

Key International events:

According to the ISM, **US Manufacturing PMI edged down to 48.0 in July 2025 vs. 49.0 in June 2025.** The economists had expected the index to creep up to 49.5.

According to CME Group's FedWatch Tool, **the chances of a quarter point rate cut in September 2025 have jumped to 91.9% from 63.1% in the week ended July 31, 2025.**

As per the US Commerce Department, **the US trade deficit narrowed to USD 60.2 bn in June 2025 from a revised USD 71.7 bn in May 2025.** Economists had expected the trade deficit to fall to USD 61.6 bn. Imports plunged by 3.7% MoM to USD 337.5 bn in June 2025 after slipping by 0.2% MoM to USD 350.3 bn in May 2025.

As per data from the US Institute for Supply Management, **the US Services PMI edged down to 50.1 in July 2025 from 50.8 in June 2025.** Economists had expected the index to rise to 51.5 during July 2025.

According to data from S&P Global, **the Euro area HCOB Composite Output Index rose to 50.9 in July 2025 from 50.6 in June 2025.** The flash reading was 51.0. The rate of growth in the Euro area private sector remained sluggish as stagnant demand pulled back production.

As per Eurostat, **the Euro area consumer price inflation was unchanged as the harmonized index of consumer prices increased 2.0% YoY in July 2025,** in line with the ECB's 2% YoY target.

The Bank of England reduced its benchmark interest rate in a close call suggesting that the monetary easing cycle is nearing an end as policymakers became more concerned about persistent inflation. **The Monetary Policy Committee, headed by BoE Governor Andrew Bailey, voted 5-4 to cut the bank rate by 25 bps to 4.00%.**

According to China's Customs Office, **China's exports surged by 7.2% YoY in July 2025, following June's 5.8% YoY increase. Exports were forecast to rise by 5.4% YoY.** Exports logged a robust growth as the sharp decline in shipments to the US was offset by the rise in exports to the EU and other markets.

As per data from S&P Global, **China's Manufacturing Purchasing Managers' Index fell to 49.5 in July 2025 from 50.4 in June 2025,** as softening new orders forced manufacturers to scale back production and staffing.

According to data from S&P Global, **China's services activity expanded at the fastest pace in more than a year as the headline General Services Business Activity index rose to 52.6 in July 2025 from 50.6 in June 2025.**

Key Domestic events:

According to RBI data, **India's forex reserves rose by USD 2.70 bn to USD 698.19 bn during the week ended July 25, 2025.** Foreign Currency Assets, a major component of the reserves, increased by USD 1.32 bn to USD 588.93 bn. The gold reserves grew by USD 1.21 bn to USD 85.70 bn during the week.

According to various economists, **the US' move to raise the tariff on most Indian goods to 50% could drag India's GDP growth for FY26 by 35 to 60 bps.**

As per NPCI data, **Unified Payments Interface (UPI) transactions reached 19.47 bn in July 2025, up 6% MoM. The transactions were worth Rs 25.08 trillion, a 4% MoM increase in value.** Daily transactions increased from 613 mn in June 2025 to 628 mn in July 2025 with their value increasing from Rs 801.31 bn to Rs 809.19 bn.

According to Govt. data, **India's net revenues from Goods and Services Tax (GST) grew by a marginal 1.7% YoY in July 2025 to Rs 1.68 trillion,** largely due to a sharp spike in refunds even as gross collections were up 7.5% YoY at almost Rs 1.96 trillion. Net revenues from domestic transactions, in fact, contracted 0.2% YoY in July, even though gross domestic revenues were up 6.7% YoY.

Fitch Ratings, in its India Corporates Credit Trends Report, cut India's GDP projections for FY26 to 6.3% YoY, down from their earlier projection of 6.4% YoY in April 2025, and said they expect a limited direct impact of higher US tariffs on Indian corporates. Further, they expect credit metrics to improve for their rated Indian corporates in FY26, as wider EBITDA margins offset their high capex intensity.

According to S&P Global, **the HSBC India Composite Purchasing Managers' Index (PMI) edged up to 61.1 in July 2025 from 61.0 in June 2025,** marking a 15-month high.

According to data from S&P Global, **the HSBC India Manufacturing Purchasing Managers' Index (PMI) climbed to a 16-month high of 59.1 in July 2025, up from 58.4 in June 2025.** The improvement was driven by strong gains in new orders and output, though business sentiment and hiring momentum showed signs of weakness.

According to S&P Global, **the HSBC India Services PMI stood at 60.5 in July 2025, from 60.4 in June 2025,** aided by robust expansion in demand, international sales and output.

According to Deloitte India, **India's economy is expected to grow at 6.4-6.7% YoY in FY26 on the back of robust domestic fundamentals and expanding global opportunities.** However, India must monitor its trade exposure and be prepared for the outcomes of geopolitical uncertainties.

As per India Ratings and Research, **banks' credit growth is expected to climb up to 13% YoY in FY26, but added that higher tariffs, if they indeed come about, may impact the number.** The return on assets for the banking system to come down to 1.33% in FY26 from 1.38% in FY25.

The RBI's Monetary Policy Committee (MPC), decided to keep the benchmark repo rate unchanged at 5.5%, with a 6-0 unanimous vote. The committee also maintained its policy stance at 'neutral', signaling that future move will depend on inflation and growth dynamics. The SDF rate remained at 5.25%, while the MSF rate and the Bank Rate were unchanged at 5.75% each.

The RBI sharply lowered its inflation forecast to 3.1% YoY for FY26 from 3.7% YoY earlier, citing easing food prices, a favourable monsoon, and adequate foodgrain stocks, while keeping its growth outlook steady at 6.5% YoY for FY26. The MPC projected inflation at 2.1% YoY in Q2 FY26, 3.1% YoY in Q3 FY26, and 4.4% YoY in Q4 FY26. For Q1 FY27, inflation is expected to rise to 4.9% YoY as base effects fade.

In a significant escalation of trade tensions, **the Donald Trump administration imposed a further 25% tariff on Indian exports to the US, blaming New Delhi's continued purchases of Russian crude oil. The move brings the total tariff burden to 50%,** leaving India at a marked disadvantage compared to global competitors, including China, on virtually all merchandise exports to the US.

The government has proposed 2022-23 as the new base year for the Index of Industrial Production (IIP) and Gross Domestic Product (GDP), and 2024 for the Consumer Price Index (CPI). Currently, the base year for both IIP and GDP is 2011-12, while it is 2012 for CPI. The new CPI will draw weight of items from the Household Consumption Expenditure Survey 2023-24.

According to RBI, **Indian households' median perception on inflation declined by 50 bps to 7.2% YoY in July 2025 as compared with May 2025 round,** reflecting in part the decline in consumer inflation to a six-year low. The inflation expectations for the next three months and one year moderated by 60 bps and 50 bps, respectively.

According to CRISIL, **the cost of vegetarian and non-vegetarian thalis declined 14% YoY and 13% YoY, respectively, thanks to a drop in prices of vegetables, broiler and pulses.**

According to think tank GTRI, **the imposition of a 50% US tariff on Indian goods will impact exports of nine product categories, including shrimp, organic chemicals, apparel, and jewellery by 50-70%.** The duty will come into effect from August 27, 2025.

Equity Round up: S&P BSE Sensex opened at 80766. It made a weekly high of 81093 and a low of 79776 before closing 742 points lower at 79858.

Events to watch out for the next week:

International Events

1. US CPI for Jul'25 on 12 August 2025
2. US Industrial Production for Jul'25 on 15 August 2025
3. US Manufacturing Production for Jul'25 on 15 August 2025
4. Eurozone GDP for Q2 CY25 on 14 August 2025
5. Eurozone Industrial Production for Jun'25 on 14 August 2025
6. China Industrial Production for Jul'25 on 15 August 2025

Domestic Events

1. Forex Reserves for week ended 8 August 2025 on 15 August 2025
2. CPI for Jul'25 on 12 August 2025
3. Imports for Jul'25 on 12 August 2025
4. Trade Balance for Jul'25 on 12 August 2025
5. Wholesale Prices for Jul'25 on 14 August 2025

Key Equity Market Indices	Closing	% Change WoW
BSE Sensex	79,858	-0.92
Nifty 50	24,363	-0.82
BSE 100	25,505	-0.88
BSE 200	11,031	-0.95
BSE Midcap	44,571	-1.29
BSE Smallcap	51,597	-1.86
BSE FMCG	20,200	-2.21
BSE HC	43,161	-2.50
BSE IT	33,816	-1.06
BSE Auto	52,473	0.22
BSE BANKEX	61,127	-1.10
BSE CG	66,751	-1.62
BSE CD	59,029	-0.26
BSE Oil & Gas	26,029	-0.97

Other Key Indices#	Closing	Change WoW
10 Year G-Sec (6.33% 2035)	6.39%	2 bps
Interbank Call	5.44%	(-) 4 bps
INR/USD	87.66	0.13%
Gold (Rs/10gm)	1,00,942	2.74%

Taken during market hours, 10 Year G-Sec (6.33% 2035) and Interbank Call as on 07 August '25

World Indices	Closing	% Change WoW
Dow Jones*	43,969	-0.37
Nasdaq*	21,243	0.57
FTSE	9,099	0.21
DAX	24,210	2.49
Hang Seng	24,859	1.43
Nikkei	41,820	2.50
Bovespa*	1,36,528	2.60
Indonesia Jakarta	7,533	-0.06

* Dow Jones, Nasdaq and Bovespa as on Thursday

Rs. Bn	Gross Buying	Gross Selling	Net (WoW)
FPIs	608.2	725.9	-117.7
DIIs	448.6	323.1	125.6

Data for FPI from 01 August 2025 to 07 August 2025. Data for DII from 01 August 2025 to 06 August 2025.

Arbitrage Spreads	Spot	Future*	Prem/(Dis)
Nifty 50	24,363	24,430	67

*August 2025 Expiry

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HDFC Bank House, 1 st Floor, C.S. No. 6 \ 242, Senapati Bapat Marg, Lower Parel, Mumbai 400 013. Phone: (91)-22-66527100, ext 7111, Fax: (91)-22-24900983 \ 24900858

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