JULY 2025

MONTHLY REPORT

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CONTENTS

NIFTY 50
Closing- 25517.05
PE – 22.97
PB – 3.7x
Div Yield – 1.24%

NIFTY MIDCAP 150
Closing –21988.65
PE – 35.27
PB – 5.35x
Div Yield – 0.77%

NIFTY SMALL CAP 250
Closing –17797.80
PE – 33.87
PB – 4.23x
Div Yield – 0.62%

10 Yr. GOI Yield
6.32%

CRUDE
67.61 $/bbl

USD/INR
85.75

GOLD
3,303 $/Oz

Data as on June 30th, 2025
Source: Bloomberg

Indicators	Jun-25	May-25	Apr-25	Mar-25	Feb-25	Jan-25	Dec-24	Nov-24	Oct-24	Sep-24	Aug-24	Jul-24	Jun-24
Sensex	2.65%	1.50%	4.37%	5.80%	-5.60%	0.80%	-7.30%	0.52%	-5.80%	2.35%	0.76%	3.43%	6.86%
Nifty 50	3.10%	1.70%	4.25%	6.30%	-5.80%	-0.60%	-8.40%	-0.31%	-6.20%	2.28%	1.14%	3.92%	6.57%
Nifty Midcap 150 Index	4.09%	6.10%	4.15%	7.61%	-10.40%	-6.14%	-4.90%	0.50%	-6.70%	1.50%	0.50%	5.84%	7.80%
Nifty SmallCap 250 Index	5.73%	9.60%	1.93%	9.10%	-13.20%	-11.49%	-3.60%	-0.20%	-3.60%	1.30%	1.24%	4.89%	9.50%
S&P 500 Index	4.96%	5.50%	-1.10%	-5.80%	-1.40%	4.80%	2.10%	4.70%	-1.00%	2.00%	2.28%	1.13%	3.47%
Nifty 50 EPS TTM (Rs)	1092	1092	1078	1079	1075	1078	1069	1069	1021	1018	1016	991	989
Nifty 50 Price/Earnings (PE Ratio)	23	22	22	21	20	21	22	23	24	25	25	25	24
Nifty Midcap 150 (PE Ratio)	35	34	34	34	33	38	40	37	37	41	40	40	37
India Economic Indicator													
Bank Credit Growth (YoY%)	9.59%	9.75%	11.59%	10.31%	10.85%	11.46%	11.28%	11.15%	12.13%	13.35%	13.48%	13.87%	19.16%
Bank Deposit Growth (YoY%)	10.37%	9.96%	11.40%	9.94%	10.54%	10.84%	11.50%	11.21%	12.33%	11.18%	10.88%	11.28%	12.58%
Debt Market Indicator													
RBI Repo Rate (%)	5.50	6.00	6.00	6.25	6.25	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
G-sec 10 year Yield (%)	6.32	6.29	6.36	6.58	6.70	6.70	6.76	6.75	6.85	6.75	6.86	6.93	7.01
Corp Bond 10 Yr AAA Yield (%)	7.11	7.03	7.08	7.17	7.17	7.17	7.24	7.40	7.34	7.31	7.45	7.48	7.55
Corp Bond 10 Yr AA Yield (%)	7.96	7.79	7.81	7.92	7.92	7.92	8.04	8.09	8.03	8.04	8.12	8.12	8.25
Corp Bond 10 Yr A Yield (%)	9.30	9.18	9.36	6.70	6.70	6.70	9.73	9.79	9.78	9.75	9.88	9.95	10.02
Corp Bond 5 Yr AAA Yield (%)	6.85	6.79	6.96	7.34	7.34	7.34	7.46	7.36	7.52	7.50	7.62	7.56	7.74
Corp Bond 1 Yr AAA Yield (%)	6.70	6.63	6.89	7.71	7.71	7.73	7.78	7.63	7.63	7.69	7.76	7.65	7.74
CD 1 Yr (%)	6.33	6.55	6.79	7.62	7.62	7.65	7.63	7.55	7.46	7.76	7.63	7.57	7.62
Commodity & Currency													
Gold Price (USD)	3,303	3,289	3,289	3,085	2,858	2,798	2,625	2,643	2,744	2,635	2,503	2,448	2,327
Gold (Rs/10gm)	95,676	95,058	93,928	88,691	84,789	81,798	75,913	76,400	79,181	75,051	71,679	69,046	71,563
Crude($)	67.61	63.90	63.12	74.74	73.18	76.76	74.64	72.94	73.16	71.77	78.80	80.72	86.41
INR/1 USD	85.75	85.58	84.50	85.46	87.51	86.62	85.60	84.49	84.08	83.80	83.87	83.73	83.39
INR/1 EURO	100.52	96.94	96.01	92.08	90.98	89.95	89.20	89.22	91.39	93.77	92.95	90.65	89.30
Flows													
FII-Equity (Rs.cr)	14590	19860	4223	-3973	-34574	-72,677	16,437	-22,602	-91,934	49,793	11,678	27,957	25,940
FII-Debt (Rs.cr)	-6121	19615	-25993	37789	10517	12041.06	13,375	-968	-5,978	19,225	16,421	21,863	19,673
MF-Equity (Rs.cr)	45519	67642	18063	6579	35394	55073.23	28,138	35,633	32,561	32,264	31,685	20,601	28,226
MF-Debt (Rs.cr)	-30911	-104054	-23854	-81165	-95817	-51536.26	-56,887	-32,395	-36,396	-36,890	52,470	-6,612	-4,800

Source: Bloomberg, W2W Research

Summary:-

- As of 30th June 2025, Nifty 50 was trading at a PE of 22.97x and Nifty Midcap 150 was trading at a PE of 35.27x.
- India's CPI inflation in May 2025 moderated to 2.82%, compared to 3.16% in April 2025. Meanwhile, India's WPI inflation decreased to 0.39% in May 2025, compared to 0.85% in April 2025, largely driven by a significant easing of prices in food, fuel, and primary articles
- Bank credit growth reduced to 9.59% year-over-year as of 30 June 2025, compared to 9.75% year-over-year in May 2025. However, the growth of bank deposits rose to 10.37% year over year.
- GST collections stood at 1.85 lac cr in June 2025 as compared to Rs. 2.01 lac cr in May 2025.
- India's Manufacturing PMI rose to 58.4 in June 2025 from 57.6 in May. India's Services PMI increased marginally to 60.4 in June 2025 from 58.8 in May 2025.

Debt Market Review

- In June 2025, US bond yields declined across maturities, with the 10-year Treasury yield ending around 4.28%, near two-month lows, on expectations of future rate cuts and a softening economy as the core inflation eased modestly but remains above the Fed's 2% target, keeping policymakers on edge. Fed officials remain cautious, awaiting clearer signs of economic slowdown before acting, but markets are pricing in a more proactive stance as labor data weakens, as jobless claims inch higher.
- The UK 10-year gilt yield ended down by 18 bps to 4.49%, with 2-year and 1-year yields also dropping to 3.83% and 3.75%, respectively, as falling headline inflation and a new UK-U.S. trade deal boosted sentiment, kept the yields in check. In the Eurozone, the ECB's dovish tone and inflation easing to 1.9% in line within its targeted level, lowered the 10-year yield to 3.08%, while German bund yields slipped to 2.58%. The Bank of England and the European Central Bank both held interest rates steady amid easing inflation, leading to a decline in bond yields across the UK and the Eurozone.
- The 10-year Japanese Government Bond yield fell 6 basis points to 1.45% by the end of the month, due to the anticipation of the rate hike by the Bank of Japan, as Japan's core inflation eased in June but remained above the 2% target, leaving room for potential rate hikes. The Bank of Japan kept its policy rate unchanged in its previous policy meeting but reiterated plans to gradually reduce Japan Government Bonds purchases, allowing long-term rates to reflect market forces.
- India's 10-year government bond yield rose 12 basis points in June to 6.36%, driven by policy shifts and external pressures. While the RBI cut the repo rate by 50 bps to 5.5%, it adopted a neutral stance, signaling caution on further easing. Rising crude oil prices amid Middle East tensions fueled inflation concerns, restricting the rise on bond prices.
- Foreign investors have once again started selling in India's debt market, as they have pulled out Rs 6,121 crore from the market in June compared to a strong inflow of Rs 19,615 crore in May, showing a shift in sentiment.
- India's retail inflation declined marginally to 2.82% in May, reaching its lowest level, due to falling food prices, as food inflation also saw a decline to 0.99%. India's wholesale price index (WPI)-based inflation dropped to a 14-month low of 0.39 per cent in May 2025, down from 0.85 per cent recorded in April, driven by easing prices across key categories, including food, fuel, and primary articles. IIP dips to a 9-month low at 1.2% as manufacturing momentum weakens.

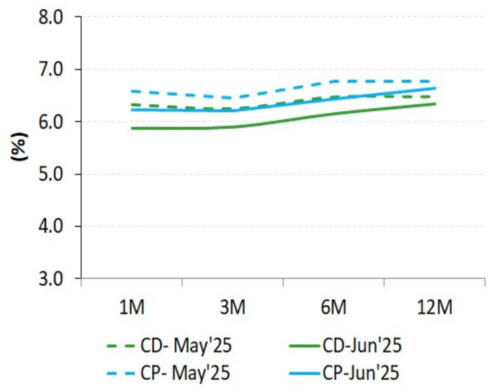
Debt Market Outlook

- The US debt market in July 2025 is likely to be shaped by fiscal pressures, Federal Reserve policy, and global geopolitical tensions. A staggering $9.2 trillion in US debt is set to mature in 2025, about 25% of total national debt, putting upward pressure on yields as the Treasury prepares to refinance at higher rates. The Federal Reserve has paused further rate cuts, signaling a modest 25 basis point cut in 2026, which could contribute to continued volatility in bond yields. Long-term Treasury yields may remain under pressure due to rising fiscal deficits, with the 10-year yield hovering around 4.5%.
- The ECB's dovish stance and strong credit fundamentals are lifting European bonds, with the 10-year yield easing to around 2.58%. In the UK, markets expect two more BoE cuts, potentially pushing 10-year gilt yields down to 4% by year-end. While falling inflation supports easing, risks from U.S. tariffs, political uncertainty, and global trade tensions may weigh on sentiments. European and UK bond markets are expected to remain cautiously optimistic in July 2025, supported by anticipated rate cuts.
- In Japan, rising wages and increased household disposable income are supporting consumption, while corporate capital investment remains steady. Yet, inflationary pressures, especially in food prices and uncertainty around US-Japan tariff negotiations, are casting shadows over growth. 10-year Japanese government bonds (JGBs) are forecast to range between 1.30% and 1.50%.
- On the domestic front, Indian bond yields are likely to remain range-bound, with scope for further rate cuts. However, FIIs and global factors such as US Treasury yields, crude oil prices, and geopolitical tensions may influence sentiment. A favorable monsoon may help contain food inflation, keeping overall inflation near the RBI's 4% target. Despite stable conditions, global uncertainties could create volatility. The 10-year bond yield stands at 6.30%, as liquidity remains strong, which could further help to maintain lower yields.

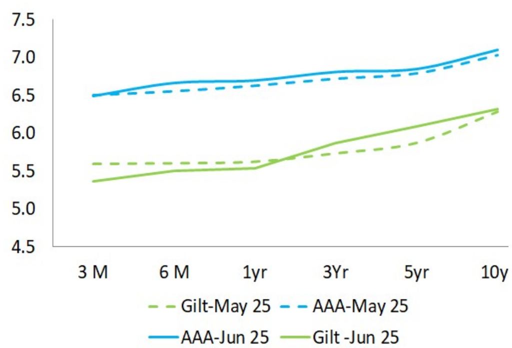
Investment Strategy

- Given the current macroeconomic backdrop marked by a softening inflation outlook, stable policy rates, and robust credit fundamentals—corporate bond funds are well-positioned to deliver consistent returns. They are particularly suitable for conservative to moderate investors with a medium-term horizon of three to five years, without taking on excessive credit or duration risk.
- Corporate bond, offering a balance between safety and returns. These funds primarily invest in high-quality corporate debt instruments, making them relatively low-risk within the debt category. With interest rates expected to remain stable in the near term and possibly decline later in the year, corporate bond funds can benefit from both steady accrual income and potential capital appreciation if yields fall.

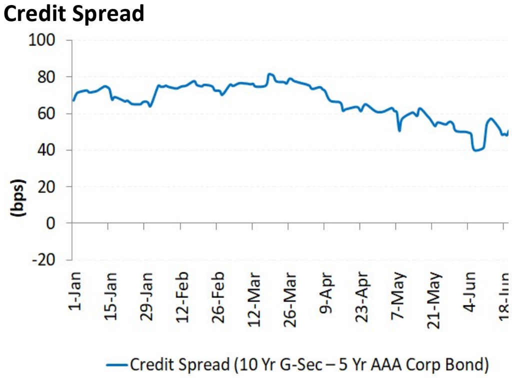
CD/CP Rate



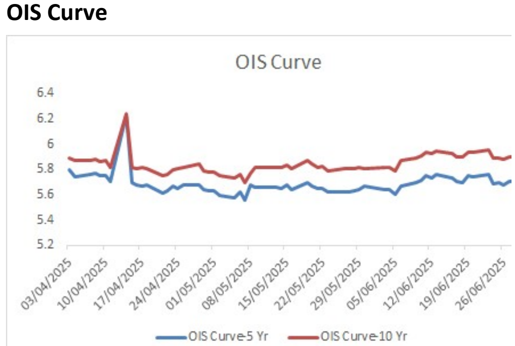
G-Sec and AAA Corp Bond Yield



Credit Spread



OIS Curve



Source: Bloomberg, W2W Research

Equity Market Review

- In June, the U.S. stock market saw significant gains, with S&P 500 advancing 4.96% and Nasdaq 100 surging 6.30%. The rally was driven by easing trade tensions between the U.S. and China and discussions with other major economies as well. The Federal Reserve kept rates steady at 4.25%–4.50%. The central bank is opting to wait for more data quantifying the economic impact of President Donald Trump's aggressive tariff agenda and tensions in the Middle East.
- European equities ended lower, with Stoxx 600 Index down 1.3% as investors monitored for signs of any progress on U.S. trade talks as the July tariff deadline loomed large and due to rising geopolitical tensions in the Middle East. The FTSE All share index was marginally up by 0.3% over the month. Bank of England held interest rate steady at 4.25% though it signaled further cuts in the cost of borrowing later this year.
- Hang Seng Index rose by 3.4% in June driven by easing trade tensions between the U.S. and China. Japan's Nikkei 225 index was up by 6.6% in June supported by hopes of trade deals with US and a broadly weaker yen.
- Ceasefire between Israel and Iran and the sharp decline in crude triggered a risk-on in global equity markets. Along with this favorable investment scenario, declining dollar encouraged FIIs to buy in India. On the domestic front, progress in the monsoon, and stable macroeconomic indicators supported the bullish undertone.
- Nifty 50 index ended the month with a gain of 3.1% while Sensex was up by 2.65%. Nifty Mid Cap 150 index surged 4.1% and the Nifty Small cap 250 index rose by 5.7% for the month. Sectoral performance for the month was led by strong gains in Chemicals (+5.6%) and India Digital index (+5.4%), followed by Infrastructure (+4.9%), and Tourism (+4.4%), while FMCG (0.72) lagged for the month.
- Improving domestic fundamentals, ongoing policy reforms and liquidity actions by RBI, and a weaker US dollar continued to keep foreign investors bullish on Indian stocks. FPIs reported strong inflows worth Rs. 14,590 crores in June.

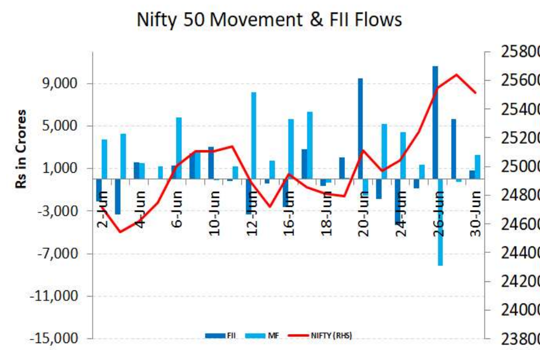
Indices Performance

Index	30-Jun-25	28-Jun-24	Change	% Chg
India				
Sensex	83,606	79,033	4573.7	5.8%
Nifty 50	25,517	24,011	1506.5	6.3%
US				
Dow Jones	44,095	39,119	4975.9	12.7%
Nasdaq	20,370	17,733	2637.1	14.9%
EC				
FTSE 100	8,761	8,164	596.8	7.3%
Asia				
Nikkei 225	26,393	39,583	-13190.0	-33.3%
Hang Seng	21,860	17,719	4141.2	23.4%
Shanghai Comp	3,399	2,967	431.2	14.5%
Bovespa	138,855	134,185	4669.8	3.5%
RTS	1,142	1,175	-32.4	-2.8%
Other				
MSCI WORLD	4,026	3,512	514.7	14.7%
MSCI EM	1,223	1,086	136.5	12.6%
MSCI EM Asia	673	597	76.0	12.7%

Equity Market Outlook

- Markets will contend with a range of uncertainties as trade tensions, geopolitical conflict and economic crosscurrents converge. The July 9 expiration of the reciprocal tariff postponement looms large, with few trade deals secured and expanded tariffs now targeting consumer goods. While tariffs could be further postponed past July 9th, uncertainty persists. The Fed faces a delicate balancing act given the persistent trend higher in continuing claims and inflation risk. Currently, the Fed and the bond market are in sync and forecast two 25bp rate cuts by year end 2025.
- While the U.S.-China trade talks were better than what markets had expected, the arrangement is still temporary and subject to further changes. China's central bank said that it would adjust the pace and intensity of policy implementation in response to domestic and global economic and financial conditions. Investors are watching for signs of fresh stimulus from an expected Politburo meeting in July as well as clues from an anticipated plenum later this year, where top party leaders are likely to discuss the country's 2026–2030 five-year plan.
- Bank of Japan held rates steady during the policy meet in June. Any progress in the tariff negotiations between US and Japan may influence movements in the Japanese markets thus investors are expected to remain cautious.
- There's enough progress on the trade front to keep markets happy supported by easing US- SINO trade tensions. The July deadline does continue to worry people, but the temptation is to go with the previous expectation that they will find a way to shift the deadline to make it less meaningful. US – EU trade talks will be closely monitored by markets. ECB has hinted of holding rates steady going forward as its inflation picked up to ECB target. Also, the BOE held rates steady citing uncertainties due to middle east tensions and tariffs uncertainties.
- The upcoming tariff extension deadline is a critical event. A status quo or favorable or neutral outcome (i.e., no negative surprises) may be viewed as an opportunity by the Indian markets, further reducing uncertainty and boosting risk appetite. Furthermore, the sustainability of FPI inflows remains uncertain due to rising US Bond yields and geopolitical shocks which could derail positive momentum. The tensions in the middle east could also impact the Indian markets.
- The tone of the quarterly earnings season is expected to be constructive, with strong domestic demand, margin stability, and select sector outperformance likely to support investor sentiment. Robust earnings delivery could act as a catalyst for further upside; however, investors are also awaiting management commentaries from companies to understand their outlook.

Nifty 50 Price & FII and MF flows



Sector Performance

Sector Index	30-Jun-25	28-Jun-24	Change	% Chg
BSE Auto	53,495	57,293	-3798.1	-6.6%
Bankex	64,178	59,641	4536.8	7.6%
BSE CD	9,640	9,935	-294.4	-3.0%
BSE CG	72,333	72,324	8.4	0.0%
BSE FMCG	20,241	20,550	-308.2	-1.5%
BSE HC	44,259	37,110	7149.1	19.3%
BSE IT	38,122	36,951	1170.4	3.2%
BSE Metal	31,696	33,051	-1354.6	-4.1%
BSE Oil	27,867	29,473	-1606.6	-5.5%
BSE Power	6,938	7,955	-1016.9	-12.8%
BSE PSU	20,024	21,204	-1180.1	-5.6%
BSE Real	7,642	8,635	-992.5	-11.5%
BSE TEC	18,740	17,164	1575.8	9.2%

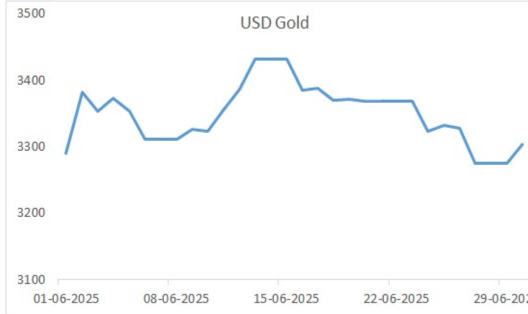
Investment Strategy

- A supportive macro environment—marked by softening inflation, accommodative liquidity policies, and reduced interest rate scenario—are poised to boost consumption and strengthen the structural growth story, offering a compelling long-term opportunity for investors. As per the current market levels, large caps are likely to remain attractive from the risk-reward perspective. Investors with moderate to aggressive risk appetite with short to medium term outlook, can invest in Multi asset funds or Balanced advantage funds. While investors with medium-to-long-term outlook can opt to invest in large cap-oriented schemes such as flexi caps, multi caps and large & mid cap 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.

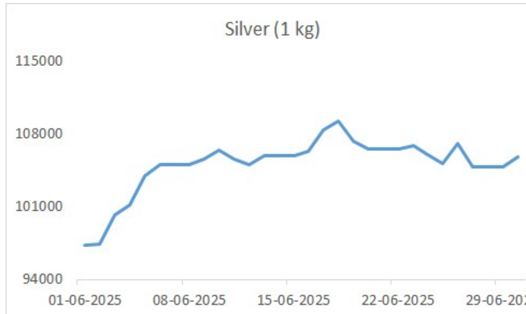
Review

- Gold prices surged mid-month due to geopolitical tensions, then corrected after the Iran-Israel ceasefire on June 24. The ceasefire between Israel and Iran triggered a steep ₹3,490 drop in gold prices in the last week. Also, the sluggish post-wedding season is limiting any upside momentum. However, a slight depreciation in the Indian Rupee supported domestic gold prices despite global corrections. Gold ultimately closed at ₹97,410 per 10 grams on June 30, compared to ₹95,891 at the end of May, marking a moderate monthly gain.
- Silver prices remained buoyant in June, driven by geopolitical uncertainties and robust industrial demand. Prices surged to Rs. 1,07,700 per kg from around ₹97,465 per kg, with momentum continuing into July, reflecting sustained investor interest. Despite a slowdown in manufacturing as indicated by the Index of Industrial Production (IIP), which eased to 1.2% YoY in May 2025, silver prices held firm. This divergence highlights silver's dual appeal both as a safe-haven asset and a key industrial metal, especially in sectors like electronics and renewable energy.
- Crude oil prices fell sharply to $65 per barrel from mid-June highs of $80 per barrel after the Iran-Israel ceasefire eased geopolitical tensions. Additional downward pressure came from OPEC's announcement to raise production by 411,000 barrels per day in August, continuing output increases from previous months. These developments have curbed the risk premium and capped any significant price rebound, keeping the crude oil prices under pressure.
- The USDINR surged to 86.74 in mid-June amid heightened Iran-Israel tensions but later retreated to 85.53 following the ceasefire, which improved global risk sentiment and strengthened the rupee. India's trade balance received a support from falling crude oil prices, while foreign institutional equity inflows and a range-bound U.S. dollar pressured by uncertainty over Fed rate hikes further supported the rupee. The Dollar Index (DXY) eased to 97.07 by month-end, as new tariffs raised inflation concerns and weighed on investor confidence in the greenback.

International Gold Prices



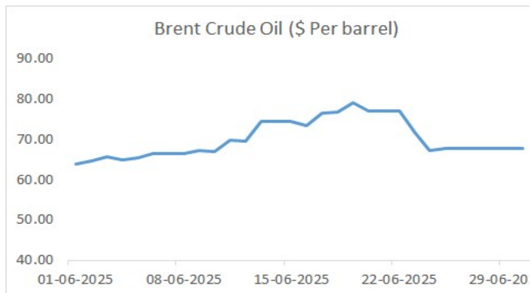
Silver Prices:



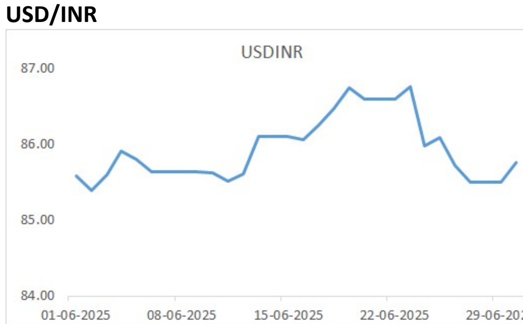
Outlook

- Gold prices surged and hovered above Rs. 100,000 per 10 grams, fueled by a mix of macroeconomic and geopolitical factors that continue to drive demand for safe-haven assets. In July, markets may continue to monitor economic data, US trade tariffs developments and geopolitical risks, with the potential for price fluctuations in gold based on shifts in market sentiment. Also, the upcoming July 9 deadline for U.S. tariffs could be a key inflection point.
- Silver prices have remained resilient, supported by a powerful blend of industrial demand, safe-haven buying, and favorable macroeconomic conditions. In July, a weakening US dollar combined with anticipated interest rate cuts by major central banks could provide additional momentum for price gains. Demand is expected to stay robust, driven by sustained consumption from green energy sectors such as solar power and electric vehicles, alongside heightened geopolitical tensions. With solid fundamentals including strong industrial usage, tightening global supply, and broad macroeconomic support, silver is likely to remain in demand.
- Crude oil markets in July 2025 are expected to remain under pressure, influenced by persistent oversupply, sluggish demand, and the waning impact of geopolitical risk premiums. OPEC+ agreed to raise production by 548,000 barrels per day in August. This represents a jump from monthly increases of 411,000 bpd OPEC+ had approved for May, June, and July, and 138,000 bpd in April, which could weigh on oil prices even more. On the demand side, growth remains muted amid a slow recovery in China and lackluster U.S. diesel consumption. As a result, crude oil prices are likely to stay subdued in the month.
- In July 2025, the USDINR exchange rate is expected to stay under pressure, influenced by a soft dollar index, subdued crude oil prices, and FII inflows into Indian markets. The Reserve Bank of India may actively working to stabilize the currency, particularly ahead of the July 9 U.S.-India tariff negotiations, which could drive the market sentiment and capital flows. The dollar index stands at 96.52 and may receive some support due to the slower-than-anticipated pace of rate cuts by the Federal Reserve. Still, any unexpected moves by global central banks or shifts in trade policy could introduce fresh volatility. If the tariff talks result in favorable outcomes, then the rupee could experience modest strengthening.

Crude Oil Prices



USD/INR



Investment Strategy

- We maintain a positive view on gold as a long-term core allocation in investor portfolios. Global central banks continue to accumulate gold, reinforcing gold's status as a trusted store of value across economic cycles. Elevated geopolitical risks and ongoing economic uncertainty further enhance gold's appeal as a safe-haven asset. Given these factors, we recommend gold as a strategic core holding, contributing to portfolio stability, diversification, and long-term wealth preservation. Investors can maintain steady exposure and use market dips to accumulate.
- We maintain a selectively positive view on silver, considering it suitable for tactical allocation within diversified portfolios. Silver stands to benefit significantly from strong industrial demand, particularly driven by the global clean energy transition. Its widespread use in solar panels, electric vehicles, and electronics positions well for medium to long-term growth. While silver tends to be more volatile than gold, it also offers greater upside potential during periods of industrial recovery or reflationary economic cycles. Investors can deploy in a staggered manner. It is suitable for investors comfortable with higher short-term volatility and who are looking to enhance returns and complement their core allocations with a growth-oriented exposure.

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