

The Week that was

February 28th , 2025

Markets in Free Fall: India's Equity Plunge Leaves Investors Reeling !

Indian Developments

For the week ending February 28, 2025, the domestic Indian stock market experienced significant volatility and declines with the Sensex losing over 4,000 points, reflecting a 5% decline in percentage terms, influenced by negative global cues, geopolitical and global trade tensions and a lack of strong domestic drivers.

The drop in gold prices on February 28, 2025, was primarily due to a stronger U.S. dollar, anticipation of U.S. inflation data, ongoing trade tensions, and profit-taking by investors. Brent Crude oil prices decrease on the NYMEX as supply fears grew after US **President revoked Chevron's Venezuela license** and global economic uncertainty.

The Nifty 50, Nifty Midcap 150 and Small Cap 250 significantly declined by 2.94%, 4.98% and 5.71% respectively compared to the previous week.

Sectoral Developments

Performance across all the sectoral domestic Indices saw significant declines. Major downturns were Nifty IT(7.96%), Realty(5.52%), Metal(4.54%), Oil and Gas(4.80%) Auto(4.68%), healthcare(2.81%),bank(2.11%), Pharma(2.05%) and FMCG(2.70%).

Overall, the downturn was primarily due to concerns over slowing global economic growth and disappointing earnings from global tech companies like Nvidia, weak expected earnings and projections, Trade tensions and tariffs and significant selling by FIIs.

Global Developments

The market was heavily influenced by global cues, with U.S. markets experiencing sharp declines due to disappointing earnings reports and economic data. Asian markets, including Japan's Nikkei and South Korea's Kospi, also saw significant drops.

U.S. indices experienced significant declines, with the S&P 500 dropping by 4.17%, the Dow Jones Industrial Average falling 2.17%, and the Nasdaq 100 plunging 6.8%. In Asia, Japan's Nikkei slipped by 1.0%, while South Korea's Kospi declined marginally by 0.82%. On the other hand, Hang Sang emerged as the best performing market, surging by 5% Meanwhile Sanghai and FTSE Index posted modest gains of 1.11% and 1.19% respectively.

Other Markets:

- Brent crude prices decreased to around \$ 73.33 per barrel.
- The rupee was depreciated to 87.51 levels against the US dollar on the back of RBI intervention.
- The Gold spot price stood at ~Rs 87,830 per 10 grams.
- The 10 Year Benchmark G-Sec yield closed at 6.84% this week.

Source: www.nseindices.com; google finance, MCX Gold Prices; www.rbi.org.in; Morningstar and tradingeconomics.com, ccilindia.com, Economic times

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