FORTNIGHTLY MACRO REVIEW

2nd August 2025

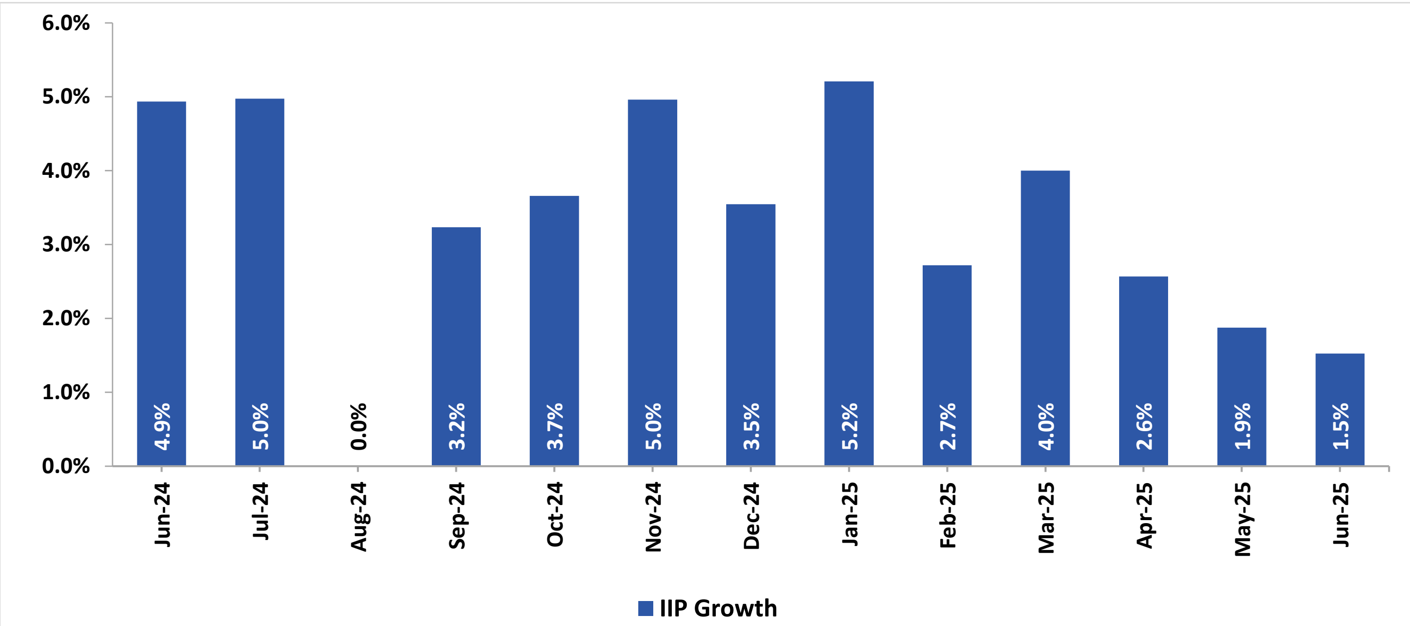
BONANZA WEALTH

IIP GROWTH

India's industrial production slipped to a 10-month low of 1.5% (provisional) in Jun-25, down from 1.9% (final) in May-25 primarily due to poor performance of the mining and electricity sectors, which were impacted by early arrival of monsoon. Manufacturing, which forms nearly 78% of the index, rose marginally by 3.9% in Jun-25 compared to 3.2% in May-25.

Mining activity declined for the third-consecutive month by (-8.7%) in Jun-25, down from (-0.1%) in May-25. Similarly, the electricity output contracted by (-2.6%) in Jun-25 as compared to (-4.7%) in May-25.

Among the 23 manufacturing sub-sectors, 14 recorded YoY growth led by Fabricated metal products excluding machinery and equipment (15.2%), Electrical Equipment's (6.43%), and Basic Metals (9.6%). On the other hand, Chemical and its products (-3.64%), Beverages (-6.55%), and Other Manufacturing (-17.56%) observed YoY decline, pointing to sector specific constraints.

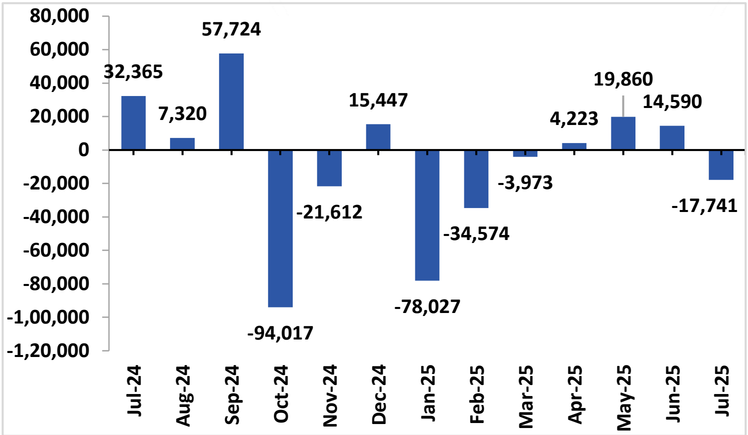


Within the use-based classification, four out of six categories experienced growth under which Infrastructure/Construction Goods (7.2%) were a standout performer followed by Intermediate Goods (5.5%), Capital Goods (3.5%), and Consumer Durables (2.9%). Meanwhile, YoY declines were witnessed in Primary Goods (-3.0%) and Consumer Non-Durables (-0.4%).

Overall, manufacturing sector shows resilience, but the broader industrial outlook remains cautious for the near term, though sustained decline in inflation and recent monetary policy easing may offer some support going forward.

FPI FLOWS

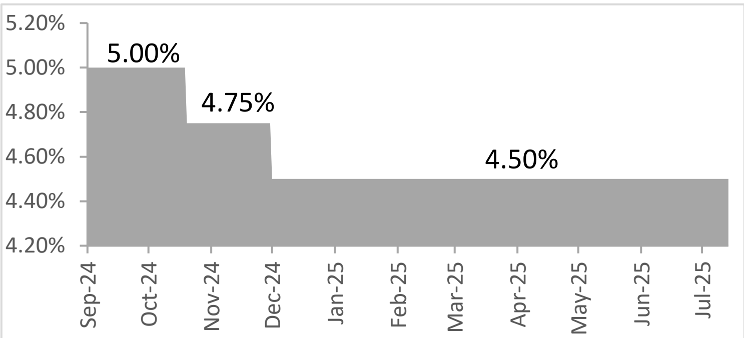
Foreign Portfolio Investors (FPIs) turned net sellers in July 2025, pulling out Rs 17,741 crore from equities as compared to net inflows of Rs 14,590 recorded in Jun-25. This marked the first month of outflows after three straight months of positive net equity inflows. This shift was driven by muted corporate earnings and uncertainty surrounding the US-India trade negotiations.



Despite the equity sell-off, the Debt/Hybrid segment witnessed resilience, with net inflows of Rs 12,203 crore following the net outflows of Rs 22,153 crore registered in Jun-25. The renewed interest in debt appears to be tied to expectations of continued RBI rate cuts and attractive yield spreads despite domestic easing nearing its end.
In the first half of Jul-25, sector-wise inflows were recorded in Services (Rs 2,733 crore), Metals and Mining (Rs 1,724 crore) and Consumer Services (Rs 953 crore). On the other hand, major outflows were observed in Information Technology (Rs 5,479 crore), FMCG (Rs 1,428 crore) and Consumer durables (Rs 1,292 crore).

Looking ahead, FPI flows are likely to remain cautious depending upon the macroeconomic indicators against the geopolitical risks and evolving trade landscape.

FOMC MEETING



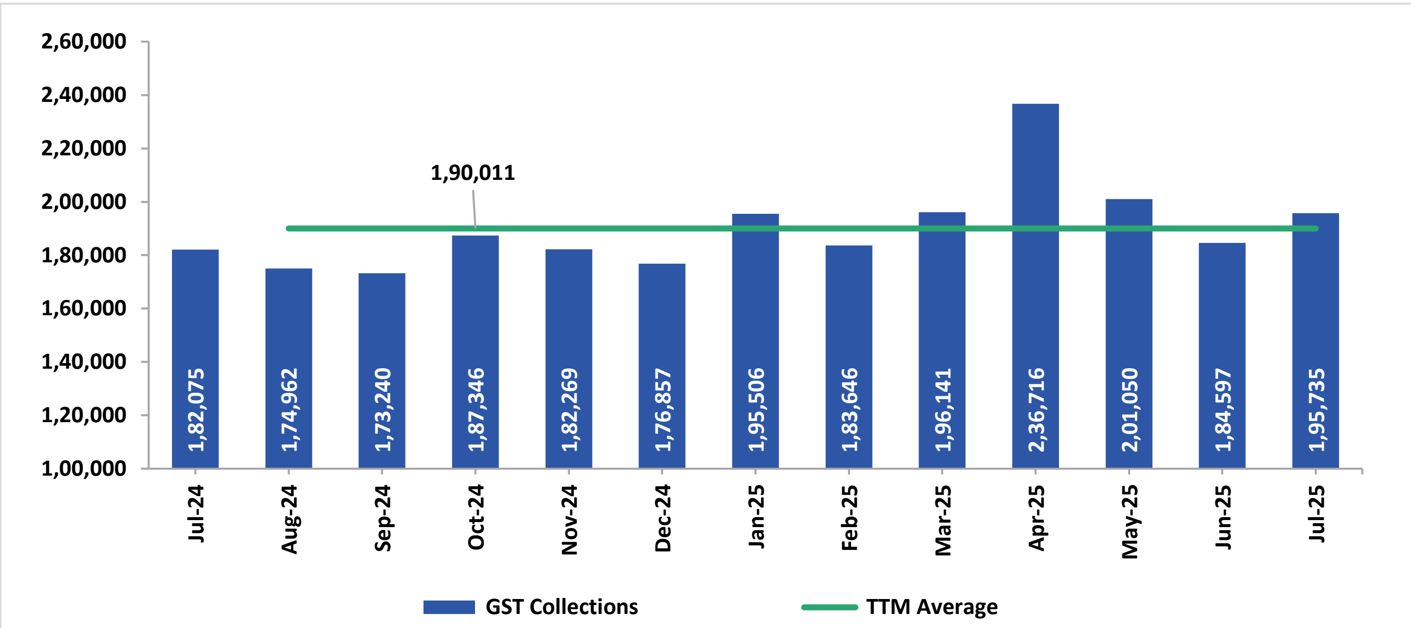
The Federal Open Market Committee (FOMC) decided to keep its key benchmark policy rates unchanged at 4.25% to 4.5% range in its Jul-25 meeting. This marks the fifth consecutive meeting that FOMC have held their interest rates at same level amid continued concerns over trade policy, inflation pressures, and lower unemployment rate. In Summary of Economic Projections, Fed had lowered its estimate for real GDP growth in 2025 to 1.4% in its June meeting from earlier 1.7% in Mar-25 and increased the forecast year-end unemployment rate to 4.5%, reflecting softer labour-market conditions.

Inflation forecasts were raised up and are now expected to reach 3.0% in 2025 from 2.7% with risks arising from trade policy and expansive fiscal policy. According to the Federal Reserve's dot plot, there could be two 25bps rate cuts seen later this year. Chair Jerome Powell emphasized the Fed's commitment to the dual mandate of maximum employment and price stability, emphasizing a data-dependent approach. Looking ahead, the Committee remains ready to adjust policy as required by evolving economic conditions, navigating risks posed by trade policies and fiscal expansion.

GST COLLECTIONS

India's gross Goods and Services Tax (GST) revenue collections for Jul-25 reached to Rs 1,95,735 crore, a 7.5% YoY increase. According to government data, gross GST revenue from domestic transaction grew by 6.7% YoY to Rs 1,43,023 crore, meanwhile revenue from imported goods increased by 9.7% YoY, reaching to Rs 52,712 crore. Gross GST collections comprised CGST of Rs 35,470 crore, SGST of Rs 44,059 crore, IGST of Rs 1,03,536 crore, and Cess of Rs 12,670 crore. Following adjustments for refunds, the net GST revenue for Jul-25 amounted to Rs 1,68,588 crore, registering a 1.7% YoY growth. For FY26 so far, the gross GST revenue reached Rs 8,18,099 crore, recording an 10.7% YoY rise, while net collections after refunds stood at Rs 7,11,128 crore, marking an 8.4% YoY growth.

The rise in collections fuelled by stronger contributions from both domestic transactions and imports reflects sustained economic momentum, although the pace of expansion has moderated. Maharashtra led the states in GST collections with Rs. 30,590 crore, registering a 6% YoY increase. Karnataka followed with Rs 13,967 crore. Gujarat secured the third position with Rs 11,358 crore, while Tamil Nadu and Haryana collected Rs 11,296 crore and Rs 10,149 crore, respectively.



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