Wealth Beacon

August 23rd, 2025

Dear Reader,

Nifty is still below our Jun 27th call of temporary peak at 25,700 and Gold's international price is near consolidation levels of ~$3300/oz.. While both Gold and Indian equities will do well in the long term, some time correction is warranted. Several renowned fund managers have taken to public platforms to raise their concerns on valuations of Indian equities

GoI is responding and attempting to revive the economic growth. The big macro change since our last newsletter has been the proposed lowering of GST tax slabs. This should boost consumption - especially discretionary consumption. Auto and white good stocks have rebounded as a result. However, GST lowering only shifts the money from government pocket to consumer pockets, GDP multiplier of government capex is higher than that of consumption. Capex related stocks took a backseat as a result of this announcement. You might have heard all this in the financial news.

But what got less coverage was that all is not well in the bond market. India's 10 year GSec yield has shot up from 6.39% to 6.55%. The bond market is signalling that the fiscal math is tight. The government has to spend more to support industries affected by the Trump Tariffs, the direct tax collection is taking a hit due to higher than anticipated refunds and now indirect taxes will be impacted by lowering of GST on most items. Some relief came in the form of India's credit rating upgrade by S&P (BBB– to BBB) - this should give the government some room to expand the fiscal deficit and continue to focus on growth.

So how does this impact your portfolio and what action, if any, are warranted? Maintaining some cash is advisable to navigate the uncertainties. If you are invested in our portfolios, fund managers have already created this dry powder - the Medium Risk Equity portfolio has ~12.4% cash+debt currently. Fund managers are deploying the money selectively as individual securities become attractive. If you are a direct stock investor, slow and careful deployment into selective stocks can create a winning portfolio for the future.

Seasoned equity investors keep an eye out for bond markets. They understand how interest rates affect asset valuations (interest rate => cost of capital => DCF => Valuation). Just last night, Powell hinted at lowering of interest rates in the US and the markets went up by 1.54% in a day!

That is why interest rates are keenly watched at Wealth Beacon and are included in our market update. Click below to read some of these indicators.

Happy Reading!
Wealth Beacon Team

1. *If you haven't already gotten your portfolio analyzed and streamlined, you may contact us at: contact@wealthbeacon.ai / http://www.wealthbeacon.ai*

You can always find our previous newsletters here.

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Market Update

India Economic Indicators

Indicator	Jul-25	Jun-25	Trend
CPI Inflation	1.55%	2.10%	Cooling
WPI Inflation	-0.58%	-0.13%	Cooling
Trade Deficit	$11.72B	$18.78B	Narrowing
Fiscal Deficit (% BE)	17.90%	17.90%	

Source: MoSPI, CGA, DPIIT and Ministry of Commerce

India - G-Sec Yields

Tenor	Current	Last	Change
1-Year	5.74%	5.73%	0.13%
5-Year	6.29%	6.07%	3.56%
10-Year	6.55%	6.39%	2.54%

Source: CCIL RBI Weekly Statistical Supplement

Broader Indices Snapshot

Broad indices	2w	1m	YTD
NIFTY 50	2.10%	0.12%	5.77%
NIFTY 500	2.45%	-0.11%	7.73%
NIFTY Midcap 150	2.83%	-0.29%	12.13%
NIFTY Small cap 250	3.07%	-1.90%	12.83%
S&P 500	-0.30%	0.18%	10.01%
Nasdaq 100	-0.67%	0.38%	11.42%

Source: NSE, Yahoo Finance

Key Valuation Ratios

Index	P/E	P/B	Div Yield
NIFTY 50	21.85	3.34	1.35
NIFTY 500	24.05	3.6	1.19
NIFTY Midcap 150	33.17	4.66	0.86
NIFTY Small cap 250	32.55	3.75	0.68
S&P 500	29.39	5.34	1.25
Nasdaq 100	33.48	4.59	0.71

Source: multpl, gurufocus

US Treasury Yields

Tenor	Current	1m	6m
US 10-Year Treasury	4.26%	4.34%	4.39%

Source: U.S. Department of the Treasury (home.treasury.gov)

Precious Metals

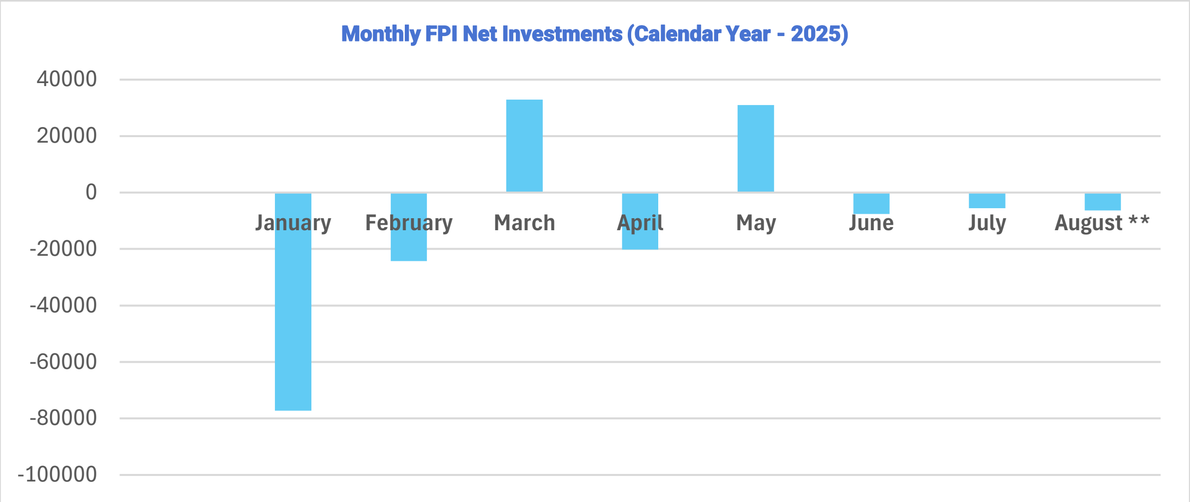
Broad indices	2w	1m	YTD
Gold (INR)	-2.10%	0.63%	11.47%
Silver (INR)	-0.72%	-0.38%	12.61%

Source: IBJA

Currency Update

Currency	Current	1m	6m
U.S Dollar	87.42	87.47	87.44

Source: CEIC Data



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