

◆ EQUITY ECHOES · WEEKLY MARKET INTELLIGENCE ◆

India Market Weekly Wrap

Financials led. Institutions bought. Geopolitics stirred the pot — India planted its flag on the AI map — and a US tariff twist added a fresh layer of complexity. Here's everything that mattered this week.

NIFTY 50 · BANK NIFTY · FII / DII FLOWS · US TARIFFS · SECTOR OUTLOOK · STRATEGY NOTE

INDEX SNAPSHOT · WEEK ENDING FEB 19, 2025

| | |
|---|---|
| <p>NIFTY 50</p> <h2 style="font-size: 2em;">25,571</h2> <p>25,571</p> <p>Support: 25,450 Resistance: 25,800</p> | <p>NIFTY BANK</p> <h2 style="font-size: 2em;">61,720</h2> <p>61,720 · Banking Led</p> <p>Support: 59,650 Resistance: 61,880</p> |
|---|---|

■ GEOPOLITICAL FLASHPOINT

US-Iran Tensions Spike Oil — Sector Rotation in Play

Trump's renewed rhetoric on Iran's nuclear program rattled commodity markets. Crude climbed sharply, putting inflation expectations, RBI's rate stance, and sector rotation back in focus. Energy, Defense, and Metals attract flows when geopolitics heats up — this week was no exception.

■ STRUCTURAL SHIFT

Delhi AI Summit: India Eyes Global Tech Leadership

Policymakers, global tech firms, and industry leaders mapped India's AI roadmap — covering ethical frameworks, digital infrastructure, and semiconductor policy. Capital follows policy clarity, and India signalled it's serious about becoming a technology innovation hub, not just a consumption economy.

■ TRADE ALERT

US Tariff Twist: Fresh 10% Duty Even on Trade-Deal Partners

The White House confirmed that countries — including India — that had secured tariff agreements will now face a 10% duty regardless. However, the US Supreme Court struck down Trump's sweeping global tariffs in a landmark 6-3 ruling, dealing a blow to the tariff framework. Markets are watching closely.

MONEY FLOW · INSTITUTIONAL SNAPSHOT · TILL FEB 19, 2025

FII's Turned Net Sellers — But DIIs Stepped in Powerfully With Rs.4,334 Cr

Foreign institutions turned net sellers this week, offloading Rs.637 Cr. But domestic institutions responded with overwhelming force — buying Rs.4,334 Cr, nearly 6.8x the FII outflow. This is a textbook example of domestic capital absorbing foreign selling and preventing a slide.

| INSTITUTION | NET FLOW | DIRECTION | SIGNAL |
|--|---------------|-----------|----------------------------------|
| Foreign Institutional Investors (FII) | -Rs. 637 Cr | SELL | Negative |
| Domestic Institutional Investors (DII) | +Rs. 4,334 Cr | BUY | Very Strong |
| Net Absorption (DII vs FII) | ~6.8x | — | DIIs absorbed FII selling |
| Overall Liquidity Tone | — | — | Constructive |

"When DIIs lead with this kind of conviction, it often reflects internal confidence — not just reactive buying. The liquidity tone is supportive."

WEEKLY STOCK PERFORMANCE

| TOP GAINERS | CHANGE | REASON | UNDER PRESSURE | CHANGE | REASON |
|---------------------|--------|--|---------------------|--------|---------------------------------------|
| HDFC Life Insurance | +5.0% | Premium growth & insurance penetration | | | |
| Larsen & Toubro | +4.5% | Strong infra order inflows | Tech Mahindra | -4.0% | Weak global IT sentiment |
| Power Grid Corp | +4.5% | Stable regulated returns | Mahindra & Mahindra | -3.0% | Profit booking, rural demand concerns |
| ITC Ltd. | +4.0% | Defensive buying, resilient m | | | |

MACRO WATCH - CRUDE OIL & GEOPOLITICS

Oil Is the Wildcard — Rising Crude Changes the Equation For Indian Investors

US–Iran geopolitical tension resurfacing is not a new chapter, but the sharpness of rhetoric this week brought oil prices up materially. For India — which imports the vast majority of its crude — this is never a neutral event.

Rising crude ripples through the economy in layers: higher import bills feed current account pressure, inflation expectations shift upward, and the RBI's room to manoeuvre on rates narrows. For equity investors, the playbook is familiar — flows rotate from consumption-facing sectors toward commodities, energy, and defense. Watch crude trajectory closely into next week.

BIG PICTURE - INDIA AI ROADMAP

The Delhi AI Summit Is More Than a Conference — It's a Capital Allocation Signal

The Global AI Summit hosted in Delhi this week was a serious gathering — policymakers, global tech leaders, and regulators mapping India's artificial intelligence strategy. Topics ranged from ethical AI governance to semiconductor supply chain ambitions.

For long-term equity investors, this has structural implications. Countries that establish clear AI policy frameworks early attract capital, technical talent, and international partnerships. Sectors positioned to benefit: data center infrastructure, semiconductor design, digital services, and AI-native software businesses. This is a long-horizon structural theme, not a week-to-week trade.

GLOBAL TRADE ALERT - US TARIFF DEVELOPMENT

US Tariff Twist: What It Means for the Indian Stock Market Outlook

Just when global markets thought tariff uncertainty was cooling off, another development added complexity. The White House stated that US trading partners — including India — that had secured tariff agreements under Donald Trump's administration will now also be subject to a 10% duty, even if they had earlier accepted higher negotiated rates.

This introduces fresh trade uncertainty at a time when Indian exporters were cautiously optimistic about a negotiated deal. The move signals that no trade arrangement is truly insulated from policy shifts in Washington.

BREAKING: US SUPREME COURT RULING

In a significant development, the US Supreme Court struck down President Donald Trump's sweeping global tariffs in a landmark 6-3 ruling. The verdict dealt a major setback to the tariff framework. Trump reacted strongly, criticizing the ruling and expressing sharp disagreement with the justices.

The court ruling introduces legal uncertainty around tariff enforcement. For Indian markets, the dual development — a new blanket 10% duty AND a Supreme Court challenge to the tariff framework — creates a complex, evolving picture. Exporters, IT firms with US revenue exposure, and pharma companies face the most direct sensitivity.

| SECTOR | TARIFF SENSITIVITY | NEAR-TERM OUTLOOK |
|----------------------|---------------------------------|---------------------------------|
| IT / Technology | Moderate — US demand dependent | Cautious; margin pressure risk |
| Pharma / Generics | High — large US export exposure | Watch for US FDA + tariff combo |
| Textiles & Apparel | High — direct goods trade | Headwinds if 10% duty holds |
| Auto Ancillaries | Moderate — supply chain linked | Monitor US OEM commentary |
| Metals / Commodities | Low-Moderate — indirect route | Benefit from dollar moves |

"A 10% baseline tariff on all trading partners — deal or no deal — signals that the rules of engagement in global trade have fundamentally shifted. Indian investors must price in ongoing policy volatility from Washington."

5 SECTORS TO WATCH NEXT WEEK

Sector Rotation Radar

| # | SECTOR | THEME | CATALYST |
|---|-------------|--|-------------------------------------|
| 1 | Defense | Geopolitics-driven demand | US-Iran tension, global uncertainty |
| 2 | PSU Banks | Valuation comfort + balance sheet strength | Relative strength, DII accumulation |
| 3 | CPSE Basket | Stable regulated earnings | Energy, infra, transmission capex |
| 4 | Metals | Commodity cycle + global demand | Constructive price structures |
| 5 | Silver | Inflation hedge + industrial demand | Dollar sensitivity, breakout watch |

◆ EQUITY ECHOES - STRATEGY NOTE

The Market Isn't Weak — It's Selective

| FINANCIALS | INSTITUTIONS | SECTOR ROTATION |
|---|---|---|
| Banking led clearly. NIFTY Bank +1.6%. Institutions staying constructive on sector. | FII's sold Rs.637 Cr but DIIs bought Rs.4,334 Cr — domestic capital absorbed. FII outflow decisively. | Geopolitics driving flows. Defense, Energy, Metals all attracting interest this week. |

AI THEME

Delhi Summit signals policy seriousness. Infrastructure and digital services: long play.

TARIFF WATCH

US 10% duty on all partners incl. India. Supreme Court ruling adds legal uncertainty.

KEY LEVELS TO WATCH — NIFTY 50

SUPPORT: 25,450

Break = Consolidation

← **NIFTY 25,600** →

RESISTANCE: 25,800

Break = Momentum

WEEK AHEAD - KEY TRIGGERS TO WATCH

| TRIGGER | WHAT TO WATCH | MARKET IMPACT |
|--------------------------------|---|--|
| India Monthly Auto Data | Sales volumes, EV penetration trend | Demand health, consumption signal |
| EU GDP & CPI Prints | Growth & inflation data from Europe | Global risk-on/off sentiment |
| Crude Oil Movement | Iran tensions, OPEC supply decisions | Sector rotation: Energy vs Consumption |
| FII / DII Weekly Flows | Continuation or reversal of buying | Direction signal for next leg |
| US Tariff Developments | Supreme Court ruling enforcement & India's response | Exporters, IT, Pharma exposure |
| NIFTY 25,800 Test | Breakout vs rejection at resistance | Momentum expansion or consolidation |

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