

09 May 2025

Key International events:

As per data from the US Institute for Supply Management, **US Services PMI rose to 51.6 in April 2025 from 50.8 in March 2025**. Economists had expected the index to edge down to 50.6 in April 2025.

As per data from the US Commerce Department, **trade deficit in the US soared to a record high USD 140.5 bn in March 2025 from a revised level of USD 123.2 bn in February 2025**. The much bigger than expected trade deficit came as the value of imports surged by 4.4% MoM to USD 419.0 bn in March 2025 after coming in virtually unchanged at USD 401.2 bn in February 2025.

The US Federal Reserve, in support of its dual goals of maximum employment and inflation at a rate of 2% YoY over the longer run, decided to leave the target for the Federal Funds Rate at 4.25% to 4.50% for the third straight meeting. The Fed also said the unemployment rate has stabilized at a low level and labor market conditions remain solid while acknowledging inflation remains somewhat elevated and warning of increasing risks of higher unemployment and higher inflation.

According to data from the US Labor Department, **initial jobless claims in the US dipped to 228,000 in the week ended May 3, 2025, a decrease of 13,000 from the unrevised level of 241,000 in the week ended April 26, 2025**. Economists had expected jobless claims to slip to 230,000.

The JPMorgan Global Manufacturing Index decreased to 49.8 in April 2025 from 50.3 in March 2025, as uncertainty around US trade and tariff policies weighed on demand and business expectations.

According to data from S&P Global, **the Euro area private sector growth weakened as the HCOB Final Composite Output Index fell to 50.4 in April 2025 from 50.9 in March 2025**, as soft demand conditions limited the speed of expansion and weighed on sentiment.

According to data from Eurostat, **the Euro area Harmonized Index of Consumer Prices grew by 2.2% YoY in April 2025, the same pace of increase as seen in March 2025**. Economists had expected consumer prices to rise at a slower pace of 2.1% YoY in April 2025. Core inflation, excluding prices of energy, food, alcohol and tobacco, increased more than expected to 2.7% YoY from 2.4% YoY in March 2025.

According to the UK Government, under the just-concluded Free Trade Agreement (FTA), **India has granted "legally guaranteed access" to its vast government procurement market. This will allow British businesses to bid for around 40,000 Indian tenders with a value of at least GBP 38 bn a year.**

The Bank of England reduced its interest rate by 25 bps lowering the bank rate to 4.25%, as policymakers judged that higher trade tariffs warrant such action amid slowing inflation. This was the fourth such reduction since August 2024.

As per data from S&P Global, **China's service sector grew at the slowest pace in seven months as the Caixin Services Purchasing Managers' Index (PMI) fell to 50.7 in April 2025 from 51.9 in March 2025.**

The People's Bank of China reduced its benchmark interest rate, the 7-day reverse repo rate, by 10 bps to 1.4% and the Reserve Requirement Ratio was also lowered to 9.0% from 9.50% among a slew of measures to support economy hit by trade tariffs. The reduction is set to release CNY 1 trillion liquidity into the financial system.

Key Domestic events:

S&P Global Ratings cut India's growth projection by 20 bps to 6.3% YoY for FY26, citing a "seismic and uncertain shift" in US trade policy that has rolled markets and raised the spectre of a global economic slowdown.

According to S&P Global, **the HSBC India Manufacturing Purchasing Managers' Index (PMI) improved to 58.2 in April 2025 from 58.1 in March 2025**. India's manufacturing accelerated in April 2025 to grow at its fastest pace in 10 months, helped by exports and accompanied by a notable improvement in employment.

According to RBI data, RBI has started winding down its short position in the USD forward book, after a gap of 7 months, on the back of a softening dollar, while infusing funds via OMOs to counter the resulting liquidity drain. **The net short USD position in the forward book, including the swaps over one-year maturity, stood at USD 84.3 bn at the end of March 2025, down from USD 88.75 bn in February 2025.**

According to FADA data, **vehicle registrations in India grew by 3% YoY to 2.29 mn units in April 2025 as two-wheeler and passenger vehicle segments recorded modest increases of 2.3% YoY and 1.6% YoY, respectively, while commercial vehicle registrations declined by 1% YoY.** Three-wheelers and tractors posted volume growth of 24.5% YoY and 7.6% YoY, respectively.

As per data from S&P Global, **India's Services Purchasing Managers' Index (PMI) for April 2025 rose to 58.7, signalling a slight growth in the country's services sector compared to 58.5 recorded in March 2025**. India's Composite PMI rose to 59.7 in April 2025, up from 59.5 in March 2025.

Moody's Ratings has cut India's GDP growth projections for CY25 to 6.3% YoY, from 6.5% YoY, saying economies globally will see a slowdown on account of heightened US policy uncertainty and trade restrictions. They also highlighted geopolitical stresses, like tension between India and Pakistan, also have a potential downside risk to its baseline growth forecasts.

According to CRISIL Ratings, **the draft guidelines on gold loans released by the RBI are likely to slow down loan growth for NBFCs focused on gold lending.** Enforcing a 75% LTV ceiling would reduce disbursements for gold loans to 55-60% from the current 65-68%, particularly for bullet repayment loans.

According to CRISIL data, **home-cooked meals became cheaper in April 2025, as the prices of vegetarian thalis declined by nearly 1.2% MoM to Rs 26.3 in April 2025 from Rs 26.6 in March 2025, while the price of a non-vegetarian thali declined by nearly 2% MoM to Rs 53.9 in April 2025 from Rs 54.8 in March 2025.**

As per data from the United States Census Bureau, **India's exports to the United States surged to a record USD 11.2 bn in March 2025, crossing the USD 10 bn mark for the first time and marking a nearly 50% increase over the 12-month average.** The export surge comes amid the 90-day tariff pause announced by President Trump.

According to ICRA, **India, which meets over 85% of its crude oil needs through imports, is likely to save as much as Rs 1.8 trillion on import of crude oil and LNG if the trend of softening international energy rates continues.** India spent USD 242.4 bn on buying crude and USD 15.2 bn on LNG imports in FY25.

According to market research firm Pharमारack, **the Indian Pharmaceutical Market (IPM) grew 7.8% YoY in April 2025, with almost all major therapies showing positive value growth.** Therapies such as cardiac and gastrointestinal, accounting for nearly 25% of the overall domestic market, recorded value growth of 11% YoY and 7.3% YoY, respectively.

The Reserve Bank of India has scrapped "short-term investment limit" and "concentration limit" for investments by Foreign Portfolio Investors (FPIs) in corporate debt securities, to provide greater ease of investment to FPIs. Currently, investments by any FPI, including investments by related FPIs, cannot exceed 50% of any issue of a corporate debt security.

According to data by the General Insurance Council, **Gross Direct Premium underwritten by non-life insurers grew 13.5% YoY to Rs 336.88 bn in April 2025**, supported by healthy growth in premiums from multiline general insurers and standalone health insurers.

According to the market research firm NielsenIQ, **demand growth for FMCG in rural India decelerated to 8.4% YoY in Q4 FY25, compared to 9.2% YoY growth in Q3 FY25 while Urban demand growth also moderated to 2.6% YoY in Q4 FY25, compared to 4.2% YoY in Q3 FY25.** The FMCG industry had an overall growth of 11% YoY in Q4 FY25, driven by a 5.1% YoY increase in volume and 5.6% YoY increase in prices.

Equity Round up: S&P BSE Sensex opened at 80662. It made a weekly high of 81049 and a low of 78968 before closing 1048 points lower at 79454.

Events to watch out for the next week:**International Events**

1. US CPI for Apr'25 on 13 May 2025
2. US total Household Debt for Q1 CY25 on 13 May 2025
3. China Outstanding Loan Growth for Apr'25 on 14 May 2025

Domestic Events

1. Forex Reserves for week ended 9 May 2025 on 16 May 2025
2. CPI for Apr'25 on 12 May 2025
3. WPI Inflation for Apr'25 on 14 May 2025

| Key Equity Market Indices | Closing | % Change WoW |
|---------------------------|---------|--------------|
| BSE Sensex | 79,454 | -1.30 |
| Nifty 50 | 24,008 | -1.39 |
| BSE 100 | 25,014 | -1.48 |
| BSE 200 | 10,785 | -1.55 |
| BSE Midcap | 42,112 | -1.40 |
| BSE Smallcap | 46,742 | -1.32 |
| BSE FMCG | 20,180 | -1.12 |
| BSE HC | 41,223 | -1.84 |
| BSE IT | 35,154 | -0.15 |
| BSE Auto | 50,697 | 1.54 |
| BSE BANKEX | 61,101 | -2.57 |
| BSE CG | 62,852 | 0.29 |
| BSE CD | 56,840 | 0.60 |
| BSE Oil & Gas | 26,094 | -2.18 |

| Other Key Indices# | Closing | Change WoW |
|----------------------------|---------|------------|
| 10 Year G-Sec (6.79% 2034) | 6.40% | 4 bps |
| Interbank Call | 5.82% | (-) 12 bps |
| INR/USD | 85.38 | 0.99% |
| Gold (Rs/10gm) | 96,416 | 2.62% |

Taken during market hours , 10 Year G-Sec (6.79% 2034) and Interbank Call as on 08 May '25

| World Indices | Closing | % Change WoW |
|-------------------|----------|--------------|
| Dow Jones* | 41,368 | 1.51 |
| Nasdaq* | 17,928 | 1.23 |
| FTSE | 8,571 | 0.05 |
| DAX | 23,508 | 2.69 |
| Hang Seng | 22,868 | 1.61 |
| Nikkei | 37,503 | 1.83 |
| Bovespa* | 1,36,232 | 0.86 |
| Indonesia Jakarta | 6,833 | 0.25 |

* Dow Jones, Nasdaq and Bovespa as on Thursday

| Rs. Bn | Gross Buying | Gross Selling | Net (WoW) |
|--------|--------------|---------------|-----------|
| FPIs | 809.2 | 669.3 | 139.9 |
| DIIs | 406.8 | 326.9 | 79.9 |

Data for FPI from 02 May 2025 to 08 May 2025. Data for DII from 02 May 2025 to 07 May 2025.

| Arbitrage Spreads | Spot | Future* | Prem/(Dis) |
|-------------------|--------|---------|------------|
| Nifty 50 | 24,008 | 24,092 | 84 |

*May 2025 Expiry

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