Wealth Beacon

Dear Reader,

We are not going to bore you with yet another post on Jane Street. Our job is to keep an eye out for things that impact your wealth and that requires filtering out the noise. In case you want to read our views on why F&O is a bad idea, you can read our older blog here.

Markets have been on a downtrend in India since our last newsletter on 28th June where we pointed to elevated valuations. The critical earnings season has just started. The markets had run up in anticipation of earnings recovery, however, the season is off to a poor start with TCS & D'Mart reporting underwhelming numbers. The impact is clear - Nifty50 has corrected by 1.89% in this 2 week period. Should the markets fall, it will present an opportunity to deploy the cash generated earlier.

There has been a rightful view that Indian SIP investors have cashed out FIIs and promoters. However, our research reinforces the view that SIPs continue to be a hassle free algorithm to create wealth. Markets are flow driven and the retail flows can keep markets buoyant. You can read our blog on SIPs here.

Click below to read the full market update.

Happy Reading!
Wealth Beacon Team

You may contact us at: contact@wealthbeacon.ai / http://www.wealthbeacon.ai

Market Update

Wealth Beacon

India Economic Indicators

Indicator	May-25	Apr-25	Trend
CPI Inflation	2.82%	3.16%	Cooling
WPI Inflation	0.39%	0.85%	Sharp Drop
Trade Deficit	$21.88B	$26.42B	Narrowing
Fiscal Deficit (% GDP)	4.80%	5.60%	Improving

Source: MoSPI, CGA, DPIIT and Ministry of Commerce

Macroeconomic Update

June CPI is expected to ease to ~2.5%, official data is due July 14. Modelration in inflation is expected to keep the door open for further rate easing by the RBI.

Broader Indices Snapshot

Broad indices	2w Ago	1m Ago	YTD
NIFTY 50	-1.58%	0.53%	8.56%
NIFTY 500	-1.17%	-0.27%	10.46%
NIFTY Midcap 150	-0.77%	-0.91%	14.41%
NIFTY Small cap 250	-0.06%	0.71%	17.43%
S&P 500	1.50%	4.00%	6.80%
Nasdaq 100	1.28%	4.38%	8.80%

Source: NSE, Yahoo Finance

Indian Equity Market Update

Indian equity benchmarks corrected over last fortnight across large, mid & small caps, aligning with our overall view on the market's stretched valuations. With earning season starting, expectations of earning growth are modest, we will be keeping a watch on earnings and looking for sectors with green shoots.

Key Valuation Ratios

Index	P/E	P/B	Div Yield
NIFTY 50	22.82	3.61	1.28
NIFTY 500	25.18	3.93	1.13
NIFTY Midcap 150	34.99	5.26	0.77
NIFTY Small cap 250	33.75	4.17	0.61

Source: NSE

India - G-Sec Yields

Tenor	Current	Last	Change
1-Year	5.58%	5.50%	1.45%
5-Year	6.14%	6.03%	1.82%
10-Year	6.38%	6.38%	-

Source: CCIL RBI Weekly Statistical Supplement

Bond Market Update

The bond market continues to reflect easing inflation and supportive liquidity. However, the 10-year remains range-bound due to global uncertainty. We favour the 3-5 year segment as the optimal duration, offering attractive risk-reward.

US Treasury Yields

Tenor	Current	1M Ago	6M Ago
US 10-Year Treasury	4.42%	4.41%	4.58%

Source: U.S. Department of the Treasury (home.treasury.gov)

Precious Metals

Broad indices	2w Ago	1m Ago	YTD
Gold (INR)	1.80%	1.32%	9.36%
Silver (INR)	4.85%	4.54%	9.31%

Source: IBJA

Precious Metal Update

Aligning with our view from previous report, Gold is making a pause on its runup. We expect some correction along with time correction from its peak.

Key Event Updates

Trump Tariffs

Renewed tariff rhetoric from the U.S., especially on critical imports like copper and EV components, risk disrupting global supply chains and are already contributing to rising commodity prices notably copper. The inflationary impact may delay any near-term rate cuts by the U.S. Federal Reserve, extending the current pause.

Q1 FY26 Result Season

The Q1 FY26 earnings season has commenced. TCS, a bellwether for the IT sector, reported a modest increase in profit but a decline in revenue, citing global macroeconomic and geopolitical uncertainties added with reduced discretionary spending by clients, particularly in North America and Europe. However, market internals in India are showing strength, with improving breadth indicators suggesting broader participation in the ongoing uptrend in equities. The automotive sector, for instance, has seen marginal year-on-year growth in retail sales for Q1 FY26, despite warnings of potential impact from rare earth magnet crises and geopolitical tensions.