

Monthly Newsletter

January 2025



Market Overview

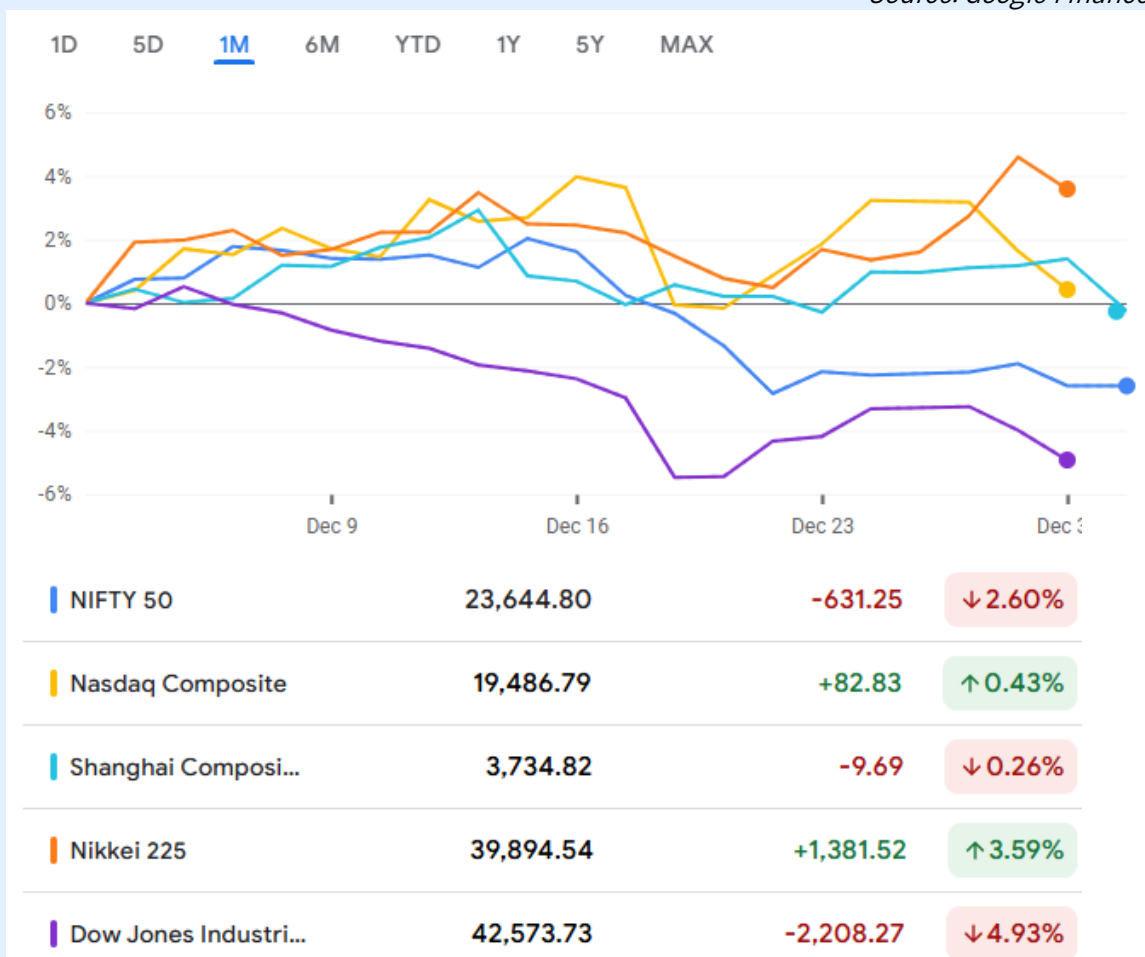
Global equity markets have faced weakness in December, with the S&P 500 declining by 2.34% and Nifty falling 2.05%. As markets transition into the New Year, caution prevails amid heightened uncertainty and stretched valuations.

The combination of high U.S. bond yields and a strong dollar is expected to sustain FII selling on any market rally. Meanwhile, DII buying lacks the momentum to drive markets significantly higher. Even DIIs and HNIs appear hesitant to accumulate stocks, except in select segments offering fair value.

Investor confidence to build positions will likely emerge only when macroeconomic indicators point to a recovery in growth and earnings. Keeping an eye on the Q3 results starting January 10th could highlight companies delivering strong performance despite the broader growth slowdown.

Global Overview

Source: Google Finance



U.S. Federal Reserve's Actions and Market Reactions

The U.S. Federal Reserve's latest monetary policy move sent ripples across global markets. By reducing its policy rate by 25 basis points, the Fed signalled a cautious approach to easing, projecting only two rate cuts in 2025 instead of the four anticipated earlier. This shift reflects persistent concerns over a low unemployment rate and sticky inflation, reinforcing the Fed's "higher-for-longer" strategy.

The revised 2025 inflation forecast of 2.5% and core inflation at 2.8%, coupled with an upgraded 2024 GDP growth projection of 2.5%, highlighted the resilience of the U.S. economy but also underscored the Fed's commitment to tightening. This hawkish tone propelled the Dollar Index to a two-year high,

strengthening the greenback and bolstering U.S. debt markets as an attractive investment alternative.

The surge in U.S. bond yields weighed heavily on emerging markets, triggering a global sell-off. Dollar strength pressured currencies like the Indian rupee, which plunged to record lows, while foreign capital outflows accelerated. Although this development has presented a setback for emerging market equities, the relatively light positioning before the Fed's announcement suggests potential room for recovery once markets stabilize.

China's Economic Stimulus: A Global Shift to Watch

China's ambitious 10 trillion yuan (\$1.37 trillion) stimulus package, coupled with a record 3 trillion yuan (\$411 billion) special treasury bond issuance, signals a determined push to counter slowing growth and local government debt challenges. While this could revitalize China's economy, the ripple effects on global markets, particularly emerging economies, are noteworthy.

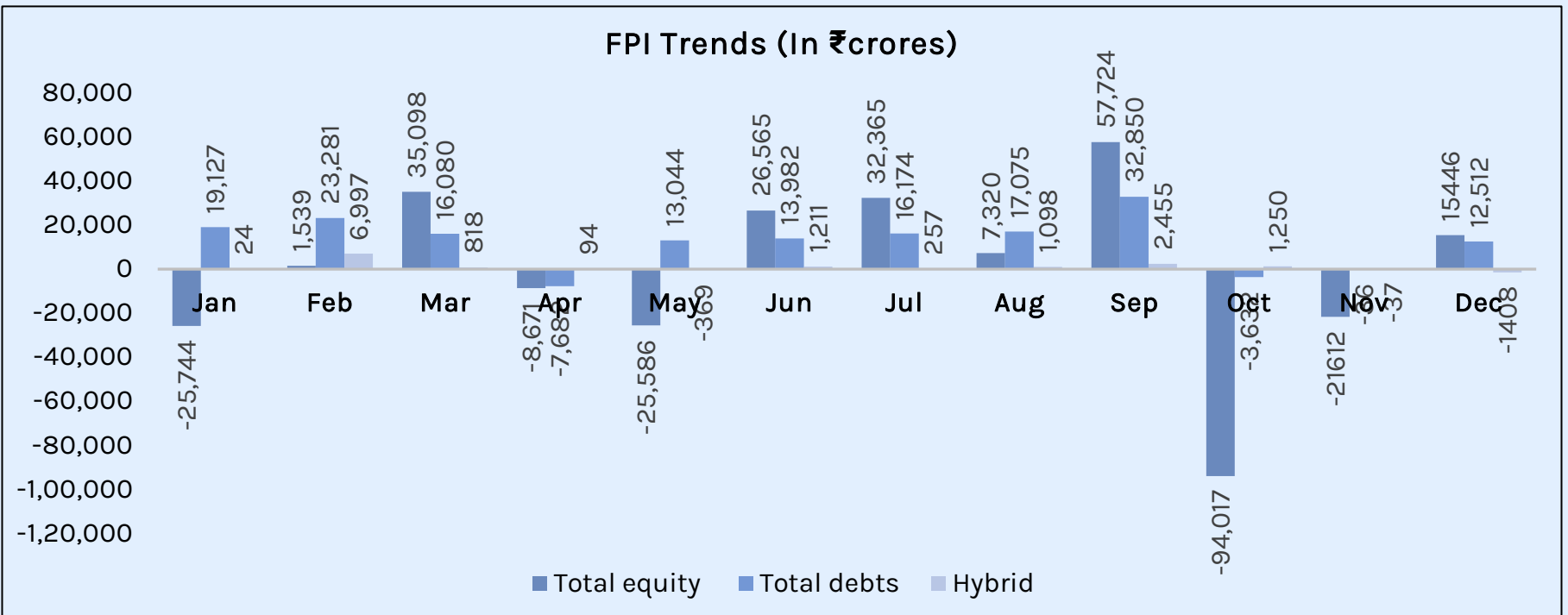
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The stimulus, if successful, could spur Chinese demand for commodities like steel, copper, and crude oil, driving up global prices. For India, this presents a dual-edged sword: higher commodity prices could strain import bills and inflation, impacting industries reliant on raw materials.

India should remain cautious, balancing the potential benefits of stronger regional trade with the risks of heightened competition and cost pressures. As China's policies reshape global economic dynamics, vigilance will be key to safeguarding domestic economic stability.

FPI Sentiment in India: Caution Amid Global and Domestic Challenges

Source: NSDL



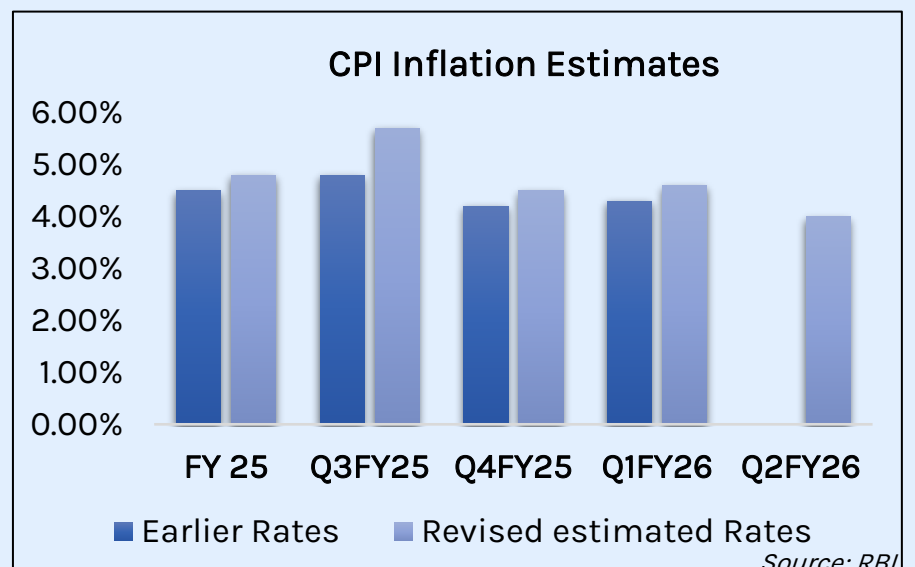
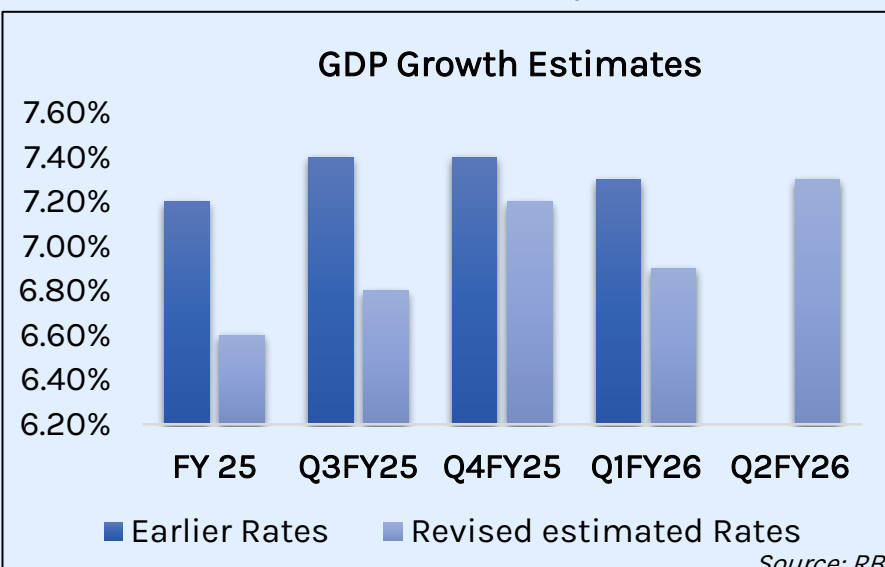
December witnessed a volatile trend in Foreign Portfolio Investor (FPI) activity in Indian equities. In the first half of the month, FPIs were consistent buyers, investing Rs 15,435 crore in the cash market until December 13. However, a sharp reversal occurred as they turned net sellers, offloading equities worth Rs 15,828 crore by the week ending December 20. This selling streak was driven by a combination of global and domestic factors, including a rising dollar index, higher U.S. 10-year bond yields, and India-specific concerns such as slowing economic growth and muted corporate earnings in Q2.

While FPIs have intermittently resumed buying, their occasional selling at higher levels suggests caution. Indian market valuations remain relatively high compared to global peers, prompting concerns of further outflows as investors seek better opportunities elsewhere. The stronger U.S. dollar and elevated bond yields also continue to weigh on sentiment, influencing FPI decisions to reduce exposure to emerging markets like India.

Overall, December's FPI activity underscores a cautious and opportunistic approach, reflecting the interplay of global macroeconomic trends and domestic market valuations.

Comprehensive Economic Insights: Trends, Policies, and Projections

◆ Economic Outlook and Policy Decisions: A Focus on Inflation and Growth

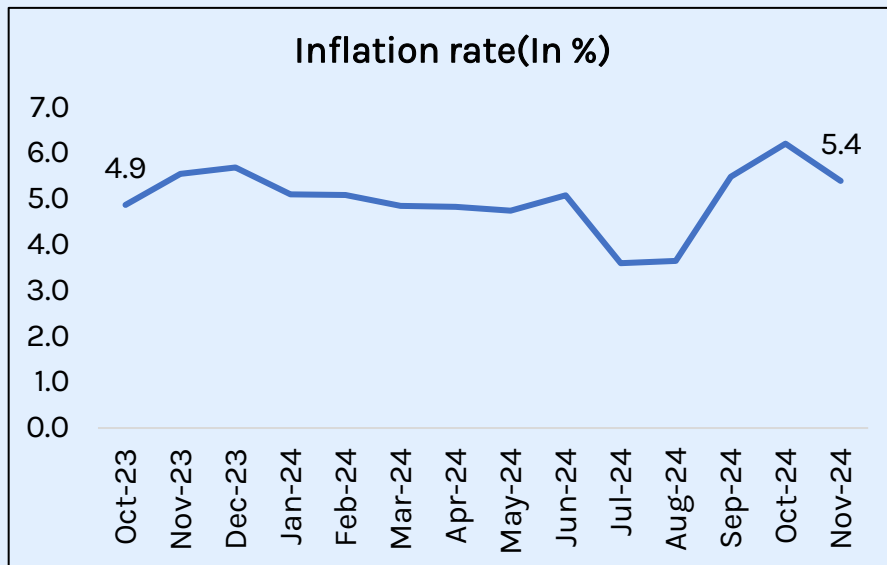


In a closely watched decision, the Monetary Policy Committee (MPC) opted to keep the repo rate steady at 6.5%, with a 4:2 majority. While the committee noted the latest GDP growth figures for Q2 FY2025, it significantly downgraded its growth forecast for FY25, slashing it from 7.2% to 6.6%. This revision reflects mounting concerns over stubborn inflation and a range of external risks. With inflation still dominating the RBI's agenda, the MPC remains laser-focused on striking a delicate balance between fostering growth and maintaining price stability.

The RBI's revised target underscores a continuing battle against a host of economic pressures, from escalating geopolitical tensions to unpredictable weather patterns and volatile markets, all threatening price stability. Yet, despite these formidable headwinds, the RBI remains steadfast in its mission to navigate the fine line between controlling inflation and nurturing economic growth.

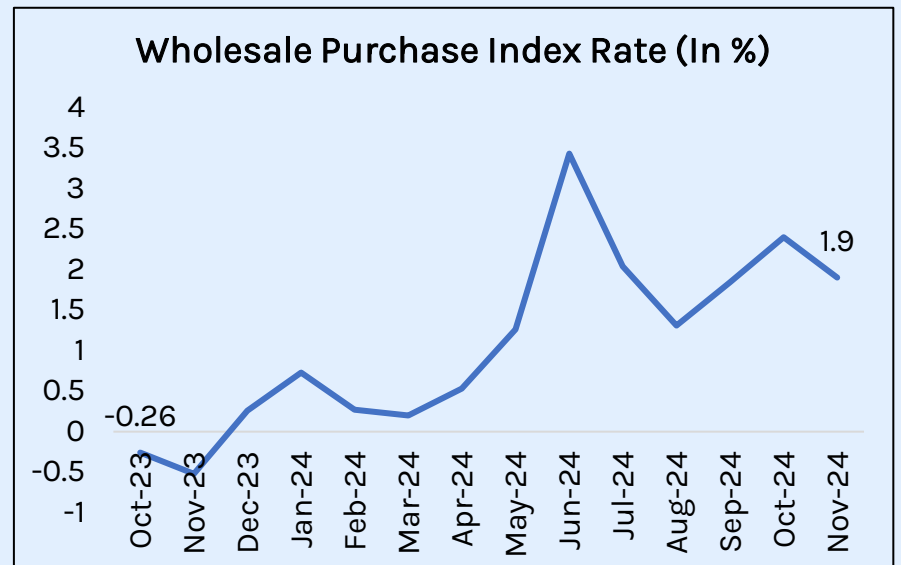
◆ India's Inflation

Source: RBI



◆ WPI (Wholesale Price Index)

Source: RBI

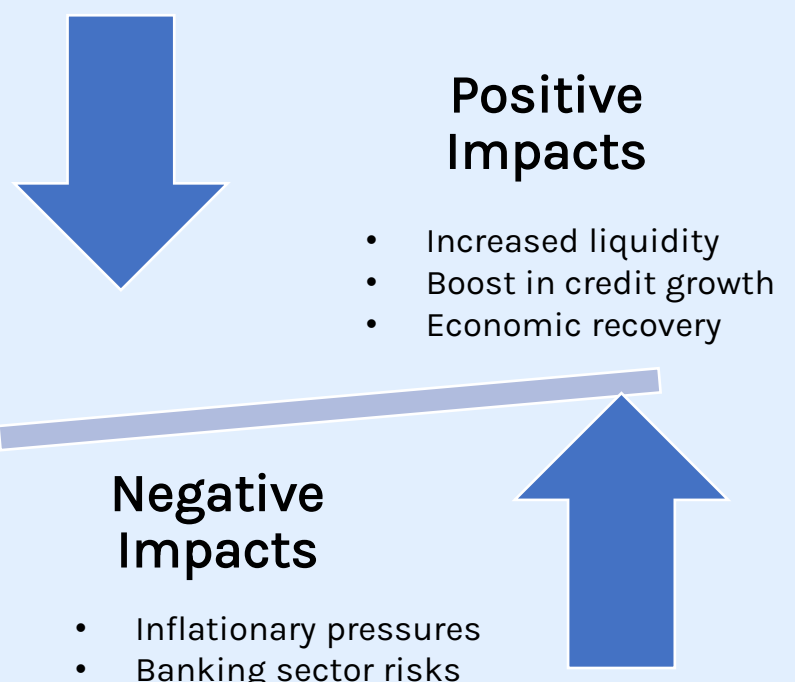


India's retail inflation dropped from 6.21% to 5.48%, offering a momentary relief to the economy. This reduction eases pressure on consumers, improving their purchasing power and potentially boosting consumer spending. Lower inflation could also alleviate the cost burden on businesses, supporting their profitability and allowing for better investment decisions. With inflation moving in a favourable direction, policymakers may have more room to manoeuvre, potentially easing interest rates to stimulate growth. However, while the decrease is encouraging, inflation still remains elevated, necessitating continued vigilance to avoid any resurgence that could derail recovery efforts.

India's wholesale inflation dropped from 2.4% to 1.89%, signalling a positive shift in input costs for businesses. This decline may reduce production expenses, allowing companies to stabilize prices and improve profit margins, which could support investment and economic activity. For consumers, lower wholesale inflation may translate to subdued price hikes for goods and services in the future, offering some relief to household budgets. However, a sharp drop in wholesale inflation can also reflect weaker demand, which could dampen economic momentum if not accompanied by robust consumption growth. Policymakers will need to monitor this trend closely to ensure it aligns with a sustainable recovery trajectory.

◆ RBI's CRR Policy Shift: Opportunities and Challenges

The RBI has reduced the CRR to support credit expansion and maintain liquidity. This move is expected to boost credit growth and stimulate investment and consumption. However, it also poses risks, such as potential inflation and risky lending, and could potentially impact asset quality. The decision is crucial for India's economic growth.



2024 IPO Trends: Key Drivers and Future Outlook

FPIs shifted focus in 2024, pulling out funds from the secondary market while emerging as net buyers in the primary market, investing ₹1.03 trillion in IPOs and QIB routes by November. This momentum is set to accelerate in 2025, driven by IPOs from dynamic sectors like quick commerce, electric vehicles (EVs), and auto-tech.

The IPO pipeline is robust, with 24 companies receiving SEBI approval and another 62 awaiting clearance, collectively targeting ₹1.54 trillion in fundraising. Notable approved IPOs include NSDL, Ecom Express, and SK Finance, while high-profile names like LG Electronics India, Hexaware Technologies, and Ather Energy are awaiting regulatory nods.

India's primary market continues to surpass global counterparts, with record-breaking subscription demand in 2024, strong listing gains, and a growing retail investor base likely fuelling investor enthusiasm in 2025. This underscores India's dominance in the global IPO landscape and highlights the resilience of its primary market.

The Investor's Dilemma: Knowledge vs. Risk

Picture this: you're standing at the edge of the stock market, a vast and unpredictable sea of opportunity. You've read a little, heard a little, and think you know enough to set sail. But here's the catch—without a compass of deeper knowledge, you risk steering straight into a financial storm.

The stock market isn't just about luck; it's about preparation. Those who succeed are the ones who take the time to understand the waters they're navigating. But what if time isn't on your side? That's where a trusted advisor becomes your guiding star.

Sure, hiring an investment advisor comes at a cost, but consider this: the price of professional guidance is far smaller than the potential cost of venturing into the market with incomplete knowledge. In investing, even a little knowledge can be better than none—but only when paired with the wisdom to know when to ask for help.

Tech Corner: Elevate Your Investment Strategy with Advanced Tools

Risk Profiler: Discover your unique risk profile with our cutting-edge psychometric questionnaire. This innovative tool assesses key factors like risk tolerance and return expectations, providing personalized risk scores (out of 100). Make informed decisions and align your portfolio with your preferences.

Portfolio Analyzer: a cutting-edge tool that elevates your investment strategy by combining advanced statistics and fundamental insights. This powerful solution helps you optimize portfolio performance, master risk management, and enhance factor scores. With features like diversification analysis, personalized optimization, scenario planning, risk analytics, and factor scoring, you'll be able to identify areas for improvement, maximize returns, and minimize risk. By leveraging our Portfolio Analyzer, you'll be empowered to achieve your long-term financial goals. Unlock your investment potential and transform your portfolio today. To learn more, [click here](#)

Economic calendar

January 07th: Annual GDP (Advance Estimate)

January 13th: CPI Inflation

January 14th: WPI Inflation

Nifty 50 Market Performance

Index Name	Current Price	% Change in Dec
NIFTY 50	23,644.8	-2.01%
NIFTY MIDCAP 50	15,974.10	1.7%
NIFTY SMALLCAP 50	8,937.20	-0.6%

Top 5 NIFTY Performers	% Change
DRREDDY	14.5%
APOLLOHOSP	7.1%
SUNPHARMA	5.8%
ADANIANT	5.3%
BAJFINANCE	4.8%

Top 5 NIFTY Losers	% Change
HEROMOTOCO	-12.1%
ONGC	-9.4%
COALINDIA	-9.3%
NTPC	-8.9%
HINDALCO	-8.4%

Index Name	Current Price	% Change in Dec
NIFTY BANK	50,860.2	-2.4%
NIFTY AUTO	22,834.0	-2.6%
NIFTY FINANCIAL SERVICES	23,512.8	-2.2%
NIFTY FMCG	56,799.7	-1.8%
NIFTY IT	43,337.8	0.4%
NIFTY MEDIA	1,817.9	-9.6%
NIFTY METAL	8,649.9	-0.8%
NIFTY PHARMA	23,412.3	4.9%
NIFTY PSU BANK	6,540.7	-3.8%
NIFTY REALTY	1,052.4	2.9%
NIFTY HEALTHCARE INDEX	14,951.7	5.5%
NIFTY CONSUMER DURABLES	41,805.8	3.8%
NIFTY OIL & GAS	10,744.3	-3.1%

The overall market is experiencing a bearish trend, with the Nifty 50 index down 2.01%. The Healthcare sector is showing resilience with a slight increase, while other sectors like banking, auto, and financial services are facing declines. Several individual stocks are experiencing significant gains and losses.

the top 3 sector % gainers are Nifty Realty (2.8%), Nifty Healthcare (5.5%), and Nifty Consumer Durables (3.8%). On the other hand, the top 3 sector % losers are Nifty Pharma (-4.8%), Nifty PSU Bank (-3.8%), and Nifty Oil & Gas (-3.1%).

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