ORIM®

# Monthly Newsletter

## August 2025

July 2025 Performance

| Nifty 50 | BSE Sensex | Mid Cap | Small Cap | Gold |
|---|---|---|---|---|
| 24,635.00 | 81185.58 | 45781.65 | 53425.29 | 3348.6 |
| -3.5% | -2.9% | -2.3% | -2.3% | 1.2% |

## Market Recap July 2025

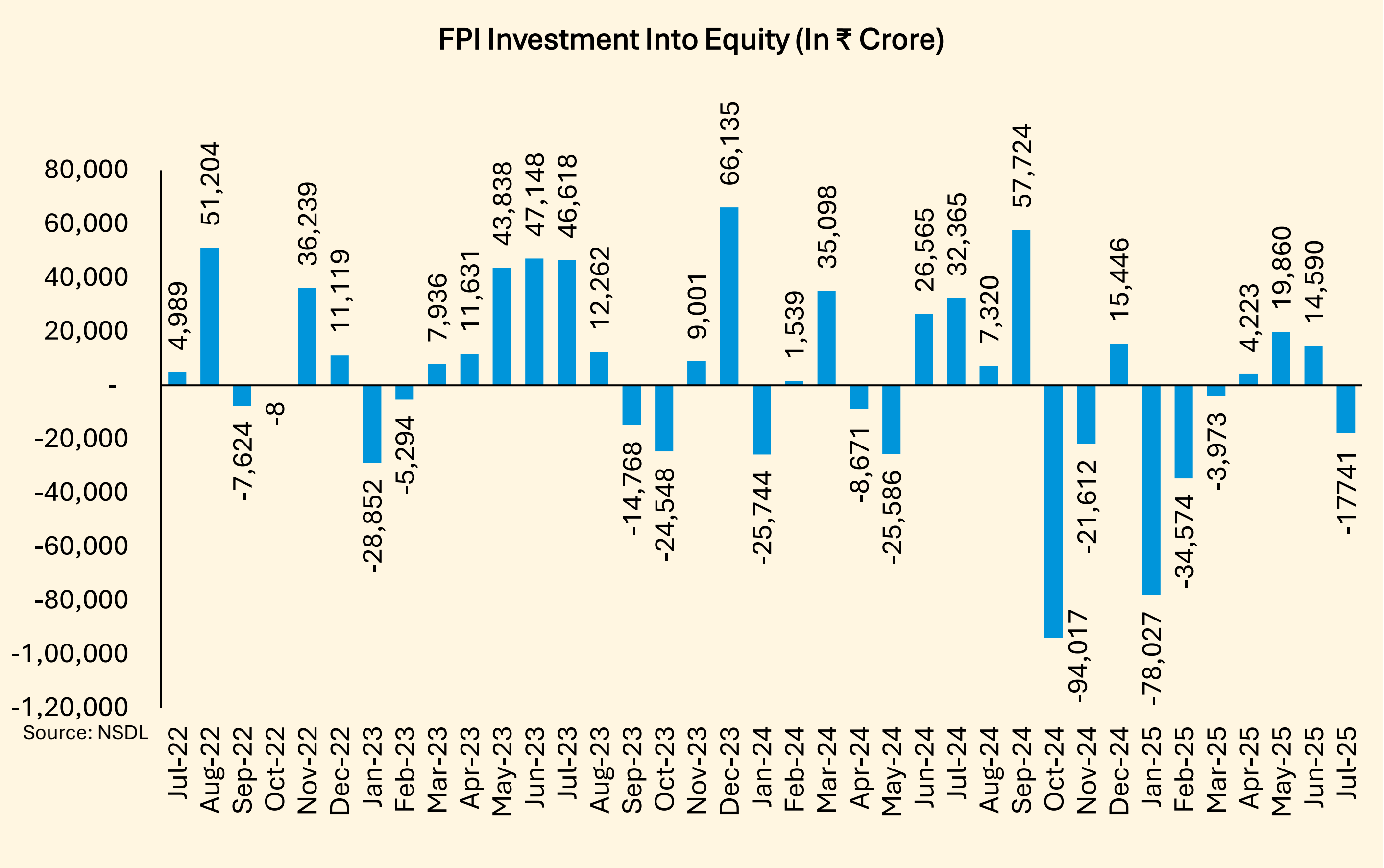
The Indian equity market took a breather in July 2025 after a strong second quarter. The Nifty 50 index fell about 3%over the month, ending a three-month winning streak. This pullback came on the heels of robust gains in April (+3.5%), May (+1.7%), and June (+3.1%), and followed a new all-time high for Nifty above the 25,500 mark in early July. The Sensex similarly retreated from record levels. Profit-taking set in amid global headwinds, with investors turning cautious even as India's domestic economic indicators remained solid.

Several factors drove the market's consolidation. Foreign investors turned net sellers, pulling out roughly ₹5,500 crore from Indian equities in July. This Foreign Portfolio Investor (FPI) outflow – in contrast to their buying in prior months – was triggered by international uncertainties and a stronger dollar. At the same time, domestic institutional investors stepped up as buyers and softened the impact, but could not fully offset the FII selling pressure. Trade tensions weighed on sentiment: the ongoing India-US trade negotiations saw little progress, and an August 1 deadline set by the U.S. for tariff decisions loomed large. Investors grew uneasy that a deal to avert higher U.S. tariffs on Indian exports might not be reached in time, especially after the U.S. struck a trade agreement with the EU, leaving India's situation in limbo. This overhang, coupled with volatility around global oil price dynamics and currency moves, kept risk-appetite in check.

## Global Market Overview

Global markets were a tale of two narratives in July. Developed market equities extended their gains, led by the United States, even as trade war clouds gathered on the horizon. In the U.S., the S&P 500 rose ~2.3% and the Nasdaq jumped ~3.7% for the month, marking the Nasdaq's fourth consecutive monthly increase. The U.S. The Federal Reserve held interest rates steady at its late-July meeting, after a series of hikes earlier in the cycle. Fed Chair Jerome Powell struck a balanced tone, noting some progress on inflation but no definitive signal of a September rate cut. U.S. inflation data (core PCE ~2.8% YoY) showed price pressures persist but moderating. Overall, the Fed's pause and a still-strong U.S. jobs market (July payrolls came in softer but still positive) created a Goldilocks scenario for American equities. The Dow Jones Industrials was flat for July, lagging the tech-heavy indices, as investors rotated into growth stocks.

In contrast, emerging markets saw mixed fortunes. Notably, Chinese and Hong Kong stocks rallied during parts of July amid hopes of policy support for China's slowing economy and some easing of regulatory crackdowns. The MSCI Emerging Markets index posted modest gains (~+2% in July, outperforming some developed peers) as Chinese equities and other Asian markets like South Korea rebounded on bargain-hunting and stimulus optimism.




## ➢ Key Regulatory and Policy Developments

### 1. Trade and Geopolitical Policy:

An important backdrop to July's market was the India-U.S. trade dialogue. As part of broader geopolitical moves, the U.S. administration (under President Trump) set an August 1 deadline for imposing tariffs if certain trade issues weren't resolved.

### 2. SEBI Market Reforms and Enforcement:

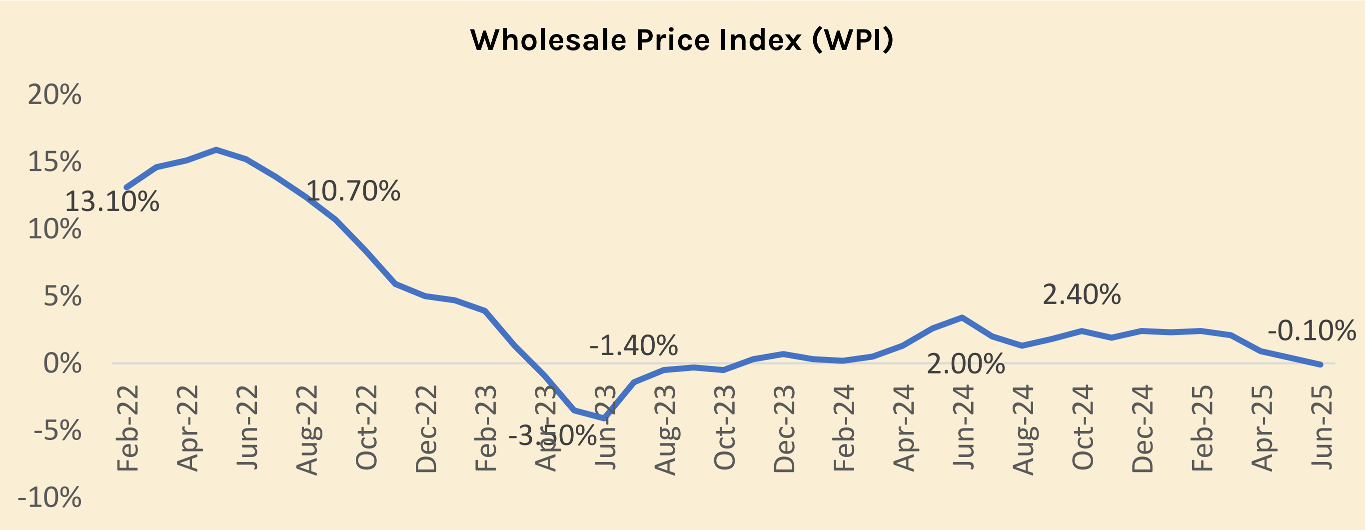
July was an active month for India's market regulator, the Securities and Exchange Board of India (SEBI). In a high-profile enforcement action, SEBI barred the U.S.-based trading firm Jane Street from Indian markets and froze about $567 million of its funds, alleging the firm manipulated stock indices via complex derivatives positions. This bold move, coming in early July, sent a clear message about crackdown on unfair trading practices and may have temporarily impacted derivative market sentiment.

### 3. Reserve Bank of India (RBI) & Financial Policy:

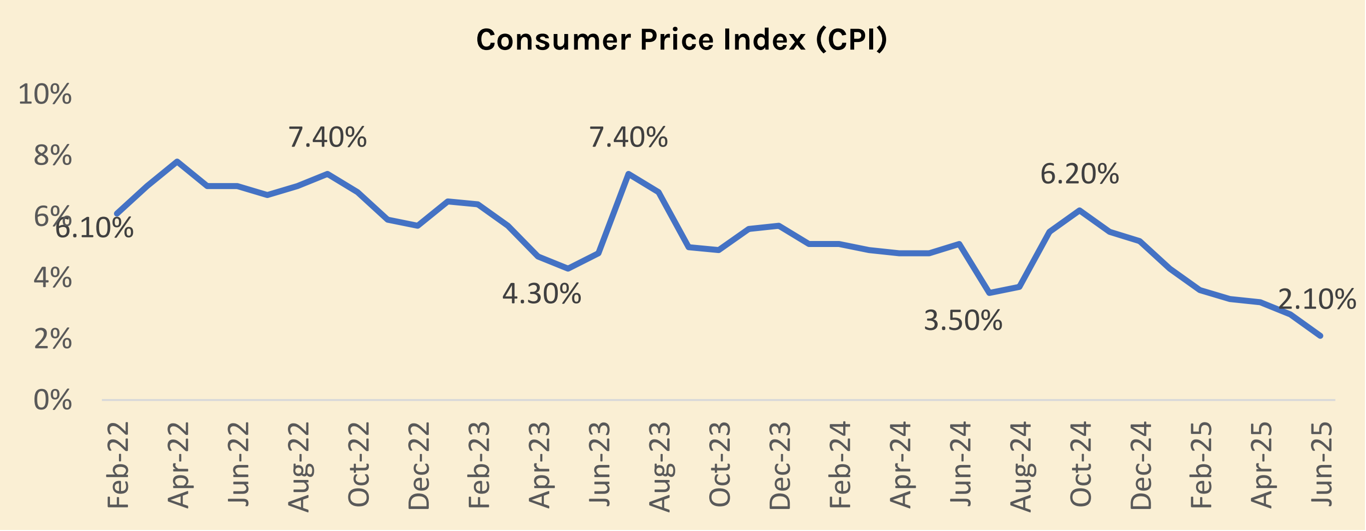
Although the RBI's Monetary Policy Committee did not meet in July (the next review was scheduled in early August), the central bank was still in focus. With inflation plumbing multi-year lows, there was growing speculation that the RBI could consider a rate cut in the coming policy meetings. However, RBI officials struck a cautious tone publicly.

# Inflation Eases Further: WPI Turns Negative, CPI Hits Multi-Year Low

## ➢ WPI




## ➢ CPI




Source: MoSPI

- WPI Enters Deflation Zone: The Wholesale Price Index (WPI) fell to -0.1% YoY in June 2025 — its lowest in 20 months — from 0.4% in May 2025, marking the first deflationary reading since October 2023, mainly due to a 3.8% YoY decline in food prices, led by a 22.7% drop in vegetable prices.

- Retail Inflation Hits Multi-Year Low: Consumer Price Index (CPI) inflation eased to a 77-month low of 2.1% YoY in June 2025, as food inflation (CFPI) turned negative at -1.1% YoY, driven by sharp corrections in vegetable (-19.0%) and pulse (-11.8%) prices.

- Inflation Below RBI Target: Retail inflation remained below the RBI's 4% target for the fifth consecutive month in June 2025, supporting the central bank's easing stance.

- RBI Revises FY26 CPI Forecast Downward: In its June 6th meeting, the RBI lowered its CPI inflation forecast for FY26 from 4.0% to 3.7%, with quarterly projections revised to 2.9% (Q1), 3.4% (Q2), 3.9% (Q3), and 4.4% (Q4).

# July Snapshot: ETERNAL Leads, HCLTECH Tanks; Nifty 50 Down 3.5%

| Script Name | Current Rate | 30 D % Change |
|---|---|---|
| **Top 5 NIFTY Gainer** | | |
| ETERNAL | 302.0 | 15.6 |
| HINDUNILVR | 2532.4 | 8.4 |
| HEROMOTOCO | 4540.0 | 4.6 |
| SBILIFE | 1860.0 | 3.2 |
| JIOFIN | 332.6 | 2.4 |
| | | |
| **Top 5 NIFTY Losers** | | |
| HCLTECH | 1,480.9 | -14.1 |
| INFY | 1,460.0 | -11.0 |
| ADANIENT | 2,333.0 | -10.4 |
| TCS | 3,060.0 | -10.4 |
| TECHM | 1,483.0 | -10.3 |

| INDEX | 30 June 2025 | 30 D % Change |
|---|---|---|
| NIFTY PHARMA | 22,771.1 | 3.3% |
| NIFTY HEALTHCARE | 14,880.3 | 2.9% |
| NIFTY FMCG | 55,812.2 | 1.7% |
| NIFTY CONSUMER DURABLE | 38,263.8 | -0.5% |
| NIFTY AUTO | 23,655.9 | -0.9% |
| NIFTY METAL | 9,285.5 | -2.6% |
| NIFTY OIL & GAS | 11,262.3 | -4.6% |
| NIFTY PSU BANK | 6,851.0 | -4.9% |
| NIFTY REALITY | 912.4 | -7.5% |
| NIFTY IT | 35,301.6 | -9.4% |
| NIFTY MEDIA | 35,301.6 | -9.4% |

Source: NSE

| Particular | Jun-24 | Jul-24 | Aug-24 | Sep-24 | Oct-24 | Nov-24 | Dec-24 | Jan-25 | Feb-25 | Mar-25 | Apr-25 | May-25 | Jun-25 | Jul-25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Nifty 50 | 2.90% | 4.00% | 0.80% | 1.90% | -6.10% | -0.70% | -2.10% | -0.60% | -6.00% | 6.00% | 4.30% | 1.70% | 3.10% | -3.5% |
| Nifty Midcap 50 | 5.10% | 5.80% | -0.70% | 1.20% | -8.20% | 0.40% | 1.70% | -6.50% | -9.90% | 7.40% | 5.20% | 4.50% | 5.30% | -2.3% |
| Nifty Smallcap 50 | 6.90% | 4.00% | 2.00% | -0.10% | -2.70% | -1.00% | -0.60% | -10.00% | -12.00% | 8.50% | 3.00% | 7.80% | 7.30% | -2.3% |
| Nifty 500 | 2.90% | 4.20% | 0.50% | 1.70% | -6.40% | -0.50% | -1.40% | -3.60% | -8.10% | 7.00% | 3.80% | 3.50% | 3.60% | -3.0% |