BULL-E-TIN

October 2025

THE WISE OUTLOOK

EQUITY MARKET:

India's economy remained resilient in the first half of FY2025-26, supported by sustained investment momentum and healthy government spending. Inflation stayed below projections, aided by favorable food prices and the recent GST 2.0 reforms that simplified taxes and lowered consumer prices. The RBI maintained the repo rate at 5.50% with a neutral stance, reflecting a balanced approach toward supporting growth while preserving financial stability. With an upward revision of GDP growth to 6.8%, and strong consumer sentiment in both urban and rural areas, India continues to stand out as a top performer among major economies despite external headwinds.

In September, equity markets moved in a tight range, reflecting a tug-of-war between supportive domestic developments and challenging global cues. Domestic factors such as GST rate rationalization, a good monsoon, and revival in government capex were positive drivers, boosting consumption potential ahead of the festive season. Yet, global developments, particularly US tariffs and changes in visa rules targeting the services sector, created headwinds for export-oriented industries. India's current account deficit narrowed sharply to 0.2% of GDP in Q1 FY26, supported by resilient services exports and record-high remittances of US$35.3 billion. The Indian rupee, despite global volatility, remained relatively stable and was among the least volatile EM currencies, underpinned by healthy foreign exchange reserves, robust inflows, and sound macro fundamentals.

On the policy front, GST rate rationalization and recent fiscal measures have provided a timely boost to consumption ahead of the festive season. These domestic tailwinds, coupled with improving rural sentiment and stable liquidity conditions, are expected to support corporate earnings over the medium term. In the near term, earnings growth may remain subdued since most of the GST 2.0 impact will only be visible from late September onwards. Tariff negotiations with the US remain a key macro risk, particularly for the export-oriented sectors.

Valuations across mid-cap and small-cap segments stayed above their long-term averages, suggesting limited room for short-term re-rating. Selective opportunities exist for long-term investors amid ongoing sectoral shifts. As India continues to navigate a dynamic global environment, maintaining a disciplined and well-diversified asset allocation remains key. Flexi-cap and diversified equity strategies are well-positioned to benefit from market volatility, while long-term investors can use intermittent corrections as opportunities to accumulate quality exposure aligned with their risk profiles. India's capex-led growth momentum, combined with structural reforms and robust domestic demand, continues to underpin a favorable multi-year equity market story, despite the possibility of intermittent near-term headwinds.

DEBT MARKET:

India's debt market remains well-supported as inflation stays benign and domestic liquidity remains comfortable. The RBI has already lowered the repo rate by 100 bps in 2025 to 5.5%, while also cutting the CRR to 3.5% and maintaining SLR at 18% to sustain liquidity and credit growth. Through OMO purchases and FX swaps, the central bank has ensured ample system liquidity. Inflation is projected to average around 2.6% for FY26, aided by GST rate rationalization and easing input costs.

Globally, while the US Fed has started cutting rates, long-term US yields remain elevated, reflecting fiscal concerns and sticky inflation expectations. The full impact of earlier rate hikes and recent fiscal measures, including front-loaded monetary actions, is still working its way through the economy, prompting the RBI to stay watchful. Over the next few quarters, the central bank is likely to assess how GST reforms influence demand and consumption trends before deciding on further easing.

Although the RBI's current stance is neutral, it remains flexible to cut rates by another 25–50 bps if growth momentum and private capex stay subdued. Overall, bond yields are expected to remain soft, supported by easy liquidity and a measured easing bias extending into FY27.

Overall, the outlook for fixed income remains constructive. Easy liquidity, controlled inflation, and potential foreign inflows point to stable-to-softer yields. Investors may prefer a mix of quality sovereign and corporate bonds, with accrual strategies likely to outperform in the medium term, while dynamic and short-term bond funds remain suitable amid near-term volatility.

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GLOBAL ECONOMY & MARKETS

GLOBAL ECONOMY

Global economic conditions in September 2025 reflected an uneasy balance between moderating inflation and slowing growth. The IMF maintained its global growth forecast at 3.0% for the year but cautioned that escalating trade tensions and uneven policy responses pose heightened downside risks to the outlook.

The U.S. Federal Reserve delivered its first rate cut of 25 bps for the year 2025, lowering the target range to 4.00%–4.25% after a prolonged pause since December 2024. Fed Chair Jerome Powell framed the decision as a “middle path” between persistently high inflation and a softening labor market. In contrast, central banks across the Euro Area, UK, China, Japan, and India opted to keep policy rates unchanged in September, underscoring divergent economic backdrops and policy priorities.

Inflation trends remained uneven across major economies. In the United States, consumer prices inched up to 2.92%—slightly above the Fed’s 2% target—prompting caution in its rate-cut path. The UK continues to battle inflation above 3%, while the Euro Area and India remain closer to the 2% comfort zone. China, meanwhile, faces outright deflation at -0.40%, reflecting persistent demand weakness. Japan, after decades of low price growth, now sustains moderate inflation around 2.7%. These cross-currents align with global assessments that highlight uneven disinflation paths and country-specific shocks shaping near-term policy trade-offs.

India's momentum is supported by low inflation, a robust Composite PMI, moderate debt levels, and a healthy market cap-to-GDP ratio, reinforcing its status as a global outperformer.

Valuations are stretched in the US and Japan, as reflected in elevated market cap-to-GDP ratios, while China and the UK appear more reasonably priced. Meanwhile, the Debt-to-GDP ratios in the US and Japan stand at 1.24x and 2.37x, respectively, highlighting the fiscal vulnerabilities despite policy easing prospects.

Country	Interest Rate	Inflation	Unemployment	Composite PMI	Market Cap/GDP	Debt/ GDP	GDP ($ Tn)	Valuation Summary
India	5.50%	2.07%	5.10%	61.00	1.34	0.82	3.81	Fairly valued
USA	4.25%	2.90%	4.30%	53.90	2.29	1.24	29.89	Overvalued
China	3.00%	-0.40%	5.30%	52.50	0.75	0.88	18.99	Undervalued but watch structural risks
Euro Area	2.15%	2.00%	6.30%	51.20	1.04	0.87	18.13	Fairly valued
Japan	0.50%	2.70%	2.60%	51.30	1.77	2.37	4.19	Overvalued
UK	4.00%	3.80%	4.70%	50.10	0.89	0.96	3.95	Fairly valued to undevalued

	Rate Hike/ Peak	High/Low	Increase	Contraction (<50)	Expensive (1>)	High (>1)
	Rate Cut /Bottom	Moderate	Decrease/ Stable	Expansion (50>)	Inexpensive (<1)	Low (<1)

GLOBAL EQUITY MARKET

Global equities ended September 2025 on a mixed note as markets digested the Federal Reserve's first rate cut of the year and assessed its implications for future policy easing. While optimism around lower rates supported sentiment in developed markets, renewed trade tensions and signs of slowing global growth kept overall risk appetite in check.

US equities advanced in September 2025, with the S&P 500 up 3.5%, the Nasdaq surging 5.6%, and the Dow Jones gaining 1.9%. Markets rallied after the Federal Reserve delivered its first rate cut of the year, fueling optimism about a gradual easing cycle. Growth and technology stocks led the charge as bond yields moderated and the labor market showed signs of cooling.

In the UK, the FTSE 100 rose by 1.8% in September, supported by recoveries in financials and mining.

In Europe, Germany's DAX declined slightly by 0.1%, while France's CAC 40 rose by 2.5% in September 2025, underpinned by strength in banks, industrials and steel names. However, auto and export-oriented sectors faced headwinds amid trade and China concerns.

Japan's Nikkei 225 surged by 6.2% in September 2025, fueled by renewed policy optimism, yen weakness, and increased foreign inflows into exporters and tech names.

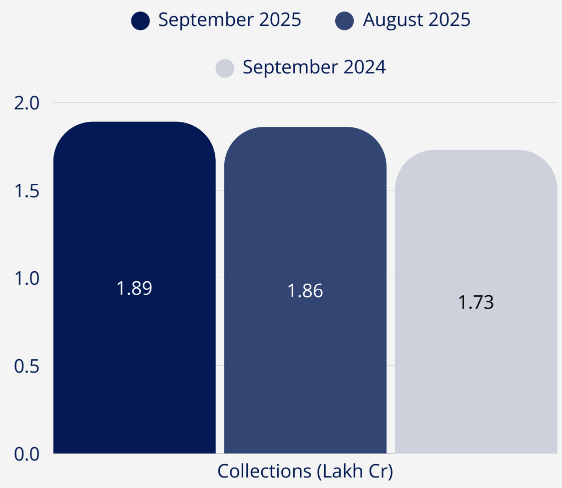
China's Shanghai Composite rose slightly by 0.6% in September 2025, as policy support and hope for stabilization offset lingering demand weakness and deflationary pressures.

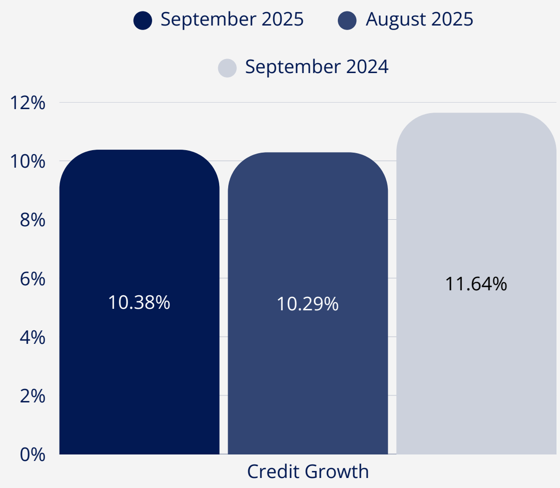
Note: For Periods till 1 year the returns are absolute and for beyond 1 year, its CAGR returns

INDIAN ECONOMY & MARKETS

INDIAN ECONOMY

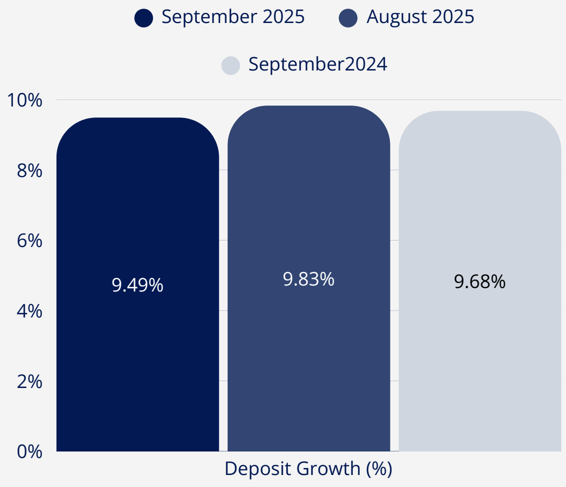
Goods and Service Tax collections in September 2025 stood at ₹1.89 lakh crore, marking a 9.1% year-on-year increase driven by higher sales following the recent tax rate rationalisation.

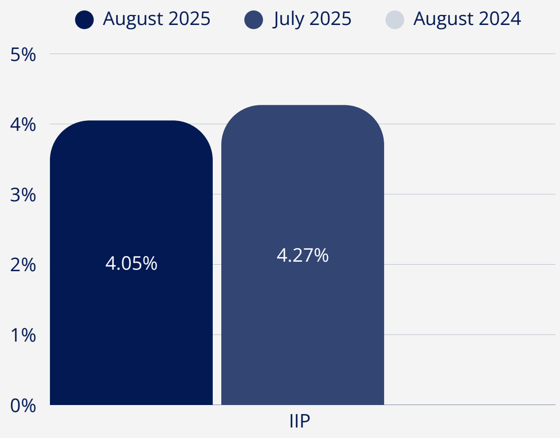




India's banking sector credit growth rose to 10.38% year-on-year to ₹189 lakh crore as of September 19, 2025. Credit growth is expected to remain strong, driven by festive season demand and lower GST rates effective from September 22, which have boosted consumption. Sectors such as agriculture, manufacturing, infrastructure, and services are likely to see higher loan demand, supported by easier credit conditions and the RBI's measures to enhance liquidity and banking resilience.

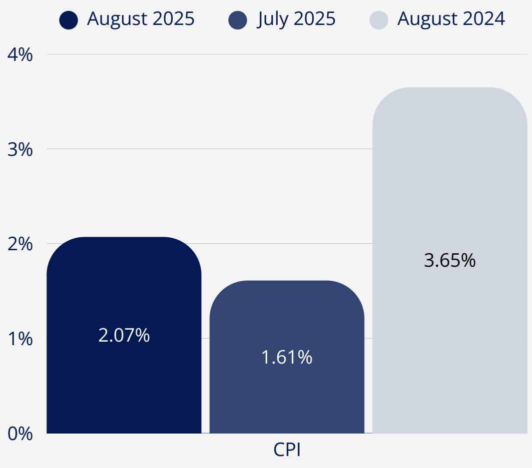
In the fortnight ending September 19, 2025, **India's bank deposit growth** moderated slightly to 9.5% year-on-year to ₹235 lakh crore. This deceleration occurred amid a sharp decline in deposit rates, which incentivized savers to explore investment options beyond traditional bank savings and deposits. India's credit-to-deposit ratio remains at 80% as lending growth continues to trail deposit inflows.

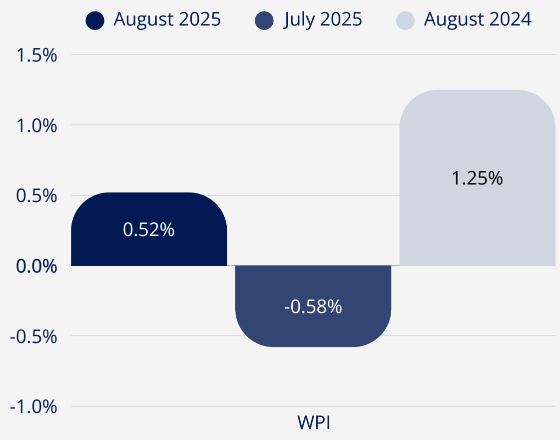




India's IIP slowed to 4.05% in August 2025 compared to 4.27% in July 2025. Growth was dragged down by the consumer durables and non-durables sectors, along with slower growth in manufacturing, capital goods, and infrastructure sectors.

India's consumer price index (CPI) inflation rose to 2.07% in August 2025 compared to 1.61% in July 2025, mainly due to the rise in inflation of vegetables, meat and fish, oil and fats, personal care and effects, and eggs.





India's wholesale price index (WPI) inflation rose to 0.52% in September 2025 compared to a two-year low of -0.58% in July 2025, as prices of food articles and manufactured items inched up.

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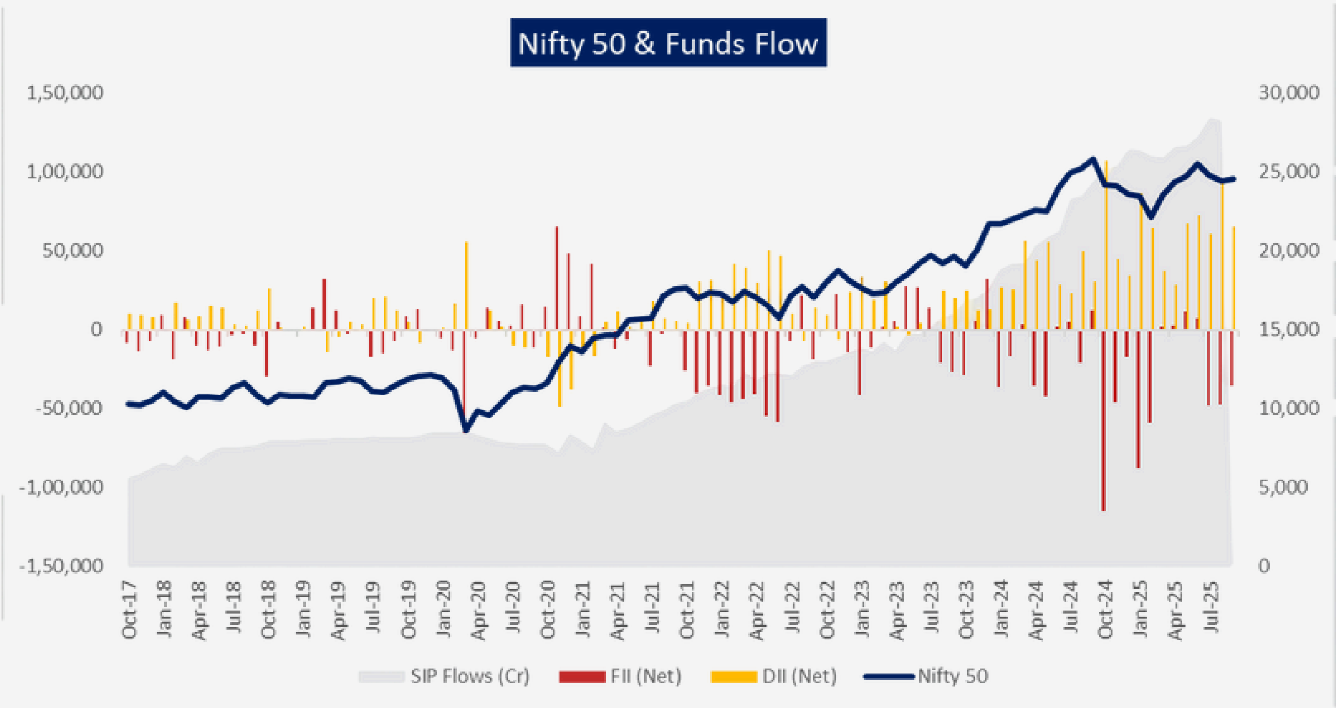
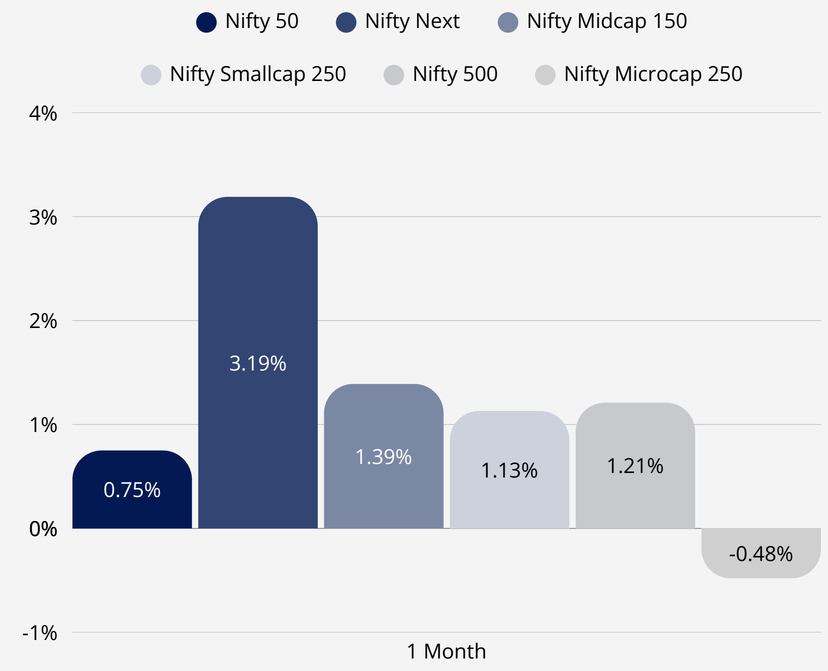
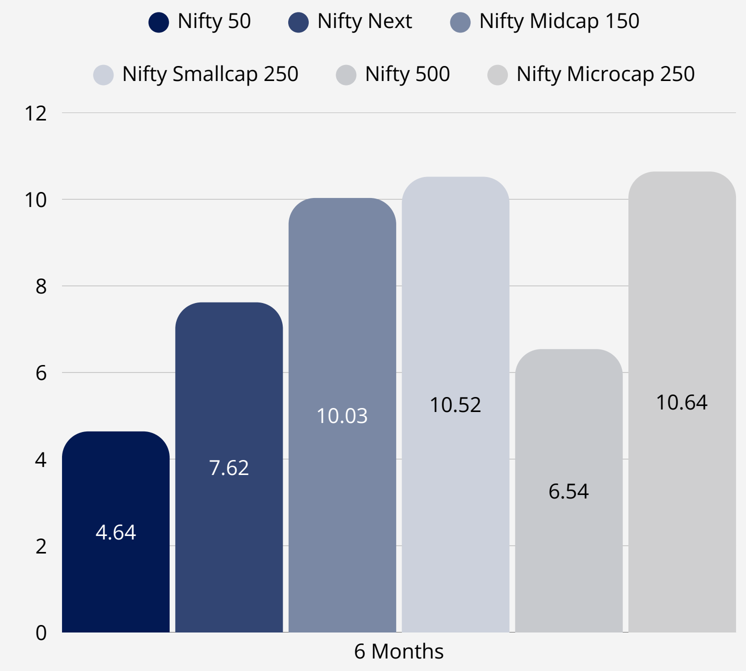
EQUITY & FUND FLOWS

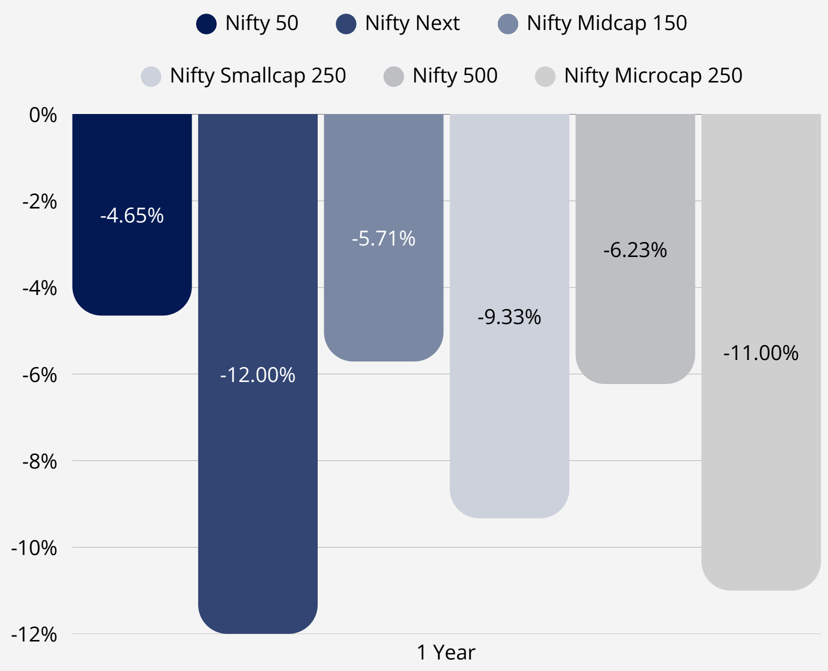
In September 2025, Indian equities posted a mixed but positive performance, supported by strong domestic demand, policy reforms, and easing inflation. The Nifty 50 rose 0.75%, while the Nifty Midcap 150 and Smallcap 250 gained 1.39% and 1.13%, respectively. However, microcaps saw mild pressure, with the Nifty Microcap 250 down 0.48%. Sentiment was lifted by lower GST rates effective September 22, which spurred consumption and earnings optimism, even as global uncertainties and tariff concerns kept investors cautious.

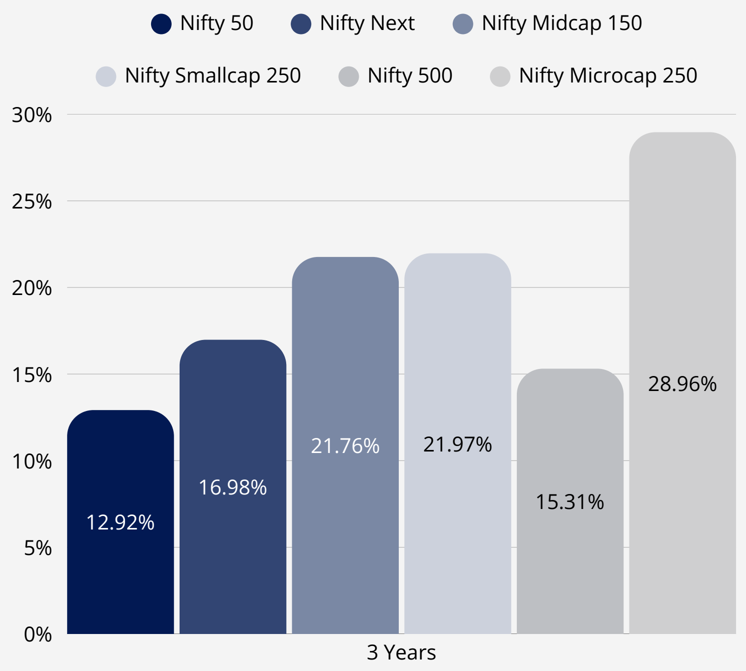


In September 2025, FIIs continued to sell Indian equities, totalling ₹35,301 crore, driven by valuation constraints in India and tariff uncertainty. In contrast, DIIs continued their buying streak for the 26th consecutive month, with net purchases of ₹65,344 crore. Strong domestic inflows helped offset FII outflows, supporting market stability amid ongoing global and domestic challenges.





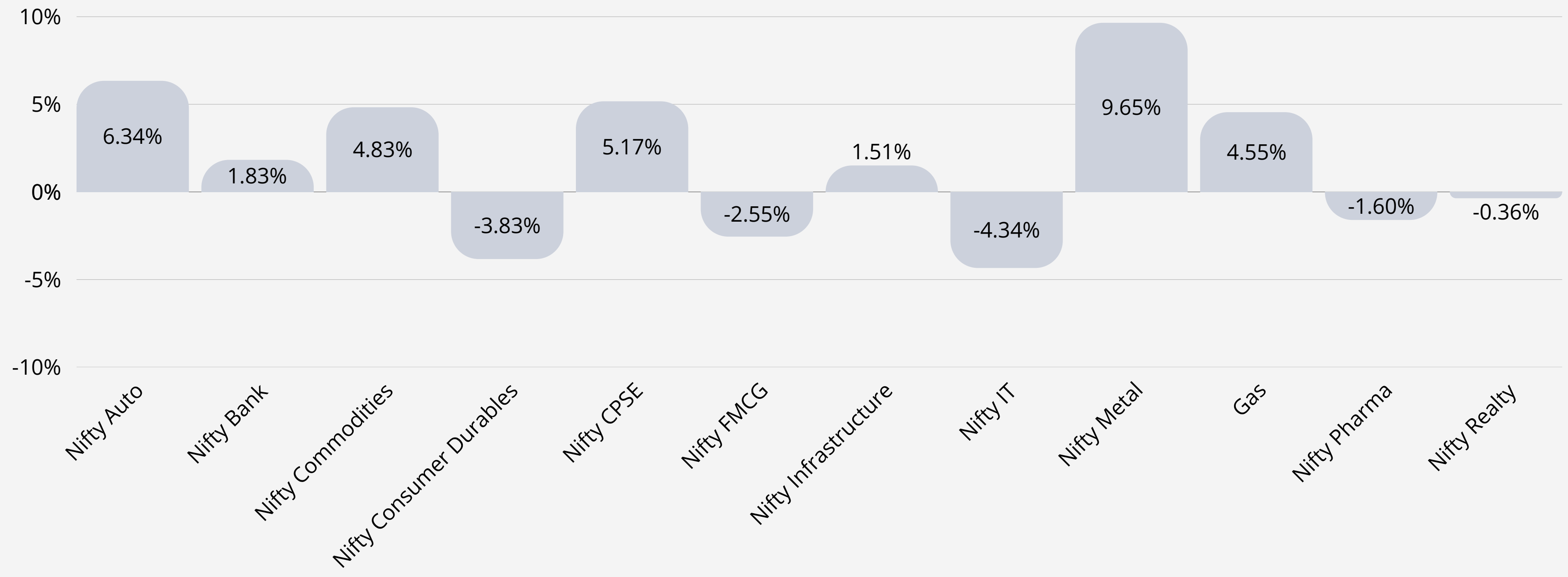




NIFTY 50 VALUATION & RETURNS

In September 2025, **Indian sectoral equities** delivered a mixed performance. Metals, Autos, and CPSEs led the gains, rising 9.65%, 6.34%, and 5.17%, respectively, while IT, Media, and Consumer Durables lagged, declining 4.34%, 4.28%, and 3.83%.

Nifty average PE edged up slightly to **21.92**, a level which, historically, has offered an average three-year forward return of 16.92%.



PE Range	3 Yr Avg CAGR
10-15	8.07%
15-18	14.72%
18-20	16.54%
20-22	**16.92%**
22-25	14.34%
25-30	12.91%
30+	8.75%
Grand Total	**14.22%**

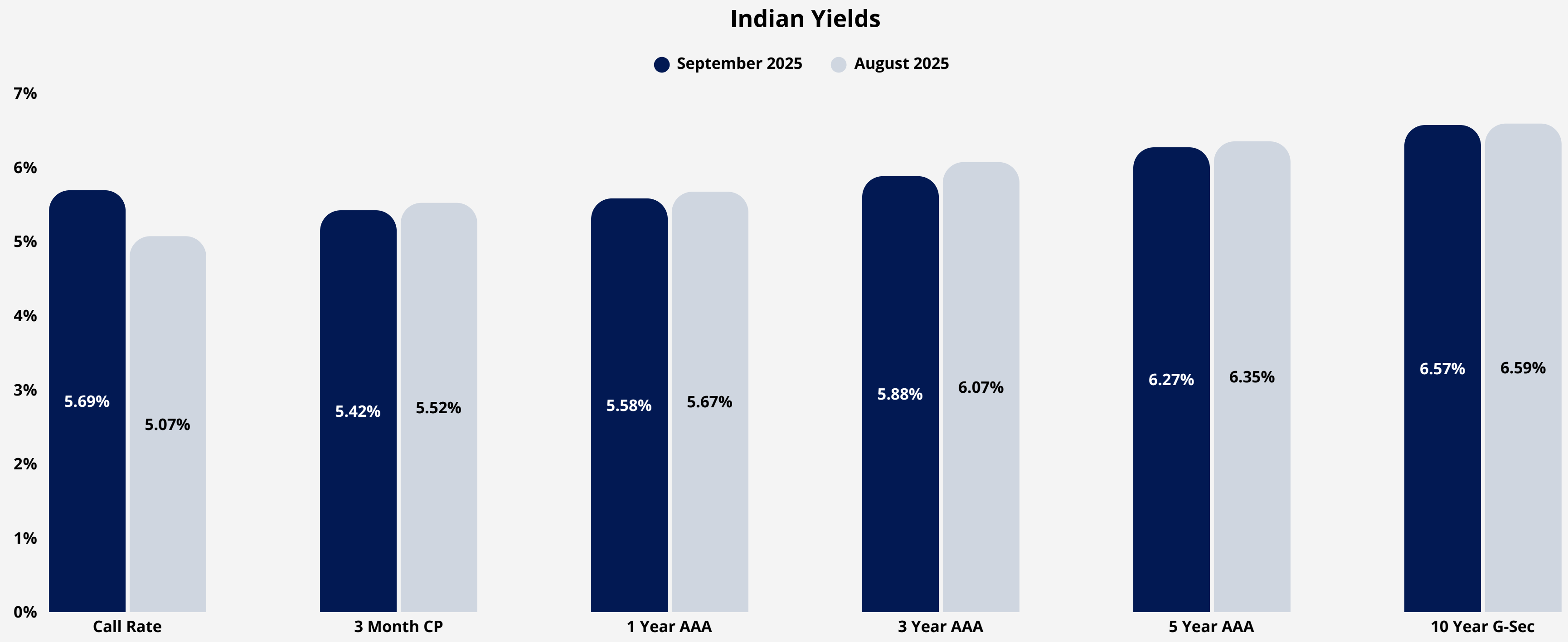
Years	Average PE
2000-2009	17.80
2010-2019	22.16
2000-YTD (25 Yr)	21.00
2015-YTD (10 Yr)	24.60
2020-YTD (5 Yr)	24.57
Current	**21.76**

Nifty 50 - Average PE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2000	26.16	27.12	25.69	22.81	20.33	23.68	22.33	20.53	20.84	18.22	18.77	19.59
2001	20.75	21.32	18.20	16.08	15.74	15.37	15.32	15.23	13.65	13.76	14.86	15.59
2002	16.42	18.32	18.59	18.02	17.44	16.28	15.39	14.54	14.69	14.25	14.55	14.57
2003	14.56	14.32	13.85	13.20	11.15	12.20	12.50	13.89	15.09	16.60	17.42	19.19
2004	21.02	20.32	20.78	19.91	14.86	12.18	13.08	13.50	14.14	15.00	15.67	16.04
2005	14.41	14.40	14.98	14.16	13.77	14.01	14.31	14.61	15.58	15.26	15.47	16.72
2006	17.27	17.97	19.25	20.59	19.53	16.65	17.95	18.55	20.09	20.92	20.72	20.95
2007	21.24	19.64	17.95	19.28	19.74	20.08	21.30	19.47	21.05	24.59	25.15	26.55
2008	25.33	22.19	20.58	21.26	21.46	19.04	17.56	18.63	17.98	13.77	12.42	12.69
2009	12.73	13.38	13.30	15.89	18.67	20.16	19.83	20.50	21.86	22.34	21.91	22.70
2010	22.84	20.72	22.03	22.76	21.20	21.73	22.42	22.95	24.51	25.23	24.39	23.82
2011	22.84	20.67	21.16	22.02	20.37	20.20	20.49	18.29	18.11	18.15	18.11	17.32
2012	17.71	19.09	18.74	18.46	16.97	16.89	17.22	17.67	18.42	18.95	18.14	18.63
2013	18.87	18.26	17.89	17.40	18.13	17.49	17.88	16.12	16.83	17.72	17.80	18.56
2014	18.29	17.37	18.33	18.99	19.62	20.57	20.66	20.42	21.20	20.65	21.50	21.23
2015	21.73	23.09	23.21	22.88	22.40	22.70	23.49	22.99	21.69	22.48	21.36	21.10
2016	20.34	19.34	20.39	21.29	21.51	22.52	23.33	23.65	24.08	23.35	21.99	21.49
2017	22.44	23.23	23.47	23.37	24.25	24.31	25.10	25.37	25.99	26.26	26.35	26.42
2018	27.24	25.61	24.97	26.00	26.58	26.77	27.19	28.22	27.46	25.05	25.59	26.07
2019	26.08	26.66	27.76	29.12	28.88	29.25	28.28	27.12	26.93	26.51	27.67	28.18
2020	27.96	26.92	21.38	20.38	21.24	24.70	28.60	31.59	32.55	33.99	34.34	37.26
2021	38.91	40.82	40.10	32.73	29.98	29.08	28.12	26.11	26.82	27.31	25.05	23.70
2022	24.51	22.52	21.70	22.73	20.33	19.71	20.05	21.05	20.96	20.91	21.94	22.10
2023	21.46	20.87	20.30	20.72	21.57	21.81	23.34	22.43	22.39	21.75	21.05	22.61
2024	22.88	22.66	22.90	22.78	21.56	22.22	23.23	22.90	23.70	23.25	22.13	22.30
2025	21.43	20.65	20.34	21.34	22.18	22.48	22.51	21.75	21.92			

DEBT & OTHERS

Indian yields exhibited a mildly downward bias in September 2025. While the interbank call rate rose to 5.69% in September from 5.07% in August 2025, indicating tighter short-term liquidity conditions, the yields across the curve moved downward. The 10-year G-Sec yield softened slightly to 6.57% from 6.59%. This downward trend in yields suggests that investors are pricing in stable or softer policy rates ahead, as well as improved market liquidity and lower inflation risk for medium- to long-term debt instruments.

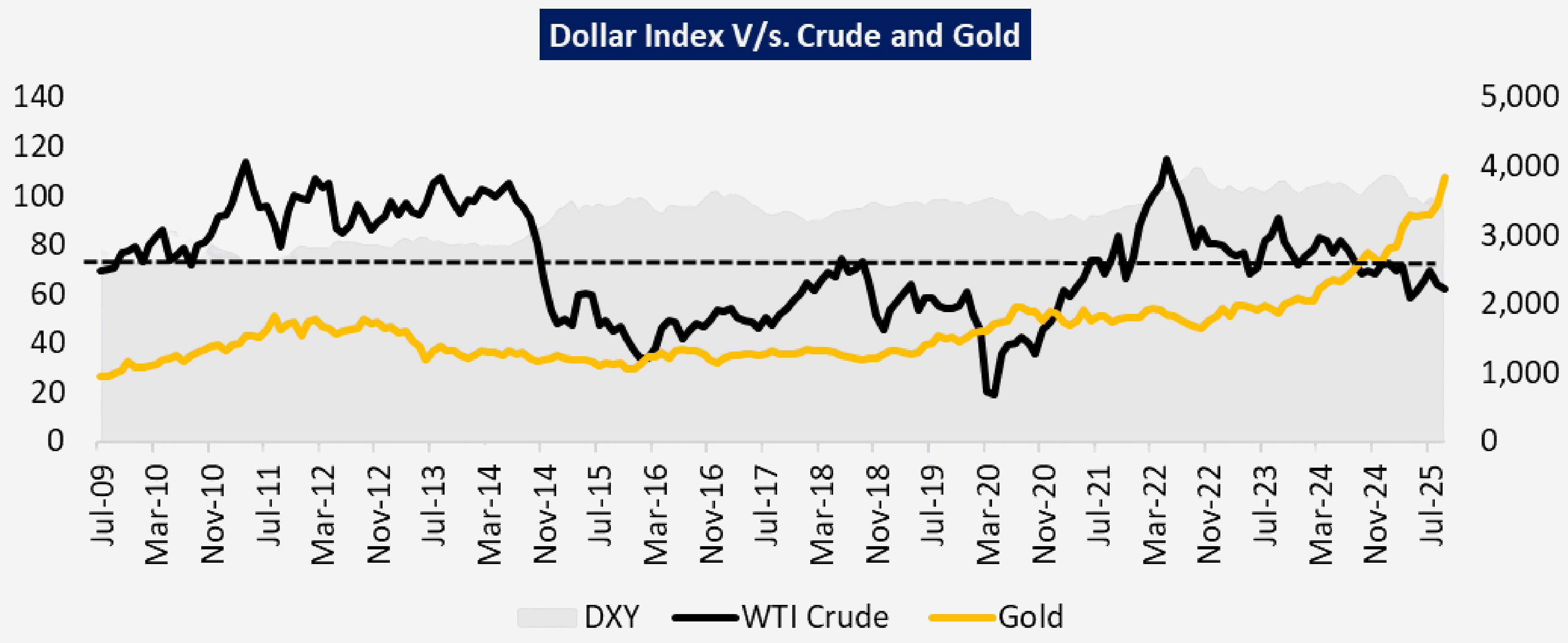


In September 2025, WTI crude oil prices closed at \$62.37 per barrel, down 2.5% from August's \$63.96 per barrel. The decline was mainly driven by reports that OPEC+ might increase output at its upcoming meeting, intensifying market fears of oversupply.

Major Currencies				
Duration	US Dollar	GBP	Euro	YEN
August 2025	**88.79**	**119.35**	**104.22**	**0.60**
3 months ago	85.54	117.47	100.45	0.59
6 months ago	85.58	110.74	92.32	0.57
1 year ago	83.79	112.16	93.53	0.59

In September 2025, **gold prices** surged by 11.6%, closing at \$3,846 per ounce, compared to \$3447 per ounce in August 2025. Also, gold has rallied up 47.4% YTD, and the positive momentum is expected to continue in October as well. The upward movement in the gold price was mainly due to continued central bank accumulation, geopolitical uncertainties, and strong global gold ETF flows. A reversal risk remains only if rate hikes resume (a low-probability scenario).

Silver, trading at a **Gold–Silver Ratio (GSR)** of ~82 versus its long-term average of ~67, presents meaningful mean-reversion potential. Its outlook is reinforced by tight supply, inventory drawdowns, and structural demand growth from solar, semiconductor, and EV sectors, positioning it as a high-beta play on both industrial recovery and precious metal reflation.



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