

Monthly Management Release

MARCH'25

INDIAN STOCK MARKET



The Indian Stock Market, a vibrant barometer of nation's economic health and its global linkages has witnessed a significant volatility recently. The volatility can be attributed not only to domestic developments but also to a result of global economic uncertainties. While the domestic development is still promising, the course of Indian market has been influenced by overall world's economy, their geopolitical unrest and policy moves in major economies.

According to the reports, the Nifty mid-cap and small-cap indices suffered losses of more than 2% each, while the Nifty slipped below the 23,000 mark, settling at 22,929. The Sensex also experienced a decline of 200 points, closing at 75,939.

From Oil Prices to Interest Rate Surges: The Global Ripple Effect

One of the major concerns influencing investor sentiment has been tariff policy announced by US President Donald Trump. According to him, the Indian trade policies and high tariff on US products makes it difficult for American business to operate in India. Under this policy, America aims to impose uniform tariff on nations having high trade barriers, which adversely affected Indian market, causing volatility especially in sectors like pharma, textile and IT.

Despite being one of the fastest growing economies, India is not immune to external shocks, The foreign institutional investor (FII) who holds significant stake in Indian equities turn to US bonds and other safe-haven assets due to rising interest rates. Over \$2 billion has been pulled out of Indian stocks within 2 weeks as a result of US Federal Reserve policy of higher interest rates which had substantial effect on market stability.



Ingoud Company

Another major factor is the ongoing geographical instability in middle east. The Ukraine-Russia war tensions have significant impact on crude oil prices. India as a developing country, that heavily relies on oil imports, the rise in crude oil price leads to inflationary pressure and strain country's fiscal deficit. Additionally, slowing of China's economy has created uncertainty in global markets. Formerly seen as the catalyst for world expansion, China is currently dealing with a real estate crisis, shrinking exports, and diminishing consumptions. Global commerce and investor confidence are affected by this recession, especially in India.

Domestic Resilience Amidst Global Pressures

Amid external turmoil, The Indian economy is resilient due to its inherent strengths. By effectively adjusting interest rates, Central bank has taken initiative to control inflation in economy while preserving liquidity. One significant advantage is growing involvement of retail and Domestic institutional investors (DII). Mutual funds and SIPs have stayed consistent, which helped in stabilizing the market, despite the withdrawal of funds by international portfolio investors as a result of global uncertainties. Additionally, "China plus one" approach adopted by MNCs strengthened industries like automobiles and capital goods made India a desirable alternative for manufacturing. This Domestic resilience has acted as buffer allowing the Indian markets to better withstand impact of turbulence.

Conclusion: A Stable Core Amid Global Uncertainties

Despite all ongoing global economic instabilities-the geopolitical conflicts to aggressive monetary tightening- The Indian Stock market has been quite resilient. The country's strong economic fundamentals, Proactive policies by central banks and increasing domestic participation has helped cushion impact of external shocks. While short term volatility is expected to continue, the country's stable macroeconomic structure and policies offer a great foundation. This stability ensures that while facing turbulences, the economy is still not in a crisis. It is in a phase of restoring, for investors it is time for wise decision making, diversification and have long term perspective. Globally, India's strong fundamentals have the potential to transform the current unrest into future opportunities.

"Indian Stock Market: Turbulence Amid Global Economic Uncertainties"

The stock market is a dynamic and important financial system that plays a vital role in the economy of a country. It can be referred as interface where investors buy and sell shares of publicly listed companies. It helps to catch on how well a country's economy is doing, it is influenced by factors like how businesses are performing and what the government is doing. The National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) stand as the two premier platforms in India, facilitating the majority of the country's stock market trading activities.

The Indian stock market has been experiencing market fluctuations amid global economic uncertainties. Supported by strong local investor confidence and a positive economic outlook, the market has stayed strong.

Recent Market Movements

The Indian Stock Market has experienced the meaningful progression in recent times. The BSE Sensex has surpassed 80,000 points and NSE Nifty index fell nearly 8% but later recovered 8%, showing the sign of some recovery. At the same, the market has also faced disturbance with the price fluctuating in response to global economic uncertainties. The Sensex has suffered a decline of 30.65 points and on the other hand, Nifty has slightly increased by 142.20 points. Sectors including Information Technology (IT) and pharma have performed very well but sectors like banking and finance have encountered obstacles.

Global investors were also withdrawing money due to global economic stability concerns, which in turn brings more pressure to the Indian market. In response to this, RBI reduced the interest rate, by bringing the repo rate to 6% which made the borrowing cheaper for the businesses. It injected \$70 billion into the banking system. These moves ensured that the banks have enough funds to keep the credit flow healthy in the economy.

Determinants of Market Behaviour

The stock market is influenced by the internal as well as external factors that shapes the market performance. Global economic conditions like slower growth in major economies and geopolitical risks leads to market volatility. Domestically, factors include Reserve Bank of India's monetary policy, inflation rates and GDP growth projection have a major impact on markets performance.

The other factors include corporate earnings, currency fluctuation and unforeseen conditions such as pandemic and natural disaster can have the direct impact on the price of stocks. Collectively, these factors establish a dynamic setting that impacts the market behaviour.

Through the Storm: A Plan for the Future

The Indian stock market is presently experiencing the phase of unpredictability, shaped by global economic challenges and changing the investors perception. Despite these challenges, India's domestic factors like – strong financial sector and favourable monetary policy, foster resilience, offering the foundation for future recovery and stability.

Looking ahead, the market's capacity to recover will depend on how it responds to both external shocks and the evolving state of domestic circumstances. While volatility may persist in the short term, India's strategic focus on key sectors, combined with government initiatives, provides a foundation for future growth. Investors will have to demonstrate patience and adaptability, remaining mindful of the broader economic landscape as opportunities persist despite the ongoing turbulence.

