FEC SPIT
FINANCE AND ECONOMICS CLUB

NOVEMBER MONTHLY REPORT

2024-2025

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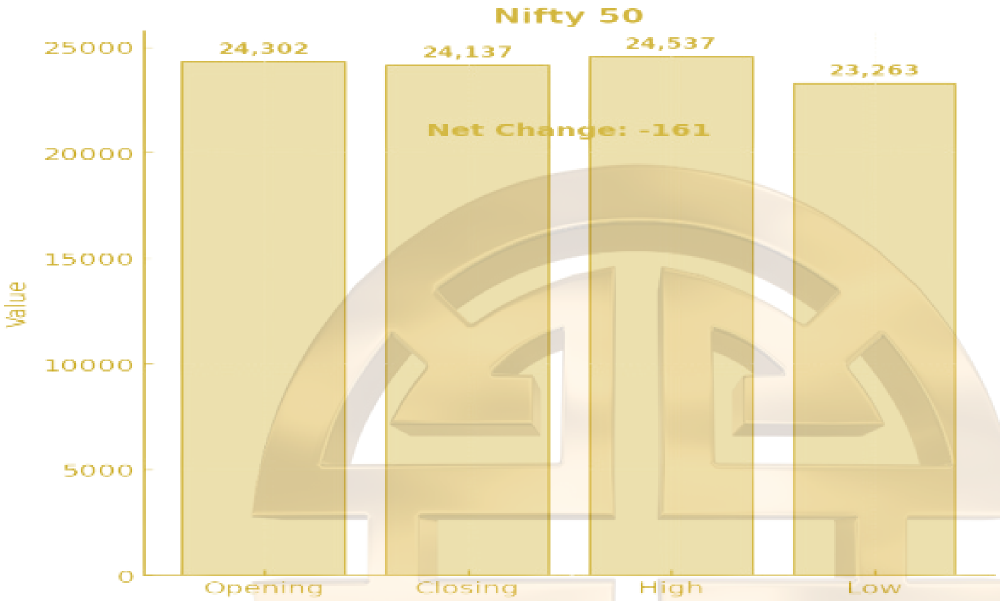
FEC SPIT

Indices

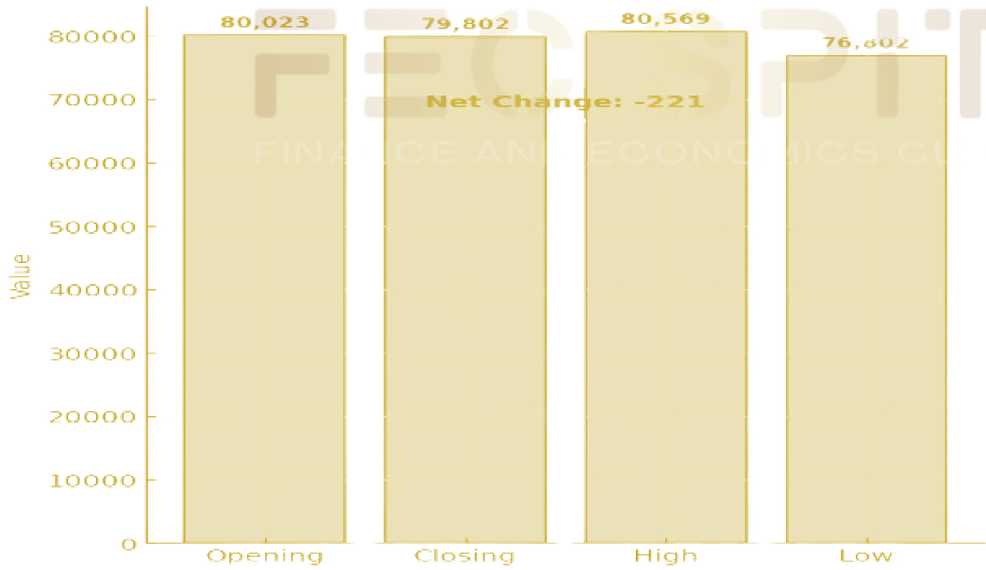
1. Nifty 50

Nifty 50: Saw a decline, influenced by inflationary concerns, FII outflows, and global market volatility, though sectors like IT showed resilience.



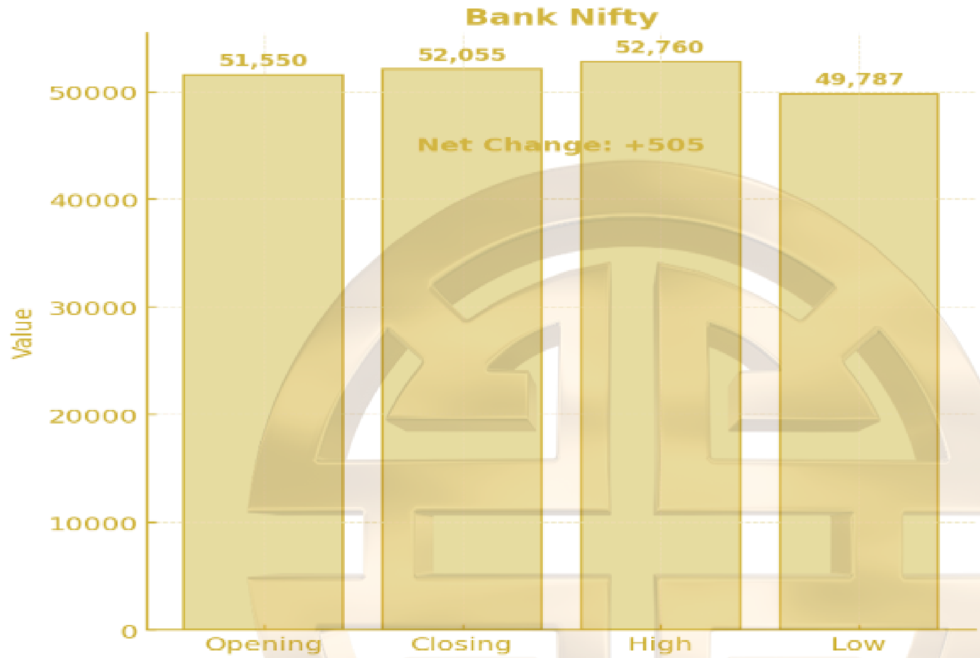
2. Sensex

Sensex: Followed similar trends as the Nifty, with concerns over inflation and global market developments leading to negative movement. However, the financial sector offered some support.



3. Bank Nifty

Bank Nifty: Outperformed other indices, driven by strong performance in the private banking sector and resilient credit growth.



Reason for Movement

The market in **November 2024** saw notable fluctuations driven by a combination of **global economic factors, domestic challenges, sector-specific performance**, and significant changes in **Futures and Options (F&O) lot** sizes.
Here is a detailed breakdown:

Global Factors:

- **U.S. Federal Reserve's Monetary Policy:** The U.S. Federal Reserve kept interest rates unchanged at 4.75% in November 2024. The uncertainty around the Fed's future actions weighed on global markets, leading to cautious sentiment among investors in emerging markets like India. The anticipation of higher borrowing costs and possible tightening in the global liquidity environment impacted market sentiment and foreign inflows into Indian equities.
- **Geopolitical Risks:** The ongoing Russia-Ukraine conflict, as well as instability in other geopolitical hotspots, created a turbulent global environment. Rising commodity prices, especially oil, increased inflationary pressures worldwide, impacting India's inflation and trade balance.

Domestic Factors:

- **Inflationary Pressures:** India's retail inflation remained high at around 5.5%, primarily driven by escalating fuel costs. This significantly impacted consumer demand and corporate margins, particularly in energy and consumer goods sectors.
- **FII Outflows:** Foreign Institutional Investors (FIIs) continued to pull funds out of Indian markets, driven by concerns about global inflation, higher interest rates, and sluggish global economic growth. The outflows added pressure on market indices like the Nifty 50 and Sensex, contributing to their negative performance

Sector-Specific Performance:

- **Banking Sector:** The Bank Nifty index stood out, gaining +0.98% in November. The sector's performance was supported by strong credit growth and positive earnings from banks like HDFC Bank and ICICI Bank, which helped buoy investor confidence despite broader market struggles
- **IT Sector:** The IT sector also showed resilience, with companies like TCS and Infosys benefiting from global demand for digital transformation services. However, rising costs and broader market conditions capped the sector's growth
- **Energy & Real Estate:** The energy sector faced headwinds as rising oil prices increased input costs, while real estate stocks were impacted by high inflation, reduced demand, and rising construction costs, leading to a dip in stock prices
- **Changes in Futures and Options (F&O) Lot Size:**
- **Effective Date:** The lot size revision for Futures and Options contracts was implemented on November 1, 2024, as announced by the National Stock Exchange (NSE). The new lot sizes primarily affected heavily traded stocks, including Reliance Industries and Tata Consultancy Services (TCS), where the lot sizes were increased in order to curb excessive speculation and reduce volatility.
- **Impact on the Market:** The change in lot sizes increased the minimum capital required to trade in these contracts, which had a direct impact on retail traders. Smaller investors, who previously engaged in high-frequency trading with lower capital, were less active due to the increased financial commitment. As a result, speculative trading volumes decreased, leading to lower volatility in the F&O segment, which provided more stability to the market overall
- **Market Liquidity:** While institutional investors were largely unaffected by the change in lot sizes due to their larger trading volumes, retail participation was significantly reduced. This led to a drop in liquidity for some stocks, especially those in high-volatility segments, affecting the market dynamics. Overall, the increase in lot sizes helped reduce the risk of sharp, short-term price swings, but also led to reduced activity among retail traders

Government and RBI Support:

- Monetary and Fiscal Policy: The Reserve Bank of India (RBI) continued to maintain favorable liquidity stance, providing some support to the banking system. Government policies aimed at stimulating growth also played a role in cushioning the effects of global and domestic challenges.

Top Gainers of November 2024

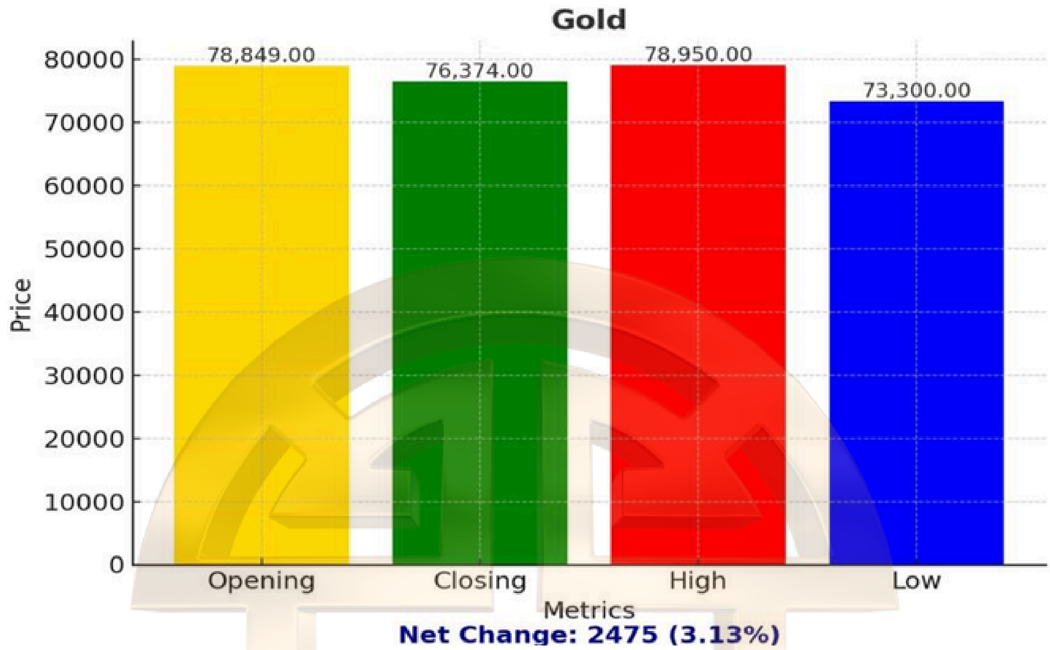
Company Name	Market Cap.(Cr)	1 Month Returns	6 Months Returns	Quater Net profit %	LT DE Ratio	Roce
Akash Infra-Proj	61.2	2673%	2818%	-20.17%	0.01	4.78%
Damodar Ind	95.8	2020%	1734%	0.73%	0.82	16.00%
Sai Capital	133	171.39%	136.27%	34.70%	0.01	-2.09%
Tera Software	257	167.11%	222.46%	4.77%	0.05	8.69%
Indus Finance	57.8	158.36%	139.25%	38.30%	-	7.14%
Excel Realty N Infra	250	139.19%	136.00%	20.40%	-	0.67%
Polo Queen Ind.	3,088	135.12%	97.25%	2.81%	0.05	2.79%
Kkrrafton Developers	14,823	127.94%	573.81%	4.40%	-	4.60%
Mergi Soft	81	111.66%	99.46%	14.40%	-	4.19%
Neeraj Paper Market	47.8	108.09%	107.69%	0.30%	0.21	9.11%

Top Losers of November 2024

Company Name	Market Cap.(Cr)	1 Month Returns	6 Months Returns	Quater Net profit %	LT DE Ratio	Roce
B&A Packaging	156	-15.05%	18.64%	8.26%	-	20.00%
Axel Polymers	43.4	-15.14%	-24.43%	-1.25%	0.47	22.90%
Somany Home	2,080	-15.14%	-13.98%	-2.27%	0.57	12.60%
Ausom Enterprise	145	-15.19%	6.98%	346.00%	-	9.59%
Bigbloc Const	1,577	-15.19%	-3.35%	0.36%	0.97	23.30%
Honda Siel Power	3,235	-15.20%	21.72%	4.56%	-	14.80%
Money Masters	97.6	-15.33%	-26.03%	33.20%	0.99	4.94%
Jyoti Structure	2,567	-15.41%	10.79%	6.46%	-72.66	1.03%
Radhika Jeweltech	1,196	-15.45%	62.29%	8.04%	0.04	25.20%
D P Abhushan	3,403	-15.46%	18.75%	2.50%	0.01	37.40%

Commodities

1. Gold



Reasons for Movement

In November 2024, gold prices in India experienced notable fluctuations influenced by several key factors:

1.International Market Trends:

Global gold prices saw a decline of approximately 4% after peaking on October 31, 2024. This downturn was partly attributed to the Republican Party's victory in the U.S. elections, which impacted investor sentiment and led to reduced gold prices.

2.Domestic Demand Fluctuations:

In India, the second-largest consumer of gold, demand patterns shifted in response to price changes. As prices hovered around $2,620 per troy ounce, consumers found this level more comfortable compared to previous highs, leading to increased demand. However, as domestic prices rose to ₹77,220 per 10 grams from ₹73,300 the previous week, demand waned due to higher costs deterring jewellers and retail buyers

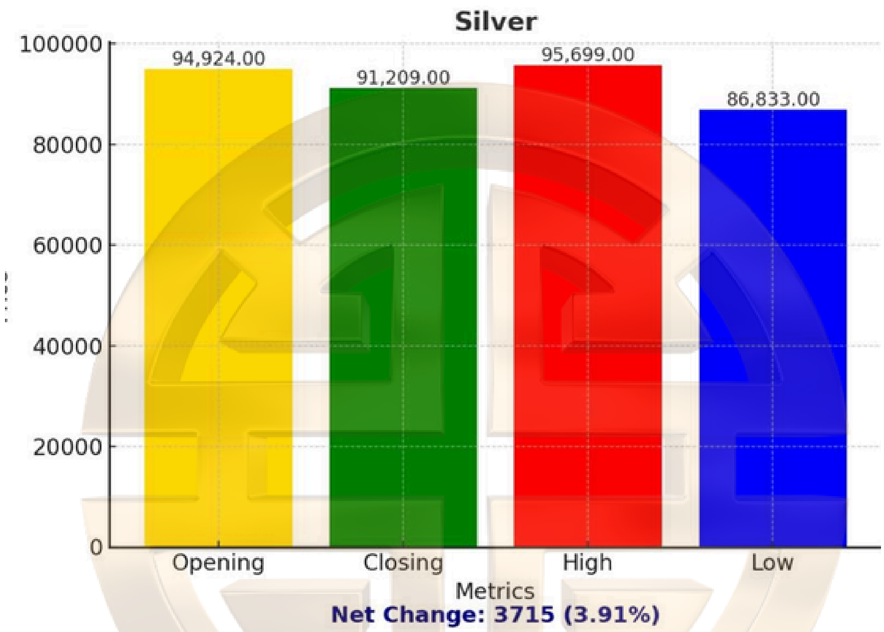
3.Geopolitical Factors:

Ongoing geopolitical tensions, such as the Russia-Ukraine conflict, heightened safe-haven demand for gold. This increased demand contributed to price volatility, as investors sought stability amid global uncertainties.

4.Economic Indicators:

The release of various economic data, including India's Q2 GDP figures, China's manufacturing PMI, and the Eurozone CPI, influenced investor behavior and gold price movements. Positive or negative economic indicators affected market confidence, thereby impacting gold demand and prices.

2. Silver



Reasons for Movement

In November 2024, silver prices in India experienced a decline of approximately 3.%, with the price per kilogram dropping from ₹97,000 on November 1 to ₹91,500 on November 29. This downward trend was influenced by several key factors:

1.Global Economic Indicators:

Concerns over a potential economic slowdown in China, a major consumer of industrial metals, led to reduced demand expectations for silver, which is extensively used in electronics and solar panels. This sentiment negatively impacted silver prices globally.

2.Industrial Demand Fluctuations:

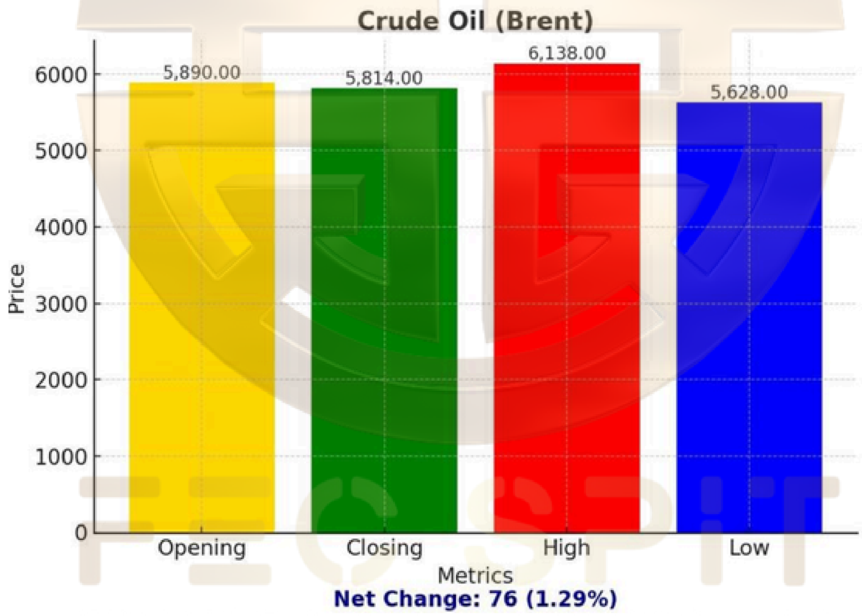
Despite a forecasted rise in silver prices due to increased industrial demand, particularly from the solar energy sector, actual demand in November did not meet expectations. This discrepancy contributed to the price decline.

3.Investment Demand Variability:
Investor interest in silver can be volatile, often influenced by broader economic conditions and alternative investment opportunities. In November, a shift in investor sentiment away from precious metals towards other assets may have contributed to decreased silver prices.

4.Currency Exchange Rates:
Fluctuations in the Indian Rupee against the U.S. Dollar can affect the landed cost of silver imports. In November, any appreciation of the Rupee would have made silver imports cheaper, potentially leading to lower domestic prices.

In summary, the decline in silver prices in India during November 2024 was primarily driven by unmet industrial demand expectations, shifts in investment patterns, currency fluctuations, and overall market sentiment.

3. Crude Oil (Brent)



Reasons for Movement

In November 2024, crude oil prices in India exhibited notable fluctuations influenced by several key factors:

1.Global Supply Dynamics:
The Organization of the Petroleum Exporting Countries and its allies (OPEC+) postponed their meeting from late November to December 5, 2024, causing uncertainty about future production levels. This delay led to market instability, as traders speculated on potential changes in output quotas.

2.Geopolitical Developments:

A cease-fire between Israel and Iran-backed Hezbollah eased concerns over potential disruptions in Middle Eastern oil supplies. This development contributed to a decrease in risk premiums, leading to a drop in crude oil prices during the month.

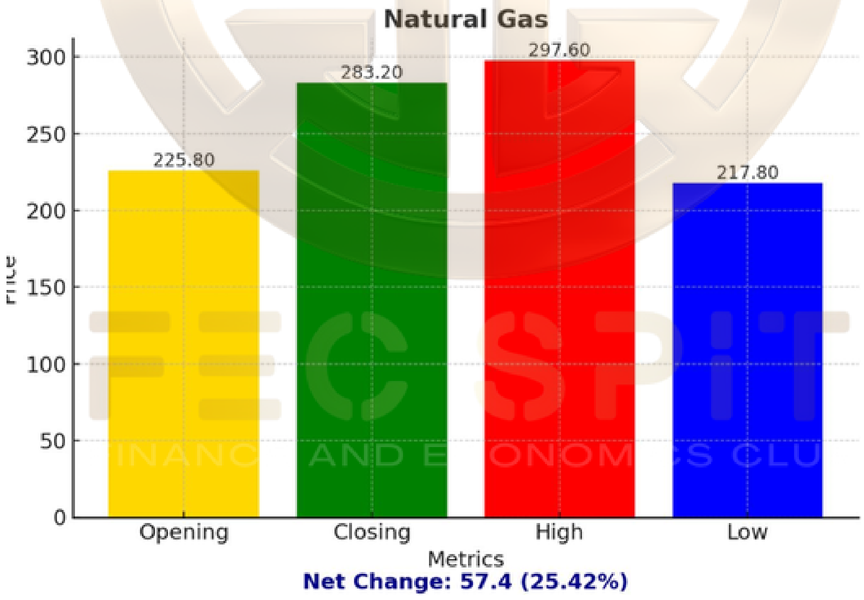
3.Economic Indicators:

India's economic growth slowed to 5.4% in the third quarter, primarily due to sluggish manufacturing activity. This deceleration reduced domestic demand for crude oil, exerting downward pressure on prices.

4.Currency Exchange Rates:

Fluctuations in the Indian Rupee against the U.S. Dollar affected the cost of crude oil imports. An appreciating Rupee made imports cheaper, contributing to lower domestic oil prices. 5.Seasonal Demand Variations: The end of the monsoon season typically leads to increased industrial and agricultural activity, boosting energy demand. However, in November 2024, this seasonal uptick was less pronounced, leading to softer demand and contributing to price declines.

4. Natural Gas



Reasons for Movement

In November 2024, natural gas prices in India experienced significant fluctuations due to a combination of domestic and international factors:

1.Global Supply Constraints:

The European natural gas market faced potential shortages due to geopolitical tensions and reduced Russian gas supplies. This situation increased Europe's demand for liquefied natural gas (LNG) imports, leading to higher global LNG prices. As a result, India, which relies on LNG imports to meet its energy needs, faced elevated import costs.

2.Asian Market Dynamics:

Analysts warned that tightening European gas supplies could lead to higher LNG prices in Asia, potentially exceeding $20 per million British thermal units (mmBtu). This forecast was based on factors such as reduced Russian gas flows through Ukraine and colder-than-average winter temperatures. India, being a price-sensitive market, experienced reduced LNG imports due to these elevated prices, impacting domestic supply and prices.

3.Domestic Pricing Policies:

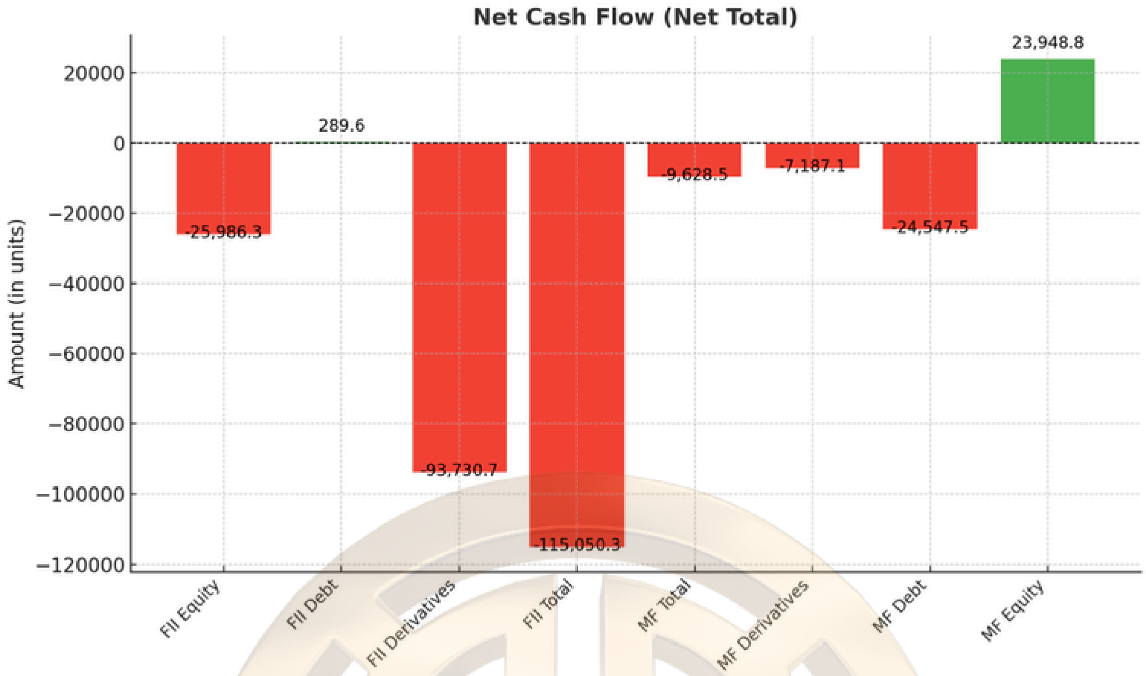
The Ministry of Petroleum and Natural Gas (MoPNG) set the domestic natural gas price for November 2024 at $7.53 per mmBtu on a gross calorific value basis. This pricing reflects the government's efforts to balance domestic production costs with international market conditions.

4.Seasonal Demand Variations:

The onset of winter typically increases demand for natural gas for heating purposes. This seasonal demand surge can lead to price increases, especially when combined with supply constraints.

Net Cash Flow Data:

Date	FII Equity	FII Debt	FII Derivatives	FII Total	MF Total	MF Derivatives	MF Debt	MF Equity
01-Nov-24	-4,343.50	-143.5	-655.3	-5,142.30	-86.8	315	-0.2	-401.6
04-Nov-24	-4,561.80	86	-5,450.90	-9,926.70	-4,579.30	-6,163.60	193.1	1,391.20
05-Nov-24	-1,739.30	1,039	44,795.30	44,095	-2,344.10	-3,815.40	-589.5	2,060.80
06-Nov-24	-3,713.70	-324.8	6,654.50	2,616	2,652.80	617.6	-1,902.80	3,938
07-Nov-24	-5,635.40	-57.8	-37,057.40	-42,750.60	-1,388.10	-234.9	-2,468.80	1,315.60
08-Nov-24	-3,553.40	-178.2	5,582.60	1,851	1,640.70	-404	775.8	1,268.90
11-Nov-24	-364.4	110.1	-19,807.20	-20,061.50	131.3	937.1	-1,443.50	637.7
12-Nov-24	2,843.30	-362.6	12,124.50	14,605.20	3,280.10	1,539.80	165.6	1,574.70
13-Nov-24	-1,352.10	-126.3	36,966.20	35,487.80	4,683.90	-1,114.90	1,192.30	4,606.50
14-Nov-24	-1,493	174	-14,078	-15,397	-439.4	NA	-2,388.10	1,948.70
18-Nov-24	-2,028.20	-1,352.50	-16,671.90	-20,052.60	-216.8	333.3	-3,206.60	2,656.50
19-Nov-24	-1,917.70	41.4	-2,631.10	-4,507.40	5,069.80	1,848.60	152.5	3,068.70
21-Nov-24	1,325.90	-14.6	-102,037.20	-100,725.90	-1,056.60	356.3	-5,307.10	3,894.20
22-Nov-24	1,073	-391.2	50,964.30	51,646.10	1,640.70	829.9	-817.7	1,628.50
25-Nov-24	9,615.80	1,995.90	-6,077.80	5,533.90	-6,865.70	4,436.70	-7,266	-4,036.40
26-Nov-24	3,814.50	770.7	-40,112.40	-35,527.20	-2,540.10	458.7	-3,878.60	879.8
27-Nov-24	-1,048.90	-412.8	-63,534.70	-64,996.40	-748.9	-765	-1,765.70	1,781.80
28-Nov-24	-8,532.90	363.8	56,248.30	48,079.20	-7,171	-7,171	NA	NA
29-Nov-24	NA	NA	1,940.80	1,940.80	NA	NA	NA	NA
Net Total	-25,986.30	289.6	-93,730.70	-115,050.30	-9,628.50	-7,187.10	-24,547.50	23,948.80



Financial and Economic Insights: Key Trends and Developments

S&P Lowers India's Growth Forecast: Finance Ministry Optimistic

S&P Global Ratings has revised India's GDP growth projections downwards for FY25 and FY26, forecasting growth at 6.7% in FY25 and 6.8% in FY26, citing factors like high interest rates, reduced fiscal stimulus, and global uncertainties. This revision reflects a slowdown in urban demand, particularly in construction, and weak exports due to heavy rainfall and global factors.

However, India's finance ministry remains optimistic, projecting growth stabilization at 6.5-7% for FY25, down from 8.2% in FY24. The ministry highlights strong rural demand, expanding formal sector employment, and positive agricultural conditions. Inflation concerns remain, with retail inflation rising to a 14-month high of 6.21% in October due to food price hikes from erratic rainfall. S&P predicts the Reserve Bank of India (RBI) will make only one rate cut this fiscal year due to ongoing inflation pressures.

Key Points:

- Revised Growth Projections: S&P forecasts 6.7% growth in FY25 and 6.8% in FY26.
- Factors Influencing Downgrade: High interest rates, reduced fiscal stimulus, and global uncertainties.
- Government Optimism: Finance ministry projects growth stabilization at 6.5–7% despite challenges.
- Inflation Trends: Retail inflation hits a 14-month high at 6.21% in October.

Business Implications:

1. Growth Expectations: Slight slowdown expected, but strong demand in rural sectors may counterbalance some challenges.

2. Inflation Impact: Rising food prices could affect both consumer spending and business costs.

3. Monetary Policy: Limited scope for RBI rate cuts amid inflationary pressures. Despite the revision, the finance ministry is cautiously optimistic, citing agricultural conditions and domestic demand as potential stabilizers.

Trump's Tariff Threat: Key Details

Donald Trump has announced plans to impose tariffs on imports from Canada, Mexico, and China starting from Day 1 of his second term. The tariffs aim to force these countries to address issues like illegal immigration and drug trafficking, particularly fentanyl production in China. Canada and Mexico will face a 25% tariff, while China will see a 10% increase on top of existing tariffs.

Key Points:

- Tariff Rates: 25% on Canada and Mexico, 10% additional on China.
- Purpose: To address illegal immigration, drug trafficking, and national security concerns.
- Impact on Trade: The tariffs could disrupt industries like US auto manufacturing, which depends on imports from these countries.
- Global Reactions: Canadian and Mexican leaders have voiced concerns, while China warns of a trade war.
- US Economic Strategy: Trump's approach blends trade, immigration, and security, signaling more protectionism.

Business Implications:

1. Trade Disruptions: Higher costs for businesses relying on imports from these countries.
2. US-Mexico-Canada Agreement (USMCA) Impact: Potential strain on this trade deal, especially in the auto industry.

3. Global Markets: Countries, including India, are preparing for economic uncertainty and potential retaliation.

The tariff strategy signals a shift toward protectionism, with significant global trade consequences, particularly for neighboring and key trading partners

India's PAN 2.0 Project: Key Details

India's government has approved the PAN 2.0 project, an upgrade to the current Permanent Account Number (PAN) system, aimed at improving taxpayer services and business processes. The project includes the introduction of a QR code on PAN cards, which will be issued free of charge.
The primary goals are to modernize and simplify PAN and TAN (Tax Deduction and Collection Account Number) management. Currently, PAN services are spread across three platforms: the e-Filing Portal, UTIITSL Portal, and Protean e-Gov Portal. PAN 2.0 will consolidate these into a unified system to improve user experience, reduce delays, and address grievances efficiently.

Key Features of PAN 2.0:

- Unified Portal: A single platform for all PAN and TAN-related services.
- Paperless Process: Minimizing paperwork and enhancing eco-friendliness.
- Free and Fast Issuance: No charge for PAN cards with faster processing times.
- Enhanced Security: Personal data protection through a PAN Data Vault.
- Support Services: Dedicated call centers and help desks for user inquiries.

FAQs:

- Existing PAN cards remain valid; only updates or corrections require re-issuance.
- PAN holders can update details (like name and address) for free once PAN 2.0 launches.
- QR codes on PAN cards aid in quick verification of PAN details.
- The PAN will continue as the Common Business Identifier, and businesses must report duplicate PANs.

Business Benefits:

1. Unified Identification: Businesses can use PAN as a single identifier across government systems, reducing administrative overhead and errors.
2. Simplified Tax Compliance: With features like QR codes and online verification, PAN 2.0 simplifies tax filing and vendor verification.
3. Improved Security: Advanced cybersecurity measures protect sensitive business data.
4. Efficient Grievance Redressal: Centralized help desks ensure faster complaint resolution.
5. Anti-Evasion Measures: Better identification of fraudulent businesses through PAN integration with other systems.
6. Support for International Transactions: Simplified processes for non-residents and cross-border operations, enhancing India's global business standing.

The project strengthens anti-evasion measures, simplifies compliance, and supports global business operations, positioning India as a more efficient place to do business.

Impact of US Fed Rate Cuts on Markets, Including India

The US Federal Reserve cut interest rates by 25 basis points in November 2024, its second reduction of the year, signaling control over inflation. This move came shortly after Donald Trump's election victory, with Fed Chair Jerome Powell indicating that the central bank would closely monitor economic data for any potential further rate cuts in December. While analysts expect continued reductions, Trump's proposed tax cuts, tariff hikes, and immigration control could spur inflation, potentially challenging the Fed's monetary policy.

For India, the rate cuts in the US could present both opportunities and challenges. A reduction in US rates makes India more attractive for currency carry trades, as lower US rates would lead to higher arbitrage opportunities in emerging markets. Furthermore, US growth could be boosted by lower rates, benefiting global markets, including India. However, Trump's policies, including proposed tariffs on China, could disrupt global trade, making it difficult for India to balance growth ambitions.
The Reserve Bank of India (RBI) faces pressure in a scenario where delayed rate cuts by the Fed could influence its own monetary policy trajectory. The RBI's policy decisions would likely depend on economic uncertainty and inflation control measures, with the next Monetary Policy Committee meeting scheduled for December.

Key Points:

- US Fed Cuts Rates: A 25 basis point cut signals inflation control, but future cuts depend on economic data.
- Trump's Policies: Proposed tax cuts and tariffs could drive inflation and affect monetary policy.

- **India’s Challenges:** Impact on forex volatility, global supply chains, and investor sentiment amid external factors like the Fed's rate decisions.

Business Implications:

1. Currency Carry Trades: Lower US rates could make India more attractive for investors seeking arbitrage opportunities.

2. Global Growth Impacts: US economic growth could positively affect global demand, benefiting India in the short term.

3. Inflation Risks: Inflationary pressures due to tariff hikes and fiscal policies could complicate RBI’s monetary easing strategy.

The global economic landscape, influenced by US monetary policy, presents both risks and opportunities for emerging markets like India.

VC Funding for Indian Startups Hits Six-Year Low in November 2024

Venture capital (VC) funding for Indian startups has fallen sharply, reaching a six-year low in November. The total funding in the month stood at just $223 million across 35 deals, a 66% decrease from $655 million in 52 deals in October. This drop reflects a continuing slump in the funding environment for Indian startups, often referred to as the "funding winter." The last time funding was lower than this was in January 2017, when it amounted to $207 million across 43 deals.

Overall, Indian startups have raised only $7.05 billion in VC funding till November 2024, a steep 71% decline from $24.36 billion in 2022. This downturn highlights the ongoing challenges faced by the startup ecosystem amidst global economic uncertainties and cautious investor sentiment.

Mumbai Real Estate Sees 3% Year-on-Year Increase in Property Registrations in November 2023

Mumbai's real estate market showed steady growth in November 2023, with property registrations increasing by over 3% compared to the same month last year. The city recorded 9,255 property registrations, up from 8,965 in November 2022, according to data from the Maharashtra Inspector General of Registrations and Stamps (IGR).

Revenue collections, however, saw a slight dip, falling 1% from Rs 684 crore in November 2022 to Rs 677 crore this year. This follows a strong performance in October, where property registrations surged by 21% year-on-year, with 10,244 properties registered, generating Rs 809 crore in revenue, an 11% increase from the previous year.

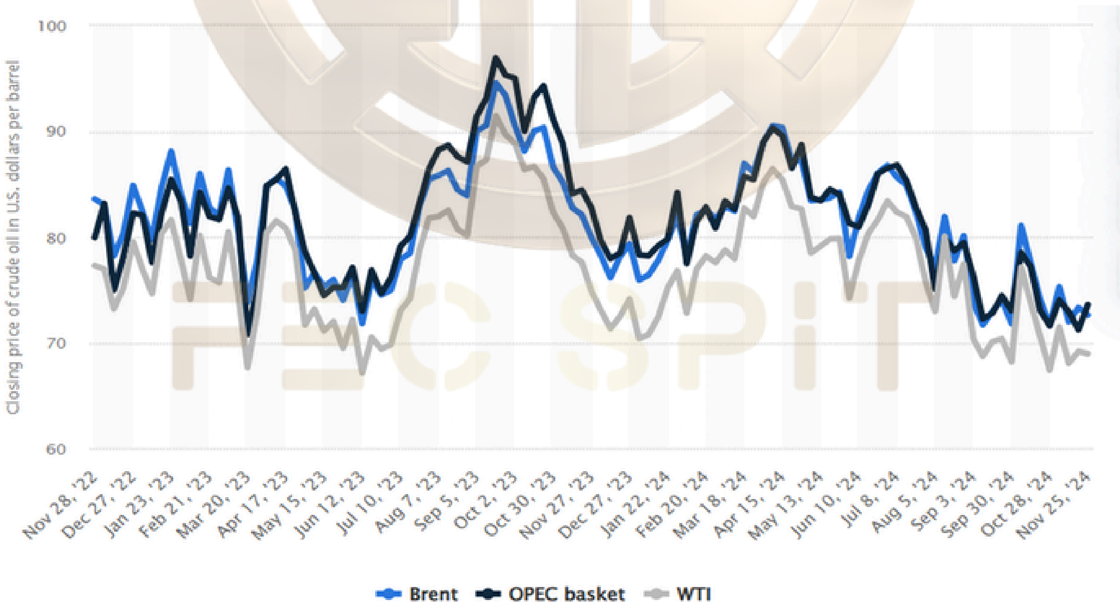
Of the total property registrations in November, 80% were residential units, reflecting the continuing demand in Mumbai's housing sector, even with fewer working days due to the festival season.

India's Apparel Exports Rebound with 11.7% Growth in November 2023

India's apparel exports showed a positive turnaround in November 2023, rising by 11.7% to approximately USD 1.2 billion. This marks a recovery after a period of declining exports, attributed to global challenges such as recession in key markets like the UK, EU, and the US, as well as rising inflation and the high costs of raw materials and freight.
According to Naren Goenka, Chairman of the Apparel Export Promotion Council (AEPC), the Indian ready-made garment (RMG) sector had faced a rough patch in recent months due to these factors, including the impact of the Russia-Ukraine war. However, the recent uptick in exports signals the industry's resilience and its ability to adapt to the current global economic climate.

Global Markets

CRUDE OIL UPDATES:



On November 25, 2024, the prices of Brent crude oil and WTI oil decreased compared to the previous week, while the OPEC basket price increased. This decline is attributed to concerns about weak demand in major oil-consuming markets like China.

Oil prices declined during the week due to several factors:

- **Israel-Hezbollah Truce:** The easing of geopolitical tensions in the Middle East reduced concerns about potential supply disruptions.
- **US Tariff Threats:** Trade tensions and the threat of tariffs imposed by the US government created uncertainty in the market.
- **OPEC Meeting:** Investors were cautious ahead of the upcoming OPEC meeting, where decisions on production cuts would impact global oil supply.
- **Thin Holiday Trading:** Reduced trading activity during the holiday season also contributed to price volatility.

Foreign Institutional Investors (FIIs) have sold Indian stocks worth ₹1.5 lakh crore since October.

3 factors behind massive FII selling

Weak Q2 Earnings: FIIs have been selling Indian stocks due to high valuations considering as the most expensive markets among emerging markets. Analysts express concerns about earnings growth for FY25, especially after the weak results reported in Q2.

Sell India, Buy China is a recent investment strategy adopted by some Foreign Portfolio Investors (FPIs). This shift is primarily driven by China's recent economic stimulus package, which has boosted investor confidence in the Chinese market. In contrast, India's high valuations and concerns about potential earnings growth have made it less attractive to some investors.

Trump trade: President-elect Donald Trump has promised to cut the corporate tax from the current 21% to 15%, which is expected to boost corporate earnings in the US, increasing the capital flows to its market. These factors can strengthen the dollar against other currencies, which is negative from the perspective of emerging markets like India.

RISE IN NIFTY IT

Indian IT stocks have been on a strong upward trend, with the Nifty IT index hitting a new record high of 43,751. This surge was amplified after a recent US election, where the index gained 8.55%. Investors are optimistic about potential corporate tax cuts and increased US discretionary spending, boosting the sector's prospects even amidst broader market volatility. Despite significant selling pressure across the broader market in November, Indian IT stocks showcased resilience, with the Nifty IT index gaining 7.46% during the month. The rally began following Donald Trump's victory in the 2024 US presidential election, as his proposed policies, including corporate tax cuts, sparked optimism about increased discretionary spending by US enterprises—a key revenue driver for Indian IT companies, which derive 60–70% of their earnings from the US market.

Asia Pacific Market Update

The U.S. economy is projected to grow at a rate of **2.7%** in 2024, a revision upwards from previous estimates. This growth is attributed to robust consumer spending.

The European economy continues to face challenges due to high inflation and geopolitical uncertainties. **Germany**, the region's largest economy, narrowly escaped a recession in the third quarter, primarily due to **weak industrial production and sluggish domestic demand.** This has led to a downward revision in the full-year **Eurozone GDP growth forecast to 0.7%**.

China's economy is projected to grow at a rate of **4.8% in 2024.** Domestic demand remains subdued due to challenges in the real estate sector and high savings rates. However, recent government fiscal and monetary policies are expected to stimulate growth.

GDP Growth slows down to 5.4% in Q2

India's GDP growth for the second quarter of **FY25 (July-September 2024) recorded a 5.4%** increase, the **lowest in two years.** This slowdown reflects challenges in the **manufacturing sector**, which grew by just **3.6%, a six-quarter low, amid sluggish industrial activity.** Incremental growth in manufacturing dropped significantly compared to the previous year, underscoring weaker momentum.

Despite this, the agriculture and services sectors showed resilience, but their growth wasn't sufficient to offset the broader slowdown. Analysts remain optimistic about a recovery in subsequent quarters, supported by improved rural demand and consumer sentiment, which have shown encouraging trends recently. **The State Bank of India (SBI) forecasts that stronger rural income and demand could drive GDP growth for the third and fourth quarters,** potentially closing the fiscal year with a better annual growth rate.

Bond Rates

Global Trends

1. Volatility in Bond Yields: In November 2024, global bond yields fluctuated amidst expectations of monetary policy shifts. U.S. **10-year Treasury yields decreased to 4.35%**, reflecting hopes of lower interest rates in 2024 as inflation shows signs of easing. This marks a reversal from the year's earlier highs of over **5%, the highest since 2007.**

2.Global Economic Concerns: Markets continued to grapple with inflation and recession fears. Many developed economies face challenges as elevated interest rates strain financial systems. Analysts predict that rate cuts could come as early as mid-2024, providing relief to bond markets.

India-Specific Trends

1. Resilience in Indian Bond Market:

- Indian government bonds remained relatively stable in 2023, with yields on 10 year bonds trading between 7.1% and 7.4%. This contrasts with the volatility observed in global markets.
- In November, yields dropped slightly due to declining core inflation and expectations of rate cuts by the Reserve Bank of India (RBI).

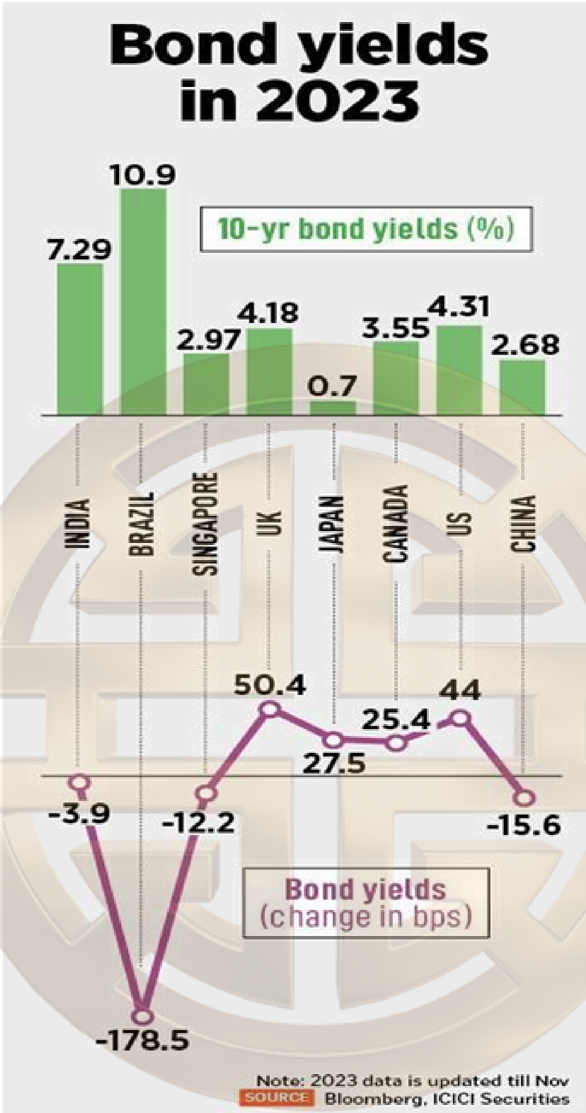
2. Inclusion in Global Bond Indices:

- JP Morgan's inclusion of Indian government bonds in its Global Bond Index Emerging Markets starting June 2024 is expected to attract $20–40 billion in investments over the next 18–24 months. This development will likely reduce bond yields and enhance India's appeal to foreign investors.
- Other indices like Bloomberg and FTSE are expected to follow, potentially bringing an additional $27 billion in capital flows. These inclusions could boost infrastructure funding and strengthen the rupee

3. Policy Adjustments and Outlook:

- Reforms in the taxation of market-linked debentures and mutual funds are expected to have a lasting impact on demand-supply dynamics in the Indian bond market. .
- Experts predict a strong performance for Indian bonds in 2024, supported by falling inflation, global rate cuts, and stable real interest rates.

Visual Trends



Technology Sector

The technology sector continued to demonstrate strong performance, buoyed by ongoing investments in **artificial intelligence (AI), cloud infrastructure, and digital transformation.** The sector benefited from higher consumer and enterprise spending on tech upgrades, maintaining its role as a growth driver despite concerns about economic headwinds. Innovations in AI and machine learning remained pivotal, with companies increasingly embedding these technologies into products and services to enhance user experiences and operational efficiencies.

Financial Sector

Financial services posted solid gains as banks and financial institutions capitalized on sustained **higher interest rates**, which boosted their lending margins. This positive trend was observed in major markets where rate adjustments were made to combat inflation. The financial sector's outlook was supported by central banks signalling a cautious approach to future rate cuts, ensuring stability in the face of potential economic slowdowns. Moreover, financial technology (fintech) continued to grow, driven by innovations like blockchain and digital payment systems, which attracted significant investments.

Energy Sector

The energy sector experienced mixed results, shaped by geopolitical developments and fluctuating commodity prices. Oil and gas prices saw upward pressure due to production cuts by key oil-producing countries and geopolitical conflicts that affected supply lines. However, this sector also faced risks as economic uncertainties raised concerns about slowing global demand. Renewables continued to gain momentum, supported by government policies in regions prioritising energy transition and carbon reduction

Real Estate Sector

Real estate markets showed resilience in certain regions, bolstered by policy adjustments aimed at stabilising the sector. The residential real estate market in areas with strong job growth and economic stability began to recover, aided by rate stabilisation and consumer confidence. However, commercial real estate, particularly office spaces, faced continued challenges due to high borrowing costs and the shift towards remote work. This divergence highlighted a sector in flux, balancing growth opportunities with long-term challenges.

Consumer Discretionary Sector

Consumer discretionary showed mixed performance as inflationary pressures and economic uncertainty influenced consumer spending. High-interest rates impacted big-ticket purchases, while sectors like leisure and travel benefited from pent-up demand. The shift in consumer priorities, with increased focus on value for money, drove growth in mid-range products and services. Retailers that adapted quickly to changing consumer behaviors, such as increased e commerce and hybrid shopping models, found a competitive edge.

Stock Indices Performance

Globally, stock indices showed resilience, reflecting investor confidence in certain sectors while weighing macroeconomic risks:

- **U.S. Market:** The S&P 500 climbed 5.4% in November, buoyed by gains in technology, financials, and healthcare. The Dow Jones Industrial Average rose 5.7%, supported by broad-based gains across sectors, highlighting investor optimism despite economic uncertainties.

- **Global Outlook:** Indices in Asia and Europe also showed positive trends, albeit with more subdued gains compared to the U.S. The performance varied based on regional economic policies and sector-specific developments.

Report by:

Aditya Khabiya
Dhruva Mukadam
Madhura Lolayekar
Shaurya Jain
Shiven Shukla
Shlok Shah
Vaibhavi Pednekar
Yashvi Dalal
Aaron Mascarenhas
Mahek Shah