

29 August 2025

Key International events:

Federal Reserve Chair Jerome Powell stated that the labor market remains near maximum employment and inflation has come down a great deal from its post-pandemic high but cautioned "the balance of risks appears to be shifting." He further said that the risks to inflation are tilted to the upside, while the risks to employment are tilted to the downside, which he called "a challenging situation".

US President Donald Trump said the US will maintain a "great relationship" with China, stressing that he would not take steps that could destabilize the country. Trump also warned China against curbing rare earth supplies, saying that unless Beijing continued to ship essential magnets, tariffs as high as 200% could be imposed.

As per the US Conference Board, the US Consumer Confidence Index dipped to 97.4 in August 2025 from an upwardly revised 98.7 in July 2025. Economists had expected the consumer confidence index to slip to 96.4 in August 2025 from the 97.2 originally reported for July 2025.

According to revised data from the US Commerce Department, the Real Gross Domestic Product of US rose by 3.3% YoY in Q2 CY25 as compared to the previously reported 3.0% YoY surge for the quarter. Economists had expected the jump in GDP to be upwardly revised to 3.1% YoY for the quarter.

As per the US Labor Department, initial jobless claims in the US dipped to 229,000 in the week ended 23rd Aug '25, a decrease of 5,000 from the previous week's revised level of 234,000. Economists had expected jobless claims to slip to 230,000.

As per data from the European Commission, the Eurozone economic sentiment indicator slid to 95.2 in August 2025 from a revised 95.7 in July 2025. The score was forecast rise to 96.0. The industrial confidence index rose to -10.3 in August 2025 from -10.5 in July 2025 but the reading was lower than the forecast of -10.0.

As per data from China's National Bureau of Statistics, China's industrial profits declined by 1.7% YoY in the January-July 2025 period. In the month of July 2025, industrial profits decreased at a slower pace of 1.5% YoY.

Key Domestic events:

According to RBI data, India's outward FDI commitments rose marginally to USD 3.51 bn in July 2025, from USD 3.31 bn in July 2024. However, they declined sharply compared to USD 5.13 bn in June 2025. Equity commitments fell to USD 1.6 bn in July 2025, from USD 2.04 bn a year ago. Debt commitments rose to USD 305.9 mn in July 2025, from USD 283.9 mn in July 2024.

As per RBI data, banks' credit growth came in at 10.22% YoY while deposit growth was at 10.05% YoY at the end of August 8, 2025. At the same time last year, banks' credit growth was seen at 13.7% YoY while deposits growth was at 10.6% YoY.

The Department of Posts will temporarily suspend booking of all types of postal articles to the US with effect from August 25, 2025, due to lack of clarity on collection and remittance of duties following the change in import tariffs set to take effect from August 29, 2025.

According to AMFI data, the pace of new investor additions by Mutual Funds (MFs) hit a six-month high of 700,000 in July 2025, driven by a wave of NFOS. Unique investor numbers had risen just 5.2% YoY in H1 CY25, compared with nearly a 12% increase during H1 CY24.

Fitch Ratings affirmed India's rating at "BBB-" with a stable outlook on the back of robust growth and solid external finances. The credit rating agency also mentioned that the fiscal metrics are a credit weakness, with high deficits, debt and debt service compared with 'BBB' peers. Lagging structural metrics, including governance indicators and GDP per capita, also constrain the rating.

According to RBI Governor, RBI could step in with policy measures if the 50% US tariff, due to take effect from Wednesday, affects domestic economic growth. He stressed that the RBI had not "lost sight of growth" while anchoring inflation amid uncertainties. He also said the RBI intends to implement Basel-III norms for commercial banks' market, credit, and operational risks from April 2027.

According to MoSPI data, India is set to start sourcing the price data directly from e-commerce companies operating in the nation, like Amazon and Flipkart, to revamp its benchmark inflation tracking systems

As per RBI data, sales of listed private Non-Financial Companies grew at a slower pace of 5.5% YoY in Q1 FY26 compared to 6.9% YoY in Q1 FY25. Aggregate sales growth of 1,736 listed private manufacturing companies moderated to 5.3% YoY, and that of IT firms declined to 6% YoY, during Q1 FY26.

According to SEBI data, the total commitments for AIFs surged to Rs 14.2 trillion as of June 2025, growing 20% YoY and 5% QoQ growth, on the back of rising inclination from Ultra-High networth individuals and family offices. Funds raised also inched closer to Rs 6 trillion while total investments made stands at Rs 5.72 trillion.

According to the latest Annual Survey of Industries data released by MoSPI, employment in industries increased by 5.92% YoY to 19.5 mn in FY24 from 18.4 mn in FY23. The invested capital in the industries rose to Rs 68.01 trillion in FY24 from Rs 61.39 trillion in FY23 and the Gross Value Added in the industries increased by 11.9% YoY to Rs 24.58 trillion in FY24 from Rs 21.97 trillion in FY23.

According to ICRA, Indian listed corporates are expected to maintain a steady credit profile, with an improvement in the Interest Coverage Ratio (ICR) at 4.9-5.1 times in Q2 FY26, compared with 4.9 times in Q1 FY26. ICR would benefit from festive season demand impulses and greater transmission of policy rate cuts to borrowing rates.

According to NSE's Market Pulse Report, the share of new investors under the age of 30 has risen in the first four months of FY26, reaching 56.2%, up from 53.2% in FY25. In terms of the overall registered investor base, the under-30 segment has seen a significant rise from just 22.6% in FY19 to 38.9% in FY26.

As per a report by consulting firm Redseer, India's e-commerce sector is projected to expand by 20-25% YoY, with Gross Merchandise Value (GMV) during the 2025 festive season expected to cross Rs 1.15 trillion. Quick commerce and value-led platforms are expected to see a growth of around 150% YoY and 30-35% YoY, respectively, in the pre-festive period.

According to NSO data, growth in industrial production rose to a four-month high of 3.5% YoY in July 2025 from 1.5% YoY in June 2025. The Index of Industrial Production (IIP) data showed that manufacturing output climbed to a six-month high of 5.4% YoY in July 2025 from 3.7% YoY in June 2025.

The RBI, in the August 2025 state of economy report said that the Indian economy is facing a downside risk with the imposition of stiff tariff, even as the country's financial conditions remained supportive of domestic economic activity. However, they also said that an increase in real rural wages may support rural demand in H2 FY26, coupled with the benign financial conditions, ongoing transmission of rate cuts, supportive fiscal measures and rising household optimism.

According to a report by EY, India may become the world's second-largest economy in purchasing power parity (PPP) terms by 2038, with a projected GDP of USD 34.2 trillion. This assertion by the EY is based on IMF projections.

According to S&P Global Market Intelligence, Net Interest Margins (NIMs) of banks are expected to improve from H2 FY26. The improvement in margins will come after a sharp reduction in banks' NIMs due to the 100 bps cut in the policy rate by RBI.

According to ratings agency CareEdge, container volume growth in FY26 is estimated to moderate by 100-150 bps and log an 8% YoY growth at around 380 mn metric tonnes due to the impact of the US tariff on sectors like home textiles, gems, shrimp, engineering components, and speciality chemicals.

Equity Round up: S&P BSE Sensex opened at 81501. It made a weekly high of 81799 and a low of 79742 before closing 1497 points lower at 79810.

Events to watch out for the next week:**International Events**

1. S&P Global US Manufacturing PMI for Aug'25 on 2 September 2025
2. US Trade Balance for Jul'25 on 4 September 2025
3. S&P Global US Composite PMI for Aug'25 on 4 September 2025
4. US Unemployment Rate for Aug'25 on 5 September 2025
5. Eurozone CPI for Aug'25 on 2 September 2025
6. HCOB Eurozone Composite PMI for Aug'25 on 3 September 2025
7. Caixin China PMI Composite for Aug'25 on 3 September 2025

Domestic Events

1. Forex Reserves for week ended 29 August 2025 on 5 September 2025
2. HSBC India PMI Manufacturing for Aug'25 on 1 September 2025

Key Equity Market Indices	Closing	% Change WoW
BSE Sensex	79,810	-1.84
Nifty 50	24,427	-1.78
BSE 100	25,557	-2.03
BSE 200	11,049	-2.11
BSE Midcap	44,642	-2.72
BSE Smallcap	51,449	-2.93
BSE FMCG	20,611	0.43
BSE HC	43,623	-2.64
BSE IT	34,437	-0.95
BSE Auto	55,960	-1.25
BSE BANKEX	60,025	-2.36
BSE CG	65,417	-2.58
BSE CD	60,638	-0.06
BSE Oil & Gas	25,540	-2.62

Other Key Indices#	Closing	Change WoW
10 Year G-Sec (6.33% 2035)	6.53%	0 bps
Interbank Call	5.46%	(-) 6 bps
INR/USD	88.21	0.78%
Gold (Rs/10gm)	1,02,388	3.05%

Taken during market hours, 10 Year G-Sec (6.33% 2035) and Interbank Call as on 28 August '25

World Indices	Closing	% Change WoW
Dow Jones*	45,637	1.90
Nasdaq*	21,705	2.87
FTSE	9,193	-1.35
DAX	23,956	-1.53
Hang Seng	25,078	-1.03
Nikkei	42,718	0.20
Bovespa*	1,41,049	4.86
Indonesia Jakarta	7,830	-0.36

* Dow Jones, Nasdaq and Bovespa as on Thursday

Rs. Bn	Gross Buying	Gross Selling	Net (WoW)
FPIs	840.3	969.9	-129.5
DIIIs	451.9	347.8	104.1

Data for FPI from 22 August 2025 to 28 August 2025. Data for DII from 18 August 2025 to 21 August 2025.

Arbitrage Spreads	Spot	Future*	Prem/(Dis)
Nifty 50	24,427	24,577	150

*September 2025 Expiry

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