

ANNUAL OUTLOOK 2025



As we step into 2025, the global economic landscape presents a mix of challenges and opportunities. This outlook explores key trends, risks, and strategies shaping India's growth, investments, and market resilience in the year ahead.



Global Economic Outlook

Policy Uncertainty and Trade Dynamics

The global economy faces a precarious balance between growth and policy-driven risks.



US Economy

Growth of ~2.5% is expected, supported by tax cuts and monetary easing, though high tariffs are likely to sustain core inflation above 3%.



China

Export dependency and geopolitical tensions with the US add uncertainty to its recovery.



Currency and Trade

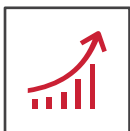
Trade-related tensions could spark further currency volatility, impacting global flows.



Indian Economy

Resilience Amid Global Headwinds

India continues to demonstrate resilience, with growth underpinned by structural strengths.



Economic Growth

FY26 GDP growth is projected at ~6.5%, supported by private capex and easing monetary policy.



Inflation

Headline inflation likely to move towards ~4.5% in CY25 with food prices moderating and some uptick in core inflation towards 4%.



Consumption & Investment

While consumption faces short-term pressure, private capex-backed by low corporate leverage-offers a long-term growth engine.



Trade Balance

INR remains sensitive to CNY movements, given India's trade deficit with China.



Gold

Strong Performance leading to Stable to Positive Outlook



2024 saw a 26% surge in gold prices, driven by demand from central banks and jewellery.



Demand stability and geopolitical uncertainty are expected to support prices.

Investment Strategy: Use gold ETFs or funds to hedge against inflation and currency volatility.

Returns Expectation: 8-12%.



Silver

Positive Outlook from industrial & investment demand boost



A multi-use commodity, silver benefits from strong industrial and investment demand.



Tight supply and growing ETF adoption points to continued price strength.

Investment Strategy: Leverage silver's dual role via ETFs or commodity funds.

Returns Expectation: 8-12%.



Fixed Income

Easing monetary policies and stabilizing yields

2025 offers promising opportunities in fixed income, driven by monetary policy shifts and fiscal discipline.



Monetary Easing

A 50-75-bps rate cut is expected, focusing on growth recovery.



Government Bonds

India 10-year Yields are likely to move towards 6.25-6.50%, supported by fiscal consolidation and FII inflows.



Corporate Bonds

Rising spreads due to regulatory changes provide attractive opportunities.

Investment Strategy: Focus on duration strategies and high-quality instruments; short-term funds are particularly well-positioned.

Returns Expectation: 8-9%.



Equity

Long-Term Growth with Near-Term Caution

2024 delivered robust returns across sectors, but 2025 is likely to see moderation as the market consolidates.



Earnings Growth

Corporate earnings projected to grow in the low-to-mid teens over the next three years, particularly among BSE100 companies.



FII and Domestic Flows

Domestic inflows remain strong, driven by mutual funds and DIIs, while FPIs show potential for rebound as selling abates.



Sectoral Picks

- Momentum Sectors: Consumer Durables, IT, Pharma, Auto Ancillaries, and Capital Goods.
- Dark Horse Sectors: Private Banks, Energy Proxies, Cement and Metals.

Investment Strategy: Resurgence of 'Growth' and 'Quality' factor over 'Value' in investing. Given the current landscape, investors should adopt a measured approach to equity allocation, favoring large caps over mid- and small caps.

Returns Expectation: 8-12%.

CY2025 promises opportunities amid volatility. Diversification, high-quality investments, and disciplined approaches remain critical to navigating the evolving market landscape. India's growth story, driven by structural strengths and global shifts, remains intact.

To read the detailed report, click here: [ABSLAMC Annual Outlook 2025](#)

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