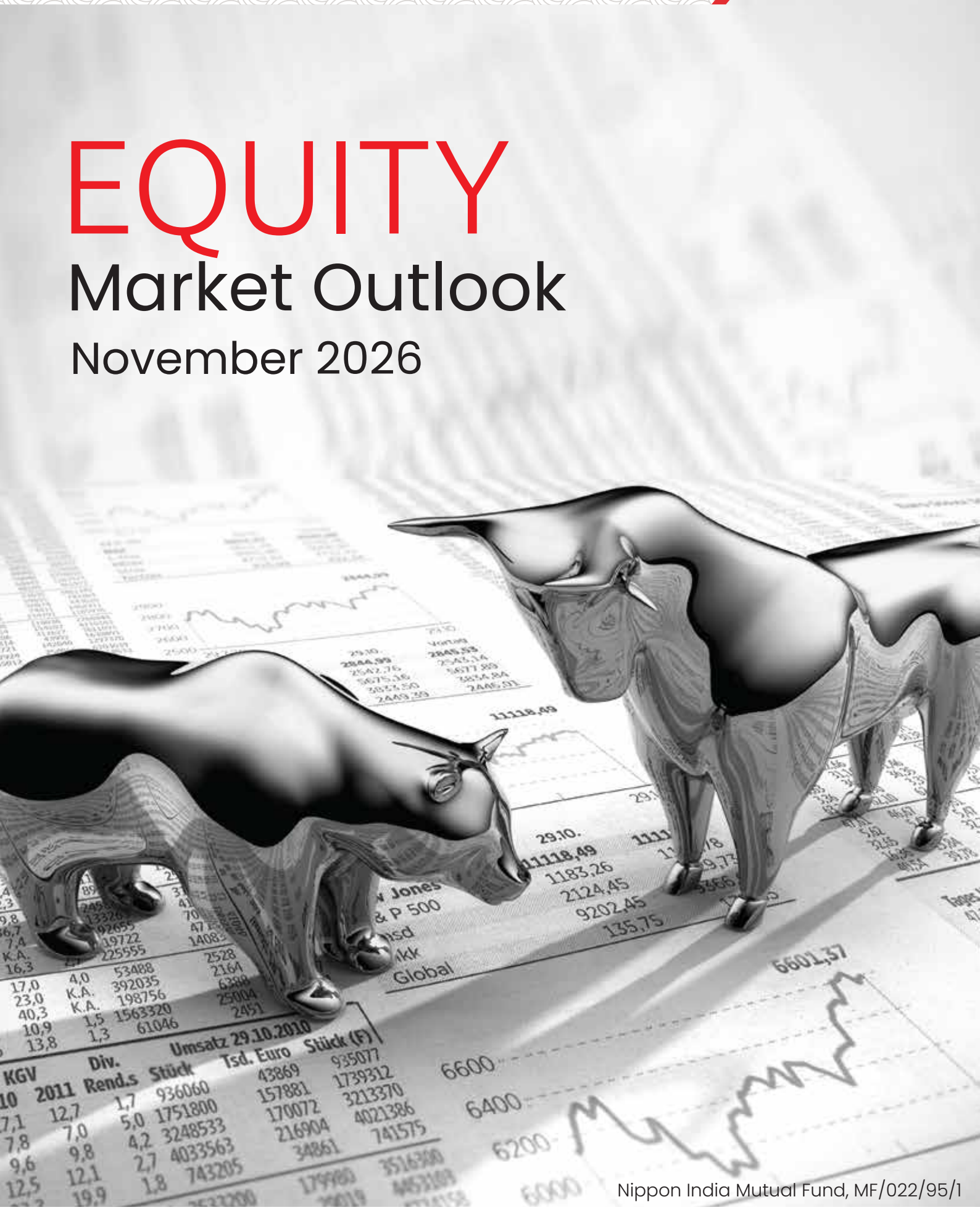
Nippon India Mutual Fund

Wealth sets you free

EQUITY

Market Outlook

November 2026



Nippon India Mutual Fund, MF/022/95/1

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Macro and Equity Market Outlook

GLOBAL MACRO & MARKETS

India's NSE NIFTY 50 Index ended the month of October 2026 in green (+1.9%). Among major global indices, the Japanese NIKKEI (-5.2%), Morgan Stanley Capital International (MSCI) World (-0.8%), the Euro 50 (-2.20%) and the S&P 500 (-0.9%) ended the month of October 2026 with negative returns. Performance was negative among Emerging Market (EM) indices in October 2026, with the MSCI EM, Hang Seng, BOVESPA Brazil recording returns of (-8.1%), (-5.4%), and (-9.9%) respectively.

The London Metals Exchange (LME) Metals Index was down (-2.2%) in October 2026. West Texas Intermediate (WTI) in green MoM, by (+15.2%) and Brent Crude positive MoM, by (+13.6%), respectively, as markets remained cautious given geopolitical uncertainty.

The Dollar Index climbed by (+0.4%), through October 2026, with the US Dollar (USD) is depreciating vis-à-vis Emerging Market (EM) currencies (-1.1%) and appreciating marginally against the Indian Rupee (INR) on the spot market (0.9%). Bond yields moved upwards, with India's 10Y G-Sec yields gained by 22 bps, while US 10Y G-Sec yields decline by 36 bps, and the German Bund yield decline by -26 bps, with rates settling at 7.41%, 4.92% and 3.32%, respectively.

Domestic Macro & Markets

The BSE SENSEX climbed up (+2.7%) in October 2026, in line with the NSE NIFTY Index. The BSE Mid-cap index & the BSE Small-Cap index, falling by (-3.9%) & (-7.7%) respectively, over the month of October 2026, respectively. Most sectoral indices ended lower except IT and Pharma. IT was the best performing sector (+17.7%) followed by Media (+3.0%), PSU banks (+2.7%), Pharma (+2.6%). Metal was lowest with (-7.7%).

Net Foreign Institutional Investors (FII) flows into equities were negative for October 2026 at (-$ 4 Bn), following (-$4.1 Bn) in September 2026. Domestic Institutional Investors (DIIs) remained net buyers of Indian equities for the 39th consecutive month with flows of (+$6.5) Bn in October 2026 compared to (+8.0Bn) in September 2026.



Purchasing Managers' Index Manufacturing PMI:

India's Manufacturing PMI fell to 54.7 in October 2026 from 55.1 in September, revised slightly down from a preliminary estimate of 54.9, indicating that factory activity continued to expand, although at a slower pace. Growth in new orders moderated from September's seven-month high, while output expansion also softened. However, export order growth accelerated to its fastest pace in six months, supported by stronger demand from a broad range of overseas markets.

Goods and Services Tax (GST) Collection:

Gross collections of INR 2.31 Tn (+22.9 % YoY) in October 2026 the Gross Domestic Revenue stood at Rs 1.59 lakh crore, rose (+15.8% YoY), while Gross Import Revenue stood at Rs 0.722 lakh crore, marking a sharp rise of (+42.2% YoY) during the month.

Core Sector Production:

The index of eight core sector industries grew moderately (+7.9% YoY) in September 2026, against a (+5.9% YoY) growth in August 2026.. The production of Iron Ore, Electricity, Coal, Cement and Steel recorded growth in September 2026 by (+18.4% YoY), (+11.4% YoY), (+10.7% YoY), (+10.3% YoY), (+9.8% YoY) and (+4.9% YoY) respectively. Factory output growth as measured by the Index of Industrial Production (IIP) grew YoY by (+6.7%) in September 2026, vs a growth of (+7.8%) YoY in August 2026. The growth rates of the sectors, Mining & Quarrying, Manufacturing, Electricity & Gas Supply and Water Supply, Sewerage & Waste Management for the month of September 2026 are (- 6.2%), (+7.6 %) and (+5.8 %) respectively.

Credit growth:

Scheduled Commercial Bank Credit growth in October 2026 stood at (+18.4 %) YoY vs (+18.1%) YoY in September 2026. Agriculture and allied activities credit in September 2026 grew by (+19.5%) YoY, while industrial sector credit grew by (+19.5%) YoY, the services sector credit grew by (+28.3%) YoY.

Inflation:

For September 2026, the Consumer Price Index (CPI) inflation rate rose YoY to (+5.5%), up from (+4.8%) in August 2026. Food inflation accelerated further to (+7.7%) YoY, compared with (+5.9%) in August. The Wholesale Price Index (WPI) inflation in September 2026 was at around (+11.4%) YoY, compared with (+9.9%) YoY in August 2026.

Trade Deficit:

Indian merchandise exports increased by (+23.0%) YoY to $44.0 billion in September 2026, compared with $36.08 billion in September 2025. Merchandise imports rose at a slower (+8.0%) YoY pace to $74.61 billion, versus $69.08 billion a year earlier. Consequently, India's merchandise trade deficit narrowed to $30.21 billion in September 2026, from around $33.0 billion in September 2025 and $26.86 billion in August 2026.

Market View

- Macro conditions remained challenging in Oct'26. Elevated crude oil prices, higher interest rates and geopolitical uncertainties continue to create a difficult environment for risk assets.

- Geopolitical developments remain the dominant risk factor, contributing to a higher global cost of capital. Elevated bond yields across major economies continue to limit valuation expansion and pose a headwind for equities.

- Crude oil remains the most important macro variable for India. Given the country's dependence on energy imports, sustained higher crude prices could adversely affect both the currency and corporate profitability. If current levels persist for the next few quarters, margin pressures could emerge across several sectors, potentially affecting earnings expectations.

- Despite these challenges, corporate fundamentals have remained resilient. Revenue growth and earnings growth have moved back into double-digit territory, reflecting improving business momentum.

- As the favourable base effect from GST-related changes fades, earnings growth could moderate. Persistent energy-led inflation may further pressure profitability and demand conditions.

- Domestic flows seem to continue to provide important support to equities. While SIP* [P1.1]inflows remain healthy, relatively muted returns from recent SIP vintages suggest investor behaviour and flow trends may be monitored closely if market weakness persists.

- Valuations have become more reasonable following the market's time correction. Large-cap segment offers potentially better valuation comfort than in recent years, although earnings delivery may remain critical.

- Overall, while near-term market performance may continue to be influenced by crude oil prices, geopolitical developments and elevated global interest rates. Improving earnings, resilient domestic flows and more reasonable valuations may provide a constructive backdrop. We remain constructive on Indian equities from a medium- to long-term perspective.

- Asset allocation in line with the risk appetite of the investor is an important tool to navigate any unanticipated volatility. Accordingly, Large Cap & Large Cap oriented diversified strategies along with hybrid funds might appear to be better placed on risk-reward basis, while Mid/Small cap allocation may be considered in a staggered manner through systematic investment with a long-term view.

*SIP stands for Systematic Investment Plan, wherein you can regularly invest a fixed amount at periodical intervals and aim for benefits over a period of time through the power of compounding.

Events in November 2026

Domestic Macro Data: September CPI inflation is due on November 12 and September WPI inflation on November 16. These releases might shape expectations for the inflation trajectory, wholesale price pressures, and the RBI's policy stance ahead of its December MPC meeting.

RBI and Liquidity: The next RBI MPC meeting is scheduled for December 2–4, with the policy decision due on December 4. During November, attention will remain on liquidity conditions, government borrowing, bank credit and deposit growth, and evolving inflation expectations.

Global Cues:

US Federal Open Market Committee FOMC[P2.1] decisions, crude-oil prices, US bond yields, the US dollar, and major technology earnings will remain important for FII flows, IT-sector sentiment, and Indian bond markets.

Elections: US: The US midterms on November 3 might be the most consequential global event for markets, given their implications for US policy, bond yields, the dollar, and risk appetite.

Monthly Performance for Key Indices:

INDEX	2023	2024	2025	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26
MSCI WORLD	21.8%	17.0%	19.5%	9.4%	4.4%	-0.8%	0.5%	2.5%	-1.3%	-0.8%
S&P 500 (US Markets)	24.2%	23.3%	16.4%	10.4%	5.1%	-1.1%	-0.1%	2.6%	-0.5%	-0.9%
EURO 50	19.2%	8.3%	18.3%	5.6%	2.9%	4.6%	0.5%	1.0%	-2.4%	-2.2%
MSCI EM	7.0%	5.1%	30.5%	14.5%	9.5%	-1.7%	-3.3%	3.2%	-0.8%	-8.1%
HANG SENG	-13.8%	17.7%	27.8%	4.0%	-2.3%	-9.1%	13.1%	-1.2%	-3.7%	-5.4%
NIFTY 50 INDIA	20.0%	8.8%	10.1%	7.5%	-1.9%	1.4%	2.2%	-1.2%	-6.1%	1.9%
LMEX LONDON METALS INDEX	-5.6%	3.8%	30.5%	4.5%	5.3%	-6.0%	3.7%	3.1%	-0.7%	-2.2%
BRENT	-10.3%	-3.1%	-18.5%	-3.7%	-19.3%	-20.8%	23.6%	0.4%	14.4%	13.6%
DOLLAR INDEX SPOT	-2.1%	7.1%	-9.4%	-1.9%	0.9%	2.3%	-1.3%	-0.5%	2.0%	0.4%
BSE SENSEX	18.7%	8.2%	8.6%	6.9%	-2.8%	2.3%	2.1%	-1.5%	-5.8%	2.7%
BSE MIDCAP	40.8%	25.8%	2.4%	12.7%	2.5%	1.1%	2.1%	1.6%	-6.6%	-3.9%
BSE SMALLCAP	47.5%	29.3%	-7.6%	19.6%	2.5%	5.3%	0.5%	4.3%	-1.8%	-7.7%
USDINR	0.6%	2.9%	4.9%	0.1%	0.1%	-0.4%	0.8%	-0.2%	0.7%	-0.9%

Source: NIMF Research, Bloomberg, RBI
Note: Market scenarios are not reliable indicators for current or future performance. The same should not be construed as investment advice or as any research report/research recommendation.
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