

MONTHLY MARKET INSIGHT

JANUARY 2021

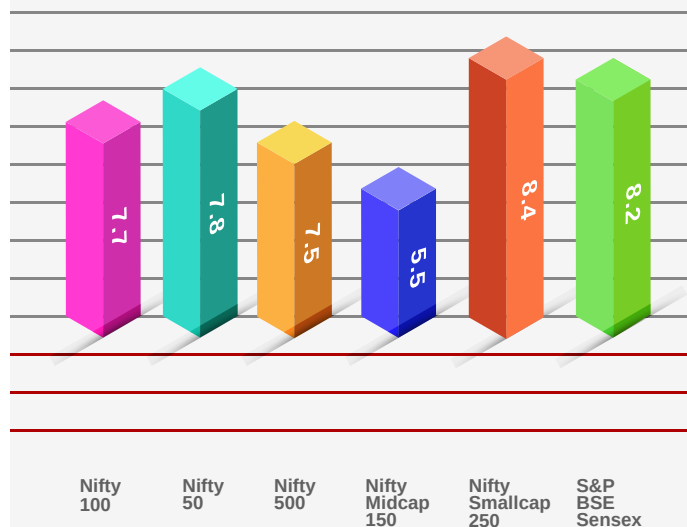




MARKET INDICATORS	RETURNS (%)			
	6M	1Y	3Y	5Y
Nifty 100	35.1	16.0	10.0	13.2
Nifty 50	36.5	16.1	11.3	13.4
Nifty 500	36.7	17.8	7.9	12.7
Nifty Midcap 150	40.3	25.5	3.3	12.9
Nifty Smallcap 250	50.1	26.4	-4.7	6.8
S&P BSE Sensex	37.8	17.1	13.2	14.2

All indices are TRI.

MARKET RETURNS (%) IN DEC-20



HOW FUNDS HAVE PERFORMED

EQUITY-ORIENTED FUND RETURNS (%)			
CATEGORY	1Y	3Y	5Y
Large Cap	14.2	7.9	11.1
Large & Mid	16.2	4.9	11.3
Multicap*	16.3	5.4	10.8
ELSS	16.4	5.4	11.3
Mid cap	23.9	3.9	10.8
Small cap	30.6	0.8	10.1
Hybrid Aggressive	14.1	6.0	9.7

* Includes Value, Dividend Yield and Focused funds

DEBT-ORIENTED FUND RETURNS (%)			
CATEGORY	6M	1Y	3Y
Hybrid Conservative	9.7	9.3	5.4
Medium duration*	3.1	6.1	6.6
Dynamic Bond	3.2	7.1	7.3
Credit Risk	1.0	-1.6	1.5
Debt Short term [#]	3.8	9.1	7.4
Debt Ultra - short term ^{\$}	3.1	5.2	5.9
Liquid	1.5	4.0	5.8

* Includes Medium duration and Corporate debt funds

[#] Includes short duration and banking & PSU funds

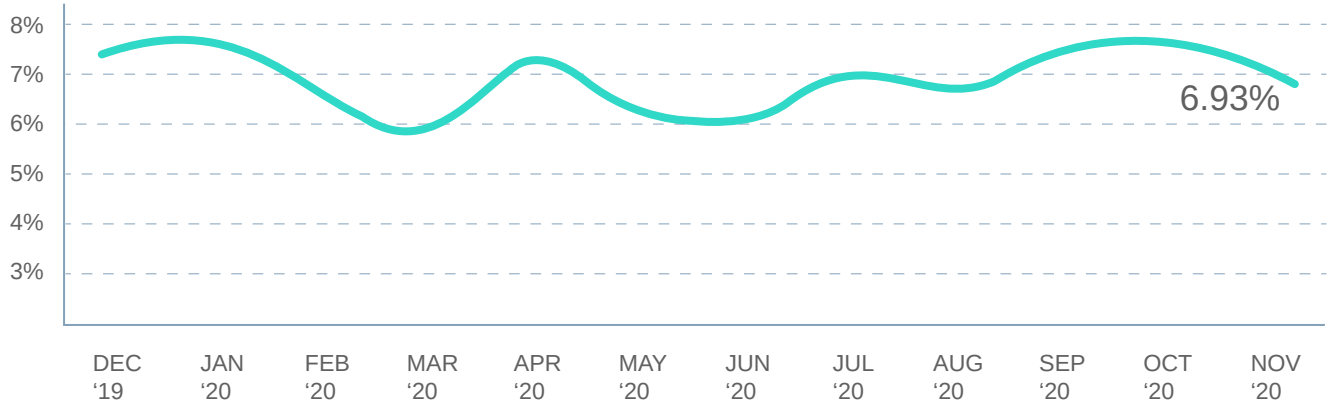
^{\$} Includes low duration, ultra-short duration, money market and floater funds

Source: MFI, FundsIndia Research. Average returns for each category as on December 31, 2020
Returns over 1 year are annualised.
Returns less than 1 year are absolute



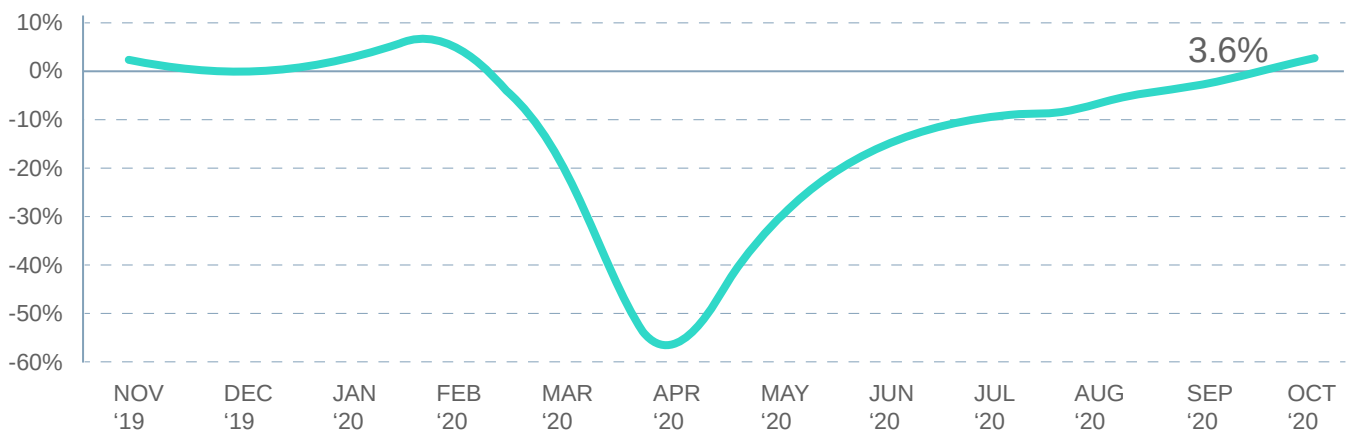
MACRO TRENDS

CONSUMER INFLATION



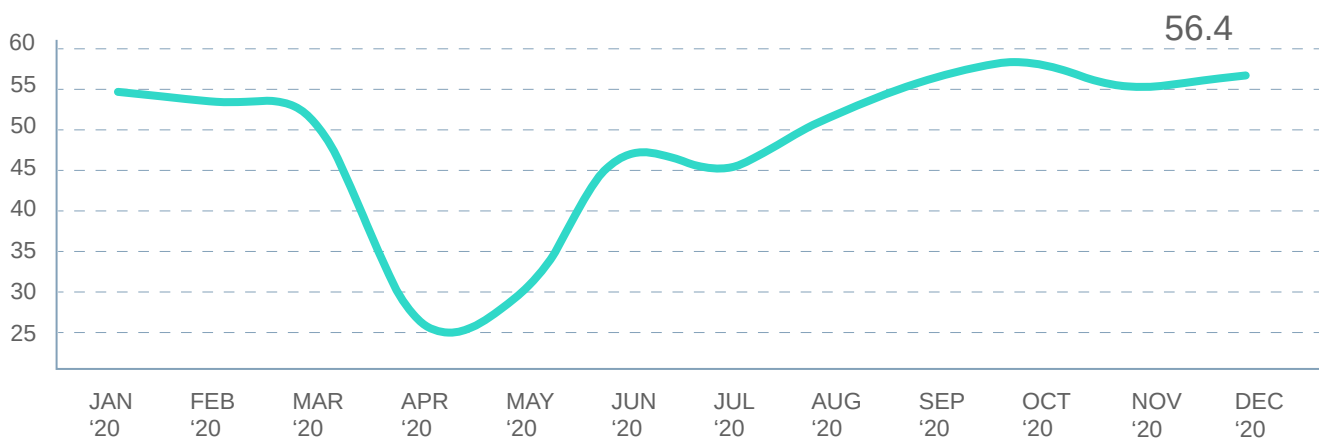
Source: NSO, MOSPI

INDEX OF INDUSTRIAL PRODUCTION – GROWTH



Source: NSO, MOSPI

MANUFACTURING PMI



Source: Markit Economics

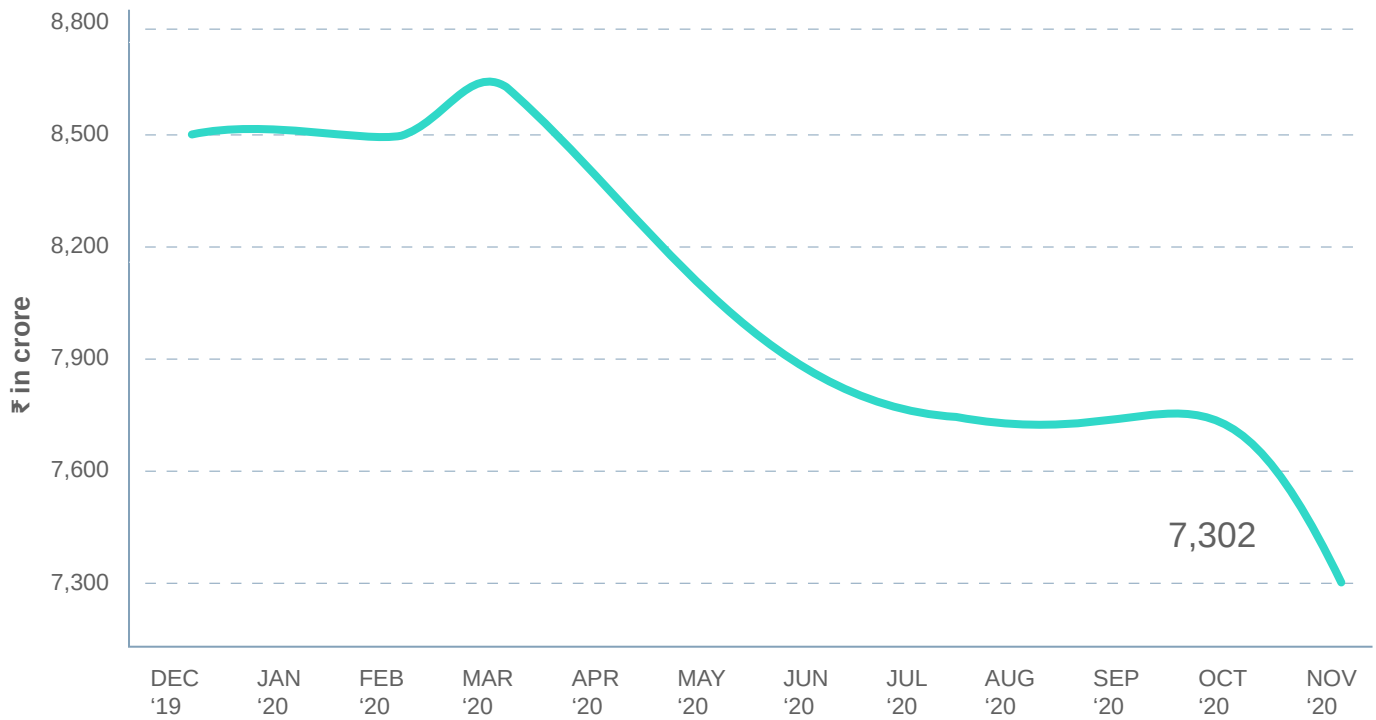


The Newsmakers

- Consumer Price Index (CPI) Inflation rate stood at 6.9% in Nov-20, compared to 7.6% in Oct-20. Inflation in the food and beverages segment dropped to 8.8% in Nov-20 from 10.2% in Oct-20, while the core inflation increased from 5.46% in Oct-20 to 5.51% in Nov-20.
- The Index of Industrial Production (IIP) growth rate is 3.6% in Oct-20, compared to 0.2% in Sep-20. The expansion is mainly led by the output growth in Electricity (11.2%) and Manufacturing (3.5%). Mining industry segment contracted by 1.5%.
- The Manufacturing Purchasing Managers' Index (PMI) stood at 56.4 in Dec-20 compared to 56.3 in Nov-20. Sharp growth in input stocks, strengthening demand and improved market conditions across the manufacturing sector are the key reasons for the PMI reading to remain above 50.0 (indicating expansion) for the fifth straight month.
- Gross GST Revenue Collection in Dec-20 recorded an all time high of Rs. 1.15 lakh cr, compared to Rs. 1.05 lakh cr in Nov-20. The GST Revenues remained above 1 lakh cr for the third consecutive month in FY 21 and are 11.6% higher than the collections in Dec-19.
- The RBI Monetary Policy Committee (MPC) has maintained status quo on the repo rate. According to the MPC, the inflation is likely to remain elevated, constraining further interest rate cuts at the current juncture. However, the committee also maintained its stance that the policy would remain accommodative as long as necessary for the growth revival. Currently, the key interest rates are as follows:
 - Repo rate: 4.0%
 - Reverse Repo rate: 3.35%

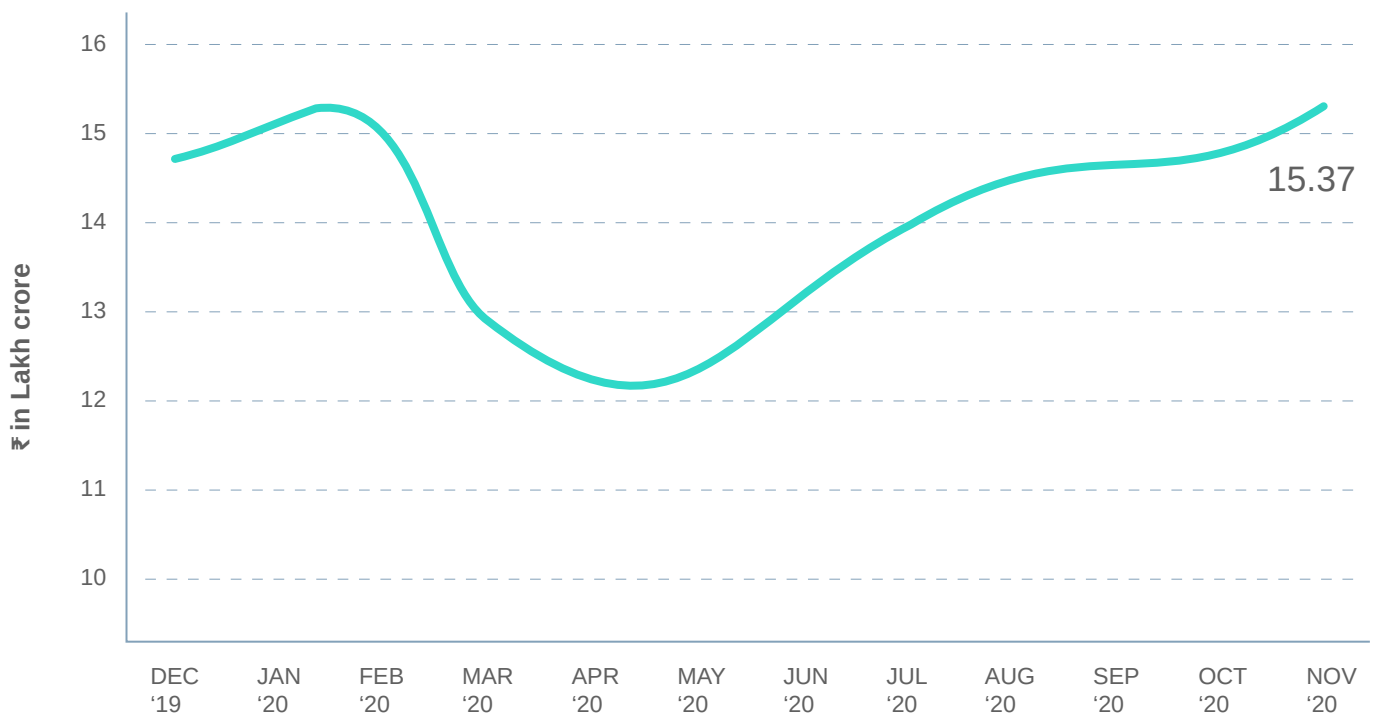


INDUSTRY SIP INFLOWS OVER THE LAST 12 MONTHS



Source: AMFI

TOTAL RETAIL AND HNI AUM



Source: AMFI



What our Research Team is saying

What if your SIP had more powers? Presenting 'Power SIP'

We have always remained strong proponents of systematic investment plans (SIPs) in equities. The reason it works over the long run is because it helps in averaging out the buying price in equities. Another significant advantage is from a behavioral angle – automation of monthly savings and removing the need to take monthly decisions.

[Click here to read more](#)

Conservative Hybrid Funds – Not So Conservative!

At the current juncture, fixed income investors need to be prepared for relatively lower returns both from Bank Fixed Deposits and Debt funds compared to the returns they enjoyed in the last few years. To put that in context, the average yield to maturity (which roughly translates to the aggregate of interest rates paid by underlying companies of the debt fund) of our select debt funds from being above 8% a few years back has reduced to around 5% levels today.

[Click here to read more](#)

