



The Budget And Beyond

Market Data & Macros

MARKET SNAPSHOT

BSE Sensex: 75,366 (-4.24 % MoM)
Nifty 50: 22,829 (-4.13 % MoM)
Nifty Bank: 48,065 (-6.33 % MoM)
Nifty Midcap: 51,796 (-9.1 % MoM)
Nifty Small-Cap: 16,304 (-13.07 % MoM)
Nifty PE Ratio: 20.85

** MoM" an abbreviation for "Month on Month Performance".
 Data as on 28th January, 2025.

Brent Crude: 77.08
USD/INR: 86.42
Gold (Rs/10 gms): 80,397
10-year G-sec yield: 6.68 %

Data as on 28th January, 2025



Union Finance Minister Nirmala Sitharaman unveiled her eighth consecutive Union Budget on Saturday February 1. The income tax rebates she announced have been the biggest talking point. Schemes for the MSME sector, women, farmers, the education sector, boosting exports, etc. have also been announced. Earlier, the Economic Survey was tabled in Parliament. It projected a growth rate of 6.3-6.8 per cent for the next financial year.

In January 2025, global financial markets exhibited mixed performances. The U.S. markets concluded the month with gains: the Dow Jones Industrial Average increased by 4.7%, the S&P 500 by 2.7%, and the Nasdaq Composite by 1.6%. These gains were achieved despite challenges such as trade disputes, interest rate uncertainties, and developments in artificial intelligence sector.

In contrast, Indian markets faced challenges. The NSE Nifty 50 index declined by ~4% over the past month, continuing the challenging streak. However, derivatives data indicates a potential relief rally in February, as 81% of Nifty futures were rolled over into the February series, suggesting trader confidence.

Given the current market volatility, it's essential for investors to maintain a well-diversified portfolio. Allocating investments across various asset classes—such as equities, bonds, real estate, and commodities like gold—can help mitigate risks. While equities and bonds form the foundation of most portfolios, incorporating other asset classes can provide additional diversification benefits. For instance, gold has recently shown strong resilience while the Indian Stock markets and other markets the world over were showing sustained volatility.



In The News:

- U.S. President Donald Trump imposed 25% tariffs on Mexico, Canada and 10% on China.
- European Central Bank cuts interest rates by 25 basis points to 2.75% after eurozone growth stalls.
- No income tax on annual income up to Rs. 12Lakhs under new tax regime.
- India's Manufacturing PMI Climbs to Six-Month High of 57.7 in January driven by strong export orders.
- January GST collections rise 12.3% to ₹1.96 lakh crore.



From Director's Desk

Budget 2025 Update – Mission Middle Class

The Union Budget 2025 introduces significant changes poised to impact personal finances and investment strategies. Notably, the government has raised the income tax rebate limit to ₹12 lakh (₹12.75 lakh for salaried individuals), effectively increasing disposable income for the middle class. This adjustment is anticipated to boost household consumption, savings, and investments, providing an opportunity to enhance systematic investment plan (SIP) contributions, diversify portfolios, or expedite retirement planning.

The budget maintains the existing capital gains tax structure, offering stability for equity and real estate investors. This consistency is crucial for those focusing on tax-efficient wealth-building strategies. Additionally, the introduction of a

revamped Central KYC (CKYC) registry simplifies the investor onboarding process, facilitating easier market participation for new investors.

Sector-specific initiatives outlined in the budget are expected to stimulate growth in various industries. Increased consumer spending power is likely to benefit the fast-moving consumer goods (FMCG), automotive, and retail sectors. The financial sector, including banks and non-banking financial companies (NBFCs), may experience heightened loan demand. Furthermore, government-led infrastructure projects are set to drive gains in steel, cement, and construction industries. The budget also emphasizes India's commitment to renewable energy and artificial intelligence-driven industries, presenting promising long-term investment opportunities.

For conservative investors, the fiscal deficit target of 4.4% and a stable bond market outlook create a favourable environment for debt investments. Senior citizens stand to benefit from increased tax deduction at source (TDS) thresholds on fixed deposits and rental income.

In summary, the Union Budget 2025 offers several avenues to strengthen and diversify investment portfolios. It arrives at a time when markets and the broader economy are navigating through a complex landscape marked by global volatility and domestic short-term challenges. In this context, the budget delivers a much-needed relief to the middle class, fortifying their financial resilience and fueling consumption-driven growth. It strikes a balance between fiscal discipline and growth impetus, offering a stable framework for investors.

Aligning financial strategies with these developments can help investors capitalize on emerging opportunities while maintaining a balanced approach to risk and reward.

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