

Global Economy

- The Federal Reserve raised its benchmark rate by 25 bps to 3.75%–4.00%, its first increase since 2023, signalling renewed tightening.
- A massive sell-off drove the US 10-year Treasury yield to 5.16%, the highest since 2007, reflecting severe investor anxiety over inflation and fiscal risks.
- The European Central Bank raised key rates by 25 bps, in its September meeting, its second hike since the West Asia war began, underscoring persistent inflation concerns.
- Eurozone annual inflation accelerated to 3.30% in August from 2.90% in July, its highest level since September 2023.
- The Bank of Japan raised its short-term policy rate from 1.00% to 1.25% at its September 18, 2026 meeting — the highest level since 1995, marking a 31-year high.
- The Bank of England kept its main interest rate unchanged at 3.75%, marking the sixth consecutive meeting at which the central bank has kept rates on hold.

Indian Economy

- India's GDP grew a better-than-expected 7.80% in Q1 FY27, underscoring resilient domestic demand and strong sectoral momentum.
- India's fiscal deficit widened to 41.90% of FY27 budget estimates by August (vs. 38.10% last year), while the current account deficit rose to USD 4.20 billion (0.50% of GDP) in Q1, signalling pressure from higher spending and import demand.
- India's CPI inflation rose to 4.80% in August, the highest since December of 2024, from 4.50% in July while core inflation also inched up marginally to 4.40% from 4.20% in July.
- India cuts windfall tax on export of petrol, diesel, and aviation fuel. Export duty on diesel has been cut to Rs 20 per litre from Rs 25, while levies on petrol have been cut to Rs 0.50 from Rs 1.50 per litre and tax on ATF has been set at Rs 15 per litre from Rs 19.
- The government introduced Merchant Discount Rate (MDR) of 0.40% on person-to-merchant UPI transactions above Rs 2,000 from 15 Oct. The MDR will be capped at Rs 300 for transactions above Rs 75,000. There will be no charges whatsoever on person-to-person UPI transactions.
- The government approved increasing the EPFO wage ceiling to Rs 25,000 per month from Rs 15,000 per month.

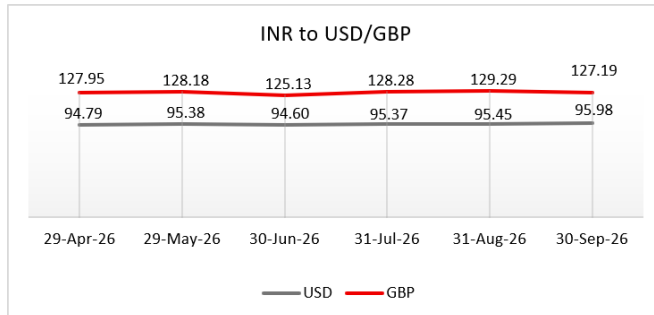
Indian Debt Market

- India attracted record foreign inflows of USD 136.40 billion through Foreign Currency Non-Resident (Bank) [FCNR(B)] deposits, External Commercial Borrowings (ECBs), and Overseas Foreign Currency Borrowings (OFCBs) under the Reserve Bank of India's special swap facility (Jun–Aug 2026), lifting forex reserves and creating a surge of liquidity in the banking system.
- Surplus liquidity in banks surged to a multi-year high of Rs 9.70 trillion (≈USD 116 billion), the steepest jump in over four years, driven by record foreign inflows.
- The RBI executed government bond sales worth Rs 500 billion (≈USD 6 billion) and absorbed funds through large variable rate reverse repo (VRRR) auctions — including Rs 2.40 lakh crore (≈USD 29 billion) and an overnight Rs 75,026 crore (≈USD 9 billion) to drain excess liquidity.
- Benchmark 10-year government bond yields crossed 7.00% in September (first time in over two months), while ultra-long-dated securities such as the 2056 maturity were sold above 7.60%, underscoring investor demand for higher term premiums.
- Equity mutual funds attracted strong inflows of Rs 29,329 crore in August, while debt funds saw Rs 8,127 crore outflows, reflecting investor tilt toward equities amid tighter liquidity conditions.
- India's foreign-exchange reserves stood at USD 734.6 billion in the last week of September 2026, down sharply from the record high of USD 785.7 billion on September 4, 2026.

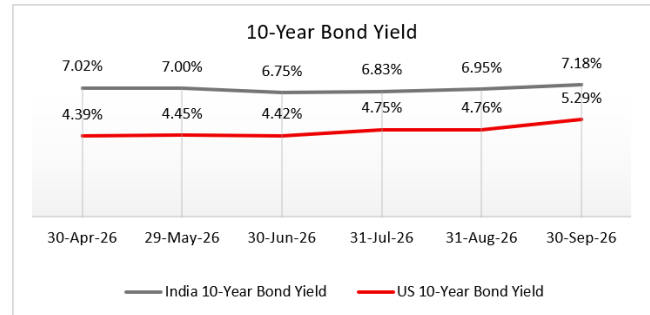
Indian Startups

- In Sept 2026, 86 Indian start-ups raised total funding of around USD 1354.80 million. There is an increase of 34% in fund-raising compared to Aug 2026.
- Electric Vehicle, Content Tech, Fin Tech, Space Tech and Renewable Energy were the major segments, securing USD 270 million, USD 190 million, USD 139 million, USD 111 million and USD 100 million respectively. Notably, USD 150 million in the Content Tech out of USD 190 million was raised by a single company, BRAHMA AI.

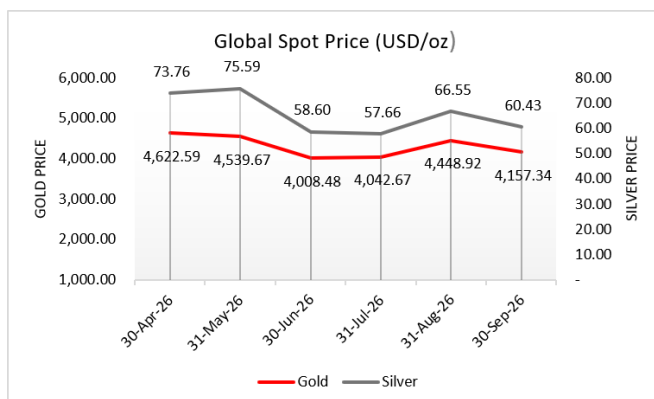
The last six months' trends in gold, silver, crude oil, bond yields, and exchange rates highlight evolving macroeconomic expectations and shifts in global risk sentiment. The charts below summarize these key trends.



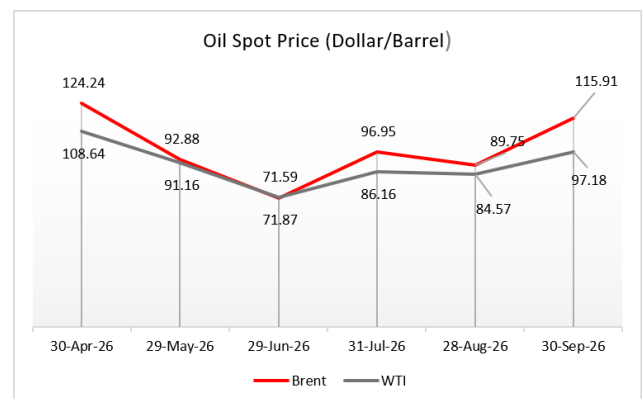
The rupee weakened modestly to 95.98 against the USD by September, while holding near 127 vs GBP. Stability against sterling contrasts with persistent dollar strength, reflecting global risk aversion and RBI's intervention.



India's 10-year yield climbed to 7.18% by end-September, while US yields surged to 5.29%. The widening spread highlights India's higher term premium and RBI's liquidity absorption, against the backdrop of global tightening.



Gold corrected to USD 4,157.34/oz and silver to USD 60.43/oz in September, down from mid-year highs. Volatility in precious metals underscores shifting safe-haven demand amid rising US yields and dollar strength.



Brent rebounded sharply to USD 115.91/bbl and WTI to USD 97.18/bbl by September, after mid-year lows. The spike reflects supply concerns from West Asia and renewed energy market volatility, adding pressure to India's import bill.

Recent geopolitical developments underscore how quickly market sentiment can shift in response to evolving trade dynamics and policy uncertainty. Such transitions often bring short-term volatility, but they can also create selective opportunities for disciplined capital allocation.

In the current environment, elevated yields in certain segments may, in our assessment, present a more attractive risk-reward balance and potential for current income. Identifying such opportunities requires a careful and measured approach, with emphasis on quality and resilience.

Our strategy remains anchored in capital preservation, prudent risk management, and long-term value creation. This communication is intended to provide general insights only and does not constitute any assurance, guarantee, or indication of returns.