



# **FORTNIGHTLY MACRO REVIEW**

**20<sup>th</sup> January 2026**

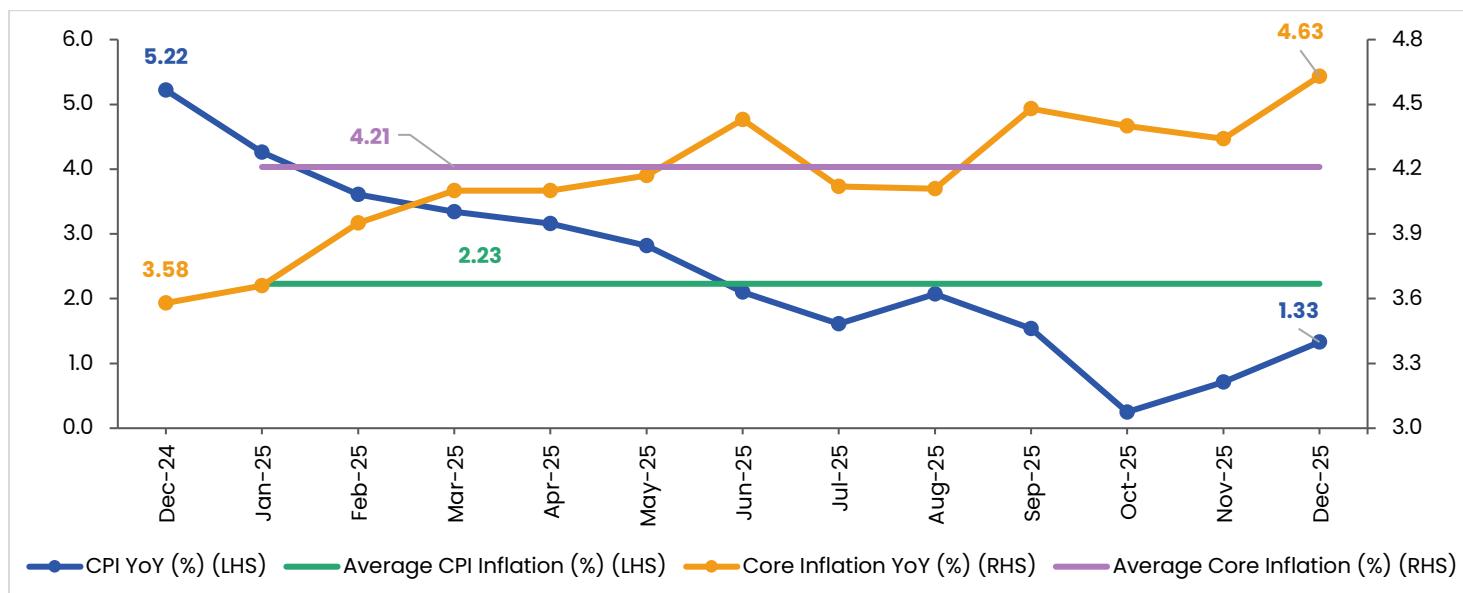
**BONANZA WEALTH**



# 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.



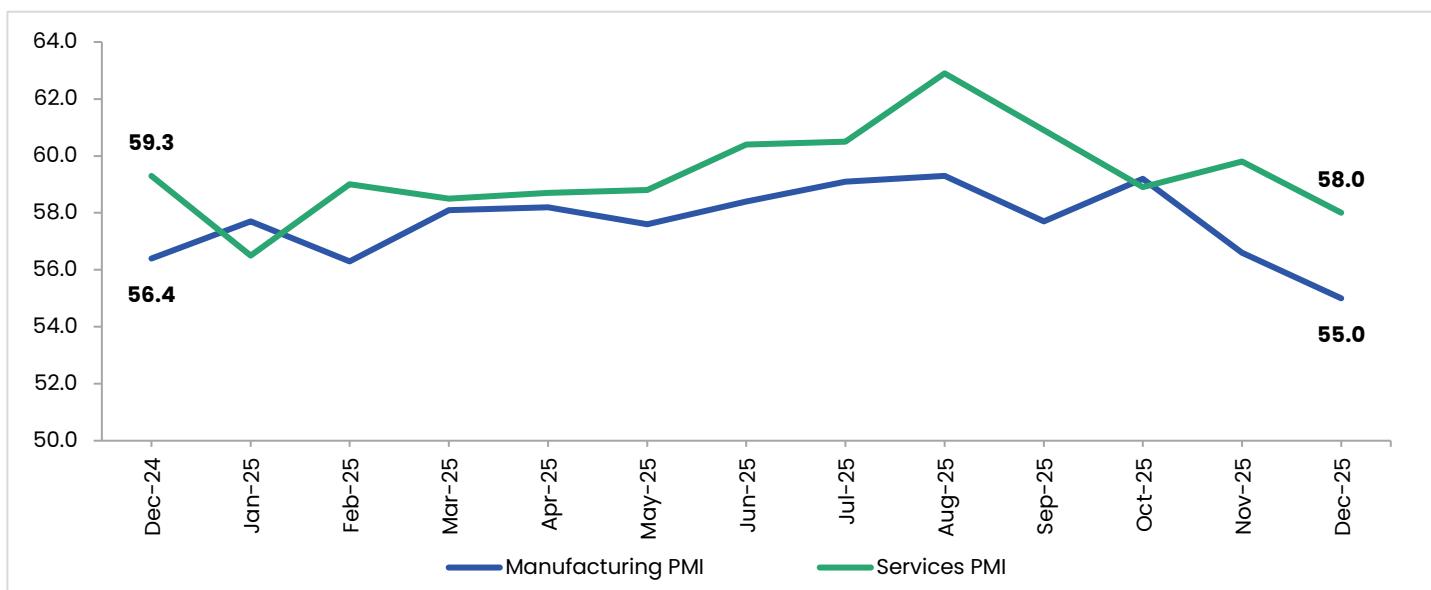
Among the major categories, a YoY decline was observed in vegetables (-18.47%), pulses (-15.09%) and spices (-2.15%). However, inflation persisted in personal care (28.07%), oils and fats (6.75%) and fruits (6.66%) indicating continued price pressures in selected items. Fuel and light inflation eased 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.



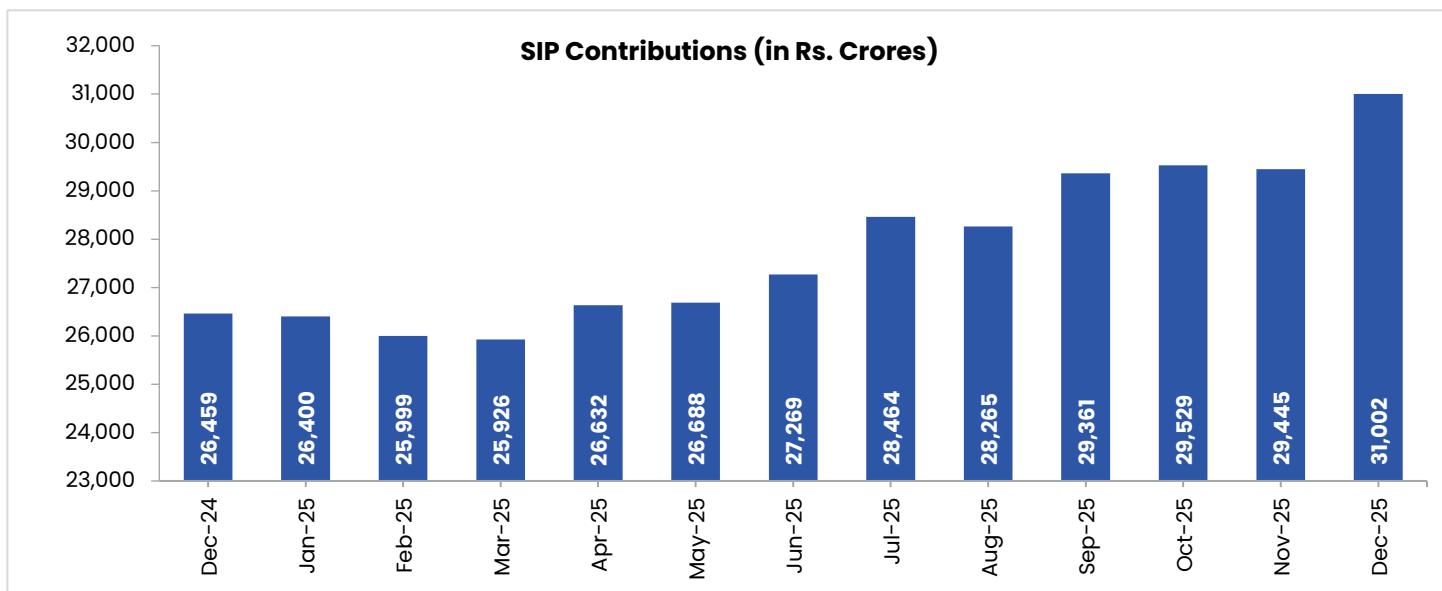
As a result, the Composite Output Index eased to 57.8 in Dec-25 from 59.7 in Nov-25. This marked the lowest level since Jan-25.

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.



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