



# Monthly Factbook

February 2024

## Key Domestic Market Highlights

In the last 2 months, the best way to describe the markets is in a narrow range with uncertainty

- India briefly replaced Hong Kong as the fourth largest stock market.
- Both NSE Nifty and BSE Sensex have been stuck in a narrow range, but mid and small caps (smaller companies) have been climbing fast (5.25% & 7.14% respectively). We think that this needs to slow down a bit and continue in moderation.
- While gold is holding steady, silver has dropped by 3.77%.
- Crude oil has risen by 5.61% due to the escalation of West Asian tension, which include US & UK targeting the Houthis in Yemen and other targets in Iraq, Syria etc..
- Foreign Portfolio Investments (FPI) have been selling stocks (equity) but have been buying bonds (debt).
- While a few banks raised their marginal cost of lending rate (MCLR) by 0.25%, the budget and the constant inflow of FPI into debt, could pull down interest rates across the board.

## Key Domestic Market Highlights

- The Wholesale Price Index (WPI) and Consumer Price Index (CPI) continue to be stable. WPI and CPI are inflation measures that track price changes over time. The main difference between the two is about what they measure. WPI measures the average change in price in the sale of goods in bulk quantity in wholesale markets and CPI measures the change in price in the sale of goods and services in retail or directly to a consumer.
- The recent fall (Nov '23) in the Index of Industrial Production (IIP) data needs close attention to determine if it reflects a sustainable trend or a temporary decline due to scheduled maintenance plant shutdowns or due to clearance of automobile stocks for calendar-year-end sales
- When compared to last year,
  - The mining and quarrying sector grew by 8.1% (from 4.6%).
  - The manufacturing grew to 6.5% (from 1.3%)
  - Financial real estate, professional services grew to 8.9% (from 7.1%)
  - Agriculture sector growth is down to 1.8% (4%), the kharif output is less by 4.6%, Rabi sowing season is down by 2.6%,
  - Reservoir levels are 81%

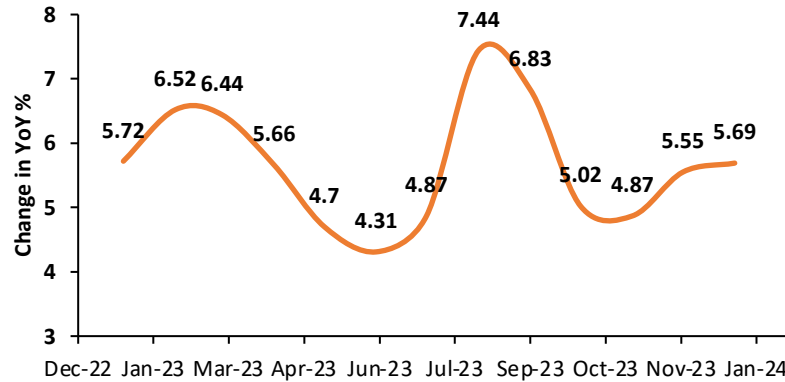
## Monthly Market Snapshot

	29-11-2023	31-01-2024	Difference	Change in %
BSE Sensex	72240.26	71752.11	▼ -488.15	-0.68
Nifty 50	21731.40	21725.7	▼ -5.7	-0.03
Nifty Bank	48292.25	45996.8	▼ -2295.45	-4.75
BSE Mid Cap	36839.22	38774.5	▲ 1935.28	5.25
BSE Small Cap	42673.76	45722.58	▲ 3048.82	7.14
Gold (Rs./10 gm)	64250.00	63820.00	▼ -430	-0.67
Silver (Rs./Kg)	79500.00	76500.00	▼ -3000	-3.77
USD/INR	83.20	83.10	▼ -0.10	-0.12
Brend Crude (\$/Barrel)	77.56	81.91	▲ 4.35	5.61
10 yr G-Sec	7.18	7.14	▼ -0.04	-0.56

# Indian Economic Indicators

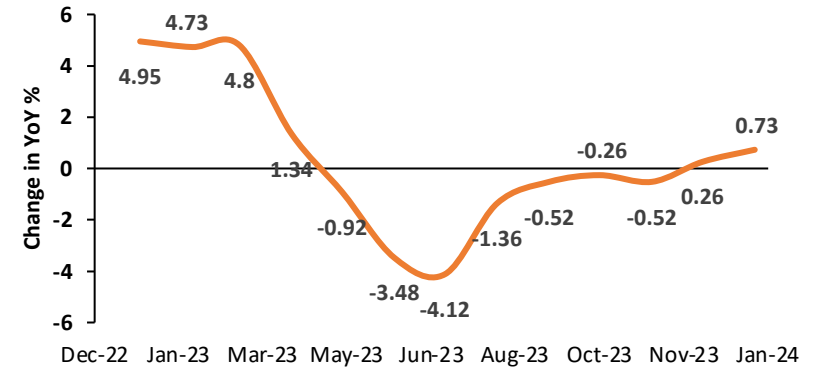


### Consumer Price Index



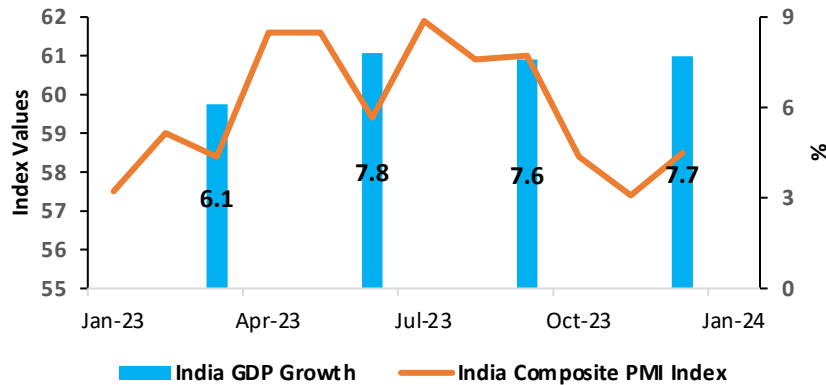
Retail inflation eased considerably to 5.69 % in Jan 2024 from the peak of 7.44%.

### Wholesale Price Index



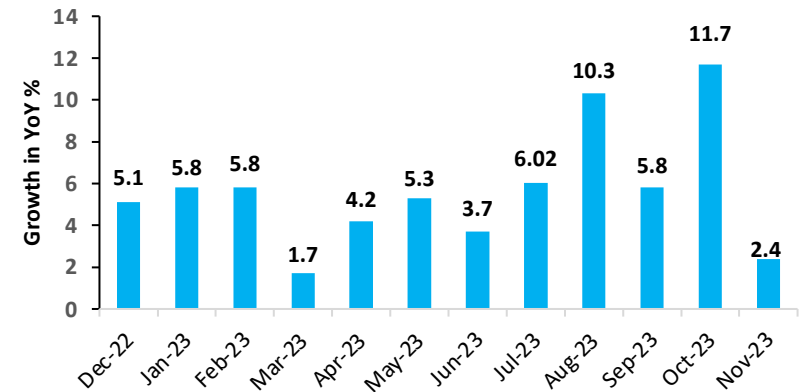
Wholesale inflation contracted 0.73% in Jan 2024 from 0.26% in Dec 2023 and -0.52% in Nov 2023.

### India Composite PMI & GDP Growth



Government data showed that Gross Domestic Product (GDP) of the Indian economy at Constant prices of 7.7% in the third quarter of FY23 as compared to a growth of 7.6% in the previous quarter.

### Index of Industrial Production (IIP)



IIP growth fell to 2.4% YoY in Nov 2023

# Domestic Equity Markets



### NIFTY 50

21,853.80 ↑ 23.02% +4,089.20 1Y

Feb 2, 3:31:50 PM UTC+5:30 · INDEXNSE · Disclaimer

1D 5D 1M 6M YTD 1Y 5Y MAX

[Key events](#)



### S&P BSE LargeCap

8,423.27 ↑ 24.77% +1,672.27 1Y

Feb 2, 3:31:14 PM UTC+5:30 · INDEXBOM · Disclaimer

1D 5D 1M 6M YTD 1Y 5Y MAX



### S&P BSE Midcap

38,928.11 ↑ 58.04% +14,296.37 1Y

Feb 2, 3:31:14 PM UTC+5:30 · INDEXBOM · Disclaimer

1D 5D 1M 6M YTD 1Y 5Y MAX



### S&P BSE SmallCap

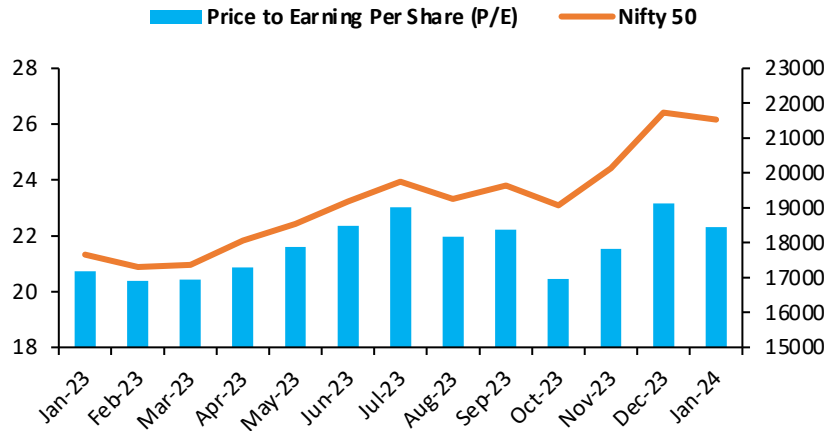
45,849.80 ↑ 63.75% +17,849.43 1Y

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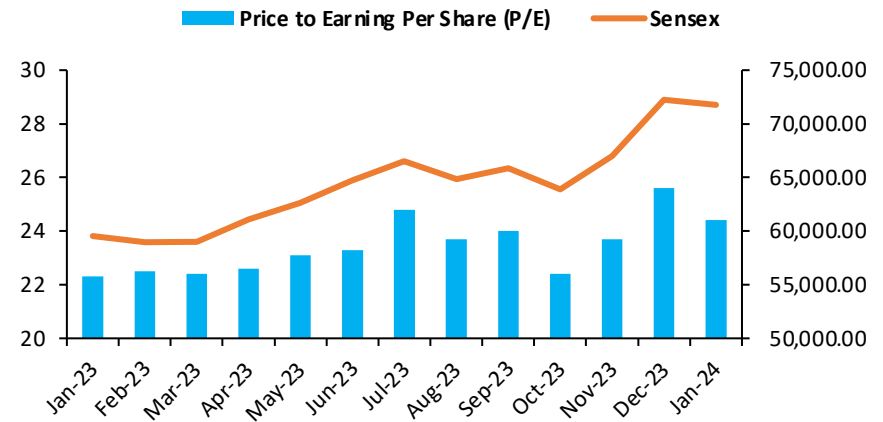
1D 5D 1M 6M YTD 1Y 5Y MAX



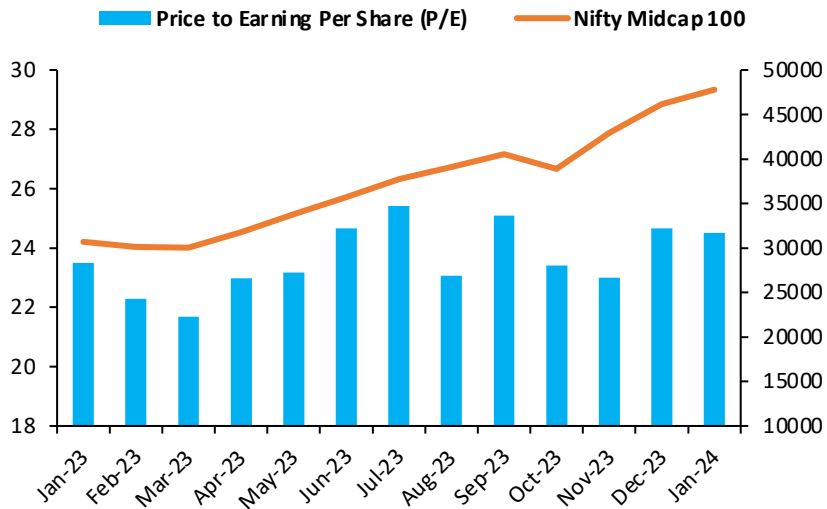




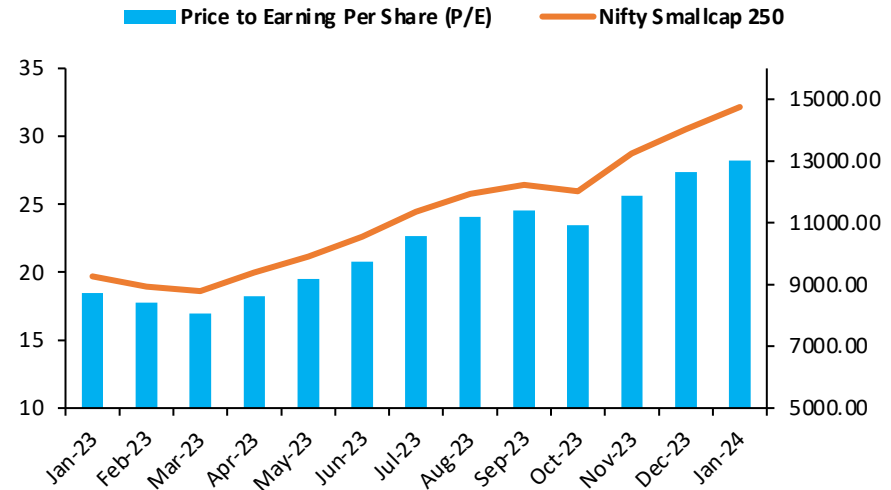
During the month of Jan 2024 Nifty 50 P/E fell to 22.31.



During the month of Jan 2024 Sensex was 71,752.11.



During the month of Jan 2024 Nifty Midcap 100 P/E rose to 24.51



During the month of Jan 2024 Nifty Smallcap 250 P/E rose to 28.22.

## Returns of Major NSE Indices

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	CYTD
IT 57.97%	Small Cap 69.57%	Media 10.30%	Metal 45.20%	Realty 110.22%	IT 23.64%	Realty 28.49%	Pharma 60.43%	Metal 69.66%	PSU Bank 70.92%	Realty 80.37%	PSU Bank 14.81%
Pharma 26.51%	PSU Bank 67.07%	Small Cap 10.20%	Auto 10.75%	Small Cap 57.47%	FMCG 13.57%	Finance 25.65%	IT 54.75%	Small Cap 61.94%	Metal 21.83%	Small Cap 48.73%	Realty 8.85%
FMCG 12.18%	Mid Cap 60.26%	Pharma 9.26%	Mid Cap 5.41%	Mid Cap 54.53%	Finance 10.54%	Large Cap 10.42%	Small Cap 25.02%	IT 59.58%	FMCG 17.59%	Auto 46.38%	Small Cap 7.40%
Auto 9.41%	Finance 57.34%	Mid Cap 8.41%	Finance 4.93%	Metal 48.71%	Large Cap 1.13%	IT 8.39%	Mid Cap 24.31%	Realty 54.26%	Auto 15.36%	Mid Cap 43.9%	Pharma 6.60%
Large Cap 6.46%	Auto 56.69%	FMCG 0.33%	PSU Bank 4.11%	Finance 41.56%	Pharma -7.77%	Mid Cap -0.28%	Metal 16.14%	Mid Cap 46.81%	Finance 9.55%	Pharma 36.8%	IT 4.56%
Media 1.50%	Pharma 43.42%	IT -0.03%	Large Cap 3.60%	Media 32.80%	Mid Cap -13.26%	FMCG -1.29%	Large Cap 14.82%	PSU Bank 44.37%	Large Cap 3.64%	PSU Bank 33.25%	Auto 4.23%
Mid Cap -3.01%	Large Cap 33.17%	Auto -0.32%	FMCG 2.78%	Auto 31.47%	PSU Bank -16.47%	Small Cap -8.27%	FMCG 13.42%	Media 34.56%	Mid Cap 2.97%	FMCG 29.52%	Mid Cap 4.07%
Finance -7.32%	Media 33.02%	Large Cap -2.41%	Small Cap 0.36%	Large Cap 31.15%	Metal -19.84%	Pharma -9.34%	Auto 11.43%	Large Cap 25.04%	Small Cap -3.66%	IT 23.7%	Large Cap 1.20%
Small Cap -8.14%	FMCG 18.22%	Finance -5.41%	Media -0.85%	FMCG 29.47%	Auto -22.99%	Auto -10.69%	Realty 5.11%	Auto 18.96%	Media -10.25%	Media 21.10%	Metal 0.98%
Metal -14.26%	IT 17.84%	Realty -15.02%	Realty -4.20%	PSU Bank 24.17%	Media -25.80%	Metal -11.20%	Finance 4.46%	Finance 13.96%	Realty -10.84%	Large Cap 19.64%	FMCG -3.79%
PSU Bank -30.44%	Realty 10.02%	Metal -31.35%	IT -7.25%	IT 12.21%	Small Cap -26.68%	PSU Bank -18.25%	Media -8.55%	Pharma 10.12%	Pharma 10.12%	Metal 16.40%	Finance -4.77%
Realty -34.38%	Metal 7.02%	PSU Bank -32.91%	Pharma -14.18%	Pharma -6.32%	Realty -32.87	Media -29.72%	PSU Bank -30.50%	FMCG 9.96%	IT -26.11%	Finance 12.50%	Media -12.41%

	IT returns represented by NIFTY IT
	Metal returns represented by NIFTY Metal
	Realty returns represented by NIFTY Realty
	Auto returns represented by NIFTY Auto
	Pharma returns represented by NIFTY Pharma
	Media returns represented by NIFTY Media

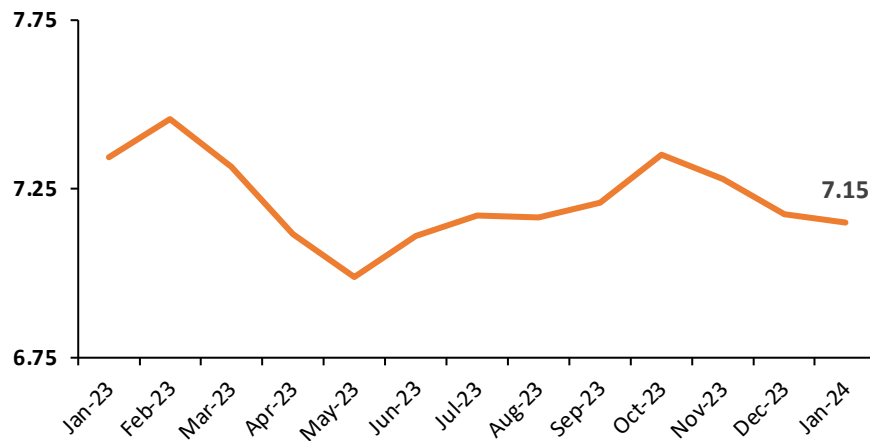
	Finance returns represented by NIFTY Finance
	FMCG returns represented by NIFTY FMCG
	PSU Bank returns represented by NIFTY PSU Bank
	Large cap returns represented by NIFTY 100
	Mid cap returns represented by NIFTY Midcap 150
	SmallCap returns represented by Nifty SmallCap 250

Source: MFI Explorer

# Domestic Debt Markets

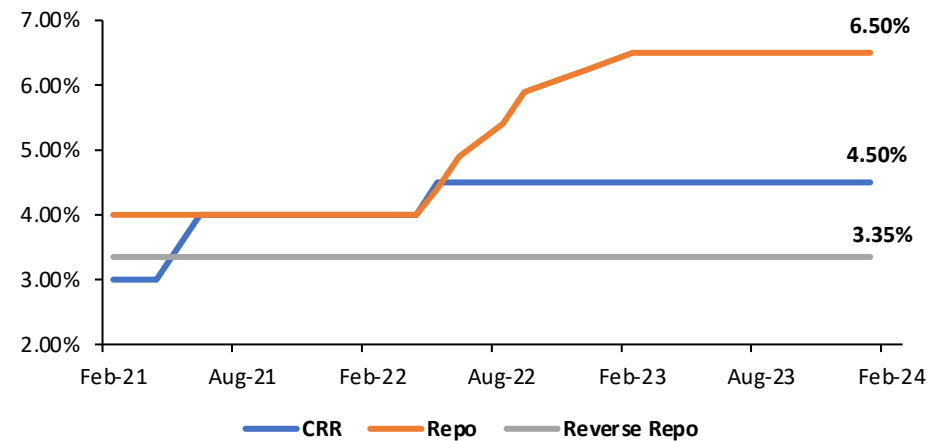


### 10-Yr Benchmark Bond



Bond yields fell on expectations of dovish commentary from the U.S. Federal Reserve (Fed) in its monetary policy review. Yields fell as easing domestic consumer inflation betters the interest rates outlook along with fixed-income assets.

### Movements of Key Policy Rates in India



The Monetary Policy Committee (MPC) in its first bi-monthly monetary policy review of FY24 kept key policy repo rate unchanged at 6.50% with immediate effect, after six consecutive rate hikes.

## Asset Class Returns

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	CYTD
Equity 4.44%	Equity 35.53%	Debt 8.63%	Debt 12.91%	Equity 33.54%	Gold 7.87%	Gold 23.79%	Gold 27.88%	Equity 27.47%	Gold 13.94%	Gold 13.13%	Gold -0.08%
Debt 3.79%	Debt 14.31%	Equity -1.90%	Gold 11.35%	Gold 5.12%	Debt 5.91%	Debt 10.72%	Equity 15.57%	Debt 3.44%	Equity 3.66%	Debt 7.98%	Debt 1.41%
Gold -4.50%	Gold -7.91%	Gold -6.65%	Equity 3.70%	Debt 4.71%	Equity -1.00%	Equity 8.68%	Debt 12.25%	Gold -4.21%	Debt 2.51%	Equity 23.49%	Equity 1.35%

Equity Equity Returns represented by Nifty 200 Index

Debt Debt Returns represented by Crisil Composite Bond Fund Index

Gold Gold Returns represented by domestic prices of Gold

Source: MFI Explorer

# Global Markets



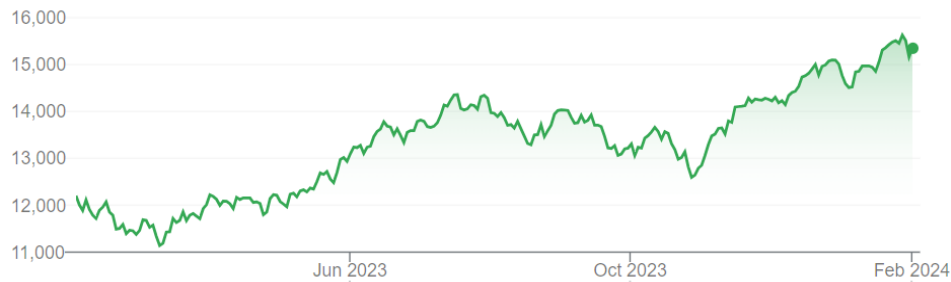
Market Summary > Nasdaq Composite

15,361.64

+3,160.82 (25.91%) ↑ past year

1 Feb, 5:15 pm GMT-5 • Disclaimer

1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



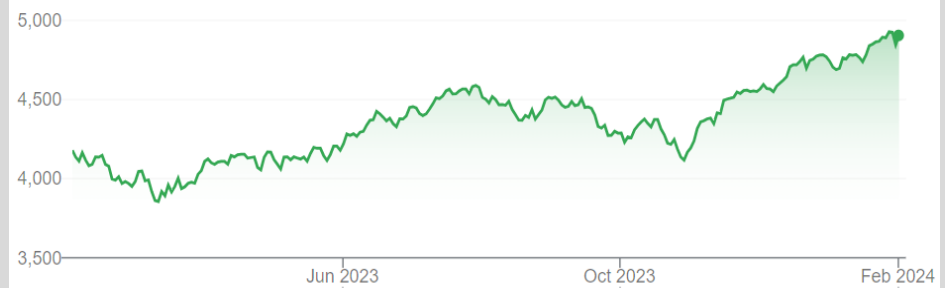
Market Summary > S&P 500

4,906.19

+726.43 (17.38%) ↑ past year

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1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



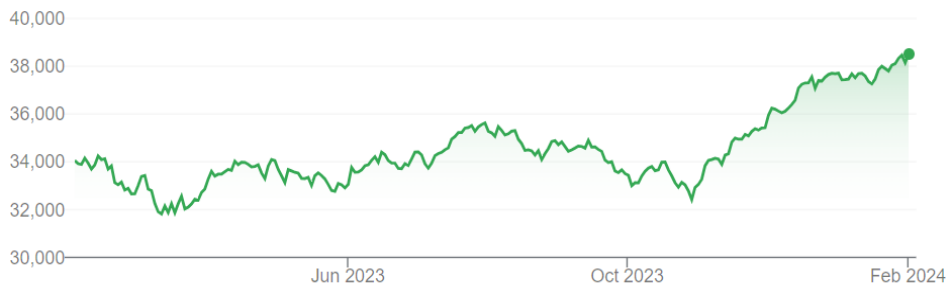
Market Summary > Dow Jones Industrial Average

38,519.84

+4,465.90 (13.11%) ↑ past year

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1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



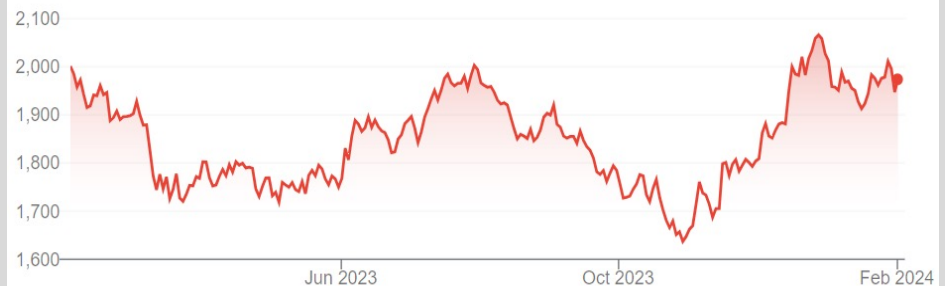
Market Summary > Russell 2000 Index

1,974.42

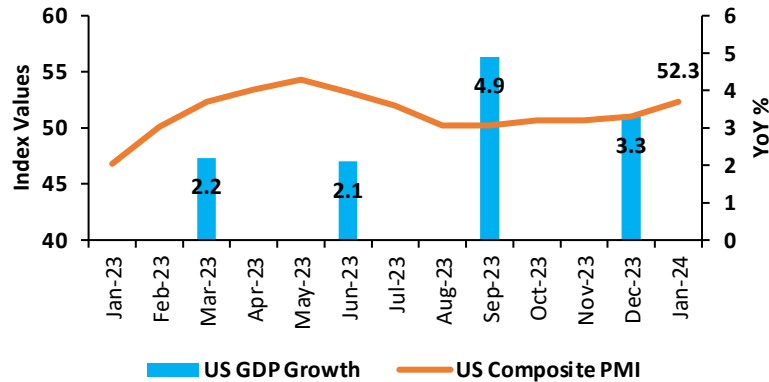
-26.80 (-1.34%) ↓ past year

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1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max

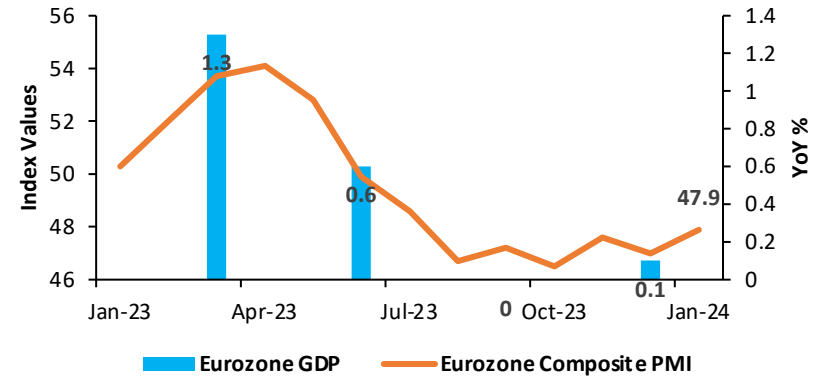


### US Composite PMI & GDP Growth



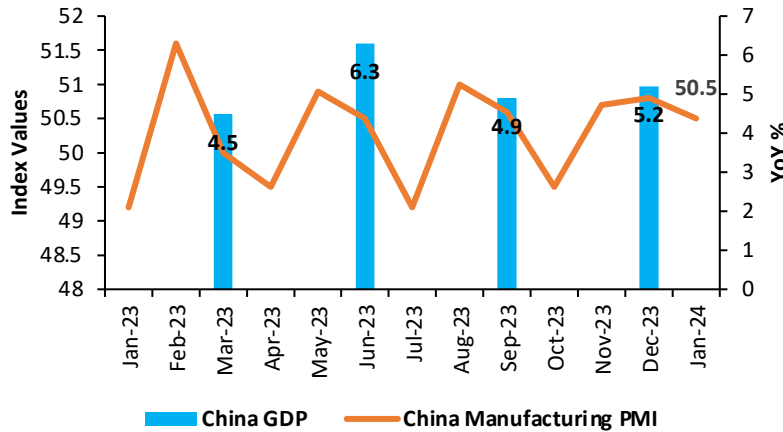
US real GDP fell to 3.3 in Dec 23 from 4.9 in Sep 23. The S&P Global US Composite PMI Output Index rose to 52.3 in the month of Jan 24.

### Euro Zone Composite PMI & GDP Growth



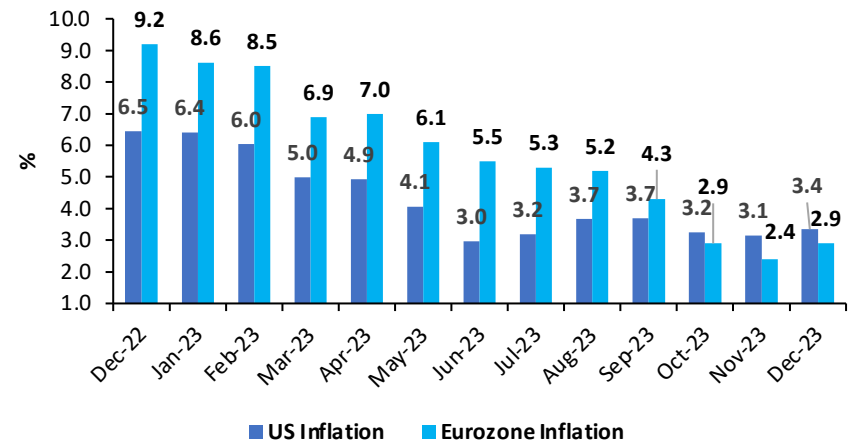
The seasonally adjusted Eurozone Composite PMI Output Index increased to 54.1 in Apr 2023 from 53.7 in Mar 2023, therefore indicative of growth in business activity.

### China Manufacturing PMI & GDP Growth



Caixin's China manufacturing purchasing managers' index (PMI).

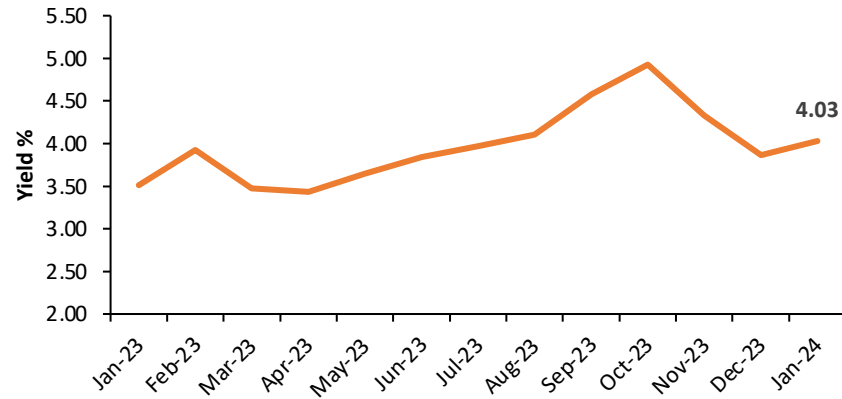
### US & Eurozone Inflation



Eurozone inflation rose to 2.9% in the months of Dec 2023. U.S. inflation to 3.4% in Dec 2023.

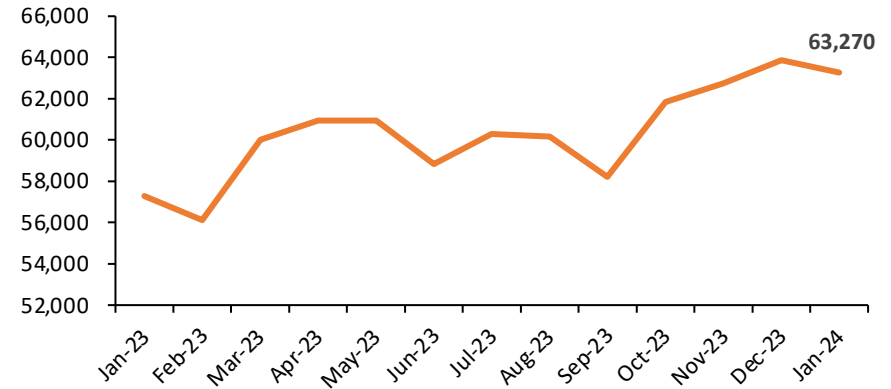


### U.S. 10 Year Treasury Yield



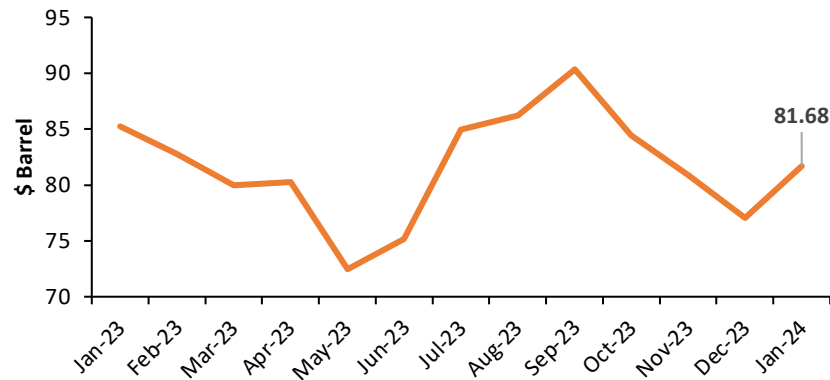
U.S. Treasury prices rose to 4.03 in Jan 24 from 3.87 in Dec 23

### Gold Price (Per 10 Grams)



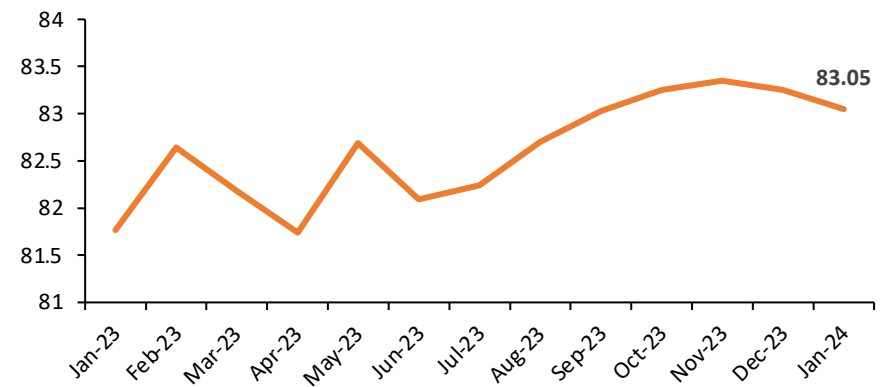
Gold price has been heading higher as the central governments all over the world started increasing their gold reserve. The Israel & Hamas conflict added some more up side to gold

### Brent Crude



Brent crude oil prices rose to 81.68 in Jan 24 from 77.05 in Dec 23.

### USD/INR



Rupee fell against the U.S. dollar following decline in the Chinese yuan on poor economic data, strength in greenback in the overseas market and worries over debt-ceiling impasse in U.S.

## Key Highlights of India's Interim Budget

Contrary to the expectations, the budget seems to be a bold attempt to stick to managing the Government's balance sheet with prudence by prioritising responsible spending, instead of election year indulgence and giveaways.

### Good news:

- The sum of central, state fiscal deficit and PSU is nearing the pre-pandemic 2019 levels.
- More investment (17% higher at ₹11.11 Trillion) in roads, railways, housing and connecting ports across India;
  - This would make a busy pathway for goods like energy, minerals and cement, connecting them efficiently through the Gati /Shakti project.
  - Continued support to State Governments with extension of interest-free loans for capex.
- Tax demands from past years have been waived off / withdrawn;
  - Upto ₹25,000 pertaining to period up to financial year 2009-10.
  - Upto ₹10,000 for financial years 2010-11 to 2014-15.
- Increased support for making electronic devices in India;
  - 33% increase in production-linked incentive (PLI).
  - 130% increase in allocation for development of semiconductor and display manufacturing ecosystem.

## Key Highlights of India's Interim Budget

### Shortcomings

- Setting a lower disinvestment target for FY 2024-25, and consistent inability to meet the disinvestment targets in the past even when markets are at historic high.

### Summation

The increasing tax base and continued buoyancy in direct & indirect taxes, the conscious decision to decrease government & PSU borrowing will provide greater opportunity for private sector borrowing.

This combined with the stabilising inflation and increased foreign investment in bond market, suggests that the interest rates will likely fall in the future.

## Concluding Remarks

While there is a lot of optimism about the upcoming elections and the re-election of the NDA government, the uncertain West Asian situation and the Indian equity market being at historic heights, warrants moderation in return expectation.

We advise our customers not to get swept away by excitement and request them to stick to their asset allocation (using debt for goals less than 5-years and equity for goals greater than 5-years)

## Budget Bites: Fun facts about India's Union Budget

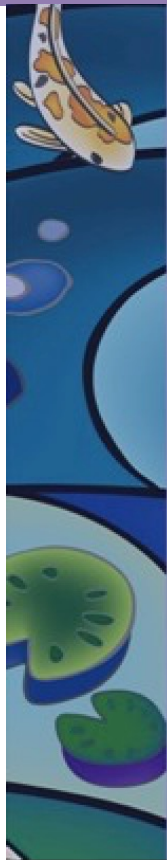
- 1) Did you even wonder where the word 'budget' comes from?
  - 'Bougette' traces back to the Old French word which also meant 'small bag' or 'purse' that was used to carry financial documents.
- 2) India's first budget was presented in 1860 by Mr. James Wilson, a Scottish economist and for the first time, included income tax - still a major source of revenue today.
- 3) The 'Father of Modern Statistics' in India, Shri Prasanta Chandra Mahalanobis, played a key role in shaping the budget we know today.
- 4) Who delivered the longest budget speech?
  - Smt. Nirmala Sitaraman, clocking in 2 hours and 42 minutes!
  - But, as far as the word count is concerned, Shri Manmohan Singh's document had 18,650 words in 1991.
  - The shortest budget speech? Just 800 words delivered by Hirubhai Patel in 1977.
- 5) The briefcase tradition of carrying budget documents was dropped in 2019 for a traditional ledger.

## Budget Bites: Fun facts about India's Union Budget

- 6) The heaviest budget document ever weighted a whopping 14 kgs
- 7) Until 1955, the budget speech was English only,
  - Now, it is both Hindi and English.
- 8) 1973 saw the 'Black Budget' due to a record-high fiscal deficit.
- 9) Shri Morarji Desai presented the most budgets (10) during his time as Finance Minister.
- 10) The pandemic brought about another first :-
  - 2021 budget was an entirely digital presentation.

These are just a few titbits from India's rich budget history. Which one surprised you the most?

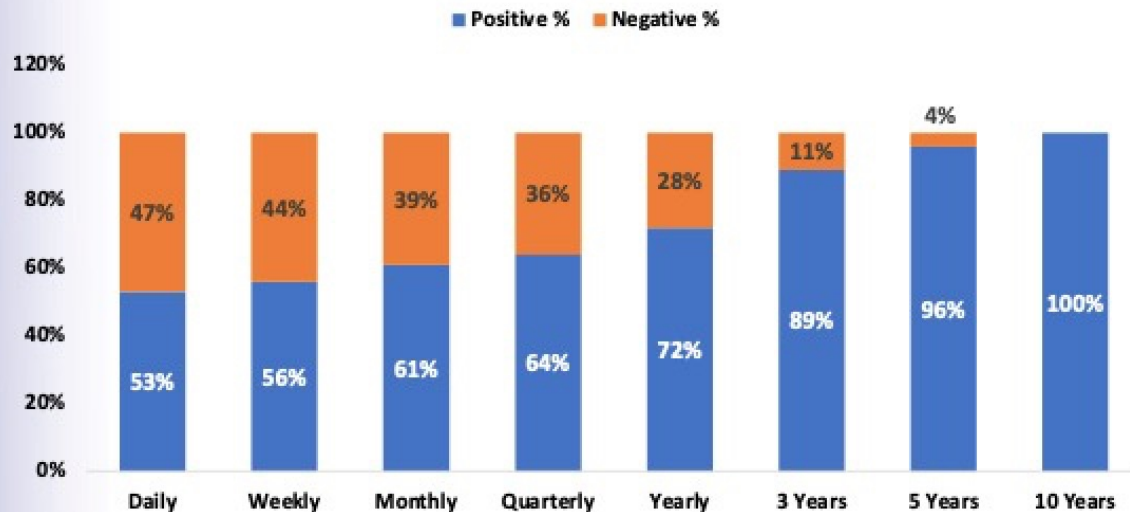
## Evidence based perspectives



### Sensex Movement



Over 43 years (11,000 Trading Days)



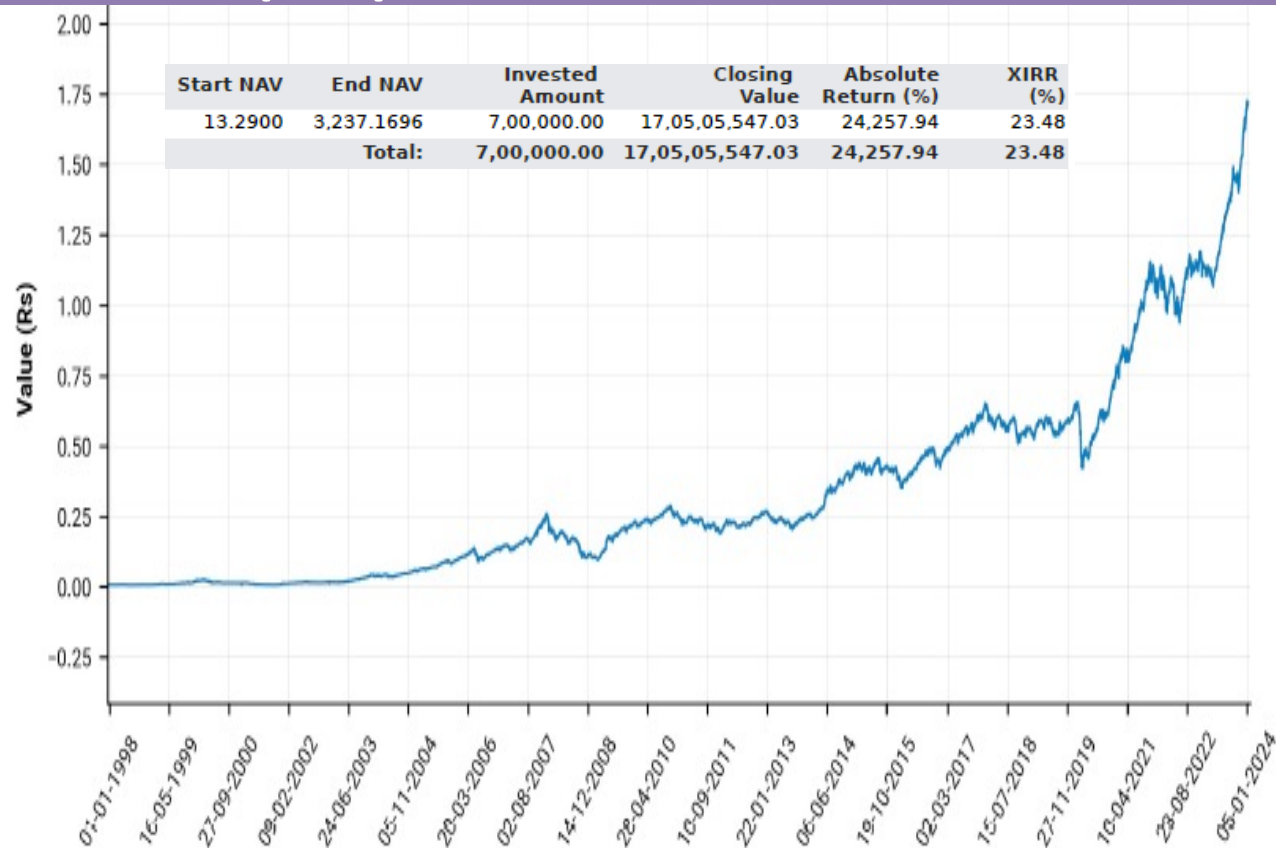
[www.purplepond.in](http://www.purplepond.in)



Tracking the Sensex over 43-years gives us a conclusive proof that there is 96% possibility of portfolio getting positive when invested on a 5-year horizon and a 100% possibility of our portfolio getting positive on a 10-year horizon.

The fear of market fluctuations fade with time => Equity investments suit long term wealth creation

## Evidence based perspectives



A case study of a sum of ₹7,00,000 (7L) in a Mutual Fund, without disturbing it for 25-years has become ₹17,05,05,547.03 (17.05C), this in effect translates to a Compounded Annual Growth Rate (CAGR) of 23.48%

Any major events including covid period are a small blip in the charts => Equity investments suit long term wealth creation



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