MySIPonline
SIMPLIFYING INVESTMENTS

MONTHLY NEWSLETTER

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Introduction

Welcome to the April Edition of Our Economic & Investment Insights Newsletter
This edition marks a critical checkpoint in the evolving macroeconomic and market landscape—where optimism and caution co-exist. The newsletter brings together a multi-dimensional analysis of high-frequency economic indicators, sectoral shifts, market dynamics, and curated portfolio strategies, helping readers make informed decisions amid a moderating economic environment.

Purpose of the Newsletter
The newsletter is designed to provide a 360-degree view of India's macroeconomic backdrop, market behavior, sectoral performance, liquidity conditions, and investment implications. By connecting granular data trends with strategic interpretation, it helps investors, financial professionals, and policymakers navigate complexities with clarity and confidence.

What's Inside This Issue?
1. Macroeconomic Overview:
The economy is experiencing *moderate softening*, as seen in declining IIP growth, easing commodity prices, and mixed consumption trends.
While consumer confidence and service sector activity have improved, weakening trade, auto sales, and foreign direct investment signal a cautious outlook.
RBI's rate cut and falling bond yields point to a supportive monetary stance, but risks remain on the external front.
2. Sectoral & Capital Market Performance:
The Nifty 50 and key indices like FMCG, Oil & Gas, and Auto posted strong gains, while IT and Metals lagged.
Defense and Infrastructure sectors outperformed consistently.
Market earnings largely align with price action, reinforcing the view that current valuations are fundamentally driven rather than speculative.
3. Portfolio Strategy Using Modern Portfolio Theory (MPT):
The document offers powerful visual insights into two- and three-asset portfolio constructs (equity, debt, precious metals), based on efficient frontier models.
Key takeaway: Investors can enhance returns or reduce risk through optimal asset class combinations—customized for various risk appetites.
4. Mutual Fund & Small-Cap Investing Insights:
A review of top-performing mutual fund categories across 1-week, 1-month, and YTD horizons.
The newsletter outlines a cautious but positive stance on small caps, suggesting phased exposure and SIP strategies amid current volatility.
5. Liquidity, FII/DII Trends & Sentiment Analysis:
Falling mutual fund AUMs and subdued retail activity indicate cautious sentiment.
DII activity has weakened, while FII flows show mild revival—offering a mixed signal for short-term momentum.
Personal tax cuts and improving consumer sentiment provide pockets of optimism.

Who Should Read This?
This newsletter is an invaluable tool for:
Individual investors looking to build or reassess portfolios
Wealth managers and advisors seeking data-backed allocation guidance
Financial analysts interested in India's economic and sectoral health
Anyone seeking a structured, empirical approach to investing

This is more than a monthly update—it's a blueprint for navigating today's investment climate with informed conviction and tactical precision.

Moderate Economic Softening

Economic Activity Dashboard

Industry	Latest Month	Vs. Last Year	Vs. Last month	YTD Growth*
IIP (Index)	151.3	3.00%	-6.00%	-
Power Consumption ('000 MUs)	4.8	7.00%	2.00%	5.00%
Petroleum Consumption (MMT)	20.9	-1.00%	9.00%	-1.00%
Steel Consumption (MMT)	12.4	0.00%	1.00%	6.00%
Cement Production (MT)	41.5	11.00%	-1.00%	12.00%
Trade & Investment				
Merchandise Exports ($ Bn.)	41.97	1.00%	14.00%	-4.00%
Merchandise Imports ($ Bn.)	63.5	11.00%	25.00%	1.00%
Services Exports ($ Bn.)	31.6	11.00%	-10.00%	12.00%
Services Imports ($ Bn.)	13.7	-13.00%	-17.00%	3.00%
Auto				
Passenger Vehicle Sales ('0000 Units)	381.4	3.00%	1.00%	2.00%
2 Wheeler Sales ('000 Units)	1656.9	11.00%	20.00%	1.00%
3W Registrations ('000 Units) (does not include e-rickshaws)	56.1	-11.00%	1.00%	1.00%
EV Registrations ('000 Units) (does not include e-rickshaws & commercial vehicles)	100.1	-5.00%	60.00%	5.00%

BFSI	Latest Month	Vs. Last Year	Vs. Last month	YTD Growth*
UPI Value (INR Tn)	24.8	25.00%	13.00%	24.00%
Aggregate Deposits (INR Tn)	231	12.00%	1.00%	-
Aggregate Credit (INR Tn)	186.7	12.00%	1.00%	-
NSE & BSE Txns (INR K Cr)	1982	-2.00%	3.00%	-16
Insurance Premium (INR K Cr)	88.7	2.00%	71.00%	-2
Logistics				
E-Way Bills (Mn)	124.51	20.00%	12.00%	19.00%
JNPT Traffic ('000 TEUs)	672	13.00%	9.00%	15.00%
Air Passenger Bookings (Mn)	34.9	11.00%	-6.00%	12.00%
Air Freight (K Tons)	278.7	-5.00%	-6.00%	2.00%
Sentiment				
Manufacturing PMI (Index)*	58.4	-1.00%	0.50%	-
Services PMI (Index)*	59.1	-3.00%	2.50%	-
Consumer Confidence	95.5	-3.00%	2.00%	-
Future Expectations Index	122.4	-2.00%	1.00%	-

*Data available only upto Feb-25, hence growth comparisons with Jan-25 and Feb-24.
*YTD growth compares the YTD performance of the mentioned indicators in the current year Vs. the same period in the previous year.

Source- Boston Consulting Group

Industry
- Cement and power consumption remain strong; steel consumption has slowed.
- Industrial growth driven by infra and real estate, but signs of slowdown are visible.
- Energy indicators (diesel, petrol, electricity, gas) point to weaker economic activity.

Automobile
- Passenger vehicle sales and 3-wheeler registrations remain flat.
- Two-wheeler sales have risen, especially in rural areas, due to good agri. performance.
- Tractor sales have also shown steady growth.

Logistics
- E-way bill generation and container traffic show consistent growth.
- Air passenger bookings and air freight volumes have declined.

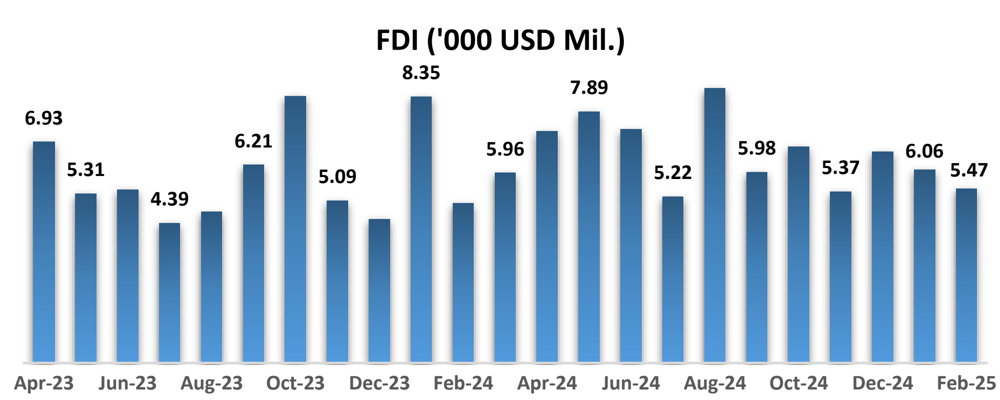
Foreign Trade
- Merchandise imports grew faster than exports, widening the trade deficit.
- Services trade surplus remains steady, but overall activity has declined.

BFSI
- Rising UPI transactions, insurance premiums, aggregate deposits, and credit.
- Credit growth outpacing deposit growth is a concern.
- Declining MF AUM, reduced transactions on NSE & BSE, previous FII outflows.

Sentiments
- Overall sentiments remain subdued but have improved from the previous month.
- Consumer confidence and spending have responded positively to personal tax rate cuts.

Global Commodities	Latest Month	Vs. Last Year	Vs. Last month	YTD Growth*
Brent USD Bbl	59.391	-25.01%	-11.30%	-16.65%
Crude Oil Global USD/Bbl.	56.525	-24.01%	-11.34%	-17.24%
Natural Gas Global USD/MMBtu	3.41	60.29%	-17.03%	-5.49%
Coal Global USD/T	97.5	-34.01%	-3.47%	-22.16%
Gold Global USD/t.oz	3215.48	41.22%	4.40%	23.83%
Silver Global USD/t.oz	32.01	22.77%	2.16%	12.85%

(Trading Economics)



(Trading Economics)

Commodities
- Steep decline in global commodity prices indicates weakening global economic activity.
- Simultaneous rise in precious metals adds to the signal of economic uncertainty.
- Central banks and investors are increasing demand for precious metals as safe-haven assets.
- Overall trend reflects weak global demand and cautious investor sentiment.

Govt. Finances
- Govt. spending has been declining; reversal likely post Feb budget.
- Rising receipts & lower deficit seen in Feb-25, increased spending could boost market.

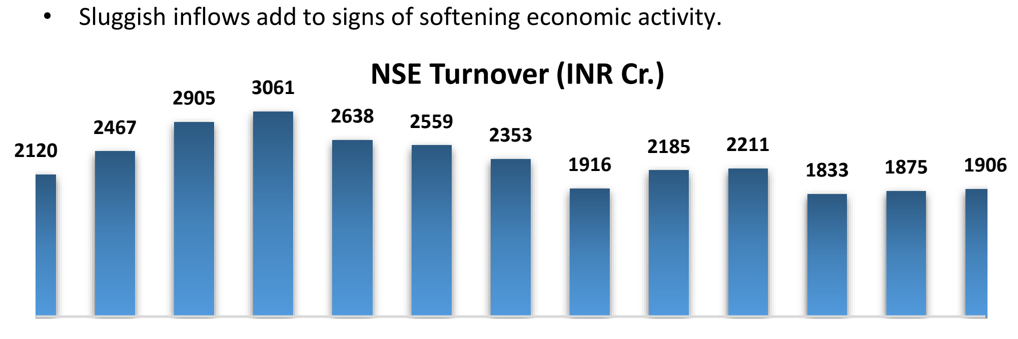
FDI Trends
- FDI has declined for three consecutive months.
- Sluggish inflows add to signs of softening economic activity.

Govt. Receipts & Expenditures (INR Tn)

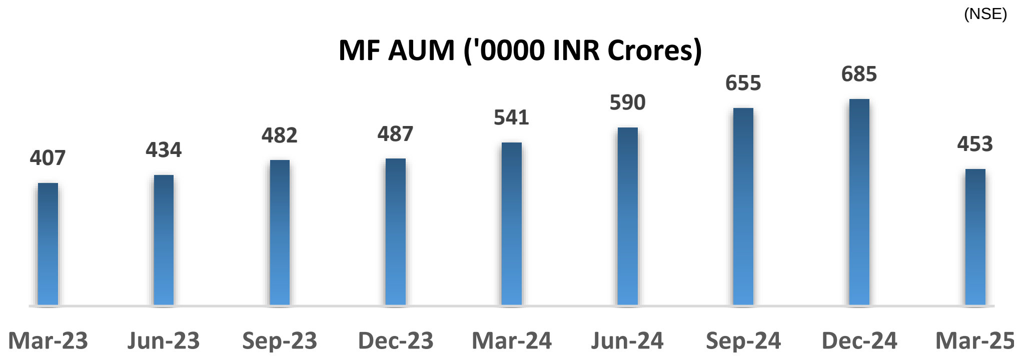
Fiscal deficit declined in Feb-25 as increased tax revenues boosted overall govt. receipts

	Dec-24	Jan-25	Feb-25
Govt. Expenditure (INR Tn)	4.9	3.4	3.2
Govt. Receipts (INR Tn)	4.2	0.8	1.4
Fiscal Deficit (INR Tn)	0.7	2.6	1.8

(Boston consulting Group)



(NSE)



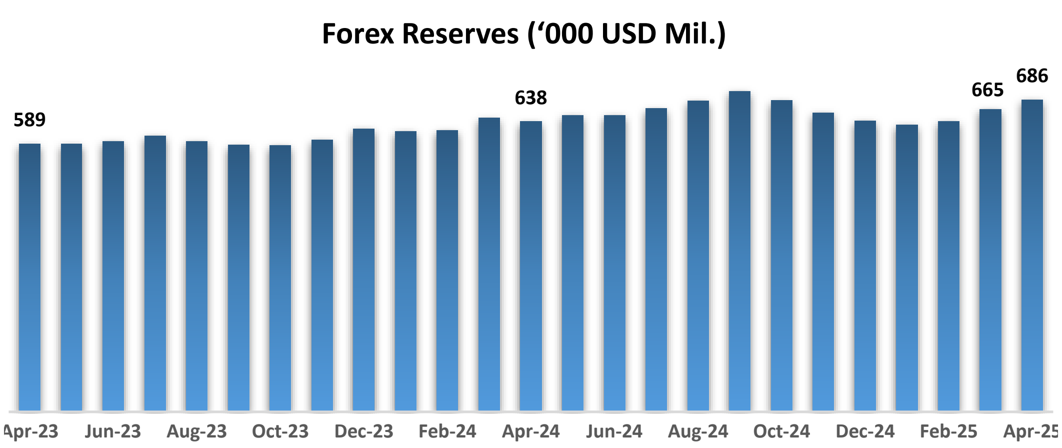
(Morningstar)

NSE Turnover & MF AUM
- **NSE transaction value** has been on a declining trend over the past few months, reflecting reduced market activity.
- **Mutual Fund AUM** has also dropped, suggesting lower retail and institutional investor engagement.

Consolidated View
- **High-frequency indicators** like the IIP index, auto sales, air freight, and services PMI present a **mixed outlook**.
- **IIP and auto sales** show signs of plateauing, while **air freight volumes** remain under pressure.
- **Services PMI** continues to show resilience but with slower expansion.
- **Falling global commodity prices** indicate weakening demand globally.
- **Rising gold prices** reflect a shift toward safe-haven assets amid uncertainty.
- **FDI inflows have declined for three consecutive months**, pointing to weakening investor confidence.
- Taken together, these signals point toward a **gradual softening in overall economic activity**.

Statistical Appendix		
Indicators	**Latest**	**Previous**
USD/INR	84.62	85.42
Sensex	80242.24	77414.92
Unemployment Rate	7.90% Feb-25	8.20% Jan-25
Inflation Rate	3.34%	3.61%
Interest Rate	6.00%	6.25%
Balance of Trade (USD Bil.)	-21.54	-14.05
Manufacturing PMI	58.40	58.10
Services PMI	59.10	57.70
Consumer Confidence	95.50	93.70
Global Commodities Monthly		
Brent USD Bbl.	59.391	74.519
Crude Oil USD/Bbl.	56.525	71.223
Natural Gas USD/MMBtu.	3.41	3.951
Coal USD/T	97.50	102.65
Gold USD/t.oz	3215.48	3115.80
Silver USD/t.oz	32.01	33.797

(Trading Economics)

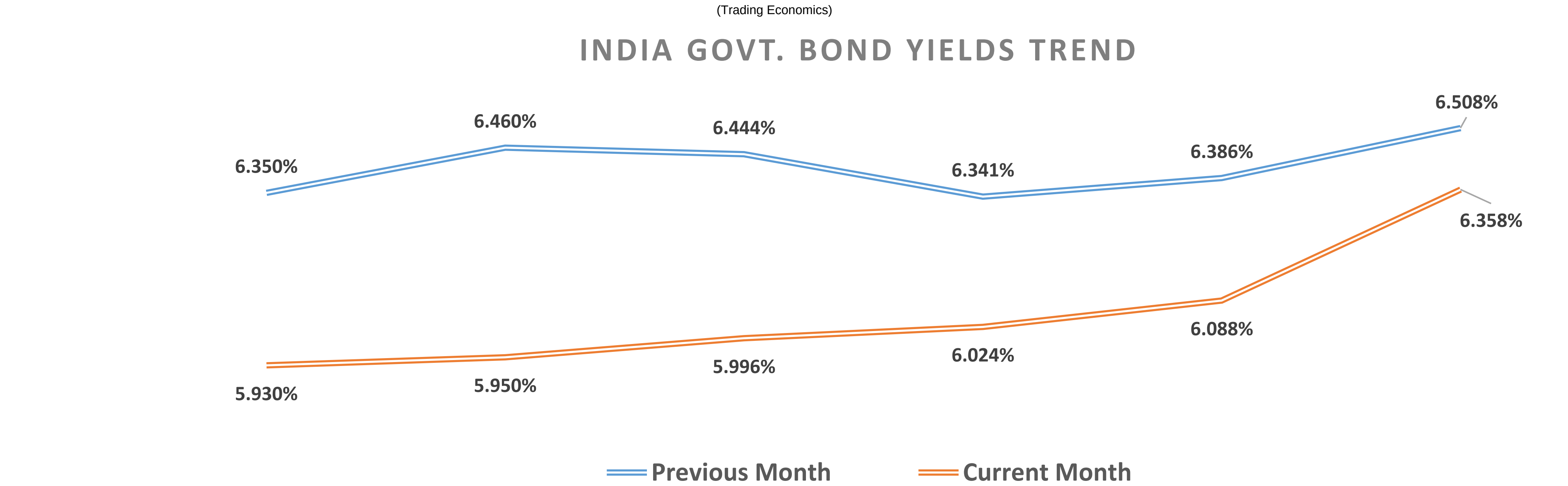


(Trading Economics)

(Trading Economics)

Macroeconomic Indicators - Current Overview

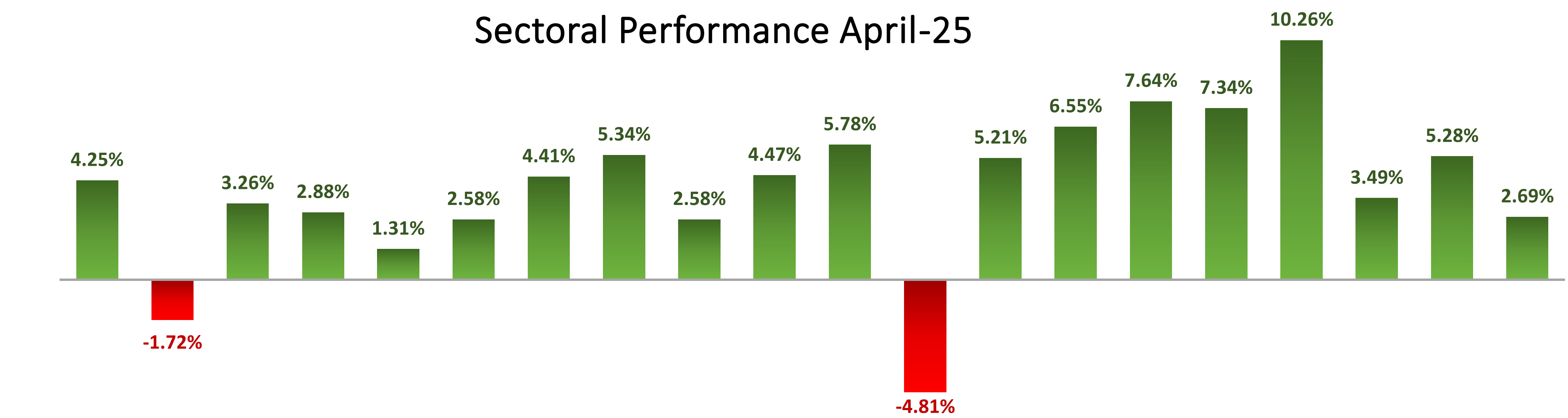
- **USD/INR Improvement**: The Indian Rupee has improved, but this is mainly due to the **weakening of the US Dollar**, not a major strengthening of the INR itself. A weaker dollar often boosts capital inflows and reduces import costs.
- **Sensex Performance**: The **Sensex** continued its positive momentum in April, posting a **4.37% return**, after a period of decline. This indicates improved investor confidence and a potential shift in market sentiment.
- **Inflation Trends**: Inflation is easing and remains within the **RBI's target range** of 2-6%, suggesting that price pressures are under control, which allows for more accommodative monetary policy.
- **RBI Interest Rate Cut**: The **RBI reduced interest rates by 25bps** to support economic activity. This move makes borrowing cheaper, encouraging investment and consumption, which helps mitigate economic slowdown.
- **PMI and Consumer Confidence**: **Manufacturing PMI**, **Services PMI**, and **Consumer Confidence** have all improved, signaling better economic activity and consumer sentiment.
- **Commodity Prices**: Falling **commodity prices** remain a concern, indicating **weak global demand**. This could be a sign of broader economic slowdowns, though it may also help reduce inflationary pressures.
- **Precious Metals & Safe-Haven Assets**: Rising prices in **gold** and other precious metals point to investors moving towards **safe-haven assets** amid global uncertainty.
- **Gold Reserves and Forex Reserves**: India is **increasing its gold reserves**, which is boosting **forex reserves**. Higher reserves strengthen India's financial position, providing stability against global economic challenges.
- **Falling Government Bond Yields**: Declining **bond yields** suggest the **RBI is easing the economy**, which can support investment and economic activity by making borrowing cheaper.
- **Capital Markets and Investment Sentiment**: Falling bond yields could encourage investments in **equities** and other growth assets, boosting **capital markets** and stimulating consumption, which helps drive economic growth.



	3M Bonds	6M Bonds	1Y Bonds	2Y Bonds	5Y Bonds	10Y Bonds
Previous Month	6.350%	6.460%	6.444%	6.341%	6.386%	6.508%
Current Month	5.930%	5.950%	5.996%	6.024%	6.088%	6.358%

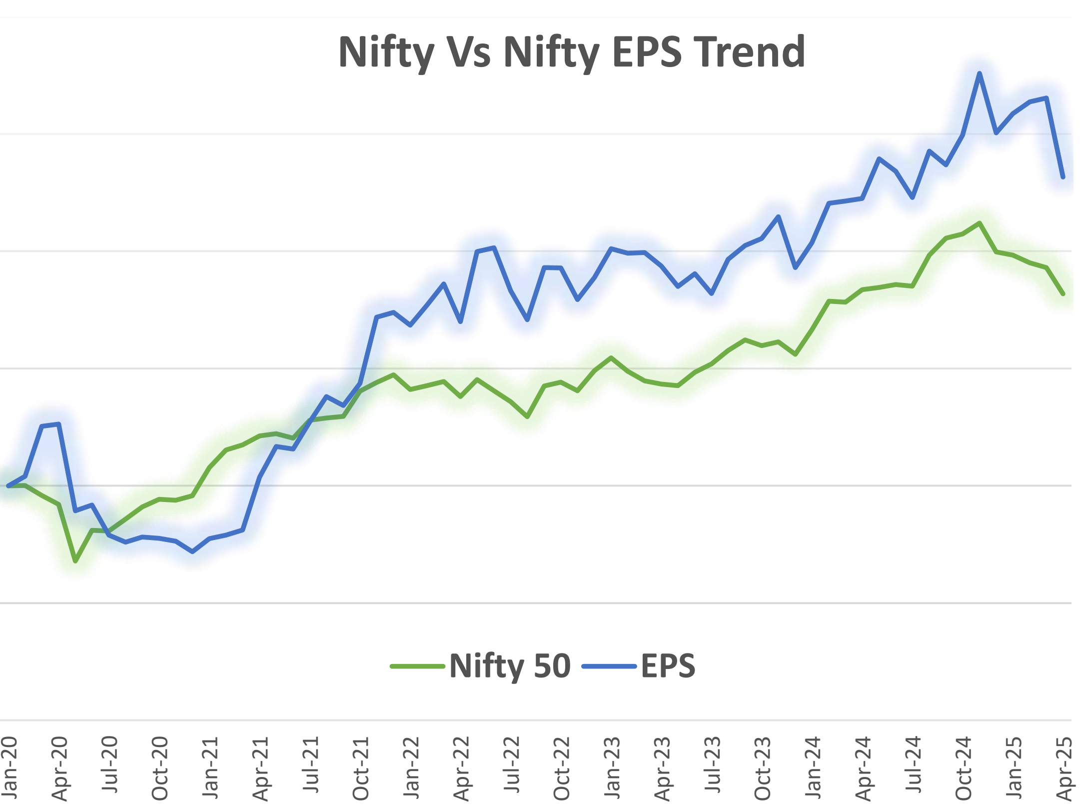
(Trading View)

Equity



	Nifty 50	Nifty IT	Nifty Pharma	Nifty Healthcare	Nifty Commodity	Nifty Realty	Nifty Infra	Nifty Auto	Nifty Energy	Nifty Consumer Durables	Nifty Consumption	Nifty Metal	Nifty PSU Banks	Nifty Oil & Gas	Nifty Bank	Nifty Private Bank	Defence	Nifty Manufacturing	Nifty FMCG	Nifty Media
Apr-25	4.25%	-1.72%	3.26%	2.88%	1.31%	2.58%	4.41%	5.34%	2.58%	4.47%	5.78%	-4.81%	5.21%	6.55%	7.64%	7.34%	10.26%	3.49%	5.28%	2.69%

(Trading View)



(Prime Investor, NSE)

Market & Sectoral Overview

Sectoral Performance: Most sectors continue to show positive returns, with **IT** and **Metals** being the only exceptions.
Defence Sector: Delivered another month of outperformance, surpassing all other indices.
Nifty 50: Maintained positive momentum, delivering a **4.25% return** for the month.
Top Performing Sectors: **Oil & Gas, Banks, FMCG, Consumption, Auto**, and **Infrastructure** led the performance this month.

Earnings vs. Market Movements

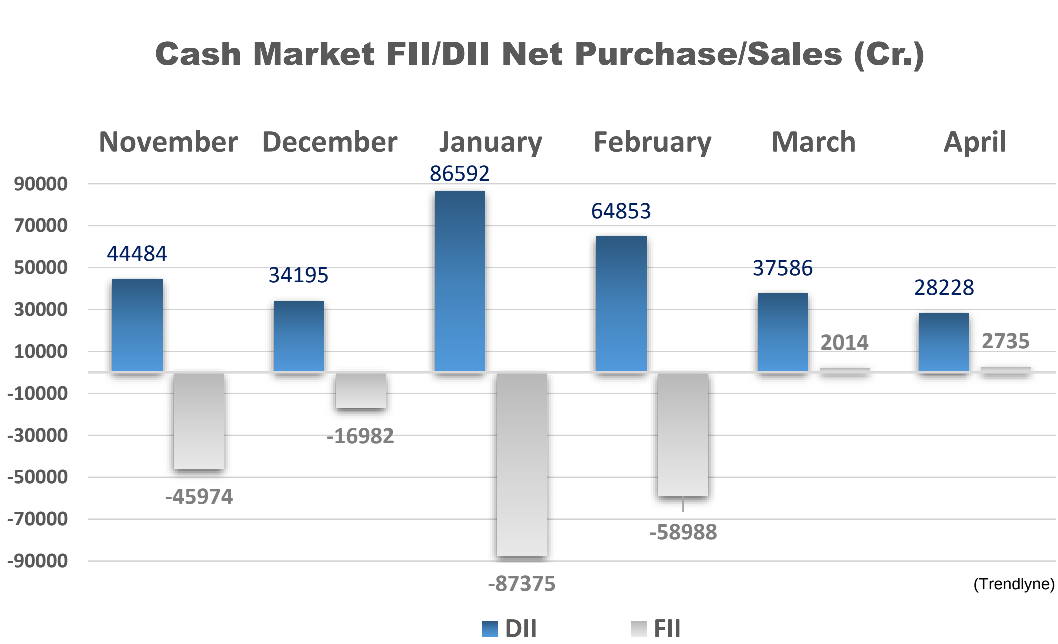
A comparison between **Nifty's price trend and EPS movement** indicates that the index is largely tracking earnings.
The **current fall in EPS** is being reflected in the market's behavior, indicating a rational correlation.
This alignment between earnings and index movement reinforces investor confidence, showing that **market trends are fundamentally supported**, not solely driven by sentiment or speculation.

Results Analysis for Q4 FY24-25			
	Nifty 100	Nifty MidCap 100	Nifty Small Cap 250
Positive Profit Growth	27	21	43
Negative Profit Growth	17	12	18
Neutral Profit Growth	3	2	3
Total Revenue Growth	4.70%	12.00%	6.60%
Total EBIDT Growth	10.30%	12.50%	10.00%
Total Operating Profit Growth	8.30%	10.80%	15.40%

(Money Control)

Small Cap Segment Insights

Recent earnings reports highlight **strong profit and earnings growth** in small-cap companies.
While **revenue growth** is moderate, it trails profit growth—suggesting **improving margins** in the small-cap space.
This margin expansion presents **attractive investment opportunities**, further discussed in our Small Cap and Mutual Fund sections of the newsletter.

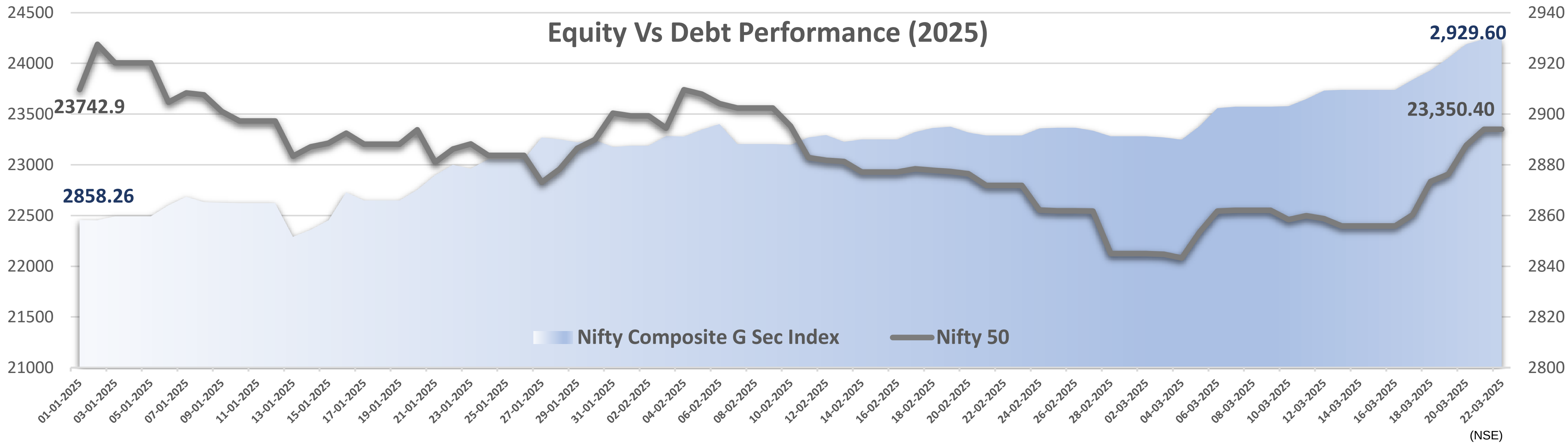


(Trendlyne)

Liquidity Analysis

Domestic Institutional Investor (DII) participation is declining. **NSE transaction volumes** and **Mutual Fund AUM** are also showing a downward trend, indicating reduced retail participation.
Foreign Institutional Investor (FII) inflows show minor improvement but **no significant shift** compared to the previous month.
Overall, current data indicates a **liquidity concern in the market** that may impact short-term sentiment.

Science Behind Our Curated Portfolio Creation



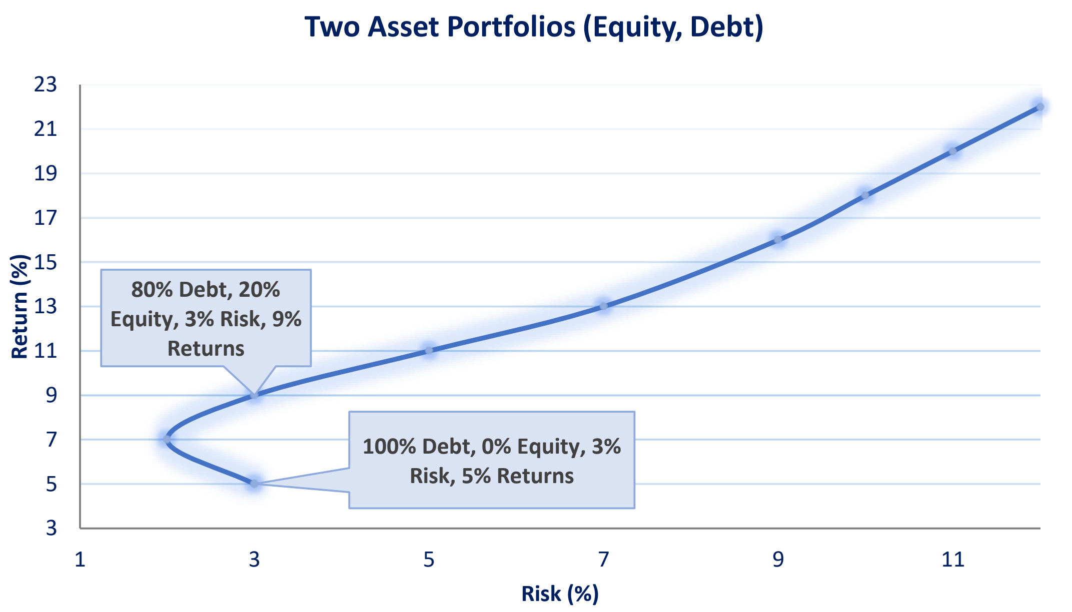
Inverse Correlation: Why Equities & Debt Move Differently

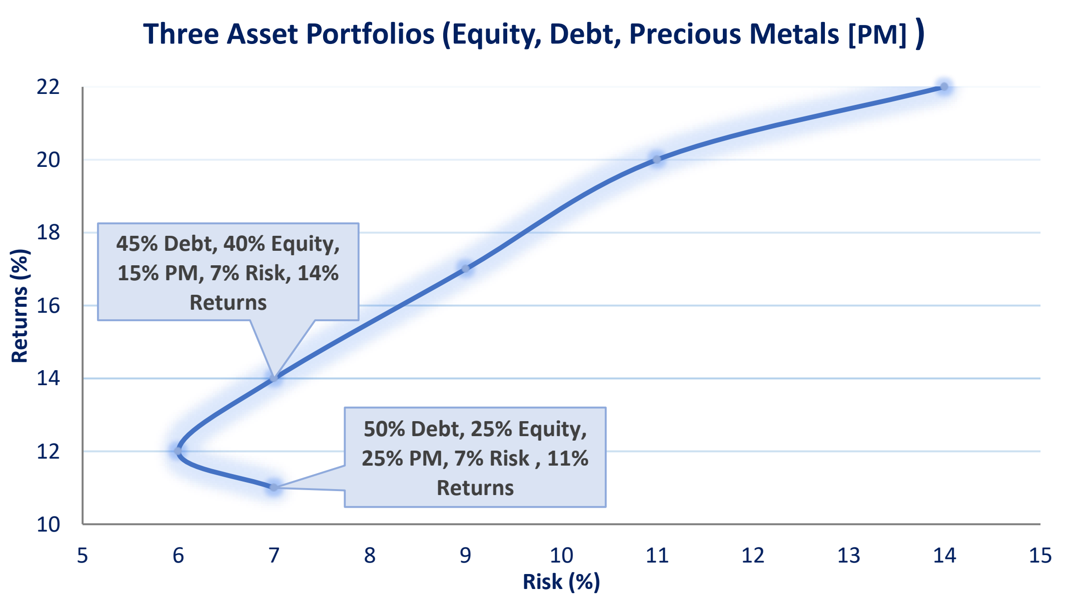
Comparing the performance of equity and debt reveals a decline in equity during the initial phase of the year, followed by a reversal of the downtrend in March. During the same period, while the equity asset class was declining, the debt segment experienced a rise. This showcases the negative correlation between the two asset classes.

There are multiple factors behind this phenomenon, but at a very basic level, it is primarily driven by market sentiment. During periods of strong economic activity and market booms, the potential returns from equities often outweigh the associated risks, leading to increased demand for equities and pushing markets higher. Conversely, during economic slowdowns or when markets become overheated, the risk of negative returns in equities rises, prompting investors to shift towards safer asset classes such as debt.

Other contributing factors to this inverse relationship include central banks' open market operations aimed at regulating and stabilizing the economy, changes in interest rates, and monetary policy decisions. Overall, the chart highlights the inverse relationship between equity and debt—an effect that can also extend to other asset classes such as precious metals, real estate, and more

The Efficient Frontier: Where Risk Meets Return





Asset Classes performance generally varies depending on prevailing economic conditions

- Equities are expected to do relatively well during recovery phase and boom.
- Debt Tends to perform well during recession and falling interest rates scenarios
- While no investment is guaranteed to be recession proof, some tend to perform better than others during downturns
- With inflationary pressures, commodities like gold, oil etc. usually increase in price along with the finished products that are made form them.

Investors can allocate their investments across various asset classes judiciously.
A well-balanced mix of asset classes may help achieve an optimal level of risk-adjusted returns.

Even conservative investors can structure their portfolios to stay positive across market cycles, while aggressive investors may be able to reduce risk without compromising on high returns.

- Here, we have included two charts: one showcasing two-asset portfolios (equity and debt) and another showing three-asset portfolios (equity, debt, and precious metals).

- The efficient frontier graphs for both portfolio types clearly demonstrate how a thoughtful asset allocation strategy can lead to higher returns for the same level of risk.

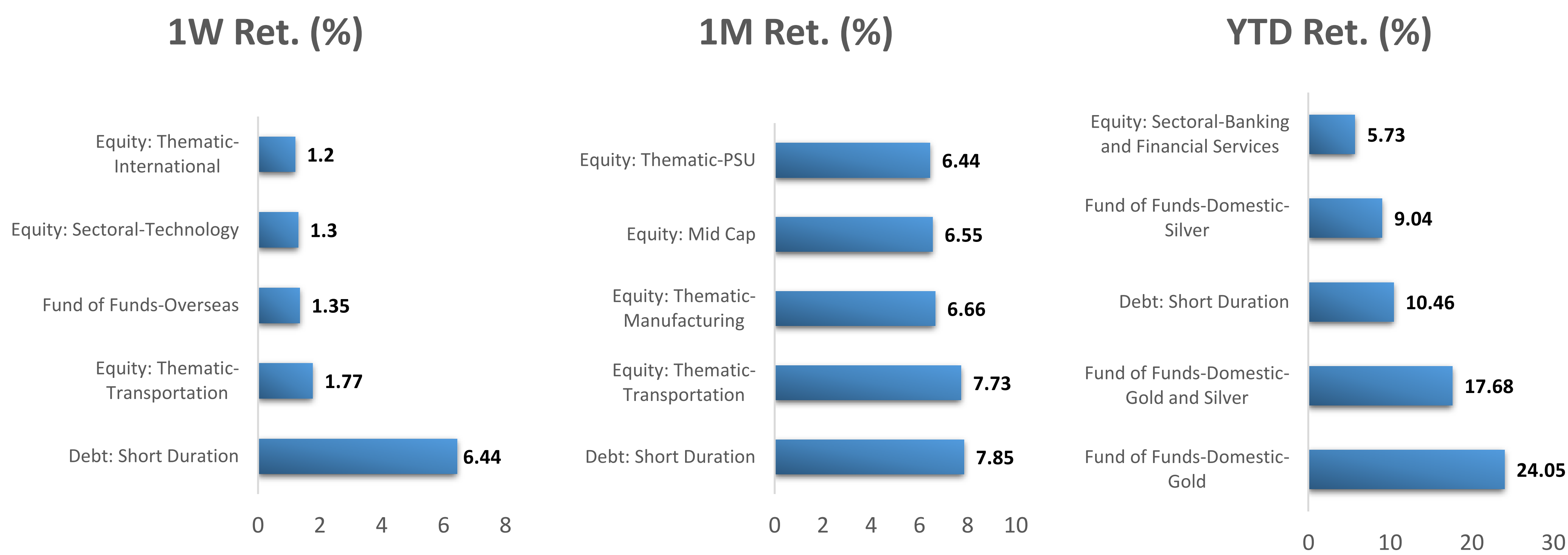
- In the two-asset portfolio chart, we observe that a 100% debt portfolio would have delivered returns of 5% with 3% risk over the five-year period from 2020 to 2024.
  By increasing the equity allocation to 20% and reducing debt to 80%, the risk remains at 3%, but the returns jump to 9%.

- In the three-asset portfolio, adjusting the allocation among equity, debt, and precious metals can result in a portfolio with the same 7% risk, but with returns increasing from 11% to as much as 14%.

Our Approach: Modern Portfolio Theory in Action

We apply Modern Portfolio Theory (MPT) to construct our curated portfolios. The process begins with the calculation of expected returns and risk across various mutual fund categories. Next, we analyze the correlations between all these mutual fund categories.
Using this data, we generate all possible portfolios by exploring every feasible allocation and category combination. This comprehensive approach provides a deep understanding of the potential portfolios, along with their associated risks and returns. It allows us to identify the most efficient, risk-adjusted allocations based on the investor's return expectations.
But the process doesn't end there. The selected portfolios are rigorously back tested across different market scenarios—short-term, medium-term, and long-term. This strengthens our conviction in their resilience and ensures that the chosen portfolios are capable of delivering the desired outcomes.
Overall, we fine-tune the allocations among differently correlated asset classes to ensure that returns justify the risk—and to uncover opportunities where the target returns can be achieved with the lowest possible risk.

Top Performing Categories in Near Term

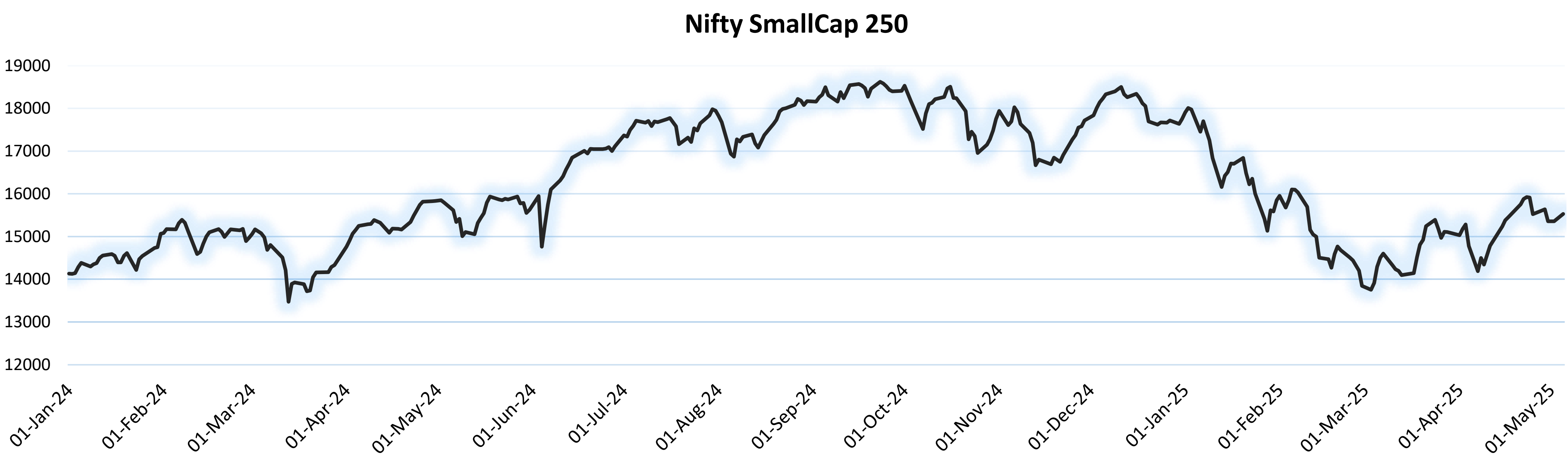


(AdvisorKhoj)

As discussed in our previous newsletter editions, the performance of debt and precious metals continues to remain strong, and our views on BIFS and Manufacturing are reflected in the recent category performance data.

We continue to advise investors to diversify their portfolios across asset classes to benefit from the inverse relationships between them, helping to achieve positive returns across various market scenarios.

We also maintain our belief that the strong performance in precious metals and debt is likely to sustain.



(NSE)

Our Approach on Small Caps

The Small Cap index has clearly shown a downtrend over the past few months. The strong post-COVID rally has paused, with the index falling nearly 30% from its all-time high. It has since recovered slightly and is currently trading around 20% below that peak.

Despite this correction, we remain positive on the Small Cap segment for long-term investors. We believe the current downtrend is cyclical in nature, and the fundamental growth opportunities in small-cap companies remain intact. The recent decline was largely driven by overheated market conditions, elevated valuations, global uncertainties, a slowdown in earnings and growth, and broader economic deceleration. However, we view these as short-term factors.

From a top-down perspective, the long-term outlook for the Indian economy and equity markets remains strong. Small-cap companies—known for their higher growth potential, exposure to diverse industries, and entrepreneurial agility—are well-positioned to benefit from the broader economic uptrend.

Since it is difficult to accurately time the market or predict exactly when the Small Cap segment will rebound, we advise investors with a high-risk appetite to consider systematic investment plans (SIPs) in small-cap funds. For lump-sum allocations, we recommend a balanced approach between debt and small-cap investments, gradually deploying capital from debt to small caps as market momentum becomes favorable.

For a deeper understanding of the Small Cap segment—including what defines a small cap, the benefits and risks of investing in them, mutual funds vs. direct equity, strategies for successful investing, and our top small-cap fund recommendations—you can watch our video on our YouTube channel *The Mutual Fund Talk*. [https://www.youtube.com/watch?v=55bb4tOgnSs]

To receive a comprehensive analysis of your current investments, personalized fund recommendations, and expert portfolio creation, visit [https://www.mysiponline.com/].

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