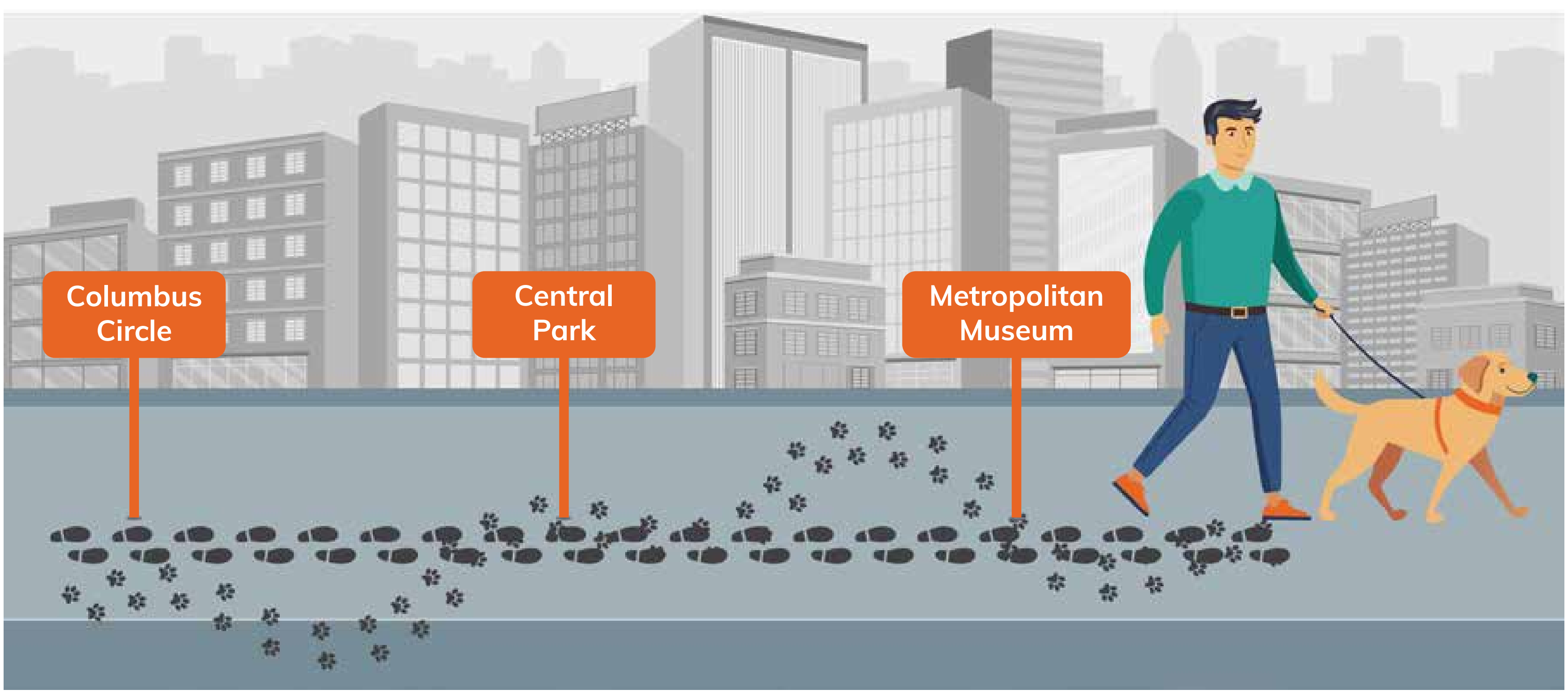
THE MONTH GONE BY

An insightful roundup of relevant stories in the recent month backed by interesting data points

Ralph Wagner, a fund manager and author, described the relationship between stock prices and businesses with an interesting analogy:

Imagine an energetic dog on a long leash, moves randomly in every direction across the bustling streets of New York. Meanwhile, the dog owner walks from Columbus Circle, through Central Park, toward the Metropolitan Museum. At any given moment, it is difficult to predict which direction the dog might take next. However, in the long run, you know that he is heading northeast at an average speed of three miles per hour.

What is astonishing is that most observers seem to have their eye on the dog, and not the owner!



This storyline communicates an important truth: Don't get entangled in the erratic ups and downs of the market, especially in the short term. Instead, keeping your eyes on the owner (business) would help you understand the long-term trajectory of your investment.

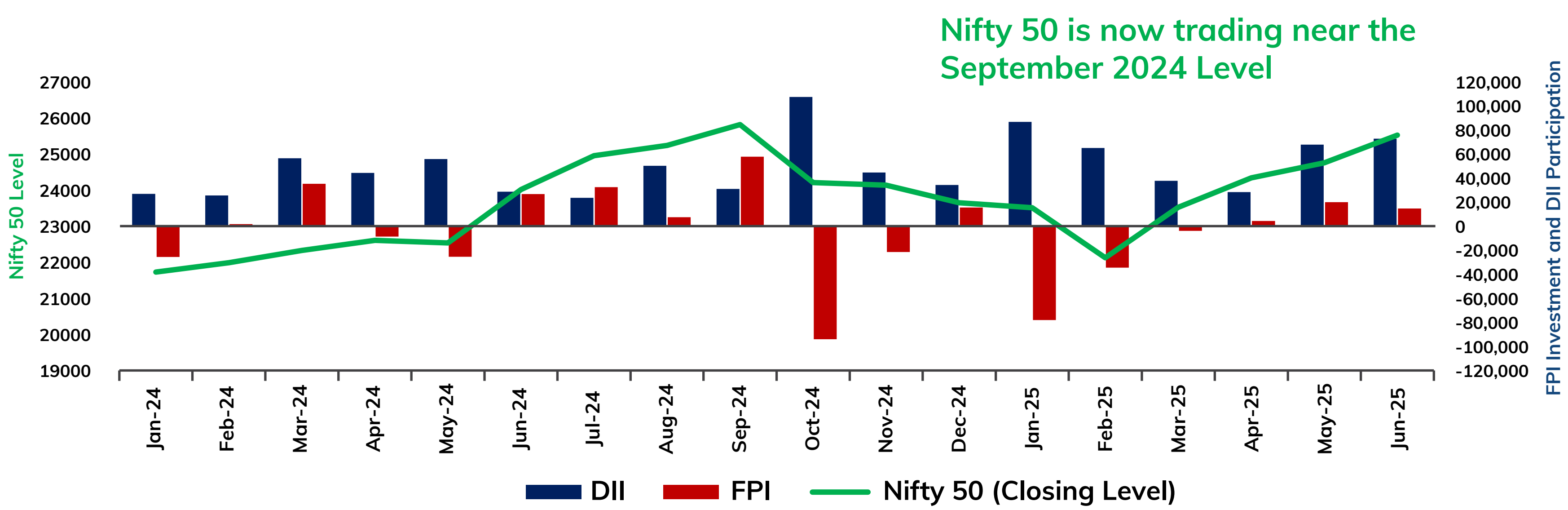
While we ponder about the course ahead, it is important to connect the dots with key market events of June 2025.

The Indian Equity Market has Staged a Recovery

The global economy is combating the twin shocks of U.S. trade policy uncertainties and flaring geopolitical tensions, following the outbreak of the Iran-Israel conflict.

At a time when advanced economies are facing economic headwinds, various indicators point towards resilient economic activity in India: **a) Retail inflation continued its declining trajectory,** supported by easing food prices. **b) The Indian economy registered a growth of 7.4% in Q4 FY 2024-25,** notably higher than 6.4% recorded in the preceding quarter. **c) The RBI directed liquidity measures to support the system.** Overall, financial conditions remained conducive to facilitate an efficient transmission of rate cuts to the credit market. **d) Conclusion of free trade agreement (FTA) with the United Kingdom** is supportive of trade activity. **e) Agriculture prospects remain bright on the back of an above normal south-west monsoon forecast. f) Foreign Portfolio Investors bought Indian equities worth ₹14,590 crore in June 2025.**

MONTHLY FPI NET INVESTMENTS IN INDIAN EQUITIES AND DII PARTICIPATION (₹, CRORE) AND NIFTY 50 CLOSING LEVEL



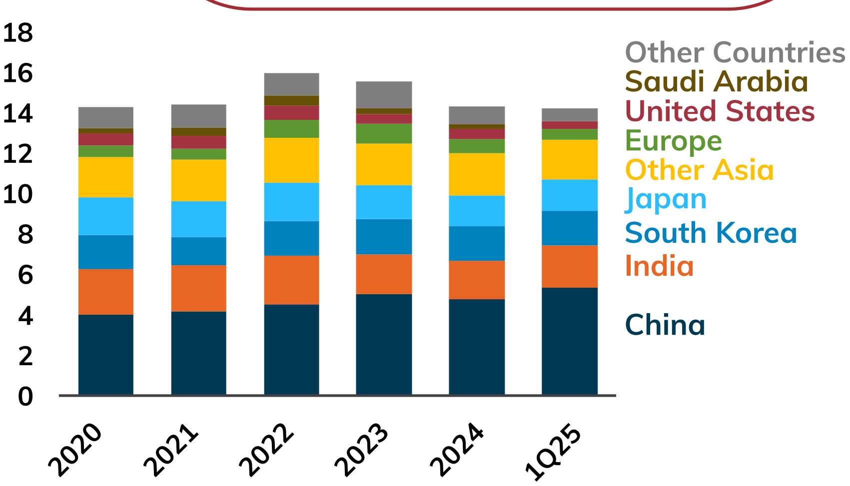
Source: National Securities Depository Limited (NSDL). National Stock Exchange of India Ltd. (NSE). FPI: Foreign Portfolio Investment. DII: Domestic Institutional Investment. U.S.: United States. RBI: Reserve Bank of India. Past performance may or may not sustain in future. Data as on June 30, 2025. Q: Quarter.

The Fate of the Strait of Hormuz Unnerves the Oil Market

Global oil markets were rattled by heightened geopolitical conflicts after Israel launched a barrage of air strikes on Iran's military and nuclear facilities. The Strait of Hormuz is an important trade passage for global crude oil as the channel links the Gulf of Oman, the Arabian Sea and the Persian Gulf, facilitating about one-fifth of global oil and petroleum product consumption. **Disruption to the Strait of Hormuz shipping route could lead to delays in supply and increase shipping costs, which could further result in higher fuel prices.**

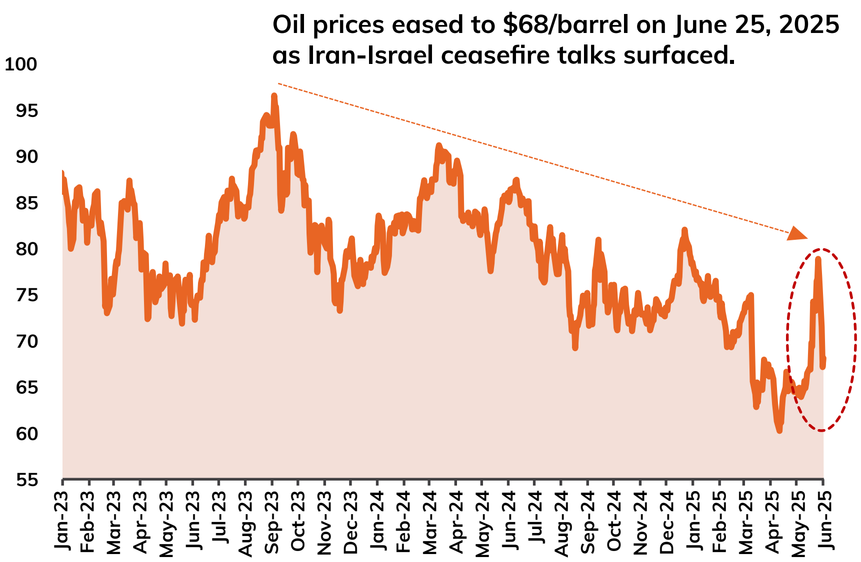
As geopolitical tensions escalated, India shifted its oil procurement strategy by increasing imports from the U.S. and Russia. American oil shipments to India surged from 280,000 bpd in May 2025 to 439,000 bpd June 2025, while oil imports from Russia are expected to rise to 2-2.2 million bpd in June 2025 (Source: Kpler).

VOLUME OF CRUDE OIL AND CONDENSATE TRANSPORTED THROUGH THE STRAIT OF HORMUZ BY DESTINATION (MILLION BARRELS PER DAY)



Source: U.S. Energy Information Administration analysis based on Vortexa tanker tracking. 1Q25 refers to the first quarter of 2025.

BRENT CRUDE OIL PRICE ($/BARREL)



Source: Reuters, OPEC: Organization of the Petroleum Exporting Countries. Data as on June 25, 2025. bpd: barrels per day. U.S.: United States.

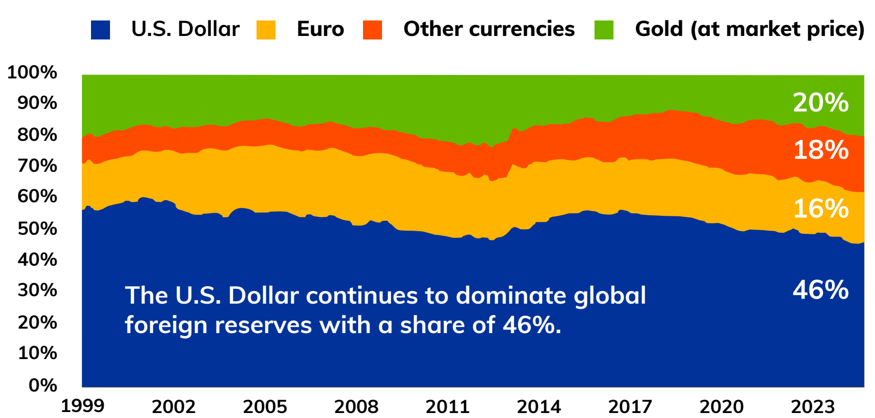
With an aim to support oil market stability, **the OPEC cartel decided to raise output by 411,000 barrels per day in July 2025, mirroring the increase during the previous two months.**

Gold Overtakes Euro to become the World's Second-Largest Reserve Asset

At the end of 2024, the share of Gold in global foreign reserves increased to 20%, surpassing that of Euro, which fell to 16%. This shift can be attributed to rising gold prices and the growing appetite of central banks for the yellow metal to diversify reserves. Global gold holdings by central banks stands at 36,000 tonnes, close to the peak of 38,000 tonnes reached in 1965 during the Bretton Woods era.

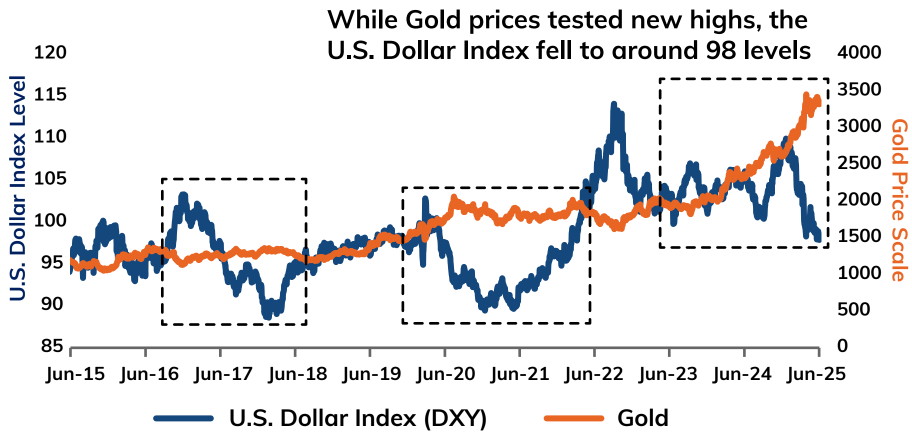
On June 24, 2025, Gold prices traded around $3319/ounce, driven by geopolitical tensions in the Middle East and uncertainties around U.S. trade tariffs.

COMPOSITION OF GLOBAL OFFICIAL RESERVES (%, AT CURRENT MARKET PRICES)



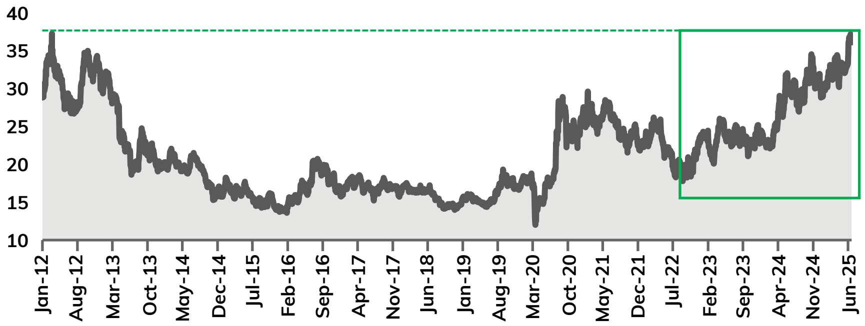
Source: IMF, World Gold Council and European Central Bank. Data as on fourth quarter of 2024. Official foreign reserves comprise foreign exchange and gold holdings. U.S.: United States.

GOLD PRICES (LBMA, $/OUNCE) AND U.S. DOLLAR INDEX LEVEL



Source: LBMA: London Bullion Market Association and Reuters. Data as on June 24, 2025. The gold price in India was around ₹97,263/10 gms on June 24, 2025.

SILVER LBMA PRICE ($/OUNCE)



Silver prices climbed to $37/ounce in June 2025, approaching the highest level since February 2012. Silver has extensive usage in the industrial landscape, such as semiconductors, automotive electronics and solar panels. Further, logistical bottlenecks strained supply chains, exerting upward pressure on prices.

Source: LBMA: London Bullion Market Association. Data as on June 24, 2025.

The U.S. Federal Reserve Holds the Benchmark Interest Rate Steady in June 2025

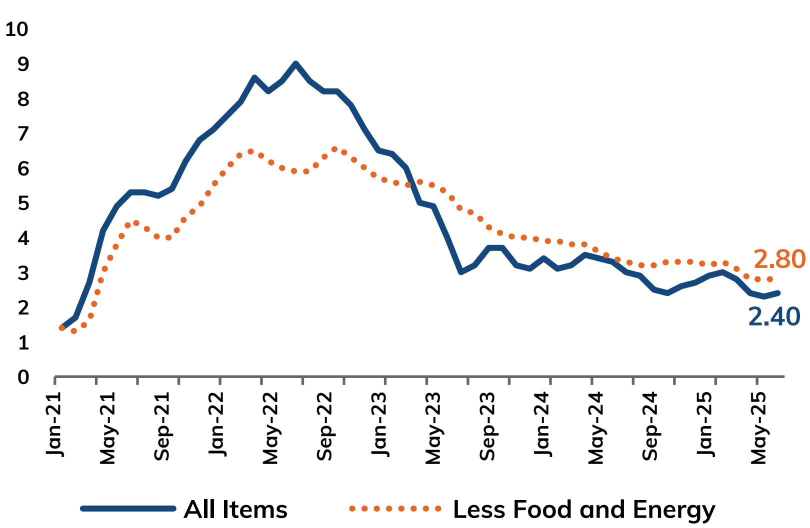
ICICI PRUDENTIAL MUTUAL FUND

The U.S. Federal Reserve kept its benchmark interest rate unchanged at 4.25%-4.5% in June 2025, citing risks of higher inflation and lower economic growth amid a challenging economic scenario. However, the dot plot signals two rate cuts in 2025, indicating that borrowing costs are likely to fall.

The risk of higher inflation: The U.S. Consumer Price Index (CPI) rose to 2.4% year-on-year in May 2025, which is still above the 2% long-term target. If large rises in trade tariffs sustain for long periods, it could drive inflation upwards and hamper domestic demand. Core Personal Consumption Expenditures (PCE), which excludes food and energy prices, is now projected at 3.1% in 2025, compared to the previous 2.8%.

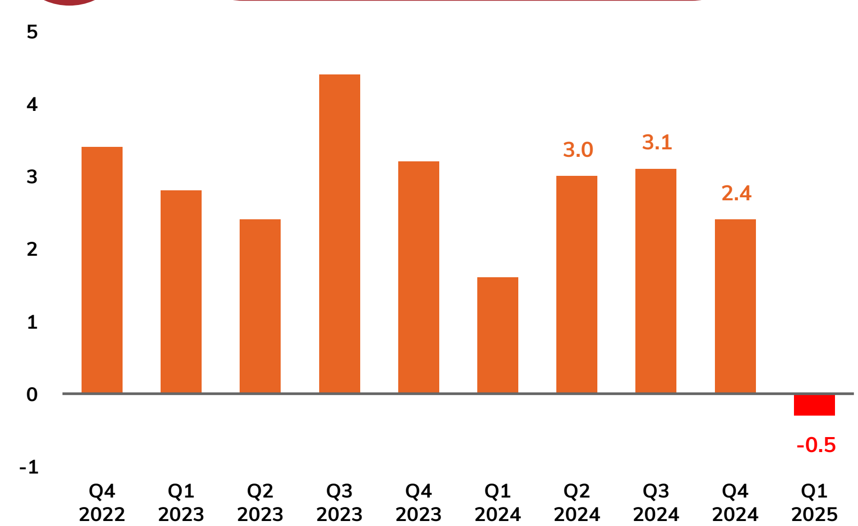
Slower growth amid economic uncertainties: The U.S. Real GDP dropped in the first quarter of 2025, reflecting an increase in imports and downturn in government spending. The U.S. Fed forecasts economic growth of 1.4% in 2025, down from its earlier projection of 1.7%.

U.S. CONSUMER PRICE INDEX (%)



Source: U.S. Bureau of Labor Statistics, Year-on-year % change. U.S.: United States. Fed: Federal Reserve.

U.S. REAL GROSS DOMESTIC PRODUCT (%)



Source: U.S. Bureau of Economic Analysis. Q1 2025 data is the third estimate. Percent change from preceding quarter. GDP: Gross Domestic Product. Q: Quarter.

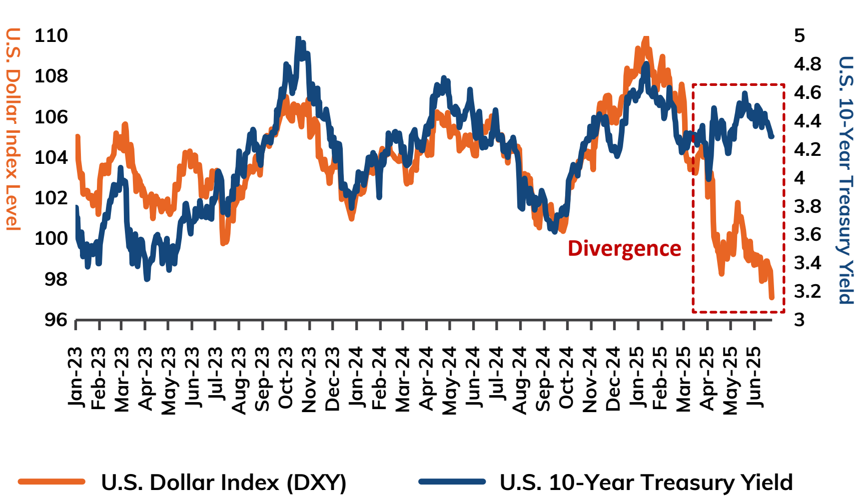
The U.S. job market displays resilience: In May 2025, the unemployment rate stood steady at 4.2%. Employment continued to trend up in health care, leisure and hospitality and social assistance. The unemployment outlook has been revised to 4.5% in 2025.

Unfolding the Trajectory of Bond Yields

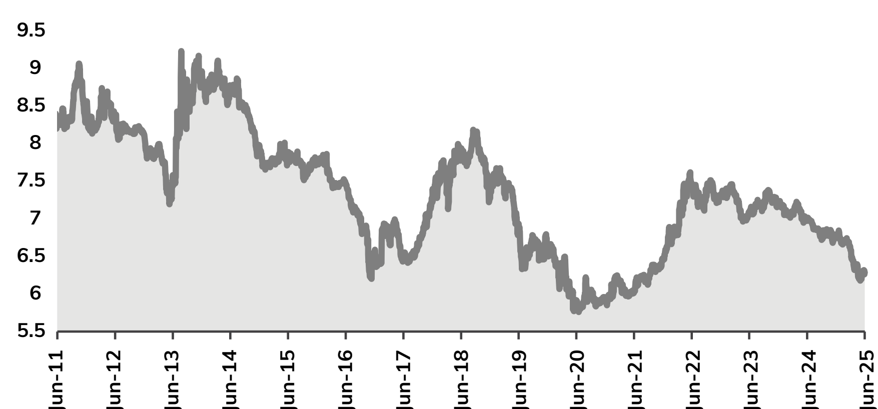
The Conference Board Consumer Confidence Index fell to 93.0 in June 2025 from 98.4 in May 2025, indicating a decline in U.S. consumer sentiment. Wavering U.S. trade policies and turmoil the Middle East compelled investors to lean towards relatively stable assets. **The U.S. Dollar Index hovered below the 100 level** amid fiscal concerns and a downward revision in growth forecast. **The U.S. 10-year Treasury yield settled at 4.29% on June 25, 2025 from around 4.50% levels witnessed during the beginning of the month.**

On the domestic front, the Indian 10-Year G-sec yield rose from 6.20% on June 05, 2025, a day prior to the rate cut, to 6.28% on June 25, 2025, in reaction to the change in monetary policy stance by the RBI to 'Neutral', indicating limited space for further easing. The RBI lowered the Repo rate to 5.5% and unveiled the plan to lower the Cash Reserve Ratio by 100 bps in a phased manner – a move that would reduce the cost of funds for banks and improve credit flow.

U.S. 10-YEAR TREASURY YIELD (%) AND U.S. DOLLAR INDEX



INDIA 10-YEAR G-SEC YIELD (%)



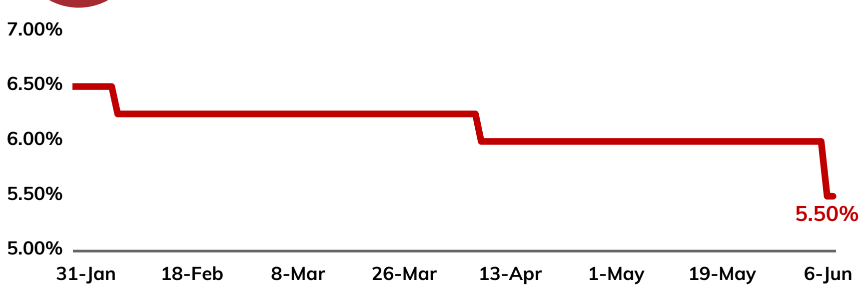
Source: Reuters. Data as on June 25, 2025. Bps: basis points. RBI: Reserve Bank of India. U.S.: United States. G-sec: Government Securities.

The Reserve Bank of India Unleashed Stimulus Measures to Support Growth

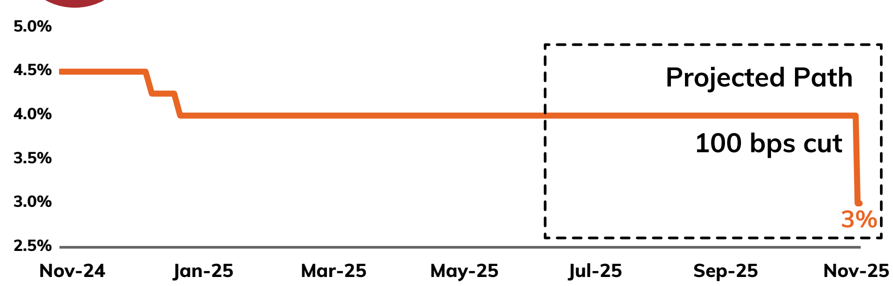
A lower Repo Rate would stimulate demand: **In June 2025, the RBI reduced the repo rate by 50 basis points to 5.50%. A lower cost of borrowing for banks** would translate into lower interest rate on most bank loans linked to the External Benchmark-linked Lending Rate. **Easing interest rates would encourage individuals to avail more loans for purchasing** consumer durables, vehicles etc. **Further, businesses would borrow to scale operations, which would augment economic activity.**

Reduction in Cash Reserve Ratio (CRR) would support credit growth: **The RBI also reduced the Cash Reserve Ratio by 100 bps to 3.0% of net demand and time liabilities,** which will be carried out in four equal tranches of 25 bps each at every fortnight beginning September 06, 2025. **This move is expected to release primary liquidity of about ₹2.5 lakh crore into the banking system by December 2025.**

REPO RATE (%)



CASH RESERVE RATIO (%)

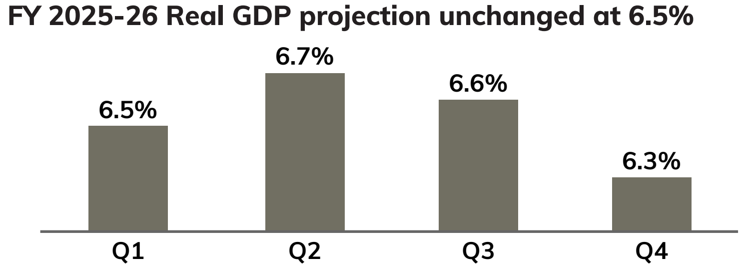


Source: Reserve Bank of India (RBI). Data as on June 06, 2025. Bps: Basis points.

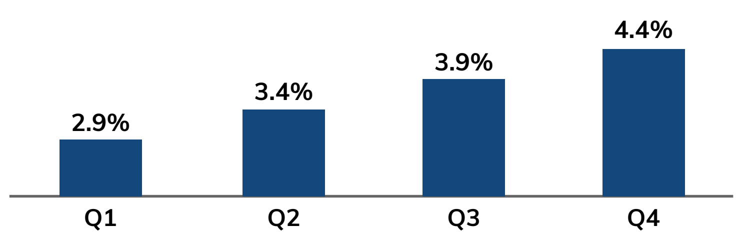
Change in policy stance: **The policy stance was shifted from 'Accommodative' to 'Neutral', indicating that the room for further rate cuts may now be limited given the growth-inflation dynamics.**

RBI's PROJECTIONS

FY 2025-26 Real GDP projection unchanged at 6.5%



FY 2025-26 CPI Inflation revised lower to 3.7% from 4.0%



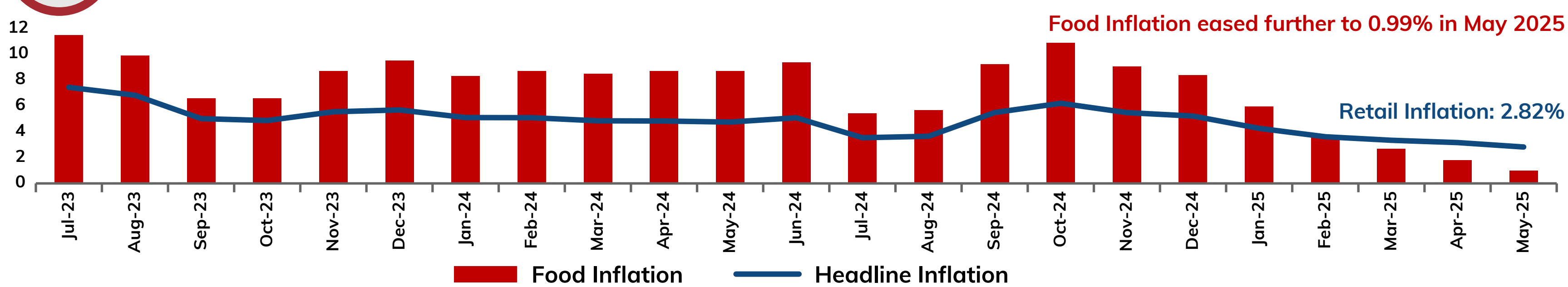
Source: Reserve Bank of India (RBI), GDP: Gross Domestic Product. CPI: Consumer Price Inflation, Q: Quarter.

India's Retail Inflation Continues its Downward Trajectory

India's retail inflation, measured by Consumer Price Index (CPI), steadily cooled to 2.82% in May 2025 from 3.16% in April 2025, primarily driven by sustained moderation in food prices.

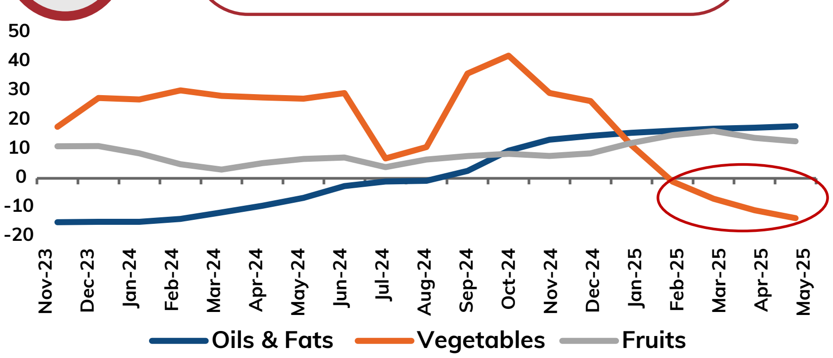
Food inflation fell sharply to 0.99% in May 2025, the lowest level since October 2021. The encouraging prospects for agricultural production, comfortable reservoir levels and arrival of fresh Rabi harvests augur well for food inflation, which would support consumption. **However, core inflation, which excludes food and fuel, remains sticky at 4.2% year-on-year in May 2025, impacted by rising gold prices.**

INDIA'S INFLATION RATE (%)



Deflation in key components, such as vegetables (-13.70%), pulses (-8.22%) and spices (-2.82%) contributed to the decline in food prices. However, prices of fruits (12.74%) and Oils and Fats (17.91%) remain elevated. The decision of the government to reduce the basic customs duty on crude edible oils like soybean, sunflower and palm, from 20% to 10%, would help reduce retail prices of edible oils and encourage domestic refining (Source: Ministry of Consumer Affairs, Food & Public Distribution, June 2025).

INFLATION OF OILS & FATS, VEGETABLES AND FRUITS (%)



Group	Weightage	May-25 (YoY)	Apr-25 (YoY)
Food and beverages	45.86%	1.5%	2.1%
Pan, tobacco and intoxicants	2.38%	2.4%	2.1%
Clothing and footwear	6.53%	2.7%	2.7%
Housing	10.07%	3.2%	3.0%
Fuel and light	6.84%	2.8%	2.9%
Miscellaneous	28.32%	5.1%	5.0%

Source: Centre for Monitoring Indian Economy (CMIE), Ministry of Statistics and Programme Implementation (MOSPI). YoY: Year-on-Year.

How did RBI Manage Liquidity in the System?

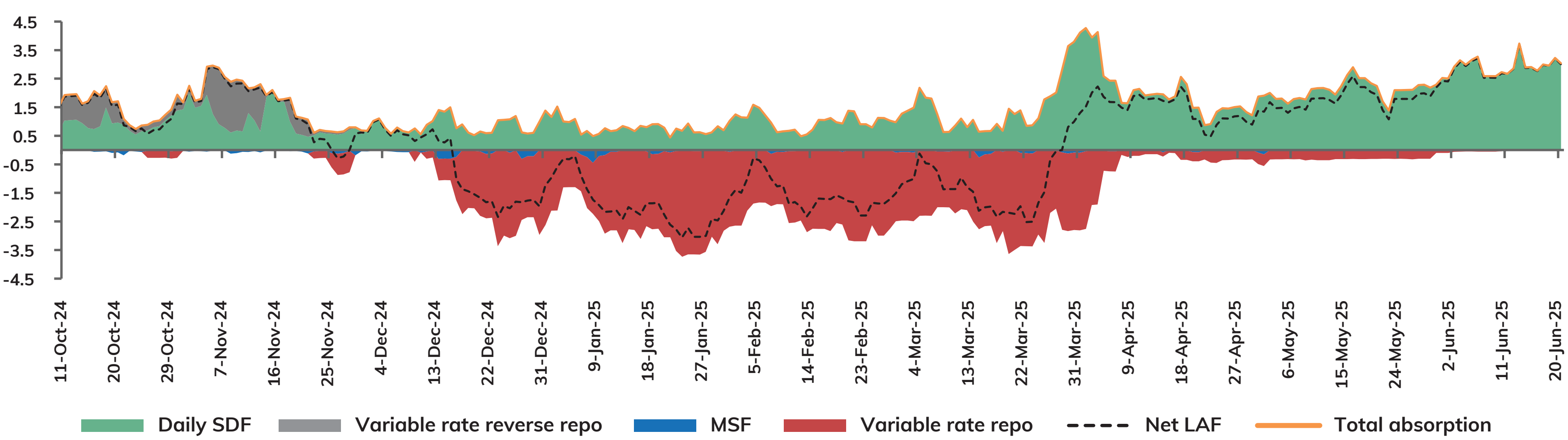
Durable Liquidity Injected: ₹9.5 lakh crore of durable liquidity was injected into the banking system since January 2025 through open market purchases, USD/INR buy-sell swaps and term VRR auctions.

Monetary policy stimulus: The RBI reduced the Repo rate to 5.50% and the Cash Reserve Ratio (CRR) to 3.0% in a staggered manner, which would reduce the cost of funds for banks.

RBI's dividend payout to the Government: The RBI will transfer a dividend of ₹2.69 lakh crore to the central government for FY 2024-25, which would further boost system liquidity.

Relaxation of priority sector lending (PSL) norms, effective April 2026: The RBI has relaxed the priority sector lending requirement for Small Finance Banks from 75% to 60% of Adjusted Net Bank Credit or Credit Equivalent of Off-Balance Sheet Exposures, whichever is higher. The substantial capital released could be deployed into sectors, such as MSME, renewable energy and housing loans.

LIQUIDITY OPERATIONS (₹ LAKH CRORE)



Source: Reserve Bank of India Bulletin, June 2025. SDF: Standing Deposit Facility. LAF: Liquidity Adjustment Facility. MSF: Marginal Standing Facility. MSME: Micro, Small, and Medium Enterprises. VRR: Variable Repo Rate.

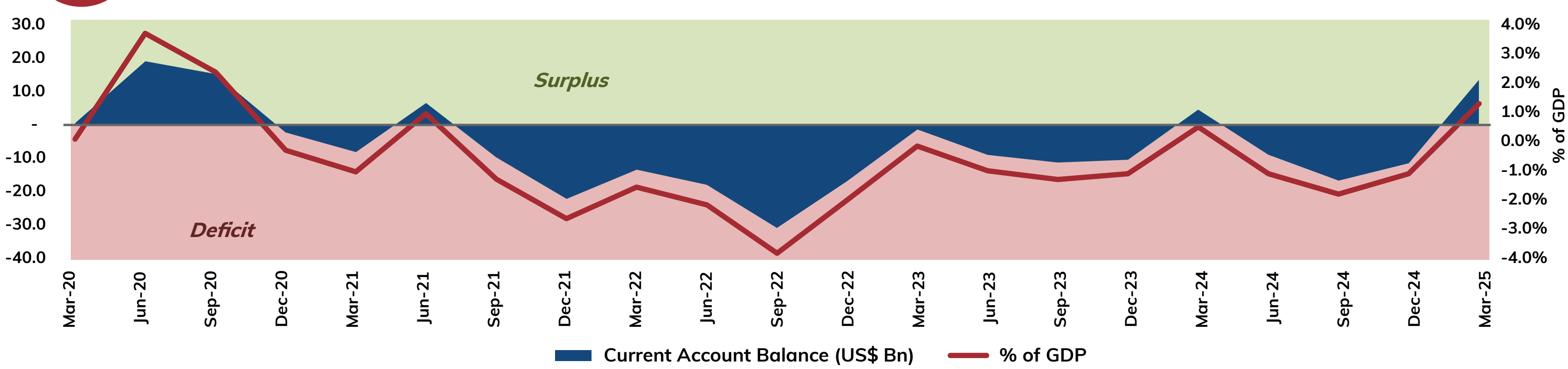
Eased norms for project financing, effective October 2025: As per the new norm, banks would have to set aside only 1% of standard asset provisioning for projects under construction, down from the earlier 5%. This would ease pressure on balance sheets of banks.

India Posts Current Account Surplus in Q4 FY 2024-25

India recorded a current account surplus of $13.5 billion or 1.3% of GDP in January-March 2025, as against a deficit of 1.1% of GDP for the October-December 2024 quarter, marking a sharp reversal.

- **India's net services receipts increased to $53.3 billion in January-March 2025 from $42.7 billion a year earlier,** underpinned by growth in major categories such as business services and computer services.
- **Personal transfer receipts, which are mainly remittances by Indians employed overseas, also increased** to $33.9 billion in Q4 FY 2024-25 from $31.3 billion recorded in the preceding year.
- **The net outgo on the primary income account,** that denotes payments of investment income, moderated to $11.9 billion in Q4 FY 2024-25 from $14.8 billion recorded in the preceding year.

INDIA'S CURRENT ACCOUNT BALANCE



Current Account	Q4:FY25 (US$ Billion)	FY24-25 (US$ Billion)
Goods (incl. POL)	-59.5	-287.2
POL	-30.2	-122.4
Services	53.3	188.8
Primary Income	-11.9	-48.4
Secondary Income	31.5	123.5

Capital Account & Financial Account	Q4:FY25 (US$ Billion)	FY24-25 (US$ Billion)
Direct Investment	0.4	1.0
Portfolio Investment	-5.9	3.6
Other Investment	7.4	34.5
Reserve Assets	-8.8	5.0
Net Errors & Omission	0.9	1.5

Source: Reserve Bank of India. Data for January 01, 2025 – March 31, 2025, quarter. GDP: Gross Domestic Product; POL: Petroleum, Oil & Lubricants. Bn. Billion. Other Investment (in table) includes Financial derivatives and employee stock options. Reserve Assets (Increase (-)/Decrease (+)).

India’s Merchandise Trade Deficit Narrows Despite a Challenging Global Environment

ICICI PRUDENTIAL MUTUAL FUND

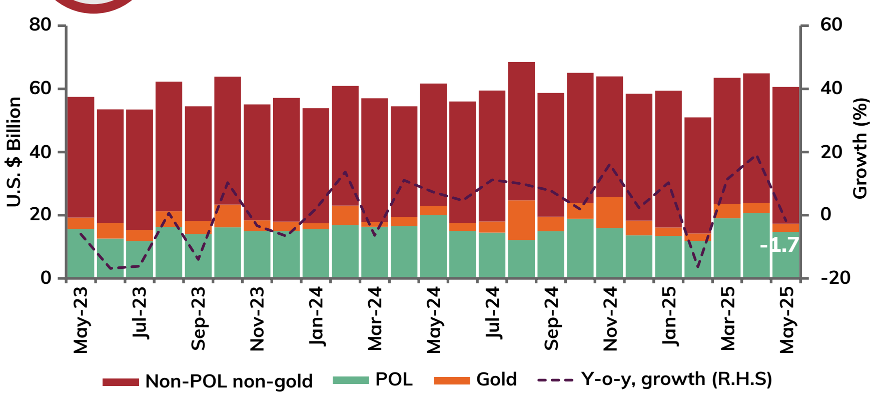
India's merchandise imports fell 1.7% year-on-year to $60.61 billion in May 2025.

What pulled down import growth in May 2025? Petroleum, crude and products, transport equipment, coke, coal, gold, precious and semiprecious stones.

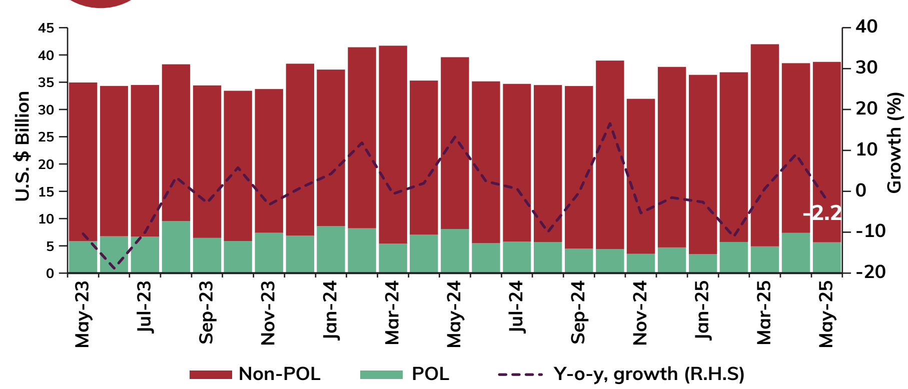
India's merchandise exports declined 2.2% year-on-year to $38.73 billion in May 2025.

What pulled down export growth in May 2025? Petroleum products, gems and jewellery, iron ore, engineering goods and cotton yarn/fabrics.

TREND IN IMPORTS



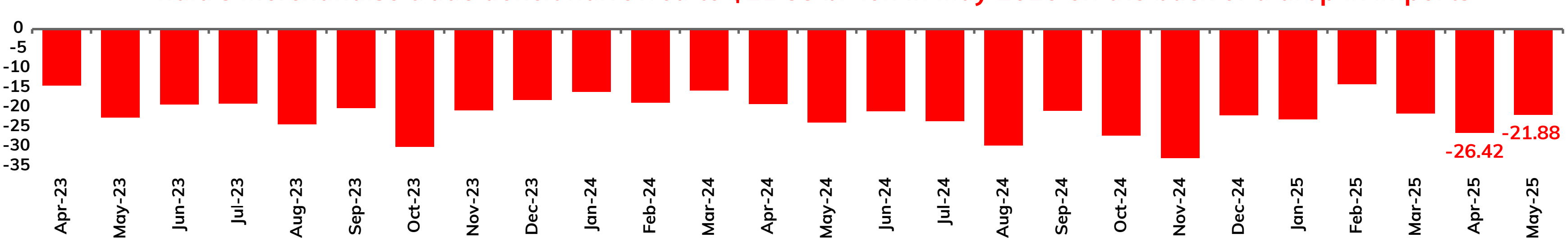
TREND IN EXPORTS



Source: Reserve Bank of India Bulletin, June 2025. POL: Petroleum, Oil & Lubricants. PIB, DGCI&S. Y-o-y: Year-on-year.

INDIA'S MERCHANDISE TRADE BALANCE ($, BILLION)

India’s merchandise trade deficit narrowed to $21.88 billion in May 2025 on the back of a drop in imports.



Source: Ministry of Commerce and Industry.

India’s exports to the U.S. expanded in April-May 2025 to $17.25 billion, up from $14.17 billion a year earlier (Source: Reuters). India is in the process of further deepening collaboration with the U.S. across several industries ranging from energy, pharmaceuticals, semiconductors, defense and artificial intelligence.

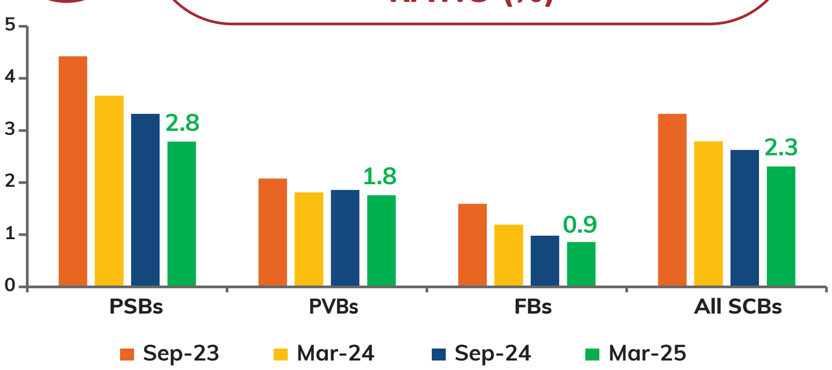
Note: U.S.: United States. The sector(s) /stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s). The portfolio of the scheme is subject to changes within the provisions of the Scheme Information Document of the Scheme.

The Asset Quality of Banks Improve Further in March 2025

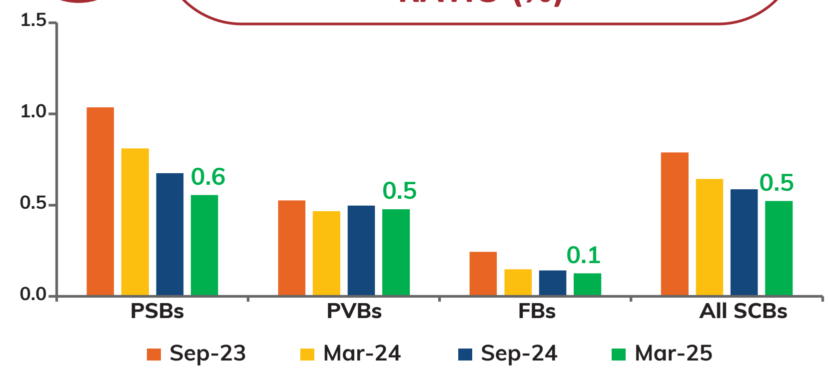
ICICI PRUDENTIAL MUTUAL FUND

Scheduled Commercial Banks continued to record improvement in their asset quality, with the Gross Non-Performing Assets ratio and the Net Non-Performing Assets ratio declining to multi-decadal lows of 2.3% and 0.5%, respectively.

SCHEDULED COMMERCIAL BANKS' GROSS NON-PERFORMING ASSETS RATIO (%)



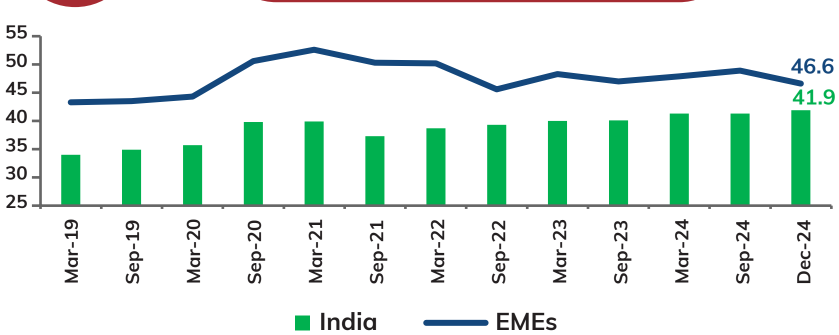
SCHEDULED COMMERCIAL BANKS' NET NON-PERFORMING ASSETS RATIO (%)



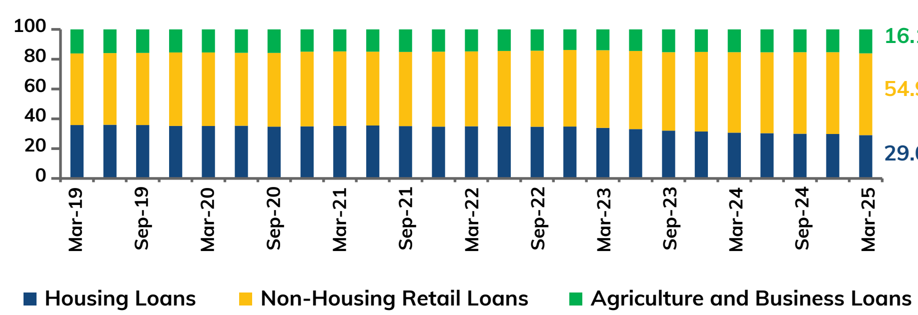
Source: RBI Financial Stability Report, June 2025. Net Non-Performing Assets ratio is the proportion of net non-performing assets in net loans and advances. PSBs: Public Sector Banks. PVBs: Private Sector Banks. FBs: Foreign Banks. SCBs: Scheduled Commercial Banks.

India's Housing Debt is relatively lower than other emerging market economies: As on end-December 2024, India's household debt stood at 41.9% of GDP (at current market prices), relatively lower than other Emerging Market Economies.

INDIA'S HOUSEHOLD DEBT (% OF GDP)



SHARE OF BROAD CATEGORIES IN HOUSEHOLD BORROWINGS (%)

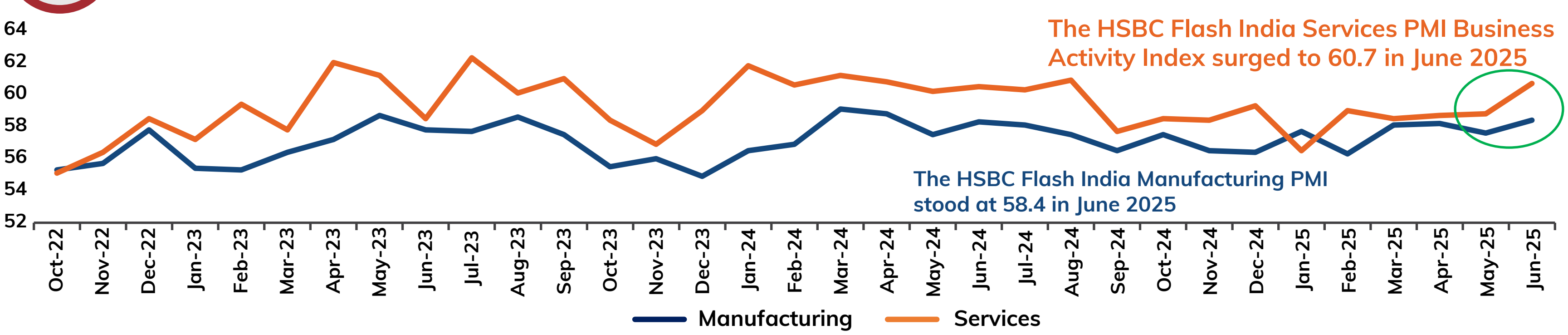


Source: RBI Financial Stability Report, June 2025, BIS: Bank for International Settlements. EMEs: Emerging Market Economies. GDP: Gross Domestic Product.

New Export Orders Fuel India's Private Sector Business Activity

The HSBC Flash India Composite Output Index climbed to a 14-month high of 61 in June 2025, supported by **an increase in total new business intakes and international sales. Manufacturers led the upturn in business activity,** supported by favourable demand trends, investments in technology and improved efficiency. **Private sector firms in India indicated an increase in new export orders during the month with stronger demand from Asia, Europe, the Middle East and America.**

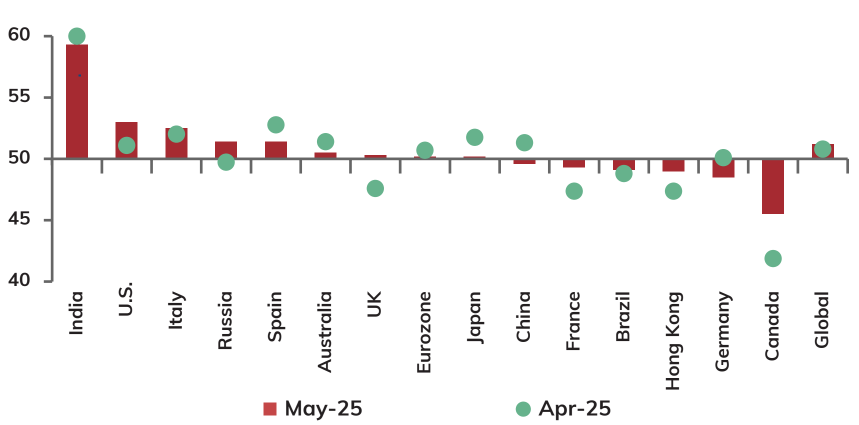
INDIA'S PURCHASING MANAGERS' INDEX (PMI)



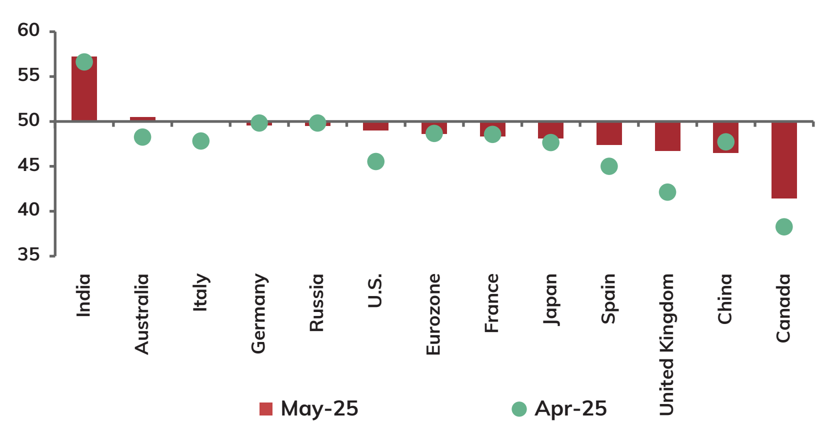
Source: S&P Global. Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. GDP: Gross Domestic Product.

India displayed significant expansion in new export orders as compared to most major economies.

S&P GLOBAL COMPOSITE PMI INDEX



PMI EXPORT ORDERS INDEX



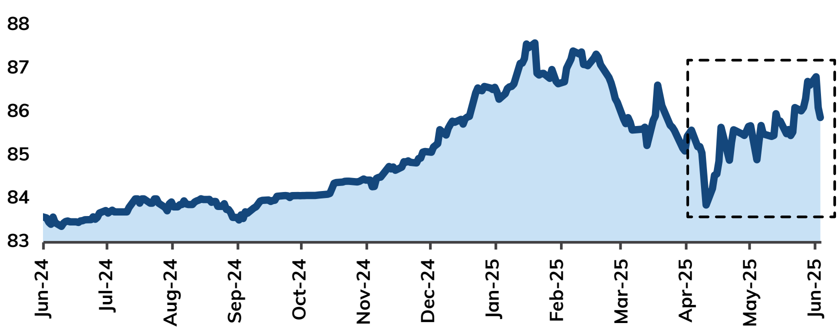
Source: S&P Global, Reserve Bank of India Bulletin, June 30 2025, U.S.: United States. UK: United Kingdom. PMI: Purchasing Managers' Index.

The Stability of the India Rupee

The Indian Rupee traded around 85.87 levels in June 2025. Which factors supported the Indian Rupee?

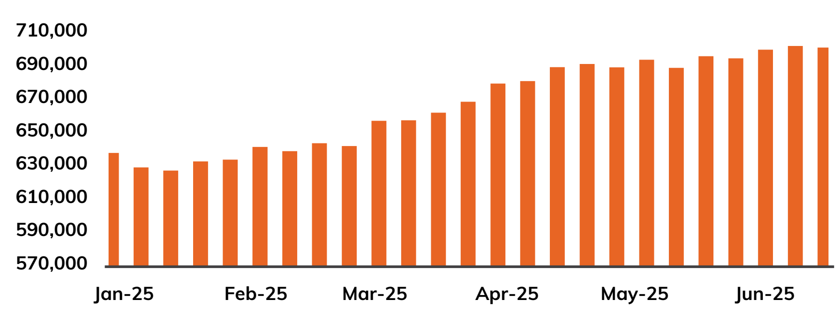
India's current account surplus of $13.5 billion in Q4 FY 2024-25 indicates better external stability, which would ease the pressure on the rupee. Softening Brent crude oil prices would reduce the strain on India's trade balance as the country relies heavily on imports for its oil requirements. **The pick-up in India's Q4 FY 2024-25 growth was supported by a pick-up in private consumption. Easing retail inflation and liquidity measures by the RBI** would further support credit growth. **Foreign Portfolio Investors investing in the Indian equity market** is positive for the domestic currency.

USD/INR



Source: Reuters, Data as on June 25, 2025.

TOTAL FOREIGN EXCHANGE RESERVES ($, MILLION)



Source: Reuters, Centre for Monitoring Indian Economy. Data as on June 20, 2025.

India's foreign exchange reserves rose to $697.93 billion for the week ending June 20, 2025. A healthy level of foreign exchange reserves acts as a buffer against global financial turbulence, which could be directed to defend the rupee in times of volatility.

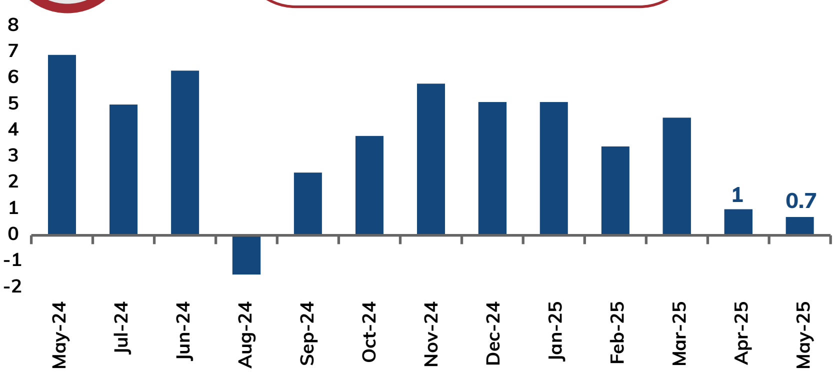
India's Core Sector Growth Plummeted to a 9-month low. Which sectors lagged?

ICICI PRUDENTIAL MUTUAL FUND

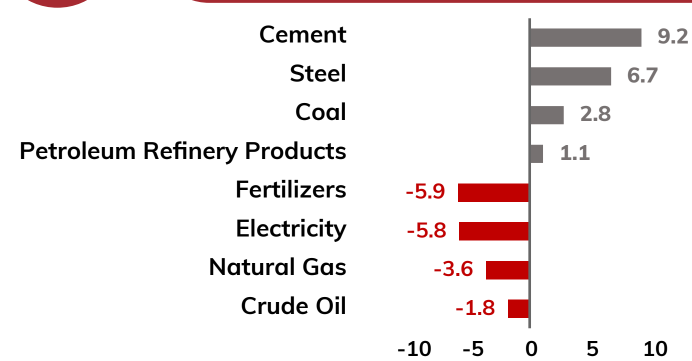
India's core sector output weakened to 0.7% in May 2025 from the revised 1% in April 2025. While cement, steel, coal and refinery products registered positive growth, contraction in crude oil, natural gas, fertilizer and electricity weighed on the overall performance.

The cement sector benefited from government-led capital expenditure. On the other hand, growth of **crude oil contracted amid geopolitical tensions and petroleum refinery export volume fell owing to weak global demand.**

INDEX OF EIGHT CORE INDUSTRIES (%)



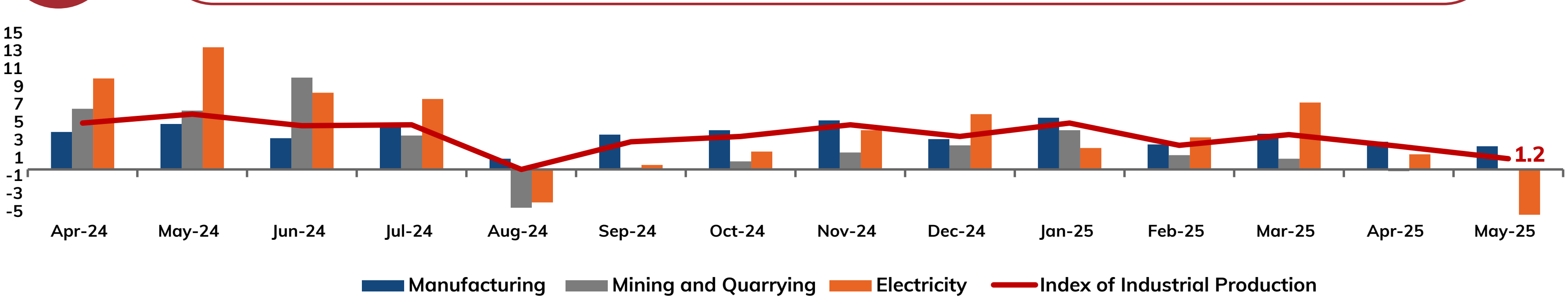
SECTOR OUTPUT GROWTH IN MAY 2025 (%)



Source: Ministry of commerce and industry. The eight core sectors are: Coal, crude oil, natural gas, refinery products, fertilizers, steel, cement, and electricity. May 2025 print is provisional. Year-on-year growth.

In May 2025, India's industrial production (IIP) slowed to 1.2% from the revised 2.6% in April 2025. Electricity generation witnessed a sharp contraction of 5.8%, largely due to the premature onset of monsoon.

INDEX OF INDUSTRIAL PRODUCTION - MANUFACTURING, MINING AND QUARRYING, ELECTRICITY (YEAR-ON-YEAR %)



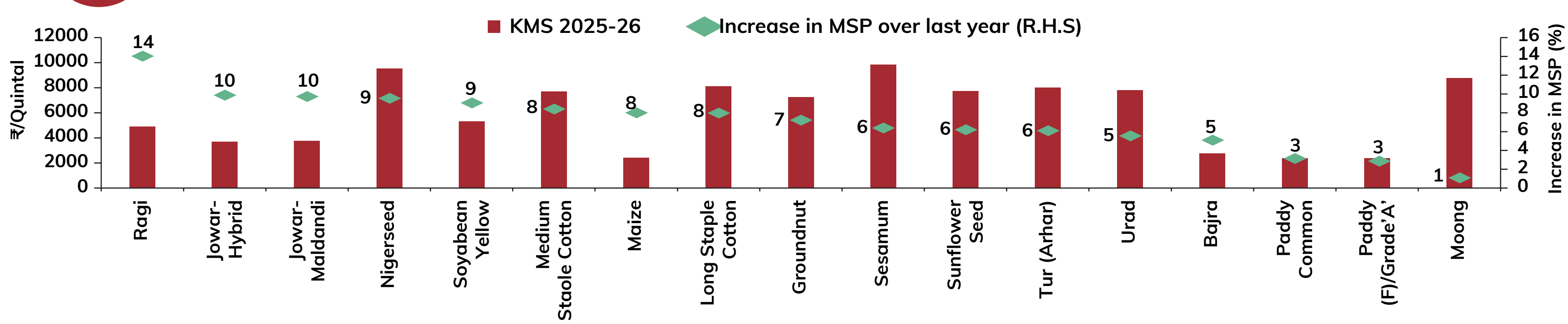
Source: Ministry of Statistics and Programme Implementation (MOSPI).

Benefit for Farmers – MSP for Kharif Crops approved for the Marketing Season 2025-26

ICICI PRUDENTIAL MUTUAL FUND

In May 2025, the government approved the increase in the Minimum Support Prices (MSP) for 14 Kharif Crops for Marketing Season 2025-26. The government is focused to align MSPs in favour of oilseeds, pulses and nutri-cereals: **a) Encourage crop diversification b) Correct the Demand-Supply Imbalance c) Promote sustainable agriculture and e) Support agricultural income.**

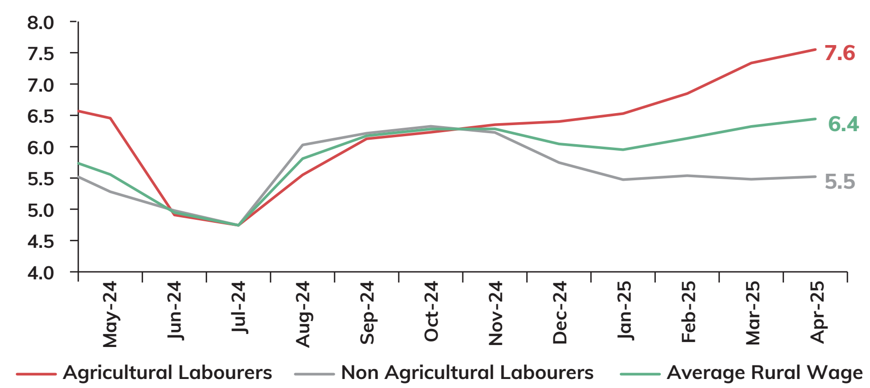
MINIMUM SUPPORT PRICES FOR KMS 2025-26



Source: Government of India, RBI Bulletin, June 2025. Cabinet Committee on Economic Affairs (CCEA). MSP: Minimum Support Prices. KMS: Kharif Crops for Kharif Marketing Season. R.H.S: Right-hand side.

Rural labour wage growth continued to increase in April 2025.

RURAL NOMINAL WAGE (YoY, %)



Source: Reserve Bank of India Bulletin, Labour Bureau, Ministry of Labour and Employment. YoY: Year-on-Year.

The Government has approved the continuation of Modified Interest Subvention Scheme (MISS) for FY 2025-26 with existing 1.5% Interest Subvention, which would facilitate short-term credit to farmers at an affordable interest rate through Kisan Credit Card.

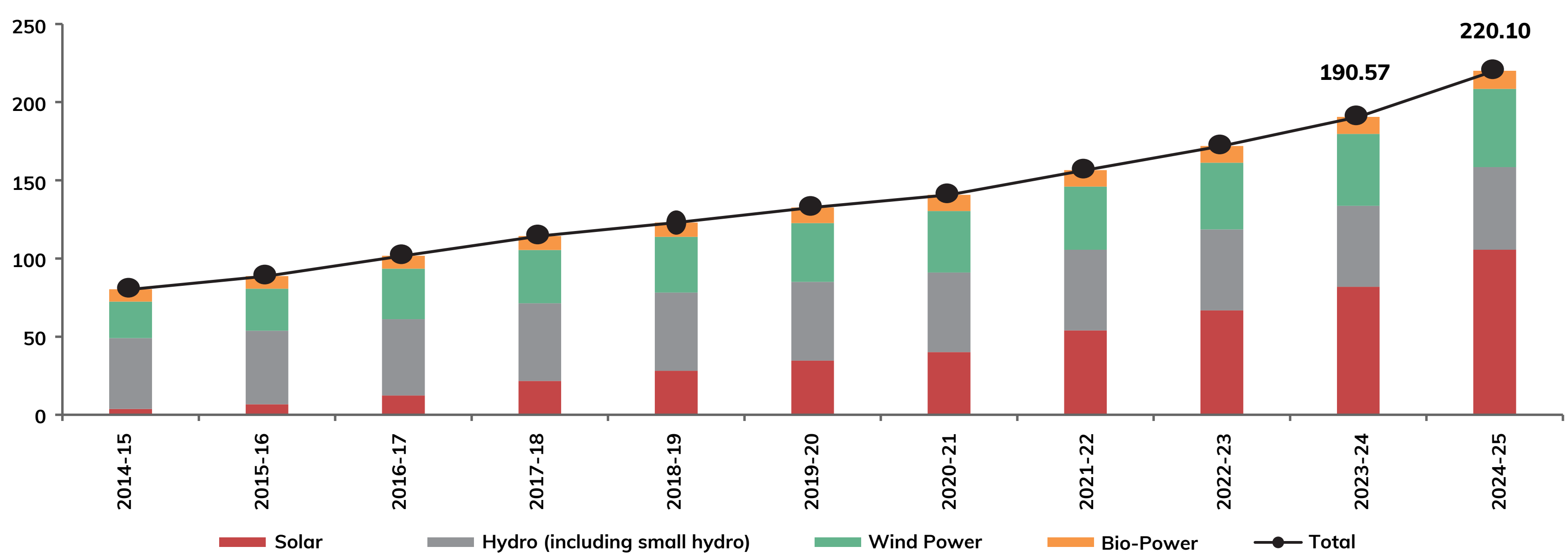
Source: Ministry of Agriculture & Farmers Welfare, May 2025 report.

More Power to India

In pursuit of the net zero target, India's push for renewable energy capacity gathered further momentum in FY 2024-25. The total installed renewable energy (RE) capacity in the country has reached 220.10 GW as of March 31, 2025, up from 198.75 GW in the previous fiscal.

The total installed renewable energy capacity was primarily driven by the rise in the installed capacity under solar, wind and hydro energy projects. Solar energy contributed the most to the capacity expansion, with 23.83 GW added in FY 2024–25, a significant increase over the 15.03 GW added in the previous year.

ANNUAL TOTAL INSTALLED RENEWABLE ENERGY CAPACITY COMPOSITION (GW)



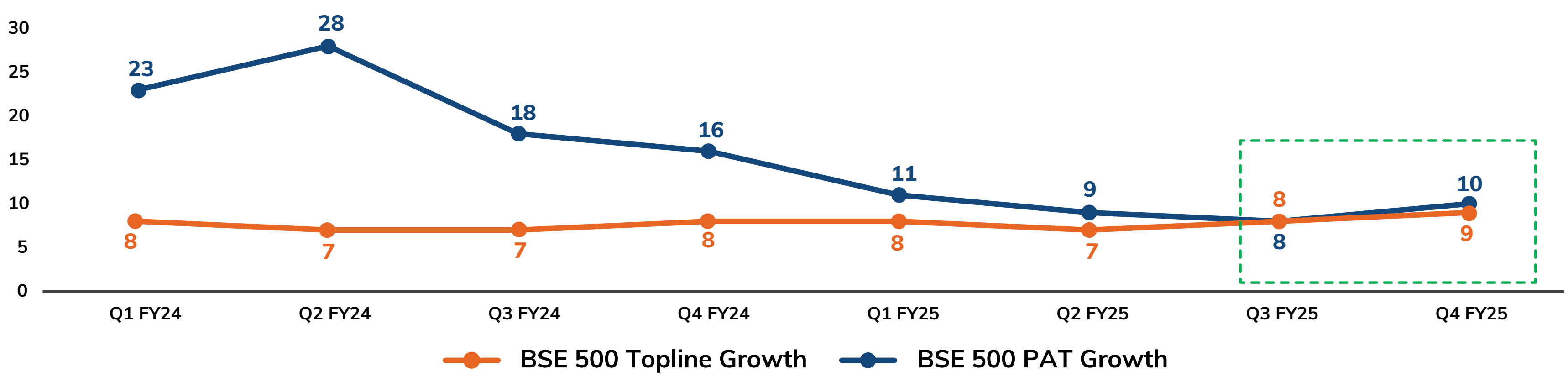
Source: Central Electricity Authority (CEA). Reserve Bank of India (RBI) Bulletin, June 2025: GW: Gigawatts.

Big Push to Battery Energy Storage: In a massive push for renewable integration and energy security, the Ministry of Power has approved a Viability Gap Funding (VGF) scheme worth ₹5,400 crore to support the development of 30 gigawatt-hours (GWh) of Battery Energy Storage Systems. The scheme aims to attract ₹33,000 crore in investment, which would help India meet its storage requirement by 2028 (Source: Ministry of Power).

Q4 FY 2024-25 Corporate Earnings – Thumbs Up or Down?

Q4 FY 2024-25 Profit After Tax Growth (PAT) growth for BSE 500 improved to a modest 10% year-on-year from 8% witnessed in the previous quarter. The improvement can be attributed to **the low base and cost rationalization (the BSE 500 wage bill growth slowed further to 5% year-on-year in Q4 FY 2024-25).**

BSE 500 TOPLINE AND PAT GROWTH YoY GROWTH (%)



SECTORS WITH STRONG PERFORMANCE

Metals, Telecom, Cement, Chemicals & Pharmaceuticals

SECTORS WITH NEUTRAL PERFORMANCE

Private Banks, IT

SECTORS WITH MUTED PERFORMANCE

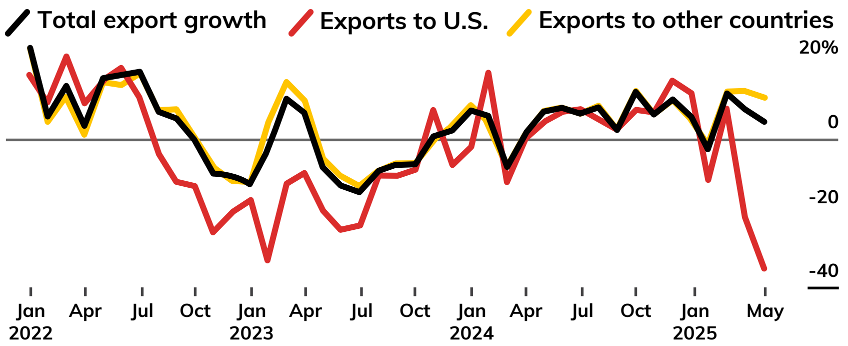
Auto, Industrials, PSU Banks

Source: Nuvama Research, PAT: Profit After Tax, BSE: Bombay Stock Exchange, EPS: Earnings per Share, FY: Financial Year, YoY: year on Year. Data as on March 31, 2025. Past performance may or may not sustain in future. PSU: Public Sector Undertaking. IT: Information Technology. PAT: Profit After Tax. The sector(s) /stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s). The portfolio of the scheme is subject to changes within the provisions of the Scheme Information Document of the Scheme.

China's Exports to the United States fall the most since February 2020

China's exports to the U.S. plummeted 34.4% year-on-year in May 2025, the sharpest drop since February 2020.

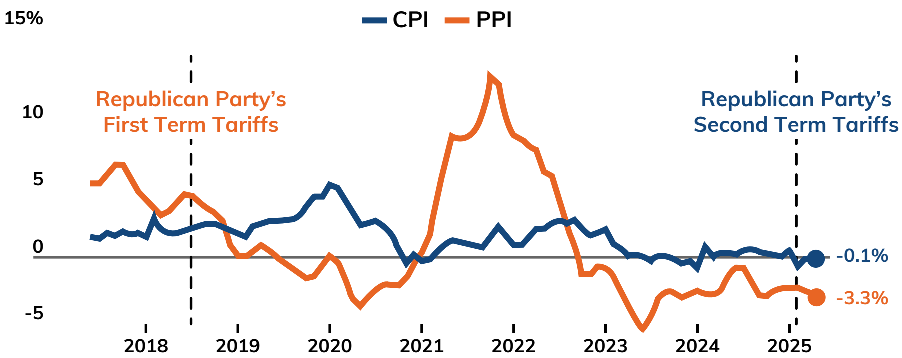
CHINESE EXPORTS (%)



Source: Chinese General Administration of Customs. U.S.: United States. Year-on-Year %.

China's consumer prices fell 0.1% year-on-year in May 2025 amidst sluggish domestic demand and concerns over job stability.

CHINA'S INFLATION (%)



Source: Reuters, Year-on-Year %. Data as on May 2025. CPI: Consumer Price Index. PPI: Producer Price Index.

Rare Earth dominance: China remains the world's top supplier of rare earths, a group of 17 minerals used in products such as electric vehicles, smartphones and wind turbines. China's rare earth exports rose 23% in May 2025 from April 2025 (Data Source: Reuters).

Factory Output slowed: China's industrial production fell to 5.8% year-on-year in May 2025, from 6.1% in April 2025 as wavering U.S. tariff pressures weighed on domestic output. (Source: National Bureau of Statistics of China. U.S.: United States).

Retail Sales revive: In May 2025, the People's Bank of China rolled out a series of stimulus measures, such as lowering benchmark lending rates and implementing a 500 billion yuan re-lending facility to support service consumption. China's retail sales grew 6.4% year-on-year in May 2025, marking the fastest growth since December 2023, primarily due to China's trade-in program – shopping festival and stimulus measures announced by the government (Data Source: Reuters).

Interest Rates Unchanged in June 2025: The People's Bank of China decided to keep the 1-year loan prime rate unchanged at 3.0% in June 2025 and held the 5-year loan prime rate steady at 3.5%.

Other Key Developments

Bank of England keeps interest rates unchanged: In June 2025, the Bank of England (BoE) kept its policy rate unchanged at 4.25% amid lingering geopolitical uncertainties and wavering U.S trade policies. The Consumer Price Index (CPI) inflation increased to 3.4% in May 2025 from 2.6% in March 2025, largely due to increases in energy prices. The central bank is open to reducing the borrowing later this year based on inflation risks and the unemployment scenario amid a slowing economy.

Update on U.S. Tariffs: The U.S. President agreed to extend the deadline to negotiate tariffs with the European Union until July 09, 2025. U.S. tariffs entered the spotlight once again as the government talked about increasing the tariffs on steel and aluminum imports from 25% to 50% in June 2025 with an aim to bolster the domestic steel industry. The direct impact on India is expected to be minimal compared to China and Brazil, that are top steel suppliers for the U.S. (Data Source: The White House. U.S.: United States).

India's GST collection recorded an all-time high: India's gross collection of goods and service tax (GST) for the FY 2024-25 reached an all-time high of ₹22.08 lakh crore, marking a 9.4% year-on-year growth compared to ₹20.18 lakh crore collected in FY 2023-24. Since its implementation, GST has portrayed strong growth in revenue collection and tax base expansion, making India’s indirect taxation efficient (Source: Government of India, Press Information Bureau).

India’s external debt increased: India’s external debt position rose to $736.3 billion on March 31, 2025 compared to $668.8 billion recorded a year ago. The external debt to GDP ratio increased to 19.1% in March 2025 as compared 18.5% recorded in March 2024. The U.S. dollar-denominated debt remained the largest component of India's external debt with a share of 54.2% (Source: Reserve Bank of India. U.S.: United States).

Credit growth of scheduled commercial banks (SCBs): The credit growth of banks moderated to 9.9% as on May 30, 2025 from 16.2% recorded a year earlier, due to weaker momentum and unfavourable base effects. In FY 2025-26, the credit offtake of Scheduled Commercial Banks is likely to be supported by monetary policy stimulus measures announced by the Reserve Bank of India.

Other Key Developments

India's Fiscal Deficit Update: India's fiscal deficit for FY 2024-25 stood at ₹15.77 lakh crore, which is 4.8% of the GDP. The fiscal deficit was in line with the government's revised estimate. (Source: Data released by Controller General of Accounts, GDP: Gross Domestic Product).

Systematic Investment Plan (SIP) inflows hit a fresh record: Systematic Investment Plan (SIP) has gained popularity among mutual fund investors as it helps in rupee cost averaging and investing in a phased manner without having to time the market. SIP contributions rose to a high of ₹26,688 crore in May 2025 with the number of SIP accounts rising to 8.56 crore, indicating the commitment of investors to disciplined investing (Source: Association of Mutual Funds in India).

New Gold Loan Norms Prescribed by the RBI: On June 06, 2025, the RBI announced final guidelines for lending against gold and silver assets. As per the norm, banks shall not grant loans against financial assets backed by primary gold or silver. In case the total loan amount against eligible collateral is above ₹2.5 lakh, the lenders are required to conduct a detailed credit assessment of the borrower (Source: Reserve Bank of India).

India's Wholesale Price Index (WPI) cooled: India's wholesale price index based inflation eased to a 14-month low of 0.39% in May 2025 as against 0.85% in April 2025, supported by easing prices of vegetables, non-food manufacturing, minerals, fuel and power segments (Source: Ministry of Commerce and Industry).

India's unemployment indicator: Unemployment Rate among persons of age 15 years and above has increased to 5.6% in May 2025 from 5.1% in April 2025. In rural areas, employment shifted away from the primary sector (agriculture) (from 45.9% in April to 43.5% in May 2025) to secondary and services sectors. In urban areas, changes were more marginal with slight declines in number of own account workers and casual labourers (Source: Ministry of Statistics & Programme Implementation).

RBI's VRRR Auction: On June 27, 2025, the RBI decided to conduct a 7-day variable rate reverse repo (VRRR) auction for a notified amount of ₹1 lakh crore, which would drain excess liquidity from the system (Source: Reserve Bank of India. VRRR: Variable Rate Reverse Repo).

And it is a wrap for the month

Uncertainties continued to loom over the macroeconomic landscape amid geopolitical turbulence and wavering U.S. trade policies. The Organisation for Economic Co-operation and Development (OECD) revised its global economic growth forecast downward to 2.9% for both 2025 and 2026.

Amidst elevated global trade uncertainty, the Indian economy remained resilient, offering opportunities to investors through a favourable demographic dividend, increased digitalization and reviving domestic demand. Private consumption, the mainstay of aggregate demand, remains healthy, with a gradual rise in discretionary spending. Retail inflation continued its declining trend on the back of easing food prices. Conclusion of the free trade agreement with the United Kingdom and progress with other countries should provide a fillip to trade in goods and services.

PICTURE OF THE MONTH

On June 30, 2025, the BSE Sensex traded around 83,606, striving to approach the September 2024 high of 85,930.

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