



PL Capital
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WEALTH
MANAGEMENT

Market Outlook

Key Trends & Actionable Insights

November 2025

Market Overview

India Strategy

Indian markets rebounded decisively in October after three months of range-bound consolidation, with Nifty and Sensex gaining +4.5% and +4.6% respectively, marking their strongest monthly performance since earlier in the year. The broad-based recovery was propelled by a convergence of positive catalysts: GST 2.0 rate cuts triggered immediate consumption acceleration across discretionary segments (autos, durables, consumer appliances), Manufacturing PMI surged to 58.4 (a two-month high), and critically, Foreign Institutional Investors turned net buyers with ₹2,300 crore inflows after three consecutive months of outflows. A historic trade milestone was achieved as India signed the Trade and Economic Partnership Agreement (TEPA) with EFTA on October 1st, unlocking tariff-free access to key European markets. The RBI maintained its neutral policy stance but signaled a dovish tilt, with market consensus now anticipating rate cuts in December 2025. Underlying macroeconomic resilience—normal monsoons, benign inflation at 1.54% (lowest in 8+ years), robust government capex growth of +43% YoY (Apr-Aug), and improved corporate balance sheets—provided the backdrop for this risk-on environment.

However, important headwinds persist. Market valuations have tightened to 22.9x forward PE, leaving limited margin of safety. Crucially, market breadth remains narrow with mid and small-cap valuations expensive relative to their historical averages, while equity supply from IPOs and QIPs remained elevated at \$5 billion in October alone. External uncertainties—the US-China trade truce tentatively holds only until November 10, 2026; India-US bilateral trade deal remains unsigned; geopolitical tensions linger—mean any positive momentum could quickly reverse. Additionally, the Rupee faces persistent depreciation pressures (trading at 88.30/USD) from elevated gold imports (which peaked at \$4,338/oz in October) and a widening merchandise trade deficit that hit a 13-month high of \$32.15 billion in September. The GST 2.0 reforms, while consumption-boosting, create recurring revenue loss of ₹0.8–0.9 trillion annually, complicating Centre-State fiscal dynamics.

Indian markets have seen a significant movement of capital as well. In Oct'25, both FIIs and DIIs were net buyers (to the tune of USD 1.3bn and USD 6.0bn respectively) in the Indian equity market. Sectors that saw the highest FII outflows included FMCG (USD 482mn), Services (USD 391mn), Pharma (USD 351mn), IT (USD 248mn), Durables (USD 198mn) and Chemicals (USD 105mn), while sectors that saw the highest inflows included BFSI (USD 1,501mn), O&G (USD 1,030mn), Metals (USD 355mn), Telecom (USD 243mn), Auto (USD 110mn) and Power (USD 109mn).

Month in a Minute – October 2025 (Domestic)

POSITIVES – Upgradation of growth Outlook, sectoral rebound, policy support, and agricultural gains

- 1 **RBI upgrades GDP forecasts, lowers inflation outlook**, The Reserve Bank of India raised its FY26 GDP growth projection to 6.8% and trimmed the FY26 inflation forecast to 2.6%.
- 2 **Global outlook underscores India's resilience**, IMF raised India's 2025 growth to ~6.6% while flagging the downside risks from trade and policy shocks.
- 3 **Manufacturing Growth Accelerates as Domestic Demand Improves**, Manufacturing PMI jumped to 59.2 in October from 57.7 in September, the joint-strongest pace in five years.
- 4 **Demand is picking up amid festive season**, Passenger vehicle sales rose sharply (Tata Motors: 26% YOY growth), consumer durables and e-commerce volumes also expanded, supported by GST cuts (12→5%, 28→18%) and benign inflation.
- 5 **Kharif crop sowing exceeds 1121 lakh hectare**, up from 1,107 lakh ha last year, led by higher acreage under rice (+6 lakh ha) and coarse cereals (+11 lakh ha), underscoring improved rainfall distribution and better seed availability.

Negatives – Falling INR, Fiscal deficit, slow pace of domestic services and core sector expansion, coupled with weakening global growth

- 1 **Fiscal space tightening amid front-loaded capex (40% YOY growth)**, fiscal deficit reached 36.5% of FY26 BE by September-end providing limited flexibility for additional stimulus in H2 FY26
- 2 **The IMF highlighted global GDP growth slowing to 3.2%**, with advanced economies entering a mild disinflationary slowdown. This raises downside risks for India's exports and remittance flows despite strong domestic demand buffers.
- 3 **The Indian Rupee weakened to around ₹88.4 per US\$ in late October**, nearing record lows amid persistent foreign outflows and a strong dollar environment.
- 4 **Core sector growth softened sequentially**, core sector growth slowed markedly to approximately 3.0% YoY in September from around 6.5% in August, reflecting supply-side fatigue
- 5 **Services expansion slowed**, the India Services PMI dropped to 58.9 in October from 60.9 in September, marking the slowest pace of growth since May.

Neutral/Watchlist – Moving Parts to Track

- 1 **Tariff negotiations with the U.S.** are in a flux, easing of U.S. tariffs (currently at 50%) could significantly influence export performance, but outcomes remain uncertain.
- 2 **Fiscal consolidation risks** persist as post-GST rationalization revenue losses narrow fiscal buffers; fiscal discipline will hinge on stronger tax buoyancy in H2 FY26.
- 3 **Trade deficit pressures linger (surged to \$32.15 billion in September 2025)** with elevated gold (106% YOY up) and oil imports offsetting moderate export growth.
- 4 **The RBI maintained the repo rate at 5.5%**, benign inflation provides headroom for further rate cuts depending upon consumption and credit growth trajectory.
- 5 **Liquidity management and bond yields** remain areas to watch, as government borrowing and festive credit demand could influence near-term financial conditions.

Macro Outlook – Forward View (November 2025)

Domestic Macro Outlook

Indicator	Value	Outlook Insight
Real GDP Growth (FY26)	FY26 forecast 6.6%- 6.8%	Domestic growth momentum remains healthy, driven by infrastructure capex, resilient consumption, and GST reforms. However, emerging risks from global tariff negotiations, slower external demand, and tight labor market constraints may cause some sequential moderation.
CPI Inflation (FY26)	FY26 forecast 2.6% – 3.5%	CPI inflation is expected to remain range bound, supported by easing food prices, favorable monsoon, and GST rationalization. Rising gold prices, rupee depreciation, and US tariff uncertainty pose upside risks.
GST 2.0	GST 2.0 revenue loss ₹0.8–0.9 tn annually	GST rationalization is mildly disinflationary and boosts demand (+0.2–0.3% GDP) but complicates Centre–State fiscal dynamics and risks crowding out capex in H2 FY26.
External Balance (CAD)	FY26 forecast 1.1% - 1.3% of GDP	Elevated gold prices, along with rupee depreciation, pose some pressure, but stable service exports, remittances and foreign inflows will keep the external balance manageable.
USD/INR	Base Case: 88.5 Bear Case: 90	USD/INR at 88.5 remains under pressure from elevated gold imports, rupee depreciation, and global risk aversion. We expect base case around 88.5 but continued external pressure, and FX outflows could push it toward 90.

Global Macro Outlook

Indicator	Value	Outlook Insight
Global GDP Growth	3.2% for CY25; 3.1% for CY26 (IMF)	Global growth is projected to slow from 3.3% in 2024 to 3.2% in 2025 and 3.1% in 2026, with advanced economies growing around 1.5% and emerging market and developing economies just above 4%
US Economy (CY 2025)	Sept inflation rose to 3% (from 2.9% in August); Fed 25 bps rate cut to the range of 3.75%–4.25%	Following the Fed's October rate cut to 3.75–4.00%, financial conditions have eased modestly, but policy uncertainty and the ongoing government shutdown are dampening business confidence.
Eurozone	Oct inflation eased to 2.1%, GDP increased 0.2% in 3 rd quarter	Eurozone growth remains subdued, with GDP rising about 1.0–1.2% in 2025 amid weak exports and soft investment. A mild recovery is expected in 2026 as inflation eases and policy support gradually lifts domestic demand.
China	Exports fell by 1.1% YOY (8-month low), Oct PMI fell to 50.6 (51.2 in Sept)	High tariffs and trade uncertainty led buyers to hold back on new orders after earlier stockpiling. Additionally, the Golden Week holiday and a strong base from last year contributed to the decline.
Global Inflation Trends	Inflation to decrease from 5.8% (2024) to 4.2% (2025) to 3.7 (2026) (IMF)	Inflation in advanced economies is expected to fall, but US inflation is predicted to stay above target. Downside risks from elevated uncertainty and geopolitical tensions persist.

India Strategy – Sectoral Update

Automobiles -

- Strong pickup expected across 2W, PV, tractors and CV.
- Boost from **GST 2.0**, income tax cuts, lower interest rates and inflation.
- **Mahindra & Mahindra, Maruti Suzuki, and Eicher Motors** benefit from rising demand.
- Normal monsoons aid tractor outlook.

Banks

- Credit growth to improve as demand revives.
- Stress easing in MSME, MFI, and unsecured segments.
- Lower rates to aid margins; liability repricing benefits expected from 3QFY26.
- **SBI** weight increased due to valuation comfort.

Capital Goods & Defense

- Remain positive but trimmed overweight as sector has seen major re-rating already.
- Public capex up **43% YoY** in first five months of FY26.
- Expect flat government spending in 2H unless more allocation comes.]
- **HAL** and **BEL** remain key positives; defense ordering strong.

Consumer

- GST 2.0 + benign inflation + festive season driving recovery.
- Strong demand in staples, durables, apparel, footwear.
- Overweight increased; higher allocations to **Britannia, ITC, and HUL**

Cement & Metals

- Cement EBITDA growth **~55% YoY**, aided by low base and cheaper inputs.
- Steel gains from ADD benefits and margin recovery.
- Demand still soft due to rains but 2H outlook better.

Oil & Gas

- EBITDA growth **~25% YoY**, driven by refining margins and low base.
- Stronger profitability ahead.

Healthcare

- Structurally positive on hospitals, but valuations limit further re-rating.
- **Max Healthcare** weights reduced; **Lupin** remains overweight; **Sun Pharma** at equal weight due to U.S. tariff uncertainty.

IT Services

- Pressure continues amid weak global demand.
- H-1B visa costs rising, impacting onshore operations.
- Shift toward **Global Capability Centers (GCCs)** partially offsets downside.

FY27 NIFTY EPS was introduced in Oct24 and there was a cut of 9.4%/7.9% in PL NIFTY EPS for FY26 and FY27. NIFTY EPS has seen incremental change of -1.9/-2.1% for FY26/27 with 12.1% CAGR over FY25-27 and EPS of Rs1229/1415 even as we introduce FY28 NIFTY EPS at Rs1582. We value NIFTY at 15-year average PE at 19.2x Sep27 EPS and arrive at 12-month target of 28781 (27609 earlier). We believe that domestic oriented sectors will continue to outperform. We expect banks, NBFC, auto, retail, consumer staples, defense, metals and select durables to outperform.

[\(Click on the Link for Detailed Report\)](#)

Equity Market – Overview and Strategy

Indian equities remain resilient amid global headwinds, supported by strong domestic demand, policy reforms, and improving macro fundamentals — positioning India as one of the few markets with sustainable growth visibility over the next 3–5 years.

As of 31st Oct 2025	1M	3M	6M	YTD	1Y	3Y	5Y	2020	2021	2022	2023	2024
NIFTY 50	4.5	3.9	5.7	8.8	6.3	12.6	17.2	14.9	24.1	4.3	20.0	8.8
Nifty Midcap 150	4.8	3.2	10.9	4.3	5.6	22.9	27.7	24.4	46.8	3.0	43.7	23.8
BSE 200	4.4	3.8	6.5	6.8	5.0	14.1	18.9	16.3	27.6	4.2	22.8	13.4
BSE 250 Small Cap	3.4	0.7	12.2	-2.4	-3.4	21.3	27.3	26.2	57.7	-2.0	45.8	24.2
NIFTY BANK	5.8	3.2	4.9	13.6	12.2	11.8	19.3	-2.8	13.5	21.2	12.3	5.3
NIFTY 500	4.3	3.5	7.6	6.0	4.5	15.4	19.8	16.7	30.2	3.0	25.8	15.2

Source: ACE MF, Data as of 31st Oct 2025

Short Term View (0 – 6 months)

Outlook:

Markets are expected to stay range-bound with an upward bias, supported by low inflation (~1.5%), improving earnings breadth, and robust domestic demand.

Risks:

Global: U.S. slowdown, China growth risks, trade/truce fragility, and crude oil volatility. Domestic: Inflation re-acceleration from food/fuel, profit-taking after rallies, supply overhang from IPOs/QIPs, and currency volatility. Sentiment: Narrow market breadth; mid/small caps remain stretched in valuation.

Strategy:

Equity: Maintain neutral to moderate overweight stance; focus on earnings stability over momentum. Prefer: Large-cap banks, consumption, capital goods, power & infra, and selective autos. Avoid: Over-valued small caps, deep cyclical without earnings visibility. Use volatility to accumulate quality stocks

Medium Term View (6 – 24 months)

Outlook:

Broad-based earnings recovery expected in FY26–27, led by banks, manufacturing, and domestic consumption. Macro tailwinds: stable inflation, high real rates, improving fiscal discipline, and government capex push. Structural reforms (GST rate cuts, PLI expansion, fiscal consolidation) support investment-led cycle. Valuations near 5-year averages (Nifty forward PE ~20–21x), implying earnings—not re-rating—will drive returns.

Risks:

External shocks: Trade wars, U.S. Fed policy errors, or China weakness. Domestic risks: Execution delays in capex, banking stress pockets, and weak private investment pickup. Valuation risk: Some mid/small-cap segments may underperform as valuation excesses correct.

Strategy:

Focus on quality growth franchises: Private banks, capital goods, healthcare, consumer discretionary, renewables, and industrials. Accumulate on dips; maintain 65–70% equity exposure in diversified portfolios.

Long Term View (24 – 60 months)

Outlook:

India is positioned among the fastest-growing major economies, with GDP expected to sustain 6.5–7% CAGR. Drivers: Capex & manufacturing revival (PLI schemes, infra push, “Make in India”). Rising financialization of savings (mutual funds, insurance, REITs). Digitization, premiumization, and demographic dividend.

Risks:

Global fragmentation or prolonged commodity shocks. Climate-related disruptions or policy missteps in fiscal consolidation. Technological disruption (AI, automation) impacting traditional sectors.

Strategy:

Stay invested and overweight India within global portfolios. Build exposure to **structural themes**: manufacturing, defense, digital services, financial inclusion, and consumption premiumization. Focus on **quality compounding businesses** with strong cash flows and capital efficiency. Continue to **rebalance annually** toward sectors benefiting from policy tailwinds and domestic demand. Use any macro-led corrections as opportunities for **long-term accumulation**.

Source – India Strategy, PL India

Fixed Income – Overview & Strategy

RBI Holds Rates Steady Amid Liquidity Tightening, Foreign Outflows, and Yield Curve Volatility- Signaling Cautious Optimism and Selective Duration Bias for Debt Investors

Policy Rate Outlook	Liquidity Trend	FPI Flow Trend	Curve Shape	Corporate Spread Trend	Tactical Duration Bias
Repo at 5.50% (pause, neutral); easing bias in Dec-25 if disinflation sticks and growth softens	System liquidity surplus declined sharply ₹87,000 Cr in Oct, down from average of ₹1.5 lakh Cr in Sept driven by RBI's forex intervention and rise in currency circulation during the festive period.	FPI in 2025 amount to Rs 69,073Cr , Widening spread between India and US yields has primarily supported these inflows. Despite eased investment norms, inflows remain moderate.	10Y G-sec closed at 6.53% in October, 5bps down from September (6.58). Recently, RBI cancelled ₹11,000 crore worth of G-secs indicating unease with rising yield levels giving clear signal to the market.	AAA corporate bond yields rose, indicating modest spread widening despite sovereign upgrade. Short-tenor corporates preferred for accrual.	Maintain a neutral-to-long bias, selective additions at the long end of the G-Sec curve. 7–10-year G-Secs and SDLs for duration gains while sustaining carry through short-tenor AAA corporate bonds.
Debt Strategy					
Segment	Macro Driver		Tactical View		
G-Secs (5–10 Y)	G-Sec yields are likely to stay range-bound at 6.4–6.6% in November (closed at 6.58% in Oct), supported by steady institutional demand and easing inflation despite fiscal and global risks.		Favor accrual strategies while remaining cautious on duration, as long-end yield rallies appear less likely given softer nominal GDP growth and fiscal consolidation concerns.		
SDLs (7–10 Y)	Higher supply from states + GST reform borrowing needs; spreads remain elevated.		Favor longer-tenor SDLs for incremental spread pick-up; opportunities after recent widening.		
AAA Corporate Bonds	Spreads in the 3–5-year AAA-rated PSU and NBFC bond segment remain comfortable, hovering around 70–100 basis points above G-secs.		Favourable accrual opportunity for investors.		
Money Market (T-Bills)	Stable, supported by comfortable system liquidity and firm demand from financial institutions. The yield on 3-month T-Bills edged lower to about 5.44%, reflecting a slight moderation.		Prudent option for short-term, low-risk investments offering attractive liquidity, minimal interest rate risk, and quick access to funds.		

Commodities – Overview & Outlook

Global commodity prices are expected to decline by roughly 7 % in 2026, marking the fourth consecutive year of easing. This trend reflects sluggish global economic growth, ongoing trade tensions and policy uncertainty, and abundant oil supplies. Energy prices are projected to fall around 10 % in 2026, following a 12 % drop in 2025. Prices for metals and minerals are likely to remain largely stable, while agricultural commodities may trend slightly lower due to favorable supply conditions. In contrast, precious metals are expected to rise about 5 % in 2026, building on the historically strong, investment-driven surge of over 40 % recorded in 2025.

Energy

- Though global crude markets faced headwinds in October, India's fuel consumption hit a five-month high in October, with demand rising 7.7% from September to 20.17 MMT driven by post-monsoon transport demand — gasoline up 8% m/m, diesel up 12.2% m/m. Domestic oil-linked natural-gas (APM) price for November was set at US \$6.55/MMBtu, down from \$6.96 in October. In upcoming months, the downward pressure from global supply excess (OPEC+ output, rising non-OPEC exports) remains strong while occasional upside risk remains if there is a major supply disruption (geopolitical, sanctions) or a sharp rebound in intermediate demand (jet fuel, petrochemicals).

Metals

- Global Copper prices recently approached a new high of around US \$11,200 per tonne, driven by acute supply constraints and mining disruptions.
- Gold surpassed a record high of US \$4,370 ounce in late October 2025. In India, gold prices have climbed to near ₹1,27,500 per 10 g, with bullish momentum seen amid festive season and safe-haven demand.
- For upcoming months, base metals like copper, aluminium, and zinc are expected to remain supported due to tight global supply and steady domestic demand, with limited upside unless major supply shocks occur. Gold and silver should retain their safe-haven appeal, with prices sensitive to USD moves, inflation trends, and geopolitical developments.

Agriculture commodities

- The Agricultural Commodity Price Index (ACPI) declined in October, reflecting seasonal harvests in the Northern Hemisphere and abundant supplies of grains, oilseeds, and beverages globally. On the domestic front, Indian crop arrivals particularly wheat, rice, and oilseeds remained robust, keeping prices under check. Risks to the outlook remain balanced: extreme weather events, rising input costs (such as fertilizers and energy), and improved global trade conditions for key crops like U.S. soybeans could push prices higher. Conversely, slower global growth, weaker demand for biofuels, and large domestic inventories may exert downward pressure.

Overall Views

- For crude bent 2026 average expected price range is \$60–\$70 with downside risk to \$56 if supply surplus materializes, and upside risk to ~\$85+ if a major disruption occurs. Gold is expected to reach \$4500 per ounce in 2026. Agricultural Commodity Price Index is stable to mildly lower in 2025; World bank sees a 2% decline in 2026. Expect silver to trade in the region of US\$50-60/oz in 2025.

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