

Global Equity Performance in 2025

CY2025 marked a decisive shift in global equity performance, moving away from a narrow, US-centric rally toward a far more dispersed outcome across regions. Viewed in USD terms, these forces created sharp performance differentials across major global indices.

Major Global Indices Return in USD - CY2025	
KOSPI	81%
Bovespa Brazil 50	48%
DAX	38%
Stoxx Europe 600	32%
Hang Seng	28%
Nikkei	27%
CAC	25%

Major Global Indices Return in USD - CY2025	
Shanghai Composite	23%
Nasdaq	22%
S&P 500	17%
Dow Jones	14%
S&P ASX 100	14%
Nifty 50	4%
Sensex	3%

Source - SBI Securities , Economic Times

- **Korea was the standout performer, with the KOSPI up ~81%**, driven by a sharp rebound in semiconductors. The rally was driven by a recovery in memory chip businesses after a long weak phase, strong AI-led demand triggering significant earnings upgrades and benefiting Korea’s chip-heavy index
- **Latin America, led by Brazil**, benefited from a macro sweet spot. Cooling inflation, expectations of rate cuts, supportive commodity prices, and improved fiscal optics attracted strong EM inflows, lifting Bovespa by nearly 48%.
- **European equities staged a broad-based recovery**, with the DAX, STOXX Europe 600 and CAC posting strong gains. European stocks started 2025 at much lower valuations than the U.S., which attracted global investors looking for cheaper exposure. A weaker USD and a stronger euro boosted returns for foreign buyers, adding to capital inflows. Easing inflation and expectations of gradual ECB rate cuts also supported sentiment, while fiscal spending on defense, infrastructure, and energy lifted cyclicals.
- **Japan’s equity rally remained intact**, supported by a weaker yen, steady foreign inflows, and improving corporate governance. While a weaker yen boosted exporter earnings in local terms, equity gains were fundamentally driven by improving capital efficiency and profitability.
- **China and Hong Kong saw a valuation-led rebound**. Investor confidence was supported by China’s advances in AI, efforts toward technological self-reliance, and resilience in global trade, which offset concerns about weak domestic demand and deflation.
- **US equities continued to deliver positive returns**, led by technology and AI-related themes, but performance moderated relative to global peers. Investors remained supportive of fundamentals but increasingly sensitive to valuation risk.
- **India underperformed in USD terms**, with Sensex and Nifty delivering low single-digit returns. Strong domestic growth and earnings momentum were largely offset by rich valuations and some rotation of global capital toward cheaper markets.

Overall, 2025 marked a shift away from US-only leadership. Returns were more spread out globally, making regional allocation and valuation discipline more important than simply staying concentrated in the US.