

Monthly Newsletter

October 2024

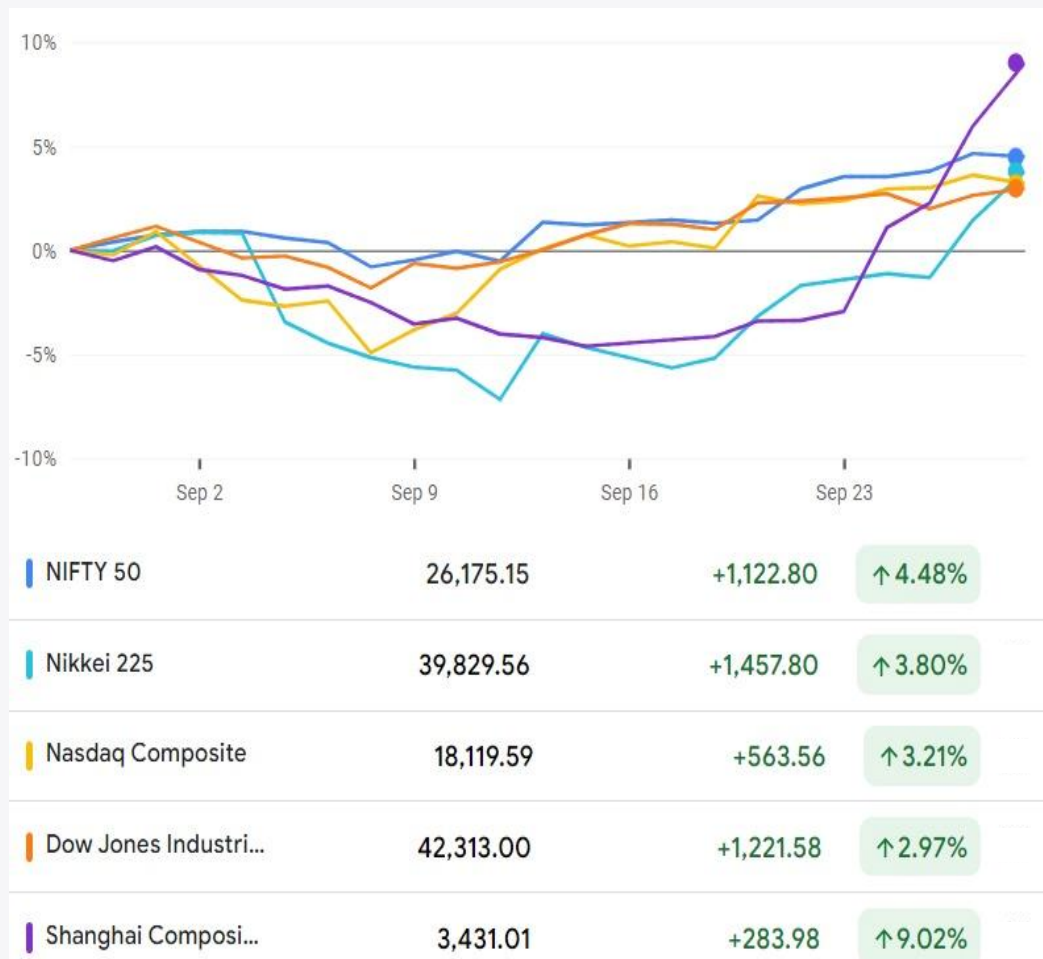


Market Overview:

Nifty 50 Index Heads for Best Yearly Performance in Three Years: The Nifty 50 index has achieved remarkable growth, surging 21% in the first nine months of 2024, positioning it for its best calendar year performance in three years. On Tuesday, the Nifty 50 achieved a historic milestone as it crossed the 26,000 mark for the first time, representing a staggering 10-fold increase from its 2,600 level on September 28, 2005. This upward trend is part of the longest bull market in over two decades, with the index consistently breaking records. In the September series, Nifty futures traded within the 24,816-25,500 range for 13 sessions before breaking out on September 20. The index then experienced a sharp rally, fluctuating within a 1,444-point range. The Nifty 50 has marked a new all-time high, closing above the significant psychological level of 26,200. Sector rotation has been instrumental in sustaining elevated levels.

Global Overview:

Source: Google Finance



Global markets are experiencing a significant upswing, with major indices reaching new heights. The US is leading the charge, with the S&P 500 reaching an all-time high, reflecting growing investor confidence and optimism in the economic recovery. Meanwhile, the Nasdaq Composite extended its winning streak to four days, driven by strong technology stock performance. This upward momentum was further bolstered by easing labour market concerns, as evidenced by a positive US jobless claims report, which showed a 4,000 drop to 218,000, a four-month low, surpassing economists' expectations of 225,000.

Moreover, China's economy continues to show resilience, despite lingering property sector weaknesses dampening household spending. Stimulatory monetary and fiscal policies, coupled with increased exports, have partially offset these effects, supporting continued growth in the region. Notably, the US economy's strong performance extends

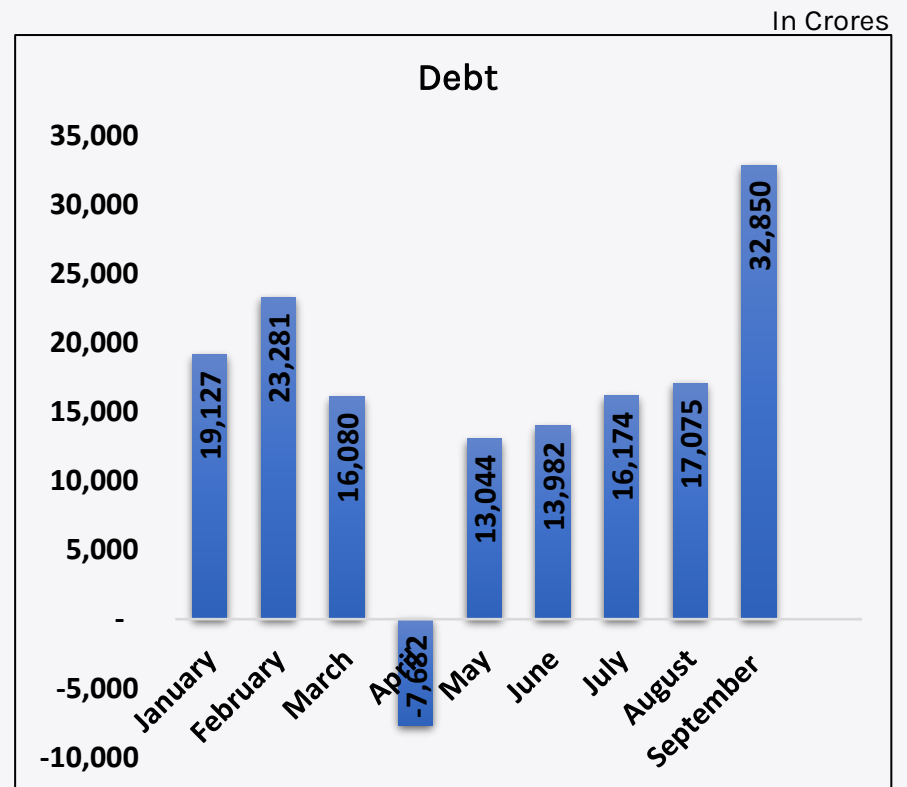
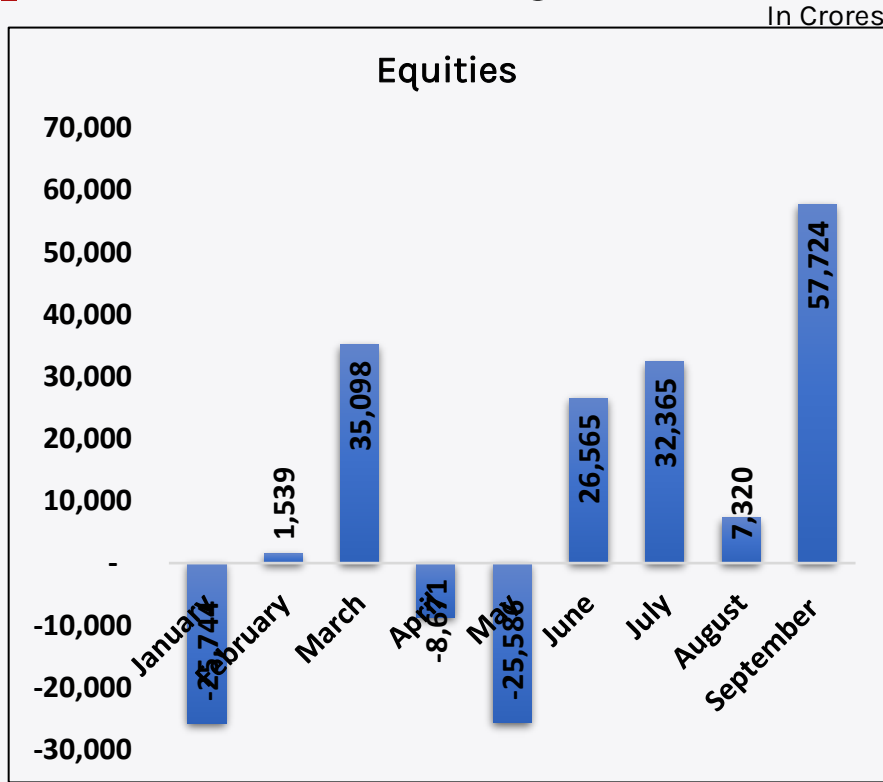
beyond the markets. Apart from these gains, the US economy demonstrated impressive growth in the second quarter, with GDP expanding at an annualized rate of 3%. Furthermore, growth for the first quarter was revised upward to 1.6% from 1.4%, alleviating concerns of a recession and reinforcing the positive trend in the economy.

Global Markets Rise as Commodity Prices Shift

Global markets continue to trend positively, with crude oil prices declining by 7.3%, bringing benchmark Brent crude below \$68.18 per barrel. This decrease is expected to alleviate inflationary pressures and boost consumer spending.

Gold hit a record high of \$2,685.58 on Thursday, following the U.S. Federal Reserve's decision to cut interest rates by 50 basis points on September 18. The rate cut and the possibility of further reductions helped drive the price of gold higher. Meanwhile, gold has surged 28.84% in 2024 globally, driven by central bank easing, geopolitical tensions, and ETF flows. Also a strong demand from central banks, exceeding the five-year average, amid heightened concerns over inflation and economic stability has surged the gold prices. Gold's appeal as a "safe haven" asset is expected to persist, particularly in times of economic turbulence, with investors allocating a significant portion of their portfolios to gold. Recent stimulus measures in China aimed at boosting consumer spending are also anticipated to increase retail investments in gold, further supporting its upward trajectory.

FII Market Trends and Insights:

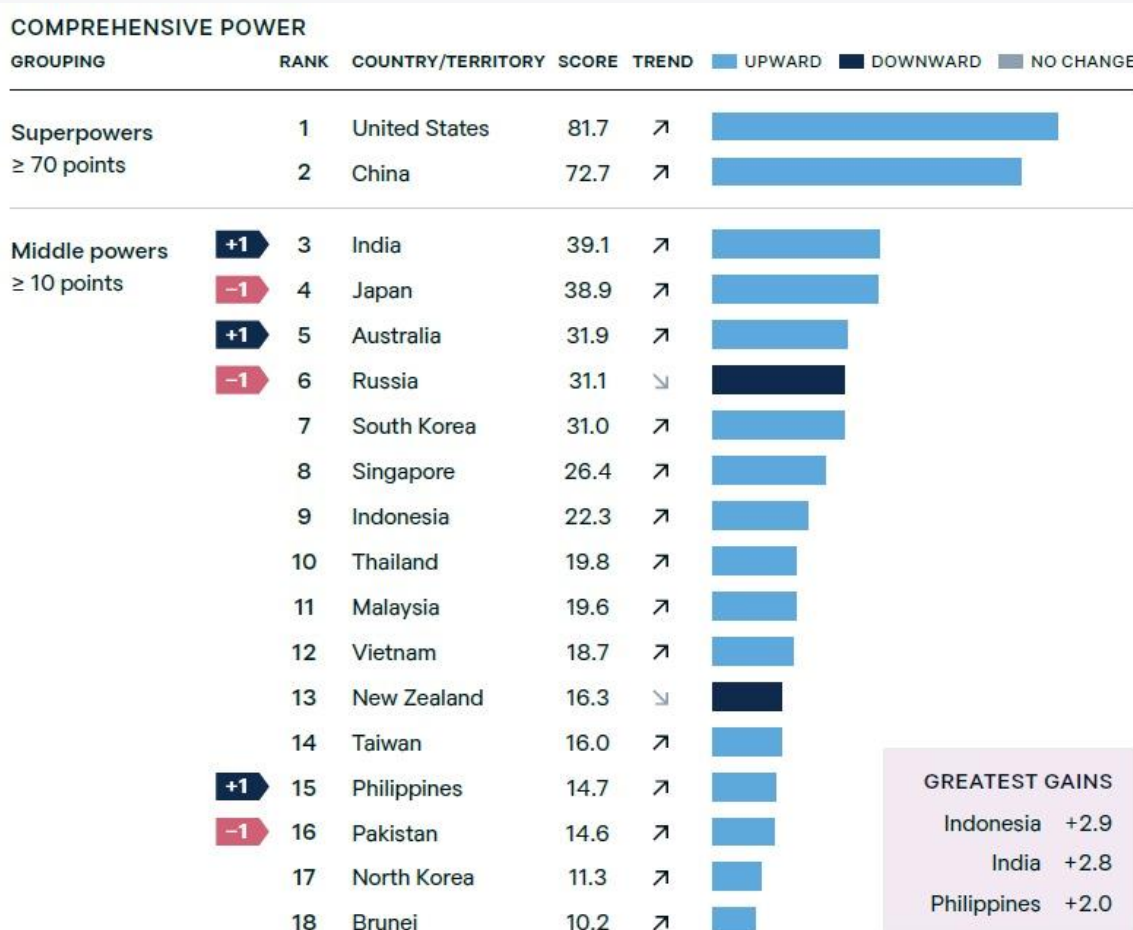


Source: NSDL *Data up to September 30, 2024

Foreign Portfolio Investors (FPIs) have ramped up their investments, injecting ₹57,359 crore into equities and ₹31,443 crore into debt. However, FPIs remain cautious, balancing India's strong growth prospects with global economic uncertainties and high market valuations.

For FPIs, the U.S. interest rate cuts have been a positive signal for Indian equities. India, as one of the world's best-performing large economies with robust GDP growth, continues to attract steady FPI inflows. This liquidity, along with improving market sentiment, is likely to push both Sensex and Nifty higher. Looking ahead to 2025 and beyond, many multi-bagger stocks could emerge, particularly from well-managed micro-cap and small-cap companies with strong management and sustainable, high double-digit growth potential.

India Surpasses Japan to Become Asia's Third Largest Power: A Major Geopolitical Shift



Source: Lowy Institute Asia Power Index 2024 Edition

India has surpassed Japan to become the third-largest power in the Asia Power Index, marking a significant geopolitical shift in the Asia-Pacific region. India's rise in the 2024 rankings is driven by strong economic growth, a youthful population, and increasing influence in global diplomacy and regional security. The Asia Power Index, developed by the Lowy Institute, evaluates countries on metrics like Economic Capability, Military Strength, and Diplomatic Influence. India's post-pandemic recovery, demographic advantage, and active role in multilateral groups like the Quad have solidified its position as a key regional player.

IPO Frenzy in India

47 Listings
September Sees
IPO Rush

India's IPO market is witnessing an unprecedented frenzy, with companies receiving bids significantly exceeding issue sizes. Notable examples include Bajaj Housing Finance's ₹6,560 crore issue attracting ₹3.2 trillion in bids and PN Gadgil Jewellers' ₹8 crore issue drawing ₹1,100 crore. This exceptional demand raises concerns about valuation sustainability, particularly in competitive sectors with limited profit potential.

₹12,549.61 Crore:
September IPO
Fundraising
Reaches

The underlying drivers of this demand warrant closer examination, revealing foreign investors as key players fuelling the IPO frenzy. This trend may trigger a surge in IPO supply, diverting funds from secondary markets, and potentially leading to liquidation of secondary market positions to invest in IPOs, absent fresh inflows. Consequently, listed stocks may face caution due to market shift. Ultimately, sustaining demand hinges on a soft landing in the US economy, maintaining global investor confidence.

Tax Burden Shifts from Corporations to Individuals: A Cause for Concern

Particular	FY 2023-24(as on 17.09.2023)			FY 2024-25(as on 17.09.2024)			Percentage Growth		
	Corporate tax	Personal Income tax	Total	Corporate tax	Personal Income tax	Total	Corporate tax	Personal Income tax	Total Growth
Advance Tax	2,80,711	74,945	3,55,660	3,31,730	1,04,336	4,36,067	18.17%	39.22%	22.61%

India's tax landscape has undergone a concerning shift, with individuals shouldering an increasingly disproportionate burden. Recent data reveals a significant imbalance in tax collections, with personal income tax growing 39.22% compared to 18.17% for corporate tax. This trend suggests that working professionals and salaried taxpayers are facing undue financial strain, potentially dampening economic growth by reducing disposable income and consumption.

To address this issue, the government should consider providing relief to taxpayers through reduced personal income taxes or increased exemptions and deductions. Furthermore, ensuring corporations contribute their fair share is crucial for maintaining fairness and fostering long-term economic growth. A balanced tax system, where the burden is equitably distributed between businesses and individuals, is essential for financial stability, economic expansion, and promoting consumer spending.

The government's attention to this imbalance is critical to creating a more sustainable and inclusive tax environment, ultimately benefiting the economy and its citizens.

Rate Movements:

Inflation rate: 3.65%

The RBI has indicated no rush to cut interest rates, while the U.S. Fed has already lowered rates by 50 basis points. Given India's global ties, it may not maintain an opposite stance for long. Inflation, after rising due to COVID-19 and the Russia-Ukraine conflict, is now easing with lower commodity prices, especially oil. There are no clear signs of inflation rising soon.

India's growth remains strong, and as global rates soften, the RBI may follow, likely cutting rates by 25 basis points in the next six months. The disappointing Q1 GDP was due to heatwaves and elections, but Q2 should improve, with India poised for over 7% growth in the long run.

Economic Calendar

October 9th: Monetary Policy Committee (MPC) Meeting Results

October 14th: Following reports will be published.

- India Wholesale Price Index (WPI) Inflation
- WPI Food Inflation (YoY) (September)
- WPI Fuel Inflation (YoY) (September)
- WPI Manufacturing Inflation Reports

Nifty 50 Market Performance

Top performing Sectors	Worst performing sectors	Top performing stocks		Worst performing stocks	
<ul style="list-style-type: none"> ➤ Top performing Sectors ○ Private Banks ○ Financial Services ○ Automobiles ○ Consumer durables ○ Metals ○ FMCG ○ Pharma 	<ul style="list-style-type: none"> ➤ Worst performing sectors ○ PSU Banks ○ Infrastructure 	Bajaj Auto	16.3%	BEL	-2.0%
		M&M	13.5%	DRREDDY	-4.0%
		SHRIRAMFIN	13.0%	TCS	-5.4%
		BAJAJFINSV	12.8%	ONGC	-10.1%
		NSETLEIND	9.8%	TATAMOTORS	-10.7%

Top performing sectors

Finance and NBFCs

India's finance sector is strengthening, with the banking industry showing resilience. Gross NPAs have dropped to a multi-year low of 2.8%, the capital adequacy ratio is 16.8%, and the provision coverage ratio is 76.4%. Slippages remain low at 1.6%. While deposit growth trails credit growth, the credit-to-deposit ratio is normalizing. Non-Banking Financial Companies (NBFCs) are transforming through digitization, financial inclusion, and growth in segments like housing, microfinance, and consumer finance. Utilizing digital tools, NBFCs are diversifying, with housing and infrastructure loans leading, and microfinance loans rising from 2% to 3% between FY19 and FY23. Improved asset quality and regulatory support position the sector for sustainable growth

Consumer Durable

The consumer durables industry, covering air conditioners, refrigerators, and washing machines, is booming, aided by government incentives like the PLI scheme for White Goods (ACs and LEDs), boosting domestic manufacturing. India's Outdoor LED Display Market is also growing rapidly, with a projected 11.81% CAGR from 2023 to 2028, driven by urbanization, increased advertising demand, and infrastructure projects like smart cities. Sectors such as retail, hospitality, and transportation benefit most. Outdoor LED displays, known for their durability, energy efficiency, and environmental benefits, are becoming essential for advertising and information. With rising demand and government support, India is on track to become a global manufacturing hub for consumer durables.

Worst performing sectors

PSU sector

Public Sector Undertakings (PSUs) have been key to India's economy in sectors like banking, energy, defense, and power, but their stocks have underperformed by -2.75% compared to broader market indices. This underperformance is due to structural inefficiencies, governance challenges, changing investor preferences, and global headwinds. The government's slow disinvestment process, as seen with the stalled BPCL sale, adds uncertainty for investors. Despite trading at a 40-50% discount, PSU stocks lack major growth catalysts. Investors now focus on individual company performance and earnings potential, with fewer sector-wide triggers.

Oil and gas sector

In September 2024, the Nifty Oil & Gas sector emerged as the worst-performing sector, with key players experiencing significant declines. ATGL dropped by 5.61%, PETRONET by 7.61%, and CASTROLIND by 7.74%. Larger losses were seen with ONGC, which fell 10.14%, and OIL, which plummeted by 20.82%. The overall sector return for the month, as reported in the app, stood at -3.5%. This reflects the broader challenges faced by the energy sector during this period.

Tech Corner: Elevate Your Investment Strategy with Advanced Tools

Risk Profiler: Discover your unique risk profile with our cutting-edge psychometric questionnaire. This innovative tool assesses key factors like risk tolerance and return expectations, providing personalized risk scores (out of 100). Make informed decisions and align your portfolio with your preferences.

Portfolio Analyzer: a cutting-edge tool that elevates your investment strategy by combining advanced statistics and fundamental insights. This powerful solution helps you optimize portfolio performance, master risk management, and enhance factor scores. With features like diversification analysis, personalized optimization, scenario planning, risk analytics, and factor scoring, you'll be able to identify areas for improvement, maximize returns, and minimize risk. By leveraging our Portfolio Analyzer, you'll be empowered to achieve your long-term financial goals. Unlock your investment potential and transform your portfolio today. To learn more, click here

Learn More: [Click here to download our [Risk Profiler](#) & [Portfolio Analyser](#)]

Market Myths Debunked:

The Myth of Risky Investing: How the Right Knowledge Bakes Success

Many people see investing as risky, but it's no different than baking a cake without a recipe. Sure, if you toss random ingredients together, things can go wrong. But follow the right steps, and you'll get a great result. The same goes for investing—without understanding strategies like diversification and planning, it can seem risky. But with the right knowledge, you can minimize that risk. The myth that the stock market is dangerous can be debunked once you know how to approach it. Success in investing is just like baking: it's all about having the right recipe!

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