

# MONTHLY UPDATE

## NOVEMBER 2025



# Market Outlook

## HDFC Life – Monthly Update ( December 2025 )



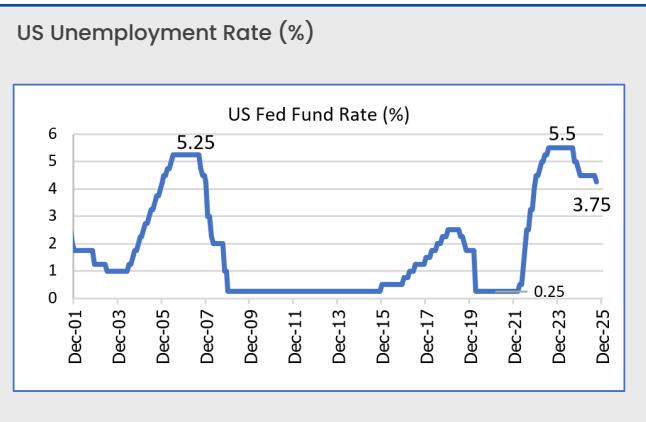
### Global Macro Review

#### US CPI (%)



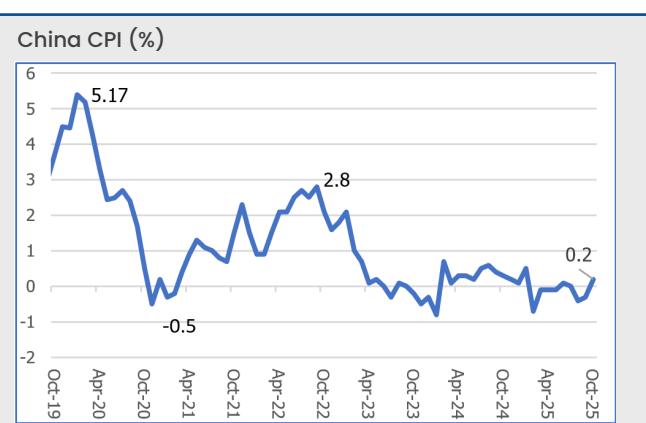
- US non-farm payrolls for September surprised on the upside printing above expectations at 119K in September (exp: 53K), although downward revisions of -33K were made for the previous two months. However, the unemployment rate inched higher to 4.4% in September from 4.3% in August, that resulted from an uptick in the participation rate which inched higher from 62.3% to 62.4%. Overall the report painted a fairly mixed picture given the improvement in hiring and rise in the unemployment rate. The data was mixed largely due to the government shutdown. Markets reacted more on the UE rate than payroll data leading to a fall in US yields.

#### US Fed Fund Rate (%)



- The Federal Reserve cut interest rates by 25 basis points in Dec policy as was widely expected. Median dot plot for 2026 remained unchanged while the statement was neutral and future cuts depend on the evolution of data; however Fed Chair Powell later cited gradual cooling of labor market as a key reason for the cut.

#### China CPI (%)

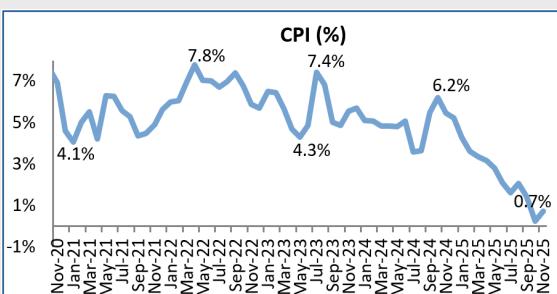


- China's CPI turned positive at +0.2%YoY after being negative for two months, though there are concerns of broadness and sustainability of price recovery given that the internal demand continues to remain weak. The upside surprise in Oct was largely due travel season and uptick in gold and jewellery prices.

## India Macro Review

### CPI Inflation (%)

CPI Inflation %



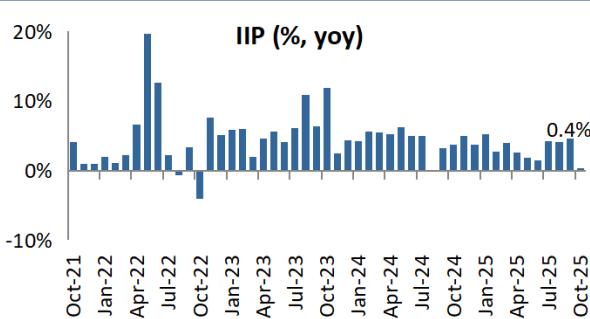
Source: MOSPI

■ Inflation (CPI) for Nov'25 marginally picked up to 0.7% vs. 0.3% in Oct'25 as food CPI, which constitutes 45.9% of the index, further deflated to 3.91% in Nov'25 from 3.7% deflation in Oct'25.

■ Core CPI excluding food and fuel which constitutes 54% of CPI remained stable at 4.4% in Nov'25.

### Industrial Production Index (IIP)

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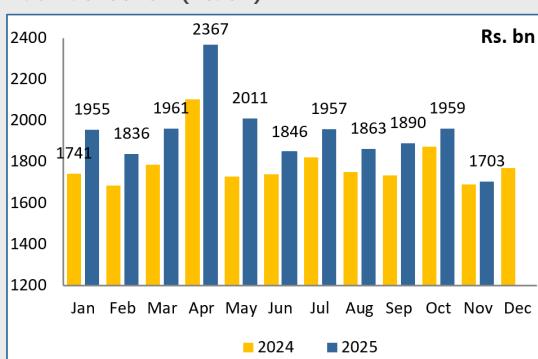


■ Industrial Production (IIP) growth for Oct'25 slowed to 0.4% vs. 4.6% in Sep'25 due to contraction in electricity output by 6.9% in Oct'25 vs. 3.1% growth in Sep'25 while Mining output contracted by 1.8% in Oct'25 vs. 0.4% contraction in Sep'25. However, manufacturing growth slowed to 1.8% in Oct'25 vs. 5.6% growth in Sep'25.

■ The increase in the Industrial production index reflects increasing momentum in production activities. However, monthly IIP numbers can be volatile and difficult to draw a trend from the same.

### GST Collection (Rs. bn)

GST Collection (Rs. bn)



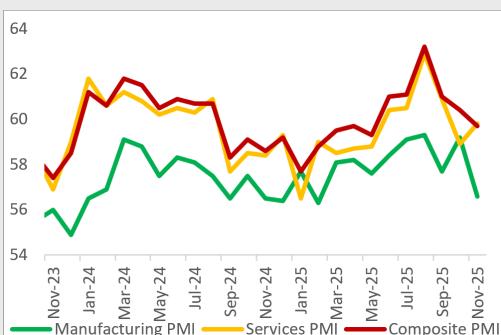
■ GST revenues for the month of Nov'25 came to Rs. 1.7tn showing a 0.7% YoY growth vs. Rs. 1.69tn in Nov'24.

■ Within GST collection, CGST and IGST grew 2.1% yoy and 1.2% yoy in Nov'25. SGST contracted 1.2% yoy in Nov'25 to Rs. 0.425tn vs. Rs. 0.43 tn in Nov'24.

## India Macro Review

### PMI

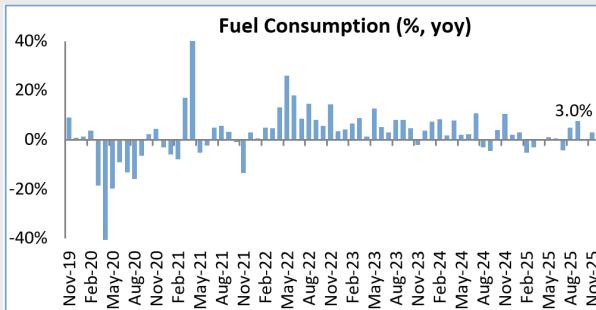
#### PMI



- PMI (manufacturing) slowed to 56.6 in Nov'25 vs. 59.2 in Oct'25. PMI (Services) increased to 59.8 in Nov'25 from 58.9 in Oct'25.
- Notably, PMI continuing in the expansion zone ( $>=50$ ) indicates the continued strength in orders pipeline and production, despite a slowdown seen in the exports.

### Fuel consumption YoY Growth (%)

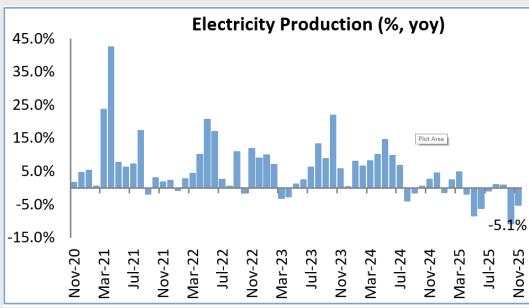
#### Fuel Consumption (% yoy)



- Fuel consumption grew 3% yoy in Nov'25 vs. 0.4% YoY contraction in Oct'25. With in fuel category, diesel consumption grew 4.7% YoY in Nov'25 vs. 0.4% YoY contraction in Oct'25. However, Consumption for Petrol slowed to 2.6% in Nov'25 vs. 7.4% growth in Oct'25.

### Electricity Production YoY Growth (%)

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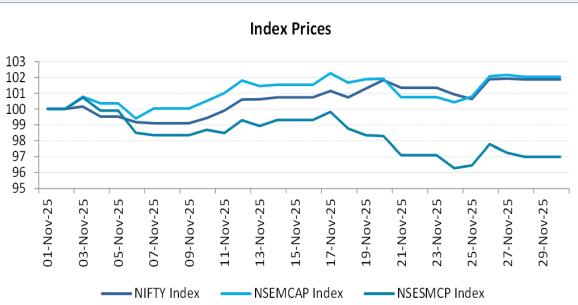


- Electricity production contracted 5.1% YoY in Nov'25 vs. 10.7% YoY contraction in Oct'25.
- Lower temperatures along with muted industrial demand has lead to this fall in electricity production and demand

# Equity Outlook and Positioning

## Monthly Index performance

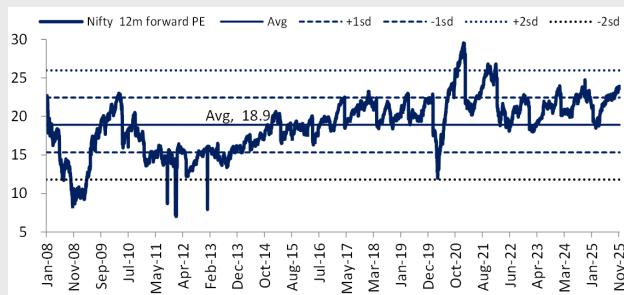
### Monthly Index performance



- Equity markets were mostly positive in Nov'25 with large and midcap indices outperforming smallcaps. Nifty 50 closed the month with a return of +2% while CNX Midcap Index gave a positive return of 2% and Small Cap at -3%.
- IT, Banks and Auto sector were the key outperformers whereas Realty, Power and Metals sectors were the major underperformers

## Nifty Valuation (1 year forward PE)

### Nifty Valuation (1 year forward PE)



Source: Bloomberg

- On the earnings front, the downgrade cycle seems to be moderating. Large cap earnings estimates were largely maintained, while those for SMIDs were cut, albeit at a slower pace. The season was marked by more positive surprises than earlier and could be a precursor to a steady earnings momentum, particularly in a backdrop of improving demand impulse (engineered by GST 2.0 rate cuts, lower interest rates and personal income tax savings for the tax paying consumers). Expectations are for ~9%/16% for Nifty 50 EPS growth for FY26 and FY27 respectively.
- While volatility may persist amid global uncertainty and softening / muted key macro indicators, the domestic policy backdrop is turning more growth-supportive. However, situation continues to be volatile on external front. 50% tariffs on Indian exports to the US have put us in a relatively disadvantaged situation and the impact has been visible to varying degrees across sectors. Indian markets are trading at valuations of 23.7x FY26E and 20.4x FY27E P/E, which is higher than long term averages. Resolution of trade issues with the US and a possible signing of a trade deal are important for the markets to perform.



## Debt Outlook and Positioning

### India 10yr Gsec chart

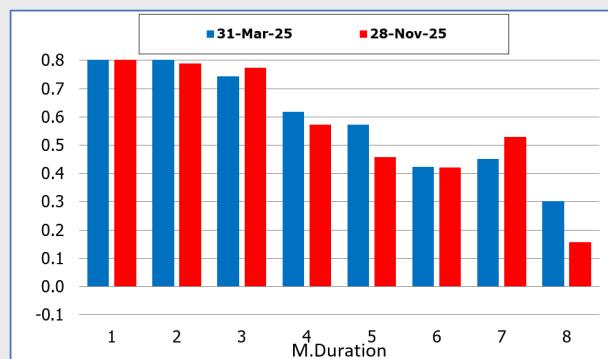
India 10yr Gsec chart



- The US 10 Yr Treasury bond yield (UST) eased from 4.08% to 4.01% in November, primarily due to rise in Unemployment data, pickup in layoff announcement and rise in continuing jobless claim data which is close to their cycle high.

### AAA Curve movement (%)

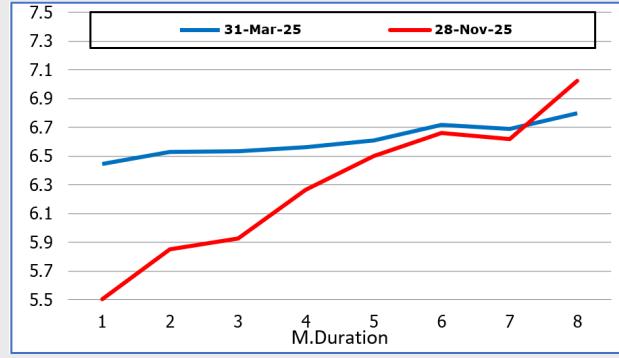
AAA Spreads



- In the December MPC meet, RBI provided a slew of growth supporting measures with policy rate cut from 5.50% to 5.25%, providing additional liquidity by announcing Itrln OMO purchase across the curve, as also forex swaps. RBI also mentioned that given the benign inflation outlook (including sharp downward revision in inflation expectations), the policy rate is likely to stay at low levels for long time. Given the dovish policy along with indication to provide further support on rates and liquidity (OMOs, FX swaps), we believe the yields are likely to remain supported on expectation of further rate cut.

### G Sec Curve Movement (%)

G Sec Curve Movement



- Going forward, we believe the G-sec market will take cues from currency movement, US trade deal, UST movements and expectations of further OMOs announcement.



*Sar utha ke jyo!*

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