FORTNIGHTLY MACRO REVIEW

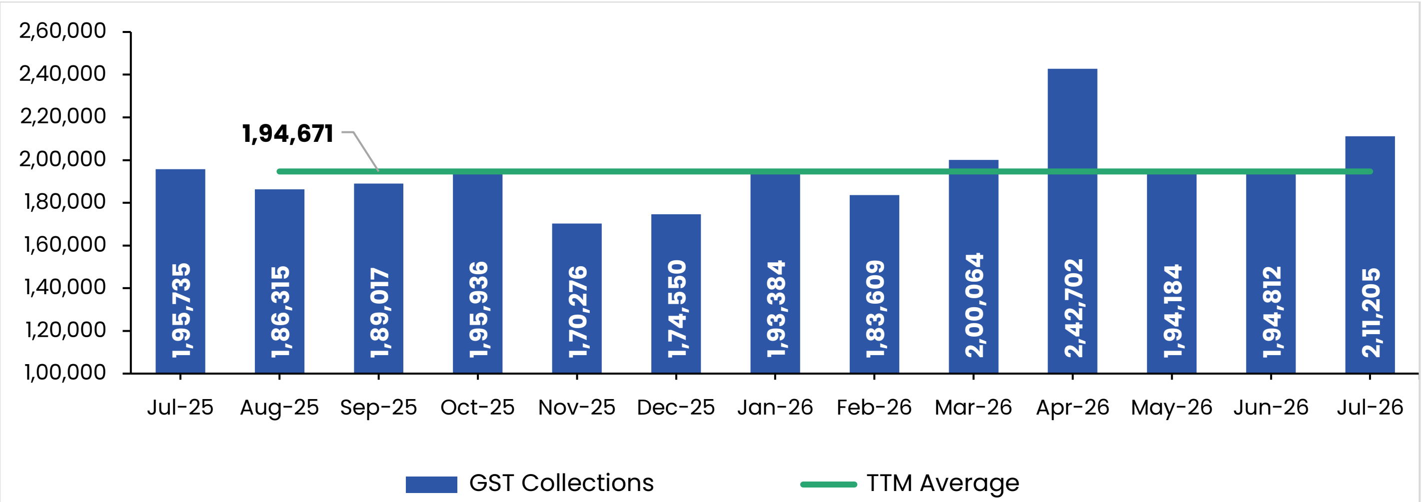
7th August 2026

BONANZA WEALTH

GST COLLECTIONS

India's gross Goods and Services Tax (GST) revenue collections for Jul-26 registered a robust growth of 15.4% YoY to Rs. 2.11 lakh crore. The growth was driven by healthy domestic revenues and a sharp increase in tax collections from imports. The gross GST collections from domestic transactions climbed by 10.1% YoY to Rs. 1.45 lakh crore. Meanwhile, the revenue from imported goods surged by 28.8% YoY to Rs. 66,511 crore. The gross GST collections comprised CGST of Rs. 39,835 crore, SGST of Rs. 47,881 crore and IGST of Rs. 1.23 lakh crore.

The net GST collections after adjusting for refunds increased by 15.8% YoY to Rs. 1.81 lakh crore. Domestic refunds increased by 7.3% YoY to Rs. 17,680 crore while export related refunds processed through ICEGATE recorded a growth of 22.7% YoY to Rs. 12,288 crore. The total refunds during the month rose by 13.1% YoY to Rs. 29,968 crore. On a cumulative basis the gross GST collection for FY27 (Apr-Jul) expanded by 10.1% YoY to Rs. 8.43 lakh crore, while net collections for the period grew by 9.2% YoY to Rs. 7.21 lakh crore.



Among the larger states and UTs, Haryana recorded the highest YoY growth of 25%, followed by Gujarat and Telangana at 19% each. Meanwhile, Punjab and Kerala also recorded healthy growth of 16% each. In contrast, decline in collections was observed in Himachal Pradesh (22%), followed by Uttarakhand (18%), Puducherry (17%), Madhya Pradesh (10%) and Andhra Pradesh (5%).

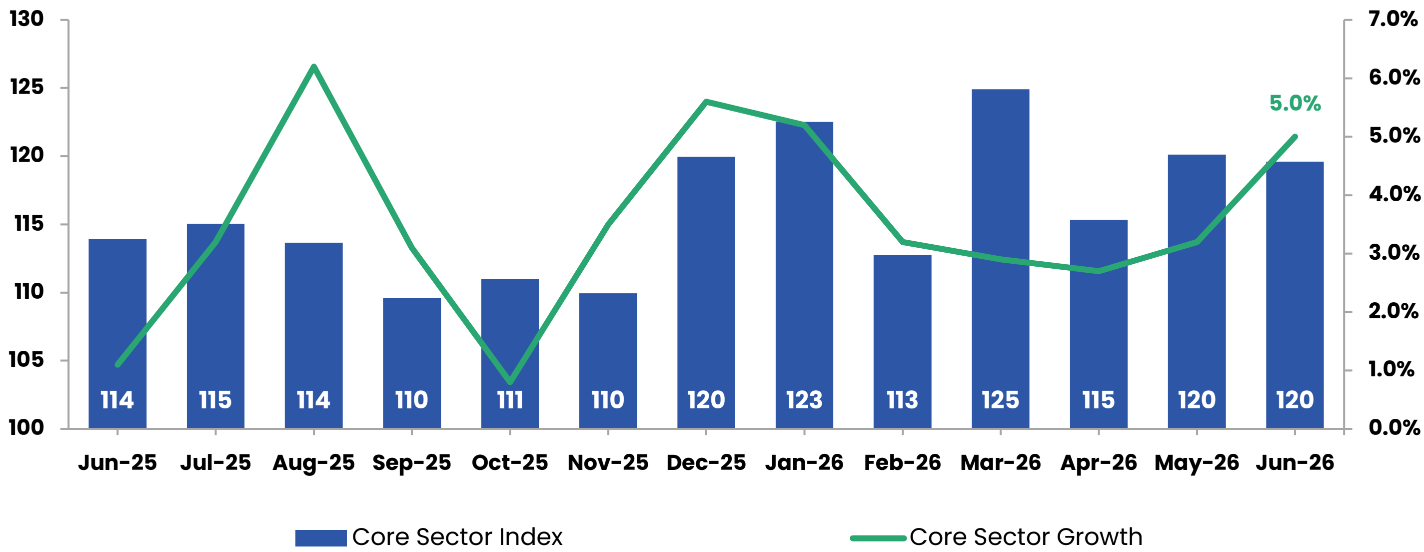
The post-settlement figures on a state-wise basis showed that Maharashtra continued to lead the GST collections table. The collections amounted to Rs. 18,529 crore. Karnataka, Gujarat, Uttar Pradesh and Tamil Nadu followed as the other leading contributors. Collectively, the performance of these states points to broad based momentum across India's largest manufacturing, services and consumption hubs.

Overall, the sustained double-digit growth in GST collections reflects the resilience of the Indian economy. At the same time, the continued strength in import-related GST collections suggests that demand for imported goods remains strong despite ongoing initiatives such as the PLI and Atmanirbhar Bharat programmes aimed at strengthening domestic manufacturing.

CORE SECTOR

The Index of Eight Core Industries (ICI) has expanded at the fastest pace in five months, with growth accelerating to 5% (Provisional) in Jun-26 from 3.2% in May-26. The pickup was not broad based. Compared with the growth rates of a year ago, only four of the nine sectors improved. Iron Ore recorded a sharp increase in production, Coal returned to growth after three months of decline, while Electricity and Cement posted stronger momentum."

The reading marked the debut of a new series, which replaces the earlier 2011-12 base year series with the 2022-23 base year series and widens the basket to nine sectors from eight sectors earlier with the addition of Iron ore.



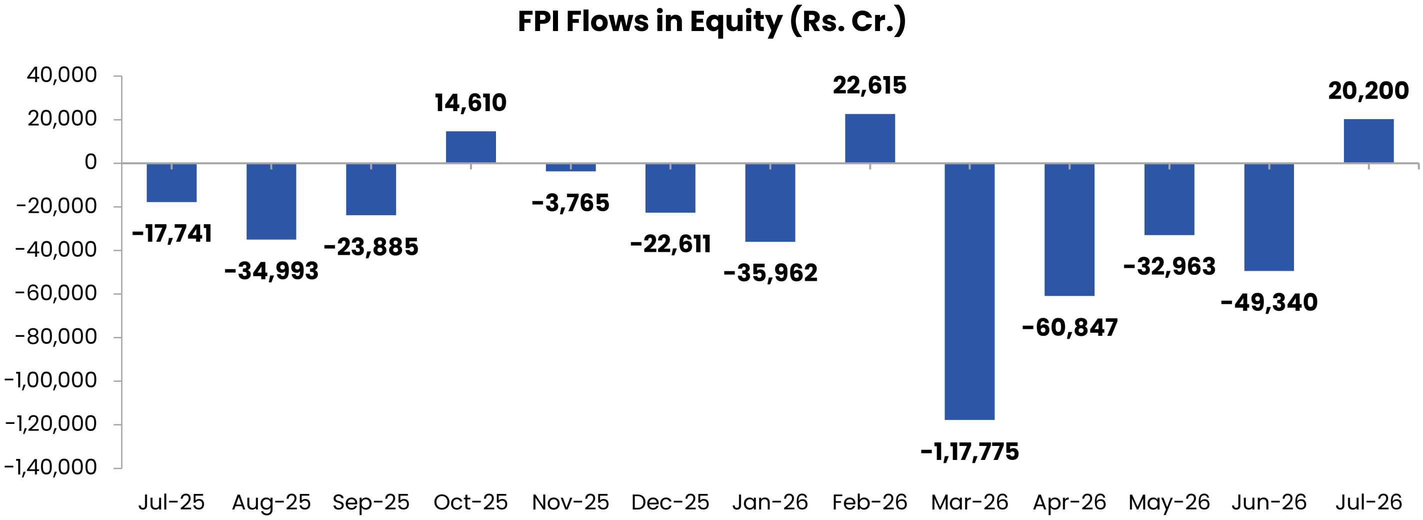
In terms of year-on-year output growth, five out of nine key industries were in positive territory in Jun-26. Positive output growth was recorded in sectors like Coal (1.4%), Steel (4.6%), Cement (9.8%), Electricity (9.8%) and Iron ore (43.9%). Coal and Iron ore production growth accelerated markedly in Jun-26 as against May-26, aided by a dip in rainfall during the month that supported mining activity. Whereas contractions were observed in Natural Gas (-7.4%), Refinery products (-4.7%), Crude oil (-4.2%), and Fertilizers (-3.3%).

The cumulative growth of the Index of Core Industries (ICI) during Apr-26 to Jun-26 stood at 3.6% (Provisional) over the corresponding period of the previous year. Gains in electricity, cement, steel, coal and iron ore reflect resilient investment-led activity despite global uncertainty, while weak crude oil, natural gas and refinery output continue to weigh on industrial growth.

FPI FLOWS

Foreign Portfolio Investors (FPIs) turned net buyers in Jul-26 with net inflows of around Rs 20,200 crore as against the net outflows of Rs. 49,340 crore recorded in Jun-26. This marks the first month of net inflows after four consecutive months of selling.

In Jul-26, sector-wise inflows were recorded in the Consumer Services (Rs. 10,201 crore), Healthcare (Rs. 7,755 crore) and Consumer Durables (Rs. 7,342 crore). On the other hand, major outflows were observed in Capital Goods (Rs. 6,275 crore), Telecommunication (Rs. 5,725 crore) and Automobile & Auto Components (Rs. 4,564 crore).



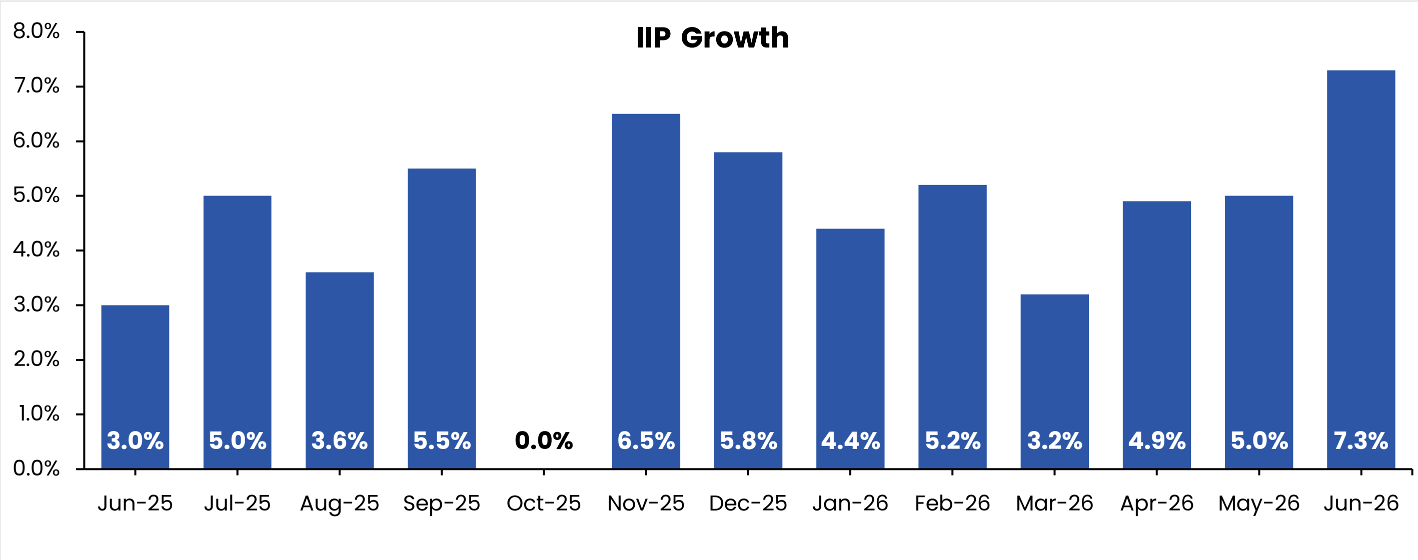
Meanwhile, the Debt/Hybrid segment recorded net inflows of Rs. 19,831 crores during the month as against Rs. 54,009 crores in the previous month. So far in 2026, FPIs have remained net sellers in five out of the seven months, with cumulative net equity outflows reaching nearly Rs. 2.54 lakh crore. Overall, the return of equity inflows in Jul-26 indicates an improvement in foreign investor sentiment after a prolonged period of selling.

For much of 2026, global flows have chased the AI trade and favored markets such as Taiwan and South Korea. Meanwhile, India and the IT sector in particular were ignored. As the AI rally lost some momentum, investors started rotating back towards relatively under-owned markets like India. Going forward, market participants are likely to focus more on fundamentals and earnings delivery than on AI-driven optimism alone.

IIP GROWTH

India's industrial production rose to 7.3% (Provisional) in Jun-26 from 5.0% (Final) recorded in May-26. The growth was supported by stronger manufacturing activity and healthy growth in the electricity and gas supply segment.

The four sectors include Manufacturing, Electricity & Gas supply, Water Supply, Sewerage & Waste Management and Mining & Quarrying. Amongst this, the manufacturing sector forms the largest share of the index. It expanded by 7.8% in Jun-26 as against 5.2% in May-26. Furthermore, growth in Electricity & Gas Supply stood at 10.6% in Jun-26 as against 10.3% in May-26. The Water Supply, Sewerage & Waste Management expanded by 6.1% during the month as against 5.5% recorded in the previous month. The Mining and Quarrying sector grew slightly by 1.0% in Jun-26 which was better than the contraction of (1.4%) observed in the previous month.



Among the 23 manufacturing sub-sectors, 19 recorded YoY growth. Within the manufacturing sector, double-digit notable gains were seen in Electrical equipment (34.0%), Motor Vehicles, trailers and semi-trailers (17.5%) and Textiles (13.7%).

Under the use-based classification, Capital Goods continued to post double-digit growth. It expanded by (14.2%), followed by Intermediate Goods (9.3%), Consumer Durables (7.7%), Infrastructure/Construction Goods (7.5%), Primary Goods (4.9%) and Consumer Non-Durables (4.9%).

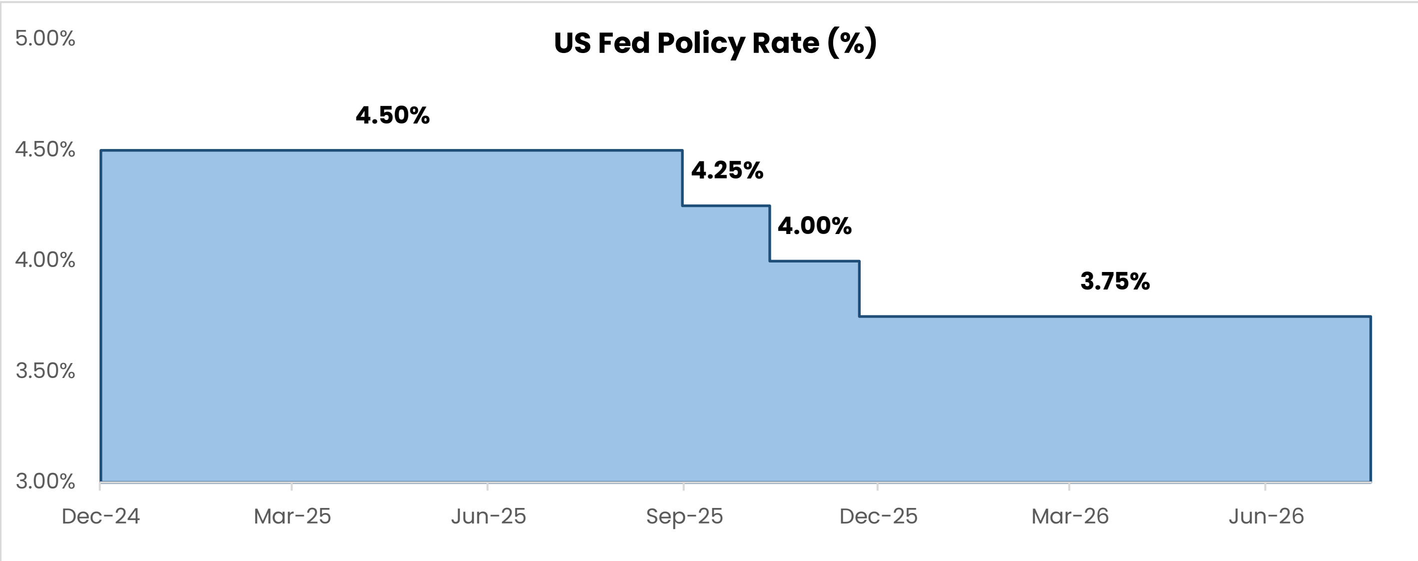
Looking ahead, an uncertain global environment and elevated input costs are likely to remain key challenges for the industrial sector. While the monsoon deficit has narrowed in recent weeks, its impact on rural demand will become clearer over the coming months. Overall, the rainfall deficit has narrowed from 40% at the end of Jun-26 to 15.8% as of July 28, 2026. On the agricultural front, the improvement in kharif sowing provides some comfort.

FED Meeting

The Federal Open Market Committee (FOMC) decided to keep the policy rate unchanged at 3.50%–3.75% in its Jul-26 meeting. The decision was passed by a 9-3 vote to keep the benchmark rates unchanged. This marks the fifth straight pause in interest rates.

The decision reflects the Fed's cautious approach as inflation remains above its 2% target despite steady economic growth and a resilient labour market. However, the meeting witnessed three dissenting votes. Cleveland Fed President Beth Hammack, Minneapolis Fed President Neel Kashkari and Dallas Fed President Lorie Logan dissented, favouring a 25 bps rate hike and citing persistent inflationary pressures.

The FOMC noted that economic activity continues to expand at a solid pace and is supported by strong productivity and capital investment. The unemployment rate has remained broadly stable. At the same time, inflation continues to be elevated and remains above the US Fed's 2% target.



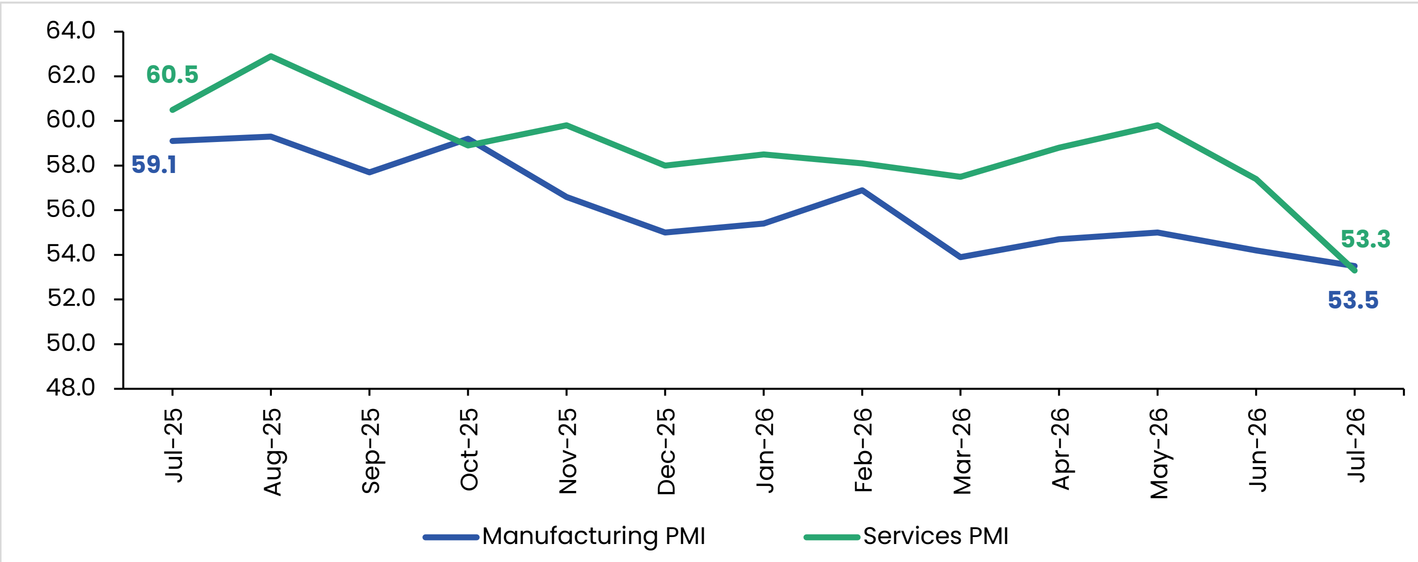
The CME FedWatch Tool derives implied probabilities from Fed funds futures contracts traded by market participants. It shows what the market is expecting for upcoming Fed interest rate decisions. According to the tool, the market pricing as of 3rd Aug 2026 is tilted towards a 25-bps rate hike at the Sep-26 meeting, with the highest probability assigned to the 3.75%-4.00% target range. For the year-end as of the same date, the highest probability of 42.0% is assigned to the 3.75%-4.00% range while the 4.00%-4.25% range follows with 35.8%. Taken together, investors are assigning a combined probability of nearly 78% to one or two additional rate hikes before the end of the year, with a single hike to 3.75%-4.00% the most likely outcome

Overall, Kevin Warsh reiterated that the Fed would continue to assess broader economic trends while making policy decisions. He also reaffirmed the Committee's commitment to bringing inflation back to its 2% target. The 30-year Treasury yield rose from around 5.10% to 5.21% during his press conference, the highest since 2007.

PMI INDICATOR

India's private sector activity continued to expand in Jul-26. However, the pace of growth moderated as both manufacturing and services reported slower increases in output and new business.

The Manufacturing PMI eased to 53.5 in Jul-26 from 54.2 in Jun-26. This marked the lowest reading since Aug-21 below the long-run series average of 54.2. The index remained above the 50 mark which indicates expansion in activity. The Jul-26 print also marked the 57th consecutive month of expansion. During the month demand remained resilient and continued to support growth in new orders and production. However, overall sales growth slowed amid challenging market conditions and weaker client interest. Input buying and employment also grew at a slower pace. Export orders recorded the fastest increase in seven months. It was supported by stronger demand from several overseas markets like Canada, Egypt, Indonesia, Kenya, Nepal, South Africa, Thailand and the UAE. Input cost inflation eased to a five-month low. However, firms continued to pass on part of the higher costs through moderate increases in selling prices.



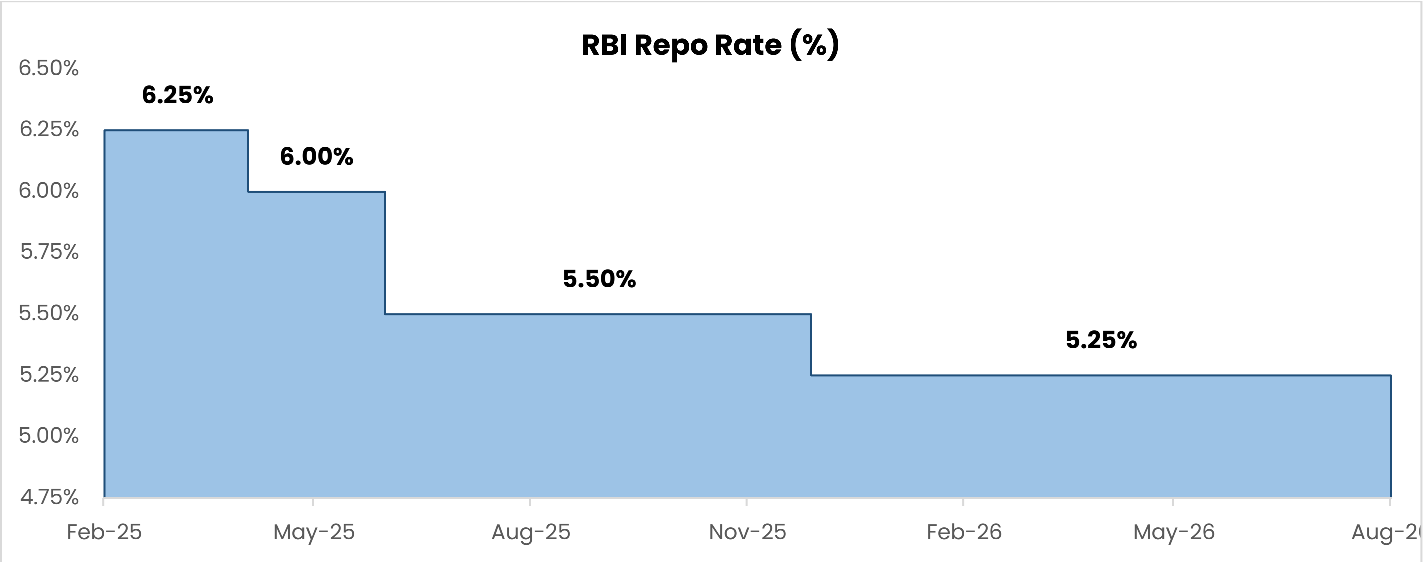
The Services PMI declined to 53.3 in Jul-26 from 57.4 in Jun-26. This marked the weakest expansion four and a half years. Business activity slowed due to softer demand competitive pressures and fewer customer enquiries. New export orders remained healthy with stronger demand from the UAE, UK and the US. Hiring improved modestly during the month. Input cost inflation eased to its lowest level since Jan-26. At the same time firms raised selling prices at a faster pace.

As a result, the Composite Output Index fell to 54.3 in Jul-26 from 57.1 in Jun-26. This marked the weakest pace of private sector expansion since Mar-22. Overall business confidence remained positive despite easing to a seven-month low. Firms continued to expect better demand supported by improving market conditions infrastructure projects and new client enquiries.

RBI MONETARY POLICY

The Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) has unanimously decided to hold the repo rate unchanged at 5.25%, while maintaining 'neutral' stance. The decision comes amid the persistent volatility in the global macro-economic environment. The domestic economic environment remained resilient amidst persisting global headwinds as sustained strength observed in private consumption and investment. The external sector outlook also turned more favorable, aided by resilient merchandise exports and continued strength in services exports and remittances.

On the back of the stronger than expected first half, the RBI raised its GDP growth projection for both Q1FY27 and Q2FY27, lifting the full year forecast by 10bps to 6.7%. The quarterly GDP growth projections now stand at 7.0% for Q1FY27 (6.6% earlier), 6.4% for Q2FY27 (6.3% earlier), 6.5% for Q3FY27 and 6.8% for Q4FY27.



On the Inflation front, the forecast has been revised marginally lower by 10bps to 5%, while core inflation is expected to cool down by 40bps to 4.3%. The inflation forecast depends upon temporal and spatial rainfall distribution and risks of higher food, fuel and other input prices due to geopolitical developments. The RBI revised inflation figures are 4.7% for Q2FY27 (5.1% earlier), 5.9% for Q3FY27, 5.5% for Q4FY27 (5.4% earlier) and 5.3% for Q1FY28. While the current inflationary pressures remain supply-driven, the risk of broadening price pressures remains to be monitored going forward.

With growth holding steady in FY27 and inflation driven largely by supply-side factors, we expect the RBI to keep interest rates unchanged through this fiscal year, unless price pressures worsen significantly. Food inflation is likely to peak around Q3 FY27, and real interest rates are likely to stay low for much of the year before gradually returning to more normal levels by early FY28. Globally, tighter monetary conditions in major economies could weigh on the rupee, but stronger foreign investment inflows and an improving external balance should keep the currency supported even as the RBI holds steady.

Name

Jainam Doshi

Designation

Research Analyst

JAINAM BIMAL DOSHI

Digitally signed by JAINAM BIMAL DOSHI
DN: cn=JAINAM BIMAL DOSHI c=IN o=Personal ou=Personal
Reason: I am the author of this document
Location:
Date: 2026-08-07 22:27+05:30

Disclosure: M/s. Bonanza Portfolio Ltd hereby declares that the views expressed in this report accurately reflect its viewpoint with respect to the subject 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 the preparation of this report or their relatives: (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. (d) have not received any compensation for products or services other than investment banking, merchant banking, or brokerage services from the subject company in the past twelve months; (e) have not received any compensation or other benefits from the subject company or any third party in connection with this report; (f) have not served as an officer, director, or employee of the subject company; (g) are not engaged in market-making activity for the subject company; (h) The Research Analyst may use AI-enabled tools for preliminary research, data aggregation, and analytical assistance. Such tools are used only to support the research process and do not replace independent analysis, professional judgment, or regulatory responsibilities. All research reports and recommendations are reviewed and approved by the Research Analyst prior to publication. M/s. Bonanza Portfolio Ltd is a registered Research Analyst under the SEBI (Research Analyst) Regulations, 2014. The registration number is INH100001666, and the research analysts engaged in preparing reports are qualified as per the provisions of the regulations.

Bonanza Portfolio Ltd.
Bonanza House, Plot No. M-2, Cama Industrial Estate, Walbhat Road, Goregaon (E), Mumbai – 400063 Phone: 022-68363794/708
Website: https://www.bonanzaonline.com SEBI Regn. No.: INZ000212137 BSE CM: INB 011110237 | BSE F&O: INF 011110237 |
MSEI: INE 260637836 | CDSL: 120 33500 |NSDL: a) IN 301477 | b) IN 301688 (Delhi) | PMS: INP 000000985 | AMFI: ARN -0186
Compliance Officer: Trupti Milind Khot, 022-62735507, compliance@bonanzaonline.com