



Dear Reader,

Global markets experienced heightened volatility in February, which persisted into March, ending the month on a negative note. Trade war has rattled the investor confidence, with increased uncertainty surrounding U.S. tariff policies and their potential implications for the U.S. economy, inflation, and overall global growth outlook. The elevated ambiguity stemming from U.S. trade policy has not only dampened growth expectations within the U.S. but has also raised concerns about broader global economic repercussions. The imposition of tariffs and reciprocal measures is likely to fuel inflationary pressures worldwide, posing a significant risk to sustained global economic growth. US has implemented the tariff policy on 2nd April 2025 and equity markets responded negatively. Most of the major markets fell over 10% in just 3 days after tariff implementation.

Market Performance:

Amid ongoing uncertainty surrounding tariff policies and concerns over a potential economic slowdown in the U.S. accompanied by rising inflation, U.S. equity markets ended the month on a negative note. Economic indicators weakened, and consumer confidence fell short of expectations. Despite inflation remaining above target levels, the U.S. Federal Reserve maintained a neutral stance on interest rates. Reflecting these developments, the Dow Jones declined by over 4%, the tech-heavy NASDAQ dropped by more than 8%, and the S&P 500 fell by over 5% in March.

Following the U.S. stance on the Ukraine conflict, the European Union (EU) proposed a spending package of approximately €800 billion aimed at strengthening the bloc's defense capabilities and reducing reliance on the United States. However, the increased borrowing to support the war effort in Ukraine is expected to place additional pressure on the region's economic growth. Reflecting these concerns, major European indices declined in March, France's CAC 40 fell by over 3%, while the UK's FTSE and Germany's DAX dropped by over 2% and 1%, respectively.

In Asia (excluding India), Asian markets fared comparatively well with minor losses in March. Japan continued to fight deflationary pressures with positive interest rates and wage increases encouraging investors. China continued its strong recovery amid trade war. Japan's Nikkei lost over 4% while Hang Seng and Shanghai Composite gained over half a percent during March.

Back to home, India outperformed the global markets and closed the month on positive note. Sensex and Nifty rose over 5% and 6% respectively. While Midcap and small cap index outperformed the broader markets. On sectoral front, metals gained the most by surging over 10%, followed by Pharma which rose over 6%. Bank nifty gained 6.66% while Auto surged 3.89%.

Domestic Macro-Economic: Retail inflation eased to 3.61% in February of 2025 from 4.26% in January. The result marked the first occasion that inflation was below the RBI's mid-point inflation target of 4% in six months. WPI climbed by 2.38% YOY in February 2025, accelerating from a 2.31% rise in January. RBI in its monetary policy declared on 9th April has slashed the Repo rate by 25 bps to 6%.



Conclusion:

Markets have responded sharply to the implementation of U.S. tariffs and the reciprocal measures taken by other countries. Amid escalating trade tensions, investor sentiment has been weighed down by concerns over rising inflation, the U.S. growth outlook, and fears of a broader global economic slowdown. A temporary reprieve came in the form of a 90-day pause on tariffs for all countries except China, against which the U.S. announced an immediate tariff increase to 125%. Amid ongoing geopolitical tensions, trade disputes, and planned increase in borrowing by the European Union, the long-term implications for global growth and inflation remain uncertain. As a result, market volatility is expected to persist in the near future.

With the upcoming corporate earnings season, investors are advised to closely evaluate the evolving macroeconomic environment and its potential impact before making investment decisions.

Global Index	28-Feb	31- Mar	Change	Sectoral Indices	28-Feb	31- Mar	Change
Sensex	73,198	77,415	5.76%	NIFTY Midcap 150	17,751	19,120	7.72%
Nifty	22,125	23,519	6.30%	NIFTY Smallcap 100	14,700	16,096	9.49%
Dow	43,841	42,002	-4.20%	NIFTY Auto	20,499	21,295	3.89%
Nasdaq	18,847	17,299	-8.21%	NIFTY Bank	48,345	51,565	6.66%
S&P 500	5,955	5,612	-5.75%	NIFTY Financial Services	23,029	25,075	8.88%
CAC	8,112	7,791	-3.96%	NIFTY FMCG	50,689	53,590	5.72%
DAX	22,551	22,163	-1.72%	NIFTY IT	37,318	36,886	-1.16%
FTSE	8,810	8,583	-2.58%	NIFTY Media	1,387	1,475	6.37%
Nikkei	37,156	35,618	-4.14%	NIFTY Metal	8,219	9,093	10.62%
Hang Seng	22,941	23,120	0.78%	NIFTY Pharma	19,814	21,137	6.68%
Shanghai Composite	3,321	3,336	0.45%	NIFTY Private Bank	24,225	25,733	6.23%
Key Data Release				NIFTY PSU Bank	5,652	6,263	10.82%
Particulars		Current	Previous	NIFTY Realty	798	851	6.69%
India Manufacturing PMI (Mar)		58.1	56.3	Other Asset Class	28-Feb	31- Mar	Change
India Service PMI (Mar)		58.5	59.0	MCX Gold 10 g (in Rs)	84,219	90,120	7.01%
India CPI (YoY) (Feb)		3.61%	4.31%	MCX Silver Kg (in Rs)	92,887	100,065	7.73%
India WPI Inflation (YoY) (Feb)		2.38%	2.31%	Brent Crude (\$ Barrel)	73.18	74.74	2.13%
India IIP (Jan)		5.00%	3.20%	India 10 Year G-Sec Yield	6.72%	6.58%	-2.08%
RBI Interest Rate		6.00%	6.25%	US 10 Year G-Sec Yield	4.20%	4.21%	0.19%
India Q3FY25 GDP (YoY)		6.20%	9.50%	USD INR	87.40	85.58	-2.08%
FII Net (Rs cr)		2,014	(58,988)				
DII Net (Rs cr)		37,586	64,853				

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