Weekly AAG

aag at a glance

14 August 2025

<u>Key International events:</u>

According to the median projection in a Bloomberg survey of economists, **the US Core Consumer Price Index, rose 0.3% MoM in July 2025**. In June 2025, core CPI edged **up 0.2% MoM** from the prior month.

President Donald Trump issued a **warning regarding blocking his tariff policy, citing its "huge positive impact" on the stock market**. He also said that any such move can lead to a severe economic downturn, similar to the 'Great Depression' of 1929'.

According to a Reuters poll, **Longer-term US Treasury yields are expected to rise modestly in coming months on the back of tariff inflation worries and a deluge of new debt issuance even as short-term yields fell on renewed Fed rate cut bets**. Both two-year and 10-year yields have fallen about 25 bps since mid-July 2025.

According to the US Labor Department, consumer prices in the US increased in line with economist estimates in the month of July 2025 as **the US Consumer Price Index rose by 0.2% MoM in July 2025 after climbing by 0.3% MoM in June 2025**.

As per a monthly survey by the US National Federation of Independent Businesses, small business optimism in the US strengthened as business expectations turned positive despite a rise in uncertainty as **the NFIB Small Business Optimism Index rose 1.7 points to 100.3 in July 2025 from 98.6 in June 2025**. The reading was slightly above the 52-year average of 98.

US Treasury Secretary Scott Bessent warned that Washington could raise its current 25% secondary tariff on India if American President Donald Trump's meeting with his Russian counterpart Vladimir Putin in Alaska on August 15, 2025 fails to make headway on Ukraine. He also asked the European Union to impose a similar secondary levy on India.

As per survey data from Japan's Cabinet Office, **the current conditions index of the Economy Watchers' Survey, rose to a 5-month high of 45.2 in July 2025 from 45.0 in June 2025**. The expected score was 45.5.

According to data from the Bank of Japan, **producer prices in Japan were up 0.2% MoM in July 2025**. That was in line with expectations following the upwardly revised 0.1% MoM contraction in June 2025. Producer prices rose 2.6% YoY, exceeding forecasts for 2.5% YoY rise and down from 2.9% YoY in June 2024.

<u>Key Domestic events:</u>

According to RBI data, **India's forex reserves fell by USD 9.3 bn to USD 688 bn in the week ended August 1, 2025 the highest weekly fall in eight months**. Foreign Currency Assets decreased by USD 7.32 bn to USD 581.61 bn and gold reserves decreased by USD 1.71 bn to USD 84 bn during the week.

According to RBI data, **the banking system credit growth in the fortnight ended 25 July, 2025 inched up to 10% YoY, while deposits during this period continued to outpace credit growth, rising 10.2% YoY**. During the fortnight, credit rose by Rs 319.79 bn, and deposits grew by Rs 235.73 bn.

According to Moody's Ratings**, India's GDP growth is likely to slow down by about 30 bps to 6% YoY in FY26 if the US implements 50% tariffs from August 27, 2025**. However, resilient domestic demand and the strength of the services sector will mitigate the strain on India, adding that India's response to high US tariffs will ultimately determine the effect on its growth, inflation and external position.

As per Boston Consulting Group (BCG) India, **India's proposed Free Trade Agreement (FTA) with the European Union could unlock access to a USD 875 bn market** and bring tariff parity with ASEAN peers as the country navigates a critical juncture in the evolving global trade landscape.

As per FADA data, **electric passenger vehicle retail sales jumped 93% YoY in July 2025 with registrations rising to 15,528 units in July 2025 as compared with 8,037 units in July 2024**. Electric commercial vehicle retail sales saw a jump of 52 % YoY to 1,244 units. Electric two-wheeler space witnessed a drop of 4 % YoY to 1,02,973 units.

As per AMFI data, **net inflows into Equity Mutual Fund (MF) schemes scaled a record high in July 2025 as active equity schemes raked in a net Rs 427.02 bn during the month**, going past the previous high of Rs 411.56 bn in December 2024. Systematic investment plan (SIP) inflows continued to scale new highs, rising over 4% MoM to Rs 284.64 bn**.**

As per IMD data, **Between June 1 and August 10, 2025, India has recorded 539 mm of rain against a normal of 535.6 mm, about 1% above the long-period average**. Of the 36 states and union territories, 25 are in the "normal" category (within 19% of the long-period average), 5 are "deficient" (20%-59% below normal), 5 are in the "excess" category (20%-59% above normal).

As per NPCI data**, grocery stores and supermarkets recorded over 3 bn Unified Payments Interface (UPI) transactions worth Rs 648.82 bn in July 2025**, accounting for nearly a quarter of all UPI peer-to-merchant (P2M) transactions by volume. UPI hit a record 19.46 bn transactions, processing a total value of Rs 25.08 trillion in July 2025.

According to government data, **paddy sowing so far this kharif season is higher by 12% YoY at 36.48 mn hectares.** Total sowing area of all kharif crops rose to 99.56 mn hectares till August 8, 2025 from 95.715 mn hectares a year ago.

According to International Data Corporation's (IDC) worldwide quarterly mobile phone tracker, **India's smartphone market shipped 70 mn smartphones in H1 CY25, growing 0.9% YoY and Q2 CY25 registered a growth of 7.3% YoY**, shipping 37 mn smartphones.

According to MoSPI data, **India's retail inflation cooled to an eight-year low as the Consumer Price Index (CPI) rose by 1.55% YoY in July 2025 from 2.1% YoY in June 2025**. Core CPI inflation (ex-Food and Fuel) decelerated to 4.12% YoY in July 2025 as against 4.43% YoY in June 2025. The latest inflation print is in sync with the downward revision in inflation projections made by the RBI for FY26 at 3.1% YoY.

The RBI said that non-residents maintaining special rupee vostro accounts (SRVA) can invest surplus balances in central government securities (G-secs). The notification comes days after the RBI simplified the process to open the SRVAs in an effort to boost rupee trade.

As per data released by the Central Board of Direct Taxes (CBDT), **Net Direct Tax collection contracted nearly 4% YoY to about Rs 6.63 trillion as on August 11, 2025, due to a 21.2% YoY surge in corporation tax refunds**. Gross direct tax collection too contracted 1.87% YoY to Rs 7.99 trillion so far in FY26. For FY26, the Centre has projected direct tax receipts at Rs 25.2 trillion.

As per an EY Report, **Mergers and Acquisitions (M&A) activity dropped to USD 50 bn during H1 CY25, down 17% YoY**. From a volume perspective, the number of transactions dropped 12% YoY to 1,285. Power sector led the overall activity with over USD 8.5 bn in deal value, with renewable energy contributing 80% of the value.

According to CRISIL, **India's headline inflation is expected to average 3.5% YoY in FY26 as compared to 4.6% YoY in FY25**. Healthy agricultural production is expected to keep food inflation in check and brent crude oil prices are projected to be subdued at USD 60-65 per barrel in FY26, which should help contain non-food inflation.

As per the Ministry of New and Renewable Energy (MNRE), **India's empanelled solar photovoltaic (PV) module manufacturing capacity under the Approved List of Models and Manufacturers (ALMM) has touched 100 gigawatts (GW)**. Solar PV manufacturing capacity had stood at just 2.3 GW in 2014.

As per data compiled by credit bureau, Credit High Mark, **the size of India's microfinance market contracted further to Rs 3.59 trillion at the end of June 2025, down 5.8% QoQ and 17% YoY as lenders remained circumspect over growing lending portfolio**. The active loan accounts fell to 132 mn from 159.3 mn, with the live customer base declining to 80 mn from 86.6 mn between June 2024 and June 2025.

Equity Round up: S&P BSE Sensex opened at 79885. It made a weekly high of 80998 and a low of 79772 before closing 740 points higher at 80598.

Events to watch out for the next week:

International Events

1. US FOMC Meeting Minutes on 20 August 2025
2. S&P Global US Composite PMI for Aug'25 on 08-21-2025
3. Eurozone Trade Balance for Jun'25 on 18 August 2025
4. Eurozone CPI for Jul'25 on 20 August 2025
5. HCOB Eurozone Composite PMI for Aug'25 on 21 August 2025
6. China 1- & 5-Year Loan Prime Rate on 20 August 2025

Domestic Events

1. Forex Reserves for week ended 15 August 2025 on 22 August 2025
2. HSBC India PMI Composite for Aug'25 on 21 August 2025
3. HSBC India PMI Manufacturing for Aug'25 on 21 August 2025
4. HSBC India PMI Services for Aug'25 on 21 August 2025

Key Equity Market Indices	Closing	% Change WoW
BSE Sensex	80,598	0.93
Nifty 50	24,631	1.10
BSE 100	25,794	1.13
BSE 200	11,151	1.08
BSE Midcap	44,979	0.92
BSE Smallcap	51,789	0.37
BSE FMCG	20,142	-0.29
BSE HC	44,453	2.99
BSE IT	34,177	1.06
BSE Auto	53,938	2.79
BSE BANKEX	61,625	0.81
BSE CG	66,761	0.02
BSE CD	59,061	0.05
BSE Oil & Gas	26,024	-0.02

Other Key Indices#	Closing	Change WoW
10 Year G-Sec (6.33% 2035)	6.48%	9 bps
Interbank Call	5.46%	1 bps
INR/USD	87.56	-0.12%
Gold (Rs/10gm)	1,00,023	-0.91%

 # Taken during market hours, 10 Year G-Sec (6.33% 2035) and Interbank Call as on 13 August '25

World Indices	Closing	% Change WoW
Dow Jones*	44,922	2.17
Nasdaq*	21,713	2.21
FTSE	9,157	0.64
DAX	24,283	0.30
Hang Seng	25,519	2.66
Nikkei	42,649	1.98
Bovespa*	1,36,687	0.12
Indonesia Jakarta	7,931	5.28

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

Rs. Bn	Gross Buying	Gross Selling	Net (WoW)
FPIs	387.3	395.1	-7.9
DIIs	250.1	134.5	115.6

Data for FPI from 08 August 2025 to 12 August 2025. Data for DII from 08 August 2025 to 11 August 2025.

Arbitrage Spreads	Spot	Future*	Prem/(Dis)
Nifty 50	24,631	24,671	40

**August 2025 Expiry*

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