



# FORTNIGHTLY MACRO REVIEW

20<sup>th</sup> January 2026

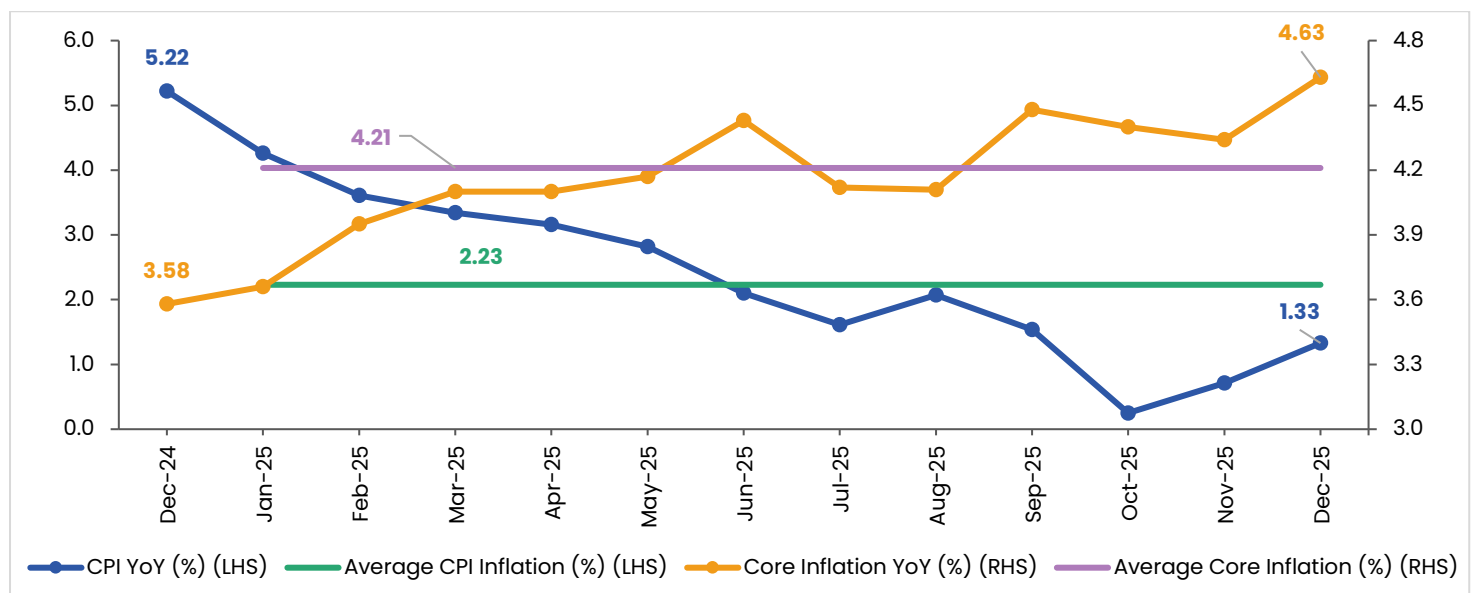
**BONANZA WEALTH**



# CPI INFLATION

Consumer Price Index (CPI) rose to 1.33% (Provisional) in Dec-25, slightly higher than 0.71% (Final) in Nov-25 marking a 3-month high. Despite the uptick, headline inflation remained well below the RBI's target band. Food inflation which accounts for nearly half of the CPI basket, eased to (-2.71%), marking its 7th consecutive month in the deflationary trajectory. Although it remained in the negative zone, food inflation was marginally higher than the (-3.91%) in Nov-25.

Meanwhile, headline inflation stood at 0.76% in rural areas and 2.03% in urban areas. The narrowing deflation in food prices was mainly driven by higher price pressures in vegetables, eggs, meat and fish, spices and pulses.



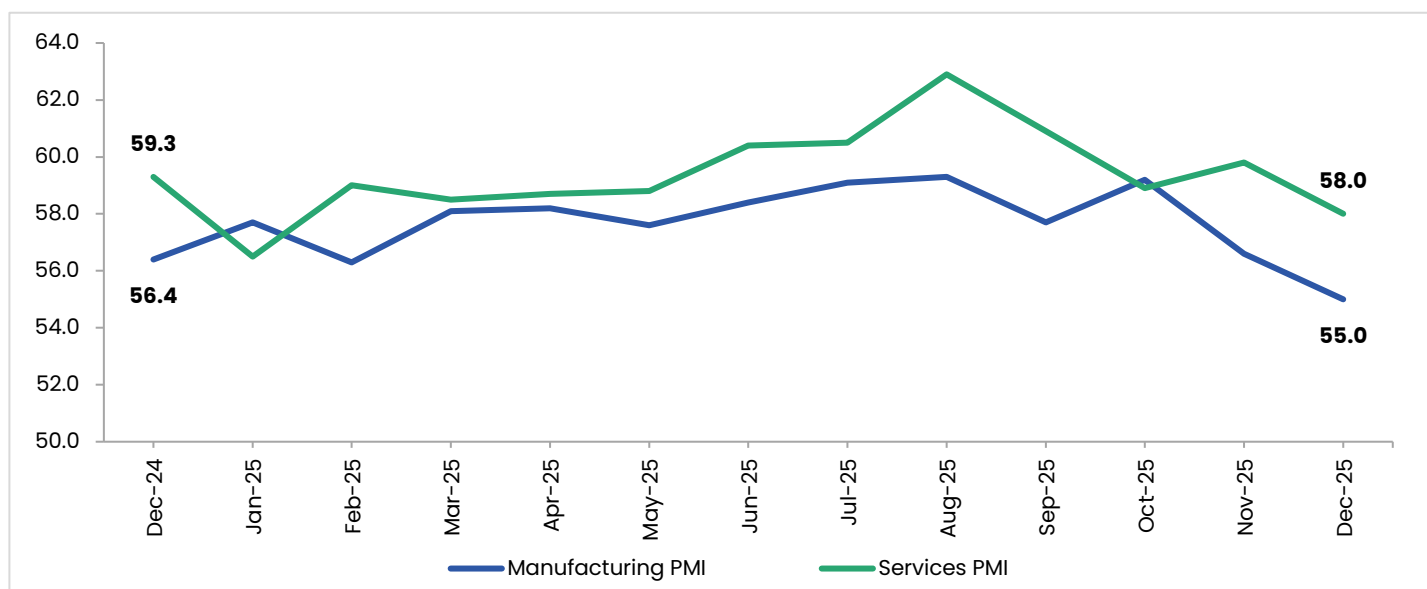
Among the major categories, a YoY decline was observed in vegetables (-18.47%), pulses (-15.09%) and spices (-2.15%). However, inflation persisted in personal care (28.07%), oils and fats (6.75%) and fruits (6.66%) indicating continued price pressures in selected items. Fuel and light inflation eased to 1.97% (Provisional) in Dec-25 from 2.32% (Final) in Nov-25. Core inflation which excludes food and fuel prices edged up to 4.63% in Dec-25 from 4.34% in Nov-25.

The lower inflation print is likely to keep expectations of one final rate cut alive. However, with the upcoming shift to a new CPI series with the base year as 2024 from the next month, the RBI may reassess the inflation and rate trajectory from the April policy onwards.

# PMI INDICATOR

India's private sector activity maintained its growth trajectory in Dec-25, although the pace of growth moderated. Both manufacturing and services sectors recorded slower increases in output and new business. The Manufacturing PMI declined to 55.0 in Dec-25 from 56.6 in Nov-25, marking a 2-year low. The slowdown was majorly due to softer growth in new orders, production and employment. New export orders rose at the slowest pace in 14 months, pointing to limited pressure on operating capacity. Input costs and output prices rose mildly and remained below long-run averages, offering continued cost relief to manufacturers.

The Services PMI fell to 58.0 in Dec-25 from 59.8 in Nov-25, marking a 11-month low. Growth in new work and activity moderated despite domestic demand and improved export sales particularly from Asia, North America, Middle East and UK. Hiring activity stalled during the month as most firms kept staffing levels unchanged while a small number of firms reported marginal job cuts. Companies recorded limited operating capacity pressures which in turn reduced the need to add workers.



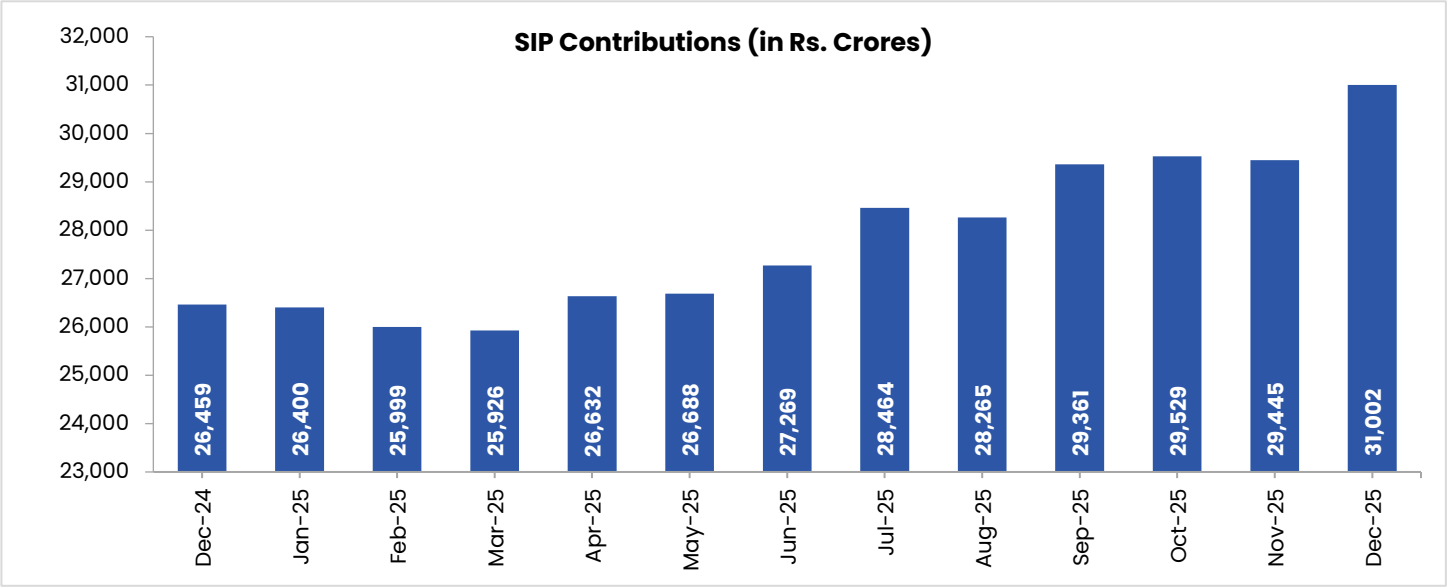
As a result, the Composite Output Index eased to 57.8 in Dec-25 from 59.7 in Nov-25. This marked the lowest level since Jan-25.

Looking ahead, businesses expect output to rise during 2026, though overall confidence levels have slipped to a 41-month low. Advertising, positive demand and new product launches support the outlook, while competitive pressures and broader market uncertainty remain key concerns.

# RETAIL PARTICIPATION

The Indian Mutual Fund industry recorded net outflows of Rs 66,591 crore in Dec-25 as against net inflows of Rs 32,755 crore in Nov-25. The outflows were majorly due to sharp withdrawals from debt schemes. Despite the slowdown, open-ended equity mutual funds maintained a positive streak for the 58th consecutive month. Equity mutual funds stood at Rs 28,054 crore in Dec-25, down from 6.21% MoM. SIP inflows scaled a new high of Rs 31,002 crore, reflecting strong investor confidence despite global volatility.

The industry's net asset under management (AUM) moderated to Rs 80.23 lakh crore after scaling new highs of Rs 80.80 lakh crore in Nov-25. Within the open-ended equity fund category, net inflows into large-cap funds eased by 4.41% MoM, while mid-cap and small-cap funds also declined by 6.93% MoM and 13.23% MoM, respectively. Flexi cap funds continued to lead equity flows by attracting Rs 10,019 crore during the month.



Debt funds observed large redemptions of Rs 1.32 lakh crore for this month, primarily driven by liquidity management and limited market related valuation changes. Gold ETFs witnessed strong inflows of Rs 11,647 crore in Dec-25 which is sharply higher than Rs 3,742 crore in the previous month. This marks a rise of over 200% MoM.

Total SIP inflows for 2025 amounted to Rs 3.34 lakh crore. While equity inflows moderated and debt funds saw large withdrawals, record SIP inflows and strong Gold ETF participation stood out as key support for overall flows during the month.



<b>Name</b>	<b>Designation</b>
<b>Jainam Doshi</b>	<b>Research Analyst</b>

**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) are not engaged in the use of artificial intelligence. 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.

**Disclaimer:** This research report has been published by M/s. Bonanza Portfolio Ltd and is meant solely for the use of the recipient and is not for circulation. This document is for information purposes only, and the information, opinions, and views are not meant to serve as a professional investment guide for the readers. Reasonable care has been taken to ensure that the information given is believed to be fair and correct at the time, and the opinions based there upon are reasonable. However, 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 sent or has reached any individual, it 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 to 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 basis for any market transaction; however, this data represents one of the supporting documents among other market risk criteria. Market participants should be aware of the risks involved in using this information as the sole source for any market-related activity. **"Investments in securities markets are subject to market risks. Read all the related documents carefully before investing."** **"Registration granted by SEBI, membership of BSE, and certification from NISM in no way guarantee the performance of the intermediary or provide any assurance of returns to investors."** The distribution of this report in certain jurisdictions may be restricted by law, and persons in whose custody this report comes should observe any such restrictions. The disclosures of interest statements included in this analysis are provided solely to improve transparency and should not be treated as an 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, or reliability of such information, opinions, or 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 reports may differ between M/s. Bonanza Portfolio Ltd Research Analysts and other entities on account of differences in personal judgment and time horizons for which recommendations are made. The research entity has not been engaged in market-making activity for the subject company. The research analyst has not served as an officer, director, or employee of the subject company and has not received any compensation or benefits from the subject company or any third party in connection with this research report.

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  
INSDL: a) IN 301477 | b) IN 301688 (Delhi) | PMS: INP 000000985 | AMFI: ARN -0186  
Compliance Officer: Trupti Milind Khot, 022-62735507, [compliance@bonanzaonline.com](mailto:compliance@bonanzaonline.com)