## **GST CUTS & TARIFFS IN FOCUS** August saw key policy signals with GST reforms announced as a Diwali gift

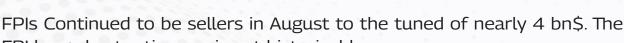
MARKETS PAUSE, POLICY SHIFTS AHEAD:

to boost consumption, even as US tariffs on Indian exports added pressure. India's GDP surged 7.8% in Q1 FY26, inflation cooled to multi-year lows at 1.6%, and GST collections touched ₹1.86 trillion. Equity markets lagged (Nifty -1.4%, Midcap -2.9%, Smallcap -4.1%) despite record SIP inflows of ₹28,464 Cr, while global indices hit fresh highs. **READ MORE** 

# MOMENT OF THE MONTH

### **GST Reform:** Prime Minister Narendra Modi on Independence Day, announced GST reforms as READ MORE

- Modi-Xi Summit: On August 31, PM Narendra Modi met China President Xi Jinping at the READ MORE
- **US Tariff:** On August 27, 2025, Trump administration imposed additional 25% tariff on Indian exports, linking it to l
- US GDP for Q2 was revised to 3.3%, up from an initial estimate of 3%. This revision is led by READ MORE
  - Source: Bloomberg/RBI



## FPI long short ratio remains at historical low.

**WHO MOVED MARKETS** 

Source: Bloomberg

WHAT NEXT?

### Credit Rating Upgrade: S&P upgraded India's sovereign rating to BBB, citing fiscal consolidation and growth resilience

**ECONOMY CHECK** 

GST collection for August came in at INR 1.86 trillion, 6.5% growth over last year.

expectations, led by big jump in the services sector.

though RBI intervention helped stabilize volatility.

devolution to states) declined 7.5%.

have been muted on lower expectations.

in the green and US Indices making new highs.

Realty, Pharma, BFSI underperformed Nifty.

India's GDP grew by 7.8% in Q1FY26, significantly higher than

- IIP growth in July increased to 3.5% vis a vis June at 1.5%. India's CPI fell to 1.6% in August, marking a new multi-year low, driven by
- continued cooling in food prices and subdued core inflation The INR weakened slightly, reflecting trade tensions and capital outflows,
- India's fiscal deficit widened to Rs 4,684 bn for Apr-Jul FY26, ~30% of the budget FY26. Increase in deficit was driven by lower net tax receipts, increase in capex (to support growth) and higher interest payments.

Non-tax revenues grew by 34% (led by RBI dividend), net tax revenue (post

**MARKETS** 

Indian markets remained weak in August 2025, Nifty was down 1.4%, Midcap index down 2.9% and Smallcap index down 4.1%. The Q1 results

Global markets remain firm for the month with many global indices ending

Among the Nifty sectoral indices, Nifty Auto, FMCG, IT outperformed while

Domestic Flows: Active equity funds saw record inflows of ₹42,702 Crore

- of which 30,416 crores came via NFOs. Gross SIP flows in July 2025 scaled a record of ₹28,464 Crore.
- Source: Bloomberg Data as of August 2025

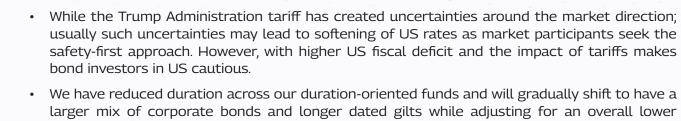
Source: Internal Research

### SUMMARIZING OUR THOUGHTS • We believe that a large part of the downward trend in domestic rates have already happened.

Any large rate downward movement may be a result of an exogenous shock or the domestic

We would be wary of inflation, predominately the commodities basket to potentially move up

**SUMMARY** 



possibly the wholesale inflation numbers and possibly feeding into core inflation.

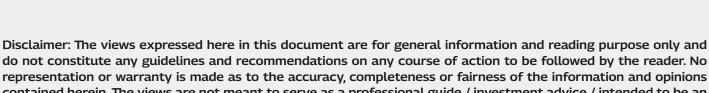
economy moving to an extremely slow growth.

Source: Internal Research

- every month to build your dreams.

The information contained herein is not for distribution and do not constitute an offer to buy or sell or soliciation of an offer to buy or sell any schemes/Units of Mahindra Manulife Mutual Fund / securities in the United States of America (US) and/or Canada or for the benefit of US Persons (being persons failing within the definition of the term "US Person" under the US Securities Act of 1933 or as defined by the U.S. Commodity Futures Trading Commission, as amended) or residents of Canada as defined under applicable laws of Canada

Mutual Fund investments are subject to market risks, read all scheme related documents carefully Follow us on 022-6632-7900 or www.mahindramanulife.com 1-800-419-6244 Disclaimer: The views expressed here in this document are for general information and reading purpose only and do not constitute any guidelines and recommendations on any course of action to be followed by the reader. No



Month by Month, SIP by SIP.

#Switch2MahindraManulifeSIP

mfinvestors@mahindramanulife.com

contained herein. The views are not meant to serve as a professional guide / investment advice / intended to be an offer or solicitation for the purchase or sale of any financial product or instrument or mutual fund units for the reader. This document has been prepared on the basis of publicly available information, internally developed data and other sources believed to be reliable. While utmost care has been exercised while preparing this document, Mahindra Manulife Investment Management Private Limited (AMC) does not warrant the completeness or accuracy of the information and disclaims all liabilities, losses and damages arising out of the use of this information. The data/statistics given in the document are to explain general market trends in the securities market, it should not be construed as any research report/research recommendation. Readers of this document should rely on information /data arising out of their own investigations and advised to seek independent professional advice and arrive at an informed decision before making any investments. Neither Mahindra Manulife Mutual Fund, the AMC nor Mahindra Manulife Trustee Private Limited its directors or associates shall be liable for any damages that may arise from the use of the information contained herein.

Disclaimer: The information contained herein is not for distribution and do not constitute an offer to buy or sell or solicitation of an offer to buy or sell any schemes/ Units of Mahindra Manulife Mutual Fund / securities in the United States of America ('US') and/or Canada or for the benefit of US Persons (being persons falling within the definition of the term "US Person" under the Securities Act of 1933 of the United States or as defined by the U.S. Commodity Futures Trading Commission, as amended)

Cno.02558