MySIPonline
SIMPLIFYING INVESTMENTS

MONTHLY NEWSLETTER

www.mysiponline.com

February' 2025

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Introduction

February 2025 Newsletter – A Comprehensive Market & Economic Insight

The **February 2025 Newsletter** from the **MySIPOnline Research Desk** provides an in-depth analysis of India's economic and financial landscape, highlighting **key macroeconomic indicators, budgetary priorities, market trends, and investment opportunities**. As India continues on its growth trajectory, **GDP growth has accelerated to 6.2%**, supported by **strong rural demand and a robust services sector**. However, challenges persist, including a **weakening rupee (USD/INR 87.47), declining capital markets, and rising external debt**. This edition closely examines these economic developments and their implications for investors, businesses, and policymakers.

A key theme emerging from the **Budget 2025** is a **shift in fiscal priorities** from **capital expenditure to consumption-driven growth**. While infrastructure spending remains stable, greater allocations have been made toward **employment generation, industrial development, renewable energy, and social welfare programs**. This move aims to **boost household consumption** and drive economic activity, particularly in **rural areas** and **fast-growing service sectors** like finance, technology, and real estate. However, concerns over **falling private investments** and a growing reliance on **government-driven economic expansion** raise questions about long-term fiscal sustainability.

On the **global front**, the newsletter discusses the impact of **U.S. tariff policies, global trade disruptions, and inflationary pressures**. With the U.S. implementing protectionist measures, global trade patterns are shifting, potentially affecting **India's export-driven industries**. Additionally, rising geopolitical tensions and monetary policy decisions by global central banks could influence **foreign capital inflows into India**.

In **financial markets**, equities have faced a **broad correction**, with sectors like **real estate, IT, FMCG, defence & manufacturing** seeing significant declines. At the same time, **export-driven businesses, capital market companies, and renewable energy projects** continue to present **attractive investment opportunities**. A crucial development in the **debt market** is the **decline in bond yields**, signalling expectations of **interest rate cuts by the Reserve Bank of India (RBI)**. This makes **long-duration bonds an appealing investment avenue for fixed-income investors**, given the likelihood of future monetary policy easing.

The **newsletter also emphasizes the importance of Systematic Investment Plans (SIPs)** in volatile market conditions. SIPs offer investors the advantage of **rupee cost averaging**, **compounding**, and **disciplined investing**, helping them navigate market fluctuations while ensuring **long-term wealth creation**. Historical data reinforces that investors who remain committed to their SIPs during market downturns **outperform those attempting to time the market**.

Given the **shifting fiscal landscape** and **evolving global macroeconomic conditions**, investors are advised to **adopt a diversified investment strategy** that balances **risk with growth potential**. Diversification across **asset classes, sectors, and investment styles** remains crucial to navigating an unpredictable financial environment.

As we step into an exciting yet uncertain financial year, we express our **sincere gratitude** to our readers for their continued trust in **MySIPOnline**. Our goal remains to empower you with **timely insights and data-driven strategies** to make informed investment decisions. Stay invested, stay informed, and let's work together toward financial success.

Happy Investing!
MySIPOnline Research Desk

Economy

Statistical Appendix		
Indicators	**Latest**	**Previous**
USD/INR	87.47	86.51
Nifty 50	22124.70	23508.40
GDP Growth Qtr.	6.20%	5.40%
Inflation Rate	4.31%	5.22%
Interest Rate	6.25%	6.50%
Services PMI	61.10	56.80
Personal Income Tax	39%	42.74%
Global Commodities Monthly		
Brent USD Bbl.	72.810	75.125
Crude Oil USD/Bbl.	69.760	71.982
Natural Gas USD/MMBtu.	3.834	3.313
Coal USD/T	100.10	115.65

(TradingEconomics)

Macroeconomic & Market Outlook

The economy remains healthy, backed by strong GDP growth and services PMI, driven by rural demand, public administration, finance, real estate, and service exports. Concerns remain over the weakening rupee and declining markets. However, export-driven businesses may gain from currency depreciation, and capital market firms offer attractive valuations. Personal tax relief in the budget is expected to boost consumption. Global commodities have corrected slightly, but precious metals remain strong.

Headwinds

- **Weak Private Investments** – Govt.-led growth slowing; private investments needed.
- **Falling Rupee** – Expected to hit 90 by March, increasing import costs and debt (+47.25%).
- **Global Trade Disruptions** – U.S. tariff policies may trigger a trade war.

Tailwinds

- **Strong Rural Demand** – A key economic driver.
- **Service Sector Growth** – Led by public administration, finance, and exports.
- **Favourable Monetary Policy** – 0.25 basis point rate cut.
- **Consumption Boost** – Budget measures to spur spending.

Major Changes in Budget

Receipt Budget Estimates (Values in Cr.)

	Budget 2025	Budget 2024	Change
Gross Tax Revenue	**42,70,233**	**38,40,170**	**11.20%**
Taxes on Income	14,38,000	11,87,000	**21.15%**
GST	11,78,000	10,61,899	**10.93%**
Total Revenue Receipts	**34,20,408**	**31,29,200**	**9.31%**
Total Non-Debt Capital Receipt	**76,000**	**77,999**	**-2.56%**
Total Debt Receipts	**15,66,451**	**14,72,914**	**6.35%**
External Loans (Net)	23,490	15,952	**47.25%**
Gross Market Loans	14,82,000	14,01,000	**5.78%**
Total Capital Receipts	**16,42,451**	**15,50,914**	**5.90%**
GRAND TOTAL RECEIPTS	**34,11,852**	**46,80,115**	**-27.10%**

Expenditure Budget Estimates (Values in Cr.)

Ministry/Demand	Budget 2025	Budget 2024	Change
Ministry of Coal	501	192	160.30%
Ministry of Commerce & Industry	18,446	11,496	60.83%
Ministry of Corporate Affairs	11,561	2,667	333.48%
Ministry of Earth Sciences	3,649	3,064	19.09%
Ministry of & Electronics & Info	26,026	21,936	18.64%
Ministry of Food Processing Industry	4,364	3,290	32.65%
Ministry of Housing & Urban Affairs	96,777	82,576	17.20%
Ministry of Labour & Employment	32,646	22,531	44.89%
Ministry of Mines	3,038	1,941	56.51%
Ministry of New & Renewable Energy	26,549	19,100	39%
Ministry of Petroleum & Natural Gases	19,326	15,930	21.32%
Ministry of Ports, Shipping & Waterways	3,470	2,377	45.98%
Ministry of Science & Tech	38,613	16,628	132.22%
Ministry of Skill Development & Entrepreneurship	6,100	4,520	34.96%
Ministry of Steel	3,362	325	932.37%
Ministry of Textiles	5,272	4,417	19.36%
GRAND TOTAL EXPENDITURE	50,65,345	48,20,512	5.08%

(UnionBudget)

Budget Analysis 2025: Key Insights & Implications

Shift from Capex to Consumption

- Revenue expenditure grew 6.33%, signalling a shift to household consumption support.
- Capital expenditure stagnates (0.01% growth), reducing focus on infrastructure.
- Higher allocations to Internship Programme (+441.55%), Employment Generation (+100%), and Make in India (+100.49%) boost jobs and demand.

Decline in Receipts, Budget Deficit Concerns & External Debt

- Total receipts fell 27.10%, straining fiscal management.
- External debt rose 47.25%, concerning amid slow growth and a weak rupee.
- Rising debt challenges the goal of reducing the debt-to-GDP ratio.
- The consumption boost appears funded largely by external debt.

Extraordinary Rise in Expenditure in Key Ministries

- **Coal**: Research up 42.86%, ₹300 crores for gasification.
- **Commerce & Industry**: Make in India funding doubled.
- **Corporate Affairs**: Internship program allocation up 441%.
- **Food Processing**: Higher funding for Makhana Board, pulses.
- **Labour & Employment**: Employment scheme funding doubled; social services up 44.72%.
- **New & Renewable Energy**: More investment in IREDA & projects.
- **Ports, Shipping & Waterways**: Increased funds for Inland Water Transport & PSEs.
- **Steel**: PSE capital infusion up 73.48%, industry outlays surged 932.37%.

Investment Opportunities

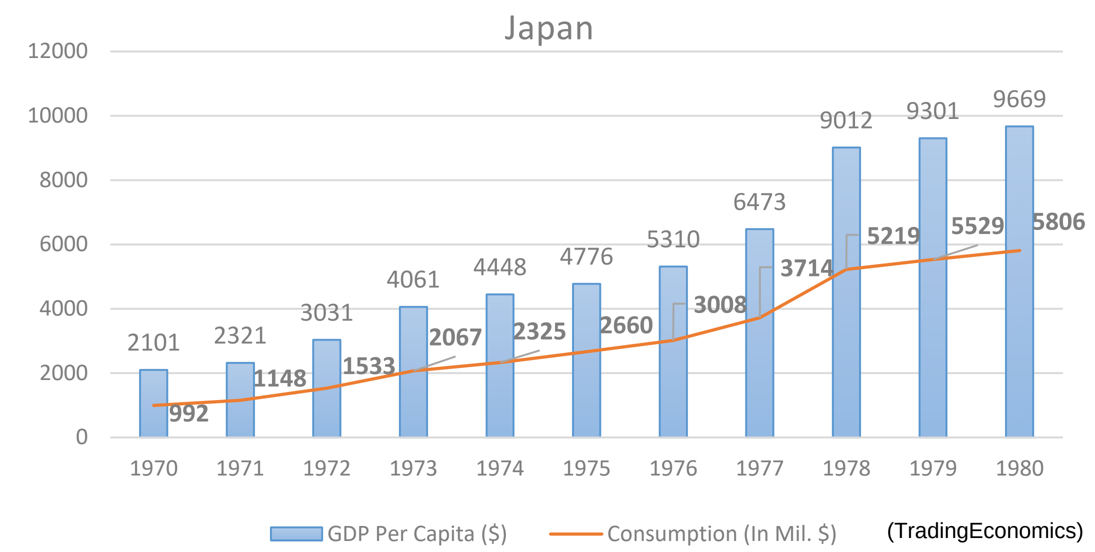
These sectors present potential investment opportunities, making it worthwhile to monitor them. Key areas to watch include renewable energy and sustainability initiatives, infrastructure and heavy industry, the digital economy and tech advancements, and consumption-driven businesses.

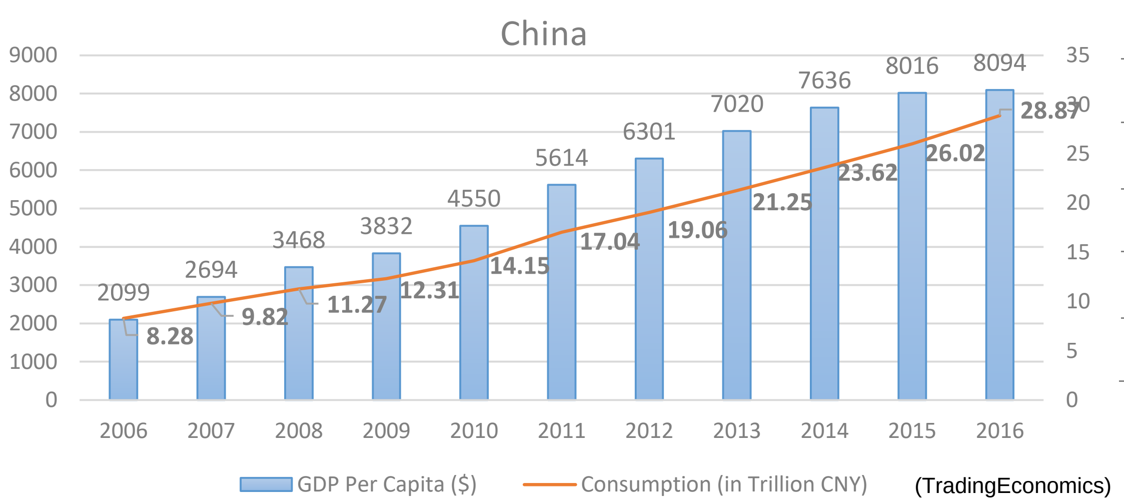
INDIA: A Consumption Driven Economy

India is at a crucial inflection point in its economic trajectory, with consumption emerging as a dominant driver of growth. Historically, economies that have crossed the $2000 per capita GDP mark have witnessed an accelerated rise in consumption. The case studies of China and Japan provide compelling evidence of this phenomenon, where consumption surged sharply post this threshold. With India now surpassing this mark, a similar transformation is expected, supported by multiple structural tailwinds.

Lessons from China and Japan

- After China crossed $2000 per capita GDP, its per capita income increased by **285% in ten years**, and consumption rose by **250%**.
- Japan witnessed a **360% increase in per capita income** over a decade post the $2000 mark, with consumption growing by **485%**.
- India crossed the $2000 mark in **2019**, but due to the COVID-19 pandemic, consumption and income faced a temporary setback.
- As of December 2023, **India's per capita income and consumption have already risen by 21% and 23%**, respectively, signalling a revival.





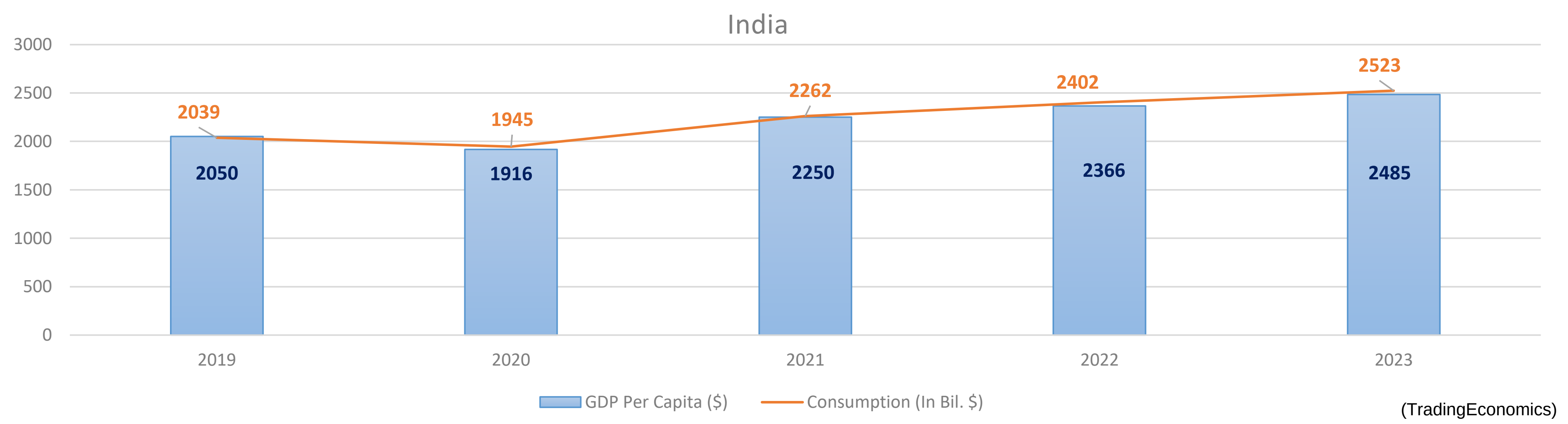
India among the top, fastest growing consumer market.

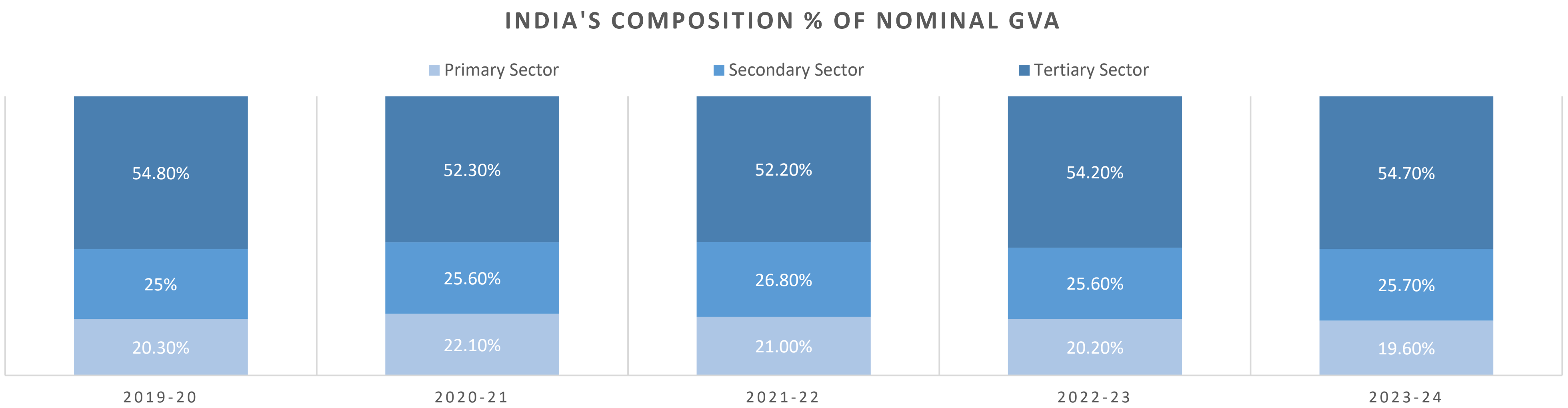
Country	Consumers by 2030 (in Cr.)	Consumers in 2024 (in Cr.)	Change from 2024
China	110	92.4	15%
India	77.3	52.9	46%
USA	34.8	33.5	4%
Indonesia	15.8	12.5	27%
Brazil	13.6	12.5	9%
Russia	12.7	12.7	0%
Japan	11.8	12.2	-3%
Pakistan	9.9	7.6	30%
Mexico	9.2	8.4	9%
Bangladesh	8.7	5.5	59%

(EdelweissMF)

Key Drivers of India's Consumption Theme

- **Rising Aspirations –** Higher disposable incomes and lifestyle upgrades are driving demand for premium products and services.
- **Increasing Rural Consumption Expenditure –** Improved rural wages, government schemes, and better connectivity are boosting consumption in rural areas.
- **Millennials & Gen Z Driving Discretionary Demand –** Younger consumers are more inclined toward branded products, experiences, and digital consumption.
- **Premiumization Trend –** Consumers are shifting towards high-quality and premium products across categories like FMCG, automobiles, and fashion. **Example-** Nestle has outperformed HUL in the past 4 years, and Trent has outperformed V-Mart, indicating stronger growth in premium segments.
- **Income Growth Concentration in Upper Class-** The upper-income class is expanding, leading to higher discretionary spending. As of 2022-23, the top 10% of the population held 57.70% of the total income, while the top 1% accounted for 22.60%.
- **Controlled Inflation & Rising Energy Demand-** Electricity demand is expected to double by 2030, further driving industrial and household consumption.
- **Growth in Travel Economy-** 6.36% Annual Growth in Aviation average spending & 8.16% Annual Growth in Railways average spending.
- **Resilience in Media & Entertainment –** Increased digital penetration and content consumption are fuelling growth in entertainment and OTT platforms. Media & entertainment saw a 29.30% annual growth in average spending. (FY2024).
- **Income Tax Reforms & Direct Benefit Transfers (DBT)-** More disposable income in the hands of consumers due to tax relief and direct government transfers. Impact: Around ₹1 lakh crore is expected to be in the hands of consumers due to tax reforms.
- **Urbanization & Digitization-** 63% of online orders came from Tier 2 & Tier 3 cities showcasing widening digital adoption. (ITI MF)
- **Easy Credit Availability-** Currently 10 Cr. Credits which is expected to grow to 20 Cr. by 2030 and credit card transaction value to go from 22 Lakh Cr. to 41 Lakh Cr, by 2030 (Edelweiss MF).





(Ministry of Statistics & Programme Implementation)

Consumption's Contribution to the India Economy

The Indian economy is largely consumption-driven, as reflected in the **Composition of GVA (Gross Value Added)**. The **tertiary sector consistently contributes more than 50% annually**, comprising: **Trade, Hotels & Transport, Communication & Broadcasting Services, Financial, Real Estate & Professional Services, Public Administration, Defence & Other Services.**

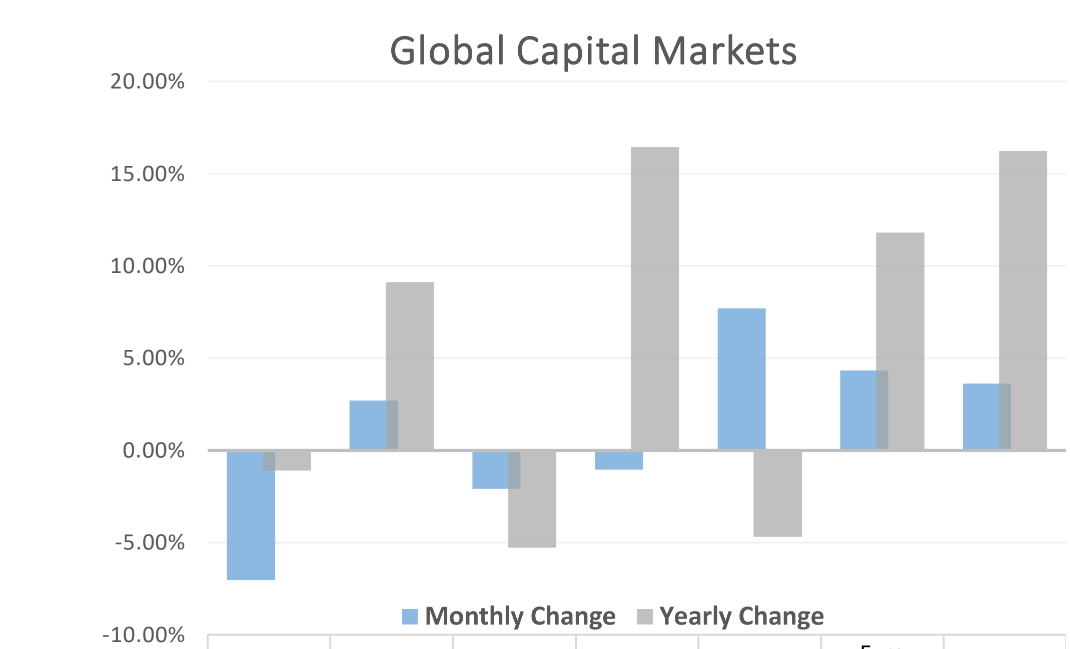
* This highlights the dominant role of consumption in driving economic growth in India.

India's consumption-driven economy could be at an inflection point, fuelled by rising incomes, premiumization, and digital adoption. With **per capita income up 21% and consumption up 23% (Dec 2023)**, trends like **easy credit access (credit cards to double by 2030), tax reforms (₹1 lakh crore in consumer hands), and urbanization (63% online orders from Tier 2 & 3 cities)** are accelerating growth. **Monetary policy easing** and a shift towards **discretionary spending** further strengthen India's long-term consumption potential.

Global Economy

Real GDP Annual % Change	Estimate	Projections	
	2024	2025	2026
World Output	**3.2**	**3.3**	**3.3**
Advanced Economies	**1.7**	**1.9**	**1.8**
USA	2.8	2.7	2.1
Japan	-0.2	1.1	0.8
United Kingdom	0.9	1.6	1.5
Canada	1.3	2	2
Euro Area	**0.8**	**1**	**1.4**
Germany	-0.2	0.3	1.1
France	1.1	0.8	1.1
Italy	0.6	0.7	0.9
Spain	3.1	2.3	1.8
Other Advanced Economies	**2**	**2.1**	**2.3**
Emerging Markets & Developing Countries	**4.2**	**4.2**	**4.3**
Emerging & Developing Asia	**5.2**	**5.1**	**5.1**
China	4.8	4.6	4.5
India	6.5	6.5	6.5
Emerging & Developing Europe	**3.2**	**2.2**	**2.4**
Russia	3.8	1.4	1.2
Emerging & Developing Europe	**2.4**	**2.5**	**2.7**
Brazil	3.7	2.2	2.2
Mexico	1.8	1.4	2
Middle East & Central Asia	**2.4**	**3.6**	**3.9**
Saudi Arabia	1.4	3.3	4.1
Sub Saharan Africa	**3.8**	**4.2**	**4.2**
Nigeria	3.1	3.2	3
South Africa	0.8	1.5	1.6
Memorandum			
Emerging Markets & Middle Income Economies	**4.2**	**4.2**	**4.2**
Low Income Developing Countries	**4.1**	**4.6**	**5.4**

(IMF)



	India	China	Japan	USA	Russia	Euro Area	UK
Monthly Change	-7.02%	2.71%	-2.08%	-1.04%	7.70%	4.34%	3.62%
Yearly Change	-1.09%	9.13%	-5.28%	16.45%	-4.68%	11.81%	16.24%

(TradingEconomics)

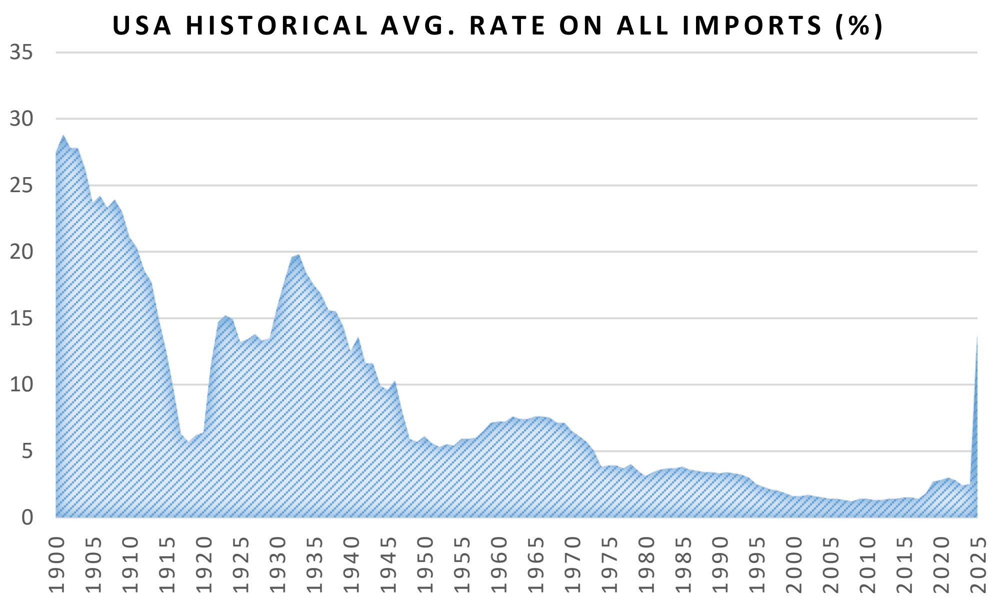
Global Macro. Eco. Scenario

With the IMF projecting global growth at 3.3% in both 2025 and 2026—below the 2000-2019 average of 3.7%—global headline inflation is expected to decline to 4.2% in 2025 and 3.5% in 2026. Policy-driven uncertainty in the disinflation process could disrupt the shift toward easing monetary policies, impacting fiscal sustainability and financial stability. Global economies must carefully balance inflation and real activity, rebuild buffers, and enhance long-term growth through structural reforms and stronger multilateral cooperation.

(IMF.Org)

Global Capital Markets

Global capital markets showed mixed trends. India and Japan saw declines, with India facing the sharpest monthly drop (-7.02%). The U.S., Euro Area, and UK showed strong yearly gains, with the UK leading (+16.24%). China had a solid yearly rise (+9.13%), while Russia showed a monthly rebound (+7.70%) but remained negative year-over-year.



(TaxFoundation)

Trump Administration Tariff Policies

Target	Dates	Applicable Rate
Canada	Announced Feb 1; scheduled Feb 4; delayed to Mar 4	25% non-energy; 10% energy
Mexico	Announced Feb 1; scheduled Feb 4; delayed to Mar 4	25%
China	Announced Feb 1; effective Feb 4; increasing Mar 4	10% initially; increased to 20%
European Union	Announced Feb 26	25%
Steel and Aluminium	Announced Feb 10; effective Mar 12	25%
Autos	Announced Feb 12; effective Apr 2	25%
Copper	Investigation initiated Feb 25; report due Nov 22	Unknown
Reciprocal	Announced Feb 13; recommendations due April 1	Unknown
Semiconductors and Pharmaceuticals	Announced Jan 27; rate specified Feb 18; effective date unknown	25%+
Timber, Lumber, Derivatives	Announced Mar 1; report due Nov 26	Unknown
Agricultural Products	Announced Mar 3; effective Apr 2	Unknown

(TaxFoundation)

US Tariff Announcements Implications

- **If the U.S. tariff announcements are followed through, the average tariff rate on all imports would reach levels not seen since 1939, rising from a baseline of 2.50% in 2024 to 13.80% if all proposed tariffs are imposed.**
- **Before accounting for foreign retaliation, tariffs on Canada, Mexico, China, and motor vehicles would each reduce U.S. economic output by 0.10%, while tariffs on the European Union would reduce output by 0.20%. The expansion of steel and aluminium tariffs would have a smaller impact, reducing U.S. economic output by less than 0.05%.**
- **China has announced plans to impose retaliatory tariffs on approximately** $13.9 billion **worth of U.S. exports.**
- **Altogether, the tariffs would reduce** after-tax income in the U.S. by 1.70% in 2026**. When factoring in dynamic income shrinkage due to reduced economic output,** after-tax income is estimated to decline by 2.20%**.**

(TaxFoundation.org)

Historical Evidence: Tariffs Raise Prices & Reduce Economic Growth

Historical evidence strongly suggests that tariffs **raise prices, reduce economic output, and lower employment**. Tariffs increase costs for businesses and consumers, leading to **lower incomes, reduced investment, and weaker economic growth**.

- Tariffs increase consumer and production costs, reducing economic efficiency.
- Importers bear the burden of higher prices, not foreign exporters.
- Retaliatory tariffs harm exports.
- Higher input costs lower employment in downstream industries.
- Studies confirm tariffs have led to lower GDP and real income in both the U.S. and China.
- Trade war tariffs have not significantly improved U.S. employment or trade balance.

(TaxFoundation.org)

Historical data shows tariffs raise prices, cut economic output, and lower incomes. Proposed U.S. tariffs would push rates to the highest since 1939, reducing GDP and after-tax income. Experts warn of trade disruption and inflation, while Trump sees tariffs as a deficit-cutting tool. Key decisions on March 4 and April 2 will shape policy. Global investors remain cautious, U.S. consumer spending weakens, and the trade deficit rises.

Global Economies Indicators

	India		China		USA		UK		Canada		Germany		Italy		Japan	
	Current	Previous	Current	Previous	Current	Previous	Current	Previous	Current	Previous	Current	Previous	Current	Previous	Current	Previous
Inflation Rate Current	4.31%	5.22%	0.50%	0.10%	3.00%	2.90%	3.00%	2.50%	1.90%	1.80%	2.30%	2.30%	1.70%	1.50%	4.00%	3.60%
Interest Rate	6.25%	6.50%	3.10%	3.10%	4.50%	4.50%	4.50%	4.75%	3.00%	3.00%	2.90%	2.90%	2.90%	2.90%	0.50%	0.50%
Unemployment Rate	8.30%	8.00%	5.10%	5.00%	4.00%	4.10%	4.40%	4.40%	6.60%	6.70%	6.20%	6.20%	6.30%	6.40%	2.50%	2.40%
Consumer Confidence	93.7	94	86.4	86.2	64.7	71.1	-20	-22	48.6	47.9	-24.7	-22.6	98.8	98.2	35	35.2
Business Confidence	120	119	50.2	49.1	50.3	50.9	-47	-24	47.1	54.7	85.2	85.2	87	86.8	14	13

(TradingEconomics)

Synopsis

Domestically, the budget reflects a shift from infrastructure spending to household consumption, with increased allocations for employment, renewable energy, and industrial development. However, a decline in receipts and rising external debt (+47.25%) pose fiscal challenges. India's GDP growth remains strong at 6.2%, supported by rural demand and a resilient services sector, though concerns persist over a weakening rupee and declining capital markets.

Globally, the IMF projects steady but moderate economic growth, with world output expected at 3.3% in 2025 and 2026, below the pre-pandemic average. Inflation is forecasted to decline, but policy uncertainties could disrupt monetary easing. The U.S. tariff policies could trigger global trade disruptions, impacting economic output and after-tax incomes. Capital markets show mixed trends, with India and Japan facing declines, while the U.S., Eurozone, and UK exhibit strong yearly gains.

Global economic indicators present a mixed outlook, with inflation moderating in most regions while remaining low in some. Interest rates continue to reflect tight monetary policies, though variations exist across economies. Unemployment trends indicate overall stability, but certain regions face higher job market pressures. Confidence levels are uneven, with some economies showing strong business and consumer sentiment, while others exhibit signs of caution. While inflation and employment remain relatively steady, fluctuating confidence levels highlight lingering uncertainty in global economic momentum.

We continue to advise investors to diversify their Mutual Fund portfolios—not just by investing in multiple schemes but by spreading investments across categories and asset classes. True diversification balances risk and enhances returns.

In the Investors' Rationale section, we emphasize the importance of consistent investing and why SIPs should not be paused despite market fluctuations. Staying invested ensures benefits like rupee cost averaging and compounding. We also outline key steps investors can take to navigate the current market environment effectively.

Global Market Valuations

Country	P/E	5 Yrs. Avg. of P/E
India	**22.92**	22.53
United States	**25.99**	21.42
China	**10.16**	11.06
France	**19.44**	16
Sweden	**18.85**	15.91
Germany	**18.62**	13.61
United Kingdom	**17.71**	12.28
Denmark	**17.32**	19.19
Japan	**15.33**	14.83
Singapore	**14.78**	13.27
Malaysia	**14.55**	14.47
Thailand	**14.47**	18.89
Israel	**13.8**	11.35
Vietnam	**13.77**	16.13
South Africa	**12.5**	10.06
Spain	**12.19**	11.52
Poland	**12.03**	9.9
Italy	**11.58**	10.54
Qatar	**11.53**	13.72
Indonesia	**10.41**	13.6
South Korea	**9.88**	10.54

(WorldPERatio)

Indian Market Data

	Nifty 50	Nifty MidCap 150	Nifty SmallCap 250
Valuations			
P/E	19.60	33.60	26.20
P/B	3.29	4.66	3.21
Growth			
Sales Growth (Median)	9.21%	10.21%	11.45%
Profit Growth (Median)	11.31%	10.92%	13.32%
Earnings			
EPS	1125	530.82	530.65

(Screener)

Global Valuations

Global market valuations show a mix of overvaluation and undervaluation across regions. The United States (P/E 25.99) and India (P/E 22.92) trade at premiums compared to their historical averages, while China (P/E 10.16), South Korea (P/E 9.88), and Italy (P/E 11.58) appear undervalued. European markets like Germany, France, and the UK have higher P/E ratios than their five-year averages, whereas Denmark (P/E 17.32) has slightly declined. Emerging markets such as Vietnam and Thailand have seen notable corrections, trading below their historical levels, while Japan, Singapore, and Malaysia remain relatively stable. Overall, developed markets are trading at a premium, while many emerging markets present potential value opportunities. This valuation gap is a key factor driving liquidity into undervalued markets like China.

India Market

Valuation

The large-cap PE multiple, which previously ranged between 23-24, has now fallen below 20, making it lower than both the 10-year and 5-year averages. If valuations correct further from this level, experts believe the market would be overshooting on the downside. The current market correction, following the post-COVID rally, is seen as a healthy and necessary adjustment rather than a cause for concern.

Earnings

Corporate earnings remain strong, and forward estimates continue to look positive. With government expenditure picking up after being frozen due to the election season, economic activity is expected to gain momentum. Additionally, the reduced number of IPOs compared to the previous year means liquidity that was flowing into the primary markets is now expected to shift towards the secondary markets, further supporting earnings growth.

Growth

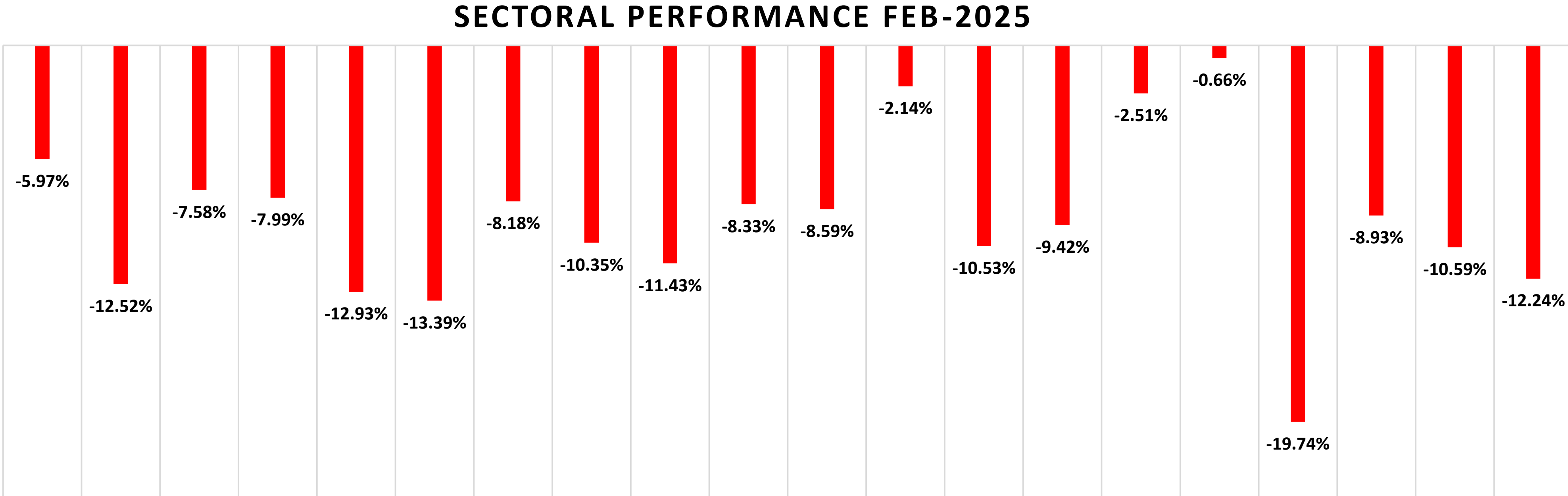
The outlook for mid- and small-cap segments remains uncertain as valuations continue to be elevated. Over the last five years, Sensex has delivered 14.08% returns, while BSE MidCap and BSE SmallCap have returned 22.40% and 27.23%, respectively. Experts suggest that either large caps need to catch up or mid- and small-cap segments must correct further to close this divergence. However, the ongoing correction is cyclical rather than structural or fundamental, indicating that long-term growth prospects remain intact.

Sectors

- **Worst Performers:** The Defence sector saw the steepest decline at -19.74%, followed by Realty (-13.39%), MCX (-12.93%), and PSU Banks (-10.53%).
- IT (-12.52%), Healthcare (-7.99%), Pharma (-7.58%), and FMCG (-10.59%) also witnessed significant losses.
- **Relatively Resilient Sectors:** Metals (-2.14%), Banks (-2.51%), and Private Banks (-0.66%) saw smaller declines.

The market downturn suggests a broad correction across sectors, with **Metals and financial sectors** showing relative strength. Investors should keep an eye on these resilient sectors, as they often present good opportunities during market turnarounds.

SECTORAL PERFORMANCE FEB-2025



	Nifty 50	IT	Pharma	Healthcare	MCX	Realty	Infra	Auto	Energy	Consumer Durables	Cnsumption	Metal	PSU Banks	Oil & Gas	Bank	Private Bank	Defence	Manufacturing	FMCG	Media
Feb-28	-5.97%	-12.52%	-7.58%	-7.99%	-12.93%	-13.39%	-8.18%	-10.35%	-11.43%	-8.33%	-8.59%	-2.14%	-10.53%	-9.42%	-2.51%	-0.66%	-19.74%	-8.93%	-10.59%	-12.24%

(TradingView)

MONTH	FII (INR Crore)			DII (INR Crore)			NIFTY
	Buy Amount	Sell Amount	Net Amount	Buy Amount	Sell Amount	Net Amount	
Feb-25	2,59,257	3,18,245	-58,988	2,77,187	2,12,334	64,853	22124.7 (28 Feb, 2025)
Jan-25	2,73,403	3,72,300	-98,897	3,84,953	2,83,461	1,01,491	23508.4 (31 Jan, 2025)

(NiftyTrader)

Liquidity Analysis

FII

- Better US bond yields and a strong rally in US markets have attracted liquidity away from emerging markets, including India.
- Chinese markets are witnessing strong FII inflows, driven by government support and attractive value investing opportunities.
- India has been underweight in FII portfolios for some time. However, with the correction in valuations, positive earnings projections, and strong economic and stock market fundamentals, FIIs now have little option but to reduce their excessive underweight position in India in the coming months. This is possibly evident in the reduced selling by FIIs in February 2025 and the increased buy value, leading to an improvement in the net outflow.

DII

- DIIs have consistently supported the market by absorbing FII selling pressure.
- In February 2025, DIIs bought ₹2,77,187 crore worth of equities while selling ₹2,12,334 crores, resulting in a net inflow of ₹64,853 crores.
- In January 2025, DIIs had a higher net inflow of ₹1,01,491 crores, further cushioning the market against FII outflows.

MARKET BREADTH ANALYSIS

Date	Index Name	% of Stocks Above RS (55 Days)	% of Stocks Above 20 SMA	% of Stocks Above 50 SMA	% of Stocks Above 100 SMA	% of Stocks Above 200 SMA
28-Feb-25	Nifty 500	18	8	8	6	10
31-Jan-25	Nifty 500	32	41	20	15	26
31-Dec-24	Nifty 500	45	27	38	33	44
29-Nov-24	Nifty 500	38	62	37	33	52
31-Oct-24	Nifty 500	43	36	23	34	56
30-Sep-24	Nifty 500	41	54	61	69	82

(StockEdge)

Market Sentiments

The Market Breadth Analysis data shows a weakening trend in the Nifty 500 index, with the percentage of stocks trading above key moving averages (20, 50, 100, and 200 SMA) steadily declining from September 2024 to February 2025. By February 2025, only a small fraction of stocks remain above these levels, indicating weak market participation and bearish sentiment.

The Nifty 500 Periodic H/L Data further reinforces this downtrend. The number of stocks in the 1-year low zone has surged from just 64 in November 2024 to 291 in February 2025, while stocks in the 1-year high zone have dropped significantly from 200 in September 2024 to just 8 in February 2025. This sharp decline in high-performing stocks and an increase in those hitting new lows suggest broad-based selling pressure and declining investor confidence.

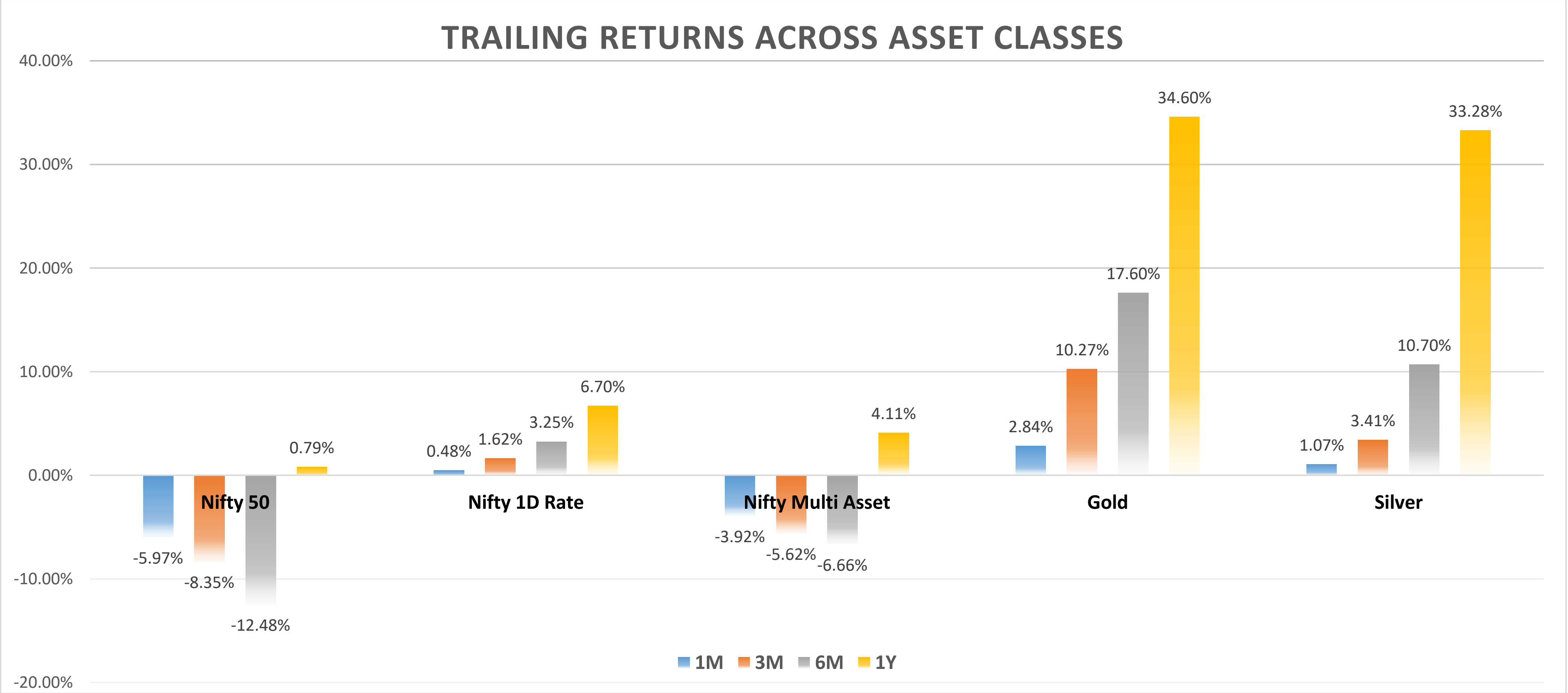
Overall, the data reflects weakened momentum in the broader market, with fewer stocks holding key support levels and an increasing number moving into oversold territory.

This also suggests potential oversold conditions. With broader market breadth in the red and stocks bottoming out, the market is now providing good valuations. Additionally, the majority of companies continue to offer healthy fundamentals, good earnings projections, and growth potential. With the rural economy performing well and expectations of boosted consumption, now is the time to invest.

Nifty 500 Periodic H/L Data

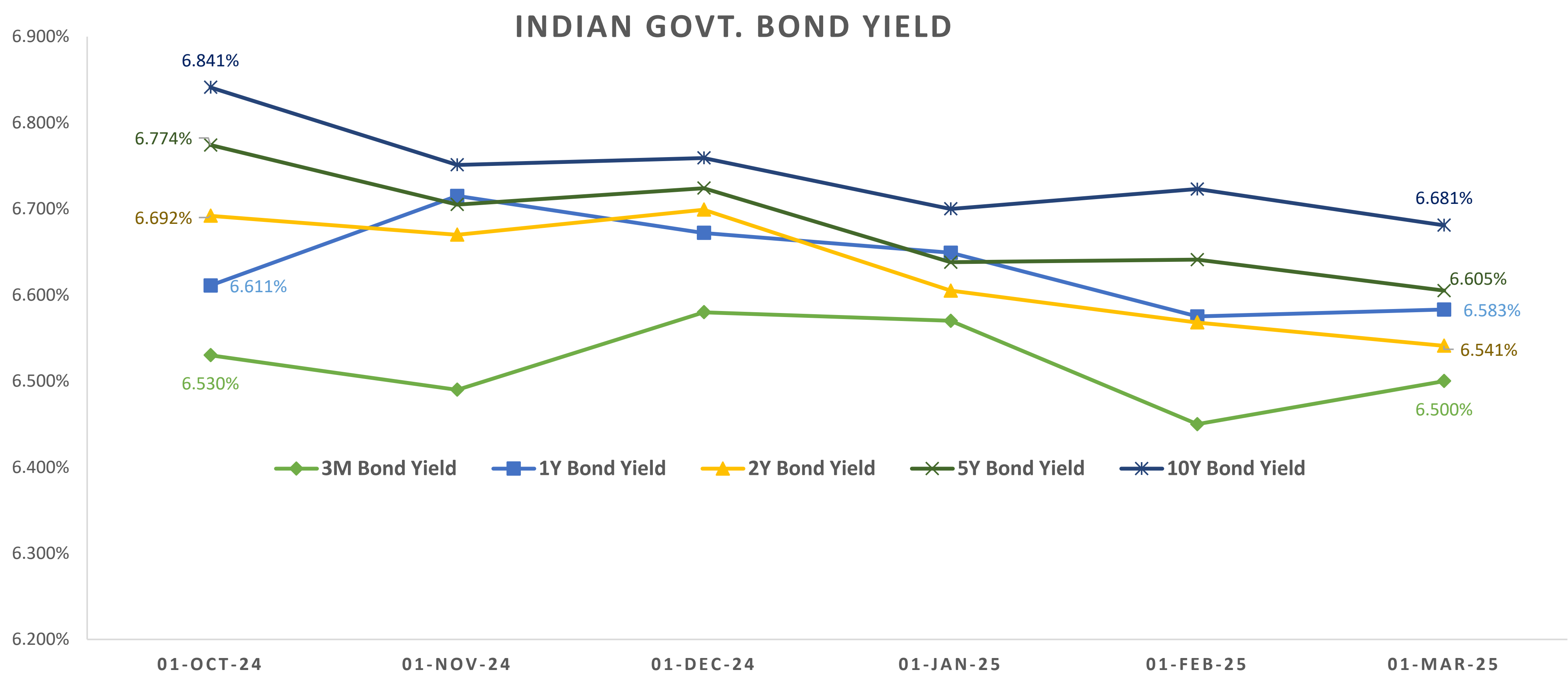
Date	No. of Stocks in 1 Year Low Zone	No. of Stocks in 1 Year Mid Zone	No. of Stocks in 1 Year High Zone
28-Feb-25	291	201	8
31-Jan-25	159	323	18
31-Dec-24	110	317	73
29-Nov-24	64	354	82
31-Oct-24	40	368	92
30-Sep-24	16	279	205

(StockEdge)



(TradingView & NSE)

Debt



(TradingView)

Govt. Bond Yields Trend

- Short-term bonds (3M, 1Y, 2Y) have declined since Dec 2024**, indicating expectations of lower interest rates or improved liquidity.**
- Long-term bonds (5Y, 10Y) have also decreased but at a slower pace**, showing cautious optimism about inflation and economic stability.**
- The overall yield curve is flattening**, suggesting expectations of slower economic growth or a possible interest rate cut by the RBI.**
- **Rate Cut Expectations**: The fall in short-term yields suggests that investors are pricing in a **potential interest rate cut by RBI**.
- **Long-Term Stability**: The smaller decline in 5Y & 10Y bonds suggests **confidence in long-term policy measures**.

Corporate Bond Indices (NIFTY AAA & Duration-Based Indices)

- **Highest Yielding Index:** NIFTY AAA Low Duration Bond Index **has the highest yield at** 7.80%**.**
- **Longest Maturity & Duration:** NIFTY AAA Long Duration Bond Index has an average maturity of 12.20 years and the highest Macaulay duration (8.86 years).
- **Best Performers (Returns Since Inception):** NIFTY AAA Long Duration Bond Index (8.31%), NIFTY AAA Medium Duration Bond Index (7.88%)
- **Short-Term Performance (3M Returns):** The NIFTY AAA Ultra Short Duration Bond Index (1.79%) has the best 3-month return.

Government Securities (G-Sec) Indices

- **Highest Yielding G-Sec Index:** NIFTY Long Duration G-Sec Index with a yield of 7.17%.
- **Longest Duration & Maturity:** NIFTY Long Duration G-Sec Index has the highest Macaulay duration (11.34 years) and an average maturity of 28.14 years.
- **Best Performers (Since Inception Returns):** NIFTY Long Duration G-Sec Index (7.38%).
- **Short-Term Performance (3M Returns): The** NIFTY Medium Duration G-Sec Index (1.97%) **has the best 3-month return.**

Falling bond yields signal potential RBI rate cuts, benefiting long-duration bonds like **NIFTY Long Duration G-Sec** and **NIFTY AAA Long Duration**, though their high durations make them volatile. Short-duration bonds, such as **NIFTY AAA Ultra Short Duration** and **NIFTY Ultra Short G-Sec**, offer stability in rising rate scenarios. A balanced strategy mixes short- and medium-duration bonds for stable income. Corporate bond yields above G-Secs indicate credit market stability.

For Debt Fund recommendations and allocation strategy according to portfolio strategy and style, investors can refer to MySIPOnline.

Statistics (Returns as on **Feb 28, 2025**)

Index Name	Avg. coupon %	Avg. Yield %*	Avg. Macaulay Duration*	Avg. Maturity*	3 M	6 M	1 Yr.	3 Yr.	Since Inception
NIFTY Ultra Short Duration G-Sec Index	6.24	6.49	0.27	0.27	1.69	3.38	7.08	6.42	6.50
NIFTY Low Duration G-Sec Index	6.75	6.67	0.71	0.73	1.72	3.43	7.27	6.24	6.51
NIFTY Short Duration G-Sec Index	6.61	6.68	1.93	2.10	1.91	3.74	7.93	6.09	6.87
NIFTY Medium Duration G-Sec Index	7.15	6.73	3.51	4.06	1.97	3.96	8.61	6.32	7.01
NIFTY Medium to Long Duration G-Sec Index	7.05	6.88	6.70	8.99	1.78	4.04	8.97	7.09	7.28
NIFTY Long Duration G-Sec Index	7.24	7.17	11.34	28.14	0.72	2.66	8.24	7.84	7.38

Note: Returns for periods longer than 1 year are annualized
**As on February 28, 2025*

(NSE)

Statistics (Returns as on **Feb 28, 2025**)

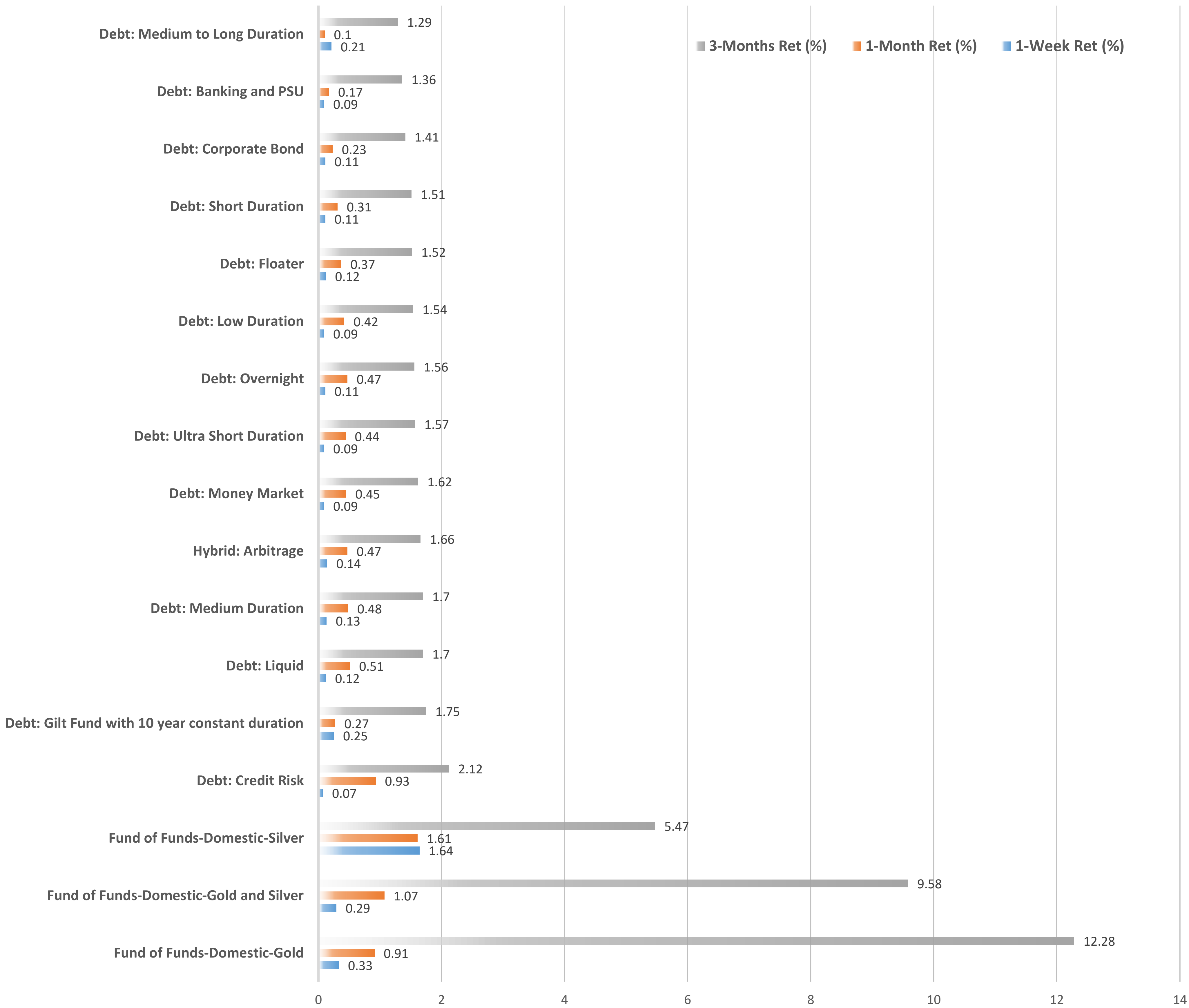
Index Name	Avg. coupon %	Avg. Yield %*	Avg. Macaulay Duration*	Avg. Maturity*	3 M	6 M	1 Yr.	3 Yr.	Since Inception
NIFTY AAA Ultra Short Duration Bond Index	7.39	7.69	0.22	0.22	1.79	3.71	7.83	7.07	7.73
NIFTY AAA Low Duration Bond Index	6.90	7.80	0.73	0.73	1.69	3.54	7.46	6.47	7.59
NIFTY AAA Short Duration Bond Index	7.42	7.53	2.18	2.36	1.68	3.55	7.38	5.93	7.73
NIFTY AAA Medium Duration Bond Index	7.82	7.46	3.56	4.20	1.35	2.87	7.01	5.35	7.88
NIFTY AAA Medium to Long Duration Bond Index	7.62	7.43	5.31	6.83	1.44	3.39	7.34	5.62	7.75
NIFTY AAA Long duration Bond Index	5.37	7.06	8.86	12.20	0.03	2.16	6.24	5.42	8.31
NIFTY AAA Ultra Short to Medium Residual (ex Pvt Financial Services) Index	7.77	7.62	1.99	2.20	1.24	2.93	6.81	-	6.98

Note: Returns for periods longer than 1 year are annualized
**As on February 28, 2025*

(NSE)

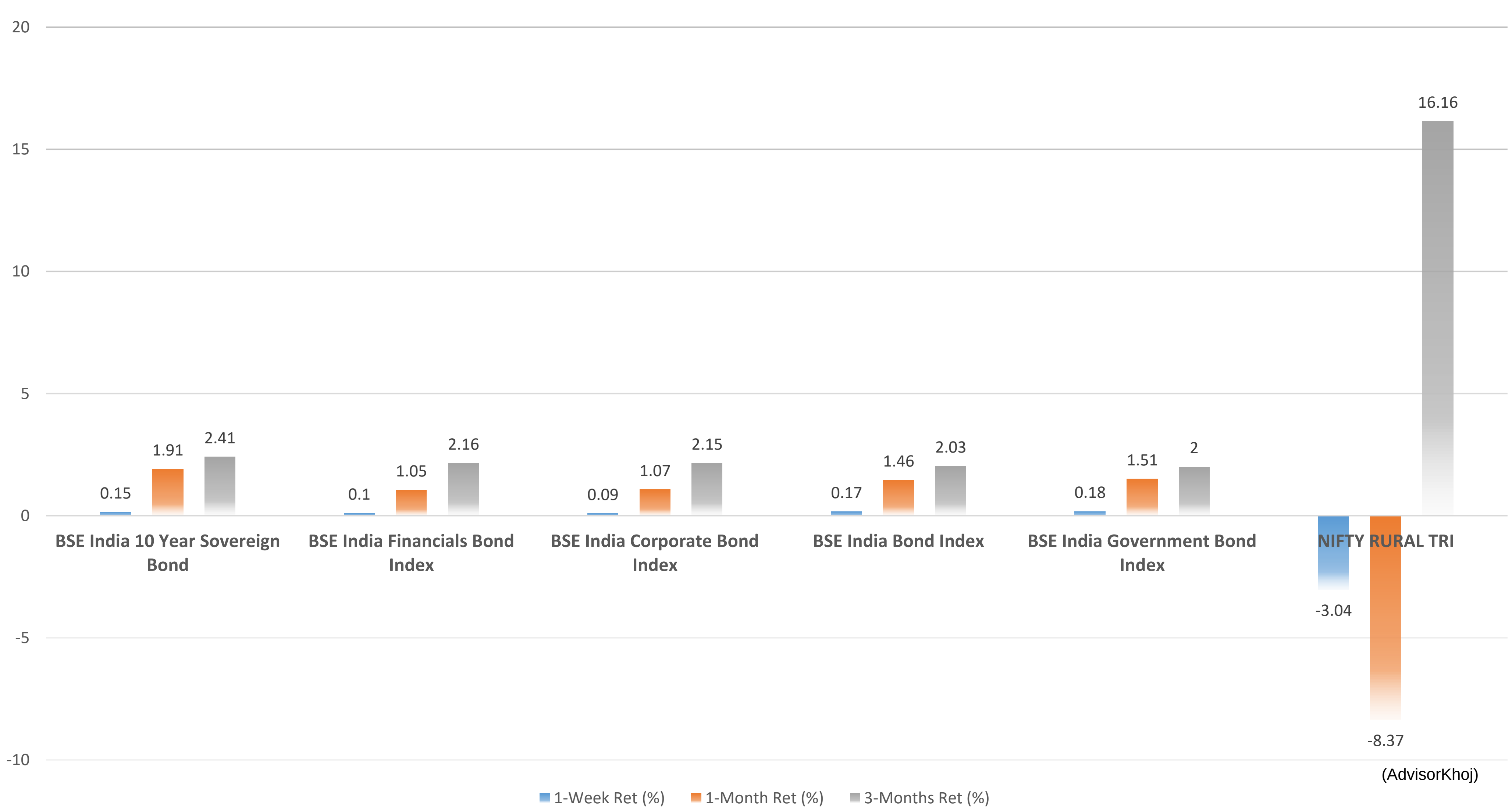
Mutual Funds

TOP PERFORMING CATEGORIES IN NEAR TERM

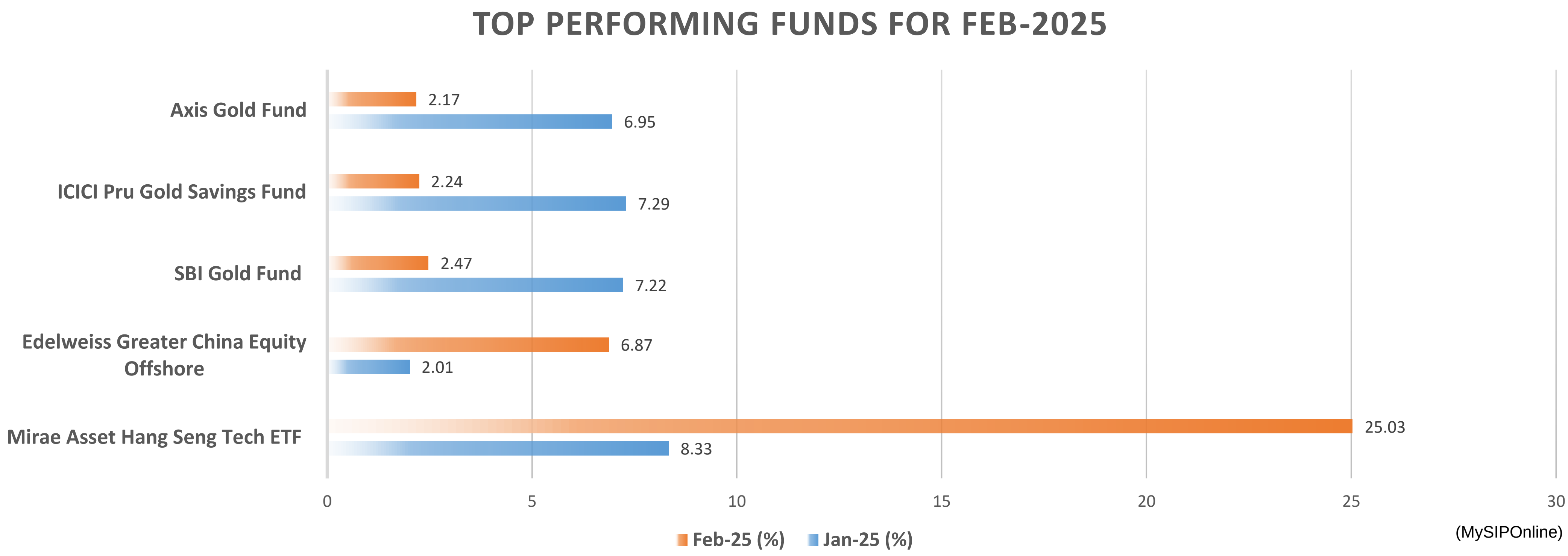


(AdvisorKhoj)

TOP PERFORMING MF BENCHMARKS IN NEAR TERM



(AdvisorKhoj)



Performance Insights & Investing Opportunities

The trend of debt, precious metals, and international funds outperforming the equity segment continues, with the NIFTY closing 5.97% lower in February 2025. Foreign investors are shifting towards cheaper valuation markets like China, leading to an underweight allocation for India in their portfolios.

Category performance data and top-performing funds indicate that the equity segment is currently not in momentum. This highlights the importance of portfolio diversification across asset classes to navigate various market conditions and secure profits regardless of market trends.

Within the equity segment, large-cap quality companies are best positioned due to their subdued valuations, strong fundamentals, and positive earnings expectations. Such companies demonstrate resilience during market downturns and tend to recover quickly when conditions improve.

The analysis of Indian government bonds and the RBI's interest rate scenario suggests flexibility in money supply, a decline in bond yields, and potential growth in the equity segment. With stocks at bottomed-out levels, value investing opportunities are emerging. Additionally, FIIs (Foreign Institutional Investors) are expected to return, and the market downturn is unlikely to persist for long.

To ensure investors do not miss future market opportunities, it is recommended to deploy funds in mutual fund schemes that incorporate quality companies in their portfolios, as these will be among the first to recover and deliver phenomenal returns. The current downturn in the equity segment is not expected to persist, as discussed in the equity section. The weakness is cyclical rather than structural, meaning it is not driven by weak fundamentals or earnings. Fundamentals and future expectations remain strong, and while the exact timing of a market recovery is uncertain, it is inevitable. Therefore, investors should continue their investments.

SIP (Systematic Investment Plan) investors, in particular, should maintain their SIPs, as they benefit from rupee cost averaging, allowing participation across different market conditions. SIPs are well-positioned in the current market scenario.

However, lump sum investors should consider allocating a portion of their planned equity investments to the debt segment and gradually deploying funds into equities as the market gains momentum. For personalized consultation on portfolio management, SIP fund selection, and lump sum investment strategies tailored to current market conditions, investors can refer to MySIPOnline and request guidance from a certified team of researchers and analysts.

The Power of Discipline: How Consistent SIP Investing Outperforms Market Timing

Investing in equity markets requires patience, consistency, and discipline. A Systematic Investment Plan (SIP) is one of the most effective strategies to build wealth over time, as it eliminates the risks associated with market timing and benefits from rupee cost averaging. This case study examines how disciplined investing in a benchmark index over 20 years compares to an inconsistent approach where an investor misses out on the best-performing months.

Scenario 1: Consistent SIP Investing

An investor who consistently invested a fixed amount every month in the benchmark index over 20 years would have experienced the full benefit of compounding. Despite short-term market volatility, staying invested through market cycles would have yielded significant returns, taking advantage of both bull and bear markets.

- **Final Portfolio Value:** ₹ 2,18,63,894
- **Invested Amount:** ₹ 59,02,257

Scenario 2: Missing the 25 Best Months

If an investor tried to time the market and missed just the 25 best-performing months in these 20 years, the portfolio's final value would have been significantly lower. Historically, a small number of months contribute disproportionately to long-term gains, and missing them severely impacts returns.

- **Final Portfolio Value:** ₹ 1,95,79,175
- **Difference from Consistent SIP:** ₹ 22,84,719
- **Invested Amount:** ₹ 55,89,295

Scenario 3: Missing the 25 Best Buy-On-Dip Months

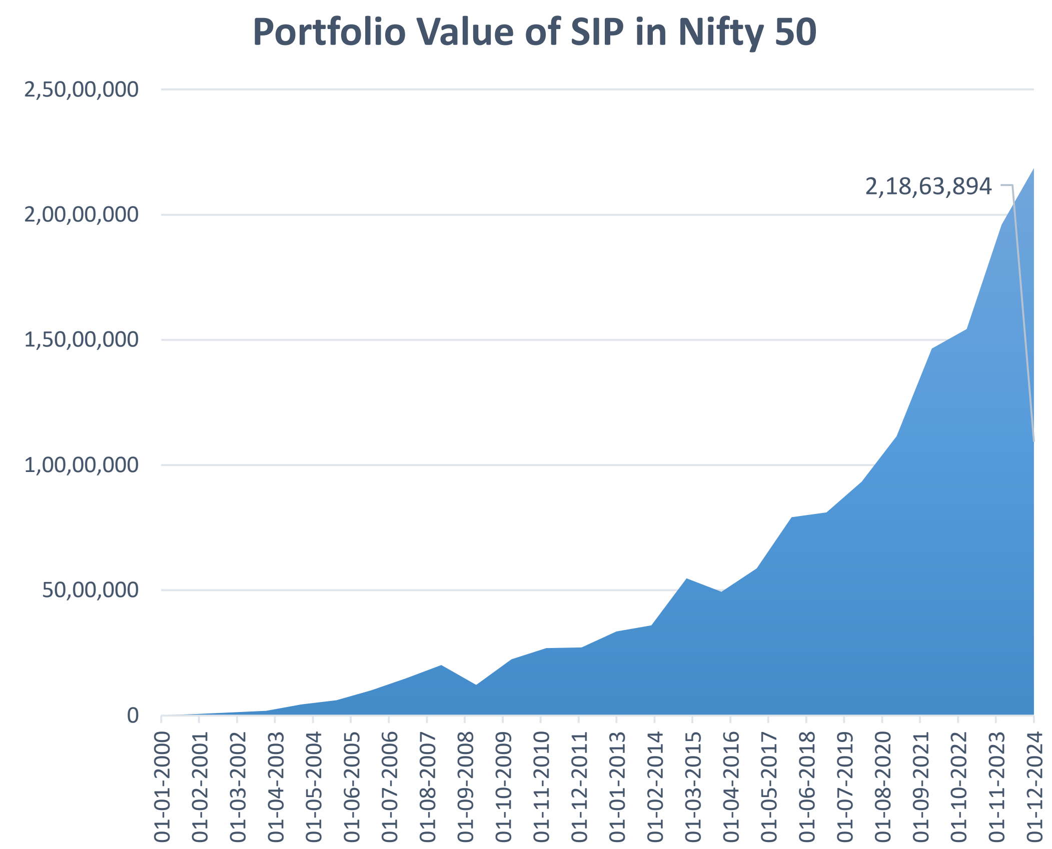
Another common mistake is hesitating to invest during market downturns. If an investor skipped SIP contributions during 25 of the best "buy-on-dip" months—periods when markets temporarily declined but rebounded strongly—the portfolio value would have been even further reduced.

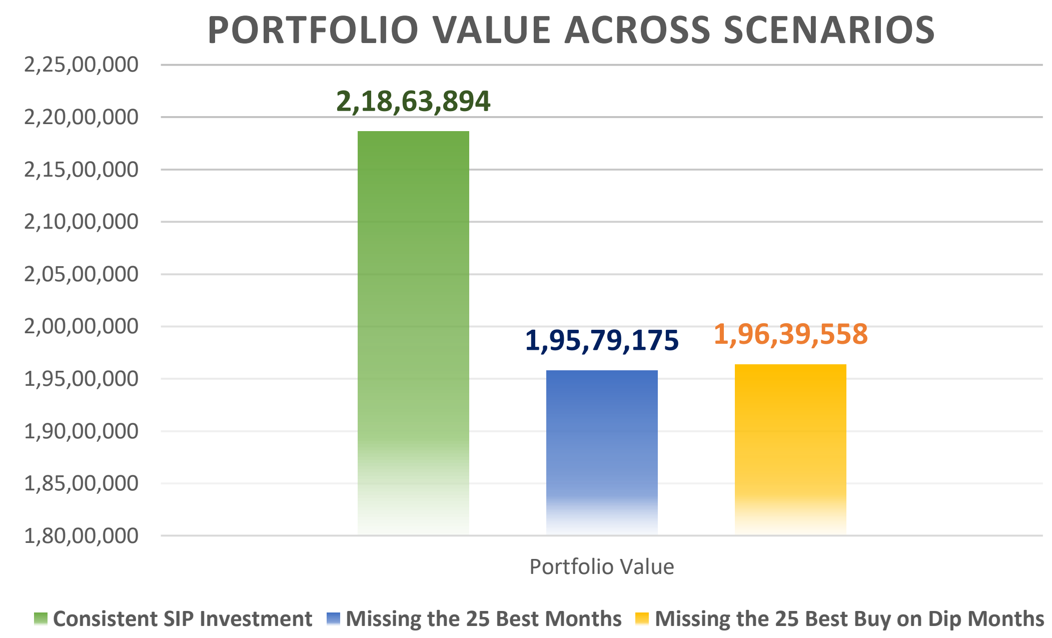
- **Final Portfolio Value:** ₹ 1,96,39,558
- **Difference from Consistent SIP:** ₹ 22,24,336
- **Invested Amount:** ₹ 56,18,211

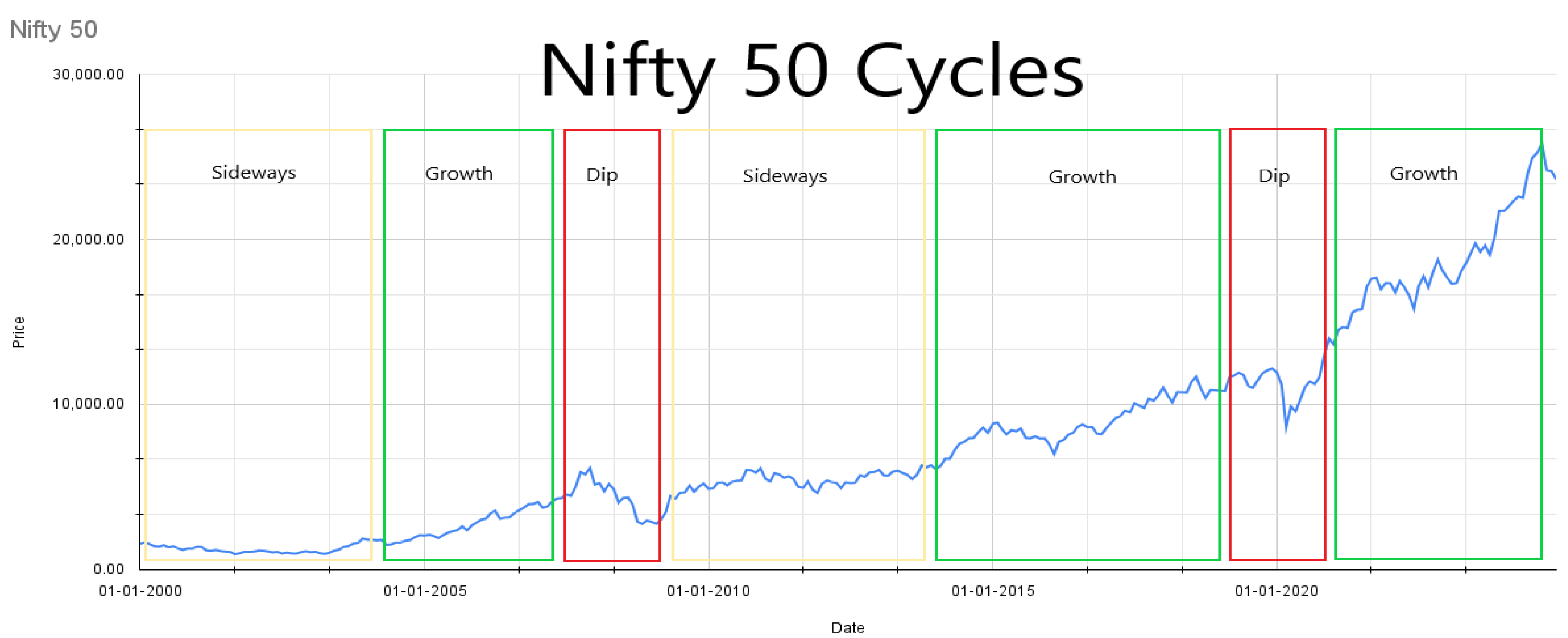
Key Takeaways

1. **Consistency Matters** – Regular SIP contributions help investors stay disciplined and benefit from market upswings over time.
2. **Market Timing is Risky** – Even missing a few high-growth months can drastically reduce long-term returns.
3. **Buy-on-Dip Opportunities are Crucial** – Market corrections provide attractive entry points, and avoiding them can lead to missed gains.
4. **SIP Works in All Market Conditions** – Whether the market is rising, falling, or consolidating, a disciplined SIP strategy ensures steady wealth creation.

	Start Date	Duration	SIP Amount	Portfolio Value	Invested Amount	Absolute Returns	Difference in Value
Consistent SIP	Jan, 2000	25 Yrs.	₹5,000 (10% Step Up Yearly)	2,18,63,894	59,02,258	1,59,61,636	-
Missing 25 Best Months				1,95,79,175	55,89,295	1,39,89,880	22,84,719
Missing 25 Best Buy on Dip Months				1,96,39,558	56,18,211	1,40,21,346	22,24,336







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