

Executive Summary of the 77th Global Investment Advisory Committee (GIAC) Meeting

7th January 2025

Current stance

The committee continues to monitor the market closely, having increased its equity allocation from neutral to slightly overweight in the previous meeting. The slightly overweight equity positioning has performed favourably, especially given the volatility in December. The outlook remains cautiously optimistic, with the committee maintaining its current stance of a moderately aggressive approach to equity exposure. Despite the market being slightly overvalued, the strategy is to ride the current volatility, focusing on potential upside from a possible pre-budget rally over the next 10-15 days.

The committee's position, therefore, remains unchanged at present, with a view to assess the portfolio around key upcoming events, namely the US inauguration of Donald Trump and the Indian budget. The committee's approach remains focused on managing volatility rather than making drastic changes in allocation on a month-to-month basis. The committee's consensus is that, given the current positioning and market conditions, further equity exposure adjustments will be considered once these critical events unfold.

Key variables to monitor:



US Dollar
Strength



Pre-Budget
Rally



Fiscal Policy
& Budget

What's changed since our last meeting:

US stocks dropped this week amid uncertainty, following mixed jobs data and a report suggesting President-elect Trump might declare a national economic emergency. The ADP report showed a sharp slowdown in private payroll growth for December, while a separate Labor Department report indicated a drop in jobless claims. Market sentiment was further strained by reports that Trump was considering using the International Economic Emergency Powers Act to implement new tariffs. Despite these concerns, recent data revealed resilience in the US economy, with December services sector activity accelerating and job openings rising in November. This suggests the Federal Reserve may not cut rates as aggressively in 2025.

Meanwhile, India's Ministry of Statistics released the first advance GDP estimates for FY25, projecting growth at 6.4%, a significant decline from 8.2% in FY24. This forecast is lower than the Reserve Bank's estimate of 6.6%. The data also indicated a slower growth in real Gross Value Added (GVA) at 6.4%, down from 7.2% in FY24, while nominal GVA is expected to rise by 9.3%. The estimate reflects a slowdown in economic activity, particularly after a weaker-than-expected 5.4% growth in the July-September quarter of FY24.

The committee remains bullish on the market's short-term trajectory, especially considering the potential for a pre-budget rally and favourable positioning. Despite volatility, there is a belief that the Indian market is poised to benefit from global market movements, with India standing out as a key beneficiary if global conditions stabilise. The committee's international and gold allocations are fully optimised, with 5% each in international equities and gold. The international allocation primarily focuses on the US market, which has shown resilience.

Given the positioning of both domestic and international markets, the committee is prepared to take advantage of potential upside. The overall market outlook remains positive, with volatility anticipated but manageable. The domestic market should benefit significantly if global conditions improve. The committee emphasised that these allocations will be re-evaluated once the US election inauguration and Indian budget announcements are made. While maintaining its current course, the committee is also aware of the risks posed by fiscal policy changes and the state of the dollar.

The committee will continue to closely monitor the evolving market landscape, focusing on the global economic indicators and domestic fiscal policy developments. With the upcoming Indian budget and the US elections inauguration, the committee plans a strategic review around these events, expecting that positioning will adjust accordingly. For now, the equity allocation remains at 55%, with international and gold allocations fully utilised.

Co-Chair Committee member



Shiv Sehgal
President & Head
Institutional Securities



Alok Saigal
President & Head
Nuvama Private

Other Committee members

- ▶ Amit Rajawat, Fund Manager, Infinity, Nuvama Private
- ▶ Ajay Marwaha, Head, Nuvama Fixed Income Advisory
- ▶ Ajay Vora, Head, Equities, Nuvama Asset Management
- ▶ Dhawal Dalal, CIO, Fixed Income, Edelweiss Asset Management
- ▶ Kapil Gupta, Executive Director, Equity Research, Nuvama Institutional Equities
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