

23rd March 2025

IFA GLOBAL'S WEEKLY OUTLOOK

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

Global Developments & Global Equities

RISK SENTIMENT IMPROVES AS FED DOWNPLAYS TARIFF RELATED INFLATION CONCERNS

There were 4 central bank rate decisions this week. 3 of them i.e. Fed, BoE and BoJ maintained status quo while SNB cut Rates by 25bps

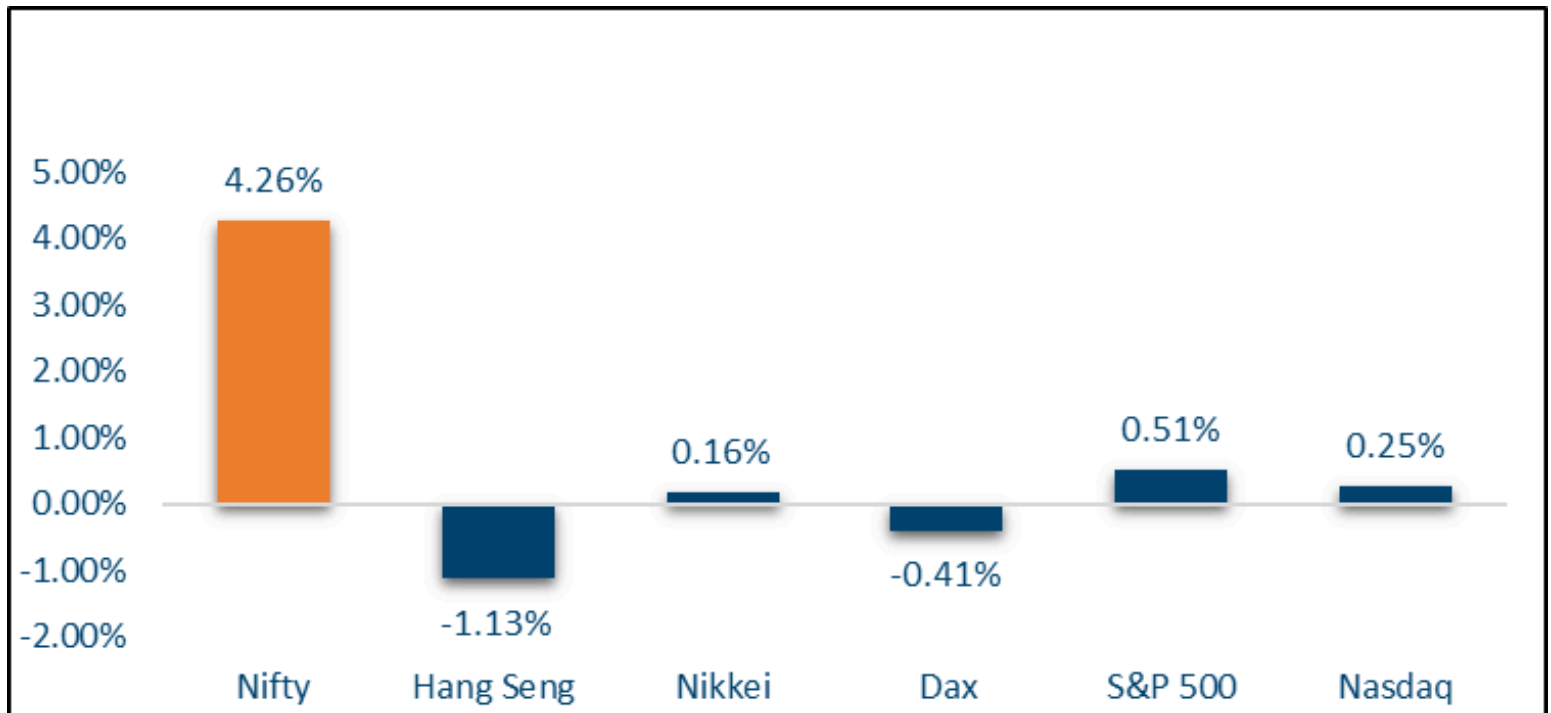
The Fed expectedly kept rates unchanged and revised the inflation forecast higher to 2.7% from 2.5% and growth forecast lower to 1.7% from 2.1% for 2025

Ffed chair Powell in his speech however downplayed growth concerns and said that any inflationary impact from tariffs would likely prove transitory in his base case. Median dot plot indicated 2 cuts until end of 2025. Market is pricing in 2.8 cuts in 2025.

On tariffs, President Trump said that there would be some flexibility around reciprocal tariffs which are due to come into effect from 2nd April

NIFTY V/S GLOBAL MARKETS

Equities globally had a steady week. Nifty50 rallied 4.3% this week



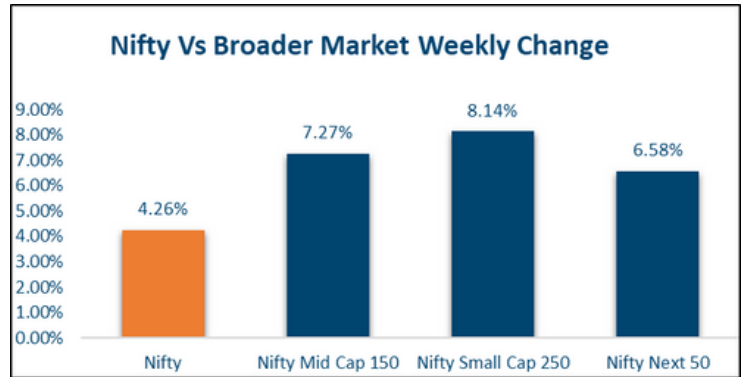
Domestic Equities

broader markets outperformed with Midcap100 and Smallcap250 indices gaining 7.7% and 8.1%
 Below are the P/E ratios based on TTM and Forward 12 month basis respectively

Nifty50: 21.6, 19.5
 Midcap 100: 34.6, 30.1
 Smallcap 250: 25.2, 23.5

FPIs have sold net USD 3.6bn of domestic Equities in March so far.

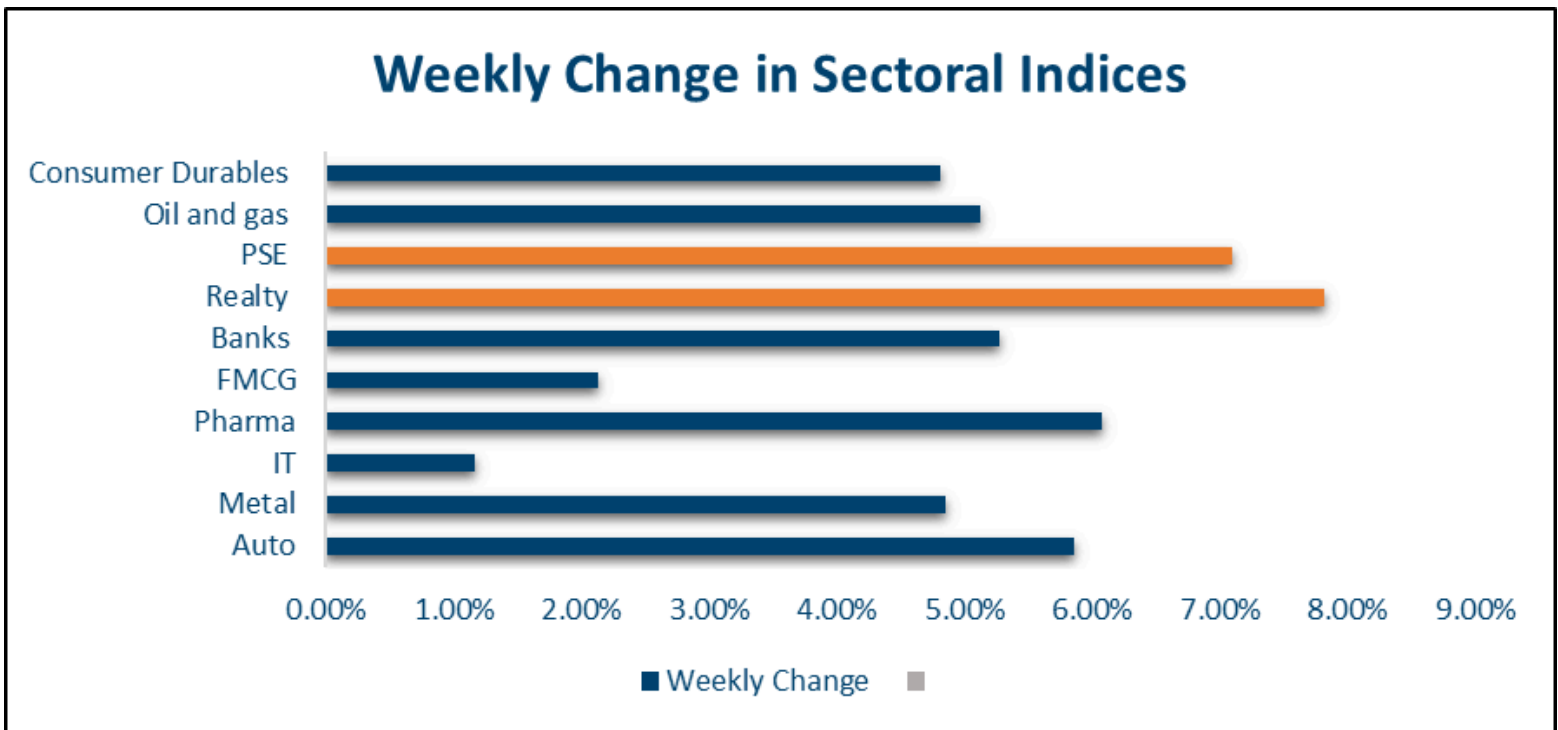
In style terms, Momentum, liquidity and growth outperformed this week while size and volatility underperformed



Inflows/Outflows	FII RS Crores	DII Rs Crores
This Week	5,819.12	4,337.83
Previous Week	-5,729.68	5,499.47

Top Gainers	Performance
Garden Reach Shipbuilders & Engineers Ltd	30.60%
Valor Estate Ltd.	28.70%
Nuvama Wealth Management Ltd.	25.50%

Top Losers	Performance
Castrol India Ltd.	-5.90%
KEI Industries Ltd.	-5.40%
Crisil Ltd.	-3.20%



FX and Commodities

FOREIGN EXCHANGE:

Dollar was steady this week against G10. GBP was down 0.1% for the week. The BoE this week kept the rates unchanged through a 8-1 vote, with 1 MPC member voting in favor of a cut. Euro was down 0.6% for the week. NOK (+1%) was the best former while AUD (-0.8%) was the worst performer on disappointing employment data. Among Asian currencies, Indian Rupee (+1.2%) was the best performer this week while IDR (-0.9%) was the worst performer. The IDR has been bearing the brunt of a sell off in Indonesian equities on growth concerns. The offshore Yuan (-0.3%) was steady. The Rupee had the best weekly gain in two years aided by multiple factors:

- * Stronger than expected Feb goods trade data. Feb trade deficit came in at just USD 14bn, lowest since April'21. Combined with services we actually had a surplus

- * Unwinding of arbitrage positions after the RBI apparently cautioned banks on trimming their arbitrage positions

- * RBI not aggressively putting a floor under the pair

The Rupee has strengthened for 8 straight sessions. The Rupee strengthened 0.6%-2.1% against it's Asian peers this week. Rupee has strengthened almost 2% against the Yuan since 10th March.

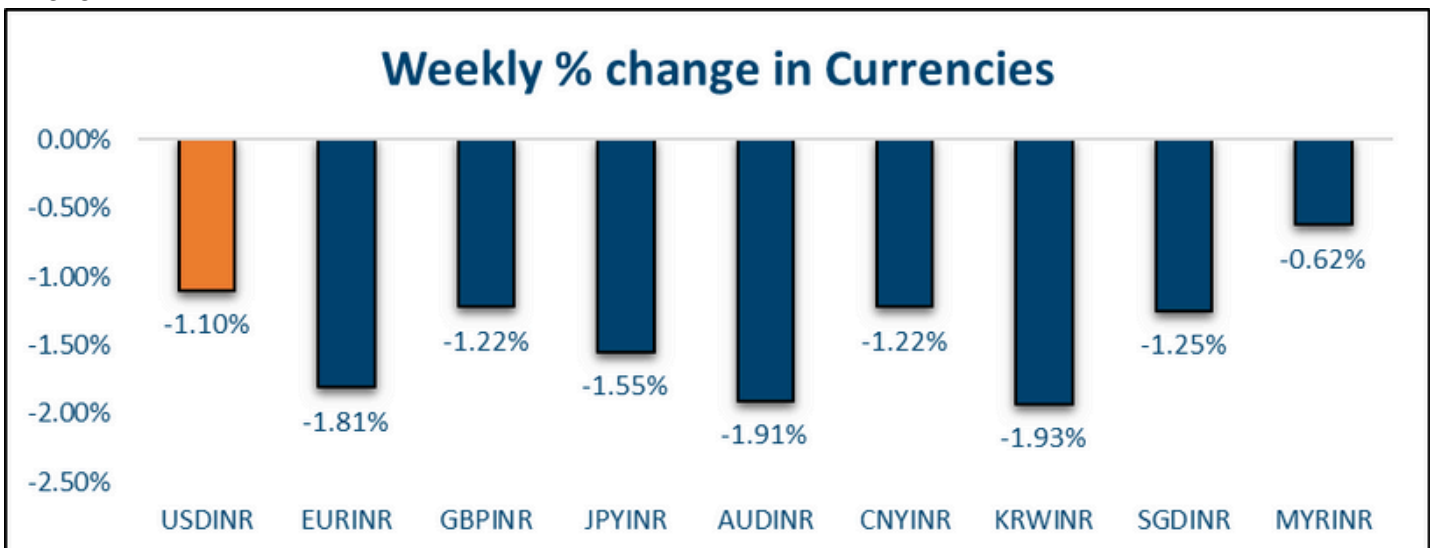
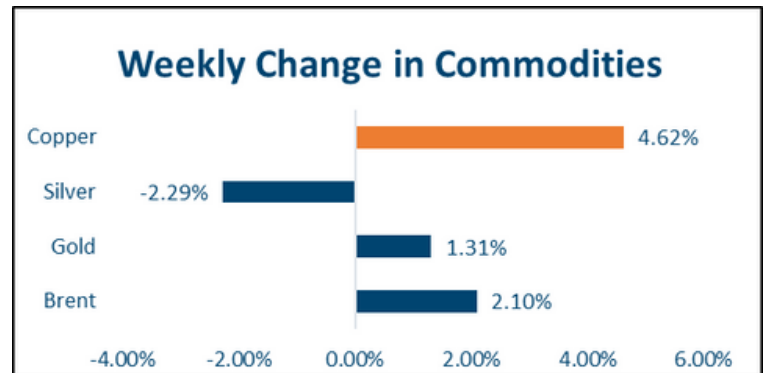
COMMODITIES:

Commodities too had a steady week.

Brent rose 2.2% this week to USD 72.2 per barrel

LME Aluminum was down 2.2% while Copper was up 0.8%. Copper breached the USD 10000 mark for the first time in a year. Dalian Iron ore was down 1.7%

Gold rose 1.3% to USD 3022 per ounce, continuing to post record highs while Silver ended the week 2.3% lower



Fixed Income, IPO, and Institutional Deals

REAL ESTATE:

Etonhurst Capital Partners, a Mumbai-based real estate investment firm, is set to begin investing from its maiden residential redevelopment fund launched in 2024. The firm, led by Bamasish Paul and Tushar Bose, aims to deploy the entire Rs 500 crore corpus (with a Rs 250 crore greenshoe option) by the end of 2025. It recently achieved its first close at Rs 180 crore.

Meanwhile, Alpha Wave Global will invest Rs 1,250 crore (\$145 million) in I-Ven Realty Ltd, a joint venture between Oberoi Realty Ltd and its chairman Vikas Oberoi. In return, Alpha Wave will acquire a 21.74% stake in I-Ven Realty, which focuses on real estate construction, development, and operations

PRIVATE EQUITY AND VENTURE CAPITAL:

Indian startups raised \$109 million across 18 deals this week, down from \$193 million across 19 deals the previous week. The fintech sector led with Nivara Home Finance securing \$5 million (Series B) and FinBox raising \$3.5 million (pre-Series A). In the consumer goods space, Pilgrim, a D2C beauty brand, raised \$20 million (Series B). Other notable deals included Presentations.AI raising \$3 million for its AI-powered presentation tool and Unikon.ai securing \$2 million for its AI-driven networking platform, reflecting increased investor focus on AI and machine learning.

This week's M&A activity included Nazara Technologies acquiring 100% of Sportskeeda for ₹69.17 Cr, Omniaacquiring SpotKwik to enhance extended reality, Unicommerce completing its Shipway acquisition by buying the remaining 57.24% stake, and WLDD acquiring a 70% stake in D2C sneaker brand 7-10 after its recent ScoopWhooppurchase.

INITIAL PUBLIC OFFERING (IPO):

In the upcoming week, the Indian stock market will see the launch of four new IPOs in the SME segment, offering investors fresh opportunities. These SME IPOs reflect growing momentum in the primary market. Additionally, five companies that recently closed their IPOs are set to debut on the stock exchanges, marking a significant week for new listings. This increased activity highlights rising investor interest and the continued expansion of the SME sector in public markets.

In a significant development, edtech unicorn PhysicsWallah has confidentially filed draft IPO papers with SEBI. This filing method allows the company to keep key details private until a later stage. Valued at \$2.8 billion after securing \$210 million in funding last year, PhysicsWallah is gearing up for its public market debut, signaling a major move in the Indian edtech sector.

FIXED INCOME:

Yield on the US 10y treasury was down 5bps to 4.25% and that on 2y was down 10bps to 3.95%

10y Yields across Eurozone (except Greece) were down 2-6bps this week

Yield on the benchmark 10y dropped 8bps this week to 6.62%, the lowest level since Jan'22. There has been no supply in March and moreover the RBI announced one more OMO of Rs 50000crs. This has supported sentiment in the bond market.

1y OIS fell 3bps to 6.09% and 5y OIS fell 10bps to 5.87%, the lowest level on 5y since Mar'22. Spread between 5y Gsec and 5y OIS is around 63bps and that between 5y Mod MIFOR and 5y OIS is at 40bps, the lower end of the 40-74bps range it has been in since Dec'22. Spread between 1y CD and 1y T-bill narrowed 15bps this week to 97bps

IFA'S VIEW

Ideas and Opportunities

WHAT WE LIKE:

Equities:

We could potentially have seen a bottom, now that that we have seen a weekly close above 22800 on Nifty50. We believe one can keep that as a stop and target 23600 and 24100 levels. We prefer large caps over mid and small caps and value over growth from a medium term standpoint

FX:

We expect the Dollar to remain steady overall with a slight weakening bias. Rupee move this week was surprising. Technically it has filled the gap of 13th January of 85.97-86.20. 38.2% retracement of the move from 83.44 to 87.95 too was coming in at 86.20. The 50% level is now at 85.70 where we feel the pair should find support.

Fixed Income:

A rally in Rupee should give the RBI more comfort in running an expansions policy. A combination of rate cut expectations, lower supply of Gsecs, OMO purchases, lower crude and lower US treasury yields have been imparting tail winds to the bond markets. We are currently at the lower end of the band as far as 10y Gsec yield is concerned, around 6.60%. While we earlier felt these would be good levels to exit duration, we now feel we could see the rally extend a bit given that short term rate expectations could move lower further. The terminal repo rate we saw earlier was 6%. But now we could move lower to 5.5%

Commodities:

We are neutral on Brent, Gold and base metals in Dollar terms and expect these to trade sideways in the near future

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