



market**buzz**

RBL BANK
apno ka bank

January 2026

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View from the Top

On the global, U.S. equity markets advanced after reports indicated that the administration had launched a review that could permit the first shipments of the company's second-most powerful AI chips to China. European equity markets rose after the Federal Reserve announced its widely anticipated rate cut of 25 basis points on Dec 10, 2025. Sentiment was further boosted by the Bank of England's decision to lower rates by 25 basis points and by expectations of additional monetary easing from the Fed after U.S. inflation data showed a smaller-than-expected increase. Asian equity markets mostly advanced after the S&P 500 posted its fifth consecutive gain in a shortened session on Dec 24, 2025, ahead of the Christmas and Boxing Day holidays. Gains were supported by the Federal Reserve's outlook, which appeared less hawkish than anticipated.

Back home, domestic equity markets declined, weighed down by the rupee's weakness and heavy foreign capital outflows amid persistent uncertainty over the India-U.S. trade deal. Additionally, surging Japanese government bond yields and yen strength sparked concerns about an unwinding of the decades-old yen carry trade, triggering global deleveraging across equity markets. However, losses were partially offset after the RBI announced a 25-basis-point rate cut in its Dec 2025 policy meeting and introduced measures to infuse liquidity.

In the domestic debt market, Bond yields rose after the rupee slid beyond the Rs. 90 mark to a record low, compounded by tight liquidity conditions in the banking system. Losses were partially offset by the RBI's 25-basis-point policy rate cut and liquidity infusion measures announced in its Dec 2025 policy meeting. Sentiment later weakened on expectations of a larger than expected state debt supply on Dec 30, 2025. However, relief emerged after Indian states successfully raised Rs. 35,450 crore through bond sales on Dec 30, 2025, marking the largest issuance in over three months at anticipated yields and easing concerns about a potential supply overhang.

Outlook

We are pleased to bring to you the latest version of the Monthly Market Buzz for December. Happy Reading!!!

Mr. Narendra Agrawal
Head - Branch Banking & Retail Liabilities
Retail Branch Banking

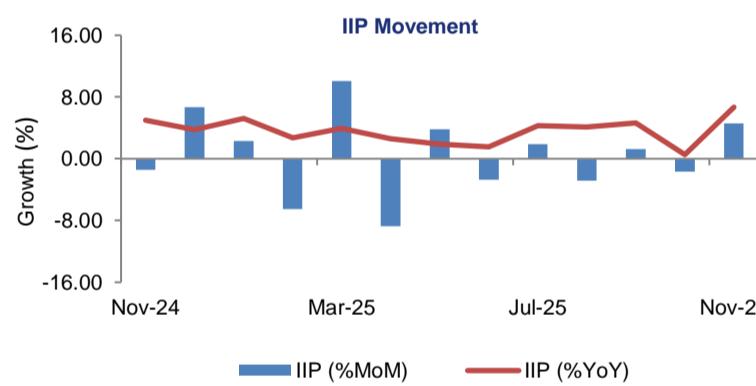

INDIAN ECONOMY

Economic Releases in December-2025			
Key Indicator	Period	Actual	Previous
Repo Rate	Dec-25	5.25%	5.50%
Reverse Repo	Dec-25	3.35%	3.35%
CRR	Dec-25	3.00%	3.00%
Index of Industrial Production (IIP)	Nov-25	6.70%	0.50%
Wholesale Price Index Inflation(WPI)	Nov-25	-0.32%	-1.21%
Export (Y-o-Y)	Nov-25	19.31%	-12.30%
Import (Y-o-Y)	Nov-25	-1.99%	14.65%

Source: RBI, Refinitiv



Source: Office of the Economic Adviser, Ministry of Commerce & Industry



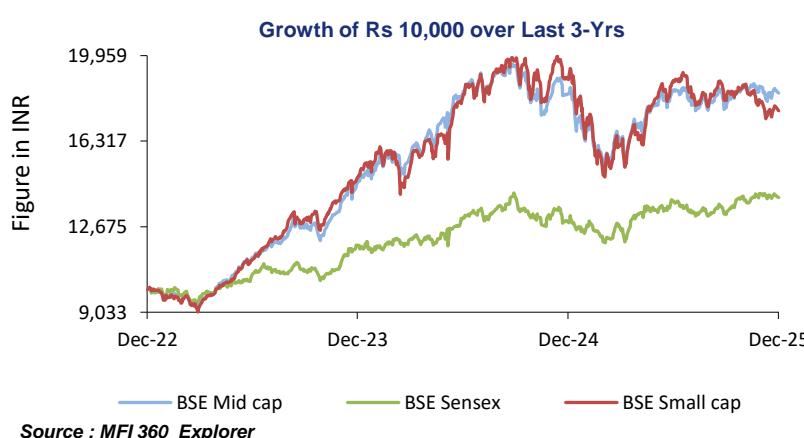
Source: Reuters

- India's merchandise trade deficit narrowed annually to \$24.53 billion in Nov 2025, compared to \$31.93 billion in Nov 2024. Exports rose 19.38% YoY to \$38.13 billion in Nov 2025, while imports fell 1.89% YoY to \$62.66 billion during the same period.
- India's Consumer Price Index (CPI)-based inflation rose by 0.71% YoY in Nov 2025, compared to a 0.25% increase in Oct 2025, driven by higher prices of vegetables, protein-rich items, and fuel. This marked the tenth consecutive month that inflation remained below the RBI's medium-term target of 4%.

- India's wholesale price index (WPI)-based inflation fell 0.32% YoY in Nov 2025, following a 1.21% drop in Oct 2025, primarily driven by a decrease in food prices, mineral oils, and crude petroleum & natural gas.
- The Index of Industrial Production (IIP) rose 6.7% YoY in Nov 2025, accelerating from the upwardly revised 0.5% increase in Oct 2025. The growth was primarily driven by the manufacture of basic metals, fabricated metal products, pharmaceuticals, and motor vehicles. Among the key sectors, Mining grew by 5.4%, Manufacturing by 8.0%, while Electricity contracted by 1.5% during the month.
- India's Services Purchasing Managers' Index (PMI) increased to 59.8 in Nov 2025 from 58.9 in Oct 2025, boosted by domestic demand. Meanwhile, the composite PMI slipped to 59.7 in Nov 2025 from 60.4 in Oct 2025.

- The Income Tax Department is sending urgent reminders to multinational companies, asking employees with undisclosed foreign assets and earnings to report them. The deadline for disclosure is Dec 31, 2025. Failure to comply may result in significant penalties and prosecution under the Black Money law. This initiative aims to ensure statutory compliance and strengthen tax collection.
- India and New Zealand have signed a historic Free Trade Agreement (FTA) that is expected to significantly boost economic ties and enhance market access. Both nations anticipate that bilateral trade will double within five years. Additionally, New Zealand plans to invest USD 20 billion in India over the next 15 years. The agreement reflects strong political will and opens new opportunities for businesses and individuals across sectors.
- The Ministry of Statistics and Programme Implementation (MoSPI) is overhauling India's statistical system with faster data releases, digital platforms, and survey reforms to enhance transparency, timeliness, and policy relevance.

Indian Equity Market



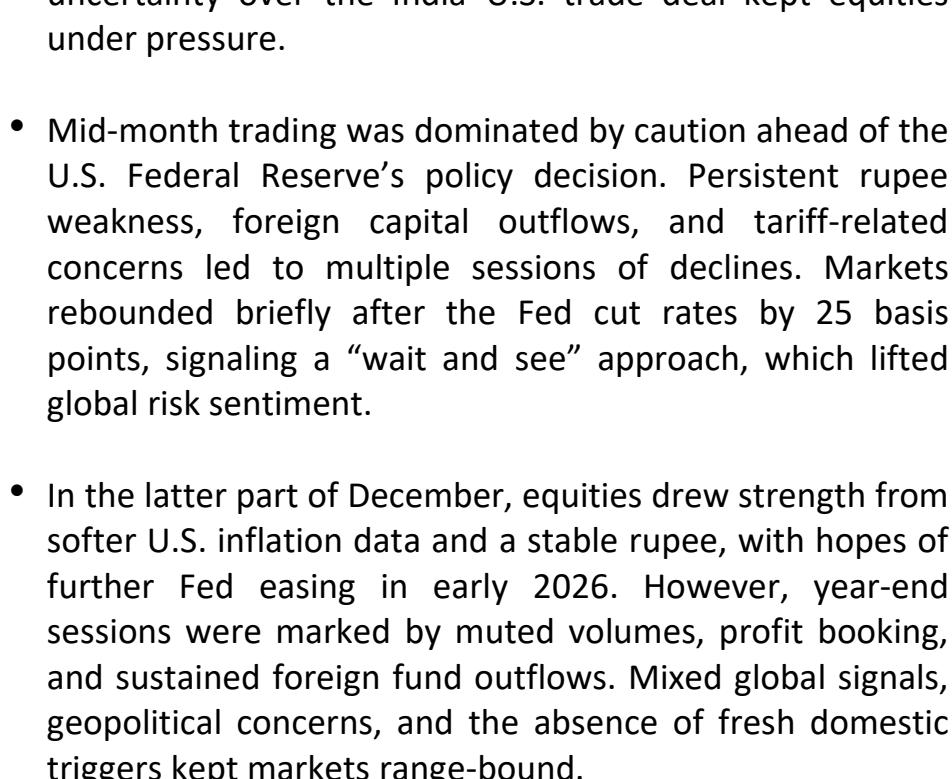
- Domestic equity markets declined, weighed down by the rupee's weakness and heavy foreign capital outflows amid persistent uncertainty over the India-U.S. trade deal. Additionally, surging Japanese government bond yields and yen strength sparked concerns about an unwinding of the decades-old yen carry trade, triggering global deleveraging across equity markets. However, losses were partially offset after the RBI announced a 25-basis-point rate cut in its Dec 2025 policy meeting and introduced measures to infuse liquidity.

- Indian equity markets started December on a weak footing as rupee depreciation, foreign outflows, and uncertainty over trade negotiations with the U.S. weighed on sentiment. Weak industrial production data for October and global risk-off cues, triggered by rising Japanese bond yields and yen strength, added to the pressure early in the month.

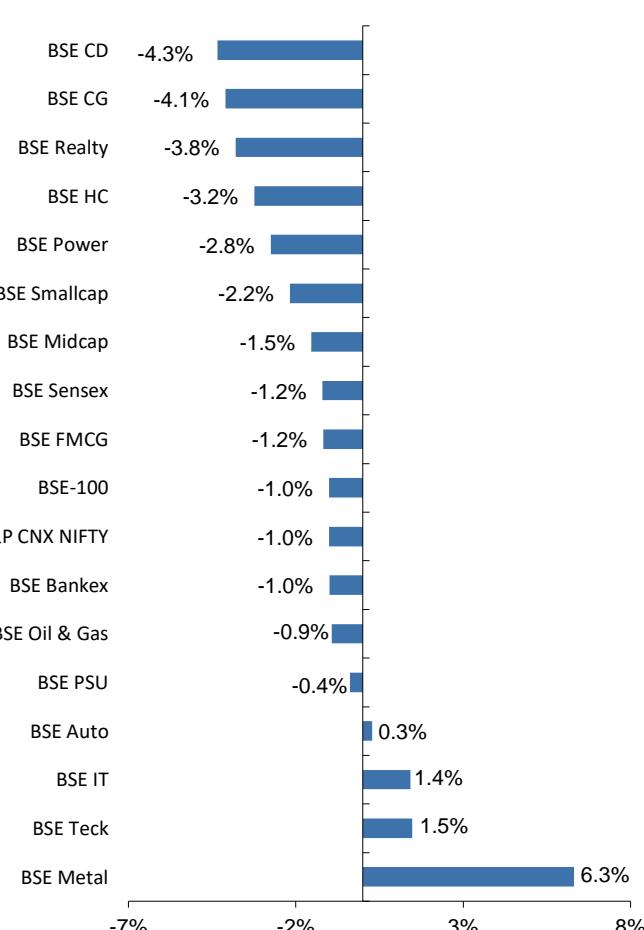
- Markets staged a brief recovery ahead of the RBI's policy meeting, and sentiment improved after the central bank announced a 25-basis-point rate cut along with liquidity infusion measures, including Rs. 1 lakh crore worth of OMO purchases and a USD/INR swap. Upward revisions in growth estimates and lower inflation forecasts further supported the rally. However, gains were short-lived as renewed FII selling, IPO-related activity, and lingering uncertainty over the India-U.S. trade deal kept equities under pressure.

- Mid-month trading was dominated by caution ahead of the U.S. Federal Reserve's policy decision. Persistent rupee weakness, foreign capital outflows, and tariff-related concerns led to multiple sessions of declines. Markets rebounded briefly after the Fed cut rates by 25 basis points, signaling a "wait and see" approach, which lifted global risk sentiment.

- In the latter part of December, equities drew strength from softer U.S. inflation data and a stable rupee, with hopes of further Fed easing in early 2026. However, year-end sessions were marked by muted volumes, profit booking, and sustained foreign fund outflows. Mixed global signals, geopolitical concerns, and the absence of fresh domestic triggers kept markets range-bound.



Monthly returns as on December 30 2025

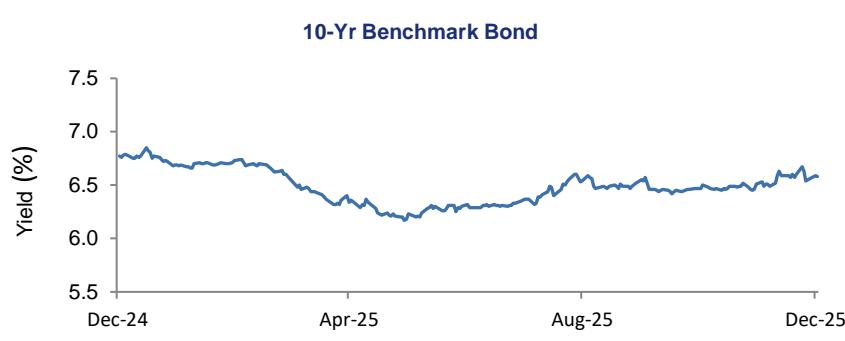




Indian Fixed Income

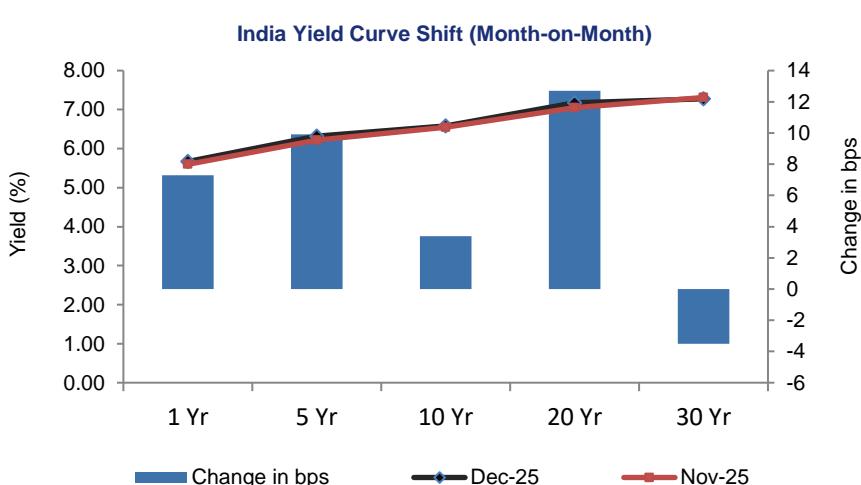
Indicators (Yield %)	December 30, 2025	November 28, 2025
Call Rate	5.48%	5.56%
FBIL 1 Mn Term Mibor	5.98%	5.94%
10-Yr benchmark bond	6.58%	6.50%
Reverse Repo	3.35%	3.35%
Repo	5.25%	5.50%
Bank Rate	5.50%	5.75%
CRR	3.00%	3.00%

Source: Refinitiv



- Bond yields rose after the rupee slid beyond the Rs. 90 mark to a record low, compounded by tight liquidity conditions in the banking system. Losses were partially offset by the RBI's 25-basis-point policy rate cut and liquidity infusion measures announced in its Dec 2025 policy meeting. Sentiment later weakened on expectations of a larger than expected state debt supply on Dec 30, 2025. However, relief emerged after Indian states successfully raised Rs. 35,450 crore through bond sales on Dec 30, 2025, marking the largest issuance in over three months at anticipated yields and easing concerns about a potential supply overhang.

- Yield on the 10-year benchmark paper (6.48% GS 2035) rose by 8 bps to close at 6.58%, compared with the previous month's close of 6.50%.



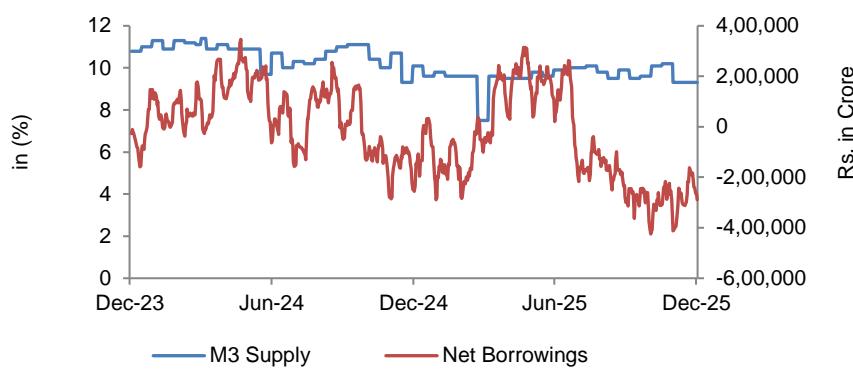
- Ahead of the December 5 policy meeting, yields softened, and the RBI's announcement of a 25 bps rate cut and liquidity infusion measures triggered a sharp rally. The central bank unveiled plans for Rs. 1 lakh crore of open market bond purchases and a USD 5 billion forex swap to accelerate transmission of lower rates. However, yields rebounded after the RBI excluded the most liquid 10-year note from its purchase plan, prompting selling pressure. Subsequent sessions saw yields climb further amid aggressive buying in overnight index swaps and caution ahead of the U.S. Federal Reserve's decision.

- Mid-month, sentiment improved as the RBI conducted its first Rs. 50,000 crore bond purchase at higher-than-expected cutoff prices, alongside a rally in U.S. Treasuries following the Fed's 25 bps rate cut. Yet, supply concerns persisted, particularly after subdued demand at weekly auctions and the announcement of higher-than-scheduled state borrowings. The RBI's second tranche of Rs. 50,000 crore purchases on Dec 18, which included liquid and former benchmark securities, provided temporary relief.

- Toward month-end, volatility intensified. Yields climbed after weak demand at a central government auction and expectations of heavy state debt supply, while the RBI's purchases focused on shorter-tenor notes. States raised Rs. 35,450 crore on Dec 30, the largest issuance in over three months, easing fears of a supply overhang. The RBI capped the month by announcing a substantial liquidity injection of Rs. 2.90 lakh crore for the coming weeks, including Rs. 2 lakh crore of bond purchases and a \$10 billion dollar-rupee swap, reinforcing its commitment to support market stability.

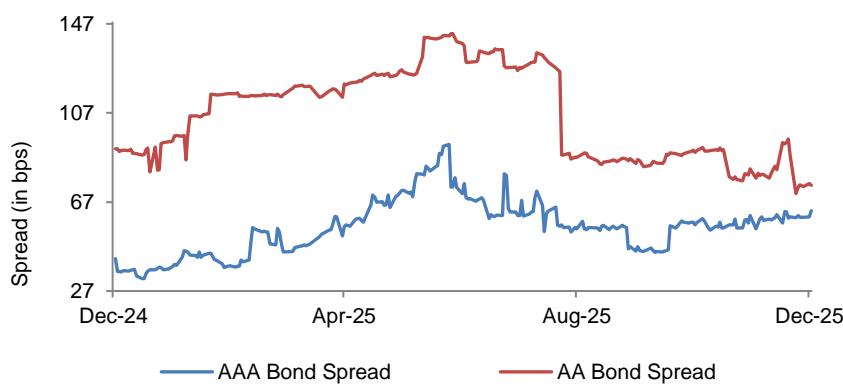


Liquidity Monitor- M3 Supply and Net Borrowings



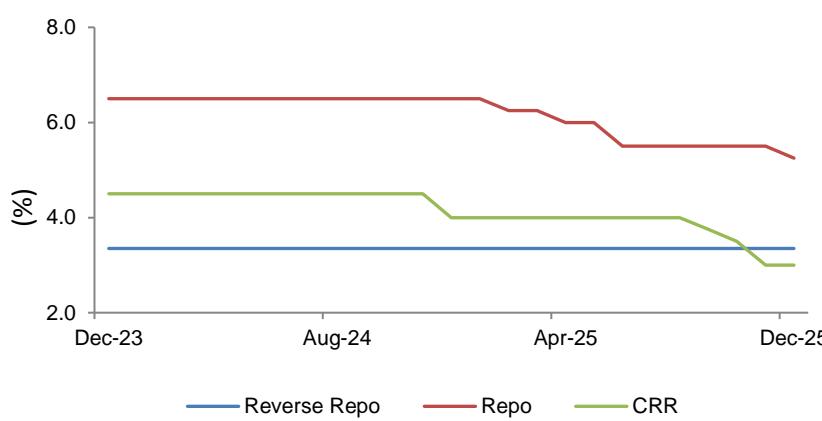
Source: Refinitiv

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



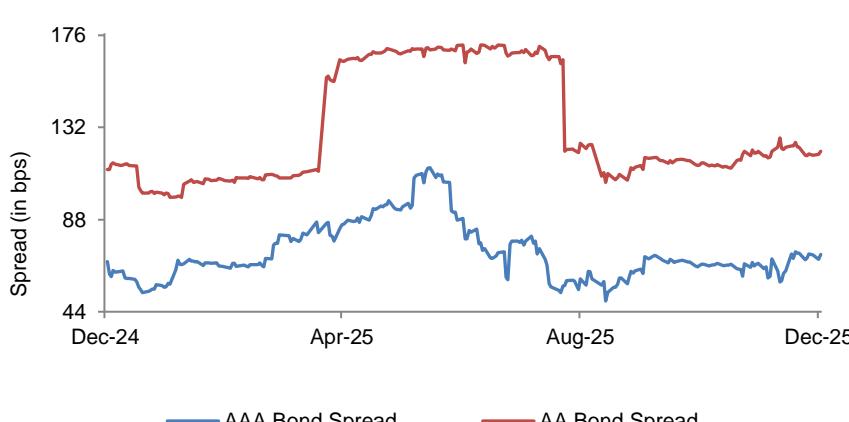
Source: Refinitiv

Movements of Key Policy Rates in India



Source: RBI

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



Source: Refinitiv

GLOBAL EQUITY MARKET

Performance of Major International Markets (as on December 30, 2025)		
Indices	Country	1 Mth (%)
United States		
Nasdaq 100	U.S.	0.11
Nasdaq Composite	U.S.	0.23
Asia Pacific		
SET Composite Index	Thailand	0.24
Jakarta Composite	Indonesia	1.62
Straits Times Index	Singapore	2.90
KOSPI Index	South Korea	7.32
Nikkei Stock Average 225	Japan	0.17
Taiwan SE Weighted Index	Taiwan	3.91
Shanghai Composite Index	China	1.97
BSE Sensex	India	-1.20
S&P/ASX 200	Australia	1.20
Europe		
FTSE 100	U.K.	2.27
CAC 40	France	0.56
DAX Index	Germany	2.74

Source: MFI 360 Explorer & Refinitiv

United States

- U.S. equity markets advanced after reports indicated that the administration had launched a review that could permit the first shipments of the company's second-most powerful AI chips to China. The rally gained momentum following the Federal Reserve's widely expected decision to cut interest rates by another quarter point on Dec 10, 2025, in line with reductions in Sep and Oct.

Europe

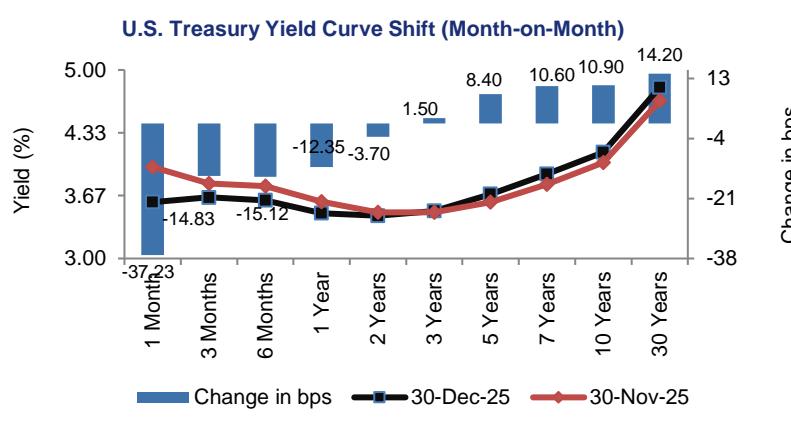
- European equity markets rose after the Federal Reserve announced its widely anticipated rate cut of 25 basis points on Dec 10, 2025. Sentiment was further boosted by the Bank of England's decision to lower rates by 25 basis points and by expectations of additional monetary easing from the Fed after U.S. inflation data showed a smaller-than-expected increase.

Asia

- Asian equity markets mostly advanced after the S&P 500 posted its fifth consecutive gain in a shortened session on Dec 24, 2025, ahead of the Christmas and Boxing Day holidays. Gains were supported by the Federal Reserve's outlook, which appeared less hawkish than anticipated.



GLOBAL FIXED INCOME - U.S. TREASURY



- Yields on the 10-year U.S. Treasury rose by 11 bps to close at 4.13% from the previous month's close of 4.02%.

- U.S. Treasury prices declined as investors priced in a Federal Reserve rate cut in Dec 2025 while bracing for signals of a shallower easing cycle than expected. The drop deepened as markets digested commentary from multiple Fed speakers and a positive economic outlook.

- Further pressure came after data showed consumer confidence fell to its lowest level since Apr 2025, even as the U.S. economy grew more than forecast in the third quarter.



- However, losses were limited after the Federal Reserve adopted a less hawkish stance than anticipated and indicated that its imminent purchase of Treasury bills could help ease strain in money markets.

CURRENCY

Movement of Major Currencies (as on December 30, 2025)				
Currency	Value (as on 30-Dec-2025)	1 Mth	3 Mth	1 Yr
U.S. Dollar	89.94	89.46	88.79	85.47
Pound Sterling	121.57	118.27	119.35	107.57
Euro	105.93	103.63	104.22	89.14
Yen (Per Rs.100)	58.00	57.00	60.00	54.00

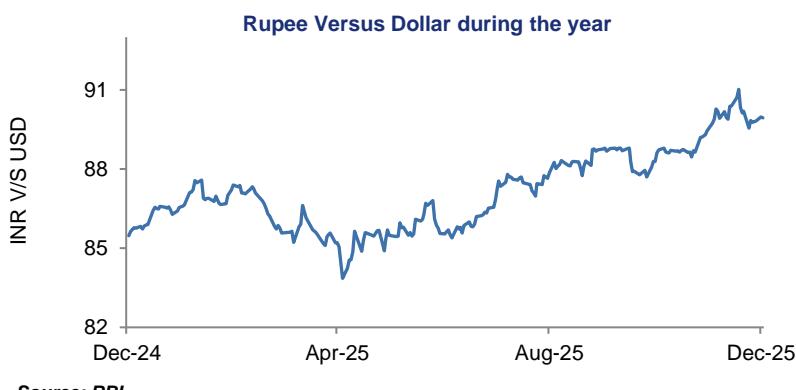
Source: RBI

INR

- The Indian rupee fell in spot trading against the U.S. dollar amid continued foreign outflows. Losses were further extended by negative trends in domestic equities and persistent FII outflows. However, the decline was partially limited by suspected aggressive intervention by the central bank.

EURO

- The euro strengthened against the U.S. dollar following the Federal Reserve's widely expected interest rate cut. Gains were further supported ahead of several upcoming central bank interest rate decisions and extended on expectations of additional Federal Reserve rate cuts in Jan 2026.



Crude

- Gold prices rose amid heightened geopolitical concerns stemming from the ongoing Russia–Ukraine conflict. Additionally, prices advanced following the Federal Reserve's rate cut on December 10, 2025. Prices climbed even higher as geopolitical risks in South America and Europe intensified. Gains further supported as prospects for a Russia-Ukraine ceasefire diminished, prompting investors to seek safe-haven assets.

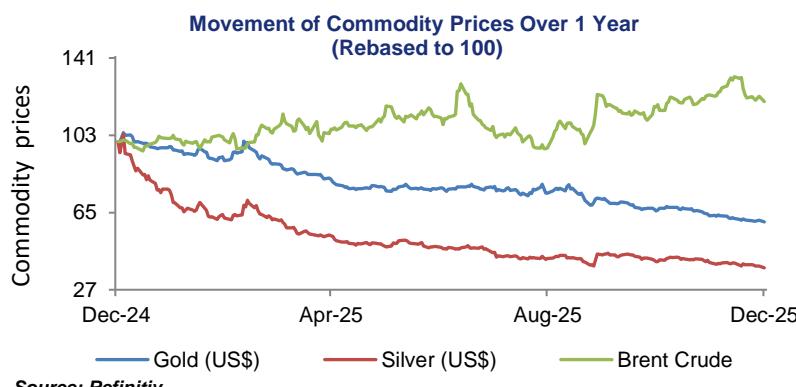
Gold

- Brent crude oil prices fell as investors focused on a growing supply glut. The downturn deepened after Iraq resumed crude flows from Lukoil's West Qurna oil fields. Losses were further extended due to persistent concerns about oversupply and speculation that a potential Russia–Ukraine peace deal could increase global supply. However, the decline was partially limited after the U.S. President ordered a blockade of sanctioned oil tankers in Venezuela.

COMMODITIES

Performance of Various Commodities					
Commodities	Last Closing (30-Dec-25)	Returns (in %)			
		1 Wk	1 Mth	6 Mth	1 Yr
Crude Brent (\$/Barrel)	63.94	1.28	-1.68	-10.12	-15.34
Gold (\$/Oz)	4346.20	-3.16	2.74	31.57	66.82
Gold (Rs/10 gm)	133826.00	-1.49	6.18	39.87	76.38
Silver (\$/Oz)	76.46	7.05	35.62	111.92	164.16
Silver (Rs/Kg)	231189.00	9.97	40.92	118.68	165.54

Source: Refinitiv



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All information mentioned in this document pertains to the month ended Dec 30, 2025.

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