

Macro Trend

Shaping the Future of Financial Economics from SSL Research Desk

Tuesday, 03 June 2025

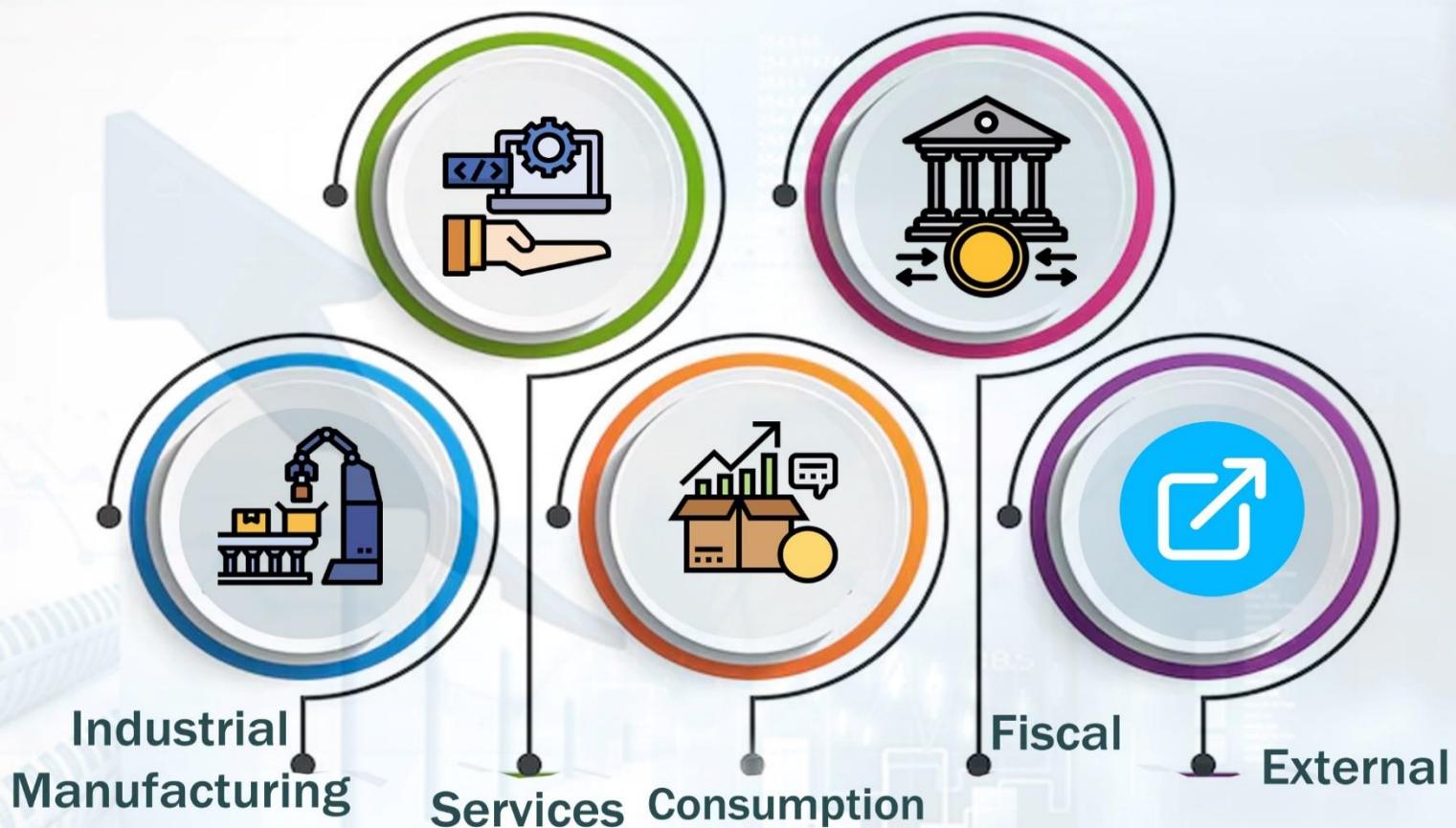


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1. India GDP



Key Observations:

- India's GDP growth slowed to 7.4% in Q4 FY25, down from 8.4% in the same quarter last year, bringing the full-year growth to 6.5% for FY2024-25, as per NSO data.
- The annual growth rate of 6.5% slightly exceeded market expectations of 6.3% and matched the RBI's projection for the fiscal year.
- This compares with a robust 9.2% growth in FY2023-24, when India retained its position as the fastest-growing major economy.

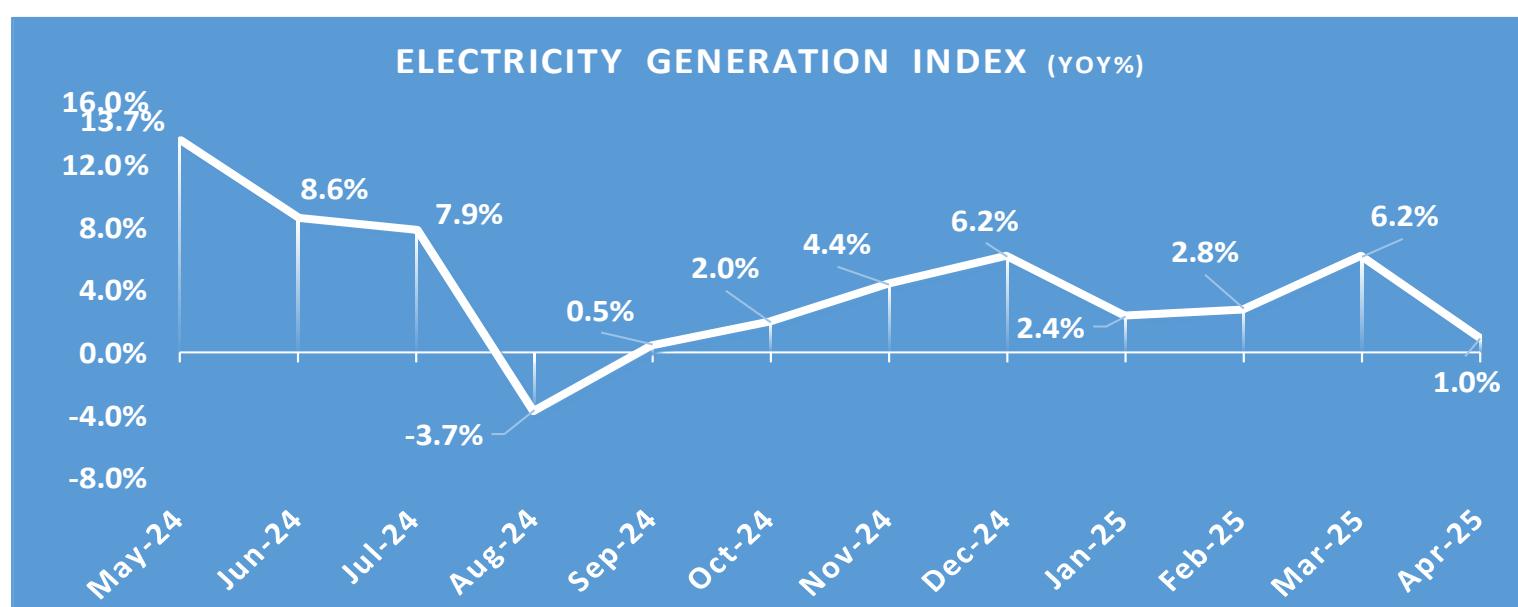
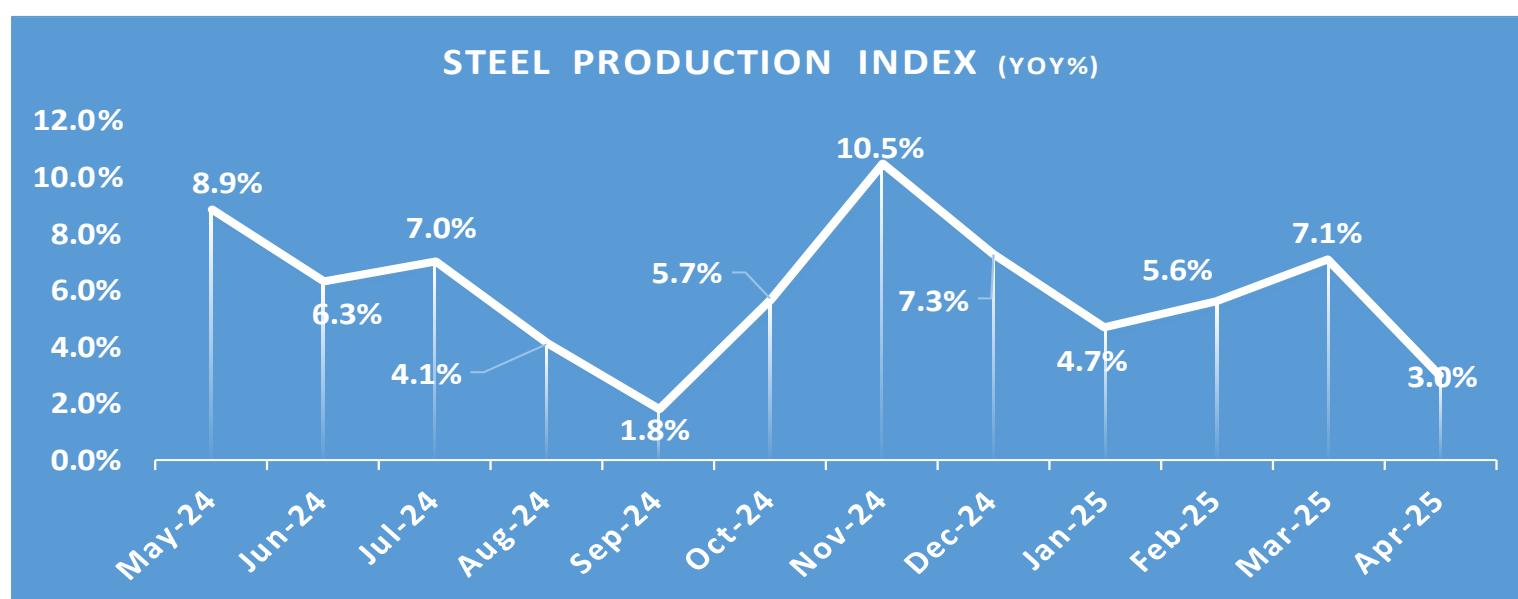
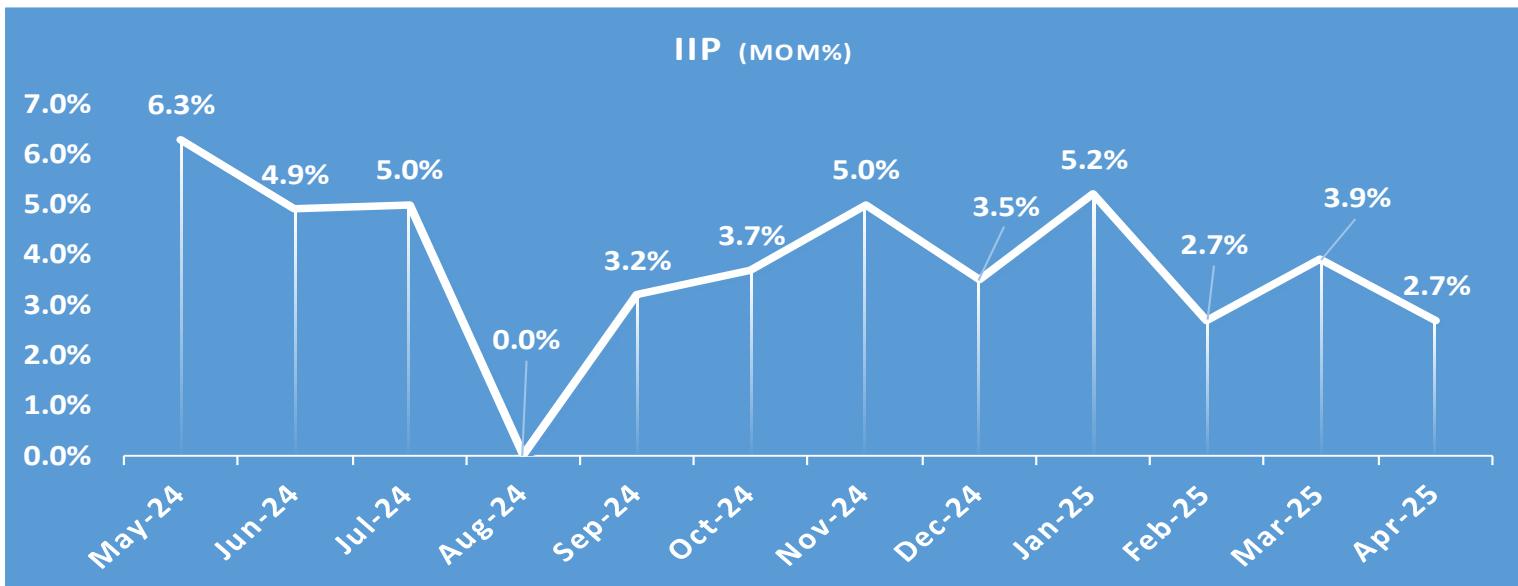
IMF Growth Projections

Growth Outlook	Projections	
(%)	2025	2026
World	2.8	3.0
Advance Economics	1.4	1.5
USA	1.8	1.7
Germany	0.0	0.9
France	0.6	1.0
Japan	0.6	0.6
UK	1.1	1.4
Canda	1.4	1.6
EMDE	3.7	3.9
China	4.0	4.0
India	6.5(Actual)	6.3
Russia	1.5	0.9
Brazil	2.0	2.0

Source: IMF World Economic Outlook, April 2025. EMDE -Emerging Markets Developing Economies



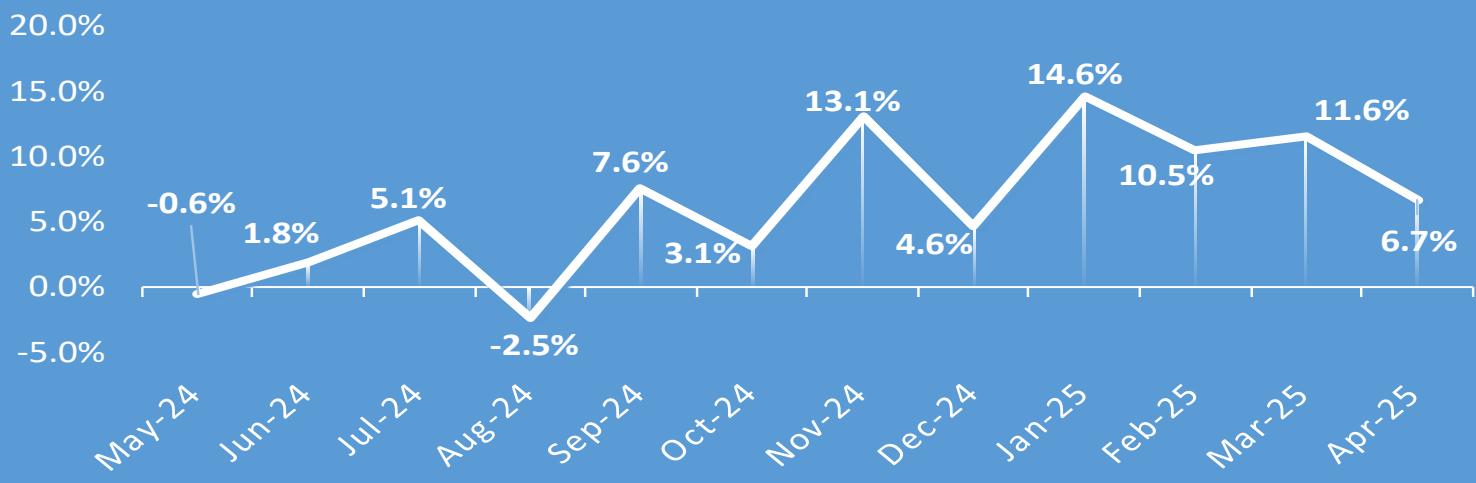
2. Index of Industrial Production (IIP)



PETROLEUM REFINERY INDEX (YOY%)



CEMENT PRODUCTION INDEX (YOY%)



Key Observations:

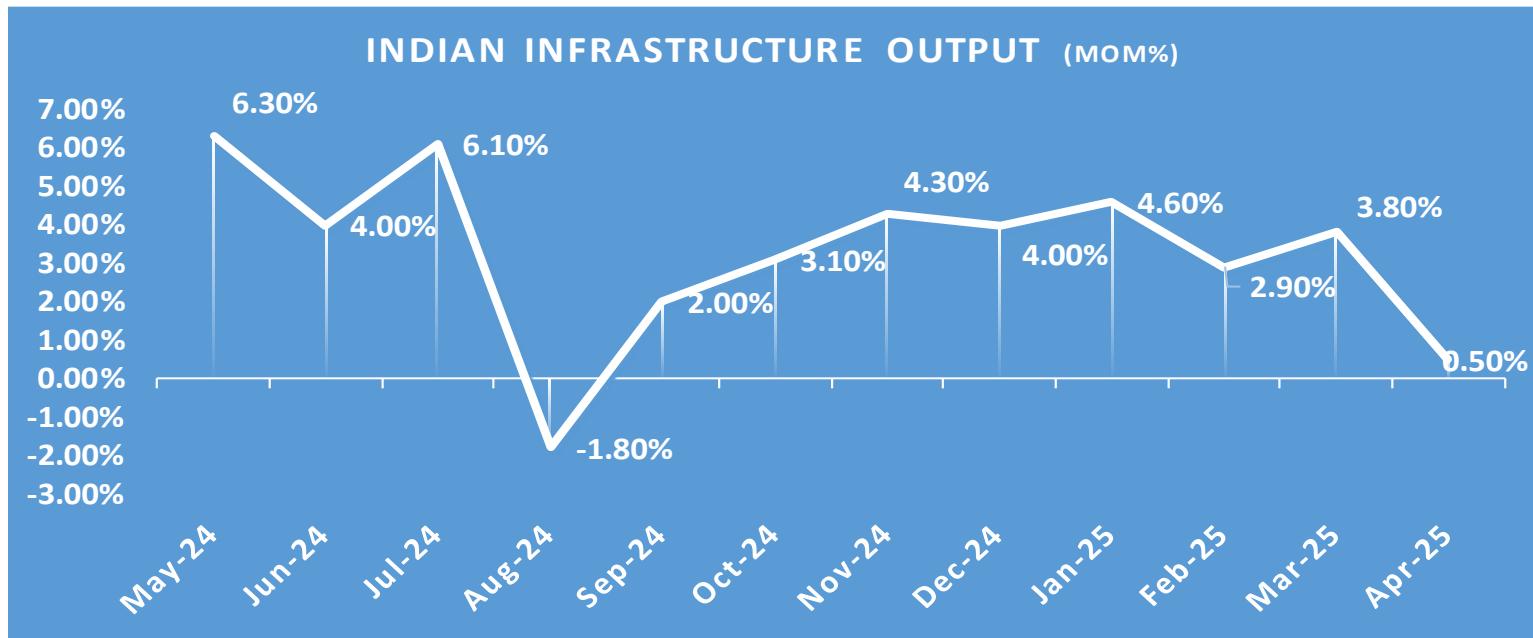
- Core sector growth fell to an 8-month low of 0.5% YoY in April 2025, down from 3.8% in March, largely due to a heatwave disrupting industrial activity and a high base effect from last year.
- Industrial Production (IIP) growth also slowed to 2.7% YoY in April, with manufacturing and electricity output rising 3.4% and 1.1% respectively, while mining activity contracted by 0.2%.
- On a use-based classification, capital goods surged 20.3%, while consumer durables and construction goods rose 6.4% and 4.9% respectively; however, consumer non-durables declined by 1.7%.

Impact Sector – Manufacturing, Electricity and Capital Goods: Positive

Mining, Consumer Non-Durables: Negative



3. India's Infrastructure Output

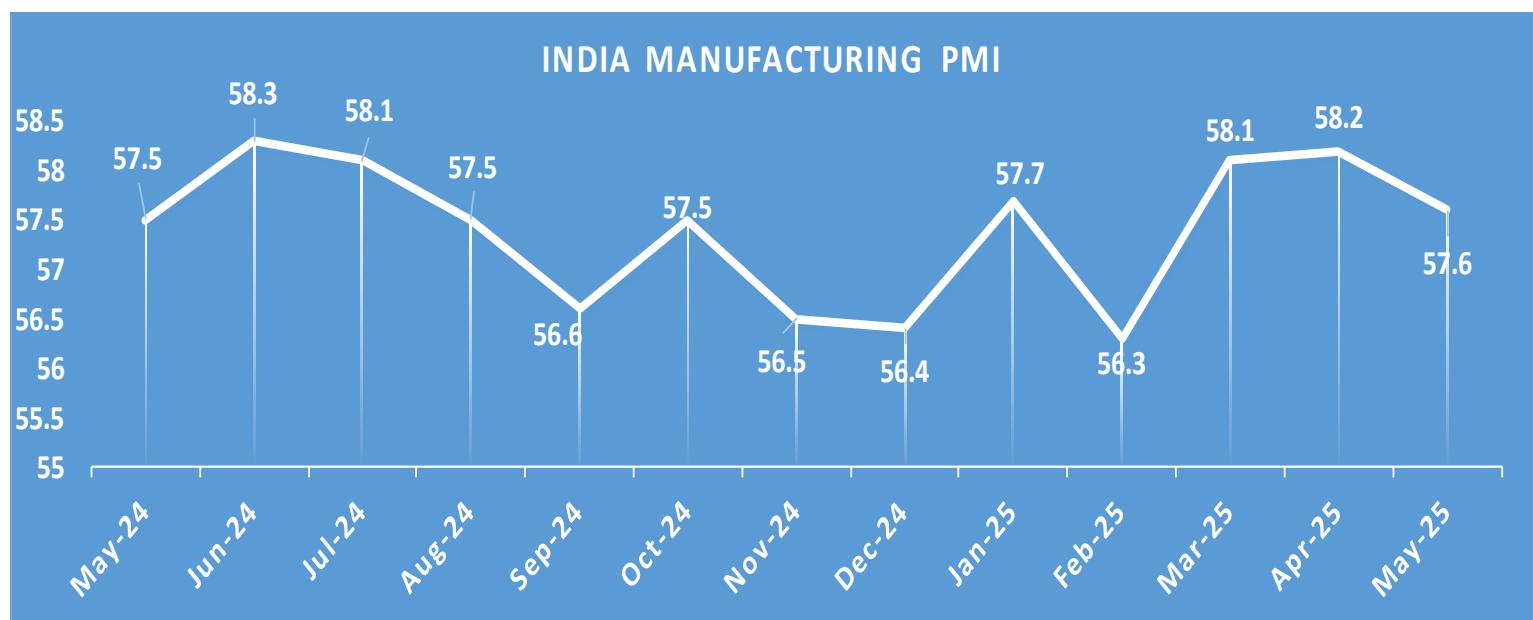


Key Observations:

- Growth in the 8 Core Industries Index fell to an 8-month low of 0.5% YoY in April 2025, down from 3.8% YoY in March, due to a high base and reduced industrial activity amid nationwide heatwaves. Industrial Production, as per the IIP, also moderated to 2.7% YoY in April, the weakest in eight months, compared to 3.0% YoY in March.
- Sector-wise, manufacturing and electricity output rose 3.4% and 1.1% YoY, respectively, while mining activity declined by 0.2% YoY. Among use-based industries, capital goods output jumped 20.3% YoY, consumer durables by 6.4%, and construction goods by 4.9%, whereas consumer non-durables fell 1.7% YoY.

Impact Sector – Manufacturing: Positive

4. Purchasing Managers' Index (PMI)

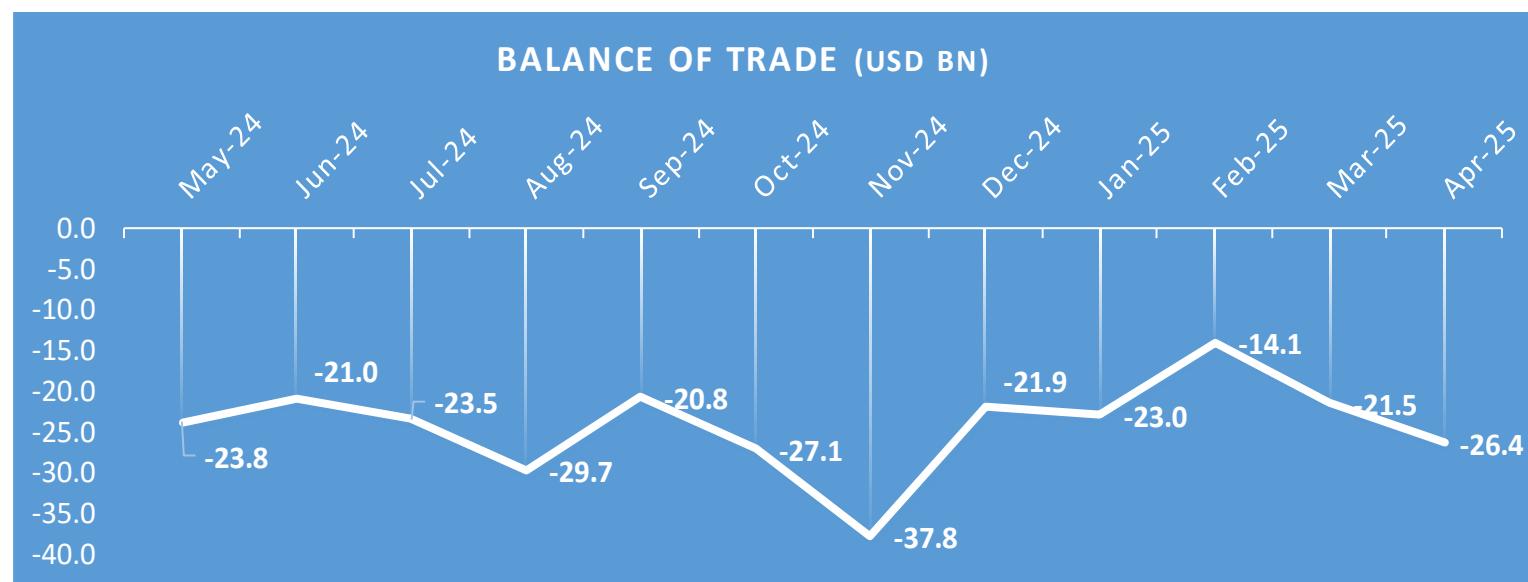


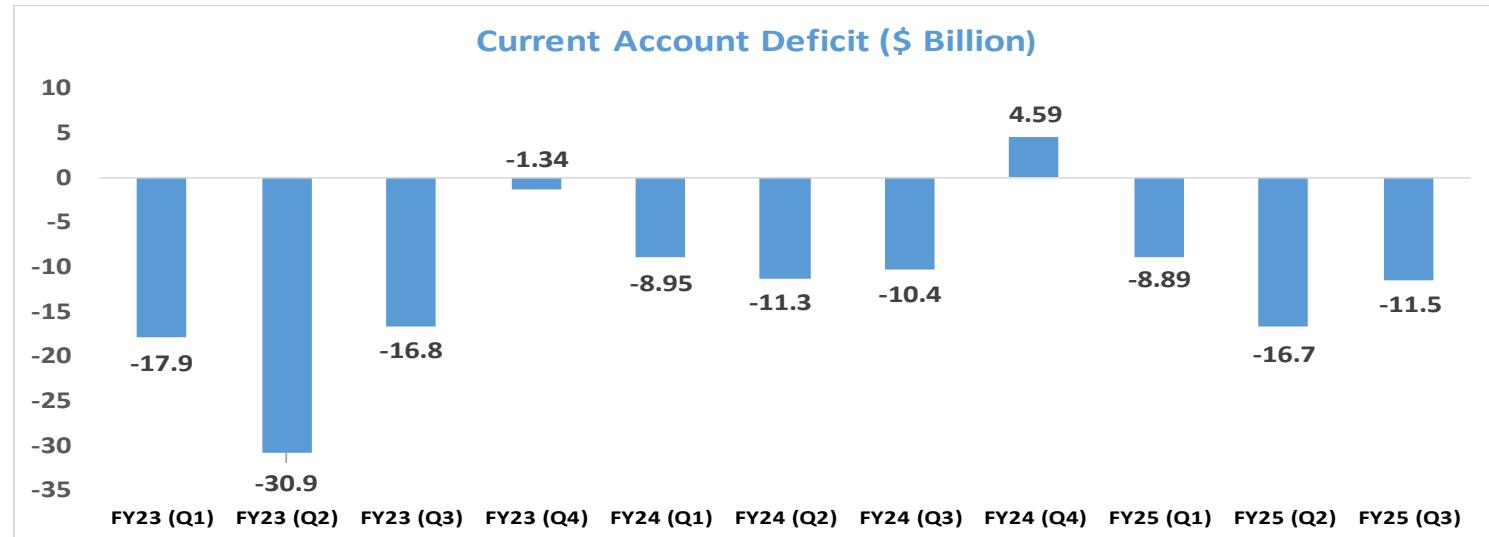
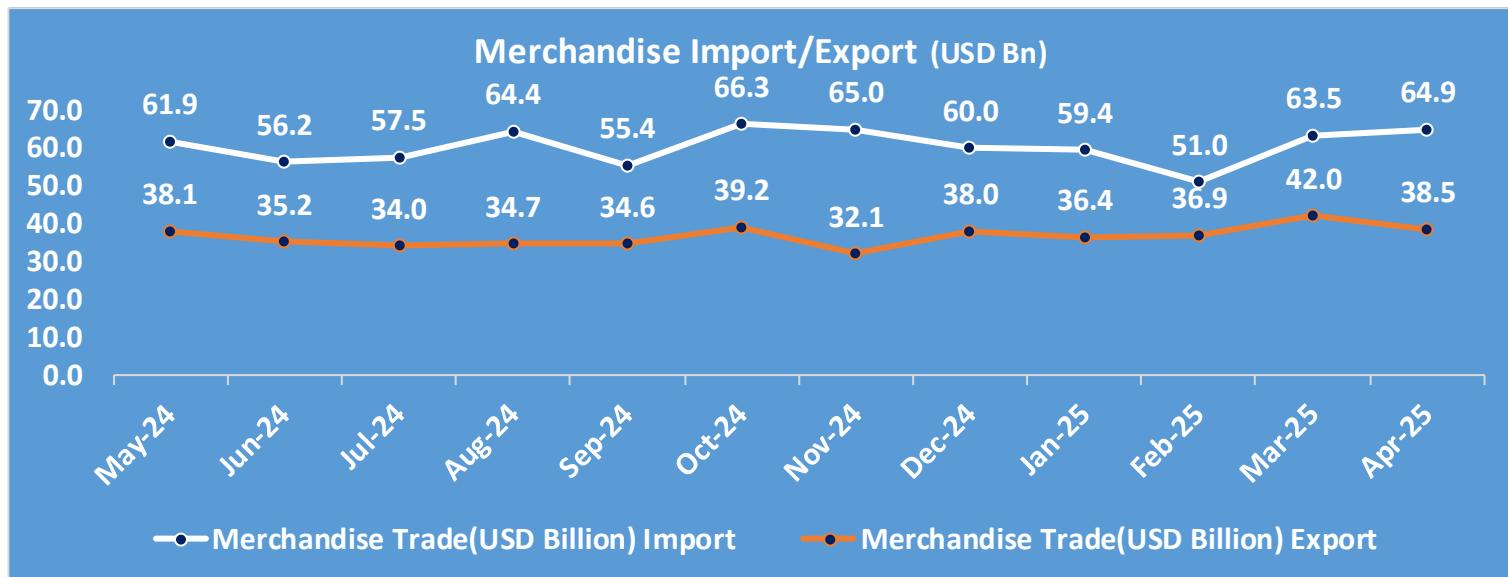


Key Observations:

- The HSBC India Manufacturing PMI was revised down to 57.6 in May 2025 from 58.2 in April, marking a three-month low but still indicating strong business conditions. While output and new order growth softened slightly due to inflation, competition, and India-Pakistan tensions, employment hit a record high, supply chains improved, and firms hiked selling prices amid rising input costs and solid demand.
- The HSBC India Services PMI rose to 61.2 in May 2025 from 58.7 in April, the fastest expansion since March 2024. Growth was driven by strong domestic and international demand, accelerating new orders, rising employment, and higher selling prices, while business sentiment remained upbeat on improving market conditions. **Impact Sector – Manufacturing and Services: Neutral to Positive**

5. Balance of Trade





Key Observations:

- India's merchandise trade deficit widened to a 5-month high of USD 26.4 billion in April 2025, as export growth (+9.0% YoY) lagged significantly behind import growth (+19.1% YoY).
- Exports stood at USD 38.5 billion, rising 9.0% YoY but falling 8.3% MoM, while imports rose to USD 64.9 billion, up 19.1% YoY and 2.2% MoM; key export gains came from electronics (+39.5%), engineering goods (+11.3%), and gems & jewelry (+10.7%), while chemical exports fell 9.1% YoY.
- Major import drivers included electronic goods (+31.2%), petroleum and crude products (+25.6%), and machinery (+23.3%); after accounting for services trade, the adjusted trade deficit stood at USD 8.6 billion.
- India's current account deficit (CAD) rose slightly to \$11.5 billion (1.1% of GDP) in Q3FY25 from \$10.4 billion (also 1.1% of GDP) a year earlier, driven by a higher merchandise trade deficit, though it remained below Q2FY25's 1.8% of GDP and ICRA's forecast of 1.4%.

Impact Sector – Port & Port Related Services, Drug & Pharmaceuticals, Electronic Goods- Positive

Petroleum product and Engineering Goods – Neutral to Negative

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6. Air Passenger Traffic in India

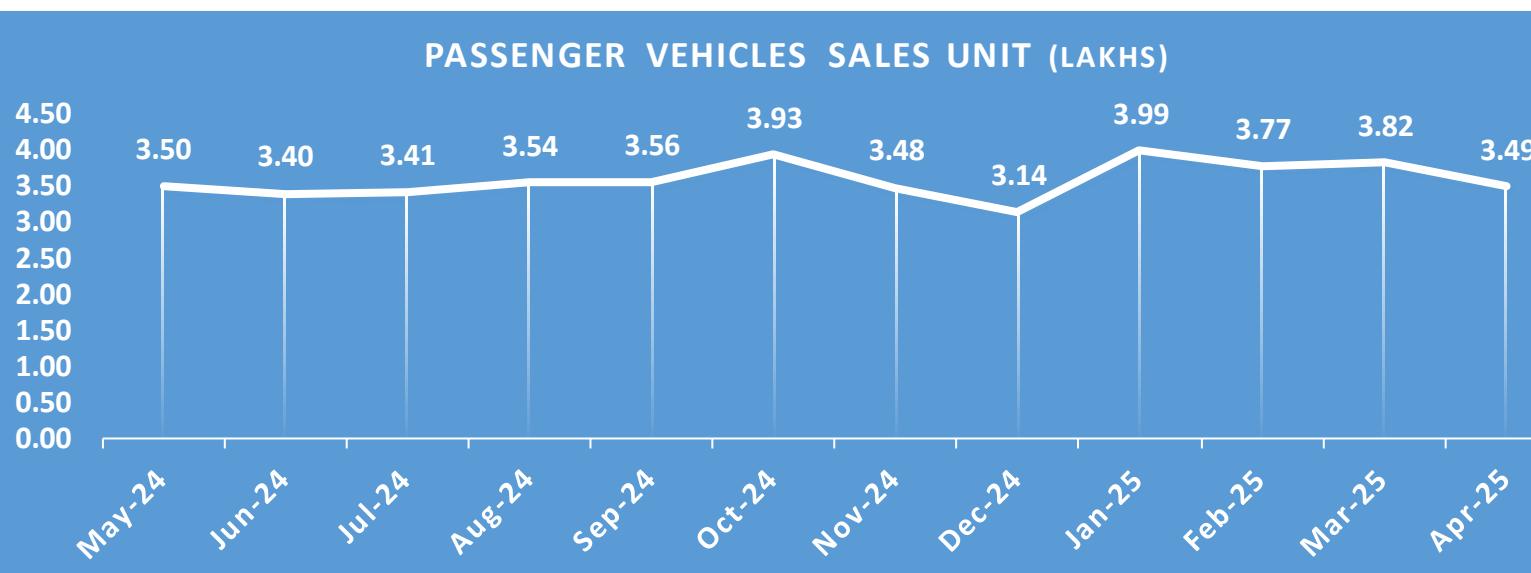


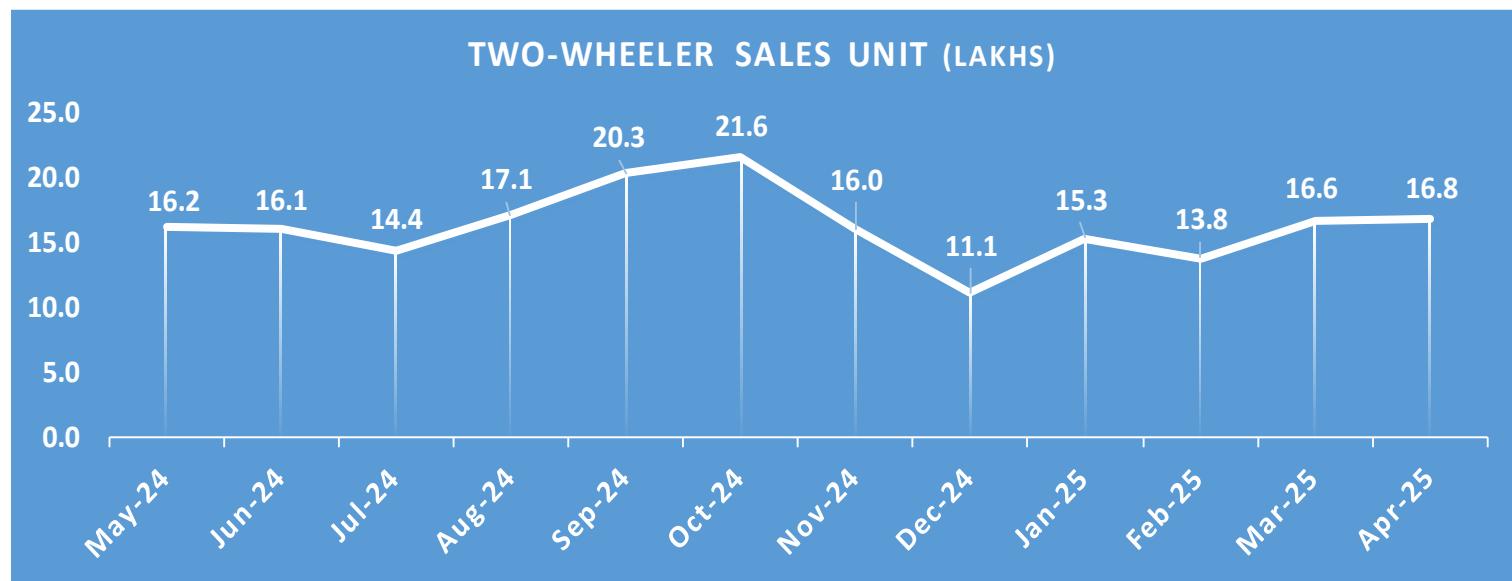
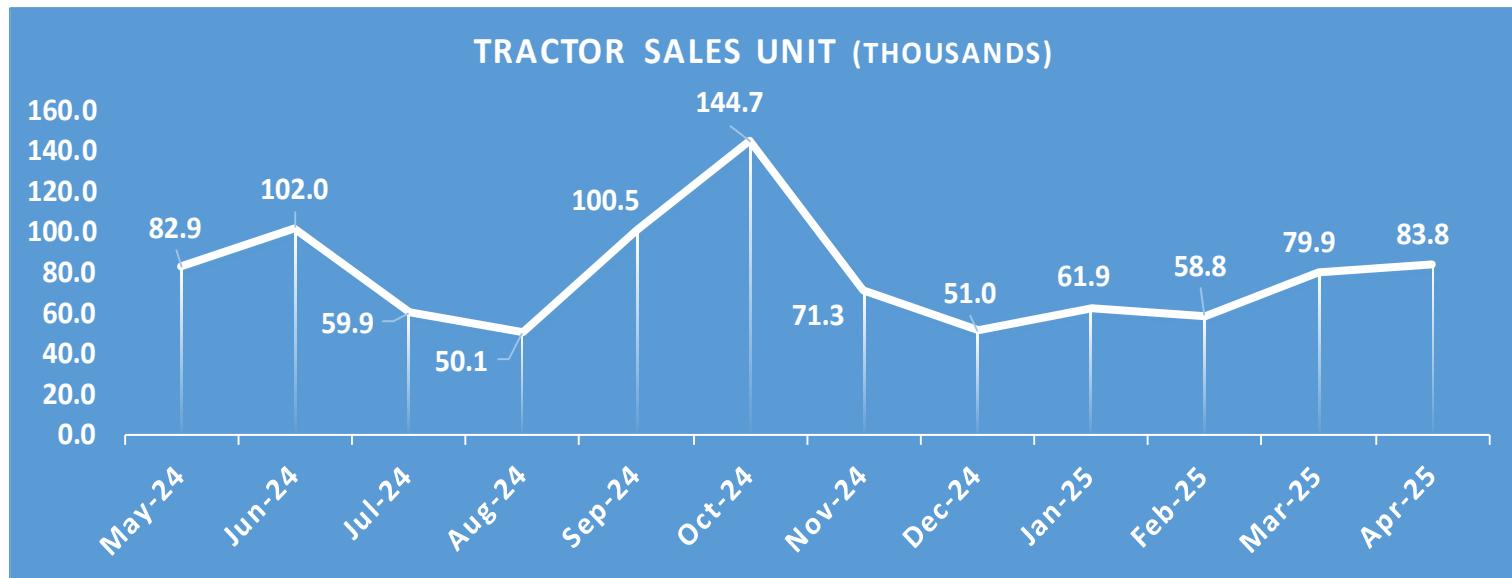
Key Observations:

- Domestic air traffic rose by 8.8% YoY in April 2025 to 1.44 crore passengers, maintaining its growth momentum despite minor disruptions in the last week due to the Pahalgam terror attack.
- For FY25, total domestic passenger traffic reached 16.5 crore, registering a 10.4% YoY growth.
- In terms of market share for April 2025: IndiGo led with 64.1% (+10 bps MoM), followed by Air India at 27.2% (+50 bps), Akasa Air at 5.0% (unchanged), SpiceJet at 2.6% (-70 bps), and Others at 1.1% (+10 bps).

Impact Sector – Aviation and Tourism - Positive

7. Automobile Domestic Sales Trends





Key Observations:

- Domestic tractor sales in India rose by 8.05% YoY in April 2025 to 83,131 units, up from 76,939 units in April 2024. Led by **M&M** Group which saw a 7.57% rise with 38,516 units sold, while **TAFE** Group posted an 11.23% growth at 14,462 units.
- In April 2025, domestic passenger vehicle retail sales in India rose by 1.55% YoY to 3,49,939 units. **Maruti Suzuki** led with 1,38,704 units but saw a dip in market share to 39.44%, while **Mahindra & Mahindra** grew strongly with 52,330 units sold. **Tata Motors** and **Hyundai** both registered slight declines, selling 45,199 and 44,374 units respectively.
- **Hero MotoCorp** maintained its leadership in India's two-wheeler retail market in April 2025, selling 5,11,687 units and securing a 30.34% market share—over one lakh units ahead of **HMSI**. **TVS Motor** and **Bajaj Auto** followed with 3,09,274 and 1,83,069 units, respectively. The overall two-wheeler market saw robust growth, rising 11.84% from March 2025 and 2.25% YoY, driven by strong demand and positive consumer sentiment.

Impact Sector – Auto and Auto Ancillary Sectors - Positive

8. Bank Loan and Deposit Growth

BANK LOAN GROWTH (TRILLIONS. RS.)



BANK DEPOSIT GROWTH (TRILLIONS. RS.)

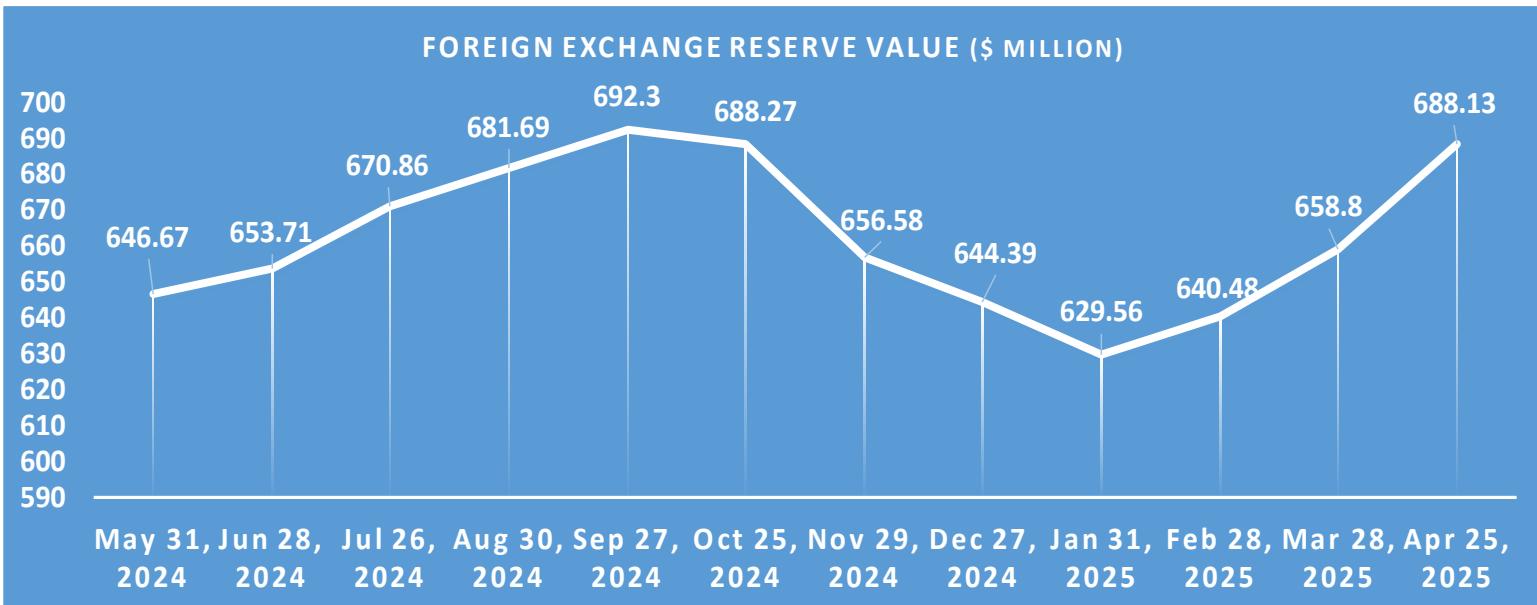


Key Observations:

- Bank credit growth remained strong in April 2025, rising by 13.3% year-on-year, while deposit growth slowed to a 7-month low of 10.5% YoY, compared to 13.4% in March.
- The credit-to-deposit ratio edged down by 22 basis points month-on-month to 79.7% in April from 79.9% in March 2025.
- As per March 2025 sectoral data, credit to agriculture rose 10.4% YoY (vs 20% in Mar'24), industrial credit grew 8% YoY, services credit increased 13.4% YoY (vs 20.8%), and personal loan growth moderated to 14% YoY (vs 17.6%). Data for April 2025 is yet to be released by the RBI.

Impact Sector – Banking – Neutral to Positive

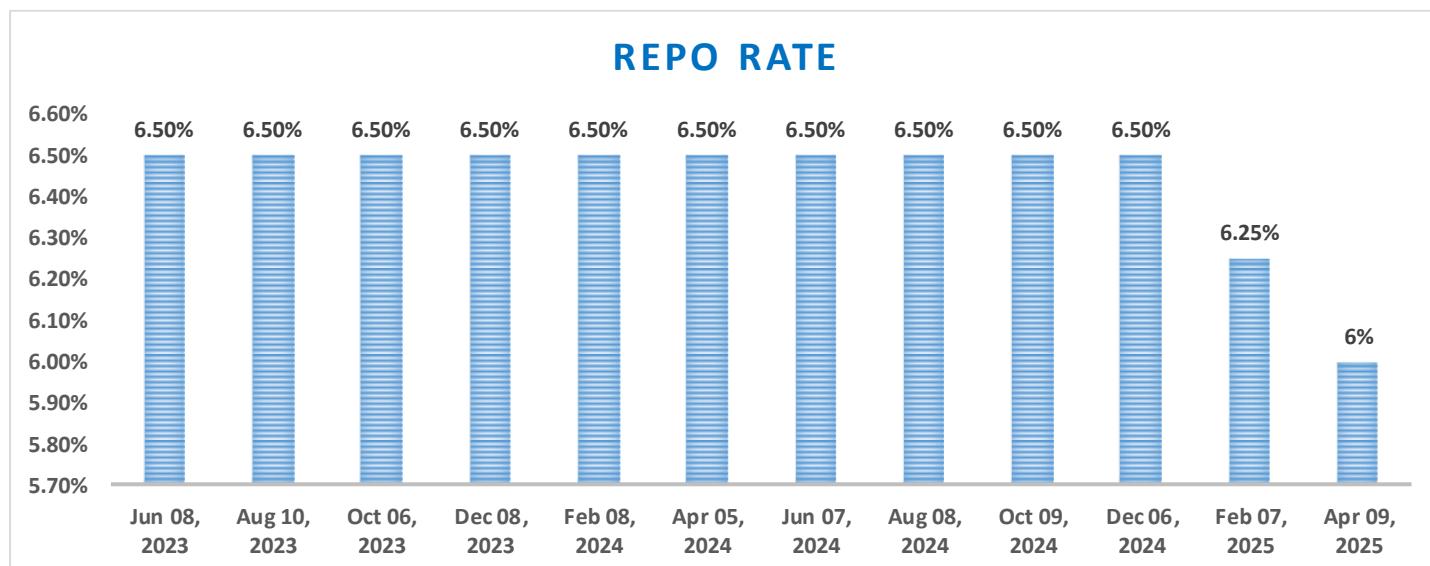
9. Foreign Exchange Reserves in India



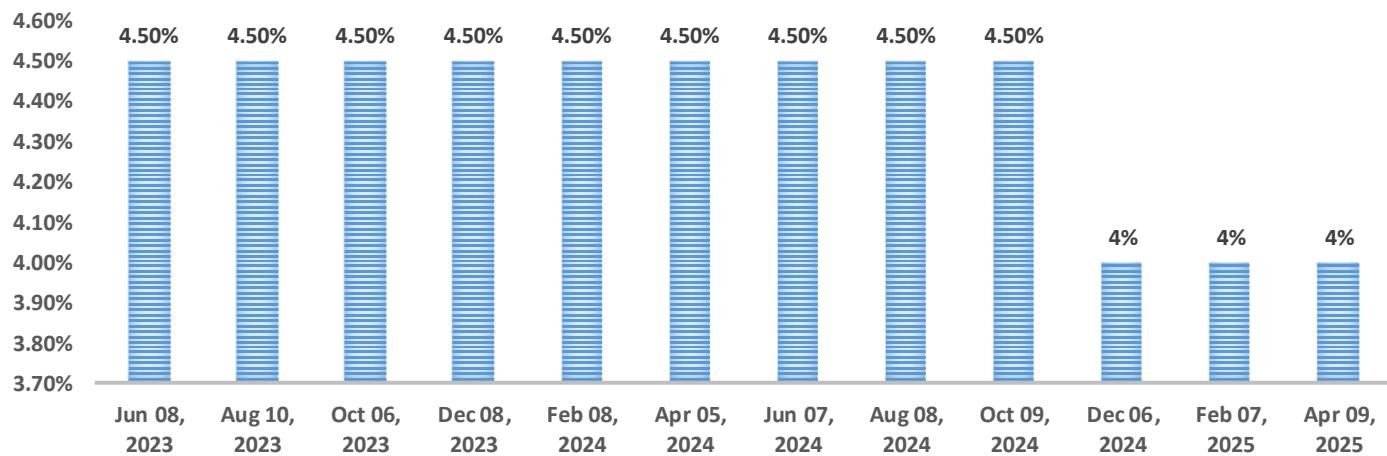
Key Observations:

- India's foreign exchange reserves rose to a six-month high of \$688.13 billion, marking a 4.45% increase from March, driven by strong FII inflows late in the month and rupee appreciation against the dollar. The current reserves offer an import cover of approximately 11 months. Additionally, central banks are increasingly diversifying away from the US dollar to mitigate risks associated with potential dollar devaluation.

10. Monetary Policy in India



CASH RESERVE RATIO

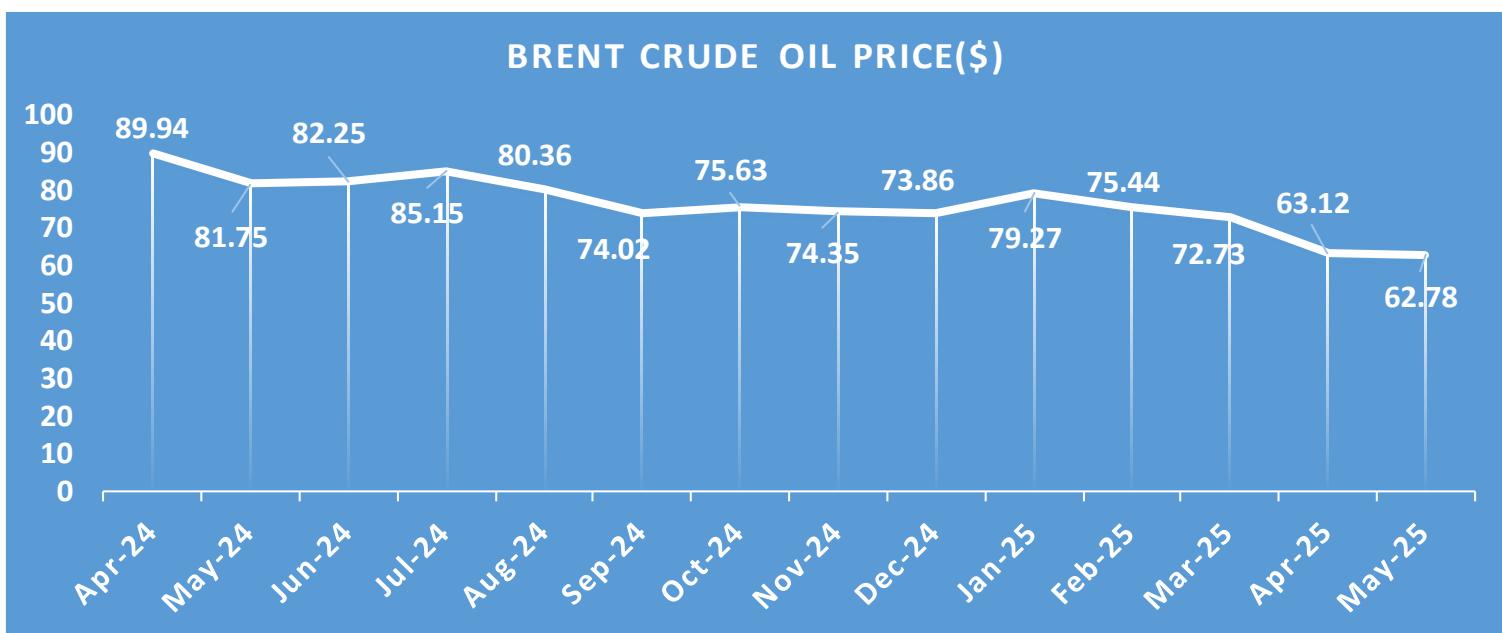


Key Observations:

- The Monetary Policy Committee (MPC) cut the repo rate by 25 basis points to 6%, shifting its stance from neutral to accommodative to stimulate economic growth.
- This move aims to ease borrowing costs, especially benefiting credit-starved MSMEs and middle-class borrowers by enhancing financial access.
- The RBI kept the Cash Reserve Ratio (CRR) steady at 4%, maintaining ample liquidity to support credit growth and economic expansion.

Impact Sector – Financial, Consumer Durables, Consumer Discretionary - Positive

11. Brent Crude Oil (\$)



Key Observations:

- Oil prices dropped to \$63.12 per barrel at April's close, hitting multi-month lows, following OPEC+'s decision to increase production by 411,000 barrels per day in June—its second consecutive monthly hike.
- Meanwhile, global recession fears driven by Trump's widespread tariffs have dampened demand expectations, creating an oversupply scenario that has pushed prices downward as per basic supply-demand dynamics.

Impact Sector – Oil, Aviation, FMCG, Cement - Positive

12. Gold (\$)

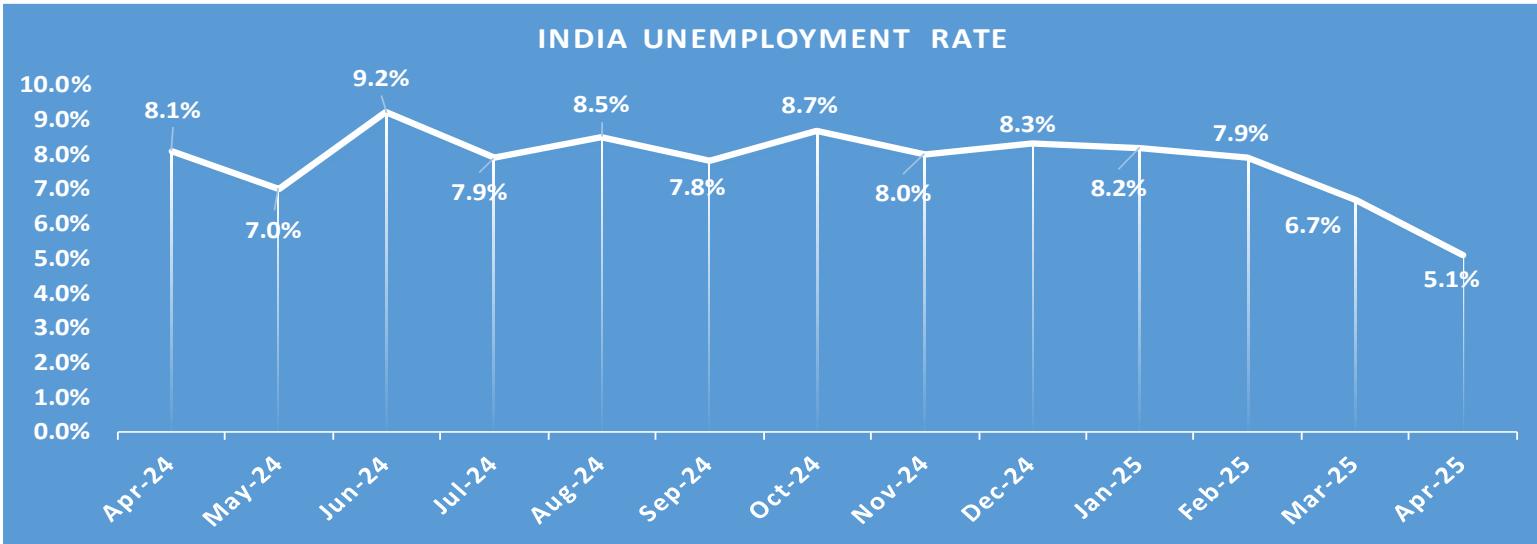


Key Observations:

- Gold prices have surged past \$3,300 per ounce in April, outperforming most asset classes as the Federal Reserve held interest rates steady amid inflation concerns and rising unemployment risks.
- Amid global market volatility and geopolitical tensions, gold has regained its safe-haven appeal, further supported by a weakening U.S. dollar which has increased its attractiveness to international investors.
- Rising recession fears and currency instability have driven strong inflows into gold ETFs, while central banks—especially in Asia—are boosting gold reserves as part of de-dollarization efforts, reinforcing gold's role as a stable store of value.

Impact Sector – Gems Jewellery, NBFC - Positive

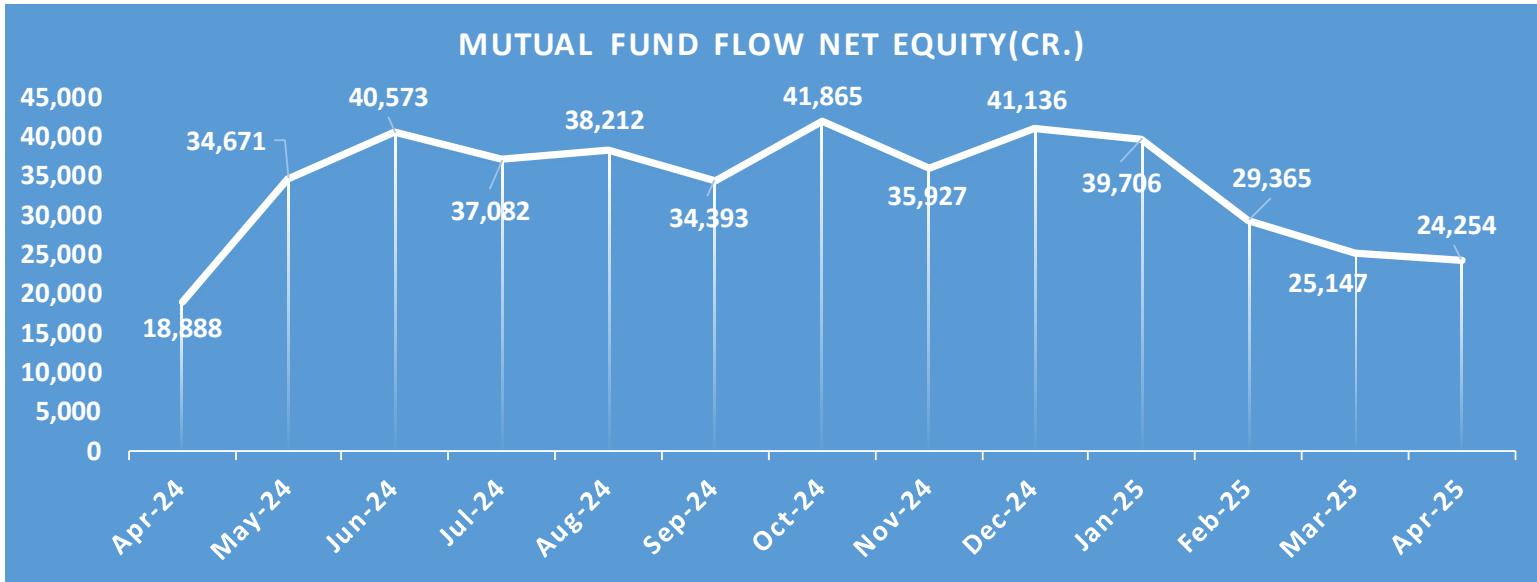
13. Unemployment Rate in India



Key Observations:

- According to the current weekly status (CWS) data, India's overall unemployment rate in April 2025 stood at 5.1%, with male unemployment slightly higher at 5.2% compared to 5% for females.
- Youth unemployment (ages 15–29) reached 13.8%, with the jobless rate notably higher in urban areas at 17.2%, versus 12.3% in rural regions.

14. Mutual Fund Investments - India

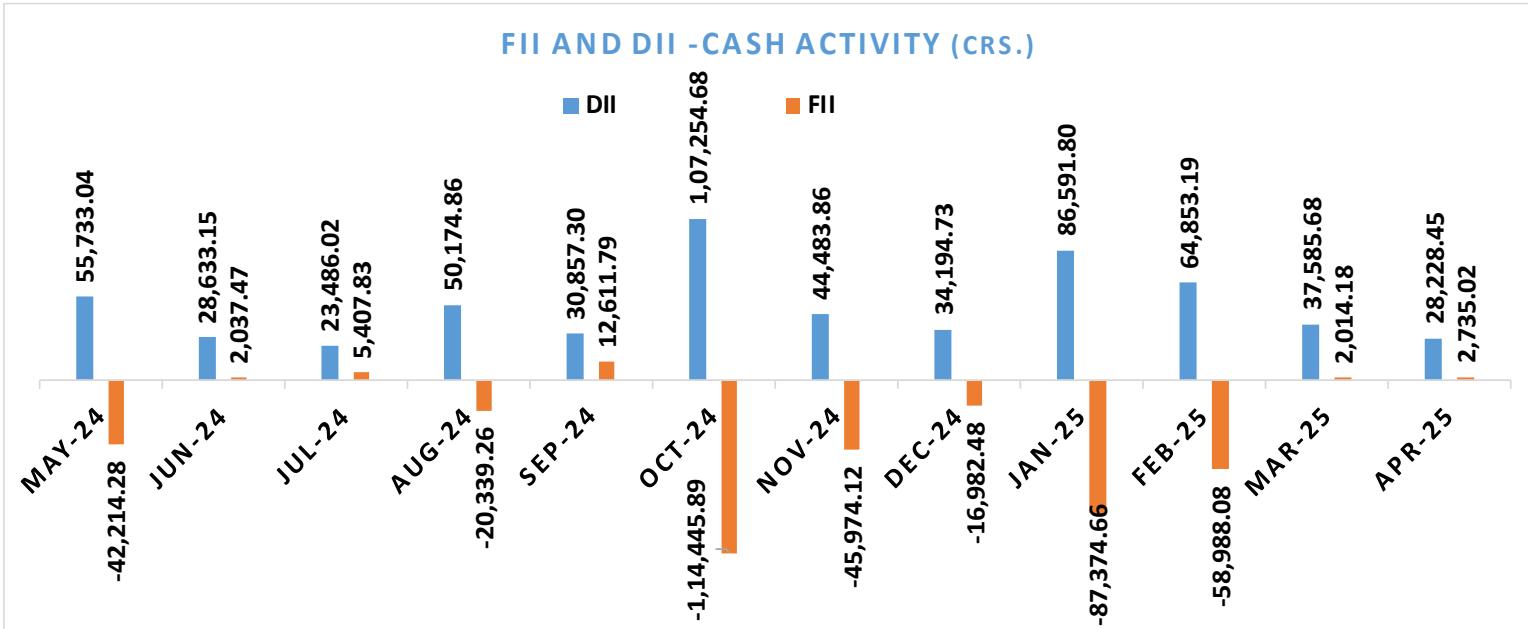


Key Observations:

- Equity-oriented mutual fund inflows dropped to a 12-month low of ₹24,254 crore in April 2025, with just one new equity fund launch contributing ₹171 crore. Among categories, Flexi Cap funds led with ₹5,541.7 crore, followed by Small Cap (₹4,000 crore), Mid Cap (₹3,314 crore), Large Cap (₹2,671.5 crore), and Sectoral/Thematic funds (₹2,000.9 crore). Despite market volatility, SIP inflows reached a record ₹26,632 crore in April 2025, although the pace of growth has slowed since December 2024.

Impact Sector – Asset Management Companies - Positive

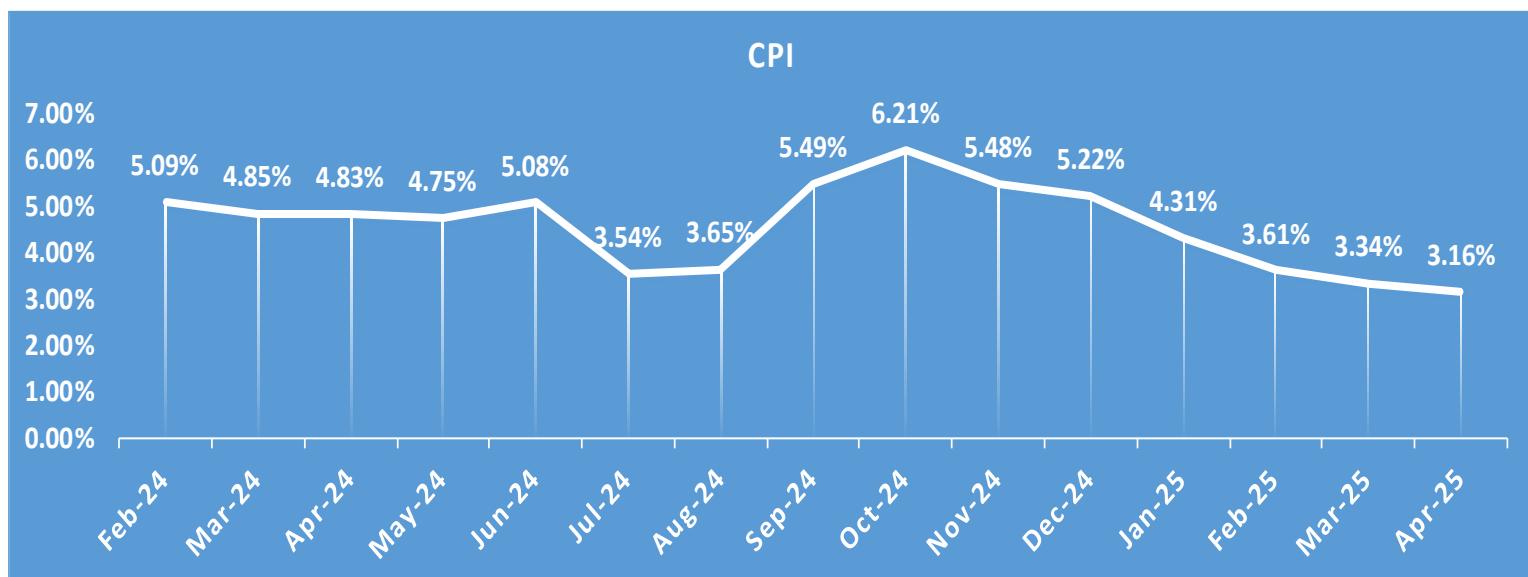
15. FII/DII - Equity Investments



Key Observations:

1. Foreign Institutional Investors (FIIs) made net equity purchases of ₹2,735.02 crore in April 2025, supported by the 90-day suspension of proposed US tariffs by President Trump, growing recession fears in select countries, a declining dollar index, and relatively attractive valuations in Indian markets.
2. Meanwhile, Domestic Institutional Investors (DIIs) remained strong buyers, investing a net ₹28,228.45 crore, largely fuelled by robust mutual fund inflows.

16. Consumer Price Index (CPI) & Wholesale Price Index (WPI)



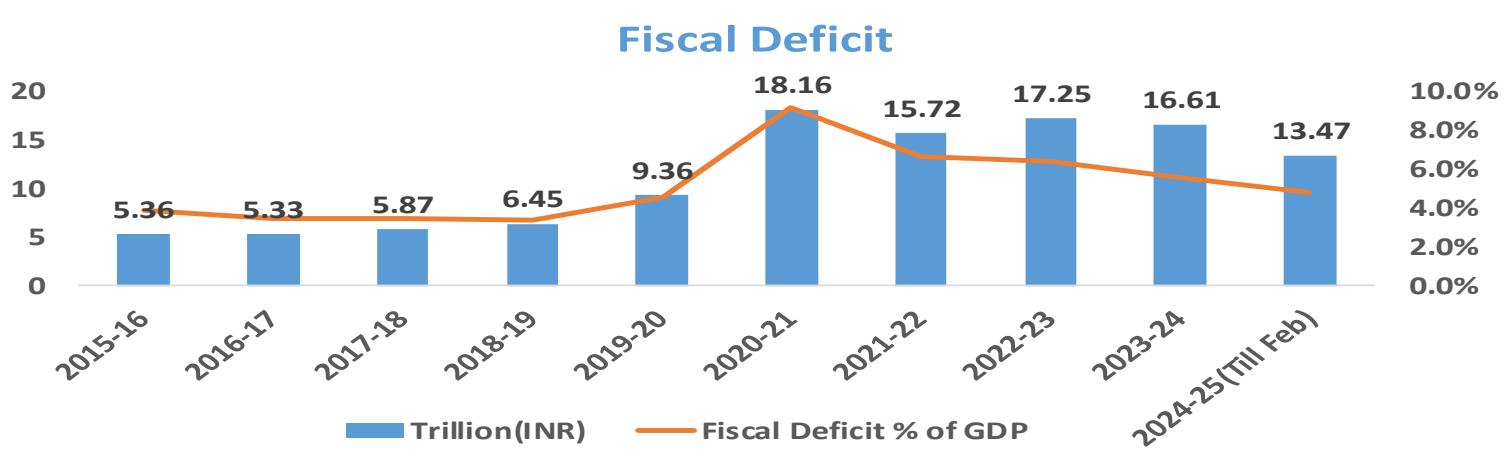


Key Observations:

- India's wholesale inflation eased to 0.85% YoY in April 2025, down from 2.05% in March and below expectations of 1.76%, marking the softest rise since March 2024. This was primarily due to a sharp slowdown in food inflation (2.55% vs 4.66%) and a steep 18.26% decline in vegetable prices.
- Manufacturing inflation moderated to 2.62%, while prices for fuel and power fell by 2.18% amid declines in LPG, petrol, and diesel. Primary articles dropped by 1.44%, and on a monthly basis, wholesale prices declined 0.19%, marking the sixth consecutive monthly fall.
- India's annual inflation rate fell to 3.16% in April 2025, its lowest since July 2019, down from 3.34% in March and below the RBI's 4% target, driven by a sharp slowdown in food inflation (1.78%)—the weakest since October 2021—while housing inflation remained stable and fuel prices saw a base-effect-driven jump to 2.92%.
- On a monthly basis, consumer prices rose by 0.31% in April, reversing the 0.26% drop in March and halting a five-month streak of CPI declines, further strengthening the case for potential interest rate cuts by the central bank.
- The RBI's latest inflation forecast (April 9, 2025) for FY26 was lowered to 4.0% from 4.2%, with quarterly projections at 3.6% (Q1), 3.9% (Q2), 3.8% (Q3), and 4.4% (Q4).
- A further rate cut is anticipated as inflation continues to decline on both fronts—Wholesale Price Index (WPI) and Consumer Price Index (CPI).

Impact Sector – Consumer Discretionary, Financials, Automotive, and Real Estate - Positive

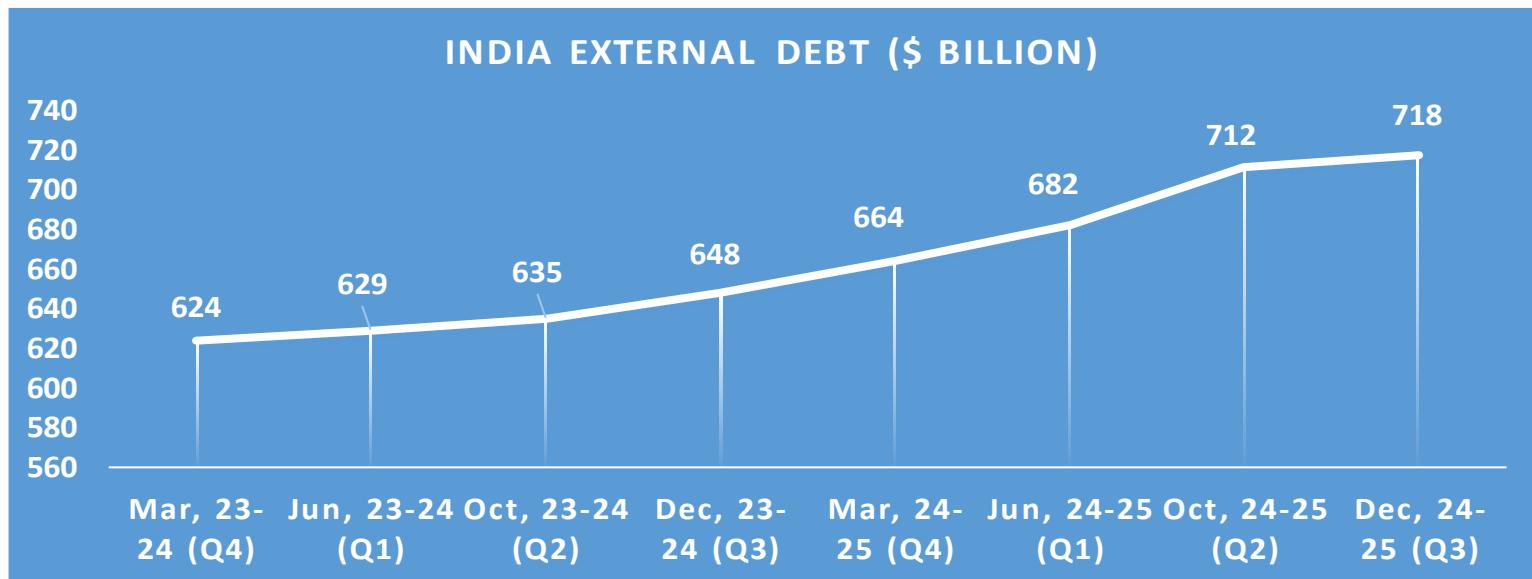
17. Fiscal Deficit



Key Observations:

- India's fiscal deficit stood at ₹13.47 trillion from April to February 2025, accounting for 85.8% of the full-year target of ₹15.69 lakh crore.
- For the April–January 2025 period, the deficit was ₹11.7 trillion, or 74.5% of the annual estimate.
- The fiscal deficit reflects the shortfall between government expenditure and revenue, representing the borrowing requirement for the financial year.

18. External Debt



Key Observations:

- India's external debt rose to \$717.9 billion by December 2024, up from \$711.8 billion in September and \$646.8 billion a year earlier, with the external debt-to-GDP ratio at 19.1%.
- The increase was partly driven by the stronger US dollar, which impacted currency valuation; long-term debt edged up slightly while short-term debt declined marginally.

19. Life Insurance Premium

LIFE INSURANCE PREMIUM(RS BILLION)

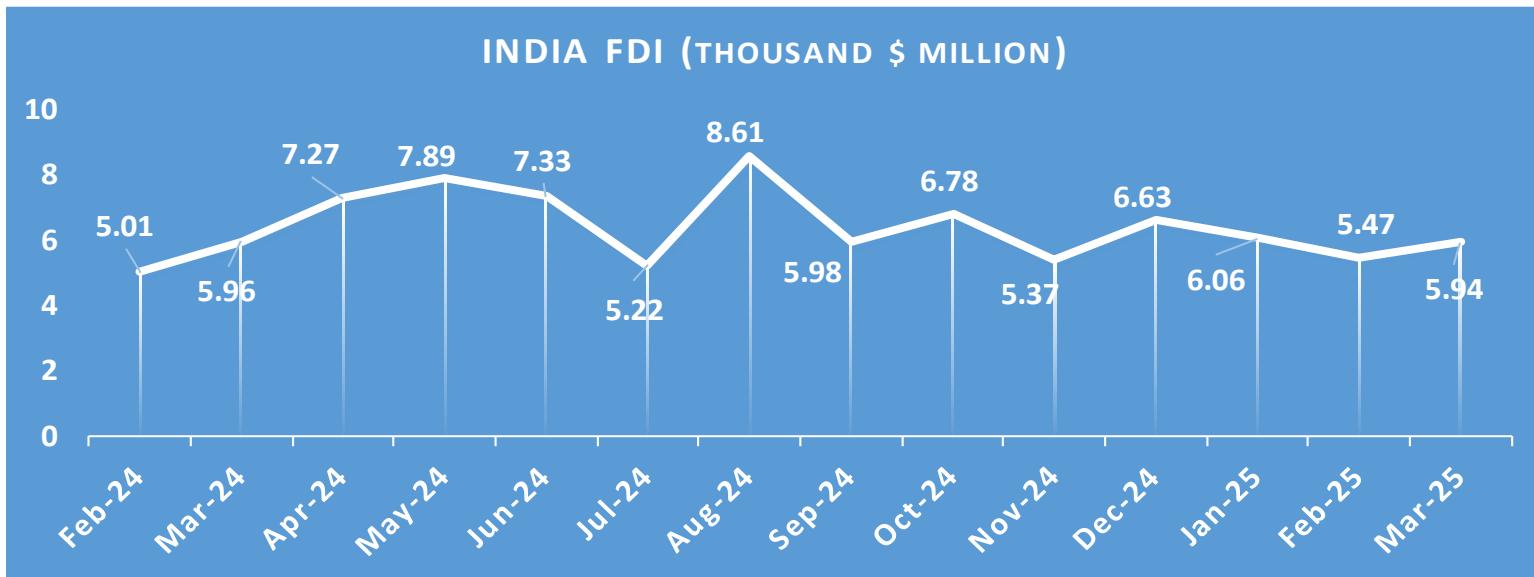


Key Observations:

- **LIC Outpaces Industry Growth:** LIC reported a 9.91% YoY rise in New Business Premium (NBP) to ₹13,610.63 crore in April 2025, surpassing the overall life insurance industry's 8.43% growth and private insurers' 6.09% rise.
- **Segment-wise Performance:** While LIC's individual premium collections dipped 0.46% YoY to ₹3,160.87 crore, group premiums surged 13.48% to ₹10,449.76 crore, driving overall gains. However, the number of policies issued fell to 7.26 lakh from 8.56 lakh in April 2024.
- **Jan–Apr Performance Softens:** During Jan–Apr 2025, LIC's total premium collections fell to ₹82,324.58 crore from ₹87,500.97 crore YoY. Individual premiums rose, but group premiums and total policies issued saw a significant decline.
- In April 2025, LIC led the life insurance sector with a 62% market share and ₹13,610.6 crore in new business premium, up 9.9% YoY, while private players like **HDFC Life** and **Go Digit Life** posted strong growth of 23.4% and 54.1% YoY, respectively.

Impact Sector – Life Insurance - Positive

20. Foreign Direct Investments (FDI)



Key Observations:

- Net FDI into India dropped to a three-month low of \$5.47 billion, with inflows plunging to \$1.5 billion between April 2024 and February 2025, down from \$11.5 billion a year earlier, largely due to increased repatriation and outward investments.
- Singapore led equity inflows with a 29.8% share, followed by Mauritius and the US, while the manufacturing sector attracted the most FDI at 24.1%, ahead of financial services and electricity.

21. Goods and Services Tax (GST) Collection



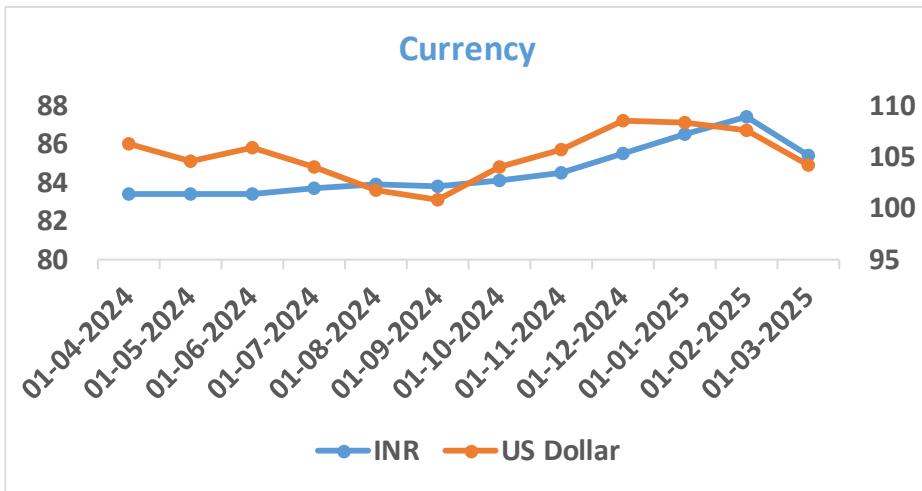
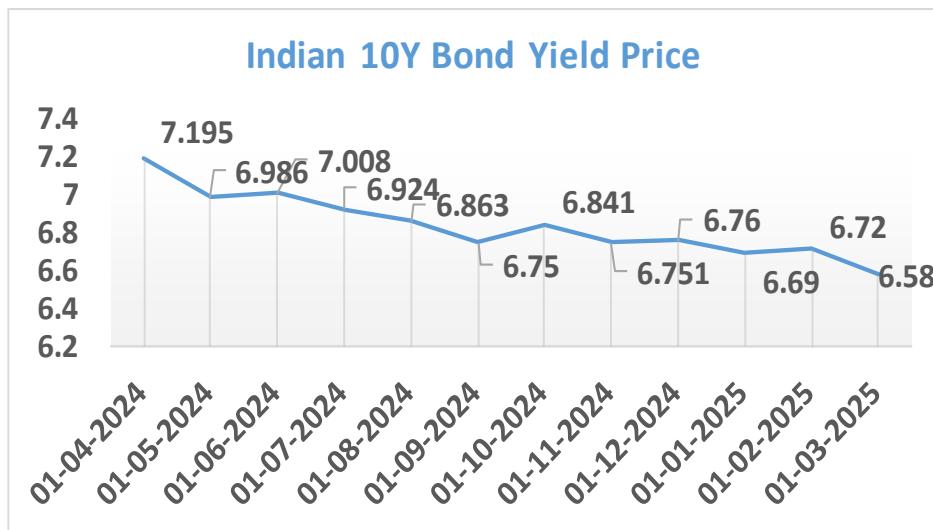
Key Observations:

- GST collections in April 2025 hit a record high of ₹2.37 trillion, up 12.6% YoY, reflecting strong economic momentum. Domestic transactions contributed ₹1.9 lakh crore (up 10.7%), while imports rose 20.8% to ₹46,913 crore. Refunds issued surged 48.3% YoY to ₹27,341 crore. Despite possible moderation ahead, the data highlights resilience and optimism in India's economic outlook.

21. Performance across Key Markets

Equity			
*Return on Key Equity Indices (%)			
Indices	12M	5Y	10Y
Nifty 50	10.06	20.9	11.37
Nifty Bank	14.52	23.64	11.53
NIKKEI 225	-2.79	11.33	6.24
Dow Jones	9.26	10.74	8.91
S&P 500	12.02	14.19	10.87
Euro Stoxx 50	7.1	11.82	4.14
FTSE 100	5.73	7.55	2.3

As of 30th May, 2025*



Source –Bloomberg, Ace Equity, IRDAI, DGCA, AMFI, RBI, GST Council, Ministry of Commerce and industry, Ministry of Finance, NPCI, SIAM, CDSL, NSDL, NSE, BSE Investing.com, Trading Economics, Money control, etc.

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