

## 4<sup>th</sup> NOVEMBER 2025

The month of October 2025 closed on a broadly positive note for both Indian and US capital markets. Equities finished the month with modest gains in both India and the U.S. supported by corporate earnings and hopes for easing central-bank policies, while geopolitics and trade negotiations kept volatility elevated.

Equity markets in India posted strong performance with Sensex surpassing 84,900 and Nifty 50 breaking through 26,000 levels. In the US, equity indices rallied due to strong earnings in the tech and AI sectors. Nasdaq led gains, reflecting optimism over AI-driven growth and resilient demand in semiconductor and software industries. On the fixed income front, India's 10-year government bond yields hovered around 6.52% - 6.54%, reflecting a stable outlook with foreign inflows and expectations of rate cuts from the Reserve Bank of India.

On October 29<sup>th</sup>, 2025, Federal Reserve announced its second straight interest rate cut by 25 bps. Although the likelihood of three total cuts this year was indicated in the September 2025 meeting, Fed Chair Powell cast doubts whether another reduction is coming in December 2025. The Dollar Index edged up slightly though the broad dollar remained under pressure from Fed easing. Gold prices surged to record highs in early October on expectations of the Fed easing and geopolitical tensions, before cooling slightly toward month-end. The month was also notable for renewed progress in US – India trade talks and headlines about the possibility of large tariff reductions, which shaped sentiment for export-sensitive sectors.

### EQUITIES:

**INDIA:** Nifty 50 rose 4.5% in October 2025, closing at 25,722. This rise was driven by earnings and positive momentum due to constructive US – India trade talks, advancing tariff resolutions and bilateral cooperation. Infrastructure (+9.2%), Oil & Gas (+6.3%), Services (+6.2%) and IT (+6.1%) sectors exhibited strong performance; contrarily, Auto (+1%), FMCG (+2.7%), Healthcare (3.9%) and Banks (+4.3%) underperformed for the month. 28 of the Nifty 50 companies have reported earnings so far – 11 of them exhibiting positive profit growth, 9 neutral and 8 negative.

Nifty EPS rose 0.5% to ₹1,136 from ₹1,131 on 30<sup>th</sup> September 2025, and 6% from ₹1,072 on 31<sup>st</sup> October 2024. FIIs turned net buyers after three months of selling, ending the month with a net inflow of ₹11,049 Cr. DIIs recorded net inflows of ₹17,778 Cr (as on 4<sup>th</sup> November 2025) for the month. This FII-DII combined support indicates robust investor confidence.

INDICES	CURRENT	10 YR MEDIAN	AVERAGE (SI)	COMMENT
NIFTY 50 (PE)	22.6	23.4	21.0	FAIRLY VALUED
NIFTY 50 (PB)	3.5	3.7	3.6	UNDERVALUED
NIFTY 50 (DIVIDEND YIELD)	1.3	1.3	1.4	OVERVALUED
NIFTY MIDCAP 150 (PE)	34.1	33.9	31.1	OVERVALUED
MIDCAP 150 (PB)	4.4	3.4	3.0	OVERVALUED
MIDCAP 150 (DIVIDEND YIELD)	0.8	1.0	1.2	OVERVALUED
SMALLCAP 100 (PE)	31.8	32.9	43.9	UNDERVALUED
SMALLCAP 100 (PB)	4.0	3.4	3.0	OVERVALUED
SMALLCAP 100 (DIVIDEND YIELD)	0.7	1.0	1.1	OVERVALUED
S&P 500 (PE)	30.7	25.2	20.4	OVERVALUED

Data as on 31-October-2025

As of October 31<sup>st</sup>, Nifty 50 traded at a PE ratio of 22.6, above its all-time average of 21x but still below its 10-year median of 23.4x; Nifty Midcap 150 traded at a PE of 34.1x, exceeding both its all-time average of 31.1x and its 10-year median of 33.9x.

**U.S.:** Equity markets ended October 2025 on a positive note — led by AI/tech winners and a handful of strong corporate results. Nasdaq 100 (+4.8%), S&P 500 (+2.3%) and Dow Jones (+2.5%) had an impressive month achieving their all-time highs of 26,119, 6,890 and 47,706 respectively. Market participants remained watchful of government funding risks and tariff uncertainties, but these did not significantly derail momentum. Nasdaq 100 currently trades at 35.3x PE compared to the 10-year average of 26.2x and S&P 500 trades at 30.7x PE compared to 10-year average of 25.2x.

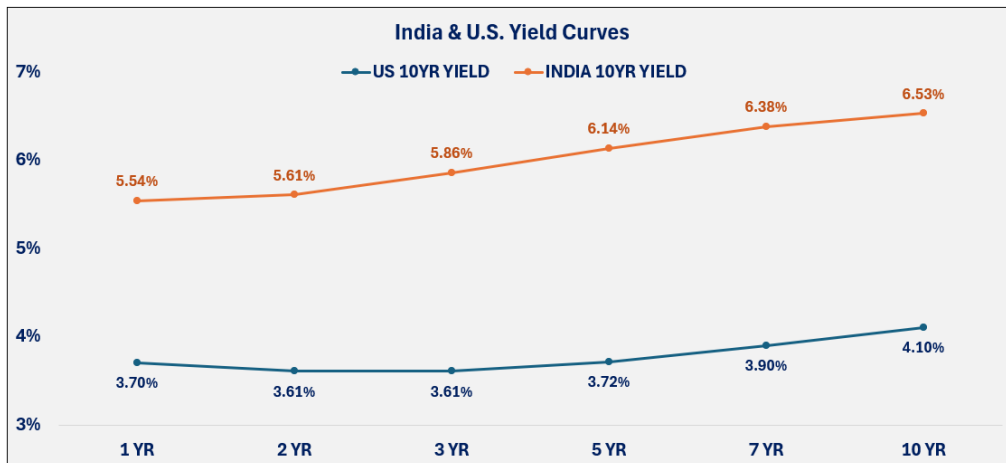
## FIXED INCOME:

BOND YIELD	CURRENT	10 YR AVERAGE	AVERAGE (SI)	COMMENT
1 YEAR	5.54%	6.03%	6.60%	OVERVALUED
2 YEAR	5.61%	6.25%	6.80%	OVERVALUED
3 YEAR	5.86%	6.44%	7.00%	OVERVALUED
4 YEAR	6.06%	6.61%	7.20%	OVERVALUED
5 YEAR	6.14%	6.70%	7.20%	OVERVALUED
6 YEAR	6.37%	6.85%	7.40%	OVERVALUED
7 YEAR	6.38%	6.93%	7.40%	OVERVALUED
8 YEAR	6.54%	7.00%	7.50%	OVERVALUED
9 YEAR	6.57%	6.99%	7.50%	OVERVALUED
10 YEAR	6.53%	6.89%	7.40%	OVERVALUED

**INDIA:** The Indian bond market saw the yield curve shift slightly lower as 10-year yield fell from 6.57% to 6.53%. Yields showed limited directional movement as RBI commentary and RBI's liquidity operations continued to calibrate policy. With inflation ticking lower and growth yet to materialise, the market remains watchful for potential easing.

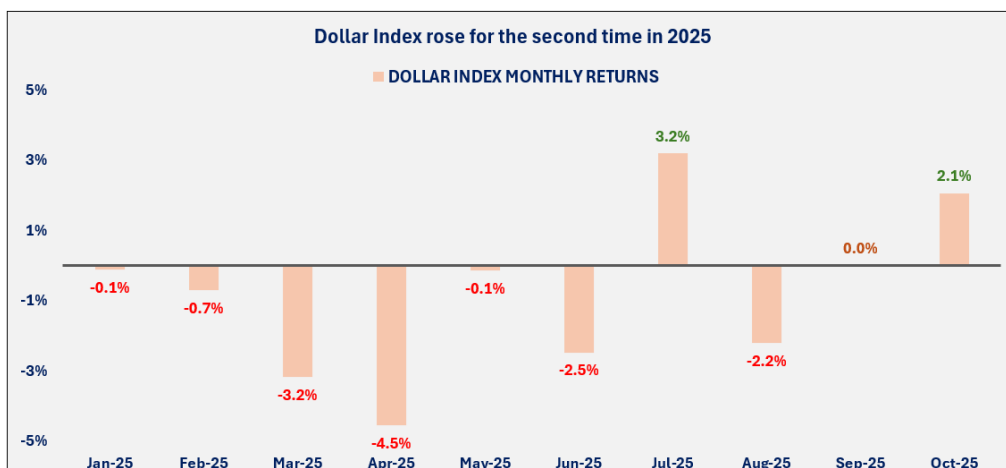
Data as on 31-October-2025

**U.S.:** The US 10-year Treasury yield fell marginally from 4.15% to 4.10%. Yields declined to approximately 3.98% in the middle of the month before stabilising. Fed stated that they are "attentive to the risks to both sides of its dual mandate and judges that downside risks to employment have risen in recent months" and "uncertainty about the economic outlook remains elevated".



Source: Investing.com (Data as on 31<sup>st</sup> October 2025)

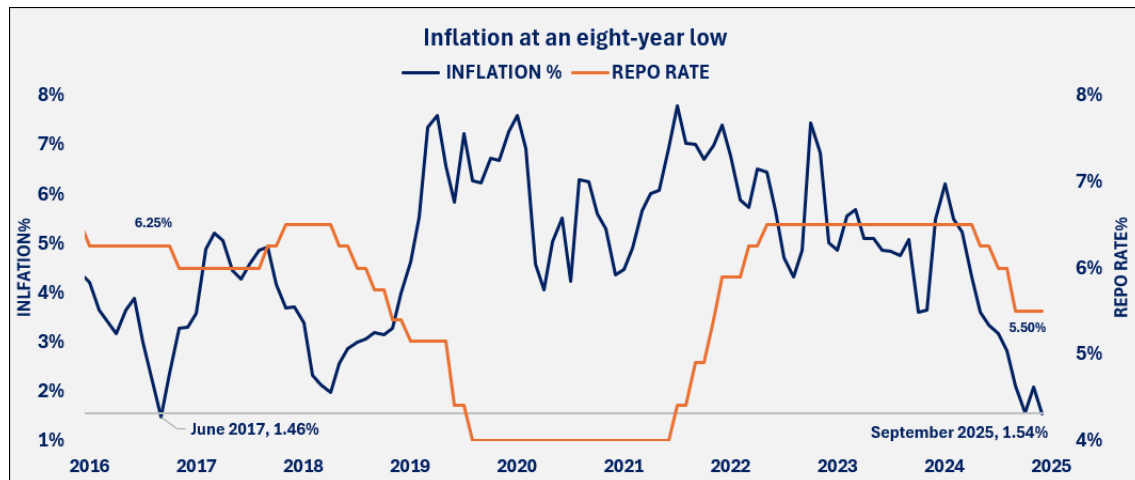
**COMMODITIES & CURRENCY:** WTI crude oil prices fell by 2.2% in October 2025 from \$62.37 to \$60.98 per barrel, due to oversupply concerns and slowing demand. The USD/INR pair exhibited slight mid-month volatility due to trade deal related news, eventually closing slightly lower from ₹88.84 to ₹88.77. The Dollar Index had its second positive month in 2025, rising 2.1% in October from 97.78 to 99.80 as US and China announced a trade deal. Gold rose 5% from ₹1,17,440/10g to ₹1,23,800/10g peaking at an all-time high of ₹1,32,770/10g on 17<sup>th</sup> October. Silver ended the month flat at ₹1,51,000/kg after peaking at an all-time high of ₹1,90,000/kg.



Source: Investing.com (Data as on 31<sup>st</sup> October 2025)

**ECONOMIC INDICATORS:** India headline CPI inflation fell from 2.07% in August 2025 to an eight-year low of 1.54% in September 2025. India's fiscal deficit was ₹5,73,123 crore in the April-September period of FY26 – 36.5% of the full-year target compared to 26% in FY25 during the same period. India's unemployment rate edged up from 5.1% in August 2025 to 5.2% in September 2025. Net GST collection y-o-y growth for October 2025 slowed to 0.6% over October 2024 at ₹1.69 Lakh Cr compared to 5% y-o-y growth achieved in September 2025; gross revenue from domestic transactions saw a 2% y-o-y increase.

US inflation inched higher from 2.9% in August 2025 to 3% in September 2025. The Federal Reserve announced its second straight interest rate cut by 25 bps on 29<sup>th</sup> October 2025, bringing the federal funds rate to 3.75% - 4%.



Source: PIB & RBI

## OUTLOOK & STRATEGY:

Indian equities remain favorable with strong FII-DII participation, earnings momentum support and trade improvements. Current valuations, although reasonable, warrant some caution; we recommend a staggered approach until clearer tailwinds emerge. U.S. equities should benefit from AI-led innovation and potentially looser Fed rates, but investors should monitor valuation risks and political developments. U.S. market valuations are significantly higher than all-time averages while still presenting concentration risks. Investors should focus large names with healthy balance sheets and consider booking profits in extremely overvalued holdings.

Gold accumulation by central banks has slowed recently. However, persistent geopolitical tensions and uncertainties around global trade policies continue to position gold as a preferred safe-haven asset. The yellow metal should be maintained as a hedge in diversified portfolios, balancing its role amid inflation dynamics, rate policy changes, and geopolitical developments. Additionally, investors could consider profit-booking at current or higher prices in order to take advantage of opportunities presented in equities.

Website: [www.privus.in](http://www.privus.in) | Email: [research@privus.in](mailto:research@privus.in) | Landline: +91 22 4896 5600

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