Weekly AAG

aag at a glance

12 September 2025

Key International events:

As per data from the US Labor Department, **non-farm payroll employment in the US rose by 22,000 jobs in August 2025 after climbing by an upwardly revised 79,000 jobs in July 2025.** Economists had expected it to increase by 75,000 jobs compared to the addition of 73,000 jobs originally reported for the previous month.

According to the US Labor Department, **its Producer Price Index growth for final demand slowed to 2.6% YoY in August 2025 from a downwardly revised 3.1% YoY in July 2025.** Economists had expected the growth to remain unchanged compared to the 3.3% YoY surge originally reported for the previous month.

According to the US Labor Department, **the US Consumer Price Index growth accelerated to 2.9% YoY in August 2025 from 2.7% YoY in July 2025,** in line with economist estimates. **Core consumer price growth in August 2025 was unchanged from the previous month at 3.1% YoY,** also in line with estimates.

According to Eurostat, the Eurozone economy grew marginally as growth in consumption was partially offset the decline in investment. **The Eurozone Gross Domestic Product (GDP) slowed to 1.5% YoY in Q2 CY25 following a 1.6% YoY rise in Q1 CY25,** but was higher than the initial estimate of 1.4% YoY.

The European Central Bank left its key interest rate unchanged, as expected, and raised the Euro area growth projection for 2025 while inflation forecasts were stable. The Governing Council held the deposit rate steady at 2.00%. The refinancing rate was left unchanged at 2.15% and the marginal lending rate at 2.40%.

According to China's National Bureau of Statistics, **China's Consumer Price Index dropped 0.4% YoY in August 2025 after remaining flat in July 2025.** Prices were expected to fall 0.2% YoY. **By contrast, core inflation rose to 0.9% YoY in August 2025,** the fastest in more than two years, from 0.8% YoY in July 2025.

As per data from the Japanese Cabinet Office, Japan's GDP climbed a seasonally adjusted 0.5% QoQ in Q2 CY25. That beat expectations for an increase of 0.3% QoQ, which would have been unchanged from the previous reading. **On an annualized basis, GDP rallied 2.2% YoY, handily beating forecasts for an increase of 1.0% YoY, which again would have been unchanged.**

Key Domestic events:

As per RBI data, **India's forex reserves jumped by USD 3.51 bn to USD 694.23 bn for the week ended August 29, 2025.** The overall reserves had dropped by USD 4.39 bn to USD 690.72 bn in the previous reporting week. Foreign currency assets increased by USD 1.69 bn to USD 583.94 bn.

According to credit-rating agency Crisil, **the representative price of a home-cooked vegetarian thali fell to Rs 29.1 in August 2025, dropping 7% YoY. Similarly, the representative price of a non-vegetarian thali fell to Rs 54.6, declining by approximately 8% YoY**.

As per Pharmarack data, **the Indian Pharmaceutical Market (IPM) witnessed healthy growth in August 2025, with the total market value rising 8.7% YoY to Rs 209.84 bn, and volumes increasing modestly by 1.2%.**

According to industry bodies IRA and BIA, **Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) instruments are becoming popular in India as their combined assets under management have crossed Rs 9 trillion in the last nine years.** The combined AUM of REITs and InvITs are expected to touch Rs 25 trillion by 2030**.**

As per data from the US Treasury Department, the RBI steadily reduced its purchases of US Treasuries even before President Donald Trump slapped India with punishing tariffs. **India's investment in Treasuries slipped to USD 227.4 bn in June 2025 from USD 235.3 bn in May 2025 and about USD 242 bn a year earlier**.

According to a Reuters poll of economists, the fading impact of high base effects likely pushed India's consumer inflation higher, ending a nine-month streak of declines. **The Consumer Price Index (CPI) based inflation likely rose to 2.10% YoY in August 2025 from 1.55% YoY in July 2025, the median forecast in the poll showed**.

According to Moody's, **the decline in India's effective Goods and Services Tax (GST) rates is expected to boost private consumption, but the resulting loss of tax revenue could limit progress in fiscal consolidation and debt reduction.** They said that the revenue forgone is likely to exceed government estimates.

As per Goods and Services Tax Network (GSTN) data, **the generation of e-way bills rose 22.5% YoY to 129.13 mn in August 2025, marking the second-highest monthly tally on record.** This follows July 2025's all-time high of 131.91 mn.

According to a report by private think tank QuantEco Research, **the Eighth Central Pay Commission (CPC) payouts are likely to tilt the growth-inflation balance somewhat 'unfavourably' and kick off RBI's rate hike cycle in late FY27 or FY28.** The report says that the final implementation by the commission may see a lag of at least 1 year, implying that revised payouts will be disbursed with sizeable arrears.

According to a report from Worldpanel by Numerator, **Indian household average quarterly expenses have "steadily" gone up by over 33% in the last three years to Rs 56,000 in 2025.** The quarterly expenses in urban markets scaled to Rs 73,579 while the rural quarterly expenses increased to Rs 46,623 in March 2025.

G**lobal rating agency Fitch has raised India's FY26 GDP forecast to 6.9% YoY from 6.5% YoY.** Domestic demand is expected to be the key driver of growth, as strong real income dynamics support consumer spending and looser financial conditions should feed through to investment.

As per RBI data, **India's outward Foreign Direct Investment (FDI) moderated to USD 2.1 bn in August 2025 from USD 3.4 bn in August 2024.** Sequentially, it declined sharply against USD 4.1 bn in July 2025.

As per data released by AMFI, **inflow in equity mutual funds dropped by 22% MoM to Rs 334.30 bn in August 2025,** largely due to a sharp fall in New Fund Offers (NFOs) and global macroeconomic uncertainties. Despite the decline, this marks the 54th consecutive month of net inflows into the equity segment. Systematic Investment Plan (SIP) inflows also moderated slightly to Rs 282.65 bn during the month.

As per data from the General Insurance Council, **non-life insurers reported a subdued growth of 1.63% YoY in premiums, reaching Rs 249.53 bn in August 2025,** largely due to a decline in the crop insurance business. General insurers recorded 4.26% YoY growth to Rs 204.88 bn, while Standalone Health Insurers (SAHIs) posted 4.01% YoY growth to Rs 33.58 bn.

According to rating agency ICRA, **the loan book of Non-Banking Finance Companies (NBFCs) in India is expected to grow 15-17% YoY in FY26 on GST reforms and improved liquidity conditions.** Their credit expanded 17% YoY in FY25 and 24% YoY in FY24, respectively.

As per data from the Union Finance Ministry, **India's external debt increased 10.1% YoY in FY25 to USD 736.3 bn, marking the fastest expansion in seven years in Dollar terms.** In Rupee terms, the debt stock climbed to Rs 63 trillion, reflecting a 13% YoY growth and an addition of Rs 7.3 trillion.

According to S&P Global, Indian banks' dividend pay-outs are expected to decline in FY26 owing to subdued growth in Net Interest Margins (NIMs) and net profits amid a slowdown in credit. **The analysis projects that the aggregate dividend of 12 large banks will fall by about 4.2% YoY to USD 5.98 bn in FY26.** This follows total pay-outs of USD 6.24 bn by the banks in FY25, which marked a 15.3% YoY rise.

According to a report by CREDAI and Colliers, **the Indian real estate sector has attracted nearly USD 80 bn institutional investments in the last 15 years, with strong contribution from foreign investors at 57%.** The report also projected that the size of Indian real estate market could reach USD 5-10 trillion by 2047.

According to Crisil Ratings, **home textile manufacturers' revenues are likely to decline by 5-10% YoY, apart from a reduction in operating profitability, as a result of 50% US tariffs.**

Equity Round up: S&P BSE Sensex opened at 80904. It made a weekly high of 81993 and a low of 80733 before closing 1194 points higher at 81905.

Events to watch out for the next week:

International Events

1. US Business Inventories for Jul'25 on 16 September 2025
2. US FED meeting outcome on 17 September 2025
3. Eurozone Trade Balance for Jul'25 on 15 September 2025
4. Eurozone Industrial Production for Jul'25 on 16 September 2025
5. Eurozone CPI for Aug'25 on 17 September 2025
6. China Industrial Production for Aug'25 on 15 September 2025

Domestic Events

1. Forex Reserves for week ended 12 September 2025 on 19 September 2025
2. Trade Balance for Aug'25 on 15 September 2025
3. Wholesale Prices data for Aug'25 on 15 September 2025

Key Equity Market Indices	Closing	% Change WoW
BSE Sensex	81,905	1.47
Nifty 50	25,114	1.54
BSE 100	26,315	1.57
BSE 200	11,390	1.60
BSE Midcap	46,184	1.49
BSE Smallcap	53,548	1.60
BSE FMCG	20,786	-1.00
BSE HC	44,923	1.53
BSE IT	35,474	2.88
BSE Auto	59,962	3.15
BSE BANKEX	61,446	1.60
BSE CG	69,692	3.98
BSE CD	61,655	-1.10
BSE Oil & Gas	26,234	1.44

Other Key Indices#	Closing	Change WoW
10 Year G-Sec (6.33% 2035)	6.47%	(-) 9 bps
Interbank Call	5.35%	0 bps
INR/USD	88.28	0.14%
Gold (Rs/10gm)	1,09,707	3.55%

 # Taken during market hours, 10 Year G-Sec (6.33% 2035) and Interbank Call as on 11 September '25

World Indices	Closing	% Change WoW
Dow Jones*	46,108	1.85
Nasdaq*	22,043	2.54
FTSE	9,334	1.52
DAX	23,664	-0.48
Hang Seng	26,388	5.31
Nikkei	44,768	5.14
Bovespa*	1,43,151	2.35
Indonesia Jakarta	7,854	-0.17

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

Rs. Bn	Gross Buying	Gross Selling	Net (WoW)
FPIs	736.6	721.8	14.8
DIIs	178.5	165.4	13.0

Data for FPI from 05 September 2025 to 11 September 2025. Data for DII from 05 September 2025 to 09 September 2025.

Arbitrage Spreads	Spot	Future*	Prem/(Dis)
Nifty 50	25,114	25,210	96

**September 2025 Expiry*

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