

MARKET DYNAMICS:
Balancing Fundamentals, Liquidity & Sentiment

Liquidity

Fundamentals



RIDING THE MARKET WAVE

Indian equities are rising on strong fundamentals, liquidity from economic growth, and positive sentiment. While some market segments are overvalued, core economic strength remains intact, with select opportunities for fresh investments.

Globally, equity sentiment is high, though sensitive to central bank actions, as seen with recent volatility linked to the Yen.

Investors may focus on asset allocation. Large caps currently seems to offer better value, while multi-asset allocation funds may provide a balance of equities, debt, and gold etc, helping to mitigate risk in uncertain market conditions.

Source: Internal Research

MOMENT OF THE MONTH

Fed turns Amber: Post the downward revision in jobs data and uninspiring economic data in the USA, the Federal Reserve alluded that the inflation is within control and time to change the policy stance on rate cycle seems closed. Global financial markets betting on Fed's rate cut at September meet.

India Growth: Q1 GDP growth came in at 6.7% YoY led and Gross Value Added grew by 6.8% YoY led by strong performance from construction 10.5%, utilities & others segment 9.5%, private consumption grew at 7.4% and government capex at 7.5% while agriculture slowed to 2%.

RBI continues to maintain status quo at their policy meet, while Consumer and Wholesale price inflation trended lower, month over month, sequentially.

MSCI weight up: India MSCI weight increased to 20.1% leading to a big passive Foreign Institutional Investor buying of approximate 5.5bn\$ on 30-August 2024 (rebalancing date).

Earnings Q1FY25: Nifty500 Results show 7.4% profit growth year-on-year on aggregate basis however, ex-BFSI the profit growth drops to 1% as BFSI profit growth is 19.1% year-on-year. Commodities have posted high double digit declines. Fitch affirmed India's rating at 'BBB-' with a stable outlook

Source: Bloomberg/Internal Research

WHO MOVED MARKETS

Foreign Portfolio Investor's, continued to buyers for the month of August as well with approximate. net flows of 1.3 bn\$.

Source: NSDL/Internal Research

MOVERS AND SHAKERS

