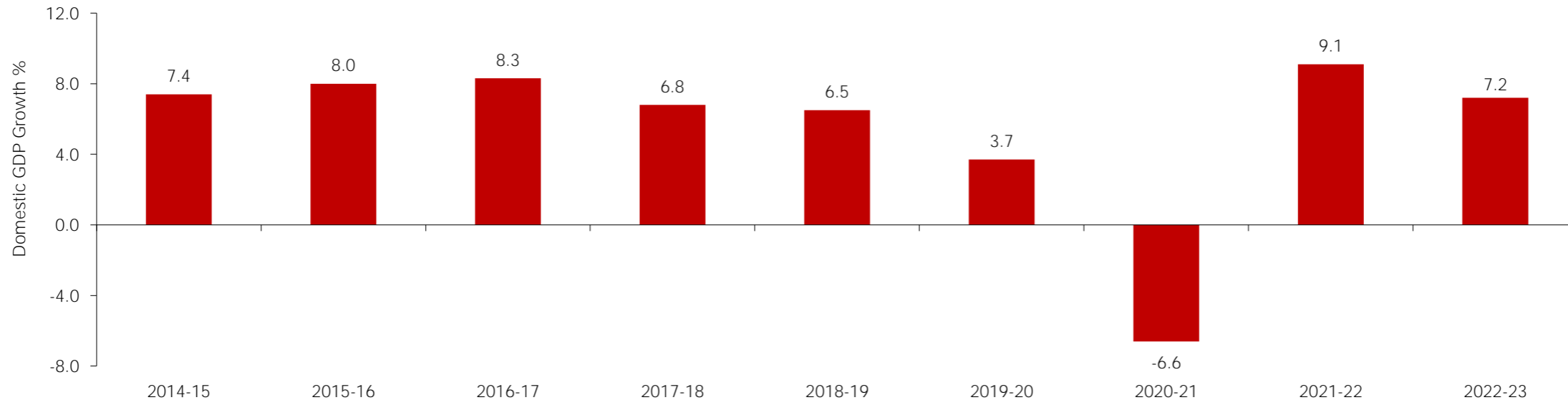
RBI Repo Rate held at 6.50%



Source: RBI, CRISIL Research, Data as on 29 February 2024
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Indian economy beats expectations with an 8.4% GDP growth in the third quarter of fiscal 2024; outlook remains positive

- As per the latest data released by the National Statistical Office (NSO), the Indian economy beat analyst expectations with an 8.4% GDP growth during the third quarter of fiscal 2024.
- Earlier during the month, the Reserve Bank of India (RBI), in its Monetary Policy Committee (MPC) meeting, had raised the estimates for real GDP growth for fiscal 2024 by 30 bps to 7.3%, up from an earlier estimate of a 7% growth.
- Pointing towards the conservative estimates of agencies, such as the Asian Development Bank (ADB), the International Monetary Fund (IMF) and Fitch Ratings, Chief Economic Advisor V Anantha Nageswaran said that they now have a case to upwardly revise their FY24 growth projections for India.



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Retail inflation hits four-month high

- After hitting a four-month high of 5.69% in December 2023, India’s consumer price index (CPI)-based inflation softened to 5.1% in January 2024. This represented a three-month low, with the moderation being attributed to a cooling of food prices. The food inflation for January came in at 8.3%, as against 9.53% in the preceding month.
- Likewise, India’s wholesale price index (WPI)-based inflation also eased to a three-month low of 0.27% (vs a nine-month high of 0.73% in December).

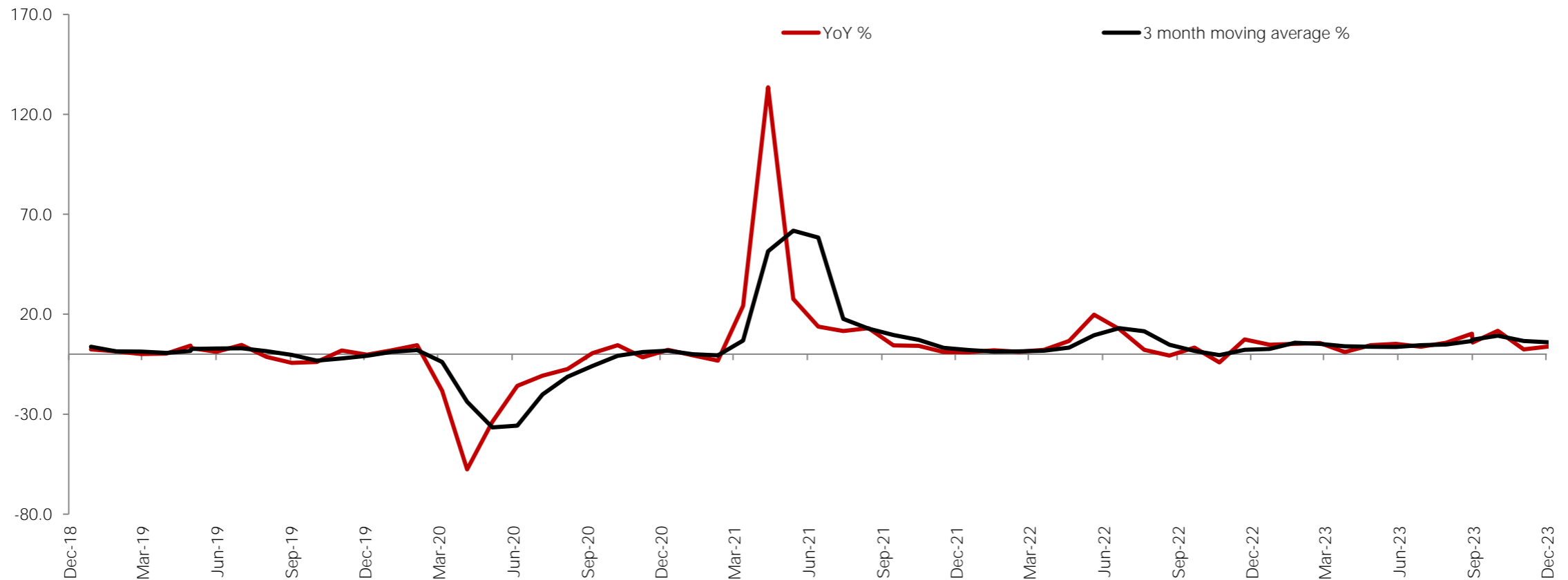
Indicators	Current	Previous
Monthly CPI Inflation	5.1% (January-24)	5.69% (December-23)
Industrial Growth	3.8% (December-23)	2.4% (November-23)
Exports	\$353.92 bn (Apr-Jan FY24)	\$372.10 bn (Apr-Jan FY23)
Imports	\$561.12 bn (Apr-Jan FY24)	\$601.47 bn (Apr-Jan FY23)
Trade Balance	-\$70.43 bn (Apr-Dec FY24)	-\$111.99 bn (Apr-Dec FY23)
Gross Tax Collections	INR 2217909 cr (Apr-Jan FY24)	INR 1919649 cr (Apr-Jan FY23)

Source – Ministry of Commerce, Comptroller General of Accounts, CRISIL, Data as on 29 February 2024
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Index of Industrial Production - IIP

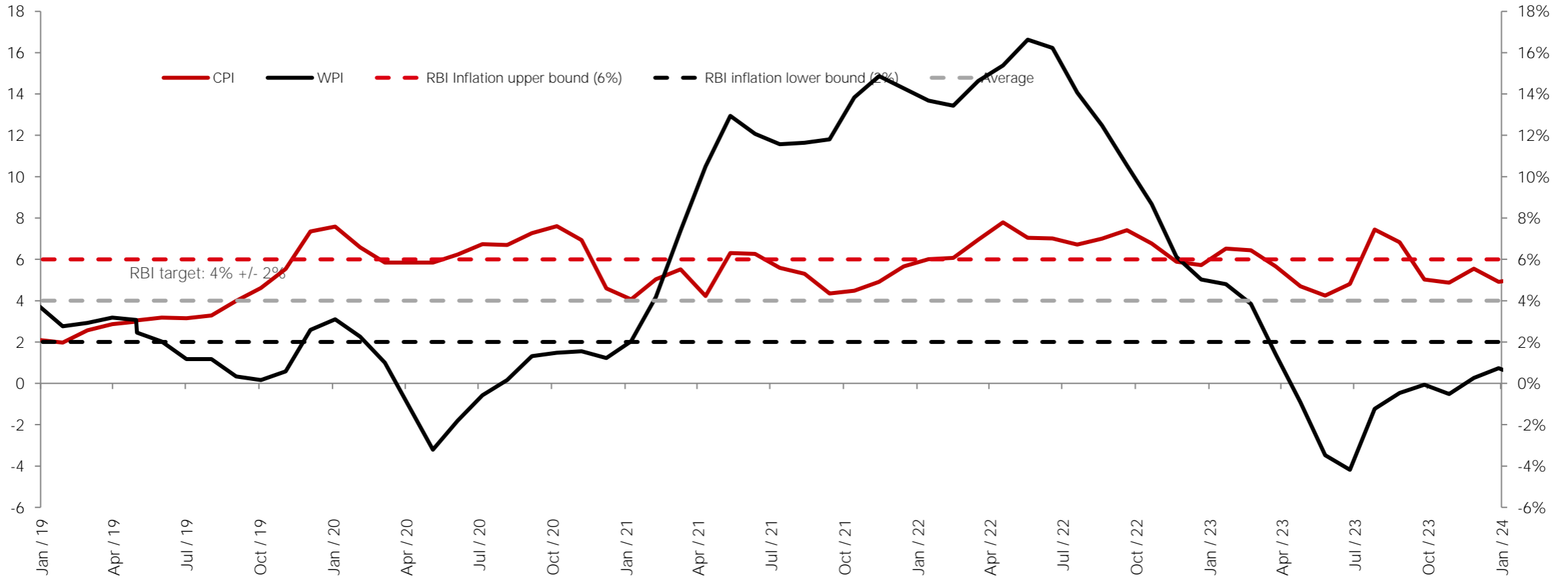
- India's industrial production growth rate measured by the Index of Industrial Production (IIP) rose to 3.8% in December 2023 from 2.4% on-year growth in November 2023.



Source: CRISIL, MOSPI, Data as on 29 February 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

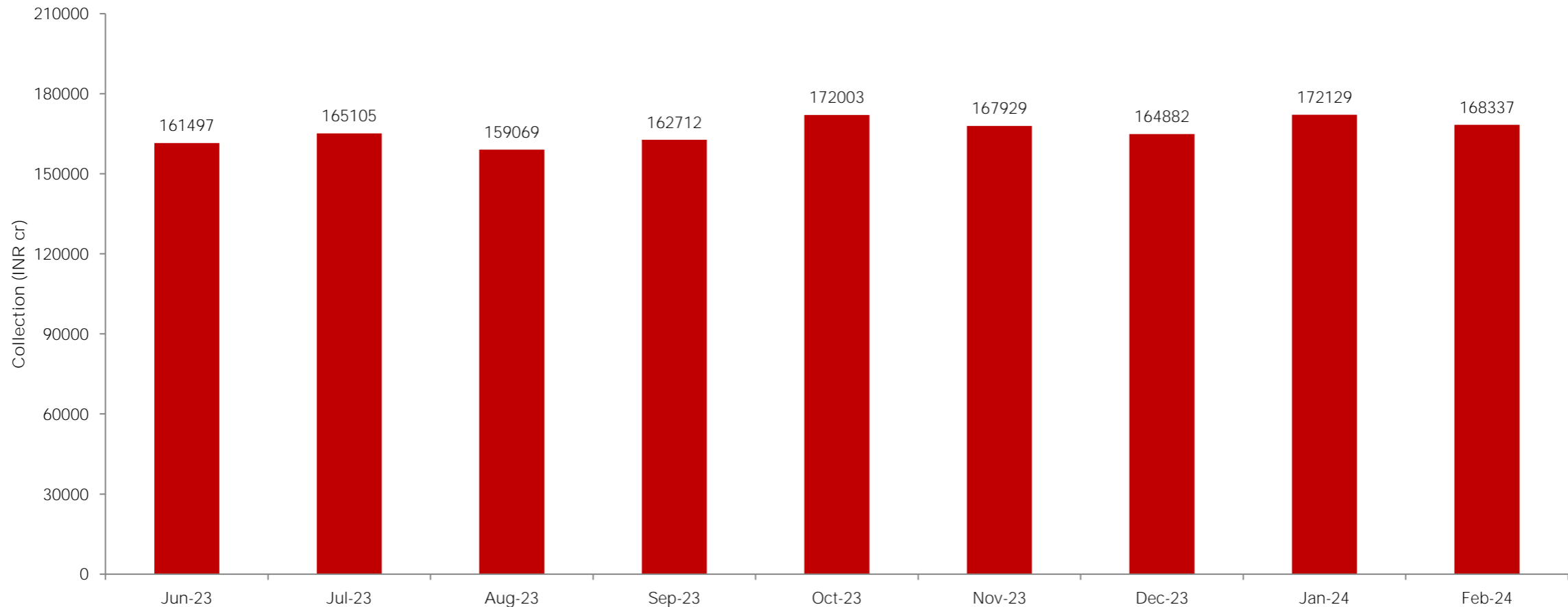
CPI inflation below the RBI's max target range



Source: CRISIL, MOSPI, RBI, Data as on 29 February 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 1.68 lakh crore in February

The government collected INR 1.68 lakh crore goods and services tax (GST) for the month of February, registering growth of 12.5% from a year earlier.



Source: CRISIL, Ministry of Finance, Data as on 29 February 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 advanced in February '24

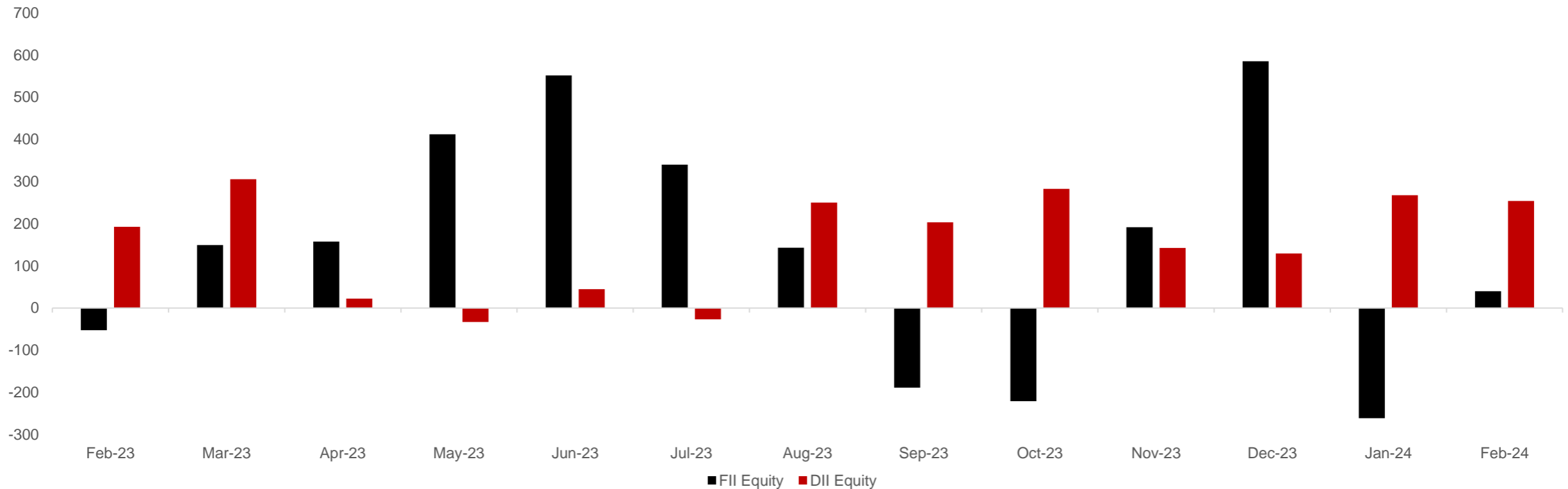
- Indian benchmark equity indices closed higher in February on the back of the interim budget, optimism over domestic growth and positive global cues. The S&P BSE Sensex and Nifty 50 both advanced 1% on-month
- Markets witnessed a mid-month rally driven by optimism over favourable domestic macroeconomic indicators. Eventually, however, a sharp correction during the month-end (including a crash on February 28) due to profit booking ahead of key US and domestic economic data trimmed the gains substantially.
- The Interim Budget initially got a largely muted response, but belated upbeat sentiments to its fiscal prudence led to gains in the region of 2% in both benchmark indices on February 2
- The markets then witnessed broad-based buying across sectors as investors turned optimistic over domestic growth following favourable macroeconomic indicators, including the easing of domestic inflation from previously elevated levels and strong industrial production data
- Some gains were seen in IT, pharma, and realty stocks towards the month-end, ahead of the US and domestic economic data release.
- In the last trading sessions, however, the markets saw a sharp correction as investors booked profits ahead of key US and domestic economic data. IT stocks saw heavy selling ahead of US inflation data, which is expected to influence the Fed's future rate trajectory. Investors also remained on the sidelines ahead of domestic gross domestic product (GDP) growth data for the third quarter of fiscal 2024

Markets gained on strong domestic macroeconomic data

Source –CRISIL, Data as on 29 February 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 higher in Feb '24

- Almost all sectoral indices, barring three, gained value during February 2024. The S&P BSE Oil & Gas Index, which gained 6.8% value, was the top gainer, benefitting from the firming up of crude oil prices over the month
- The S&P BSE Auto followed with a 6.4% gain, spurred by strong January sales numbers by leading automakers. In contrast, the S&P BSE Financial Services, the S&P BSE Commodities, and the S&P BSE FMCG indices were laggards for the month.



Source: CRISIL, NSDL, NSE, Data as on 29 February 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

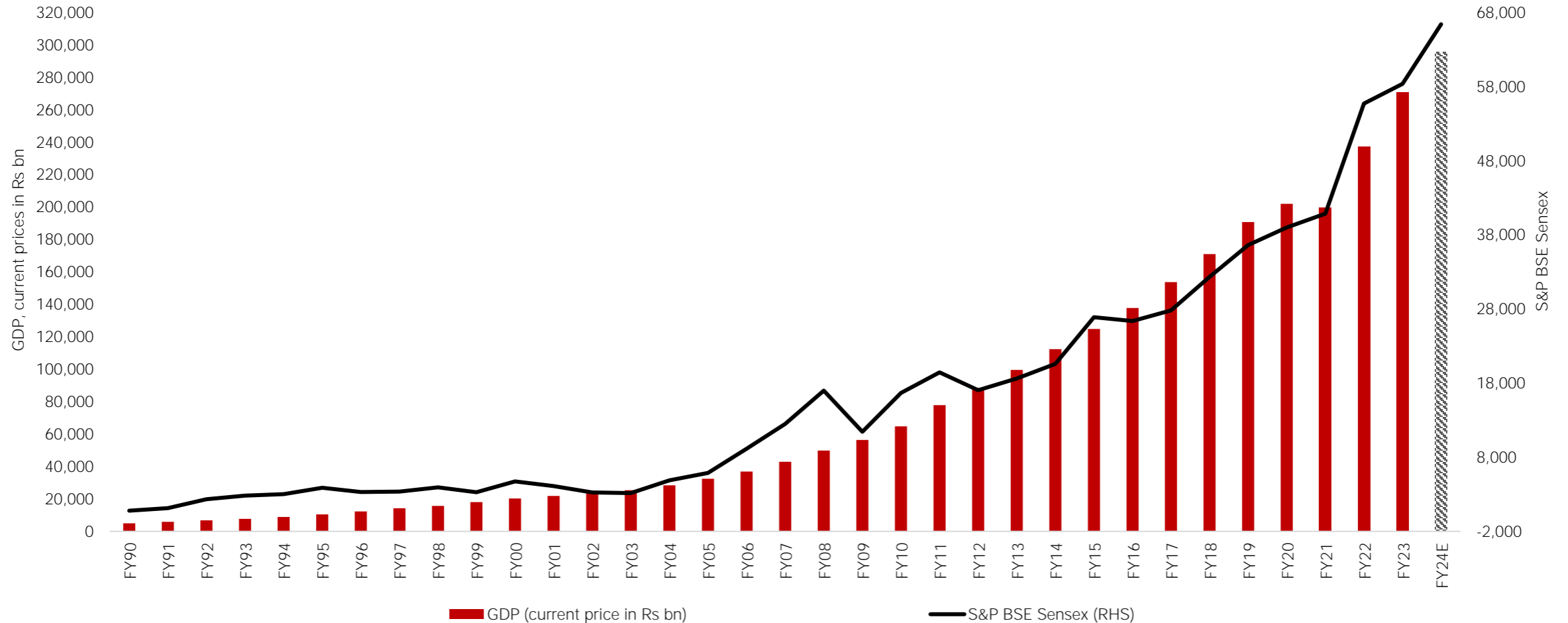
Indices	29-Feb-2024	31-Jan-2024	% Change 1 Month	% Change 1 Year	% Change YTD
Nifty 50	21983	21726	1.18	27.04	1.16
S&P BSE Sensex	72500	71752	1.04	22.96	0.36
S&P BSE Auto	46819	43995	6.42	60.20	10.87
S&P BSE BANKEX	52457	51999	0.88	15.01	-3.53
S&P BSE Capital Goods	57415	56690	1.28	69.55	3.18
S&P BSE Consumer durables	51224	50350	1.74	36.74	2.45
S&P BSE FMCG	19448	19893	-2.24	20.33	-4.98
S&P BSE Healthcare	35079	33816	3.74	62.40	11.19
S&P BSE IT	38412	37359	2.82	30.63	6.67
S&P BSE Metal	26865	26761	0.39	41.50	-0.46
S&P BSE MidCap	39347	38775	1.48	62.87	6.81
S&P BSE Oil & Gas	27665	25916	6.75	63.55	20.17
S&P BSE Power	6590	6317	4.31	99.90	13.25
S&P BSE PSU	18327	17296	5.96	95.68	17.80
S&P BSE Realty Index	7195	6766	6.34	128.28	16.30
S&P BSE SmallCap	45225	45723	-1.09	65.41	5.98

Source: NSE, BSE, Data as on 29 February 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

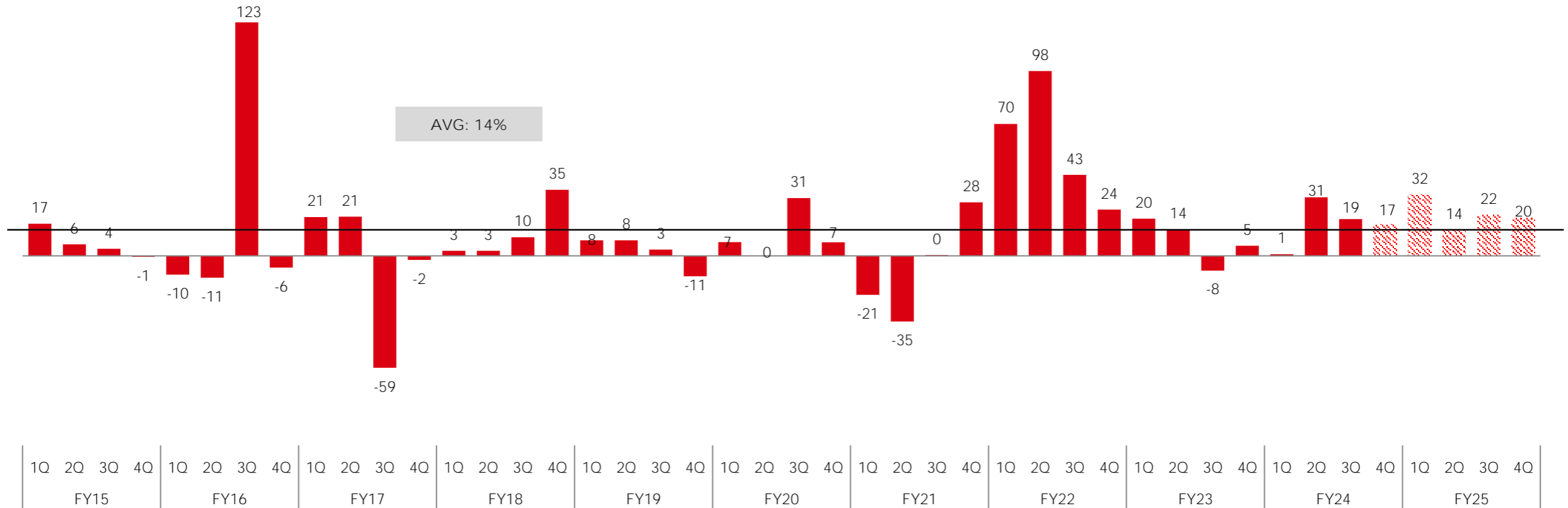
Sectoral indices	% Change										
	CY15	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24*	10-year CAGR*
Nifty 50	-4.06	3.01	28.65	3.15	12.02	14.90	24.12	4.33	11.20	1.16	13.34
S&P BSE Sensex	-5.03	1.95	27.91	5.91	14.38	15.75	21.99	4.44	10.10	0.36	13.12
S&P BSE Auto	-0.60	9.39	32.06	-22.12	-11.27	12.59	15.27	16.54	38.48	10.87	14.02
S&P BSE BANKEX	-9.92	7.35	39.08	5.27	20.72	-2.14	13.63	21.03	2.83	-3.53	15.61
S&P BSE CG	-8.51	-3.28	40.03	-1.63	-9.97	10.63	43.47	15.97	49.93	3.18	18.64
S&P BSE CD	24.02	-6.34	101.92	-8.79	20.86	21.52	41.81	-11.27	18.62	2.45	24.00
S&P BSE FMCG	1.36	3.29	31.54	10.60	-3.58	10.55	8.57	-10.93	19.17	-4.98	11.60
S&P BSE Healthcare	15.06	-12.88	0.49	-5.92	-3.55	61.45	17.62	16.62	31.87	11.19	12.45
S&P BSE IT	4.51	-8.00	10.83	24.93	9.84	56.68	41.79	-12.10	15.89	6.67	14.63
S&P BSE Metal	-31.20	36.65	47.78	-20.75	-11.92	11.23	57.06	-24.24	16.23	-0.46	11.98
S&P BSE Oil & Gas	-3.43	27.17	34.00	-15.57	7.25	-4.44	24.22	8.36	0.70	20.17	12.61
S&P BSE Power	-6.44	1.53	19.83	-16.06	-3.65	7.05	67.62	16.57	12.32	13.25	15.72
S&P BSE PSU	-17.18	12.88	19.27	-21.11	-3.88	-16.88	41.01	25.84	34.65	17.80	12.75
S&P BSE Realty	-13.55	-5.98	106.36	-31.07	26.85	8.66	53.34	-10.26	64.11	16.30	19.56

Source: CRISIL, BSE, Figures in red indicate negative returns in that period. *10-year CAGR, Data as on 29 February 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

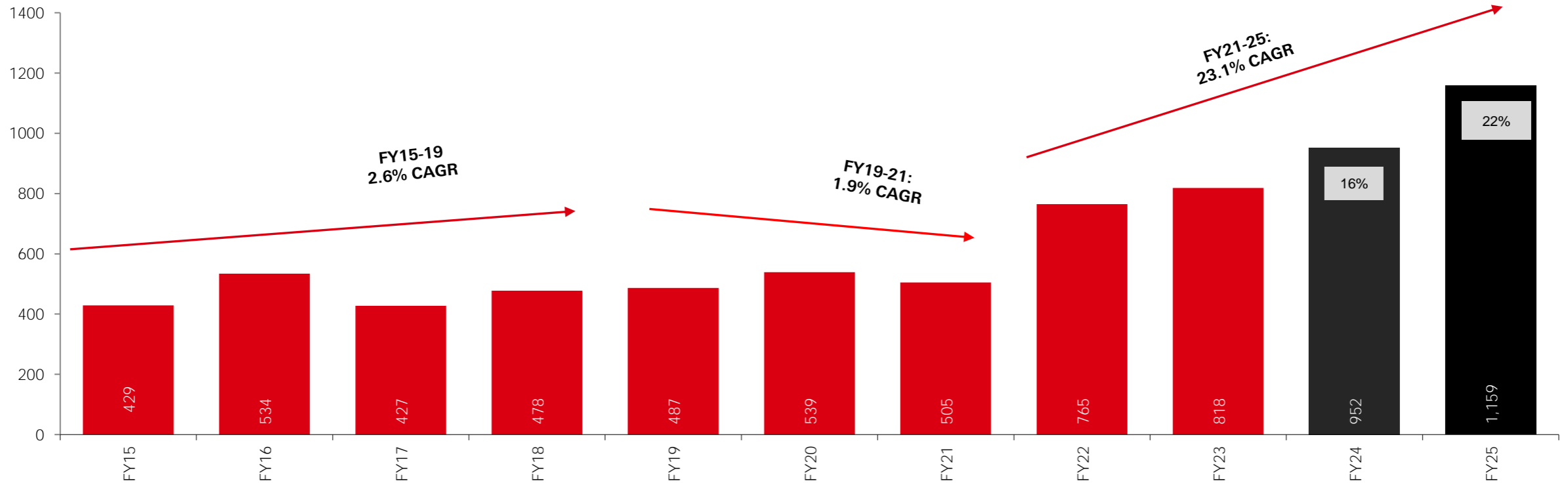
^Average figure mentioned is from FY15 to FY21

Source: CRISIL, Bloomberg, Data as on 29 February 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)

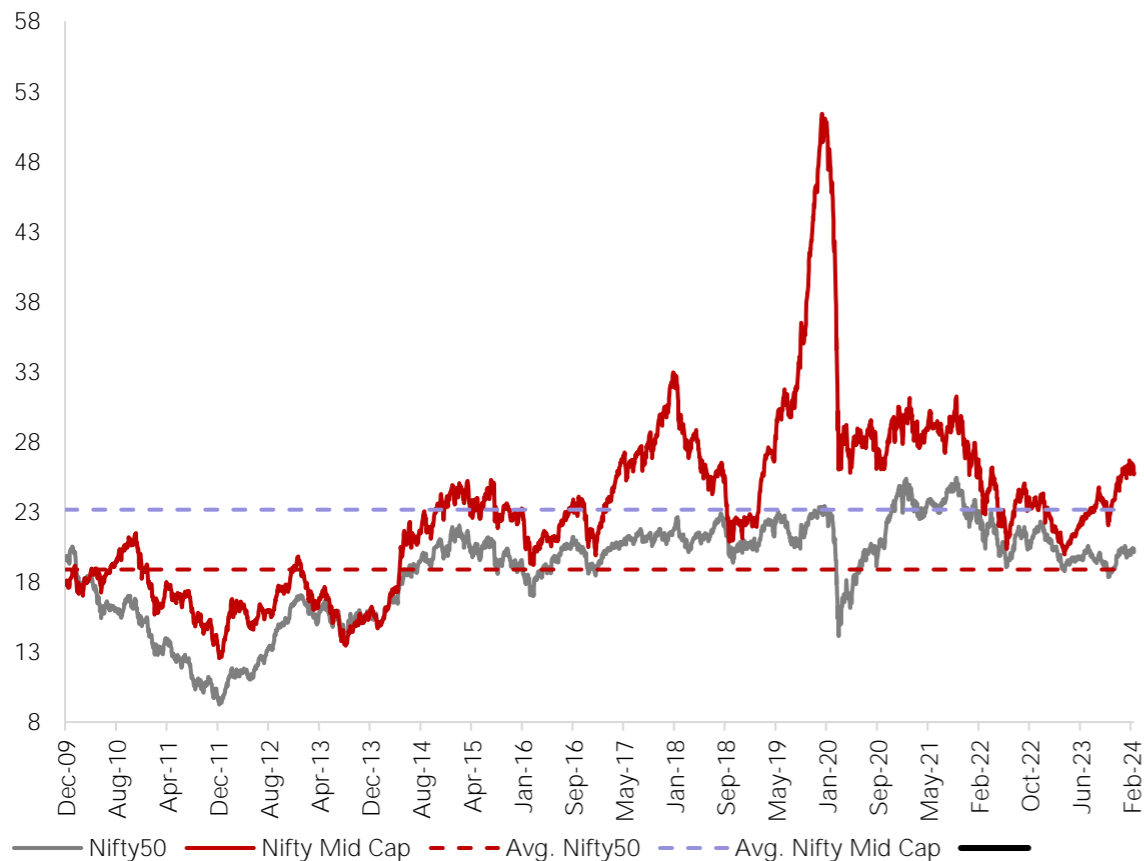


Note: Trailing 12M EPS (Earnings Per Share)
Black shaded columns are estimates of FY24 and FY25

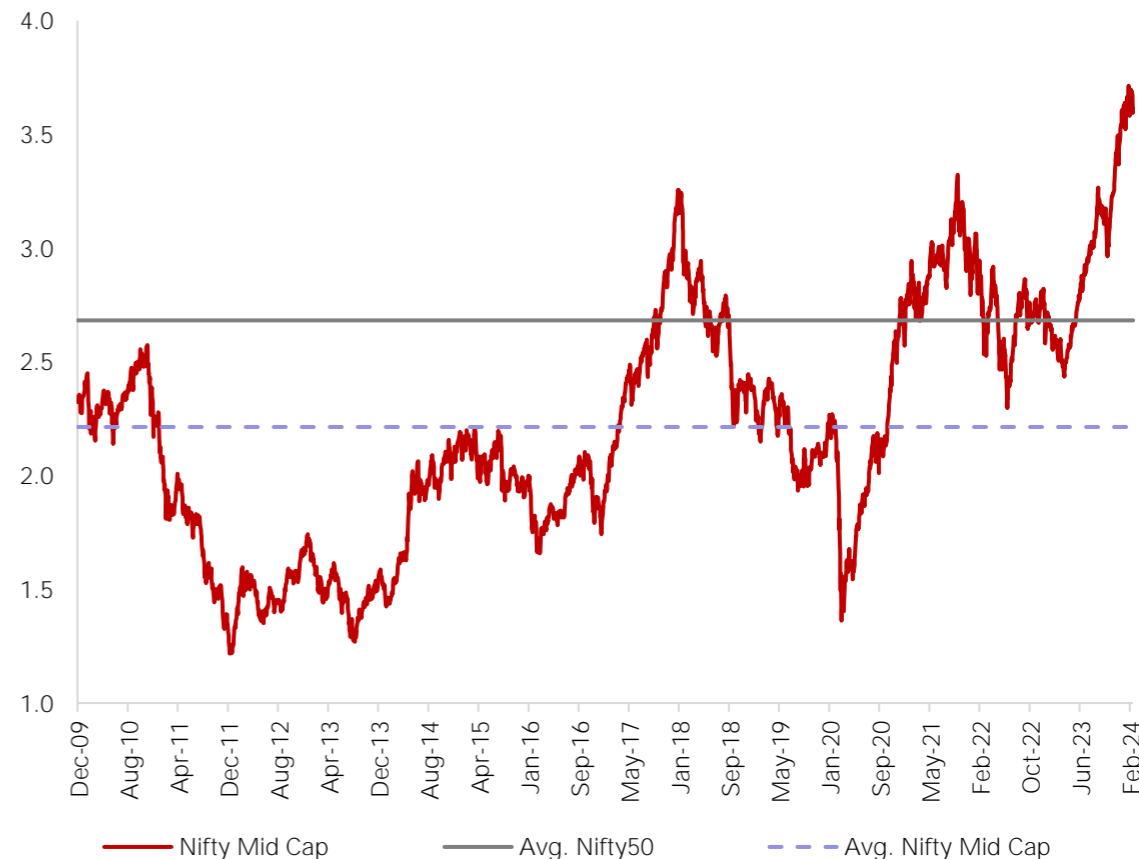
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Market valuations – Nifty 50 and Nifty Midcap 100

Large and Mid Cap - Price to Earnings (PE)



Large and Mid Cap - Price to Book (PB)



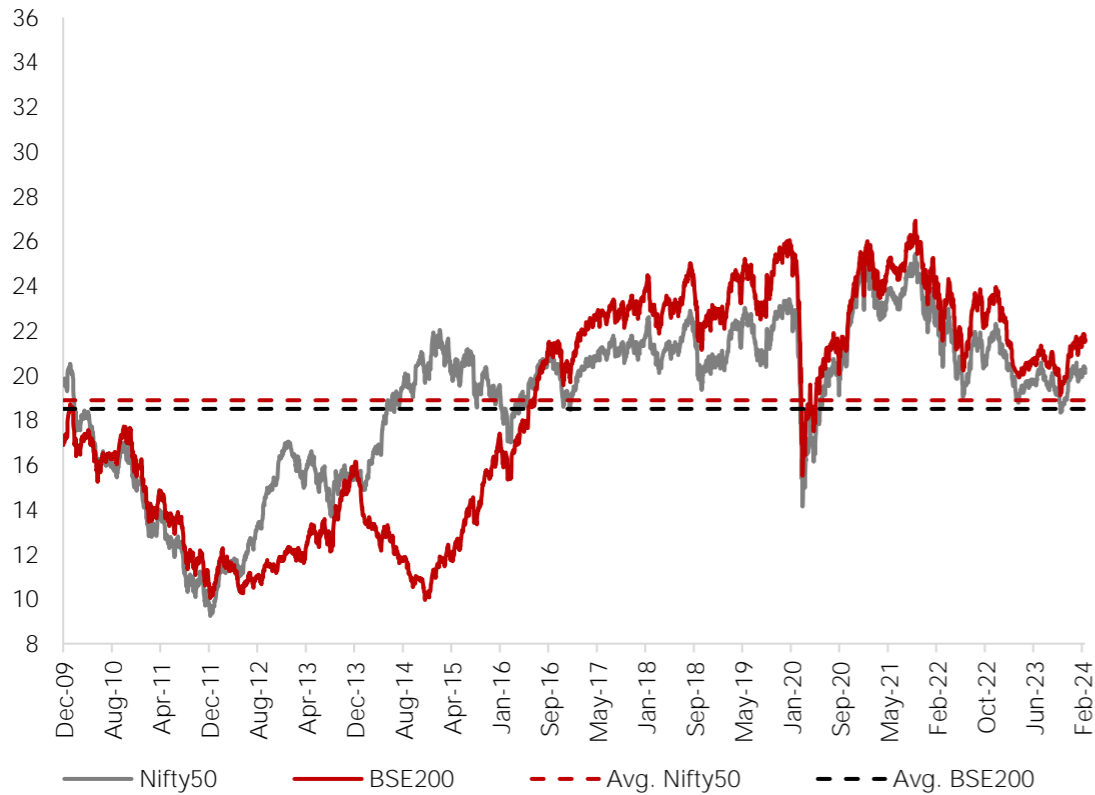
Source: CRISIL, Bloomberg

Data as on 29 February 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

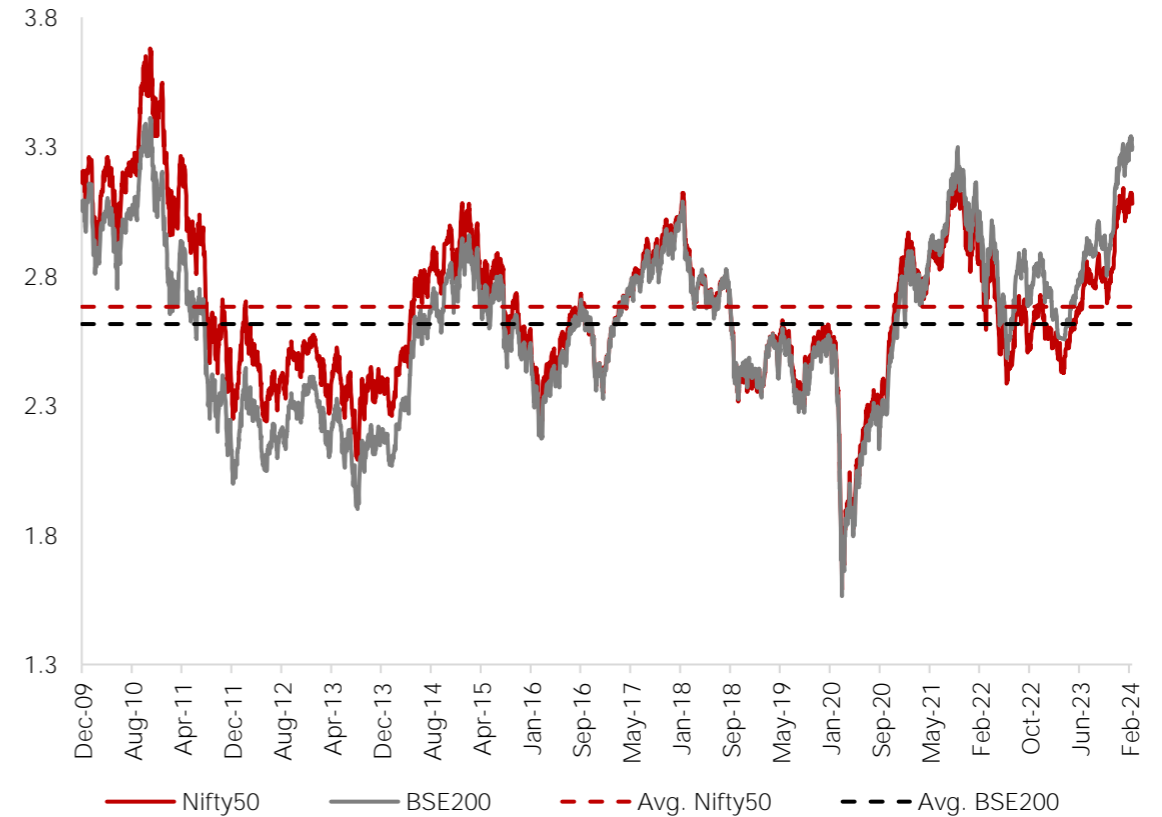
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Market valuations – Nifty 50 and S&P BSE 200

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



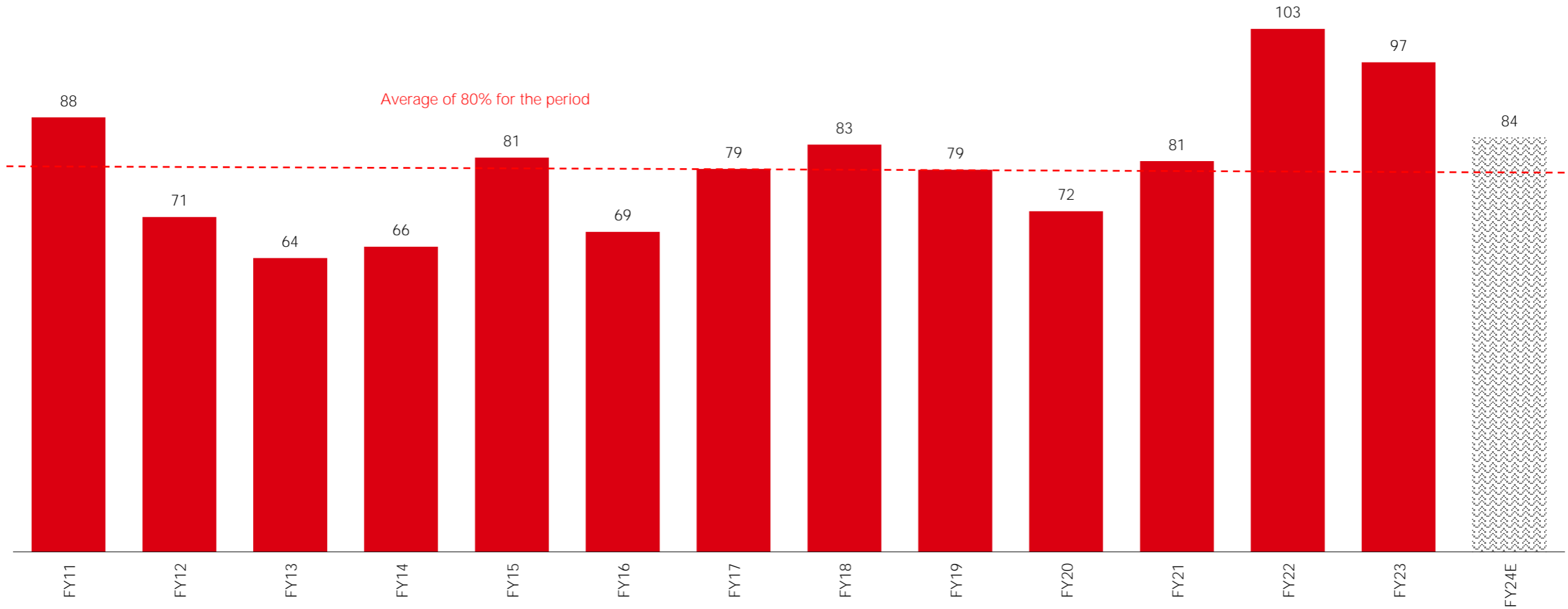
Large and S&P BSE 200 - Price to Book (PB)



Source: CRISIL, Bloomberg, BSE, Data as on 29 February 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 29 February 2024, Past performance may or may not be sustained in future and is not a guarantee of any future returns. GDP- Gross Domestic Product

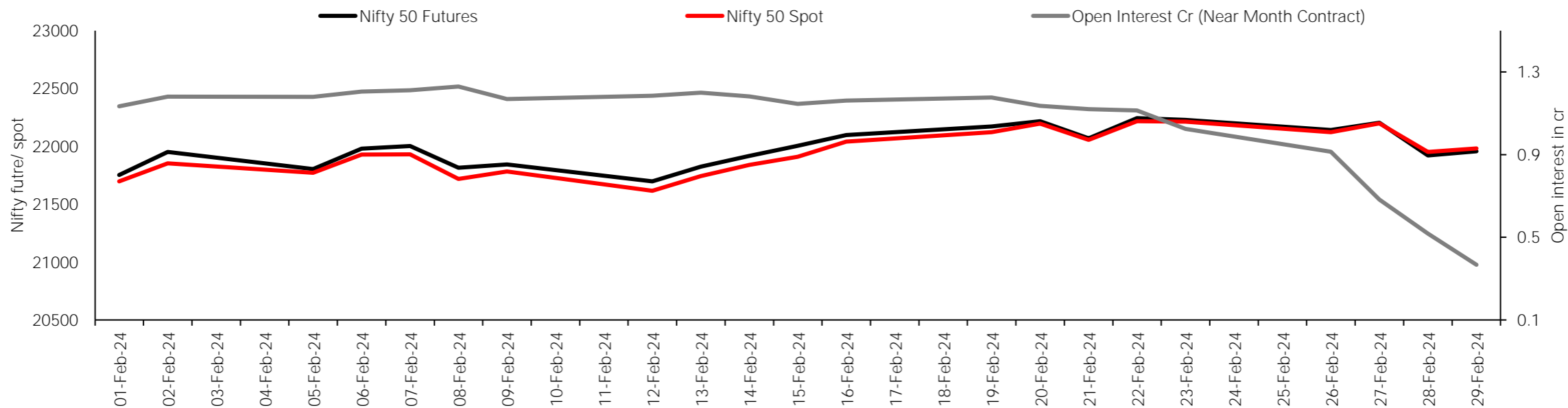
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- Indian equity indices resumed upward trend in February 2024 as DII's continued to invest steadily.
- Q3FY24 GDP growth surprised positively at 8.4% (YoY) supported by higher indirect tax net of subsidies growth. Private consumption growth has remained weak while Investment growth remains healthy.
- Nifty FY25/26 consensus earning remained flat during last 1 month. Nifty 50 index now trades on 21.5x 1-year forward PE more than 15% above its 10-year average and 10% 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. 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 focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates.
- India starts 2024 on a strong footing with positive growth momentum. 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.
- Optimistic on 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.
- Expect improvement in consumption as the impact of high inflation fades and real incomes start to grow again. 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 29 February 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 February rose on the rollover day (February 29) versus spot.
- The new near-month contract (March 28) ended ~178 points higher on February 29.
- The rollover of the new near-month contract (March) was 74% on the expiry day compared to 77% 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 15.57 on February 29 from 13.87 on January 25 (rollover date), and ended the month at 15.57.
- Nifty futures saw trading volume of around Rs 4.37 lakh crore, arising out of 39.70 lakh contracts, with an open interest of around 29.17 crore during the month



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Nifty options

- On February 29, Nifty 22,000 call option witnessed the highest open interest of around 227 lakh, while Nifty 22,000 call contract garnered the maximum number of contracts of 267 lakh.
- Nifty 22,000 put option witnessed the highest open interest of 193 lakh on February 29 and the Nifty 21,900 put contract garnered the maximum number of contracts of 215 lakh.

NSE F&O turnover

- Turnover on the NSE's derivative segment fell 3% in the month led by gains in index options and stock futures and stocks. The average put-call ratio was 0.94 in February slightly lower than from 0.95 in January.

Instrument	Monthly turnover summary (Figures in INR crore)		
	29-Feb	31-Jan	Change %
Index futures	839,361.05	848,628.82	-1%
Stock futures	2,969,909.40	2,941,230.58	1%
Index options	845,211,353.01	871,959,571.99	-3%
Stock options	10,434,751.38	9,847,721.96	6%
Total	859,455,374.84	885,597,153.35	-3%

Source – CRISIL, NSE. Data as on 29 February 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 February 29, FIIs' open interest was Rs 4.97 lakh crore (~59 lakh contracts). The details of FII derivatives trades for February 1 to 29 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	1300277	112373	1245565	105745	0.17	0.18	0.16	0.16
Index Options	743483217	62332742	750019330	62875428	97.42	97.37	97.44	97.39
Stock Futures	8933384	744664	9017922	750223	1.17	1.16	1.17	1.16
Stock Options	9445524	825169	9447087	825794	1.24	1.29	1.23	1.28
Total	763162402	64014948	769729904	64557190	100.00	100.00	100.00	100.00

Source – CRISIL, NSDL. Data as on 29 February 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 were below RBI repo rate in February

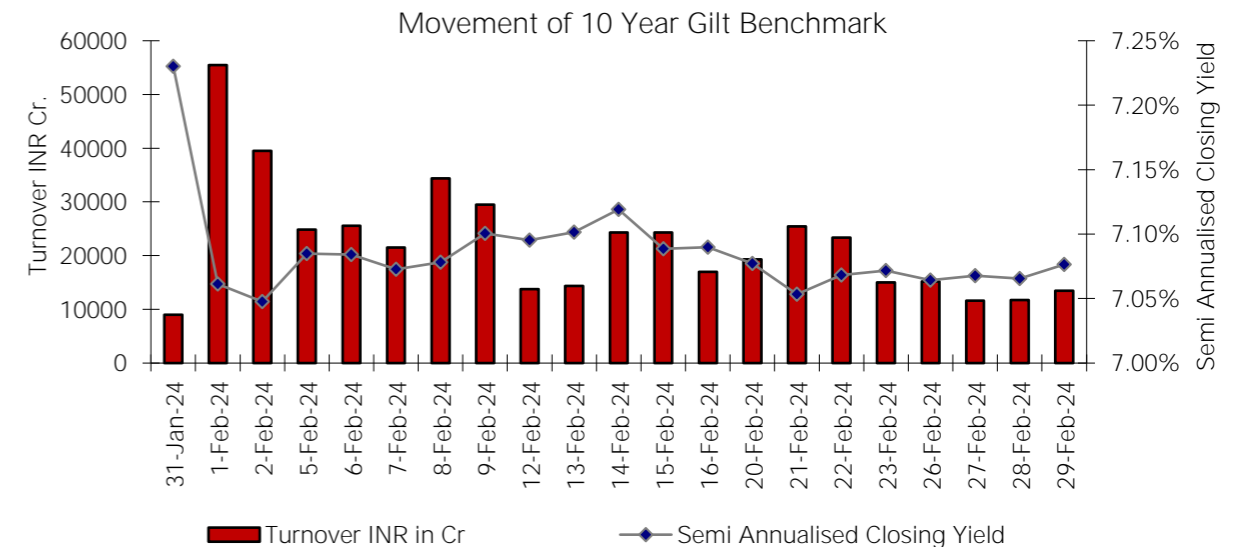
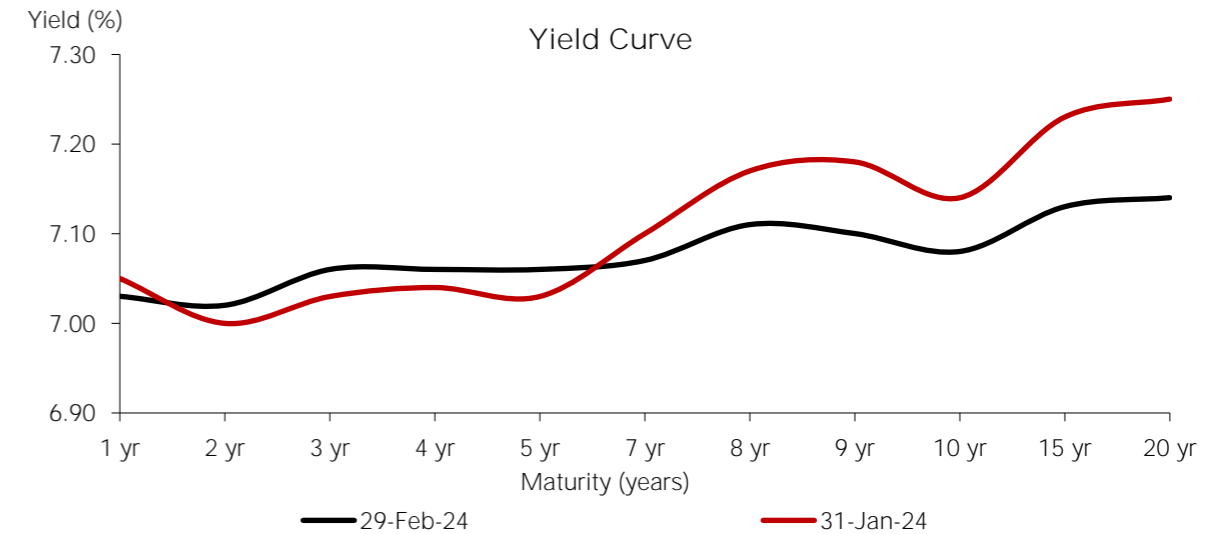
- Interbank call money rates averaged at 6.30% which is below the RBI's repo rate of 6.5% in February amid adequate liquidity in the system.
- To address the widening market rate-repo rate gap, the central bank took measures, including the first instance of conducting various variable rate reverse repo (VRRR) auctions to drain out liquidity from the banking system and re-anchor overnight money market rates at a higher level.

Bond prices ended higher in February

- Government securities ended higher in February 2024, with the yield on the 10-year benchmark 7.18% 2033 bond settling at 7.08% on February 29, compared with 7.14% on January 31
- Bond prices saw early gains in the first few days of the month with Indian government bond yields tracking a persistent fall in the US Treasury yields' movements. This was triggered by aggressive debt purchases amid the US Fed's tepid targets, with Fed Chair Jerome Powell dashing hopes of a rate hike
- Bond prices also rose in response to the Indian finance minister's announcement of lower-than-expected fiscal deficit and gross borrowing targets for fiscal 2025 in the interim budget
- However, further gains were trimmed after dovish comments from the US Fed and strong US jobs data curbed hopes of a rate cut in the near term
- Bond prices also remained under pressure after the RBI kept interest rates unchanged
- Yields also rose after domestic inflation data came in line with expectations
- Further gains in bond prices were also constrained by a rise in US Treasury yields after higher-than-expected US inflation data deferred rate cut expectations, as well as the response to the Federal Open Market Committee (FOMC) minutes showing that policymakers were concerned about trimming interest rates too quickly

Debt Market Review

Debt Market Indicators	29-February-24	31-January-24
Call Rate	6.50%	6.75%
3-mth CP rate	8.39%	8.50%
5 yr Corp Bond	7.69%	7.70%
10 Yr Gilt	7.08%	7.14%
Repo	6.50%	6.50%
SDF	6.25%	6.25%
CRR	4.50%	4.50%
1-mth CDs	7.05%	7.35%
3-mth CDs	7.75%	7.80%
6-mth CDs	7.77%	7.80%



Source: CRISIL Fixed Income database

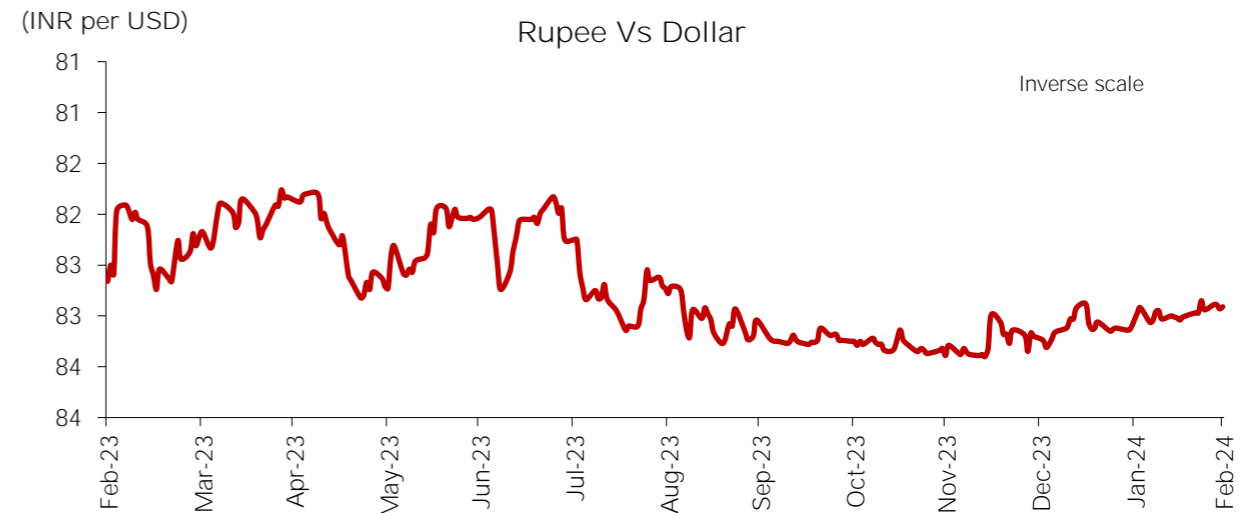
Data as on 29 February 2024, Past Performance may or may not be sustained in future. Investors should not consider the same as investment advice. Note-The details provided above is as per the information available in public domain at this moment and subject to change. Please consult your financial advisor for any investment decisions.

- The Federal Open Market Committee (FOMC) minutes published in February 2024 ruled out any possibility of policy easing in March.
- The Fed remained wary of inflation risks and would continue with tight financial conditions, as the last leg of inflation softening can often be sticky.
- On the domestic front, CPI inflation for January 2024 came in at 5.1% (vs 5.69% in December 2023), led by softening in food inflation.
- Core inflation continued to remain benign, falling to over a four year low of 3.6%.
- Trade deficit for Jan 2024 narrowed to USD 17.5 bn, taking the FY2024 YTD deficit number to USD 207.2 bn.
- For FY2024 GDP growth has been revised upwards to 7.6%. GST collections for the month continued to remain robust at INR 1.68 trn (y-o-y growth of 12.5%).
- Fiscal Deficit for the period Apr-Jan 2024 stands at INR 11 trn (63.6% of FY2024 target).
- Liquidity remained in deficit through the month, with RBI continuing to actively use Variable Rate Repo (VRR) and Variable Rate Reverse Repo (VRRR) auctions to manage short term liquidity.
- While shorter end G-Sec moved higher during the month by 2-5 bps, longer end G-Sec rallied by 6-10 bps based on continued demand from end investors and traders, resulting in further flattening of the yield curve.
- Markets, which were earlier expecting US policy rates to fall by 150-175 bps this year have realigned to FOMC guidance and have cut down expectations to around 100 bps of easing.
- Demand from local investors and FPIs have 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.

Indian rupee advanced in February

- The rupee posted a third consecutive on-month gain in February, strengthening 0.2% to end the month at Rs 82.91 per dollar.
- The gain in the early part of the month was on the back of the finance minister’s announcement of a cut in the fiscal deficit target in the Interim Budget 2024-25, which bolstered the domestic equity markets.
- Also, providing strength were a weak dollar index, a fall in crude oil prices, dollar sales by large foreign and local private banks, and foreign fund inflows into equity and bond markets in the second half of the month.

Rupee Movement V/s Global Currencies				
	29-Feb-24	31-Jan-24	Change	% Change
USD	82.91	83.04	0.13	0.2
GBP	105.02	105.23	0.21	0.2
EURO	89.98	89.80	-0.18	-0.2
100 YEN	55.33	56.24	0.91	1.6

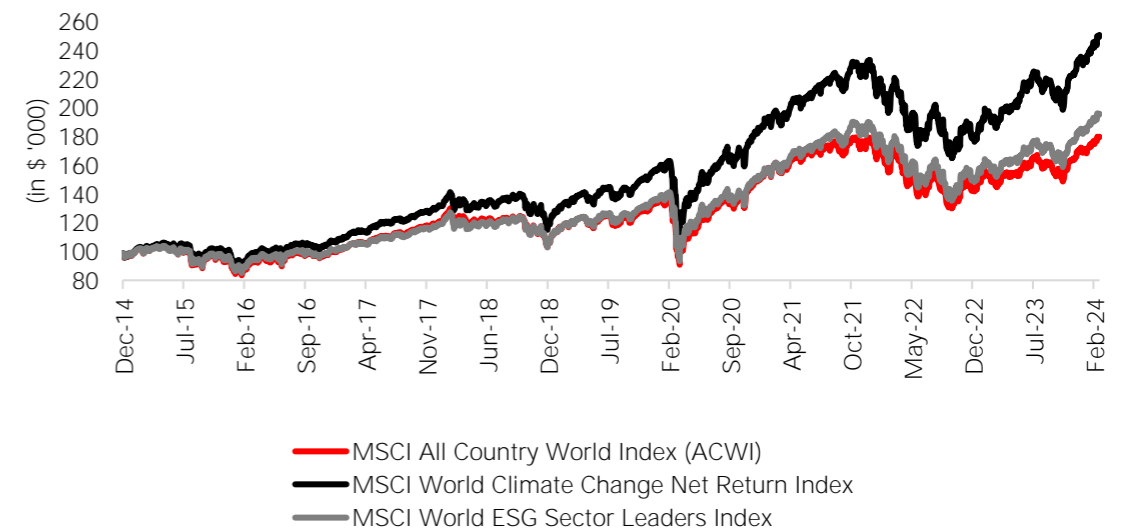
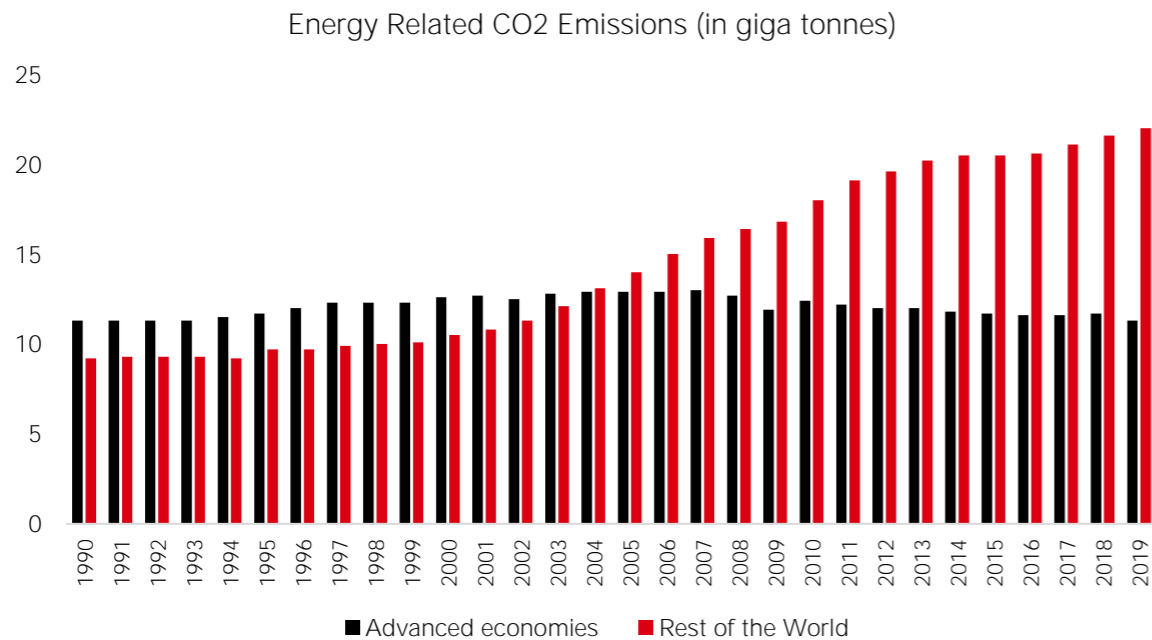


Strong domestic equities and weak dollar index supported the rupee

Source: RBI, CRISIL. Data as on 29 February 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 \$250872 and \$180040, respectively as on February 29, 2024, as against growth of \$196142 in MSCI All Country World Index (ACWI) during the same period.

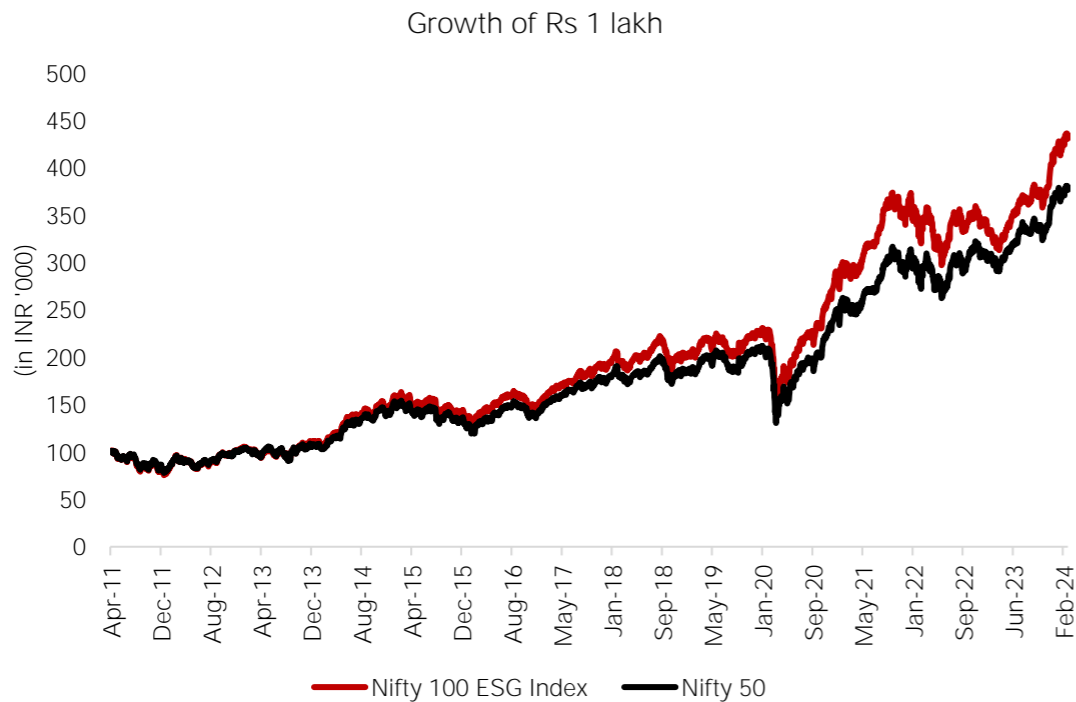


Source: CRISIL, Bloomberg, International Energy Agency (IEA)

Data as on 29 February 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 432,000 and INR 377,000, respectively, for the period ended February 29, 2024.



Period	Performance (%)	
	Nifty 100 ESG	Nifty 50
1 year	34.96	27.18
2 years	15.57	17.41
3 years	13.70	14.09
5 years	16.34	15.53
7 years	15.18	14.09

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

Data as on 29 February 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

US grows 3.2% in fourth quarter of 2023

- The US economy expanded an annualised 3.2% in the fourth quarter of 2023, slightly below 3.3% in the advance estimate, after logging 4.9% growth in the third quarter.
- Meanwhile, Fed chair Jerome Powell in an interview said that the central bank can be "prudent" in deciding when to cut its benchmark interest rate.

Key economic indicators

- Non-Farm Payrolls rose to 353,000 jobs in January, compared to an upwardly revised 333,000 in December. Unemployment Rate was unchanged at 3.7%.
- Consumer inflation eased to 3.1% on year in January, following a brief increase to 3.4% in December while annual core consumer price inflation rate stood steady at 3.9%.

US economy grew 3.2% in Q4

Eurozone grows 0.1% in the fourth quarter of 2023

- The Eurozone economy expanded 0.1% on-year in the last three months of 2023, matching the first estimate, after stalling in the third quarter.
- Meanwhile, the European Central Bank (ECB) president Christine Lagarde said relatively benign fourth quarter wage growth data is encouraging but not yet enough to give the ECB confidence that inflation has been defeated.

Key Eurozone economic indicators

- The inflation rate declined to 2.6% on-year in February, down from 2.8% in January, while the core inflation eased to 3.1% down from the previous months 3.3%.
- Industrial production increased 1.2% on year in December, compared to 5.4% fall in November.

UK contracted 0.3% in fourth quarter of 2023

- The United Kingdom's economy contracted 0.3% on-quarter in the fourth quarter of 2023, following a 0.1% decline in the third quarter.
- Meanwhile, the Bank of England governor Andrew Bailey in a testimony to lawmakers said that the UK's economic recession is modest by historical standards and is probably over..

Key UK economic indicators

- The annual inflation rate was unchanged at 4.0% in January, compared to December, while annual core inflation rate was also unchanged at 5.1%.
- Industrial production advanced by 0.6% on year in December, following an upwardly revised 0.1% rise in November while manufacturing production increased 2.30% from 1.9%.

Eurozone economy grew 0.1% in Q4

PBoC cut rates to support the economy

- The People's Bank of China (PBoC) slashed its reference for mortgages, the 5-year loan prime rate, by 25bps to 3.95% at the February fixing, more than the market forecast of a reduction of 15bps.
- It was the first rate cut since June 2023 and the largest since that rate was introduced in 2019, as the Board ramped up efforts to spur credit demand and reverse a property downturn. Meanwhile, the 1-year rate was retained at 3.45%.

Key Chinese economic indicators

- Consumer prices fell by 0.8% on year in January, compared to 0.3% fall in December, while producer prices fell by 2.5%, softer than a 2.7% drop.
- Official NBS manufacturing PMI edged down to 49.1 in February from 49.2 in January, while non-manufacturing PMI increased to 51.4 from 50.7 and composite PMI was unchanged at 50.9.

Japan's growth contracted 0.4% in fourth quarter of 2023

- The Japanese economy unexpectedly contracted 0.4% on an annualised basis during the fourth quarter of 2023, after a 3.3% fall in the prior period.

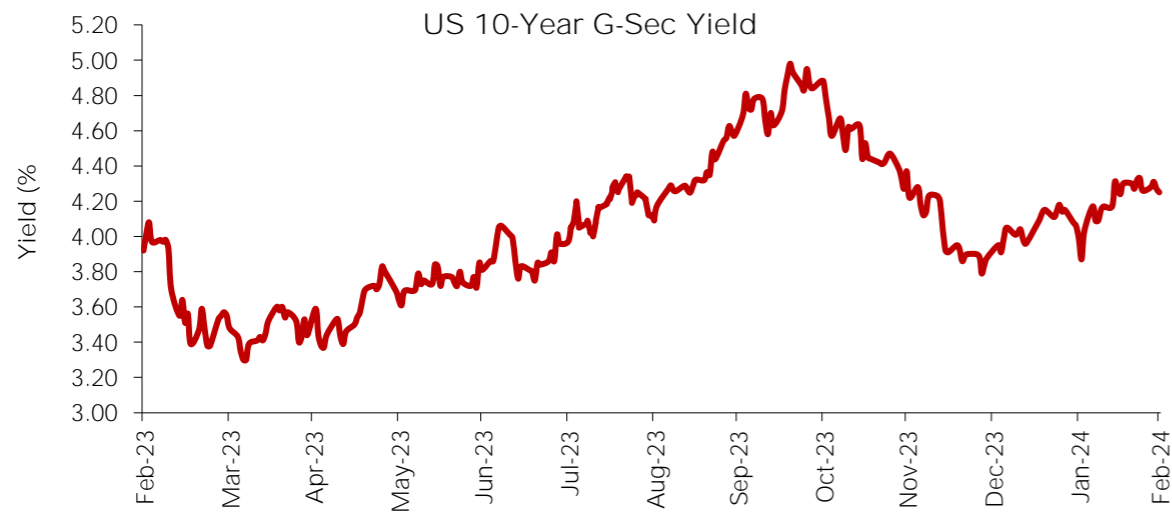
Key Japanese economic indicators

- The country's trade deficit expanded to JPY 1,758.311 bn in January, compared to JYP 68.9 bn in December.
- Industrial production decreased 1% on year in December, compared to 1.4% fall in November.

Source: CRISIL, Data as on 29 February 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 fell in February

- US Treasury prices declined in February. The yield on the 10-year Treasury settled at 4.25% on February 29, 2024, compared with 3.92% on January 31, 2024.
- Bond prices declined after upbeat economic data boosted investors' expectations that the Fed may cut interest rates in June or later this year.
- However, further gains in yield were halted after the latest PCE index reading and growth data raised the possibility of a rate cut.



Global bond yields			
	29-Feb	31-Jan	Change
US 10-Year (%)	4.24	3.92	0.32
UK 10-Year (%)	4.13	3.80	0.33
German 10-Year (%)	2.40	2.16	0.24
Japan 10-Year (%)	0.72	0.74	-0.02

US treasury yield rose on hopes that Fed may cut interest rates in June or later this year

Source: CRISIL, Bloomberg, Data as on 29 February 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
08-March-24	Eurozone GDP Growth Rate 3rd Est Q4	0%
09-March-24	China Inflation Rate, February	-0.8%
11-March-24	Japan GDP Growth Annualized Final Q4	-3.3%
12-March-24	US Inflation Rate, February	3.1%
	India Industrial Production January	3.8%
	India Inflation rate, February	5.1%
13-March-24	UK GDP, January	0%
14-March-24	India WPI inflation, February	0.27%
15-March-24	India Balance of Trade, February	-\$17.5B

Source: CRISIL, Data as on 29 February 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-March-24	Eurozone Inflation Rate, February	2.8%
19-March-24	Japan BoJ Interest Rate Decision	-0.1%
20-March-24	US Fed Interest Rate Decision	5.5%
	UK Inflation Rate, February	NA
	China Loan Prime Rate 1Y/5Y, March	3.45%/3.95%
21-March-2024	UK BoE Interest Rate Decision	NA
	India HSBC Manufacturing PMI, March	56.9
22-March-24	Japan Inflation Rate, February	2.2%
28-March-24	UK GDP Growth Rate, Q4	0.2%
29-March-24	India Fiscal Deficit, February	Rs 1203 bln

Source: CRISIL, Data as on 29 February 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 has sought a parliamentary approval for an additional net spending of Rs 78,673 crore in the second and final batch of supplementary demand for grants in the current financial year. This included Rs 10,798 crore of expenditure towards MGNREGA. This was over and above the Rs 58,378 crore additional spending approved in the first batch in December 2023.
- The government has enhanced the authorised share capital in Food Corporation of India (FCI) from Rs 10,000 crore to Rs 21,000 crore.
- The government unveiled a set of regulations that allow public companies to list on International Financial Services Centre (IFSC) stock exchanges.
- India and the UAE concluded seven agreements, including a Bilateral Investment Treaty (BIT), Inter-governmental Framework Agreement on the India-Middle East-Europe Economic Corridor and MoUs linking payment systems.
- The Ministry of Finance notified that the Japanese government has committed a loan of about Rs 12,800 crore for nine projects related to various sectors in India.
- The Union Cabinet approved an amendment in the Foreign Direct Investment (FDI) policy for the space sector, allowing up to 100% foreign investment under the automatic route for certain activities.
- The Cabinet approved an extension of the scheme of sugar subsidy for Antyodaya Anna Yojna (AAY) families distributed through Public Distribution Scheme (PDS) for two more years, until March 31, 2026. The scheme is expected to benefit about 1.89 crore AAY families.
- The Cabinet approved the 'Pradhan Mantri Matsya Kisan Samridhi Sah-Yojana (PM-MKSSY)', entailing an investment of over Rs 6,000 crore over four years from fiscals 2024 to 2027 across all states and union territories. It is a Central sector sub-scheme under the Pradhan Mantri Matsya Sampada, which envisages the formalisation of the fisheries sector and providing support to fisheries micro and small enterprises.
- The Cabinet approved the extension of the Fisheries Infrastructure Development Fund (FIDF) for another three years up to fiscal 2026. Through this extension, the government seeks to leverage the financial resources and encourage more investments in the development of infrastructure for fisheries and aquaculture, both from the public and private sectors..

Source –CRISIL, Data as on 29 February 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 amended its Master Direction on Prepaid Payment Instruments (PPI), allowing authorised bank and non-bank issuers to issue PPIs across various public transport systems. The move is aimed at providing fast, convenient, affordable, and safe digital modes of payment to commuters for transit services.
- The RBI raised the ceiling on remuneration of non-executive directors in private banks to Rs 30 lakh per annum, up from Rs 20 lakh per annum.
- The RBI issued the "Master Direction – Reserve Bank of India (Filing of Supervisory Returns) Directions - 2024", which is a single document consolidating all directions to ensure compliance related to the filing of supervisory returns by banks, non-banking financing companies (NBFCs) and other regulated entities (REs).
- The RBI shortened the time frame for submitting reports for regulated entities, as it attempts to reduce the compliance burden and get information faster.
- The RBI issued details regarding the premature redemption of Sovereign Gold Bond (SGB) tranches scheduled for the period April 2024-September 2024. It provided a window to submit requests for premature redemption and important dates for coupon payments.
- Taking cognizance of complaints regarding fraudulent trading platforms falsely claiming or suggesting affiliation with SEBI-registered Foreign Portfolio Investors (FPIs) and claiming to offer trading opportunities through FPIs or Foreign Institutional Investor (FIIs) sub-accounts or institutional accounts with special privileges, the Securities and Exchange Board of India (SEBI) issued an advisory against such fraudulent trading schemes.
- The SEBI came out with guidelines for returning the draft offer document and its resubmission. Through this move, the regulator seeks to ensure completeness of the offer document for investors, more clarity in the disclosures, and timely processing.

Key economic indicators released in the month

- India's industrial production, measured by the index of industrial production (IIP), rose 3.8% on-year in December 2023. This was after it had dropped from an 11.7% growth in October to an eight-month low of 2.4% in November.
- On the other hand, the growth rate of India's eight core sectors came in at a 15-month low of 3.6% on-year in January 2024. This was significantly lower than the 9.7% on-year growth recorded in January 2023. It also reflected a sequential deceleration, compared with the 4.9% growth in December 2023.

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RBI- Reserve Bank of India GDP- Gross Domestic Product

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