

WEEKLY WEALTH WRAP-UP

YOUR GUIDE TO INDIA'S MARKETS AND ECONOMY

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US TARIFFS SURGE TO 50%, THREATENING \$87 BILLION IN INDIAN EXPORTS

President Trump's decision to double tariffs on India from 25% to 50%, targeting \$87 billion in exports like garments, pharmaceuticals, and petrochemicals (2% of India's GDP), has sparked market turmoil. India retaliated by suspending a \$3.6 billion Boeing deal after failed trade talks over farm, dairy, and Russian oil issues, with PM Modi vowing to protect farmers and fishermen.



PM MODI TO MEET XI AT SCO SUMMIT TO COUNTER TARIFF PRESSURES

On August 7, 2025, India confirmed PM Narendra Modi's visit to Tianjin, China, for the SCO Summit (August 31–September 1), where he will engage President Xi Jinping to boost \$135 billion in trade and stabilize borders post a 2024 LAC agreement. Amid US tariff tensions, this first visit since 2018 aims to expand BRICS trade options, potentially stabilizing the rupee and enhancing export markets.

RBI Holds Repo Rate at 5.5% Amid Tariff and Housing Slump

RBI has decided to maintain repo rate at 5.5% to counter inflation risks from US tariffs and a 20% drop in housing sales (96,285 units in Q2 2025 vs. 120,335 last year, per ANAROCK). Despite Trump's "dead economy" jab, RBI projects steady 6.5% GDP growth for FY26.

GST Collections Rise 7.5% to ₹1.96 Lakh Crore in July

On August 8, 2025, India reported July 2025 GST collections of ₹1.96 lakh crore, a 7.5% year-on-year increase, driven by strong domestic transactions and import growth across the country. Total GST revenue from April to July 2025 reached ₹8.18 lakh crore, up 10.7% from ₹7.39 lakh crore in 2024, signalling sustained economic activity despite global trade challenges.

SERVICES PMI HITS 11-MONTH HIGH OF 60.5

HSBC's India Services PMI has climbed to 60.5, marking an 11-month high, driven by robust advertising, new client acquisitions, and strong export demand to Asia, Canada, Europe, the UAE, and the US, according to S&P Global. The finance and insurance sectors led the surge, while real estate and business services lagged, highlighting India's resilient \$150 billion services export sector amid global trade tensions.



Fertiliser Subsidy Faces ₹1.67 Lakh Crore Overrun

India's Agriculture Ministry has reported a fertiliser subsidy overrun beyond ₹1.67 lakh crore for FY26, driven by a 23% DAP price surge to \$652/tonne due to Red Sea disruptions and China's export curbs. Keeping DAP at ₹1,350 per bag against a ₹4,000 production cost strains fiscal discipline, pushing bond yields to 6.42% and denting agricultural market confidence.

US THREATENS 100% TARIFFS ON SEMICONDUCTORS

On August 2, 2025, President Trump announced 100% tariffs on semiconductor imports to protect US chipmakers, disrupting Asian supply chains, including India's tech imports. Global tech markets fell 2%, but Nasdaq rose 0.9% on AI optimism, while Indian IT firms face higher input costs, pressuring trade-dependent sectors.

Indian Exports Uncompetitive After 50% US Tariff

Category	Exports to US (\$ billion)	US share in India's exports (%)	US MFN tariff (%)	New tariff (%)	Total tariff (%)
Smartphones	10.6	43.9	0	Temporary exemption	0
Diamonds, gold, related products	10	40	2.1	50	52.1
Pharmaceuticals	9.8	39.8	0	Temporary exemption	0
Machinery, mechanical appliances	6.7	20	1.3	50	51.3
Steel, aluminium, copper	4.7	16.6	1.7	50	51.7
Petroleum products	4.1	4.3	6.9	0	6.9
Textiles	3	48.4	9	50	59
Apparel (knitted)	2.7	34.5	13.9	50	63.9
Apparel (woven)	2.7	32.2	10.3	50	60.3
Organic chemicals	2.7	13.2	4	50	54
Vehicles and parts	2.6	11.4	1	25	26
Shrimp	2	32.4	0	50	50
Carpets	1.2	58.6	2.9	50	52.9
Furniture, bedding, mattresses	1.1	44.8	2.3	50	52.3

Source: Analysis by Global Trade Research Initiative using Indian government data and US tariff orders

Note: MFN stands for most favored nation. Export data is for fiscal year 2024-25

US Imports Plummet Amid \$3 Trillion Trade Disruption

On August 5, 2025, US import data revealed a sharp July decline due to President Trump's tariffs, including 100% on semiconductors and 50% on Indian exports, disrupting \$3 trillion in global trade. This strains India's \$87 billion export market, raising consumer prices and slowing global trade, with Asian economies hit hardest

EU Sanctions Hit Rosneft's Nayara Energy in India

On August 7, 2025, the EU sanctioned Rosneft's Nayara Energy, targeting its 20-million-tonne Vadinar refinery and 6,800 fuel outlets in India to curb Russian oil influence by lowering the price cap. Nayara is exploring legal options, but global oil price volatility and India's import costs are rising, impacting energy markets.

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