India growth story is intact due to strong external account, aided by oil imports from Europe and Asia compare to imports from Middle East.

Balance sheets of corporates are healthy and strong. Credit growth, capacity utilization and capex has improved.

Surge in retails participation has increased flow to Indian equity market, DII are much stronger than FII's giving cushion to the market.

Large cap is trading at fair valuation instead of Mid Small cap are trading at relatively expensive.

Domestic long term bond yield would be range bound as RBI is unlikely to take any rate cut.

A climate change is a challenge, demand for power sector and acute shortage of power supply, has created demand

India has seen in 2023 acute shortage of hydroelectric power and rising demand of power. Power sector is going to play a critical role in economic development. There is a substantial addition of capacity of thermal and renewal energy sources due to increased power demand. By second half of 2023, India already reached 4.1GW in thermal and 14.9GW in renewal energy, plan to reach 10GW in thermal and 25GW in renewal energy by FY25.

10-year G-sec yield saw increasing volatility between 6.95% to 7.2%.

Downside risks may come out from any unexpected events like global central bank policies, geo political tensions, mixed global macro signals and fiscal policy.

Investment to GDP ratio has started recovering from post COVID, India has spent $14 trillion since independence. India is expected to spend $8 trillion in next five years on growing economic potential.

FII inflows in Equity and Debt has been seen in June 3.1 and 3.4 vs in starting July 1.2 and 0.6 billion USD.

Real GDP growth of India is expected to grow by 6.8% compare to other economies as per the projections of IMF.

There is increment has been seen India's weight in MSCI index after a range bound period since Jan 2012 to Jan 2021

Current account has surpassed from deficit of -3.8 of GDP in Sep 22 to surplus of 0.6% in March 24. Due to narrow merchandise trade deficit and robust expansion in services.

Crude oil imports have risen 3% in Mar 22 to 40% in May 24 from Eurasia (major imports from Russia at lesser rate) whereas Middle East has seen decline from 64% to 41% in same period. Which benefits to India and crude import cost has come down to 5 crores from 6.3 crores per '000 metric tons.

Forex reserves increased to $652 billion in June 24 from $533 billion in Sep 22.

Fiscal deficit as % of GDP has declined from 9.2% in 2021 to 5.6% June 24, expected to reach by 5% in FYY25 and 4.5% in F 2026.

Nifty 50 PE 1 year forward trading at 20.2 compare to 10-year average of 20.3x

Nifty Midcap 100 PE 1 year forward trading at higher 32.2 compare to 10-year average 21.4x

Nifty Small cap 100 PE 1 year forward trading at higher 21.3 compare to 10-year average 16.3x

Nifty EPS at 1005 in FY24, expected to grow at rate 14.9% CAGR from FY24-26. At this growth rate EPS expected to reach 1134 and 1330 in FY25E and FY26E respectively.

FPI flows in Indian Government Bond has been seen after inclusion of Indian Government Bonds by JP Morgan Government Bond Index, which started on 28^{th} June, 2024. 10% weight of Indian Government Bond in JP Morgan Government Bond Index may lead inflows of $20 billion by March 25.

There are some positive factors for India’s growth: stable domestic macros, lower gross borrowings, change in India’s sovereign perspective and fiscal consolidation.

Disclaimer: The above chart/data is for informational purpose. Past performance may or may not be sustained in future