

HDFC Bank – Research Presentation

November 2025

Risk profile-based asset allocation

Asset Class	Overall View	Asset Allocation		
		Aggressive	Moderate	Conservative
Equity Funds	◆	75%	55%	25%
Debt Funds	◆	20%	40%	70%
Gold	▼	5%	5%	5%

Note:	Optimistic	▲
	Cautiously Optimistic	◆
	Cautious	▼

Category-wise view

MF Categories	View	
	Oct-25	Nov-25
Equity Oriented Funds		
Largecap Funds	▲	▲
Large Cap Index Funds	▲	▲
Multicap Funds	◆	◆
Flexicap / ELSS Funds	▲	▲
Large and Mid Cap Funds	▲	▲
Mid cap	◆	◆
Small cap	▼	◆
Value / Contra / Dividend Yield Funds	◆	◆
Focused Funds	▲	◆
Aggressive Hybrid Funds / Dynamic Asset Allocation / Balanced Advantage Funds	▲	▲
Equity Savings Funds	▲	▲
Business Cycle	▲	◆
Sector/Thematic Funds	◆	◆
Multi Asset Allocation Funds	▲	◆

MF Categories	View	
	Oct-25	Nov-25
Debt Oriented Funds		
Short Duration Funds/Medium Duration Funds	▲	▲
Banking & PSU Funds	▲	▲
Corporate Bond Funds	▲	▲
Target Maturity Index Funds	◆	◆
Medium to Long / Long Duration Funds	◆	◆
Dynamic Bond Funds	◆	◆
Gilt Funds	▲	◆
Ultra Short Duration/Low Duration/Money Market Funds	◆	◆
Arbitrage Funds	▲	▲
Liquid/Overnight Funds	◆	◆
Conservative Hybrid Funds	▲	▲
Credit Risk Funds	◆	◆
Income Plus Arbitrage FoF	▲	▲

Research Presentation – Content

- Equity MF Outlook and Strategy – November 2025
- US: Resilient growth and disinflation fueling optimism!
- Eurozone: Stabilization at low altitude
- China: Continues to remain a 2-speed economy
- Base commodity prices have continued to inch higher, led by sustained demand. Precious metals saw some correction after sustained rally. Oil prices seem to be consolidating as OPEC countries continue to push higher supplies
- Emerging Markets: Story of resilience and relative value
- FPIs turned net buyers after months of sustained selling along with support from DIIs, better earnings delivery than expectations and anticipation of a trade deal with the US led the market up-move
- Sectoral performance and FPI flows in October 2025
- India Macros: Visibly strong, positive trade negotiations with US and EU may add to strength
- Urban Economy: Next Generation GST 2.0 Reforms To Boost Consumption
- Rural Economy: Data from rural economy continues to give comfort
- Q2 FY26 Results so far have been better than expectations driving the recent rebound in the equity markets...
- India : Valuations on path of normalisation vs peers
- Investment in Mutual Fund continues to support the market as selling by FPIs has been absorbed by DIIs
- Market Roundup – October 2025
- Key concerns for Indian equities
- Annexure...
- Sectoral outlook by Fund Managers – Part 1
- Sectoral outlook by Fund Managers – Part 2
- Sectoral Movement
- While sectoral valuations have improved vs. long term averages, earnings growth trajectory has weakened in many cases
- AMC Sectoral Holdings
- US trade tariffs by Country... With punitive tariffs, India's position is weak vs. peers
- Fixed Income MF Outlook and Strategy – November 2025
- US – Despite the Fed rate cut in October, uncertainty about December policy increased amidst data blackout
- EU – ECB continues to be on pause mode while growth remains moderate
- US Fed cut rates on the back of continued stress in the labour market... ECB remains on a dovish pause
- Global inflation remains largely under check across key economies... any bump up in inflation may change the stance of their central banks
- Global Commodities – Continued their upward trend
- Currency leakage and Forex intervention pushed liquidity towards deficit during the month
- External sector showed signs of weakness
- Headline inflation came in lower as base effect played out... GST rationalisation and high reservoir levels may keep inflation benign but risk remains on the back of flood in key regions in India which may have damaged crop production
- Despite reduced government borrowing at the extreme long end, the spreads between medium and long end yields have remained elevated due to uncertainty around future Fed policies and lack of demand
- While Corporate bond spreads have remained reasonably stable at the short to medium end, the SDL spreads have spiked across tenors due to higher supply
- Disclaimer

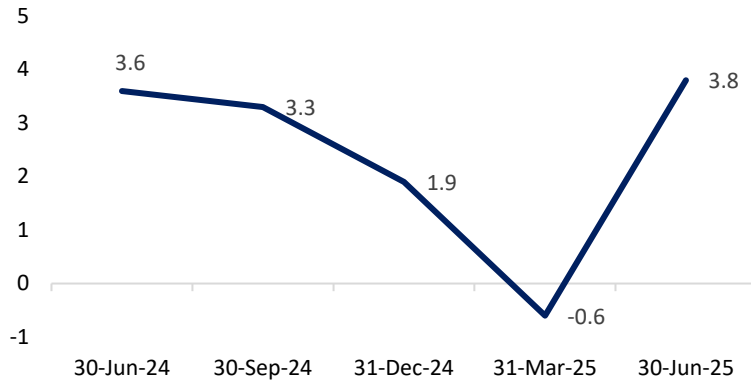
Equity MF Outlook and Strategy – November 2025

- US is expected to see a GDP growth of ~2%. Despite the tariff hikes we have witnessed resilient consumption and wages, with inflation easing towards target, and the Fed beginning a cautious easing cycle. The government shutdown is weighing on growth, while customs duty collections have surged, improving fiscal buffers. AI and semiconductor capex support investment and productivity and have delivered strong equity market rally in the US.
- Eurozone GDP growth is expected at a modest 1%–1.3% YoY over the medium-term, with moderating inflation and cautious ECB policy persisting. Labor markets remain stable despite weak external demand and geopolitical uncertainty. Fiscal stimulus and increased defence spending are driving public investment and industrial activity, supporting the region's resilience. Incremental tensions with Russia remains the biggest overhang on EU in the near-term.
- Chinese growth is expected to stabilize at ~4% for CY26 (CY25 4.8% expected), aided by fiscal stimulus and credit support. Their focus is on manufacturing self-reliance, export diversification, property stabilization. Recovery depends on private demand and trade deals with US (which is among its biggest markets). Stock markets rallied thanks to government stimulus, expectations of further reforms, reasonable valuations, and notable resilience from Chinese technology firms.
- Base commodity prices have continued to inch higher, led by sustained demand for copper, aluminium, and specialty steels for EVs, grid infrastructure, and renewables. The precious metals saw some correction after sustained rally in the last 12 months. Oil prices seem to be consolidating as OPEC+ countries continue to push higher supplies.
- Emerging market (EM) equities have done well as EM growth outpaces Developed Markets (DM), with stronger fiscal buffers and reform momentum. Many EMs trade at a discount to DMs and are being used by investors for strategic diversification and growth.
- **At a macroeconomic level, multilateral agencies like IMF, OECD, World bank have continued to remain positive on the Indian economy and have upgraded their GDP growth estimates. Strong support by the RBI and the Government is likely to translate into improved data points going forward. The RBI has been extremely supportive of growth in terms of policy rate cuts, liquidity support and bringing more reforms in the Indian banking sector. The PMI data for both manufacturing and services remain very robust. The GST reform booster by the government is also likely to add to the overall demand growth in the economy.** However, the continued overhang of tariffs being announced by the US has created uncertainty in the equity markets. Indicators like Banking sector credit growth have also started to see sustained uptick.
- **Rural economy** has seen a reasonable uptick as indicated by rising tractor sales and improving affordability due to lower inflation. Monsoons were above normal and the spatial distribution too has been good. With better sowing and higher MSP, the rural economy is likely to remain a key pillar of domestic consumption and household capex growth. Though, floods in parts of the country may have a marginal impact on economic activities in some areas. Given the consistent performance of this segment and a reasonable base, big growth spikes in this segment are not expected.
- **Urban demand** has likely seen a strong bump up in the festive season given the rationalisation in the GST rates. As per the Finance Minister, the GST rate cuts has acted as a big booster for the urban consumption. Auto sales have seen strong rebound and are expected to remain robust. Even urban job creation data suggests an uptick. GST cuts are likely to add ~Rs 2.3 trillion to disposable incomes. That, along with about Rs 1 trillion benefits on income tax, and the future implementation of the 8th Pay Commission, could drive the urban consumption over the medium-to-long term.
- **Q2 FY26 earnings season has been reasonably stable and generally better than expectations so far**, led by banks, autos, infra, and consumer sectors. Businesses have seen volume recovery and pricing power. IT remains relatively muted, though some companies have delivered better results. With valuations remaining rich in Mid and Small caps, earnings delivery in these categories remains important for them to deliver consistent performance, as further re-rating seems unlikely.
- On expected earnings side, with a low base, a sustained pickup in urban consumption demand, or incremental government spending support though fiscal expansion, or further meaningful support provided by the RBI, could help drive superior earnings delivery which is likely to also aid in better equity market performance.
- **Rich valuations, selling pressure from FPIs and supply in the Primary markets seem to be weighing down on the market performance. The Government on its part has rationalised GST rates to improve domestic consumption, the benefits of which is getting visible and is likely to drive medium-term growth. Market participants also expect further policy rate cuts or strong liquidity infusion by the RBI to keep growth buoyant. If further support comes about, or if US tariffs get re-negotiated, or if we get favourable tariffs with EU (negotiations ongoing), the markets are likely to take that positively.**
- **While the markets have become narrow, as the earnings growth start to improve opportunities may get more broad based in the set of stocks which deliver incrementally better revenue/earnings growth. Fund Managers who are able to be fairly nimble and identify growth ideas could generate alpha vs their peers. While FPIs have been big sellers in the Indian markets, India's relative underperformance vs its peers in the recent months is likely to gradually make the Indian markets attractive for them, provided the earnings downgrades reverse.**
- In terms of deployment strategy, we maintain our investment deployment strategy of 50% Lumpsum and 50% staggered over the next 5-6 months, as Indian GDP growth still remain amongst the best in the world and any sharp volatility could be used by investors to add to their exposures. Fund managers who can pick out companies with superior growth prospects are likely to outperform in the medium-term.
- On allocations in Equity Mutual Fund perspective, investors could look at investing across Largecap, Flexicap, Large and Midcap, Multicap, Hybrid Equity, Business Cycle funds and using STPs as an instrument to invest in and Midcap funds, Smallcap and Multi asset funds ; in line with their risk profile and product suitability from a 2-3 years' time horizon.

US: Resilient growth and disinflation fueling optimism!

US Real GDP Data (% QoQ Annualised)

While GDP showed a bump up, experts attributed it to pre-buying before tariffs kicked in



Source: Bloomberg

US Consumer Price Index

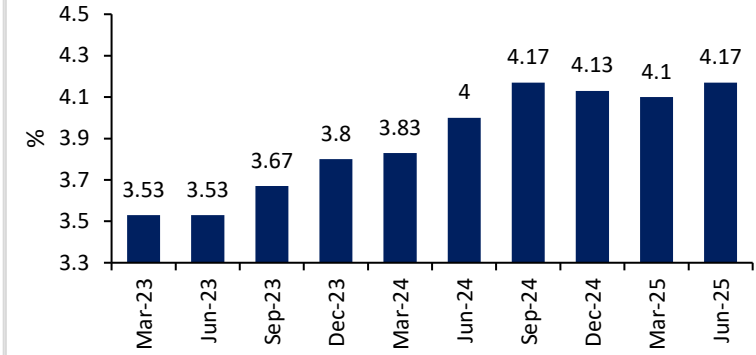
Inflation in US remains under control...



Source: Bloomberg

US Unemployment Rate

...While unemployment rate remains elevated

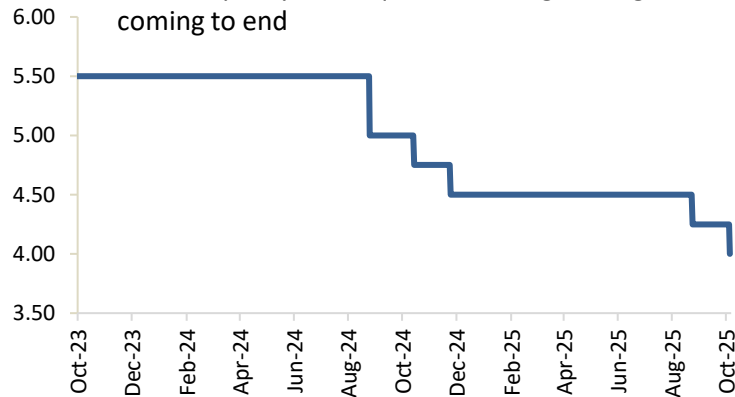


Source: Bloomberg

US liquidity to remain ample

Fed cuts policy rates, quantitative tightening also coming to end

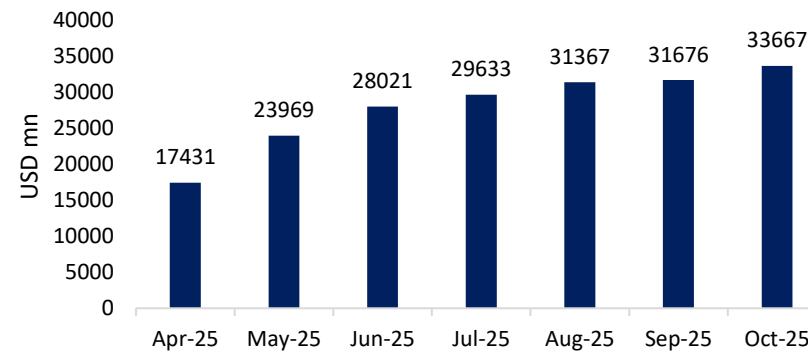
Federal Funds Target Rate - Upwards bound (%)



Source: Bloomberg

US Treasury Deposits, Customs & Certain Excise Taxes

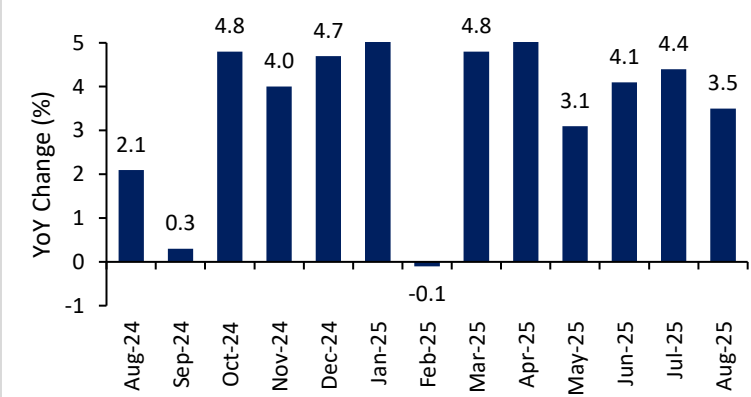
Custom collections due to tariffs jump up substantially



Source: Bloomberg

US Retail Sales

Trend remains favourable

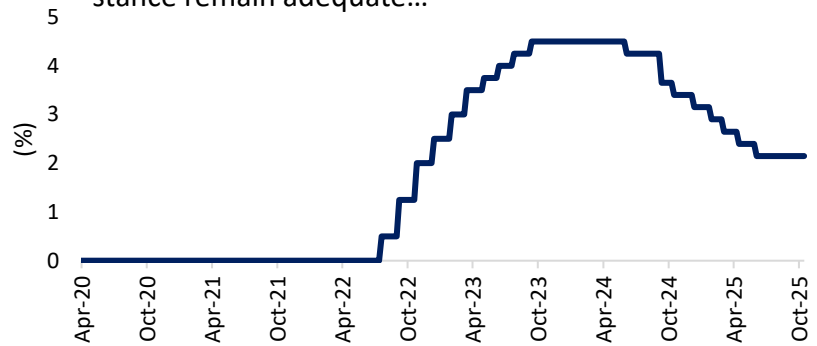


Source: Bloomberg

Eurozone: Stabilization at low altitude

ECB Main Refinancing Rate

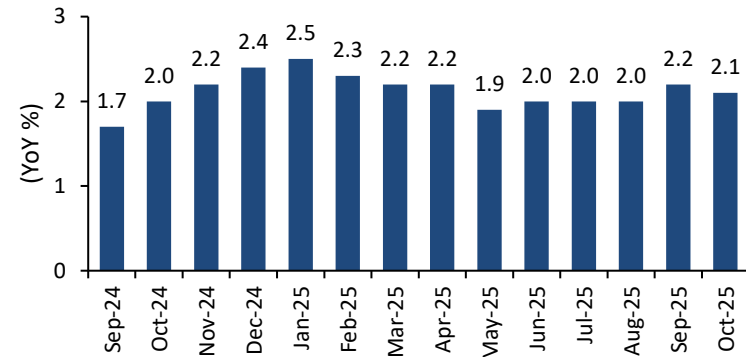
After rate cut, ECB in pause mode and stated that policy stance remain adequate...



Source: Bloomberg

Eurozone CPI

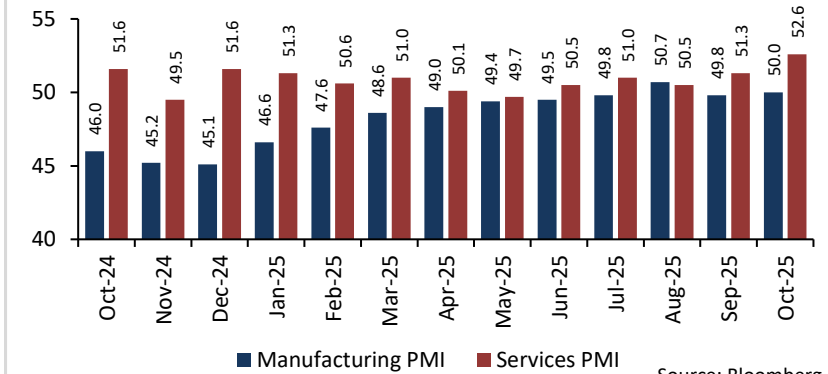
...As inflation seems to be moderating...



Source: Bloomberg

S&P Global Eurozone PMI

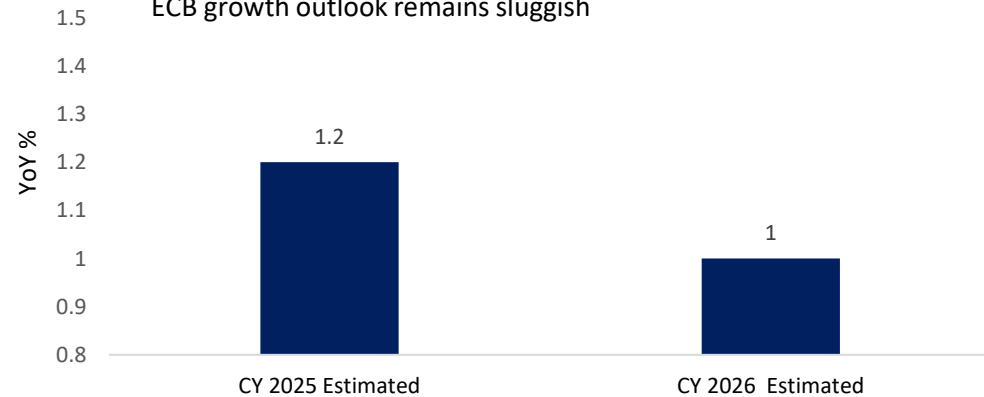
...While Manufacturing & Services stabilizing



Source: Bloomberg

ECB expected GDP growth

ECB growth outlook remains sluggish



Source: Bloomberg

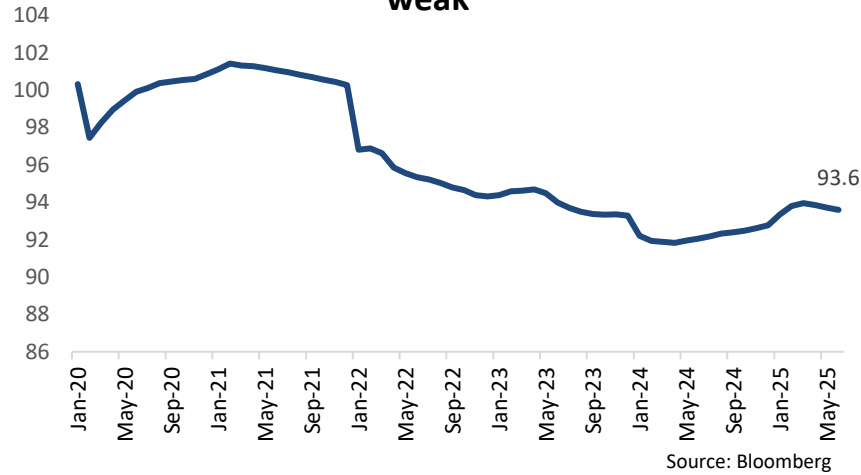
Rising fiscal spending by EU countries to drive corporate profitability

- To meet the required EUR 800 bn to finance a massive ramp-up in defence spending, each member state must spend 1.5% of its GDP on defence. That would bring combined amount to EUR 650 bn, remaining EUR 150 bn would be provided by loans.
- The legislation includes provisions for a EUR 500 bn investment in infrastructure over a 12-year period.
- France set an even higher target for defence spending at 3-3.5% of economic output from the current 2%.

Source: Media Articles

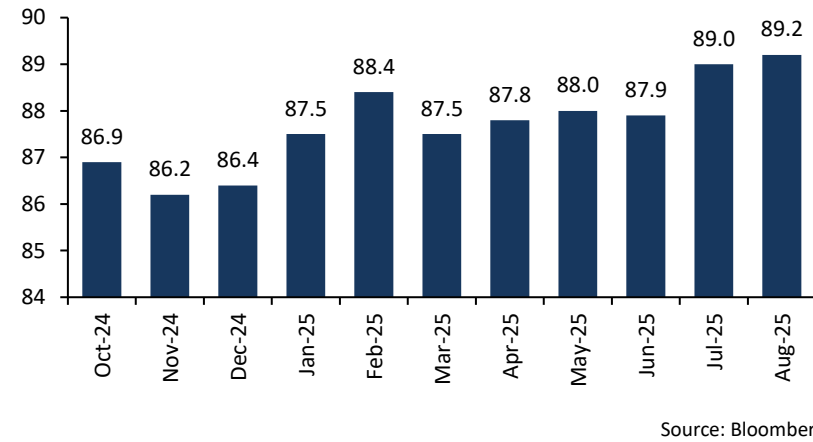
China: Continues to remain a 2-speed economy

China Real Estate Climate Indicator remains weak



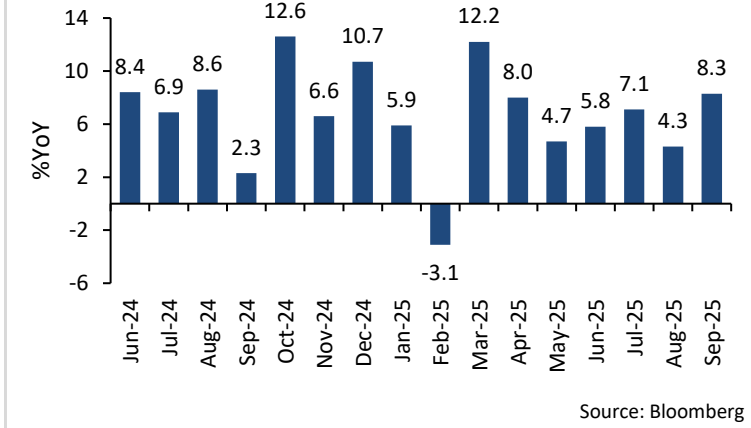
China Consumer Confidence Index

Consumption trends yet to improve



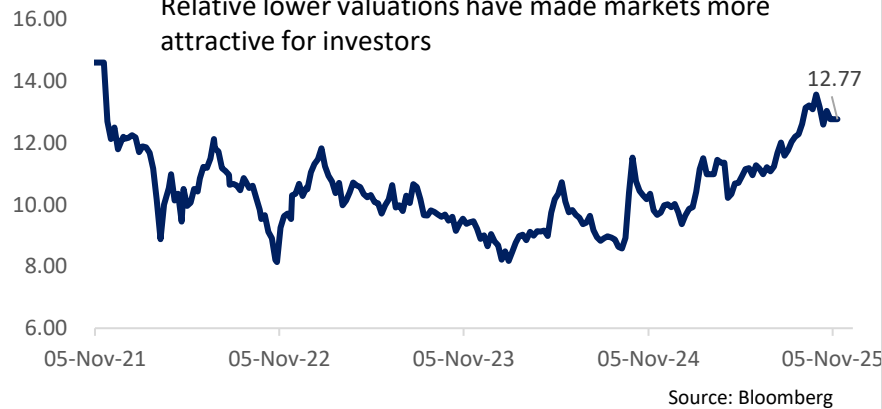
China's Export Growth

Remains strong which means it's diversifying its exports



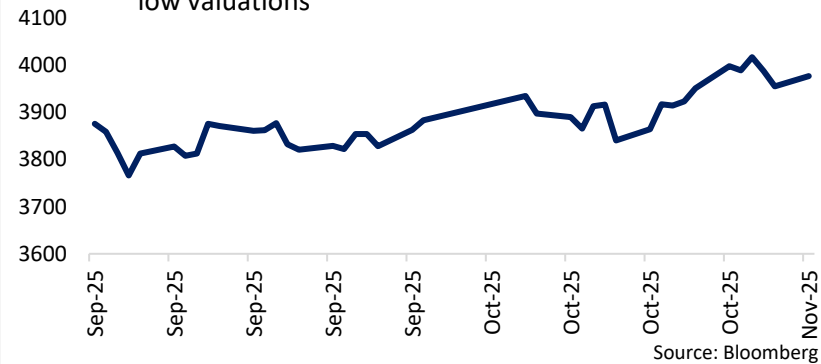
MSCI China Index 1-year forward P/E

Relative lower valuations have made markets more attractive for investors



Shanghai Composite Index

Rallied on the back of favorable trade deal and low valuations



China - US Tariff negotiations ongoing:

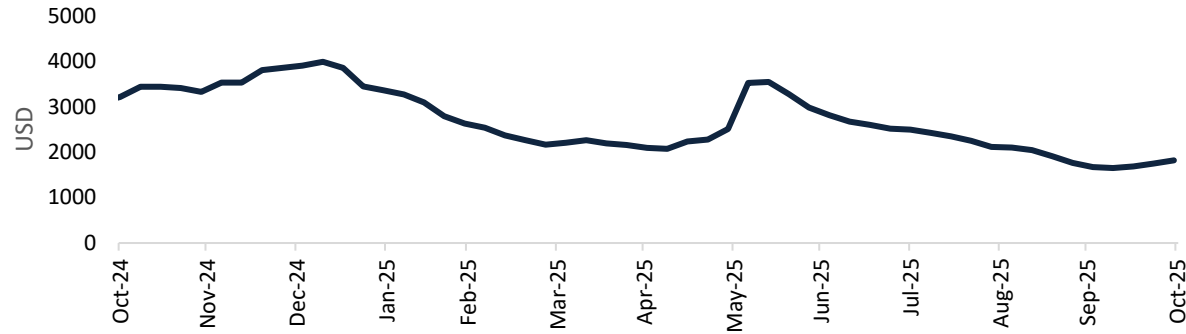
- After in-person talks with Xi, Trump said he was cutting the "fentanyl tariff" from 20% to 10%.
- This would bring the overall tariff on China from 57% to 47%. Further negotiations may reduce the tariffs lower.
- The nations also reached agreements on US soybean exports and the supply of rare earth minerals.

Source: Media Reports

Base commodity prices have continued to inch higher, led by sustained demand. Precious metals saw some correction after sustained rally. Oil prices seem to be consolidating as OPEC countries continue to push higher supplies

Drewry World Container Index per 40 Foot Box

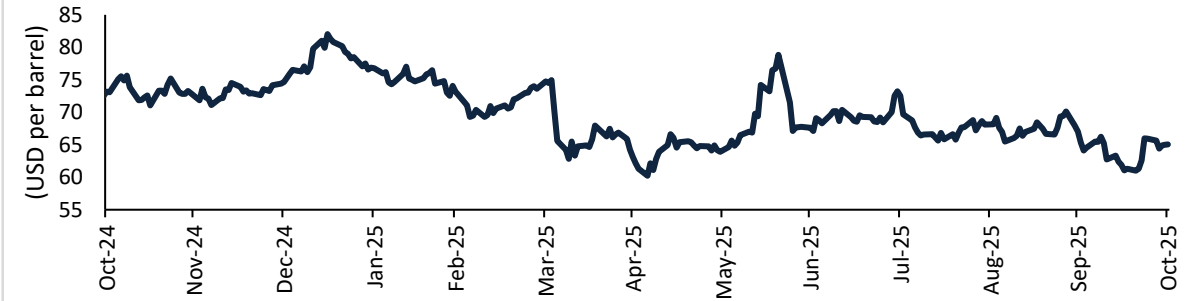
Weakening global trade and overcapacity leading to decline in freight rates



Source: IEA

Brent Crude

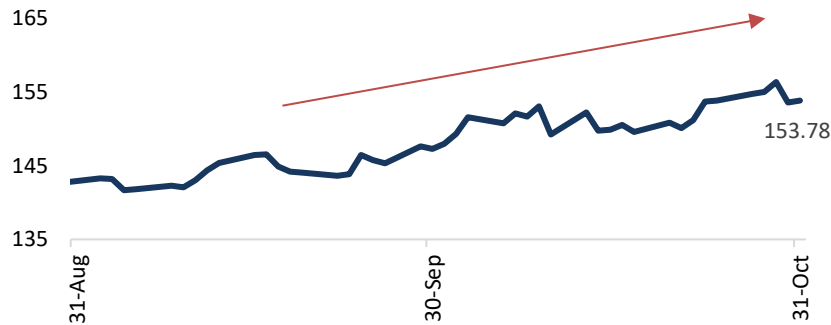
Despite increased supply from OPEC+, a decline in Russia's output due to the ongoing war has kept crude prices from falling



Source: Bloomberg

Bloomberg Industrial Metals Index

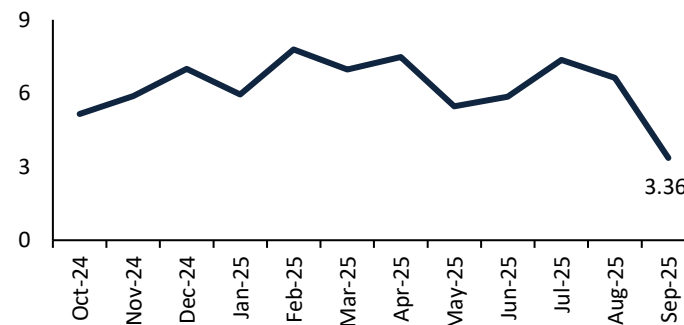
Continued demand from EV sector, renewable energy projects, has lifted the base commodity prices



Source: Bloomberg

UN Food & Agriculture World Food Price Index

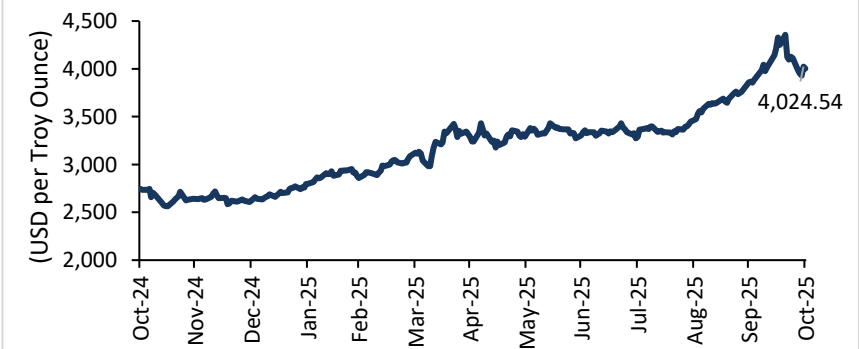
Food prices continue to moderate on a high base



Source: Bloomberg

Gold Price

Some profit booking after a strong rally

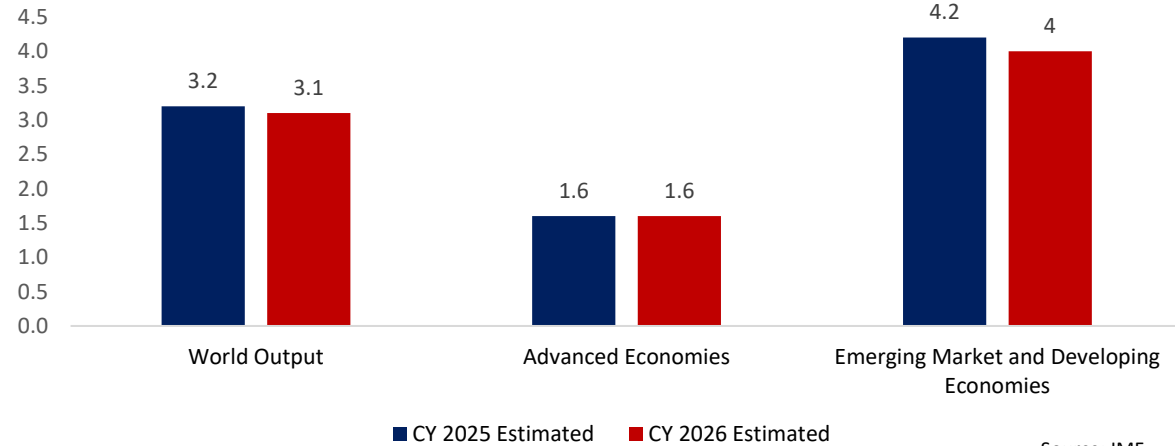


Source: Bloomberg

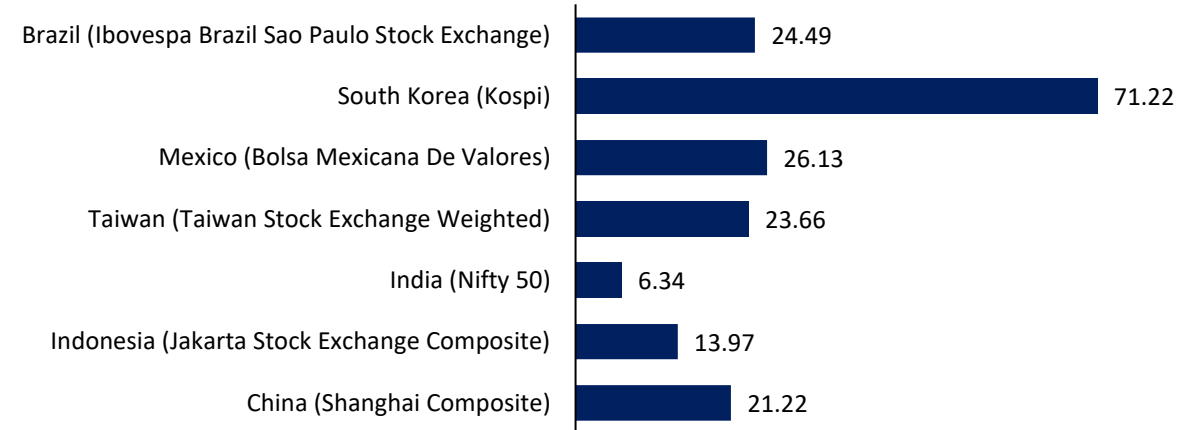
Emerging Markets: Story of resilience and relative value

IMF Growth Outlook

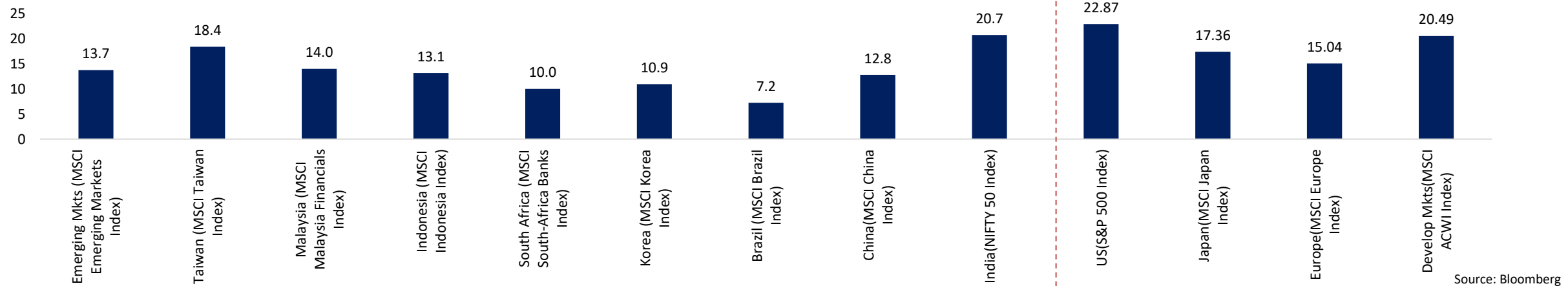
Growth rate for EMs remain lucrative compared to Developed economies



Emerging Markets - Absolute Returns of major EM equity indices for CYTD 25 (%)

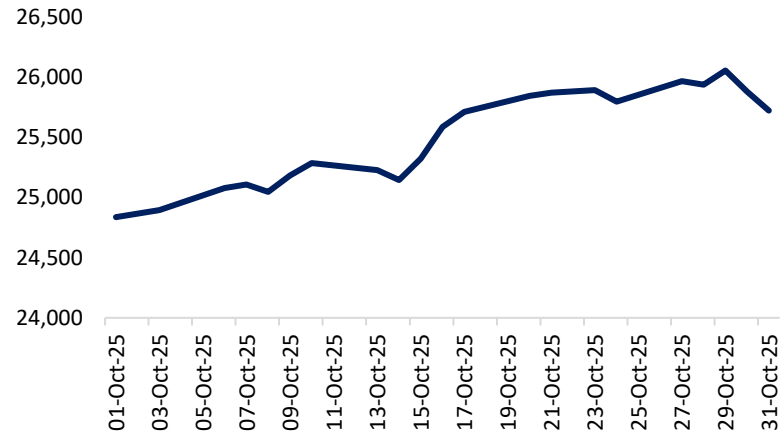


12M Expected Fwd P/E of Various Economies



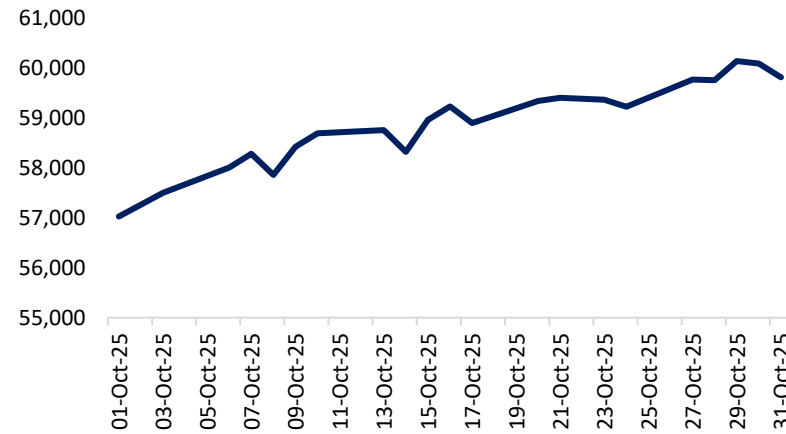
FPIs turned net buyers after months of sustained selling along with support from DIIs, better earnings delivery than expectations and anticipation of a trade deal with the US led the market up-move

Nifty 50 Index Movement



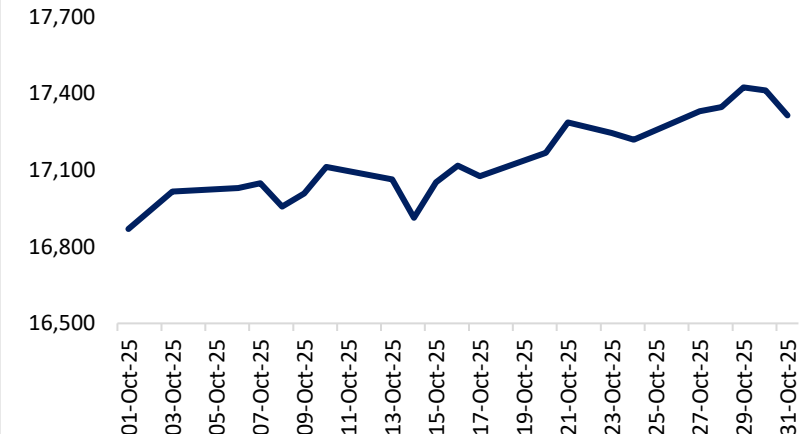
Source: Bloomberg

Nifty Midcap 100 Index Movement



Source: Bloomberg

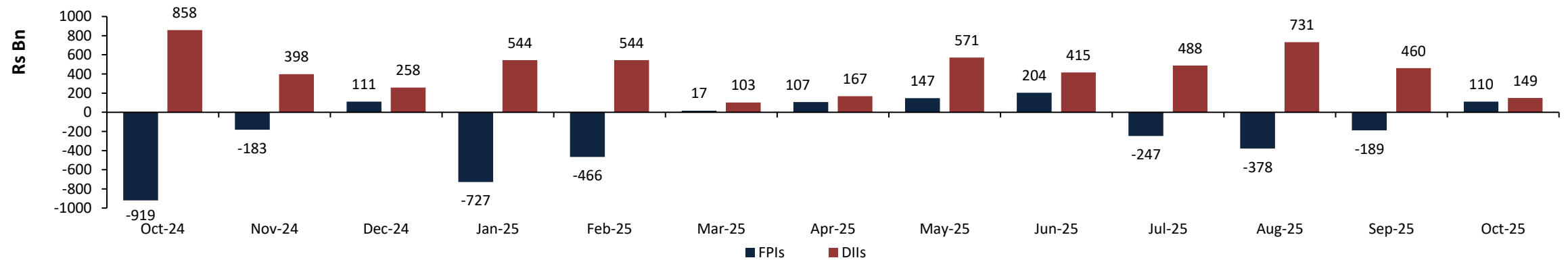
Nifty Smallcap 250 Movement



Source: Bloomberg

Net Flows In Equities

FPIs and DIIs were net buyers in the month of October

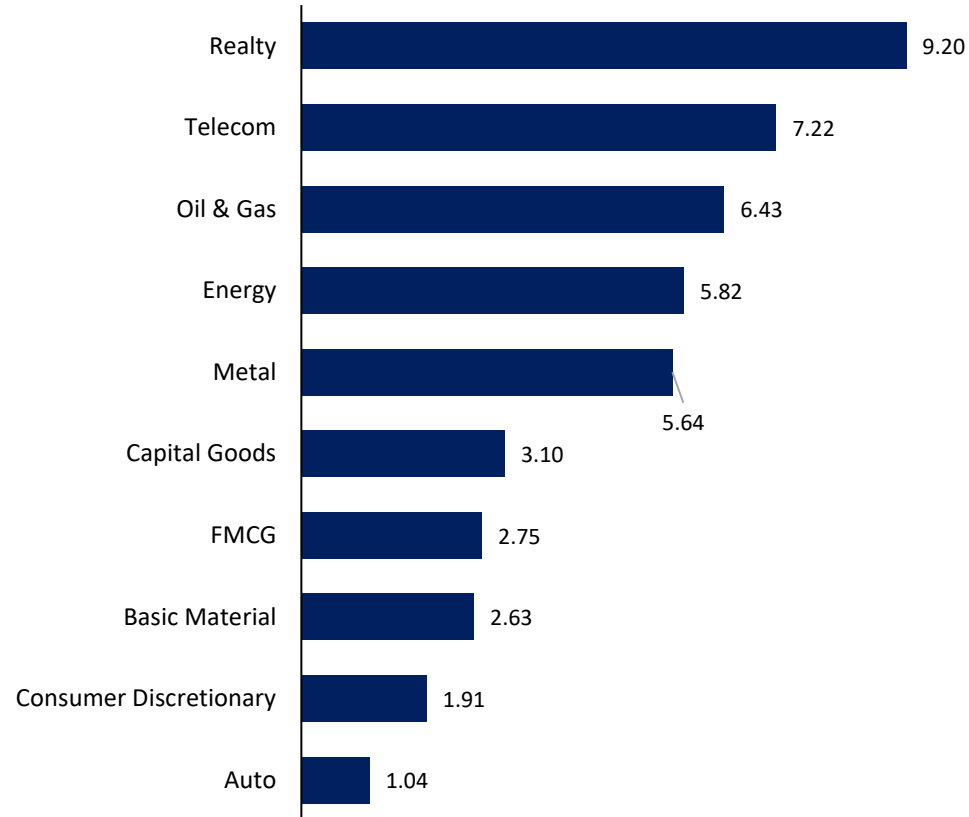


*For 2025, FPI and DII data is up to 31st & 29th October, respectively.

Source: SEBI, CDSL

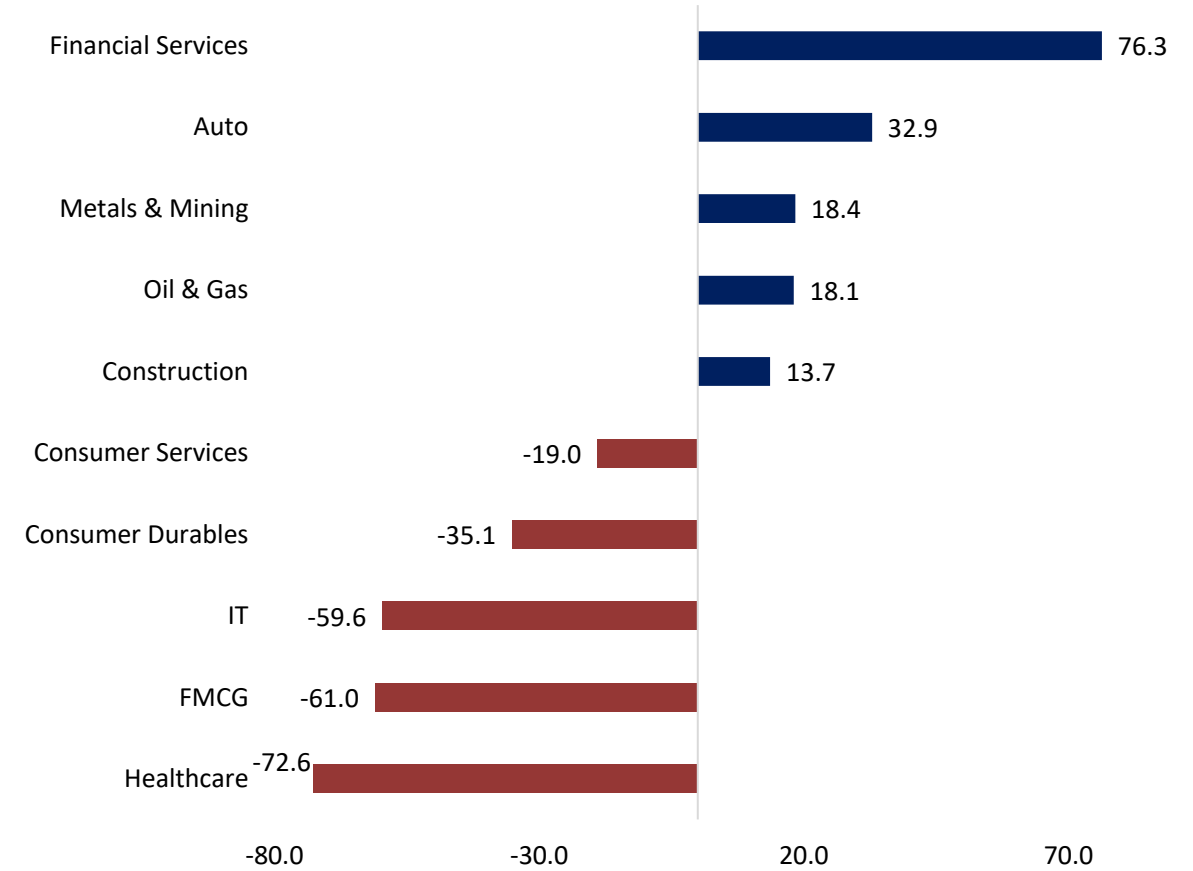
Sectoral performance and FPI flows in October 2025

BSE Sectors - Absolute Returns In October 2025 (%)
(Only the top and bottom 5 names shown)



Source: Ace MF

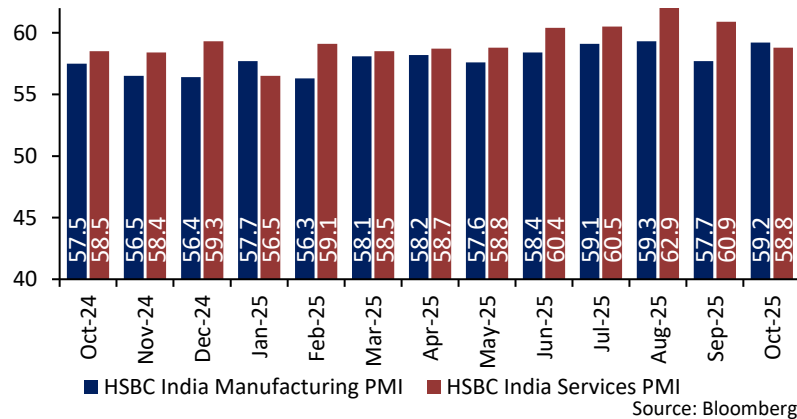
Sectoral FPI flows - Top 5 and Bottom 5 (Rs Bn)
Data is from Sep 16, 2025 till Oct 15, 2025



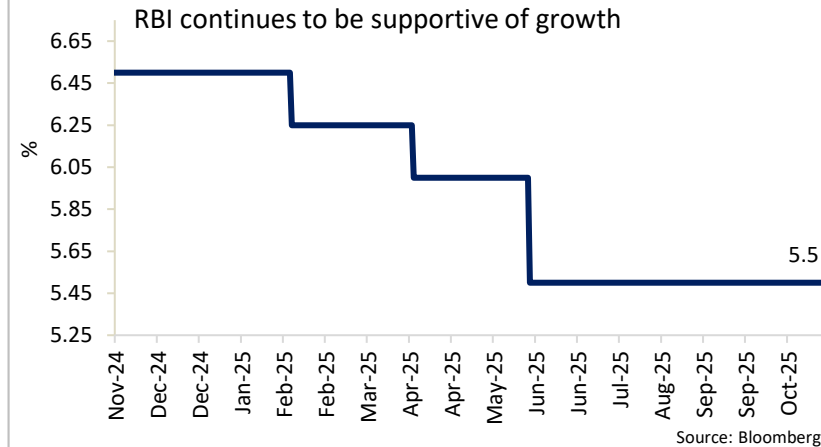
Source: NSDL

India Macros: Visibly strong, positive trade negotiations with US and EU may add to strength

PMI continues to remain resilient

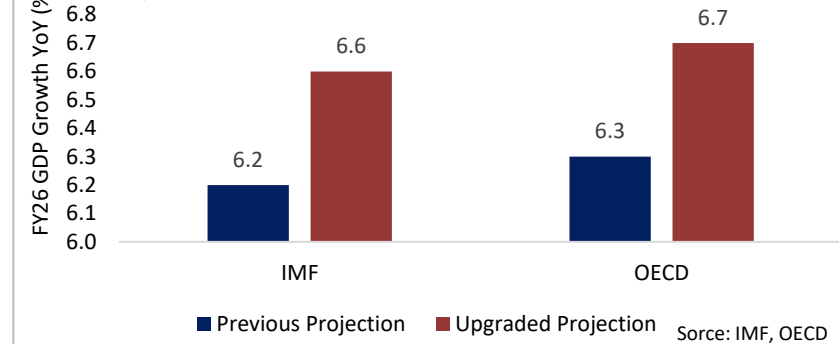


RBI's Repo Rate (%)



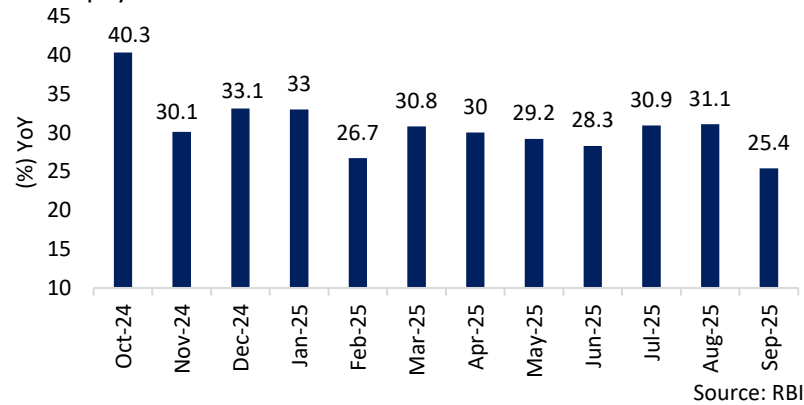
Multilateral Agencies India Growth Projection

Agencies have upgraded growth forecasts owing to strong Q2, GST Reforms and domestic demand



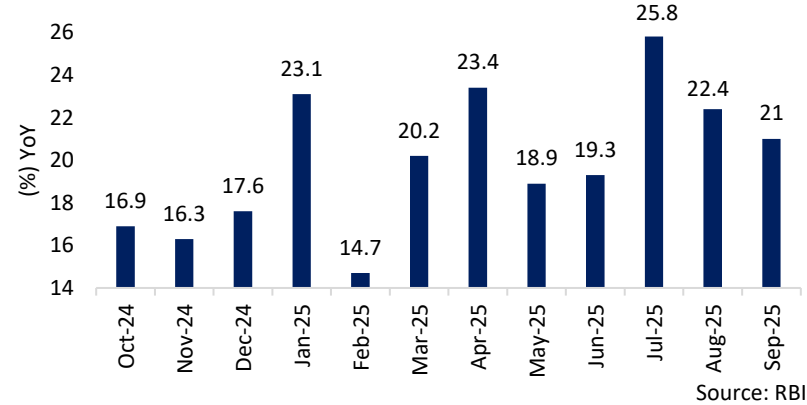
Digital Payments Volume

Festive offers and e-commerce discounts boosted online payments



E-Way Bills

E-Way Bills ramped up due to festive demand, buoyed by GST reforms



India-US Trade Negotiations

- Both countries are negotiating reduction of tariff rates to 15%-16% (Media Reports) from earlier 50% tariff imposed.
- With this US may get access to India's markets for agriculture products and oil demands.
- Any positive announcement in this regard can prove to be a sentiment booster.

Source: Media Reports

Urban Economy: Next Generation GST 2.0 Reforms To Boost Consumption

Festive Cheer Lights Up India's Consumption

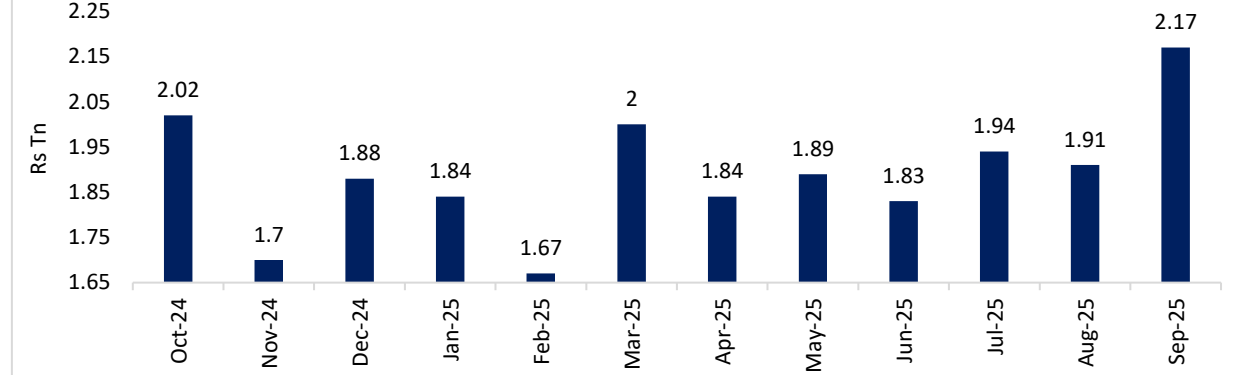
India's festive trade during Diwali 2025 hit a record ₹ 6.05 trillion, marking a 25% YoY growth driven by multiple factors



Source: HDFC AMC, Finance Minister Statement

Credit Card Spends

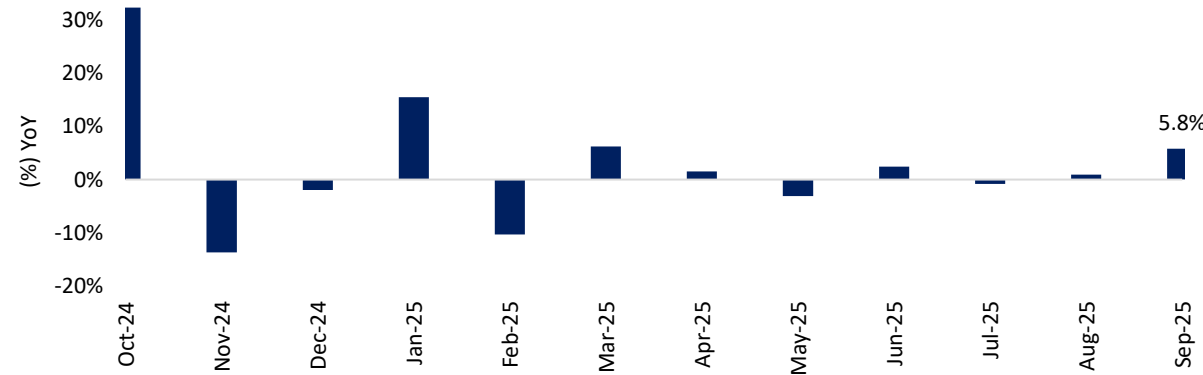
Spending uptick observed due to festive season



Source: Media Reports

Passenger Vehicle Registrations (% YoY)

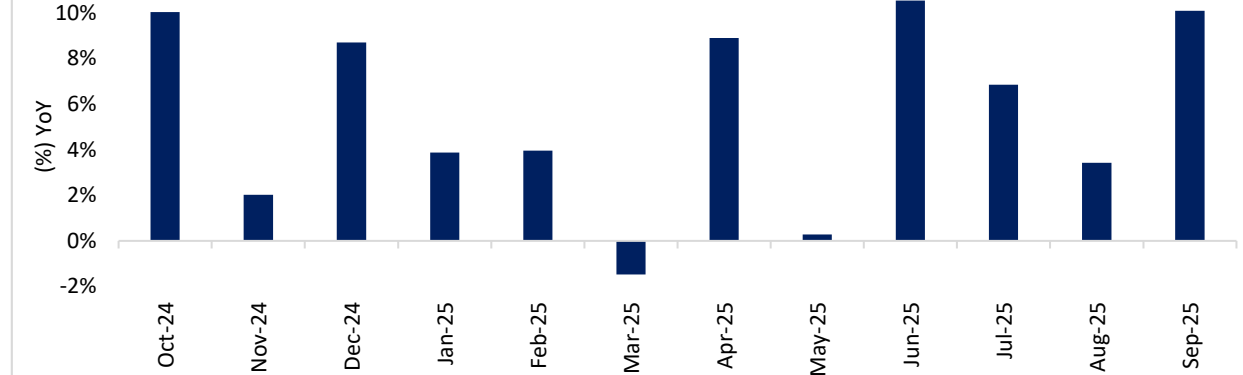
GST cut boosts auto sales towards the end of September, momentum expected to continue



Source: Bloomberg

Naukri JobSpeak Index

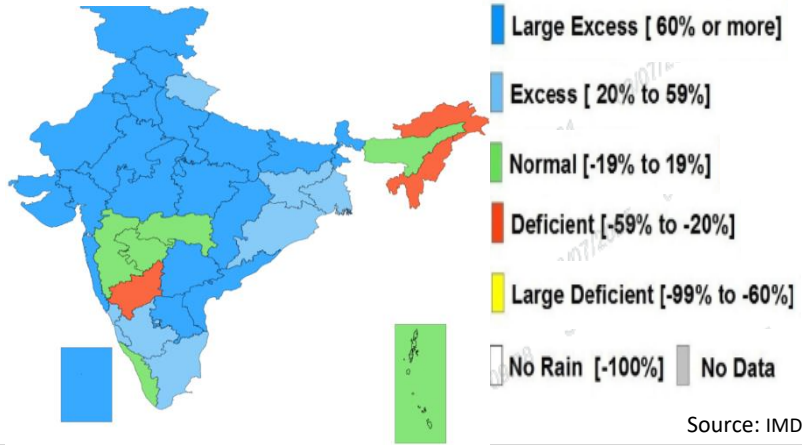
Strong growth driven by non IT sectors



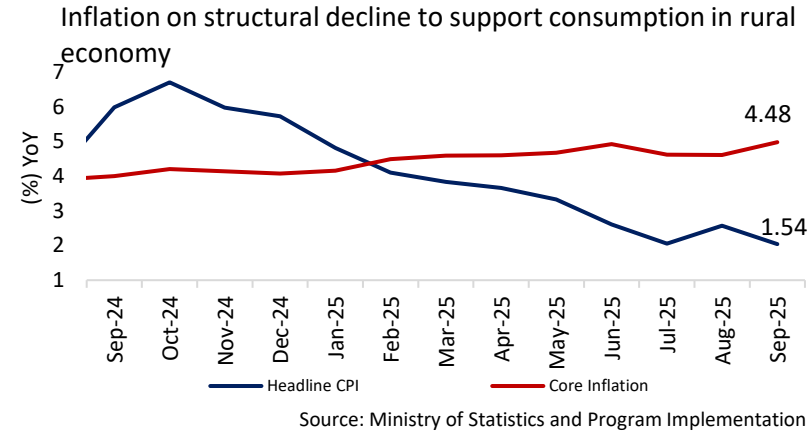
Source: InfoEdge

Rural Economy: Data from rural economy continues to give comfort

Strong Monsoon observed in October 2025

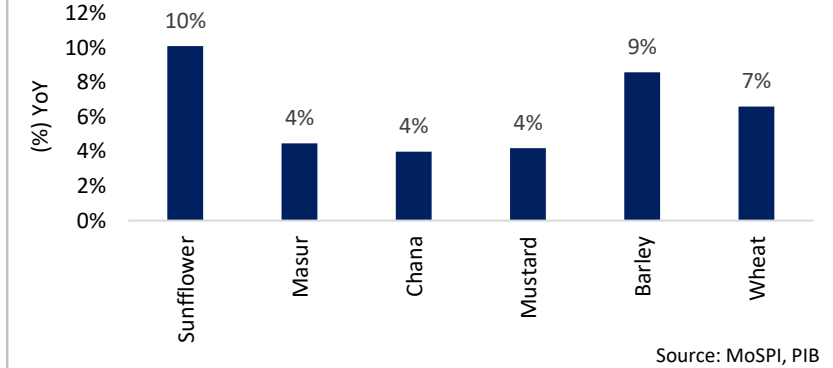


CPI Inflation (% YoY)



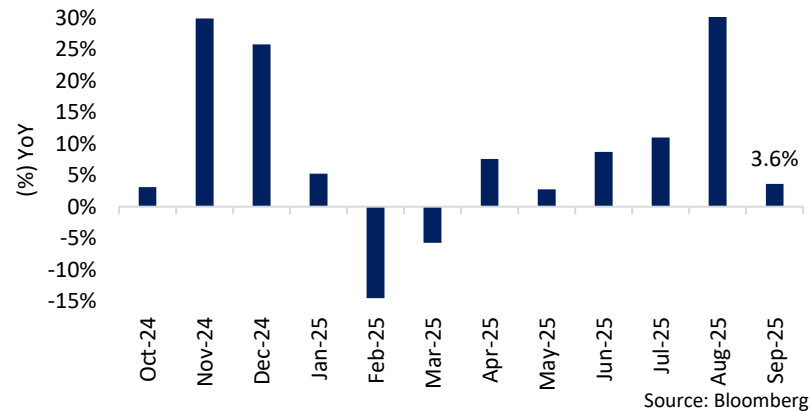
Rabi Crops' MSP also raised

Higher pricing will lead to more disposable income for rural households



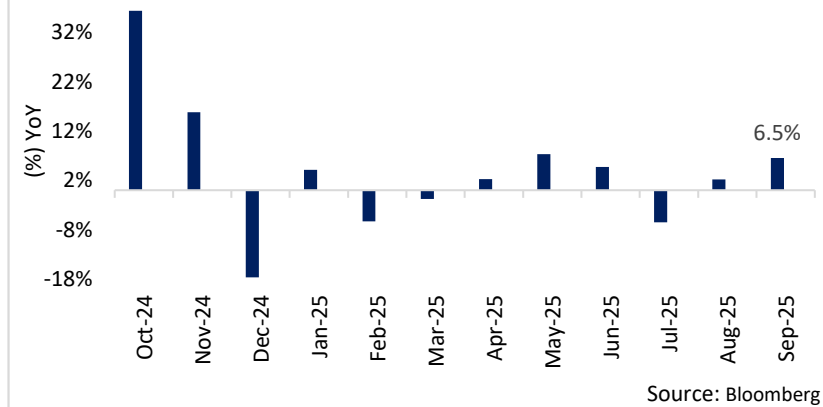
India Tractor Sales

Tractor sales continues to grow



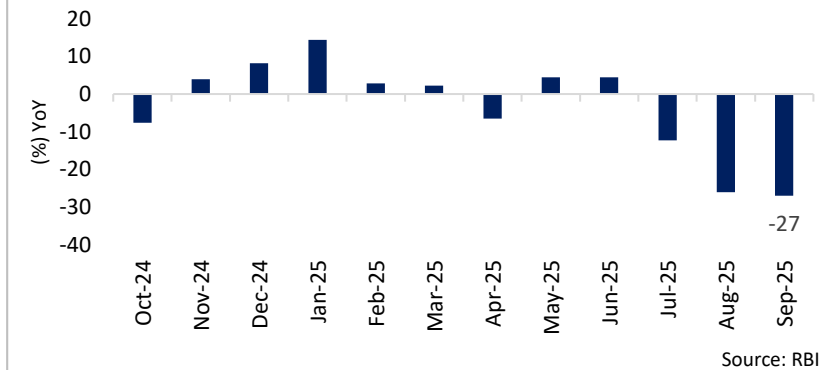
Two Wheeler Sales

Two-wheeler sales uptick visible



MGNREGA Work Demand

Work demand weakens further, suggesting that individuals are getting better employment opportunities



Q2 FY26 Results so far have been better than expectations driving the recent rebound in the equity markets...

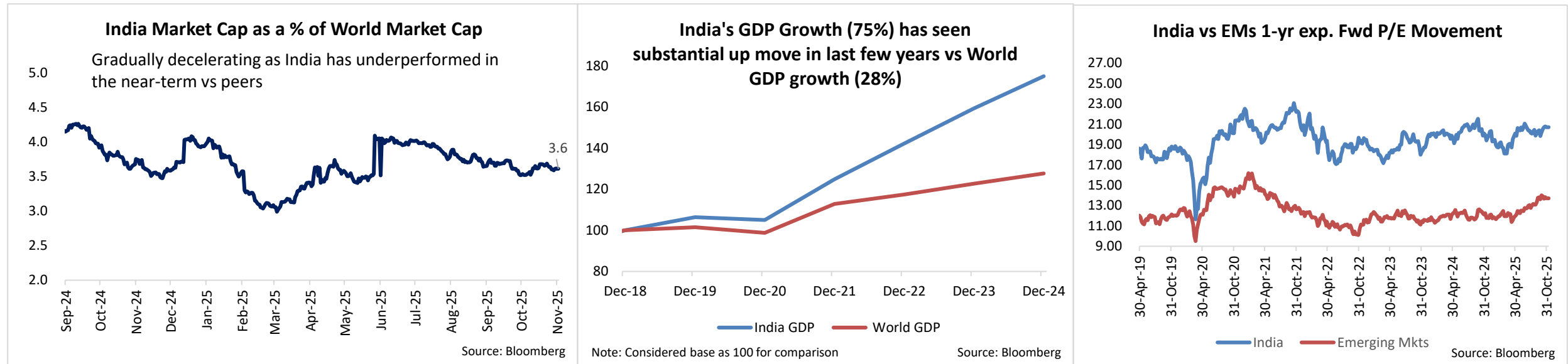
Sector	Net Sales - YoY Growth (%)			EBITDA - YoY Growth (%)			PAT - YoY Growth (%)		
	Q2 FY26	Q1 FY26	Q2 FY25	Q2 FY26	Q1 FY26	Q2 FY25	Q2 FY26	Q1 FY26	Q2 FY25
Automobile and Auto Components	11.37	6.09	0.90	7.26	-10.12	-5.15	13.54	-2.57	-12.83
Capital Goods	16.45	10.49	13.98	37.22	5.66	27.08	37.28	14.43	21.37
Chemicals	11.83	16.83	7.06	11.70	32.88	-6.22	15.45	47.32	-11.24
Construction	12.07	16.99	19.70	8.90	17.11	12.94	16.19	28.80	7.42
Construction Materials	18.84	10.95	-2.98	214.23	69.00	-62.99	317.45	56.21	-68.03
Consumer Durables	18.46	37.09	62.64	17.22	9.55	20.78	45.13	-5.67	55.49
Consumer Services	54.10	31.30	24.57	-117.09	-123.78	389.31	-153.35	-129.51	198.67
Diversified	10.68	13.42	9.11	136.68	18.87	100.25	152.26	13.48	95.16
Fast Moving Consumer Goods	5.19	11.48	6.84	1.84	-0.12	2.61	4.52	2.45	1.88
Financial Services	6.08	8.32	14.11	27.12	7.12	-1.28	5.22	-2.39	13.88
Forest Materials	-63.02	-58.67	-69.28	-867.62	-288.50	215.82	-5,610.94	-574.90	87.75
Healthcare	10.93	9.57	9.62	2.27	7.66	7.77	8.93	-1.30	2.24
Information Technology	6.59	5.47	6.39	7.68	3.66	9.97	4.79	6.29	10.75
Media Entertainment & Publication	4.68	-0.82	-18.36	-0.75	103.18	-38.83	-7.80	267.35	-33.33
Metals & Mining	10.76	4.12	-6.28	21.02	16.41	-22.22	-2.53	17.98	48.77
Oil Gas & Consumable Fuels	4.72	-0.20	-0.15	71.54	23.16	-53.25	65.56	50.59	-52.02
Power	4.61	3.55	5.60	12.98	-3.71	-1.17	-2.30	-0.83	-29.23
Realty	25.81	24.84	21.20	21.53	2.49	19.60	18.35	9.46	72.45
Services	16.40	14.87	13.37	21.69	16.26	4.43	10.00	25.52	23.87
Telecommunication	-7.19	-2.38	25.91	-28.80	-20.92	77.72	-40.19	-32.49	92.50
Textiles	0.98	0.10	-10.13	59.47	-13.58	65.66	139.17	9.79	-67.36
Grand Total	7.47	5.44	5.91	25.40	9.74	-18.46	14.33	10.64	-6.72
Ex-Financials	7.97	4.46	3.20	25.18	10.08	-20.19	21.69	20.05	-18.60

Data as on October 31, 2025 and pertains to 212 companies within the Nifty 500 universe

Source: Capitaline, HDFC Bank Research

- The Q1 FY26 results have been better than expectation till now.
- Sectors like Oil & Gas, Construction-Materials, Realty, Textiles, have been able to deliver better results.
- Couple of companies in financial sector have skewed the reasonable performance of overall banking sector.

India : Valuations on path of normalisation vs peers



While Largecap valuations look relatively attractive on a P/E basis, on a PEG basis, Mid and Small caps seem to be reasonable. Given the high P/E in Mid and Small cap indices, earnings momentum needs to continue in this segment for stocks to compound.

Index	P/E FY27 (Est.)	P/E FY28 (Est.)	EPS FY27 (Est.)	EPS FY28 (Est.)	PEG FY27 (Est.)
Nifty 50	20.20	17.65	1273	1457	1.25
Nifty Midcap 100	27.99	23.10	2154	2609	1.20
Nifty Smallcap 250	26.77	22.06	689	836	1.08

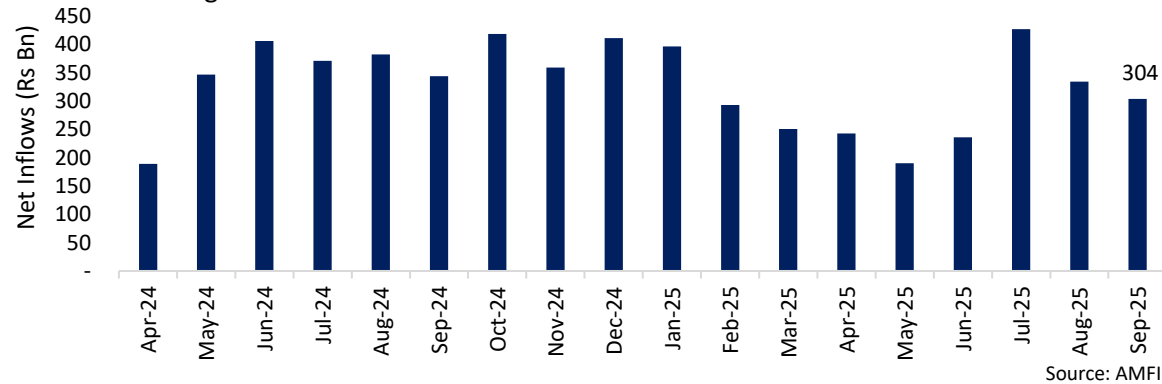
Note: Data taken as on 31 October 2025

Source: Bloomberg

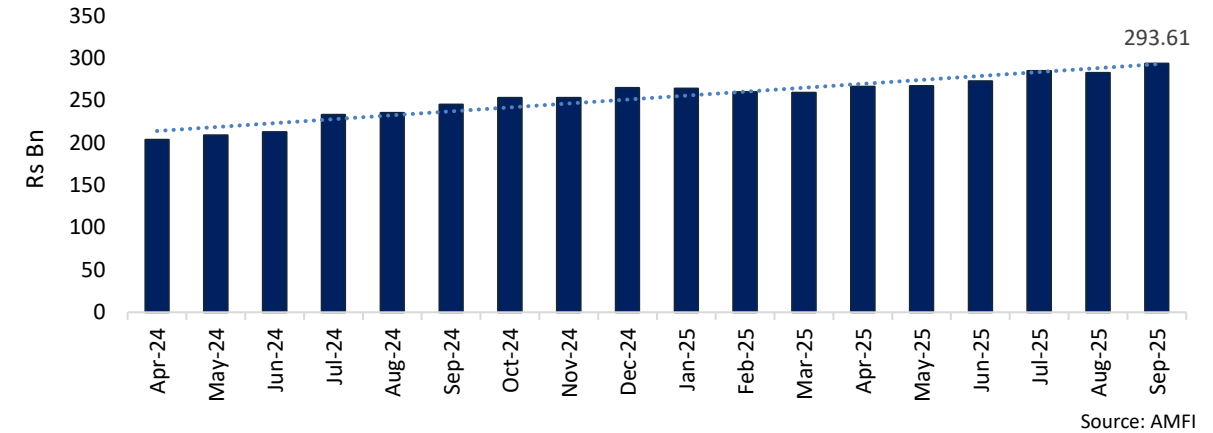
Investment in Mutual Fund continues to support the market as selling by FPIs has been absorbed by DIIs

Pure Equity Funds Flows

Mutual Funds have continued to drive the market performance on the back of strong flows

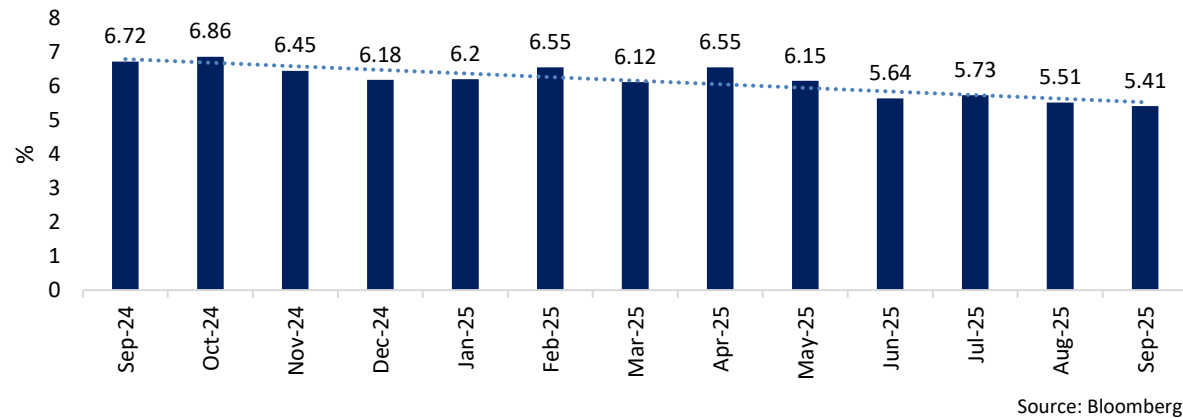


SIP contribution remains strong

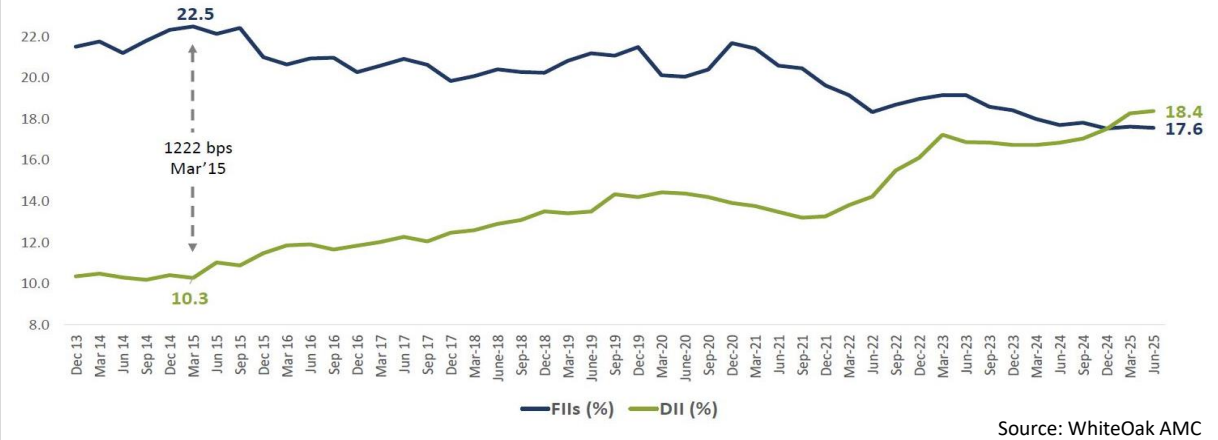


Mutual Funds Aggregate Cash Value (%)

Cash being deployed as markets have been consolidating for the past 1-year and as valuations eased up and on back of stimulus measure applied



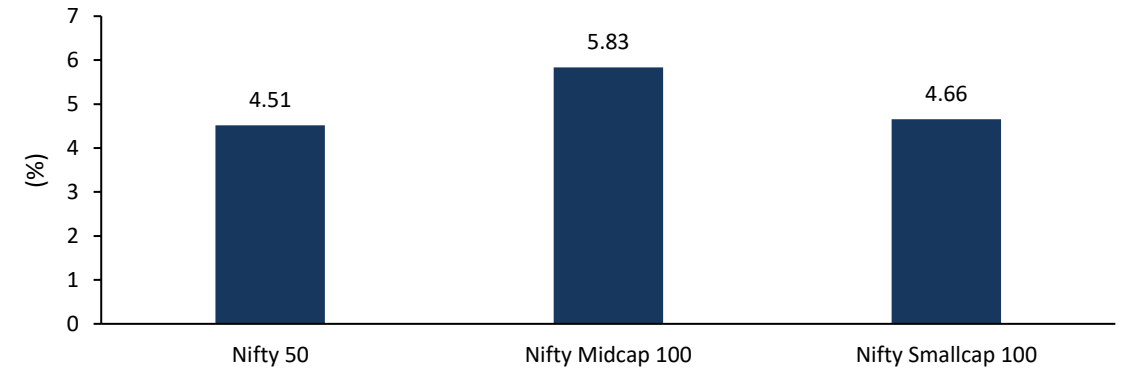
With sustained FPI outflows, FPI ownership has come down substantially in Indian companies



Market Roundup – October 2025

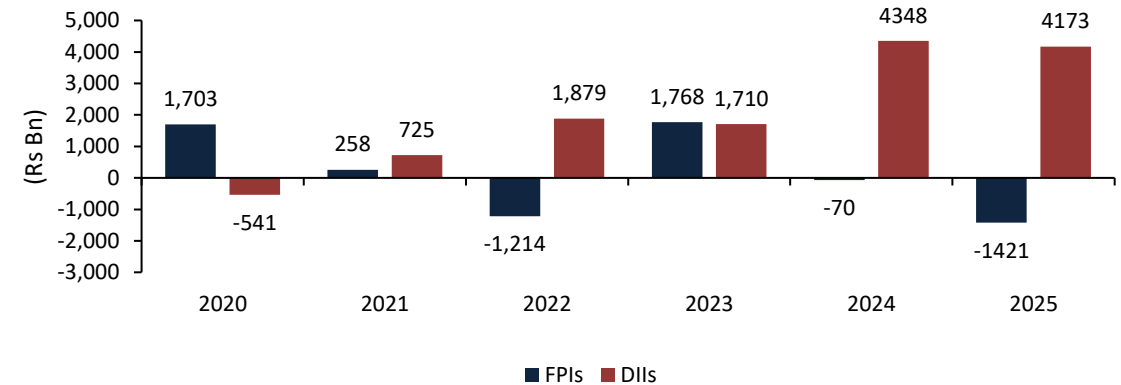
- Indian equities ended the month on a positive note. Large cap-oriented BSE Sensex ended higher by 4.6% (MoM) and Nifty 50 ended higher by 4.5% (MoM).
- While the BSE Midcap index ended higher by 4.74%(MoM) and BSE Small cap index ended higher by 3.22% (MoM).
- In terms of BSE sectoral indices, the sectors ended on a positive note. Realty, Telecom & Oil & Gas were the outperformers during the month.
- Domestic equity markets ended the month on a positive note driven by above expectations earnings delivery by India Inc. and FPIs turning net buyers after months of relentless selling.

Absolute Return In October 2025



Source: Bloomberg

Net Flows In Equities



*For 2025, FPI and DII data is up to 31st & 29th October, respectively.

Source: SEBI, CDSL

Key concerns for Indian equities

- Low growth in consumer demand
- Expectation of weakening margins profile for corporates
- Any escalation in Geo-political conflict at Indian borders, Ukraine – Russia, and Middle East can impact the market sentiment strongly
- The impact of Dollar Index and US Bond Yields on FPI flows in emerging markets
- Slowdown in Global trade due to tariffs imposed by the Trump Administration, Retaliatory tariffs from other nations
- Gradual decline of the WTO as an institution and countries doing more bilateral trade deals.

Annexure...

Sectoral outlook by Fund Managers – Part 1

Sector	Particulars
BFSI	View –Neutral to positive • Credit and deposit growth expected to improve and NIMs expected to have bottomed out. The Banking sector could outperform, led by midcap banks. • PSU Banks also seeing incremental interest by the fund managers, as valuations are reasonable and credit growth is expected to improve. • Capital markets plays are expected to see some valuation correction due to regulatory overhangs. • Insurance companies have also found favour with the fund managers as growth is expected to improve.
IT	View –Neutral • Results for IT stocks were muted but better than expectations in many case. • Hiring remains muted; attrition stabilizing around 12–13%. • While the valuations of Largecap IT stocks are looking reasonable, the growth quotient is missing. While the Fund managers are largely underweight, they may be looking to raise exposures once the order execution cycle of the companies begin. • Midcap IT companies are looking richly valued and the fund managers may be looking to cut exposure.
Pharma and Healthcare	View – Neutral • Domestic demand is holding up well, Fund Managers seem to be preferring domestic plays. • US generic plays are likely to see underperformance due to higher valuations and no incremental growth surprises. Tariff announcements could be a risk. Anti-obesity players in India could see some interest from investors. • Fund Managers are looking at very stock specific opportunities and adding weights to plays like hospitals and diagnostics. • Hospitals are being looked upon as structural consumer affluence plays.
Auto	View –Positive • The GST cuts have driven demand for the passenger car and two-wheeler segments in the medium-term. • Fund Managers have taken overweight positions in select large names, but post the recent rally some have trimmed marginally. • Higher than expected tariffs on Indian exports to the US is likely to be negative for some auto ancillaries. • Strong liquidity support by RBI and falling interest rates are likely to be positive for consumption demand for Autos.

Sectoral outlook by Fund Managers – Part 2

Sector	Particulars
Construction & Real Estate	View – Neutral to Positive - Housing segment is seeing a gradual bounce back in the upper-end of the segment. - The Government's focus is on infrastructure and investment cycle and has seen strong spending recently. This spending growth rate may gradually taper off in the next few quarters due to strong base in the last quarter of FY25. Recent correction in this segment seems to be giving buying opportunities in few stocks. - Fund Managers prefer investing in this space through proxy sectors such as Cement and Home improvement plays.
Consumption	View – Consumer Services – Neutral to Positive, Consumer Durables and FMCG- Neutral to Positive - Staples – Alcohol companies have seen traction. GST rate cuts are also driving Fund Managers to add more weights in daily use FMCG product companies, except tobacco. - Hotels/Travel – Valuations are rich, no incremental weights being added. Fund Managers are not looking to cut current exposure. - Consumer Durables – Fund Managers are looking at players who are gaining market share and adding exposure including to select EMS plays. - Retail and Consumer Tech: Retail valuations are high, focus is on Value Apparel Retailers, growth trajectory expected to decelerate. Earnings have disappointed in the QSR space. Consumer Tech companies are seeing strong overweights. Long-term positives - Higher disposable income due to tax cuts. - Premiumization across categories. - Implementation of GST Cuts and upcoming 8th Pay Commission.
Capital Goods, Industrials, Utilities	View –Negative - With the Government spending growth likely to get more sharpened to fewer sectors, aggregate capital investment growth may take a near term backseat. - US tariffs have also been a dampener for the capital goods exporters. Fund Managers feel that valuations in the sector too seem to be at cyclical peak. - Fund Managers may look at incremental opportunities in this segment, where earnings visibility remains strong. - Power Transmission, Nuclear Energy and Electronics (import substitution) continues to be the positive themes for capex.
Metals	View – Positive Metals remain a tactical play. China Anti-involution to support.

Sectoral Movement

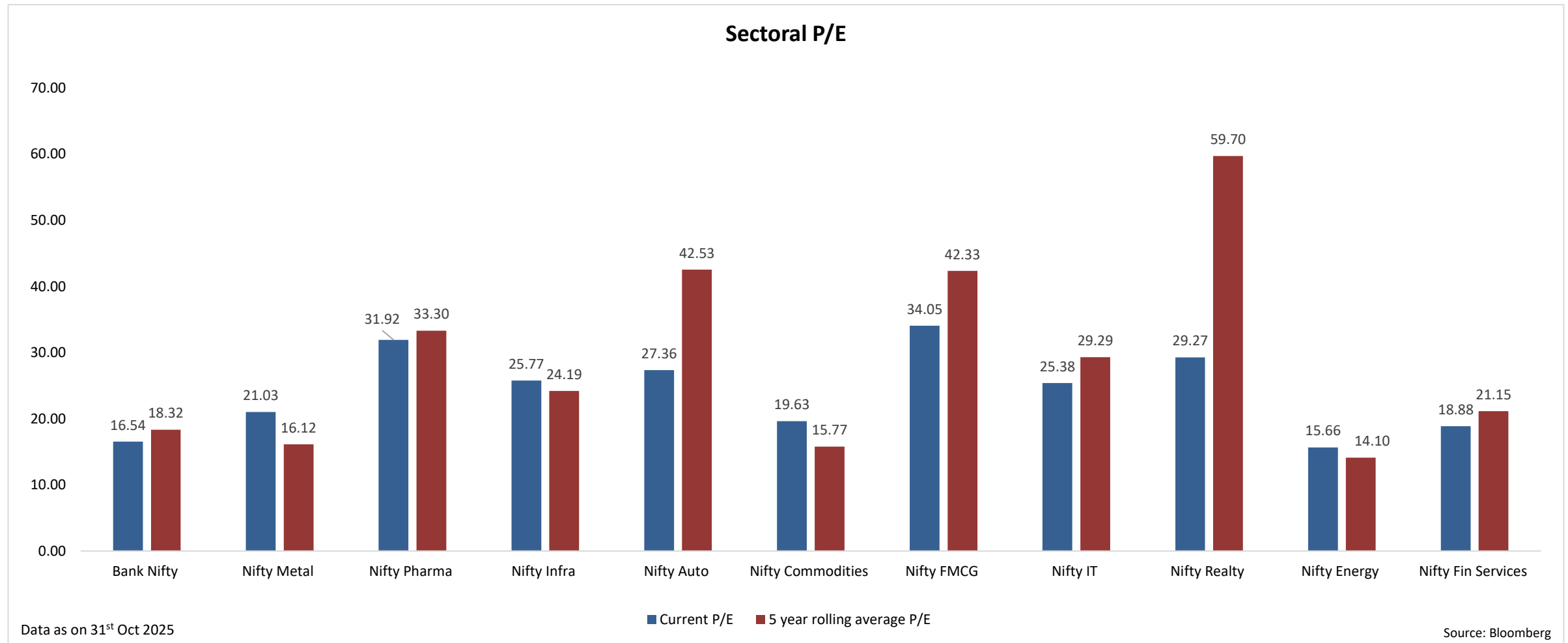
Index	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
BSE 500	-6.51	-0.03	-1.50	-3.49	-7.85	7.29	3.16	3.39	3.43	-2.87	-1.93	1.21	4.20
Auto	-12.30	-1.20	-2.33	-0.26	-11.00	4.02	4.73	4.73	2.24	-1.11	5.78	5.89	1.04
Bankex	-2.29	1.08	-2.62	-2.57	-2.50	8.55	5.17	0.85	1.62	-3.24	-3.34	2.48	5.56
Basic Material	-6.66	-1.90	-3.13	-1.39	-7.22	10.70	-0.62	4.22	5.43	-1.38	-2.36	2.45	2.63
Capital Goods	-5.47	2.31	-4.13	-4.79	-14.39	13.55	0.09	13.24	1.75	-5.66	-4.13	4.39	3.10
Consumer Discretionary	-10.07	0.23	0.00	-7.01	-10.36	4.40	3.98	4.32	3.49	-1.47	2.52	0.96	1.91
Consumer Durables	-10.35	2.99	3.15	-10.22	-8.45	2.67	5.65	0.86	3.17	-0.52	1.96	-4.85	4.97
Energy	-12.59	-3.31	-3.96	-0.67	-9.09	9.46	5.02	1.95	3.09	-4.70	-3.87	4.22	5.82
FMCG	-8.93	-2.08	-2.08	-1.04	-10.57	5.79	5.17	-0.71	-0.33	1.61	0.21	-2.44	2.75
Finance	-3.31	0.53	-1.67	-2.90	-3.02	7.97	4.61	3.08	3.43	-2.66	-3.82	2.34	4.78
Healthcare	-0.72	-0.57	3.69	-7.67	-8.59	8.40	1.91	0.93	3.88	2.51	-3.86	-1.25	3.38
IT	-4.58	5.83	0.95	-2.85	-12.58	-1.52	-2.97	5.26	3.33	-8.69	-1.07	-3.64	5.51
Infra	-8.72	-2.57	-3.54	-3.88	-13.81	12.36	0.70	5.03	2.72	-3.81	-4.75	4.44	3.21
Metal	-9.62	-2.38	-5.39	-1.12	-1.98	10.07	-5.76	5.89	3.04	-2.56	-1.61	9.43	5.64
Oil & Gas	-13.75	-2.35	-2.79	-2.44	-11.23	11.34	5.40	2.03	3.10	-3.84	-4.69	5.36	6.43
Power	-9.51	-4.34	-7.00	-5.92	-12.06	14.32	0.90	2.37	1.95	-3.45	-4.56	5.04	3.14
Realty	-9.12	1.93	3.45	-13.16	-13.42	6.63	3.99	7.21	3.84	-7.33	-4.48	-0.36	9.20
Telecom	-8.48	1.55	-2.53	-3.32	-10.25	6.84	8.73	3.55	6.10	-7.79	-4.48	0.48	7.22
Utilities	-8.54	-6.50	-6.57	-5.48	-10.61	15.05	1.02	-0.85	2.95	-2.20	-4.47	5.11	3.18

The abovementioned sectoral indices pertain to the BSE universe

Colour scales assigned vertically

Source: Ace MF, HDFC Bank Research

While sectoral valuations have improved vs. long term averages, earnings growth trajectory has weakened in many cases



AMC Sectoral Holdings

	Auto & Auto Ancillaries	Banks & Finance	Capital Goods	Commodities	FMCG	Consumer Durables and Consumer Services	Housing & Construction	IT	Media	Oil & Gas, Energy	Other Equities	Pharma	Telecom	Textiles	Transport & Shipping , Logistics & Services
Nifty 500	7.56%	30.89%	6.13%	7.70%	6.48%	6.72%	3.88%	7.71%	0.14%	10.81%	0.14%	6.36%	3.30%	0.27%	1.91%
360 ONE	6.70%	31.85%	14.09%	4.42%	0.86%	11.32%	4.46%	4.71%	0.00%	2.63%	0.00%	4.91%	8.32%	0.20%	2.87%
Aditya Birla SL MF	8.97%	29.23%	5.92%	6.95%	6.28%	8.02%	3.76%	9.11%	0.04%	6.61%	0.48%	6.83%	2.90%	0.61%	1.90%
Axis MF	9.05%	24.03%	10.65%	7.57%	2.77%	11.48%	3.81%	5.29%	0.04%	3.76%	0.39%	9.87%	3.51%	0.44%	2.16%
Bajaj Finserv MF	6.56%	24.72%	10.37%	5.02%	8.61%	12.75%	4.85%	5.29%	0.11%	2.10%	0.99%	11.79%	0.74%	0.84%	1.56%
Bandhan MF	6.09%	29.69%	5.24%	6.14%	5.50%	8.30%	5.56%	6.30%	0.11%	6.46%	1.13%	7.86%	2.18%	0.97%	2.79%
Bank of India MF	6.53%	20.11%	15.35%	11.54%	6.21%	5.77%	3.04%	4.33%	0.77%	6.10%	0.43%	9.12%	2.47%	1.29%	2.24%
Baroda BNP Paribas	9.41%	23.13%	8.71%	5.92%	5.28%	8.81%	2.33%	5.06%	0.00%	9.41%	0.61%	10.37%	2.58%	0.34%	1.22%
Canara Robeco MF	9.43%	24.75%	9.54%	5.38%	6.28%	13.86%	3.32%	5.88%	0.08%	5.17%	1.05%	7.60%	2.42%	0.42%	1.61%
Capitalmind MF	7.26%	24.19%	4.38%	8.91%	9.28%	8.07%	0.00%	2.73%	0.00%	0.00%	0.00%	10.88%	3.34%	2.34%	2.63%
DSP MF	8.99%	26.29%	7.42%	8.38%	4.01%	5.93%	3.54%	6.85%	0.00%	6.51%	0.24%	12.22%	2.33%	0.97%	0.89%
Edelweiss MF	7.94%	25.16%	11.53%	8.92%	5.04%	9.41%	3.40%	6.87%	0.00%	4.28%	0.08%	10.34%	2.07%	1.01%	1.20%
Franklin Templeton MF	6.65%	24.78%	7.38%	6.09%	4.57%	9.97%	4.65%	8.12%	0.02%	7.52%	0.23%	8.48%	3.92%	0.60%	2.48%
Groww MF	7.59%	39.30%	6.29%	5.55%	1.12%	5.08%	5.25%	3.58%	0.04%	3.45%	0.09%	4.57%	3.10%	0.00%	3.17%
HDFC MF	11.93%	29.37%	5.02%	5.90%	3.14%	6.82%	2.41%	5.83%	0.38%	4.62%	0.15%	10.71%	2.67%	0.40%	3.57%
Helios MF	6.25%	38.24%	10.36%	0.23%	3.00%	12.90%	3.60%	1.49%	0.51%	5.35%	0.00%	5.82%	2.77%	1.63%	6.37%
HSBC MF	5.31%	25.40%	17.55%	4.91%	6.16%	11.34%	5.93%	5.40%	0.00%	3.69%	0.76%	5.94%	1.87%	1.56%	2.03%
ICICI Pru MF	9.25%	24.39%	4.25%	7.31%	4.20%	5.86%	5.41%	8.66%	0.26%	10.87%	0.96%	7.64%	3.45%	0.47%	1.55%
Invesco MF	5.67%	28.09%	10.03%	3.04%	1.70%	16.17%	5.48%	6.45%	0.00%	1.69%	0.77%	14.04%	1.52%	0.01%	3.95%
ITI MF	5.81%	26.67%	13.84%	7.85%	4.70%	7.52%	5.00%	5.46%	0.34%	4.70%	1.06%	10.92%	1.86%	0.76%	1.56%
JM MF	6.28%	29.03%	12.21%	3.56%	6.66%	13.09%	4.04%	7.35%	0.28%	2.43%	0.00%	7.50%	3.04%	1.40%	1.97%
Kotak MF	8.66%	21.80%	9.72%	12.00%	2.96%	10.19%	4.27%	7.47%	0.40%	6.72%	0.16%	8.30%	2.88%	0.20%	1.76%
LIC MF	9.08%	22.59%	18.99%	6.15%	7.16%	5.37%	4.26%	4.91%	0.26%	4.21%	1.00%	7.30%	1.74%	1.06%	2.15%
Mahindra Manulife MF	8.54%	25.22%	10.35%	7.34%	5.35%	7.89%	2.95%	6.13%	0.14%	6.50%	0.32%	10.41%	2.87%	1.39%	1.66%
Mirae MF	9.32%	29.58%	4.42%	6.15%	6.31%	8.80%	3.90%	7.85%	0.00%	6.23%	0.00%	9.87%	3.83%	0.06%	2.79%
Motilal Oswal MF	3.89%	14.44%	24.66%	2.01%	0.50%	26.78%	2.37%	12.41%	0.00%	0.48%	0.27%	2.85%	2.00%	0.38%	0.47%
Navi MF	8.55%	34.00%	9.87%	3.32%	4.90%	6.76%	0.75%	5.59%	1.18%	4.44%	1.03%	8.09%	2.88%	0.45%	2.70%
Nippon India MF	7.40%	25.57%	10.69%	5.13%	6.11%	12.97%	2.74%	4.15%	0.33%	7.82%	0.58%	10.03%	1.04%	0.81%	2.04%
NJ MF	17.02%	12.06%	0.83%	3.96%	14.85%	4.92%	0.00%	13.08%	0.00%	8.99%	0.00%	18.07%	0.00%	0.76%	0.00%
Old Bridge MF	9.44%	9.25%	0.00%	16.62%	6.73%	3.41%	4.45%	8.49%	0.00%	0.00%	1.69%	11.91%	4.87%	0.00%	12.50%
PGIM India MF	7.95%	22.04%	9.95%	8.37%	4.15%	12.59%	2.53%	5.81%	0.00%	3.19%	0.00%	11.93%	2.66%	0.74%	3.71%
PPFAS MF	8.01%	27.85%	0.03%	0.00%	5.95%	2.14%	0.00%	9.37%	0.00%	11.28%	0.00%	4.03%	3.33%	0.00%	3.31%
Quant MF	4.69%	19.95%	3.36%	7.02%	5.98%	2.85%	10.02%	2.72%	1.13%	18.95%	1.54%	11.90%	2.15%	2.54%	1.94%
Quantum MF	11.73%	37.54%	1.65%	4.95%	0.98%	4.41%	0.00%	13.38%	0.17%	4.06%	0.48%	5.09%	2.89%	0.00%	1.98%
Samco MF	2.83%	20.17%	7.59%	6.00%	4.00%	1.92%	2.19%	2.72%	0.00%	0.61%	0.00%	4.09%	0.48%	0.84%	1.79%
SBI MF	8.61%	27.05%	4.46%	8.13%	5.03%	8.46%	2.69%	5.28%	0.17%	9.86%	1.48%	6.97%	2.84%	1.64%	2.14%
Shriram MF	10.40%	37.20%	2.51%	6.15%	2.70%	1.28%	1.39%	7.24%	0.00%	9.71%	0.00%	11.48%	4.47%	0.00%	1.87%
Sundaram MF	6.98%	26.70%	8.04%	5.92%	5.65%	10.02%	3.65%	6.04%	0.22%	6.54%	0.35%	8.33%	4.15%	0.13%	2.38%
Tata MF	5.00%	21.52%	7.82%	7.83%	5.15%	8.01%	3.65%	15.76%	0.15%	6.02%	0.94%	7.08%	2.24%	0.58%	3.19%
Taurus MF	8.76%	22.85%	6.33%	4.33%	10.53%	3.05%	4.67%	9.71%	0.00%	13.72%	0.00%	8.40%	3.54%	0.91%	0.82%
Trust MF	10.92%	22.27%	17.74%	2.44%	2.69%	9.50%	3.09%	6.55%	0.00%	0.17%	0.00%	10.80%	1.35%	0.00%	4.77%
Unifi MF	6.21%	31.53%	3.76%	4.92%	4.99%	1.04%	4.44%	4.87%	0.00%	7.17%	1.31%	13.00%	5.65%	1.00%	5.36%
Union MF	10.41%	24.11%	13.52%	6.84%	3.68%	11.82%	3.90%	6.37%	0.14%	3.74%	0.00%	7.66%	2.10%	0.41%	1.74%
UTI MF	10.34%	24.84%	5.96%	5.45%	3.86%	14.53%	2.56%	9.43%	0.25%	4.48%	0.46%	9.42%	2.92%	0.62%	1.96%
WhiteOak Capital MF	6.84%	30.24%	9.60%	3.78%	3.19%	9.33%	1.93%	7.17%	0.01%	3.08%	2.18%	10.80%	4.14%	0.20%	1.98%

Data as on 30th September 2025

Source: ICRA Analytics Limited

US trade tariffs by Country... With punitive tariffs, India's position is weak vs. peers

Country/Territory	Adjusted Reciprocal Tariff
India	25% + 25%
Afghanistan	15%
Algeria	30%
Angola	15%
Bangladesh	20%
Bolivia	15%
Bosnia and Herzegovina	30%
Botswana	15%
Brazil	50%
Brunei	25%
Cambodia	19%
Cameroon	15%
Chad	15%
Costa Rica	15%
Côte d'Ivoire	15%
Democratic Republic of the Congo	15%
Ecuador	15%
Equatorial Guinea	15%
European Union	15%

Country/Territory	Adjusted Reciprocal Tariff
Falkland Islands	10%
Fiji	15%
Ghana	15%
Guyana	15%
Iceland	15%
Indonesia	19%
Iraq	35%
Israel	15%
Japan	15%
Jordan	15%
Kazakhstan	25%
Laos	40%
Lesotho	15%
Libya	30%
Liechtenstein	15%
Madagascar	15%
Malawi	15%
Malaysia	19%
Mauritius	15%
Moldova	25%
Mozambique	15%
Myanmar (Burma)	40%
Namibia	15%
Nauru	15%

Country/Territory	Adjusted Reciprocal Tariff
New Zealand	15%
Nicaragua	18%
Nigeria	15%
North Macedonia	15%
Norway	15%
Pakistan	19%
Papua New Guinea	15%
Philippines	19%
Serbia	35%
South Africa	30%
South Korea	15%
Sri Lanka	20%
Switzerland	39%
Syria	41%
Taiwan	20%
Thailand	19%
Trinidad and Tobago	15%
Tunisia	25%
Turkey	15%
Uganda	15%
United Kingdom	10%
Vanuatu	15%
Venezuela	15%
Vietnam	20%
Zambia	15%
Zimbabwe	15%

Source: White House, Media Reports

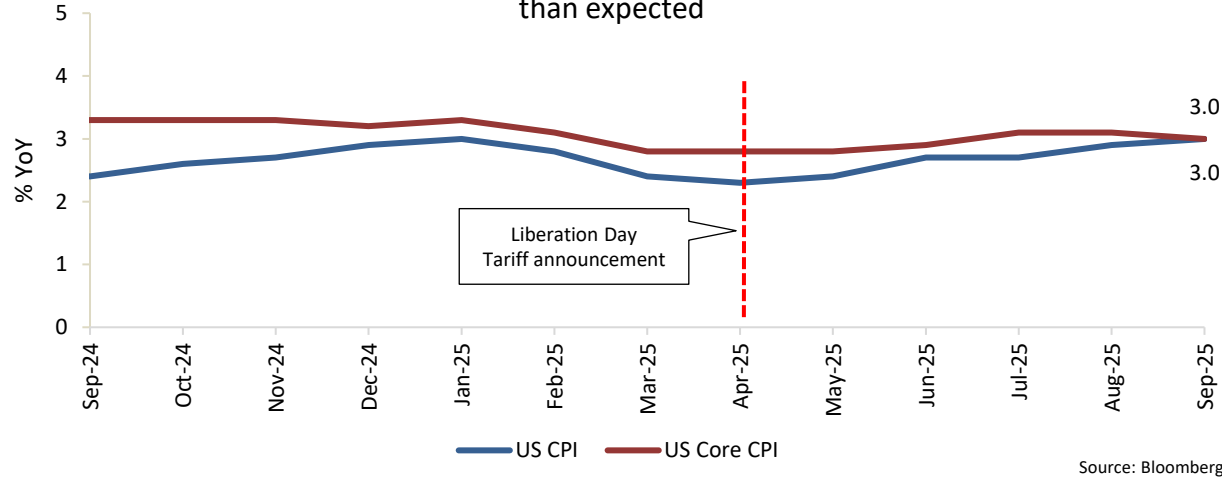
Fixed Income Market

Fixed Income MF Outlook and Strategy – November 2025

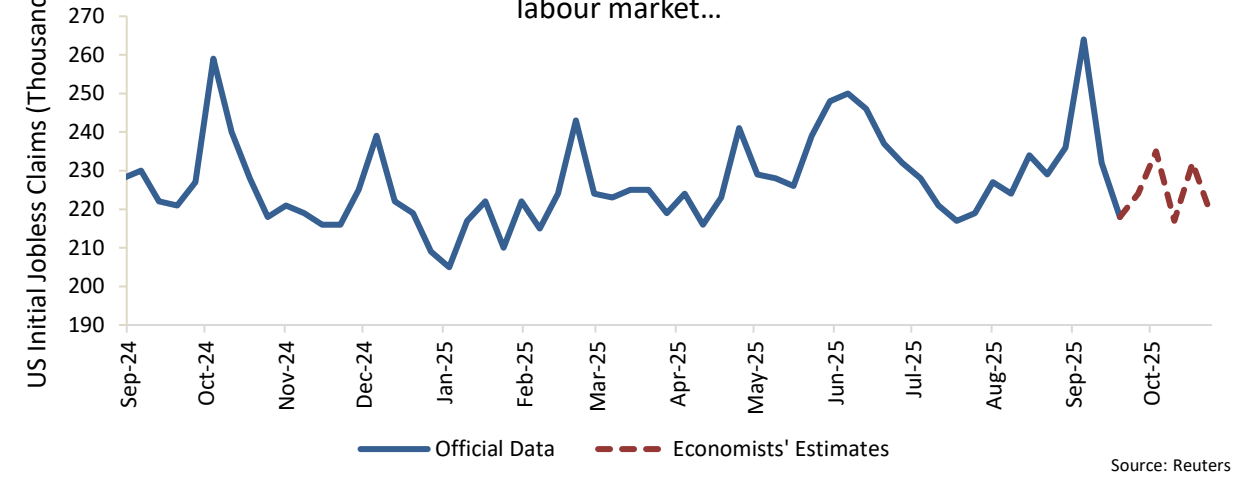
- RBI continued active management of liquidity condition throughout the month along with assuring orderly movement of currency. As currency leakage and forex intervention led to system liquidity running into deficit, RBI conducted more VRRs compared to VRRRs to ensure adequate system liquidity.
- The Consumer Price Index (CPI) inflation eased in September 2025 on the back of base effect, rising by 1.54% YoY as against the 2.07% YoY in August 2025. Core Inflation showed an uptick to 4.48% YoY in September 2025 from 4.11% YoY in August 2025. Inflation remains extremely well anchored and is expected to get further support from the recent GST rationalisation weighing down on both headline and core inflation. However, the risk to cereal inflation stems from the floods and subsequent damage to crop production across key regions in India.
- The Rupee touched an all time low during the month against the USD despite RBI's forex intervention, on the back of unresolved trade deals with US and heavy Dollar demand.
- Other external parameters like forex reserves and FPI inflows continued to remain robust. Any positive developments around a bi-lateral trade agreement is expected to support the external sector.
- The RBI, in its MPC meeting held between September 29-October 01, 2025, had unanimously decided to keep the policy Repo rate unchanged at 5.5% and continued with its "Neutral" stance. Additionally, they had lowered their FY26 inflation projection to 2.6% YoY from the earlier 3.1% YoY estimate. Also, the Real GDP growth projection for FY26 had been revised upwards to 6.8% YoY from 6.5% YoY earlier. Going forward, growth-inflation dynamics will continue to determine the necessity of further policy actions by the RBI.
- In the US, the Federal Reserve cut interest rates by 25 bps for the second time this calendar year. With this cut, the Fed has eased policy rates for the second consecutive meetings due to weakness in the job market. However, the lack of data due to the Government shutdown and a divide amongst the committee members has created uncertainties around future rate path. This has led to recent spikes in US bond yields. Hence, developments around the same remain a key monitorable.
- Despite a mild uptick, inflation in the EU remained stable, which allowed the ECB to maintain the pause on further policy easing and not commit to any particular rate path amidst persisting global uncertainties.
- Globally, the key economies saw inflation largely remaining under control. Going forward inflation continues to remain a key monitorable for any adverse movement in prices.
- Commodity prices continued their uptrend on the back of a sustained demand for base metals and further upticks in precious metal prices. The decline in Russian supply prevented Oil prices from falling further.
- Continuous pro-growth policy actions by the RBI and further support to inflation due to GST rationalisation may ensure structurally lower interest rates over the medium-term.
- Emerging Fiscal concerns and the resultant higher supply of SDLs despite muted demand led to hardening of yields at the longer end, creating high term spreads and opening up some tactical opportunity for Dynamic Bond Funds. While the Government has decided to lower its borrowing in the longer dated papers, state government supply remains a key monitorable as the indicative third quarter supply also remains on the higher side.
- The RBI is monitoring bond yields as G-sec term spreads have remained high and the spread between Indian G-sec and US treasury yields has seen an uptick. This spread has created further opportunities for Dynamic Bond funds which are tactically positioned to take advantage of the same.
- The spread at the shorter end of the Corporate Bond yield curve continues to remain at lucrative levels against G-secs. Liquidity is expected to remain well managed in the neutral to surplus zone, so the curve may steepen further. Thus, a case continues to exist for investment into corporate bond funds that are at the 1-4-year segment of the curve. Hence, investors can look at Corporate Bond Funds for a horizon of 15 months and above.
- For a horizon of 24 months and above, investors may consider Income Plus Arbitrage FoF or consider Dynamic Bond Funds for tactical opportunity.
- For a horizon of 3 months and above, investors can consider Arbitrage Funds and Money Market Funds.
- Whereas for a horizon of up to 3 months, investors can consider Overnight Funds and Liquid Funds.
- Investors should invest in line with their risk profile and product suitability.

US – Despite the Fed rate cut in October, uncertainty about December policy increased amidst data blackout

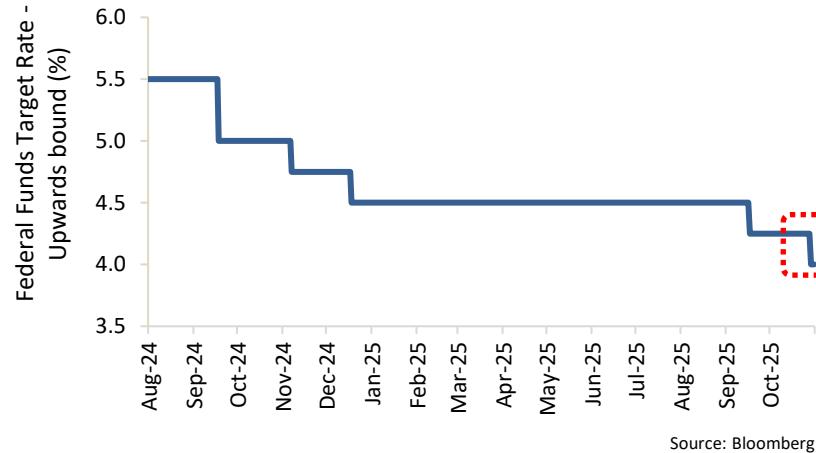
US Headline inflation rose at its fastest pace since January, but was lower than expected



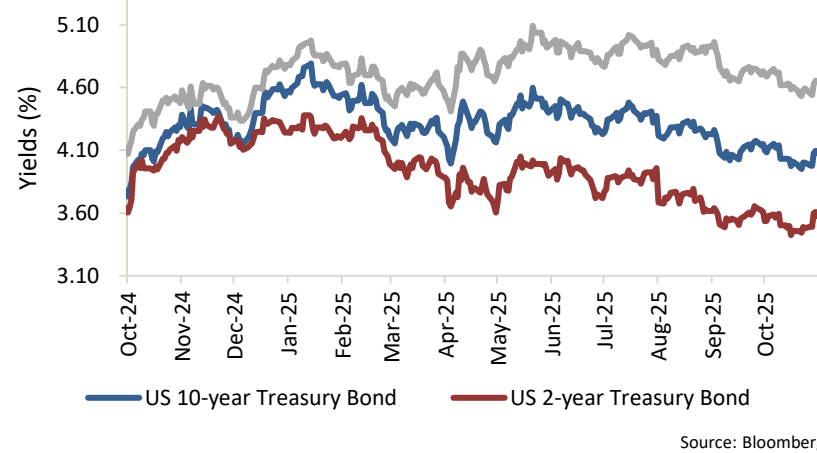
Economists' prediction shows a surge in jobless claims, indicating softness in labour market...



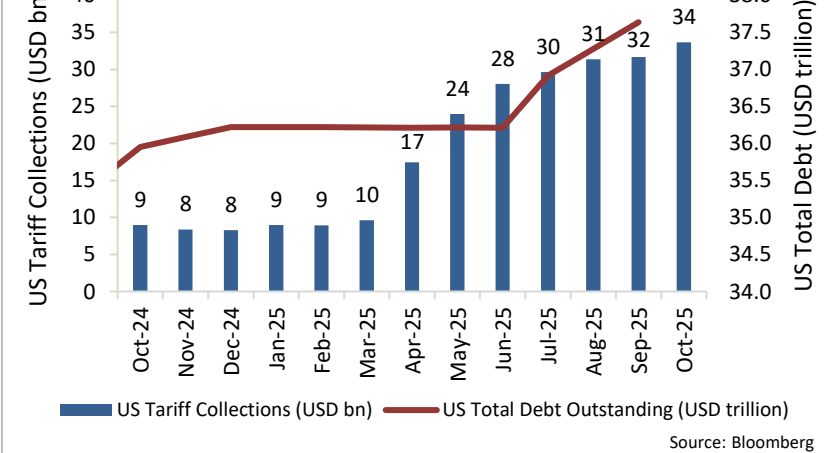
... which led the Fed to cut policy rates for the second consecutive time this year



Post the rate cut, uncertainty in forward guidance by the Fed pushed treasury yields back up

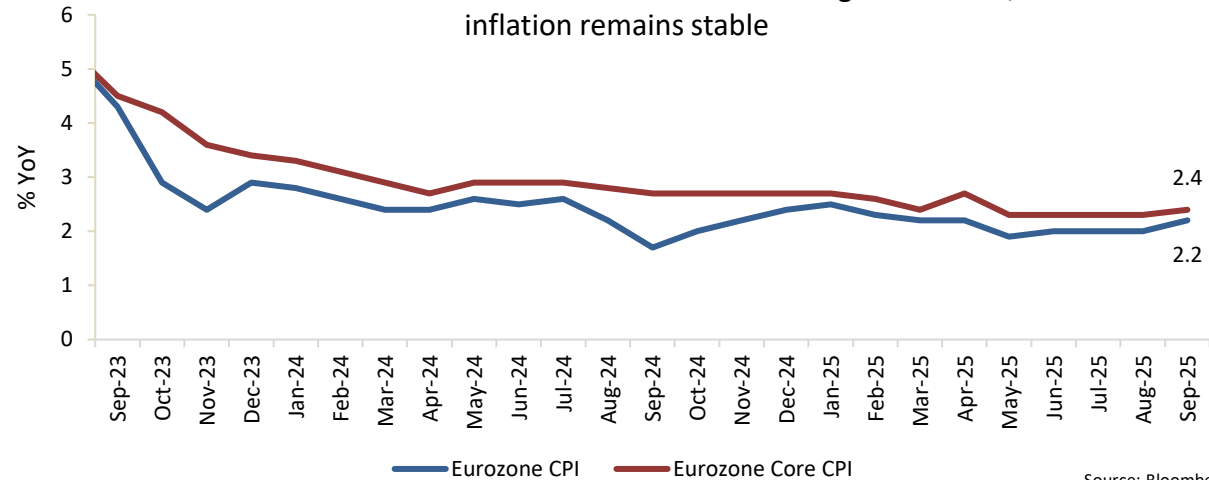


US total debt rises, but collections from tariffs see a substantial jump as well

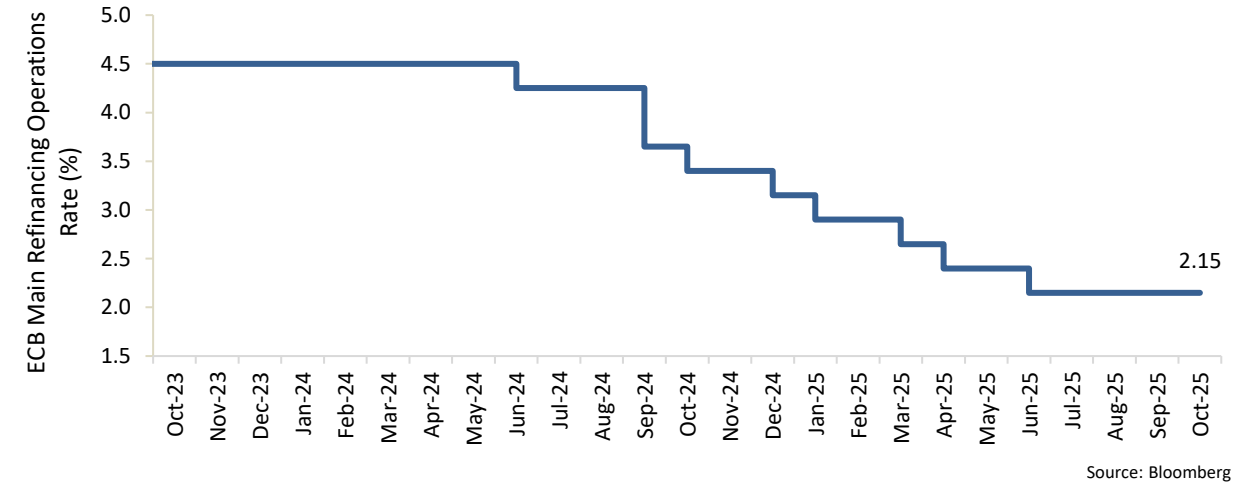


EU – ECB continues to be on pause mode while growth remains moderate

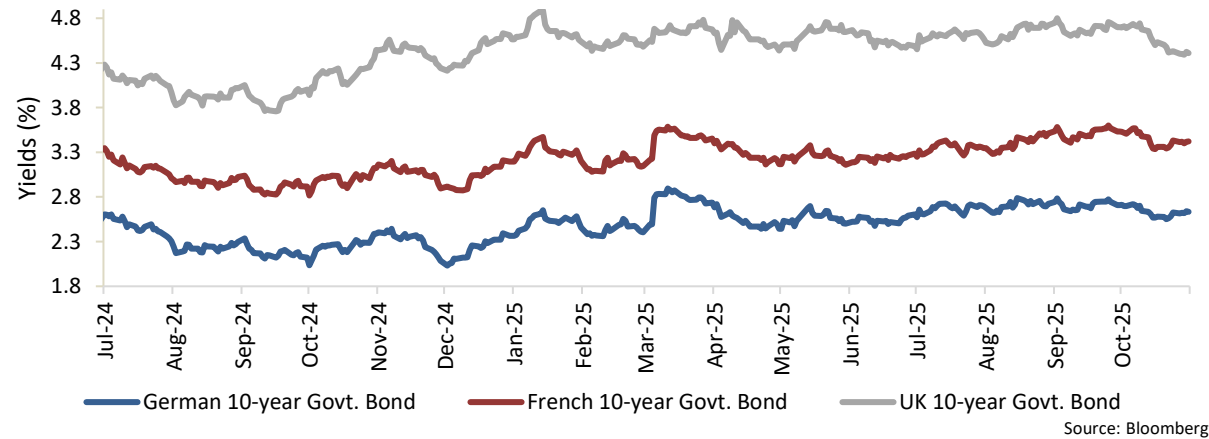
Headline inflation rises above ECB's medium term target of 2% YoY, Core inflation remains stable



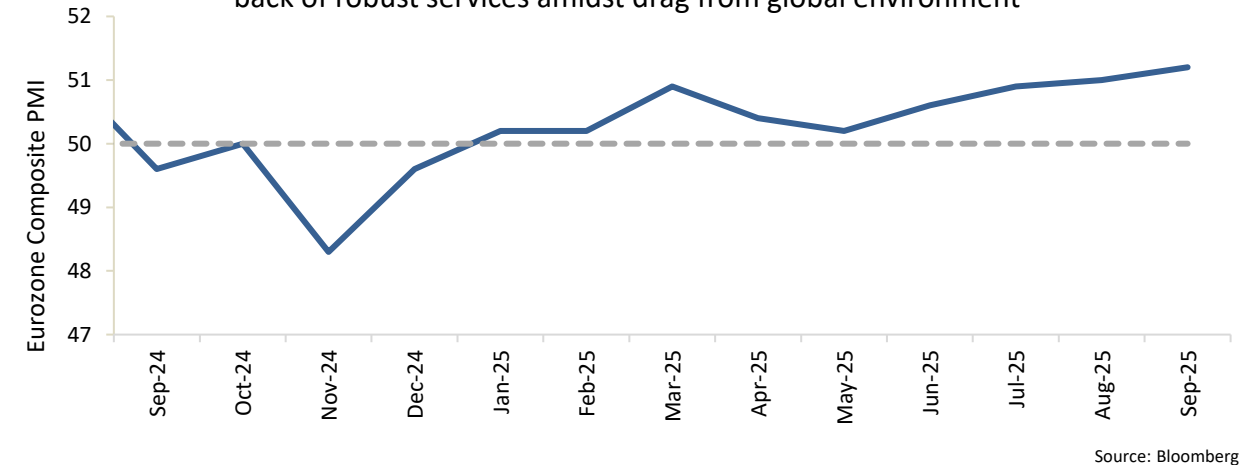
ECB continues to stay on a data dependant pause



Euro Area bond yields fell during the month as concerns over the economic fallout from US-China trade had revived bets on another ECB rate cut

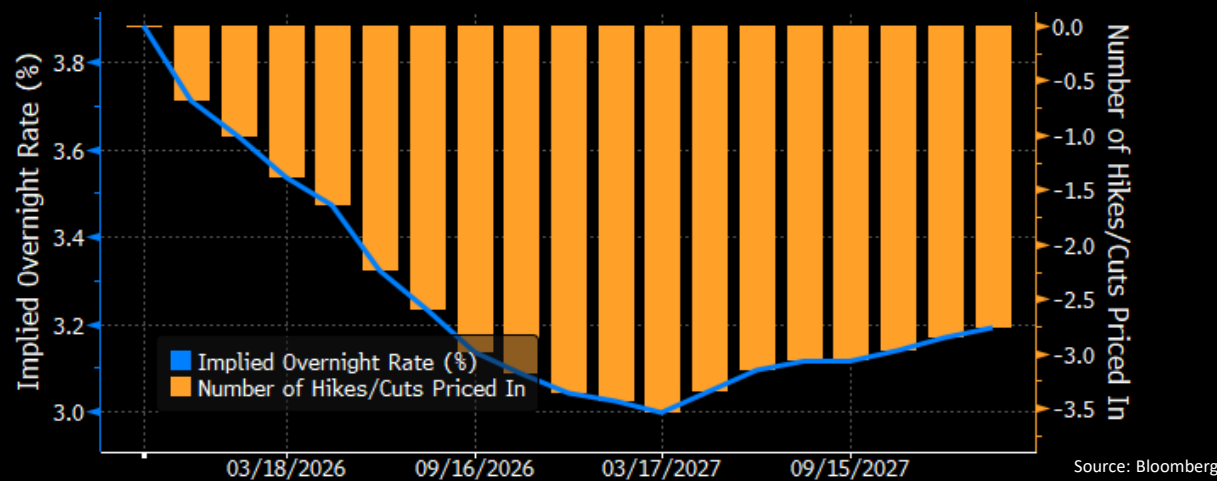


Eurozone Composite PMI continues to remain in expansionary zone on the back of robust services amidst drag from global environment



US Fed cut rates on the back of continued stress in the labour market... ECB remains on a dovish pause

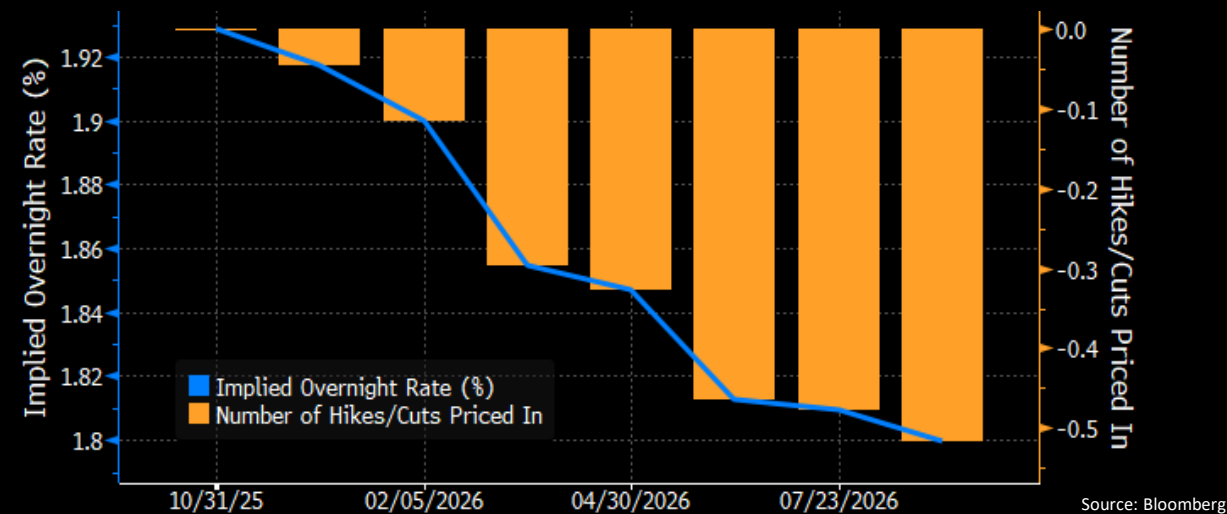
Despite the rate cut, divided opinion amongst Fed committee members suggests uncertainty around future rate cuts



"A further reduction in the policy rate at the December meeting is not a foregone conclusion. Far from it... Policy is not on a preset course... We haven't made a decision about December, and you know, we're going to be looking at the data that we have, how that affects the outlook and the balance of risks."

- **Jerome Powell**
Chairman, US Federal Reserve
News conference at Washington DC, post FOMC

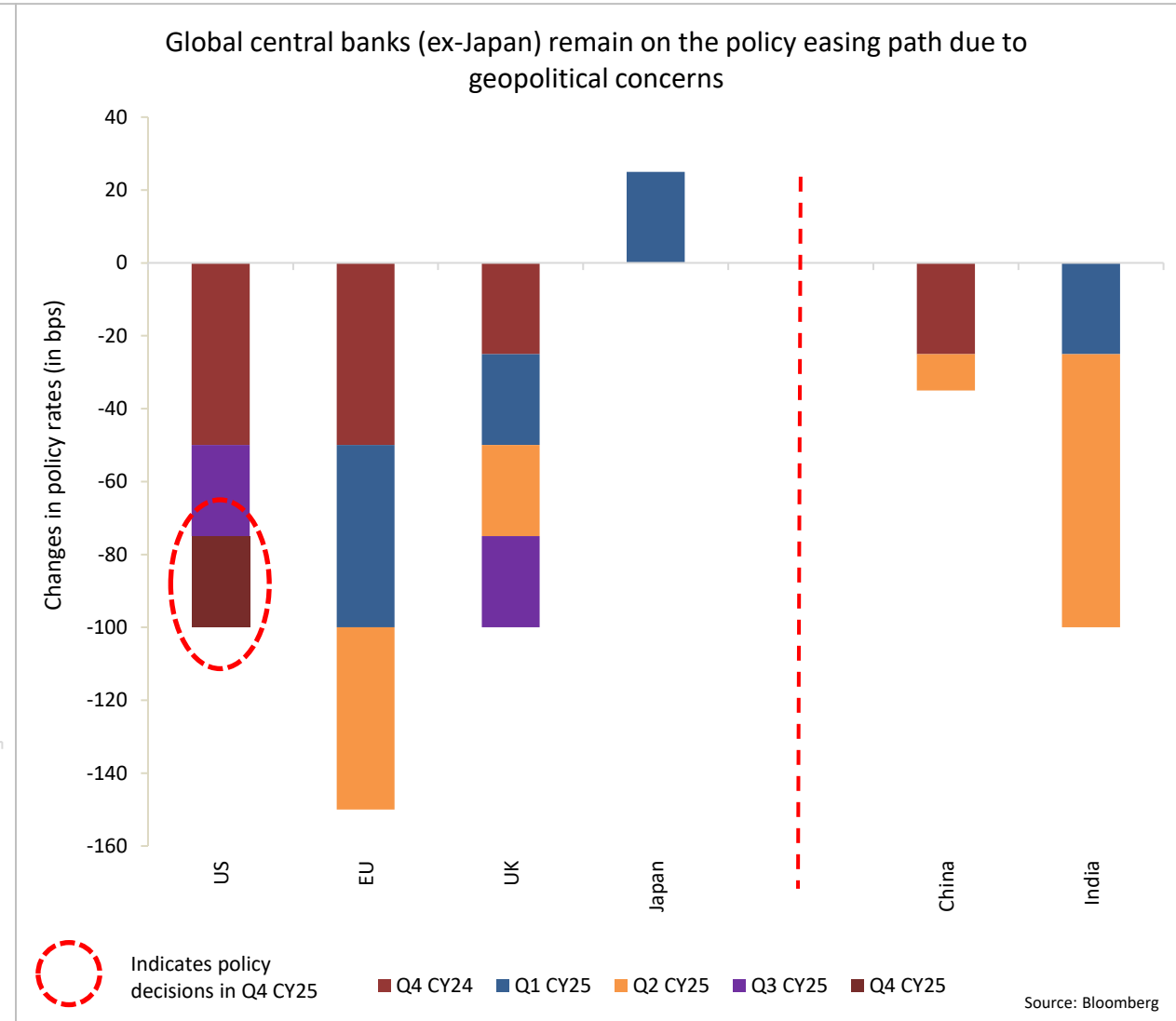
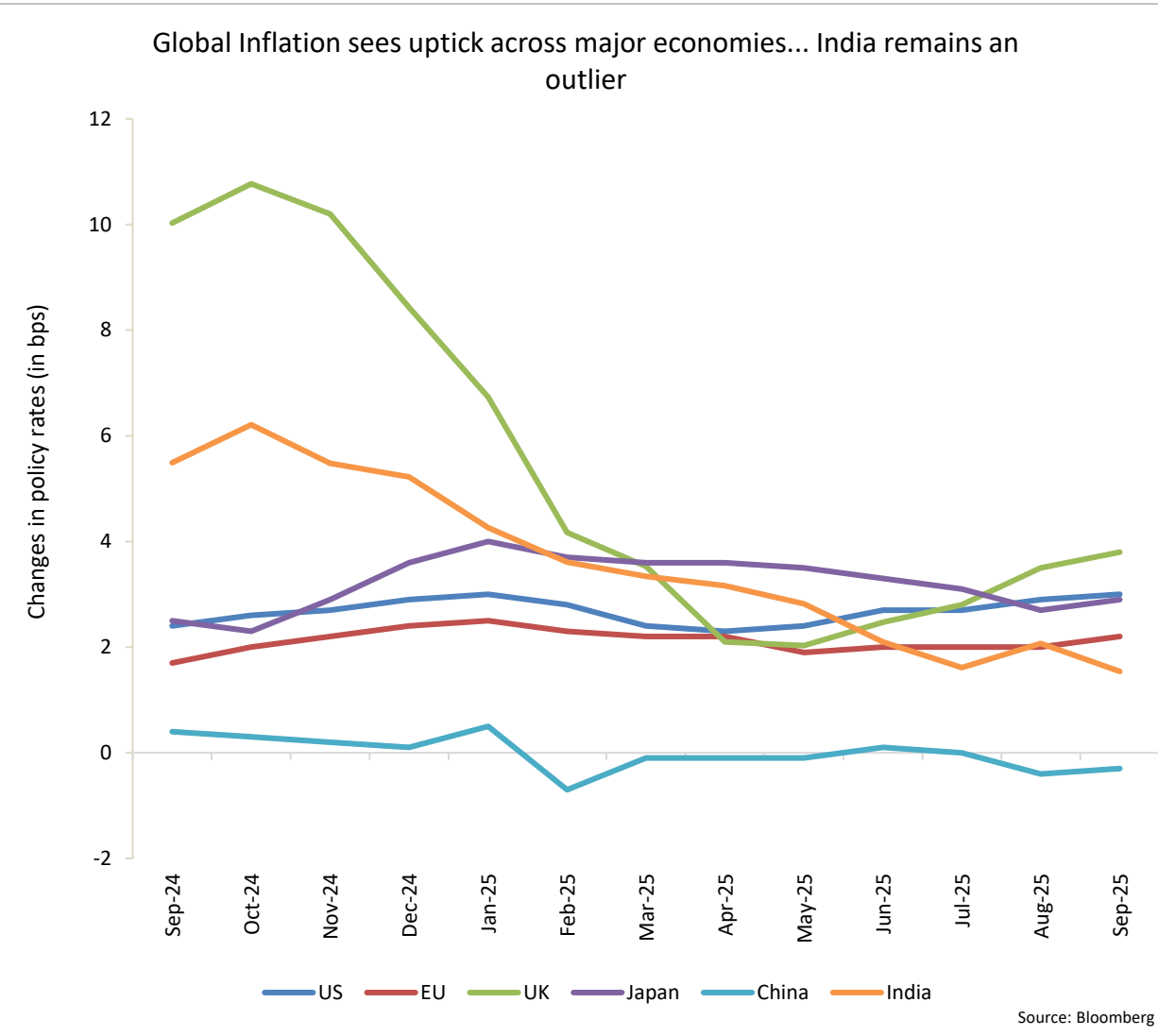
Persistent Geopolitical uncertainties kept ECB non-committal about any particular rate path



"Geopolitical tensions, in particular Russia's unjustified war against Ukraine, remain a major source of uncertainty. By contrast, higher than expected defence and infrastructure spending, together with productivity-enhancing reforms, would add to growth. An improvement in business confidence could stimulate private investment. Sentiment could also be lifted and activity spurred if the remaining geopolitical tensions diminished, or if the remaining trade disputes were resolved faster than expected."

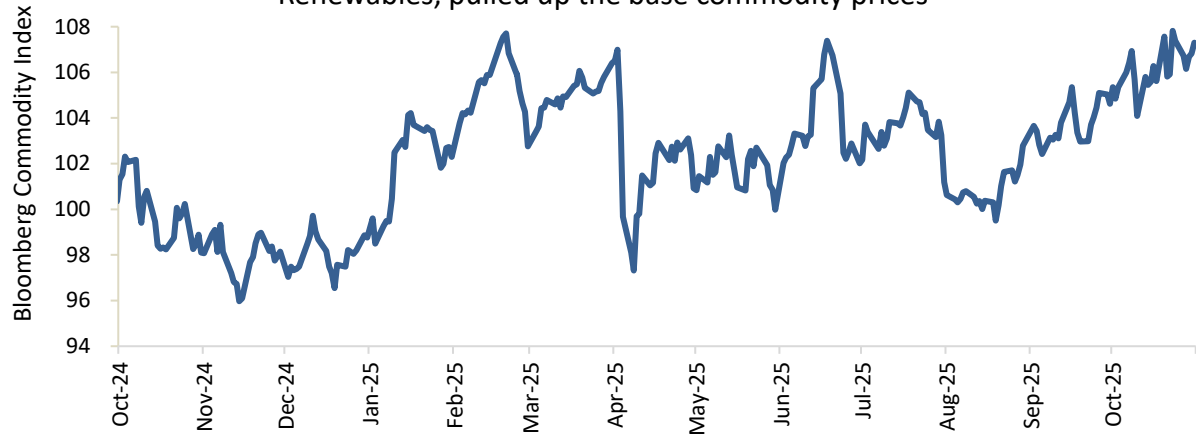
- **Christine Lagarde**
President, European Central Bank
Combined monetary policy decisions and statement

Global inflation remains largely under check across key economies... any bump up in inflation may change the stance of their central banks



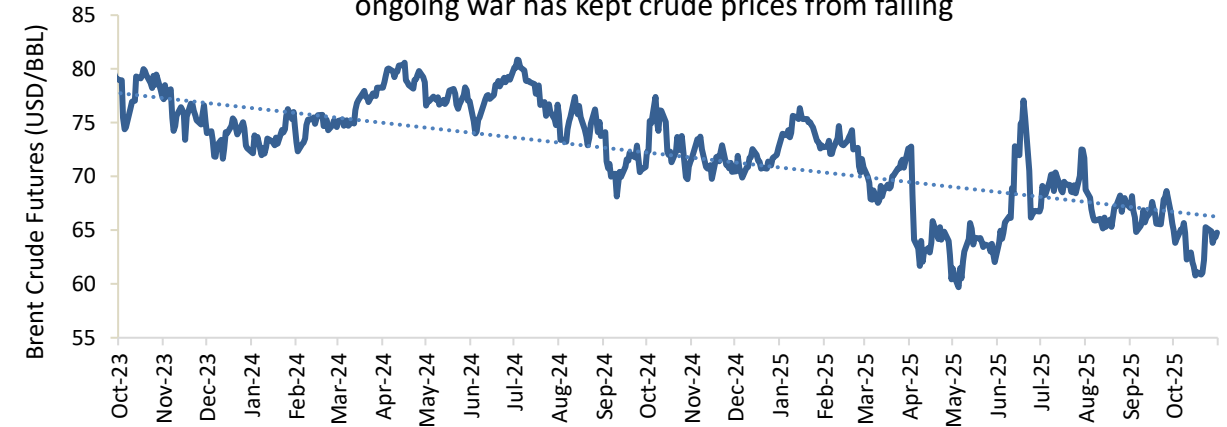
Global Commodities – Continued their upward trend

Sustained demand for base metals, driven by EV, Grid infrastructure and Renewables, pulled up the base commodity prices



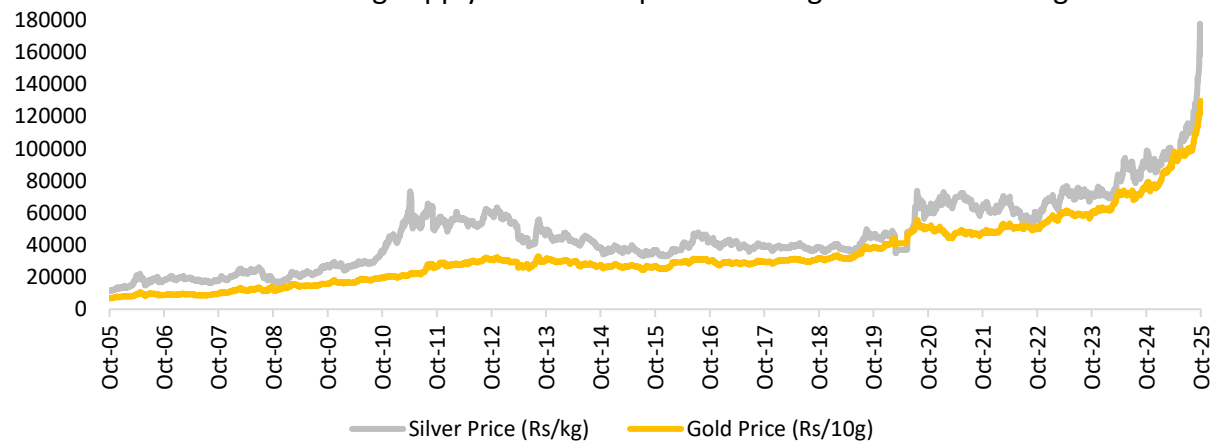
Source: Bloomberg

Despite increased supply from OPEC, a decline in Russia's output due to the ongoing war has kept crude prices from falling



Source: Bloomberg

Easing trade tensions led to stalling of the Gold price rally.. While silver price corrected on easing supply crunch and profit booking after a record surge



Source: MCX

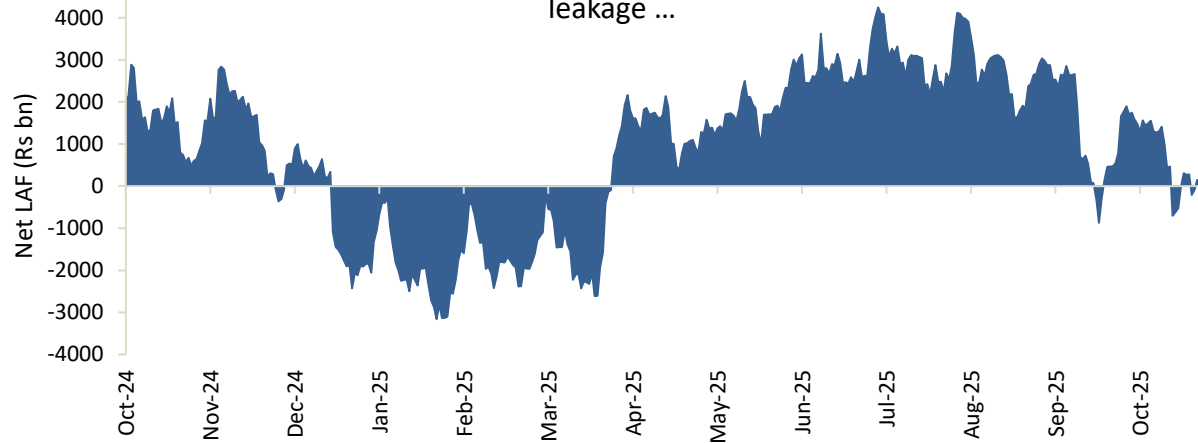
Silver has tracked Gold prices, but with relatively higher volatility



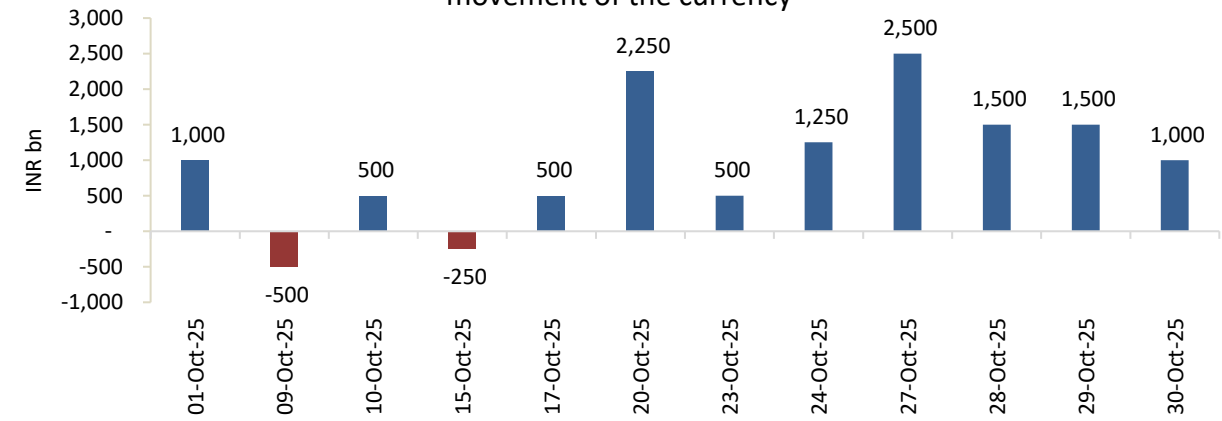
Source: MCX

Currency leakage and Forex intervention pushed liquidity towards deficit during the month

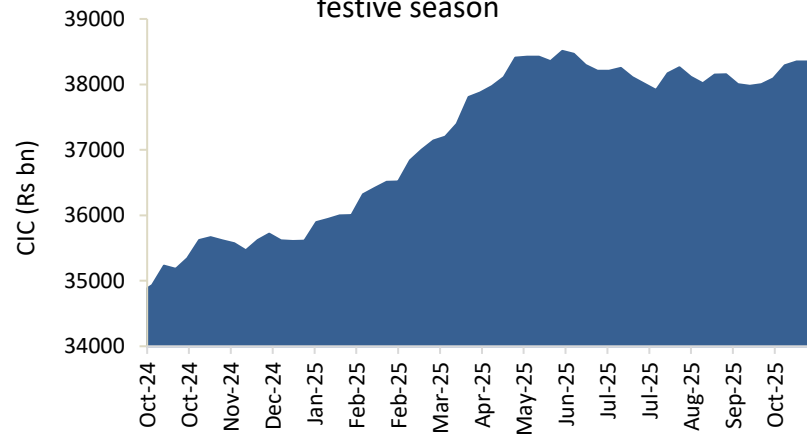
Banking system liquidity dipped post festive season on the back off currency leakage ...



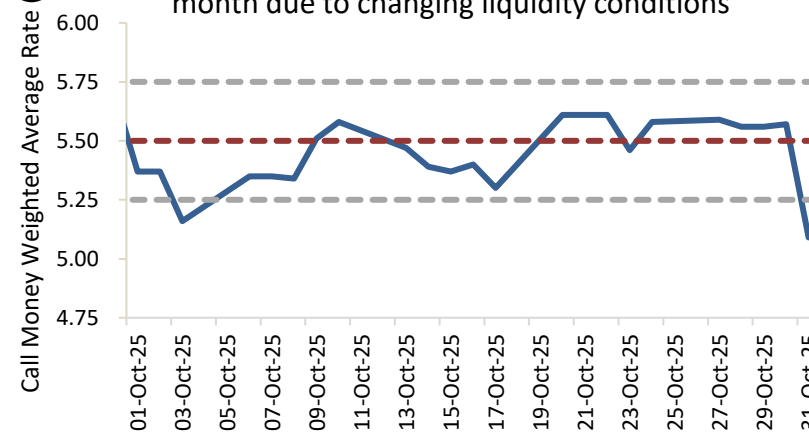
RBI maintained adequate liquidity in the system while ensuring orderly movement of the currency



Currency in Circulation inched up during the festive season



Call money rates remained volatile throughout the month due to changing liquidity conditions



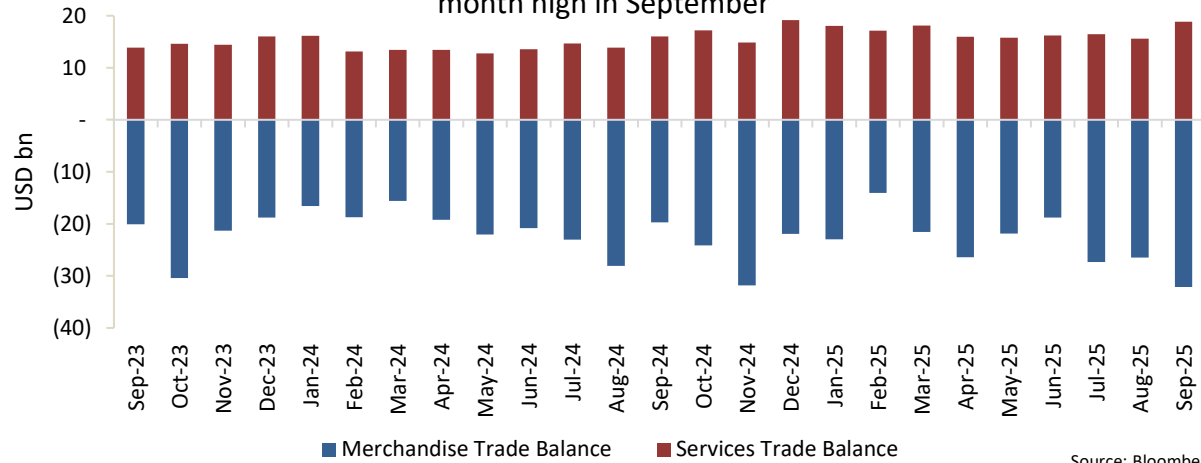
If liquidity remains in deficit despite the CRR cut, market participants expect RBI to conduct OMOs to support durable liquidity

Particulars	Date	Amount Notified/Budgeted (Rs Bn)
CRR Cut	06-Sep-25	625
	04-Oct-25	625
	01-Nov-25	625
	29-Nov-25	625

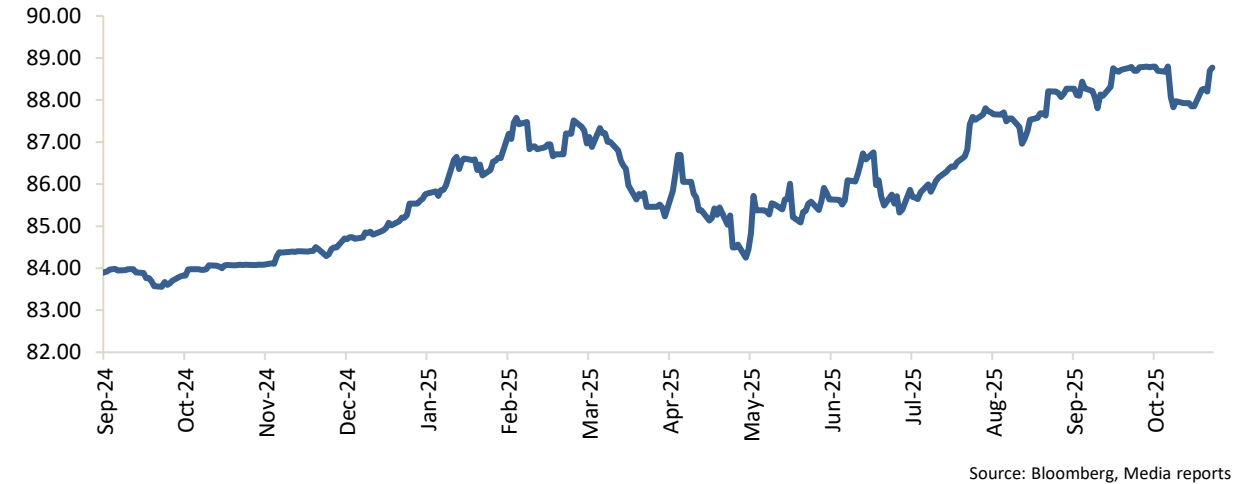
Source: RBI

External sector showed signs of weakness

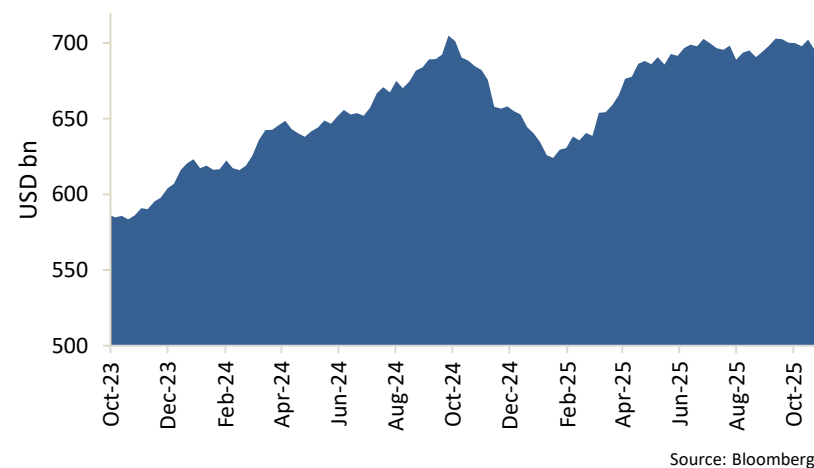
Sharp rise in bullion imports led to Merchandise trade deficit widening to 13 month high in September



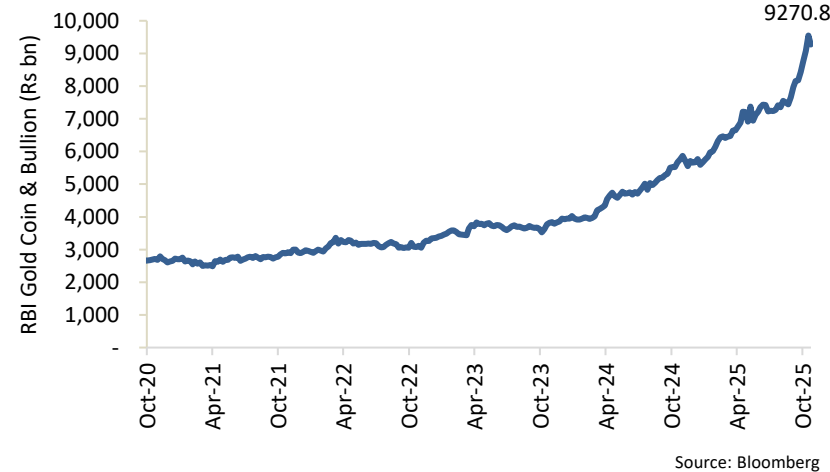
INR touches new low against the USD despite RBI's forex intervention...



... while Forex Reserves remain robust



Value of RBI's Gold holdings see a sharp uptick



Resolution of India-US trade deal may also support the external Sector

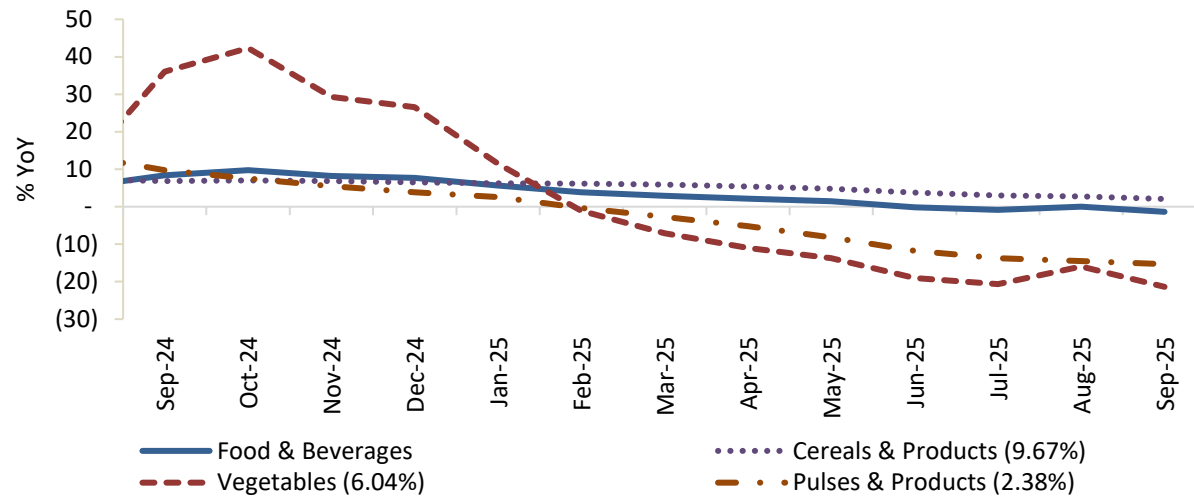
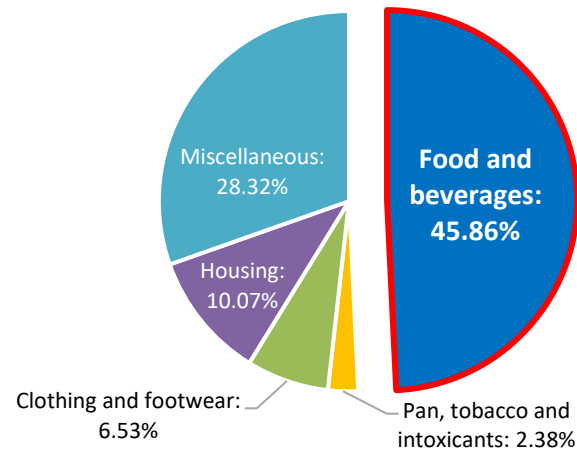
"Although I don't have a crystal ball or any inside information, my personal confidence is that, in the next couple of months, if not earlier, we will see a resolution at least to the extra penal tariff of 25%... It may also be the case that the reciprocal tariff of 25% may also come down to levels that we were anticipating earlier, somewhere between 10 and 15%. If that comes, it will be an even bigger occasion to celebrate."

- V Anantha Nageswaran
Chief Economic Advisor

At an event organised by Bharat Chamber of Commerce

Headline inflation came in lower as base effect played out... GST rationalisation and high reservoir levels may keep inflation benign but risk remains on the back of flood in key regions in India which may have damaged crop production

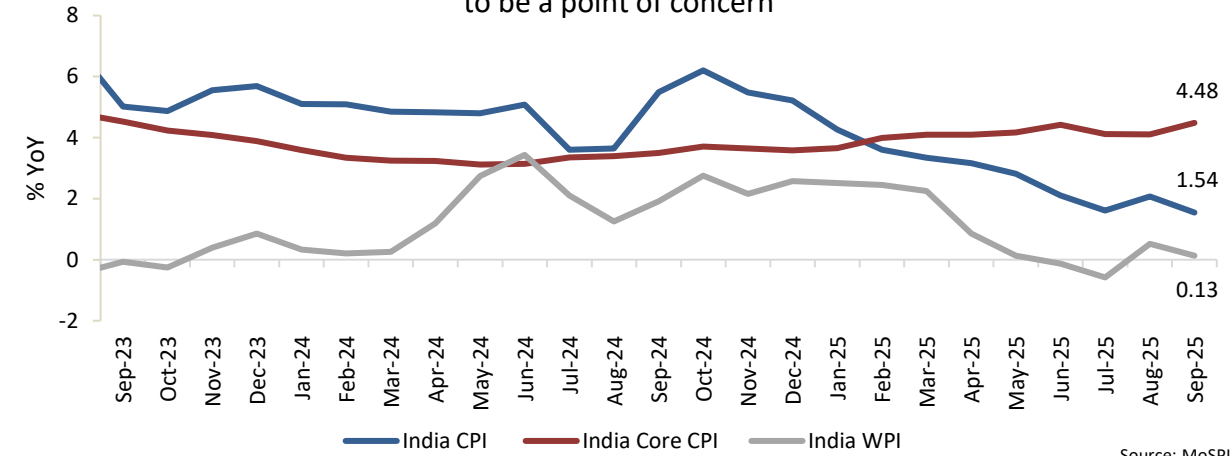
Food inflation declined due to relatively lower prices of vegetables, cereals, fruits, and oils & fats



Note: Data in parenthesis denotes weight of category in CPI basket

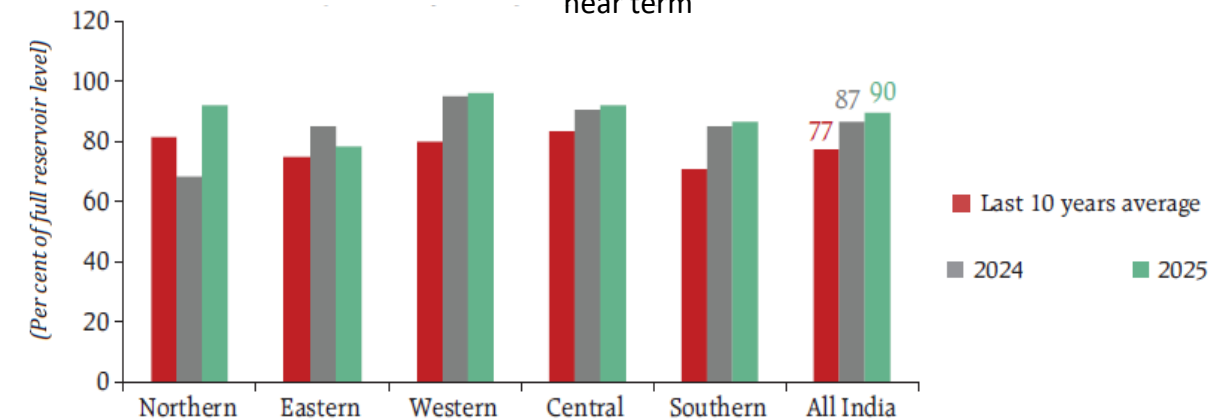
Source: MoSPI

CPI inflation dropped to a 100-month low, but rising Core inflation continues to be a point of concern



Source: MoSPI

North and West India seeing untimely rain may impact Cereal price inflation in the near term

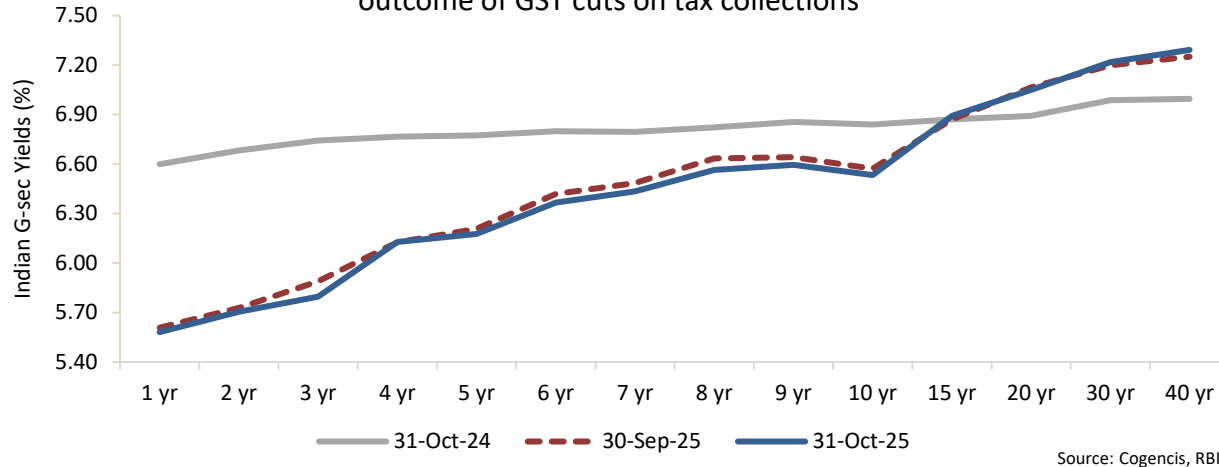


Note: Data as on 25 September 2025

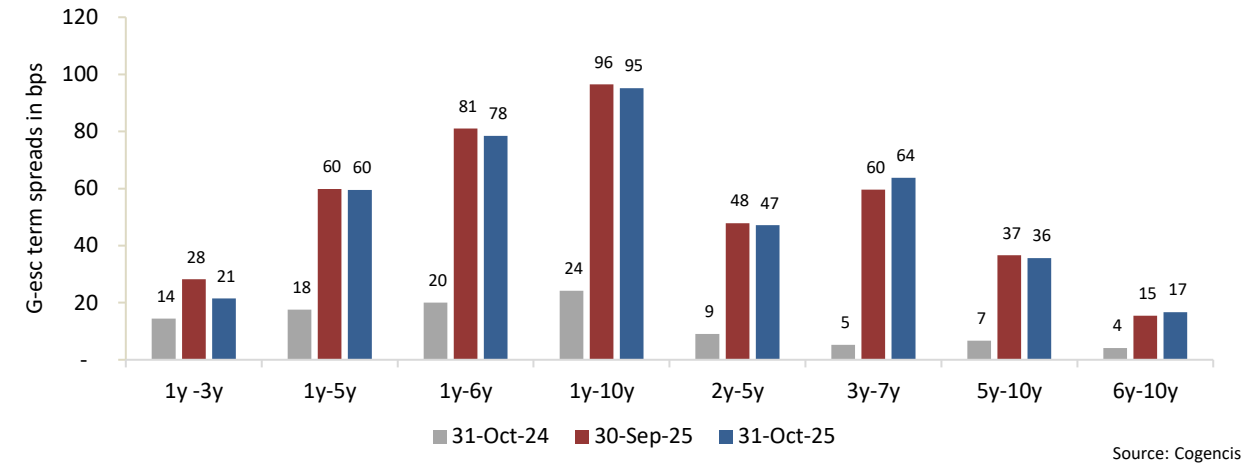
Source: CWC

Despite reduced government borrowing at the extreme long end, the spreads between medium and long end yields have remained elevated due to uncertainty around future Fed policies and lack of demand

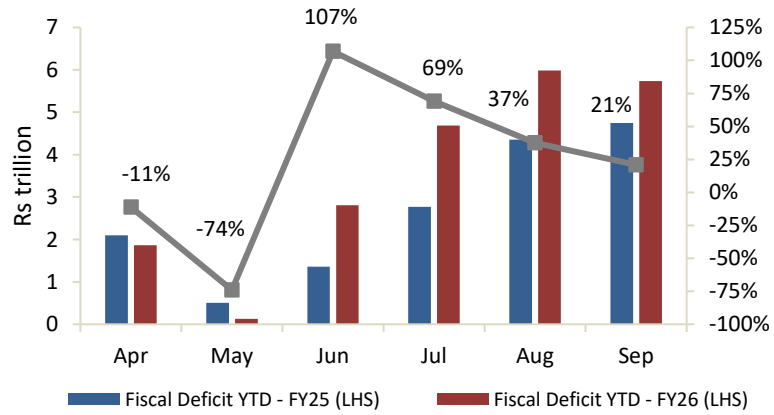
G-sec Yield Curve remains elevated as RBI held rates steady... market awaits outcome of GST cuts on tax collections



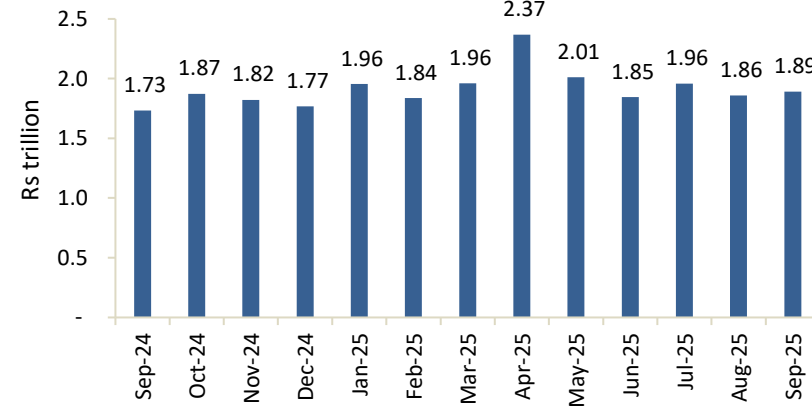
G-sec Term Spreads continue to remain on the higher side



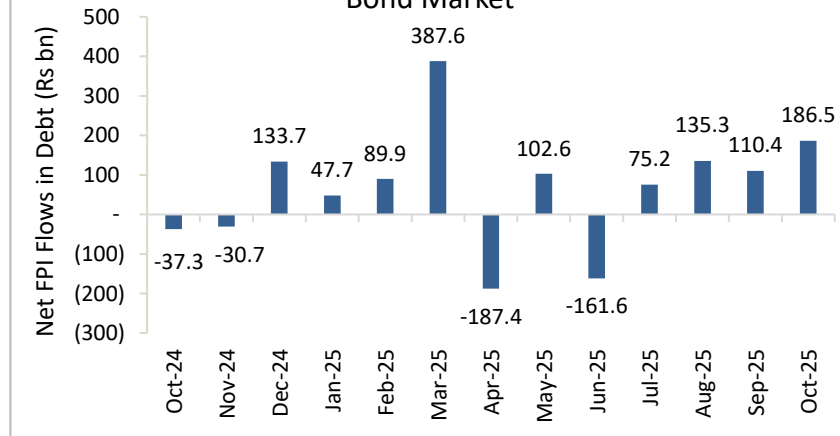
Fiscal deficit rose as Centre's public investment rises and tax collection has not kept pace



Despite stable GST collections, future growth may undershoot budget estimates due to tax cuts

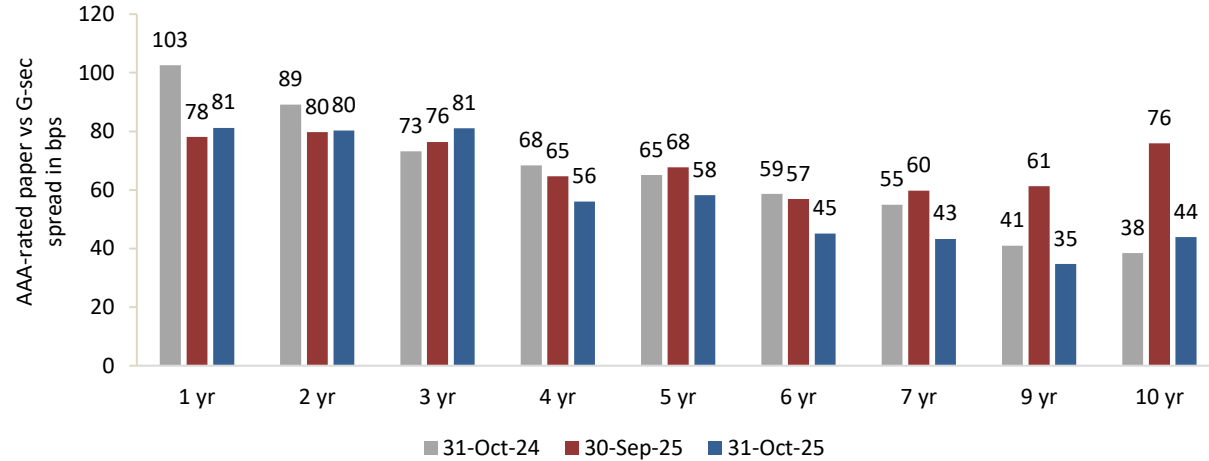


FPIs continues to remain positive on the Indian Bond Market

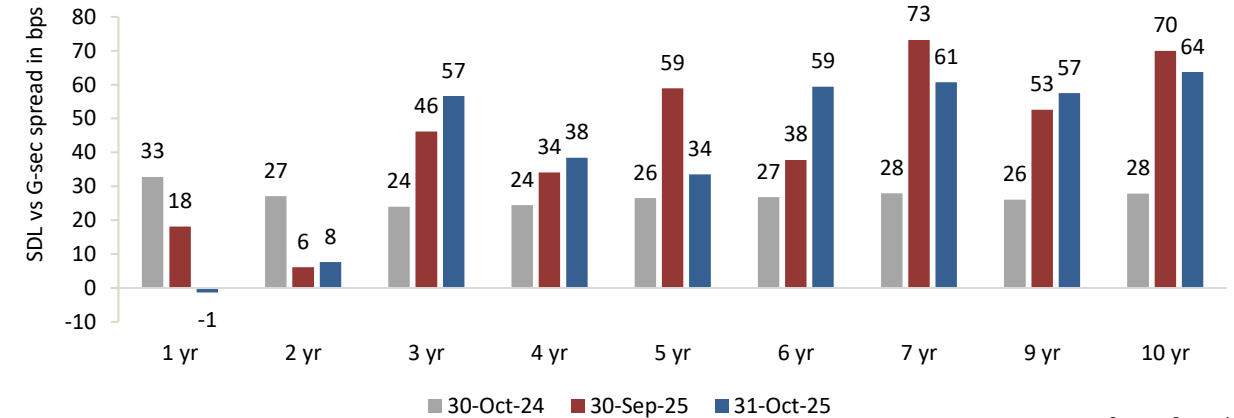


While Corporate bond spreads have remained reasonably stable at the short to medium end, the SDL spreads have spiked across tenors due to higher supply

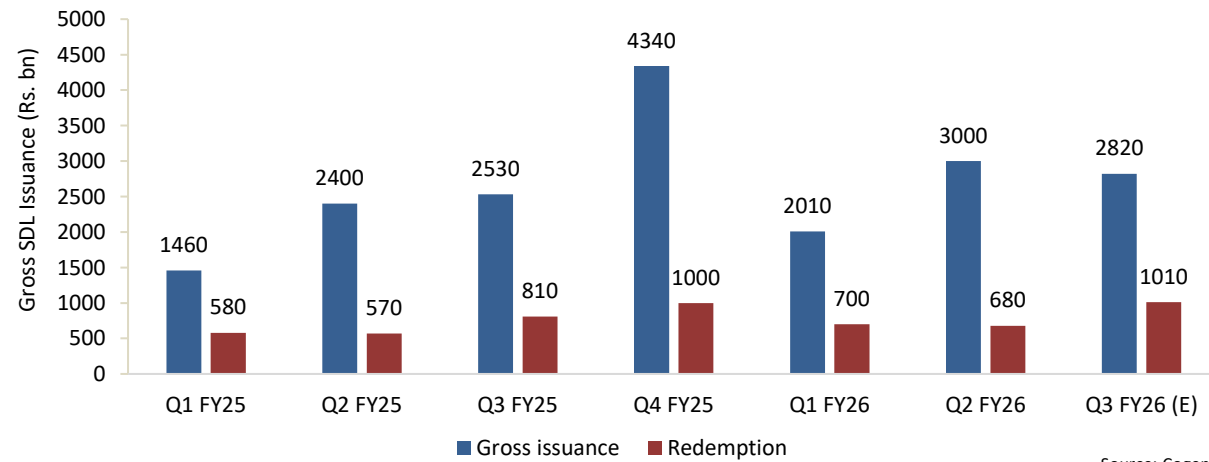
Corporate bond spreads fell at the longer end of the curve



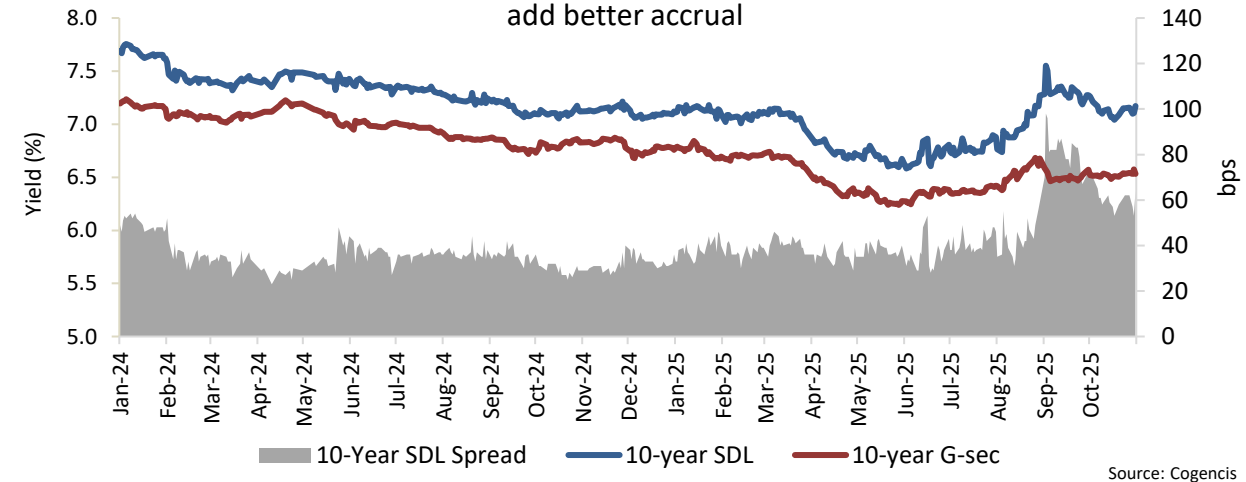
States have been borrowing at elevated rates and longer tenors, leading to elevated SDL spreads



Amidst muted demand, SDL issuance (indicative) remained elevated..



... keeping SDL spreads high and creating opportunities for fund managers to add better accrual



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