

# Monthly Communication

June 2025

# Market Outlook

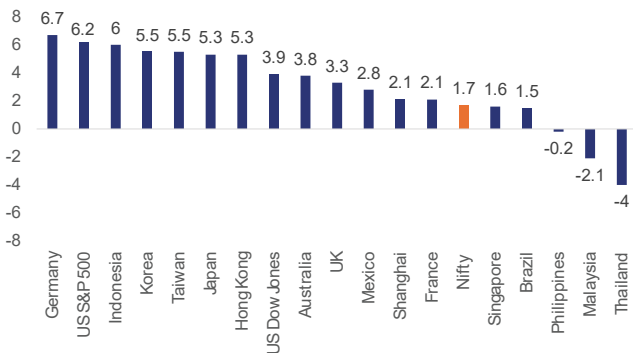
June 2025

## Market Update

The month of May was a very eventful one. Concerns over US-China tariff gridlock and a conflict of the extent not seen since 1971, between India and Pakistan; led to concerns among investors. The markets reacted in the first 10 days of the month. However, a quick agreement to pause hostilities between Indian and Pakistan lifted spirits. US and China also agreed to lower the tariffs and discuss resolution in the near future, aiding sentiments. Indian equities bounced back, ending with gains for the third straight month, with benchmark Nifty index rising 1.7%. Broader markets outperformed significantly with midcap and small cap indices up 6.1% and 8.7%, respectively. All the sectors were positive for the month, except for FMCG which was down 0.7%. Capital Goods, Real Estate and Metals were the best performers with 13.2%, 7.2% and 5.9% returns, respectively. Globally, most markets ended higher wherein, Germany (+6.7%), US SPX (+6.2%) and Indonesia (6%) being the top gainers. Thailand (-4.0%), Malaysia (-2.1%) and Philippines (-0.2%) were the biggest losers.

FPI's bought equities worth \$1.7 billion, while Domestic Institutional Investors (DIIs) continued their positive stance with a significant \$7.9 billion inflow.

### Global and regional indices 1 Month performance (%)



Source: Bloomberg, Kotak Institutional Equities (Data as on 31st May 2025 in local currency)

## Macro Update

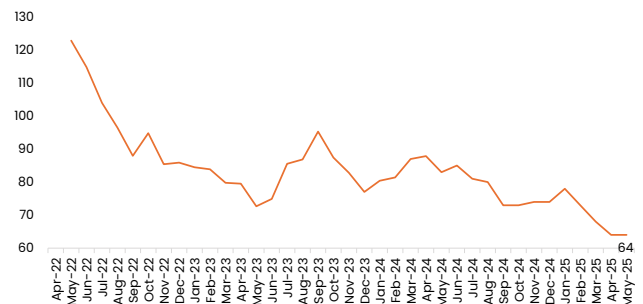
National Statistical Office (NSO) has estimated Real GDP growth at 6.5% growth in FY2024-25 and 7.4% in Q4FY25. Inflationary pressures continued easing, with the Consumer Price Index (CPI) falling to 3.16% in April 2025 from 3.34% in March, the lowest YoY inflation since Jul'19. The Wholesale Price Index (WPI) also fell to 0.85% in April YoY, from 2.05% in the previous month. RBI (India's central bank) reduced repo rates by a whopping 50bps in its June monetary policy along with a 100bps reduction in CRR (cash reserve ratio). Over the last four months, RBI has infused almost \$100bn of liquidity, clearly signaling that with inflation in control, growth is going to be the focus.

Industrial production registered a 2.7% growth in the month of April, in comparison to 3.0% growth in March. India's exports grew by 12.7% in Apr'25 vis-a-vis Apr'24 exports, while imports rose by 15.7%, leading to a trade deficit of \$8.65 billion. The country's 10-year government bond yield ended May at 6.28%, while the USD/INR exchange rate was 85.6. Brent crude oil prices remained flat at \$64 per barrel in May.

Gross GST collections amounted to ₹2.01 lakh crore in May 2025, reflecting a 16.4% rise compared to May 2024 whereas the Net Collections (amount after adjusting refunds) stood at ₹1.74lakh crore, growing 20.4% YoY.

Key Domestic Developments include a record Rs. 2.69 lakh crore dividend by RBI to the government. This bounty further reinforces that fiscal deficit will be in control. Monsoon arrived earlier than normal and Indian meteorological department expects an 'above normal' monsoon for the season. This should be good from both the economic growth as well as inflation front.

### Brent Crude



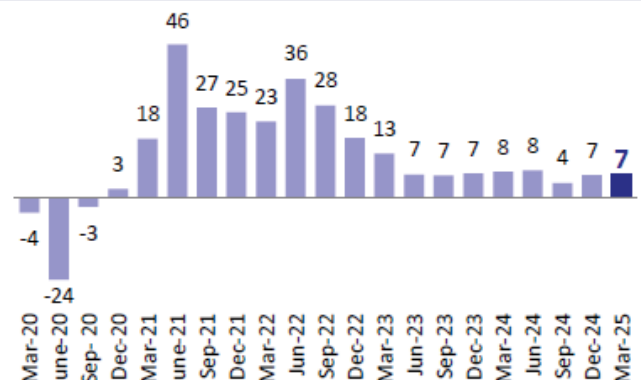
Source: Bloomberg, Kotak Institutional Equities

## Earnings Review – 4QFY25

The 4QFY25 corporate earnings concluded on a decent note. Though headline PAT growth was muted for the Nifty index with a 3% year-on-year (YoY) growth, the breadth of earnings growth was stronger.

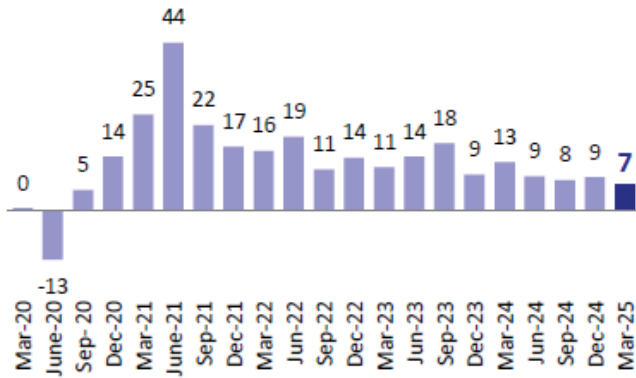
Despite pockets of weakness, particularly from Oil & Gas (excluding OMCs) and Private Banks, the overall corporate earnings landscape remained resilient. The past two financial years have seen an interesting interplay between revenue and earnings growth, shaped by global macro factors. This quarter's performance underscores a cautious but steady recovery in corporate profitability, with earnings growth stabilizing after the volatility experienced during the pandemic. The results suggest that while challenges persist, especially in certain sectors, the broader corporate sector is on a path of gradual normalization and sustained growth.

### Nifty sales up 7% YoY in 4QFY25

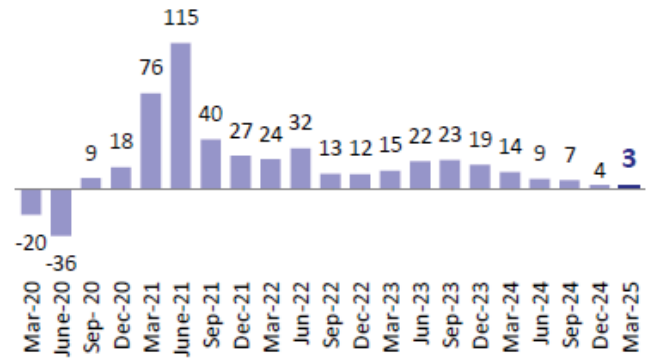


Source: Motilal Oswal Financial Services Limited

**Nifty EBITDA up 7% YoY in 4QFY25**



**Nifty PAT up 3% YoY**



Source: Motilal Oswal Financial Services Limited

**Market Outlook**

The year 2025 has been a year of news flow dominating the investing landscape. Major swings due to Trump-led tariffs yo-yo and geopolitical tensions have been the order of the day. However, India's macroeconomic indicators have trended in line with the best ever. With inflation in control and the central bank moving into a growth mode, India's GDP growth should trend to 7%+, making it the fastest large economy in the world by far. Hopefully, corporate India profit growth should trend back to double digits.

Given the resilience of its economy, Indian equity markets have been relative outperformers globally. Global investors have also turned positive, reflected in net inflows seen during the month. At the margin, things are much better than what they looked over the last few months. At the same time, sharp upmoves have been seen in many stocks, not necessarily accompanied by improving growth trajectory. Large supply of paper is again being witnessed as promoters, private equity funds and companies offload equity, taking advantage of renewed optimism. All in all, we continue to be optimistic but focused on companies with more visible revenue and profit growth.

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For PMS, IA and AIF related queries and complaints - service@abakkusinvest.com and complianceteam@abakkusinvest.com (both) Alternatively, the Investor may call on +91 22 6884 6601/02/85

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#### Compliance Officer details under AIF:

Mr. Biharilal Deora, Tel: 022-68846600

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#### Principal Officer and Compliance Officer Details under PMS:

Principal Officer: Mr. Aman Chowhan, Tel: 022-68846600

Compliance Officer: Mr. Biharilal Deora, Tel: 022-68846600

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