QUOTE OF THE MONTH

“The true investor welcomes volatility. A wildly fluctuating market means that irrationally low prices will periodically be attached to solid businesses.”– Warren Buffett

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MARKET WRAP-UPS: Equity, Debt and Global

FUND MANAGER TALK: Observation on Monetary Policy and Markets

BOOK SUMMARY: “The Little Book That Still Beats the Market” by Joel Greenblatt

FINANCIAL PLANNING: The Power of Prudent Financial Planning with Your First Salary

LIFESTYLE: Luxury Brands Gear Up for Festive Season in India

Guest Editor: Mr. Suyash Choudhary- Head Fixed Income, Bandhan AMC

Mr. Suyash Choudhary has over two decades of experience in Fixed Income. He has a strong track-record covering fixed-income research and fund management. His strength lies in his in-depth understanding of the macroeconomic environment, the ability to anticipate interest rate movements and the ability to identify attractive investment opportunities across market segments.

Prior to joining Bandhan AMC, Mr. Choudhary was associated with HSBC Asset Management (India) Pvt. Ltd as Head - Fund Management (Fixed Income) where he was responsible for investments of all fixed income funds. Before that, he was also associated with Bandhan AMC in its earlier avatar as Standard Chartered AMC as Fund Manager and with Deutsche Bank AG, where he was involved in treasury restructuring and credit and market risk modelling as part of DB Consulting Group, Asia Pacific.

Mr. Choudhary holds a Post Graduate Diploma in Management from the Indian Institute of Management, Calcutta and a Bachelor of Arts (Honors) degree in Economics from the University of Delhi.

Some Observations on Monetary Policy and Markets

As far as global monetary policy backdrop is concerned, the current year is different from the last in some obvious ways. The Fed moving first has proven not to be a barrier for other developed market central banks to start to cut policy rates, while policy normalization in Japan hasn’t caused large funds flow dislocations as was feared as a tail risk. Nevertheless, the Fed remains the dominant central bank in the global policy setting and it is thus important to continue to spill the requisite amount of ink in discussing US monetary policy dynamics. We do so below:

Distance To Target for Monetary Policy

The Fed has a dual mandate of inflation and employment, with the latter proxied with economic growth. The most notable aspect of change in backdrop for US monetary policy this year versus last is this: last year the distance to target for inflation was very large for the Fed, thereby making inflation the dominant variable in its reaction function. Of course, there was no trade-off as such since employment and growth were robust too. However, the sensitivity to any turn to policy was much more with respect to inflation rather than some variation in growth. We saw this in action with the famous Fed ‘pivot’ in December. This was done on the back of inflation momentum fading in the run up to December even as growth remained strong, and in fact stronger than many had expected. As we know, this had to be reversed as subsequent inflation momentum turned up again.

More lately, however, it is getting clearer that after an uncomfortable first quarter, inflation momentum is falling again. There is also more and more evidence now that the economy may be slowing, led by consumers in the economically more susceptible percentiles of the population. For this segment, the ‘excess’ savings buffers from large fiscal transfers earlier may have run out, participation in the asset market boom is limited if any, and interest rates are an expense item. Thus, in the current context, the Fed’s reaction function has turned back to responding more symmetrically to both parts of its mandate. This is an important change from last year, as tolerance to any slowdown in growth (any unexpected weakening in the labour market as per the Fed chair) may be far lesser than what it would have been last year. From a market standpoint, Fed rate expectations which have always been susceptible to turn on a dime, are even more prone to do so given the current context as described here. Thus, it is probably logical to keep the dot plots and such things at the back of one’s mind, without getting overly obsessed by them.

Long Term Neutral Policy Rate Another current point of debate, is whether and by how much the long-term neutral Fed funds rate has moved up. Most people agree that it has, the discussion is really on by how much. The most obvious reason to expect that long term neutral policy rate has moved up is that there appears to now be a permanent reset in US fiscal trajectory. The table below shows the long-term projection for US federal government fiscal deficit. The two notable observations here: 1> The new fiscal regime is here to stay 2> The medium-term projections have become markedly worse from a previous forecast from February 2024, likely incorporating some global spending commitments.

A policy setting dominated by fiscal dynamics will obviously argue for higher long term neutral rates even as the eventual ‘out’ from this dynamic is to implicitly accept higher average inflation and a weaker currency. The more interesting debate is the quantum of reset in long term neutral policy rates. Establishing this is mostly an academic exercise and one we are ill-equipped to do from the standpoint of requisite expertise. Our focus here is instead on the market debate. As per the dot plots from the June FOMC meeting, the long-term Fed funds rate is projected at 2.8%. Though this is up from 2.6% in its March projection, it is still much lower than market projection of the same. A proxy for market projection, as we understand it, is the 5-year swap rate 5 years from now. This currently stands at approximately 3.6%. Thus, the argument goes, there is a substantial catch up pending for the Fed on this item. Also, it substantially limits the scope for long term bond yields to fall meaningfully. Finally, if long term neutral rates are indeed as indicated by market pricing, then current policy rates, though restrictive, aren’t so much as is ordinarily thought of merely from the amount of rate hikes undertaken in this cycle.

We would make the following observations in this regard: As mentioned above, basis US fiscal dynamics, there is concrete reason to believe that the level of long-term policy rates has indeed moved up. However, we would make the same observation here as we made above with respect to near term expectations from Fed policy: things, even what we consider long term things, tend to move around relatively quickly. Thus, it is probably too soon to be too deterministic about where the debate on long term neutral rates will eventually settle. Even the Fed’s view on this keeps evolving as is seen in the change in FOMC projection

just between March and now. Similarly, as is shown below in the medium chart of 5-year swap rate 5 year forward, market expectation of the long term also keeps jumping around basis what it is experiencing today.

As can be seen, this rate has moved around a bit too much over short periods of time to glean long term signals from it. Suffice to say that if near term weakness in economic data continues, it is likely that this rate falls as well, and the eventual meeting point is probably somewhere between what the Fed and the market expects currently. This will still leave a lot of room for US long term bond yields to fall from where they are currently. A similar debate is ongoing in India as well, on what the appropriate long term neutral real policy rate is likely to be. Some of the external MPC members have suggested it is 1 – 1.5%. RBI's views on this are not fully known. While there is no market traded expectation for this in India, the general observations above should hold here as well with one difference: unlike the US, India hasn't had any reset higher in its fiscal trajectory. If anything, we have gained greater credibility on sustained compression. This factor should be kept in mind when evaluating relative real long term neutral rates as this debate progresses. At any rate, we expect this to be a shallow rate cut cycle for India of not more than 50 – 75 bps largely for the same reason but drawn intuitively: that India's current repo rate setting may not be very much higher than long term neutral.

India Market Observations
There are two specific points we dwell on with respect to our market:
1. The relentless pressure on front end rates owing to continued liability side pressure with banks and other lenders: If real deposit rates are reasonable (they are) and not incentivizing any exaggerated rise in currency in circulation (they aren't), then deposit growth rate should be directly impacted by pace of reserve money growth. As we have discussed before, in our reading RBI has been wanting more transmission of its accumulated tightening with the ultimate end objective of slowing credit growth, especially in certain segments. The incremental news on both transmission and credit growth momentum seems positive from this standpoint. Eventually as RBI turns neutral and then starts leaning more dovish overtime, it will probably be accompanied by a pick- up in pace of reserve money creation thereby alleviating some of the deposit pressure as well. While the guidance is that stance is related to current propensity on policy rates and has nothing to do with liquidity, in practice the one is related to the other since they impact financial conditions cumulatively which in turn impact inflation – growth dynamics.

2. The mildly bullish viewpoint on rates versus the more aggressively constructive one: As we approach the likely turn in the cycle, and alongside the step up in bond inflows on index inclusion, almost everyone is bullish bonds today. The debate really is on the extent of bullishness. The more moderate bullish view rests on the following arguments: 1) Limited room for rate cuts 2) A relatively flat yield curve thereby providing little incentive to be very long on duration. 3) US rates likely to be relatively higher for longer thereby putting a floor on India rates as well. On our part, we are in the more 'aggressively constructive' camp, deeming this to be a structural market for India fixed income: 1) Our view also is of limited rate cuts. However, the structural story can be visualized more directly as a very favourable demand versus supply equation for bonds, specifically government bonds. Thus, the scope of fall in bond yields is far more than that in the repo rate. 2) If our structural view is correct, then one should almost expect a flat yield curve. This can be visualized as follows: if more and more investors start to believe that 10-year bond,10 years from now will be at a substantially lower yield than the current 10 year yield, then they should be more than willing to buy a 20 year today at the same or even a lower yield than the 10 year. Put another way, rather than demanding more term premium for investing longer, one is wanting to neutralize future reinvestment risks by choosing to invest for longer even at zero (or maybe even negative) additional term spread. 3) US fiscal dominance will likely eventually lead to implicit tolerance for higher inflation and weaker currency, in our view. As we have observed before, there is a de-premiumization of US dollar assets already underway, most obviously reflected in narrowing yield differentials which are no longer an impediment to capital flows. Further, geopolitics is already driving sporadic de-dollarization. Combined these trends argue for a longer-term backdrop where investors will continue to flock to well managed large macro stories around the world like India. Overtime it should reflect in further narrowing of yield spreads between India and the US.

Equity Market Wrap-up

Indian Equity Market Overview

The domestic equity markets in June initially experienced volatility due to the unexpected outcome of the general elections. However, the markets quickly rebounded on optimism for political stability and continuity in policy. The gains continued as India's GDP growth exceeded expectations, reaching 7.8% in the fourth quarter of FY24. Market sentiment improved further when the Reserve Bank of India upgraded the GDP growth forecast for the domestic economy to 7.2% from 7.0% for FY25, despite maintaining the key policy repo rate unchanged.

Inflation Trends

- CPI Inflation: Eased to a 12-month low of 4.75% YoY in May 2024, down from 4.83% in April 2024, remaining within RBI's upper tolerance level for the ninth consecutive month.
- Food Price Inflation: Slightly decreased to 8.69% YoY in May 2024 from 8.70% in April 2024.

Industrial Production

- IIP Growth: Declined to 5.0% YoY in April 2024, compared to a 5.4% rise in March 2024.
- Sectoral Growth: Manufacturing increased by 3.9%, mining by 6.7%, and electricity by 10.2% in April 2024.

Wholesale Price Index

- WPI Inflation: Rose to a 15-month high of 2.61% YoY in May 2024, up from 1.26% in April 2024, due to higher prices of food articles, manufactured food products, crude petroleum & natural gas, and mineral oils.

GDP Growth

- Upward revision of GDP growth rate to 7.2% for FY25 supported market sentiment.
- Current Account Surplus: Sentiment boosted by a surplus of USD 5.7 billion in Q4 FY24, driven by a lower merchandise trade deficit.
- Currency Swap Agreements: Updated framework with SAARC countries for 2024-2027 to address short-term foreign exchange liquidity needs or balance of payments crises.

Key Market Dynamics

The equity market has undergone significant volatility with sector corrections following the election results. However, India is currently experiencing a mini-Goldilocks scenario, characterized by strong macroeconomic conditions, healthy corporate earnings, peaking interest rates, moderate inflation, and consistent policy momentum. This favorable environment is supported by the government's focus on macro-stability, which is expected to underpin a bull market in stocks. The government is prioritizing infrastructure spending, affordable housing, and reforms across various production sectors to boost manufacturing and address supply chain issues. Looking ahead, the market focus will shift to earnings delivery over the next 1-2 years, as the potential for valuation upsides is limited.

Positive Market Trends:

- **Broad Market Growth:** The NSE 500 is expected to deliver early teens earnings growth, with mid and small caps anticipating higher growth.
- **Immediate Market Triggers**: Key triggers include the budget announcement and Q1 FY25 earnings season.
- **Support for Lower-Income Categories:** Increased support for lower-income groups and the agricultural sector is anticipated, with a focus on capital expenditure for a positive economic outlook.
- **Strong US Economy:** A stronger-than-expected US economy, despite rising interest rates, serves as a positive global trigger.

Suggested Funds Strategy:

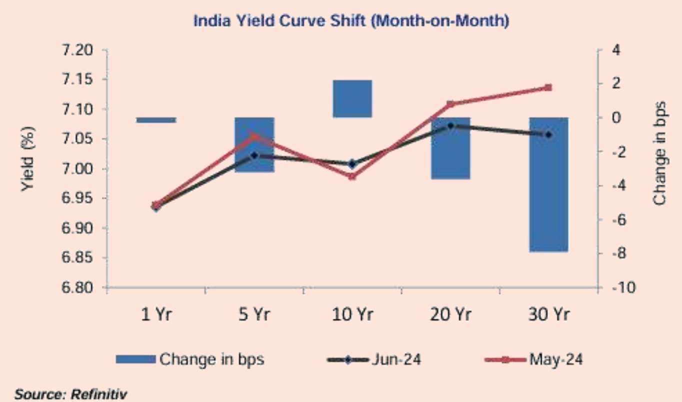
- Investment Strategy: Emphasize a large-cap bias, Flexi Cap, Multi-asset allocation and Balanced Advantage funds.
- Equity Allocation: Implement incremental equity investments using a staggered approach over a period of 3-6 months.
- Sectors benefiting from housing capex, Private capex beneficiaries, industrial companies with favorable valuations, and make in India proxies. The consumption sector also remains a positive area for investments.

Debt Market Wrap -up

Debt Market Overview

In the domestic debt market, bond yields increased as the election results fell short of market expectations. However, further losses were limited by a decline in U.S. Treasury yields during the month. Additionally, on June 28, 2024, domestic government bonds under the Fully Accessible Route were added to the JPMorgan Emerging Market Debt Index.

- In June, **U.S.** Treasury yields fell due to lower-than-expected May CPI, indicating subdued core services inflation.
- In **Japan**, the 10-year bond yield declined by 2 basis points to 1.06%. Market instability was driven by Prime Minister Kishida's declining approval and the Bank of Japan's decision to maintain its policy rate, contributing to a weaker yen nearing 34-year lows.
- **India's** 10-year sovereign bond yield edged up by 2 basis points to 7.01%, as government bond yields held steady ahead of anticipated inflows following their inclusion in JPMorgan's emerging market debt index.
- The **European** Central Bank (ECB) and Bank of Canada both cut rates, with the ECB reducing its rate by 0.25% to 3.75%, its first cut in nearly five years, pending further economic data. The Bank of England (BoE) kept rates unchanged at 5.25%.



Source: Refinitiv

Outlook

- **Macroeconomic Stability:** Continued FPI inflows post bond index inclusion and a shallow rate cut cycle are expected.
- **RBI Policy:** Likely to remain on pause due to strong growth conditions until there is clarity on food inflation risks.
- **Monsoon Impact:** Heatwave conditions pose near-term risks to food inflation, expected to subside as the monsoon progresses.
- **US Fed Rate Cuts:** Anticipated in the near term, with favorable US CPI numbers.
- **Range-Bound Yields:** Expected 10-year G-Sec benchmark to be in the range of 6.95%-7.05%, with a potential rally of 10-20 bps on the short end of the curve.

Liquidity and Interest Rates

Banking liquidity is anticipated to rise due to increased government spending, which will positively impact short-term bonds. The US Federal Reserve is expected to cut rates and adopt a dovish tone. However, uncertainties in crude prices and geopolitical risks could lead to an uptick in commodity prices. Favorable demand-supply dynamics and inflation conditions are expected to benefit current markets. The 10-year Government Securities (G-Secs) are projected to trade at around 6.75%.

Investment Opportunities and Strategies

- For Short term investment horizon investors can opt for ultra short term and low duration funds.
- While for long term investment investor can explore short term funds, banking & PSU funds, corporate bond and dynamic bond funds having roll down strategies.
- Explore high-coupon perpetual bonds from top-rated PSU banks, focusing on those with call options maturing in two to five years.

The overall outlook for the domestic bond markets remains positive, driven by government stability, supportive fundamentals, and favourable macroeconomic conditions. Investors are encouraged to consider funds that align with their investment horizons and risk appetites, keeping an eye on liquidity improvements and yield dynamics.

Global Market Wrap-up

Market Overview for June: Mixed Performance Amid Uncertainty

Global equity markets ended the month with mixed results amid uncertainty about the U.S. Federal Reserve's future monetary policy. U.S. markets rose on strong macroeconomic data, but optimism was tempered by fears of prolonged higher interest rates. European markets were pressured by political uncertainty and weak eurozone data, though losses were limited by a 25-bps rate cut from the Swiss National Bank and the Bank of England maintaining its policy rate. Asian markets mostly rose, driven by Japan's robust export growth and hopes that a slowing U.S. economy would prompt rate cuts. However, gains were capped as China's central bank left lending rates unchanged and weak industrial profit data dampened sentiment.

Equity Markets

- **Global Performance:** Developed market equities delivered positive total returns of 2.8% over the quarter. Larger companies drove these gains, while rate-sensitive small-cap stocks and REITs suffered due to the higher-for-longer interest rate environment.
- **US Market:** Companies exposed to artificial intelligence continued to outperform, with US tech companies leading the way. Global growth stocks were the top-performing asset class, delivering 6.4% over the quarter.
- **Europe:** Economic momentum remained positive, but services inflation stayed above central bank targets. European equities faced volatility due to the outcome of the European parliamentary election and a snap election in France, with the French equity market falling -6.4% in June.
- **Asia:** Moves by Chinese authorities to support the real estate sector boosted Chinese equity markets. Strong performance from the Taiwanese stock market, driven by AI exposure, helped Asia ex-Japan equities deliver strong returns of 7.3%.
- **Emerging Markets:** Emerging market equities outperformed developed markets, delivering quarterly returns of 5.1% despite lackluster performance in Latin America.

Fixed Income Markets

- **US Treasuries:** US Treasuries were the only major sovereign market to deliver positive returns (0.1%) over the quarter. The Federal Reserve struck a hawkish tone, removing most cuts from 2024 projections, yet soft US consumer data kept investor hopes for policy easing alive.
- **European Bonds:** The European Central Bank cut interest rates but emphasized that further policy normalization is data dependent. European government bonds delivered negative returns due to rising yields.
- **UK Gilts:** UK Gilts delivered negative returns (-1.1%) as the Bank of England kept rates unchanged despite signals it might cut in August, amid strong wage prints and forecasted inflation reacceleration.
- **High Yield Bonds:** European and US high yield bonds performed well, delivering returns of 1.5% and 1.1% respectively, supported by strong coupon payments and less sensitivity to higher sovereign yields.

Performance of Major International Markets (as on June 28,2024)

Indices	Country	1 Month (%)
United States		
Nasdaq 100	U. S	6.18
Nasdaq Composite	U. S	5.96
Asia Pacific		
SET Composite Index	Thailand	-3.32
Jakarta Composite	Indonesia	1.33
Straits Times Index	Singapore	-0.11
KOSPI Index	South Korea	6.12
Nikkei Stock Average 225	Japan	2.85
Taiwan SE Weighted Index	Taiwan	8.77
Shanghai Composite Index	China	-3.87
BSE Sensex	India	6.86
Europe		
FTSE 100	U.K.	-1.34
CAC 40	France	-6.42
DAX Index	Germany	-1.42

Economic Indicators

- **Inflation:** Sticky inflation remained a concern, particularly in services. Rates markets adjusted expectations for central bank cuts, anticipating fewer cuts than at the beginning of the year.
- **US Data:** After an initial pick-up in April, US economic data softened, coming in below consensus since early May. However, economic momentum remained generally positive
- **European Economic Conditions:** The effects of the cost-of-living shock continued to abate, supporting positive economic momentum.

Key Developments

- China: Policy support for the real estate sector provided a boost to Chinese equities.
- Tech Sector: AI-exposed companies continued to outperform, particularly in the US.
- Political Events: European parliamentary elections and a snap election in France introduced significant volatility.

Investment Outlook

- Equities: Despite some challenges, equity markets remained buoyant with high valuations among mega-cap tech names.
- Fixed Income: The medium-term outlook for fixed income remains attractive. While core fixed income faced challenges, resilient economic activity supported riskier segments, such as high yield bonds.

Overall, Q2 2024 built on the successes of the first quarter, with risk assets delivering positive returns. Despite some cracks in US consumer data towards the end of June, economic momentum remained robust. Multi-asset investors can be optimistic, as markets are confident that the next move for major developed market central banks will be to ease policy rather than tighten, enhancing the medium-term outlook for fixed income

Financial Planning

The Power of Prudent Financial Planning with Your First Salary

Receiving your first salary is more than just a paycheck; it symbolizes the start of your financial independence. Amidst the excitement, it's crucial to recognize the importance of financial planning from the very beginning. This is the perfect time to lay the foundation for a secure and prosperous future.

Retirement Planning: Start Today for a Better Tomorrow

Even if retirement feels far off, planning early is essential. The power of compounding is your best ally. For instance, investing Rs 5,000 monthly from age 25 to 60 at an 8% annual return can grow to around Rs 2.9 crore. Starting the same investment at 35 would yield only Rs 1.2 crore. By investing a portion of your first paycheck towards retirement, you leverage compounding to secure a comfortable future.

Risk Management and Insurance: Safeguarding Your Financial Future

Life's unpredictability necessitates insurance planning. Investing in life insurance early is wise, even if you are young, healthy, and single. Waiting until your 30s means higher premiums. Start with a term plan for affordable coverage and reassess your needs as you age. This ensures a financial safety net for your dependents in case anything happens to you.

Managing Debts: Key to Financial Freedom

Debts, especially high-interest ones, can be daunting. With rising education, car, and home loans, it's crucial to manage debts wisely. Focus on paying off high-interest debts first to avoid a debt spiral, allowing your financial goals to remain within reach.

Use a budgeting rule.

Managing your earnings effectively starts with preparing a budget, which is essential for understanding where every penny goes. One of the most popular and convenient budgeting strategies for beginners is the 50-30-20 rule. This rule divides your monthly earnings into three categories:

- 50% for needs: Essential expenses like housing, utilities, groceries, and transportation.
- 30% for wants: Non-essential expenses such as dining out, entertainment, and hobbies.
- 20% for savings: Allocating a portion for savings and investments to secure your financial future.

Investing: Sowing Seeds of Wealth

Investing is for everyone, not just financial experts. Starting early and diversifying investments harnesses the power of compounding and market growth. Investing Rs 1,000 monthly at a 12% annual return can grow to nearly Rs 40 lakh in 20 years. Small, consistent investments lead to substantial wealth over time.

Build an emergency fund.

Building an emergency fund is essential for staying debt-free and prepared for unexpected expenses like medical emergencies, home repairs, or car repairs. Without it, you might need to dip into your savings or borrow money. Aim to save at least 10 times your monthly income, or more, if necessary, to ensure financial stability during unforeseen events.

Seeking Professional Financial Guidance

While self-education is valuable, professional guidance enhances your financial journey. A financial advisor can help you navigate retirement planning, risk management, emergency funds, and investment strategies, aligning your financial decisions with long-term goals for a secure future.

As you receive your first paycheck, remember it holds the potential to shape a financially independent and secure future. Start planning now, and your future self will thank you for the solid foundation you build today.

Book Summary

“The Little Book That Still Beats the Market” by Joel Greenblatt

The Little Book That Still Beats the Market" by Joel Greenblatt offers a crash course in value investing, emphasizing practical strategies to outperform the market over the long term. Greenblatt introduces the "Magic Formula," which seeks to identify undervalued stocks based on two key metrics: earnings yield and return on capital.

Key Pointers :

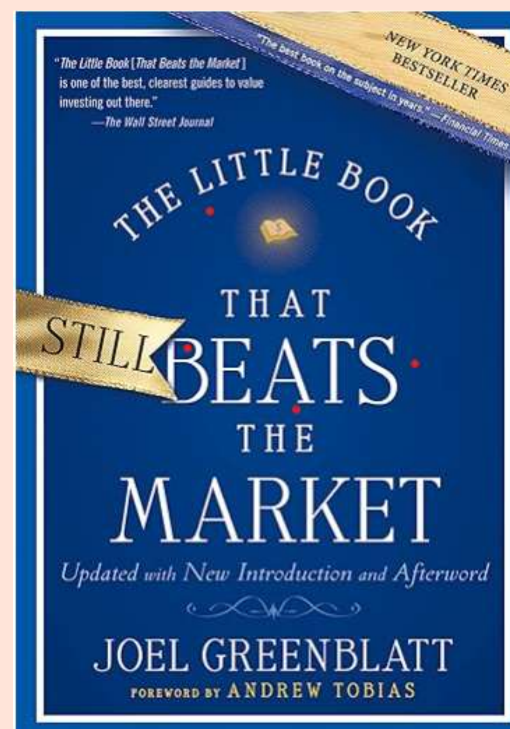
- **Investing Discipline:** Greenblatt stresses the importance of a disciplined, methodical approach to investing that makes sense to individual investors. Understanding and commitment are essential for sticking to a strategy that may not yield immediate results.

- **Market Opportunity:** He views the stock market as an opportunity to buy businesses below their intrinsic value or sell them at inflated prices. This perspective underscores the potential for profit through careful valuation and timing.

- **Risk and Return:** Greenblatt advises comparing potential investment returns against the risk-free rate, typically the 10-year Treasury yield. Investments should offer returns significantly higher than this benchmark to justify the risk.

- **Magic Formula:** The heart of Greenblatt's approach is the Magic Formula, which ranks stocks by combining their earnings yield (E/P ratio) and return on capital (ROIC). This dual-ranking system identifies high-quality businesses available at bargain prices.

- **Historical Performance:** Back testing from 1988 to 2004 showed that the Magic Formula significantly outperformed the broader market, averaging 30.8% annual returns compared to the market's 12.3%.



- **Implementation:** Investors can implement the Magic Formula by selecting a diversified portfolio of 20-30 top-ranked stocks based on the formula's criteria. Annual rebalancing helps maintain alignment with the strategy's principles.

- **Long-Term Perspective:** Success in investing comes from staying committed to sound principles over the long term, despite short-term market fluctuations and occasional underperformance periods.

- **Value vs. Price:** Greenblatt distinguishes between a stock's price and its underlying value. The goal is to purchase stocks at a significant discount to their intrinsic value, providing a margin of safety against potential losses.

- **Simplicity and Effectiveness:** Despite its simplicity, the Magic Formula requires discipline and patience to execute effectively. It focuses on fundamental metrics that historically drive superior returns.

Greenblatt concludes that understanding why and how a strategy works is crucial for maintaining confidence during inevitable market downturns. The Magic Formula, with its focus on quality and value, offers a systematic approach to achieving above-average returns over time.

In summary, "The Little Book That Still Beats the Market" provides a practical framework for individual investors to identify and invest in undervalued stocks using a straightforward yet effective strategy. By focusing on fundamental metrics and maintaining a long-term perspective, investors can potentially outperform the market while managing risks effectively. Overall, the book offers a practical guide to value investing through a disciplined and systematic approach. It encourages investors to focus on fundamental metrics and long-term performance rather than short-term market fluctuations.

Lifestyle

Luxury Brands Gear Up for Festive Season in India

As the festive season nears, luxury brands are launching new stores across India, signaling a recovery after a slowdown caused by summer heat and elections. Notable names like Aquazzura, Diptyque, Baccarat, and Golden Goose are set to open in Delhi.

In Mumbai, Tudor, a Rolex sister brand, will open its first mono-brand store by year-end. Amiri will debut with a popup in Delhi, and Bengaluru’s Mall of Asia will welcome a new Hublot boutique by August.
Pushpa Bector, senior executive director at DLF Retail, reported increased market vibrancy since June. DLF Emporio’s May luxury shopping festival generated ₹30 crore, mainly from fashion and jewelry sales.

DLF Emporio will also introduce a new ready-to-wear zone for young designers. The Chanakya mall will feature a flagship Rolex store and a dozen new brands by November, including Diptyque and Golden Goose, along with a second store for Läderach chocolates.

This season, 'home and gifting' will emerge as a new luxury category. Bector noted a growing trend of millennials and Gen Z exploring luxury via digital media, reflecting rising disposable incomes.
Despite declining walk-ins, online shopping is booming, and strong client relationships have mitigated the reliance on physical visits. Leather goods have fared better than clothing during the slowdown.

ABFRL, managing 40 stores for brands like The Collective and Ralph Lauren, plans to add five more stores. In 2025, Galeries Lafayette will open in Mumbai and Delhi. India's luxury market is expanding with the rising affluent population, expected to grow from 60 million in 2023 to 100 million by 2027, per Goldman Sachs. Post-pandemic, global brands are targeting India, supported by luxury malls like Reliance’s Jio mall. With rising disposable incomes and more affluent consumers, India’s luxury market is set for significant growth this festive season.

The luxury watch sector faces challenges from currency fluctuations and lower traffic during elections. Ashok Goel of Luxury Time Pvt. Ltd. noted a 15-20% drop in pre-election traffic. However, the sector is preparing for growth with new store launches, including a Hublot store in Bengaluru this August.

***Sources** : Investing.com, NSE, JP Morgan Commentary, Mint, ICRA, Reuters, RBI, ET, MFI explorer, Motilal Oswal, Business Standard, Money Control*

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