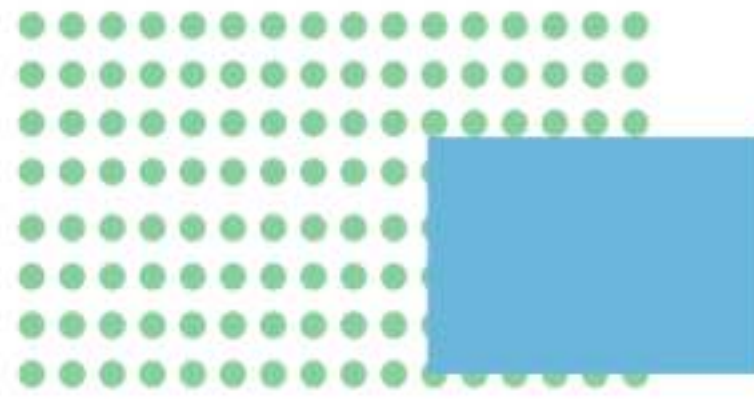


Market Outlook

November 2025



INDEX



01

Economic Outlook

- Indian Economy Overview
- India's Merchandise Trade Deficit Widens
- System Liquidity in Deficit
- Industrial Activity Shows Mixed Trends
- IMF Pegs India's 2025 Growth at 6.6%

02

Equity Outlook

- Preview of the Month
- Valuation of India Equity Markets
- Earnings
- Institutional Activities
- Global Equity Outlook
- In-House View

03

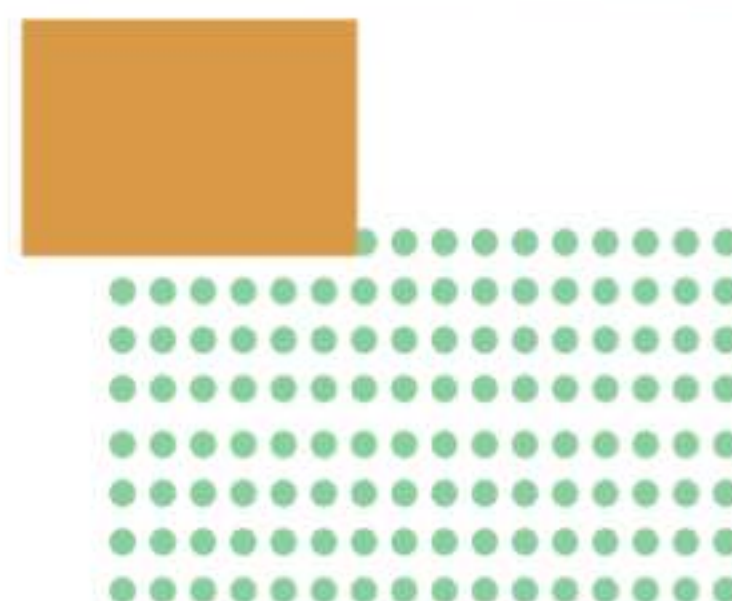
Debt Outlook

- Global Debt Outlook
- Indian Debt Outlook
- In-House View
- Commodity Outlook

04

Investing Ideas

- Products



CEO's desk

We're pleased to present this month's Market Outlook, highlighting the major economic and market forces shaping today's investment landscape. Global developments, evolving policy dynamics, and persistent geopolitical uncertainties continue to influence sentiment across asset classes. In this environment, our focus remains on delivering clear, data-driven insights to help investors make informed decisions amid evolving market dynamics.

Global equity markets have remained resilient, though policy uncertainties and geopolitical risks, including tariffs, have created pockets of volatility. Domestic equities are consolidating, reflecting a cautious wait-and-watch approach as fiscal support and central bank actions provide cushioning against external pressures. Gold continues to attract attention as a hedge, with its multi-year performance underscoring its role during periods of currency fluctuations and policy volatility.

Bond markets continue to reflect a balance between evolving domestic conditions and global influences. Softer inflation trends and calibrated policy actions have guided short-end yields, while the long end remains shaped by fiscal borrowing needs and currency movements. International factors including central bank decisions and cross-border capital flows continue to influence sentiment, keeping yield dynamics finely poised across the curve.

The economy continues to demonstrate steady momentum, underpinned by resilient domestic demand and supportive policy measures. Coordinated fiscal support and a measured monetary stance are helping preserve the economy's growth rhythm amid shifting global and domestic dynamics. At the same time, evolving global conditions including trade dynamics, policy shifts, and external demand trends remain key influences shaping the near-term outlook.

We continue to closely monitor evolving global economic and market trends. In an environment shaped by multiple moving parts, staying adaptable and informed will be essential in the period ahead.



Manu Awasthy

Manu Awasthy
CEO & Founder
Centricity

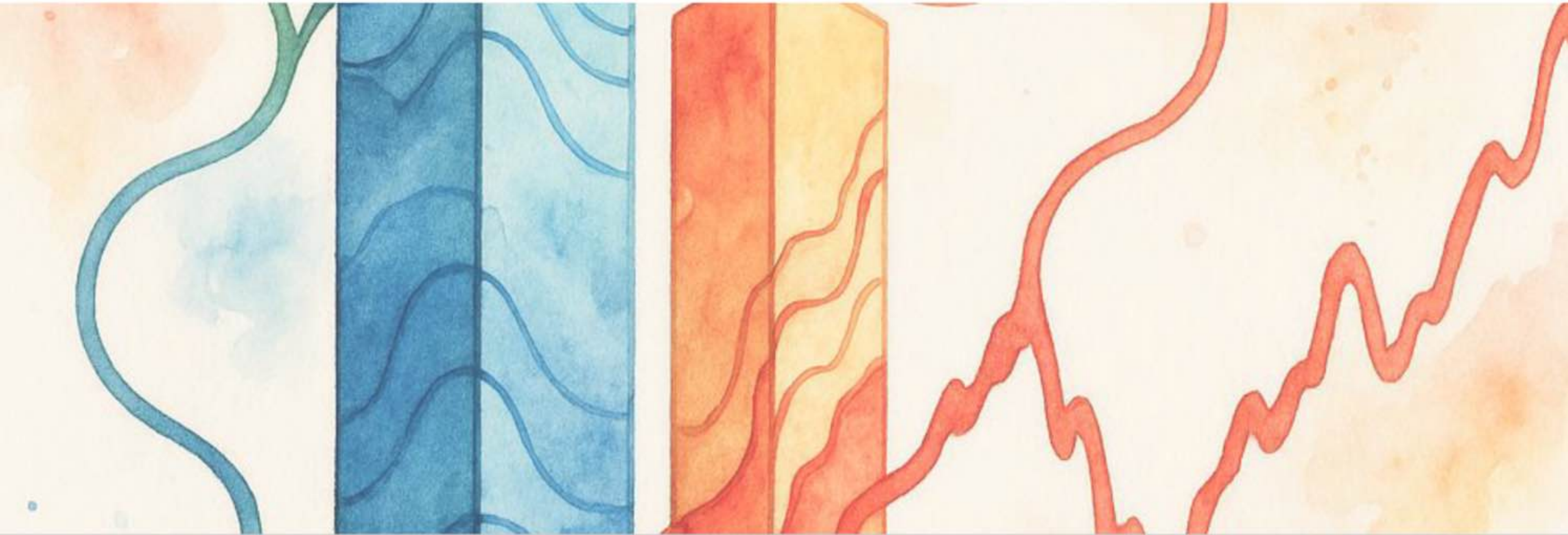
Pulse check

Fed Delivers Second Rate Cut, Signals a More Cautious Path Ahead



The Federal Reserve delivered a **25-basis point rate cut at its October meeting**, lowering the benchmark federal funds rate to a range of **3.75%–4.00%**. This marks the central bank's second consecutive cut, bringing it down to its lowest in last three years **owing to gradual cooling of labor market in recent months**.

While the majority supported a modest 25-basis-point reduction, two members dissented at the October Fed meeting. Stephen Miran supported a sharper 50 bps reduction, while Kansas City Fed President Jeffrey Schmid voted to keep rates unchanged.



Inflation: Progress Made, but Price Pressures Still Above Target

Inflation has eased notably from its 2022 high but remains above the Federal Reserve's 2% target. Goods inflation has shown some renewed firmness in recent months with tariff effect coming into play, while service inflation continues to moderate at a gradual pace.

The Fed acknowledged that while upside risks to inflation persist, they are largely viewed as one-off effects. **Once the impact of tariffs is fully absorbed, prices are expected to stabilize at the new level. According to Powell, non-tariff inflation remains around 2.3–2.4%, broadly aligned with the Fed's target range.** Policymakers maintained that the current policy stance remains modestly restrictive, which is adequate to guide lower inflation.

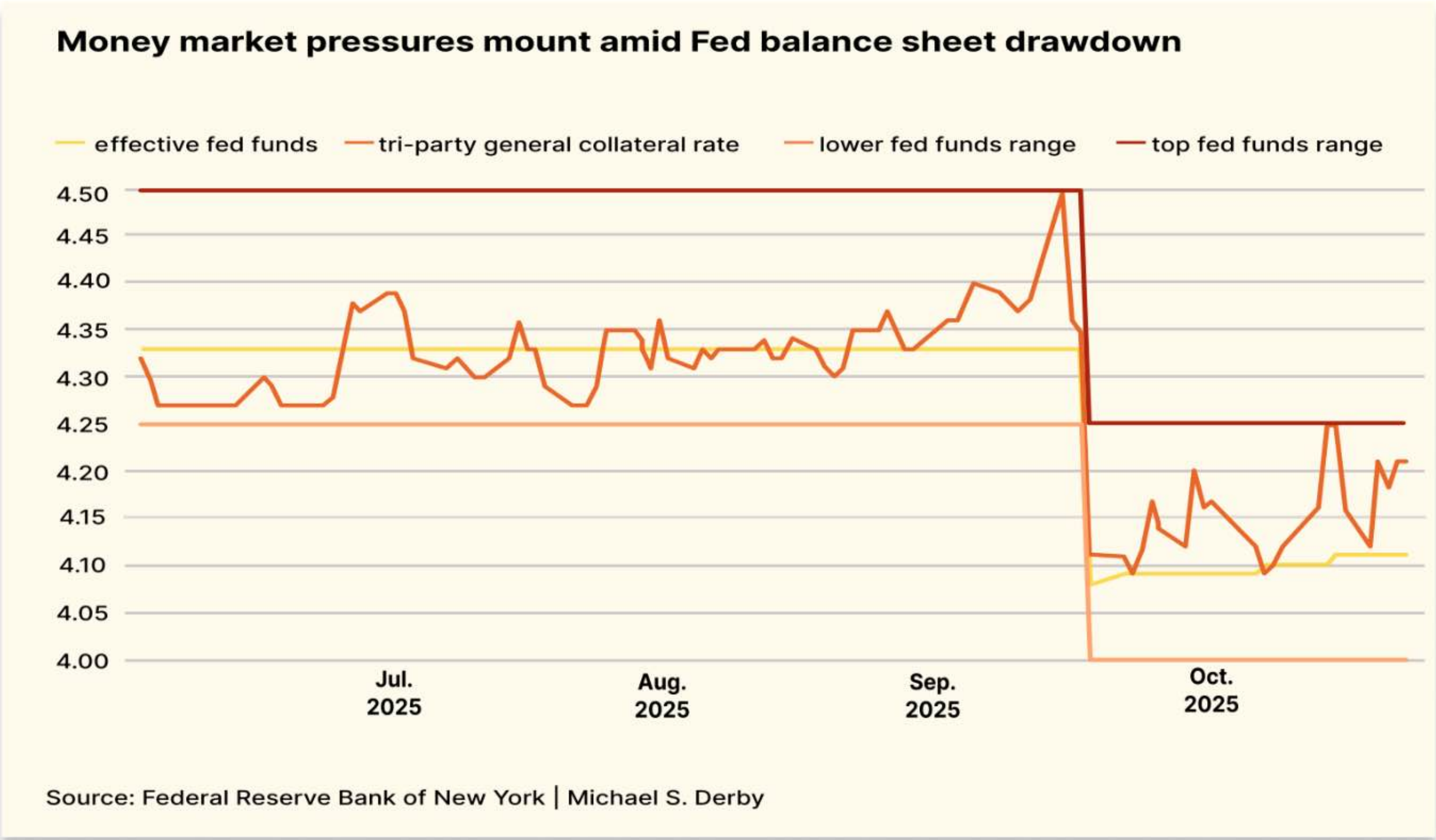
Employment: Labor Market Cooling Driven Largely by Supply Dynamics

Labor market conditions have moderated further, with job gains slowing and unemployment inching up from earlier lows. **The adjustment has been driven primarily by supply-side factors**, including reduced immigration and lower labor force participation, which have limited the inflow of new workers. This has contributed to easing hiring momentum and a gradual moderation in wage growth.

Fed To Freeze Balance Sheet Run-Off from December 1, 2025

The Fed announced that it will **pause the process of shrinking its balance sheet**, effectively freezing the size of its holdings at around **US\$6.6 trillion**. This means the Fed will stop allowing Treasury and mortgage-backed securities to mature without replacement and instead reinvest the proceeds to maintain the current balance sheet size.

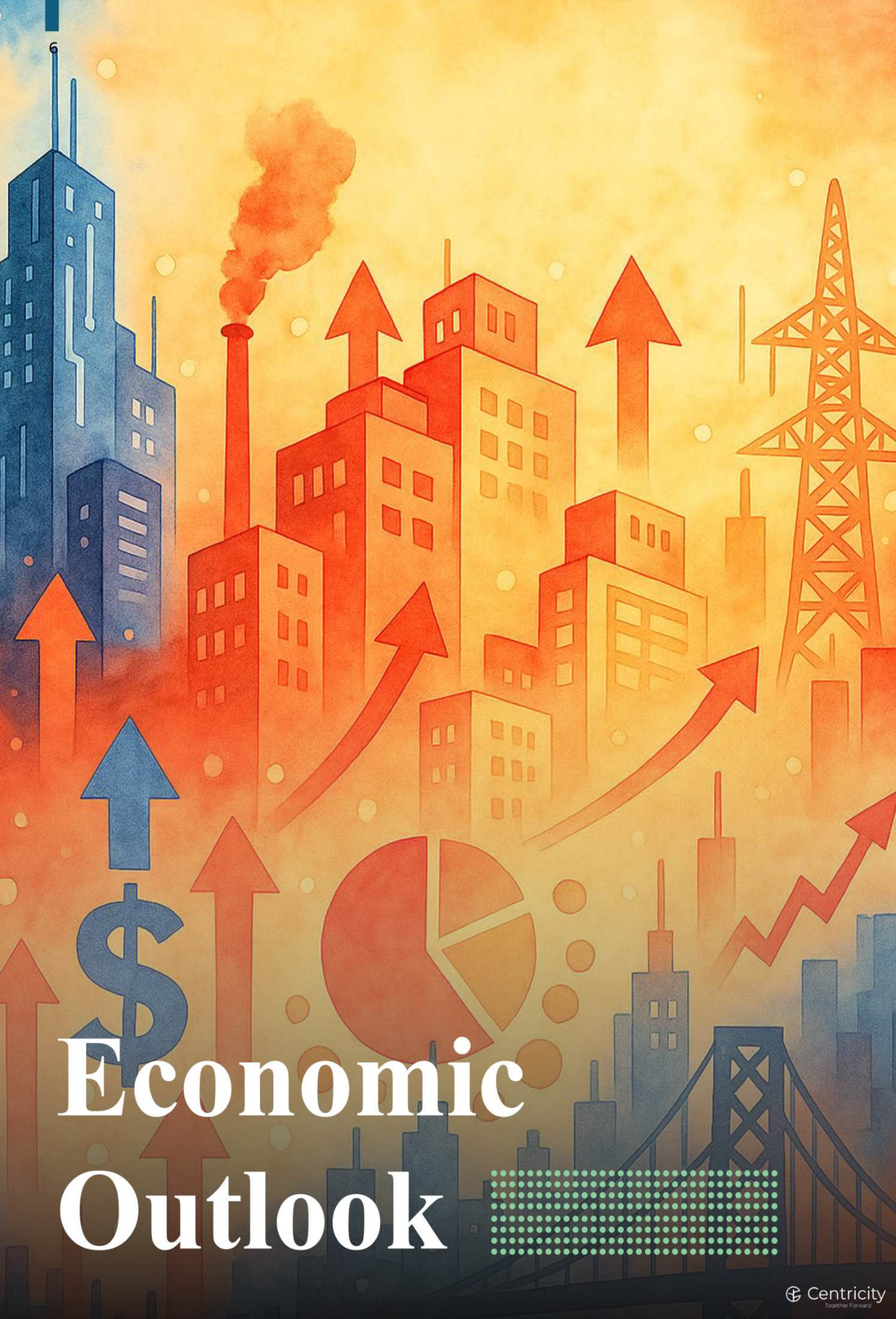
The move comes as signs of **tightening liquidity** have begun to appear in the money markets as banks have increasingly tapped the Fed’s short-term funding facilities, suggesting cash in the system is becoming scarcer.



By pausing the run-off, the Fed aims to prevent **bank reserves from falling too low**, which could lead to volatility in money markets and push short-term interest rates outside its target range.

Outlook

The Fed has already delivered two consecutive rate cuts, and the October decision was taken amid a data blackout caused by the government shutdown. We expect the Fed to hold rates in December meeting. This pause would serve a dual purpose of allowing time for the economy to absorb the impact of earlier easing and giving the Fed space to evaluate fresh data once it becomes available (assuming the shutdown continues). As Chair Powell also emphasized that “another cut is not a foregone conclusion,” it signals a preference for patience, rather than a rapid sequence of additional reductions.



Economic Outlook

Indian Economy Overview

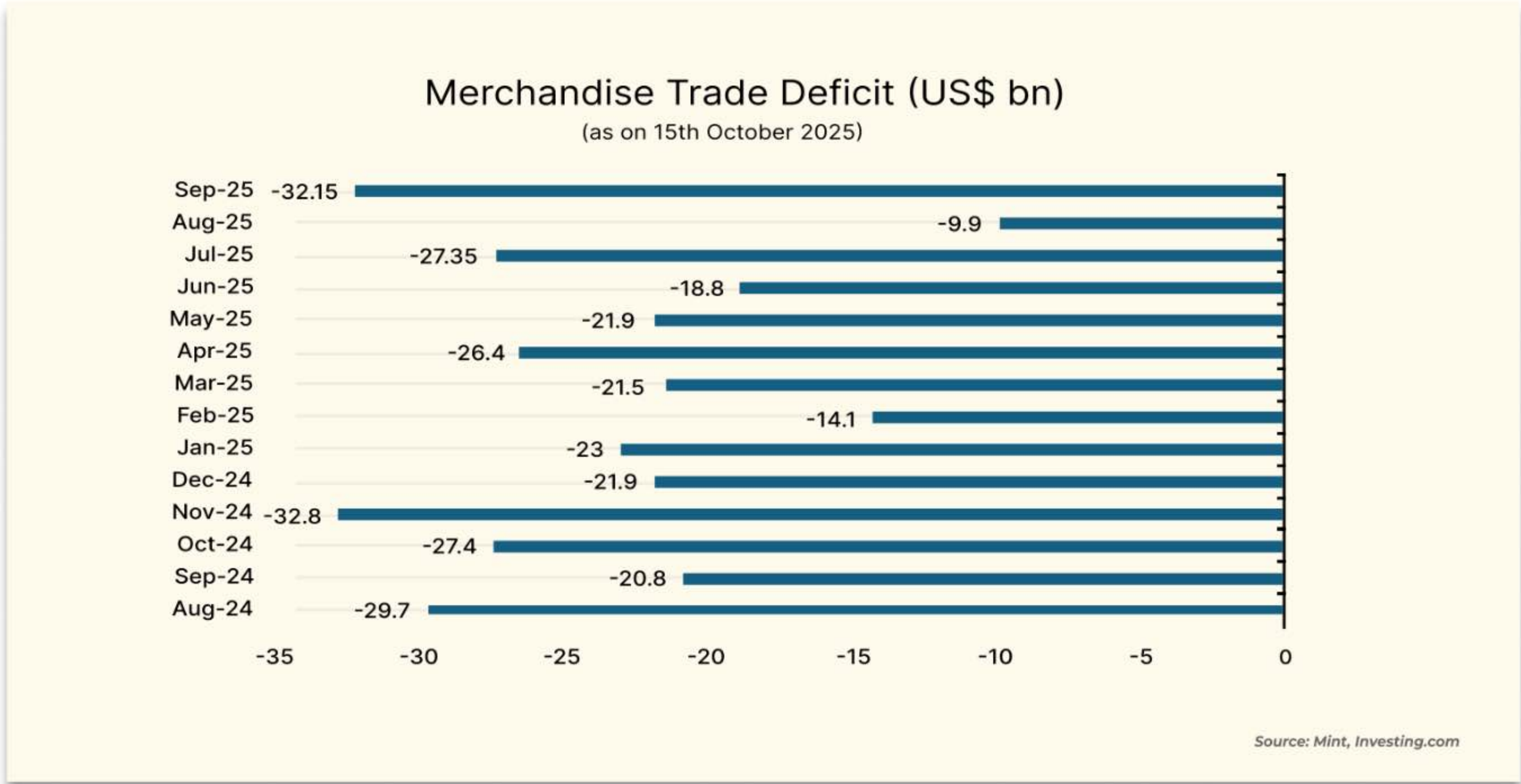
- 1. India’s real GDP grew **7.80% in Q1 FY26**, up from **6.50% in FY25**. The pickup was led by strong services and government spending.
- 2. **CPI Inflation decreased to 1.54% in September 2025**, aided by high base and softening food inflation.
- 3. Fiscal Deficit for the first 6 months of this fiscal year through September stood at **₹5.73lakh crores or 36.5%** of the annual estimate.
- 4. Current account deficit eased to **0.20% of GDP for Q1 FY26**.
- 5. India’s forex reserves rose to **USD 695.3 billion as on 31st October**, after brief volatility in mid-FY due to capital outflows.
- 6. The rupee remained broadly stable, averaging around **₹88.3/USD**.
- 7. Net direct tax collections stood at **₹11.89 lakh crore as on 12 October 2025**, registering **6.33% gain** over the same period last year.
- 8. Total Net GST Revenue stood at **₹1.69 lakh crore** in September, marking a **0.6% increase**.



Domestic Macro Indicators											
FY	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	Current
Real GDP Growth (%)	8.0	8.3	6.8	6.5	3.9	-5.8	9.7	7.6	9.2	6.5	7.8
Average CPI Inflation (YoY%)	4.9	4.5	3.5	3.4	4.7	6.1	5.5	6.6	5.6	4.6	1.54
Forex Reserves (USD billion)	356	370	424	413	490	579	606	579	648	676	695.3
Currency (USD-INR)	66	64	66	70	75	74	77	82	83	86	88.6
Net Direct Tax Collections	7.4	8.5	10.0	11.3	10.5	9.4	14.1	16.1	15.8	22.2	11.8
Current Account (%GDP)	-1.1	-0.6	-1.9	-2.4	0.1	-0.2	-1.5	-2.2	0.7	-1.1	0.2
Fiscal Deficit (%GDP)	3.9	3.5	3.5	3.4	4.6	9.3	6.7	6.4	5.6	4.8	4.4 (Target)

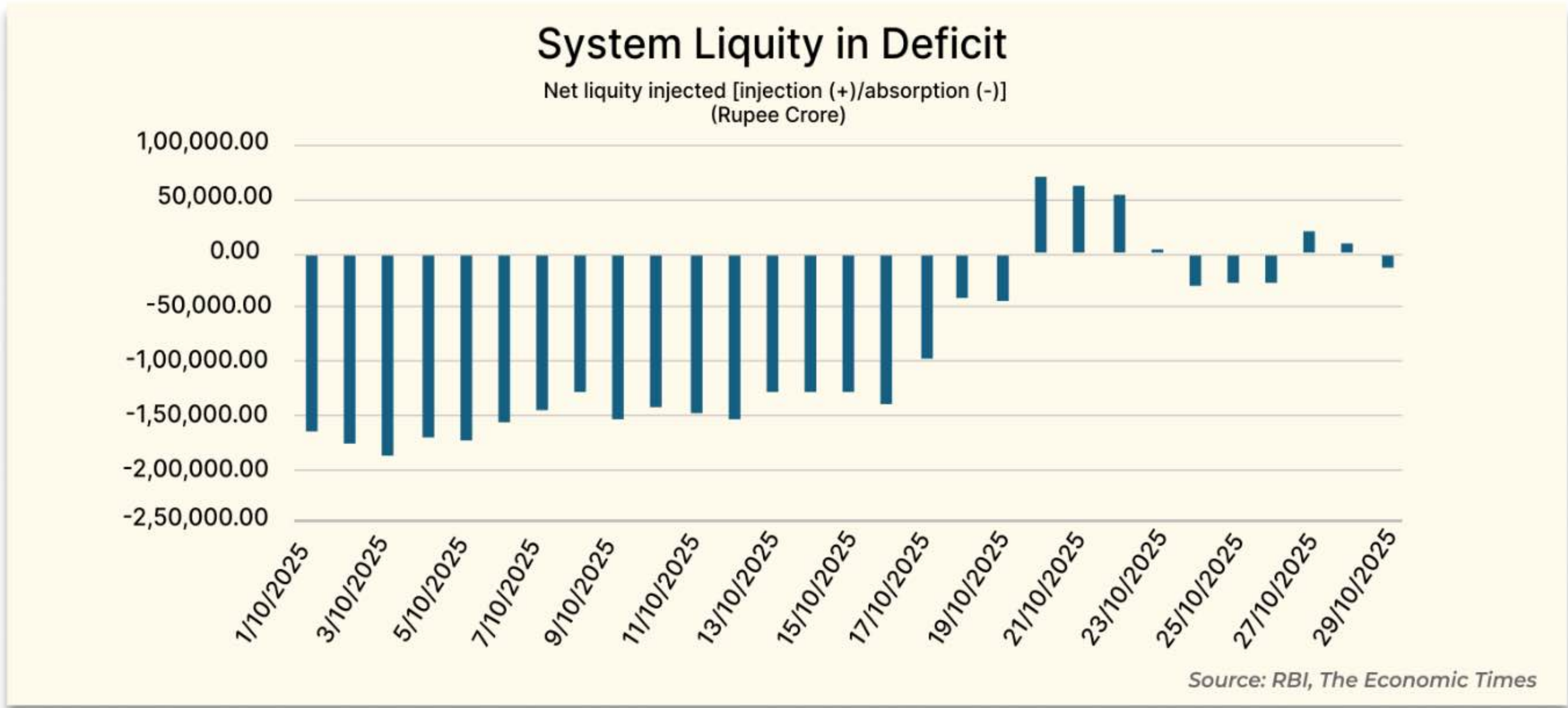
India’s Merchandise Trade Deficit Widens

India’s trade deficit widened sharply in September, marking its steepest gap in over a year as US tariffs on Indian goods began to bite. The 50% levy, effective from late August, has distorted trade flows, exporters had rushed shipments earlier, but the impact is now showing through higher import bills and slowing competitiveness in key labour-intensive sectors. While exports managed modest growth, imports surged on the back of gold, oil, and electronics, pushing the deficit above \$32 billion. The pressure on the rupee remains, despite the RBI’s active interventions, underscoring how external frictions and tariff barriers are beginning to feed into costlier imports and potential inflationary spillovers.



System Liquidity in Deficit

Liquidity has tightened notably in recent weeks, reflecting the combined impact of the RBI’s sustained dollar sales to stabilise the rupee and a seasonal surge in cash withdrawals ahead of the festive period. The shift from surplus to deficit liquidity underscores the strain from foreign exchange interventions and robust currency demand, even as government spending patterns remain uneven. While the central bank has been active through variable rate repos to manage short-term pressures, money market rates edged higher, signalling tighter funding conditions



Industrial Activity Shows Mixed Trends

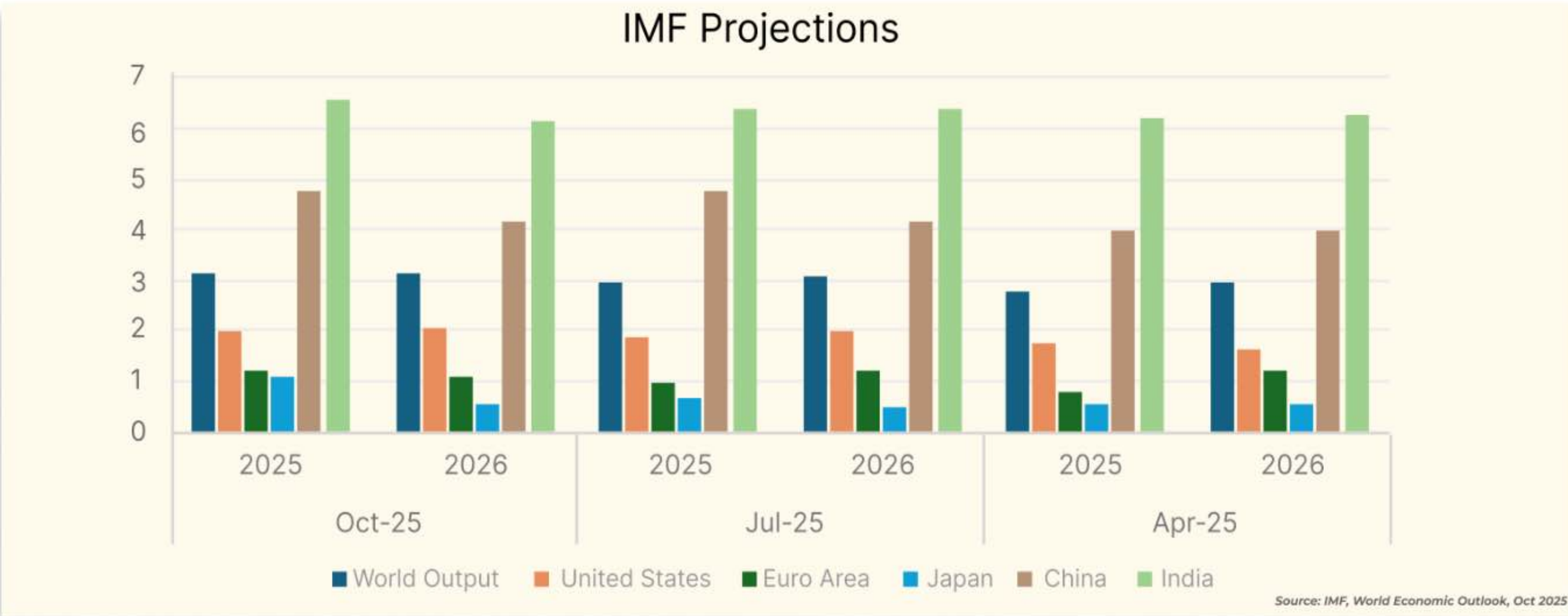
Growth momentum in India’s core industries eased sharply to 3.0% (y-o-y) in September from 6.5% (y-o-y) in August, signalling a soft patch for industrial activity as the economy enters the second half of the fiscal year. **Output contracted in half of the eight core sectors, coal, crude oil, natural gas, and refinery products pointing to weaker energy demand and persistent supply constraints.**

Meanwhile, **The HSBC India Manufacturing, rose to 59.2 from 57.7 in September.** Output growth accelerated supported by solid demand conditions and increased technology investments. However, international sales growth softened, with new export orders rising at the slowest pace in ten months, even as overall demand remained firm. While input cost inflation eased to an eight-month low, output charge inflation stayed high for the second consecutive month. Business confidence eased slightly from a seven-month high but remained positive.



IMF Pegs India’s 2025 Growth at 6.6%

The IMF’s latest World Economic Outlook places India’s growth at **6.6% for 2025**, reaffirming its position as one of the fastest-growing major economies, ahead of China’s projected 4.8%. The upgrade reflects India’s strong first-quarter momentum, which helped offset the drag from new U.S. tariffs on exports. However, compared with the pre-tariff scenario, growth remains marginally lower, underscoring the subtle impact of external headwinds. The Fund expects growth to moderate to **6.2% in 2026**, citing a likely tapering of early-year strength. Globally, growth is expected to remain steady at around 3.2%, supported by resilient domestic demand but constrained by geopolitical tensions, protectionism, and uneven disinflation. For India, these projections highlight a nuanced reality, domestic consumption and public capex remain sturdy anchors, but trade disruptions and a softer global backdrop could weigh on export-linked sectors

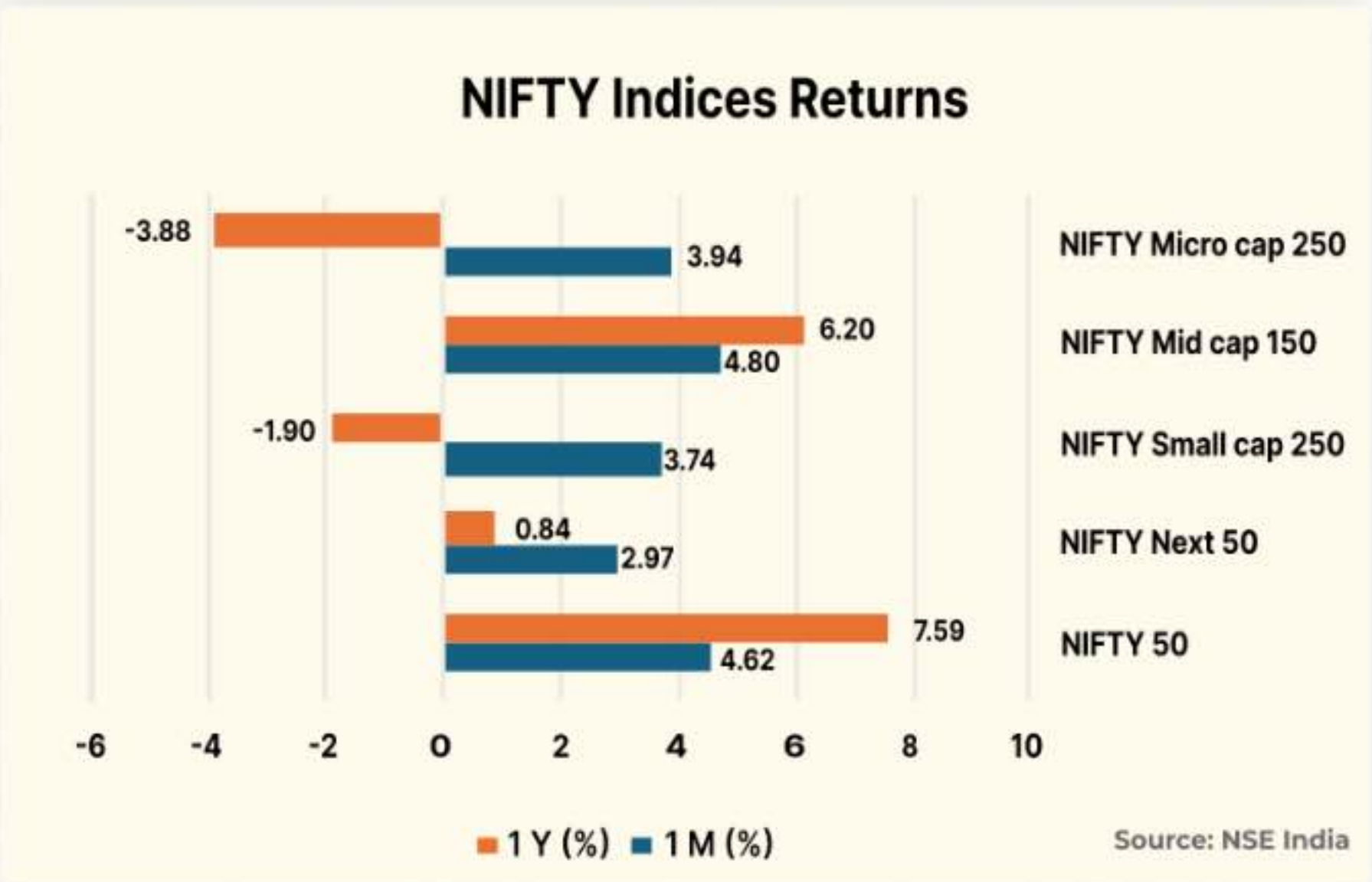




Equity Outlook



Monthly Recap :- October



	Returns (%)		
	1 M	3 M	1 Y
Auto	1.01	13.70	15.07
FMCG	2.74	0.87	-3.15
Media	-0.25	-5.22	-23.21
Financial Services	4.31	2.07	14.75
Metal	5.72	14.6	14.76
Pharma	3.37	-2.56	-1.76
Consumer Durables	4.06	0.99	-1.16
Oil & Gas	6.29	6.86	6.93
Realty	9.22	3.98	-4.88
Energy	4.23	-3.70	-19.26
Infrastructure	6.21	5.71	9.35
India Defence	3.63	4.79	28.88
India Consumption	2.92	5.94	9.24
Commodities	4.70	7.99	6.96
Housing	1.29	-0.78	-5.97
Bank	4.34	4.73	4.54
IT	6.89	1.91	-9.48

Source: NSE India

1. October Recovery — Renewed Flows and Earnings Strength Support Gains

The Nifty 50 rebounded strongly in October, posting a gain of 4.62% MoM powered by renewed foreign interest and strength in banking & financial stocks. The rally marked a continuation of the uptrend from late September as easing inflation and sustained domestic inflows boosted confidence.

Midcaps and Smallcaps also posted steady gains of around 3.74% and 4.80% MoM respectively, though the broader market still shows mixed momentum. One-year returns across most Nifty indices remained uneven. While the Nifty 50 (+7.56% YoY) outperformed on resilience in large-caps, Micro-caps (-3.88% YoY) and Small-caps (-1.90%YoY) continued to lag due to valuation concerns and periodic profit-taking.

Overall, the rebound reflected stronger domestic liquidity, improved corporate results, and expectations of continued policy stability, though the uptick remains selective and earnings-driven.



2. Sectoral Bifurcation — Leadership Narrows Amid Select Resilience

- **Auto and Financials extended their gains**, supported by festive demand, easing financing conditions, and resilient loan growth. Auto stocks rose 1.01% MoM, while Financial Services gained 4.31% amid **strong quarterly results and healthy credit expansion**.
- **Metals and Infrastructure continued to outperform**, rising 5–6% MoM as global commodity prices firmed and India's capex push sustained demand across steel and construction-linked firms.
- **IT and FMCG** remained under pressure despite mild rebounds; IT rose 6.89% MoM but faces weak export orders and cautious U.S. tech spending.
- **Realty emerged as a standout performer in October 2025**, driven by a sharp rebound in fundraising activity. The industry raised over **₹23,080 crore** across 12 deals, the highest in seven years.
- **Banking stocks saw steady gains in October**, with the Nifty PSU Bank Index up around 2% supported by strong Q2 results, improved asset quality, and robust loan growth.
- **Oil & Gas** stocks posted modest gains, supported by steady crude prices and improved refining margins. Upstream companies performed better, while downstream players saw limited benefit due to pricing controls.



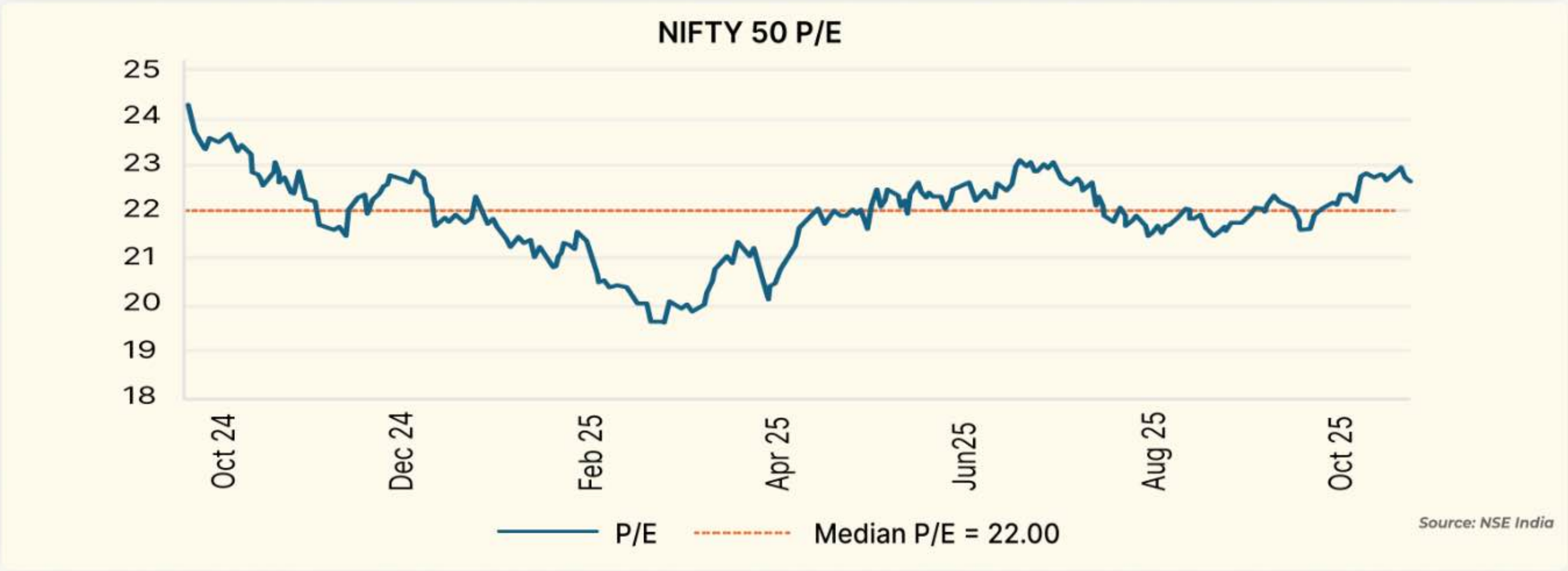
Valuation of Indian Equity Markets

The Nifty 50 stands at 22.64, marginally below its 10-year average of 23.49, while the Nifty Next 50 trades at 20.66, comfortably under its long-term mean of 27.43. The broader Nifty 500 is at 24.60, also below its 10-year average of 26.69, suggesting index-level valuations remain moderate. However, with earnings growth trending in mid-single digits, current multiples still indicate limited valuation comfort compared to earlier high-growth phases.

	TTM P/E (As on 31 st Oct' 25)	Apr'15-Mar'25 (10 Yr Historical Average)
Nifty 50	22.64	23.49
Nifty Next 50	20.66	27.43
Nifty Smallcap 50	31.80	33.04
Nifty Midcap 100	34.33	30.57
Nifty 500	24.60	26.69

Source: NSE India

Mid- and small-cap valuations remain elevated, with the Nifty Small-cap 100 at 31.80 (vs. 10-year avg. 33.04) and the Nifty Midcap 100 at 34.33 (vs. 30.57). Strong domestic inflows through mutual funds and continued retail participation have kept these segments buoyant. **The valuation gap between large-caps and broader market segments has widened again**, suggesting investors are still chasing momentum rather than fundamentals. **This leaves mid- and small-caps more vulnerable to profit-booking if earnings disappoint or liquidity moderates.** As a result, large-caps, which currently trade at more reasonable valuations, appear better positioned for investment. Also, while certain small-cap pockets continue to offer high growth at reasonable valuations, the overall earnings trajectory in the broader space remains uneven, making **selective stock-picking critical.**



Market Breadth Narrows as Selective Opportunities Emerge

The P/E spread for companies in the NIFTY Total Market Index clearly demonstrates two dominant valuation clusters. On one hand, **the banks and broader financials segment is heavily concentrated in the <25 P/E band.** FDI inflows into the banking sector have surged, and despite expectations, banks have maintained stable NIMs in Q2 FY26. The sector remains attractive with valuation comfort and ample liquidity to support growth.

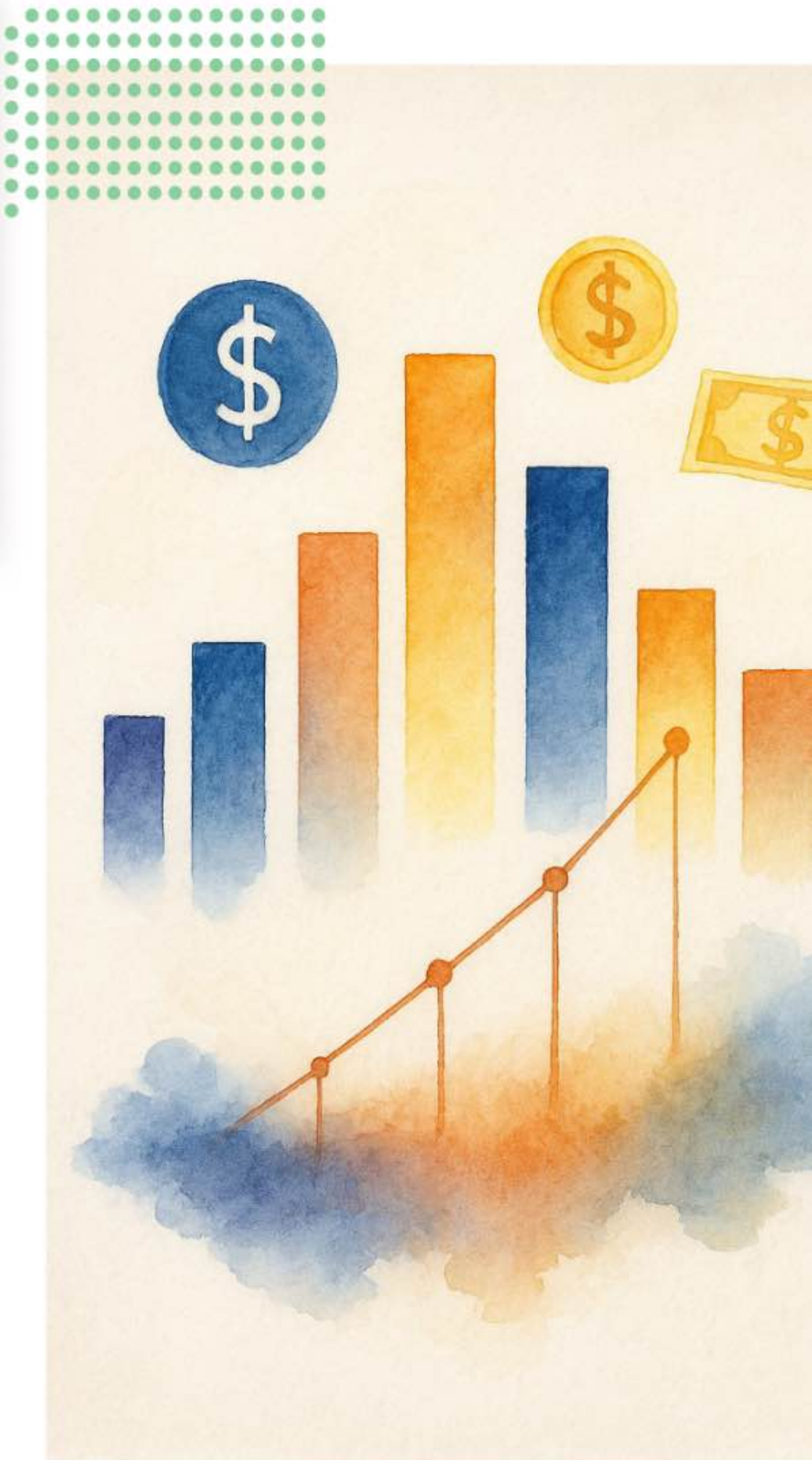
On the other hand, **sectors such as retailing, auto components, healthcare services, consumer durables as well as new age companies and defence names are occupying the higher multiple brackets (50–75 and above)** as they benefit from faster revenue growth, stronger structural growth and margin expansion potential that the market is willing to pay up for. **However, Centricity as a house maintains its opinion of staying cautious.** The number of IPOs at high valuations in the new age space also warrants caution. It continuous to be a space of new developing and disrupting business models but the valuations are now extremely rich.

NIFTY Total Market Index Companies P/E		
P/E Range	No.of Companies	% of Total Companies
<25	200	26.67
25-50	266	35.47
50-75	135	18.00
75<	110	14.67

Source: Screener.com
Note: Total adds up to 711 as P/E for 39 companies was not available.

The **cyclical and commodity-exposed sectors**, including mining & metals, oil & gas, construction and industrial products, are **clustered in the lower to mid multiples (<25 and 25–50)** because their earnings are more dependent on macro swings, commodity-price movements and investment cycles, which adds unpredictability and dampens valuation. The mid-band (25–50) therefore houses **many established companies in sectors such as chemicals, industrial manufacturing, pharma and diversified consumables which combine moderate growth prospects with some cyclicality**. This basket of stocks also has good opportunities in newer spaces within sectors like recycling, engineering as well as a few small cap technology companies.

Overall, the distribution highlights a divided market: cyclical and low-growth sectors trade at modest valuations, while firms with steady growth and strong margins command higher multiples. Amid this, selective opportunities exist across banking, capital markets, technology, engineering, and emerging areas like recycling, though careful stock selection remains essential.



Earnings So Far – Our View

India Inc’s Q2 FY26 earnings season reflected a steady improvement in profitability indicating renewed confidence in corporate fundamentals. Aggregate earnings, for companies that have declared the results so far, grew around **14% year-on-year**, supported by steady domestic demand and margin gains. **Midcaps outperformed** with ~26% earnings growth, while **large caps** grew 13% and **small caps** lagged at 3%, underscoring a selective and uneven recovery.

Sector-wise speaking, the uptrend was led by **oil & gas, cement, capital goods, and banking**. Oil and gas rebounded on better refining margins, cement profits surged over 140% aided by price discipline and cost savings, and capital goods benefited from strong order inflows and infrastructure spending. **Metal** producers saw moderate **single-digit growth** on improved realizations, while the **banking and financial** sector maintained stable NIMs and loan growth despite rising funding costs. Overall, Q2 FY26 reflected **broad-based earnings resilience** driven by domestic cyclicals and financials, though performance remained uneven, keeping **stock selection key** amid stretched valuations in certain growth sectors.

Institutional Activities



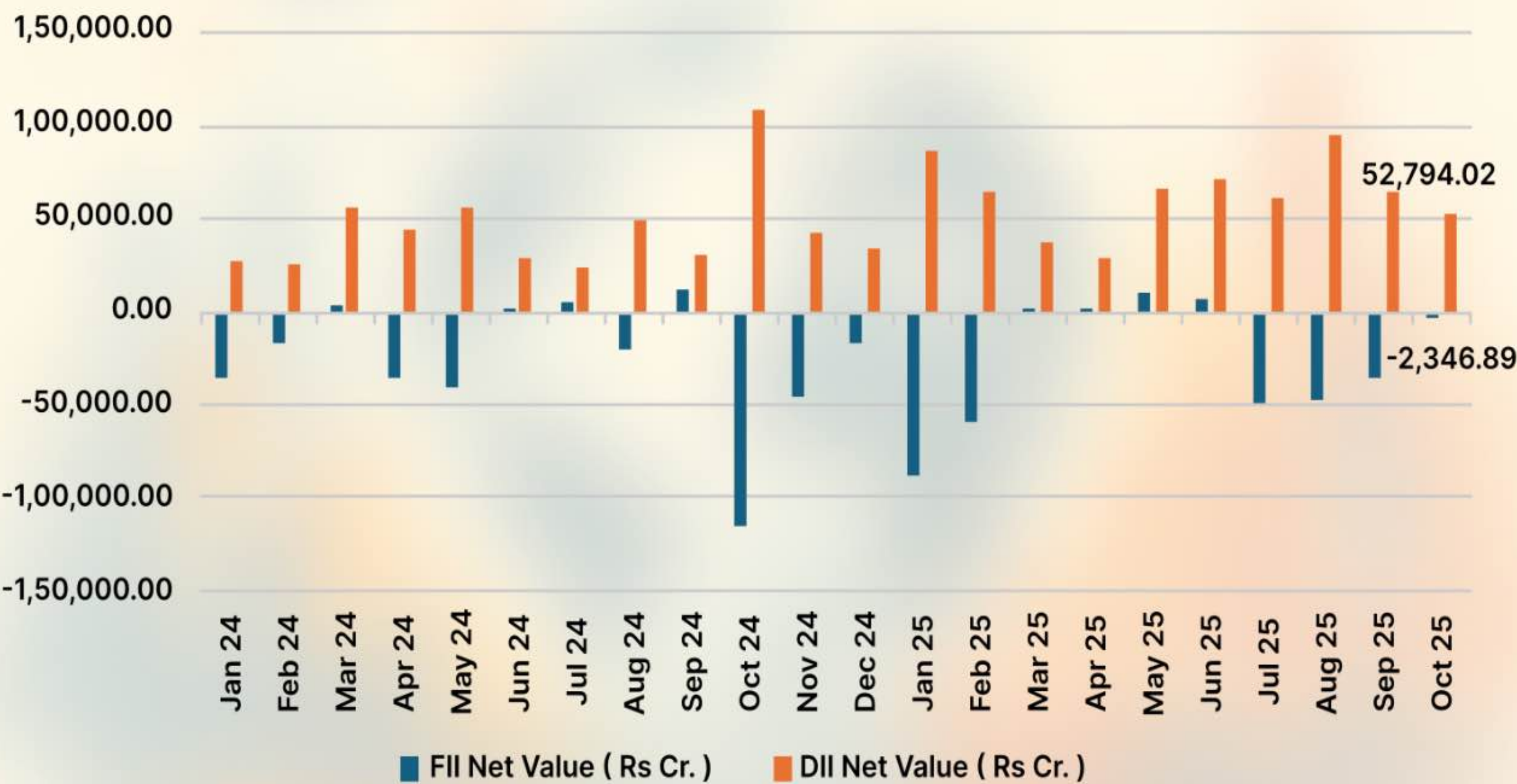
FII Buying Returns After Three-Month Selloff

- **Renewed Foreign Interest:** FIIs, though remained net sellers in the cash segment, withdrawing around ₹2,347 crore, but the pace of selling slowed sharply from the heavy outflows of over ~ ₹35,000 crore seen in September.
- **Drivers of Buying:** While overall cash-market selling persisted, foreign investors showed growing participation in the **primary market**, investing over ₹10,700 crore, the second-highest monthly figure this year, as IPOs delivered strong listing gains. Moderating valuations, steady earnings visibility, and macroeconomic resilience further supported selective buying, particularly in financials and capital goods.

DII Offset FII Selling Pressure

- **Robust Domestic Support:** Domestic institutional investors continued to provide a strong counterbalance, recording ₹52,794 crore in net investment during October, their ninth consecutive month of inflows.
- **Sectoral Focus:** DIIs focused on domestic-oriented sectors such as consumption, private banks, and infrastructure, supported by steady SIP flows and resilient corporate earnings. Their consistent participation remained a key stabilizing force, cushioning markets against foreign selling and sustaining liquidity momentum.

Graph: FII-DII in Cash Segment



Source: Moneycontrol.com

Global Markets

Asian equities showed sharp divergence. **South Korea’s KOSPI 50 emerged as the standout performer**, surging over ~22% MoM in October and **crossing the 4,000 mark for the first time since 2021**. The rally was driven by strong foreign inflows, robust semiconductor earnings, and optimism around AI-linked exports. **Japan’s Nikkei 225 also posted a strong month, recording over 16% MoM gains and crossing the 50,000 threshold for the first time**, supported in part by a large fiscal stimulus plan and a new government promising proactive spending.

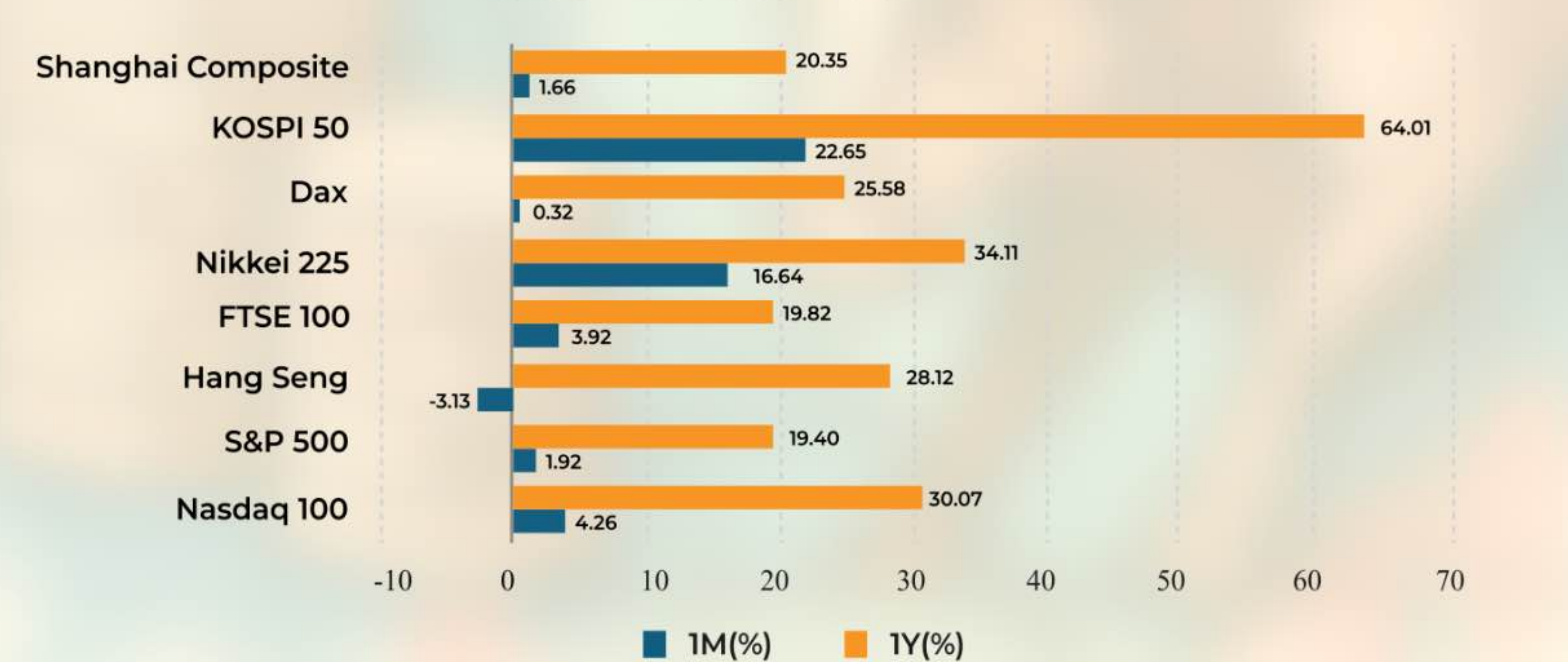
Chinese and Hong Kong equities remained under pressure in October, with the Shanghai Composite edging up just around 1.66% MoM while the Hang Seng slipped over 3.13% MoM. The weakness was largely driven by disappointing economic data. **China’s official manufacturing PMI fell to 49.0, its seventh straight month in contraction**, signalling that factory activity and demand remain subdued. **Persistent property-sector stress, industrial overcapacity, and shifting global supply chains** further dampened confidence.

Across Europe, sentiment was broadly positive but cautious. Germany’s DAX and other major indices largely paused as business activity slowed to its weakest pace in five months. **FTSE 100 fared better, rising nearly ~4.00% MoM in October, majorly lead by financials and mining stocks**. Banking shares and insurers rallied on expectations of rate cuts by major central banks, while precious-metal miners benefited from firmer gold prices amid geopolitical uncertainty.

U.S. equities extended gains in October, though momentum showed signs of moderation. The S&P 500 rose 1.92% MoM while the Nasdaq 100 gained 4.26% MoM, supported by **resilient corporate earnings and continued enthusiasm around AI-driven innovation**. Big Tech led the advance amid slowing economic growth and expectations that the Fed’s tightening cycle is effectively over. However, **narrow market breadth and elevated valuations hinted at increasing caution**, suggesting that while sentiment remains constructive, investors are growing selective about risk exposure.

Overall, October 2025 marked a consolidation phase for global equities, with gains driven by tech strength in the U.S. and Asia offset by weakness in China and muted momentum in Europe. Investors grew more selective, focusing on fundamentals, underscoring cautious optimism.

Global Indices Return



Note: As on 3rd Nov 2025
Source: Moneycontrol.com

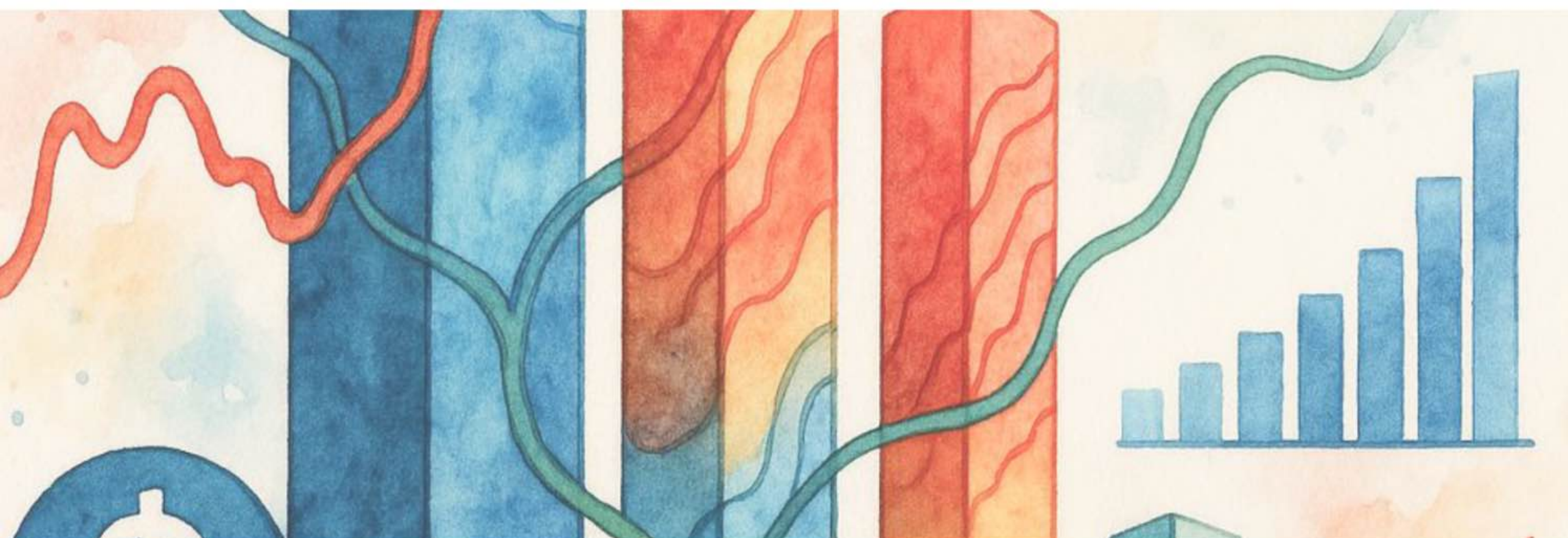
Equity In-House View



Domestic Outlook

The Indian market feels **calmer and better placed** than last year. Fundamentals have strengthened, valuations are more reasonable, and the froth in small caps has reduced meaningfully alongside improving earnings in the ongoing quarter. Markets remain **range-bound and volatile**, awaiting fresh triggers for direction. A surge in IPO activity has absorbed DII and retail flows, keeping indices technically steady. While **SIP returns appear weak** in this sideways phase, such consolidation is healthy and helps sustain the **long-term bull run**. Corporates are **leaner, confident, and less leveraged** than in the previous cycle, with stabilizing margins and improving outlooks. Investor expectations have normalized, creating room for positive surprises. Market leadership is shifting: **select mid and small caps are compounding earnings at 15–20%+, consumption and discretionary demand** are improving, and momentum is building in **IT, industrials, power, data centres, pharma, and APIs**, adding depth to the recovery.

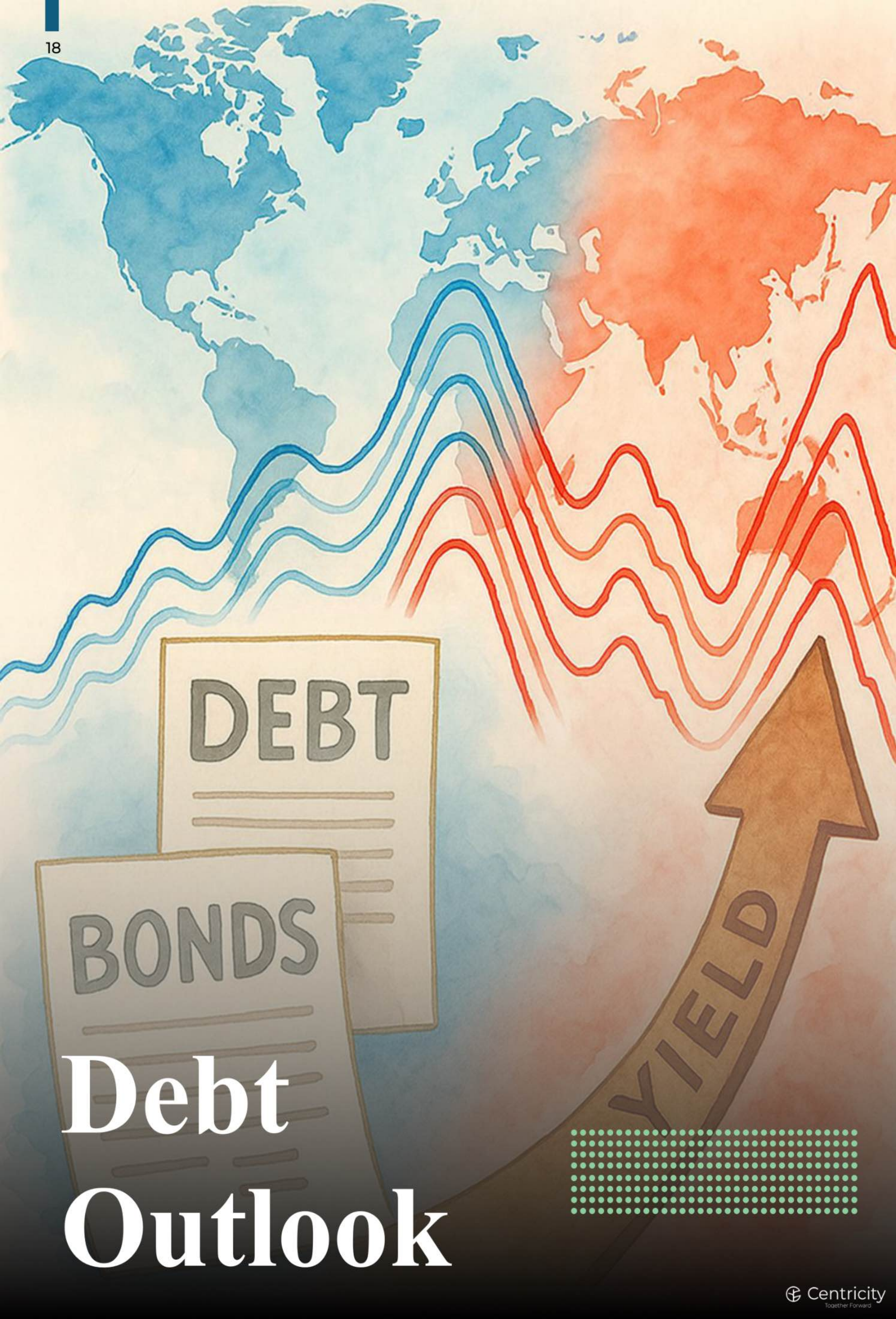
That said, investors should remain **cautious and patient**. A surge in IPOs, many at high valuations, especially in the new-age space, has kept DIIs and retail investors busy, keeping markets technically range-bound. While SIP returns appear weak due to sideways movement, such phases are healthy and necessary to sustain a long-term bull run. Thoughtful positioning matters more now than ever. The market doesn't look tired; it looks composed, quietly rebuilding itself beneath the noise.



Global Outlook

Global markets have extended their rally, but **gains remain narrow and concentrated across regions**. The **U.S., South Korea (KOSPI), and Taiwan** have advanced sharply, led by the ongoing **AI and semiconductor frenzy**, which has driven valuations to expensive levels. Such steep, momentum-led moves warrant caution as expectations appear increasingly stretched. Meanwhile, **Chinese equities are witnessing renewed investor interest** after a prolonged period of underperformance, aided by policy easing, export recovery, and strategic focus on high-tech and green industries.

That said, **China's rebound still faces risks of fragile consumer confidence, a sluggish property sector, and uneven domestic demand that could limit the sustainability of this rally**. Globally, while optimism around technology and potential rate cuts supports sentiment, markets have already priced in much of the optimism. With valuations running high and liquidity tightening gradually, **a more selective and cautious approach** is advisable in the near term.



Debt Outlook

Global Debt Outlook

USA

10Y yield:

Yields increased from 4.101 (as on 31st Oct) to 4.157 (as on 03rd Nov)

Inflation:

Inflation increased to 3.0% in September, from 2.9% in August

Fed stance:

Cautious and data dependent, balancing between inflation uptick and weak job market data

China

10Y yield:

1.748, decreased from 1.764 in the previous month

Inflation:

Inflation numbers decreased by 0.3% year on year, coming at -0.3%

PBOC stance:

Accomodative

Japan

10Y yield:

1.675 (as on 03rd Nov), increased from 1.646 in previous month

Inflation:

2.9%, increased from 2.7% in August

BOJ stance:

Paused hikes, cautiously adjusting bond purchases

Eurozone (Germany)

10Y yield:

2.661, increased from 2.633 in previous month

Inflation:

2.1%, slight uptick from the long term target of 2%

ECB stance:

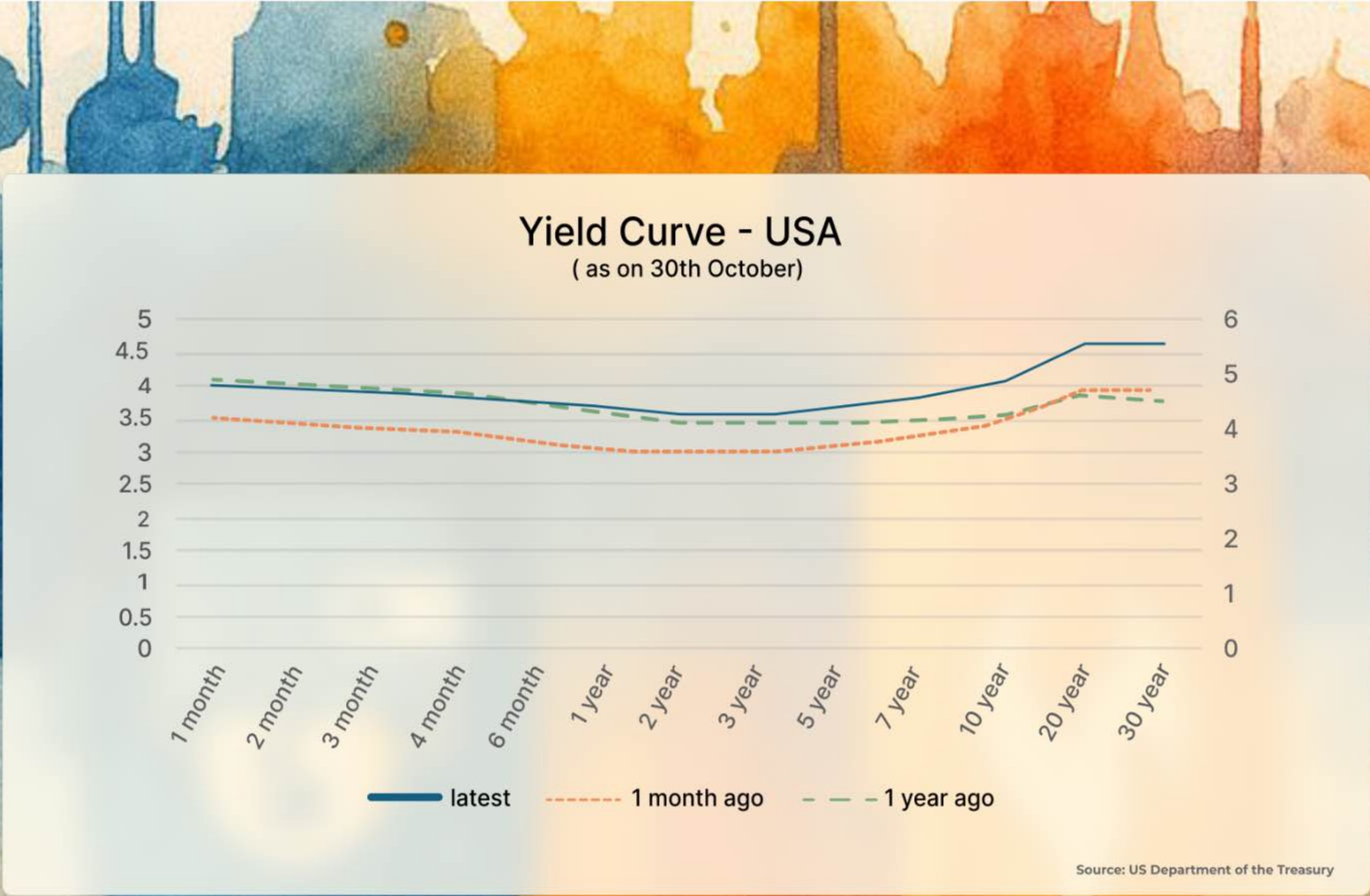
Paused rate cuts, decisions to be based on further data dependent changes



Global Debt Outlook

Short-term yields

At the short end of the yield curve, yields have softened following the Fed’s second consecutive rate cut. Although in the last one month, yields have inched upwards. Policymakers signal a more cautious stance amid incomplete data from the ongoing government shutdown. **Inflation remains elevated at around 3%, though Chair Powell emphasized that much of the recent firmness reflects temporary tariff-related effects.** Consequently, shorter-end yields remain partially supported, reflecting expectations that the Fed will pause to assess the impact of recent cuts once the data flow normalizes.



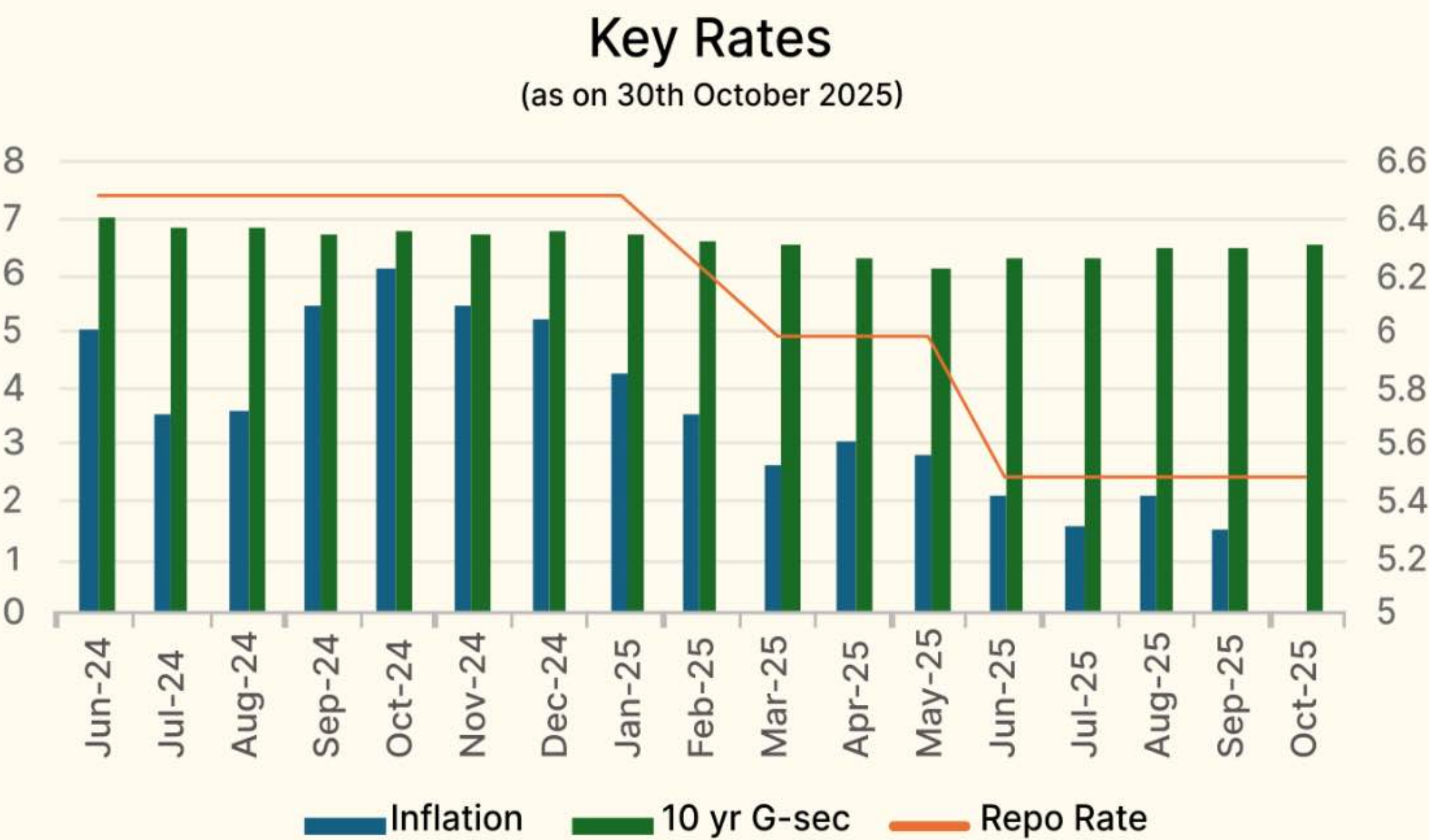
Long-term yields

At the long end, yields have eased modestly but remain relatively elevated. **Strong GDP growth of 3.8% indicates that economic momentum is intact, and persistent inflationary pressures, coupled with ongoing heavy Treasury issuance,** are preventing a sharper decline. Markets appear reluctant to price in a deeper easing cycle until clearer signals emerge, with long-end yields anchored by growth resilience, inflation concerns and lingering uncertainty stemming from the shutdown’s impact on official data visibility.



Indian Debt Outlook

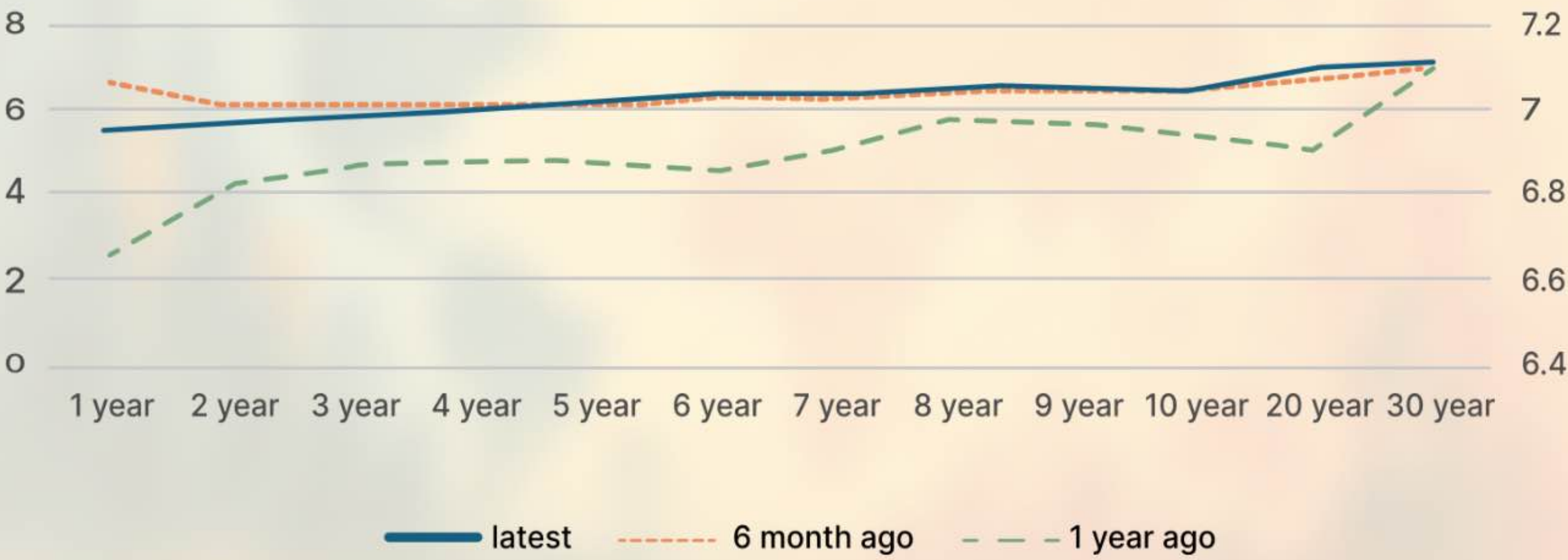
Over the past year, India’s 10-year G-Sec yield has declined from around 6.85% in September 2024 to roughly 6.51% in October 2025, broadly reflecting the sharp disinflation trend. In its **September policy meeting, the RBI decided to pause the rate-cut cycle, citing a softer inflation outlook, the lagged impact of previous policy measures still feeding through, and resilient domestic growth supported by firm consumer demand though some moderation is expected in the medium term.** Banking system liquidity has remained ample, providing additional support to short-term rates and overall yield stability.



Source: RBI, Investing.com



Yield Curve - India
(as on 30th October)



source: world government bonds.com

Short term yields

Indian bond yields at the short end have eased over the past 6 months, supported by disinflation to multi-year lows and the RBI’s rate cut through 2025. The governor’s signal of data-driven flexibility in policy has kept short-term yields from rising meaningfully. **With inflation expected to edge higher in the coming months due to base effects and tariff cost pass-through, markets expect the RBI to proceed cautiously, allowing previous policy easing to transmit while keeping short-term rates broadly contained.**

Long-term yields

At the long end, yields have stayed relatively firm despite the broader disinflation trend. **The RBI’s consecutive pauses following rate cuts has reinforced a sense of policy stability, indicating a preference for measured easing rather than aggressive front loading.** External pressures have also contributed to yield resilience, the rupee’s recent depreciation revived concerns about imported inflation and potential portfolio outflows, while tariff-related uncertainty continues to weigh on the medium-term outlook.

Debt In-house View

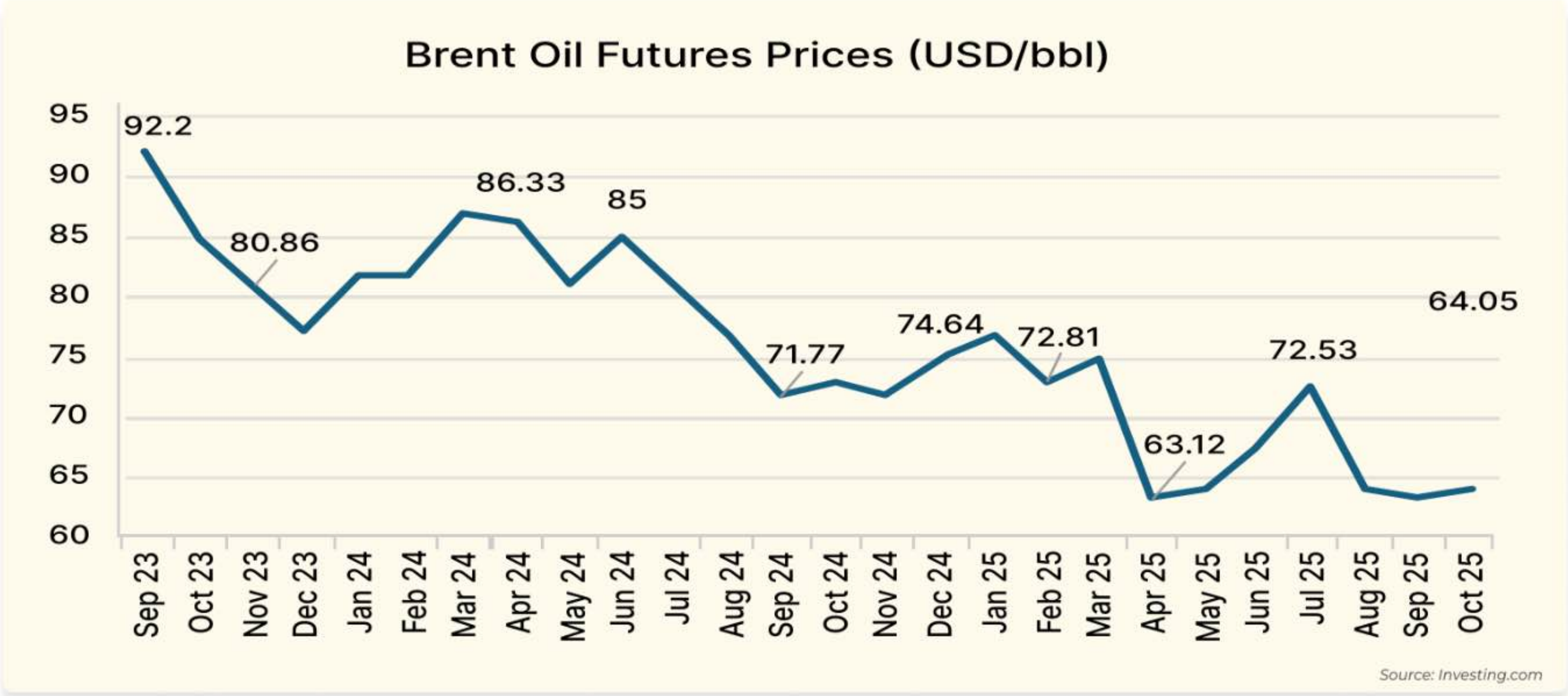
In its September meeting, the RBI decided to pause the easing cycle and adopt a cautious, wait-and-watch approach. Recent GST reforms are expected to support demand and economic activity while softening inflation, as they may reduce prices across a broad range of items in the CPI basket. However, the central bank anticipates an uptick in inflation in Q4 due to tariff pressures and fading base effects. **At the long end, pressures from a depreciating rupee and government borrowing plans are likely to keep yields sticky, while these factors may lead to adjustments at the shorter end.**

Globally, after the Fed's consecutive 25 bps cut, short-end U.S. Treasury yields dropped, while the long end eased more moderately, Long-dated U.S. Treasuries remain elevated amid heavy issuances. **The prolonged U.S. government shutdown had exerted downward pressure on short- to medium-term yields as investors sought safety amid mounting growth concerns. In contrast, long-term yields had inched higher as markets priced in a greater risk premium to account for the extended fiscal and political uncertainty.**

Given these dynamics, a strategy that seeks selective opportunities in the short- to medium-end of the curve including selective credit calls, while exercising caution across long-dated exposures, remains prudent.



Crude Oil



Brent crude prices traded in the range of US \$61–65 per barrel through most of October. The recent uptick came after the U.S. imposed new sanctions on Russia’s major oil firms and intensified efforts to discourage purchases, a move that now appears to be taking effect as several countries plan to scale back their imports of Russian crude. On supply front, global oil production rose by nearly 760,000 bpd in September to reach about 108 million bpd, driven largely by OPEC+ output increases of nearly 1 million bpd in Middle East. IEA has raised its full-year 2025 supply growth estimate to ~3 million bpd, with further gains expected in 2026. On the demand side, growth remains muted. Global oil demand rose by about 750,000 bpd YoY in Q3 2025, slightly better than the previous quarter but still well below historical trend. The IEA has trimmed its 2025 demand growth forecast to around 710,000 bpd from 740,000 bpd earlier. With supply consistently outpacing demand, oil inventories are building, pointing to a persistent surplus.

Gold

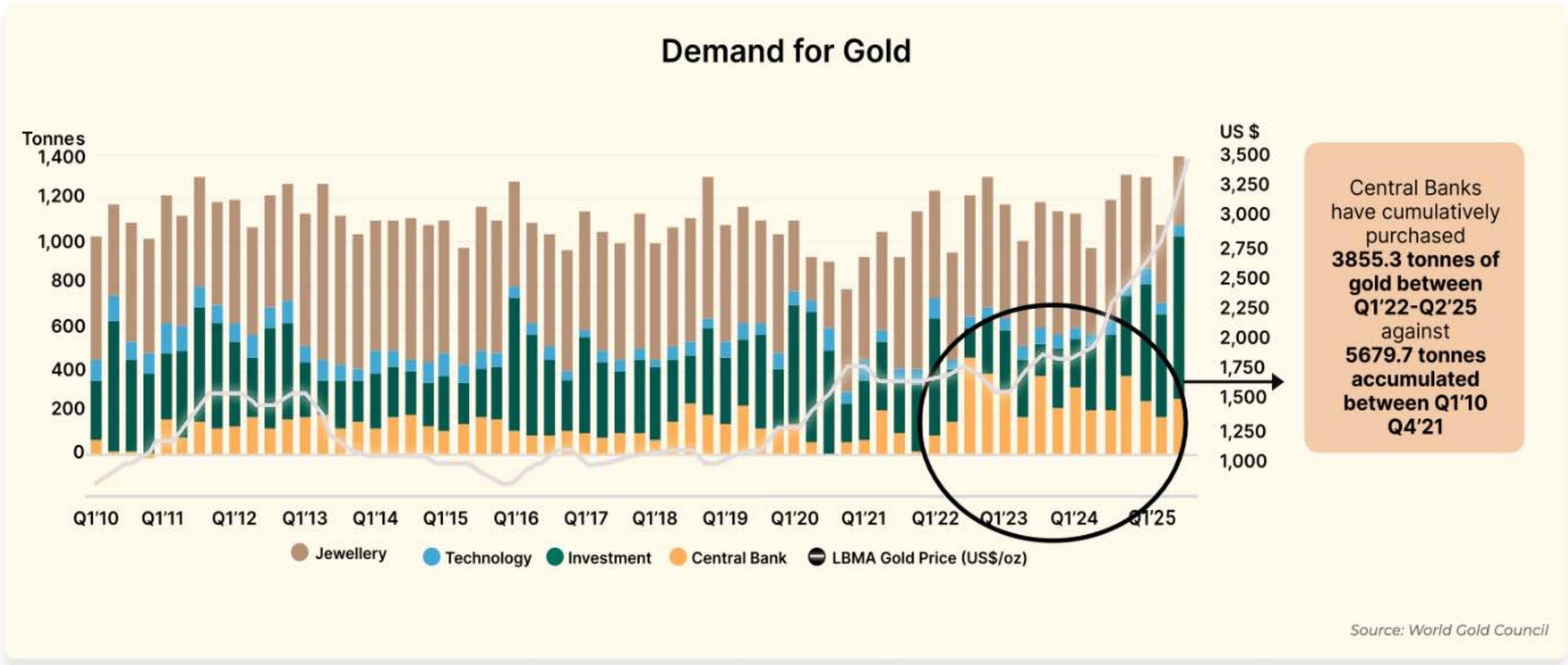


Gold extended its rally in October, with spot prices breaking past \$4000/oz, setting fresh all-time highs at US\$4398/oz. Central banks have emerged as consistent and large-scale buyers of gold in recent years, a structural shift that continues in 2025.



Their **gold holdings have surpassed USD value levels not seen in decades**. This development highlights gold’s increasing strategic importance as a reserve asset. According to the WGC’s Central Bank Gold Reserves Survey (2025), **over two-thirds of central banks plan to increase their gold holdings in the next five years**, citing diversification away from the US dollar and the need for long-term stability.

Additionally, **a growing number of countries are bringing their gold reserves back home**, reflecting heightened concerns over global geopolitical and financial stability. **India, for instance, repatriated 64 tonnes of gold from the UK this year**, underlining this global shift towards domestic gold custody.



Credibility lent by central-bank activity has drawn in a second layer of demand: financial investors. Gold-backed exchange-traded funds (ETFs) and bar-and-coin purchases have seen strong inflows in 2025, as investors seek shelter from uncertainty.

Beyond market mechanics, **broader economic uncertainty** such as **slowing global growth, uneven inflation trends, and heightened geopolitical risks** have contributed to gold run.

Silver

Silver mirrored gold’s momentum, climbing above \$50/oz in September and touching its new high US\$54.46/oz. It’s rise has been powered by a **convergence of industrial and investment forces**. A strong wave of buying through coins, bars, and ETFs emerged as evidence of structural tightness mounted. Investors were responding to the same pressures visible in the physical market, robust demand from the solar, electronics, and AI-manufacturing sectors, which have transformed silver from a traditional store of value into a critical material for modern technology.

Considering the ongoing conflicts across multiple regions, **silver’s strategic importance has also expanded beyond industrial and solar uses to include defence and aerospace applications.** Additionally, silver used in explosive devices is non-recoverable, which adds to the long-term consumption and depletion of available supply.

Simultaneously, **concerns over inflation, dollar weakness, and financial market volatility** have strengthened investor appetite for precious metals, reinforcing silver’s dual identity as both an industrial metal and a defensive asset.

Commodity In-house View

Crude Oil

Overall, **Brent's movement in October reflects a market still weighed down by oversupply despite occasional price support from geopolitical factors.** While sentiment improved modestly on expectations of a U.S.–China trade deal and additional sanctions on Russia, global demand growth remains weak and below historical averages. On the supply side, Russian output has declined due to infrastructure disruptions, but elevated OPEC+ production continues to keep total supply near record highs. It is also important to note that much of the recent overhang has been **driven by Natural Gas Liquids (NGLs)** which have **cushioned crude prices** and kept them largely range-bound this year.

Hence, crude oil prices are expected to consolidate between \$60 and the low \$70s per barrel through the remainder of 2025, with occasional dips and bounces below this range possible amid short-term market fluctuations.

Gold

Gold prices are expected to consolidate at elevated levels through the rest of 2025. The earlier rally driven by strong central bank buying, lower real yields, and geopolitical uncertainty has already been priced in, leading to a more stable phase ahead. While **short-term corrections may occur** if the US dollar strengthens or fiscal policies become more streamlined, underlying structural demand should keep prices well supported.

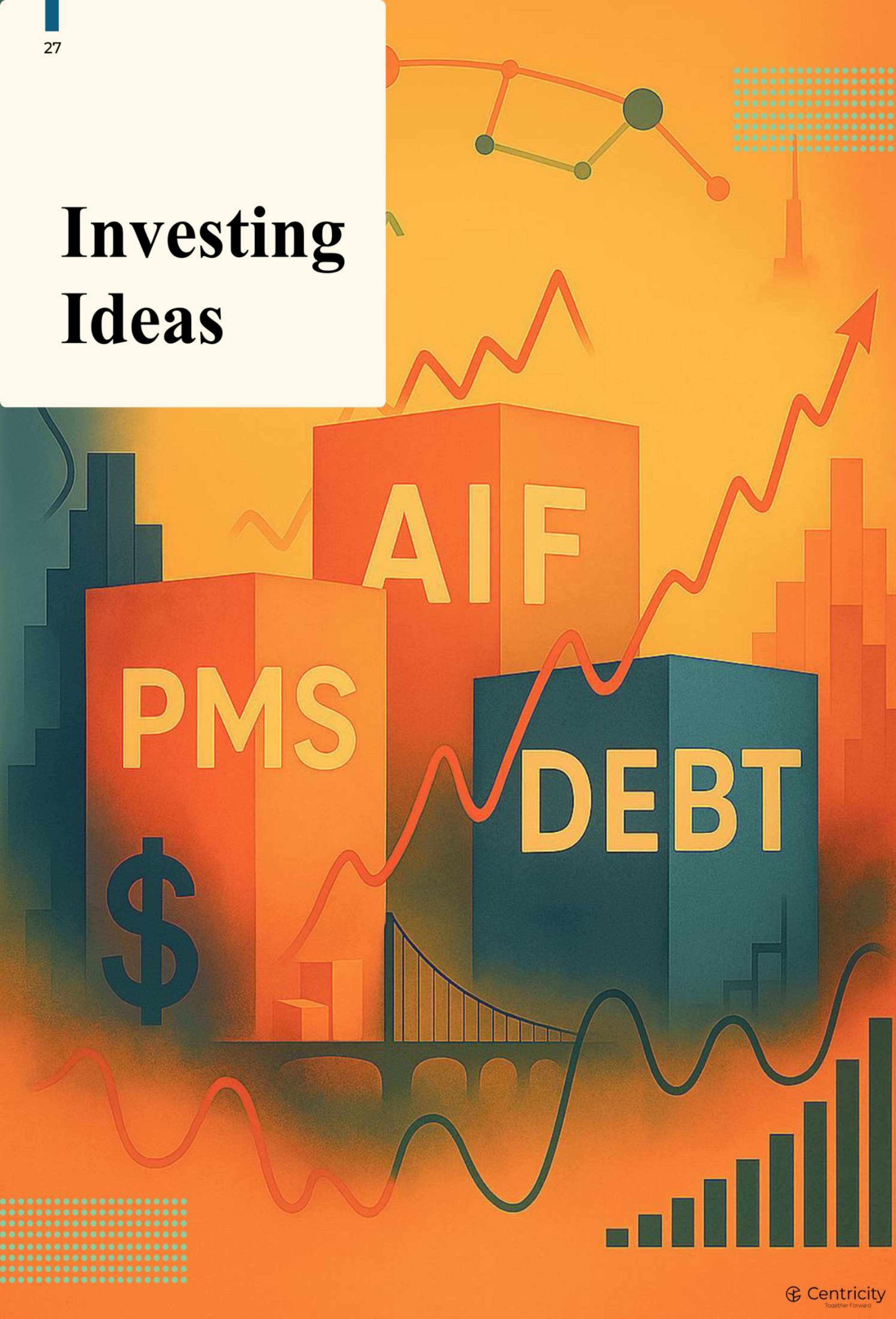
However, it's important to note that **gold is primarily a hedge, not a wealth-creation asset.** It can deliver near-term gains during price surges, but over long periods, its returns tend to lag growth assets like equities. Hence, investors should avoid being overweight in gold within portfolios. **A moderate allocation serves best, providing diversification and protection against volatility, rather than acting as a driver of wealth creation.**

Silver

Silver prices are expected to remain firm in the near term, supported by persistent structural supply deficits, strong industrial demand, and steady investor participation. The **ongoing energy transition, rapid solar capacity additions, and expanding renewable manufacturing base continue to anchor consumption**, while limited new mine development constrains supply growth. Additionally, **low inventories at the LBMA** and consistent withdrawals from COMEX suggest tightening conditions in the physical market and it limits the downside as shortages persist.

However, silver's inherent volatility may still trigger short-term corrections or keep it volatile, but **in the absence of a meaningful supply response, the broader trend is likely to stay upward.**

Investing Ideas





Products

Considering the current market landscape marked by global volatility and emerging domestic resilience, we are curating a carefully balanced set of investment ideas across asset classes. While India's macroeconomic fundamentals remain strong with easing inflation, supportive monetary policy, and a rebound in manufacturing and capex, supportive fiscal measures, including GST rate normalization and recent income tax cuts, are bolstering consumption and corporate earnings. In the long term, these steps strengthen domestic demand and provide an added cushion against global headwinds. At the same time, global challenges like the tariff war and equity market corrections call for a more thoughtful and diversified approach. The following strategies have been selected to help investors navigate near-term volatility while positioning portfolios for long-term growth. They reflect opportunities in business cycles, selective equity exposure across market caps, performing debt and special credit opportunities all with an emphasis on risk-adjusted returns and portfolio resilience in uncertain times.

Category	Sub-Category	Product	Rationale	Suitable Tenure	Expected Return Range (Net of Expenses)
Equity	Mutual Fund	Motilal Business Cycle Fund	Motilal Oswal Business Cycle Fund, managed by Niket Shah with a strong mid-cap track record, offers flexibility to move across market caps.	>3 years	14-17%
	PMS- Multi Cap	Buoyant Capital-Opportunities Strategy	Since inception, the fund has delivered a 22% IRR across market cycles, supported by its investment approach of balancing core and satellite portfolios. By actively shifting between defensive and aggressive positions based on market phases, it is well-positioned for today's dynamic environment.	>3 years	15-17%

Category	Sub Category	Product	Rationale	Suitable Tenure	Expected Return Range (Net of Expenses)
Equity	PMS- Multi Cap	Negen Capital-Special Situation & Technology Fund	With a 5-year TWRR of ~37%, the fund leverages rare value-unlocking opportunities like demergers, promoter changes, and delistings to capture alpha. Its focus on special situations and technology themes allows investors to access high-quality businesses at compelling valuations making it a powerful contrarian play in today's market.	>3 years	17-19%
	PMS- Mid & Small Cap	Carnelian Shift Strategy PMS	A concentrated portfolio of ~25 high-conviction ideas, pruned rigorously to retain only the best performers. It has delivered strong returns, with a 3-year CAGR of 30% and since-inception CAGR of 36%, far ahead of the BSE 500 TRI. The fund is led by founder Vikas Khemani, a veteran with 27+ years in capital markets and a proven track record in building market-leading businesses.	>3 years	17-19%
	PMS- Mid & Small Cap	Abakkus Emerging Cap Approach	With over three decades of experience, Sunil Singhanian brings deep market insight and a proven ability to generate long-term alpha in the mid and small cap space. His strong vintage and consistent performance across cycles make the fund well-equipped to navigate current market complexities.	>3 years	17-19%

Category	Sub Category	Product	Rationale	Suitable Tenure	Expected Return Range (Net of Expenses)
Equity	AIF-Long Short	ASK Absolute Return Fund	The fund can be a suitable option for investors looking to park funds for 12+ months, with an expected post-tax return of 7–8% and lower volatility (2.90%) compared to the Nifty (~13%)	>1 year	11-12%
	AIF-Private Equity	Incred Growth Partners Fund II	A fit for investors seeking exposure to best-in-class, late-stage and high-growth private companies across consumer, financial services, enterprise and emerging national-priority themes, enabled by proprietary deal sourcing, active portfolio value-creation, and a disciplined SUPER-based selection framework—targeting a balanced mix of stability, liquidity, growth, and disruption over a focused 6-year fund tenure.	6 years	27-32%
	AIF-Private Equity	Transition VC Fund	A fit for investors aiming for high-growth, impact-oriented allocation to the energy transition with active portfolio support and a thesis-driven process from sourcing through exits, targeting diversification across ~25 positions over the fund’s 8+1+1-year tenure.	8 years	25-27%

Category	Sub Category	Product	Rationale	Suitable Tenure	Expected Return Range (Net of Expenses)
Debt	AIF	Vivriti Short Term Debt Fund	Fund is a professionally managed, open-ended debt AIF targeting double-digit pre-tax returns with low volatility and quarterly liquidity, ideal for investors seeking stable, short-term income from a diversified, 100% investment-grade portfolio of short-maturity NCDs, PTCs, and commercial paper.	>1.5 years	12-13%
	AIF	Mosaic Multiyield Fund Series I	Targeting a 14-16% gross IRR, the fund builds a granular, fully secured credit portfolio across 25–35 profitable and bankable firms. With multi-manager, multi-strategy diversification and a strong risk framework, it offers high-yielding, collateral-backed exposure in performing credit, without venturing into distressed or venture-style debt.	~5 years	13-14%
	AIF	Neo Special Credit Opportunities Fund II	Targeting a 22–24% IRR, the fund lends to cash-flow generating businesses in special situations — from one-time settlements to growth capital — backed by hard assets and robust collateral. With a strong track record of exits and downside protection, it offers an attractive risk-adjusted yield in India's expanding private credit landscape.	6.5 years	17-18%



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