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Weekly Market Overview

23.06.2025

Global Market Overview

- Global equity markets have opened lower; Nifty is trading around **0.6%** down at 24,970, with Midcap indices showing similar movement.
- US markets closed marginally negative last week. S&P 500 declined **0.15%**, while NASDAQ ended flat with a slight positive bias.
- Year-to-date (YTD), Nifty is up over **6%**, while small caps are down by **~3%**, reflecting a widening performance divergence.

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Market Performance

NIFTY	~0.60% ↓
S&P 500	~0.15% ↓
NASDAQ	~0.51% ↓
Hang Seng Index	~0.49% ↑

Domestic Market Conditions

- Nifty trades at **~22x** one-year forward earnings, **~14%** above April lows.
- Midcap index is up **~24%** from April lows and now trades at **27x** forward earnings, around a **35%** premium to long-term average.
- Equity supply remains elevated: **$7 billion** was raised in May; **$6 billion** already raised in June, mirroring pre-correction levels in 2024.
- Valuation caution is warranted; market rallies may not be fully supported by fundamentals.

Commodities & Currencies

Gold gains, oil risks mount

- Gold is trading at **$3,362.30/oz**, with strong YTD returns of **~28%**.
- Brent Crude is around **$75** amid rising geopolitical tensions; potential disruptions in Middle East trade routes could raise oil prices significantly.
- JP Morgan estimates suggest that oil could cross **$170/barrel** if key maritime routes close, with material implications for global inflation and interest rate trajectories.
- Indian Rupee trades at **~86.58** against the USD. Despite weak flows, India's forex reserves are nearing **$700 billion**, covering over 12 months of imports.

Interest Rates and Liquidity

Stable yields, improving liquidity outlook

» US 10-year Treasury yield stands at 4.37%.

» Indian 10-year yield is at **~6.3%**; banking system liquidity remains healthy and is expected to improve further.

Equity Market Positioning

Institutions pull back, retail holds

- Institutional investors in the US have significantly reduced exposure since late 2024, now at the lowest in a year.
- Retail investor participation remains strong, indicating a sentiment divergence worth monitoring.
- US household net worth has declined by over **$1.5 trillion** in Q1 2025, mainly due to a **$2.5 trillion** drop in equity holdings.

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Gold Outlook

Central banks bet on gold

- **95%** of surveyed central bankers expect global gold reserves to increase in the next 12 months.
- **76%** foresee gold holding a larger share of reserves over the next 5 years, reinforcing a long-term positive outlook.
- **73%** believe US dollar holdings will decline over the same period.

Geopolitical Context & Macro Risks

Rising tensions, uncertain policy paths

- » Escalation in US–Iran tensions could impact oil supply and global inflation, warranting close observation.
- » Any sustained disruption could challenge global central banks' policy paths; however, prolonged escalation remains uncertain.

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