SEPTEMBER 2025

MONTHLY REPORT

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NIFTY 50
Closing- 24426.85
PE – 21.46
PB – 3.27x
Div Yield – 1.37%

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NIFTY MIDCAP 150
Closing –20750.30
PE – 32.1
PB – 4.46x
Div Yield – 0.85%

NIFTY SMALL CAP 250
Closing –16506.15
PE – 31.51
PB – 3.61x
Div Yield – 0.72%

10 Yr. GOI Yield
6.57%

CRUDE
68.12 $/bbl

USD/INR
88.17

GOLD
3,448 $/Oz

Data as on August 29th, 2025
Source: Bloomberg

Indicators	Aug-25	Jul-25	Jun-25	May-25	Apr-25	Mar-25	Feb-25	Jan-25	Dec-24	Nov-24	Oct-24	Sep-24	Aug-24
Sensex	-1.69%	-2.90%	2.65%	1.50%	4.37%	5.80%	-5.60%	0.80%	-7.30%	0.52%	-5.80%	2.35%	0.76%
Nifty 50	-1.38%	-2.93%	3.10%	1.70%	4.25%	6.30%	-5.80%	-0.60%	-8.40%	-0.31%	-6.20%	2.28%	1.14%
Nifty Midcap 150 Index	-2.86%	-2.85%	4.09%	6.10%	4.15%	7.61%	-10.40%	-6.14%	-4.90%	0.50%	-6.70%	1.50%	0.50%
Nifty SmallCap 250 Index	-3.72%	-3.67%	5.73%	9.60%	1.93%	9.10%	-13.20%	-11.49%	-3.60%	-0.20%	-3.60%	1.30%	1.24%
S&P 500 Index	1.91%	2.17%	4.96%	5.50%	-1.10%	-5.80%	-1.40%	4.80%	2.10%	4.70%	-1.00%	2.00%	2.28%
Nifty 50 EPS TTM (Rs)	1128	1122	1092	1092	1078	1079	1075	1078	1069	1069	1021	1018	1016
Nifty 50 Price/Earnings (PE Ratio)	22	22	23	22	22	21	20	21	22	23	24	25	25
Nifty Midcap 150 (PE Ratio)	32	33	35	34	34	34	33	38	40	37	37	41	40
India Economic Indicator													
Bank Credit Growth (YoY%)	10.22%	9.82%	9.59%	9.75%	11.59%	10.31%	10.85%	11.46%	11.28%	11.15%	12.13%	13.35%	13.48%
Bank Deposit Growth (YoY%)	10.06%	10.15%	10.37%	9.96%	11.40%	9.94%	10.54%	10.84%	11.50%	11.21%	12.33%	11.18%	10.88%
Debt Market Indicator													
RBI Repo Rate (%)	5.50	5.50	5.50	5.50	6.00	6.25	6.25	6.50	6.50	6.50	6.50	6.50	6.50
G-sec 10 year Yield (%)	6.57	6.37	6.32	6.29	6.36	6.58	6.70	6.70	6.76	6.75	6.85	6.75	6.86
Corp Bond 10 Yr AAA Yield (%)	7.39	7.19	7.11	7.03	7.08	7.17	7.17	7.17	7.24	7.40	7.34	7.31	7.45
Corp Bond 10 Yr AA Yield (%)	8.27	8.06	7.96	7.79	7.81	7.92	7.92	7.92	8.04	8.09	8.03	8.04	8.12
Corp Bond 10 Yr A Yield (%)	9.64	9.37	9.30	9.18	9.36	6.70	6.70	6.70	9.73	9.79	9.78	9.75	9.88
Corp Bond 5 Yr AAA Yield (%)	7.09	6.81	6.85	6.79	6.96	7.34	7.34	7.34	7.46	7.36	7.52	7.50	7.62
Corp Bond 1 Yr AAA Yield (%)	6.60	6.42	6.70	6.63	6.89	7.71	7.71	7.73	7.78	7.63	7.63	7.69	7.76
CD 1 Yr (%)	6.35	6.29	6.33	6.55	6.79	7.62	7.62	7.65	7.63	7.55	7.46	7.76	7.63
Commodity & Currency													
Gold Price (USD)	3,448	3,290	3,303	3,289	3,289	3,085	2,858	2,798	2,625	2,643	2,744	2,635	2,503
Gold (Rs/10gm)	101,967	98,068	95,676	95,058	93,928	88,691	84,789	81,798	75,913	76,400	79,181	75,051	71,679
Crude($)	68.12	72.53	67.61	63.90	63.12	74.74	73.18	76.76	74.64	72.94	73.16	71.77	78.80
INR/1 USD	88.17	87.60	85.75	85.58	84.50	85.46	87.51	86.62	85.60	84.49	84.08	83.80	83.87
INR/1 EURO	103.04	100.15	100.52	96.94	96.01	92.08	90.98	89.95	89.20	89.22	91.39	93.77	92.95
Flows													
FII-Equity (Rs.cr)	-34993	-17741	14590	19860	4223	-3973	-34574	-72,677	16,437	-22,602	-91,934	49,793	11,678
FII-Debt (Rs.cr)	6766	-234	-6121	19615	-25993	37789	10517	12041.06	13,375	-968	-5,978	19,225	16,421
MF-Equity (Rs.cr)	70534	43720	45519	67642	18063	6579	35394	55073.23	28,138	35,633	32,561	32,264	31,685
MF-Debt (Rs.cr)	-65288	-33716	-30911	-104054	-23854	-81165	-95817	-51536.26	-56,887	-32,395	-36,396	-36,890	52,470

Source: Bloomberg, W2W Research

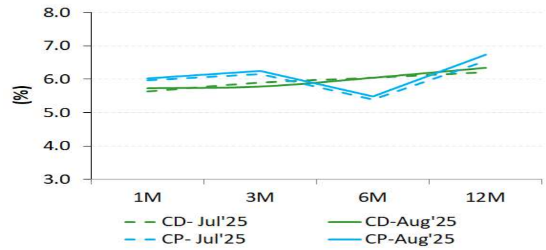
Summary:-

- As of 29th August 2025, Nifty 50 was trading at a PE of 21.46x and Nifty Midcap 150 was trading at a PE of 32.1x.
- India's CPI inflation in July 2025 dropped to 1.55%, compared to 2.10% in June 2025. Meanwhile, India's WPI inflation decreased to –0.58% in June 2025, compared to -0.13% in June 2025, driven by sharp declines in food and fuel prices.
- Bank credit growth rose to 10.22% year-over-year as of 29th August 2025, compared to 9.82% year-over-year in July 2025. However, the growth of bank deposits reduced to 10.06% year over year.
- GST collections stood at 1.86 lac cr in July 2025 as compared to Rs. 1.96 lac cr in June 2025.
- India's Manufacturing PMI rose to 59.8 in August 2025 from 59.1 in July 2025. India's Services PMI surged to 62.5 in August 2025 from 60.5 in July 2025.

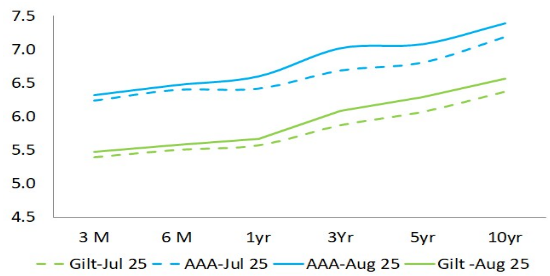
Debt Market Review

- In August, the US 10-year Treasury yield fell by 16 bps, settling near 4.22%, and the 2-year bond yield, which is more sensitive to Fed policy, dropped 5 bps, driven by the expectations of a September rate cut from the Federal Reserve, as during the annual Jackson Hole Economic Symposium, Fed Chair Powell signaled a likely rate cut at the September meeting.
- Germany's benchmark 10-year yield rose to 2.75%, attributed to mounting government debt and investor jitters over the fiscal situation. The European Central Bank kept interest rates unchanged in August and reiterated its data-dependent approach. The UK's 30-year bond yield rose by 8 bps to 5.62% driven by broader global factors, including political uncertainty in Europe and ongoing trade policies concerns. The Bank of England cut its rate by 0.25% to 4%, the fifth cut since the start of the year, driven by slowing GDP growth, which came to 0.3% in the April-June quarter.
- Chinese 10-year bond yield surged to its highest point, around 1.78% at the month's end due to a broad bond selloff, driving bond yields higher, as the primary trigger was a strong rally in the equity market. However, the People's Bank of China's "moderately loose" monetary policy through RRR cut, aimed to support the economy, fueled "risk-on" sentiment, reflecting a rotation of domestic savings from low-yielding bonds and bank deposits into stocks.
- Japanese 10-year government bond yields climbed to a fresh 17-year peak, to 1.615%, the highest since October 2008, due to the political coalition. Shorter-dated debt was calmer, with the 2-year JGB yield and the 5-year yield both flat at 0.855% and 1.15%, respectively.
- On the domestic front, the benchmark 10-year G-Sec yield rose throughout the month, ending near 6.57% due to concerns over government finances following new Goods and Services Tax (GST) reforms and tempered expectations for further rate cuts. In the August 2025 RBI meeting, the RBI's MPC maintained the repo rate at 5.50% and kept its stance neutral, opting to assess the impact of the 100 basis points in rate cuts implemented earlier in the year.
- As of the end of August 2025, the RBI continued to maintain surplus liquidity conditions in the banking system, with the average surplus remaining at around Rs 2.7 lakh crore. For the fifth consecutive month, systemic liquidity stayed in surplus, aided by longer-term VRR operations and OMO purchases.
- FPIs invested Rs.6,766 crores into the Indian debt markets in August, compared to the outflow of Rs. 234 crore in July 2025.
- India's retail inflation declined marginally to 1.55% in July 2025, the lowest level since 2017. Food inflation, which is a key component of the consumer price index, came in at -1.76%, lower than -1.06% print in June. India's WPI inflation dropped into negative territory, registering a –0.58% driven by sharp declines in food and fuel prices. IIP rose 3.5% in July, boosted by the manufacturing sector, which expanded by 5.4 percent, offsetting a contraction in mining and modest growth in electricity.

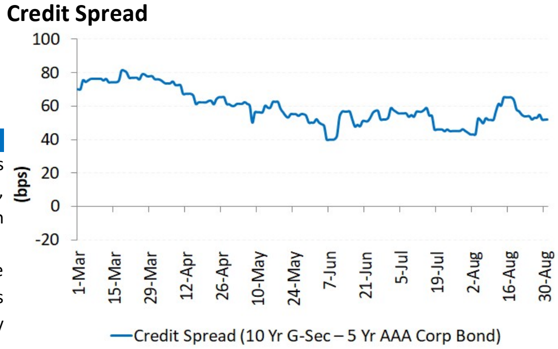
CD/CP Rate



G-Sec and AAA Corp Bond Yield



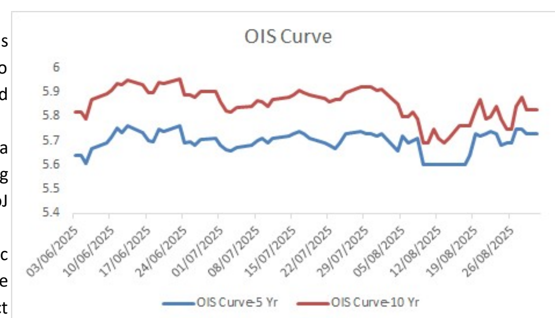
Credit Spread



Debt Market Outlook

- US bond yields are expected to be driven by the rising anticipation of a 25-bps rate cut by the Federal Reserve at its September meeting, as the softening economic data may continue to weigh on short-term interest rates. Meanwhile, concerns over the fiscal deficit and persistent inflationary pressures are expected to support longer-dated bonds, with the 10-year Treasury yield projected to remain within the 4.15% to 4.30% range.
- European bond yields reflect economic fragility amid fiscal uncertainty and potential US trade disruptions. While inflation shows signs of stabilizing, however, the tariff risks and geopolitical tensions may hinder growth. Investors await the key ECB policy updates later this month, which will be pivotal in addressing the complex mix of steady interest rates, trade-related risks, and sector-specific vulnerabilities. A global bond sell-off had lifted the German 10-year yield to a 5-month high underscoring mounting fiscal concerns in Europe. In the UK, borrowing costs have hit a 27-year high due to persistent inflation and fiscal concerns. The Bank of England is expected to hold rates on September 18, adding pressure on gilt prices. The 30-year gilt yield rose to 5.69% in early September.
- The 10-year Chinese government bonds (CGB) yield is expected to stay below 2% throughout 2025 as the expectations of further monetary easing and potential fiscal stimulus could boost bond market sentiment and potentially lead to lower yields. However, lingering concerns about a domestic economic slowdown and deflationary pressures could continue to weigh on bond prices.
- Japan's 10-year government bond yield is at 1.62% and may edge slightly higher, reflecting slowing growth and a stable inflation environment. The Bank of Japan is on a path toward further monetary policy normalization, forecasting another rate hike in September 2025. The pace of future hikes will be dependent on wages and prices, which the BoJ is monitoring closely.
- On the domestic front, the Indian debt market appears cautiously optimistic, supported by a constructive domestic economic environment but tempered by global uncertainties. Primary focused will be on liquidity management, the ongoing inclusion of Indian government bonds in global indices, and the domestic inflation trajectory. Markets expect the yield to remain in the 6.52%–6.65%, with focus shifting to India's fiscal outlook and the upcoming GST Council meeting, which has softened fears of fiscal slippage after Prime Minister Modi announced sweeping GST reforms on August 15, including a plan to cut rates to two slabs of 5% and 18% by October.
- Liquidity conditions are expected to stay comfortable, supported by month-end government spending, with the upcoming CRR cut in September providing further support. The RBI plans to conduct an eight-day variable rate reverse repo (VRRR) auction on Thursday aimed to drain ₹1.5 trillion from the banking system. The cut-off yield on 91-day treasury bills was the same as the previous week at 5.51%.

OIS Curve



Source: Bloomberg, W2W Research

Investment Strategy

- In light of the current macroeconomic environment characterized by easing inflation, steady policy rates, and strong credit fundamentals **Corporate bond funds, Short term funds, and Money market funds** are well-positioned to offer reliable returns. These funds are particularly well-suited for **conservative to moderately risk-tolerant investors** with a **medium-term investment horizon of three to five years**, aiming to avoid excessive exposure to credit or duration risks.
- By focusing investments in corporate bond funds, short-term funds, and money market instruments, investors can achieve a well-balanced mix of capital preservation and attractive return potential. They maintain a relatively low risk profile within the debt fund category. With interest rates expected to remain stable and potentially decline later in the year these funds stand to benefit from **steady accrual income** and **capital appreciation** if yields fall.

Equity Market Review

- In August 2025, the S&P 500 surged to the 6,501.65 level, and the Dow Jones Industrial Average reached new record highs at 45,636.90 in late August, supported by strong performance from AI tech giants which boosted the market sentiment. US GDP grew for the second quarter to 3.3% driven by stronger-than-expected business investment, particularly in intellectual property. Powell's dovish comments at Jackson Hole suggest the interest rates cut in September, which lifted the investors' sentiments.
- The STOXX Europe 600 index closed at 550.14 in August, supported by solid Q2 earnings reports, continued Eurozone business activity expansion, accompanied by moderate job growth, and stable inflation, aligning closely with the ECB's target, which lifted the markets. German stocks were the top performers regionally, with Frankfurt's DAX index closing up 3.5%. The FTSE reached a new all-time high of 9358.90 earlier in the month, due to a continuation of strong performance from July. However, the index slipped in late August due to slowing GDP growth, which came at 0.3% in the April-June quarter, and inflation, which came hotter-than-expected at 3.8% in July.
- The Shanghai Composite, near a 10-year high, with 8% in August, due to government stimulus and policy support measures to boost specific sectors like technology and real estate, resulting in strong earnings from major companies, which lifted investor confidence.
- The Japanese markets hit record highs in mid-August, driven by an AI-fueled tech rally and strong earnings reports from major Japanese firms. The Nikkei 225 dropped from its record intraday high of 43,943 by August 22.
- On the domestic front, the Sensex falling over 849 points to 80,786 and the Nifty dropped 256 points to 24,712 due to persistent concerns over the 50% U.S. tariffs on Indian goods and continued foreign institutional investor (FII) outflow kept sentiment fragile. Domestic institutional investors (DIIs) remained net buyers, but their support was insufficient to offset foreign selling. Mid and small-cap stocks underperformed amid risk aversion. FMCG stocks were the standout performers thanks to expectations of GST rate rationalization and resilient consumer demand, while auto and IT counters dragged.

Equity Market Outlook

- In September, the US equity market may continue to experience volatility, as the geopolitical tensions and incoming economic data are likely to keep equities on edge. With the new US policy and global change, the macro picture is muddier than in recent years. However, the potential interest rate cuts by the Federal Reserve in September 2025 could provide further support to the equity market.
- The European equity market is expected to be firm, as investor sentiment, fueled by factors like lower interest rates and improving corporate earnings, could drive the market higher. However, concerns about the economic outlook may restrict the gains. German economic institutes trimmed growth forecasts for 2025 and 2026, expecting GDP to expand by 0.2% in 2025 and 1.3% in 2026, citing headwinds from U.S. tariffs and delays to the boost from higher public spending in an export-reliant economy struggling to regain momentum. The UK Market sentiment is likely to be described as neutral, driven by positive momentum and strong corporate performance. However, concerns about renewed tariff uncertainties and political instability challenges persist.
- China's market outlook for September 2025 may remain sluggish due to a decelerating growth and significant geopolitical risks, as the rising trade tensions, particularly with the U.S., may dampen exports, which are a key driver of growth in the first half of 2025. While the government has implemented targeted stimulus measures to boost domestic demand, this may support the market. As of early September, the Shanghai Composite Index at 3,812.51 has shown positive performance year-over-year but faces mixed short-term signals. Following an August sell-off, the market may find traction in September.
- The Japanese Nikkei 225 and Topix indices rebounded in early September 2025, driven by gains in the tech sector, influenced by positive US market trends. However, increased volatility amid anticipated changes in monetary policy and persistent global trade tensions may restrict the gains. The Bank of Japan is expected to implement another interest rate hike in September 2025, which could intensify market fluctuations.
- On the domestic front, Indian equity markets may face a period of increased uncertainty as the anticipated slowdown in exports could negatively impact nominal GDP growth and pressure corporate earnings in the near term. However, continued investments in power, data centers, and renewable energy are likely to create targeted opportunities, and valuations will find support at lower levels, aided by strong domestic flows and the relative appeal of equities. Overall, the market may remain in a short-term downtrend, but oversold conditions could lead to a brief relief rally. Sustainable upside will depend on easing trade tensions, stabilization of FII flows, and confirmation that domestic earnings momentum remains intact.

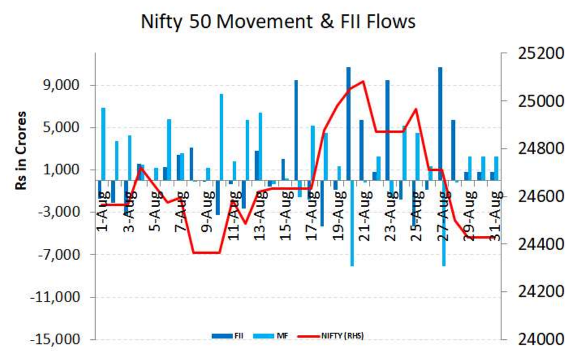
Investment Strategy

- A supportive macro environment marked by softening inflation, accommodative liquidity policies, and reduced interest rate scenario are poised to boost consumption and strengthen the structural growth story, offering a compelling long-term opportunity for investors. As per the current market levels, large caps are likely to remain attractive from the risk-reward perspective. Investors with moderate to aggressive risk appetite with short to medium term outlook, can invest in Multi asset funds or Balanced advantage funds. While investors with medium-to-long-term outlook can opt to invest in large cap-oriented schemes such as flexi caps, multi caps and large & mid cap funds. Given the uncertainty in markets, investors can opt for staggered investments over the next 3 to 6 months with a 3+ year investment horizon and review investment plan as more clarity emerges.
- Looking ahead, the medium-term outlook for India's economy appears optimistic. This optimism is fuelled by policy continuity, benefits from Production-Linked Incentive schemes, opportunities arising from shifts in the global supply chain, enhanced infrastructure investments, the potential of resurgence in private sector capex, and the enduring robustness of consumption.

Indices Performance

Index	31-Aug-25	31-Aug-24	Change	% Chg
India				
Sensex	79,810	82,366	-2556.1	-3.1%
Nifty 50	24,427	25,236	-809.1	-3.2%
US				
Dow Jones	45,545	41,563	3981.8	9.6%
Nasdaq	21,456	17,714	3741.9	21.1%
EC				
FTSE 100	9,187	8,377	810.7	9.7%
Asia				
Nikkei 225	42,322	38,648	3674.3	9.5%
Hang Seng	25,078	17,989	7088.6	39.4%
Shanghai Comp	3,858	2,842	1015.7	35.7%
Bovespa	141,422	136,004	5418.0	4.0%
RTS	1,137	915.48	221.5	19.5%
Other				
MSCI WORLD	4,178	3,661	516.5	14.1%
MSCI EM	1,258	1,100	158.5	14.4%
MSCI EM Asia	693	601	91.7	15.3%

Nifty 50 Price & FII and MF flows



Sector Performance

Sector Index	31-Aug-25	31-Aug-24	Change	% Chg
BSE Auto	55,960	59,041	-3081.0	-5.2%
Bankex	60,025	58,312	1713.9	2.9%
BSE CD	60,638	63,590	-2951.9	-4.6%
BSE CG	65,417	73,169	-7752.3	-10.6%
BSE FMCG	20,611	23,022	-2411.6	-10.5%
BSE HC	43,623	43,177	445.4	1.0%
BSE IT	34,437	43,487	-9049.2	-20.8%
BSE Metal	30,388	32,456	-2067.5	-6.4%
BSE Oil	25,540	32,978	-7438.1	-22.6%
BSE Power	6,393	8,232	-1838.9	-22.3%
BSE PSU	18,319	21,977	-3657.6	-16.6%
BSE Real	6,765	8,234	-1468.9	-17.8%
BSE TEC	17,015	19,963	-2948.9	-14.8%

Review

- Gold prices fluctuated sharply, from ₹98,734 to ₹105,100 per 10g across the month, influenced by a mix of international and domestic factors, including changing U.S. Federal Reserve policy expectations, trade tariff concerns, geopolitical tensions, and fluctuations in the Indian rupee. With the lead-up to India's festive season, domestic demand for gold typically increases. This seasonal buying provided underlying support for prices despite market volatility.
- The silver market witnessed intense volatility throughout August, with prices swinging sharply before climbing to a record high of ₹1,17,825 per kilogram on August 28. This surge was fueled by a combination of supply shortages, robust industrial consumption, and silver's appeal as a safe-haven asset during times of economic instability. Investor interest in silver intensified amid ongoing geopolitical strife, global economic concerns, and fears of escalating trade conflicts and inflationary pressures.
- Crude oil prices experienced a pronounced decline in August 2025 of over 7%, settling close to $68.12 per barrel, primarily driven by oversupply fears, weakening demand indicators, and geopolitical developments. The oil-producing alliance gradually reversed its output curbs throughout the year, exerted substantial downward pressure on prices. Additionally, growing concerns over a global economic slowdown in key markets further dampened demand expectations, amplifying the bearish sentiment across energy markets.
- The USD/INR exchange rate experienced significant volatility, with the rupee falling to a series of new record lows, including breaching the 88 mark for the first time. This decline in the rupee was primarily driven by the United States imposing new, steep tariffs on Indian goods, coupled with heavy foreign institutional investor outflows. The rupee hit a record low of ₹88.3075 against the dollar during the final trading week of August. The US Dollar Index (DXY), the USD Index, trades firmer around 97.70.

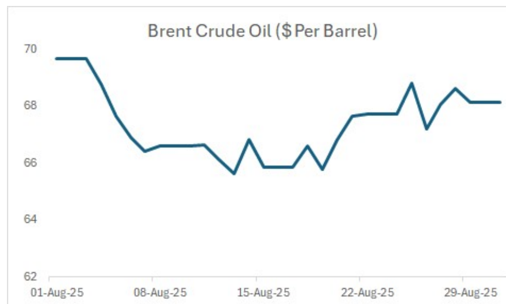
Outlook

- Gold prices are likely to remain stronger in September as investors are flocking to the yellow metal as a safe haven amid growing global uncertainties, concerns around US monetary policy, weakening rupee, and central bank gold purchases as significant drivers. These factors can create a powerful upward push for gold prices. Gold prices are expected to be in uptrend and trade in the range of approximately ₹1,00,000 - ₹1,10,000 per 10 grams.
- Silver prices are likely to remain firmer on the back of robust industrial demand, investment inflows, and expectations of monetary easing by the US Federal Reserve, projecting a long-term trajectory that could see the white metal climb. The Silver prices are expected to be in the uptrend and may trade in the range of approximately. Rs. 1,10,000/- to Rs. 1,20,000/-.
- Crude oil prices will remain volatile for September, with the downward pressure is anticipated, driven by increasing global supply and slower-than-expected demand growth, though if geopolitical tensions continue to introduce uncertainty, which may potentially spike prices. The Crude oil prices are expected to be in a range of approximately 60.00 to 70.00/barrel.
- USDINR will likely trade within a range, with continued pressure on the Indian Rupee due to US trade tensions, a firmer US Dollar, and India's trade deficit. However, potential positive capital inflows into Indian bond markets could provide some support. The US Federal Reserve's FOMC will meet on September 16-17, 2025, any signs regarding potential interest rate cuts, which would likely weaken the US dollar and favor the Rupee. The USDINR may remain in the range of ₹87.85 to ₹88.90 in September.

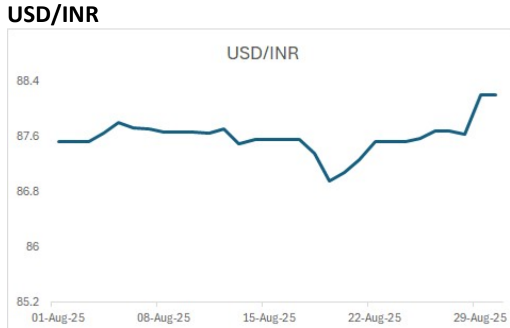
International Gold Prices

Silver Prices:

Crude Oil Prices



USD/INR



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