

**Don't miss  
this time**

**MONTHLY  
MARKET OUTLOOK**



## Positive Momentum in GDP Growth

- The RBI revised India's GDP growth forecast for FY 2025-26 upwards to 6.8% from earlier estimate of 6.5%
- Domestic growth is performing well due to



Strong consumption



Investments



Government spending



Good monsoon



GST 2.0

### GDP's Projection for 2025 - 26

6.5

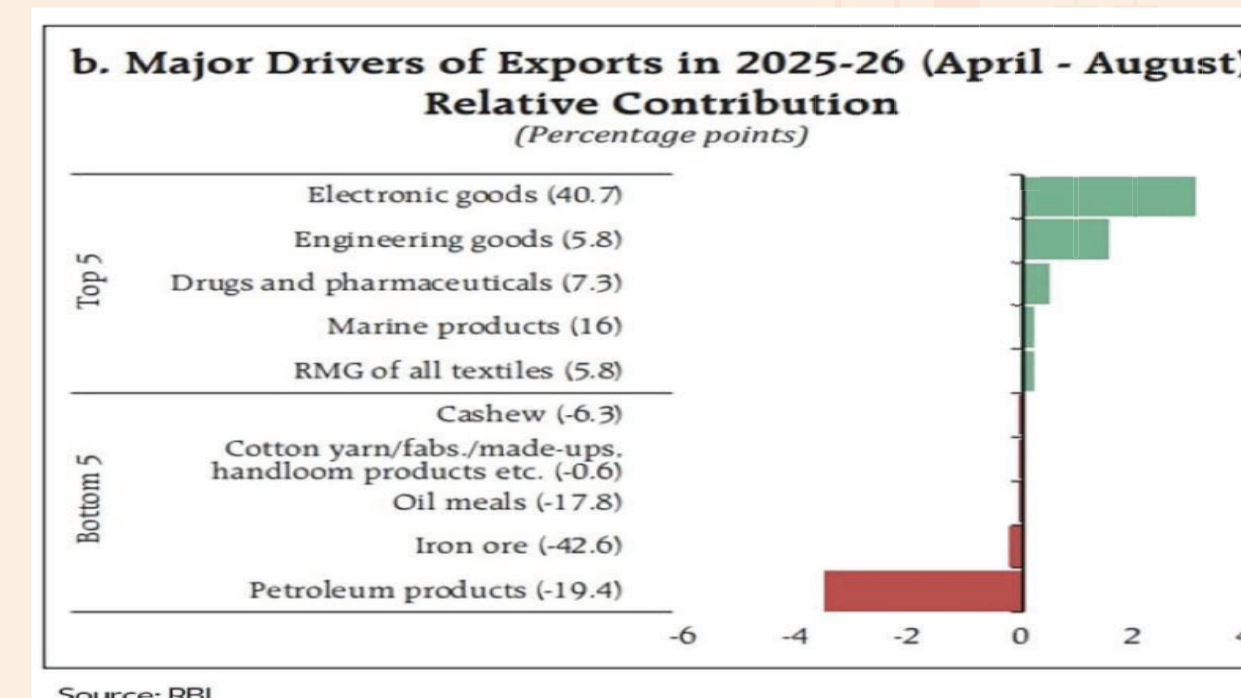
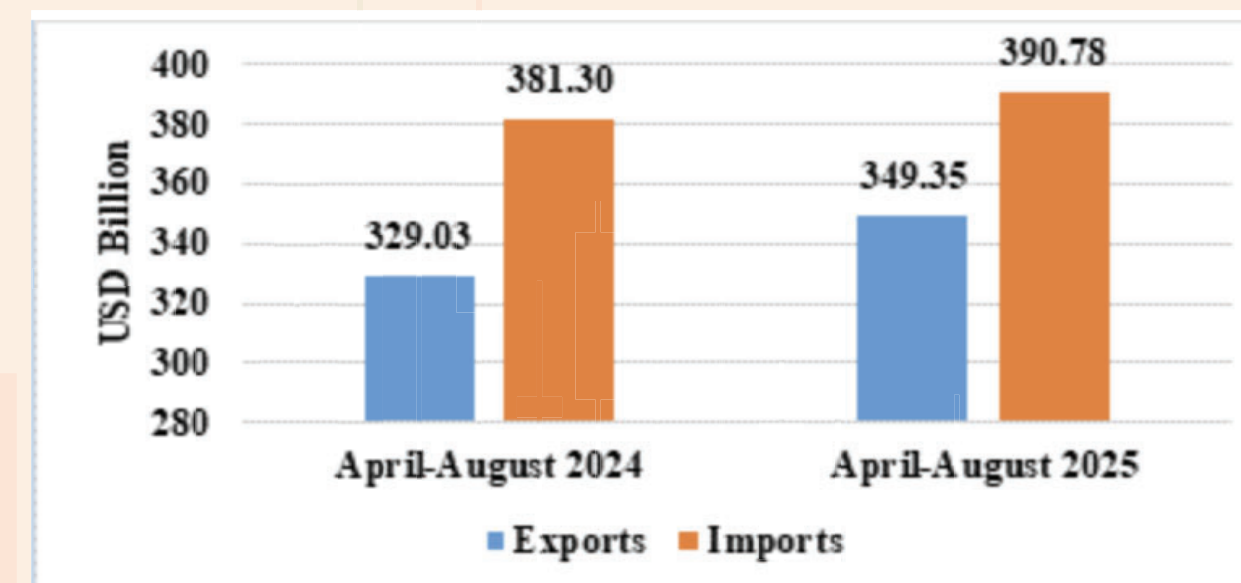
6.8



# Global Demand Steady

## India's Trade Snapshot (Apr - Aug 2025)

- Exports (Goods + Services) - USD 349.35 bn up 6.2% from last year
- Merchandise exports: USD 184.13 bn (+2.5%)
- Services exports: USD 165.22 bn (+10.3%)
- Imports (Goods + Services) - USD 390.78 bn up 2.49%
- Merchandise imports: USD 306.52 bn (+3.2%)
- Services imports: USD 84.25 bn (+15.4%)



Despite global challenges and U.S. tariff barriers, India's exports continued to grow in 2025 driven by strong performance in electronics, engineering and high value goods





# Falling Crude Oil Prices Impact India's Economy



**Crude Oil Prices Fall**

**Lower Import Bill → 85% of India's crude is imported**



**Narrower Current Account Deficit (CAD)**

**Stronger Rupee & Lower Inflation**

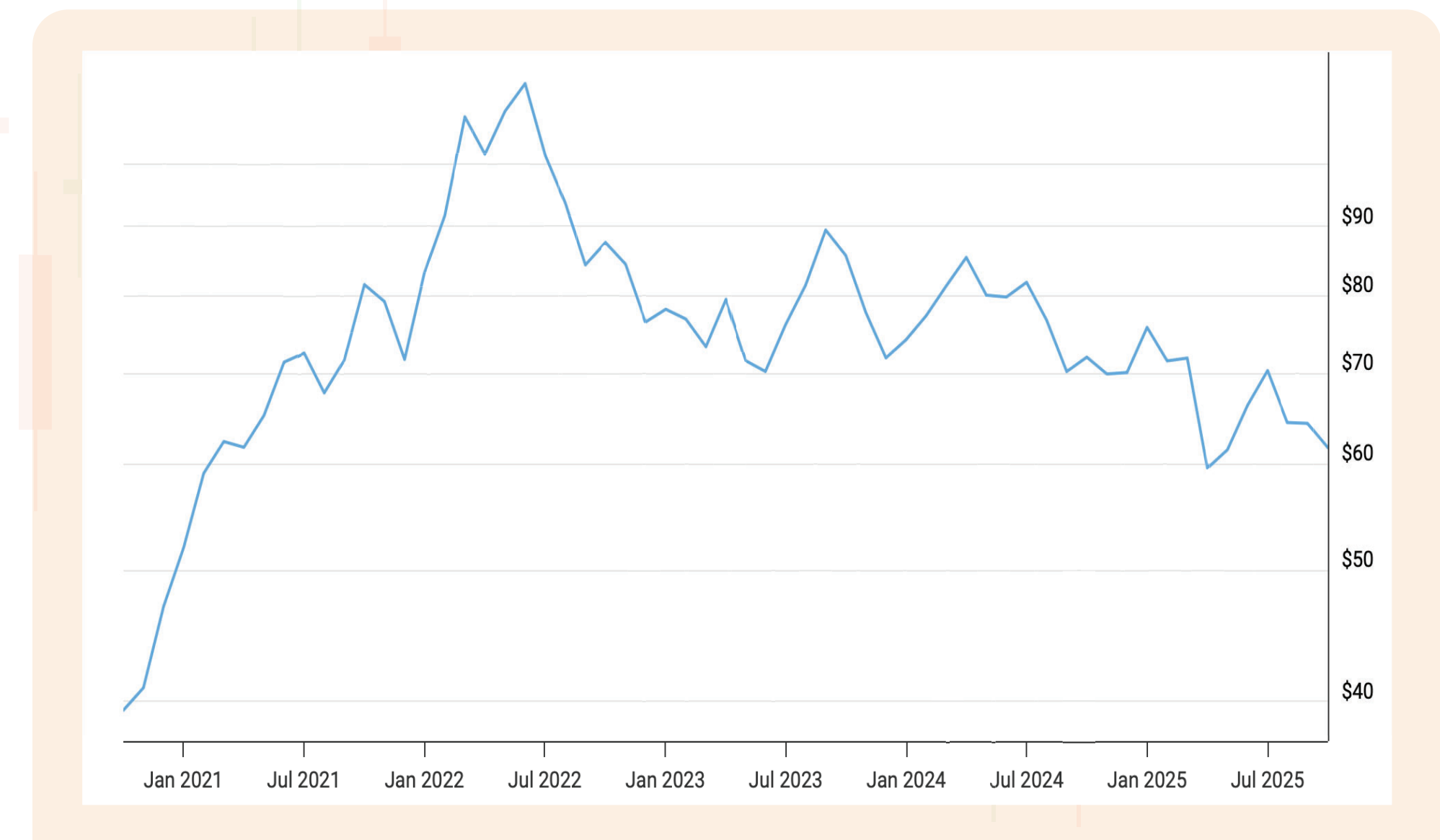


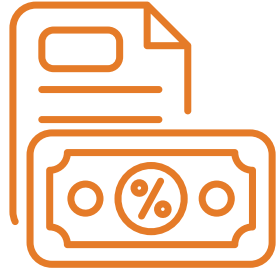
**Reduced Fiscal Burden for Govt. (lower subsidy costs)**

**RBI Gets Room to Ease Policy Rates**



**Boost to GDP Growth**





# RBI Pushes Indian Rupee for Global Trade



## Loans in Rupees

Authorised Dealer banks can now lend in INR to non residents from Bhutan, Nepal and Sri Lanka for trade, boosting regional trade settlements. 90% of India's exports to South Asia go to these countries.



## Reference Rates

RBI will introduce transparent reference rates for major trading partner currencies (e.g. Indonesian rupiah, UAE dirham) to reduce cross currency conversions.



## SRVA Investments

Balances in Special Rupee Vostro Accounts can now be invested in corporate bonds and commercial papers.



## Past Initiatives

RBI has promoted bilateral rupee settlements, cross-border UPI payments, and measures to stabilize rupee for international use.



## Monthly Trend Capital Expenditure

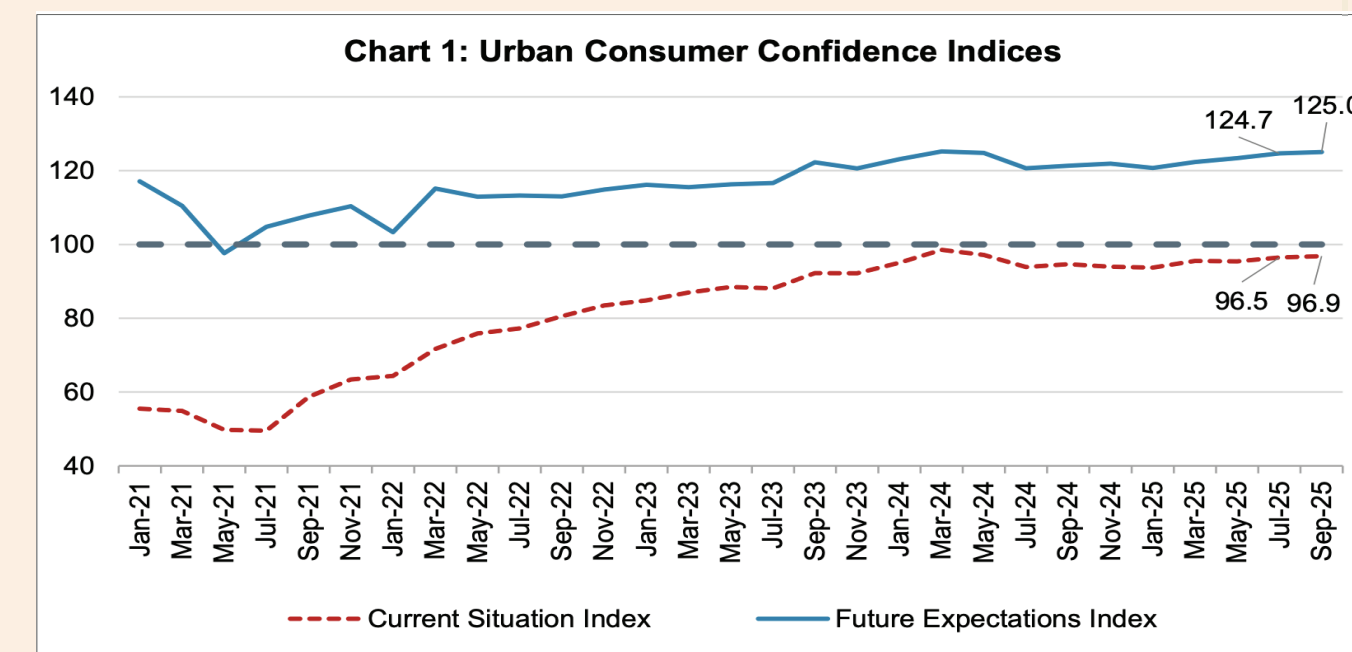
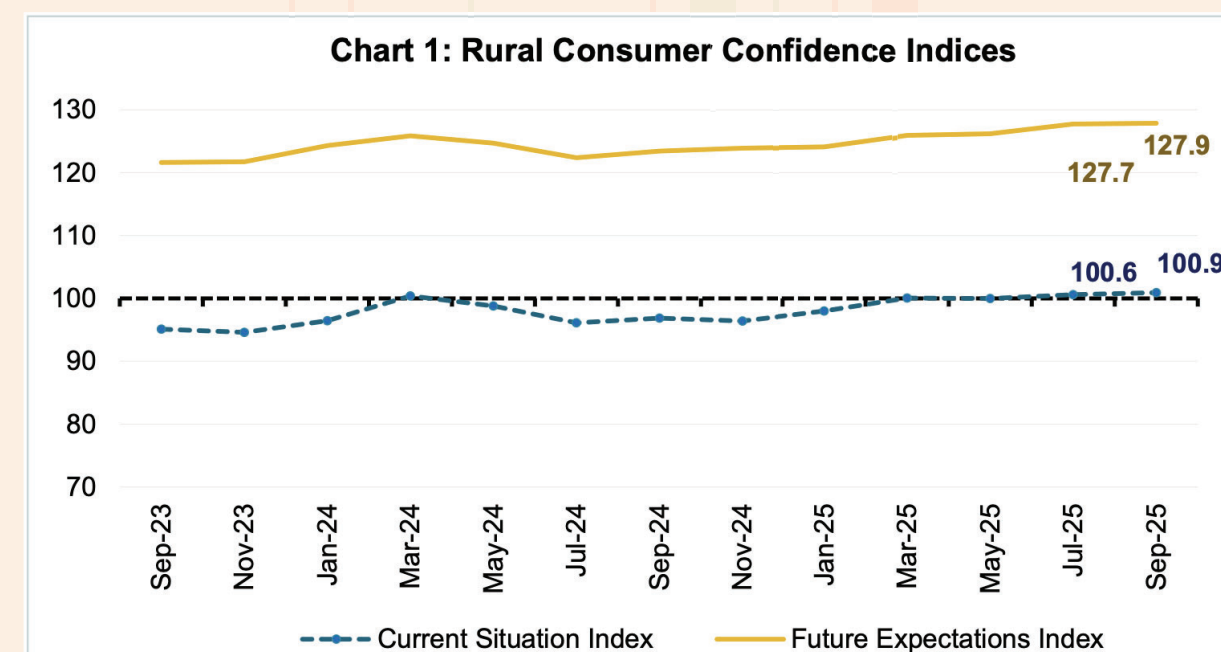
- **Robust Front Loading** The government has continued its trend of front loading capital expenditure
- **Infrastructure Push** Strong early spending indicates ongoing emphasis on infrastructure, roads, railways and defense projects.
- **Sharp YoY Rise** April 2025 alone saw a record ₹1.6 lakh crore spend
- **Momentum Indicator** Sustained momentum in capital expenditure is likely to support investment led growth even if private capex remains modest

Month	2025-26 Monthly (₹ Cr)	2025-26 YTD (₹ Cr)	2024-25 Monthly (₹ Cr)	2024-25 YTD (₹ Cr)
April	159790	159790	99235	99235
May	61564	221354	44390	143625
June	53778	275132	37426	181051
July	71794	346926	80209	261260
August	84653	431579	39727	300987
September			113979	414966
October			51579	466545
November			46955	513500
December			171837	685337
January			72022	757359
February			54528	811887
March (Prov.)			240120	1052007



# CONSUMER CONFIDENCE SURVEY

Parameter	Urban (UCCS)	Rural & Semi-Urban (RCCS)
Survey Period	Aug 28 – Sep 6, 2025	Aug 28 – Sep 7, 2025
Current Confidence (CSI)	96.9 – slight improvement	Further into optimistic zone
Future Outlook (FEI)	125.0 – optimism continues	Rising – positive expectations
Inflation & Prices	Expected to ease next year, current levels slightly concerning	Fewer households expect rise
Earnings Sentiment	Current earnings improving, future income slowly rising	Noted improvement in most parameters
Overall Takeaway	Cautiously optimistic about economy, income, prices	Cautiously optimistic; steady positive outlook



Overall both urban and rural households remain cautiously optimistic expecting better income, employment and easing inflation in the year ahead





# Monthly Indicators of Industrial Activity

- PMI surging to a near 18 year high with ongoing improvements in demand conditions leading to increase in factory orders
- Automobile production remained robust led by strong output of three wheelers and two wheelers
- Production of passenger vehicles declined due to recalibration of dispatches ahead of GST reforms
- Production and sales of passenger vehicles are likely to pick up in the upcoming festive season supported by the GST rate cut
- Conventional electricity generation recovered as thermal coal production improved
- Renewable energy generation sustained its pace

	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
IIP-Headline	0.0	3.2	3.7	5.0	3.7	5.2	2.7	3.9	2.6	1.9	1.5	3.5	
IIP Manufacturing	1.2	4.0	4.4	5.5	3.7	5.8	2.8	4.0	3.1	3.2	3.7	5.4	
IIP capital goods	0.0	3.5	2.9	8.9	10.5	10.2	8.2	3.6	14.0	13.3	3.0	5.0	
PMI Manufacturing	57.5	56.5	57.5	56.5	56.4	57.7	56.3	58.1	58.2	57.6	58.4	59.1	59.3
PMI Export Order	54.4	52.9	53.6	54.6	54.7	58.6	56.3	54.9	57.6	56.9	60.6	57.3	56.1
PMI Manufacturing: Future Output	62.1	61.6	62.1	65.5	62.5	65.1	64.9	64.4	64.6	63.1	62.2	57.6	60.5
Eight Core Index	-1.5	2.4	3.8	5.8	5.1	5.1	3.4	4.5	1.0	1.2	2.2	3.7	6.3
Electricity generation: Conventional	-3.8	-1.3	0.5	2.7	4.5	-1.3	2.4	4.8	-1.8	-8.2	-6.1	-0.8	1.0
Electricity generation: Renewable	-3.7	12.5	14.9	19.0	17.9	31.9	12.2	25.2	28.0	18.2	28.7	26.4	
Automobile Production	4.4	10.1	10.0	8.0	1.3	9.4	2.3	6.5	-1.7	5.2	1.2	10.7	8.1
Passenger vehicle production	0.7	-3.4	-4.0	6.5	9.2	3.7	4.5	11.2	10.8	5.4	-1.8	0.1	-4.1
Tractor production	-1.0	2.7	0.4	24.7	20.9	23.7	-7.8	18.5	20.5	9.1	9.8	11.5	9.4
Two-wheelers production	4.9	12.9	13.3	8.8	-0.6	10.3	1.6	5.6	-4.1	4.7	1.4	12.3	10.0
Three-wheelers production	9.0	3.9	-6.7	-5.5	7.6	16.2	6.5	6.0	4.1	16.9	8.6	24.0	15.8
Crude steel production	3.9	0.3	4.2	4.5	8.3	7.4	6.0	8.5	9.3	11.0	12.6	14.0	11.1
Finished steel production	3.0	0.7	4.0	2.8	5.3	6.7	6.7	10.0	6.6	7.0	10.9	13.8	13.0
Import of capital goods	12.3	10.9	7.0	4.7	6.1	15.5	-0.5	8.6	21.5	14.3	2.6	12.2	

<< Contraction ----- Expansion >>





# Monthly Indicators of Services Activity

- India's services sector sustained its growth momentum in August, with services PMI recording the highest expansion since June 2010.
- International air passenger traffic remained high and retail commercial vehicles segment recorded a strong growth.
- Growth in steel consumption picked up while cement production decelerated

	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
PMI services	60.9	57.7	58.5	58.4	59.3	56.5	59.0	58.5	58.7	58.8	60.4	60.5	62.9
International air passenger traffic	11.1	11.2	10.3	10.7	9.0	11.1	7.7	6.8	13.0	5.0	3.4	5.5	7.4
Domestic air cargo	0.6	14.0	8.9	0.3	4.3	6.9	-2.5	4.9	16.6	2.3	2.6	4.8	
International air cargo	20.7	20.5	18.4	16.1	10.5	7.1	-6.3	3.3	8.6	6.8	-1.2	4.2	
Port cargo traffic	6.7	5.8	-3.4	-5.0	3.4	7.6	3.6	13.3	7.0	4.3	5.6	4.0	2.5
Retail commercial vehicle sales	-6.0	-10.4	6.4	-6.1	-5.2	8.2	-8.6	2.7	-1.0	-3.7	6.6	0.2	8.6
Hotel occupancy	0.7	2.1	-5.3	11.1	-0.2	1.2	0.6	1.9	7.2	-2.8	-0.3	-2.4	
Tourist arrivals	-4.2	0.4	-1.4	-0.1	-6.6	-0.2	-8.6	-13.7	-3.8				
Steel consumption	14.1	13.5	12.7	12.3	11.4	11.4	11.3	11.5	6.0	7.1	7.9	7.7	8.2
Cement production	-2.5	7.6	3.1	13.1	10.3	14.3	10.7	12.2	6.3	9.7	8.2	11.6	6.1

<<Contraction ----- Expansion>>

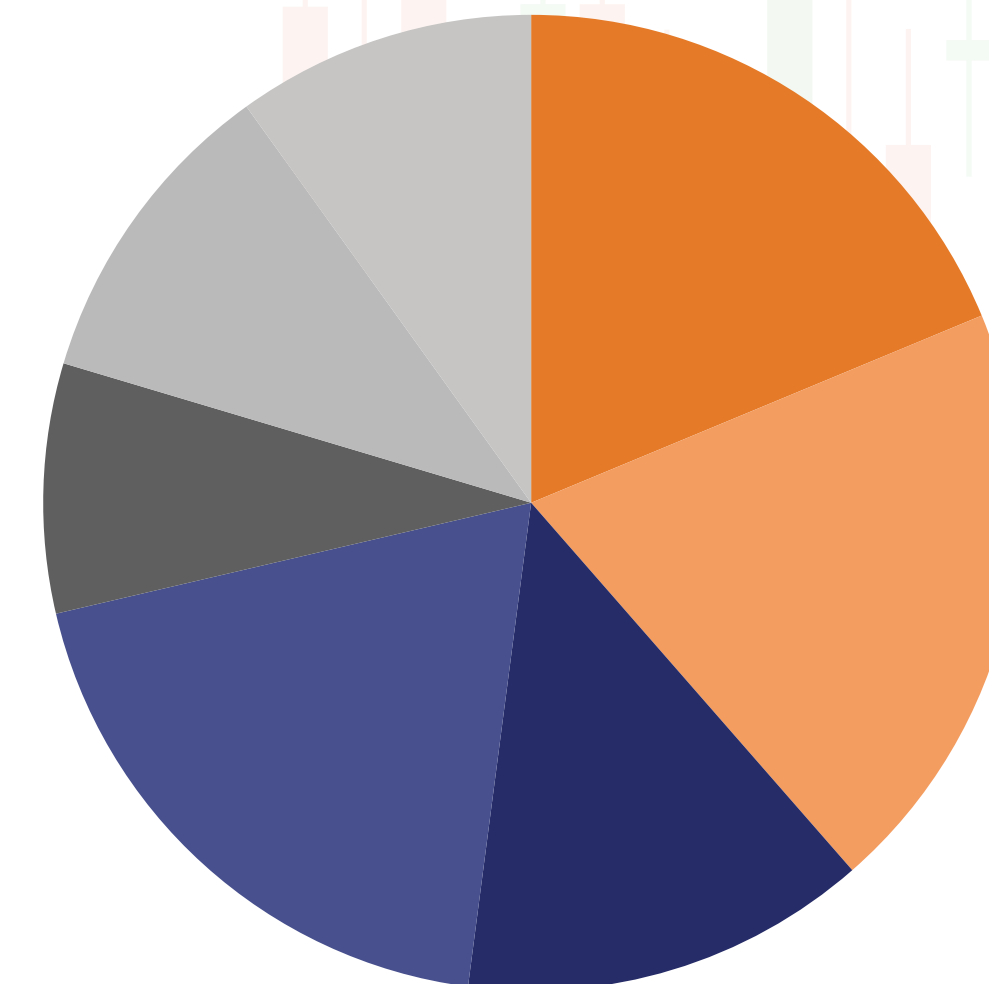


## Auto Sales

- Strong kharif crop, above average monsoon and stable RBI rates enhance consumer purchasing power
- Peak festive sales expected during Dhanteras and Deepawali supported by improved affordability
- GST 2.0 advantages, attractive OEM offers and easy financing options encourage new buyers and upgrades
- Smooth logistics and supply chains could drive India toward a record-breaking festive retail season

### NAVRATRI 2025 – ‘BACHAT UTSAV’ DELIVERS HISTORIC HIGHS

- Overall Retail: +34 % YoY (Record Festive Growth)
- Segment YoY Growth Key Drivers
  - 2W +36 % GST cuts, festive offers, pent-up demand
  - 3W +24.5 % Urban mobility revival
  - PV +34.8 % Affordability & upgrade buying
  - CV +14.8 % Financing & infra optimism
  - Trac +18.7 % Rural sentiment
  - CE -18 % Heavy rains slowed construction activities

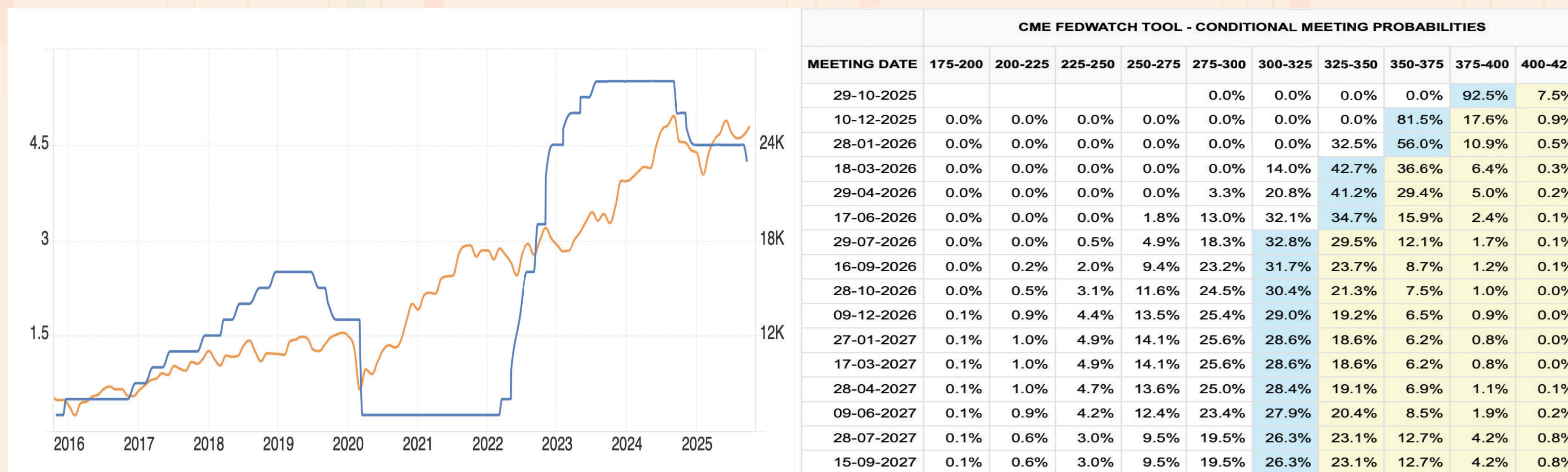






# Relationship Between US Fed Rates and Indian Equities

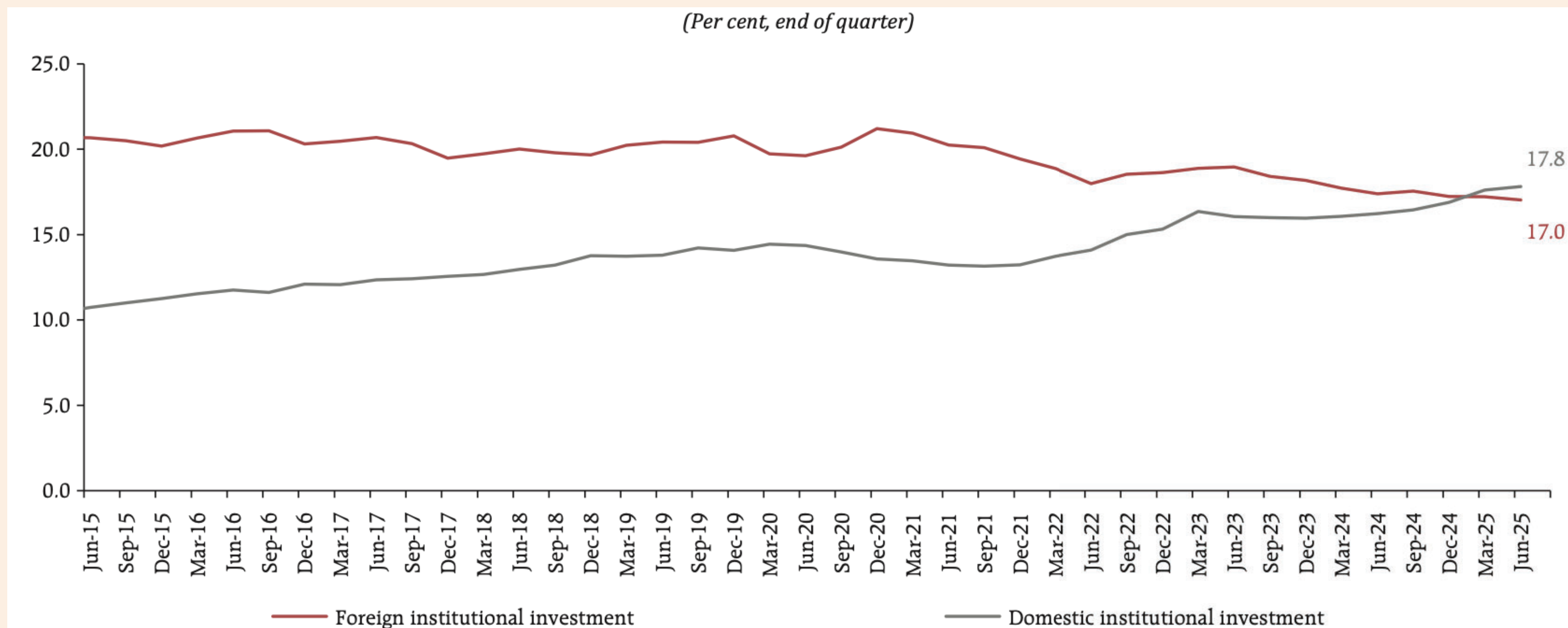
- Inverse correlation in the short term – When the Fed raises rates, stock indices often correct due to tighter liquidity and higher borrowing costs
- Positive correlation in easing cycles – When the Fed cuts rates, equities typically rebound as liquidity improves and valuations expand
- 2025 outlook – With markets pricing rate cuts ahead (per CME data), equities appear to be stabilizing reflecting optimism about a soft landing rather than a hard recession







# Domestic Institutions Overtake Foreign Investors



**Note:** The Indian equity market is captured via NSE-listed companies.

The chart shows the share of foreign and domestic institutional investors in Indian equity markets from June 2015 to June 2025. Over this period foreign institutional investment (FII) declined from around 20.5% to 17.0% while domestic institutional investment (DII) steadily increased from about 10.5% to 17.8%.



## Among Global Peers, India Remains Better Placed

	PE Ratio	GDP Growth, 25*	GDP Growth, 26	
MSCI China	15.8	4.8	4.2	Cheap valuation but structural and policy challenges.
MSCI USA	28.69	1.9	2	High valuation, low growth outlook — suggests limited upside.
MSCI World	24.39	3	3.1	Average of developed markets; modest growth.
MSCI India	25.62	6.4	6.4	Strong growth with moderate valuation; growth premium justified.
MSCI Japan	17.27	0.7	0.5	Reasonable valuation but weak growth outlook.
MSCI Europe	16.76	1	1.2	sluggish growth.

\*GDP IMF Projection



## Performance Snapshot: India vs. Global Peers

Year	MSCI India (%)	MSCI Emerging Markets (%)	MSCI BIC (%)
2024	15.65	11.17	13.82
2023	22.00	10.91	2.84
2022	2.96	-10.67	-11.95
2021	28.86	-0.53	-9.53
2020	18.64	21.5	20.68
2019	9.98	21.54	25.84
2018	1.39	-6.19	-5.09
2017	30.49	29.55	33.58
2016	1.12	14.5	15.29
2015	-1.61	-10.49	-9.08

### Index

### YTD (%)

MSCI India

3.18%

MSCI Emerging Markets

32.98%

MSCI BIC

30.30%

Over the last 10 years, MSCI India outperformed MSCI Emerging Markets in 7 out of 10 years highlighting India's consistent resilience and superior equity performance compared to its emerging market peers

Data as on Sep 30, 2025





## Indices Performance

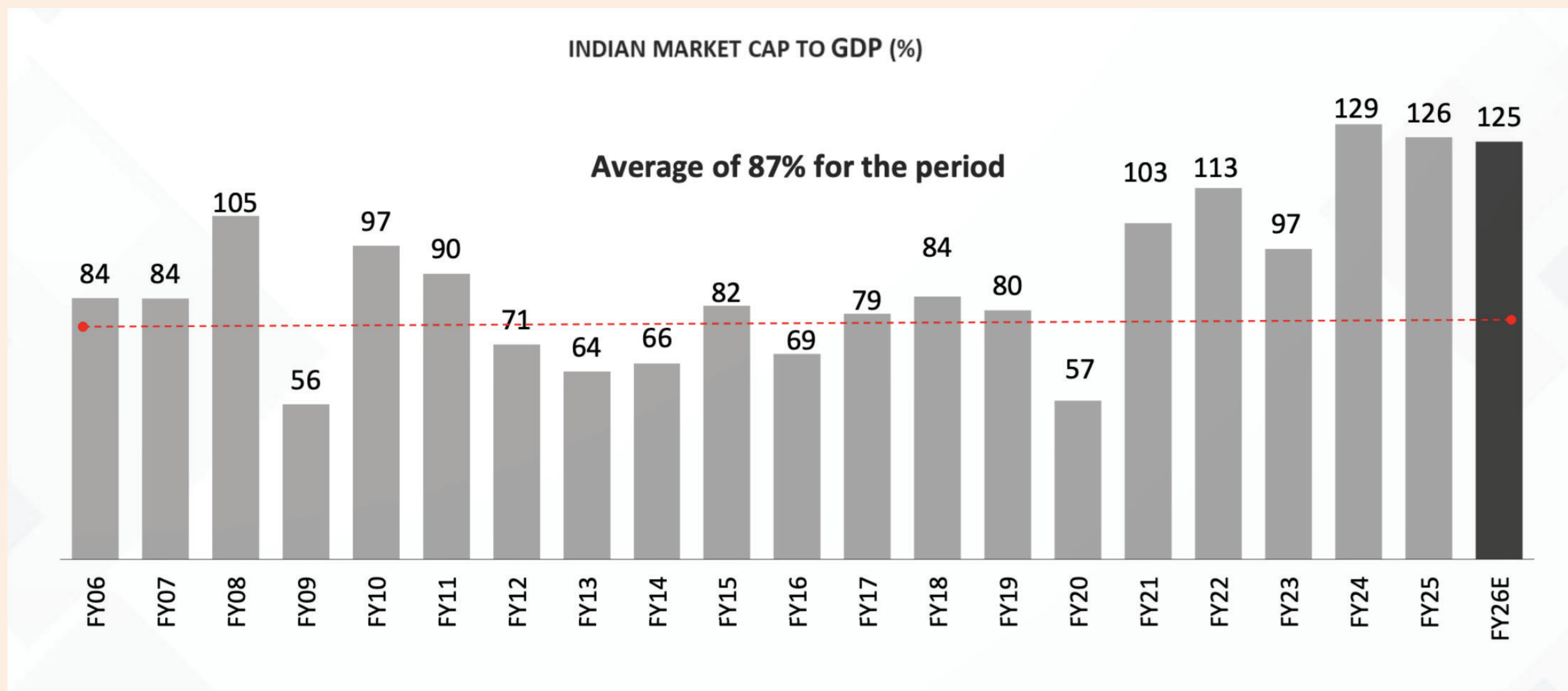
Index Name	1M	3M	1Yr	3Yr	5Yr
Nifty 50	0.77	-3.20	-3.45	14.23	18.37
Nifty 100	1.19	-2.88	-4.81	14.42	18.65
Nifty 200	1.24	-3.27	-4.94	15.67	19.91
Nifty Smallcap 250	1.18	-5.92	-8.82	22.74	28.23
Nifty Midcap 100	1.47	-5.16	-5.51	23.32	28.16

Index Name	1M	3M	1Yr	3Yr	5Yr
Nifty Auto	6.34	11.93	-0.88	28.89	28.60
Nifty Bank	1.83	-4.36	3.95	13.19	21.45
Nifty Consumer Durables	-3.79	-3.21	-14.74	11.40	19.33
Nifty FMCG	-2.55	-0.09	-14.83	9.08	15.08
Nifty Healthcare Index	-1.47	-1.96	-3.58	20.64	15.95
Nifty IT	-4.34	-13.31	-17.96	9.82	13.23
Nifty Metal	9.73	5.62	-0.73	20.97	36.81
Nifty Pharma	-1.60	-2.31	-7.19	19.14	13.59
Nifty Realty	-0.32	-11.79	-20.79	27.36	32.98

Source: NSE. Returns for the period upto one year are absolute returns. Returns for period greater than one year are CAGR returns.

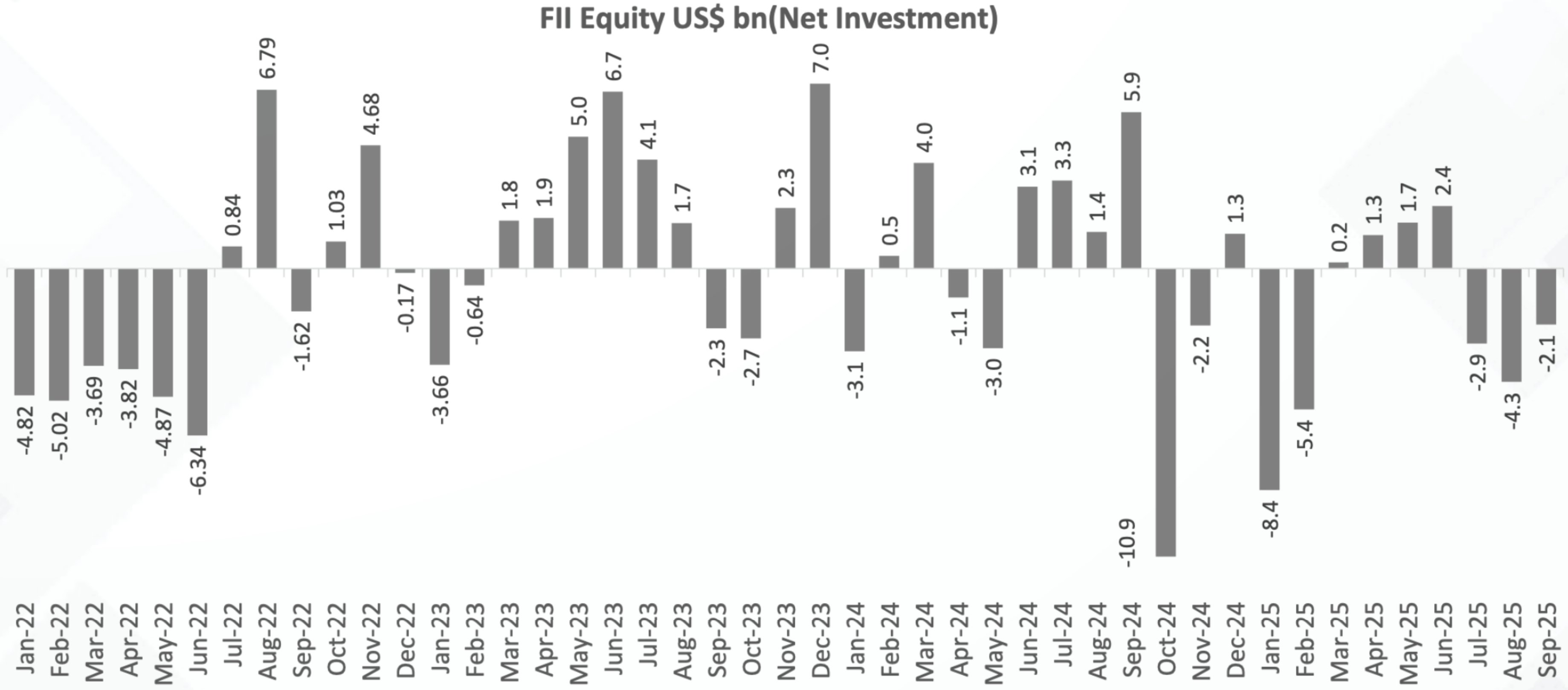


## M Cap - GDP





## FII Flow





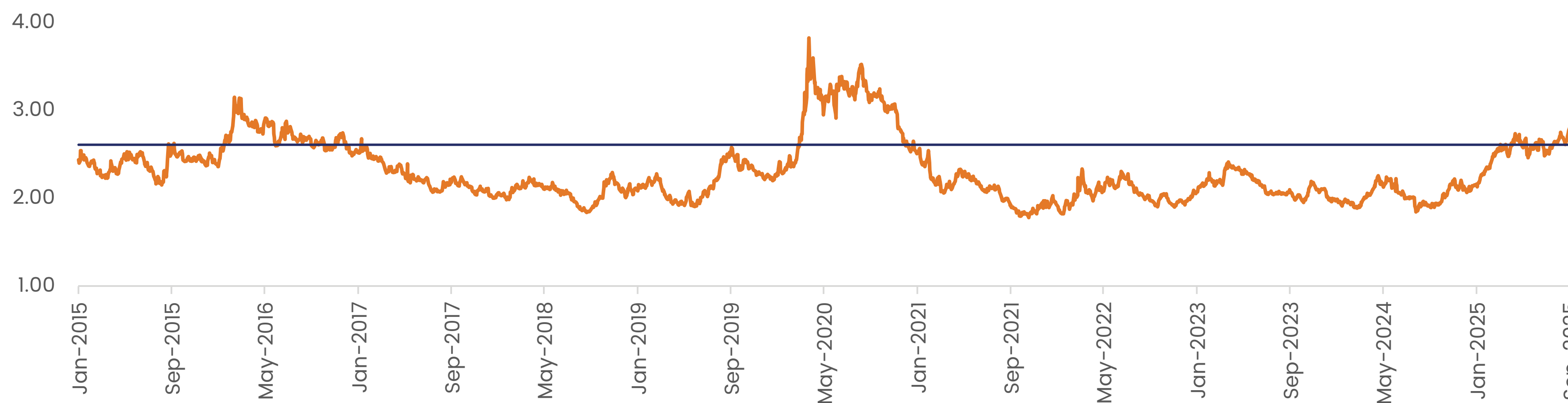


# Nifty vs Gold

Looking at the chart you shared, which shows the Gold/Nifty ratio from January 2015 to 2025:

- **Current Level:** The ratio is around **3.1**, which is near the **higher end of its historical range** over the past 10 years.
- **Historical Context:**
  1. Peaks in the ratio occurred around early 2016 (~3.1) and mid-2020 (~3.8).
  2. Lows were around 1.8–1.9 (2018–2019 and early 2022).
- **Analysis:**
  1. While it is not at the **all-time peak**, it is **significantly above the long-term average** (roughly 2.2–2.3).
  2. This suggests that **gold is relatively expensive compared to Nifty** or that **equity (Nifty) is relatively cheap compared to gold**.

**Conclusion:** Gold/Nifty is approaching the higher end of its historical range, indicating a relatively high valuation for gold compared to equity. It's not at the absolute extreme yet, but it's entering a "caution zone" for investors.





*Thank you*