

16th March 2025

IFA GLOBAL'S WEEKLY OUTLOOK

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

Global Developments & Global Equities

TARIFF DRAMA CONTINUES TO RESULT IN HEIGHTENED UNCERTAINTY

The EU this week retaliated by imposing tariffs on USD 28bn of US imports in response to increased steel and Aluminum tariffs of 25%. President Trump in turn threatened imposing 200% tariffs on alcohol imports from EU

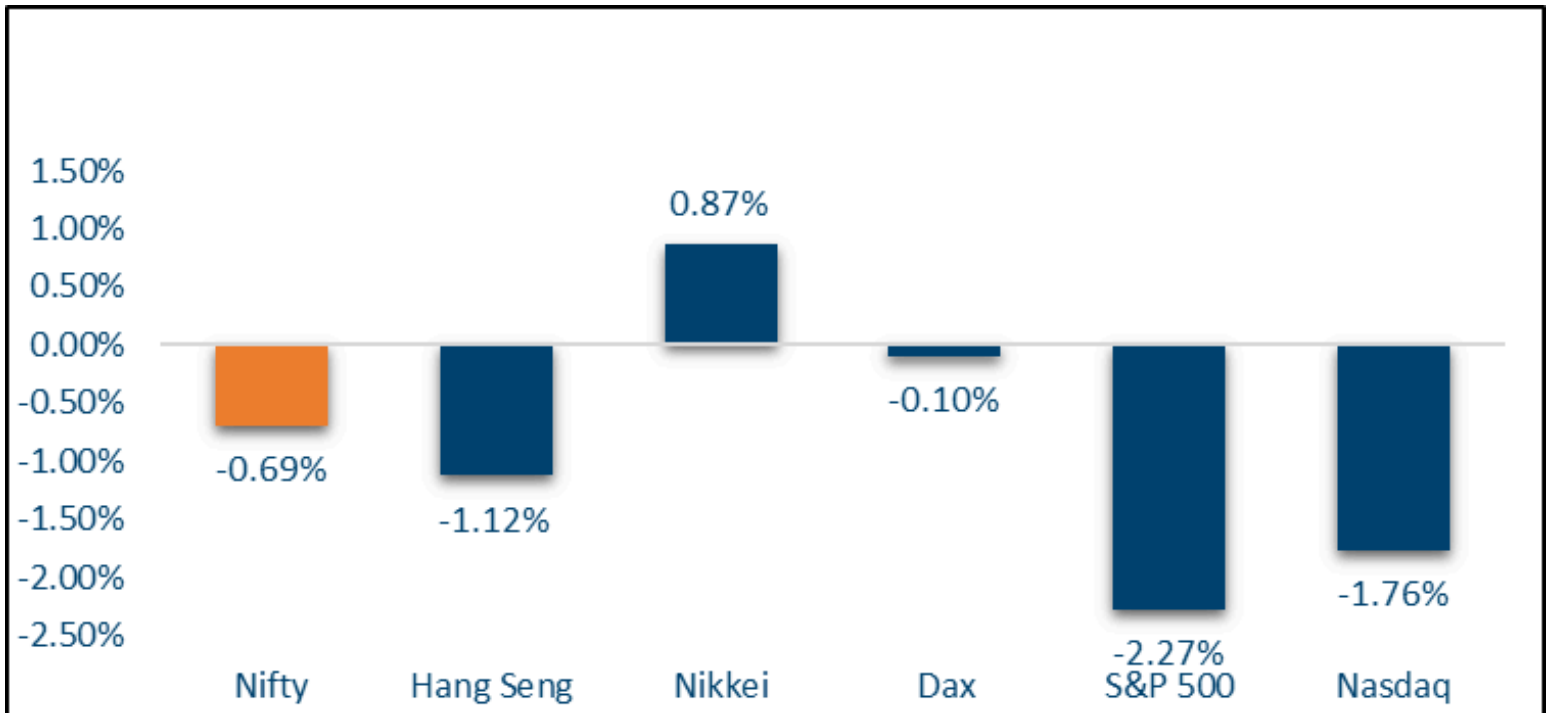
We have the Fed, BoE, BoJ and SNB policies in the coming week.

Fed, BoE and BoJ are expected to keep Rates unchanged while SNB is likely to cut 25bps. US Feb CPI this week came in lower than expected. March Michigan consumer sentiment dropped to 57.9 against expected 63.2. 1y inflation expectation rose to 4.9% from 4.3% last month.

Market is pricing in 2.6 cuts by the Fed and 2 cuts by ECB until 2025 end.

NIFTY V/S GLOBAL MARKETS

Despite the recovery on Friday, S&P500 ended the week 2.3% lower. Major European stock indices ended the week with cuts ranging from 0.1-1.2%. Nikkei was the exception this week, ending 0.5% higher. Most Asian equity indices too traded soft this week. Kospi (+0.1%) was the exception.

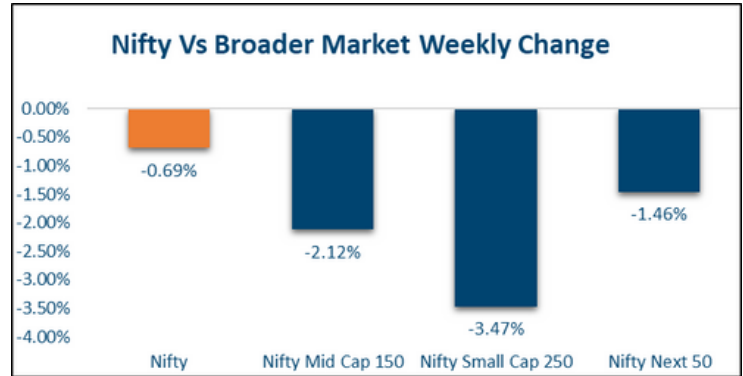


Domestic Equities

Nifty50 ended 0.7% lower this week. Broader markets saw deeper cuts with Midcap100 and Smallcap250 indices ending 2.2% and 3.5% lower respectively. FPIs have sold net USD 3.4bn of domestic Equities in March so far, the fifth month of sell off in last 6 months. FPIs have sold nearly USD 28bn of domestic Equities in Last 6 months Latest AMFI data that came out for February showed a 26% drop in MoM flows into equity MFs (Rs 29200crs in Feb Vs 39700crs in Jan). SIP stoppage ratio hit an all time high of 122% in February. Below are the valuations across large, mid and small caps on a trailing 12m and forward 12m Earnings basis

Nifty50: 20.8, 18.8
 Midcap100: 32.2, 24.2
 Smallcap250: 23.2, 21.6

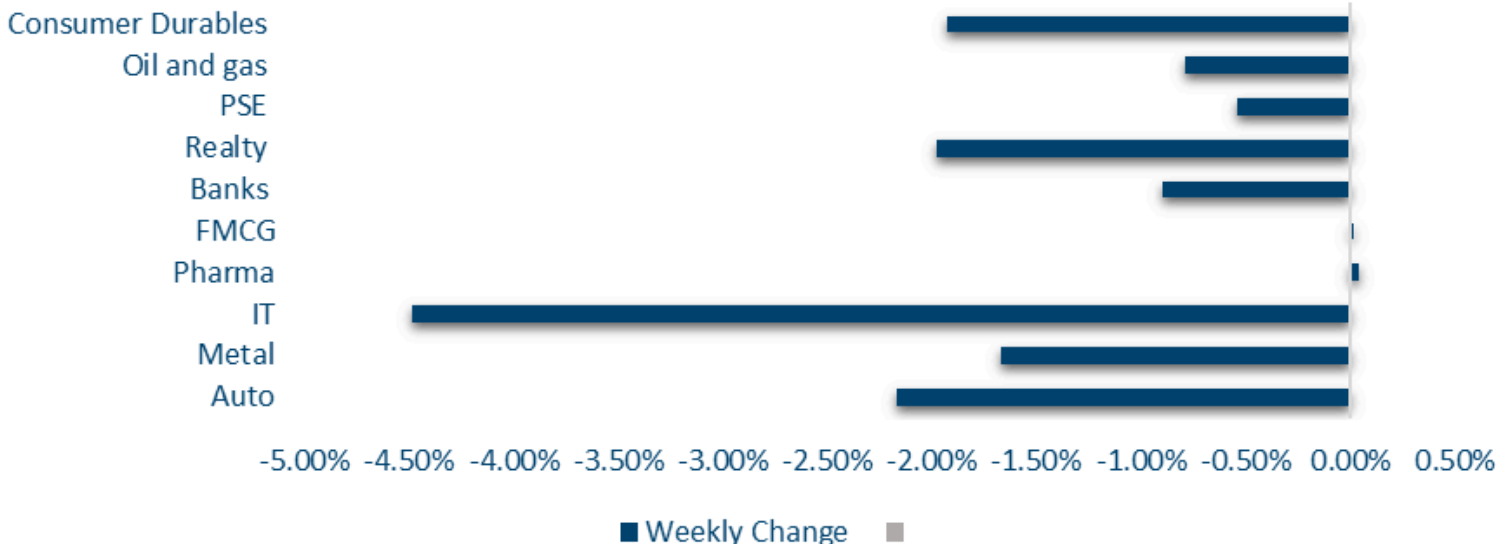
Technically, Nifty50 may remain under pressure as long as 22700 is not take out on upside, with a possibility of revisiting 21950 levels



Inflows/Outflows	FII RS Crores	DII Rs Crores
This Week	-5,729.68	5,499.47
Previous Week	-15,501.57	20,950.89

Top Gainers		Performance	Top Losers		Performance
Krishna Institute of Medical Sciences Ltd.		11.30%	IndusInd Bank Ltd.		-28.20%
Aavas Financiers Ltd.		10.20%	Triveni Turbine Ltd.		-16.20%
Tata Communications Ltd		8.70%	Firstsource Solutions Ltd.		-14.30%

Weekly Change in Sectoral Indices



Fixed Income, IPO, and Institutional Deals

REAL ESTATE:

Global investment firms continue to make strategic moves in India's real estate sector. Blackstone is set to acquire a 40% stake in Pune-based Kolte-Patil Developers for \$134M, marking its foray into residential real estate. The deal includes a 14.3% stake through equity allotment for ₹417 crore, a 25.7% buyout from promoters for ₹750 crore, and an open offer for 26% from public shareholders.

Meanwhile, Bahrain-based Investcorp and four of its executives have settled a case with SEBI over violations of alternative investment fund regulations.

The case pertained to delays in winding up the Investcorp Real Estate Yield Fund, resulting in a settlement payment of ₹25.5 lakh on February 1. Among the executives involved are Gaurav Sharma, Ritesh Vohra (who exited last year), Ajay Kumar, and Niraj Sirsalewal.

PRIVATE EQUITY AND VENTURE CAPITAL:

Private equity and venture capital funding declined for the second consecutive week, dropping from over \$500 million in late February to \$289 million by March 13. Deal volume also fell by half, with 18 transactions recorded.

Singularity AMC, backed by Madhusudan Kela, led the week's largest funding, investing up to ₹500 crore (\$57.3M) in Bhilwara Energy. Creaegis led the second-largest deal, backing Zolve, with new investors HSBC, SBI Investment, GMO Venture Partners, and DG Daiwa Ventures joining Accel, Lightspeed, Sparta Group, and DST Global.

Sun Pharmaceutical Industries' acquisition of US-based Checkpoint Therapeutics was the week's largest M&A deal, strengthening its oncology and immunotherapy portfolio.

INITIAL PUBLIC OFFERING (IPO):

The IPO market is gaining traction with four upcoming listings, including Arisinfra Solutions on the mainboard and three SME IPOs. Additionally, PDP Shippings and Super Iron Foundry are set to debut next week.

Meanwhile, Gujarat-based Allchem Lifescience has filed for a ₹190 crore IPO, including a fresh issue and an offer for sale. ₹130 crore will go toward debt repayment, with the rest for corporate needs. These developments signal a revival in public offerings across sectors.

FIXED INCOME:

US 10y treasury yield rose 10bps this week to 4.31%. US 2y yield was up 13bps at 4.02%. 10y Yields across Europe were up 1-7bps this week.

Yield on the benchmark 10y ended 1bps higher at 6.70% this week. It traded a narrow 6.675-6.704% range. India Feb CPI print came in 3.61%, a seven month low

1y OIS ended 7bps lower at 6.12% while 5y OIS ended flat at 5.97%. Liquidity in the banking system is neutral at this point. RBI's OMO would help tide over the advance tax outflows.

1y CD is at 7.64% while 1y T-bill is at 6.52%

10y Gsec annualized is at 6.70% while 10y AAA PSU and NBFC papers are around 7.36% and 7.54% respectively. FPIs have invested net USD 2.8bn in domestic debt in March so far

FX and Commodities

FOREIGN EXCHANGE:

Commodity currencies had a good run this week. NOK (+1.9%) and NZD (+0.7%) were the best performers while safe havens JPY (-0.4%) and CHF (-0.6%) underperformed

Among Asian currencies CNH (+0.1%) was the best performer while MYR(-0.8%) was the worst performer.

Rupee weakened 0.15% this week to end at 87.00. It has weakened to 87.39 during the holiday shortened week but recovered on Thursday. Rupee is the worst performing Asian currency YTD, down 1.6% while CNH is the best performer, up 1.4%

FX Reserves rose USD 15.3bn in the week ending 7th March to USD 654bn. USD 10bn increase was on account of the settlement (4th March) of near leg of Buy-Sell swap conducted on 28th Feb.

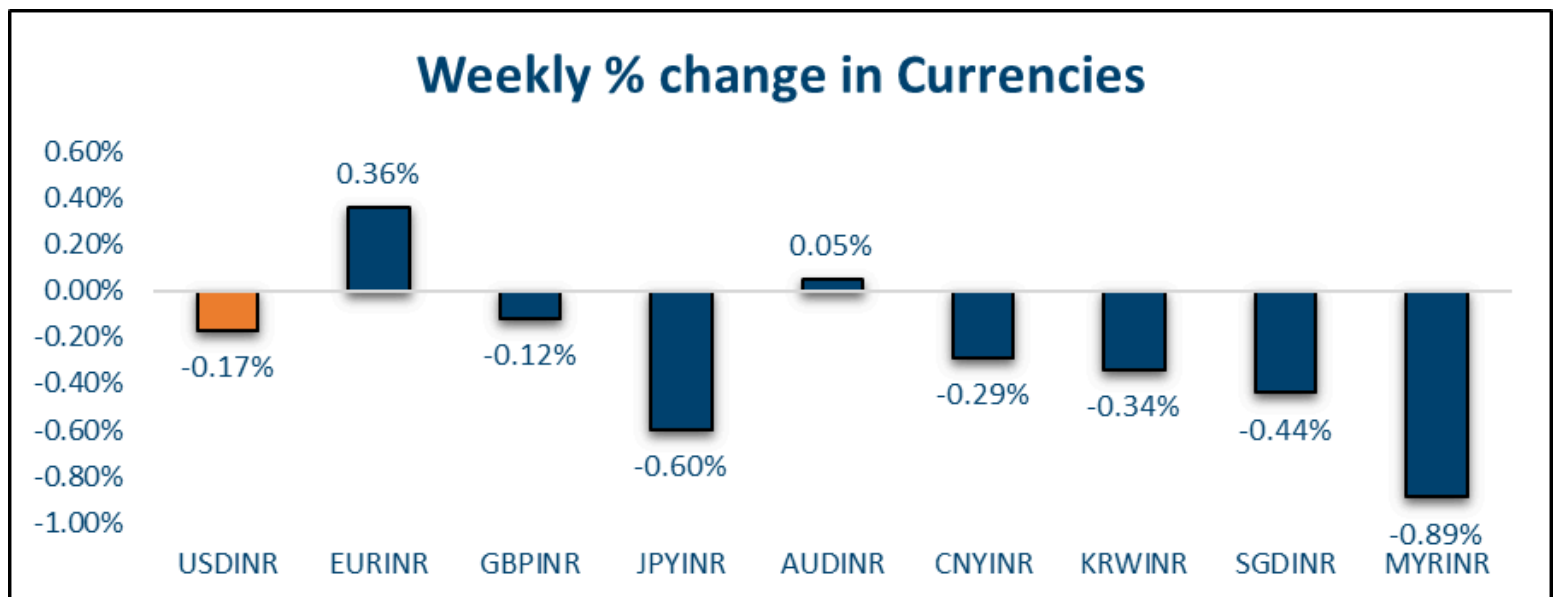
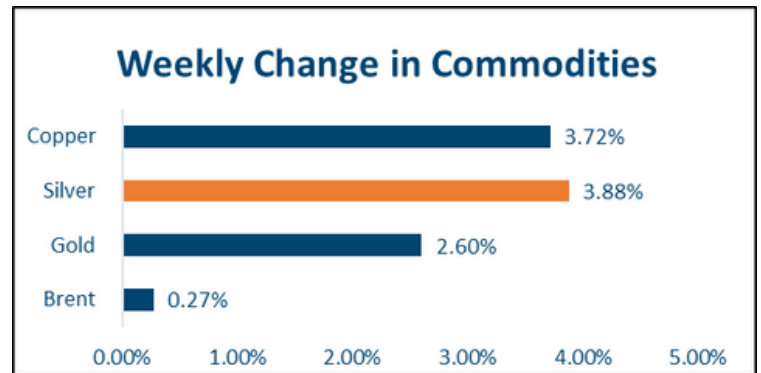
1y forward yield was almost unchanged at 2.14% 3m ATMF implied volatility was also steady at 3.54%

COMMODITIES:

Precious metals were the outperformers this week. Gold ended the week up 2.6% at USD 2984 per ounce while Silver rose 3.9% to USD 33.8. Gold traded above the USD 3000 mark for the first time ever this week.

Brent was steady and ended the week 0.3% higher at USD 70.6 per barrel.

LME Aluminum was down 0.9% while LME Copper was up 1.7% this week.



IFA'S VIEW

Ideas and Opportunities

WHAT WE LIKE:

Equities:

Domestic equities may trade sideways with a slight negative bias. We expect the Nifty50 to trade a 22000-22800 range over the next couple of weeks. We prefer large caps over mid and small caps and value stocks over growth. We prefer low beta to high beta.

FX:

We expect the Dollar to trade with a slight negative bias against majors and positive bias against EM currencies. We expect the Rupee to underperform its Asian counterparts, just as it has YTD.

Fixed Income:

We believe every uptick in US treasury yields is a good opportunity to add duration to portfolio. 1y CD- T-bill spreads are attractive at 115bps. 5.90% on the 5y OIS seems a good level to pay fixed.

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