Weekly AAG

aag at a glance

04 July 2025

Key International events:

As per data from the US Commerce Department, **the US Personal Consumption Expenditures (PCE) price index growth accelerated to 2.3% YoY in May 2025 from 2.2% YoY in April 2025,** matching expectations. Meanwhile, **the Core PCE price index growth also accelerated to 2.7% YoY in May 2025 from an upwardly revised 2.6% YoY in April 2025.** Economists had expected it to tick up to 2.6% YoY.

According to the University of Michigan, **its US Consumer Sentiment Index was upwardly revised to 60.7 for June 2025 from a preliminary reading of 60.5.** Economists had expected the index to be unrevised from the preliminary reading, which was already up sharply from 52.2 in May 2025.

The ISM said that **US manufacturing PMI moved up to 49.0 in June 2025 from 48.5 in May 2025.** Economists had expected the index to inch up to 48.8.

According to a report released by payroll processor ADP, **private sector employment in US fell by 33,000 jobs in June 2025 after rising by a downwardly revised 29,000 jobs in May 2025.** Economists had expected private sector employment to increase by 95,000 jobs.

US President Donald Trump announced the signing celebration of the 'One Big Beautiful Bill' at the White House, hours after the House of Representatives cleared it. The USD 3.4 trillion fiscal package aims to cut taxes, limit spending on safety-net programmes, and also reverse much of Trump's predecessor Joe Biden's attempts to move the country to a clean-energy economy.

The US Commerce Department said that **the US trade deficit climbed to USD 71.5 bn in May 2025 from a revised USD 60.3 bn in April 2025.** Trade deficit widened in the month of May 2025 amid a steep drop by the value of exports. Economists had expected the trade deficit to increase to USD 71.0 bn.

S&P Global showed that **the HCOB final composite output index of Eurozone advanced to 50.6 in June 2025 from 50.2 in May 2025.** The initial estimate showed that the score held steady at 50.2 in June.

As per Eurostat, **the jobless rate in Eurozone stood at a seasonally adjusted 6.3% in May 2025, up slightly from 6.2% in April 2025.** In the corresponding period last year, the unemployment rate was 6.4%.

Flash estimate from Eurostat showed that the **inflation in Eurozone climbed to 2% YoY in June 2025 from 1.9% YoY in May 2025.** The rate reached the inflation target and also matched economists' expectations.

Final survey data from S&P Global showed that **the HCOB manufacturing Purchasing Managers' Index of Eurozone posted 49.5 in June 2025, up from 49.4 in May 2025.** This was the highest score since August 2022.

The China's National Bureau of Statistics showed that **the Manufacturing Purchasing Managers' Index of China rose to 49.7 in June 2025 from 49.5 in May 2025.** Although the reading improved it remained below the neutral 50.0 mark.

Survey data from S&P Global showed that **the Caixin manufacturing Purchasing Managers' Index of China rose to 50.4 in June 2025 from 48.3 in May 2025.** China's manufacturing sector returned to growth on higher new orders and a renewed rise in production.

As per S&P Global, **the Caixin services Purchasing Managers' Index of China registered 50.6 in June 2025, down from 51.1 in May 2025.** China's services activity expanded at the slowest pace in nine months in June 2025 on falling export business.

Key Domestic events:

As per RBI data, **India's Current Account Balance posted a surplus of USD 13.5 bn (1.3% of GDP) during Q4 FY25,** due to a surge in services exports**.** There was a Current Account Surplus of USD 4.6 bn (0.5% of GDP) during Q4 FY24 and a Current Account Deficit of USD 11.3 bn (1.1% GDP) during Q3 FY25.

According to economists polled by Reuters, the Indian economy will grow at a mostly steady pace in FY26 and FY27. **The Gross Domestic Product (GDP) was forecast to expand 6.4% YoY in FY26, the June 2025 poll of 51 economists found.** That is weaker than 6.5% YoY reported for FY25, which was the slowest since FY21. **Growth was forecast to pick up modestly to 6.7% YoY in FY27**.

As per government data, **India's fiscal deficit for April-May 2025 came in at Rs 131.60 bn (USD 1.5 bn) or 0.8% of the estimate for the FY25.** Net tax receipts were at Rs 3.5 trillion compared with Rs 3.2 trillion a year earlier. Non-tax revenue was at Rs 3.6 trillion compared with Rs 2.5 trillion a year ago.

As per the CGA, **the government's capex witnessed an increase of 54% YoY in the April-May 2025.** Revenue-wise, the government has seen a growth of 10% YoY in tax and 41.8% YoY in non-tax revenues due to RBI dividends.

According to data released by the MoSPI, **India registered subdued industrial activity with the Index of Industrial Production (IIP) growing 1.2% YoY in May 2025, dipping lower than the 2.7% YoY recorded in April 2025.** This is the lowest growth rate recorded since 3.1% YoY in September 2024. During May 2024, India's industrial activity had grown 5.9% YoY.

As per Moody's, India's final rules easing provisions for loans to under-construction infrastructure projects are likely to revive credit growth in the sector. **The RBI earlier this month cut the provisioning requirement to 1% from a proposed 5%, a move expected to boost banks' willingness to fund infrastructure developments.**

The HSBC India Manufacturing Purchasing Managers' Index (PMI), compiled by S&P Global, **rose to 58.4 in June 2025 from 57.6 in May 2025**. The headline figure has been in the expansion zone for the 48th month running. India's manufacturing activity grew to a 14-month high in June 2025, marked by "one of the fastest increases" in exports and record upturn in employment.

According to government data, **the Goods and Services Tax (GST) collection in June 2025 amounted to Rs 1.85 trillion, reflecting a 6.2% YoY rise.** However, June 2025 collections declined compared to May 2025, when the Centre collected Rs 2.01 trillion. Moreover, GST revenue had reached a record high of Rs 2.37 trillion in April 2025.

According to official data, **power consumption in India dipped slightly by 1.5% YoY to 150.04 bn units (BU) in June 2025,** mainly due to reduced usage of cooling appliances amid early onset of monsoon. Power consumption was recorded at 152.37 BU in June, 2024.

The Union Cabinet approved a Rs 1 trillion corpus for the Research Development and Innovation (RDI) Scheme, aiming to spur private-sector investment in strategic and high-growth sectors through long-term, low-cost funding.

As per S&P Global, **the seasonally adjusted HSBC India Services PMI rose to 60.4 in June 2025 from 58.8 in May 2025.** The flash score was 60.7. India's service sector growth accelerated to a nearly 1-year high in June 2025 amid faster rises in output and new orders.

As per RBI, **banking system liquidity rose further to a net surplus of Rs 3.74 trillion, highest since June 1, 2022.** The recent improvement in banking system liquidity can largely be attributed to higher government spending and lower-than-expected Goods and Services Tax (GST) collections, which have eased the usual liquidity pressures.

According to CII President Rajiv Memani, **the Indian economy is expected to grow by 6.4-6.7% YoY during FY26 driven by strong domestic demand, even as geopolitical uncertainty poses downside risks.**

As per Moody's Ratings, **India may be subject to lower tariffs than many countries in the Asia Pacific, which could help the economy attract further investment and become a global manufacturing base**. It also mentioned that many export-reliant APAC economies were hit with very high US tariffs in April 2025.

According to data from TeamLease Services, an early festival season, coupled with rising demand from quick commerce (qcom), ecommerce (ecom), and third-party logistics players, is expected to trigger a fresh wave of gig hiring in FY26. **The number of gig workers is projected to rise 19.1% YoY from nearly 10 mn in FY25 to 11.91 mn in FY26.**

Equity Round up: S&P BSE Sensex opened at 84027. It made a weekly high of 84100 and a low of 83016 before closing 626 points lower at 83433.

Events to watch out for the next week:

International Events

1. US FOMC Meeting Minutes on 9 July 2025
2. US Consumer Credit for May'25 on 9 July 2025
3. Eurozone Retail Sales for May'25 on 7 July 2025
4. China CPI for Jun'25 on 9 July 2025
5. China FDI for Jun'25 on 11 July 2025

Domestic Events

- Forex Reserves for week ended 4 July 2025 on 11 July 2025
- M3 Money Supply on 9 July 2025

Key Equity Market Indices	Closing	% Change WoW
BSE Sensex	83,433	-0.74
Nifty 50	25,461	-0.69
BSE 100	26,686	-0.58
BSE 200	11,562	-0.45
BSE Midcap	46,814	0.59
BSE Smallcap	54,830	1.07
BSE FMCG	20,176	-0.58
BSE HC	44,896	2.00
BSE IT	38,317	0.68
BSE Auto	53,619	-0.26
BSE BANKEX	63,662	-1.39
BSE CG	72,322	1.08
BSE CD	61,125	2.67
BSE Oil & Gas	28,357	1.56

Other Key Indices#	Closing	Change WoW
10 Year G-Sec (6.79% 2034)	6.34%	(-) 2 bps
Interbank Call	5.26%	(-) 1 bps
INR/USD	85.39	-0.11%
Gold (Rs/10gm)	97,021	1.29%

 # Taken during market hours , 10 Year G-Sec (6.79% 2034) and Interbank Call as on 03 July '25

World Indices	Closing	% Change WoW
Dow Jones*	44,829	3.32
Nasdaq*	20,601	2.15
FTSE	8,796	0.10
DAX	23,768	-0.18
Hang Seng	23,916	-1.52
Nikkei	39,811	-0.85
Bovespa*	1,40,928	2.78
Indonesia Jakarta	6,865	-0.47

** Dow Jones, Nasdaq and Bovespa as on Thursday*

Rs. Bn	Gross Buying	Gross Selling	Net (WoW)
FPIs	799.2	756.7	42.5
DIIs	555.0	522.2	32.7

Data for FPI from 27 June 2025 to 03 July 2025. Data for DII from 27 June 2025 to 02 July 2025.

Arbitrage Spreads	Spot	Future*	Prem/(Dis)
Nifty 50	25,461	25,552	91

***July 2025 Expiry**

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