








Monthly Market Review

July 2025



TABLE OF CONTENTS

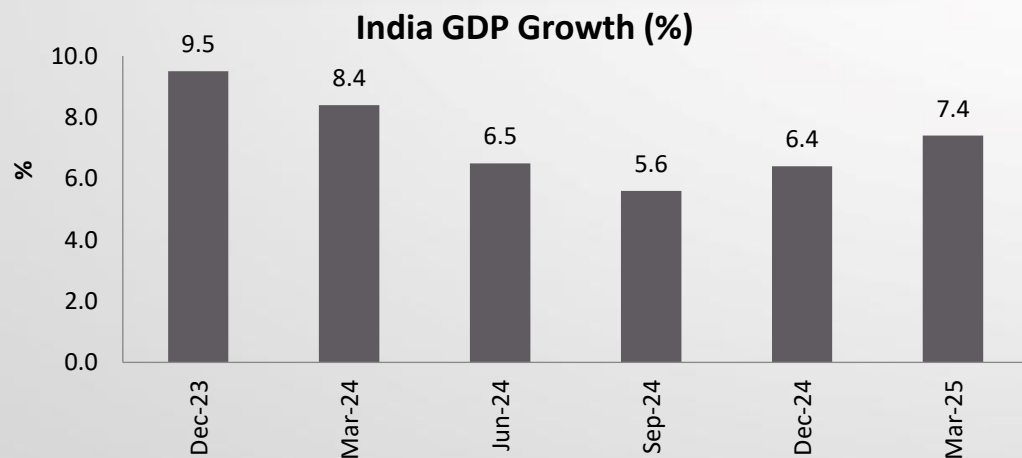
	01 >	MACRO Macro Economic Update
		INDIA Indian Equity Market Update
		02 
	03 >	GLOBAL Global Equity Market Update
		DEBT Global and Indian Market Update
		04 
	05 >	MUTUAL FUND Category Performance

MACRO ECONOMIC INDICATORS

GDP and Current Account Deficit Trend



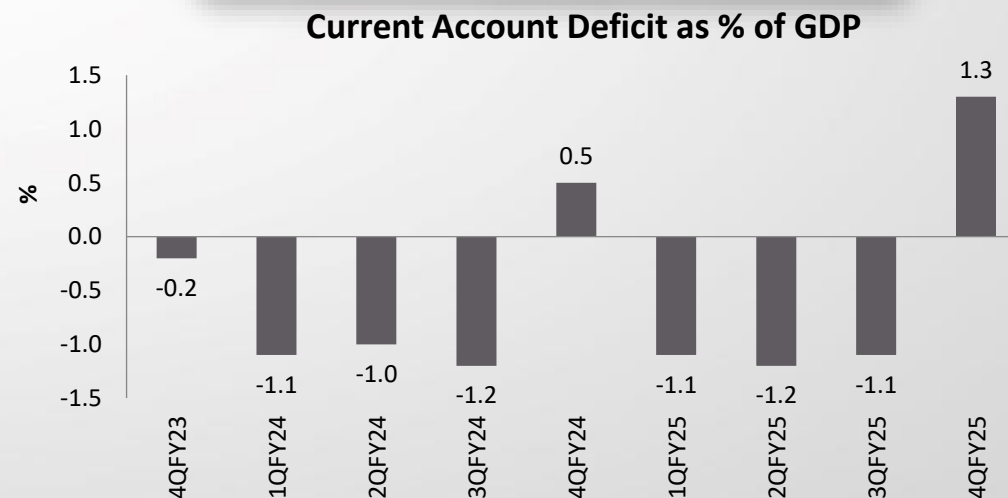
GDP grew by 7.4% YoY in 4QFY25



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

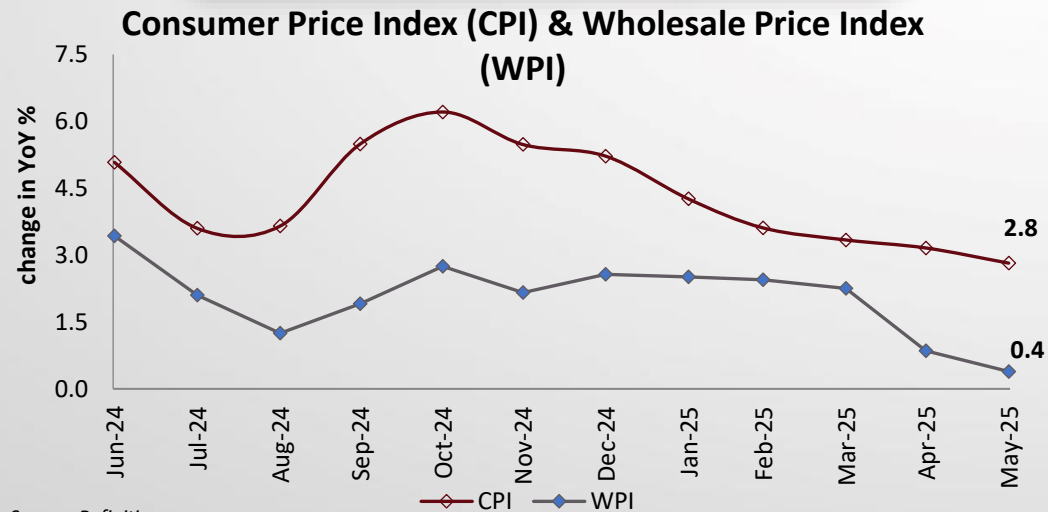
Current a/c balance recorded a surplus of US\$ 13.5 billion (1.3% of GDP) in Q4 FY25 as compared with US\$ 4.6 billion in Q4 FY24 and against a deficit of US\$ 11.3 billion (1.1% of GDP) in Q3 FY25.

MACRO ECONOMIC INDICATORS

Inflation and Trade Data Trend

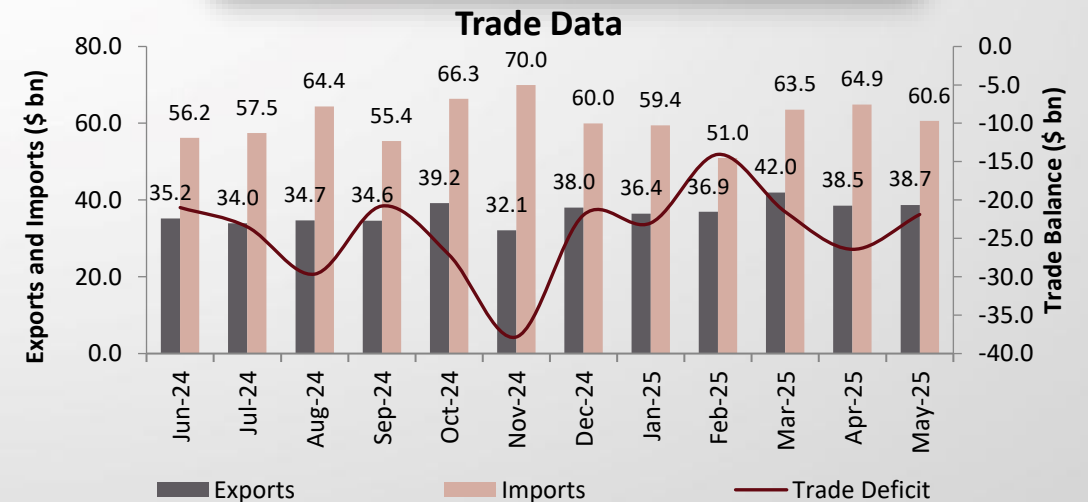


CPI inflation eased in May 2025



CPI-based inflation eased to a more than six-year low of 2.82% YoY in May 2025, primarily due to a slower rise in food prices. WPI-based inflation eased to 0.39% YoY in May 2025.

Trade deficit narrowed YoY in May 2025



Merchandise trade deficit narrowed annually to \$21.88 billion in May 2025 compared to \$22.09 billion in May 2024. Exports fell by 2.17% YoY in May 2025, and imports decreased 1.73% YoY.

MACRO ECONOMIC INDICATORS

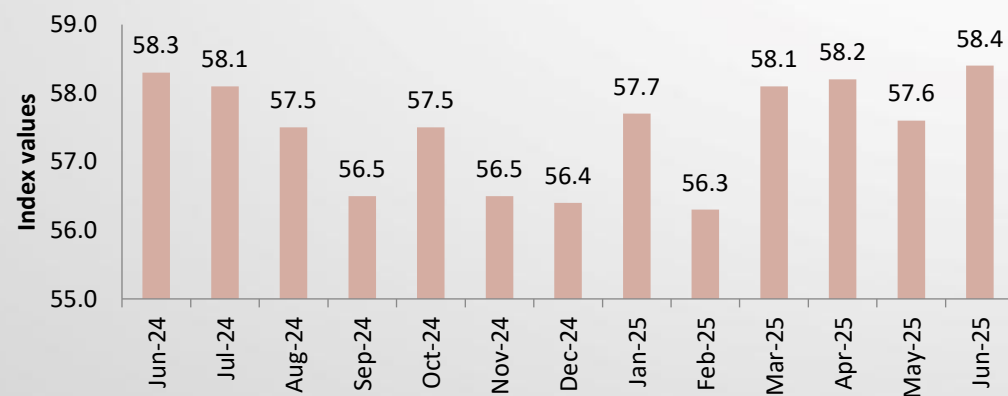
Manufacturing and Services PMI Trend



Manufacturing PMI rose in Jun 2025

Services PMI rose above 60 in Jun 2025

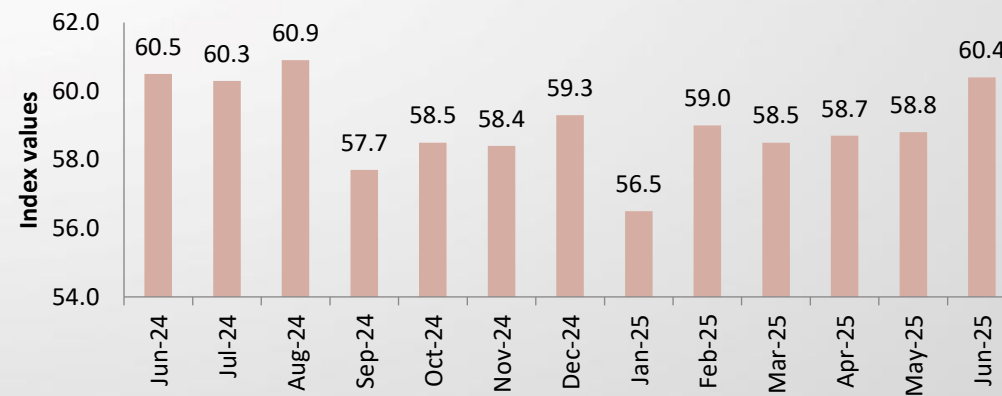
India Manufacturing PMI



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

Manufacturing PMI rose to a 14-month high of 58.4 in Jun 2025, up from 57.6 in May 2025, driven by one of the fastest increases in exports and a record surge in employment.

India Service PMI



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

Services PMI touched a ten-month high to 60.4 in Jun 2025 from 58.8 in May 2025, aided by robust expansion in international sales and job creation, amid positive demand trends.

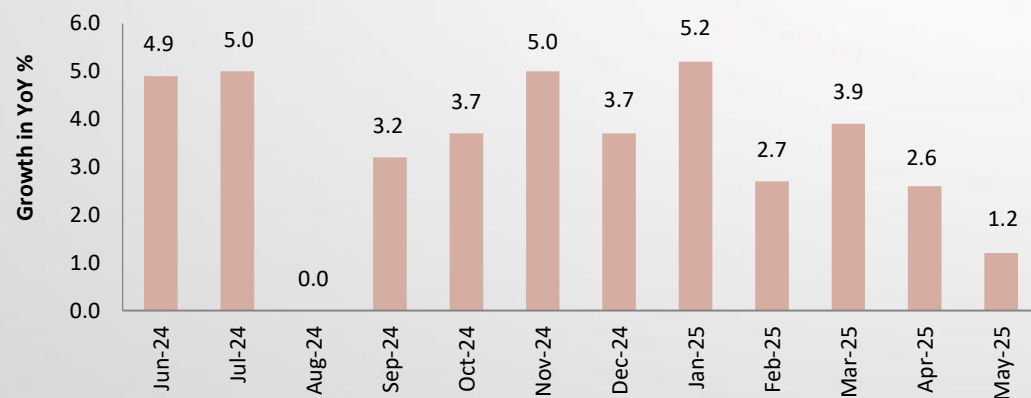
MACRO ECONOMIC INDICATORS

IIP and GST Trend



Industrial production slowed in May 2025

Index of Industrial production (IIP)

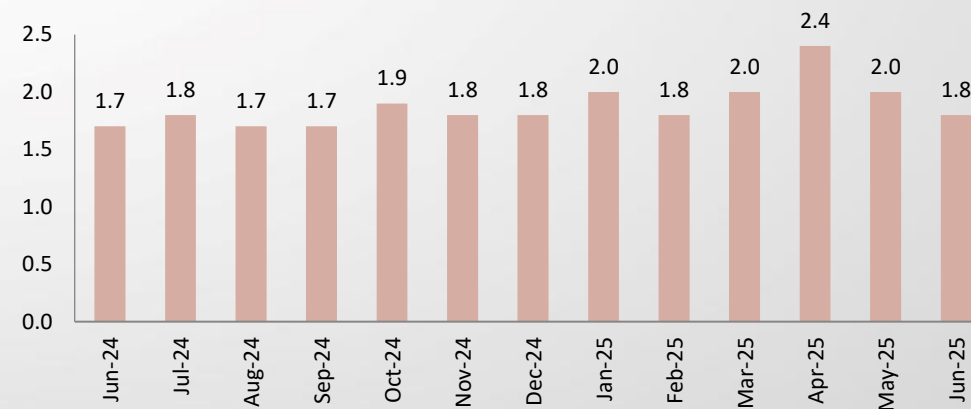


Source: Refinitiv

Industrial Production slowed to 1.2% YoY in May 2025. The moderation in May 2025 was primarily driven by contractions in the electricity and mining sectors.

GST revenue rose YoY in Jun 2025

GST Collections (Rs. Lakh Crore)



Source: PIB

The total gross Goods and Services Tax (GST) revenue grew by 6.2% YoY and stood at Rs. 1.85 lakh crore in Jun 2025, compared to Rs. 1.74 lakh crore in Jun 2024.

MACRO ECONOMIC INDICATORS

International Gold and U.S. 10 Year Treasury Trend



Gold prices rose MoM in Jun 2025



Source: Refinitiv

Gold prices rose after Israel launched pre-emptive airstrikes against Iran, triggering renewed safe-haven demand.

U.S. Treasury yields fell MoM in Jun 2025



Source: Refinitiv

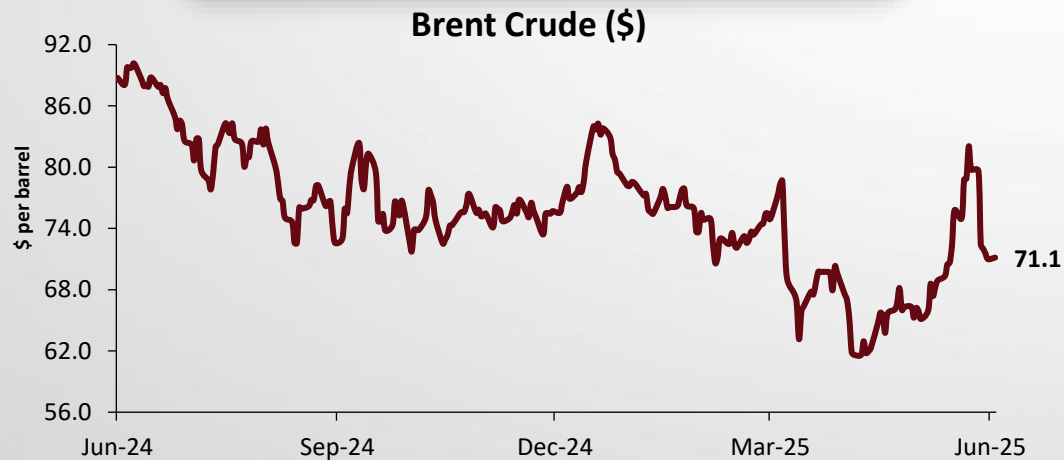
U.S. Treasury prices rose amid market speculation that the U.S. President may announce an early replacement for the Federal Reserve Chair.

MACRO ECONOMIC INDICATORS

Crude and USD/INR Currency Trend



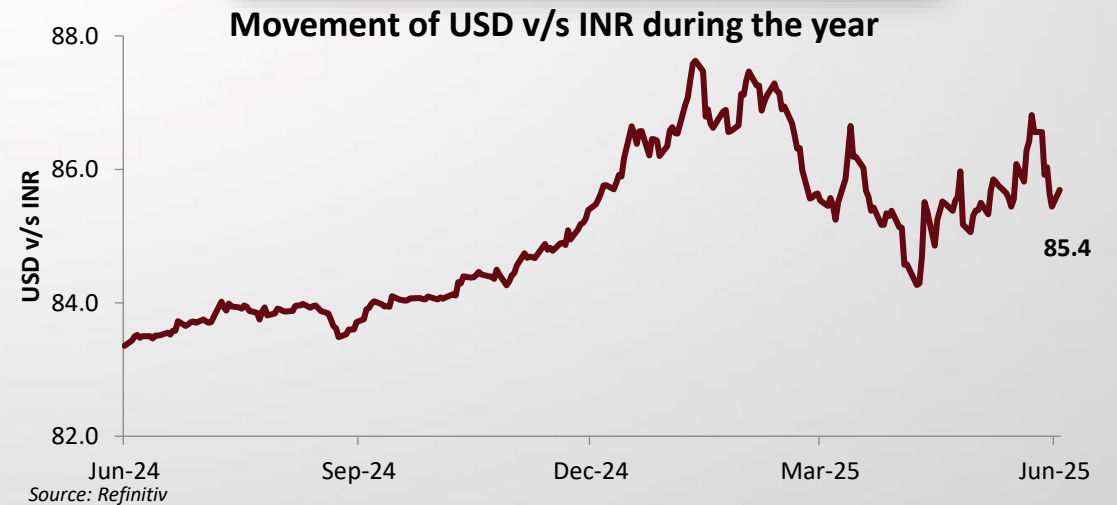
Crude oil prices rose MoM in Jun 2025



Source: Refinitiv

Brent crude oil prices rose as fears of a potential war between Israel and Iran sparked concerns over supply disruptions, sharply shifting investor sentiment toward energy assets.

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



Source: Refinitiv

The rupee weakened against the U.S. dollar due to lingering concerns over the conflict in the Middle East.

EVENT UPDATE

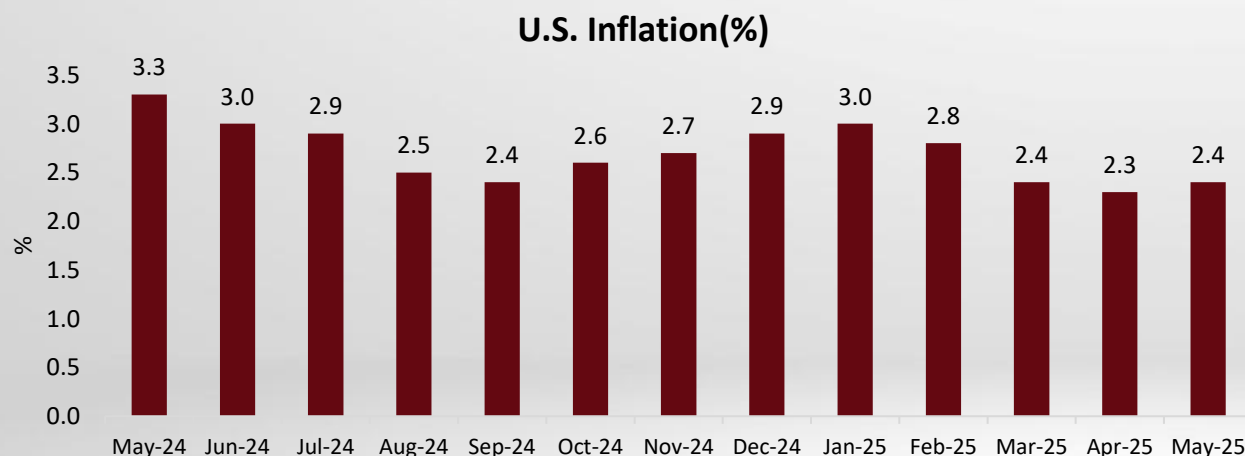
The U.S. Federal Reserve kept interest rates unchanged in Jun 2025



MACRO

Key Highlights

- The U.S. Federal Reserve announced on Jun 18, 2025, its widely expected decision to **leave interest rates unchanged**.
- The Fed stated that it will maintain the **target range for the federal funds rate at 4.25% to 4.50% in support of its dual mandate of maximum employment and inflation at a rate of 2% over the longer run**.



Source: Refinitiv

U.S inflation Peaking

- The U.S. Consumer Price Index (CPI) rose **0.1% month-over-month (MoM) in May 2025**, following a 0.2% increase in Apr 2025, according to the Labor Department. Excluding food and energy, **core inflation also edged up 0.1% MoM** in May 2025, slowing from Apr's 2025 0.2% gain.

To Conclude

- The U.S. economy continues to expand at a solid pace, supported by a strong labor market and low unemployment. **Inflation remains above the 2% target but is gradually moderating.**
- The Federal Open Market Committee (FOMC) is committed to its dual mandate of maximum employment and stable prices. It will carefully evaluate economic data, risks, and the outlook when considering future interest rate changes. **The Committee is also continuing to reduce its holdings of Treasury and mortgage-backed securities as part of its policy strategy.**

EVENT UPDATE

RBI MPC reduced key policy repo rate by 50 bps to 5.50%



Key Highlights

- MPC reduced key policy repo rate by 50 bps to 5.50% with immediate effect
- Standing deposit facility (SDF) rate reduced to 5.25%
- The MPC decided to change the stance from accommodative to neutral
- For FY26, retail inflation is projected at 3.7%
- For FY26, real GDP growth is projected at 6.5%

Policy Rates / Reserve Ratio	09-Apr-25	06-Jun-25	Status
CRR	4.00%	3.00%*	↓
SLR	18.00%	18.00%	↔
SDF	5.75%	5.25%	↓
Repo Rate	6.00%	5.50%	↓
MSF	6.25%	5.75%	↓
Bank rate	6.25%	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.

For Client Circulation. The content does not construe to be any investment, legal or taxation advice Source: RBI

July 2025

Growth Outlook

- Economic activity in 2025–26 is set to remain strong, driven by private consumption, rising investment, and resilient demand. While trade policy uncertainty weighs on exports, progress on free trade deals offers support.
- Agriculture benefits from a good monsoon, and services stay robust, though global risks persist.
- 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%, with balanced risks.

Inflation Outlook

- Inflation outlook remains favorable, supported by record Rabi crop yields, an early above-normal monsoon, easing rural inflation expectations, and soft commodity prices. However, weather and global tariff risks persist.
- Assuming a normal monsoon, CPI inflation for FY26 is projected at 3.7%: Q1 at 2.9%, Q2 at 3.4%, Q3 at 3.9%, and Q4 at 4.4%, with risks evenly balanced.

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

DOMESTIC & GLOBAL

Equity Market Update

INDIAN EQUITY MARKET DASHBOARD

June 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	2.98	8.63	7.77	7.04	17.85	20.58	13.04
Nifty 50	3.37	9.02	8.71	7.54	18.72	21.33	13.16
Nifty 100	3.38	9.13	7.42	5.68	19.20	21.40	13.32
Nifty 500	3.77	11.05	6.12	5.68	21.97	24.02	14.35
Nifty Midcap 150	4.15	15.16	4.26	6.11	30.64	32.29	18.78
Nifty Smallcap 250	5.78	17.93	0.44	4.62	30.95	35.36	16.53
Nifty Microcap 250	3.05	17.07	-3.22	5.50	38.62	45.48	21.98
Sectoral Indices							
Nifty Infrastructure	5.06	11.44	11.60	3.88	27.86	26.88	12.75
Nifty IT	4.57	6.40	-8.92	9.96	14.19	23.84	15.72
Nifty Healthcare	4.24	5.83	-2.97	15.77	25.26	20.70	8.92
Nifty Metal	3.96	5.12	10.50	-1.93	27.86	38.76	17.73
Nifty Realty	3.92	15.90	-6.23	-10.47	37.22	37.63	19.03
Nifty Oil & Gas	3.63	11.87	10.45	-2.50	16.85	21.60	16.72
Nifty PSU Bank	3.25	15.73	10.83	-1.59	44.63	39.50	9.04
Nifty Bank	3.12	11.67	13.22	10.28	20.65	22.62	12.77
Nifty Pharma	2.91	4.40	-5.54	12.55	22.86	17.99	6.81
Nifty Auto	2.47	12.30	4.78	-4.57	27.78	29.99	12.14
Nifty Energy	1.95	8.97	4.59	-11.24	14.72	22.81	17.48
Nifty FMCG	-0.53	3.36	-1.92	-1.41	15.27	15.00	12.34

- Domestic equity markets climbed after the RBI delivered a surprise 50 bps cut in the repo rate to 5.5%, along with a 100 bps reduction in the CRR to 3% and a downward revision in the inflation outlook, signaling strong policy support for growth and liquidity. The rally gained further momentum as easing tensions in the Middle East, supported by hopes of a ceasefire between Israel and Iran, boosted investor sentiment.

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 8.7
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 7.8
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 7.4
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 6.1
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 4.3
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 0.4

- 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.

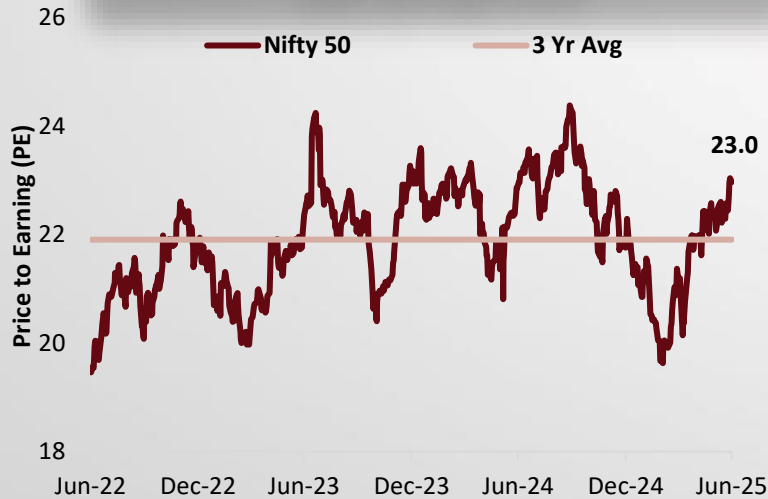
RELATIVE TRAILING VALUATIONS (P/E)

Large Cap vs Mid Cap vs Small Cap



DOMESTIC

Nifty 50 trailing PE remained above 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.
- Large cap, midcap and small cap are trading above their 3-year average level.

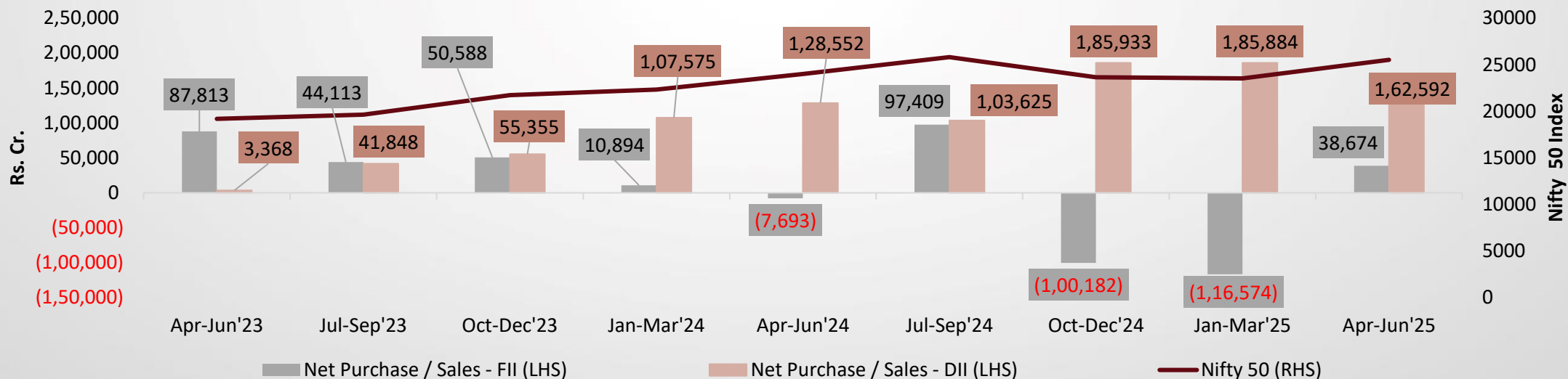
EQUITY FLOWS

Quarterly FII & DII Flows



DOMESTIC

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



- FII's were net buyers in equity segment in Jun 2025 for the third consecutive month, with an inflow of Rs. 14,590.28 crore.
- Mutual funds have been net buyers in equity segment in the last 52 months till Jun 2025, except Apr 2023 and Aug 2022.

GLOBAL EQUITY MARKET DASHBOARD

June 2025



GLOBAL

Emerging Markets	Index	Absolute (%)					CAGR(%)		
		1 Month	3 Months	YTD	6 Months	1 Year	2 Years	3 Years	5 Years
South Korea	Kospi	13.86	23.80	28.01	28.01	9.73	9.43	9.60	7.81
Taiwan	Taiwan TAIEX	4.26	7.54	-3.38	-3.38	-3.35	14.68	14.49	13.87
India	Nifty 50	3.10	8.49	7.92	7.92	6.24	15.29	17.36	19.88
China	Shanghai Composite	2.90	3.26	2.76	2.76	15.98	3.71	0.45	2.91
Brazil	Brazil Ibovespa	1.33	6.60	15.44	15.44	11.99	8.43	12.10	7.87
Indonesia	Jakarta Composite	-3.46	6.41	-2.15	-2.15	-1.91	1.96	0.08	7.14
Developed Markets									
Japan	Nikkei 225	6.64	13.67	1.49	1.49	2.27	10.43	15.32	12.67
US	Russell 3000	6.21	17.36	5.46	5.46	16.06	23.42	24.05	16.61
UK	FTSE 100	-0.13	2.08	7.19	7.19	7.27	7.84	6.91	7.26
Germany	DAX	-0.37	7.88	20.09	20.09	30.92	21.65	23.18	14.19
France	CAC 40	-1.11	-1.60	3.86	3.86	2.48	1.78	8.97	9.20
Europe	Euro Stoxx 50 Pr	-1.18	1.05	8.32	8.32	8.31	9.78	15.34	10.39

- Asian equity markets mostly rose after the U.S. President announced that a ceasefire between Israel and Iran was in effect. Optimism grew as U.S. and Chinese leaders agreed to continue trade negotiations, lifting market sentiment. Further support came from new data showing an increase in U.S. job openings in Apr 2025. The Japanese market advanced after the Bank of Japan left interest rates unchanged on Jun 17, 2025. However, gains were limited due to concerns over the independence of the U.S. Federal Reserve.

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	Germany 20.1
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	Hong Kong 20.0
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	India 7.9
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.K. 7.2
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	U.S. 5.5
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	China 2.8
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 1.5

- On a CYTD basis, Germany markets has been the top gainer, followed by the Hong Kong markets.
- 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 26.0
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	Indian Equity 6.1
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	Intl 5.5
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

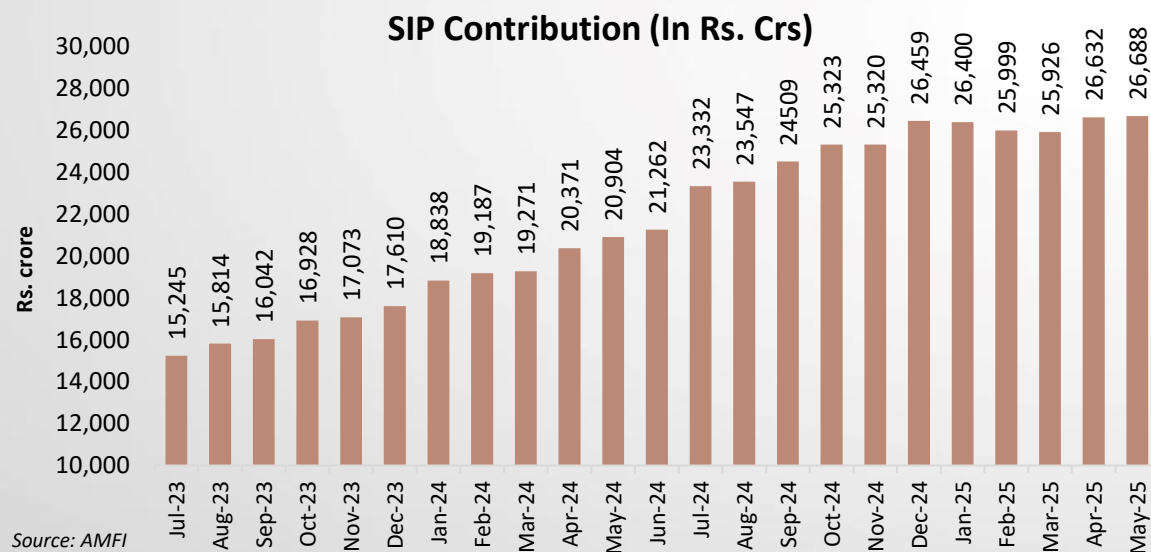
- On CYTD basis, gold remained at the top followed by Indian equity and International equity.
- Till 2024, Indian equities has been among the top three gainers for the past five calendar years, while gold remained in the top two performing asset classes for five times in last seven years.

MUTUAL FUNDS

SIP Flows and SIP Returns Data



DOMESTIC



- According to AMFI, the monthly SIP contribution reached a new high in May 2025, standing at Rs. 26,688 crore. SIP AUM increased to Rs. 14.61 lakh crore in May 2025, compared to Rs. 13.90 lakh crore in Apr 2025, with 905.57 lakh outstanding SIP accounts.

Equity Broad MF Category	Category average SIP returns (%)		
	3-year	5-year	10-year
Large cap	16.7	16.3	14.3
Large & Mid cap	20.9	20.3	17.1
Flexi cap	18.4	18.1	16.1
Multi cap	20.9	21.0	17.9
Mid cap	23.9	23.5	19.3
Small cap	21.9	24.5	20.3
Focused	18.2	17.1	15.5
Value	20.7	21.2	17.7

- 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 30th Jun 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	3.38	8.74	5.35	5.23	19.68	20.62	12.27
Large & Mid Cap	4.01	11.43	3.50	6.02	24.01	25.31	14.69
Flexi Cap	3.78	10.64	2.43	4.62	21.62	22.70	13.80
Multi Cap	3.75	11.62	2.34	5.89	25.01	26.89	15.21
Mid Cap	4.73	13.96	2.06	5.77	27.47	29.40	16.32
Small Cap	4.24	14.56	-0.84	4.29	26.59	33.74	17.60
Focused	3.47	10.17	3.82	5.51	21.09	21.87	13.58
Value	3.33	10.30	2.94	3.35	25.30	26.77	15.03
Index:							
Nifty 100	3.38	9.13	7.42	5.65	19.20	21.40	13.32
Nifty 500	3.77	11.05	6.12	5.64	21.97	24.02	14.35
Nifty Midcap 150	4.15	15.16	4.26	6.08	30.64	32.29	18.78
Nifty Smallcap 250	5.78	17.93	0.44	4.59	30.95	35.36	16.53

- In the last one-month, Mid Cap category followed by Small Cap and Large & Mid Cap categories rose the most.
- It is to be worth noted that all the equity categories witnessed positive returns for 1 year and above periods.

EQUITY MARKET ROUNDUP

Key Takeaways & Outlook



DOMESTIC

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

- Domestic equity markets climbed after the RBI delivered a surprise 50 basis points cut in the repo rate to 5.5%, along with a 100 basis points reduction in the Cash Reserve Ratio to 3% and a downward revision in the inflation outlook, signaling strong policy support for growth and liquidity. The rally gained further momentum as easing tensions in the Middle East, supported by hopes of a ceasefire between Israel and Iran, boosted investor sentiment.
- Although crude oil prices had surged earlier due to Israeli strikes on Iranian nuclear and missile facilities followed by retaliatory drone attacks, the subsequent easing of tensions helped calm global economic concerns, leading to a decline in oil prices and restoring investor confidence.

Outlook:

- The outlook for the domestic equity market is cautiously optimistic, supported by a combination of domestic policy measures and global developments. Q1 FY26 earnings and management commentaries are expected to offer key insights into demand trends, particularly in the consumption sector ahead of the festive season. On the global front, potential announcements following the July 8 conclusion of the U.S. government's 90-day pause on tariff actions could impact export-oriented sectors, especially given the prevailing uncertainty in the U.S. economy. Domestically, recent rate cuts, improved liquidity, tax relief from the Union Budget, and signs of a cyclical recovery are likely to support market sentiment.
- Due to high valuations seen in Mid & Small caps, **investors may look at Large Cap oriented funds along with Multi Asset Allocation Funds and Balanced Advantage Funds.**

DOMESTIC & GLOBAL

Debt Market Update

DEBT MARKET

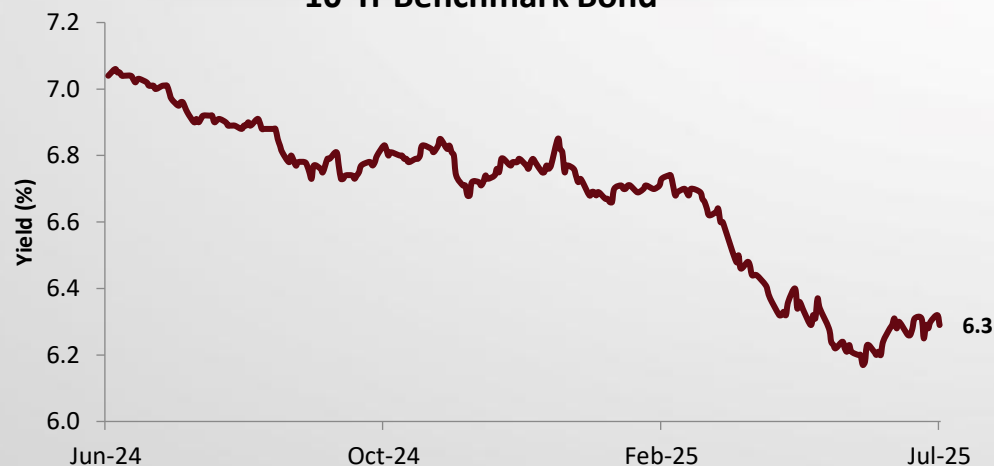
Indian Government Bond and Policy Rate Trend



INDIAN DEBT

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

10-Yr Benchmark Bond

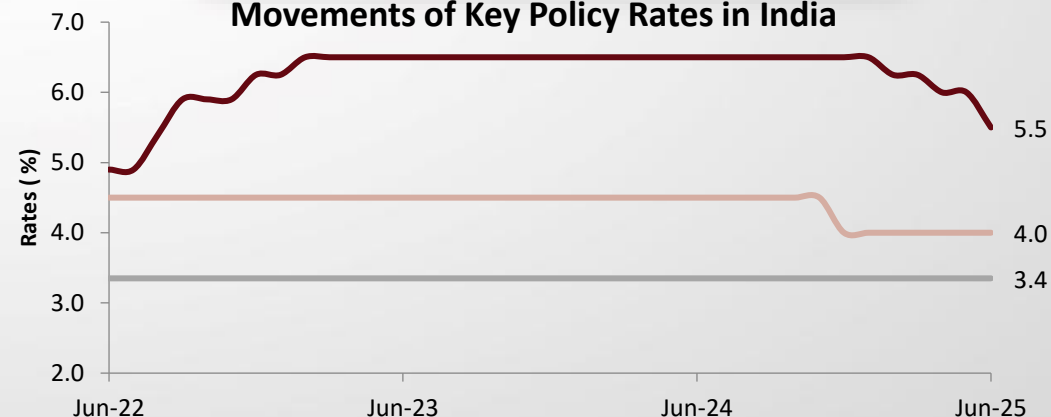


Source: Refinitiv

Bond yields rose as the RBI cut rates but turned neutral and halted VRR auctions, signaling surplus liquidity and lowering hopes of further easing.

RBI reduced repo rate by 50 bps in Jun 2025 monetary policy meeting

Movements of Key Policy Rates in India



Source: RBI

The Monetary Policy Committee (MPC) in its second bi-monthly monetary policy review of FY26 reduced key policy repo rate by 50 bps to 5.50% with immediate effect.

DEBT MARKET

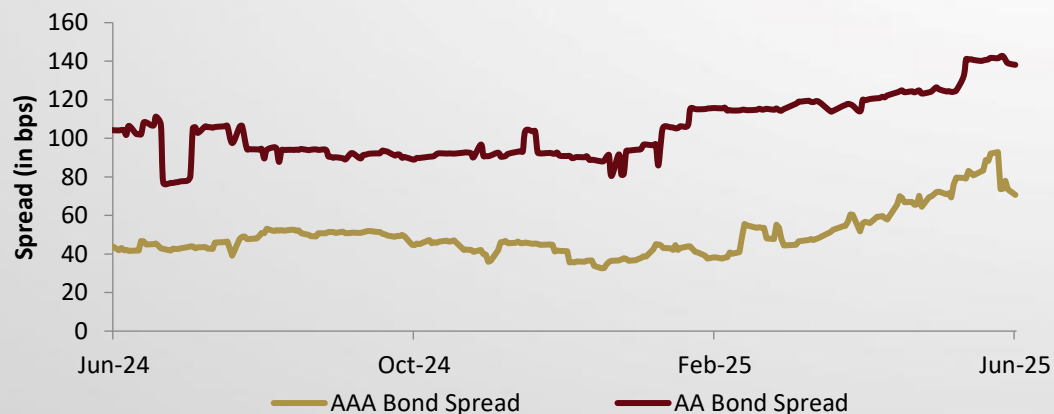
Government Bond & Corporate Bond Yield Trend



INDIAN DEBT

Corporate bond yields mostly increased during the month

10 Year Corporate Bond Spread (for AAA & AA bonds)

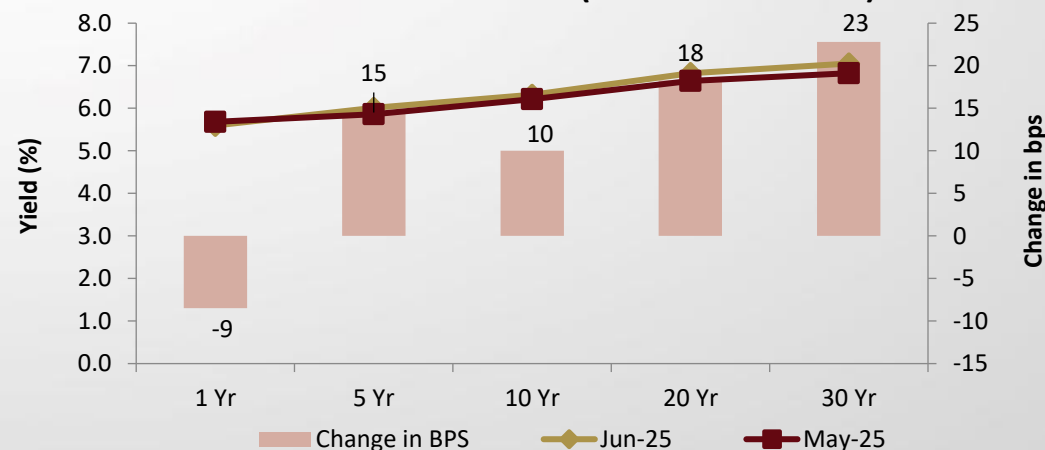


Source: Refinitiv; Spread= 10 year Corporate bond yield minus 10- year Gsec yield

Yield on corporate bonds increased between 6 to 19 bps across the curve, barring 1 year paper that fell by 9 bps.

G-sec yields mostly rose during the month

India Yield Curve Shift (Month-on-Month)



Source: Refinitiv

Yield on gilt securities rose between 6 to 27 bps across the maturities, barring 1 year paper that fell by 9 bps.

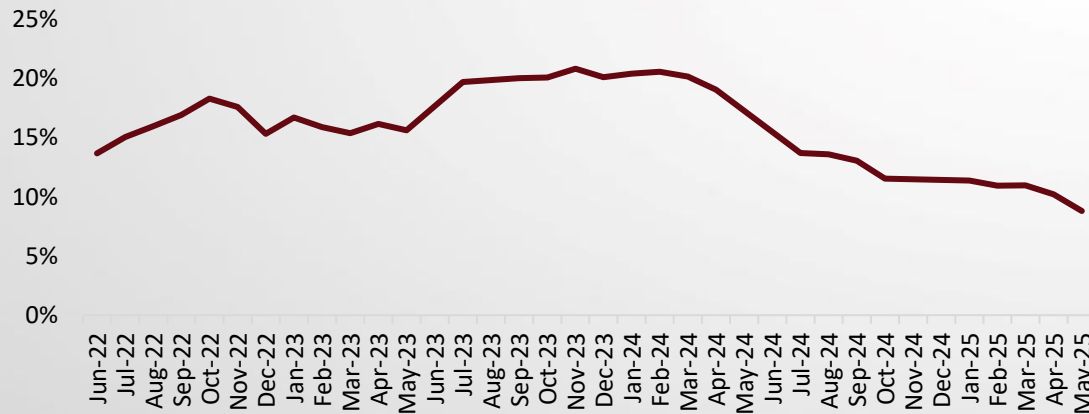
DEBT MARKET

System Liquidity



INDIAN DEBT

India Non Food credit growth (YoY %)



- Liquidity in the banking system remained in surplus for the third consecutive month. The RBI's MPC announced a phased reduction in the Cash Reserve Ratio by 100 basis points, from 4% to 3% of net demand and time liabilities. This will be implemented in four equal tranches of 25 basis points each, effective from the fortnights beginning Sep 6, Oct 4, Nov 1, and Nov 29, 2025. According to the RBI Governor, the CRR cut is expected to inject approximately Rs. 2.5 lakh crore of primary liquidity into the banking system by the end of Nov 2025. This move will also reduce the cost of funding for banks, thereby supporting and accelerating the transmission of monetary policy to the credit market. The central bank decided to discontinue daily variable rate repo (VRR) auctions from Jun 11, 2025, as liquidity had turned surplus.

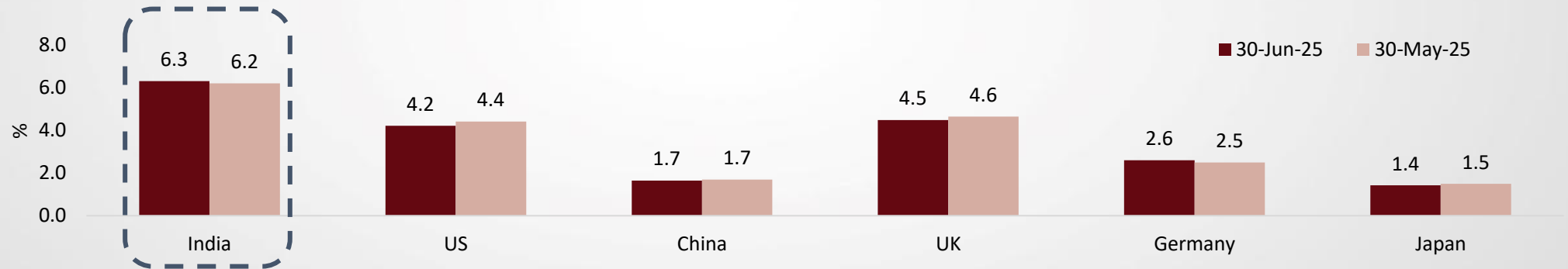
DEBT MARKET

Global



GLOBAL DEBT

Yield of 10 Year Government Bonds across countries (%)



Current Yield (%)	6.3	4.2	1.7	4.5	2.6	1.4
Inflation (%)	2.8	2.4	-0.1	3.4	2.1	3.1
Real Yields (%): 30-Jun-25	3.5	1.8	1.8	1.1	0.5	-1.7

- Globally, 10-year Sovereign yields remained mixed 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	1.41	2.98	6.29	6.34	5.07
Liquid Fund	0.52	1.66	3.50	7.09	6.86	5.44
Ultra Short Term Fund	0.57	1.94	3.79	7.29	6.74	5.48
Low Duration Fund	0.55	2.30	4.27	7.98	7.10	6.09
Money Market Fund	0.61	2.18	4.18	7.84	7.18	5.74
Arbitrage Fund	0.53	1.54	3.38	6.72	6.60	5.29
ICRA Liquid Index	0.52	1.67	3.56	7.39	7.25	5.83
Short Term Bond Fund	0.19	2.62	4.89	8.97	7.47	6.16
Medium Duration Fund	0.02	2.53	5.12	9.40	8.11	6.90
Banking and PSU Fund	-0.01	2.54	4.84	8.90	7.43	5.98
Corporate Bond Fund	0.05	2.72	5.05	9.28	7.62	6.11
Credit Risk Fund	0.34	3.37	6.97	11.16	8.67	9.33
Nifty Short Duration Debt Index	0.30	2.58	4.73	8.74	7.61	6.30
Dynamic Bond Fund	-0.91	1.69	4.36	8.34	7.55	5.82
Medium to Long Duration Fund	-0.67	1.87	4.49	8.37	7.52	5.54
ICRA Composite Bond Fund Index	-0.44	2.32	4.88	9.82	8.66	6.65
Gilt Fund	-1.53	0.94	3.85	7.74	7.60	5.43
ICRA Composite Gilt Index	-0.81	2.13	5.02	9.97	9.20	6.44

- Credit Risk Fund, Medium Duration Fund and Gilt Funds 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	5.59	0.00 Years	0.01 Years	5.59%	5.60%	5.60%	5.59%	5.59%	5.58%
Liquid Fund	6.01	0.04 Years	0.11 Years	6.04%	6.06%	6.12%	5.98%	5.95%	5.90%
Ultra Short Term Fund	6.58	0.27 Years	0.44 Years	6.69%	6.80%	7.02%	6.47%	6.36%	6.14%
Money Market Fund	6.45	0.25 Years	0.65 Years	6.61%	6.78%	7.10%	6.29%	6.13%	5.80%
Low Duration Fund	6.40	0.74 Years	0.86 Years	6.62%	6.83%	7.26%	6.19%	5.97%	5.54%
Short Term Bond Fund	6.72	3.48 Years	2.67 Years	7.38%	8.05%	9.39%	6.05%	5.38%	4.05%
Corporate Bond Fund	6.73	5.12 Years	3.55 Years	7.61%	8.50%	10.28%	5.84%	4.95%	3.18%
Banking and PSU Fund	6.53	4.82 Years	3.34 Years	7.37%	8.20%	9.87%	5.70%	4.86%	3.19%
Credit Risk Fund	7.47	2.98 Years	2.15 Years	8.01%	8.55%	9.62%	6.93%	6.40%	5.32%
Medium Duration Fund	7.06	5.03 Years	3.61 Years	7.97%	8.87%	10.67%	6.16%	5.26%	3.45%
Dynamic Bond Fund	6.59	14.99 Years	6.98 Years	8.33%	10.08%	13.57%	4.84%	3.10%	-0.39%
Medium to Long Duration Fund	6.66	11.55 Years	6.16 Years	8.20%	9.74%	12.82%	5.12%	3.58%	0.50%
Gilt Fund	6.71	22.13 Years	9.61 Years	9.11%	11.51%	16.32%	4.31%	1.90%	-2.90%

- Credit Risk Fund, Medium Duration Fund and Corporate Bond Fund 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 × 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 after the RBI surprised markets with a 50-basis points rate cut, which was initially perceived as a positive move; however, the simultaneous shift in policy stance from accommodative to neutral raised concerns about the likelihood of further rate cuts, ultimately driving the increase in yields.
- Losses deepened following the RBI's announcement to discontinue daily Variable Rate Repo (VRR) auctions, signaling ample liquidity in the system and prompting a reassessment of short-term interest rate expectations. Yields rose further amid a sharp increase in crude oil prices, driven by escalating geopolitical tensions stemming from the ongoing conflict between Israel and Iran. Sentiment improved further following the announcement of a ceasefire between Israel and Iran, coupled with a sharp decline in crude oil prices.

Outlook:

- The domestic debt market is expected to remain steady, with bond yields likely to stay range-bound as the RBI is expected to pause after recent rate cuts while monitoring incoming data on growth and inflation. Liquidity conditions are expected to remain comfortable, although the central bank has begun withdrawing excess short-term liquidity and has shifted its monetary policy stance from accommodative to neutral following the June rate cut. These developments have led many analysts to conclude that the rate-cut cycle may be over, even as the RBI Governor noted that inflation falling below current projections could create room for further easing.
- Additionally, geopolitical tensions involving Iran-Israel and Russia-Ukraine continue to weigh on investor sentiment, with risks persisting despite temporary ceasefires.
- **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 July 2025	
Event	Date
WPI Inflation YoY Jun 2025	14-Jul-25
CPI Inflation YoY Jun 2025	14-Jul-25
Passenger Vehicles Sales YoY Jun 2025	15-Jul-25
Balance of Trade Jun 2025	15-Jul-25
Industrial Production YoY Jun 2025	28-Jul-25
Government Budget Value Jun 2025	31-Jul-25
Infrastructure Output YoY Jun 2025	31-Jul-25



GLOBAL

Events for July 2025	
Event	Date
China CPI YoY Jun 2025	09-Jul-25
Germany HICP Final YoY Jun 2025	11-Jul-25
U.S. CPI YoY, NSA Jun 2025	15-Jul-25
U.K. CPI YoY Jun 2025	16-Jul-25
U.K. ILO Unemployment Rate May 2025	17-Jul-25
Euro Zone HICP Final YoY Jun 2025	17-Jul-25
Japan CPI, Overall Nationwide Jun 2025	17-Jul-25
China Loan Prime Rate 1Y Jul 2025	21-Jul-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	5.23	19.68	20.62	12.27
Large & Mid Cap	6.02	24.01	25.31	14.69
Multi Cap	5.89	25.01	26.89	15.21
Flexi Cap	4.62	21.62	22.70	13.80
Mid Cap	5.77	27.47	29.40	16.32
Small Cap	4.29	26.59	33.74	17.60
Focused	5.51	21.09	21.87	13.58
Value	3.35	25.30	26.77	15.03
Hybrid Category:				
Conservative Hybrid	7.65	10.34	9.99	7.86
Balanced Hybrid	7.22	--	--	--
Balanced Advantage	5.67	14.71	13.87	9.83
Multi Asset Allocation	7.87	17.85	19.95	12.60
Aggressive Hybrid	6.43	18.51	19.62	11.76

Debt Category	3 Mths	6 Mths	1 Yr	3 Yr
Money Market:				
Overnight	1.41	2.98	6.29	6.34
Liquid	1.66	3.50	7.09	6.86
Ultra Short Duration	1.94	3.79	7.29	6.74
Low Duration	2.30	4.27	7.98	7.10
Money Market	2.18	4.18	7.84	7.18
Accrual:				
Short Duration	2.62	4.89	8.97	7.47
Medium Duration	2.53	5.12	9.40	8.11
Banking & PSU Debt	2.54	4.84	8.90	7.43
Corporate Bond	2.72	5.05	9.28	7.62
Floating Rate	2.57	4.81	8.97	7.81
Credit Risk	3.37	6.97	11.16	8.67
Duration:				
Medium to Long Duration	1.87	4.49	8.37	7.52
Long Duration	0.32	3.35	7.21	9.02
Dynamic Bond	1.69	4.36	8.34	7.55
Gilt	0.94	3.85	7.74	7.60
Gilt Fund with 10 year constant duration	2.69	5.76	10.50	8.91

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 30th Jun 2025.

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

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