marketbuzz

RBL BANK
apno ka bank

September 2025

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View from the Top

On the global, U.S. equity markets rose following the release of the Labor Department's closely watched consumer price inflation report for Jul 2025, which showed that the Consumer Price Index (CPI) increased by 0.2%, after a 0.3% rise in Jun matching market expectations. Gains were further boosted by Federal Reserve Chai's highly anticipated speech at the Jackson Hole Economic Symposium. While the Fed Chair only briefly addressed the monetary policy outlook, his remarks strengthened investor confidence that the Fed may lower interest rates in Sep 2025. European equity markets closed on a mixed note. Gains were driven by investor optimism surrounding corporate earnings, supportive economic indicators, and expectations of potential interest rate cuts by central banks. Asian equity markets mostly rose after the U.S. President announced plans to impose a 100% tariff on semiconductor and chip imports, with exemptions for companies 'building in the United States.' However, gains were restricted due to lingering concerns over the Federal Reserve's independence and reports suggesting that the Mexican government plans to raise tariffs on Chinese imports—including cars, textiles, and plastics as part of its 2026 budget proposal.

Back home, domestic equity markets declined after the U.S. President unexpectedly doubled tariffs on Indian exports to 50%, threatening India's manufacturing ambitions and potentially slowing economic growth. Losses deepened amid renewed Russia-Ukraine tensions, which dampened market sentiment. However, the downside was limited by expectations that the Indian Prime Minister's Goods and Services Tax (GST) reforms could boost household consumption, ease inflationary pressures, and pave the way for further rate cuts by the RBI.

In the domestic debt market, bond yields climbed as the RBI kept rates unchanged in its Aug 2025 monetary policy meeting, opting for a wait and watch approach to assess the impact of earlier rate cuts on the economy, contrary to market expectations of a dovish tone or further easing. Losses were extended after the Indian Prime Minister announced sweeping changes to the Goods and Services Tax (GST) regime, reigniting fiscal concerns and fears of increased debt supply. However, losses were restricted after a major global credit rating agency upgraded India's long-term sovereign credit rating from 'BBB-' to 'BBB'.

Outlook

Domestic equity markets are showing cautious optimism as investors evaluate the potential impact of ongoing trade negotiations between India and the United States, which could influence export-oriented sectors and foreign investment flows. At the same time, expectations around upcoming GST reforms are building momentum, with revised rates on goods in consumption, consumer durables, and automobiles likely to improve corporate profitability and boost domestic demand. These developments are creating a supportive environment for equities, with structural changes expected to enhance earnings visibility across key sectors despite prevailing global uncertainties.

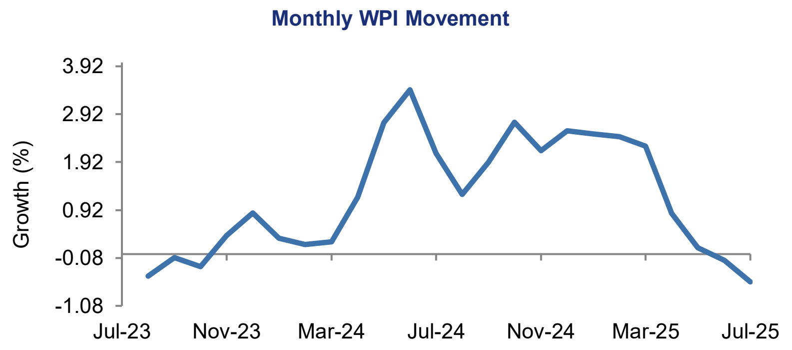
The Indian bond market is receiving mixed signals, while benign inflation expectations for FY26 create room for further rate cuts by the RBI, fiscal concerns continue to weigh on investor sentiment. The government's proposal to reduce GST rates as early as October has sparked fears of increased borrowing, dampening demand across both sovereign and state bonds. A sharp decline in institutional buying has pushed yields higher, threatening the effectiveness of the 100 basis points of rate cuts already delivered this year. Market participants are now looking to the central bank for intervention to restore stability and support monetary transmission.

We are pleased to bring to you the latest version of the Monthly Market Buzz for August. Happy Reading!!!

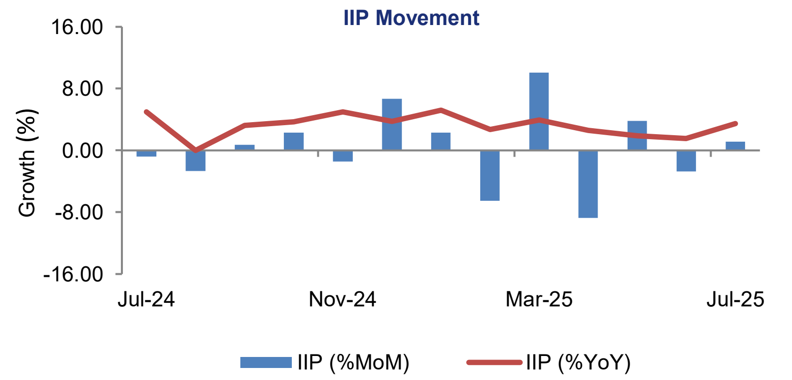
Mr. Narendra Agrawal
Head - Branch Banking & Retail Liabilities
Retail Branch Banking

INDIAN ECONOMY

Economic Releases in August-2025			
Key Indicator	**Period**	**Actual**	**Previous**
Repo Rate	Aug-25	5.50%	5.50%
Reverse Repo	Aug-25	3.35%	3.35%
CRR	Aug-25	4.00%	4.00%
Index of Industrial Production (IIP)	Jul-25	3.50%	1.50%
Wholesale Price Index Inflation(WPI)	Jul-25	-0.58%	-0.13%
Export (Y-o-Y)	Jul-25	9.59%	-0.17%
Import (Y-o-Y)	Jul-25	12.37%	-4.02%
Source: RBI, Refinitiv			



Source: Office of the Economic Adviser, Ministry of Commerce & Industry



Source: Reuters

- The Monetary Policy Committee (MPC) in its third bi-monthly monetary policy review of FY26 decided to maintain the policy repo rate at 5.50%. Consequently, the standing deposit facility (SDF) rate under the liquidity adjustment facility (LAF) remains unchanged at 5.25% and the marginal standing facility (MSF) rate and the Bank Rate at 5.75%. This decision is in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4% within a band of ±2%, while supporting growth. The MPC decided to maintain a neutral stance while closely monitoring incoming data and growth-inflation trends to guide future policy.

- Government data showed that Gross Domestic Product (GDP) of the Indian economy at constant (2011-12) prices witnessed a growth of 7.8% YoY in the first quarter of FY26. In the Mar-Jun quarter of last year, the GDP growth rate was 6.5%. On the sectoral front, the growth of Manufacturing sector increased marginally to 7.7% in Q1 of FY26 from 7.6% in same quarter of previous fiscal year. The growth of Agriculture, Livestock, Forestry & Fishing increased to 3.7% in Q1 of FY26 compared to 1.5% growth in Q1 of FY25, while Mining & Quarrying fell by 3.1% in the same period.

- Government data showed that India's fiscal deficit for the period from Apr to Jul of FY26 stood at Rs. 4.68 lakh crore or 29.9% of the Budget Estimates (BE) of the current fiscal. India's fiscal deficit was at 17.2% of the BE in the corresponding period of the previous fiscal year. Total expenditure stood at Rs. 15.64 lakh crore or 30.9% of the BE as compared to 27.0% of the BE in the corresponding period of the previous fiscal year.

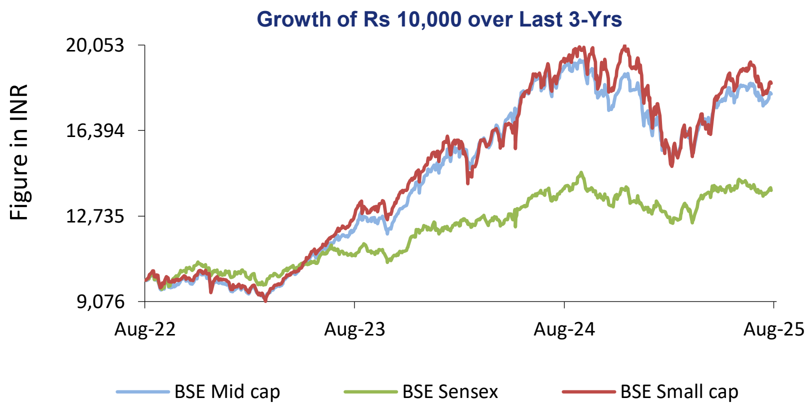
- The RBI has mandated banks to settle claims related to deceased customers' deposit accounts, lockers, and safe custody items within 15 days from Jan 1, 2026, with penalties for delays.

- The Minister of State of Finance, in a written reply to the Lok Sabha, stated that there are no proposals to revise the current cryptocurrency tax regime or introduce ETFs tracking digital assets. This clarification comes despite several global markets, including the U.S., Canada, and Germany, allowing crypto-linked ETFs.

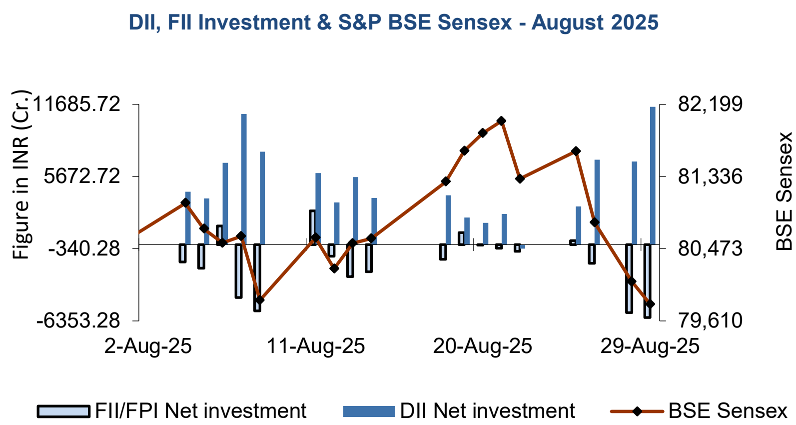
- AMFI has issued guidelines for Mutual Fund Distributors (MFDs) to distribute Specialised Investment Funds (SIFs). Eligible distributors must hold a valid ARN/EUIN and clear the NISM Series-XIII exam. Registration is via CAMS, with fees ranging from Rs. 3,000 for individuals to Rs. 4 lakh for banks/public companies. Licenses are valid for three years or until NISM expiry. Distributors must clearly identify themselves as AMFI-registered SIF Distributors in all communications.

- SEBI has barred mutual fund distributors (MFDs) from levying transaction charges on mutual fund sales, effective immediately. The move eliminates the provision that allowed asset management companies (AMCs) to pay distributors Rs.150 for new investors and Rs.100 for existing ones. SEBI stated that since MFDs act as agents of AMCs, they should be compensated directly by them, making separate transaction charges unnecessary. The decision aims to protect investor interests and enhance regulatory clarity.

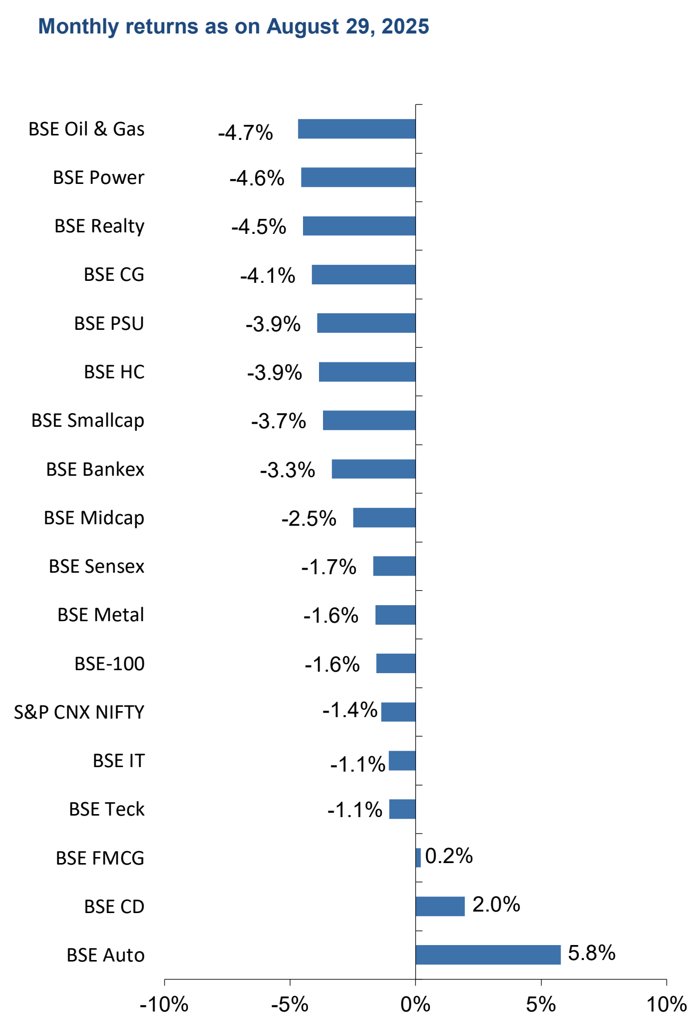
Indian Equity Market



Source : MFI 360 Explorer



Source: MFI 360 Explorer



Source: MFI 360 Explorer

- Domestic equity markets declined after the U.S. President unexpectedly doubled tariffs on Indian exports to 50%, threatening India's manufacturing ambitions and potentially slowing economic growth. Losses deepened amid renewed Russia-Ukraine tensions, which dampened market sentiment. However, the downside was limited by expectations that the Indian Prime Minister's Goods and Services Tax (GST) reforms could boost household consumption, ease inflationary pressures, and pave the way for further rate cuts by the RBI.

- Indian equity markets were highly volatile in August 2025, largely driven by escalating U.S.-India trade tensions and key domestic policy developments.

- The month began with sharp declines after the U.S. imposed a 25% tariff on Indian goods, citing India's continued purchases of Russian oil. Investor sentiment remained weak amid threats of further tariff hikes and concerns over foreign fund outflows. The situation worsened mid-month when the U.S. unexpectedly doubled tariffs to 50%, raising fears about India's export competitiveness and economic growth.

- Markets briefly recovered on hopes of a U.S.-Russia summit and dovish signals from the U.S. Federal Reserve. Domestic inflation data for Jul 2025 showed a sharper-than-expected decline, falling to 1.55% YoY, which marked the first time in over six years that inflation dropped below the RBI's lower tolerance level of 2%, thereby boosting expectations of a rate cut by the RBI. This, along with the Indian Prime Minister's announcement of a major GST overhaul, triggered a six-day rally supported by strong preliminary PMI data of Aug 2025 and improving Sino-India ties.

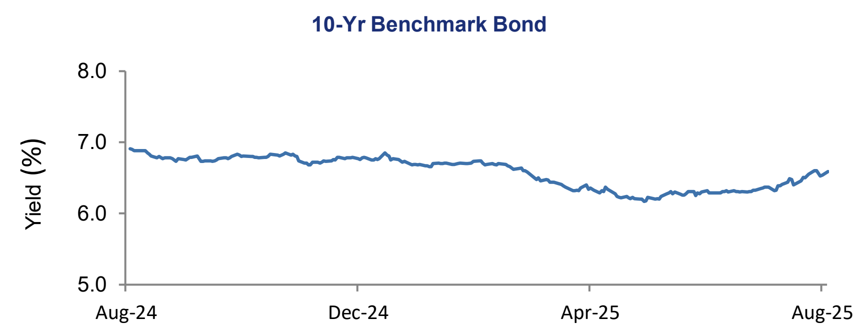
- However, gains were capped as the August 27 tariff deadline approached. Profit booking resumed, and sentiment weakened further after the U.S. finalized the additional 25% tariff, raising the total levy to 50%.

- Despite the volatility, downside risks were partially offset by strong industrial output data, which showed a 3.5% YoY growth in Jul 2025.

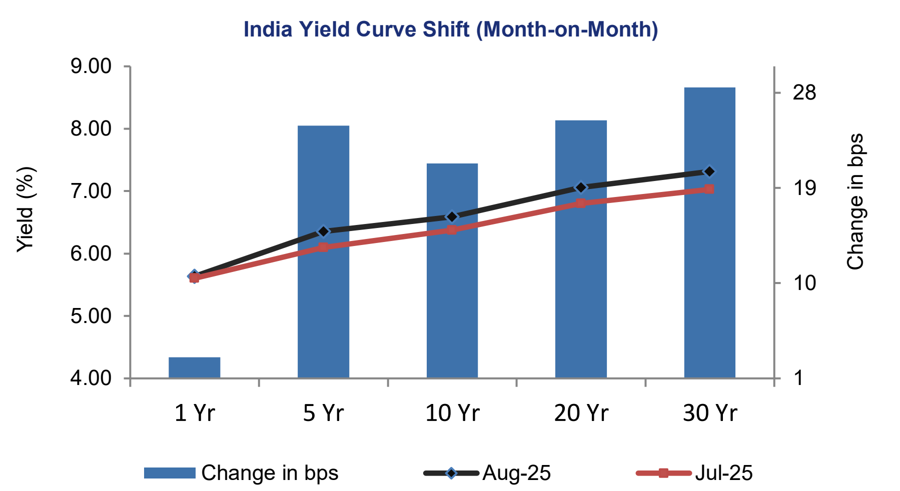
Indian Fixed Income

Indicators (Yield %)	August 29, 2025	July 31, 2025
Call Rate	5.50%	5.49%
FBIL 1 Mn Term Mibor	5.97%	6.00%
10-Yr benchmark bond	6.59%	6.37%
Reverse Repo	3.35%	3.35%
Repo	5.50%	5.50%
Bank Rate	5.75%	5.75%
CRR	4.00%	4.00%

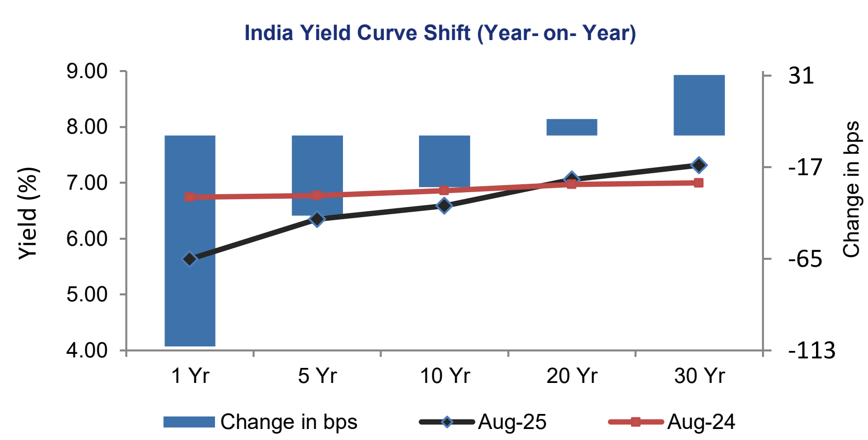
Source: Refinitiv



Source: CCIL



Source: Refinitiv



Source: Refinitiv

- Bond yields climbed as the RBI kept rates unchanged in its Aug 2025 monetary policy meeting, opting for a wait and watch approach to assess the impact of earlier rate cuts on the economy, contrary to market expectations of a dovish tone or further easing. Losses were extended after the Indian Prime Minister announced sweeping changes to the Goods and Services Tax (GST) regime, reigniting fiscal concerns and fears of increased debt supply. However, losses were restricted after a major global credit rating agency upgraded India's long-term sovereign credit rating from 'BBB-' to 'BBB'.

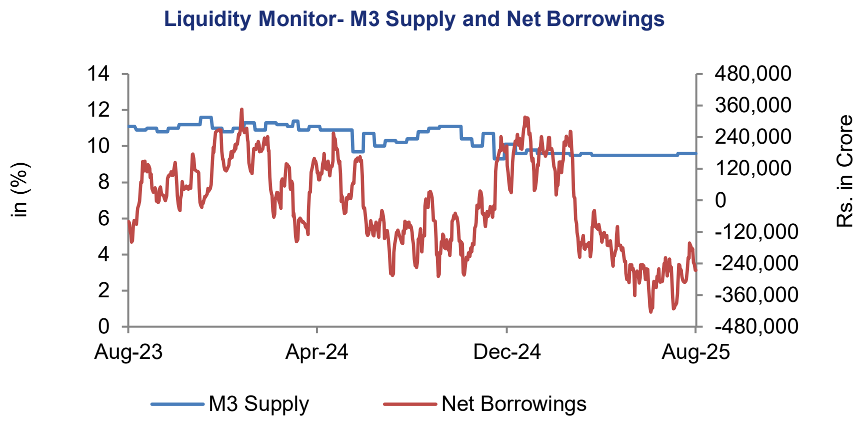
- Bond yields in August were influenced by monetary policy expectations, fiscal developments, and global cues. Early declines were driven by hopes of a dovish RBI stance. However, yields surged after the central bank kept rates unchanged, disappointing expectations of further easing.

- Subsequent bargain hunting led to a brief dip, but Fiscal concerns intensified mid-month, with fears of increased debt supply triggering selloffs.

- A sharp decline in bond yields were witnessed after a major global credit rating agency upgraded India's long-term sovereign rating from 'BBB-' to 'BBB'. The upgrade was seen as a vote of confidence in India's macroeconomic stability and fiscal management, prompting renewed buying interest from both domestic and foreign investors.

- However, fiscal worries resurfaced following proposed GST changes and tax amendments, leading to sustained upward pressure.

- Despite intermittent value buying, sentiment remained cautious. Toward month-end, yields fell sharply as investors covered short position, only to rise again on speculation around government support measures in response to U.S. tariffs.



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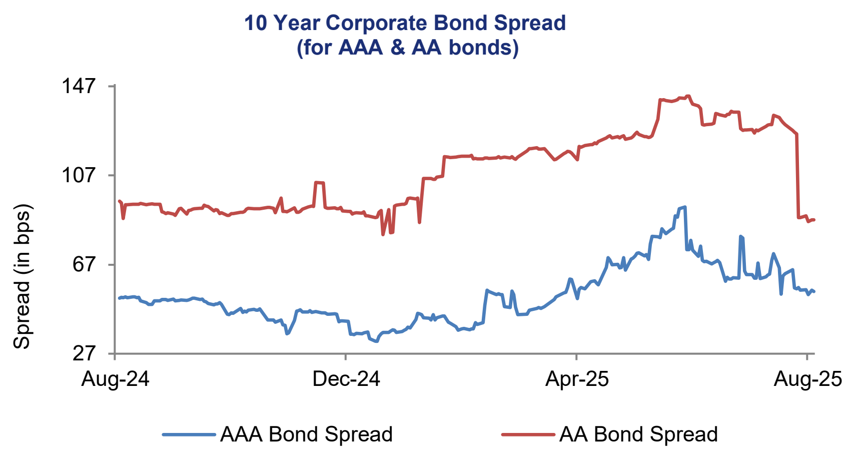
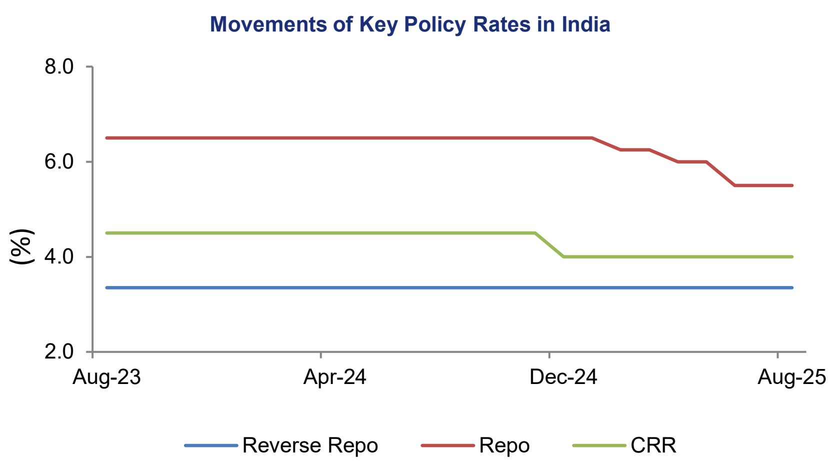
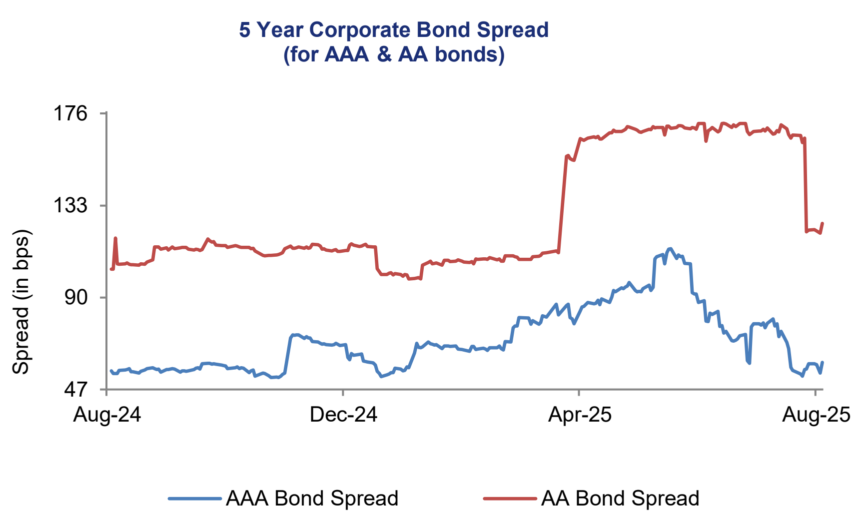


Source: Refinitiv



Source: RBI



Source: Refinitiv

- The central bank of India conducted auctions of 91-, 182- and 364-days Treasury Bills for a notified amount of Rs. 84,000 crore in Aug 2025, compared to Rs. 1,01,000 crore in the previous month. The average cut-off yield of 91-, 182- and 364-days Treasury Bills stood at 5.49%, 5.57% and 5.60%, respectively, during the month under review compared with the average yield 5.39%, 5.53% and 5.57%, respectively in the previous month.

- The RBI also conducted auction of state development loans (SDL) for a total notified amount of Rs. 87,300 crore (for which amount of Rs. 81,692 was accepted), which is lower than the scheduled amount of Rs. 88,417 crore during Aug 2025. The average cut-off yield of 10-year SDL remained at 7.17% during Aug 2025 compared to 6.87% in the previous month.

- In addition, the RBI also conducted auction of government securities for a notified amount of Rs. 1,53,000 crore in Aug 2025, for which full amount was accepted with no devolvement on primary dealers.

GLOBAL EQUITY MARKET

Performance of Major International Markets (as on August 29, 2025)		
Indices	**Country**	**1 Mth (%)**
United States		
Nasdaq 100	U.S.	0.85
Nasdaq Composite	U.S.	1.58
Asia Pacific		
SET Composite Index	Thailand	-0.46%
Jakarta Composite	Indonesia	4.63%
Straits Times Index	Singapore	2.30%
KOSPI Index	South Korea	-1.83%
Nikkei Stock Average 225	Japan	4.01%
Taiwan SE Weighted Index	Taiwan	2.93%
Shanghai Composite Index	China	7.97%
BSE Sensex	India	-1.69%
S&P/ASX 200	Australia	2.63%
Europe		
FTSE 100	U.K.	0.60%
CAC 40	France	-0.88%
DAX Index	Germany	-0.68%
Source: MFI 360 Explorer & Refinitiv		

United States

- U.S. equity markets rose following the release of the Labor Department's closely watched consumer price inflation report for Jul 2025, which showed that the Consumer Price Index (CPI) increased by 0.2%, after a 0.3% rise in Jun matching market expectations. Additionally, optimism around a potential interest rate cut by the Federal Reserve supported investor sentiment.

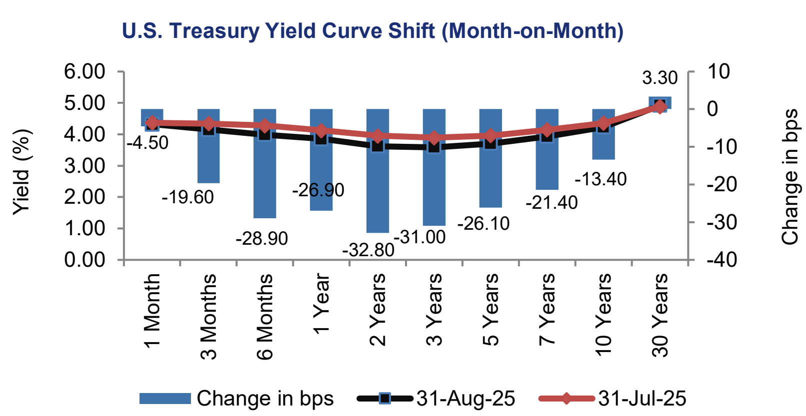
Europe

- European equity markets closed on a mixed note. Gains were driven by investor optimism surrounding corporate earnings, supportive economic indicators, and expectations of potential interest rate cuts by central banks. Sentiment was further lifted by hopes of a possible peace deal between Russia and Ukraine. However, upside remained limited due to geopolitical concerns stemming from escalating clashes in Gaza and Ukraine

Asia

- Asian equity markets mostly rose after the U.S. President announced plans to impose a 100% tariff on semiconductor and chip imports, with exemptions for companies 'building in the United States.' Additionally, market sentiment improved following an in-line U.S. inflation reading in Jul 2025, which bolstered speculation that the Federal Reserve may cut interest rates by 25 basis points in Sep 2025.

GLOBAL FIXED INCOME - U.S. TREASURY



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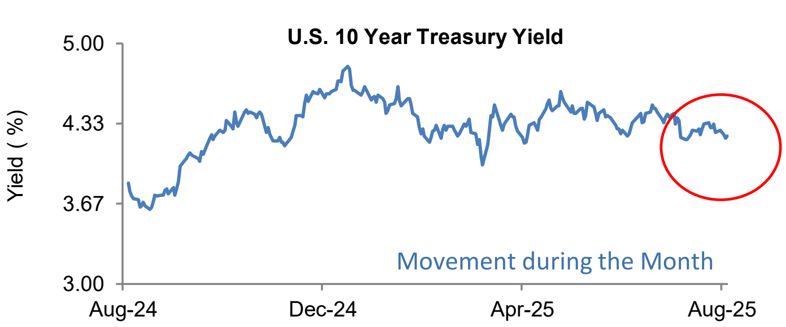


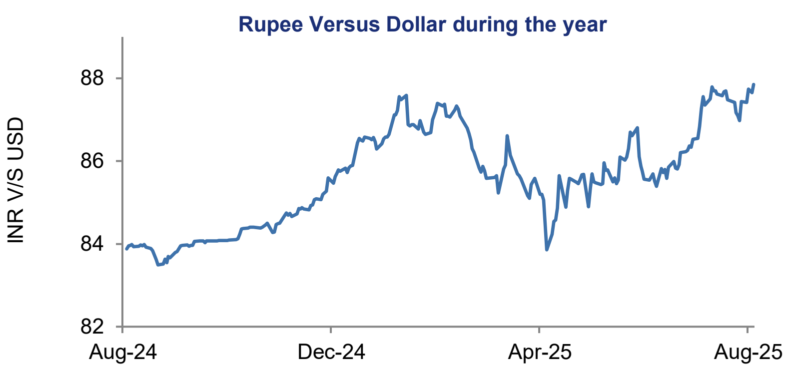
Source: Refinitiv

- Yields on the 10-year U.S. Treasury fell by 13 bps to close at 4.23% from the previous month's close of 4.36%.
- U.S. Treasury prices rose after the Federal Reserve Chair signaled that interest rate cuts could be on the horizon. Additional support came as investors placed bets on a potential rate cut in Sep 2025.
- Prices gained further after Jul 2025 consumer price inflation data came in roughly in line with economists' expectations and showed minimal impact from tariffs, potentially clearing the way for a rate cut by the U.S. Federal Reserve.

CURRENCY

Movement of Major Currencies (as on August 29, 2025)				
Currency	**Value (as on 29-Aug-2025)**	**1 Mth**	**3 Mth**	**1 Yr**
U.S. Dollar	87.85	87.55	85.48	83.87
Pound Sterling	118.58	116.24	115.14	110.50
Euro	102.47	100.25	96.94	92.91
Yen (Per Rs.100)	60.00	59.00	59.00	58.00

Source: RBI

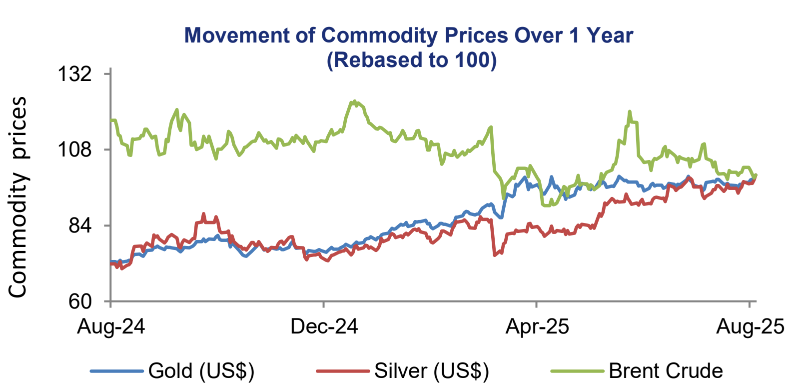


Source: RBI

COMMODITIES

Performance of Various Commodities					
Commodities	**Last Closing (29-Aug-25)**	**Returns (in %)**			
		1 Wk	**1 Mth**	**6 Mth**	**1 Yr**
Crude Brent ($/Barrel)	68.27	-2.37	-9.01	-8.79	-17.19
Gold ($/Oz)	3446.75	2.23	4.76	20.57	37.70
Gold (Rs/10 gm)	101967.00	3.03	3.98	20.26	42.26
Silver ($/Oz)	39.67	2.18	7.97	27.34	37.53
Silver (Rs/Kg)	117468.00	3.28	6.78	25.92	38.34

Source: Refinitiv



Source: Refinitiv

INR

- The Indian rupee fell in spot trade against the U.S. dollar due to foreign fund outflows and concerns over trade tariffs. Rupee fell further as concerns over steep U.S. tariffs on Indian goods increased demand for the greenback. Additional pressure came from broader dollar strength. However, losses were limited by optimism surrounding potential GST restructuring.

EURO

- The euro rose against the U.S. dollar, supported by moderate U.S. inflation data that reinforced expectations of a potential interest rate cut by the Federal Reserve. Further gains came as investors increased bets on a rate reduction in Sep 2025. The euro also strengthened after the Federal Reserve Chair signaled a possible rate cut at the central bank's Sep meeting, while stopping short of a firm commitment.

Crude

- Brent crude oil prices declined amid growing concerns over a potential oversupply in the market. The drop deepened after OPEC+ confirmed plans to increase production by 547,000 barrels per day (bpd) in Sep 2025, as widely anticipated. Additionally, a surprise rise in U.S. crude inventories contributed to the downward pressure. Furthermore, prices were weighed down by trade policy threats, which raised concerns about global tech tensions and digital tax disputes, potentially impacting the U.S. economic and energy outlook.

Gold

- Gold prices rose as renewed trade tensions, sparked by steep U.S. tariffs, boosted demand for safe-haven assets. The rally was further supported by growing expectations of interest rate cuts, driven by both the trade conflict and anticipated changes in leadership at the U.S. Federal Reserve. Gains extended following the keynote speech by the Federal Reserve Chair at the Jackson Hole Symposium, which hinted at possible rate cuts in Sep 2025.

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All information mentioned in this document pertains to the month ended August 31, 2025.