

# Global Navigator

September 2025



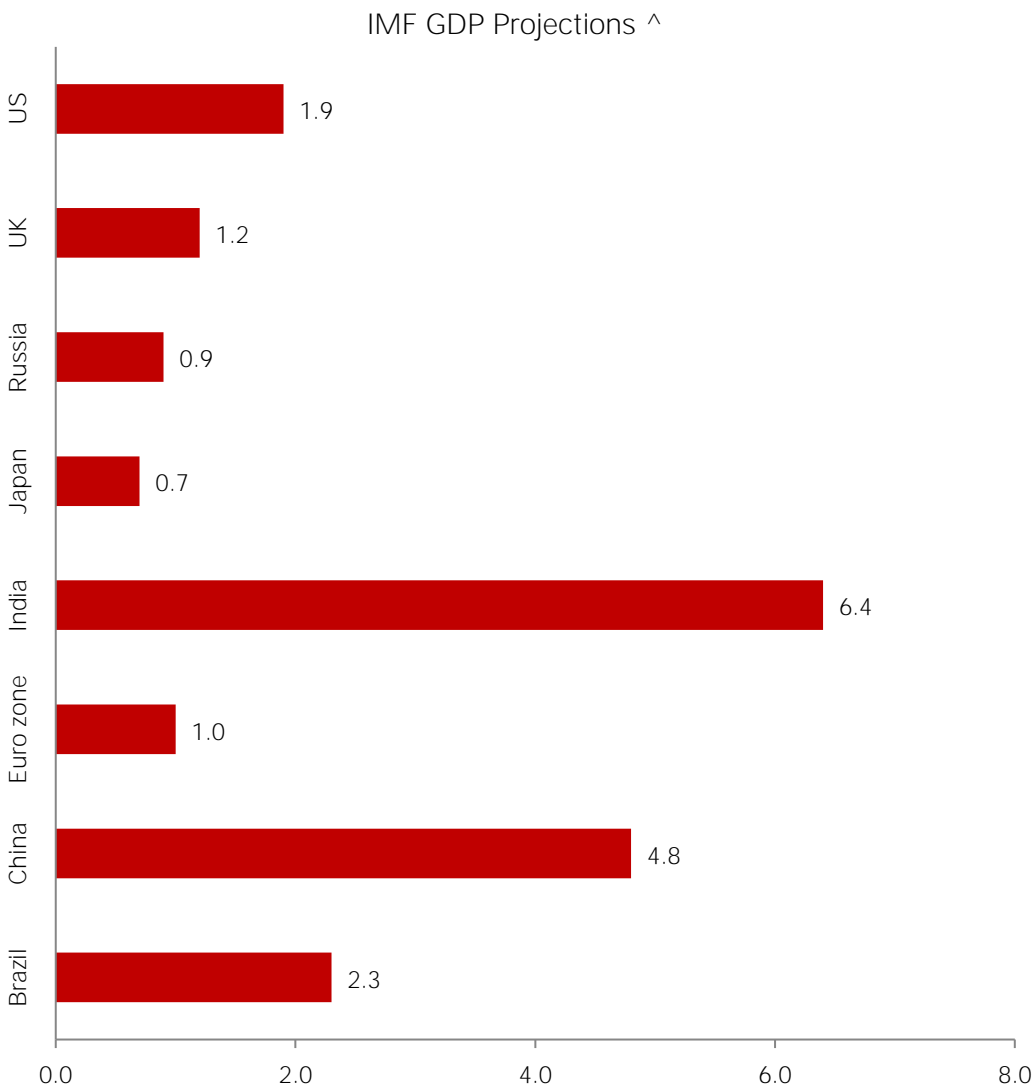
**HSBC** Mutual Fund

# Global Update

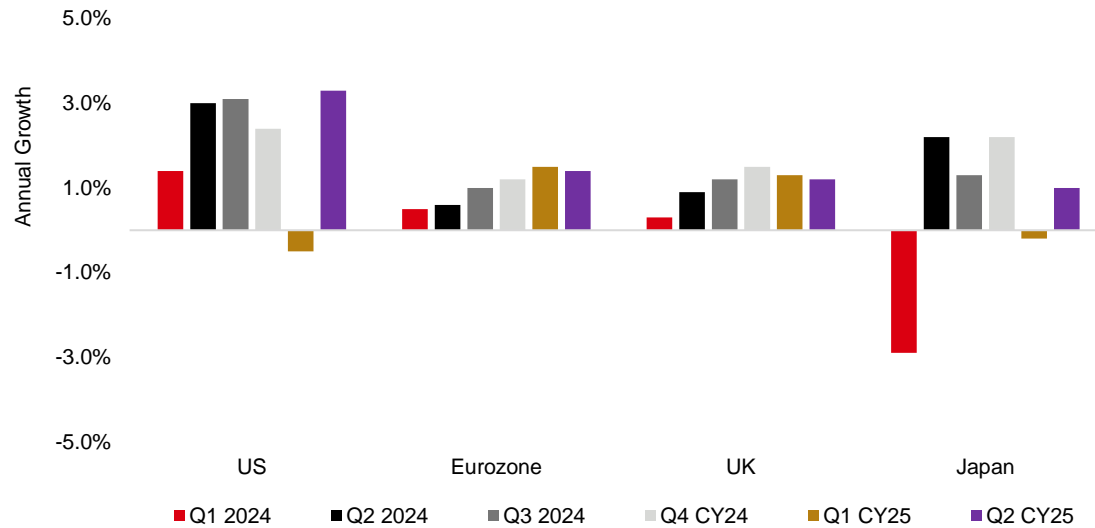
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	GDP		Inflation		Industrial Growth	
	Current	Previous	Current	Previous	Current	Previous
US	*3.3% Q2 2025	-0.5% Q1 2025	2.7% Jul'25	2.7% Jun'25	1.4% Jul'25	0.8% Jun'25
Eurozone	*1.4% Q2 2025	1.5% Q1 2025	2.0% Jul'25	2.0% Jun'25	0.2% Jun'25	3.1% May'25
UK	1.2% Q2 2025	1.3% Q1 2025	3.8% Jul'25	3.6% Jun'25	0.2% Jun'25	-0.2% May'25
China	5.2% Q2 2025	5.4% Q1 2025	0.0% Jul'25	0.1% Jun'25	5.7% Jul'25	6.8% Jun'25
Japan	1.0% Q2 2025	-0.2% Q1 2025	3.1% Jul'25	3.3% Jun'25	-0.9% Jul'25	4.4% Jun'25
India	7.8% Q1 FY26	7.4% Q4 FY25	1.6% Jul'25	2.1% Jun'25	3.5% Jul'25	1.5% Jun'25

Major Global Central Bank	Latest Key Interest rate
US Federal Reserve	4.50%
Bank of England	4.00%
European Central Bank	2.15%
Bank of Japan	0.50%
India RBI	5.50%



Source: Crisil, Bloomberg, Respective Central Banks, IMF. Data as on 29 August 2025 \*Estimates ^ July 2025  
Past performance may or may not be sustained in future and is not a guarantee of any future returns., GDP – Gross Domestic Product, IMF – International Monetary Fund  
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US economy grows 3.3% in second quarter of 2025, US Federal Reserve keeps funds rate unchanged

- The US economy grew at an annual rate of 3.3% in the second quarter of 2025, compared with a 0.5% contraction in the first quarter of 2025.
- The US Fed kept the federal funds rate target unchanged at 4.25-4.50% for the fifth time, signalling a data-dependent, cautious stance amid trade policy-induced uncertainty.

UK GDP rises 1.2% on-year in second quarter, Bank of England cuts interest rates by 25 bps

- The UK's gross domestic product (GDP) grew 1.2% on-year in the second quarter of 2025, easing slightly from 1.3% in the previous quarter.
- The Bank of England cut interest rates by 25 bps to 4%, in a rare two-round vote that underscored sharp divisions over how to tackle sticky inflation and a softening economy.

Eurozone economy grew 1.4% in the second quarter of 2025

- The Eurozone economy expanded 1.4% on-year in the second quarter of 2025, slightly lower than the 1.5% seen in the first quarter.
- ECB chief warned that US President's efforts to reshape the US Fed and push for lower interest rates pose a "serious danger" to both the US and the global economy.

Japanese economy grows 1.0% in second quarter

- The Japanese economy expanded 1.0% in the second quarter of 2025, compared with -0.2% in the prior quarter.
- The BoJ Deputy Governor said it would be appropriate to keep raising rates in line with economic and price improvements, while warning that US tariffs could hit Japan harder than expected.

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# Global- Performance trends

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Global indices	% Change										
	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24	CY25*	10-year CAGR*
DJIA	13.42	25.08	-5.63	22.34	7.25	18.73	-8.78	13.70	12.88	7.05	10.08
Nasdaq	7.50	28.24	-3.88	35.23	43.64	21.39	-33.10	43.42	28.64	11.11	15.66
Nikkei	0.42	19.10	-12.08	18.20	16.01	4.91	-9.37	28.24	19.22	7.08	8.42
Hang Seng	0.39	35.99	-13.61	9.07	-3.40	-14.08	-15.46	-13.82	17.67	25.01	1.36
FTSE	14.43	7.63	-12.48	12.10	-14.34	14.30	0.91	3.78	5.69	12.41	3.94
CAC 40	4.86	9.26	-10.95	26.37	-7.14	28.85	-9.50	16.52	-2.15	4.38	5.21
Xetra DAX	6.87	12.51	-18.26	25.48	3.55	15.79	-12.35	20.31	18.85	20.06	8.33
Shanghai	-12.31	6.56	-24.59	22.30	13.87	4.80	-15.13	-3.70	12.67	15.10	0.87
Brazil Bovespa	38.93	26.86	15.03	31.58	2.92	-11.93	4.69	22.28	-10.36	17.57	12.55
Russia RTS	52.22	0.18	-7.65	45.28	-10.42	15.01	-39.18	11.63	-17.56	27.29	4.15
Nifty 50 TRI	4.39	30.27	4.64	13.48	16.14	25.59	5.69	21.30	10.09	4.42	13.23
BSE SENSEX TRI	3.47	29.56	7.23	15.66	17.16	23.23	5.80	20.33	9.49	3.18	13.14

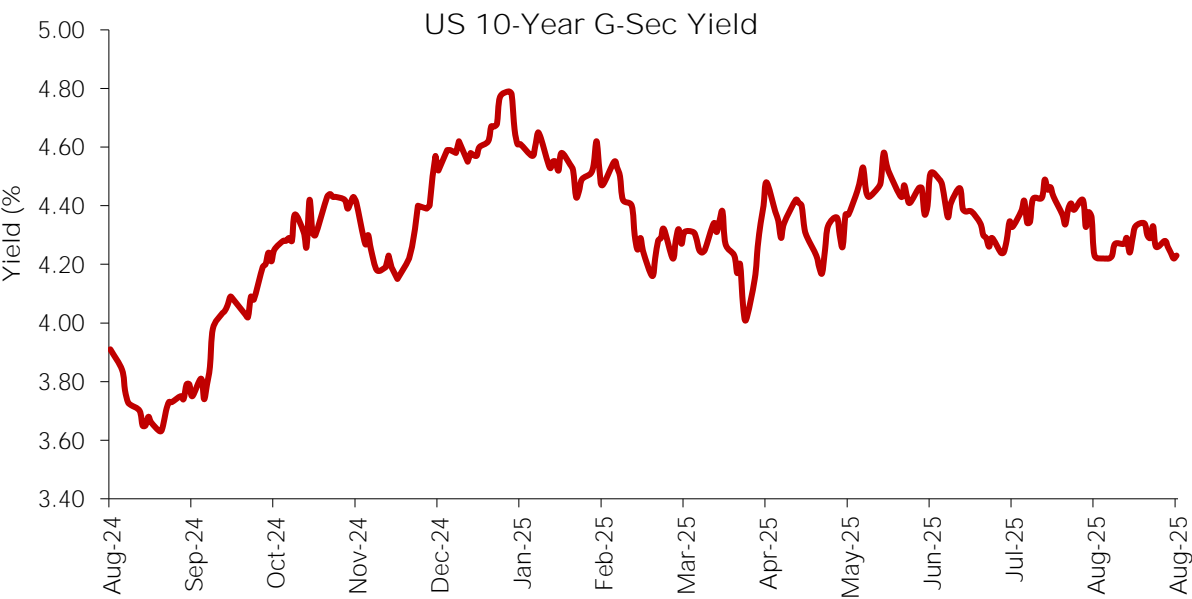
Source: Crisil, BSE, NSE and Financial websites Figures in red indicate negative returns in that period. CY25- YTD (till May 30, 2025) \*10-year CAGR, Data as on 29 August 2025

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## US treasury prices ended higher in August

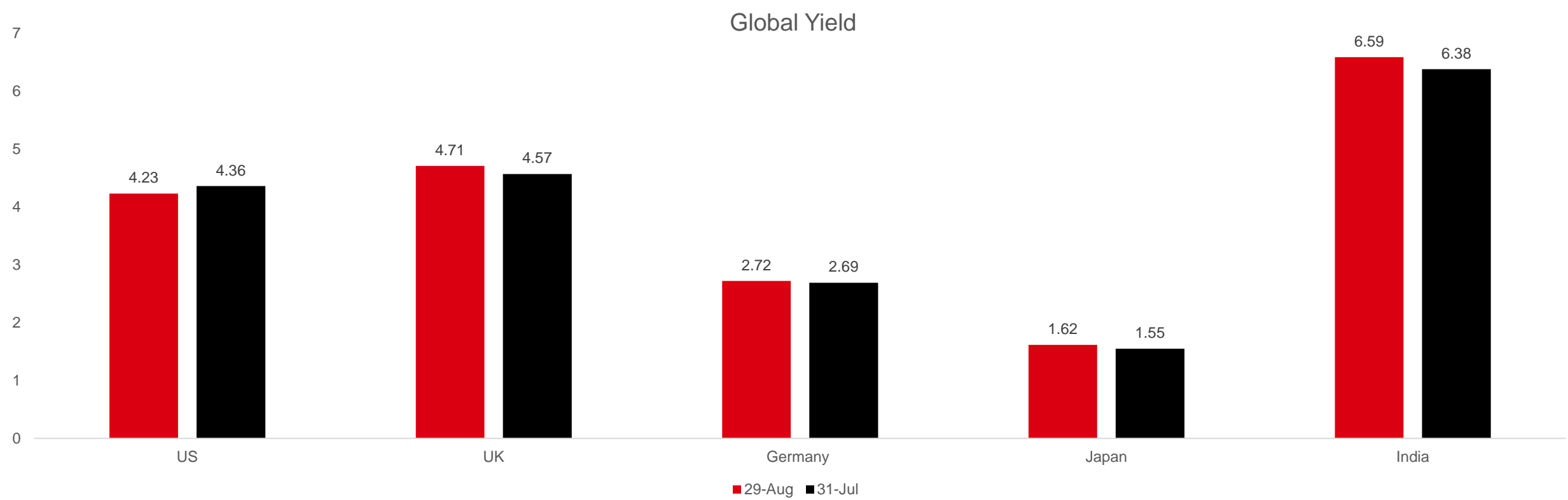
- The US Treasury prices ended higher amid rising hopes of a rate cut by the Federal Open Market Committee (FOMC) of the Federal Reserve (Fed) at its September monetary policy meeting. The yield on the 10-year Treasury settled at 4.23% on August 29 compared with 4.36% on July 31.
- The prices rose after a far weaker-than-expected non-farm payroll report and lower inflation for July and a new raft of tariffs announced by President.
- The yields fell further after Fed Governor announced her resignation, giving US president a chance to induct a nominee on the FOMC, which sets the rates. The market saw some gains after data showed stalling activity in the services sector in June.
- The data points also intensified the president’s call for the central bank to lower borrowing costs.
- Heightening the pressure on the Fed, Treasury Secretary suggested that a 50-basis point cut in December could be appropriate. He also said the rates “should probably be 150, 175 basis points lower”.
- Bond prices also rose after Fed Chair, at his Jackson Hole speech, indicated rate cuts could be on the horizon.



Global bond yields			
	29-Aug	31-Jul	Change
US 10-Year (%)	4.23	4.36	-0.13
UK 10-Year (%)	4.71	4.57	0.14
German 10-Year (%)	2.72	2.69	0.03
Japan10-Year (%)	1.62	1.55	0.06

Source: Crisil, Bloomberg, Data as on 29 August 2025, Past performance may or may not be sustained in future and is not a guarantee of any future returns.  
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# Global Yield and Where India Stands



	US	UK	Germany	Japan	India
Current Yield (%)	4.23	4.71	2.72	1.62	6.59
Inflation (%)	2.7	3.8	2.2	3.1	1.55
Real Yield (%)	1.53	0.91	0.52	-1.48	5.04

Source : Crisil, Data as on 29 August 2025, Inflation Data as of July 2025 Past performance may or may not be sustained in future and is not a guarantee of any future returns.  
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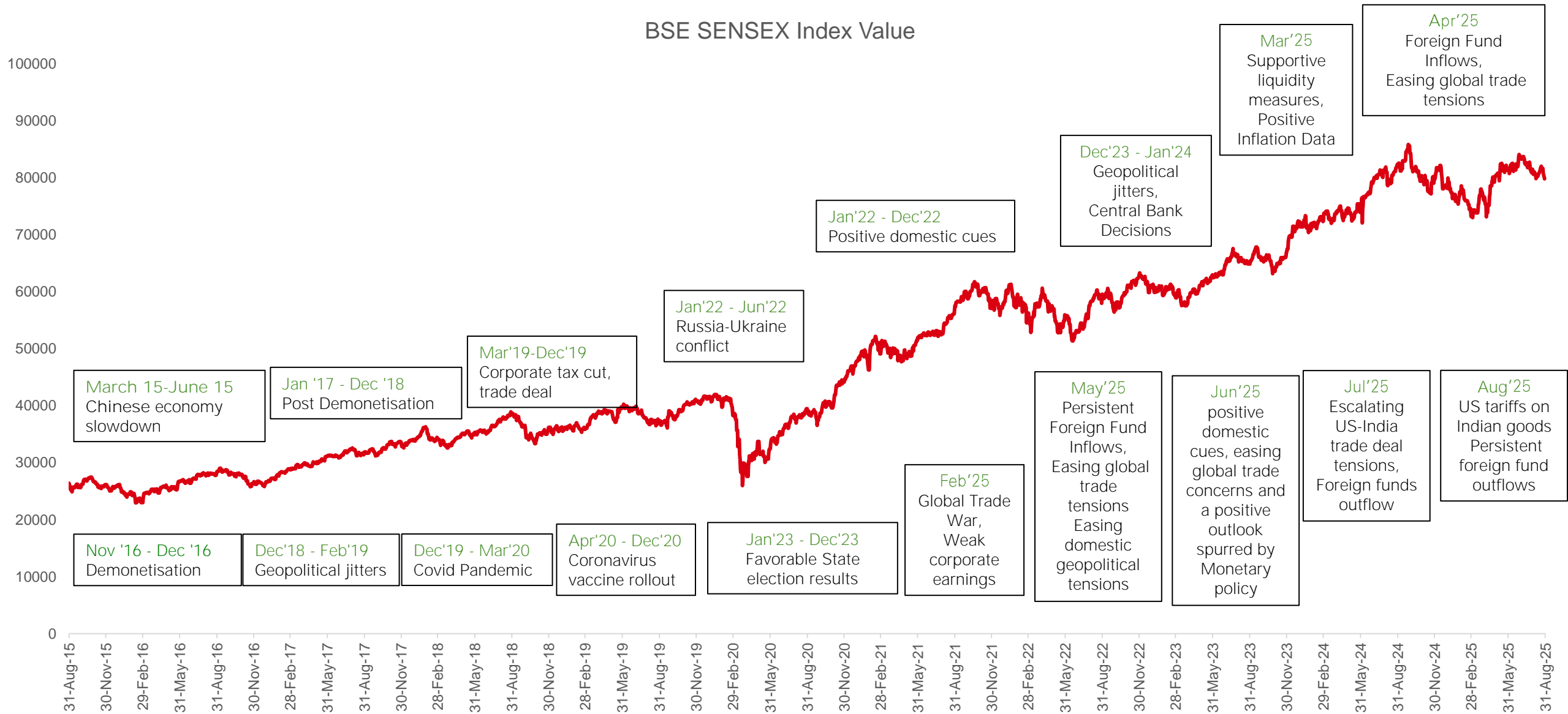
# Domestic Equity

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# History of Equity markets through major events

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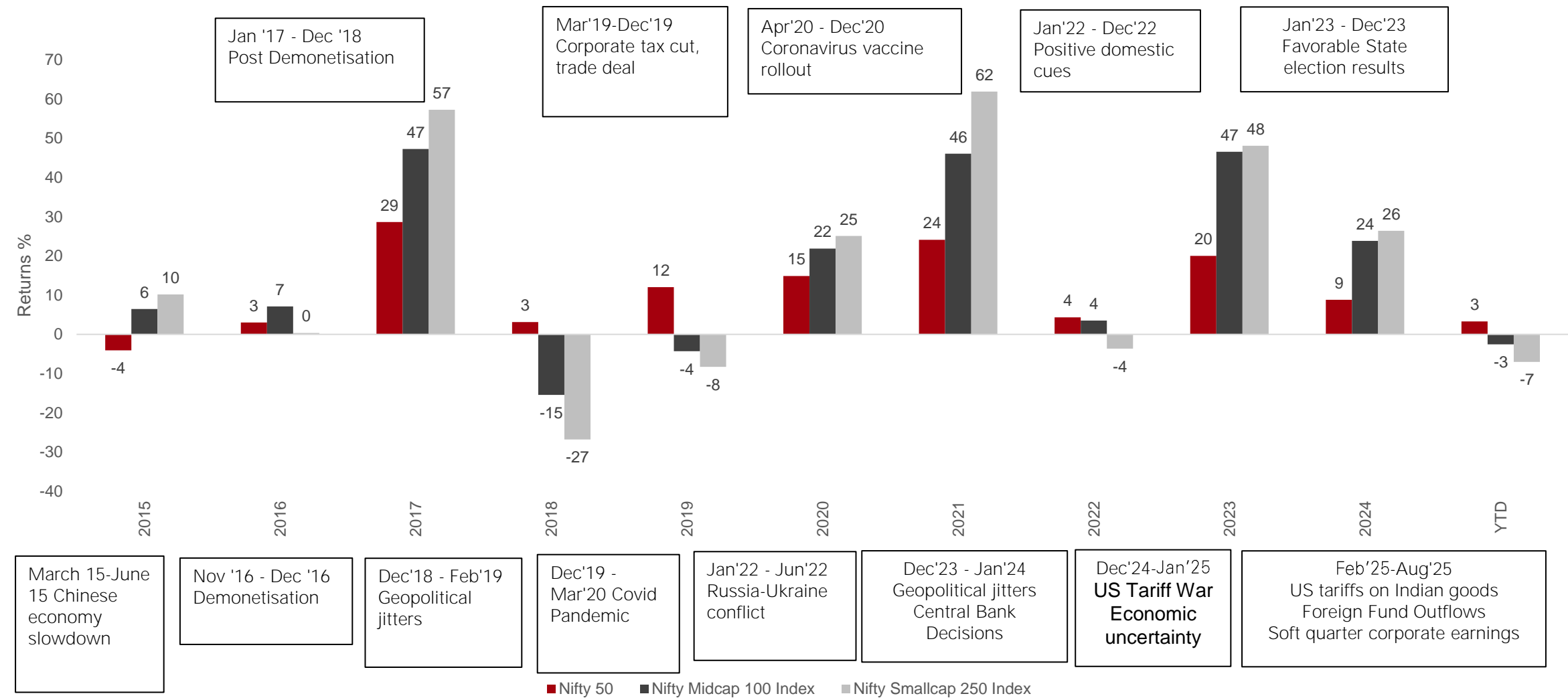


Source: BSE, Crisil, Data as on 29 Aug 2025, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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# History of Equity markets through major events

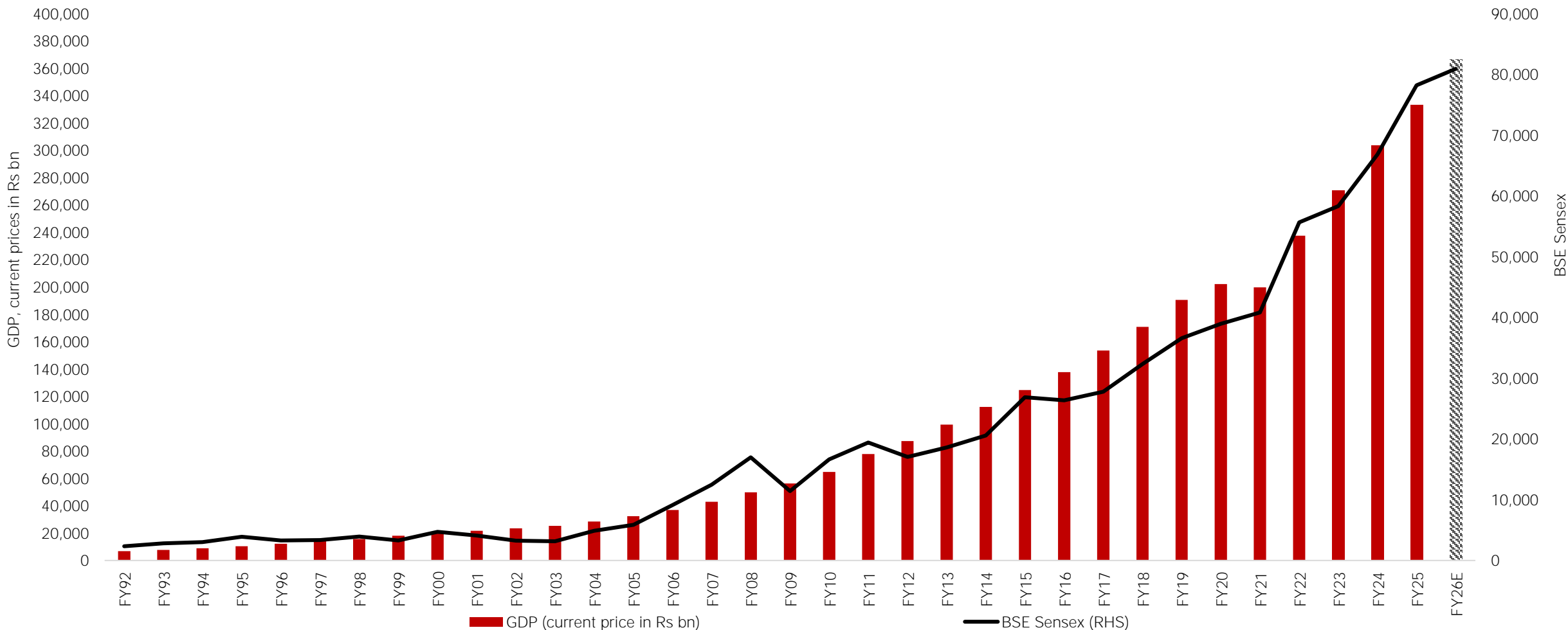
## Performance of major equity indices



Source: NSE, Crisil, Data as on 29 Aug 2025, Past performance may or may not be sustained in future and is not a guarantee of any future returns.  
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# Equity mirrors economic growth in the long term

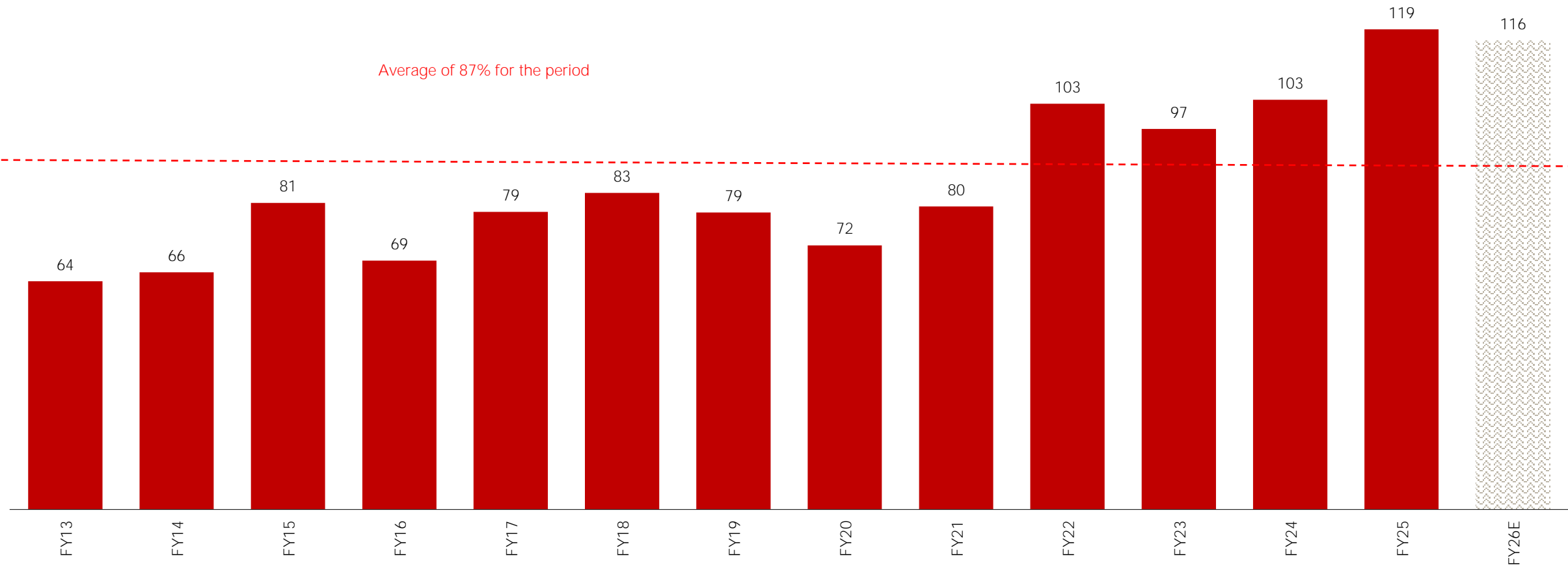
GDP - The Indian economy is expected to carry the momentum of last year’s GDP growth into the current fiscal year as well



Source: Crisil, Bloomberg, BSE, IMF, The GDP projection for fiscal year 2026 is shown shaded in this graph is for illustration purposes only and is not guaranteed, Data as on 29 August 2025, Past Performance May or May not be sustained in future. Investors should not consider the same as investment advice GDP – Gross Domestic Product. Note-The details provided above is as per the information available in public domain at this moment and subject to change. Please consult your financial advisor for any investment decisions.

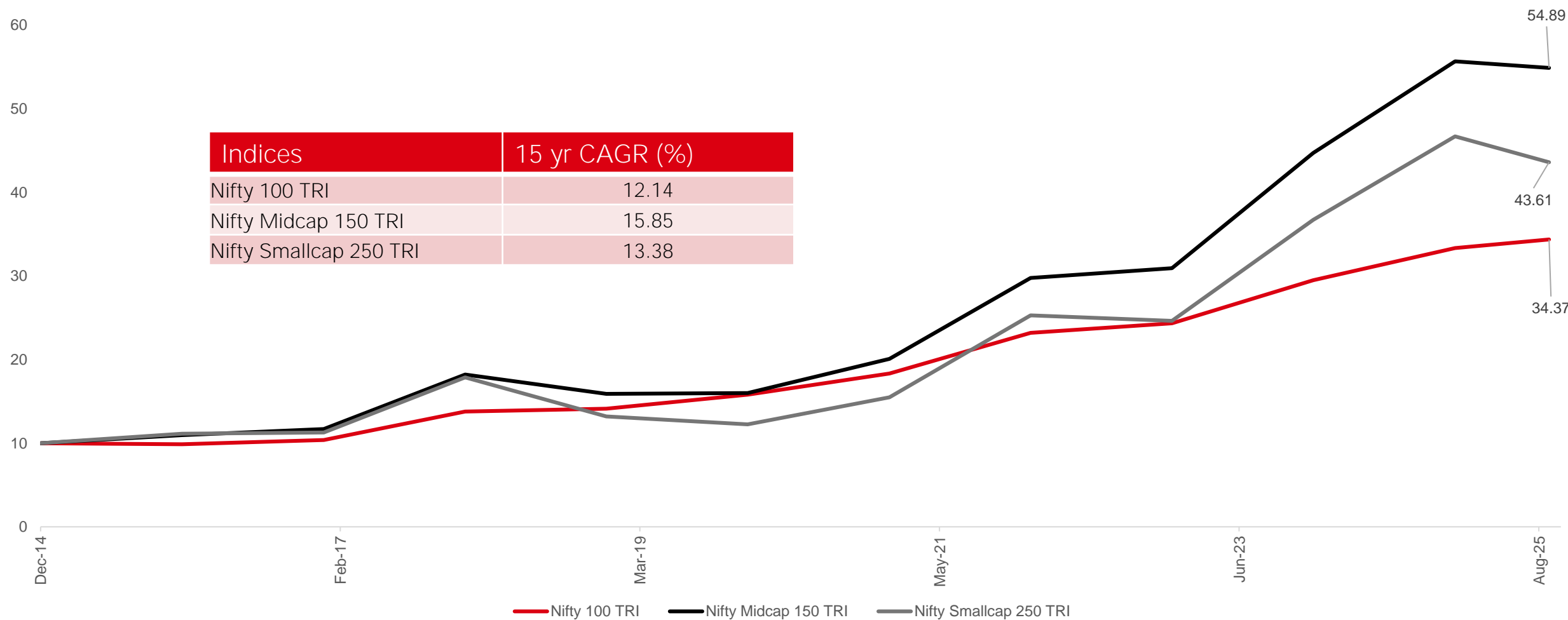
# India Market cap to GDP (%)

Market cap as a % of GDP



Shaded area are Estimates (E) – FY26  
Source: Crisil, MOSPI, Bloomberg, CRISIL estimates  
Data as on 29 August 2025, Past performance may or may not be sustained in future and is not a guarantee of any future returns. GDP- Gross Domestic Product  
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# Nifty Mid-cap 150 TRI vs Nifty Small-cap 250 TRI vs Nifty 100 TRI



Source: Crisil, NSE. Data as on 29 Aug 2025, data represents YTD values. The indices values are rebased by 10  
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# Indian market - Performance trends

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Indices	% Change										
	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24	CY25*	10-year CAGR*
Nifty 50 TRI	4.39	30.27	4.64	13.48	16.14	25.59	5.69	21.30	10.09	4.42	13.23
BSE SENSEX TRI	3.47	29.56	7.23	15.66	17.16	23.23	5.80	20.33	9.49	3.18	13.14
BSE Auto TRI	10.38	33.31	-21.33	-9.94	14.27	20.59	17.83	47.71	23.40	9.64	13.37
BSE BANKEX TRI	8.39	39.98	5.65	21.12	-2.12	12.97	21.91	12.12	7.15	4.89	12.49
BSE CG TRI	-2.38	41.42	-0.49	-8.79	12.52	54.75	17.17	68.15	22.53	-2.77	16.25
BSE CD TRI	-5.83	102.87	-8.32	21.53	22.19	47.73	-10.93	26.40	29.31	-5.58	19.09
BSE FMCG TRI	4.77	33.26	12.11	-2.14	13.19	11.70	19.08	29.65	3.25	0.86	12.17
BSE Healthcare TRI	-12.43	1.10	-5.38	-2.80	62.61	21.54	-11.50	37.97	44.30	-3.16	9.97
BSE IT TRI	-6.14	13.29	27.26	11.84	60.05	58.45	-22.70	28.28	22.21	-19.02	14.14
BSE Metal TRI	43.19	52.82	-16.20	-10.16	18.43	72.68	15.70	35.50	10.24	7.04	20.07
BSE Oil & Gas TRI	30.38	37.81	-12.40	10.59	-0.55	31.72	20.45	17.30	16.50	-0.05	15.08
BSE Power TRI	2.99	22.03	-14.30	-0.64	11.38	73.68	28.51	36.45	21.28	-7.55	15.90
BSE PSU TRI	16.89	22.69	-18.69	-1.12	-12.80	47.95	28.30	61.48	24.34	-1.00	14.19
BSE Realty TRI	-5.27	107.24	-30.69	27.58	9.20	55.40	-9.97	80.16	33.45	-17.61	18.82

Source: Crisil, BSE, Figures in red indicate negative returns in that period. \*10-year CAGR, Data as on 29 August 2025, CY25 is YTD (till May 30, 2025) (CD- Consumer Durable/ CG – Capital Goods))

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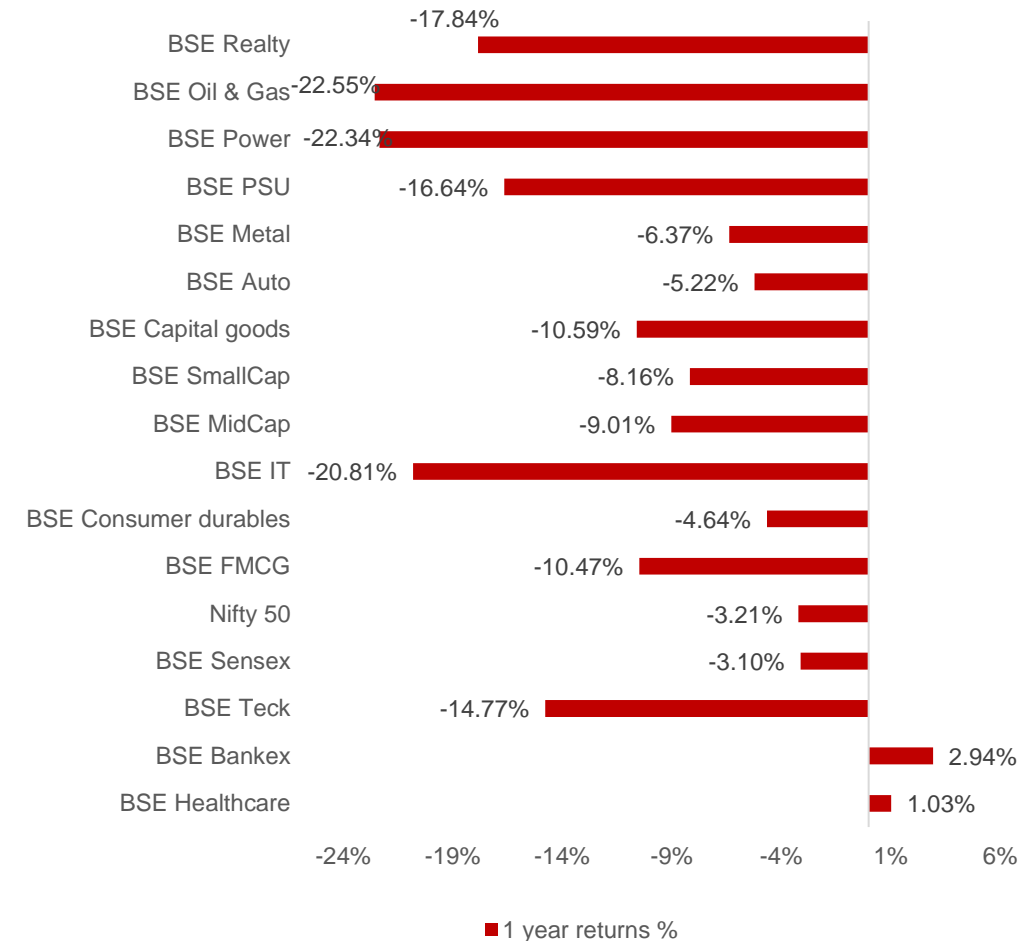
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## Indian equity indices fell in August'25

- Indian equity markets delivered a mixed performance in August 2025.
- Persistent foreign fund outflows and the looming threat of US tariffs on Indian exports were offset by a combination of tailwinds, including the proposed revision of Goods and Services Tax rates, easing geopolitical uncertainties, softening inflation and hopes of a rate cut by the Reserve Bank of India's (RBI) Monetary Policy Committee (MPC).
- The markets saw a subdued opening at the beginning of the month, dragged down by weak global cues and increasing trade uncertainty, after the US imposed a 25% tariff on imports from India effective August 1, along with an unspecified additional penalty.
- Sustained foreign fund outflows and lacklustre first quarter corporate earnings also exerted downward pressure on the bourses, with almost all sectors bearing the brunt.



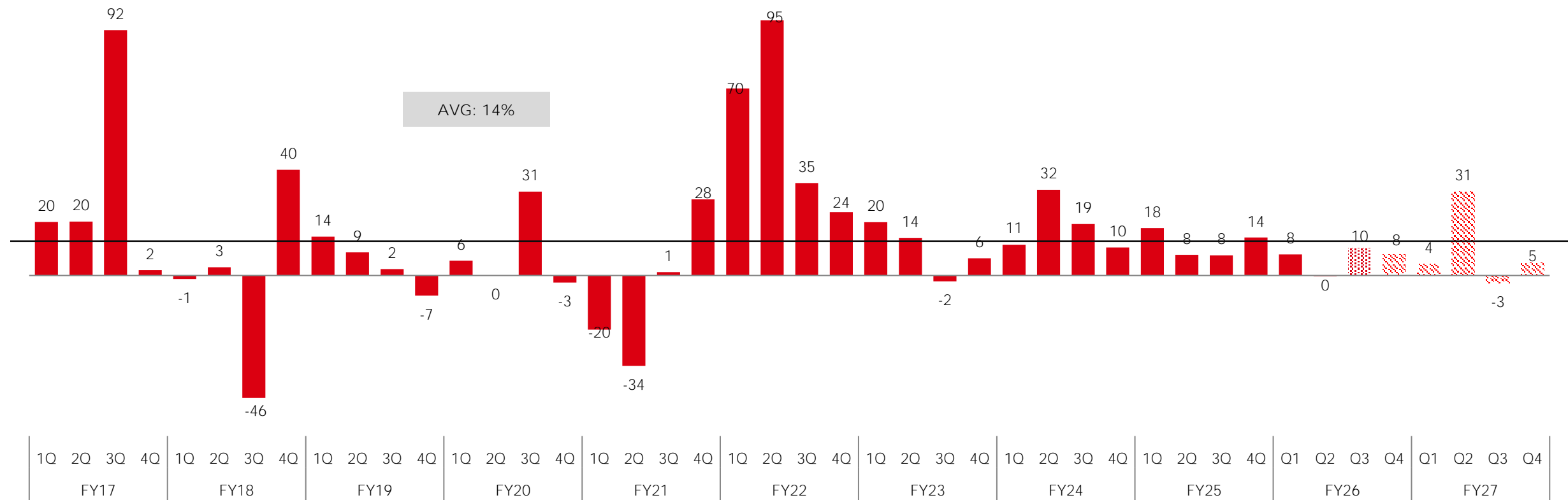
Source –Crisil, Data as on 29 August 2025, Past performance may or may not be sustained in future and is not a guarantee of any future returns. GDP – Gross Domestic Product

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# Earnings growth – quarterly trend

Nifty 50 earnings



## Nifty 50 EPS Growth (Y-o-Y)

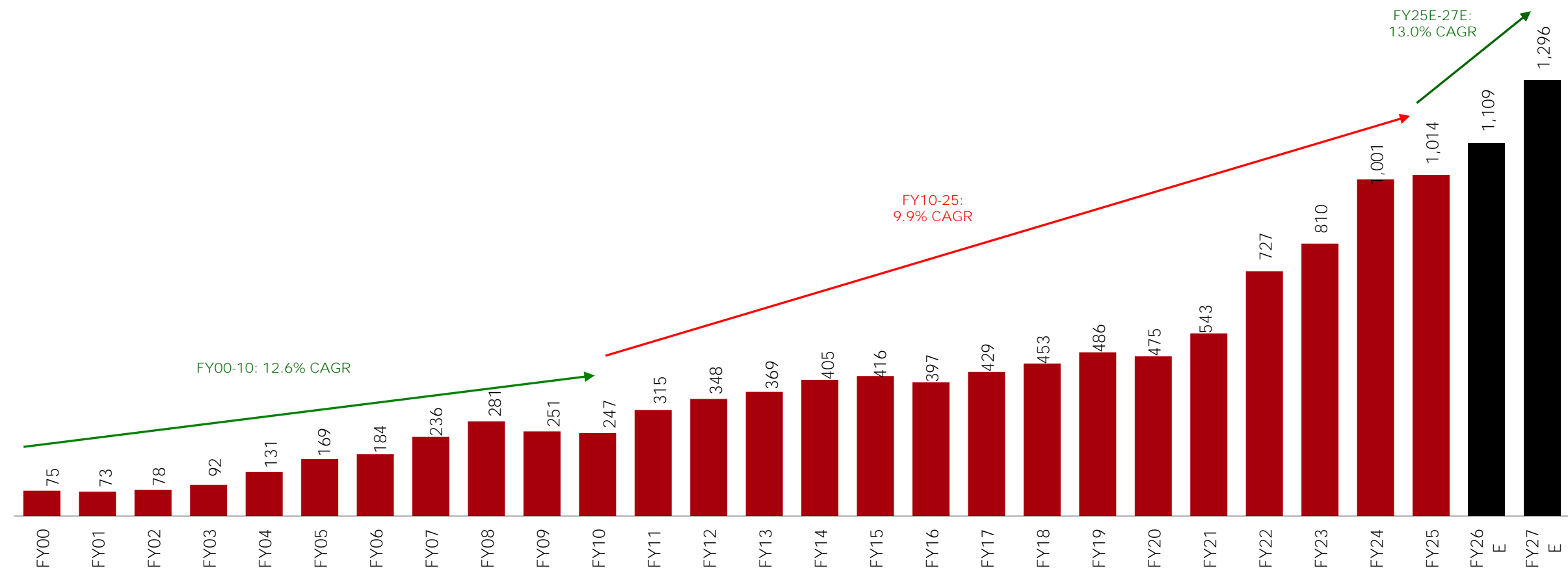
Estimates – shaded portion of FY26 and FY27

Source: Crisil, Bloomberg, Data as on 29 August 2025, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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# Earnings trend

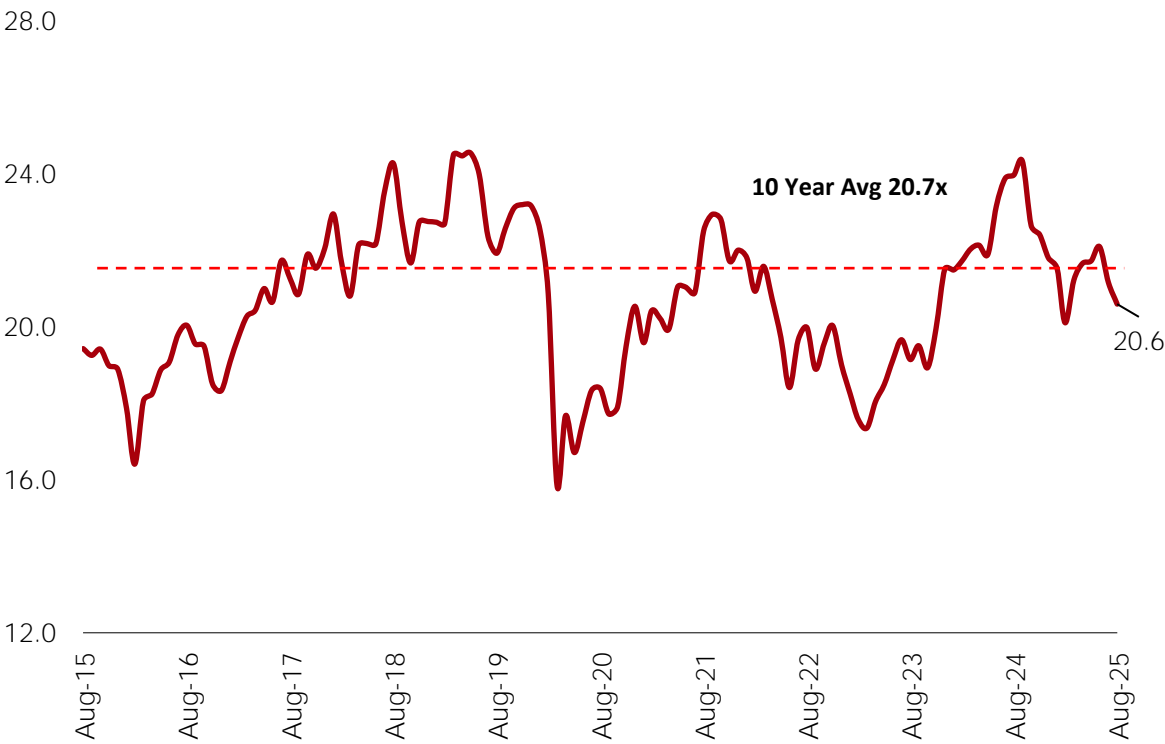
India - Equity earnings (Nifty 50 EPS)



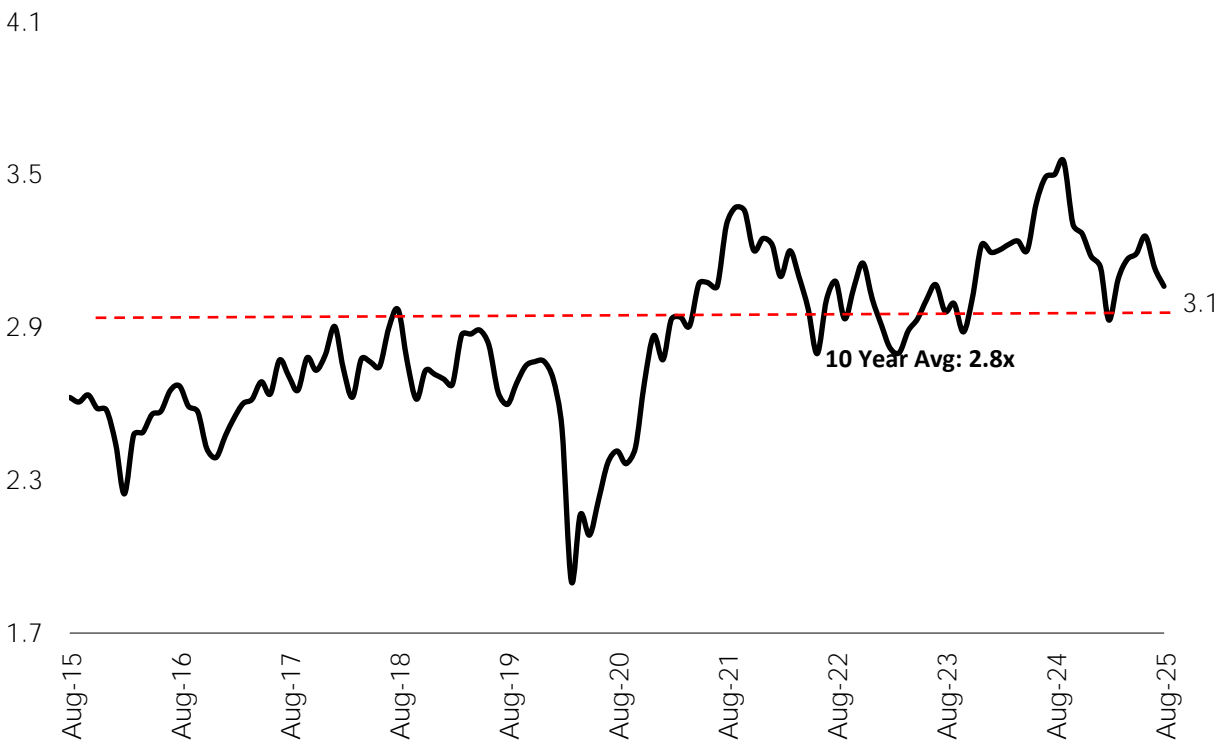
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# Market valuations – Nifty 50 and Nifty Midcap 100

Large and Mid Cap - Price to Earnings (PE)



Large and Mid Cap - Price to Book (PB)



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- Global markets continued to do well in August. MSCI World index rose 2.5% in August led by US (S&P 500) rising 1.9%. MSCI Europe rose 3.2% and MSCI Japan rose 6.9%. MSCI EM also rose 1.2% supported by a 4.9% rise in MSCI China
- Indian equity indices saw a further modest correction in August 2025 with BSE Sensex and NSE Nifty down 1.5%/1.2%, respectively.
- India's real GDP growth for Q1FY26 surprised everyone positively at 7.8% (YoY) vs 7.4% (YoY) growth in Q4FY25. This was supported by stronger growth in services while manufacturing growth also remained robust.
- Auto was the best performing sector as the biggest beneficiary of the GST rate cuts announced by the government.
- Industrial production growth (IIP) improved to 3.5% (YoY) in July from a weak 1.5% (YoY) in June.
- Nifty consensus EPS estimate for CY25/26 saw a +1%/-1% change respectively during August as per Bloomberg. Nifty now trades on 19.8x 1-year forward PE. This is now in-line with its 5-year average and a ~10% premium to its 10-year average. Valuations in midcap and small cap space have also seen correction in the last 2 months.
- Global macro environment remains challenging with heightened geo-political and economic uncertainties. Reciprocal tariffs announced by the US administration is likely to impact US and global growth outlook.
- Economists estimate US tariffs could have a 0.4%-0.8% negative impact on India's GDP growth. The GST rate cut announced by the government along with the previously announced income tax rate cuts should significantly help boost private sector consumption and help boost private capex in the current times of global uncertainty.
- Expect higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains to support faster growth.

Source: HSBC Asset Management, India, Data as on 31 Aug 2025, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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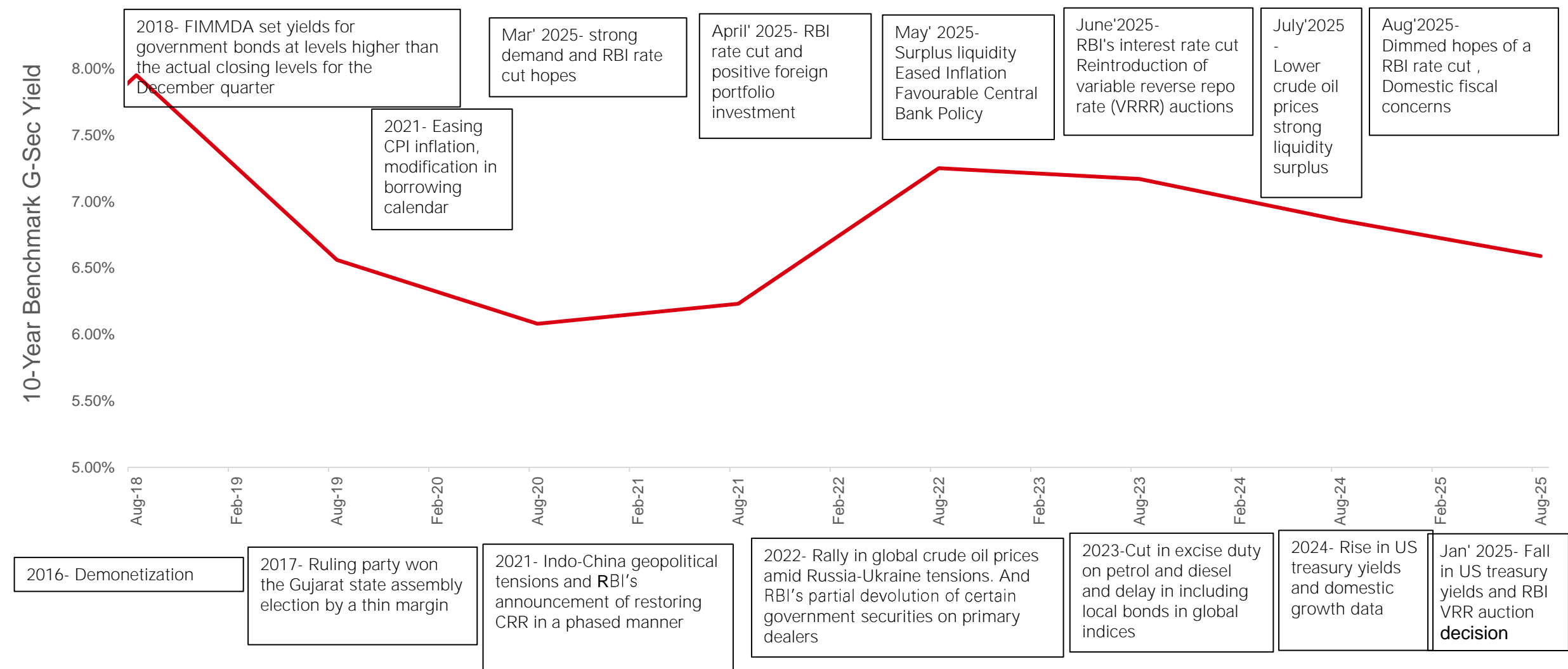
# Domestic Debt

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# History of Debt Markets through major events

10-year G-Sec yield movement through major events



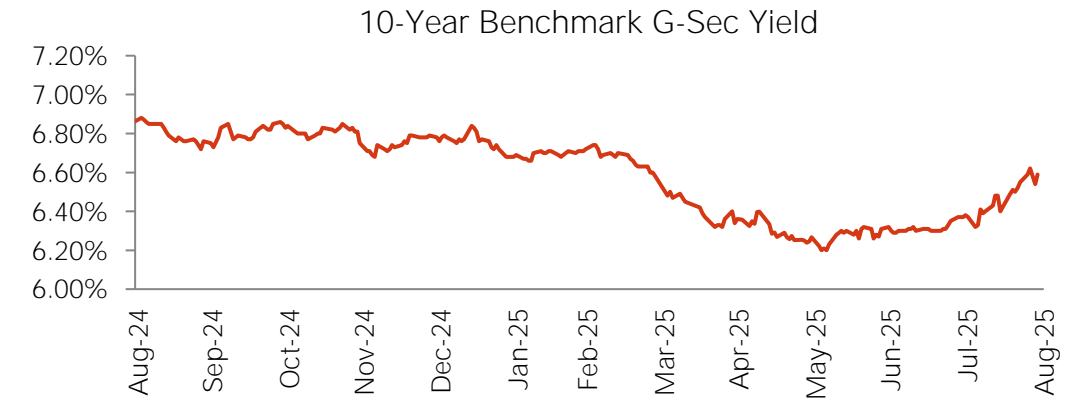
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- Liquidity in the Indian banking system was in surplus throughout August, which has been the case since April, largely owing to significant liquidity injections from the Reserve Bank of India (RBI) and increase in government spending.
- The yield on the 10-year benchmark 6.33% GS 2035 paper settled at 6.59% on August 29, considerably higher vs 6.38% on July 31. This was also a five-month high. Global uncertainty with respect to tariffs and domestic fiscal concerns, fuelled by expectations of higher government borrowing following a proposed Goods and Services Tax (GST) reform and an increase in state government bond supply, put upward pressure on yields
- Bond prices started the month on a declining trajectory, as the quickening pace of mopping up of liquidity by the RBI dimmed hopes of a rate cut at the Monetary Policy Committee's (MPC) August meet. Bond prices further declined after the MPC opted to hold rates and also trimmed the inflation forecast for fiscal 2026 to 3.1%.
- Domestic fiscal concerns, too, exerted downward pressure on bond prices as the month progressed, triggered by fears of widening federal and state budget deficits and higher debt supply following news of weaker-than-expected direct tax receipts.

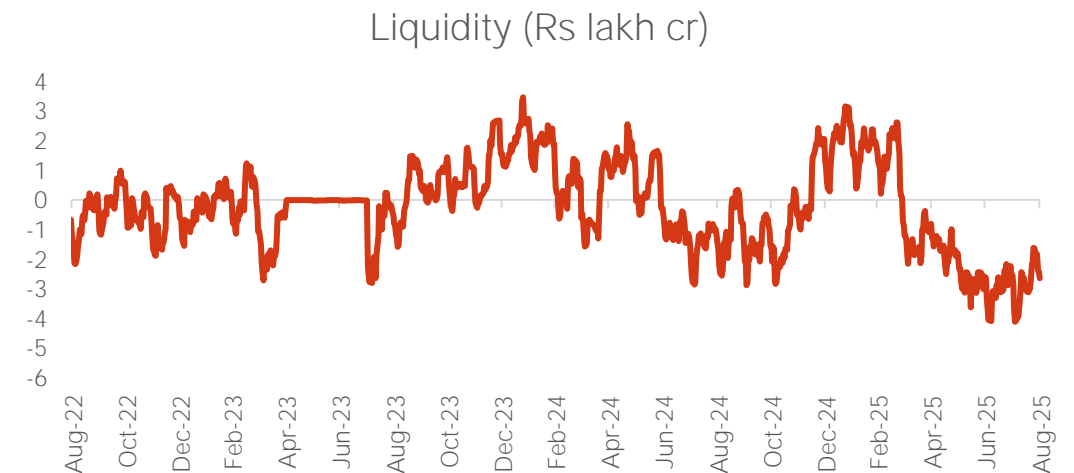
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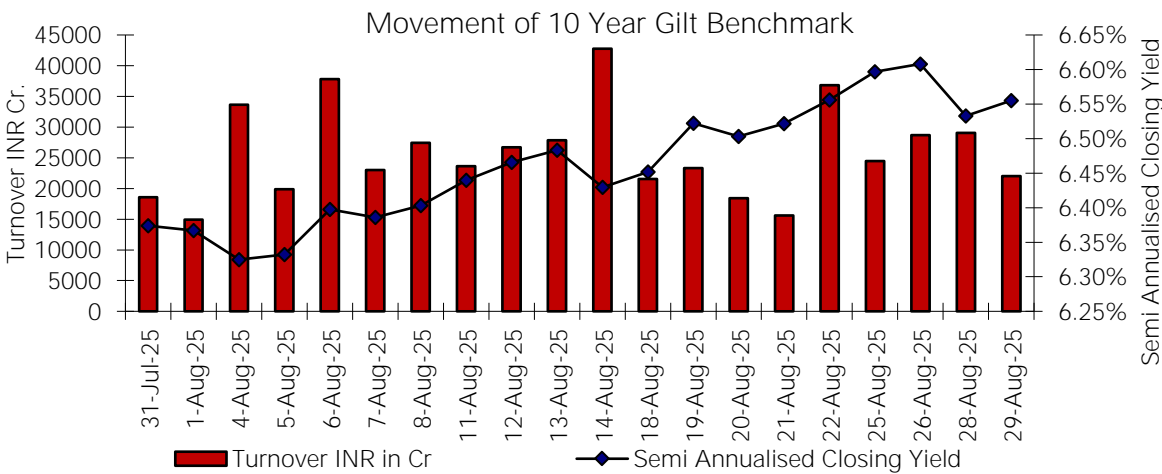
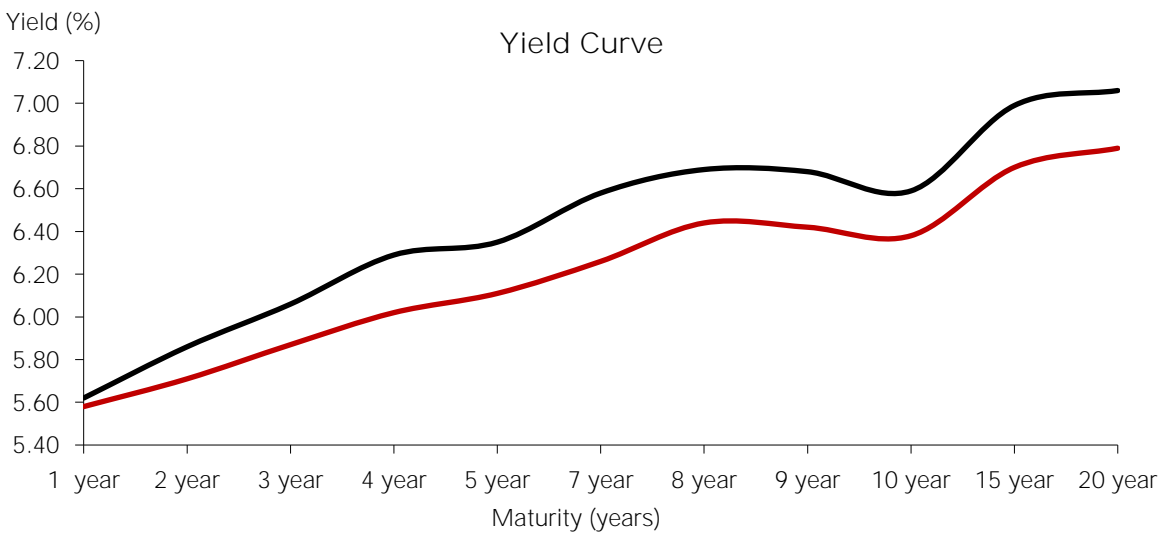


\*Data as of 29th August 2025

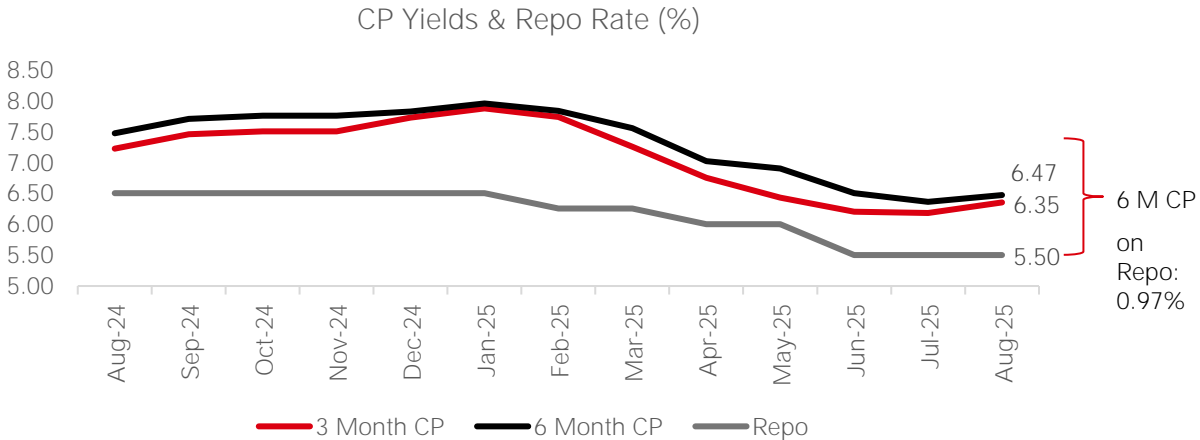
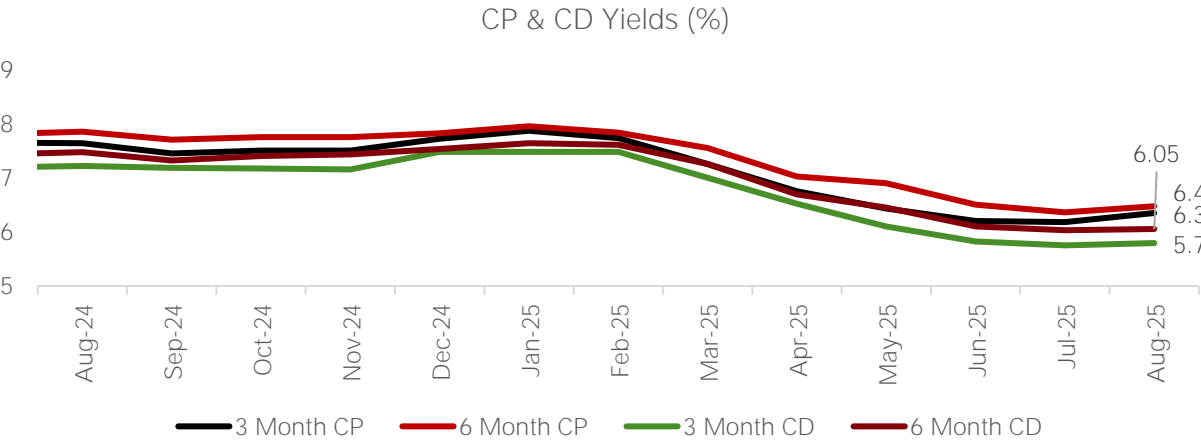


# Debt Market Review

Debt Market Indicators	29-Aug-25	31-Jul-25
Call Rate	5.45%	4.95%
3-mth CP rate	6.35%	6.18%
5 yr Corp Bond	6.89%	6.74%
10 Yr Gilt	6.59%	6.38%
Repo	5.50%	5.50%
SDF	6.25%	6.25%
CRR	4.00%	4.00%
1-Month CD	5.73%	5.75%
3-mth CD rate	5.79%	5.75%
6-Month CD	6.05%	6.03%

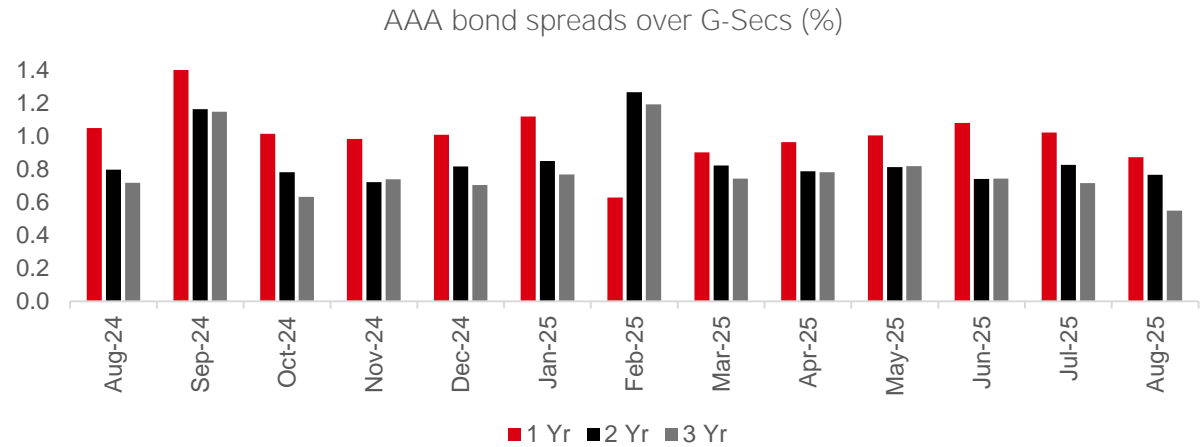
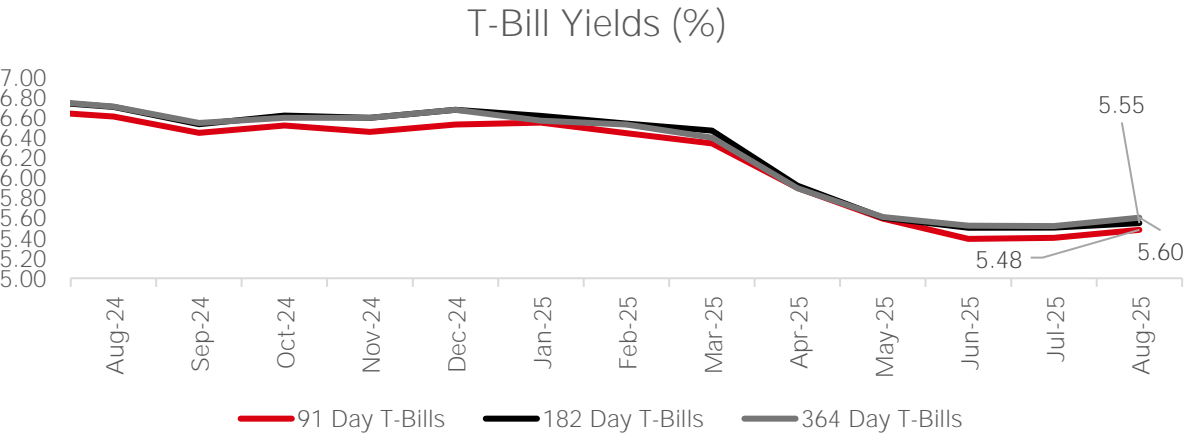


Source: Crisil Fixed Income database  
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CP and CD in August

Spread of CPs over repo rate at 0.97% in August

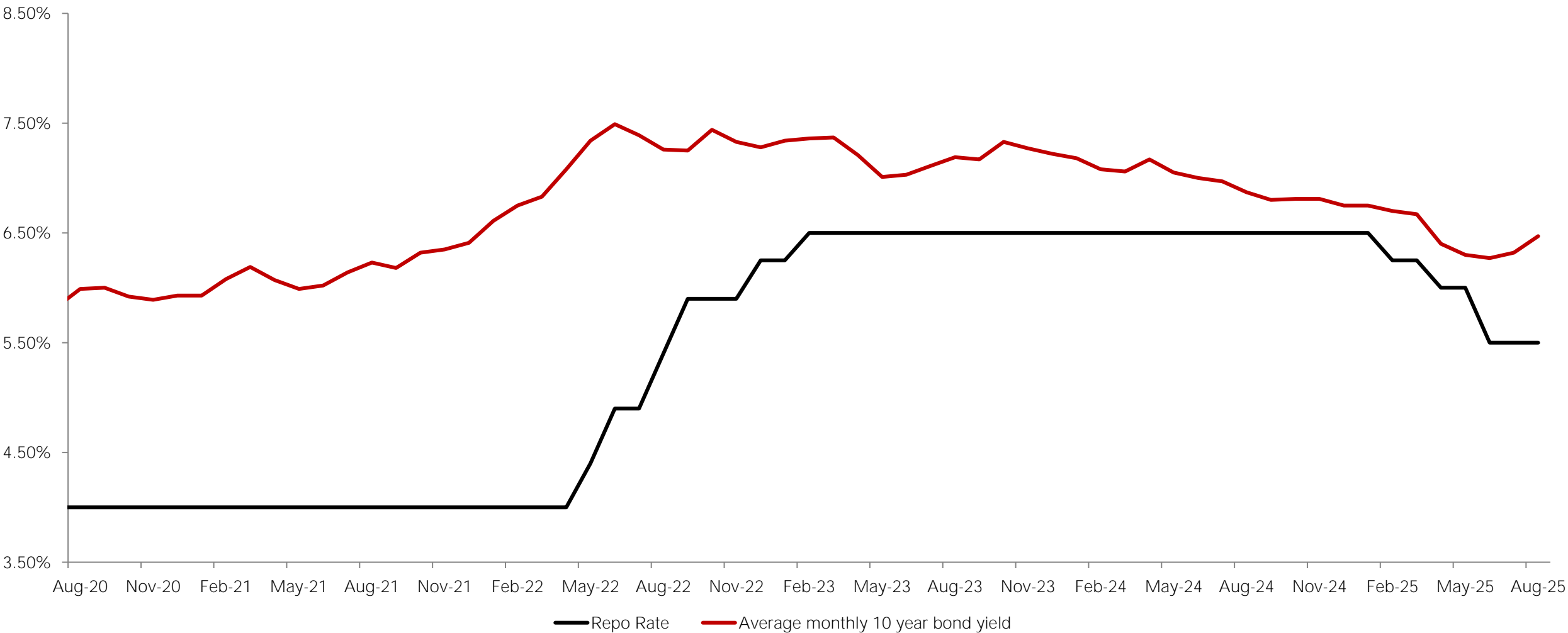


T-Bill yields were steady in August

AAA corporate bond spreads

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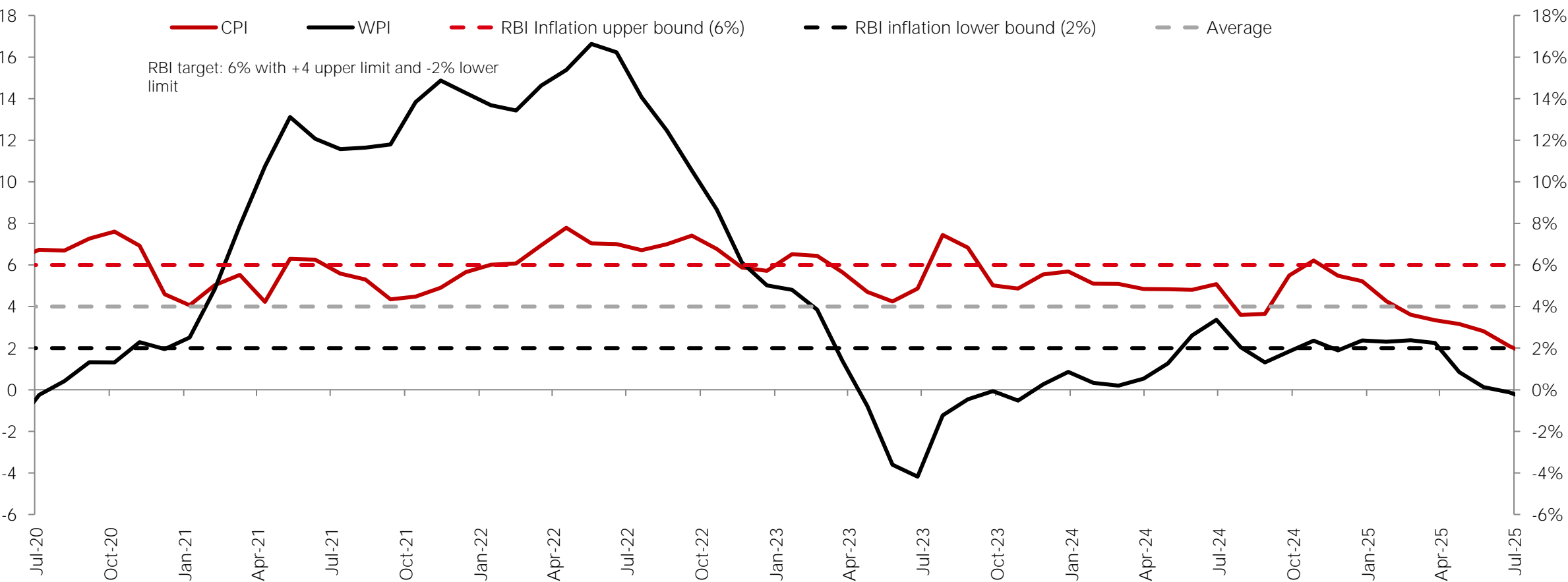
# RBI Repo Rate reduced to 5.50% in June policy meet



Source: RBI, Crisil, Data as on 29 Aug 2025  
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# Inflation target and trend

CPI inflation below the RBI's target range average



Source: Crisil, MOSPI, RBI, Data as on 29 August 2025, Past performance may or may not be sustained in future and is not a guarantee of any future returns.  
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- A new tariff rate world was set-in motion in August 2025 with the US administration imposing tariffs on 90-odd countries – with a continued pause on China as trade talks continue. Meanwhile, for India after 25% levy, on 27-Aug, 2025 an additional 25% was imposed as a penalty (due to India's reliance on energy imports from Russia) – India facing one of the highest at 50%.
- Japan, France and Germany – all witnessed hardening of yields owing to their domestic fiscal, political and inflation jitters, raising the risk premium. Resultantly, the dollar index has firmed up amid risk aversion and gold prices too touched fresh highs, recently.
- Mid-August, one of the major credit rating agencies, S&P Ratings upgraded India's Sovereign Rating one-notch higher to 'BBB' from 'BBB-' earlier while assigning a Stable outlook. The 'upgrade' came after nearly two-decades and boosted sentiments, easing yields, adding to the Rupee gains.
- While the Upgrade was a positive development, the proposal on GST rate rationalization reversed the gains in bonds as markets feared fiscal strain by way of revenue foregone as well as fiscal support to exporters, if any (to cushion from the tariff impact).
- In India, the unexpected policy decisions of front-loaded easing as well as the fiscal support via GST rate rationalization and possible fiscal support to exporters weighed on sentiments.
- The rate-cut expectations have trimmed down further and as for the Oct'25 policy meet, we expect the MPC to pause and retain its 'wait & watch' mode approach. Additionally, the first leg of CRR cut will come through this week with it freeing-up funds of approx. INR 600bn into the system. This should atleast keep system liquidity in surplus and keep rates on the shorter-end of curve fairly steady-to-soft.
- Room for further policy easing only opens up if domestic growth or inflation sharply falls below estimates. However, RBI has reiterated that liquidity will remain in surplus for the foreseeable future, which implies that liquidity will remain the main driver of softer yields domestically, going forward. Expect gradual allocation towards corporate bonds to chase carry.

Source: HSBC Asset Management, India, Data as on 29 Aug 2025, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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# Domestic Economy

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# Indian Economic Environment

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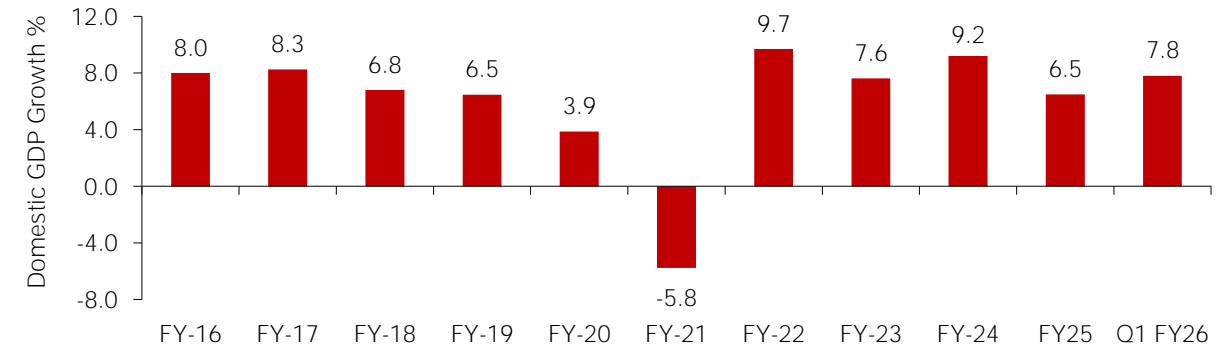
	Indicators	Aug-25	Jul-25	Jun-25	May-25	Apr-25	Mar-25	Feb-25	Jan-25	Dec-24	Nov-24	Oct-24	Sep-24	Aug-24
Debt Indicators	Currency in circulation (Rs billion)	38116	38147	38427	38344	37762	36997	36444	35892.682	35,643	35,589	35,103	34,994	35,231
	Repo rate	5.50%	5.50%	5.50%	6.00%	6.00%	6.25%	6.25%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
	10-year G-sec yield	6.59%	6.38%	6.32%	6.27%	6.36%	6.58%	6.72%	6.69%	6.76%	6.75%	6.85%	6.75%	6.86%
	Call rate	5.45%	4.95%	5.25%	5.75%	6.00%	7.00%	6.50%	6.65%	6.00%	6.70%	5.75%	6.24%	6.50%
	Forex reserves (\$ billion; mthly. avg.)	692	698	699	689	682	658	638	628.9	648.1	666.1	693.9	688.7	673.8
Economy	GDP	NA	NA	7.80%			7.40%			6.40%			5.60%	
	Fiscal deficit (Rs billion)	NA	1876.84	2675.69	-1731.69	1863.32	2304.18	1773.1	2554.53	674.95	957.7	276.3	393.44	1582.31
	Gross Tax Collections (Rs crore)	NA	223,901	353,778	243,753	271,478	590,999	219,870	233,928	489,453	228,341	218,792	481,120	248,493
	IIP, %y/y	NA	3.50%	1.50%	1.20%	2.70%	3.90%	2.90%	5.00%	3.20%	5.20%	3.50%	3.10%	-0.10%
	Exports, \$ billion	NA	37.24	35.14	38.73	38.49	41.97	36.91	36.43	38.0	32.1	39.2	34.6	34.7
	Imports, \$ billion	NA	64.59	53.92	60.61	64.91	63.51	50.96	59.42	60.0	70.0	66.3	55.4	64.4
	Manufacturing PMI	59.3	59.1	58.4	57.6	58.2	58.1	56.3	57.7	56.4	56.5	57.5	56.5	57.5
	Services PMI	65.6	60.5	60.4	58.8	58.7	58.5	59.0	56.5	59.3	58.4	58.5	57.7	60.9
	GST collections (Rs crore)	186,315	195,735	184,597	201,050	236,716	196,141	183,646	195,506	176,857	182,269	187,346	173,240	174,962
	CPI inflation, % y/y	NA	1.55%	2.10%	2.82%	3.16%	3.34%	3.61%	4.31%	5.22%	5.48%	6.21%	5.49%	3.65%
	WPI inflation, % y/y	NA	-0.58	-0.13	0.39%	0.85%	2.05%	2.38%	2.31%	2.37%	1.89%	2.36%	1.84%	1.31%
	India crude oil import (mbpd)	NA	18.56	20.32	21.33	21	22.7	19.1	20.8	20.0	19.1	19.5	18.8	19.1
Sector update	Auto – Passenger vehicles	NA	0.00%	-6.80%	-0.70%	3.40%	2.4%	2.4%	2.3%	9.8%	20.6%	15.2%	3.7%	-2.2%
	Auto – Two-wheelers	NA	8.70%	-3.40%	2.20%	-16.70%	11.4%	-9.0%	2.1%	-8.78%	-1.15%	14.16%	15.78%	9.57%
	Auto – Commercial vehicles	NA	4.60%	-6.00%	-1.00%	-2.10%	-1.0%	-3.3%	0.6%	3.38%	13.79%	1.48%	-22.02%	-11.63%
	Auto – Tractors	NA	8.00%	10.50%	9.10%	7.70%	25.4%	13.6%	11.4%	13.99%	-1.34%	22.37%	3.72%	-5.85%
	Banks – Deposit growth	10.10%	10.10%	10.40%	10.00%	10.20%	10.60%	10.60%	10.7%	11.50%	11.20%	11.80%	11.60%	10.90%
	Banks – Credit growth	10.20%	9.80%	9.60%	9.80%	10.30%	11.80%	11.30%	11.90%	11.28%	11.20%	11.70%	13.00%	13.50%
	Infra – Coal	NA	-12.30%	-6.80%	2.80%	3.5%	1.6%	1.7%	4.6%	5.30%	7.50%	7.80%	2.60%	-8.10%
	Infra – Electricity	NA	0.50%	-2.80%	-4.70%	1.70%	7.50%	3.6%	2.4%	6.20%	4.40%	2.00%	-0.50%	-3.70%
	Infra – Steel	NA	12.80%	9.30%	7.40%	4.40%	8.70%	6.9%	4.7%	7.30%	10.50%	5.70%	1.80%	4.10%
	Infra – Cement	NA	11.70%	9.20%	9.70%	6.30%	12.20%	10.8%	14.6%	4.60%	13.10%	3.10%	7.20%	-2.50%

Source – Crisil, Mospi, Financial Websites, RBI, PIB Data as on 29 Aug 2025

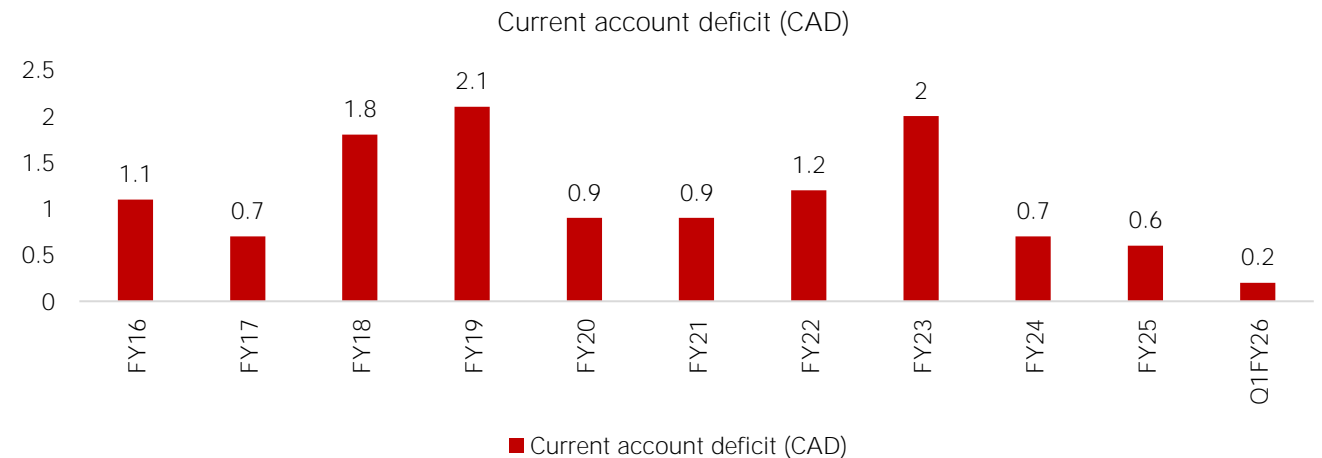
Past performance may or may not be sustained in future and is not a guarantee of any future returns. GDP – Gross Domestic Product. Note-The details provided above is as per the information available in public domain at this moment and subject to change. Please consult your financial advisor for any investment decisions. The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any research report nor it should be considered as an investment research, investment recommendation or advice to any reader of this content to buy or sell any stocks / investments.

GDP grows faster than expected, outlook positive despite external risks

- India's gross domestic product (GDP) grew 7.8% in the first quarter of fiscal 2026, comfortably beating economists' expectations. During the corresponding quarter a year ago, the economy had grown 6.5%.
- Strong services activity was the key growth driver, with low inflation and better-than-expected corporate earnings providing additional support. Among the sectors, services grew a healthy 9.3%, followed by manufacturing (7.7%) and construction (7.6%).
- The positive update came amid downside risks emanating from US tariffs.
- However, Chief Economic Advisor reiterated his confidence in the country's growth outlook, saying it was too early to assess the impact of US tariffs on India's GDP.



Gross domestic product expanded to 7.8% in Q1 of fiscal 2026

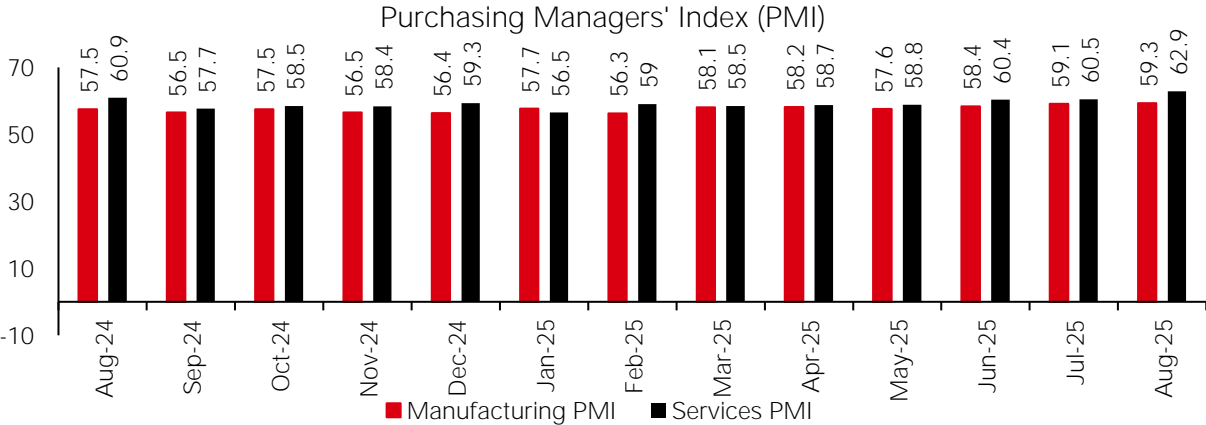


Current account deficit contracted to 0.2% of GDP for Q1 of fiscal 2026

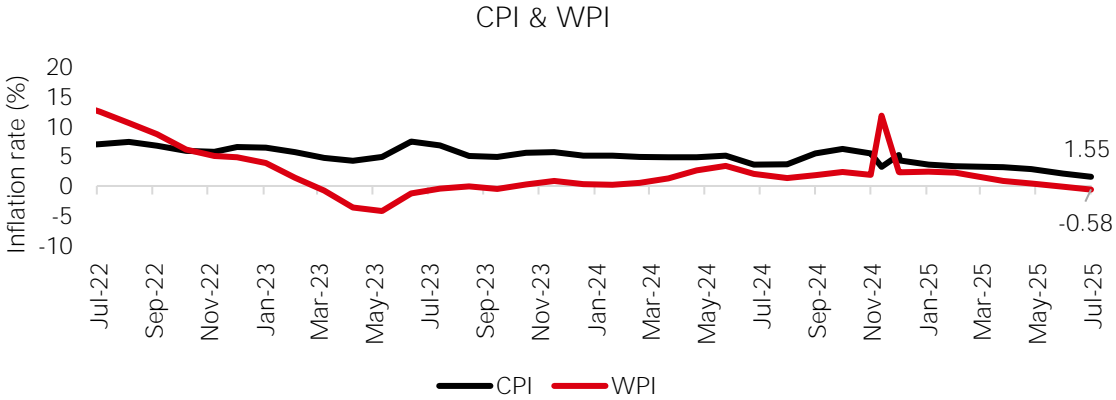
Source – Crisil, Mospi, Data as on 29 Aug 2025

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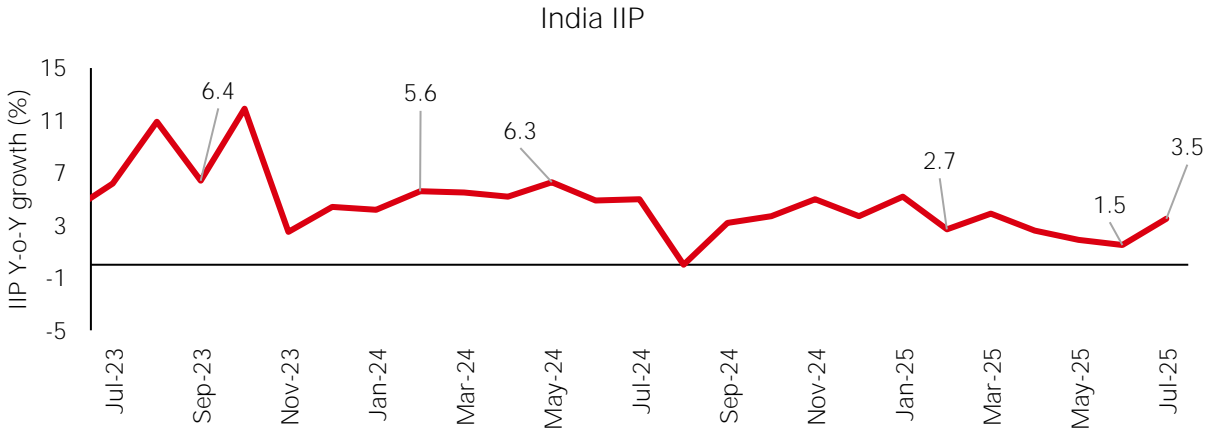
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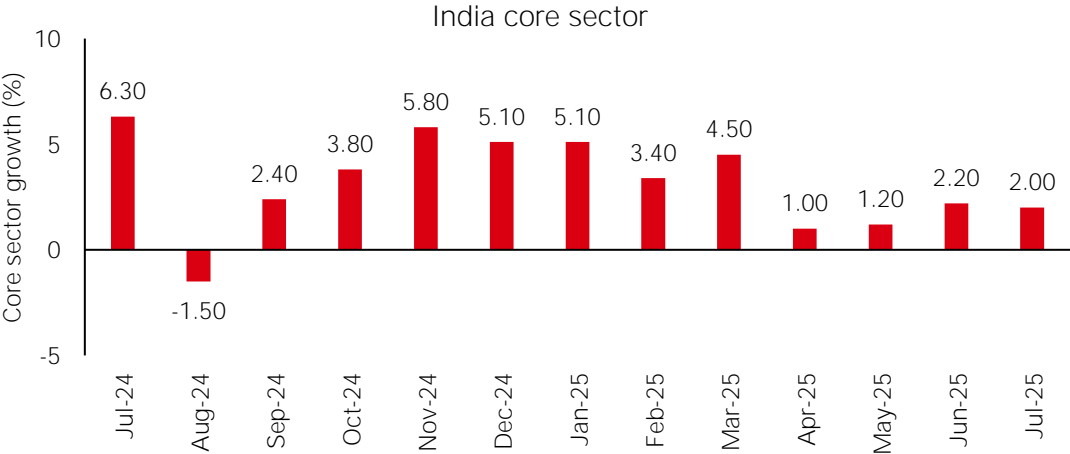
Domestic manufacturing and services activity grew in August



Retail inflation and wholesale inflation eased in July



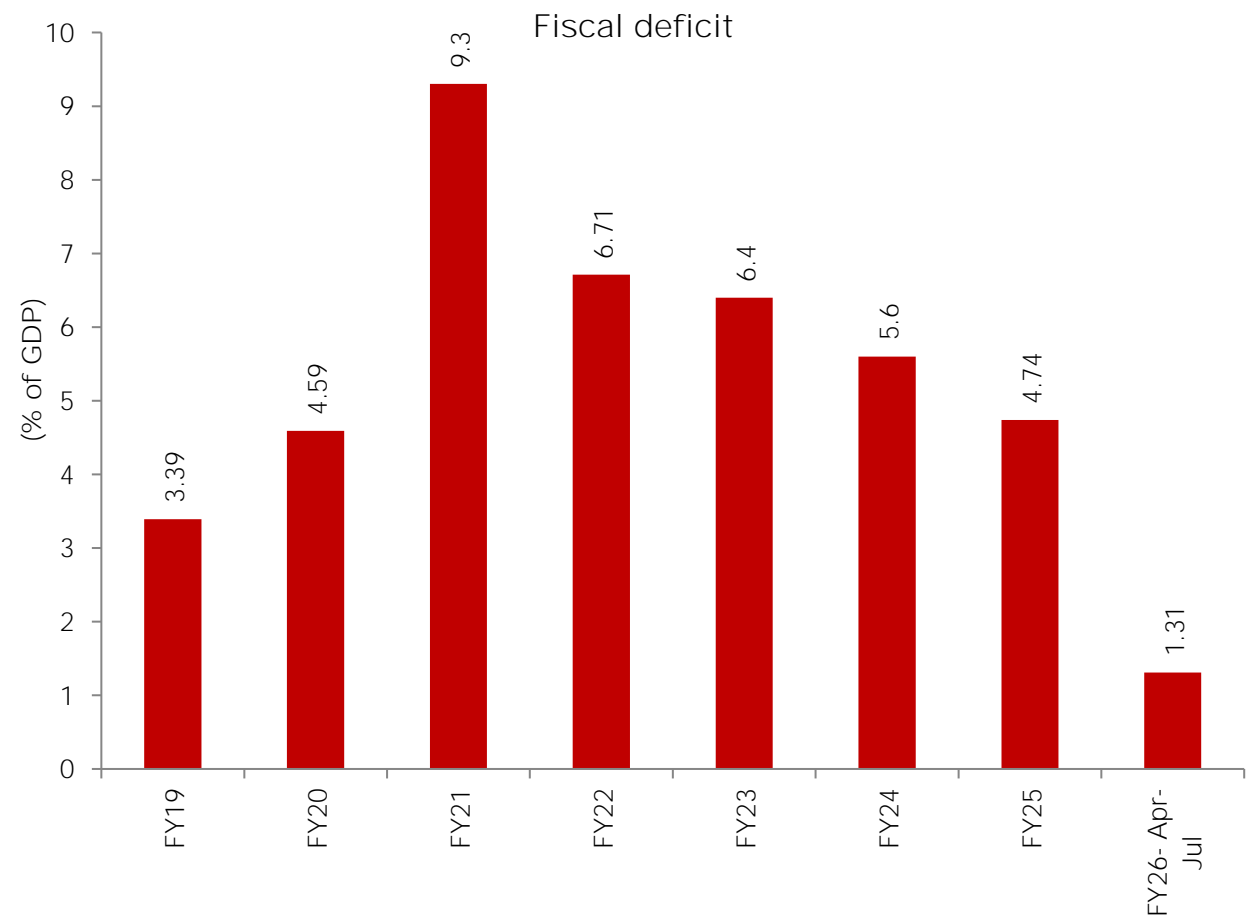
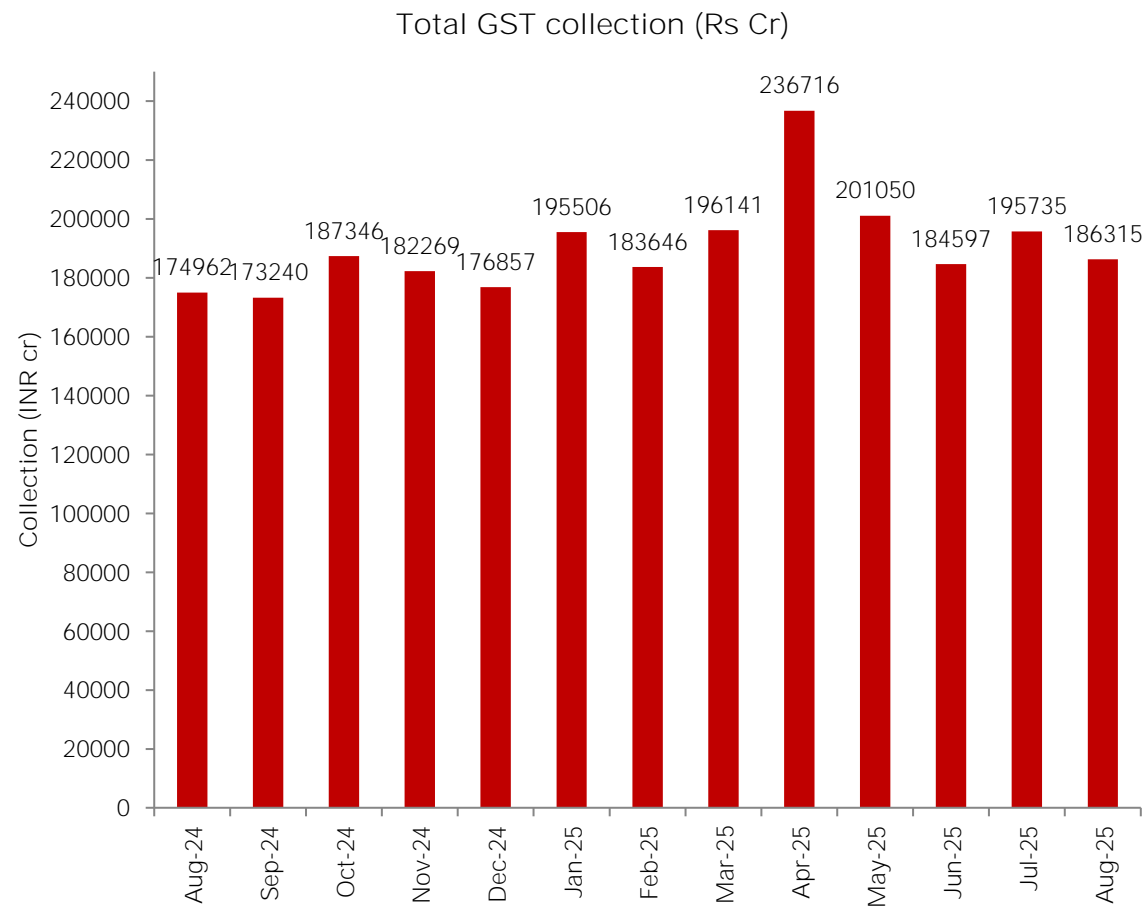
Industrial output growth rose in July



Core sector growth eased in July

Source –Crisil, Trading Economics, MOSPI, EAI, Data as on 29 August 2025, RBI- Reserve Bank of India GDP- Gross Domestic Product.  
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# GST collection INR 1.86 lakh crore in August



As per reports, the government collected INR 1.86 lakh crore goods and services tax (GST) for the month of August. Fiscal deficit for Apr-Jul period stood at 1.31% of estimated GDP for FY26.

Source- Crisil, [gst.gov.in](https://www.gst.gov.in), Data as on 29 Aug 2025, Past performance may or may not be sustained in future and is not a guarantee of any future returns. GST – Goods and Services Tax  
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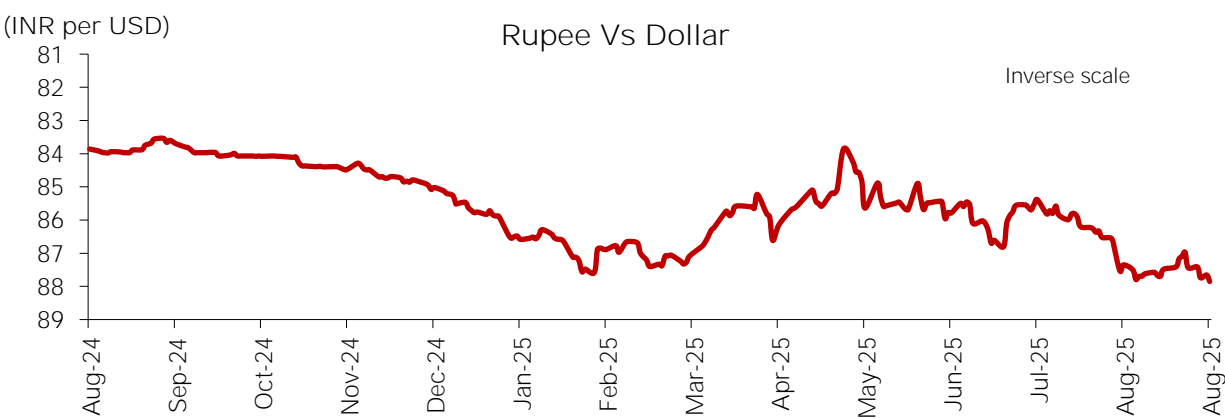
# Currency & Commodity market update

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## Rupee ended lower in August

- The Indian rupee hit a record low during August breaching the 88-mark against the dollar, before closing the month at 87.85, down 0.34% from its July closing of 87.55. The Indian unit bore the brunt of the punitive US tariffs on the country and their expected impact on growth, which prompted portfolio investors to pull out funds. The currency, which logged its fourth consecutive monthly loss in August, has lost almost 3% in value during the fiscal thus far and figures among the worst performing Asian currencies.
- The domestic unit stayed steady for major part of the month, even witnessing some early gains because of the Reserve Bank of India’s (RBI) intervention, a weak US dollar index, recovery in the non-deliverable forward market and falling crude oil prices. Prime Minister Narendra Modi’s promise to reform GST rates, made in his Independence Day speech, also led to some optimism.

Rupee Movement V/s Global Currencies				
	29-Aug-25	31-Jul-25	Change	% Change
USD	87.85	87.55	0.30	0.34%
GBP	118.58	116.24	2.34	2.01%
EURO	102.47	100.25	2.22	2.22%
100 YEN	59.76	58.85	0.91	1.55%

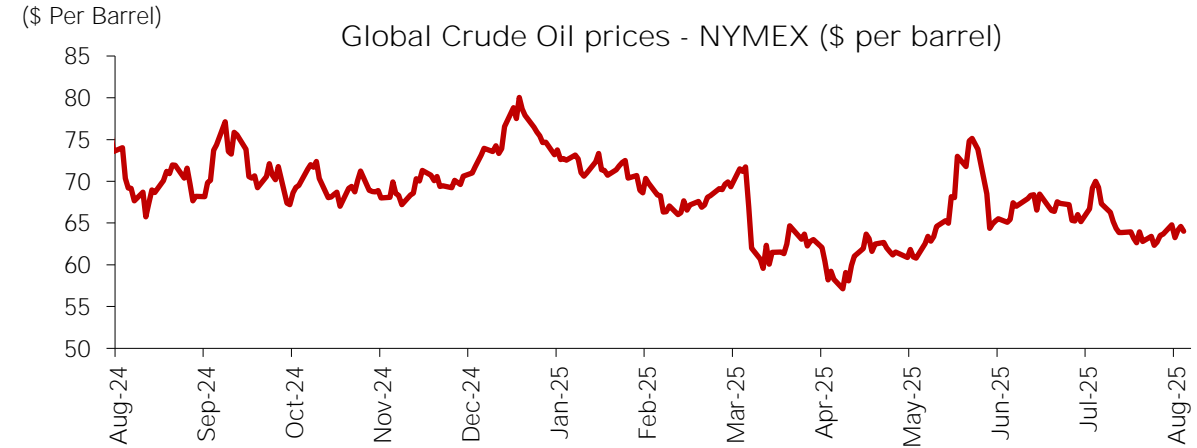


Rupee declined due to US tariffs and persistent portfolio outflows

Source: RBI, Crisil. Data as on 29 Aug 2025, Past performance may or may not be sustained in future and is not a guarantee of any future returns. US- United States  
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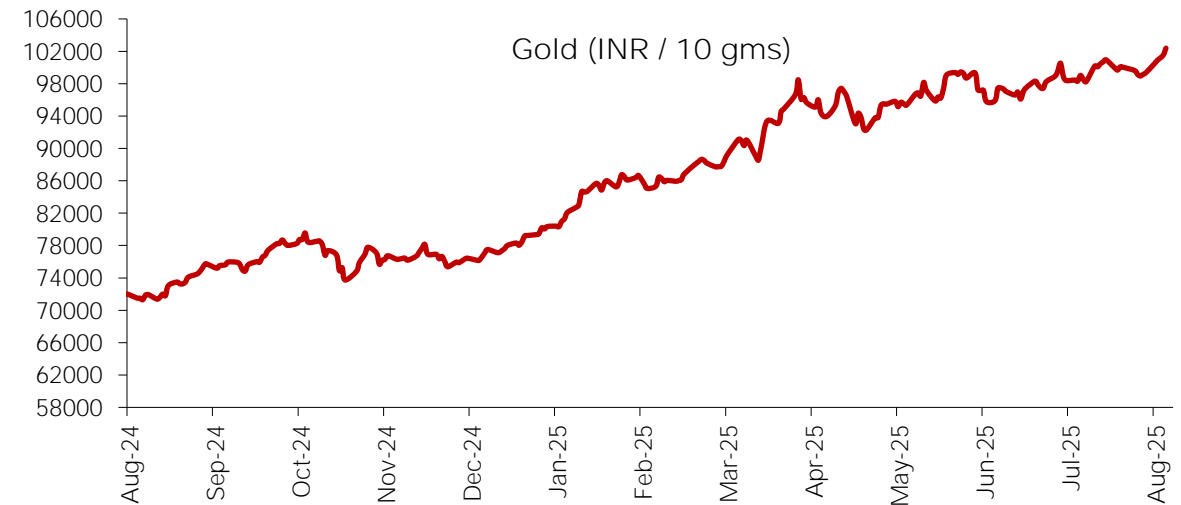
## International crude oil prices rose in August

- Crude oil prices on the New York Mercantile Exchange closed at \$64.01 per barrel on August 29, down 5.25% compared with \$69.26 per barrel on July 31.
- Crude oil prices were largely pressured through August, weighed down by concerns over a potential output increase by the Organisation of Petroleum Exporting Countries and uncertainty surrounding United States (US) sanctions on Russia.



## Domestic gold prices high in August

- Gold prices ended August 29 at Rs 1,02,388 per 10 gm, up 3.91% from Rs 98,534 per 10 gm on July 31, as reported by India Bullion and Jewellers Association.
- Gold prices rose early in August on safe-haven buying following fears of fresh tariffs by the US administration. Prices rose further on account of a weakening dollar after the Fed Chairman hinted at a rate cut in September.
- Further gains were capped by profit booking amid subsiding geopolitical tensions.



Source – Crisil, NYMEX. IBJA Data as on 29 August 2025.

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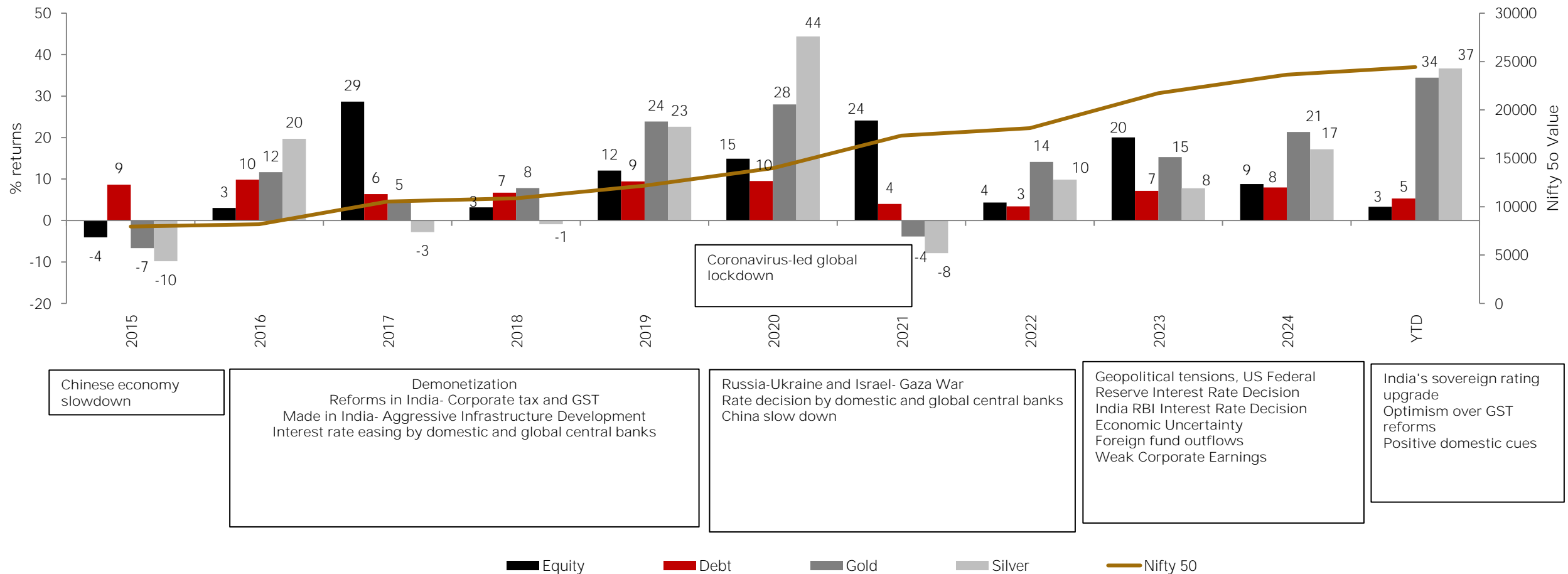
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# Asset Performance

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# History of asset classes through major events

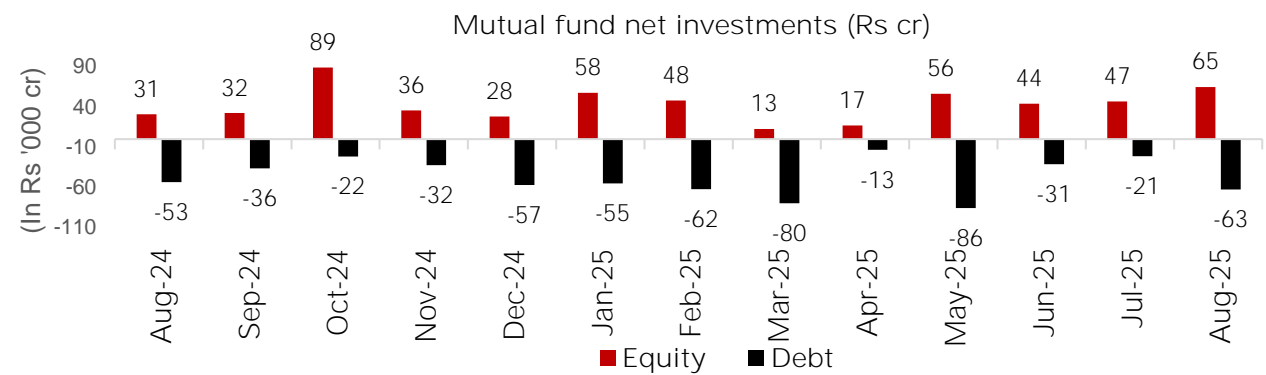
Calendar year performance of asset classes



Equity- Nifty 50, Debt- Crisil short duration debt index  
Gold and silver returns are based on spot rates from India Bullion and Jewellers Association (IBJA) and MCX  
Source: NSE, CRISIL, Data as on 29 Aug 2025, Past performance may or may not be sustained in future and is not a guarantee of any future returns.  
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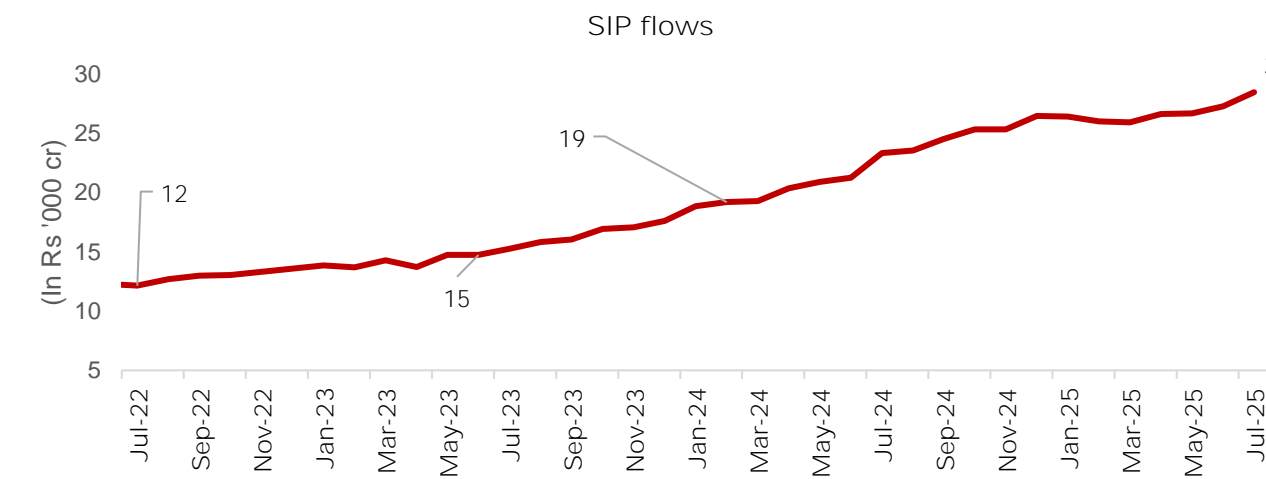
# Market sentiment in August 2025

Mutual funds net buyers in equity and sellers in debt



- Assets under management (AUM) of the domestic mutual fund (MF) industry rose 1.28% (Rs 95,300 in absolute terms) on-month in July to ~Rs 75.35 lakh crore, compared with Rs 74.40 lakh crore the previous month, led predominantly by debt-oriented mutual funds.
- A net inflow of Rs 178,794 crore in July against Rs 49,095 crore in June spurred the growth.
- Assets of open-ended debt funds rose 6.69% (Rs 117,556 crore) on-month to Rs 18.75 lakh crore in July, riding on a net inflow of Rs 106,801 crore against a net outflow of Rs 1,711 crore in June.

Inflows through SIPs grew in July 2025



- Systematic Investment Plans (SIP) registered Rs 28,000 crore flows.

Source: Crisil, AMFI, Data as on 29 August 2025, Past performance may or may not be sustained in future and is not a guarantee of any future returns.  
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# Economic Events Calendar

Date	Indicators	Previous
3-Sep-25	India HSBC Composite PMI Final, Aug	61.1
8-Sep-25	Japan GDP Growth Rate QoQ Final Q2	0.0%
12-Sep-25	UK GDP Jul	1.4%
15-Sep-25	India WPI Inflation, Aug	-0.58%
17-Sep-25	US Fed Interest Rate Decision	4.5%
18-Sep-25	UK BoE Interest Rate Decision	
19-Sep-25	Japan BoJ Interest Rate Decision	0.5%
29-Sep-25	India Industrial Production, Aug	3.5%
30-Sep-25	India Government Budget Value, Aug	INR-4684.2B
	UK Current Account, Q2	£-23.5B
	India Infrastructure Output, August	2.0%

Source: Crisil, Data as on 29 Aug 2025, Past performance may or may not be sustained in future and is not a guarantee of any future returns.  
US- United States, UK- United Kingdom, GDP- Gross Domestic Product, WPI- Wholesale Price Index  
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# RBI's August\* Policy Outcome and Key Takeaways

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- The Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) voted unanimously to cut the policy repo rate by 50 basis points (bps) to 5.50%
- Accordingly, the standing deposit facility (SDF) rate, the marginal standing facility (MSF) rate and bank rate are revised to 5.25%, 5.75% and 5.75%, respectively. The MPC shifted the policy stance to 'neutral' from 'accommodative', indicating limited policy space and the need to monitor data closely to balance growth and inflation



- The RBI said, the provisional estimates released by the National Statistical Office (NSO) placed India's real gross domestic product (GDP) growth at 6.5% in fiscal 2025, driven by continued rural demand support and improving urban consumption.
- Meanwhile, private consumption and traction in fixed capital formation are set to support overall economic momentum, despite global uncertainties. Considering these factors, GDP growth for fiscal 2026 is projected at 6.5%, with first quarter at 6.5%, second quarter at 6.7%, third quarter at 6.6% and fourth quarter at 6.3%, with risks evenly balanced



- RBI Governor said the economy is progressing well, with strong fundamentals and a benign inflation outlook, creating space to support growth.
- Amid global uncertainties, today's policy steps aim to push growth to a higher trajectory, while ensuring price stability, which is key to long-term, equitable development

Source: Crisil, RBI Past performance may or may not be sustained in future and is not a guarantee of any future returns. RBI- Reserve Bank of India, \* 6 August 2025

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

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