



marketbuzz



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On the global, U.S. equity markets rose as fresh hope for global economic growth during the second term of U.S. President. Further, the U.S. market gained after the U.S. Federal Reserve made its anticipated announcement regarding a reduction in interest rates, decreasing them by a quarter point on 7th Nov, 2024. European equity markets mostly rose amid anticipations of additional rate reductions by central banks as there are indications of a rise in inflation within the eurozone. However, ongoing geopolitical issues in the Middle East, along with the potential effects of the U.S. President's global economic policies, have contributed to increased volatility in the markets. Asian equity markets closed on a mixed note. The market rose as positive Chinese trade data in Oct 2024 alleviated worries regarding the effects of the new U.S. President's policies on international trade, immigration, and other significant matters. However, gains were restricted as the Japanese markets are experiencing pressure due to expectations of a Bank of Japan interest rate increase, which has resulted in a stronger Japanese yen.

Back home, domestic equity markets remained volatile during the month under review as markets rose initially after the former U.S. President and Republican candidate took a decisive lead in the 2024 U.S. election, which increased the expectation of tax cuts and increased government spending in the U.S.

In the domestic debt market, bond yields fell during the month following the weaker-than-expected domestic GDP growth data for the second quarter of FY25, as market participants expecting that could pave the way for an earlier rate cut by the RBI. Gains were extended following an ease in U.S. Treasury yields after the newly elected U.S. President told that he will nominate a prominent fund manager as Treasury secretary, who is seen a fiscal conservative and will likely to want to keep a leash on U.S. deficits. However, larger-than-expected spike in domestic consumer inflation data of Oct 2024, limited the gains.

Outlook

Going forward, the RBI monetary policy in Dec 2024 will be a significant event for domestic equity markets where interest rate decision along with outlook on domestic economy by the central bank will be closely monitored. The newly elected U.S. President has dampened expectations on the U.S. rate cut cycle given the view that his policies are likely to be more protectionist and inflationary leading to a strengthening dollar and consequently a weaker Rupee. A near-term volatility is expected amid growing uncertainties about global policies, geo-political issues, and lastly the current cyclical slowdown prevalent in India. Additionally, the latest developments regarding geopolitical tensions in the Middle East along with Ukraine and Russia will be important for further guidance.

Moving ahead, the development of domestic bond yields will be influenced by the upcoming monetary policy decisions of the RBI, which will be concluded on Dec 06, 2024. The central bank is likely to keep the repo rate at 6.5%, however, it will be interesting to see how the RBI will address the slowdown in the growth rate of the domestic economy in the second quarter of FY25 and the rise in retail inflation rate in Oct 2024 above the level of 6%. Foreign inflows into domestic bonds may be waned following the victory of the former U.S. President in the recently conducted election, which stoked speculation of higher U.S. inflation and strengthening of U.S. dollar after the new U.S. President plans to impose tariffs around the globe.

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

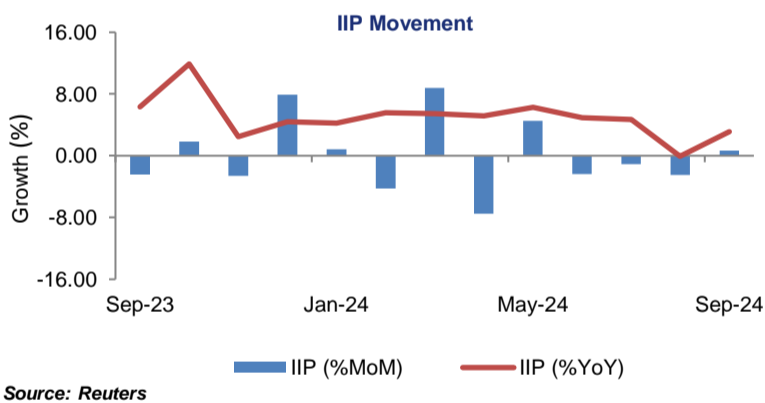
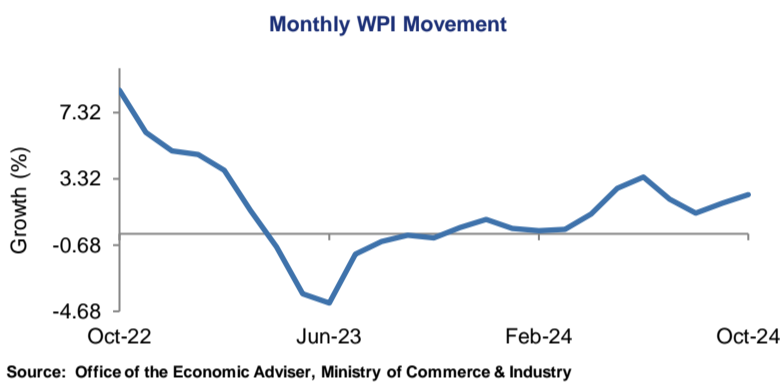
Deepak Gaddhyan
Head – Retail Liabilities & Wealth Management



INDIAN ECONOMY

Economic Releases in November-2024			
Key Indicator	Period	Actual	Previous
Repo Rate	Nov-24	6.50%	6.50%
Reverse Repo	Nov-24	3.35%	3.35%
CRR	Nov-24	4.50%	4.50%
Index of Industrial Production (IIP)	Sep-24	3.10%	-0.10%
Wholesale Price Index Inflation(WPI)	Oct-24	2.36%	1.84%
Export (Y-o-Y)	Oct-24	16.77%	0.32%
Import (Y-o-Y)	Oct-24	2.01%	2.82%

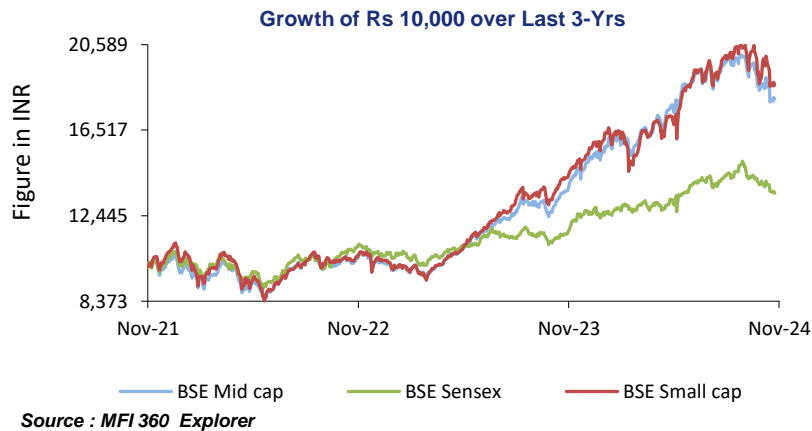
Source: RBI, Refinitiv



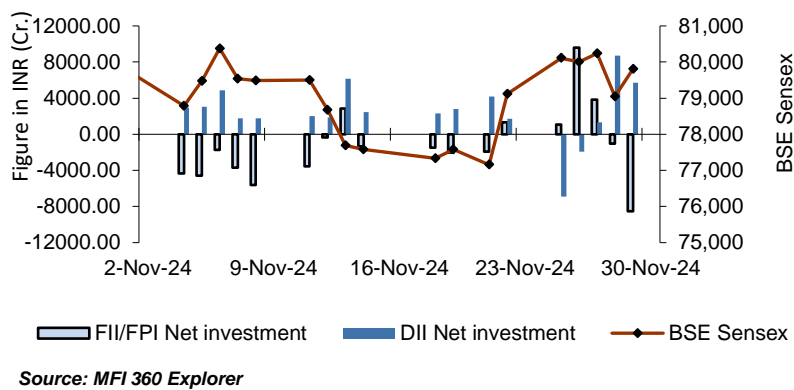
- The consumer price index-based inflation accelerated to 6.21% YoY in Oct 2024 compared to 5.49% in Sep 2024, mainly due to rise in food prices. This is the first time since Aug 2023 that inflation has gone beyond the RBI's upper tolerance limit of 6%. Consumer food price inflation rose to 10.87% YoY in Oct 2024 from 9.24% in Sep 2024.
- Index of Industrial production (IIP) rose 3.1% YoY in Sep 2024, as compared to a contraction of 0.1% in Aug 2024. Production in mining, manufacturing and electricity witnessed a growth of 0.2%, 3.9% and 0.5%, respectively, in Sep 2024.
- India's wholesale price index (WPI) based inflation hit 4-month high to 2.36% YoY in Oct 2024 as compared to 1.84% in Sep 2024. The positive rate of inflation in Oct 2024 was primarily on the back of a spike in the prices of food items, particularly vegetables.
- Government data showed that Gross Domestic Product (GDP) of the Indian economy at constant (2011-12) prices witnessed a growth of 5.4% YoY in the second quarter of FY25. In the Jul-Sep quarter of last year, the GDP growth rate was 8.1%. On the sectoral front, the growth of Manufacturing sector decreased to 2.2% in Q2 of FY25 from 14.3% in same quarter of previous fiscal year. However, growth of Agriculture, Livestock, Forestry & Fishing increased to 3.5% in Q2 of FY25 compared to 1.7% growth in Q2 of FY24, while Mining & Quarrying witnessed a negative growth of 0.1% in the same period.

- SEBI has mandated that AMC's provide distinct disclosures of expense ratios, returns, and yields for direct and regular plans. By enacting this new regulation, the regulator aims to promote greater transparency, investor understanding, and a uniform disclosure strategy by the mutual fund industry. Currently, AMC's disclose expense ratio, returns and yields only for regular plans of their schemes.
- SEBI has enabled fund houses to invest in international mutual funds or mutual funds exposed to Indian securities. This came after SEBI received feedback from the Mutual Fund Advisory Committee. The development is expected to facilitate the Indian mutual fund industry invest in international securities, which is currently not possible due to a breach in limit of international investments.
- The Insolvency and Bankruptcy Board of India has presented a proposal that could expedite the resolution process for stressed real estate firms. The proposal aims to grant ownership of plots or apartments to buyers who have cleared their dues and are currently occupying their units during the bankruptcy resolution of the stressed real estate firm, subject to the approval of the committee of creditors.
- The RBI has decided to expand the reporting requirement of forex transactions and include foreign exchange spot deals to ensure completeness of transaction data in the trade repository of the Clearing Corporation of India. Starting Feb 10, 2025, authorized dealers must report all spot deals, including cash and tom transactions, to the Clearing Corporation of India's trade repository.

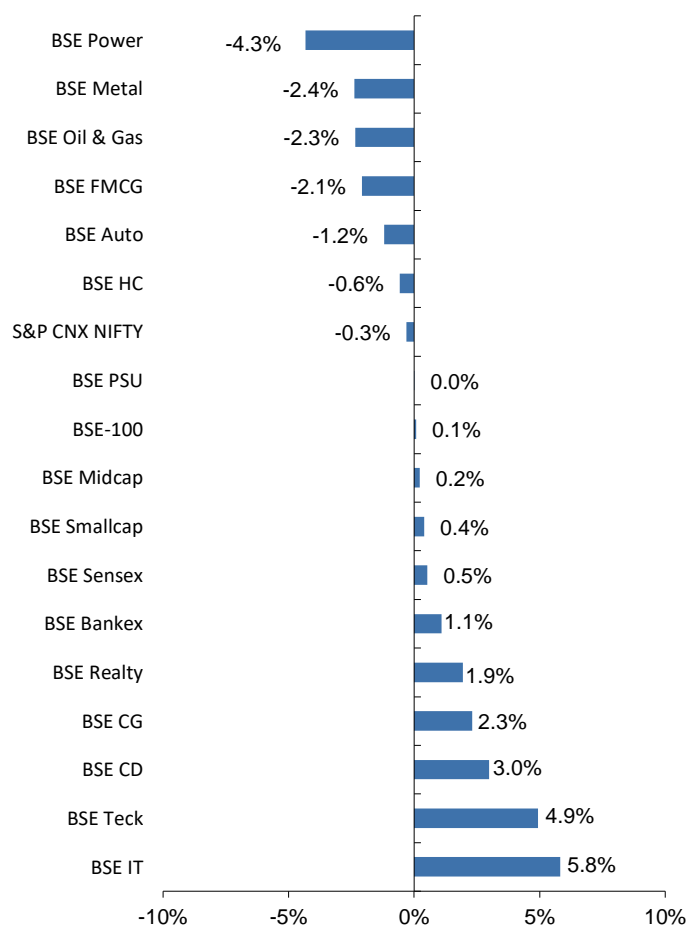
Indian Equity Market



DII, FII Investment & S&P BSE Sensex - November 2024



Monthly returns as on November 29 2024



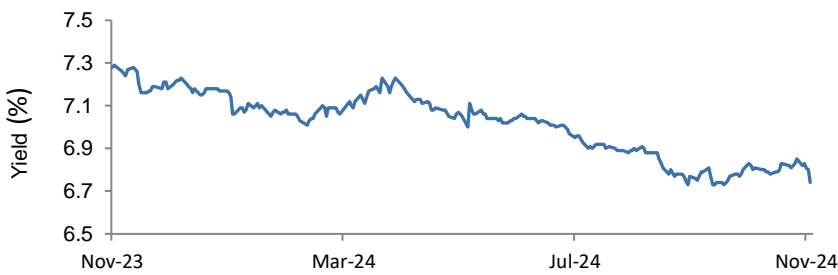
- Domestic equity markets remained volatile during the month under review as markets rose initially after the former U.S. President and Republican candidate took a decisive lead in the 2024 U.S. election, which increased the expectation of tax cuts and increased government spending in the U.S.
- However, the trend reversed as sentiment was weighed on concerns over potential impact of the newly elected U.S. President's protectionist policies on the global economy as investors awaited clarity on the President's policy proposals on global geopolitics, U.S.- China relations, NATO, immigration, and economic policies. Additionally, the rise in domestic retail inflation rate in Oct 2024 above the RBI's upper tolerance level along with the weakening of rupee against U.S. dollar, further extended the losses.
- Sentiment was further dampened after the U.S. District Court and the Securities & Exchanges Commission filed bribery allegations against the chairman and other executives of a prominent domestic conglomerate. However, sentiment improved after the Indian conglomerate clarified that it was not facing any charges related to the Foreign Corrupt Practices Act in relation to the issues set out by the U.S. Department of Justice or the civil complaint by the U.S. Securities and Exchange Commission.
- Markets extended its gains after the Maharashtra state's current coalition government, led by the ruling party at the Centre, achieved a notable triumph in the state assembly election which raised expectations for an increased government spending and policy continuity with emphasis on infrastructure and capex.
- On the BSE sectoral front, BSE IT surged 5.83% in anticipation of a rebound in information technology spending in the U.S. following the result of the U.S. election 2024. Gains were extended due to the strong U.S. dollar. A stronger dollar benefits Indian information technology companies, as they generate a significant portion of their revenue in U.S. currency while bearing most of their operational costs in Indian rupees. BSE capital goods rose 2.31%, driven by an optimistic outlook for the sectors on the back of hopes of a capex push following a remarkable victory of current coalition government in Maharashtra led by the ruling party at the Centre in the assembly election. BSE Metal fell 2.38% as metal stocks have faced downward pressure as China's recent economic stimulus fell short of market expectations which further dampening hopes for a strong recovery in China's struggling property sector. Given China's role as the world's largest importer of metals, any fluctuation in its economic performance directly impacts metal demand worldwide.

Indian Fixed Income

Indicators (Yield %)	November 29, 2024	October 31, 2024
Call Rate	6.75%	6.54%
FBIL 1 Mn Term Mibor	7.09%	7.10%
10-Yr benchmark bond	6.74%	6.81%
Reverse Repo	3.35%	3.35%
Repo	6.50%	6.50%
Bank Rate	6.75%	6.75%
CRR	4.50%	4.50%

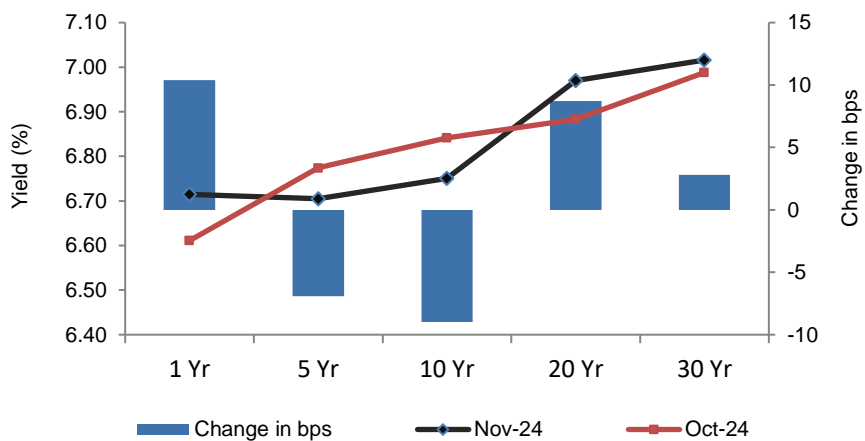
Source: Refinitiv

10-Yr Benchmark Bond



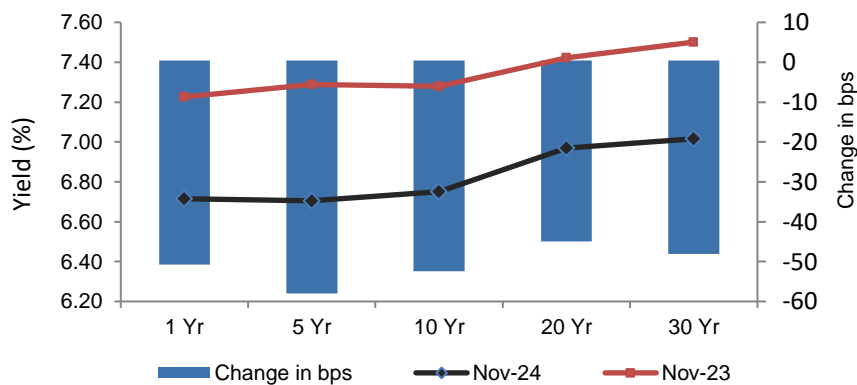
Source: CCIL

India Yield Curve Shift (Month-on-Month)



Source: Refinitiv

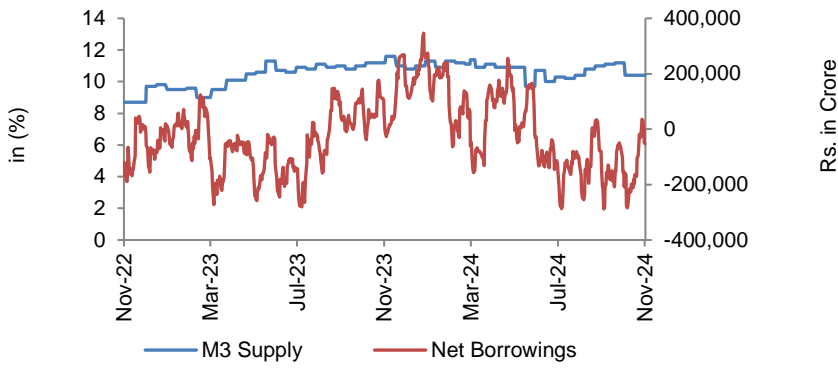
India Yield Curve Shift (Year-on-Year)



Source: Refinitiv

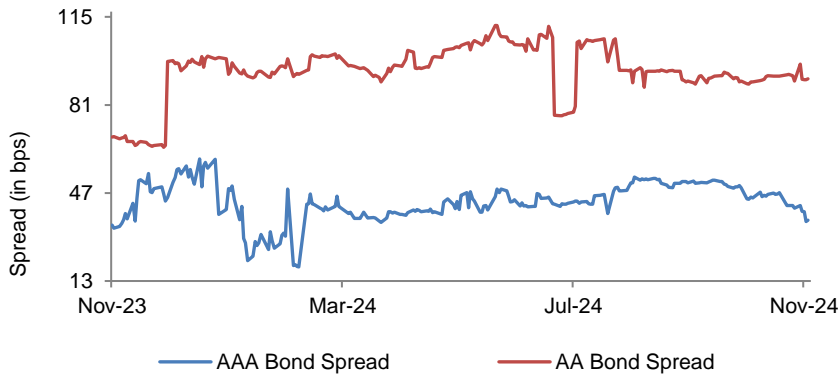
- Bond yields fell during the month following the weaker-than-expected domestic GDP growth data for the second quarter of FY25, as market participants expecting that could pave the way for an earlier rate cut by the RBI. Yields fell further due to interest rate cut by the U.S. Federal Reserve by 25 bps in its Nov 2024 policy meeting.
- Gains were extended following an ease in U.S. Treasury yields after the newly elected U.S. President told that he will nominate a prominent fund manager as Treasury secretary, who is seen a fiscal conservative and will likely to want to keep a leash on U.S. deficits. However, larger-than-expected spike in domestic consumer inflation data of Oct 2024, limited the gains.
- Yield on the 10-year benchmark paper (6.79% GS 2034) fell by 7 bps to close at 6.74%, compared with the previous month's close of 6.81%.
- Bond yields rose initially as a larger-than-expected spike in domestic consumer inflation data of Oct 2024 diminished expectations of an early interest rate cut by the RBI.
- Losses were extended as elevated U.S. Treasury yields hurt the demand for domestic bonds. However, interest rate cut by the U.S. Federal Reserve by 25 bps in its Nov 2024 policy meeting, restricted the losses to some extent.
- Meanwhile, yields fell following an ease in U.S. Treasury yields after the newly elected U.S. President told that he will nominate a prominent fund manager as Treasury secretary, who is seen a fiscal conservative and will likely to want to keep a leash on U.S. deficits.
- Gains were extended following the weaker-than-expected domestic GDP growth data for the second quarter of FY25, as market participants expecting that could pave the way for an earlier rate cut by the RBI.

Liquidity Monitor- M3 Supply and Net Borrowings



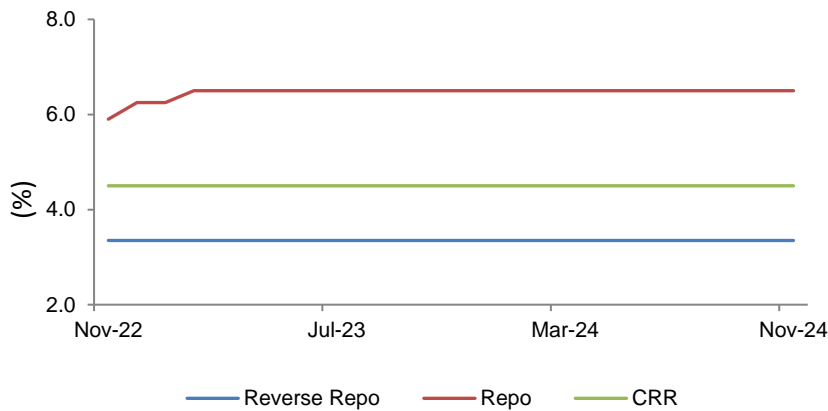
Source: Refinitiv

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



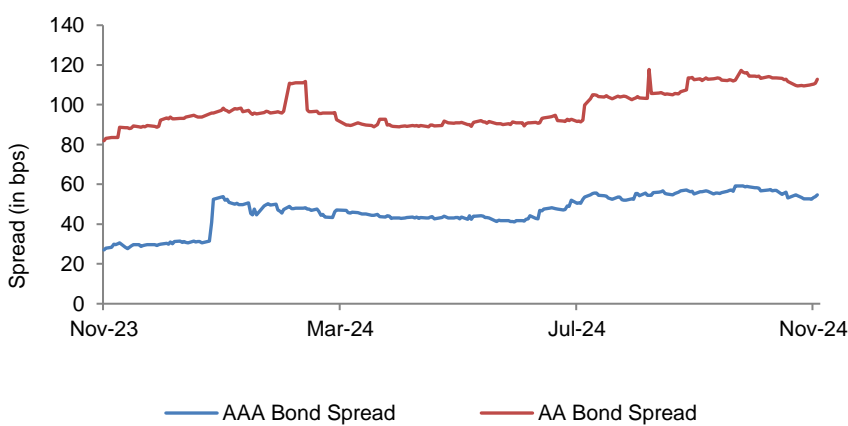
Source: Refinitiv

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. 76,000 crore in Nov 2024, compared to Rs. 95,000 crore in the previous month. The average cut-off yield of 91-, 182- and 364-days Treasury Bills stood at 6.46%, 6.64% and 6.62%, respectively, during the month under review compared with the average yield of 6.46%, 6.57% and 6.56%, respectively in the previous month.
- The RBI also conducted auction of state development loans (SDL) for a total notified amount of Rs. 56,216 crore (for which amount of Rs. 55,006 crore was accepted), which is lower than the scheduled amount of Rs. 94,468 crore during Nov 2024. The average cut-off yield of 10-year SDL fell to 6.49% during Nov 2024 from 7.12% in the previous month.
- In addition, the RBI also conducted auction of government securities for a notified amount of Rs. 1,21,000 crore in Nov 2024, for which full amount was accepted with the devolvement on primary dealers of Rs. 3,498 crore.

GLOBAL EQUITY MARKET

Performance of Major International Markets (as on November 29, 2024)		
Indices	Country	1 Mth (%)
United States		
Nasdaq 100	U.S.	5.23
Nasdaq Composite	U.S.	6.21
Asia Pacific		
SET Composite Index	Thailand	-2.63
Jakarta Composite	Indonesia	-6.07
Straits Times Index	Singapore	5.07
KOSPI Index	South Korea	-3.92
Nikkei Stock Average 225	Japan	-2.23
Taiwan SE Weighted Index	Taiwan	-2.44
Shanghai Composite Index	China	1.42
BSE Sensex	India	0.52
S&P/ASX 200	Australia	3.38
Europe		
FTSE 100	U.K.	2.18
CAC 40	France	-1.57
DAX Index	Germany	2.88

Source: MFI 360 Explorer & Refinitiv

United States

- U.S. equity markets rose as fresh hope for global economic growth during the second term of U.S. President. Further, the U.S. market gained after the U.S. Federal Reserve made its anticipated announcement regarding a reduction in interest rates, decreasing them by a quarter point on 7th Nov, 2024.

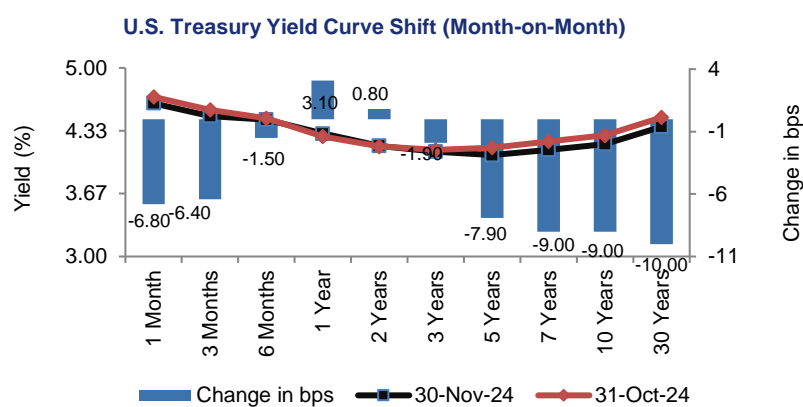
Europe

- European equity markets mostly rose amid anticipations of additional rate reductions by central banks as there are indications of a rise in inflation within the eurozone. However, ongoing geopolitical issues in the Middle East, along with the potential effects of the U.S. President's global economic policies, have contributed to increased volatility in the markets.

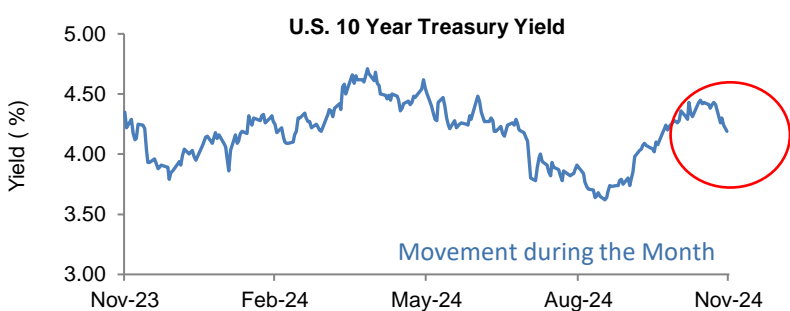
Asia

- Asian equity markets closed on a mixed note. The market rose as positive Chinese trade data in Oct 2024 alleviated worries regarding the effects of the new U.S. President's policies on international trade, immigration, and other significant matters. However, gains were restricted as the Japanese markets are experiencing pressure due to expectations of a Bank of Japan interest rate increase, which has resulted in a stronger Japanese yen.

GLOBAL FIXED INCOME - U.S. TREASURY



Source: Refinitiv



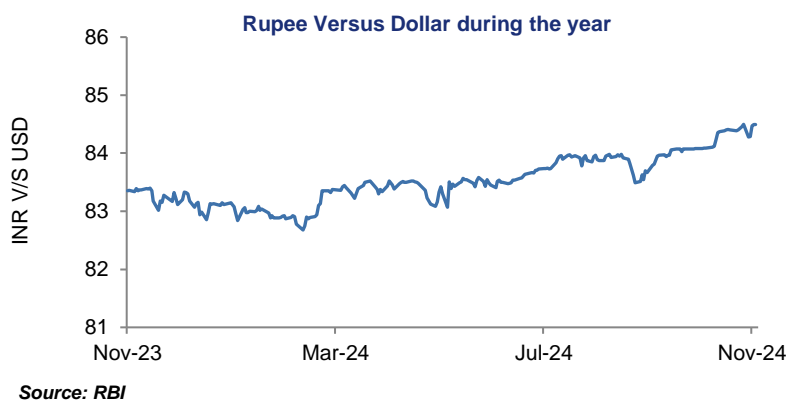
Source: Refinitiv

- Yields on the 10-year U.S. Treasury fell by 9 bps to close at 4.19% from the previous month's close of 4.28%.
- U.S. Treasury prices rose as investors are anticipating new data that may provide additional insights into U.S. Federal Reserve policy.
- Further, prices rose as investors awaited fresh data that would offer further clues about the U.S. Federal Reserve policy and continued to assess how the policies of the new U.S. President's administration will affect the economy next year.
- Gains were increased after the U.S. Federal Reserve cut interest rates by 25 basis points on 7th Nov, 2024, as widely expected, amid a cooling labor market, while noting that economic growth remained solid.
- However, gains were restricted after U.S. retail sales data indicated a greater-than-anticipated increase in Oct 2024, alongside a rise in import prices in the world's largest economy for the month of Oct 2024.

CURRENCY

Movement of Major Currencies (as on November 29, 2024)				
Currency	Value (as on 29-Nov-2024)	1 Mth	3 Mth	1 Yr
U.S. Dollar	84.50	84.09	83.87	83.35
Pound Sterling	107.46	108.95	110.50	105.87
Euro	89.36	91.25	92.91	91.48
Yen (Per Rs.100)	56.00	55.00	58.00	57.00

Source: RBI



INR

- Rupee fell against the U.S. dollar as the U.S. presidential election outcome boosted the greenback demand. Further, prices fell due to weakness in other Asian peers. Losses were extended due to foreign fund outflows. However, losses were restricted as the intervention by the Reserve Bank of India bolstered the rupee.

EURO

- Euro fell against the U.S. dollar as investors evaluated the likely impact on the U.S. economy after the new President's victory. Further, prices fell as investors have priced in the potential for tariffs on the European Union that would hurt the euro area's economy. Losses were increased further due to geopolitical uncertainty in Germany. However, losses were restricted after a strong run on the new U.S. President's Treasury pick.

Crude

- Brent crude oil prices rose amid rising concerns about the Russia - Ukraine conflict. Further, prices rose amid the rising possibility of supply disruptions following an escalation in geopolitical tensions. Gains were increased supported by OPEC's choice to postpone its plans for production increases, alongside escalating worries regarding tensions in the Middle East. However, gains were restricted as a report showed that Israel and Hezbollah are likely to reach a cease-fire agreement.

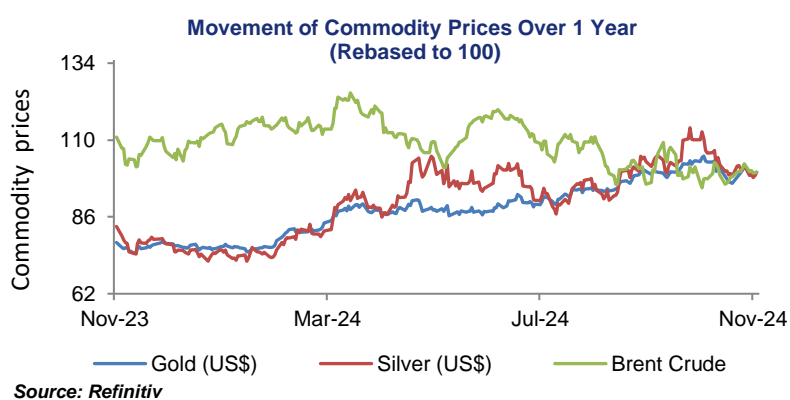
Gold

- Gold prices fell as markets began to understand the ramifications of the new President's election victory and its possible effects on U.S. interest rate forecasts. Further, prices fell as comments from the U.S. Federal Reserve Chair raised uncertainty about any aggressive rate cut move by the central bank. Losses were extended on news that Oct 2024 U.S. consumer prices increased as expected. Further, prices fell as investors booked profits following the recent rally. However, losses were restricted as safe-haven purchases continue in light of ongoing concerns regarding the Russia-Ukraine conflict. Further, prices rose as the increase in geopolitical risks has contributed to a heightened demand for safe-haven assets.

COMMODITIES

Performance of Various Commodities					
Commodities	Last Closing (29-Nov-24)	Returns (in %)			
		1 Wk	1 Mth	6 Mth	1 Yr
Crude Brent (\$/Barrel)	75.45	-2.51	2.11	-6.33	-11.43
Gold (\$/Oz)	2653.55	-2.18	-3.29	14.03	30.35
Gold (Rs/10 gm)	76400.00	-1.44	-3.51	5.92	22.36
Silver (\$/Oz)	30.60	-2.27	-6.28	0.74	21.19
Silver (Rs/Kg)	89351.00	-1.55	-7.45	-3.22	17.67

Source: Refinitiv



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All information mentioned in this document pertains to the month ended November 30, 2024.

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