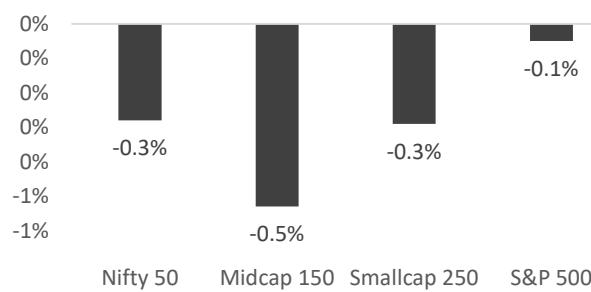


Headline Indices Hold, Broader Market Lags

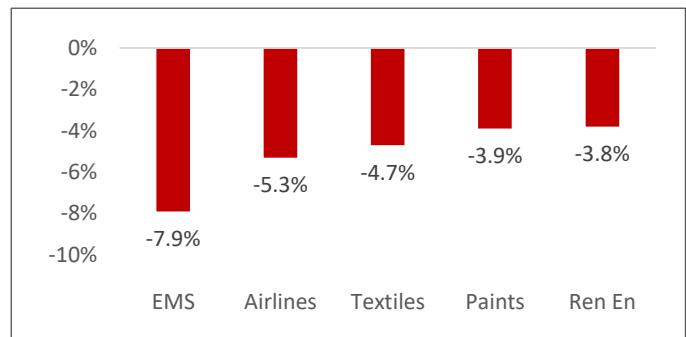
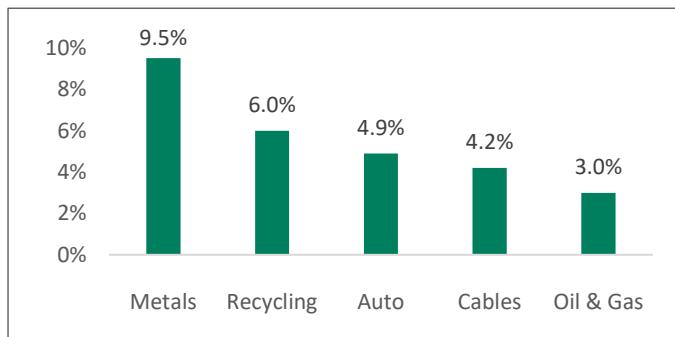
Dec'25

The divergence between large/mid-caps and microcaps seen over the past few months persisted through December. The Nifty 50 and Midcap 150 indices closed just below their peaks from Q3 last year, implying near zero returns over the past five quarters. In contrast, Smallcap 250 and Microcap 250 closed 10% and 15% below their respective previous highs. Drawdowns seen in individual portfolios are therefore not necessarily reflected in the leading indices. The silver lining is that both fiscal (tax cuts) and monetary (rate cuts) stimuli have been applied and growth projections for the Indian economy are robust; these raise hopes for an earnings-led market upswing.



- Leading indices remained rangebound this month and closed below their previous peak
- There was pain in the microcap space, the index itself was down 2.5%
- Stellar moves in precious and base metals; gold rose by 76% and silver by 172% this calendar year
- Eyes now on possible trade deal and Q3 earnings updates

Sectoral trends this month: Leaders and Laggards



Charts depict the monthly average return for a stock in respective sectors

- Given the steep rise in prices of base metals, an upswing in metal and mining stocks was expected; this included stocks related to copper, aluminum and iron & steel
- Auto sector continued to be a good performer, the post GST effect hasn't faded yet
- Indigo fiasco weighed in on the stock; EMS stocks (particularly Keynes) were down as well

Chart of the month



- Parabolic rise in silver in the last quarter; silver prices breached previous highs made in 1980 and 2011
- Prices have risen for most precious and base metals this year
- Tailwinds for metals (industrial demand and weakening dollar) could continue; but difficult to say how much is priced in