FORTNIGHTLY MACRO REVIEW

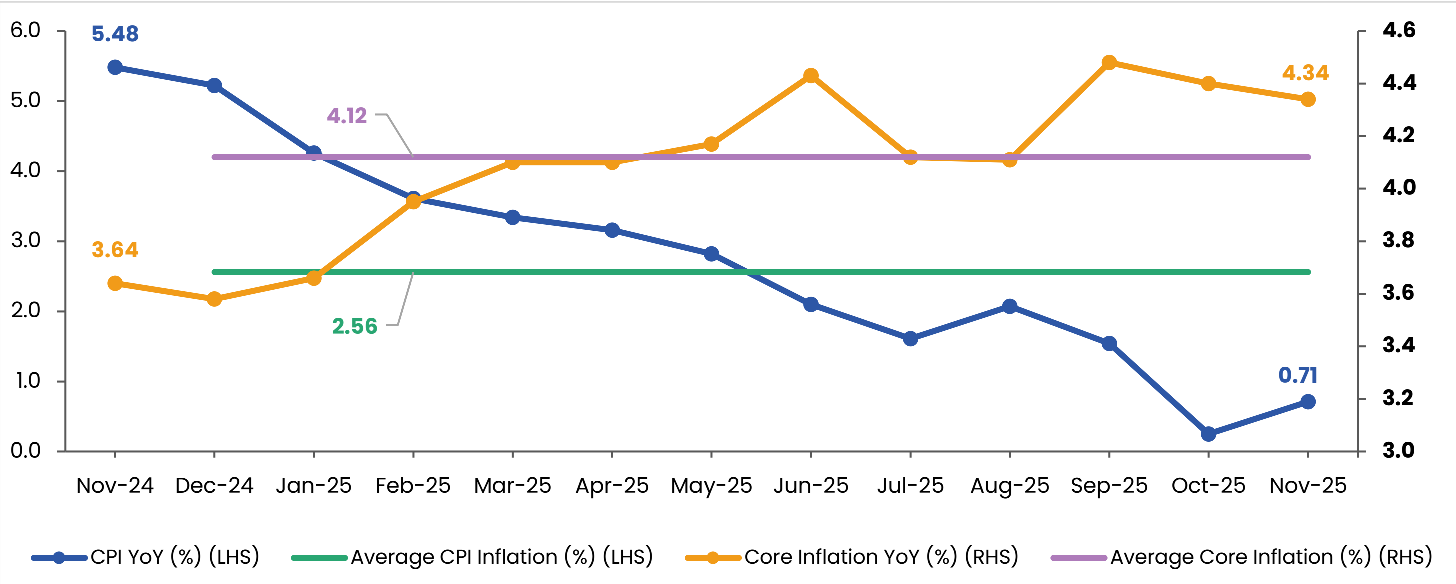
16th December 2025

BONANZA WEALTH

CPI INFLATION

Consumer Price Index (CPI) rose to 0.71% (Provisional) in Nov-25, as against 0.25% (Final) in Oct-25. Despite the uptick, headline inflation remained well below the RBI's target band. Food inflation which accounts for nearly half of the CPI basket, eased to (-3.91%), marking its 5th consecutive month in the deflationary trajectory.

Despite some narrowing in food prices, headline inflation stood at 0.10% in rural areas and 1.40% in urban areas. The MoM rise in headline inflation is mainly driven by higher inflation in vegetables, eggs, meat and fish, spices, fuel and light.



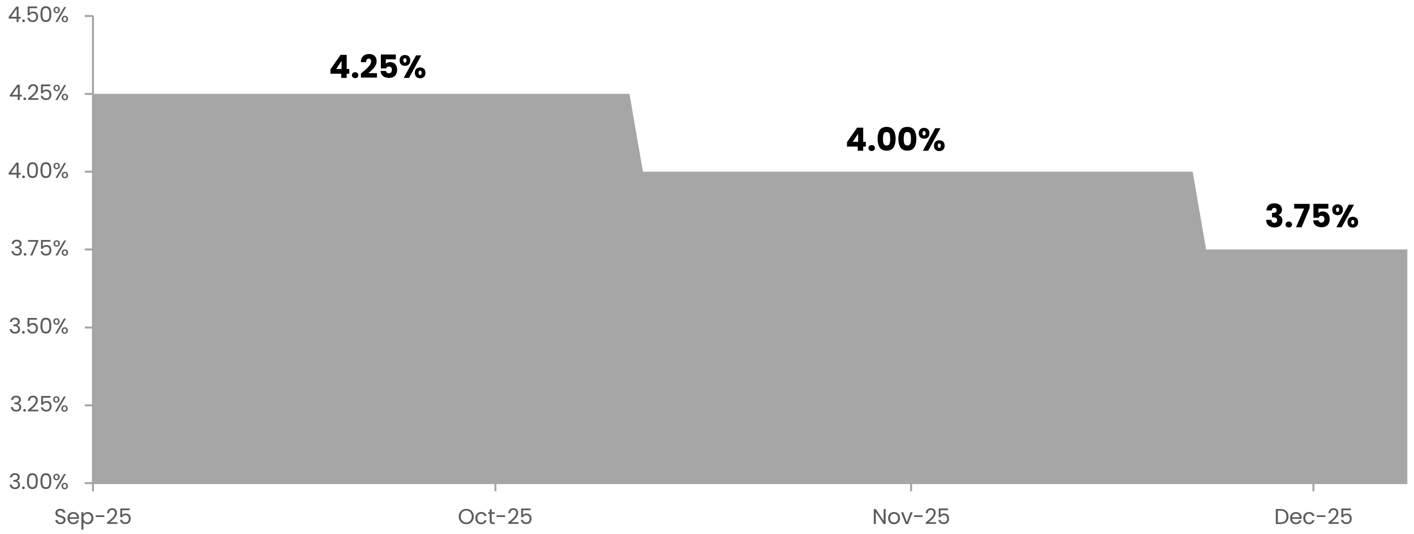
Among the major categories, a YoY decline was observed in vegetables (-22.20%), pulses (-15.86%) and spices (-2.89%). However, inflation persisted in personal care (24.04%), oils and fats (7.87%) and fruits (6.87%) indicating continued price pressures in selected items. Fuel and light inflation increased to 2.32% (Provisional) in Nov-25 from 1.98% (Final) in Oct-25. Core inflation which excludes food and fuel prices edged down to 4.34% in Nov-25 from 4.40% in Oct-25.

In early Dec-25, the RBI lowered its inflation projection for the current fiscal year to 2.0% from 2.6% estimated earlier, reflecting the rapid disinflation seen in recent months. Looking ahead, unseasonal rains and higher import duties on pulses could push food prices higher in the near term, prompting authorities to boost inter-state supply to contain price pressures.

FOMC MEETING

The Federal Open Market Committee (FOMC) decided to reduce the policy rate by 25 basis points at its December 2025 meeting, bringing the target range down to 3.50%–3.75%. This marks the 3rd consecutive rate cut of 2025 and the lowest policy rate in almost 3 years. A 9–3 vote marked one of the sharpest splits in recent years, highlighting the uncertainty in economic conditions.

In its Summary of Economic Projections, the Federal Reserve revised up its estimate for real GDP growth in 2026 to 2.3%, while inflation is projected to remain above the 2% target through 2028. This balance of caution and optimism shaped the Fed's forward guidance.

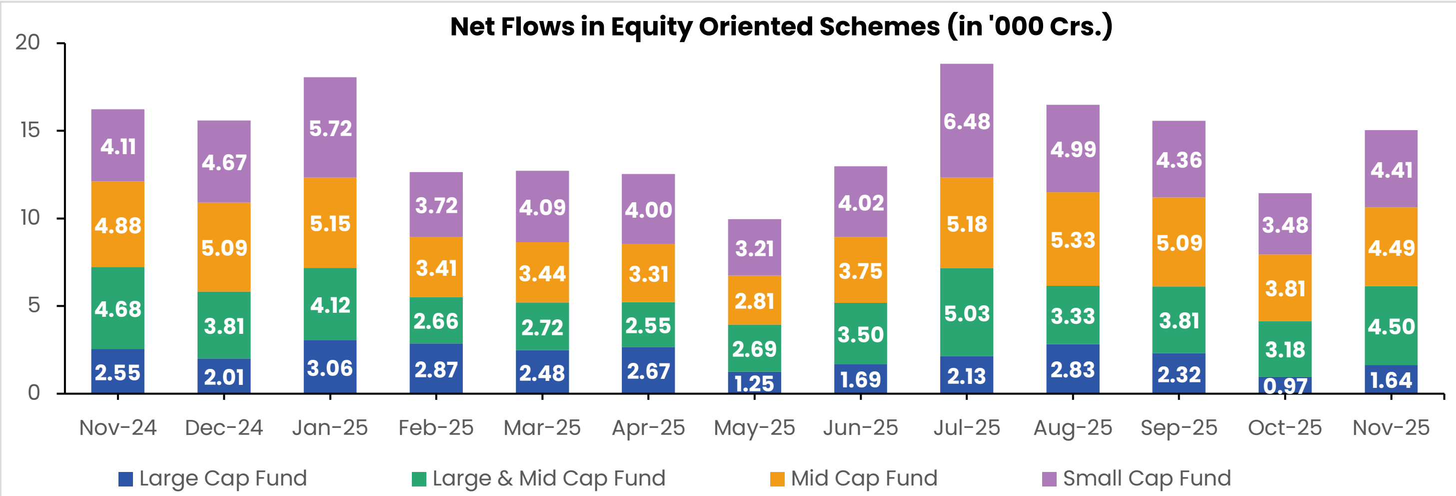


The Fed also announced to resume the Treasury bills purchases at a pace of $40 billion per month, with the pace expected to remain elevated initially and adjusted gradually over time. According to the Federal Reserve's dot plot, policymakers now expect only one additional 25 bps rate cut in 2026 and another in 2027.

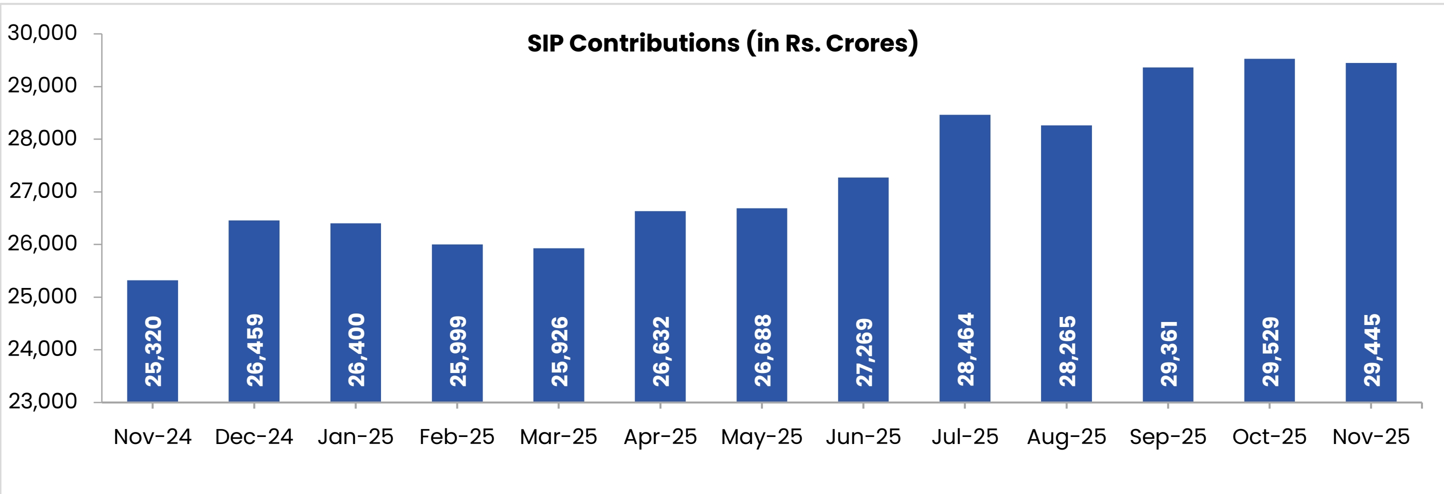
Chairman Jerome Powell reiterated a cautious and data-dependent approach for upcoming meetings, emphasizing that future policy actions will depend on incoming data on inflation, labour markets, and overall financial conditions, amid ongoing global and geopolitical uncertainties.

RETAIL PARTICIPATION

The Indian Mutual Fund industry saw net inflows moderate to Rs 32,755 crore in Nov-25, sharply lower than Rs 2,15,657 crore in Oct-25. Despite the slowdown, open-ended mutual funds maintained a positive streak for the 57th consecutive month. Equity mutual funds saw improved traction, with inflows rising to Rs 29,911 crore, up 21.1% MoM. SIP inflows observed a marginal dip to Rs 29,445 crore in comparison to Rs 29,529 crore in Oct-25, marking a 0.28% MoM fall.



The industry's net asset under management (AUM) continued to scale new highs, reaching Rs 80.80 lakh crore, compared to Rs 79.87 lakh crore in Oct-25. Within the open-ended equity fund category, large-cap funds saw a strong rebound with inflows rising 68.7% MoM, while mid-cap and small-cap funds also recorded healthy increases of 17.9% and 26.8%, respectively.



Debt funds witnessed a sharp reversal by posting net outflows of Rs 25,693 crore in Nov-25 after strong inflows of Rs 1,59,958 crore in Oct-25. Gold ETF inflows eased to Rs 3,742 crore in Nov-25, roughly half of the Rs 7,743 crore recorded in Oct-25. Looking ahead, steady SIP contributions and strong equity participation point to sustained retail confidence amid market volatility.

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