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01st June, 2025

IFA GLOBAL'S WEEKLY OUTLOOK

India Forex & Asset Management (IFA Global)
FX, Treasury & Wealth Management

Global Developments & Global Equities

TARIFFS BLOCKED AND THEN ALLOWED TO STAY ON; KEEPING MARKETS GUESSING

The highlight of the week was US international trade court ruling that deemed tariffs imposed by Trump administration as illegal and blocked them. However, the Trump administration's appeal against the ruling was upheld and therefore tariffs continued to remain in place

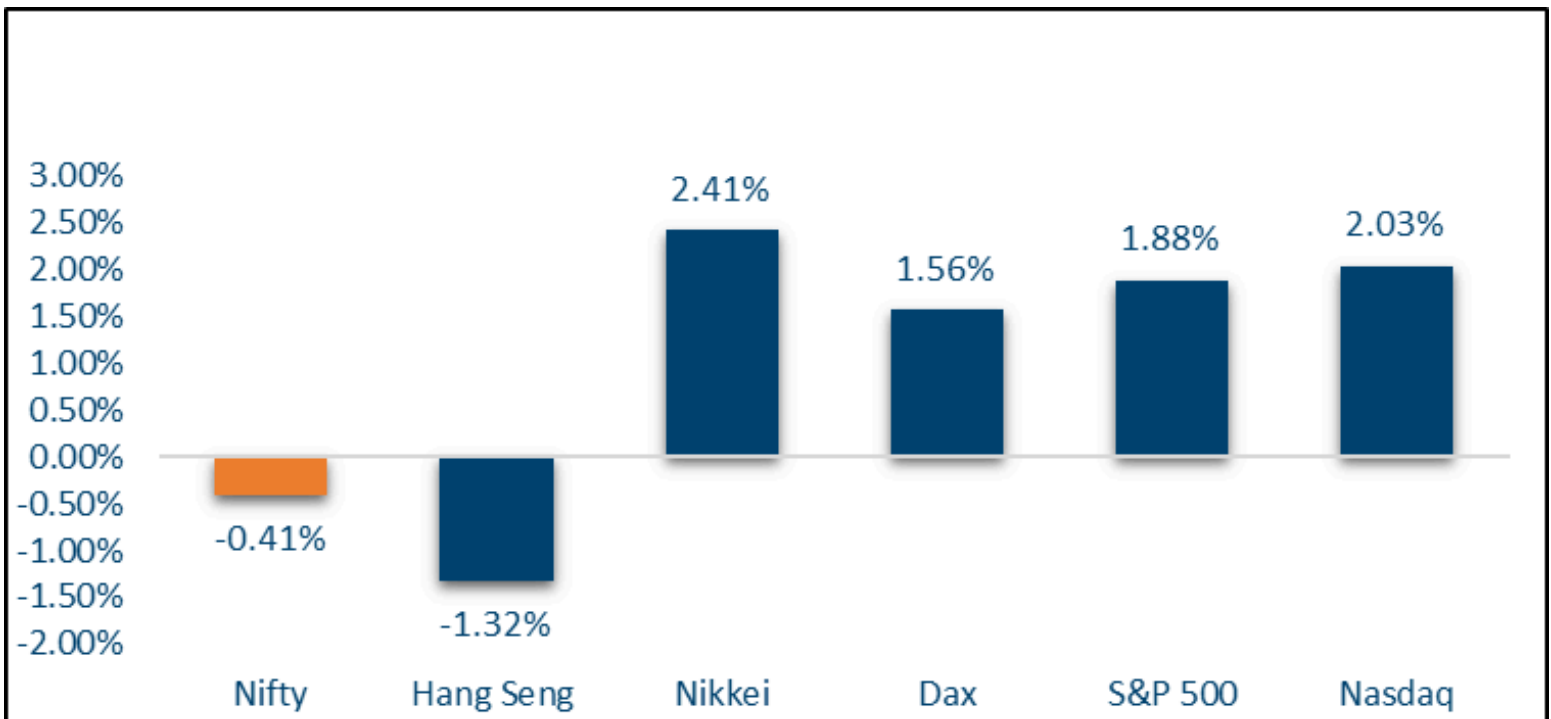
The market is expecting the Fed to keep Rates on hold in June and July. The first cut is likely to happen in Sep/Oct. Market is pricing in 2 cuts by the end of 2025. President Trump met Fed Chair Powell in person this week and insisted that the Fed cut rates.

Fed's preferred inflation gauge, headline PCE came in at 2.1% yoy against expected 2.2% yoy. Core PCE came in line with expectations at 2.5% yoy

Focus in the coming week will be on the US May labor data, due on Friday.

NIFTY V/S GLOBAL MARKETS

Global equities ended the week on a positive note, with most major indices posting gains, led by South Korea's Kospi (+4.1%) and Japan's Nikkei (+2.2%), while Hong Kong's Hang Seng was the notable laggard (-1.3%).



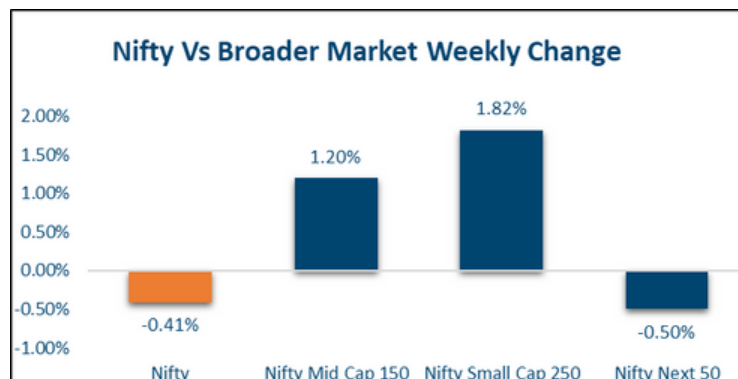
Domestic Equities

Nifty50: 22.7, 21
 Midcap100: 32.9, 30.4
 Smallcap250: 29, 26.7

Earnings in Q4 have beaten expectations. The Revenue surprise across Nifty50 companies was 12%, and the Earnings surprise was 6%

Regarding style, Liquidity and Earnings revision outperformed value and low volatility.

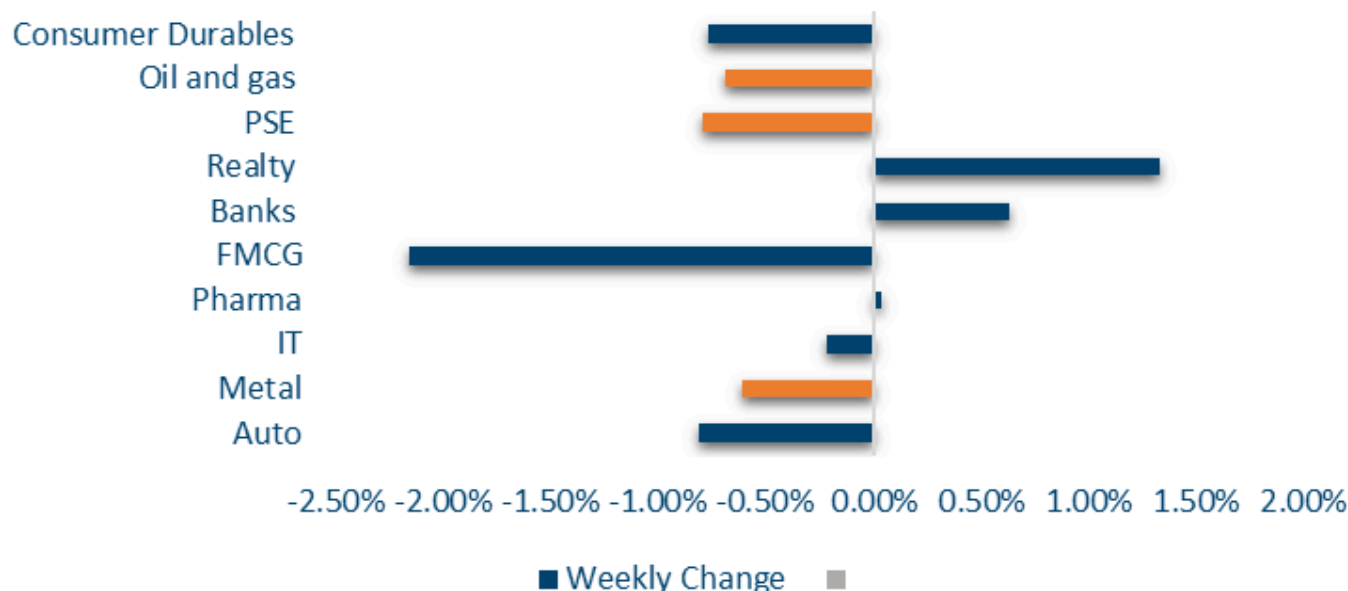
FPIs invested net USD 2.3bn in domestic equities in May, the highest since Sep'24.



Inflows/Outflows	FII RS Crores	DII Rs Crores
This Week	-418.36	33,144.78
Previous Week	-11,591.03	11,199.01

Top Gainers	Performance	Top Losers	Performance
Apollo Micro Systems	35.60%	Orchid Pharma	-16.90%
MMTC Ltd.	34.70%	Dr. Agarwal Healthcare	-13.10%
IFCI Ltd	22.00%	Welspun Living	-12.80%

Weekly Change in Sectoral Indices



Fixed Income, IPO and Institutional Deals

INITIAL PUBLIC OFFERING (IPO):

Last week, Borana Weaves made a strong debut with a 12.5% listing gain, reflecting solid investor interest. At the same time, Prostorm Info Systems experienced a decline in its grey market premium despite seeing good subscription levels. These mixed signals highlight the cautious yet optimistic mood among investors.

Looking ahead, several significant IPOs are on the horizon. Fintech platform Groww plans to raise between \$700 million and \$1 billion, aiming to capitalize on the growing digital investment space in India. Additionally, NSE is preparing for a major public listing, pending regulatory approval from SEBI, which is expected to be a landmark event in the Indian IPO landscape.

Overall, investor sentiment remains upbeat, supported by strong macroeconomic trends and continued FII interest. Sectors such as travel and hospitality are also gearing up for listings, with companies like Oyo and Pride Hotels expected to attract considerable attention, signaling a healthy pipeline of offerings in the near term.

PRIVATE EQUITY & VENTURE CAPITAL:

Private equity and venture capital activity fell for the third week, with deal value dropping 40% to \$187 million and total deals down to 18 from 22.

No deals crossed the \$100 million mark. The largest was a \$63.3 million Series B in Citykart by TPG NewQuest and A91 Partners. Saarathi Finance raised a notable Series A from TVS Capital, while Snabbit secured \$19 million in a Series B led by Lightspeed.

M&A activity saw a slight uptick with five deals, though all remained under \$7 million. Key transactions included Imarticus Learning acquiring MyCaptain for ₹50 crore and KiranaPro buying AR startup Likeo in a \$1 million all-stock deal.

REAL ESTATE:

Golden Growth Fund, launched by Gro TrustAdvisors (a unit of Grovy Ltd), is targeting ₹200 crore for its residential real estate fund, with an additional ₹200 crore greenshoe option. Having marked its first close at ₹25 crore last October, the fund has now raised around ₹60 crore and drawn down ₹22 crore. CEO Ankur Jalan expects fundraising to conclude by the final quarter of this year.

Meanwhile, Mumbai-based Alpha Alternatives, in partnership with Peninsula Land and Delta Corp, has acquired a property in Thane as part of their ₹765 crore real estate investment platform. Launched last year, the platform is focused on residential redevelopment in the Mumbai Metropolitan Region and plotted development in surrounding areas such as Alibagh, Khopoli, Karjat, and Pune.

FIXED INCOME:

Yield on the US 2y treasury dropped 4bps and that on 10y dropped 2bps this week.

10y sovereign yields across Eurozone were down 5-9bps this week

Yield on the old India benchmark 10y rose 4bps this week to 6.29%. Cutoff on the new 10y benchmark in Friday's auction came in at 6.1928%

1y OIS ended 5bps higher at 5.59% and 5y ended flat at 5.63%. Overnight call rates fixed in the 5.82-5.90% range.

The RBI monetary policy is due on Friday. Market is pricing in a 25bps cut in repo rate to 5.75%

FPIs invested net USD 1.4bn in domestic debt in May. The flows turned positive on last day of month, due to tremendous participation in auction involving the new 10y benchmark

FX and Commodities

FOREIGN EXCHANGE:

Alternative Reserve currencies, i.e., JPY, CHF, and EUR, had weakened on the US Court ruling deeming tariffs illegal. However, as the Trump administration's appeal was upheld, these currencies retraced from their lows. Nevertheless, all G10 currencies weakened against the Dollar this week.

USDINR traded a 84.78-85.71 range this week and ended at 85.58

1y forward yield is at 1.97% and 5y is at 2.70%

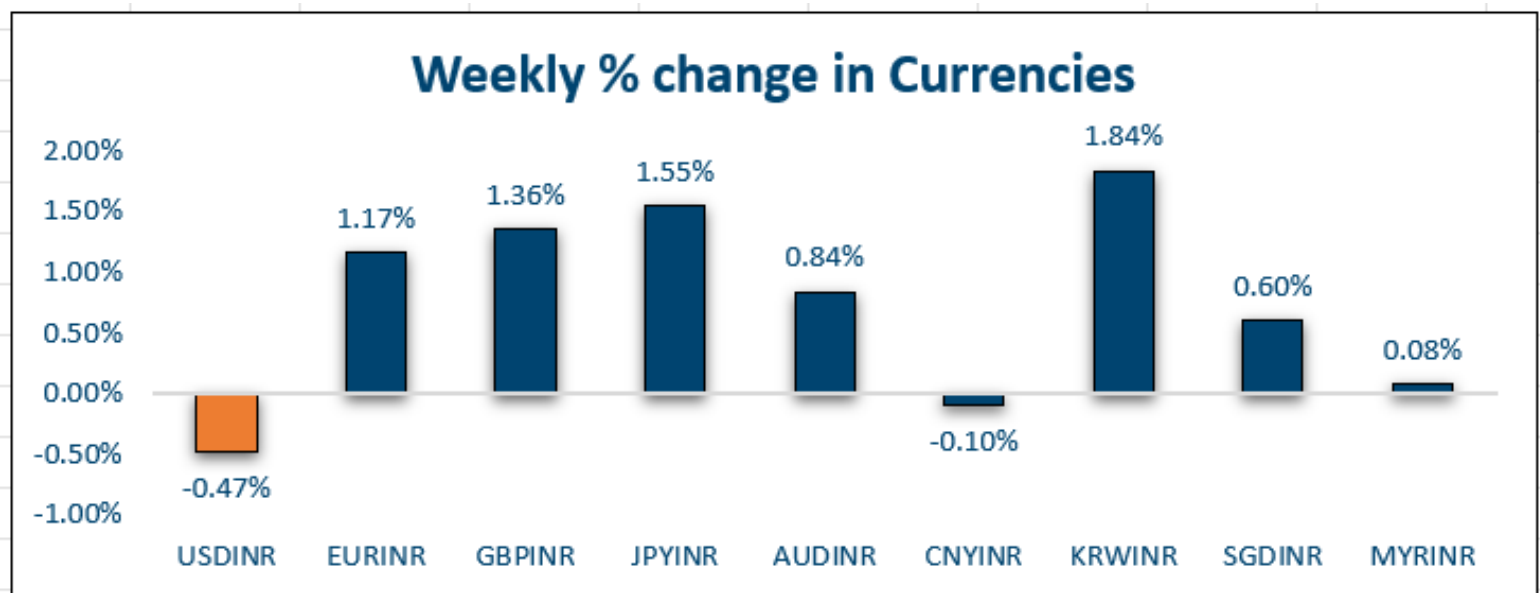
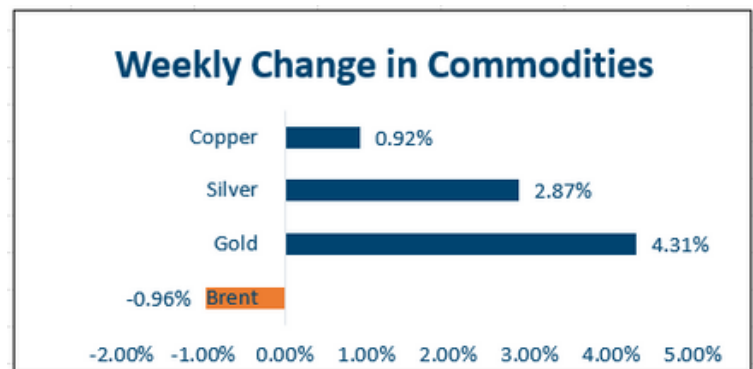
3m ATMF implied volatility continues to remain elevated at 5.20% on higher realized volatility

FX Reserves rose USD 7bn in the week ending 23rd May to USD 692.7bn

COMMODITIES:

Brent was under pressure given the expected production hike at the OPEC+ meeting. OPEC+ agreed to hike output by 411k barrels per day in July yesterday, same as in May and June. This was the 3rd straight hike.

Precious metals were under pressure this week as the Dollar strengthened.



IFA'S VIEW

Ideas and Opportunities

WHAT WE LIKE:

Equities:

Earnings have surprised on the upside in the broader markets.

We expect the Nifty50 to trade with a bullish bias as long as 24200 holds. The benchmark may outperform broader markets

From a long-term portfolio construction standpoint, we believe the valuations in the large-cap space are fair while those in broader markets are still a bit elevated.

We prefer value and quality over growth and momentum at this stage.

FX:

We continue to expect the Dollar to weaken overall.

The dollar is likely to weaken more against the EUR, JPY, GBP, and CHF

Asian currencies are likely to underperform, and the Rupee is expected to underperform even the Asia Dollar pack

Exporters can consider increasing the share of options in the hedge book. Importers can buy out-of-the-money calls to protect against extreme depreciation.

We expect the Rupee to trade in the 85.10-86.10 range in the coming week

Bonds & Rates:

We continue to remain bullish on U.S. Treasuries and Rates. The market seems to be underpricing rate cuts.

We believe we are towards the end of the rally in domestic Bonds. We expect to see the floor on the new 10-year bond around 6.10%

Commodities:

We expect to see further correction in precious metals from current levels and remain bullish on Base metals.

We believe we could have seen a bottom in Brent at sub-60 levels. However, we do not see a rapid turnaround as well.

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