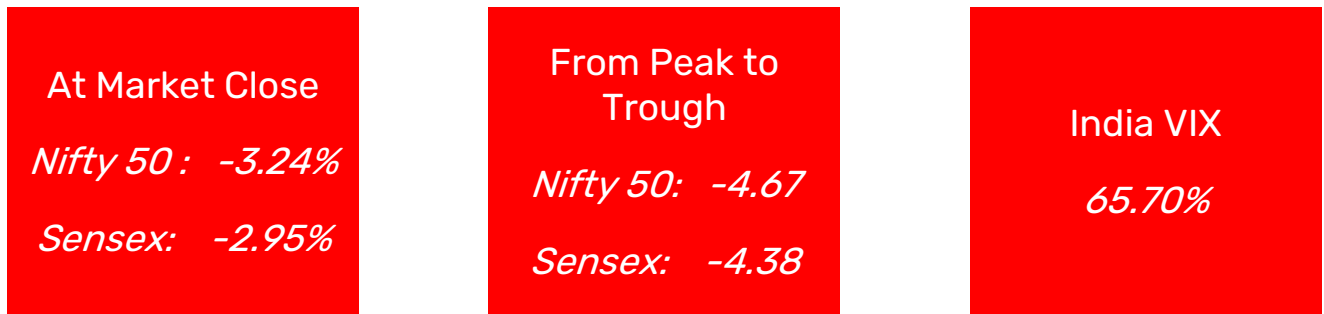


US Tariffs rattle Global Markets

On April 7, 2025, global financial markets experienced significant turbulence following the U.S. administration's implementation of extensive import tariffs. The U.S. authority defended these tariffs as necessary "medicine" to address trade imbalances, despite widespread market disruptions.



Global Market Repercussions

- **Asian Markets:** Japan's Nikkei 225 and Hang Seng fell nearly 7% and 13%, respectively, while South Korea's Kospi faced temporary trading halts.
- **Investor Sentiment:** The MSCI Asia ex-Japan index declined by 7.6%, reflecting widespread apprehension about a potential global recession.

Economic Outlook and Policy Responses

- **Recession Risks:** The probability of a US recession has heightened to 45%, within the next 12 months, citing tightened financial conditions and policy uncertainties.
- **Monetary Policy Expectations:** Anticipations of Federal Reserve rate cuts have emerged as a response to the economic slowdown.

Our View: Better Positioned amid Market Turmoil

- At 26%, the U.S. tariffs on Indian exports is significant but still lower than that on many other emerging markets, leaving India relatively better placed.
- We believe the RBI's continued liquidity easing—projected to inject up to \$4 trillion in FY25—along with a likely 25 bps rate cut on April 9th, reflects its proactive stance in supporting growth while keeping inflation in check.
- Unlike export-dependent economies, India's growth is primarily driven by internal demand, offering a strong buffer against global shocks.
- Given the economic uncertainty, investors may find opportunities in the [large-cap space](#), which is currently trading at attractive valuations. Hybrid funds like [Multi Asset Allocation Funds and Balanced Advantage Funds](#) offer dynamic asset allocation to navigate volatility, while [GILT funds](#) present potential for capital appreciation in fixed income, especially in a falling interest rate environment.

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Mutual Fund investments are subject to market risks, read all scheme related documents carefully.