

## What's top of investors' minds?

### India is still likely to cut policy interest rates

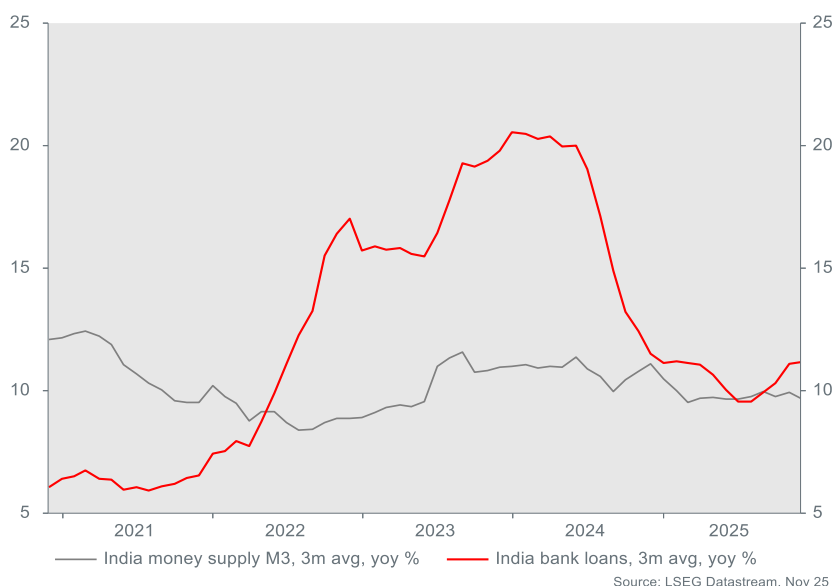
Last week, India's government reported that GDP grew at an astonishing 8.2%yoy in Q3. This was well above consensus forecasts, in part because it does not gel with the weak high frequency macro data, corporate earnings, soft property prices, and the fall in India's PMI in Q3. To be sure, the large 4.1pp contribution to GDP growth arising from 'statistical discrepancy' perhaps explains the data conflict and may reflect measurement issues due to the recent collapse in India's inflation to a 45-year low of 0.3%yoy.

Against this background, **we continue to expect the Reserve Bank of India (RBI) to cut its policy rate** by 25bps to 5.25% despite the reported booming GDP growth. We think the discrepancies and potential measurement issues we noted above will allow the RBI to focus on inflation being well below its target of 4% and even below the floor of its tolerance band of 2% - 6%.

**If the RBI cuts, it should be a positive surprise for equities** given that markets are currently pricing in just over a 30% chance of such a move. The RBI may temper the impact of any cut with a cautious outlook and a shift in its policy stance back to neutral, as it did in July. Markets will focus on the RBI's projections for GDP growth and particularly inflation in pricing the chance of further cuts.

We expect any rate cut to accelerate the recovery in loan growth to 11.2%yoy in November from a low of 9.5%yoy in July. The RBI's 100bps of cuts so far this year, combined with recent tax cuts should facilitate a recovery in the autos, finance, and consumer durable sectors, as well as some aspects of real estate.

### Policy rate cuts appear to be stimulating loan growth



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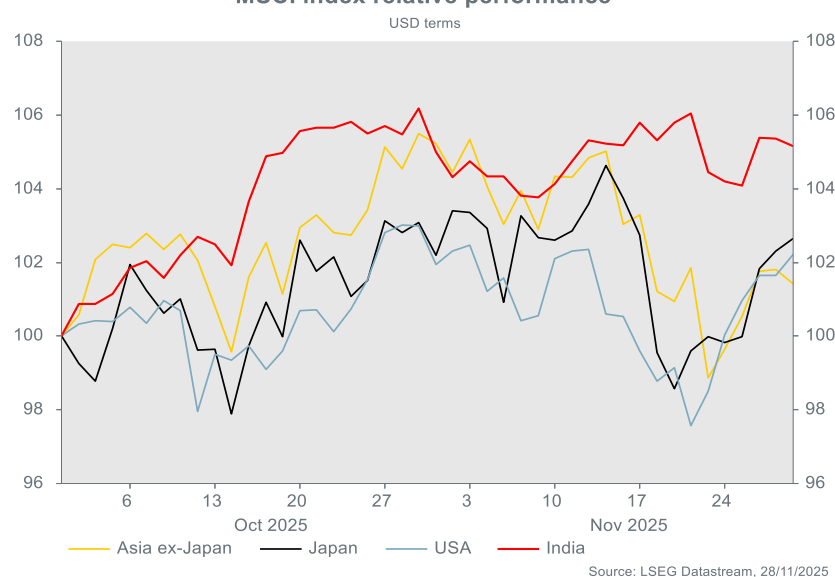
**This nascent transmission of policy easing is increasingly feeding into equity earnings expectations and performance.** The chart below shows that consensus forecasts for MSCI India earnings growth over the next year has risen to almost 15%. Linked to this, India has begun outperforming other markets since the end of Q3. India's still high valuations will likely constrain the ability of the broad indexes to sustain large outperformance of the region, but the **expected recovery in domestic demand growth should provide attractive opportunities in selected sectors and companies.**

### Earnings growth expectations for India are rising



### India has begun to outperform

MSCI index relative performance

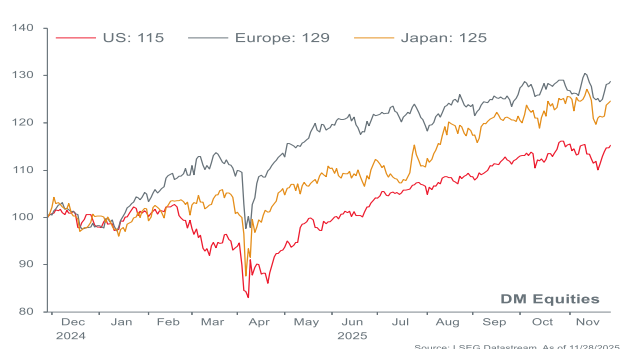
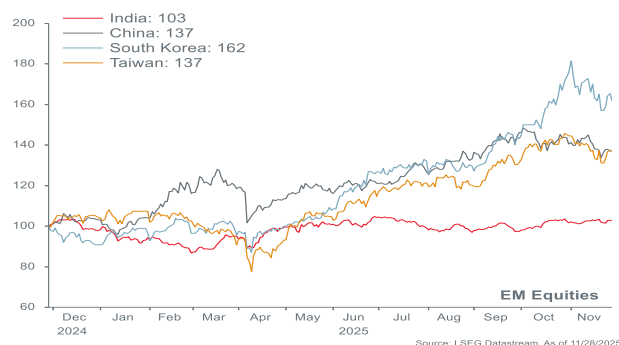
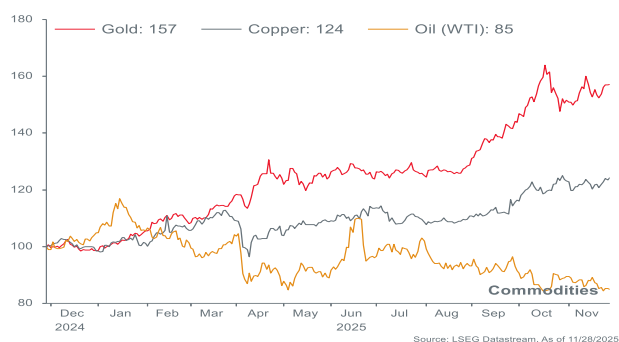
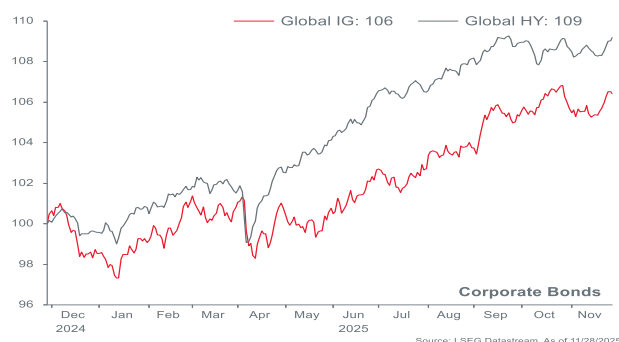
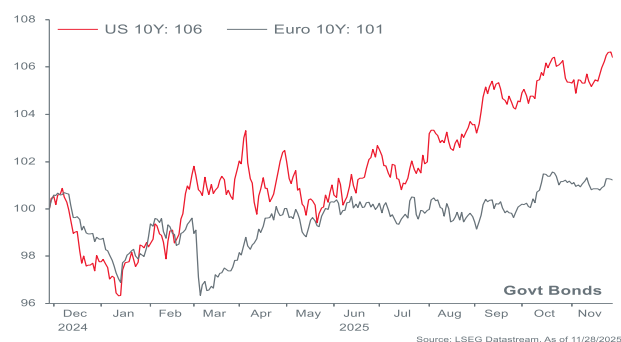
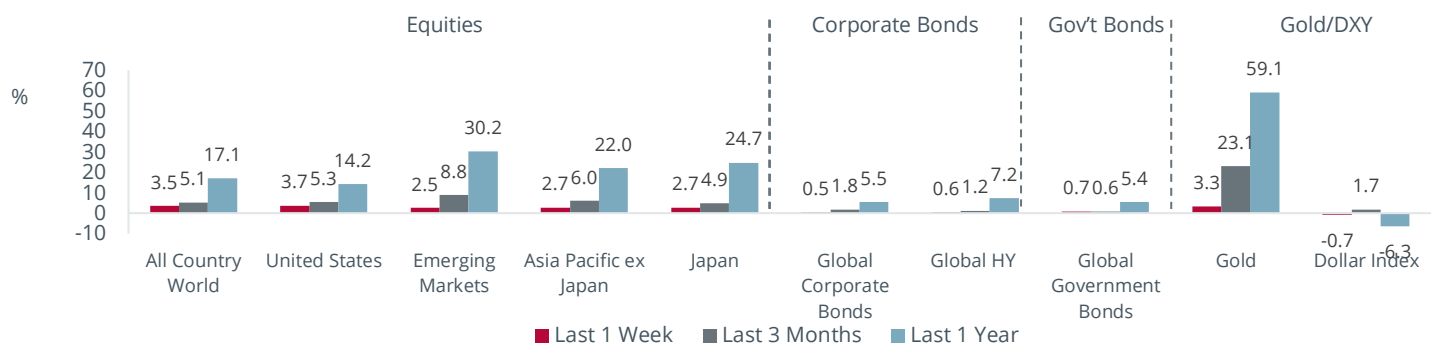


## Market Review

Equity markets posted weekly gains during a shortened U.S. holiday week, amid increasing expectations of a Federal Reserve rate cut in December. During the week, global equities, as proxied by the MSCI ACWI Index, returned 3.5% overall. In the US, the S&P 500 gained 3.7%, while the tech-heavy Nasdaq posted 4.9%. Elsewhere, emerging markets and the Asia Pacific ex-Japan region returned 2.5% and 2.7%, respectively, both in USD terms.

In fixed income markets, dovish Fed statements led to generally lower yields across US Treasuries during the week. US aggregate bonds and US Treasuries markets both delivered modest positive returns, rising by 0.4% and 0.3%, respectively. Global sovereign bonds, as proxied by the FTSE World Government Bond Index, registered a 0.7% gain, outperforming both global corporate and global high yield bonds, which returned 0.5% and 0.6%, respectively. The US dollar (DXY) declined by -0.7% during the week, while gold, which is a non-yielding asset, climbed by 3.3%, benefitting from rising Fed rate cut expectations for December.

## Asset Performances



Market Data

Government Bonds	Close	1 week change (%)	1 month change (%)	3 month change (%)	1 year change (%)	YTD change (%)	52 week high	52 week low
US Treasury Yield (%)								
10 Year	4.02	-1.08	0.90	-4.47	-5.26	-12.19	4.81	3.95
10 Year Bond Yield (%)								
Japan	1.81	1.23	9.98	11.54	71.44	65.63	1.82	1.04
China	1.83	0.60	3.33	2.58	-10.11	9.05	2.05	1.61
Australia	4.53	1.45	8.47	5.47	3.52	3.80	4.65	4.10
Singapore	2.12	5.01	15.44	16.65	-24.37	-26.04	3.09	1.75
Malaysia	3.47	0.99	-0.23	2.27	-9.39	-9.08	3.85	3.36
Indonesia	6.31	1.76	5.23	0.19	-8.53	-10.08	7.30	5.92
	Close	1 week change (%)	1 month change (%)	3 month change (%)	1 year change (%)	YTD change (%)	52 week high	52 week low
Bond Indices								
Bloomberg Global Aggregate USD	95.19	0.18	-0.47	0.71	0.61	1.53	95.66	92.65
Bloomberg U.S. Aggregate USD	94.50	0.30	-0.44	1.38	2.84	4.50	94.92	89.27
Equity Indices	Close	1 week change (%)	1 month change (%)	3 month change (%)	1 year change (%)	YTD change (%)	52 week high	52 week low
World								
MSCI AC World Index (USD)	1,005.14	3.54	-0.83	5.10	17.11	19.47	1,014.42	742.96
North America								
US S&P 500 Index	6,849.09	3.73	-0.61	5.34	14.18	16.45	6,920.34	4,835.04
US Nasdaq Composite Index	23,365.69	4.91	-1.94	7.65	22.59	21.00	24,019.99	14,784.03
Europe								
MSCI Europe	2,545.05	3.38	-0.36	3.56	24.75	27.07	2,581.82	1,976.06
Asia Pacific								
MSCI Asia Pacific ex Japan	703.38	2.69	-3.41	5.96	21.96	23.53	733.24	513.60
Japan Nikkei 225	50,253.91	3.35	0.07	17.34	31.04	25.97	52,636.87	30,792.74
Shanghai Stock Exchange Composite	3,888.60	1.40	-2.50	1.17	17.99	16.02	4,034.08	3,040.69
Hong Kong Hang Seng	25,858.89	2.53	-1.85	3.44	33.52	28.91	27,381.84	18,671.49
Taiwan TAIEX	27,626.48	4.51	-1.15	13.99	23.89	19.93	28,554.61	17,306.97
Korea KOSPI	3,926.59	1.90	-2.09	22.85	56.77	63.64	4,226.75	2,284.72
India NIFTY 50	26,202.95	0.52	1.03	6.95	9.57	10.82	26,310.45	21,743.65
Australia Stock Exchange 200	8,614.10	2.35	-4.42	-4.07	2.01	5.58	9,115.20	7,169.20
Indonesia Jakarta Composite	8,508.71	1.12	5.14	7.00	18.17	20.18	8,622.27	5,882.61
Thailand SET	1,256.69	0.18	-4.38	0.53	-12.00	-10.25	1,457.71	1,053.79
Malaysia FTSE Bursa KLSE	1,604.47	-0.81	-0.56	1.10	0.44	-2.31	1,658.73	1,386.63
Philippines Stock Exchange PSE	6,022.24	0.42	1.16	-2.71	-9.28	-7.76	6,771.92	5,584.35
Singapore FTSE Straits Times Index	4,523.96	1.23	1.65	6.35	21.05	19.44	4,575.91	3,372.38
Currencies (vs USD)	Latest	1 week Change	1 Month Ago	3 Months ago	1 Year Ago	YTD	52 week high	52 week low
Developed Markets								
EUR	-	0.73	-0.47	-0.74	9.87	12.00	1.19	1.02
GBP	-0.02	1.08	-0.26	-2.04	4.33	5.79	1.37	1.22
CHF	-0.11	-0.58	1.34	0.31	-8.96	-11.41	0.92	0.79
JPY	-0.10	-0.15	2.66	6.28	3.04	-0.66	158.35	140.85
Asia								
CNY	-0.06	-0.44	-0.34	-0.78	-2.33	-3.07	7.35	7.08
HKD	0.08	0.05	0.21	-0.10	0.03	0.23	7.85	7.75
INR	0.01	-0.29	1.29	2.05	5.81	4.44	89.61	84.27
MYR	-	-0.39	-1.55	-1.99	-7.07	-7.56	4.51	4.13
KRW	0.36	-0.14	2.52	5.93	5.29	-0.63	1,485.83	1,352.45
SGD	-0.07	-0.79	0.17	1.06	-3.45	-5.09	1.37	1.27
TWD	0.29	0.12	2.75	2.95	-3.61	-4.29	33.25	28.90
IDR	0.09	-0.24	0.30	1.90	4.95	3.48	16,865.00	15,840.00

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## Sources

**Asset performances: (bar charts)** Eastspring Investments, Refinitiv, as at 01 December 2025. Equities: using MSCI indices in USD, United States is using the S&P 500. Corporate Bonds: using ICE BofA indices in USD. Government Bonds: using the FTSE Global Sovereign Bond index, in USD. Gold is London Bullion Market US Dollar per Metric Tonne. DXY is US Dollar Index. **(line charts)** Eastspring Investments, Refinitiv, as at the end of the prior week, rebased to 100 as at 1 year ago. Equities: MSCI indices, in USD. Corporate Bonds: using Bloomberg indices in USD. Government Bonds: using ICE BofA US 10 Year US Treasury and ICE BofA 7-10 Year Euro Government indices. Commodities: Gold is London Bullion Market US Dollar per Metric Tonne Ounce. Copper is LME Copper Grade A Cash US Dollar per Metric Tonne. Oil is Crude Oil WTI Spot Cushing US Dollar per Barrel. US Dollar is US Dollar Index.

**Market data:** Eastspring Investments, Refinitiv, as at 01 December 2025. Equities: MSCI indices in USD, other indices in local currency. Other indices or assets as stated. Please note that there are limitations to the use of such indices as proxies for the past performance in the respective asset classes/sector. The historical performance or forecast presented in this slide is not indicative of and should not be construed as being indicative of or otherwise used as a proxy for the future or likely performance of the Fund.



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