



marketbuzz



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View from the Top

Global equity markets mostly fell during the month amid concern over geopolitical tensions in the Middle East. U.S. markets fell following the lower-than-expected GDP growth data of Mar 2024 quarter mainly due to decline in exports, state and local government spending, consumer spending, and federal government spending. The ongoing geopolitical tensions along with uncertainty about the impending rate drop at the next policy review meeting, kept the European markets muted. Chinese market rose following the China's GDP figure that grew 5.3% YoY in the first quarter for 2024, which exceeded forecasts. Gains were extended after the government declared it would provide more assistance to stabilize the nation's capital markets.

On the commodity front, gold prices rose as rising geopolitical tensions boosted the safe-haven appeal of the yellow metal. Brent crude oil prices also went up on supply concerns due to geopolitical tensions. Further, the decision to maintain production cuts by the Organization of the Petroleum Exporting Countries also added to the gains.

Back to home, domestic equity markets rose as India's strong economic growth outlook, anticipation of upbeat corporate earnings for the quarter ended Mar 2024 and the prospects of political stability following the outcome of general elections kept the underlying sentiment positive.

In the domestic debt market, bond yields rose during the first month of the new financial year (FY25) following surge in U.S. Treasury yields as stronger-than-expected manufacturing data of Mar 2024 in the U.S. trimmed rate-cut expectations by the U.S. Federal Reserve. Losses were extended after the RBI maintained its main lending rate and stance as widely expected in its Apr 2024 monetary policy. Yield rose further after elevated U.S. inflation data of Mar 2024 reaffirmed doubts over interest rate cuts in the near future by the U.S. central bank.

Outlook

With the general elections 2024 ongoing, domestic equity markets may extend their gains in May as underlying market sentiment remained upbeat on hopes of political stability and policy continuity following the outcome of the general elections. In addition, improved incoming domestic macroeconomic data, decent corporate earnings for the quarter ended Mar 2024, continued domestic investor inflows and overall positive global trends may also aid market sentiment. Developments in the Middle East and 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 have its impact on the domestic equity markets in the coming months.

The U.S. Federal Reserve kept interest rates on hold in its recently held monetary policy review as inflation in U.S. remained elevated, and uncertainty persisted over the trajectory of inflation. Moving ahead, global monetary policy and domestic demand supply may have an impact on bond yields. The liquidity in the banking system may be tightened due to the ongoing general elections which may also weigh on the market sentiment. However, RBI is expected to provide temporary liquidity support. India's inclusion in global bond indices may also prevent any run up in yields. Global crude oil prices are also expected have an impact on the bond yield trajectory in the coming months.

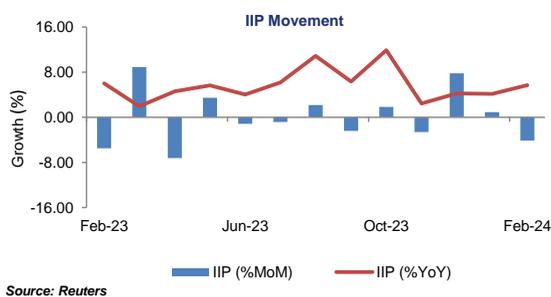
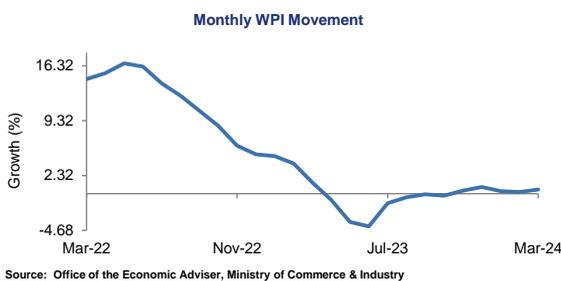
We are pleased to bring to you the latest version of the Monthly Market Buzz for April. Happy Reading!!!

Deepak Gaddhyan
Head – Retail Liabilities & Wealth Management


INDIAN ECONOMY

Economic Releases in April-2024			
Key Indicator	Period	Actual	Previous
Repo Rate	Apr-24	6.50%	6.50%
Reverse Repo	Apr-24	3.35%	3.35%
CRR	Apr-24	4.50%	4.50%
Index of Industrial Production (IIP)	Feb-24	5.70%	4.10%
Wholesale Price Index Inflation(WPI)	Mar-24	0.53%	0.20%
Export (Y-o-Y)	Mar-24	-0.53%	11.92%
Import (Y-o-Y)	Mar-24	-4.55%	13.07%

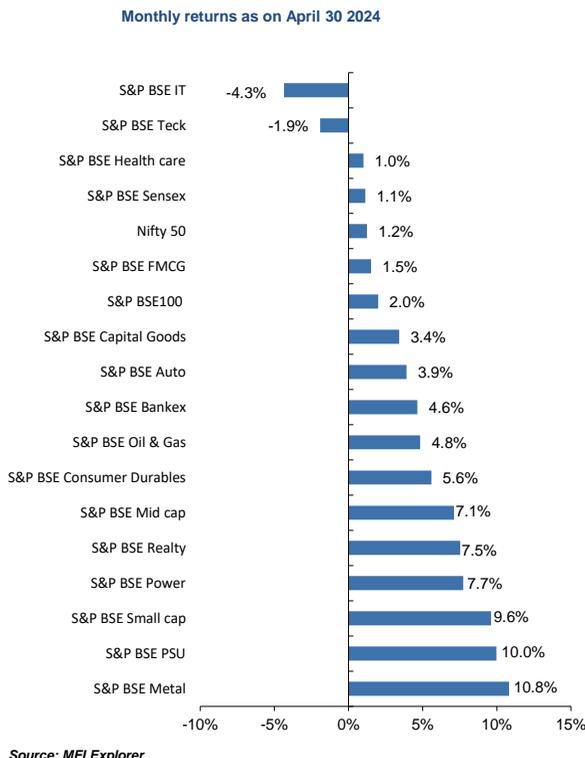
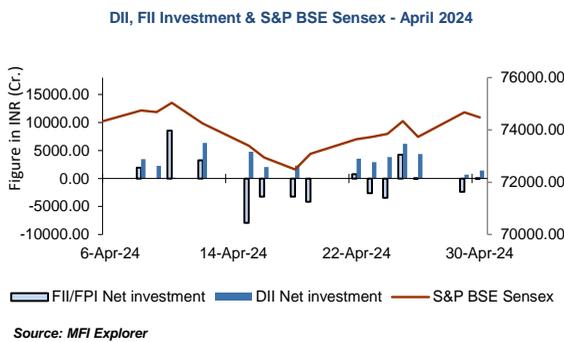
Source: RBI, Refinitiv



- The consumer price index-based inflation eased to 10-month low of 4.85% YoY in Mar 2024 compared to 5.09% in Feb 2024, mainly due to cooling food prices. The retail inflation remained below the central bank's upper tolerance level for consecutive seven months. Consumer food price inflation also eased to 8.52% in Mar 2024 from 8.66% in Feb 2024.
- Industrial production growth in India (IIP) accelerated to 5.7% YoY in Feb 2024, as compared to 4.1% rise in Jan 2024. Production in the manufacturing industry increased by 5.0%, mining by 8.0% and electricity by 7.5% in Feb 2024.
- India's wholesale price index (WPI) based inflation accelerated by 0.53% YoY in Mar 2024 as compared to 0.20% in Feb 2024. The positive rate of inflation in Mar 2024 is primarily due to an increase in prices of food articles, electricity, crude petroleum & natural gas, machinery & equipment and other manufacturing products.
- According to the Ministry of Commerce & Industry, the combined Index of Eight Core Industries increased by 5.2% in Mar 2024 as compared to 4.2% in Mar 2023. The production of all Eight Core Industries recorded growth in Mar 2024 over the corresponding month of last year except refinery products & fertilizers. Cement witnessed the maximum growth at 10.6% in Mar 2024 followed by coal with 8.7% growth.

- SEBI has updated its SEBI Complaints Redress System (SCORES) by introducing its 2.0 version. According to the capital market regulator SEBI, the new version has further streamlined the grievance and complaint filing process and reduced the turnaround time to just 21 days.
- Insurance regulator the IRDAI has gazetted new regulations, IRDAI Protection of Policyholders, Interests, Operational and Allied Matters of Insurers Regulations 2024 in which it has directed insurance companies and distributors including individual agents, insurance brokers, insurance marketing firms not to mislead policyholders with extraordinary benefits.
- The RBI issued a significant directive which stated that no entity involved in card transactions will be permitted to store data except the card issuer and card networks w.e.f. Aug 1, 2025. The purpose of this directive is to improve the security and privacy of cardholder data while conducting transactions.
- The government has notified amendments to the foreign direct investment policy in the space sector to attract offshore investors in satellite manufacturing and satellite launch vehicles segments. The amendment prescribes liberalized entry route and provides clarity for FDI in satellites, launch vehicles and associated systems or subsystems, creation of spaceports for launching and receiving Spacecraft and manufacturing of space-related components and systems.

Indian Equity Market



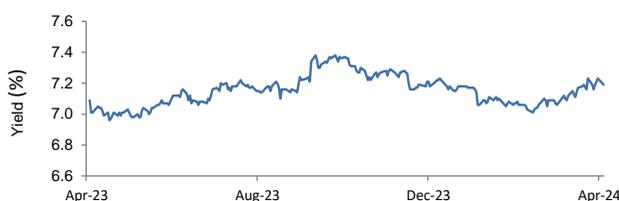
- Domestic equity markets rose initially during the month under review supported by robust domestic manufacturing and services data for Mar 2024. Data showed that the seasonally adjusted HSBC India Manufacturing Purchasing Managers' Index (PMI) climbed to a 16-year high in Mar 2024. India services PMI also rose in Mar 2024, and it was one of the strongest growth rates seen in over 13-and-a-half years. This can be largely attributed to healthy demand conditions, efficiency gains and positive sales developments.
- Gains were extended as India's strong economic growth outlook, anticipation of upbeat corporate earnings for the quarter ended Mar 2024 and the prospects of political stability following the outcome of general elections kept the underlying sentiment positive. The S&P BSE Sensex breached the 75,000-mark for first time ever while the Nifty 50 also climbed to a new record peak. Market participants remained hopeful of an acceleration in consumption demand amid election-related spending.
- The rally in the domestic equities took a breather in the interim as escalating geopolitical tensions between Iran and Israel dented market sentiment. The flare-up between Iran and Israel increased anxiety among the investors over the possibility that this may disrupt the world's supply of commodities, particularly crude oil and some industrial metals which may lead to an increase in domestic inflationary pressures. Losses were extended after the domestic wholesale price index-based inflation accelerated to a 3-month high in Mar 2024. On the global front, strong U.S. retail sales print for Mar 2024 also led to concerns that an interest rate cut by the U.S. Federal Reserve may be delayed which also contributed to the market downside.
- Domestic equities regained lost momentum towards the month end as worries over the rising tussle between Iran and Israel eased to some extent after Iranian officials stated they had no plans to immediately retaliate against Israel. Upbeat quarterly earning numbers for the quarter ended Mar 2024 from some index heavyweight and hopes of an early Israel-Hamas truce eased fears of a wider conflict in the Middle East which further boosted market sentiments.
- On the BSE sectoral front, S&P BSE Metal rose the most by 10.83% followed by S&P BSE PSU and S&P BSE Power which rose 9.98% and 7.73% respectively. Metal stocks rose on hopes that People's Bank of China will ease its monetary policy to boost the growth prospects of China's economy.



Indian Fixed Income

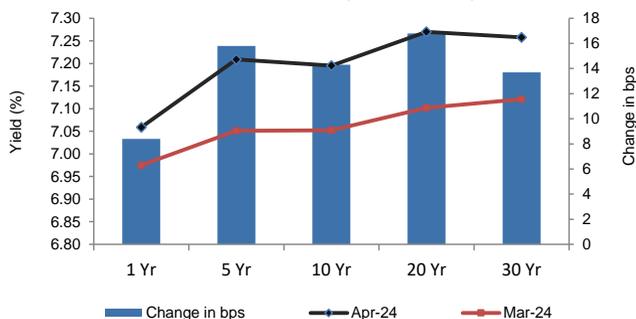
Indicators (Yield %)	April 30, 2024	March 28, 2024
Call Rate	6.67%	7.63%
FBIL 1 Mn Term Mibor	7.06%	7.38%
10-Yr benchmark bond	7.19%	7.06%
Reverse Repo	3.35%	3.35%
Repo	6.50%	6.50%
Bank Rate	6.75%	6.75%
CRR	4.50%	4.50%
Source: Refinitiv		

10-Yr Benchmark Bond



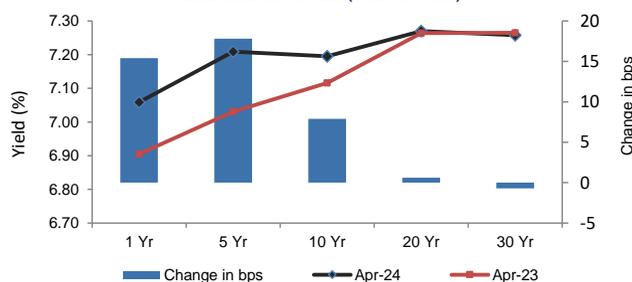
Source: CCIL

India Yield Curve Shift (Month-on-Month)



Source: Refinitiv

India Yield Curve Shift (Year-on-Year)



Source: Refinitiv

- Bond yields rose during the first month of the new financial year (FY25) following surge in U.S. Treasury yields as stronger-than-expected manufacturing data of Mar 2024 in the U.S. trimmed rate-cut expectations by the U.S. Federal Reserve. Losses were extended after the RBI maintained its main lending rate and stance as widely expected in its Apr 2024 monetary policy. Yield rose further following the rise in U.S. Treasury yields after elevated U.S. inflation data of Mar 2024 reaffirmed doubts over interest rate cuts in the near future by the U.S. central bank. However, losses were restricted following an ease in crude oil prices as market participants took a breather due to easing geopolitical tensions.

- Yield on the 10-year benchmark paper (7.18% GS 2033) rose by 13 bps to close at 7.19%, compared with the previous month's close of 7.06%.

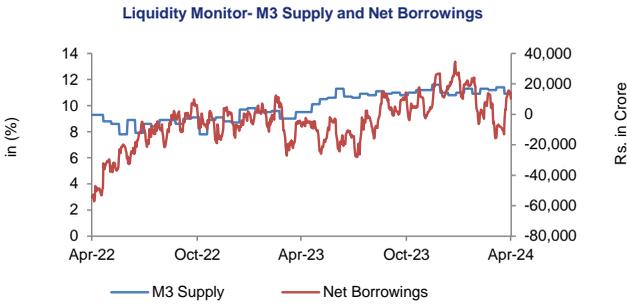
- Bond yields rose following the surge in U.S. Treasury yields as stronger-than-expected manufacturing data of Mar 2024 in the U.S. trimmed rate-cut expectations by the U.S. Federal Reserve.

- In the meantime, the RBI kept the key policy repo rate unchanged at 6.50% for the seventh consecutive time in Apr 2024 monetary policy meeting and maintained its stance as widely expected.

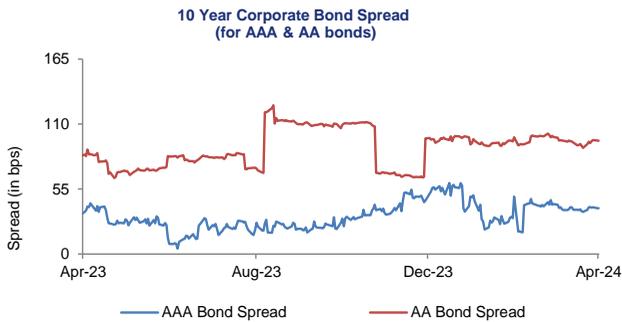
- Losses were extended following the rise in U.S. Treasury yields after strong U.S. non-farm payrolls data in Mar 2024 along with drop in unemployment rate further pushed back expectations around the timing of the first rate cut by the U.S. Federal Reserve.

- Yields rose further as elevated U.S. inflation data of Mar 2024 reaffirmed doubts over interest rate cuts in the near future by the U.S. central bank.

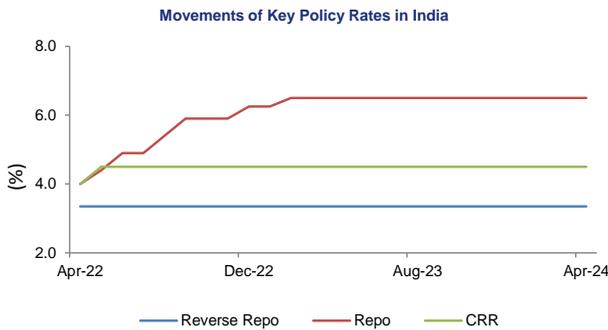
- Meanwhile, yields rose on concerns over escalating tensions in the Middle East. However, losses were restricted following the decline in crude oil prices as market participants took a breather due to easing geopolitical tensions towards end of the month.



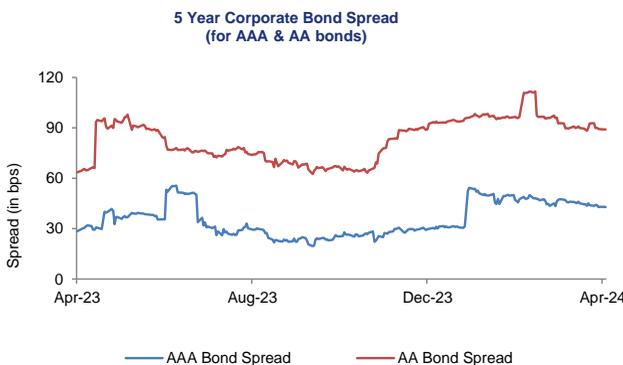
Source: Refinitiv



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. 1,08,000 crore in Apr 2024, compared to Rs. 1,36,000 crore in the previous month. The average cut-off yield of 91-, 182- and 364-days Treasury Bills stood at 6.89%, 7.03% and 7.06%, respectively, during the month under review compared with the average yield of 6.92%, 7.14% and 7.09%, respectively in the previous month.
- The RBI also conducted auction of state development loans (SDL) for a total notified amount of Rs. 51,200 crore (accepted amount was Rs. 51,200 crore), which is much lower than the scheduled amount of Rs. 98,140 crore during Apr 2024. The average cut-off yield of 10-year SDL rose to 7.49 % during Apr 2024 from 7.10% in the previous month.
- In addition, the RBI also conducted auction of government securities for a notified amount of Rs. 1,24,000 crore in Apr 2024, for which the amount was completely accepted with no devolvement on primary dealers.
- Yield on gilt securities rose between 11 to 18 bps across the maturities. Yield rose the most on 1- & 5-year papers and least on 30-year paper. Yield on corporate bonds increased between 10 to 20 bps across the curve. Difference in spread between corporate bond and gilt securities contracted up to 8 bps across the segments, barring 2- & 3-year papers that expanded by 8 & 4 bps, respectively.

GLOBAL EQUITY MARKET

Performance of Major International Markets (as on April 30, 2024)		
Indices	Country	1 Mth (%)
United States		
Nasdaq 100	U.S.	-4.46
Nasdaq Composite	U.S.	-4.41
Asia Pacific		
SET Composite Index	Thailand	-0.73
Jakarta Composite	Indonesia	-0.75
Straits Times Index	Singapore	2.13
KOSPI Index	South Korea	-1.99
Nikkei Stock Average 225	Japan	-6.03
Taiwan SE Weighted Index	Taiwan	0.50
Shanghai Composite Index	China	2.09
S&P BSE Sensex	India	1.13
S&P/ASX 200	Australia	-2.95
Europe		
FTSE 100	U.K.	2.41
CAC 40	France	-2.69
DAX Index	Germany	-3.03

Source: MFI Explorer & Refinitiv

United States

- U.S. equity market fell after the Commerce Department showed that U.S. gross domestic product increased by 1.6% in the first quarter of 2024 after surging by 3.4% in the fourth quarter of 2023. Economists had expected GDP to jump by 2.5%. The noteworthy slowdown in GDP growth was mainly caused by declines in exports, state and local government spending, consumer spending, and federal government spending.

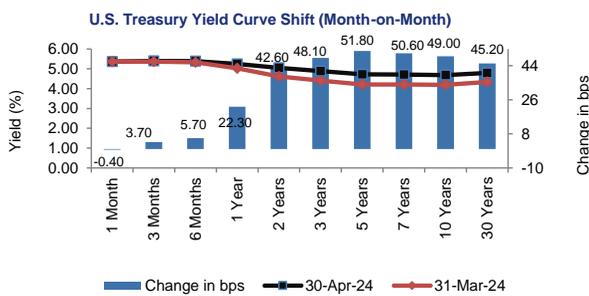
Europe

- European equity markets mostly fell due to persistent tensions in the Middle East, continuing uncertainty over U.S. Federal Reserve interest rate decisions in the wake of hawkish comments made by some Fed members, and data showing a higher-than-expected growth in non-farm payroll employment in the U.S. for the month of Mar 2024.

Asia

- Asian equity markets closed on a mixed note. Asian markets rose following upbeat results from major U.S. companies that beat market expectations. The Chinese market rose after a Chinese artificial intelligence (AI) software developer soared 31.2% after the company announced its latest generative AI model. The Japanese market fell as investors got worried by elevated global tensions and escalating doubts about the trajectory of U.S. interest rates.

GLOBAL FIXED INCOME - U.S. TREASURY



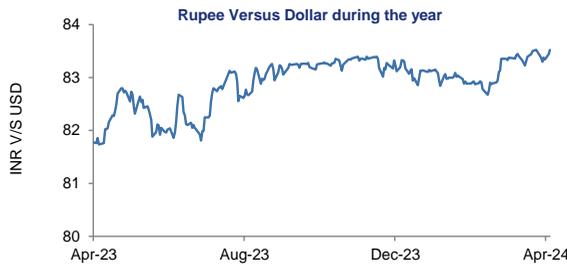
- Yields on the 10-year U.S. Treasury rose by 49 bps to close at 4.68% from the previous week's close of 4.19%.
- U.S. Treasury prices fell after the largest economy in the world produced more jobs than anticipated in Mar 2024, according to data, indicating that the U.S. Federal Reserve will not be moving quickly to lower interest rates in the near future.
- Further, prices fell despite data showing that inflation gains in Mar 2024 were largely in line with economists' expectations, easing concerns about the closely watched report showing a much higher than expected price jump.
- Losses were extended further after data revealed that labor costs rose more than anticipated in the first quarter of 2024 due to increases in salaries and benefits, which supported predictions that the Federal Reserve would postpone the beginning of its easing cycle until later in the year.
- Meanwhile, investors' concerns about U.S. gross domestic product increased at a 1.6% annualized rate in the first quarter of 2024, below economists' expectations for a 2.4% gain.



CURRENCY

Movement of Major Currencies (as on April 30, 2024)				
Currency	Value (as on 30-Apr-2024)	1 Mth	3 Mth	1 Yr
U.S. Dollar	83.52	83.37	83.08	81.78
Pound Sterling	104.64	105.29	105.31	102.03
Euro	89.34	90.22	89.88	90.09
Yen (Per Rs.100)	53.00	55.00	56.00	60.00

Source: RBI



INR

- Rupee fell against the U.S. dollar as rising Middle East tensions weighed on Asian currencies. Further, the rupee fell due to growing Middle East geopolitical tensions and concerns that the U.S. Federal Reserve would postpone lowering interest rates.
- However, losses were limited following positive trend in the domestic equity market. Gains increased following the seventh straight meeting in which the Indian central bank left interest rates unchanged.

EURO

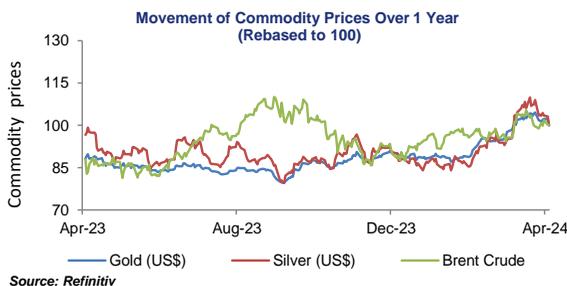
- Euro fell against the U.S. dollar after data showed that U.S. firms hired significantly more workers in Mar 2024 than anticipated, which could cause the U.S. Federal Reserve to postpone its planned interest rate reductions this year. Further, the euro fell after a hint from the European Central Bank that rates would be reduced shortly.
- However, losses were restricted following the Commerce Department's announcement that the annualized growth rate of the U.S. gross domestic product during the Jan-Mar 2024 quarter was 1.6%, lower than the 2.4% pace predicted by economists.



COMMODITIES

Performance of Various Commodities					
Commodities	Last Closing (30-Apr-24)	Returns (in %)			
		1 Wk	1 Mth	6 Mth	1 Yr
Crude Brent (\$/Barrel)	89.37	-0.04	4.50	-3.27	8.14
Gold (\$/Oz)	2285.57	-1.56	2.38	15.28	14.87
Gold (Rs/10 gm)	71777.00	0.65	7.15	17.51	19.83
Silver (\$/Oz)	26.28	-3.67	5.23	14.76	4.97
Silver (Rs/Kg)	80083.00	0.53	8.18	11.25	8.67

Source: Refinitiv



Crude

- Brent crude oil prices rose on supply concerns due to geopolitical tensions and optimism about the future of energy demand. Further, the decision to maintain production cuts by the Organization of the Petroleum Exporting Countries and its partners sustained the upward trend in oil prices.
- Gains extended further after preliminary data showed a slowdown in U.S. manufacturing activity in the month of Apr 2024 that raised hopes for the U.S. Federal Reserve will soon begin reducing interest rates.

Gold

- Gold prices rose as rising geopolitical tensions continued to prompt investors to seek the safe-haven yellow metal. Gains extended further after softer-than-expected U.S. producer prices data boosted hopes for U.S. rate cuts this year.
- Further, prices rose following data showing that the U.S. personal consumption expenditures index rose by 0.3% in Mar 2024, matching the increase seen in Feb 2024 as well as economists' estimates.

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

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