

MONTHLY MAGAZINE

MAY, 2025



The six-member Monetary Policy Committee (MPC) of the RBI voted unanimously to cut the repo rate by 25 bps to 6 per cent effective immediately.

Inflation to remain at comfortable levels in FY26

RBI believes inflation will decline further, remaining comfortable this year as the central bank trimmed inflation projection for the current financial year to 4 per cent against 4.2 per cent earlier, with Q1 at 3.6 per cent (against 4.5 per cent earlier), Q2 at 3.9 per cent (against 4 per cent earlier), Q3 at 3.8 per cent (same as previous estimates), and Q4 at 4.2 per cent (against 4.4 per cent earlier). "CPI inflation for the financial year 2025-26 is projected at 4 per cent, with Q1 at 3.6 per cent, Q2 at 3.9 per cent, Q3 at 3.8 per cent, and Q4 at 4.4 per cent. The risks are evenly balanced," said the RBI Governor.

Growth estimates lowered

Highlighting the impact of global trade and policy uncertainties, RBI cut GDP growth projections for FY26 to 6.5 per cent from 6.7 per cent earlier, with projections for Q1FY26 cut to 6.5 per cent from 6.7 per cent, for Q2 cut to 6.7 per cent from 7 per cent. For Q3, the growth estimate was revised to 6.6 per cent from 6.5 per cent, but for Q4, it was cut to 6.3 per cent from 6.5 per cent. "Real GDP growth for 2025-26 is now projected at 6.5 per cent, with Q1 at 6.5 per cent, Q2 at 6.7 per cent, Q3 at 6.6 per cent, and Q4 at 6.3 per cent. The risks are evenly balanced," said Governor Malhotra.

CAD may remain within a sustainable level

Governor Malhotra, in his policy statement, underscored India's net services and remittance receipts may remain in large surplus, partly offsetting the trade deficit. "India's services exports remained resilient in January-February 2025, driven by software, business and transportation services.¹⁵ Going forward, net services and remittance receipts are expected to remain in large surplus, partly offsetting the trade deficit. The CAD (current account deficit) for 2024-25 and 2025-26 are expected to remain well within the sustainable level," said the Governor.

Additional measures

The RBI Governor announced the following six additional measures related to banking regulation, fintech and payment systems:

- (i) He proposed enabling securitisation of stressed assets through market-based mechanism, in addition to the existing ARC route.
 - (ii) The RBI Governor proposed to extend the scope of co-lending to all regulated entities and to all loans.
 - (iii) The RBI will issue comprehensive regulations on prudential norms and conduct related aspects for gold loans.
 - (iv) Governor Malhotra also proposed comprehensive guidelines to harmonise the regulations governing non-fund-based facilities across regulated entities.
- "Instructions related to partial credit enhancement (PCE) by regulated entities are also proposed to be revised. This is expected to broaden the funding sources for infrastructure financing," said Malhotra.
- (v) The Governor said NPCI will decide the transaction limits in UPI for person to merchant transactions, in consultation with the banks and other stakeholders.
 - (vi) He proposed making the Regulatory Sandbox theme-neutral and 'on-tap'.

India's industrial activity continued its recovery momentum with the Index of Industrial Production (IIP) growing 3 per cent year-on-year in March 2025, according to data released by the Ministry of Statistics and Programme Implementation. This marked a recovery from the six-month low of 2.9 per cent recorded in February. However, growth remained below the 5.5 per cent expansion reported during the same month last year.

ECONOMIC OVERVIEW

The 25 bps repo rate cut to 6% shows that the central bank is prioritizing growth now that inflation risks have moderated. Their inflation forecast for FY26 at 4% — lower than previous projections — gives them the confidence to ease policy without much fear of stoking price pressures. At the same time, the GDP growth projection has been trimmed slightly to 6.5% (from 6.7%), reflecting caution due to global trade and policy uncertainties — but importantly, the RBI still sees balanced risks and expects decent momentum.

NIFTY TECHNICAL VIEW (WEEKLY CHART) – 24,334.20



- In April, during the third week, the bulls continued to dominate the Nifty, keeping the index in the green zone and extending its positive momentum.
- On the weekly chart, the index maintained its position above the 20-week exponential moving average (20 WEMA), which is a strong indication of ongoing bullish sentiment. Additionally, the Relative Strength Index (RSI) has given a positive crossover, further reinforcing the buying strength in the market. The index also managed to breach and sustain above the horizontal resistance level of 24,335, which now acts as a crucial support level.
- **Looking ahead, a sustained move above 24,420 will be essential for the Nifty to regain upward momentum and continue its bullish trajectory. However, if the index breaks below 24,330, it could trigger further downside pressure and signal potential short-term weakness.**

Disclaimer

This report has been prepared by ITI Securities Broking Limited (hereinafter referred to as ITISBL) to provide information about the company(ies) and/sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies). ITISBL is a Stock Broker and Depository Participant registered with and regulated by Securities & Exchange Board of India. ITISBL and its affiliates are a full-service, integrated investment banking, investment management, brokerage and financing group.

This report is for personal information of the selected recipient/s and does not construe to be any investment, legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and ITISBL is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your general information and should not be reproduced or redistributed to any other person in any form. This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients.. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. We and our affiliates have investment banking and other business relationships with a some companies covered by our Research Department. Our research professionals may provide input into our investment banking and other business selection processes. Investors should assume that ITISBL and/or its affiliates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material and that the research professionals who were involved in preparing this material may educate investors on investments in such business. The research professionals responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting information. Our research professionals are paid on the profitability of ITISBL which may include earnings from investment banking and other business.

ITISBL generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, ITISBL generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing among other things, may give rise to real or potential conflicts of interest. ITISBL and its affiliated company(ies), their directors and employees and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the affiliates of ITISBL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report. Reports based on technical and derivative analysis center on studying charts company's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamental analysis. In addition ITISBL has different business segments / Divisions with independent research separated by Chinese walls catering to different set of customers having various objectives, risk profiles, investment horizon, etc, and therefore may at times have different contrary views on stocks sectors and markets.

Unauthorized disclosure, use, dissemination or copying (either whole or partial) of this information, is prohibited. The person accessing this information specifically agrees to exempt ITISBL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold ITISBL or any of its affiliates or employees responsible for any such misuse and further agrees to hold ITISBL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays. The information contained herein is based on publicly available data or other sources believed to be reliable. Any statements contained in this report attributed to a third party represent ITISBL's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. This Report is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. While we would endeavour to update the information herein on reasonable basis, ITISBL and/or its affiliates are under no obligation to update the information. Also there may be regulatory, compliance, or other reasons that may prevent ITISBL and/or its affiliates from doing so. ITISBL or any of its affiliates or employees shall not be in any way responsible and liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. ITISBL or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations. This report is intended for distribution to investors. Recipients who are not investors should seek advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents ITISBL and its associates may have managed or co-managed public offering of securities, may have received compensation for investment banking or merchant banking or brokerage services, may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. ITISBL and its associates have not received any compensation or other benefits from the subject company or third party in connection with the research report. Subject Company may have been a client of ITISBL or its associates during twelve months preceding the date of distribution of the research report. ITISBL and/or its affiliates and/or Research analyst / or relative of research analyst or Employees may have interests/positions, financial or otherwise of over 1% at the end of the month immediately preceding the date of publication of the research in the securities mentioned in this report. To enhance transparency, ITISBL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report. Neither the Research Analysts nor ITISBL have been engaged in market making activity for the companies mentioned in the report. ITISBL and/or its affiliates and/or Research analyst/ relative of research analyst have not any material conflict of interest at the time of publication of this report. There are no material disciplinary action that been taken by any regulatory authority impacting equity research analysis activities Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The research analysts, strategists, or research associates principally responsible for preparation of ITISBL research receive compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues

Disclosure of Interest Statement - Companies where there is interest

Analyst ownership of the stock: No

Served as an officer, director or employee: No

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ITISBL & its group companies to registration or licensing requirements within such jurisdictions.

ITI Securities Broking Limited

SEBI – Research Analyst REG. NO. : INH000001535

SEBI REG. NO: NSE&BSE: INZ000005835, CDSL-IN-DP-70-2015, AMFI Reg. No. ARN-12576,

CIN NO: U74120MH1994PLC077946

ITI House, 36, Dr. R. K. Shirodkar Road,

Parel, Mumbai - 400 012,

Boardline - (91) 22 69093600 Fax- 022 69093700

For queries, write to us at iti.research@itiorg.com