FORTNIGHTLY MACRO REVIEW

16th July 2026

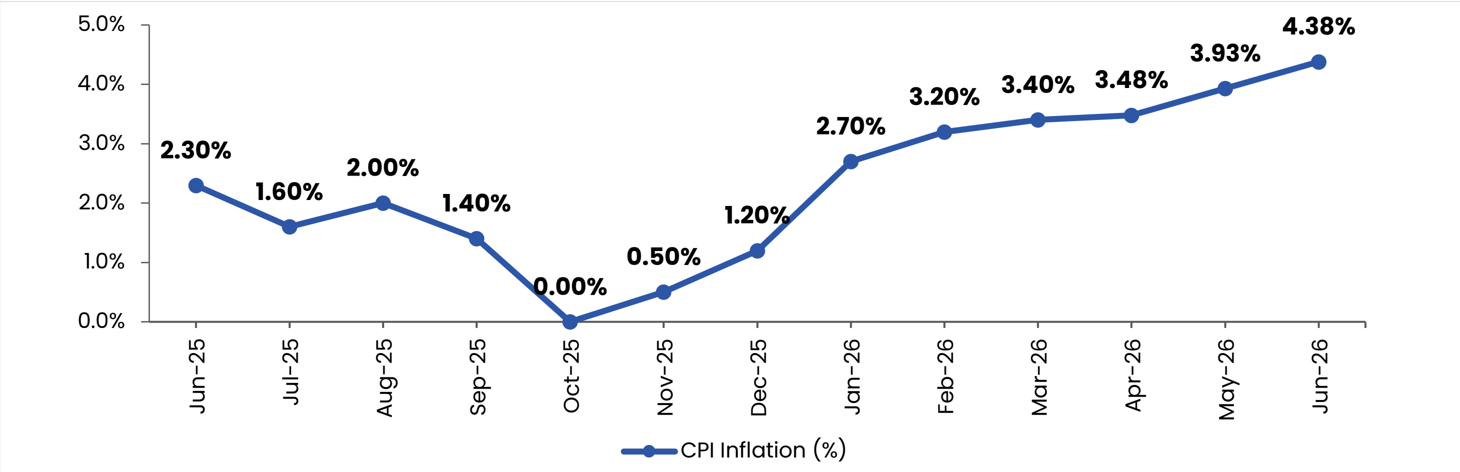
BONANZA WEALTH

CPI INFLATION

Consumer Price Index (CPI) inflation accelerated to 4.38% (Provisional) in Jun-26 from 3.93% (Final) in May-26. This marks the highest CPI print in 18 months. Additionally, the headline inflation has breached the RBI's 4% medium-term target. Despite the increase in headline inflation, average CPI inflation for Q1FY27 stood at 3.93%, which is lower than the RBI's projection of 4.20%. The rise in inflation was largely driven by higher energy prices and food inflation.

The corresponding rural and urban inflation rates stood at 4.74% and 3.92%, respectively. Housing inflation stood at 2.10% (Provisional) in Jun-26 which is marginally lower than 2.12% (Final) in May-26. Food inflation accelerated to 5.32% (Provisional) in Jun-26 from 4.78% (Final) in May-26.

Across the CPI basket, all divisions recorded a rise in inflation excluding health, recreation, personal care items and tobacco & intoxicants. The sharpest increase was recorded in Transport where inflation rose to 4.31% as against 1.75%, followed by Restaurants & Accommodation which increased to 6.91% from 5.75% earlier and Food & Beverages also witnessed a rise of 5.05% as against 4.55%.



High inflation was observed in silver jewellery, ginger, gold, diamond & platinum jewellery, tomato and raisin (kishmish) & monacca. Low inflation was recorded in potato, peas, motor car & jeep, cumin (jeera) and motorcycle & scooter. Among states with a population of more than 50 lakh, highest inflation was recorded in Telangana at 6.36% followed by Andhra Pradesh at 5.39%. Tamil Nadu came in third by recording 5.24%. Odisha and Madhya Pradesh recorded 5.15% and 5.09% respectively.

Overall, the inflation outlook remains exposed to risks arising from global uncertainties and weather-related disruptions. The US-Iran Memorandum of Understanding (MoU) which was signed in mid-June 2026 briefly improved sentiment in global commodity markets and eased concerns over energy supplies. However, the relief proved temporary as renewed geopolitical tensions resurfaced which kept energy prices volatile. On the domestic front, the possibility of El Niño strengthening during the second half of the monsoon season remains a key risk to the inflation outlook. Although the rainfall has improved in recent weeks, close monitoring will be required for food prices, particularly vegetables, pulses and edible oils.

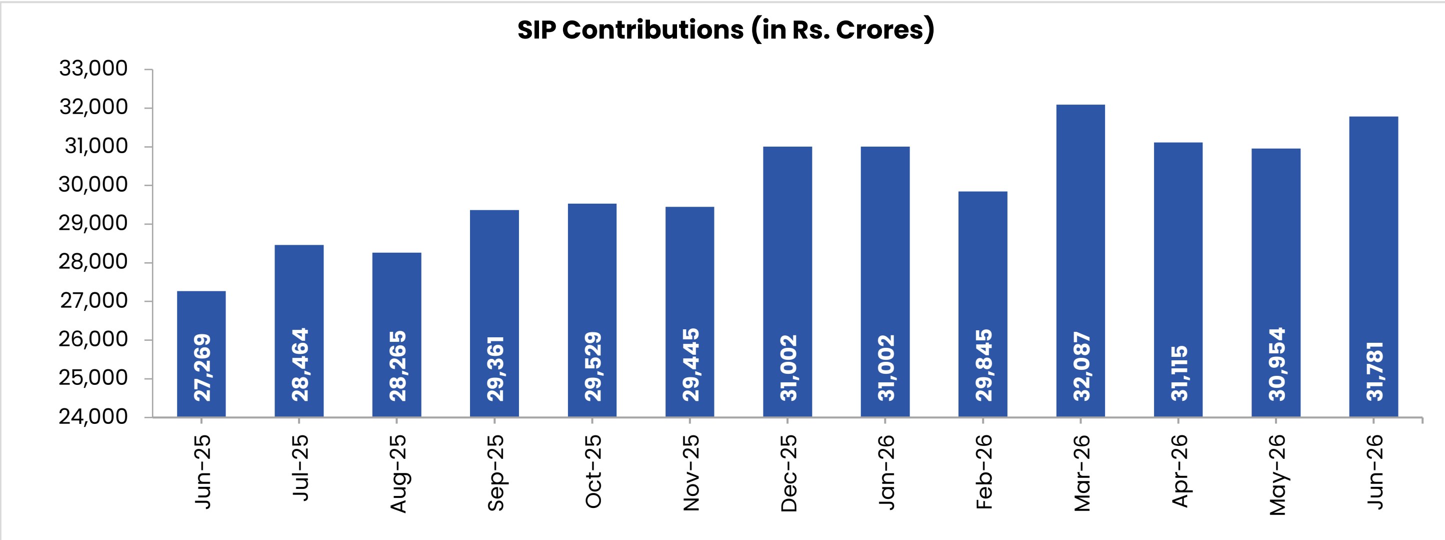
Going forward, the RBI's policy decisions will continue to depend on the evolving inflation and growth outlook.

RETAIL PARTICIPATION

The Indian Mutual Fund industry recorded net outflows of Rs. 52,949 crore in Jun-26 as compared to the net outflows of Rs. 64,021 crore in May-26. The pace of outflows narrowed as compared to the figures posted in the previous month.

The inflows into equity mutual funds rose by 26.5% MoM to Rs. 28,973 crore in the month of Jun-26, from Rs. 22,908 crore posted in May-26. The improvement was supported by easing West Asia tensions and measures to stabilise the rupee. SIP inflows hit a 3-month high of Rs. 31,781 crore during the month in comparison to Rs. 30,954 crore in the previous month. This marks the fourth consecutive month where the SIP inflows have crossed the Rs. 30,000 crore level. The mutual fund industry's net assets under management (AUM) reached to Rs. 82.22 lakh crore from Rs. 81.58 lakh crore in May-26.

Open-ended equity mutual funds maintained a positive streak for the 64th consecutive month. Within the open-ended fund category, large-cap funds increased by 29.8% MoM to Rs. 2,067 crore. Mid-cap funds followed with a 38.9% MoM increase to Rs. 6,090 crore and small-cap funds rose by 13.3% MoM to Rs. 5,602 crore. During Jun-26, mid-cap funds witnessed the highest inflows overtaking flexi cap funds which had been leading in the prior months.



On the other hand, Debt funds remained under pressure for a second consecutive month. It recorded net outflows of Rs. 1.09 lakh crore as against the net outflows of Rs. 96,949 crore in May-26. Liquid funds accounted for the largest outflows of Rs. 42,293 crore. They were followed by outflows in Low Duration funds and Ultra short duration funds of Rs. 16,484 crore and Rs. 11,426 crore, respectively. The outflows were largely driven by redemptions in liquid, overnight and money market funds. This was to meet seasonal quarter-end institutional liquidity requirements. Overall, in the Debt fund, only Credit Risk fund and Floater fund attracted fresh inflows, while the remaining categories witnessed net outflows.

Gold ETFs observed a strong rebound during the month by recording net inflows of Rs. 3,443 crore as against net outflows of Rs. 725 crore in the previous month. This rebound suggests that investors are adjusting their portfolio allocations in response to changing market conditions. Additionally, following the profit booking in May-26, the correction in gold prices during Jun-26 encouraged investors to buy on dips which resulted in renewed inflows.

The Jun-26 data highlights continued investor participation in equity schemes with mid and small cap funds now in focus. ETFs also witnessed healthy contribution. However, the redemptions in Debt funds pushed the overall Mutual Fund industry into the negative territory.

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: 2026-07-16 19:26+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) 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.

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