MAY 2025

MONTHLY REPORT

www.way2wealth.com
mfdesk@way2wealth.com

Way2Wealth Brokers Private Limited: 101-104, A Wing, 1st Floor, Dynasty Business Park, J. B. Nagar, Andheri-Kurla Road, Andheri (E), Mumbai- 400059.

CONTENTS

NIFTY 50
Closing- 24334.20
PE – 21.94
PB – 3.60x
Div Yield – 1.29%

NIFTY MIDCAP 150
Closing –19873.15
PE – 34.01
PB – 4.93x
Div Yield – 0.81%

NIFTY SMALL CAP 250
Closing –15359.45
PE – 30.04
PB – 3.63x
Div Yield – 0.72%

10 Yr. GOI Yield
6.36%

CRUDE
63.12 $/bbl

USD/INR
84.50

GOLD
3,289 $/Oz

Data as on April 30, 2025
Source: Bloomberg

Indicators	Apr-25	Mar-25	Feb-25	Jan-25	Dec-24	Nov-24	Oct-24	Sep-24	Aug-24	Jul-24	Jun-24	May-24	Apr-24
Sensex	4.37%	5.80%	-5.60%	0.80%	-7.30%	0.52%	-5.80%	2.35%	0.76%	3.43%	6.86%	-0.70%	1.13%
Nifty 50	4.25%	6.30%	-5.80%	-0.60%	-8.40%	-0.31%	-6.20%	2.28%	1.14%	3.92%	6.57%	-0.33%	1.24%
Nifty Midcap 150 Index	4.15%	7.61%	-10.40%	-6.14%	-4.90%	0.50%	-6.70%	1.50%	0.50%	5.84%	7.80%	1.65%	5.81%
Nifty SmallCap 250 Index	1.93%	9.10%	-13.20%	-11.49%	-3.60%	-0.20%	-3.60%	1.30%	1.24%	4.89%	9.50%	-1.31%	10.49%
S&P 500 Index	-1.10%	-5.80%	-1.40%	4.80%	2.10%	4.70%	-1.00%	2.00%	2.28%	1.13%	3.47%	4.80%	-4.16%
Nifty 50 EPS TTM (Rs)	1078	1079	1075	1078	1069	1069	1021	1018	1016	991	989	990	926
Nifty 50 Price/Earnings (PE Ratio)	22	21	20	21	22.1	22.5	23.6	25.2	24.7	25.03	24	23	24
Nifty Midcap 150 (PE Ratio)	34	34	33	38	40	37	37	41	40	40	37	34	33
India Economic Indicator													
Bank Credit Growth (YoY%)	11.59%	10.31%	10.85%	11.46%	11.28%	11.15%	12.13%	13.35%	13.48%	13.87%	19.16%	19.54%	19.03%
Bank Deposit Growth (YoY%)	11.40%	9.94%	10.54%	10.84%	11.50%	11.21%	12.33%	11.18%	10.88%	11.28%	12.58%	13.28%	13.31%
Debt Market Indicator													
RBI Repo Rate (%)	6.00	6.25	6.25	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
G-sec 10 year Yield (%)	6.36	6.58	6.70	6.70	6.76	6.75	6.85	6.75	6.86	6.93	7.01	6.98	7.19
Corp Bond 10 Yr AAA Yield (%)	7.08	7.17	7.17	7.17	7.24	7.40	7.34	7.31	7.45	7.48	7.55	7.57	7.58
Corp Bond 10 Yr AA Yield (%)	7.81	7.92	7.92	7.92	8.04	8.09	8.03	8.04	8.12	8.12	8.25	8.22	8.23
Corp Bond 10 Yr A Yield (%)	9.36	6.70	6.70	6.70	9.73	9.79	9.78	9.75	9.88	9.95	10.02	9.99	10.15
Corp Bond 5 Yr AAA Yield (%)	6.96	7.34	7.34	7.34	7.46	7.36	7.52	7.50	7.62	7.56	7.74	7.65	7.69
Corp Bond 1 Yr AAA Yield (%)	6.89	7.71	7.71	7.73	7.78	7.63	7.63	7.69	7.76	7.65	7.74	7.72	7.80
CD 1 Yr (%)	6.79	7.62	7.62	7.65	7.63	7.55	7.46	7.76	7.63	7.57	7.62	7.62	7.54
Commodity & Currency													
Gold Price (USD)	3,289	3,085	2,858	2,798	2,625	2,643	2,744	2,635	2,503	2,448	2,327	2,327	2,286
Gold (Rs/10gm)	93,928	88,691	84,789	81,798	75,913	76,400	79,181	75,051	71,679	69,046	71,563	72,127	71,529
Crude($)	63.12	74.74	73.18	76.76	74.64	72.94	73.16	71.77	78.80	80.72	86.41	81.62	87.86
INR/1 USD	84.50	85.46	87.51	86.62	85.60	84.49	84.08	83.80	83.87	83.73	83.39	83.47	83.44
INR/1 EURO	96.01	92.08	90.98	89.95	89.20	89.22	91.39	93.77	92.95	90.65	89.30	90.53	89.50
Flows													
FII-Equity (Rs.cr)	4223	-3973	-34574	-72,677	16,437	-22,602	-91,934	49,793	11,678	27,957	25,940	-25,260	-9,175
FII-Debt (Rs.cr)	-25993	37789	10517	12041.06	13,375	-968	-5,978	19,225	16,421	21,863	19,673	15,109	-15,941
MF-Equity (Rs.cr)	18063	6579	35394	55073.23	28,138	35,633	32,561	32,264	31,685	20,601	28,226	48,099	32,824
MF-Debt (Rs.cr)	-23854	-81165	-95817	-51536.26	-56,887	-32,395	-36,396	-36,890	52,470	-6,612	-4,800	-61,291	14,529

Source: Bloomberg, W2W Research

Summary:-

- As of 30th April 2025, Nifty 50 was trading at a PE of 21.94x and Nifty Midcap 150 was trading at a PE of 34.01x.
- India's CPI inflation in March 2025 moderated to 3.34%, compared to 3.61% in February 2025. Meanwhile, India's WPI inflation decreased to 2.05% in March 2025, compared to 2.38% in February 2025, attributed to falling prices in the food, fuel, and power categories.
- Bank credit growth rose to 11.59% year-over-year as of 30 April 2025, compared to 10.31% year-over-year in March 2025. However, the growth of bank deposits surged to 11.40% year over year.
- GST collections stood at 2.37 lac cr in April as compared to Rs. 1.96 lac cr in March.
- India's Manufacturing PMI rose to 58.2 in March 2025 compared to 58.1 in February 2025. India's Services PMI increased to 58.7 in March 2025 compared to 58.5 in February 2025.

Debt Market Review

- The US bond market benchmark 10-year Treasury yields were swinging sharply due to trade policy shifts, economic uncertainty, and geopolitical tensions. The 10-year Treasury yield peaked at 4.59% on April 11 compared to 4.21% of its previous month's level due to new tariff announcements, but eased to 4.17% by April 30 as trade negotiations progressed.
- UK government bond yields were very volatile throughout April due to market uncertainty in the global markets but ultimately ended lower at 4.43% compared to 4.67% of its previous month close after U.S. President Donald Trump announced a 90-day pause on tariffs.
- The German 10-year Bond yield stood at 2.46% on April 30, reflecting a slight decline from earlier month's closing of 2.72% as investors seek stability amid U.S.-China tariff escalations.
- On the domestic front, the benchmark 10-year government bond yield fell to 6.35%, influenced by the Reserve Bank of India's (RBI) stance on interest rates and inflation concerns, However, the foreign portfolio investors (FPIs) withdrew $2.27 billion, marking the largest monthly outflow since May 2020, driven by a narrowing yield spread between Indian and U.S. bonds and heightened global market volatility.
- The RBI has moved its policy stance from "neutral" to "accommodative," signaling its willingness to implement measures that support economic growth.
- The Reserve Bank continues to monitor evolving liquidity and market conditions and take measures as appropriate to ensure orderly liquidity conditions. RBI announced Rs 80,000-crore worth of bond purchase on April 1, followed by another Rs 40,000-crore worth of purchase announced on April 11. The central bank also held a dollar-rupee buy/sell swap auction of $10 billion for 36 months.
- India's trade deficit widens to $21.54 bn, exports see 0.7% growth in March, mainly due to the front-loading of shipments in anticipation of US President Donald Trump's imposition of reciprocal tariffs from April 9, which has been temporarily paused. Services exports in March saw 5.5 per cent growth at $31.64 billion while services imports witnessed a 17.3 per cent rise to $13.73 billion, resulting in a surplus of $17.88 billion.
- India's fiscal deficit for April-January FY2025 widened to Rs 11.7 trillion from Rs 11.0 trillion in the same period of the previous fiscal, driven by modest tax revenue growth and increased government spending
- India's retail inflation declined marginally to 3.34% in March, reaching its lowest level in nearly six years, due to falling prices of vegetables and protein-rich food items. India's Wholesale Price Index (WPI), slowed to 2.05% in March, down from 2.38% in February, due to falling prices in the food, fuel, and power categories. IIP grew 3 per cent, up from February's six-month low of 2.72 per cent supported by growth in electricity output and a mild recovery in manufacturing.

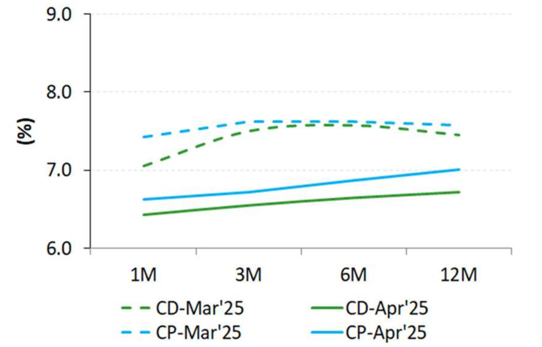
Debt Market Outlook

- In May, the yield on US 10-year bonds edged down to 4.29% following Federal Reserve Chair Jerome Powell's comments that there was no urgency to lower interest rates, as conveyed in the latest FOMC meeting as the central bank acknowledged the risk that trade-related uncertainty could trigger stagflation, a combination of sluggish growth and high inflation in the world's largest economy. The Fed opted to maintain the benchmark interest rates within the range of 4.25% to 4.5%, citing the ongoing trade war, slowing domestic economic growth, and volatile inflation trends as key factors in its decision.
- The US bond yields may fluctuate between 4.20% and 4.35% in the current month due to concerns over Trump's tariff policies. While the severity of the tariff effects will largely depend on potential reductions in the announced tariff rates, even a milder implementation than initially suggested could still dampen economic growth and drive higher inflation.
- On the domestic front, India's 10Y yield is currently at 6.41 level and is expected to soften and likely trade in the range of 6.30–6.45% in the current month range due to a mix of global risk-off sentiment, accommodative monetary policy cues from the Reserve Bank of India (RBI) and improving domestic liquidity conditions.
- The 10-year benchmark G-Sec yield has softened noticeably in the past couple of months. Currently, bond yields in the Indian debt market are at a 3-year low, indicating the repo rate may be cut further, which would provide support for growth by boosting domestic demand, pushing private consumption, and improving the growth momentum.
- Despite the FPI retreat, the underlying fundamentals of the Indian debt market remain resilient as easing domestic inflation, an accommodative outlook from the Reserve Bank of India (RBI), robust liquidity in the banking system, and active open market operations may continue to support the market. Borrowing conditions for both government and corporate issues are likely to remain favorable.
- RBI could infuse up to Rs 4 lakh crore (USD 47 billion) through OMOs and forex swaps during FY26. Of this, around Rs 2 lakh crore could be injected in the first half of the year alone, as it looks to cushion the Indian economy against rising global uncertainties, including the impact of fresh US tariffs, commodity and currency market volatility, and weakening external demand.
- The impact of liquidity actions, with a cumulative durable liquidity injection of Rs 8.9 trillion (Including the additional Rs 800 bn OMO for April and the longer VRRR) since Dec 24 has led to better transmission and would continue to be relevant going forward. In the near term, the RBI dividend transfer would be an additional positive factor for liquidity. It is expected that in the upcoming months, we could see a further review of the liquidity operations. RBI's announcement of Rs. 1.25 lakh crore of liquidity infusion in May makes the Indian debt market more positive compared to other markets.
- However, the geopolitical escalations along the India-Pakistan border may continue to create near-term volatility in markets.

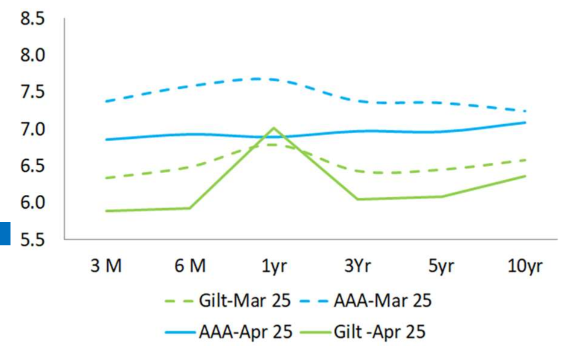
Investment Strategy

- The RBI has cut the interest rate for second time in 2025. Hence, liquidity easing would help the front end the most, followed by the short and mid duration segments that are both rate and liquidity sensitive. Money Market. Short Term & Medium Duration segment appear best placed given the still elevated yields.
- Investors can consider investing in the recommended Money Market, Ultra Short Duration, Low Duration, Short Term, or Medium Duration funds as per the investment horizon and risk appetite and should consider the reinvestment risk as the biggest risk at the end of the maturity period.

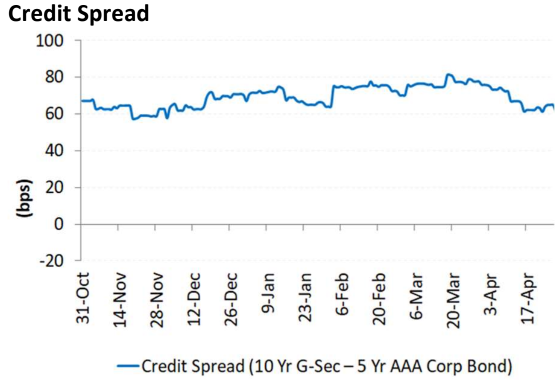
CD/CP Rate



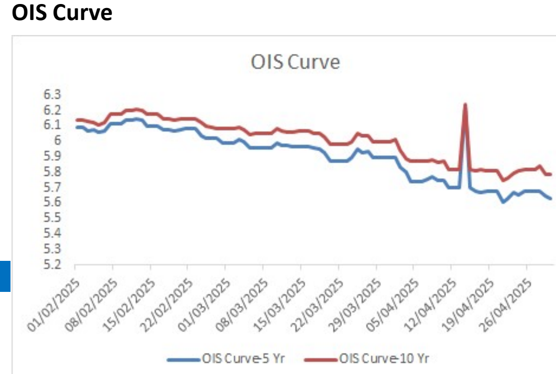
G-Sec and AAA Corp Bond Yield



Credit Spread



OIS Curve



Source: Bloomberg, W2W Research

Equity Market Review

- U.S. equities ended the month lower with S&P 500 down by 0.7%. However, Nasdaq 100 gained 1.5%, driven by strength in technology stocks, as investors navigated mixed corporate earnings and watched for signs of progress in the U.S.-China tariff negotiations. The US economy contracted by 0.3% in Q1 CY2025, weighed down by a deluge of goods imported by businesses eager to avoid higher costs.
- European markets initially declined considerably following the tariff announcement, but sentiment improved after Trump announced a 90-day pause and the EU suspended retaliatory tariffs on steel and aluminum for 90 days to facilitate negotiations with the U.S. As a result, the Stoxx 600 Index was marginally down by 1.2% in April.
- The FTSE All share index fell by 0.6% over the month due to both global and domestic headwinds arising from a combination of trade uncertainty and higher domestic taxes.
- Hang Seng Index closed the month of April 2025 with a sharp decline of 4.69% driven by a mix of regional economic concerns, global monetary headwinds, and persistent geopolitical tensions. China's Q1 GDP growth was reported at 4.2%, falling short of expectations. Japan's Nikkei 225 index was up by 1.2% in April, as investors awaited developments in US-Japan tariff talks thus helping the benchmark to register its first monthly gain since December 2024.
- The Indian stock market maintained its momentum for the second straight month in April. Despite rising tensions with neighboring Pakistan, investor sentiment was not damaged, as they continued to add stocks to their portfolios. Nifty 50 index ended the month with a gain of 3.5% while Sensex surged by 3.7%. Nifty Mid Cap 150 index rose by 3.9% and the Nifty Small cap 250 index rose by 1.7% for the month.
- Despite geopolitical tensions, the markets were fueled by strong foreign inflows, positive monsoon forecasts, and trade agreement prospects. Attractive valuations, Liquidity boost measures and rate cut by RBI further boosted market sentiment.
- Foreign institutional investors turned into net buyers for the first time in four months, investing Rs. 4,223 crores in Indian stocks in April 2025.

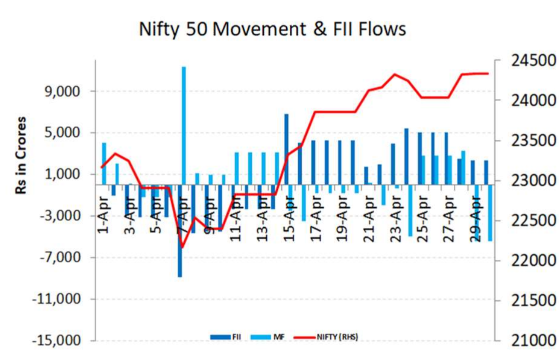
Indices Performance

Index	30-Apr-25	30-Apr-24	Change	% Chg
India				
Sensex	80,242	74,483	5759.5	7.7%
Nifty 50	24,334	22,605	1729.4	7.7%
US				
Dow Jones	40,669	37,816	2853.4	7.5%
Nasdaq	17,446	15,658	1788.5	11.4%
EC				
FTSE 100	8,495	8,144	350.7	4.3%
Asia				
Nikkei 225	36,045	38,406	-2360.3	-6.1%
Hang Seng	22,119	17,763	4356.4	24.5%
Shanghai Comp	3,279	3,105	174.2	5.6%
Bovespa	135,067	134,185	881.7	0.7%
RTS	1,126	1,175	-49.0	-4.2%
Other				
MSCI WORLD	3,656	3,305	350.2	10.6%
MSCI EM	1,113	1,046	66.9	6.4%
MSCI EM Asia	606	564	42.4	7.5%

Equity Market Outlook

- The US markets are expected to stay volatile ahead of the ongoing tariff discussions with China as well as other countries. Fed has held borrowing costs steady in its monetary policy statement, supported by solid U.S. jobs report, where unemployment rate is unchanged at 4.2%. However, Fed has stated that risks of higher unemployment and higher inflation have risen, thus as they monitor the data, investors are expected to remain cautious.
- As we move into May and the second quarter of 2025, investors are closely watching for signs of stabilization in China's economy, policy support from the government, and easing of global risks. Discussions with US regarding tariff would be key event to watch out for, thereby resulting in volatility in the market.
- Bank of Japan kept interest rates steady at 0.5% amid heightened trade tensions following Trump's tariff policies. Any progress in the tariff negotiations between US and Japan may influence movements in the Japanese markets thus investors are expected to remain cautious.
- Amid the uncertainty triggered by Trump's global trade war, concerns about its impact on economic growth have grown, raising the possibility that Bank of England could consider a rate cut. Both UK & European markets are cautiously monitoring trade discussions, thus volatility can be expected in the markets.
- Indian markets are expected to stay volatile due to unresolved tariff disputes, India Pakistan tensions and risks of earnings downgrades. RBI's regulatory easing by two consecutive rate cuts & liquidity operations are expected to re-energize the growth cycle. The stability of the rupee could attract foreign fund inflows, providing further market support.
- The valuations have entered a comfortable zone following the recent correction but still are expensive in many pockets of mid and small cap segments, thus investors must remain cautious. So far, earnings have shown a promising start. If major downgrades are avoided and tariff-driven volatility eases, valuations could support a more optimistic market outlook in the coming quarters.

Nifty 50 Price & FII and MF flows



Investment Strategy

- A slump in GDP growth rate, softening inflation and low urban consumption moved the RBI to cut the interest rate which will support the growth fundamentals and ensure a promising long-term growth trajectory. As per the current market levels large caps are likely to remain attractive from the risk-reward perspective. Hence, funds with a large-cap bias including large cap, Multi-cap & Flexi-cap would be an ideal investment choice from a medium-term perspective. For aggressive to moderate investors with short to medium-term outlook, we suggest diversifying into Multi Asset Allocation and balanced Advantage Funds. Given the uncertainty in markets, investors can opt for staggered investments over the next 3 to 6 months with a 3+ year investment horizon and review investment plan as more clarity emerges.
- Looking ahead, the medium-term outlook for India's economy appears optimistic. This optimism is fuelled by policy continuity, benefits from Production-Linked Incentive schemes, opportunities arising from shifts in the global supply chain, enhanced infrastructure investments, the potential of resurgence in private sector capex, and the enduring robustness of consumption.

Sector Performance

Sector Index	30-Apr-25	30-Apr-24	Change	% Chg
BSE Auto	49,960	51,066	-1105.6	-2.2%
Bankex	62,622	55,998	6624.3	11.8%
BSE CD	8,929	9,046	-116.1	-1.3%
BSE CG	62,780	63,025	-244.6	-0.4%
BSE FMCG	20,454	19,612	841.8	4.3%
BSE HC	42,211	35,406	6805.6	19.2%
BSE IT	35,051	34,095	955.8	2.8%
BSE Metal	29,051	31,251	-2200.0	-7.0%
BSE Oil	26,491	28,981	-2489.4	-8.6%
BSE Power	6,648	7,220	-572.5	-7.9%
BSE PSU	18,662	20,098	-1436.2	-7.1%
BSE Real	6,865	7,643	-778.6	-10.2%
BSE TEC	17,322	15,802	1520.4	9.6%

Review

- MCX Gold prices were at Rs. 90,797 in the beginning of the month and surged in April, fueled by concerns about global trade wars and safe-haven demand, hitting a record high of Rs. 99,358 per 10 grams on April 22nd. Following the record high gold prices began to decline and closed at Rs.93,928 in the end of the month due to easing trade tensions and profit booking by investors, particularly after the US announced trade talks with China.
- In April 2025, silver prices declined to a low of ₹93,975 per kilogram from ₹99,557 per kilogram at the start of the month, driven by escalating tariff tensions, global trade uncertainties and concerns on whether Industrial demand for Silver would sustain. However, silver continued to remain volatile during the month following the U.S. President's announcement regarding trade negotiations with India, Japan, South Korea, and China. Additionally, expectations of Federal Reserve rate cuts in 2025 have created a potentially favorable environment for silver.
- Brent crude fell over 18% in April, settling at $61.06 per barrel, down from $74.77 the previous month. The drop was driven by demand concerns amid U.S.-China trade tensions and expectations of increased supply from OPEC+ for a second straight month.
- The Indian rupee weathered a volatile April 2025 but ended stronger, supported by a weaker U.S. dollar index, solid foreign inflows, and reduced hedging by exporters for non-dollar currencies such as yen and euro. USD/INR dipped below 85 to close at 84.56, while the Dollar Index fell over 4.5% to 99.46 in April from 104.21 in March.

Outlook

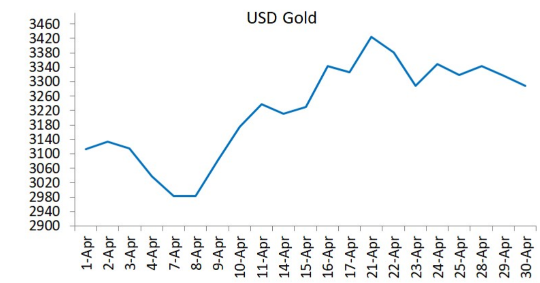
- In May, Gold prices fell from the recent all-time high of Rs 1 lakh per 10-gram mark for the first time, to around Rs 94,600, and may remain under pressure due to easing trade tensions and mixed U.S. economic signals reducing safe-haven demand. Markets may continue to monitor economic data and geopolitical risks, with the potential for price fluctuations in gold based on shifts in market sentiment.
- Silver has quietly positioned itself as a high-conviction play for 2025—driven by its unique blend of industrial demand, monetary relevance, and undervaluation as factors that could make silver a better-performing asset vs gold over the next couple of years.

  Few reasons:

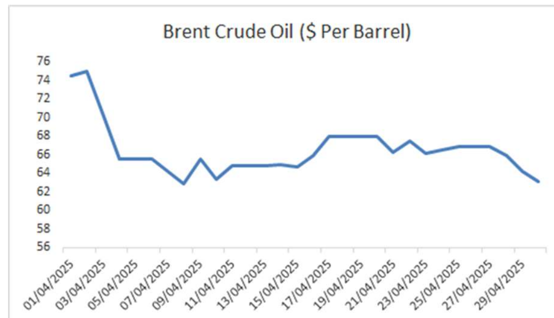
  i> Strong industrial demand from new age industries has led to demand-supply deficit for fourth consecutive year.

  ii> High Gold/Silver ratio of around 100 against historical average of around 70 makes it relatively a better value buy.
- iii> Silver's long consolidation around these levels and still trading way below around $32 from a high of $49 made in 2011 gives it enough room to catchup with Gold in coming quarters and iv> Constraints on new mine supply addition in coming years makes Silver a high conviction bet for next couple of years. We expect Silver to move in a range of $32 to $35 for couple of months with upward bias and gradually moving to higher range on the back of policy stability and better growth prospects in global economy.
- Crude oil prices may remain under pressure and are likely to be below $60 per barrel, impacted by increasingly fragile demand signals, especially from China, due to the trade war's impact. Additionally, OPEC+ is to boost output by 411,000 bpd in June, raising fears of a growing crude oil oversupply in the coming weeks. Crude oil prices may remain weak unless demand rebounds or OPEC+ unexpectedly reverses course.
- In May, the USDINR exchange rate is currently at 84.25 and may remain volatile, influenced by the Federal Reserve's policy decision, U.S.-India trade developments, and cross-border tensions. The dollar index has dipped below the 100 level, currently standing at 99.90, following stronger-than-expected U.S. job growth—highlighting the labor market's resilience despite ongoing uncertainty surrounding U.S. tariff policies. In its latest FOMC meeting, the Federal Reserve opted to keep interest rates unchanged, with Chairman Jerome Powell reaffirming the stance of 'no hurry to cut rates.' The Fed intends to further assess economic conditions before considering a potential rate cut, a move that could lend support to dollar index prices.

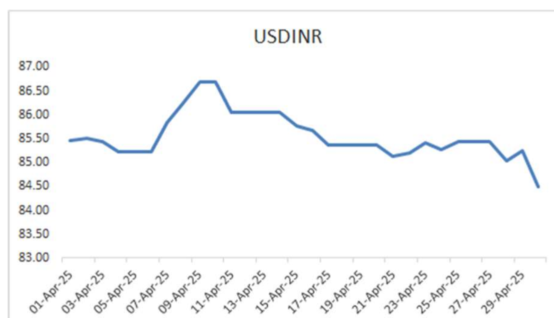
International Gold Prices



Crude Oil Prices



USD/INR



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