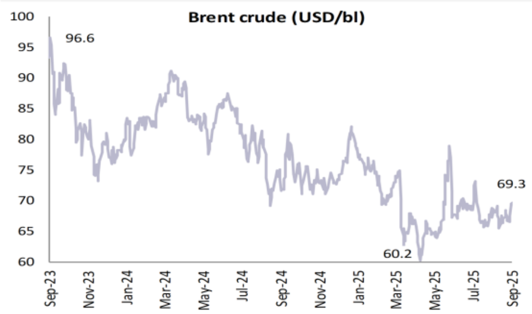
India Economics

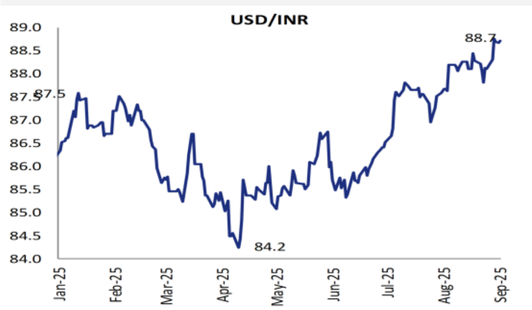
Weekly round-up of macro-economic events

Exhibit A. Oil prices rose to USD 69.3bbl



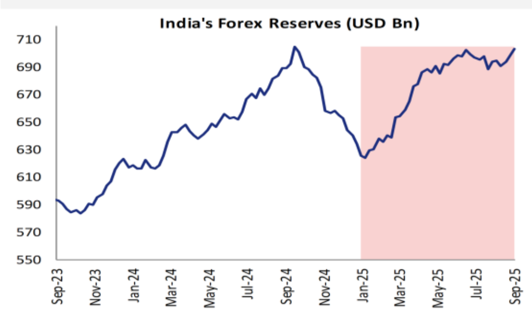
Source: Bloomberg, JM Financial, As on 26th Sep'25

Exhibit B. INR closed at 88.7/USD levels



Source: Bloomberg, JM Financial, As on 26th Sep 25

Exhibit C. Forex reserves fell $0.4bn to $703bn



Source: CMIE, JM Financial; As on 19th Sep'25

CRUDE	INR/USD	RESERVES
69.3/bbl	88.7	fx USD 703bn

THIS WEEK'S HIGHLIGHTS

- The week concluded with another round of tariffs imposed by the US, this time on branded pharmaceuticals (100%), which reflected in muted sentiment in the domestic markets despite India's exposure towards generics.
- The US also imposed tariffs on bathroom vanities (50%), furniture (30%) and heavy trucks (25%) effective from 1st Oct, to promote local manufacturing in these categories.
- China pledged to reduce greenhouse gas emissions by 10% and also decided to raise the share of non-fossil fuels in energy consumption to 30% by 2035. This is in sharp contrast to the US President's speech at the UN where he attacked climate change action as economically damaging.
- The Centre announced a new cash transfer scheme in Bihar with an initial grant of INR 10,000, with a cash outlay of USD 75bn. This is in addition to two more such cash transfer schemes announced by the state. Bihar's fiscal deficit % of GDP was revised to 9.2% of GDP in FY25 while it is budgeted to fall to 3% in FY26, which seems unrealistic.
- The CAG of India flagged concerns over the practice of states (BR, UP and MP) wherein they bunch their expenditures in the final month of the fiscal year, leading to rushed spending and inefficient use of funds and lack of documentation.
- Although excessive rainfall in several states including MH, PJ and KA has adversely impacted kharif crops, foodgrain production is projected to exceed the government's target of 171.4mn tonnes driven by increased acreage.
- Media reports indicate that the central government is contemplating increasing its capex for FY26 by INR 200bn-300bn, without stretching its fiscal deficit target of 4.4%. The decision is expected after the mid-year review in Sep-Oct'25.
- Markets will be closely monitoring the RBI's policy decision next week; markets are divided on the likelihood of a rate cut and "status quo". Our expectation tilts more towards policy easing.

Week-ahead events

Release Date	Event
29-Sep	China – Manufacturing PMI
30-Sep	India – Fiscal Deficit
30-Sep	ECB – President Lagarde speaks
1-Oct	RBI – Interest Rate Decision
3-Oct	US – Nonfarm payrolls

Link to Last Report

Hitesh Suvarna
hitesh.suvarna@jmfl.com
Tel: (91 22) 66303351

Domestic Macroeconomic Indicators/Events

- Fiscal deterioration due to cash transfer schemes in poll-bound Bihar: Ahead of the elections in Bihar, PM Modi launched a new scheme "Mukhyamantri Mahila Rojgar Yojana". Under this scheme, an initial grant of INR 10,000 is transferred to women for livelihood activities of their choice like agriculture, animal husbandry, handicrafts, tailoring, weaving, and other small-scale enterprises. There is a provision to increase the financial assistance to INR 0.2 Mn in subsequent phases, the overall cost of initial assistance comes to INR 75 Bn, benefiting 7.5 Mn women. Recently (Sep'25) Bihar's Chief Minister had announced another cash transfer scheme "Mukhyamantri Pratigya Yojana" wherein INR 5,000 was transferred to 1.6 Mn construction workers (INR 8.02 Bn). Moreover the Chief minister had also transferred INR 29.2Bn through DBT into the bank accounts of students (4.9Mn) under various welfare schemes of the education department. **A closer look at the fiscal situation of Bihar reveals that the budgeted fiscal deficit target for FY26 at 3% of GSDP is sharply lower than the revised estimates of 9.2% of GSDP in FY25 RE. It is pertinent to note that the budgeted Fiscal deficit estimates for FY25 was also set at 3% which was later revised upwards to 9.2%. Hence it would not be advisable to look at the budgeted expectations for FY26, as with these cash transfer schemes the fiscal situation is expected to deteriorate in FY26 as well. Moreover the state GDP is budgeted to grow at 22% from FY25RE which seems unrealistic considering state expenditure (spending) is expected to decline 9% with a marginal uptick in revenue.**

- India to expand energy ties with US: Commerce Minister Piyush Goyal said India is looking to expand energy trade ties with the US, highlighting it as a key pillar of the bilateral economic partnership. He noted that India already imports over USD 13 billion worth of crude oil, LNG, and coal annually from the US. Goyal stressed that rising energy needs in India, with demand expected to grow by over 3% annually, make the partnership strategically important. He also pointed out that clean energy collaboration, including renewables and hydrogen, will be central going forward. The minister underscored that energy cooperation will help both nations achieve growth and sustainability goals. This is in line with our expectation that India's higher trade surplus with US is the major concern and energy imports (from US) seems to be the logical solution to restrict this trade surplus with US.

- India-EU FTA likely by early 2026: The latest round of India-EU FTA negotiations, held in Brussels on September 20–22, 2025, delivered partial progress with "better clarity" on contentious issues like automobiles and farm goods. Talks focused on tariff reductions for European EVs and market access for Indian agricultural exports, where both sides moved closer to common ground. The EU's demand for lower duties on cars and wines was met with India seeking safeguards for its farmers. The discussions also touched upon digital trade and sustainability standards. While not conclusive, negotiators termed the round constructive, keeping hopes alive for a deal by early 2026.

- Sustained growth to create more fiscal space in India: Prime Minister Narendra Modi during his address at the inauguration of the Uttar Pradesh International Trade Show (UPITS) in Greater Noida, indicated that as India's economy continues to strengthen, the overall tax burden on citizens could ease further. He emphasized that sustained growth will provide the government with more fiscal space to implement tax rationalization measures. The PM highlighted efforts to simplify the tax system and reduce compliance costs for individuals and businesses. He noted that a robust economy allows for both increased public spending and targeted relief for taxpayers. Modi's remarks signal a focus on balancing economic growth with citizen-friendly fiscal policies.

- Centre's borrowing plan for 2HFY26 finalised at INR 6.77trln: The Indian government and the RBI finalised the borrowing plan for Oct–Mar, at INR 6.77trln in bond issuances for the second half of the fiscal year. This aligns with the full-year borrowing target of INR 14.77trln. It is pertinent to note that the centre reduced the share of longer tenure bonds (30-50yr) from 35% to 29.5% while the share of lower end and the belly has been increased to that extent. Shorter-duration issuances gives the RBI greater flexibility in liquidity management.

- RBI expects GST rationalisation to revive demand: In its Sep'25 bulletin, the Reserve Bank of India argued that the newly introduced GST reforms are set to lower retail prices and thereby boost household consumption. It observed that this tax overhaul would simplify compliance and enhance the ease of doing business, enabling companies to pass on savings to consumers. The article predicted a "sustained positive impact" through stronger consumption growth drivers, especially in the latter half of the fiscal year. It also noted that improved Kharif sowing would help keep food inflation in check, reinforcing the effect of the reforms. Overall, the RBI sees GST reform as a key stimulus to revive domestic demand amid global headwinds.

- CAG flags concerns in state fiscal practices: The Comptroller and Auditor General (CAG) of India has flagged concerns over the practice of states "bunching" their expenditures in the final month of the fiscal year, particularly March. This practice, observed in Bihar, Uttar Pradesh, and Madhya Pradesh, leads to rushed spending and inefficient use of funds and a lack of proper documentation. In its audit of Bihar's finances for the year 2023–24, the CAG highlighted that 49,649 Utilisation Certificates (UCs) totaling INR 708.8 Bn were not submitted, raising concerns about the proper allocation and use of funds. Such lapses violate the Bihar Treasury Code and pose risks of embezzlement and financial mismanagement. The CAG's findings underscore the need for improved fiscal discipline and timely financial reporting to ensure transparency and accountability in state expenditures.

- GST rationalisation-led changes in consumer behaviour: The recent Goods and Services Tax (GST) reforms in India have significantly impacted consumer behavior during the festive season. While the reductions in GST rates have led to increased sales in various sectors, they have also resulted in a shift in consumer purchasing patterns. Previously, consumers were inclined towards premium products, but the price cuts have made mid-range and budget-friendly items more attractive, leading to a broader consumer base engaging in festive shopping. For example, mid-tier smartphones and kitchen appliances witnessed strong demand, reflecting the shift from exclusively premium purchases. This shift has led to a more balanced market, with increased sales across various product categories, rather than a concentration on premium goods. The overall effect of the GST cuts has been positive, stimulating demand and making festive purchases more accessible to a wider range of consumers.

- Import restrictions on silver: The government has announced import restrictions on plain silver jewellery effective immediately and running until March 31, 2026, converting its status from “free” to “restricted.” This move responds to a sharp surge in imports of unstudded silver jewellery, especially under preferential duty exemptions, which reportedly jumped steeply during April–June 2025. Importers will now require a valid licence or import authorisation from the DGFT to bring in such goods. The restriction aims to curb misuse of FTAs and protect domestic jewellery manufacturers and employment in the sector. It is expected to provide a level playing field for small and medium firms and safeguard livelihoods in the labor-intensive silver jewellery industry.
- Government contemplating to increase capex while maintaining fiscal balance: The Indian government is considering increasing its capital expenditure (capex) for the fiscal year 2025–26 by INR 200bn–300bn, surpassing the initial budgeted target of INR 11.2trln. This potential hike is driven by robust tax revenues and a record dividend transfer from the Reserve Bank of India, providing fiscal space amid subdued private investment due to global economic challenges. The additional funds would primarily support infrastructure projects, including roads, railways, ports, and urban development, aligning with the government's focus on infrastructure-led growth. Despite this increase, the government aims to maintain the fiscal deficit at 4.4% of GDP for FY26, ensuring fiscal discipline. The final decision on the capex revision is expected after the mid-year review in Sep–Oct’25.
- Extension for PLI for solar equipment manufacturing: The Indian government has granted a two-year extension for the commissioning of projects under the Production-Linked Incentive (PLI) scheme for solar equipment manufacturing. This decision, confirmed by Renewable Energy Secretary, aims to provide developers and manufacturers additional time to address implementation challenges and ensure effective deployment of solar manufacturing capacities under the scheme. The extension aligns with the government's ongoing efforts to strengthen domestic manufacturing and reduce reliance on solar imports. The PLI scheme, with an outlay of INR 240 Bn, targets the establishment of integrated solar photovoltaic (PV) manufacturing units, encompassing the entire value chain from ingots to modules. The move underscores the government's commitment to bolstering the renewable energy sector and achieving self-reliance in solar equipment production.
- Excessive rainfall unlikely to impact food production: Excessive rainfall during the 2025 monsoon season has adversely affected Kharif crops in several Indian states, including Maharashtra, Punjab, and Karnataka. Heavy rains have led to crop damage across over 1.1 lakh hectares in Maharashtra's Ahilyanagar and Jalgaon districts, impacting crops like bajra, cotton, tur, moong, urad, onion, maize, soybean, and banana. In Punjab, the worst floods in four decades have submerged over 2,300 villages, affecting more than 2 Mn people and causing extensive damage to infrastructure and agriculture. Despite these challenges, India's Kharif food grain production is projected to exceed the government's target of 171.39 million tonnes for the 2025-26 crop year, driven by increased acreage and favorable monsoon rains. However, the damage to crops in flood-affected regions may necessitate a revision of the record crop estimate. The government has announced measures to support affected farmers, including the distribution of free wheat seeds in flood-hit areas.
- Maharashtra’s prospects for rabi appears promising: Maharashtra's prospects for the 2025-26 rabi season appear promising due to favorable conditions and supportive government measures. The state has seen a significant increase in sowing area, with wheat and pulses leading the way. The government has approved higher Minimum Support Prices (MSP) for key rabi crops, including wheat, gram, mustard, and lentils, to ensure better returns for farmers. Additionally, the forecasted normal to above-normal rainfall during the rabi season is expected to support crop growth and yield. These factors collectively indicate a positive outlook for Maharashtra's rabi crop production in the upcoming season.
- Union minister calls for increasing share of agri to 26% of GDP: Union Minister Nitin Gadkari has called for increasing agriculture and allied sectors' contribution to India's GDP from the current 18% to at least 26% to achieve self-reliance. Addressing the Crop Care Federation of India, he emphasized reducing production costs through innovations like electric and flex-engine tractors. Gadkari also urged the agro-chemical industry to focus on affordable bio-pesticides and bio-insecticides, advocating for domestic production of raw materials to reduce import dependency. Highlighting the importance of agriculture in national development, he stressed that enhancing farmers' income and reducing rural migration are crucial for a self-reliant India. His vision aligns with the government's broader goals of boosting rural employment and ensuring sustainable agricultural growth.
- Approval for food procurement in UP and GJ: The Indian government has approved the procurement of major Kharif pulses and oilseeds at Minimum Support Prices (MSP) in Uttar Pradesh and Gujarat for the 2025–26 season. In Uttar Pradesh, the Centre will purchase 2.27 lakh tonnes of urad, 1.13 lakh tonnes of tur, 1,983 tonnes of moong, 30,410 tonnes of sesame, and 99,438 tonnes of groundnut. In Gujarat, the approved quantities include 47,780 tonnes of urad, 4,415 tonnes of moong, 1.09 lakh tonnes of soybean, and 12.62 lakh tonnes of groundnut. The total procurement value is estimated at INR 138.9 Bn. To ensure transparency and efficiency, around 350 procurement centres in Uttar Pradesh and 400 in Gujarat will utilize Aadhaar-based biometric authentication and Point of Sale (POS) machines, guaranteeing direct payments to registered farmers. Agriculture Minister emphasized that these measures aim to provide timely and fair compensation to farmers.

Global Market Movers

- US Tariffs: Another round of tariffs: Trump imposed 100% tariffs on pharmaceuticals, moreover in order to promote the domestic industries tariffs have also been imposed on bathroom vanities (50%), furniture (30%) and heavy trucks (25%) effective 1st Oct. In case of pharmaceuticals, the announcement clearly mentions that it is applicable on "branded Or patented" products, which would prima facie impact innovators and its impact on the generic players will be unlikely. After the stronger than expected GDP growth for Q2 2025 (3.8% vs 3.3% est.), Trump targeted Fed for being slow in easing policy (which is mirrored by Fed member Stephen Miran - calling for rate cuts as the neutral rate is drifting lower). Trump in his post indicated that he sees the policy rate at 2%, raising market expectations for an accelerated rate cut cycle. Markets are building in 2 more rate cuts by the end of 2025, while we expect it to be restricted to just one.
- US President called for nationalist policies: In his address at the United Nations General Assembly on 23rd Sep'25, US President tore into multilateralism, urging nations to close borders, expel undocumented immigrants, and reject what he called a "globalist migration agenda." He attacked climate action as economically damaging, calling climate change "the greatest con job ever perpetrated on the world." Trump also claimed that he had ended "seven un-endable" wars in seven months including between India and Pakistan, a statement that drew skepticism. Amid technical glitches — including a stalled escalator and a malfunctioning teleprompter — he accused the UN of sabotage and demanded investigations. While sharply critical of the UN's role, he pivoted during a private meeting to reaffirm U.S. support for the body, calling it "an opportunity for peace."
- Powell sees the need for flexible monetary policy: In his latest speech delivered on 23rd Sep'25, at the Greater Providence Chamber of Commerce, Fed Chair Jerome Powell described the U.S. economy as showing signs of strain, with a softening labor market, moderating growth, and persistently elevated inflation. He emphasized that the recent rate cut — lowering the federal funds rate to a range of 4–4.25% — was a "step toward neutral," while noting that policy must remain flexible and data-driven. Powell warned that continuing too loose a stance risks rekindling inflation, whereas holding rates too high for too long could unnecessarily weaken employment. He flagged that the balance of risks had shifted: upside risks to inflation and downside risks to employment, making the outlook especially challenging. While markets had viewed equity valuations as elevated, Powell considered financial stability risks manageable for now. He acknowledged that the U.S. job market is softening, noting that the unemployment rate in August had crept up to 4.3% and that on average only 29,000 jobs were being added per month over the past quarter—below what's needed just to maintain the current rate. He also pointed out that overall PCE inflation over the past 12 months stood at 2.7%, with core PCE (excluding food and energy) at 2.9%. Against this backdrop, the Fed had recently trimmed its target federal funds rate by 25 bps to a range of 4.0 to 4.25%, calling the cut a "step toward neutral." Powell stressed that risks are now "two-sided" and that monetary policy must remain flexible and data-driven.
- China pledges to go green: On 24th Sep'25, Chinese President Xi Jinping announced that China would reduce its greenhouse gas emissions by 7% to 10% from peak levels by 2035, marking the first time the world's largest emitter has set a firm reduction target. He also outlined plans to expand wind and solar capacity to 3.6 billion kilowatts and raise the share of non-fossil fuels in energy consumption to over 30% by 2035. While environmental groups welcomed the step, the EU said the pledge is insufficient to meet the 1.5°C global warming goal. Xi also criticized certain countries for hindering the global clean energy transition, hinting at ongoing climate diplomacy tensions. These targets will be a key focus at the upcoming COP30 summit in Brazil. This is in sharp contrast to US president's U-turn on climate change and renewed focus on fossil fuels.
- US GDP grew 3.8% in 2QCY25: US economy grew at a stronger rate of 3.8% in Q2 2025 vs market expectation of 3.3%, mainly on the back of moderating imports and a pickup in consumer spending, these numbers were partly offset by decreases in investment and exports. National accounts data for the previous quarters (2020 – Q1 2025) underwent revision, with a contraction of 0.6% in Q1 2025 vs earlier estimate of -0.5%. US president. The PCE index increased 2.1%, after an upward revision of 0.1 ppt. Core PCE index increased 2.6%, after similar 0.1 ppt upward revision.
- US home sales grew 20.5% MoM in August: In Aug'25, U.S. new home sales surged by 20.5% MoM, reaching an annualized rate of 800,000 units—the fastest pace since Jan'22. This unexpected increase was driven by a modest drop in mortgage rates, which fell to 6.26%, and builder incentives such as mortgage rate buy downs and upgrades. Regionally, the Northeast led with a 72.2% jump, while the South, Midwest, and West saw increases of 24.7%, 12.7%, and 5.6%, respectively. Despite the surge, analysts caution that the data is volatile and may be revised downward in future reports. The median sales price for new homes in August was USD 413,500, up 1.9% from the previous year, indicating sustained demand despite affordability challenges. While the August spike is encouraging, experts remain cautious, noting that the housing market faces ongoing challenges such as high home prices and mortgage rates above 6%. Overall, the August data suggests a potential rebound in the housing market, though sustained growth will depend on continued affordability improvements and economic stability.
- US trade deficit contracts in Aug'25: The US goods trade deficit contracted sharply in Aug'25, falling 16.8% to USD 85.5 Bn. Imports declined by USD 19.6 Bn to USD 261.6 Bn, reflecting weaker demand for consumer goods and electronics. Exports slipped more modestly by USD 2.3 Bn to USD 176.1 Bn, supported by farm products and industrial supplies. The gap's sharp narrowing indicates some easing of trade imbalances after months of widening deficits. Markets see this as a positive sign that could support growth and reduce pressure on policymakers.

Source: Media

Exhibit 1. Macro indicators

Flows (USD mn)	Last Week*	Week prior	MTD	FYTD26
FII -Equity	(749)	334	(503)	(3,490)
FII -Debt	(81)	782	1,107	263
DII (INR bn)	116	112	499	9,813
Equity Returns (%)	**LTP**	**1 Week**	**1 month**	**1 Year**
Nifty	24,655	(2.7)	(0.2)	(6.0)
Dow Jones	45,947	(0.8)	0.8	8.9
Shanghai Comp	3,828	0.2	0.7	27.6
Nikkei	45,355	0.7	6.7	16.5
MSCI EM	1,344	0.2	5.9	15.5
MSCI DM	4,252	(1.0)	1.7	14.3
Global Pairs Returns (%)	**LTP**	**1 Week**	**1 month**	**1 Year**
USDINR	88.7	(0.7)	(1.2)	(5.7)
EURUSD	1.2	0.7	(0.3)	(4.2)
GBPUSD	1.3	0.9	1.1	0.5
USDJPY	149.8	(1.2)	(1.6)	(3.3)
Dollar Index	98.5	0.8	0.2	(2.1)
Commodities returns (%)	**LTP**	**1 Week**	**1 month**	**1 Year**
GOLD ($/OZ)	3,752	1.8	10.4	40.4
Brent ($/bbl)	70	4.4	2.3	(2.8)
CRB Metal Index	1,110	1.3	3.0	1.9
Generic Bond Yields (%)	**LIBOR**		**G-Sec**	
Country	**3M**	**6M**	**1Y**	**10Y**
US	4.85	4.68	6.04	4.16
EU	(0.58)	(0.56)	(0.49)	4.73
UK	4.11	4.74	0.81	1.65
India - Yields (%)	**LTP**	**Week ago**	**1 month ago**	**Year ago**
MIBOR	5.64	5.58	5.49	6.65
10Yr G-Sec	6.52	6.49	6.60	6.72
India Macro		**latest**	**1 month ago**	**Year ago**
FX Reserves (USD bn)		703	695	604
Reserve Money (yoy %)		5.6	4.8	5.6
Currency in Circulation (yoy %)		8.8	6.7	3.9
Credit Growth (yoy %)		9.7	9.9	19.7
Deposit Growth (yoy %)		10.0	10.2	12.9
Unemployment Rate -CMIE (%)		7.5	7.1	7.8

Source: Bloomberg, CMIE, CEIC, JM Financial | FII data updated till 24th Sep

- FIIs reverted to selling in equities to the tune of USD 749mn vs. positive flows of 334mn in the previous week.
- In the Debt segment, FIIs sold to the tune of USD 81mn vs. positive flows of USD 782mn in the previous week.
- DIIs bought stocks worth INR 116bn vs. INR 112bn in the previous week.
- Brent crude price rose 4.4% to close at USD 70/bl last week.
- We continue to believe that oil market will remain volatile.
- UST 10yr yields rose marginally 3bps to 4.16%, after Fed Chairman's dovish comments. India's 10yr G-sec yields hardened marginally to 6.52%.
- India's forex reserves improved further to USD 703bn.

Exhibit 2. Sectoral Performance

		Performance (%)		
	LTP	1 week	1 month	1 Year
Nifty	24,655	(2.7)	0.9	(5.8)
BSE Capital Goods	68,346	(4.1)	4.5	(7.3)
BSE Cons Durables	58,119	(5.0)	(4.2)	(14.5)
NSE Bank	54,389	(1.9)	1.4	1.0
NSE Nifty Auto	26,485	(2.7)	6.1	(4.1)
NSE Nifty Energy	34,830	(2.6)	3.5	(21.8)
NSE Nifty FMCG	54,848	(2.5)	(2.3)	(16.7)
NSE Nifty India Consumption	12,080	(3.1)	0.2	(7.1)
NSE Nifty IT	33,702	(7.9)	(4.2)	(20.3)
NSE Nifty Pharma	21,507	(5.2)	(1.4)	(8.6)
BSE Utilities	5,331	(1.5)	3.4	(22.1)
NSE Infra Index	9,040	(2.1)	1.9	(6.7)
Nifty Realty	867	(6.1)	(0.4)	(22.4)
Nifty Metals	9,888	(1.0)	8.0	(1.8)

Source: Bloomberg, JM Financial | as on 26th Sep

- The tariff announcement on Pharma dragged the domestic market by 2.7%, leading to an underperformance to the EM market.
- IT (7.9%), Realty (6.1%) and Pharma (-5.2%) were top losers while metals (-1%) and utilities (-1.5%) fell the least, outperforming the Nifty.
- Nifty is currently trading at ~22x, 1-year forward PE, which is closer to one standard deviation from its historical mean level.
- We believe performance will be stock-specific in 2025, hence, quality names should be accumulated at lower levels.

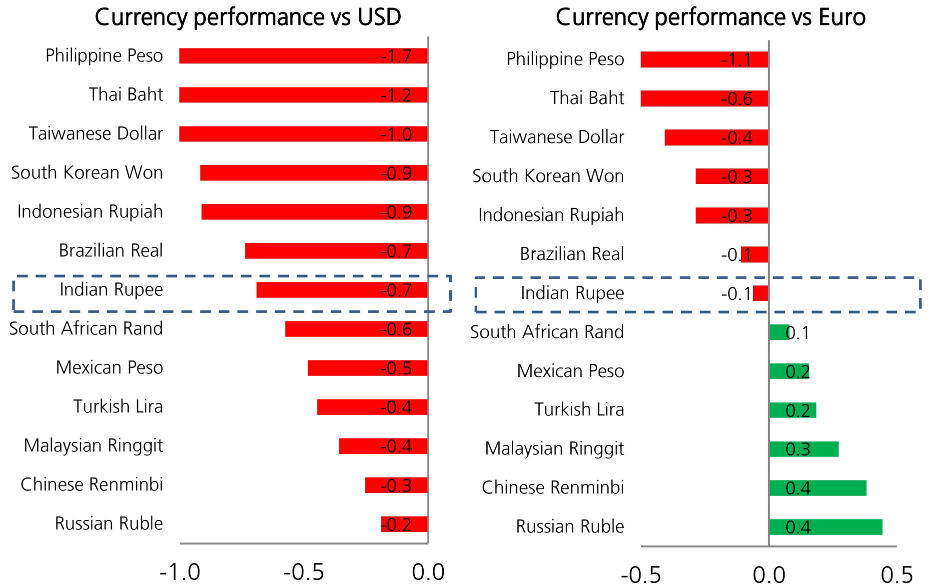
Exhibit 3. Gold outperformed every other asset class in last one year

	Performance (%)			
	1 month	3 month	YTD	1 Year
Sensex	0.8	(4.3)	2.9	(6.0)
Nifty	0.9	(3.8)	4.3	(5.8)
BSE Mid Cap	0.2	(3.9)	(3.7)	(9.6)
BSE Small Cap	1.6	(3.6)	(5.3)	(8.4)
MSCI India (INR)	1.0	(2.3)	3.4	(6.9)
MSCI India (US$)	(0.2)	(5.6)	(0.2)	(12.2)
INR/USD	(1.2)	(3.4)	(3.5)	(5.7)
INR/EUR	(1.4)	(3.0)	(13.9)	(10.0)
Gold (US$)	10.6	12.7	43.0	40.4
Crude (INR/bbl)	3.5	2.7	(6.8)	(2.8)
CRB Index	(1.9)	(3.4)	1.8	1.5
MSCI EM	5.5	9.5	25.0	15.5
MSCI DM	1.8	6.7	14.7	14.3
USD	0.2	1.3	(9.2)	(2.3)

Source: Bloomberg, JM Financial

- Gold gained 10.6% in USD terms, outperforming every other asset class in the last 1 month.
- Nifty was marginally positive (0.9%), and underperformed the EM basket (5.5%) by a wide margin in the last 1 month.
- Even the DM basket (1.8%) outperformed the Nifty, unlike the EM basket.
- This underperformance indicates why the FII flows have been drying up in last 3 months.
- Within the domestic market, small-caps (1.6%) outperformed large caps (0.9%) and mid-caps (0.2%).
- Gold has been consistently on an uptrend in the last 1 year, which was followed by the EM basket.

Exhibit 4. EM Currency tracker (vs. USD & Euro)



- US Dollar index strengthened 0.8% to 98.5 last week.
- INR is currently trading at 88.7/USD with 0.7% depreciating bias in last week.
- The USD strengthened despite the rate cut by the FOMC.
- The depreciation in INR was relatively shallow against Euro (-0.1%) vs. that in USD.
- Amidst the tariff overhang, we expect the rate cut cycle in US to exert pressure on the USD to cushion the EM currencies.

Source: Bloomberg, JM Financial | 5 day ending 26th Sep

Exhibit 5. Vietnam leads in the EM basket across 13 macro-economic parameters covered in JM EM Macro Tracker

Country	Rank #	Gross National Savings	Total investment	General Govt Revenue	General Govt Expenditure	General Govt net lending/ borrowing	Current account balance	Real GDP Growth	Per Capita Income Growth	Volume of imports	Volume of exports	Change in Forex Reserves	Manufacturing PMI	Weekly Exchange rate movement
		% GDP						YoY%				USD Bn	Index	WoW %
Vietnam	1	33.2	32.4	18.8	20.8	-2.1	0.8	6.9	8.6	10.2	9.0	-1.2	52.4	0.1
China	2	43.1	41.9	26.9	34.2	-7.3	1.1	4.1	6.7	4.0	3.0	41.1	49.3	-0.3
India	3	30.1	32.0	19.5	27.5	-8.0	-1.9	6.3	8.9	6.0	4.3	4.7	59.1	-0.7
Thailand	4	24.7	22.0	20.0	22.8	-2.8	2.6	3.1	6.6	4.4	4.0	-0.6	51.9	1.2
Indonesia	5	28.7	29.8	14.9	17.1	-2.1	-1.0	5.0	7.4	10.8	8.4	3.4	49.2	-0.9
Malaysia	5	28.1	25.2	16.9	21.2	-4.3	2.9	4.4	6.6	4.1	4.0	17.5	49.7	-0.4
Brazil	7	15.6	17.5	42.2	47.5	-5.3	-1.9	1.9	3.7	1.6	4.0	7.5	52.5	-0.7

Source: IMF, Bloomberg, JM Financial | Note: GDP and Fiscal parameters are sourced from IMF database for latest fiscal | Currency movement is for week ended 26th Sep

#Methodology: All the 13 indicators are ranked individually, the result of which is averaged for final country wise ranking.

Exhibit 6. High Frequency Indicators

	Unit	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
Monetary														
Currency with public (M0)'	%YoY	9.1	8.2	8.0	7.7	6.9	6.5	5.8	5.4	6.3	5.8	6.7	6.1	6.2
10 year G-sec	%	6.47	6.37	6.33	6.31	6.40	6.66	6.69	6.75	6.73	6.84	6.80	6.78	6.87
O/s Banking liquidity	INR tn	(2.6)	(3.3)	(3.3)	(2.6)	(1.2)	(1.3)	1.5	1.6	1.1	(1.0)	(1.8)	(1.8)	(1.9)
CPI inflation	%YoY	2.07	1.61	2.10	2.82	3.16	3.34	3.61	4.26	5.22	5.48	6.21	5.49	3.65
WPI inflation	%YoY	0.52	(0.58)	(0.19)	0.13	0.85	2.25	2.45	2.51	2.57	2.16	2.75	1.91	1.25
SCB credit growth	% YoY	9.7	9.3	9.3	8.8	10.0	11.0	12.3	12.5	11.1	11.1	11.8	12.4	14.0
Fiscal														
Total Receipts (Centre)	%YoY		(18.7)	(20.2)	26.2	30.9	(2.0)	(2451.0)	(54.3)	29.8	10.6	(50.4)	8.1	(23.7)
Total Expenditure (Centre)	%YoY		3.3	37.4	40.3	10.0	9.7	(17.7)	12.4	22.1	3.6	31.7	2.6	20.9
Revenue Expenditure (Centre)	%YoY		7.8	36.6	40.7	(5.7)	(5.5)	(12.8)	5.1	1.7	0.5	41.9	4.4	33.3
Capital Expenditure (Centre)	%YoY		(10.5)	43.7	38.7	61.0	68.0	(35.4)	51.4	95.3	21.3	(8.4)	(2.4)	(30.0)
Centre's GFD (% of BE)	% BE		12.0	17.1	(10.7)	11.5	14.3	11.0	15.8	4.2	5.9	17.1	2.4	9.8
GST collections	INR tn	1.9	2.0	1.8	2.0	2.4	2.0	1.8	2.0	1.8	1.8	1.9	1.7	1.7
Industrial/services														
Manufacturing PMI	Index	59.3	59.1	58.4	57.6	58.2	58.1	56.3	57.7	56.4	56.5	57.5	56.5	57.5
Services PMI	Index	62.9	60.5	60.4	58.8	58.7	58.5	59.0	56.5	59.3	58.4	58.5	57.7	60.9
GST e-way bills	mn	129.1	131.9	131.9	131.9	119.5	122.7	119.3	124.5	111.6	118.1	112.0	101.8	117.3
Diesel consumption	%YoY	1.2	2.7	2.7	2.7	1.8	2.3	4.6	1.2	(1.3)	4.3	5.9	8.8	0.2
Eight Core Industries	%YoY		2.0	2.2	1.2	1.0	4.5	3.4	5.1	5.1	5.8	3.8	2.4	(1.5)
IIP	%YoY		3.5	1.5	1.9	2.6	3.9	2.7	5.2	3.7	5.0	3.7	3.2	0.0
Railway Freight earnings	%YoY		0.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7	0.7	(0.3)	2.3	0.6
Cargo handled at ports	%YoY		4.0	5.6	4.3	7.0	13.3	3.6	7.6	3.4	(5.0)	(3.4)	5.8	6.7
SCBs credit to industry	%YoY		6.0	5.5	4.8	6.6	7.8	7.2	8.0	7.2	8.0	7.9	8.9	9.7
SCB credit to small & micro ent.	%YoY		21.0	19.3	13.7	9.1	9.0	9.8	9.5	9.8	10.1	10.0	13.4	13.5
Consumption														
Domestic PV sales	%YoY	(6.9)	(0.5)	(15.3)	(12.2)	(5.4)	(3.9)	(4.3)	0.4	15.5	(5.2)	(17.3)	(12.8)	(19.0)
2W sales (Total)	%YoY	7.1	8.7	(3.4)	2.2	(16.7)	11.4	(9.0)	2.1	(8.8)	(1.2)	14.2	15.8	9.3
No of Flights (Dom + International)	Th		107.8	112.9	116.9	116.5	120.8	109.0	116.9	117.3	111.6	115.8	110.2	112.3
JM Consumer RM Inflation#	%YoY	3.07	(2.12)	(1.82)	(3.53)	(1.82)	3.47	7.95	9.89	8.20	6.69	2.09	(1.21)	1.61
Petrol consumption	% YoY	5.5	5.9	6.8	9.2	5.0	5.7	5.0	6.7	11.1	9.6	8.7	3.0	8.6
Peak Energy Demand ('000)	MW	229.7	220.7	242.8	231.0	235.3	235.3	238.1	237.3	224.2	207.5	219.2	230.6	216.5
Naukri Job Speak Index	% YoY	3.4	6.8	10.5	0.3	8.9	(1.5)	4.0	3.9	8.7	2.0	10.0	(3.8)	(3.4)
Personal loans from SCBs	% YoY		11.9	12.1	11.1	11.9	11.7	11.7	11.8	12.0	13.3	12.9	13.4	13.9
External														
Exchange Rate	INR/USD	87.52	86.11	85.90	85.19	85.56	86.64	87.05	86.27	84.99	84.36	84.03	83.79	83.90
Forex Reserves	USD bn	694.2	698.2	702.8	691.5	688.1	665.4	638.7	630.6	640.3	658.1	684.8	704.9	684.0
Trade Balance	USD bn	(26.5)	(27.4)	(18.8)	(22.1)	(26.6)	(21.5)	(14.1)	(23.1)	(20.7)	(32.0)	(26.1)	(24.4)	(35.6)
Non-oil, non-gold imports	USD bn	42.9	45.0	38.3	43.3	41.1	40.0	36.7	43.3	40.2	33.2	39.1	39.4	43.8
Services Surplus	USD bn	16.6	16.4	16.2	15.8	15.9	18.1	17.1	18.0	19.2	14.9	17.2	16.0	13.9
Current account balance % of GDP	%			(0.2)			1.3			(1.1)			(1.8)	
Oil Prices	USD/bbl	69.20	70.90	69.80	64.00	68.20	72.50	77.40	80.20	73.30	73.10	75.30	73.70	78.20
Flows (Net)														
FII inflows- Equity	USD bn	(2.5)	(2.1)	1.7	2.3	0.5	(0.9)	(3.4)	(9.0)	2.0	(2.6)	(11.5)	5.9	0.9
FII inflow –Debt	USD bn	1.7	0.9	(1.9)	1.2	(2.2)	4.1	1.1	0.5	1.6	(0.4)	(0.5)	3.1	1.9
Mutual fund inflows	INR bn	52.5	257.9	114.7	(274.8)	(57.9)	(671.1)	(144.2)	35.4	(287.5)	32.4	665.0	(38.3)	(207.9)
FDI Inflows	USD bn			3.6	2.2	7.1	3.4	3.1	3.6	1.9	(0.2)	1.8	1.1	3.5

Source: CMIE, CEIC, JM Financial \| #JM Proprietary Raw Material Index

APPENDIX I

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Corporate Identity Number: U67100MH2017PLC296081
Member of BSE Ltd. and National Stock Exchange of India Ltd.
SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610
Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.
Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com
Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: sahil.salastekar@jmfl.com
Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: instcompliance@jmfl.com

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ADD	Expected return >= 5% and < 15% over the next twelve months.
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Rating	Meaning
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