

Global Economy

May 2025

Uncertainty Is Currently Close To Its Covid-Era Peak

Global Economic Uncertainty



Sources: LSEG Refinitiv, Allianz Research report dated – 10th April 2025

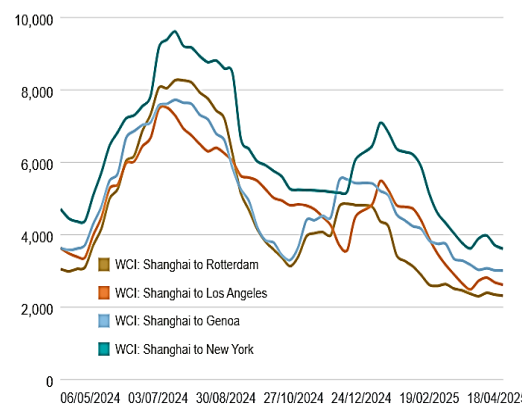
Tariffs Weaken Shipping Demand

Drewry world container index (WCI) – 24 Apr 25 (US\$/40ft)



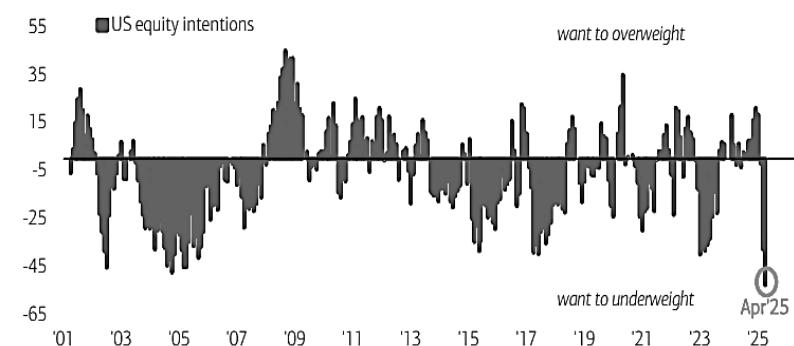
Source: <https://www.drewry.co.uk/supply-chain-advisors/supply-chain-expertise/world-container-index-assessed-by-drewry>, As per latest data available

Drewry WCI: Trade Routes From Shanghai (US\$/40ft)



Record Global Investors Intending To Cut US Equities

US Equity Intentions: Want To Overweight Vs Underweight



Source: BofA Global Fund Manager Survey, Bloomberg, Report as on 15 April 2025

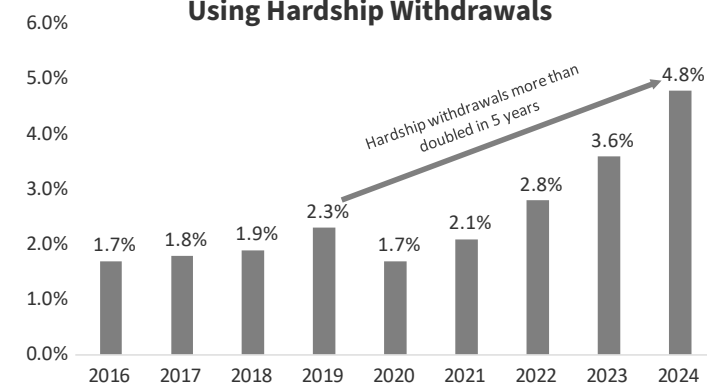
Q1CY25 US Economy Contracts Amid Import Surge

		2025Q1	2024Q4	2024Q3	2024Q2	2024	2023
GDP	qq	-0.3	2.4	3.1	3.0		
	yy	2.1	2.5	2.7	3	2.8	2.9
Private Consumption	qq/yy	1.8	4	3.7	2.8	2.8	2.5
Government Purchases	qq/yy	-1.5	3.1	5.1	3.0	3.4	3.9
Non-Residential Investment	qq/yy	9.8	-3	4	3.9	3.6	6
Residential Investment	qq/yy	1.3	5.5	-4.3	-2.8	4.2	-8.3
Domestic Demand	qq/yy	4.5	2.1	3.4	3.8	3.1	2.3
Net Exports*		-4.8	0.3	-0.4	-0.9	-0.4	0.5

Source: BEA, S&P Global, Commerzbank Research. qq/yy: change vs. previous quarter (annualized) /previous year in %. Contribution to GDP growth in percentage points. As per latest data available

More Americans Are Breaking Into Their 401 (k)s

% Share Of Vanguard 401 (K) Participants Using Hardship Withdrawals

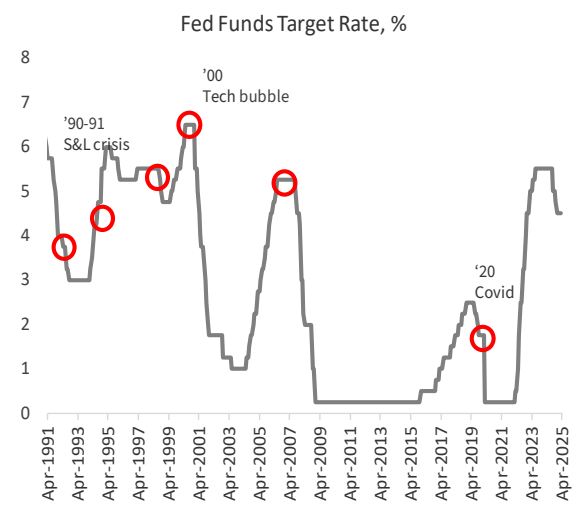


Key statistics Include: **39% of hardship in 2023** were for avoiding foreclosure or eviction up from 31% two years prior, according to vanguard's data. Nearly **1/3 of withdrawals** were for less than \$1000, indicating many households struggle to cover small expenses

Source: Voronoi chart dated 9th April 2025, As per latest available data

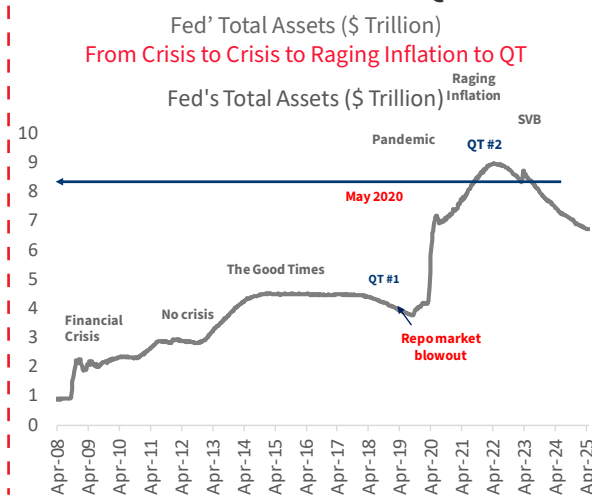
Fed Is Maintaining A Very Delicate Balance Between Growth And Inflation

Fed Funds Target Rate Since 1991



Source: Federal Reserve, Bloomberg, As On 30th April 2025, Calendar Years Are Considered, As Per Latest Data Available

Quantitative Tightening Has Reduced 25% Of The Fed's Pandemic QE Assets



Key Take Away

- The global economic environment has become extremely uncertain. GDP growth forecasts are being gradually revised downward, while inflation estimates are inching higher.
- Tariff wars were already weighing heavily on global sentiment. Recessionary expectations have climbed to the fourth-highest level in the last two decades.
- US is facing multiple economic challenges such as US tariffs, contracting economy, dollar weakening, decline in earnings outlook and rising inflation expectations. The Fed continues to maintain a delicate balance between the growth and inflation amidst these challenges.
- Signs are visible in the US economy with hardship withdrawals (from 401 (k) retirement plans) have doubled in 5 years.
- Heightened tariffs have impacted US-China trade and are disrupting shipping and supply chains, pushing down shipping rates on certain routes.

Source: LSEG Refinitiv, Allianz Research report dated 10th April 2025, Bloomberg, GDP growth forecasts as on 31st March 2025, BoFa Global Fund Manager Survey report as on 15th April 2025, BEA, S&P Global, Commerzbank Research, Macrobond, Apollo Economist, Bofa Global Investment Strategy Report as on 26 April 2025, University of Michigan (CONSPXMD Index), Federal Reserve, Voronoi chart dated 9th April 2025, <https://www.drewry.co.uk/supply-chain-advisors/supply-chain-expertise/world-container-index-assessed-by-drewry>, As per latest data available

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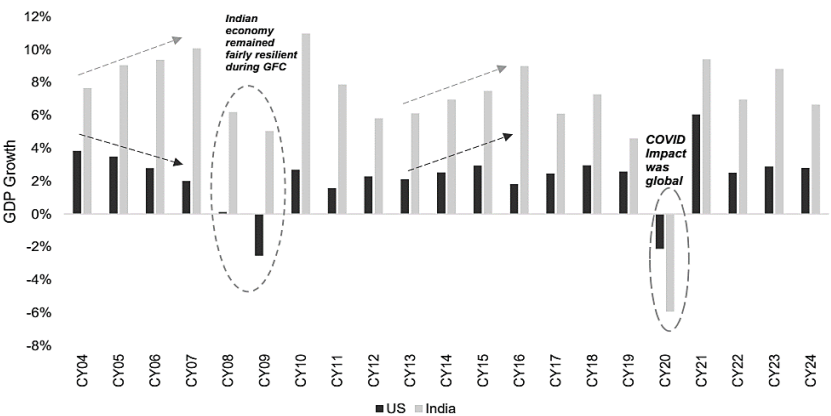
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Indian Economy

May 2025

India's Growth Is Mildly Affected By US Slowdowns



Source: CEIC, Goldman Sachs, Report dated 16th April 2025

GST Collections Higher In April'25 Than Estimated Nominal GDP Growth Of 10.1% For FY 26

Month	GST Collections Growth YoY (%)	Higher / Lower than Nominal GDP Growth (%)
Apr-24	12.40%	Higher
Jun-24	7.60%	Lower
Sep-24	6.50%	Lower
Dec-24	7.30%	Lower
Mar'25	9.90%	Higher
Apr'24-Mar'25	9.40%	Lower
Apr'25	12.6%	Higher

Source: Bloomberg, Kotak Internal Research, Data as of 30th April 2025, As Per Latest Data Available

Crude Correction Could Save India Up To Rs 2.26 Lakh Crore Annually

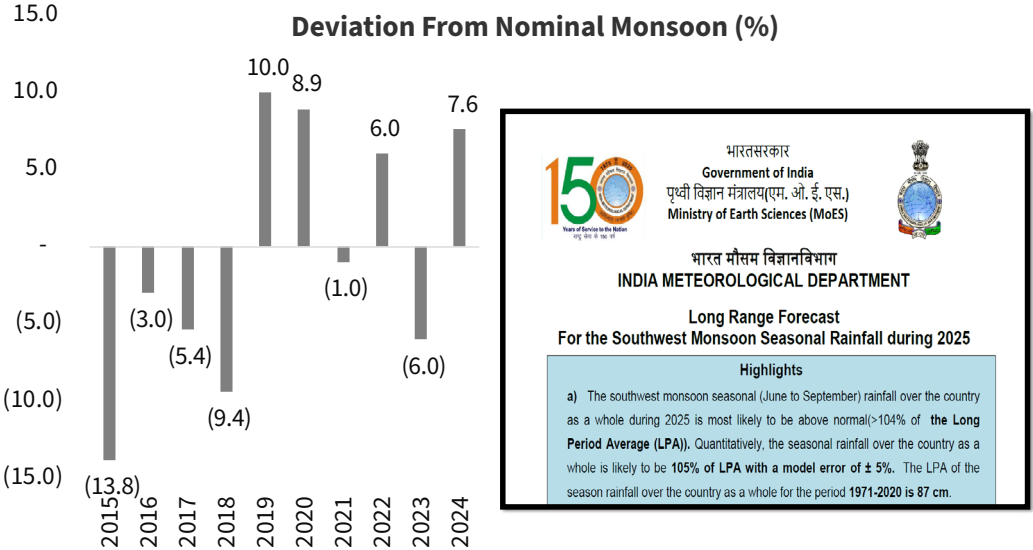
India's crude import: 140 bn barrels/year; FY25 avg. price: USD 79.	PSU OMCs carry 45-day crude stock at USD 75, while Brent trades at USD 63	Assuming soft crude continues due to global shifts, India's yearly savings (₹85/USD)	At \$70/bbl: USD 12.6 bn or Rs.107,100 Cr
			At \$65/bbl: USD 19.6 bn Rs.166,600 Cr
			At \$ 60/bbl: USD 26.6 bn or Rs.226,100 crores

Crude Oil FOB Price (Indian Basket) (\$/bbl)

Year	Average	Ratio	Year	Average	Ratio
2000-01	26.92	57:43:00	2012-13	107.97	68.2:31.8
2001-02	22.55	57:43:00	2013-14	105.52	69.9:30.1
2002-03	26.6	57:43:00	2014-15	84.16	72.04:27.96
2003-04	27.98	57:43:00	2015-16	46.17	72.28:27.72
2004-05	39.21	57:43:00	2016-17	47.56	71.03:28.97
2005-06	55.72	58:42:00	2017-18	56.34	72.38:27.62
2006-07	62.46	59.8:40.2	2018-19	69.88	74.77:25.23
2007-08	79.25	61.4:38.6	2019-20	60.47	75.50:24.50
2008-09	83.57	62.3:37.7	2020-21	44.82	75.62:24.38
2009-10	69.76	63.5:36.5	2021-22	79.18	75.62:24.38
2010-11	85.09	67.6:32.4	2022-23	93.15	75.62:24.38
2011-12	111.89	65.2:34.8	2023-24	82.58	75.62:24.38
			2024-25	78.56	78.50:21.50

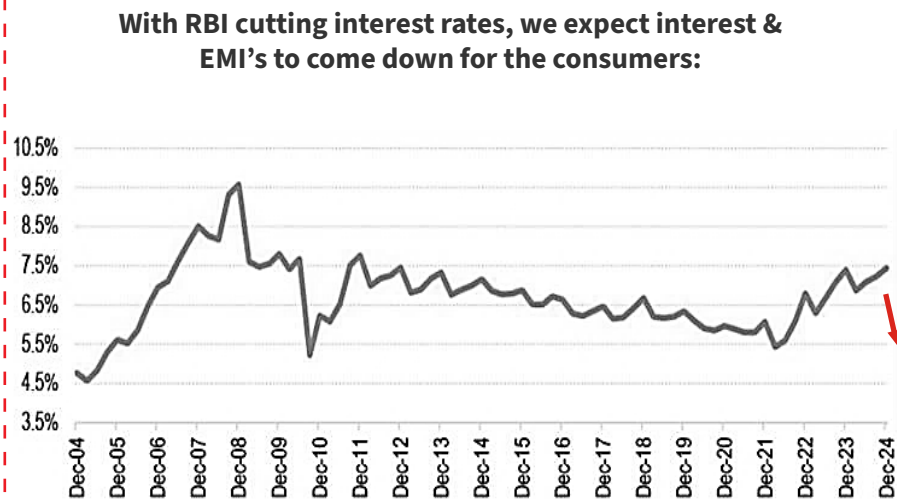
Source: Bloomberg, KAMAC Internal, As per latest data available

Monsoon In FY25 Is Expected To Be Above Normal



Source : IMD, As Per Latest Data Available

As Interest Rates Comes Down EMI Burden Will Reduce



Source : J.P. Morgan, As Per Latest Data Available

Escalation Of Conflict Could Be A Concern

Impact Of Past Conflicts On Macro-Economic Variables

Wars	Period	Number of Days	GDP (%)		WPI (%)		Gross Fiscal Deficit (%)	
			FY 1962	FY 1963	FY 1962	FY 1963	FY 1962	FY 1963
Sino-Indian War	20 October – 21 November 1962	(1 month and 1 day)	3.72	2.93	0.24	3.8	2.93	3.99
			FY 1964	FY 1965	FY 1964	FY 1965	FY 1964	FY 1965
Indo-Pakistani War	5 August – 23 September 1965	(1 month, 2 weeks and 4 days)	5.99	7.45	6.17	10.98	4.86	5.72
			FY 1971	FY 1972	FY 1971	FY 1972	FY 1971	FY 1972
Bangladesh Liberation War	26 March – 16 December 1971	(8 months, 2 weeks and 6 days)	3.3	1.19	5.54	5.6	2.38	6.82
			FY 1999	FY 2000	FY 1999	FY 2000	FY 1999	FY 2000
Kargil War	3 May – 26 Jul 99	(2 months, 3 weeks and 2 days)	6.18	8.85	5.9	3.3	9.1	9.2

Source: IMF, RBI, Sunidhi Research

Key Take Away

- A strong start to FY25, marked by a record-high GST collection of ₹2.37 lakh crore in April, reinforces the view that economic momentum is returning
- Rural India is also showing early signs of revival. Real wage growth has turned positive after nearly three years. Tractor and fertilizer sales are rising, and agricultural exports are gaining traction.
- Weather forecasts suggest a normal to above-normal monsoon for FY26, which bodes well for rural income and consumption.
- Power demand has seen a fall in FY25 which could be a sign to worry about.
- Further escalation of conflict could be a concern.
- However overall the Indian Economy is resilient and continues to be an oasis in the global desert.

Source: Moneycontrol, Bloomberg, KAMAC Internal Research, Data as on 30th April 2025, Labour Bureau, BNP Paribas, IMD, CEIC, Kotak Institutional Equities, CEA, IMF, RBI, Sunidhi Research, KAMAC Internal, As per latest data available

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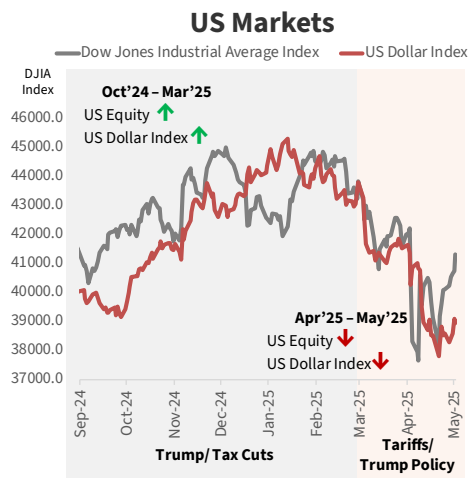
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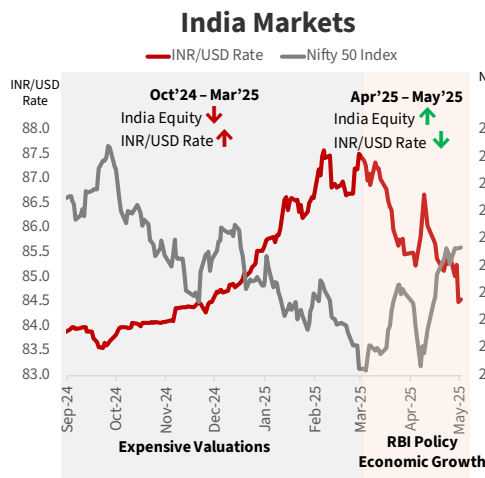
Equity Markets

May 2025

Subah Ka Bhula Agar Shaam Ko Vapas Aaye Toh Usko Bhula Nahi Kehte



Source: Bloomberg | KMAMC Internal | Data as on 02/05/2025

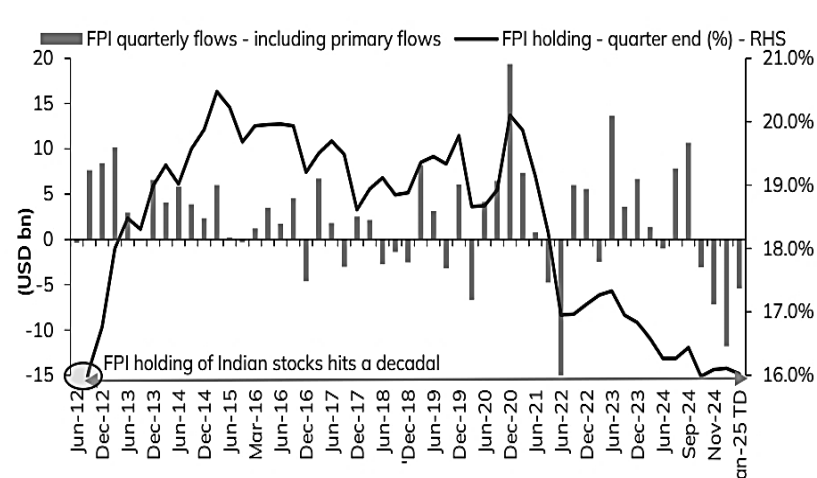


Nifty50 Earnings Expected To Grow 6% In 4QFY25 (YoY)

Sector (No of Co)	Sales Growth (%)		EBITDA Growth (%)		PAT Growth (%)	
	YoY	QoQ	YoY	QoQ	YoY	QoQ
Automobiles (7)	12	4	11	2	6	-3
Cement (5)	10	24	10	77	5	108
Chemicals (1)	20	2	51	-1	121	11
Consumer (5)	10	8	6	14	4	16
Consumer Durables (2)	22	31	27	77	23	86
EMS (1)	18	-4	51	59	36	84
Financials (40)	8	6	6	9	2	6
Healthcare (2)	16	13	38	18	54	31
Logistics (3)	20	6	22	5	32	13
Metals (3)	11	5	26	6	67	6
Oil & Gas (6)	3	4	2	7	3	23
Oil Ex OMCs (4)	9	9	0	0	-2	5
Real Estate (7)	4	12	-4	-8	-10	7
Retail (4)	18	-9	14	-25	16	-32
Staffing (1)	9	2	96	5	LP	-19
Technology (12)	7	1	5	-1	7	1
Telecom (2)	6	3	6	-33	6	6
Utilities (1)	16	8	16	8	18	9
Others (7)	30	-9	16	-10	6	-5
MOFSL Universe (109)	6.5	4.5	6.9	5.9	6.0	8.5
Nifty (27)	8.5	6.6	6.3	6.4	4.1	6.5
Sensex (19)	9.7	6.1	5.6	6.4	3.3	5.8

Source: Motilal Oswal, The sector(s)/stock(s)/ mentioned in this document do not constitute any research report/recommendation of the same and the scheme(s)/ Fund may or may not have any future position in these sector(s)/stock(s), As per latest data available

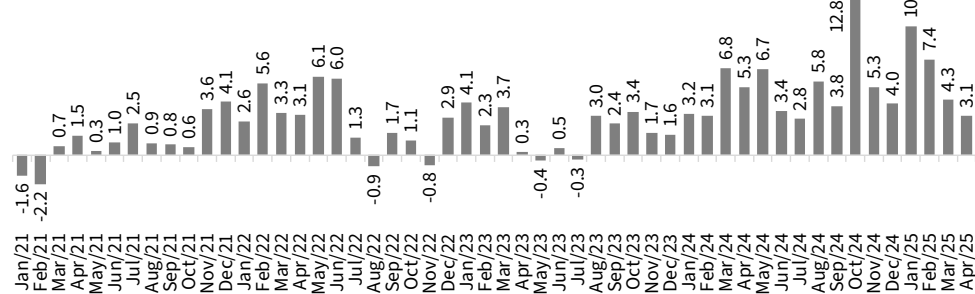
FPI Holding Of Indian Equities At Decadal Low



Source: NSDL, BSE website, I-Sec research, As per latest data available

DII's Monthly Flows Into Equities Continue To Be Robust

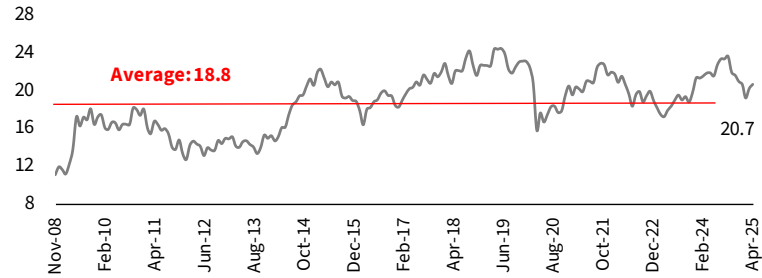
DII Equity US bn(Net Investment)



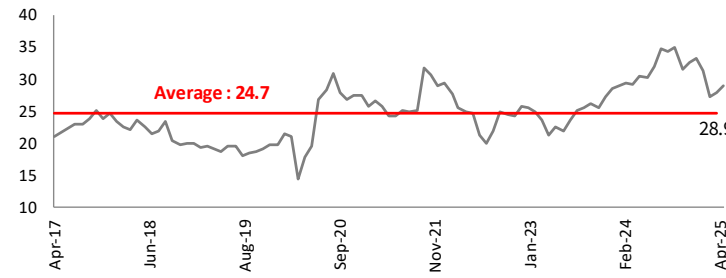
Source: Motilal Oswal, Data as on 30th April 2025

Large Caps Are At A Discount To Historical Valuations

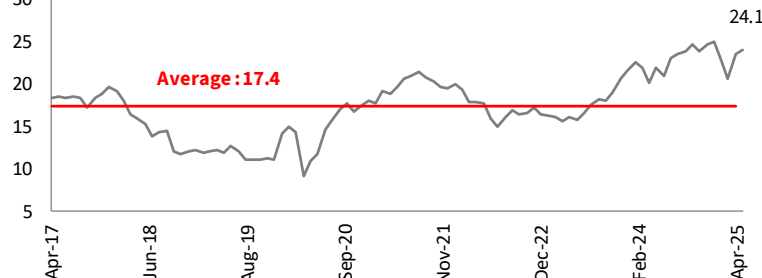
NIFTY 50 Index P/E (x) - 1 Year Forward



NIFTY Midcap 150 Index P/E (x) - 1 Year Forward



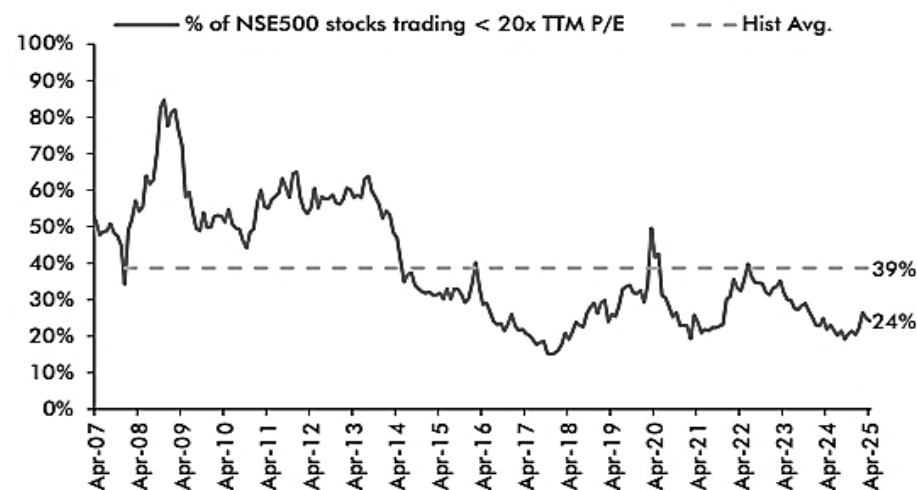
NIFTY Smallcap 250 Index P/E (x) - 1 Year Forward



Source: Motilal Oswal, Bloomberg, As on 30th April 2025

Valuation	
Largecap	10% Premium to historical average
Midcap	17% premium to historical average
Smallcap	28% premium to historical average

% Of Stocks Trading Below 20 TTM P/E, At One Of Lowest Ever Levels



Source: Bloomberg, Capitaline, Ambit Capital research. Note: TTM sales figures have been used. Universe is NSE500. Latest data as of 2nd May'25

Neutral To Equity, Correction Is An Opportunity To Add

Neutral weight	Equities
Over Weight	Large cap
Marginal Under Weight	Midcap
Under Weight	Smallcap

Source: KMAMC internal , OW – Overweight, UW – Under Weight, As per para 2.7 of SEBI Master Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024, Large Cap: 1st -100th company in terms of full market capitalization. Mid Cap: 101st -250th company in terms of full market capitalization. Small cap: 251st company onwards in terms of full market capitalization.

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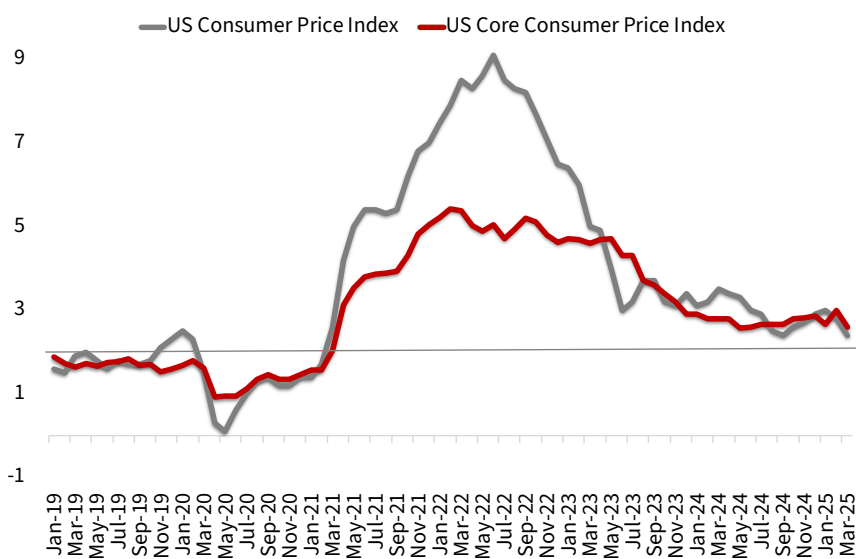
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Debt Markets

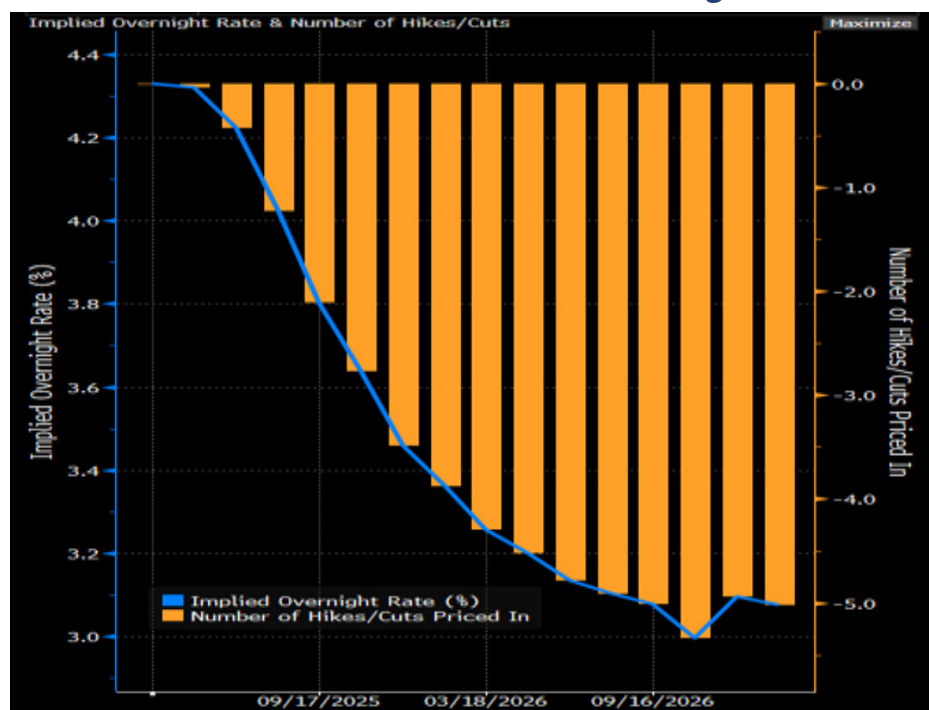
May 2025

US Inflation Stays Firm



Source: Bloomberg, Data as on 31st March, 25, As per latest data available

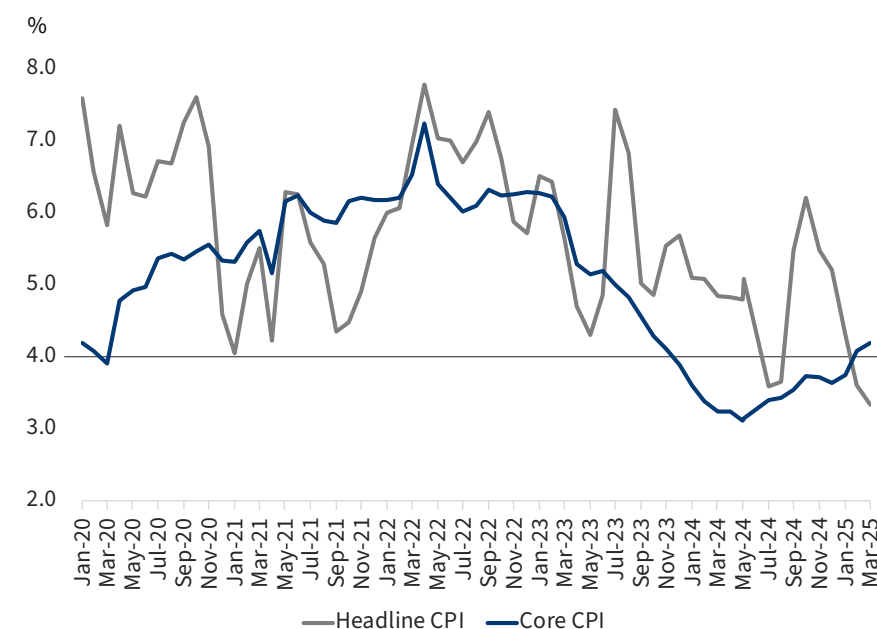
What Is Fed Fund Futures Indicating ?



Fed Fund Futures Is Pricing In 100 Bps Rate Cuts Over Next 1 Year

Source: Bloomberg | data as on 2nd May, 2025

India's CPI Inflation Slows To Over 5-year Low In March



Source: MOSPI Press Release. Data as on 31st March, 2025, As per latest data available

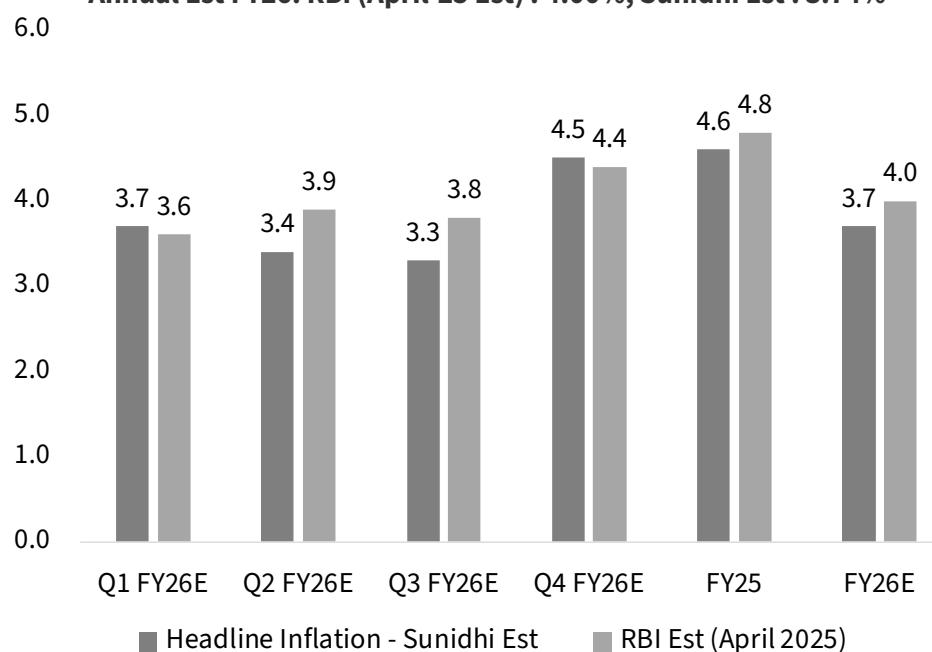
Crude Oil Witness Sharp Correction, Below 5 Years Average



Source: Bloomberg | data as on 30th April, 2025

FY26 Average Inflation Likely To Be Lower Than RBI Forecast

Annual Est FY26. RBI (April'25 Est) : 4.00%; Sunidhi Est : 3.74%



Lower Food Inflation & Crude Oil prices should lead to lower inflation in FY2026.

Source: MOSPI Press Release. Report as on 31st March, 2025, As per latest data available

RBI Measures Since Feb 2025 To Support Growth

- Cut policy rates by 50 bps
- Change the monetary policy stance to Accommodative
- Suggesting the policy rate trajectory is downward
- Infused long term liquidity through OMO purchase and FX Swaps in excess of 6 lakh crores
- Restoration of risk weights on Micro Finance and NBFC lending by Banks
- Final Liquid Coverage Guidelines tweaked resulting in 6% excess liquidity for banks

Source: Bloomberg, RBI Website, Kotak Internal | Data as on 30th April, 2025

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