

Monthly Market Outlook

October 2025
Equity & Debt Insights



Equity Market Outlook

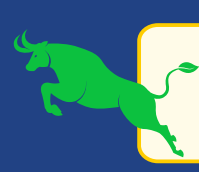


Look back at the month (September 2025)

- Indian equities posted modest gains in September 2025, supported by strong GDP data and GST rate cuts that boosted consumption sentiment. Despite global trade concerns from fresh US tariffs, the Nifty 50 rose 0.8%, while Nifty Midcap 150 index and the Nifty Smallcap 250 index gained 1.4% and 1.1% respectively.
- Inflation edged up in August 2025, with CPI rising to 2.07%, driven by food prices exiting deflation. WPI inflation stood at 0.52% YoY, led by higher costs in food products, manufacturing, and transport equipment.
- The OECD (Organisation for Economic Co-operation and Development) raised India's 2025 GDP growth forecast to 6.7%, citing strong domestic demand and the positive impact of GST reforms. Policy easing, public investment, and resilient consumption are seen as key drivers offsetting external risks like export tariffs.
- Domestic institutional investors were net buyers, investing ₹65,343 crore. In contrast, foreign institutional investors recorded net outflows of ₹23,885 crore.

October 2025 Outlook

- Monetary policy globally and domestically remains supportive, with major central banks prioritizing growth and employment over inflation. The US Fed cut its policy rate by 25 bps in September 2025, while the RBI maintained the repo rate at 5.50%, leaving room for further easing based on domestic growth and inflation trends.
- RBI raised its FY26 GDP growth forecast to 6.8% (from 6.5%), supported by stronger-than-expected first-half performance, although some moderation is anticipated in the second half. Domestic fundamentals continue to support economic momentum despite external risks.
- The Indian Rupee faced pressure due to tariff-related uncertainties and FPI outflows, but strong macro fundamentals like solid GDP growth, controlled inflation, healthy reserves, and prudent fiscal management are expected to stabilize the currency over the long term.
- Growth prospects for H2 FY26 remain optimistic, driven by strong corporate balance sheets and the government's continued push for structural reforms. The transformative GST rollout is expected to enhance ease of doing business, lower retail prices, and reinforce consumption-led growth, supporting sustained economic momentum.
- Monetary easing, tax relief, and job creation initiatives have begun to show strong transmission effects, creating a supportive environment for rising consumption demand in H2. This momentum could trigger a virtuous cycle of investment and growth, helping India navigate global uncertainties with greater resilience.



Economic Market Outlook



Look back at the month (September 2025)

- The H2FY26 G-sec issuance calendar reflects a strategic shift towards shorter maturities (3-, 5-, and 10-year), indicating the government's and RBI's discomfort with elevated long-term yields.
- Systemic liquidity remained in surplus through September 2025, averaging ₹2.1 lakh crore, with easing LAF (Liquidity Adjustment Facility) absorption and supportive factors like government cash drawdown and the upcoming 75 bps CRR cut expected to further boost banking system liquidity.
- The GST Council's rate rationalization, effective from late September 2025, streamlined the tax structure into two key slabs (5% and 18%), a move expected to help moderate inflation, boost consumption, and support growth.
- Globally, the Federal Open Market Committee (FOMC) cut policy rates by 25 bps to 4.00–4.25%, as concerns over rising unemployment and slowing consumption prompted a growth supportive policy shift.

October 2025 Outlook

- The MPC (Monetary Policy Committee) emphasized a data-dependent approach to future policy actions, as global macro uncertainties, elevated public debt, and geopolitical tensions continue to weigh on outlook.
- Domestic demand remains resilient, with urban consumption and investment activity expected to strengthen, supported by GST rationalisation and revival in private spending.
- Inflation outlook remains benign, with easing food price pressures supported by adequate buffer stocks and an above-normal monsoon. Globally, the US Fed's 25 bps rate cut, with another 50 bps expected by December 2025 may help stabilise the INR.

Source: Bloomberg, Ministry of Statistics and Programme Implementation (MOSPI), Reserve Bank of India (RBI), LIC MF Internal Research.

Release Date: 13th September 2025



Visit our Website



Download LIC MF APP

Disclaimer: The views expressed herein are based on internal data, publicly available information and other sources believed to be reliable. Any calculations made are approximations, meant as guidelines only, which you must confirm before relying on them. The information contained in this document is for general purposes only. The document is given in summary form and does not purport to be complete. The document does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. The information / data herein alone are not sufficient and should not be used for the development or implementation of an investment strategy. The statements contained herein are based on our current views and involve known and unknown risk and uncertainties that could cause actual results, performance, or event to differ materially from those expressed or implied in such statements. Past performance may or may not be sustained in the future. LIC Mutual Fund Asset Management Ltd. / LIC Mutual Fund is not guaranteeing / offering / communicating any indicative yield on investment made in the scheme(s). Neither LIC Mutual Fund Asset Management Ltd. and LIC Mutual Fund (the fund) nor any person connected with them, accepts any liability arising from the use of this document. The recipients before acting on any information herein should make his/her/their own investigation and seek appropriate professional advice and shall alone be fully responsible / liable for any decision taken on the basis of information contained herein.

Connect with us: [f/LICMutual](#) [@/LICMutualFund](#) [X/LICMutual](#) [in/company/LICMutual](#) [1800-258-5678](#) [www.licmf.com](#)
MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.