


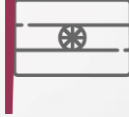





ATLAS

Monthly Market Review
July 2024



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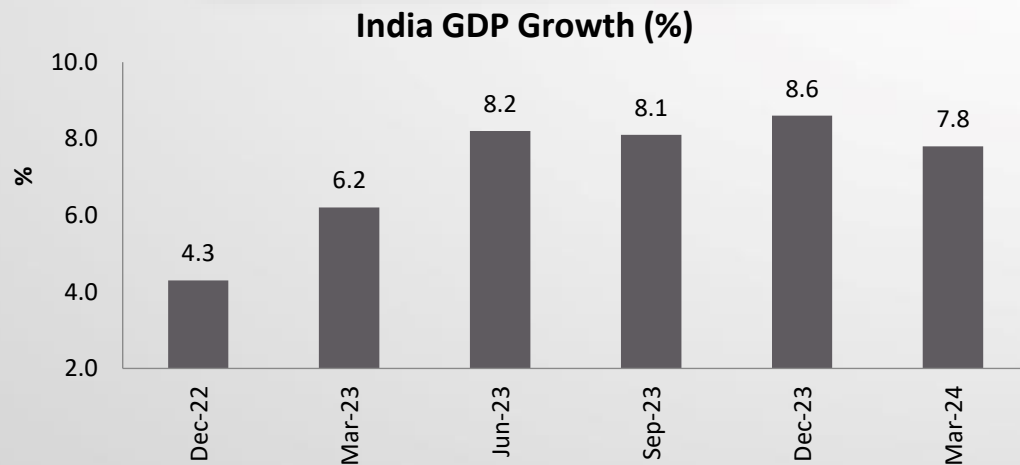
MACRO ECONOMIC INDICATORS

GDP and Current Account Deficit Trend



MACRO

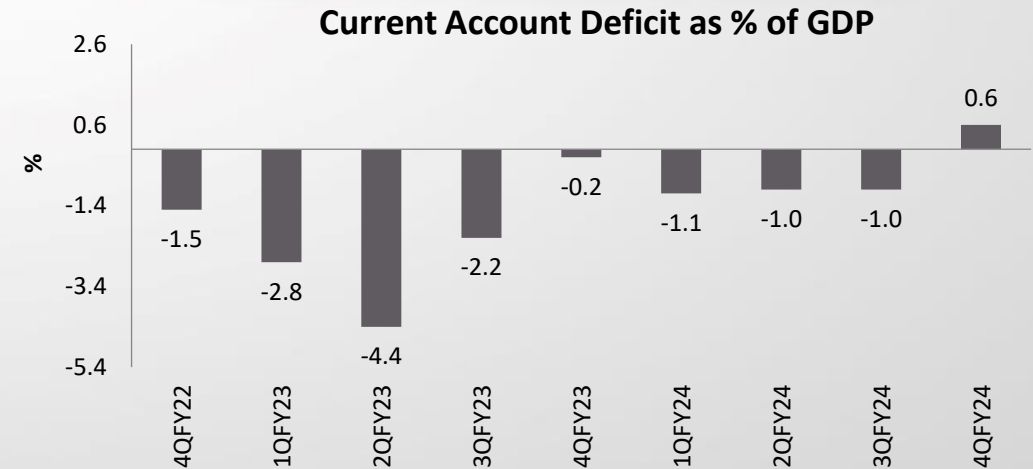
GDP growth accelerated YoY in 4QFY24



Source: Refinitiv

Gross Domestic Product (GDP) of the Indian economy at constant (2011-12) prices witnessed a growth of 7.8% in the fourth quarter of FY24.

Current account balance at surplus in 4QFY24



Source: Refinitiv

Current account balance recorded a surplus of US\$ 5.7 billion (0.6% of GDP) in 4QFY24 as against a deficit of US\$ 8.7 billion (1.0% of GDP) in 3QFY24 and US\$ 1.3 billion (0.2% of GDP) in 4QFY23.

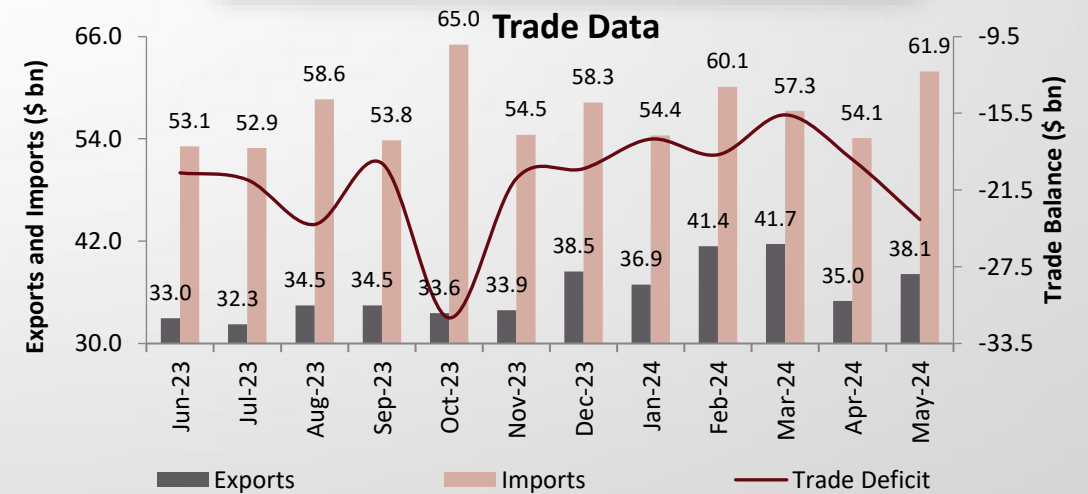
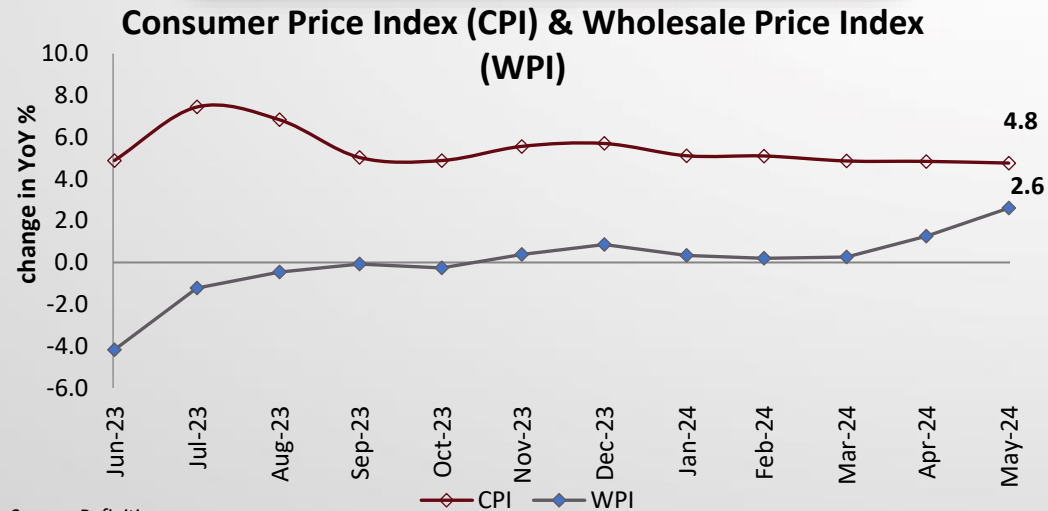
MACRO ECONOMIC INDICATORS

Inflation and Trade Data Trend

MACRO

CPI eased to 12-month low in May 2024

Trade deficit widened YoY in May 2024



Consumer price index-based inflation eased to 12-month low of 4.75% YoY in May 2024 and wholesale price index-based inflation surged to 15-month high of 2.61% YoY in May 2024.

Merchandise trade deficit widened to \$23.78 billion in May 2024 from \$22.53 billion in May 2023. Exports surged 9.10% YoY to \$38.13 billion in May 2024 and imports rose 7.71% YoY to \$61.91 billion.

MACRO ECONOMIC INDICATORS

Manufacturing and Services PMI Trend



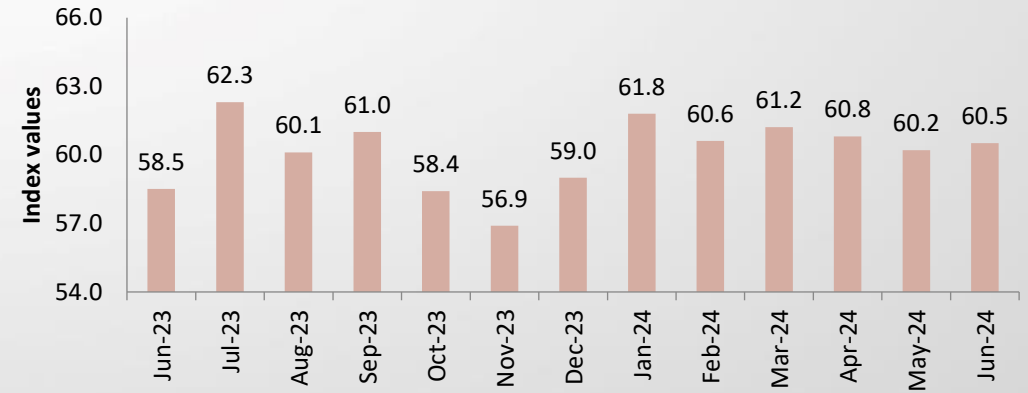
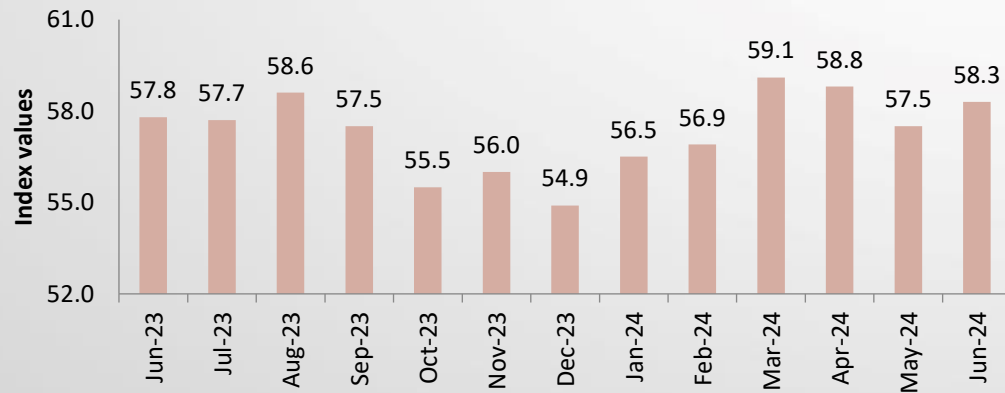
MACRO

Manufacturing PMI climbed in Jun 2024

Services PMI rose slightly in Jun 2024

India Manufacturing PMI

India Service PMI



Source: Refinitiv; PMI >50 denotes expansion and <50 is contraction

Source: Refinitiv; PMI >50 denotes expansion and <50 is contraction

Manufacturing PMI climbed to 58.3 in Jun 2024 compared to 57.5 in May 2024, as strong demand conditions spurred the expansion in new orders, output and buying levels.

Services PMI rose slightly to 60.5 in Jun 2024 as compared to 60.2 in May 2024, buoyed by strong demand and a record rise in export orders.

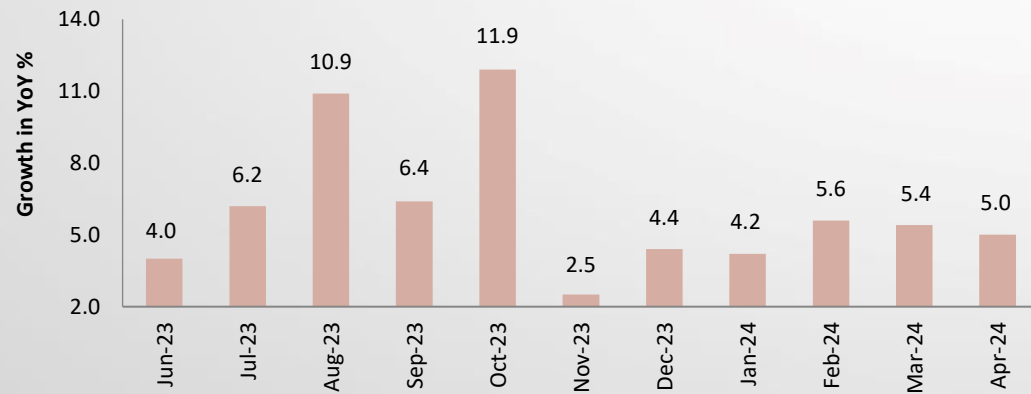
MACRO ECONOMIC INDICATORS

IIP and GST Trend



Industrial output slowed YoY in Apr 2024

Index of Industrial production (IIP)

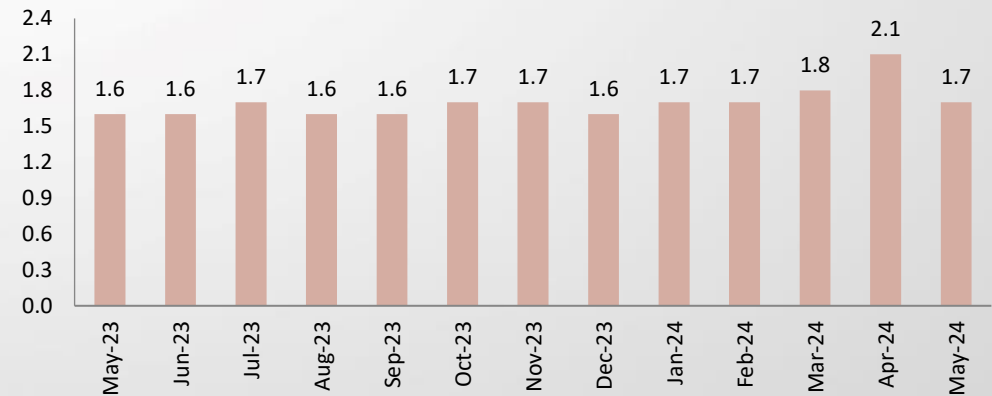


Source: Refinitiv

Industrial production growth in India (IIP) declined to 5.0% YoY in Apr 2024, as compared to 5.4% rise in Mar 2024. Production in the manufacturing industry increased by 3.9%, and electricity by 10.2%

GST collection grew 6.25% YoY to Rs. 1.73 lakh crore

GST Collections (Rs. Lakh Crore)



Source: PIB

According to the Ministry of Finance, the gross Goods and Services Tax (GST) revenue for the month of May 2024 stood at Rs. 1.73 lakh crore, representing a 10% YoY growth

MACRO ECONOMIC INDICATORS

International Gold and U.S. 10 Year Treasury Trend



MACRO

Gold prices fell MoM in Jun 2024



Source: Refinitiv

Gold prices fell slightly after strong non-farm payroll data reported for May 2024 increased the fears that the U.S. Federal Reserve might keep interest rates higher for an extended period of time.

U.S. Treasury yield eased MoM in Jun 2024



Source: Refinitiv

U.S. Treasury prices rose following data that indicated May 2024 saw a second consecutive month of slowing U.S. manufacturing activity, which raised hope of rate cuts by the U.S. Federal Reserve.

Gold data as on 28th Jun 2024; U.S. 10 Year Treasury Yield data as on 28th Jun 2024

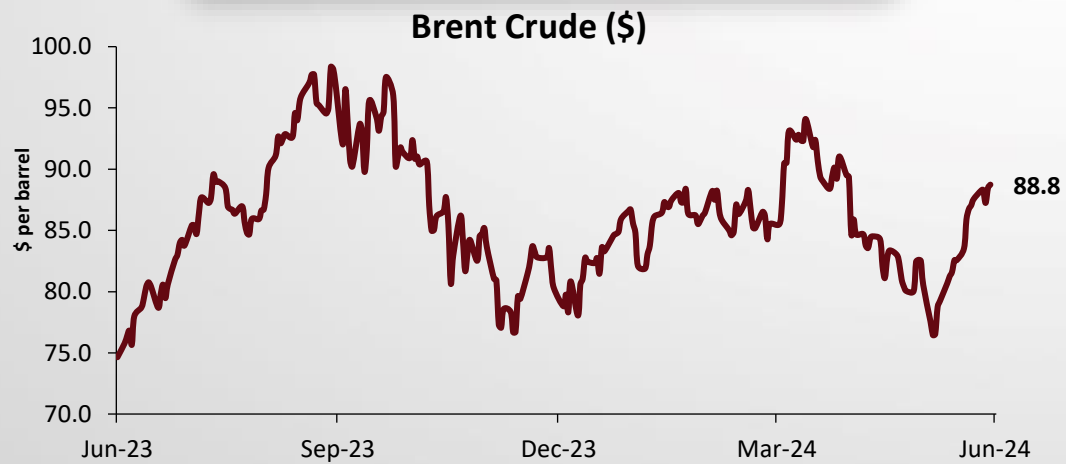
MACRO ECONOMIC INDICATORS

Crude and USD/INR Currency Trend



MACRO

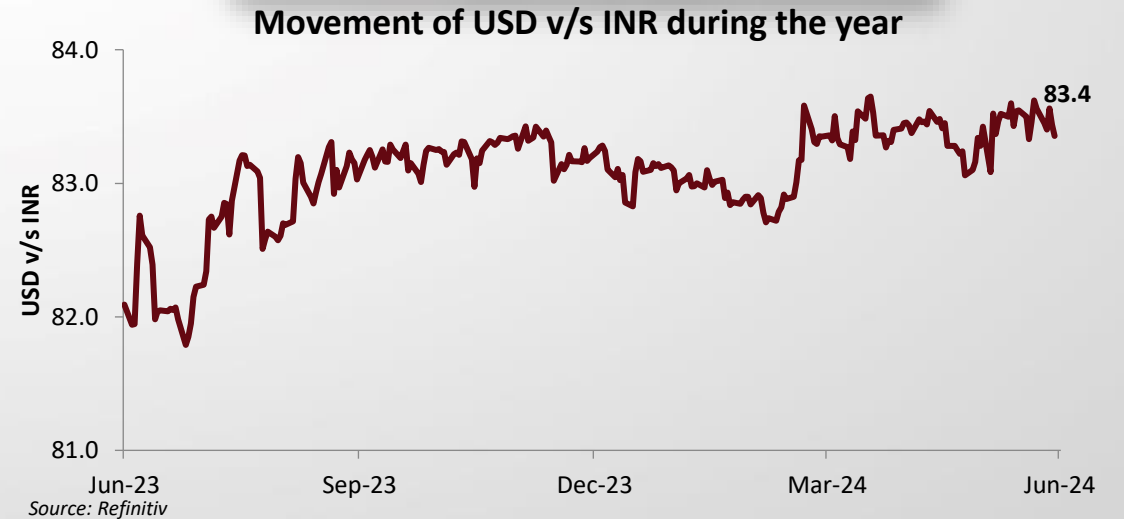
Crude oil prices rose MoM in Jun 2024



Source: Refinitiv

Crude oil prices rose amid expectations of increased demand for oil and tighter supplies. Further, prices rose as investors evaluated the prospects for global oil supply and demand.

Rupee appreciated against U.S. dollar on MoM in Jun 2024



Source: Refinitiv

Rupee rose against the U.S. dollar after the RBI kept the policy rate unchanged at 6.50%. Further, prices rose following rise in the domestic equity markets.

EVENT UPDATE

U.S. Fed pauses interest rate hike; signals two more potential hikes this year



MACRO

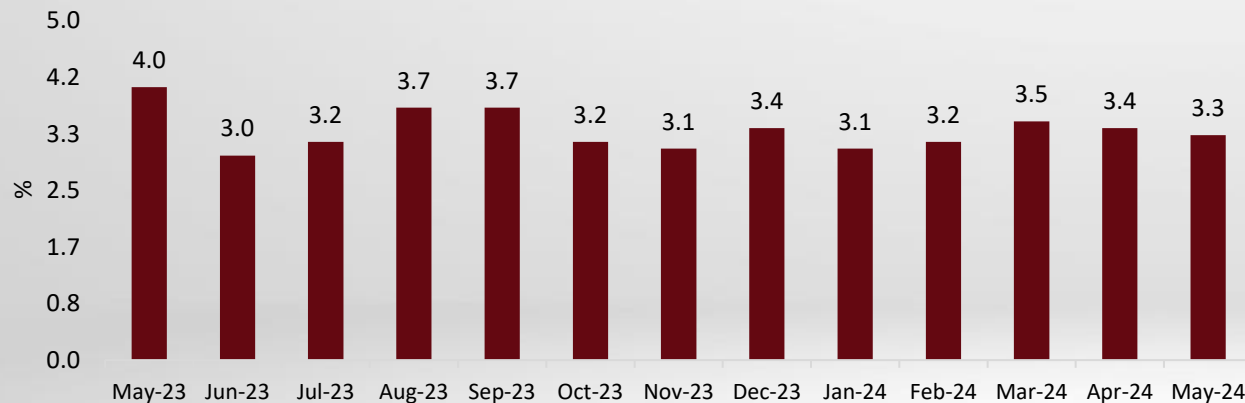
Key Highlights

- The U.S. Federal Reserve announced their widely anticipated decision to **keep interest rates constant** on Jun 12, 2024. The Fed disclosed that officials now only anticipate **one interest rate reduction this year**.
- In support of its goals of **maximum employment and inflation at the rate of 2%** over the longer run, the Fed said it decided to **maintain the target range for the federal funds rate at 5.25% to 5.50%**.

U.S inflation Peaking

- **U.S. consumer prices were unexpectedly flat in the month of May 2024** after rising by 0.3% in Apr 2024. Economists had expected consumer prices to inch up by 0.1%. On yearly basis, the **annual inflation rate in the U.S. unexpectedly slowed to 3.3% in May 2024**, the lowest in three months, compared to 3.4% in Apr 2024 and forecasts of 3.4%.

U.S. Inflation(%)



Source: Refinitiv

To Conclude

- Fed kept the policy rate **unchanged at the two decade high-mark and foresees only rate cut in 2024**.
- Indicators suggest that economic activity has continued to **expand at a solid pace. Job gains have remained strong**, and the unemployment rate has remained low. Inflation has **eased over the past year but remains elevated**.
- The Fed **raised the US core inflation forecast for 2024** and held GDP projections at the previous levels.

DOMESTIC & GLOBAL

Equity Market Update

INDIAN EQUITY MARKET DASHBOARD

June 2024



DOMESTIC

Index Name (Broader Market Indices)	Absolute (%)				CAGR(%)		
	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
BSE Sensex	7.10	7.96	10.24	23.69	16.09	16.34	13.46
Nifty 50	6.77	8.13	11.29	26.66	16.55	16.66	13.55
Nifty 100	6.51	9.61	14.82	32.39	17.48	17.36	14.07
Nifty 500	7.05	11.79	16.73	38.67	20.01	19.76	15.11
Nifty Midcap 150	7.98	17.39	22.30	56.44	27.97	27.90	20.13
Nifty Smallcap 250	9.56	19.51	22.13	63.37	27.59	28.37	17.08
Nifty Microcap 250	11.58	21.57	23.62	76.10	35.78	36.99	24.36
Sectoral Indices							
Nifty IT	11.72	4.58	3.06	24.93	9.66	20.23	16.08
Nifty Realty	8.38	22.69	41.13	113.22	48.09	31.65	15.98
Nifty Auto	7.81	17.88	35.69	67.93	34.86	27.50	15.22
Nifty Bank	6.95	11.78	9.08	18.01	15.54	11.59	13.80
Nifty Healthcare	6.64	4.30	18.47	41.68	13.47	22.76	11.37
Nifty FMCG	5.69	6.14	1.02	10.69	18.36	15.91	14.27
Nifty Infrastructure	5.51	9.72	25.47	60.76	29.61	23.75	12.09
Nifty Oil & Gas	5.15	6.85	29.12	63.46	23.56	21.61	16.48
Nifty Pharma	4.98	3.90	17.52	44.44	12.17	20.53	9.46
Nifty Energy	3.81	7.10	25.50	71.58	30.47	23.66	17.75
Nifty Metal	0.95	18.88	23.11	58.68	25.33	28.94	13.98
Nifty PSU Bank	-0.13	5.88	29.85	80.51	44.89	19.05	7.38

- Domestic equity markets initially witnessed volatility as the outcome of the general elections did not come in line with market expectations. However, markets rebounded sharply on hopes of political stability and policy continuity.
- Gains were extended after India's GDP growth came better than expectations and stood at 7.8% in the fourth quarter of FY24.

BROADER MARKET INDICES PERFORMANCE

Calendar Year wise



DOMESTIC

2015 (%)	2016 (%)	2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)	2023 (%)	CYTD (%)
Nifty Smallcap 250 11.3	Nifty Midcap 150 6.5	Nifty Smallcap 250 58.5	BSE Sensex 7.2	BSE Sensex 15.7	Nifty Smallcap 250 26.5	Nifty Smallcap 250 63.3	BSE Sensex 5.8	Nifty Smallcap 250 49.1	Nifty Midcap 150 22.3
Nifty Midcap 150 9.7	Nifty 500 5.1	Nifty Midcap 150 55.7	Nifty 50 4.6	Nifty 50 13.5	Nifty Midcap 150 25.6	Nifty Midcap 150 48.2	Nifty 50 5.7	Nifty Midcap 150 44.6	Nifty Smallcap 250 22.1
Nifty 500 0.2	Nifty 100 5.0	Nifty 500 37.7	Nifty 100 2.6	Nifty 100 11.8	Nifty 500 17.9	Nifty 500 31.6	Nifty 100 4.9	Nifty 500 26.9	Nifty 500 16.7
Nifty 100 -1.3	Nifty 50 4.4	Nifty 100 32.9	Nifty 500 -2.1	Nifty 500 9.0	BSE Sensex 17.2	Nifty 100 26.4	Nifty 500 4.2	Nifty 50 21.3	Nifty 100 14.8
Nifty 50 -3.0	BSE Sensex 3.5	Nifty 50 30.3	Nifty Midcap 150 -12.6	Nifty Midcap 150 0.6	Nifty 50 16.1	Nifty 50 25.6	Nifty Midcap 150 3.9	Nifty 100 21.2	Nifty 50 11.3
BSE Sensex -3.7	Nifty Smallcap 250 1.4	BSE Sensex 29.6	Nifty Smallcap 250 -26.1	Nifty Smallcap 250 -7.3	Nifty 100 16.1	BSE Sensex 23.2	Nifty Smallcap 250 -2.6	BSE Sensex 20.3	BSE Sensex 10.2

- On CYTD basis, Nifty Midcap 150 and Nifty Smallcap 250 continue to deliver better returns than Nifty 50.

RELATIVE TRAILING VALUATIONS (P/E)

Large Cap vs Mid Cap vs Small Cap

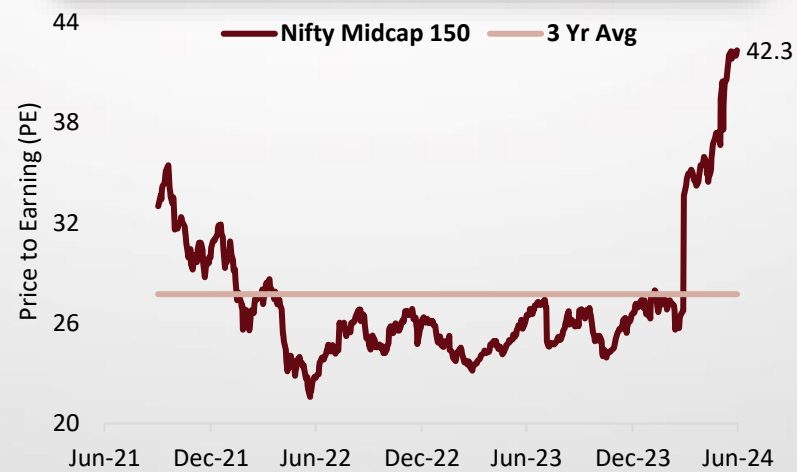


DOMESTIC

Nifty 50 trailing PE remained just above of 3 year average mark



Nifty Midcap 150 trailing PE surged way above 3 year average level



Nifty Smallcap 250 trailing PE continued to remain above 3 year average level



- Currently, Midcap valuations are expensive compared with Large cap and Small cap due to sudden surge in the last five months.
- Large cap valuations are hovering near their 3 year avg level since Jan this year while Midcap and Small cap are well above their avg level.

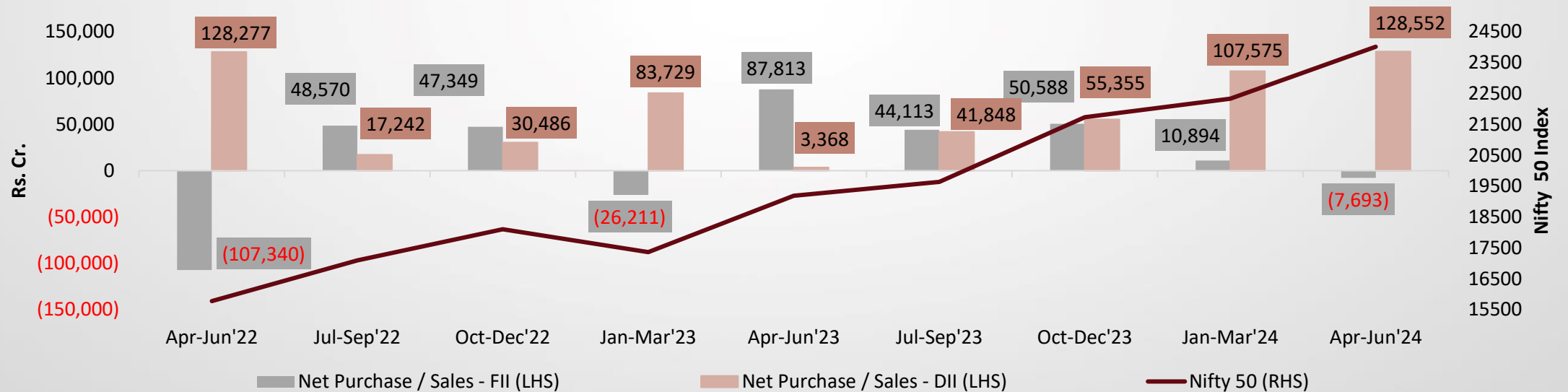
EQUITY FLOWS

Quarterly FII & DII Flows



DOMESTIC

Quarterly Net FII & DII Flow (Cash) in Rs. Cr. V/S Nifty 50



- FIIs were net buyers in Jun 2024 after remaining net sellers in the previous two months. Nonetheless, cumulative inflows stood at Rs. 2,70,228 Cr since Jul 2022 till date. Since Apr 2021 till date, cumulative FII outflows stood at Rs. 22,878 Cr.
- Mutual funds have been net buyers in equity segment in the last 38 months till Jun 2024, except Apr 2023 and Aug 2022. Cumulative inflows stand at Rs. 6,49,135 Cr from Mar 2021 till date.

GLOBAL EQUITY MARKET DASHBOARD

June 2024



GLOBAL

Emerging Markets	Index	Absolute (%)					CAGR(%)		
		1 Month	3 Months	YTD	6 Months	1 Year	2 Years	3 Years	5 Years
Taiwan	Taiwan TAIEX	8.77	13.49	28.45	28.45	36.28	24.68	9.07	16.48
India	Nifty 50	6.57	7.54	10.49	10.49	25.20	23.39	15.18	15.27
South Korea	Kospi	6.12	1.86	5.37	5.37	9.13	9.53	-5.33	5.59
Brazil	Brazil Ibovespa	1.48	-3.28	-7.66	-7.66	4.94	12.15	-0.77	4.17
Russia	MOEX Russia	-0.04	-3.50	3.77	3.77	15.65	21.25	-5.83	3.08
China	Shanghai Composite	-3.87	-2.43	-0.25	-0.25	-7.35	-6.57	-6.17	-0.08
Developed Markets									
US	Russell 3000	6.36	7.60	19.46	19.46	31.32	28.28	9.40	17.47
Japan	Nikkei 225	2.85	-1.95	18.28	18.28	19.32	22.50	11.20	13.20
UK	FTSE 100	-1.34	2.66	5.57	5.57	8.42	6.72	5.08	1.91
Germany	DAX	-1.42	-1.39	8.86	8.86	12.97	19.46	5.50	8.01
Europe	Euro Stoxx 50 Pr	-1.80	-3.73	8.24	8.24	11.28	19.05	6.39	7.09
France	CAC 40	-6.42	-8.85	-0.85	-0.85	1.08	12.39	4.75	6.18

- U.S. equity markets mostly rose as semiconductor equipment manufacturers are posting standout gains after a rating agency upgraded its rating on the stocks to Equal-Weight from Underweight.
- European markets fell due to worries that, despite weak data on inflation for producer and consumer prices, the U.S. Federal Reserve might not lower interest rates more than once this year.

GLOBAL MARKET INDICES PERFORMANCE

Calendar Year wise



GLOBAL

	2015 (%)	2016 (%)	2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)	2023 (%)	CYTD (%)
Germany	9.6	U.K. 14.4	Hong Kong 36.0	India 3.2	U.S. 34.2	U.S. 36.9	U.S. 25.0	India 4.3	U.S. 40.0	U.S. 19.5
China	9.4	Germany 6.9	India 28.7	U.S. -3.3	Germany 25.5	Japan 16.0	India 24.1	U.K. 0.9	Japan 28.2	Japan 18.3
Japan	9.1	U.S. 5.7	U.S. 27.8	Japan -12.1	China 22.3	India 14.9	Germany 15.8	Japan -9.4	Germany 20.3	India 10.5
U.S.	3.5	India 3.0	Japan 19.1	U.K. -12.5	Japan 18.2	China 13.9	U.K. 14.3	Germany -12.4	India 20.0	Germany 8.9
India	-4.1	Japan 0.4	Germany 12.5	Hong Kong -13.6	U.K. 12.1	Germany 3.6	Japan 4.9	China -15.1	U.K. 3.8	U.K. 5.6
U.K.	-4.9	Hong Kong 0.4	U.K. 7.6	Germany -18.3	India 12.0	Hong Kong -3.4	China 4.8	Hong Kong -15.5	China -3.7	Hong Kong 3.9
Hong Kong	-7.2	China -12.3	China 6.6	China -24.6	Hong Kong 9.1	U.K. -14.3	Hong Kong -14.1	U.S. -29.6	Hong Kong -13.8	China -0.3

- Japanese market rose after official data showed that Japan's exports grew at the fastest pace since 2022 in May 2024.
- Chinese market fell slightly as the benchmark lending rates were left unchanged at a monthly fixing by the People's Bank of China and the central bank governor warned of weaker credit growth. The market sentiment hit further after the National Bureau of Statistics showed that China's industrial profits data disappointed in the first five months of 2024.

ASSET CLASS PERFORMANCE

Calendar Year wise



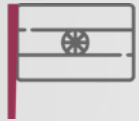
ASSET CLASS

2015 (%)	2016 (%)	2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)	2023 (%)	CYTD (%)
Real Estate 9.7	G-Sec 14.3	Indian Equity 37.7	G-Sec 8.0	Intl 34.2	Intl 36.9	Indian Equity 31.6	Gold 13.9	Intl 40.0	Intl 19.5
Bonds 8.9	Bonds 13.1	Intl 27.8	Gold 7.9	Gold 23.8	Gold 28.0	Intl 25.0	Cash 5.2	Indian Equity 26.9	Indian Equity 16.7
Cash 8.3	Gold 11.3	Real Estate 7.2	Cash 7.3	Bonds 12.2	Indian Equity 17.9	Bonds 4.2	Indian Equity 4.2	Gold 15.4	Gold 13.7
G-Sec 8.2	Real Estate 8.3	Cash 6.6	Bonds 6.0	G-Sec 11.3	Bonds 13.5	Cash 3.6	Real Estate 2.8	G-Sec 7.7	G-Sec 5.1
Intl 3.5	Cash 7.5	Bonds 5.5	Real Estate 5.1	Indian Equity 9.0	G-Sec 13.2	G-Sec 3.1	Bonds 2.7	Cash 7.3	Bonds 4.7
Indian Equity 0.2	Intl 5.7	Gold 5.1	Indian Equity -2.1	Cash 6.7	Cash 4.4	Real Estate 3.1	G-Sec 2.3	Bonds 7.2	Cash 3.8
Gold -6.6	Indian Equity 5.1	G-Sec 3.5	Intl -3.3	Real Estate 3.0	Real Estate 2.2	Gold -4.2	Intl -29.6	Real Estate 3.8	Real Estate 0.9

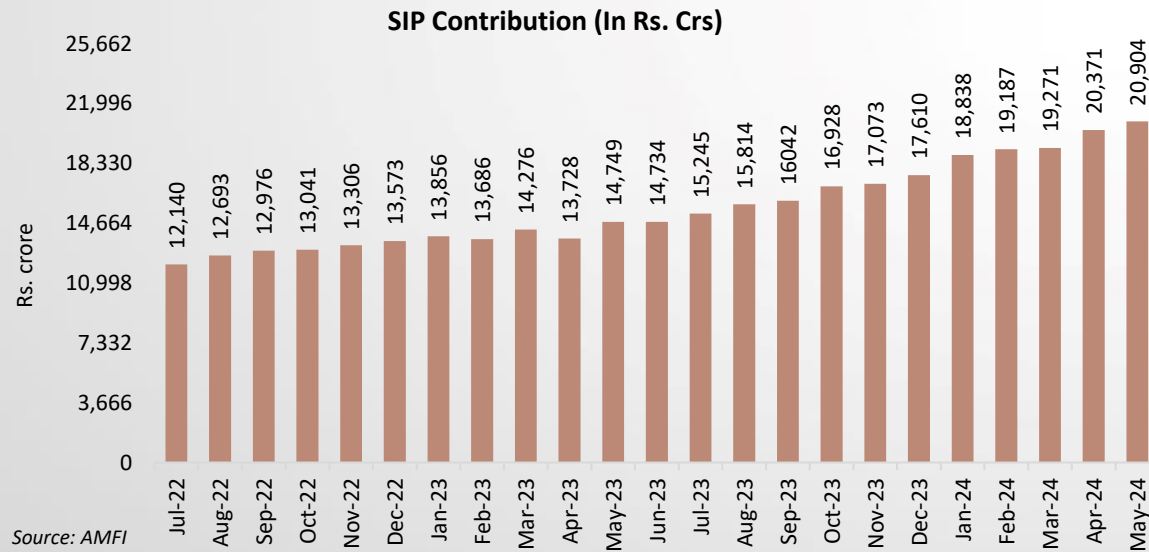
- On CYTD basis, International equity market continues to remain at the top followed by domestic equity market and gold.
- Till 2023, Indian equities has been among the top three gainers for the past four calendar years while Gold has been one of the top performers in five out of six years.

MUTUAL FUNDS

SIP Flows and SIP Returns Data



DOMESTIC



- According to AMFI, SIP contribution in May 2024 touched a new high and stood at Rs. 20,904 crore.
- SIP AUM increased to Rs. 11.53 lakh crore with 875.89 lakh outstanding SIP accounts.

Equity Broad MF category	Category average SIP returns (%)		
	3-year	5-year	10-year
Large cap	22.5	21.2	15.3
Large & Mid cap	28.4	26.6	18.3
Flexi cap	25.7	23.9	17.2
Multi cap	30.0	29.1	19.6
Mid cap	33.4	31.6	20.7
Small cap	33.4	35.5	22.5
Focused	24.5	22.9	16.5
Value	30.5	28.8	19.2

- Small cap category has outperformed across periods followed by Midcaps.
- Large cap category has been the bottom performer across periods.

CATEGORY PERFORMANCE

Equity Mutual Funds



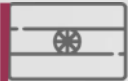
CATEGORY PERFORMANCE

Category	Absolute Returns (%)			CAGR (%)			
	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Large Cap	6.74	9.71	15.67	34.10	17.23	16.61	13.47
Large & Mid Cap	7.92	14.31	20.60	44.23	21.73	21.06	16.37
Flexi Cap	7.47	12.69	18.20	39.78	19.31	19.07	15.22
Multi Cap	8.15	14.83	20.34	46.95	23.28	22.75	16.96
Mid Cap	9.03	18.68	24.38	53.47	25.17	25.69	18.75
Small Cap	9.80	18.43	20.09	49.94	26.57	29.35	20.18
Focused	7.64	11.84	17.63	37.93	18.90	18.34	14.97
Value	7.23	13.04	19.84	48.23	23.36	21.67	16.65
Index:							
Nifty 100	6.51	9.61	14.82	32.49	17.48	17.36	14.07
Nifty 500	7.05	11.79	16.73	38.79	20.01	19.76	15.11
Nifty Midcap 150	7.98	17.39	22.30	56.63	27.97	27.90	20.13
Nifty Smallcap 250	9.56	19.51	22.13	63.59	27.59	28.37	17.08

- In the last one-month, Small Cap category delivered the highest returns followed by Mid Cap & Multi Cap categories.
- It is to be worth noted that all the equity categories witnessed positive returns in all the mentioned periods.

EQUITY MARKET ROUNDUP

Key Takeaways & Outlook



DOMESTIC

Domestic & Global factors that played out for the Indian markets:

- Domestic equity markets initially witnessed volatility as the outcome of the general elections did not come in line with market expectations. However, **markets rebounded sharply on hopes of political stability and policy continuity.**
- Gains were extended after India's GDP growth came better than expectations and stood at 7.8% in the fourth quarter of FY24. Market sentiments were further **boosted after the RBI upgraded the GDP growth rate of domestic economy to 7.2% from 7.0% for FY25 even though it kept the key policy repo rate unchanged.**
- Domestic equities went up further following domestic and U.S. retail inflation data, as both eased on an annual basis in May 2024.

Outlook:

- Domestic equity markets will be dictated by upcoming new Budget that will be presented by the newly elected government at the Centre. Market participants are optimistic that the new budget will be futuristic and facilitate fast-tracked reforms. Incoming domestic macroeconomic data especially retail inflation data will also be in sharp focus.
- On the global front, monetary policy action by key central banks across the globe and global crude oil prices will be closely tracked.
- July also marks the start of the quarterly earnings season. The last few quarters have seen earnings upgrades, and one needs to be watchful to see if these upgrades can continue.
- While **India's structural story remains intact, geopolitical tensions pose some risks to the growth prospects of the domestic economy. Macros remain strong with an easing inflation cycle, progress of monsoons and robust economic growth.**
- However, **looking at the volatility, investors may look at Large cap oriented funds along with Multi Asset, Balanced Advantage and Balanced Hybrid categories as these categories shall assist to manage the near term risks.**

DOMESTIC & GLOBAL

Debt Market Update

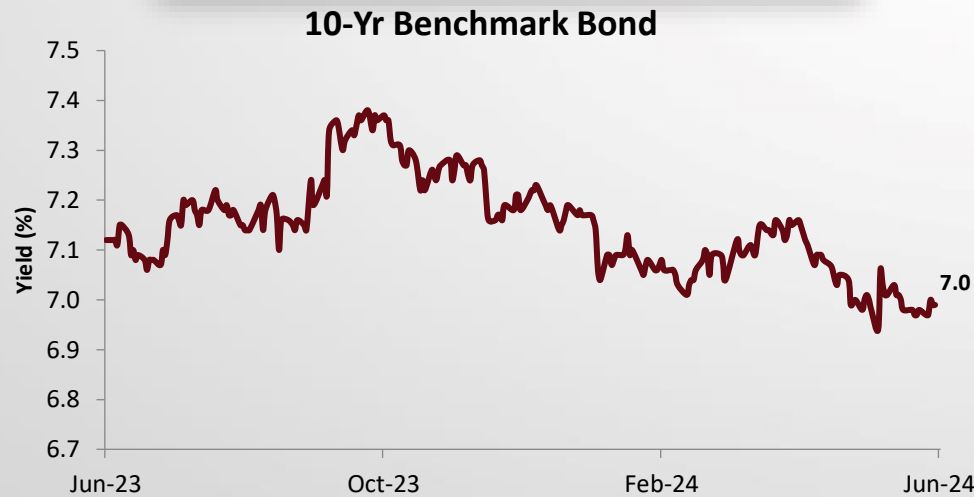
DEBT MARKET

Indian Government Bond and Policy Rate Trend



INDIAN DEBT

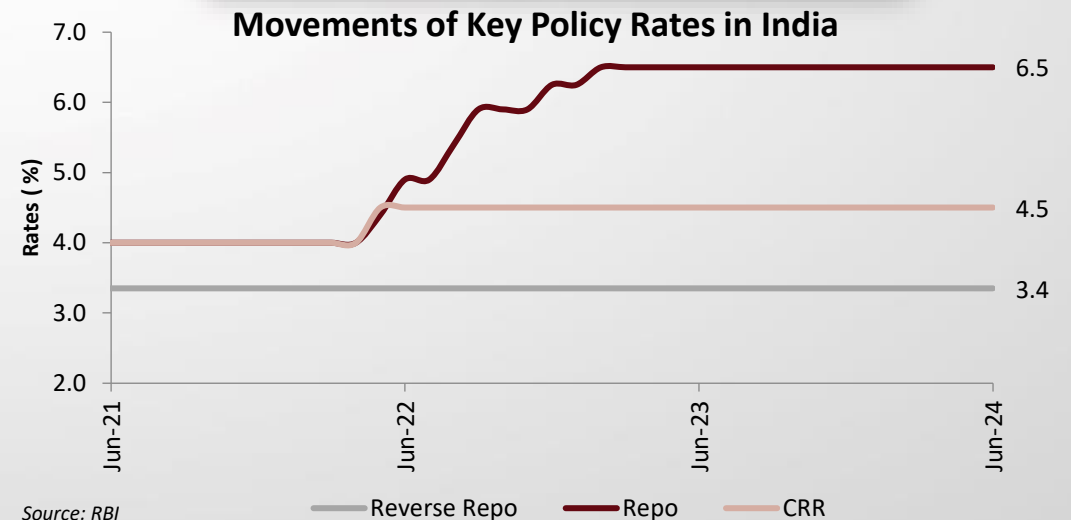
10-year benchmark G-sec yield rose 3 bps MoM in Jun 2024



Source: Refinitiv

Bond yields rose after vote-counting trends showed that the existing party alliance at the Centre would win a narrower majority than was expected.

RBI maintained key policy repo rate at 6.50% for the eighth consecutive time



Source: RBI

The Monetary Policy Committee in its second bi-monthly monetary policy review of FY25 kept key policy repo rate unchanged at 6.50% with immediate effect for the eighth consecutive time.

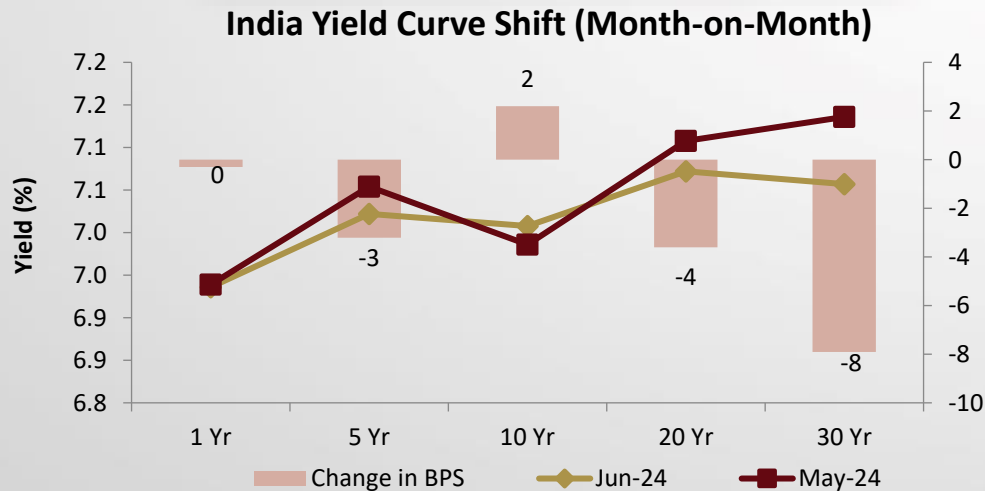
DEBT MARKET

Government Bond & Corporate Bond Yield Trend



INDIAN DEBT

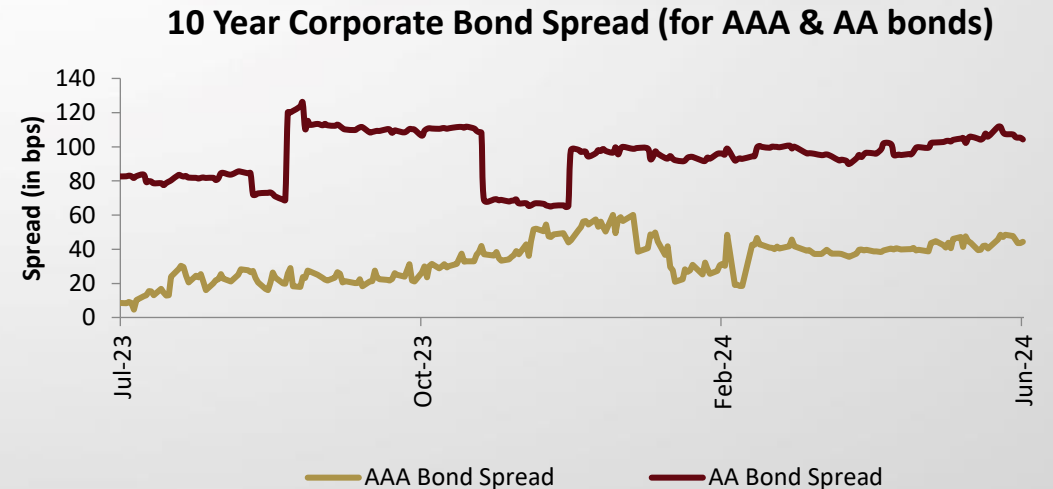
G-sec yields mostly fell during the month



Source: Refinitiv

Yield on gilt securities fell between 3 to 8 bps across the maturities, barring 7- & 10-year papers that rose by 3 & 2 bps, respectively, while 1-, 11- & 15-year papers were unchanged.

Corporate bond yields mostly declined during the month



Source: Refinitiv; Spread= 10 year Corporate bond yield minus 10- year Gsec yield

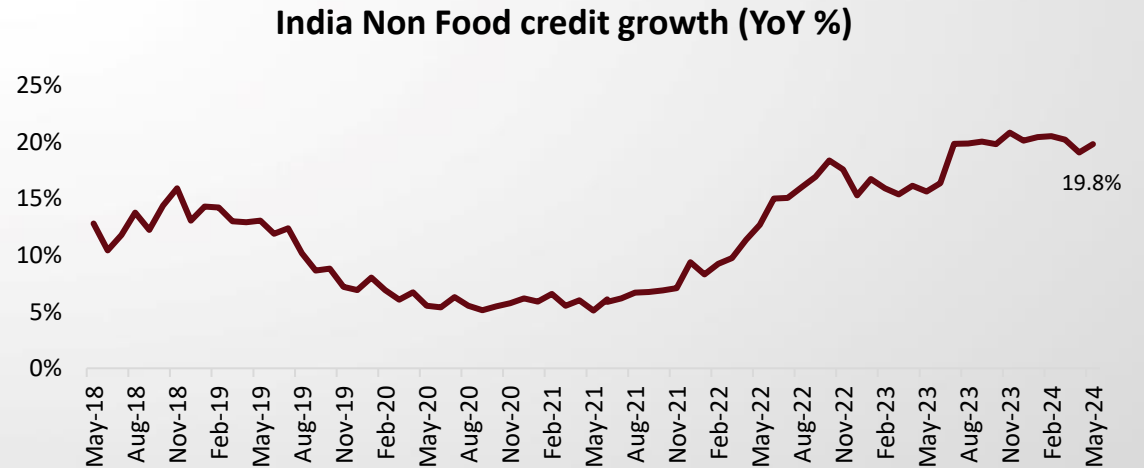
Yield on corporate bonds decreased between 2 to 17 bps across the curve, barring 8- & 9-year papers that increased by 1 bps each, while 7- & 10-year papers were unchanged.

DEBT MARKET

System Liquidity



INDIAN DEBT



- Banking system's liquidity remained in the deficit mode mostly during the month on reduced government spending along with outflows of dues pertaining to goods and services tax.
- In order to maintain low borrowing costs and boost reserves without compromising its fight against inflation, the RBI used forex tools to infuse cash into the banking system.
- The swap transactions appear to have been skilfully timed to coincide with massive government bond redemptions that are taking place at the end of the month of Jun 2024, which is expected to relieve the system's tight liquidity conditions.

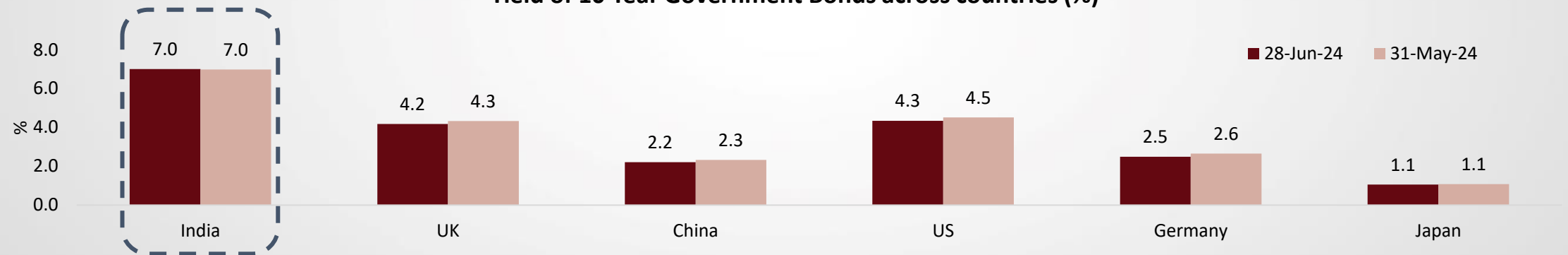
DEBT MARKET

Global



GLOBAL DEBT

Yield of 10 Year Government Bonds across countries (%)



Current Yield (%)	7.0	4.2	2.2	4.3	2.5	1.1
Inflation (%)	4.8	2.0	0.3	3.3	2.4	2.3
Real Yields (%):						
28-Jun-24	2.3	2.2	1.9	1.0	0.1	-1.2

- Globally, 10-year Sovereign yields mostly fell during the month. All above economies witnessed positive inflation adjusted returns/yields except Japan with India being the highest followed by U.K. and China.
- U.S. Treasury prices rose following data that indicating May 2024 saw a second consecutive month of slowing U.S. manufacturing activity, which raised hope of rate cuts by the U.S. Federal Reserve.

CATEGORY PERFORMANCE

Debt Mutual Funds



CATEGORY PERFORMANCE

Category	Absolute Returns (%)			CAGR (%)		
	1 month	3 months	6 months	1 year	3 years	5 years
Overnight Fund	0.55	1.64	3.29	6.71	5.36	4.69
Liquid Fund	0.58	1.80	3.65	7.18	5.67	5.09
Ultra Short Term Fund	0.54	1.73	3.53	6.84	5.45	5.39
Low Duration Fund	0.57	1.77	3.62	6.98	5.53	5.99
Money Market Fund	0.56	1.77	3.68	7.15	5.70	5.68
Arbitrage Fund	0.62	1.86	3.86	7.48	5.45	5.04
ICRA Liquid Index	0.60	1.87	3.82	7.58	6.08	5.48
Short Term Bond Fund	0.56	1.65	3.56	6.70	5.53	6.17
Medium Duration Fund	0.62	1.67	3.78	6.80	6.07	5.87
Banking and PSU Fund	0.55	1.65	3.71	6.82	5.28	6.49
Corporate Bond Fund	0.56	1.69	3.74	6.90	5.26	6.54
Credit Risk Fund	0.64	1.74	3.84	7.87	9.36	6.31
Nifty Short Duration Debt Index	0.55	1.79	3.68	7.18	5.62	6.68
Dynamic Bond Fund	0.75	1.71	4.44	7.28	5.48	6.17
Medium to Long Duration Fund	0.67	1.66	4.16	6.78	5.26	5.89
ICRA Composite Bond Fund Index	0.77	1.94	4.70	7.73	5.90	7.46
Gilt Fund	0.81	1.83	4.80	7.72	5.37	6.25
ICRA Composite Gilt Index	0.84	1.92	5.10	8.26	5.99	7.11

- Credit Risk Funds, Gilt Funds, and Arbitrage Funds are the top performing categories over the past year, generating between 7% to 8% returns.

DEBT MARKET

Sensitivity Analysis



INDIAN DEBT

Sensitivity Analysis				Interest Rate Scenario's					
				Increases			Decreases		
Category	Avg YTM (%)	Avg Maturity (Years)	Avg Mod duration (Years)	0.25%	0.50%	1.00%	0.25%	0.50%	1.00%
Overnight Fund	6.50	0.00 Years	0.01 Years	6.49%	6.49%	6.49%	6.50%	6.50%	6.51%
Liquid Funds	7.13	0.04 Years	0.11 Years	7.10%	7.07%	7.02%	7.16%	7.18%	7.24%
Ultra Short Term Fund	7.53	0.22 Years	0.43 Years	7.42%	7.31%	7.10%	7.63%	7.74%	7.96%
Money Market Fund	7.49	0.18 Years	0.58 Years	7.35%	7.20%	6.91%	7.64%	7.78%	8.07%
Low Duration Fund	7.74	0.74 Years	0.88 Years	7.52%	7.30%	6.86%	7.96%	8.18%	8.62%
Short Term Bond Fund	7.60	3.62 Years	2.69 Years	6.93%	6.26%	4.91%	8.27%	8.95%	10.29%
Corporate Bond Fund	7.63	4.68 Years	3.31 Years	6.80%	5.98%	4.32%	8.46%	9.29%	10.94%
Banking and PSU Fund	7.54	4.73 Years	3.13 Years	6.76%	5.98%	4.41%	8.32%	9.11%	10.67%
Credit Risk Funds	8.29	2.94 Years	2.11 Years	7.76%	7.23%	6.18%	8.82%	9.34%	10.40%
Medium Duration Fund	7.81	5.04 Years	3.59 Years	6.91%	6.01%	4.22%	8.71%	9.60%	11.40%
Dynamic Bond Fund	7.30	13.39 Years	6.66 Years	5.64%	3.97%	0.64%	8.97%	10.63%	13.96%
Medium to Long Duration Fund	7.35	11.00 Years	6.42 Years	5.75%	4.14%	0.93%	8.96%	10.56%	13.77%
Gilt Fund	7.20	16.15 Years	7.84 Years	5.24%	3.28%	-0.64%	9.16%	11.12%	15.04%

- Credit Risk funds, Medium Duration funds and Low Duration funds offer higher YTM's.

DEBT MARKET ROUNDUP

Key Takeaways & Outlook



INDIAN DEBT

Domestic & Global factors that played out for the Indian markets:

- Bond yields fell at the beginning of the month after exit polls signaled that the incumbent party alliance at the Centre would secure a third term with a wider majority. However, the trend reversed, as yields rose sharply after vote-counting trends showed that the existing party alliance at the Centre would win a narrower majority than was expected.
- Meanwhile, losses were restricted following the fall in U.S. Treasury yields after a softer-than-expected U.S. inflation print in May 2024 boosted expectations of rate cuts, despite the U.S. Federal Reserve projecting only one cut this year. Ultimately, yields rose after most of the domestic government bonds under the Fully Accessible Route were included in the JPMorgan emerging market debt index on Jun 28, 2024.

Outlook:

- The fundamentals remain supportive for domestic bond markets and the bigger trigger for bond yields is expected to come from improving government bond supply demand dynamics post the inclusion of government bonds into JPMorgan emerging market debt index.
- Upcoming full union budget will be closely monitored by the market participants as government's expenditure on infrastructure along with new fiscal deficit target will have a significant impact on bond yields.
- **For Core portfolio (60-70% of the entire debt portfolio), investors may consider Short Duration funds, Banking & PSU, Corporate Bond and Target Maturity funds (matching with the average maturity of the funds and investment horizon).** Along with MFs, good quality Corporate FDs and Bonds can be looked at allocation in the debt portfolio.
- **For Satellite portfolio (30-40% of the entire debt portfolio), investors may consider mutual fund categories such Medium to Long duration, Gilt and Dynamic Bond Funds as they can generate capital gains when interest rates cuts by central banks happen in future.**

ECONOMIC CALENDAR

Upcoming Key Events for the Month



DOMESTIC

Events for July 2024	
Event	Date
Forex Reserves	05-Jul-24
CPI Inflation (Jun 2024)	12-Jul-24
Index of Industrial Production (May 2024)	12-Jul-24
Credit Growth	12-Jul-24
Deposit Growth	12-Jul-24
WPI Inflation (Jun 2024)	15-Jul-24
Infrastructure Output	31-Jul-24
Fiscal deficit (as a % of budget estimates)	31-Jul-24



GLOBAL

Events for July 2024	
Event	Date
China CPI YoY Jun 2024	10-Jul-24
U.K. GDP Estimate YoY May 2024	11-Jul-24
U.K. Manufacturing Output MoM May 2024	11-Jul-24
U.S. CPI YoY, NSA Jun 2024	11-Jul-24
U.K. CPI YoY Jun 2024	17-Jul-24
Euro Zone ECB Refinancing Rate Jul 2024	18-Jul-24
Japan CPI, Overall Nationwide Jun 2024	18-Jul-24
China Loan Prime Rate 5Y Jul 2024	22-Jul-24

MUTUAL FUND DASHBOARD

Category Performance

MUTUAL FUND DASHBOARD

Category Performance



CATEGORY PERFORMANCE

Equity Category:	1 Yr	3 Yr	5 Yr	10 Yr
Large Cap	34.10	17.23	16.61	13.47
Large & Mid Cap	44.23	21.73	21.06	16.37
Multi Cap	46.95	23.28	22.75	16.96
Flexi Cap	39.78	19.31	19.07	15.22
Mid Cap	53.47	25.17	25.69	18.75
Small Cap	49.94	26.57	29.35	20.18
Focused	37.93	18.90	18.34	14.97
Value	48.23	23.36	21.67	16.65
Hybrid Category:				
Conservative Hybrid	12.96	8.93	8.74	8.22
Balanced Hybrid	--	--	--	--
Balanced Advantage	24.71	12.85	12.77	10.70
Multi Asset Allocation	26.93	16.19	17.86	12.54
Aggressive Hybrid	31.01	16.10	16.15	12.87

Debt Category	3 Mths	6 Mths	1 Yr	3 Yr
Money Market:				
Overnight	1.64	3.29	6.71	5.36
Liquid	1.80	3.65	7.18	5.67
Ultra Short Duration	1.73	3.53	6.84	5.45
Low Duration	1.77	3.62	6.98	5.53
Money Market	1.77	3.68	7.15	5.70
Accrual:				
Short Duration	1.65	3.56	6.70	5.53
Medium Duration	1.67	3.78	6.80	6.07
Banking & PSU Debt	1.65	3.71	6.82	5.28
Corporate Bond	1.69	3.74	6.90	5.26
Floating Rate	1.93	3.97	7.65	5.78
Credit Risk	1.74	3.84	7.87	9.36
Duration:				
Medium to Long Duration	1.66	4.16	6.78	5.26
Long Duration	2.19	6.55	9.25	5.76
Dynamic Bond	1.71	4.44	7.28	5.48
Gilt	1.83	4.80	7.72	5.37
Gilt Fund with 10 year constant duration	1.76	4.37	7.19	4.75

Note: <1 year return are absolute and ≥ 1 year returns are CAGR
MF Category average performance as on 28th Jun 2024. Source: MFI 360 Explorer
(<http://www.icraanalytics.com/legal/standard-disclaimer.html>)

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