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SMART INVESTING

Insurers Asked Not to Air Misleading Ads on Claims

RECORD CLOSE Easing of margin pressure and modest valuations seen as factors behind the momentum ● Foreign investors also said to be no longer negative on BFSI space

Bank Nifty Tops 59,000 for First Time, and Can Rise Some More

Our Bureau

Mumbai: Bank Nifty crossed the 59,000-mark for the first time and closed at a record high on Wednesday, as investor optimism in banking stocks strengthened on expectations that earnings pressure from the interest rate cut cycle has bottomed out and valuations remain relatively modest compared to other sectors.

The index ended 0.5% higher at an all-time closing high of 59,216, while the benchmark Nifty advanced 0.6% to 26,052.

"The momentum in banking stocks is expected to continue, with modest gains likely as valuations remain reasonable," said Pankaj Pandey, head of retail research, ICICI Direct.

Out of the 12 stocks in the index, 10 advanced and two declined. Punjab National Bank gained 2.4%, while Bank of Baroda and Canara Bank rose 1.8% and 0.9%, respectively.

Fund managers said the pressure on profitability is easing.

"The worst of the margin pressure is behind us, and the margins are anticipated to remain stable (unless there are further rate cuts) in the near term after a few quarters of decline," said Christy Mathai, fund manager, Quantum Mutual Fund.

In the past month, the Bank Nifty gained 2.6%, compared with a 1.3% rise in the benchmark Nifty. So far in 2025, Bank Nifty is up 16%, versus a 9.7% gain in the Nifty.

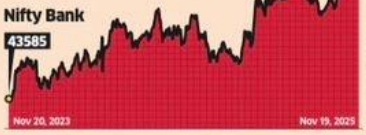
"Foreign investors are no longer negative on the BFSI space as banking stocks displayed improved profitability and relatively lower margin compression," said Pankaj Pandey, head of Retail Research, ICICI Direct.

The Nifty Private Bank and Nifty PSU Bank indices gained 0.3% and 1.2%, respectively, on Wednesday.

Pandey added that the asset quality and growth of PSU banks are now at par with private peers and that improving return ratios leave room for a re-rating.

"Although the entire banking pack witnessed low growth, the margin stability for PSU Banks positively surprised investors," said Mathai.

SO FAR IN 2025, Bank Nifty is up 16%, versus a 9.7% gain in Nifty 50



CITE LOW INFLATION PRINT IN MEETINGS

Economists Back a Dec Rate Cut, RBI has Much to Ponder

A repo rate cut now would boost growth without impacting inflation, they feel

Rozebud Gonsalves

Mumbai: Several economists, citing record low consumer inflation, have urged the Reserve Bank of India (RBI) to consider reducing policy rates in the upcoming December assessment. They conveyed this view during the two-day pre-review consultations that concluded on Wednesday.

A cut in the repo rate now would boost growth in the months to come without impacting inflation, economists said. They expect Asia's No. 2 economy to expand 6.8% to 7%, while consumer inflation is expected to to be in the range of 1.8% to 2% this fiscal year.

For FY27, estimates show the GDP would expand 6.5% to 7%, while inflation is likely at 3.5-4%.

Multiple meetings, held on Tuesday and Wednesday, were attended by deputy governor Poonam Gupta and Indranil Bhattacharyya, executive director, in charge of the monetary policy department.

"Empirical evidence suggests that missed easing cycles have a more damaging impact than easing early. Hence, expected loss from easing is lower than expected loss from non-easing, underscoring the asymmetries in policy error costs. Thus, a cut now would minimize expected loss," Soumya Kanti Ghosh, chief economic adviser, State Bank of India Group, said in a report this week.

SBI chairman CS Setty said in the post-earnings result conference that the SBI house view did not foresee a cut until March.

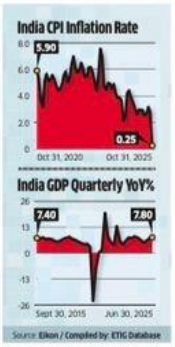
However, record low retail inflation in October at 0.25%, driven by falling food prices and GST rationalisation have prompted economists to pencil in a cut in the December policy.

"A rate cut will push growth higher from where it is now, without having a major impact on inflation. We are expecting a cut because of very low inflation and conveyed this in the meeting," said an economist who attended the pre-policy consultation.

GROWTH-INFLATION DYNAMICS

The record low inflation print in October is likely to prompt RBI to revise its inflation downwards and revise its growth forecast upwards, said economists. At the same time, uncertainty surrounding a pending trade agreement with the US is complicating the central bank's policy calculus.

"The mix of inflation undershoot, and growth overshoot complicates the case for a cut in December. Plus, there is a pending trade deal," said an economist on the condition of anonymity.



ETPrime

Reform vs. monopoly

India's gas sector is facing an unprecedented clash between regulator PNGRB and state-run GAIL after an expert committee proposed major reforms to create a transparent, competitive gas market. The report recommends a neutral system operator, unified tariffs, flexible LNG contracts, real-time capacity data, wider pipeline reach, and biogas regulation. GAIL's dissent argues that these measures threaten its commercial position and raise legal concerns. The committee counters that the reforms protect consumers, curb monopolies, and are essential for cheaper, cleaner energy nationwide. ***Prashant Mukherjee reports.***

Buffett skips AI

Warren Buffett is avoiding today's AI-driven market boom, with Berkshire Hathaway sitting on a record USD382 billion in cash as valuations of US tech giants soar to historic extremes. The current AI enthusiasm resembles past hype cycles – from dot-coms to railways – driven by promoters, new-era thinking, incestuous investment loops, and FOMO. While AI will bring efficiency gains, true transformation will take time. History shows technologies mature slowly, and bubbles burst faster than expected – making Buffett's caution a reminder that fundamentals still matter. ***Vivek Kaul writes.***

Market Trends

STOCK INDICES		% CHANGE
Nifty 50	26053	0.55
BSE Sensex	85186	0.61
MSCI India	1753	0.51
MSCI EM	3704	-0.04
MSCI BRIC	796	0.19
MSCI World	20238	-0.04
Japan[Nikkei]	48538	-0.34
Hong Kong[HSI]	25831	-0.38
S.Korea[Kospi]	3930	-0.61
Singapore[STI]	4505	0.01

OIL ($/BBL)
DUBAI CRUDE
63.90
1.46
Absolute Change

GOLD RATE Premium/Discount $(-0.05)

	US ($/Oz)	India (₹/10Gm)
OPEN	4086.10	122799.00
LAST*	4113.20	124097.00
Prev chg (%)	1.23	1.19

FOREX RATE (₹=$ Exchange Rate)

OPEN	LAST*
88.53	88.52

*At 4 pm IST
Source: LSEG, MCX, ETIG
Market on Twitter@ETMarkets

NASDAQ, S&P UP 0.1%, DOW FALLS 0.2%

Nasdaq, S&P Lead Index Rise Ahead of Nvidia Earnings

AP

New York: US stocks traded through another unsettled day of trading on Wednesday, as a huge couple of tests loom on Wall Street. The S&P 500 added 0.1% in afternoon trading after veering earlier between a loss of 0.2% and a jump of 1.1%. The index is coming off a four-day losing streak, its longest in nearly three months, and has been shaky recently because of worries that stock prices have shot too high and that the Federal Reserve may not deliver as many revitalising cuts to interest rates as expected.

The Dow Jones Industrial Average was down 76 points, or 0.2%, as of 12:48 p.m. Eastern time, and the Nasdaq Composite was 0.1% higher.

The market's focus remained on Nvidia. Wall Street's most influential stock climbed 1.6% to recover some of its loss for the month so far, which topped 10% on Tuesday. Traders are making their final moves before the chip company reports how much profit it made during the summer after trading ends for the day.

Nvidia has grown to become the largest stock on Wall Street and briefly topped $5 trillion in value. That means its movements have more of an effect on the S&P 500 than any other stock, and it can single-handedly steer the index's direction some days.

One way Nvidia can quiet criticism that it shot too high, which led to this month's struggles, is to keep delivering bigger profits because stock prices tend to track profits over the long term.

Nvidia has also become a bellwether for the broader frenzy around artificial-intelligence technology, because other companies are using its chips to ramp up their AI efforts.

Short Takes

Tenneco Clean Air Lists at 27.2% Premium

MUMBAI Tenneco Clean Air India listed at ₹505, a premium of 27.2% over its issue price of ₹397 on NSE on Wednesday. The stock recorded a high of ₹517 and closed at ₹490. The company's market cap stood at ₹19,777 crore. The IPO consisted of an offer for sale of ₹3,600 crore by promoter by Tenneco Mauritius Holdings Ltd. – **Our Bureau**

Oil Falls 2.5% on US Push to End War in Ukraine

NEW YORK Oil prices fell on Wednesday after reports indicated the United States is renewing its push to end Russia's war in Ukraine and has drafted a framework for it. Brent crude futures fell $1.63, or 2.5%, to $63.26 a barrel 12:15 p.m. ET (1715 GMT), while U.S. West Texas Intermediate crude futures were down $1.56, or 2.6%, to $59.18. – **Reuters**

Fresh Buy Calls Roll In, Upside Seen Up to 38%

Various analysts initiated coverage on LG Electronics, Deepak Fertilisers, Arvind, and Tata Capital with buy or equivalent ratings in the past couple of days. These stocks are expected to return between 15% and 38% as per analysts' price targets.

Deepak Fertilisers
Brokerage: **Emkay Global**
Price Target: ₹2,000
CMP: ₹1,449 Upside: 38%

Market leader in mining and industrial chemicals and water-soluble fertilizers

Business restructuring through demerger over the next 2-3 years will lead to value unlocking and multiple re-rating

Value of the mining business with an expanded capacity higher than current market-cap of the company

LG Electronics
Brokerage: **JP Morgan**
Price Target: ₹1,920
CMP: ₹1,669 Upside: 15%

Attractive play on rising consumer discretionary spend; home appliance products transitioning to 'need to have' from 'good to have'

Offers best-in-class superior execution enabled by a diversified portfolio, wide distribution footprint and high innovation intensity

Value company at estimated Price to Earnings ratio of 48 times, a 10% premium to peers

Tata Capital
Brokerage: **JP Morgan**
Price Target: ₹370
CMP: ₹320 Upside: 15.5%

Risk-reward is favourable; price target of ₹370 by March 2027

Expect FY26 RoA (Return on Assets) to moderate to 1.9% (partly on Tata Motors Finance merger), significantly lagging peers

Successful Tata Motors Finance integration and an improving ROA trajectory remain critical for a consistent re-rating; else, upside could be capped

Arvind
Brokerage: **IIFL Capital**
Price Target: ₹451
CMP: ₹356
Upside: 26.4%

Legacy challenges that muted FY18-25 performance such as high debt are now largely behind

Stronger performance over the past 4-6 quarters underscore turnaround

Well-diversified revenue base; company faces limited direct impact from US tariffs

THE ECONOMIC TIMES
6th edition
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Financing India's Momentum

While high-frequency economic indicators paint a robust picture of India's progress, a critical question remains, how can this momentum be broadened and sustained?

Addressing this imperative, the 6th edition of ETBFSI Converge will bring together the nation's policy makers & foremost leaders to explore "Financing India's Momentum." Join the visionaries driving India's economic transformation.

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WINNER TAKE ALL Only a few stocks in traditional value territory as at least 43% of BSE Allcap Index trading above PE ratio of 40 times, shows a study

Value Picks Hard to Come By on a Street Full of Stretched Valuations

Prashant Mahesh

Mumbai: Value pickers are increasingly struggling to spot winners in India as valuations of companies are tilting heavily toward the higher end. According to a DSP Mutual Fund study, at least 43% of the BSE Allcap Index are trading above the Price to Earnings (PE) ratio of 40 times, leaving fewer stocks in traditional value territory. The Nifty is trading at a PE ratio of around 22-23 times.

PE ratios vary across different industries, with growth stocks typically trading at higher levels, while cyclicals tend to trade at lower levels. However, the study suggests that India's valuation stretch extends beyond sector mix.

In this index, 43% — or 644 stocks, including 135 loss-making companies for which the PE ratio is not meaningful — trade at more than 40 times, while only 334 stocks, or 22%, trade below 20 times. In effect, high-multiple stocks outnumber low-multiple ones in the BSE Allcap universe by roughly two to one.

"Several companies trading at or above 60 times valuations also exhibit subpar ROEs, a concerning combination of high valuations and low profitability," says Sahil Kapoor, head of Products and Market Strategist, DSP Mutual Fund. Data from the study shows that 274 companies trade at a PE above 60 and have an average return on equity (ROE) of 12%. "The markets have eventually corrected such imbalances, and while the timing of the correction is uncertain, we remain cautious of this segment of the market," adds Kapoor.

Of the 1,492 constituents, 274 stocks trade at over 60 times PE, another 124 fall in the 40-50 band, and 41 sit between 50 and 60.

PE Distribution

BSE Allcap Cos: Valuations & ROE

PE Range	No of Companies	Avg ROCE (%)
0 to 10	75	16
10 to 20	259	15
20 to 30	280	18
30 to 40	234	15
40 to 50	128	17
50 to 60	107	17
>60	274	12
Negative PE	135	Negative

The average ROE is the average of all those companies falling within that PE Range.
Source: Netra October 2025, DSP Mutual Fund

ET THE ECONOMIC TIMES

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SEBI

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Additional Chief Secretary Finance Department, Govt. of Kerala

PEEYUSH KUMAR
Principal Secretary, Finance Department, Govt. of Andhra Pradesh*

RICHA BAGLA
Principal Secretary-Accounts & Treasury Finance Department, Govt. of Maharashtra

SAMEER VERMA
Special Secretary, Finance Department, Govt. of Uttar Pradesh

RANA ASHUTOSH KUMAR SINGH
MD, State Bank of India

ASHOK CHANDRA
MD & CEO, Punjab National Bank

BINOD KUMAR
MD & CEO, Indian Bank

SURESH SETHI
MD & CEO, Protean eGov Technologies Ltd

SALEE S NAIR
MD & CEO, Tamilnad Mercantile Bank Ltd

BASKAR BABU RAMACHANDRAN
MD & CEO, Suryoday Small Finance Bank

DHIRAJ RELLI
MD & CEO, HDFC Securities

SHRIPAL SHAH
MD & CEO, Kotak Securities

PRANAV HARIDASSAN
MD & CEO, Axis Securities

ALOK RUNGTA
MD & CEO, Generali Central Life Insurance

VIKAS SATIJA
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MD, Blackstone

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