

08th June, 2025

IFA GLOBAL'S WEEKLY OUTLOOK

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

Global Developments & Global Equities

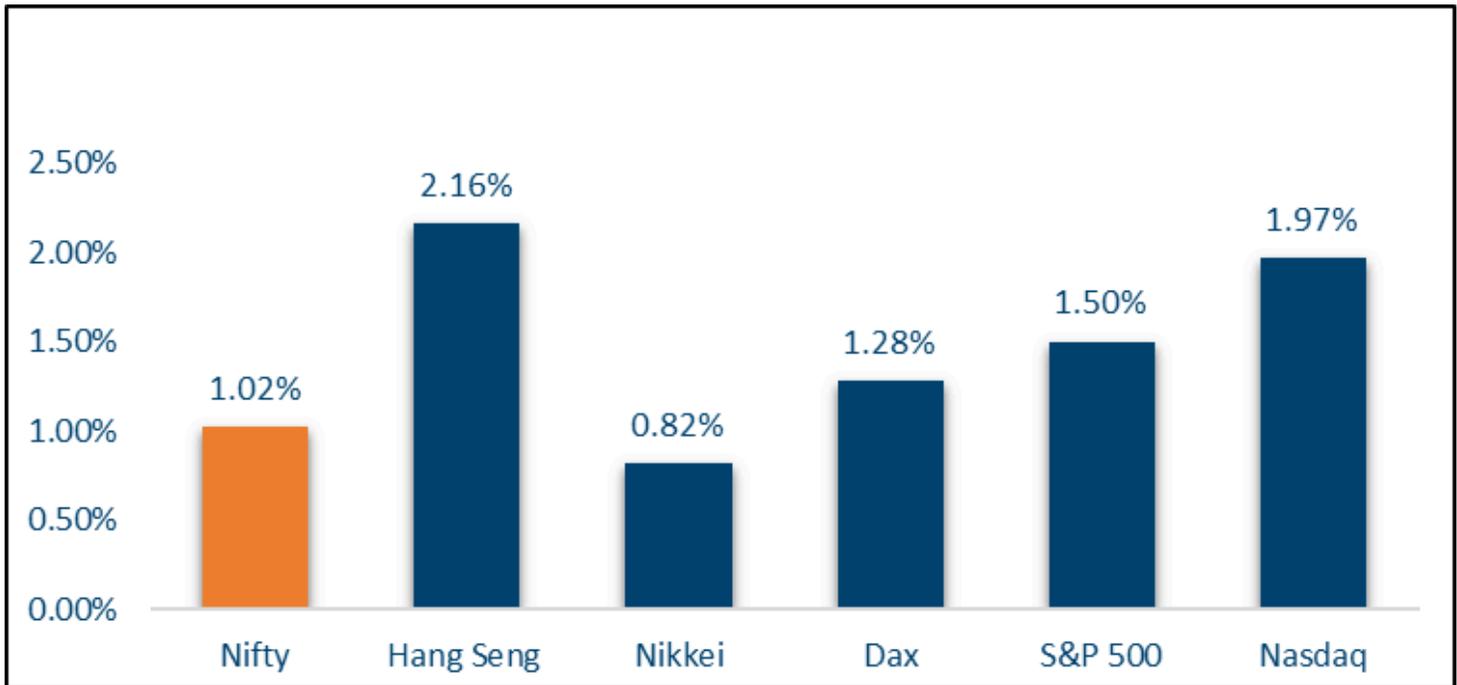
RBI FRONTLOADS EASING TO BOOST GROWTH

Most US data until Thursday (ADP, jobless claims, ISM manufacturing and serviced PMIs) had come in weaker than expected but tables turned on Friday with the release of the jobs report. Headline NFP print came in at 139k against expected 126k. Unemployment rate was steady at 4.2% and Average Hourly Earnings grew 3.9% yoy against expected 3.7% yoy. Market is expecting 1.8 cuts by the Fed till end of 2025. US May CPI print will be the key data to look forward to in the coming week.

US President Trump announced that US and China will be holding trade talks in London on Monday. Possible amelioration in US-China trade ties has lift risk sentiment. Trump in a social media post said "The meeting should go very well". Strained ties between Trump and Musk weighed negatively on Tesla stock which fell almost 15% this week.

NIFTY V/S GLOBAL MARKETS

Asian indices outperformed this week, led by Korea's KOSPI surging 5.3% on political optimism, while Western markets posted modest gains.



Domestic Equities

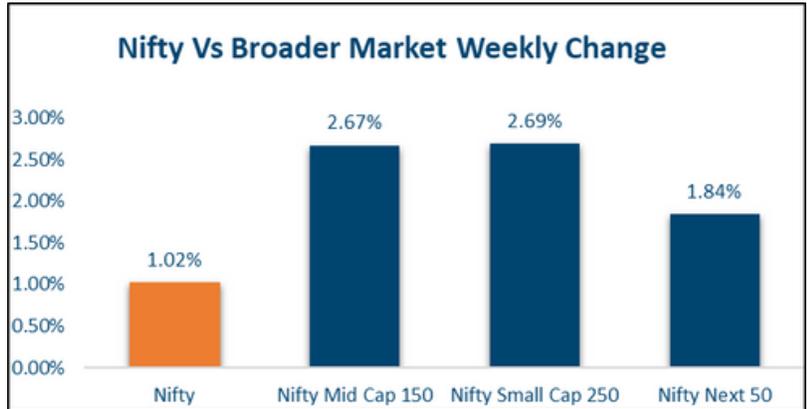
High Beta sectors performed well on RBI easing.

In terms of style, Growth and Momentum outperformed this week, while market cap and low volatility underperformed.

Below is how the valuations based on PE multiples stand, considering trailing 12m and forward 12m EPS respectively:

Nifty50: 22.9, 21.3
 Midcap100: 33.8, 29.3
 Smallcap250: 30.4, 27.5

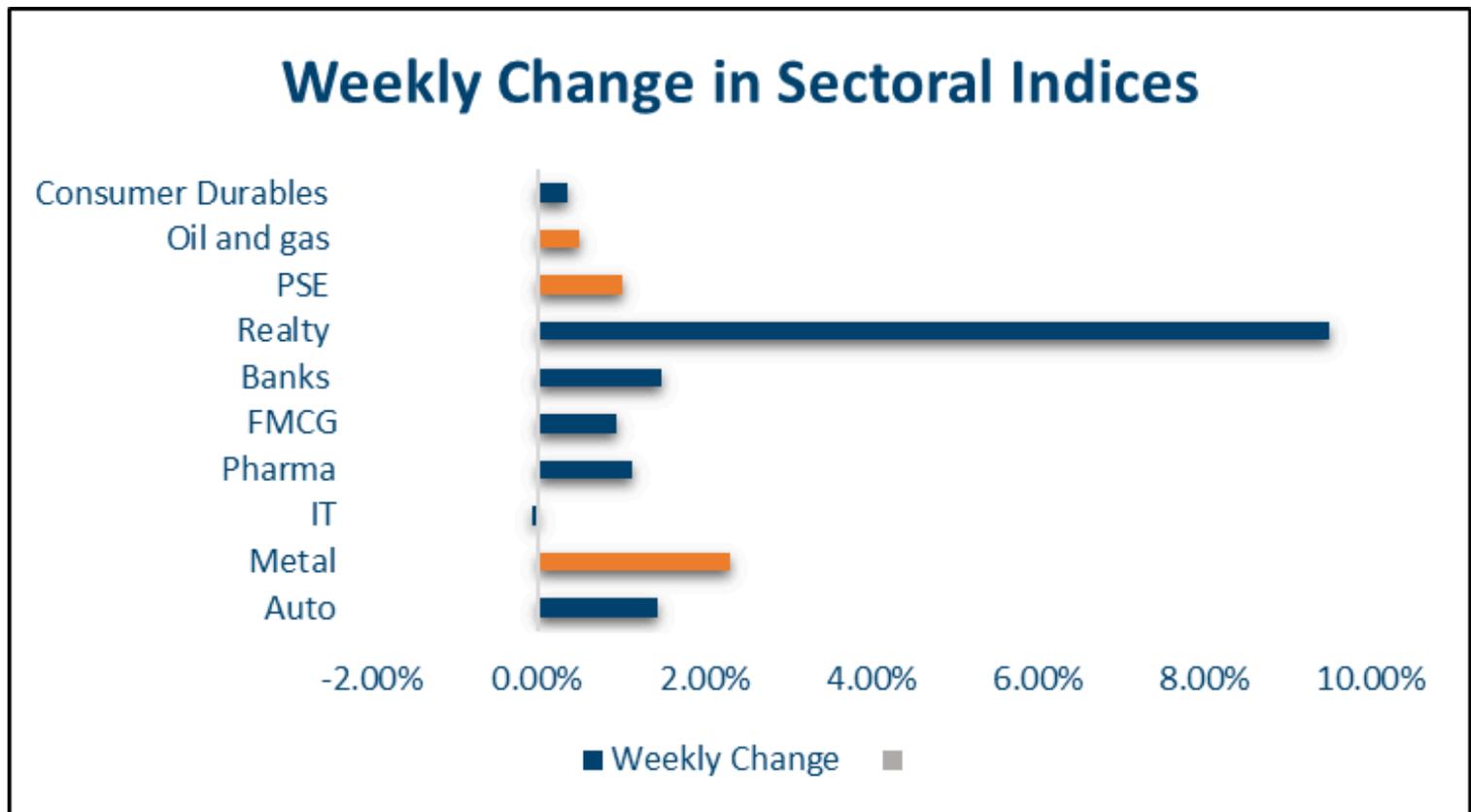
FPIs have sold net USD 1bn of domestic Equities in June so far.



Inflows/Outflows	FII RS Crores	DII Rs Crores
This Week	-3,566.08	25,513.43
Previous Week	-418.36	33,144.78

Top Gainers	Performance
Indef Manufacturing	35.70%
Servotech Renewables	26.70%
Cochin Shipyard	22.90%

Top Losers	Performance
Trom Industries	-32.80%
Emkay Taps and Cutting Tools	-25.90%
Shaily Engineerings Plastics	-13.00%



Fixed Income, IPO and Institutional Deals

INITIAL PUBLIC OFFERING (IPO):

India's IPO market is set for a busy week, with multiple SME public issues scheduled. Sacheerome Ltd will open its ₹61.6 crore IPO from June 9–11, followed by Jainik Power and Cables Ltd (₹51.3 crore, June 10–12), and Monolithisch India Ltd (₹82 crore, June 12–16). All three aim to list on the NSE SME platform.

Larger IPOs are also on the horizon, with SEBI recently approving public offerings from HDB Financial Services (₹12,500 crore), Vikram Solar, A One Steel, Dorf Ketal Chemicals, and others, collectively targeting over ₹20,000 crore in fundraising. These approvals signal a strong pipeline of listings in the coming months.

However, FPIs remain cautious amid global market volatility. While IPO interest continues, FPIs are focusing on firms with strong fundamentals and clear growth paths, which may affect subscription levels and pricing in the near term.

PRIVATE EQUITY & VENTURE CAPITAL:

Private equity and venture capital activity stayed steady last week, but the spotlight shifted to exits as firms took advantage of strong stock markets. Big players like Carlyle, TPG, True North, WestBridge, Accel, and Peak XV exited positions in companies such as YES Bank, Tata Technologies, and BlackBuck, pulling out nearly \$869 million collectively.

Despite the focus on exits, investment deal count remained flat at 19, while total deal value rose 50% to \$286 million. The largest contributor was Udaan's \$114 million Series G round led by Lightspeed and other existing investors, making up the majority of the week's investment value.

M&A activity dipped to three deals from five the previous week. The highlight was Zagg's ₹123 crore acquisition of Dice Enterprises to expand its offerings. Other deals included OfBusiness buying Indian Designs Exports and PhonePe acquiring IP from GupShup's GSPay.

REAL ESTATE:

Hyderabad-based Meenakshi Group, known for its presence in real estate and clean energy, has entered the alternative investments space with the launch of Meenakshi Alternates (M-Alts). Its first offering, the Meenakshi Real Assets Fund—a Category II AIF—has a target corpus of approx. \$82 million, including a ₹350 crore greenshoe option. The group has committed up to 20% of the fund's capital as sponsor investment.

The fund will follow a hybrid debt-equity model, focusing on real estate projects in Tier I Indian cities. It aims to invest in six to eight high-potential projects over six years, with allocations of up to ₹70 crore per deal. The focus will be on self-liquidating assets in fast-growing micro-markets, partnering with established developers to ensure stable cash flows alongside capital appreciation.

FIXED INCOME:

Yield on the US 10y had dropped to 4.35% but spiked after the US Jobs report to end the week at the highest point of 4.50%. Likewise, US 2y had dropped to 3.87% but ended the week at the highest point at 4.04%

The RBI cut repo rate by 50 bps to 5.50%. The consensus on the street was a 25-bps reduction. The RBI also cut CRR (Cash Reserve Ratio or the amount that banks need to park aside with the RBI as a percentage of their NDTL on which they get a 0% rate of return) by 100bps in a surprise move to infuse durable liquidity into the banking system. This would unleash Rs 2.5 lakh crs of liquidity into the banking system. This move is intended to facilitate the transmission of rate cuts to the real economy. However, the RBI changed the stance to neutral from accommodative. This suggests that we have probably reached the terminal rate in this cycle.

Yield on the old benchmark 10y had dropped to 6.13% in a knee-jerk reaction, but ended at 6.29%. 1y OIS fell 11bps to 5.49% while 5y OIS ended 3bps higher at 5.67%. FPIs have sold net USD 2.5bn of domestic debt in June so far.

FX and Commodities

FOREIGN EXCHANGE:

Commodity currencies outperformed this week as it seemed US-China trade relations are on the mend.

Rupee continues to underperform amid a weak Dollar environment. The 40 currency trade-weighted REER, above 108 in November, had already dropped to 100.8 by April end. Since April end, the Rupee has underperformed its peers. The index is likely to have fallen below 100 now, which is rare. Since April end the Chinese Yuan has strengthened 1.1% while the Rupee has weakened 1.3%. Therefore, in addition to Rates and Liquidity, FX is the third pillar of easing. This correction in overvaluation bodes well for our domestic manufacturing and exports. Due to the rupee's underperformance, cross/INR is on a tear. GBP/INR is at an all-time high above 116!

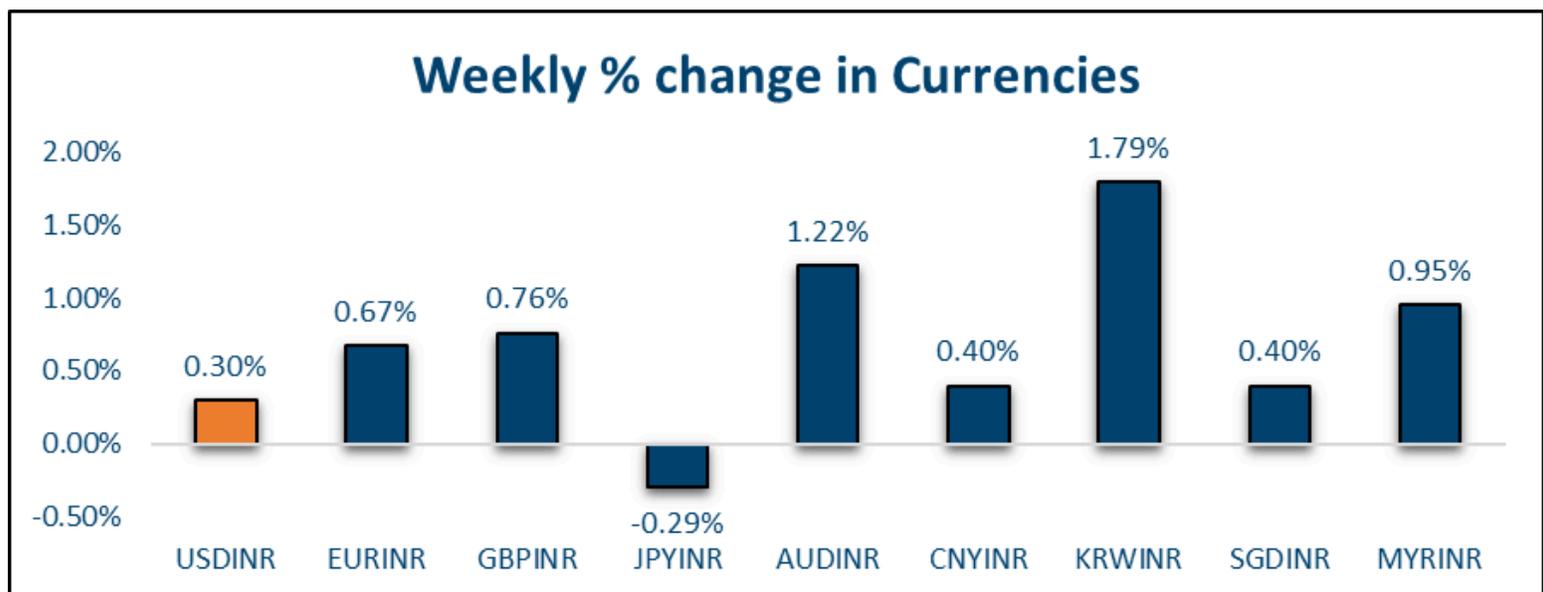
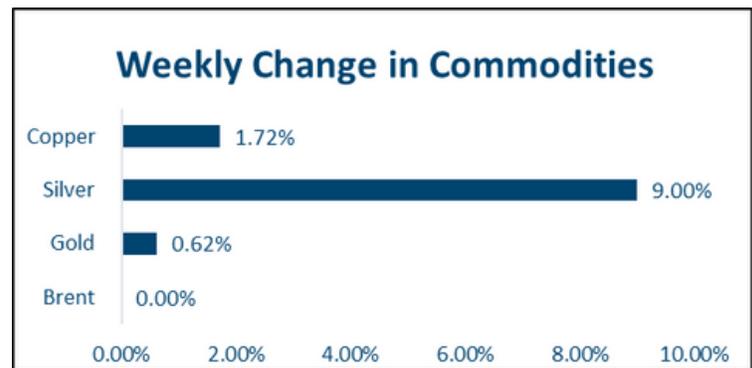
FX Reserves fell USD 1.3bn in the week ending 30th May to USD 691.5bn

COMMODITIES:

Brent ended 6.2% higher this week at USD 64.6 per barrel. US Natural gas rose almost 10% to USD 3.78

LME Copper gained 2% this week to USD 9693. LME Aluminum was up 0.3% to USD 2450

Silver advanced 9.1% this week, breaking a key resistance zone, to end at USD 36. Gold was up 0.6% on the week and ended at USD 3310



Option Strategies

FOR EXPORTERS

Spot ref 85.65

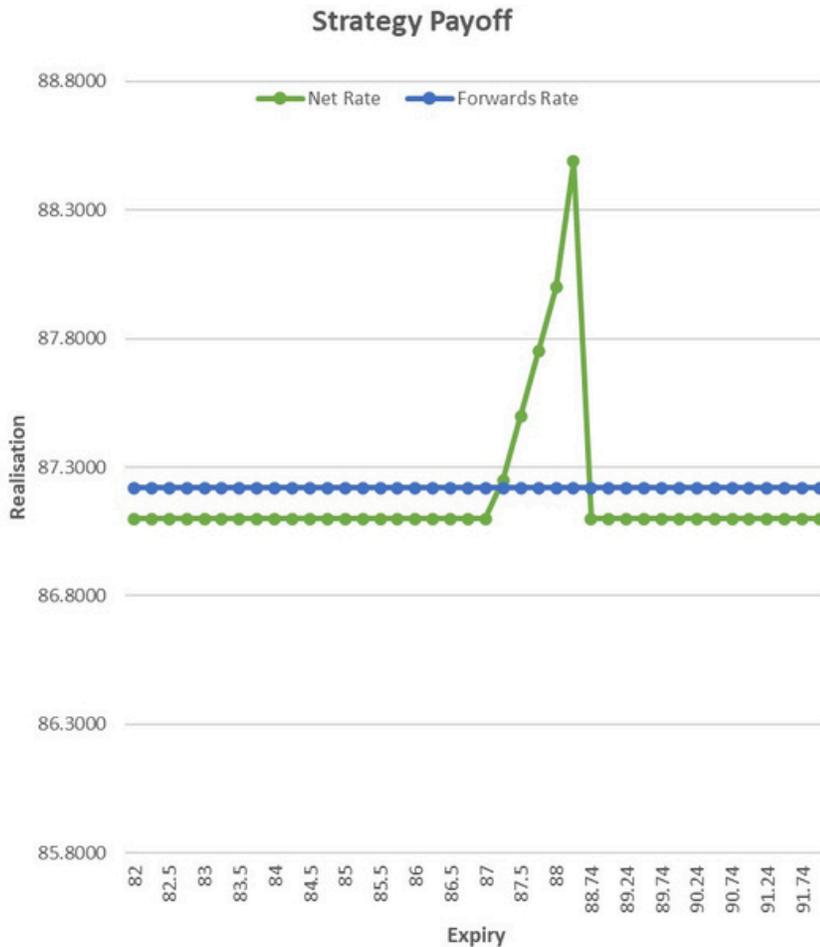
Tenor 12m

Forward extra

Atmf level 87.22

Buy put of 87.10

Sell call of 87.10 with eki at 88.50



FOR IMPORTERS

Spot ref 85.65

Tenor 3m

Importer kiko

But call Atms with eko at 88.40

Sell put atms with eki at 84.00



IFA'S VIEW

Ideas and Opportunities

WHAT WE LIKE:

Equities:

We are bullish on Equities in the near term. Break of 25116 could result in a 4-5% upmove. We would like to revisit this view if 24450 breaks on the downside.

There is value in large-cap space from a long-term investment horizon perspective. We prefer value and quality over momentum.

FX:

We expect Dollar weakness to continue. The weakness is likely to be more pronounced against majors.

A fair degree of correction in Rupee overvaluation has already happened. However, we believe there is room for a further 1-2% correction. This implies Cross/INR may have some more upside potential.

We expect the Rupee to trade 85.10-86.50 range over the next few weeks

Importers are advised to hedge throughout the Money calls to protect against tail risk.

Bonds & Rates:

We believe we have reached the terminal repo rate in this cycle. We may at most see a 25bps cut if growth proves anaemic

We recommend exiting long-duration positions and paying 5y OIS to convert floating rate liabilities into fixed.

Commodities:

The break of USD 34.80 on Silver was a crucial one technically. Silver is likely to continue the rally. We are bullish on silver.

Gold may continue to trade sideways between USD 3200 and USD 3500 for a while

We believe the bottom is in place in Brent and we could see a move higher to USD 70-72 per barrel.

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CONNECT US:

Address:

India Forex and Asset Management Private Limited, H-125, 1st Floor, Kanakia Zillion, LBS Marg, CST Road Junction, Bandra Kurla Complex Annexe, Mumbai - 400070

Website:

<https://www.ifaglobal.net/>

Call us at:

+91 8591997028
+91 8655785089

Email:

info@ifaglobal.net