Even with strong long term fundamental, market faces increased volatility due to mixed global macro, geo-political issues, inconclusive political decision, & central banks monetary policies.

Due to mixed signal of US economy, where US GDP is at 1.6% down from 4.9% from Q3, 2023. Since 2020 average hourly earnings change from 8% to below 4% in April 24.

US core inflation rate is at 3.6%, Fed chair Powell has shown some confidence that by this year inflation may reach target goal of 2%. Rate cut may happen as US economy slows down, which boosted gold rallies on same hope.

US household debt rose to 1.10% from Q4, 2023 to $17.69 trillion of debt in Q1, 2024.

US unemployment rose to 3.9% in Apr24, form 3.4% in April23.

US bond yield has spiked again from 3.85% Dec 2023 to 4.42% as of May 24.

Indian bonds have received inflows from FDI after global index inclusion & strong macro fundamentals.

Pertaining uncertainty of rising US yield, depreciating rupee, have pushed outflow in April24.

Volatility index has crossed 17 mark since Dec22.

Market cap for mid and small cap have touched a record high compare to large cap.

India has seen some support from robust economy due to higher capex, constant increasing GST collections crossed 2.1 lakh crore in April 2024, declining fiscal deficit and under controlled CAD.

Consistent strong fundamentals support as declining non performing loans, corporate leverage at 15 years low, gross fixed capital formation as a % of GDP at 30.5, consistent showing uptrend since 2021.

Nifty 50 earnings expected growth for FY25E and FY26E are 1133 and 1315 respectively from current level of 1046.

SIP inflows in April 24 crossed 20k mark.

Nifty 50 1 year forward PE at 19.7 compare to 10 year average 20.3

Nifty midcap 100 PE 1 year forward 29.4 compare to 10 year average at 20.1x

Nifty small cap 100 1 year forward at 20.4 compared to 15.9x

Which shows Nifty mid and small caps PE are trading at higher.

RBI kept policy unchanged, reason in wait and watch mode. Rather than rate cut, focusing on financial stability, liquidity and inflation.

G-Sec bond 10-30 years maturity has become favorable for investors after global bond index inclusion, fiscal consolidation, lower borrowings and demand supply.