WEALTH FIRST

MONTHLY NEWSLETTER - NOV'25

"The first panacea for a mismanaged nation is inflation of the currency; the second is war. Both bring a temporary prosperity; both bring a permanent ruin." — Ernest Hemingway

Global Equities (in USD terms)

- The S&P 500 gained 2.3%, the Nasdaq 4.7%, and the Dow 2.5%, marking their sixth consecutive monthly rise — the longest streak since 2018. Year-to-date gains stand at +30% (Nasdaq), +20% (S&P 500), and +12% (Dow), reflecting persistent AI optimism and solid corporate earnings.
- Earnings momentum supported sentiment: Amazon surged 9.6% post-earnings as AWS revenue grew 20% YoY, its fastest since 2022. Broader tech and growth stocks rallied on robust AI-linked spending and stable margins despite inflation headwinds.
- Macro tailwinds: Seasonal strength (November historically the S&P 500's best month), easing trade tensions, and softening inflation expectations sustained buying interest. However, tariff-related price pressures and rising input costs — such as cocoa prices up nearly 30% YoY — remain watch points.
- Regional performance: European indices outperformed U.S. peers, led by the UK, France, and Spain, as Eurozone inflation eased to 2.1%. Japan gained on policy continuity and expansionary fiscal stance under PM Sanae Takaichi, while China stabilized following a renewed U.S.–China trade truce that paused export restrictions and new tariffs.

Global Equities (in USD)		
	1m	1y
Nasdaq	4.8%	30.0%
S&P 500	2.3%	19.9%
MSCI Europe	0.6%	20.1%
MSCI Emerging Equities	4.1%	25.2%
Nifty 50	4.6%	0.7%

Domestic Equities (in INR Terms)

Domestic Equities (in INR)		
	1M	1Y
Nifty 50	4.5%	6.3%
Nifty Next 50	2.9%	-0.1%
Midcap 150	4.8%	5.6%
Smallcap 250	3.7%	-2.5%
Real Estate	9.2%	-5.2%
Oil & gas	6.4%	4.3%
Financials	5.6%	10.7%
FMCG	2.7%	-5.1%
PSE	2.7%	-1.1%
Auto	1.0%	14.0%
IPO	1.3%	4.2%

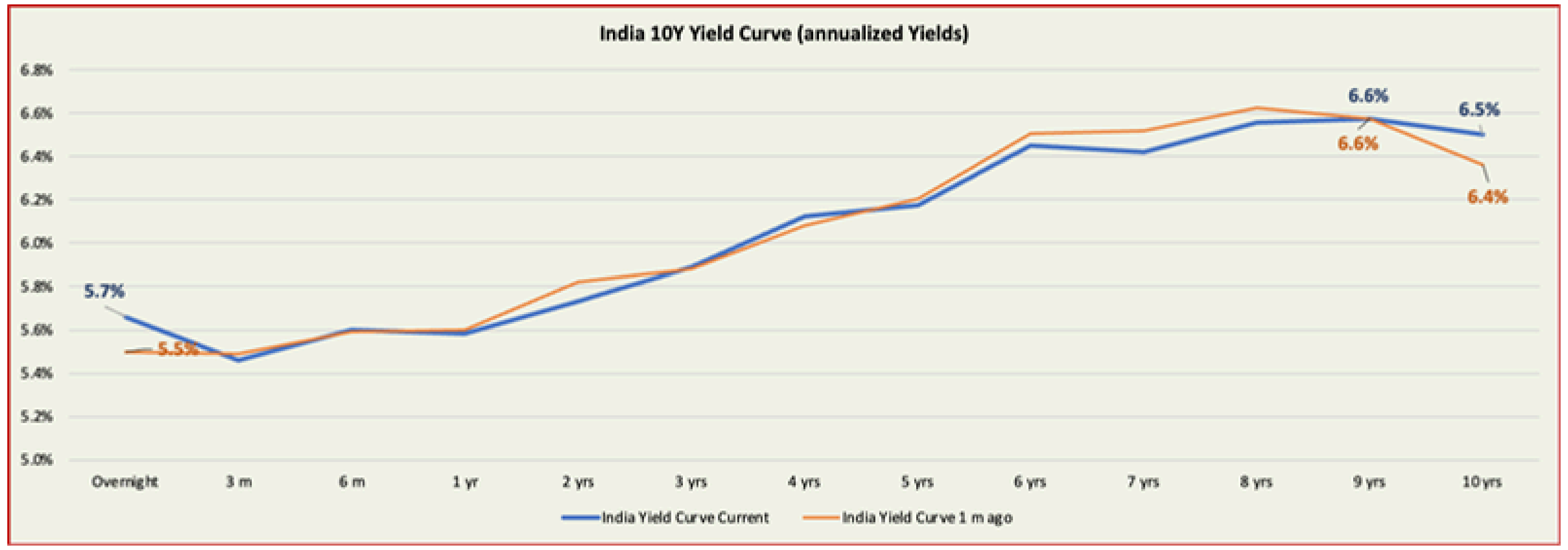
- Indian markets staged a strong comeback in October, with the Nifty up 4.5% and, closing near 13-month highs. The Nifty climbed from 24,620 to 25,722, while the Sensex rose from 80,150 to 85,200, erasing the prior month's losses.
- Key drivers: Robust Q2 FY26 earnings, optimism around a U.S.–China trade deal, and expectations of a Fed rate cut lifted sentiment. Festive demand remained strong, aided by GST cuts and record car sales, while renewed FPI inflows (₹14,610 crore) and continued DII buying (₹43,256 crore) provided sustained support.
- Sectoral trends: Gains were broad-based, led by PSU banks, capital markets, and realty, while only media saw mild declines.
- Policy and trade backdrop: Progress toward an India–U.S. trade pact—aimed at doubling bilateral trade to $500 billion by 2030—supported sentiment. The deal, which may reduce tariffs on Indian goods to about 15%, could offset recent U.S. duties and strengthen investor confidence.
- Market tone: The mix of strong earnings, upbeat consumption, and returning foreign flows positions Indian equities favourably heading into November's seasonally strong phase.

Global Yields

- The 10-year Treasury yield rose above 4.1% in late October, up around 10 bps on the week, as the Fed cut rates by 25 bps but Chair Jerome Powell downplayed the odds of a December cut, citing core inflation still above 3%. Despite this, markets continue to price three additional cuts by mid-2026, even as policymakers signal caution.
- Monetary and balance-sheet cues: The Fed confirmed it would end its balance-sheet runoff in December, reinvesting all maturing securities into Treasuries to ease funding stress—helping cap further yield spikes after mid-month volatility.
- Europe steady to softer: The UK 10-year gilt held near 4.41%, down 0.29 points month-on-month, as fiscal worries eased. Eurozone yields edged lower after inflation slipped to 2.1% and growth concerns persisted.
- Japan and China diverged: Japan’s 10-year JGB stayed near 1.65% as the BoJ kept rates unchanged at 0.5% (7–2 vote), while new PM Sanae Takaichi’s expansionary stance reinforced a dovish bias. In contrast, China’s 10-year yield fell to 1.75%, a two-month low, as weak factory data and a renewed U.S.–China trade truce supported bond demand.

10 Year Government Yields (as of 1st of every month)					
Month	Japan	China	US	UK	India
1 Y ago	1.0%	2.0%	4.2%	4.2%	6.8%
6 M ago	1.5%	1.7%	4.4%	4.6%	6.2%
3 M ago	1.6%	1.7%	4.2%	4.5%	6.3%
1 M ago	1.7%	1.9%	4.1%	4.7%	6.5%
Nov-25	1.7%	1.8%	4.1%	4.4%	6.6%

Domestic Yields



- The 10-year G-Sec yield climbed to around 6.6% in late October, its highest level in four weeks, following the sharp rise in U.S. Treasury yields after the Fed’s hawkish policy tone.
- Gains were limited by expectations that the RBI could cut rates in December, as India’s headline inflation eased to an eight-year low of 1.54% in September, far below the lower bound of its 2–6% target range.
- The RBI’s latest minutes indicated room for accommodation amid a benign inflation outlook, while a strong fiscal position and steady liquidity conditions kept the curve orderly.
- Traders are now pricing a 25 bps cut in December and another in early 2026, which could lower the repo rate to 5%, especially if food prices stay subdued and the growth outlook remains firm.

India Macro Trends

Macro Trends	Oct-25	Sep-25
FII flows (in crs)	14,610	-23,885
DII flows (in crs)	52,794	65,344
FII flows - Debt (in crs)	3,507	1,085
New Corporate Bond Issuances (in crs)	39,080	22,643
Surplus Liquidity (in crs)	3,60,648	4,66,312
GST Collection (in crs)	1,95,936	1,89,017
CPI	1.5%	2.1%
Manufacturing PMI	58.4	57.7
Services PMI	58.8	60.9
Forex Reserves (in billion dollar)	704.9	700.2

- FIIs ended October as net buyers (net buying Rs. 14610 crs) after consecutive months of selling.
- India's banking system liquidity surplus fell to its lowest this fiscal year in October, despite inflows from a cash reserve ratio cut announced in June. Durable liquidity declined from 5.2 trillion rupees ($59 billion) on Sept. 19 to 3.6 trillion rupees on Oct. 17.
- Fiscal and tax momentum strong: GST collections rose 4.6% YoY to ₹1.96 lakh crore, despite September's rate cuts, signalling resilient consumption and improved tax compliance.
- Inflation eased further: Retail CPI fell to a 99-month low of 1.54% in September, far below the RBI's 2% lower tolerance limit, driven by declines in food (-1.4% YoY) and fuel prices, marking a sharp moderation from 8.4% a year ago.
- External balances softened: Forex reserves declined by $6.9 billion to $695.4 billion in the week ended October 24, with foreign currency assets down $3.9 billion and gold reserves down $3 billion, reflecting RBI interventions and valuation effects.
- Capital-market activity vibrant: The IPO pipeline stayed robust, with six issues worth ₹10,700 crore set to open in early November, led by Groww's parent (Billionbrains Garage Ventures) — the first main-board listing, signalling sustained domestic investor appetite.
- Trade and global policy context: The Trump–Xi summit extended the U.S.–China trade truce and paused planned 100% tariffs, while India–U.S. trade negotiations advanced toward a first-phase FTA by year-end.
- Combined with record-low inflation of 1.54% (below and resilient tax receipts, these factors underline India's relative macro stability amid global volatility.

Commodities

- Precious metals stayed firm: Gold hovered near $4,000/oz, supported by robust central bank demand (220 tons bought in Q3, up 28% QoQ). Silver gained over 14% for the month despite a correction in the 2nd half of October to $48.8/oz, driven by strong solar and EV demand, while platinum (+59% YoY) and palladium held firm on tight auto-catalyst supply.
- Energy prices rebounded: Brent crude rose to $65.1/bbl, marking a fourth straight gain, after OPEC+ confirmed a pause in production hikes for Q1 2026. U.S. sanctions on Rosneft and Lukoil and renewed drone attacks on Russian energy assets added supply risks, helping offset global demand concerns.
- Base metals mixed: Copper eased to $5.05/lb from a three-month high as weak Chinese PMIs and a stronger dollar cooled sentiment. However, persistent mine disruptions at Freeport-McMoRan and lower output from Glencore and Anglo American kept supply tight, supporting prices near record levels.

Commodities	Returns	
	1M	1Y
Brent Crude	-1.9%	-11.4%
Precious Metals		
Gold	4.3%	47.1%
Silver	4.6%	50.5%
Industrial Metals		
Steel	2.9%	-5.9%
Iron Ore	0.5%	3.3%
Aluminium	7.9%	11.0%
Copper	5.4%	17.7%
Zinc	3.4%	-0.5%
Nickel	-0.1%	-4.6%
Lead	1.8%	-0.8%

Performance of Currencies against USD

Currencies against USD			
		1m	1 yr
India	USD/INR	0.1%	-5.3%
AUD	USD/AUD	-1.0%	-0.2%
Japan	USD/JPY	-3.9%	-0.7%
China	USD/CNY	0.1%	0.2%
Euro	USD/EUR	-1.7%	6.5%
Pound	USD/GBP	-2.2%	1.8%
Dollar Index	DXY	2.4%	-4.5%

- Dollar strengthened: The Bloomberg Dollar Spot Index rose 0.1%, hovering near a three-month high around 99.8, as the Fed's hawkish tone reduced expectations for another rate cut. The renewed U.S.–China trade truce, which paused planned tariffs and export restrictions, helped limit further dollar gains.
- Yen stayed weak: The Japanese yen traded near 154 per dollar, its softest in nine months, as the BoJ maintained its 0.5% rate and adopted a measured stance on future hikes, diverging sharply from the Fed's policy path.
- Rupee under pressure: The INR weakened to around ₹88.7/$, near record lows, weighed down by a stronger dollar, heavy importer demand, and lingering outflow pressures after recent U.S. tariffs on Indian goods.
- The RBI intervened through state-run banks to limit volatility, and expectations for December and February rate cuts have provided some cushion ahead of year-end.

Infosys Buyback – Opportunity

On 11th September 2025, the Board of Infosys approved a proposal to buyback –

✓ Up to 10 lakh Equity shares of the company for an aggregate amount, not exceeding ₹ 18000 crore.
✓ Buyback Price announced by the company is ₹1800 per Equity share.
✓ Shares would be accepted from shareholders, eligible on the record date on a proportionate basis.
✓ Capital gain on the buyback portion is NOT exempt from tax and is taxed as dividend income under slab rate.
✓ Record date for the buyback is 14th November, 2025. Process may take around 2 months from record date for the buyback.

At a Current Market Price of 1480/- and a buyback price of 1800/-, there is a small opportunity to make gains based on the proportion of shares that would be accepted. Based on a particular scenario, gains may be as shown below for the small shareholders category.

Current Market price (CMP): ₹ 1480/-
Buyback as a % of total share capital: 2.4%
Assumed Probable Acceptance Ratio: 36%
Number of Shares to be bought: Up to 123 (worth up to 2 lakhs in Value to qualify under Small Shareholder category as of record date, 14th November).

Scenarios						
	Scenario 1			Scenario 2		
	Price	Units	Value	Price	Units	Value
Investment Amount (incl. of costs)		123	₹ 1,83,091		123	₹ 1,83,091
Buyback Value	1800	44	₹ 79,211	1800	44	₹ 79,211
Value of Remaining Shares	1500	79	₹ 1,18,266	1450	79	₹ 1,14,324
Total Sale Consideration			₹ 1,97,477			₹ 1,93,535
Profit			₹ 14,386			₹ 10,444
Pre-Tax Absolute Return			**7.86%**			**5.70%**
Annualised Return			**35.33%**			**24.84%**

BEHAVIOURAL FINANCE

Preference for Ambiguity in Bull Markets

The Preference for Ambiguity in Bull Markets describes how investors' traditional aversion to uncertainty often reverses during periods of market optimism. In normal conditions, investors avoid assets with unclear fundamentals or unpredictable payoffs. But when confidence and liquidity run high, they start to embrace ambiguity, viewing the "unknown" as a source of extraordinary potential rather than risk.

Behavioural Dynamics & Outcome:

A striking example emerged during India's 2021–22 IPO boom, when companies such as Zomato, Paytm, Nykaa, and Policybazaar went public amid euphoria. Despite limited profitability and uncertain business models, investors rushed in—driven by narratives of India's digital transformation and the belief that early exposure to these "new-age disruptors" could yield exponential returns. Traditional valuation concerns faded as media coverage, social sentiment, and peer influence amplified the hype.

This collective comfort with uncertainty is a hallmark of bull markets: ambiguity becomes opportunity. Yet, when sentiment shifts—as it did in 2022—this tolerance evaporates quickly. Once-ambiguous stories lose their charm, and investors retreat to safer, more predictable assets, leading to steep corrections.

Key Takeaway:

Ultimately, this behavioural cycle underscores how market sentiment can invert risk perception. Recognizing this bias allows prudent investors to stay grounded in fundamentals and avoid being swept up by narrative-driven exuberance.

Market Watch

Snippets

- Indian markets rebounded sharply, with the Nifty & Sensex hitting 13-month highs on festive demand, and renewed FPI inflows.
- The Fed's hawkish 25 bps cut lifted the UST 10Y above 4.1%, while Powell downplayed the chances of another December cut, citing core inflation above 3%.
- India's 10Y hit 6.6%, mirroring global trends, though expectations of a December rate cut persist as inflation fell to an eight-year low of 1.54%.
- Gold stayed near $4,000/oz, silver swung, and copper eased on weak Chinese data despite tight supply.
- The INR hovered near lows of ₹88.7/$ as the RBI stepped in to curb volatility.
- India–U.S. FTA talks made headway alongside a renewed U.S.–China trade truce.

Takeaways

- Renewed inflows in October suggest global investors are reassessing India exposure, hinting that macro resilience and policy clarity could continue to attract allocations.
- With India's CPI at a 99-month low, the RBI has monetary flexibility — a supportive backdrop for both debt and equity valuations into early 2026.
- The divergence between strong precious metals and soft industrial commodities highlights the importance of diversification across cyclical and defensive assets.
- The renewed U.S.–China truce and progress on the India–U.S. FTA point to improving trade visibility — a potential tailwind for export-linked sectors and sentiment heading into 2026

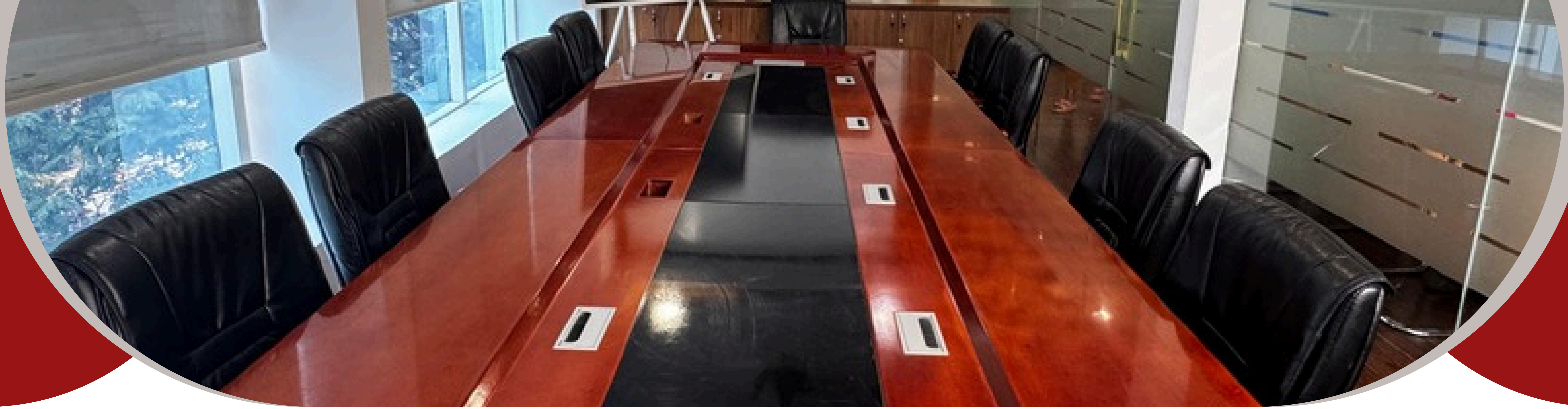
Key Events

Underway: Q2 Earnings

US-India trade deal

US-China Trade deal

IPO Week



THANK YOU

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