

28 February 2025

Key International events:

According to the University of Michigan, **consumer sentiment in the US deteriorated as the US Consumer Sentiment Index for February 2025 was downwardly revised to 64.7 from a preliminary reading of 67.8, down from 71.7 in January 2025.** Economists had expected the index to be unrevised.

According to the US Conference Board, **the US Consumer Confidence Index fell to 98.3 in February 2025, from an upwardly revised 105.3 in January 2025.** Economists had expected the Consumer Confidence Index to dip to 103.0 in February 2025 from the 104.1 originally reported for January 2025.

As per data from the US Commerce Department, **new home sales in the US fell by 10.5% MoM to an annual rate of 657,000 in January 2025, after spiking by 8.1% MoM to an upwardly revised rate of 734,000 in December 2024.** Economists had expected new home sales to slump by 2.6% MoM to an annual rate of 680,000.

According to the US Commerce Department, **the US Gross Domestic Product (GDP) rose by 2.3% YoY in Q4 CY24, in line with the preliminary estimate.** The Q4 CY24 GDP growth reflects a notable slowdown compared to the 3.1% YoY growth seen in the Q3 CY24.

As per data from the US Labor Department, **initial jobless claims in the US rose to 242,000 in the week ended February 22, 2025, an increase of 22,000 from the revised level of 220,000 in the week ended February 15, 2025.** Economists had expected initial jobless claims to inch up to 221,000.

As per data from the ECB, **lending to the Euro area private sector increased by 2.0% YoY in January 2025, as interest rate cuts boosted demand for loans from businesses and households.** The lending growth improved from the 1.7% YoY in December 2024. The broad money supply M3 growth improved to 3.6% YoY in January 2025 from 3.4% YoY in December 2024.

As per data from S&P Global, **the Euro area private sector grew for the second straight month as the flash Composite Purchasing Managers' Index (PMI) remained unchanged at 50.2 in February 2025.** The Services PMI fell to 50.7 from 51.3 in January 2025 while the Manufacturing PMI rose to a nine-month high of 47.3 in February 2025.

According to data from Eurostat, **Eurozone inflation rose slightly to 2.5% YoY in January 2025 from 2.4% YoY in December 2024, driven by higher energy prices.** Core inflation that excludes prices of energy, food, alcohol and tobacco, held steady at 2.7% in January 2025, in line with estimates.

Key Domestic events:

The Reserve Bank of India has announced a USD 10 bn USD/INR buy/sell swap for a tenure of three years, "in order to meet the durable liquidity needs of the system". The auction will be conducted on February 28, 2025.

As per data from S&P Global, **the HSBC Flash India Composite Purchasing Managers' Index (PMI) rose to 60.6 in February 2025, up from 57.7 in January 2025.** The Flash Services PMI rose to 61.1 in February 2025 from 56.5 in January 2025 while the Flash Manufacturing PMI dipped to 57.1 in February 2025 from 57.7 in January 2025.

According to RBI data, **bank credit growth decelerated to 11.8% YoY in Q3 FY25 from 12.6% YoY in Q2 FY25, while aggregate deposits increased at a marginally lower pace at 11% YoY in Q3 FY25 as compared to 11.7% YoY growth in Q2 FY25.**

According to RBI data, **India's foreign exchange reserves fell by USD 2.54 bn to USD 635.72 bn in the week ended February 14, 2025.** Foreign Currency Assets (FCA), the largest component of forex reserves, stood at USD 539.591 bn and gold reserves stood at USD 74.150 bn.

According to industry body PHDCCI, **India's food processing sector's market size is estimated to more than double to USD 700 bn in 2030 from USD 307 bn in 2023, driven by growing demand for processed products.** Agriculture growth for FY25 is estimated at 3.8% YoY with foodgrain production growing by 2% YoY.

As per data from the Labor Ministry, **retail inflation for farm and rural workers eased slightly to 4.61% YoY and 4.73% YoY, respectively, in January 2025 from 5.01% YoY and 5.05% YoY, respectively, in December 2024.** The All-India Consumer Price Index for Agricultural Laborers (CPI-AL) and Rural Laborers (CPI-RL) decreased by 4 points and 3 points, respectively, in January 2025.

According to RBI data, **the outstanding amount on Certificates of Deposit (CDs) reached an all-time high of Rs 5.19 trillion for the fortnight ending February 7, 2025 as banks continue to rely on raising funds through CDs amid tight liquidity conditions.** The volume of commercial papers (CPs) outstanding reached Rs 4.79 trillion as of the fortnight ending February 15, 2025.

As per RBI data, **credit card spends grew by 10.8% YoY to Rs 1.84 trillion in January 2025.** Per card spend in the industry stood at Rs 16,910, up 1.09% YoY. The net card additions in January 2025 stood at 8,17,279 as against 8,20,000 card additions in December 2024.

According to ICRA, **Indian companies are likely to clock 7-8% YoY revenue growth during Q4 FY25, led by revival in rural demand and uptick in government spending.** Urban demand, which has been sluggish, is expected to improve, aided by the sizeable income-tax relief in the Union Budget 2025, the monetary easing by the RBI, and a moderation in food inflation.

According to CRISIL Ratings, **India's annual capacity addition of wind power will more than double to 7.1 GW on average in FY26 and FY27, compared with 3.4 GW in FY24 and FY25, driven by government measures to ramp up the pace.** The addition will take the installed wind capacity up to 63 GW by FY27.

The Reserve Bank of India has decided to lower the risk weights applicable to bank loans to NBFCs to 100% from 125%, effective April 1, 2025 and has clarified that risk weights for microloans by banks will be 75% or 100%, depending on the nature of the loan, rather than 125%.

According to the latest monthly payroll data from EPFO, **the number of new monthly subscribers under the Employees' Provident Fund (EPF) decreased nearly 3% MoM to 847,000 in December 2024 from 874,000 in November 2024.** Of the new EPF subscribers in December 2024, the share of the 18-25 age group increased to 57.3% (485,000) from 54.9% (480,600) in November 2024.

According to EY, **India has to maintain a tax buoyancy in the range of 1.2-1.5 to achieve a growth of 6.5-7% YoY.** The government may need to strengthen revenue mobilization by increasing the tax-to-GDP ratio from the estimated 12% in FY26BE to 14% by FY31.

SEBI has paved the way for the launch of Specialised Investment Funds (SIFs) from April 2025. The pure equity products include equity long-short funds, equity ex-top 100 long-short funds, and sector rotation long-short funds. The short positions in all three fund categories cannot exceed 25% of the corpus. The minimum investment size of these funds is Rs 1 mn (roughly USD 11,479).

According to RBI data, **the All-India House Price Index (HPI) increased 3.1% YoY in Q3 FY25 as compared to 4.3% YoY growth in Q2 FY25 and 3.8% YoY growth in Q3 FY24.**

The International Monetary Fund has retained its classification of India's "de facto" exchange rate regime as "stabilised" for the period of December 2022 to November 2024 after its latest article IV review.

As per data from the Finance Ministry, **the number of UPI transactions in January 2025 surpassed 16.99 bn and the value exceeded Rs 23.48 trillion, marking the highest number recorded in any month.** In FY25 (till Jan, 2025), the P2M transactions contributed 62.35% and P2P transactions contributed 37.65% of the overall UPI volume.

According to ICRA, **Passenger Vehicle sales volume in India is expected to grow at a moderate pace of 4-7% in FY26 with most demand drivers remaining neutral or favorable.** As for 2-wheelers, the industry volumes to grow at a healthy pace of 6-9% in FY26, following an estimated 11-14% growth in FY25.

Equity Round up: S&P BSE Sensex opened at 74893. It made a weekly high of 74907 and a low of 73141 before closing 2113 points lower at 73198.

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

1. US Initial Jobless Claims on 06 Mar'25
2. US S&P Global Manufacturing PMI for Feb'25 on 03 Mar'25
3. ECB meeting outcome on 06 Mar'25
4. Eurozone HCOB Manufacturing PMI for Feb'25 on 03 Mar'25
5. China's Caixin Manufacturing PMI for Feb'25 on 03 Mar'25

Domestic Events

1. Forex Reserves for week ended 28 February 2025 on 7 March 2025
2. HSBC Manufacturing PMI for Feb'25 on 03 Mar'25

Key Equity Market Indices	Closing	% Change WoW
BSE Sensex	73,198	-2.81
Nifty 50	22,125	-2.94
BSE 100	22,979	-3.38
BSE 200	9,901	-3.55
BSE Midcap	38,592	-4.41
BSE Smallcap	43,083	-6.05
BSE FMCG	18,383	-2.96
BSE HC	38,212	-3.55
BSE IT	36,679	-7.76
BSE Auto	45,860	-4.73
BSE BANKEX	54,852	-1.55
BSE CG	55,241	-5.41
BSE CD	52,965	-2.88
BSE Oil & Gas	22,574	-5.55

Other Key Indices#	Closing	Change WoW
10 Year G-Sec (6.79% 2034)	6.71%	1 bps
Interbank Call	6.31%	(-) 4 bps
INR/USD	87.51	0.93%
Gold (Rs/10gm)	84,056	-2.36%

Taken during market hours , 10 Year G-Sec (6.79% 2034) and Interbank Call as on 27 Feb '25

World Indices	Closing	% Change WoW
Dow Jones*	43,240	-2.12
Nasdaq*	18,544	-7.10
FTSE	8,783	1.18
DAX	22,483	0.47
Hang Seng	22,941	-2.29
Nikkei	37,156	-4.18
Bovespa*	1,24,799	-2.20
Indonesia Jakarta	6,271	-7.83

* Dow Jones, Nasdaq and Bovespa as on Thursday

Rs. Bn	Gross Buying	Gross Selling	Net (WoW)
FPIs	543.6	652.3	-108.6
DIIIs	301.9	199.8	102.1

Data for FPI from 21 Feb 2025 to 27 Feb 2025. Data for DII from 21 Feb 2025 to 25 Feb 2025.

Arbitrage Spreads	Spot	Future*	Prem/(Dis)
Nifty 50	22,125	22,272	147

*March 2025 Expiry

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