TATA CAPITAL WEALTH

ATLAS

Monthly Market Review June 2025

ATLAS
Monthly Market Review

TATA CAPITAL WEALTH

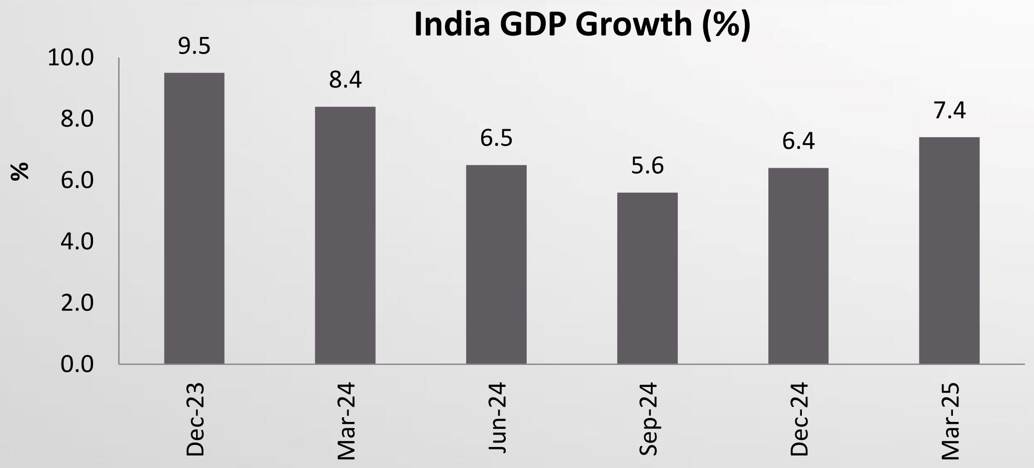
TABLE OF CONTENTS

MACRO ECONOMIC INDICATORS

GDP and Current Account Deficit Trend

MACRO

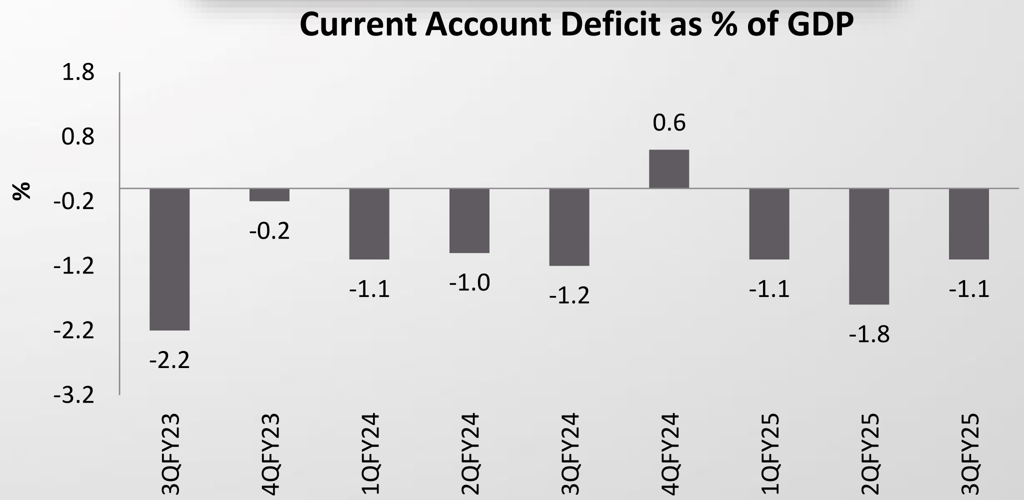
GDP grew by 7.4% YoY in 4QFY25



Source: Refinitiv

Gross Domestic Product (GDP) of the Indian economy at constant (2011-12) prices witnessed a growth of 7.4% YoY in the fourth quarter of FY25.

Current a/c deficit increased YoY in 3QFY25



Source: Refinitiv

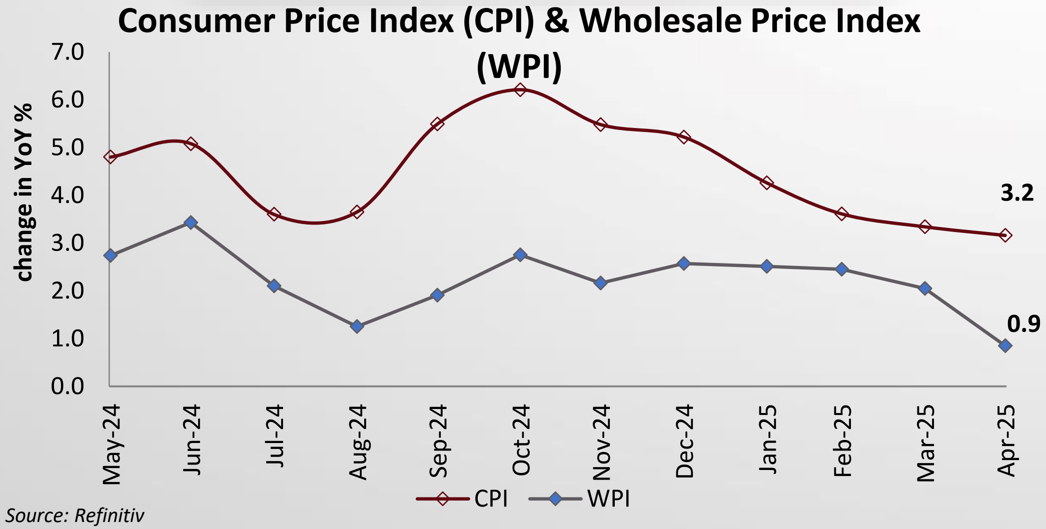
India's current account deficit (CAD) increased to US$ 11.5 billion (1.1% of GDP) in Q3 FY25 from US$ 10.4 billion (1.1% of GDP) in Q3 FY24 but moderated from US$ 16.7 billion (1.8% of GDP) in Q2 FY25.

MACRO ECONOMIC INDICATORS

Inflation and Trade Data Trend

MACRO

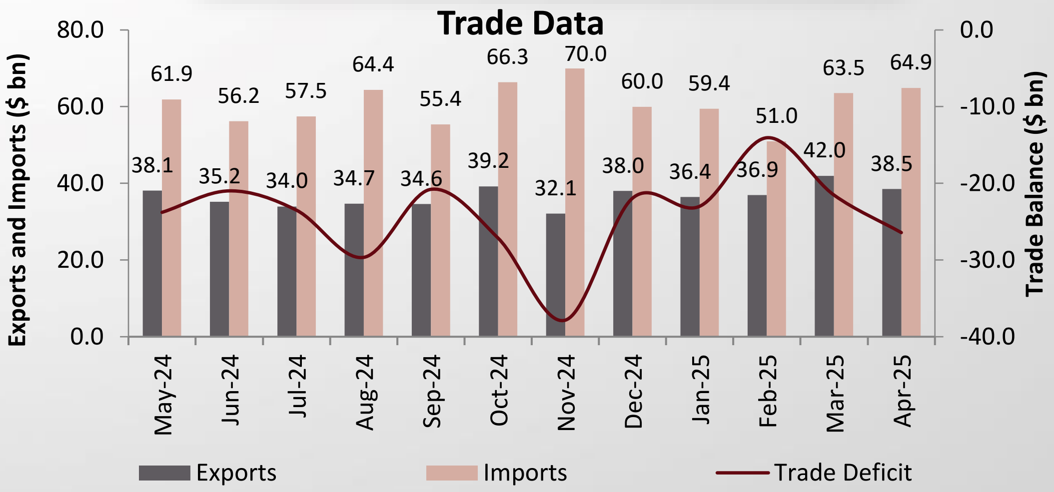
CPI inflation eased in Apr 2025



Source: Refinitiv

Retail inflation eased to a six-year low of 3.16% YoY in Apr 2025 compared to 3.34% in Mar 2025, driven by a further moderation in food prices. Wholesale inflation fell to 0.85% YoY in Apr 2025.

Trade deficit widened YoY in Apr 2025



Source: Refinitiv

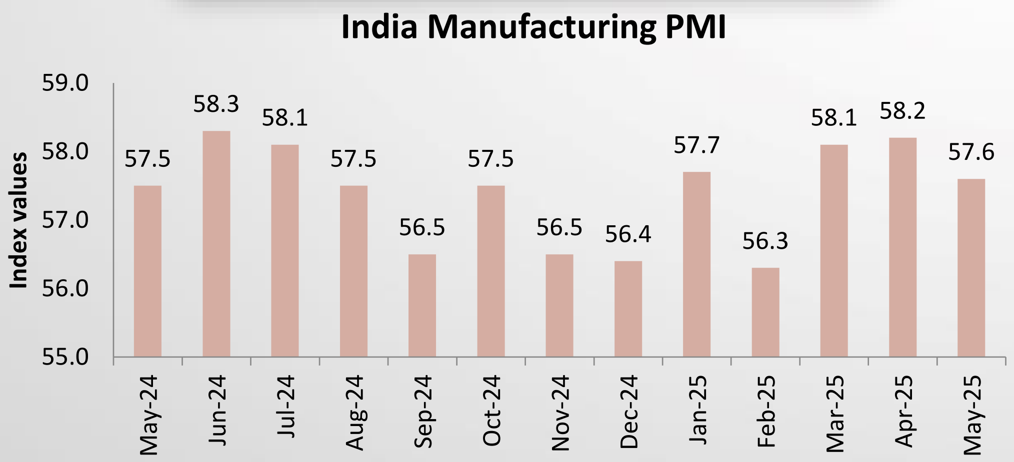
Merchandise trade deficit widened annually to $26.42 billion in Apr 2025 compared to $19.19 billion in Apr 2024. Exports rose by 9.04% YoY and imports increased 19.12% YoY in Apr 2025.

MACRO ECONOMIC INDICATORS

Manufacturing and Services PMI Trend

MACRO

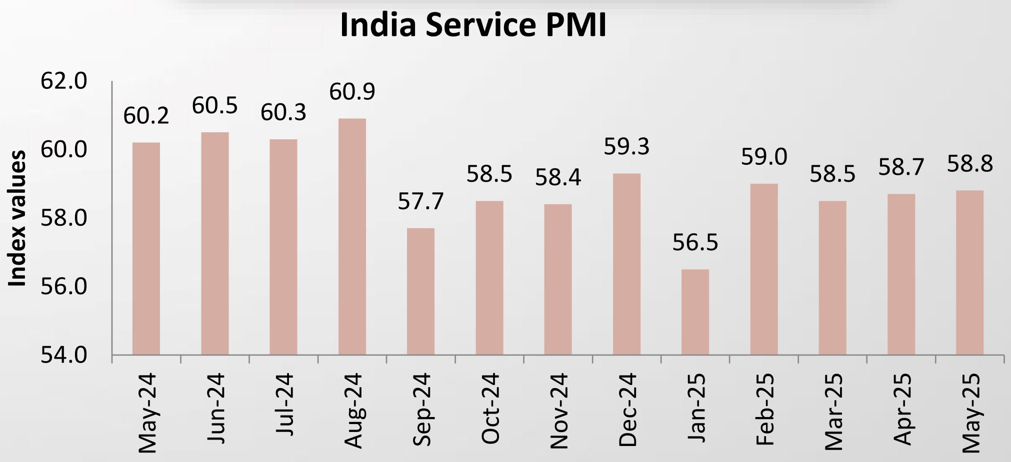
Manufacturing PMI fell in May 2025



Source: Refinitiv; PMI >50 denotes expansion and <50 is contraction

Manufacturing PMI experienced a slight slowdown in May 2025, with the PMI falling to a three-month low of 57.6 compared to 58.2 in Apr 2025, due to rising inflation and geopolitical tensions.

Services PMI rose marginally in May 2025



Source: Refinitiv; PMI >50 denotes expansion and <50 is contraction

Services PMI rose marginally to 58.8 in May 2025 from 58.7 in Apr 2025, supported by strong export demand and record hiring.

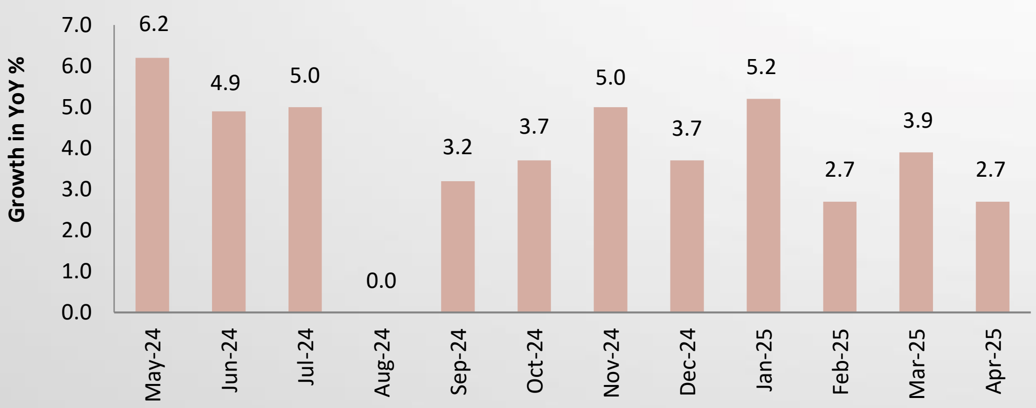
MACRO ECONOMIC INDICATORS

IIP and GST Trend

MACRO

Industrial output rose YoY in Apr 2025

Index of Industrial production (IIP)

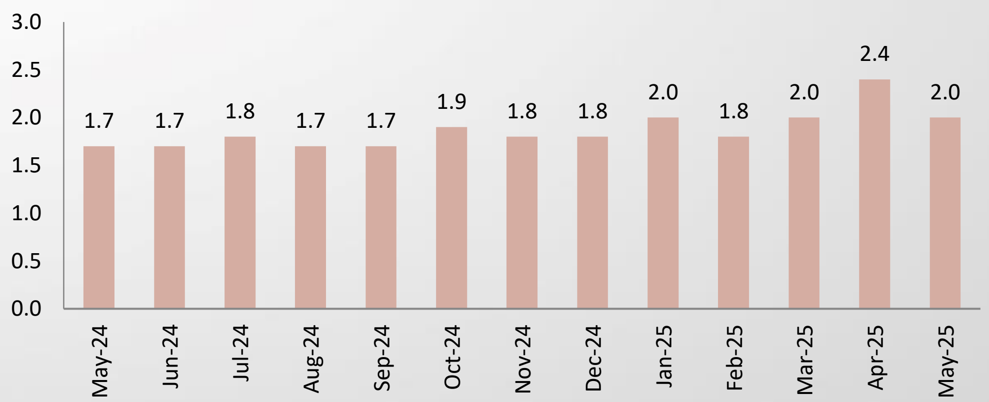


Source: Refinitiv

The Index of Industrial Production rose by 2.7% YoY in Apr 2025. Production in the manufacturing and electricity sectors grew by 3.4% and 1.1%, respectively, while mining output declined by 0.2%.

GST revenue rose YoY in May 2025

GST Collections (Rs. Lakh Crore)



Source: PIB

The total gross Goods and Services Tax (GST) revenue grew by 16.4% YoY and stood at Rs. 2.01 lakh crore in May 2025, compared to Rs. 1.73 lakh crore in May 2024.

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Monthly Market Review

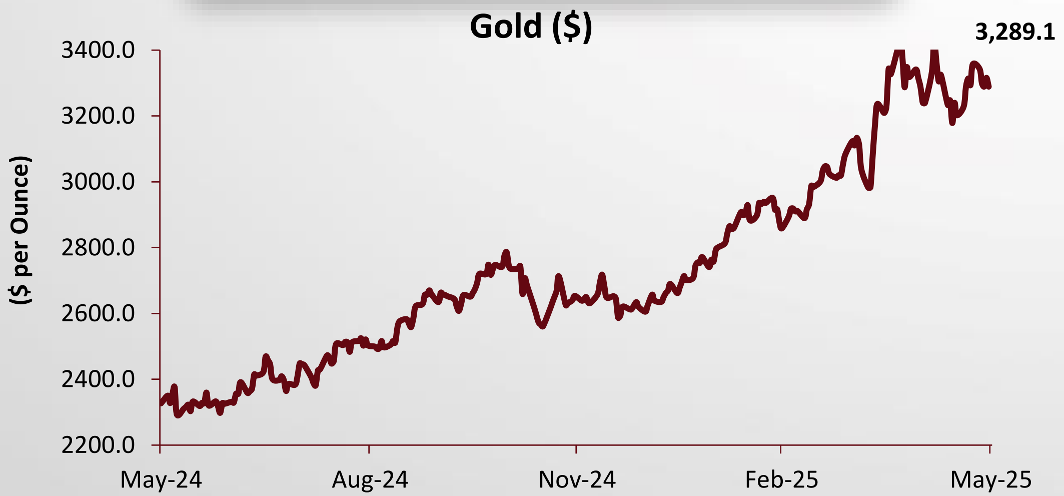
TATA CAPITAL WEALTH

MACRO ECONOMIC INDICATORS

International Gold and U.S. 10 Year Treasury Trend

MACRO

Gold prices rose MoM in May 2025



Source: Refinitiv

Gold prices inched up amid bond market volatility and U.S. fiscal uncertainty tied to the President's advancing tax bill.

U.S. Treasury yields rose MoM in May 2025

Source: Refinitiv

U.S. Treasury prices fell after a credit rating agency downgraded the U.S. government's rating from AAA to AA1, citing expectations of deteriorating fiscal performance.

Gold data as on 30th May 2025; U.S. 10 Year Treasury Yield data as on 30th May 2025

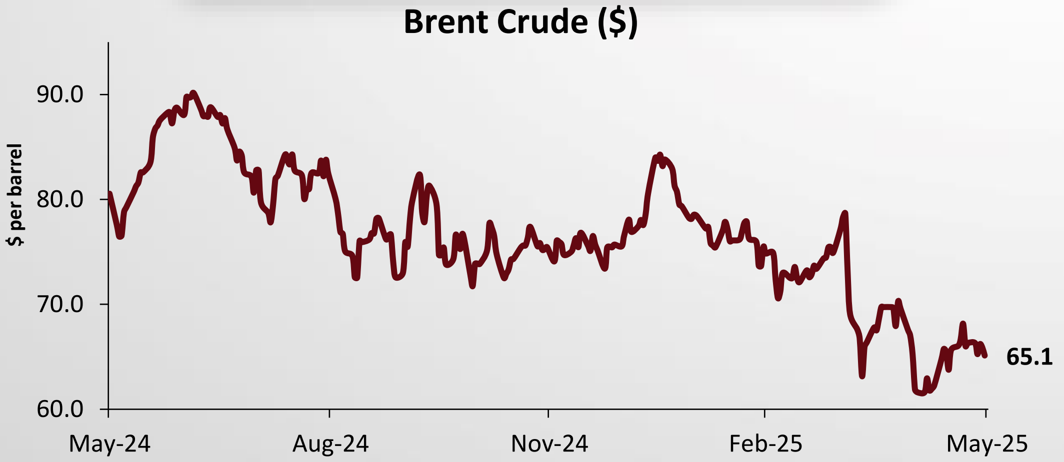
Monthly Market Review

MACRO ECONOMIC INDICATORS

Crude and USD/INR Currency Trend

MACRO

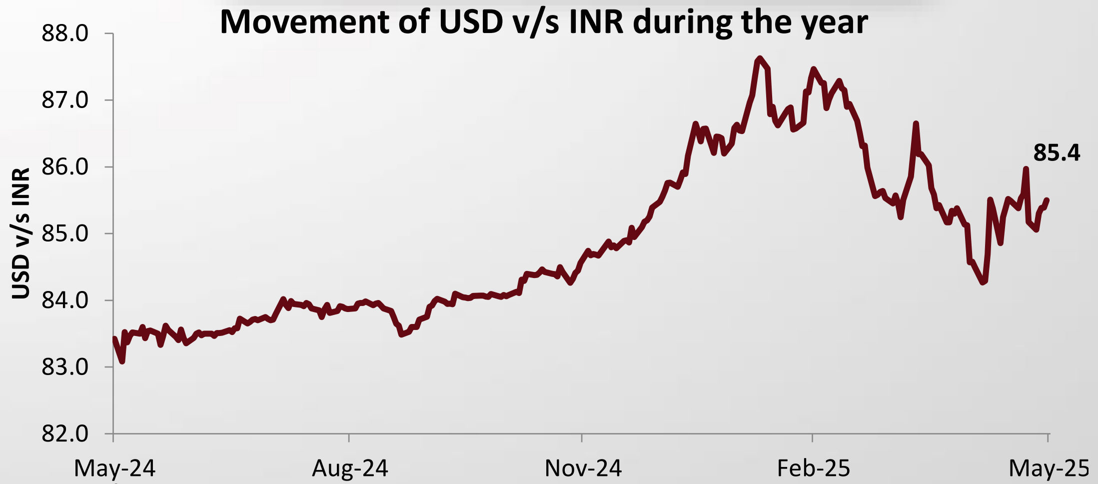
Crude oil prices fell MoM in May 2025



Source: Refinitiv

Brent crude fell on fears of oversupply from a potential U.S.-Iran nuclear deal and expected OPEC+ output increases.

Rupee fell against U.S. dollar on MoM in May 2025



Source: Refinitiv

The rupee fell against the U.S. dollar due to heightened cross-border tensions following India's military strikes on terrorist camps in Pakistan and POK, which weighed on the domestic currency.

Brent Crude data as on 30th May 2025; Rupee data as on 30th May 2025

EVENT UPDATE

RBI MPC reduced key policy repo rate by 50 bps to 5.50%

MACRO

Key Highlights

- MPC **reduced key policy repo rate by 50 bps to 5.50%** with immediate effect
- **Standing deposit facility** (SDF) rate **reduced to 5.25%**
- The MPC **decided to change the stance from accommodative to neutral**
- For **FY26**, **retail inflation is projected at 3.7%**
- For **FY26**, **real GDP growth is projected at 6.5%**

Policy Rates / Reserve Ratio	09-Apr-25	06-Jun-25	Status
CRR	4.00%	3.00%*	↓
SLR	18.00%	18.00%	↔
SDF	5.75%	5.25%	↓
Repo Rate	6.00%	5.50%	↓
MSF	6.25%	5.75%	↓
Bank rate	6.25%	5.75%	↓
Fixed Reverse Repo Rate	3.35%	3.35%	↔

*CRR will be reduced by 100 bps to 3.0% in four equal tranches of 25 bps each, starting from Sep 6, 2025.

Growth Outlook

- **Economic activity in 2025–26 is set to remain strong**, driven by private consumption, rising investment, and resilient demand. While **trade policy uncertainty weighs on exports, progress on free trade deals offers support.**
- **Agriculture benefits from a good monsoon**, and services stay robust, though global risks persist.
- **Real GDP growth for FY26 is projected at 6.5%, with Q1 at 6.5%, Q2 at 6.7%, Q3 at 6.6%, and Q4 at 6.3%**, with balanced risks.

Inflation Outlook

- **Inflation outlook remains favorable, supported by record Rabi crop yields, an early above-normal monsoon**, easing rural inflation expectations, and soft commodity prices. However, weather and global tariff risks persist.
- Assuming a normal monsoon, **CPI inflation for FY26 is projected at 3.7%: Q1 at 2.9%, Q2 at 3.4%, Q3 at 3.9%, and Q4 at 4.4%**, with risks evenly balanced.

↑ increased compared to previous policy ↓ decreased compared to previous policy ↔ No change

Source: RBI

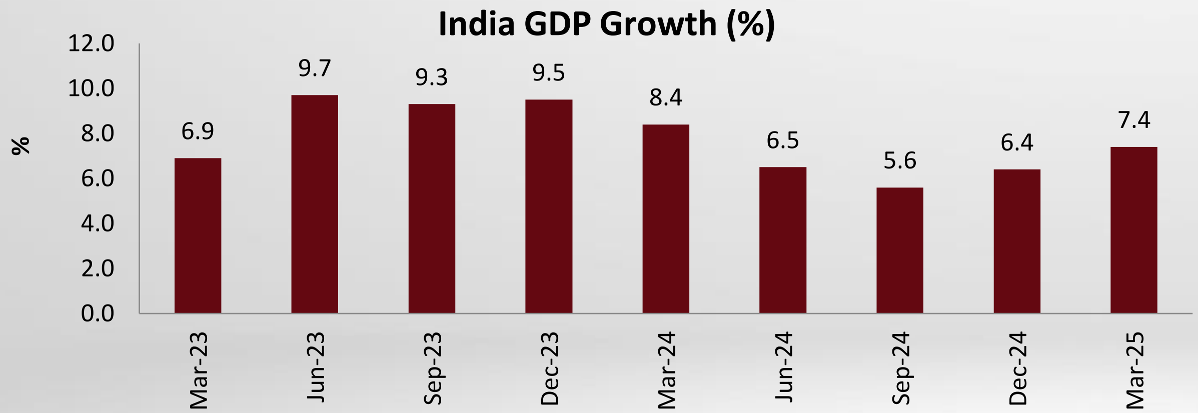
EVENT UPDATE

India's GDP grows 7.4% in Q4FY25

MACRO

Key Highlights

- **GDP of the Indian economy** at constant (2011-12) prices witnessed a **growth of 7.4% YoY in the fourth quarter of FY25**
- On the sectoral front, the **growth of Manufacturing sector decreased to 4.8% in Q4 of FY25 from 11.3% in same quarter of previous fiscal year**



Source: Refinitiv

Gross Value Added (GVA)

- **Gross Value Added (GVA) in Q4FY25 was 6.8% compared to 7.3% growth in the same quarter of the preceding year** with manufacturing rose by 4.8% in Mar 2025 quarter, against of 11.3% a year ago.

Gross Fixed Capital Formation (GFCF) & Private Final Consumption Expenditure (PFCE)

- **GFCF** indicates how much of the new value added is invested rather than consumed, **increased its share to 33.7% YoY from 33.5%. PFCE** , a marker to gauge how households have spent on buying goods and services, **increased to 56.5% from 56.1%.**

Year- on- Year % Change

- Growth of **Agriculture, Livestock, Forestry & Fishing increased to 5.4% in Q4 of FY25 compared to 0.9% growth in Q4 of FY24.**

DOMESTIC & GLOBAL

Equity Market Update

INDIAN EQUITY MARKET DASHBOARD

May 2025

DOMESTIC

Index Name (Broader Market Indices)	Absolute (%)				CAGR(%)		
	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
BSE Sensex	1.75	11.56	2.47	11.33	14.95	21.66	12.74
Nifty 50	1.92	12.13	3.05	11.08	15.56	22.29	12.73
Nifty 100	2.20	12.98	1.60	8.87	15.96	22.33	12.90
Nifty 500	3.65	14.89	0.87	9.02	18.44	25.09	13.85
Nifty Midcap 150	6.37	19.12	1.24	10.01	26.61	34.07	18.15
Nifty Smallcap 250	9.64	21.64	-4.85	8.36	25.65	37.60	15.60
Nifty Microcap 250	12.13	20.63	-6.38	14.23	34.99	50.58	21.23
Sectoral Indices							
Nifty PSU Bank	7.32	24.22	3.04	-4.81	41.25	45.23	7.79
Nifty Realty	7.18	18.99	-6.92	-6.62	32.55	39.81	17.42
Nifty Metal	7.13	11.85	2.01	-4.78	21.18	39.26	16.79
Nifty Energy	4.80	19.55	-3.69	-9.62	13.23	24.72	17.79
Nifty IT	4.72	0.58	-12.51	17.48	10.16	24.02	14.72
Nifty Auto	4.62	13.90	-0.08	0.40	27.33	31.35	11.68
Nifty Infrastructure	2.12	17.05	2.94	4.34	23.56	27.23	12.31
Nifty Oil & Gas	1.87	18.75	3.13	-1.06	14.37	22.97	16.71
Nifty Bank	1.37	15.51	7.27	14.38	17.11	24.37	12.21
Nifty Healthcare	-1.16	9.50	-1.48	18.44	22.01	20.35	8.35
Nifty FMCG	-1.36	9.86	-3.35	4.75	14.58	15.77	12.52
Nifty Pharma	-1.51	8.22	-3.38	14.82	20.29	17.82	6.24

- Domestic equities dipped initially amid India-Pakistan tensions but rebounded after a ceasefire agreement on May 10, 2025. Sentiment improved further with easing Apr 2025 inflation, boosting hopes of RBI rate cuts. Gains were capped by a U.S. credit rating downgrade and budget concerns, though optimism over India's growth and the RBI's record Rs. 2.69 lakh crore dividend supported markets.

Data as on 30th May 2025. Performance shown is for Total Return Index. Source: NSE, BSE

BROADER MARKET INDICES PERFORMANCE

Calendar Year wise

DOMESTIC

2016 (%)	2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)	2023 (%)	2024 (%)	CYTD (%)
Nifty Midcap 150 6.5	Nifty Smallcap 250 58.5	BSE Sensex 7.2	BSE Sensex 15.7	Nifty Smallcap 250 26.5	Nifty Smallcap 250 63.3	BSE Sensex 5.8	Nifty Smallcap 250 49.1	Nifty Smallcap 250 27.2	Nifty 50 5.2
Nifty 500 5.1	Nifty Midcap 150 55.7	Nifty 50 4.6	Nifty 50 13.5	Nifty Midcap 150 25.6	Nifty Midcap 150 48.2	Nifty 50 5.7	Nifty Midcap 150 44.6	Nifty Midcap 150 24.5	BSE Sensex 4.7
Nifty 100 5.0	Nifty 500 37.7	Nifty 100 2.6	Nifty 100 11.8	Nifty 500 17.9	Nifty 500 31.6	Nifty 100 4.9	Nifty 500 26.9	Nifty 500 16.2	Nifty 100 3.9
Nifty 50 4.4	Nifty 100 32.9	Nifty 500 -2.1	Nifty 500 9.0	BSE Sensex 17.2	Nifty 100 26.4	Nifty 500 4.2	Nifty 50 21.3	Nifty 100 13.0	Nifty 500 2.3
BSE Sensex 3.5	Nifty 50 30.3	Nifty Midcap 150 -12.6	Nifty Midcap 150 0.6	Nifty 50 16.1	Nifty 50 25.6	Nifty Midcap 150 3.9	Nifty 100 21.2	Nifty 50 10.1	Nifty Midcap 150 0.1
Nifty Smallcap 250 1.4	BSE Sensex 29.6	Nifty Smallcap 250 -26.1	Nifty Smallcap 250 -7.3	Nifty 100 16.1	BSE Sensex 23.2	Nifty Smallcap 250 -2.6	BSE Sensex 20.3	BSE Sensex 9.5	Nifty Smallcap 250 -5.0

- On CYTD basis, Nifty 50 witnessed the highest gain, while Nifty Smallcap 250 and Nifty Midcap 150 fell the most.
- Out of nine full calendar years, the Nifty Smallcap 250 has been the top performer in five years.

Performance shown is for Total Return Index; CYTD Performance as on 30th May 2025

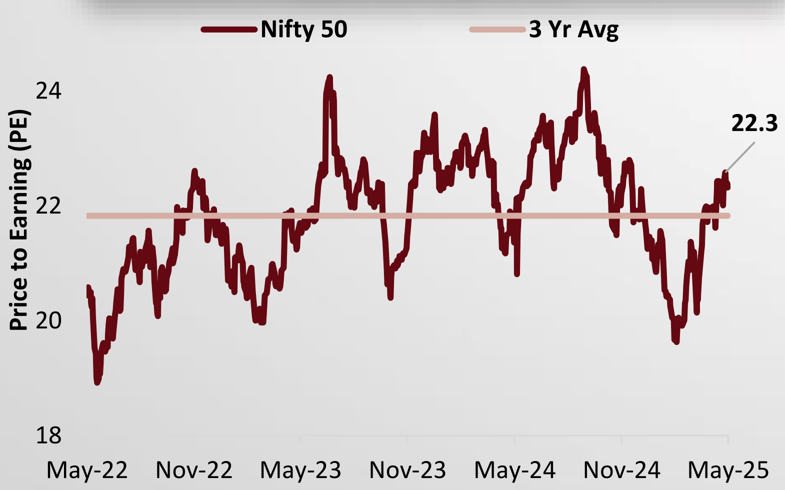
TATA CAPITAL WEALTH

RELATIVE TRAILING VALUATIONS (P/E)

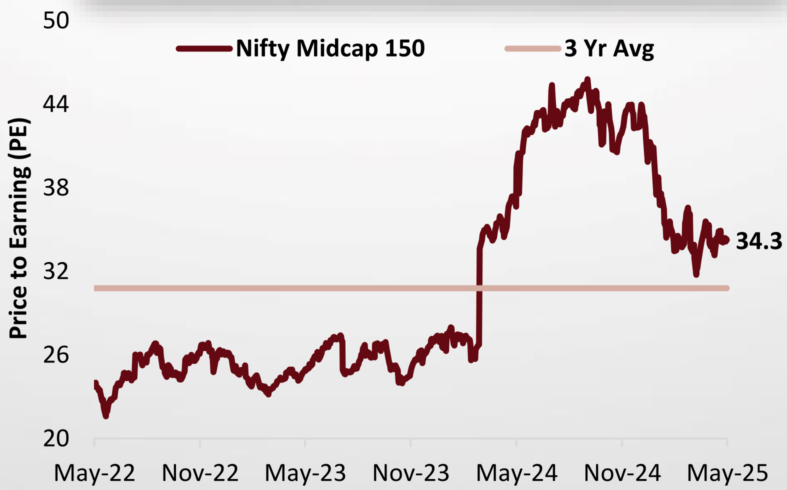
Large Cap vs Mid Cap vs Small Cap

DOMESTIC

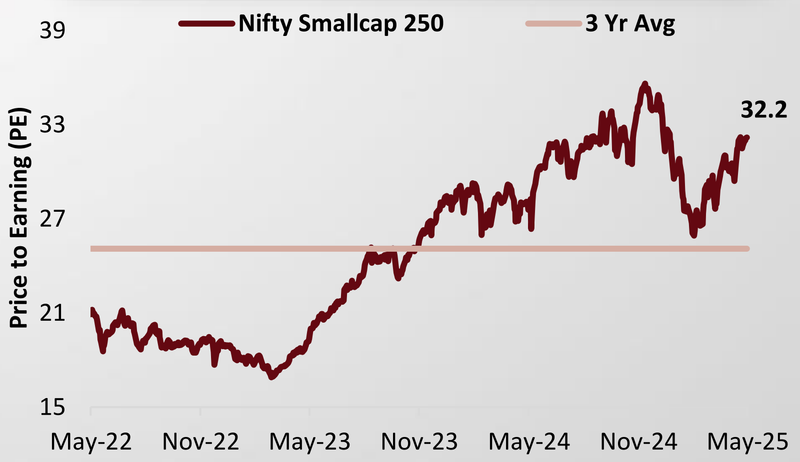
Nifty 50 trailing PE remained above the 3-year average mark



Nifty Midcap 150 trailing PE continued to remain above 3-year average level



Nifty Smallcap 250 trailing PE continued to remain above 3-year average level



- All indices are currently trading above their 3-year average valuations.
- Currently, Midcap & Small cap valuations are expensive compared to Large caps.

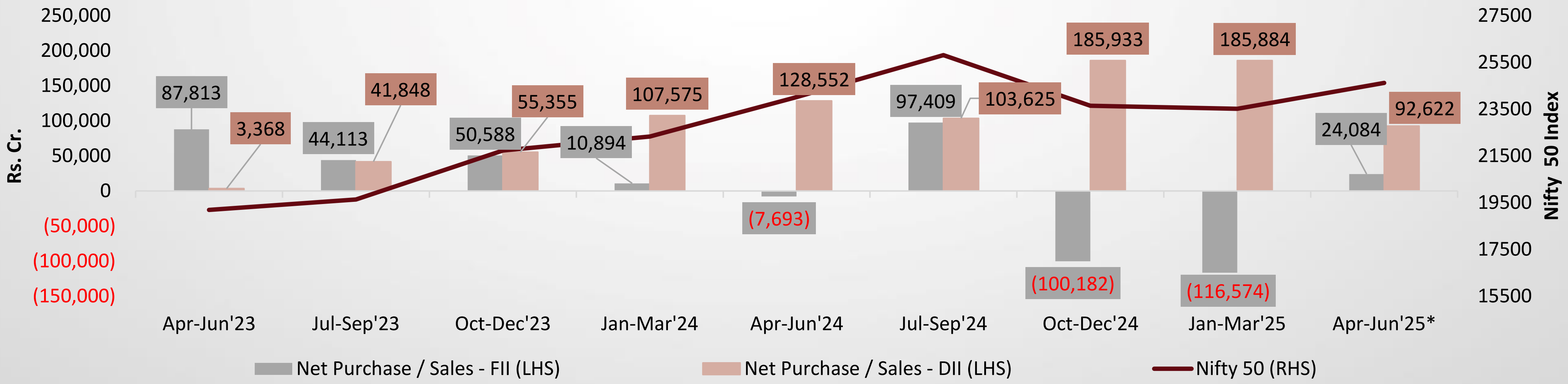
Source: NSE

EQUITY FLOWS

Quarterly FII & DII Flows

DOMESTIC

Quarterly Net FII & DII Flow (Cash) in Rs. Cr. V/S Nifty 50



- FIIs were net buyers in equity segment in May 2025 for the second consecutive month, with an inflow of Rs. 19,860.23 crore.
- Mutual funds have been net buyers in equity segment in the last 51 months till May 2025, except April 2023 and August 2022.

*Data as on 30th May 2025. Source: NSE, FPI NSDL

Monthly Market Review

GLOBAL EQUITY MARKET DASHBOARD

May 2025

GLOBAL

Emerging Markets	Index	Absolute (%)					CAGR(%)		
		1 Month	3 Months	YTD	6 Months	1 Year	2 Years	3 Years	5 Years
Indonesia	Jakarta Composite	6.04	14.44	1.35	0.87	2.97	4.02	0.13	8.58
South Korea	Kospi	5.52	6.51	12.43	9.84	2.33	2.31	0.15	5.85
Taiwan	Taiwan TAIEX	5.50	-7.40	-7.33	-4.11	0.82	13.49	8.30	14.29
China	Shanghai Composite	2.09	0.80	-0.13	0.63	8.47	2.21	1.66	3.25
India	**Nifty 50**	**1.71**	**11.87**	**4.68**	**2.57**	**9.88**	**15.56**	**14.28**	**20.88**
Brazil	Brazil Ibovespa	1.45	11.59	13.92	9.04	12.26	12.47	7.16	9.40
Developed Markets									
US	Russell 3000	8.65	1.18	-0.71	-0.32	16.36	23.82	18.32	16.17
Germany	DAX	6.67	6.41	20.53	22.27	29.82	23.77	18.59	15.66
Japan	Nikkei 225	5.33	2.18	-4.84	-0.64	-1.36	10.87	11.65	11.64
Europe	Euro Stoxx 50 Pr	4.00	-1.77	9.61	11.70	7.71	12.80	12.30	11.95
UK	FTSE 100	3.27	-0.42	7.33	5.85	6.02	8.54	4.86	7.61
France	CAC 40	2.08	-4.43	5.03	7.14	-3.02	4.50	6.22	10.53

- U.S. equity markets rose, primarily driven by news that a federal court blocked the implementation of the President's 'reciprocal tariffs' on imports from U.S. trade partners.
- European equity markets rose, buoyed by the U.S. decision to delay tariffs on EU imports, opening the door for renewed negotiations. Investor sentiment was further supported by improved consumer confidence in Germany and easing inflation in France.

Data as on 30th May 2025. Source: Refinitiv

GLOBAL MARKET INDICES PERFORMANCE

Calendar Year wise

GLOBAL

2016 (%)	2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)	2023 (%)	2024 (%)	CYTD (%)
U.K. 14.4	Hong Kong 36.0	India 3.2	U.S 34.2	U.S 36.9	U.S 25.0	India 4.3	U.S 40.0	U.S 31.6	Germany 20.5
Germany 6.9	India 28.7	U.S -3.3	Germany 25.5	Japan 16.0	India 24.1	U.K. 0.9	Japan 28.2	Japan 19.2	Hong Kong 16.1
U.S 5.7	U.S 27.8	Japan -12.1	China 22.3	India 14.9	Germany 15.8	Japan -9.4	Germany 20.3	Germany 18.9	U.K. 7.3
India 3.0	Japan 19.1	U.K. -12.5	Japan 18.2	China 13.9	U.K. 14.3	Germany -12.4	India 20.0	Hong Kong 17.7	India 4.7
Japan 0.4	Germany 12.5	Hong Kong -13.6	U.K. 12.1	Germany 3.6	Japan 4.9	China -15.1	U.K. 3.8	China 12.7	China -0.1
Hong Kong 0.4	U.K. 7.6	Germany -18.3	India 12.0	Hong Kong -3.4	China 4.8	Hong Kong -15.5	China -3.7	India 8.8	U.S -0.7
China -12.3	China 6.6	China -24.6	Hong Kong 9.1	U.K. -14.3	Hong Kong -14.1	U.S -29.6	Hong Kong -13.8	U.K. 5.7	Japan -4.8

- On a CYTD basis, Japanese markets witnessed the steepest decline, followed by the U.S. markets.
- Out of the nine full calendar years, the U.S. markets have been the top performer in five.

CYTD Performance as on 30th May 2025. Source: Refinitiv, NSE

Index used for each of the Equity Markets: U.S. – Russell 3000, China – SSE Composite, Germany - DAX, Hong Kong – Hang Seng, India Nifty 50, U.K. – FTSE 100, Japan – Nikkei 225

ASSET CLASS PERFORMANCE

Calendar Year wise

ASSET CLASS

2016 (%)	2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)	2023 (%)	2024 (%)	CYTD (%)
G-Sec 14.3	Indian Equity 37.7	G-Sec 8.0	Intl 34.2	Intl 36.9	Indian Equity 31.6	Gold 13.9	Intl 40.0	Intl 31.6	Gold 25.2
Bonds 13.1	Intl 27.8	Gold 7.9	Gold 23.8	Gold 28.0	Intl 25.0	Cash 5.2	Indian Equity 26.9	Gold 20.6	G-Sec 5.9
Gold 11.3	Real Estate 7.2	Cash 7.3	Bonds 12.2	Indian Equity 17.9	Bonds 4.2	Indian Equity 4.2	Gold 15.4	Indian Equity 16.2	Bonds 5.3
Real Estate 8.3	Cash 6.6	Bonds 6.0	G-Sec 11.3	Bonds 13.5	Cash 3.6	Real Estate 2.8	G-Sec 7.7	G-Sec 10.1	Real Estate 3.1
Cash 7.5	Bonds 5.5	Real Estate 5.1	Indian Equity 9.0	G-Sec 13.2	G-Sec 3.1	Bonds 2.7	Cash 7.3	Bonds 9.6	Cash 3.0
Intl 5.7	Gold 5.1	Indian Equity -2.1	Cash 6.7	Cash 4.4	Real Estate 3.1	G-Sec 2.3	Bonds 7.2	Cash 7.7	Indian Equity 2.3
Indian Equity 5.1	G-Sec 3.5	Intl -3.3	Real Estate 3.0	Real Estate 2.2	Gold -4.2	Intl -29.6	Real Estate 3.8	Real Estate 3.1	Intl -0.7

- On CYTD basis, Gold remained at the top followed by G-sec and Bonds.
- Till 2024, Indian equities has been among the top three gainers for the past five calendar years, while Gold remained in the top two performing asset classes for five times in last seven years.

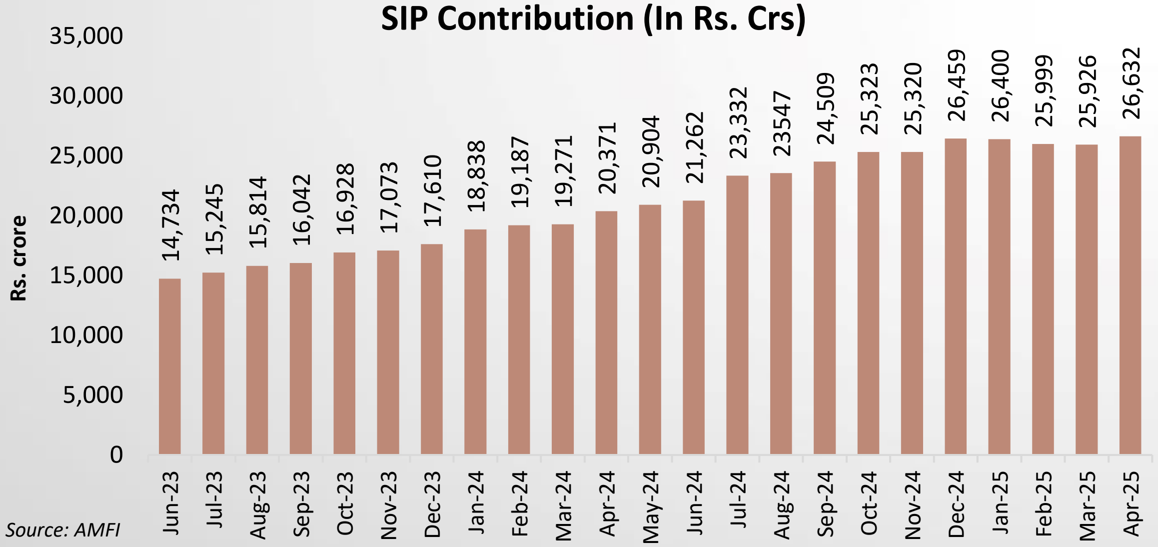
CYTD Performance as on 30th May 2025. Source: RBI, ICRA Analytics, NSE, Refinitiv, MCX

Index used for each of the Asset Class: Gold: Domestic Prices of Gold, Real Estate: House Price Index (Data updated upto December 2024), Intl: Russell 3000 Index, G-Sec: ICRA Composite Gilt Index, Bonds: ICRA Composite Bond Fund Index, Cash: ICRA liquid Index, Indian Equity: Nifty 500

MUTUAL FUNDS

SIP Flows and SIP Returns Data

DOMESTIC



Source: AMFI

- According to AMFI, the monthly SIP contribution reached a new high in Apr 2025, standing at Rs. 26,632 crore. SIP AUM increased to Rs. 13.90 lakh crore in Apr 2025, compared to Rs. 13.35 lakh crore in Mar 2025, with 914.41 lakh outstanding SIP accounts.

Equity Broad MF category	Category average SIP returns (%)		
	3-year	5-year	10-year
Large cap	15.3	15.7	13.9
Large & Mid cap	19.2	19.6	16.5
Flexi cap	16.7	17.2	15.6
Multi cap	19.7	20.7	17.6
Mid cap	**21.9**	22.7	18.7
Small cap	20.2	**24.1**	**19.7**
Focused	16.8	16.6	15.1
Value	19.6	20.8	17.2

- Small cap category remained top performer in 5- & 10- year periods, while Mid cap category remained top performer in 3- year period. Large cap category has been the bottom performer across periods.

Performance is of regular plan growth option for SIP returns.
SIP performance as on 30th May 2025. Source: AMFI India, MFI 360 Explorer
http://www.icraanalytics.com/legal/standard-disclaimer.html

CATEGORY PERFORMANCE

Equity Mutual Funds

CATEGORY PERFORMANCE

Category	Absolute Returns (%)			CAGR (%)			
	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Large Cap	2.21	12.52	0.40	8.55	16.53	21.36	11.81
Large & Mid Cap	4.36	15.20	-0.72	9.77	20.53	26.11	14.14
Flexi Cap	3.82	13.74	-1.75	8.15	18.12	23.39	13.29
Multi Cap	5.09	15.37	-1.70	9.01	21.74	27.74	14.75
Mid Cap	6.00	17.18	-1.75	10.01	23.68	30.31	15.72
Small Cap	8.20	18.33	-5.36	9.11	23.20	35.42	17.00
Focused	3.66	13.40	-0.81	9.47	17.91	22.77	13.10
Value	4.03	13.68	-1.91	6.89	21.92	27.76	14.54
Index:							
Nifty 100	2.20	12.98	1.60	8.90	15.96	22.33	12.90
Nifty 500	3.65	14.89	0.87	9.05	18.44	25.09	13.85
Nifty Midcap 150	6.37	19.12	1.24	10.04	26.61	34.07	18.15
Nifty Smallcap 250	9.64	21.64	-4.85	8.39	25.65	37.60	15.60

- In the last one-month, Small Cap category followed by Mid Cap and Multi Cap categories rose the most.
- It is to be worth noted that all the equity categories witnessed positive returns for 1 year and above periods.

Performance is of regular plan growth option. MF Category average performance as on 30th May 2025.
Source: NSE, MFI 360 Explorer http://www.icraanalytics.com/legal/standard-disclaimer.html

EQUITY MARKET ROUNDUP

Key Takeaways & Outlook

DOMESTIC

Domestic & Global factors that played out for the Indian markets:

- Domestic equity markets initially declined due to rising India-Pakistan tensions, prompting investor caution. However, sentiment improved after both nations agreed to halt all military actions from May 10, 2025.
- The rally gained momentum with easing retail inflation in Apr 2025, raising hopes of RBI rate cuts. Gains were later tempered by a U.S. credit rating downgrade from Aaa to Aa1, driven by rising debt and interest costs, and concerns over the proposed U.S. budget.
- Nonetheless, optimism over India’s growth outlook and the RBI’s record Rs. 2.69 lakh crore dividend to the government supported market sentiment.

Outlook:

- Indian equity markets are expected to remain on a firm footing, supported by the RBI’s Jun 6, 2025, decision to cut the repo rate by 50 basis points and reduce the cash reserve ratio, enhancing liquidity and boosting investor sentiment. Global cues, particularly the U.S. Federal Reserve’s policy direction, will continue to influence capital flows. Strengthening trade ties with the U.S. may benefit export-oriented sectors such as IT, pharmaceuticals, textiles, and specialty chemicals. A normal monsoon is anticipated to revive rural demand and ease cost pressures for consumption-linked industries. Additionally, low crude prices, a stable currency, strong tax revenues, and resilient domestic consumption further underpin a constructive market outlook.
- Due to high valuations seen in Mid & Small caps, **Investors may look at Large Cap oriented funds along with Multi Asset Allocation Funds and Balanced Advantage Funds.**

DOMESTIC & GLOBAL

Debt Market Update

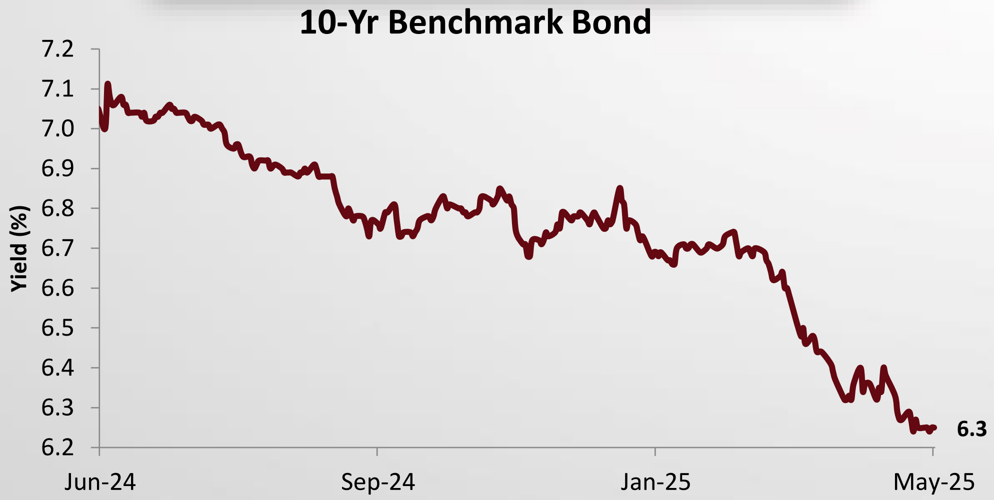
TATA CAPITAL WEALTH

DEBT MARKET

Indian Government Bond and Policy Rate Trend

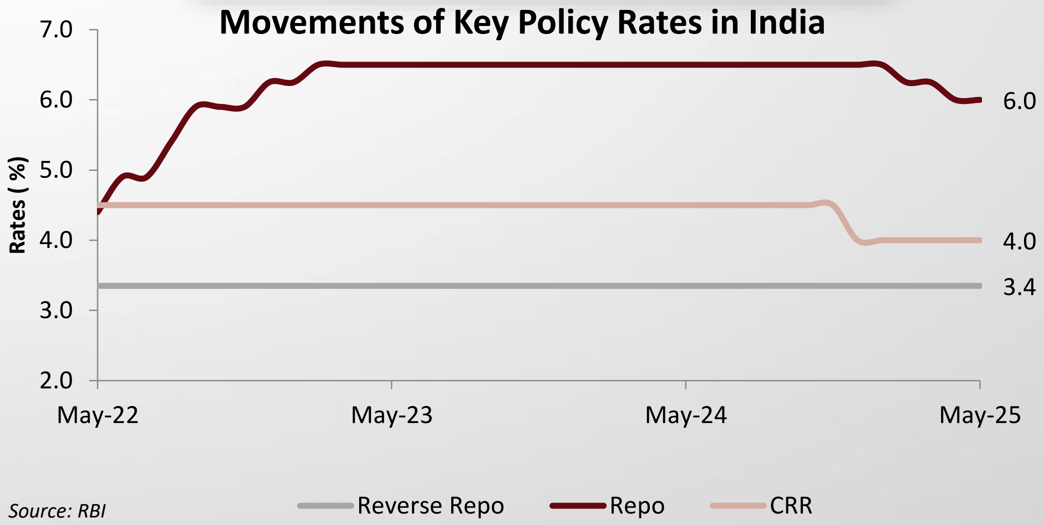
INDIAN DEBT

10-year benchmark G-sec yield fell by 7 bps MoM in May 2025



Source: Refinitiv

RBI reduced repo rate by 50 bps in Jun 2025 monetary policy meeting



Source: RBI

Bond yields rose initially on India-Pakistan tensions but fell after a ceasefire, soft April inflation, ample liquidity, and rising hopes of further RBI rate cuts.

The Monetary Policy Committee (MPC) in its second bi-monthly monetary policy review of FY26 reduced key policy repo rate by 50 bps to 5.50% with immediate effect.

10-Yr Benchmark Bond data and Key policy rates data as on 30th May 2025

DEBT MARKET

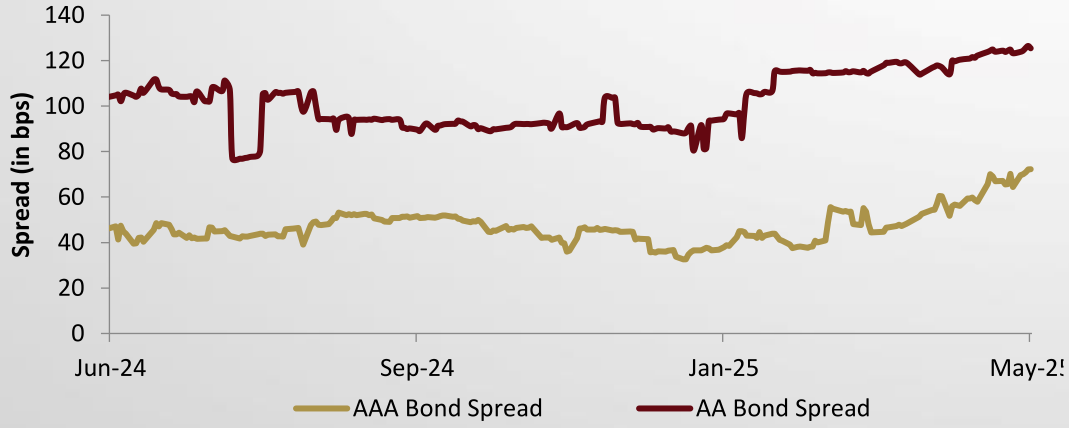
Government Bond & Corporate Bond Yield Trend

INDIAN DEBT

Corporate bond yields mostly fell during the month

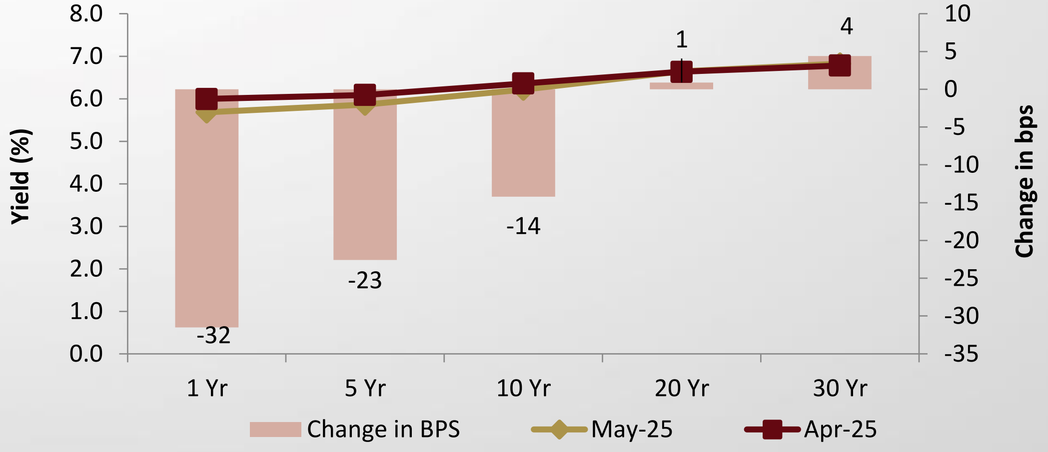
G-sec yields mostly fell during the month

10 Year Corporate Bond Spread (for AAA & AA bonds)



Source: Refinitiv; Spread= 10 year Corporate bond yield minus 10- year Gsec yield

India Yield Curve Shift (Month-on-Month)



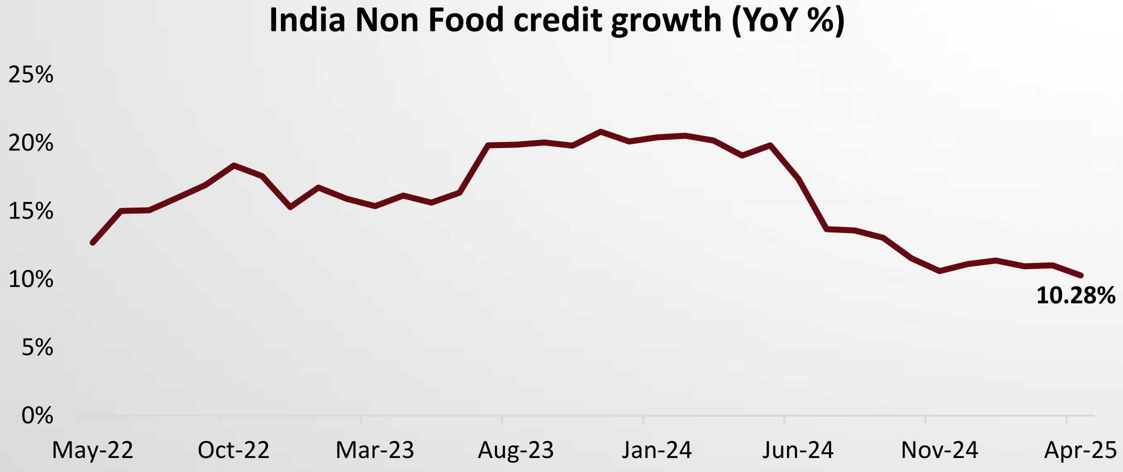
Source: Refinitiv

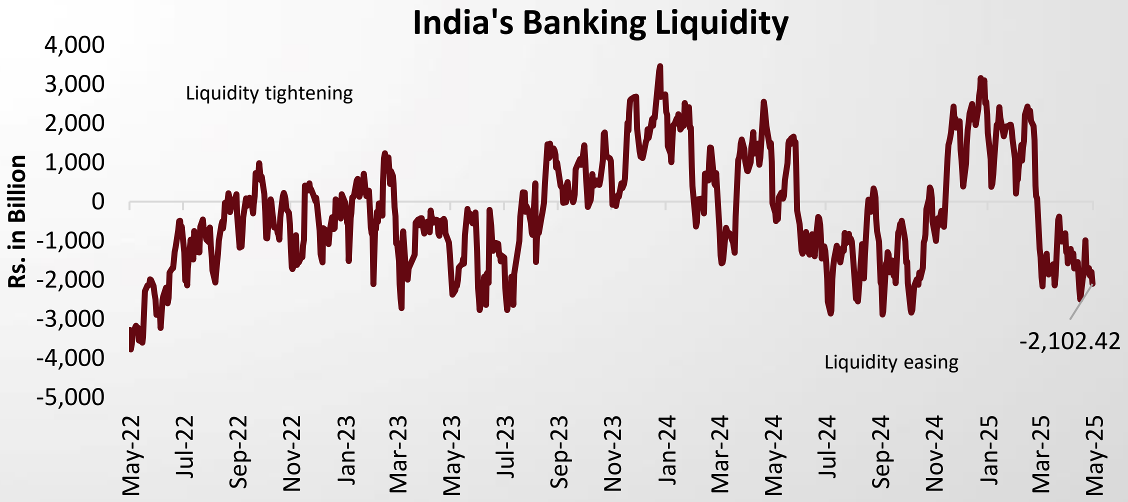
Yield on corporate bonds fell between 3 to 25 bps across the curve, barring 10 year paper that increased by 2 bps, while 9 year paper was unchanged.

Yield on gilt securities fell between 2 to 33 bps across the maturities, barring 30 year paper that rose by 6 bps.

DEBT MARKET
System Liquidity

INDIAN DEBT





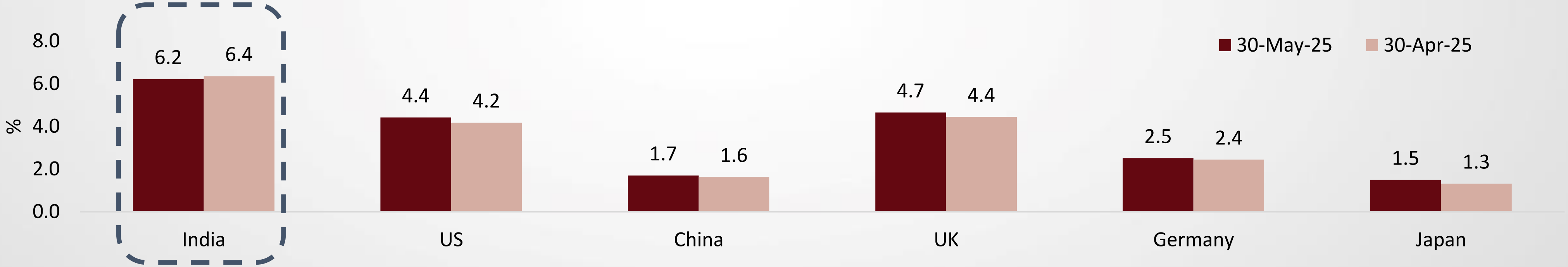
- Banking liquidity remained in surplus for the second straight month, following the RBI's effective liquidity measures. In the RBI's 2024–25 annual report, the central bank emphasized balancing financial stability with growth amid easing inflation and moderate economic activity. Banks have urged the RBI to resume overnight liquidity tools and relax cash reserve norms. While 14-day variable repos have been used since 2020 for better liquidity forecasting, the RBI has been injecting funds daily since mid-January 2025. Lenders also seek flexibility in daily CRR maintenance.

Banking liquidity data as on 30th May 2025; Non Food credit growth data as on 18th Apr 2025. Source: RBI

DEBT MARKET
Global

GLOBAL DEBT

Yield of 10 Year Government Bonds across countries (%)



Current Yield (%)	6.2	4.4	1.7	4.7	2.5	1.5
Inflation (%)	3.2	2.3	-0.1	3.5	2.1	3.4
Real Yields (%): 30-May-25	3.1	2.1	1.8	1.2	0.4	-1.9

- Globally, 10-year Sovereign yields remained mixed during the month.
- All above economies witnessed positive inflation adjusted returns/yields except Japan with India being the highest followed by U.S. and China.

Real yields- Current yields minus latest inflation; Latest available inflation data; Source: Refinitiv

CATEGORY PERFORMANCE

Debt Mutual Funds

CATEGORY PERFORMANCE

Category	Absolute Returns (%)			CAGR (%)		
	1 month	3 months	6 months	1 year	3 years	5 years
Overnight Fund	0.46	1.47	3.07	6.40	6.31	5.03
Liquid Fund	0.53	1.77	3.51	7.16	6.82	5.40
Ultra Short Term Fund	0.60	2.06	3.73	7.30	6.67	5.47
Low Duration Fund	0.73	2.55	4.24	8.04	7.02	6.18
Money Market Fund	0.65	2.35	4.09	7.81	7.10	5.72
Arbitrage Fund	0.35	1.65	3.35	6.87	6.53	5.14
ICRA Liquid Index	**0.57**	**1.82**	**3.66**	**7.48**	**7.22**	**5.79**
Short Term Bond Fund	1.00	3.51	5.16	9.40	7.48	6.41
Medium Duration Fund	0.97	3.73	5.52	10.06	8.18	7.19
Banking and PSU Fund	1.08	3.83	5.35	9.55	7.51	6.27
Corporate Bond Fund	1.08	3.92	5.49	9.87	7.68	6.44
Credit Risk Fund	0.96	4.73	7.05	11.51	8.62	9.54
Nifty Short Duration Debt Index	**1.02**	**3.21**	**5.03**	**9.01**	**7.61**	**6.51**
Dynamic Bond Fund	0.67	4.60	5.65	10.14	7.96	6.20
Medium to Long Duration Fund	0.76	4.31	5.54	9.87	7.85	5.92
ICRA Composite Bond Fund Index	**0.91**	**4.45**	**6.04**	**11.16**	**8.93**	**6.99**
Gilt Fund	0.36	**4.97**	**5.73**	**10.25**	**8.24**	**5.84**
ICRA Composite Gilt Index	**0.88**	**4.88**	**6.48**	**11.81**	**9.65**	**6.76**

- Credit Risk Funds, Gilt Funds and Dynamic Bond Funds are the top performing categories over the past year, generating between 10 to 12% return.

Performance is of regular plan growth option. MF Category average performance as on 30th May 2025.
Source: MFI 360 Explorer http://www.icraanalytics.com/legal/standard-disclaimer.html

DEBT MARKET

Sensitivity Analysis

INDIAN DEBT

Sensitivity Analysis				Interest Rate Scenario's					
				Decreases			Increases		
Category	**Avg YTM (%)**	**Avg Maturity (Years)**	**Avg Mod duration (Years)**	**0.25%**	**0.50%**	**1.00%**	**0.25%**	**0.50%**	**1.00%**
Overnight Fund	6.02	0.00 Years	0.01 Years	6.03%	6.03%	6.03%	6.02%	6.02%	6.01%
Liquid Funds	6.28	0.04 Years	0.11 Years	6.30%	6.33%	6.39%	6.25%	6.22%	6.17%
Ultra Short Term Fund	6.82	0.27 Years	0.45 Years	6.93%	7.04%	7.27%	6.71%	6.59%	6.37%
Money Market Fund	6.71	0.26 Years	0.68 Years	6.88%	7.05%	7.39%	6.54%	6.37%	6.03%
Low Duration Fund	6.93	0.77 Years	0.90 Years	7.15%	7.38%	7.83%	6.70%	6.48%	6.03%
Short Term Bond Fund	6.89	3.57 Years	2.74 Years	7.57%	8.26%	9.63%	6.20%	5.52%	4.15%
Corporate Bond Fund	6.92	5.18 Years	3.60 Years	7.82%	8.72%	10.52%	6.02%	5.12%	3.32%
Banking and PSU Fund	6.78	5.06 Years	3.46 Years	7.65%	8.51%	10.24%	5.92%	5.05%	3.32%
Credit Risk Fund	7.65	3.13 Years	2.26 Years	8.21%	8.78%	9.91%	7.08%	6.52%	5.39%
Medium Duration Fund	7.20	5.17 Years	3.62 Years	8.11%	9.01%	10.82%	6.30%	5.39%	3.58%
Dynamic Bond Fund	6.75	16.11 Years	7.46 Years	8.61%	10.48%	14.21%	4.88%	3.02%	-0.71%
Medium to Long Duration Fund	6.77	12.12 Years	6.48 Years	8.39%	10.01%	13.25%	5.15%	3.53%	0.29%
Gilt Fund	6.41	21.52 Years	9.23 Years	8.72%	11.03%	15.64%	4.10%	1.80%	-2.82%

- Credit Risk funds, Medium Duration funds and Low Duration funds offer higher YTMs.

Note: Modified Duration indicates the sensitivity of a fund/bond with a change in interest rate scenario. It helps help investors predict how the bond’s price will be affected by the fluctuations in interest rates.
For eg: If a fund with a modified duration of 8 years and YTM of 8% sees a 50-bps interest rate fall in a year, then the estimated return will be 12% [Average YTM - (Modified Duration × Change in Interest Rate)].

Source: MFI 360 Explorer. http://www.icraanalytics.com/legal/standard-disclaimer.html

Interest rate scenario indicates that if rate moves by 0.25%, 0.50% or 1%, then the respective column shows expected increase/decrease in Yield to Maturity (YTM). Data as on 15th May 2025

ATLAS
Monthly Market Review

TATA CAPITAL WEALTH

DEBT MARKET ROUNDUP

Key Takeaways & Outlook

INDIAN DEBT

Domestic & Global factors that played out for the Indian markets:

- Bond yields initially rose due to panic selling, as escalating tensions with Pakistan unsettled investor sentiment and prompted market participants to offload holdings across the curve. However, the trend reversed following the announcement of a ceasefire agreement between the two countries.
- The rally in bonds gained momentum after the release of favourable domestic inflation data for April 2025, which bolstered expectations of additional interest rate cuts by the RBI. Yields declined further amid ample liquidity in the banking system and continued optimism over a dovish monetary policy stance from the RBI.

Outlook:

- The Indian debt market outlook remains constructive following the RBI's 50 basis points repo rate cut and a 100 basis points reduction in the Cash Reserve Ratio (CRR), both aimed at enhancing liquidity and supporting bond prices. A favorable inflation trajectory, aided by an early and promising monsoon, is expected to keep inflation near the RBI's 4% target.
- On the global front, expectations of a U.S. Federal Reserve rate cut cycle amid slowing U.S. growth may further support lower Indian bond yields. While global tariff tensions and geopolitical uncertainties could introduce short-term volatility, India's ongoing fiscal consolidation and the potential for a sovereign rating upgrade continue to strengthen the medium-term outlook.
- **Investors may now turn their attention to accrual products, for more than 12 months investors may consider Short Duration funds, Banking PSU and Corporate Bond funds. For more than 2 years, investors may look at Income Plus Arbitrage FOF, Dynamic Bond, Target Maturity Funds (matching with the average maturity of the funds and investment horizon). Along with MFs, AAA oriented quality Corporate FDs and Bonds can be looked at allocation in the debt portfolio.**

ECONOMIC CALENDAR

Upcoming Key Events for the Month

DOMESTIC

Events for June 2025	
Event	**Date**
CPI Inflation Rate YoY May 2025	12-Jun-25
Passenger Vehicles Sales YoY May 2025	12-Jun-25
Balance of Trade May 2025	13-Jun-25
WPI Inflation YoY May 2025	16-Jun-25
Industrial Production YoY May 2025	27-Jun-25
Manufacturing Production YoY May 2025	27-Jun-25
Government Budget Value May 2025	30-Jun-25
Current Account Balance Q4 FY25	30-Jun-25

GLOBAL

Events for June 2025	
Event	**Date**
Euro Zone Sentix Index Jun 2025	09-Jun-25
China CPI YoY May 2025	09-Jun-25
U.K. ILO Unemployment Rate Apr 2025	10-Jun-25
China M2 Money Supply YoY May 2025	10-Jun-25
Japan Business Survey Index Q2 2025	11-Jun-25
U.S. Core CPI YoY, NSA May 2025	11-Jun-25
U.S. CPI YoY, NSA May 2025	11-Jun-25
U.S. Federal Budget,$ May 2025	11-Jun-25

. Source: Refinitiv

MUTUAL FUND DASHBOARD

Category Performance

TATA CAPITAL WEALTH

MUTUAL FUND DASHBOARD

Category Performance

CATEGORY PERFORMANCE

Equity Category:	1 Yr	3 Yr	5 Yr	10 Yr
Large Cap	8.55	16.53	21.36	11.81
Large & Mid Cap	9.77	20.53	26.11	14.14
Multi Cap	9.01	21.74	27.74	14.75
Flexi Cap	8.15	18.12	23.39	13.29
Mid Cap	10.01	23.68	30.31	15.72
Small Cap	9.11	23.20	35.42	17.00
Focused	9.47	17.91	22.77	13.10
Value	6.89	21.92	27.76	14.54
Hybrid Category:				
Conservative Hybrid	9.49	9.91	10.46	7.77
Balanced Hybrid	10.03	--	--	--
Balanced Advantage	7.49	13.02	14.49	9.59
Multi Asset Allocation	9.30	15.76	20.68	12.26
Aggressive Hybrid	9.52	16.07	20.26	11.32

Debt Category	3 Mths	6 Mths	1 Yr	3 Yr
Money Market:				
Overnight	1.47	3.07	6.40	6.31
Liquid	1.77	3.51	7.16	6.82
Ultra Short Duration	2.06	3.73	7.30	6.67
Low Duration	2.55	4.24	8.04	7.02
Money Market	2.35	4.09	7.81	7.10
Accrual:				
Short Duration	3.51	5.16	9.40	7.48
Medium Duration	3.73	5.52	10.06	8.18
Banking & PSU Debt	3.83	5.35	9.55	7.51
Corporate Bond	3.92	5.49	9.87	7.68
Floating Rate	3.36	5.00	9.41	7.77
Credit Risk	4.73	7.05	11.51	8.62
Duration:				
Medium to Long Duration	4.31	5.54	9.87	7.85
Long Duration	5.25	5.84	10.72	9.69
Dynamic Bond	4.60	5.65	10.14	7.96
Gilt	4.97	5.73	10.25	8.24
Gilt Fund with 10 year constant duration	4.97	6.61	11.65	9.24

Note:<1 year return are absolute and ≥ 1 year returns are CAGR
Performance is of regular plan growth option. MF Category average performance as on 30th May 2025.
Source: MFI 360 Explorer http://www.icraanalytics.com/legal/standard-disclaimer.html

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TATA CAPITAL WEALTH

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