<u>Ebony Research - “Navigating *Uncertainty, Seizing Opportunity”*</u>

February 2025

“The biggest risk of all is not taking one.”

Global Overview

Global Growth: The global economy continues to grow at a steady but moderate pace, although growth outlook diverges significantly across countries. In its January 2025 World Economic Outlook (WEO) update, the International Monetary Fund (IMF) revised the growth forecast for 2025 to 3.3%, up by 10 bps vis-à-vis the October WEO outlook, while retaining the global growth forecast for 2026 at 3.3%.

Global financial markets have been experiencing heightened uncertainty with every incoming information generating sharp gyration. Sovereign bond yields continue to exhibit two-way movements. The US dollar index surged following the uncertainty around tariff announcements, triggering capital outflows from emerging markets and intensifying currency pressures. To address these challenges, coordinated policy efforts will be crucial to stabilize the global environment and support economic growth.

Table 1: GDP Growth Projections 2025, Select Advanced economies (AEs) & Emerging Market Economies (EMEs)

(Per cent)

Country	IMF		World Bank	
	Jan 2025 (Latest)	Oct 2024 (Previous)	Jan 2025 (Latest)	Jun 2024 (Previous)
World*	3.3	3.2	3.2	3.2
Advanced Economies				
US	2.7	2.2	2.3	1.8
UK	1.6	1.5	-	-
Euro area	1.0	1.2	1.0	1.4
Japan	1.1	1.1	1.2	1.0
Emerging Market Economies				
Brazil	2.2	2.2	2.2	2.2
Russia	1.4	1.3	1.6	1.4
India#	6.5	6.5	6.7	6.7
China	4.6	4.5	4.5	4.1
South Africa	1.5	1.5	1.8	1.3

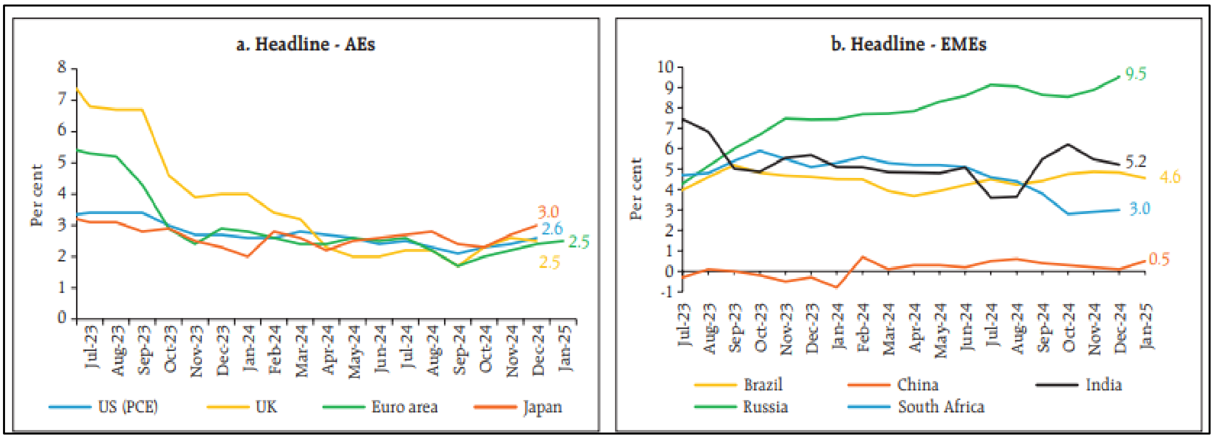
Note: *: PPP weighted. #: India's data is on a fiscal year basis.
Sources: IMF; and World Bank.

Source: IMF, World Bank, RBI

Global Inflation: Global consumer price inflation (CPI) declined in 2024 to 5.7% (100 bps lower than a year ago). The decline was more pronounced in the case of AEs, although the more recent prints have shown an increase in inflation in major AEs, with services inflation proving to be obdurate.

Chart 1: Inflation in AEs and EMEs.

Amongst the AEs, Japan faced with high inflation and low rates is supposedly gearing for a rate hike, while US is cautious and Europe is considering lower rates.



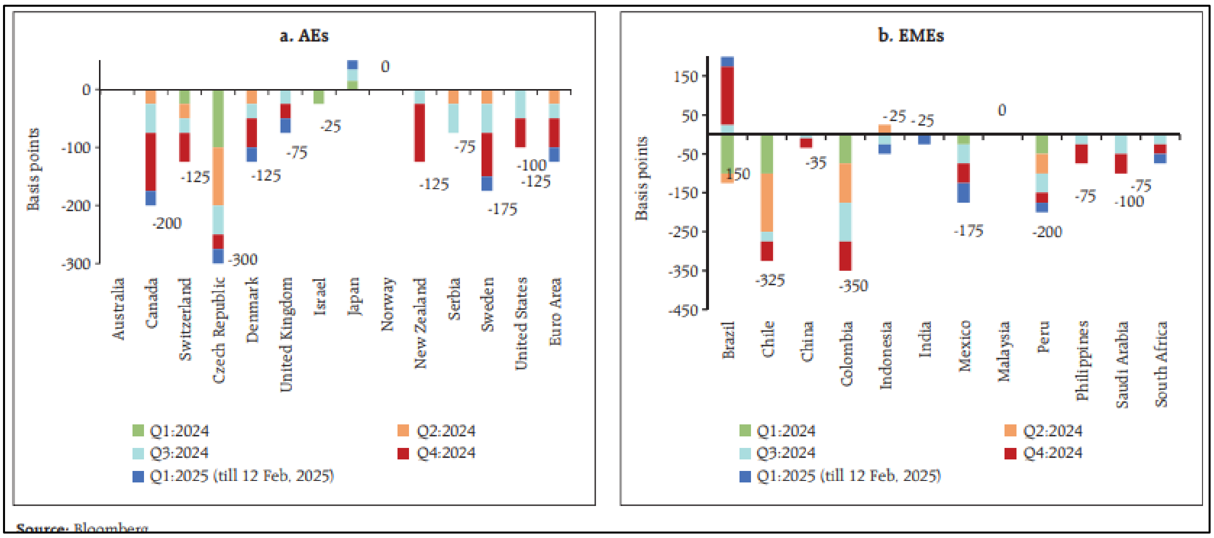
Source: RBI

Global Policy rates: Divergent macroeconomic conditions are reflected in monetary policy actions across countries. Diverging inflation and growth outcomes are also reflected in monetary policy actions —the US holding rates steady, the UK and the euro area opting for a cut, and Japan raising its rate. The potential impact of trade conflicts on currency and financial markets further confounds the choices policymakers face.

Among AE central banks, the US, South Korea kept their policy rates unchanged. In contrast, the Euro area, Canada cut their policy rates by 25bps in January while UK lowered its key rate by 25bps in February. Japan, however, hiked its policy rate by 25bps.

Among EME central banks, China, Philippines maintained their policy rates. South Africa and Indonesia lowered their policy rates by 25bps in January 2025 while Mexico and India cut their benchmark rates by 50bps and 25bps, respectively, in February. Brazil, on the other hand, hiked it by 100bps in January.

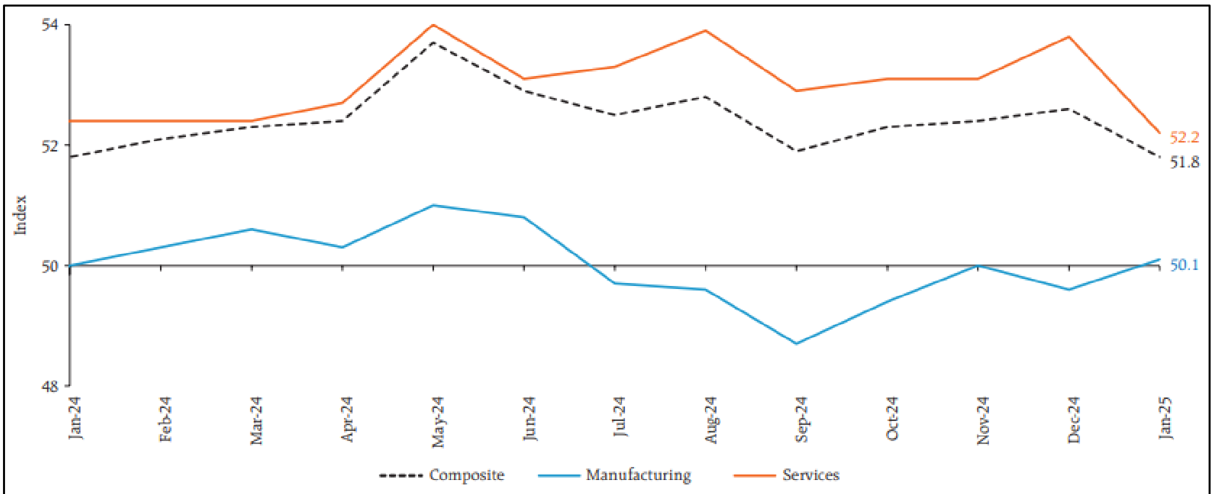
Chart 2: Change in Policy rates since 2024



Source: Bloomberg, RBI

Global PMI: The global composite purchasing managers index (PMI) moderated to a 12-month low in January 2025, as the upturn in the manufacturing sector was offset by a deceleration in the service sector business activity growth. While the global manufacturing PMI returned to expansionary territory, reaching a 7-month high, the global services PMI declined to a 13-month low due to slower new business growth.

Chart 3: Global PMI

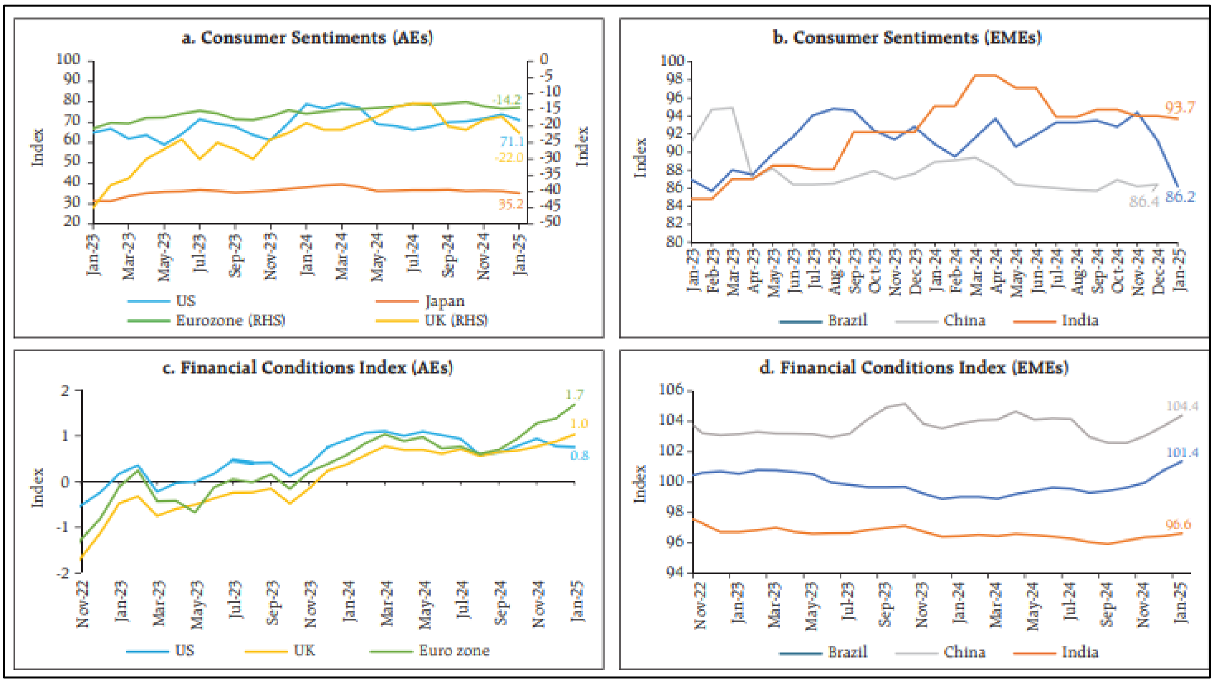


Note: A level of 50 corresponds to no change in activity and a reading above 50 denotes expansion and *vice versa*.
Source: S&P Global.

Source: S&P Global, RBI

Global Financial conditions and Consumer sentiments: Consumer sentiments worsened in the US, the UK, Japan and major EMEs, while it improved in the Euro area in January 2025. Financial conditions eased in major AEs but among EMEs, they tightened in China and Brazil.

Chart 4: Consumer Sentiment and Financial condition in AEs and EMEs

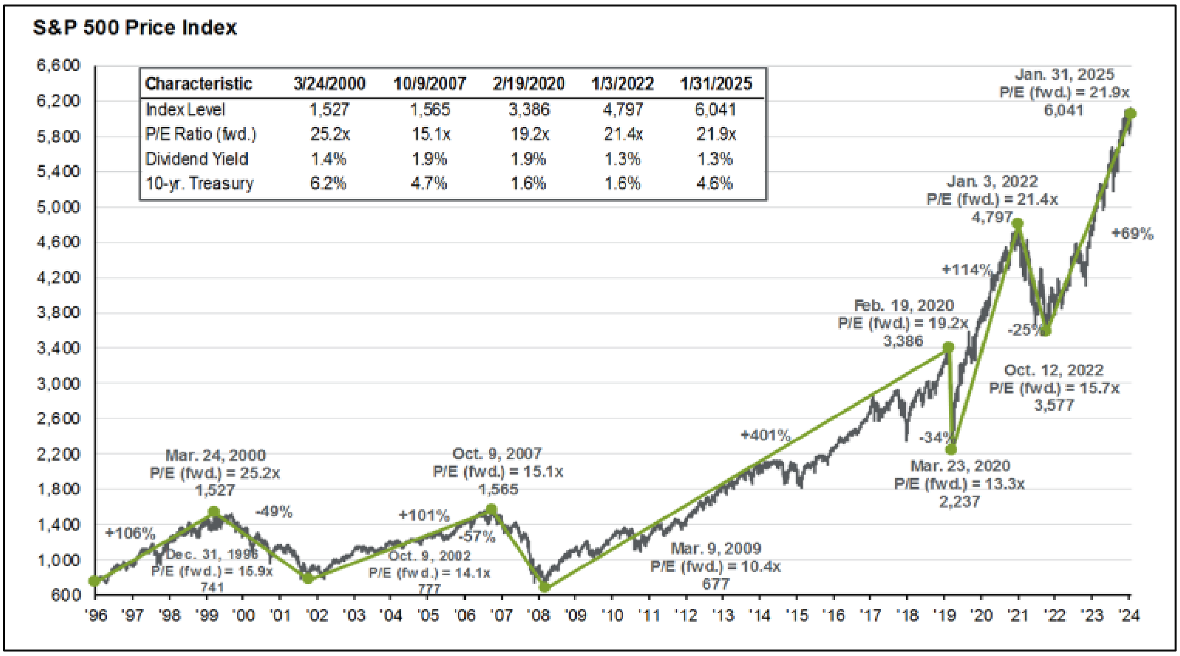


Notes: 1. Japan: A score above 50 indicates consumer optimism, below 50 shows lack of consumer confidence and 50 indicates neutrality. 2. Euro zone and UK: -100 indicate extreme lack of confidence, 0 denotes neutrality while 100 indicates extreme confidence. 3. India and US: Higher the index value, higher is the consumer confidence. 4. For financial condition index (pertaining to EMEs constructed by Goldman Sachs), a reading below 100 is accommodative and vice versa. As for the AEs, the index constructed by Bloomberg is a z-score where a positive value indicates accommodative/easy financial conditions and vice versa. Source: Bloomberg, RBI

U.S. Markets

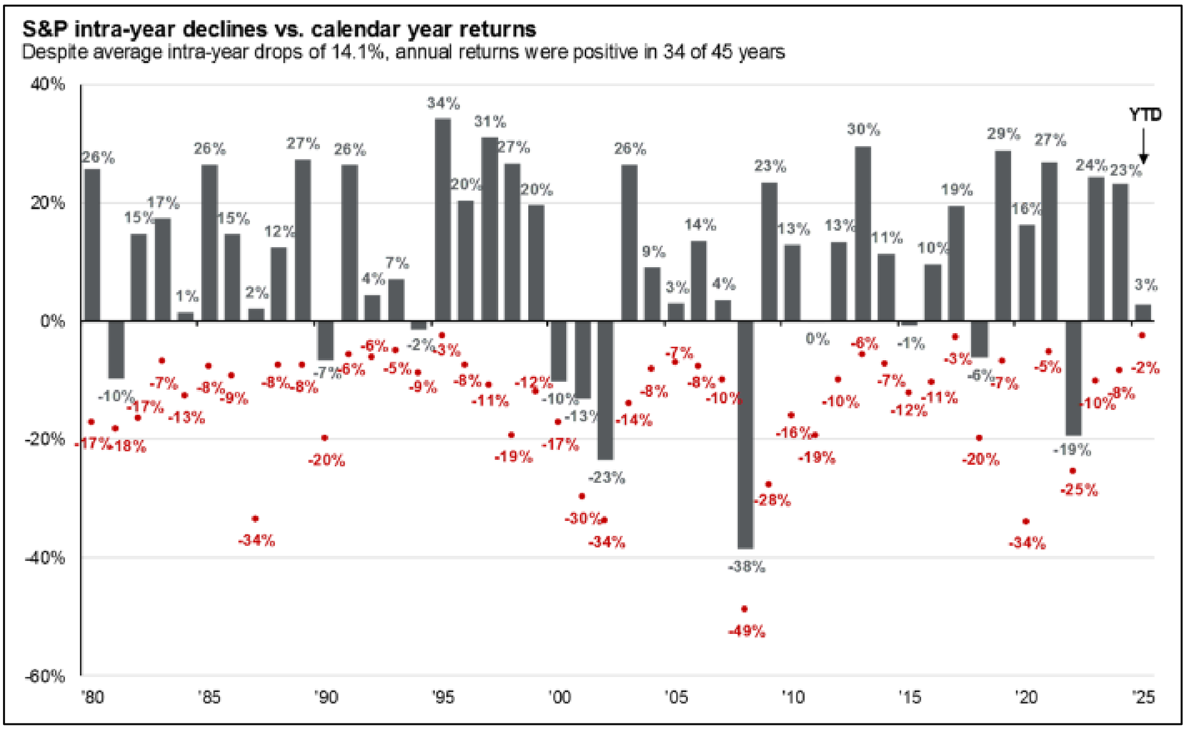
U.S. Equities

Chart 1: S&P 500 Valuation, relative to history, its at a new peak



Source: Compustat, FactSet, Federal Reserve, Refinitiv Datastream, Standard & Poor's, J.P. Morgan Asset Management. Dividend yield is calculated as consensus estimates of dividends for the next 12 months, divided by most recent price, as provided by Compustat. Forward price-to-earnings ratio is a bottom-up calculation based on IBES estimates and FactSet estimates since January 2022. Returns are cumulative and price based, JP Morgan *Guide to the Markets – U.S. Data are as of January 31, 2025.*

Chart 2: S&P 500 intra-year declines and calendar returns



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. Returns are based on price index only and do not include dividends

Chart 3: Global Equity heatmap

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD	Feb '25
Japan TOPIX 54.4%	US S&P 500 13.7%	Japan TOPIX 12.1%	UK FTSE All-Share 16.8%	MSCI Asia ex-Japan 42.1%	US S&P 500 -4.4%	US S&P 500 31.5%	MSCI Asia ex-Japan 25.4%	US S&P 500 28.7%	UK FTSE All-Share 0.3%	Japan TOPIX 28.3%	US S&P 500 25.0%	MSCI Europe ex-UK 10.8%	MSCI Europe ex-UK 3.4%
US S&P 500 32.4%	Japan TOPIX 10.3%	MSCI Europe ex-UK 9.1%	US S&P 500 12.0%	MSCI EM 37.8%	UK FTSE All-Share -9.5%	MSCI Europe ex-UK 27.5%	MSCI EM 18.7%	MSCI Europe ex-UK 24.4%	Japan TOPIX -2.5%	US S&P 500 26.3%	Japan TOPIX 20.5%	UK FTSE All-Share 6.9%	UK FTSE All-Share 1.3%
MSCI Europe ex-UK 24.2%	MSCI Europe ex-UK 7.4%	US S&P 500 1.4%	MSCI EM 11.6%	Japan TOPIX 22.2%	MSCI Europe ex-UK -10.6%	UK FTSE All-Share 19.2%	US S&P 500 18.4%	UK FTSE All-Share 18.3%	MSCI Europe ex-UK -12.2%	MSCI Europe ex-UK 17.3%	MSCI Asia ex-Japan 12.5%	MSCI EM 2.3%	MSCI Asia ex-Japan 1.1%
UK FTSE All-Share 20.8%	MSCI Asia ex-Japan 5.1%	UK FTSE All-Share 1.0%	MSCI Asia ex-Japan 5.8%	US S&P 500 21.8%	MSCI Asia ex-Japan -14.1%	MSCI EM 18.9%	Japan TOPIX 7.4%	Japan TOPIX 12.7%	US S&P 500 -18.1%	MSCI EM 10.3%	UK FTSE All-Share 9.5%	MSCI Asia ex-Japan 1.8%	MSCI EM 0.5%
MSCI Asia ex-Japan 3.3%	UK FTSE All-Share 1.2%	MSCI Asia ex-Japan -8.9%	MSCI Europe ex-UK 3.2%	MSCI Europe ex-UK 14.5%	MSCI EM -14.2%	MSCI Asia ex-Japan 18.5%	MSCI Europe ex-UK 2.1%	MSCI EM -2.2%	MSCI Asia ex-Japan -19.4%	UK FTSE All-Share 7.9%	MSCI Europe ex-UK 8.1%	US S&P 500 1.4%	US S&P 500 -1.3%
MSCI EM -2.3%	MSCI EM -1.8%	MSCI EM -14.6%	Japan TOPIX 0.3%	UK FTSE All-Share 13.1%	Japan TOPIX -16.0%	Japan TOPIX 18.1%	UK FTSE All-Share -9.8%	MSCI Asia ex-Japan -4.5%	MSCI EM -19.7%	MSCI Asia ex-Japan 6.3%	MSCI EM 8.1%	Japan TOPIX -3.7%	Japan TOPIX -3.8%

Source: FTSE, LSEG Datastream, MSCI, S&P Global, TOPIX, J.P. Morgan Asset Management. All indices are total return in local currency, except for MSCI Asia ex-Japan and MSCI EM, which are in US dollars

3 big changes taking place in the global market. We are not sure of the sustainability of 1 & 2. Nevertheless, what are these 3?

I. Magnificent 7 is lagging the broader market in 2025
II. European equities outperforming the U.S. in 2025
III. US Treasury yields declining

I. Where are the Magnificent 7 heading?

The Magnificent 7 stocks are a group of large-cap companies in the technology sector, including Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia, and Tesla. Due to their size and performance, these stocks account for roughly one-third of the S&P 500's total market capitalization.

Historical performance of Magnificent 7 stocks: Data as of 31 Jan 2025

Company	1-year return	5-year return	10-year return
Alphabet (GOOG)	35%	183%	673%
Amazon (AMZN)	51%	156%	1,252%
Apple (AAPL)	28%	196%	719%
Meta Platforms (META)	75%	234%	821%
Microsoft (MSFT)	2%	142%	936%
Nvidia (NVDA)	100%	1,937%	26,004%
Tesla (TSLA)	118%	878%	2,978%

Source: Fidelity

Magnificent 7 relinquishing leadership?

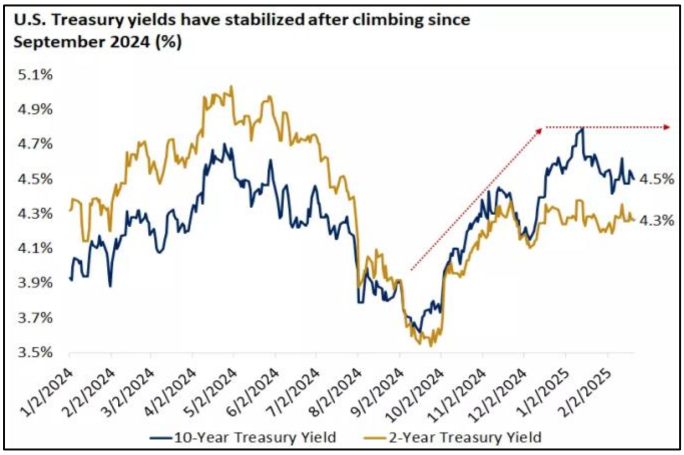
Performance	2024	2025 till Feb 20
Magnificent 7	49%	1%
Nasdaq	29%	3%
S&P 500	23%	4%
MSCI EAFE	1%	8%

Source: StatLane

II. European equities outpace in 2025

Year	US S&P 500	EuroStoxx 50
2021	27%	13%
2022	-19%	-17%
2023	24%	23%
2024	23%	1%
2025 till Feb 20	4%	13%

III.US Treasuries drifting lower due to softer PCE



Coming to the way ahead for U.S Equities, the uncertainty around tariffs, mixed economic data, uncertain Fed and peak equity valuation are getting priced in the market.

Uncertainty around tariffs

Last week, President Trump said Canada and Mexico tariffs are on track to go into effect on March 4, along with an additional 10% tax on Chinese imports. Further new tariffs are proposed on the European Union and reiterated that reciprocal tariffs are set for April 2. While so far it has been more tariff noise than a tariff war, it seems likely that imposing levies on foreign goods is going to drive new administration's agenda. The elevated policy uncertainty is starting to weigh on sentiment, and, if it persists, may prompt businesses to defer or cancel investments, and prompt consumers to pull back on spending.

Economic data and the Federal reserve

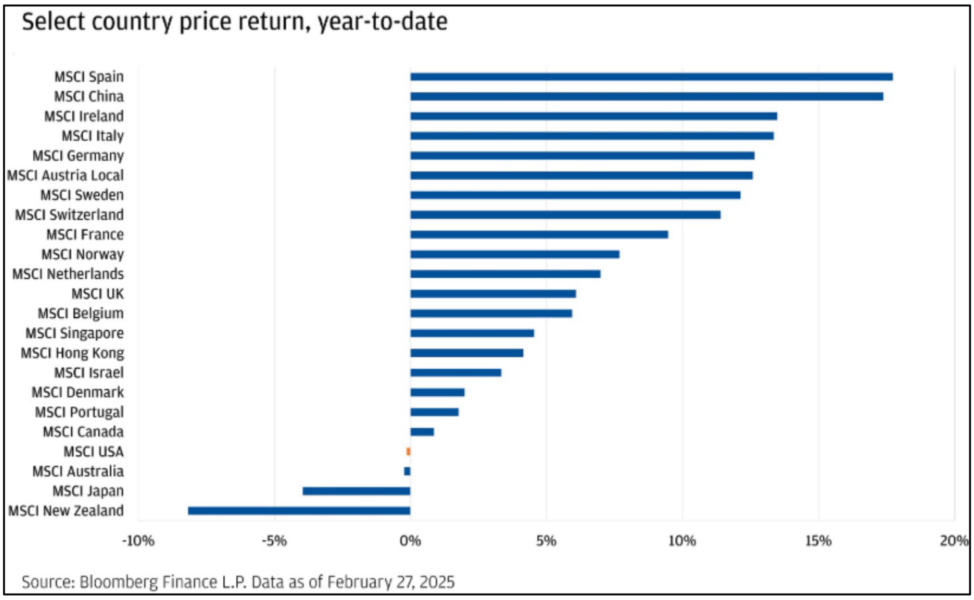
The Commerce Department reported that the U.S. economy grew at an annualized rate of 2.3% in the fourth quarter of 2024, buoyed by resilient consumer spending, which advanced 4.2% during the period. Both readings were unchanged from a prior estimate. For the full year, U.S. gross domestic product (GDP) increased 2.8%.

Meanwhile, the Labor Department reported on Thursday that applications for U.S. unemployment benefits for the week ended February 22 rose by 22,000 to 242,000, the highest level since October.

The Conference Board ***Consumer Confidence Index*** declined by 7.0 points in February to 98.3. This the largest monthly decline since August 2021.

Inflation was largely stable in January but remained well above the U.S. Federal Reserve's 2.0% long-term target, based on reading from the Personal Consumption Expenditures Index. PCE inflation rose at 2.5% in January, in line with economists' expectations and slightly below the 2.6%. In fact, the recent drop in the 10-year Treasury yield from 4.8% to 4.25% reflects increasing chances that the Fed may cut rates more than two times this year.

U.S Equities have lagged most markets YTD



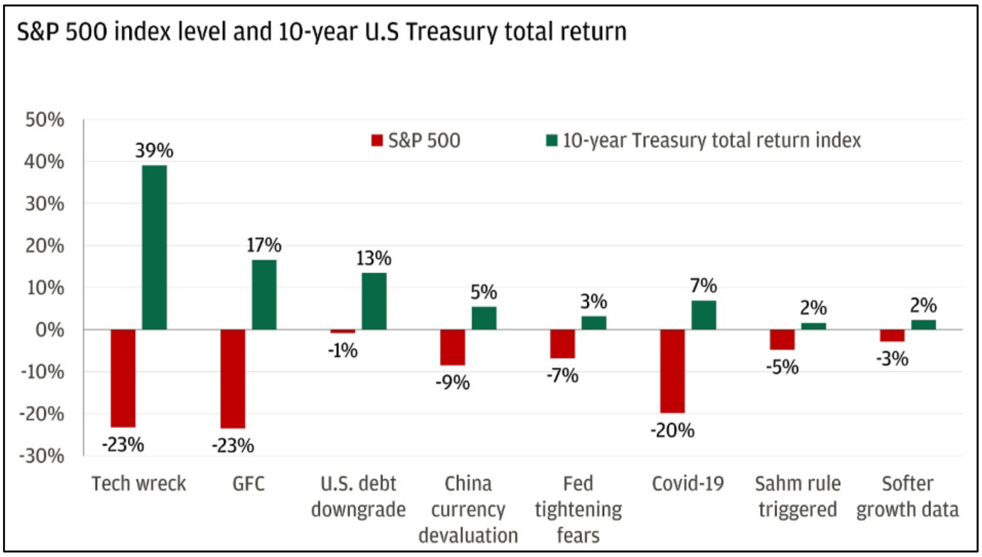
Source: JP Morgan

While Chinese and European equities are racing ahead YTD due to sharp underperformance relative to US over the years, we believe nothing fundamentally has changed with regards pecking order while building global exposure. We remain overweight U.S. While we remain positive on US equities, we advocate a "buy on dips" approach, recognizing the need for prudence given current valuations and macroeconomic uncertainties. In contrast, we are more confident about US Treasuries, where the risk-reward dynamics appear more favourable, making them an attractive option for deploying capital in the current environment.

U.S. Bonds – Bonds continue to be the best hedge

2024 marked the fourth consecutive year of rising US yields, for the first time since the early 80's. But as we enter 2025, the environment for fixed income investment is becoming attractive as growth and inflation dynamics turn favourable. The overall growth is going to be moderate on account of policy uncertainty whereas inflation is going to well anchored more or less around Central bank expectation. Additionally, the "high coupon wall" or the starting yields of US Treasuries and Corporates offer adequate cushion over any uptick in yields.

Further bonds continue to be the best hedge against slowdown which can be a high probability given the policy uncertainty.



Source: JP Morgan, Bloomberg Finance L.P. Data as of February 26, 2025. 10-year represented using the Bloomberg US Government 10 Year Term Index Total Return Index.

Tech wreck measures Jun '00-Dec '03
GFC measures Sep '07-Dec '09,
U.S. debt downgrade measures Dec '10 to Nov '11,
China currency devaluation measures Jun '15-Feb '16,
Fed tightening fears measures Sep '18-Jan '19,
Covid-19 measures Jan '20-March '20,
Sahm rule triggered measures 2 Aug '24-5 Aug '24,
Softer growth data measures 18 Feb '25-26 Feb '25.

Yield of U.S. treasuries as of 28 February 2025

Duration	Rate
1-Year	4.08%
2-Year	3.99%
3-Year	3.99%
5-Year	4.03%
10-Year	4.24%
30-Year	4.51%

Source: StatLane Research

India

Viewing economy through lens of high frequency data

High frequency indicators suggest that aggregate demand is recovering from the slowdown witnessed in 1st half of 2024-2025. E-way bills growth accelerated to 23.1 % in January. Toll collections recorded strong growth both in volume and value terms. Wholesale automobile sales experienced a turnaround in January, registering a growth of 2.5 % y-o-y, following two months of contraction. The two-wheeler segment saw a recovery, primarily driven by a surge in scooter sales. Tractor sales recorded double digit growth for the second consecutive month. Vehicle registrations recorded an expansion in January, driven by an increase in both non-transport and transport vehicles segments.

(y-o-y, per cent)

Sector	Indicator	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Urban demand	Passenger Vehicles Sales	9.5	8.9	1.2	4.3	4.9	-2.0	-1.6	-0.4	1.1	4.4	11.4	3.5
Rural demand	Two-Wheeler Sales	34.6	15.3	30.8	10.1	21.3	12.5	9.3	15.8	14.2	-1.1	-8.8	2.1
	Three-Wheeler Sales	8.3	4.3	14.5	14.4	12.3	5.1	8.0	6.7	-0.7	-1.3	3.5	7.7
	Tractor Sales	-30.6	-23.1	-3.0	0.0	3.6	1.6	-5.8	3.7	22.4	-1.3	14.0	11.4
Trade, hotels, transport, communication	Commercial Vehicles Sales	-3.8		3.5			-10.9			1.3			
	Railway Freight Traffic	10.1	8.6	1.4	3.7	10.1	4.5	0.0					
	Port Cargo Traffic	2.1	2.7	1.3	3.8	6.8	5.9	6.7	5.8	-3.4	-4.9	3.4	6.6
	Domestic Air Cargo Traffic	11.5	8.7	0.3	10.3	10.3	8.8	0.6	14.0	8.9	0.3	4.3	
	International Air Cargo Traffic	30.2	22.5	16.2	19.2	19.6	24.4	20.7	20.5	18.4	16.1	10.5	
	Domestic Air Passenger Traffic *	5.8	4.7	3.8	5.9	6.9	7.6	6.7	7.4	9.6	13.8	10.8	14.1
	International Air Passenger Traffic *	19.3	15.0	16.8	19.6	11.3	8.8	11.1	11.2	10.3	10.7	9.0	9.8
	GST E-way Bills (Total)	18.9	13.9	14.5	17.0	16.3	19.2	12.9	18.5	16.9	16.3	17.6	23.1
	GST E-way Bills (Intra State)	21.1	15.8	17.3	18.9	16.4	19.0	13.1	19.0	18.3	5.4	17.9	23.3
	GST E-way Bills (Inter State)	15.0	10.7	9.6	13.6	16.3	19.6	12.5	17.7	14.4	44.1	17.1	22.8
	Hotel occupancy	1.8	2.7	-1.4	-2.6	-3.1	3.6	0.7	2.1	-5.3	11.1	-0.2	
	Average revenue per room	7.8	6.7	4.8	1.8	2.8	7.6	5.2	3.5	4.8	10.7	8.9	
	Tourist Arrivals	15.8	8.0	7.7	0.3	9.0	-1.3	-4.2	0.4	-1.4			
Construction	Steel Consumption	7.0	12.5	9.6	15.9	19.5	14.4	10.0	11.8	8.9	9.5	5.2	5.8
	Cement Production	7.8	10.6	0.2	-0.6	1.8	5.1	-2.5	7.6	3.1	13.5	4.0	
PMI Index#	Services	60.6	61.2	60.8	60.2	60.5	60.3	60.9	57.7	58.5	58.4	59.3	56.5

<< Contraction ---------------------------------- Expansion >>

Note: #: Data in levels. ***:** December 2024 data are based on the monthly average of daily figures. The Heat-map is constructed for each indicator for the period July-2021 till date. **Sources:** SIAM; Ministry of Railways; Tractor and Mechanisation Association; Indian Ports Association; Office of Economic Adviser; GSTN; Airports Authority of India; HVS Anarock; Ministry of Tourism; Joint Plant Committee; and IHS Markit.

Revisiting the budget numbers

Item	2024-25 RE (₹ Th Cr)	2025-26 BE (₹ Th Cr)	% of GDP (2025-26 BE)	Growth Rate (2025-26 BE)
Direct Tax	2237	2520	7.1	12.7
Indirect Tax	1616	1750	4.9	8.3
Gross Tax Revenue	3853	4270	12	10.8
Net Tax Revenue	2557	2837	7.9	11
Non-tax Revenue	531	583	1.6	9.8
Revenue Receipts	3088	3420	9.6	10.8
Non-debt Capital Receipts	59	76	0.2	28.8
Total Receipts (ex. Borrow)	3147	3496	9.8	11.1
Revenue Expenditure	3698	3944	11	6.7
Capital Expenditure	1018	1121	3.1	10.1
Total Expenditure	4716	5065	14.2	7.4
Gross Fiscal Deficit	1570	1569	4.4	-0.04

Economic backdrop

GDP: Real GDP growth has already accelerated to 6.2% year-on-year in the third quarter of this fiscal, higher than 5.6% in the second quarter. Growth in agriculture picked up due to sustained momentum from a normal monsoon (5.6% versus 4.1% in the previous quarter) while growth in services held up broadly 7.4%. India's GDP growth is expected to be steady around 6-6.5% in fiscal 2025-2026 with the upcoming monsoon season likely to be normal and commodity prices to remain soft.

Inflation: Headline inflation, as measured by y-o-y changes in the all-India consumer price index (CPI), declined to a five-month low of 4.3% in January 2025 from 5.2% in December 2024. Core inflation increased to 3.7% in January 2025 from 3.6% in December. Given the trajectory of inflation, RBI will be willing to bring down repo rate further in the coming year.

Liquidity: After remaining in surplus from July to November 2024, system liquidity – as measured by the average net position under the liquidity adjustment facility (LAF) – turned into deficit during December 2024 and January 2025. The drainage of liquidity is mainly attributed to advance tax payments in December 2024, capital outflows, forex operations and a significant pickup in currency in circulation in January this year. The central bank's recent liquidity-easing measures and easier regulations for non-banking financial companies are expected to transmit the benefits from an easier monetary policy to the broader economy. These included daily Variable Rate Repo auctions from 16th January 2025 and purchase of government securities of 58,835 crore rupees through open market operations (OMOs) in January. In addition, a package of measures was announced on 27th January 2025 to inject durable liquidity through OMOs, forex buy-sell swap and a 56-day variable rate repo. Further the Reserve Bank of India (RBI) had announced it will conduct a record USD 10bn dollar/rupee buy/sell swap auction on February 28, aimed at addressing the durable liquidity requirements of the financial system. Under the swap agreement, the RBI will buy dollars for immediate delivery and sell them for delivery after three years, with the swap set to reverse on March 6, 2028.

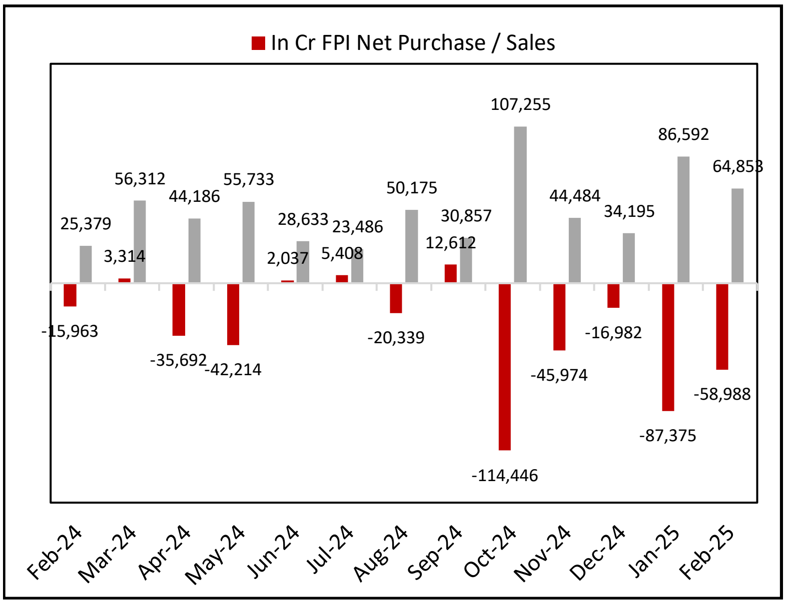
The RBI's record short US dollar forward position, built over months to support the rupee amid equity outflows and US trade policy worries, is diminishing the comfort offered by its large forex reserves. The RBI's net short dollar position in forwards and futures hit a record high of USD 77.5bn in January 2025. From October to January, the Indian central bank's forward dollar sales position increased by more than $60 billion. Meanwhile, India's FX reserves declined from an all-time high of nearly USD 705bn in late September to USD 640bn.

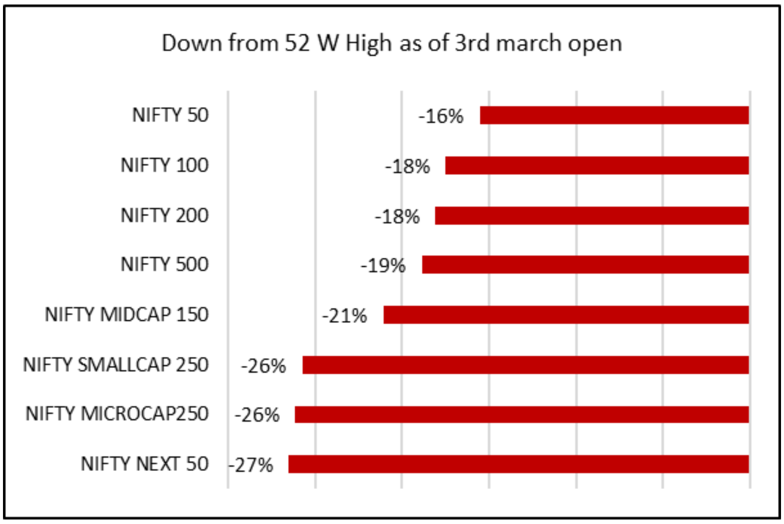
External Sector: Coming to the external sector, India's current account deficit (CAD) moderated from 1.3% of GDP in Q2 of last year to 1.2% in Q2 of this year. According to the World Bank, India, with an estimated inflow of 129.1 bn US dollars, continues to remain the largest recipient of remittances globally in 2024.26 The CAD for this year is expected to remain well within the sustainable level. As on 21st February this year, India's foreign exchange reserves stood at USD 640 bn, providing an import cover of over 10 months. Overall, India's external sector remains resilient as key indicators stay robust

Credit-Deposit ratio: The Credit Deposit Ratio (CD ratio) for the banking system at the end of January 2025 was at 80.8%, broadly similar to that on 30th September 2024. The outstanding credit and deposit on a y-o-y basis increased by 11.4 per cent and 10.3 per cent respectively as of January 24, 2025.

India Equities

FII/FPI and DII Data: The data states nothing new as FIIs continue to offload India Equities





Indian Equities has been in correction mode since end September 2024 on account of relentless selling by FII's as well as retail though DII's have been aggressively buying. We have detailed out factors that have and are leading to this sell-off in detail in our previous few updates. In this ongoing sell-off, market overall is mean reverting to average valuation level and becoming attractive in certain pockets. Though we cannot predict the bottom and when will the FII's selling will stop, we believe investors can use this opportunity to build a portfolio of large and midcap stocks over next 3-4 months and stay patient to get rewarded over the next couple of years.

Two key factors are driving our view. One is the union budget paving the way for lower fiscal deficit, tax relief and maintaiingn the momentum around capex and second is the pivot by RBI. RBI is now leaning more towards supporting growth as inflation remains anchored. This is done through regular liquidity infusion and a repo rate cut in the last policy. We believe more rate cuts are on the way in 2025.

During this period of accumulation, investors can consider stocks across sectors that are less influenced from earnings stand point from external factors as well stocks that are largely dependent on exports. We believe PSUs and Infra/Cap good/Industrials have suddenly turned a contra trade and should be considered, while consumption, IT and Pharma along with Private banks/NBFC can be a consensus trade.

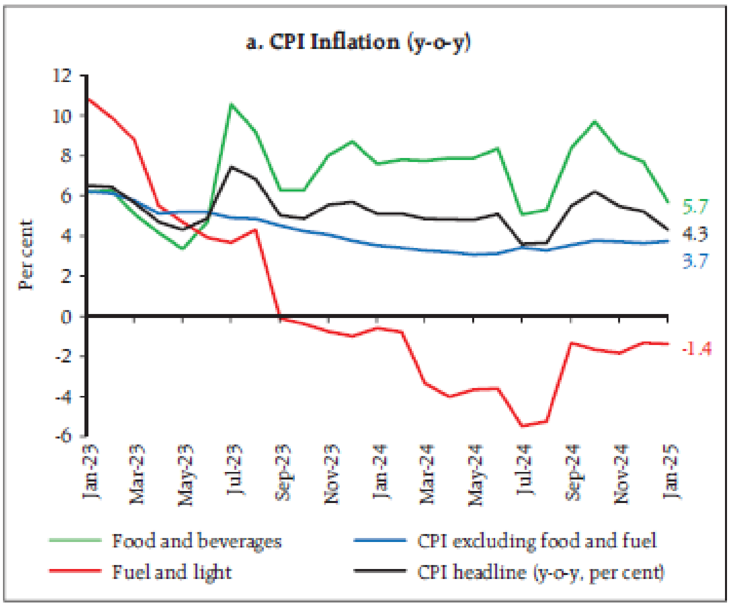
India Bonds

The central government has maintained a disciplined fiscal consolidation path in the first full budget of its 3rd term. The Fiscal deficit is pegged be at 4.4% of GDP in FY26 as against 4.8% for FY25. It also committed to keep the central government public debt (as a % of GDP) on a declining path towards 50% of GDP by FY31 from 56.1% of GDP in FY26. The Fiscal glide path provided in the Budget 2025-26, Stable Net market borrowing along with RBIs renewed focus on liquidity management and the lowering of policy repo rate by 25 bps to 6.25% augurs well for Indian bonds.

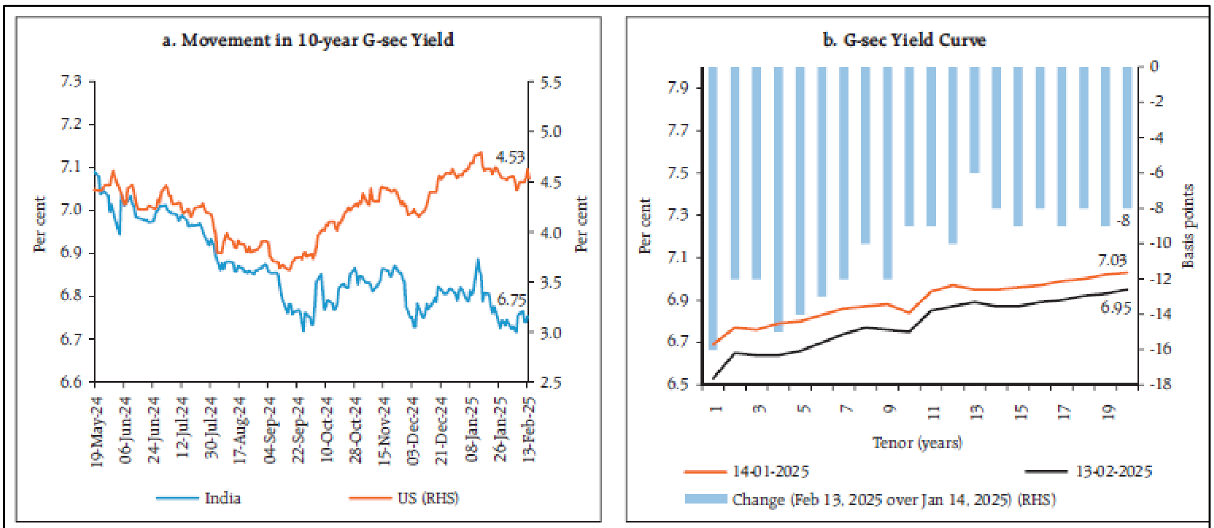
Key factors in favour of bonds

- Lower Fiscal deficit and thereby manageable govt borrowing program
- Moderating GDP growth along with moderate Inflation
- High Carry & Steady US and India interest rate differential (though the gap is lower but it is steady due to fall in US yields in feb)

Investors also benefit from attractive carry opportunities, as AAA-rated corporate bonds with 2–3-year durations currently offer yields above 7.35%. Furthermore, the inclusion of Indian bonds in global indices and increased allocations from foreign investors add to the market's appeal.



Sources: National Statistical Office (NSO); and RBI staff estimates.



Sources: Bloomberg; CCIL; and RBI staff estimates.

Market Data

Table 1: India Index Performance (%) 28 Feb 2025	1M	1Y	3Y
Nifty 50	-5.9	1.9	10.9
Nifty Next 50	-9.5	-2.5	13.4
Nifty 200	-7.1	0.7	12.2
Nifty 500	-7.8	-0.1	12.7
Nifty Midcap 150	-10.5	0.1	19.5
Nifty Smallcap 250	-12.6	-6.9	16.8
Nifty Microcap 250	-14.3	-3.25	27.5
Theme/Sector			
Nifty Auto	-10.4	1.2	24.8
Nifty Bank	-2.5	5.8	11.0
Nifty CPSE	-11.4	-4.6	33.5
Nifty Defence	-19.6	16.0	59.3
Nifty FMCG	-10.1	-4.3	14.6
Nifty Infrastructure	-8.1	-4.4	17.9
Nifty IT	-12.5	1.2	5.5
Nifty Manufacturing	-8.9	3.8	17.3
Nifty Metals	-2.1	4.5	13.0
Nifty Oil and Gas	-9.1	-15.4	10.8
Nifty Pharma	-7.4	5.0	16.2

Table 2: India Smart Beta Index Performance (%) 28 Feb 2025	1M	1Y	3Y
Nifty Alpha 50	-15.3	-8.5	10.7
NIFTY Alpha Low-Volatility 30	-9.3	-6.6	14.2
Nifty Low Volatility 50	-6.5	2.7	15.3
Nifty100 Low Volatility 30	-7.1	0.5	14.3
Nifty200 Momentum 30	-9.7	-10.1	12.4
NIFTY200 Quality 30	-11.2	-1.1	10.7
NIFTYY200 Value 30	-8.1	-2.4	29.25

Source: NSE India, StatLane Research, Index = Total Return Index, Performance over 1 year is Compounded Annualised

Table 3: India Valuation Metric	P/E 28 Feb 25	P/E 29 Feb 24
Nifty 50	19.7	22.7
Nifty Next 50	20.4	25.5
Nifty 500	21.8	24.3
Nifty Midcap 150	33.4	26.9
Nifty Smallcap 250	26.1	28.8
Nifty Microcap 250	26.6	28.7
Nifty Auto	19.7	26.1
Nifty CPSE	11.4	12.4
Nifty FMCG	41.3	43.1
Nifty India Defence	38.0	45.8
Nifty India Manufacturing	25.0	26.3
Nifty Infrastructure	20.6	20.3
Nifty IT	28.3	32.3
Nifty Oil & Gas	11.7	9.2
Nifty Pharma	30.0	36.3
Nifty Private Bank	14.4	16.2
Nifty PSU Bank	6.0	9.5
Nifty Realty	38.7	56.9

Table 4: India Smart Beta Valuation Metric	P/E 28 Feb 25	P/E 29 Feb 24
Nifty Alpha 50	29.5	27.2
NIFTY Alpha Low-Volatility 30	31.0	23.5
Nifty Low Volatility 50	31.9	26.8
Nifty100 Low Volatility 30	28.8	26.1
Nifty200 Momentum 30	36.8	20.9
NIFTY200 Quality 30	26.5	32.7
NIFTY200 Value 30	8.6	n.a.

Source: NSE India, StatLane Research

Table 5: Global Index Performance (%) 28 Feb 2025	**1M**	**YTD**	**1Y**
S&P 500	-1.3	1.4	18.4
Dow Jones Industrial Average	-1.6	3.0	12.4
S&P Developed Ex US BMI	2.2	6.9	9.3
S&P Europe 350	3.6	10.9	12.3
S&P Asia 50	4.9	7.6	32.4
S&P EM BMI	2.0	2.4	13.9

Note 1: Source: S&P Dow Jones Indices LLC and/or its affiliates. 2 Index performance based on total return (USD)

Table 6: Global Smart Beta Index Perf (%)28Feb 2025	**1M**	**3M**	**1Y**
S&P 500 Momentum	-0.2	5.2	30.5
S&P 500 Equal Weight	-0.6	2.9	12.5
S&P 500 Growth	-2.9	-0.3	22.9
S&P 500 Value	0.4	3.3	12.3
S&P 500 Low Volatility	4.7	6.9	18.9

Note 1: Source: S&P Dow Jones Indices LLC and/or its affiliates. 2 Index performance based on total return (USD)

Table 7: India Fixed Income Yield %	28 Feb 25	Month back
Repo	6.25	6.50
1 Year CD	7.63	7.62
10 Year GOI	6.77	6.73
5 Year PSU	7.37	7.28
1 Year NBFC	7.83	7.84
3 Year NBFC	7.62	7.80
US 10 Year Treasury	4.22	4.54

Source: StatLane Research

Table 8: India Fixed Income Indices			Index Return %	
As of 28 Feb 25	Yield (%)	MD (Yrs)	1M	1Y
Nifty 5Y SDL Index	7.17	4.21	0.58	8.86
Nifty 10Y SDL Index	7.30	7.06	0.08	8.66
NIFTY 10 yr Benchmark G-Sec	6.84	7.02	0.36	9.02
NIFTY Corporate Bond Index	7.87	2.45	0.45	7.42
NIFTY Banking and PSU Debt Index	7.56	2.61	0.41	7.67
NIFTY Low Duration Debt Index	7.81	0.62	0.56	7.70
NIFTY Short Duration Debt Index	7.56	1.78	0.53	7.58
NIFTY Credit Risk Bond Index	9.22	1.99	0.59	8.13
NIFTY Long Duration Debt Index	7.28	8.75	-0.26	7.66
NIFTY Short Duration G-Sec Index	6.68	1.93	0.59	7.93
NIFTY Long Duration G-Sec Index	7.17	11.34	-0.46	8.24

Source: NSE India, StatLane Research, MD=Macaulay Duration

Table 9: Commodities	28 Feb 25	29 Feb 24
Oil (Brent)	73.70	83.54
Gold	2862	2036

Source: StatLane Research

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