

Macro-Economic Update and Key Events

Event Update

The RBI maintained policy repo rate at 5.50%

The Monetary Policy Committee (MPC) in its third bi-monthly monetary policy review of FY26 decided to maintain the policy repo rate at 5.50%. Consequently, the standing deposit facility (SDF) rate under the liquidity adjustment facility (LAF) remains unchanged at 5.25% and the marginal standing facility (MSF) rate and the Bank Rate at 5.75%. This decision is in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4% within a band of +/- 2%, while supporting growth. The MPC decided to maintain a neutral stance while closely monitoring incoming data and growth-inflation trends to guide future policy.

Industrial Production rose by 1.5% YoY in Jun 2025

The Index of Industrial Production (IIP) rose by 1.5% YoY in Jun 2025 from a 1.9% increase in May. The growth was primarily driven by a 3.9% rise in manufacturing output, while electricity generation and mining activity both contracted.

GST revenue stood at USD 22.39 bil in Jul 2025

The total gross Goods and Services Tax (GST) revenue grew by 7.5% YoY and stood at USD 22.39 bil in Jul 2025, compared to USD 21.73 bil in Jul 2024.

Manufacturing PMI rose to a 16-month high in Jul 2025

The Manufacturing Purchasing Managers' Index rose to a 16-month high of 59.1 in Jul 2025, up from 58.4 in Jun 2025, driven by strong gains in new orders and output, though business sentiment and hiring momentum showed signs of weakness.

Services PMI climbed to an 11-month high in Jul 2025

India's Services Purchasing Managers' Index (PMI) climbed to an 11-month high of 60.5 in Jul 2025 from 60.4 in Jun 2025, driven by strong export demand. The composite PMI rose to 61.1 in Jul 2025 from 61.0 in Jun 2025.

CPI-based inflation eased to 2.10% YoY in Jun 2025

India's Consumer Price Index (CPI)-based inflation eased to 2.10% YoY in Jun 2025, down from 2.82% in May 2025, driven by lower food prices. This marks the fifth consecutive month that inflation has remained below the Reserve Bank of India's (RBI) 4% target.

Fiscal deficit stood at 17.9% of BE till Jun of FY26

Government data showed that India's fiscal deficit for the period from Apr to Jun of FY26 stood at USD 32.10 bil or 17.9% of the Budget Estimates (BE) of the current fiscal. India's fiscal deficit was at 8.4% of the BE in the corresponding period of the previous fiscal year. Total expenditure stood at USD 139.58 bil or 24.1% of the BE as compared to 20.1% of the BE in the corresponding period of the previous fiscal year.

Key Indicator	Frequency	Period	Current	Previous
CPI	Monthly	Jun-25	2.10%	2.82%
WPI	Monthly	Jun-25	-0.13%	0.39%
IIP	Monthly	Jun-25	1.50%	1.90%
GDP	Quarterly	Mar-25	7.40%	6.40%
Credit Growth	Fortnightly	Jul-25	9.80%	9.50%
Deposit Growth	Fortnightly	Jul-25	10.10%	10.10%
Export Growth (YoY)	Monthly	Jun-25	-0.06%	-2.17%
Import Growth (YoY)	Monthly	Jun-25	-3.71%	-1.73%
Trade Balance (Billion)	Monthly	Jun-25	-\$18.78	-\$21.88

Source: RBI, MOSPI CPI- Consumer Price Index, WPI- Wholesale Price Index IIP- Index of Industrial Production, GDP- Gross Domestic Product, Trade deficit- in Billion, All above indicators are in percentage change on Y-o-Y (Year-on-Year) basis, except Trade Deficit. For Credit and Deposit growth, previous means last fortnight of the previous month. Latest available data as on 31-Jul-2025.

Institutional Flows (Equity)

Net Flow (USD bil)	Current Month	Previous Month	Year to Date
FII Flows	-2.03	1.71	-10.94
DII Flows	6.96	8.50	48.49
MF Flows	5.37	5.08	32.54

Source: CDSL & SEBI; As on 31-Jul-2025

Institutional Flows (Debt)

Net Flow (USD bil)	Current Month	Previous Month	Year to Date
FII Flows	-0.03	-0.72	0.09
MF Flows	-2.42	-3.74	-40.43

Source: CDSL & SEBI; As on 31-Jul-2025

Exchange Rate Movement

Exchange Rate	Jul-25	1 Month Ago	3 Months Ago	6 Months Ago	Year Ago
₹/ Euro	100.25	100.45	96.74	90.01	90.62
₹/ Pound	116.24	117.47	113.88	107.62	107.55
₹/ 100 Yen	58.85	59.43	59.62	55.96	54.78
₹/ Dollar	87.55	85.54	85.05	86.64	83.74

Source: Refinitiv

Performance of Various Commodities

Commodities	Jul-25	Returns			
		1 Week	1 Month	6 Month	1 Year
Crude Brent(\$/Barrel)	75.03	4.45%	5.47%	-4.05%	-9.36%
Gold (\$/Oz)	3,290.02	-2.31%	-0.40%	17.46%	34.39%
Gold (₹./10 gm)	98,068.00	-0.38%	2.50%	19.89%	42.03%
Silver (\$/Oz)	36.74	-5.99%	1.83%	17.37%	26.52%
Silver (₹./Kg)	110,005.00	-4.20%	4.05%	18.04%	32.83%

Source: Refinitiv

Key Events Calendar

Event	Date	Current	Previous
U.S. Fed Funds Target Rate	30-Jul	4.38%	4.38%
Japan JP BOJ Rate Decision	31-Jul	0.50%	0.50%
U.S. PCE Price Index YY Jun 2025	31-Jul	2.60%	2.40%
Euro Zone Unemployment Rate Jun 2025	31-Jul	6.20%	6.20%
China Caixin Mfg PMI Final Jul 2025	1-Aug	49.50	50.40

Source: Refinitiv

Indian Debt Market Update

Key Policy Rates (%)

	Jul-25	3 Months Ago	6 Months Ago	Year Ago	2 Years Ago
Repo	5.50	6.00	6.50	6.50	6.50
Reverse Repo	3.35	3.35	3.35	3.35	3.35
Bank Rate	5.75	6.25	6.75	6.75	6.75
CRR	4.00	4.00	4.00	4.50	4.50
SLR	18.00	18.00	18.00	18.00	18.00
SDF	5.25	5.75	6.25	6.25	6.25

Source: RBI

10 Year Benchmark Bond



Source: Refinitiv

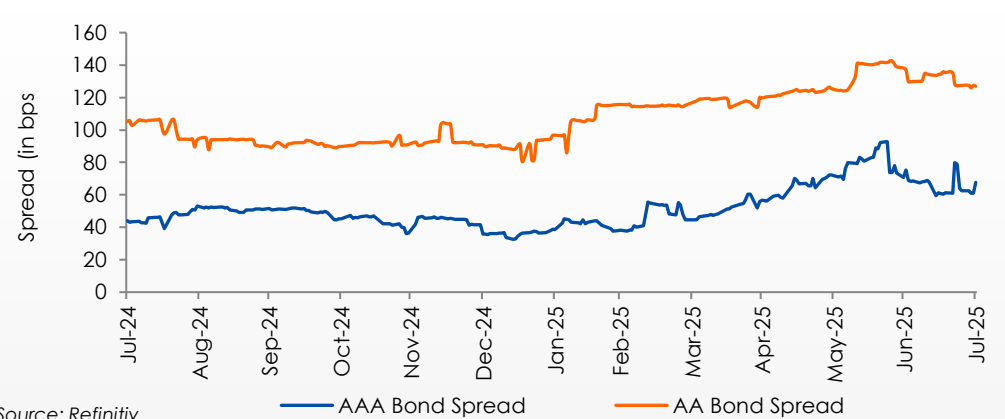
Bond yields rose on higher U.S. Treasury yields and tighter domestic liquidity from tax outflows. Hawkish RBI commentary and reduced hopes of a near-term rate cut further supported the move, with policy now guided by forward-looking growth and inflation outlooks.

Money Market Rates (%)

	Jul-25	1 Month Ago	3 Months Ago	6 Months Ago	Year Ago
Call	5.49	5.50	5.94	6.60	6.49
TREP	5.43	5.42	5.95	6.58	6.41
FBIL 1 Month Term Mibor	6.00	6.02	6.46	7.10	7.09
91 Days T-Bills	5.39	5.37	5.89	6.55	6.65
3 Month CP	5.84	5.88	6.57	7.51	7.20
6 Month CP	6.07	6.18	6.71	7.71	7.48

Source: Refinitiv

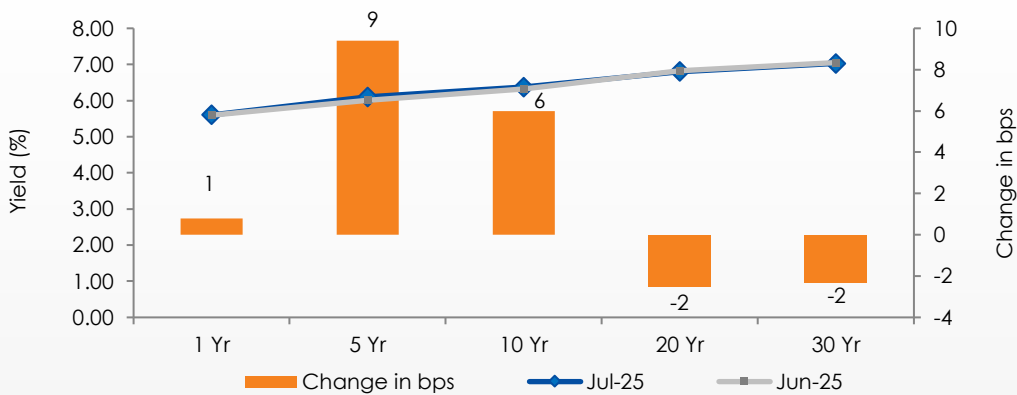
10 Year Corporate Bond Spread (for AAA & AA bonds)



Source: Refinitiv

Yield on corporate bonds fell between 2 to 17 bps across the curve, barring 7 to 10 year papers that increased up to 3 bps, while 6 year paper was unchanged.

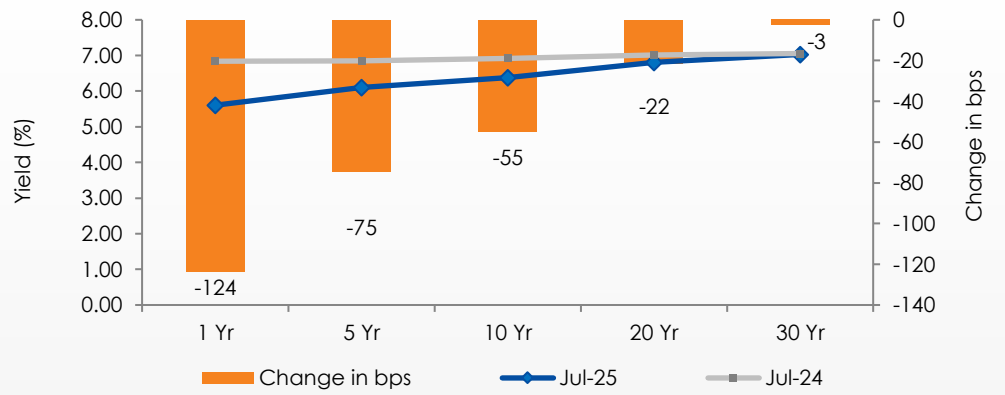
India Yield Curve Shift (Month-on-Month)



Source: Refinitiv

Yield on gilt securities rose up to 10 bps across the maturities, barring 2, 6, 7, 19 & 30 year papers that fell between 2 to 5 bps, while 3 year paper was unchanged. Difference in spread between corporate bond & gilt securities contracted between 3 to 16 bps across the segments, 6 & 7 year papers that expanded by 3 & 6 bps, respectively.

India Yield Curve Shift (Year-on-Year)



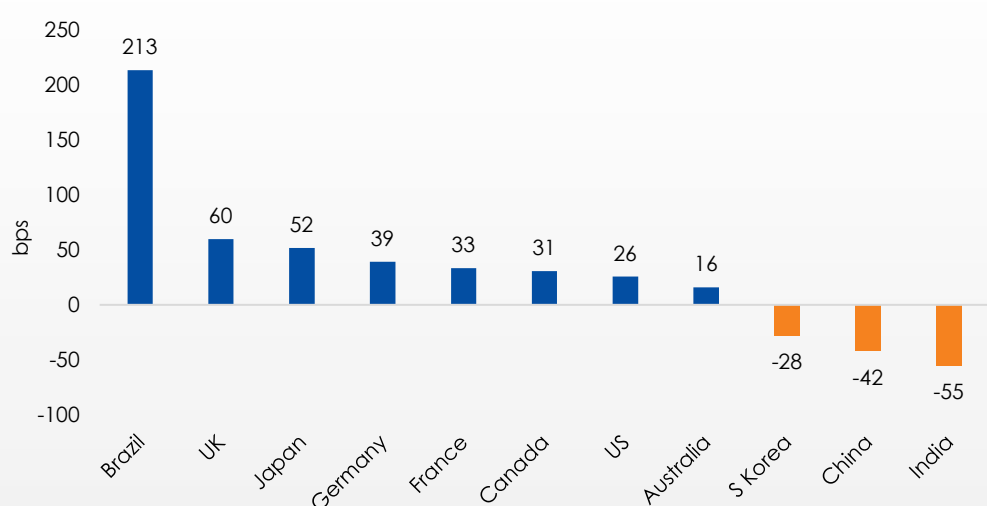
Source: Refinitiv

Year on year, yields on gilt fell between 3 to 127 bps across the maturities. Yield on corporate bonds fell in the range of 33 to 76 bps across the curve.

Global Debt Market Update

Brazil saw the highest rise in yields while highest fall was in India

Change in 10 Year Sovereign Bond Yield: Jul-25 v/s Jul-24 (bps)



Source: Refinitiv

Yield of 10 Year Government Bonds (%)

	Jun-25	Jul-25	Range:Jul-2025	Real Yields: Jul-25
Brazil	13.6	14.1	14.15 - 13.48	8.8
India	6.3	6.4	6.37 - 6.29	4.3
France	3.3	3.3	3.43 - 3.25	2.3
Australia	4.2	4.3	4.41 - 4.12	2.2
US	4.2	4.4	4.49 - 4.25	1.7
China	1.7	1.7	1.74 - 1.64	1.6
Canada	3.3	3.5	3.61 - 3.36	1.6
UK	4.5	4.6	4.68 - 4.45	1.0
Germany	2.6	2.7	2.73 - 2.57	0.7
S Korea	2.8	2.8	2.9 - 2.79	0.7
Japan	1.4	1.6	1.6 - 1.38	-1.3

Source: Refinitiv

Monthly Market Update

August 2025



Indian Equity Market Update



Domestic equities declined as escalating U.S. tariff tensions and stalled India-U.S. trade talks dampened hopes of a quick resolution. The sell-off deepened after the U.S. President announced a 25% tariff on Indian goods effective Aug 1, 2025. Concerns over missing the trade deal deadline, weak Q1FY26 earnings, and sustained FPI outflows further weighed on sentiment.

Source: NSE; Returns are on the basis of TRI index

Rolling Returns – Monthly Performance

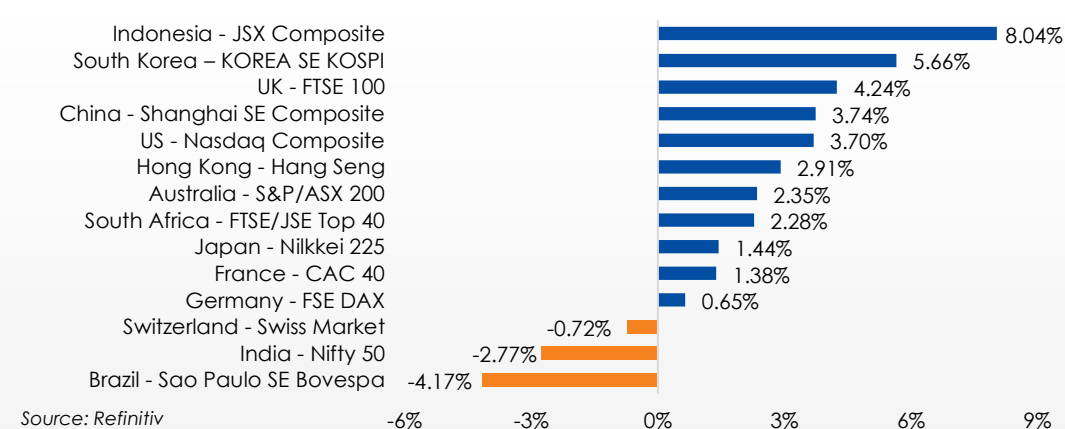
Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25
Nifty Pharma 6.80%	Nifty Metal 8.54%	Nifty Pharma -2.34%	Nifty IT 6.78%	Nifty Pharma 5.27%	Nifty Auto 0.15%	Nifty Financial Services -0.79%	Nifty Energy 11.85%	Nifty Bank 6.83%	Nifty Media 13.04%	Nifty Infra 5.06%	Nifty Pharma 3.63%
Nifty IT 4.76%	Nifty Realty 4.34%	Nifty Financial Services -2.42%	Nifty Realty 2.07%	Nifty Realty 3.16%	Nifty FMCG -0.19%	Nifty Metal -2.14%	Nifty Metal 10.62%	Nifty FMCG 5.35%	Nifty Realty 7.18%	Nifty IT 4.57%	Nifty FMCG 1.76%
Nifty FMCG 1.67%	Nifty FMCG 3.93%	Nifty Bank -2.84%	Nifty Bank 1.13%	Nifty IT 0.44%	Nifty IT -0.99%	Nifty Bank -2.51%	Nifty Infra 10.34%	Nifty Auto 4.76%	Nifty Metal 7.13%	Nifty Metal 3.96%	Nifty Auto -0.57%
Nifty Financial Services 1.18%	Nifty Financial Services 3.56%	Nifty IT -3.12%	Nifty Financial Services 0.56%	Nifty FMCG -1.97%	Nifty Financial Services -1.23%	Nifty Pharma -7.41%	Nifty Financial Services 8.91%	Nifty Financial Services 4.15%	Nifty Energy 4.80%	Nifty Realty 3.92%	Nifty Financial Services -1.83%
Nifty Bank -0.17%	Nifty Auto 3.26%	Nifty Media -5.57%	Nifty Auto -0.60%	Nifty Financial Services -2.07%	Nifty Infra -1.29%	Nifty Infra -8.06%	Nifty Realty 6.69%	Nifty Realty 4.06%	Nifty IT 4.72%	Nifty Bank 3.12%	Nifty Bank -2.26%
Nifty Energy -0.27%	Nifty Bank 3.17%	Nifty Infra -7.81%	Nifty Media -0.82%	Nifty Auto -2.29%	Nifty Bank -2.50%	Nifty FMCG -10.08%	Nifty Pharma 6.68%	Nifty Infra 3.88%	Nifty Auto 4.62%	Nifty Financial Services 2.93%	Nifty Metal -2.57%
Nifty Infra -0.51%	Nifty Media 1.61%	Nifty Metal -8.55%	Nifty Infra -0.93%	Nifty Bank -2.30%	Nifty Metal -2.89%	Nifty Auto -10.35%	Nifty Bank 6.66%	Nifty Pharma 3.00%	Nifty Infra 2.12%	Nifty Pharma 2.91%	Nifty Infra -3.44%
Nifty Metal -1.66%	Nifty Infra 1.58%	Nifty Realty -9.05%	Nifty FMCG -1.86%	Nifty Infra -3.10%	Nifty Energy -3.45%	Nifty Energy -11.11%	Nifty Media 6.44%	Nifty Media 2.62%	Nifty Financial Services 1.65%	Nifty Media 2.52%	Nifty Energy -3.91%
Nifty Auto -1.67%	Nifty Energy 0.59%	Nifty FMCG -9.65%	Nifty Pharma -2.16%	Nifty Metal -4.03%	Nifty Pharma -8.40%	Nifty Media -12.11%	Nifty FMCG 5.72%	Nifty Energy 2.00%	Nifty Bank 1.37%	Nifty Auto 2.47%	Nifty Media -7.25%
Nifty Media -2.00%	Nifty Pharma 0.28%	Nifty Energy -10.63%	Nifty Metal -3.09%	Nifty Energy -6.12%	Nifty Realty -12.44%	Nifty IT -12.53%	Nifty Auto 3.93%	Nifty IT -2.84%	Nifty FMCG -1.36%	Nifty Energy 1.95%	Nifty Realty -7.34%
Nifty Realty -3.63%	Nifty IT -1.97%	Nifty Auto -12.99%	Nifty Energy -4.47%	Nifty Media -8.96%	Nifty Media -13.04%	Nifty Realty -13.40%	Nifty IT -1.16%	Nifty Metal -5.62%	Nifty Pharma -1.51%	Nifty FMCG -0.53%	Nifty IT -9.07%

In July 2025, Pharma followed by FMCG rose the most, while IT followed by Realty & Media remained the worst performers. Pharma sector climbed, led by export-oriented stocks amid rising optimism over a potential India-U.S. trade pact, which is expected to boost cross-border pharmaceutical demand.

Source: NSE; Returns are on the basis of TRI index

Global Equity Market Update

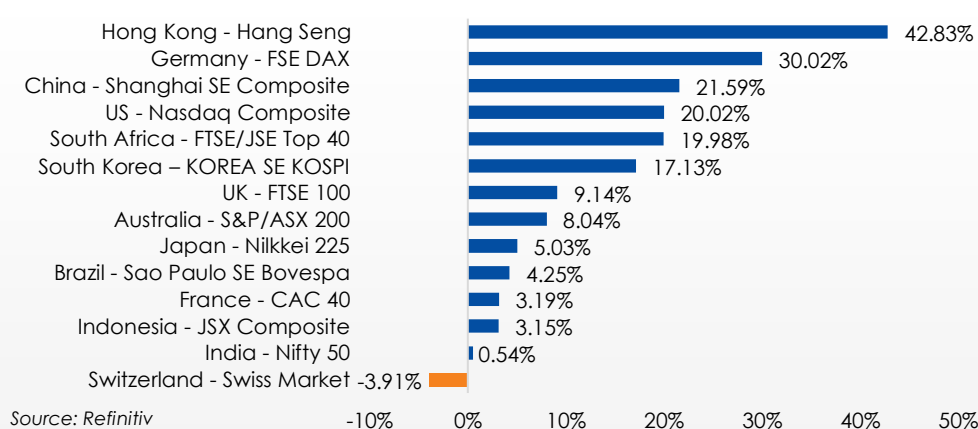
1 Month Performance



Source: Refinitiv

Global markets mostly rose in July 2025, Indonesia followed by South Korea rose the most, while Germany followed by France witnessed the least rise.

1 Year Performance



Source: Refinitiv

In the last one year, the global markets mostly rose with Hong Kong gaining the most while Switzerland fell the most.

News Summary & Event Calendar

News Summary

1. Domestic

- SEBI has permitted mutual funds, Portfolio Management Services, and Alternative Investment Funds to use National Payments Corporation of India's eKYC Setu system for Aadhaar-based digital KYC verification, previously limited to banks and NBFCs. This move streamlines investor onboarding by enabling identity verification without directly using Aadhaar numbers, reducing operational complexity and data handling risks.
- IRDAI has decided to form new panels to curb regulatory violations such as mis-selling and other malpractices by insurance companies and their intermediaries. These panels, headed by Whole-Time Members, will investigate breaches of regulations by insurers and intermediaries, including agents and brokers.
- SEBI has proposed allowing Credit Rating Agencies (CRAs) to rate financial products regulated by other authorities such as RBI, IRDAI, PFRDA, IFSCA, and others. This move could enable CRAs to assess instruments like bank fixed deposits, insurance policies, pension funds, unlisted securities, and IFSCA-regulated offerings. Under the proposal, CRAs must comply with the specific regulations of each product, operate through separate business units for non-SEBI-regulated ratings, and limit their activities to fee-based, non-fund-based services. They must also disclose these activities publicly and submit regular compliance and audit reports to SEBI.
- SEBI has proposed a framework to standardize the valuation of gold and silver across asset management companies (AMCs) to reduce performance discrepancies in ETF schemes. Currently, AMCs use varied benchmarks and frequencies to adjust LBMA prices to domestic levels, leading to inconsistent valuations. SEBI suggests using pooled spot prices published by domestic commodity exchanges, which reflect local market conditions and follow regulatory norms. These spot prices are derived through a polling process that filters out extreme values to ensure accuracy and fairness.
- IRDAI has proposed that insurers appoint internal ombudsmen to independently handle complaints involving claims up to Rs. 50 lakh. Aimed at enhancing policyholder trust and improving complaint resolution, the ombudsman must have at least 20 years of industry experience and operate independently of the insurer. They will mediate unresolved or rejected complaints, issue binding decisions, and recommend systemic improvements, with insurers required to provide full operational support and transparency.
- The government has extended NPS-equivalent tax benefits to employees opting for the Unified Pension Scheme (UPS), aiming to boost its adoption by offering a tax-efficient retirement option within the existing pension framework.

2. International

- The U.S. Federal Reserve announced its widely expected decision to leave interest rates unchanged for the fifth consecutive meeting on Jul 30, 2025. In support of its dual mandate maximum employment and inflation at the rate of 2% over the longer run the Fed stated that it would maintain the target range for the federal funds rate at 4.25% to 4.50%.
- U.S. real gross domestic product (GDP) surged by 3.0% in the second quarter of 2025, rebounding from a 0.5% decline in the first quarter, according to the U.S. Commerce Department.
- The U.S. non-farm payroll employment rose by 147,000 jobs in Jun 2025, following a revised increase of 144,000 jobs in May 2025, according to the Labor Department.
- The European Central Bank kept the deposit rate unchanged at 2.00% on Jul 24, 2025. The refinancing rate was maintained at 2.15%, and the marginal lending rate at 2.40%. The previous change in euro area interest rates was a 25-basis-point reduction in Jun 2025.
- The People's Bank of China kept interest rates unchanged on Jul 21, 2025, as the economy continues to face subdued domestic demand amid challenging global conditions. The bank maintained its one-year loan prime rate (LPR) at 3.0%, while the five-year LPR, a key benchmark for mortgage rates, was also left unchanged at 3.50%.
- China's gross domestic product (GDP) expanded by 5.2% YoY in the second quarter of 2025, following a 5.4% increase in the previous quarter, according to the National Bureau of Statistics.
- The Bank of Japan maintained its interest rate on Jul 31, 2025, and raised its inflation outlook, citing rising food prices. The policy board unanimously decided to keep the uncollateralized overnight call rate at around 0.5%. In Jan 2025, the bank had previously increased the benchmark rate from 0.25% to its current level.

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