

Macro-Economic Update and Key Events

Event Update

GDP witnessed a growth of 7.8% YoY in the Q1 FY26

Government data showed that Gross Domestic Product (GDP) of the Indian economy at constant (2011-12) prices witnessed a growth of 7.8% YoY in the first quarter of FY26. In the Mar-Jun quarter of last year, the GDP growth rate was 6.5%. On the sectoral front, the growth of Manufacturing sector increased marginally to 7.7% in Q1 of FY26 from 7.6% in same quarter of previous fiscal year. The growth of Agriculture, Livestock, Forestry & Fishing increased to 3.7% in Q1 of FY26 compared to 1.5% growth in Q1 of FY25, while Mining & Quarrying fell by 3.1% in the same period.

Industrial Production rose by 3.5% YoY in Jul 2025

The Index of Industrial Production (IIP) grew by 3.5% YoY in Jul 2025, accelerating from a 1.5% increase in Jun 2025. Within the sectoral breakdown, manufacturing and electricity rose by 5.4% and 0.6% respectively, while mining contracted by 7.2% in Jul 2025.

Current account balance recorded a deficit in Q1 FY26

India's current account balance recorded a deficit of US\$ 2.4 billion (0.2% of GDP) in Q1 FY26 as compared with US\$ 8.6 billion (0.9% of GDP) in Q1 FY25 and against a surplus of US\$ 13.5 billion (1.3% of GDP) in Q4 FY25.

Manufacturing PMI rose to 59.3 in Aug 2025

The Manufacturing Purchasing Managers' Index (PMI) rose to 59.3 in Aug 2025 from 59.1 in Jul. This marks the fastest improvement in operating conditions in seventeen and a half years, with production growth accelerating to a nearly five-year high, driven by strong demand and better alignment of supply with orders.

Services PMI climbed to a 15-year high in Aug 2025

India's Services Purchasing Managers' Index (PMI) climbed to a 15-year high of 62.9 in Aug 2025 from 60.5 in Jul 2025, driven by strong growth in new orders and rising output, supported by robust international demand. The composite PMI rose to 63.2 in Aug 2025 from 61.1 in Jul 2025.

CPI-based inflation eased to 1.55% YoY in Jul 2025

India's Consumer Price Index (CPI)-based inflation fell to 1.55% YoY in Jul 2025, down from 2.10% in Jun 2025, driven by easing food price pressures. This marks the first time in over six years that inflation has dropped below the RBI's lower tolerance level of 2%, and it is the lowest YoY inflation rate recorded since Jun 2017.

Fiscal deficit stood at 29.9% of BE till Jul of FY26

Government data showed that India's fiscal deficit for the period from Apr to Jul of FY26 stood at US\$ 53.3 billion or 29.9% of the Budget Estimates (BE) of the current fiscal. India's fiscal deficit was at 17.2% of the BE in the corresponding period of the previous fiscal year. Total expenditure stood at US\$ 178 billion or 30.9% of the BE as compared to 27.0% of the BE in the corresponding period of the previous fiscal year.

Key Indicator	Frequency	Period	Current	Previous
CPI	Monthly	Jul-25	1.55%	2.10%
WPI	Monthly	Jul-25	-0.58%	-0.13%
IIP	Monthly	Jul-25	3.50%	1.50%
GDP	Quarterly	Jun-25	7.80%	7.40%
Credit Growth	Fortnightly	Aug-25	10.20%	10.00%
Deposit Growth	Fortnightly	Aug-25	10.10%	10.20%
Export Growth (YoY)	Monthly	Jul-25	7.29%	-0.06%
Import Growth (YoY)	Monthly	Jul-25	8.59%	-3.71%
Trade Balance (Billion)	Monthly	Jul-25	-\$27.35	-\$18.78

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-Aug-2025.

Institutional Flows (Equity)

Net Flow (USD bil)	Current Month	Previous Month	Year to Date
FII Flows	-3.98	-2.03	-14.92
DII Flows	10.79	6.96	59.28
MF Flows	8.03	5.37	40.57

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

Institutional Flows (Debt)

Net Flow (USD bil)	Current Month	Previous Month	Year to Date
FII Flows	0.77	-0.03	0.86
MF Flows	-7.43	-2.42	-47.87

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

Exchange Rate Movement

Exchange Rate	Aug-25	1 Month Ago	3 Months Ago	6 Months Ago	Year Ago
₹/ Euro	102.47	100.25	96.94	90.78	92.91
₹/ Pound	118.58	116.24	115.14	109.98	110.50
₹/ 100 Yen	59.76	58.85	59.36	58.30	57.86
₹/ Dollar	87.85	87.55	85.48	87.40	83.87

Source: Refinitiv

Performance of Various Commodities

Commodities	Aug-25	Returns			
		1 Week	1 Month	6 Month	1 Year
Crude Brent(\$/Barrel)	68.27	-2.37%	-9.01%	-8.79%	-17.19%
Gold (\$/Oz)	3,446.75	2.23%	4.76%	20.57%	37.70%
Gold (₹./10 gm)	101,967.00	3.03%	3.98%	20.26%	42.26%
Silver (\$/Oz)	39.67	2.18%	7.97%	27.34%	37.53%
Silver (₹./Kg)	117,468.00	3.28%	6.78%	25.92%	38.34%

Source: Refinitiv

Key Events Calendar

Event	Date	Current	Previous	
Japan CPI, Overall Tokyo	Aug 2025	28-Aug	2.60%	2.90%
U.S. PCE Price Index YY	Jul 2025	29-Aug	2.60%	2.60%
China Caixin Mfg PMI Final	Aug 2025	1-Sep	50.50	49.50
U.S. Markit Mfg PMI Final	Aug 2025	2-Sep	53.00	53.30
U.S. Factory Orders MM	Jul 2025	3-Sep	-1.30%	-4.80%

Source: Refinitiv

Indian Debt Market Update

Key Policy Rates (%)

	Aug-25	3 Months Ago	6 Months Ago	Year Ago	2 Years Ago
Repo	5.50	6.00	6.25	6.50	6.50
Reverse Repo	3.35	3.35	3.35	3.35	3.35
Bank Rate	5.75	6.25	6.50	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	6.00	6.25	6.25

Source: RBI

10 Year Benchmark Bond



Source: Refinitiv

Bond yields rose after the RBI held rates steady in August 2025, defying expectations of further easing. Losses deepened following the Prime Minister's announcement of major GST reforms, stoking fiscal concerns. However, a sovereign credit rating upgrade from 'BBB-' to 'BBB' helped limit the downside.

Money Market Rates (%)

	Aug-25	1 Month Ago	3 Months Ago	6 Months Ago	Year Ago
Call	5.50	5.49	5.85	6.31	6.71
TREP	5.40	5.43	5.83	6.21	6.60
FBIL 1 Month Term Mibor	5.97	6.00	6.41	7.00	7.10
91 Days T-Bills	5.48	5.39	5.60	6.47	6.66
3 Month CP	5.84	5.84	6.18	7.55	7.24
6 Month CP	6.14	6.07	6.45	7.64	7.56

Source: Refinitiv

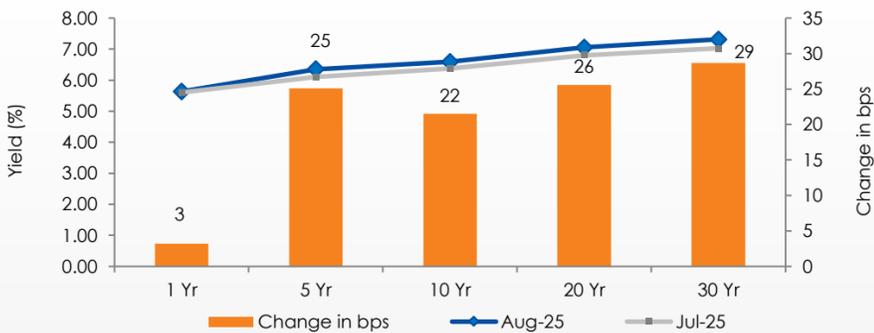
10 Year Corporate Bond Spread (for AAA & AA bonds)



Source: Refinitiv

Yield on corporate bonds increased between 7 to 13 bps across the curve.

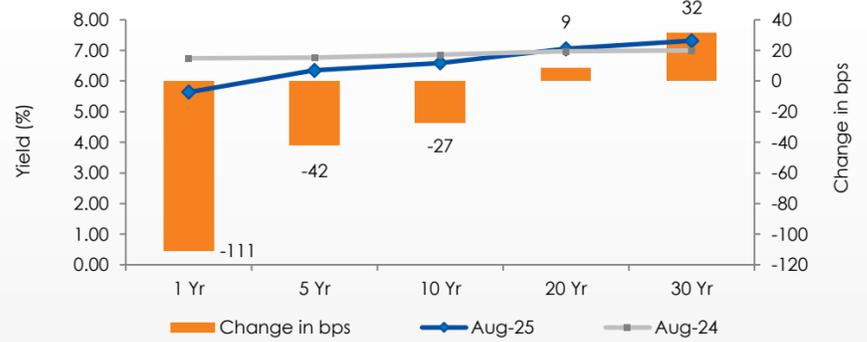
India Yield Curve Shift (Month-on-Month)



Source: Refinitiv

Yield on gilt securities rose between 3 to 33 bps across the maturities. Difference in spread between corporate bond & gilt securities contracted between 3 to 21 bps across the segments, barring 1 year paper that expanded by 3 bps.

India Yield Curve Shift (Year-on-Year)



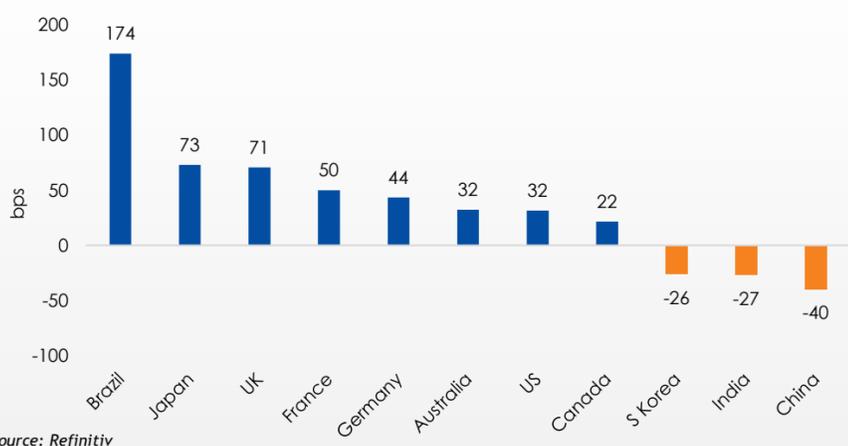
Source: Refinitiv

Year on year, yields on gilt fell between 5 to 114 bps across the maturities, barring 13 to 30 year papers that rose between 7 to 33 bps. Yield on corporate bonds fell in the range of 21 to 74 bps across the curve.

Global Debt Market Update

Brazil saw the highest rise in yields while China fell the most

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



Source: Refinitiv

Yield of 10 Year Government Bonds (%)

	Jul-25	Aug-25	Range:Aug-2025	Real Yields: Aug-25
Brazil	14.1	13.9	14.18 - 13.74	8.7
India	6.4	6.6	6.62 - 6.32	5.0
France	3.3	3.5	3.52 - 3.28	2.5
Australia	4.3	4.3	4.33 - 4.22	2.2
China	1.7	1.8	1.79 - 1.7	1.8
Canada	3.5	3.4	3.49 - 3.38	1.7
US	4.4	4.2	4.34 - 4.2	1.5
S Korea	2.8	2.8	2.86 - 2.77	1.1
UK	4.6	4.7	4.75 - 4.51	0.9
Germany	2.7	2.7	2.79 - 2.62	0.7
Japan	1.6	1.6	1.63 - 1.47	-1.0

Source: Refinitiv

Monthly Market Update

September 2025



Indian Equity Market Update



Domestic equity markets declined after the U.S. President unexpectedly doubled tariffs on Indian exports to 50%, threatening India's manufacturing ambitions and potentially slowing economic growth. However, the downside was limited by expectations that the Indian Prime Minister's Goods and Services Tax (GST) reforms could boost household consumption, ease inflationary pressures, and pave the way for further rate cuts by the RBI.

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

Rolling Returns – Monthly Performance

Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
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 Auto 5.86%
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 0.75%
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 IT -0.34%
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 Media -0.72%
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 Metal -1.21%
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 -2.01%
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 Energy -3.84%
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 Financial Services -3.85%
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 Bank -3.91%
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 Pharma -4.20%
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%	Nifty Realty -4.49%

In August 2025, Realty followed by Pharma & Bank fell the most, while Auto followed by FMCG remained the top performers. Auto sector gained on festive season optimism, starting with Onam in late August. Gains were extended on reports of a possible GST cut in vehicles to boost 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 August 2025, China followed by Brazil rose the most, while U.K. followed by Hong Kong 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 India fell the most.

News Summary & Event Calendar

News Summary

1. Domestic

- The RBI has mandated banks to settle claims related to deceased customers' deposit accounts, lockers, and safe custody items within 15 days from Jan 1, 2026, with penalties for delays.
- The Minister of State of Finance, in a written reply to the Lok Sabha, stated that there are no proposals to revise the current cryptocurrency tax regime or introduce ETFs tracking digital assets. This clarification comes despite several global markets, including the U.S., Canada, and Germany, allowing crypto-linked ETFs.
- The Lok Sabha passed the Promotion and Regulation of Online Gaming Bill, 2025, aimed at prohibiting all forms of online real-money games. The bill prohibits offering, promoting, or advertising such games and restricts financial institutions from processing related payments. Violators may face up to three years in jail or fines up to Rs. 1 crore.
- The government notified the Income-tax Act, 2025, after the President gave his assent on Aug 21, 2025 and the Ministry of Law and Justice issued the gazette. The Act, which replaces the Income-tax Act, 1961, will apply nationwide from Apr 1, 2026.
- SIP bounce charges, triggered when debits for Systematic Investment Plans fail due to insufficient funds, vary widely across banks and can significantly reduce investor returns. Amidst AMFI campaigns such as "Mutual Fund Sahi Hai" and SEBI's regulatory reforms aimed at improving ease of investing and expanding mutual fund reach, ECS/NACH charges remain a major deterrent. Financial advisors have urged regulators and asset management companies to engage with banks to rationalize these fees.
- The Association of Portfolio Managers in India (APMI) has formally requested the capital markets regulator SEBI to reduce the minimum investment requirement for Portfolio Management Services (PMS) from the current Rs.50 lakh. The industry believes that a lower entry barrier would make PMS more accessible to a broader investor base and help accelerate growth, especially amid rising competition from Specialized Investment Funds (SIFs). APMI has also sought simplification of KYC norms for NRIs, citing difficulties in overseas verification processes. The SEBI Chairperson has acknowledged that these proposals are under active discussion.

2. International

- U.S. personal consumption expenditures (PCE) price index rose by 0.2% in Jul 2025, following a 0.3% increase in Jun 2025, according to the U.S. Commerce Department.
- The U.S. Consumer Price Index (CPI) rose by 0.2% in Jul 2025, following a 0.3% increase in June, according to the Labor Department. The annual rate of consumer price growth remained unchanged at 2.7% in Jul. Core consumer prices, which exclude food and energy, increased by 0.3% in Jul after a 0.2% rise in Jun.
- The U.K. gross domestic product (GDP) grew by 0.4% in Jun 2025, following a 0.1% decline in May, according to the Office for National Statistics.
- The Bank of England reduced its benchmark interest rate on Aug 08, 2025, suggesting that the monetary easing cycle may be nearing its end as policymakers grow increasingly concerned about persistent inflation. The Monetary Policy Committee, chaired by the BoE Governor, voted 5-4 to cut the bank rate by 25 basis points to 4.00%.
- Germany's exports rose by 0.8% MoM in Jun 2025, reversing a 1.4% decline in May, according to Destatis. Imports also increased significantly, climbing 4.2% compared to a 3.9% drop in the previous month.
- The People's Bank of China held interest rates steady on Aug 20, 2025, as Beijing shifted focus toward fiscal policy easing and targeted measures. The central bank kept its one-year loan prime rate (LPR) unchanged at 3.0%, while the five-year LPR, a benchmark for mortgage rates, remained at 3.50%.
- China's exports surged 7.2% YoY in Jul 2025, following a 5.8% increase in June, according to official data. Imports also rose unexpectedly by 4.1% compared to the same period last year, after a 1.1% gain in Jun.

Disclaimers: The information on this document is provided for information purposes only. It does not constitute any offer, recommendation or solicitation to any person to enter into any transaction or adopt any hedging, trading or investment strategy, nor does it constitute any prediction of likely future movements in rates or prices or any representation that any such future movements will not exceed those shown in any illustration. Users of this document should seek advice regarding the appropriateness of investing in any securities, financial instruments or investment strategies referred to on this document and should understand that statements regarding future prospects may not be realized. The recipient of this material is solely responsible for any action taken based on this material. Opinions, projections and estimates are subject to change without notice.

UTI AMC Ltd is not an investment adviser, and is not purporting to provide you with investment, legal or tax advice. UTI AMC Ltd or UTI Mutual Fund (acting through UTI Trustee Company Pvt. Ltd) accepts no liability and will not be liable for any loss or damage arising directly or indirectly (including special, incidental or consequential loss or damage) from your use of this document, howsoever arising, and including any loss, damage or expense arising from, but not limited to, any defect, error, imperfection, fault, mistake or inaccuracy with this document, its contents or associated services, or due to any unavailability of the document or any part thereof or any contents or associated services.

Source: ICRA Analytics Ltd. Readers are requested to click here for ICRA Analytics disclaimer - <https://icraanalytics.com/home/Disclaimer>