

# Market & Macro Insights – Cheenu Gupta (HSBC)

With nearly two decades of investment experience

## 1. Global Economic Outlook

- Trade Deals Front & Center:  
July 9th is a key deadline. Deals with Vietnam done; Japan tariffs increased; India unlikely to give concessions
- Currency Dynamics:  
Shift from a rising dollar narrative in 2024 to a weakening dollar in 2025.
- Global GDP Growth Revised Downward:
  - 2024 Estimate: 3.0%
  - 2025 Revised: 2.75%
  - US: Down from 2.5% → 1.5%
  - India: Upward revision

## 2. India Macro – A Strong Story

- FX Reserves:  
India is now the 4th largest holder; import cover remains comfortable.
- Central Govt Capex Surge:
  - May 2025 onwards, strong uptick, especially in defence and power
  - FY25 so far: 32% growth vs expected 11%
  - Defence Capex: Expected to stay robust for the next 5–10 years
- State Capex:  
Comparatively sluggish

## 3. Consumption & Demand

- Discretionary Consumption Recovery Expected:  
Likely drivers:
  - Tax cuts
  - 8th Pay Commission impact
  - Aggressive RBI rate cuts
  - Cash transfer schemes
- Festive Season expected to mark full demand recovery
- New Phase of Consumption:  
Entering the third decade—convenience-driven consumption

## 4. Inflation & Liquidity

- Inflation Not a Concern for 2025
- Liquidity Conditions Extremely Supportive:
  - CRR at 3% – historical low
  - Small & Midcaps tend to outperform in such liquidity-rich scenarios

## 5. Market Flows & Valuations

- FII Flows:  
Weak in 2024 but recovering in 2025
- Domestic Flows:  
Strong and resilient; passed the Jan–Feb 2025 market fall test
- MSCI Theme:  
South Korea graduating to developed market status
  - 10% MSCI Emerging allocation up for redistribution – potential benefit for other EMs like India

## 6. Market Valuation & Earnings