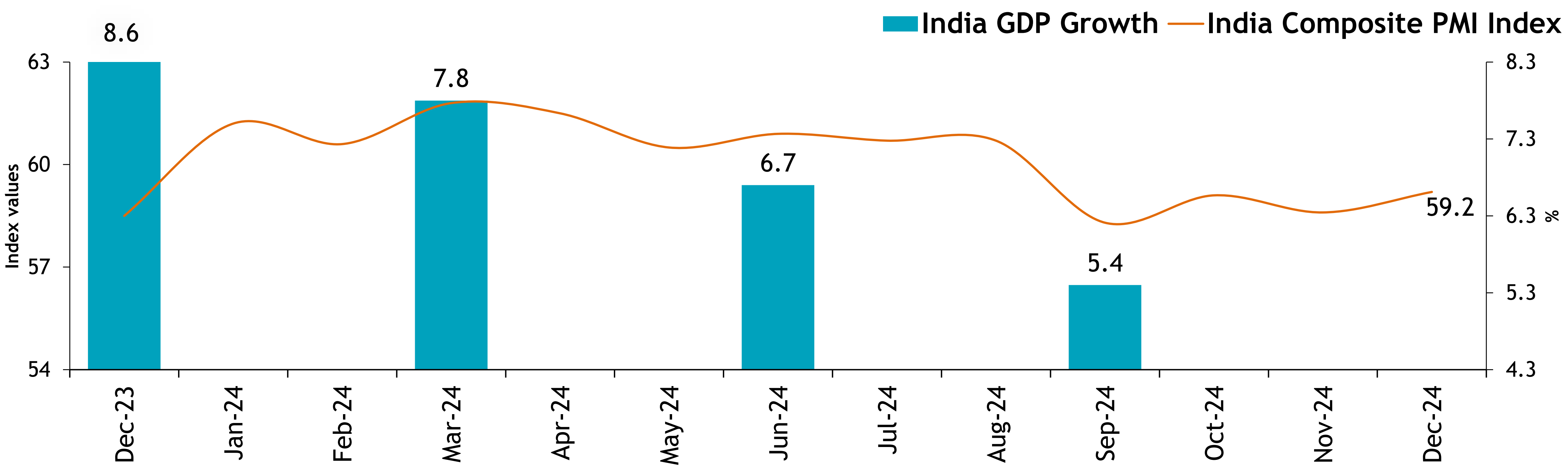
Monthly Factbook

January 2025

Indian Economic Indicators

India Composite PMI & GDP Growth

Indian economy at constant (2011-12) prices witnessed a growth of 5.4% YoY in the second quarter of FY25.



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

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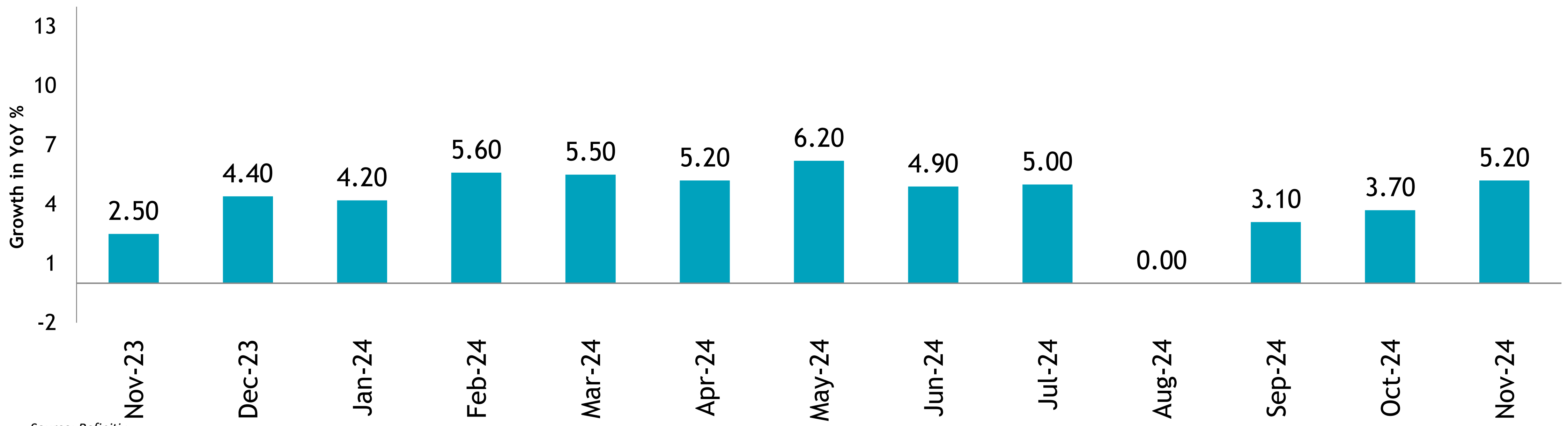
Index of Industrial production (IIP)

Index of Industrial production (IIP) rose 5.2% YoY in Nov 2024, as compared to 3.7% rise in Oct 2024.



Source: Refinitiv

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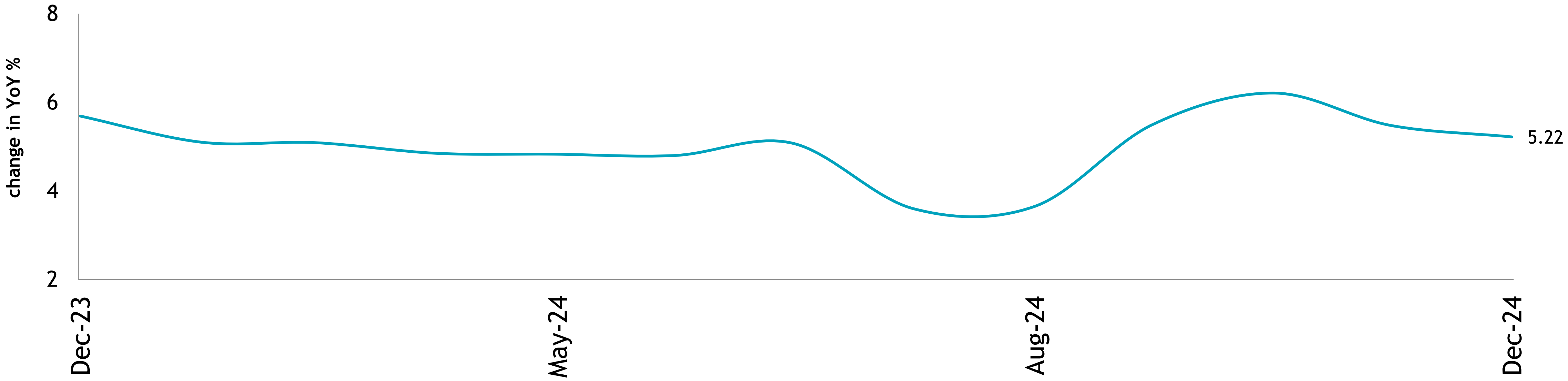
Consumer Price Index

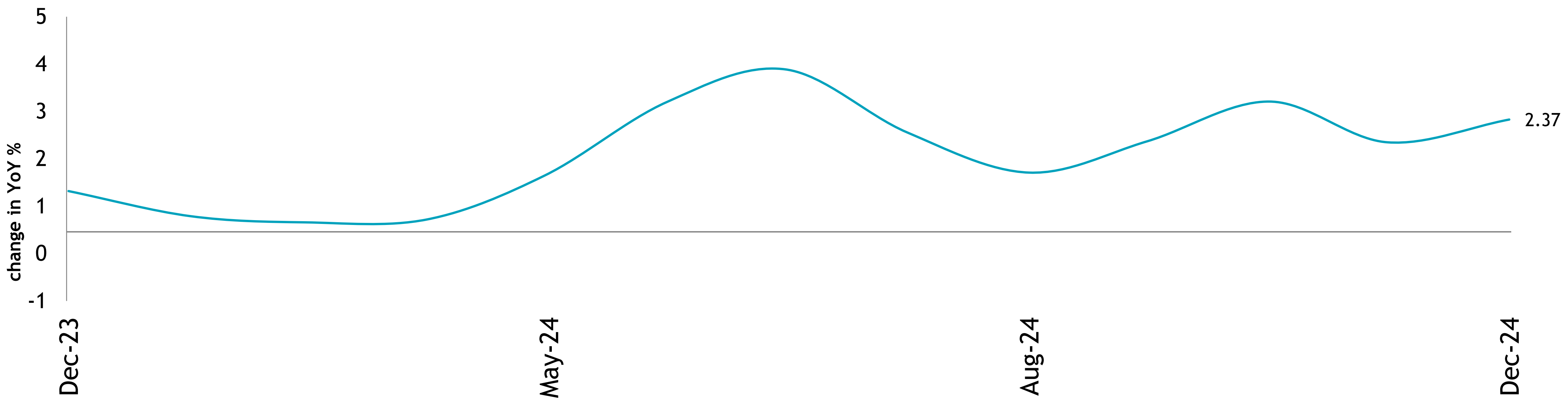
The consumer price index-based inflation eased to 5.22% YoY in Dec 2024 compared to 5.48% in Nov 2024.



Source: Refinitiv

Wholesale Price Index

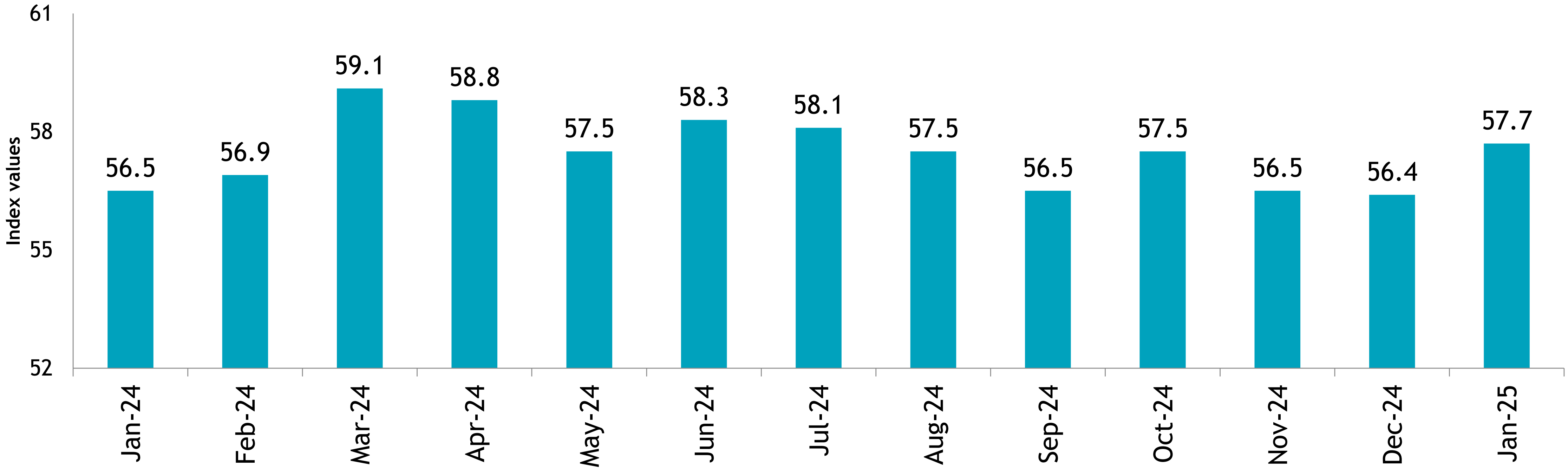
India's wholesale price index (WPI) based inflation increased to 2.37% YoY in Dec 2024 as compared to 1.89% in Nov 2024.



Source: Refinitiv

India Manufacturing PMI

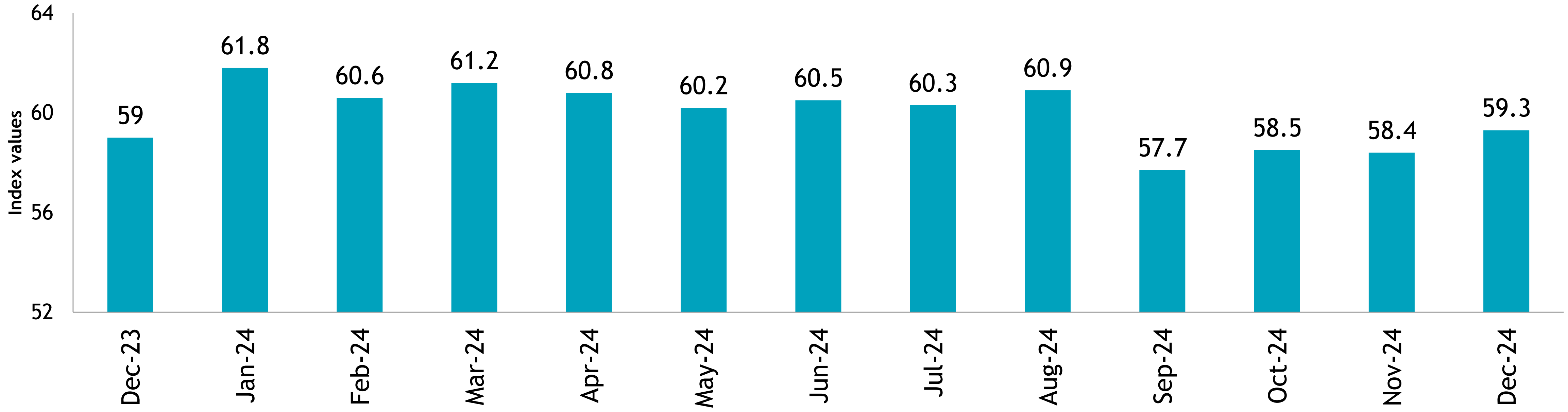
The Manufacturing Purchasing Managers' Index rose to 57.7 in Jan 2025 compared to 56.4 in Dec 2024.



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

India Service PMI

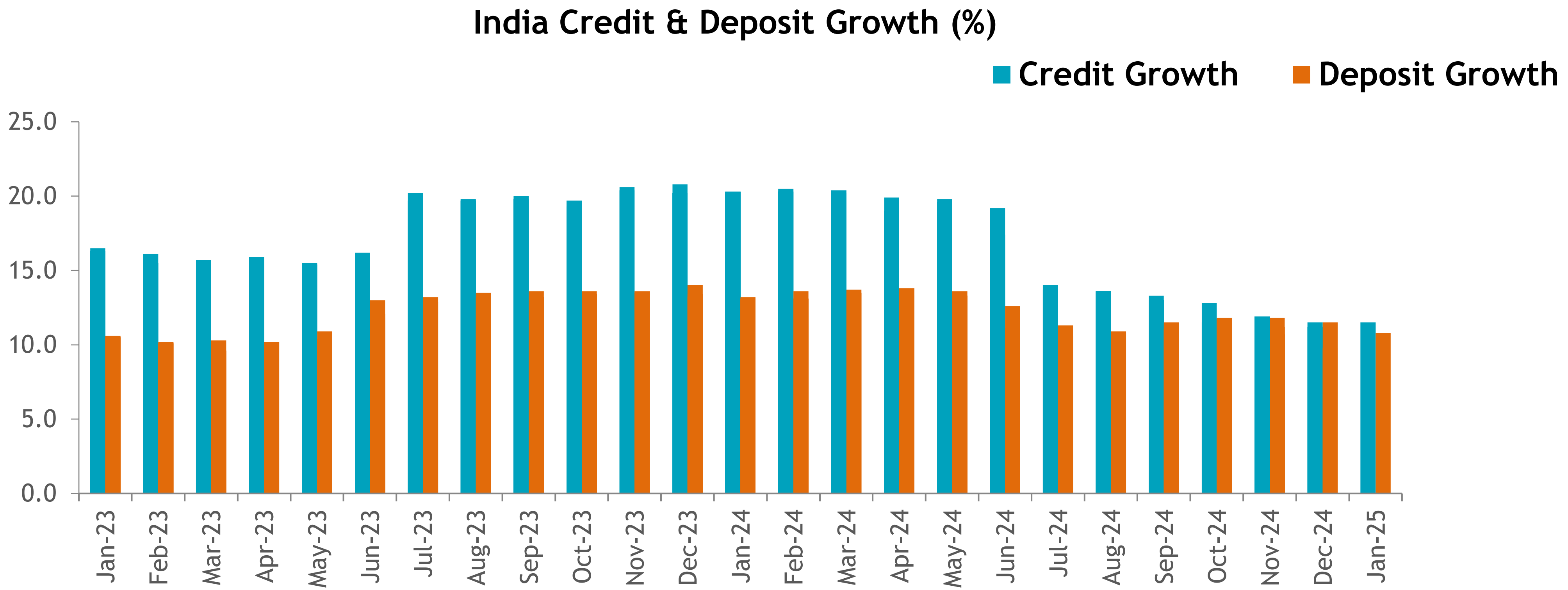
India's Services Purchasing Managers' Index (PMI) rose to 59.3 in Dec 2024 from 58.4 in Nov 2024.



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

India Credit Growth and Deposit Growth

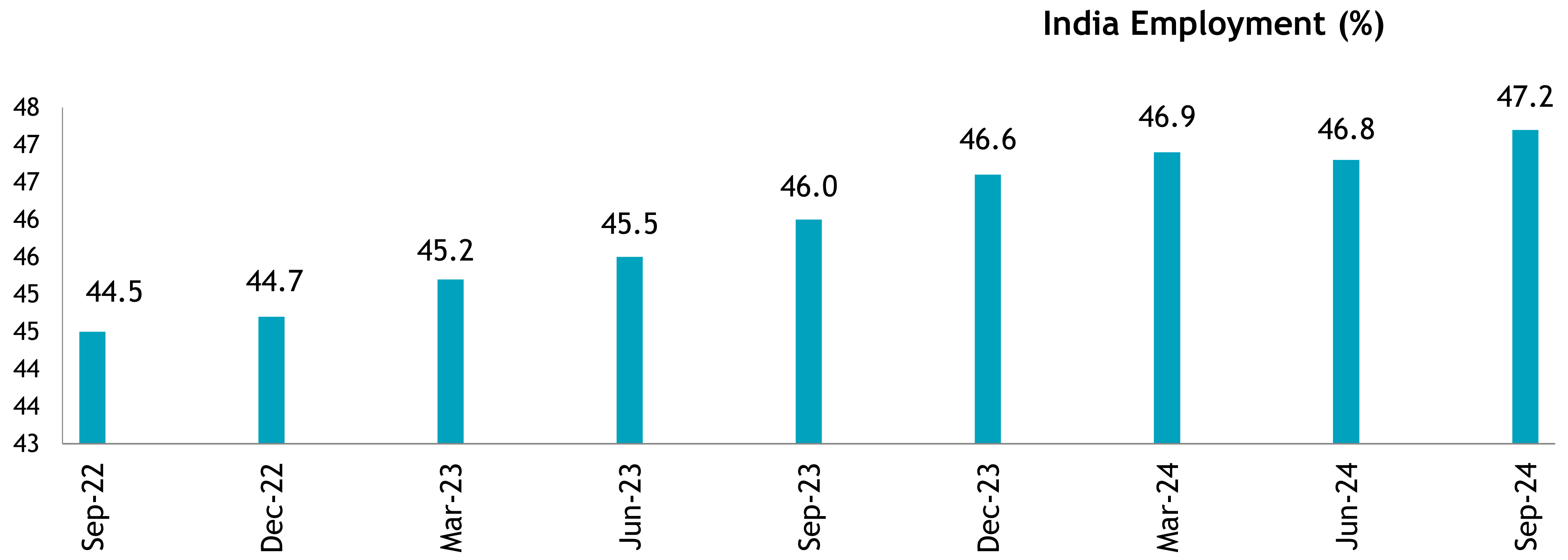
According to RBI, banks' credit and deposit witnessed a growth of 11.5% & 10.8%, respectively, as of Jan 10, 2025.



Source: Refinitiv

India Employment (%)

As per Periodic Labour Force Survey, India's employment increased to 47.20% in Sep 2024, compared to 46.80% in Jun 2024.



Source: Mospi

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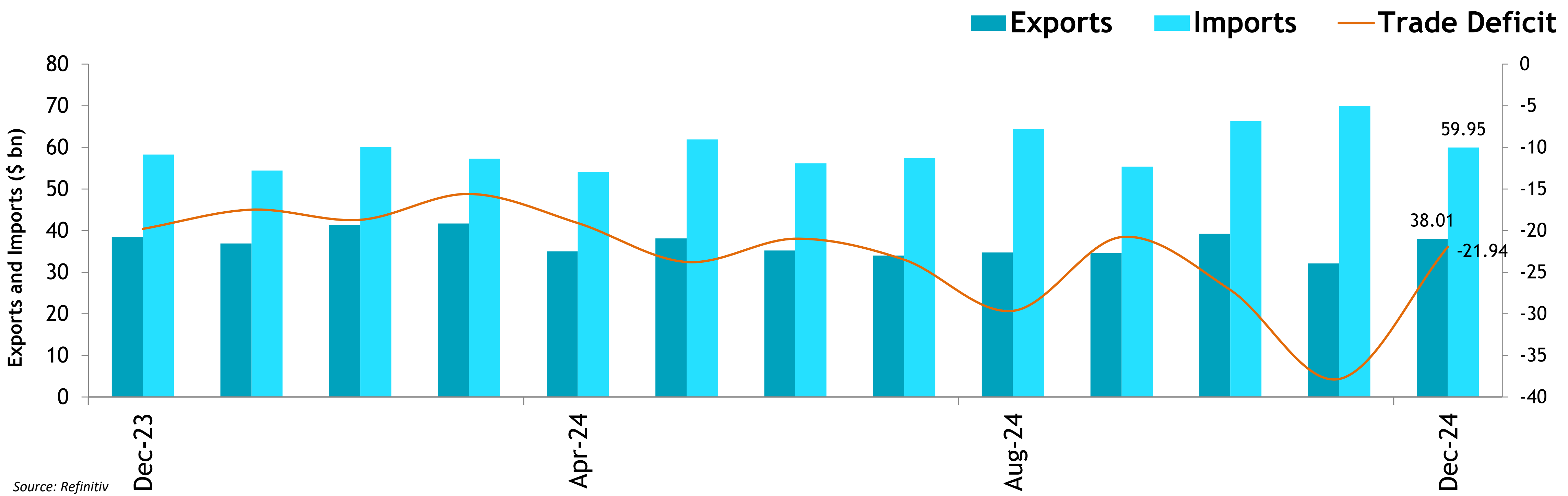
Current Account Deficit as % of GDP

India's current account deficit (CAD) moderated marginally to US$ 11.2 billion (1.2% of GDP) in Q2 FY25.

Source: Refinitiv

Trade Data

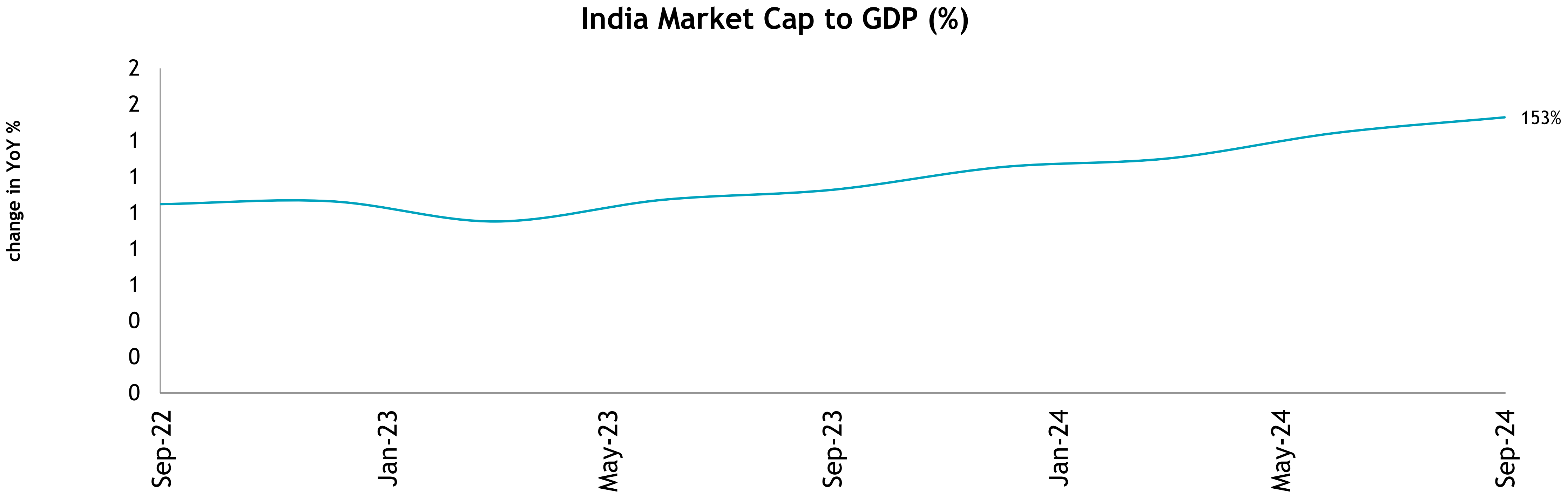
India's merchandise trade deficit widened annually to $21.94 billion in Dec 2024 compared to $18.76 billion in Dec 2023.



Source: Refinitiv

India Market Cap to GDP (%)

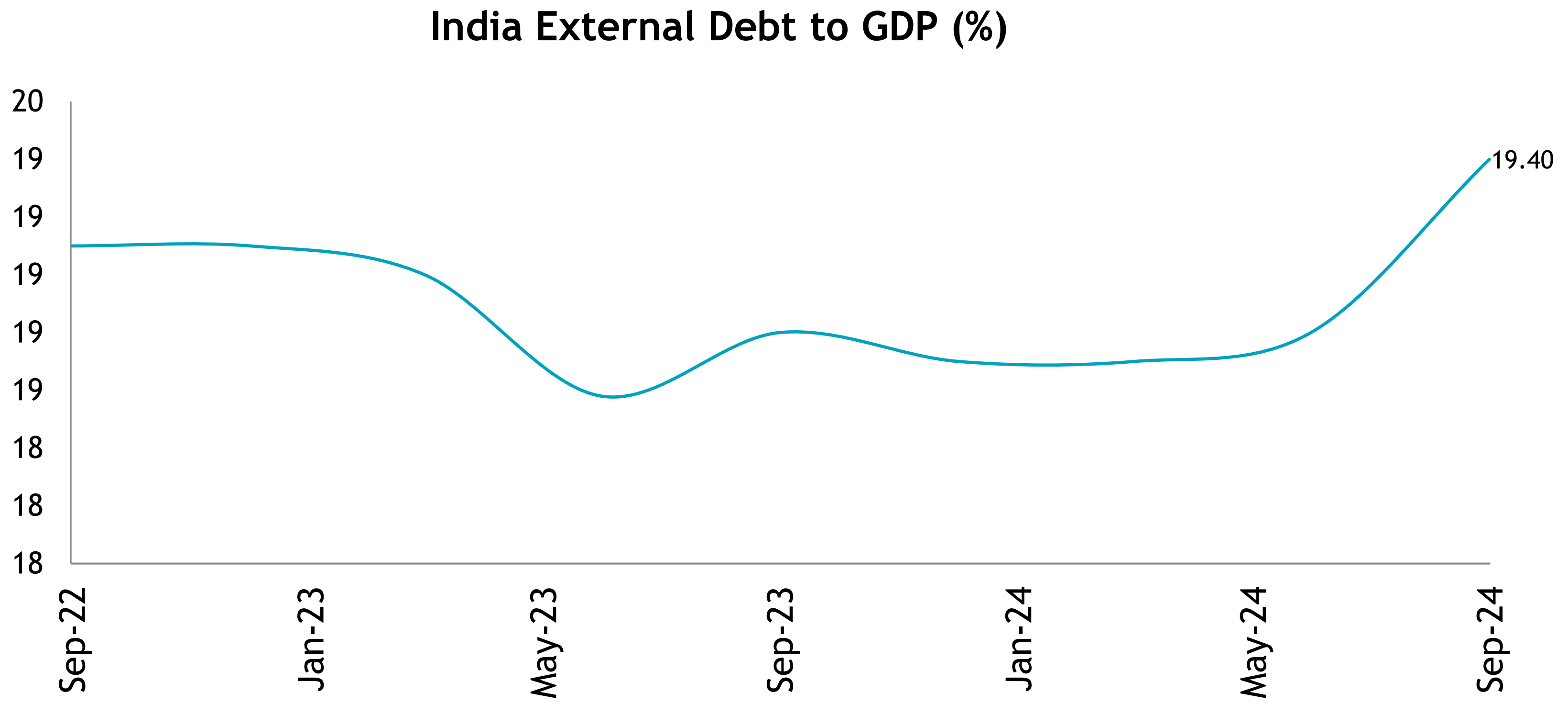
India's market capitalization to GDP ratio increased to 153% in the second quarter of FY25, up from 144% in the first quarter of FY25.



Source: Refinitiv & NSE

India External Debt to GDP (%)

According to the Ministry of Finance, India's external debt to GDP increased by 19.40% in Sep 2024 compared to 18.80% in Sep 2023.



Source: Finmin

Key Domestic Market Highlights

Domestic equity markets started the new year on weaker note on uncertainty over the U.S. trade policies

- Domestic equity markets started the new year on weaker note on uncertainty over the U.S. trade policies under the new President's regime.
- Losses were extended on concerns over a weakening rupee, rising crude oil prices and continued outflows by the foreign institutional investors from domestic equity markets.
- Concerns over a potential moderation in corporate earnings growth in Q3 FY25, further widened the losses.
- Sentiment was hit following reports of Human Metapneumovirus (HMPV) outbreak in China. However, the fear was mitigated in the absence of major concerns regarding the HMPV virus in India.
- Losses were restricted after the RBI announced several measures to inject over Rs. 1 lakh crore liquidity into the banking system, which also raised the expectations of policy easing by the RBI in its Feb 2025 monetary policy meeting.
- Encouraging earnings updates from the prominent U.S. tech companies offset U.S President's renewed tariff threats and concerns over China's growing artificial intelligence capabilities.
- Investors reacted positively to the Economic Survey 2025 tabled in the Parliament on Jan 31, 2025, that pegged GDP growth between 6.3% to 6.8% for FY26.

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Domestic Equity Markets

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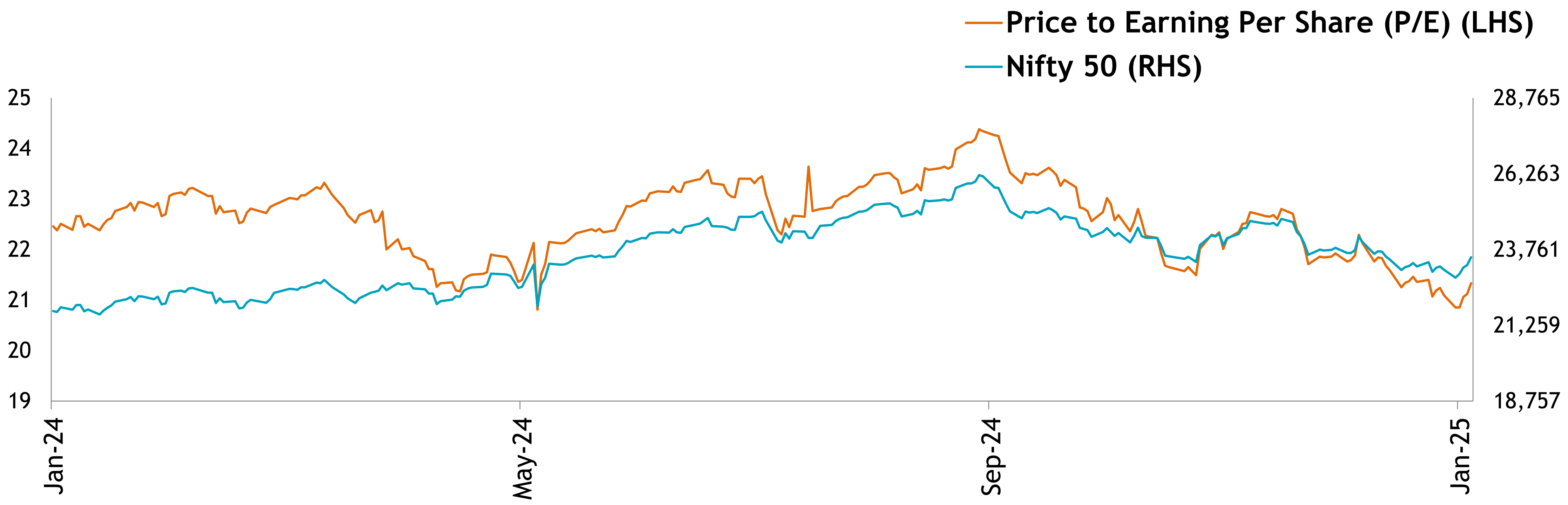
Price to Earning Per Share vs Nifty 50

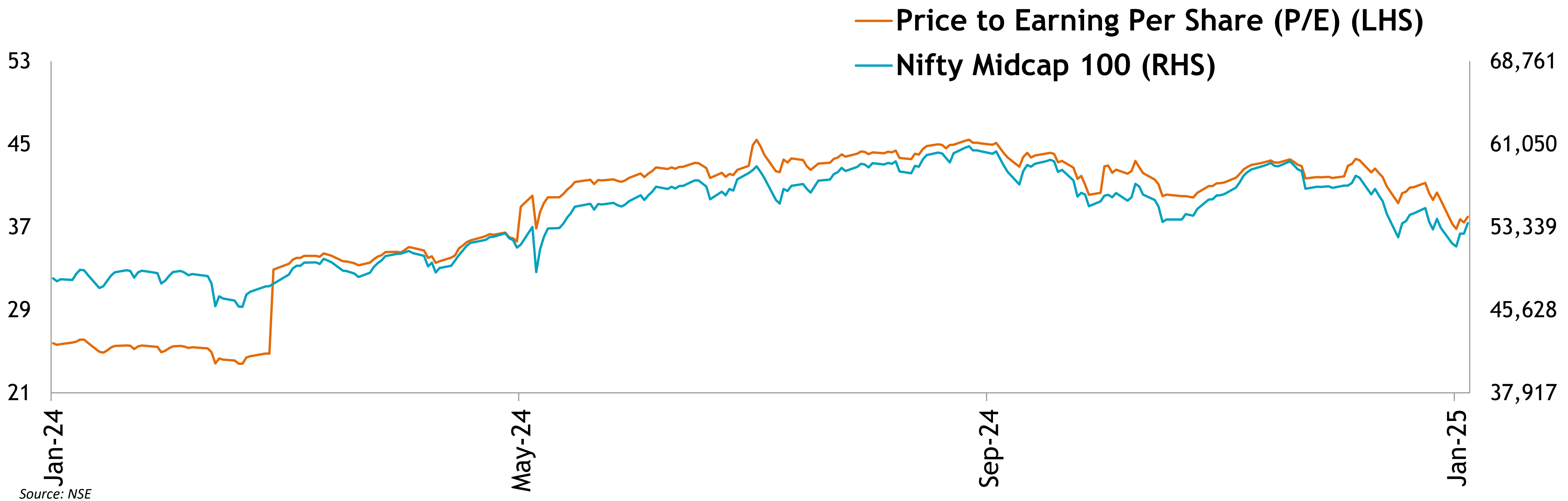
During the month, BSE Sensex fell 0.82% and Nifty 50 fell 0.58% to close at 77,500.57 and 23,508.40 respectively.



Source: NSE

Price to Earning Per Share vs Nifty Midcap 100

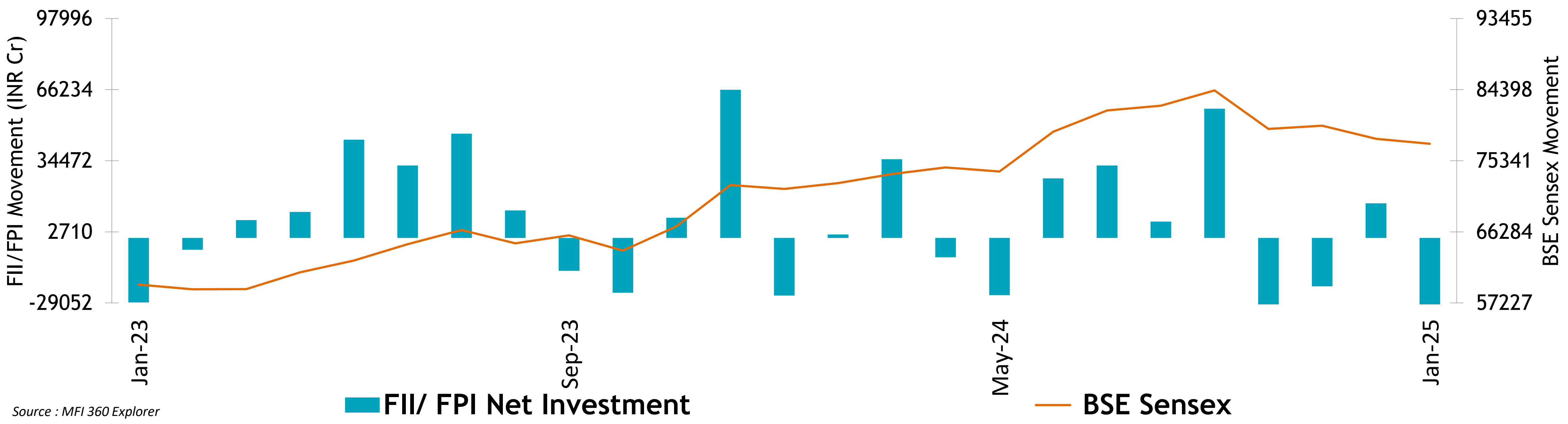
During the month, Nifty Midcap 100 fell 6.10% and Nifty Small cap 100 fell 9.90% to close at 53,712.2 and 16,910.5 respectively.



Source: NSE

FII/FPI Investment and BSE Sensex - Last 24 Months

FPIs were net seller of domestic stocks worth Rs. 78,026.94 crore in Jan 2025 compared with net purchase of Rs. 15,446.50 crore in Dec 2024.



Source : MFI 360 Explorer

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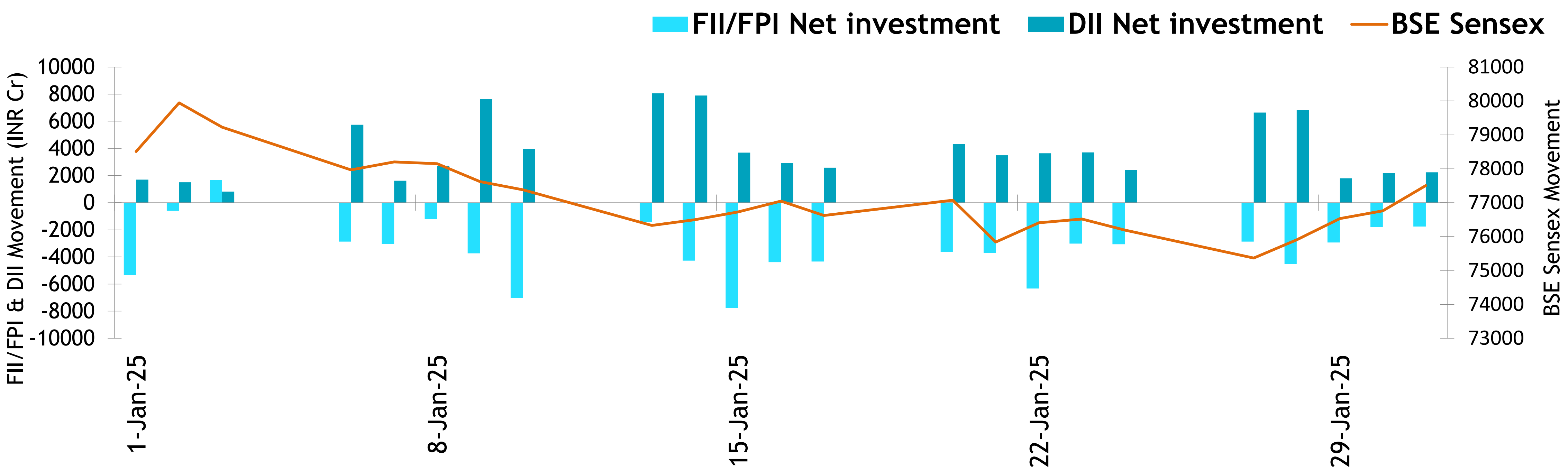
DII, FII/FPI Investment and BSE Sensex - During the Month

Domestic mutual funds remained net buyer in the equity segment to the tune of Rs. 57,529.43 crore in Jan 2025 (As on Jan 29, 2025).



Source : MFI 360 Explorer

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Returns of Major NSE Indices

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	CYTD
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 81.64%	Pharma 38.72%	Auto 0.15%
Smallcap 10.20%	Auto 10.75%	Smallcap 57.47%	FMCG 13.57%	Finance 25.65%	IT 54.75%	Smallcap 61.94%	Metal 21.83%	Smallcap 48.26%	Realty 34.07%	FMCG -0.19%
Pharma 9.26%	Midcap 5.41%	Midcap 54.53%	Finance 10.54%	Largecap 10.42%	Smallcap 25.02%	IT 59.58%	FMCG 17.59%	Auto 47.78%	Smallcap 26.19%	Finance -1.24%
Midcap 8.41%	Finance 4.93%	Metal 48.71%	Largecap 1.13%	IT 8.39%	Midcap 24.31%	Realty 54.26%	Auto 15.36%	Midcap 43.82%	Midcap 23.58%	IT -1.56%
FMCG 0.33%	PSU Bank 4.11%	Finance 41.56%	Pharma -7.77%	Midcap -0.28%	Metal 16.14%	Midcap 46.81%	Finance 9.55%	Pharma 33.72%	Auto 22.44%	Largecap -1.80%
IT -0.03%	Largecap 3.60%	Media 32.80%	Midcap -13.26%	FMCG -1.29%	Largecap 14.82%	PSU Bank 44.37%	Largecap 3.64%	PSU Bank 32.40%	IT 21.83%	Metal -2.89%
Auto -0.32%	FMCG 2.78%	Auto 31.47%	PSU Bank -16.47%	Smallcap -8.27%	FMCG 13.42%	Media 34.56%	Midcap 2.97%	FMCG 29.10%	PSU Bank 14.35%	PSU Bank -3.42%
Largecap -2.41%	Smallcap 0.36%	Largecap 31.15%	Metal -19.84%	Pharma -9.34%	Auto 11.43%	Largecap 25.04%	Smallcap -3.66%	IT 24.16%	Largecap 11.65%	Midcap -6.10%
Finance -5.41%	Media -0.85%	FMCG 29.47%	Auto -22.99%	Auto -10.69%	Realty 5.11%	Auto 18.96%	Media -10.25%	Largecap 20.11%	Finance 9.35%	Pharma -8.43%
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%	Media 19.94%	Metal 8.35%	Smallcap -10.71%
Metal -31.35%	IT -7.25%	IT 12.21%	Smallcap -26.68%	PSU Bank -18.25%	Media -8.55%	Pharma 10.12%	Pharma -11.46%	Metal 18.72%	FMCG -0.33%	Realty -12.45%
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 13.24%	Media -23.71%	Media -13.07%

- 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
- Largecap returns represented by Nifty 100
- Midcap returns represented by Nifty Midcap 150
- Smallcap returns represented by Nifty Small cap 250

Equity Outlook

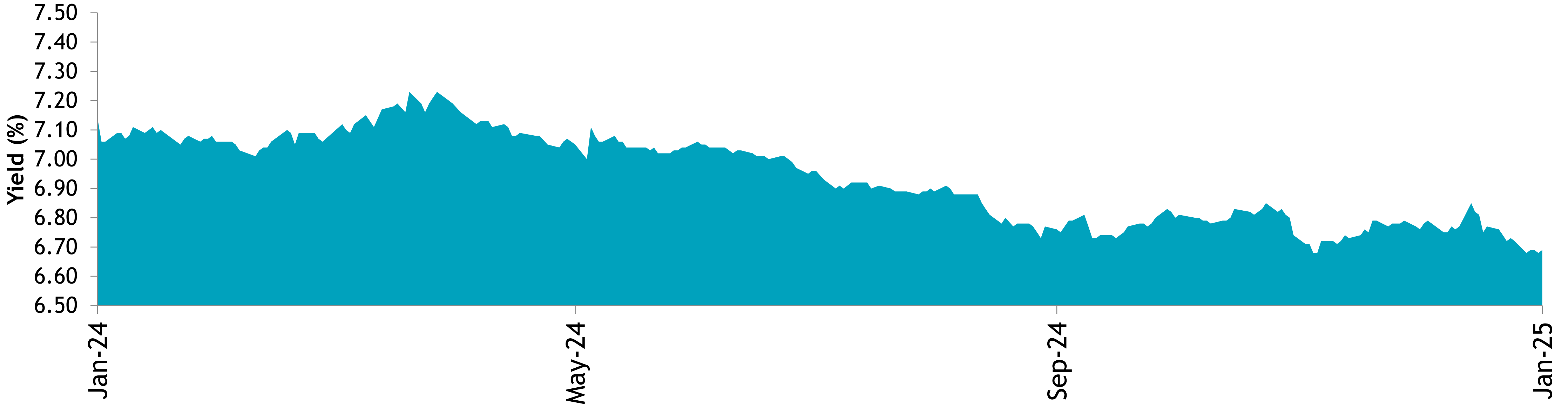
- The FY26 Union Budget was set in the context of a) need to stick to the fiscal prudence and b) need to support demand given the economic slowdown. Amid this pull and push, the budget has tried to play a balancing act, with continued fiscal consolidation while lowering tax rates for the middle class to support consumption. The Gross Fiscal Deficit (GFD) for FY26 is targeted at 4.4% of GDP against 4.8% of GDP in FY25. Budget laid out the fiscal roadmap for next 5 years in terms of lowering India's debt to GDP by 6-7% by FY31. Overall, this Budget reinforces government's commitment to fiscal prudence, though the revenue targets look little optimistic for FY26E. The budget has achieved balance beautifully. While there is a consumption boost, the capex allocation has continued to grow at > 10%. While the road and railways have slowed; the defense spending and rural areas has remained healthy. Rural and consumption has clearly returned as focus area after long time.
- Beyond fiscal math, the deregulation/ease of doing business has been the key theme of the Budget. Budget has emphasized there is a need to ease permissions, documentation, certifications and licenses specifically for Micro, Small and Medium Enterprises (MSMEs), which would work to increase employment as well. From equity markets standpoint, consumption segments are likely to benefit. As regards portfolio, we maintain our quality/defensive bias and prefer barbel strategy with a mix of consumption and domestic cyclicals including capex plays.
- Markets have corrected by 10-15% over last 6 months. The froth in the market to a great degree has been taken out. Nifty now trades at 18XFY27; though the mid and small caps still remain expensive as compared to historical valuation multiples. We expect (like consensus) that the earnings to gradually start normalizing; as both capex and consumption pick up from FY25 lows. We are gradually turning constructive given the expected earnings over FY25-27E (Consensus) and valuations correction which is underway as a combination of time and price correction over last 6 months.

Source: Bloomberg, Internal Research.

Domestic Debt Markets

10-Yr Benchmark Bond

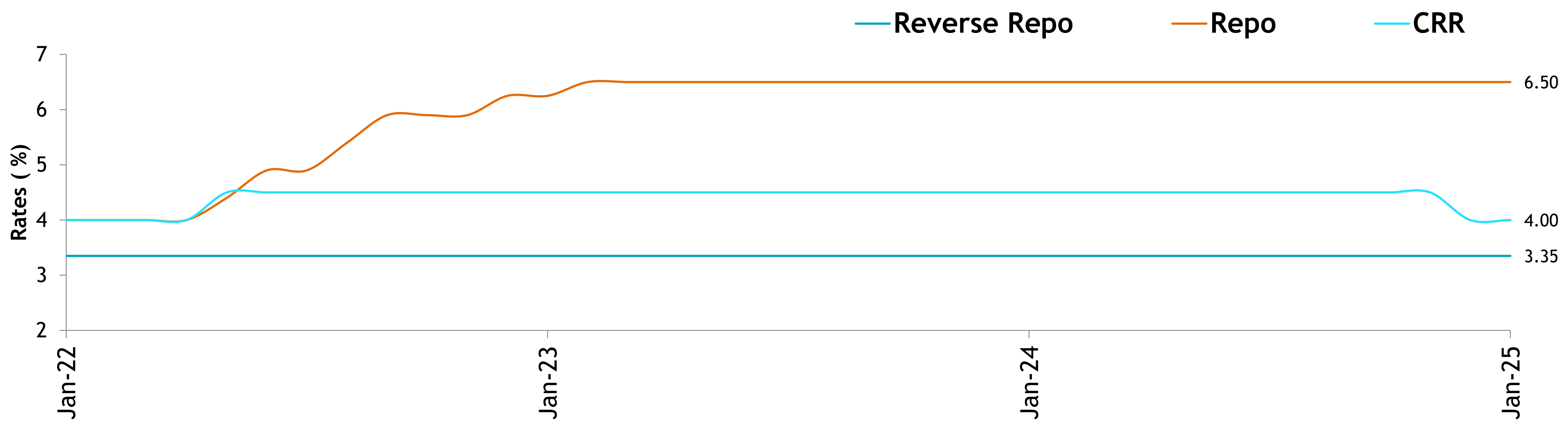
Bond yields fell after data showed India's retail inflation for Dec 2024 eased to a four-month low of 5.22% from 5.48% in Nov 2024.



Source: Refinitive

Movements of Key Policy Rates in India

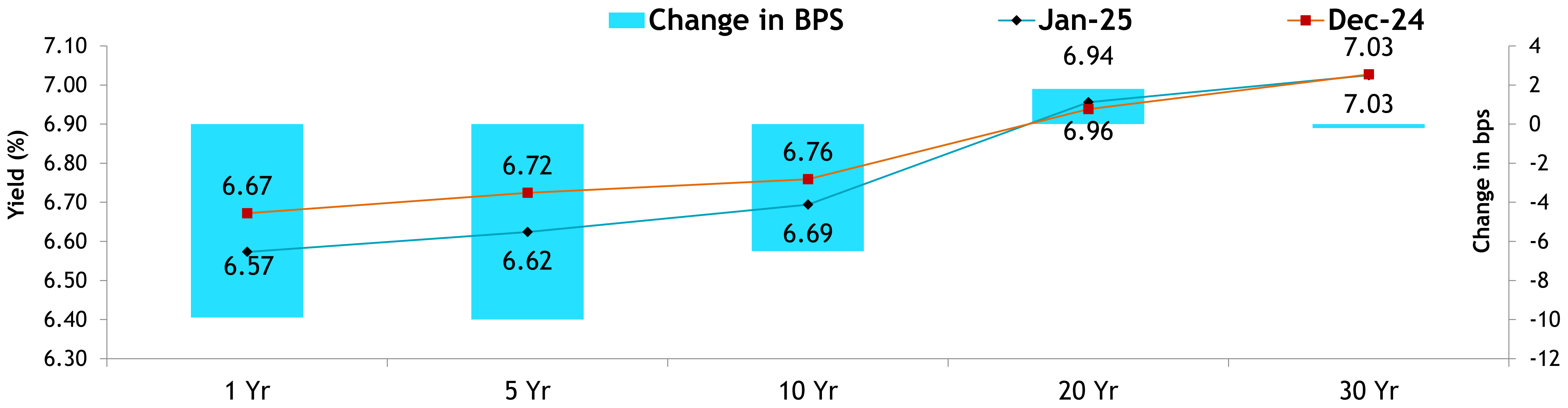
MPC in its fifth bi-monthly monetary policy review of FY25 kept key policy repo rate unchanged at 6.50% for the eleventh consecutive time.



Source: RBI

India Yield Curve Shift (Month-on-Month)

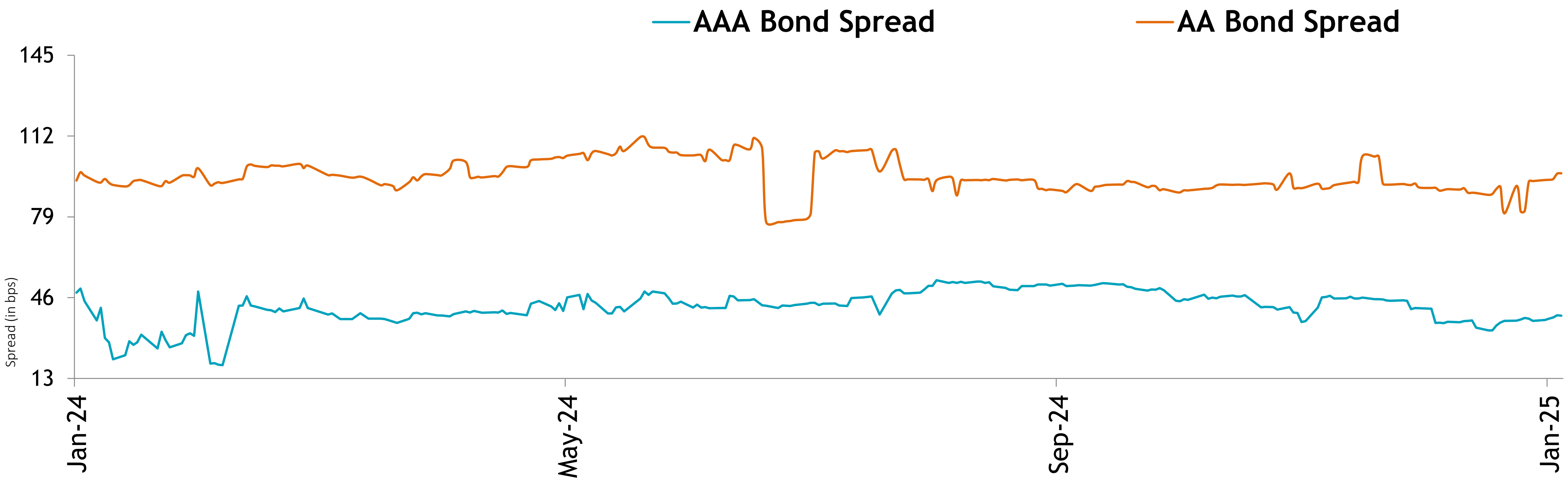
Yield on gilt securities fell between 2 to 10 bps across the maturities, barring 30 year paper that rose by 1 bps.



Source: Refinitiv

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

Yield on corporate bonds fell between 4 to 14 bps across the curve, barring 1 year paper that increased by 12 bps.



Source: *Refinitiv*

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Category-wise Fixed Income returns

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	CYTD
LD 8.94%	10 Y GILT 14.93%	LD 6.80%	LD 7.69%	LT 10.72%	LT 12.25%	ST 4.38%	LIQ 5.08%	LD 8.86%	10 Y GILT 9.55%	LT N/A%
ST 8.66%	LT 12.91%	LIQ 6.66%	LIQ 7.58%	10 Y GILT 10.46%	ST 10.39%	LD 4.23%	LD 3.65%	10 Y GILT 7.82%	LT 8.93%	LIQ N/A%
LT 8.63%	ST 9.82%	ST 6.05%	ST 6.65%	ST 9.53%	10 Y GILT 9.23%	LIQ 3.60%	ST 3.59%	LT 7.29%	ST 7.94%	ST N/A%
LIQ 8.23%	LD 9.02%	LT 4.71%	10 Y GILT 6.03%	LD 8.60%	LD 7.45%	LT 3.44%	LT 2.51%	ST 7.26%	LIQ 7.32%	LD N/A%
10 Y GILT 7.39%	LIQ 7.48%	10 Y GILT -0.05%	LT 5.91%	LIQ 6.86%	LIQ 4.60%	10 Y GILT 1.35%	10 Y GILT 0.46%	LIQ 7.13%	LD N/A%	10 Y GILT N/A%

LIQ	Liquid Returns represented by Crisil Liquid Fund Index
ST	Short Term Returns represented by Crisil Short Term Bond Fund Index
LT	Long Term Returns represented by Crisil Composite Bond Fund Index
LD	Low Duration Returns represented by Crisil Low Duration Index
10 Y Gilt	10 Year G-sec Returns represented by CRISIL 10 Yr Gilt

Asset Class Returns

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	CYTD
Debt 8.63%	Debt 12.91%	Equity 35.32%	Gold 7.87%	Gold 23.79%	Gold 27.88%	Equity 28.88%	Gold 13.94%	Equity 24.74%	Gold 20.43%	Gold 7.75%
Equity -0.75%	Gold 11.35%	Gold 5.12%	Debt 5.91%	Debt 10.72%	Equity 16.78%	Debt 3.44%	Equity 4.93%	Gold 15.41%	Equity 14.62%	Equity -2.46%
Gold -6.65%	Equity 5.08%	Debt 4.71%	Equity 0.31%	Equity 10.03%	Debt 12.25%	Gold -4.21%	Debt 2.51%	Debt 7.29%	Debt 8.93%	Debt N/A%

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

Fixed Income Outlook

- Indian yields trended in December, post policy, as rate cut expectations did not materialize.The Union Budget 2025-26's focus on fiscal consolidation and manageable borrowing levels is expected to positively influence the fixed income market, with potential declines in bond yields and stable spread movements.
- Yields on sovereign securities are expected to reduce marginally, supported by the lower fiscal deficit target (4.4% for FY 2026) and manageable net borrowing of ₹11.54 trillion for FY 2026.
- The government's focus on fiscal consolidation and reduced supply of government securities, along with increased corporate bond issuances due to infrastructure and power sector initiatives, is expected to support a narrowing of spreads between sovereign and corporate bonds.
- An interest-free loan of ₹1.5 lakh crore to states on a long-term basis will lower their immediate borrowing needs in the primary market, leading to reduced state spreads in the short term.
- Additional borrowing of 0.5% of GSDP (Gross State Domestic Product), similar to the previous year, will encourage higher issuances, particularly in states linked to the power sector's performance.
- The RBI’s stance on monetary policy will play a pivotal role. A stable or easing interest rate environment could further support bond yields, enhancing the attractiveness of fixed-income instruments.
- The fiscal discipline demonstrated in the budget could improve India’s sovereign rating outlook, increasing foreign investor appetite for Indian bonds.

Source: RBI, MOSPI, PIB, CMIE, NSDL, S&P Global, Ministry of Commerce and Industry, Reuters, Bloomberg, Internal Research.

Global Markets

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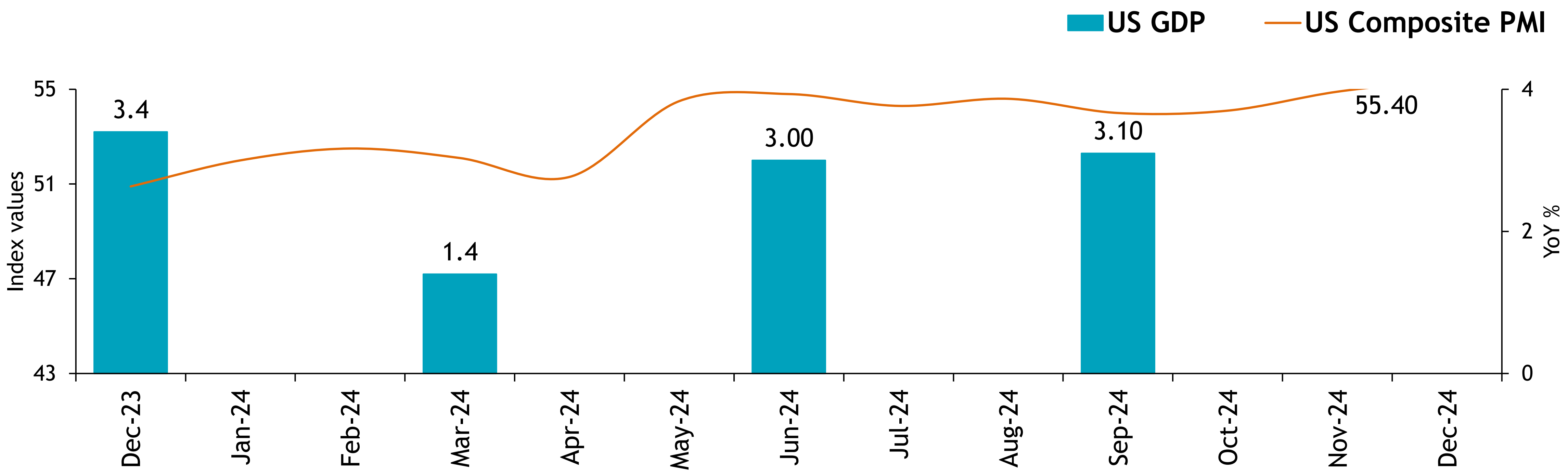
US Composite PMI & GDP Growth

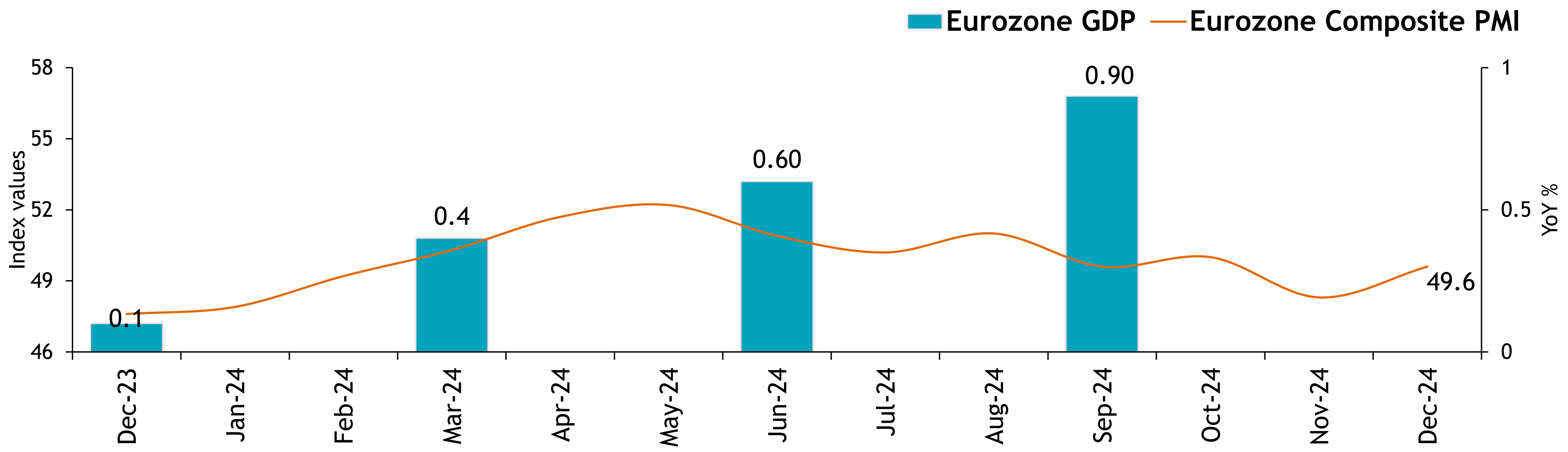
U.S. gross domestic product rose by 3.10% in the third quarter of 2024 after jumping by 3.00% in the second quarter of 2024.



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

Euro Zone Composite PMI & GDP Growth

Year-on-year growth of the Euro zone economy grew to 0.9% in the third quarter of 2024 from 0.6% in the second quarter of 2024.



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

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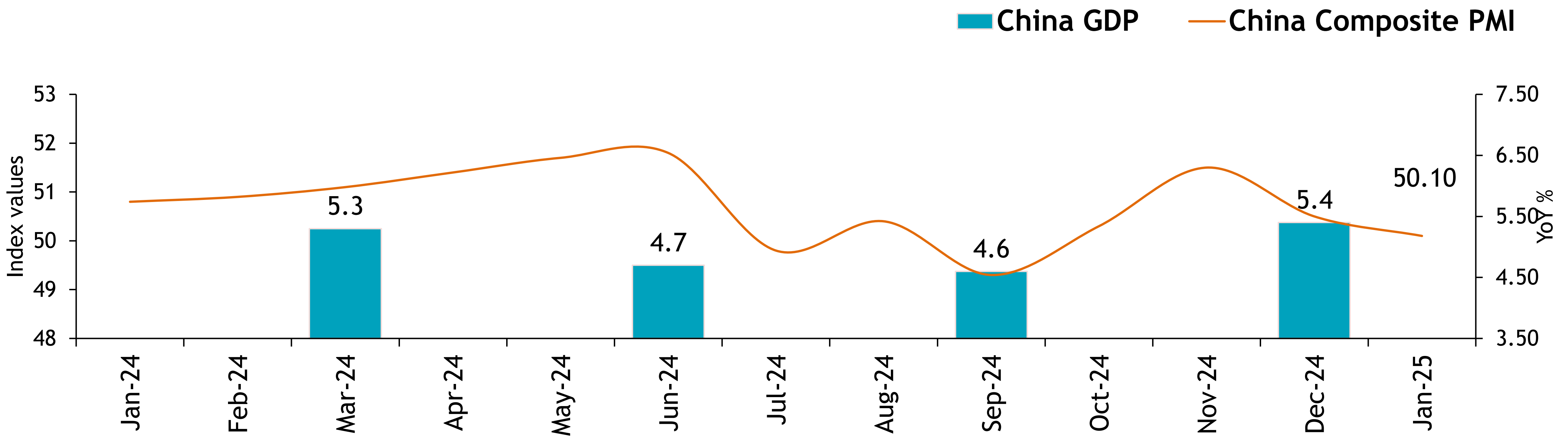
China Manufacturing PMI & GDP Growth

According to a survey, China's Caixin manufacturing PMI posted 50.1 in Jan 2025, down from 50.5 in Dec 2024.



Source: Reuters, fxstreet; PMI > 50 denotes expansion and < 50 is contraction

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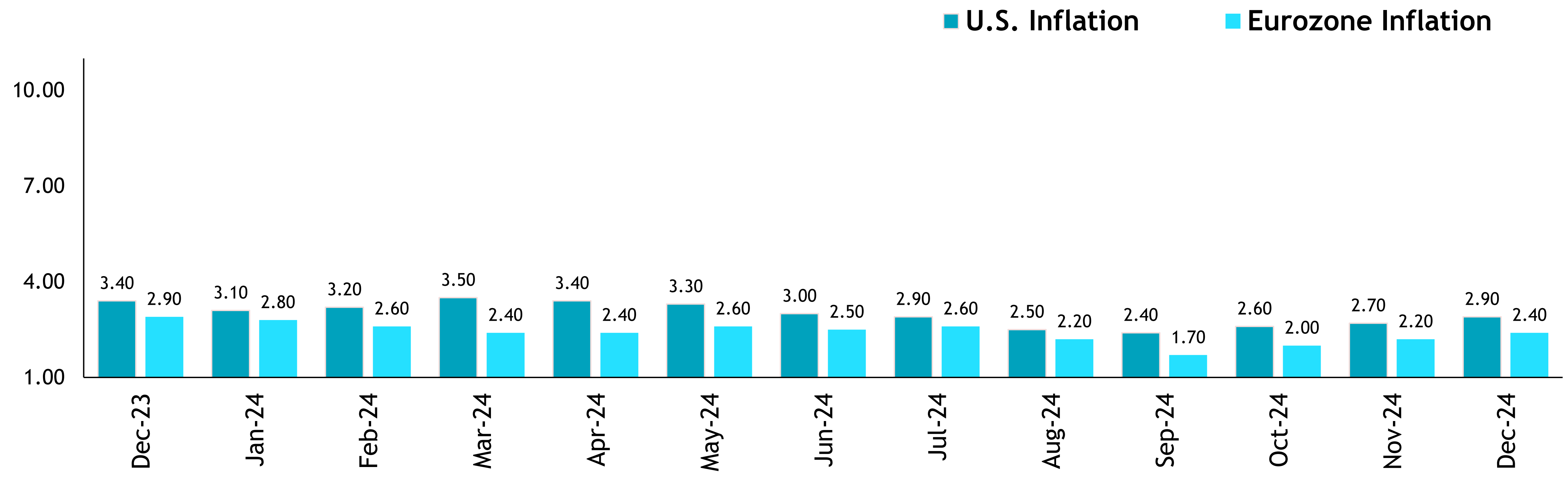
US & Eurozone Inflation

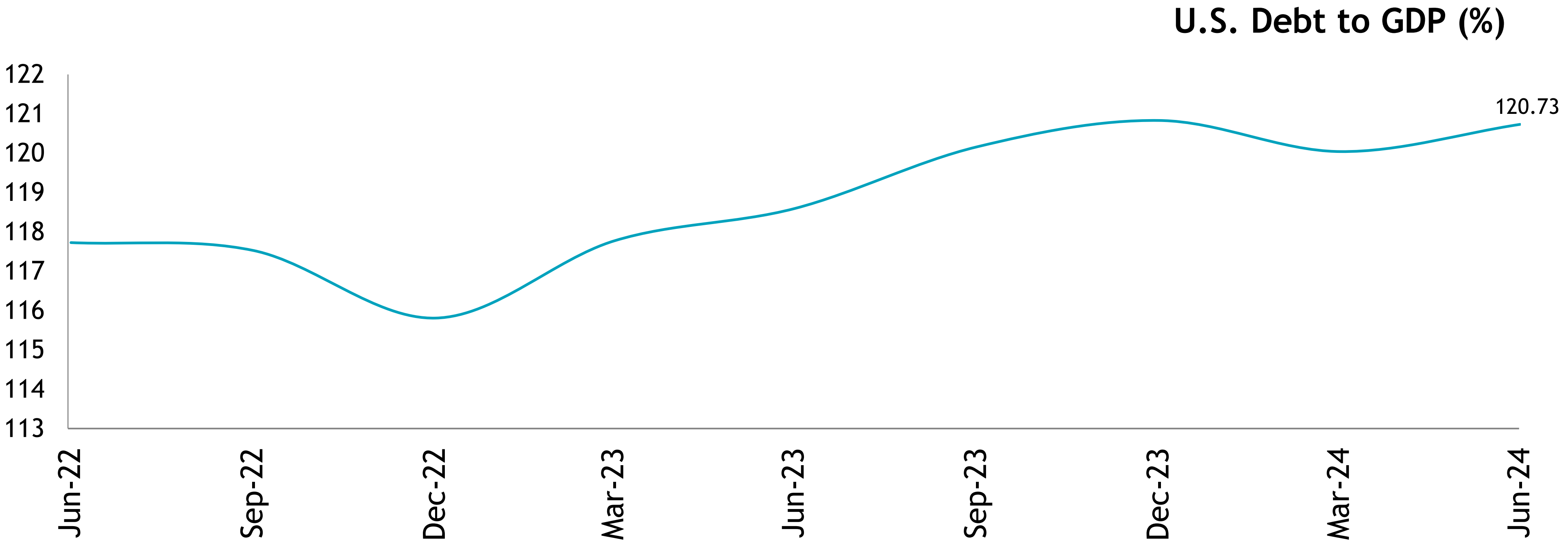
U.S. inflation stood at 2.90% in Dec 2024, and the eurozone inflation rate stood at 2.40% in Dec 2024.



Source: Refinitiv

U.S. Debt to GDP (%)

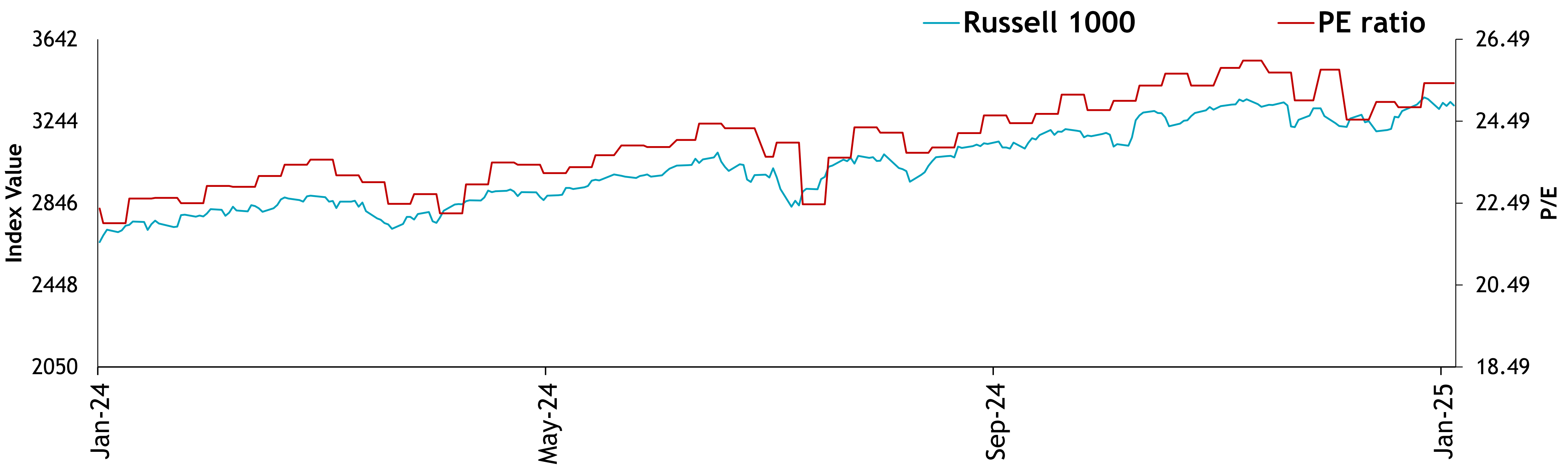
According to a report, the U.S. debt to GDP ratio rose to 120.73% in Jun 2024, compared to 120.04% in Mar 2024.



Source: Fred

Russell 1000 Index and PE ratio

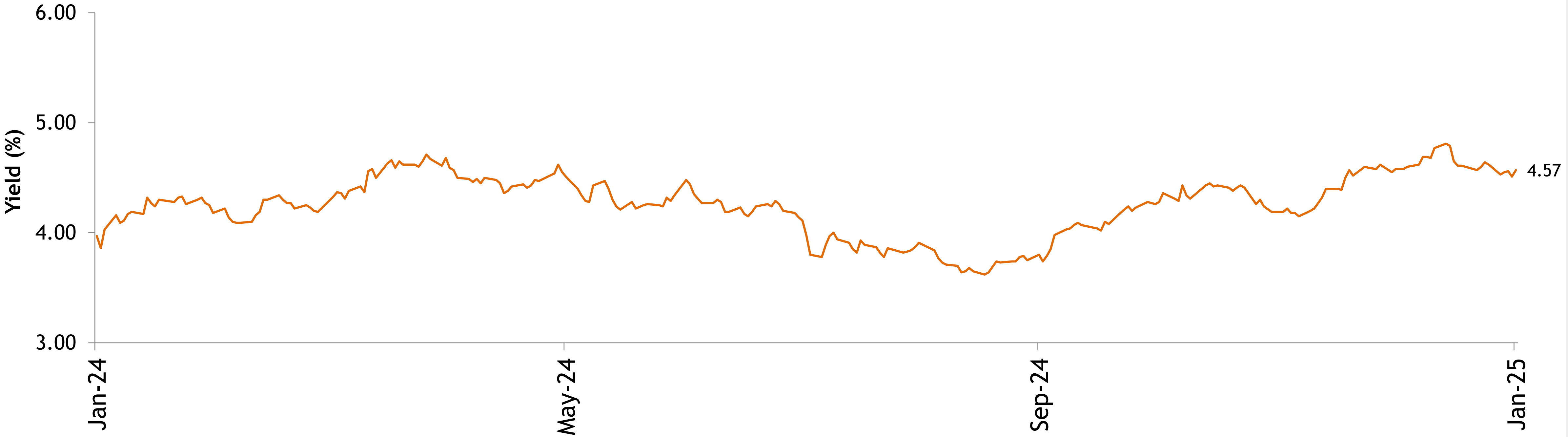
U.S. equity markets rose as investors aimed to purchase technology stocks at comparatively lower prices following a sell-off on 27th Jan, 2025.



Source: Refinitiv

U.S. 10 Year Treasury Yield

U.S. Treasury prices rose after the U.S. Federal Reserve Governor said three or four interest rate cuts this year are still possible.



Source: Refinitiv

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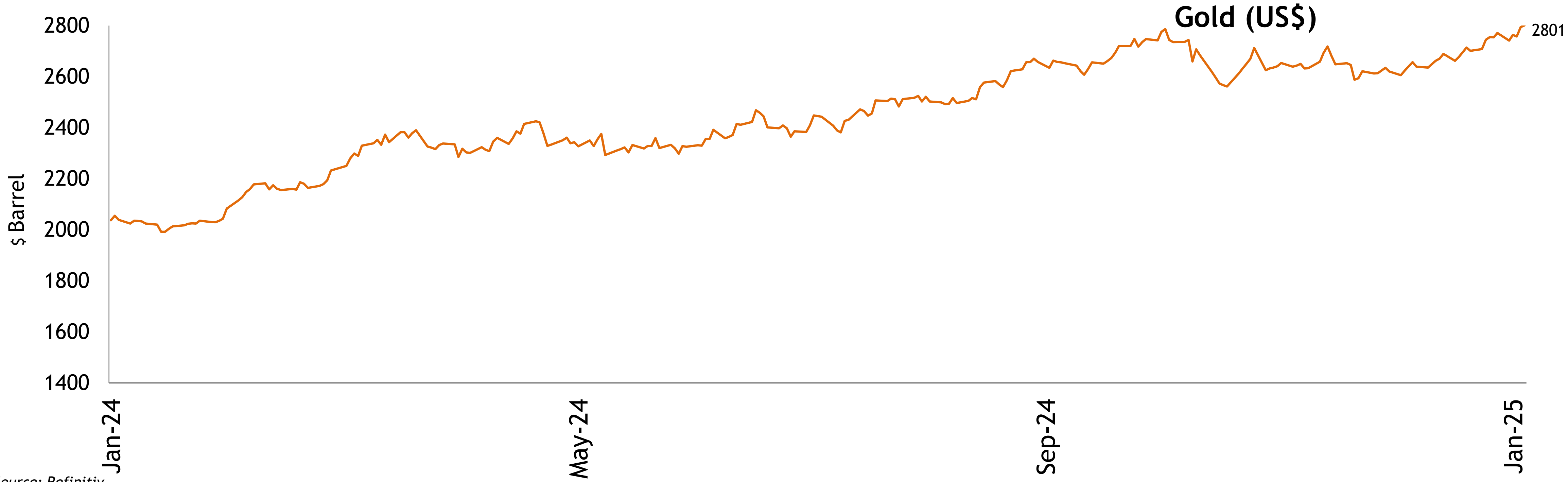
Gold

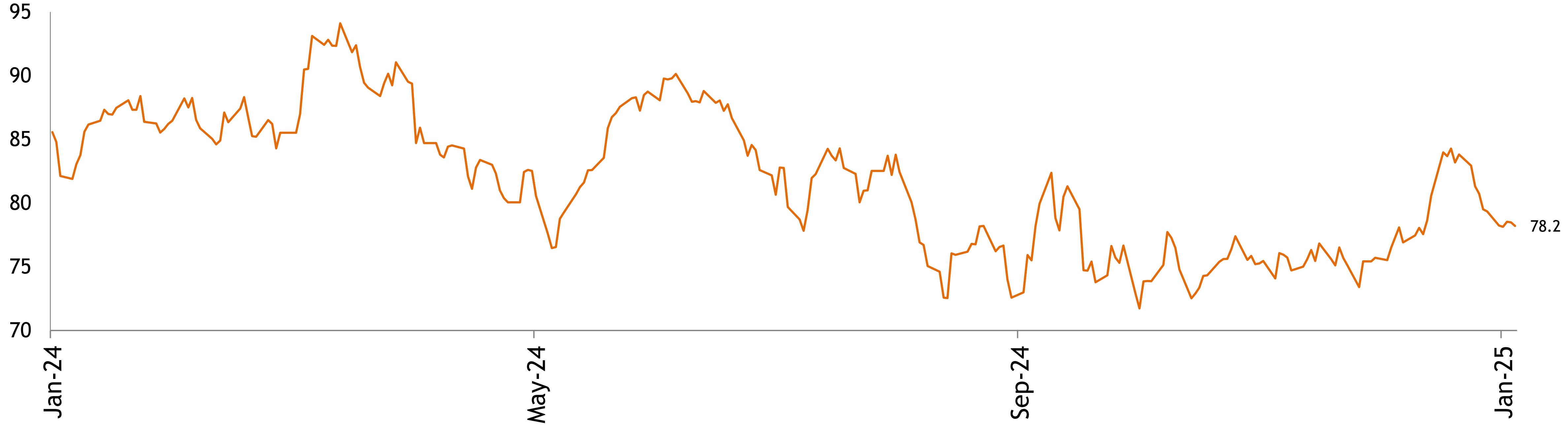
Gold prices rose driven by a surge in buying safe haven assets in response to the U.S. President's tariff threats.



Source: Refinitiv

Brent Crude

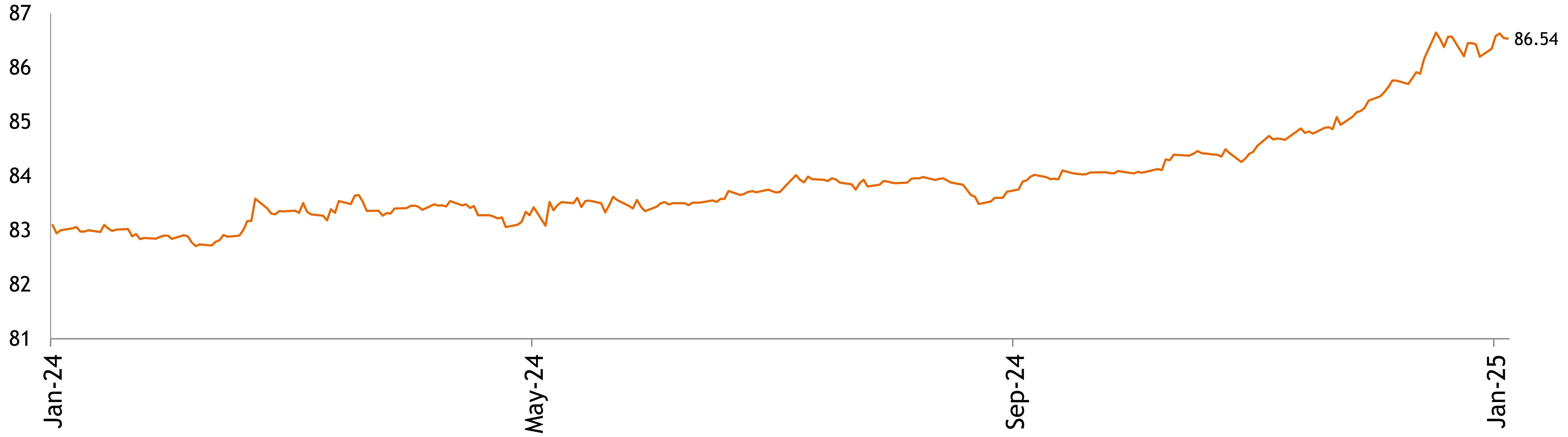
Brent crude oil prices rose amid potential supply risks after the U.S. imposed sweeping sanctions on Russia's oil exports.



Source: Refinitiv

USD/INR

Rupee fell against the U.S. dollar on concerns about global economic events and weakness in other Asian peers.



Source: Refinitiv

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Returns of Major Global Indices

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	CYTD
DAX 9.56%	RTS 52.22%	HangSeng 35.99%	Nasdaq -1.04%	RTS 45.28%	Nasdaq 47.58%	CAC 28.85%	STI 4.09%	Nasdaq 53.81%	Nasdaq 24.88%	DAX 9.16%
SSEC 9.41%	FTSE 14.43%	Nasdaq 31.52%	RTS -7.65%	Nasdaq 37.96%	Kospi 30.75%	Nasdaq 26.63%	FTSE 0.91%	Nikkei 28.24%	Nikkei 19.22%	CAC 7.72%
Nikkei 9.07%	DAX 6.87%	Kospi 21.76%	STI -9.82%	CAC 26.37%	Nikkei 16.01%	DAX 15.79%	Nikkei -9.37%	DAX 20.31%	DAX 18.85%	FTSE 6.13%
CAC 8.53%	Nasdaq 5.89%	Nikkei 19.10%	CAC -10.95%	DAX 25.48%	SSEC 13.87%	RTS 15.01%	CAC -9.50%	Kospi 18.73%	HangSeng 17.67%	Kospi 4.91%
Nasdaq 8.43%	CAC 4.86%	STI 18.13%	Nikkei -12.08%	SSEC 22.30%	DAX 3.55%	FTSE 14.30%	DAX -12.35%	CAC 16.52%	STI 16.89%	Nasdaq 2.22%
Kospi 2.39%	Kospi 3.32%	DAX 12.51%	FTSE -12.48%	Nikkei 18.20%	HangSeng -3.40%	STI 9.84%	SSEC -15.12%	RTS 11.63%	SSEC 12.67%	STI 1.80%
RTS -4.26%	Nikkei 0.42%	CAC 9.26%	HangSeng -13.61%	FTSE 12.10%	CAC -7.14%	Nikkei 4.91%	HangSeng -15.46%	FTSE 3.78%	FTSE 5.69%	HangSeng 0.82%
FTSE -4.93%	HangSeng 0.39%	FTSE 7.63%	Kospi -17.28%	HangSeng 9.07%	RTS -10.42%	SSEC 4.8%	Kospi -24.89%	STI -0.34%	CAC -2.15%	RTS 0%
HangSeng -7.16%	STI -0.07%	SSEC 6.56%	DAX -18.26%	Kospi 7.67%	STI -11.76%	Kospi 3.63%	Nasdaq -32.97%	SSEC -3.70%	Kospi -9.63%	Nikkei -0.81%
STI -14.34%	SSEC -12.31%	RTS 0.18%	SSEC -24.59%	STI 5.02%	FTSE -14.34%	HangSeng -14.08%	RTS -39.18%	HangSeng -13.82%	RTS --	SSEC -3.02%

- CAC returns represented by CAC 40 Index (France)
- DAX Index returns represented by FSE DAX (Germany)
- FTSE returns represented by FTSE 100 (United Kingdom)
- HangSeng returns represented by HangSeng (Hong Kong)
- Nasdaq returns represented by Nasdaq 100 (US)
- Nikkei returns represented by Nikkei 225 (Japan)
- RTS returns represented by RTS Index (Russia)
- SSEC represented by SHANGHAI SE COMPOSITE (China)
- STI returns represented by FTSE Straits Times (Singapore)
- Kospi represented by Kospi Index (South Korea)

Key Global Equity Market Highlights

U.S.

- U.S. equity markets rose as investors aimed to purchase technology stocks at comparatively reduced prices following a sell-off in the sector during the trading session on 27th Jan, 2025, prompted by the rise of a low-cost startup IT company in China that emerged as a formidable player in the AI model landscape.
- Additionally, the market rose, encouraged by news that the U.S. President is set to declare private sector investments amounting to $500 billion for the development of artificial intelligence infrastructure.
- U.S. Treasury prices rose as investors sought the safety of government bonds, declining in technology stocks following the introduction of a discounted artificial intelligence model from China.
- **Europe**
- European equity markets rose after the European Central Bank delivered a widely expected 25-basis point interest-rate cut on 30th Jan, 2025 and guided for a further reduction in Mar 2025 due to concerns about economic growth.
- Further, prices rose as investors evaluated the anticipated actions of the U.S. Federal Reserve following the release of recent economic reports, including data on producer price inflation for the month of Dec 2024.
- However, concerns about tariff threats by the U.S. President hurt a bit and limited the upside in some of the markets.

Key Global Equity Market Highlights

Asia

- Asian equity markets mostly rose as upbeat corporate quarterly earnings updates from U.S. technology companies helped to gain market sentiment.
- The market rose further following a report indicating that Chinese officials were implementing measures to stabilize the operations of a Chinese real estate company. However, gains were restricted by worries about the U.S. tariff plans.
- Additionally, the Chinese market fell amid concerns about the country's slowing growth and deflation fears.
- Further, the market fell as investors continued to be vigilant regarding the increasing possibility of intervention by Japanese authorities to bolster the value of the Japanese yen.
- The Japanese markets fell as technology shares were adversely affected by apprehensions surrounding a newly introduced Chinese artificial intelligence model.

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