



## Global Economy

- The US Federal Reserve lowered its key lending rate for the third time this year, setting it at 3.50%–3.75%.
- The Bank of England reduced its benchmark interest rate from 4.00% to 3.75%.
- Japan increased its key interest rate to 0.75% from 0.50%, the highest level in 30 years.
- Mexico approved tariffs of up-to 50.00% on imports from India, China, and other Asian countries to protect domestic industries.
- The US Dollar Index recorded its worst performance in more than 50 years, falling nearly 10% in 2025 amid policy uncertainty and interest rate cuts.

## Indian Economy

- SEBI announced that from 1 January 2026, investments by mutual funds and specialized investment funds in REITs will be treated as equity-related instruments.
- India and Russia agreed on an Economic Co-operation Programme till 2030 to boost trade, investment, and strategic collaboration.
- The Lok Sabha cleared a Bill raising the FDI limit in insurance from 74.00% to 100.00%, aiming to attract higher capital infusion and accelerate technology adoption.
- Gold prices surged above USD 4,000 per ounce in 2025, their strongest rally since 1979, with a 48.00% annual gain driven by central bank buying, safe-haven demand, and US dollar weakness.
- Silver prices more than doubled in 2025, trading in the USD 70–80 per ounce range globally by late December, before briefly peaking at around USD 83.9 per ounce, while prices in India rose to around INR 2 lakh per kilogram, supported by industrial demand (solar, EV) ETF inflows, and supply constraints.

INR to USD/GBP



## Indian Startups

- 79 Indian start-ups raised total funding of around USD 940 million in the month of Dec 2025, while the details of 8 other remained undisclosed. There is 23% decrease in funding as compared to Nov 2025.
- Consumer Tech, Fintech, Deep Tech & Space tech are major segment that secured USD 188 million, USD 169 million, USD 106 million & USD 88 million funding respectively.

## Indian Debt Market

- The RBI reduced the repo rate from 5.50% to 5.25% to support growth.
- The RBI retained SBI, HDFC Bank, and ICICI Bank as domestic systemically important banks, requiring them to hold additional capital buffers of 0.80%, 0.40%, and 0.20% respectively.
- Bank credit grew 11.00% year-on-year, with lending to MSMEs surging 20.60%, while personal loan growth slowed due to tighter rules on unsecured lending.
- As of December 2025, forex reserves stood at USD 693.30 billion (11 months import cover) with a manageable current account deficit.
- The rupee weakened by 5.12% in 2025, sliding from INR 84.22/USD in May to INR 90.95/USD in December, pressured by tariffs, softer trade terms, and slowing capital flows.
- Despite the rate cut, the 10-year benchmark government bond yield rose to 6.59% by December, as markets anticipated the end of the easing cycle.

10-Year Bond Yield

