








Monthly Market Review

August 2025



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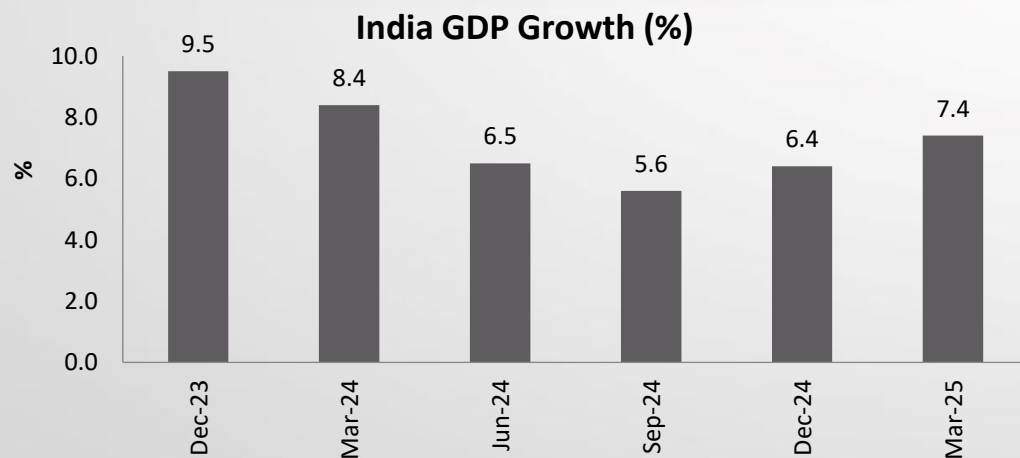
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MACRO ECONOMIC INDICATORS

GDP and Current Account Deficit Trend



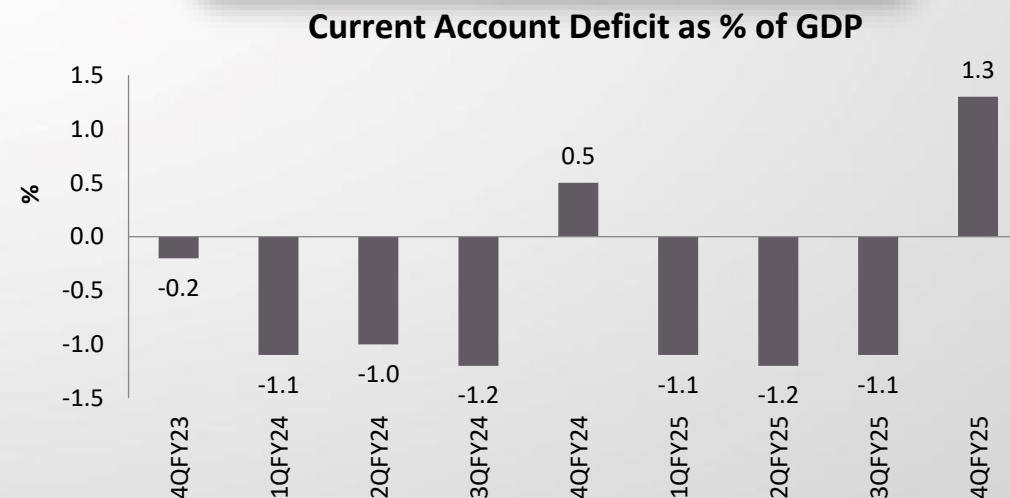
GDP grew by 7.4% YoY in 4QFY25



Source: Refinitiv

Gross Domestic Product (GDP) of the Indian economy at constant (2011-12) prices witnessed a growth of 7.4% YoY in the fourth quarter of FY25.

Current a/c balance remained in surplus in 4QFY25



Source: Refinitiv

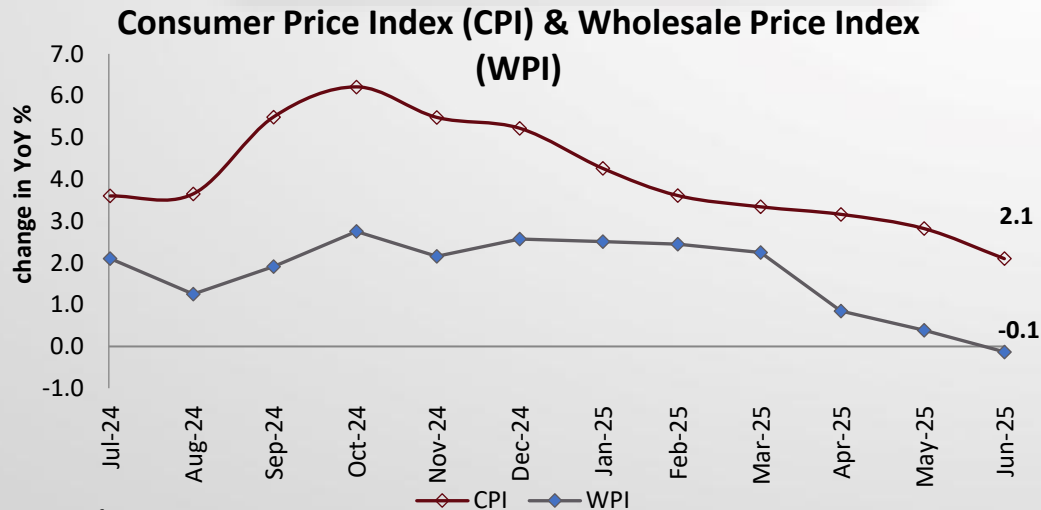
Current a/c balance recorded a surplus of US\$ 13.5 billion (1.3% of GDP) in Q4 FY25 as compared with US\$ 4.6 billion in Q4 FY24 and against a deficit of US\$ 11.3 billion (1.1% of GDP) in Q3 FY25.

MACRO ECONOMIC INDICATORS

Inflation and Trade Data Trend

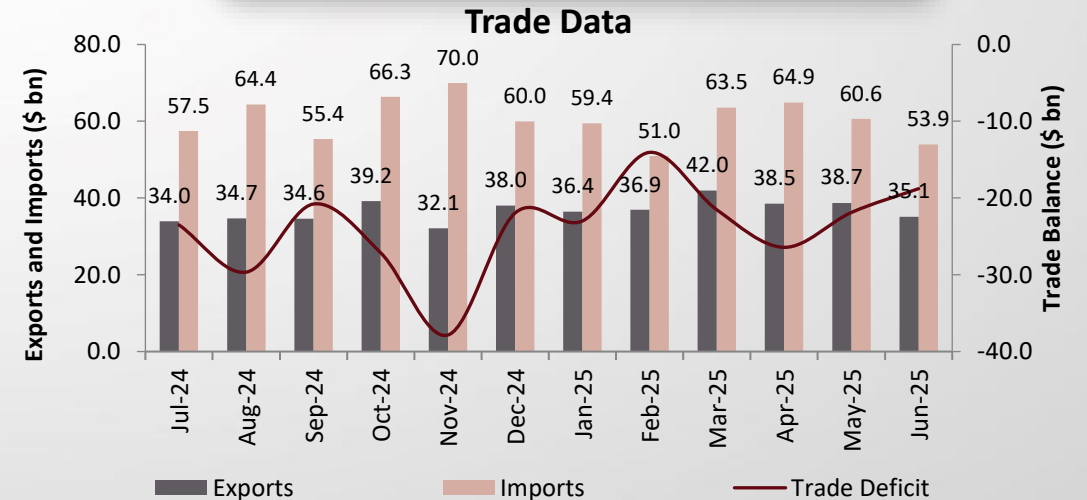


CPI inflation eased in Jun 2025



CPI-based inflation eased to 2.10% YoY in Jun 2025, down from 2.82% in May 2025, driven by lower food prices. WPI-based inflation declined by 0.13% YoY in Jun 2025.

Trade deficit narrowed YoY in Jun 2025



Merchandise trade deficit narrowed annually to \$18.78 billion in Jun 2025 compared to \$20.84 billion in Jun 2024. Exports fell by 0.06% YoY and imports decreased 3.71% YoY.

MACRO ECONOMIC INDICATORS

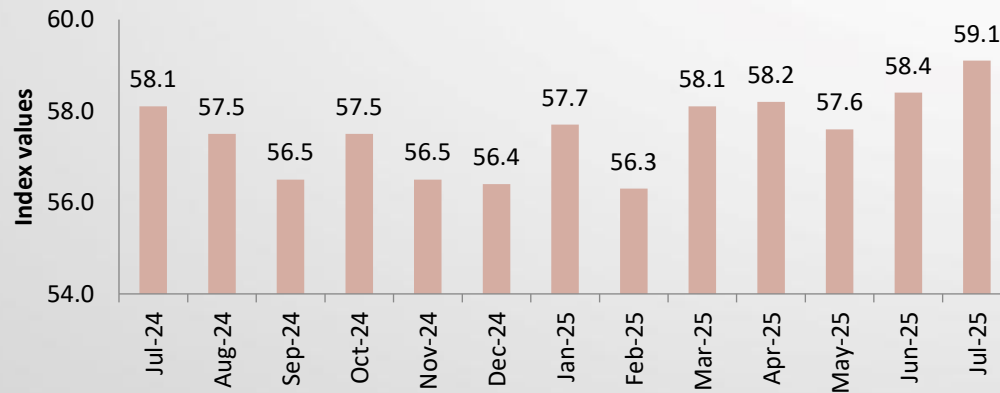
Manufacturing and Services PMI Trend



Manufacturing PMI increased in Jul 2025

Services PMI rose in Jul 2025

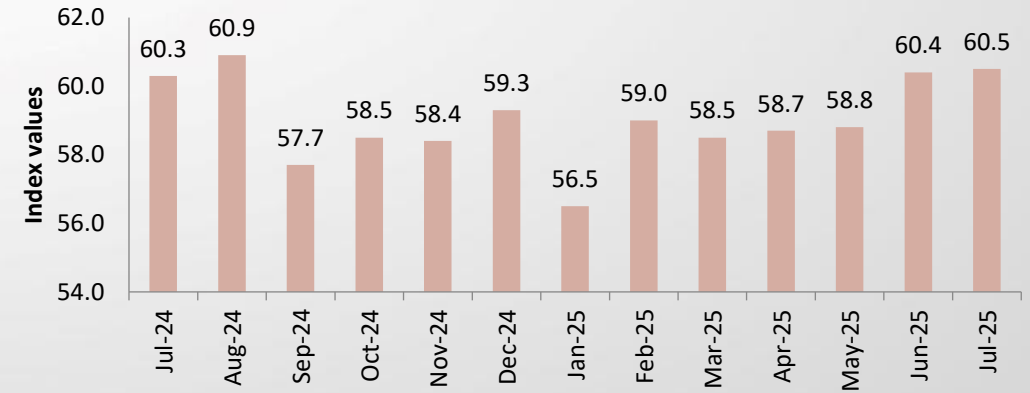
India Manufacturing PMI



Source: Refinitiv; PMI >50 denotes expansion and <50 is contraction

Manufacturing PMI rose to a 16-month high of 59.1 in Jul 2025, up from 58.4 in Jun 2025, driven by strong gains in new orders and output.

India Service PMI



Source: Refinitiv; PMI >50 denotes expansion and <50 is contraction

Services PMI climbed to an 11-month high of 60.5 in Jul 2025 from 60.4 in Jun 2025, driven by strong export demand. The composite PMI rose to 61.1 in Jul 2025 from 61.0 in Jun 2025.

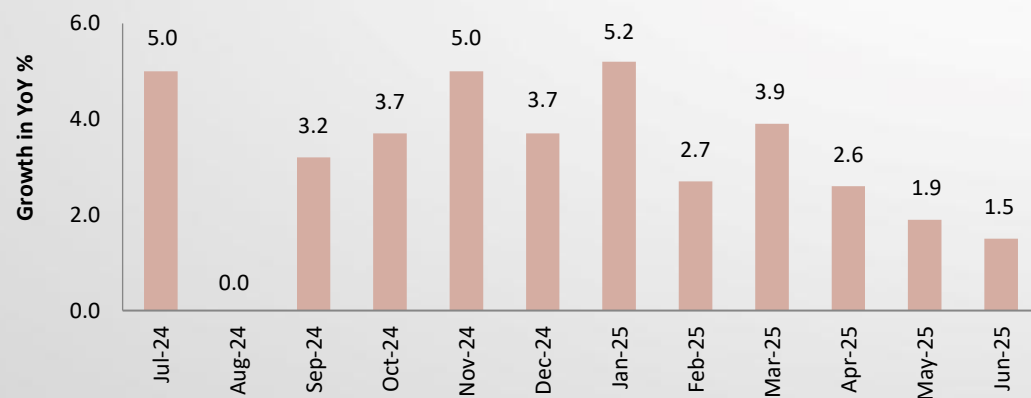
MACRO ECONOMIC INDICATORS

IIP and GST Trend



Industrial production slowed in Jun 2025

Index of Industrial production (IIP)

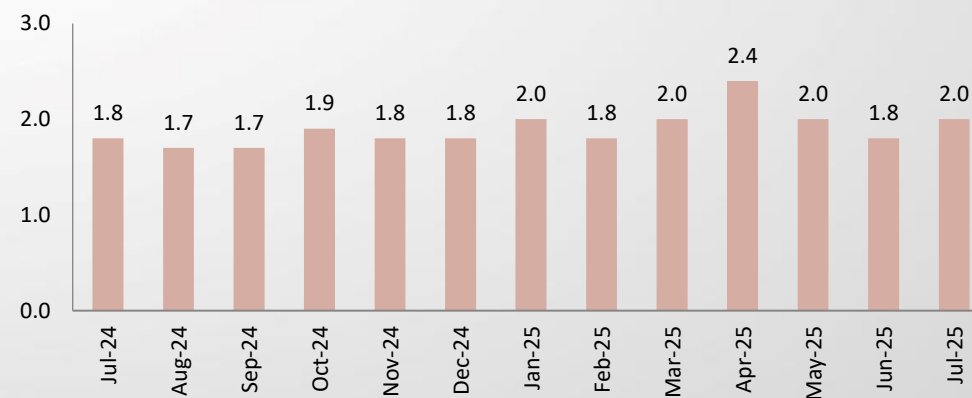


Source: Refinitiv

Industrial Production rose by 1.5% YoY in Jun 2025. The growth was primarily driven by a 3.9% rise in manufacturing output, while electricity generation and mining activity both contracted.

GST revenue rose YoY in Jul 2025

GST Collections (Rs. Lakh Crore)



Source: PIB

The total gross Goods and Services Tax (GST) revenue grew by 7.5% YoY and stood at Rs. 1.96 lakh crore in Jul 2025, compared to Rs. 1.82 lakh crore in Jul 2024.

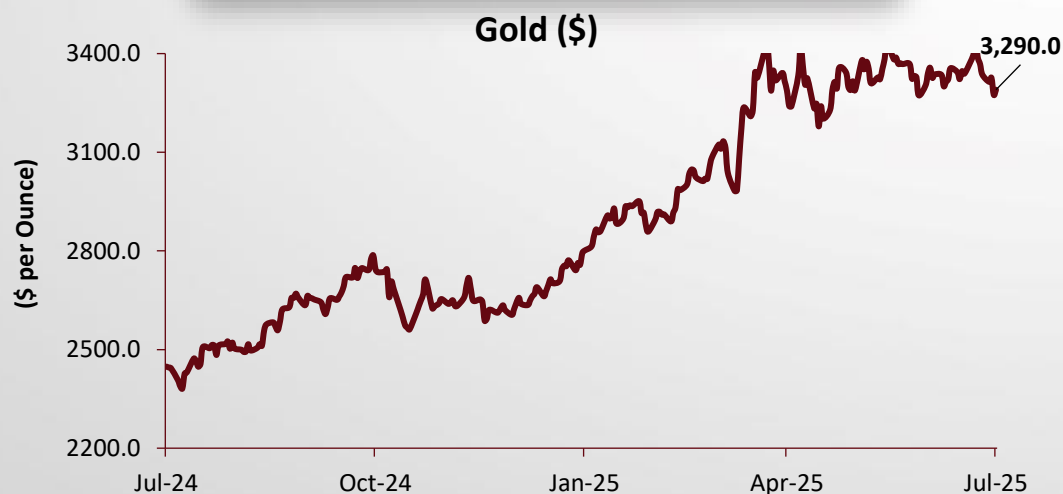
MACRO ECONOMIC INDICATORS

International Gold and U.S. 10 Year Treasury Trend



Gold prices fell MoM in Jul 2025

U.S. Treasury yields rose MoM in Jul 2025



Gold prices declined as expectations of a U.S.–EU tariff deal and strong U.S. economic data weakened safe-haven demand and lowered hopes for near-term rate cuts.

U.S. Treasury prices fell after data showed that the world's largest economy added more jobs than expected in Jun 2025, reinforcing the U.S. Fed's cautious stance on cutting interest rates this year.

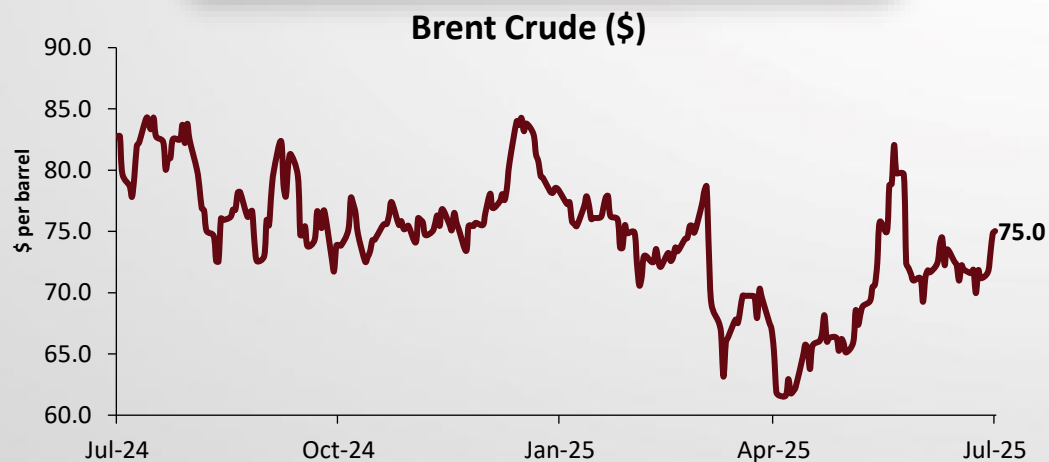
Gold data as on 31st Jul 2025; U.S. 10 Year Treasury Yield data as on 31st Jul 2025

MACRO ECONOMIC INDICATORS

Crude and USD/INR Currency Trend

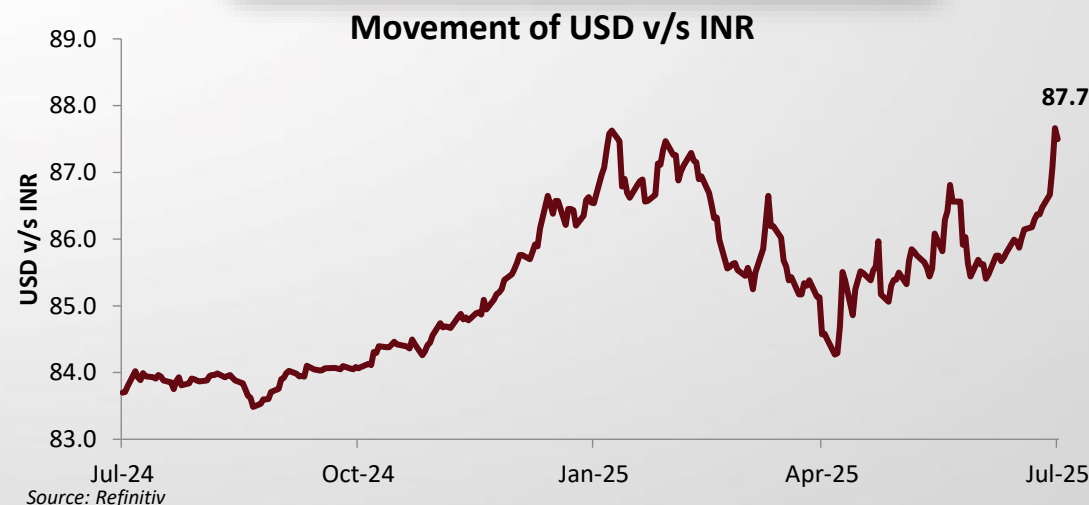


Crude oil prices rose MoM in Jul 2025



Brent crude rose on geopolitical tensions and potential trade curbs on Russian energy. Prices were further supported by shortened U.S. deadlines on Russia-Ukraine talks, strong seasonal demand.

Rupee fell against U.S. dollar on MoM in Jul 2025



The Indian rupee fell in spot trade against the U.S. dollar, pressured by a negative trend in domestic equities and foreign fund outflows that weighed on investor sentiment.

EVENT UPDATE

RBI MPC maintained status quo, kept repo rate unchanged at 5.5%



Key Highlights

- MPC maintained key policy repo rate at 5.50%
- The MPC decided to maintain a neutral stance
- For FY26, retail inflation is projected at 3.1%
- For FY26, real GDP growth is projected at 6.5%

Policy Rates / Reserve Ratio	06-Jun-25	06-Aug-25	Status
CRR*	4.00%*	4.00%	↔
SLR	18.00%	18.00%	↔
SDF	5.25%	5.25%	↔
Repo Rate	5.50%	5.50%	↔
MSF	5.75%	5.75%	↔
Bank rate	5.75%	5.75%	↔
Fixed Reverse Repo Rate	3.35%	3.35%	↔

*CRR will be reduced by 100 bps to 3.0% in four equal tranches of 25 bps each, starting from Sep 6, 2025.

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Growth Outlook

- Economic activity to remain resilient, supported by a favorable southwest monsoon, easing inflation, rising capacity utilization, and conducive financial conditions. However, external demand remains uncertain amid trade tensions and geopolitical risks.
- Real GDP growth for FY26 is projected at 6.5%, with Q1 at 6.5%, Q2 at 6.7%, Q3 at 6.6%, and Q4 at 6.3%. Growth for Q1FY27 is projected at 6.6%, with risks evenly balanced.

Inflation Outlook

- The RBI expects a more benign inflation outlook for FY26, supported by favorable base effects, steady monsoon progress, healthy kharif sowing, adequate reservoir levels, and sufficient foodgrain stocks. CPI inflation is likely to rise above 4% by Q4 due to adverse base effects and demand-side pressures from policy actions.
- CPI inflation for FY26 is projected at 3.1%, with Q2 at 2.1%, Q3 at 3.1%, and Q4 at 4.4%. For Q1FY27, it is projected at 4.9%, with risks evenly balanced.

↑ increased compared to previous policy ↓ decreased compared to previous policy ↔ No change

August 2025

EVENT UPDATE

U.S. Fed holds key rates steady at 4.25% - 4.50%, amid tariff uncertainty



Key Highlights

- The U.S. Federal Reserve announced its widely expected decision to **leave interest rates unchanged** for the fifth consecutive meeting on Jul 30, 2025.
- **In support of its dual mandate maximum employment and inflation at the rate of 2% over the longer run** the Fed stated that it would **maintain the target range** for the federal funds rate at **4.25% to 4.50%**.

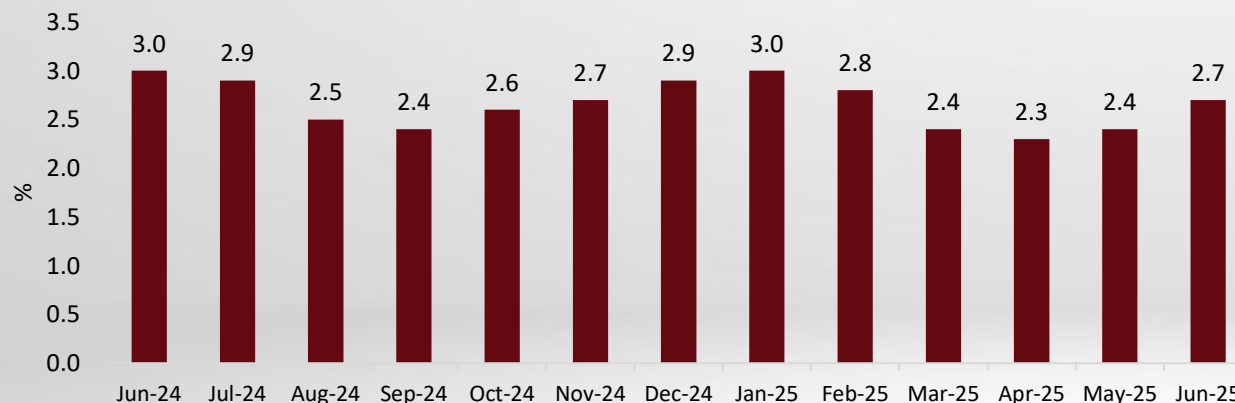
U.S inflation Peaking

- The U.S. **Consumer Price Index (CPI)** rose by **0.3% in Jun 2025**, following a 0.1% increase in May 2025, according to the Labor Department. The **annual rate of consumer price growth accelerated to 2.7% in Jun 2025**, up from 2.4% in May 2025.
- The Labor Department also reported that the **core CPI, which excludes food and energy prices, edged up by 0.2%** in Jun after a 0.1% increase in May.

To Conclude

- Recent data indicates that economic growth slowed in the first half of the year. **The labor market remains strong with low unemployment, while inflation is still somewhat elevated.**
- **The Fed will continue reducing its securities holdings and remains prepared to adjust policy as needed**, depending on upcoming data and evolving risks.

U.S. Inflation(%)



Source: Refinitiv

DOMESTIC & GLOBAL

Equity Market Update

INDIAN EQUITY MARKET DASHBOARD

July 2025



DOMESTIC

Index Name (Broader Market Indices)	Absolute (%)				CAGR(%)		
	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
BSE Sensex	-2.76	1.89	5.62	0.54	13.52	18.05	12.56
Nifty 50	-2.77	2.44	6.17	0.54	14.29	18.88	12.60
Nifty 100	-2.74	2.76	6.28	-1.32	14.59	19.05	12.71
Nifty 500	-2.83	4.52	6.83	-1.63	17.10	21.69	13.66
Nifty Midcap 150	-2.74	7.74	7.98	-1.74	24.71	30.42	17.78
Nifty Smallcap 250	-3.57	11.83	8.44	-3.93	25.69	32.74	15.09
Nifty Microcap 250	-1.01	14.39	5.50	-3.16	34.44	44.15	20.35
Sectoral Indices							
Nifty Pharma	3.63	5.03	6.86	5.45	22.19	16.21	7.03
Nifty Healthcare	3.14	6.26	8.49	9.00	23.74	18.84	9.02
Nifty FMCG	1.76	-0.16	-0.01	-8.34	11.35	14.76	12.11
Nifty Auto	-0.57	6.60	4.03	-10.59	24.42	27.73	11.83
Nifty Bank	-2.26	2.17	13.50	9.42	15.19	21.76	12.22
Nifty Metal	-2.57	8.51	10.87	-2.25	19.79	35.94	18.21
Nifty Infrastructure	-3.44	3.59	9.17	-3.62	23.86	24.95	12.20
Nifty Energy	-3.91	2.66	4.10	-19.18	11.85	20.24	17.24
Nifty Oil & Gas	-4.37	0.95	7.01	-14.04	13.87	18.94	16.19
Nifty PSU Bank	-4.87	5.41	9.16	-6.77	35.83	38.44	7.89
Nifty Realty	-7.34	3.20	-0.78	-16.34	26.86	35.74	18.39
Nifty IT	-9.07	-0.43	-16.35	-11.63	8.72	16.60	14.03

- Indian equity markets closed July 2025 in the red, snapping a four-month winning streak.
- Investor sentiment was weighed down by renewed global tariff concerns and underwhelming corporate earnings, triggering broad-based selling across majority of the sectors.

BROADER MARKET INDICES PERFORMANCE

Calendar Year wise



DOMESTIC

2016 (%)	2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)	2023 (%)	2024 (%)	CYTD (%)
Nifty Midcap 150 6.5	Nifty Smallcap 250 58.5	BSE Sensex 7.2	BSE Sensex 15.7	Nifty Smallcap 250 26.5	Nifty Smallcap 250 63.3	BSE Sensex 5.8	Nifty Smallcap 250 49.1	Nifty Smallcap 250 27.2	Nifty 50 5.7
Nifty 500 5.1	Nifty Midcap 150 55.7	Nifty 50 4.6	Nifty 50 13.5	Nifty Midcap 150 25.6	Nifty Midcap 150 48.2	Nifty 50 5.7	Nifty Midcap 150 44.6	Nifty Midcap 150 24.5	BSE Sensex 4.8
Nifty 100 5.0	Nifty 500 37.7	Nifty 100 2.6	Nifty 100 11.8	Nifty 500 17.9	Nifty 500 31.6	Nifty 100 4.9	Nifty 500 26.9	Nifty 500 16.2	Nifty 100 4.5
Nifty 50 4.4	Nifty 100 32.9	Nifty 500 -2.1	Nifty 500 9.0	BSE Sensex 17.2	Nifty 100 26.4	Nifty 500 4.2	Nifty 50 21.3	Nifty 100 13.0	Nifty 500 3.1
BSE Sensex 3.5	Nifty 50 30.3	Nifty Midcap 150 -12.6	Nifty Midcap 150 0.6	Nifty 50 16.1	Nifty 50 25.6	Nifty Midcap 150 3.9	Nifty 100 21.2	Nifty 50 10.1	Nifty Midcap 150 1.4
Nifty Smallcap 250 1.4	BSE Sensex 29.6	Nifty Smallcap 250 -26.1	Nifty Smallcap 250 -7.3	Nifty 100 16.1	BSE Sensex 23.2	Nifty Smallcap 250 -2.6	BSE Sensex 20.3	BSE Sensex 9.5	Nifty Smallcap 250 -3.2

- On CYTD basis, Nifty 50 witnessed the highest gain, while Nifty Smallcap 250 and Nifty Midcap 150 fell the most.
- Out of nine full calendar years, the Nifty Smallcap 250 has been the top performer in five years.

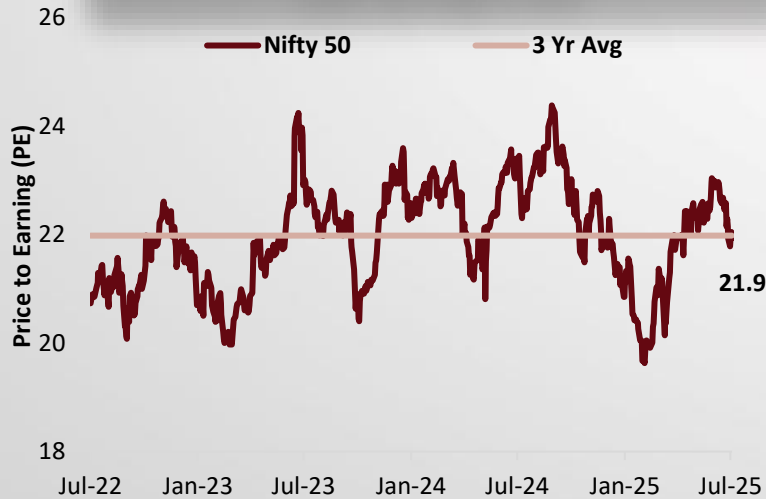
RELATIVE TRAILING VALUATIONS (P/E)

Large Cap vs Mid Cap vs Small Cap

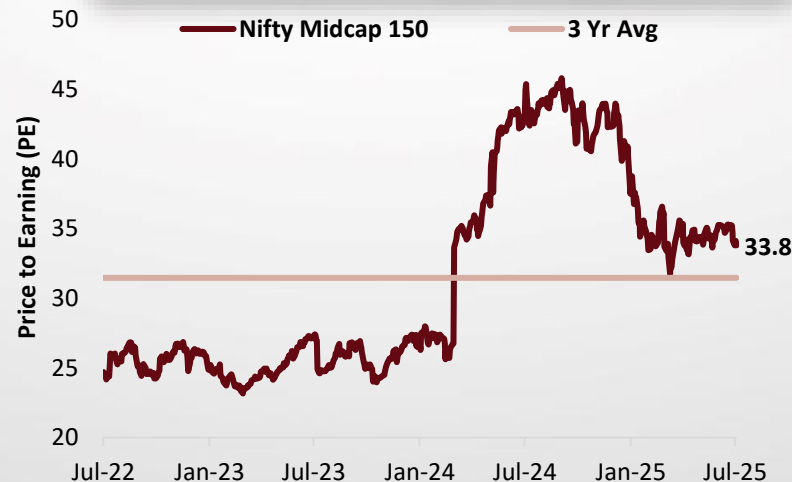


DOMESTIC

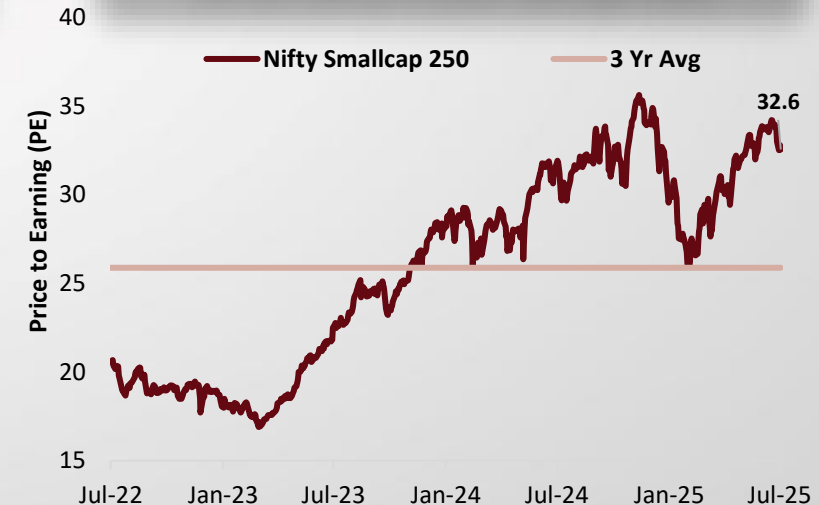
Nifty 50 trailing PE remained below the 3-year average mark



Nifty Midcap 150 trailing PE continued to remain above 3-year average level



Nifty Smallcap 250 trailing PE continued to remain above 3-year average level



- Currently, Midcap & Small cap valuations are expensive compared with Large cap.
- Midcap and Small cap are trading above their 3-year average level, while large cap is trading below its 3-year average level.

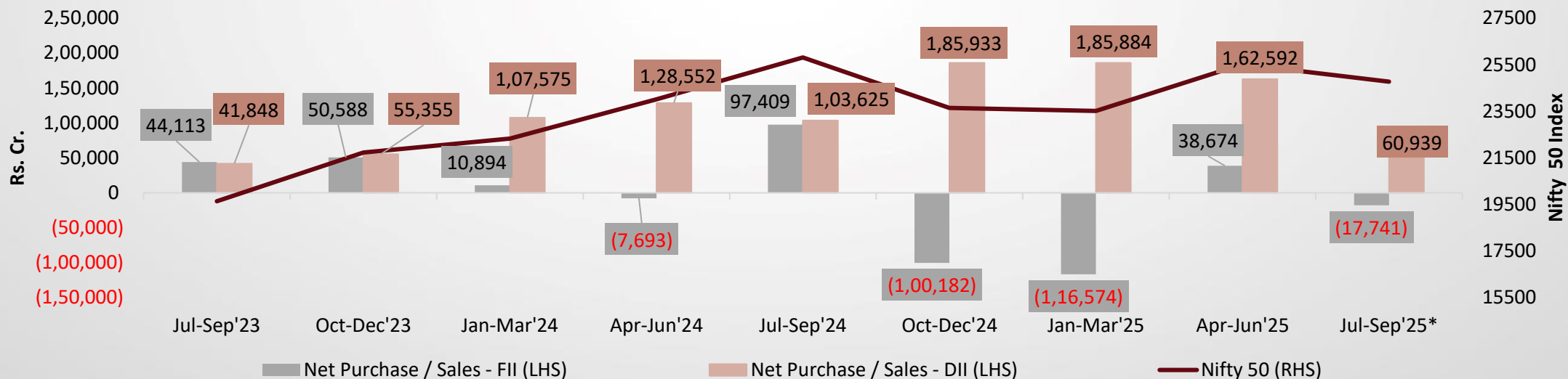
EQUITY FLOWS

Quarterly FII & DII Flows



DOMESTIC

Quarterly Net FII & DII Flow (Cash) in Rs. Cr. V/S Nifty 50



- FII's were net sellers in equity segment in Jul 2025 after remaining net buyers in the previous three months, with an outflow of Rs. ~18,000 crore.
- Mutual funds have been net buyers in equity segment in the last 53 months till Jul 2025, except Apr 2023 and Aug 2022.

GLOBAL EQUITY MARKET DASHBOARD

July 2025



GLOBAL

Emerging Markets	Index	Absolute (%)					CAGR(%)		
		1 Month	3 Months	YTD	6 Months	1 Year	2 Years	3 Years	5 Years
Indonesia	Jakarta Composite	8.04	10.60	5.71	5.28	3.15	3.91	2.49	7.76
Taiwan	Taiwan TAIEX	5.78	16.35	2.20	0.07	6.05	17.15	16.16	13.19
South Korea	Kospi	5.66	26.94	35.26	28.92	17.13	11.02	9.77	7.60
China	Shanghai Composite	3.74	8.97	6.61	9.92	21.59	4.19	3.17	1.54
India	Nifty 50	-2.93	1.78	4.75	5.36	-0.73	11.96	12.98	17.46
Brazil	Brazil Ibovespa	-4.17	-1.48	10.63	5.50	4.25	4.46	8.83	5.27
Developed Markets									
UK	FTSE 100	4.24	7.51	11.74	5.29	9.14	8.90	7.13	9.13
US	Russell 3000	3.66	19.62	9.32	7.17	21.98	23.58	20.89	15.79
Japan	Nikkei 225	1.44	13.94	2.95	3.78	5.03	11.25	13.85	13.59
France	CAC 40	1.38	2.35	5.30	-2.24	3.19	1.81	6.40	10.19
Germany	DAX	0.65	6.97	20.88	10.74	30.02	20.93	21.24	14.33
Europe	Euro Stoxx 50 Pr	0.31	3.09	8.66	0.63	9.17	9.06	12.75	10.87

- Asian equity markets rose after the U.S. President announced trade agreements with Japan and the Philippines, easing concerns over the ongoing tariff war. The rally continued, supported by a last-minute trade agreement between the EU and the U.S., along with reports suggesting that the U.S. and China may extend their tariff truce by another 90 days. Gains were further boosted after the U.S. President denied plans to dismiss the Federal Reserve Chair.

GLOBAL MARKET INDICES PERFORMANCE

Calendar Year wise



GLOBAL

2016 (%)	2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)	2023 (%)	2024 (%)	CYTD (%)
U.K. 14.4	Hong Kong 36.0	India 3.2	U.S. 34.2	U.S. 36.9	U.S. 25.0	India 4.3	U.S. 40.0	U.S. 31.6	Hong Kong 23.5
Germany 6.9	India 28.7	U.S. -3.3	Germany 25.5	Japan 16.0	India 24.1	U.K. 0.9	Japan 28.2	Japan 19.2	Germany 20.9
U.S. 5.7	U.S. 27.8	Japan -12.1	China 22.3	India 14.9	Germany 15.8	Japan -9.4	Germany 20.3	Germany 18.9	U.K. 11.7
India 3.0	Japan 19.1	U.K. -12.5	Japan 18.2	China 13.9	U.K. 14.3	Germany -12.4	India 20.0	Hong Kong 17.7	U.S. 9.3
Japan 0.4	Germany 12.5	Hong Kong -13.6	U.K. 12.1	Germany 3.6	Japan 4.9	China -15.1	U.K. 3.8	China 12.7	China 6.6
Hong Kong 0.4	U.K. 7.6	Germany -18.3	India 12.0	Hong Kong -3.4	China 4.8	Hong Kong -15.5	China -3.7	India 8.8	India 4.8
China -12.3	China 6.6	China -24.6	Hong Kong 9.1	U.K. -14.3	Hong Kong -14.1	U.S. -29.6	Hong Kong -13.8	U.K. 5.7	Japan 3.0

- On a CYTD basis, Hong Kong has been the top gainer, followed by the Germany and U.K.
- Out of the nine full calendar years, the U.S. markets have been the top performer in five.

ASSET CLASS PERFORMANCE

Calendar Year wise



ASSET CLASS

2016 (%)	2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)	2023 (%)	2024 (%)	CYTD (%)
G-Sec 14.3	Indian Equity 37.7	G-Sec 8.0	Intl 34.2	Intl 36.9	Indian Equity 31.6	Gold 13.9	Intl 40.0	Intl 31.6	Gold 29.2
Bonds 13.1	Intl 27.8	Gold 7.9	Gold 23.8	Gold 28.0	Intl 25.0	Cash 5.2	Indian Equity 26.9	Gold 20.6	Intl 9.3
Gold 11.3	Real Estate 7.2	Cash 7.3	Bonds 12.2	Indian Equity 17.9	Bonds 4.2	Indian Equity 4.2	Gold 15.4	Indian Equity 16.2	Indian Equity 3.1
Real Estate 8.3	Cash 6.6	Bonds 6.0	G-Sec 11.3	Bonds 13.5	Cash 3.6	Real Estate 2.8	G-Sec 7.7	G-Sec 10.1	G-Sec* 5.0
Cash 7.5	Bonds 5.5	Real Estate 5.1	Indian Equity 9.0	G-Sec 13.2	G-Sec 3.1	Bonds 2.7	Cash 7.3	Bonds 9.6	Bonds* 4.9
Intl 5.7	Gold 5.1	Indian Equity -2.1	Cash 6.7	Cash 4.4	Real Estate 3.1	G-Sec 2.3	Bonds 7.2	Cash 7.7	Cash* 3.6
Indian Equity 5.1	G-Sec 3.5	Intl -3.3	Real Estate 3.0	Real Estate 2.2	Gold -4.2	Intl -29.6	Real Estate 3.8	Real Estate 3.1	Real Estate 0.9

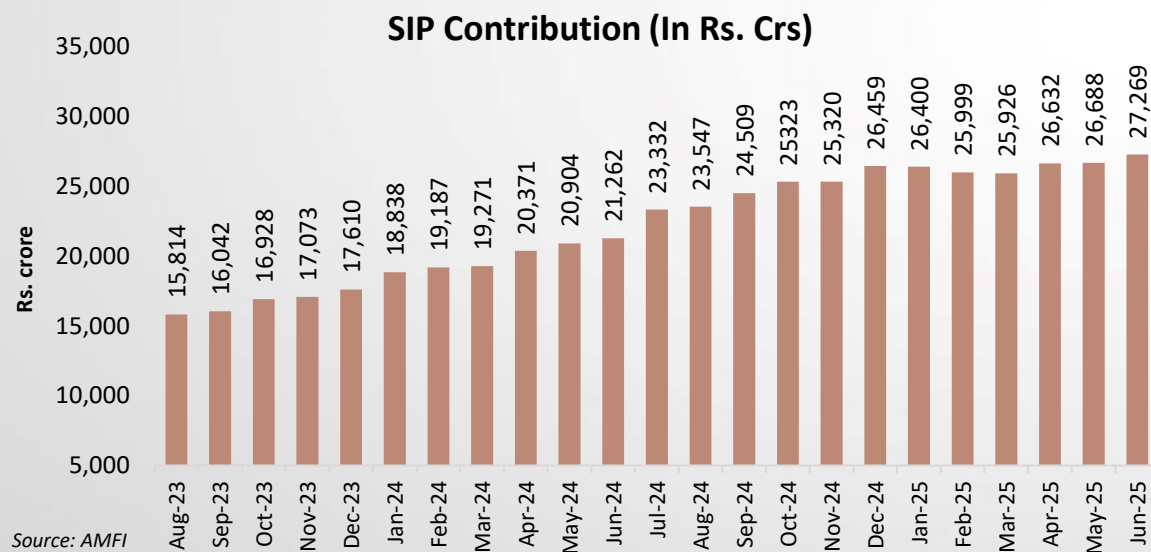
- On CYTD basis, gold remained at the top followed by International equity and Indian equity.
- Till 2024, Indian equities has been among the top three gainers for the past five calendar years, while gold remained in the top two performing asset classes for five times in last seven years.

MUTUAL FUNDS

SIP Flows and SIP Returns Data



DOMESTIC



- According to AMFI, the monthly SIP contribution reached a new high in Jun 2025, standing at Rs. 27,269 crore. SIP AUM increased to Rs. 15.31 lakh crore in Jun 2025, compared to Rs. 14.61 lakh crore in May 2025, with 919.32 lakh outstanding SIP accounts.

Equity Broad MF category	Category average SIP returns (%)		
	3-year	5-year	10-year
Large cap	13.9	14.6	13.7
Large & Mid cap	17.8	18.5	16.4
Flexi cap	15.6	16.4	15.5
Multi cap	18.1	19.2	17.4
Mid cap	20.7	21.5	18.7
Small cap	19.5	22.7	19.8
Focused	15.7	15.6	15.0
Value	17.8	19.4	17.0

- Small cap category remained top performer in 5- & 10- year periods, while Mid cap category remained top performer in 3- year period. Large cap category has been the bottom performer across periods.

Performance is of regular plan growth option for SIP returns.
SIP performance as on 31st Jul 2025. Source: AMFI India, MFI 360 Explorer
<http://www.icraanalytics.com/legal/standard-disclaimer.html>

CATEGORY PERFORMANCE

Equity Mutual Funds



CATEGORY PERFORMANCE

Category	Absolute Returns (%)			CAGR (%)			
	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Large Cap	-2.38	3.15	5.93	-1.28	15.32	18.63	11.61
Large & Mid Cap	-2.43	6.02	7.28	-0.56	19.30	23.36	13.93
Flexi Cap	-2.06	5.48	6.28	-1.49	17.13	20.92	13.08
Multi Cap	-1.81	7.05	7.23	-0.43	20.40	24.88	14.44
Mid Cap	-2.15	8.65	8.18	-1.14	22.23	27.40	15.36
Small Cap	-1.24	11.39	7.31	-1.69	22.56	31.70	16.74
Focused	-2.04	5.06	6.56	-0.63	16.88	20.06	12.89
Value	-2.13	5.16	5.71	-3.73	20.85	24.65	14.15
Index:							
Nifty 100	-2.74	2.76	6.28	-1.32	14.59	19.05	12.71
Nifty 500	-2.83	4.52	6.83	-1.63	17.10	21.69	13.66
Nifty Midcap 150	-2.74	7.74	7.98	-1.74	24.71	30.42	17.78
Nifty Smallcap 250	-3.57	11.83	8.44	-3.93	25.69	32.74	15.09

- In the last one-month, Large & Mid Cap category followed by Large Cap and Mid Cap categories fell the most.
- It is to be worth noted that all the equity categories witnessed positive returns for 3 year and above periods.

EQUITY MARKET ROUNDUP

Key Takeaways & Outlook



DOMESTIC

Domestic & Global factors that played out for the Indian markets:

- Sentiment remains cautious amid uncertainty around India-US trade negotiations and a tepid Q1 results season with cautious management commentary across most sectors.
- US announced a new 25% tariff on all Indian exports w.e.f. 7th August alongside an additional unspecified penalty targeting India's continued energy and military trade with Russia. This has been further increased to 50% effective on Aug 28th as per the latest announcements.
- Additionally, persistent selling by foreign portfolio investors added to the downward pressure on the markets, extending the losses.
- Globally, persistent trade tensions continue to pressure market confidence. Moreover, the possibility of delayed interest rate cuts by the U.S. Federal Reserve has increased volatility.

Outlook:

- The Indian equity market is currently in a delicate wait-and-watch phase, shaped by global uncertainties and domestic developments. The additional 25% tariff announcement by the U.S. President has added to the volatility, with its full impact hinging on the outcome of a potential bilateral trade agreement between India and the U.S. Meanwhile, domestic factors such as festive season demand, a possible Pay Commission announcement, and the continued transmission of monetary easing are expected to support consumption sentiment in the upcoming quarters, offering a cushion against external shocks.
- Given the high valuations, investors may consider **allocating to large-cap oriented funds, along with Multi-Asset and Balanced Advantage Funds. Additionally, investors may continue with SIPs or staggered investments to navigate current market volatility.**

DOMESTIC & GLOBAL

Debt Market Update

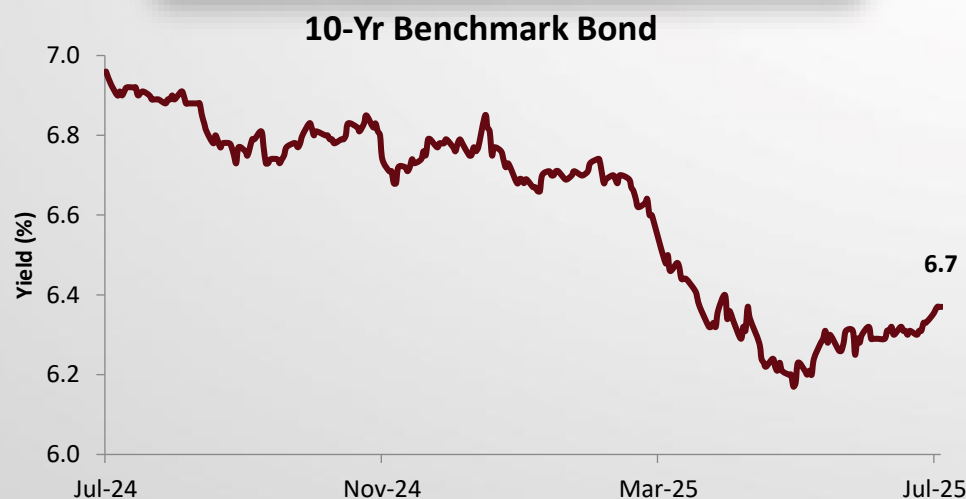
DEBT MARKET

Indian Government Bond and Policy Rate Trend



INDIAN DEBT

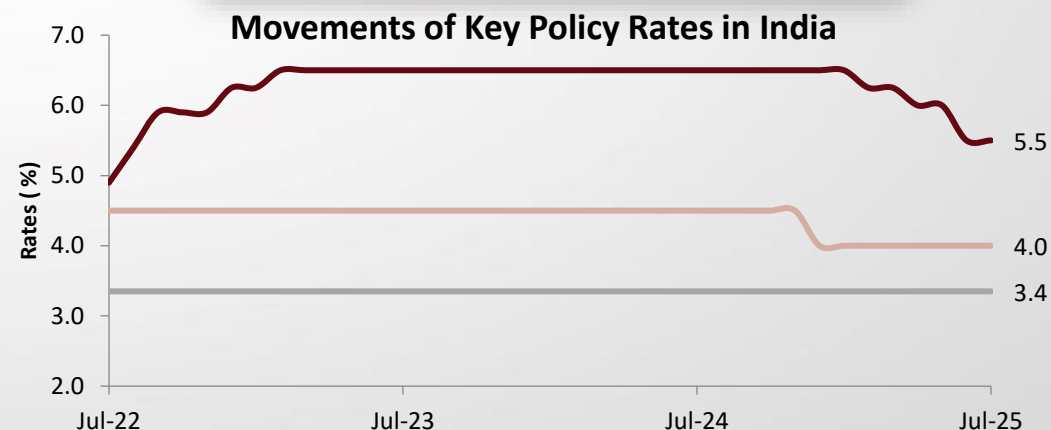
10-year benchmark G-sec yield rose by 6 bps MoM in Jul 2025



Source: Refinitiv

Bond yields rose on higher U.S. Treasury yields, reduced domestic liquidity from tax outflows, and hawkish central bank signals lowering rate cut expectations.

RBI kept repo rate unchanged in Aug 2025 monetary policy meeting



Source: RBI

The Monetary Policy Committee (MPC) in its third bi-monthly monetary policy review of FY26 decided to maintain the policy repo rate at 5.50%.

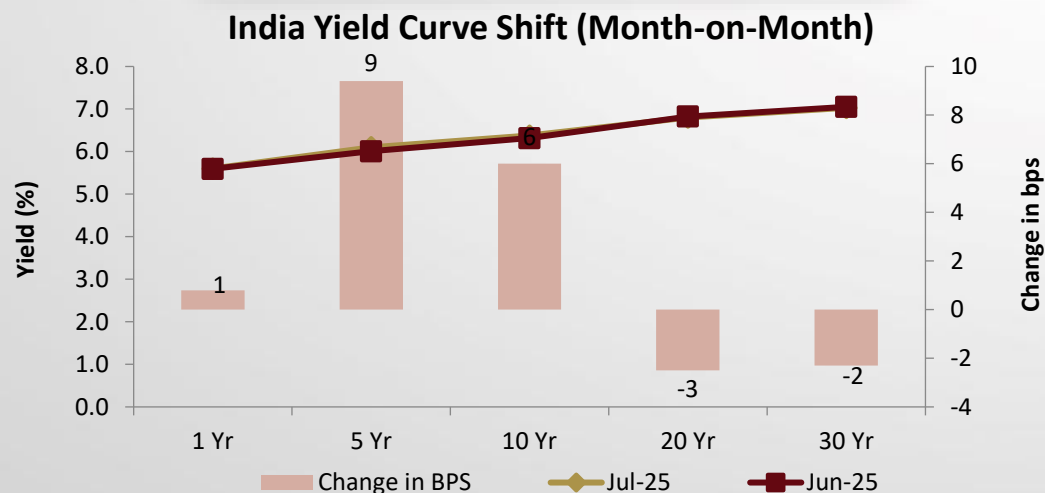
DEBT MARKET

Government Bond & Corporate Bond Yield Trend



INDIAN DEBT

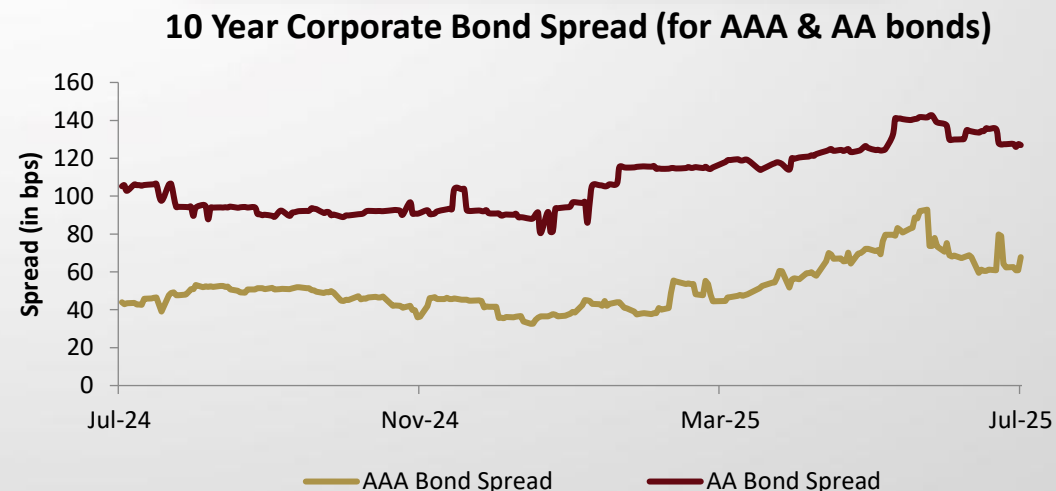
G-sec yields mostly rose during the month



Source: Refinitiv

Yield on gilt securities rose up to 10 bps across the maturities, barring 2, 6, 7, 19 & 30 year papers that fell between 2 to 5 bps, while 3 year paper was unchanged.

Corporate bond yields mostly fell during the month



Source: Refinitiv; Spread= 10 year Corporate bond yield minus 10- year Gsec yield

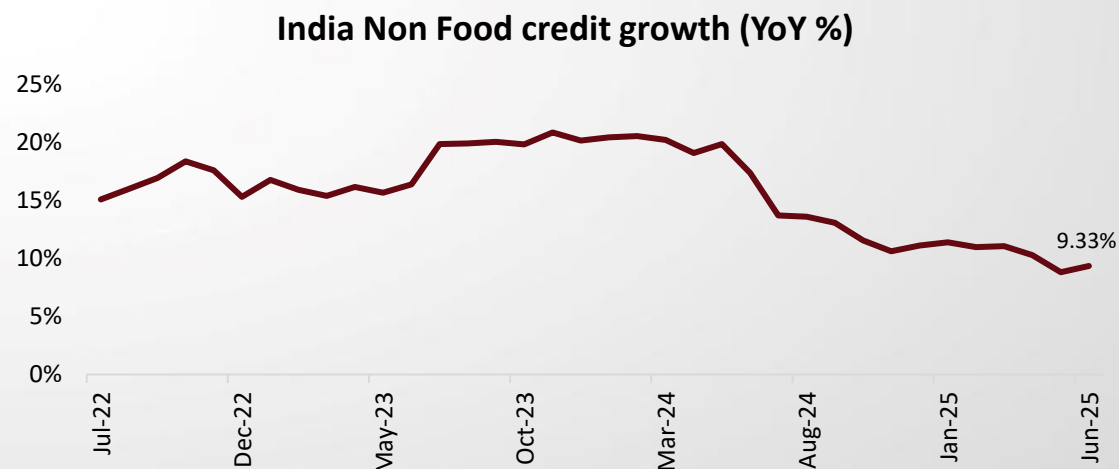
Yield on corporate bonds fell between 2 to 17 bps across the curve, barring 7 to 10 year papers that increased up to 3 bps, while 6 year paper was unchanged.

DEBT MARKET

System Liquidity



INDIAN DEBT



- Banking system liquidity remained in surplus for the fourth consecutive month. In response, the RBI conducted multiple Variable Rate Reverse Repo operations during the period to absorb the excess liquidity. As reported by various media sources, the RBI is expected to undertake a comprehensive review of its liquidity management framework, with proposed revisions to the mechanisms for liquidity absorption and injection. Furthermore, the RBI aims to enhance the flexibility and market responsiveness of its core operations.

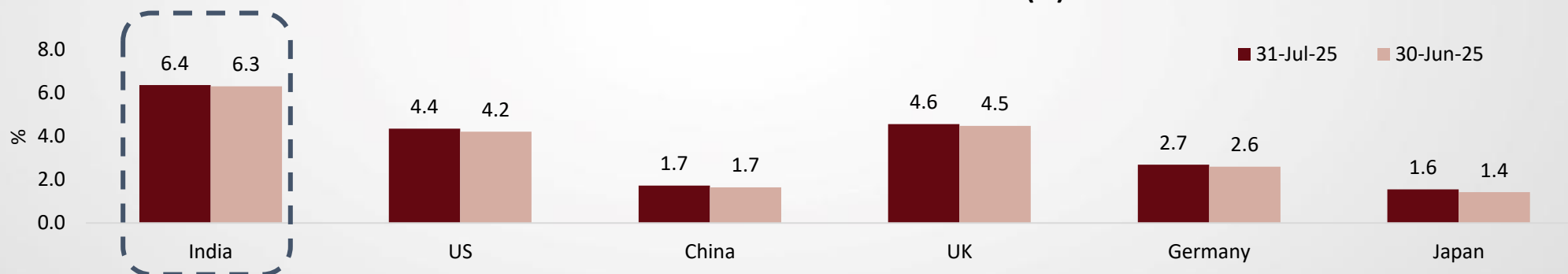
DEBT MARKET

Global



GLOBAL DEBT

Yield of 10 Year Government Bonds across countries (%)



Current Yield (%)	6.4	4.4	1.7	4.6	2.7	1.6
Inflation (%)	2.1	2.7	0.1	3.6	2.0	2.9
Real Yields (%): 31-Jul-25	4.3	1.7	1.6	1.0	0.7	-1.3

- Globally, 10-year Sovereign yields mostly during the month. All above economies witnessed positive inflation adjusted returns/yields except Japan with India being the highest followed by U.S. and China.

CATEGORY PERFORMANCE

Debt Mutual Funds



CATEGORY PERFORMANCE

Category	Absolute Returns (%)			CAGR (%)		
	1 month	3 months	6 months	1 year	3 years	5 years
Overnight Fund	0.44	1.35	2.86	6.19	6.35	5.11
Liquid Fund	0.48	1.54	3.34	6.97	6.90	5.49
Ultra Short Term Fund	0.52	1.70	3.71	7.22	6.78	5.51
Low Duration Fund	0.57	1.85	4.23	7.88	7.13	5.79
Money Market Fund	0.55	1.83	4.11	7.76	7.23	5.77
Arbitrage Fund	0.49	1.39	3.14	6.67	6.78	5.42
Short Term Bond Fund	0.58	1.78	4.76	8.70	7.42	6.00
Medium Duration Fund	0.70	1.71	5.04	9.25	7.61	6.82
Banking and PSU Fund	0.56	1.63	4.72	8.62	7.36	5.84
Corporate Bond Fund	0.59	1.73	4.98	9.00	7.56	5.98
Credit Risk Fund	0.63	1.95	6.89	11.08	8.57	9.28
Dynamic Bond Fund	0.42	0.19	4.05	7.95	7.40	5.71
Medium to Long Duration Fund	0.38	0.46	4.09	7.85	7.29	5.35
Gilt Fund	0.39	-0.77	3.47	7.30	7.42	5.31

- Credit Risk Fund, Medium Duration Fund and Corporate Bond Fund are the top performing categories over the past year, generating between 9 to 11% return.

DEBT MARKET

Sensitivity Analysis



INDIAN DEBT

Sensitivity Analysis				Interest Rate Scenario's					
				Decreases			Increases		
Category	Avg YTM (%)	Avg Maturity (Years)	Avg Mod duration (Years)	0.25%	0.50%	1.00%	0.25%	0.50%	1.00%
Overnight Fund	5.46	0.00 Years	0.03 Years	5.47%	5.47%	5.49%	5.45%	5.44%	5.43%
Liquid Fund	5.83	0.07 Years	0.12 Years	5.86%	5.89%	5.95%	5.80%	5.77%	5.71%
Ultra Short Term Fund	6.29	0.34 Years	0.43 Years	6.40%	6.51%	6.72%	6.18%	6.08%	5.86%
Money Market Fund	6.15	0.37 Years	0.56 Years	6.29%	6.43%	6.71%	6.01%	5.87%	5.59%
Low Duration Fund	6.51	0.83 Years	0.83 Years	6.72%	6.92%	7.34%	6.30%	6.09%	5.68%
Short Term Bond Fund	6.68	3.25 Years	2.50 Years	7.30%	7.93%	9.18%	6.05%	5.43%	4.18%
Corporate Bond Fund	6.73	4.56 Years	3.29 Years	7.55%	8.37%	10.02%	5.90%	5.08%	3.44%
Banking and PSU Fund	6.61	4.30 Years	3.15 Years	7.40%	8.19%	9.76%	5.83%	5.04%	3.46%
Credit Risk Fund	7.46	2.79 Years	2.09 Years	7.98%	8.50%	9.55%	6.93%	6.41%	5.37%
Medium Duration Fund	7.13	4.71 Years	3.44 Years	7.99%	8.85%	10.57%	6.27%	5.41%	3.69%
Dynamic Bond Fund	6.81	12.70 Years	6.20 Years	8.36%	9.91%	13.01%	5.26%	3.71%	0.61%
Medium to Long Duration Fund	6.77	10.37 Years	5.87 Years	8.23%	9.70%	12.64%	5.30%	3.83%	0.90%
Gilt Fund	6.80	19.84 Years	8.78 Years	9.00%	11.19%	15.58%	4.61%	2.41%	-1.98%

- Credit Risk funds, Medium Duration funds and Dynamic Bond funds offer higher YTM's.

Note: Modified Duration indicates the sensitivity of a fund/bond with a change in interest rate scenario. It helps help investors predict how the bond's price will be affected by the fluctuations in interest rates.

For eg: If a fund with a modified duration of 8 years and YTM of 8% sees a 50-bps interest rate fall in a year, then the estimated return will be 12% [Average YTM - (Modified Duration x Change in Interest Rate)].

DEBT MARKET ROUNDUP

Key Takeaways & Outlook



INDIAN DEBT

Domestic & Global factors that played out for the Indian markets:

- Bond yields rose in response to an uptick in U.S. Treasury yields and a narrowing liquidity surplus in the domestic banking system, driven by tax outflows.
- The upward movement in yields was further reinforced as market participants scaled back expectations of a near-term rate cut.
- This shift in sentiment followed hawkish commentary from the central bank, which emphasized that future monetary policy decisions would be guided more by forward-looking assessments of growth and inflation rather than their current levels.

Outlook:

- Domestic debt market enters August amid global trade tensions, notably the additional 25% tariff by the U.S. on India and potential penalties linked to Russian oil and defense trade, which may pressure exports and the rupee. Domestically, the RBI continues liquidity tightening via Variable Rate Reverse Repo auctions. Medium-term outlook remains constructive, with potential for rate action if growth indicators weaken further, while external risks like crude oil price volatility and global trade disruptions remain key factors influencing sentiment.
- **Investors may now turn their attention to accrual products, for more than 12 months investors may consider Low Duration Funds. For more than 2 years, investors may look at Short Duration, Banking PSU, Corporate Bond, Income Plus Arbitrage FOF, Dynamic Bond and Target Maturity Funds (matching with the average maturity of the funds and investment horizon). Along with MFs, AAA oriented quality Corporate FDs and Bonds can be looked at allocation in the debt portfolio.**

ECONOMIC CALENDAR

Upcoming Key Events for the Month



DOMESTIC

Events for August 2025	
Event	Date
CPI Inflation YoY Jul 2025	14-Aug-25
WPI Inflation YoY Jul 2025	14-Aug-25
Passenger Vehicles Sales YoY Jul 2025	15-Aug-25
Balance of Trade Jul 2025	15-Aug-25
Industrial Production YoY Jul 2025	28-Aug-25
Government Budget Value Jul 2025	29-Aug-25
GDP Growth Rate YoY Q1FY26	29-Aug-25



GLOBAL

Events for August 2025	
Event	Date
U.K. ILO Unemployment Rate Jun 2025	12-Aug-25
U.S. CPI YoY, NSA Jul 2025	12-Aug-25
Germany HICP Final YoY Jul 2025	13-Aug-25
U.S. Industrial Production MM Jul 2025	15-Aug-25
U.K. CPI YoY Jul 2025	20-Aug-25
Euro Zone HICP Final YoY Jul 2025	20-Aug-25
China Loan Prime Rate 1Y Aug 2025	20-Aug-25
Japan CPI, Overall Nationwide Jul 2025	21-Aug-25

MUTUAL FUND DASHBOARD

Category Performance

MUTUAL FUND DASHBOARD

Category Performance



CATEGORY PERFORMANCE

Equity Category:	1 Yr	3 Yr	5 Yr	10 Yr
Large Cap	-1.28	15.32	18.63	11.61
Large & Mid Cap	-0.56	19.30	23.36	13.93
Multi Cap	-0.43	20.40	24.88	14.44
Flexi Cap	-1.49	17.13	20.92	13.08
Mid Cap	-1.14	22.23	27.40	15.36
Small Cap	-1.69	22.56	31.70	16.74
Focused	-0.63	16.88	20.06	12.89
Value	-3.73	20.85	24.65	14.15
Hybrid Category:				
Conservative Hybrid	5.92	9.34	9.45	7.65
Balanced Hybrid	3.63	--	--	--
Balanced Advantage	1.55	12.35	12.70	9.44
Multi Asset Allocation	5.77	16.96	18.02	12.37
Aggressive Hybrid	1.40	15.31	17.96	11.25

Debt Category	3 Mths	6 Mths	1 Yr	3 Yr
Money Market:				
Overnight	1.35	2.86	6.19	6.35
Liquid	1.54	3.34	6.97	6.90
Ultra Short Duration	1.70	3.71	7.22	6.78
Low Duration	1.85	4.23	7.88	7.13
Money Market	1.83	4.11	7.76	7.23
Accrual:				
Short Duration	1.78	4.76	8.70	7.42
Medium Duration	1.71	5.04	9.25	7.61
Banking & PSU Debt	1.63	4.72	8.62	7.36
Corporate Bond	1.73	4.98	9.00	7.56
Floating Rate	1.78	4.75	8.69	7.80
Credit Risk	1.95	6.89	11.08	8.57
Duration:				
Medium to Long Duration	0.46	4.09	7.85	7.29
Long Duration	-1.37	3.13	7.04	8.81
Dynamic Bond	0.18	4.02	7.91	7.34
Gilt	-0.77	3.47	7.30	7.42
Gilt Fund with 10 Year Constant Duration	0.75	4.93	9.56	8.49

Note: <1 year return are absolute and ≥ 1 year returns are CAGR

Performance is of regular plan growth option. MF Category average performance as on 31st Jul 2025.

Source: MFI 360 Explorer <http://www.icraanalytics.com/legal/standard-disclaimer.html>

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