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Weekly Market Overview

07.07.2025

Market Overview & Asset Class Performance

- Indian markets opened slightly negative, mirroring global cues amid ongoing uncertainty around trade negotiations and tariff deadlines.

- Nifty is marginally down year-to-date **(~7.5%)**, with mid and small caps under relatively more pressure, Mid Cap indices are up **~4.3% YTD**, while Small Caps have gained only **~1.4%**.

- Global equities showed mixed trends last week, with US markets ending higher **(S&P 500 up ~1.7% YTD)**, while European and Asian indices remained relatively muted.

Market Performance

NIFTY	~0.08%	↓
S&P 500	~0.83%	↑
NASDAQ	~1.02%	↑
Hang Seng Index	~0.45%	↓

Commodities & Currencies

Gold steady, crude softens, INR stable

- Gold remains steady near **$2,335–2,340$** levels with YTD gains of **~27%**; central banks continue aggressive buying, supporting long-term outlook.
- Silver is expected to catch up, with potential upside through ETFs.
- Crude oil (Brent) is expected to trend lower **(~$60)** due to increasing supply by OPEC+; this benefits India but reflects global demand concerns.
- US 10-year yields at **4.35%**, Indian 10-year at **~6.29%**.
- INR trading at **~85.5/USD**; broadly stable and fairly valued on trade-weighted basis.

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Global Debt & Inflation Indicators

Rising debt, weakening currencies persist

» While headline indices remain stable, a significant portion of underlying stocks are **12–30%** below 52-week highs.

» Nearly one in four listed stocks are currently in a downtrend based on moving averages.

» Earnings growth is expected to moderate: Nifty estimates at mid-single digits for FY25, with gradual recovery into FY27.

Macroeconomic & Market Context – India

Solid fundamentals, muted capital flows

- Indian macro indicators remain healthy.
- Nominal GDP near **9.5%**, supported by long-term trend of **10–11%**.
- Average earnings growth **~20% over 5 years**
- Stable inflation and currency volatility.
- Despite robust fundamentals, foreign flows remain muted, with combined FDI and FII flows for FY25 at a 20-year low **(~$4.5B)**; a revival in these flows could act as a catalyst for equity markets.

Corporate Earnings & Valuation Trends

Earnings stable, topline revival key

- The post-COVID earnings rally was primarily driven by margin expansion and a strong recovery in profitability.
- The current phase of earnings growth is expected to be led more by operational efficiencies than by pricing power.
- A revival in demand is critical to sustaining earnings momentum going forward.
- Margins appear to be peaking, and further upside may be limited unless topline growth picks up meaningfully.

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