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Monthly Market Insights

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Oct 2025



International Economy

International Economy – October 2025

The Fed delivered a policy update on 29 Oct 2025 and continued its cautious easing cycle; markets watched the statement closely to understand if more rate cuts are likely. U.S. equity benchmarks finished the month mixed — the S&P 500 and Nasdaq oscillated on earnings and policy signals.

In the Eurozone, inflation cooled further in October to about 2.1% YoY, close to the ECB's target; the ECB left key rates unchanged at its 30 Oct meeting while noting the inflation outlook was “broadly unchanged.” Growth remained modest with services holding up better than manufacturing. In China, activity remained uneven in October with manufacturing indicators and export showcasing signs of weakness reinforcing a policy mix of targeted fiscal and credit support rather than broad stimulus. The Shanghai Composite ended the month modestly lower after intra-month swings. Japan outperformed global peers in October as the Nikkei rallied strongly (supported by a weak yen, exporters and tourism) and posted record highs over the month, making October one of its strongest monthly gains.

Domestic Economy

Inflation & Policy: Retail inflation plunged to multi-year lows in October as headline CPI came in at near 0.25% YoY, a sharp fall from September, driven by lower food prices and recent tax/GST moves; the RBI kept the repo rate unchanged at 5.50% in October while retaining a neutral stance and noting room for accommodation if low inflation persists.

Industrial Activity: The IIP grew by 4% y-o-y in September 2025 (in line with August's quick estimate) primarily driven by a 4.8% expansion in manufacturing sector. Composite PMI stood at 59.9 - manufacturing PMI signalled robust expansion in October, supported by domestic demand and pre-festive inventory restocking.

Trade & GST: GST collections and tax flows remained healthy through October. GST collections for October stood at ₹1.95 lakh crore, up 4.6% YoY, reflecting solid festive consumption trends and better compliance. India's merchandise trade deficit surged to USD 32.15 bn in September 2025, up from a revised USD 24.42 bn a year earlier. The widening gap was driven by a 16.7% jump in imports to USD 68.53 bn, primarily fuelled by gold imports. Mutual fund AUM stood at ₹79 Lakh crore; SIP flows showed modest growth during the period.

Future Market Outlook

With global central banks moving incrementally toward easing and India's CPI at very low levels, the domestic policy mix has become more supportive. The near-term outlook is constructive for cyclical, consumption and financial sectors given festival demand and possible easing expectations. However, do watch for: (a) China growth/data surprises, (b) global risk-off episodes around policy/data, and (c) any reversal in food prices or GST/tax policy impact which could lift inflation. Maintain asset-allocation discipline and use systematic flows (SIPs) to average into volatility

Stock Market Update

As of October, 2025, the Indian stock markets concluded the month on a positive note:

oBSE Sensex closed October around 83,938.71 up by 4.37% for the month.

oNSE Nifty 50 finished the month near 25,722.10 marking a gain of 4.51% in October.

Foreign Portfolio Investors (FPIs) turned net buyers in October with net equity inflows of ~₹14,600 crore in October.

Domestic mutual fund inflows SIP inflows reached a new record of ₹29,529 crore up by 0.57%, underscoring robust retail participation. The total mutual fund industry AUM stood at ₹79.87 lakh crore in September, an increase of 1% (₹75.61 lakh crore) in September 2025.

Flavour of the Season:

October–early November is India's festival window. Low headline inflation and robust PMI/IIP prints supported spending on discretionary items, autos and consumer durables. This season's market tone was also shaped by: renewed FPI interest, investor flows into equity MF SIPs, and select global macro headlines - Fed, ECB, China data.

Precious Metals Update (as of Oct, 2025)

Precious metals saw inflows into ETFs as investors hedged against trade-policy risk

METAL	PRICE (₹)	1 MONTH CHANGE
GOLD 24K (10 Gm)	1,22,680	3.36%
Silver (1 Kg)	1,51,000	0%

Top 5 PMS Picks (Sep, 2025)

Based on recent performance and strategic focus, here are the top Portfolio Management Services (PMS) from our empanelled list based on 1 month returns:

PORTFOLIO	CATEGORY	1 MONTH
ABAKKUS ASSET MANAGERS - All Cap Approach	Multi Cap	4.95%
ASK IM - Indian Entrepreneur Portfolio	Multi Cap	4.42%
RENAISSANCE IM PVT LTD - Opportunities Portfolio	Large Cap	4.02%
RENAISSANCE IM PVT LTD - IndiaNext Portfolio	Flexi Cap	3.90%
Carnelian - Shift Strategy	Flexi Cap	-2.21%

*Source: PMS BAZAAR

October 2025 closed with a mix of central-bank signals (U.S. cautious easing; ECB steady), a strong Japan rally, weakness in China, and a disinflation surprise in India — all of which supported selective risk-taking into the festival season while keeping a watchful eye on macro data and commodity/food price swings

Key Highlights

Major global events impacting India.

1. US Federal Reserve delivered another 25 bps rate cut (29 October 2025)

The Fed lowered the policy rate by 25 bps, continuing its easing cycle.

Impact on India:

- Boosted global risk appetite, supporting FPI inflows into emerging markets including India.
- Easing US yields helped stabilise the INR.
- Lower global borrowing costs improved sentiment for Indian corporates and banks.

2. Japan's Nikkei hit record highs, driven by a weak yen

Japan saw one of its strongest months in decades as the Nikkei 225 surged on the back of a sharply weaker yen and strong exporter earnings.

Impact on India:

- Asian equity sentiment improved, aiding risk-on flows into India.
- A weak yen made Japanese exports more competitive, influencing global manufacturing supply chains, including Indian auto and electronics sectors.
- Some FIIs rotated money into Japan, creating mild volatility in India mid-month.

3. Eurozone inflation cooled further, ECB held rates (30 October 2025)

Eurozone inflation softened to around 2.1%, prompting the ECB to maintain rates.

Impact on India:

- Lower Eurozone inflation reduced global commodity and energy price pressures.
- Stability in European growth supported Indian exporters, especially IT, pharma and auto components.
- With both the Fed and ECB on a stable path, global financial conditions eased, encouraging steady FPI flows into India.
