



HSBC Mutual Fund

Market Flash

September 01, 2025



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Markets gained today as India's Q1 GDP surged 7.8%

India's Q1 GDP surged 7.8%, well above every forecast. Even nominal GDP at 8.8% has come in above analysts' forecasts. Government spending also contributed hugely to activity in Q1 compared to last year. Capital expenditure was up 52% over Q1 last year, when investment was muted due to elections. Even revenue expenditure rose 10%. India's exports to the US also surged 22% (commerce ministry data), as exporters advanced orders and shipping, which too would have added to growth. In this background still some concerns raised as most of the FMCG sector is struggling to achieve mid-single digit volume growth, and bankers grappling with just 9% credit growth.

Markets opened on positive note today with Nifty 50 opened higher with 0.46% or 107 points gains at 24538. Sensex gained 336 points or 0.43% today and trading at 80149 in about first half an hour of trade. Investors remain optimistic about S&P's rating upgrade for India and on the back of improving Indo-China relations and a potential cut in Goods and Services Tax. Broader market also opened positive today morning with Nifty Midcap 100 up 1.24% at 56,416, while Nifty Small Cap 100 index trading higher by 1.1% at 17,417 compared to previous close.

In the last week on Friday, Sensex and Nifty fell for a third straight session, dragged down pressured by investor unease over steep U.S. tariffs on Indian exports rolled out earlier last week. Benchmark indices tumbled on Thursday, with the Sensex cracking 706 points, as the additional 25 per cent tariff imposed by US President on India for its purchases of Russian oil came into effect. Besides this, persistent foreign fund outflows also dented investors' sentiment. The additional 25% tariff imposed by the US on India came into effect on Wednesday, bringing the total amount of levies imposed on India to 50%. The 30-share BSE Sensex tanked 705.97 points or 0.87 per cent to settle at 80,080.57 on Thursday.

In some of the important moves last week, India's Prime Minister said it is important for India and China to work together to bring stability to the world economic order as PM asserted that India is ready to advance bilateral ties from a strategic and long-term perspective based on mutual respect, mutual interest and mutual sensitivity. PM also said Japan is set to invest 10 trillion yen (about \$67 billion) in India over the next decade to strengthen partnerships across a range of sectors, including defence, technology, and critical minerals. Japan Bank for International Cooperation and private banks plans to invest around \$408 million in bamboo-to-biofuel refinery in Assam, marking Japan's largest clean energy investment in northeast India.

WEEKLY REVIEW: 25 AUG 2025 – 29 AUG 2025

The Nifty 50 started week at 24,967 on 25 Aug '25 and closed lower by -2.2% at 24,426 on 29 Aug '25. BSE Sensex closed -2.2% lower at 79,809. Nifty Midcap 150 and Nifty Smallcap 250 both indices closed lower by -3.2%.

Government data showed the Centre's fiscal deficit for the first four months of 2025-26 (FY26) expanded to 29.9% of the budget estimates (BE) comparable to Rs 4.7 trillion from Rs 2.8 trillion or 17.2% of BE for the April-July period of FY25.

Nifty FMCG index gained 0.8% over the week and closed at 1,968. Nifty India Defense index lost -3.7% followed by Nifty India Digital Index and Nifty Chemicals with -3.5 and -3.1% losses during the week.

Indices	Last close	One-day change in %	One month change in %	% YTD change in %
Domestic				
S&P BSE Sensex	79,809.65	-0.34	-1.88	2.14
Nifty 50	24,426.85	-0.30	-1.59	3.31
S&P BSE 200	11,048.51	-0.35	-2.10	1.07
S&P BSE 500	35,287.71	-0.34	-2.32	0.28
S&P BSE Midcap	44,642.31	-0.41	-3.01	-3.88
S&P BSE Smallcap	51,449.23	-0.29	-4.35	-6.76
S&P BSE Auto	55,959.85	-0.84	4.74	8.32
S&P BSE Bankex	60,025.39	-0.15	-3.61	3.95
S&P BSE Cap Goods	65,417.08	0.22	-4.51	-3.49
S&P BSE Consumer Durables	60,638.17	0.34	1.40	-5.89
S&P BSE FMCG	20,610.64	0.90	1.65	-0.78
S&P BSE Healthcare	43,622.70	-0.16	-4.83	-3.65
S&P BSE IT	34,437.32	-0.94	-1.40	-20.26
S&P BSE Metal	30,388.49	-0.57	-2.93	5.18
S&P BSE Oil & Gas	25,540.00	-0.77	-6.15	-2.01
S&P BSE Power	6,392.75	0.07	-5.13	-8.23
S&P BSE Realty	6,764.68	-1.33	-5.88	-17.85

Data as on 29th August 2025



GLOBAL MARKETS

Major global equity markets exhibited mixed performance during the week of August 25-29, 2025. The S&P 500 showed an upward trend, while the FTSE 100, Nikkei 225, and Hang Seng Index experienced declines. Uncertainty surrounding US trade policies, particularly the implementation of tariffs on goods from various countries, including India and China, created headwinds for global equity markets.

Worries regarding the independence of the US Federal Reserve, along with renewed tariff uncertainty and political instability in Europe, negatively impacted European markets. Discussions surrounding new EU sanctions against Russia also contributed to market volatility and uncertainty. The second estimate of Q2 2025 US GDP growth indicated an annual rate of 3.3%, driven by higher business investment and consumer spending. Consumer confidence in the US dipped slightly in August 2025, with rising worries about job availability and future income. While some companies reported better-than-expected results, some major retailers faced challenges.

Inflation

The headline CPI inflation is likely to inch up to ~2.0% in August 2025 from 1.55% in July 2025, with an average CPI inflation of 3.0-3.2% in FY2026.

The Reserve Bank of India (RBI) has said that the flexible inflation targeting (FIT) framework has performed well since its introduction, meeting the needs of the country even during challenging times. Between its inception and the end of 2019, inflation in India remained low and stable, averaging around 4%.

RUPEE, OIL & FIIs

Indian Rupee:

The Indian Rupee weakened against the US dollar, reaching an all-time low of 88.19, further impacting the Indian stock market. The rupee rose by 6 paise to close at 87.63 (provisional) against the US dollar on Thursday aided by a weaker greenback and a decline in crude oil prices.

However, concerns over additional US tariffs on Indian products, which kicked in on Wednesday, and a decline in domestic equity markets capped gains in the local unit, according to forex traders.

Crude Oil:

Oil prices fell on Friday as traders looked toward weaker demand in the U.S., the world's largest oil market, and a boost in supply this autumn from OPEC and its allies.

Brent crude futures for October delivery, which expired on Friday, settled at \$68.12 a barrel, down 50 cents, or 0.73%. The more active contract for November finished down 53 cents, or 0.78%, at \$67.45.

FII flows

Foreign institutional investors (FIIs) pulled out Rs 34,993 crore from Indian equities in August, the biggest outflow this year, as US tariff shocks weighed on sentiment. The outflows pushed FII selling

past Rs 1.3 lakh crore for YTD. This is due to short-medium term concerns that FII still have from investments perspective, even as policy reforms and stronger-than-expected GDP data offer potential triggers for recovery.

Gold:

Gold showed mixed movements, with a minor dip in early August followed by potential upward pressure from ongoing economic uncertainty and geopolitical risks. Gold prices in India closed at Rs 10,495 per gram on 31 Aug '25.

Some pointed to sustained long-term gains driven by inflation and safe-haven demand, others suggested potential volatility within a range due to significant external market events. Factors influencing gold prices included expectations on interest rate cuts, the performance of the US dollar, global trade dynamics, and physical demand, particularly from China, which saw a significant drop in gold imports during the first half of the year.

International				
DJIA*	45,636.90	0.16	1.78	7.27
Nasdaq Composite*	21,705.16	0.53	2.49	12.40
Nikkei 225 (Japan)	42,718.47	-0.26	5.03	7.08
Straits Times (Singapore)	4,269.70	0.37	0.95	12.73
Hang Seng (Hong Kong)	25,077.62	0.32	-1.75	25.01
Kospi Composite (Seoul)	3,186.01	-0.32	-1.38	32.78
FTSE 100 (London)	9,216.82	-0.42	1.49	12.77
Cac 40 (France)*	7,762.60	0.24	-0.49	5.17
Xetra Dax (Germany)*	24,039.92	-0.03	0.29	20.75
S&P 500 (US)*	6,501.86	0.32	1.75	10.55
Shanghai (china)	3,857.93	0.37	6.88	15.10
MICEX (Russia)*	2,895.72	-0.58	6.04	0.44
Bovespa (Brazil)*	141,049.20	1.32	6.75	17.26
JCI (Indonesia)	7,830.49	-1.33	2.79	10.60
SET (Thailand)	1,236.61	-0.92	0.24	-11.68

Data as on 29 August 2025 * Data as on 28 August 2025

FII equity investments, Rs cr

	Buy	Sell	Net	MTD
28-Aug	16,426.00	22,514.00	-6,088.00	-28,840.00
Jul-25	312,648.33	337,371.81	-24,723.48	
Jun-25	371,204.75	350,781.11	20,423.64	
May-25	361,096.18	346,413.08	14,683.10	
Apr-25	318,326.36	313,929.66	4,396.70	
Mar-25	298,911.92	290,858.48	8,053.44	
Feb-25	297,314.60	343,915.00	-46,600.40	
Last Close	44,807.00	50,457.00	-5,650.00	
6 Months average	326,583.69	330,544.86	-3,961.17	

MF equity investments, Rs cr

	Buy	Sell	Net	MTD
28-Aug	7,338.00	7,423.00	-85.00	55,376.00*
Jul-25	254723.57	207704.75	47018.82	
Jun-25	257946.08	214007.74	43938.34	
May-25	233615	177312.92	56302.08	
Apr-25	212481.74	195438.37	17043.37	
Mar-25	202659.75	196742.88	5916.87	
Feb-25	226200.32	178266.51	47933.81	
Last Close	7,338.00	7,423.00	-85.00	
6 Months average	231,271.08	194,912.20	36,358.88	

Data as of 28 August 2025

WEEK AHEAD

Union Minister of Commerce and Industry stated that India and Africa will collaborate to double bilateral trade by 2030, with a focus on value addition, technology-driven farming, renewable energy, and healthcare. Domestic economy continues to be driven by consumption and other leading sectors as seen through various news flow. The latest data released by the Reserve Bank of India (RBI) showed total credit card spending in value terms jumped around 6% in July 2025 as it hit 1.93 lakh crore in comparison to Rs 1.83 lakh crore in June. As per RBI bulletin Mutual funds (MFs) are increasingly becoming a strong alternative to traditional bank deposits as an investment avenue, particularly among India's aspirational middle class

Source: Bloomberg, HSBC MF, Data as on 1 Sep 2025 or as latest available.

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GST - 27AABCH0007N1ZS | Website: www.assetmanagement.hsbc.co.in

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