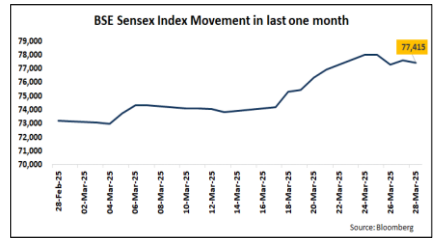
Weekly Equity Market Updates for week ended March 31, 2025

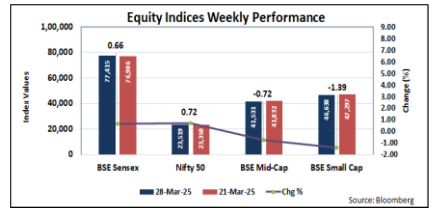
Domestic Equity Market Update

- Indian equities ended the week on a mixed note, with the large cap-oriented BSE Sensex ending higher by 0.66% & and Nifty 50 ending higher by 0.72% WoW respectively. The BSE Midcap index ended lower by 0.72% and the BSE Small cap index ended lower by 1.39%.
- On the BSE sectoral front, overall, the indices ended on a mixed note. Auto, Telecom and Consumer Durables underperformed the most.
- Domestic equity markets ended the week on a mixed note driven by projected earnings growth for FY26, attributed to declining domestic inflation and the anticipated interest rate cuts by the RBI. Gains were further bolstered by the inflow of foreign capital into the domestic equity markets and the strengthening of the rupee. However, the gains were curtailed as the US President's stringent tariffs intensified fears of an escalating global trade war.



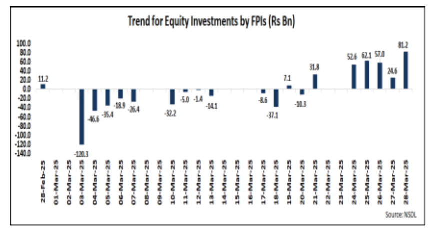
Global Market Updates

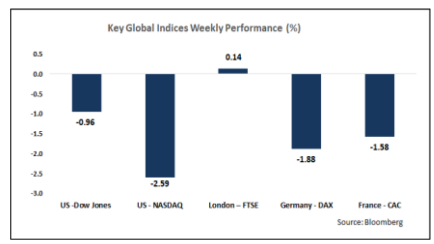
- US equity markets ended the week on a negative note due to concerns over the US President's trade policies, specifically the 25% tariffs on auto imports. Market sentiment was further impacted by significant weakness in the technology sector. Additionally, losses were extended amid concerns about the outlook for the US economy.
- European markets ended mostly on a negative note on following the US President's announcement of a 25% tariff on cars and car parts imported into the US. Furthermore, the market declined on concerns about global economic growth following the tariff announcement, coupled with not-so-encouraging US economic data, including a reading on the core PCE price index.
- Brent oil prices rose from USD 71.61 per barrel to USD 74.77 following the release of industry data indicating a larger than expected decline in US crude oil inventories.



Macro Data & Domestic News Released During the Week

- According to the Ministry of Commerce and Industry, the government has disbursed Rs 140.20 bn under Production-Linked Incentive (PLI) schemes for ten sectors since the launch of the support measure in 2021 to boost domestic manufacturing.
- As per data compiled by S&P Global, private sector output in India increased at a slower pace amid a quicker expansion in manufacturing activity and a softer increase in services activity. The HSBC flash Purchasing Managers' Index (PMI) fell to 58.6 in March 2025 from the final reading of 58.8 in February 2025.
- According to domestic rating agency ICRA, private capital expenditure's share in the overall investments in the economy dipped to a decadal low of 33% in FY24. Listed corporates increased their capex spending by 12% in FY24, but the unlisted entities experienced a contraction, dragging overall private capex growth.
- According to the Engineering Export Promotion Council (EEPC) India, India's engineering goods exports declined from USD 9.94 bn in February 2024 to USD 9.08 bn in February 2025, down 8.62% YoY, dragged down by iron, steel, aluminium and copper.
- According to the 'DHL Trade Atlas 2025' report, India is estimated to contribute 6% to global trade growth over the next five years. The report, analyzing trade patterns for nearly 200 countries and territories worldwide, states that India's share in global trade expansion will follow that of China (12%), and the US (10%).
- S&P Global revised downwards its India growth forecast for FY26 by 20 bps to 6.5% YoY from its earlier estimate of 6.7% YoY, while maintaining that the country's services-led exports to the US will remain resilient despite the impending reciprocal tariffs.
- As per data from the International Monetary Fund (IMF), India's GDP has doubled in size over the last ten years. The data highlighted that the country's GDP at current prices was USD 2.1 trillion in CY15 and is expected to reach USD 4.27 trillion by the end of CY25, marking a 100% increase in ten years.
- Latest data from property consulting firm Anarock shows that Q1 CY25 saw sales drop of 28% YoY across the top seven cities in India.





Outlook

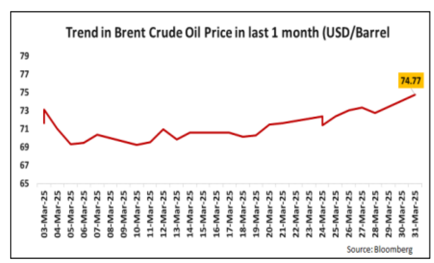
Going forward, the Indian equity market is likely to be driven by movement in the US Dollar index, improvement in consumption demand, FPI/DII flows, tariff deals between India and the US, further support by the RBI. With improvement in liquidity and incremental money in the hands of the tax payers from the union budget, consumption and rate sensitive sectors could see traction. Anticipation of further rates cut on back of moderating inflation can further improve market sentiments.

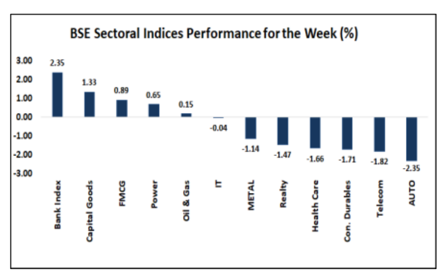
In US, the Trump Administration has levied tariffs on some of its trading partners and announced 25% tariffs on all automobile imports. It is also likely to announce more tariffs in the current week. This can lead to worsening of global trade dynamics and can have implication of global growth.

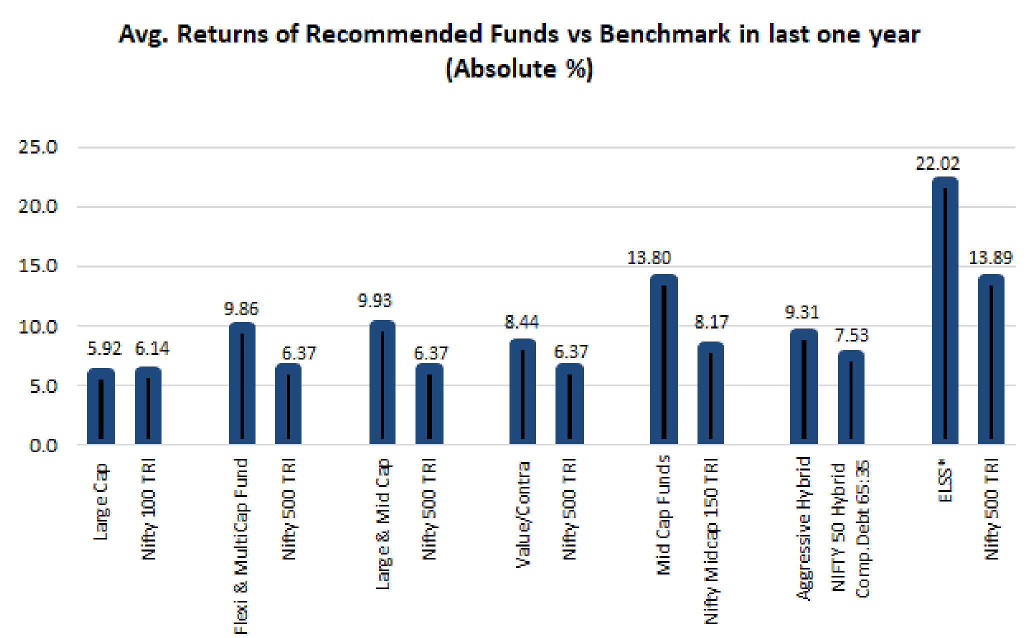
Overall, the fundamentals of the domestic economy have been stable, with a strong external account, calibrated fiscal consolidation and stable private consumption. With fiscal consolidation remaining on track, some heavy lifting is now being done by the RBI in terms of sharply improving the liquidity in the system and moving towards a longer policy rate cut cycle. That has led to the improved sentiments in the equity markets.

The Q4 FY25 earnings would now be in focus after continued earnings downgrades in most of the key indices post Q3 FY25 corporate earnings.

With the recent correction, valuations in most segments of the market have corrected, while earnings estimates having seen further cuts. This could keep the market volatile in the near term. Sharp decline in the market could provide investment opportunities from a 2–3-year perspective. 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.







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	6.62	-9.84	5.92	22.45	16.09	25.60
Flexi & MultiCap Fund	7.03	-11.74	9.86	28.49	20.34	29.69
Large & Mid Cap Funds	7.05	-11.27	9.93	27.24	19.17	30.02
Mid Cap Funds	5.59	-12.34	13.80	34.36	25.67	35.83
Small Cap Funds	7.29	-17.99	6.30	25.50	19.61	37.16
Value/Contra Funds	6.37	-10.57	8.44	26.51	20.27	33.70
Focused Funds	6.24	-9.46	9.80	25.77	18.78	29.84
Aggressive Hybrid Funds	5.45	-7.45	9.31	20.60	14.90	24.55
Dynamic Asset Allocation Funds	4.60	-3.75	7.65	17.82	13.98	20.85
Equity Linked Saving Schemes	7.69	-11.34	11.10	30.28	22.02	29.50
Infrastructure Oriented Funds	8.81	-12.72	7.29	30.71	23.03	36.19
Nifty 50 Index TRI	**6.31**	**-8.51**	**6.65**	**17.84**	**11.77**	**23.72**
Nifty 500 TRI	**7.35**	**-11.69**	**6.37**	**22.31**	**13.89**	**26.27**
Nifty Infrastructure TRI	**10.34**	**-11.38**	**2.27**	**30.08**	**20.06**	**30.61**

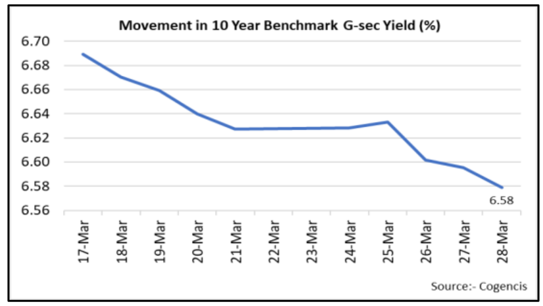
Note: Data as on March 31, 2025. Returns less than 1 year are in absolute % terms, whereas returns above 1 year are in CAGR terms.
Data has been sourced from ICRA Analytics Ltd. (For Disclaimer of ICRA Analytics Ltd, refer to https://icraanalytics.com/home/disclaimer)

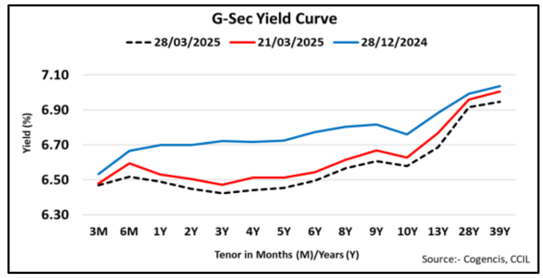
Weekly Overview - Fixed Income Markets & Mutual Funds for week ended 28 March 2025

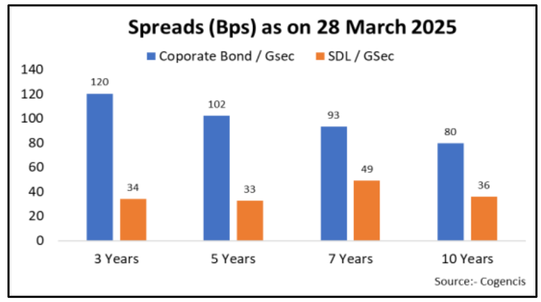
- Domestic G-Sec prices closed the week ended 28th March 2025 on a positive note wherein the yield on the 10-year benchmark, the 6.79% G-Sec 2034 bond, closed lower by 4 bps at 6.58% as against 6.62% on 21st March 2025.
- In case of AAA rated corporate bonds, yields in the less than one-year segment declined up to 30 bps on a WoW basis. In case of the greater than one-year segment, yields fell up to 7 bps on a WoW basis.
- **Movement in G-sec yields :-**
  - Indian G-sec yields fell due to significant buying interest, primarily from banks that have made substantial room in their portfolios following aggressive debt acquisitions by the RBI. This, coupled with the anticipation of a rate cut by the RBI in its Apr 2025 monetary policy meeting, contributed to the decline.
  - The total SDL auction was to the tune of Rs 722.55 bn, and the maturities were in the range of 1-30 years. For the 10-year SDL, the average cut off yield came in lower at 7.06%, as against 7.15% in the previous week. There was no G-sec auction.
  - Banking system liquidity improved during the week, wherein liquidity, as measured by the RBI's net Liquidity Adjustment Facility (LAF), stood at a daily average deficit of ~Rs 828 bn during the week as against a daily average deficit of ~Rs 2.27 trillion during the previous week.
- **Macro Data released during the week :-**
  - As per RBI, India's Current Account Deficit (CAD) rose marginally to USD 11.5 bn, or 1.1% of GDP, during the Q3 FY25 from USD 10.4 bn, or 1.1% of GDP, in Q3 FY24, amid a rise in service exports.
  - As per the data released by the finance ministry, India's external debt increased by 10.7% YoY to USD 717.9 bn at the end of December 2024 from USD 648.7 bn in December 2023.
  - As per RBI data, India's forex reserves increased by USD 4.5 bn to USD 658.80 bn in the week ending March 21, 2025. Foreign currency assets (FCAs) were up by USD 1.669 bn to USD 558.856 bn.
- **Other macro-economic news :-**
  - As per a Reuters poll of economists, the Reserve Bank of India will cut interest rates at a second straight meeting on April 9, 2025, with just one more cut expected in August 2025, which would mark the shortest easing cycle on record.
  - S&P Global revised downwards its India growth forecast for FY26 by 20 bps to 6.5% YoY from its earlier estimate of 6.7% YoY, while maintaining that the country's services-led exports to the US will remain resilient despite the impending reciprocal tariffs. The update assumes the upcoming monsoon season will be normal and that commodity prices, especially crude oil, will remain soft.
  - As per data from the International Monetary Fund (IMF), India's GDP has doubled in size over the last ten years. The data highlighted that the country's GDP at current prices was USD 2.1 trillion in CY15 and is expected to reach USD 4.27 trillion by the end of CY25, marking a 100% increase in ten years.
  - According to a CareEdge Ratings, states' debt is projected to reach Rs 94.4 trillion by March 2025, accounting for 32.7% of Gross State Domestic Product (GSDP). The debt is expected to rise further to Rs 103.6 trillion by FY26 due to capital expenditure and a growing revenue deficit.
- **Global Updates :-**
  - According to revised data released by the US Commerce Department, US Gross Domestic Product surged by 2.4% YoY in Q4 CY24 compared to the previously reported 2.3% YoY jump. Economists had expected the pace of GDP growth to be unrevised.
  - The US Labor Department released a report showing that initial jobless claims in US slipped to 224,000, in the week ended March 22nd, 2025, a decrease of 1,000 from the previous week's revised level of 225,000. Economists had expected jobless claims to inch up to 225,000.
  - As per data from the Office for National Statistics, the UK CPI inflation logged an increase of 2.8% YoY in February 2025, following January's 3.0% YoY rise, against forecasts of another 3.0% YoY rise. Core inflation was 3.5% YoY, down from 3.7% YoY in January 2025, and below economists' forecast of 3.6% YoY.
- **Outlook :-**

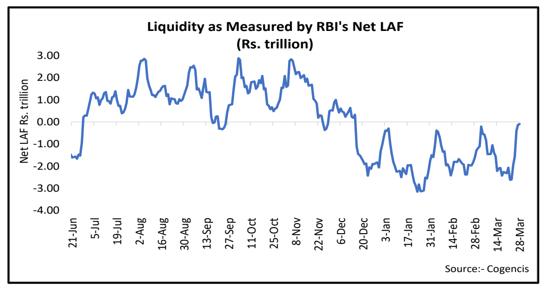
The liquidity condition as measured by RBI's net LAF continued to be in deficit on the back of advance tax outgo, while the RBI took host of measures to ensure adequate liquidity. The liquidity is expected to ease significantly in April on the back of government spending and lower currency leakage. Retail inflation in India eased as the Consumer Price Index (CPI) fell to a seven-month low of 3.61% YoY in February 2025 from 4.31% YoY in January 2025 and below the market expectations of 3.98% YoY. The easing came on the back of further deceleration of prices of Food. Food inflation in February 2025 was the lowest since May 2023. **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.** In the US, the Fed had kept policy rates unchanged in the 4.25-4.50% range, and highlighted increased uncertainty around the outlook. Going forward, tariff imposed by the US would be a key factor for Indian market sentiments. Weather vagaries also need to be watched out for as there are predictions of rising temperature and early summer which may pose upside risk to food inflation.

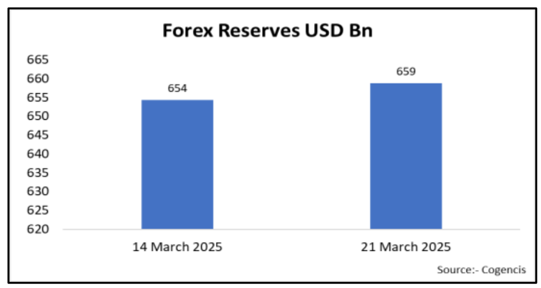
With the recent cut in policy rate, along with favorable demand-supply dynamics of Indian G-Secs, and favourable CPI inflation, we may see structurally lower interest rates over the long term. Post the latest inflation print & lower than expected Q3 FY25 growth data, there's an increased probability of policy rate cuts, the expectation of which has driven the bond yields at the mid to longer end lower. 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 3 months and above, investors can consider Arbitrage 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.

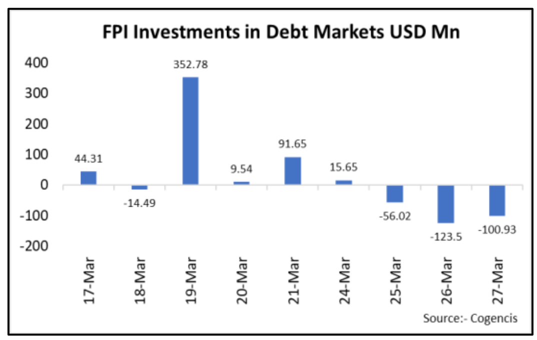












Category Average Returns as on 31 March 2025

Annualised Returns *	1 Day	1 Week	1 Month	2 Month	3 Months	6 Months	9 Months	1 Year	2 Year	3 Year
Overnight Funds	6.83	6.52	6.20	6.19	6.30	6.38	6.44	6.52	6.61	6.19
Liquid Funds	6.70	10.77	7.70	7.36	7.22	7.10	7.14	7.22	7.16	6.62
Floater Funds	5.99	20.28	13.08	9.81	8.85	7.71	8.39	8.31	8.01	6.96
Low Duration Funds	6.27	15.22	9.70	8.38	7.77	7.36	7.45	7.44	7.25	6.43
Money Market Funds	6.30	14.60	9.87	8.53	7.94	7.46	7.46	7.44	7.34	6.67
Ultra Short Duration Funds	6.31	12.94	8.67	7.79	7.34	7.07	7.07	7.11	6.97	6.31
Banking And PSU Funds	5.85	27.38	15.21	9.96	9.08	7.57	8.34	7.99	7.56	6.40
Corporate Bond Funds	6.78	25.73	14.94	10.18	9.21	7.71	8.58	8.23	7.74	6.42
Medium Duration Funds	5.08	22.51	14.49	10.93	10.09	8.13	8.98	8.53	7.87	6.82
Short Duration Funds	5.51	21.51	12.97	9.54	8.90	7.66	8.32	7.98	7.46	6.29
Medium To Long Duration Funds	3.93	29.99	20.52	11.30	10.12	6.93	8.64	8.25	7.83	6.53
Long Duration Funds	3.95	39.64	33.06	14.26	11.53	6.45	9.17	9.23	9.37	7.60
Dynamic Bond Funds	4.11	33.12	23.51	11.83	10.35	6.73	8.77	8.42	8.09	6.77
Credit Risk Funds	7.22	18.43	20.17	17.43	14.19	10.60	10.13	9.46	8.77	7.33
Gilt Funds / Gilt Funds with 10 year constant duration	3.55	34.72	27.45	13.08	11.22	7.01	9.22	8.87	8.50	6.96
Conservative Hybrid Funds	2.86	8.51	29.80	6.38	2.74	0.46	5.32	8.11	10.69	8.13
Index Funds	4.74	16.30	11.13	9.15	9.05	7.47	8.51	8.41	7.92	6.10
Arbitrage Funds	1.01	12.44	7.69	6.78	7.01	6.99	6.82	7.10	7.22	6.41

* 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	23.91	11.43	8.11	9.10	8.68	6.96
Dynamic Bond Fund	25.75	10.24	5.98	8.49	8.65	6.96
Gilt Funds & Gilt Funds with 10 year constant duration	32.72	11.61	6.49	9.12	9.09	7.36
Short Duration / Medium Duration	13.49	9.20	7.86	8.27	7.81	6.57
Banking and PSU Funds	16.69	9.16	7.47	8.18	7.80	6.58
Corporate Bond Funds	15.32	9.56	7.95	8.61	8.18	6.91
Ultra Short Duration Funds /Low Duration / Floater Funds	9.51	7.90	7.53	7.64	7.49	6.74
Money Market Funds	10.28	8.23	7.74	7.75	7.67	7.00
Liquid Funds & Overnight Funds	7.95	7.36	7.20	7.32	7.25	6.72
Arbitrage Funds	8.20	7.34	7.32	7.42	7.53	6.78

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

Note: NAV data has been considered as on 31*st* March 2025 while Market performance data is based on closing as of 28*th* March 2025

HDFC Bank House, 1 st Floor, C.S. No. 6 \ 242, Senapati Bapat Marg, Lower Parel, Mumbai 400 013. Phone: (91)-22-66527100, ext 7111, Fax: (91)-22-24900983 \ 24900858

HDFC Bank is a AMFI-registered Mutual Fund Distributor & a Corporate agent for Insurance products

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.