



FORTNIGHTLY MACRO REVIEW

16th September 2025

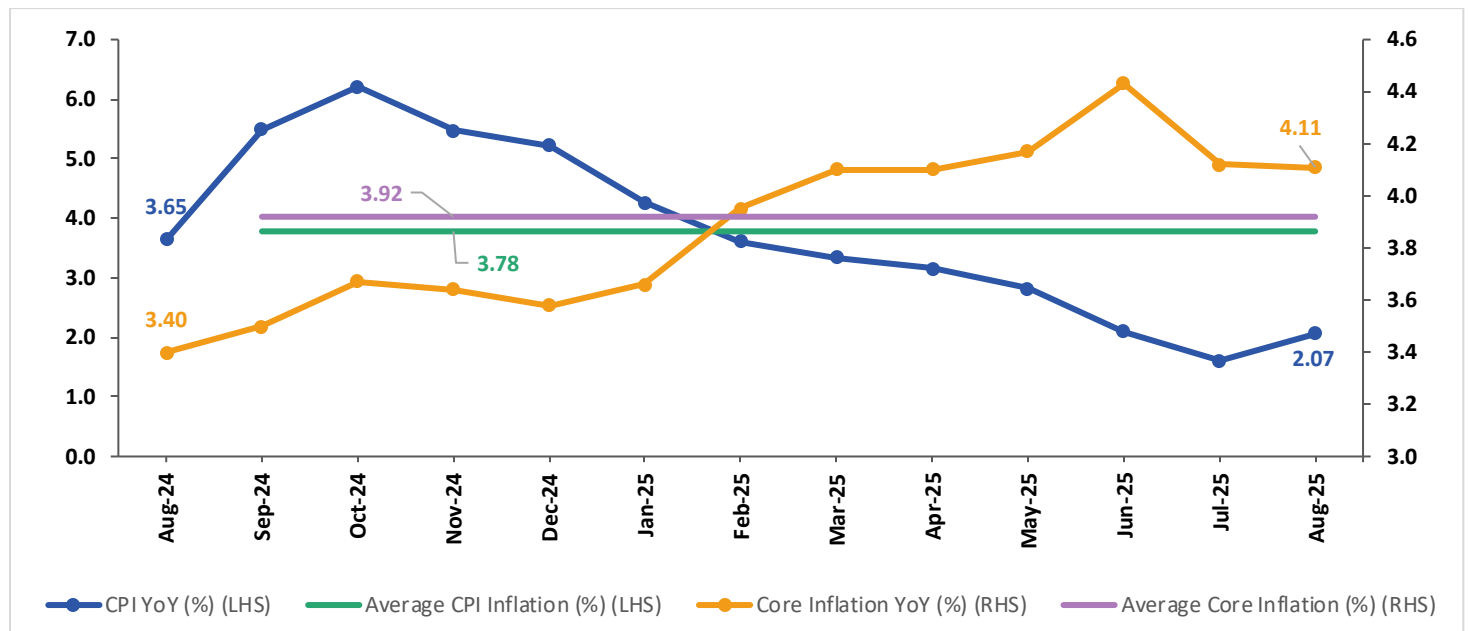
BONANZA WEALTH



CPI INFLATION

Consumer Price Index (CPI) edged up to 2.07% (provisional) in Aug-25, as against 1.61% (final) in Jul-25. Although headline inflation was marginally higher than the previous month, it remains within the RBI's target rate of 4%. Food inflation contracted by (-0.69%), marking its 3rd consecutive month in the deflationary trajectory. The increase in the headline and food inflation was primarily due to rising prices in fruits, meat and fish, edible oil and fats, eggs and personal care. Rural and urban inflation in Aug-25 increased to 1.69% and 2.47%, respectively.

Among the major categories, a decline was observed in vegetables (-15.92%), pulses (-14.53%) and spices (-3.24%). However, inflation persisted in oils and fats (21.24%), personal care (16.61%), and fruits (11.65%) indicating continued price pressures in selected items. Fuel and light inflation declined to 2.43% (provisional) in Aug-25 from 2.67% (final) in Jul-25.

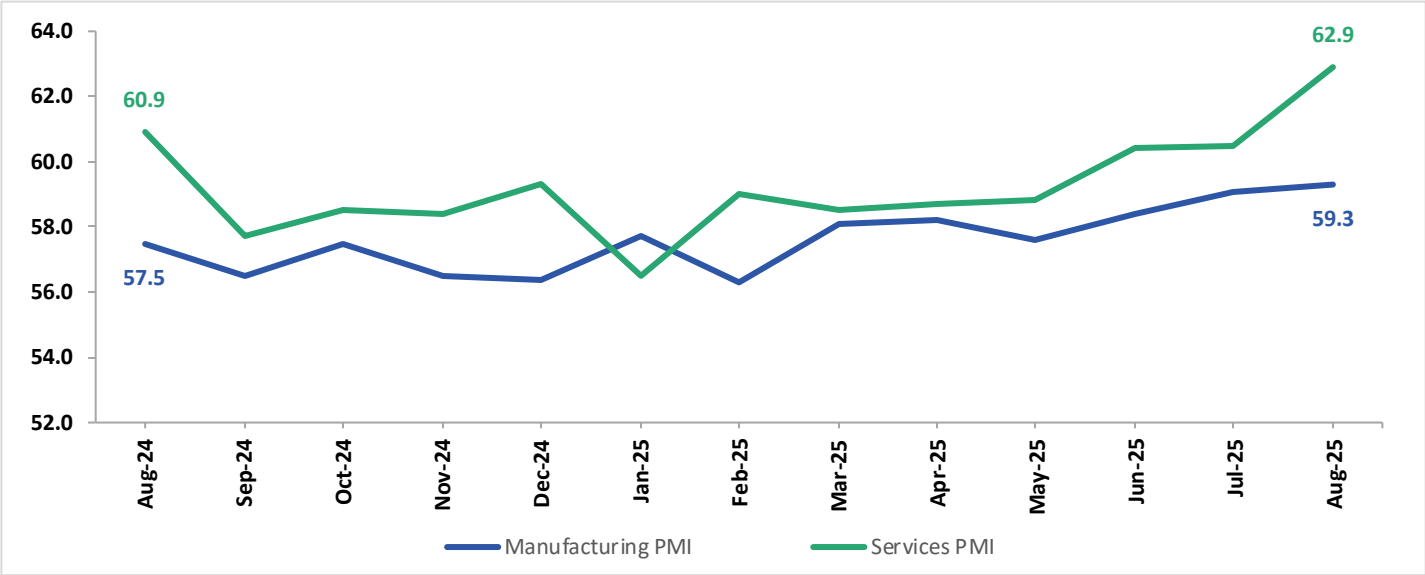


Core inflation which excludes food and fuel prices marginally declined to 4.11% in Aug-25 from 4.12% in Jul-25. Despite healthy kharif sowing, the late August and early September flooding could influence kharif harvests and price movements, highlighting a key area to monitor.

PMI INDICATOR

India's private sector economy recorded its sharpest expansion in over 17 years in Aug-25, supported by strong performances in both manufacturing and services. The Manufacturing PMI edged to 59.3 in Aug-25 from 59.1 in Jul-25, signalling the fastest improvement in operating conditions since mid-2008. Growth was driven by a rapid surge in production and robust gains in new orders, with incoming new orders marking the fastest increase in 57 months. However, international demand slowed following the increase of US tariff on Indian goods to 50%.

The Services PMI climbed to 62.9 in Aug-25, from 60.5 in Jul-25, marking its quickest rate in 15 years, supported by buoyant domestic demand. Firms in the services sector also reported rising cost pressures, which translated into the steepest increase in output charges in over 13 years. International sales also showed strong momentum, with exports recording their 3rd fastest increase since Sept-14.

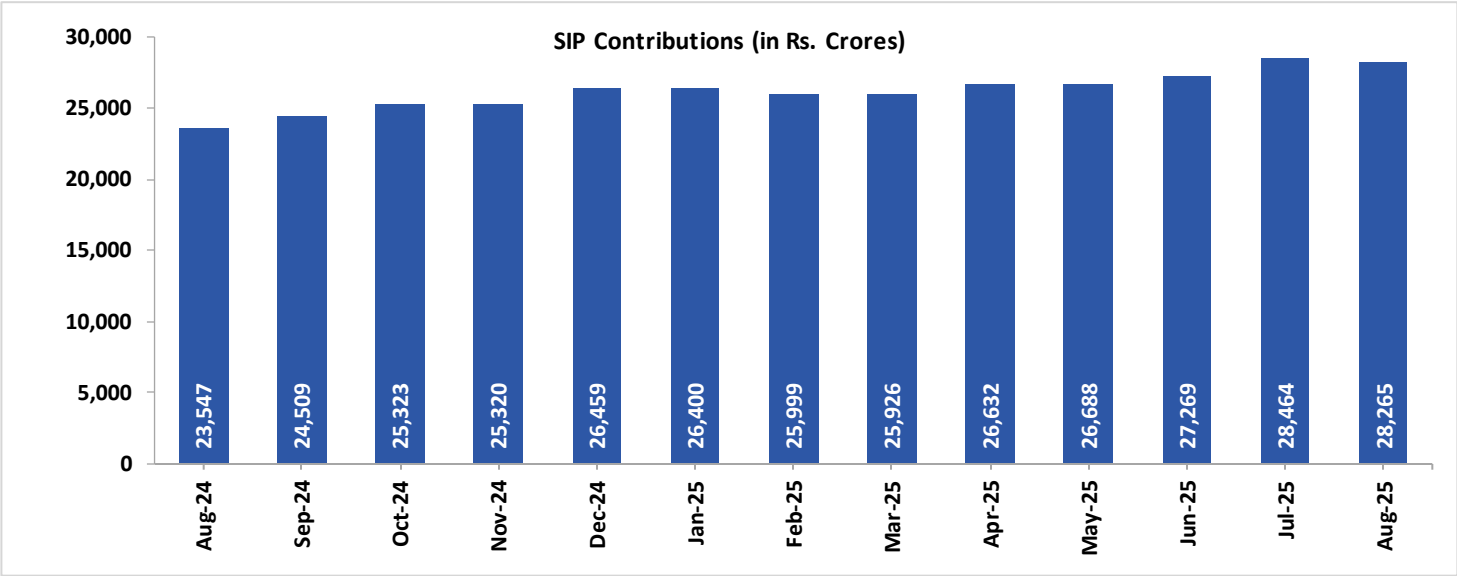


The Composite Output Index rose to 63.2 in Aug-25 from 61.1 in Jul-25, reflecting broad based resilience across the economy. While international sales gained strong momentum, firms noted that export demand could face headwinds if tariff pressures persist.

RETAIL PARTICIPATION

The Indian Mutual Fund industry witnessed a sharp decline in Aug-25 with net inflows falling to Rs 52,443 crore as against net inflows of Rs 1,78,794 crore in Jul-25. Open-ended mutual funds maintained a positive streak for the 54th consecutive month, highlighting continued investor participation. In Aug-25, equity mutual funds inflows eased to Rs 33,430 crore registering a 22% MoM decline. The industry’s net asset under management (AUM) observed a modest slowdown amounting to Rs 75.18 lakh crore, down from 75.35 lakh crore in Jul-25. SIP inflows moderated by 0.70% MoM to Rs 28,265 crore with SIP AUM now exceeding Rs 15.18 lakh crore.

Within the open-ended equity fund category, large caps recorded a 33.40% MoM rise, midcaps increased by 2.86% MoM, while small-caps posted an (-23.00%) MoM decline. Flexi cap funds scaled a new high of Rs 7,679 crore surpassing last month’s all time high of Rs 7,654 crore.



Debt funds recorded a net outflow of Rs 7,980 crore in comparison to net inflows of Rs 1,06,801 crore last month. Looking ahead, resilient SIP flows and active participation in core equity funds will continue to form the backbone of mutual fund inflows, helping absorb short-term volatility and supporting the industry’s stability.



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