MONTHLY NEWSLETTER

JUNE 2024

NAVIGATING MARKET SHIFTS & BUILDING LONG-TERM WEALTH

MARKET SNAPSHOT

MARKET DATA AND MACROS

BSE Sensex: 73,961 (-0.70 % MoM) **Nifty 50:** 22, 531 (-0.33 % MoM) **Nifty Bank:** 48,984 (-0.84 % MoM) **Nifty Midcap:** 51,706 (1.65 % MoM) **Nifty Small-Cap:** 16, 697 (-1.85 % MoM) **Nifty PE Ratio:** 21.40 *" MoM" an abbreviation for "Month on Month Performance". Data as on 31st May.	**Brent Crude:** 81.93 **USD/INR:** 83.46 **Gold (Rs/10 gms):** 72, 356 **10-year G-sec yield:** 6.99 % *Data as on 31st May

While the markets consolidated in May on the back of various factors, India's macroeconomic indicators remained strong. GDP growth for the final quarter of fiscal 2024 was 7.8%, a slight decline from the previous quarter's revised 8.4%, but the overall fiscal year growth was revised upwards to 8.2% from 7.6%. The election results and their short-term impact remain uncertain, though exit polls favoring the incumbent suggest policy continuity, which markets would view favourably.

Valuations in mid and small-cap sectors remain stretched, necessitating a cautious, bottom-up approach. Markets could quickly discount any short-term positive impacts of the election results, with attention soon shifting to the US elections and interest rate movements. Despite this, India's positive macroeconomic conditions and stable policy framework support a strong long-term earnings growth trajectory. Keeping the portfolio agile, focusing on next-generation winners, and adopting a multi-asset approach with a tilt towards equities will be key to navigating the coming months.

IN THE NEWS:

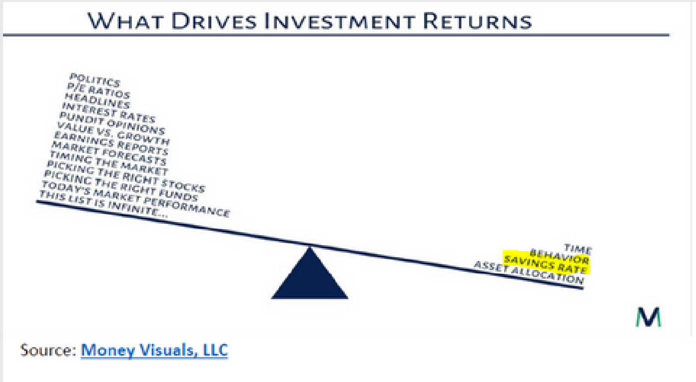
- GDP Growth: India's GDP grew by 7.8% in Q4 of fiscal 2024, down from the revised 8.4% growth in Q3. The fiscal 2024 growth estimate was revised upwards to 8.2% from 7.6%.
- GST Collections: The government collected Rs 1.73 lakh crore from the Goods and Services Tax (GST) in May, marking a 10% increase year-on-year.
- Core Sector Output: The output of India's eight core sectors increased by 6.2% year-on-year in April, slightly up from the revised 6.0% growth in March.
- Fiscal Deficit: The government's fiscal deficit stood at 5.6% of GDP for FY24, better than the revised estimate of 5.8%.
- Windfall Tax Adjustment: The windfall tax on domestically-produced crude was reduced to Rs 5,200 per tonne from Rs 5,700 per tonne, while export duties on petrol, diesel, and aviation turbine fuel (ATF) remain at zero.
- PCE Inflation: The annual Personal Consumption Expenditures (PCE) inflation rate remained steady at 2.7% in April, with the core PCE Price Index also unchanged at 2.8%.

FROM THE DIRECTOR'S DESK

TBNG

POWER OF SAVINGS RATE

KEY TO FINANCIAL SUCCESS IN INDIA



Source: dspim.com

In the journey of wealth creation, the rate at which you save plays a crucial role. While many focus on high incomes and investment returns, it is the savings rate that often determines financial success. This principle, championed by many personal finance experts is especially relevant in the Indian context where disciplined savings can significantly impact one's financial future.

Why Savings Rate Matters:

Lets take following scenarios :

- **Scenario 1:** As a senior executive earning ₹30 lakh annually, you decide to save 40% of your income, which amounts to ₹12 lakh per year. Over a decade, with an approximate 12% return on investment, you could accumulate approximately ₹2.10 crore. This substantial sum offers financial security and flexibility for future endeavours.
- **Scenario 2:** Imagine if someone earn ₹1 crore annually but have a savings rate of only 10%, amounting to ₹10 lakh per year. Over the same period and investment return, you would accumulate approximately ₹1.75 crore. This illustrates that despite a higher income, a lower savings rate can significantly impact long-term wealth accumulation.

Balancing Discipline and Enjoyment: While maintaining a high savings rate is essential, it is also important to enjoy the fruits of your labor. Here are some tips to balance saving and spending:

- **Set Priorities**: Identify what brings you joy and allocate funds for these experiences. This could be travel, hobbies, or quality time with loved ones.
- **Savings Rate vs Saving What You can:** Understand that life circumstances change. It's okay to adjust your savings rate during high-commitment periods, such as when you have a major expense like a wedding or Children's Education event or so on. A single year with a lower savings rate won't derail your long-term goals if you maintain discipline overall. Similar to non-linearity in markets, understanding Savings Cycle is also important
- **Changes in Income:** Understand that your Income will not remain same throughout. Hence, a percentage approach can be a more helpful while defining the range of let's say 10-30% rather than impacting the entire approach.
- **Celebrate Milestones:** Reward yourself when you reach significant financial goals. This helps maintain motivation and balance.

To conclude, while income is important, the rate at which you save is an equally critical factor in determining financial success. Encouraging a disciplined approach to saving can lead to significant long-term benefits. The more we write and try to educate your audience, we are reminded of the simple fact "Wealth Creation is simple, but not Easy".