



marketbuzz



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View from the Top

On the global, 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. Furthermore, the market rose as investors assessed the latest data released by the Labor Department about U.S. consumer prices inflation, which rose slightly more than expected in Dec 2024. 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. However, concerns about tariff threats by the U.S. President hurt a bit and limited the upside in some of the markets. Asian equity markets closed on a mixed note. The market rose further following a report indicating that Chinese officials were implementing measures to stabilize the operations of a Chinese real estate company. The Chinese market fell amid concerns about the country's slowing growth and deflation fears. 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.

Back home, domestic equity markets fell during the month on uncertainty over the U.S. trade policies under the new U.S. President's regime. The U.S. President gave a mixed set of signals, as he delayed tariff plans on Chinese goods but threatened to impose tariffs on Canada and Mexico. 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. However, losses were restricted as sentiment was boosted after the RBI announced several measures to inject over Rs. 1 lakh crore liquidity into the banking system.

In the domestic debt market, 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, raising hopes of the RBI's rate cut cycle kicking off as early as Feb 2025. Gains were extended following the RBI's announcement of measures to address the bank liquidity shortage.

Outlook

Going forward, the Union Budget 2025, by giving a Rs. 1 lakh crore stimulus to the middle-class in the form of tax breaks has provided some key catalysts for growth, particularly in consumption-related sectors like consumer durables, auto, jewellery, and e-commerce. The medium-term market outlook will depend on corporate earnings and economic growth, with the RBI's upcoming Monetary Policy Committee meeting being crucial. Globally, investors will watch the impact of U.S. President's tariff decisions on Mexico, Canada, and China. Apart from that, global crude oil prices, Indian rupees movement against U.S. dollar along with foreign institutional investors' flow will be the other factors that will provide shape for the domestic equity markets.

Moving ahead, the Union Budget 2025 targets a fiscal deficit of 4.4% for FY26, which aligns with market expectations. This conservative approach is expected to support economic growth and stabilize the bond market. The RBI is expected to adopt an accommodative stance, potentially cutting interest rates in its Feb 2025 monetary policy, that could positively impact bond yields and investor confidence. However, the narrowing yield spread between Indian and U.S. bonds has made Indian debt less attractive to foreign investors.

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

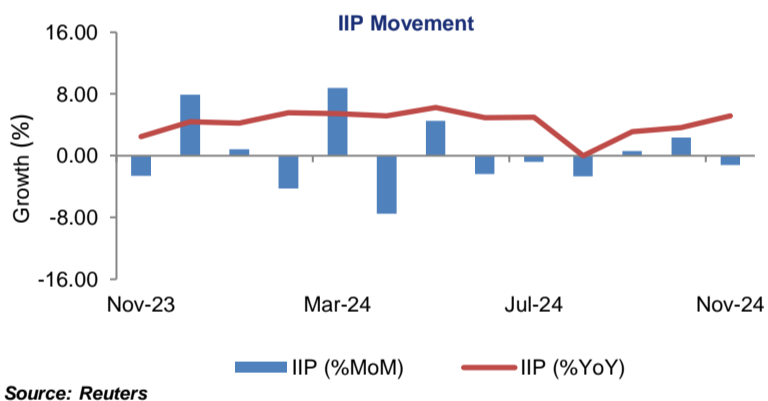
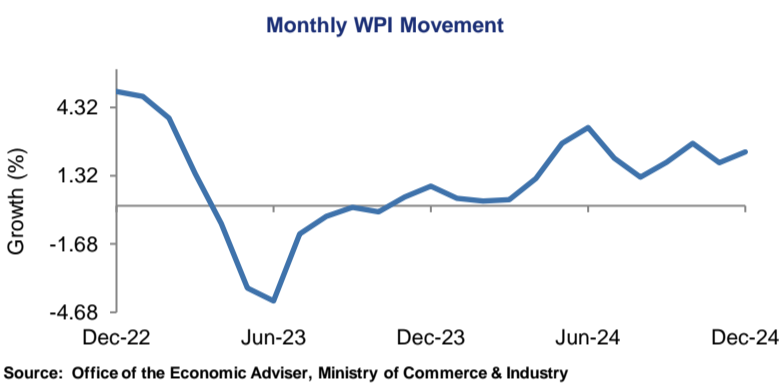
Deepak Gaddhyan
Head – Retail Liabilities & Wealth Management

INDIAN ECONOMY

Economic Releases in January-2025			
Key Indicator	Period	Actual	Previous
Repo Rate	Jan-25	6.50%	6.50%
Reverse Repo	Jan-25	3.35%	3.35%
CRR	Jan-25	4.00%	4.00%
Index of Industrial Production (IIP)	Nov-24	5.20%	3.70%
Wholesale Price Index Inflation(WPI)	Dec-24	2.37%	1.89%
Export (Y-o-Y)	Dec-24	2.95%	-16.49%
Import (Y-o-Y)	Dec-24	10.18%	20.09%

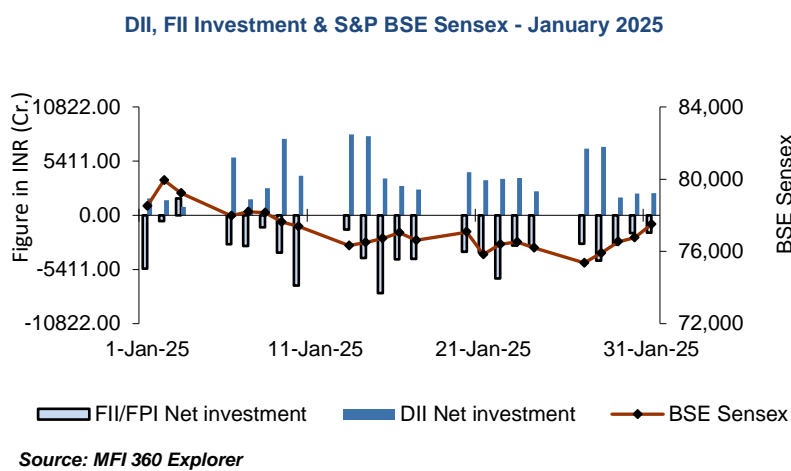
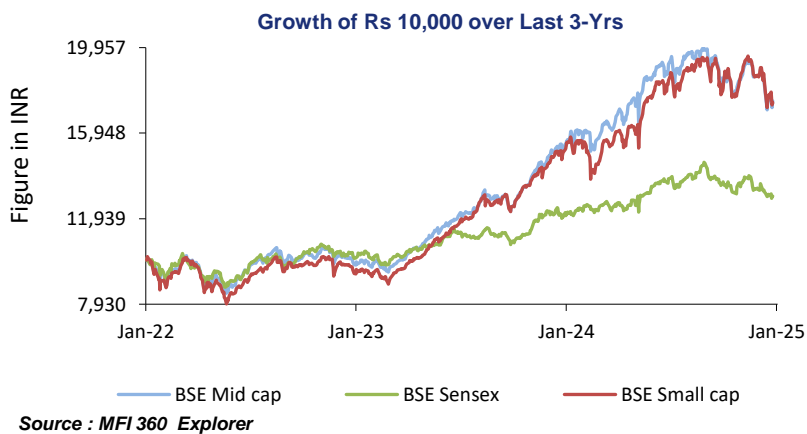
Source: RBI, Refinitiv

- The Manufacturing Purchasing Managers' Index fell marginally to 56.4 in Dec 2024 compared to 56.5 in Nov 2024. The data indicated softer demand in the sector despite easing cost pressures and strong jobs growth.
- India's Services Purchasing Managers' Index (PMI) rose to 59.3 in Dec 2024 from 58.4 in Nov 2024, its highest since Aug 2024. India's services sector ends 2024 positively, driven by sustained demand, robust hiring, and eased inflationary pressures. The composite PMI stood at 59.2 in Dec 2024 from 58.6 in the same period.
- Index of Industrial production (IIP) rose 5.2% YoY in Nov 2024, as compared to 3.7% rise in Oct 2024. Production in mining, manufacturing and electricity witnessed a growth of 1.9%, 5.8% and 4.4%, respectively, in Nov 2024.
- The consumer price index-based inflation eased to 5.22% YoY in Dec 2024 compared to 5.48% in Nov 2024, driven by a moderation in food prices. Consumer food price inflation decreased to 8.39% YoY in Dec 2024 from 9.04% in Nov 2024.
- India's wholesale price index (WPI) based inflation increased to 2.37% YoY in Dec 2024 as compared to 1.89% in Nov 2024, due to the rise in prices of manufactured items and a low base effect.

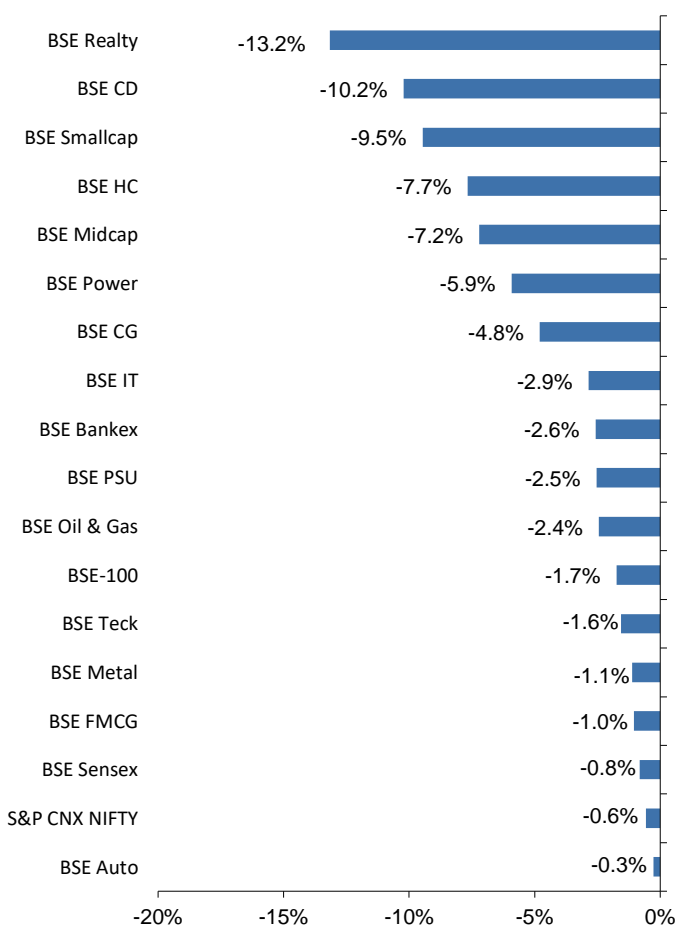


- SEBI has allowed asset management companies to launch passively managed hybrid index funds or exchange traded funds (ETFs) under the new Mutual Funds (MF) Lite Regulations. According to the regulation, MF lite fund houses can launch three categories of hybrid passive funds Balanced (Equity 40%-60% and Debt 40%-60%), Equity Oriented (Equity 65%-80% and Debt 20%-35%) and Debt oriented (Debt 65%-80% and Equity 20%-35%). Such fund houses can launch one index fund and one ETF under each category.
- The Employees' Provident Fund Organization has introduced the centralized pension payment system, enabling pensioners to access their pension at any bank or branch across the country. The system aims to streamline the payment process, eliminate the need for physical verifications and ensure smooth pension disbursement for over 7.85 million pensioners.
- SEBI has released new regulations for registered investment advisors (RIAs) in which it has allowed them to charge an annual fee of up to Rs. 1.51 lakh from the earlier Rs. 1.25 lakh per family under the fixed fee model. There is no change in the assets under advisory fee model, where RIAs can continue to charge an annual fee of up to 2.50% on the assets they manage per family.
- SEBI has issued new guidelines on nomination in which it has allowed security market investors including mutual funds to appoint up to 10 nominees in their demat account and mutual fund folios, w.e.f. Mar 01, 2025.

Indian Equity Market



Monthly returns as on January 31 2025



- 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.
- On the BSE sectoral front, BSE Realty plunged 13.16% following a slowdown in housing sales, as data from a domestic real estate data analytics firm showed that the residential real estate market in India's top nine cities experienced a 9% decline in sales in 2024, with 4,70,899 units sold, while new supply fell by 15% to 4,11,022 units. BSE Consumer Durables declined 10.22% because of sluggish demand, pushing earnings growth down to single digits. BSE Auto fell 0.26%, witnessed the least fall among the sectoral indices, as sentiment remained positive for the sector on the back of upbeat monthly auto sales data of Dec 2024. Car sales in India rose for the third consecutive month in Dec 2024, closing the year at a record 4.3 million vehicles. Festive season demand and new launches helped boost sales. Despite challenges in the commercial vehicle segment, companies remain optimistic about the future.

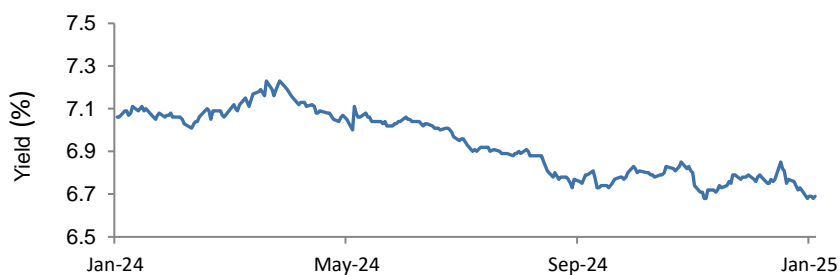


Indian Fixed Income

Indicators (Yield %)	January 31, 2025	December 31, 2024
Call Rate	6.60%	6.88%
FBIL 1 Mn Term Mibor	7.10%	7.16%
10-Yr benchmark bond	6.69%	6.78%
Reverse Repo	3.35%	3.35%
Repo	6.50%	6.50%
Bank Rate	6.75%	6.75%
CRR	4.00%	4.00%

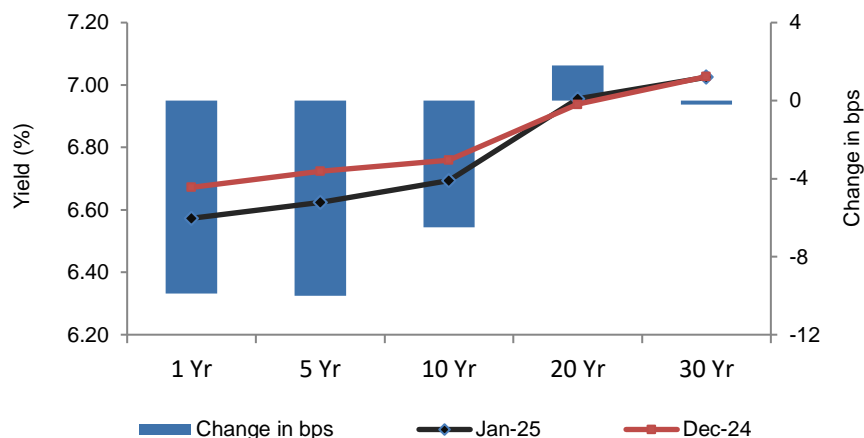
Source: Refinitiv

10-Yr Benchmark Bond



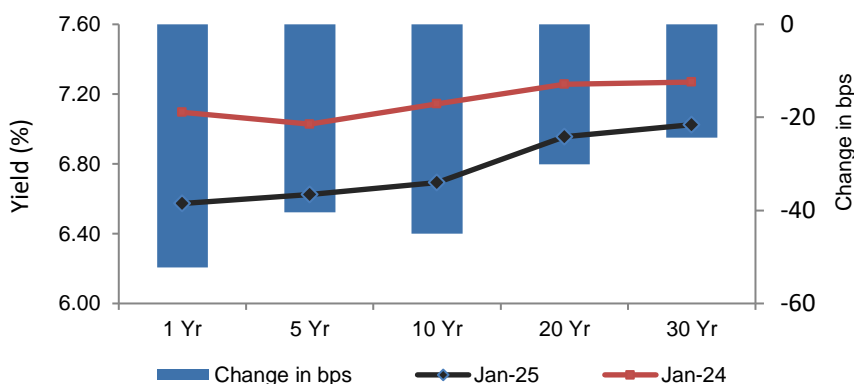
Source: CCIL

India Yield Curve Shift (Month-on-Month)



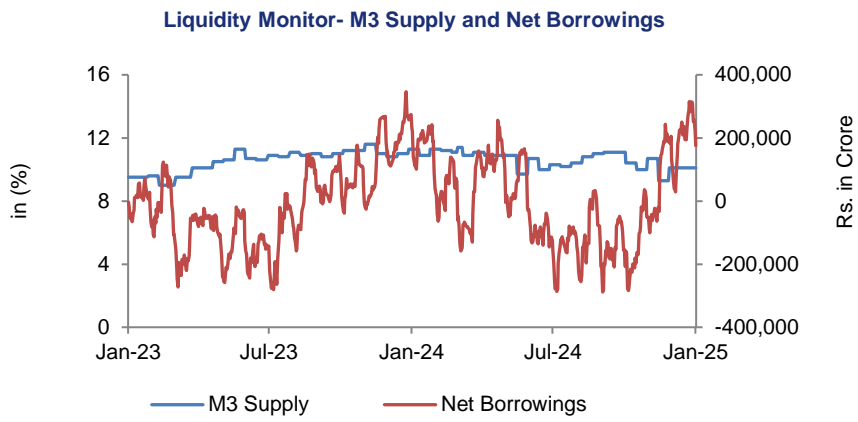
Source: Refinitiv

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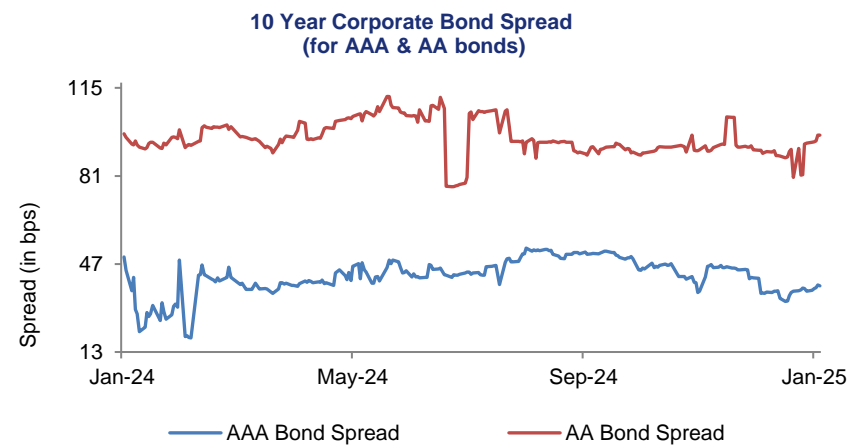


Source: Refinitiv

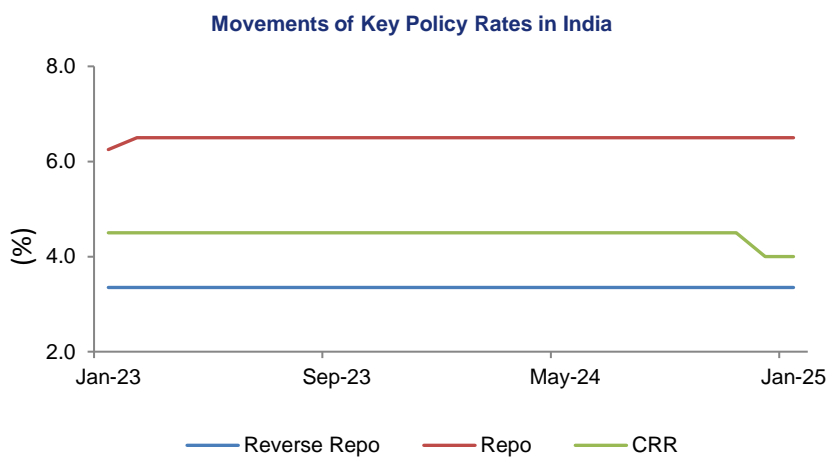
- Bond yields fell after data showed India's retail inflation for Dec 2024 eased to a four-month low of 5.22% from 5.48% in Nov 2024, raising hopes of the RBI's rate cut cycle kicking off as early as Feb 2025. Gains were extended following the RBI's announcement of measures to address the bank liquidity shortage. The liquidity infusion package, which includes the purchase of bonds worth Rs. 60,000 crore in three tranches of Rs. 20,000 each. Sentiment was boosted following the RBI's announcement to conduct variable rate repo auctions on daily basis to infuse liquidity.
- Bond yields initially rose following a selloff in U.S. Treasuries after data indicated a healthy labour market and an acceleration in services activity in the U.S., reinforcing that the U.S. Federal Reserve will move cautiously on rate cuts.
- Losses were extended due to a spike in crude oil prices driven by wider U.S. sanctions on Russian oil. Additionally, a tumbling rupee also weighed on sentiment.
- However, the trend reversed in the second half of the month 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, raising hopes of the RBI's rate cut cycle kicking off as early as Feb 2025.
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Source: Refinitiv



Source: Refinitiv



Source: RBI



Source: Refinitiv

- The central bank of India conducted auctions of 91-, 182- and 364-days Treasury Bills for a notified amount of Rs. 1,40,000 crore in Jan 2025, compared to Rs. 76,000 crore in the previous month. The average cut-off yield of 91-, 182- and 364-days Treasury Bills stood at 6.59%, 6.70% and 6.68%, respectively, during the month under review compared with the average yield of 6.47%, 6.62% and 6.61%, respectively in the previous month.
- The RBI also conducted auction of state development loans (SDL) for a total notified amount of Rs. 88,919 crore (for which amount of Rs. 86,944 crore was accepted), which is much lower than the scheduled amount of Rs. 1,47,057 crore during Jan 2025. The average cut-off yield of 10-year SDL fell to 6.44% during Jan 2025 from 6.64% in the previous month.
- In addition, the RBI also conducted auction of government securities for a notified amount of Rs. 1,52,000 crore in Jan 2025, for which Rs. 1,48,054 crore was accepted with the devolvement of Rs. 3,946 crore on primary dealers.

GLOBAL EQUITY MARKET

Performance of Major International Markets (as on January 31, 2025)		
Indices	Country	1 Mth (%)
United States		
Nasdaq 100	U.S.	2.22
Nasdaq Composite	U.S.	1.64
Asia Pacific		
SET Composite Index	Thailand	-6.12
Jakarta Composite	Indonesia	0.41
Straits Times Index	Singapore	1.80
KOSPI Index	South Korea	4.91
Nikkei Stock Average 225	Japan	-0.81
Taiwan SE Weighted Index	Taiwan	2.13
Shanghai Composite Index	China	-3.02
BSE Sensex	India	0.82
S&P/ASX 200	Australia	4.57
Europe		
FTSE 100	U.K.	6.13
CAC 40	France	7.72
DAX Index	Germany	9.16

Source: MFI 360 Explorer & Refinitiv

United States

- 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.

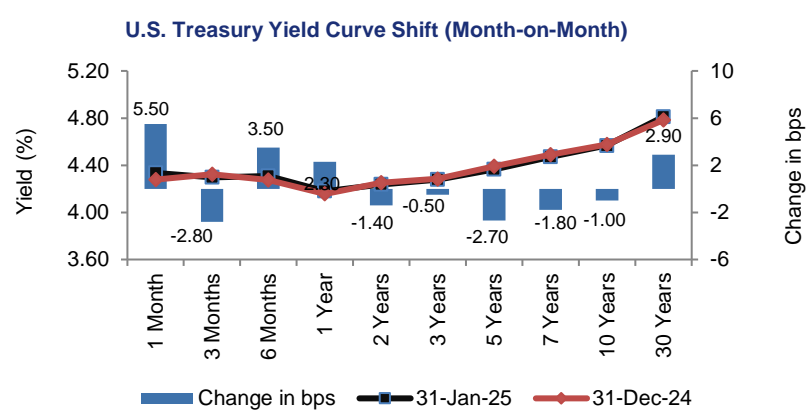
Europe

- European equity markets rose after the European Central Bank delivered a widely expected 25-basis point interest-rate cut on 30th Jan, 2025. 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.

Asia

- Asian equity markets mostly rose as upbeat corporate quarterly earnings updates from U.S. technology companies helped to gain market sentiment. 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.

GLOBAL FIXED INCOME - U.S. TREASURY

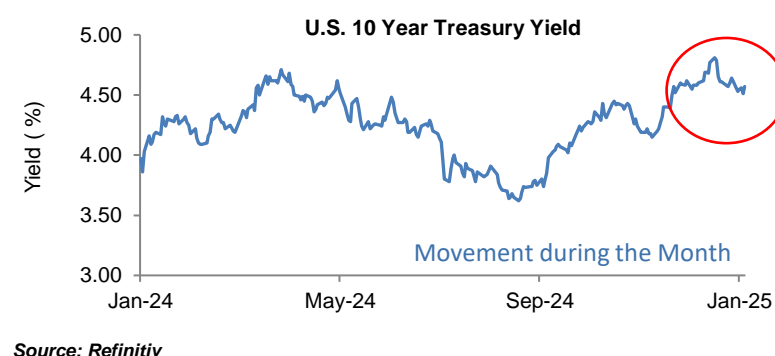


- Yields on the 10-year U.S. Treasury fell by 1 bps to close at 4.57% from the previous month's close of 4.58%.

- 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.

- Further, prices rose after the U.S. Federal Reserve Governor said three or four interest rate cuts this year are still possible if U.S. economic data weakens further.

- However, gains were restricted following the release of stronger-than-anticipated U.S. employment figures for Dec 2024, there has been an increase in expectations that the U.S. Federal Reserve may maintain elevated interest rates for an extended period.





CURRENCY

Movement of Major Currencies (as on January 31, 2025)				
Currency	Value (as on 31-Jan-2025)	1 Mth	3 Mth	1 Yr
U.S. Dollar	86.64	85.62	84.09	82.96
Pound Sterling	107.62	107.46	108.95	105.10
Euro	90.01	89.09	91.25	89.61
Yen (Per Rs.100)	56.00	55.00	55.00	56.00

Source: RBI

INR

- Rupee fell against the U.S. dollar due to foreign fund outflows. Further, prices fell on concerns about global economic events and weakness in other Asian peers. Further, prices fell due to surging crude oil prices. Prices fell further due to negative trends in the domestic equities market. However, losses were restricted due to weakened greenback demand.

EURO

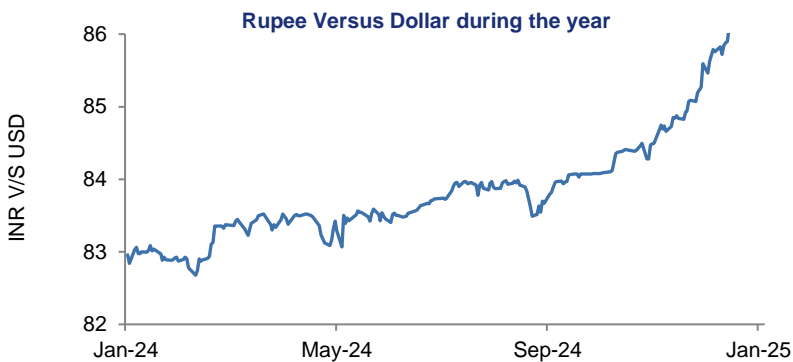
- Euro edged up against the U.S. dollar on expectations that the tariffs implemented by the U.S. President will be less severe than initially anticipated and are not expected to trigger an international trade conflict. However, gains were restricted after the European Central Bank (ECB) enacted a widely anticipated interest rate cut of 25 basis points. Further, prices fell after the U.S. Government press secretary confirmed that the U.S. President would announce tariffs on Canadian and Mexican imports on 1st Feb, 2025.

Crude

- Brent crude oil prices rose amid potential supply risks after the U.S. imposed sweeping sanctions on Russia's oil exports. Further, prices rose amid optimism about the outlook for global oil demand and the possibility of a supply shortage resulting from the sanctions imposed on crude oil exports from Iran and Russia. However, gains were restricted amid uncertainty about implementation of the U.S. President's proposed tariff plans on Canada and Mexico. Further, prices fell on concerns about possible excess supply in the market due to the U.S. President's administration's plan to maximize oil and gas production.

Gold

- Gold prices rose after data showed drop in U.S. producer price inflation for the month of Dec 2024. Further, prices rose driven by a surge in buying safe haven assets in response to the U.S. President's tariff threats, which intensified worries regarding global economic growth and inflationary pressures. Gains were increased further after weaker-than-expected U.S. private employment data was reported for Dec 2024, which provided reassurance for some in the market, and suggested that the U.S. Federal Reserve might lower interest rates within this year.



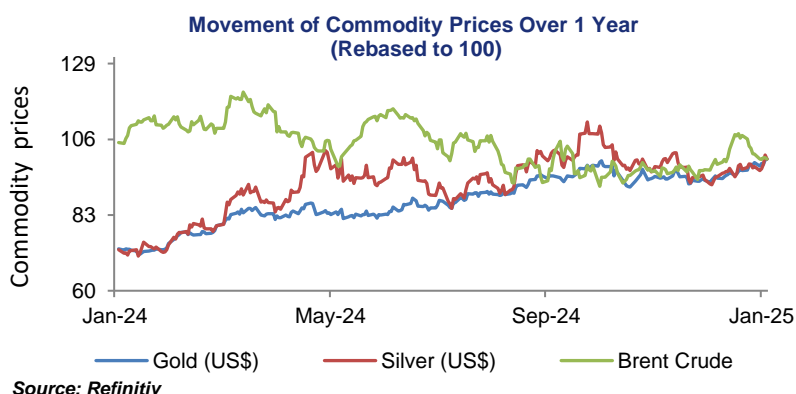
Source: RBI



COMMODITIES

Performance of Various Commodities					
Commodities	Last Closing (31-Jan-25)	Returns (in %)			
		1 Wk	1 Mth	6 Mth	1 Yr
Crude Brent (\$/Barrel)	78.20	-1.45	2.20	-5.53	-7.77
Gold (\$/Oz)	2801.00	1.07	6.75	14.42	36.31
Gold (Rs/10 gm)	81798.00	2.11	7.75	18.47	30.87
Silver (\$/Oz)	31.30	2.28	8.42	7.80	35.22
Silver (Rs/Kg)	93196.00	2.40	8.56	12.53	31.86

Source: Refinitiv



Source: Refinitiv

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

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