

marketbuzz





INDIAN ECONOMY INDIAN EQUITY MARKET INDIAN FIXED INCOME GLOBAL EQUITY MARKET GLOBAL FIXED INCOME 5 CURRENCY 6 COMMODITY 6



View from the Top

On the global, U.S. equity markets rose following the release of a closely watched Labor Department report showing that employment in the U.S. increased more than expected in Jun 2025. The market rose further supported by stronger-than-expected U.S. retail sales growth in Jun 2025 and a decline in jobless claims for the week ended Jul 12, 2025. Gains were extended further on optimism that several trade deals could be finalized before the U.S. European equity markets mostly rose, supported by the region's central bank maintaining interest rates amid easing inflation trends. Investor sentiment also improved on expectations of a U.S.—EU trade agreement. Further gains were driven by robust U.S. economic data and strong tech earnings, which helped ease tariff-related concerns. Asian equity markets rose after the U.S. President announced trade agreements with Japan and the Philippines, easing concerns over the ongoing tariff war. The rally continued, supported by a last-minute trade agreement between the EU and the U.S., along with reports suggesting that the U.S. and China may extend their tariff truce by another 90 days. Gains were further boosted after the U.S. President denied plans to dismiss the Federal Reserve Chair.

Back home, domestic equity markets declined as escalating tariff tensions and fresh threats from the U.S. President dampened hopes for a swift trade resolution, fueling concerns over inflation and a global slowdown. The sell-off deepened amid uncertainty surrounding the India-U.S. trade deal, with negotiations deadlocked over tariff cuts on agricultural and dairy products, raising fears that the Aug 1, 2025, deadline may be missed. Investor sentiment was further weighed down by signs of weakening Q1FY26 earnings among domestic companies and persistent foreign portfolio outflows. The downturn accelerated after the U.S. President announced a 25% tariff on Indian goods, effective Aug 1, 2025, intensifying trade-related anxieties.

In the domestic debt market, bond yields rose in response to an uptick in U.S. Treasury yields and a narrowing liquidity surplus in the domestic banking system, driven by tax outflows. The upward movement in yields was further reinforced as market participants scaled back expectations of a near-term rate cut. This shift in sentiment followed hawkish commentary from the central bank, which emphasized that future monetary policy decisions would be guided more by forward-looking assessments of growth and inflation rather than their current levels.

Outlook

The Indian equity market is currently in a delicate wait-and-watch phase, shaped by global uncertainties and domestic developments. The recent 25% tariff announcement by the U.S. President has added to the volatility, with its full impact hinging on the outcome of a potential bilateral trade agreement between India and the U.S. Meanwhile, domestic factors such as festive season demand, a possible Pay Commission announcement, and the continued transmission of monetary easing are expected to support consumption sentiment in the upcoming quarters, offering a cushion against external shocks.

Domestic debt market enters August amid global trade tensions, notably the 25% tariff by the U.S. on India and potential penalties linked to Russian oil and defense trade, which may pressure exports and the rupee. Domestically, the RBI continues liquidity tightening via Variable Rate Reverse Repo auctions. Medium-term outlook remains constructive, with potential for rate action if growth indicators weaken further, while external risks like crude oil price volatility and global trade disruptions remain key factors influencing sentiment.

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

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

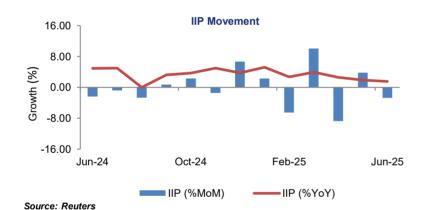




INDIAN ECONOMY

Economic Releases in July-2025				
Key Indicator	Period	Actual	Previous	
Repo Rate	Jul-25	5.50%	5.50%	
Reverse Repo	Jul-25	3.35%	3.35%	
CRR	Jul-25	4.00%	4.00%	
Index of Industrial Production (IIP)	Jun-25	1.50%	1.90%	
Wholesale Price Index Inflation(WPI)	Jun-25	-0.13%	0.39%	
Export (Y-o-Y)	Jun-25	-0.17%	1.57%	
Import (Y-o-Y)	Jun-25	-4.02%	-2.10%	
Source: RBI, Refinitiv				

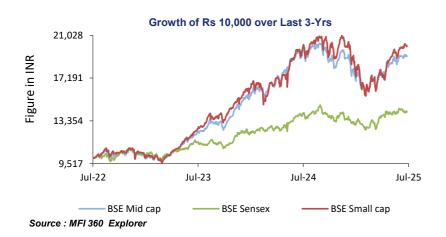




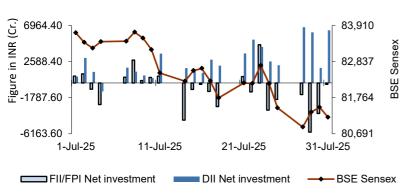
- The total gross Goods and Services Tax (GST) revenue grew by 7.5% YoY and stood at Rs. 1.96 lakh crore in Jul 2025, compared to Rs. 1.82 lakh crore in Jul 2024.
- The Manufacturing Purchasing Managers' Index rose to a 14-month high of 58.4 in Jun 2025, up from 57.6 in May 2025, driven by one of the fastest increases in exports and a record surge in employment.
- India's Services Purchasing Managers' Index (PMI) touched a ten-month high to 60.4 in Jun 2025 from 58.8 in May 2025, aided by robust expansion in international sales and job creation, amid positive demand trends and ongoing improvement in sales. The composite PMI rose to 61 in Jun 2025 from 59.3 in May 2025.
- India's Consumer Price Index (CPI)-based inflation eased to 2.10% YoY in Jun 2025, down from 2.82% in May 2025, driven by lower food prices. This marks the fifth consecutive month that inflation has remained below the Reserve Bank of India's (RBI) 4% target.
- India's merchandise trade deficit narrowed annually to \$18.78 billion in Jun 2025 compared to \$20.84 billion in Jun 2024.
- The Index of Industrial Production (IIP) rose by 1.5% YoY in Jun 2025 from a 1.9% increase in May. The growth was primarily driven by a 3.9% rise in manufacturing output, while electricity generation and mining activity both contracted.
- SEBI has permitted mutual funds, Portfolio Management Services, and Alternative Investment Funds to use National Payments Corporation of India's eKYC Setu system for Aadhaar-based digital KYC verification, previously limited to banks and NBFCs. This move streamlines investor onboarding by enabling identity verification without directly using Aadhaar numbers, reducing operational complexity and data handling risks.
- The RBI stated that implementing real-time credit reporting to Credit Information Companies (CICs) would improve
 underwriting by promptly reflecting borrower actions like loan repayments and closures, thereby enhancing the
 overall consumer experience. Additionally, the RBI is set to introduce a 'grameen' credit score aimed at expanding
 financial inclusion for rural communities, especially self-help groups.
- The government has extended NPS-equivalent tax benefits to employees opting for the Unified Pension Scheme (UPS), aiming to boost its adoption by offering a tax-efficient retirement option within the existing pension framework.
- IRDAI has decided to form new panels to curb regulatory violations such as mis-selling and other malpractices by insurance companies and their intermediaries. These panels, headed by Whole-Time Members, will investigate breaches of regulations by insurers and intermediaries, including agents and brokers.



Indian Equity Market

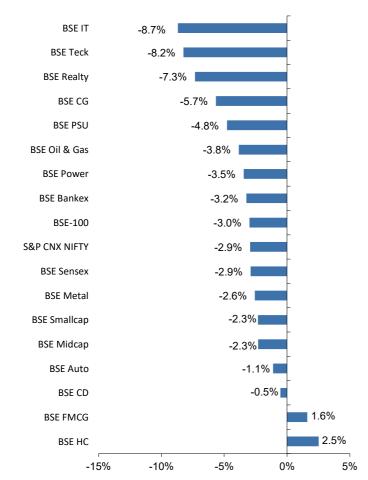


DII, FII Investment & S&P BSE Sensex - July 2025



Source: MFI 360 Explorer

Monthly returns as on July 31 2025



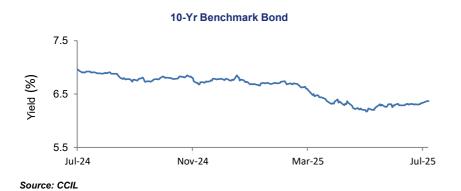
Source: MFI 360 Explorer

- Indian equity markets began July with a cautious tone as investors awaited clarity on the U.S. reciprocal tariff deadline. Hopes for a trade agreement between India and the U.S. kept sentiment in check, but mixed global cues and strong U.S. jobs data of Jun 2025 dampened expectations of a near-term rate cut by the U.S. Federal Reserve. As the deadline approached, markets remained rangebound, reflecting anxiety potential over the imposition of tariffs.
- Midway through the month, the U.S. postponed the implementation of tariffs, which briefly lifted investor sentiment. However, the optimism was short-lived as escalating trade tensions and disappointing Q1FY26 earnings by domestic corporates, particularly from the IT sector, weighed on the markets.
- The announcement of additional U.S. military support to Ukraine added geopolitical concerns to the mix. Despite a brief rally driven by easing domestic inflation, foreign investor selling and weak corporate results continued to pressure equities.
- Toward the end of July, markets remained volatile. The U.S. President's announcement of trade deals with Japan and the Philippines heightened concerns over India's stalled negotiations.
- The proposed 26% tariff on Indian goods and demands for broader agricultural and dairy market access created uncertainty. Although the India–U.K. free trade agreement offered some relief, investor caution persisted. The final days of the month saw a sharp decline as the U.S. confirmed a 25% tariff on Indian goods starting Aug 1, 2025, along with an unspecified penalty related to India's purchases of crude oil and defense equipment from Russia.



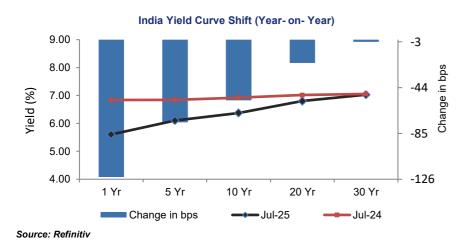
Indian Fixed Income

Indicators (Yield %)	July 31, 2025	June 30, 2025
Call Rate	5.49%	5.50%
FBIL 1 Mn Term Mibor	6.00%	6.02%
10-Yr benchmark bond	6.38%	6.32%
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: Refinitiv

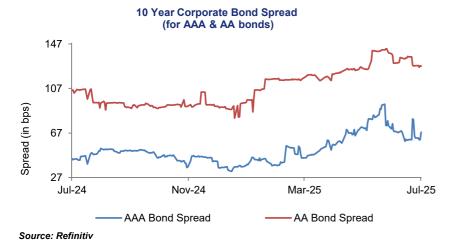


- Bond yields rose in response to an uptick in U.S. Treasury yields and a narrowing liquidity surplus in the domestic banking system, driven by tax outflows. The upward movement in yields was further reinforced as market participants scaled back expectations of a near-term rate cut. This shift in sentiment followed hawkish commentary from the central bank, which emphasized that future monetary policy decisions would be guided more by forward-looking assessments of growth and inflation rather than their current levels.
- Yield on the 10-year benchmark paper (6.33% GS 2035) rose by 6 bps to close at 6.38%, compared with the previous month's close of 6.32%.
- Yields began the month on a declining note, tracking U.S. Treasury movements and supported by falling crude prices and abundant domestic liquidity. This was followed by a brief phase of stability, as investors awaited clarity on the RBI's liquidity stance and key U.S. economic data.
- Mid-month, yields rose due to narrowing banking system liquidity, and the RBI's short-term liquidity withdrawal operations. However, lower-than-expected domestic inflation data for Jun 2025 helped temper the upward pressure, keeping yields largely steady.
- Toward the end of the month, yields rose again, pressured by narrowing liquidity due to tax outflows and hawkish commentary from the RBI Governor, which tempered expectations of a near-term rate cut.
- However, value buying helped stabilize yields toward month-end, as market participants remained cautious and awaited further cues.



Liquidity Monitor- M3 Supply and Net Borrowings 14 480,000 360,000 12 Crore 240,000 10 120,000 in (%) 8 6 -120,000 -240,000 2 -360,000 0 -480,000 Jul-23 Jan-24 Jul-24 Jan-25 Jul-25 M3 Supply - Net Borrowings

Source: Refinitiv



5.57%, respectively, during the month under review compared with the average yield 5.43%, 5.51% and 5.54%, respectively in the previous month.
The RBI also conducted auction of state development loans (SDL) for a total notified amount of Rs. 99,050 crore (for which amount of Rs. 96,769 was accepted), which is lower than the scheduled amount of Rs. 1,02,900.00 crore during

previous month.

 In addition, the RBI also conducted auction of government securities for a notified amount of Rs. 1,20,000 crore in Jul 2025, for which full amount was accepted with no devolvement on primary dealers.

Jul 2025. The average cut-off yield of 10-year SDL remained

at 6.87% during Jul 2025 compared to 6.71% in the

The central bank of India conducted auctions of 91-, 182-

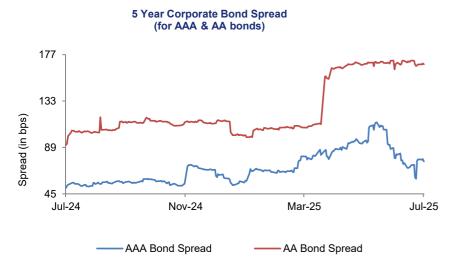
and 364-days Treasury Bills for a notified amount of Rs.

1,01,000 crore in Jul 2025, compared to Rs. 76,000 crore in

the previous month. The average cut-off yield of 91-, 182-

and 364-days Treasury Bills stood at 5.39%, 5.53% and

Movements of Key Policy Rates in India 8.0 6.0 2.0 Jul-23 Mar-24 Nov-24 Jul-25 Reverse Repo Repo CRR



Source: Refinitiv

Source: RBI



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GLOBAL EQUITY MARKET

Performance of Major International Markets (as on July 31,2025)			
Indices	Country	1 Mth (%)	
United States			
Nasdaq 100	U.S.	2.38	
Nasdaq Composite	U.S.	3.70	
Asia Pacific			
SET Composite Index	Thailand	14.02%	
Jakarta Composite	Indonesia	8.04%	
Straits Times Index	Singapore	5.28%	
KOSPI Index	South Korea	5.66%	
Nikkei Stock Average 225	Japan	1.44%	
Taiwan SE Weighted Index	Taiwan	5.78%	
Shanghai Composite Index	China	3.74%	
BSE Sensex	India	-2.90%	
S&P/ASX 200	Australia	2.35%	
Europe			
FTSE 100	U.K.	3.51%	
CAC 40	France	1.38%	
DAX Index	Germany	0.65%	
Source: MFI 360 Explorer & Refinitiv			

United States

 U.S. equity markets rose following the release of a closely watched Labor Department report showing that employment in the U.S. increased more than expected in Jun 2025. The market rose further supported by strongerthan-expected U.S. retail sales growth in Jun 2025 and a decline in jobless claims for the week ended Jul 12, 2025.

Europe

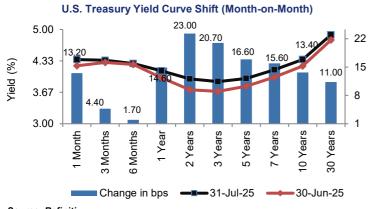
 European equity markets mostly rose, supported by the region's central bank maintaining interest rates amid easing inflation trends. Investor sentiment also improved on expectations of a U.S.—EU trade agreement. Further gains were driven by robust U.S. economic data and strong tech earnings, which helped ease tariff-related concerns.

Asia

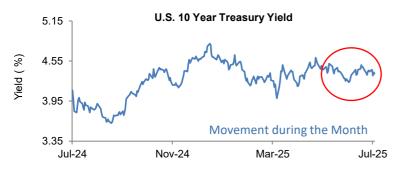
Change in bps

• Asian equity markets rose after the U.S. President announced trade agreements with Japan and the Philippines, easing concerns over the ongoing tariff war. The rally continued, supported by a last-minute trade agreement between the EU and the U.S., along with reports suggesting that the U.S. and China may extend their tariff truce by another 90 days. Gains were further boosted after the U.S. President denied plans to dismiss the Federal Reserve Chair.

GLOBAL FIXED INCOME - U.S. TREASURY



Source: Refinitiv



Source: Refinitiv

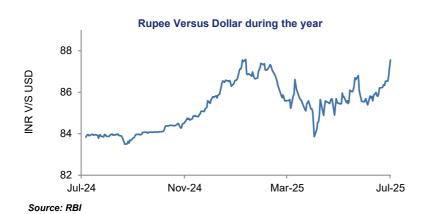
- Yields on the 10-year U.S. Treasury rose by 13 bps to close at 4.36% from the previous month's close of 4.23%.
- U.S. Treasury prices fell after data showed that the world's largest economy added more jobs than expected in Jun 2025, reinforcing the Federal Reserve's cautious stance on cutting interest rates this year.
- Prices declined further after the U.S. Federal Reserve Chair stated it was too early to determine whether the central bank would lower rates in Sep 2025.
- However, losses were limited by optimism surrounding a trade deal with Japan and the potential for an agreement with the European Union, which triggered a risk-on sentiment across global equity markets and prompted a shift from bonds to equities.





CURRENCY

Movement of Major Currencies (as on July 31, 2025)				
Currency	Value (as on 31-Jul-2025)	1 Mth	3 Mth	1 Yr
U.S. Dollar	87.55	85.54	85.05	83.74
Pound Sterling	116.24	117.47	113.88	107.55
Euro	100.25	100.45	96.74	90.62
Yen (Per Rs.100)	59.00	59.00	60.00	55.00
Source: RBI				



COMMODITIES

Performance of Various Commodities					
Commodities	Last Closing (31-Jul-25)	Returns (in %)			
Commodities		1 Wk	1 Mth	6 Mth	1 Yr
Crude Brent (\$/Barrel)	75.03	4.45	5.47	-4.05	-9.36
Gold (\$/Oz)	3290.02	-2.31	-0.40	17.46	34.39
Gold (Rs/10 gm)	98068.00	-0.38	2.50	19.89	42.03
Silver (\$/Oz)	36.74	-5.99	1.83	17.37	26.52
Silver (Rs/Kg)	110005.00	-4.20	4.05	18.04	32.83
Source: Refinitiv					_



INR

• The Indian rupee fell in spot trade against the U.S. dollar, pressured by a negative trend in domestic equities and foreign fund outflows that weighed on investor sentiment. Additional pressure stemmed from concerns over a potential steep tariff hike on Indian exports by the U.S. Losses were further exacerbated by a surge in crude oil prices and strong demand for the greenback.

EURO

• The euro fell against the U.S. dollar, weighed down by strong U.S. economic data suggesting the Federal Reserve may delay further interest rate cuts. The currency declined further following better-than-expected U.S. GDP figures for the second quarter of 2025 and the Fed's decision to hold interest rates steady at its Jul meeting. Losses deepened after U.S. consumer prices rose in Jun 2025, reinforcing expectations of tighter monetary policy.

Crude

• Brent crude oil prices rose as investors reacted to geopolitical tensions and potential trade restrictions targeting Russian energy exports. Prices were further supported by the U.S. decision to shorten the deadline for Russia to finalize an agreement with Ukraine from 50 days to less than 12 triggering supply-side concerns. Additional gains were driven by robust seasonal demand and persistent geopolitical risks in the Middle East.

Gold

• Gold prices fell as optimism surrounding trade talks weakened their safe-haven appeal. The decline was further driven by reports of a potential U.S.—EU tariff agreement, which reduced demand for safe-haven assets and reflected shifting investor sentiment amid improving global trade prospects. Additionally, prices dropped after the U.S. Federal Reserve held interest rates steady on Jul 30, 2025, while strong U.S. economic data raised expectations that rate cuts may be delayed until later in the year. However, losses were limited following the U.S. President's announcement of new tariffs on Canada and broader threats of tariffs against other trading partners, which dampened investor appetite for riskier assets.



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

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