

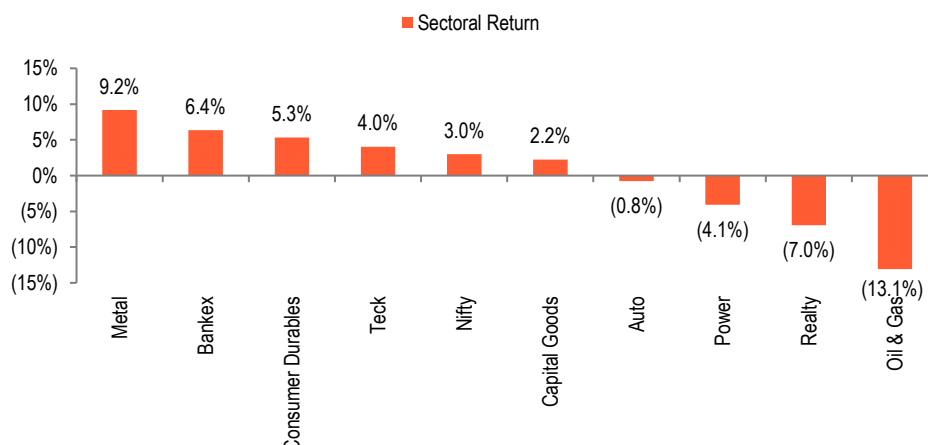
Performance of asset classes in FY25

Global markets were roiled with volatility especially in the last 6-months amidst uncertainty pertaining to tariffs and threat of global trade war looming. Indian markets were also susceptible to this ambiguity and the same was witnessed across different asset classes. The study takes a close look on how returns on various assets fared in the year gone by.

For the purpose of analysis, we have looked at how returns have moved across different assets during the year with average of March 2025 being compared over average of March 2024 for indices and prices. In case of fixed income assets like deposits and government paper, the yield or interest rate as of March 2024 would be the return for any investment/savings made.

- Both gold and silver have given exemplary return this year at 33% and 33.5% respectively.
- The 10Y benchmark yield was 6.7% for FY25 assuming the security was bought in March 2024 and held till the end of the financial year.
- RBI housing price index which is used as a proxy indicator for real estate, has recorded 3.1% growth for the same period.
- The average WATDR stood at 7% for FY25.
- INR had depreciated by 4.1% amidst strengthening of dollar war.
- Nifty had registered a 3% return this year. Certain sectors have outperformed including banking, metal, consumer durables, technology and capital goods. On the other hand, sectors such as auto, power and oil & gas relatively under performed for the same period. Total FPI inflow of US\$ 2.7 bn was noted in FY25 against an inflow of US\$ 41 bn noted last year.

Figure 1: Returns on sectoral stock indices in the last 1-year



Source: Bloomberg, Bank of Baroda Research

Table 1. Returns across different asset classes

| Asset classes | Return in last 1-year |
|---------------------------------|-----------------------|
| Silver (Per 1kg) | 33.5% |
| Gold (per 10gm) | 33.0% |
| 10Y G sec | 6.7% |
| WATDR (return on bank deposits) | 7.0% |
| RBI housing Price Index | 3.1% |
| Nifty | 3.0% |
| Sensex | 2.9% |
| USD/INR | 4.1% |

Source: Bloomberg, CEIC, Bank of Baroda Research Note: For most of the asset classes, average for the month of March is taken. For WATDR, data for the month of Feb is taken for PSBs.

Outlook

- The threat of unpredictability in global markets continues to pose a concern and has turned investors cautious.
- However, the economy is expected to perform much better in FY26 supported by boost to consumption amidst the announcement of new income tax relief measures.
- Additionally, the liquidity measures by RBI supported by more rate cut bodes well for the economy.
- Furthermore, the return of FIIs after a year of outflow as well as benign inflation would be positive.
- However the disruption due to the recently announced tariffs by the US will have a bearing on currency for sure.

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