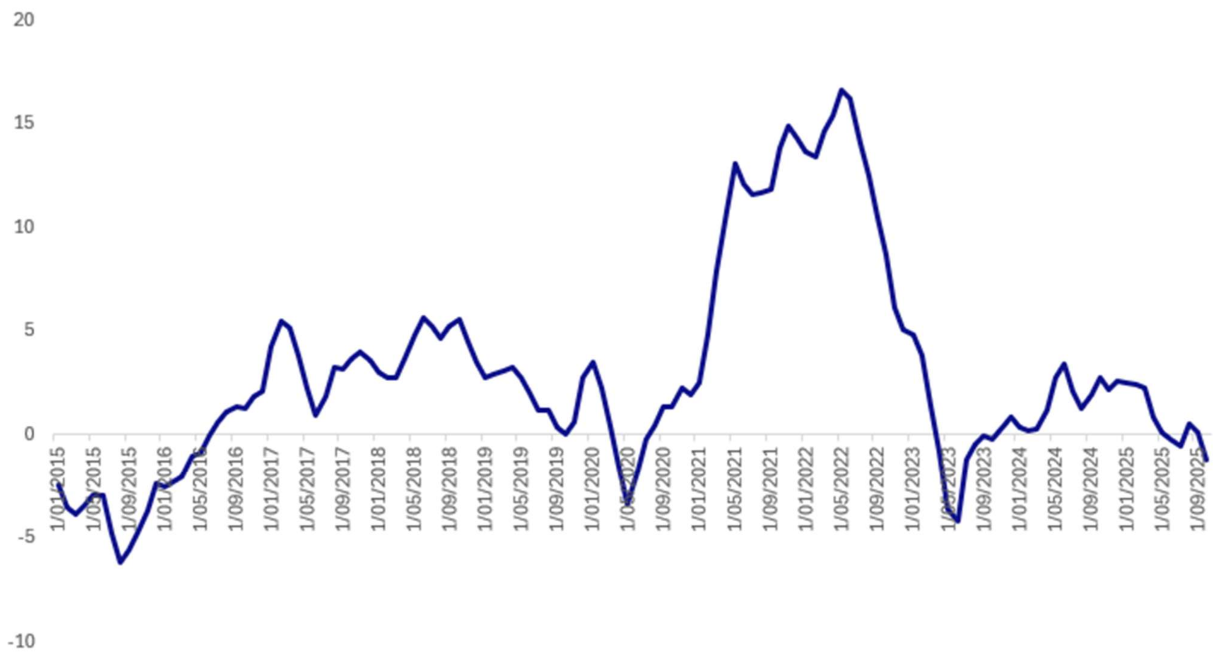
The Macro, Valuation, Sentiment and Technical Lens

Macro: India has a significant amount of data released this week starting with Wholesale Prices. India is flirting with deflation, and this saw wholesale prices slumping to -1.21% in October forecasts are for a decline -0.70% in November. Declining oil prices are weighing heavy on wholesale prices as are food prices which are down on good seasonal monsoon rains.

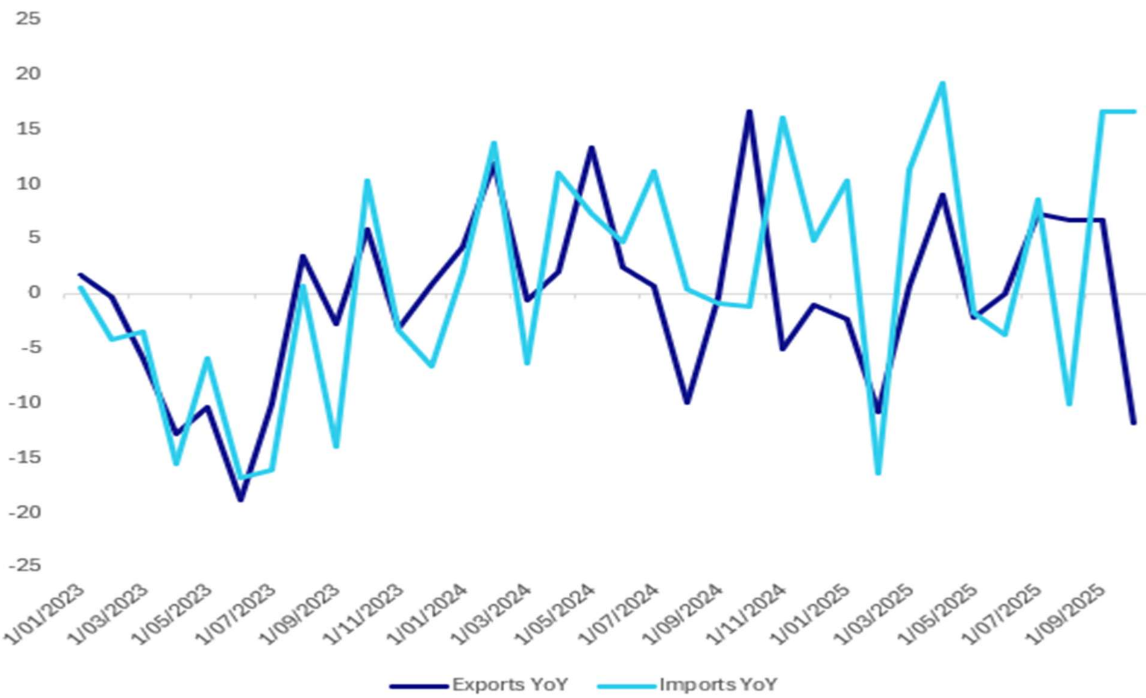
Fig 1: India Wholesale Prices YoY



source: Bloomberg Finance LP / MNI

November exports are also released and looking to bounce back from the worst monthly result in more than a year in October. October exports slumped -11.82% as the full effect of US tariffs starts to show up in the data. Imports however were very strong in October, up +16.6% as the new GST rate came into effect and gold imports soared. The resulting trade deficit was a new record, further pressuring a weak rupee.

Fig 2: India Exports and Imports YoY



source: Bloomberg Finance LP / MNI

India will release their preliminary PMIs for December with most focus on manufacturing. The export collapse in October could see a meaningful alignment of PMIs in manufacturing, which have remained incredibly robust in 2025.

Valuations: The NIFTY 50 may not have had the size of the gains of other tech heavy Asian bourses yet has delivered solid gains across 1, 3 and 6 months. It largely skipped the significant downdraft during the third week in November to be one of the best regional performers of the last month. The NIFTY 50 is looking fully priced from a P/E standpoint, near to full year valuations.

The Rupee remains where the full force of the trade war is being felt with declines of -0.474% last week, and of -1.9% over the last month. At 90.42 it is near all-time highs and given there is no decline in FX reserves suggests the RBI had not intervening aggressively. The Reserve Bank of India (RBI) is expected to continue intervening to manage volatility and cap sharp appreciation of the USD, but it is not defending any specific level. The outlook for the USDINR this week is a continued depreciation bias for the Indian Rupee, with onshore analysts anticipating the pair to trade within a range of 89.80 to 90.65.

Fig 2: NIFTY 50 Price to Earnings

NSE Nifty 50 Index Compare <Sec> Acct Consolidated Periodicity Annuals Cur FRC (INR)
1) Key Stats 2) Fundamentals 3) Custom 4) Shared
11) Highlights 12) Valuation 13) Profitability 14) Leverage & Liquidity 15) Market Data

	2021 Y	2022 Y	2023 Y	2024 Y	Current	2025 Y Est	2026 Y Est
12 Months Ending	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/14/2025	12/31/2025	12/31/2026
Valuation Metrics							
Price/Earnings	26.33	22.30	23.49	22.53	21.53	21.45	20.32
Price/Earnings before …	25.63	21.31	23.35	21.49	22.67	23.13	20.72
Price/Earnings before …	26.52	21.82	23.23	21.46	22.67		
Price/Book Value	3.54	3.36	3.65	3.52	3.53	3.36	2.95
EV/Sales	3.14	2.84	2.95	2.85	3.09		
EV/EBIT	20.44	18.13	19.02	18.11	18.57		
EV/EBITDA	14.27	13.83	14.64	15.28	14.73	14.43	13.06
Dividend Yield	1.20	1.33	1.33	1.30	1.28	1.45	1.48

Source: Bloomberg Finance LP / MNI

Sentiment: The equity market performance as indicator for sentiment, remains with moderately positive bias when compared to the returns of regional peers over the last month, and expectations for a trade deal with the US. The rupee weakness is the overhang and is anticipated to feed into inflation at a time when CPI is at lows. In the face of aggressive trade tactics from the US the Indian economy has held up very well, making investors feel quite positive. Local press continues to suggest that a trade deal is inching to completion though with signs that economic data may begin to decline from here, it will be a serious test to sentiment.

Technicals: The losses in the rupee in recent weeks sees USDINR reach overbought on the 14-day Relative Strength Index. Each time it has approached overbought in recent months, it has managed to pull back below over several trading sessions subsequent. The NIFTY 50 currently above all major

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technical support and likely to continue to trend lower on profit taking and following global leads. At 26,046 it sits just above the 20-day EMA of 25,959

Fig 3: USDINR 14-day Relative Strength Index Reaches Overbought with last week's moves

Source: Bloomberg Finance LP / MNI