



marketbuzz



CONTENT

INDIAN ECONOMY	1
INDIAN EQUITY MARKET	2
INDIAN FIXED INCOME	3
GLOBAL EQUITY MARKET	5
GLOBAL FIXED INCOME	5
CURRENCY	6
COMMODITY	6

[View from the Top](#)

On the global front, U.S. equity markets closed on a mixed note during the month. The market experienced a rise after the Labor Department reported that the U.S. consumer price index slipped by 0.1% MoM in Jun 2024 after coming in unchanged in May 2024. Further, the market rose after the Federal Reserve's monetary policy announcement on 31st Jul, 2024 where the U.S. Federal Reserve maintained the current interest rates as anticipated but opened the door to easing in Sep 2024. However, gains were restricted as a sell-off by semiconductor stocks came after a report suggested that political uncertainty could impact global trade. European equity markets rose following the release of the U.S. consumer price index data that indicated a decline in Jun 2024 after coming in unchanged in May 2024, which raised expectations that the U.S. might begin to lower interest rates sooner rather than later. Further, positive economic data from Germany and the U.K. also helped boost sentiment in the European markets as data showed that U.K. real gross domestic product grew 0.4% MoM in May 2024 after showing no growth in Apr 2024. Asian equity markets mostly fell on concerns regarding decelerating growth in the world's second-largest economy, China. Losses were increased further as the EU imposed tariffs on Chinese imports while China revealed the next phase of its anti-dumping investigation into European brandy imports.

Back home, domestic equity markets started month on higher note amid reinstated expectations that the U.S. Federal Reserve would start interest rate cuts in Sep 2024 following the dovish commentary from the U.S. Federal Reserve Chairperson, which fuelled hopes that rate cuts are closer. Gains were extended after softer-than-expected U.S. consumer inflation data in Jun 2024, which fell by 0.1% sequentially, bolstered hopes for two rate cuts this year by the U.S. central bank.

In the domestic debt market, bond yields slipped during the month in tandem with a drop in U.S. Treasury yields on expectations of rate cut in Sep 2024 by the U.S. Federal Reserve. Gains were extended following an ease in global crude oil prices. Sentiments remained upbeat as the Union Budget 2024 did not present any negative triggers, with an announcement of lower-than-expected gross borrowing for the current fiscal year. However, gains were restricted as market participants booked profits ahead of the U.S. Federal Reserve's policy decision.

[Outlook](#)

Domestic equity markets moving ahead will be dictated by the next set of corporate earning numbers for the quarter ended Jun 2025. Incoming domestic macroeconomic data will also remain in sharp focus. Developments pertaining to initial public offerings (IPO) will too remain on the radar of market participants. On the global front, monetary policy action by key central banks across the globe is also expected to impact the domestic equity markets. A rate cut by the U.S. Federal Reserve is expected to result in foreign fund inflow into domestic equity markets. Global crude oil prices will also be closely tracked. In addition to the above mentioned factors, movement of the rupee against the greenback and transaction trends by foreign institutional investors is also expected to impact the domestic equity market in the coming months.

Interest rates trajectory from the global debt markets continue to indicate a dovish stance, which would support the optimistic outlook for the domestic debt markets. Although it is anticipated that the RBI will stick to its current course of action of maintaining interest rate, any change in its strategy may cause further declines in yields. Overnight rates are now trading at the lower end of the repo rate corridor due to increased liquidity in the interbank debt market. While money market yields may stabilize around current levels, long-term bonds could see further yield reductions due to ongoing demand-supply dynamics and expectations of rate cuts in the coming quarters.

We are pleased to bring to you the latest version of the Monthly Market Buzz for July. Happy Reading!!!

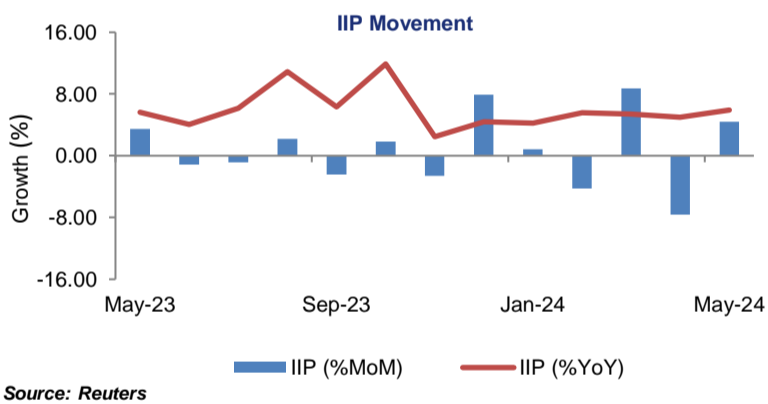
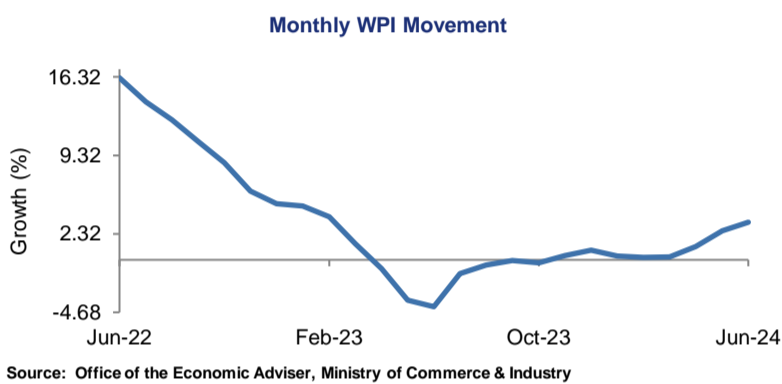
Deepak Gaddhyan
Head – Retail Liabilities & Wealth Management



INDIAN ECONOMY

Economic Releases in July-2024			
Key Indicator	Period	Actual	Previous
Repo Rate	Jul-24	6.50%	6.50%
Reverse Repo	Jul-24	3.35%	3.35%
CRR	Jul-24	4.50%	4.50%
Index of Industrial Production (IIP)	May-24	5.90%	5.00%
Wholesale Price Index Inflation(WPI)	Jun-24	3.36%	2.61%
Export (Y-o-Y)	Jun-24	2.56%	8.91%
Import (Y-o-Y)	Jun-24	4.99%	8.56%

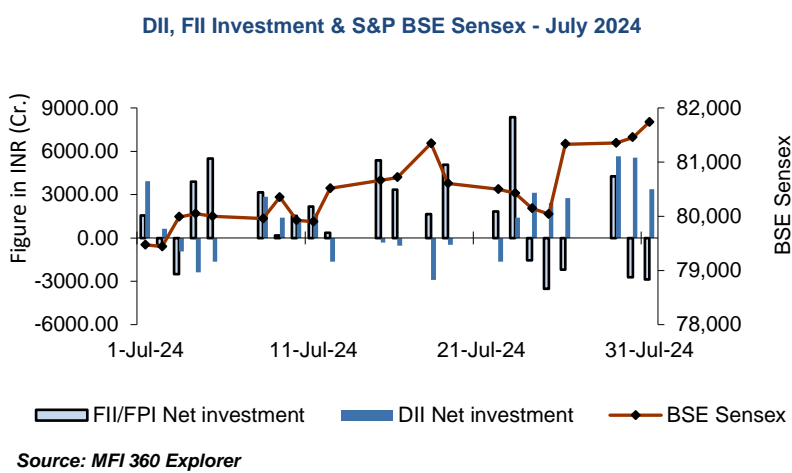
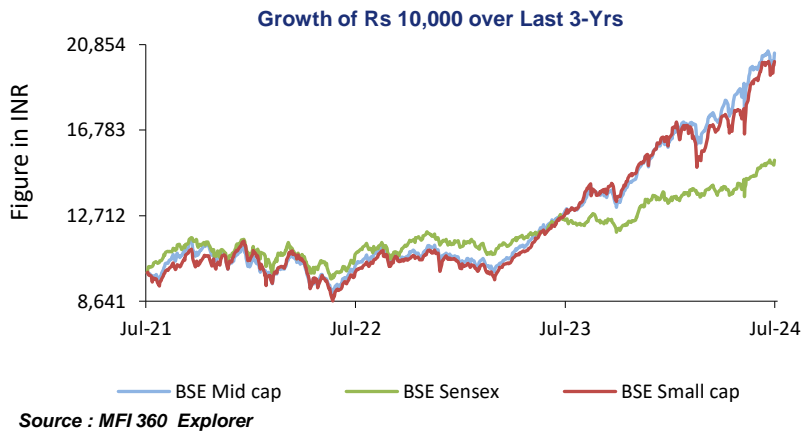
Source: RBI, Refinitiv



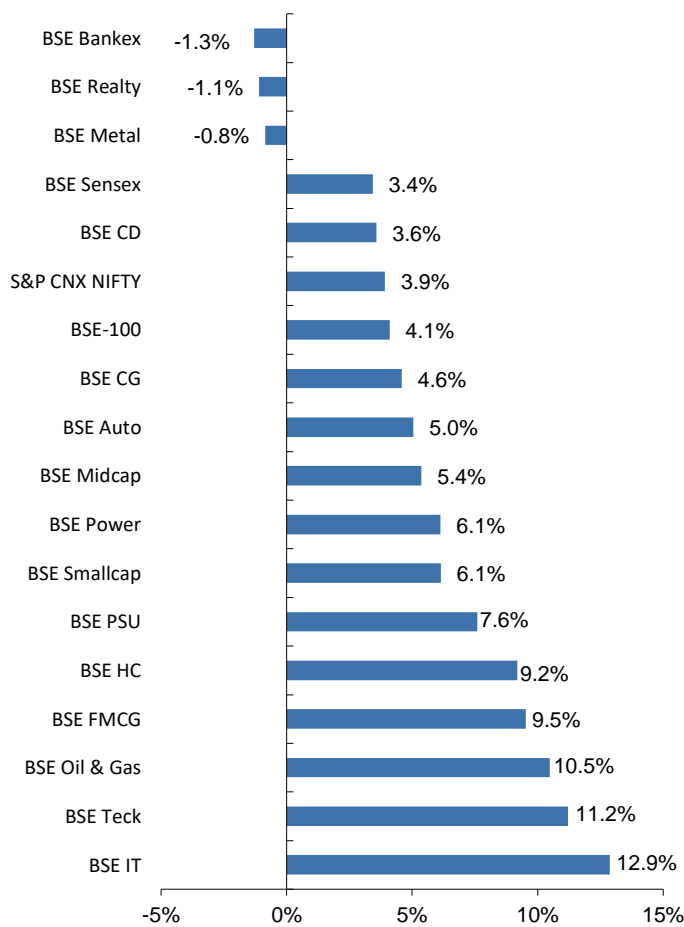
- The consumer price index-based inflation rose to 5.08% YoY in Jun 2024 compared to 4.80% in May 2024. The number remained within the RBI's upper tolerance level for the tenth consecutive month. Consumer food price inflation accelerated to 9.36% YoY in Jun 2024 from 8.69% in May 2024.
- Industrial production growth in India (IIP) increased to 5.9% YoY in May 2024, as compared to 5.0% rise in Apr 2024. Production in the manufacturing industry increased by 4.6%, mining by 6.6% and electricity by 13.7% in May 2024.
- India's wholesale price index (WPI) based inflation surged to 16-month high of 3.36% YoY in Jun 2024 as compared to 2.61% in May 2024. The positive rate of inflation in Jun 2024 was primarily due to an increase in prices of food articles, manufacture of food products, crude petroleum & natural gas, mineral oils, other manufacturing etc.
- Government data showed that India's fiscal deficit for the period from Apr to Jun of FY25 stood at Rs. 1.36 lakh crore or 8.1% of Budget Estimates (BE) of the current fiscal. India's fiscal deficit was at 25.3% of the BE in the corresponding period of the previous fiscal year. Total expenditure stood at Rs. 9.70 lakh crore or 20.4% of the BE as compared to 23.3% of the BE in the corresponding period of the previous fiscal year.
- India's Services Purchasing Managers' Index (PMI) rose slightly to 60.5 in Jun 2024 as compared to 60.2 in May 2024 buoyed by strong demand and a record rise in export orders.

- According to a consultation paper published by SEBI, the capital market regulator suggested creating 'hybrid passive funds' or hybrid funds that are managed passively. Fund companies can use this to introduce hybrid index funds or hybrid ETFs. To start with, SEBI proposes three sets of hybrid passive funds, Debt oriented, Balanced and Equity oriented, where equity and debt exposure would be 25:75, 50:50 and 75:25, respectively.
- Finance Minister announced changes to the new income tax regime in Union Budget 2024. The tax slab limit for 5% tax rate was changed from Rs. 6 lakh to Rs. 7 lakh and the standard deduction was hiked from Rs. 50,000 to Rs. 75,000.
- IRDAI has revoked its guidelines on the commission of long-term motor insurance policies to agents and implemented the current commission norms applicable for all other policies. As a result, these policies will be equivalent to standard motor insurance policies with a one-year validity period. As of right now, insurers are permitted to pay agents, brokers, and motor insurance service providers up to 17.5% of the premium as the first-year commission on five-year comprehensive motor insurance policies for two-wheelers.
- According to the latest circular for SEBI, the capital market regulator has made email the default mode of communication for the dispatch of Consolidated Account Statement (CAS) for AMCs and their RTAs. Additionally, SEBI said that the investor will receive the CAS each month if there has been transaction in their MF folio or demat account.

Indian Equity Market



Monthly returns as on July 31 2024



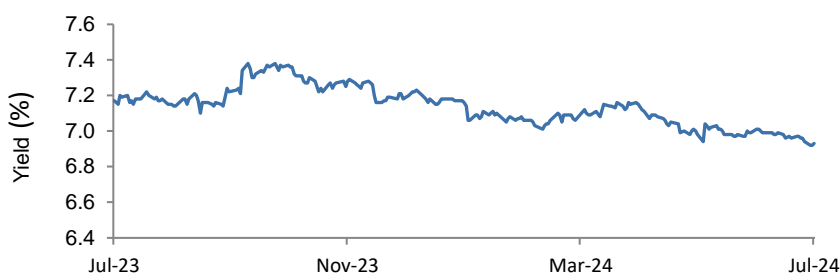
- Domestic equity markets started month on higher note amid reinstated expectations that the U.S. Federal Reserve would start interest rate cuts in Sep 2024 following the dovish commentary from the U.S. Federal Reserve Chairperson, which fuelled hopes that rate cuts are closer. Gains were extended after softer-than-expected U.S. consumer inflation data in Jun 2024, which fell by 0.1% sequentially, bolstered hopes for two rate cuts this year by the U.S. central bank. Markets reached fresh highs following the foreign fund inflows along with retreat in global crude oil prices from the recent high of \$90 per barrel mark.
- Meanwhile, fragile global sentiments due to a number of factors, including the deepening China-U.S. trade disputes, unpredictability surrounding the U.S. presidential election and a dearth of stimulus policies from China to spur economic expansion, restricted the gains, as profit bookings were witnessed at peak levels.
- Gains were further restricted as investors reacted to the Union Budget announcements, particularly the changes in capital gains tax. The long-term capital gains on all financial and non-financial assets will now attract a tax rate of 12.5% from 10% earlier. Short-term gains on certain financial assets shall henceforth attract a tax rate of 20% from 15% earlier. However, after witnessing some fall from peak levels, markets rallied to fresh high buoyed by the government's commitment to improving consumption and bridging the gap for energy transition in the Budget.
- Sentiments were boosted following the faster-than-expected U.S. GDP growth data that rose 2.8% YoY in Q2 2024 along with slower PCE price index that rose by 2.5% YoY in Jun 2024 as compared to 2.6% in previous month, which raised optimism among the investors about rate cuts by the U.S. Fed by the end of the year.
- On the BSE sectoral front, BSE IT rallied 12.87% bolstered by robust Q1FY25 earnings of tech giants that met market expectations, fuelling optimism about a recovery in information technology sector. The rally was further supported by anticipated Federal Reserve rate cut in Sep 2024 and improved demand conditions in the U.S., as evidenced by a GDP uptick in the second quarter. BSE FMCG surged 9.53% driven primarily by the government's increased Budget allocations for rural schemes to enhance rural consumption. BSE Healthcare rose 9.19% as the Union Budget 2024-25 provided positive cues for the Indian pharmaceutical industry. The government's focus on manufacturing, research & development, and healthcare infrastructure aligns with the industry's priorities and is expected to contribute to its continued growth and development.

Indian Fixed Income

Indicators (Yield %)	July 31, 2024	June 28, 2024
Call Rate	6.49%	6.85%
FBIL 1 Mn Term Mibor	7.09%	7.11%
10-Yr benchmark bond	6.93%	7.01%
Reverse Repo	3.35%	3.35%
Repo	6.50%	6.50%
Bank Rate	6.75%	6.75%
CRR	4.50%	4.50%

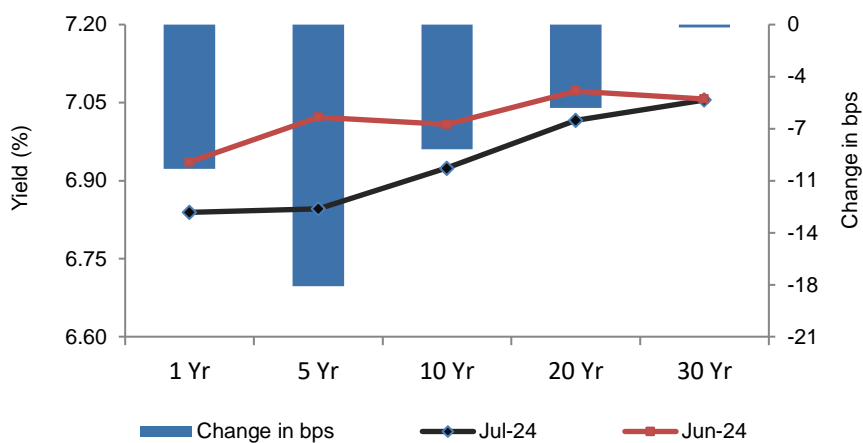
Source: Refinitiv

10-Yr Benchmark Bond



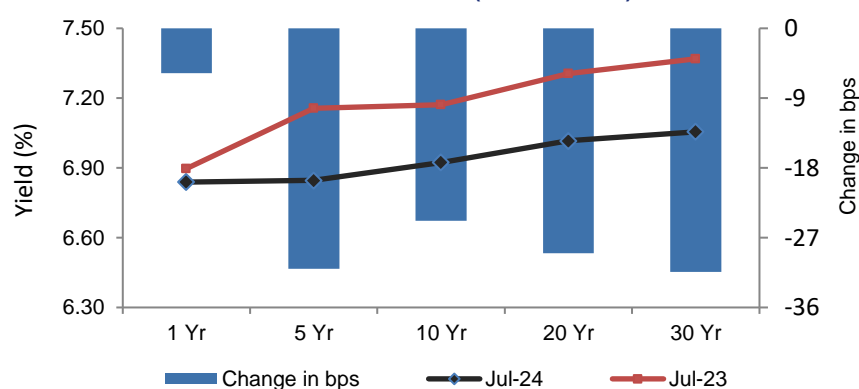
Source: CCIL

India Yield Curve Shift (Month-on-Month)



Source: Refinitiv

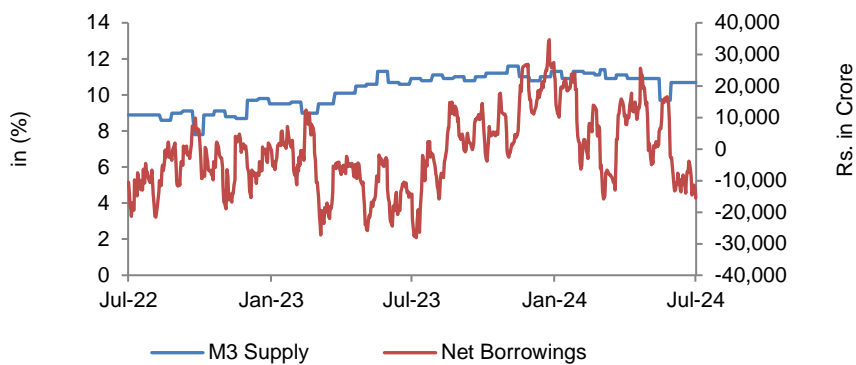
India Yield Curve Shift (Year-on-Year)



Source: Refinitiv

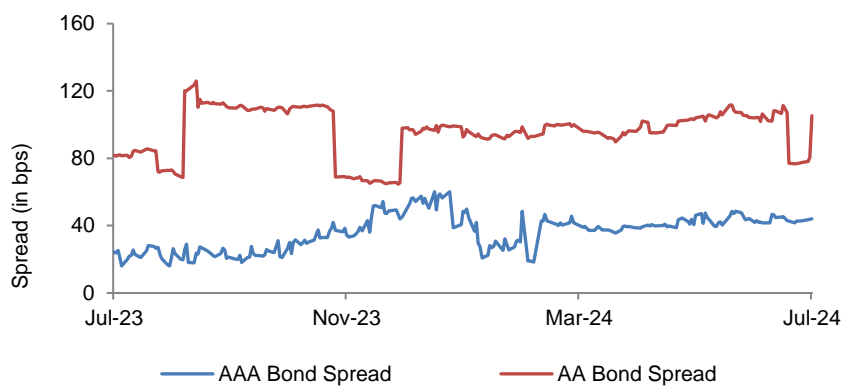
- Bond yields slipped during the month in tandem with a drop in U.S. Treasury yields on expectations of rate cut in Sep 2024 by the U.S. Federal Reserve. Gains were extended following an ease in global crude oil prices. Sentiments remained upbeat as the Union Budget 2024 did not present any negative triggers, with an announcement of lower-than-expected gross borrowing for the current fiscal year. However, gains were restricted as market participants booked profits ahead of the U.S. Federal Reserve's policy decision.
- Yield on the 10-year benchmark paper (7.10% GS 2034) fell by 8 bps to close at 6.93%, compared with the previous month's close of 7.01%.
- Bond yields started the month with marginal fall following an ease in U.S. Treasury yields, while market participants continue to gauge the pace of foreign inflows into Indian government bonds since the inclusion of local debt in the JPMorgan index.
- Gains were extended in tandem with a drop in U.S. Treasury yields on expectations of rate cut in Sep 2024 by the U.S. Federal Reserve.
- Meanwhile, yields witnessed some rise ahead of the Union Budget 2024 where the fiscal deficit and market borrowing numbers were in focus.
- Sentiments remained upbeat as the Union Budget 2024 did not present any negative triggers, with an announcement of lower-than-expected gross borrowing for the current fiscal year.
- Gains were extended further as domestic banks' demand for bonds increased in anticipation of further declines in yields along with an ease in global crude oil prices.
- However, gains were restricted as market participants booked profits ahead of the U.S. Federal Reserve's policy decision.

Liquidity Monitor- M3 Supply and Net Borrowings



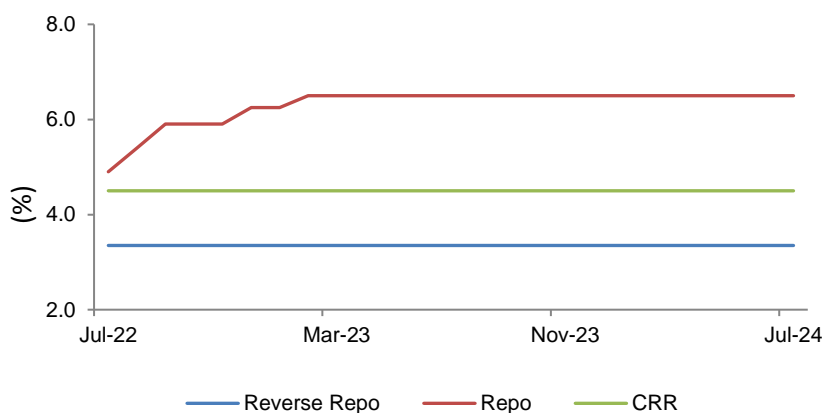
Source: Refinitiv

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



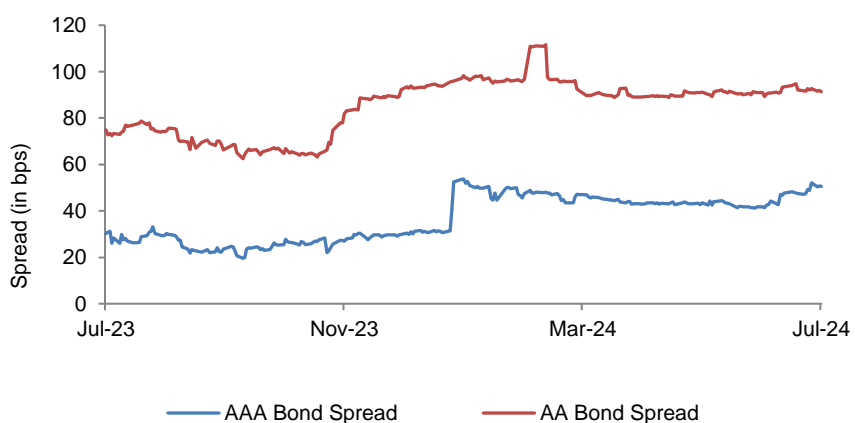
Source: Refinitiv

Movements of Key Policy Rates in India



Source: RBI

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



Source: Refinitiv

- The central bank of India conducted auctions of 91-, 182- and 364-days Treasury Bills for a notified amount of Rs. 1,00,000 crore in Jul 2024, compared to Rs. 48,000 crore in the previous month. The average cut-off yield of 91-, 182- and 364-days Treasury Bills stood at 6.74%, 6.85% and 6.88%, respectively, during the month under review compared with the average yield of 6.83%, 6.97% and 7.00%, respectively in the previous month.
- The RBI also conducted auction of state development loans (SDL) for a total notified amount of Rs. 68,390 crore (accepted amount was Rs. 68,383 crore), which is lower than the scheduled amount of Rs. 79,490 crore during Jul 2024. The average cut-off yield of 10-year SDL rose to 7.34% during Jul 2024 from 6.74% in the previous month.
- In addition, the RBI also conducted auction of government securities for a notified amount of Rs. 1,16,000 crore in Jul 2024, for which full amount was accepted with no devolvement on primary dealers.
- Yield on 5-year gilt paper & 10-year paper fell by 18 & 9 bps, respectively. Yield on 5-year corporate bond & 10-year paper fell by 9 bps each. Difference in spread between corporate bond and gilt securities expanded by 9 bps on 5-year paper and 10-year paper was unchanged.

GLOBAL EQUITY MARKET

Performance of Major International Markets (as on July 31, 2024)		
Indices	Country	1 Mth (%)
United States		
Nasdaq 100	U.S.	-1.63
Nasdaq Composite	U.S.	-0.75
Asia Pacific		
SET Composite Index	Thailand	1.53
Jakarta Composite	Indonesia	2.72
Straits Times Index	Singapore	3.69
KOSPI Index	South Korea	-0.97
Nikkei Stock Average 225	Japan	-1.22
Taiwan SE Weighted Index	Taiwan	-3.62
Shanghai Composite Index	China	-0.97
BSE Sensex	India	3.43
S&P/ASX 200	Australia	4.18
Europe		
FTSE 100	U.K.	2.50
CAC 40	France	0.70
DAX Index	Germany	1.50

Source: MFI 360 Explorer & Refinitiv

United States

- U.S. equity markets closed on a mixed note during the month. The market experienced a rise after the Labor Department reported that the U.S. consumer price index slipped by 0.1% MoM in Jun 2024 after coming in unchanged in May 2024. However, gains were restricted as a sell-off by semiconductor stocks came after a report suggested that political uncertainty could impact global trade.

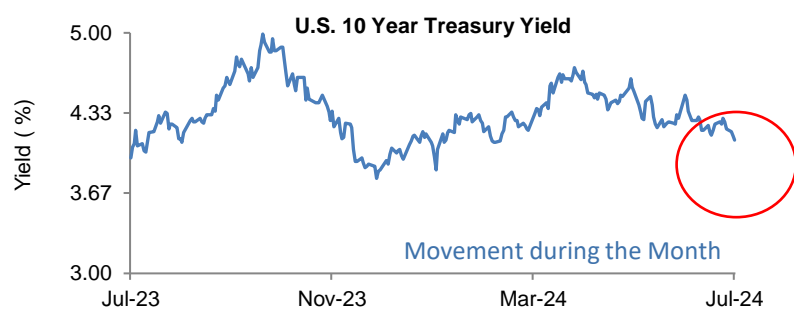
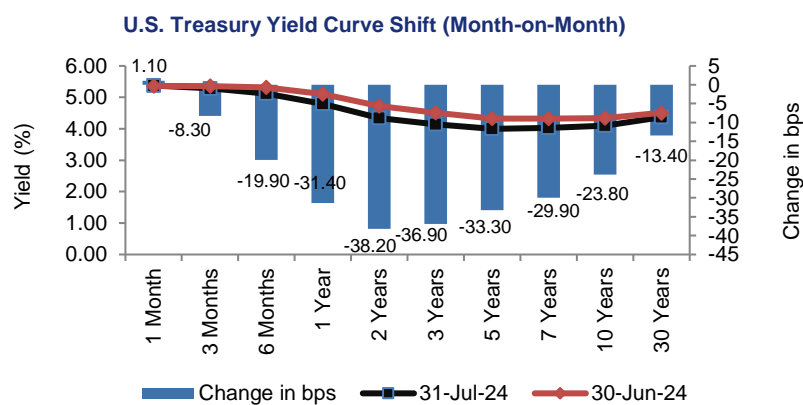
Europe

- European equity markets rose as positive economic data from Germany and the U.K. helped boost sentiment in the European markets as data showed that U.K. real gross domestic product grew 0.4% MoM in May 2024 after showing no growth in Apr 2024. Strong earnings reports from European companies also have supported market sentiment.

Asia

- Asian equity markets mostly fell after the release of disappointing earnings from U.S. major companies. Losses were increased further as the EU imposed tariffs on Chinese imports while China revealed the next phase of its anti-dumping investigation into European brandy imports. However, losses were restricted after soft U.S. consumer price index data was reported in the month of Jun, 2024.

GLOBAL FIXED INCOME - U.S. TREASURY



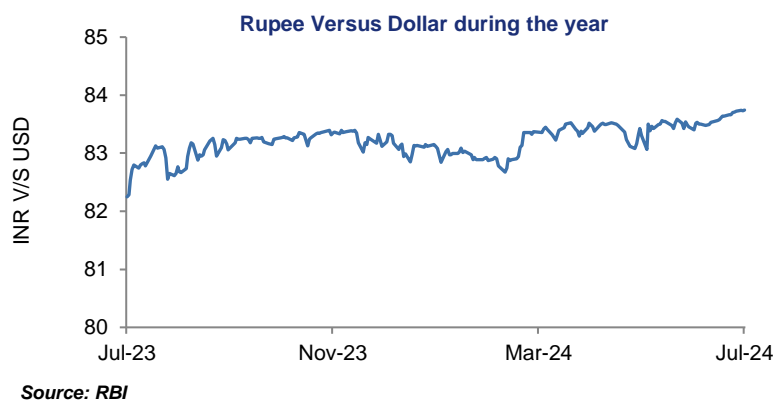
- Yields on the 10-year U.S. Treasury fell by 23 bps to close at 4.11% from the previous month's close of 4.34%.
- U.S. Treasury prices rose following the release of data indicating a slight increase in the U.S. personal consumption expenditures (PCE) price index in Jun 2024, offsetting concerns about a higher-than-expected uptick in inflation following hotter-than-expected price increases for the second quarter of 2024.
- Additionally, the U.S. central bank held rates steady, while indicating the possibility of lowering borrowing costs at its upcoming meeting in Sep 2024 as inflation approaches the 2% target rate, which further increases U.S. Treasury prices.
- However, gains were restricted after the Commerce Department's advance report showed that the second quarter of 2024 gross domestic product grew at a 2.8% annualized rate, above the 2.0% rise forecast by economists, which reduced expectations of interest rate cuts from the U.S. Federal Reserve.



CURRENCY

Movement of Major Currencies (as on July 31, 2024)				
Currency	Value (as on 31-Jul-2024)	1 Mth	3 Mth	1 Yr
U.S. Dollar	83.74	83.45	83.52	82.25
Pound Sterling	107.55	105.46	104.64	105.76
Euro	90.62	89.25	89.34	90.58
Yen (Per Rs.100)	55.00	52.00	53.00	58.00

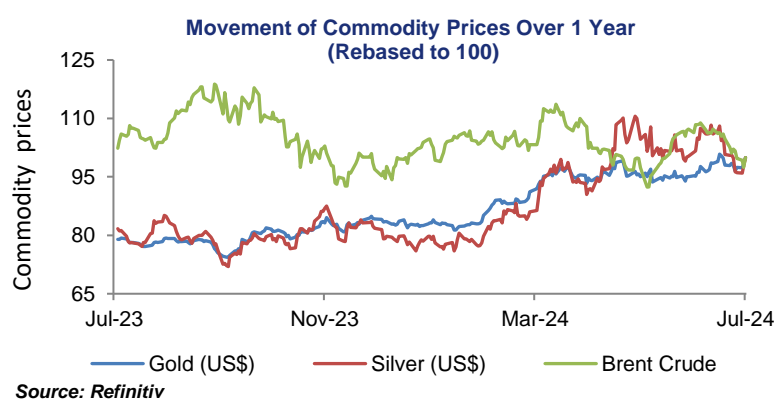
Source: RBI




COMMODITIES

Performance of Various Commodities					
Commodities	Last Closing (31-Jul-24)	Returns (in %)			
		1 Wk	1 Mth	6 Mth	1 Yr
Crude Brent (\$/Barrel)	82.78	-2.11	-6.73	-3.26	-3.09
Gold (\$/Oz)	2448.10	2.11	5.26	20.17	24.64
Gold (Rs/10 gm)	69046.00	0.19	-3.52	10.31	16.47
Silver (\$/Oz)	29.04	0.17	-0.30	26.73	17.24
Silver (Rs/Kg)	82817.00	-2.34	-5.72	15.85	12.68

Source: Refinitiv



INR

- Rupee fell against the U.S. dollar after the proposal by the finance minister to raise tax rates on long-term capital gains (LTCG) and short-term capital gains (STCG) which led to a decline in the domestic equity markets on 23rd Jul, 2024. Prices fell further due to weakness in most Asian peers. However, losses were restricted following rise in the domestic equity market. Likely intervention from the Reserve Bank of India and decline in crude oil prices further limited the losses.

EURO

- Euro fell against the U.S. dollar after preliminary data revealed that the U.S. economy expanded faster than expected in the second quarter of 2024. Prices fell even more after data showed that eurozone's economy grew slightly more than expected in the three months to Jun, 2024. However, losses were limited following the release of data indicating a slight slowdown in U.S. job growth in Jun 2024 and an increase in the unemployment rate, it highlighted the possibility that the U.S. Federal Reserve might start reducing interest rates in Sep 2024.

Crude

- Brent crude oil prices fell on concerns about political uncertainty in the U.S. and weak economic data from China. Further, prices fell after the U.S. President's decision to withdraw from the 2024 U.S. presidential race. Moreover, the drop in prices is a result of the recent geopolitical updates regarding the ceasefire negotiations in the Israel-Hamas war. However, losses were limited by hopes for interest-rate cuts by the U.S. Federal Reserve and optimism that summer travel demand will boost oil consumption. Gains were increased even more amid worries regarding potential supply interruptions caused by escalating tensions in the Middle East.

Gold

- Gold prices rose after the release of data by the Labor Department indicating a decrease in U.S. consumer prices in Jun 2024, this leads to higher anticipation for interest rate cuts by the U.S. Federal Reserve. Further, prices rose after the release of important U.S. employment figures for the month of Jun, 2024 indicating a weakening labor market, there is growing anticipation for a U.S. Federal Reserve interest rate reduction in Sep 2024. Further, gains were expanded after the release of soft U.S. personal consumption expenditures (PCE) price index data for the month of Jun, 2024, which bolstered hopes that the U.S. Federal Reserve would start cutting interest rates this year.

Contact Details

Registered Office

RBL Bank Limited
1st Lane, Shahupuri, Kolhapur - 416001. Maharashtra State.
Ph. : 0231 2656831/2653006

Corporate Office

RBL Bank Limited
One India Bulls Center, Tower 2, 6th Floor, 841, Senapati Bapat Marg,
Lower Parel, Mumbai 400013
Ph. : 022 43020600

All information mentioned in this document pertains to the month ended July 31, 2024.

Disclaimer:

All information contained in this document has been obtained from ICRA Analytics Limited from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind by ICRA Analytics Limited in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. RBL Bank acts as a distributor and does not warrant its completeness and accuracy. It does not constitute an offer to sell or a solicitation to buy any security or other financial instrument. Publishing lists of products merely indicates the funds and securities which we deal in and shall not be construed as recommended schemes by RBL Bank. Clients are advised to obtain individual financial advice based on their risk profile before taking any action based on the information contained in this material. Clients alone shall have the right to choose their investments and shall be responsible to invest in with their objectives and risk appetite, for which we holds no liability. RBL Bank does not guarantee the performance of products listed in the collateral and accepts no responsibility whatsoever including any loss suffered by clients resulting from investing in such funds. Investment products are subject to market risks including the possible loss of the principal amount invested. Past performance is not indicative of future results, prices can go up or down. Please read the Key Information Memorandum(s)/Scheme Investment Document(s) & Statement of Additional Information/ Term Sheet/ Prospectus carefully before investing. The term "RBL Bank" or "the Bank" shall mean RBL Bank Limited. Readers are requested to click here for ICRA Analytics disclaimer - <https://icraanalytics.com/home/Disclaimer>