

# PAISA VASOOL

March 2025 Newsletter

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# Global: Trump Goes Berserk

1 President Trump declared “Liberation Day” with the announcement of comprehensive tariffs aimed at reshaping US trade relationships. The measures include a 10% baseline tariff on imports from all countries with significantly higher rates imposed on nations with trade surpluses with the US such as China (34%), the European Union (20%), Japan (24%), and others. Additionally, a 25% tariff on all foreign-made automobiles was introduced, effective immediately. Trump justified these tariffs as a strategy to revitalize domestic manufacturing and reduce trade deficits.

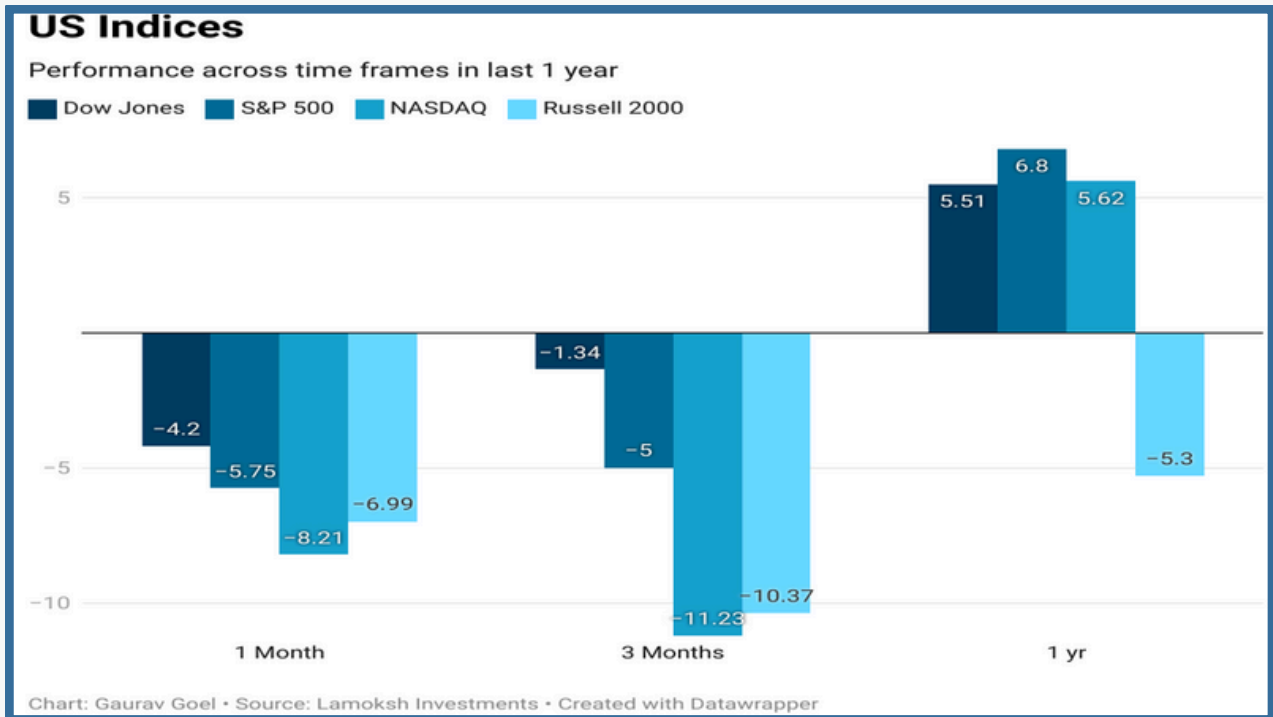
2 China retaliated by imposing 34% additional tariffs on US imports starting 10th April, 2025. China has also added 11 companies to a list of “unreliable companies”, essentially limiting business.

3 President Trump is also pressurizing Fed to cut interest rates. However, Fed Chairperson Jerome Powell said that Fed will wait before further rate moves. He feels that Fed is obligated to keep inflation expectations anchored and tariffs can have a persistent inflationary impact.

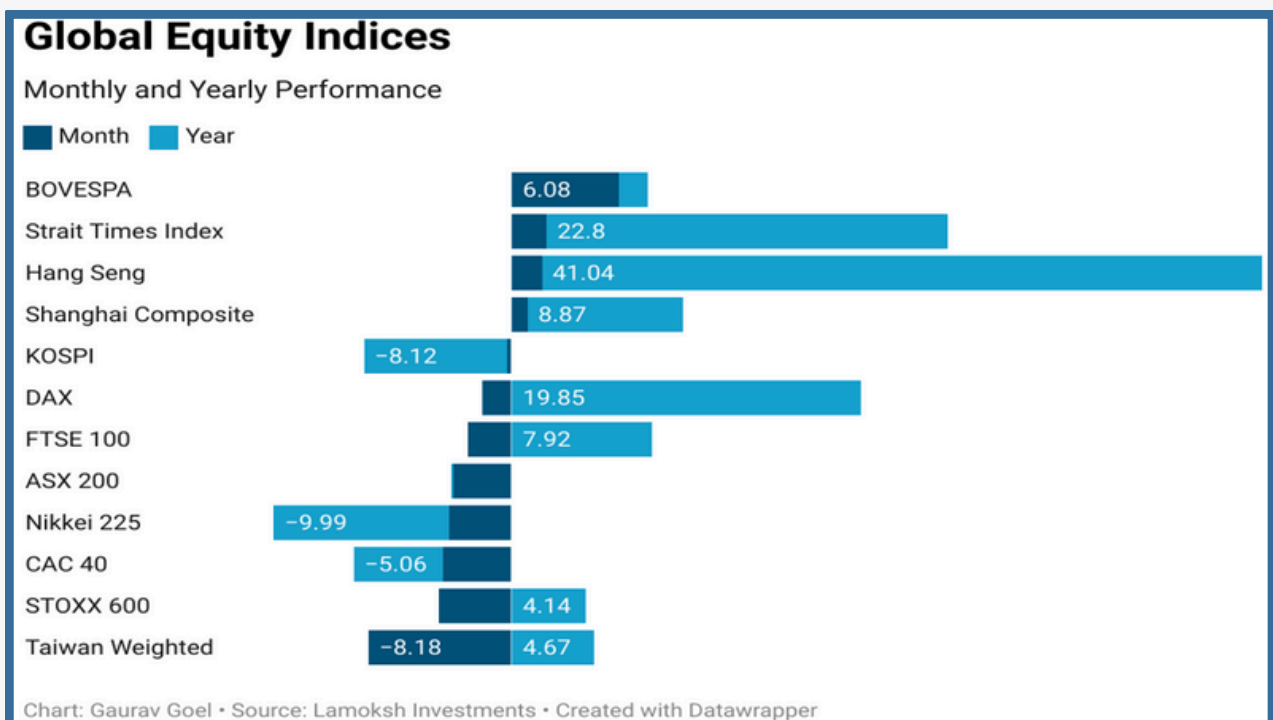
4 Equity markets worldwide, including US markets took a tumble, once the tariff announcements were made. Commodities crashed across the board. Even Gold and Silver, usually considered safe havens were not spared.

5 Fitch Ratings has downgraded China's long-term sovereign credit rating to A from A+ and changed the outlook to stable from negative on April 3, 2025, marking the first rating change for China by Fitch in 18 years. The agency explained that the move reflects expectations of a continued weakening of China's public finances and a rapidly rising public debt trajectory during the country's economic transition.

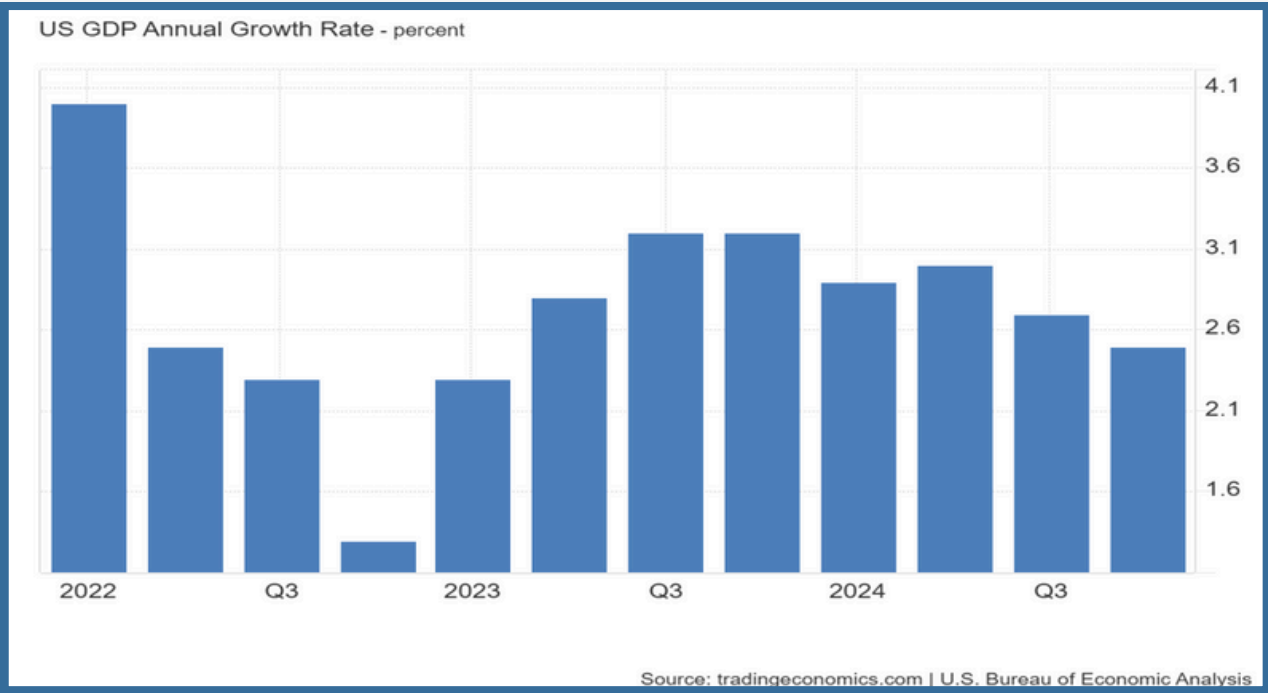
# US: Worries of Stagflation



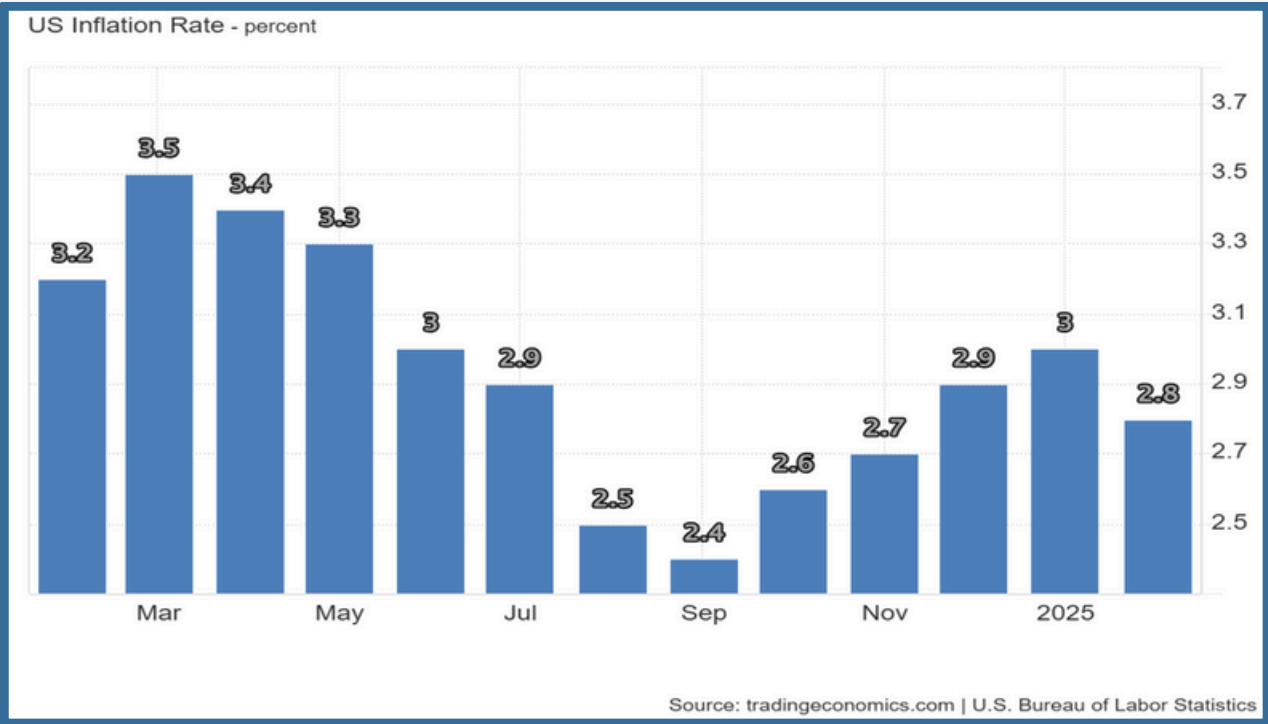
# Tariff Worries All Around



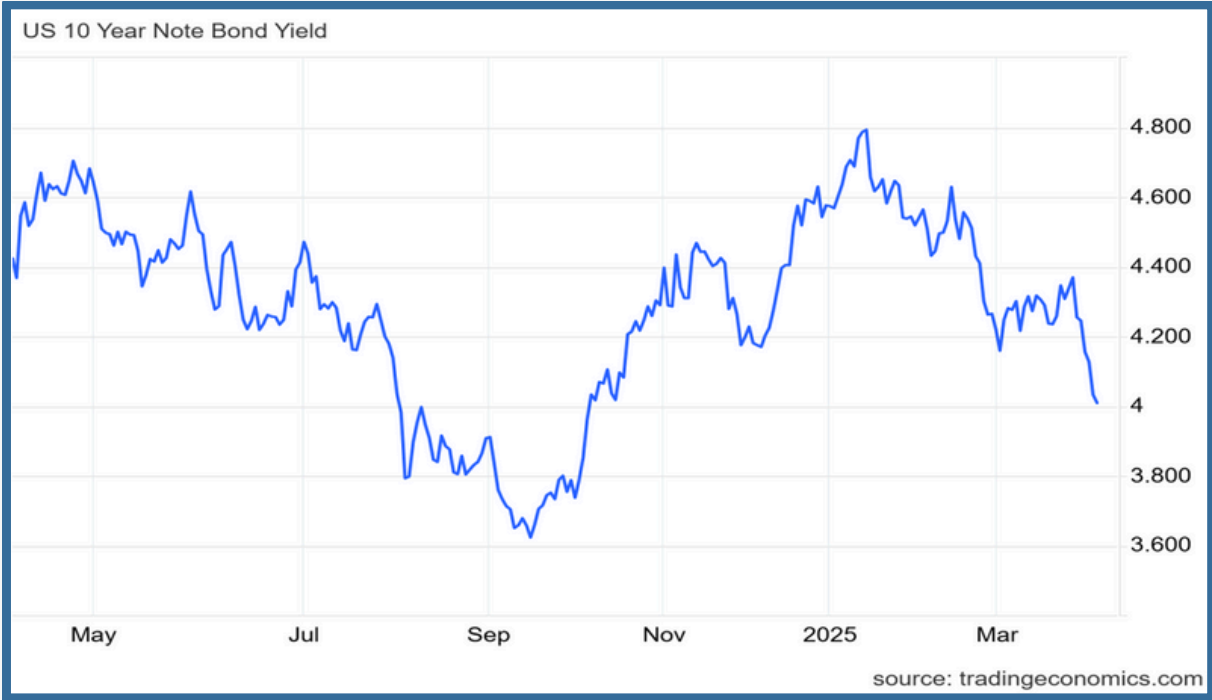
# US GDP Annual Growth Rate



# US Inflation: Under Control



# US 10 Year Bond Yield-Descending



## Currencies & Commodities

Commodity	Month	Year	Currency Pair	Description	Month	Year
Copper	10.81%	24.54%	EURUSD	EURO	4.31%	0.74%
Gold	8.77%	37.91%	GBPUSD	British Pound	2.79%	3.00%
Silver	7.95%	30.68%	AUDUSD	Australian Dollar	0.68%	-3.67%
Brent	4.57%	-15.78%	USDCNY	Chinese Yuan	-0.27%	0.46%
Cotton	4.35%	-26.53%	USDJPY	Japanese Yen	-0.53%	-1.20%
Sugar	3.16%	-17.04%	USDSGD	Singapore Dollar	-0.64%	-0.73%
Soybeaan	1.76%	-13.48%	USDINR	Indian Rupee	-2.28%	2.50%
Coal	1.58%	-21.97%	DXY	Dollar Index	-2.31%	-0.68%
Uranium	-1.30%	-25.75%	USDBRL	Brazilian Real	-3.15%	12.76%
Palm Oil	-1.41%	-0.54%	USDRUB	Russian Ruble	-7.14%	-10.07%
Coffee	-2.74%	97.27%	BTCUSD	BITCOIN	-11.94%	26.40%
Aluminium	-3.08%	6.59%				
Steel	-4.16%	-5.14%				

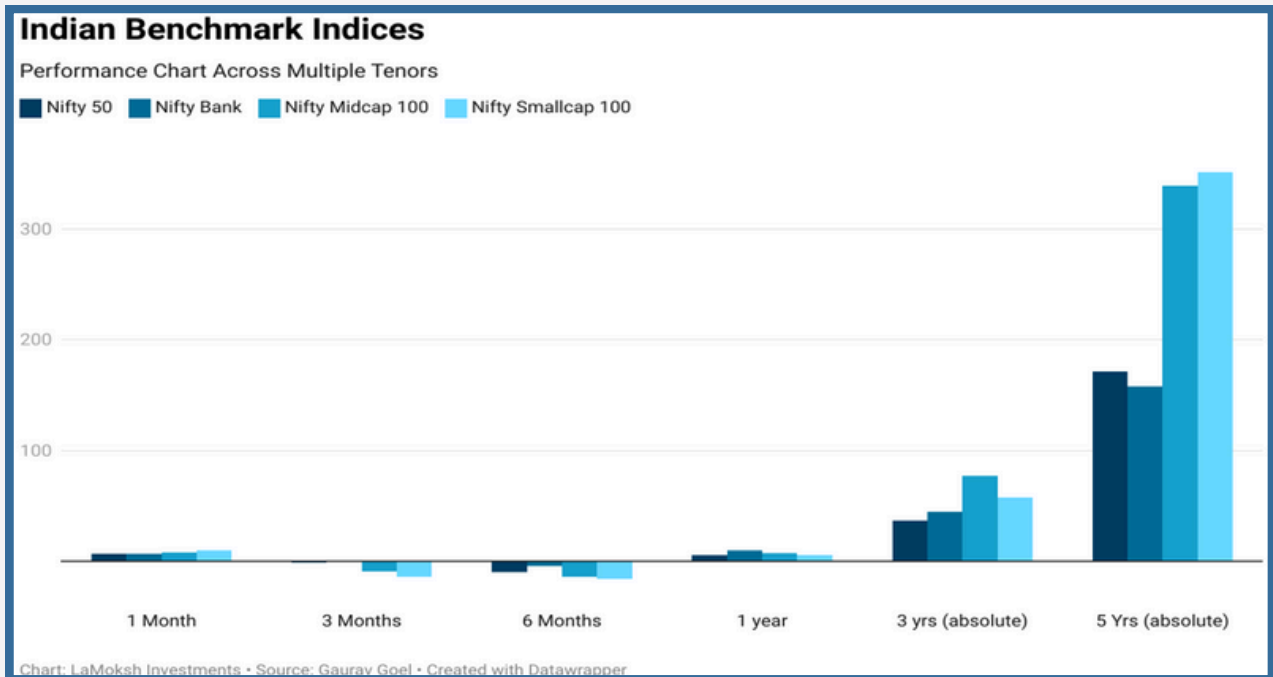
Commodities

Currencies

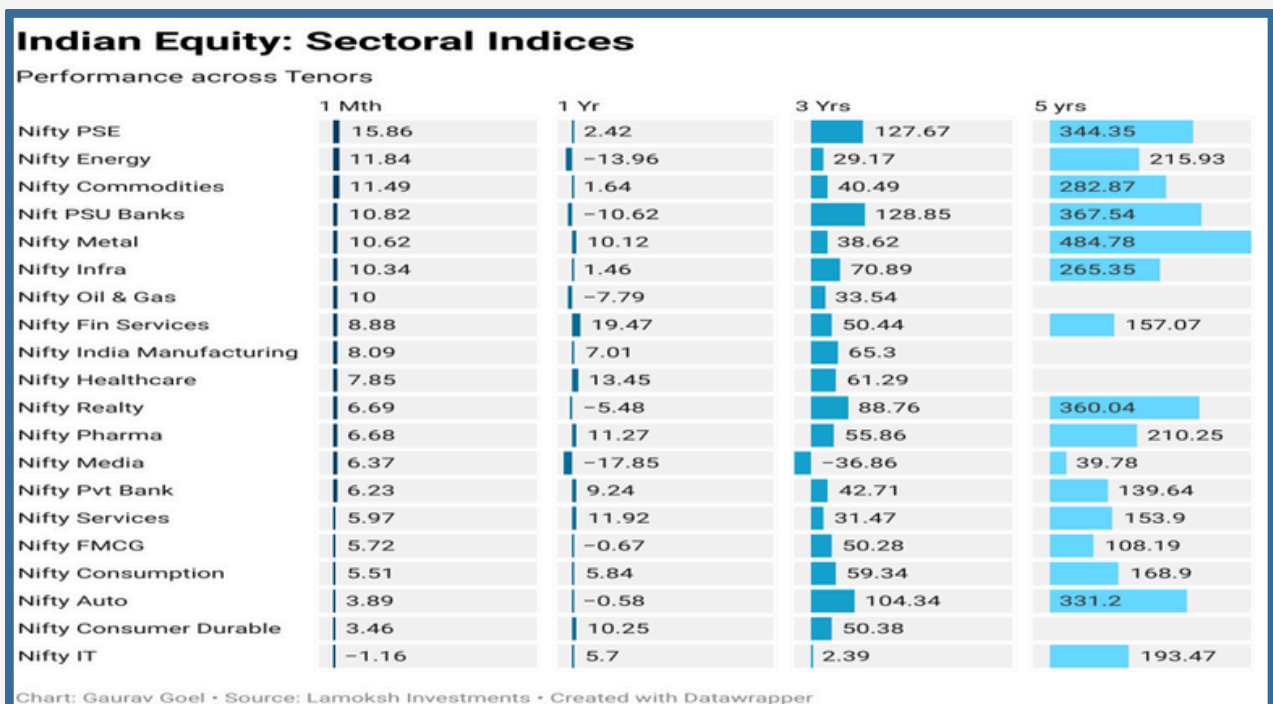
# INDIA: Bruised But Not Beaten

- ▶ India was at the receiving end of Trump Tariffs as he slapped 26% reciprocal tariffs. 10% of tariffs will be imposed on April 5th. Additional 16% will be imposed from April 10th. Indian commerce ministry believes that this is not a complete setback for India and some sectors will benefit while others will not as the competing exporting countries to US have been levied higher tariffs.
- ▶ As per report from Goldman Sachs, India can see a potential decline of USD 15 billion in Indian exports. This is around 0.4% of Indian GDP and not significant.
- ▶ The HSBC India Manufacturing PMI was adjusted upward to 58.1 in March 2025. This figure exceeded February's reading of 56.3, representing the highest level since July 2024. New orders and output rose the most in eight months and buying levels notched their highest level in seven months.
- ▶ Defense exports surged to a record high of Rs 23,622 crore in Financial Year 2024-25, a growth of 12.04% over 2023-24. India's Q3 current account deficit was recorded at USD 11.5 billion, better than expected and at 1.1% of the GDP vs 1.8% of the GDP in Q2.
- ▶ Indian Banking Sector liquidity turns to a surplus of Rs 90000 Crores end of March This is from a deficit of Rs 330000 Crores at the end of January A massive swing driven by proactive actions by the RBI under the new Governor.
- ▶ India's CPI (YOY) (FEB) was at 3.61% VS 4.31%, Industrial Production (YOY) (JAN) was at 5.0% VS 3.2% and Cumulative Industrial Production (YOY) (JAN) was at 4.20% VS 4.00% while Manufacturing Output (MOM) (JAN) was at 5.5% VS 3.0%.

# Fleeing FIIs



# Sectoral performance





# Index Valuations

Index	Fall from 52 Wk Peak	EPS	PE	PB	Valuation Verdict
<b>Nifty 50</b>	-10.50%	1100.60	21.37	3.50	Neutral
<b>Nifty Bank</b>	-5.33%	3912.40	13.18	2.20	Undervalued
<b>Nifty Midcap 100</b>	-15.19%	1590.40	32.49	4.60	Overvalued
<b>Nifty Smallcap 100</b>	-18.36%	556.60	28.92	3.90	Overvalued

# Index Forward Valuations

Index	1 Yr Fwd EPS	1 Yr Fwd PE	2 Yr Fwd EPS	2Yr Fwd PE	Valuation Verdict
<b>Nifty 50</b>	1210.7	19.4	1331.7	17.7	Undervalued
<b>Nifty Bank</b>	4303.6	12.0	4734.0	10.9	Strongly Undervalue
<b>Nifty Midcap 100</b>	1749.4	29.5	1924.4	26.9	Overvalued
<b>Nifty Smallcap 100</b>	612.3	26.3	673.5	23.9	Neutral

# Balanced

## US Vs India

Equity Markets Performance Comparison

■ 1 Month ■ 1 year

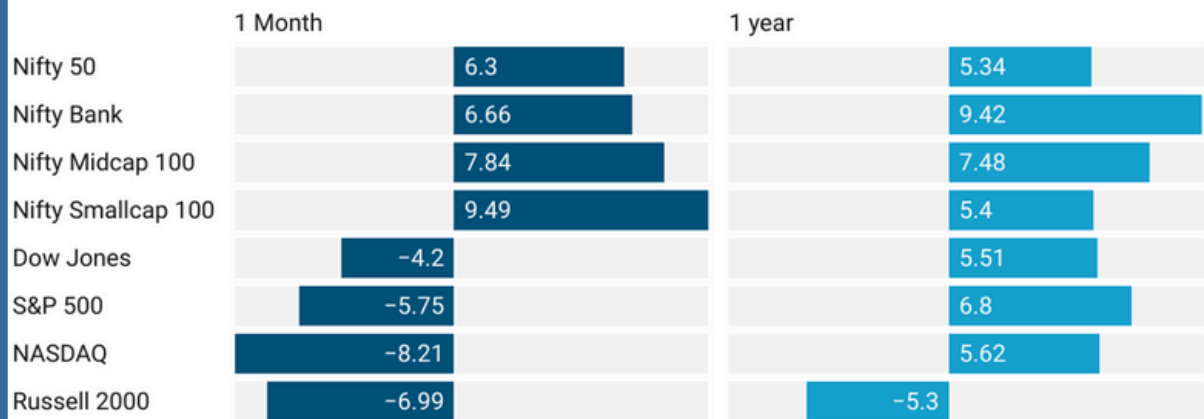
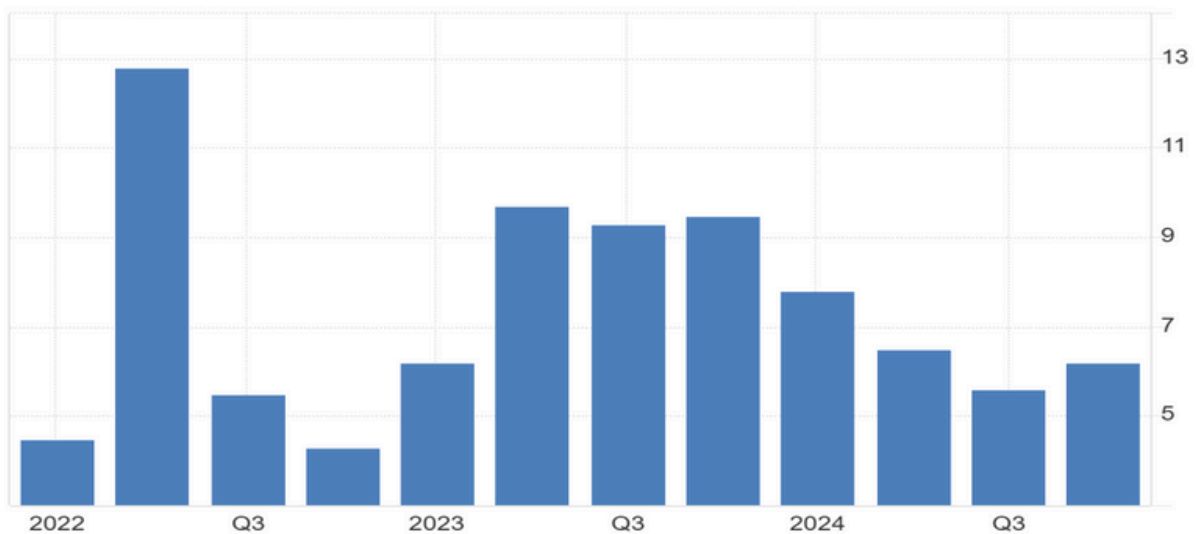


Chart: Gaurav Goel • Source: Lamoksh Investments • Created with Datawrapper

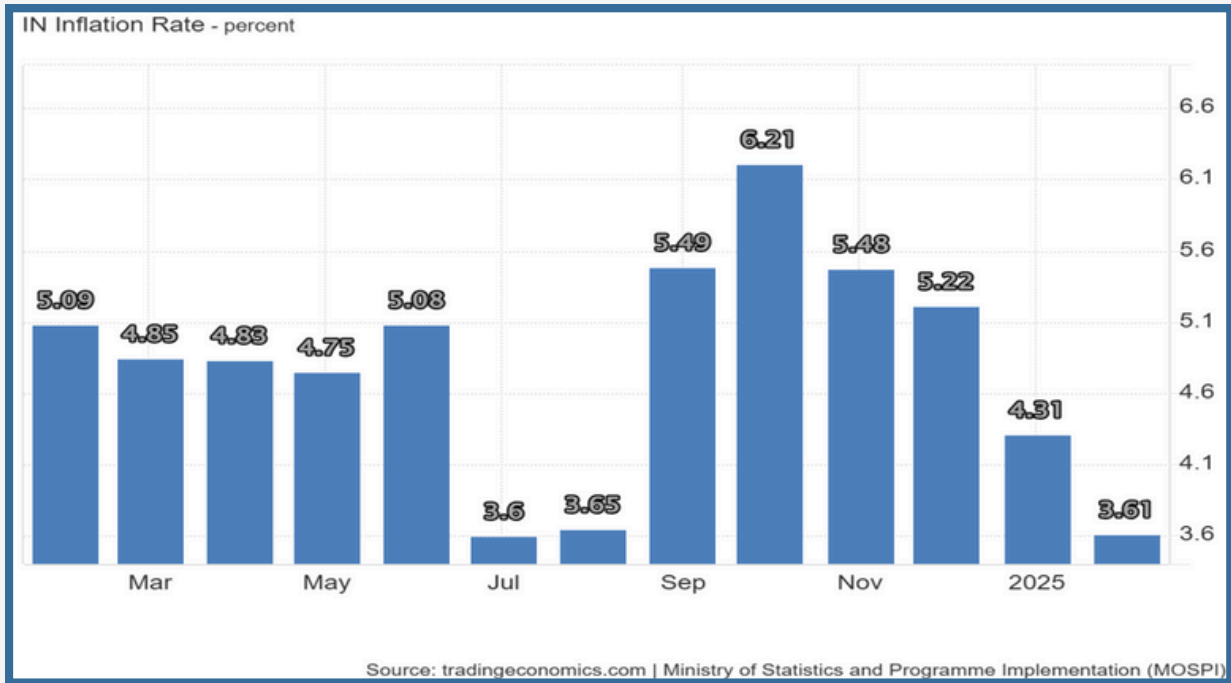
# Not So Bad

IN GDP Annual Growth Rate - percent



Source: tradingeconomics.com | Ministry of Statistics and Programme Implementation (MOSPI)

# On Its Way Down



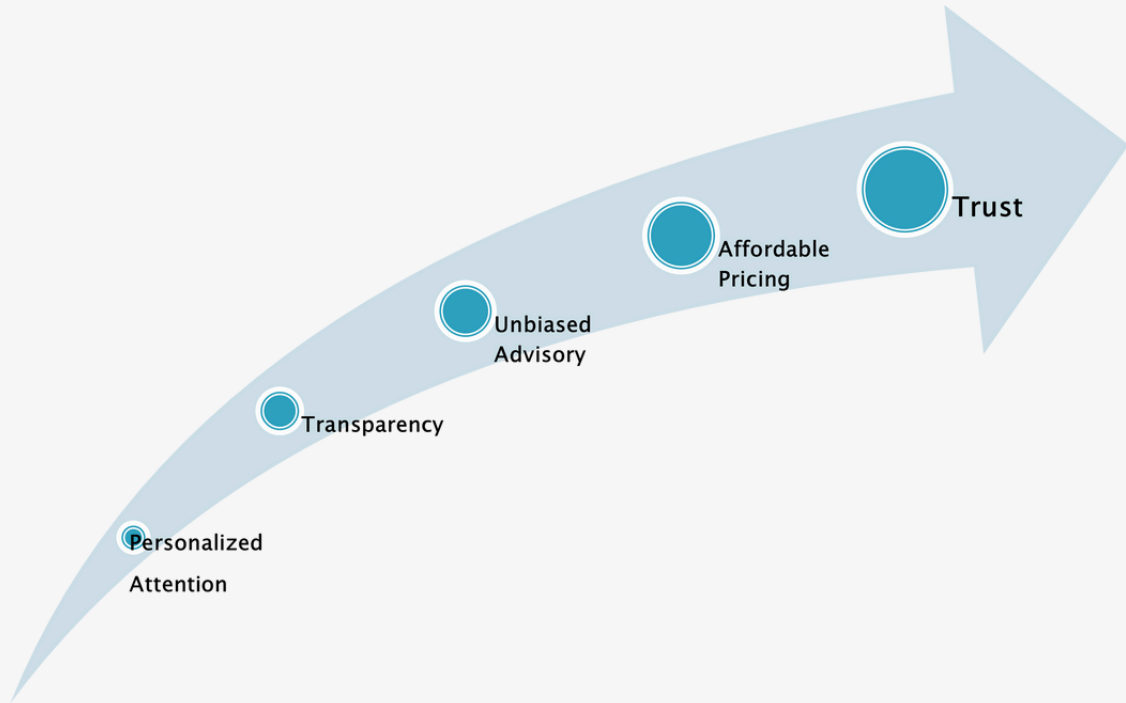
# Yield Tumbling



# Crystal Ball

- ▶ US President Donald Trump has sent the global trade into complete disarray. His “liberation day” executive order on reciprocal tariffs has taken the world by storm. While the intention behind this order seems good as it helps restrain US fiscal deficit, its declaration has stumped the world. Calculation of tariffs remains questionable. He has treaded even his allies and friends with contempt.
- ▶ We expect large nations like China and European Union to respond in equal measures. Other countries may also respond effectively against these measure. The worst sufferer in this whole process will be American economy and its citizens. Probability of American economy heading into recession has increased and inflation is bound to increase dramatically, greatly increasing the chances of stagflation in American Economy.
- ▶ President Trump will find himself in sticky position in near future. His popularity will sink amongst American citizens as economic hardships will weigh heavily on them. This will eventually force Trump to negotiate with some nations, partially withdraw tariffs with others and completely roll back against the remaining.
- ▶ China can use these tariffs as a leveraging tool and forge trade alliances across the globe as US will find itself isolated in the process. The process of transformation of global leadership from US to chins will fasten if this situation persists.
- ▶ India will utilize these tariffs as an opportunity to export more to US as competing nations in various sectors have been slapped higher tariffs. It will be amongst the first few nations to forge a comprehensive trade treaty with US. It will also reach to other global nations like Europe, Australia etc to create economic alliances and increase its share in world trade.

# Our Commitment



## Philosophies & Quotes

**Someone's sitting in the shade today because someone planted a tree a long time ago.**

- Warren Buffet

**The four most famous words in investing are: this time it's different.**

- Sir John Templeton

**The big money is not in the buying & the selling....but in the waiting.**

- Charlie Munger

**It's only when the tide goes out that you discover who's been swimming naked.**

- Warren Buffet

# Yours Truly



- Around 2 decades of domestic and international experience in the financial sector.
- Worked with Barclays Wealth, IIFL Wealth and ICICI Bank Private Banking.
- Post Graduate Degree in International Business from IIFT, New Delhi.
- Certified NISM Series X-A and X-B Investment Adviser Examination.
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