Weekly AAG

04 September 2025

Key International events:

According to the University of Michigan, consumer sentiment in the US deteriorated slightly more than previously estimated. **The consumer sentiment index for August 2025 was downwardly revised to 58.2 from the preliminary reading of 58.6.** The reading is down from 61.7 in July 2025.

The Trump administration has proposed steep tariffs on imported medicines, with officials publicly floating levies as high as 200% on some drugs. That would mark a sharp break from decades in which many medicines entered the United States duty free.

According to the US Institute for Supply Management, **Manufacturing PMI of US inched up to 48.7 in August 2025 after falling to a nine-month low of 48.0 in July 2025,** although the index still indicated the sixth consecutive month of contraction.

As per data from the US Labor Department, **job openings in the US dipped to 7.18 mn in July 2025, their lowest level in ten months, after tumbling to a downwardly revised 7.36 mn in June 2025.** Economists had expected job openings to fall to 7.38 mn from the 7.44 mn originally reported for the previous month.

According to the US Commerce Department, **factory orders for US manufactured goods fell by 1.3% MoM in July 2025 after plunging by 4.8% MoM in June 2025.** Economists had expected it to decrease by 1.4% MoM.

As per final survey data from S&P Global, the Euro area private sector expanded at the fastest pace in a year but the overall rate was sluggish as the service sector held back growth. **The HCOB composite output index rose to 51.0 in August 2025 from 50.9 in July 2025.** The score was slightly below the initial estimate of 51.1**.**

According to S&P Global, **the HCOB final manufacturing Purchasing Managers' Index in the Euro area improved to 50.7 in August 2025 from 49.8 in July 2025.** This was the first expansion since June 2022. The flash score was 50.5.

According to a statement from Switzerland, **the free trade agreement between India and the European Free Trade Association (EFTA) will come into force from October 1, 2025.**

According to survey data from S&P Global, China's manufacturing sector returned to growth as rising orders pushed up purchasing activity and unfinished business but firms remained cautious about hiring. **The RatingDog Manufacturing Purchasing Managers' Index posted 50.5 in August 2025, up from 49.5 in July 2025.**

The member states of the Shanghai Cooperation Organisation (SCO) agreed to a Chinese proposal to set up a new development bank and opposed unilateral coercive measures, vowing to facilitate trade within the group. PM Modi said the SCO can play a guiding role in promoting multilateralism and an inclusive world order.

Key Domestic events:

As per estimates released by MoSPI, **India's GDP grew 7.8% YoY in Q1 FY26, hitting a five-quarter high.** During Q1 FY25, GDP growth stood at 6.5% YoY. The latest estimates are above RBI's projection of 6.5% YoY for Q1 FY26.

According to the Controller General of Accounts (CGA), **the Centre's Fiscal Deficit for April-July of FY26 expanded to 29.9% of the Budget Estimates (BE) comparable to Rs 4.7 trillion from Rs 2.8 trillion or 17.2% of BE for the April-July of FY25.** The net tax revenue stood at 23.3% of BE in April-July of FY26, compared to 27.7% in the corresponding period of FY25.

As per RBI data, **the net Foreign Direct Investment (FDI) in India declined 21.1% YoY to USD 4.91 bn in Q1 FY26 from USD 6.22 bn in Q1 FY25,** on higher outward investments from the country and repatriation/divestment. The gross FDI was USD 25.17 bn in Q1 FY26, higher than USD 22.77 bn a year ago.

According to the RBI, **outward remittances under their Liberalised Remittance Scheme (LRS) were flat at USD 6.92 bn during Q1 FY26,** as the fall in overseas education was cushioned by growth in other investments. The amount remitted under LRS was up 0.5% YoY from USD 6.88 bn recorded in Q1 FY25.

As per government data, **Goods and Services Tax (GST) collection in August 2025 rose 6.5% YoY to over Rs 1.86 trillion with increased domestic sales,** and the upcoming festive season is likely to swell the kitty going forward. The August GST mop-up is, however, lower than Rs 1.96 trillion collected in July 2025.

According to the RBI, **India's Current Account Balance slipped into a deficit of USD 2.4 bn, or 0.2% of GDP, in Q1 FY26.** In contrast, it had posted a surplus of USD 13.5 bn (1.3% of GDP) in Q4 FY25. The CAD stood at Rs 8.6 bn (0.9% of GDP) in Q1 FY25. The decline in CAD was driven by a higher services trade surplus.

As per data from S&P Global, India's manufacturing sector saw a strong growth, **with the HSBC India Manufacturing Purchasing Managers' Index (PMI) rising to 59.3 in August 2025 from 59.1 in July 2025.** The growth reflected acceleration in production volumes, with the pace of expansion the quickest in nearly five years.

According to NPCI data, **UPI transactions soared past 20.01 bn-mark in August 2025, a 3% MoM rise from 19.47 bn registered in July 2025,** reflecting increased economic activity. However, in terms of value, transactions were down marginally by 1% MoM to Rs 24.85 trillion in August 2025 versus Rs 25.08 trillion in July 2025.

India Ratings and Research (Ind-Ra) said that **Engineering, procurement and construction companies could see mid-to-high single-digit revenue growth and largely stable margins, with some upside, in FY26.** This is despite the undemanding base effect of FY25 when revenue slumped 4-5% YoY with the absolute sector EBITDA remaining largely flat, hit by the busy election season.

According to CRIF High Mark, **India's consumption loan portfolio clocked a 14.5% YoY growth to touch Rs 105.6 trillion in Q1 FY26.** The spurt was primarily led by gold loans, which surged 34.6% YoY, followed by two-wheeler and auto loans. In contrast, personal loan growth slowed significantly to 8.7% YoY.

As per data from Grid India, the country's power generation in August 2025 rose at its fastest pace since March 2025 as manufacturing activity accelerated due to strong demand. **The 4% YoY increase in electricity output last month helped boost coal-fired power generation for the first time in five months**.

According to Oil Minister Hardeep Singh Puri, **India is raising its Liquefied Natural Gas (LNG) import capacity by 27% to 66.7 mn metric tons per year by 2030 by adding two more plants.** India, the world's fourth-largest gas importer, has eight LNG terminals with a combined capacity of 52.7 mn tons a year.

The 56th Goods and Services Tax (GST) Council meeting, chaired by Finance Minister Nirmala Sitharaman, has announced that GST rates will be reduced to 5% and 18%. Most of the items useful for common man have been moved to 5% slab. The two-rate GST structure will kick-in from September 22, 2025.

As per a media report, **the new GST regime, with 5% and 18% slabs, will provide relief to the FMCG sector.** Everyday items such as soaps, toothbrushes, hair oil, namkeen, instant noodles, chocolates and instant coffee will now attract 5% GST. Breads, paneer and ultra-high temperature processed milk will have nil GST.

As per data from DPIIT, **FDI in India rose 15% YoY to USD 18.62 bn during Q1 FY26.** Inflow from the US nearly tripled to USD 5.61 bn during the quarter. FDI during Q1 FY25 stood at USD 16.17 bn. Total FDI, including equity inflows, reinvested earnings and other capital, increased to USD 25.2 bn during Q1 FY26 as against USD 22.5 bn in Q1 FY25.

According to S&P Global, India's services sector continued its strong run, hitting a 15-year high on new orders and rising output led by international demand. **The HSBC India Services Purchasing Managers' Index (PMI) climbed to 62.9 in August 2025, up from 60.5 in July 2025.**

According to NSO's new Quarterly Bulletin of Unincorporated Sector Enterprises (QBUSE), **employment in India's unincorporated non-agricultural sector dipped by 2.1% QoQ in Q1 FY26 even as the total number of establishments saw a slight increase.** The number of workers across rural and urban unincorporated enterprises fell to 128.6 mn in Q1 FY26 from an all-time high of 131.3 mn in Q4 FY25.

Equity Round up: S&P BSE Sensex opened at 79829. It made a weekly high of 81457 and a low of 79818 before closing 908 points higher at 80718.

Events to watch out for the next week:

International Events

1. US CPI for Aug'25 on 11 September 2025
2. US Federal Budget Balance for Aug'25 on 11 September 2025
3. Eurozone Sentix Investor Confidence for Sep'25 on 8 September 2025
4. ECB Monetary Policy Meeting on 11 September 2025
5. China Trade Balance for Aug'25 on 8 September 2025
6. China CPI for Aug'25 on 9 September 2025

Domestic Events

1. Forex Reserves for week ended 5 September 2025 on 12 September 2025
2. CPI for Aug'25 on 12 September 2025

Key Equity Market Indices	Closing	% Change WoW
BSE Sensex	80,718	1.14
Nifty 50	24,734	1.26
BSE 100	25,908	1.37
BSE 200	11,211	1.47
BSE Midcap	45,504	1.93
BSE Smallcap	52,706	2.44
BSE FMCG	20,996	1.87
BSE HC	44,246	1.43
BSE IT	34,481	0.13
BSE Auto	58,130	3.88
BSE BANKEX	60,480	0.76
BSE CG	67,021	2.45
BSE CD	62,340	2.81
BSE Oil & Gas	25,863	1.26

Other Key Indices#	Closing	Change WoW
10 Year G-Sec (6.33% 2035)	6.56%	3 bps
Interbank Call	5.35%	(-) 11 bps
INR/USD	88.15	-0.06%
Gold (Rs/10gm)	1,05,945	3.47%

 # Taken during market hours, 10 Year G-Sec (6.33% 2035) and Interbank Call as on 03 September '25

World Indices	Closing	% Change WoW
Dow Jones*	45,271	-0.80
Nasdaq*	21,498	-0.96
FTSE	9,194	0.01
DAX	23,778	-0.74
Hang Seng	25,059	-0.08
Nikkei	42,580	-0.32
Bovespa*	1,39,864	-0.84
Indonesia Jakarta	7,867	0.47

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

Rs. Bn	Gross Buying	Gross Selling	Net (WoW)
FPIs	457.1	579.7	-122.6
DIIs	335.6	232.0	103.7

Data for FPI from 29 August 2025 to 03 September 2025. Data for DII from 29 August 2025 to 02 September 2025.

Arbitrage Spreads	Spot	Future*	Prem/(Dis)
Nifty 50	24,734	24,836	102

September 2025 Expiry

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