



Capital League

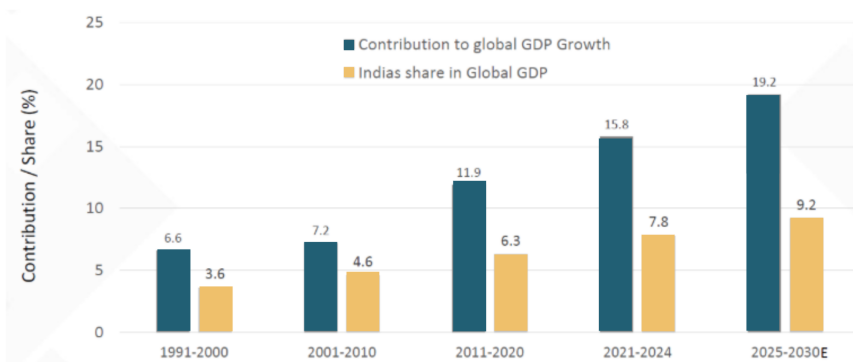
PRIVATE WEALTH MANAGEMENT

OUTLOOK

September 2025

Indian Economy

- The Indian economy grew at 7.8% In Q1 FY26 exceeding all expectations and reflecting resilient economic activity.
- Industry output grew fastest this fiscal at 3.5% in July aided by robust manufacturing. India's Services PMI reached a 15-Year High in Aug at 62.9.
- India's role in the Global GDP growth has been rising consistently.

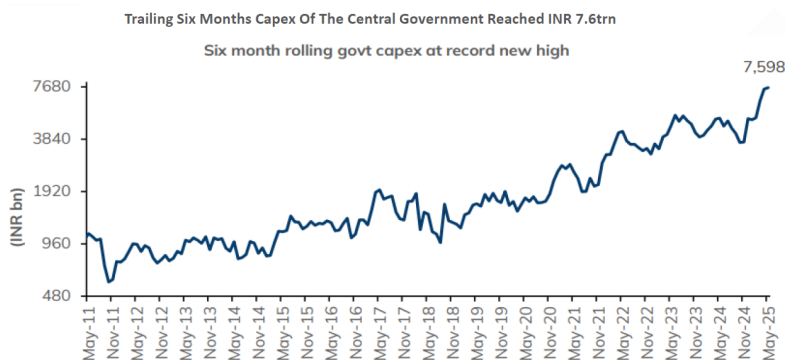


Source: IMF, World Economic Outlook; and IMF staff calculations. 2025-2030 expected numbers are considered

- S&P Global raised India's sovereign credit rating from BBB- to BBB, after a gap of 18 years citing government's sound fiscal

management, strong GDP growth, higher quality government spending, and effective monetary policy in managing inflation.

- GST council rationalised GST framework by simplifying slab structure (from 4 slabs to two at 5% and 18% and higher tax of 40% on luxury and sin goods).
- Revised GST rates to result in annual household savings of about ~USD 20 Bn or ~0.6% of GDP, and likely to result in an uptick in consumption depending on the demand elasticity of different goods and services.
- The government is planning a relief package to support exporters impacted by the 50% tariffs on US exports.
- In Q1 FY26, the earnings of Nifty 500 companies grew by 10%. Ex-BFSI sector, earnings growth improved to 12% YoY. Midcap companies continue to grow faster at 17% beating large and small caps in the June quarter.
- Central Government has spent INR 7.1 Tn in Capex in Jan-Jul 2025 to kick start a virtuous cycle of job creation and demand growth. Capex in Q1FY26 reached 24.5% of the Budget Estimates, vs 16.3% in Q1FY25. The loan disbursement to States was 31% of BE in Q1FY26 vs 15% in Q1FY25, indicating thrust through the States.



Source: CEIC, I-Sec Research dated 29th July 2025, As Per Latest Data Available

- India's rural economy is showing signs of recovery, driven by good monsoon, resurgence in rural wages, and increased

government expenditure. Robust Kharif sowing and good reservoir levels will aid in substantial agricultural productivity.

Global Economy

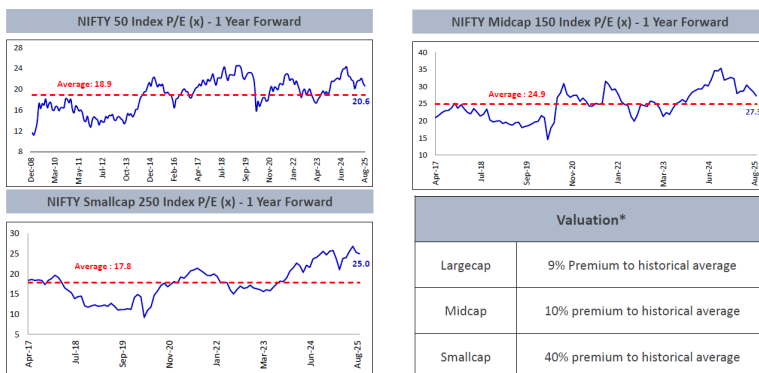
- Oil Prices increased slightly despite modest increase in production by OPEC+ countries due to concerns over incremental sanctions on Russian crude.
- U.S GDP growth bounced back to 3.3% showing resilience against the headwinds of President Trump's tariffs and high interest rates. Payroll data was very weak indicating a possibility of rate cuts by the Fed.
- China's exports to US at USD 1.2 Tn and trade surplus at USD 700 Bn remain very large, making import dependence unavoidable.
- China is deliberately cutting capacity in sectors like Metals, Solar, EVs, and Cement to stabilize its economy. This supports global prices and benefits Indian Metal/Chemical companies.

Outlook

- The government aims to improve ease of doing business, boost disposable income to spur overall demand ahead of the festive season with the recent GST reforms.
- Income Tax cuts, interest rate cut of 1%, strong agricultural activity, easy liquidity and GST rate cuts are strong drivers to boost domestic consumption. External demand faces headwinds from geopolitical risks, trade tariffs and a slowing global economy.
- Nifty 500 companies delivered a muted performance in 1QFY26 due to geopolitical headwinds and weak consumption. Improved liquidity, rate cuts, higher government spending, lower GST and benign commodity

prices create a supportive backdrop for earnings outlook for the second half of the financial year.

- Markets are trading at a slight premium to long-term averages. With recent correction, valuations look more comfortable. Remain 'neutral' on equity; maintain asset allocation.



Source: Motilal Oswal, Bloomberg, As on 31st Aug 2025

- Gold/Silver prices continue to surge, driven by a weak Dollar, demand for safe-haven assets amid geopolitical uncertainty, as investors & global Central Banks reduce reliance on US Treasuries. Exposure to Gold and Silver in portfolios to be taken to 5-10% for diversification and hedging.

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