



FRANKLIN TEMPLETON

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Dear Investor,

May is for holidays and mangoes. I hope you have been able to take some time off to enjoy both. While India is sweltering in the summer heat, the markets too have been volatile due to the global banking turmoil, ongoing recession worries, continued geopolitical tensions, and concerns over the US debt ceiling. Market uncertainty caused investors around the world to take a pause and rethink their portfolio positioning to accomplish their long-term financial goals. It is important for you to stay informed and maintain a diversified portfolio, with a focus on your investment goals.

India overtook China as the world's most populous country, with a population of 142.86 crores*, last month. This gives emblematic value to the belief that India can benefit from the large young workforce, changing supply chains and digital leapfrogging. Over the past year, India has also enjoyed the status of the fastest-growing large economy in the world. We have been big believers in India's long-term growth story, and I am happy that Franklin Templeton has been a part of India's growth story for the past 27 years.

ET Markets recently covered views of our Emerging Markets Equity - India Portfolio Manager, Venkatesh Sanjeevi on how India continues to stand out in terms of relative macroeconomic stability, significantly improved FII flows, sectors taking the lead in FY 24, and pockets investors should avoid for the year. [Please click here to know all this and more.](#)

Now, for our view on the global markets.

As key global central banks wrestle with how to respond to volatile economic data and banking turmoil, while fighting inflation, Franklin Templeton's economists provided their perspectives on what's next for economic growth, interest rates, inflation, and fixed income. Very little has changed in the forward outlook from last quarter to this quarter, despite the tumultuous feel of events but here are some important take-aways:

- **Confidence in the banking system remains a risk** as the full ramifications of the turmoil are still unclear. The banking turmoil seems to have only impacted specific banks with management shortcomings and particular issues with their asset/liability mix. Until some time has passed, we will not have a complete answer.
- **The US dollar will likely weaken.** The US dollar has had exceptional returns, but if focus returns to the fiscal deficit, current account deficit and relative growth differential, the US dollar could weaken. It may not be a dramatic weakening but will almost certainly be volatile.
- **Asia looks poised to show strong economic growth and opportunity.** There is a divergence in growth opportunities between Asia and the rest of the world.
- **Geopolitical conflict remains a key risk.** The continuing areas to watch are US/China and US/Russia relationships. There are also risks of an unanticipated conflict, given the volatile economic and political conditions in many regions around the world.
- **Volatility creates investment opportunities.** Often markets initially overreact to economic events, which creates opportunities to invest. It is a difficult and important lesson to remember and was reinforced by several panelists.

[For expanded views from a recently handled roundtable, please click here.](#)

Hope you find the above insights useful.

As always, you can directly write to me at avisatwalekar@franklintempleton.com with any feedback and questions. I value your questions, and feedback and look forward to the opportunity of continuing to meet your investment needs in future.

Sincerely,

Avinash Satwalekar
President, Franklin Templeton Asset Management (India) Pvt. Ltd.

*Source: The Times of India/ United Nations Population Fund

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

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