

**Domestic Equity Market Update**

- Indian equities ended the week on a negative note, with the large cap-oriented BSE Sensex ending lower by 2.47% & Nifty 50 ending lower by 2.68% WoW respectively. The BSE Midcap index ended lower by 7.71% and the BSE Small cap index ended lower by 9.47%.
- On the BSE sectoral front, most of the sectors ended on a negative note. Realty, Healthcare and Consumer Durables, underperformed the most.
- Domestic equity markets ended the week on a negative note due to prevailing uncertainty over the US President's plans for reciprocal tariffs, as the US trade policy may lead to a prolonged trade war and potential inflationary pressures. Sentiment was dampened by the US Fed's statement that it is "not in a hurry to lower interest rates" and intends to "pause rate cuts to assess further progress in inflation". A continuous selloff by the foreign institutional investors, further widened the losses.

Global Market Updates

- US equity markets ended the week on a positive note due to rally in tech stocks and steelmakers after US President announced new 25% steel and aluminium tariffs. It rose further, after the President's plan for reciprocal tariffs on US trading partners.
- European markets ended on a positive note following US government's effort to end war between Russia and Ukraine. Gains in energy stocks and upbeat earnings reports of major companies also elevated the market gains.
- Brent crude rose marginally from USD 74.66 per barrel to USD 74.74, on concerns about a global trade war. Further, prices rose on fears of more supply disruptions following US sanctions on networks shipping Iranian oil to China.

Macro Data & Domestic News Released During the Week

- RBI has downwardly revised its GDP growth projections for Q1 FY26 to 6.7% YoY from 6.9% YoY and for Q2 FY26 to 7% YoY from 7.3% YoY.
- According to data released by the Goods and Services Tax Network (GSTN) portal, e-way bills generated by businesses for transporting goods within and across states, grew 23.1% YoY to reach a record 118.1 mn in January 2025.
- According to a BCG report, India's total trade is expected to grow at a Compound Annual Growth Rate (CAGR) of 6.4% YoY, reaching USD 1.8 trillion annually through 2033.
- According to a report by Bain & Company in collaboration with Indian pharmaceutical bodies, India's pharma exports are expected to grow from approximately USD 27 bn in 2023 to USD 65 bn by 2030.
- According to MoSPI data, the Index of Industrial Production (IIP) grew by 3.21% YoY in December 2024, down from 4.96% YoY in November 2024.
- According to AMFI data, Equity-oriented Mutual Fund (MF) schemes attracted net inflows of Rs 396.88 bn in January 2025, down 3.6% MoM. Thematic funds received the highest net inflows at Rs 90.17 bn, followed by smallcap funds at Rs 57.21 bn and flexicap funds at Rs 56.98 bn. The SIP inflows stood at Rs 264 bn, down marginally from the record tally of Rs 264.59 bn.
- According to the Minister for Electronics and Information Technology, Ashwini Vaishnaw, smartphone exports for FY25 are likely to reach Rs 2.25 trillion.
- From Nifty 200 universe, 198 companies have announced their Q3 FY25 earnings thus far. At an aggregate level, Sales, EBITDA and PAT have grown by 6.13%, 8.74% and 15.64% YoY, respectively. Excluding Financials, Sales, EBITDA and PAT have grown by 5.30%, 7.26% and 12.52% YoY respectively.**

Outlook

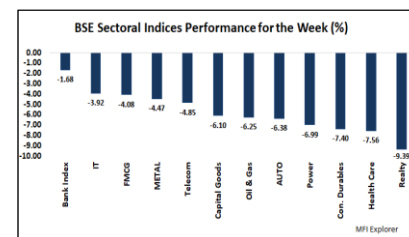
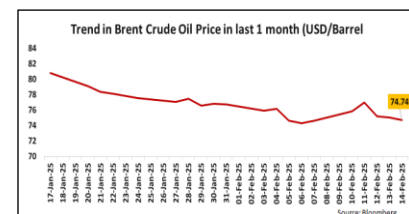
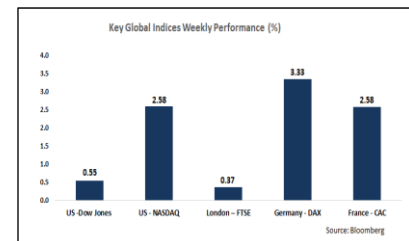
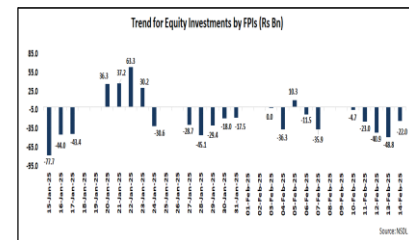
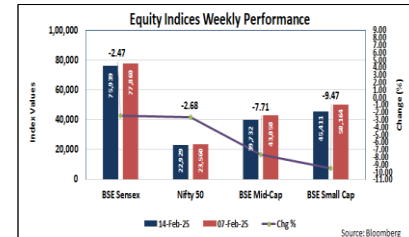
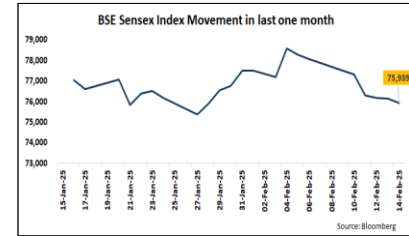
Going forward, Indian equity market is likely to be driven by movement in the US Dollar index, Improvement in consumption demand, FPI/DII flows, Tariff announcement by Donald Trump, Improvement in liquidity conditions supported by the RBI. With the budget announcing about Rs 1 trillion worth of consumption supportive tax cuts, the market participants expect consumption demand to improve steadily in FY26. The RBI has been coming out with measures to boost system liquidity to help aid the growth. While the current liquidity deficit is large, as per market participants, continuous effort from the central bank on the liquidity support front is required.

In US, the Trump Administration has levied tariffs on Canada, Mexico and China and in return Canada and Mexico too have announced tariffs on US products. This can lead to worsening of global trade dynamics. Trump is expected to raise tariffs on more countries and thus have impact on Both the US and other economies. Reciprocal tariffs announcement has also created uncertainty, although Trump has given time till April, further negotiations can dictate the trajectory in which markets move.

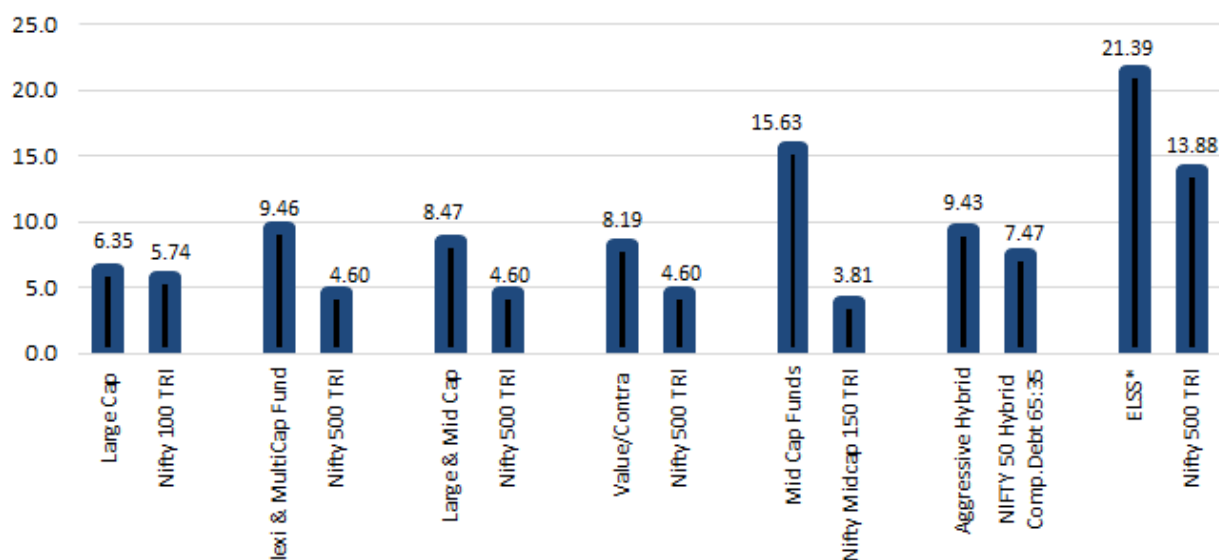
Overall, the fundamentals of the domestic economy remain robust, with a strong external account, calibrated fiscal consolidation and stable private consumption. With fiscal consolidation remaining on track, some heavy lifting is now expected from the RBI in terms of sharply improving the liquidity conditions in the economy and moving towards a longer policy rate cut cycle. That would add to the cheer in the equity markets.

The Quarterly earnings for Q3FY25 has ended on a mixed note, with some IT companies reporting steady numbers, but the banking sector is suggesting rising NPA impulses. Telecom, Power, Realty and Chemical/Fertilizer have also delivered stable earnings comparatively. Numbers in Auto Anc, Metal and Oil & Gas remains muted. Volatility in earnings has led to continuation of correction in the equity markets.

With the recent correction, valuations in most segments of the market have corrected, while earning growth remains stable. In terms of deployment strategy, we continue to maintain our investment deployment strategy of 50% Lumpsum and 50% staggered over the next 5-6 months. From an Equity Mutual Fund perspective, investors could look at investing in Diversified funds, Hybrid equity funds, Business cycle funds and doing SIPs in Smallcap/Midcap funds in line with their risk profile and product suitability from a 2-3 years' time horizon.



Avg. Returns of Recommended Funds vs Benchmark in last one year (Absolute %)



Note: * ELSS performance is for 3 years on CAGR basis

Returns Absolute %			Returns Compounded Annualised %			
Category Average of Recommended Funds	1 Month	6 Months	1 Year	2 Years	3 Years	5 Years
Large Cap Funds	-2.41	-6.91	6.35	19.30	16.08	16.75
Flexi & MultiCap Fund	-5.35	-7.68	9.46	25.10	20.17	19.21
Large & Mid Cap Funds	-4.13	-8.27	8.47	23.41	18.96	19.96
Mid Cap Funds	-7.91	-7.04	15.63	31.90	26.06	25.28
Small Cap Funds	-11.09	-14.42	2.99	24.13	19.62	25.75
Value/Contra Funds	-2.68	-6.68	8.19	24.89	20.52	24.44
Focused Funds	-1.49	-5.88	10.83	22.66	18.62	20.97
Aggressive Hybrid Funds	-2.42	-4.47	9.43	18.31	14.79	16.38
Dynamic Asset Allocation Funds	-1.62	-3.06	6.95	16.00	13.77	15.01
Equity Linked Saving Schemes	-5.99	-7.90	11.26	27.34	21.39	20.02
Infrastructure Oriented Funds	-4.99	-11.39	6.92	26.68	22.06	23.72
Nifty 50 Index TRI	-0.83	-4.59	6.33	14.45	12.16	14.96
Nifty 500 TRI	-3.78	-8.65	4.60	18.54	13.88	16.89
Nifty Infrastructure TRI	-2.47	-11.81	-0.04	25.98	19.00	20.83

Note: Data as on February 14, 2025. Returns less than 1 year are in absolute % terms, whereas returns above 1 year are in CAGR terms. Data has been sourced from ICRA Analytics Ltd. (For Disclaimer of ICRA Analytics Ltd, refer to <https://icraanalytics.com/home/disclaimer>)

Overview - Fixed Income Markets & Mutual Funds as on 14 February 2025

- Domestic G-Sec prices closed the week ended 14th February 2025 on a negative note wherein the yield on the 10-year benchmark, the 6.79% G-Sec 2034 bond, closed 1 bp higher at 6.71% as against 6.70% on 7th February 2025.
- In case of AAA rated corporate bonds, yields in the less than one-year segment were mixed in the range of (-)7 bp to 33 bps on a WoW basis. In case of the greater than one-year segment, yields rose up to 6 bps on a WoW basis.
- Movement in G-sec yields :-**
 - Indian G-sec yields rose following a spike in US Treasury yields after data showed that the consumer price index gained both on a monthly and yearly basis in Jan 2025. However, losses were restricted as market participants welcomed the RBI's move to double its OMO purchases from the earlier amount of Rs. 200 bn scheduled for the week. Sentiment was boosted following the domestic retail inflation print of Jan 2025 which was marginally below estimates.
 - The total G-sec supply for the week stood at Rs 573.19 bn (SDLs + G-secs). In this, the G-secs' auction was to the tune of Rs 390 bn and the maturities were in the range of 2-49 years. The SDLs' auction was to the tune of Rs 183.19 bn, and the maturities were in the range of 7-30 years. For the 10-year SDL, the average cut off yield came in higher at 7.13%, as against 7.08% in the previous week. The G-secs' auction was for the following: 6.64% GS 2027, 6.79% GS 2034 and 7.09% GS 2074.
 - Banking system liquidity deteriorated during the week, wherein liquidity, as measured by the RBI's net Liquidity Adjustment Facility (LAF), stood at a daily average deficit of ~Rs 2.1 trillion during the week as against a daily average deficit of ~Rs 738 bn during the previous week.
- Macro Data released during the week :-**
 - According to MoSPI data, India's Consumer Price Index (CPI) based inflation fell to a five-month low of 4.31% YoY in January 2025 from 5.22% YoY in December 2024. Food inflation, measured by the Consumer Food Price Index (CFPI), came in at 6.02% YoY in January 2025 against 8.39% YoY in December 2024.
 - As per data from the Ministry of Commerce and Industry, **India's Wholesale Price Index (WPI) inflation eased to 2.31% YoY in January 2025, down from 2.37% YoY in December 2024.**
 - According to Income Tax Department, Net Direct Tax Collection grew 14.7% YoY to Rs 17.8 trillion during April 1 to February 10 of FY25. Of this, non-corporate tax collection grew 20.9% YoY to Rs 9.48 trillion.
 - As per the RBI, India's foreign exchange reserves increased by USD 7.6 bn to USD 638.2 bn as of February 7, 2025. Foreign currency assets (FCAs) increased by USD 6.422 bn to USD 544.106 bn.

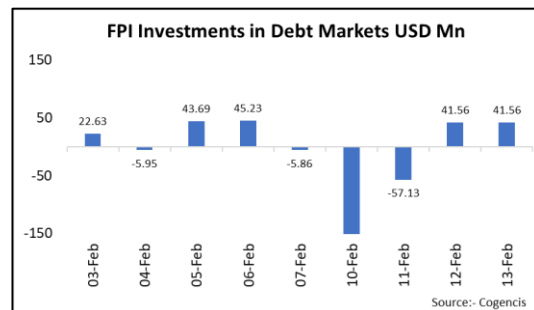
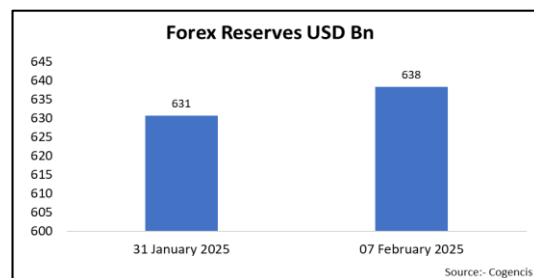
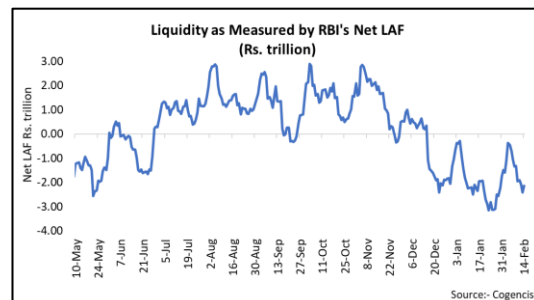
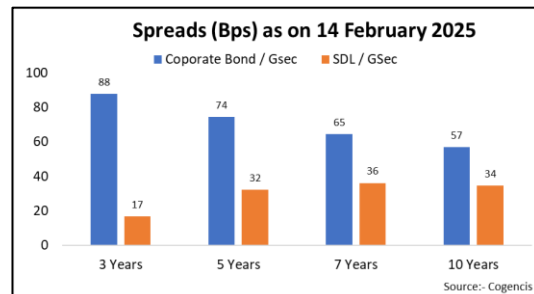
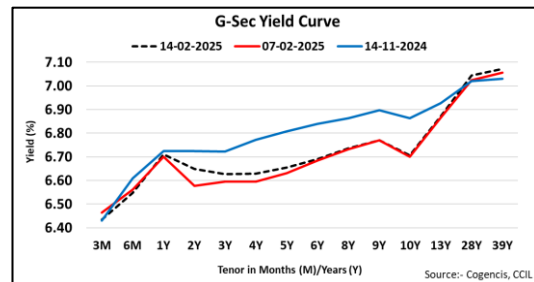
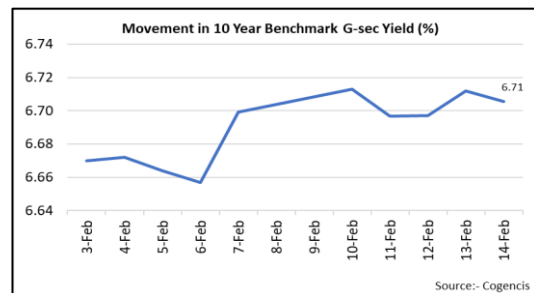
- Other macro-economic news :-**
 - The RBI has revised the amount for OMO purchase to an aggregate of Rs 400 bn on February 20, 2025, in place of earlier notified amount of Rs 200 bn, basis review of current and evolving liquidity conditions.
 - According to the Minister of State for Finance, the total number of Income Tax Returns (ITRs) filed till December 31 of FY25 stood at 83.9 mn, up nearly 4% YoY. Out of the total ITRs filed in FY25, 55.7 mn returns with zero tax liability were filed.
 - According to a BCG report, India's total trade is expected to grow at a Compound Annual Growth Rate (CAGR) of 6.4% YoY, reaching USD 1.8 trillion annually through 2033. Trade with the US is projected to more than double over the next decade, reaching USD 116 bn by 2033.
 - According to the RBI, **with decline in subscription to debentures by banks, overall banks' exposure as a share of NBFCs' borrowings moderated from 43.1% in March 2023 to 42.7% in March 2024.**

- Global Updates :-**
 - According to data from the US Labor Department, Consumer prices in the US increased by more than expected as the US Consumer Price Index (CPI) advanced by 0.5% MoM in January 2025, after climbing by 0.4% MoM in December 2024. Economists had expected consumer prices to rise by 0.3% MoM.
 - As per the flash estimate from Eurostat, the Euro area economy expanded after an upward revision. **The Euro area GDP grew by revised 0.1% QoQ in Q4 CY24 as against initial estimates of a flat growth.** On a yearly basis, GDP growth held steady at 0.9% YoY in Q4 CY24, as initially estimated.
 - According to the US Labor Department, initial jobless claims in the US dipped to 213,000 in the week ended February 8, 2025, a decrease of 7,000 from revised level of 220,000 in the week ended February 1, 2025.

- Outlook :-**

The liquidity continued to remain in deficit despite RBI taking measures to tackle the liquidity condition on the back off continuous forex market intervention by the central bank. Retail inflation in India eased as the Consumer Price Index (CPI) fell to a five-month low of 4.31% YoY in January 2025 from 5.22% YoY in December 2024. The easing came on the back of lower food prices, supported by healthy kharif crop yields. Despite the fall the CPI inflation remained above the RBI's target of 4% YoY. **Issues on the external front, in terms of rising trade deficit, geopolitics and risk emanating from US tariff wars remain a key challenge for the RBI to negotiate with in the medium term and can have implication on the depth of the ongoing policy rate cut cycle during the current CY.** In the US, the Fed in its latest policy kept the rates unchanged and also reaffirmed their stance of slowing the pace of policy rate cuts in the light of improving growth and employment data. They will also keep a keen eye on inflation data as mentioned by US Fed Chairman Jerome Powell. Going forward, policy measures announced by the Trump Administration would be a key factor that would drive the policy rates there.

The policy rate cut in India added with favorable demand-supply dynamics of Indian G-Secs, and strong FPI flows into the bond market we may see structurally lower interest rates over the long term, starting with the cut in policy rate regime started on 7th February. At current levels, there is a case for tactical duration play. Additionally, improvement in liquidity conditions basis RBI measures could compress corporate bond yields at the shorter end in the medium term. With this backdrop, the inverted corporate bond yield curve may normalize, making the case for investment into corporate bonds at the 1-4-years segment of the curve. Hence, investors can look at Corporate Bond Funds for a horizon of 15 months and above. For a horizon of 24 months and above, investors can look at Dynamic Bond Funds. For a horizon of 3 months and above, investors can consider Arbitrage Funds or Money Market Funds. Whereas for a horizon of up to 3 months, investors can consider Overnight Funds and Liquid Funds. Investors can also look at Multi-asset allocation funds for a horizon of 36 months and above. Investors should invest in line with their risk profile and product suitability.



Category Average Returns as on 14 February 2025

Annualised Returns *	1 Day	1 Week	1 Month	2 Month	3 Months	6 Months	9 Months	1 Year	2 Year	3 Year
Overnight Funds	6.14	6.13	6.31	6.42	6.44	6.43	6.49	6.57	6.62	6.06
Liquid Funds	6.65	6.96	7.10	7.03	6.92	6.99	7.07	7.24	7.13	6.46
Floater Funds	3.87	5.40	8.88	6.51	6.68	7.35	8.05	8.13	7.84	6.64
Low Duration Funds	3.51	4.98	7.54	6.59	6.50	6.98	7.16	7.36	7.16	6.22
Money Market Funds	5.46	6.13	7.31	6.90	6.78	7.05	7.12	7.37	7.26	6.46
Ultra Short Duration Funds	5.31	6.04	7.05	6.63	6.52	6.79	6.86	7.08	6.91	6.13
Banking And PSU Funds	7.06	0.93	9.23	6.07	6.67	7.16	7.74	7.68	7.36	6.05
Corporate Bond Funds	7.60	1.50	9.49	5.98	6.80	7.35	7.98	7.90	7.49	6.07
Medium Duration Funds	7.70	11.67	12.14	7.03	7.82	7.80	8.47	8.14	7.70	6.42
Short Duration Funds	5.94	2.89	9.51	6.32	6.93	7.24	7.80	7.68	7.28	6.29
Medium To Long Duration Funds	10.03	1.75	11.32	4.50	6.62	6.34	7.97	7.62	7.50	5.92
Long Duration Funds	16.23	-2.58	12.63	1.50	5.64	5.92	8.65	8.20	8.90	6.70
Dynamic Bond Funds	11.49	-0.14	11.35	3.57	6.33	6.29	8.05	7.66	7.67	6.19
Credit Risk Funds	4.84	15.02	11.15	7.45	7.63	7.81	8.26	8.12	8.15	9.11
Gilt Funds / Gilt Funds with 10 year constant duration	13.98	0.02	12.59	3.31	6.80	6.31	8.29	7.92	8.04	6.20
Conservative Hybrid Funds	-86.50	-49.67	-2.90	-10.73	-0.30	1.74	6.93	7.54	9.86	8.10
Index Funds	5.16	4.06	10.35	6.46	7.27	7.27	8.36	8.16	7.88	5.81
Arbitrage Funds	11.82	6.02	7.46	7.01	6.37	6.56	7.00	7.14	7.17	6.19

* Return figures for all schemes are Annualised for < 1 year and Compounded Annualised for >= 1 year

Recommended Funds' Average Returns (% Annualised Returns)	1 Months	3 Months	6 Months	1 Year	2 Year	3 Year
Medium to Long Duration Funds & Long Duration Funds	11.82	7.25	7.19	8.40	8.21	6.22
Dynamic Bond Fund	10.92	5.56	6.03	7.78	8.22	6.33
Gilt Funds & Gilt Funds with 10 year constant duration	12.33	5.98	5.94	8.03	8.52	6.58
Short Duration / Medium Duration	9.82	7.38	7.47	7.98	7.64	6.24
Banking and PSU Funds	9.56	6.52	7.29	7.84	7.58	6.22
Corporate Bond Funds	10.21	7.07	7.68	8.30	7.94	6.58
Ultra Short Duration Funds /Low Duration / Floater Funds	7.67	6.79	7.24	7.59	7.44	6.54
Money Market Funds	7.62	7.02	7.31	7.70	7.60	6.79
Liquid Funds & Overnight Funds	7.18	6.98	7.07	7.34	7.23	6.55
Arbitrage Funds	7.63	6.69	6.86	7.48	7.49	6.56

Please Note that all the Dividend options factor in the taxation applicable for corporates

Return figures for all schemes are Annualised for < 1 year and Compounded Annualised for >= 1 year

Returns shown in the chart above are for growth options.

Source for entire data stated above is Accord Fintech Pvt Ltd

(Please refer to the disclaimer on the next page)

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