

CANARA ROBECO

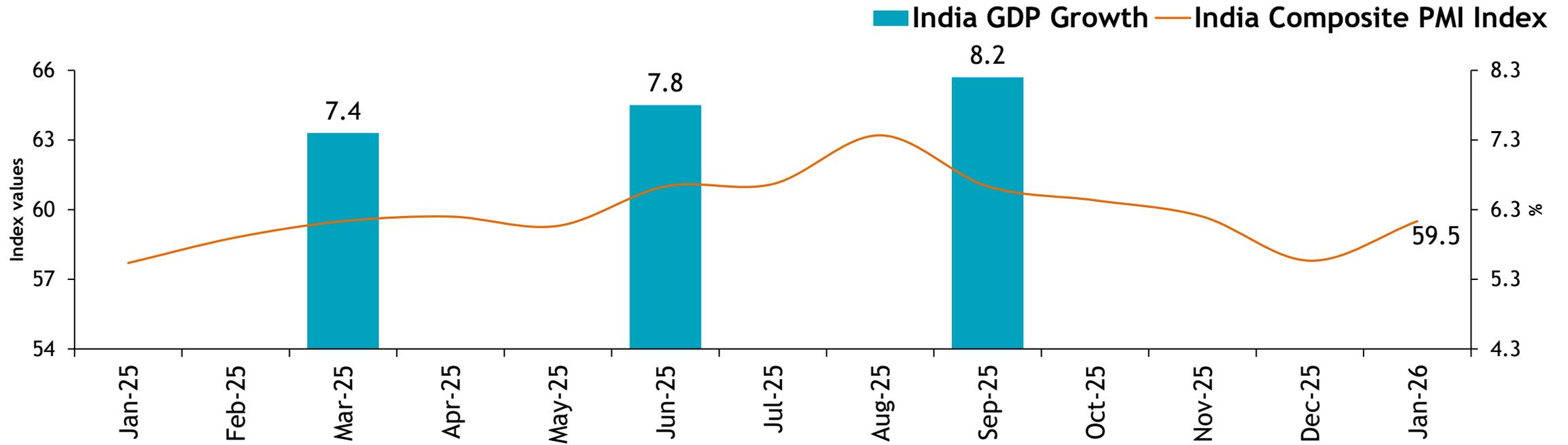
Monthly Factbook

January 2026

Indian Economic Indicators

India Composite PMI & GDP Growth

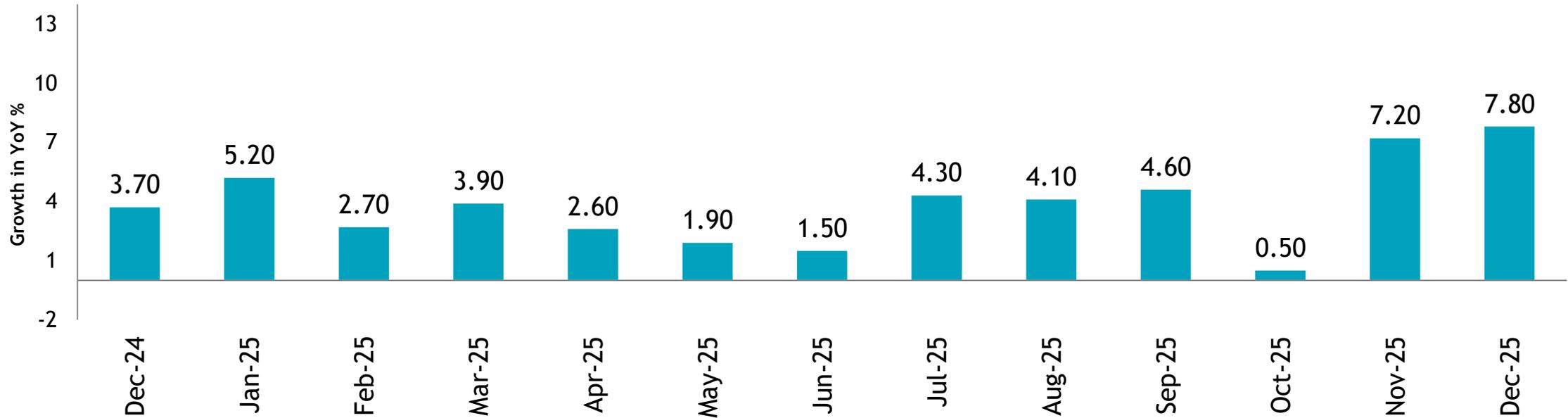
Indian economy at constant (2011-12) prices witnessed a growth of 8.2% YoY in the second quarter of FY26.



Source: Refinitiv; PMI >50 denotes expansion and <50 is contraction

Index of Industrial production (IIP)

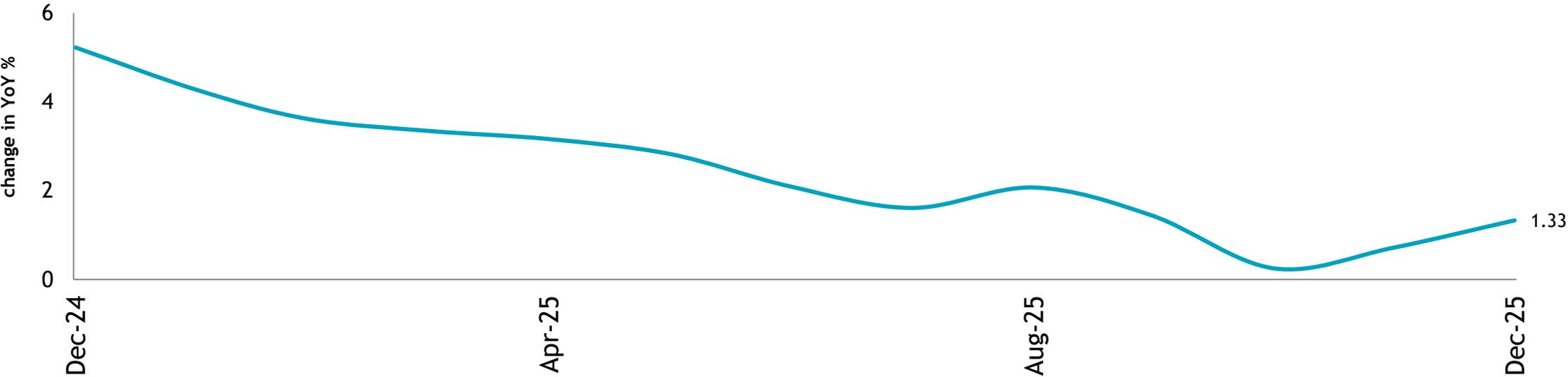
The Index of Industrial Production (IIP) rose 7.8% YoY in Dec 2025, accelerating from the upwardly revised 7.2% increase in Nov 2025.



Source: Refinitiv

Consumer Price Index

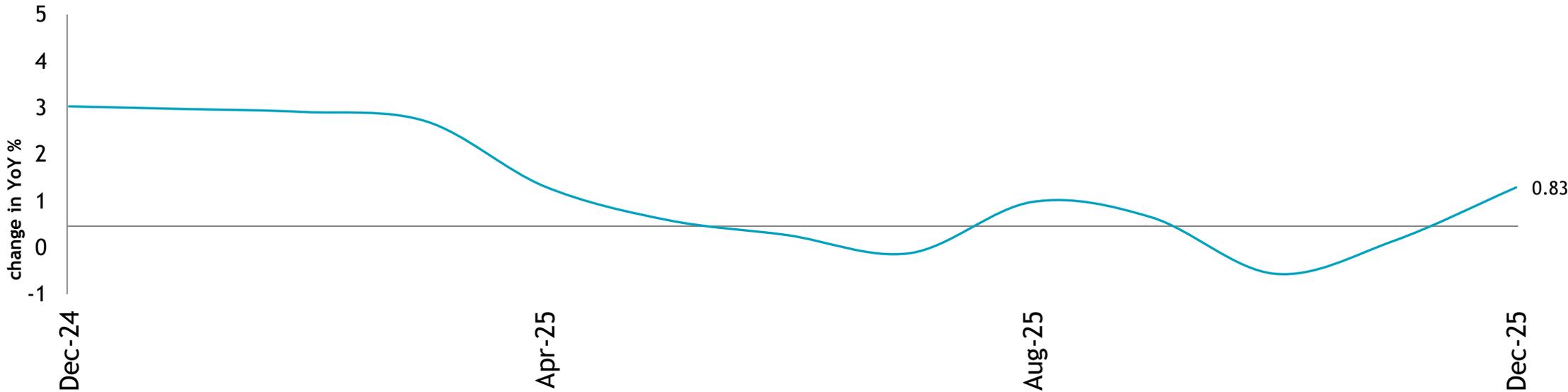
India's Consumer Price Index (CPI)-based inflation rose to 1.33% YoY in Dec 2025, compared to a 0.71% increase in Nov 2025.



Source: Refinitiv

Wholesale Price Index

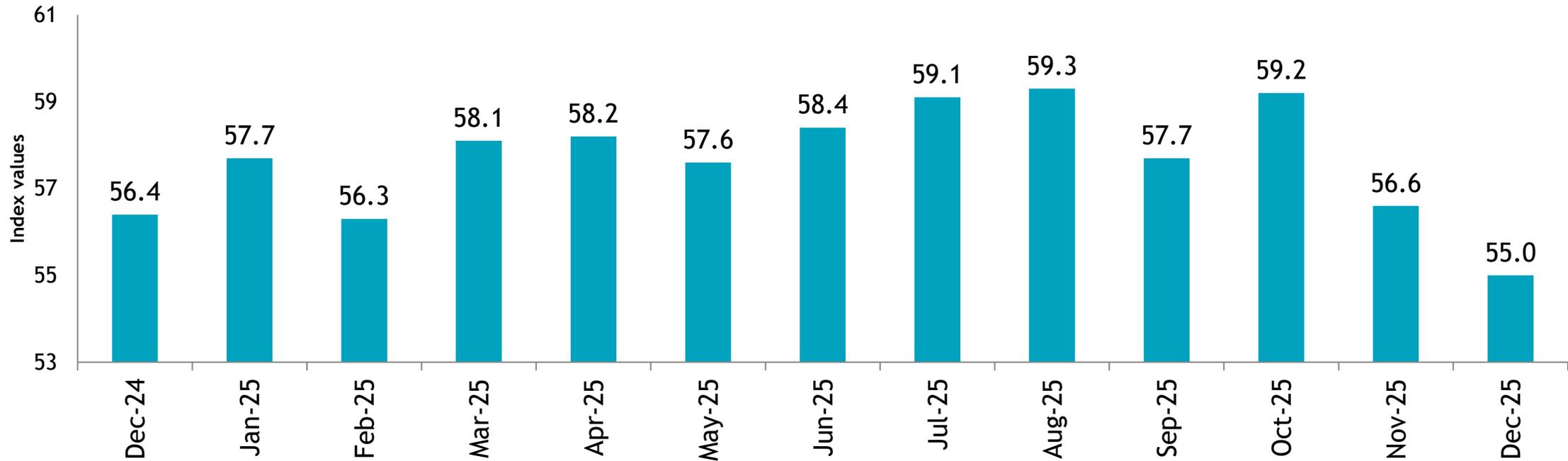
India's wholesale price index (WPI)-based inflation climbed to an eight-month high of 0.83% YoY in Dec 2025.



Source: Refinitiv

India Manufacturing PMI

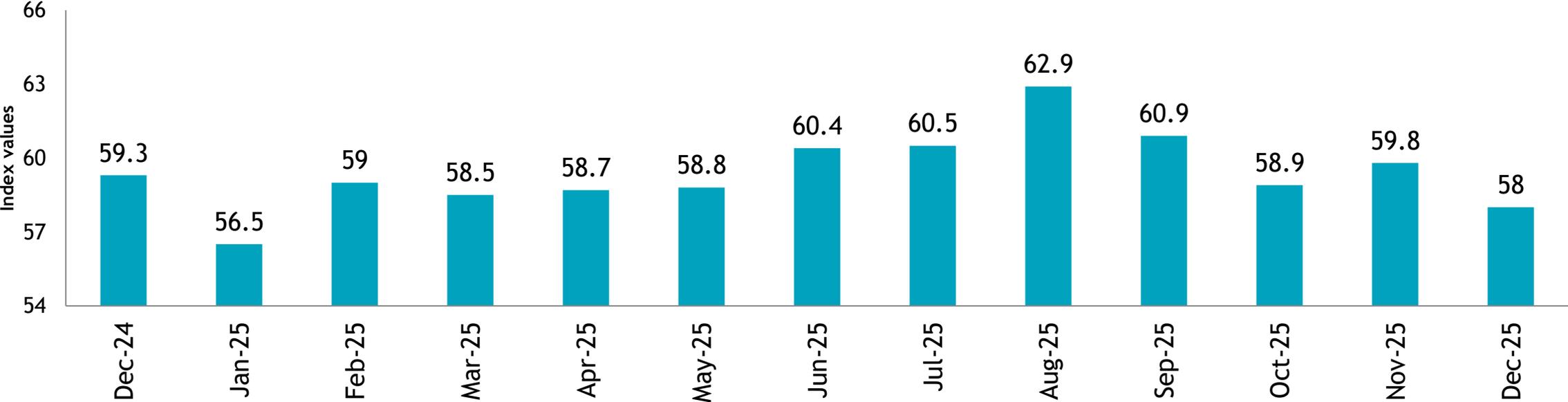
The Manufacturing Purchasing Managers' Index (PMI) eased to 55.0 in Dec 2025, down from 56.6 in Nov 2025.



Source: Refinitiv; PMI >50 denotes expansion and <50 is contraction

India Service PMI

India's Services Purchasing Managers' Index (PMI) fell to an 11-month low of 58.0 in Dec 2025 from 59.8 in Nov 2025, as new orders eased.

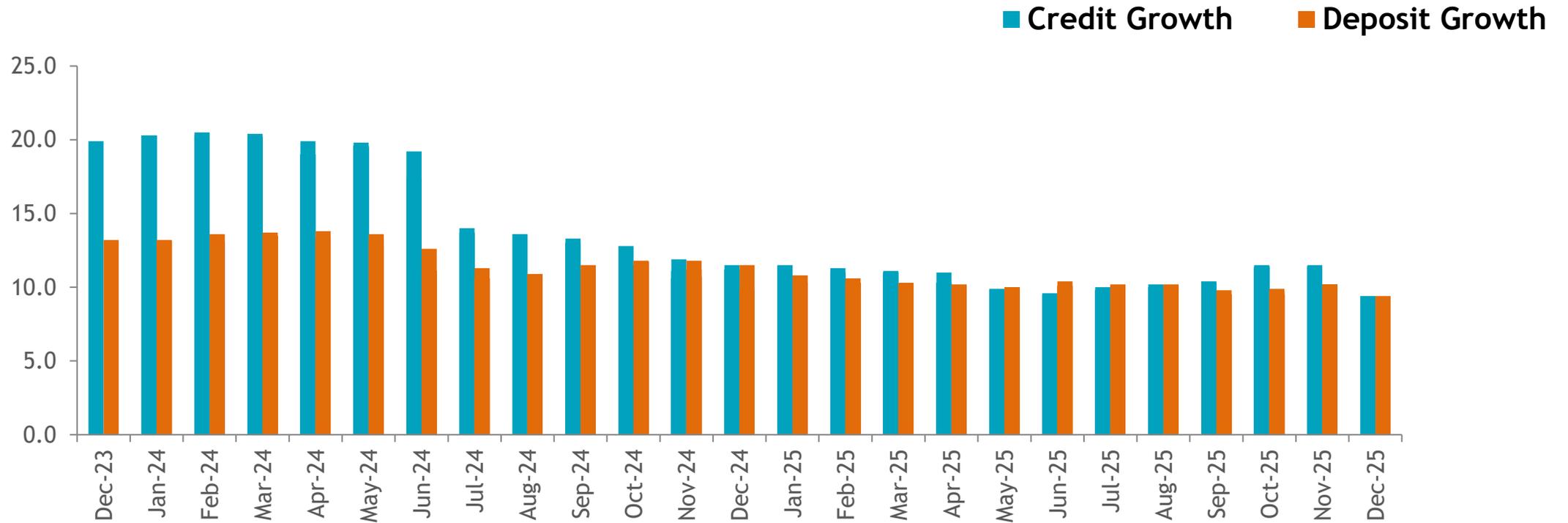


Source: Refinitiv; PMI >50 denotes expansion and <50 is contraction

India Credit Growth and Deposit Growth

According to RBI, banks' credit and deposit witnessed a growth of 9.4% & 9.4%, respectively, as of Dec 19, 2025.

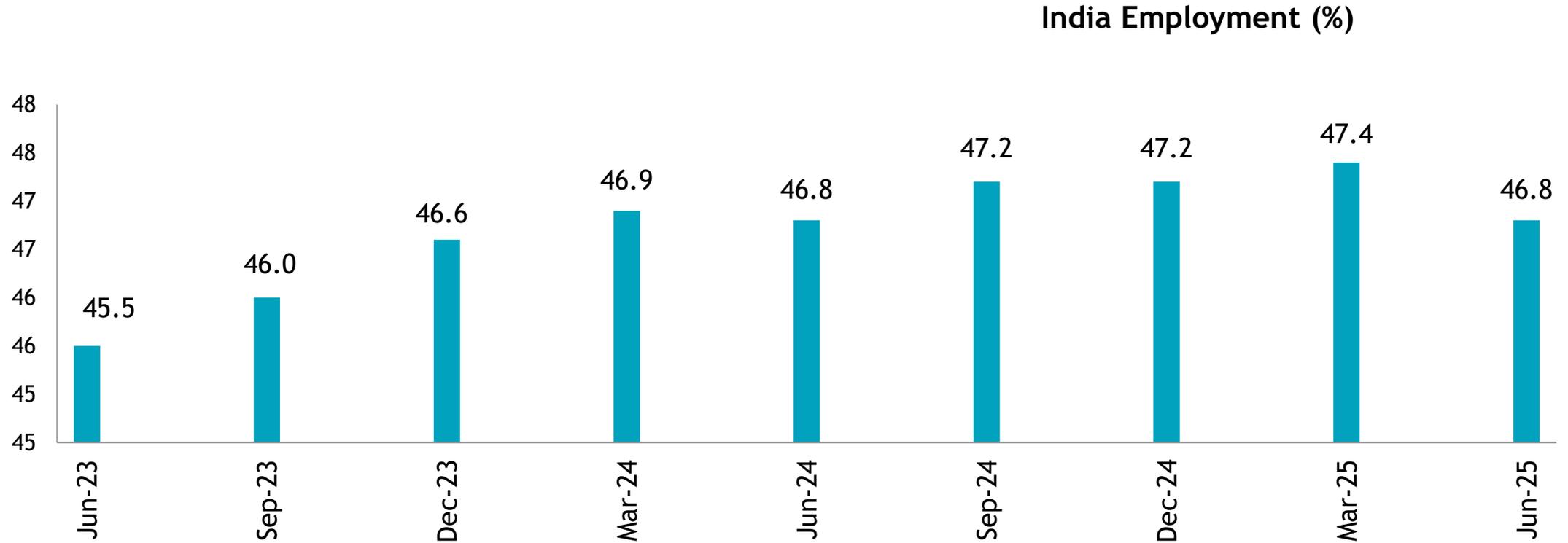
India Credit & Deposit Growth (%)



Source: Refinitiv

India Employment (%)

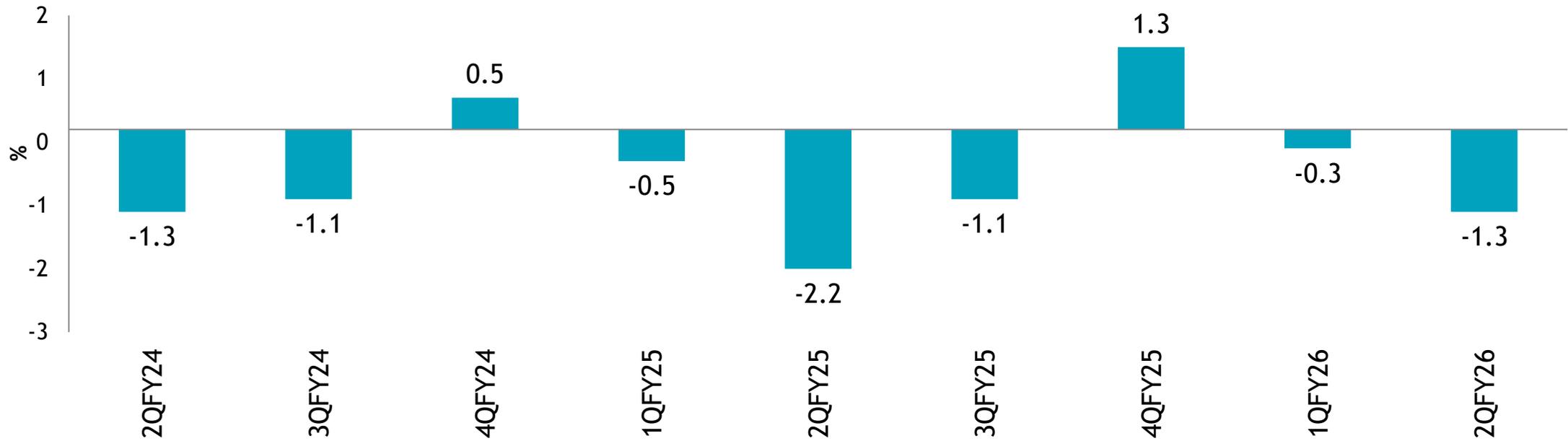
As per Periodic Labour Force Survey, India's employment increased to 46.80% in Jun 2025 same as Jun 2024.



Source: Mospa

Current Account Deficit as % of GDP

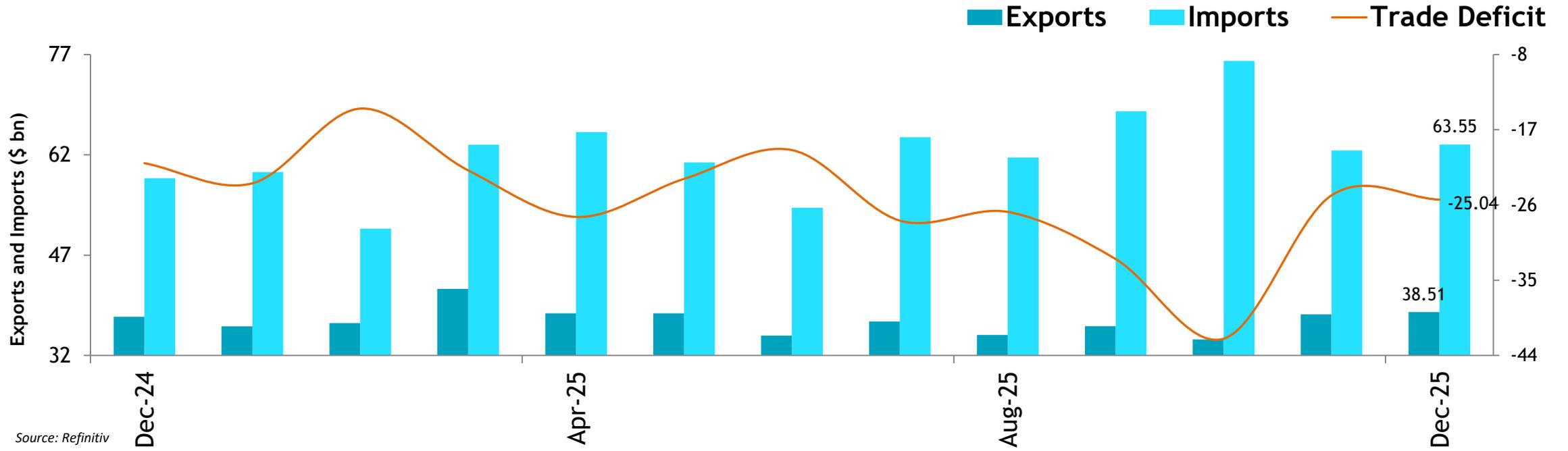
India's current account balance recorded a surplus of US\$ 13.5 billion (1.3% of GDP) in Q4 FY25 .



Source: Refinitiv

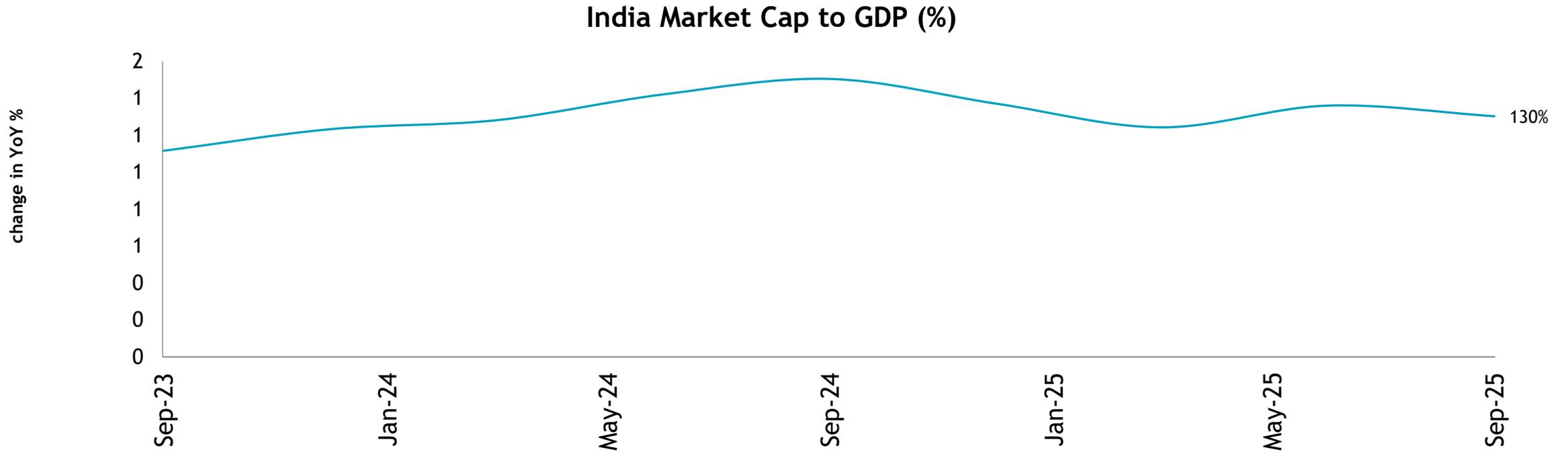
Trade Data

India's merchandise trade deficit widened annually to \$25.04 billion in Dec 2025, compared to \$20.63 billion in Dec 2024.



India Market Cap to GDP (%)

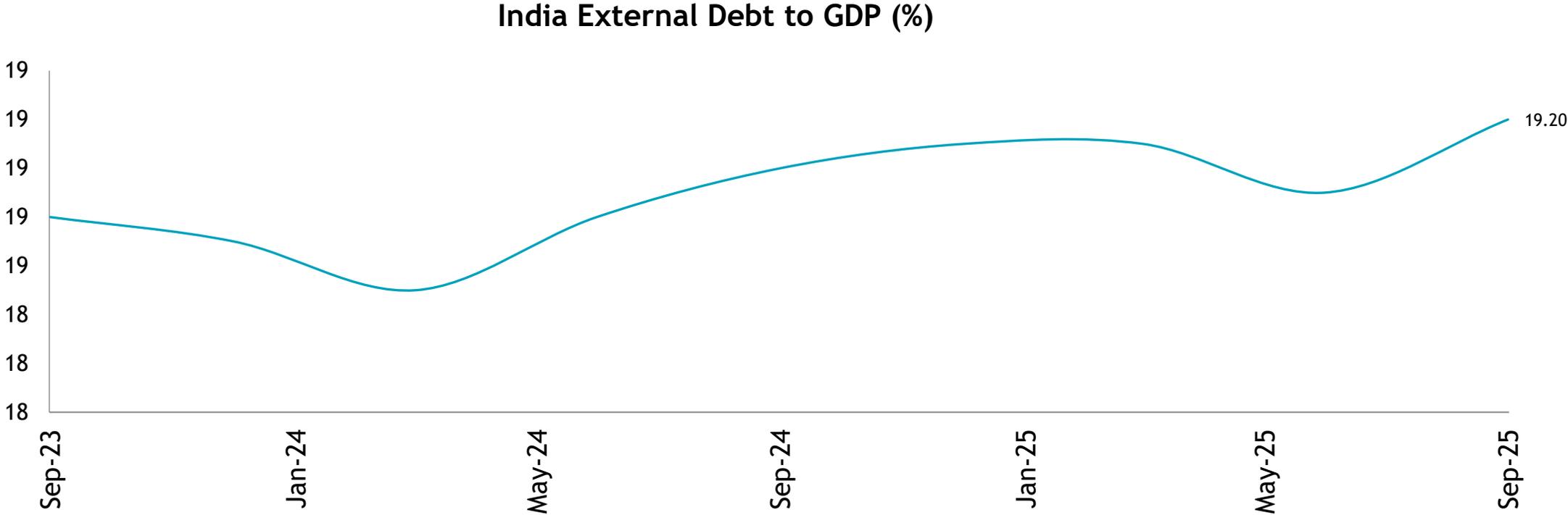
India's market capitalization to GDP ratio increased to 130% in the second quarter of FY26.



Source: Refinitiv & NSE

India External Debt to GDP (%)

According to the Ministry of Finance, India's external debt to GDP increased by 19.20% in Sep 2025 compared to 19.00% in Sep 2024.



Source: Finmin

Key Domestic Market Highlights

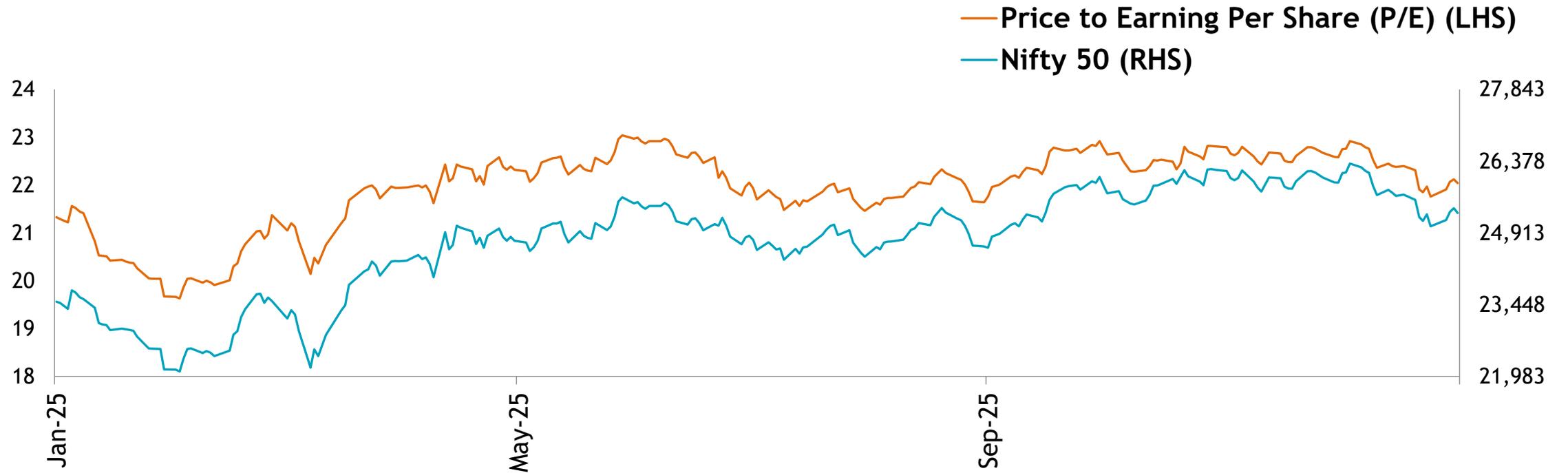
Indian equity markets started the calendar year 2026 on a steady note before moving higher

- Indian equity markets started the calendar year 2026 on a steady note before moving higher, supported by broad buying and optimism ahead of Q3 FY26 results along with strong automobile sales data of Dec 2025. The positive momentum faded soon after as geopolitical tensions rose sharply following a US attack on Venezuela, accompanied by repeated tariff related warnings directed at India over crude oil imports from Russia. These developments, along with persistent foreign investor selling, triggered a prolonged decline across the market.
- A temporary recovery emerged after steep losses, but sentiment stayed weak due to fresh US tariff proposals, rising crude prices, and caution surrounding the upcoming Supreme Court ruling in the US on earlier tariff actions.
- Support from easing Iran-US tensions, softer crude, and an upgrade of India's FY26 growth outlook by the IMF helped contain downside pressure. At the same time, mixed corporate earnings and renewed global trade disputes limited any sustained rebound. Tensions related to Greenland created additional uncertainty, though confidence improved when reports indicated progress on the long awaited India-European Union (EU) trade pact.
- Market sentiment strengthened meaningfully after India and the EU formally signed their historic free trade agreement. The deal promised significant tariff reductions and potential export gains for several labour intensive industries. A softer US dollar and the release of the Economic Survey, which projected healthy GDP growth for FY26 and FY27 along with stable inflation and strong banking sector indicators, added further support toward the end of the month.
- Overall, Jan 2026 was marked by volatility driven mainly by geopolitical and tariff related concerns. However, domestic economic resilience and the landmark EU trade agreement helped markets stabilize as the month drew to a close.

Domestic Equity Markets

Price to Earning Per Share vs Nifty 50

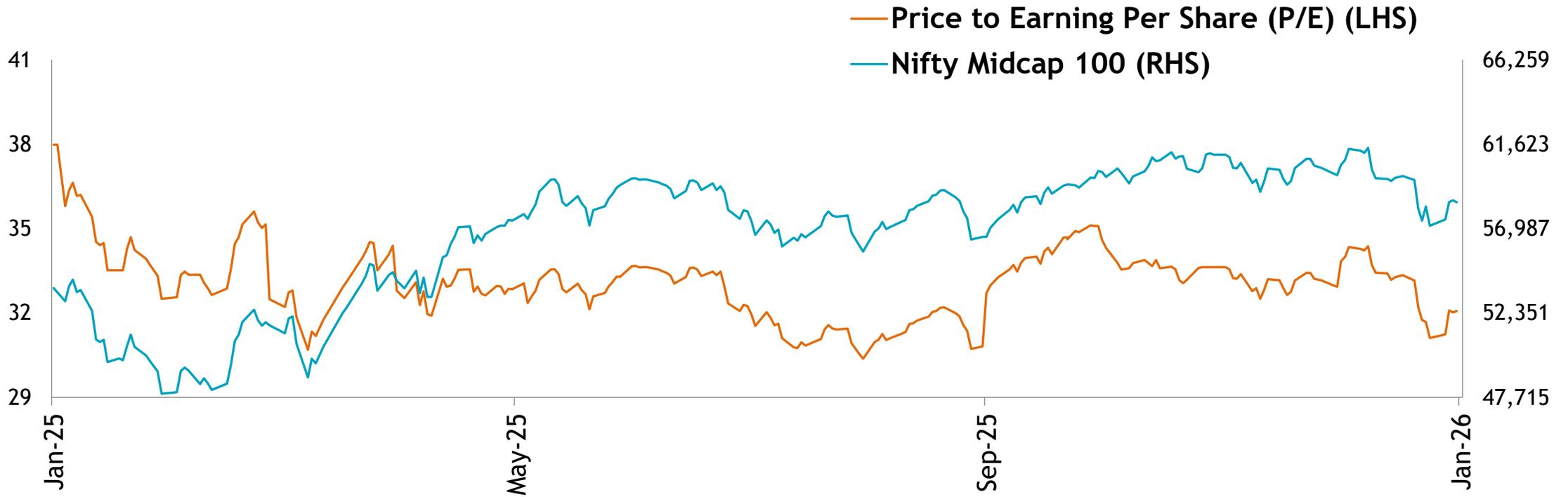
During the month, BSE Sensex fell 3.46% and Nifty 50 fell 3.10% to close at 82,269.78 and 25,320.65 respectively.



Source: NSE

Price to Earning Per Share vs Nifty Midcap 100

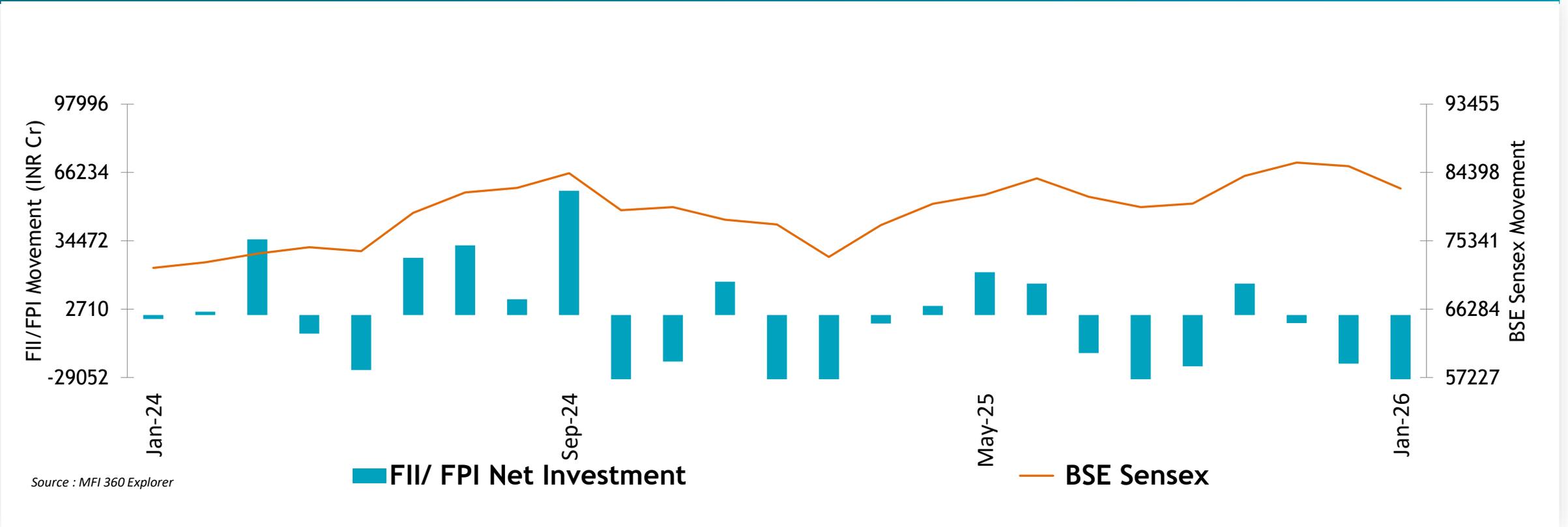
During the month, Nifty Midcap 100 fell 3.39% and Nifty Small cap 100 fell 4.71% to close at 58,432.00 and 16,879.10 respectively.



Source: NSE

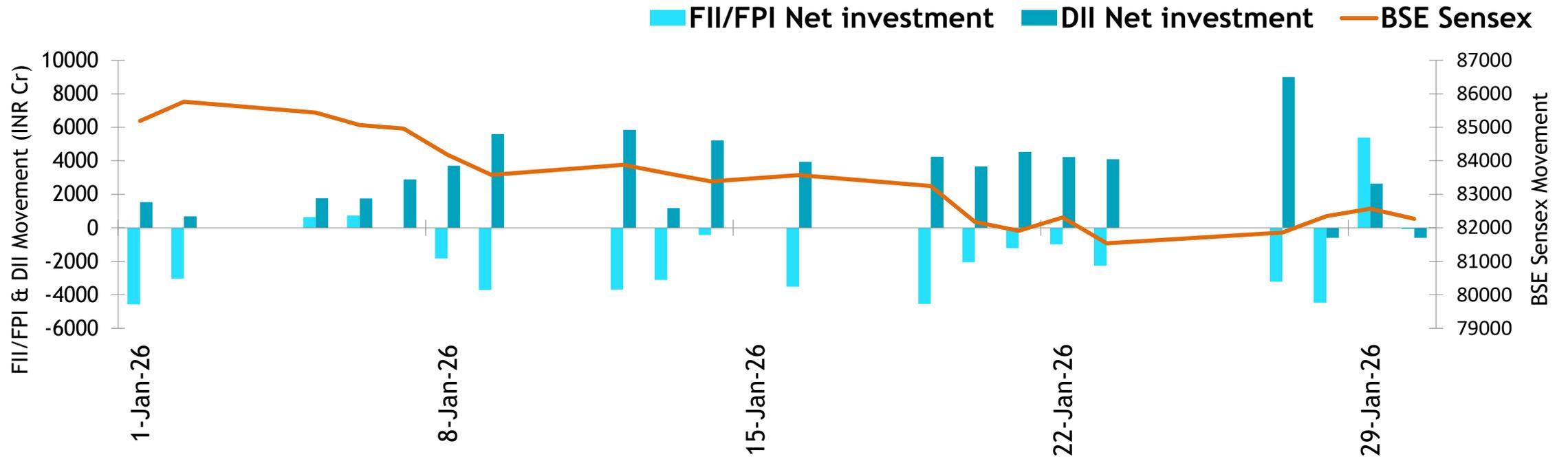
FII/FPI Investment and BSE Sensex - Last 24 Months

FPIs were net sellers of domestic stocks worth Rs. 35,961.80 crore in Jan 2026 compared with net sales of Rs. 22,610.52 crore in Dec 2025.



DII, FII/FPI Investment and BSE Sensex - During the Month

Domestic mutual funds remained net buyers in the equity segment to the tune of Rs. 43,793.740 crore in Jan 2026 (as of Jan 29, 2026).



Source : MFI 360 Explorer

Returns of Major NSE Indices

| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | CYTD | |
|-------------------|--------------------|---------------------|---------------------|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---|
| Metal 45.20% | Realty 110.22% | IT 23.64% | Realty 28.49% | Pharma 60.43% | Metal 69.66% | PSU Bank 70.92% | Realty 81.64% | Pharma 38.72% | PSU Bank 30.46% | Metal 5.91% | IT returns represented by NIFTY IT |
| Auto 10.75% | Smallcap 57.47% | FMCG 13.57% | Finance 25.65% | IT 54.75% | Smallcap 61.94% | Metal 21.83% | Smallcap 48.26% | Realty 34.07% | Metal 29.11% | PSU Bank 5.70% | Metal returns represented by NIFTY Metal |
| Midcap 5.41% | Midcap 54.53% | Finance 10.54% | Largecap 10.42% | Smallcap 25.02% | IT 59.58% | FMCG 17.59% | Auto 47.78% | Smallcap 26.19% | Auto 23.45% | IT 0.40% | Realty returns represented by NIFTY Realty |
| Finance 4.93% | Metal 48.71% | Largecap 1.13% | IT 8.39% | Midcap 24.31% | Realty 54.26% | Auto 15.36% | Midcap 43.82% | Midcap 23.58% | Finance 17.44% | Finance -1.02% | Auto returns represented by NIFTY Auto |
| PSU Bank 4.11% | Finance 41.56% | Pharma -7.77% | Midcap -0.28% | Metal 16.14% | Midcap 46.81% | Finance 9.55% | Pharma 33.72% | Auto 22.44% | Largecap 8.96% | Largecap -2.95% | Pharma returns represented by NIFTY Pharma |
| Largecap 3.60% | Media 32.80% | Midcap -13.26% | FMCG -1.29% | Largecap 14.82% | PSU Bank 44.37% | Largecap 3.64% | PSU Bank 32.40% | IT 21.83% | Midcap 5.37% | Midcap -3.53% | Media returns represented by NIFTY Media |
| FMCG 2.78% | Auto 31.47% | PSU Bank -16.47% | Smallcap -8.27% | FMCG 13.42% | Media 34.56% | Midcap 2.97% | FMCG 29.10% | PSU Bank 14.35% | FMCG -2.33% | Media -4.12% | Finance returns represented by NIFTY Finance |
| Smallcap 0.36% | Largecap 31.15% | Metal -19.84% | Pharma -9.34% | Auto 11.43% | Largecap 25.04% | Smallcap -3.66% | IT 24.16% | Largecap 11.65% | Pharma -2.94% | Pharma -4.44% | FMCG returns represented by NIFTY FMCG |
| Media -0.85% | FMCG 29.47% | Auto -22.99% | Auto -10.69% | Realty 5.11% | Auto 18.96% | Media -10.25% | Largecap 20.11% | Finance 9.35% | Smallcap -6.01% | Auto -5.11% | PSU Bank returns represented by NIFTY PSU Bank |
| Realty -4.20% | PSU Bank 24.17% | Media -25.80% | Metal -11.20% | Finance 4.46% | Finance 13.96% | Realty -10.84% | Media 19.94% | Metal 8.35% | IT -12.58% | Smallcap -5.52% | Largecap returns represented by Nifty 100 |
| IT -7.25% | IT 12.21% | Smallcap -26.68% | PSU Bank -18.25% | Media -8.55% | Pharma 10.12% | Pharma -11.46% | Metal 18.72% | FMCG -0.33% | Realty -16.57% | FMCG -7.68% | Midcap returns represented by Nifty Midcap 150 |
| Pharma -14.18% | Pharma -6.32% | Realty -32.87% | Media -29.72% | PSU Bank -30.50% | FMCG 9.96% | IT -26.11% | Finance 13.24% | Media -23.71% | Media -20.53% | Realty -10.81% | Smallcap returns represented by Nifty Small cap 250 |

Equity Outlook

- The global macro environment remains complex as:
 - 1) US growth inflation dynamics indicating increased possibility of slower employment and growth and thus, interest rate cuts and Quantitative Easing earlier than expected.
 - 2) Tariff news flow increases business uncertainty and keeps inflation high in an environment where the incremental data points continue to indicate consumer slowdown.
- If this scenario of global uncertainty elongates, then US might be in for a negative growth surprise, when high headline inflation leaves limited room for the Federal Reserve (Fed) to cut rate beyond current expectations of 25-50bps in CY26
- U.S President's policies so far are indicating their inward focus with a multi-polar world and disregard for global trade and defence agreements of previous US establishments. We thus expect uncertainty to prevail both on global growth and capital flows for Emerging markets including India. One possibility is that it may quickly lead to a US recession potentially easing monetary policy, Fed providing liquidity and faster interest rate cuts. US dollar could depreciate under such circumstances, which could be positive for Emerging markets over next 3-4 quarters. After strengthening initially post elections - the dollar index has depreciated over last 12 months by ~12% indicating possible flows moving towards Emerging markets and Europe. Euro area might be an eventual beneficiary of this environment as it finally moves towards policies which make it a better economic and geopolitical zone. European leaders have been forced to make serious choices for the first time in last several decades. They may start looking towards East more and India could be beneficiary of the same along with China and Others. Geopolitics remains complex and you might get bouts of escalation and de-escalation periodically in our view (read Venezuela and Iran Currently). China continues to have challenges on growth revival due to ageing population and leverage in households/Real estate, which are structural in our view. Biggest challenge in our worldview remains that, the US is wanting to reduce trade deficit and no one else is willing to step up including China— growth negative environment globally. Lower US trade deficit means lower earnings globally, since it means impacted exports for rest of the World.

Equity Outlook

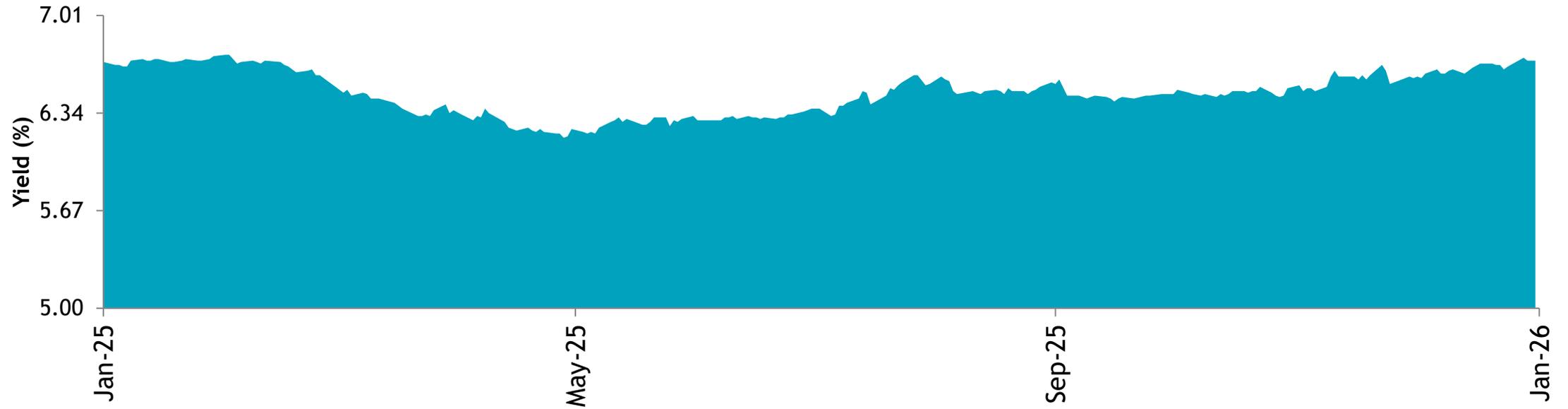
- Indian macro remains best among the large economies and cyclical growth is normalising from the last year. The last Gross Domestic Product (GDP) print came in at 7.4%, 7.8% and 8.2% in 4QFY25, 1QFY26 and 2QFY26 respectively, after weak prints of 5.4% and 6.2% respectively for 2Q/3QFY25. FY25 GDP growth came at 6.5% and FY26E is projected at 7.4% as per Reserve Bank of India. Current Account Deficit has improved significantly and is expected to be ~1.2% for FY26E.
- Our belief on domestic economic up-cycle stems from the fact that the enabling factors are in place,
 - 1) Corporate and bank's financials are in best possible shape to drive capex and credit respectively,
 - 2) Consumer spending likely to normalize given our demographics and Government. push.
 - 3) Government is focused on creating enabling environment through reforms and direct fiscal interventions (GST cuts, Income tax cuts and state social welfare schemes add up to 1.5%-2% of GDP)
 - 4) Real estate cycle still is in mid cycle with healthy balance sheets.
- This makes us constructive on Indian equities with 3-5 years view. We believe that India is in a business cycle / credit growth / earnings cycle through FY25-28E – indicating a healthy earnings cycle from medium term perspective. Though, watch out for tariff related risk that has emanated lately with US.
- Select Consumer discretionary and Financials, Pharma, industrials, Telecom, Hospital, Hotels, Aviation are witnessing a healthy earnings cycle whereas FMCG, Commodities and IT continue to face headwind. Indian equity market trades at 20x FY27E/18x FY28E consensus Nifty earnings – in a fair valuation zone from medium term perspective – given longevity of earnings growth potential in India.

Source: ICRA MFI Explorer, Bloomberg, Internal Research

Domestic Debt Markets

10-Yr Benchmark Bond

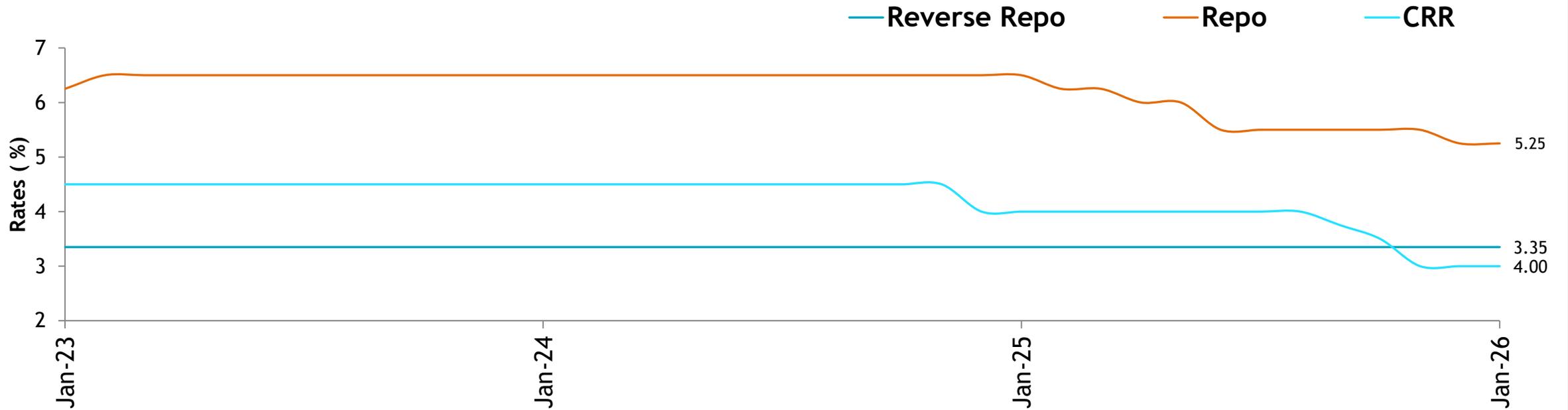
Bond yields moved higher during the month as a record state borrowing programme sparked a broad selloff.



Source: Refinitive

Movements of Key Policy Rates in India

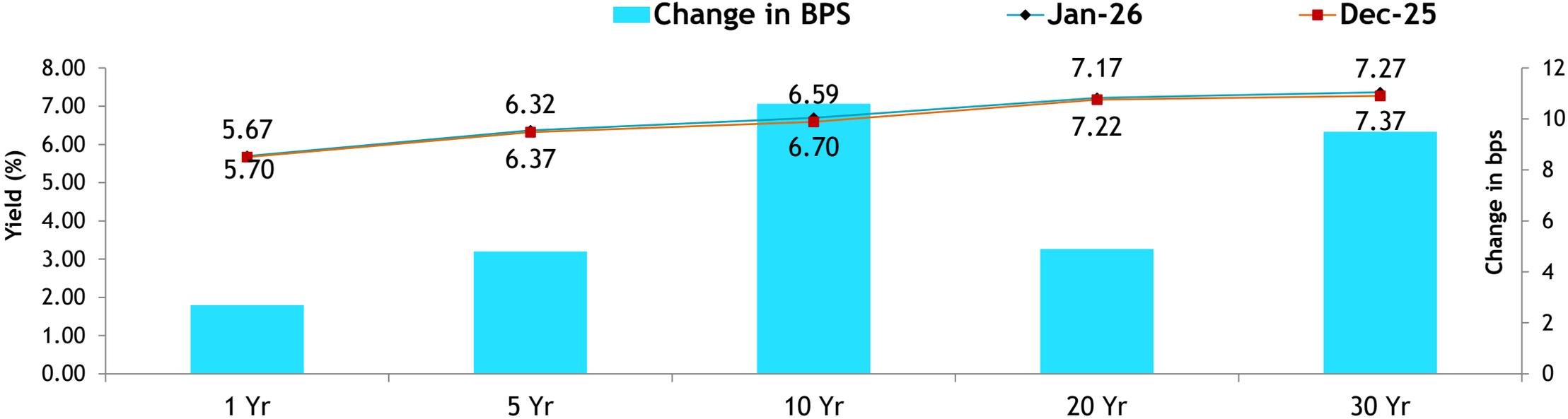
MPC in its fifth bi-monthly policy review of FY26 decided to reduce the policy repo rate under the LAF to 5.25%.



Source: RBI

India Yield Curve Shift (Month-on-Month)

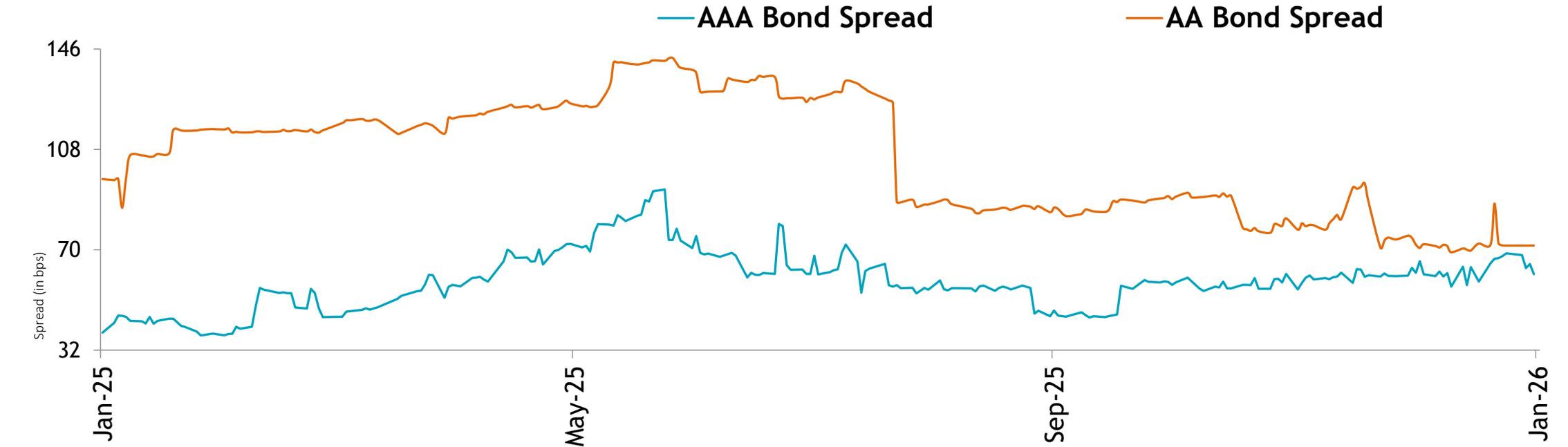
Yield on 5-year & 10-year gilt papers rose by 5 & 11 bps, respectively.



Source: Refinitiv

10 Year Corporate Bond Spread (for AAA & AA bonds)

Yield on 5-year & 10-year corporate bonds increased by 2 & 11 bps, respectively.



Source: Refinitiv

Category-wise Fixed Income returns

| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | CYTD |
|---------------------|---------------------|--------------------|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| 10 Y GILT 14.93% | LD 6.80% | LD 7.69% | LT 10.72% | LT 12.25% | ST 4.38% | LIQ 5.08% | LD 8.86% | 10 Y GILT 9.55% | LT 6.82% | ST 15.51% |
| LT 12.91% | LIQ 6.66% | LIQ 7.58% | 10 Y GILT 10.46% | ST 10.39% | LD 4.23% | LD 3.65% | 10 Y GILT 7.82% | LT 8.93% | ST 6.46% | LIQ 5.44% |
| ST 9.82% | ST 6.05% | ST 6.65% | ST 9.53% | 10 Y GILT 9.23% | LIQ 3.60% | ST 3.59% | LT 7.29% | ST 7.94% | LIQ 6.39% | 10 Y GILT -1.44% |
| LD 9.02% | LT 4.71% | 10 Y GILT 6.03% | LD 8.60% | LD 7.45% | LT 3.44% | LT 2.51% | ST 7.26% | LIQ 7.32% | 10 Y GILT 6.37% | LT -1.54% |
| LIQ 7.48% | 10 Y GILT -0.05% | LT 5.91% | LIQ 6.86% | LIQ 4.60% | 10 Y GILT 1.35% | 10 Y GILT 0.46% | LIQ 7.13% | LD N/A% | LD N/A% | LD N/A% |

| | |
|-----------|---|
| LIQ | Liquid Returns represented by Crisil Liquid Fund Index |
| ST | Short Term Returns represented by Crisil Short Term Bond Fund Index |
| LT | Long Term Returns represented by Crisil Composite Bond Fund Index |
| LD | Low Duration Returns represented by Crisil Low Duration Index |
| 10 Y Gilt | 10 Year G-sec Returns represented by CRISIL 10 Yr Gilt |

Asset Class Returns

| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | CYTD |
|-----------------|------------------|-----------------|------------------|------------------|------------------|-----------------|------------------|------------------|-----------------|------------------|
| Debt 12.91% | Equity 35.32% | Gold 7.87% | Gold 23.79% | Gold 27.88% | Equity 28.88% | Gold 13.94% | Equity 24.74% | Gold 20.43% | Gold 74.73% | Gold 23.94% |
| Gold 11.35% | Gold 5.12% | Debt 5.91% | Debt 10.72% | Equity 16.78% | Debt 3.44% | Equity 4.93% | Gold 15.41% | Equity 14.62% | Equity 9.57% | Debt -0.13% |
| Equity 5.08% | Debt 4.71% | Equity 0.31% | Equity 10.03% | Debt 12.25% | Gold -4.21% | Debt 2.51% | Debt 7.29% | Debt 8.93% | Debt 6.82% | Equity -2.98% |

| | |
|--------|--|
| Equity | Equity Returns represented by Nifty 200 Index |
| Debt | Debt Returns represented by Crisil Composite Bond Fund Index |
| Gold | Gold Returns represented by domestic prices of gold |

Fixed Income Outlook

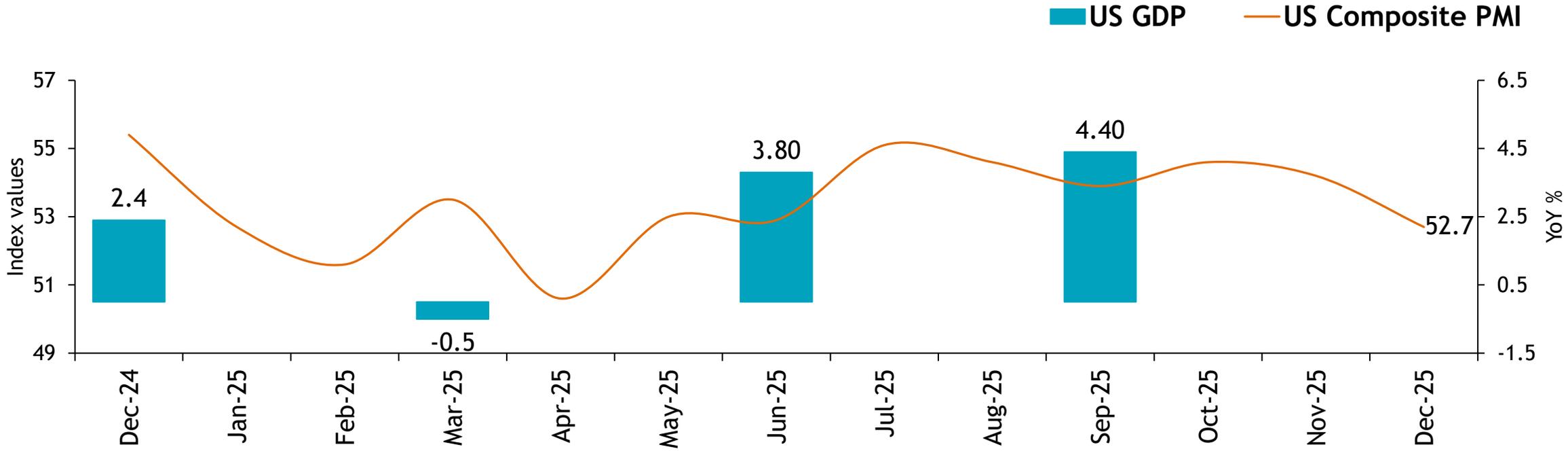
- No expectation of US FED rate cuts now, till the new Chair takes over in June 2026.
- Markets are pricing in 2 more 25 bps rate cuts in 2026.
- RBI MPC (Monetary Policy Committee) is likely to stay on hold in February 2026 policy.
- US – India agreement should reduce pressure on INR. May lead to short term appreciation in the currency.
- Union Budget has announced INR 17.2 trillion of gross borrowings in FY2027. This may continue to pressurize markets as state government borrowings continue to increase as well.
- Further, markets are now seeing end of rate easing in near term, and hence, higher supply is likely to lead to hardening of yields.
- Markets are wary on increased supply of state government securities, with demand side also weakening from banks on increased credit demand.
- RBI continues to conduct OMO (Open Market Operations) purchases as well as infuse liquidity through USD/INR swaps and longer term VRR (Variable Repo Rate) auctions.
- Liquidity may improve going forward as INR depreciation pressure reduces. RBI may continue to add durable liquidity through various instruments.
- Market sentiment is likely to remain negative in near term on higher government borrowings and monetary policy in a pause mode. RBI may need to continue with OMO purchases to arrest any sharp increase in yields on higher borrowings.
- 10Y yield may trade in 6.65%-6.80% in near term.

Source: RBI, MOSPI, PIB, CMIE, NSDL, S&P Global, Ministry of Commerce and Industry, Reuters, Bloomberg, Internal Research. Note: Data updated as available in the beginning of the month.

Global Markets

US Composite PMI & GDP Growth

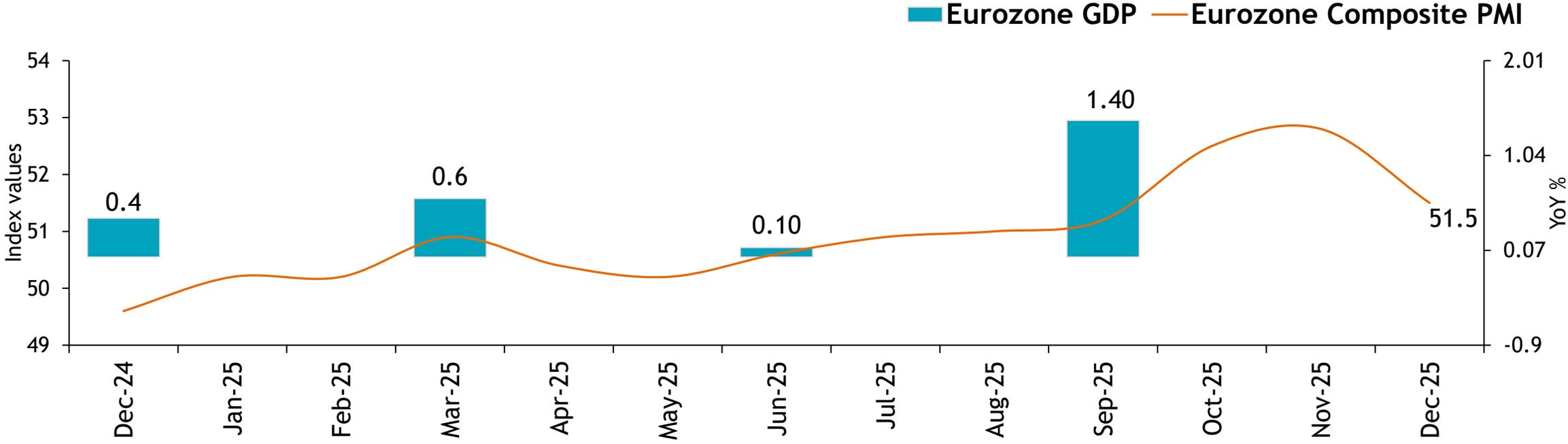
U.S. gross domestic product rose to 4.40% in the third quarter of 2025, up from 3.80% in the second quarter of 2025.



Source: Refinitiv, fxstreet; PMI > 50 denotes expansion and < 50 is contraction

Euro Zone Composite PMI & GDP Growth

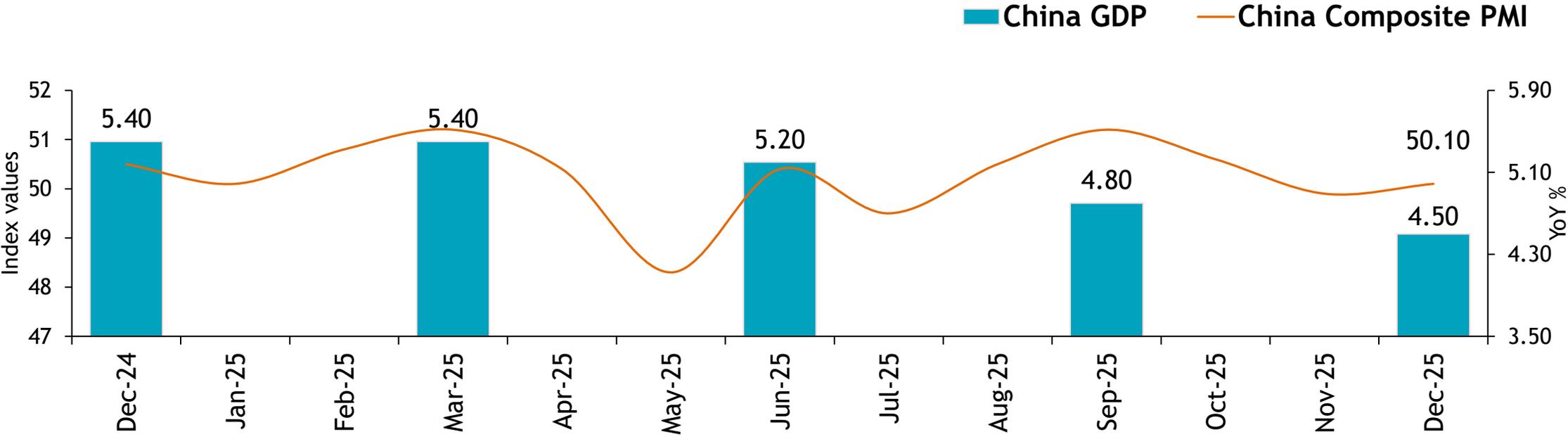
Year-on-year growth of the Euro zone economy grew to 1.4% in the third quarter of 2025.



Source: Refinitiv, fxstreet; PMI > 50 denotes expansion and < 50 is contraction

China Manufacturing PMI & GDP Growth

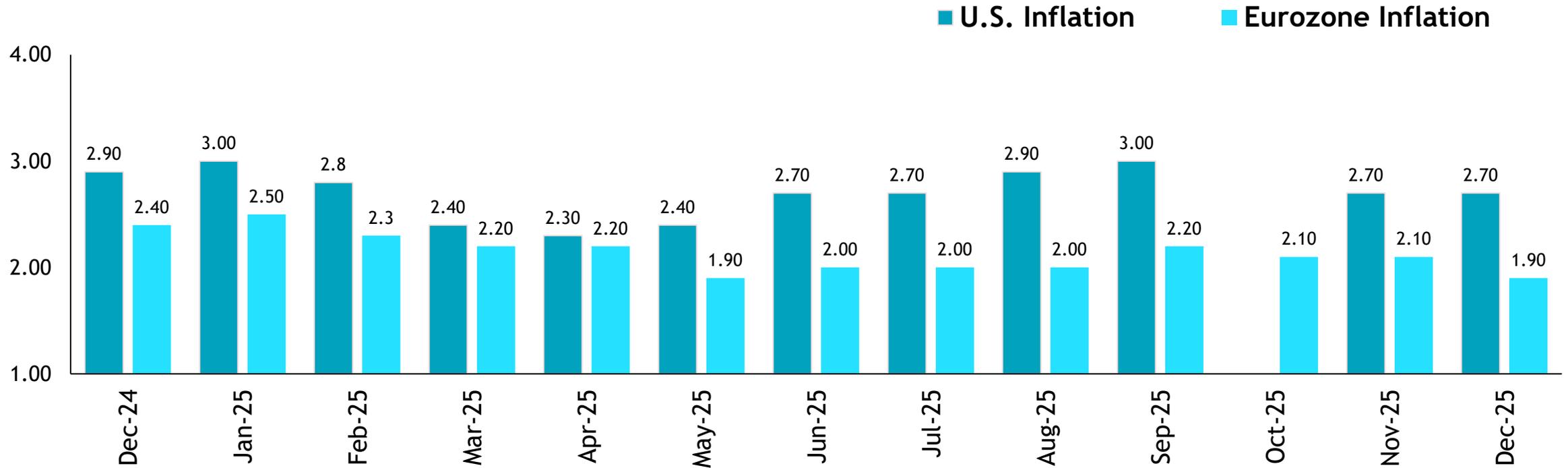
According to a survey, China's Caixin manufacturing PMI posted 50.10 in Dec 2025.



Source: Reuters, fxstreet; PMI > 50 denotes expansion and < 50 is contraction

US & Eurozone Inflation

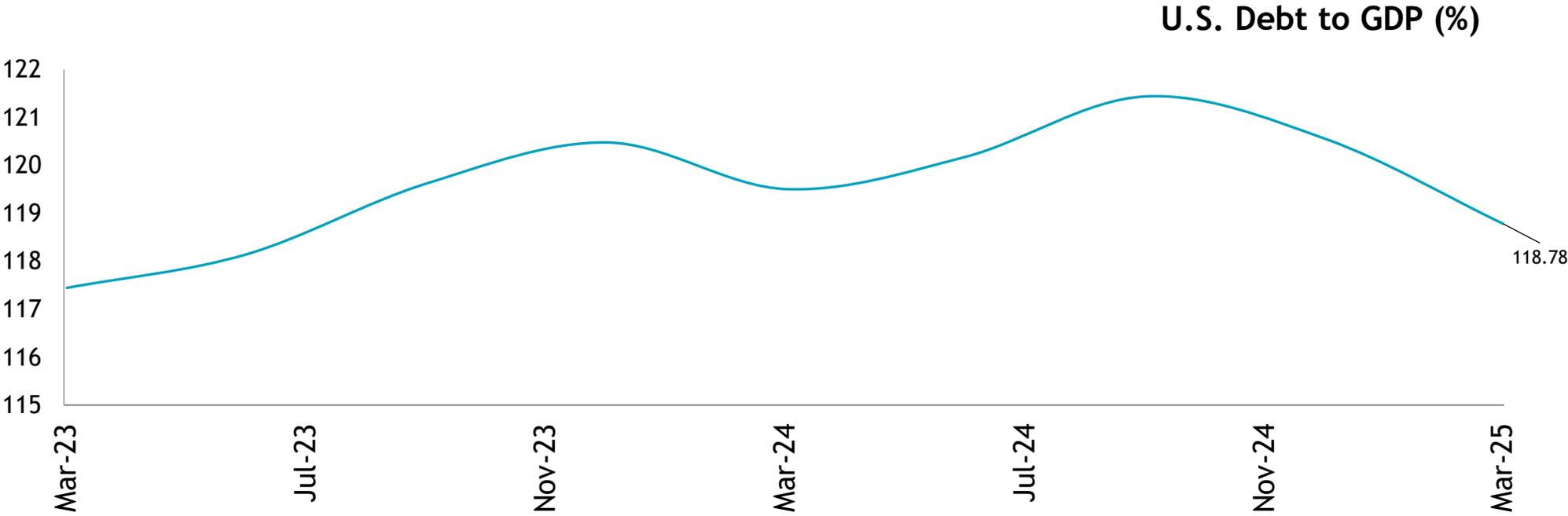
U.S. inflation stood at 2.70% and the eurozone inflation rate stood at 1.90% in Dec 2025.



Source: Refinitiv

U.S. Debt to GDP (%)

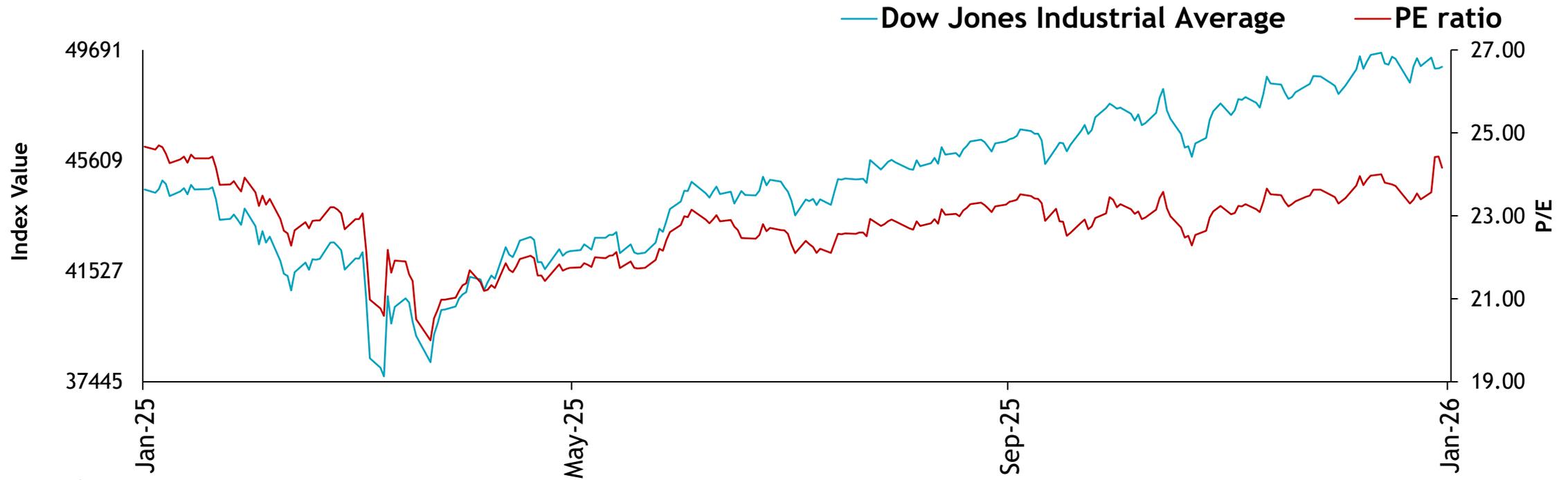
According to a report, the U.S. debt to GDP ratio rose to 118.78% in Mar 2025, compared to 120.55% in Dec 2024.



Source: Fred

Dow Jones Industrial Average and PE ratio

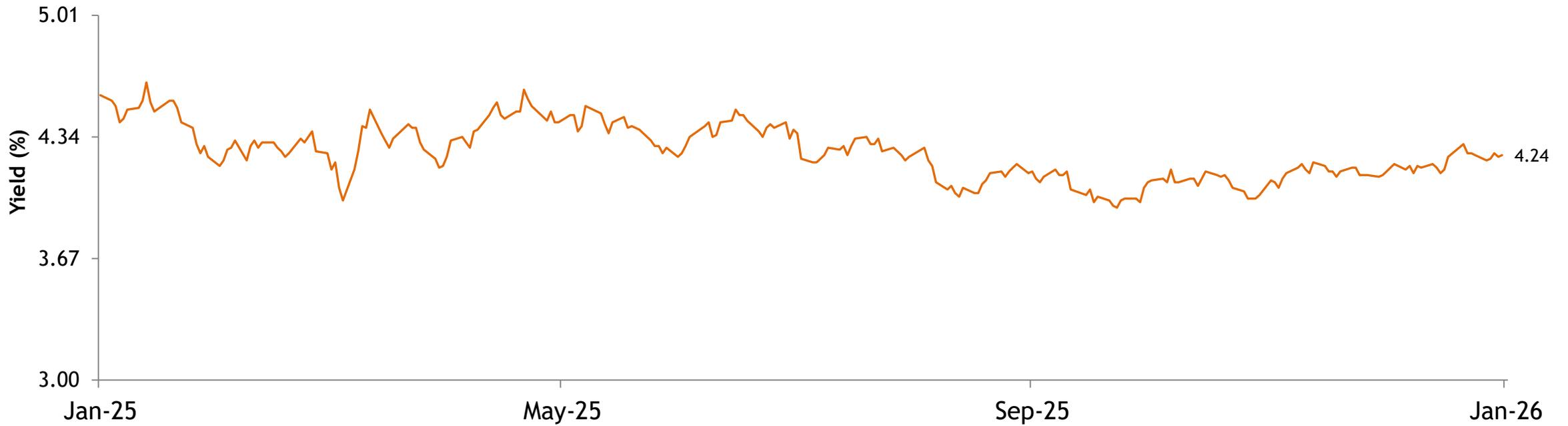
U.S. equity markets mostly rose amid concerns over a potential trade war between the U.S. and Europe.



Source: Refinitiv

U.S. 10 Year Treasury Yield

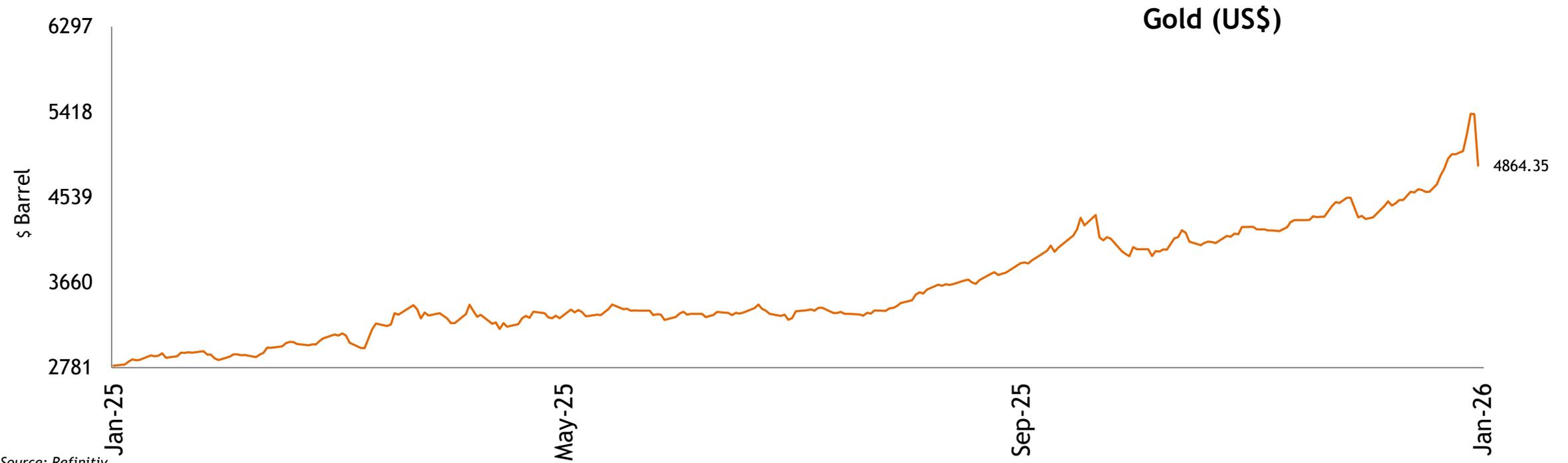
U.S. Treasury prices declined after Dec 2025 the U.S. inflation data met expectations.



Source: Refinitiv

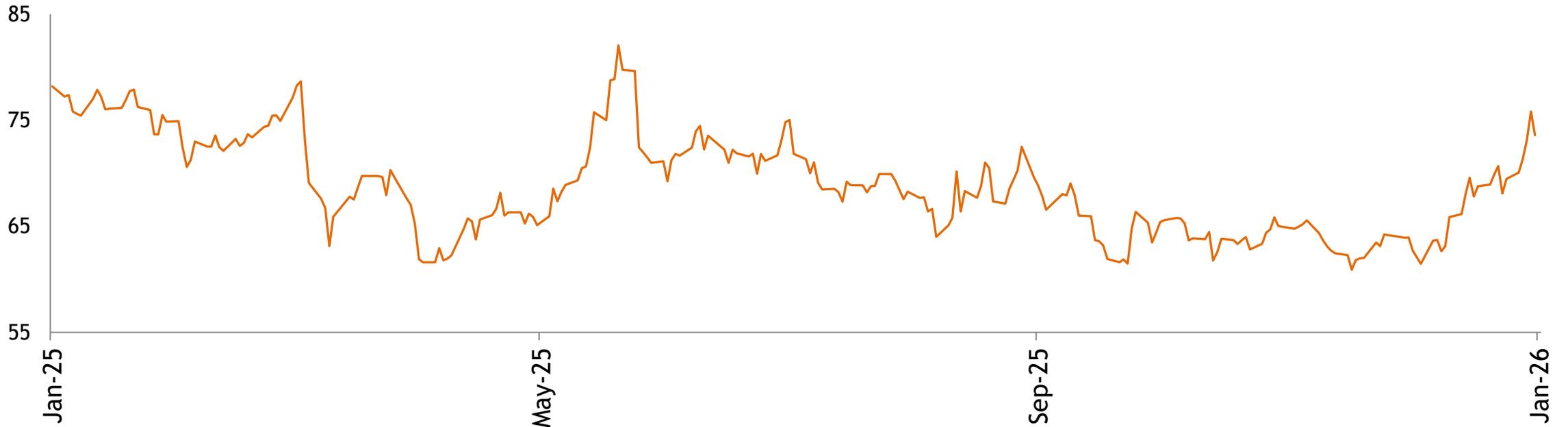
Gold

Gold prices rose as geopolitical tensions continued to escalate.



Brent Crude

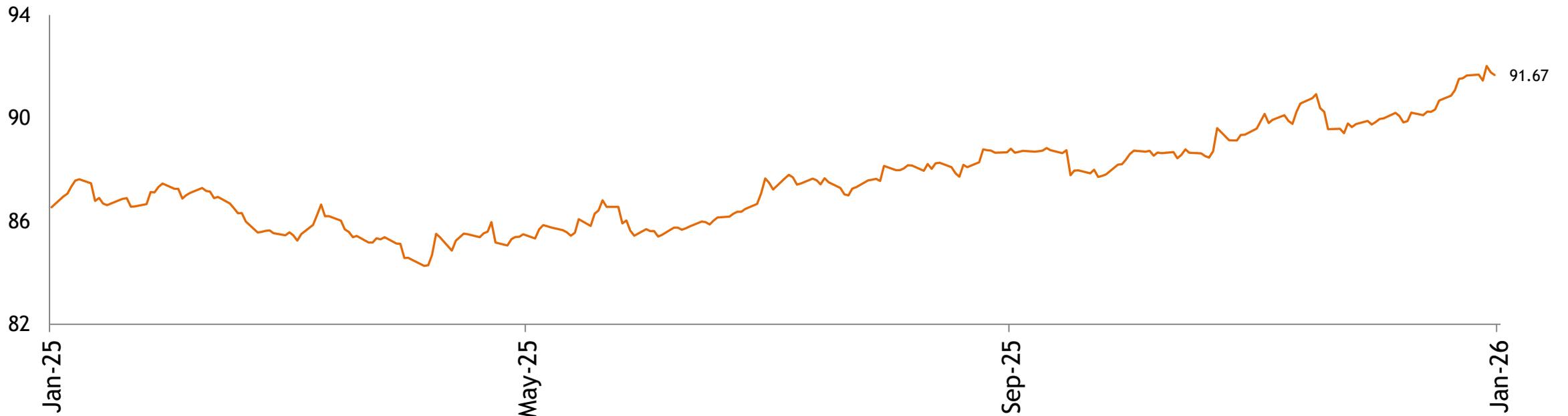
Brent crude oil prices advanced amid near-term supply concerns stemming from ongoing geopolitical tensions.



Source: Refinitiv

USD/INR

Rupee weakened against the U.S. dollar amid concerns over the potential imposition of additional U.S. tariffs on Indian exports.



Source: Refinitiv

Returns of Major Global Indices

| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | CYTD |
|-------------------|--------------------|---------------------|-------------------|--------------------|---------------------|---------------------|---------------------|--------------------|--------------------|-------------------|
| RTS 52.22% | HangSeng 35.99% | Nasdaq -1.04% | RTS 45.28% | Nasdaq 47.58% | CAC 28.85% | STI 4.09% | Nasdaq 53.81% | Nasdaq 24.88% | Kospi 75.63% | Kospi 23.97% |
| FTSE 14.43% | Nasdaq 31.52% | RTS -7.65% | Nasdaq 37.96% | Kospi 30.75% | Nasdaq 26.63% | FTSE 0.91% | Nikkei 28.24% | Nikkei 19.22% | HangSeng 27.77% | HangSeng 6.85% |
| DAX 6.87% | Kospi 21.76% | STI -9.82% | CAC 26.37% | Nikkei 16.01% | DAX 15.79% | Nikkei -9.37% | DAX 20.31% | DAX 18.85% | Nikkei 26.18% | Nikkei 5.93% |
| Nasdaq 5.89% | Nikkei 19.10% | CAC -10.95% | DAX 25.48% | SSEC 13.87% | RTS 15.01% | CAC -9.50% | Kospi 18.73% | HangSeng 17.67% | DAX 23.01% | STI 5.57% |
| CAC 4.86% | STI 18.13% | Nikkei -12.08% | SSEC 22.30% | DAX 3.55% | FTSE 14.30% | DAX -12.35% | CAC 16.52% | STI 16.89% | STI 22.67% | SSEC 3.76% |
| Kospi 3.32% | DAX 12.51% | FTSE -12.48% | Nikkei 18.20% | HangSeng -3.40% | STI 9.84% | SSEC -15.12% | RTS 11.63% | SSEC 12.67% | FTSE 21.51% | FTSE 2.94% |
| Nikkei 0.42% | CAC 9.26% | HangSeng -13.61% | FTSE 12.10% | CAC -7.14% | Nikkei 4.91% | HangSeng -15.46% | FTSE 3.78% | FTSE 5.69% | Nasdaq 20.17% | Nasdaq 1.20% |
| HangSeng 0.39% | FTSE 7.63% | Kospi -17.28% | HangSeng 9.07% | RTS -10.42% | SSEC 4.8% | Kospi -24.89% | STI -0.34% | CAC -2.15% | SSEC 18.41% | DAX 0.20% |
| STI -0.07% | SSEC 6.56% | DAX -18.26% | Kospi 7.67% | STI -11.76% | Kospi 3.63% | Nasdaq -32.97% | SSEC -3.70% | Kospi -9.63% | CAC 10.42% | RTS 0% |
| SSEC -12.31% | RTS 0.18% | SSEC -24.59% | STI 5.02% | FTSE -14.34% | HangSeng -14.08% | RTS -39.18% | HangSeng -13.82% | RTS -- | RTS -- | CAC -0.28% |

| | |
|---|---|
|  | CAC returns represented by CAC 40 Index (France) |
|  | DAX Index returns represented by FSE DAX (Germany) |
|  | FTSE returns represented by FTSE 100 (United Kingdom) |
|  | HangSeng returns represented by HangSeng (Hong Kong) |
|  | Nasdaq returns represented by Nasdaq 100 (US) |
|  | Nikkei returns represented by Nikkei 225 (Japan) |
|  | RTS returns represented by RTS Index (Russia) |
|  | SSEC represented by SHANGHAI SE COMPOSITE (China) |
|  | STI returns represented by FTSE Straits Times (Singapore) |
|  | Kospi represented by Kospi Index (South Korea) |

Key Global Equity Market Highlights

U.S.

- U.S. equity markets mostly rose amid concerns over a potential trade war between the U.S. and Europe, driven by the U.S. President's tariff threats and efforts to take control of Greenland. Buying interest remained subdued as lingering uncertainty over U.S.–Europe trade relations continued to weigh on sentiment.
- Losses were extended as investors were reluctant to make significant moves while monitoring rising geopolitical tensions worldwide. However, losses were limited as tensions eased following signs of de escalation in the President's push to acquire Greenland. Markets also received a boost from upbeat earnings reports by several large corporations.

Europe

- European equity markets closed on a mixed note. Markets declined as geopolitical tensions intensified after the U.S. President doubled down on plans to acquire Greenland.
- Prices also fell amid renewed geopolitical risks and continued uncertainty surrounding French budget negotiations. Losses were extended as investors adopted a cautious stance in response to recent developments on the geopolitical and trade fronts. However, declines were limited after trade war fears eased when the President withdrew planned tariffs on eight European countries and ruled out the use of force to acquire Greenland.

Key Global Equity Market Highlights

Asia

- Asian equity markets mostly rose as investors shrugged off geopolitical concerns and worries over a potential U.S. government shutdown, shifting their focus to upcoming big tech earnings and the Federal Reserve's interest rate decision. Chinese markets advanced as geopolitical and trade tensions eased later in the week after the U.S. President signaled a pause on proposed tariffs on eight European countries and announced a framework agreement with NATO on a potential Greenland deal.
- The Japanese market also rose as the yen steadied following recent sharp gains, amid speculation that the U.S. may coordinate foreign exchange intervention with Japan. However, gains were capped by rising concerns over the Middle East after the U.S. President confirmed that a "big force" was heading toward Iran.

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