



# FORTNIGHTLY MACRO REVIEW

17<sup>th</sup> November 2025

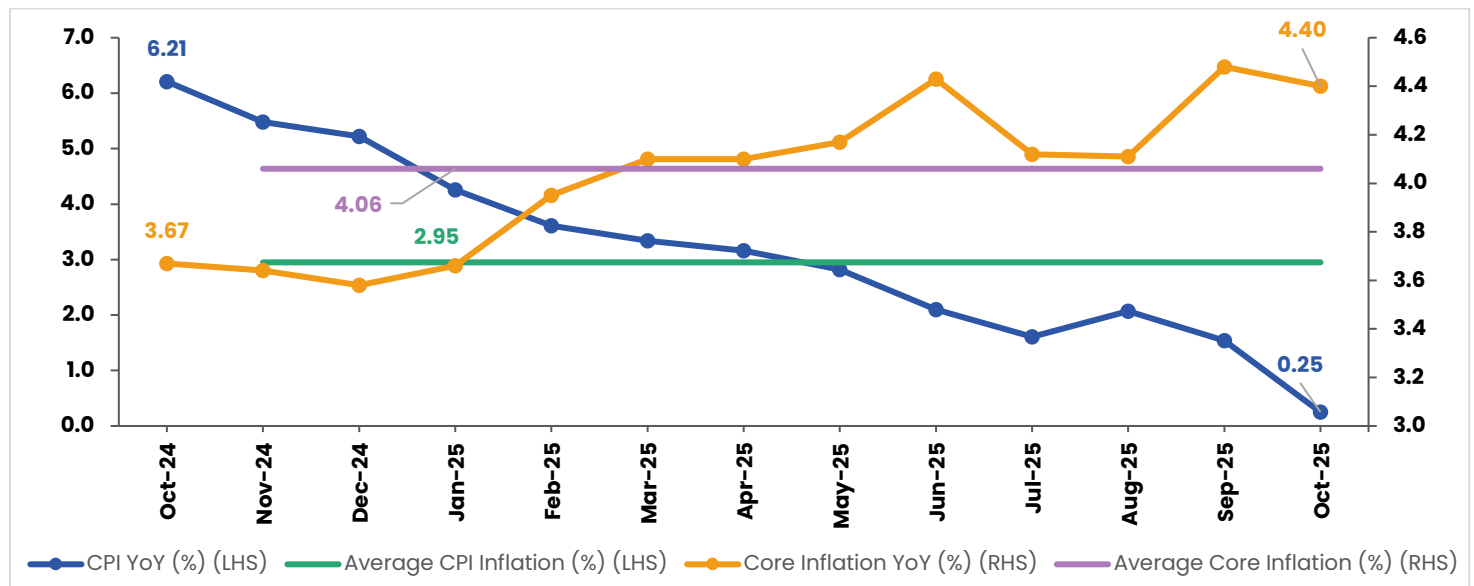
**BONANZA WEALTH**



# CPI INFLATION

Consumer Price Index (CPI) dropped to a 10-year low of 0.25% (provisional) in Oct-25 from 1.44% (final) in Sep-25 mainly due to deeper deflation in food items and a favourable base effect. It is the lowest YoY inflation of the current CPI series and marks the 3<sup>rd</sup> time in 4 months where CPI inflation has stayed below the RBI's lower tolerance band. Food inflation which accounts for nearly half of the CPI basket, plunged to (-5.02%), marking its 5th consecutive month in the deflationary trajectory. The sharp decline was led by vegetables and pulses. The continued slide in food prices has eased the burden on consumers, with headline inflation softening to 0.25% in rural areas and 0.88% in urban areas.

Among the major categories, a decline was observed in vegetables (-27.57%), pulses (-16.15%) and spices (-3.29%). However, inflation persisted in personal care (23.88%), oils and fats (11.17%) and fruits (6.69%) indicating continued price pressures in selected items. Fuel and light inflation remained unchanged at 1.98% (provisional) in Oct-25.



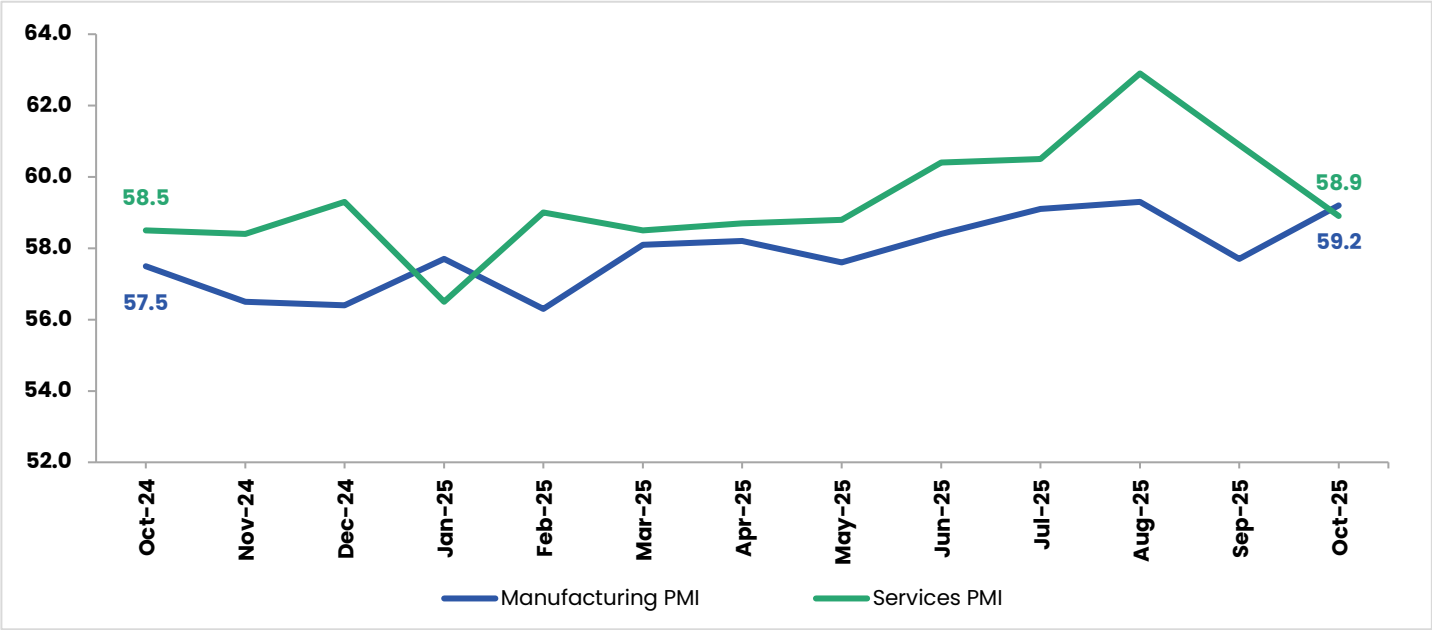
Core inflation which excludes food and fuel prices eased slightly to 4.40% in Oct-25 from 4.48% in Sep-25. The impact of GST rationalisation on core inflation is not fully visible yet and is expected to show more clearly in Nov-25. Its effect was partly offset by a spike in gold and silver prices during the festive period. Clothing and footwear were the only categories to record a marked turnaround suggesting some GST cut impact.

Looking ahead, with October marking the low point in the inflation cycle, a mild pickup is expected as the base effect fades. GST rationalisation should help keep near-term pressures contained and we can expect the RBI to cut 25 bps in December as inflation remains well below the target range of 2-6%.

# PMI INDICATOR

India's private sector economy continued to expand in Oct-25, although the pace of growth eased slightly as manufacturing strengthened while services activity moderated. The Manufacturing PMI rose to 59.2 in Oct-25 from 57.7 in Sep-25, signalling sustained industrial recovery and rising domestic demand. This also marks one of the highest readings in 17.5 years. Firms reported stronger increases in new orders and output, supported by buoyant domestic demand and the impact of GST relief, while input buying rose at the fastest pace since May-23. International sales increased again, though at the slowest rate in 10-months, pointing to softer external demand.

The Services PMI, softened to 58.9 in Oct-25 from 60.9 in Sep-25, reflecting slower increases in business activity and new orders, with competitive pressures and heavy rains contributing to the moderation. Input costs grew at the slowest pace in 14-months, which provided some relief to firms.

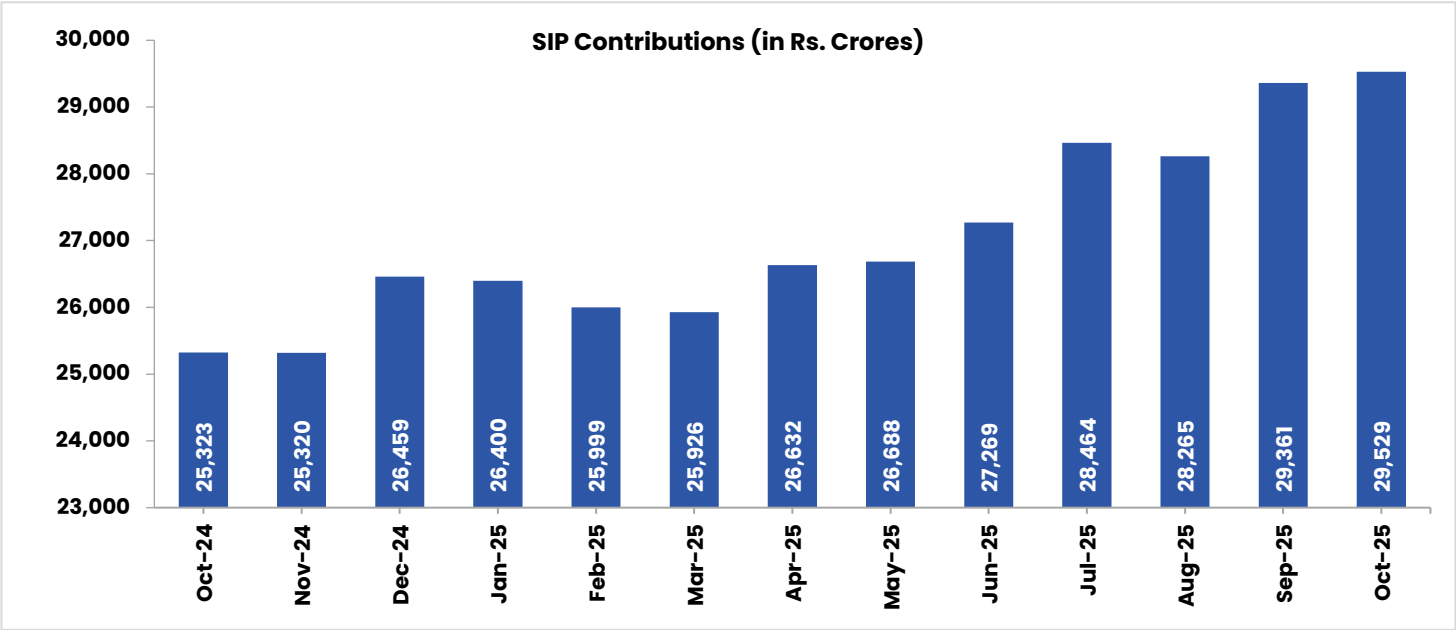


With manufacturing gaining momentum and services expanding at a slower pace, the Composite Output Index stood at 60.4 in Oct-25 as against 61.0 in Sep-25. Overall, firms remained optimistic, supported by expectations of healthy demand, marketing efforts and positive sentiment around GST reforms.

# RETAIL PARTICIPATION

The Indian Mutual Fund industry witnessed a turnaround in Oct-25, recording net inflows of Rs 2,15,657 crore as against net outflows of Rs 43,146 crore in Sep-25. Open-ended mutual funds maintained a positive streak for the 56<sup>th</sup> consecutive month. In Oct-25, equity mutual funds inflows eased to Rs 24,690 crore registering an 18.8% MoM decline. SIP inflows scaled a new high of Rs 29,529 crore, reflecting strong investor confidence despite global volatility. The industry’s net asset under management (AUM) reached its all-time high of Rs 79.87 lakh crore, up from Rs 75.61 lakh crore in Sep-25.

Within the open-ended equity fund category, large caps fell by (-58.1%) MoM, while midcaps and small caps declined by (-25.1%) MoM and (-20.3%) MoM, respectively.



Debt funds witnessed a revival in Oct-25 by recording net inflows of Rs 1,59,958 crore, as against outflows of Rs 1,01,978 crore in Sep-25. The net inflows were led by liquid, money market, and ultra-short duration funds. As commonly seen around quarter-end, a large portion of debt fund redemptions usually flows back in the subsequent month. The passive fund flows continued to be led by gold and silver ETFs.

Looking ahead, steady SIP momentum and continued retail participation are likely to keep the industry well-anchored even as flows adjust to evolving market conditions.



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

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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: 12033500 | NSDL: a) IN 301477 | b) IN 301688 (Delhi) | PMS: INP 000000985 | AMFI: ARN -0186| Compliance Officer: Manoj Kumar Goel, 022-62735507, [compliance@bonanzaonline.com](mailto:compliance@bonanzaonline.com)