

# India Market Pulse | October 16, 2025

✧ Wishing you wealth, wisdom, and well-being this Diwali and beyond!

– Team RNM Capital Trust

This festive season began on a bright note for India's markets — an *early Diwali gift* in the form of **LG Electronics India's blockbuster listing** and renewed **FII buying momentum**.

---

## Market Highlights: An Early Diwali Sparkle

- **LG Electronics India IPO:** Shares debuted with a **50% premium** at ₹1,710 on the NSE, valuing the company at ₹1.14 lakh crore — among the best listings of 2025.
- **Foreign Investors Return:** FIIs turned **net buyers** in five of the last seven sessions (Oct 7–14), investing **₹3,000+ crore** in the secondary market and **₹7,600 crore** in primary issues.

---

## Macro Pulse: Growth Shines, Inflation Fades

India's macro setup remains enviable — **growth is robust, inflation is collapsing**.

- **CPI inflation** hit an **8-year low of 1.54% in September**, driven by deep food deflation (-2.3%).
- **RBI** has revised its FY26 inflation forecast down to **2.6%** and GDP growth up to **6.8%**, aligning with **IMF's 6.6%** projection.
- With inflation well below target, markets expect another **25 bps rate cut** in December. The RBI's challenge now is to *seize the opportunity before disinflation turns into stagnation*.

## Global Trade Crosswinds

India's **half-yearly trade data for FY26** (due soon) will reveal the first real impact of **US President Trump's new tariffs**.

- India's exports slipped in August even before tariffs took full effect.
- The **WTO** has sharply cut its **2026 global trade growth forecast to 0.5%** (from 1.8%) amid trade tensions.
- Both **NITI Aayog's B.V.R. Subrahmanyam** and **World Bank's Franziska Ohnsorge** stress that India must "**Focus on Asia big time**", cut tariffs, and fast-track trade deals to stay competitive.
- **Recalibrating the Act East Policy** and accelerating the **ASEAN trade review (AITIGA)** could help India strengthen its regional trade footing.

## US-China Rivalry Heats Up

The **rare earths face-off** marks a dangerous new phase in the **US-China power struggle**.

- China's export controls on rare earths (critical for EVs, chips, and AI) prompted Trump's **100% retaliatory tariffs** on Chinese imports.
- Markets have reacted nervously — **tech stocks fell, gold prices hit record highs (\$4,200/oz)**, and **safe-haven demand surged**.
- Analysts warn this is not just a trade spat but a **battle for global economic leadership**, setting the tone for a more divided and volatile world order.

---

## Q2 FY26 Earnings Snapshot

India Inc. is projected to deliver ~9 % YoY growth in revenue in Q2 FY26, with EBITDA and PAT also rising around 9 %.

**Financials** are holding up better, though pockets of volatility (provisioning in banks) may test sentiment.

The **IT sector** shows signs of stress — rising costs, margin compression, and cautious guidance are broad themes.

## RBI's Gold Rush

Amid global turbulence, the **RBI has added \$19 billion worth of gold reserves** this fiscal, taking holdings to **879.98 tonnes** — a hedge against trade wars, geopolitical risks, and dollar weakness.

## Outlook

India enters the festive quarter with an enviable macro mix — **rising growth, cooling inflation, and returning foreign inflows**. Yet, global headwinds — from **tariff wars to trade slowdowns** — will test policy agility. If the **RBI delivers a December rate cut**, it could light up the markets just in time for the holidays — a true **Diwali encore**.

