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QUOTE OF THE MONTH

“Quality is never an accident; it is always the result of intelligent efforts.”– John Ruskin

InvesTek Times

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MONTHLY BUSINESS EDITION VOLUME: 6 September 2024

Guest Editor: Mr. Amit Ganatra, Head of Equities - Invesco AMC

Amit Ganatra has over 21 years' experience in equity research and currently serves as Director & Head of Equities at Invesco, where he is responsible for providing leadership to the equity investment function. In his last assignment, Amit was working with HDFC Asset Management Company Ltd., as Senior Fund Manager.

Prior to joining HDFC AMC, Amit has worked with Invesco for almost 11 years managing key investment strategies, DBS Cholamandalam Mutual Fund & Fidelity covering banking, property, and construction sectors.

Amit holds a Commerce degree and is a Chartered Accountant. He is also a Chartered Financial Analyst from AIMR.

Equity Market Outlook

Indian markets fell sharply at the beginning of the month after a weaker-than-expected US employment data, a sell-off in Japan and geopolitical tensions in the Middle East but stabilized towards the end with Nifty-50 Index gaining 1%. Mid and Small cap indices were up 0.5% and 0.9% respectively. Sectoral indices ended on a mixed note with healthcare (+7%), consumer durables (+4%) and IT (+4%) were the major gainers, whereas PSU (-4%), realty (-4%) and capital goods (-3%) were the major losers. Globally, Brazil, Indonesia and the Philippines gained 6.5%, 6% and 4%. South Korea, Shanghai and Mexico declined 3.5%, 3% and 2%. Other key developments:

- Bank of Japan said that the central bank would not hike interest rates when markets are unstable,
- The India government proposed that indexation benefits will be restored for immovable property bought before July 23, 2024,
- The RBI maintained status quo on interest rates for the ninth consecutive time,
- The Supreme Court allowed states to levy tax and royalty on minerals, apart from central duties, and collect past dues,
- The Federal Reserve Chair's comments reinforced expectations of a rate cut in September,
- Real GDP growth in 1QFY25 eased to 6.7% compared to 7.8% in 4QFY24,
- Fitch affirmed India’s rating at 'BBB-' with a stable outlook and
- FPIs bought US$ 0.9bn of Indian equities in the secondary market, whereas DIIs bought US$5.8 bn.

Q1FY25 earnings season: The effect of elections, heatwave and stable commodity prices was visible in earnings in the latest earnings season. 1QFY25 results of BSE-500 companies show that revenue growth has moderated at 8% YoY on aggregate and 9% YoY ex-OMCs. EBITDA of non-financial companies of this universe increased a modest 1% YoY (16% YoY ex-OMCs), while PAT increased 3% YoY (11% YoY ex-OMCs).

High-frequency data for August recorded growth in sequential terms after declining for three consecutive months, while it grew at a slightly slower pace on a YoY basis. GST collection growth remained largely steady at 10% YoY; credit growth (adjusted for HDFC merger) slowed to 13.6% YoY in Aug. Within auto sales, while two-wheelers rose at a faster pace, passenger vehicles declined at a softer rate on a YoY basis in Aug. While manufacturing PMI softened to 57.5 (58.1 in July), Services PMI rose to a 5-month high of 60.9, remaining above 60 in CYTD24 on the back of expanding business activity and new orders. Air passenger traffic moderated in YoY terms but improved on a sequential basis. Consumer sentiment improved sequentially.

As such, within consumption, we see rural demand picking up as indicated by 1) rural FMCG volumes outpacing urban, as reported by Nielsen; 2) improvement in two-wheeler sales; 3) favourable monsoon trends (8% above long period average) and kharif sowing (up 1.9% YoY), 4) moderating inflation; and 5) anecdotal commentary from large FMCG firms. In addition, recovery in private capex is likely to gain strength as seen from 1) improving investment intentions, 2) rising investment announcements across sectors such as semi con, air conditioners, power, 3) increasing order books – and is thus likely to support the robust trend in public and household capex.

Indian markets continue to respond well to ongoing strength in macro-conditions. In recent weeks, the brightening prospect of a cut in interest rates globally and perhaps in India & weakening oil prices have further added shine to the markets. Recent correction in commodity prices is heartening and takes away some of the risk to corporate earnings, however this is an area that needs careful monitoring. Upcoming state elections, the outcome of the US elections and any other geo-political event remain key variables that can induce volatility in the market as they can have implications for global growth and domestic economic policies. While we take a sanguine view of the domestic economic cycle, we acknowledge that the market cycle is quite ahead of the economic cycle. The steady upward march of the market therefore poses risk of possible sharp pullbacks. This may lead to market returns compressing as we walk into the remainder of this calendar year.

Notwithstanding such short-term aberrations, we find India’s current aggregate positioning in the global economic cycle very attractive and remain convinced of a strong domestic investment and consumption opportunity unfolding over the next few years. This will provide adequate compounding investment opportunities for investors. Intermittent corrections, particularly those caused by global factors should be used to enhance overall return outcomes.

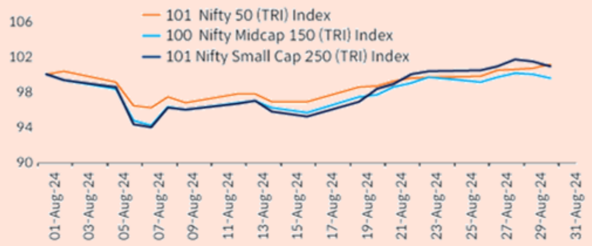
Equity Market Wrap-up

Indian Equity Market Overview

In August 2024, Nifty and BSE Sensex saw marginal gains compared to July after a sharp drop at the start of the month. Midcap and small cap indices performed similarly to large caps. Initial market volatility was triggered by concerns over the Bank of Japan potentially hiking rates, which could disrupt the Yen carry trade. However, markets stabilized after the Bank of Japan reassured it wouldn't raise rates during volatile conditions. Domestic markets were supported by steady economic growth, DII buying, and corporate profitability, while sector performance was mixed. Pharma and IT outperformed, while Autos saw some profit booking. Globally, Brazil, Indonesia, and the Philippines rose, while South Korea and China saw declines.

Key Market Dynamics: The equity market has remained resilient through various global uncertainties, supported by strong domestic fundamentals and steady inflows from foreign and domestic investors. India's economic growth prospects remain robust, driven by fiscal consolidation, corporate balance sheet strength, and a broad-based recovery across sectors.

Index Movement Last Month



Fiscal Consolidation & Budget Focus:

- The FY25 budget focused on reducing the fiscal deficit to 4.9%, aiming for 4.5% by FY26. Capex allocations, especially in roads, renewable energy, and PMAY, signal the government's commitment to infrastructure development despite the consolidation phase.
- Higher taxes on equity investments, particularly the harmonization of long-term capital gains tax, could affect FPI flows, but the GIFT city route provides opportunities for tax-efficient investments.

Capex Cycle Momentum:

- Centre and state capex spending remains at 6.1% of GDP, and provisions for infrastructure development continue to grow. Increased allocations to PLI schemes and reduced GST collections for some sectors offer positive signs for long-term growth.
- While defence spending has seen limited growth, strategic areas such as aircraft acquisitions have gained focus.

Global Market Influences:

- Global uncertainties, including US elections, the Russia-Ukraine war, and China's economic slowdown, have a direct impact on market sentiment. A weaker USD and lower crude prices, combined with FPI inflows, create favourable conditions for India.
- The U.S. Fed's expected rate cuts and easing bond yields are likely to bolster investor confidence in emerging markets like India.

Domestic Economic Strength:

- India's Q1FY25 GDP growth stood at 6.7% YoY, driven by private consumption and capital formation. Despite inflationary concerns, GST collections remained robust, and real estate sector dynamics saw positive changes due to the removal of inflation indexation.
- Banks and NBFCs maintained asset quality, though private banks reported a slight moderation in business growth.

Sectoral Performance Outlook:

- IT and pharma sectors outperformed, with rising demand from international markets driving growth. Autos witnessed some profit booking, while capital goods and healthcare sectors showed notable strength.
- Real estate, driven by urban consumption and favourable tax changes, is expected to continue its upward trajectory, with premium properties maintaining investment appeal.

Market Sentiment:

Taxation Impact on Equities: The budget's tax revisions on capital gains impact premium real estate and equity investments, particularly for foreign investors. However, domestic mutual fund inflows are expected to rise as investors explore tax-efficient alternatives like the GIFT city platform.

FPI and DII Flow Trends: Consistent FPI inflows are strengthening India’s market, supported by the weakening Chinese economy and favourable macroeconomic conditions in India. Domestic inflows into mutual funds remain robust, providing stability to market dynamics.

Volatility: Domestic and global macroeconomic data, geopolitics, crude oil prices and global yields to drive the volatility index going ahead

Valuations & Sector Outlook: The market is trading at higher valuations, with midcap and small cap indices showing outperformance. Large-cap valuations are 10% above the 10-year average, while Mid and small-cap valuations are 20%-40% higher than historical averages. Growth rates in certain sectors may taper off, continued earnings momentum across high-growth companies is expected to sustain market resilience.

Investment Strategy:

- Markets are at all time high, focus on high-growth opportunities, emphasize a large-cap bias, Flexi Cap, Multi-asset allocation and Balanced Advantage funds in portfolio, for small-cap stocks, a longer-term horizon is advisable.
- Thematic funds, especially those targeting consumption recovery and BFSI sectors, offer attractive opportunities given the improving macroeconomic environment.
- **Equity Allocation:** Implement incremental equity investments using a staggered approach over a period of 3-6 months.

India’s equity markets continue to demonstrate strong fundamentals and growth potential despite global headwinds. With fiscal consolidation on track, infrastructure development, and favourable taxation shifts, investors should remain confident in the long-term outlook for sustained growth across sectors.

Debt Market Wrap -up

G-sec yields continued to decline, with the 10Y G-sec yield ending August at 6.86%, down 7 bps. Long-end yields fell more than short-end, flattening the yield curve, driven by expectations of higher High Quality Liquid Asset (HQLA) requirements following an RBI draft circular. Strong FPI buying supported the trend, along with factors like falling US yields, lower oil prices, stable domestic core CPI, RBI's status quo policy, and Fitch's affirmation of India's BBB-/Stable rating. Meanwhile, 10-year corporate bond spreads over G-sec widened compared to the previous month.

Global Macros

Country	GDP Growth	Interest Rate	Inflation Rate	Unemployment Rate	Debt/GDP Ratio
United States	3.0%	5.5%	2.9%	4.3%	122.3
United Kingdom	0.6%	5.0%	2.2%	4.2%	97.6
Russia	-0.8%	18.0%	9.1%	2.4%	14.9
Mexico	0.2%	10.8%	5.6%	2.8%	49.4
Japan	0.8%	0.3%	2.8%	2.7%	263.9
Italy	0.2%	4.3%	1.1%	6.5%	137.3
India	1.9%	6.5%	3.5%	9.2%	86.5
Germany	-0.1%	4.3%	1.9%	6.0%	63.6
France	0.2%	4.3%	1.9%	7.3%	110.6
Euro Area	0.3%	4.3%	2.2%	6.4%	88.6
China	0.7%	3.4%	0.5%	5.2%	83.6
Canada	0.5%	4.5%	2.5%	6.4%	107.0
Brazil	1.4%	10.5%	4.5%	6.8%	74.4

United States

- **Jackson Hole Symposium**: In August 2024, Federal Reserve Chair Jerome Powell reaffirmed the Fed's focus on controlling inflation while fostering economic growth. Despite inflation moderating to 2.9% in July 2024, it remains above the 2% target. Powell suggested a possible rate cut at the next FOMC meeting, contingent on economic data.

Key Indicators:

- US Real GDP grew 3% in Q2 2024, up from 1.4% in Q1, driven by consumer spending and private investments.
- Job openings fell to 7.67 million in July, the lowest since January 2021.
- US Manufacturing PMI dropped to 47.9 in August, indicating weaker demand, while Services PMI improved slightly to 55.2.

United Kingdom

- **Monetary Policy:** The Bank of England reduced interest rates by 25 bps to 5% in August. The central bank remains cautious about further easing until inflation stabilizes.
- **Economic Growth:** The UK economy grew by 0.6% in Q2 2024, supported by the services sector. Inflation edged up to 2.2% in July, higher than the 2% seen in June.

Eurozone

- **Inflation:** The Eurozone's annual inflation rate eased to 2.2% in August, down from 2.6% in July. The unemployment rate hit a record low of 6.4%.
- **Economic Growth:** The labor market continued to improve with youth unemployment dropping to 14.2%.

Japan

- **Growth & Inflation:** Japan's GDP grew 0.8% in Q2 2024, driven by strong private consumption. Core inflation reached 2.7%, a five-month high, raising speculation of further rate hikes by the Bank of Japan.

China

- **Industrial Production:** China's industrial production rose by 5.1% YoY in August but missed expectations. The People's Bank of China kept lending rates steady and introduced a medium-term lending facility to support recovery amid economic fragility.
- **Oil Prices:** Declining demand from both OECD and non-OECD countries, especially China, could push oil prices below the $70 support level.

India

- **Economic Growth:** India's GDP grew by 6.7% in Q1 FY25, a slowdown from 7.8% in Q4 FY24. Election-related disruptions impacted government spending, though the economy showed resilience despite high interest rates.
- **Inflation**: Consumer inflation dropped to 3.54% in July 2024, largely driven by a decline in food prices. Manufacturing PMI fell to 57.5 in August, while Services PMI reached a five-month high of 60.9.
- **Yield Movements:** Indian bond yields may decline further, driven by strong global investment flows, particularly due to JP Morgan index inclusion. Inflation could ease due to a favourable monsoon, while RBI is expected to cut rates in H2 FY25.
- **Favourable Factors:** Core CPI remains stable, and India's external sector continues to benefit from strong services exports and falling oil prices. S&P's upgrade of India's outlook to positive enhances the chance of a rating upgrade.

10 Yea G-Sec Yield

Country	Aug-24	10 Year Average
India	6.86%	7.03%
US	3.90%	2.42%
China	2.17%	3.08%
Japan	0.89%	0.19%
Euro Area	2.30%	0.60%
United Kingdom	4.02%	1.74%

Investment Opportunities and Strategies

- Investors investing for the short term can consider liquid, ultra short and money market funds given the view at shorter end of the curve.
- While for long term investment investor can explore short term funds, banking & PSU funds, corporate bond and dynamic bond funds having roll down strategies.
- Long duration funds look attractive at the current juncture.
- Explore high-coupon perpetual bonds from top-rated PSU banks, focusing on those with call options maturing in two to five years.

Overall yields are likely to trade with a downward bias and the long end of the yield curve is likely to outperform over the medium term. Thus, as highlighted in past, investors with a relatively longer investment horizon, could continue to increase allocation to longer duration funds in line with individual risk appetite. Further, while yield curve has steepened slightly, in view of elevated short-term rates along with expectations of rate cuts in H2FY25, one may also consider investment in short or medium duration categories of debt funds.

Global Market Wrap-up

August Market Overview: Equity Rebounds and Fixed Income Resilience Amid Global Volatility

August was an eventful month for investors. Any hopes of a late summer lull were quickly dashed at the beginning of month after the publication of disappointing US economic data, together with an interest rate hike by the Bank of Japan, sparked a sharp sell-off across global equity markets. However, by month end, the market had rebounded as investors began to price in more aggressive policy easing by the Federal Reserve (Fed).

Equity Market

- **US**: Despite volatility early in the month driven by disappointing economic data, US equity markets rebounded strongly in the latter half, fueled by expectations of Fed rate cuts. The S&P 500 outperformed, delivering 2.4% gains, with growth outside the tech sector broadening the market's resilience. The Nasdaq saw a brief sell-off but recovered with the promise of a favorable interest rate environment.

- **Europe:** Europe underperformed the US, returning 1.4%. While the Olympics boosted France's service sector, cyclical companies underwhelmed with weak earnings. The outlook remains cautious amidst softer economic activity in the eurozone.

- **Asia & Emerging Markets:** Asia ex-Japan and Emerging Markets fared better than Western counterparts, delivering returns of 2% and 1.8%, respectively. Weaker US dollar trends and expectations of global monetary easing helped buoy these markets.

- **Japan:** The TOPIX Index dropped sharply, falling by 12% on August 5th, its biggest one-day drop since 1987, largely driven by the unwinding of carry trades after the Bank of Japan's surprise rate hike.

Fixed Income:

- **US Treasuries:** Fixed income investors had a favorable month, with US Treasuries delivering +1.3% returns. Market expectations for more aggressive Fed rate cuts supported this performance.

- **Global Bonds:** The Bloomberg Global Aggregate Index gained 2.4%, as declining yields and weaker inflation data in major economies boosted bond market sentiment. High-quality, investment-grade bonds were the best performers in the fixed income sector.

- **Emerging Market Debt:** Emerging market bonds returned 2.3%, benefiting from a weaker dollar. The volatility in developed markets pushed investors to seek returns in this sector.

- **European Bonds:** European sovereign bonds also gained but lagged behind US Treasuries as the market priced in more muted rate cut expectations from the European Central Bank.

Investment Outlook for September 2024

Equity Markets:

Outlook: Global equities are expected to remain buoyant, supported by potential Fed rate cuts and a stable earnings outlook. Defensive and quality stocks in sectors such as healthcare and consumer staples are attractive in a slowing growth environment.
Strategy: Focus on diversified exposure across US, Europe, and emerging markets with an emphasis on US dollar-hedged strategies to mitigate currency risks from a potentially weaker dollar. Consider sectors benefiting from resilient earnings and lower interest rates.

Fixed Income Markets:

Outlook: The bond market is positioned for further gains if central banks, particularly the Fed, move towards more aggressive rate cuts. High-quality bonds, especially in investment-grade corporates and US Treasuries, present attractive opportunities for portfolio stability.
Strategy: Extend out of cash and lock in yields in high-quality bonds to enhance resilience. Emerging market debt and US investment-grade bonds offer solid returns potential with added protection from currency fluctuations.

Commodities:

Outlook: Commodity markets remain pressured by weaker global manufacturing and growth, particularly due to China's real estate issues. Oil and iron ore prices may face further declines.
Strategy: Stay underweight commodities for now, particularly industrial metals and oil, until global growth stabilizes.

Geographical Focus:

US: Remains the strongest market due to earnings resilience and imminent rate cuts.
Europe: Selective opportunities in quality cyclicals and export-driven industries as the economy recovers post-volatility.
Emerging Markets: Favorable outlook due to weaker dollar and stronger global trade dynamics. India and Southeast Asia present compelling growth opportunities.

Insurance

How Insurers are making a bet on Generation Z (Gen Z)

Article by Mayank Gupta, Co-Founder, (Zopper InsurTech)

Today's Generation Z (Gen Z) is poised to reshape the burgeoning economy of India, in return forcing companies to re-think, re-evaluate and re-align their strategies catering to the needs and demands of this cohort. They are more likely to use technology to solve problems while also seeing the world from a different perspective. With different expectations and views, they have become a critical focus segment for insurers. The insurance industry is adapting to meet the evolving needs of Gen Z and is now gradually pivoting towards being more focused, and personalised and adopting a transparent offering module.

With over 100 million Gen Z consumers in India, this demographic holds a significant sway over the country's consumer landscape. As trailblazers of societal change, Gen Z's dreams, ambitions, and values shape the very fabric of our society, challenging traditional norms and reshaping the future. One of the recent **reports** by Nielsen IQ sheds light on the needs and demands of this generation and the various patterns of their consumption. The report stated how Gen Z is embracing inclusivity, sustainability, and investment patterns respectively. Unlike the older generations, this generation is cautiously optimistic about the economy and their personal finances as per a Deloitte **report**. Almost 48% of Gen Zs and 40% of millennials expect their financial circumstances to improve. Despite this, financial insecurity is a significant concern, with 30% of Gen Zs and 32% of millennials feeling financially insecure and over half of both groups living pay check-to-pay check.

In short, the Gen Z mindset revolves around environmental concerns, stress & concerns about finances, and family welfare.

Keeping these realities in sight, here is a playbook for insurers on ways to cater to this segment.

Easy Terms & Conditions and Exploring Digital Avenues
People born to a generation with the internet at their fingertips can do research better than others in the room. As insurers build out platforms that optimise data for the user-purchase journey, it is critical to remember that trust is built on shared identity. This generation is increasingly apprehensive about disclosing personal information and data. Companies must first earn the trust of Generation Z by making data sharing useful to customers and providing them control over their data utilisation. Insurers must design experiences that make sharing personal information useful to customers and the larger community, while simultaneously giving users the choice to participate in the experiences without giving up their privacy.

Better Products, Less Hassle
Many InsurTech companies are working with insurance brokers, banks, e-commerce portals, travel platforms, and electronic brands to help embed insurance into their sales processes. This generation prefers quick solutions and hassle-free communications. They opt for products that are in line with fit-for-purpose and cover all manner of uncertainties and 'what-ifs. The old–school, cookie-cutter approaches just do not cut it, hence brands now need to really slice and dice the group segment and accordingly figure out the right product for securing financial demands. Lack of insurance product awareness, convoluted documentation and assuming that insurance products are heavy to understand may often restrict the potential customers to not opt for a plan. It is now imperative to communicate the benefits of the products and rewards of the same for seamless customer proficiency.

Investments for Mindful Consumption
Gen Z is stepping into financial independence. They are at the forefront of embracing emerging technologies like GenAI and Machine Learning more than any other generation. Their inherent attraction to technology often helps them to gravitate towards innovative digital features that streamline their trades and investments while aligning with their financial objectives. The DIY (do-it-yourself) nature makes it challenging for insurers to ensure that the right kind of products are designed, and customer services are delivered appropriately. Importance of having the right kind of term plan, motor insurance, wealth creation tools, mutual funds, and diversifying their investment portfolio with gold, together all of this provides a timeless store of value and acts as a hedge against inflation.

Display a Greater Social Purpose
Gen Z are looking to encourage positive change in the current environment. Roughly, 9 in 10 Gen Zs (86%) and millennials (89%) say having a sense of purpose in their work is very or somewhat important to their overall job satisfaction and well-being (**Link**). The life of a Gen Z goes beyond just pay checks.
Honesty and transparency are non-negotiable for Gen Z. They expect their employers to be genuine in their communications and actions, a similar approach that today each of the brands adheres to when it comes to selling their product which comes with transparency, conditions and actionable.

Overall, Gen Z is all about that balance—cherishing experiences while being mindful of personal finances and workplace norms.

Book Summary

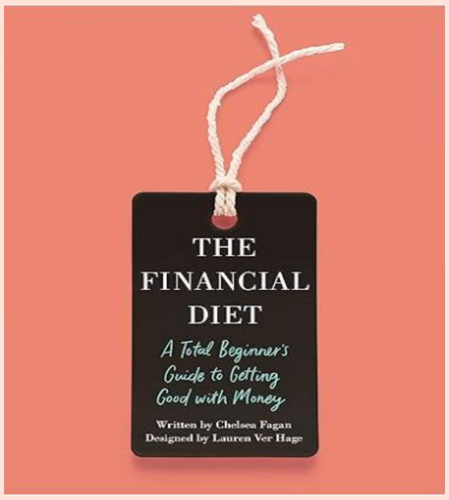
"The Financial Diet" by Chelsea Fagan

In today's increasingly complex financial world, achieving stability can often feel like an overwhelming task. *The Financial Diet* by Chelsea Fagan offers a refreshing, practical approach to managing money in a way that is accessible to both beginners and those with some financial knowledge. Fagan's advice goes beyond just numbers—she weaves in how money interacts with various aspects of life, such as career, relationships, and lifestyle choices. Through personal anecdotes and actionable tips, the book aims to help readers take control of their financial lives in a manageable and stress-free way.

Fagan, a well-known writer and editor, has written extensively on money and personal finance in respected platforms like Thought Catalog. With *The Financial Diet*, she shares her own journey from financial instability to financial control. The book isn't just a guide filled with financial advice but a relatable narrative that reveals the lessons Fagan learned through her own financial mistakes. Her candid approach makes the book relatable to anyone who has struggled with money management.

Fagan's Personal Financial Journey - Like many readers, Fagan's relationship with money evolved over time. Growing up in a low-income neighborhood, she didn't initially view herself as financially disadvantaged. However, her family's move to a wealthier area highlighted stark differences in financial status, which deeply impacted her self-worth. This shift in perspective led her to associate financial success with personal value, a mindset she carried into adulthood.

In her early twenties, Fagan faced serious financial instability. However, after receiving an advance for her first book, she took control of her finances and began documenting her journey through her blog, The Financial Diet. Over time, the blog evolved into a platform where women could openly discuss their financial challenges and successes. Through her own experiences, Fagan underscores the importance of learning from financial mistakes and making conscious efforts toward financial well-being.



Key Takeaways from The Financial Diet

1. **Set Personal Financial Rules:** Create money guidelines to build discipline and avoid impulsive decisions. These don't need to be perfect, just consistent with your long-term goals.
2. **Dream Moderately:** Aim for achievable financial goals to avoid overwhelming stress. Focus on steady progress rather than instant success.
3. **Reduce Food Costs:** Cook at home to cut monthly expenses. Basic cooking skills can save money and offer rewarding meals.
4. **Persist Through Financial Setbacks:** Mistakes are part of the journey. Keep pushing forward with perseverance and planning to overcome challenges and achieve stability.
5. **Money Provides Security:** While it may not buy happiness, money offers comfort and freedom, allowing you to focus on what truly matters and make choices without financial anxiety.

Everyday Financial Strategies

What sets *The Financial Diet* apart from other financial guides is its practical, day-to-day advice for managing money. Fagan emphasizes the importance of creating and sticking to a budget, but she also acknowledges how difficult it can be. Spending on unnecessary items is easy, but having a strong budget can keep such impulses in check.
Rather than attempting to overhaul finances all at once, Fagan suggests making gradual changes. She introduces four "don't you dare" principles that help ease the process of financial transformation:

- **Avoid Using Credit Unwisely:** Use credit cards only if you can pay off the balance in full by the end of the month. Treat your credit card as a debit card to avoid falling into debt.
- **Resist Lifestyle Inflation:** Just because you're earning more doesn't mean your spending should increase. Fagan warns against adopting the mentality that higher income justifies luxury spending or indulgences.
- **Monitor Your Finances:** Make it a habit to check your bank balance regularly, ideally twice a week. Staying aware of your financial situation is essential, even if it's uncomfortable.
- **Prioritize Savings:** Don't wait for the "right time" to start saving. Small amounts of savings can add up over time, and starting early will benefit your long-term financial health.

Simplicity as a Financial Strategy - Fagan promotes a minimalist approach to both life and finances. Inspired by Italian grandmothers who cook simple, nutritious meals with basic ingredients, she encourages readers to apply this philosophy to their financial lives. Simplifying your spending habits and focusing on what's truly necessary can significantly reduce both stress and expenses.

Instead of frequently dining out or ordering delivery, Fagan recommends cooking at home using ingredients you already have. Preparing meals in bulk not only saves time but also helps avoid unnecessary spending. These small adjustments can result in substantial financial savings over time.

Pursuing Realistic Financial Goals - In a world where social media often glorifies luxury and success, Fagan advocates for setting more modest financial goals. She reminds readers that there's no shame in focusing on smaller, more attainable objectives. Setting realistic expectations can help avoid unnecessary stress while still providing a sense of accomplishment when goals are achieved.

This advice is particularly useful for those juggling multiple responsibilities, such as managing household finances while repaying student loans. Fagan suggests focusing on financial stability first and then pursuing larger goals when circumstances allow.

Rethinking Your Career Path - Another notable concept in *The Financial Diet* is the idea of viewing your career as a lattice instead of a ladder. A career lattice allows for more flexibility, acknowledging that modern career paths are rarely linear. Fagan's own career journey, marked by various shifts, reflects this approach. She encourages readers to embrace lateral career moves, setbacks, and changes as part of the broader journey toward personal and financial fulfilment.

Conclusion - *The Financial Diet* offers a practical and relatable guide for anyone looking to improve their financial health. Through a mix of personal stories, actionable advice, and a focus on setting realistic goals, Chelsea Fagan's book provides a roadmap to financial well-being. Whether you're just beginning your financial journey or seeking to refine your strategies, *The Financial Diet* offers valuable insights to help you take control of your finances and achieve stability in all aspects of life.

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