

# INDIA | 8 September 2025

## India Weekly Watch

### ECONOMY IN MINUTES – B2K Analytics Research

Macro Indicators: Monthly	Latest	Mth ago	Yr ago
Manufacturing PMI: August	59.3	59.1	57.5
Services PMI: August	62.9	60.5	60.9
GST Collections: August (Rs Tn)	1.86	1.96	1.75

Rates and Yields (%)	5-Sep	Wk ago	1 Yr ago
Call Money Rates^	-	5.07	6.49
91-day Treasury Bills	5.50	5.49	6.62
364-day Treasury Bills	5.65	5.60	6.71
1-year G Secs	5.68	5.67	6.76
5-year G Secs	6.33	6.29	6.76
10-year G secs	6.51	6.57	6.85
AA Corporate Bonds: 1-year	8.87	8.45	8.46
AA Corporate Bonds: 5-year*	5.82	10.36	9.14
AA Corporate Bonds: 10-year*	9.00	8.99	8.50
AAA Corporate Bonds: 1-year	6.66	6.69	7.96
AAA Corporate Bonds: 5-year	7.54	7.00	7.50

Demand/ Supply	29-Aug	Wk ago	1 Yr ago
Net Liquidity Injected (+)/Absorbed (-): (Rs Bn)	-2,431	-2,189	-1,223
Deposit Growth (%): 22-Aug-2025	10.22	10.04	10.83
Non-food Credit Growth (%): 22-Aug-2025	9.89	10.10	13.58

Institutional Flows for the Week	5-Sep	Wk ago	Yr ago
Mutual Funds: Debt (Rs Bn): 29-Aug	-164.50	-67.32	-106.63
Mutual Funds: Equity (Rs Bn): 29-Aug	159.63	95.22	-8.69
FPI-Equity (USD Bn)	-1.39	-1.48	1.42
FPI-Debt (USD Bn)	0.40	-0.16	0.94

Global Indicators	5-Sep	Wk ago	Yr ago
Federal Funds Rate (%)	4.33	4.33	5.33
S&P 500	6,481	6,460	5,503
Shanghai (SSE) Composite Index	3,812	3,858	2,788

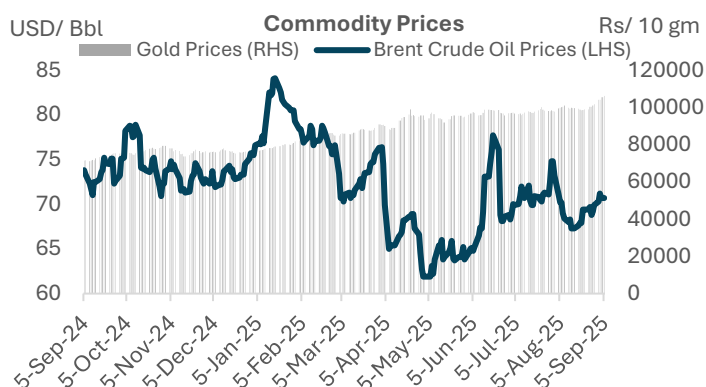
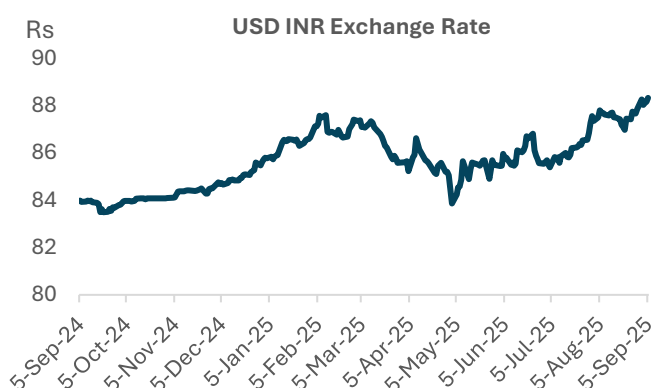
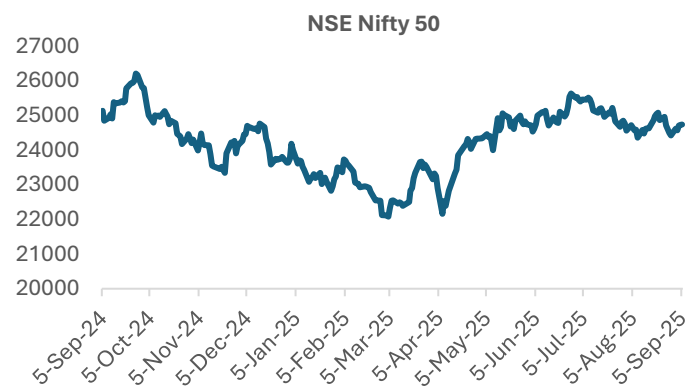
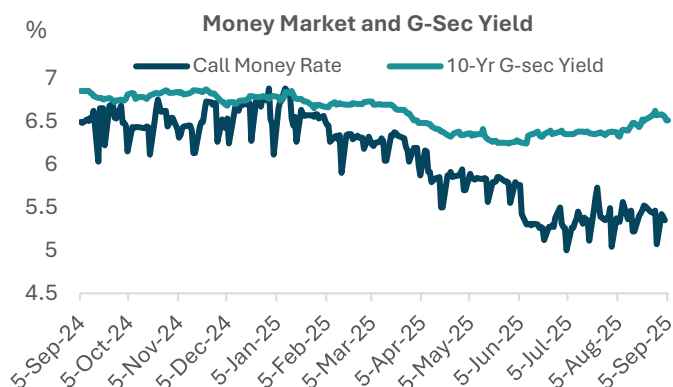
Indian Markets	5-Sep	Wk ago	Yr ago
NSE Nifty 50	24,741	24,427	25,145
NSE Nifty 100	25,357	25,003	26,239
NSE Nifty 500	22,829	22,463	23,763
NSE Nifty Bank	54,115	53,656	51,473
BSE Sensex	80,711	79,810	82,201
BSE Market Cap (Rs Bn)	4,51,441	4,43,655	4,65,689
NSE India VIX	10.78	11.75	14.21
NSE Nifty 50 PE	21.7	21.5	23.4

Commodity Prices	5-Sep	Wk ago	Yr ago
Gold (\$/Ounce)	3,595	3,429	2,510
Gold (Rs/ 10 gms)	1,06,081	1,01,768	71,397
Brent Crude Oil - Spot (USD/Barrel)*	71	70	74
Brent Crude Oil - Futures (USD/Barrel)	65	67	71

Forex Market	5-Sep	Wk ago	Yr ago
USD-INR	88.32	87.85	83.98
EUR-INR	103.08	102.47	93.10
JPY-INR	0.60	0.60	0.59
GBP-INR	118.92	118.58	110.42
US Dollar Index	97.73	97.69	101.07
Forex Reserves (USD Bn): 29-Aug	694	691	640

Note: \*: Data is for day before, ^: Data is unavailable due to public holiday

Source: RBI, MoSPI, CCIL, NSE, BSE, NSDL, US Department of Treasury, S&P Global, Federal Reserve, ICE, IMF, LBMA, Shanghai stock exchange, CMIE



- ❖ Manufacturing PMI hit a 17-year high in August, due to a rapid expansion in production driven by domestic demand. Domestic orders remain robust, cushioning against the falling new export orders growth due to the 50% tariffs by US on Indian imports.
- ❖ Services PMI reached a fifteen-year high in August due to a surge in new orders especially from foreign buyers. The rise in international sales bolstered overall demand, prompting a pickup in hiring to match it.
- ❖ Gross GST collections up by 6.5% YoY in August while slightly down from last month as collections were hit by US tariff-related uncertainties and softer demand from the rainy season. With the festive season coming up, GST collection is likely to swell in the coming months with higher domestic sales.
- ❖ On 3rd September, GST Council announced the changes in GST tax rates, by rationalising the current 4- tiered tax rate structure into a 2-rate structure with a Standard Rate of 18% and a Merit Rate of 5%; a special de-merit rate of 40% for a select few goods and services. The new GST regime is considered as a consumer centric regime with the simpler 2-tier tax rate to ease the burden on consumers. While common items will be made cheaper under the new GST regime, sin items, items deemed harmful to health and society such as cigarettes, soft drinks, etc have been hit with high GST rates of 40%.
- ❖ The US jobs market report for August showed that employers only added 22,000 jobs in August, far below the 75,000 jobs, predicted by the economists. The weaker-than-anticipated employment numbers reflect the ongoing weakness in the US labour market. The weak data strengthens expectations of a Fed rate cut for investors.

## Our View

- ❖ India's new GST regime significantly lowers the tax burden on consumers but raises concerns over whether the slash in rates impact the government's revenue and fiscal deficit target.
- ❖ Despite the new GST regime, investors continue to remain concerned over the impact of the US tariffs. Persistent FPI outflows, fall in rupee and poor credit growth further adds up to the falling confidence in the economic outlook.

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