








October 2025



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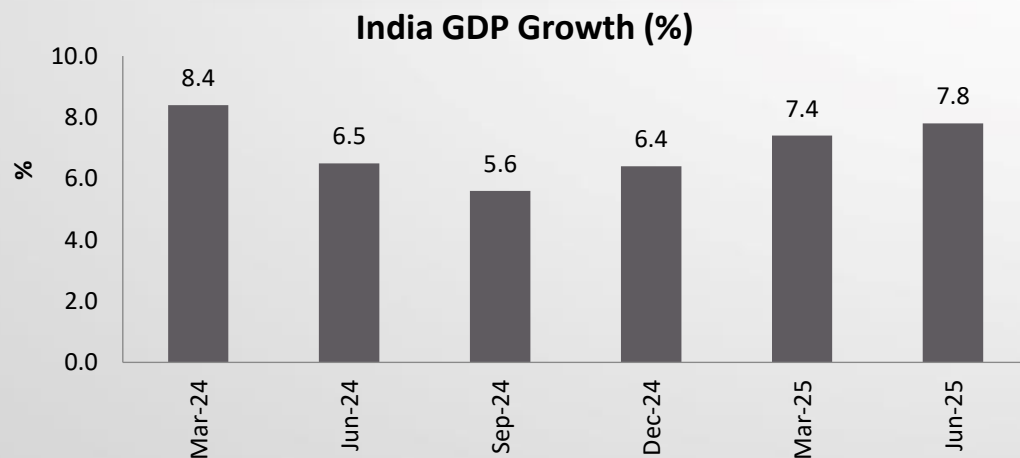
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# MACRO ECONOMIC INDICATORS

## GDP and Current Account Deficit Trend



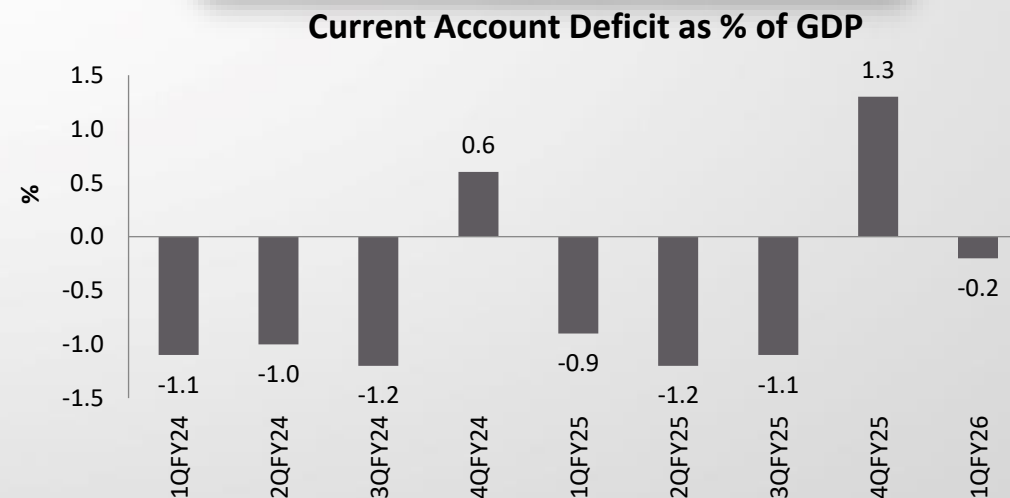
GDP grew by 7.8% YoY in 1QFY26



Source: Refinitiv

GDP of the Indian economy witnessed a growth of 7.8% YoY in the first quarter of FY26. In the Mar-Jun quarter of last year, the GDP growth rate was 6.5%.

Current a/c balance remained in deficit in 1QFY26



Source: Refinitiv

Current account balance recorded a deficit of US\$ 2.4 billion (0.2% of GDP) in Q1 FY26 as compared with US\$ 8.6 billion (0.9% of GDP) in Q1 FY25 .

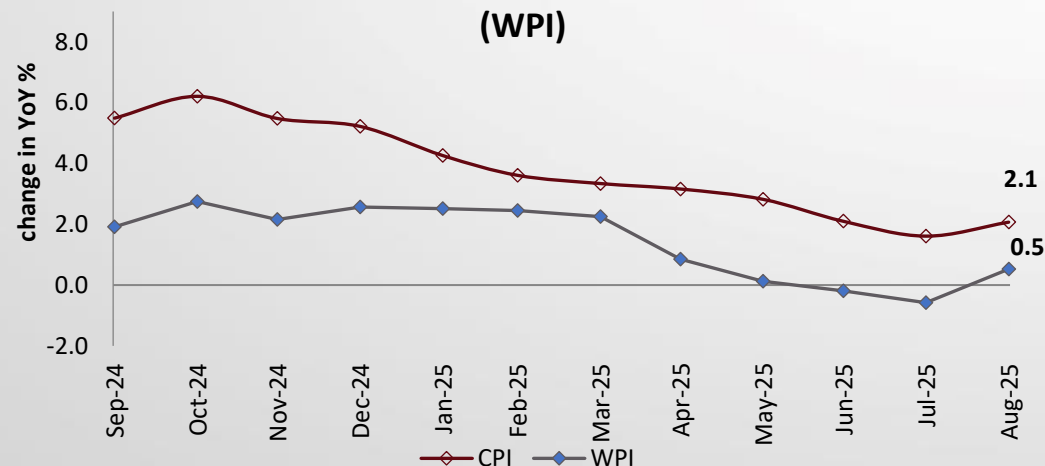
# MACRO ECONOMIC INDICATORS

## Inflation and Trade Data Trend



CPI inflation rose in Aug 2025

Consumer Price Index (CPI) & Wholesale Price Index (WPI)



Source: Refinitiv

CPI-based inflation rose to 2.07% YoY in Aug 2025, as base effects faded and food prices increased. WPI-based inflation rose by 0.52% YoY in Aug 2025, rebounding from a 0.58% decline in Jul 2025.

Trade deficit narrowed YoY in Aug 2025

Trade Data



Source: Refinitiv

Merchandise trade deficit narrowed annually to \$26.49 billion in Aug 2025, compared to \$35.64 billion in Aug 2024. Exports rose by 6.72% YoY, while imports declined by 10.13% YoY.



# MACRO ECONOMIC INDICATORS

## Manufacturing and Services PMI Trend

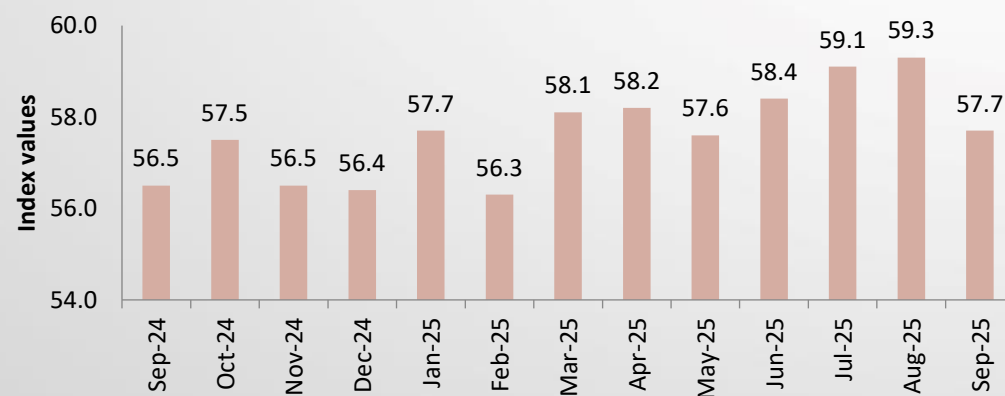


Manufacturing PMI fell in Sep 2025

Services PMI fell in Sep 2025

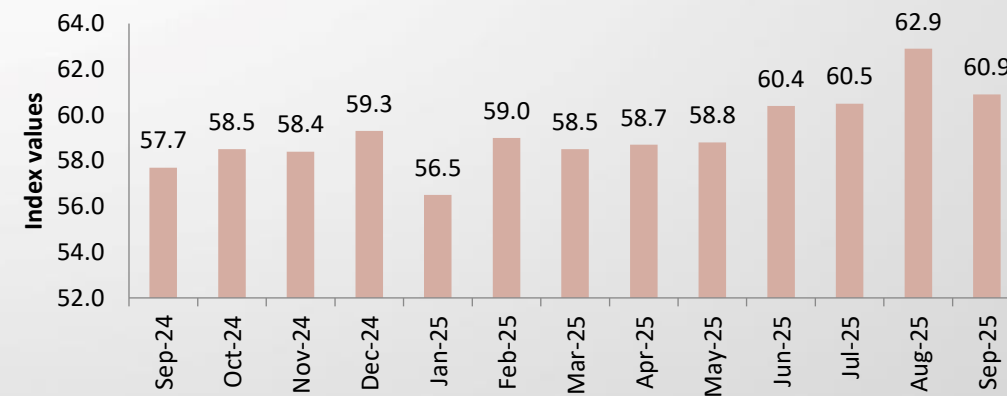
**India Manufacturing PMI**

**India Service PMI**



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

Manufacturing PMI fell to 57.7 in Sep 2025 from 59.3 in Aug. Despite the fall, the figure remained well above the long-term average, signaling continued strength in the sector.



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

Services PMI was revised down to 60.9 in Sep 2025, from a final reading of 62.9 in Aug 2025. The slowdown was driven by a softer expansion in new business and overall activity.

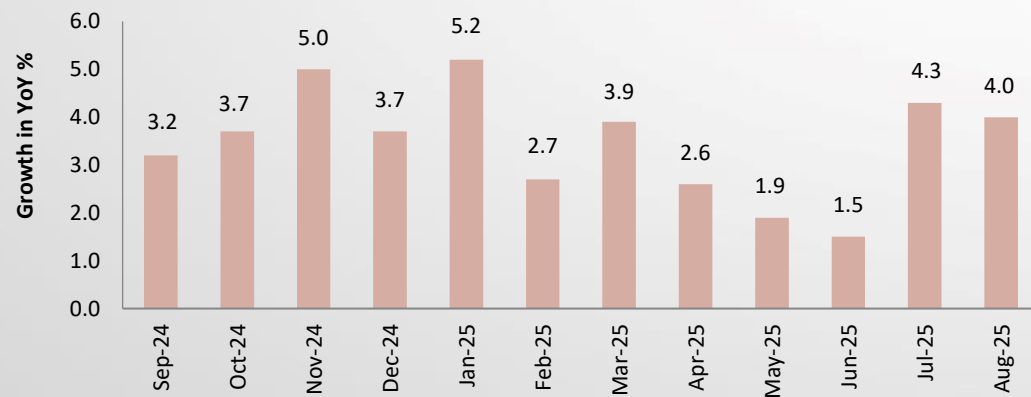
# MACRO ECONOMIC INDICATORS

## IIP and GST Trend



Industrial production slowed in Aug 2025

Index of Industrial production (IIP)

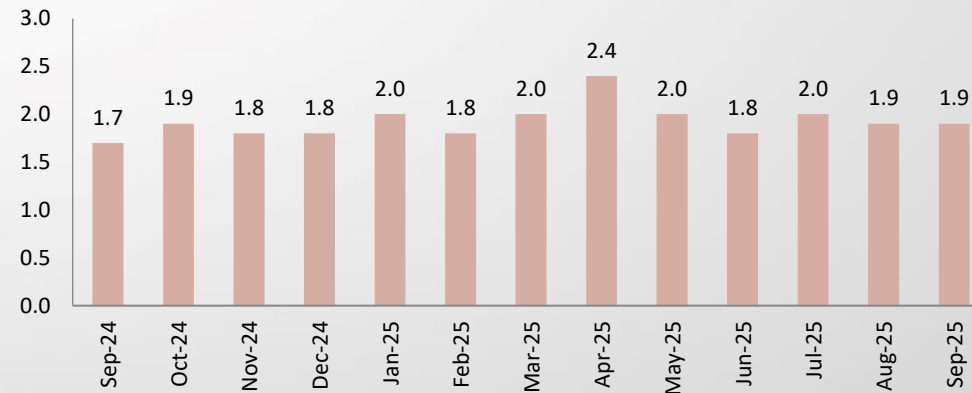


Source: Refinitiv

The Index of Industrial Production (IIP) grew by 4.0% YoY in Aug 2025, slowing from a revised 4.3% increase in Jul 2025.

GST revenue rose YoY in Sep 2025

GST Collections (Rs. Lakh Crore)



Source: PIB

The total gross Goods and Services Tax (GST) revenue grew by 9.1% YoY and stood at Rs. 1.89 lakh crore in Sep 2025, compared to Rs. 1.73 lakh crore in Sep 2024.

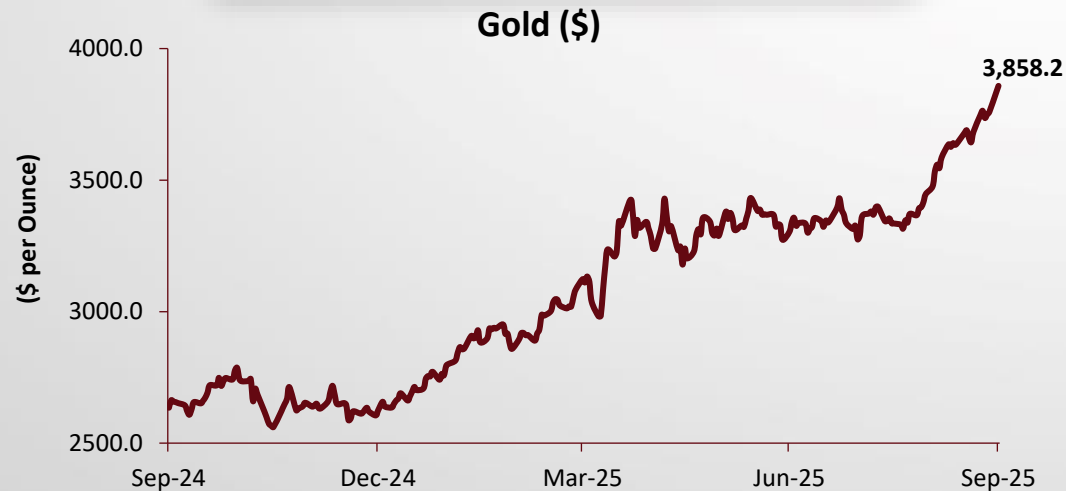
# MACRO ECONOMIC INDICATORS

## International Gold and U.S. 10 Year Treasury Trend



Gold prices rose MoM in Sep 2025

U.S. Treasury yields fell MoM in Sep 2025



Gold prices rose as expectations for interest rate cuts by the U.S. Fed continued to build, driven by ongoing geopolitical tensions in the European Union and the Middle East.



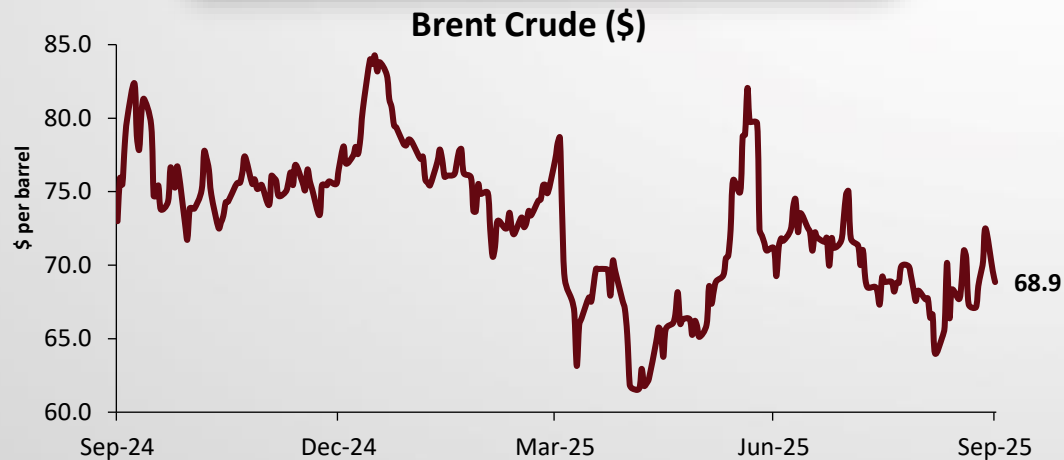
U.S. Treasury prices rose on August inflation and jobless data, strengthening expectations of U.S. Federal Reserve policy easing.

# MACRO ECONOMIC INDICATORS

## Crude and USD/INR Currency Trend

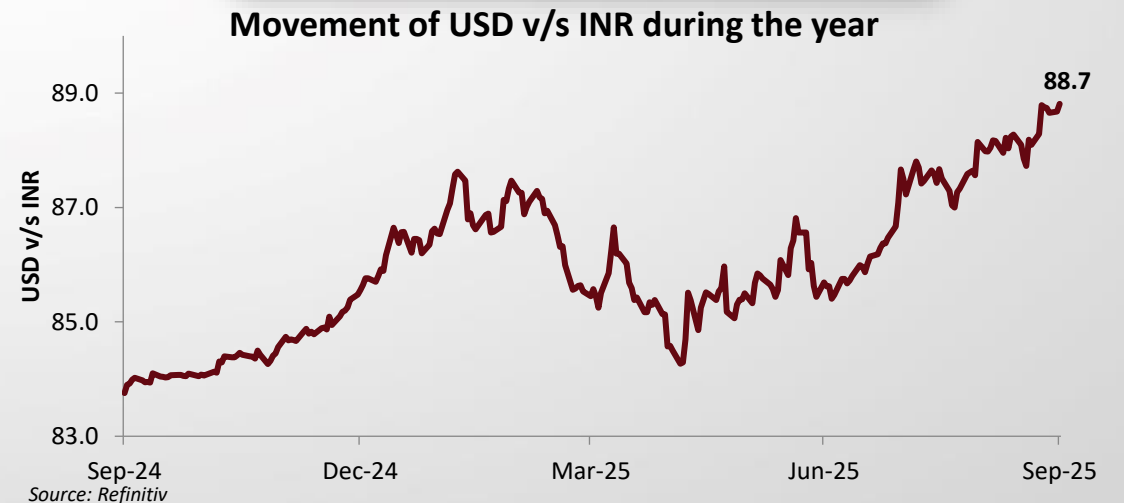


Crude oil prices rose marginally MoM in Sep 2025



Brent crude oil prices rose on concerns over supply-side disruptions, driven by the escalating Russia-Ukraine war and emerging conflict in the Middle East.

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



The Indian rupee fell in spot trade against the U.S. dollar as investors assessed the impact of the U.S. President's H-1B visa fee hike on Indian remittances, amid heightened risk-averse sentiment.



# EVENT UPDATE

## RBI MPC maintained status quo, kept repo rate unchanged at 5.5%



### MACRO

#### Key Highlights

- MPC **maintained key policy repo rate at 5.50%**
- MPC decided to **maintain a neutral stance**
- For FY26, retail inflation is projected at 2.6%
- For FY26, real GDP growth is projected at 6.8%

Policy Rates / Reserve Ratio	06-Aug-25	01-Oct-25	Status
CRR	4.00%	3.50% \$	↓
SLR	18.00%	18.00%	↔
SDF	5.25%	5.25%	↔
Repo Rate	5.50%	5.50%	↔
MSF	5.75%	5.75%	↔
Bank rate	5.75%	5.75%	↔
Fixed Reverse Repo Rate	3.35%	3.35%	↔

#### Growth Outlook

- Looking ahead, an above-normal monsoon, robust kharif sowing, and healthy reservoir levels have improved the outlook for agriculture and rural demand. However, external demand faces **headwinds from trade uncertainties, geopolitical tensions, and financial market volatility**. Structural reforms, including GST streamlining, are expected to mitigate some of these risks. Taking all factors into account, **real GDP growth for FY26 is projected at 6.8%, with Q2 at 7.0%, Q3 at 6.4%, and Q4 at 6.2%.**

#### Inflation Outlook

- For the second half of FY26, food prices are expected to remain soft due to a favourable monsoon, strong kharif sowing, sufficient reservoir levels, and ample foodgrain stocks. **The recent GST rate cuts are likely to reduce prices of several items in the consumer price index basket**. However, despite moderate momentum, adverse base effects may push headline CPI inflation higher in the fourth quarter. Taking all factors into account, **CPI inflation for FY26 is projected at 2.6%, with Q2 and Q3 at 1.8% each, and Q4 at 4.0%.**

# EVENT UPDATE

## The U.S. Fed reduced interest rate by 25 bps in Sep 2025

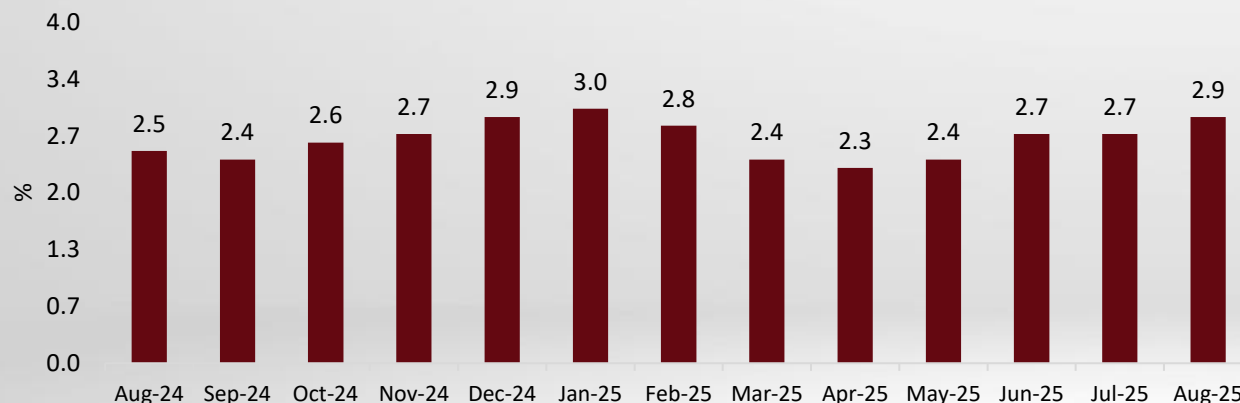


### MACRO

#### Key Highlights

- The U.S. Federal Reserve announced on Sep 17, 2025, that it has **decided to lower interest rates by a quarter point**, marking the first rate cut of the year.
- The Fed stated that it is reducing the **target range for the federal funds rate by 25 basis points to 4.00%–4.25%**, citing a shift in the balance of risks.

U.S. Inflation(%)



Source: Refinitiv

#### U.S inflation Peaking

- The U.S. Consumer Price Index (CPI) rose by 0.4% in Aug 2025, following a 0.2% increase in Jul 2025, according to the Labor Department. The report also noted that the **annual rate of consumer price growth accelerated to 2.9% in Aug 2025, up from 2.7% in Jul 2025.**
- Meanwhile, the annual rate of core consumer price growth remained unchanged at 3.1% in Aug 2025, compared to the previous month.

#### To Conclude

- The Federal Open Market Committee lowered the federal funds rate target by 25 bps to 4.00–4.25%, citing a shift in risk balance. **It will continue reducing securities holdings and remains committed to maximum employment and 2% inflation. Future policy moves will depend on incoming data and evolving risks.**

# DOMESTIC & GLOBAL

## Equity Market Update

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# INDIAN EQUITY MARKET DASHBOARD

## September 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	0.59	-3.70	4.61	-3.63	13.21	17.50	13.25
Nifty 50	0.77	-3.20	5.53	-3.45	14.21	18.36	13.34
Nifty 100	1.19	-2.88	5.99	-4.81	14.40	18.64	13.45
Nifty 500	1.23	-3.42	7.26	-5.28	16.38	20.70	14.34
Nifty Midcap 150	1.43	-4.09	10.45	-5.18	22.44	27.45	18.20
Nifty Smallcap 250	1.18	-5.92	10.95	-8.82	22.72	28.22	15.62
Nifty Microcap 250	-0.38	-5.18	11.00	-10.61	29.53	39.05	20.81
<b>Sectoral Indices</b>							
Nifty PSU Bank	11.41	4.52	20.96	12.14	36.88	43.91	9.96
Nifty Metal	9.73	5.62	11.02	-0.73	20.95	36.78	22.15
Nifty Auto	6.34	11.93	25.70	-0.88	28.86	28.58	14.24
Nifty Oil & Gas	4.71	-3.86	7.55	-12.43	14.75	19.84	17.69
Nifty Energy	4.23	-3.70	4.94	-19.26	12.30	20.59	18.77
Nifty Bank	1.83	-4.36	6.80	3.95	13.18	21.44	12.92
Nifty Infrastructure	1.57	-3.89	7.10	-5.08	22.93	25.31	13.82
Nifty Realty	-0.33	-11.79	2.23	-20.79	27.34	32.96	17.58
Nifty Healthcare	-1.47	-1.96	3.75	-3.58	20.62	15.94	8.05
Nifty Pharma	-1.60	-2.31	1.98	-7.19	19.12	13.58	5.92
Nifty FMCG	-2.55	-0.09	3.27	-14.83	9.07	15.07	12.44
Nifty IT	-4.34	-13.31	-7.76	-17.96	9.81	13.23	13.05

- Domestic equities gained as India's Q1 FY26 GDP grew 7.8% YoY and the Services PMI hit a 15-year high of 62.9 in Aug 2025, driven by strong demand. Sentiment improved after the GST Council simplified tax slabs. The rally was supported by the U.S. Fed's first rate cut of 2025. However, gains were limited by India-U.S. trade uncertainty and continued FII outflows.

# BROADER MARKET INDICES PERFORMANCE

## Calendar Year wise



### DOMESTIC

2016 (%)	2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)	2023 (%)	2024 (%)	CYTD (%)
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 5.2
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	Nifty 100 4.3
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	BSE Sensex 3.8
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 2.5
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 0.0
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

- On CYTD basis, the large cap indices beat the 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

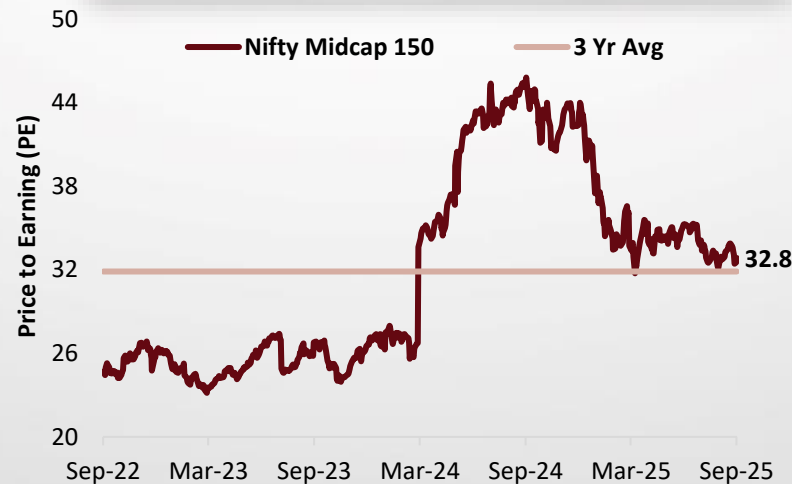


### DOMESTIC

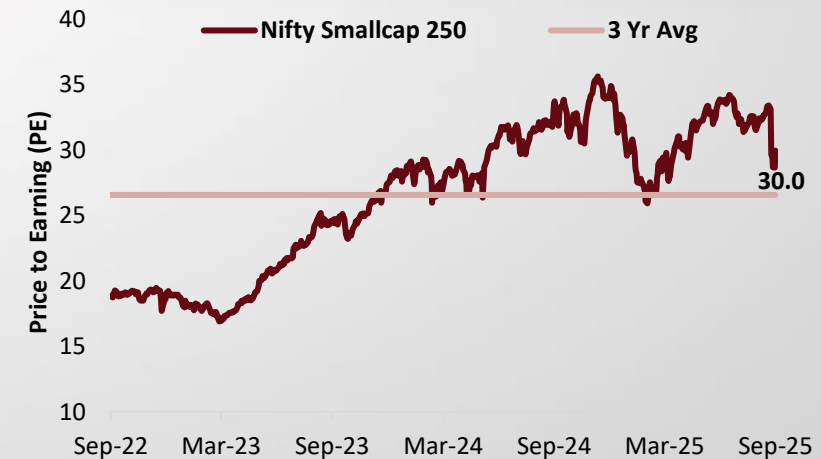
Nifty 50 trailing PE remained below the 3-year average mark



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, Midcap & Small cap valuations are expensive compared with Large cap.
- Midcap and small cap are trading above their 3-year average level, while large cap is trading below its 3-year average level.

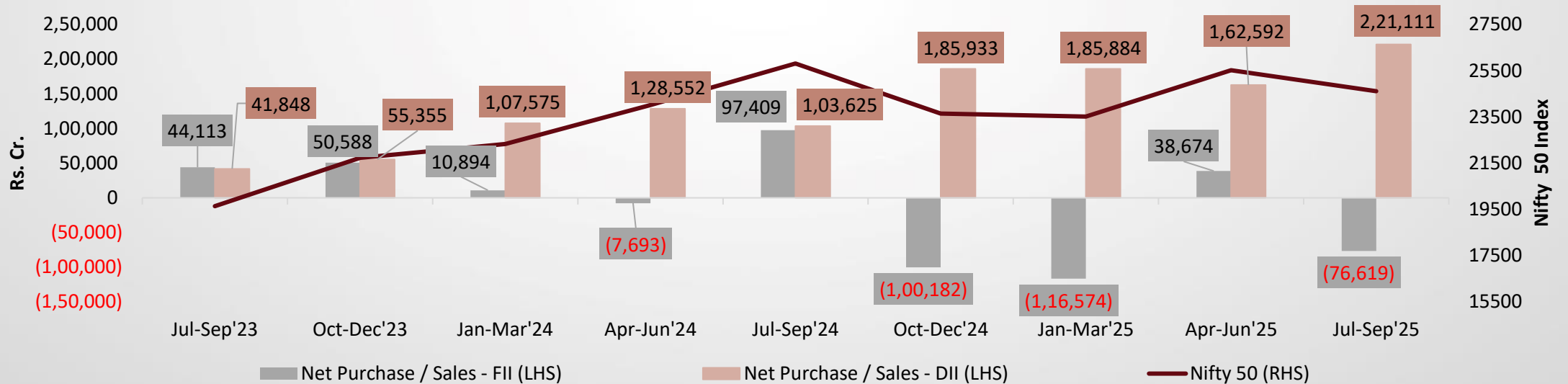
# EQUITY FLOWS

## Quarterly FII & DII Flows



### DOMESTIC

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



- FII's were net sellers in equity segment in Sep 2025 for the third consecutive month, with an outflow of Rs. 23,885 crore.
- Mutual funds have been net buyers in equity segment in the last 55 months till Sep 2025, except Apr 2023 and Aug 2022.

# GLOBAL EQUITY MARKET DASHBOARD

## September 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	7.49	11.49	42.72	38.03	32.06	17.76	16.67	8.02
Taiwan	Taiwan TAIEX	6.55	16.02	12.09	24.76	16.18	25.54	24.34	15.58
Brazil	Brazil Ibovespa	3.40	5.32	21.58	12.27	10.94	11.97	9.93	9.10
Indonesia	Jakarta Composite	2.94	16.36	13.86	23.81	7.08	7.75	4.61	10.60
<b>India</b>	<b>Nifty 50</b>	<b>0.75</b>	<b>-3.55</b>	<b>4.09</b>	<b>4.64</b>	<b>-4.65</b>	<b>11.91</b>	<b>12.90</b>	<b>16.94</b>
China	Shanghai Composite	0.64	12.73	15.84	16.40	16.37	11.68	8.68	3.82
Developed Markets									
Japan	Nikkei 225	5.18	10.98	12.63	26.15	18.49	17.71	20.08	14.14
US	Russell 3000	5.05	10.26	16.28	29.40	24.03	31.89	29.73	16.12
Europe	Euro Stoxx 50 Pr	3.33	4.28	12.95	5.36	10.59	15.05	18.54	11.60
France	CAC 40	2.49	3.00	6.98	1.35	3.41	5.18	11.06	10.45
UK	FTSE 100	1.78	6.73	14.41	8.94	13.52	10.83	10.68	9.77
Germany	DAX	-0.09	-0.12	19.95	7.75	23.57	24.51	25.36	13.35

- Asian equity markets mostly rose in September. Japan gained as Bank of Japan minutes signaled readiness to resume rate hikes if conditions align.
- Hong Kong advanced on tech stock rallies driven by AI optimism. However, overall gains were capped by a slightly hawkish U.S. Federal Reserve stance and persistent inflation concerns.

# GLOBAL MARKET INDICES PERFORMANCE

## Calendar Year wise



### GLOBAL

2016 (%)	2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)	2023 (%)	2024 (%)	CYTD (%)
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 33.9
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	Germany 20.0
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	U.S. 16.3
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	China 15.8
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	U.K. 14.4
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	Japan 12.6
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 4.1

- On a CYTD basis, Hong Kong has been the top gainer, followed by the Germany and U.S.
- 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 (%)	CYTD (%)
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 51.2
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 16.3
Real Estate 8.3	Real Estate 7.2	G-Sec 6.2	G-Sec 10.6	Indian Equity 17.9	Cash 3.2	Indian Equity 4.2	Gold 15.4	Indian Equity 16.2	Cash 4.9
Cash 7.5	Cash 6.6	Real Estate 5.1	Indian Equity 9.0	G-Sec 11.2	Real Estate 3.1	Real Estate 2.8	Cash 6.9	G-Sec 8.8	G-Sec 3.4
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	Indian Equity 2.5
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 3.8	Real Estate 3.1	Real Estate 0.9

- On CYTD basis, gold remained at the top followed by International equity and cash.
- 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.

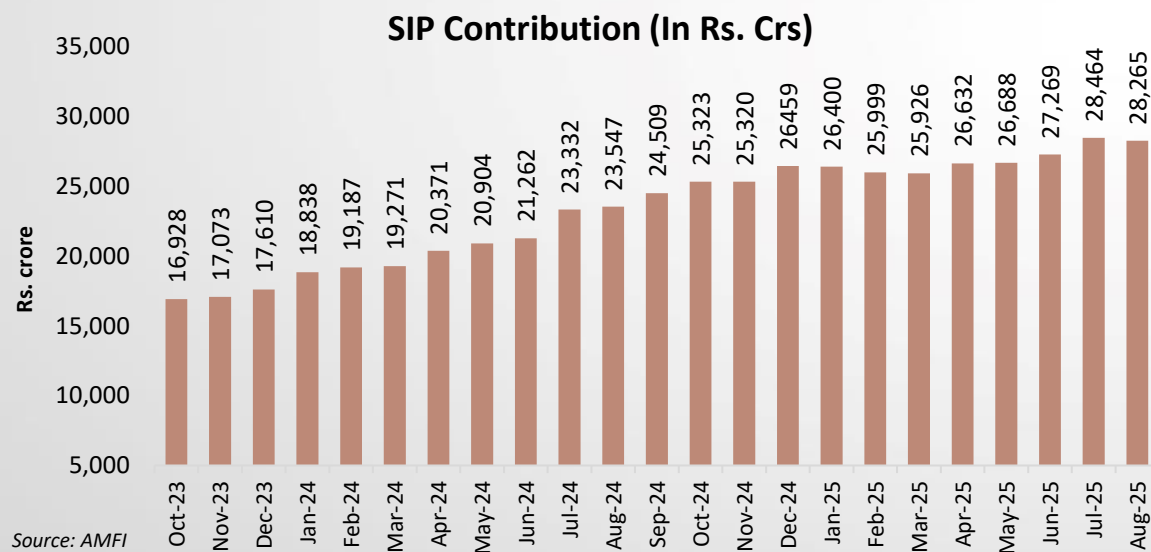


# MUTUAL FUNDS

## SIP Flows and SIP Returns Data



### DOMESTIC



- According to AMFI, monthly SIP inflows remained above the Rs. 28,000 crore mark for the second consecutive month in Aug 2025, standing at Rs. 28,265 crore. However, SIP AUM declined slightly to Rs. 15.18 lakh crore in Aug 2025, compared to Rs. 15.19 lakh crore in Jul 2025.

Equity Broad MF category	Category average SIP returns (%)		
	3-year	5-year	10-year
Large cap	11.9	13.2	13.3
Large & Mid cap	15.3	16.6	15.9
Flexi cap	13.5	14.8	15.1
Multi cap	15.3	16.9	16.8
Mid cap	17.6	19.1	18.0
Small cap	15.6	19.6	18.9
Focused	13.3	13.9	14.5
Value	15.0	17.3	16.1

- Small cap category remained top performer in 5- & 10- year periods, while Mid cap category remained top performer in 3- 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 30th Sep 2025. Source: AMFI India, MFI 360 Explorer  
<http://www.icraanalytics.com/legal/standard-disclaimer.html>

# 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	0.74	-3.01	5.47	-4.95	14.87	18.20	12.28
Large & Mid Cap	0.95	-3.29	7.99	-4.99	18.15	22.06	14.54
Flexi Cap	0.86	-2.65	7.72	-5.49	16.29	19.97	13.79
Multi Cap	0.72	-2.85	8.42	-5.15	18.73	23.58	14.93
Mid Cap	0.53	-3.20	10.33	-5.53	20.26	24.82	15.88
Small Cap	0.73	-3.46	10.68	-7.61	19.59	27.59	16.83
Focused	0.91	-2.89	6.97	-5.53	15.97	19.43	13.56
Value	1.66	-2.93	7.04	-6.97	19.80	23.40	14.41
<b>Index:</b>							
Nifty 100	1.19	-2.88	5.99	-4.81	14.40	18.64	13.45
Nifty 500	1.23	-3.42	7.26	-5.28	16.38	20.70	14.34
Nifty Midcap 150	1.43	-4.09	10.45	-5.18	22.44	27.45	18.20
Nifty Smallcap 250	1.18	-5.92	10.95	-8.82	22.72	28.22	15.62

- In the last one-month, Value category followed by Large & Mid Cap and Focused categories rose the most.
- 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 rose following robust macroeconomic indicators, as **India's economy expanded** by 7.8% YoY in Q1 FY26, marking the strongest growth in five quarters, while the **Services PMI** surged to 62.9 in Aug 2025, its highest level in over 15 years, driven by a sharp rise in new orders and resilient demand.
- Sentiment was further boosted as the **GST Council simplified the existing four tax slabs** into a two-rate structure and proposed a special slab for select luxury items such as high-end cars, tobacco, and cigarettes. Gains extended after the **U.S. Federal Reserve delivered its first rate cut of the year in Sep 2025**, citing recent weakness in the labor market.
- However, overall gains were capped amid lingering uncertainty over **India–U.S. trade negotiations** and continued **foreign institutional investor outflows** from domestic equities.

#### Outlook:

- The direction of domestic equities will be influenced by global trade developments, particularly the evolving U.S. tariff stance, and the second quarter corporate earnings for fiscal year 2026. The festive season is expected to support consumption, while early signs of rural recovery, reflected in lower participation under the Mahatma Gandhi National Rural Employment Guarantee Act, suggest improving employment conditions. A consumer-focused fiscal stimulus continues to drive demand, and if corporate results align with this momentum, the next quarter may present a stable to moderately positive market environment. External risks such as trade tensions and foreign capital flows remain important indicators to monitor.
- 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

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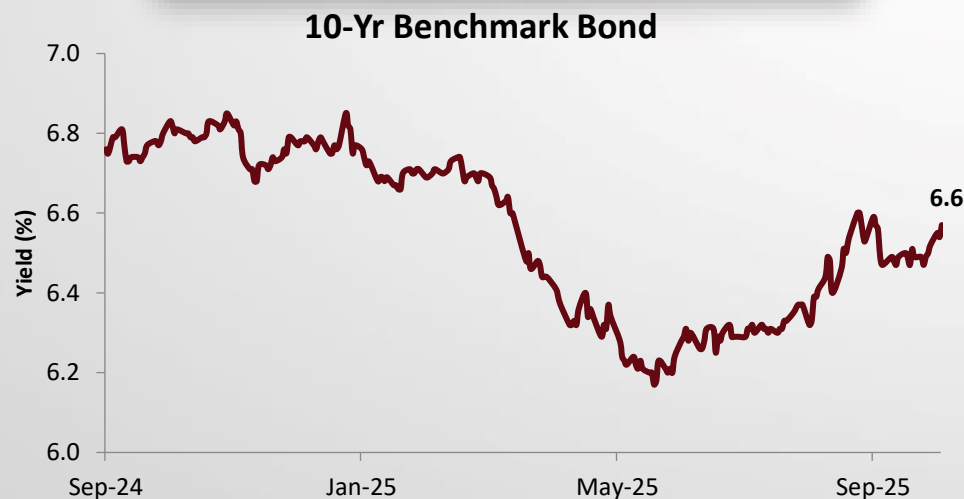
# DEBT MARKET

## Indian Government Bond and Policy Rate Trend



### INDIAN DEBT

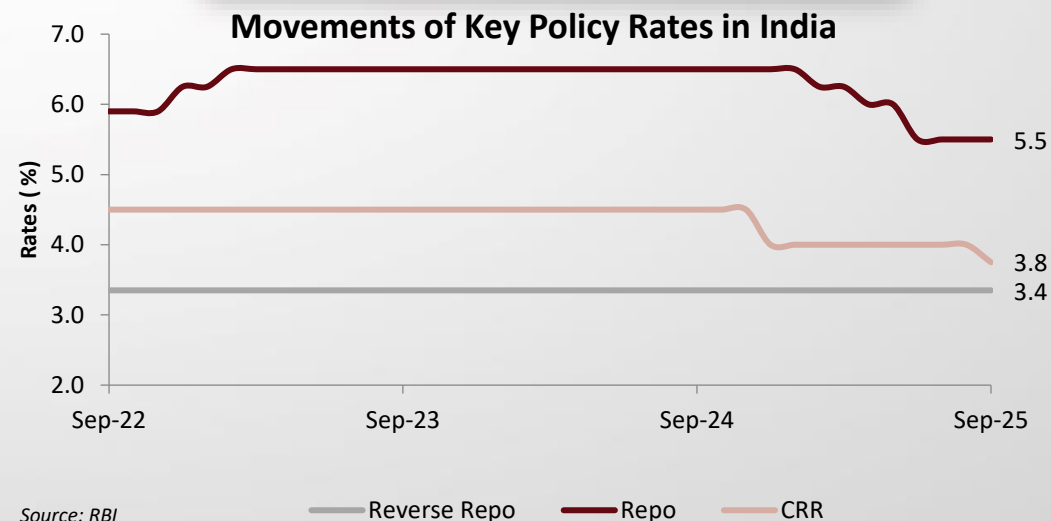
10-year benchmark G-sec yield fell by 2 bps MoM in Sep 2025



Source: Refinitiv

Bond yields fell after the government projected a smaller net revenue loss from recent Goods and Services Tax revisions than initially expected, easing fiscal concerns.

RBI kept repo rate unchanged in Oct 2025 monetary policy meeting



Source: RBI

The Monetary Policy Committee (MPC) in its fourth bi-monthly monetary policy review of FY26 decided to maintain the policy repo rate at 5.50%.



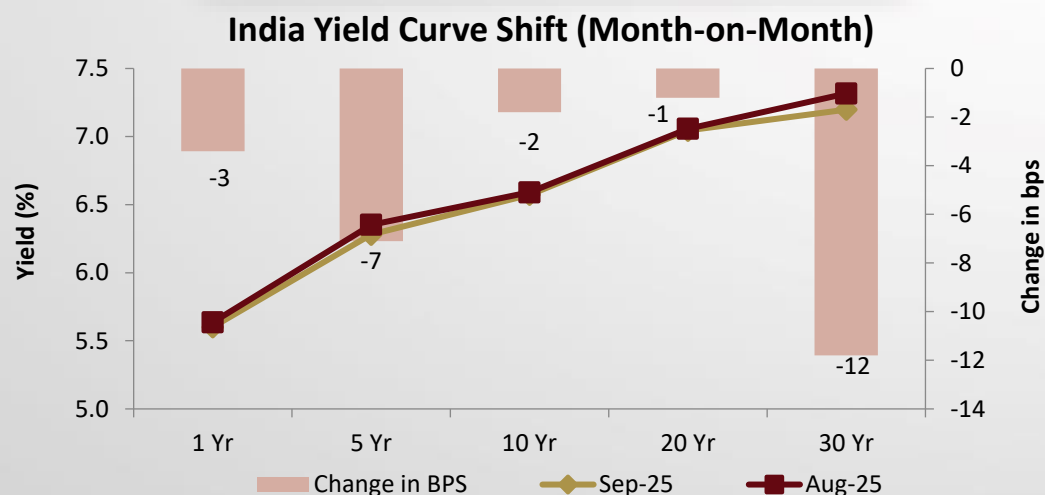
# DEBT MARKET

## Government Bond & Corporate Bond Yield Trend



### INDIAN DEBT

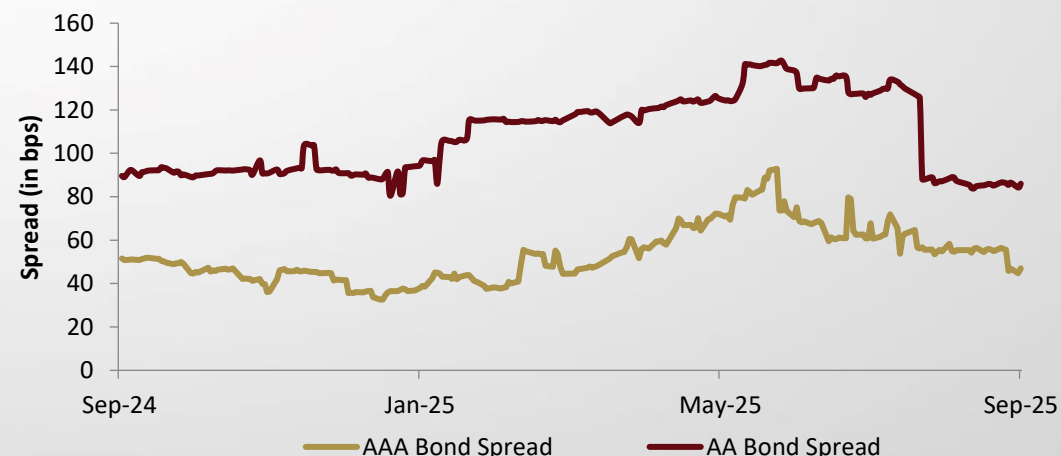
G-sec yields fell during the month



Yield on gilt securities fell up to 17 bps across the maturities.

Corporate bond yields mostly fell during the month

### 10 Year Corporate Bond Spread (for AAA & AA bonds)



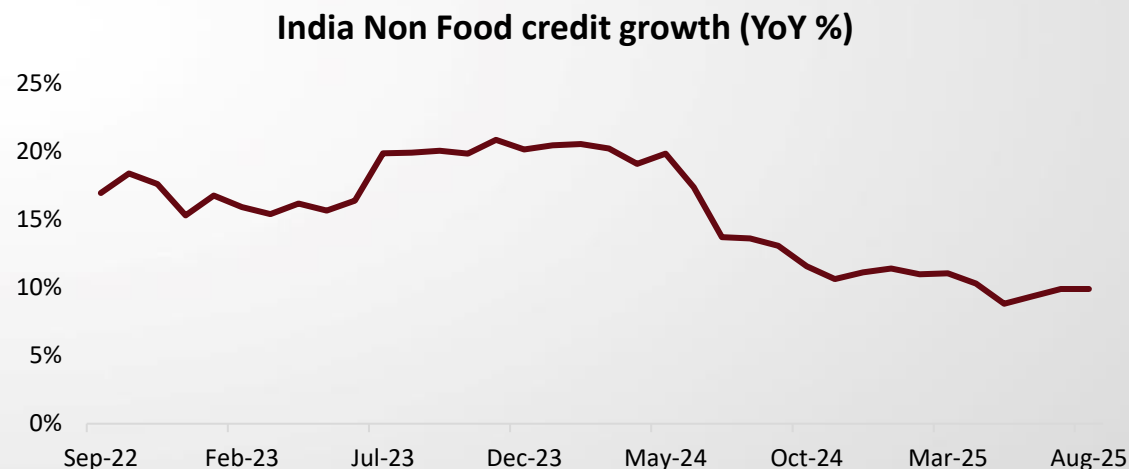
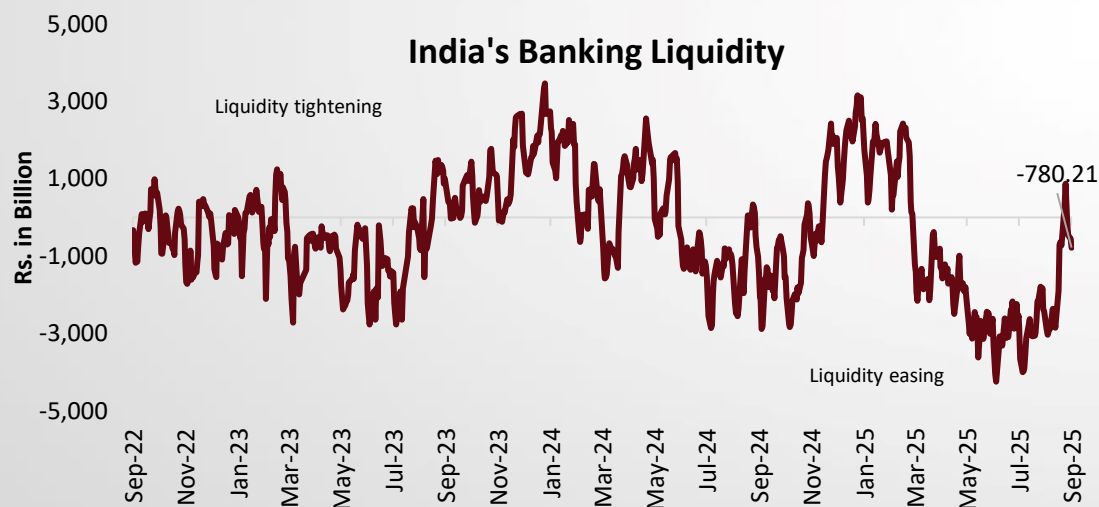
Yield on corporate bonds fell up to 11 bps across the curve, barring 1 year paper that increased by 9 bps, while 7 year paper was unchanged.

# DEBT MARKET

## System Liquidity



### INDIAN DEBT



- Banking system liquidity remained in surplus mode for the sixth consecutive month. However, towards the end of the reporting month, it briefly slipped into deficit for the first time in FY26, primarily due to outflows related to Goods and Services Tax (GST) and advance tax payments. The deficit was short-lived, as liquidity returned to surplus following a series of Variable Rate Repo (VRR) operations conducted by the RBI to support the liquidity.

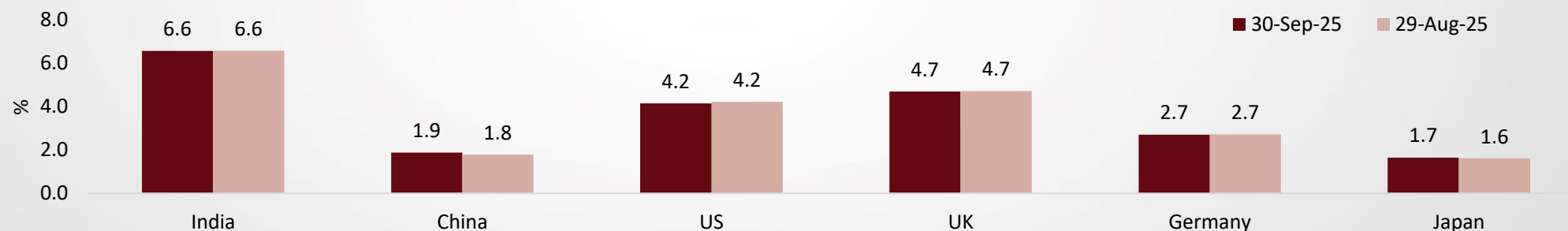
# DEBT MARKET

## Global



### GLOBAL DEBT

Yield of 10 Year Government Bonds across countries (%)



Current Yield (%)	6.6	1.9	4.2	4.7	2.7	1.7
Inflation (%)	2.1	-0.4	2.9	3.8	2.2	2.7
Real Yields (%): 30-Sep-25	4.5	2.3	1.3	0.9	0.5	-1.0

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

# 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	0.45	1.33	2.76	6.00	6.36	5.19
Liquid Fund	0.48	1.42	3.10	6.73	6.92	5.57
Ultra Short Term Fund	0.49	1.43	3.40	6.99	6.83	5.56
Low Duration Fund	0.53	1.44	3.77	7.54	7.16	5.83
Money Market Fund	0.50	1.47	3.68	7.49	7.24	5.84
Arbitrage Fund	0.34	1.22	2.77	6.36	6.73	5.40
<b>NIFTY Ultra Short Duration Debt Index</b>	<b>0.49</b>	<b>1.58</b>	<b>3.63</b>	<b>7.60</b>	<b>7.71</b>	<b>6.30</b>
Short Term Bond Fund	0.61	1.15	3.80	7.71	7.40	6.06
Medium Duration Fund	0.77	1.25	3.81	7.98	7.64	6.83
Banking and PSU Fund	0.63	1.07	3.64	7.50	7.32	5.94
Corporate Bond Fund	0.65	1.09	3.78	7.70	7.52	6.03
Credit Risk Fund	0.77	1.58	5.10	10.79	8.86	7.93
<b>NIFTY Corporate Bond Index</b>	<b>0.56</b>	<b>1.34</b>	<b>3.96</b>	<b>7.93</b>	<b>7.65</b>	<b>6.44</b>
<b>NIFTY Medium Duration Debt Index</b>	<b>0.69</b>	<b>1.04</b>	<b>3.78</b>	<b>7.69</b>	<b>7.72</b>	<b>6.30</b>
<b>Nifty Short Duration Debt Index</b>	<b>0.57</b>	<b>1.38</b>	<b>4.00</b>	<b>8.01</b>	<b>7.61</b>	<b>6.25</b>
Dynamic Bond Fund	1.00	0.25	1.95	5.33	7.06	5.72
Medium to Long Duration Fund	0.90	0.14	2.01	5.50	6.96	5.41
Gilt Fund	1.41	-0.29	0.64	4.03	6.91	5.29

- 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					
				Decreases			Increases		
Category	Avg YTM (%)	Avg Maturity (Years)	Avg Mod duration (Years)	0.25%	0.50%	1.00%	0.25%	0.50%	1.00%
Overnight Fund	5.41	0.00 Years	0.03 Years	5.42%	5.43%	5.44%	5.41%	5.40%	5.38%
Liquid Funds	5.82	0.03 Years	0.12 Years	5.85%	5.88%	5.94%	5.79%	5.76%	5.70%
Ultra Short Term Fund	6.44	0.23 Years	0.44 Years	6.55%	6.66%	6.88%	6.33%	6.22%	6.00%
Money Market Fund	6.26	0.18 Years	0.45 Years	6.38%	6.49%	6.71%	6.15%	6.04%	5.81%
Low Duration Fund	6.70	0.73 Years	0.89 Years	6.93%	7.15%	7.59%	6.48%	6.26%	5.81%
Short Term Bond Fund	6.88	3.27 Years	2.54 Years	7.51%	8.15%	9.42%	6.24%	5.61%	4.34%
Corporate Bond Fund	6.89	4.61 Years	3.29 Years	7.71%	8.53%	10.18%	6.06%	5.24%	3.60%
Banking and PSU Fund	6.75	4.41 Years	3.01 Years	7.50%	8.25%	9.76%	5.99%	5.24%	3.74%
Credit Risk Funds	7.69	3.03 Years	2.26 Years	8.25%	8.82%	9.95%	7.12%	6.56%	5.43%
Medium Duration Fund	7.36	4.89 Years	3.51 Years	8.23%	9.11%	10.87%	6.48%	5.60%	3.85%
Dynamic Bond Fund	6.88	12.28 Years	5.74 Years	8.31%	9.75%	12.62%	5.44%	4.01%	1.14%
Medium to Long Duration Fund	6.97	10.97 Years	5.66 Years	8.38%	9.80%	12.63%	5.55%	4.14%	1.31%
Gilt Fund	7.03	20.67 Years	8.45 Years	9.14%	11.25%	15.48%	4.91%	2.80%	-1.42%

- Credit Risk funds, Medium Duration funds and Gilt funds 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 x Change in Interest Rate)].



# DEBT MARKET ROUNDUP

## Key Takeaways & Outlook



### INDIAN DEBT

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

- Bond yields fell after the **government projected a smaller net revenue loss from recent GST revisions** than initially expected, easing fiscal concerns. Reassurances from officials about meeting the fiscal deficit target further supported the positive sentiment.
- However, gains were restricted despite a **25 bps rate cut by the U.S. Fed** in its Sep 2025 policy, as **hawkish commentary** from the Fed overshadowed the rate cut. The rate cut was described as a “risk-management” move, and the Fed emphasized a data-dependent approach, stating that future decisions would be made on a “meeting-by-meeting” basis.

#### Outlook:

- The outlook for domestic debt market remains **cautiously optimistic** amid a mix of global and local influences. While **trade negotiations with the U.S.** continue to introduce uncertainty and **rupee depreciation** may elevate inflation risks, domestic factors are providing a counterbalance. The expected moderation in inflation driven by **GST rate rationalization** has created **scope for an additional rate cut by the RBI** in the current easing cycle. Furthermore, the **government's borrowing strategy** for the second half of the fiscal year, particularly the reduced issuance of long-term securities, is likely to support demand and maintain a favorable tone across the yield curve. These developments suggest a supportive environment for debt investors, although vigilance around external risks remains essential.
- **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 October 2025	
Event	Date
CPI Inflation YoY Sep 2025	13-Oct-25
WPI Inflation YoY Sep 2025	14-Oct-25
WPI Manufacturing YoY Sep 2025	14-Oct-25
Passenger Vehicles Sales YoY Sep 2025	15-Oct-25
Balance of Trade Sep 2025	15-Oct-25
Unemployment Rate Sep 2025	15-Oct-25
Industrial Production YoY Sep 2025	28-Oct-25
Government Budget Value Sep 2025	31-Oct-25



### GLOBAL

Events for October 2025	
Event	Date
U.K. ILO Unemployment Rate Aug 2025	14-Oct-25
Germany HICP Final YoY Sep 2025	14-Oct-25
China CPI YoY Sep 2025	15-Oct-25
U.S. CPI YoY, NSA Sep 2025	15-Oct-25
Euro Zone HICP Final YoY Sep 2025	17-Oct-25
China Loan Prime Rate 1Y Oct 2025	20-Oct-25
U.K. CPI YoY Sep 2025	22-Oct-25
Japan CPI, Overall Nationwide Sep 2025	23-Oct-25

# MUTUAL FUND DASHBOARD

## Category Performance

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# MUTUAL FUND DASHBOARD

## Category Performance



### CATEGORY PERFORMANCE

Equity Category:	1 Yr	3 Yr	5 Yr	10 Yr
Large Cap	-4.95	14.87	18.20	12.28
Large & Mid Cap	-4.99	18.15	22.06	14.54
Multi Cap	-5.15	18.73	23.58	14.93
Flexi Cap	-5.49	16.29	19.97	13.79
Mid Cap	-5.53	20.26	24.82	15.88
Small Cap	-7.61	19.59	27.59	16.83
Focused	-5.53	15.97	19.43	13.56
Value	-6.97	19.80	23.40	14.41
Hybrid Category:				
Conservative Hybrid	3.72	9.10	9.25	7.60
Balanced Hybrid	1.05	--	--	--
Balanced Advantage	-1.20	11.88	12.36	9.79
Multi Asset Allocation	5.47	17.33	18.27	12.79
Aggressive Hybrid	-2.05	14.57	17.27	11.66

Debt Category	3 Mths	6 Mths	1 Yr	3 Yr
Money Market:				
Overnight	1.33	2.76	6.00	6.36
Liquid	1.42	3.10	6.73	6.92
Ultra Short Duration	1.43	3.40	6.99	6.83
Low Duration	1.44	3.77	7.54	7.16
Money Market	1.47	3.68	7.49	7.24
Accrual:				
Short Duration	1.15	3.80	7.71	7.40
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Banking & PSU Debt	1.07	3.64	7.50	7.32
Corporate Bond	1.09	3.78	7.70	7.52
Floating Rate	1.20	3.80	7.74	7.68
Credit Risk	1.58	5.10	10.79	8.86
Duration:				
Medium to Long Duration	0.14	2.01	5.50	6.96
Long Duration	-0.38	-0.06	3.06	7.87
Dynamic Bond	0.25	1.95	5.33	7.06
Gilt	-0.29	0.64	4.03	6.91
Gilt Fund with 10 year constant duration	-0.09	2.60	6.72	8.14

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 30th Sep 2025. Source: MFI 360 Explorer <http://www.icraanalytics.com/legal/standard-disclaimer.html>

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