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Global Economic Outlook

US Economy: As per the report of the U.S. Bureau of Labor Statistics, the Consumer Price Index for All Urban Consumers (CPI-U) increased 0.3% on a seasonally adjusted basis in September 2025, after rising 0.4% in August 2025. Over the last 12 months, all items index increased 3.0% before seasonal adjustment. The index for gasoline rose 4.1% in September 2025 and was the largest factor in all items monthly increase, as the index for energy rose 1.5% over the month. The food index increased 0.2% over the month as the food at home index rose 0.3% and the food away from home index increased 0.1%. the Federal Reserve is expected to cut interest rates by a quarter point on 29 October 2025, following soft CPI data. Analysts predict a reduction to 3.75%–4%, with indications of a cooling job market and inflation moderating, despite ongoing political pressure from the Trump administration. With the US government shutdown is now in its fourth week, signs of a slowdown in the job market and easing domestic prices, analysts believe, could give the Fed additional room for further rate cuts.

UK Economy: As per data of Office for National Statistics report on Commentary on the Public Sector Finances: September 2025, borrowing in the first six months of 2025-26 totalled £99.8 billion. This is £11.5 billion above the same period last year and £7.2 billion above the monthly profile consistent with the March 2025 forecast. Borrowing remains higher than in March profile because of higher estimated borrowing by local authorities and public corporations. The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 4.1% in the 12 months to September 2025, unchanged from August 2025. On a monthly basis, CPIH rose by 0.1% in September 2025, the same rate as in September 2024. The Consumer Prices Index (CPI) rose by 3.8% in the 12 months to September 2025, unchanged from August 2025. On a monthly basis, CPI was unchanged in September 2025, as in September 2024.Transport made the largest upward contribution to the monthly change in both CPIH and CPI annual rates; recreation and culture, and food and non-alcoholic beverages made the largest offsetting downward contributions.

China Economy: China's consumer prices dropped 0.3% year-on-year in September 2025, steeper than market estimates of a 0.1% decline but slightly less than a 0.4% fall in the previous month. Food prices declined further (-4.4% vs -4.3% in August), recording the strongest contraction since January 2024. In contrast, non-food inflation quickened (0.7% vs 0.5%), supported by ongoing consumer trade-in schemes to bolster consumer demand, with more increases in housing (0.1% vs 0.1%), clothing (1.7% vs 1.8%), healthcare (1.1% vs 0.9%), and education (0.8% vs 1.0%). Meanwhile, transport costs fell at a slower pace (-2.0% vs -2.4%). Core inflation, which excludes food and energy, rose 1.0% year-on-year, the highest in 19 months, after 0.9% gain of August 2025. On a monthly basis, the CPI inched up 0.1%, missing forecasts of 0.2% after remaining flat in August 2025. China has set an annual inflation target of around 2% for 2025, so the current deflationary trend is a challenge for policymakers.

Domestic Economic Outlook

India's Forex Reserves record $702.28 billion: India's forex reserves increased by $4.496 billion to $702.28 billion for the week ended October 17, as the value of gold reserves rose further. Expressed in dollar terms, the foreign currency assets include the effects of appreciation or depreciation of non-US units, such as the euro, pound, and yen, held in the foreign exchange reserves. Value of the gold reserves jumped by $6.181 billion to $108.546 billion during the week, according to RBI. The Special Drawing Rights (SDRs) were up by $38 million to $18.722 billion, as per the apex bank. India's reserve position with the IMF fell by $30 million to $4.602 billion in the reporting week, according to the apex bank's data. The share of gold in India's total foreign exchange reserves more than doubled to 13.6% in September 2025 from early 2022 levels, as global gold prices touched record highs. Geopolitical uncertainty has driven gold prices due to its safe-haven status and the ability to remain a reliable store of value. Conversely, the share of foreign currency assets in the country's total foreign exchange reserves fell from 89.9% to 83.1%, the lowest ever.

IIP growth slowest in 3 months at 4%: Index of Industrial Production (IIP) growth rate for the month of September 2025 was recorded at 4% year-on-year, unchanged from the quick estimate for August 2025. The Quick Estimates of IIP stands at 152.8 against 146.9 in September 2024. The growth

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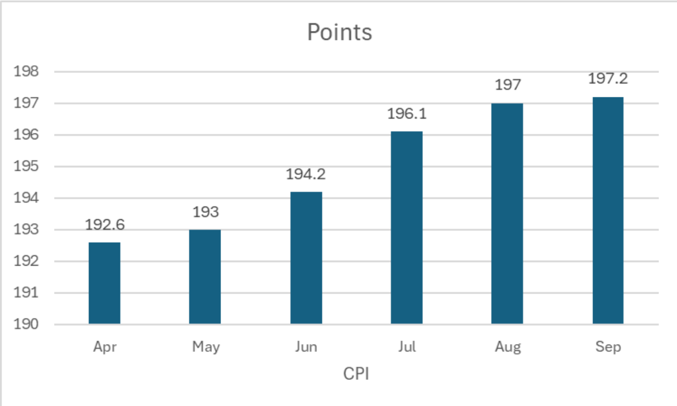
rates of the three sectors - mining, manufacturing and electricity for the month of September 2025 are (-)0.4%, 4.8% and 3.1% respectively. The manufacturing sector continued to be the biggest contributor, posting a growth of 4.8% in September against 4% in the year-ago month. The sector showed resilience across key industries such as basic metals, electrical equipment, and automobiles. The production of basic metals rose 12.3%, electrical equipment surged 28.7%, and motor vehicles, trailers and semi-trailers increased 14.6% compared to the same period last year.

Centre approves Rs 38,000 crore fertiliser subsidy: The Union Cabinet has approved a 37,952.29 crore fertiliser subsidy for the winter crop season. The latest budget is about Rs. 736 crore more than the budgetary requirement for the Kharif season 2025. It includes the subsidy on P&K fertilisers, including Di Ammonium Phosphate (DAP) and NPKS (Nitrogen, Phosphorus, Potash, Sulphur) grades, which will be provided based on approved rates for Rabi 2025-26, ensuring the smooth availability of these fertilisers to farmers at affordable prices. The allocation for NBS for next rabi season is higher by Rs 13,477 crore or 55% from previous rabi season (2024-25).

Govt imposes 30% duty on yellow peas import: To boost farm gate prices of pulses, the government has imposed a 30% import duty on yellow peas used as a cheaper substitute of chana, largely used in the food processing industry from 1 November 2023 ending duty free imports allowed since December 2023. Earlier, India Pulses and Grains Association (IPGA) had stated that continuance of dumping of the cheap imported yellow peas would keep the mandi prices depressed and would discourage farmers to grow chana, which accounts for about 50% of the country's pulses production. The import duty will be applicable for those consignments loaded from the origin country after November 1.

Interest Rate Outlook

CPI at an all-time high at 197.20 points: Consumer Price Index CPI in India increased to 197.20 points in September from 197 points in August of 2025. Consumer Price Index CPI in India averaged 141.79 points from 2011 until 2025, reaching an all-time high of 197.20 points in September of 2025 and a record low of 86.81 points in February of 2011. Consumer Price Index CPI in India is expected to be 199.70 points by the end of this quarter. In the long-term, the India Consumer Price Index (CPI) is projected to trend around 207.29 points in 2026 and 215.58 points in 2027, according to our econometric models.



Outlook: A high-growth, low-inflation environment is ideal for long-term wealth creation as it suggests economic stability, which is positive for stock and debt market investments. The strong growth forecast (6.8%) reaffirms the health of the Indian economy. This supports a positive long-term outlook for equities. India's corporate debt market is witnessing a rebound as renewed bets of steep rate cuts boost demand and encourage firms to opt for bonds over traditional funding sources. Governments may have more fiscal space to support agri-reforms and infrastructure. Low inflation helps keep fertilizer, fuel, and logistics costs in check, improving farmer margins. Easier access to credit (due to stable interest rates) supports big-ticket purchases like homes, vehicles, and electronics.

Government Security Yield (%)					
Date	22 Oct	24 Oct	26 oct	28 Oct	30 Oct
USA 10 yr	3.95	4.00	4.00	3.98	4.10
Ind 10 yr	6.49	6.53	6.53	6.54	6.53
Ind 5 yr	6.12	6.14	6.14	6.17	6.14
Ind 1 yr	5.52	5.57	5.57	5.54	5.57

Source: worldgovernmentbonds.com