ClickToInvest Monthly Market Insights

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Aug 2025

International Economy

International Economy – August 2025

Global markets in August were dominated by sticky inflation in advanced economies, ongoing policy uncertainty and the lagged effects of sweeping U.S. tariff actions. The U.S. consumer price index (CPI) accelerated in August to 2.9%, on the back of pass-through of higher costs prompted by President Donald Trump's tariffs complicating the timing of Fed easing.

Eurozone inflation remained close to the ECB's comfort zone while China's economy continued to be weighed down by its property debt crisis and weak domestic consumption, with August exports missing forecasts and showing the slowest growth in six months despite continued targeted stimulus and fiscal support to shore up domestic demand. Japan's economy was growing faster than expected, with its GDP expanding for the fifth consecutive quarter. On the other hand, the inflation measures moderated but stayed above the BoJ's 2% reference on some measures, leaving central banks data dependent and cautious.

Domestic Economy

Inflation & Policy: Headline retail inflation for July (1.55%) was at multi-year lows and the RBI kept the policy repo rate unchanged at 5.50% in its August MPC, retaining a neutral stance while monitoring spillovers from global trade shocks. The stance and earlier rate cuts continue to leave room for gradual easing later in the year if disinflation persists.

Industrial Activity: India's Index of Industrial Production (IIP) showed a pickup in July with a 3.5% year-on-year rise driven primarily by a 5.4% expansion in manufacturing — a clear improvement over the June quick estimate.

Trade & GST: Exporters faced heightened uncertainty after higher U.S. tariffs were applied at the end of August. GST collections for August remained robust at ₹1.86 lakh crore, up year-on-year, reflecting steady domestic demand ahead of the festive season.

Future Market Outlook

Near-term market sentiment is cautious. Domestically, resilient consumption and fiscal capex remain supportive, but the tariff shock, volatile FPI flows and sticky global inflation are likely to keep equity markets range-bound. Investors are favouring quality while using dips to keep systematic allocation (SIPs) in place.

Stock Market Update

As of August, 2025, the Indian stock markets concluded the month marginally high:

- o BSE Sensex closed July around **80,364.49** loosing **1%** for the month.
- o NSE Nifty 50 finished the month near **24,625.05** marking a loss of **-0.6%** in August.

Foreign Portfolio Investors (FPIs) turned net sellers in August with net equity outflows of ~₹18,000 crore in August, the highest in seven months. Punitive US tariffs and a weak rupee impacted the market.

Domestic mutual fund inflows moderated to ₹33,430 Cr (~$4.01 trillion) in August 2025. Despite the dip, the numbers remain robust, reflecting the continued depth of retail participation and the structural preference for equities as a long-term asset class. During the month, SIP inflows stood at ₹28,265 crore, with 8.99 crore contributing accounts compared with 9.11 crore in July. The total mutual fund industry AUM stood at ₹75.19 lakh crore in August, marginally lower than ₹75.36 lakh crore in July.

Flavour of the Season:

August was marked by tariff-led volatility and selective resilience. Global risk appetite weakened after the U.S. escalated trade duties on Indian goods, driving outflows from export-oriented and mid-cap companies. Defensive and large-cap stocks, particularly in financials and consumption, outperformed as domestic retail SIP flows and steady GST collections provided support. Demand for gold and U.S. treasuries picked up mid-month, while profit-taking was evident in cyclicals.

Precious Metals Update (as of Aug, 2025)

Precious metals saw inflows into ETFs as investors hedged against trade-policy risk

METAL	PRICE (₹)	1 MONTH CHANGE
Gold 24K (10 Gm)	1,05,100	4.22%
Silver (1 Kg)	1,20,660	4.70%

Top 5 PMS Picks (Aug, 2025)

Based on recent performance and strategic focus, here are the top Portfolio Management Services (PMS) from our empanelled list based on 1 month returns:

PORTFOLIO	CATEGORY	1 MONTH
ABAKKUS ASSET MANAGERS - All Cap Approach	Multi Cap	-1.16%
CARNELIAN ASSET MANAGEMENT - Shift Strategy	Multi Cap	-2.88%
RENAISSANCE IM PVT LTD - IndiaNext Portfolio	Flexi Cap	-3.00%
VALUEQUEST INVESTMENT ADVISORS - Growth	Multi Cap	-3.02%
ABAKKUS ASSET MANAGERS - Emerging Opportunities	Small & Mid Cap	-3.38%

Source: PMS BAZAAR.

Key Highlights

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1. **GST Slab Rationalisation**
   - New simplified structure: 5% (essentials), 18% (standard), 40% (luxury/sin goods).
   - Aim: *Simplify compliance, boost consumption, and reduce tax disputes.*
2. **Essentials Get Relief**
   - 0% GST: Indian breads, UHT milk, paneer/chena.
   - 5% GST: Soaps, detergents, footwear below ₹1,000.
3. **Major Tax Cuts**
   - GST reduced from 28% → 18% on:
     - TVs, ACs, refrigerators.
     - Cement.
     - Small cars & two-wheelers (below 350cc engine).
4. **Service Sector Benefits**
   - Cheaper services: Hotels (below ₹7,500/night), gyms, salons, yoga centres.
   - Non-AC restaurants to levy lower GST on food and beverages.
5. **High Tax Unchanged**
   - No relief for pan masala, cigarettes, and unmanufactured tobacco (remain at high rates).
6. **Economic Impact**
   - Lower tax burden on everyday goods.
   - Short-term revenue dip, but offset by higher compliance and consumption.

- Positive outlook for FMCG, consumer durables, and hospitality sectors.

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