

2025 Macro Outlook

US policies would decide the global outlook



Monetary policy expected
to remain reactive
to Trump's trade policies

Rate cuts are expected
to be shallow (50-75bps)
in US and in India

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In 2025, all eyes will be on the US, specifically on the incoming Trump administration's tariff policies. As our base case, we are building in shallow rate cut cycle by the Fed vs. market expectation of only one rate cut., RBI's rate cut cycle will commence in Feb'25. We see the risk of a further deterioration in India's trade balance due to sluggish exports, which will keep the country's current account deficit (CAD) elevated. Capex is likely to fall short by 10% of the budgeted target in FY25, while allocation for the next fiscal would be optically appealing. We believe the government will stick to its fiscal consolidation path. For a meaningful revival in domestic demand, income growth needs to pick up. The US dollar has strengthened in anticipation of pro-growth policies in US, and we see a near-term peak that should ease pressure on emerging market (EM) currencies. INR, however, looks stretched and the likelihood of reduced forex intervention opens up headroom for further depreciation; we see INR in the range of 85.5–87.5/USD.

- **"Reactive" monetary policy expected in 2025:** Out of all the unknown events that will unfold in 2025, incoming US President Donald Trump's tariff policies and monetary policy reactions to them will shape economic activity and market sentiment. Prima facie, Trump's tariff policies looks inflationary in nature. We believe that as of now most of what Trump has promised or threatened may be tactical posturing for negotiating a better deal for the US, so the actual measures may turn out to be milder. Nevertheless, a status quo is unlikely, and the tariff rate may narrow to 40% vs. 60% promised on China. Hence, inflationary impact is certain, so countries will scramble for a better market. India needs decisive policies to attract manufacturing capacities as well as protect its already weak export markets to avoid the risk of further deterioration in its trade balance.
- **Shallow rate cut cycle due to elevated inflation:** In our base case, we are building in a shallow (50-75bps) rate cut cycle for 2025 both in US as well as in India. Inflationary pressures are yet to ease decisively while upside risks may emanate keeping the headline elevated. Calls for targeting core inflation by the RBI could also become louder during 2025 but we believe it is unlikely that the central bank will ignore the headline and volatile items in the food basket.
- **Fiscal consolidation will keep bond yields in check:** The government is likely to continue its focus on fiscal consolidation, and it is highly likely that the FY26 target (4.5%) will be achieved comfortably. It is clearly evident that in FY25, in its pursuit of keeping the fiscal deficit in check, capex took a back seat – elections also led to slower capex intensity. Hence, we believe that the government will also shift its focus on bringing down its debt levels (debt as % of GDP) rather than solely focus on the fiscal deficit target. Tight fiscal positioning and the rate easing cycle are likely to keep bond yields in check, amidst multiple levers; we see bond yields averaging 6.5% (6.2-6.8%) during 2025.
- **Stringent trade policies to widen CAD:** We have been highlighting that India's imports continues to outpace exports, which has been reflected in the trade deficit widening to USD 37bn in Nov vs. the monthly average of USD 23.5bn during Apr-Oct24. We believe that as the global supply chain gets re-aligned with Trump's trade policies, India's exports will be impacted the most vs. imports; hence we expect exports to trail imports in 2025 as well. We are now building in CAD at ~1.5-1.6% of GDP for FY25 and depending on Trump's policies it should continue to be elevated in FY26 as well (~1.4-1.5%). This should exert pressure on the INR.
- **Expect INR to trade in the range of 85.5–87.5/USD:** The US dollar seems to be the only beneficiary of the incoming US administration's expected trade policies, as it strengthened from 106 to 108, exerting pressure on EM currencies. Its impact on INR was measured, and the rupee emerged as the least volatile currency among its peers. We see limited forex interventions in 2025; moreover, the widening trade deficit will lead to some weakness in INR, going forward. INR depreciated 3.3% on average during FY20-24, and we see it in the range of 85.5–87.5/USD during 2025, which works out to ~2.5% depreciation. Despite pro-growth policies in the US and safe haven demand, we see some weakening in the USD in the near term. It is also necessary to keep a close eye on commodities due to their inverse relation with the USD.

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Key Highlights:

- Monetary policy expected to remain reactive to Trump's trade policies
- Rate cuts are expected to be shallow (50-75bps) in US and in India
- India's focus on fiscal consolidation to keep bond yields in check (6.2 -6.8%)
- Sluggish exports to widen CAD to 1.4-1.5% in 2025.
- We see a near-term peak for USD; INR to trade in the range of 85.5-87.5/USD

JM Financial Research is also available on: Bloomberg - JMFR <GO>, Thomson Publisher & Reuters, S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

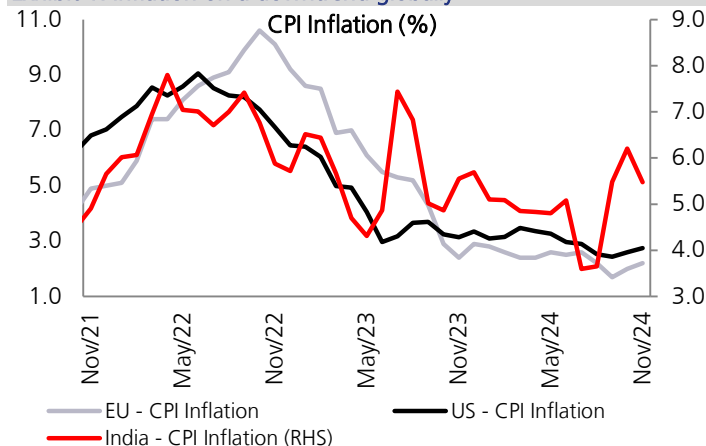
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Reactive monetary policy expected in 2025

We expect a reactive monetary policy in 2025, unlike in 2024 when central banks kept policies proactively restrictive to align inflation with their inflation targets. Specifically, in the US, the US Fed's reaction function would be in anticipation of the possible inflationary impact of Trump's likely tariff policies. Although the policy decisions of emerging market (EM) central banks will be primarily guided by their own (domestic) growth and inflation dynamics they will closely monitor the US Fed's rate action. The interest rate differential between US and EM economies and its impact on their respective currencies will also influence interest rate decisions in EMs. Overall, the uncertainty around US tariff policies will shape global dynamics in 2025.

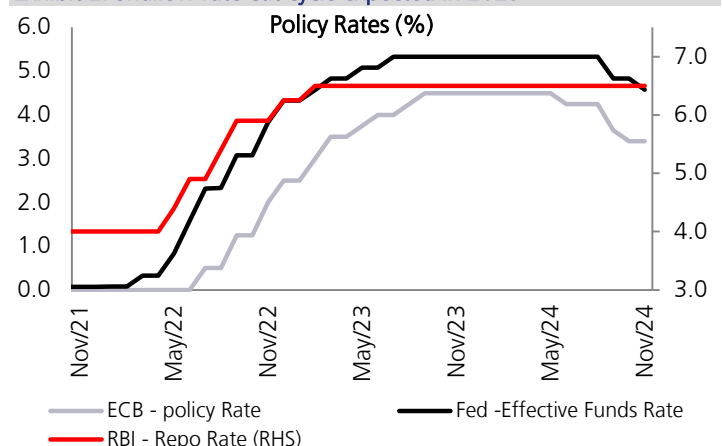
The last leg of the rate cycle commenced in developed economies as the trajectory of inflationary pressures moved lower in 2024, although headline inflation is yet to align with the central banks' targets. The Reserve Bank of India (RBI) has primarily acted through the liquidity route while keeping the policy rate unchanged and elevated at 6.5%. Decelerating growth and elevated inflation left no room for the RBI to ease policy rates in 2024, as it would have proved to be counterproductive. We expect increased noises around focusing on/targeting core inflation (ex-vegetables) on the RBI, however it is highly unlikely that the RBI would budge to these pressures. We expect RBI to maintain a cautious view in 2025 as well; however, although inflation is unlikely to align with its 4% target (decisively), we expect the first rate cut in 4QFY25 - prioritising growth over inflation. As a base case, we expect a shallow rate cut cycle (50-75bps) in 2025 both in US and in India. The futures market has reduced its rate cut expectations to just one rate cut (25bps) in 2025 (anticipating the inflationary impact of new tariffs), which we believe is unrealistic.

Exhibit 1. Inflation on a downtrend globally



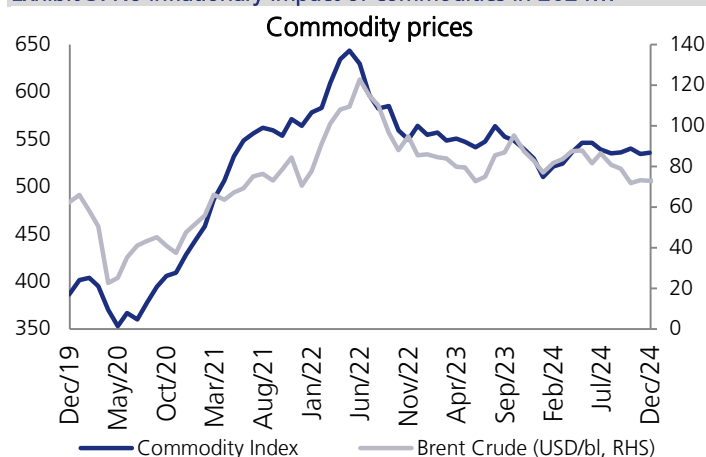
Source: Bloomberg, JM Financial

Exhibit 2. Shallow rate cut cycle expected in 2025



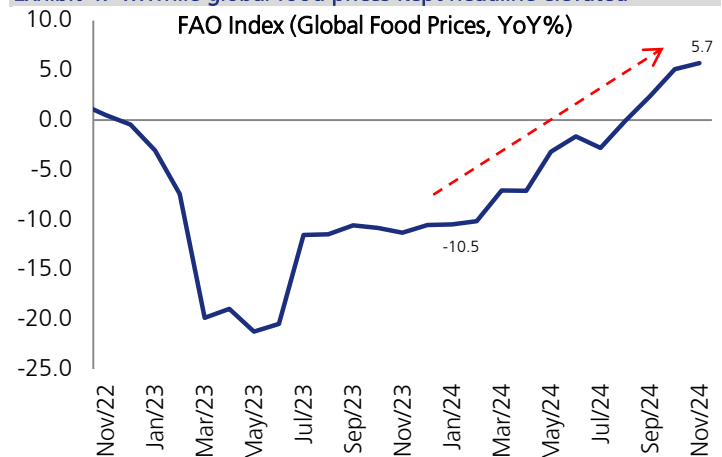
Source: Bloomberg, JM Financial

Exhibit 3. No inflationary impact of commodities in 2024...

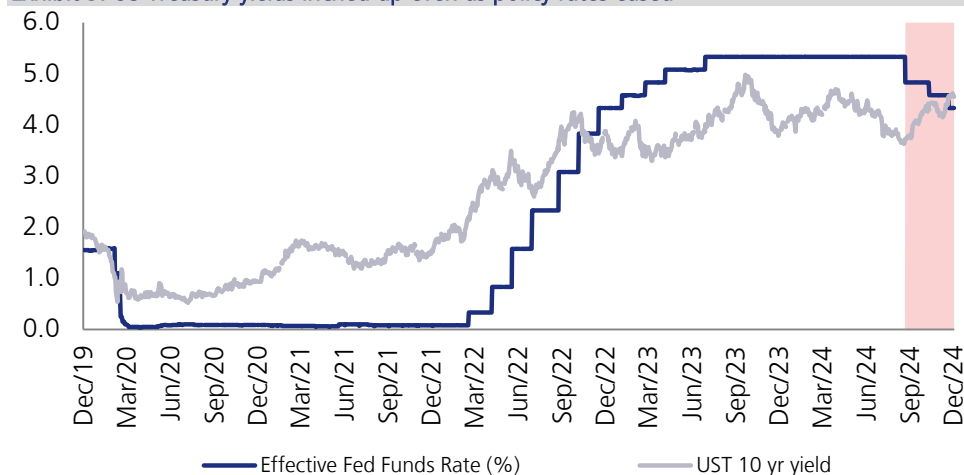


Source: Bloomberg, JM Financial

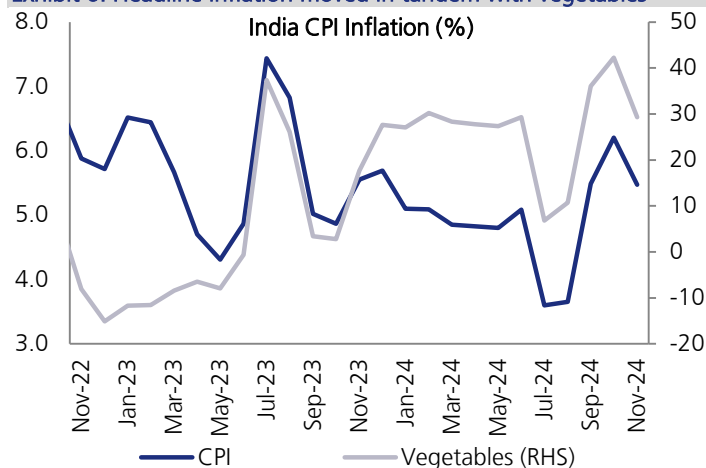
Exhibit 4. ...while global food prices kept headline elevated



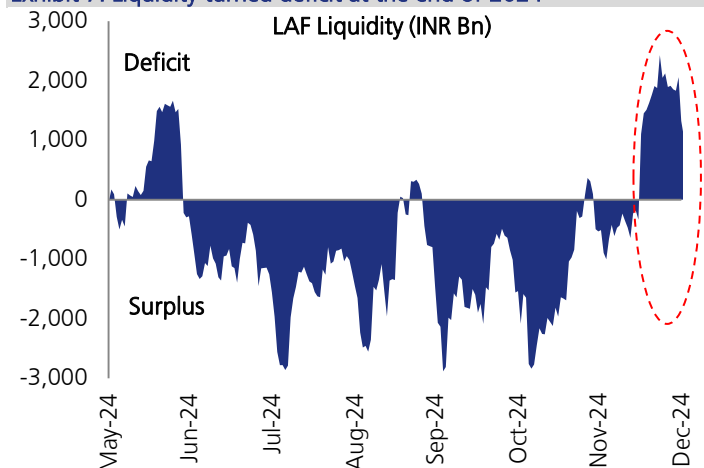
Source: FAO, JM Financial

Exhibit 5. US Treasury yields inched up even as policy rates eased

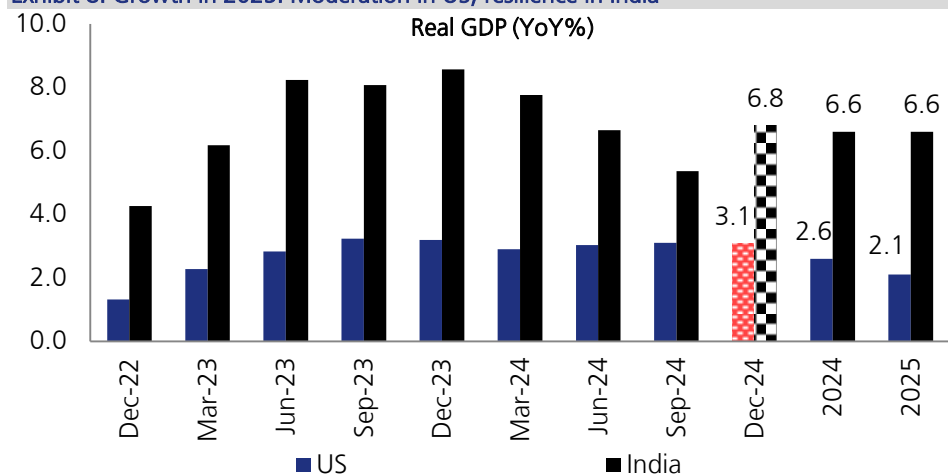
Source: Fred, JM Financial

Situation in India**Exhibit 6. Headline inflation moved in tandem with vegetables**

Source: MOSPI, JM Financial

Exhibit 7. Liquidity turned deficit at the end of 2024

Source: CMIE, JM Financial

Market expectations on growth**Exhibit 8. Growth in 2025: Moderation in US; resilience in India**

Source: CSO, US BEA, RBI, Fed Atlanta, JM Financial

Exhibit 9. Gradual deterioration in US labour market

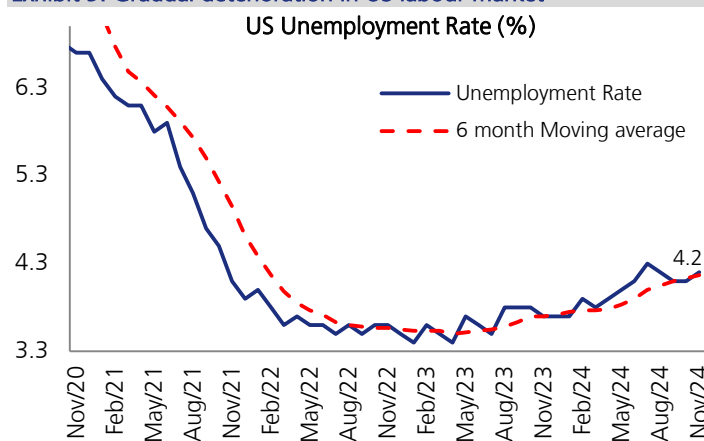
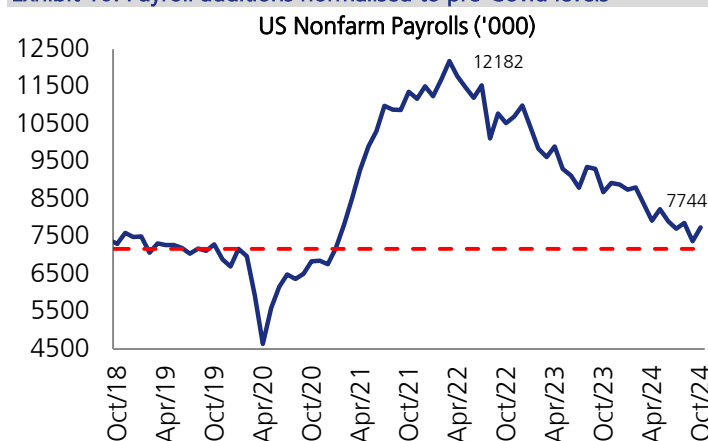


Exhibit 10. Payroll additions normalised to pre-Covid levels



Domestic growth story

Exhibit 11. Capex unlikely to meet the budgeted target in 2025

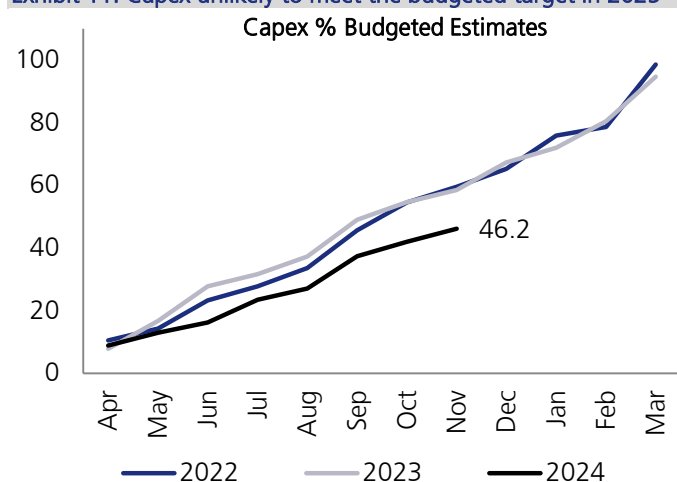


Exhibit 12. Credit growth deceleration led by regulatory action

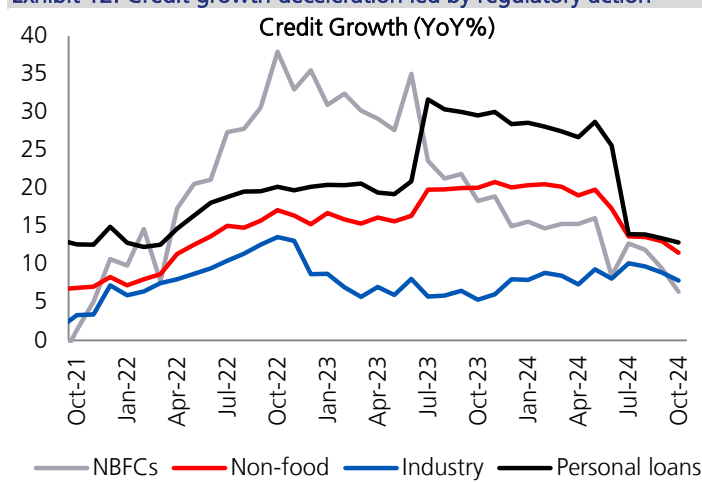
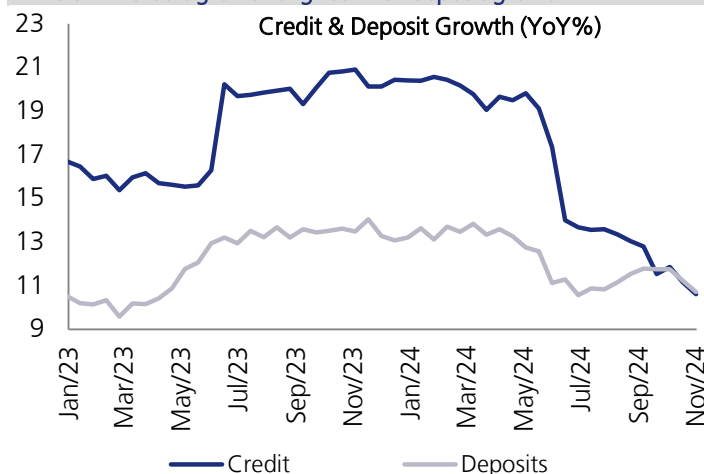


Exhibit 13. Credit growth aligned with deposit growth in 2024



While it is known that global growth and inflation dynamics are expected to be significantly impacted by Trump's likely tariff policies the actual impact will depend on the extent of their severity. Prima facie, we believe that it is highly likely that the tariff policies announced by Donald Trump in the run up to the US presidential elections may be his attempt at posturing to negotiate better deals (tariff) with key countries, and the actual scenario may turn out to be less stringent. In any case, we do not expect a status quo, so global trade practices will be impacted by the policies of the incoming US administration. We believe that as countries scramble to re-align themselves to the altered supply chain or trade practices, exports would be impacted the most. And considering the sluggishness in India's exports, merchandise trade deficit is expected to deteriorate further. It is very difficult to build a monetary policy scenario without knowing the actual shape and size of the tariff policies; hence, we have chalked out Bull, Base and Bear cases of likely monetary policy actions in different tariff environments.

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graph TD; subgraph Bear_Case [Bear Case]; B1[As announced (60% on China)] --> B2[High]; B2 --> B3[Restrictive (25bps cut)]; end; subgraph Base_Case [Base Case]; B4[Less Stringent (40% on China)] --> B5[High]; B5 --> B6[Less restrictive (50-75bps cut)]; end; subgraph Bull_Case [Bull Case]; B7[20% on China] --> B8[Moderate]; B8 --> B9[Easy (75-100bps cut)]; end; subgraph Policy_Impact [Policy Impact]; P1{US Tariff Policy}; P2{Inflationary Impact}; P3{Monetary Policy}; end; P1 --> B1; P1 --> B4; P1 --> B7; P2 --> B2; P2 --> B5; P2 --> B8; P3 --> B3; P3 --> B6; P3 --> B9;
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The flowchart illustrates the impact of US Tariff Policy on Monetary Policy under three scenarios: Bear Case, Base Case, and Bull Case. The scenarios are defined by the US Tariff Policy (60% on China, 40% on China, and 20% on China, respectively). The Inflationary Impact is High for the Bear and Base Cases, and Moderate for the Bull Case. The Monetary Policy response is Restrictive (25bps cut) for the Bear Case, Less restrictive (50-75bps cut) for the Base Case, and Easy (75-100bps cut) for the Bull Case.

Scenario	US Tariff Policy	Inflationary Impact	Monetary Policy
Bear Case	As announced (60% on China)	High	Restrictive (25bps cut)
Base Case	Less Stringent (40% on China)	High	Less restrictive (50-75bps cut)
Bull Case	20% on China	Moderate	Easy (75-100bps cut)

Source: JM Financial

FOMC Meet	300-325	325-350	350-375	375-400	400-425	425-450
Jan'25	0.0%	0.0%	0.0%	0.0%	9.6%	90.4%
Mar'25	0.0%	0.0%	0.0%	4.6%	48.4%	47.0%
May'25	0.0%	0.0%	1.0%	14.1%	48.1%	36.8%
Jun'25	0.0%	0.4%	5.7%	26.3%	44.0%	23.6%
Jul'25	0.1%	1.2%	9.1%	29.2%	40.7%	19.7%
Sep'25	0.3%	2.6%	12.6%	31.2%	37.0%	16.3%
Oct'25	0.5%	3.7%	14.6%	31.8%	34.8%	14.6%
Dec'25	0.9%	5.0%	16.6%	32.2%	32.4%	12.8%

Source: CME, JM Financial | 2nd Jan'25

Fiscal consolidation with continued focus on capex

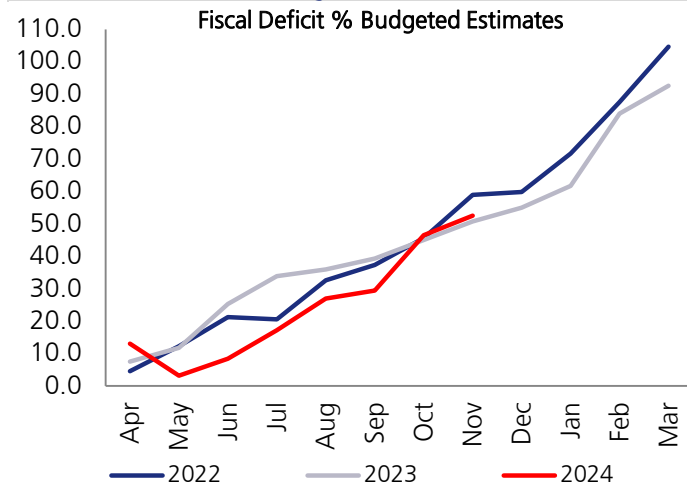
In 2024, the central government focussed primarily on meeting the fiscal consolidation targets. With appropriate course corrections, the thrust was on narrowing its fiscal deficit; capex turned out to be the casualty in the process. 2024 being the election year, the quality of spending deteriorated (in favour of revex) as cash transfer schemes by ~12 states were as high as 1.7% of GSDP in states like Haryana, while it was a manageable 0.2% of GSDP in the case of Telangana. The run rate of capex fell significantly to INR 640bn/month during Apr-Nov'24 or 46% of FY25BE and at the current run rate the Centre would fall short by ~30% of the FY25 Budgeted Estimates (BE).

However, post the election and after a sluggish 2Q, the government made an attempt to improve the pace of spending (media reports indicate that the government is contemplating relaxation of quarterly spending limits). Even if these corrective actions fructify, we believe that it would be realistic to expect a 10% shortfall in the Budgeted Estimates of INR 11.11trln in FY25.

The central government is expected to comfortably achieve its revenue collection targets for FY25, and the finance ministry has been vocal on this aspect. Revenue collection was 59.8% of FY25BE during Apr-Nov'24, as tax collections have been robust.

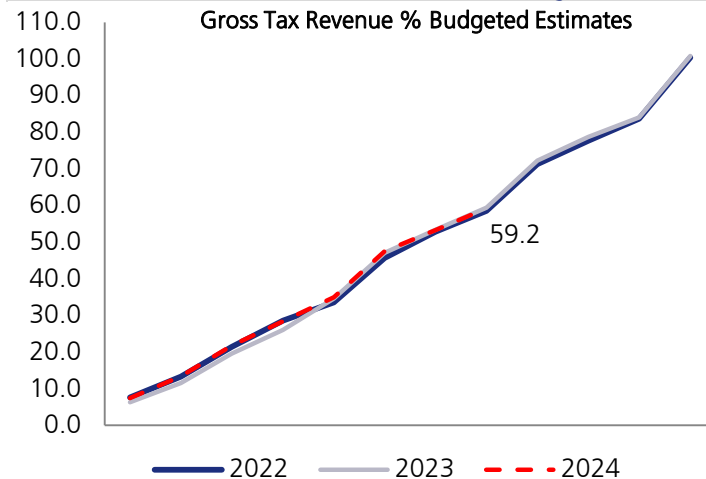
In FY26, we expect continued focus on capex, with significant allocation towards capex which would optically also look appealing (16-20%) from the revised estimates of 90% of FY25BE. The ministry wise breakup needs to be seen but we expect the lion's share to be concentrated in Railways, Defence and Roads (~63% in FY25). Overall, India's fiscal situation has been well managed, which should aid in keeping bond yields in check. It is evident that the sovereign yields eased ~40bps in the last 1 year, but they have bear flattened in the last 1 month, indicating a delay in the rate cut cycle. We are pencilling in yields to hover in the range of 6.5-6.8% during 2025. Going forward, the government's focus is likely to shift towards bringing down debt as % of GDP vs. the current focus on targeting fiscal deficit.

Exhibit 16. Fiscal deficit managed well



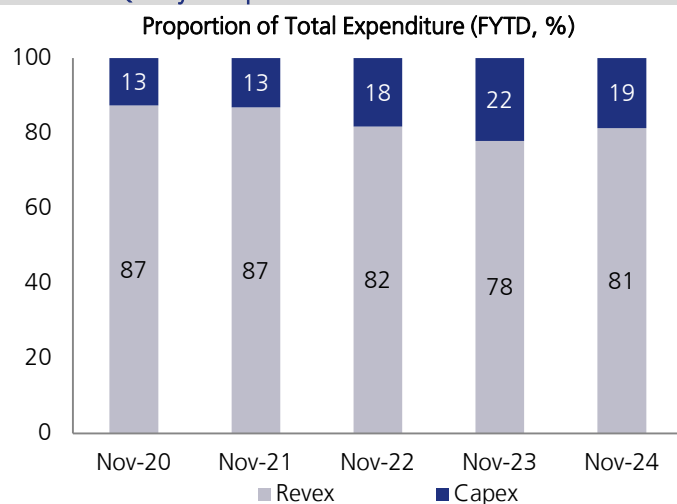
Source: CGA, JM Financial

Exhibit 17. Revenue collections to be in line with Budget estimates



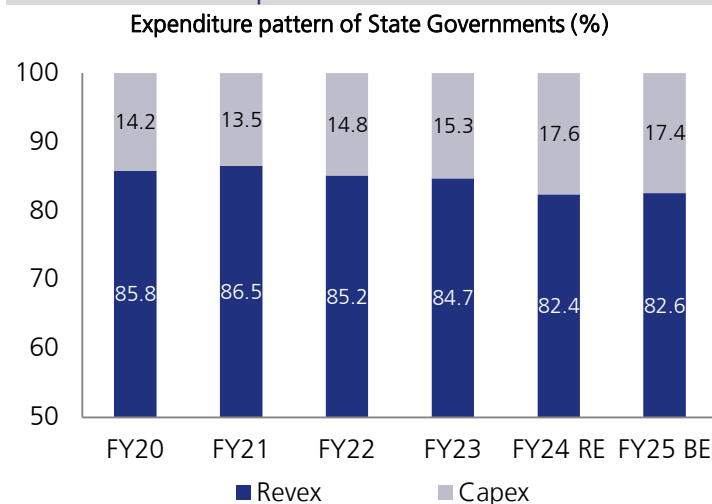
Source: CGA, JM Financial

Exhibit 18. Quality of expenditure deteriorated in FYTD25...



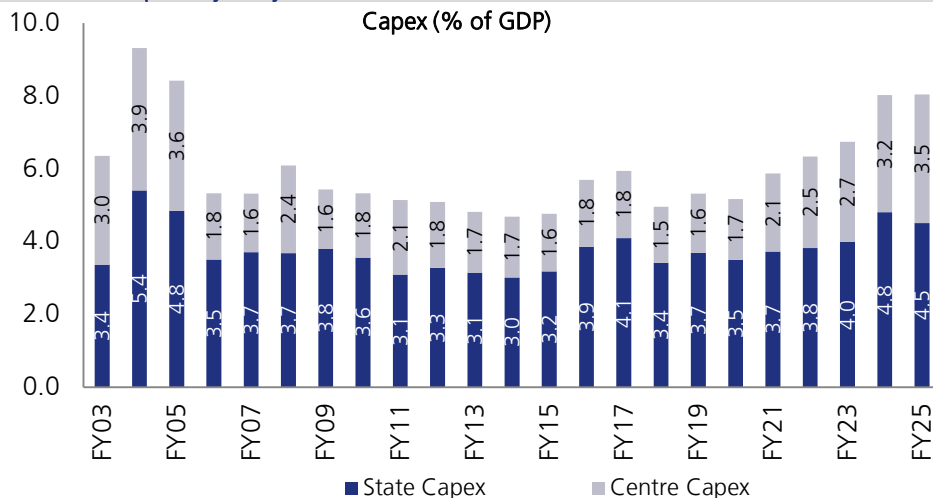
Source: CGA, JM Financial

Exhibit 19. ...while it improved in case of states



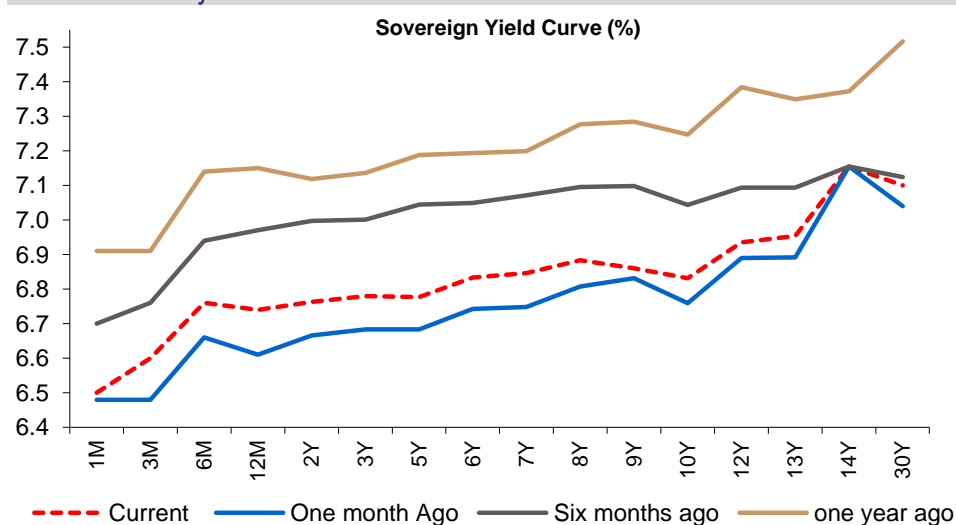
Source: RBI, JM Financial

Exhibit 20. Capex trajectory to be maintained in FY25



Source: CMIE, JM Financial

Exhibit 21. India's yield curve bear flattened in last 1 month



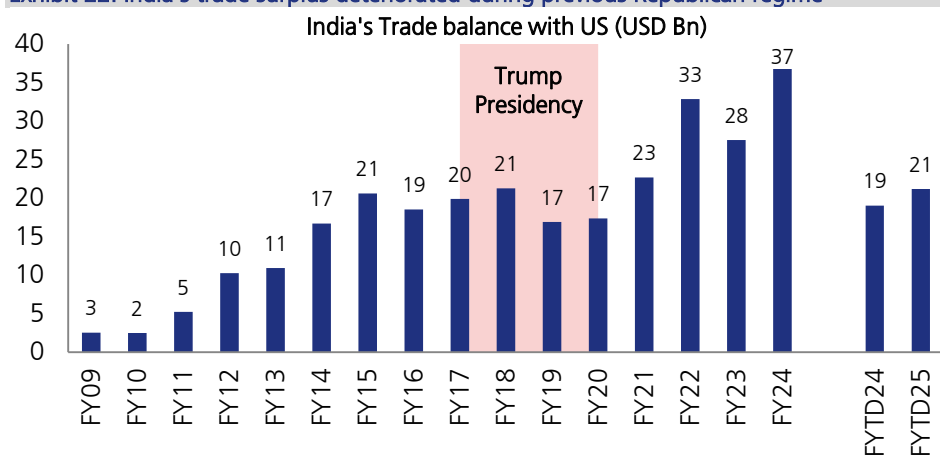
Source: Bloomberg, JM Financial

Widening trade deficit to be a major pain point

If the incoming US administration introduces stringent tariffs, it will alter the global supply chain and trade practices and countries are likely to look for the next large market for their goods. We believe that this re-alignment will impact exports more than imports. India's trade activity is already import-heavy; we expect continued weakness in exports in the near term till the uncertainty over US tariff policies clears.

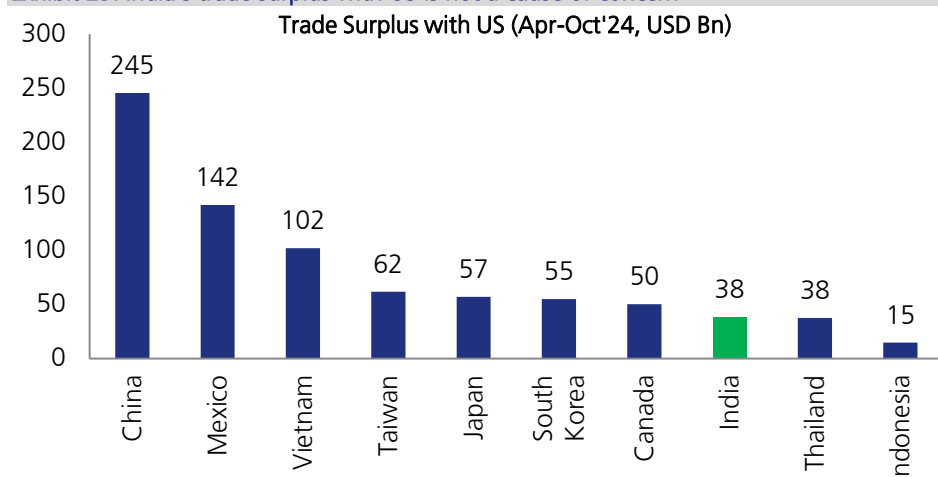
The recent deterioration in India's trade balance to USD 37bn in Nov'24 was led by both record high gold imports as well as sluggish exports (exports grew 2.2% YoY during Apr-Nov'24). As per our assessment, even if we normalise gold imports to USD ~4bn/month, the trade deficit will remain elevated at USD 27bn/month in Nov'24. Although Services surplus cushioned India's external balance, trade balance in electronics continued to deteriorate in FY25 as well (USD 42bn in FYTD25 vs. USD 40.6bn in FYTD24). We are building in an annual trade deficit of USD 285bn for FY25, which will stretch India's current account deficit (CAD) to 1.5-1.6% of GDP in FY25. This situation is unlikely to revert in the next fiscal. It needs to be seen how India's policies attract manufacturing opportunities away from China. Hence, CAD is expected to remain elevated (1.4-1.5%) in calendar year 2025.

Exhibit 22. India's trade surplus deteriorated during previous Republican regime



Source: Ministry of Commerce, JM Financial | FYTD = Apr-Oct

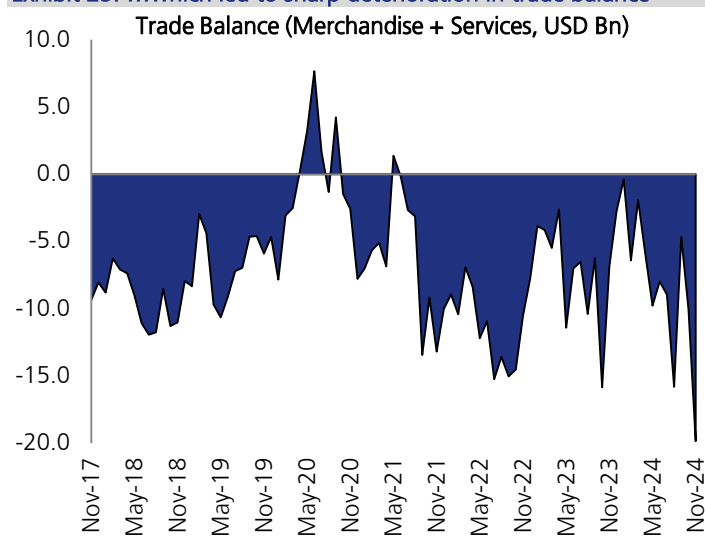
It is pertinent to note that India enjoys a trade surplus with the US to the tune of USD 3.3bn/month which is one tenth of USD 33bn/month surplus position with China. Hence, we believe that the new regime (in the US) will focus on China and countries with lower benefits (like India) would be less impacted. We highlight (in Ex 23) that during Apr-Oct'24 China (USD 245bn), Mexico (USD 142bn) and Vietnam (USD 102bn) enjoyed a much higher trade surplus with US vs. India with USD 38bn. Moreover, our assessment of India's trade balance during previous regimes in the US since FY09 reveals that India's trade surplus deteriorated during the past regime of Republicans (Ex 22) while it significantly improved during the Democrat regime (FY09-FY17).

Exhibit 23. India's trade surplus with US is not a cause of concern

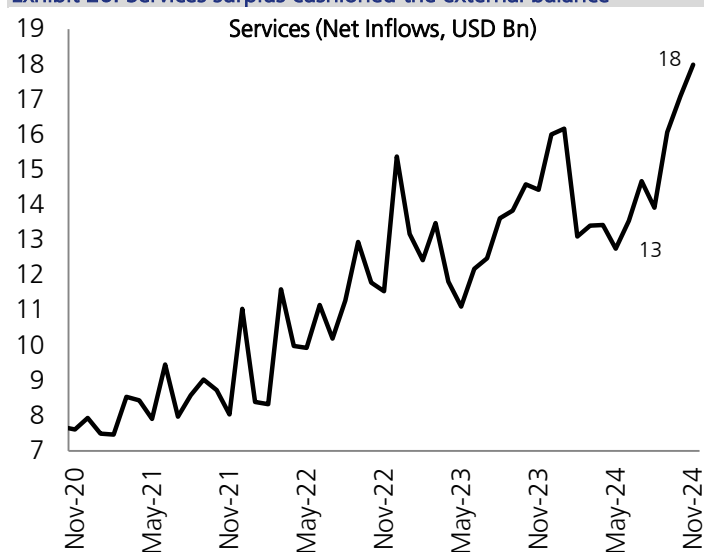
Source: US BEA, JM Financial

Exhibit 24. Imports picking up pace; exports sluggish...

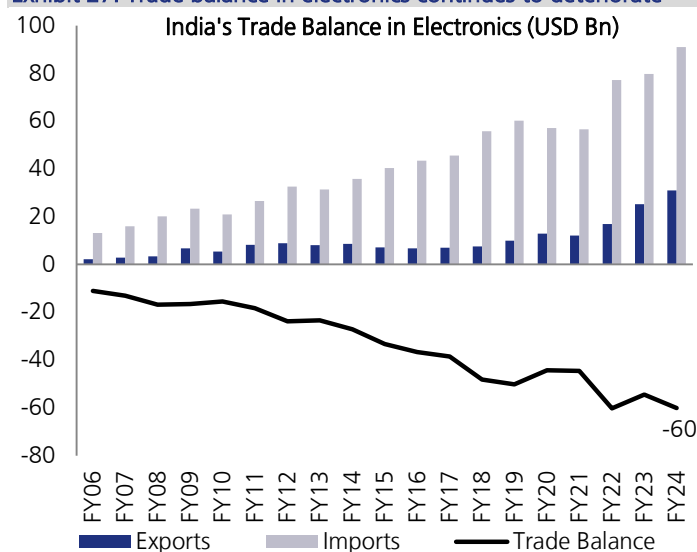
Source: Ministry of Commerce, JM Financial

Exhibit 25. ...which led to sharp deterioration in trade balance

Source: Ministry of Commerce, JM Financial

Exhibit 26. Services surplus cushioned the external balance

Source: CMIE, JM Financial

Exhibit 27. Trade balance in electronics continues to deteriorate

Source: Ministry of Commerce, JM Financial

Exhibit 28. We expect CAD to remain elevated in FY25 as well as in FY26

USD Bn	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Balance Of Payments	59.5	87.6	47.1	(6.6)	63.0	24.2	25.2
% GDP	2.1	3.3	1.5	(0.2)	1.8	0.6	0.6
Current account	(24.7)	23.9	(38.8)	(63.7)	(23.3)	(60.8)	(59.8)
CAD % GDP	(0.9)	0.9	(1.2)	(1.9)	(0.7)	(1.6)	(1.4)
Merchandise trade	(158)	(102)	(189)	(265)	(242)	(281)	(285)
Oil imports	131	83	162	209	180	190	185
Invisibles	133	126	151	201	219	220	225
Services	85	89	108	146	163	180	185
Transfers	75	73	80	101	106	90	90
Income	(27)	(36)	(37)	(46)	(50)	(50)	(50)
Capital account	83	63.7	85.9	57.1	86.3	85.0	85.0
% GDP	2.9	2.4	2.7	1.7	2.4	2.2	2.0
Foreign investment	44	80	22	23	54	52	53
Foreign direct investment	43	44	39	28	10	32	28
Portfolio investment	1	36	(17)	(5)	44	20	25
Loans	26	7	34	8	2	15	10
Banking capital	(5)	(21)	7	21	41	12	15
Other capital	18	(2)	24	5	(10)	6	7
Crude price (USD/bl)	60.9	44.7	80.0	93.4	82.5	79.3	80.0

Source: RBI, JM Financial estimates

Exhibit 29. Real GDP growth of 6.8% expected in FY25 and 6.7% in FY26

YoY%	FY21	FY22	FY23	FY24	FY25E	FY26E
Real GVA	(4.1)	9.4	6.7	7.2	6.3	6.4
Agriculture, Forestry and Fishing	4.0	4.6	4.7	1.4	2.8	2.9
Industry	(0.4)	12.2	2.1	9.5	6.0	6.2
Mining and Quarrying	(8.2)	6.3	1.9	7.1	4.9	4.5
Manufacturing	3.1	10.0	(2.2)	9.9	4.3	4.8
Electricity, Gas, Water & Other Utilities	(4.2)	10.3	9.4	7.5	7.5	7.3
Construction	(4.6)	19.9	9.4	9.9	9.2	8.7
Services	(8.4)	9.2	10.0	7.6	7.5	7.5
Trade, Hotels, Transport, Comm & Broadcasting	(19.9)	15.2	12.0	6.4	8.0	7.8
Financial, Real Estate & Professional Service	1.9	5.7	9.1	8.4	7.3	7.4
Public Administration, Defence & Other Services	(7.6)	7.5	8.9	7.8	7.1	7.0
Private sector GVA	(5.2)	10.8	6.7	8.3	6.9	7.0
Non-Agri GVA	(5.6)	10.3	7.1	8.3	7.0	7.0
Real GDP	(5.8)	9.7	7.0	8.2	6.8	6.7

Source: CSO, JM Financial estimates

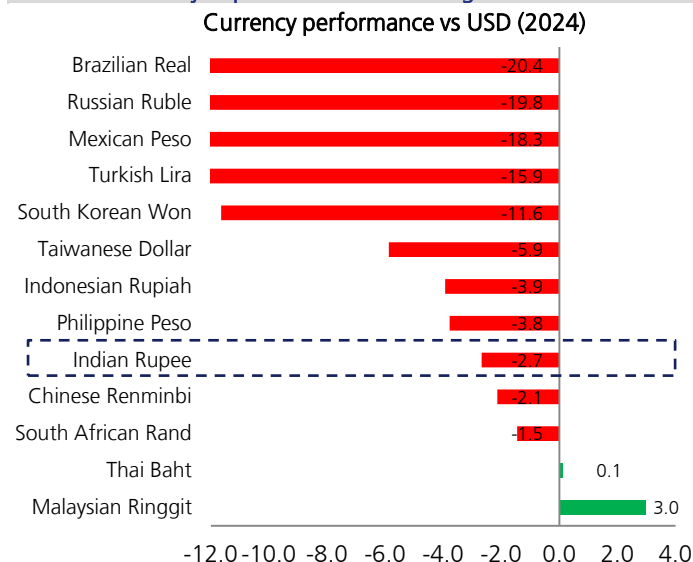
INR expected to hover around ~85.5-87.5/USD in 2025

RBI's tight leash on the INR seems to have loosened since November. Moreover, the strength in the USD has exerted pressure on EM currencies. Throughout 2024, the volatility in INR was orderly when compared to its Asian peers mainly on the back of the resilient fiscal situation and sufficient forex reserves. Although RBI indicated that the recent depletion in forex reserves to the tune of ~USD 47bn was mainly due to valuation losses in other currencies a section of the market is of the opinion that majority of this went into defending the INR. INR depreciated 2.7% in 2024, but on a Real Effective Exchange Rate (REER) basis, INR trades above 1 standard deviation from mean levels, which calls for further depreciation.

The way forward..

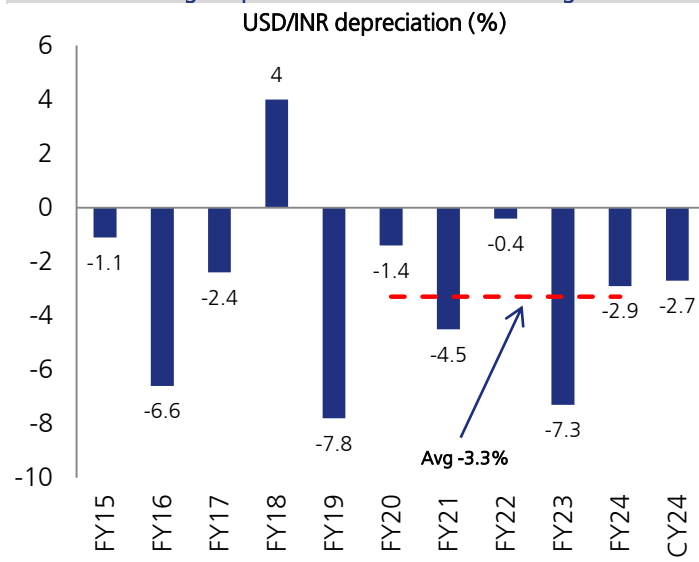
We believe that the strength in the USD is being fuelled by anticipation of pro-growth policies in the US. We expect further strengthening in the USD in the near term before it eases from these levels. On an annual basis, INR depreciated 3.3% on average during FY20-24, while in 2024 it depreciated 2.7%. The recent spike in INR post November hints at a change in currency management practices at the RBI, which leaves room for further depreciation in the INR. Hence, we see further depreciation in the INR to 85.5–87.5/USD in 2025, which is ~2.5%. More than the depreciation, the pace of depreciation will decide the impact on the economy.

Exhibit 30. Orderly depreciation in INR during 2024



Source: Bloomberg, JM Financial

Exhibit 31. Average depreciation of 3.3% in INR during FY20-24

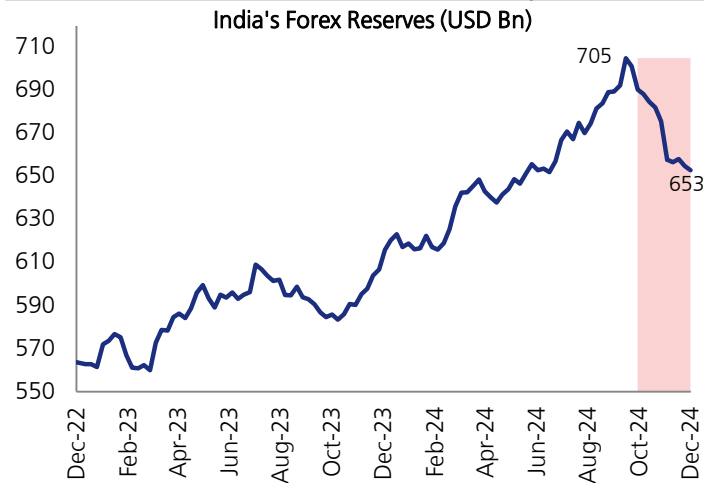


Source: JM Financial

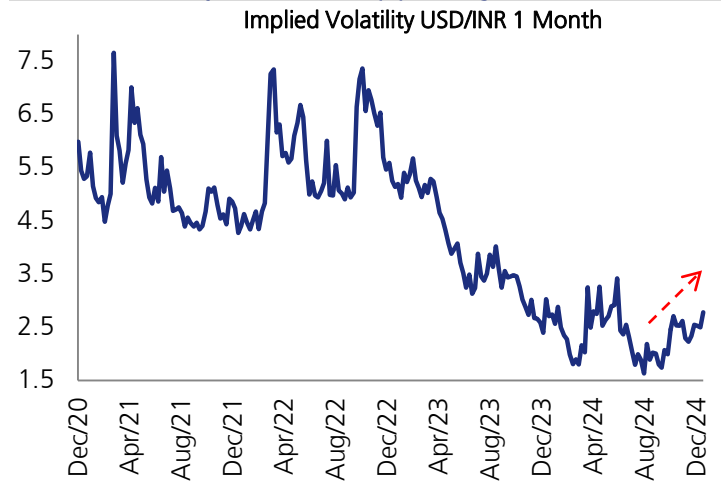
Exhibit 32. Sharp depreciation in Asian currencies vs. USD post Sep'24



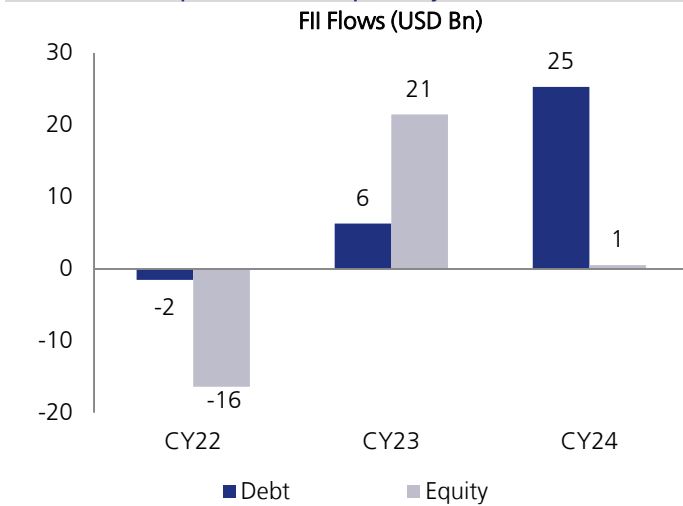
Source: Bloomberg, JM Financial

Exhibit 33. Forex reserves fell ~ USD 50Bn from its peak

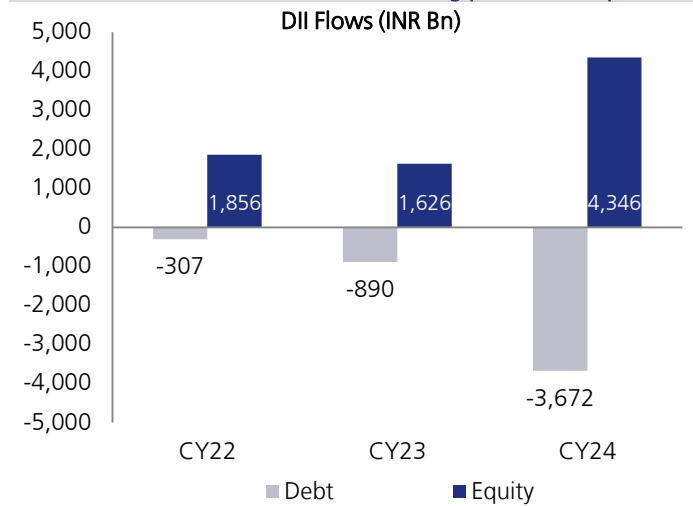
Source: CMIE, JM Financial

Exhibit 34. Volatility in INR inched up post Aug'24

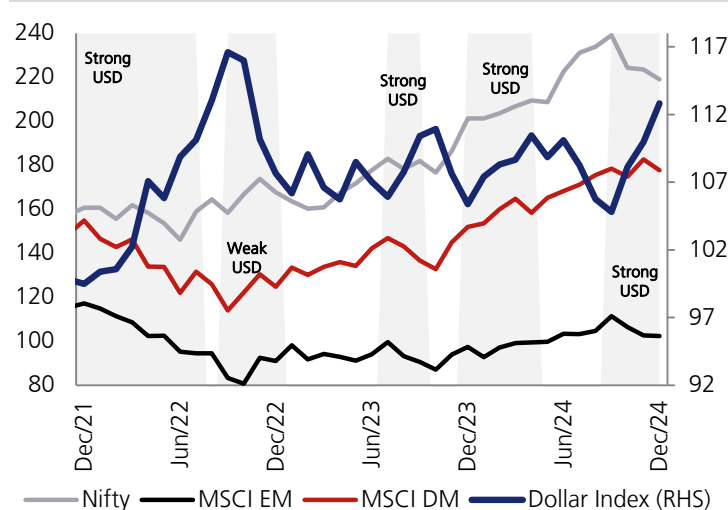
Source: Bloomberg, JM Financial

Exhibit 35. Debt preferred over equities by FIIs in 2024...

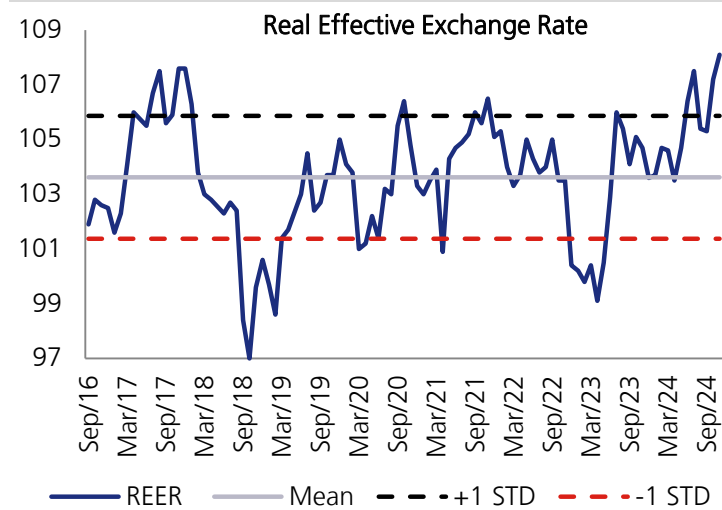
Source: CMIE, JM Financial

Exhibit 36. ...while DIIs absorbed the selling pressure in equities

Source: CMIE, JM Financial

Exhibit 37. Inverse relation of dollar index with EM risk assets

Source: Bloomberg, JM Financial

Exhibit 38. INR looks stretched on REER basis

Source: RBI, JM Financial | against 40 trading weight currencies

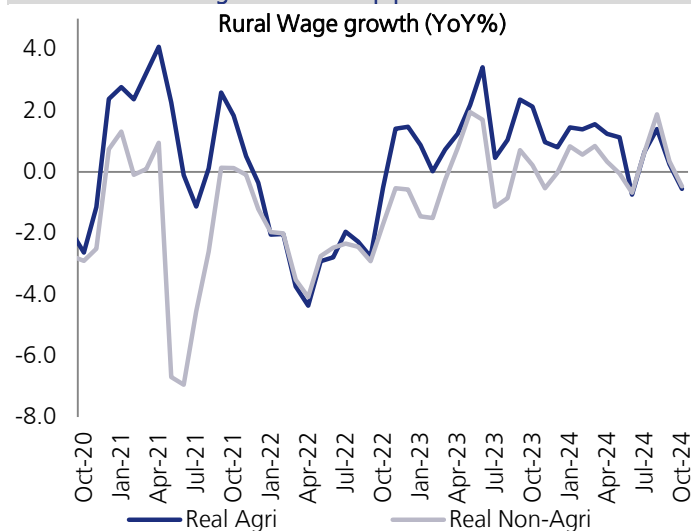
Muted consumption – income not keeping pace with inflation

Private consumption moderated in 2QFY25 (6%) after a notable pickup in 1Q (7.4%). Moreover, urban consumption seems to have stagnated in FY25. However, the demand environment is conducive for rural consumption with comfortable reservoir levels, healthy rabi sowing and the onset of La Nina conditions. But one of the main drivers of consumption, i.e., income has not been able to keep pace with inflation, which in a way is reflected in the muted demand environment. Market surveys, however, indicate a pickup in rural consumption while urban consumption lags.

We believe that income growth is the missing link that is preventing a decisive pickup in consumption demand in the economy. Rural non-agri wages have not seen a meaningful pickup in the last 2 years, which is concerning, considering non-agri activities employs ~60% of rural labour force. The finance ministry indicated recently that it is expecting a good kharif harvest, which, in turn, will bring down inflationary pressures and also increase disposable income in the hands of rural consumers. Market surveys indicate that rural consumption demand continues to outpace urban demand in past 3 quarters (Ex 41). However, it is pertinent to highlight that inflation is expected to ease gradually manner and is unlikely to align with RBI's 4% target in FY25 (4.8%). Core imports (non-oil, non-gold) grew at a meagre rate of 4% during Apr-Nov'24, which also indicates a muted domestic demand environment.

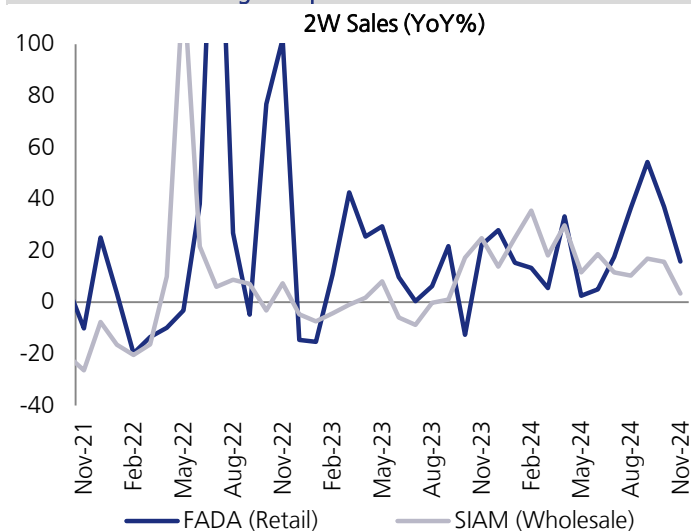
In 2025, income growth will be the only key monitorable for a decisive pickup in consumption. The government's massive capex push was intended to have a trickle-down effect in the economy, as RBI's own assessment assigns ~3x multiplier to capital spending. However, as of now, no meaningful signs are evident on the ground; on the contrary, the election-led sluggishness has reflected in lower capacity utilisation levels (74%) as well as the manufacturing PMI moderating to levels not seen in the last 12 months (56.4 in Dec'24). RBI, in its latest MPC meet, reduced its growth expectations by 60bps to 6.6% for FY25. We, however, are building in GDP growth of 6.7-6.8% for 2025, anticipating a pickup in economic activity as we come out of the election-led restrictions.

Exhibit 39. Rural wages did not keep pace with inflation

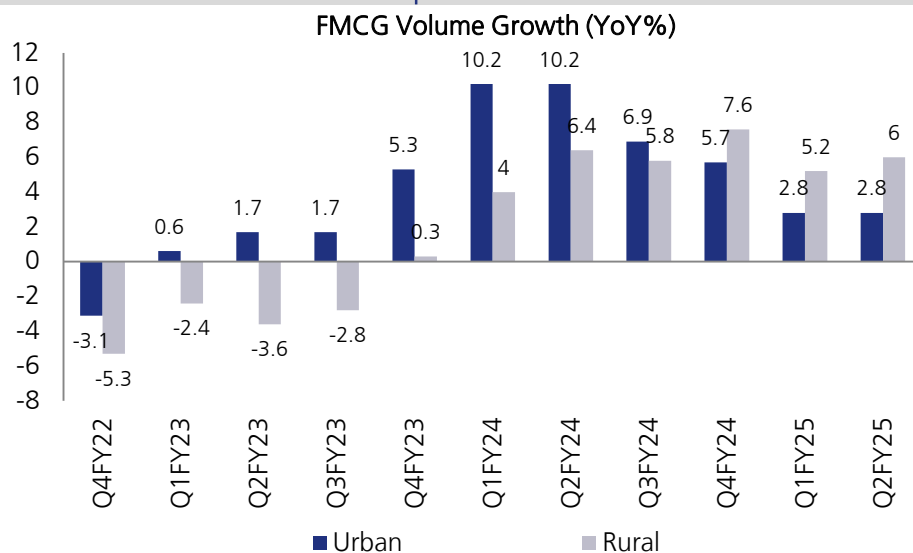


Source: CMIE, JM Financial

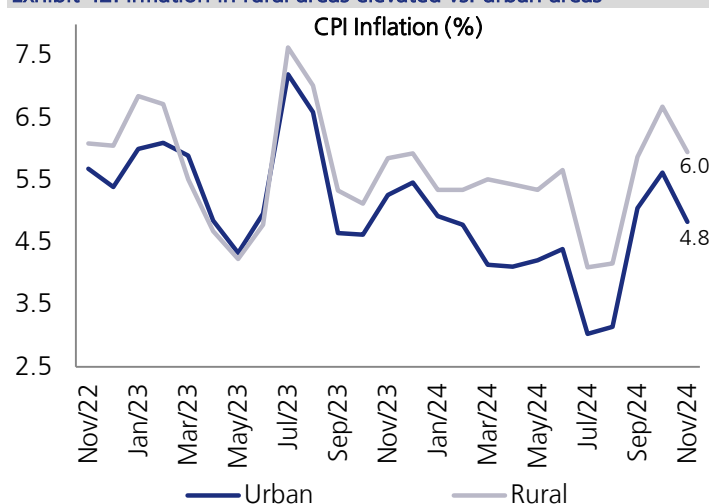
Exhibit 40. No meaningful improvement in 2W sales



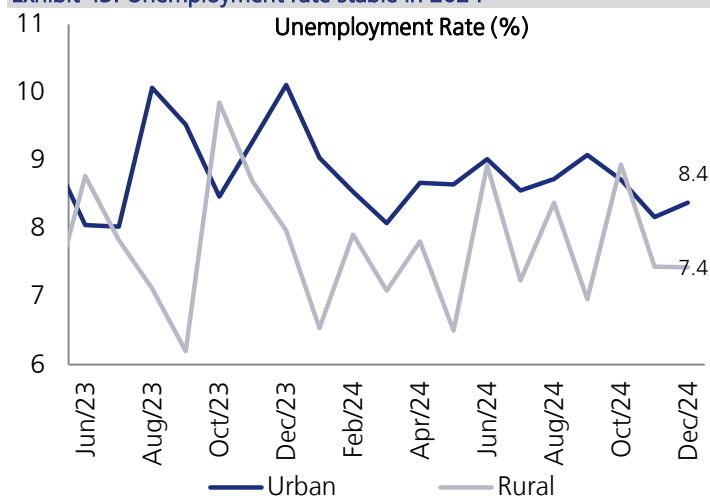
Source: JM Financial

Exhibit 41. Rural demand continue to outpace urban demand

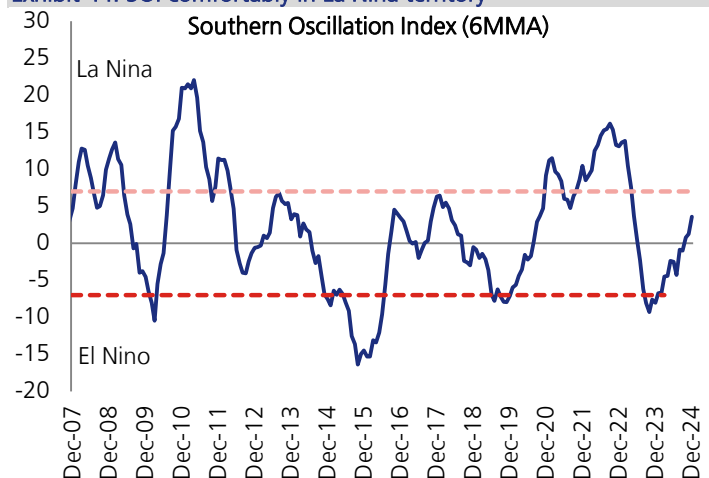
Source: Nielsen IQ, JM Financial

Exhibit 42. Inflation in rural areas elevated vs. urban areas

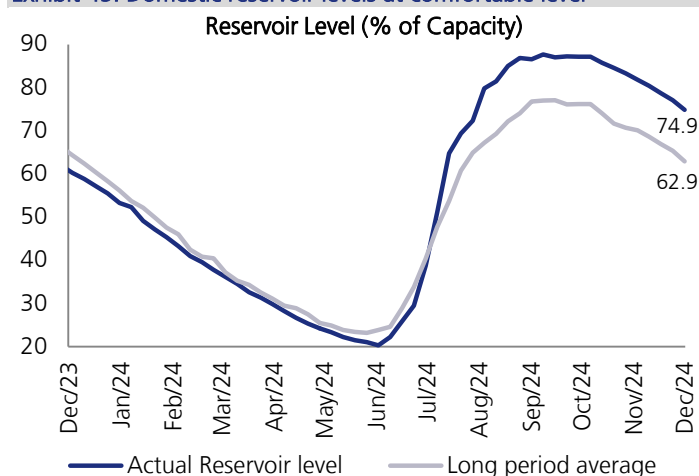
Source: CMIE, JM Financial

Exhibit 43. Unemployment rate stable in 2024

Source: CMIE, JM Financial

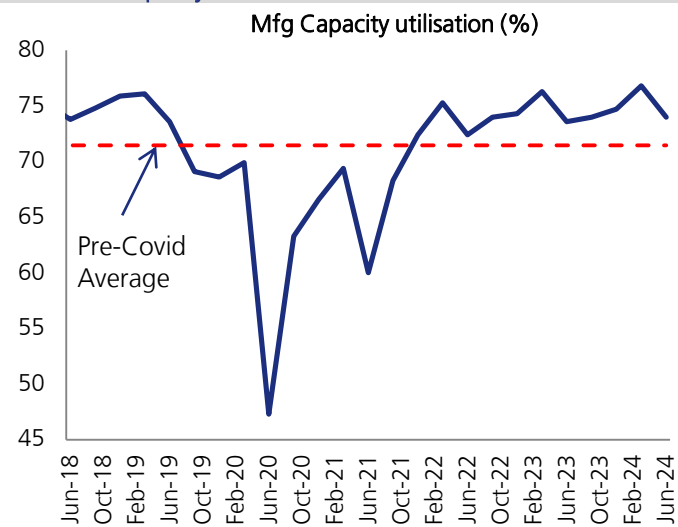
Exhibit 44. SOI comfortably in La Nina territory

Source: Australian BoM, JM Financial

Exhibit 45. Domestic reservoir levels at comfortable level

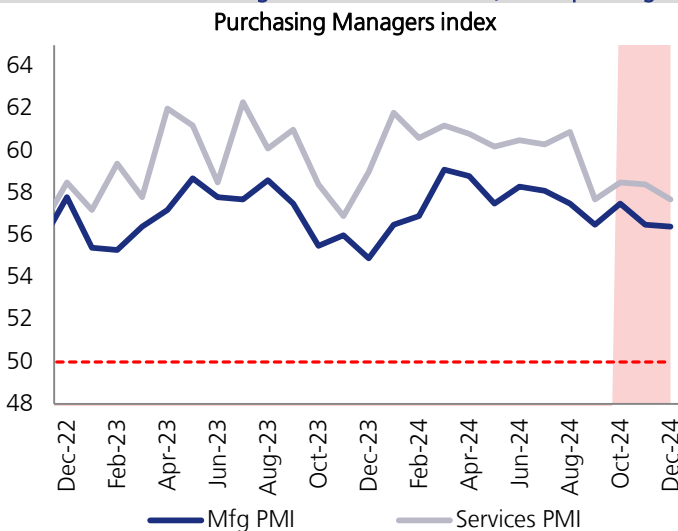
Source: CMIE, JM Financial

Exhibit 46. Capacity utilisation fell below 75% mark



Source: CMIE, JM Financial

Exhibit 47. Manufacturing PMI at 12 month low, but expanding



Source: CMIE, JM Financial

APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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