

# MASHREQ GLOBAL DIGEST

## India

November 2 – November 8



This edition of Market Digest provides key updates on India’s macro, financial, and tech landscape — offering a clear snapshot of its economic momentum.

### Macroeconomic News

#### India’s GDP Growth Expected to Exceed 6.8% in FY26

India’s Chief Economic Adviser V. Anantha Nageswaran said the economy is expected to grow above 6.8% in FY26, supported by stronger consumer spending following Goods and Services Tax (GST) reductions and income tax relief. This projection exceeds the earlier 6.3–6.8% range in the Economic Survey. India’s GDP expanded 7.8% in Q1 FY26, led by agriculture, trade, and financial services, keeping it the world’s fastest-growing major economy ahead of China’s 5.2%. Nageswaran noted that a potential US–India trade deal could further boost growth. Radhika Rao, Executive Director and Senior Economist at DBS Bank, meanwhile, emphasized that India’s path to surpassing \$10 trillion in GDP by 2040 will hinge on the “4 Ds” — Development, Diversification, Digitalisation, and Decarbonisation — which form the backbone of the country’s long-term economic transformation.



Reference: [The Economic Times](#), [The Economic Times](#)

#### India’s Inflation Falls to 0.48% — Lowest in a Decade

India’s consumer inflation rate fell sharply to 0.48% in October, its lowest level in at least ten years, according to a Reuters poll. The drop was mainly due to a continued decline in food and vegetable prices and a high base effect from last year. Economists say the slowdown strengthens the case for the Reserve Bank of India to cut interest rates next month, even as GDP growth remains strong. However, they caution that unseasonal rainfall and recent import duty hikes on pulses could trigger a rebound in food prices in the coming months.

Reference: [Reuters](#)



#### India’s Forex Reserves Dip by \$5.6B on Gold Decline

India’s foreign exchange reserves fell by \$5.6 billion in the week ending October 31, led by a \$3.8 billion drop in gold holdings as global prices softened. Foreign currency assets also slipped by \$1.9 billion to \$564 billion, though overall reserves remain close to record highs. The fall reflects valuation effects rather than capital outflows, keeping India’s external position stable.

Reference: [Business Standard](#)



#### India’s Manufacturing and Services Growth Stay Resilient

India’s economy continued to expand in October, led by robust manufacturing and steady services activity. The HSBC Manufacturing PMI climbed to 59.2 from 57.7 in September — marking one of the fastest growth rates in five years — driven by strong domestic demand, higher output, and job creation, even as export growth eased. Meanwhile, the HSBC Services PMI slowed to 58.9 from 60.9, the weakest pace since May yet still indicating solid expansion. Business confidence remained firm and price pressures eased, underscoring that overall economic momentum remains healthy.

Reference: [Times of India](#), [Reuters](#)



#### India’s Auto Sales Jump 40% in October on Festive Demand

India’s vehicle sales soared 40.5% year-on-year in October, marking the highest-ever monthly total for the auto industry. Strong rural demand, GST cuts, and festive-season spending lifted both car and two-wheeler sales, signaling solid domestic consumption despite weaker exports. Analysts say this rebound shows how private spending—now over 60% of GDP—remains India’s key growth driver.

Reference: [CNBC](#)

### Financial News

#### Goldman Sachs Turns Bullish on the Rupee

Goldman Sachs has taken a financial markets view, advising clients to go long on the Indian rupee through option strategies. The bank expects the currency to appreciate by 1–2% if upcoming U.S. tariffs on Indian goods remain at or below 25%, citing progress in trade talks. Despite hovering near record lows, the rupee is seen gaining support from policy developments, while the RBI is expected to manage volatility and prevent sharp depreciation.

Reference: [Reuters](#)

#### HSBC Turns Bullish on Indian Assets

HSBC turned positive on India’s financial assets, calling equities, bonds, and the rupee attractive. The bank labeled Indian stocks a “good hedge” against the global AI rally, citing their relative value versus Chinese markets. It recommended an overweight position on equities, forecasting the BSE Sensex to reach 94,000 by end-2026 — a nearly 13% upside — and projected the 10-year bond yield to fall to 6.25% from 6.51%. HSBC also viewed the rupee favorably, supported by the RBI’s defense and improving domestic demand.

Reference: [Zawya](#)



Rise every day

Foreign Investors Return to Indian Markets



Foreign portfolio investors poured 146.1 billion Indian rupees (\$1.66 billion) into Indian equities in October — the highest in five months — led by strong interest in financial stocks, which accounted for over 90% of inflows. The rally lifted the Nifty 50 and Sensex by 4.5%, with state-owned banks surging 8.7%. Simultaneously, foreign holdings of Indian government bonds rose by 134 billion rupees (about \$1.5 billion), the largest increase since March, as investors positioned for potential rate cuts and attractive yield spreads — signaling renewed confidence in India’s economy.

Reference: [Reuters](#), [Reuters](#)

SBI Lifts Loan Growth Outlook to 12–14% for FY26

The State Bank of India increased its loan growth target for fiscal year 2026 to 12–14%, up from 11%, driven by the Reserve Bank of India’s new credit reforms and recent tax cuts aimed at boosting consumption. The bank reported a 10% rise in net profit to 201.6 billion Indian rupees (about \$2.29 billion) in the September quarter, supported by the sale of its Yes Bank stake. Lending momentum strengthened across retail and corporate segments, with a sharp increase in auto loans following the tax cuts — underscoring India’s ongoing credit recovery and robust domestic demand.

Reference: [Reuters](#)

India’s State Banks Plan \$1B Tier II Bond Issuance After SBI’s Success

Following the State Bank of India’s (SBI) successful 75 billion Indian rupee 10-year Tier II bond sale at a 6.93% coupon, several state-run lenders — including Punjab National Bank, Canara Bank, Bank of India, Indian Bank, and Indian Overseas Bank — are preparing to collectively raise about 90 billion Indian rupee (\$1.01 billion) through similar Basel III-compliant bonds by year-end. The move aims to strengthen capital adequacy ratios at low cost amid strong investor demand for fixed-income assets ahead of expected interest rate cuts. Analysts say Tier II bonds, especially those with five-year call options, are attractive for their yields and flexibility, while upcoming bond maturities at several banks are also driving new issuances.

Reference: [Reuters](#)

Tech News

Nvidia Expands AI Footprint in India

Nvidia is strengthening its presence in India by joining the \$2 billion India Deep Tech Alliance, supporting startups in AI, semiconductors, and robotics. The move aligns with India’s growing role as a global AI hub, supported by government initiatives such the 1 trillion Indian rupee (\$11.2 billion) R&D scheme and the 100 billion Indian rupee (\$1.1 billion) AI Mission. With the country set to host the AI Impact Summit in February 2026, India is positioning itself as a rising force in the global deep tech and AI ecosystem.

Reference: [CNBC](#)



Markets

Market Dashboard

- U.S. stocks retreated this week, with the S&P 500 posting a weekly drop after three consecutive weeks of gains, weighed down by technology sector losses and weak labor data. The Nasdaq fell sharply, led by a slide in tech shares amid concerns about inflated AI valuations, while the S&P 500 remains about 2.4% below its record high from late October. Caution grew as the federal government shutdown delayed key economic reports, leaving investors to rely on private data showing signs of a softening job market. Despite the pullback, over 82% of companies in the S&P 500 have reported stronger-than-expected Q3 earnings, helping to limit broader market declines.
- Bitcoin rebounded to around \$103,400 on Friday after briefly falling below \$100,000 earlier in the week, which had pushed it into bear-market territory. The decline came as investors trimmed risk amid global market weakness and concerns over U.S. economic uncertainty. Despite the late-week bounce, the token remains about 18% below its October record high, reflecting a cautious tone among investors after weeks of volatility across the crypto market.
- Gold remained broadly flat around \$4,000 per ounce this week, as opposing forces kept prices in balance. Safe-haven demand—driven by concerns over the prolonged U.S. government shutdown—provided some support. However, gains were capped by muted physical demand in India, where volatile prices kept buyers cautious. Investors are also closely watching the Federal Reserve’s next move, with markets now pricing a 66% chance of a rate cut in December, which could offer medium-term support for bullion. Overall, gold held steady after recent volatility, reflecting a cautious investor mood.
- Oil prices ended the week lower, with Brent closing at \$63.63 per barrel and WTI at \$59.75, down about 2% for the week. Early losses came as U.S. crude inventories rose and flight cuts during the government shutdown reduced jet fuel demand. However, prices rebounded late in the session on hopes that a U.S.–Hungary meeting could lead to easing sanctions on Russian energy firms, which investors interpreted as a sign of geopolitical stability and smoother global oil trade, rather than an immediate oversupply risk. Meanwhile, OPEC+ confirmed plans to raise output slightly in December but paused further increases for early 2026, reflecting caution amid signs of oversupply. Overall, oil prices fluctuated between geopolitical hopes and demand uncertainty.
- The U.S. dollar ended the week slightly lower, easing against most major currencies as investors awaited U.S. jobs data and weighed prospects for further fiscal stimulus. The euro slipped against the dollar as traders took profits after its recent rally, while political uncertainty in Washington kept market sentiment cautious.

| Indicators | 31-Oct-25  | 7-Nov-25   | % Change |
|------------|------------|------------|----------|
| S&P 500    | 6,840.20   | 6,728.80   | -1.63%   |
| Bitcoin    | 109,556.16 | 103,372.41 | -5.64%   |
| Gold       | 4,002.28   | 3,999.72   | -0.06%   |
| Crude Oil  | 65.07      | 63.63      | -2.21%   |
| EUR/USD    | 1.1572     | 1.1549     | -0.20%   |