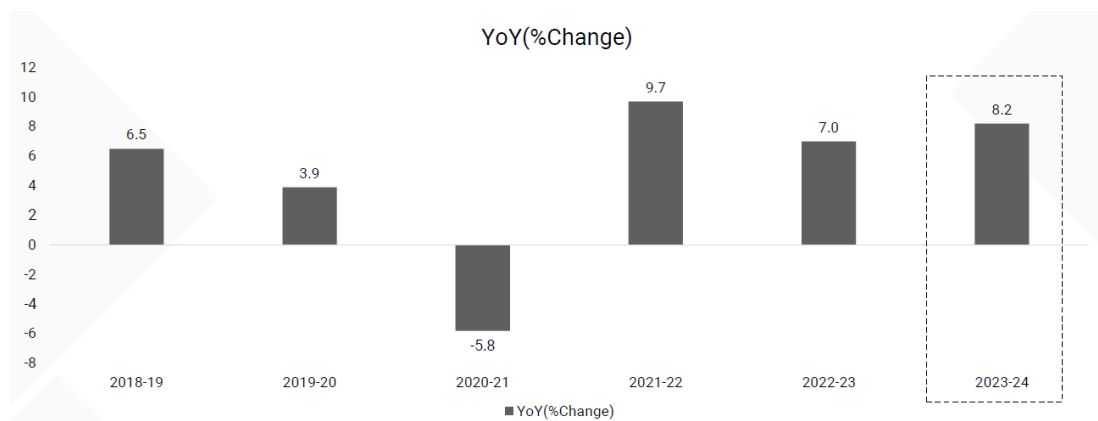


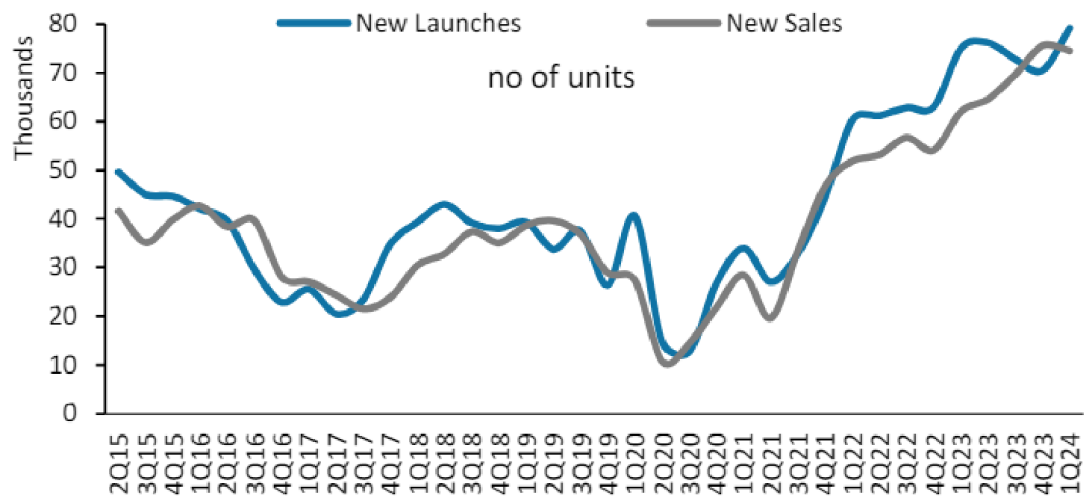
Indian Economy

- S&P upgrades India's sovereign rating to 'positive'.
- India's Current Account has recorded a surplus of 0.6% in Q4 FY24. This implies inflows have been more than out flows. This was the first surplus quarter since June'21.
- FY24 GDP stood at 8.2%, surpassing estimates made by government and private agencies.



Source: CMIE, Fisdrom Research

- The Banking industry is in good health with multi-year low net NPAs (0.6% in FY24)
- GST collection was INR 1.74 Tn in Jun'24, Up 7.7% YoY. E-Way bill generation is near to all time high.
- Real Estate sector is booming. Both new launches and new sales are at record high.



Source: JLL, Morgan Stanley Research

- Advance tax collection for 1QFY25 have jumped 27.6% YoY with an increase of 23.7% YoY in Direct tax collection.

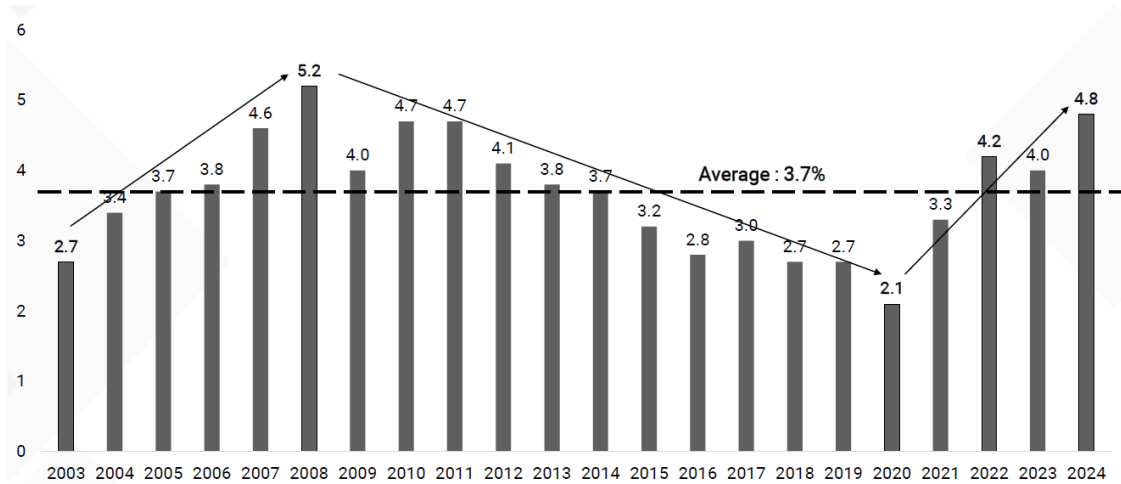
Global Economy

- IMF projects steady global growth in 2024.
- Globally inflation is decreasing and central bankers have started cutting rates.
- US FED is holding rates steady and indicating one rate cut in 2024.
- US equity index S&P500 has done well in 2024, but there is big divergence in equity performance of top 7 tech companies and the rest of the market.

Outlook

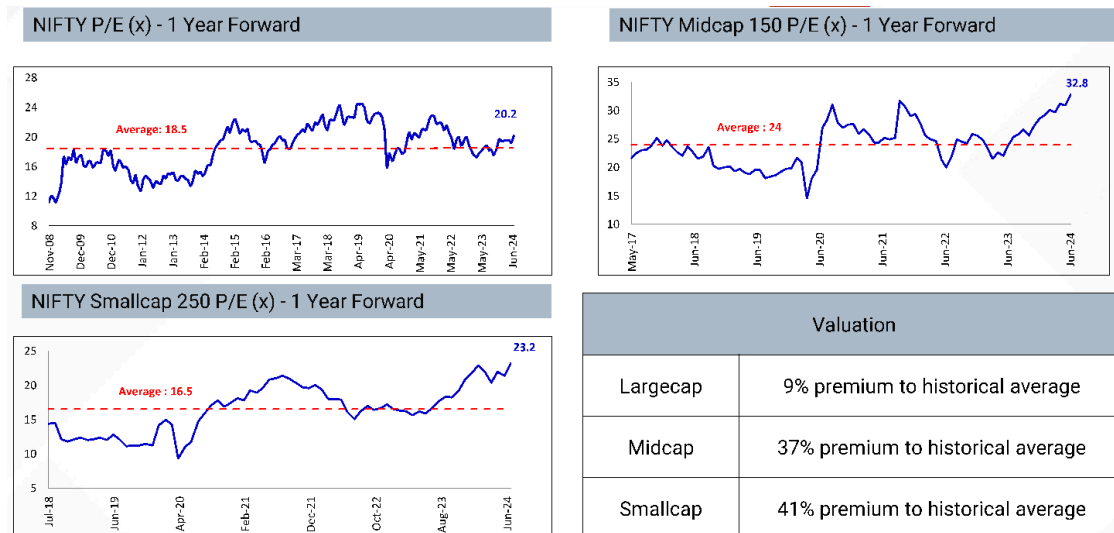
Equity

- India's growth trajectory remains good, supported by healthy Industrial and Service sectors.
- Indian corporates are in good health as reflected in earnings growth. In the next 4 - 5 yrs corporate earnings are projected to grow at a compounded rate of 20%.
- Corporate profit to GDP ratio has risen from a low of 2.1 in 2020 to 4.8 in 2024



Source: Motilal Oswal

- Investments remain supported by real estate activity, improvement in government and private capex. Private sector capex has potential to grow faster in view of low leverage, increasing capacity utilization, consistent corporate profitability, and a robust banking sector balance sheet.
- Medium-term outlook for India's economy appears promising. Favourable government policies, benefits from Production-Linked Incentive schemes, opportunities arising from shift in the global supply chain, enhanced infrastructure investments, the potential of resurgence in private sector capex, and the enduring robustness of consumption.
- Equity valuations remain on the higher side with the small cap sector at highest valuation.



Source: Motilal Oswal, Bloomberg, As on 30th June 2024

- Valuations are high but so is the earnings growth trajectory. Stay invested, maintain asset allocation and buy on dips. The risk return ratio is in favour of large caps.

Debt

- Inflation is within RBI's target band; policy rates have been kept unchanged and are not expected to change in the immediate future. Yields are expected to be range bound with slight easing bias.

- Surpluses for 3-12 months can be parked in arbitrage funds which continue to generate healthy, tax-efficient returns. Longer-term debt exposure can be taken through conservative hybrid offerings for tax efficiency or corporate deposits.
- Tactical allocation with 18-24 months' view to long duration and dynamic debt funds can be taken for attractive returns arising from capital gains on any yield correction during this time frame.

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