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Weekly Market Overview

13.10.2025

Market Trends

- Indian markets opened sharply negative but losses were contained due to weekend developments.
- Nifty declined approximately 0**.4% (100 points)**, trading near 25,200; mid-cap index was down **0.5%**.
- US markets showed optimism with S&P futures up **1.3–1.4%**, and oil prices increasing **1.7%** following positive trade signals between the US and China.
- Asian shares, including China and Hong Kong, experienced declines exceeding **2%** but partially recovered later.

Market Performance

NIFTY	~0.40% ↓
S&P 500	~2.71% ↓
NASDAQ	~3.56% ↓
Hang Seng Index	~3.49% ↓

Domestic Market Highlights

- Non-food credit growth steady near **10%**, lower than previous mid-double-digit growth rates.
- Passenger vehicle and two-wheeler sales slowed in September, partly due to GST rate expectations.
- Power consumption and PMI improved, supported by a low base last year.
- GST collections maintained **9%** YoY growth, ranging between **₹1.85–1.9 lakh crore**.
- Inflation steady at **1.5–2%**, providing RBI with flexibility for liquidity management.
- Industrial production (IIP) growth around **4%**.
- INR depreciated, trading near **88.8** against the USD.

Performance Highlights

- Emerging markets returned approximately **7%**, outperforming developed markets.
- Developed market indices: S&P up **3.5%**, Nikkei **5%**.
- Indian markets showed moderate gains: Nifty +0.8%, mid-cap **+0.6%**, small-cap **+1.4%**.
- Brent crude remained steady, averaging $67–68 per barrel, below **$70**.
- Gold reached new highs, with silver also climbing to about **$15**.
- The Dollar Index weakened to **97.8**, continuing downward pressure.
- Indian 10-year bond yields stayed between 6.5–6.6%, while US 10-year yields eased to approximately **4.15%**.

Precious Metals

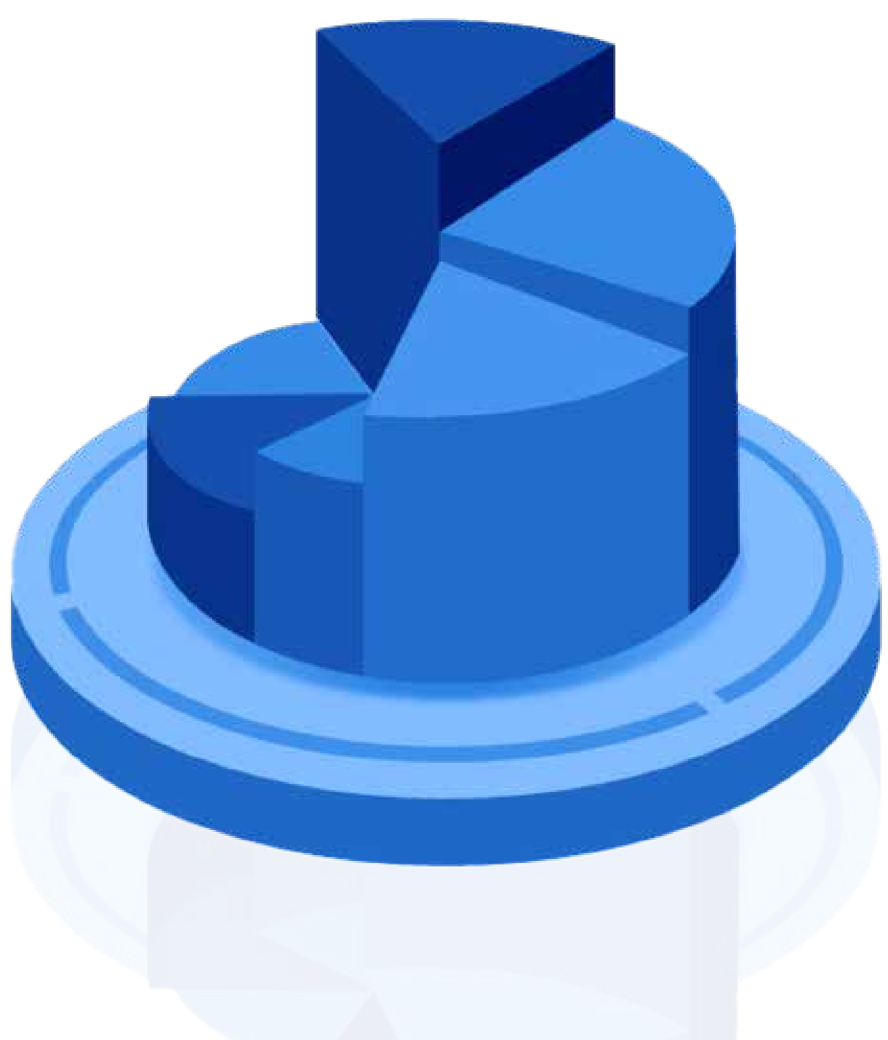
Precious metals soar as oil cools

- Gold has delivered returns of 45–50% over the past year; silver has returned about 60% over 15 months.
- Gold prices appear fairly valued; silver offers some upside but may face short-term pressure.
- Clients are advised to consider booking profits and reallocating gains into gold-linked products with downside protection and leveraged upside potential.

Sector and Asset Class Performance

Bond yields steady, rupee remains resilient

- Broad-based sector gains in India: PSU banks led with **11%** returns, followed by energy and capital goods sectors.
- Utilities and pharma sectors underperformed, with utilities down about **4%** and pharma experiencing mild sell-off.
- Value and growth indices both rose about **1.1–1.2%**.



Global Monetary Policy and Rate Cuts

AI drives record tech capex surge

- The US Federal Reserve reduced rates by 25 basis points to **4–4.25%**, in line with market expectations.
- Further rate cuts (3–4) are anticipated by March 2026, influencing gold and precious metals positively.

Gold has gained approximately **47%** year-to-date, with strong central bank purchases and ETF inflows supporting the metal.

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Fixed Income Strategy

Yield curve normalizes, debt stays appealing

- The yield curve has normalized, with attractive spreads in high-yield bonds relative to AAA and government securities.
- Approximately **35%** allocation to high-yield debt is advisable.
- Short to medium duration (3–4 years) debt instruments are preferred for better risk-adjusted returns.
- Significant government borrowing in longer-dated securities is expected to keep yields supported.

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