

MONTHLY OVERVIEW

Jul-25

Key Observations of June 2025

In June 2025, the Indian stock market extended its bullish momentum, delivering another strong month for investors. The markets witnessed sustained buying interest and closed on a firm note, with key indices registering impressive gains. A significant highlight of the month was the Bank Nifty hitting a new all-time high, driven by robust performance across major banking names and improved credit growth visibility. A major positive catalyst for the month was the rate cut announced at the beginning of June, signaling a supportive stance from the Reserve Bank of India. The move was well-received by market participants, as it is expected to lower borrowing costs and further stimulate economic activity. Overall, June proved to be another rewarding month for the bulls. With improving liquidity conditions, easing interest rates, and continued optimism in the financial sector, the outlook remains constructive heading into the second half of the year.

The Marco highlights during the June month were

- RBI delivered a 50 bps repo rate cut (to 5.50%)—its third cut of the year—and shifted its policy stance from accommodative to neutral. This was accompanied by a 100 bps CRR reduction, aimed at infusing ₹2.5 lakh crore of durable liquidity into the banking system
- The CPI inflation print dropped to ~2.8% in May, easing comfortably below the RBI's 4% target, which provided room for the rate cut.
- The central bank maintained its FY 2026 GDP forecast at 6.5%, signaling confidence in sustainable growth.

AUTO:

- The automotive industry continues its lead over other sectors in terms of pay hikes, offering double-digit increments, outperforming average single-digit raises for most of India Inc. Automotive companies likely issued a 10.1% salary hike for FY25 compared to an average more than 8% for other Indian corporates, according to Deloitte's 'Performance and Rewards Trends Study' for automotive producers. Some companies have completed the appraisal process for last fiscal year in March this year while others are in the process of doing so as their financial year ends in June.
- European mass market automotive brands Renault, Volkswagen, and Skoda continue to struggle to enhance presence in the Indian market, witnessing sales decline in the last three financial years, industry data showed. According to data by JATO Dynamics, a leading provider of data and analytics to the global automotive industry, Renault saw the biggest sales dip in India to 37,900 units in 2024-2025 from 45,439 units in 2023-2024, and 78,926 units in 2022-2023. Similarly, Skoda's sales in India in 2024-2025 were at 44,866 units, marginally higher from 44,522 units in 2023-2024, but down from 52,269 units in 2022-2023.

PHARMA:

- Prices of active pharmaceutical ingredients (API) used for manufacturing drugs are seeing a significant drop, bringing relief to India's pharmaceutical industry. The pharma industry depends largely on China for sourcing APIs, intermediates and bulk drugs. API prices had shot up during the Covid period and stayed elevated until last year

SECTORIAL UPDATES

POWER:

- Nearly half of India's installed power generation capacity of a total of 476 GW is non-fossil fuel-based as of June, but coal-based thermal electricity plays a critical part. According to a government explainer on energy and environment, India's total installed power capacity has reached 476 GW as of June 2025. Non-fossil fuel sources now contribute 235.7 GW (49%) of total capacity, including 226.9 GW renewable and 8.8 GW nuclear. India's power sector is among the most diversified in the world, with generation from conventional sources like coal, gas, hydro, and nuclear, as well as renewable sources such as solar, wind, biomass, and small hydro. With rising electricity demand, India continues to expand its energy capacity to support economic growth and sustainability goals. India has set an ambitious target of having 500 GW of renewable energy by 2030.

BANKING:

- The growth of bank deposits in India slowed down to 10.6 per cent year-on-year in the financial year ended March 2025 as compared to 13 per cent in the previous fiscal, according to new data released by the RBI. Despite the slower growth, the overall deposit base remains strong. Term deposits continued to make up the largest share of total deposits, accounting for 59.5% as of March 2025. This was slightly lower than the 60% recorded in the previous year. Savings deposits saw a drop in share to 29.1% from 30.8% in March 2024 and 33% in March 2023. Current deposits, however, remained steady at 9.8%. The data suggests that while overall deposit growth remains healthy, there is a shift in deposit composition, with term deposits gaining more popularity due to higher returns.

SECTORIAL SNAP SHOT:

In June 2025, the Indian stock market extended its positive momentum with broad-based gains, though sectoral rotation remained evident. The **infrastructure sector** led the rally with a **4.89%** rise; **IT sector** also saw a rebound, gaining **4.36%**. Healthcare (+4.13%) rebounded, while realty (+3.92%), metals (+3.72%), and auto (+2.34%) also posted steady gains. Sectoral rotation favoured growth and cyclical themes over defensives.

INSTITUTIONAL ACTIVITY:

In June, Foreign Institutional Investors (FIIs) remained net buyers, purchasing ₹7,488.98 crores, though this marked a moderation from the sharp inflows seen in May. Domestic Institutional Investors (DIIs) continued their strong buying streak with investments totaling ₹72,673.91 crores, reflecting sustained confidence in the Indian market. This also marked the fourth consecutive month of net buying by both FIIs and DIIs in the cash segment.



Nifty 50 – July 2025 Monthly Market Commentary

The Nifty 50 index witnessed robust buying interest in June 2025, posting a healthy gain of approximately 3.10% for the month. The rally was primarily supported by favorable macroeconomic developments, including a rate cut by the Reserve Bank of India and easing global geopolitical tensions, which collectively improved investor sentiment.

Over the past four months, the index has maintained a steady uptrend, forming higher highs on the charts and delivering a cumulative gain of 14.57%—a strong signal of sustained bullish momentum. Technically, the Nifty 50 is trading within a rising channel and currently hovers near a key resistance zone around the 26,200 level, its previous high. Looking ahead, a further upside of 2–3% above the current all-time highs cannot be ruled out. However, the 26,500 mark may attract profit booking, which could lead to a short-term cool-off. On the weekly timeframe, the 24,500 level has emerged as a strong demand zone, providing a solid base for the ongoing uptrend.

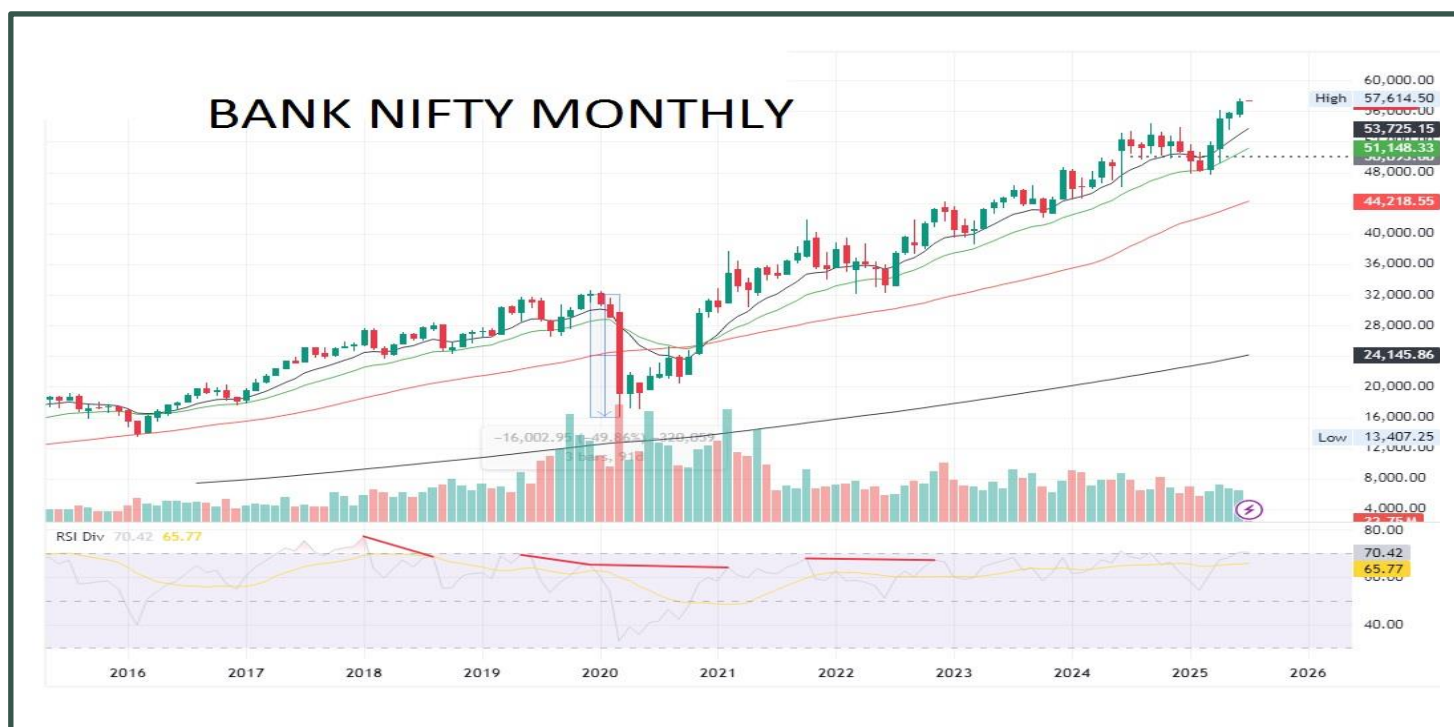
Outlook and Strategy: Despite potential near-term consolidation, the broader market tone remains constructively bullish. Any declines should be used as buying opportunities, with a focus on stock-specific long positions.

Stocks to Watch: Raymond Ltd, Waaree Energies, City Union Bank (CUB), Aavas Financiers, Alkyl Amines, DCM Shriram, Anand Rathi , Wealth, PTC Industries , Trent Ltd , Laurus Labs, Jubilant Pharma.

Nifty Outlook	
Short Term - Daily	Positive
Medium Term - weekly	Positive
Long Term - Monthly	Positive

Nifty Technical Data	
Monthly Closing	25,517
Monthly High	25,669
Monthly Low	24,473
Monthly Bias:	positive
Support Level:	24,500
Resistance Level:	26,200

Moving Averages	
50 DSMA	24,743
200 DSMA	24,084
200 WEEK MOVING AVG.	20,223



Bank Nifty – July 2025 Monthly Market Outlook

June 2025 was an outstanding month for the Bank Nifty index, which surged to a new all-time high of 57,614, supported by sustained buying interest in PSU banks. Their continued leadership was instrumental in propelling the index higher and strengthening the bullish tone of the broader banking sector. On a month-over-month (MoM) basis, the index posted gains of approximately 2.80%, marking its fourth consecutive monthly advance. This sustained uptrend underscores robust investor confidence and strong sector fundamentals.

Technical View: The technical setup remains decidedly positive, with the index holding firm above key moving averages and price support zones. Momentum indicators continue to favor the bulls. The next psychological milestone of 60,000 is now in sight and could be tested in the coming sessions. However, it's noteworthy that during June, the index formed a bearish weekly candle on 9th June, with a low of 55,149. This level will serve as a key near-term support. A decisive break below the 55,000 zone could trigger a short-term pause or loss of momentum in the prevailing trend.

Conclusion: The broader outlook for Bank Nifty remains constructively bullish heading into July 2025. Dips toward support zones should be seen as opportunities to build long positions, especially in high-conviction PSU and private bank stocks. Momentum towards 60,000+ levels appears achievable, barring any breakdown below the key support of 55,000. Stocks in focus Axis Bank, IndusInd Bank, Kotak Mahindra Bank, ICICI Bank, and HDFC Bank.

Bank Nifty Outlook	
Short Term - Daily	Positive
Medium Term- Weekly	Positive
Long Term- Monthly	Positive

Banking Sector Performer	
Top Outperformer	AUBANK INDUSINDBANK
Top Underperformer	BANKBARODA CANBK

Bank Nifty Technical Data		
Monthly Closing	57,313	
Monthly High	57,615	
Monthly Low	55,149	
Monthly Bias:	Positive	
Support Level:	55,000	53,500
Resistance Level:	60,000	62,000

Moving Averages	
50 DSMA	55,593
200 DSMA	52,062
200 WEEK MOVING AVG.	44,409

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