

Macro-Economic Update and Key Events

Event Update

Manufacturing PMI rose to 57.5 in Oct 2024

The Manufacturing Purchasing Managers' Index stood at 57.5 in Oct 2024 compared to 56.5 in Sep 2024. Enhanced demand has led to an increase in job creation and a favorable business environment. There has been a significant rise in new orders, both from domestic and international markets.

Services PMI increased to 58.5 in Oct 2024

India's Services Purchasing Managers' Index (PMI) increased to 58.5 in Oct 2024 as compared to 57.7 in Sep 2024, driven by strong demand and job creation. Composite PMI rose to 59.1 from 58.3 in the same period.

GST collections stood at Rs. 1.87 lakh crore in Oct 2024

Gross Goods and Services Tax (GST) collections rose 8.9% YoY to Rs. 1.87 lakh crore in Oct 2024, the second highest level of monthly collections seen since the Jul 2017 rollout of the indirect tax regime, primarily driven by a rise in domestic revenue than imports.

Industrial production contracted 0.1% YoY in Aug 2024

Index of Industrial production (IIP) contracted 0.1% YoY in Aug 2024, as compared to a 4.7% rise in Jul 2024. Production in mining and electricity decreased by 4.3% and 3.7%, respectively, while manufacturing witnessed a growth of 1% in Aug 2024.

CPI-based inflation surged to 5.49% YoY in Sep 2024

The consumer price index-based inflation surged to 5.49% YoY in Sep 2024 compared to 3.65% in Aug 2024. It was the highest inflation rate since the start of the year, overshooting the RBI's target of 4% after dropping below the threshold in the first two months of Q2FY25. The increase in inflation is attributed to the ongoing rise in vegetable prices.

WPI-based inflation increased by 1.84% YoY in Sep 2024

India's wholesale price index (WPI) based inflation increased by 1.84% YoY in Sep 2024 as compared to 1.31% in Aug 2024. The positive rate of inflation in Sep 2024 was primarily due to increase in prices of food articles, food products, other manufacturing, manufacture of motor vehicles, trailers & semi-trailers, manufacture of machinery & equipment, etc.

Merchandise trade deficit narrowed MoM in Sep 2024

India's merchandise trade deficit narrowed sequentially to \$20.78 billion in Sep 2024 compared to \$29.65 billion in Aug 2024, however, the deficit widened on an annual basis compared to \$20.08 billion in Sep 2023. Exports rose marginally by 0.49% YoY to \$34.58 billion in Sep 2024, and imports increased by 1.60% YoY to \$55.36 billion during the same period.

Fiscal deficit stood at 29.4% of BE till Sep of FY25

Government data showed that India's fiscal deficit for the period from Apr to Sep of FY25 stood at \$5.65 billion or 29.4% of the Budget Estimates (BE) of the current fiscal. India's fiscal deficit was at 39.3% of the BE in the corresponding period of the previous fiscal year. Total expenditure stood at \$25.09 billion or 43.8% of the BE as compared to 47.1% of the BE in the corresponding period of the previous fiscal year.

Key Indicator	Frequency	Period	Current	Previous
CPI	Monthly	Sep-24	5.49%	3.65%
WPI	Monthly	Sep-24	1.84%	1.31%
IIP	Monthly	Aug-24	-0.10%	4.70%
GDP	Quarterly	Jun-24	6.70%	7.80%
Credit Growth	Fortnightly	Oct-24	11.50%	12.80%
Deposit Growth	Fortnightly	Oct-24	11.70%	11.80%
Export Growth (YoY)	Monthly	Sep-24	0.49%	-9.33%
Import Growth (YoY)	Monthly	Sep-24	1.60%	3.31%
Trade Balance (Billion)	Monthly	Sep-24	-\$20.78	-\$29.65

Source: RBI, MOSPI CPI- Consumer Price Index, WPI- Wholesale Price Index IIP- Index of Industrial Production, GDP- Gross Domestic Product, Trade deficit- in Billion, All above indicators are in percentage change on Y-o-Y (Year-on-Year) basis, except Trade Deficit. For Credit and Deposit growth, previous means last fortnight of the previous month. Latest available data as on 31-Oct-2024.

Institutional Flows (Equity)

Net Flow (USD billion)	Current Month	Previous Month	Year to Date
FII Flows	-11.18	6.89	0.79
DII Flows	12.75	3.68	53.65
MF Flows	10.79	3.85	44.38

Source: CDSL & SEBI; As on 31-Oct-2024

Institutional Flows (Debt)

Net Flow (USD billion)	Current Month	Previous Month	Year to Date
FII Flows	-0.52	0.16	12.68
MF Flows	-2.89	-4.40	-33.35

Source: CDSL & SEBI; As on 31-Oct-2024

Exchange Rate Movement

Exchange Rate	Oct-24	1 Month Ago	3 Months Ago	6 Months Ago	Year Ago
₹/ Euro	91.25	93.53	90.62	89.34	88.32
₹/ Pound	108.95	112.16	107.55	104.64	101.16
₹/ 100 Yen	55.03	59.11	54.78	53.25	55.42
₹/ Dollar	84.09	83.79	83.74	83.52	83.27

Source: Refinitiv

Performance of Various Commodities

Commodities	Oct-24	Returns			
		1 Week	1 Month	6 Month	1 Year
Crude Brent (\$/Barrel)	73.89	-1.89%	1.23%	-17.32%	-20.02%
Gold (\$/Oz)	2,743.80	0.30%	4.15%	20.05%	38.39%
Gold (. /10 gm)	79,181.00	1.52%	5.50%	10.32%	29.63%
Silver (\$/Oz)	32.65	-3.13%	4.82%	24.24%	42.58%
Silver (. /Kg)	96,548.00	-1.26%	7.83%	20.56%	34.12%

Source: Refinitiv

Key Events Calendar

Event	Date	Current	Previous
Euro Zone ECB Refinancing Rate Oct 2024	17-Oct	3.40%	3.65%
Japan CPI, Overall Tokyo Oct 2024	24-Oct	1.80%	2.10%
Japan JP BOJ Rate Decision 31 Oct	31-Oct	0.25%	0.25%
China Caixin Mfg PMI Final Oct 2024	1-Nov	50.30	49.30
U.S. Fed Funds Target Rate	7-Nov	4.63%	4.88%

Source: Refinitiv

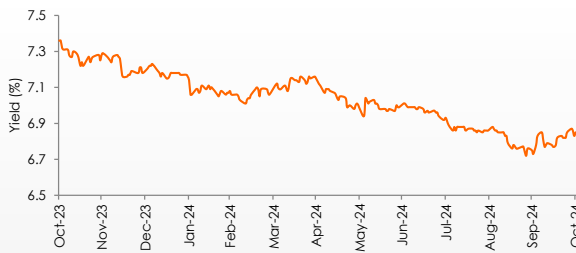
Indian Debt Market Update

Key Policy Rates (%)

	Oct-24	3 Months Ago	6 Months Ago	Year Ago	2 Years Ago
Repo	6.50	6.50	6.50	6.50	5.90
Reverse Repo	3.35	3.35	3.35	3.35	3.35
Bank Rate	6.75	6.75	6.75	6.75	6.15
CRR	4.50	4.50	4.50	4.50	4.50
SLR	18.00	18.00	18.00	18.00	18.00
SDF	6.25	6.25	6.25	6.25	5.65

Source: RBI

10 Year Benchmark Bond



Source: Refinitiv

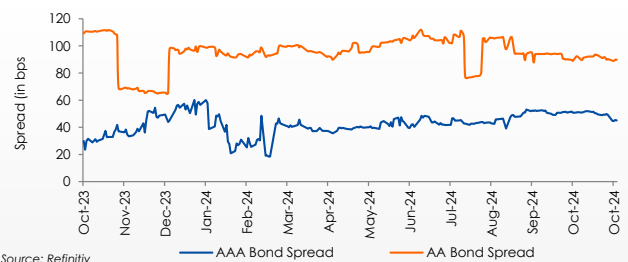
Bond yields rose tracking a rise in U.S. Treasury yields and global crude oil prices at the beginning of the month over an escalating conflict in the Middle East following Iran's missile strikes on Israel.

Money Market Rates (%)

	Oct-24	1 Month Ago	3 Months Ago	6 Months Ago	Year Ago
Call	6.54	6.68	6.49	6.67	6.78
TREP	6.27	6.64	6.41	6.63	6.76
FBIL 1 Month Term Mibor	7.10	7.11	7.09	7.06	7.10
91 Days T-Bills	6.51	6.40	6.65	6.98	6.89
3 Month CP	7.23	7.28	7.20	7.34	7.33
6 Month CP	7.46	7.47	7.48	7.56	7.56

Source: Refinitiv

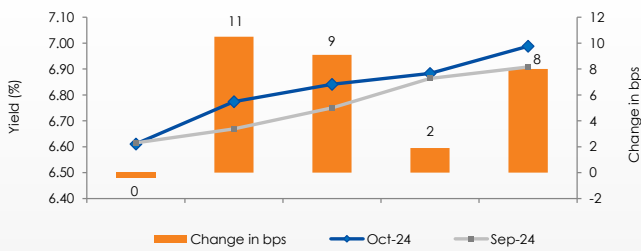
10 Year Corporate Bond Spread (for AAA & AA bonds)



Source: Refinitiv

Yield on corporate bonds increased in the range of 2 to 11 bps across the curve, barring 15 year paper that fell by 2 bps.

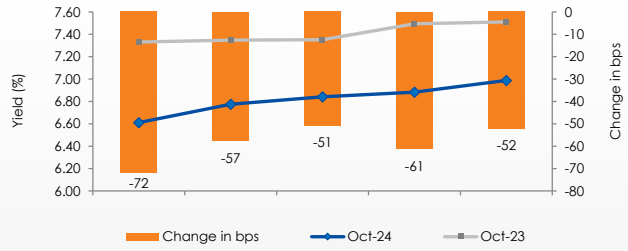
India Yield Curve Shift (Month-on-Month)



Source: Refinitiv

Yield on gilt securities rose between 2 to 11 bps across the maturities, barring 1 year paper that was unchanged. Difference in spread between corporate bond & gilt securities remained steady or contracted by 1 bps across the segments, barring 1 year paper that expanded by 8 bps and 10 & 15 year papers that contracted by 7 & 11 bps, respectively.

India Yield Curve Shift (Year-on-Year)



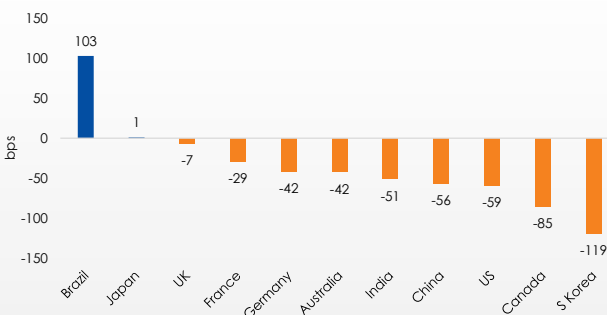
Source: Refinitiv

Year on year, yields on gilt fell between 53 to 75 bps across the maturities. Yield on corporate bonds fell in the range of 30 to 71 bps across the curve.

Global Debt Market Update

Brazil saw the highest rise in yields while S Korea fell the most

Change in 10 Year Sovereign Bond Yield: Oct-24 v/s Oct-23 (bps)



Source: Refinitiv

Yield of 10 Year Government Bonds (%)

	Sep-24	Oct-24	Range:Oct-2024	Real Yields: Oct-24
Brazil	12.4	12.9	12.89 - 12.16	8.4
UK	4.0	4.4	4.45 - 3.94	2.7
France	2.9	3.1	3.14 - 2.82	2.0
US	3.8	4.3	4.28 - 3.74	1.9
S Korea	3.0	3.1	3.14 - 2.94	1.8
China	2.2	2.1	2.18 - 2.08	1.7
Australia	4.0	4.5	4.52 - 3.93	1.7
Canada	3.0	3.2	3.27 - 2.95	1.6
India	6.8	6.8	6.86 - 6.73	1.4
Germany	2.1	2.4	2.39 - 2.04	0.8
Japan	0.9	1.0	0.99 - 0.82	-0.8

Source: Refinitiv

Monthly Market Update

November 2024



Indian Equity Market Update



Domestic equity markets fell amid a broad-based sell-off across the sectors as fears of a full-fledged war between Iran and Israel dented investors' appetite for riskier assets on expectations of a significant retaliatory attack by Israel following Iran's missile strikes. Losses were extended as sentiment was dented following muted earnings reported by major domestic companies for the second quarter of FY25 so far.

Source: NSE; Returns are on the basis of TRI index

Rolling Returns – Monthly Performance

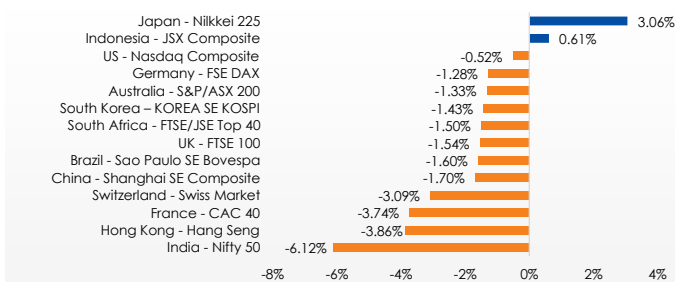
Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24
Nifty Realty 18.36%	Nifty Energy 14.25%	Nifty Energy 9.80%	Nifty Realty 6.36%	Nifty Auto 4.95%	Nifty Metal 11.13%	Nifty Metal 5.97%	Nifty IT 11.72%	Nifty IT 13.14%	Nifty Pharma 6.80%	Nifty Metal 8.54%	Nifty Pharma -2.34%
Nifty Pharma 10.62%	Nifty Metal 13.72%	Nifty Realty 9.34%	Nifty Energy 6.22%	Nifty Metal 4.23%	Nifty Realty 8.06%	Nifty Realty 4.75%	Nifty Realty 8.38%	Nifty Pharma 10.61%	Nifty IT 4.76%	Nifty Realty 4.34%	Nifty Financial Services -2.42%
Nifty Auto 10.28%	Nifty Infra 10.90%	Nifty Infra 7.62%	Nifty Auto 6.20%	Nifty Infra 3.10%	Nifty Media 5.46%	Nifty Auto 4.18%	Nifty Financial Services 7.91%	Nifty FMCG 9.45%	Nifty FMCG 1.67%	Nifty FMCG 3.93%	Nifty Bank -2.84%
Nifty Energy 9.77%	Nifty Realty 9.73%	Nifty Pharma 6.58%	Nifty Pharma 6.16%	Nifty Financial Services 2.88%	Nifty Auto 4.95%	Nifty Infra 1.08%	Nifty Auto 7.81%	Nifty Media 7.90%	Nifty Financial Services 1.18%	Nifty Financial Services 3.56%	Nifty IT -3.12%
Nifty Metal 8.78%	Nifty IT 9.00%	Nifty IT 3.46%	Nifty Infra 3.07%	Nifty Bank 2.18%	Nifty Bank 4.82%	Nifty Financial Services 0.00%	Nifty Bank 6.95%	Nifty Auto 6.13%	Nifty Bank -0.17%	Nifty Auto 3.26%	Nifty Media -5.57%
Nifty Infra 8.20%	Nifty Bank 8.57%	Nifty Auto 3.27%	Nifty IT 2.97%	Nifty Energy 0.47%	Nifty Financial Services 4.06%	Nifty FMCG -0.12%	Nifty Media 6.52%	Nifty Energy 5.53%	Nifty Energy -0.27%	Nifty Bank 3.17%	Nifty Infra -7.81%
Nifty IT 6.66%	Nifty FMCG 7.50%	Nifty Metal -0.06%	Nifty Bank 0.27%	Nifty Pharma -0.03%	Nifty Energy 3.45%	Nifty Energy -0.28%	Nifty FMCG 5.69%	Nifty Infra 4.07%	Nifty Infra -0.51%	Nifty Media 1.61%	Nifty Metal -8.55%
Nifty Media 4.54%	Nifty Financial Services 7.14%	Nifty FMCG -3.36%	Nifty Financial Services -0.41%	Nifty FMCG -0.09%	Nifty Infra 2.87%	Nifty Bank -0.29%	Nifty Infra 5.51%	Nifty Financial Services 0.00%	Nifty Metal -1.66%	Nifty Infra 1.58%	Nifty Realty -9.05%
Nifty Financial Services 4.48%	Nifty Auto 6.08%	Nifty Financial Services -4.61%	Nifty Metal -0.58%	Nifty Realty -1.08%	Nifty FMCG 0.55%	Nifty Pharma -0.90%	Nifty Pharma 4.98%	Nifty Realty -0.84%	Nifty Auto -1.67%	Nifty Energy 0.59%	Nifty FMCG -9.65%
Nifty Bank 3.82%	Nifty Media 3.99%	Nifty Bank -4.75%	Nifty FMCG -1.42%	Nifty IT -7.48%	Nifty Pharma -0.13%	Nifty Media -1.18%	Nifty Energy 3.81%	Nifty Bank -1.49%	Nifty Media -2.00%	Nifty Pharma 0.28%	Nifty Energy -10.63%
Nifty FMCG 3.75%	Nifty Pharma 3.65%	Nifty Media -9.93%	Nifty Media -4.58%	Nifty Media -12.40%	Nifty IT -4.86%	Nifty IT -1.61%	Nifty Metal 0.95%	Nifty Metal -2.25%	Nifty Realty -3.63%	Nifty IT -1.97%	Nifty Auto -12.99%

In October 2024, a broad-based sell-off across the sectors was witnessed. Auto sector declined following the sales data of Sep 2024, which pointed out that the start of the festive season for automobile companies remained weaker. Metal sector plunged after China fails to introduce new stimulus measures.

Source: NSE; Returns are on the basis of TRI index

Global Equity Market Update

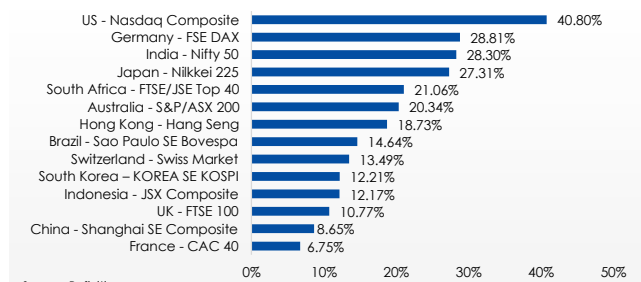
1 Month Performance



Source: Refinitiv

Global markets fell in October 2024 except Japan & Indonesia, with India followed by Hong Kong fell the most and U.S. followed by Germany fell the least.

1 Year Performance



Source: Refinitiv

In the last one year, the global markets rose with U.S. gaining the most while France rising the least.

News Summary

News Summary

November 2024

- SEBI has approved the implementation of the MF Life framework specifically designed for passively managed schemes. This framework simplifies the eligibility criteria for sponsors and lowers compliance obligations. Current AMCs are permitted to manage active and passive schemes independently. The newly established regulations are intended to attract new participants, improve market liquidity, and promote innovation within the mutual fund industry.
- SEBI stated that Registered Investment Advisors (RIAs) are permitted to handle only those securities market products that fall under its regulation. As a result, RIAs cannot provide additional services like estate planning, will preparation, and tax planning, which are important for a full financial plan. In its proposed regulations, the market regulator suggested that RIAs could work with unregulated products only if they create a separate company and keep it distinct from their main operations.
- IRDAI has introduced several changes to make health insurance customer friendly, effective from Oct 01, 2024. These changes include reduced in waiting period for pre-existing conditions, no maximum age limit for buying health insurance, wide coverage, no claim denials after 5 years, meaningful discounts, anytime refund policy, claims review committee and simplified claim settlement. Overall, these changes make health insurances more accessible and affordable.
- SEBI has placed mutual funds under the Prohibition of Insider Trading norms. According to the norms, fund houses will have to disclose the existing investments of their designated persons, AMCs, trustees and their immediate family members on a quarterly basis from Nov 01, 2024. However, the capital market regulator clarified that there will be no restrictions on the investment and redemption of mutual fund units. For employees of fund houses, SEBI said all employees should refrain from profiting from sale and purchase of securities within 30 calendar days from the date of their personal transaction.
- SEBI has suggested introducing new valuation metrics for repo transactions. According to the capital market regulator, mark-to-market valuation should be applied to securities used in repo transactions. The cost plus accrual method is currently used by fund houses to value repo transactions. Repo transactions on corporate debt securities, commercial papers (CPs), and certificates of deposit (CDs) are permitted in mutual funds.
- SEBI has proposed introducing a schedule for deployment of funds under NFO. Under the new proposal, fund houses will be given a maximum of 30 days to deploy the funds raised during the NFO period. However, in the event of a delay, fund houses can request an extension of 30 days from their investment committee, providing reasons. The Investment Committee has the right to reject such an application.

2. International

- The Federal Reserve announced on 7th Nov, 2024 its anticipated decision to reduce interest rates by an additional quarter point, after aggressively slashing interest rates by half a percentage point in Sep 2024. The U.S. Federal Reserve said it has decided to lower the target range for the federal funds rate by 25 basis points, setting it at 4.50% to 4.75%. The central bank announced that its choice to persist in reducing interest rates is influenced by the overall easing of labor market conditions, alongside the ongoing advancement of inflation towards its target of 2%.
- The Bank of England has lowered its benchmark interest rate for the second time this year on 7th Nov, 2024, attributing this decision to ongoing advancements in disinflation. The Monetary Policy Committee opted to decrease the rate by 25 basis points, bringing it down to 4.75%.
- The Bank of Japan maintained its key interest rate at the same level, as anticipated, on 31st Oct, 2024, while adopting a cautious stance due to concerns regarding political instability and the upcoming U.S. presidential election, which have raised apprehensions about the economic outlook. In a unanimous vote, the Policy Board decided to maintain the uncollateralized overnight call rate to remain at around 0.25%. This was the highest since late 2008.
- The European Central Bank reduced its main refinancing operations rate by 25 basis points from 3.65% to 3.40% on 17th Oct, 2024, in line with expectations. Policymakers determined that the disinflation process is progressing as anticipated; however, they are growing increasingly apprehensive about the state of the euro area economy in light of some disappointing data released since the Sep 2024 policy meeting.
- China reduced its benchmark lending rates by 25 basis points on 21st Oct, 2024 as economic growth slowed further amid persistent deflationary pressures. The People's Bank of China cut its one-year loan prime rate to 3.10% from 3.35%. Likewise, the five-year LPR, the benchmark for mortgage rates, was lowered to 3.60% from 3.85%.
- According to the Commerce Department, U.S. gross domestic product shot up by 2.8% in the third quarter of 2024 after surging by 3.0% in the second quarter of 2024. Economists had expected another 3.0% jump. The unexpected slowdown in the pace of GDP growth primarily reflected a downturn in private inventory investment and a larger decrease in residential fixed investment.

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