Market Outlook

Key Trends & Actionable Insights

January 2026

2026 Outlook (1/4)

Looking back at 2025: A year of divergence, digestion and recalibration

The calendar year 2025 proved to be far more complex than what most investors had anticipated at the start of the year. While global equity markets delivered healthy returns, Indian equities went through a phase of consolidation and relative underperformance. This divergence was shaped by a mix of global policy uncertainty, domestic valuation concerns, heavy primary market supply and intermittent risk-off phases driven by geopolitical and trade-related developments.

One of the defining features of 2025 was the sharp contrast between global and domestic capital flows. Foreign portfolio investors remained net sellers for most of the year, reflecting higher US bond yields, uncertainty around global trade policies, and periodic strength in the US dollar. In contrast, domestic institutional flows remained robust, supported by steady SIP inflows and growing retail participation. This domestic flow cushion helped limit downside volatility but was insufficient to drive a broad-based market rally.

Macro outlook for 2026: Stability with selective tailwinds

Although the macro picture entering 2026 is more balanced, we expect a volatile year where market moves will be dictated by earnings execution, the strength of domestic demand, and evolving policy clarity. Globally, near-term sentiment will hinge on signals from the US Federal Reserve under new leadership, particularly around the timing and pace of rate adjustments, while policy normalization in Japan remains an important variable influencing cross-asset volatility.

Global macro: Divergence continues

The global economy in 2026 is expected to remain in a phase of moderate growth, but with significant divergence across regions.

• United States: Growth is slowing but remains positive. The key variable will be the pace and timing of rate cuts under the new Federal Reserve leadership. A gradual easing cycle would be supportive for global risk assets, while delays could keep financial conditions tight for emerging markets.

• Japan: The Bank of Japan’s gradual policy normalization is a critical global risk factor. Any sharp move in Japanese yields could unwind global carry trades, leading to short-term volatility across equity and bond markets.

• China: Growth remains policy-driven and uneven. While large-scale stimulus is unlikely, incremental measures to stabilize property and consumption could support commodity demand and Asian trade flows.

• European Union: Growth should remain modest but gradually stabilizing, with divergence across member states. The ECB’s pace of rate cuts will be the key driver, influencing credit growth and sentiment in housing and manufacturing. Structural constraints—weak productivity, fiscal pressures, and energy-related geopolitical risks—persist, while domestic demand is slowly improving. Exports may face headwinds from softer global trade and a potentially stronger euro, making policy clarity on fiscal coordination and investment crucial in 2026.

Source – Market Outlook 2026 – ICICI Pru AMC Ltd

2026 Outlook (2/4)

India macro-outlook: Domestic demand remains the anchor

India enters 2026 with strong macro fundamentals compared to most large economies.

• Growth: GDP growth is expected to remain among the highest globally, driven primarily by domestic consumption, services exports and public capex. GDP seen ~6.5–6.8% in FY26.

• Inflation: Inflation is expected to remain within the RBI's comfort band, though food inflation and weather-related risks remain key variables.

• Monetary policy: The RBI has shifted towards a growth-supportive stance. While aggressive rate cuts may be limited, liquidity conditions are expected to remain comfortable, supporting credit growth.

• Fiscal position: The government continues to balance fiscal consolidation with targeted support for consumption and infrastructure, which should provide a stable policy backdrop for corporate earnings.

Crucially, India's earnings growth outlook remains intact, supported by improving balance sheets, declining leverage and better return ratios across sectors.

Key events to watch in 2026 and their market impact

1. India–US trade negotiations: Any progress on trade agreements would be a positive for export-oriented sectors such as IT, pharmaceuticals, specialty chemicals and manufacturing.

2. US Federal Reserve policy actions: Faster-than-expected rate cuts could revive FPI flows into Indian equities, while delays may keep valuations range-bound.

3. Bank of Japan policy signals: Sudden yield movements could trigger short-term global risk-off phases, impacting Indian equities temporarily despite strong fundamentals.

4. Union Budget and policy reforms: Focus areas such as infrastructure, manufacturing incentives, housing and consumption-linked tax relief will shape sectoral leadership.

5. Monsoon and rural recovery: A normal monsoon would support rural consumption, agri-linked sectors and broader FMCG demand.

6. Primary market activity: The pace of IPOs and large stake sales will influence liquidity availability and index performance.

Source – Market Outlook 2026 – ICICI Pru AMC Ltd

2026 Outlook (3/4)

Sectoral outlook for 2026

Financials: Structural growth intact

Banks and NBFCs remain key beneficiaries of India's growth cycle. Credit growth is expected to remain healthy, asset quality is stable, and capital adequacy is strong. Select private banks, PSU banks and well-managed NBFCs offer attractive risk-reward, especially on corrections.

Consumption: Gradual broadening of demand

Urban consumption remains steady, while rural demand is expected to improve gradually. FMCG, retail, discretionary consumption and consumer durables should benefit from stable inflation and income growth. Stock selection will be critical, with preference for companies with pricing power and strong distribution.

Industrials and capital goods: Selective opportunities

Government capex continues to support order inflows, while private capex recovery is gradual. Capital goods, defence manufacturing, power equipment and infrastructure ancillaries offer medium-term opportunities.

Information Technology: Cautious optimism

IT services face near-term uncertainty due to global slowdown and client spending restraint. However, currency stability and selective digital spending offer support. Large, diversified players with strong deal pipelines remain better positioned.

Metals and commodities: Cyclical tailwinds

Improving global growth expectations and potential Chinese stabilization support industrial metals. This remains a cyclical play, best approached tactically.

Real estate: Divergent trends

Commercial real estate, especially office leasing and data centres, remains strong due to GCC expansion. Residential demand is selective, favoring branded developers.

Healthcare and pharmaceuticals: Defensive stability

Pharma continues to offer steady growth, export opportunities and defensive characteristics, making it a useful portfolio stabilizer.

Ports & Logistics

Trade recovery and infrastructure build-out support long-term growth. Organised logistics players gain market share.

Source – Market Outlook 2026 – ICICI Pru AMC Ltd

2026 Outlook (4/4)

Market strategy and portfolio positioning

Our approach for 2026 is to stay constructive but selective. The broader market environment is no longer liquidity-driven. Returns will be more earnings-led, which means stock selection and sector positioning will matter far more than beta exposure.

Portfolio Positioning

- Large-cap bias remains key. Large caps offer better earnings visibility, balance sheet strength and downside protection in a volatile environment.
- Overweight domestic cyclicals where earnings are recovering and policy support is visible.
- Avoid overexposure to stretched mid & small caps until earnings catch up with valuations.
- Maintain some tactical cash to deploy during market corrections rather than staying fully invested at all times.

Sector Preferences

- Overweight Financials (Banks & NBFCs): Credit growth is improving, margins are close to bottoming out and balance sheets are strong. This remains the core portfolio anchor.
- Overweight Capital Goods & Defence: Capex cycle, government spending and strong order books provide multi-year earnings visibility.
- Overweight Autos & Auto Ancillaries: Volume recovery driven by replacement demand, rural improvement and tax/GST rationalisation.
- Overweight Telecom: Stable cash flows and structural data growth make it a steady compounder.
- Overweight Healthcare: Hospitals and healthcare services offer predictable growth with limited global dependency.
- Neutral / Selective Consumer Staples & Discretionary: Recovery is gradual and uneven. Focus only on companies with clear volume recovery and pricing power.
- Underweight IT Services: Global demand remains uncertain; recovery is likely to be slow and stock-specific rather than sector-wide.
- Commodities / Energy: Highly sensitive to global growth and geopolitics; exposure should be tactical, not core.

Summary

As we head into 2026, markets are moving away from liquidity-fuelled optimism towards earnings delivery. Volatility will persist given global risks, but India's domestic growth engine and stable policy framework continue to support the long-term equity story. In this environment, patience, selectivity and discipline will matter more than chasing momentum.

Source – Market Outlook 2026 – ICICI Pru AMC Ltd

January Outlook

Indian equities enter January 2026 after a year of consolidation and valuation moderation, setting the stage for more sustainable, earnings-led performance. The market environment appears balanced, supported by stable domestic fundamentals and improving macro visibility.

Equities

Global developments will continue to shape near-term sentiment. Markets are closely monitoring signals from the US Federal Reserve under new leadership, particularly on the timing and pace of rate adjustments. In parallel, policy normalization in Japan remains a key global variable, with the potential to influence cross-asset volatility. While foreign flows may remain sensitive to these cues, domestic institutional participation is expected to remain a stabilizing factor for Indian equities.

From a market standpoint, January is expected to be characterized by range-bound movement with selective opportunities. Valuations across large caps and quality mid caps have normalized, making stock-specific fundamentals more relevant than broad sectoral exposure.

Near-term leaders: Metals, Cement, Telecom, NBFCs, Capital Goods and Ports — while Autos, select Consumer durables and Jewellery show early demand bounce.

Overall, the near-term outlook for January 2026 remains constructive but disciplined. Investors are advised to maintain a balanced allocation, focus on businesses with strong balance sheets and earnings visibility, and use periods of volatility to gradually build exposure to high-quality opportunities.

Fixed Income

The Fixed-Income Market Outlook for January 2026 recommends a barbell strategy in India's bond market, capitalizing on a carry-friendly environment shaped by policy easing and robust liquidity measures from the RBI.

With the repo rate at 5.25% after 125 bps of cumulative cuts in 2025, and total support exceeding 15.7 trillion rupees via OMOs (8.5 tn purchases), buy-sell swaps (3.5 tn), and 150 bps CRR reductions, short-end yields have compressed significantly—1Y T-bills at 5.5%, 5Y G-Secs at 5.8%—while long-end offers attractive term premiums, with 10Y G-Secs at 6.58% and 10Y SDLs at 7.39% (72-75 bps spread).

- The strategy emphasizes overweighting high-grade short-intermediate accrual (1-3Y AAA corporates, T-bills, CDs) for stability and income, paired with selective long-dated exposure (10-30Y SDLs and G-Secs) to harvest premiums, using announced OMO purchase windows on January 5, 12, and 22 (50,000 crore each) for tactical entries.

- Supply pressures loom with FY26 G-Sec gross at 27.2 tn and SDL at 12.4 tn (higher FY27 expected), alongside negative FPI flows and INR volatility necessitating a 7-12% cash buffer; macro tailwinds include muted CPI, robust real activity, and nominal GDP recovery, though global risks like US Fed paths warrant vigilance.

- Portfolios are split between short-term, low-risk assets and long-term, higher-return assets. Allocations range from conservative (70% in short-term stability assets and 30% in long-term return assets) to yield-seeking (40% short-term / 60% long-term). Portfolios can be rebalanced monthly, with staggered investments to manage timing risk, and allocation shifts triggered by inflation surprises, changes in liquidity, or supply dynamics.

India Strategy – PL India, Market Outlook – ICICI Pru AMC Ltd, SBI MF, WhiteOak

Month in a Minute – December 2026

India's economy in 2026 will likely sustain strong momentum with FY26 GDP growth at 7.3-7.4%, fueled by resilient domestic demand, muted inflation (~2%), and RBI's accommodative policy (repo at 5.25% with possible further cuts). External risks like US tariffs and INR volatility persist, but fiscal consolidation (deficit ~4.5-4.9% GDP) and GST stability (Dec ₹1.75 lakh cr) provide buffers for outperformance vs. global 3.0-3.6% growth.

Category	Economic Indicators	Details
Positives	**Strong GDP Growth**	RBI revised FY26 GDP forecast upward to 7.3%, with Q2 growth at 8.2%, driven by robust domestic demand and festive consumption.
	Resilient PMIs	Manufacturing PMI steady near 56.6 in Nov 2025, services PMI robust above 59 in Oct-Nov, amid repo rate cut to 5.25%.
	Export Recovery	Exports rose 15.5% in Nov 2025, narrowing trade deficit despite gold imports; festive season boosted GST collections. India's GST Collections for December 2025 stood at ₹1.75 lakh crore (gross), reflecting a 6.1% year-on-year increase from ₹1.64 lakh crore in December 2024.
	Muted Inflation	CPI inflation at 0.71% y-o-y in Nov 2025, below RBI target, supporting accommodative policy and credit growth.
	Global Outperformer	Multilateral agencies affirm India as fastest-growing major economy at 7%+ FY26 amid a 3 to 3.6% Global GDP growth.
Negatives	**FPI Outflows & INR**	FPI debt outflows reached $1.96B in early Dec 2025; INR faced episodic weakness near recent lows from US tariffs.
	Global Growth Risks	Global GDP projected at 3.0-3.6% with US slowdown and Fed path risks; tariffs threaten exports like textiles.
	Moderating IIP	Industrial production growth slowed to 0.4% in Oct 2025; trade deficit persists amid commodity import surges.
Neutrals/Watchlist	**Monetary Policy Path**	RBI may deliver one more 25 bps cut to 5.00% by Feb 2026; watch CPI rebound to 4% target and Jan OMO liquidity.
	MF AUMs & Currency	Debt MF AUMs steady on low rates amid equity outflows; monitor INR vs USD on FPI flows and tariff negotiations.
	Fiscal Consolidation	Fiscal consolidation targets for FY26 are on track after festive GST sales normalized (Dec at ₹1.75 lakh crore, up 6% from last year), but keep an eye on H2 tax collections, possible hikes in state bond supply (FY26: 12.4 trillion rupees), and US trade deal updates to hold the budget deficit around 4.5-4.9% of GDP.

**CPI: Consumer Price Index,*VRRR: Variable Rate Reverse Repo*

Sources - Fortune India, PIB, Trading Economics, Finnovate, Deloitte Insights, Capital Economics, Business Standard, Reuters, Tribune India, World Bank, IMF, Kotak Securities, NSE India, NSDL, CDSL.

Macro Outlook

Domestic Macro Outlook

Indicator	Value	Outlook Insight
Real GDP Growth (FY26)	RBI forecast steady at 7.3%; Q2 actual 8.2%	Growth momentum remains robust into H2 FY26, backed by infra capex, resilient consumption (festive spillover), GST reforms, and policy easing, though US tariffs and global slowdown may cap sequential gains
CPI Inflation (FY26)	Nov actual 0.71% YoY; FY26 Avg ~2.0-2.3%	Inflation stays firmly below 4% target through Dec, supported by benign food prices, agri supply, GST rate cuts; limited risks from gold imports/rupee but ample buffers vs. tariff passthrough
GST 2.0	Annual revenue loss ~₹0.8-0.9 tn; Dec gross ₹1.75 lakh cr (+6.1% YoY)	GST 2.0's rate cuts are lowering prices and boosting buying power, with December GST collections steady at ₹1.75 lakh crore after the festival rush. Centre and states can manage shared revenue pressures through strong H2 tax inflows, but this might squeeze some infrastructure spending later in FY26.
External Balance (CAD)	FY26 CAD now expected around 1.3%–1.4% of GDP (vs earlier 1.1%–1.3%).	CAD widens mildly on gold import surge offset by services/remittances/FPI debt inflows; trade gap contained Dec via export resilience—watch US tariff escalation
USD/INR	Dec-end ~₹90.8-91.0 (from 90.13 early Dec); Bear: ₹92+	Rupee faces steady depreciation from FPI equity outflows (CY25 ₹1.6 lakh cr), gold demand, risk-off; base holds ~91 but tariff delays/Fed path risks upside to 92+

Global Macro Outlook

Indicator	Value	Outlook Insight
Global GDP Growth	3.2% CY25; 2.9-3.1% CY26 (IMF/OECD Dec updates)	Growth eases from 3.3% 2024 amid sustained US tariffs, trade barriers, and geopolitical risks; EMs like India offset but face export headwinds
US Economy (CY 2025)	Dec inflation ~3.0%; Fed at 3.75–4.25% post-25 bps cut	Shutdown resolved mid-Nov but uncertainty lingers; OECD sees 2.0% CY25 growth slowing to 1.7% CY26 on fiscal tightening, soft jobs
Eurozone	Dec inflation ~2.0%; Q4 GDP +0.3% q/q; 2025 GDP 1.0-1.2%	Weak exports persist, mild 2026 recovery via easing inflation/ECB support; German stimulus aids but trade costs weigh
China	Dec exports flat YoY; 2025 growth 4.7-4.8% (OECD/GS)	Tariffs curb orders post-stockpiling; UNCTAD sees trade growth slowing to 4.6% in 2026 amid domestic demand weakness
Global Inflation Trends	4.2% 2025; 3.7% 2026 (IMF); US sticky above target	Global CPI inflation trends show an easing trajectory for consumer goods and services (food, energy, housing, imports), but US tariffs risk cost passthrough to affected items like steel, autos, and apparel—potentially reaccelerating pressures. OECD highlights divergent inflation paths across economies, raising prospects for selective policy tightening by central banks in 2026.

Sources - Fortune India, PIB, Trading Economics, Finnovate, Deloitte Insights, Capital Economics, Business Standard, Reuters, Tribune India, World Bank, IMF, Kotak Securities, NSE India, NSDL, CDSL.

Equity Market – Overview and Strategy

As of 31st December 2025, Indian equity markets reflected short-term volatility amid global uncertainties and FII outflows, while maintaining resilience over longer horizons. Medium- to long-term returns remained healthy, highlighting the strength of domestic fundamentals despite consolidation in 2025 after strong prior years. Overall, the data reinforces that long-term investors were rewarded, even as near-term performance stayed subdued in a challenging market environment.

As of 31st Dec 2025	1M	3M	6M	YTD	1Y	2Y	3Y	5Y	2021	2022	2023	2024	2025
BSE 200	-0.2	5.6	1.9	8.0	8.0	10.6	14.5	14.9	27.6	4.2	22.8	13.4	8.0
BSE 250 Small Cap	-0.7	-0.3	-6.0	-5.9	-5.9	8.1	19.4	21.3	57.7	-2.0	45.8	24.2	-5.9
NIFTY 50	-0.3	6.2	2.4	10.5	10.5	9.6	13.0	13.3	24.1	4.3	20.0	8.8	10.5
NIFTY 500	-0.3	5.0	1.1	6.7	6.7	10.8	15.6	15.7	30.2	3.0	25.8	15.2	6.7
NIFTY BANK	-0.3	9.1	4.0	17.2	17.2	11.0	11.5	13.8	13.5	21.2	12.3	5.3	17.2
Nifty Midcap 150	-0.5	5.9	1.3	5.4	5.4	14.2	23.3	23.1	46.8	3.0	43.7	23.8	5.4

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

Short Term View (0 – 6 months)

Outlook:
Market to remain range-bound; large caps to lead as visibility and liquidity preference stay high. Domestic demand recovery (GST rationalisation, tax cuts, normal monsoon) should keep earnings momentum intact for banks, autos, NBFCs and select cyclicals.
Risks:
Geopolitical flare-ups and the US tariff row — expect episodic volatility; keep tactical cash to buy dips.

Strategy:
Maintain a balanced portfolio with a large-cap bias. Recommend allocations to Balanced Advantage Funds and multi-asset/dynamic allocation (MAD) strategies; avoid overextended small-caps.

Medium Term View (6 – 24 months)

Outlook:
Structural story intact: sustained infrastructure, renewables, defence indigenisation and consumption upgrade drive multi-year growth. Rotate into capital goods, defence, ports, cement, metals and financials as structural order books and credit growth play out. Watch global demand (China, US) and Fed policy — external shocks can still derail momentum.
Risks:
Inflation or delayed rate cuts may impact cost of capital and valuations. Global slowdown or commodity swings could affect export-linked sectors.

Strategy:
Flexi-Cap: Large-Bias Fund (active)Concentrated large-cap core with a tactical flexi sleeve into select midcaps; aims to capture broadening earnings while keeping downside limited via large-cap.
Balanced Advantage: Growth-First (dynamic equity allocation)Systematic equity tilt that increases exposure in constructive market/earnings regimes and de-risks on volatility — keeps effective large-cap exposure but uses asset allocation to manage drawdowns.

Long Term View (24 – 60 months)

Outlook:
Structural story intact: sustained infrastructure, renewables, defence indigenisation and consumption upgrade drive multi-year growth. Policy tailwinds (PLI, localization, T&D & renewable capex) create durable winners in capital goods, renewables equipment and specialty chemicals.
Risks:
Policy shifts; global economic cycles or sharp commodity shocks may cause periodic drawdowns.

Strategy:
High-Conviction Mid/Small Cap Fund (closed-ended / 3–5 yr lock-in)Concentrated picks of cash-generative, fast-growing franchisees — designed to capture multi-year re-rating as market breadth expands.
Mid/Small Compounders PMS (buy-and-hold)Low-turnover portfolio of mid/small companies with durable competitive advantages and visible cashflow growth — built for long-horizon compounding.`

Source – India Strategy, PL India

Fixed-Income Outlook — January 2026

The combination of policy easing and active liquidity operations has created a carry-friendly environment. We recommend a barbell approach: (A) high-grade short/intermediate accrual for stability and income, and (B) selective long-dated exposure (SDLs / long G-secs) to harvest term premium. Use announced OMO dates as tactical buy windows for the long sleeve.

Key datapoint snapshot (data as of end-December 2025) –

- Policy repo rate: **5.25%** (cumulative easing ≈ **125 bps** during 2025).
- Central liquidity measures since Dec-2024: **OMO purchases ≈ ₹8.5 tn + buy/sell swaps ≈ ₹3.5 tn + CRR cuts ≈ 150 bps** (total policy/operational support ≈ **₹15.7 tn**).
- Announced Jan OMO calendar: **three OMO purchases of ₹50,000 crore each (5 / 12 / 22 Jan 2026)** — tactical buy windows.
- Yield snapshot (end-Dec 2025): **1Y T-bill ≈ 5.5% | 5Y G-Sec ≈ 5.8% | 10Y G-Sec ≈ 6.58% | 10Y SDL ≈ 7.39%**. SDL–G-Sec spread ≈ **72–75 bps** (monthly average).
- Supply backdrop: gross G-sec supply FY26 ≈ **₹27.2 tn**; gross SDL supply FY26 ≈ **₹12.4 tn** (FY27 expected higher).
- External flows / FX: FY-to-date FPI flows negative; INR experienced episodic weakness — keep a tactical cash buffer.

Segment views

Short (1–3Y) — Overweight (Core defensive sleeve)

- Rationale: best risk-adjusted carry with low duration risk.
- Instruments: AAA 1–3Y corporates, 6–12M T-bills, CDs,.
- Target role: principal accrual source and liquidity buffer for the barbell.

Mid (5–8Y) — Tactical / monitor

- Rationale: attractive carry and yield pick-up, but sensitive to long-end repricing.
- Instruments: 5–8Y G-secs or high-grade IG paper.
- Action: retain as an active sleeve — add tactically if the long end weakens (e.g., on OMOs).

Long (10–30Y incl. SDLs) — Selective overweight (Opportunity sleeve)

- Rationale: SDLs and select long G-secs embed elevated yields and term premium (10Y SDL ≈ 7.39% vs 10Y G-Sec ≈ 6.58% → spread ≈ 72 bps).
- Instruments: laddered 10–15Y SDLs, 15–30Y G-secs, and selective long PSU bonds.
- Entry: add on dips (tactical buys around OMO dates); ladder purchases to mitigate liquidity/mark-to-market risk.

Macro Parameters

Monetary policy has shifted to a growth-supportive stance: material repo cuts and a range of liquidity tools (CRR, OMOs, FX swaps) have eased funding and supported short-mid rates. Headline CPI is muted while real activity remains robust; nominal GDP is expected to recover further in the year ahead. Global uncertainties (US inflation/Fed path and external flows) remain the main channels that could re-price domestic yields.

Adopt a barbell: overweight high-grade short/intermediate accrual for stable carry, and selectively overweight long-dated SDLs/G-secs on tactical dips to harvest term premium, while keeping a 7–12% cash buffer for opportunistic execution.

Focused Schemes – January 2026

				Absolute		CAGR			
Scheme Name	**Category**	**Inception Date**	**Fund Manager**	**1 Month**	**6 Months**	**1 Year**	**3 Years**	**5 Years**	**Since Inception**
HDFC Balanced Advantage Fund(G)	Balanced Advantage	11-Sep-2000	Gopal Agrawal	-0.13	1.99	7.24	17.97	19.77	17.02
ICICI Pru Balanced Advantage Fund(G)	Balanced Advantage	30-Dec-2006	Rajat Chandak	0.39	4.57	12.22	13.64	12.77	11.38
SBI Balanced Advantage Fund-Reg(G)	Balanced Advantage	31-Aug-2021	Dinesh Balachandran	0.79	3.63	10.00	14.51		11.66
Aditya Birla SL Corp Bond Fund(G)	Corporate Bond	03-Mar-1997	Kaustubh Gupta	0.12	2.44	7.37	7.72	6.24	8.87
HDFC Corp Bond Fund(G)	Corporate Bond	29-Jun-2010	Anupam Joshi	0.08	2.37	7.33	7.68	6.03	8.09
Tata Corp Bond Fund-Reg(G)	Corporate Bond	01-Dec-2021	Murthy Nagarajan	0.13	2.34	7.11	7.41		6.02
Aditya Birla SL Income Plus Arbitrage Active FOF-Reg(G)	Income + Arb	28-Dec-2006	Kaustubh Gupta	0.31	2.62	7.68	7.35	5.91	7.34
Franklin India Income Plus Arbitrage Active FoF(G)	Income + Arb	28-Nov-2014	Rohan Maru	0.50	2.38	14.10	13.55	13.79	7.17
Invesco India - Invesco Global Equity Income FoF-Reg(G)	Income + Arb	05-May-2014	Sagar Gandhi	3.14	6.34	23.77	21.33	16.19	10.55
ICICI Pru Multi-Asset Fund(G)	Multi Asset Allocation	31-Oct-2002	Sankaran Naren	1.22	7.83	18.60	19.55	21.89	20.94
SBI Multi Asset Allocation Fund-Reg(G)	Multi Asset Allocation	30-Nov-2005	Dinesh Balachandran	2.34	9.87	18.58	18.45	14.77	9.83
UTI Multi Asset Allocation Fund-Reg(G)	Multi Asset Allocation	17-Dec-2008	Sharwan Kumar Goyal	0.79	6.21	11.08	20.05	15.11	12.87

Commodities – Overview & Outlook

GOLD

Gold delivered exceptional performance through CY2025, surging over 65% YTD to ~$4,421/oz by Jan 8, 2026 (from ~$2,670 start), repeatedly hitting all-time highs amid structural demand trends per World Gold Council and analysts. Q4 demand remained robust at record levels, with investment via ETFs worth $4.68 billion in 2025 and $1.25 billion in December, bars/coins offsetting softer jewellery volumes in India/China; Asia anchored allocations, India saw record ETF inflows, China wholesale steady, US demand +58% YoY Q3, and central banks added ~53t Oct (multi-year trend).

Fundamentals stayed supportive: geopolitical risks, USD/INR volatility (>₹90), sticky inflation, falling real yields post-Fed cuts to 3.75-4.25%, plus equity stretch and debt uncertainty boosted portfolio hedging.

Outlook: Gold prices look set to rise further in 2026. Goldman Sachs forecasts $4,900 per ounce by year-end, while State Street sees $4,000-$4,500 (possibly $5,000 in bullish case). Central bank buying (>70 tonnes/month), ETF investments, and Fed rate cuts will drive gains; watch for short-term pullbacks, high jewellery prices curbing demand, or unexpected rate changes

SILVER

Silver significantly outperformed gold in 2025, rising over 130% YTD to approximately $78/oz by early January 2026 (from ~$34/oz), driven by macroeconomic tailwinds—risk aversion, USD depreciation, and Fed rate cuts—alongside surging industrial demand comprising ~60% of total usage in solar PV, EVs, AI/5G semiconductors, and electronics.

The U.S. designation of silver as a Critical Mineral underscores its strategic importance, while the supply backdrop remains tight. The market has been in a multi-year structural deficit driven by flat mine output and limited new capacity, intensifying price sensitivity and enhancing silver’s upside momentum. Strong investment flows have added further support, as investors seek a high-beta alternative to gold in periods of macro uncertainty. However, silver’s higher volatility remains a characteristic risk. Sharp pullbacks can occur after strong rallies, and demand may soften temporarily during global economic slowdowns.

Outlook: *Strong positive for 2026,* supported by clean-energy adoption, EV penetration, persistent supply deficits, and broad-based investment interest. Key risks include cyclical industrial weakness, high volatility, and substitution pressures in some electronics use-cases.

Overall, gold offers portfolio stability, crisis protection, and central-bank-backed credibility, while silver delivers higher growth potential linked to global industrial transformation. Together, they remain compelling assets within a multi-asset allocation framework, each supported by strong multi-year structural tailwinds.

The Gold and Silver run can be played via investments being made in ETFs.

Source – PL Macro Desk, World Gold Council

Gold futures being considered : This symbol tracks the price of the standard Gold Futures (GC) traded on COMEX, a division of the CME Group exchange.

Commodities – Overview & Outlook

Global commodity prices are forecast to decline by approximately 7% in 2026, extending a four-year easing trend driven by subdued global economic growth (3.0-3.1%), ongoing trade tensions, policy uncertainty, and abundant oil supplies. Energy prices are expected to fall around 10%, reflecting persistent oversupply; base metals will remain largely stable amid mixed demand signals; agricultural commodities may trend slightly lower due to favorable global harvests; while precious metals continue their ascent by 5-10%, supported by investment flows and central bank purchases.

Energy

- India's total fuel consumption climbed to approximately 21.5 million metric tonnes (MMT) in December 2025, reflecting a 3.5% year-over-year increase, led by robust diesel demand while petrol remained steady year-on-year; the domestic Administered Price Mechanism (APM) gas price eased to around US$6.4 per MMBtu from October's US$6.96.

Metals

- Copper and other base metals-maintained support near multi-year highs around $11,500 per tonne, pressured upward by ongoing supply tightness and mining disruptions; gold advanced to $4,421 per ounce (+65% CY2025) with Indian retail prices near ~₹1,35,000 per 10g (as of 10th Jan 2026); silver surged to $78 per ounce (+130% CY2025), underscoring its industrial momentum.

Agricultural Commodities

- Global agricultural indices softened further in Q4 2025 amid seasonal Northern Hemisphere harvests and strong Indian crop arrivals, creating abundant supply conditions and modest downward pressure; risks remain balanced between adverse weather/input costs and weakening demand/biofuel diversion trends.

Overall - Revised price ranges hold steady: crude oil expected to average $60-70 per barrel in 2026 (current Brent ~$62), with potential downside to mid-$50s on surplus persistence or upside to $85+ on supply shocks; gold targets firm at $4,500-4,900 per ounce; silver eyes $80-100 per ounce amid elevated volatility.

Source – PL Macro Desk, World Gold Council

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9. Federal Reserve (US Treasury Custody Holdings data)
10. US EIA (Energy Information Administration)
11. LSEG (London Stock Exchange Group)

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