

Macro-Economic Update and Key Events

Event Update

The RBI kept policy repo rate unchanged at 5.50%

The Monetary Policy Committee (MPC) in its fourth bi-monthly monetary policy review of FY26 decided to maintain the policy repo rate at 5.50%. Consequently, the standing deposit facility (SDF) rate under the liquidity adjustment facility (LAF) remains unchanged at 5.25% and the marginal standing facility (MSF) rate and the Bank Rate at 5.75%, with the Committee also decided to continue with the neutral stance. The MPC deemed it prudent to allow time for the effects of recent policy measures to materialize and for greater clarity to emerge before determining its next course of action.

Industrial Production grew by 4.0% YoY in Aug 2025

The Index of Industrial Production (IIP) grew by 4.0% YoY in Aug 2025, slowing from a revised 4.3% increase in Jul 2025. Within the sectoral breakdown, mining, manufacturing and electricity rose by 6.0%, 3.8% and 4.1% respectively.

Manufacturing PMI fell to 57.7 in Sep 2025

The Manufacturing Purchasing Managers' Index (PMI) fell to 57.7 in Sep 2025 from 59.3 in Aug. Despite the fall, the figure remained well above the long-term average, signaling continued strength in the sector. New orders grew further amid robust demand, though the pace of expansion eased to a four-month low.

Services PMI fell to 60.9 in Sep 2025

India's Services Purchasing Managers' Index (PMI) was revised down to 60.9 in Sep 2025, from a final reading of 62.9 in Aug 2025. The slowdown was driven by a softer expansion in new business and overall activity. The composite PMI slipped to 61.0 in Sep 2025 from 63.2 in Aug 2025.

CPI-based inflation rose to 2.07% YoY in Aug 2025

India's Consumer Price Index (CPI)-based inflation rose to 2.07% YoY in Aug 2025, up from 1.61% in Jul 2025, as base effects faded and food prices increased. Inflation has remained below the RBI's 4% target for seven consecutive months.

Gross GST stood at USD 21.29 bil in Sep 2025

The total gross Goods and Services Tax (GST) revenue grew by 9.1% YoY and stood at USD 21.29 bil in Sep 2025, compared to USD 20.65 bil in Sep 2024.

Fiscal deficit stood at 38.1% of BE till Aug of FY26

Government data showed that India's fiscal deficit for the period from Apr to Aug of FY26 stood at USD 67.35 bil or 38.1% of the Budget Estimates (BE) of the current fiscal. India's fiscal deficit was at 27.0% of the BE in the corresponding period of the previous fiscal year. Total expenditure stood at USD 211.85 bil or 37.1% of the BE as compared to 34.3% of the BE in the corresponding period of the previous fiscal year.

Key Indicator	Frequency	Period	Current	Previous
CPI	Monthly	Aug-25	2.07%	1.61%
WPI	Monthly	Aug-25	0.52%	-0.58%
IIP	Monthly	Aug-25	4.00%	4.30%
GDP	Quarterly	Jun-25	7.80%	7.40%
Credit Growth	Fortnightly	Sep-25	10.40%	10.30%
Deposit Growth	Fortnightly	Sep-25	9.50%	9.80%
Export Growth (YoY)	Monthly	Aug-25	6.72%	7.29%
Import Growth (YoY)	Monthly	Aug-25	-10.13%	8.59%
Trade Balance (Billion)	Monthly	Aug-25	-\$26.49	-\$27.35

Source: RBI, MOSPI CPI- Consumer Price Index, WPI- Wholesale Price Index IIP- Index of Industrial Production, GDP- Gross Domestic Product, Trade deficit- in Billion, All above indicators are in percentage change on Y-o-Y (Year-on-Year) basis, except Trade Deficit. For Credit and Deposit growth, previous means last fortnight of the previous month. Latest available data as on 30-Sep-2025.

Institutional Flows (Equity)

Net Flow (USD bil)	Current Month	Previous Month	Year to Date
FII Flows	-2.69	-3.98	-17.6
DII Flows	7.36	10.79	66.6
MF Flows	5.23	8.03	45.8

Source: CDSL & SEBI; As on 30-Sep-2025

Institutional Flows (Debt)

Net Flow (USD bil)	Current Month	Previous Month	Year to Date
FII Flows	0.12	0.77	1.0
MF Flows	-6.30	-7.43	-54.2

Source: CDSL & SEBI; As on 30-Sep-2025

Exchange Rate Movement

Exchange Rate	Sep-25	1 Month Ago	3 Months Ago	6 Months Ago	Year Ago
₹/ Euro	104.22	102.47	100.45	92.32	93.53
₹/ Pound	119.35	118.58	117.47	110.74	112.16
₹/ 100 Yen	59.91	59.76	59.43	56.75	59.11
₹/ Dollar	88.79	87.85	85.54	85.58	83.79

Source: Refinitiv

Performance of Various Commodities

Commodities	Sep-25	Returns			
		1 Week	1 Month	6 Month	1 Year
Crude Brent(\$/Barrel)	68.85	0.41%	0.85%	-10.77%	-5.67%
Gold (\$/Oz)	3,858.18	2.51%	11.94%	23.54%	46.45%
Gold (₹./10 gm)	114,761.00	0.77%	12.55%	29.39%	52.91%
Silver (\$/Oz)	46.67	6.03%	17.65%	36.98%	49.82%
Silver (₹./Kg)	141,918.00	5.17%	20.81%	40.94%	58.50%

Source: Refinitiv

Key Events Calendar

Event	Date	Current	Previous
China Caixin Mfg PMI Final Sep 2025	30-Sep	51.20	50.50
U.K. GDP YY Q2 2025	30-Sep	1.40%	1.20%
Germany Markit/BME Mfg PMI Sep 2025	1-Oct	49.50	48.50
Euro Zone Unemployment Rate Aug 2025	2-Oct	6.30%	6.20%
Japan Unemployment Rate Aug 2025	2-Oct	2.60%	2.30%

Source: Refinitiv

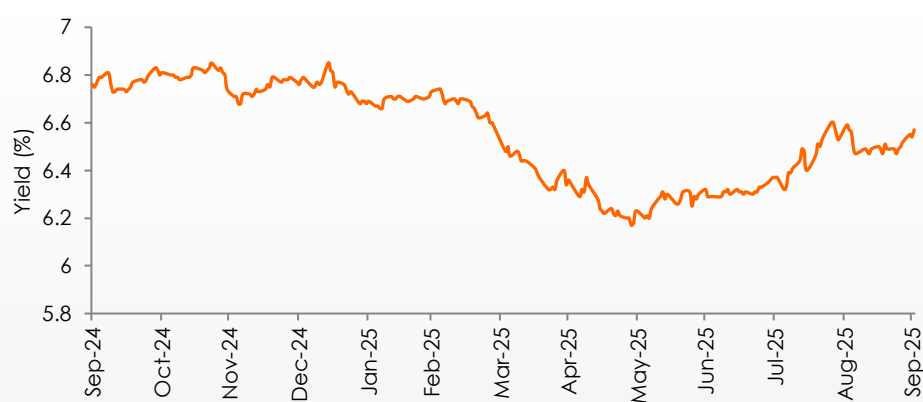
Indian Debt Market Update

Key Policy Rates (%)

	Sep-25	3 Months Ago	6 Months Ago	Year Ago	2 Years Ago
Repo	5.50	5.50	6.25	6.50	6.50
Reverse Repo	3.35	3.35	3.35	3.35	3.35
Bank Rate	5.75	5.75	6.50	6.75	6.75
CRR	3.75	4.00	4.00	4.50	4.50
SLR	18.00	18.00	18.00	18.00	18.00
SDF	5.25	5.25	6.00	6.25	6.25

Source: RBI

10 Year Benchmark Bond



Source: Refinitiv

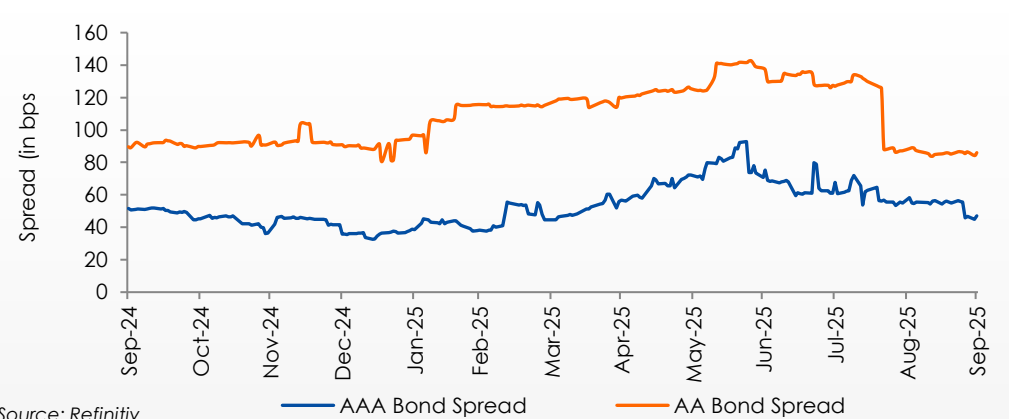
Bond yields fell after the government projected a smaller net revenue loss from recent Goods and Services Tax revisions than initially expected, easing fiscal concerns. However, gains were restricted despite a 25 bps rate cut by the U.S. Fed in its Sep 2025 policy meeting, as hawkish commentary from the Fed Chair overshadowed the rate cut.

Money Market Rates (%)

	Sep-25	1 Month Ago	3 Months Ago	6 Months Ago	Year Ago
Call	5.69	5.50	5.50	7.12	6.68
TREP	5.47	5.40	5.42	6.69	6.64
FBIL 1 Month Term Mibor	5.98	5.97	6.02	7.18	7.11
91 Days T-Bills	5.40	5.48	5.37	6.34	6.40
3 Month CP	5.83	5.84	5.88	7.35	7.28
6 Month CP	6.10	6.14	6.18	7.30	7.47

Source: Refinitiv

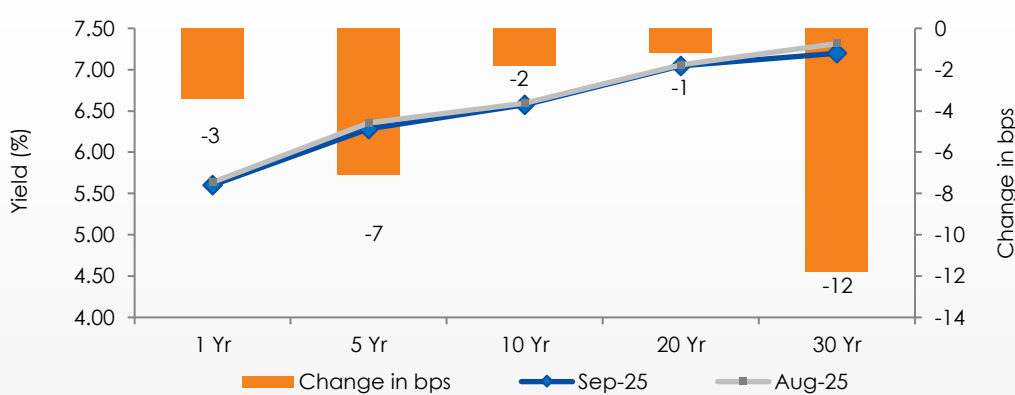
10 Year Corporate Bond Spread (for AAA & AA bonds)



Source: Refinitiv

Yield on corporate bonds fell up to 11 bps across the curve, barring 1 year paper that increased by 9 bps, while 7 year paper was unchanged.

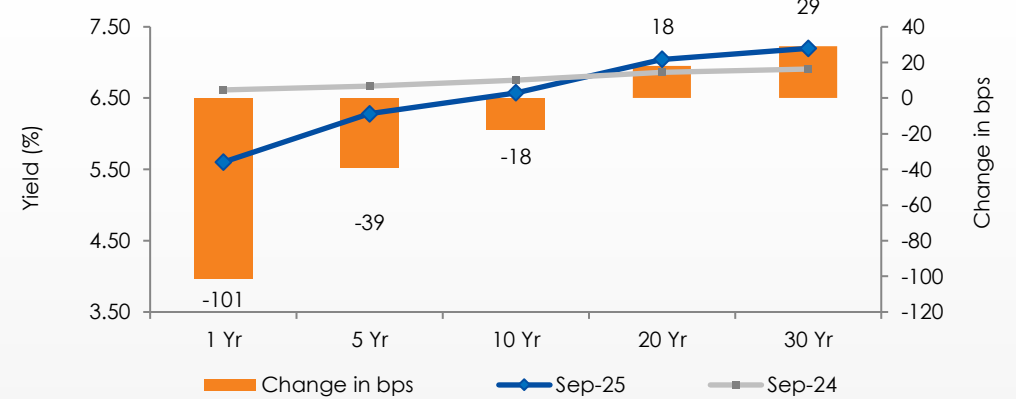
India Yield Curve Shift (Month-on-Month)



Source: Refinitiv

Yield on gilt securities fell up to 17 bps across the maturities. Difference in spread between corporate bond & gilt securities expanded between 2 to 12 bps across the segments, barring 2 & 10 year papers that contracted by 1 & 7 bps, respectively.

India Yield Curve Shift (Year-on-Year)



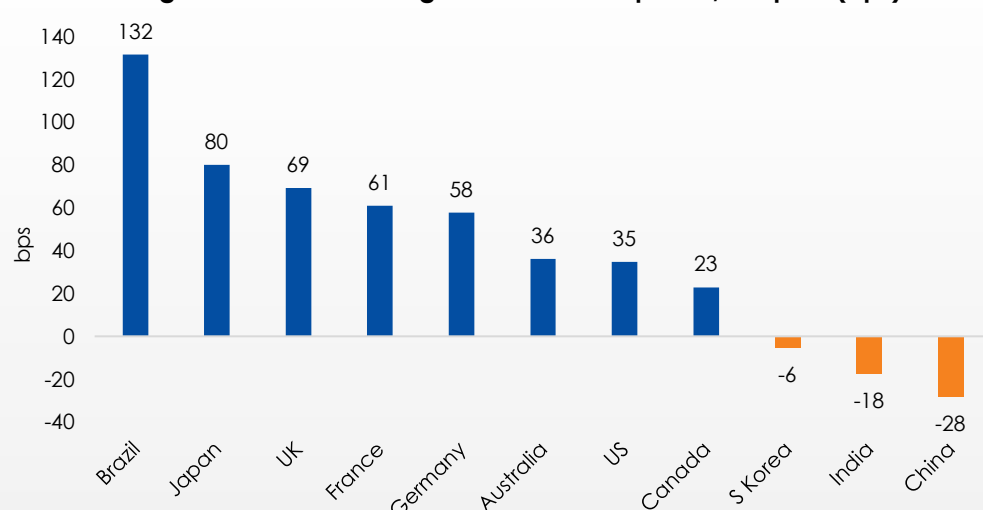
Source: Refinitiv

Year on year, yields on gilt fell between 5 to 104 bps across the maturities, barring 12 to 30 year papers that rose up to 30 bps. Yield on corporate bonds fell in the range of 8 to 60 bps across the curve.

Global Debt Market Update

Brazil saw the highest rise in yields while highest fall was in China

Change in 10 Year Sovereign Bond Yield: Sep-25 v/s Sep-24 (bps)



Source: Refinitiv

Yield of 10 Year Government Bonds (%)

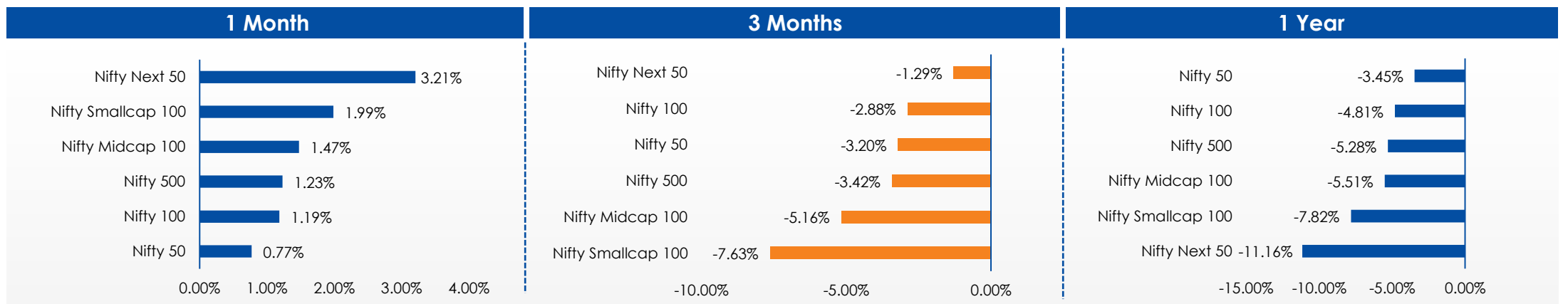
	Aug-25	Sep-25	Range:Sep-2025	Real Yields: Sep-25
Brazil	13.9	13.7	14.06 - 13.59	8.6
India	6.6	6.6	6.59 - 6.46	4.5
France	3.5	3.5	3.61 - 3.41	2.6
China	1.8	1.9	1.91 - 1.77	2.3
Australia	4.3	4.3	4.43 - 4.19	2.2
Canada	3.4	3.2	3.44 - 3.16	1.3
US	4.2	4.2	4.28 - 4.01	1.3
UK	4.7	4.7	4.8 - 4.61	0.9
S Korea	2.8	2.9	2.94 - 2.73	0.8
Germany	2.7	2.7	2.78 - 2.64	0.5
Japan	1.6	1.7	1.66 - 1.56	-1.0

Source: Refinitiv

Monthly Market Update

October 2025

Indian Equity Market Update



Domestic equities gained as India's Q1 FY26 GDP grew 7.8% YoY and the Services PMI hit a 15-year high of 62.9 in Aug 2025, driven by strong demand. Sentiment improved after the GST Council simplified tax slabs to 5% and 18%, with a special 40% rate for luxury items. The rally was supported by the U.S. Fed's first rate cut of 2025. However, gains were limited by India-U.S. trade uncertainty and continued FII outflows.

Source: NSE; Returns are on the basis of TRI index

Rolling Returns – Monthly Performance

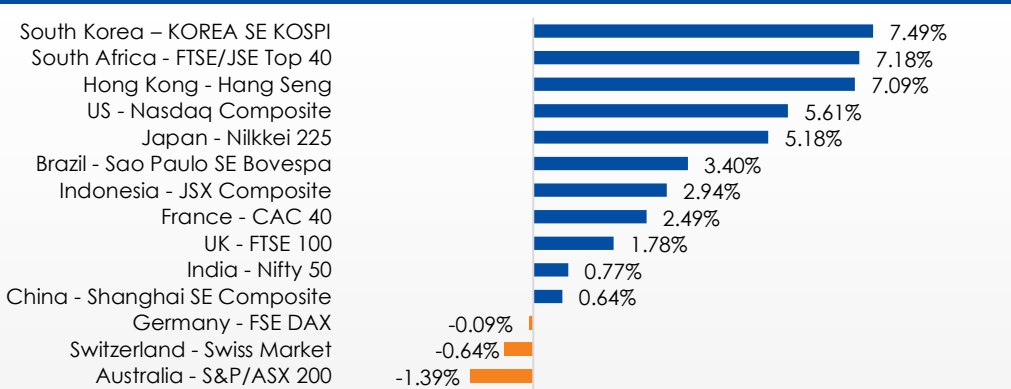
Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
Nifty Pharma -2.34%	Nifty IT 6.78%	Nifty Pharma 5.27%	Nifty Auto 0.15%	Nifty Financial Services -0.79%	Nifty Energy 11.85%	Nifty Bank 6.83%	Nifty Media 13.04%	Nifty Infra 5.06%	Nifty Pharma 3.63%	Nifty Auto 5.86%	Nifty Metal 9.73%
Nifty Financial Services -2.42%	Nifty Realty 2.07%	Nifty Realty 3.16%	Nifty FMCG -0.19%	Nifty Metal -2.14%	Nifty Metal 10.62%	Nifty FMCG 5.35%	Nifty Realty 7.18%	Nifty IT 4.57%	Nifty FMCG 1.76%	Nifty FMCG 0.75%	Nifty Auto 6.34%
Nifty Bank -2.84%	Nifty Bank 1.13%	Nifty IT 0.44%	Nifty IT -0.99%	Nifty Bank -2.51%	Nifty Infra 10.34%	Nifty Auto 4.76%	Nifty Metal 7.13%	Nifty Metal 3.96%	Nifty Auto -0.57%	Nifty IT -0.34%	Nifty Energy 4.23%
Nifty IT -3.12%	Nifty Financial Services 0.56%	Nifty FMCG -1.97%	Nifty Financial Services -1.23%	Nifty Pharma -7.41%	Nifty Financial Services 8.91%	Nifty Financial Services 4.15%	Nifty Energy 4.80%	Nifty Realty 3.92%	Nifty Financial Services -1.83%	Nifty Media -0.72%	Nifty Bank 1.83%
Nifty Media -5.57%	Nifty Auto -0.60%	Nifty Financial Services -2.07%	Nifty Infra -1.29%	Nifty Infra -8.06%	Nifty Realty 6.69%	Nifty Realty 4.06%	Nifty IT 4.72%	Nifty Bank 3.12%	Nifty Bank -2.26%	Nifty Metal -1.21%	Nifty Financial Services 1.78%
Nifty Infra -7.81%	Nifty Media -0.82%	Nifty Auto -2.29%	Nifty Bank -2.50%	Nifty FMCG -10.08%	Nifty Pharma 6.68%	Nifty Infra 3.88%	Nifty Auto 4.62%	Nifty Financial Services 2.93%	Nifty Metal -2.57%	Nifty Infra -2.01%	Nifty Infra 1.57%
Nifty Metal -8.55%	Nifty Infra -0.93%	Nifty Bank -2.30%	Nifty Metal -2.89%	Nifty Auto -10.35%	Nifty Bank 6.66%	Nifty Pharma 3.00%	Nifty Infra 2.12%	Nifty Pharma 2.91%	Nifty Infra -3.44%	Nifty Energy -3.84%	Nifty Realty -0.33%
Nifty Realty -9.05%	Nifty FMCG -1.86%	Nifty Infra -3.10%	Nifty Energy -3.45%	Nifty Energy -11.11%	Nifty Media 6.44%	Nifty Media 2.62%	Nifty Financial Services 1.65%	Nifty Media 2.52%	Nifty Energy -3.91%	Nifty Financial Services -3.85%	Nifty Pharma -1.60%
Nifty FMCG -9.65%	Nifty Pharma -2.16%	Nifty Metal -4.03%	Nifty Pharma -8.40%	Nifty Media -12.11%	Nifty FMCG 5.72%	Nifty Energy 2.00%	Nifty Bank 1.37%	Nifty Auto 2.47%	Nifty Media -7.25%	Nifty Bank -3.91%	Nifty FMCG -2.55%
Nifty Energy -10.63%	Nifty Metal -3.09%	Nifty Energy -6.12%	Nifty Realty -12.44%	Nifty IT -12.53%	Nifty Auto 3.93%	Nifty IT -2.84%	Nifty FMCG -1.36%	Nifty Energy 1.95%	Nifty Realty -7.34%	Nifty Pharma -4.20%	Nifty Media -4.28%
Nifty Auto -12.99%	Nifty Energy -4.47%	Nifty Media -8.96%	Nifty Media -13.04%	Nifty Realty -13.40%	Nifty IT -1.16%	Nifty Metal -5.62%	Nifty Pharma -1.51%	Nifty FMCG -0.53%	Nifty IT -9.07%	Nifty Realty -4.49%	Nifty IT -4.34%

In September 2025, Metal followed by Auto & Energy rose the most, while IT followed by Media & FMCG remained the worst performers. Metal sector gained after China announced plans to cut steel production between 2025 and 2026, aiming to address overcapacity that has significantly pressured global prices.

Source: NSE; Returns are on the basis of TRI index

Global Equity Market Update

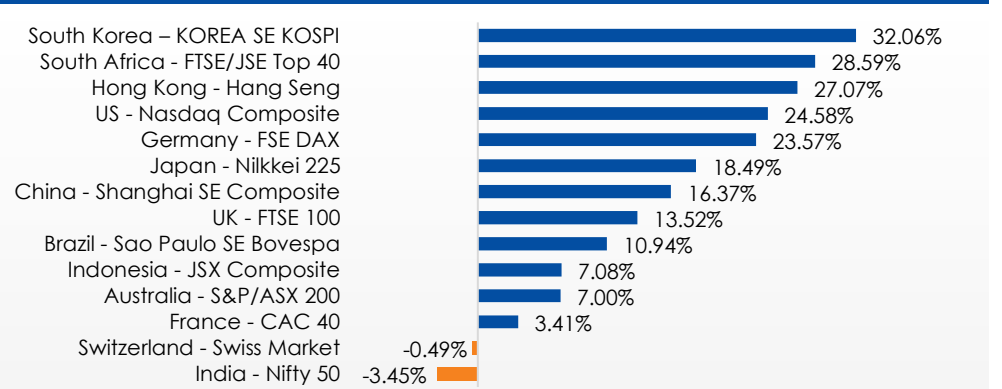
1 Month Performance



Source: Refinitiv

Global markets mostly rose in September 2025, South Korea followed by South Africa rose the most, while China followed by India witnessed the least rise.

1 Year Performance



Source: Refinitiv

In the last one year, the global markets mostly rose with South Korea gaining the most while India fell the most.

News Summary & Event Calendar

News Summary

1. Domestic

- The GST Council has introduced a new three-rate structure effective Sep 22, 2025, with 5% on essentials, 18% on standard goods and services, and 40% on luxury and sin items, making daily-use products cheaper, luxury goods costlier, and aiming to boost consumption while simplifying compliance.
- SEBI has approved several regulatory relaxations to enhance market accessibility and investor participation. Key measures include allowing startup founders to retain ESOPs granted a year before IPO filing, easing PSU delisting norms for entities with over 90% government shareholding, and introducing a new category for foreign portfolio investors (FPIs) investing in government securities. SEBI also scrapped the one-year holding rule for convertible securities and simplified disclosure norms for portfolio managers.
- The government has mandated cybersecurity audits for all cryptocurrency exchanges due to rising cyber heists. These audits are now essential for registration with the Financial Intelligence Unit and aim to strengthen user safeguards amid growing crypto-related cybercrime.
- The National Payments Corporation of India (NPCI) has increased the UPI transaction limit for mutual fund and insurance payments to Rs. 10 lakh per day, with a per-transaction cap of Rs. 5 lakh. Effective Sep 15, 2025, this move enables investors to make high-value investments and premium payments seamlessly via UPI apps, boosting digital adoption in financial services.
- SEBI has permitted Registered Investment Advisors (RIAs) to charge advisory fees for reviewing assets that were distributed before the advisory relationship began. The fee can go up to 2.5% of Assets Under Advisory. This change allows RIAs to offer comprehensive advice on legacy portfolios and disclose past performance. SEBI has also relaxed entry norms, enabling any graduate to become an RIA after passing the NISM exam.
- The RBI has issued final guidelines for digital payment authentication, effective Apr 1, 2026, aimed at enhancing security and fostering innovation in fraud prevention. Issuers may apply risk-based checks beyond two-factor authentication, while SMS-based OTPs remain in use. Additional authentication is mandated for certain cross-border transactions.

2. International

- The U.S. Federal Reserve announced on Sep 17, 2025, that it has decided to lower interest rates by a quarter point, marking the first rate cut of the year. The Fed stated that it is reducing the target range for the federal funds rate by 25 basis points to 4.00%–4.25%, citing a shift in the balance of risks.
- The U.S. Consumer Price Index (CPI) rose by 0.4% in Aug 2025, following a 0.2% increase in Jul 2025, according to the Labor Department. The report also noted that the annual rate of consumer price growth accelerated to 2.9% in Aug 2025, up from 2.7% in Jul 2025. Meanwhile, the annual rate of core consumer price growth remained unchanged at 3.1% in Aug 2025, compared to the previous month.
- The U.S. real gross domestic product (GDP) surged by 3.8% in the second quarter of 2025, up from the previously reported 3.3% increase, as per the Commerce Department.
- The Bank of England left its interest rate unchanged on Sep 18, 2025 and slowed the pace of quantitative tightening. The Monetary Policy Committee, led by Governor, voted 7–2 to maintain the bank rate at 4.00%.
- The European Central Bank (ECB) left its key interest rates unchanged on Sep 11, 2025, as expected, while raising its growth projection for the euro area this year. Inflation forecasts remained stable. The Governing Council, led by ECB President, maintained the deposit rate at 2.00%, the refinancing rate at 2.15%, and the marginal lending rate at 2.40%.
- The People's Bank of China kept its one-year loan prime rate (LPR) unchanged at 3.00% on Sep 22, 2025. Similarly, the five-year LPR, which serves as the benchmark for mortgage rates, was maintained at 3.50%. The decision was in line with market expectations.
- The Bank of Japan kept its key interest rate unchanged On Sep 19, 2025, as expected, but surprised markets by announcing a reduction in its holdings of exchange-traded funds (ETFs). This move signals the beginning of monetary policy normalization. The Policy Board, led by Governor, voted 7–2 to maintain the uncollateralized overnight call rate at around 0.5%.

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