



Bajaj Life Investments – Market Insights November 2025



**Domestic Macro
Update**

**Global Macro
Update**

Flows

Valuation

**Market
Outlook & View**

Global Macro Update

Global Growth Uncertain Due to U.S. Tariff Headwinds, India Remains a Bright Spot

Overview of the World Economic Outlook Projections YoY - IMF

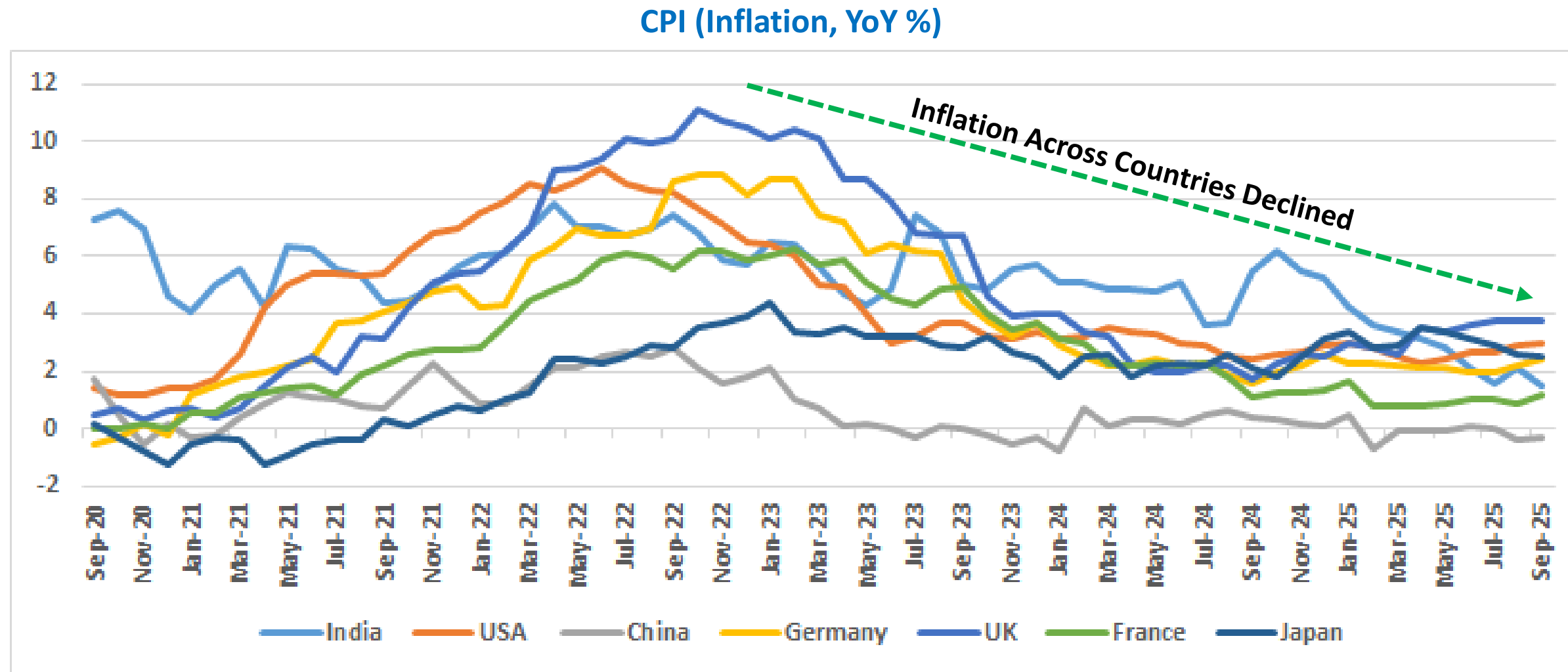
	2024	Projections	
		2025	2026
World Output	3.3	3.2	3.1
Advanced Economies	1.8	1.6	1.6
United States	2.8	2.0	2.1
Euro Area	0.9	1.2	1.1
Germany	-0.5	0.2	0.9
France	1.1	0.7	0.9
Italy	0.7	0.5	0.8
Spain	3.5	2.9	2.0
Japan	0.1	1.1	0.6
United Kingdom	1.1	1.3	1.3
Canada	1.6	1.2	1.5
Other Advanced Economies ²	2.3	1.8	2.0
Emerging Market and Developing Economies	4.3	4.2	4.0
Emerging and Developing Asia	5.3	5.2	4.7
China	5.0	4.8	4.2
India ³	6.5	6.6	6.2
Emerging and Developing Europe	3.5	1.8	2.2
Russia	4.3	0.6	1.0
Latin America and the Caribbean	2.4	2.4	2.3
Brazil	3.4	2.4	1.9
Mexico	1.4	1.0	1.5
Middle East and Central Asia	2.6	3.5	3.8
Saudi Arabia	2.0	4.0	4.0
Sub-Saharan Africa	4.1	4.1	4.4
Nigeria ⁴	4.1	3.9	4.2
South Africa	0.5	1.1	1.2
<i>Memorandum</i>			
World Growth Based on Market Exchange Rates	2.8	2.6	2.6
European Union	1.1	1.4	1.4
ASEAN-5 ⁵	4.6	4.2	4.1
Middle East and North Africa	2.1	3.3	3.7
Emerging Market and Middle-Income Economies	4.3	4.1	3.9
Low-Income Developing Countries	4.2	4.4	5.0

- Global GDP growth is projected to 3.2% in 2025 and 3.1% in 2026.
- The U.S. GDP growth is projected at 1.6% in both CY25 & CY26.
- China's economic growth is expected to remain within the 4.2–4.8% range in CY25 & CY26.
- India is projected to have the highest growth among major global economies, with GDP expanding by 6.6% during FY26 & 6.2% in FY27.

For India fiscal year being considered. 2025 = FY26 , 2026= FY27

Source: IMF, World Economic Outlook, Oct 2025

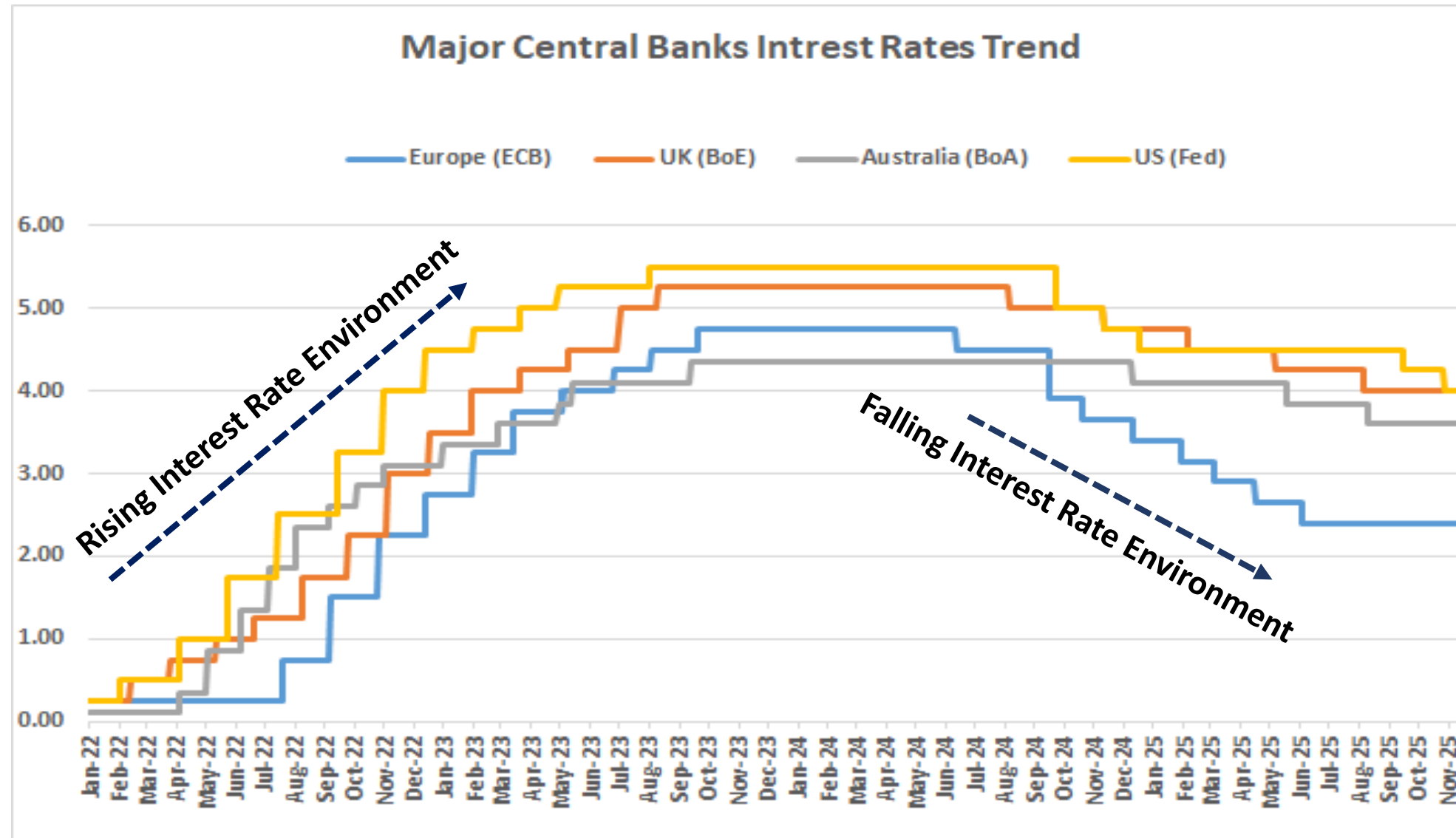
Global Inflation Eases, Stays Firm in the U.S.



Source: Bloomberg

- Global headline inflation is expected to continue easing, aided by cooling commodity prices, softer demand, and normalized supply chains.
- However, divergences persist—U.S. inflation remains above target due to sticky wages, labour shortages, and residual tariff pass-throughs.
- The IMF warns that such persistence could complicate monetary policy, especially where central banks have limited policy space left.

Except US, Most Central Banks Adopt Wait-And-Watch Approach On Rates

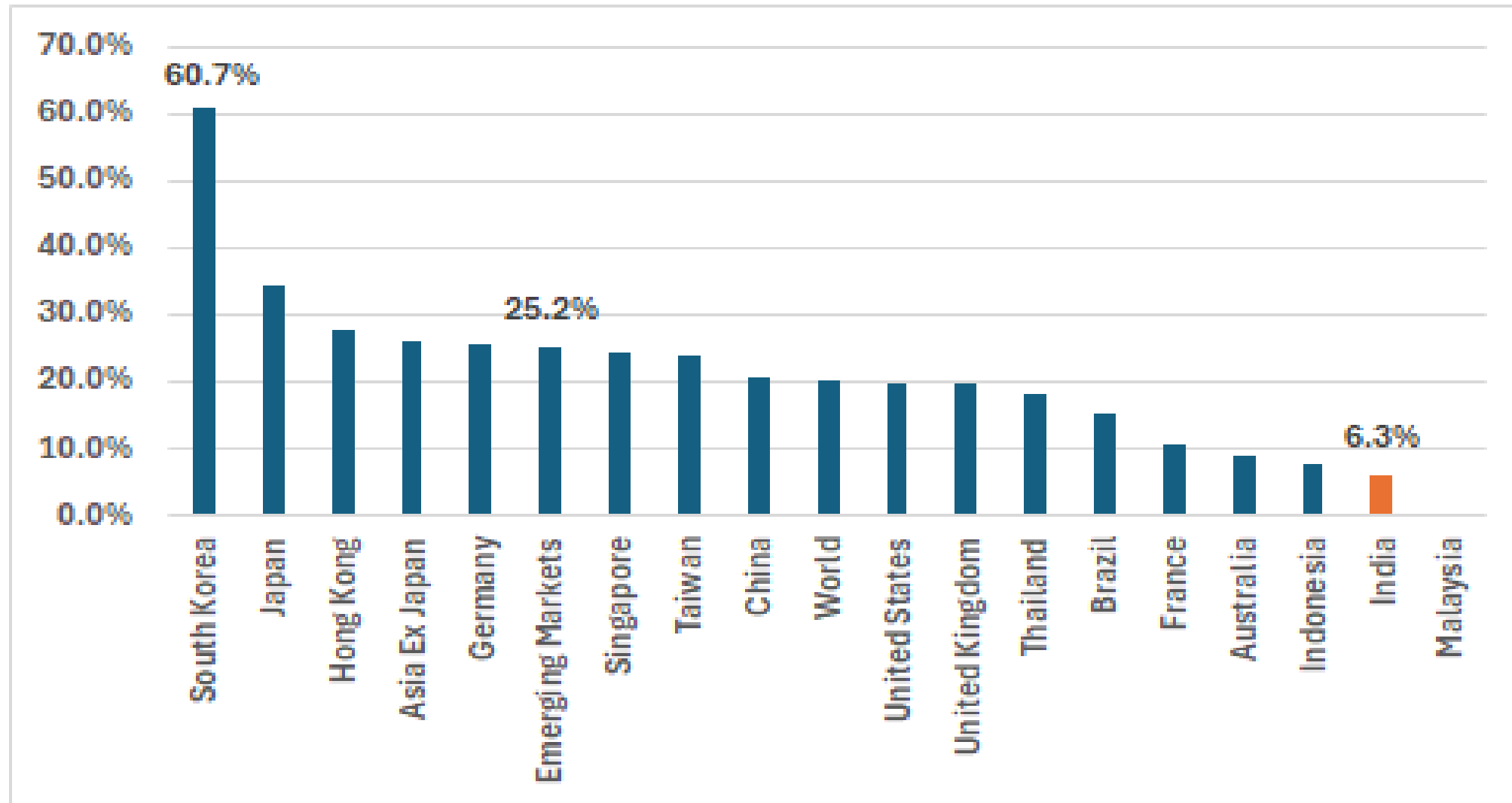


Source: Bloomberg

- The US Fed cut rate by 25 bps (to 3.75-4%), hawkish tone on inflation and ruling down the prospects of deterioration in labour market has decreased market expectation of another rate cut in Dec'25.
- While most of the other central banks globally are signalling caution, awaiting clearer signs of economic slowdown or disinflation before further rate action.

Equities Have Done Well Globally in Last 12 Months

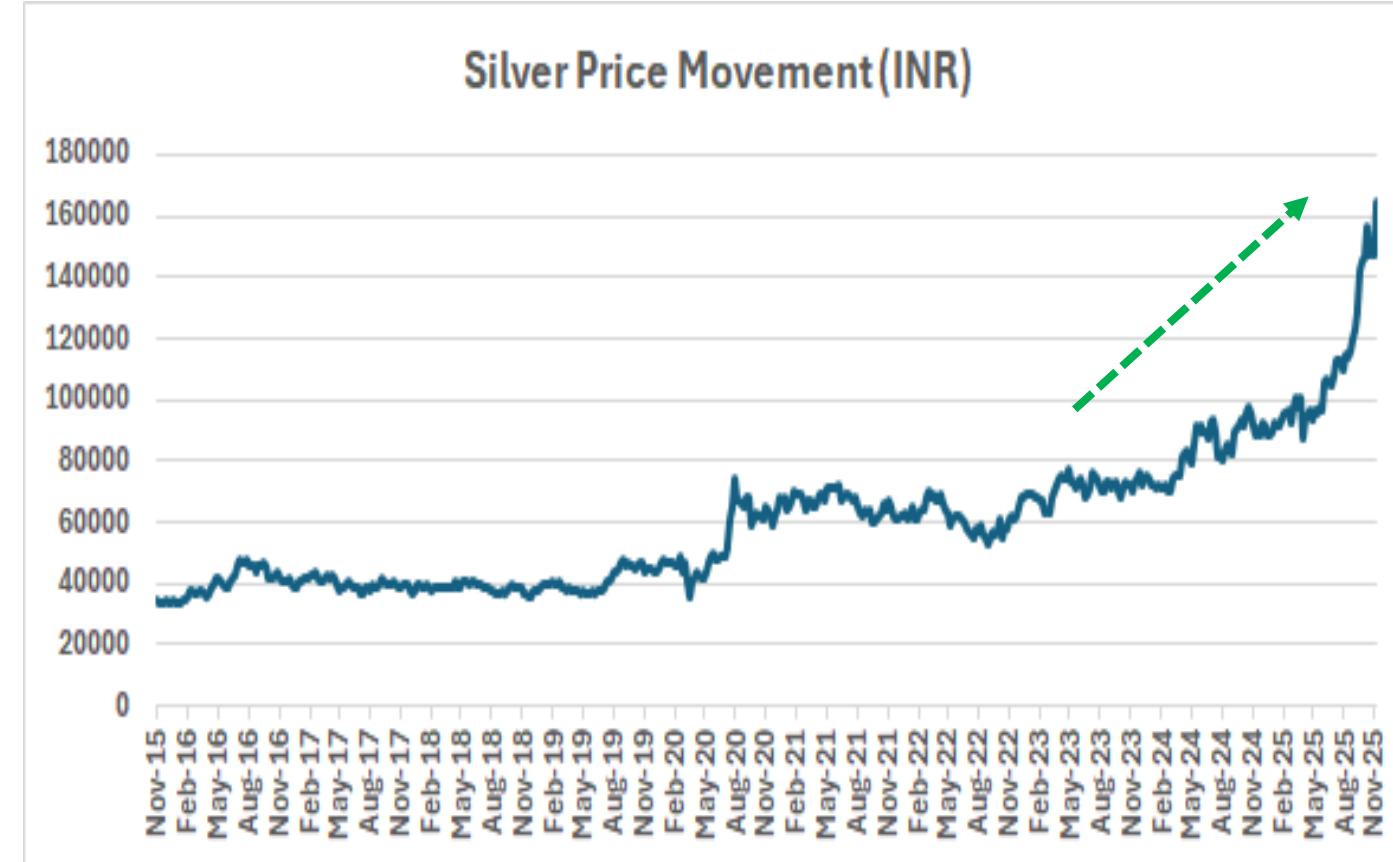
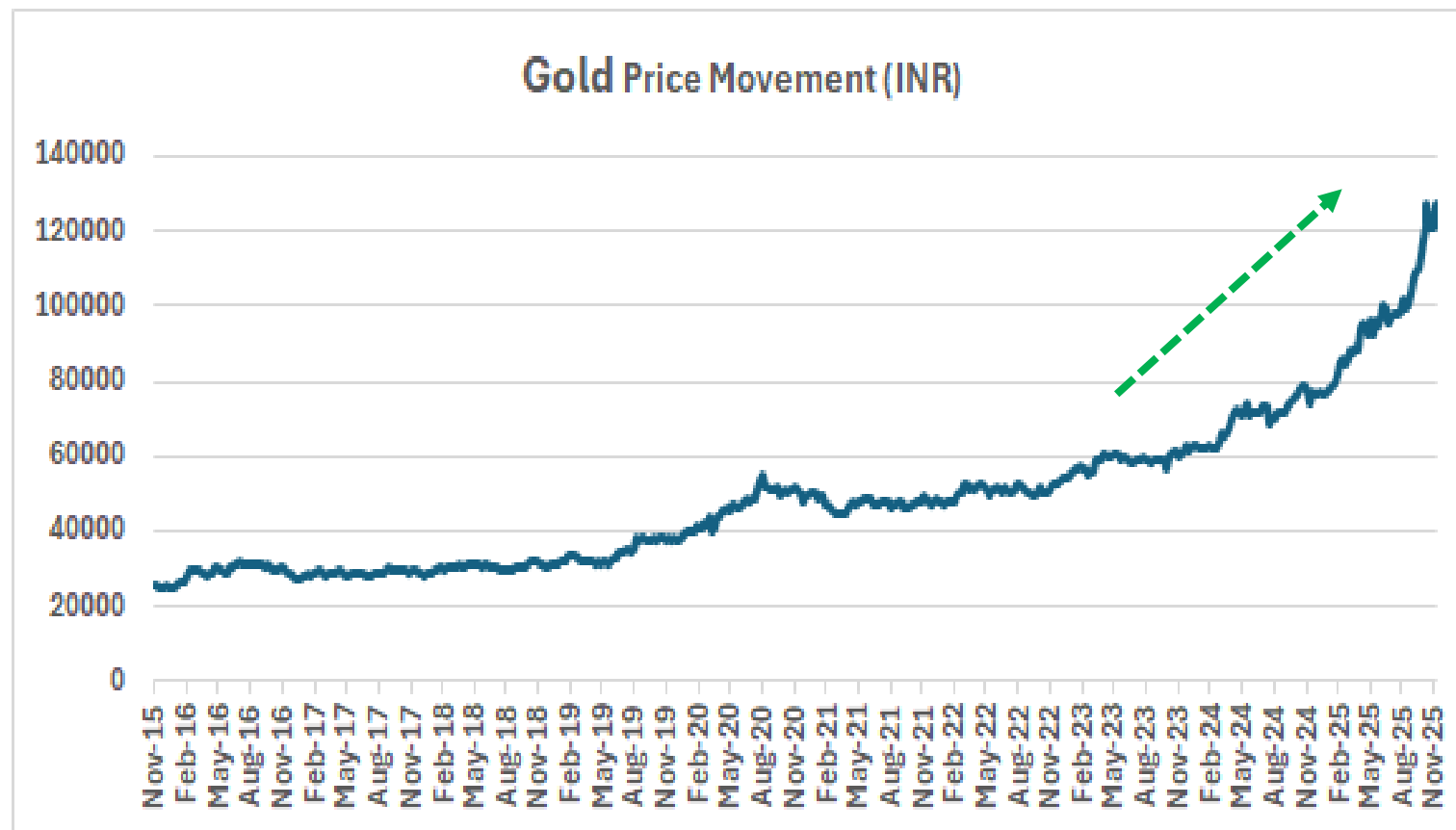
1 Year Performance (Local Currency) of Major Global Equity Markets



Source: Bloomberg, As on 31 Oct 2025

- Driven by optimism surrounding AI, most major global equity markets have delivered robust returns in the last 12 months.
- Indian markets have significantly underperformed during this period, possibly due to lack of identifiable AI opportunities.

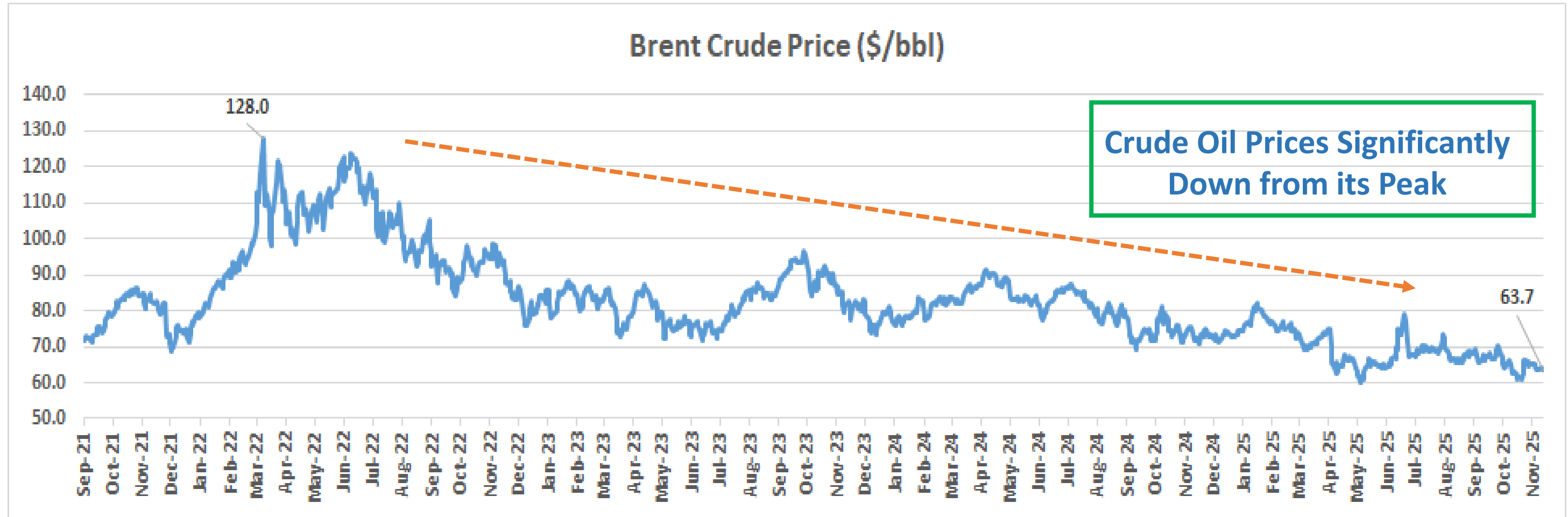
Gold & Silver Have Also Witnessed Sharp Rally



Source: Bloomberg

- Both gold and silver are demonstrating significant strength, driven by a convergence of global uncertainties, persistent safe-haven demand, and a softer U.S. dollar.
- During FYTD-26, gold delivered a strong return of 88% while silver surged by 120% (As on 31 Oct 2025).

Crude Oil Prices Remained Subdued



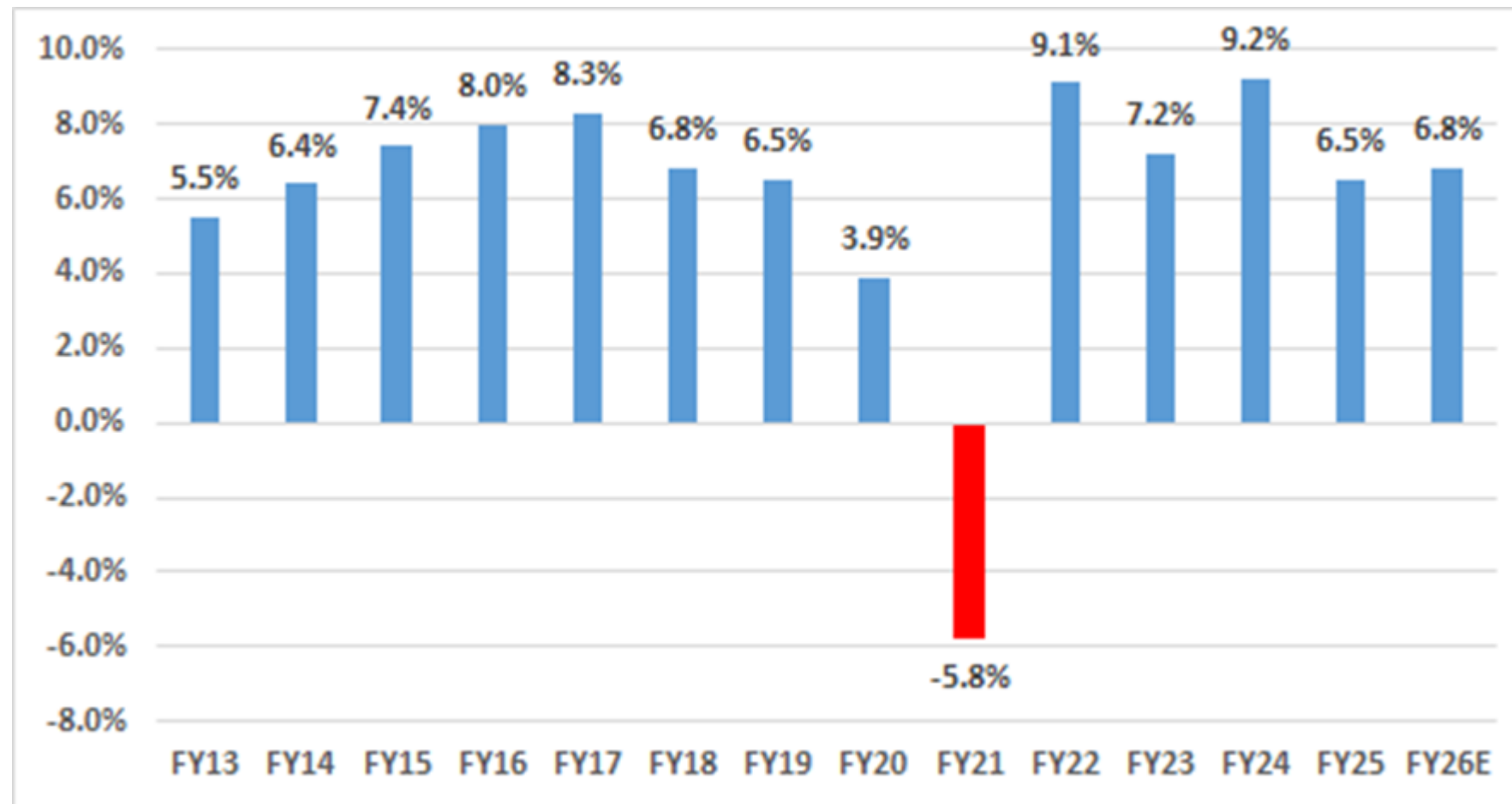
Source: Bloomberg

- Continued uncertainty in global trade and expectations of slower growth have led to a moderation in crude oil prices.
- Sustained lower crude oil prices provide an impetus to the disinflation trend as ~85 -90% of India's crude consumption occurs through imports.

Domestic Marco Update

RBI Raises India's GDP Growth Forecast to 6.8% vs 6.6% Earlier

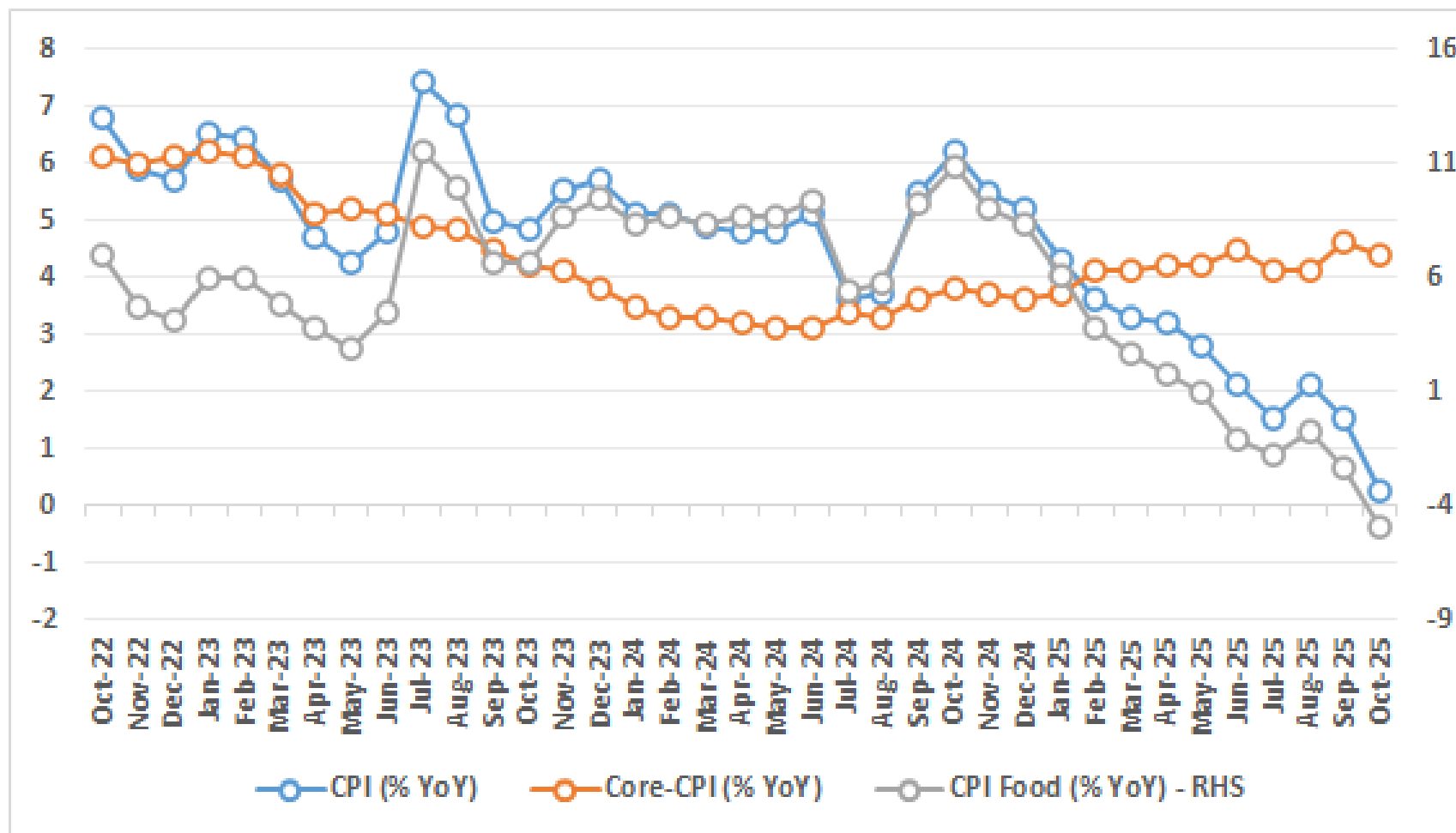
India Fiscal Year-Wise GDP Growth (% YoY)



Source: RBI

- India's economy posted strong momentum in Q1 FY2025-26, with GDP growth at 7.8% and GVA at 7.6%.
- The RBI projects FY2025-26 growth at 6.8% vs 6.6% earlier, with risks evenly balanced.
- Although, the RBI flagged external trade headwinds from weak external demand, ongoing tariff disputes, and global geopolitical tensions pose downside risks.

India's Inflation: Lowest at 0.25% YoY (2011-12 series)

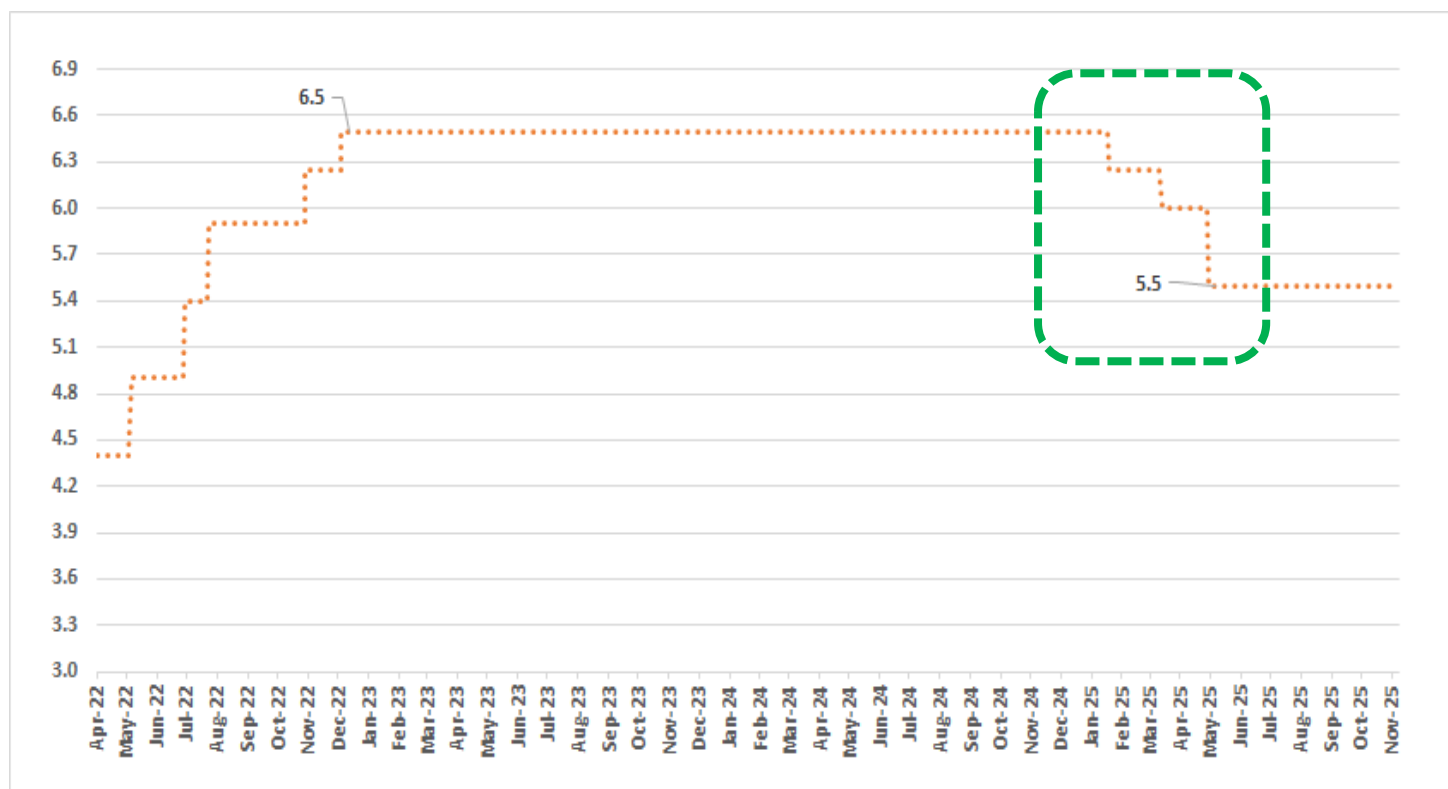


Source: Bloomberg, MOSPI

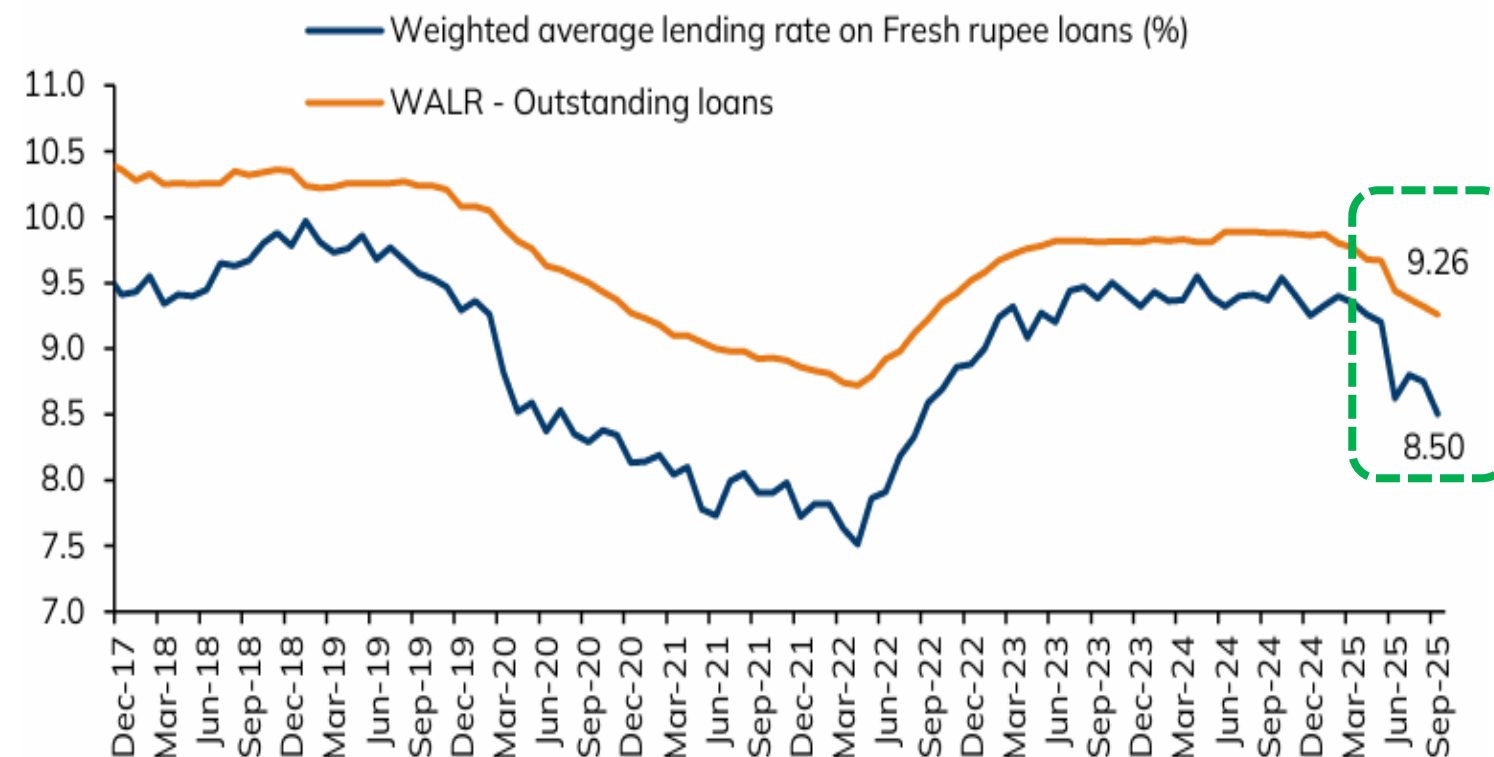
- India's CPI inflation further eased to its historic low of 0.25% vs 1.5% YoY in Sep'25, marking the 9 month of RBI's target of 4%.
- Food inflation experienced a sharp deflation of -5% in Oct'25 compared to 10.9% double-digit level seen in Oct'24. A favourable base also acted in favour of dragging this month's print.
- Core CPI (excl. food and fuel) is at 4.4%, on YoY basis. However, Core excl. Gold Pan Tobacco and Gold on the other hand, is much lower at 3.0%. Thus, volatility of international gold price (10.7% & 50.9%, MoM & YoY, respectively) has contributed to some stickiness of core inflation.

Low Inflation Gives Spaces To Repo Rate Cut in Dec'25

Repo Rate Trend (in %)



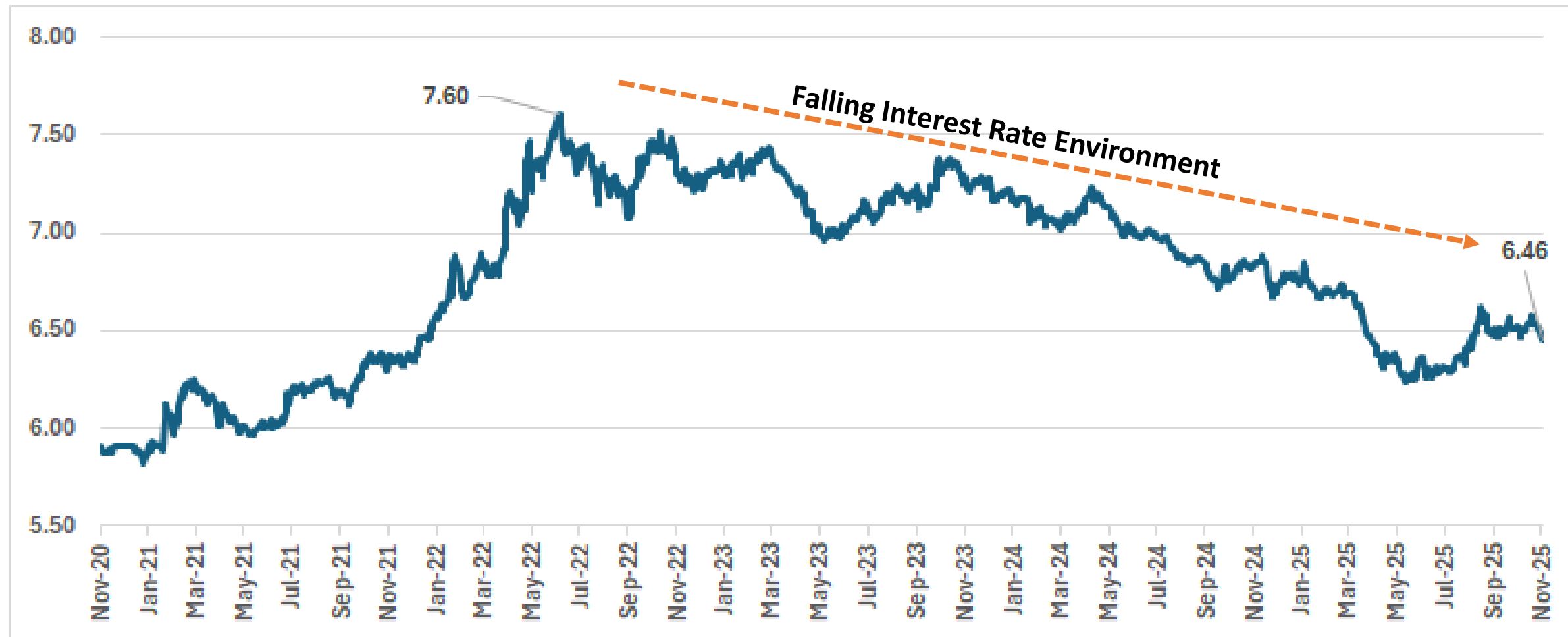
Rate Cut Transmission



Source: RBI, I-Sec research

- The RBI has cut 100 bps in repo rate from 6.5% to 5.5% since Feb'25. Both the weighted average lending rate on Fresh rupee loans and Outstanding loan, are witnessing gradual moderation.
- With lowest (2011-12 series) headline inflation print and strong domestic demand, the possibility of a rate cut in December 2025 has significantly increased.

10 Year G-Sec Remained Range Bound

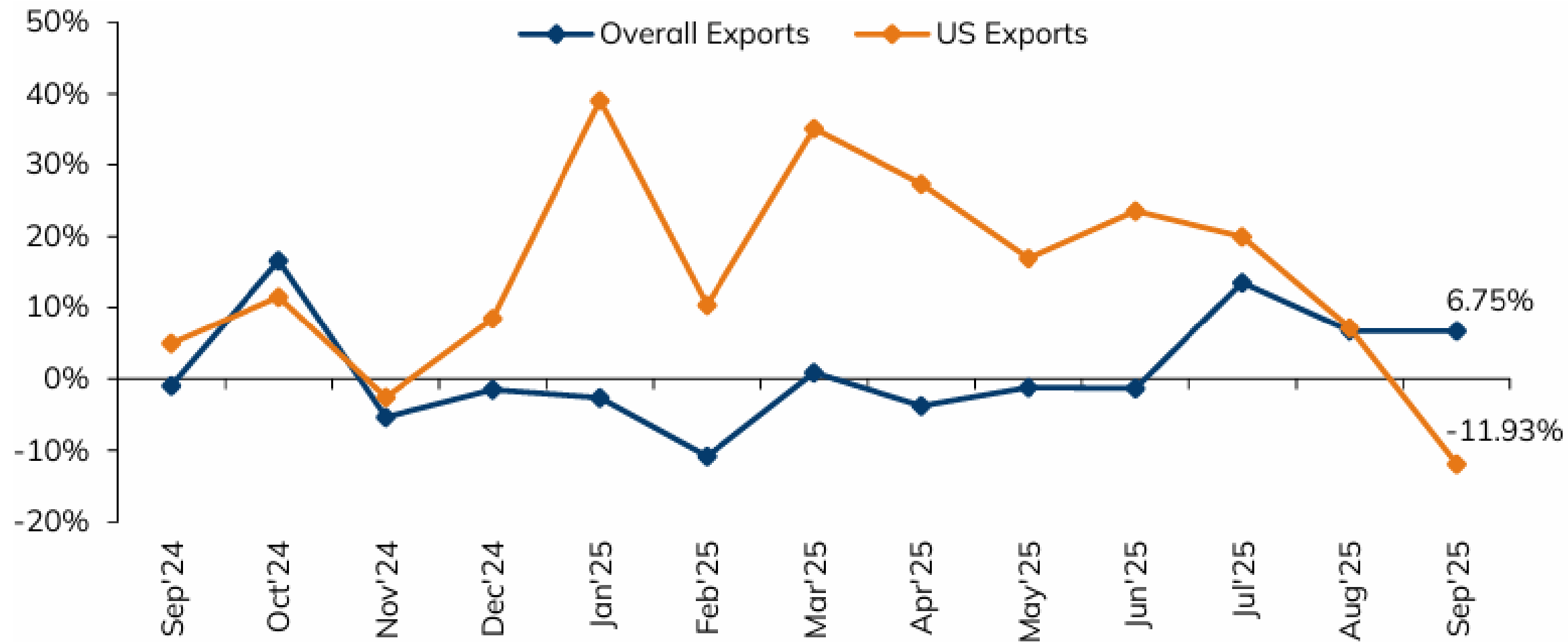


Source: Bloomberg

- India's yield curve has witnessed some degree of upward bias since Aug'25. However, during Oct'25, it broadly remained rangebound in absence of any fresh cues and supported by fine tuning of centre's borrowing calendar with proper allocation across maturity bucket (reducing share for the 10–20-year bucket to arrest any untoward pressure in this range).

Impact of Reciprocal Tariff Visible on Exports to the US

India's Export Growth to US Declined to ~12% in Sep'25

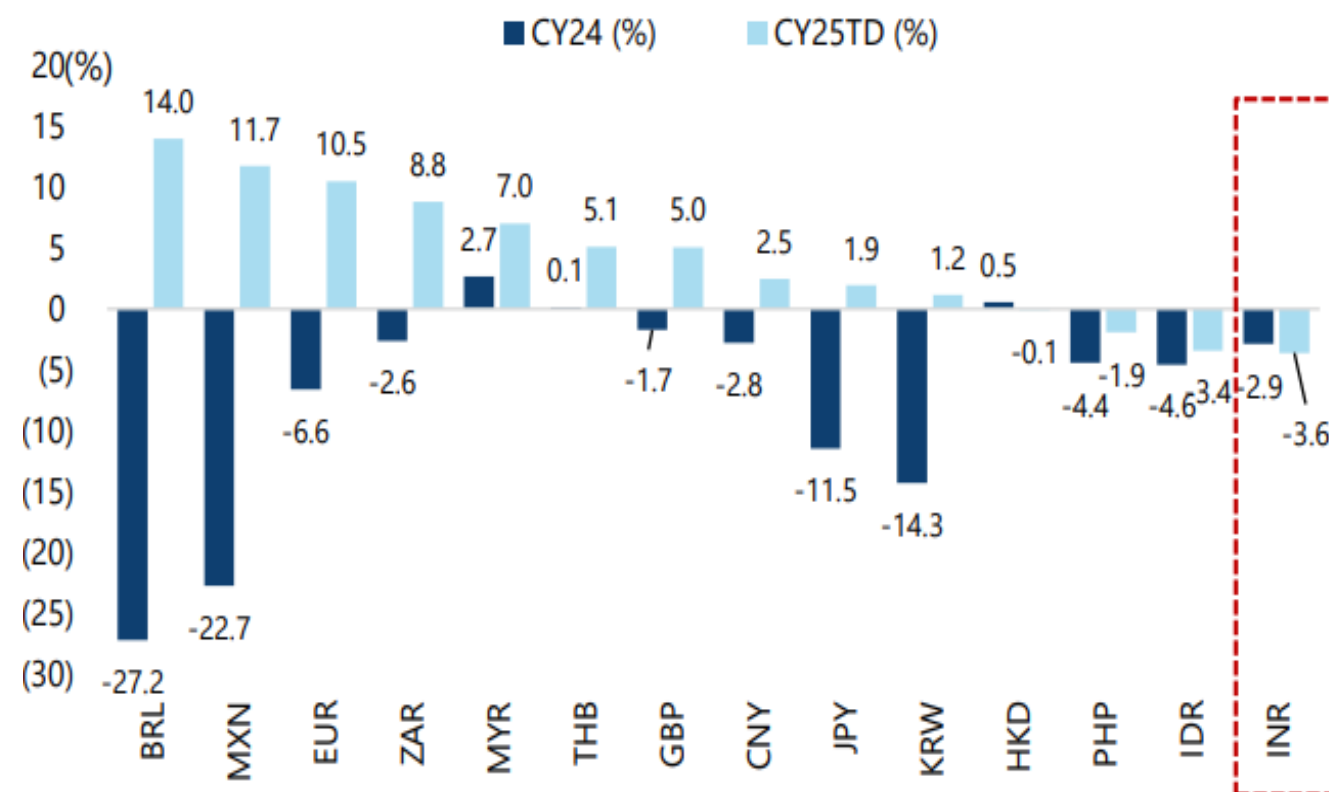
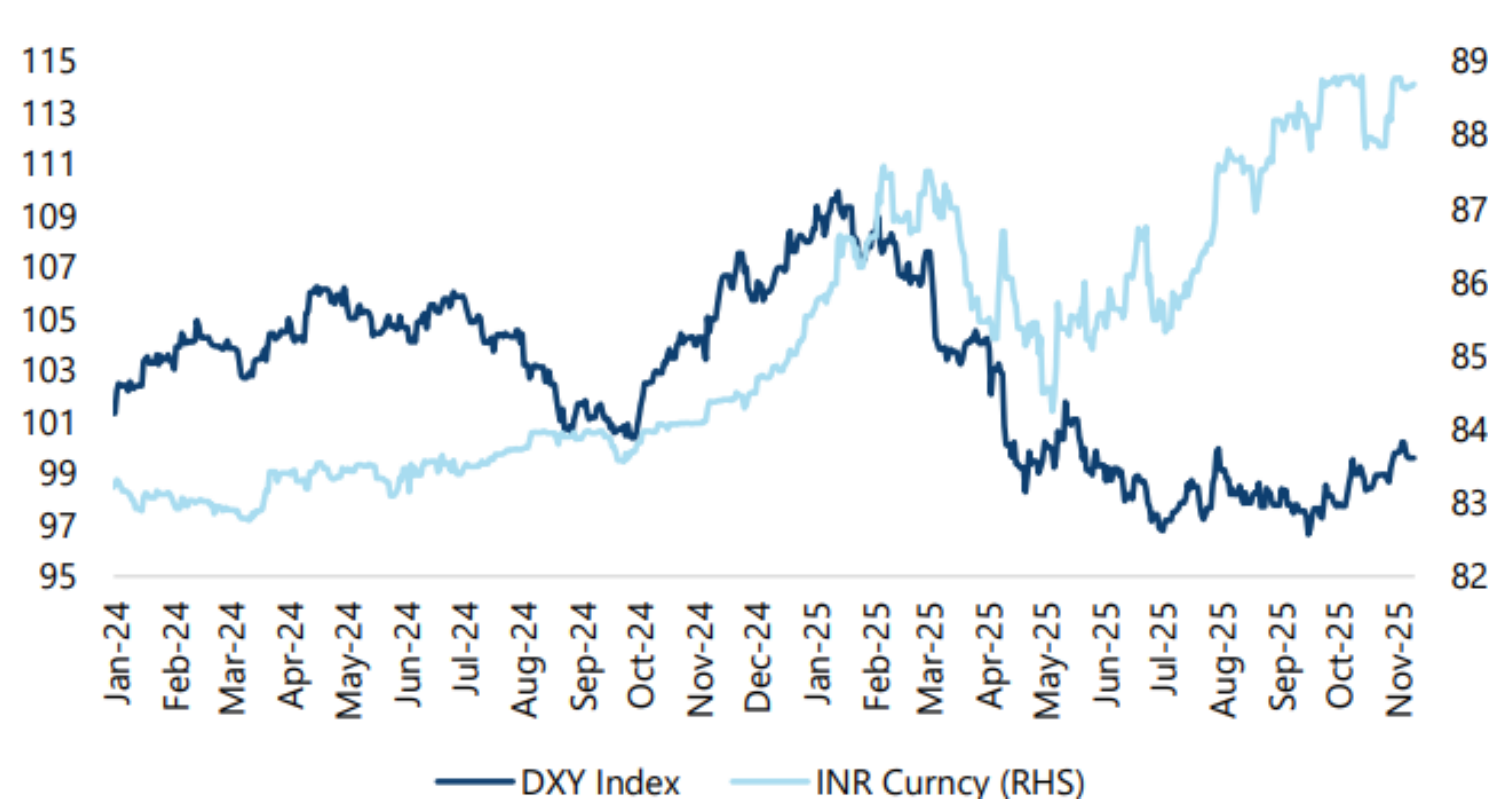


Source: Ministry of Commerce & Industry, I-Sec research

- The India- US merchandise export has impacted after the 50% tariff imposition, which weighed on overall exports.

INR Depreciation Continues Despite Global Dollar Weakness

INR vs DXY Index

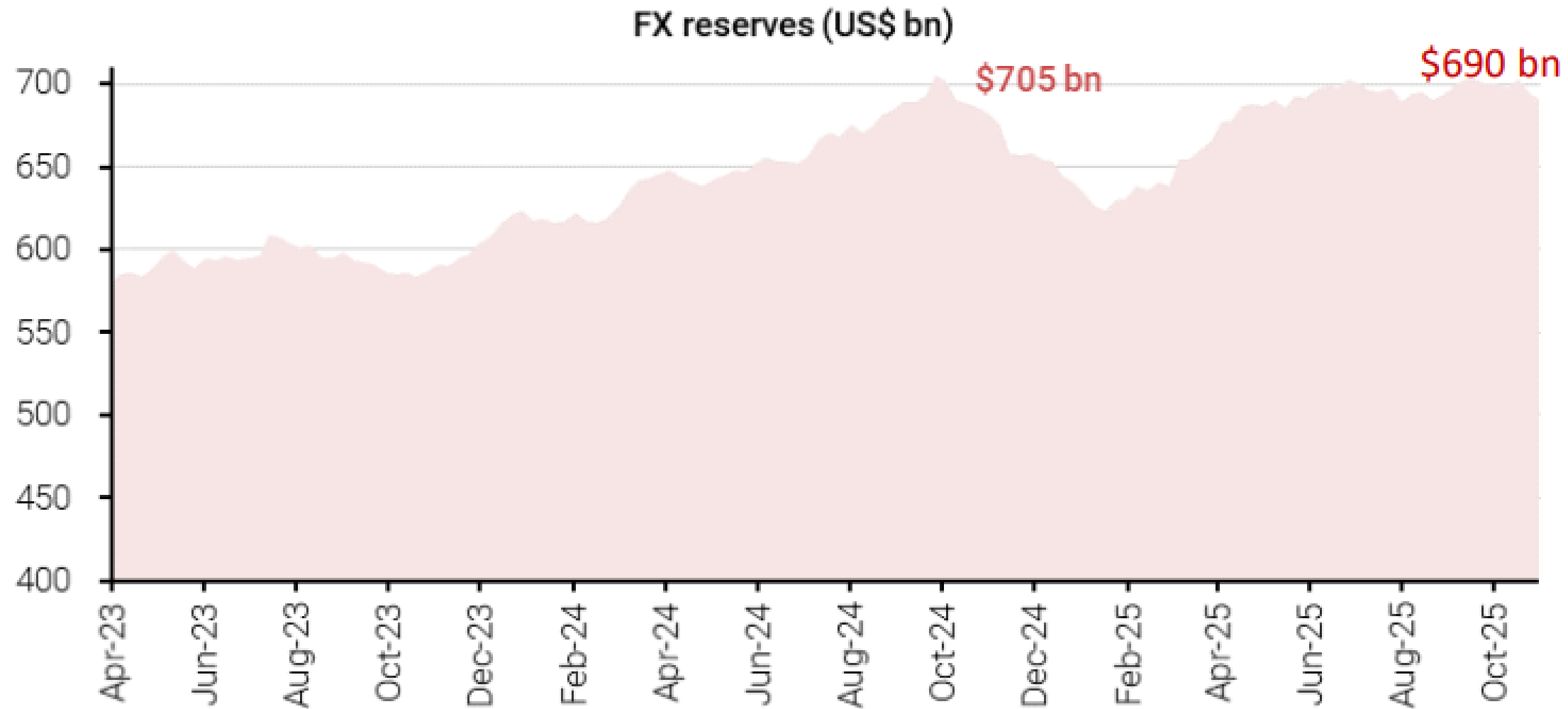


Source: Bloomberg, Jefferies

- The U.S. Dollar Index has steadily declined from around 110 in Jan 2025 to 99.68 as on 11 Nov 2025 (10% down from its peak), reflecting sustained weakness.
- The Indian rupee is experiencing depreciation despite broader weakness in the US dollar. This is not a passive event but a managed adjustment by the RBI to support exports. Indian rupee depreciated by 6% vs US dollar since Sep'24.

* The Dollar Index (DXY) is a weighted measure of the U.S. dollar's value relative to a basket of major foreign currencies, reflecting its overall strength or weakness.

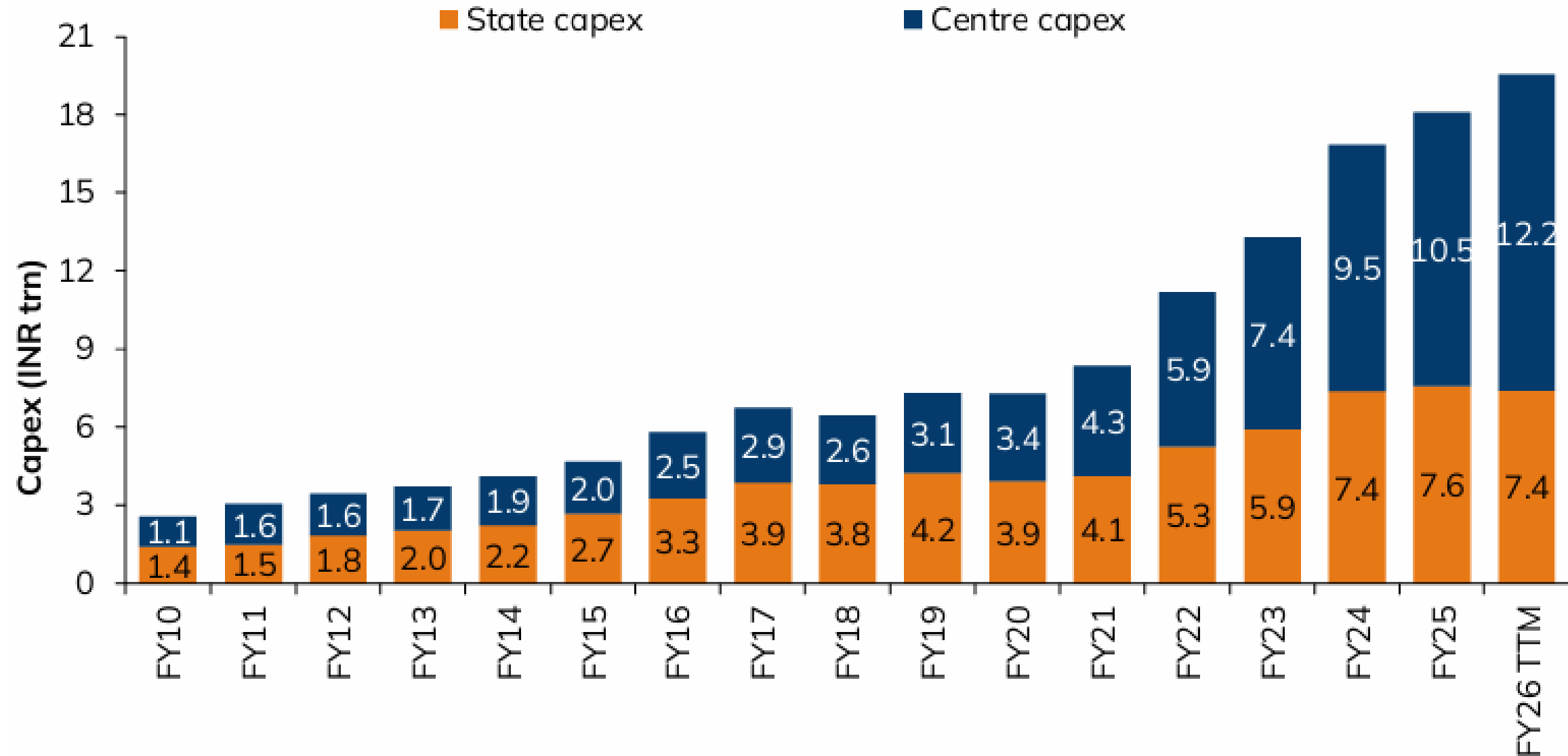
Forex Reserve Level Remains High



Source: Kotak Institutional Research, Bloomberg

- India's forex reserves remain high, providing for (~12 months of import cover); it stands at \$690 billion, close to its peak of ~\$705 billion.

Increased Capex: Centre Fuels Economic Growth



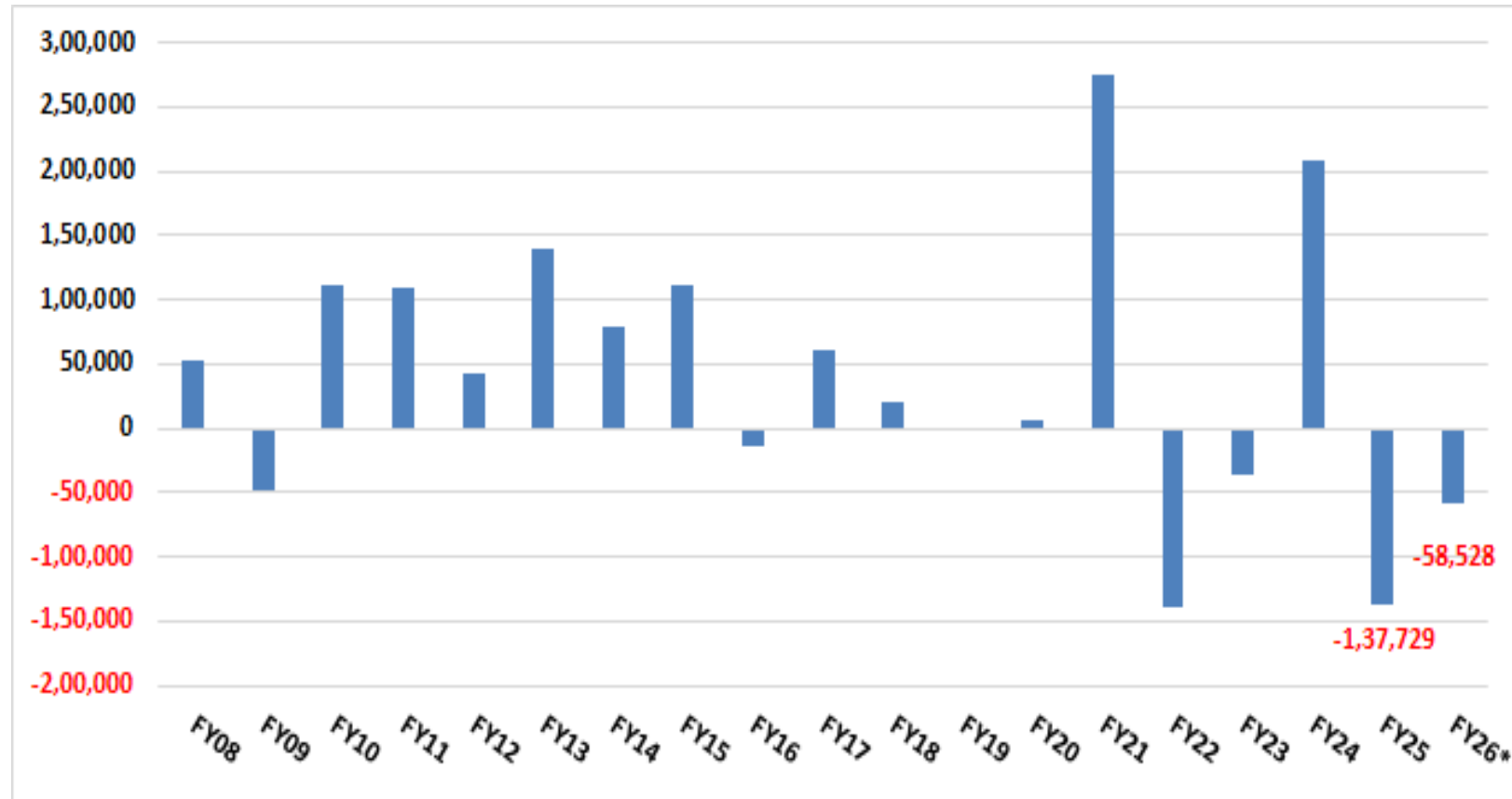
Source: CEIC, I-Sec research

- Government's focus continues on capex spending while taking steps to boost consumption via tax cuts

Flows

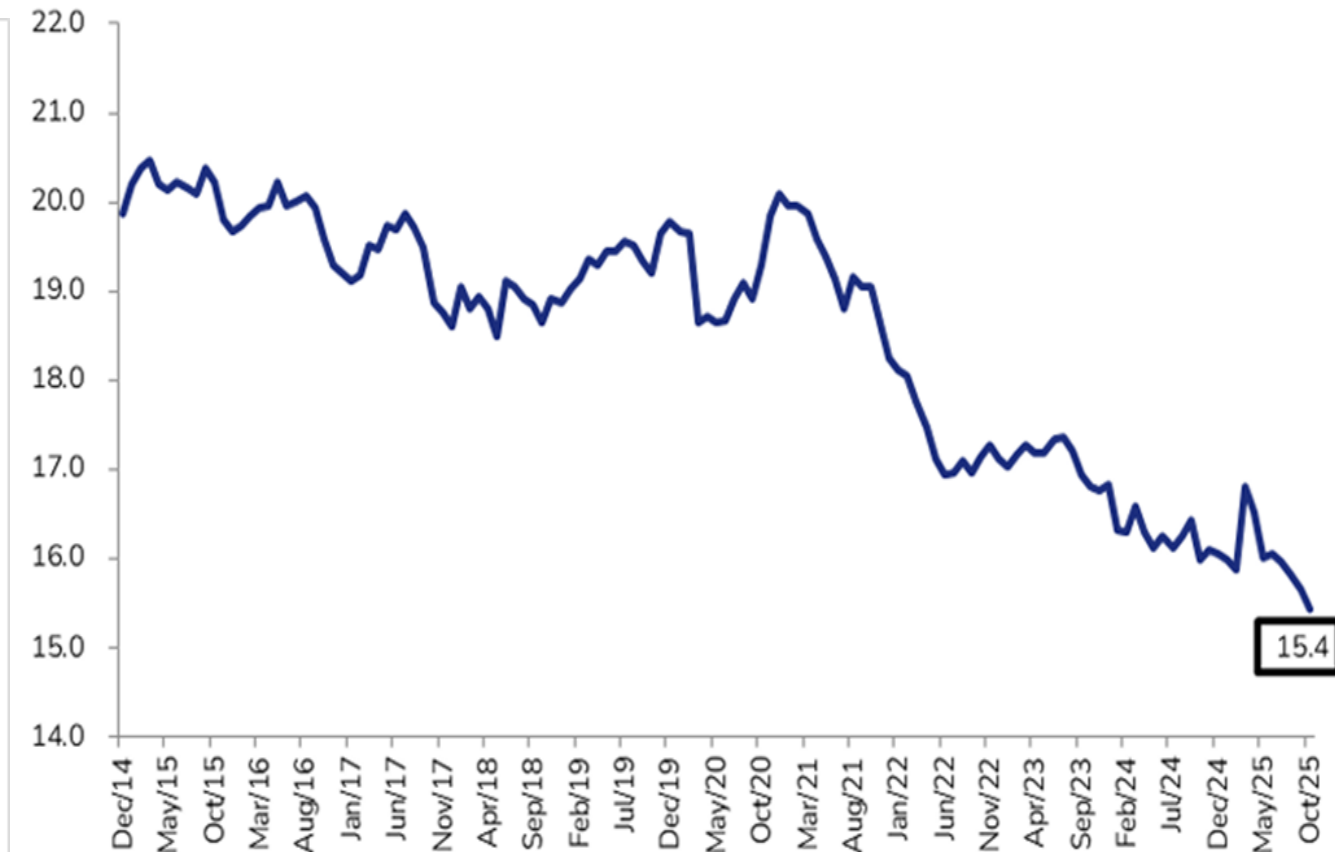
FPIs Remained Net Sellers on FYTD Basis, Ownership in Indian Equities Reduced

FPIs Flow Trend



Source: NSDL, Axis Capital

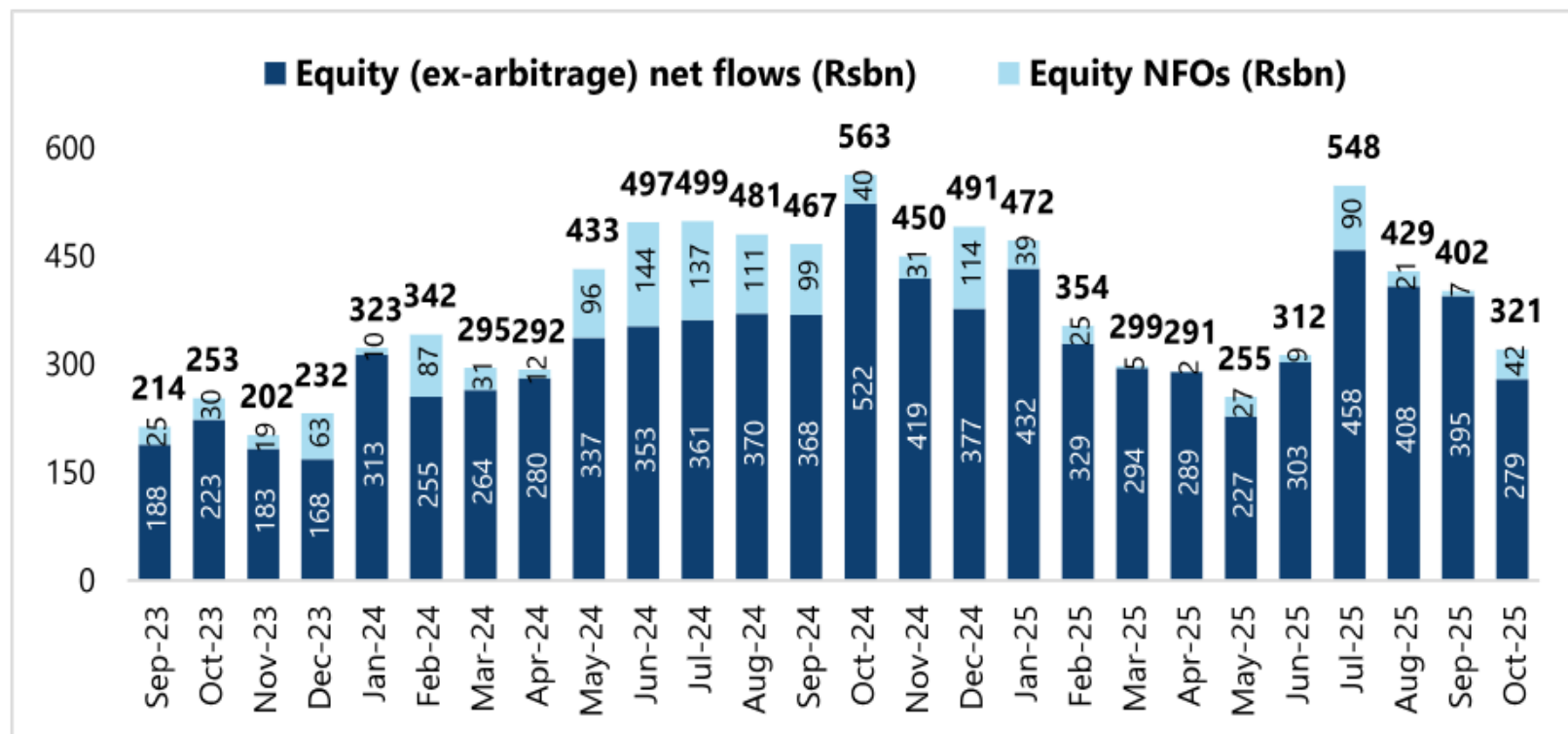
FPIs Ownership In India Equities



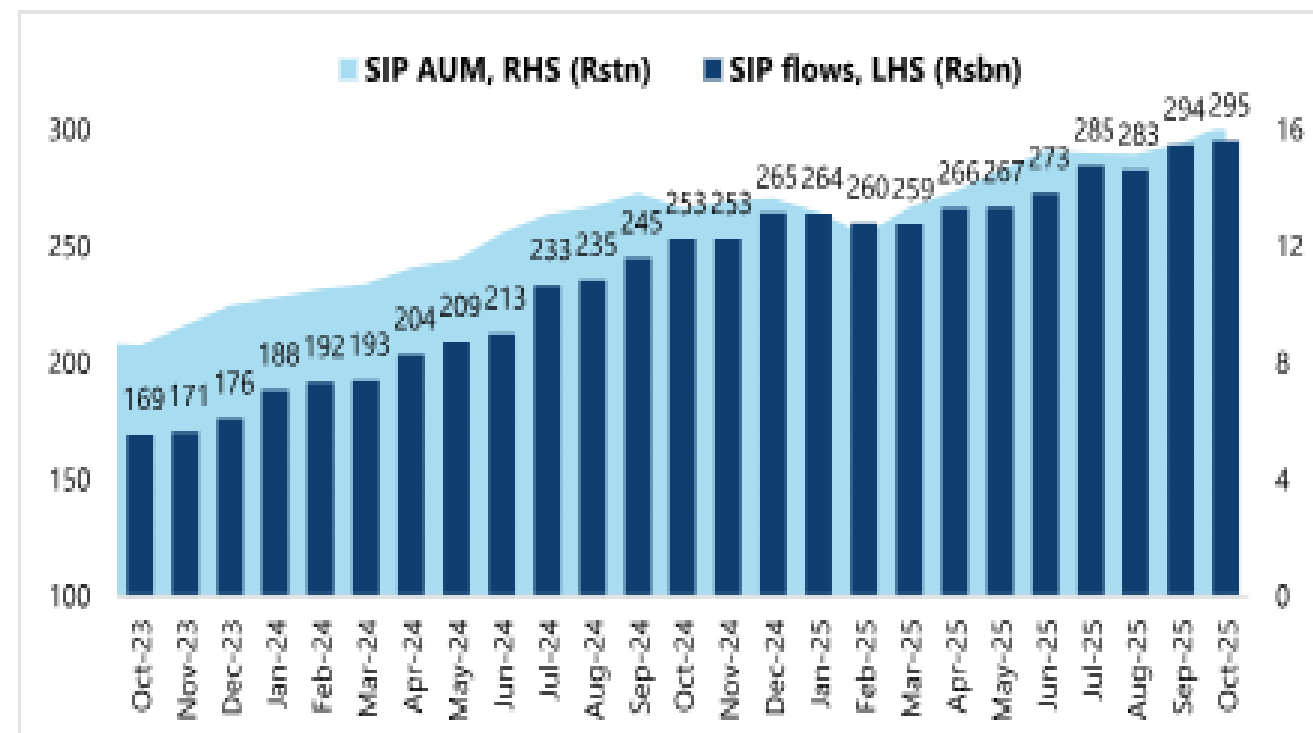
Source: NSDL, CEIC, JM Financial

- FPIs remains net sellers on FYTD basis, FPI shareholding in Indian equities was 15.4% as of Oct'25, marginally below 15.6% in Sep'25.
- FPI ownership as a % of total Indian equities over the years has fallen from 20.2% in Oct'15 to 15.4% in Oct'25.

MF Flows – Moderation in Flows, SIPs Remains Steady



Source: AMFI, Jefferies; Note: Data includes equity funds, 100% of solution-oriented schemes, 65% of hybrid (ex. arb), equity-oriented index funds & excludes NFOs

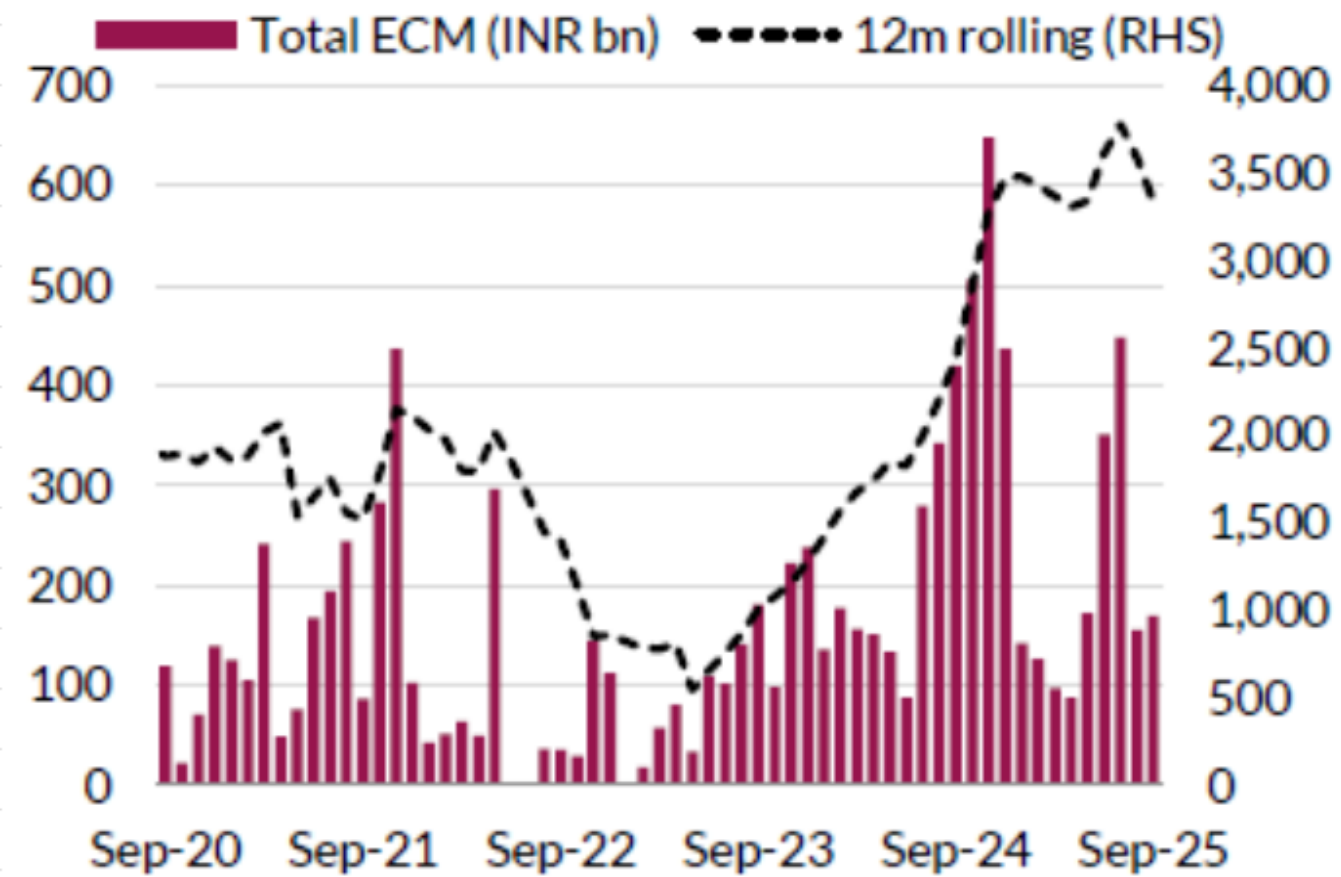


Source: AMFI, Jefferies

- In Oct-25, net equity flows (ex. arb & NFOs) fell 30% MoM to Rs279 bn
- MF AUM was up 19%YoY & 5% MoM at Rs 80 tn, with equity AUM up 21% YoY to 57% of total.
- SIP flows & contributing SIP A/Cs were flattish MoM at Rs. 295 bn (+17% YoY) & 95 mn(+19%).

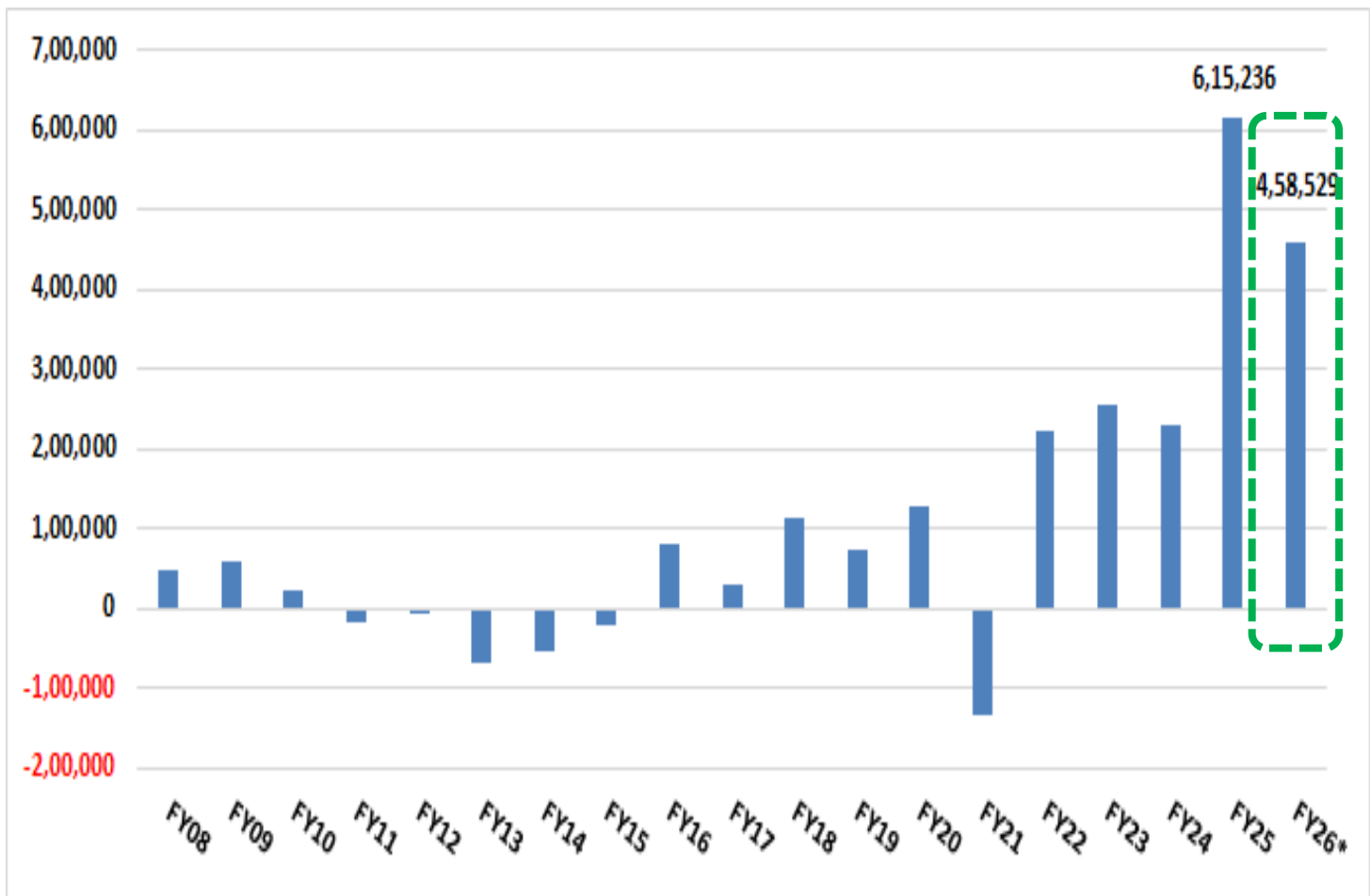
IPO Momentum Absorbing Significant Share of Domestic Flows

12M Rolling ECM (Equity Capital Market) Drops to 3.4 tn



Source: Prime Database, Axis Capital

On FTYD Basis DIIs Flow Remains Robust, Reaches to 4.5 tn

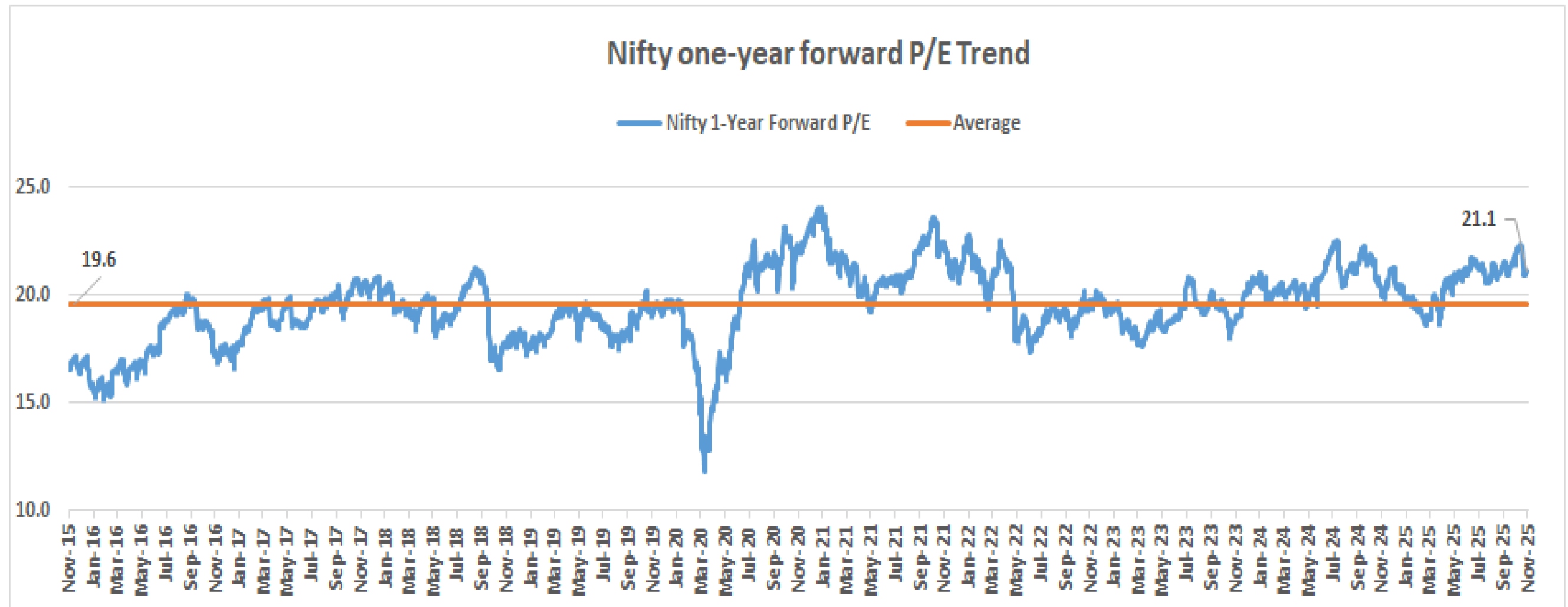


Source: NSDL, Axis Capital, FYTD = April to 12 Nov 2025

- Significant DII inflows are being absorbed by the primary market's heavy IPO issuance (in market value terms), contributing to the secondary market's sideways movement.

Valuations

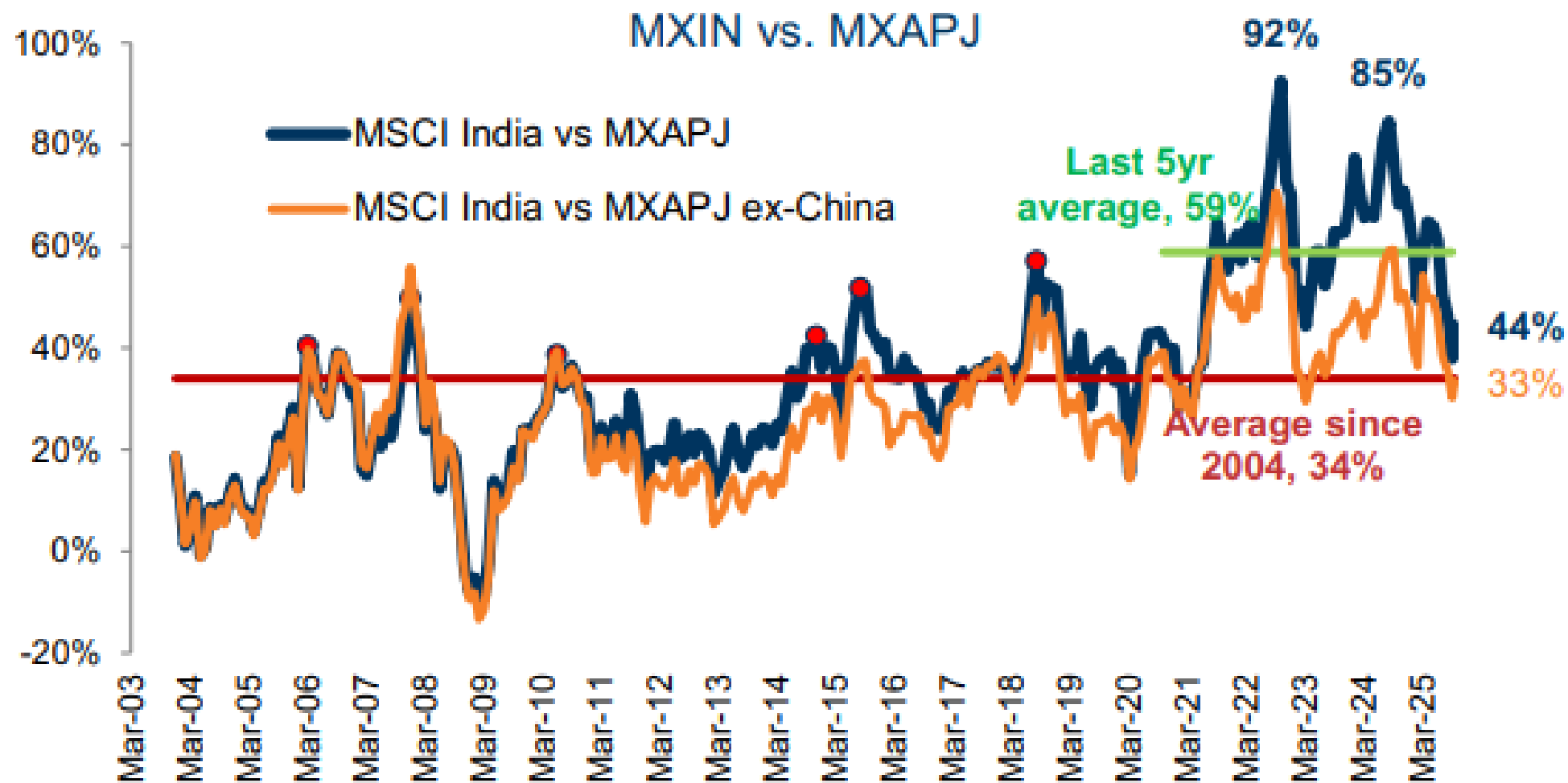
Valuations Are Marginally Higher



Source: Bloomberg, Bajaj Life Research

- The Nifty is trading at a 12-month forward P/E ratio of 21.1x, the valuations are marginally higher than its long term average of 19.6 x.

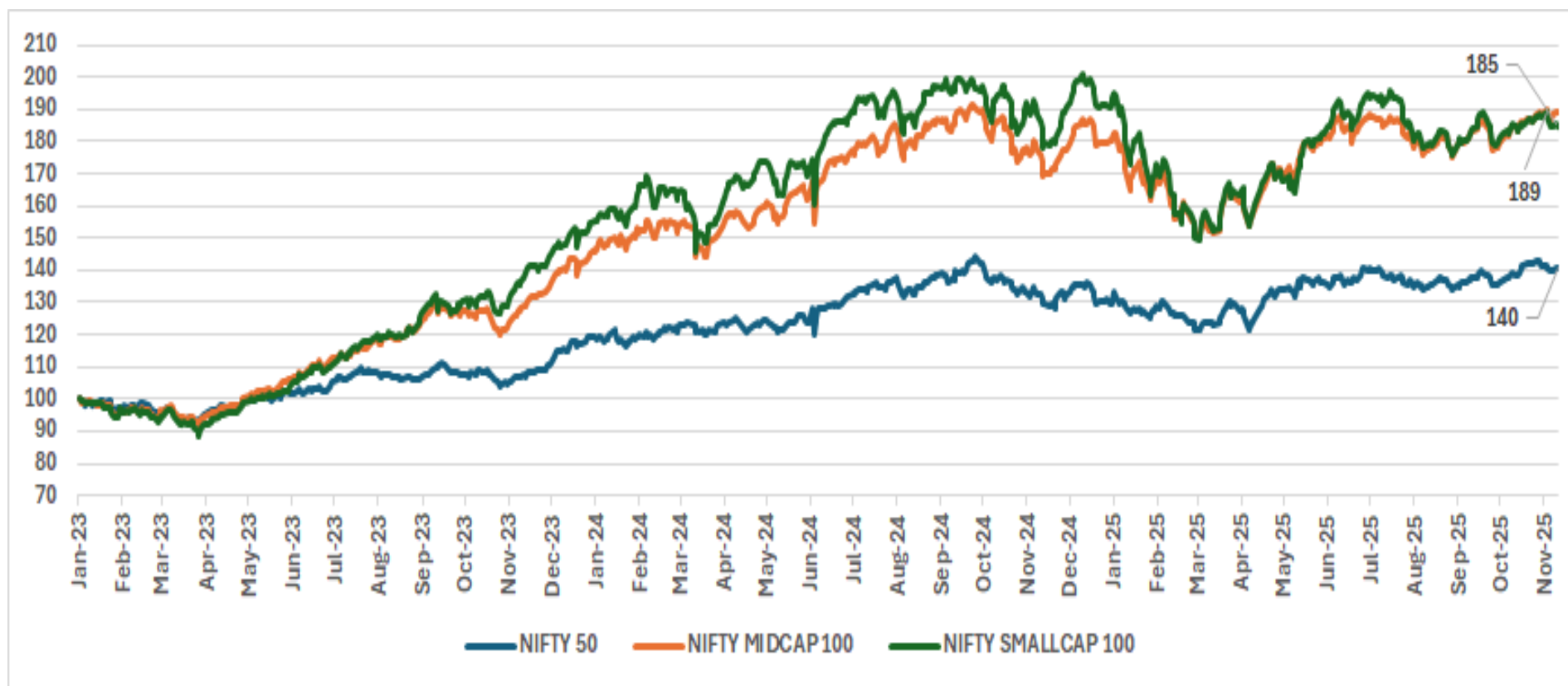
MSCI India Trades at a Premium to MXAPJ



Source: FactSet, I/B/E/S, MSCI, Goldman Sachs Global Investment Research

- Despite a sharp fall from its 2023 peak of 92% to 44%, the **MSCI India vs MXAPJ (MSCI All Country Asia Pacific ex Japan Index)** maintains a premium valuation relative to its 34% long-term average.

Mid & Small Caps Relatively Expensive but Continue to Outperform



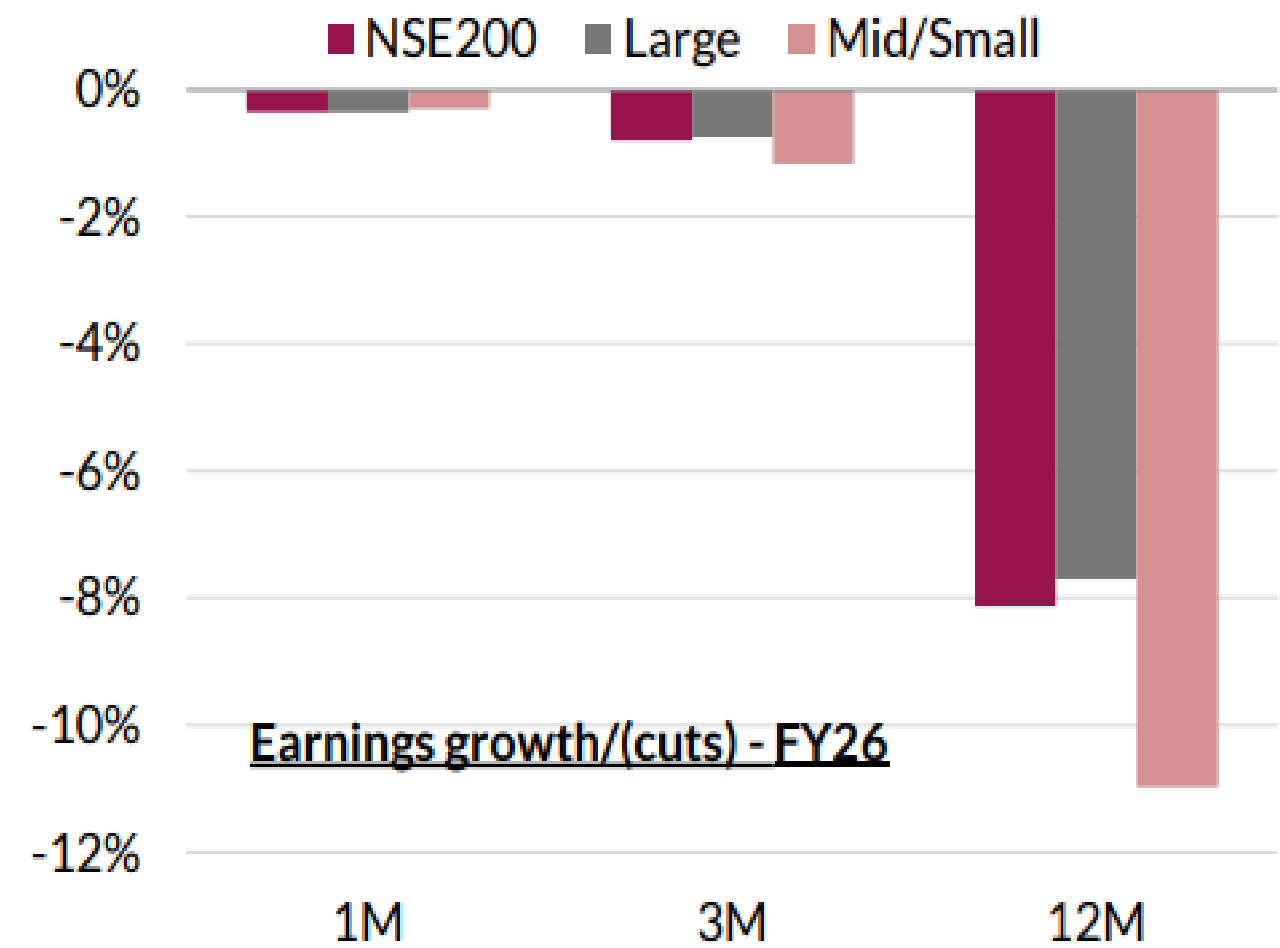
Source: Bloomberg, NSE, Bajaj Life Research, As on 11th Nov 2025

Index	P/E (Price/Earnings Per Share)
Nifty 50	22.64
Nifty Mid Cap 100	34.33
Nifty Small Cap 100	31.8

Source: NSE Factsheet as on 31-Oct-2025

- Mid & Small Cap Indices continue to outperform Nifty 50 by a significant margin since Jan 2023 (>2 Years). During this period, Mid & Small Caps are up 89% & 85 %, respectively, compared to a 40% return for Nifty50.
- Nifty Mid Cap 100 Index hit a fresh all time high after a gap of 8 months (As on 12 Nov 2025).
- Mid & Small Cap (on a Historical P/E basis) are still trading at relatively high valuations, with further room for correction.

Strong Earnings Recovery Expected In FY27 & FY28



Source: Refinitiv, Axis Capital

Index	Financial Year	EPS (Earnings Per Share)	EPS Growth
Nifty 50 Index	FY25	1036.00	4.9%
Nifty 50 Index	FY26 E	1118.88	8.0%
Nifty 50 Index	FY27 E	1275.52	14.0%
Nifty 50 Index	FY28 E	1428.59	12.0%

Source: Bajaj Life Research

- With continued downwards revisions FY26 earnings growth is expected to be in single digit.
- However, recent fiscal (Capex, GST reform, Tax Cut) and monetary policies (Repo Rate Cut) are expected to drive an economic rebound, translating into stronger corporate earnings over the next 12–24 months.

Market Outlook & View

Indian Equity Market Outperforms In the Long-term

Performance as on 31st Oct 2025								
Index Name	Country	1 Yr	2 Yrs	3 Yrs	5 Yrs	7 Yrs	10 Yrs	15 Yrs.
Nikkei 225 Average	Japan	34.1%	30.3%	23.8%	17.9%	13.3%	10.6%	12.3%
TSEC TAIEX	Taiwan	23.7%	32.8%	29.6%	17.6%	16.3%	12.7%	8.5%
Nifty 50	India	6.3%	16.1%	12.6%	17.2%	13.8%	12.3%	10.2%
S&P 500	United States	19.9%	27.7%	20.9%	15.9%	14.1%	12.6%	12.4%
FSE DAX TR	Germany	25.6%	27.1%	21.8%	15.7%	11.1%	8.2%	9.0%
MSCI World	World	20.4%	25.9%	19.9%	13.9%	11.7%	9.9%	8.9%
FTSE/SGX STI	Singapore	24.4%	20.1%	12.7%	12.8%	5.6%	4.0%	2.3%
KOSPI	South Korea	60.7%	34.2%	21.4%	12.6%	10.6%	7.3%	5.3%
CAC 40	France	10.5%	8.6%	9.0%	12.1%	6.9%	5.2%	5.1%
FTSE 100	United Kingdom	19.8%	15.2%	11.0%	11.7%	4.5%	4.3%	3.6%
FTSE SET All Share	Thailand	18.2%	15.1%	10.6%	10.7%	4.3%	4.2%	3.9%
JSX Composite	Indonesia	7.8%	9.9%	4.8%	9.7%	4.9%	6.2%	5.5%
BOVESPA TR	Brazil	15.3%	14.9%	8.8%	9.7%	8.0%	12.5%	5.1%
S&P/ASX 200	Australia	8.8%	14.4%	9.0%	8.4%	6.2%	5.4%	4.4%
MSCI EM	EM	25.2%	23.7%	18.2%	4.9%	5.6%	5.1%	1.6%
MSCI AC Asia Ex Japan	Asia Ex Japan	26.0%	25.6%	20.5%	4.6%	6.7%	5.8%	3.5%
Shanghai Composite	China	20.6%	14.4%	11.0%	4.2%	6.2%	1.6%	1.9%
FTSE Bursa Malaysia KLCI	Malaysia	0.5%	5.6%	3.3%	1.9%	-0.9%	-0.3%	0.4%
Hang Seng	Hong Kong	27.5%	23.0%	20.8%	1.4%	0.5%	1.4%	0.8%

Source : Bloomberg. Returns are in local currency of index, and returns greater than 1 year are CAGR Date Sorted on the basis of 5 Yrs. return in descending order

- Over the long-term Indian equity market has been among the top performing major markets, globally.
- While India's long-term returns remain strong, the Nifty 50 has delivered the relatively weak 1-3 year performance among peers, highlighting near-term challenges.
- Over 5, 7, 10, and 15-year basis, the Indian equity market has consistently delivered double-digit returns, ranking among the top 5 global equity markets.

Indian Equities Have Delivered Superior Returns in the Long-Term

Nifty 100 Index Performance

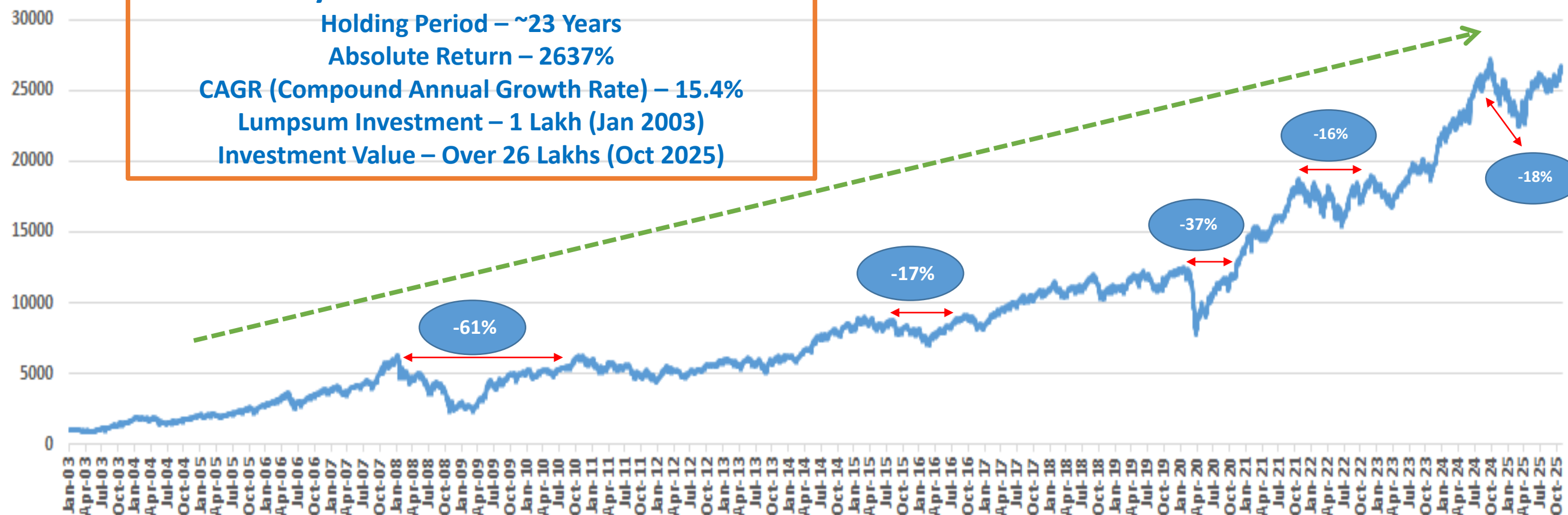
Holding Period – ~23 Years

Absolute Return – 2637%

CAGR (Compound Annual Growth Rate) – 15.4%

Lumpsum Investment – 1 Lakh (Jan 2003)

Investment Value – Over 26 Lakhs (Oct 2025)



Source: NSE Indices, Bloomberg Bajaj Life Research, As on 31 Oct 2025

- Equities continue to outperform other asset classes over the long term.
- Despite short-term volatility, the Nifty 100 Index has consistently recovered from major downturns, highlighting the potential of long-term investing.

- October was a strong month for equities with the Nifty50 gaining 4.5% while midcap and smallcap indices were up 5.8% and 4.7% respectively.
- In terms of sectors, Real Estate (+9.2%), IT (+6.1%) and Banks (+6%) were the key outperformers while Autos (-1%), and FMCG (+2.7%) underperformed.

Global macro

- Globally, despite the uncertainty caused by the US tariff action, asset prices have had a strong run in recent months with Equities (US and most other prominent equity markets), Gold and Silver all trading near multi-year highs.
- Indian equities have been one of the worst performing asset class in the past 12-months, with MSCI India lagging MSCI Emerging markets by ~27% during this time.
- Economic data releases from the US have been disrupted due to the ongoing US Government shutdown which is now the longest in history. Apart from data releases the shutdown is also negatively impacting the US economy with an estimated USD15bn weekly impact.
- The US Fed reduced policy rates by another 25bps in its October Monetary policy meeting but cautioned that a rate cut in December is not a foregone conclusion.

Domestic macro

- India's macro situation continues to improve with stronger than expected GDP growth and multi-year low headline inflation.
- India's real GDP grew by 7.8% in Q1FY26 which was better than the consensus estimates. Growth was broad-based with most sub-segments registering an improvement in real growth. However, with inflation running at multi-year lows the nominal growth was sub-10% at 8.8%.
- Headline CPI inflation for the month of Sep stood at 1.54% which is the lowest in around eight years. Last three CPI readings have now averaged 1.74% which is below RBI's inflation target range.

- Despite the benign CPI inflation, RBI chose to hold off from cutting Repo rates further as it waits to see the full impact of higher US tariffs on the Indian economy. RBI's latest monetary policy focused on Banking sector measures aimed at easing credit flow to corporates and MSMEs.
- Current account deficit narrowed to 0.2% of the GDP in Q1FY26 compared to 0.9% in the same quarter last year. Latest FX reserves stand at \$690bn vs \$676bn in March.
- The GST rate cuts announced during the Independence Day speech by the Prime Minister are now into effect and we are already witnessing initial signs of a demand pickup in segments like Automobiles. A broader recovery in consumption is expected to play out over the next few months driven by the combined impact of fiscal and monetary measures announced in the last few months.

Indian markets

- **Equity market returns have been subpar in the last 12-months** as the markets withstood the negativity emanating from a volatile global environment and weak earnings.
- With a **slew of fiscal and monetary policy measures** being announced in the last few months economic activity is expected to rebound which should translate in much **stronger corporate earnings over the next 12-24 months**.
- Strong DII flows continue to support the markets by absorbing FPI selling and primary market supply. However, a prolonged phase of sideways market will test retail investors' conviction and any slowdown in retail flows would be detrimental for equity markets' performance.
- **Nifty50 is currently trading at ~20.7x one-year forward earnings** which is a ~8% premium to its historical average. We believe markets may continue to trade at somewhat elevated multiples in the near term, in anticipation of an earnings recovery and supported by flows.
- **Outlook** – We have a **moderately positive outlook on equities at this juncture with a preference for large caps**. A resolution to the US-India trade tiff can have a positive sentimental impact on the markets.
- **Key risks** – Continued **exuberant activity in the Indian primary markets** and a **global correction due to unwinding of the AI rally** are the key risks to our view.

- **Domestic Inflation: Subdued-** RBI revised downward inflation projection by 50bps to 2.60% for FY26 on account of GST rationalization and subdued food inflation.
- **Banking system Liquidity:** Durable Surplus in the system is to the tune of ~ Rs 2.45 trn
 - Due to excess outflow from FII this FY and pressure on INR,, there is a possibility of RBI conduction OMO purchase in the last quarter of FY 26.
- **RBI MPC-**
 - RBI has frontloaded rate cuts, total Repo rate cut of 100 bps since Jan 25 but kept the commentary dovish
 - With subdued inflation and risk from global tariff on domestic growth, policy space is opened up for RBI.
 - RBI projects 6.8% GDP for FY26, growth slowdown can open more space for rate cut in Dec 2025 policy.
- **Rates outlook :** We expect 10-year G-Sec in the range of 6.35% to 6.65%.
- **Positions:** Based on the above outlook, we continue to prefer 3-year to 5-year corporate bond segment.
- **Key risks :** Growth slowdown, US tariff situation and global commodity prices

Thank you