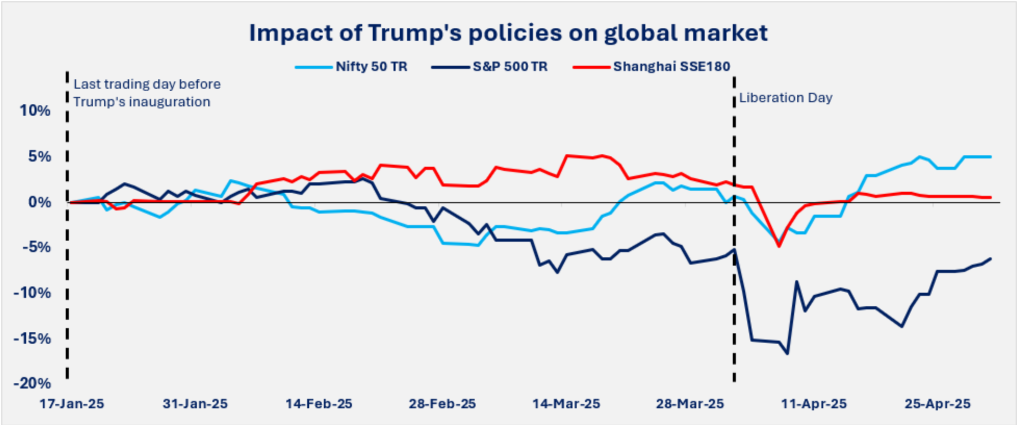
5th MAY 2025

Through April 2025, India and U.S. equity markets experienced heightened volatility, largely due to geopolitical tensions - particularly concerning global trade policies and macroeconomic concerns.

In India, markets began the month with a sharp correction but with a quick rebound. After declining roughly 5% since April 1st, Nifty surged 8% in the following week, marking its best weekly performance since February 2021. The rally was driven by RBI rate cut, improving corporate earnings and domestic sentiment. The Indian rupee also strengthened against the dollar, closing the month at 84.6 while gold prices surged past ₹1 lakh/10g amid festive demand and global uncertainty.

U.S. equity markets were roiled by President Trump's tariff policy announced on April 2nd – a sweeping 10% universal tariff on all imports, branding it "Liberation Day". This announcement triggered a sharp sell-off, with the Nasdaq 100 and S&P 500 both plunging 11% in just 2 days - their worst performance since the COVID-19 crash. The volatility persisted as China responded with a 34% retaliatory tariff, prompting the U.S. to escalate further, eventually imposing a 125% tariff on Chinese goods. Amid these developments, investors flocked to safe-haven assets like gold, which reached record highs, surging past $3,400 per troy ounce. Following the U.S. announcements, global tariff tensions intensified. However, the U.S. announced a 90-day tariff relief to initiate trade negotiations.

- **EQUITIES:**



Source: Investing.com

INDIA: Nifty 50 rose 3.5% in April, closing at 24,334, fuelled by strong performance in Bank (+6.8%), Oil & Gas (+6%) and FMCG (+5.3%) sectors; contrarily, IT (-5.6%) and Metals (-3%) performed poorly due to trade tensions. 24 of the Nifty 50 companies have reported earnings so far – 14 of them exhibiting positive profit growth, 2 neutral and 8 negative. Banks and Financial services results were strong while the FMCG sector results were negative.

FIIs began the month with significant selling, recording a net out flow of ₹ 27,000 Cr by April 8th. However, sentiment shifted mid -month, FIIs turned net buyers, investing ₹ 15,141 Cr. This positive trend continued, with FIIs injecting ₹ 31,352 Cr over nine trading sessions by April 29th – marking their longest buying spree since July 2023, ending the month with net buying totalling ₹ 4,396 Cr. DIIs displayed strong confidence in markets, purchasing ₹ 17,455 Cr in the first week counterbalancing the initial FII outflow and ending the month with net buyers totalling to ₹ 18,062 Cr.

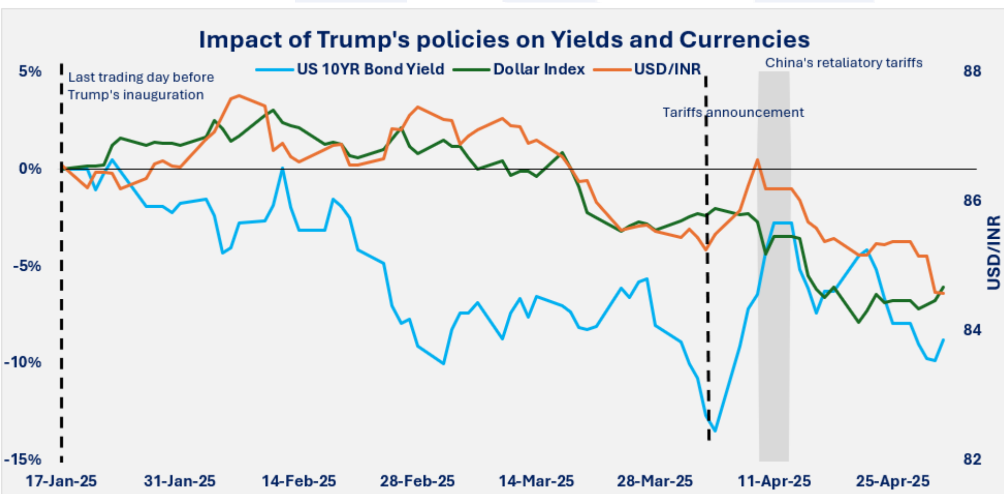
INDICES	CURRENT	10 YR MEDIAN	AVERAGE (SI)	COMMENT
NIFTY 50 (PE)	21.9	23.5	21.0	FAIRLY VALUED
NIFTY 50 (PB)	3.6	3.7	3.6	UNDERVALUED
NIFTY 50 (DIVIDEND YIELD)	1.3	1.3	1.4	OVERVALUED
NIFTY MIDCAP 150 (PE)	34.0	33.2	31.0	OVERVALUED
MIDCAP 150 (PB)	4.9	3.3	3.0	OVERVALUED
MIDCAP 150 (DIVIDEND YIELD)	0.8	1.0	1.2	OVERVALUED
SMALLCAP 100 (PE)	29.5	34.7	44.2	UNDERVALUED
SMALLCAP 100 (PB)	4.0	3.3	3.0	OVERVALUED
SMALLCAP 100 (DIVIDEND YIELD)	0.8	1.0	1.1	OVERVALUED
S&P 500 (PE)	28.4	24.1	25.7	OVERVALUED

Data as on 30-Apr-2025

As of April 30th, Nifty 50 trades at 21.94x, slightly above its all-time average of 21x but below its 10-year median of 23.5x; Nifty Midcap 150 current PE of 34x is above its all-time average of 31x and above its 10-year median of 33.1x.

U.S.: While Nasdaq 100 rose 1.5%, S&P 500 and Dow Jones declined 0.8% and 3.2% respectively for the month. US economy contracted by 0.3% in Q4FY25 due to a surge in imports ahead of President Donald Trump's tariffs. Rising inflation expectations, weaker economic data, and renewed trade tensions weighed heavily on sentiment, leading to broad-based selling across tech, industrials, and consumer sectors. Although major US indices fell around 5% - 7% in the previous month and subdued performance in April, valuations remain elevated – Nasdaq 100 currently at 35x PE compared to the 10-year average of 24x and S&P 500 currently at 26.5x PE compared to 10-year average of 24.8x.

- **FIXED INCOME:**



Source: Investing.com

INDIA: The Indian bond yield curve shifted downward with 10-year yield dropping to 6.35% from 6.58% as the Reserve Bank of India cut interest rates by 25bps to 6% and shifted its stance from 'neutral' to accommodative, turning stimulative while balancing growth and inflation concerns.

BOND YIELD	CURRENT	10 YR AVERAGE	AVERAGE (SI)	COMMENT
1 YEAR	5.94%	6.13%	6.60%	OVERVALUED
2 YEAR	6.02%	6.35%	6.80%	OVERVALUED
3 YEAR	6.04%	6.53%	7.00%	OVERVALUED
4 YEAR	6.08%	6.70%	7.20%	OVERVALUED
5 YEAR	6.08%	6.78%	7.30%	OVERVALUED
6 YEAR	6.15%	6.94%	7.40%	OVERVALUED
7 YEAR	6.15%	7.02%	7.50%	OVERVALUED
8 YEAR	6.35%	7.07%	7.50%	OVERVALUED
9 YEAR	6.36%	7.06%	7.50%	OVERVALUED
10 YEAR	6.35%	6.96%	7.40%	OVERVALUED

Data as on 30-Apr-2025

U.S.: Fixed income markets faced pressure in April as Treasury yields climbed, reflecting rising inflation expectations and uncertainty around future Fed policy. The 10-year yield rose to 4.49%, its highest level since February prompting a sell-off in longer-duration bonds before stabilizing at 4.2%. Credit spreads remained stable, but investor sentiment turned cautious amid signs of slower growth and trade tensions.

- **COMMODITIES & CURRENCY:** Oil prices experienced a significant decline, with Brent crude dropping 15.5% to around $63 per barrel. The Indian Rupee traded in a narrow range against the US Dollar, closing at approximately 84.6, going below 85 for the first time since December 2024. The Dollar Index declined to a 3-year low of 98.28 before ending the month at 99.27 as investors sought safety in Gold and other safe-haven assets due to trade and economic uncertainty. Gold appreciated 6.5% for the month, started at ₹ 92,840/10g reaching record highs of ₹ 101,350/10g finally closing the month at ₹ 97,910/10g as it reacted to both inflation concerns and interest rate expectation.

- **ECONOMIC INDICATORS:** IMF revised its forecast for India GDP (2025) growth to 6.2%, down from its earlier projection of 6.5%. This adjustment is due to increased trade tensions and global uncertainty which could disrupt supply chains and weigh on private sector investment. India headline CPI fell for a fifth straight month to 3.34%, slightly below the 3.61% seen in February. While core inflation grew to 4.10% from 4.08 % in February, food inflation softened to 2.69% from 3.84%. India's unemployment rate saw a slight decrease to 7.9% in February from 8.2% in January, reflecting a recovering labour market. Net GST collection for April 2025 grew by 9.1% over April 2024 at ₹ 2.09 Lakh Cr, and 17.8% over March 2025. Notably, domestic transactions surged 10.7% month on month, indicating strengthening economic activity.
  U.S. GDP is projected to grow at 1.8% in CY2025, down from its January estimate of 2.7%; however, a surge in imports prior to tariff announcements led to GDP declining by 0.3% in Q4FY25. US inflation fell to 2.4% in March from 2.8% in February, prompting further speculation about Fed rate cuts. The annual increase in the PPI for the 12 months ending in March was 2.7%, slowing from 3.2% in February. Consumer sentiment remained subdued in the US, with the consumer confidence index at 98.

OUTLOOK & STRATEGY:

As markets continue to present selective opportunities, our focus remains on accumulating high-quality assets within the undervalued to fairly valued range. In the Indian context, corporate earnings in the coming weeks will be a key indicator to watch. With large-cap equities currently trading around fair value, we recommend strategic additions, particularly for portfolios that are underweight in equity exposure.
In the U.S., markets are navigating a complex environment marked by persistent inflation and pivotal interest rate decisions. This backdrop necessitates a discerning investment approach, with an emphasis on fundamentally strong, high-quality companies. We encourage clients to maintain a long-term perspective and periodically review their asset allocation to ensure alignment with their risk appetite and overarching financial objectives.
Gold is presently trading at an 18% premium to its fair value and remains a critical asset in the global portfolio mix. Ongoing geopolitical uncertainty and inflation levels above the Fed's 2% target will be important dynamics to monitor. Following a substantial 45% rally in FY25, we suggest maintaining current positions in gold rather than increasing exposure at this stage, due to the potential for near-term volatility—which may offer opportunities to add.