

Macro Pulse

Decoding Market Trends



June-2025

Industrial/Manufacturing

Industrial/Manufacturing (% YoY)	Apr-Jun'24	Jul-Sept'24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
PMI Manufacturing (abs)	58.2	57.4	57.5	56.5	56.4	57.7	56.3	58.1	58.2	57.6
Diesel Consumption	1.6	0.01	0.1	8.5	5.9	4.2	-1.3	0.9	4.3	2.2
IIP Manufacturing	4.3	3.3	4.4	5.5	3.7	5.8	2.8	4.0	3.1	2.6
Steel Production	4.3	5.2	4.1	4.0	3.3	7.6	7.5	8.6	5.1	9.6
Eight Core Industry	6.3	2.4	3.8	5.8	5.1	5.1	3.4	4.5	1.0	0.7
Wholesale Price Index (WPI)	2.5	1.8	2.8	2.2	2.6	2.5	2.4	2.2	0.9	0.4

Our Observations:

- Manufacturing PMI slipped slightly in May 2025, likely reflecting softer export demand and seasonal production pauses.
- Steel production surged, primarily due to the ramp-up of new capacity.

Services

Services (% YoY)	Apr-Jun'24	Jul-Sept'24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
PMI Services (abs)	60.5	59.6	58.5	58.4	59.3	56.5	59.0	58.5	58.7	58.8
Credit Growth (services)	20.9	14.0	12.7	13.0	11.7	12.5	12.0	12.4	10.5	
Airport Passenger Traffic	4.2	6.5	8.1	11.9	8.2	12.0	11.6	8.8	8.4	
FASTag (toll collection, Rs Bn)	57.6	56.0	61.1	60.7	66.4	66.1	66.0	68.0	68.0	70.9
GST Collection (Rs. Trillion)	1.8	1.7	1.9	1.8	1.8	2.0	1.8	2.0	2.4	2.0

Our Observations:

- Services PMI has remained above the 50-mark, signaling continued expansion despite some earlier moderation.
- Toll collections saw a record high, likely driven by increased road travel and steady growth in commercial traffic.

Source: Bloomberg, KIE Research, KMAC Internal Data as on 30th June, 2025, Details as per latest data available publicly.

The sectors mentioned do not constitute any kind of recommendation and are for information purpose only. Kotak Mahindra Mutual Fund may or may not hold position in the mentioned sector(s). Kotak Mahindra Asset Management Company Limited (KMAC) is not guaranteeing or promising any returns/futuristic returns.

Consumption

Consumption (%, YoY)	Apr- Jun'24	Jul- Sept'24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
Fuel Consumption (retail)	3.5	3.2	3.8	8.4	6.9	5.0	0.1	2.6	4.8	5.3
Passenger vehicle sales	2.8	-1.9	0.9	4.0	10.0	1.6	1.9	3.6	3.9	-0.8
Two wheeler sales	20.7	12.5	14.2	-1.1	-8.8	2.1	-9.0	11.4	-16.7	2.2
Non-oil imports	2.3	12.9	-3.2	19.7	6.3	19.9	-11.3	9.4	16.3	10.0
Consumer Price Inflation (CPI)*	4.9	4.2	6.2	5.5	5.2	4.3	3.6	3.3	3.2	2.8
Core CPI (ex food and fuel)*	3.2	3.4	3.7	3.6	3.6	3.7	4.0	4.1	4.1	4.2

*Data sorted for inflation numbers are from high to low, with high being risk to the economy

Our Observations:

- Fuel consumption saw a mid-single digit rise, driven by moderate increase in vehicle traffic.
- Retail sales of passenger vehicles saw dip in May 2025, reflecting subdued consumer sentiment.
- Two-wheeler sales saw a recovery from a sharp fall which suggests a mild demand revival possibly caused by base effect from previous months sharp decline, and rural consumption catching up.
- Headline CPI eased in May-25, driven by lower food inflation, though core inflation remains slightly above ~4% mark.

Money Supply

Money Supply	Apr- Jun'24	Jul- Sept'24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
M3 (% , yoy)	10.9	10.3	11.1	11.1	9.3	9.6	9.6	9.6	9.6	9.5
M3/M0 (%)	5.4	5.5	5.5	5.6	5.7	5.7	5.7	5.6	5.6	5.6
Credit to Deposit Ratio (%)	79.5	79.5	79.0	79.5	80.4	80.8	80.7	80.8	79.6	78.9

Our Observations:

- Credit to Deposit ratio has been declining for the last few months.
- The same is on account of slower credit y-o-y growth of 9% as of 30th May 2025 vis – a – vis deposit growth of 9.9% for the same period.

Source: Bloomberg, RBI Website, KIE Research , KMAMC Internal I Data as on 30th June, 2025, Details as per latest data available publicly.

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Fiscal

Fiscal (Rs. Trillion)	FY2024 Actual	FY2025	FY2025	FY2026 BE	Apr'25	May'25	FYTD May'25	FYTD May'25 as % of Budget
		RE	Provisional					
Total Receipts	27.9	31.5	30.8	35.0	2.8	4.5	7.3	21.0%
Revenue Expenditure	34.9	37.0	36.0	39.4	3.1	2.2	5.2	13.3%
Capital Expenditure	9.5	10.2	10.5	11.2	1.6	0.6	2.2	19.7%
Total Expenditure	44.4	47.2	46.6	50.7	4.7	2.8	7.5	14.7%
Fiscal Deficit	16.5	15.7	15.8	15.7	1.9	-1.7	0.1	0.8%

Our Observations:

- As shown above, the Government of India has been on a fiscal-consolidation path for the past few years.
- In April 2025, higher capital expenditure has pushed the fiscal deficit up slightly; however, we expect it to moderate as we head into the monsoon season.
- In May'25, receipt of Govt has increased considerably on account of ₹2.69-trillion dividend from the RBI. This has helped govt to report fiscal surplus for the month of May'25.

External

External/Others	Apr-Jun'24	Jul-Sept'24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
REER 40 Currency	104.6	106.1	107.3	108.1	107.0	104.8	102.5	101.5	100.8	
FX Reserves (USD Bn)	647.1	685.4	684.8	658.1	640.3	630.6	638.7	665.4	688.1	691.5
Crude Indian Basket (\$/per barrel)	85.2	78.7	75.3	73.1	73.3	80.2	77.4	72.5	68.2	64.0
Merchandise Trade Balance (USD Bn)	-20.7	-27.7	-26.1	-32.0	-20.7	-23.1	-14.1	-21.5	-26.4	-21.9

Data sorted for external are as per high to low with high being risk to Indian economy

Our Observations:

- India's merchandise trade deficit narrowed in May, aided by a slowdown in imports along with seasonal improvement in exports.
- FX reserves remained robust to cover 11 months of goods imports.

Broader Markets

Broader Markets	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	April-25	May-25	Jun-25
G-Sec 10 Year Yield (%) (month end)	6.8	6.7	6.8	6.7	6.7	6.6	6.4	6.3	6.3
US 10 Year Yield (%) (month end)	4.3	4.2	4.6	4.5	4.2	4.2	4.2	4.4	4.3
Nifty 50 Index (%mom)	-6.2	-0.3	-2.0	-0.6	-5.9	6.3	3.5	1.7	3.1
BSE Sensex Index (%mom)	-5.8	0.5	-2.1	-0.8	-5.6	5.8	3.7	1.5	2.7
Indian Rupee (USD/INR)*	84.0	84.4	85.0	86.2	87.0	86.6	85.6	85.2	86.0
Dollar Index*	103.3	105.9	107.2	108.7	107.4	104.3	100.6	100.1	98.7

Source: Bloomberg, RBI Website, KIE Research, KAMAC Internal Data as on 30th June, 2025, Details as per latest data available publicly.

The data taken above are average of the respective months.*

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