



Markets domestically remain on a wait and watch: the reasons are many. It awaits the election results, hopeful of a good monsoon and the global monetary actions. Sometimes such phases may be unsettling but in the markets, patience is a essential virtue and thus for the market participants: we bide our time.

## MOMENT OF THE MONTH

- **Vodafone-Idea FPO (Follow-on Public Offer):** The Company floated one of the largest FPOs in India worth Rs18000Cr and received a record subscription of approx. Rs 180,000Cr. The Company has been losing market share and reporting losses for last few years and has a negative network of approx. Rs 1 lakh Crs. The investor optimism for the stock was remarkable and lifted sentiments for the entire telecom sector.
- **Nifty Mid & Small-cap index rallied to new highs** recovering from lows of March to gain 6% and 11% respectively in the month of April.
- **Gross GST Collections for Apr 2024** came in at the highest ever at Rs 2.1 lac Crs representing a growth of 12.4% yoy. Net GST collections (adj. for refunds) stands at Rs 1.92 lac Crs an impressive growth of 15.5% yoy.
- **Monetary Policy Moves:** The RBI at its April policy meet kept repo rates unchanged at 6.5%. RBI also retained GDP growth forecast of 7% for FY24-25 and CPI inflation is projected to decline to 4.5% in FY24-25 from 5.4% in FY23-24.

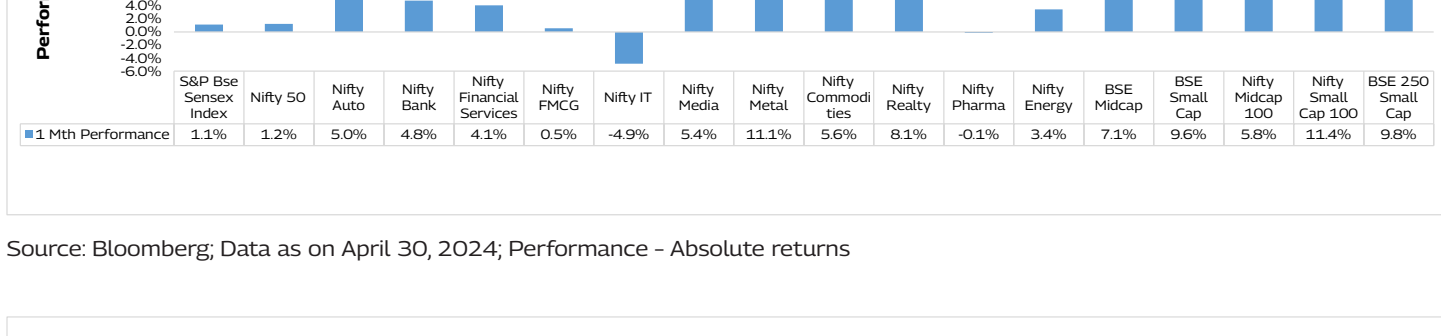
Source: Bloomberg/RBI

## WHO MOVED MARKETS

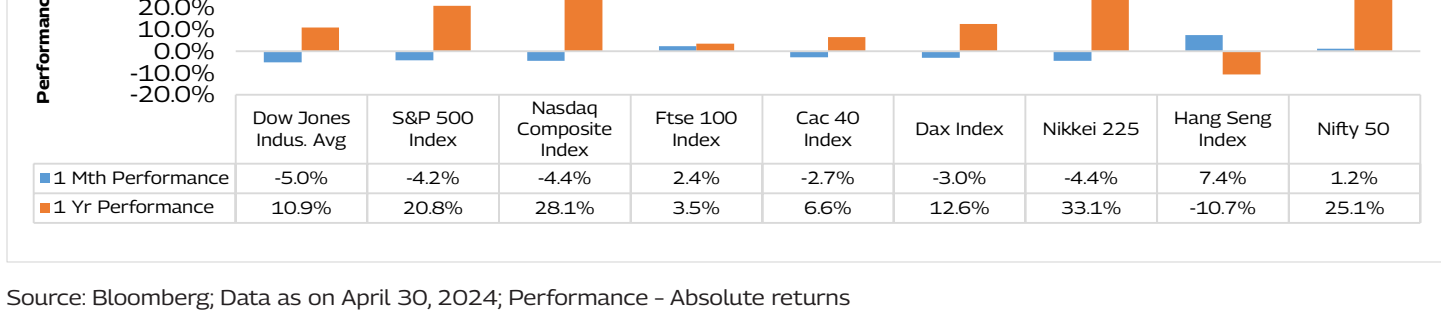
- FPIs, having been net sellers for the month. They have sold approx. 1.1bn\$ in cash market in April. DIIs have more than matched the sell flows for the month with a cash buy of 5.3bn\$.
- The Small cap & Midcap indices bounced back sharply post March fall and outperformed Nifty in April.
- Nifty Metals & Realty were the best performing indices for the month rallying 11% and 8% resp.
- The biggest drag of the month has been the IT sector as companies reported muted growth and didn't give any encouraging guidance.

Source: RBI, Date April 30, 2024.

## MOVERS & SHAKERS



Source: Bloomberg, Data as on April 30, 2024; Performance - Absolute returns



Source: Bloomberg, Data as on April 30, 2024; Performance - Absolute returns

## PERFORMANCE SNAPSHOT OF SECTORAL INDICES - QOQ

	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Apr-24
Nifty 50	-29.3	19.8	9.2	24.3	5.1	7.0	12.1	-1.5	0.6	-9.6	8.3	5.9	-4.1	10.5	2.3	10.7	2.7	1.2
Nifty Midcap 100	-31.6	25.6	15.5	22.7	13.7	13.8	12.7	0.2	-2.5	-10.9	15.9	2.7	-4.7	19.0	13.4	13.9	-4.1	5.8
Nifty Small Cap 100	-38.4	28.4	26.2	21.7	14.5	20.0	11.9	3.7	-7.6	-19.1	11.8	3.1	-7.6	20.5	17.6	18.8	0.8	11.4

**Note** - Yellow highlighted cells represent highest returns amongst the 3 indices provided above, for the respective quarter end periods.

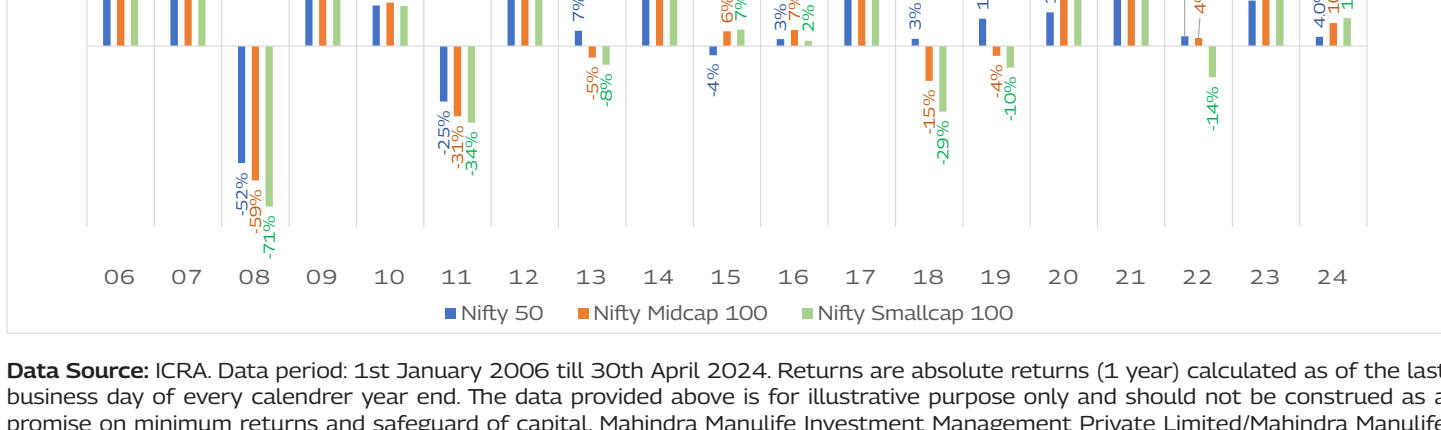
**Source** - Bloomberg Data as on April 30, 2024

	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Apr-24
Nifty Auto	-42.6	42.0	17.7	16.3	7.3	7.5	0.0	3.2	-3.5	10.9	8.5	-0.7	-2.9	23.7	6.8	15.0	15.0	5.0
Nifty Bank	-40.5	11.6	0.4	45.7	6.5	4.4	7.6	-5.2	2.5	-8.1	15.6	11.3	-5.5	10.2	-0.4	8.3	-2.4	4.8
Nifty Fin Services	-36.0	13.4	0.6	43.2	3.3	4.6	11.3	-5.3	-1.1	-9.8	13.1	8.4	-4.9	11.1	-1.2	8.5	-2.3	4.1
Nifty FMCG	-9.3	10.0	-0.7	14.5	2.2	3.3	12.0	-7.0	-3.4	3.8	17.9	-0.5	3.9	13.7	-1.1	10.4	-5.3	0.5
Nifty IT	-18.5	15.6	35.2	21.6	6.6	12.8	20.1	10.5	-6.2	-23.3	-3.1	6.1	0.3	3.0	7.5	11.7	-1.7	-4.9
Nifty Media	-42.3	29.2	15.2	6.5	-6.3	16.3	19.0	3.8	7.2	-20.3	8.7	-3.4	-14.7	2.6	30.1	5.3	24.8	5.4
Nifty Metal	-43.4	25.6	12.6	45.1	22.2	31.1	7.6	-1.6	16.3	-27.4	23.8	16.6	-18.2	12.9	10.1	16.6	3.5	11.1
Nifty Commodities	-33.1	24.6	8.8	22.2	17.7	14.9	10.9	-2.1	7.4	-16.2	10.8	6.9	-6.6	8.6	7.5	18.9	8.0	5.6
Nifty Realty	-41.2	15.5	-4.6	48.1	6.5	2.9	49.4	-5.8	-4.3	-16.9	10.0	1.8	-10.3	34.2	10.7	36.0	15.0	8.1
Nifty Pharma	-10.7	39.1	17.9	9.7	-5.0	16.6	1.1	-1.7	-4.5	-10.5	6.7	-2.9	-4.6	14.6	12.0	9.1	12.9	-0.1
Nifty Energy	-30.1	29.4	4.4	12.6	7.5	9.0	15.3	-1.0	14.1	-2.8	1.9	1.1	-11.8	8.2	10.6	22.5	16.6	3.4

**Note** - Cells highlighted in green colour represents top 2 performers and the pink highlighted cells represent bottom 2 performers amongst the indices covered above for the respective quarter end periods.

**Source:** Bloomberg, Returns have been calculated on Absolute basis for respective quarter end periods beginning Mar 2020 until March 2024. The data provided above is for illustrative purpose only and should not be construed as a promise on minimum returns and safeguard of capital. Mahindra Manulife Investment Management Company Private Limited/Mahindra Manulife Mutual Fund is not guaranteeing or forecasting any returns. **Past performance may or may not be sustained in future.**

## MARKET CAPITALIZATION - PERFORMANCE SNAPSHOT



**Data Source:** ICRA. Data period: 1st January 2006 till 30th April 2024. Returns are absolute returns (1 year) calculated as of the last business day of every calendar year end. The data provided above is for illustrative purpose only and should not be construed as a promise on minimum returns and safeguard of capital. Mahindra Manulife Investment Management Company Private Limited/Mahindra Manulife Mutual Fund is not guaranteeing or forecasting any returns. **Past performance may or may not be sustained in future.**

## FIXED INCOME OUTLOOK

### BOND AND MONEY MARKET

We present a matrix detailing some movement in some key market (Domestic and global) and key event:

Parameters	30-Apr-2024	28-Mar-2024	28-Apr-2023
RBI Repo Rate %	6.5	6.5	6.5
5Y AAA PSU %	7.74	7.65	7.48
1 year CD %	7.54	7.62	7.46
10Y Gsec %	7.19	7.06	7.12
CPI (%)	4.85	5.09	5.66
IIP (YoY) %	5.67	3.8	5.56
US 10Y %	4.68	4.2	3.42
Dollar Rupee	83.44	83.4	81.83

Source: Bloomberg, Data as on April 30, 2024

## THE FIXED INCOME GLANCE

It was a difficult April for the domestic bond markets. The benchmark 10-year gilt yields moved up by around 13 basis points (bps) to close at 7.15 %. Rising commodity prices and higher US treasury rates weighed down on market sentiments. Corporate Bond rates too drifted up with 5-year bonds increasing by around 9 bps to close around 7.74%.Retail CPI inflation was printed lower at 4.85% with consumer food Inflation continued at high of 8.52% . Core inflation continued to remain stable around 3.30%. A stable and slowing core inflation provided some respite to the domestic bond market. Money Market continued an easing bias through the month as rates eased by 8-10 bps through the month.

US treasury again spiked up with yields moving up by around 50 bps in the month to close at 4.68%.

Source: RBI, Date April 30, 2024

## WHAT NEXT?

Post the sharp correction and valuation adjustments of March we saw that Mid & Small caps resumed their rally ending the month near their lifetime highs.

FY24 Nifty EPS estimate is stable at Rs 980 growing at 21%yoy. FY25 EPS estimate is Rs 1132 a growth of 16% yoy. Q4 result reporting season has begun, and the estimates build in 6% EPS growth mostly led by double digit growth from domestic cyclical Auto & Financials and muted numbers from metals & oil & gas. So far 28 of the 50 companies of Nifty have reported with a sales/EBITDA/pat growth of 15%/11% and 12.7% respectively which keeps the momentum strong for Nifty earnings.

**Lok Sabha 2024 voting begins** for the biggest democracy in the world. 2 of the 7 phases of Lok Sabha elections are over and voter turnout at ~66% is about 200bps lower than 2019 elections increasing media decibels about the beneficiary of a lower turnout.

Generally, markets rally in the run-up to elections and we have seen a good move in April so far and it may possibly continue till election results and/or budget announcements.

We maintain that the Indian economy and markets continue to remain good for long term investors with valuations at times interchanging between Green, Amber & Red for fresh investments. As we know, Asset allocation (equities vs debt vs other asset classes like gold, silver etc.) drives a significant portion of wealth creation and within the equity allocation, a smart choice between Lumpsum (favourable valuation) & SIP (discipline) helps. Post the stupendous rally in Indian markets, we believe SIPs are better for now and it is time to focus on asset allocation.

Market mood swings with Fundamentals, Flows & Sentiments are each taking their turn in leadership. Despite a positive fundamental for investing, the choice of investing (no leverage) will always matter in short term trading (high leverage using derivatives). The leveraged participation has its own cascading effect on way up and down. Currently the sentiments have created excess risk appetite where use of leverage is very high and that's something which typically runs the risk of an accident despite fundamentals remaining intact. We need to be cautious about this trend "investing via leveraged".

## SUMMARISING OUR THOUGHTS



- The Monetary policy Committee (MPC) of RBI met in the first week of April. The MPC kept all the rates and the stance unchanged. The MPC projected average inflation at around 4.5% and GDP growth at 7%. The MPC opined that the path of disinflation must move durably to 4% and therefore the unchanged monetary policy stance. In our opinion, the MPC may possibly shift the stance to neutral as we go through the year. It is unlikely that the MPC would move ahead of US Fed in cutting the policy rates.
- Globally interest rates have looked at askance at the US interest rates. The narrative continues to be in a flux with uncertainty surrounding the inflation trajectory. However, despite the low unemployment numbers and an uncomfortable inflation print, the data on credit card and auto loan delinquencies present an interesting dichotomy. We also believe, with China and European economy may possibly show a sluggish growth, thereby creating a lower inflation trajectory globally.
- The rise in commodity prices along with the dollar index is currently a challenge to a softer regime bias. The US Fed, while keeping policy rates unchanged, appears to be uncertain on the timing of the rate cut, with markets now restricting the number of rate cuts in US to just two.
- While China announced a policy push for economy revival, they don't seem to be large enough to put a sustained inflationary pressure on commodity prices.
- Our portfolio strategy across our duration-oriented funds run in a similar vein a) Relatively heavy on duration (b) Bias towards Gilts which is gradually shifting towards credits (c) A steepening of the Yield curve.
- We also believe that as credit spreads have increased and now merit a gradual look into the portfolio.

Source: Bloomberg, Data as on April 30, 2024.

Stability bhi miley aur growth bhi  
**Isssey badhkar kya chahiye?**

**Mahindra Manulife Large & Mid Cap Fund**  
(Large & Mid Cap Fund - An open ended equity scheme investing in both large cap and mid cap stocks)

**This product is suitable for investors who are seeking:**

- Long term wealth creation and income;
- Investment predominantly in equity and equity related securities of large and mid cap companies.

\*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

**Scheme Riskometer**

Investment involves the risk of loss of capital and the return is not guaranteed.

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