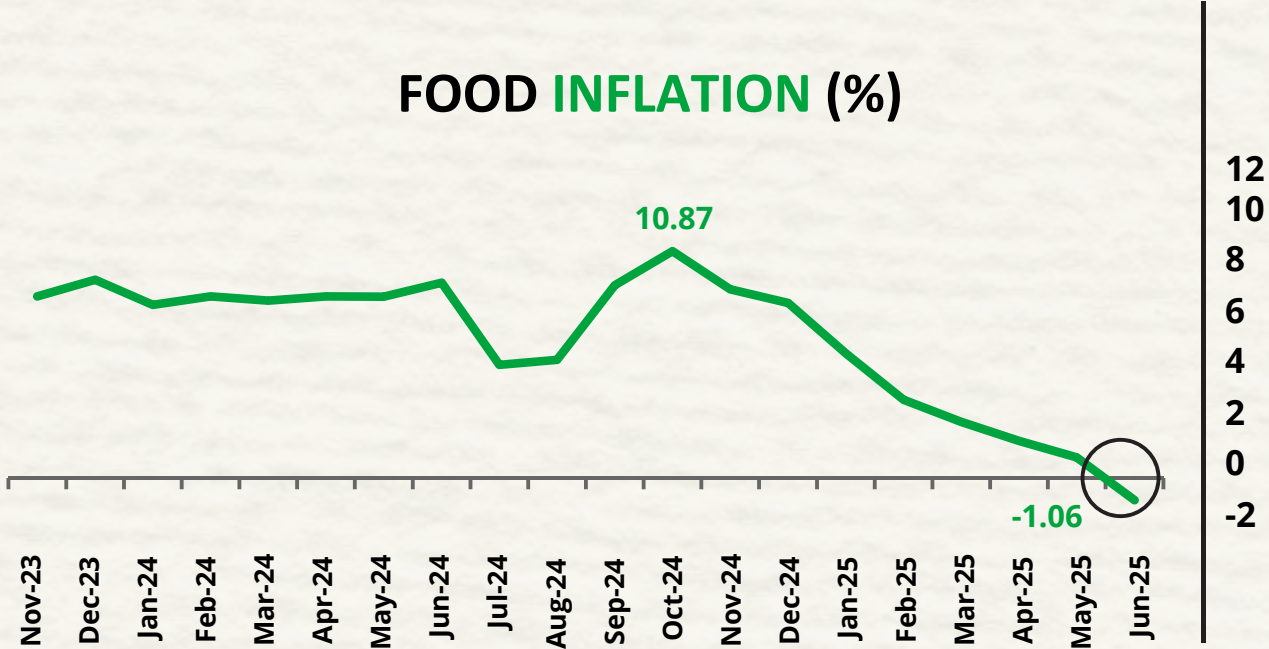


MONTHLY MARKET OUTLOOK:

India's Economic Snapshot:

➤ **India's retail inflation eases to the lowest print since January 2019:**
India's retail inflation, measured by Consumer Price Index (CPI), steadily cooled to 2.10% in June 2025, primarily driven by sustained moderation in food prices. Comfortable reservoir levels, favourable monsoon and strong Kharif sowing bode well for the food price outlook..In June 2025, Food inflation slipped to -1.06% year-on-year, now foraying into the negative zone. Deflation in key components, such as vegetables (-19%), pulses (-11.76%) and spices (-3.03%) contributed to the decline in food prices, offering relief to households. However, pricesof fruits (12.59%) and oils and fats (17.75%) continue to remain elevated.



➤ **A Steady Hand: RBI's Cautious Stance on Rates Amidst Easing Inflation**
RBI's Stance: The Reserve Bank of India (RBI) is expected to hold its benchmark repo rate steady at 5.5% in its upcoming August policy meeting. This follows a series of rate cuts in the preceding months. While inflation is under control, the RBI is likely to take a cautious approach to assess the impact of previous cuts.Room for Future Cuts: Despite the expected hold, some analysts believe there is a strong case for further rate cuts down the line, given the benign inflation and weakening domestic growth.

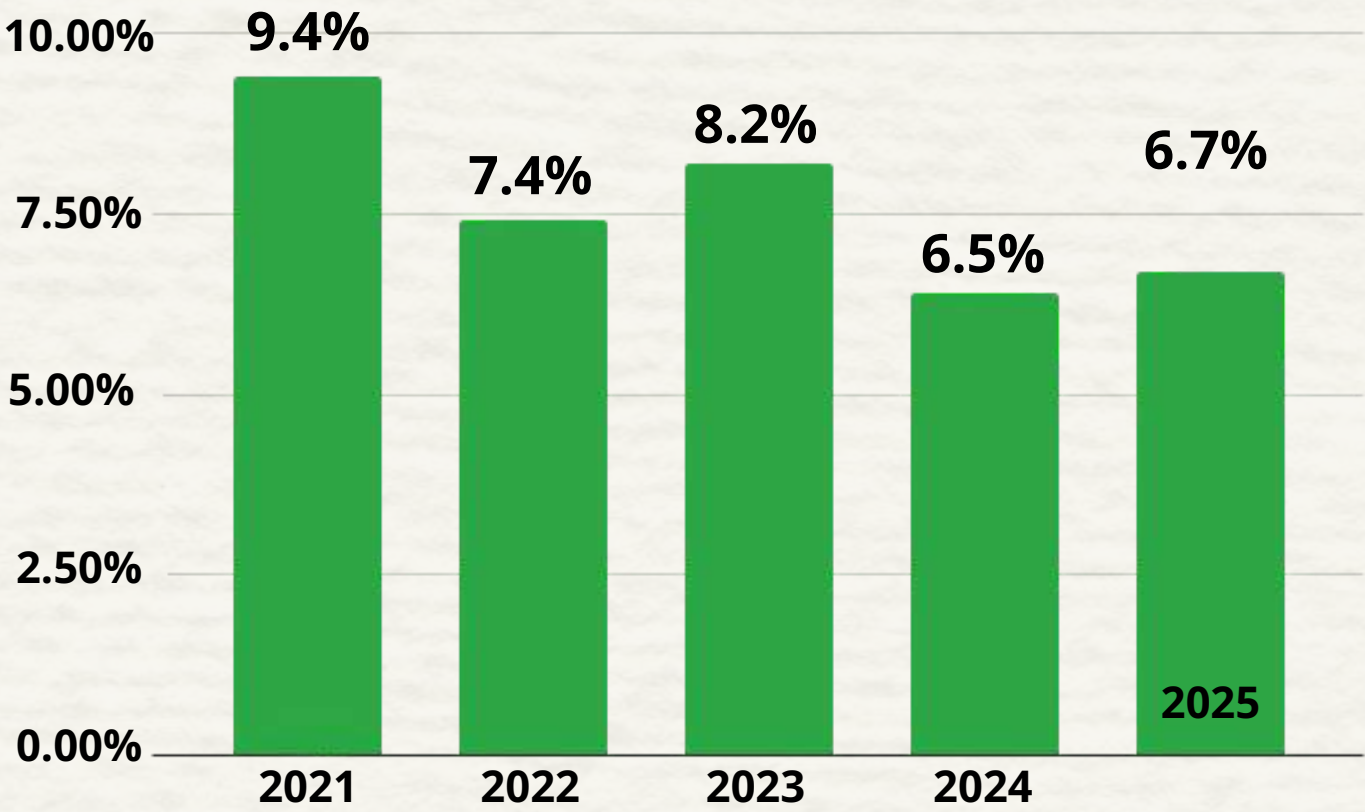
➤ **Unstoppable Momentum: India's Economic Might on Display with IMF's Upgraded Outlook:**

India has officially become the fourth-largest economy in the world, surpassing Japan. This significant milestone The IMF's recent upward revision of India's economic growth forecast to **6.4%** for both 2025 and 2026 solidifies its position as the world's fastest-growing major economy. On a fiscal year basis, the projection for FY 2025-26 is **6.78%**. This positive outlook is attributed to a "more benign external environment."

➤ **The Ascend of India's Foreign Exchange Reserves**

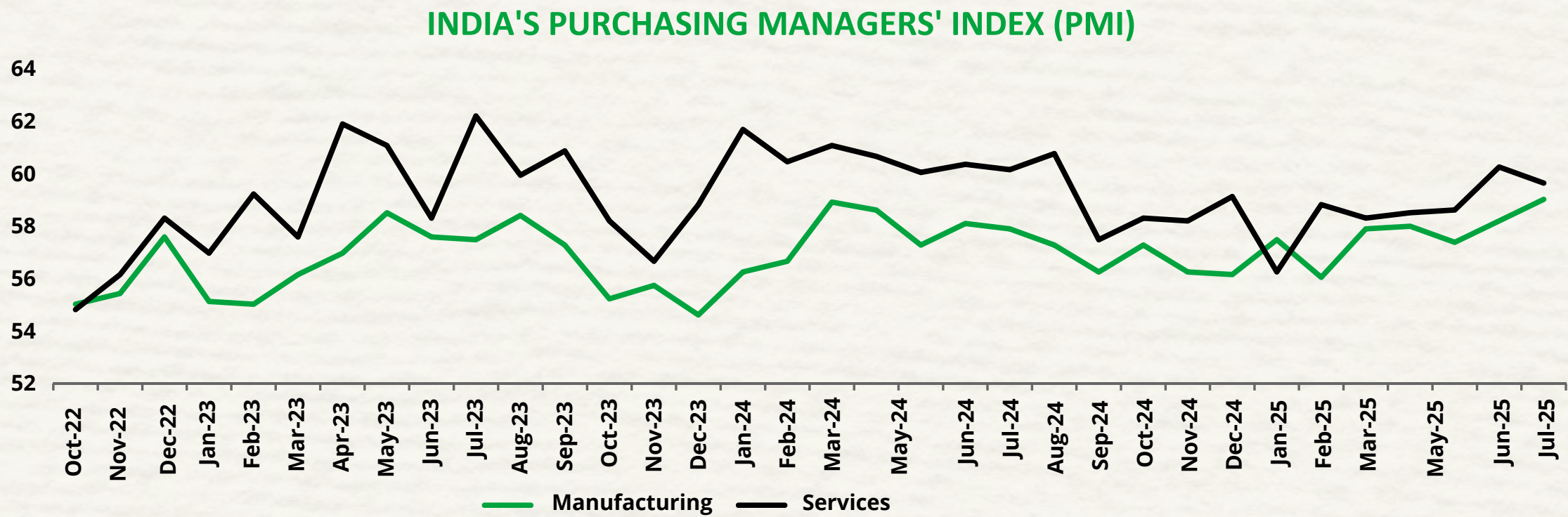
In January 2025, the Indian Rupee weakened to ₹86.58/\$ amid concerns over weak corporate earnings and possible U.S. trade tariffs. Foreign portfolio investors pulled out, prompting the RBI to intervene in the Forex market, leading to a drop in reserves to **\$623.98 billion** by January 17. However, gold reserves rose as the RBI diversified amid geopolitical risks. By March 21, Forex reserves rebounded to **\$658.8 billion**, enough to cover 11 months of imports. As of July 18, 2025, reserves further increased to **\$695.49 billion**, with gold reserves at \$84.50 billion, reinforcing India's financial stability and currency defence capabilities.

GDP Graph



➤ **India's private sector displays robust growth, driven by the Manufacturing sector:**

- India's manufacturing sector showed robust growth in July, with the HSBC India Manufacturing Purchasing Managers' Index (PMI) reaching a 16-month high of **59.2**. This was driven by a surge in new orders and output, reflecting strong domestic demand. It rose to **59.2** in July 2025 from **58.4** in June 2025.
- The government's PLI schemes continue to gain traction, with **806** projects approved, driving significant investment. This has been a key factor in boosting manufacturing and is attracting global companies like Apple to shift production to India.
- The government's focus on infrastructure development is evident, with projects like the **UDAN** regional airport scheme and the Ganga Expressway creating jobs and stimulating local economies. This is helping to unlock economic potential not just in major metros but also in Tier 2 and Tier 3 cities.



CAPEX UPDATE

➤ **Public Spending Surge: Centre's Aggressive Capex Fuels Economic Growth:**

The central government continues its strong push on public capex. For the fiscal year 2025-26, the government has set a capex target of **₹11.21** lakh crore, a 10% increase from the previous year's revised estimate.

- The government has been actively front-loading its capex. In the first quarter of FY26 (April-June), central ministries and departments spent 20% of their annual allocation, compared to just **13%** in the same period last year. The government has also provided significant support to states for their capital investments. For example, the central government sanctioned **₹821** crore in special assistance to Delhi for infrastructure projects in health, education, and transport. This is part of the Special Assistance to States/UTs for Capital Investment (SASCI) scheme, which provides 50-year, interest-free loans to support infrastructure development. A substantial portion of the government's capex is allocated to key infrastructure sectors like roads and railways. This is expected to continue driving demand for related industries like steel and cement

➤ **Private Capex in Focus: A Tale of Caution and Strategic Investment:**

- The government is closely monitoring the situation as private investment remains weak in some areas, partly due to global uncertainties like the new U.S. tariff regime on Indian goods. This uncertainty is causing some companies to adopt a "wait-and-watch" approach.
- The **Production Linked Incentive (PLI)** schemes continue to attract significant investment, with companies like **Apple** and **Foxconn** expanding their manufacturing operations in India
- The Indian Energy Exchange (IEX) reported its highest-ever monthly electricity trade volume in July 2025, a 25.5% year-on-year increase. This reflects growing demand and is a positive signal for investment in the energy sector.

GLOBAL MARKET OUTLOOK:

Worldwide – July 2025 painted a complex picture for the global economy, characterized by persistent inflationary pressures in some key regions, cautious monetary policy shifts, and heightened trade tensions impacting growth forecasts.

➤ **Tariff Shock: U.S. Imposes Blanket 25% Duty on Indian Imports, Straining Bilateral Trade**

The U.S. president announced 25% tariff on goods imported from India, starting August 01, 2025. Back in April 2025, the U.S. levied tariff of up to 27% on Indian goods, which were later paused for a 90-day period. India's exports to the U.S. constitute a small percentage of the total export orders. Hence, the direct impact of tariffs on the Indian economy could be comparatively lower than economies heavily dependent on exports to the U.S. Fed commentary emphasised a data-dependent approach, hinting at potential cuts later in the year if disinflationary trends solidify.

➤ **A Cautious Fed: Rates Held Steady Amid Political Pressure and Trade Uncertainty**

The U.S. Federal Reserve held its benchmark interest rate steady in the 4.25%-4.5% range at its July Federal Open Market Committee (FOMC) meeting. This was a widely anticipated move, as the Fed adopted a "wait-and-see" approach. The Fed's cautious stance came despite calls from President Trump for rate cuts. Chair Jerome Powell indicated that the central bank would need more data, especially regarding the impact of new tariffs on inflation, before making any changes. This led to a mixed close on Wall Street, with the S&P 500 and Dow Jones declining slightly while the Nasdaq Composite advanced.

➤ **Dreams do turn into a reality – India and UK seal the Comprehensive Economic and Trade Agreement**

- On July 24, 2025, India and the United Kingdom signed the Comprehensive Economic and Trade Agreement, targeting to double the current bilateral trade of **\$56 billion** by 2030.
- Indian tariffs on UK products will be slashed, locking in reductions on **90%** of the tariff lines. The Euro-zone is experiencing a gradual, if delicate, recovery, boosted by easing energy issues and strong exports. India will gain from tariff elimination on about **99%** of the tariff lines, covering almost the entire trade value with the UK.
- Tariffs on marine products, textiles, leather and processed foods have been reduced from up to 70% to zero. Provides opportunities across key sectors, such as agriculture, food processing, textiles, engineering goods, chemicals, pharmaceuticals, marine products and electronics. Indian service providers can enhance their competitiveness in the UK market. Tariffs on select alcoholic beverages will be halved to 75% from 150%. Automotive tariffs will be reduced from over 100% to 10% under a quota.

➤ **The Oil market is trapped in a maze of challenges:**

- OPEC anticipates a slowdown in oil demand from China due to slower economic growth and the growing adoption of electric vehicles. Despite concerns about China, OPEC has raised its long-term global oil demand forecast. This is largely because of expected increases in oil consumption from India, Other Asia, the Middle East, and Africa, which are projected to add a combined 22.4 million barrels per day in demand between 2024 and 2050.
- In response to rising Brent crude oil prices, which reached around \$73 per barrel on July 31, 2025, OPEC has decided to increase its oil output by 548,000 barrels per day starting in August 2025 to help stabilise the market.

- **Will Gold prices sustain the upward momentum?**

Gold traded around \$3,346/ounce on July 25, 2025 amid rising global economic uncertainties: Unresolved trade tensions: While the 90-day U.S. tariff pause was extended to August 01, 2025, concerns loomed around renewed tariff threats to over 20 trading partners, such as Canada, Mexico and Brazil.

- **U.S. National Debt on the rise:** On July 04, 2025, the U.S. president signed the ‘One Big Beautiful Bill Act’ into law, igniting concerns around rising U.S. national debt levels.
- **Geopolitical tensions:** Central banks strengthened their gold reserves since 2022, when the Russia-Ukraine war rattled global markets.

Gold demand supply dynamics

	2019	2020	2021	2022	2023	2024
Total supply Demand	4,886.9	4,740.5	4,703.2	4,755.7	4,945.9	4,974.5
Jewellery						
fabrication	2,152	1,324	2,231	2,195	2,191	2,004
Technology	332.7	309.0	337.2	314.8	305.2	326.1
Investment	1,274.7	1,794.9	991.5	1,112.5	945.5	1,179.5
Total bar and coin	871	902	1,180	1,222	1,190	1,186
ETFs & similar products	404	893	-189	-110	-244	-7
Central banks & other inst.	605.4	254.9	450.1	1,080.0	1,050.8	1,044.6
Gold demand	4,364.5	3,682.6	4,009.6	4,702.6	4,492.5	4,553.7
OTC and other	522.3	1,057.9	693.6	53.1	453.4	420.7
Total demand	4,886.9	4,740.5	4,703.2	4,755.7	4,945.9	4,974.5



➤ **Rising global debt remains a concern**

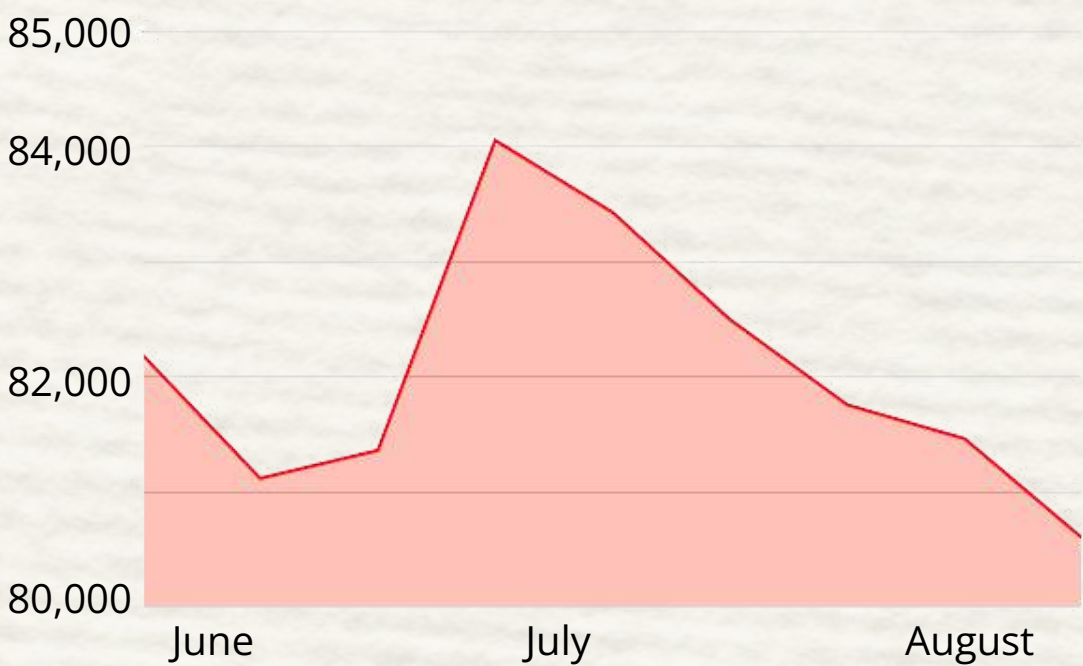
Policymakers have to navigate a complex trade-off between flaring geopolitical uncertainties, U.S. trade tariffs, rising debt servicing costs and weakened economic growth prospects. Amid a shifting economic landscape, the International Monetary Fund (IMF) anticipates global public debt to rise further, nearing **100%** of the GDP by the end of the decade, surpassing the levels observed during the Covid-19 pandemic.

India's fiscal position has strengthened on account of: Ongoing fiscal consolidation, Improvement in the quality of expenditure and Earmarking of debt-to-GDP as the key benchmark for the central government's fiscal policy. As announced in the Union Budget 2025-26, the Government targets to bring down the debt to the 50% level by March 31, 2031, from the current level of **57.1%**. India's current account balance turned into a surplus of **\$13.5 billion** in Q4 FY 2024-25, indicating improved external stability.

➤ **Strong Corporate Earnings Fuel U.S. Market Rally**

U.S. equities delivered a robust performance in July 2025, with major indices reaching all-time highs. The S&P 500 rose **3.1%** for the month, while the Nasdaq Composite gained **3.7%**, both driven by a better-than-expected Q2 earnings season. The rally was not solely confined to mega-cap technology firms; the Russell 2000, a key indicator of small-cap performance, also saw a positive month, advancing 1.7%. This broad-based strength across different market capitalizations signaled growing investor confidence in the broader economic landscape and suggested that market gains were becoming less concentrated.

MARKET HEATMAP: INDEX EDITION

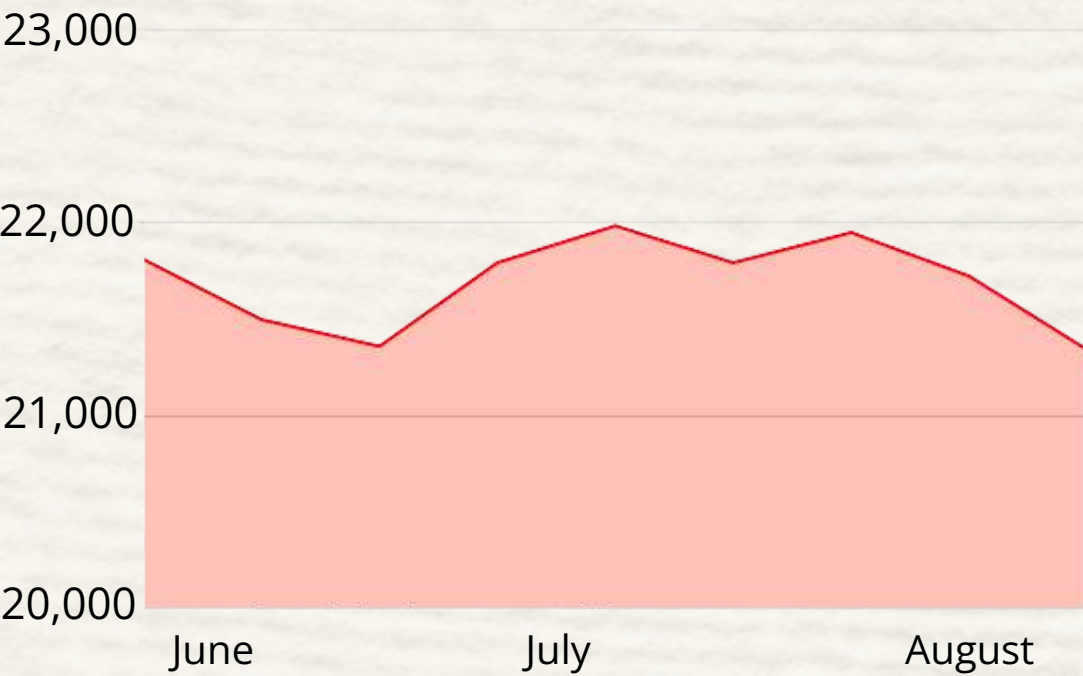
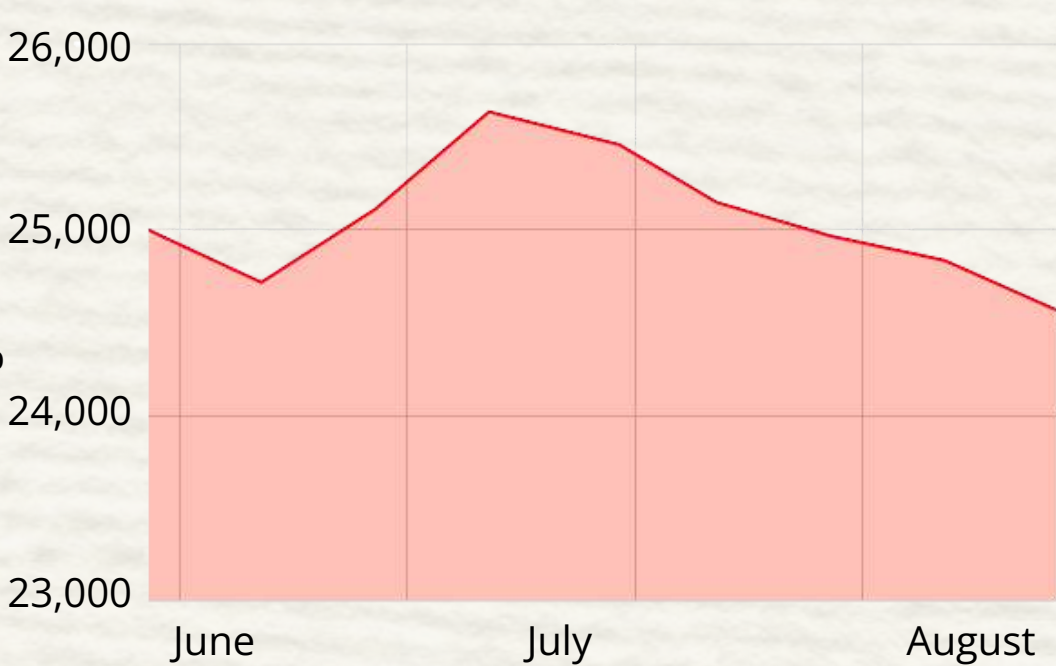


SENSEX 30

Last 1 year return - 1.20%
3months return - (-1.85%)
P/E - 22.6

NIFTY 50

Last 1 year return - 1.7%
3 months return - (-1.60)%
P/E - 21.8



NIFTY MID CAP 150 INDEX

Last 1 year return - 1.8%
3months return - (-2.50)%
P/E - 33.3

NIFTY SMALLCAP 250

Last 1 year return - (-1.5)%
3months return - 2.45%
P/E - 31.9

