

MONTHLY OUTLOOK

APRIL 2024



Together for more

The word 'more' does not imply more returns or assurance of scheme performance. It refers to the additional value provided by the joint venture, as compared to Baroda AMC and BNP Paribas AMC individually.



Key Highlights

Global Economy

- The global economic outlook is beset with divergence across economies arising from the aftereffects of wars, tight monetary conditions and their implications to one's growth and inflation.
- Global monetary dynamics for major advanced economies like US, UK and Euro zone have been on standstill, trying to gauge the uncertainty around economic strength and any surprises on inflation.
- Recent Israel and Hamas war like situation has disrupted some areas of global trade and had its own share of impact visible in commodity prices.
- The spillovers of the same have been visible in energy baskets across economies.
- Global yields remained elevated led by inflationary pressures in advanced economies like US and Japan.

Domestic Economy

- On the domestic front, RBI 's April-2024 policy had been a status quo policy, with RBI in a wait and watch mode while being vigilant towards inflation and comfortable on growth outlook.
- MPC has retained its growth projections at 7% for FY25 and has projected FY25 inflation at 4.5%.
- The upside risks to inflation can arise from uptick in brent prices, climate shocks impacting food inflation.
- Summer season and monsoon would be the key determinants to watch for inflation.
- High frequency indicators in April-2024 highlighted growth outlook remains comfortable with some stress visible in the rural economy. Gst collection for the month of April-2024 clocked in a record high of Rs. 2.1 trn.
- On the production front, eight core industries production index increased 5.2% y/y in March-2024.

Equity Markets

- Indian markets ended April 2024 on a higher note, shrugging off global negatives.
- The Nifty 50 Index was up by 1.13% in April 2024. All sectoral indices ended positively, except for IT which was down 4.9%. PSU Bank (+ 8.2%), Utilities (+8.8%), Nifty Realty (+8.1%) and Auto (+4.9%) were the top gainers.
- Mid cap and small cap indices outperformed the large cap indices during the month.
- Rural demand recovered slightly, led by price cuts, and the gap with the urban demand has closed.
- While the economic activity improves on domestic and export fronts, rising commodity and fuel prices around general elections are a cause of concern.

Source: PIB, RBI, Bloomberg, BOJ, FOMC, BOE, ECB, MOSPI. JM Financials, Kotak Institutional Equities. Data as on 30th April 2024.



Outlook

Fixed Income Markets Outlook

- Global economic activity remains divergent across economies. The divergence is sharp in Advanced economies.
- Global monetary dynamics for major advanced economies like US, UK and Euro zone have been on standstill, trying to gauge the uncertainty around economic strength and any surprises on inflation.
- Recent Israel and Hamas war like situation has disrupted some areas of global trade and had its own share of impact visible in commodity prices. The spillovers of the same has been visible in energy baskets across economies.
- Fed in its latest Federal Open Market Committee meeting maintained a pause and sounded less confident of inflation moving towards 2% target. On the contrary, Fed has decided to slow down the pace of Quantitative tightening (QT).
- Whereas Bank of Japan in its April-2024 monetary policy followed a pause after a rate hike in March-2024.
- Global yields remained elevated led by inflationary pressures in advanced economies like US and Japan. The impact of increase in brent prices is expected to be felt in April Cpi print as well.

Equity Markets Outlook

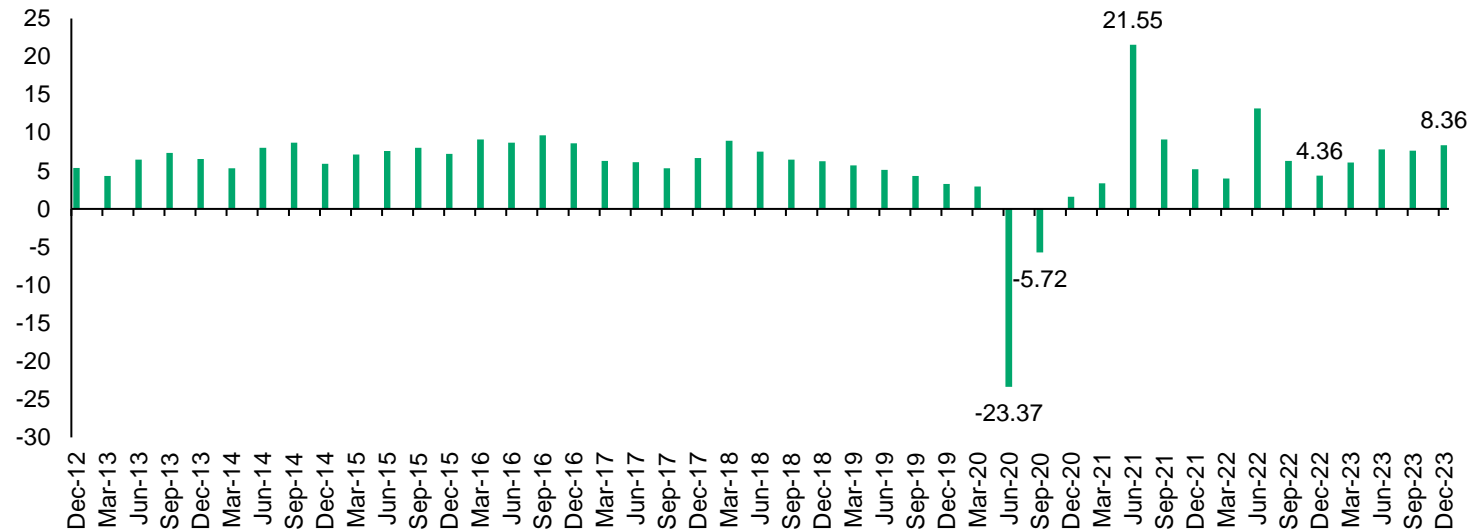
- Most of the global markets ended negative especially developed market.
- S&P 500 Index was down by (2.62) %, NIKKEI 225 down by (4.8%), SWISS Index (3.7%), however HANG SENG Index has reported positive 7.4%.
- The latest quarterly operating updates from Fast-moving consumer goods (FMCG) companies suggest demand will remain weak during Quarter four FY24 – like the trend seen in Quarter three.
- Discretionary spending on travel, tourism, Jewellery, housing, Potential Vehicles/Utility Vehicles and 2 wheelers has been good while Quick Service Restaurants, apparel, footwear, Durables remain impacted

Source: PIB, RBI, Bloomberg, BOJ, FOMC, BOE, ECB, MOSPI. JM Financials, Kotak Institutional Equities. Data as on 30th April 2024.

MACRO ECONOMIC INDICATORS

India GDP Growth Q3 FY24 – Resistance and Recovery

India's GDP Growth (%) (YoY)



Why this indicator matters?

GDP measures the health of the economy and determines the current economic phase.

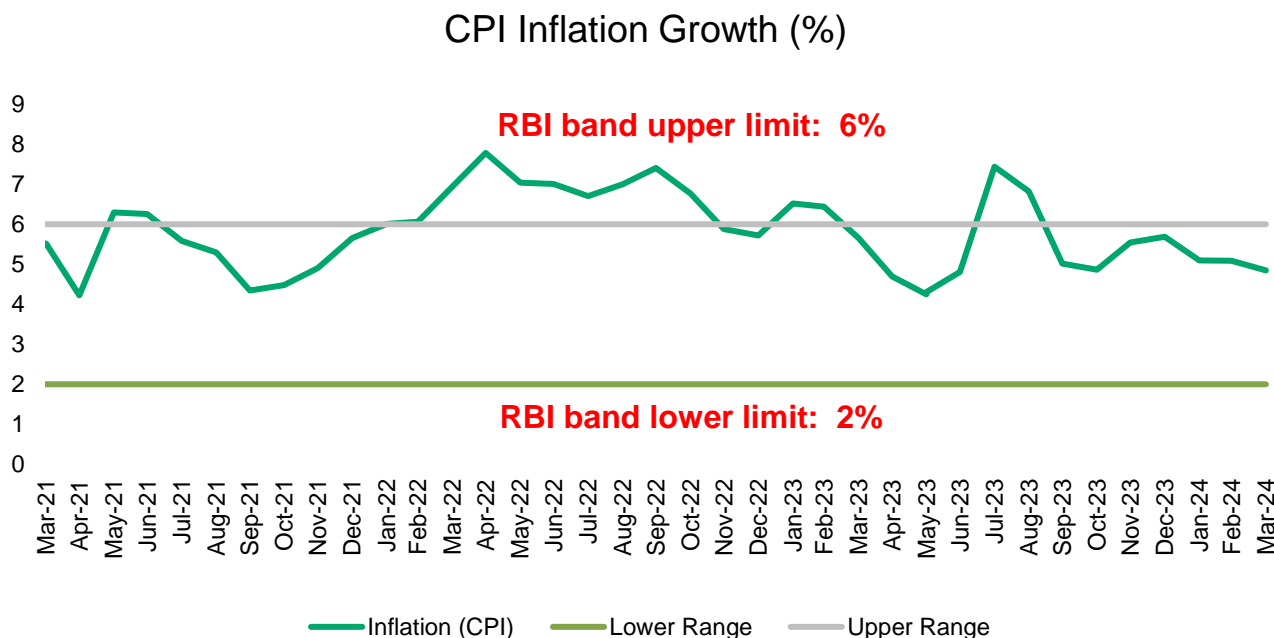
What it means for investors?

The GDP growth rates are an important determinant of equity market growth and returns.

- India's GDP growth for FY24 remained robust relative to other economies and continues to clock in a number closer to 8%, looking at the Q1, Q2 and Q3 growth rate.
- With a surprising 8.4% y/y growth in Q3 FY24, the number is not reflecting any incremental strength in the economic activity, rather it's a one off coming from higher net tax collections.
- Estimates for FY24 has seen revisions to a 7.6% y/y growth but estimates for FY25 have not seen any significant changes.

Source: Bloomberg, The Mint. Latest quarter Data as on 31st December 2023.

Consumer Price Index Inflation



Why this indicator matters?

CPI measures the prices of a basket of goods & services.

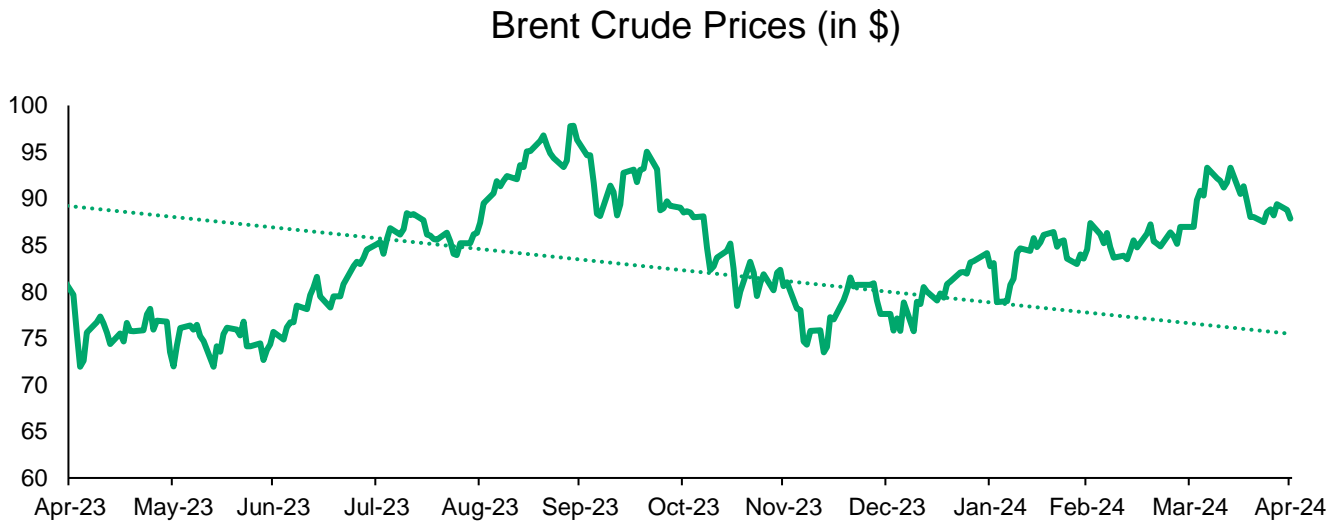
What it means for investors?

CPI inflation, colloquially, indicates the rate of price rise in the consumption basket of consumers. It can have significant impact on investors' savings and investment value.

- CPI inflation in March-2024 moderated to a 9-month low of 4.85% y/y in March-2024 vs 5.09% y/y in Feb-2024. The softening was led by decline in fuel and light inflation.
- Core inflation declined to 3.24% y/y in March-2024 vs 3.34% y/y in Feb-2024. Sequentially core inflation increased at a 3-month low pace of 0.17% m/m in March-2024.

Source: Forbes Advisors, PIB. Data as of 31st March 2024.

Crude Oil Prices



Why this indicator matters?

A rise or fall in crude oil prices affects the prices of various commodities.

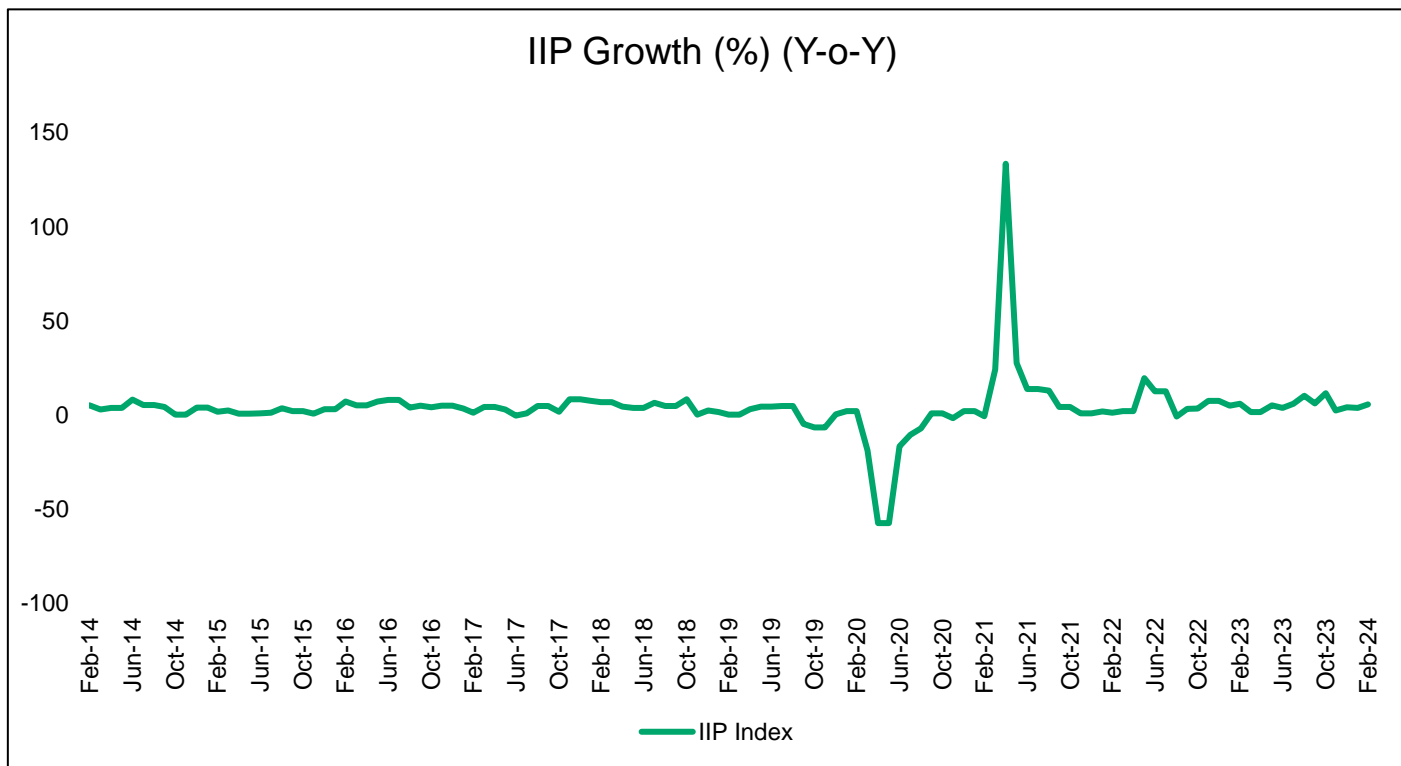
What it means for investors?

Oil prices may have an impact on economy's current account deficit. Oil also impacts the input prices of commodities, impacting profitability of companies.

- Brent prices spiked to ~\$87/bl and peaked somewhere at ~\$93/bl led by geopolitical conflicts and ongoing crude supply cuts from OPEC+.

Source: Bloomberg. Data as of 30th April 2024.

Index of Industrial Production (IIP)



Why this indicator matters?

IIP indicates changes in production levels of manufacturing and service industries.

What it means for investors?

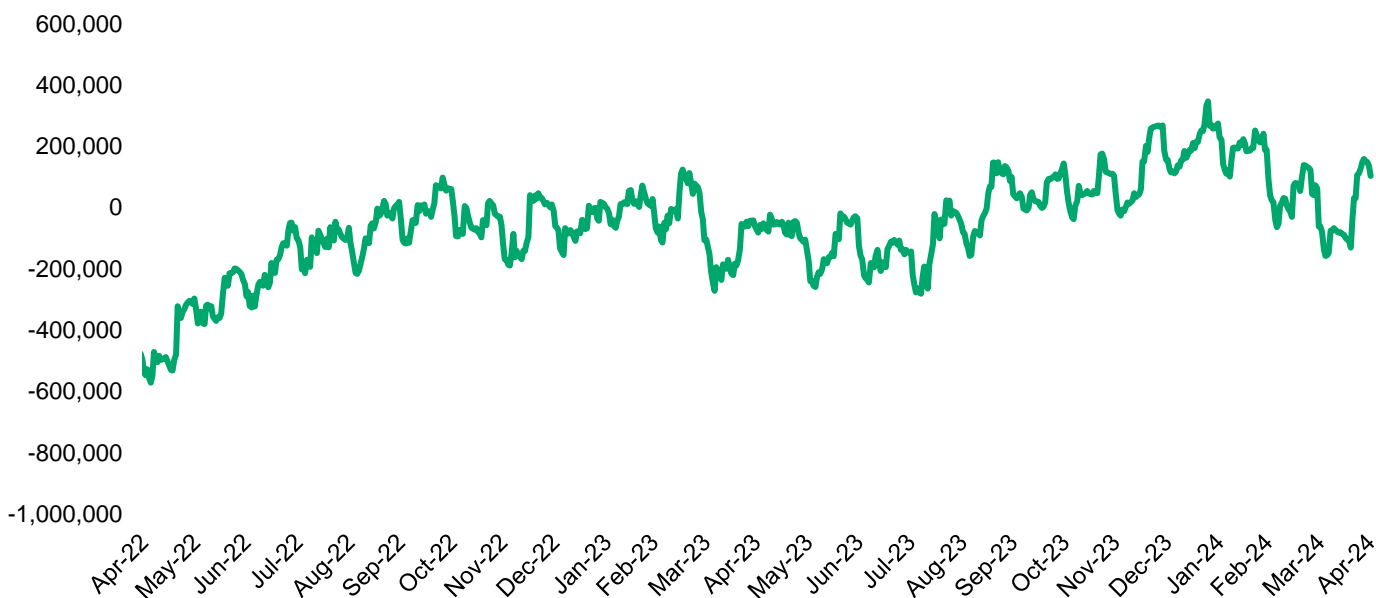
IIP is considered a lead indicator when it comes to corporate earnings as higher IIP tends to translate into higher earnings and revenues.

- The Index of Industrial Production (IIP) in India rose 5.7 per cent in February as against 3.8 per cent in January.
- In February 2024, mining production rose 8 per cent, and power output increased 7.5 per cent.
- Manufacturing sector's output grew 5 per cent in February 2024, down from 5.9 per cent in the year-ago month.

Source: Bloomberg. Data as on 29th February 2024

RBI liquidity status

RBI Liquidity Adjustment Facility (LAF)



Why this indicator matters?

LAF helps RBI manage inflation by increasing or decreasing money supply in the economy.

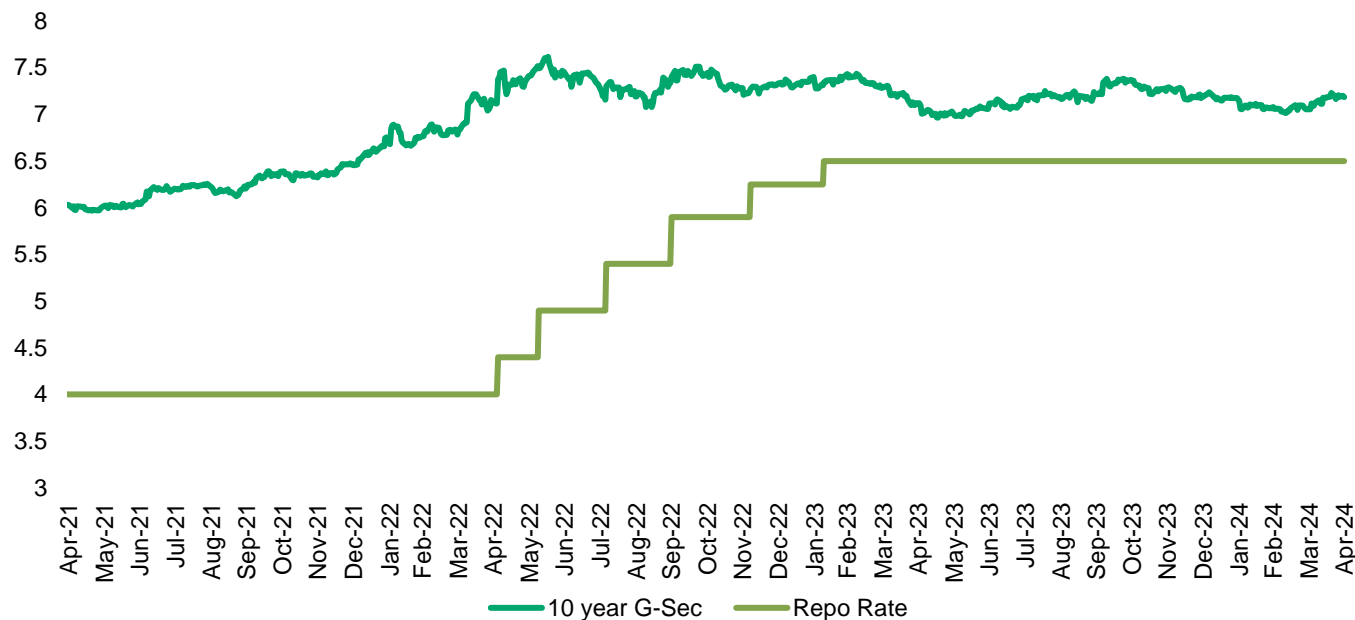
LAF aims to bring stability to the economy by helping banks borrow money from RBI through repo or loan money to RBI through reverse repo.

- In order to manage the liquidity deficit and overnight rates, the RBI conducted two VRR auctions.
- Going forward we expect the system liquidity to remain tight to neutral led by indirect tax outflows, GST outflows and expected increase in currency in circulation.
- However RBI may tide over these mismatches by providing temporary liquidity.

Source: Bloomberg, Money Control. Data as on 30th April 2024.

Interest Rates

10 Year G-Sec & Repo Rates



Why this indicator matters?

10-year G-secs are long term government securities whose interest rates are determined by the RBI.

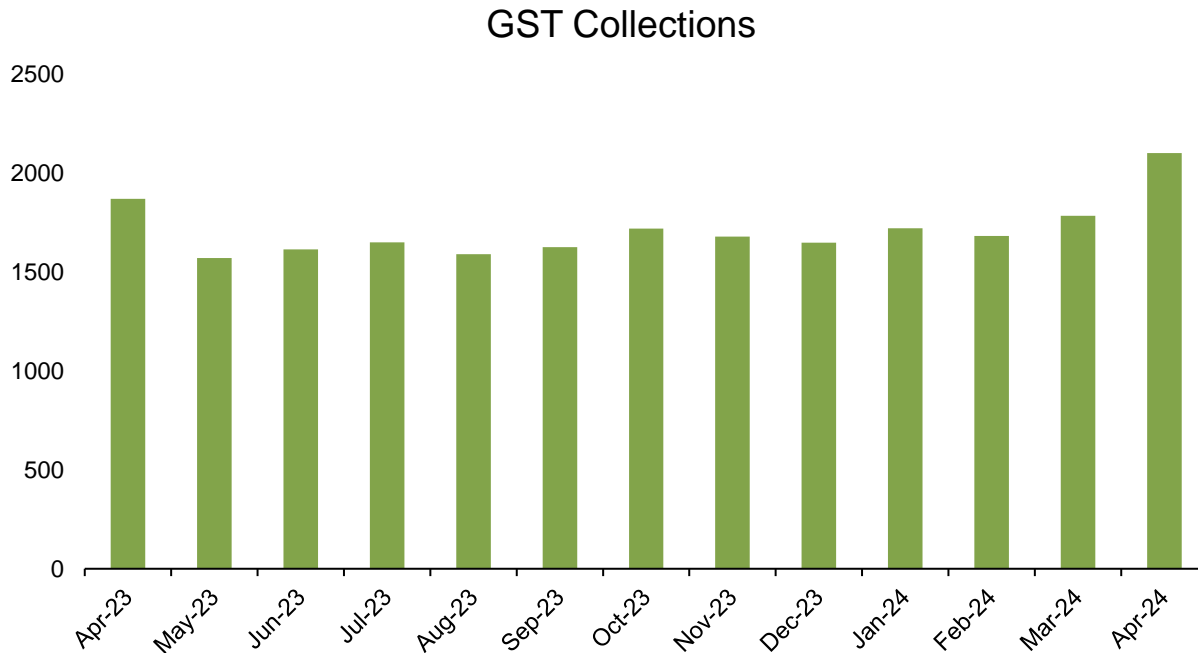
What it means for investors?

The 10-year G-sec rate is considered the benchmark for setting interest rates across tenors and instruments.

- India's 10 year benchmark yield rose to 7.19% in April-2024 led by geopolitical tensions and subsequent increase in brent prices.

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

Monthly GST Collections



Why this indicator matters?

GST is one of the major sources of revenue for the government.

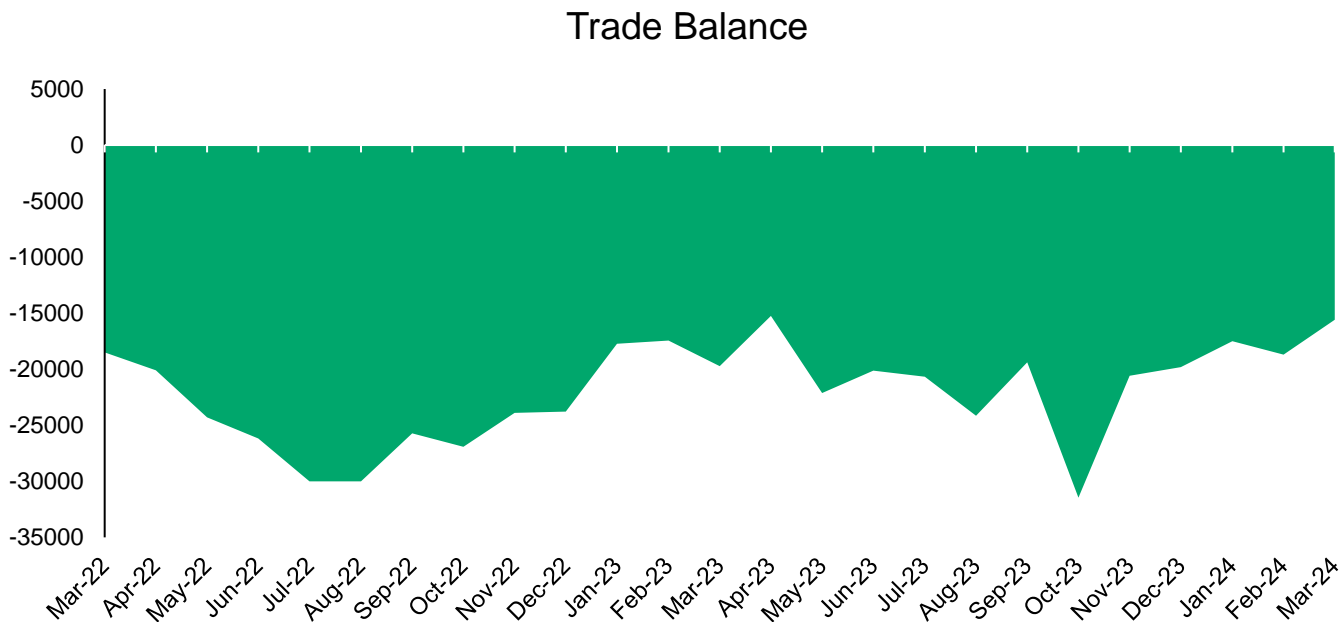
What it means for investors?

Recovery in GST is considered a good proxy for the revival of state finances and GDP.

- Gst collection for the month of April-2024 (for the economic activity of Mar-2024) clocked in a record high of Rs. 2.1 trn.
- This represents a significant increase of 12.4% y/y in April-2024.
- The increase was mainly driven by higher domestic transactions, along with the higher compliance in the backdrop of anti-evasion measures and audits taken by the authorities.

Source: Bloomberg. Data as of 30th April 2024.

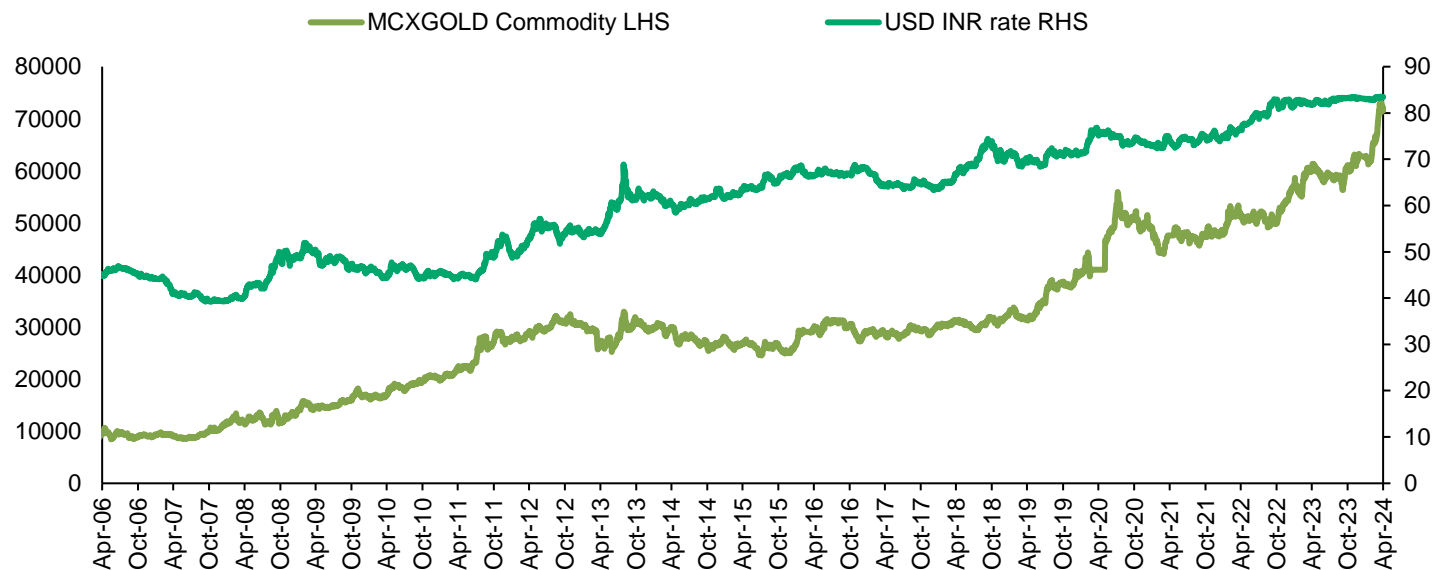
Balance of Trade



- India's trade deficit has decreased to USD 15.59 billion in March 2024, from USD 19.72 billion in the same month of the previous year.
- Exports edged down 0.7% year on year to \$41.7 billion, a fresh high level since March 2023. Imports declined at a faster 4.5% to 57.28 billion, helped by lower gold purchases.

Source: Bloomberg. Latest Available Data as of 31st March 2024.

USD-INR Movement & Gold Prices



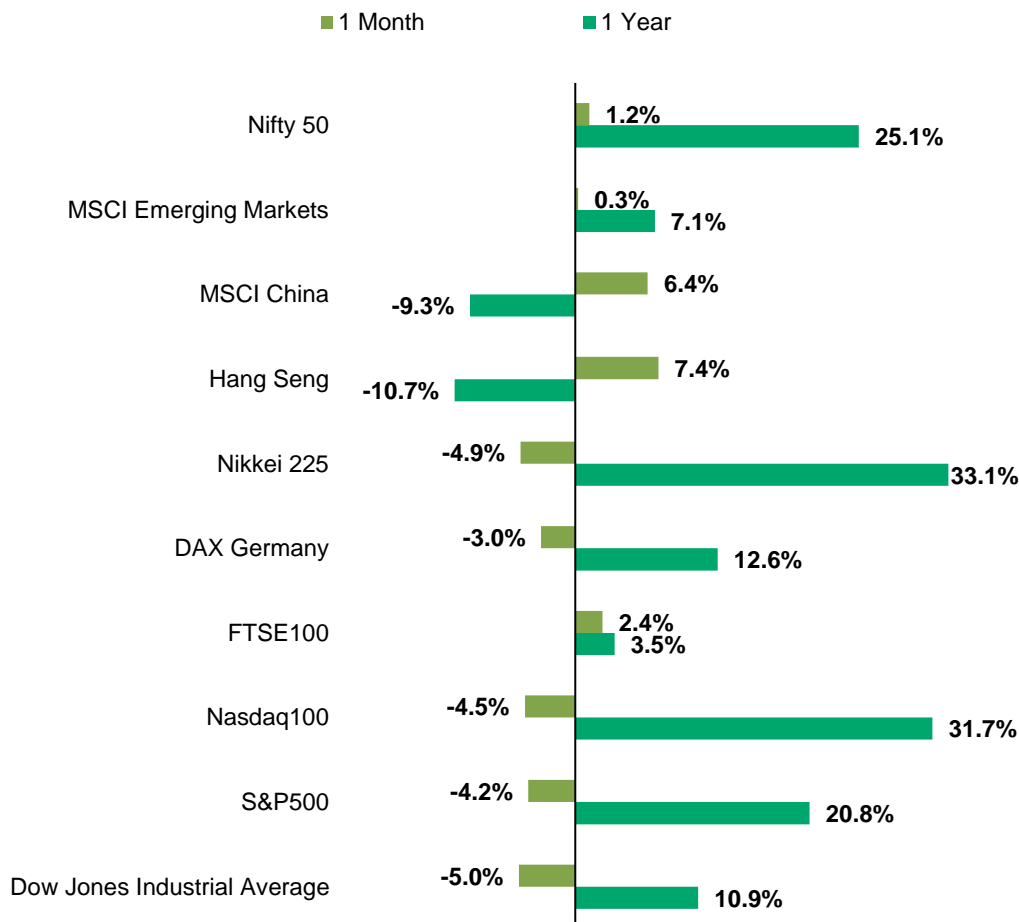
- The USD-INR exchange rate fluctuated between 93 and 86.96 with an average of 89.91 in April 2024.
- The upside risks to inflation can arise from uptick in brent prices

Source: Economic Survey 2022-23, Bloomberg. Data as of 30th April 2024.

EQUITY AND GLOBAL INDICES

Global Indices

Global Indices

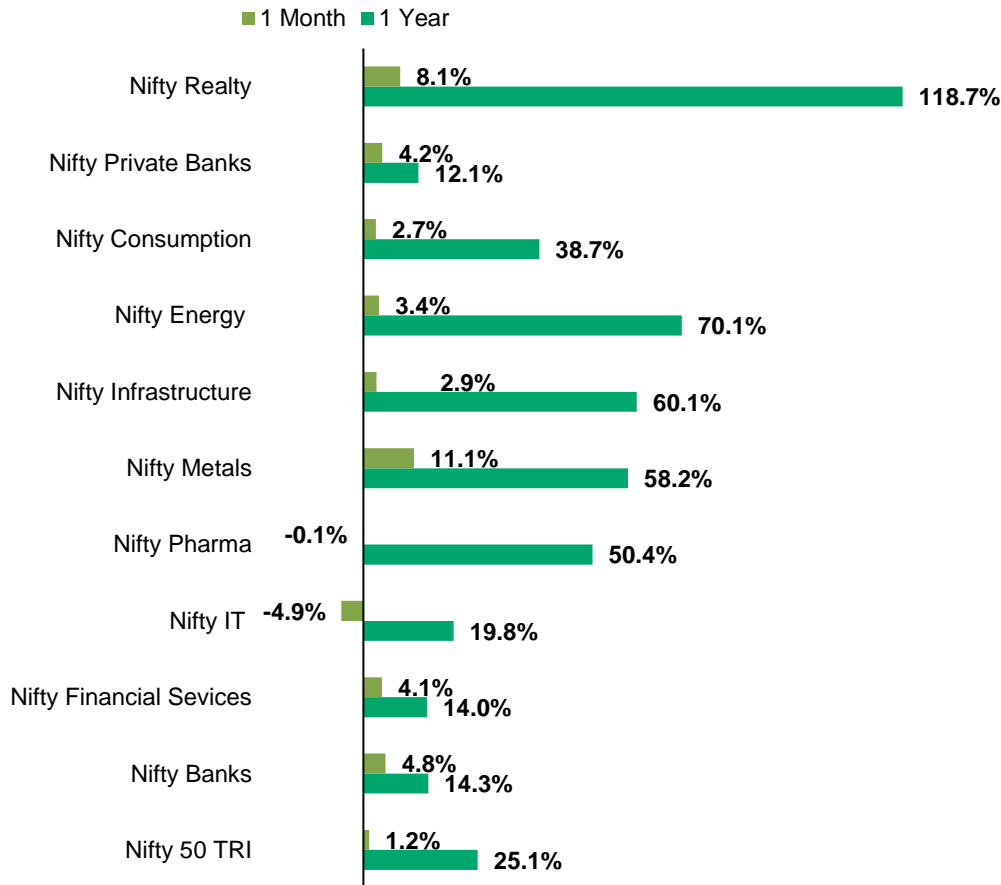


- Globally market sentiments were largely influenced by geopolitical conflicts in Middle East, Sticky inflation, and reversal in US treasury yields.
- The Nifty 50 Index was up by 1.2% in April 2024
- S&P 500 Index was down by (4.2) %, NIKKEI 225 down by (4.9%), Nasdaq100(4.5%), however HANG SENG Index has reported positive 7.4%.

Source: Bloomberg; Schroders. Data as of 30th April 2024.
Past Performance may or may not be sustained in future.

Equity Indices

Sector Indices



- All sector indexes ended the year in positive.
- The top performer for the month WAS **Nifty Metals (11.1%)**
- On 1 year basis, **Nifty Realty** and **Nifty Energy** were highest gainers while **Nifty Private Banks** and **Nifty financial Services** have been the laggards for the trailing 12 months

Source: Bloomberg. Data as of 30th April 2024.
Past Performance may or may not be sustained in future.

PE Valuations – Nifty 50

NIFTY50 P/E Ratio: Lower than Near term and long term averages



The current P/E valuation for Nifty 50 is lesser than the historic 3, 5 & 10 years average.

Source: NSE India. Data as of 30th April 2024

Past Performance may or may not be sustained in future.


Sector Positioning of Equity Portfolios

GICS Sectors	BBNPP Large Cap Fund	BBNPP Mid Cap Fund	BBNPP Flexi Cap Fund	BBNPP Focused Fund	BBNPP India Consumption Fund	BBNPP Banking & Financial Services Fund	BBNPP Business Cycle Fund	BBNPP Multi Cap Fund	BBNPP Large & Mid Cap Fund	BBNPP ELSS Fund	BBNPP Value Fund	BBNPP Small Cap Fund	BBNPP Innovation Fund
Consumer Discretionary	14.5%	18.9%	11.8%	21.5%	41.5%	0.0%	14.7%	15.2%	17.5%	14.6%	8.9%	6.8%	22.1%
Consumer Staples	7.5%	5.2%	4.0%	4.6%	34.8%	0.0%	6.8%	4.8%	4.6%	1.7%	3.2%	4.2%	5.1%
Energy	10.7%	0.0%	7.8%	5.7%	0.0%	0.0%	6.8%	5.1%	6.1%	5.2%	12.9%	4.3%	2.4%
Financials	26.4%	19.2%	26.6%	22.2%	4.0%	97.7%	23.3%	24.0%	25.0%	27.1%	26.6%	24.0%	13.1%
Health Care	4.2%	12.7%	4.8%	0.0%	0.0%	0.0%	10.0%	8.8%	7.5%	7.1%	9.3%	8.1%	4.6%
Industrials	12.9%	17.8%	14.2%	17.6%	2.2%	0.0%	12.3%	17.2%	14.1%	17.1%	5.8%	26.4%	19.3%
Information Technology	9.4%	6.0%	6.4%	0.0%	0.0%	0.0%	7.1%	6.4%	6.6%	6.8%	8.2%	4.8%	12.5%
Materials	4.1%	8.4%	7.8%	6.1%	3.1%	0.0%	1.0%	5.8%	2.3%	4.5%	5.6%	6.8%	7.0%
Real Estate	0.0%	2.9%	4.2%	6.0%	2.5%	0.0%	1.4%	3.2%	3.7%	2.7%	0.0%	1.1%	0.0%
Communication Services	2.5%	2.1%	3.7%	2.3%	8.0%	0.0%	3.7%	3.0%	2.3%	4.2%	1.6%	1.1%	8.8%
Utilities	5.7%	4.1%	5.0%	10.4%	0.0%	0.0%	3.5%	3.3%	5.9%	4.8%	14.2%	7.3%	0.0%
Cash/Debt/Derivatives	2.1%	2.9%	3.7%	3.5%	4.0%	2.3%	9.4%	3.2%	4.4%	4.2%	3.6%	4.9%	5.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Internal. Data as of 30th April 2024. Sector classification as per GICS (Global Industry Classification Standard) sectors.

*Past Performance may or may not be sustained in future. The sector(s)/stock(s) mentioned in this document do not constitute any recommendation of the same and Baroda BNP Paribas Mutual Fund may or may not have any future position in these sector(s)/stock(s).

Product Labeling

<p>Baroda BNP Paribas Large Cap Fund (An Open-ended Equity Scheme predominantly investing in large cap stocks)</p> <p>This product is suitable for investors who are seeking*: - Wealth Creation in long term.</p> <p>- Investments in diversified and actively managed portfolio of equity and equity related securities with bias to large cap companies.</p>	<p>Baroda BNP Paribas Large & Mid Cap Fund (An open-ended Equity scheme investing in both large cap and mid cap stocks)</p> <p>This product is suitable for investors who are seeking*: - Capital appreciation over long term.</p> <p>- Investment predominantly in equity and equity related instruments of large and midcap stocks.</p>			<p>Baroda BNP Paribas Mid Cap Fund (An Open-ended Equity Scheme predominantly investing in mid cap stocks)</p> <p>This product is suitable for investors who are seeking*: - Wealth Creation in long term.</p> <p>- Investments in companies in mid capitalization segment.</p>
<p>Baroda BNP Paribas Multi Cap Fund (An open-ended equity scheme investing across large cap, mid-cap and small cap stocks)</p> <p>This product is suitable for investors who are seeking*: -Capital appreciation over long term.</p> <p>- Investments predominantly in equity and equity related instruments.</p>	<p>Baroda BNP Paribas ELSS Tax Saver Fund (An Open-ended Equity Linked Saving Scheme with a statutory lock in of 3 years and tax benefit)</p> <p>This product is suitable for investors who are seeking*: -Wealth Creation in long term.</p> <p>-Investments in diversified and actively managed portfolio of equity and equity related securities across market capitalization along with income tax rebate</p>			<p>Baroda BNP Paribas Business Cycle Fund (An open-ended equity scheme following the Business Cycles theme)</p> <p>This product is suitable for investors who are seeking*: -Long term wealth creation.</p> <p>-Investment predominantly in equity & equity related securities, including equity derivatives in Indian markets with focus on riding business cycles through dynamic allocation between various sectors & stocks at different stages of business cycles in the economy</p>
<p>Baroda BNP Paribas Focused Fund [An Open-ended Equity Scheme investing in maximum 25 stocks across market capitalization (i.e., multi cap stocks)]</p> <p>This product is suitable for investors who are seeking*: - Wealth Creation in long term.</p> <p>- Investment primarily in equity and equity-related securities of upto 25 companies and the rest in debt securities & money market instruments.</p>	<p>Baroda BNP Paribas Banking and Financial Services Fund (An open-ended equity scheme investing in the Banking and Financial Services sector)</p> <p>This product is suitable for investors who are seeking*: -Capital appreciation over long term.</p> <p>- Investment predominantly in equity and equity related securities of companies engaged in the Banking & Financial Services Sector.</p>			<p>Baroda BNP Paribas Flexi Cap Fund (An Open-ended dynamic equity scheme investing across large cap, mid cap, small cap companies)</p> <p>This product is suitable for investors who are seeking*: -Wealth creation in long term.</p> <p>-Investment in equity and equity related securities across market capitalizations</p>
<p>Baroda BNP Paribas India Consumption Fund (An open-ended equity scheme following consumption theme)</p> <p>This product is suitable for investors who are seeking*: -Wealth creation in long term.</p> <p>-Investment primarily in equity and equity-related securities and the rest in debt securities & money market instruments to generate capital appreciation and provide long-term growth opportunities by investing in companies expected to benefit by providing products and services to the growing consumption needs of Indian consumers.</p>	<p>Baroda BNP Paribas Value Fund (An open-ended equity scheme following a value investment strategy)</p> <p>This product is suitable for investors who are seeking*: -Capital appreciation over long term.</p> <p>- Investment predominantly in equity and equity related securities by following a value investment strategy</p>	<p>Baroda BNP Paribas Innovation Fund (An open-ended equity scheme investing in innovation theme)</p> <p>This product is suitable for investors who are seeking*: • Long term capital appreciation • Investment in equity & equity related securities of the companies that benefit from innovation theme.</p>	<p>Baroda BNP Paribas Small Cap Fund (An open-ended equity scheme predominantly investing in small cap stocks)</p> <p>This product is suitable for investors who are seeking: -Long term capital growth -Investment in equity & equity related securities predominantly in small cap Stocks</p>	

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them. Investors understand that their principal will be at VERY HIGH RISK. Data as on 30th April 2024.

Disclaimers

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Mutual Fund investments are subject to market risks, read all scheme related documents carefully.



THANK YOU