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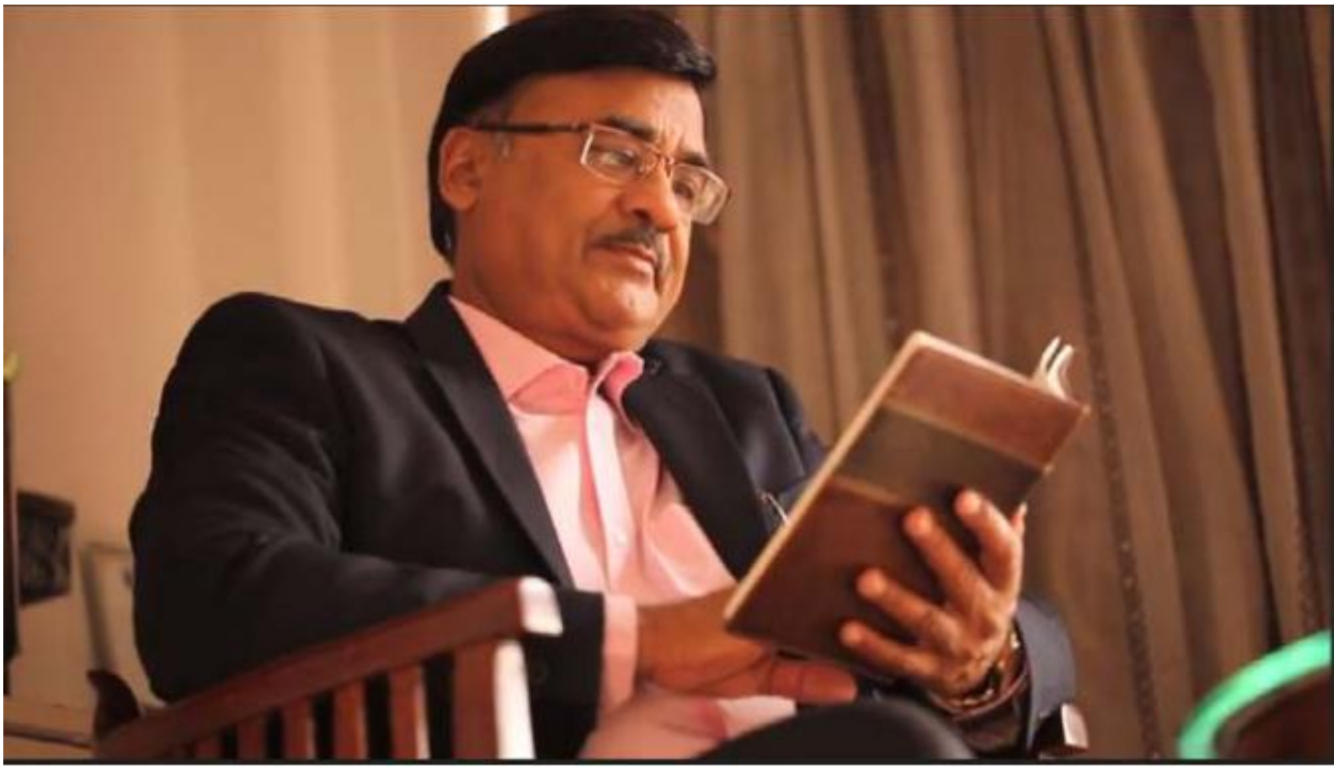

CA (Dr.) Ashok Ajmera's Weekly Column as on December 06th, 2025

" RBI Rate Cut Lifted Investor Sentiment but Benchmark Indices Ended on a Cautious Note"

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Indian markets ended the week on a cautious note, with the broader markets largely steady—even as the Nifty closed marginally lower as investors reacted to the RBI's 25-bps rate cut, liquidity-boosting measures and stronger-than-expected data, including India's robust 8.2% GDP growth in Q2, which reinforced confidence in the domestic outlook. The Indian rupee also firmed slightly to around ₹89.73 per US dollar, recovering from recent lows ahead of the RBI's policy decision. Gains, however, were tempered by softer moves in mid- and small-caps and lingering global uncertainties, keeping overall market breadth mixed.

The top gainers in the Nifty 50 index were Wipro (up 4.16%), HCL Tech (up 3.62%), Infosys (up 3.60%), Tech Mahindra (up 3.53%) and Asian Paints (up 3.27%). The major losers in the Nifty 50 index were Indigo (down 9.00%), Max Healthcare (down 5.62%), HUL (down 5.19%), Eternal (down 2.57%) and Titan (down 2.42%).

FII and DII activity

In the week gone by, FIIs were net sellers of Rs. 10,403.62 Crores and DIIs were net buyers of Rs. 19,785.50 Crores. In the previous week FIIs were net sellers of Rs. 3,659.32 Crores and DIIs were net buyers of Rs. 22,762.62 Crores. In the month of November 2025, FIIs net sellers of equities worth Rs. 17,500.31 Crores and DIIs were net buyers of equities worth Rs. 77,083.78 Crores.

Sector Movement

The Outperforming sector was Nifty IT, up by 3.47% and the worst performing sector was Nifty Media, down by 2.30% in the week.

Global Market and Major Developments

US

Major U.S. equity indexes ended the first week of December higher, extending the previous week's gains as investor optimism grew around a potential Federal Reserve rate cut at the upcoming meeting. The Nasdaq 100 Composite led with a 1.01% rise, followed by the Russell 2000's 0.84% gain, while the S&P 500 posted a modest advance. Trading activity remained relatively light throughout the week, according to T. Rowe Price traders.

Particulars	Close (05/12/2025: Friday)	Open (01/12/2025: Monday)	Previous Close (28/11/2025: Friday)	Change (%)
Nifty 50	26,186.45	26,325.80	26,202.95	-0.06
Sensex	85,712.37	86,065.92	85,706.67	0.01
Nifty Midcap 100	60,594.60	61,250.85	61,043.25	-0.73
Nifty Small cap 100	17,507.75	17,900.95	17,829.25	-1.80
		Sectoral Indices		
Nifty Bank	59,777.20	60,102.05	59,752.70	0.04
Nifty Auto	27,939.10	27,929.30	27,774.60	0.59
Nifty IT	38,703.65	37,476.60	37,405.50	3.47
Nifty PSU Bank	8,381.75	8,551.15	8,514.40	-1.56
Nifty Fin Services	27,881.90	28,065.50	27,890.25	-0.03
Nifty Pharma	22,947.15	23,076.95	22,998.30	-0.22
Nifty FMCG	55,202.85	55,515.65	55,595.80	-0.71
Nifty Metal	10,340.35	10,390.90	10,293.05	0.46
Nifty Realty	893.15	906.80	903.15	-1.11
Nifty Media	1,434.55	1,470.65	1,468.25	-2.30
Nifty Energy	34,971.80	35,676.20	35,548.30	-1.62
Nifty Private Bank	28,862.30	28,953.30	28,789.40	0.25
Nifty Infra	9,540.65	9,695.30	9,653.90	-1.17
Nifty Commodities	9,162.70	9,249.75	9,210.70	-0.52
Nifty Consumption	12,376.15	12,510.05	12,472.15	-0.77
Nifty PSE	9,652.25	9,786.40	9,744.30	-0.94
Nifty Serv. Sector	34,093.30	34,178.60	34,003.55	0.26
Nifty Healthcare	14,856.30	15,079.55	15,031.25	-1.16
Nifty Oil & Gas	11,905.60	12,078.55	12,034.40	-1.07
Nifty INDIA MFG	15,219.90	15,382.95	15,305.00	-0.56
		US Indices		
Dow Jones	47,954.99	47,580.85	47,716.42	0.50
S&P 500	6,870.40	6,812.30	6,849.08	0.31
NASDAQ 100	25,692.05	25,232.75	25,434.89	1.01
		Commodities		
Gold (in Rs./ 10 gram)	1,30,462	1,27,895	1,26,743	2.82
Brent Crude oil	63.87	62.69	62.31	2.50

Economic data painted a mixed picture. Manufacturing activity contracted for the ninth straight month, with the ISM manufacturing PMI slipping to 48.2%, driven by declines in supplier deliveries, new orders and employment, although input prices continued to rise. In contrast, services activity strengthened to a nine-month high of 52.6%, with services prices rising at a slower pace. Labor market indicators were equally mixed: ADP reported a 32,000 drop in private payrolls—its biggest decline since March 2023—while Challenger data showed 71,000 November job cuts. Yet initial jobless claims fell sharply to 191,000, the lowest since September 2022. Inflation readings were steady, with September PCE and core PCE both rising in line with the previous month and up 2.8% year over year, while consumer sentiment improved modestly in early December.

Fixed income markets broadly weakened. U.S. Treasuries posted negative returns as long-term yields rose, though some short-term yields dipped slightly. Municipal bonds also declined but outperformed Treasuries on the back of steady demand despite heavy supply. In contrast, high yield bonds delivered gains, supported by a firmer macro backdrop and a return to above-average trading volumes following the Thanksgiving period.

Europe

European equities posted modest gains, with the STOXX Europe 600 Index up 0.41% amid rising expectations of U.S. and UK rate cuts. Market performance was mixed: Germany's DAX gained 0.80%, Italy's FTSE MIB rose 0.17%, while France's CAC 40 slipped and the UK's FTSE 100 fell 0.55%. Eurozone inflation ticked up to 2.2% in November and core inflation stayed at 2.4%, while Q3 GDP was revised higher to 0.3% on stronger fixed investment and contributions from France and Spain, even as Germany stagnated.

The labour market remained tight with unemployment steady at 6.4%. Retail sales were flat month over month but rose 1.5% year over year, beating expectations. German factory orders climbed 1.5% in October—far above the 0.5% consensus—supported by strong transport and defence-related demand and a notable 11.9% jump in metal production.

In the UK, the housing market held firm despite tax and stamp duty uncertainties. Nationwide's house price index rose 0.3% in November, while mortgage demand remained steady, with approvals easing only slightly to 65,018 in October from 65,647 in September.

Japan

Japan's equity markets were mixed over the week, with the Nikkei 225 rising 0.47% while the TOPIX slipped 0.47%, pressured by higher global bond yields and a hawkish-leaning speech from Bank of Japan (BoJ) Governor Kazuo Ueda. His comments lifted expectations of a possible December rate hike, pushing the 10-year JGB yield up to 1.93%—its highest level since 2007—from 1.82% the previous week. The yen also strengthened, moving to the upper end of the JPY 154 range against the U.S. dollar. Governor Ueda reiterated that Japan's economy continues to recover moderately and noted broad-based price increases, emphasizing that if the BoJ's outlook holds, further rate hikes would follow. Markets viewed his remarks as paving the way for additional monetary tightening ahead of the December 18–19 policy meeting.

Economic data signaled softening household demand, as Japan's household spending fell 3.0% year over year in October, the steepest decline since January 2024 and well below expectations for a 1.0% increase. The drop contrasted with September's 1.8% rise and reflected weaker spending on food, entertainment, and automobiles amid persistent cost pressures. Investors interpreted the combination of tighter monetary policy signals and weakening consumption as a sign of a more complex macroeconomic backdrop heading into year-end.

China

Chinese equities advanced over the week, supported by strong enthusiasm for domestic technology and AI-related stocks despite continued signs of economic slowing. The CSI 300 Index rose 1.28% and the Shanghai Composite gained 0.37%, while Hong Kong's Hang Seng Index added 0.87%. Economic data showed a slight improvement in manufacturing conditions, with the official PMI rising to 49.2 in November from 49.0, though it remained in contraction for an eighth consecutive month—its longest such streak on record, according to Bloomberg. Meanwhile, the nonmanufacturing PMI fell to 49.5 from 50.1, marking its first contraction in nearly three years as construction and services activity softened amid continued pressure in real estate and residential services.

The PMI readings underscored weakening momentum in China's fourth-quarter growth, as the prolonged property sector crisis—rooted in Beijing's "three red lines" policy tightening since 2020—continues to dampen consumption and elevate deflationary risks. Still, most analysts expect China to achieve its full-year growth target of around 5% without requiring additional stimulus measures in the near term, even as economic headwinds persist.

Major Developments in Domestic Markets

1. Reserve Bank of India (RBI) raised its FY 2026 GDP growth forecast to 7.3% (from 6.8%) after India posted a strong 8.2% GDP print in Q2, while also cutting its headline CPI inflation projection to 2.0% amid record-low retail inflation and broad-based economic strength.
2. Vladimir Putin met Narendra Modi in New Delhi on his first India visit in four years, with both leaders agreeing to deepen defence, energy and trade ties — including assured Russian fuel supplies and a joint urea plant — as India reiterated support for peace in Ukraine and set a $100 billion trade goal by 2030.
3. European Union's upcoming carbon tax under Carbon Border Adjustment Mechanism (CBAM), effective 1 Jan 2026, is expected to sharply reduce Indian Steel Mills exports to Europe — which currently take about two-thirds of India's steel shipments — forcing mills to look for alternate markets in Africa and the Middle East.
4. United States Trade Delegation is likely to visit India next week for fresh talks on the proposed India–United States Bilateral Trade Agreement (BTA), as both sides aim to resolve punitive tariffs on Indian goods and finalise the first tranche of the deal before year-end.
5. India collected 1.70 trillion rupees ($18.98 billion) in gross goods and services taxes in November, about 0.7% higher than a year earlier.
6. India's power output fell for a second month in November as temperate weather and a slowdown in industrial activity kept electricity demand tepid, government data showed.
7. India's iron ore imports hit a six-year high this year as steel mills stepped up overseas purchases to overcome shortages of high-grade ore and take advantage of lower global prices for the steelmaking raw material, analysts and trade officials said.
8. India's JSW Steel will sell the steel business of its unit Bhushan Power and Steel to an equal-stakes joint venture with Japan's JFE Steel for 244.83 billion rupees ($2.72 billion), as it seeks to fund growth.
9. India's government scrapped an order to smartphone makers on Wednesday to preload a state-run cybersecurity app on all new devices after an outcry from politicians, privacy advocates and global tech companies over surveillance fears.
10. Sify Infinit Spaces set to become India's first listed data center operator, sees AI driving demand for computing power but is tempering future investments to avoid over-exposure to a potential bubble, its chief executive said.

Ajcon Global's observations and view:

Short term view:

1. Indian equities are expected to sustain their upward momentum in the near term, supported by the RBI's 25-bps repo rate cut, strong Q2 GDP growth of 8.2%, liquidity-enhancing measure and a downwardly revised FY26 CPI inflation projection of 2%, reflecting benign price pressures. Positive domestic macroeconomic trends are further supported by ongoing India–US trade talks and recent India–Russia summit agreements, which are expected to strengthen trade and strategic ties.

2. Persistent global uncertainties, currency risks and geopolitical developments could continue to contribute to market volatility. Overall, the market outlook remains constructive, offering selective buying opportunities in rate-sensitive and growth-oriented sectors.

3. We continue to recommend accumulation in selective fundamentally strong midcap stocks across sectors such as PSUs (Railways, Defence, Infra), public sector banks, FMCG, food processing, fertilisers, agro-based industries, infrastructure, banking & financials, Pharmaceuticals, Real Estate many of which remain attractively valued amid supportive domestic trends. While some sectors continue to face pressure from steep US tariffs, the recent GST rate rationalization has provided some relief and could support a gradual recovery in those sectors too.

Long term view

1. We believe that in spite of whatever is happening around, the Indian economy is still strongly placed as compared to the global peers as the recently announced GDP and inflation numbers coupled with another Rate cut by RBI announced yesterday , will give further Philip to the Indian Markets.

2. Our faith remains in the Equity as the best asset class in the World but advice caution to the investors to be selective & remain invested in fundamentally strong companies at every fall.

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