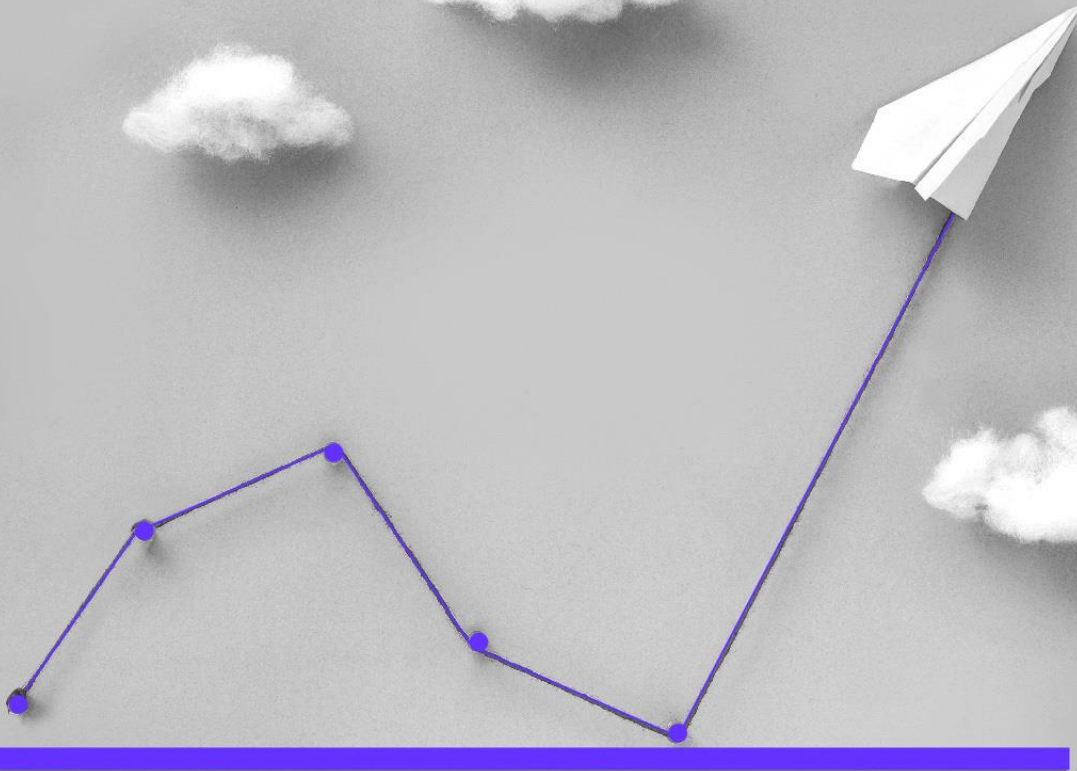


# TRENDS & TIDES

**RBI MPC August 2025  
maintains status quo on rates  
and stance**



# RBI holds repo rate steady at 5.5% amid prevailing uncertainties

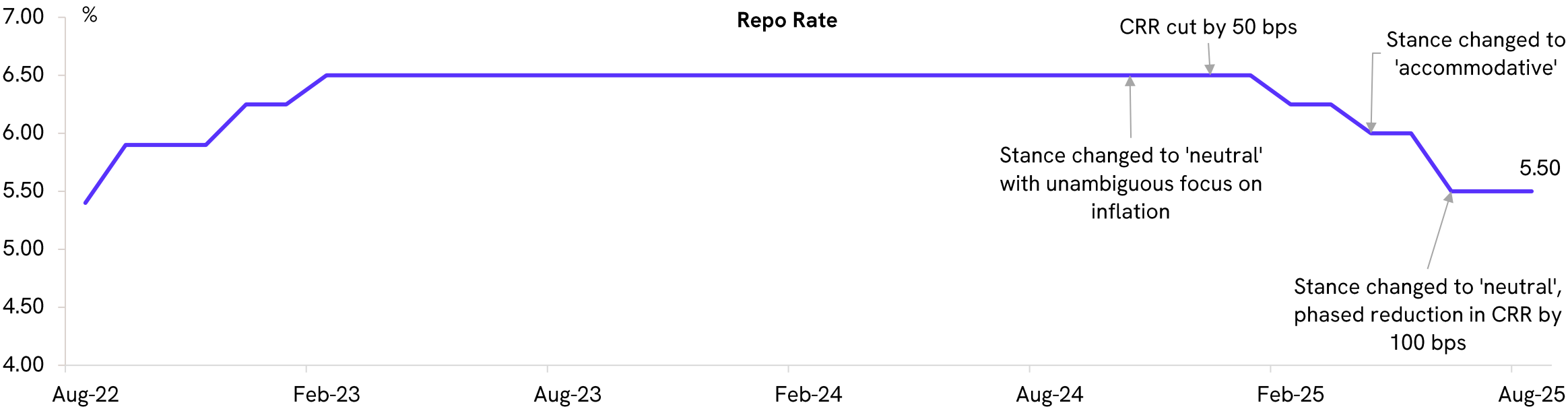
RBI awaits further transmission of the front-loaded rate cuts to the credit markets and the broader economy

The RBI’s Monetary Policy Committee (MPC) has decided to keep the repo rate and policy stance unchanged in the August 2025 meeting

The MPC statement notes that the impact of the 100-bps rate cut since February 2025 is still unfolding

It also highlights that headline inflation is much lower than earlier projected, mainly due to volatile food prices

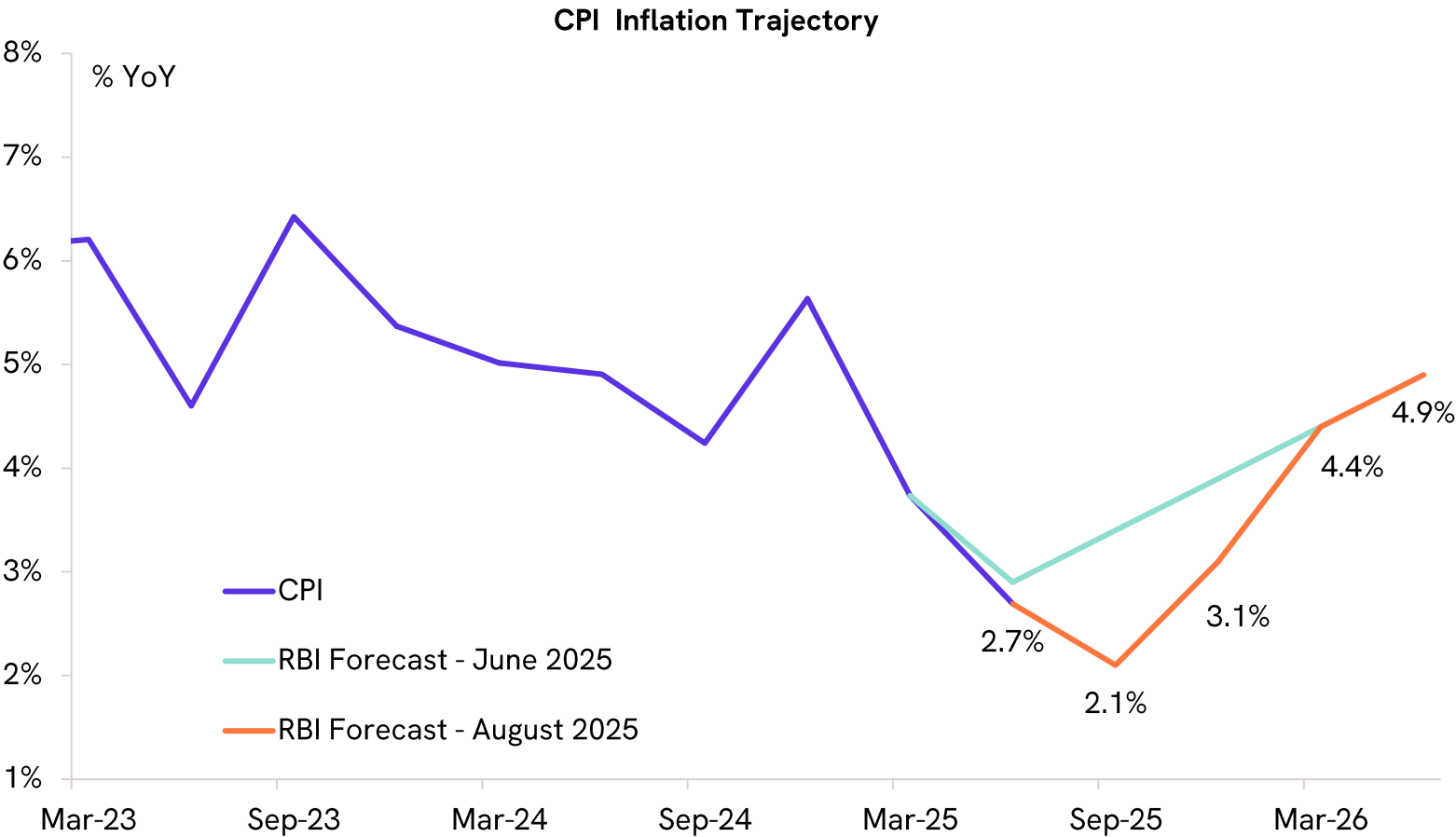
However, core inflation remains steady at around 4%, and overall inflation is expected to rise from the last quarter of this financial year



Source: RBI, 360 ONE Asset Research

# RBI lowers FY26 CPI projection to 3.1% YoY from 3.7% in the previous policy

Sharp decline in food inflation led by improved agricultural activity and various supply-side measures



### RBI Inflation Outlook:

Steady progress of the southwest monsoon, healthy kharif sowing, adequate reservoir levels and comfortable buffer stocks of foodgrains have contributed to moderation in inflation

CPI inflation, however, is likely to edge up above 4% by Q4FY26 and beyond, as unfavourable base effects and demand-side factors from policy actions come into play

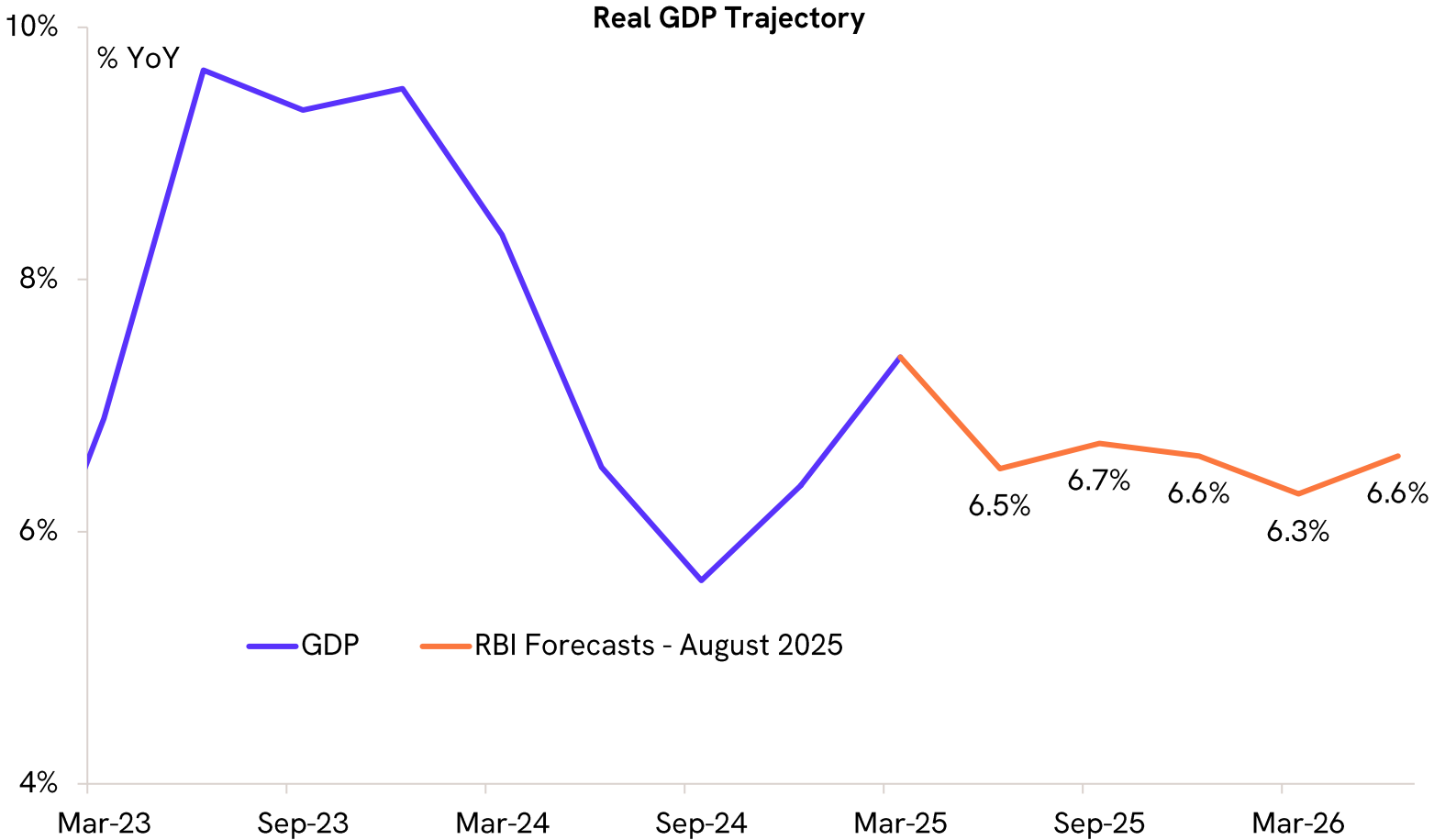
Barring any major negative shock to input prices, core inflation is likely to remain moderately above 4 per cent during the year

Weather-related shocks pose risks to the inflation outlook

Source: MOSPI, RBI, 360 ONE Asset Research

# RBI retains FY26 GDP growth projection at 6.5% YoY

MPC statement notes that growth has held up well, with some pick-up expected in the coming festive season



### RBI Growth Outlook:

The above-normal southwest monsoon, lower inflation, rising capacity utilisation and congenial financial conditions continue to support domestic economic activity

The supportive monetary, regulatory and fiscal policies should also boost demand

The services sector is expected to remain buoyant, with sustained growth in construction and trade in the coming months

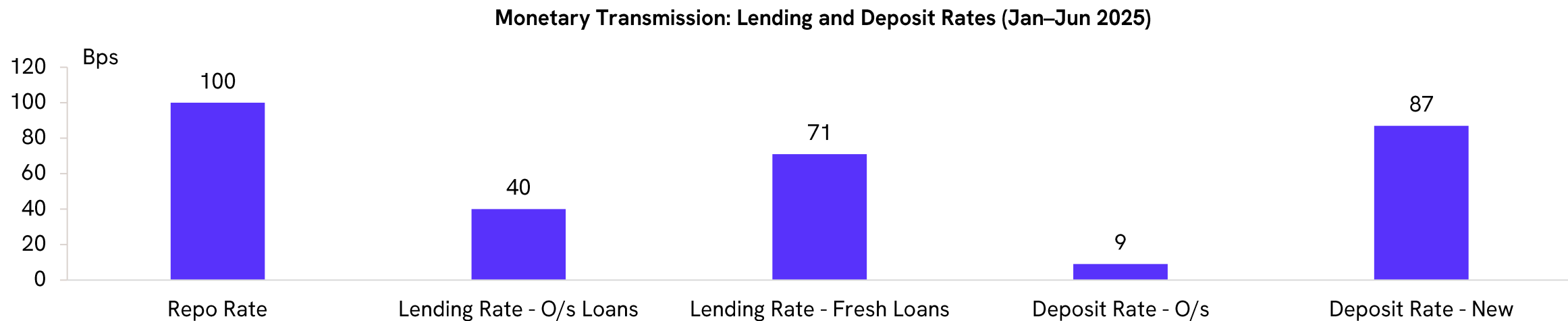
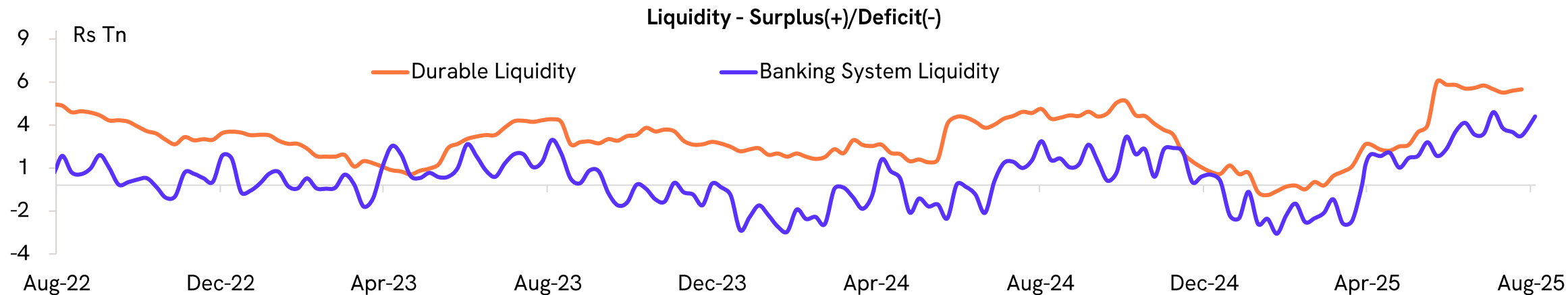
Prospects of external demand, however, remain uncertain amidst ongoing tariff announcements and trade negotiations

The headwinds emanating from prolonged geopolitical tensions, persisting global uncertainties, and volatility in global financial markets pose risks to the growth outlook

Source: MOSPI, RBI, 360 ONE Asset Research

# Banking system liquidity remains in heavy surplus

Liquidity surplus to ensure faster transmission of rate cuts to credit and deposit markets

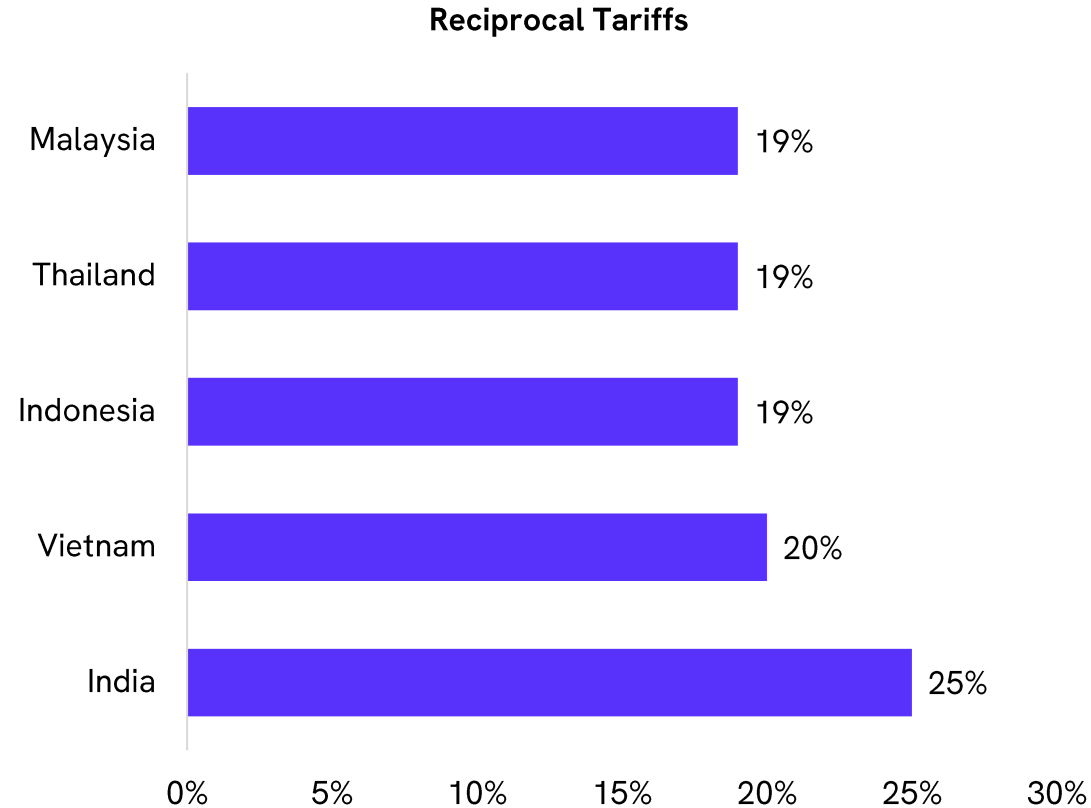
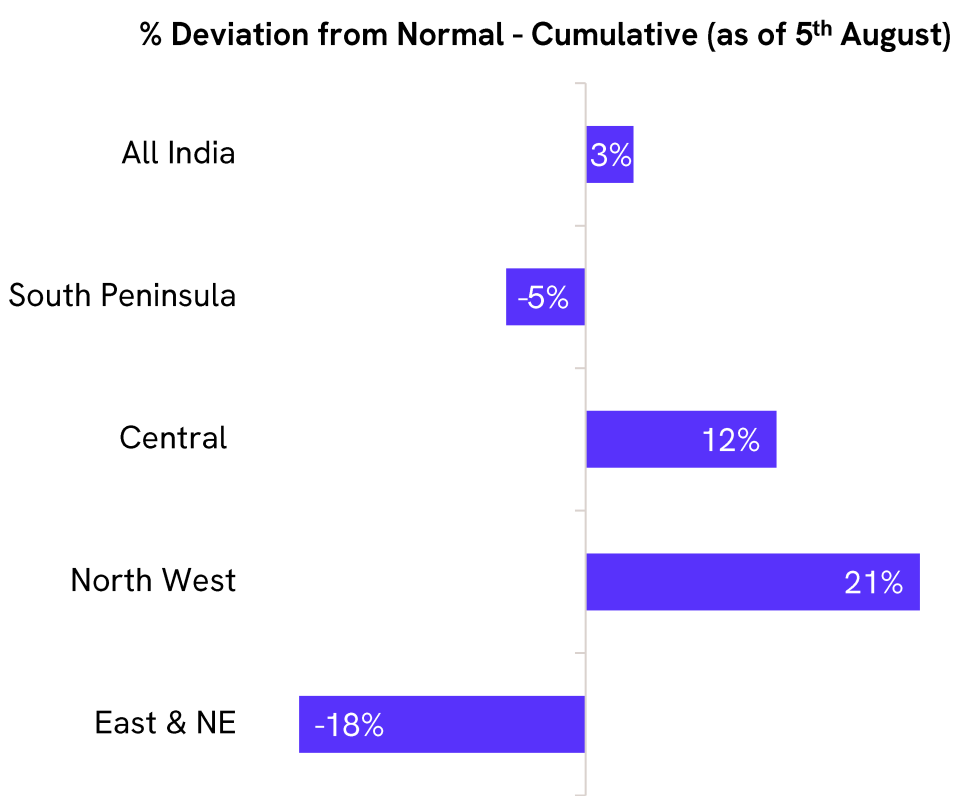


# Outlook: We expect at least one more 25 bps rate cut in this cycle

With inflation risks contained by a good monsoon and healthy kharif sowing, the RBI may have room to prioritise growth

A normal monsoon bodes well for the food inflation outlook; Kharif sowing has also been progressing at a healthy pace

Growth risks have intensified following the US announcement of a higher-than-expected reciprocal tariff on India



Source: White House, IMD, 360 ONE Asset Research

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