



FORTNIGHT MACRO REPORT

04 October 2025

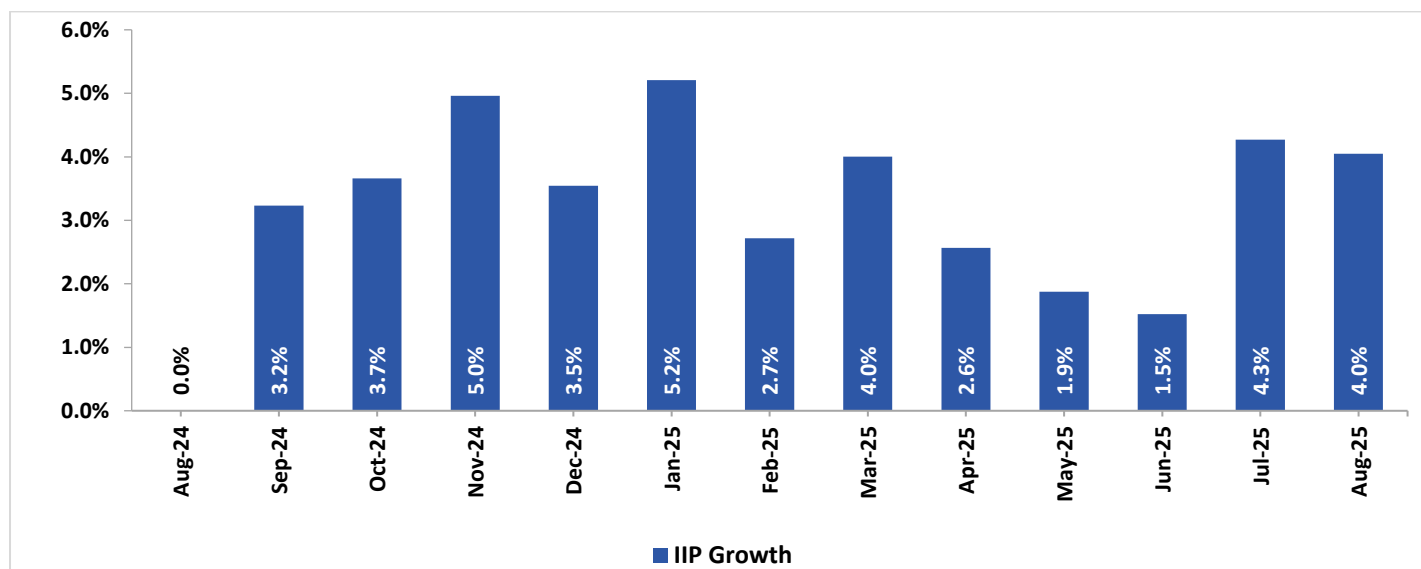
BONANZA WEALTH



IIP GROWTH

India's industrial production grew by 4.0% in Aug-25, as against 4.3% in Jul-25. Manufacturing, which forms nearly 78% of the index, slowed to 3.8% in Aug-25 down from 6.0% increase in Jul-25. Electricity output grew by 4.1% in Aug-25, up from 3.7% in the previous month, marking a 5-month high. Notably, mining activity recorded a 14-month high of 6.0% in Aug-25 after contracting for four consecutive months.

Among the 23 manufacturing sub-sectors, 10 recorded YoY growth led basic metals (12.2%), petroleum products (5.35%) and motor vehicles (9.75%). On the other hand, pharmaceuticals (-9.2%), food products (-4.8%) and chemical products (-1.9%).



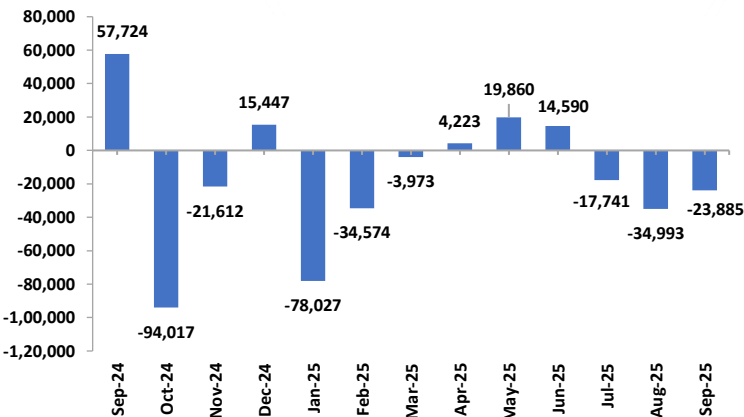
Within the use-based classification, five out of six categories experienced growth under which Infrastructure/Construction Goods (10.6%) were a standout performer followed by Primary goods (5.2%), Intermediate Goods (5.0%), Capital goods (4.4%), and Consumer Durables (3.5%). Meanwhile, YoY decline was witnessed in Consumer Non-Durables of (-6.3%).

Looking ahead, the GST rationalism is expected to boost consumption demand in the festive season which could translate into stronger manufacturing output in the coming months.

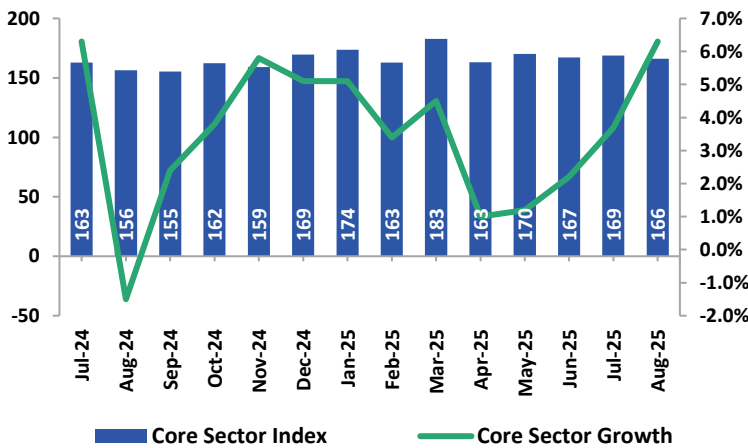
FPI FLOWS

Foreign Portfolio Investors (FPIs) remained net sellers for third consecutive month by offloading Rs 23,885 crore from equities in Sep-25, as against Rs 34,993 crore in Aug-25. The equity withdrawals were influenced by ongoing tariff concerns, high domestic valuations, and lingering geopolitical tensions. Following the Fed’s recent rate cut, FPIs briefly turned net buyers in equities, but selling pressure resumed soon after. So far in 2025, the equity withdrawals reached Rs 1.55 lakh crore.

Meanwhile, the Debt/Hybrid segment witnessed resilience, with net inflows of Rs 11,346 crore in Sep-25 following the inflows of Rs 14,488 crore in Aug-25. In the first half of Sep-25, sector-wise inflows were recorded in Automobile and Auto Components (Rs 1,908 crore), Financial Services (Rs 1,634 crore) and Capital Goods (Rs 1,518 crore). On the other hand, major outflows were observed in Consumer Services (Rs 3,246 crore), Power (Rs 2,107 crore) and Information Technology (Rs 2,014 crore). In the near term, FPIs will closely monitor the ongoing US-India trade negotiations and domestic market trends.



CORE SECTOR



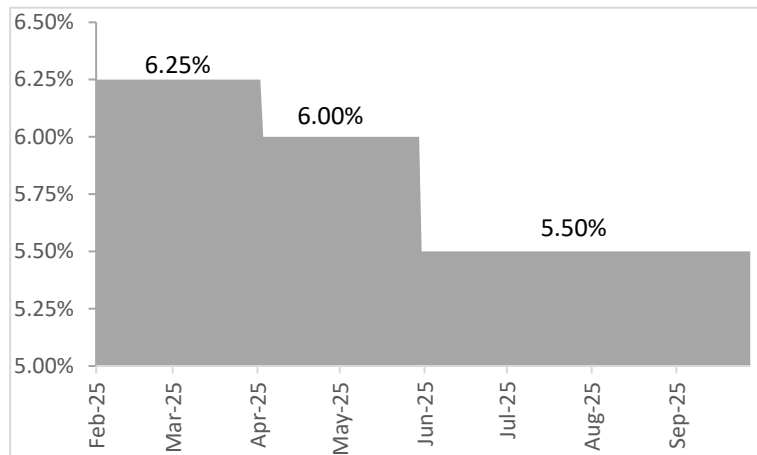
The Index of Eight Core Industries (ICI) registered an increase of 6.3% (Provisional) in Aug-25, marking a 13-month high. The expansion was led by favourable base effect and robust performance in coal, steel and cement sectors. Core sector output contributes 40.27% to the Index of Industrial Production (IIP). The final ICI print for Jul-25 was revised upward to 3.7% from the previously reported 2.0%, reflecting a stronger momentum.

Notably, six out of eight key industries experienced growth in Aug-25. Positive output growth was recorded in Steel (14.2%), Coal (11.4%), Cement (6.1%), Fertilizers (4.6%), Electricity (3.1%) and Refinery Products (3.0%). However, contractions were observed in Natural Gas (-2.2%) and Crude Oil (-1.2%). The uptick in the core sector was largely driven by coal sector which posted a double-digit expansion, following the decline of (-12.3%) last month. The cumulative growth of the Index of Core Industries (ICI) during Apr-25 to Aug-25 stood at 2.8% (Provisional). The rebound points to stronger demand in steel and coal sectors, though persistent weakness in oil and gas remains a drag on overall momentum.

RBI MPC DECISION

The Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) decided to keep the repo rate unchanged at 5.50% for the 2nd consecutive meeting. They have maintained their neutral stance, citing easing inflation and resilient domestic growth. RBI Governor Sanjay Malhotra has kept the Marginal Standing Facility (MSF) and Bank rates steady at 5.75% and the Standing Deposit Facility (SDF) is unchanged at 5.25%. The GDP growth forecast for FY26 was revised upwards to 6.8% from 6.5% earlier.

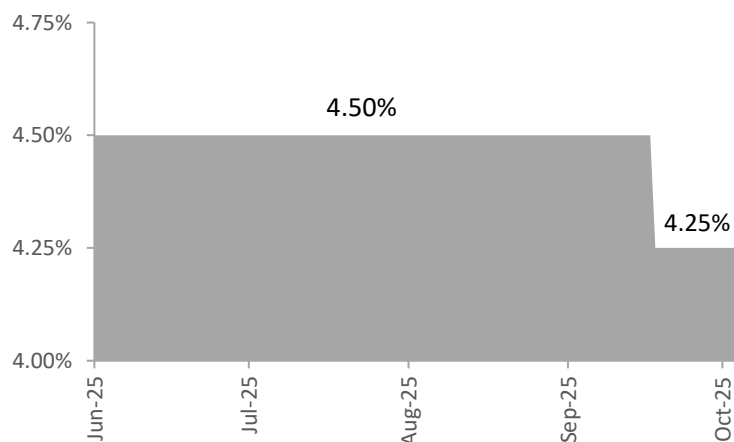
Furthermore, the retail inflation estimates for FY26 was lowered to 2.6% from 3.1%, driven mainly by easing food prices, a favourable monsoon and the recent GST rate rationalisation, indicating softer inflationary pressures. The quarterly retail inflation projections for FY26 stand at 1.8% in Q2FY26, 1.8% in Q3FY26, 4.0% in Q4FY26 and 4.5% in Q1FY27. The Governor also noted that the GST rationalisation is expected to ease inflation further, while higher tariffs may slow down exports. The RBI's decision to hold rates aligns with market expectations, as it continues to monitor the ongoing transmission of earlier rate cuts and impact on the prevailing cash reserve ratio cuts and remains watchful of geopolitical uncertainties.



FOMC MEETING

The Federal Open Market Committee (FOMC) decided to reduce the policy rates by 25 basis points, bringing the rate down to a range of 4.00% to 4.25%. This also marks the 1st rate cut of 2025 and the lowest level since Dec-22. In Summary of Economic Projections, Fed has upgraded their estimate for real GDP growth in 2025 to 1.6% from 1.4% in Jun-25, indicating improved economic resilience. The unemployment rate projection was lowered to 4.4% in 2026 and 4.3% in 2027.

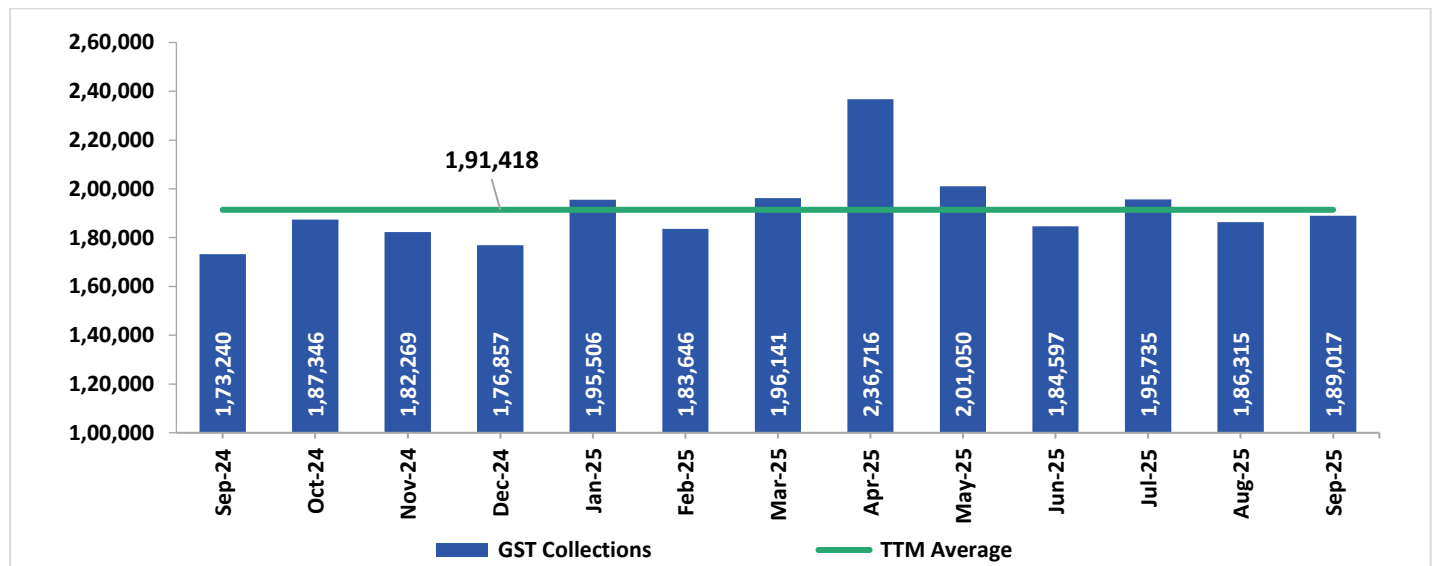
Chair Jerome Powell mentioned that lower immigration is having bigger impact on the job market than tariffs. Core PCE inflation forecasts were revised higher to 3.1% in 2025 and 2.6% in 2026. According to the Federal Reserve's dot plot, there could be two more 25bps rate cuts seen later this year. Chair Jerome Powell maintained a cautious and data-dependent stance for the upcoming meetings, emphasizing that the Committee remains prepared to adjust policy if economic conditions diverge from expectations, particularly in the context of geopolitical and trade uncertainties.



GST COLLECTIONS

India's gross Goods and Services Tax (GST) revenue collections for Sep-25 reached to Rs 1,89,017 crore, a 9.1% YoY increase. According to government data, gross GST revenue from domestic transactions grew by 6.8% YoY to Rs 1,36,525 crore, meanwhile revenue from imported goods increased by 15.6% YoY, reaching to Rs 52,492 crore. Gross GST collections comprised CGST of Rs 33,645 crore, SGST of Rs 41,836 crore, IGST of Rs 1,01,883 crore, and Cess of Rs 11,652 crore.

After adjusting for refunds, the net GST revenue for Sep-25 amounted to Rs 1,60,360 crore, reflecting a 5.0% YoY growth. So far for FY26, the gross GST revenue totalled to Rs 11,93,431 crore, recording a 9.8% YoY rise, while net collections after refunds stood at Rs 10,38,476 crore, marking an 8.3% YoY growth.



Maharashtra led the states in GST collections with Rs 27,762 crore, registering a 5.0% YoY increase. Karnataka followed with Rs 13,495 crore. Tamil Nadu secured the third position with Rs 11,413 crore, while Gujarat and Haryana collected Rs 10,969 crore and Rs 10,573 crore, respectively.

Earlier in Sep-25, the GST Council restructured the previous 4-slab rate structure into a 2-rate framework on a wide range of everyday items. A special 40% slab was introduced for selected items such as high-end cars and sin goods. The changes took effect since 22nd September 2025. However, the latest numbers do not reflect the GST 2.0 reforms yet but will be closely monitored in the coming months.



Name
Jainam Doshi

Designation
Research Analyst

Disclosure: M/s. Bonanza Portfolio Ltd here by declares that views expressed in this report accurately reflect viewpoint with subject to companies/securities. M/s. Bonanza Portfolio Ltd has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations. The Analysts engaged in preparation of this Report or his/her relative: - (a) do not have any financial interests in the subject company mentioned in this Report; (b) do not own 1% or more of the equity securities of the subject company mentioned in the report as of the last day of the month preceding the publication of the research report; (c) do not have any material conflict of interest at the time of publication of the Report. The Analysts engaged in preparation of this Report:- (a) have not received any compensation from the subject company in the past twelve months; (b) have not managed or co-managed public offering of securities for the subject company in the past twelve months; (c) have not received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (d) have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (e) has not received any compensation or other benefits from the subject company or third party in connection with the Report; (f) has not served as an officer, director or employee of the subject company; (g) is not engaged in market making activity for the subject company.

M/s. Bonanza Portfolio Ltd is a registered Research Analyst under the regulation of SEBI, the year 2014. The Regn No. INH100001666 and research analyst engaged in preparing reports is qualified as per the regulation's provision.

Disclaimer: This research report has been published by M/s. Bonanza portfolio Ltd and is meant solely for use by the recipient and is not for circulation. This document is for information purposes only and information / opinions / views are not meant to serve as a professional investment guide for the readers. Reasonable care has been taken to ensure that information given at the time believed to be fair and correct and opinions based thereupon are reasonable, due to the nature of research it cannot be warranted or represented that it is accurate or complete and it should not be relied upon as such. If this report is inadvertently send or has reached to any individual, same may be ignored and brought to the attention of the sender. Preparation of this research report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Past performance is not a guide for future performance. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by Bonanza Portfolio Ltd to be reliable. This report should not be taken as the only base for any market transaction; however, this data is representation of one of the support documents among other market risk criterion. The market participant can have an idea of risk involved to use this information as the only source for any market related activity. The distribution of this report in definite jurisdictions may be restricted by law, and persons in whose custody this report comes, should observe, any such restrictions. The revelation of interest statements integrated in this analysis are provided exclusively to improve & enhance the transparency and should not be treated as endorsement of the views expressed in the analysis. The price and value of the investments referred to in this report and the income from them may go down as well as up. Bonanza portfolio Ltd or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of M/s. Bonanza portfolio Ltd shall be liable. Research report may differ between M/s. Bonanza portfolio Ltd RAs and other companies on account of differences in, personal judgment and difference in time horizons for which recommendations are made. Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. Research analyst have not received any compensation/benefits from the Subject Company or third party in connection with the research report.

M/s. Bonanza Portfolio Ltd at Bonanza House, Plot No. M-2, Cama Industrial Estate. Walbhat Road, Goregaon (E), Mumbai – 400063 Web site:

<https://www.bonanzaonline.com>

Research Analyst Regn No. INH100001666

SEBI Regn. No.: INZ000212137

BSE /NSE/MCX: |CASH| DERIVATIVE| CURRENCY DERIVATIVE | COMMODITY SEGMENT|

| CDSL: | 120 33500 | NSDL: | IN 301477 || PMS: INP 000000985 | AMFI: ARN -0186