



HSBC Mutual Fund

Market Flash

August 25, 2025



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Markets steady; IT sector shows gains

Globally market seem to be stabilizing over the impact of tariffs with more deals and certainty emerging with time. Markets opened on positive note with Nifty 50 opened higher with 0.40% gains at 24,969. 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 with Nifty Midcap 100 up 0.43% at 57,877, while Nifty Small Cap 100 index 0.41% at 17,993.

Nifty IT index opened significantly higher 2.41% gains while Nifty Auto, Nifty Financial Services, Nifty Bank sector indices also opened positive with 0.31%, 0.13% and 0.14% respectively. Nifty FMCG index has opened lower by -0.31% post half an hour of trade today.

In some of the important moves last week, India's President approved The Promotion and Regulation of Online Gaming Bill, 2025, aiming to encourage e-sports and online social games while banning harmful online money gaming. Also, SEBI chairman plans to propose additional financial incentives for distributors and fund houses to enroll first-time women investors. The government has raised Rs 142,758 crore through different modes of asset monetisation up to FY25.

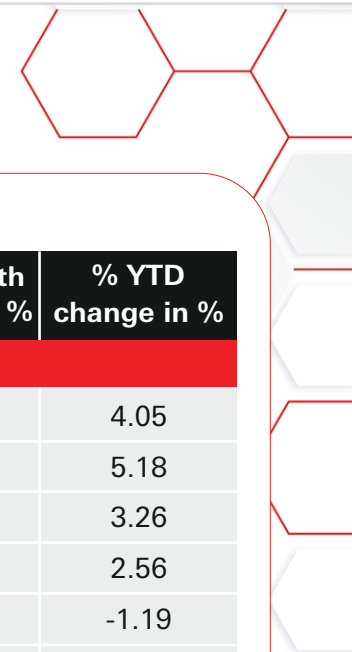
Weekly Review: 18 Aug 2025 – 22 Aug 2025

The Nifty 50 started the week well, closing above 24,876 on 18 Aug '25 and with 1% gains. Nifty continued to move higher during the week, closing above 25,000 on 21 Aug '25. The BSE Sensex also closed higher at 82,000 on 21 Aug '25.

Towards the weekend though Indian equity benchmarks closed lower as investors were cautious ahead of the Fed chair's speech, which is expected to offer more clarity on his views on rate cuts. The US trade adviser's criticism of India ahead of the expected tariff increase on August 27 also dented the sentiment.

Last day of last week on Friday, The Nifty 50 index fell 0.85% or 213 points to close at 24870. A selling pressure dragged the benchmark lower. The market sentiment remained subdued, with 42 stocks ending in the red and only 8 advancing. Losses were broad-based with IT and financials among the heavier drags as investors booked profits after the recent rally. Globally, risk off sentiment was prevalent with Tech selloff in US markets and heightened uncertainty ahead of US Fed Chair speech.

Nifty Auto index gained 4.4% over the week and closed at 25,329 followed by Nifty New Age Consumption index (3.5%), Nifty Consumer Durables (3.4%), Nifty MNC (3.4%). Nifty India Defense index lost 0.97% during the week, while Nifty Bank registered marginal losses of -0.3% during the last week.



Indices	Last close	One-day change in %	One month change in %	% YTD change in %
Domestic				
S&P BSE Sensex	81,306.85	-0.85	-1.07	4.05
Nifty 50	24,870.10	-0.85	-0.76	5.18
S&P BSE 200	11,287.21	-0.71	-1.09	3.26
S&P BSE 500	36,089.64	-0.66	-1.39	2.56
S&P BSE Midcap	45,890.28	-0.23	-1.83	-1.19
S&P BSE Smallcap	53,002.32	-0.35	-3.96	-3.95
S&P BSE Auto	56,669.76	-0.18	6.1	9.69
S&P BSE Bankex	61,474.93	-1.06	-3.09	6.46
S&P BSE Cap Goods	67,151.02	0.08	-5.41	-0.93
S&P BSE Consumer Durables	60,673.30	-0.49	1.24	-5.84
S&P BSE FMCG	20,522.15	-1.04	-0.77	-1.2
S&P BSE Healthcare	44,807.68	0.09	0.25	-1.04
S&P BSE IT	34,768.87	-0.77	-4.09	-19.49
S&P BSE Metal	31,233.00	-1.27	-1.52	8.1
S&P BSE Oil & Gas	26,226.03	-0.8	-5.04	0.62
S&P BSE Power	6,567.15	-0.38	-4.71	-5.72
S&P BSE Realty	7,065.52	-0.83	-8.57	-14.19

Data as of 22 August 2025

Global

U.S. stocks surged Friday, boosting the Dow to its first record close this year after Federal Reserve Chair opened the door for the central bank to cut rates next month. US Dow Jones Industrial Average index closed at 45,631 up by 685 points over the last week with gains of 1.5% during the week. Also, US Fed Reserve Chair indicated that tariff-related costs will continue to accumulate in the economy, but for the first time suggested somewhat greater confidence that the effects of higher goods prices would be relatively short-lived.

Asian markets traded mixed on Friday ahead of US Federal Reserve Chair Jerome Powell's speech at the central bank's annual Jackson Hole Economic Symposium.

Japan's Nikkei 225 fell 0.06%, while the Topix gained 0.37%. South Korea's Kospi rallied 1% and the Kosdaq jumped 0.94%. Hong Kong's Hang Seng index futures indicated a higher opening. Japan's annual inflation rate eased to 3.1% in July 2025 from 3.3% in the previous month while core inflation rose 3.1% from 3.3%.



Inflation

US Fed Reserve Chair also indicated that Inflation would continue rising and that the labor market will keep weakening. The combination is unusual and suggested it could prompt the Fed to support economic growth by reducing rates.

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%.

Indian Rupee:

The Indian rupee is poised to open higher on Monday after the US Federal Chair signalled a September rate cut, though looming U.S. tariff uncertainty may mean that the advance is unlikely to sustain. The Indian rupee weakened further on Friday against a stronger dollar ahead of a speech by Federal Reserve Chair Jerome Powell, capping a volatile week for the Asian currency that has been pressured by U.S. tariff-related uncertainties. The currency closed 0.3% lower on Friday at 87.5300, against its close of 87.27 in the previous session. It was down 0.02% for the week.

Crude Oil:

Crude oil prices rose over half per cent, after falling more than four per cent last week, as investors looked ahead to talks between the US and Russia later this week on the war in Ukraine. Brent Crude was trading over 0.6% up at 67 dollars per barrel, and WTI Crude was also trading 0.6% up at about 64 dollars per barrel.

FII flows

Foreign institutional investors (FIIs) have turned cautious on Indian equities, with recent outflows finding their way into other Asian markets. Yet, domestic institutional investors (DIIs) have stepped in as steady buyers, supported by strong retail and SIP inflows. Foreign institutional investors (FIIs) withdrew Rs 31,889 crore from eight key sectors of Indian equities in the first half of August, led by financials and IT stocks, as U.S. tariff concerns and lackluster June quarter earnings drove overseas funds to the sidelines.

Gold:

After clocking over 20% in the previous two years, gold is already up over 27% so far in 2025. The gold rate in India traded steady today after a volatile week, with 24-carat gold still hovering above the Rs. 1 lakh mark. But over the last 10 days, domestic gold rates have declined by around 0.4%, despite market expectations of a festive season demand boost for jewellery and investment purchases. Globally, the spot gold dipped by 0.3% on Friday.

Indices	Last close	One-day change in %	One month change in %	% YTD change in %
International				
DJIA*	44,785.50	-0.34	1.04	5.27
Nasdaq Composite*	21,100.31	-0.34	0.6	9.27
Nikkei 225 (Japan)	42,633.29	0.05	7.19	6.86
Straits Times (Singapore)	4,253.02	0.52	1.06	12.29
Hang Seng (Hong Kong)	25,339.14	0.93	0.83	26.32
Kospi Composite (Seoul)	3,168.73	0.86	-0.04	32.06
FTSE 100 (London)	9,309.20	0.23	3.29	13.9
Cac 40 (France)*	7,938.29	-0.44	1.8	7.55
Xetra Dax (Germany)*	24,293.34	0.07	-0.06	22.02
S&P 500 (US)*	6,370.17	-0.4	1.02	8.31
Shanghai (china)	3,825.76	1.45	6.81	14.14
MICEX (Russia)*	2,885.45	0.07	2.12	0.08
Bovespa (Brazil)*	1,34,511.00	-0.12	0.26	11.83
JCI (Indonesia)	7,858.85	-0.4	7	11
SET (Thailand)	1,253.39	0.69	5.17	-10.49

Data as of 22 August 2025, *Data as of 21 August 2025

FII equity investments, Rs cr

	Buy	Sell	Net	MTD
21-Aug	12,804.00	13,366.00	-562	-15,887.00
Jul-25	3,12,648.33	3,37,371.81	-24,723.48	
Jun-25	3,71,204.75	3,50,781.11	20,423.64	
May-25	3,61,096.18	3,46,413.08	14,683.10	
Apr-25	3,18,326.36	3,13,929.66	4,396.70	
Mar-25	2,98,911.92	2,90,858.48	8,053.44	
Feb-25	2,97,314.60	3,43,915.00	-46,600.40	
Last Close	12,804.00	13,366.00	-562	
6 Months average	3,26,583.69	3,30,544.86	-3,961.17	

-FII data as of 22 August 2025

MF equity investments, Rs cr

	Buy	Sell	Net	MTD
21-Aug	10,505.00	9,413.00	1,092.00	53,097.00*
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	10,505.00	9,413.00	1,092.00	
6 Months average	2,31,271.08	1,94,912.20	36,358.88	

-MF data as of 20 August 2025

Week Ahead

The coming week is holiday-truncated and the Indian stock market will be closed on Wednesday, 27 Aug 2025 to celebrate Ganesh Chaturthi.

GST rate cuts may give a boost to consumption as increased affordability and lower tax burden can be supportive to domestic customers and companies.

Source: Bloomberg, HSBC MF, Data as on 25 Aug 2025 or as latest available.

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HSBC Mutual Fund, 9-11th Floor, NESCO - IT Park Bldg. 3, Nesco Complex, Western Express Highway, Goregaon East, Mumbai 400063. Maharashtra.
GST - 27AABCH0007N1ZS | Website: www.assetmanagement.hsbc.co.in

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