



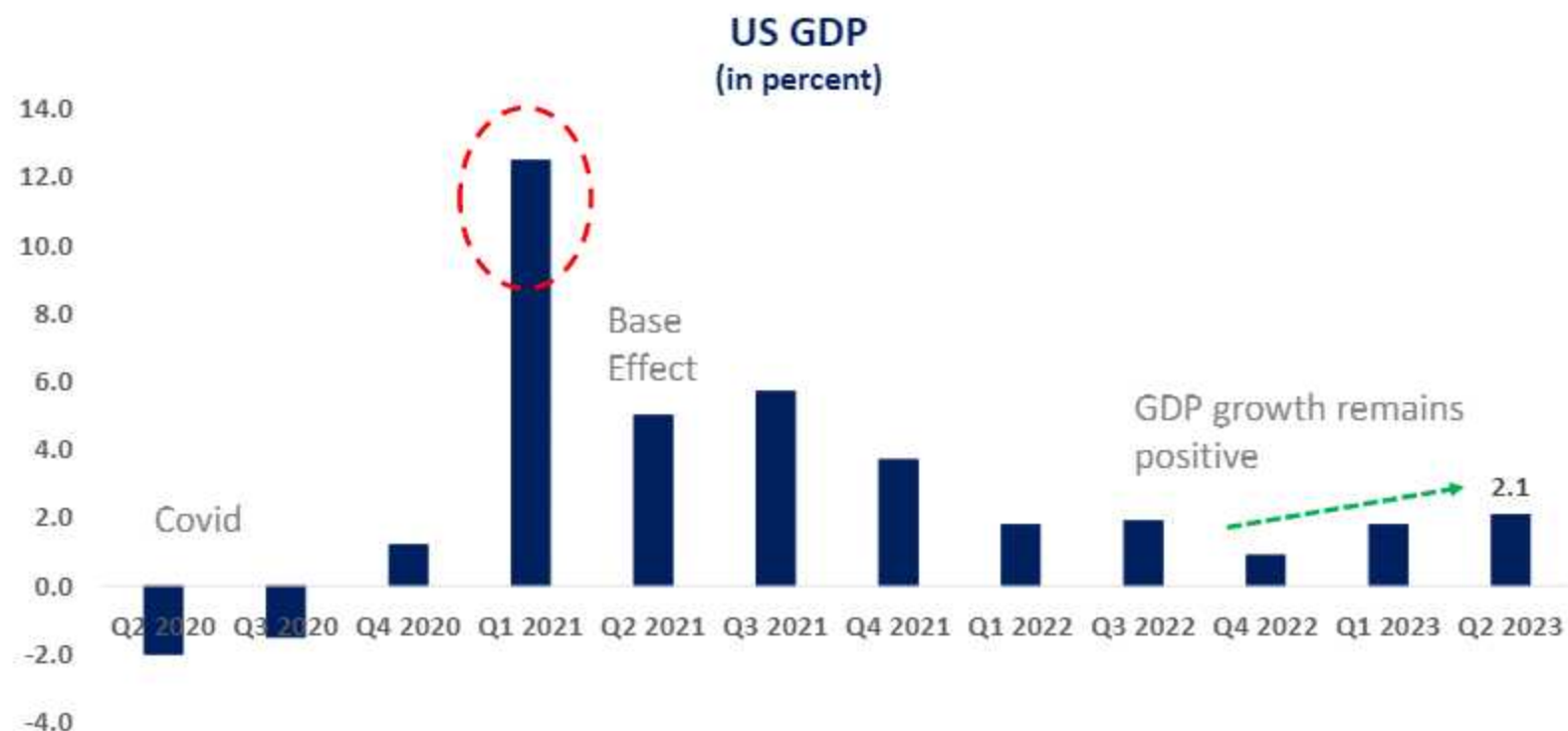
Higher for Longer-
The New Normal

October 2023

Fed Focus



GDP – much feared recession not yet in sight

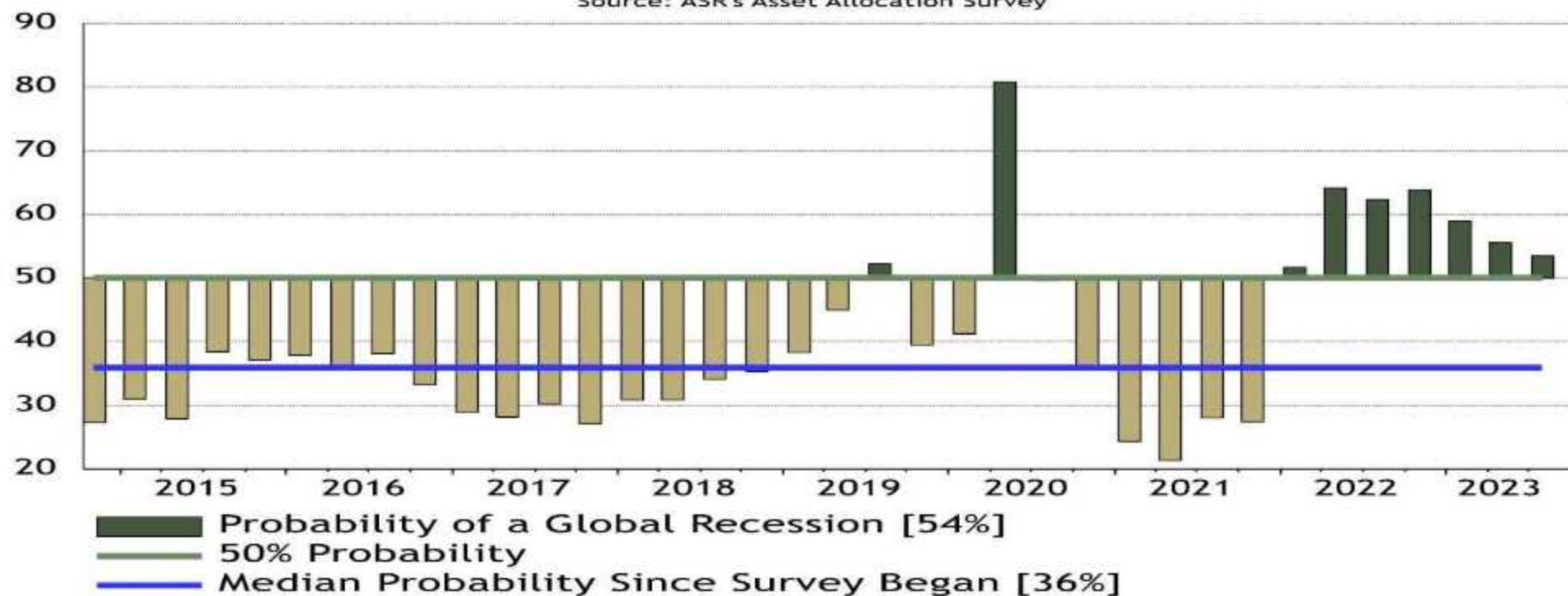


GDP resilient with Q2CY23 growth @2.1% vs average of 2.13% for last 10Y

GDP – much feared recession not yet in sight

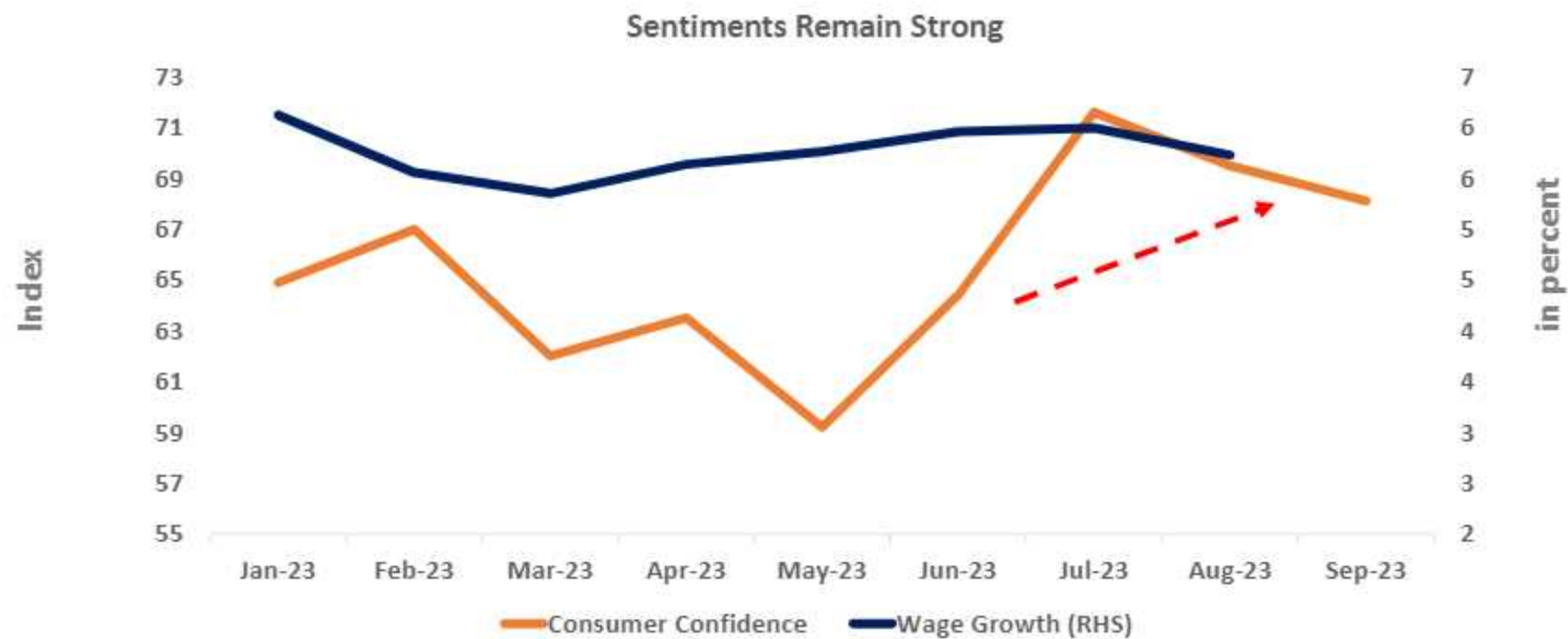
Probability of a Global Recession in Next 12 Months (%)

Source: ASR's Asset Allocation Survey



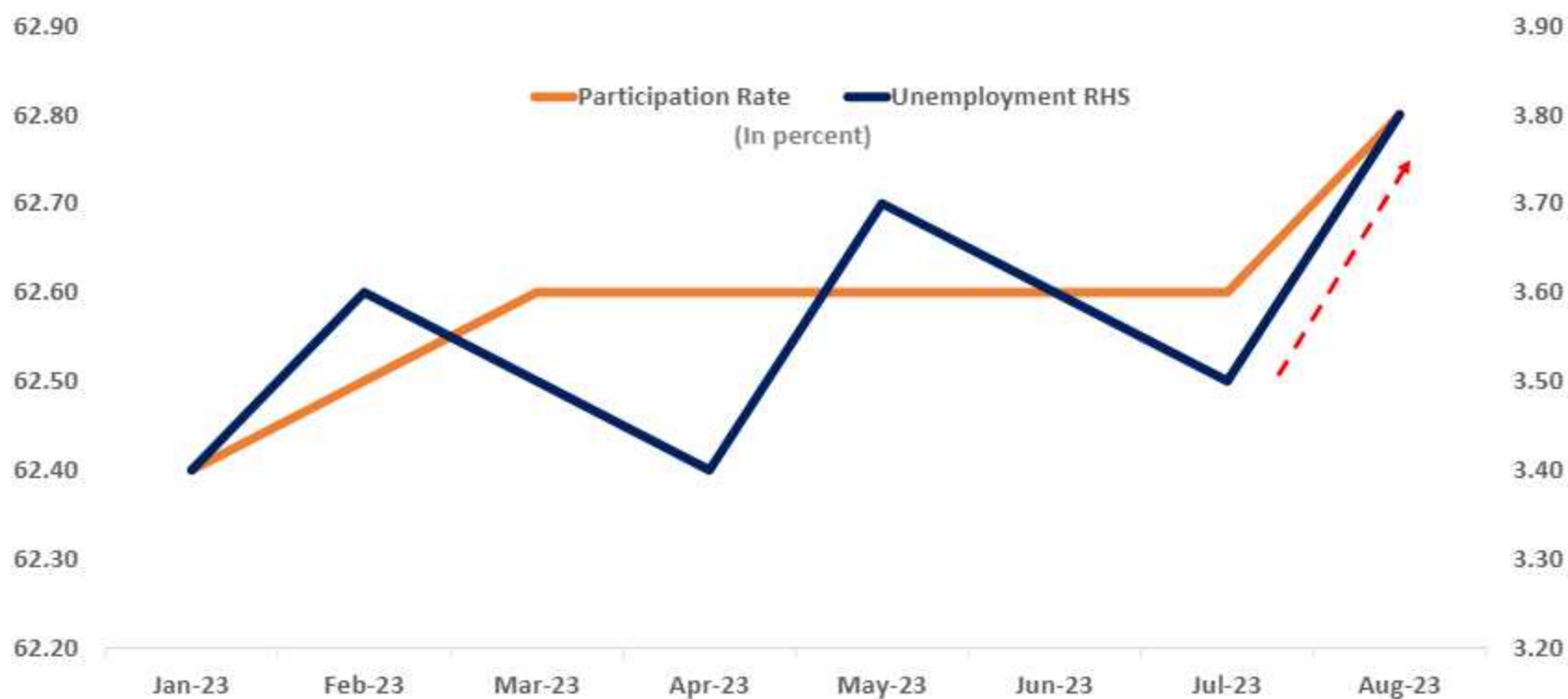
Source: ASR Ltd. / LSEG Datastream

Consumption economy suggests continued strength....



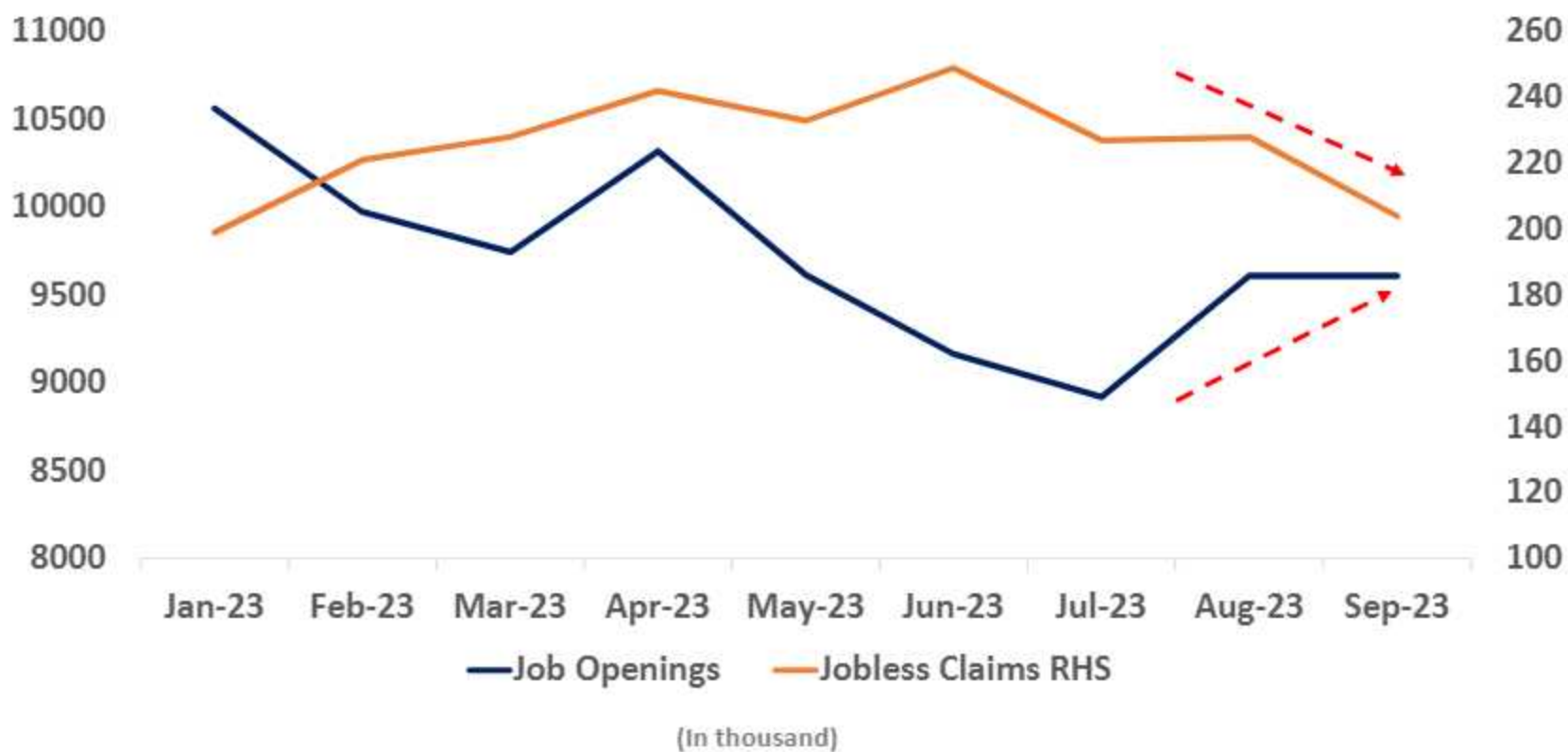
Source: Bloomberg & Internal Research as of 03 Oct' 2023

Unemployment remains low even as participation rate is increasing....



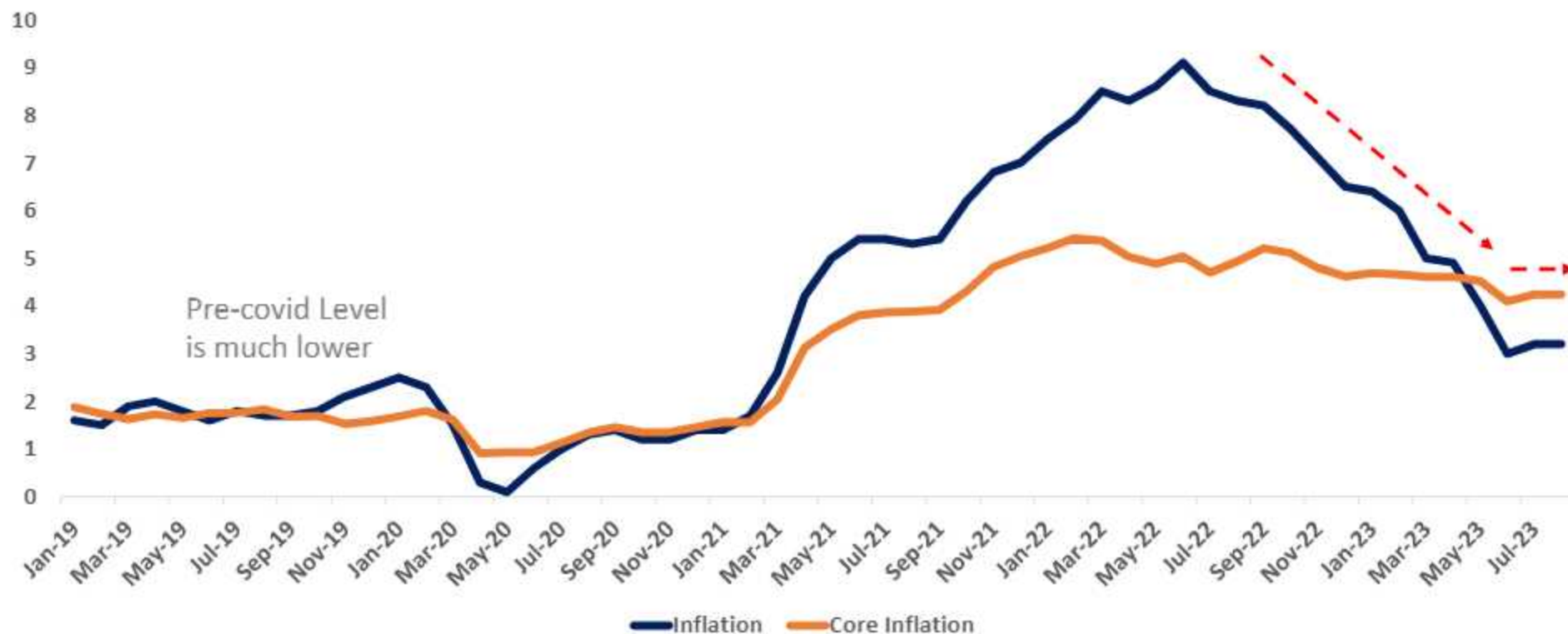
Source: Bloomberg & Internal Research as of 03 Oct' 2023

Job Market momentum continues....



Source: Bloomberg & Internal Research as of 03 Oct' 2023

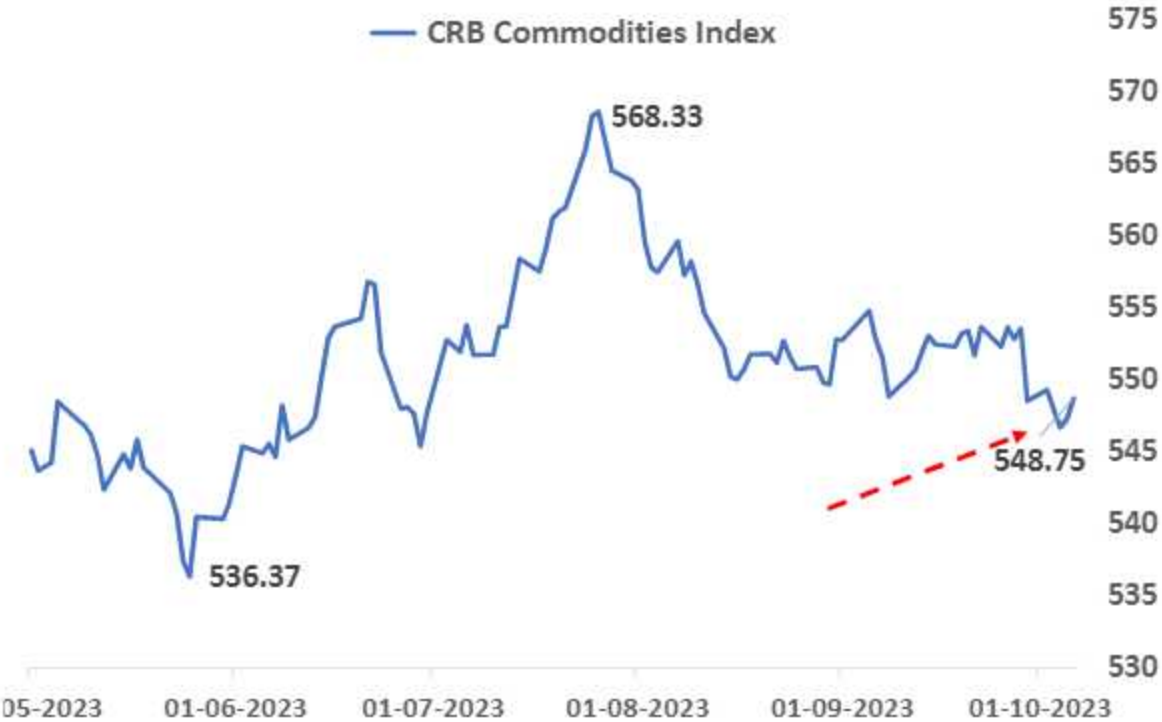
Inflation has come down, now showing signs of bottoming out



Source: Bloomberg & Internal Research as of 03 Oct' 2023

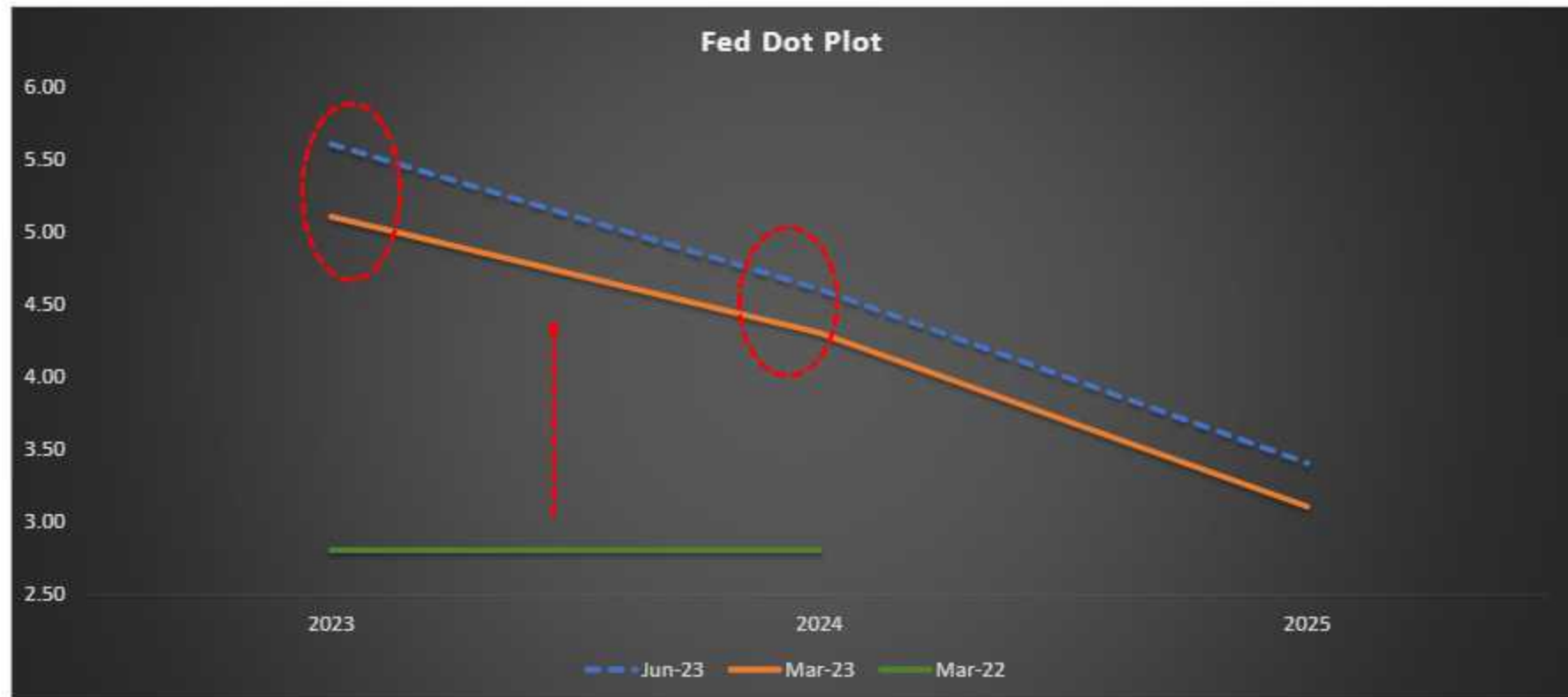
Bottom Pattern formation in commodities, after recent easing

Category	Commodities	Prices - September 29, 2023	Change (June - Sep)
Energy	Brent Crude	95.31	28%
	Natural Gas	2.93	36%
	Gasoline	243.99	0%
Precious Metals	Gold	1,848.63	-7%
	Silver	22.18	-7%
	Platinum	907.90	-10%
Base Metals	Aluminium	2,339.00	3%
	Zinc	2,645.75	17%
	Copper	370.80	0%
	Nickel	18,497.00	-13%
Agriculture	Cotton	88.73	3%
	Palm Oil	3,678.00	11%
	Sugar	26.96	11%
	Wheat	541.50	-16%
	Rice Rough	16.13	-8%



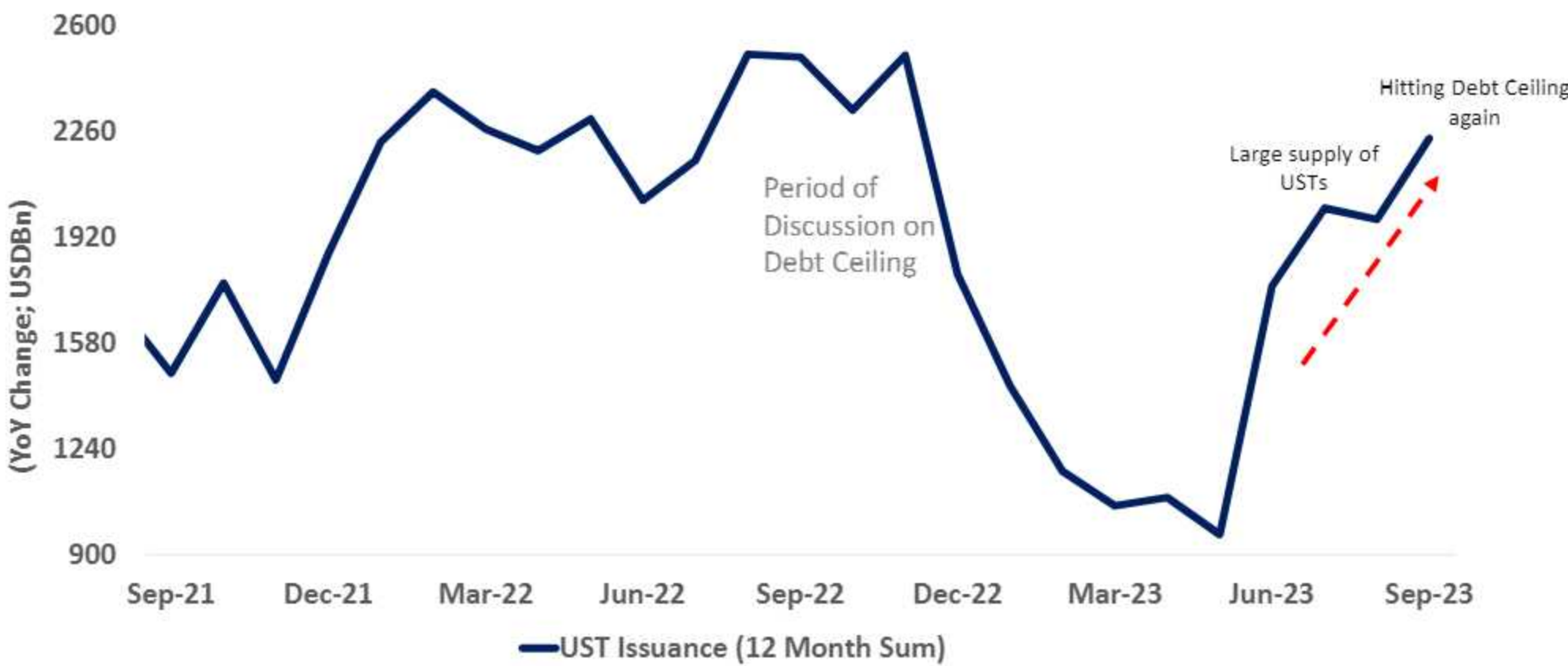
Volatility in commodity prices, advocate for close watch on inflation outlook

Fed keep revising target rate projections higher



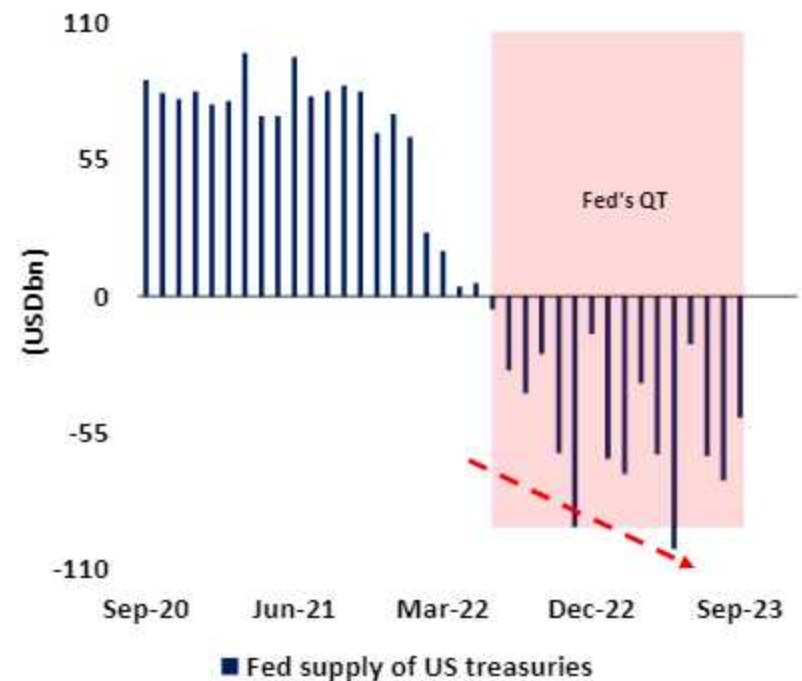
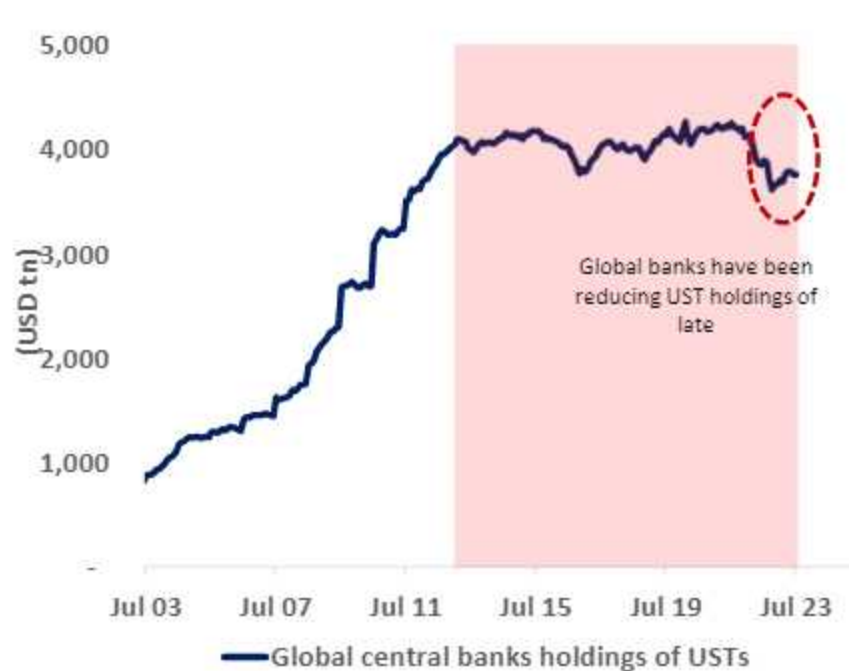
DM rate hike cycle may be close to a pause

US govt bonds - The supply Challenges



Source: Bloomberg & Internal Research as of 03 Oct' 2023

US govt bonds – Demand Dynamics

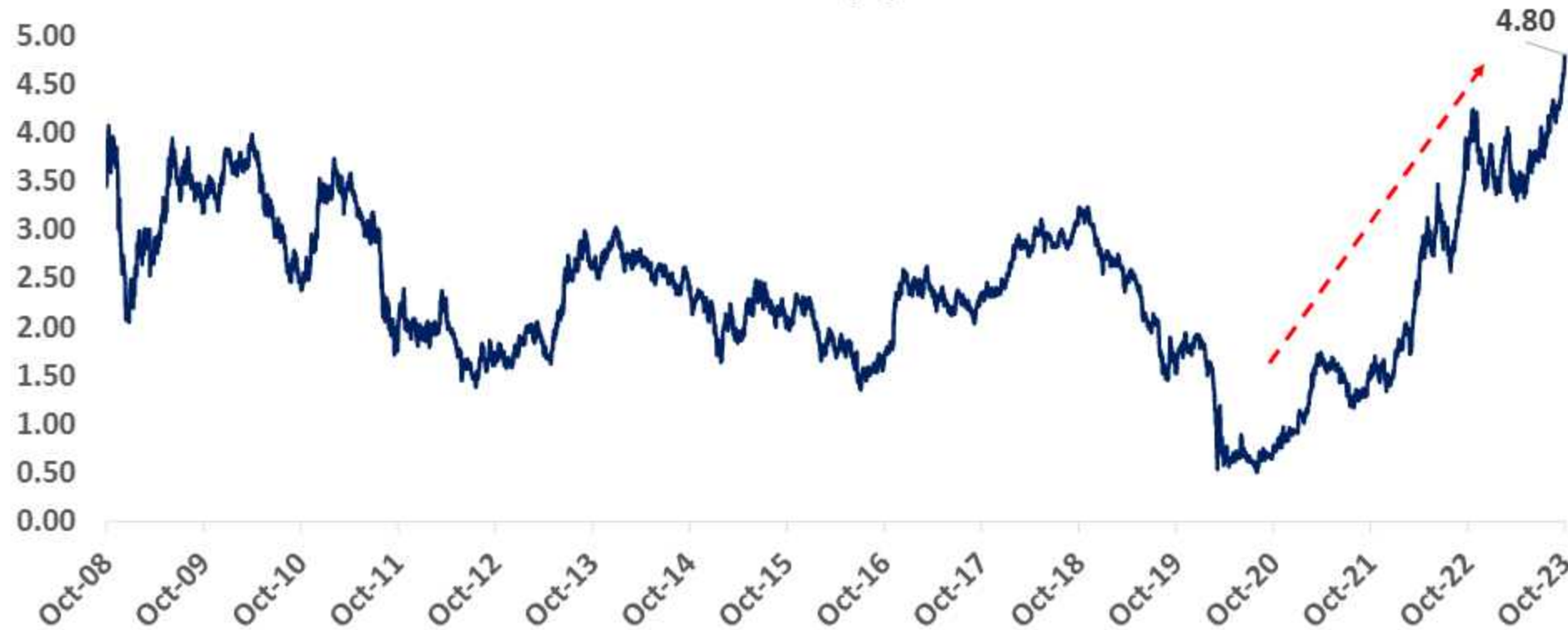


Source: Bloomberg & Internal Research as of 03 Oct' 2023

While the supply of Treasuries remain high, Fed's Quantitative Tightening and trimmed holdings of foreign central banks may lead yields higher

US Treasury at 17 year high

US 10Y (%)



Source: Bloomberg & Internal Research as of 03 Oct' 2023

Global Outlook

- *Global Markets remain volatile and **data dependent***
- *Global Growth has remained **resilient vis-à-vis consensus expectations***
- *While inflation has eased it **remains sticky at relatively higher levels**. Approach to target may be slower than anticipated.*
- ***US Labor** markets have shown signs of weakness but remains **stable**;*
- ***Fed** is expected to maintain a **cautious** approach and remain **data dependent** with markets continuing to factor one more rate hike by FOMC.*
 - *ECB and BOE remain significantly constrained by inflation;*
- ***Commodity** Prices have witnessed a broad based rebound and **needs to be monitored** closely for second round effects on inflation;*





India at its resilient best

India bonds goes Global

What, When, How ?

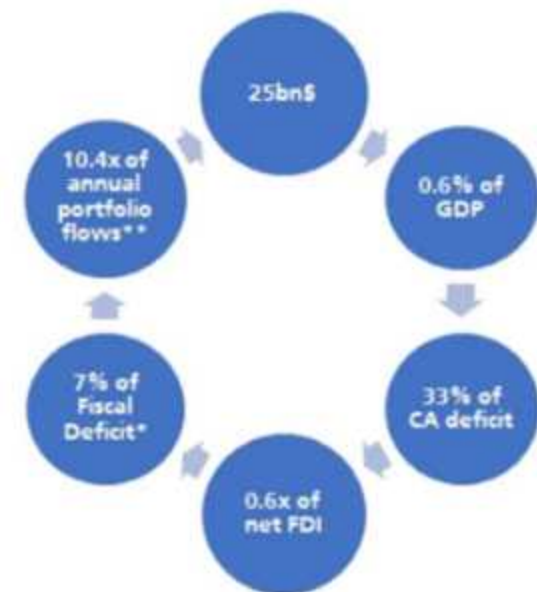
India Bond Inclusion

On 21 Sep, JP Morgan's index team announced that Indian Government Bonds (IGBs) will be included in the Global EM local currency government bonds index (GBI-EM) from June 2024. IGBs have been on a positive watch list of GBI-EM index since 2021.

Estimated Flows	\$bn
India Gross Borrowing FY24	196
JP Morgan GBI EM Index AUM	240
Weight in Index (10%)	24
Per Month (June 24-Mar 25)	2.4
Total Gross Borrowing Absorption by Index Inclusion (in %)	~12.25

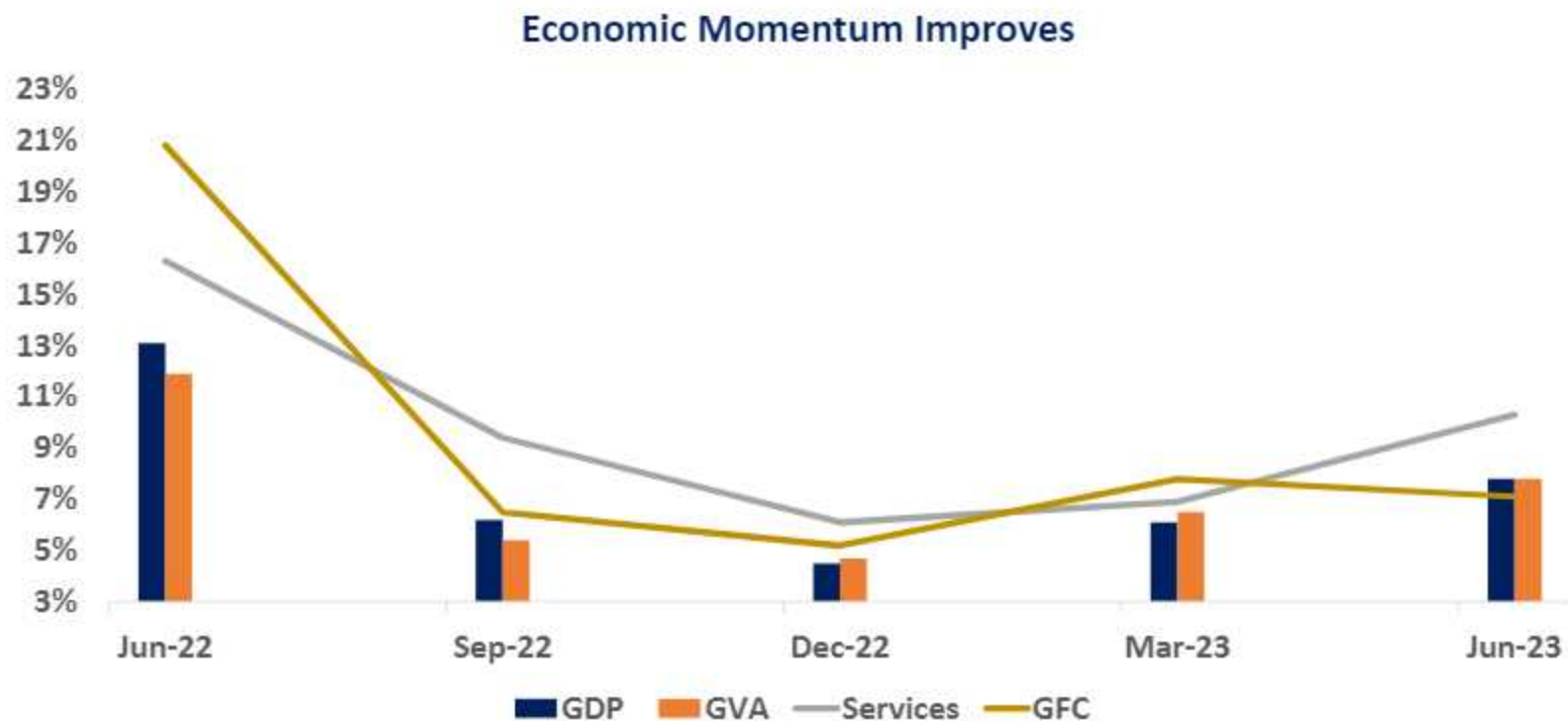


What does it mean for India?



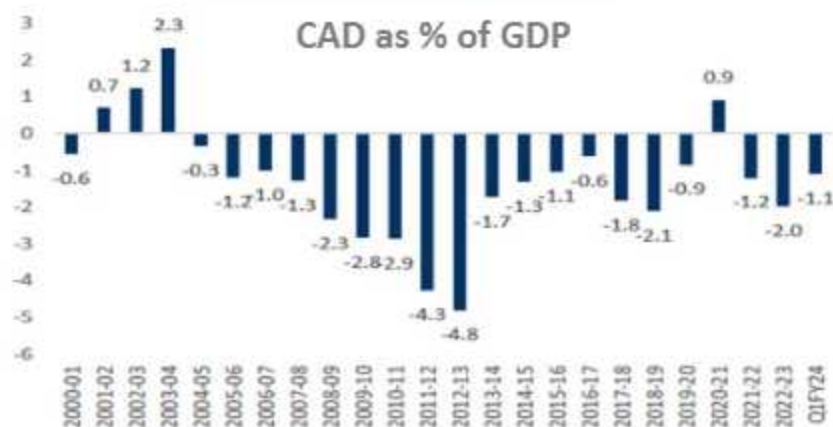
This move could prompt India's bond inclusion in other Indices (Bloomberg's Global Aggregate Index)

GDP traction continues

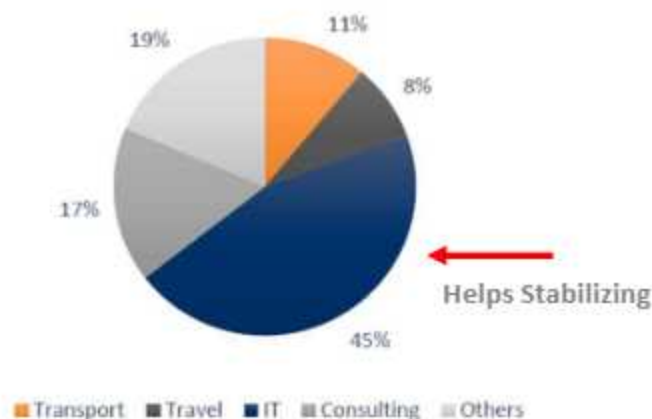


GDP momentum positive largely supported by services and gross fixed capital

BoP- Balanced for now



Breakdown of service Exports



Non- oil Imports keeps the pace

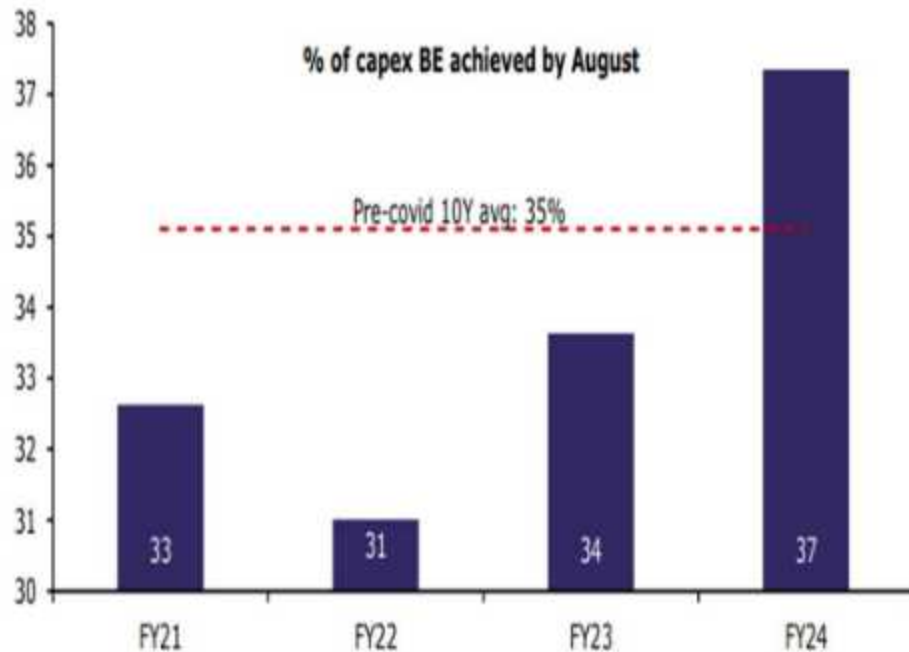
	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24
CAD/GDP (%)	(2.1)	(3.8)	(2.0)	(0.2)	(1.1)
Trade balance	(63)	(78)	(71)	(53)	(57)
Trade balance/GDP (%)	(7.4)	(9.5)	(8.4)	(6.0)	(6.6)
- Exports	123	112	106	116	105
- oil exports	27	24	23	24	19
- non-oil exports	96	88	83	92	86
- Imports	186	190	177	168	162
- oil imports	53	53	52	51	43
- non-oil imports	133	137	125	118	118
- gold imports	10	10	8	7	10

Capital account	22	1	29	7	34
% of GDP	2.6	0.2	3.4	0.7	4.0
Foreign investment	(1)	13	7	5	21
- FDI	13	6	2	6	5
- FPI	(15)	7	5	(2)	16
- Equities	(15)	6	6	(3)	13
- Debt	-	1	(1)	1	2

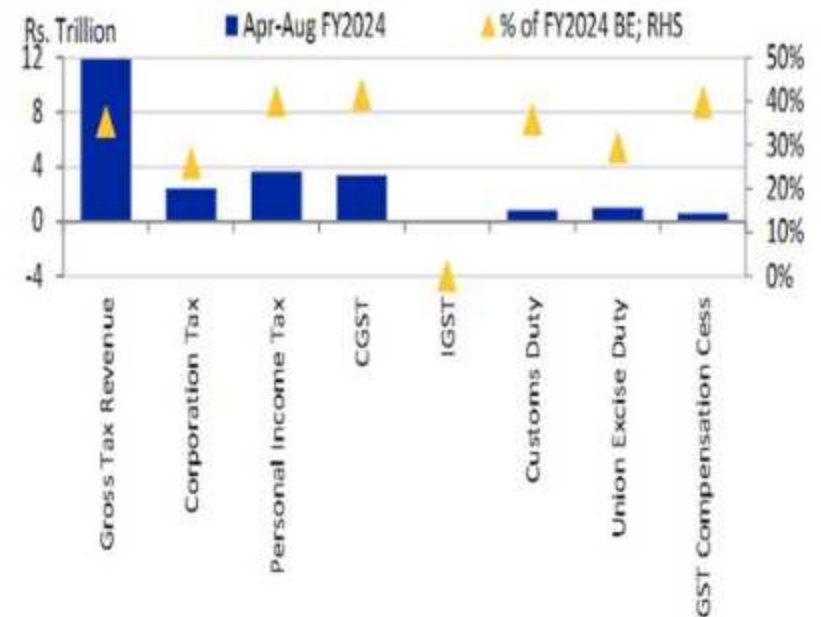
FPI flows – Saving grace this quarter

Fiscal- Capex Push Continues

Spending momentum continues



Corporate Tax Collections lags so far.....



The 5MFY24 fiscal deficit was 19% higher than the same period last year, and has met 36% of the FY24BE.

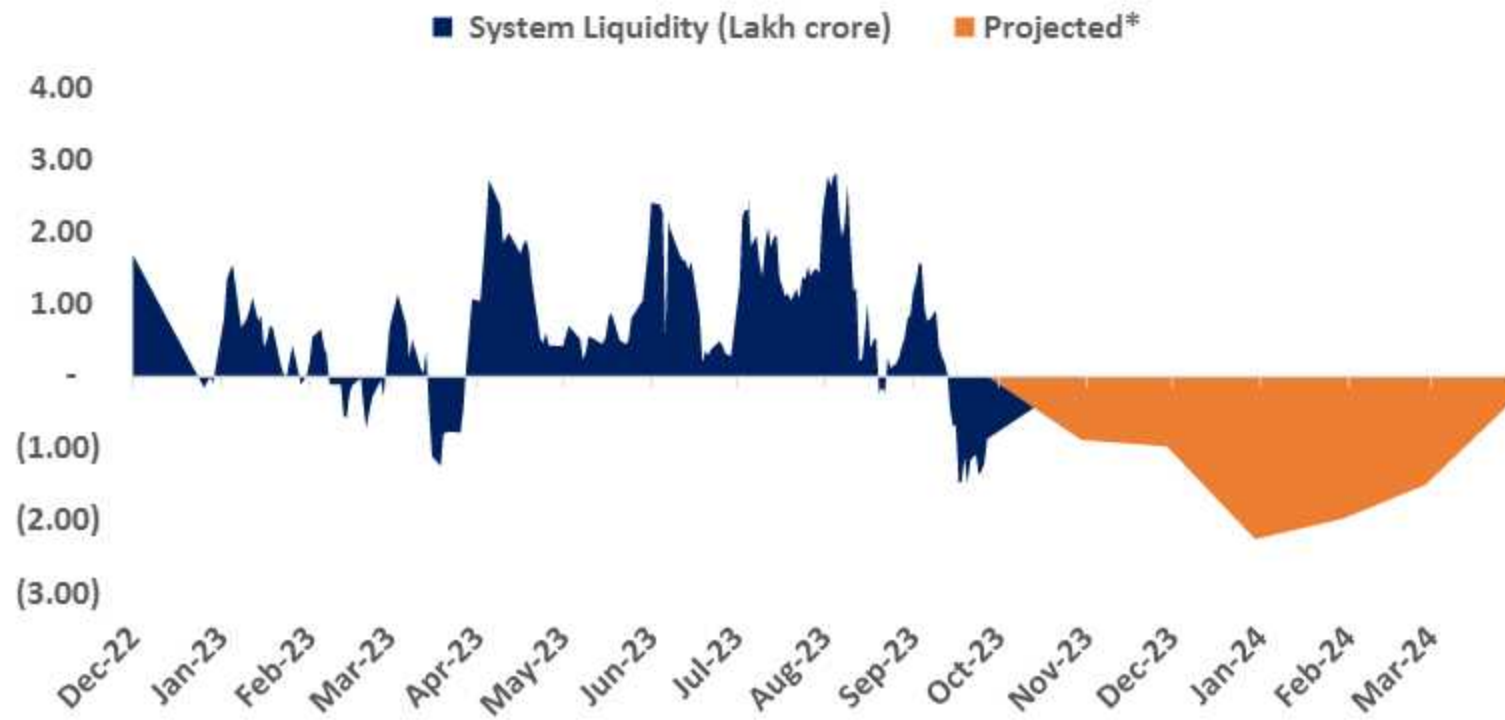
High Frequency Indicators

Demand Indicator		Growth (y-o-y, %)							
		Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
Urban Demand	Passenger Vehicles Sales	17.2	11	4.5	12.9	14.9	1.6	19.2	27.7
Rural Demand	Two Wheeler Sales	5	7.6	7.7	15.1	17.4	1.7	-7.2	0.6
	Three Wheeler Sales	103	86.1	69.2	104.2	70.4	98.6	78.9	68.8
	Tractor Sales	24.4	20	13.7	-11.1	1.2	4.2	6.1	1.1
Trade	Commercial Vehicles Sales	9.1	3.2	12.8	-4	-5.6	1.2	3.6	10.1
	GST E-way Bills (YoY%)	19.7	18.4	16.3	12.2	19.7	15.5	16.4	19.5
Construction	Steel Consumption	7.7	14.6	15	8.5	8.5	16.7	13.4	16.9
	Cement Production	4.7	7.4	-0.6	12	15.3	9.9	7.1	

* Data is based on the monthly average of daily figures

High Frequency Indicators patchy in Rural segment

System Liquidity now Neutral

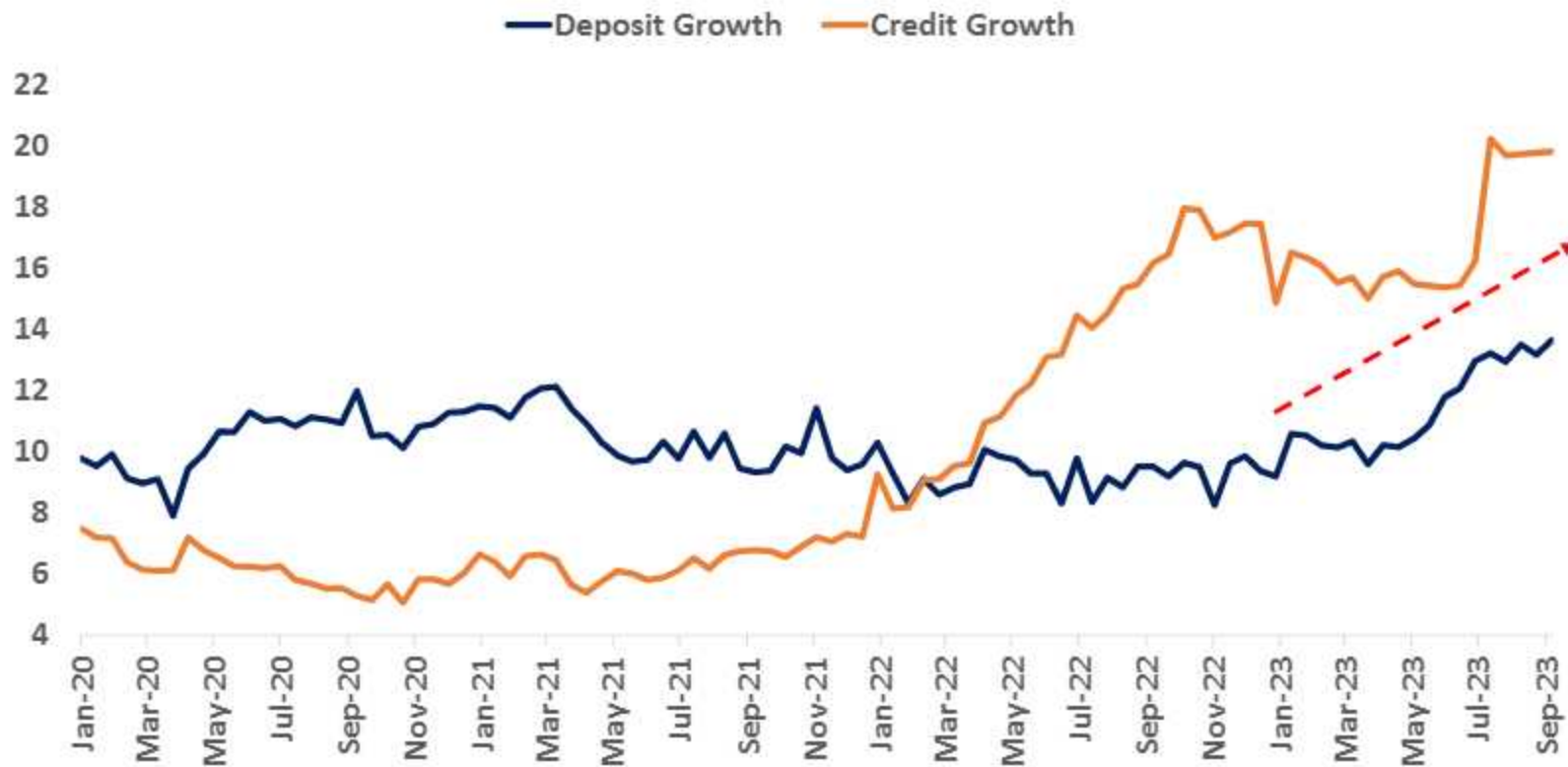


System liquidity is projected to decline going forward

Oct 23-Nov 23 Bloomberg Projected*

Source: Bloomberg & Internal Research as of 03 Oct' 2023

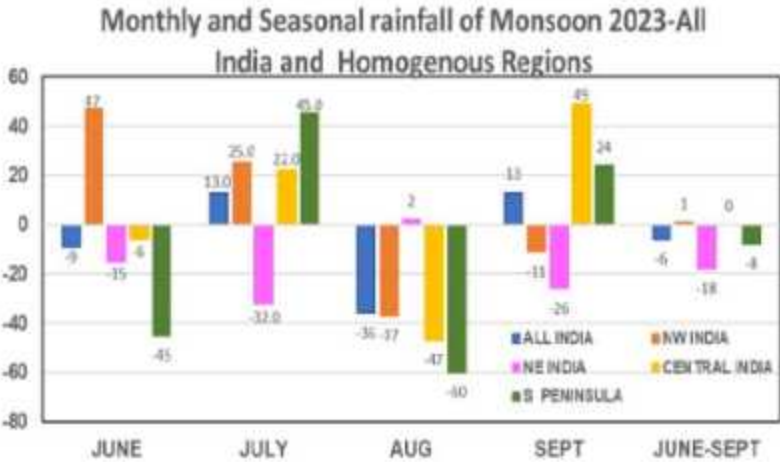
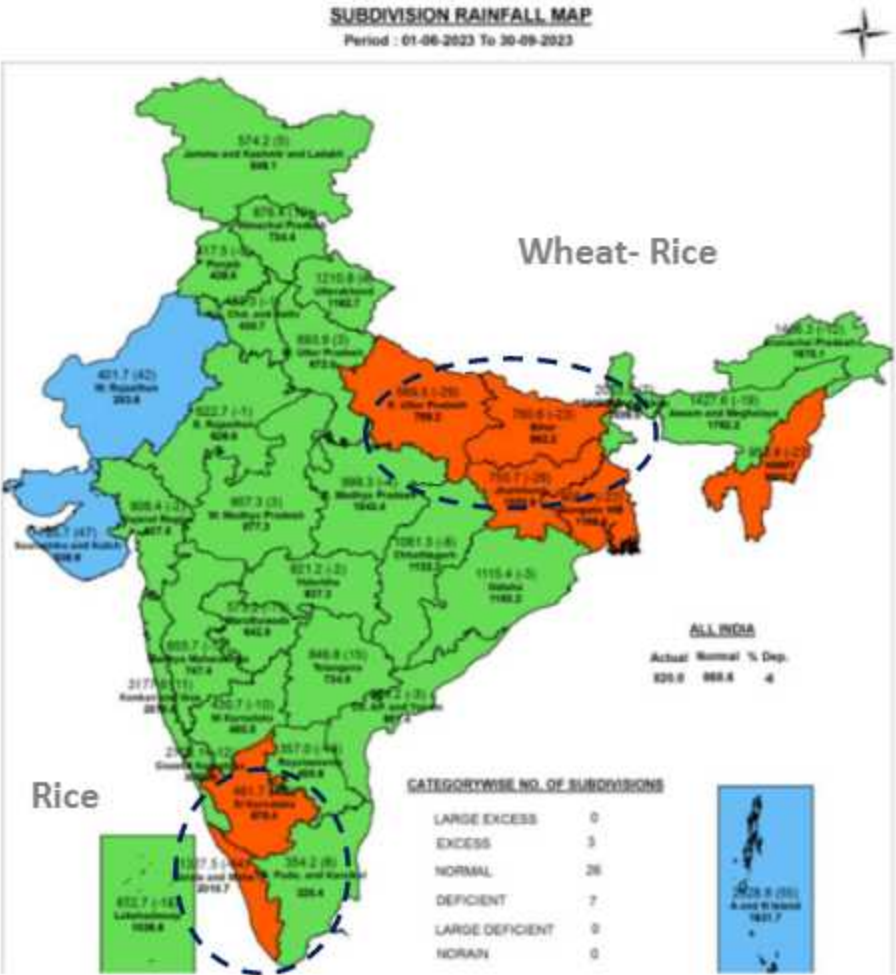
Led by Credit & Deposit growth



Credit and Deposit Growth remains robust

To be watchful of...

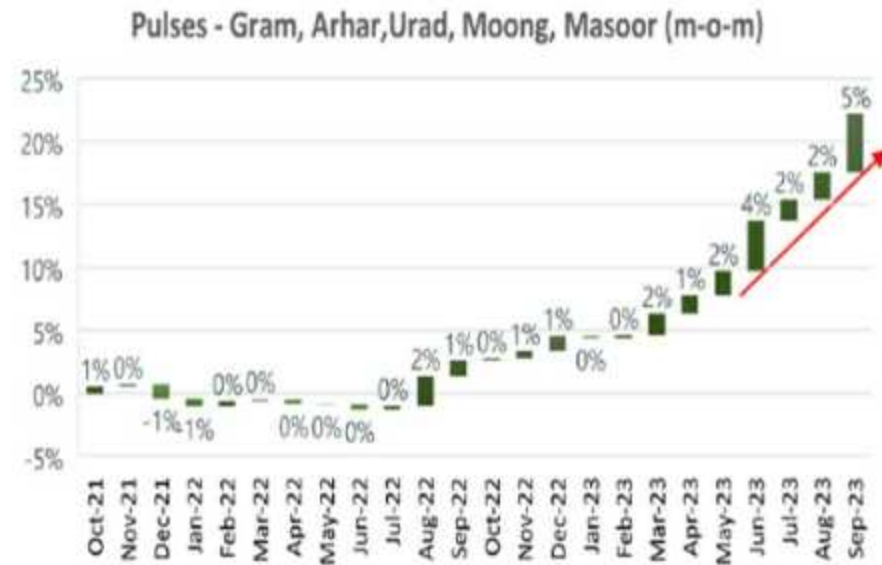
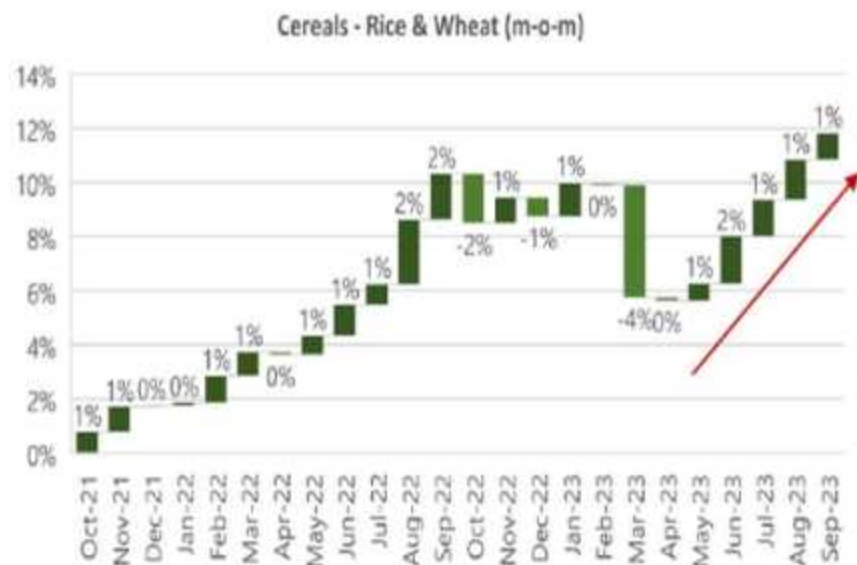
Monsoon- Narrowing deficits a positive progress



Reservoirs in South, meaningfully deficient

Basin (Region)	Capacity (Bn Cu.M)	21.09.23	14.09.23	31.08.23	24.08.23	Avg of 10 yrs
		Storage as a % of capacity				
Ganga	33.3	75%	66%	64%	62%	69%
Indus	14.8	86%	85%	86%	88%	74%
Narmada	22.3	94%	87%	82%	83%	63%
Tapi	8.4	89%	74%	73%	72%	60%
Mahi	4.3	86%	56%	54%	65%	70%
Godavari	18.8	71%	67%	61%	61%	48%
Krishna	32.8	57%	58%	58%	59%	76%
Mahanadi	9.9	79%	78%	66%	66%	61%
Cauvery	6.2	31%	33%	39%	45%	81%
Other South	16.5	43%	41%	40%	42%	61%
Total	178.2	71%	66%	63%	64%	77%

Food Prices – Still Under threat



Rice and Pulses region are receiving deficit rainfall and stay under watch for food inflation outlook

Measures Taken by Government

- Centre announces a Rs 200 price reduction on LPG cylinder
- India Banned Basmati rice export
- Government sells tomatoes at Rs 80/- kg in July and Rs 50/- kg in August
- Continuous offloading of wheat and rice from the central pool under the Open Market Sale Scheme
- Under the Price Stabilisation Fund, dynamic buffer stocks of pulses (tur, urad, moong, masur and gram) and onions are being maintained, and the release of stocks is being calibrated to ensure availability at highly subsidised prices
- Imports of key pulse varieties have been kept under the 'Free Category', with duties reduced to zero



India 10Y G-sec overshadowed by Global Developments



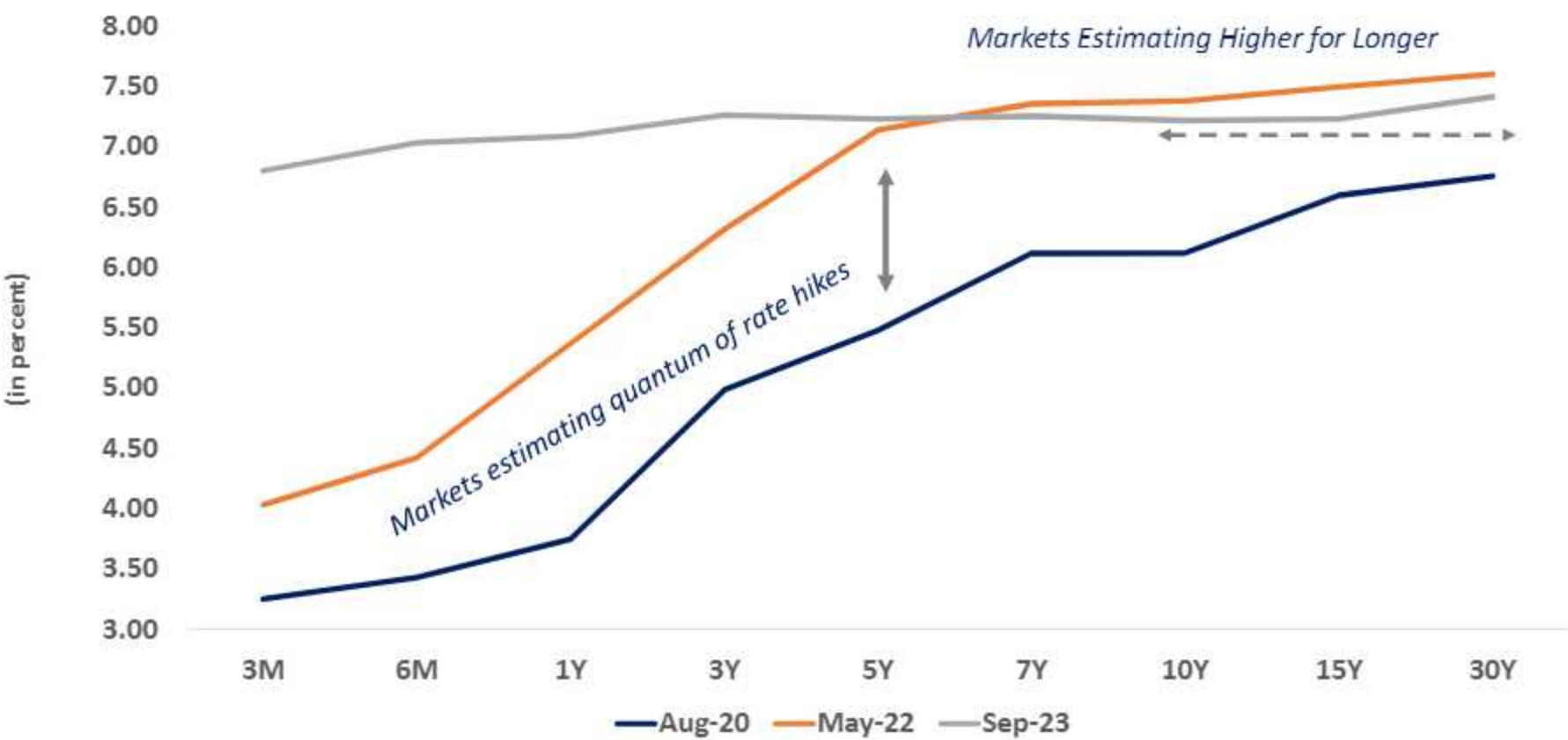
Higher for longer global rates & Rising Brent prices has overshadowed Bond inclusion excitement

Rupee in a tight spot



Higher rates in developed economies and increase in commodity prices has led to sharp depreciation in Rupee

Yield Curve (G-sec) Remains Flat

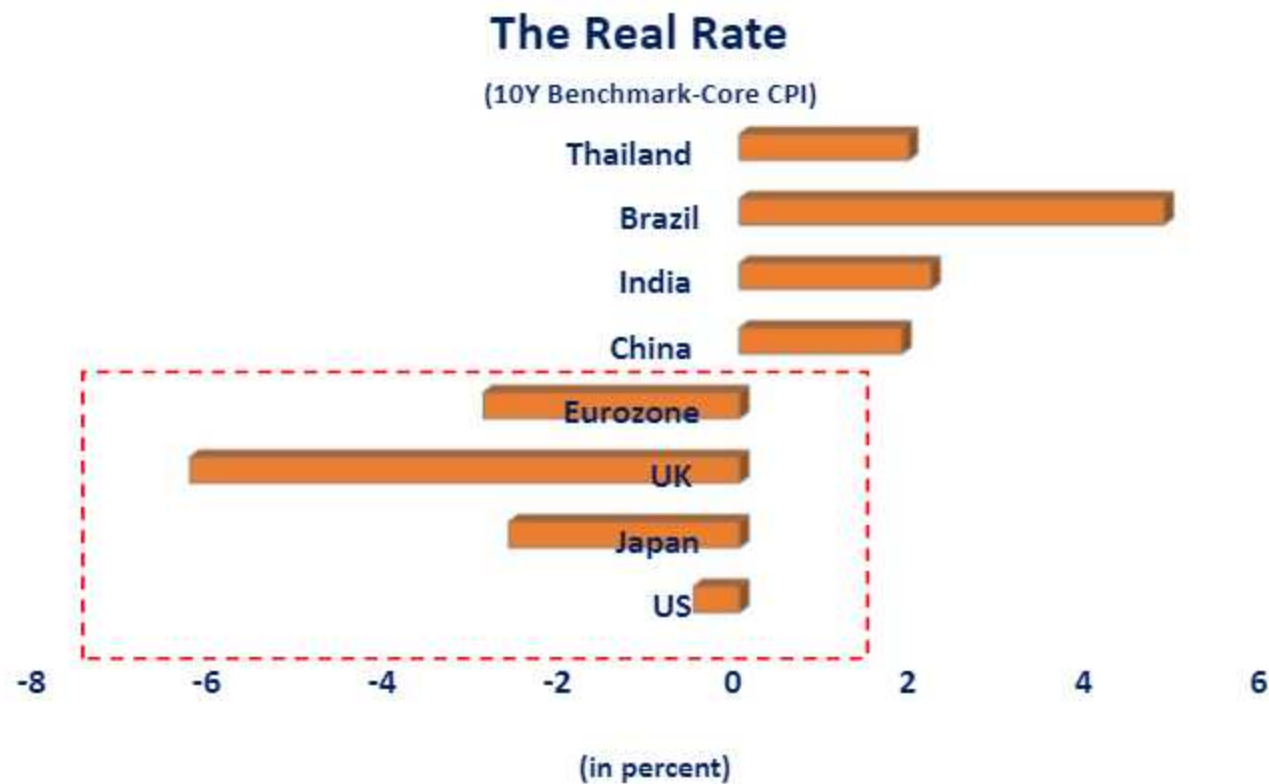


Source: Bloomberg & Internal Research as of 03 Oct' 2023



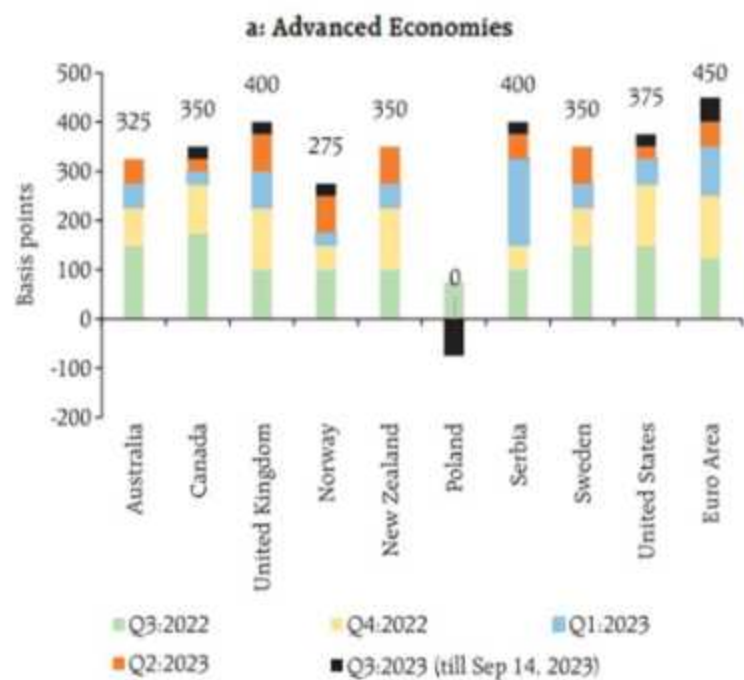
Emerging divergence with
emerging economies

Real rates global snapshot



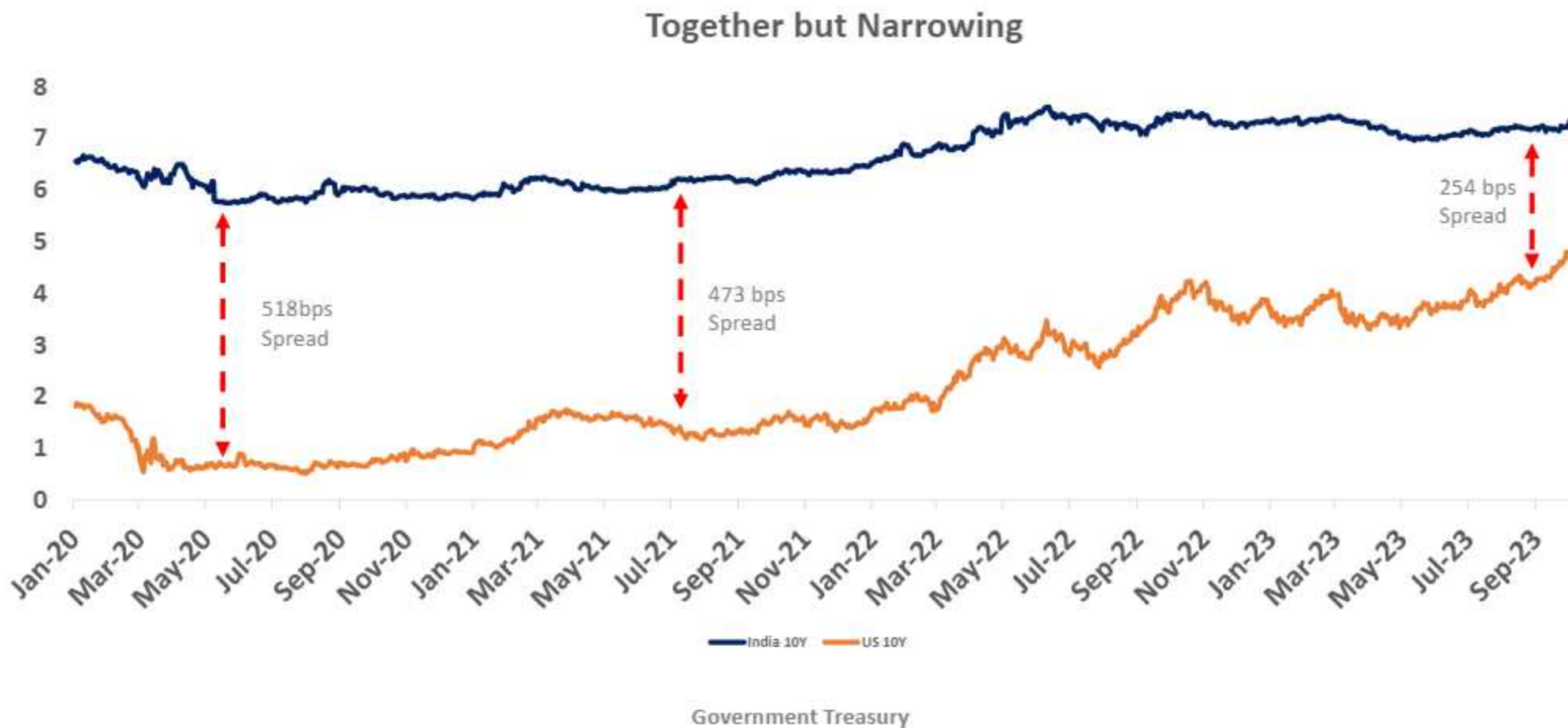
Developed Economies- Job not done yet

Monetary Policy Actions



The divergence in Monetary actions between Developed and Developing nations is increasing as the dynamics of the economies change

Narrowing of spreads ...

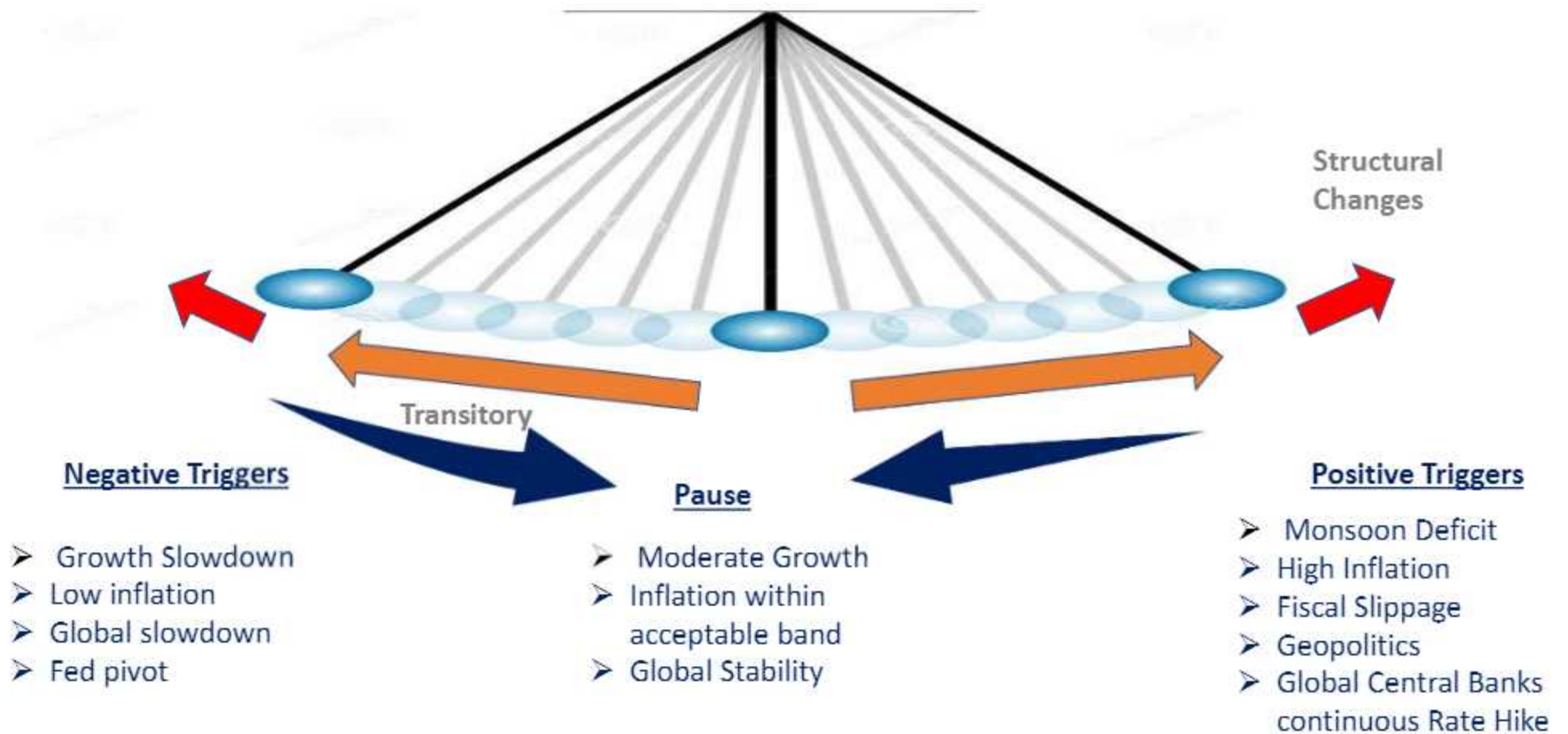


Outlook

- Markets adopts to **higher for longer** as policy rates peak over the next two quarters;
- **Domestic** economic outlook seems to be **robust**;
- **Crude** needs to be closely monitored with global growth remaining stable;
- **Inflation** prints going forward may remain **volatile** given uncertain monsoon and lower sowing;
 - Alignment to target may be slower than expected
- **MPC** remains on **pause mode but guidance turns hawkish**
- Market movement will likely be guided by System Liquidity, Global Swings and Incoming Data with opportunities for tactical trades.



RBI action depends on





Mutual Fund Industry AB14
Growth Story

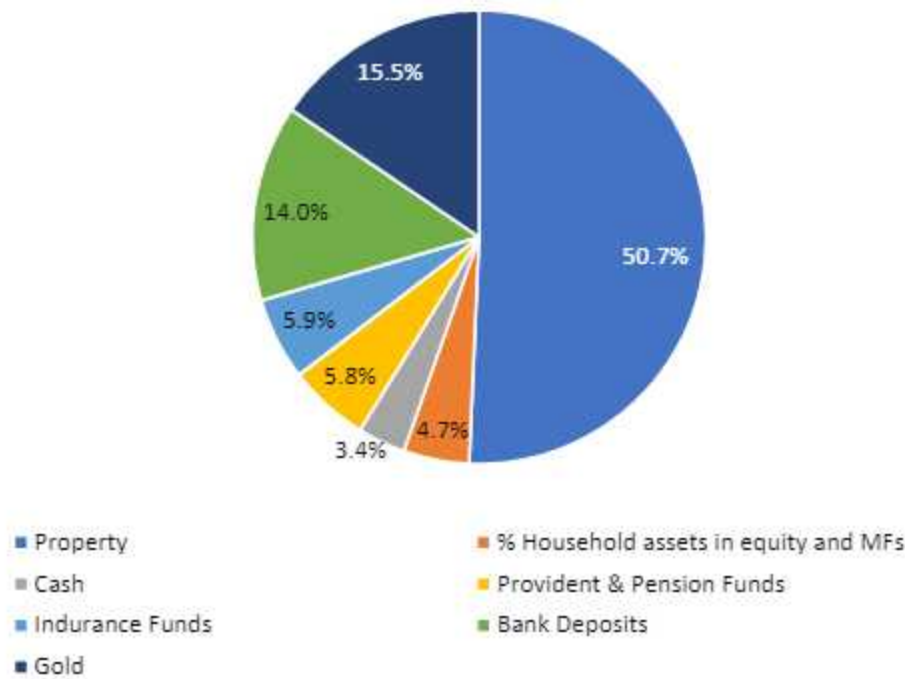
AB14 MF industry
Ajay Bhanushali, 05-10-2023

Growth of Mutual Fund Industry in India

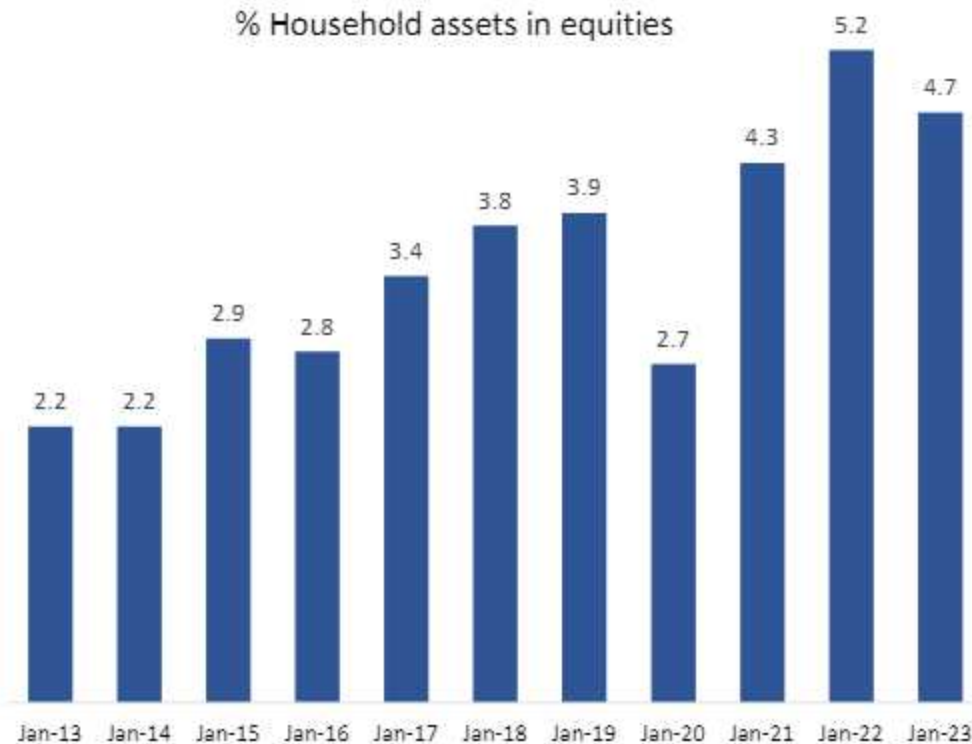


Contribution of household assets to equities and Mutual Funds

Total Indian Household Assets Mar'23: US\$ 11.1Trn



% Household assets in equities

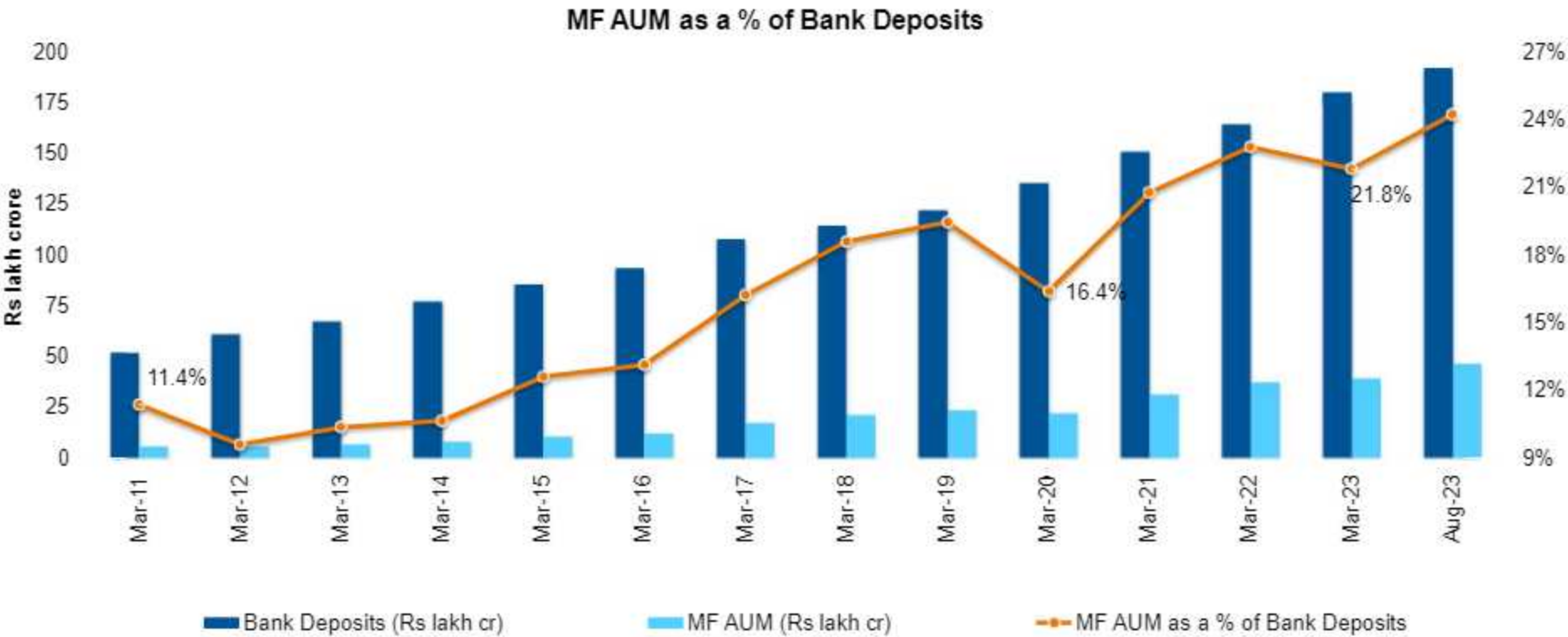


Scope for equity share to rise in household savings

Source: Govt of India, Jefferies, RBI

Data presented is to date latest

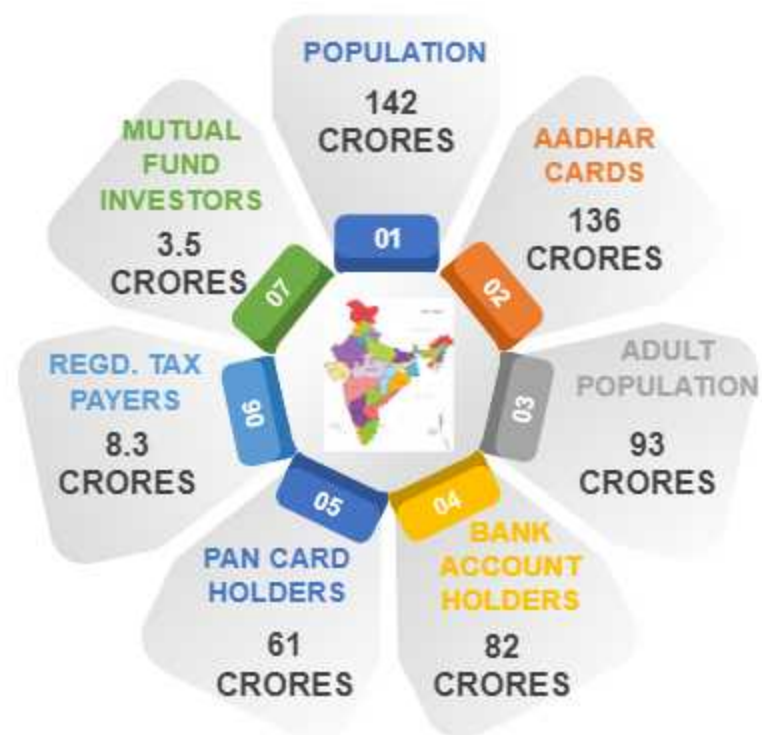
MF AUM to Bank Deposits (%) doubled in 10 years



MF AUM almost one fourth of Bank Deposits

Source – RBI for bank Deposits, AMFI for AUM

Long Way to go



MF investor data is as of 31-Mar-2023

Source: RBI & External Research as of 31 Mar' 2023

Who are We?



Corporate Overview

Global Network

We leverage our network of investment professionals to provide clients with progressive solutions across all asset classes.

Mirae Asset Global Network



* Special Administrative Region of the People's Republic of China

55

Offices in 18
countries

50 +

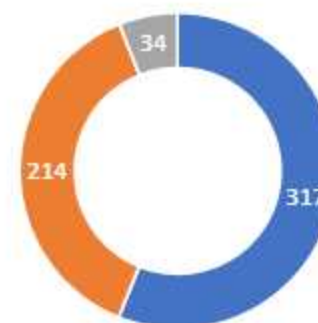
Countries with
clients

12500 +

Employees

USD 565 bn

Total AUM (Client Assets)



AUM Breakdown

- Mirae Asset Securities
- Mirae Asset Global Investments
- Mirae Asset Life Insurance and Others

Source : Internal, <https://global.miraeasset.com/>
Data as of 30th June, 2023, unless otherwise stated

Mirae Asset in India

Mirae Asset India started its journey in India with establishment of Asset Management business with a seed capital of USD 50 Mn.

It is now recognized as one of the fastest growing AMC in India.

Domestic Funds

Average Asset
Under
Management

1.40+ INR
Lakh Crore

AUM Growth
Rate
(CAGR in last 5
years)

46%

No of
Folios

58+ Lakh

Monthly SIP
book
Amount

846 Rs.
Crore

Number of
Branches

22

Offshore Advisory

8,327 INR
Crore

Asset Under Advisory
Including PE

Latest update-

Mirae Asset Investment Managers (India) Private Limited has entered into an agreement with Global X Management Company LLC ("Global X") for providing non binding advisory services to its India dedicated fund on perpetual basis w.e.f. August 18, 2023. The activity is in compliance with the provisions of Regulation 24(b) of SEBI (Mutual Funds) Regulations, 1996 and is not in conflict with the mutual fund activities.

Source : Internal, Data as of 31st August, 2023, unless otherwise stated *Average AUM – Average of AUM for the month July, 2023

Mirae Asset Mutual Fund CAGR AUM growth rate from August 2018 to August 2023 Please refer to 'Average Assets Under Management (AAUM) Disclosure (Monthly)' on the website for further AUM break up.
<https://www.miraeassetmf.co.in/downloads/statutory-disclosure/other-disclosure> (Ctrl+Click to follow link)

Disclaimers

Statutory Details: Trustee: Mirae Asset Trustee Company Private Limited; Investment Manager: Mirae Asset Investment Managers (India) Private Limited (AMC); Sponsor: Mirae Asset Global Investments Company Limited.

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

For further information about other schemes (product labelling and performance of the fund) please visit the website of the AMC: www.miraeassetmf.co.in

Please consult your financial advisor or mutual fund distributor before investing

THANK YOU

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