



Growth, Valuations, and Fundamentals

Market Data & Macros

MARKET SNAPSHOT

BSE Sensex: 81,451 (1.51% MoM)
Nifty 50: 24,751 (1.71 % MoM)
Nifty Bank: 55,740 (1.20 % MoM)
Nifty Midcap: 57,420 (6.09 % MoM)
Nifty Small-Cap: 17, 883 (8.72 % MoM)
Nifty PE Ratio: 22.32

** MoM" an abbreviation for "Month on Month Performance".
 Data as on 30th May, 2025.

Brent Crude: 62.78
USD/INR: 85.48
Gold (Rs/10 gms): 95, 355
10-year G-sec yield: 6.27 %

Data as on 30th May, 2025



May 2025 brought a cautiously optimistic tone to Indian markets, even as global uncertainties lingered. The Nifty 50 gained 1.71% and the Sensex rose 1.51%, marking a fourth straight monthly advance. This performance came on the back of stronger-than-expected domestic GDP numbers and resilient institutional flows, especially from mutual funds and domestic institutions, which continued to provide a floor to equity markets despite intermittent FII selling.

Beneath the headline indices, mid and small-cap stocks once again outperformed. The Nifty Midcap 100 rose 6.09%, and the Nifty Smallcap 100 surged 8.72%, driven by retail flows and a strong appetite for broader market ideas. However, this relief rally also warrants a measured approach, as valuations in certain pockets have begun to run ahead of fundamentals. PSU stocks staged a sharp comeback (up 6.63%), while defensive sectors like FMCG and pharma lagged amid concerns over demand normalization and regulatory headwinds.

Economic data continued to validate India's growth story. GDP growth for Q4 FY25 accelerated to 7.4%, exceeding estimates and reflecting strength in investment-led demand. GST collections remained robust at ₹2.01 lakh crore, highlighting underlying consumption resilience. CPI inflation eased to 3.16%, offering some macro stability. Meanwhile, fiscal consolidation made progress, with the government narrowing its FY25 fiscal deficit to 4.77%—below revised estimates.

On the global front, U.S. PCE inflation moderated for the second month in a row, coming in at 2.1%. However, the U.S. economy showed signs of strain with a Q1 contraction of 0.3%. In China, PMI readings remained below 50, signaling sluggish manufacturing and services activity. Oil prices fell to ~\$63/bbl, easing import cost pressures for India, while the rupee remained largely stable against major currencies. Tariff Uncertainties continue to remain.

With market breadth improving but valuation comfort shrinking in pockets, a prudent, a large-cap oriented multi-asset approach is recommended. Focus should remain on quality businesses with strong earnings visibility, while maintaining strategic allocations to debt and gold for downside protection. Export-facing sectors, monsoon trends, and central bank actions will be key variables to watch as we move through June.



In The News:

1. India's GDP for Q4 FY25 grew by 7.4%, compared to 6.4% in the previous quarter.
2. GST collections for May rose 16.4% YoY to ₹2.01 lakh crore.
3. CPI inflation eased to 3.16% in April; WPI stood at 0.85%.
4. US PCE inflation softened to 2.1% in April, while Chicago PMI declined to 40.5 in May.
5. China's Manufacturing PMI rose to 49.5, but remained in contraction zone.
6. Centre approved ₹81,735 crore in tax devolution to states (to be released in June).



From Director's Desk

The Problem with Comparing Portfolios

"Am I doing enough?"

It's a quiet question, but one that echoes often across dinner tables, in WhatsApp chats, and inside our heads. My colleague's portfolio made 20% last year. Mine made around 12%. Am I falling behind?

It wasn't the first time I've heard this. "How did your portfolio do last year?" is a deceptively simple question. Suddenly, a healthy 12% return begins to feel underwhelming until you remember what you were investing for.

That's the tricky thing about comparison bias: it strips away context. Your colleague might be chasing quick gains with

high risk, while you're building a steady plan for your child's education five years from now. Same age, different goals. It's like comparing a sprint to a marathon. One might celebrate a high-flying 3-year equity portfolio while you're nurturing a balanced 7-year plan. Judging both by the same yardstick misses the point. Your portfolio isn't just numbers; it's built around your life, your timeline, and your purpose.

Investing isn't a leaderboard. It's a deeply personal journey, one guided by your life goals, risk tolerance, and starting point. When we start comparing, we often fall into the social proof trap: everyone seems to be chasing a hot theme or sector, and the fear of missing out kicks in.

But chasing returns rarely ends well. Trying to keep up with what others are earning can quietly hurt your progress. When investors continually adjust their strategy to match what's "hot" or what someone else is doing, it often leads to more buying and selling, also known as "style drift". This not only increases costs, such as brokerage and taxes, but also adds stress and confusion. In fact, mutual funds with very high trading activity, over 200% turnover, haven't always performed better than steadier ones. Plus, constantly tweaking your plan can lead to decision fatigue, where every small market move feels like a crisis. Instead, sticking to a plan that's built for your goals often works better in the long run. Slow and steady really does win the race.

Here's what I tell clients: if your portfolio is aligned with your goals, progressing steadily, and absorbing risk within your comfort zone, you're doing just fine. The calm may not be flashy, but it's powerful. Remember, people usually talk about winners, not the full picture. Survivorship bias is real. A friend might highlight their crypto gains, not the tech stocks they exited at a loss.

Stay the course. Your strategy was built for you, not your neighbour, not your coworker. And in the long run, consistency beats every attempt to chase a moving target.

Your portfolio should serve your life, not someone else's story.