



# MONTHLY NEWSLETTER OCTOBER 2024

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**FINANCIAL MINIMALISM AMID  
MARKET VOLATILITY**

# MARKET DATA AND MACROS

<p><b>BSE Sensex:</b> 84,300 (2.35 % MoM)</p> <p><b>Nifty 50:</b> 25,811 (2.28 % MoM)</p> <p><b>Nifty Bank:</b> 52,978 (3.17% MoM)</p> <p><b>Nifty Midcap:</b> 60,154 (1.46% MoM)</p> <p><b>Nifty Small-Cap:</b> 19,180 (-0.66 % MoM)</p> <p><b>Nifty PE Ratio:</b> 24.26</p> <p><small>** MoM" an abbreviation for "Month on Month Performance". Data as on 30th September</small></p>	<p><b>Brent Crude:</b> 72.14</p> <p><b>USD/INR:</b> 83.80</p> <p><b>Gold (Rs/10 gms):</b> 75,197</p> <p><b>10-year G-sec yield:</b> 6.75 %</p> <p><small>*Data as on 30th September</small></p>
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While Indian equities remain buoyant relative to other emerging markets, the near-term outlook suggests that investors may exercise more caution due to high valuations, especially in mid and small-cap segments. Earnings growth in Q1 FY25 failed to meet elevated expectations, and sectors like manufacturing, power, and consumer goods are expected to face short-term headwinds. The recent inclusion of Indian bonds in the J.P. Morgan Emerging Market Bond Index, however, has bolstered foreign flows into Indian assets, providing some support for the local markets.

With the upcoming state elections, potential interest rate cuts by the U.S. Fed as well as US Elections along with geopolitical challenges, investors should prepare for heightened volatility in the coming months. The consensus remains positive on India's long-term growth story, driven by structural factors such as a strong demographic dividend, digitization, and a growing manufacturing base. Nevertheless, tactical adjustments to portfolios, including a focus on quality large-cap stocks and exposure to defensive sectors, may help mitigate downside risks.

Given the mixed macroeconomic signals, a balanced approach to asset allocation will be crucial. Diversifying across equities, fixed income, and commodities like gold could be prudent strategies for weathering near-term uncertainties while maintaining exposure to India's strong growth potential.



## IN THE NEWS:

- India's core sector output declined by 1.8% in August, a sharp drop compared to a 6.1% increase in July.
- According to RBI data, India's current account deficit expanded to \$9.7 billion (1.1% of GDP) in Q1 FY25, up from \$8.9 billion (1.0% of GDP) in Q1 FY24, reversing a surplus of \$4.6 billion (0.5% of GDP) in Q4 FY24.
- India's fiscal deficit for the first five months of FY25 was ₹4.35 lakh crore, accounting for 27% of the total annual target, as per government reports.
- SEBI introduced a new asset class allowing high-net-worth individuals to invest in higher-risk regulated products.
- U.S. Federal Reserve Chair Jerome Powell, speaking at the National Association for Business Economics, indicated that future monetary policy will likely transition to a more neutral stance, provided the economy performs as anticipated, but emphasized there is no predetermined path.



## FOCUS. SIMPLIFY. PROSPER.

Amid the overwhelming complexities of modern finance, financial minimalism stands as a powerful antidote—an intentional approach that cuts through the clutter to focus on what truly drives financial well-being. It's certainly not about deprivation, but about cutting through the noise to focus on what truly matters in one's personal financial journey.

Financial minimalism encourages the reduction of unnecessary financial commitments, such as multiple credit cards or overly complicated investments, allowing for greater control and peace of mind. By eliminating financial clutter, investors can focus on core goals—whether that's planning for retirement, building an emergency fund, or reaching a specific wealth target. Simplifying accounts, consolidating debt, and reducing excess spending are key steps that can help minimise stress and improve overall financial management.

For me, initially, a more intentional approach to spending, for instance, involved tracking monthly expenses to identify and eliminate wasteful spending. Establishing a streamlined budget, where necessities like rent, utilities, and investments took priority over wants, was another practical step.

Additionally, consolidating multiple financial accounts into one or two helped me gain clarity and reduce confusion.

And when it comes to investing, quality should always take precedence over quantity. Focus on high-quality, low-maintenance investment options, like index funds or well-diversified portfolios that are aligned with long-term financial objectives. This avoids the pitfalls of chasing every new investment opportunity that arises.

Another key aspect of financial minimalism is automating finances. Setting up automatic payments for bills and savings ensures consistency in wealth-building efforts, reduces the chances of missed payments and enhances peace of mind. Finally, prioritising experiences over material possessions can lead to greater long-term satisfaction. Spending on travel, education, or hobbies provides more enduring value than accumulating physical goods.

By embracing financial minimalism, investors can align their finances with their values, achieving a richer and more fulfilling life, both financially and personally.