








ATLAS

Monthly Market Review January 2026



TABLE OF CONTENTS

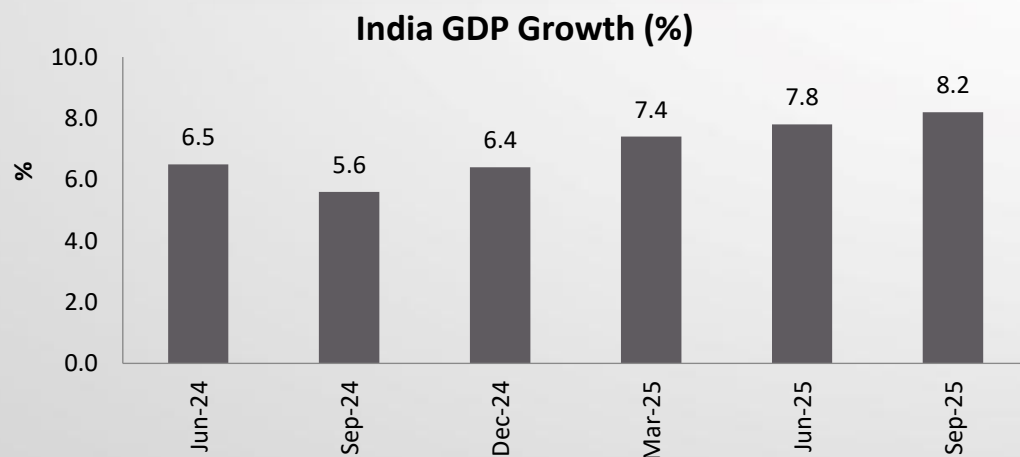
	01 >	MACRO Macro Economic Update
		INDIA Indian Equity Market Update
		02 
	03 >	GLOBAL Global Equity Market Update
		DEBT Global and Indian Market Update
		04 
	05 >	MUTUAL FUND Category Performance

MACRO ECONOMIC INDICATORS

GDP and Current Account Deficit Trend



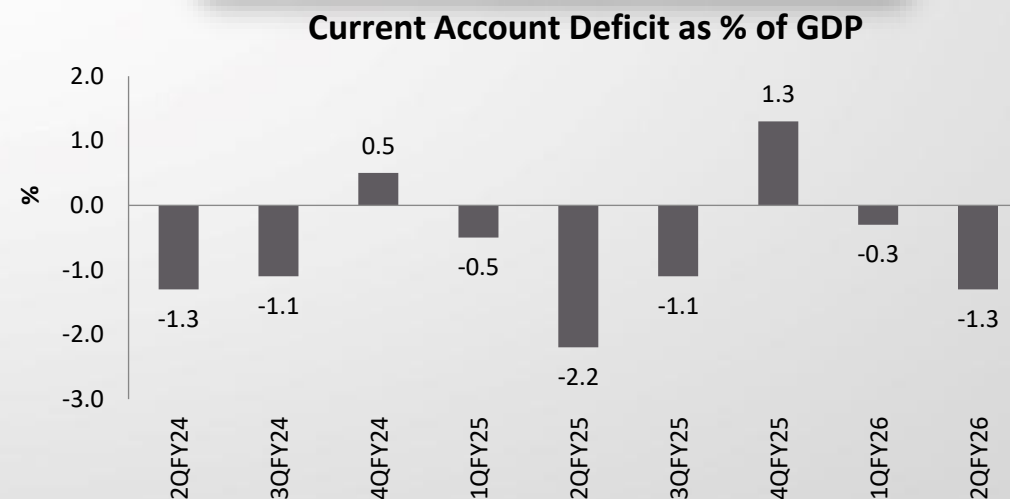
GDP grew by 8.2% YoY in 2QFY26



Source: Refinitiv

GDP of the Indian economy witnessed a growth of 8.2% YoY in the second quarter of FY26. In the Jul-Sep quarter of last year, the GDP growth rate was 5.6%.

Current a/c balance remained in deficit in 2QFY26



Source: Refinitiv

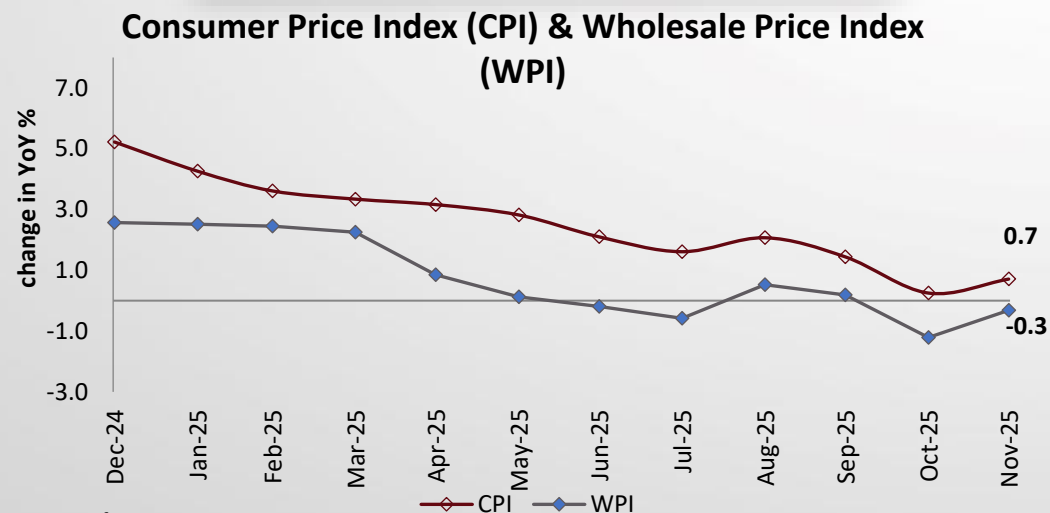
India's current account deficit moderated to US\$ 12.3 billion (1.3% of GDP) in Q2FY26 from US\$ 20.8 billion (2.2% of GDP) in Q2FY25.

MACRO ECONOMIC INDICATORS

Inflation and Trade Data Trend



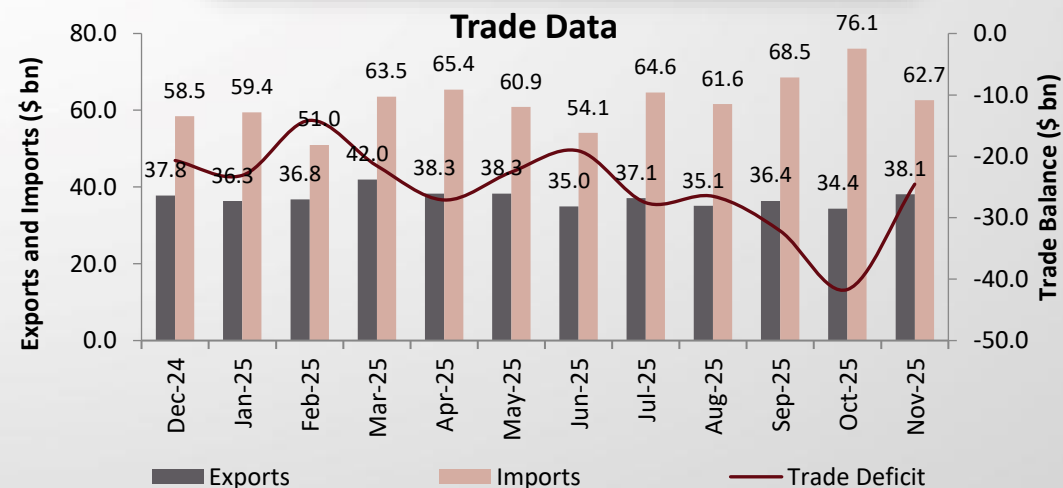
CPI inflation rose in Nov 2025



Source: Refinitiv

CPI-based inflation rose by 0.71% YoY in Nov 2025, compared to a 0.25% increase in Oct 2025, driven by higher prices of vegetables, protein-rich items, and fuel. WPI-based inflation fell 0.32% YoY.

Trade deficit narrowed YoY in Nov 2025



Source: Refinitiv

Merchandise trade deficit narrowed annually to \$24.53 billion in Nov 2025, compared to \$31.93 billion in Nov 2024. Exports rose 19.38% YoY, while imports fell 1.89% YoY in Nov 2025.

MACRO ECONOMIC INDICATORS

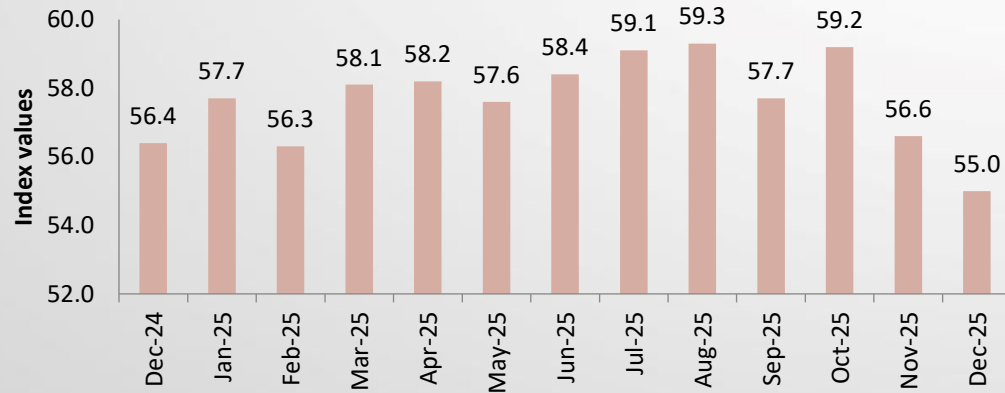
Manufacturing and Services PMI Trend



Manufacturing PMI fell in Dec 2025

Services PMI eased in Dec 2025

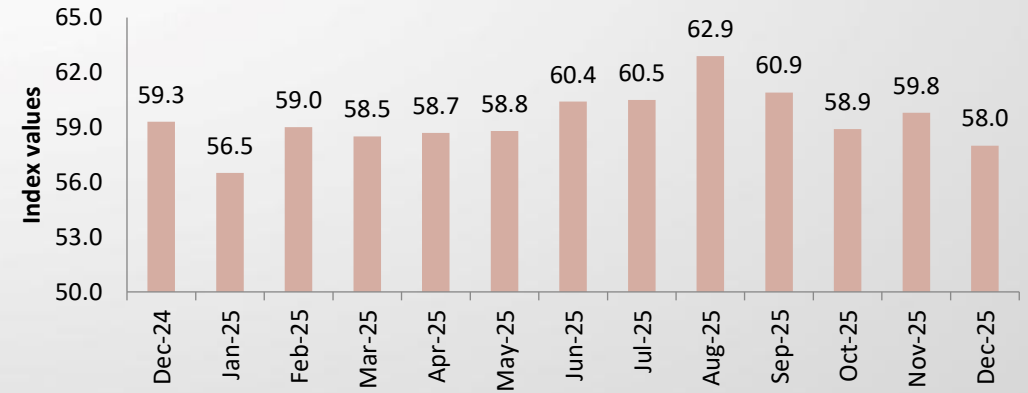
India Manufacturing PMI



Source: Refinitiv; PMI >50 denotes expansion and <50 is contraction

Manufacturing PMI eased to 55.0 in Dec 2025, down from 56.6 in Nov 2025, dragged down by slower output and new orders.

India Service PMI



Source: Refinitiv; PMI >50 denotes expansion and <50 is contraction

Services Purchasing fell to an 11-month low of 58.0 in Dec 2025 from 59.8 in Nov 2025, as new orders eased. Meanwhile, the composite PMI slipped to 57.8 in Dec 2025 from 59.7 in Nov 2025.

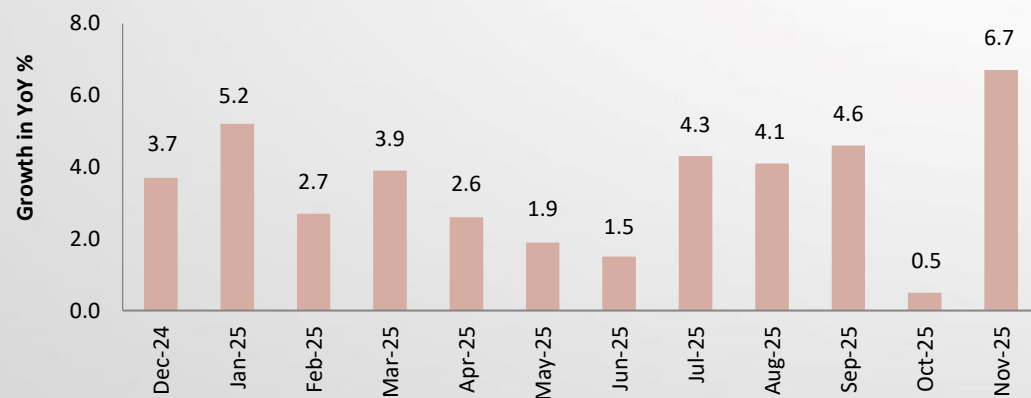
MACRO ECONOMIC INDICATORS

IIP and GST Trend



Industrial production accelerated in Nov 2025

Index of Industrial production (IIP)

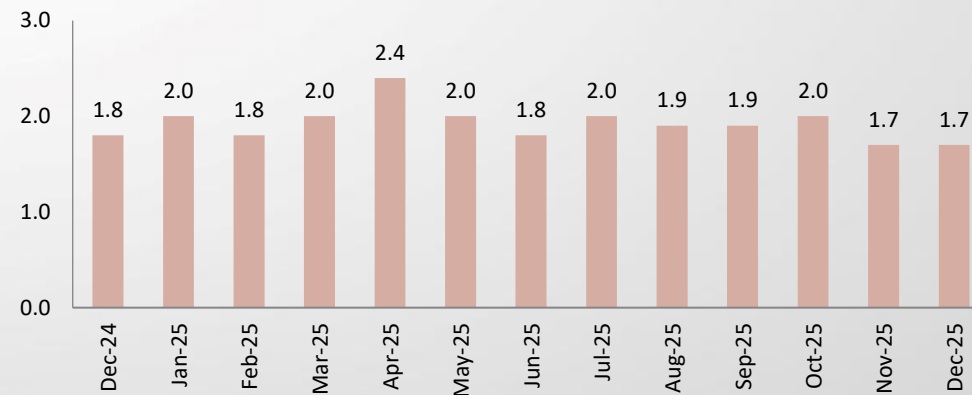


Source: Refinitiv

Index of Industrial Production rose 6.7% YoY in Nov 2025, accelerating from the upwardly revised 0.5% increase in Oct 2025. Mining grew by 5.4%, Manufacturing by 8.0%.

GST revenue rose YoY in Dec 2025

GST Collections (Rs. Lakh Crore)



Source: PIB

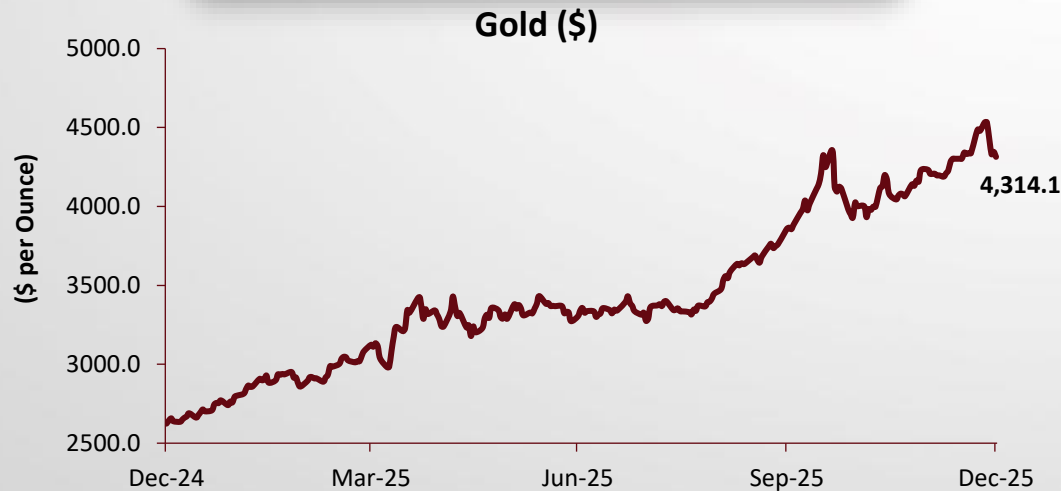
The total gross Goods and Services Tax (GST) revenue grew by 6.1% YoY and stood at Rs. 1.75 lakh crore in Dec 2025, compared to Rs. 1.65 lakh crore in Dec 2024.

MACRO ECONOMIC INDICATORS

International Gold and U.S. 10 Year Treasury Trend



Gold prices rose MoM in Dec 2025



Gold prices rose amid heightened geopolitical concerns stemming from the ongoing Russia–Ukraine conflict. Additionally, prices advanced following the Federal Reserve’s rate cut on Dec 10, 2025.

U.S. Treasury yields rose MoM in Dec 2025



U.S. Treasury prices declined as investors priced in a Federal Reserve rate cut in Dec 2025 while bracing for signals of a shallower easing cycle than expected.

MACRO ECONOMIC INDICATORS

Crude and USD/INR Currency Trend



Crude oil prices fell MoM in Dec 2025

Brent Crude (\$)

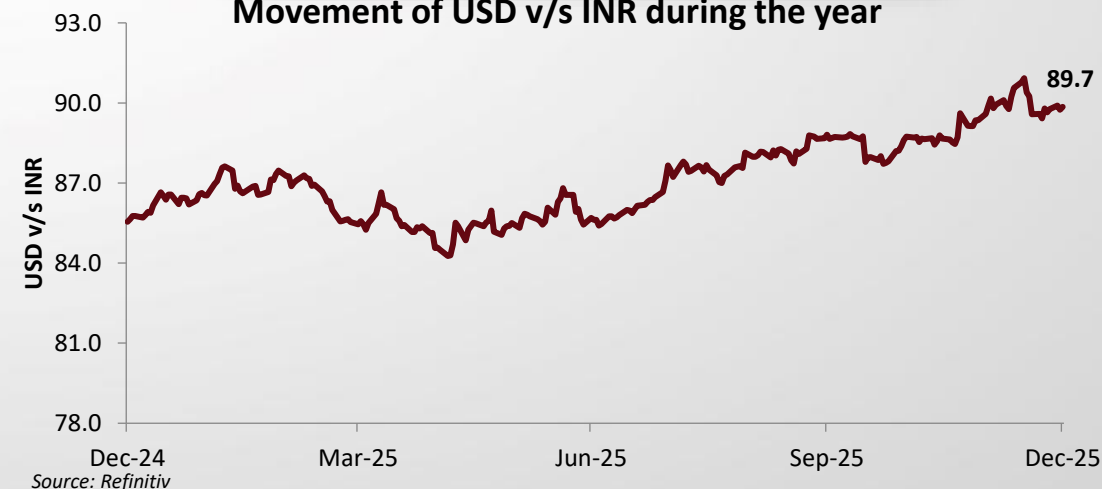


Source: Refinitiv

Brent crude oil prices fell as investors focused on a growing supply glut. The downturn deepened after Iraq resumed crude flows from Lukoil's West Qurna oil fields.

Rupee fell against U.S. dollar on MoM in Dec 2025

Movement of USD v/s INR during the year



Source: Refinitiv

The Indian rupee fell in spot trading against the U.S. dollar amid continued foreign outflows. Losses were further extended following a fall in domestic equities and increased demand for the greenback.

EVENT UPDATE

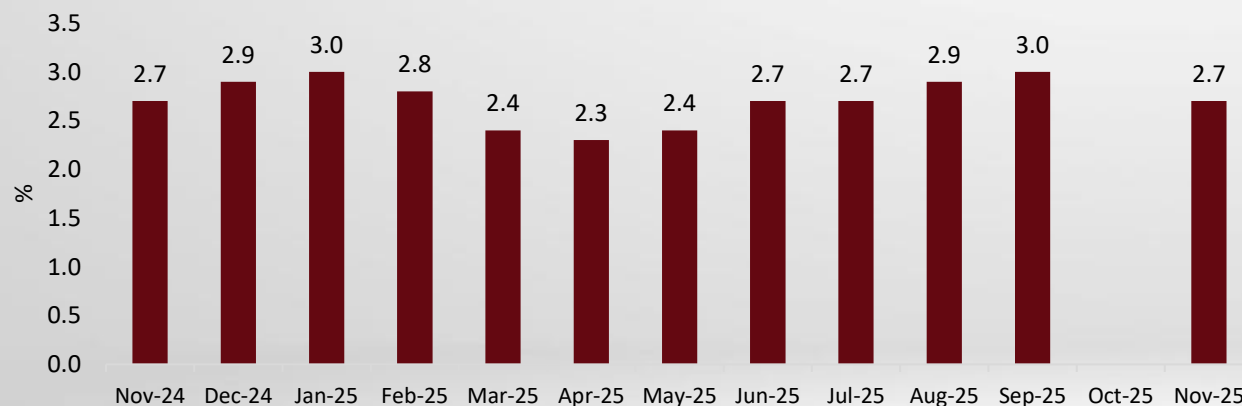
U.S. Fed reduced the interest rate by 25 bps in Dec 2025



Key Highlights

- The U.S. Federal Reserve announced on Dec 10, 2025, its widely expected decision to **cut interest rates by another quarter point**, in line with the reductions made in Sep and Oct. The Fed lowered the **target range for the federal funds rate by 25 basis points to 3.50%–3.75%**.

U.S. Inflation(%)



Source: Refinitiv

U.S inflation Peaking

- **U.S. consumer prices in Nov 2025 were up by 2.7%** compared to the same month a year ago, according to the Labor Department. The YoY price growth in November reflects a notable slowdown from the 3.0% surge in Sep. The annual rate of growth by **core consumer prices, which exclude food and energy prices, also slowed to 2.6%** in Nov from 3.0% in Sep.

To Conclude

- The Federal Open Market Committee (**FOMC**) **seeks to achieve maximum employment and inflation at a rate of 2% over the longer run.** Uncertainty about the economic outlook remains elevated. The Committee is attentive to risks on both sides of its dual mandate and judges that downside risks to employment have increased in recent months. **The Committee stands ready to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of its goals.**

DOMESTIC & GLOBAL

Equity Market Update

INDIAN EQUITY MARKET DASHBOARD

December 2025



DOMESTIC

Index Name (Broader Market Indices)	Absolute (%)				CAGR(%)		
	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
BSE Sensex	-0.57	6.35	2.41	10.38	13.27	13.64	13.94
Nifty 50	-0.28	6.33	2.92	11.88	14.29	14.67	14.02
Nifty 100	-0.18	5.66	2.62	10.24	14.69	14.90	14.03
Nifty 500	-0.26	5.13	1.54	7.76	16.68	16.87	14.76
Nifty Midcap 150	-0.53	5.99	1.65	5.98	23.97	24.03	18.31
Nifty Smallcap 250	-0.28	0.04	-5.89	-5.48	21.44	23.30	14.76
Nifty Microcap 250	-2.46	-1.43	-6.54	-9.55	26.77	31.80	18.77
Sectoral Indices							
Nifty Metal	8.50	11.31	17.56	29.90	19.09	29.71	22.23
Nifty Oil & Gas	1.64	8.54	4.35	15.25	14.08	18.94	17.38
Nifty Auto	1.49	6.23	18.91	24.59	31.75	26.28	14.23
Nifty IT	1.28	13.43	-1.67	-10.44	12.04	11.53	15.25
Nifty PSU Bank	0.22	13.38	18.50	31.33	26.32	38.52	12.23
Nifty FMCG	-0.22	1.62	1.53	-0.43	9.74	12.27	12.47
Nifty Bank	-0.29	9.05	4.29	18.08	12.41	14.60	14.10
Nifty Infrastructure	-0.39	6.88	2.72	14.64	23.27	22.65	14.81
Nifty Energy	-0.63	1.10	-2.63	1.84	12.27	17.94	17.50
Nifty Pharma	-1.19	5.94	3.49	-2.25	22.60	12.79	7.34
Nifty Healthcare	-2.60	3.55	1.52	-1.50	23.06	14.82	9.11
Nifty Realty	-2.79	1.20	-10.74	-16.30	27.04	23.21	18.16

- Domestic equity markets declined, weighed down by the rupee's weakness and heavy foreign capital outflows amid persistent uncertainty over the India–U.S. trade deal. However, losses were partially offset after the RBI announced a 25-basis-point rate cut in its Dec 2025 policy meeting and introduced measures to infuse liquidity.

BROADER MARKET INDICES PERFORMANCE

Calendar Year wise



DOMESTIC

2016 (%)	2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)	2023 (%)	2024 (%)	2025 (%)
Nifty Midcap 150 6.5	Nifty Smallcap 250 58.5	BSE Sensex 7.2	BSE Sensex 15.7	Nifty Smallcap 250 26.5	Nifty Smallcap 250 63.3	BSE Sensex 5.8	Nifty Smallcap 250 49.1	Nifty Smallcap 250 27.2	Nifty 50 11.9
Nifty 500 5.1	Nifty Midcap 150 55.7	Nifty 50 4.6	Nifty 50 13.5	Nifty Midcap 150 25.6	Nifty Midcap 150 48.2	Nifty 50 5.7	Nifty Midcap 150 44.6	Nifty Midcap 150 24.5	BSE Sensex 10.4
Nifty 100 5.0	Nifty 500 37.7	Nifty 100 2.6	Nifty 100 11.8	Nifty 500 17.9	Nifty 500 31.6	Nifty 100 4.9	Nifty 500 26.9	Nifty 500 16.2	Nifty 100 10.2
Nifty 50 4.4	Nifty 100 32.9	Nifty 500 -2.1	Nifty 500 9.0	BSE Sensex 17.2	Nifty 100 26.4	Nifty 500 4.2	Nifty 50 21.3	Nifty 100 13.0	Nifty 500 7.8
BSE Sensex 3.5	Nifty 50 30.3	Nifty Midcap 150 -12.6	Nifty Midcap 150 0.6	Nifty 50 16.1	Nifty 50 25.6	Nifty Midcap 150 3.9	Nifty 100 21.2	Nifty 50 10.1	Nifty Midcap 150 6.0
Nifty Smallcap 250 1.4	BSE Sensex 29.6	Nifty Smallcap 250 -26.1	Nifty Smallcap 250 -7.3	Nifty 100 16.1	BSE Sensex 23.2	Nifty Smallcap 250 -2.6	BSE Sensex 20.3	BSE Sensex 9.5	Nifty Smallcap 250 -5.5

- For 2025, Large Caps outperformed broader market indices.
- Out of nine full calendar years, the Nifty Smallcap 250 has been the top performer in five years.

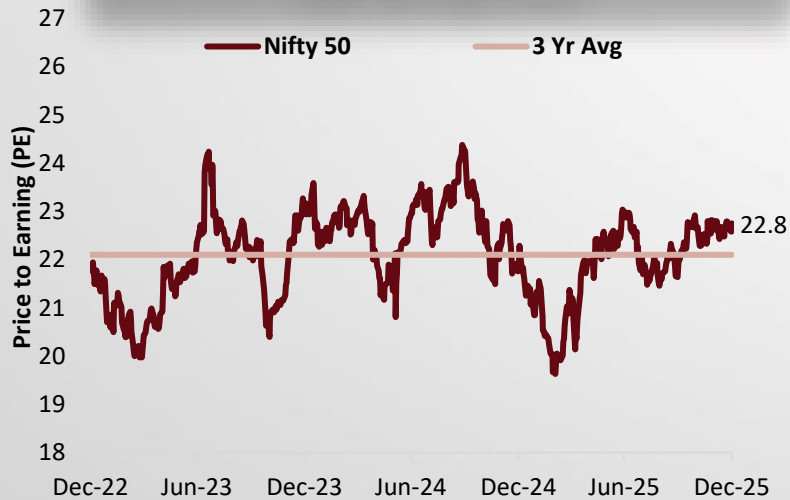
RELATIVE TRAILING VALUATIONS (P/E)

Large Cap vs Mid Cap vs Small Cap

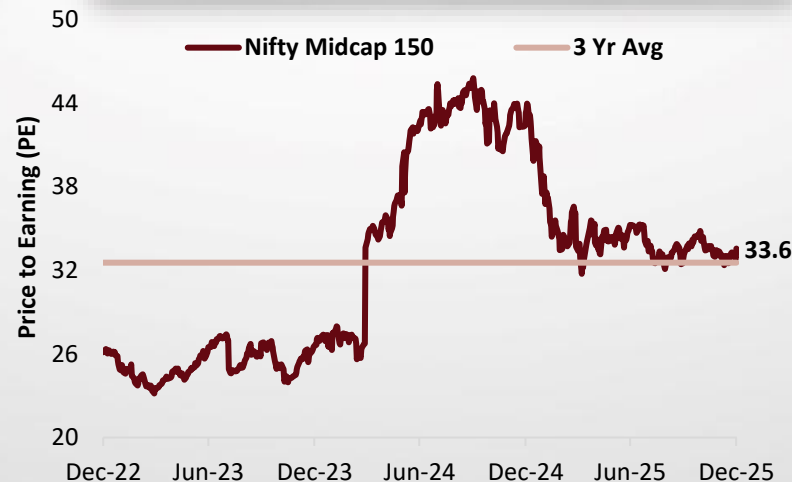


DOMESTIC

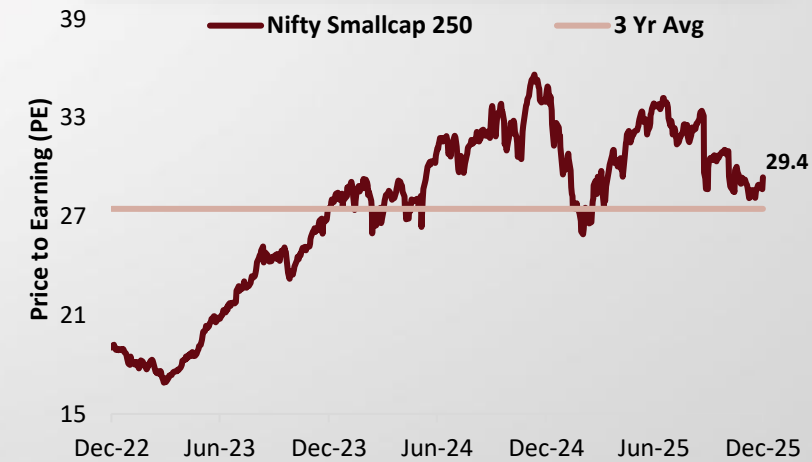
Nifty 50 trailing PE remained above the 3-year average mark



Nifty Midcap 150 trailing PE continued to remain above 3-year average level



Nifty Smallcap 250 trailing PE continued to remain above 3-year average level



Currently, Large cap, Midcap & Small cap valuations are trading near at the 3Yrs average valuation.

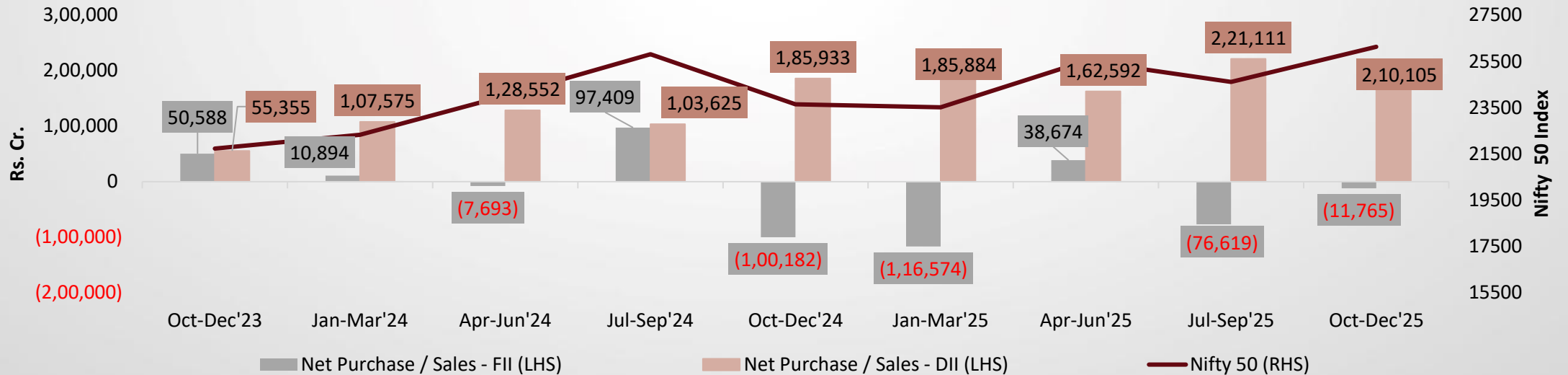
EQUITY FLOWS

Quarterly FII & DII Flows



DOMESTIC

Quarterly Net FII & DII Flow (Cash) in Rs. Cr. V/S Nifty 50



- FII were net sellers in equity segment in Dec 2025 for the second consecutive month, with an outflow of Rs. 22,610.52 crore.
- Mutual funds have been net buyers in equity segment in the last 58 months till Dec 2025, except Apr 2023 and Aug 2022.

GLOBAL EQUITY MARKET DASHBOARD

December 2025



GLOBAL

Emerging Markets	Index	Absolute (%)					CAGR(%)		
		1 Month	3 Months	YTD	6 Months	1 Year	2 Years	3 Years	5 Years
South Korea	Kospi	7.32	23.06	75.63	37.19	75.63	25.86	23.47	7.96
Taiwan	Taiwan TAIEX	4.84	12.17	25.74	30.14	25.74	26.97	26.95	14.47
China	Shanghai Composite	2.06	2.22	18.41	15.23	18.41	15.43	8.69	2.70
Indonesia	Jakarta Composite	1.62	7.27	22.13	24.82	22.13	9.01	8.06	7.65
Brazil	Brazil Ibovespa	1.29	10.18	33.95	16.04	33.95	9.54	13.63	6.24
India	Nifty 50	-0.28	6.17	10.51	2.40	10.51	9.61	12.98	13.31
Developed Markets									
Germany	DAX	2.74	2.55	23.01	2.43	23.01	20.85	20.69	12.28
Europe	Euro Stoxx 50 Pr	2.17	4.73	18.29	9.21	18.29	13.12	15.11	10.26
UK	FTSE 100	2.17	6.21	21.51	13.36	21.51	13.27	10.03	8.98
France	CAC 40	0.33	3.21	10.42	6.31	10.42	3.92	7.96	7.98
Japan	Nikkei 225	0.17	12.03	26.18	24.33	26.18	22.58	24.46	12.89
US	Russell 3000	-0.62	1.01	17.46	11.37	17.46	24.20	29.26	13.71

- Asian equity markets mostly advanced supported by the Federal Reserve's outlook, which appeared less hawkish than anticipated. Japanese markets rallied following reports that a Japanese multinational investment holding company and a U.S. chipmaker are in talks to lead an investment of over \$1 billion at a \$14 billion valuation in U.S. data center company Skild AI.

GLOBAL MARKET INDICES PERFORMANCE

Calendar Year wise



GLOBAL

2016 (%)	2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)	2023 (%)	2024 (%)	2025 (%)
U.K. 14.4	Hong Kong 36.0	India 3.2	U.S. 34.2	U.S. 36.9	U.S. 25.0	India 4.3	U.S. 40.0	U.S. 31.6	Hong Kong 27.8
Germany 6.9	India 28.7	U.S. -3.3	Germany 25.5	Japan 16.0	India 24.1	U.K. 0.9	Japan 28.2	Japan 19.2	Japan 26.2
U.S. 5.7	U.S. 27.8	Japan -12.1	China 22.3	India 14.9	Germany 15.8	Japan -9.4	Germany 20.3	Germany 18.9	Germany 23.0
India 3.0	Japan 19.1	U.K. -12.5	Japan 18.2	China 13.9	U.K. 14.3	Germany -12.4	India 20.0	Hong Kong 17.7	U.K. 21.5
Japan 0.4	Germany 12.5	Hong Kong -13.6	U.K. 12.1	Germany 3.6	Japan 4.9	China -15.1	U.K. 3.8	China 12.7	China 18.4
Hong Kong 0.4	U.K. 7.6	Germany -18.3	India 12.0	Hong Kong -3.4	China 4.8	Hong Kong -15.5	China -3.7	India 8.8	U.S. 17.5
China -12.3	China 6.6	China -24.6	Hong Kong 9.1	U.K. -14.3	Hong Kong -14.1	U.S. -29.6	Hong Kong -13.8	U.K. 5.7	India 10.5

- For 2025, Hong Kong has been the top gainer, followed by the Japan and Germany.
- Out of the nine full calendar years, the U.S. markets have been the top performer in five.

ASSET CLASS PERFORMANCE

Calendar Year wise



ASSET CLASS

2016 (%)	2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)	2023 (%)	2024 (%)	2025 (%)
G-Sec 15.4	Indian Equity 37.7	Gold 7.9	Intl 34.2	Intl 36.9	Indian Equity 31.6	Gold 13.9	Intl 40.0	Intl 31.6	Gold 74.7
Gold 11.3	Intl 27.8	Cash 6.9	Gold 23.8	Gold 28.0	Intl 25.0	Cash 4.8	Indian Equity 26.9	Gold 20.6	Intl 17.5
Real Estate 8.3	Real Estate 7.2	G-Sec 6.2	G-Sec 10.6	Indian Equity 17.9	Cash 3.2	Real Estate 4.5	Gold 15.4	Indian Equity 16.2	Indian Equity 7.8
Cash 7.6	Cash 6.6	Real Estate 5.1	Indian Equity 9.0	G-Sec 11.2	Real Estate 3.1	Indian Equity 4.2	Cash 6.9	G-Sec 8.8	Cash 6.4
Intl 5.7	Gold 5.1	Indian Equity -2.1	Cash 6.5	Cash 4.0	G-Sec 2.3	G-Sec 2.3	G-Sec 6.8	Cash 7.2	G-Sec 4.2
Indian Equity 5.1	G-Sec 2.3	Intl -3.3	Real Estate 3.0	Real Estate 2.2	Gold -4.2	Intl -29.6	Real Estate 3.0	Real Estate 6.9	Real Estate 1.0

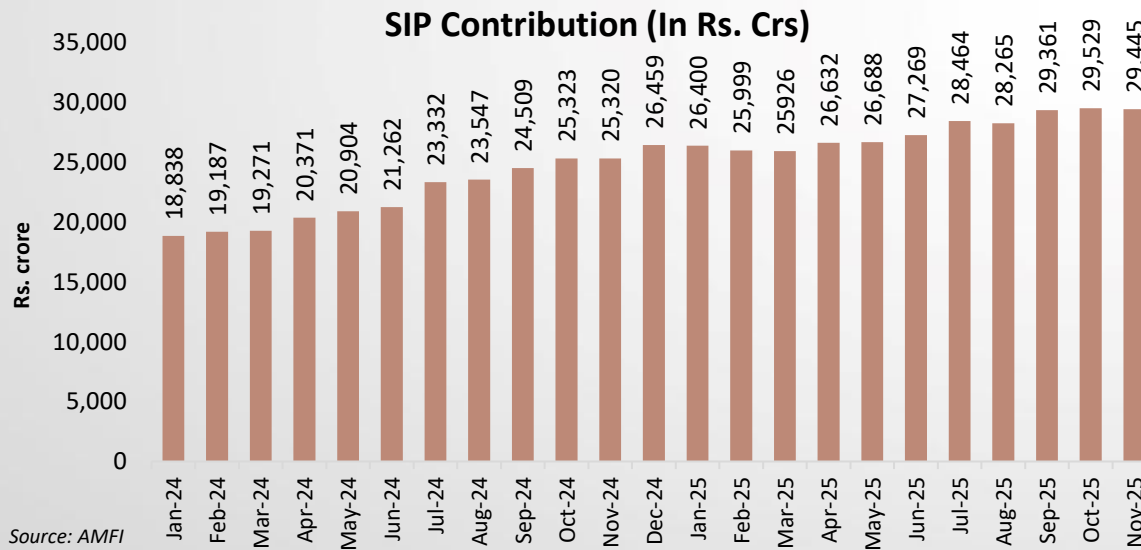
- For 2025, Gold remained at the top followed by International Equity.
- Till 2024, Indian equities has been among the top three gainers for the past five calendar years, while gold remained in the top two performing asset classes for five times in last seven years.

MUTUAL FUNDS

SIP Flows and SIP Returns Data



DOMESTIC



- According to AMFI, monthly SIP inflows stood at Rs. 29,445 crore in Nov 2025. SIP AUM rose to Rs. 16.53 lakh crore, up from Rs. 16.25 lakh crore in Oct 2025, with 1001.84 lakh outstanding SIP accounts.

Equity Broad MF category	Category average SIP returns (%)		
	3-year	5-year	10-year
Large cap	12.8	13.1	13.7
Large & Mid cap	15.0	15.9	16.0
Flexi cap	13.0	14.1	15.1
Multi cap	14.2	15.5	16.5
Mid cap	16.6	18.0	18.0
Small cap	12.3	16.4	18.3
Focused	13.2	13.8	14.6
Value	15.1	16.9	16.5

- Mid cap category remained top performer in 3- & 5-year periods, while Small cap category remained top performer in 10- year period. Large cap category has been the bottom performer across periods.

Performance is of regular plan growth option for SIP returns.
SIP performance as on 31st Dec 2025. Source: AMFI India, MFI 360 Explorer
<https://www.icraanalytics.com/terms-of-use/disclaimer>

CATEGORY PERFORMANCE

Equity Mutual Funds



CATEGORY PERFORMANCE

Category	Absolute Returns (%)			CAGR (%)			
	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Large Cap	-0.50	4.62	1.47	7.20	15.15	14.37	12.81
Large & Mid Cap	-0.84	3.77	0.36	4.10	18.57	18.43	14.77
Flexi Cap	-0.89	3.33	0.52	2.95	16.47	16.08	14.02
Multi Cap	-0.95	3.20	0.22	2.29	18.76	19.37	14.87
Mid Cap	-1.14	3.36	0.17	1.80	21.55	21.34	16.03
Small Cap	-1.43	0.50	-3.01	-4.47	19.28	22.81	16.36
Focused	-0.59	3.92	0.91	4.77	16.20	15.76	13.76
Value	0.08	4.96	1.90	4.58	19.39	19.58	14.69
Index:							
Nifty 100	-0.18	5.66	2.62	10.24	14.69	14.90	14.03
Nifty 500	-0.26	5.13	1.54	7.76	16.68	16.87	14.76
Nifty Midcap 150	-0.53	5.99	1.65	5.98	23.97	24.03	18.31
Nifty Smallcap 250	-0.28	0.04	-5.89	-5.48	21.44	23.30	14.76

- In the last one-month, Small Cap followed by Mid Cap categories fell the most, while Value category witnessed positive returns.
- It is to be worth noted that all the equity categories witnessed positive returns for 3 year and above periods.

EQUITY MARKET ROUNDUP

Key Takeaways & Outlook



DOMESTIC

Domestic & Global factors that played out for the Indian markets:

- Domestic equity markets declined, weighed down by the **rupee's weakness and heavy foreign capital outflows** amid persistent uncertainty over the India–U.S. trade deal.
- Additionally, surging **Japanese government bond yields** and yen strength sparked concerns about an unwinding of the decades-old yen carry trade, triggering global deleveraging across equity markets.
- However, losses were partially offset after the **RBI announced a 25-basis-point rate cut** in its Dec 2025 policy meeting and introduced measures to infuse liquidity.

Outlook:

- The domestic equity market is poised for a constructive year, supported by a **favorable macroeconomic environment** and improving growth dynamics. Expectations of an earnings recovery, coupled with easing inflation and abundant liquidity, provide a strong foundation for market performance. A revival in private sector investment, higher government expenditure, stable GST collections, and the benefits of recent personal income tax relief further reinforce confidence.
- On the global front, **prospects of gradual monetary easing by the Federal Reserve, benign energy prices, and receding geopolitical tensions add to the positive outlook.** However, the trajectory is not without challenges, as factors such as geopolitical developments, currency volatility, crude oil price movements, global risk-off events, and potential earnings disappointments could influence market sentiment in the months ahead.
- **Given the high valuations, investors may consider allocating to large-cap oriented funds, along with Multi-Asset and Balanced Advantage Funds. Additionally, investors may continue with SIPs or staggered investments to navigate current market volatility.**

DOMESTIC & GLOBAL

Debt Market Update

DEBT MARKET

Indian Government Bond and Policy Rate Trend



INDIAN DEBT

10-year benchmark G-sec yield rose by 9 bps MoM in Dec 2025

10-Yr Benchmark Bond

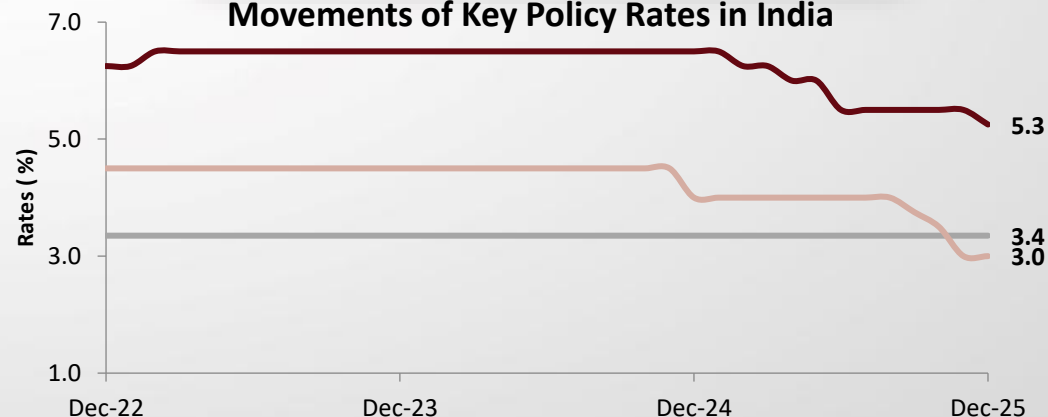


Source: Refinitiv

Bond yields rose after the rupee slipped past Rs.90 to a record low amid tight banking liquidity, though losses were partly cushioned by the RBI's 25-bps rate cut and liquidity measures in Dec 2025.

RBI reduced repo rate by 25 bps in Dec 2025 monetary policy meeting

Movements of Key Policy Rates in India



Source: RBI

The Monetary Policy Committee (MPC) in its fifth bi-monthly monetary policy review of FY26 decided to reduce the policy repo rate under the liquidity adjustment facility (LAF) to 5.25%.

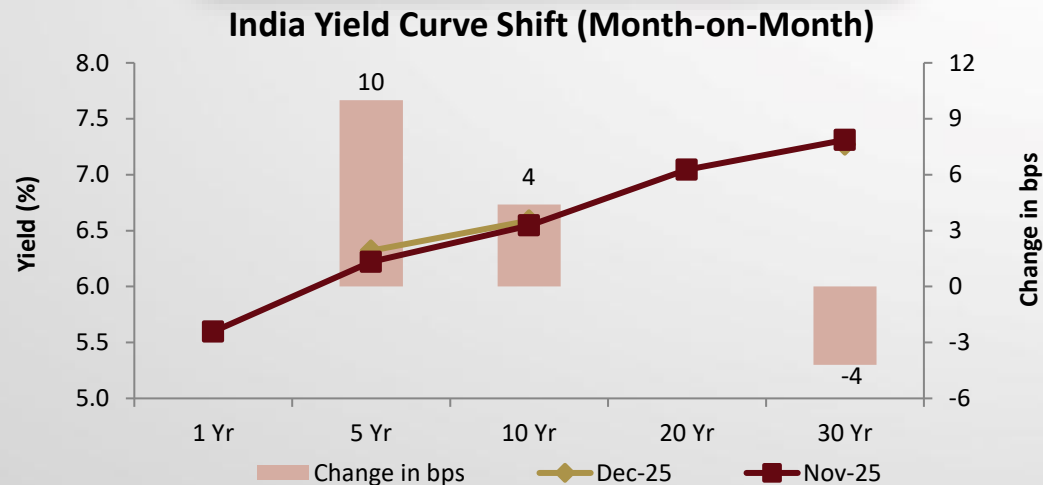
DEBT MARKET

Government Bond & Corporate Bond Yield Trend



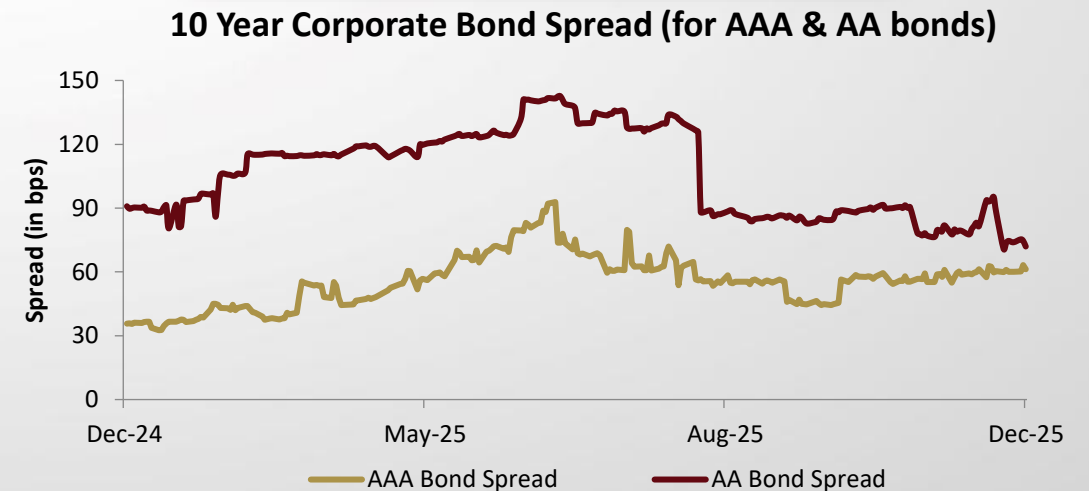
INDIAN DEBT

G-sec yields mostly rose during the month



Yield on gilt securities rose between 3 to 28 bps across the maturities, barring 2 & 30 year papers that fell by 2 & 4 bps, respectively, while 14 year paper was unchanged.

Corporate bond yields mostly increased during the month



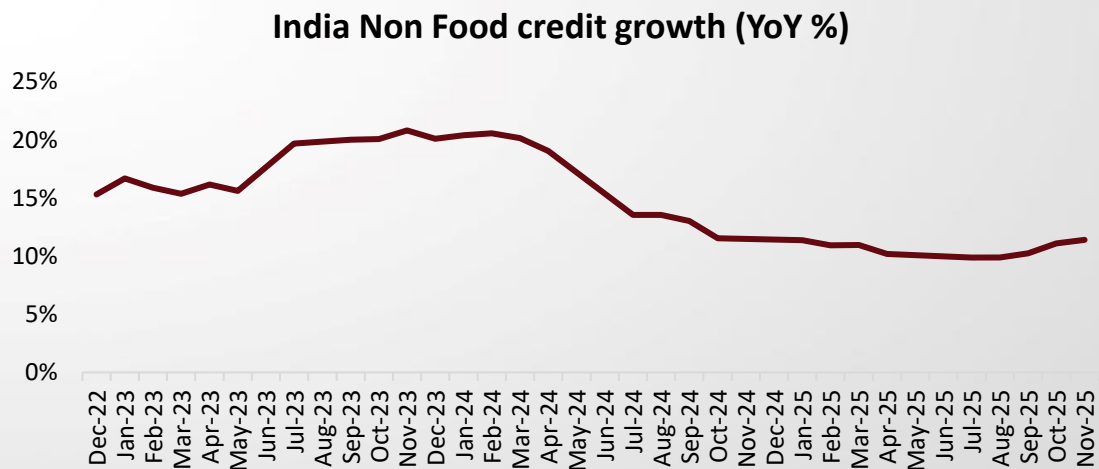
Yield on corporate bonds increased between 3 to 27 bps across the curve, barring 1 year paper that fell by 1 bps.

DEBT MARKET

System Liquidity



INDIAN DEBT



- Banking system liquidity remained in surplus during the first half of the reporting month, supported by RBI's announcement in its Dec 2025 policy meeting to conduct open market purchases of government securities. It shifted to deficit in the second half due to heavy outflows from advance tax payments by corporates, temporarily straining funds. Liquidity later recovered and ended the year in surplus as the RBI stepped up government securities purchases to ensure adequate liquidity amid tight conditions.

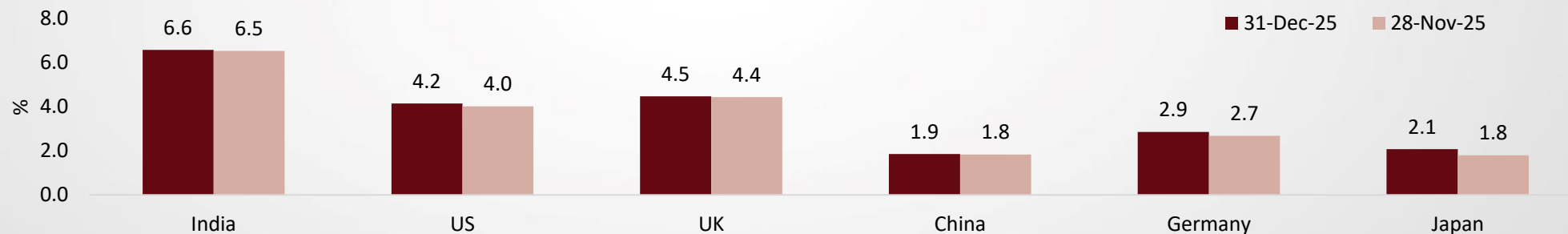
DEBT MARKET

Global



GLOBAL DEBT

Yield of 10 Year Government Bonds across countries (%)



Current Yield (%)	6.6	4.2	4.5	1.9	2.9	2.1
Inflation (%)	0.7	2.7	3.2	0.7	2.3	2.9
Real Yields (%): 31-Dec-25	5.9	1.5	1.3	1.2	0.6	-0.8

- Globally, 10-year Sovereign yields rose during the month. All above economies witnessed positive inflation adjusted returns/yields except Japan with India being the highest followed by U.S. and U.K.

CATEGORY PERFORMANCE

Debt Mutual Funds



CATEGORY PERFORMANCE

Category	Absolute Returns (%)			CAGR (%)		
	1 month	3 months	6 months	1 year	3 years	5 years
Overnight Fund	0.44	1.32	2.66	5.70	6.30	5.32
Liquid Fund	0.49	1.44	2.88	6.43	6.87	5.71
Ultra Short Term Fund	0.45	1.39	2.84	6.68	6.79	5.66
Low Duration Fund	0.37	1.41	2.88	7.22	7.14	5.84
Money Market Fund	0.49	1.46	2.95	7.20	7.20	5.95
Arbitrage Fund	0.56	1.56	2.80	6.16	6.81	5.57
NIFTY Ultra Short Duration Debt Index	0.50	1.57	3.18	7.27	7.64	6.42
Short Term Bond Fund	0.13	1.32	2.48	7.43	7.22	5.88
Medium Duration Fund	0.18	1.46	2.73	7.91	7.56	6.55
Banking and PSU Fund	0.11	1.36	2.45	7.35	7.25	5.74
Corporate Bond Fund	0.07	1.35	2.45	7.52	7.43	5.80
Credit Risk Fund	0.32	1.60	3.21	10.62	8.87	7.75
NIFTY Corporate Bond Index	0.09	1.27	2.62	7.55	7.47	6.09
NIFTY Medium Duration Debt Index	-0.08	1.17	2.22	7.46	7.45	5.86
Nifty Short Duration Debt Index	0.26	1.33	2.74	7.59	7.48	6.04
Dynamic Bond Fund	0.20	1.02	1.28	5.57	6.86	5.39
Medium to Long Duration Fund	0.10	1.00	1.14	5.57	6.72	5.07
Gilt Fund	0.47	0.73	0.44	4.21	6.61	4.90

- Credit Risk Fund, Medium Duration Fund and Corporate Bond Fund were the top performing categories over the past year, generating between 8 to 11% return.

DEBT MARKET

Sensitivity Analysis



INDIAN DEBT

Sensitivity Analysis				Interest Rate Scenario's					
				Increases			Decreases		
Category	Avg YTM (%)	Avg Maturity (Years)	Avg Mod duration (Years)	0.25%	0.50%	1.00%	0.25%	0.50%	1.00%
Overnight Fund	5.37	0.00 Years	0.00 Years	5.37%	5.37%	5.37%	5.37%	5.37%	5.37%
Liquid Fund	5.79	0.03 Years	0.12 Years	5.76%	5.73%	5.67%	5.82%	5.85%	5.91%
Ultra Short Term Fund	6.42	0.24 Years	0.44 Years	6.31%	6.20%	5.98%	6.53%	6.64%	6.86%
Money Market Fund	6.22	0.15 Years	0.38 Years	6.12%	6.03%	5.84%	6.31%	6.41%	6.60%
Low Duration Fund	6.70	0.73 Years	0.88 Years	6.48%	6.26%	5.82%	6.92%	7.14%	7.58%
Short Term Bond Fund	6.86	3.22 Years	2.46 Years	6.24%	5.63%	4.40%	7.47%	8.09%	9.32%
Corporate Bond Fund	6.86	4.62 Years	3.16 Years	6.07%	5.28%	3.70%	7.65%	8.44%	10.02%
Banking and PSU Fund	6.71	4.24 Years	2.89 Years	5.98%	5.26%	3.82%	7.43%	8.15%	9.60%
Credit Risk Fund	7.64	2.91 Years	2.15 Years	7.11%	6.57%	5.49%	8.18%	8.72%	9.79%
Medium Duration Fund	7.27	4.74 Years	3.37 Years	6.43%	5.59%	3.90%	8.12%	8.96%	10.64%
Dynamic Bond Fund	6.82	11.80 Years	5.75 Years	5.38%	3.95%	1.07%	8.26%	9.70%	12.57%
Medium to Long Duration Fund	6.97	11.12 Years	5.73 Years	5.54%	4.11%	1.24%	8.40%	9.84%	12.70%
Gilt Fund	7.03	20.06 Years	8.50 Years	4.91%	2.78%	-1.47%	9.16%	11.28%	15.53%

- Credit Risk Fund, Medium Duration Fund and Gilt Fund offer higher YTM's.

Note: Modified Duration indicates the sensitivity of a fund/bond with a change in interest rate scenario. It helps help investors predict how the bond's price will be affected by the fluctuations in interest rates.

For eg: If a fund with a modified duration of 8 years and YTM of 8% sees a 50-bps interest rate fall in a year, then the estimated return will be 12% [Average YTM - (Modified Duration × Change in Interest Rate)].

DEBT MARKET ROUNDUP

Key Takeaways & Outlook



INDIAN DEBT

Domestic & Global factors that played out for the Indian markets:

- Bond **yields rose** after the **rupee slid beyond the Rs. 90 mark per dollar to a record low**, compounded by tight liquidity conditions in the banking system. **Losses were partially offset by the RBI's 25-basis-point policy rate cut** and liquidity infusion measures announced in its Dec 2025 policy meeting.
- Sentiment later weakened on expectations of a larger than expected state debt supply on Dec 30, 2025. However, relief emerged after Indian states **successfully raised Rs. 35,450 crore through bond sales on Dec 30, 2025**, marking the largest issuance in over three months at anticipated yields and easing concerns about a potential supply overhang.

Outlook:

- Market participants expect the Union Budget 2026 and RBI's liquidity infusion measures, including open market operations (OMOs), to be key drivers in the new year. Investors will closely monitor domestic inflation trends, growth trajectory, and their evolving composition, alongside the movement of the Indian rupee against the U.S. dollar and the State Development Loan (SDL) auction calendar. The RBI is anticipated to maintain surplus liquidity on a sustainable basis, which could lead to a gradual decline in yields over the next two quarters, provided no major macroeconomic risks emerge. However, the absence of a trade deal remains a concern, as it could weigh on exports and employment in labor-intensive sectors.
- **India's fixed-income securities have largely exhausted their duration-driven gains, necessitating investors to shift focus toward accrual-based products for consistent returns, for more than 12 months investors may consider Low Duration Funds. For more than 2 years, investors may look at Short Duration, Banking PSU, Corporate Bond, Income Plus Arbitrage FOF, Dynamic Bond and Target Maturity Funds (matching with the average maturity of the funds and investment horizon). Along with MFs, AAA oriented quality Corporate FDs and Bonds can be looked at allocation in the debt portfolio.**

ECONOMIC CALENDAR

Upcoming Key Events for the Month



DOMESTIC

Events for January 2026	
Event	Date
CPI Inflation YoY Dec 2025	12-Jan-26
WPI Inflation YoY Dec 2025	14-Jan-26
WPI Manufacturing YoY Dec 2025	14-Jan-26
Balance of Trade Dec 2025	15-Jan-26
Unemployment Rate Dec 2025	15-Jan-26
Industrial Production YoY Dec 2025	28-Jan-26
Manufacturing Production YoY Dec 2025	28-Jan-26
Government Budget Value Dec 2025	30-Jan-26



GLOBAL

Events for January 2026	
Event	Date
U.S. CPI YoY, NSA Dec 2025	13-Jan-26
Germany HICP Final YoY Dec 2025	16-Jan-26
U.S. Industrial Production MM Dec 2025	16-Jan-26
Euro Zone HICP Final YoY Dec 2025	19-Jan-26
U.K. ILO Unemployment Rate Nov 2025	20-Jan-26
China Loan Prime Rate 1Y Jan 2026	20-Jan-26
U.K. CPI YoY Dec 2025	21-Jan-26
U.S. GDP Final Q3 2025	22-Jan-26

MUTUAL FUND DASHBOARD

Category Performance

MUTUAL FUND DASHBOARD

Category Performance



CATEGORY PERFORMANCE

Equity Category:	1 Yr	3 Yr	5 Yr	10 Yr
Large Cap	7.20	15.15	14.37	12.81
Large & Mid Cap	4.10	18.57	18.43	14.77
Multi Cap	2.29	18.76	19.37	14.87
Flexi Cap	2.95	16.47	16.08	14.02
Mid Cap	1.80	21.55	21.34	16.03
Small Cap	-4.47	19.28	22.81	16.36
Focused	4.77	16.20	15.76	13.76
Value	4.58	19.39	19.58	14.69
Hybrid Category:				
Conservative Hybrid	5.98	8.97	8.18	7.72
Balanced Hybrid	5.09	--	--	--
Balanced Advantage	5.37	12.10	10.80	10.11
Multi Asset Allocation	16.24	17.97	16.76	13.40
Aggressive Hybrid	5.53	14.48	14.16	11.87

Debt Category	3 Mths	6 Mths	1 Yr	3 Yr
Money Market:				
Overnight	1.32	2.66	5.70	6.30
Liquid	1.44	2.88	6.43	6.87
Ultra Short Duration	1.39	2.84	6.68	6.79
Low Duration	1.41	2.88	7.22	7.14
Money Market	1.46	2.95	7.20	7.20
Accrual:				
Short Duration	1.32	2.48	7.43	7.22
Medium Duration	1.46	2.73	7.91	7.56
Banking & PSU Debt	1.36	2.45	7.35	7.25
Corporate Bond	1.35	2.45	7.52	7.43
Floating Rate	1.52	2.74	7.62	7.69
Credit Risk	1.60	3.21	10.62	8.87
Duration:				
Medium to Long Duration	1.00	1.14	5.57	6.72
Long Duration	0.74	0.35	3.50	7.30
Dynamic Bond	1.02	1.28	5.57	6.86
Gilt	0.73	0.44	4.21	6.61
Gilt Fund with 10 year constant duration	1.31	1.21	6.90	7.86

Note: <1 year return are absolute and ≥ 1 year returns are CAGR. Performance is of regular plan growth option for MF category performance. MF Category average performance as on 31st Dec 2025. Source: MFI 360 Explorer <https://www.icraanalytics.com/terms-of-use/disclaimer>

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Write to us: wealth@tatacapital.com



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