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STREET DIGEST

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04 July, 2025

HEADLINES




Sensex & Nifty Eye Record Highs as FPI Inflows Fuel Rally



Rupee Surges to Two-Week High at ₹85.49 Amid Dollar Weakness and Fed Uncertainty



India Records 1.3% of GDP Current-Account Surplus in Q4: Strongest Since 2020



Iran's Hormuz Threat Shakes Oil Markets

KEY MARKET INDICES

S&P 500



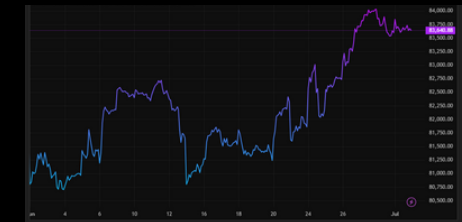
NIFTY 50



GOLD



SENSEX



STREET DIGEST

MARKETS

MARKETS MOVE. SO DO WE.



Markets on the Verge: Sensex & Nifty Eye Record Highs as FPI Inflows Fuel Rally

The Indian equity markets' steady climb to 2025 highs, with benchmarks hovering close to their all-time records, signals a market riding on a mix of global optimism and domestic resilience. Robust FPI inflows exceeding ₹25,000 crore in June reflect renewed risk appetite amid anticipated U.S. Federal Reserve rate cuts and a weakening dollar. This liquidity boost, coupled with strong Q4 FY25 earnings in key sectors like banking, automobiles, and industrials, has added fundamental support to the rally. Notably, the low volatility environment with India VIX recently trending around 12 suggests growing confidence and reduced tail-risk pricing. However, with the Sensex and Nifty trading at elevated P/E multiples, the market faces the twin challenge of sustaining momentum while navigating valuation pressure. Investor attention will likely shift toward upcoming macro releases, global central bank commentary, and monsoon-driven consumption trends. For long-term investors, this phase offers an opportunity to rotate toward fundamentally strong midcaps or sectors under consolidation. For traders, the next two weeks may be pivotal: either confirming a breakout above historic highs or ushering in sector-specific corrections.

S&P500 & Nasdaq Close at Record Highs Amid Trade Deal and Rate Cut Optimism

The S&P 500 closed at around 6,225 and the Nasdaq at approximately 20,300, hitting new records as markets priced in a 56% chance of three Fed rate cuts in 2025, up sharply from 31% last week. Tech giants like Nvidia led gains, while easing trade and geopolitical risks supported broader participation. With momentum building across sectors, Wall Street isn't just rallying. It's positioning for a structural breakout.

Electricity Futures on NSE & MCX Poised to Curb Spot Market Turbulence

SEBI's approval of electricity futures on NSE and MCX introduces 50 MWh monthly contracts, settled against Power Exchange India's average prices. These allow hedging up to four months ahead, offering a tool to manage price risks from demand surges or outages. The move aims to reduce spot market volatility and enhance pricing stability for discoms and generators.



STREET DIGEST

ECONOMY

PULSE OF THE ECONOMY



Rupee Surges to Two Week High at ₹85.49 Amid Dollar Weakness

The rupee's surge to ₹85.49 against the U.S. dollar marks a significant moment in India's currency markets, underpinned by global and domestic forces. A weakened dollar (down to 97.1 on the DXY) reflects growing uncertainty over the Fed's autonomy following former U.S. President Donald Trump's public criticism of Fed Chair Jerome Powell. This triggered market anticipation of earlier than expected rate cuts, prompting outflows from dollar assets. For India, this global shift coincided with strong local fundamentals. The rupee's 1% weekly rise, its strongest since 2022, was bolstered by foreign banks offloading dollars and the RBI managing systemic liquidity. A key signal of investor sentiment was the spike in 1-year forward premiums to 2.02%, indicating rising confidence in the rupee's stability. Moreover, India's improving current account and robust forex reserves create a cushion against short-term volatility. While this appreciation is a positive macro signal, sustainability hinges on the Fed's policy trajectory, India's inflation control, and continuity of capital inflows. If these dynamics align, the rupee could strengthen further, offering India a stable currency outlook amid a turbulent global environment.

India Records 1.3% of GDP Current-Account Surplus in Q4: Strongest Since 2020

In the January-March quarter, India recorded a rare current-account surplus of \$13.5 billion, or 1.3% of GDP, propelled by booming services exports and record remittance inflows. While merchandise imports widened the trade gap, the macro cushion from 'invisible' income highlights the shifting contours of India's growth model. As the economy enters FY26, the emphasis will be on sustaining this external stability while scaling capital inflows toward inclusive development.

India's External Debt Rises to \$736.3 Billion in FY25

India's growing external debt profile for FY25 paints a mixed picture. While higher long-term borrowings indicate strategic development financing, rising ratios (both in terms of GDP and forex reserves) call for cautious optimism. As global interest rates remain volatile and the dollar strengthens, managing repayment risks and diversifying currency exposure will be crucial for financial stability.



STREET DIGEST

BUSINESS

BUSINESS MANIA



BYD Taps the Brakes: EV Giant Halts Expansion at Key China Plants

BYD, the world's leading electric vehicle maker, is reportedly slowing production and deferring expansion at some of its Chinese factories amid weakening domestic demand and rising EV inventory levels. The company is said to be reassessing investment timelines at major hubs such as Xian and Changzhou. This move reflects mounting pressure from intensifying price wars, tightening margins, and cautious consumer sentiment. Despite global dominance, BYD's recalibration suggests near-term moderation in the Chinese EV sector's growth outlook.

Ford Idles U.S. Plants Amid Chinese Magnet Crunch, Exposing Dependence

Ford has halted production at multiple U.S. plants due to a shortage of magnets imported from China, a key input for EV motors. The disruption impacts flagship models and highlights the auto sector's overdependence on Chinese rare earths, underlining the strategic urgency for localized or diversified supply chains.

India's Broadband Base Grows to 974.87 Million in May, Shows 3.37% Rise

India's broadband subscriber base increased by 3.37% month-on-month, reaching 974.87 million in May 2025, according to TRAI data. The surge was driven largely by wireless broadband, with providers like Reliance Jio and Bharti Airtel leading in net additions. Jio remains the market leader with a substantial share of mobile broadband users. The growth reflects rising data demand, digital service penetration, and government initiatives supporting broadband expansion across urban and rural regions.

India's Engineering Goods Exports Fall Marginally in May; US Shipments Remain Strong

India's engineering goods exports fell 0.82% in May 2025, driven by weak demand from the EU and West Asia. However, shipments to the U.S. rose 5.7%, showing resilience. Rising input costs and global uncertainty continue to pressure exporters, highlighting the need for strategic diversification and policy support.



STREET DIGEST

GEOPOLITICS

DECODING DIPLOMACY



Iran's Hormuz Threat Shakes Oil Markets

In response to U.S. strikes on its nuclear facilities, Iran launched missiles toward a U.S. base in Qatar and subsequently signaled intentions to shut down the Strait of Hormuz -a vital passage for more than 20% of the world's oil trade. Although a complete blockade is improbable due to the potential economic fallout for Iran itself, the risk of escalation through tactics like naval mines, drone attacks, or interference with shipping remains. Vessels in the area are already adjusting routes and concealing identities. While oil prices temporarily surged, they have since settled. The incident underscores Hormuz's significance as a global energy chokepoint. Geopolitical analysts warn that even limited disruptions in the region could have ripple effects on global inflation and supply chain stability. As nations closely monitor developments, energy-importing economies like India and China may accelerate diversification efforts in sourcing crude oil. The coming weeks will be crucial in determining whether this standoff remains contained or evolves into a broader regional flashpoint.

NATO's New Chapter: The 2025 Hague Summit

At the 2025 Hague Summit, held in Netherlands, President Donald Trump met with Volodymyr Zelensky. The summit was dominated by the U.S President, who secured a bold commitment from the NATO allies; An increase in the defense expenditure to 5% of GDP by 2035. While not explicitly discussed, the shadows of Russia's prolonged invasion of Ukraine, the escalating tensions between Iran and Israel, and underlying doubts about NATO's internal unity were unmistakable throughout the proceedings. President Trump, who initially signalled uncertainty, eventually reaffirmed the United States' commitment to Article 5, the alliance's core principle of collective defence. His statement reinforced America's continued presence within NATO, though now shaped by a more transactional and assertive approach. The outcomes of the 2025 Hague Summit reflect a clear shift in NATO's strategic posture. The alliance is adapting to a world marked by regional conflicts and rising global tensions. The decisions made now will shape how NATO responds to threats in the years ahead.

