APRIL 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- 23519.35
PE – 21.37
PB – 3.48x
Div Yield – 1.32%

NIFTY MIDCAP 150
Closing –19120.35
PE – 33.71
PB – 4.83x
Div Yield – 0.85%

NIFTY SMALL CAP 250
Closing –15104.05
PE – 29.42
PB – 3.56x
Div Yield – 0.89%

10 Yr. GOI Yield
6.58%

CRUDE
74.74 $/bbl

USD/INR
85.46

GOLD
3,085 $/Oz

Data as on March 31, 2025
Source: Bloomberg

Indicators	Mar-25	Feb-25	Jan-25	Dec-24	Nov-24	Oct-24	Sep-24	Aug-24	Jul-24	Jun-24	May-24	Apr-24	Mar-24
Sensex	5.80%	-5.60%	0.80%	-7.30%	0.52%	-5.80%	2.35%	0.76%	3.43%	6.86%	-0.70%	1.13%	1.59%
Nifty	6.30%	-5.80%	-0.60%	-8.40%	-0.31%	-6.20%	2.28%	1.14%	3.92%	6.57%	-0.33%	1.24%	1.57%
Nifty Midcap 150 Index	7.61%	-10.40%	-6.14%	-4.90%	0.50%	-6.70%	1.50%	0.50%	5.84%	7.80%	1.65%	5.81%	-0.54%
Nifty SmallCap 250 Index	9.10%	-13.20%	-11.49%	-3.60%	-0.20%	-3.60%	1.30%	1.24%	4.89%	9.50%	-1.31%	10.49%	-4.24%
S&P 500 Index	-5.80%	-1.40%	4.80%	2.10%	4.70%	-1.00%	2.00%	2.28%	1.13%	3.47%	4.80%	-4.16%	3.10%
Nifty 50 EPS TTM (Rs)	1079	1075	1078	1069	1069	1021	1018	1016	991	989	990	926	937
Nifty 50 Price/Earnings (PE Ratio)	21	20	21	22.1	22.5	23.6	25.2	24.7	25.03	24	23	24	23
Nifty Midcap 150 (PE Ratio)	34	33	38	40	37	37	41	40	40	37	34	33	30
India Economic Indicator													
Bank Credit Growth (YoY%)	10.31%	10.85%	11.46%	11.28%	11.15%	12.13%	13.35%	13.48%	13.87%	19.16%	19.54%	19.03%	20.18%
Bank Deposit Growth (YoY%)	9.94%	10.54%	10.84%	11.50%	11.21%	12.33%	11.18%	10.88%	11.28%	12.58%	13.28%	13.31%	13.48%
Debt Market Indicator													
RBI Repo Rate (%)	6.25	6.25	6.50	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 (%)	6.58	6.70	6.70	6.76	6.75	6.85	6.75	6.86	6.93	7.01	6.98	7.19	7.06
Corp Bond 10 Yr AAA Yield (%)	7.17	7.17	7.17	7.24	7.40	7.34	7.31	7.45	7.48	7.55	7.57	7.58	7.52
Corp Bond 10 Yr AA Yield (%)	7.92	7.92	7.92	8.04	8.09	8.03	8.04	8.12	8.12	8.25	8.22	8.23	8.16
Corp Bond 10 Yr A Yield (%)	6.70	6.70	6.70	9.73	9.79	9.78	9.75	9.88	9.95	10.02	9.99	10.15	10.05
Corp Bond 5 Yr AAA Yield (%)	7.34	7.34	7.34	7.46	7.36	7.52	7.50	7.62	7.56	7.74	7.65	7.69	7.61
Corp Bond 1 Yr AAA Yield (%)	7.71	7.71	7.73	7.78	7.63	7.63	7.69	7.76	7.65	7.74	7.72	7.80	7.76
CD 1 Yr (%)	7.62	7.62	7.65	7.63	7.55	7.46	7.76	7.63	7.57	7.62	7.62	7.54	7.62
Commodity & Currency													
Gold Price (USD)	3,085	2,858	2,798	2,625	2,643	2,744	2,635	2,503	2,448	2,327	2,327	2,286	2,230
Gold (Rs/10gm)	88,691	84,789	81,798	75,913	76,400	79,181	75,051	71,679	69,046	71,563	72,127	71,529	66,987
Crude($)	74.74	73.18	76.76	74.64	72.94	73.16	71.77	78.80	80.72	86.41	81.62	87.86	87.48
INR/1 USD	85.46	87.51	86.62	85.60	84.49	84.08	83.80	83.87	83.73	83.39	83.47	83.44	83.40
INR/1 EURO	92.08	90.98	89.95	89.20	89.22	91.39	93.77	92.95	90.65	89.30	90.53	89.50	89.87
Flows													
FII-Equity (Rs.cr)	-3973	-34574	-72,677	16,437	-22,602	-91,934	49,793	11,678	27,957	25,940	-25,260	-9,175	2,355
FII-Debt (Rs.cr)	37789	10517	12041.06	13,375	-968	-5,978	19,225	16,421	21,863	19,673	15,109	-15,941	4,723
MF-Equity (Rs.cr)	6579	35394	55073.23	28,138	35,633	32,561	32,264	31,685	20,601	28,226	48,099	32,824	-1,066
MF-Debt (Rs.cr)	-81165	-95817	-51536.26	-56,887	-32,395	-36,396	-36,890	52,470	-6,612	-4,800	-61,291	14,529	-5,229

Source: Bloomberg, W2W Research

Summary:-

- As of 31st March 2025, Nifty 50 was trading at a PE of 21.37x and Nifty Midcap 150 was trading at a PE of 33.71x.
- India's CPI inflation in February 2025 moderated to 3.61%, compared to 4.31% in January 2025. Meanwhile, India's WPI inflation slightly increased to 2.38% in February 2025, compared to 2.31% in January 2025, attributed to a increase in manufacturing prices amid a softer fall in fuel prices.
- Bank credit growth slowed down to 10.31% year-over-year as of 31 March 2025, compared to 10.85% year-over-year in February 2025. However, the growth of bank deposits decreased to 9.94% year over year.
- GST collections stood at 1.96 lac cr in March as compared to Rs. 1.84 lac cr in February.
- India's Manufacturing PMI rose to 58.1 in March 2025 compared to 56.3 in February 2025. However, India's Services PMI dropped to 58.5 in March 2025 compared to 59.0 in February 2025.

Debt Market Review

- US Treasury bond (UST) yields were range-bound during the month, driven by tariff and growth concerns. US 10-year Treasury bond (UST) yield moved in the range of 4.22%-4.38% and closed the month marginally lower at 4.23%. The FOMC kept policy rates unchanged at 4.25-4.50% while retaining the projection of two rate cuts in CY2025, revising down GDP growth projections, and increasing PCE inflation projections. The Fed also announced a slowdown in the pace of its balance sheet reduction.
- The Bank of England and the Bank of Japan kept policy rates unchanged. In Germany, the 10-year bond at 2.61% reflects the prospect of a flood of bond issuance as the government ramps up defense spending. Meanwhile, the rate on 10-year Japanese bonds has surged after spending years at zero and is now around 1.25%, as investors brace for tighter monetary policy there.
- A slowdown in US growth and weak global trade momentum are likely to impact external demand. That said, a sharp rise in global uncertainty and the announcement of prohibitive reciprocal tariffs by the US raise downside risk to global growth and upside risk to volatility in financial markets.
- On the domestic front, 10-year Gsec yields fell to 6.58% as the improving domestic macros in the form of growth moderation, inflation below 4%(Feb'25), fiscal deficit on track, and improving current account balances driven by net services exports and remittances, to be monetary policy supportive.
- February'25 CPI inflation decelerated to 3.6% YoY on moderation in food inflation, while core inflation inched up to 4%. Meanwhile, February'25 WPI inflation remained steady at 2.38%. IIP growth in January'25 improved to 5% due to a pickup in the manufacturing sector. However, the Center and states' FY25 fiscal accounts continued to highlight weakness in capital expenditure.
- RBI cut the repo rate by 25 basis points to 6.00%, in the face of global economic uncertainty driven by rising tariffs and geopolitical tensions. This move signals a continued tilt towards a pro-growth policy approach, supported by easing inflation and stabilizing a macroeconomic environment. Real GDP is now projected for this fiscal at 6.5%, with Q1, Q2 at 6.7%, Q3 at 6.6%, and Q4 at 6.3%. With CPI inflation projected to ease to around 4.5%, the timing of the rate cut is apt for boosting consumer confidence and enhancing credit availability.

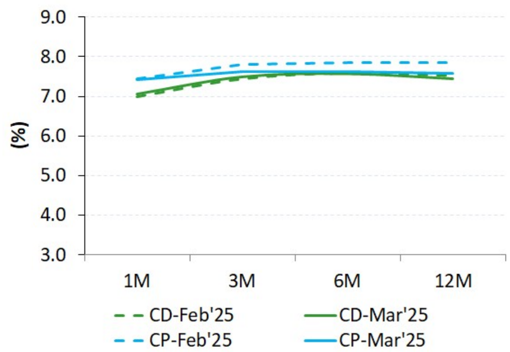
Debt Market Outlook

- March saw major global central banks keeping policy rates unchanged and preferring a data-dependent approach. Going forward, the central banks (CBs) are likely to prefer a gradual rate cut cycle on the back of a sharp rise in global uncertainties.
- On the domestic front, April 2025 OMO purchase calendar, amounting to Rs 800 billion, continues this trend of liquidity enhancement. As a result, durable liquidity is projected to increase to over Rs 3 trillion by the end of Q1FY26, up from its current level of approximately Rs 2 trillion.
- The Central government announced Government Securities gross borrowings of Rs 8 trillion in H1FY26, which is 54% of the total FY2026 gross Gsec borrowings. Further, Q1FY26 gross short-term borrowing through T-bill was also announced at Rs 2.5tn. State development loans Q1 borrowing was announced as Rs 2.73 trillion, slightly higher than expected. 10-year Gsec yield is likely to be in a range of 6.40%-6.60% in April.
- Markets in the near term await, lingering impact of reciprocal tariffs, oil prices, FPI flows, and currency movements. Globally narrative on recession fears and stagflationary impact from tariffs will be watched along with measures from other countries. Commentary from Fed members and global central banks' actions will be watched as well. while debt markets are likely to remain positive on duration due to the RBI's aggressive OMO auctions.

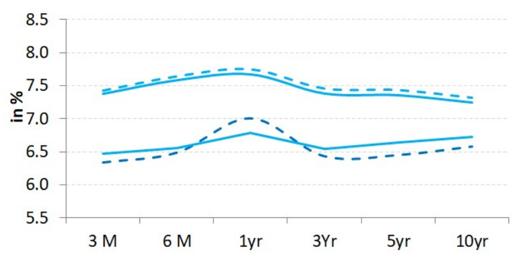
Investment Strategy

- 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.

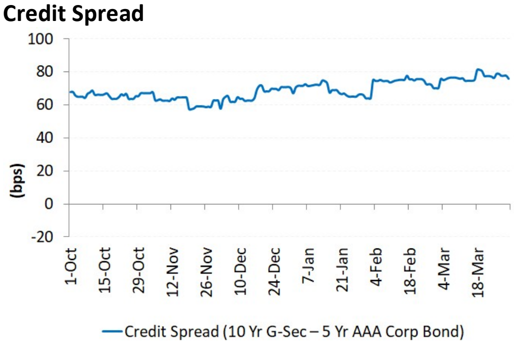
CD/CP Rate



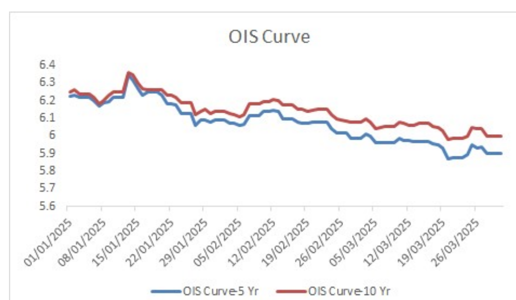
G-Sec and AAA Corp Bond Yield



Credit Spread



OIS Curve



Source: Bloomberg, W2W Research

Equity Market Review

- US equity markets retreated in March, with S&P 500 down 5.75% and Nasdaq 100 falling 7.69%, due to renewed tariff threats and a looming government shutdown. While a cooler than expected inflation data helped stanch a sharp sell-off, escalation of tariff war kept gains in check. The Fed cut its 2025 growth forecast to 1.7% (from 2.1%) and raised its inflation outlook to 2.7% (from 2.5%) with the upward revision partly reflecting the anticipated impact of newly imposed US tariffs and potential retaliatory actions.
- European stocks ended March in negative territory, with Stoxx 600 down by 4.18%, as investors braced for the unveiling of Trump's reciprocal tariffs. The ECB cut rates by 25 bps to 2.5% and announced a fiscal stimulus plan, while signaling a slower pace of future rate cuts. The FTSE All share index was down by 2.75% due to worries relating to economic growth and uncertainty around US Tariffs.
- The Hang Seng index had a good start in March due to stimulus measures and positive economic data. However, markets closed marginally up at 0.78% due to tariff threats. Japan's Nikkei fell 4.1% in March as investors weighed the risk of imminent US trade tariffs. Bank of Japan continued to keep interest rates steady at 0.5%.
- Benchmark indices in India closed FY25 on a positive note, rebounding strongly in March. BSE Sensex recorded a significant rise, climbing up to 5.8%, while the NSE Nifty 50 surged over 6.3%. Nifty Mid Cap index rose by 7.7% and the Nifty Small cap 250 index rose by 9.1% for the month. The market rebound in March was driven by renewed domestic optimism and a pickup in foreign inflows, as investors looked to capitalize on attractive valuations nearing historical averages.
- The FII market saw reduced outflows of Rs. 3973 Crores in the month of March driven by expectations of a potential RBI rate cut, attractive market valuations, liquidity measures by RBI and more dovish FED dot plot projections for 2025. Domestic Institutional Investors (DIIs) remained net buyers of Indian equities for the 20th consecutive month.
- Global markets have witnessed significant turmoil following the announcement of tariffs, with key indices like the S&P 500, Stoxx 600, Nikkei 225, and Hang Seng plunging over 10%, while the broader indices of Indian markets falling by ~ 5%. At this juncture, markets are awaiting greater clarity on the retaliatory measures countries might adopt.

Equity Market Outlook

- US markets are expected to remain highly volatile amid uncertainty over tariffs, potential retaliatory actions and the upcoming corporate earnings season. Although new jobs were added in March, the unemployment rate edged up to 4.2%, raising concerns about the strength of the labor market. Rising fears of a potential recession may continue to weigh on market sentiment.
- China's new stimulus to spur consumption is being undercut by the US trade war, and escalating retaliations and tariff uncertainties on both sides will fuel further market volatility.
- The Bank of Japan kept interest rate steady with fears of possible global slowdown caused by Trump's tariff policy. US being Japan's largest export market, the ongoing tariff war poses a significant headwind for Japanese equities. The outcome of trade negotiations between the Japanese government and the Trump administration will be a key factor for markets to monitor closely.
- The rate cut of 25 Bps by the ECB along with the fiscal stimulus launched by Germany is expected to inject much needed stimulus and reshape expectations for future growth and interest rates. However, investors should stay cautious as the newly imposed tariffs are likely to fuel further market volatility.
- Softening CPI inflation has prompted another 25-bps rate cut by RBI, aimed at bolstering liquidity and reinforcing growth in the economy.
- As far as Indian economy is concerned, the direct impact of the Reciprocal tariffs on Indian Exports and GDP is estimated to be less than 1%. However, severe decline in US and other economy's demand would bring larger indirect negative impact. Thus, the uncertainty related to tariffs imposed and any retaliations by other countries could lead to volatility in Indian markets.
- India's Q4FY25 earnings season kicks off, against an uncertain global macro backdrop. Commentary from companies on tariffs and macroeconomic implications will be monitored by equity markets and market returns are likely to reflect the earnings growth.

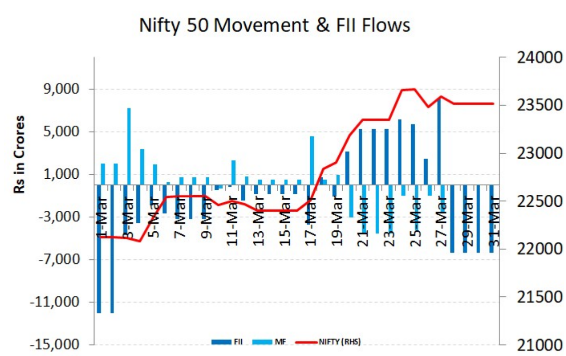
Investment Strategy

- 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.

Indices Performance

Index	28-Mar-25	28-Mar-24	Change	% Chg
India				
Sensex	77,415	73,651	3763.6	5.1%
Nifty 50	23,519	22,327	1192.5	5.3%
US				
Dow Jones	41,584	39,807	1776.5	4.5%
Nasdaq	17,323	16,379	943.5	5.8%
EC				
FTSE 100	8,659	7,953	706.2	8.9%
Asia				
Nikkei 225	37,120	40,168	-3047.7	-7.6%
Hang Seng	23,427	16,541	6885.2	41.6%
Shanghai Comp	3,351	3,011	340.6	11.3%
Bovespa	131,902	134,185	-2283.1	-1.7%
RTS	1,126	1,175	-49.0	-4.2%
Other				
MSCI WORLD	3,635	3,437	197.9	5.8%
MSCI EM	1,121	1,040	80.3	7.7%
MSCI EM Asia	615	557	57.6	10.3%

Nifty 50 Price & FII and MF flows



Sector Performance

Sector Index	28-Mar-25	28-Mar-24	Change	% Chg
BSE Auto	47,704	49,142	-1438.1	-2.9%
Bankex	59,542	53,515	6027.2	11.3%
BSE CD	8,588	8,611	-22.8	-0.3%
BSE CG	62,724	60,943	1781.2	2.9%
BSE FMCG	19,447	19,318	129.1	0.7%
BSE HC	41,422	35,053	6368.7	18.2%
BSE IT	36,123	35,645	477.9	1.3%
BSE Metal	30,825	28,196	2628.6	9.3%
BSE Oil	25,134	27,644	-2511.0	-9.1%
BSE Power	6,588	6,702	-113.3	-1.7%
BSE PSU	18,149	18,275	-125.2	-0.7%
BSE Real	6,602	7,108	-506.8	-7.1%
BSE TEC	17,349	16,111	1238.1	7.7%

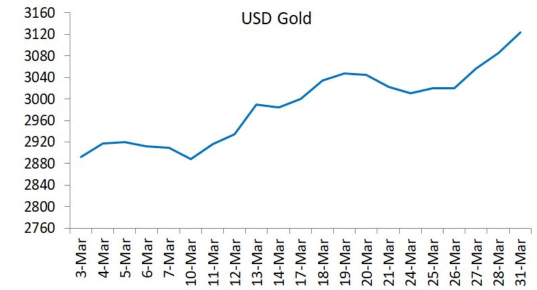
Review

- In March 2025, gold prices in India were in an uptrend due to the concerns over fresh tariff plans from US President Donald Trump, fuelling fears of an intensified global trade war. Investors sought refuge in gold, a traditional safe-haven asset, pushing prices higher for the fourth consecutive week. At the beginning of the month, gold was priced at around ₹84,789 per 10 grams, and by the end of the month, it had risen to approximately ₹88,691 per 10 grams.
- Crude oil prices eased to around $74.74 per barrel, reflecting the demand destruction implied in the ramping US vs world trade war, as well as a pending production increase among the Organization of Petroleum Exporting Countries may further weigh on the crude oil prices.
- The USD/INR exchange rate fell below the 86 level and was traded at 85.46 at the end of the month due to the return of foreign investors to the Indian equity market and lower crude oil prices. Fear of the US running into recession triggered a sharp rise in the dollar index. However, it fell later. The dollar index touched a 104.68 level and retracted to 104.04 level.

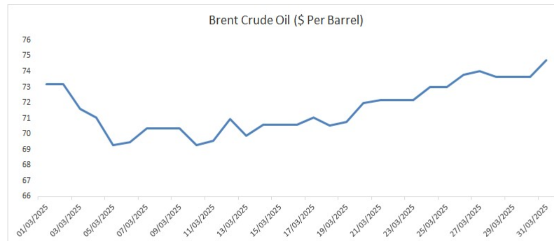
Outlook

- In April 2025, gold prices in India fell and are expected to remain under pressure despite the trade-war concerns, as investors may be liquidating bullion to raise cash or cover margin calls in other asset classes suffering steep losses. Markets may continue to monitor inflation data and geopolitical risks with the potential for price fluctuations in gold based on shifts in policy and market sentiment.
- Crude oil prices may remain under pressure and are likely to fall below $60 per barrel as the Tariff turmoil may continue to weigh on energy prices, on concerns that the escalation of the global trade war could derail the global economy and energy demand. The market remains cautious, and the coming weeks will be critical in determining the trajectory of crude oil prices.
- The USD/INR exchange rate is at 85.71 and is expected to remain volatile after US President Donald Trump's tariffs around the world's largest economy's trade and supply chains led to a fall in crude oil prices, however, the foreign portfolio and other inflows, coupled with a scaling back of bearish wagers may support the Indian rupee. U.S. dollar is forecast to stabilize despite mounting worries about the economic impact of President Donald Trump's tariff announcements.

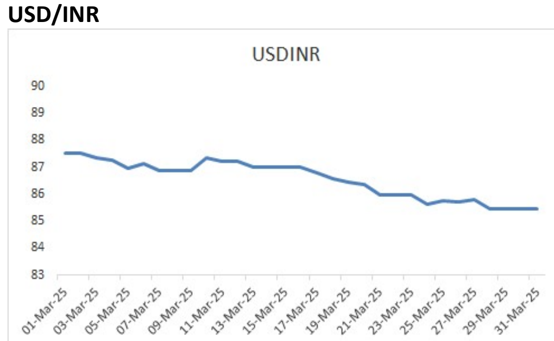
International Gold Prices



Crude Oil Prices



USD/INR



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