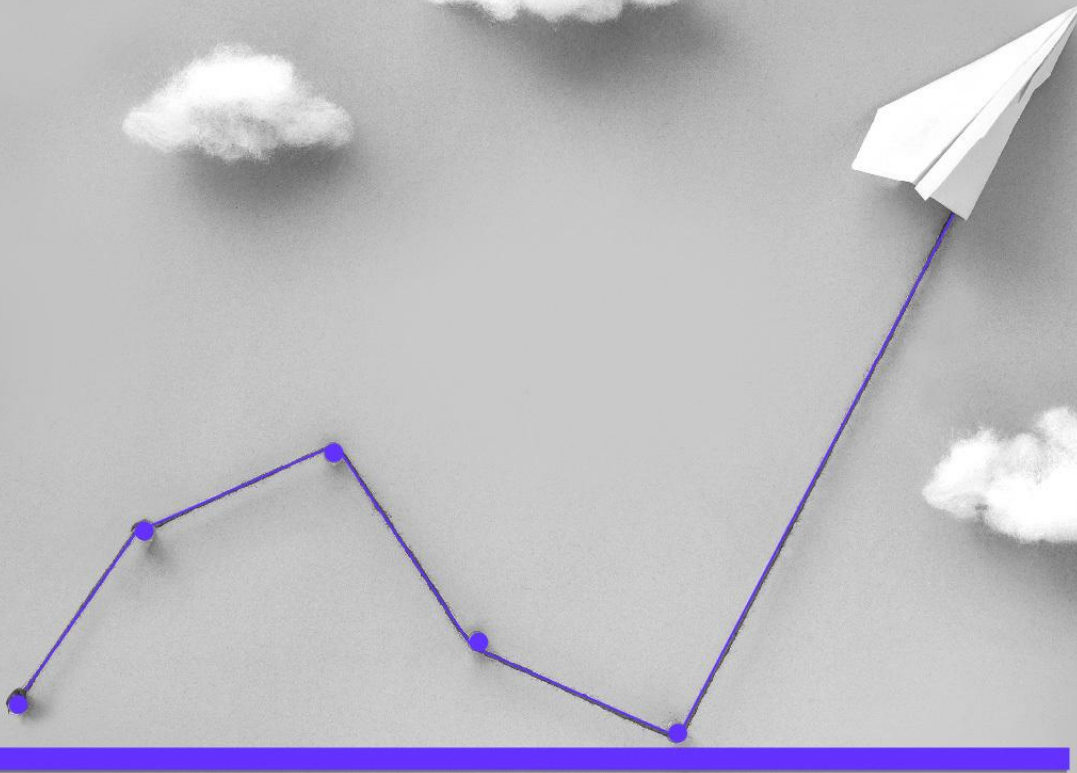


TRENDS & TIDES

**RBI MPC cuts repo rate by 25
bps and injects Rs 1.45 tn
liquidity**



RBI cuts rates by 25 bps on benign inflation outlook

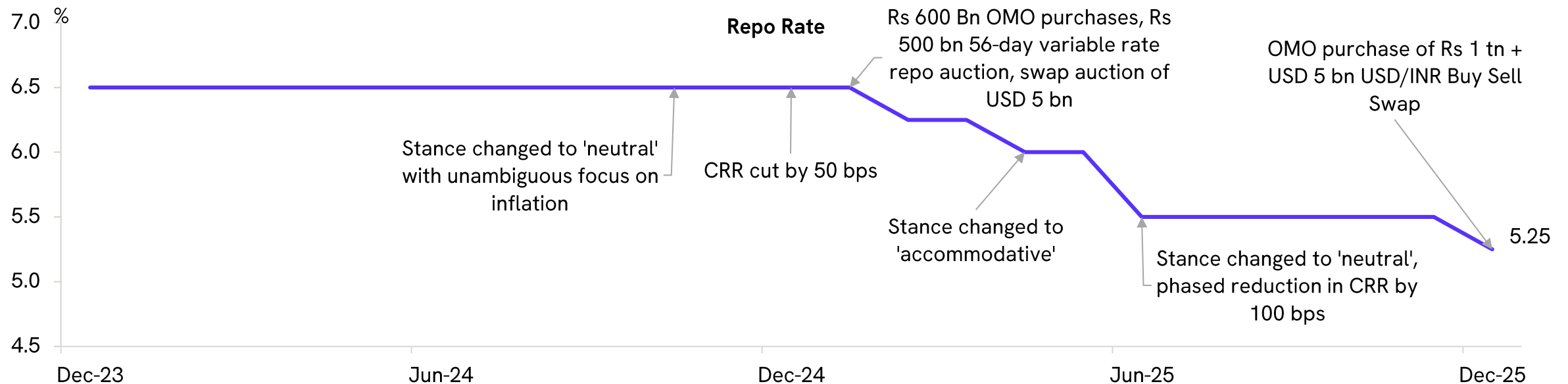
RBI will inject Rs 1.45 tn of liquidity into the banking system in December 2025 to facilitate monetary transmission

The RBI's Monetary Policy Committee (MPC) decides to cut the repo rate by 25 bps to 5.25%, as a benign inflation outlook provides the policy space to support the growth momentum

The MPC statement notes that underlying inflation pressures are even lower than suggested by the headline and core inflation prints, as these have been lifted by rising precious metal prices

The RBI also announces open market operation (OMO) purchases of government securities amounting to Rs 1 tn and 3-year USD/INR buy-sell swaps of USD 5 billion in December 2025 - a total liquidity infusion of Rs 1.45 tn

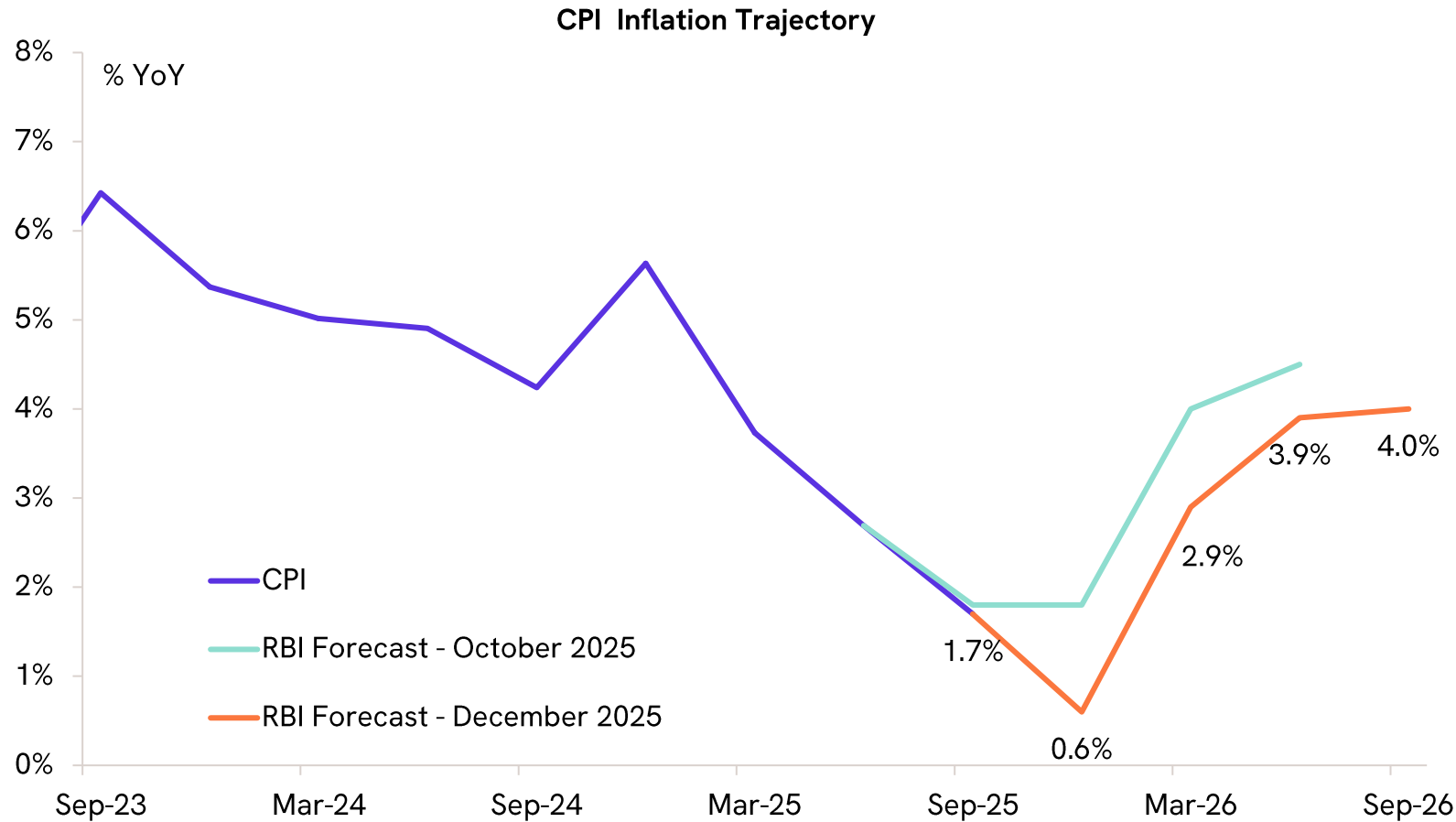
The MPC also decides to continue with the neutral stance



Source: RBI, 360 ONE Asset Research

RBI lowers FY26 CPI projection to 2.0% YoY from 2.6% in the previous policy

The reduction in the inflation projections is primarily on account of the exceptionally benign food prices



RBI MPC Inflation Outlook:

Food supply prospects remain bright on the back of higher kharif production, healthy rabi sowing, adequate reservoir levels and conducive soil moisture

Barring some metals, international commodity prices are likely to moderate going forward

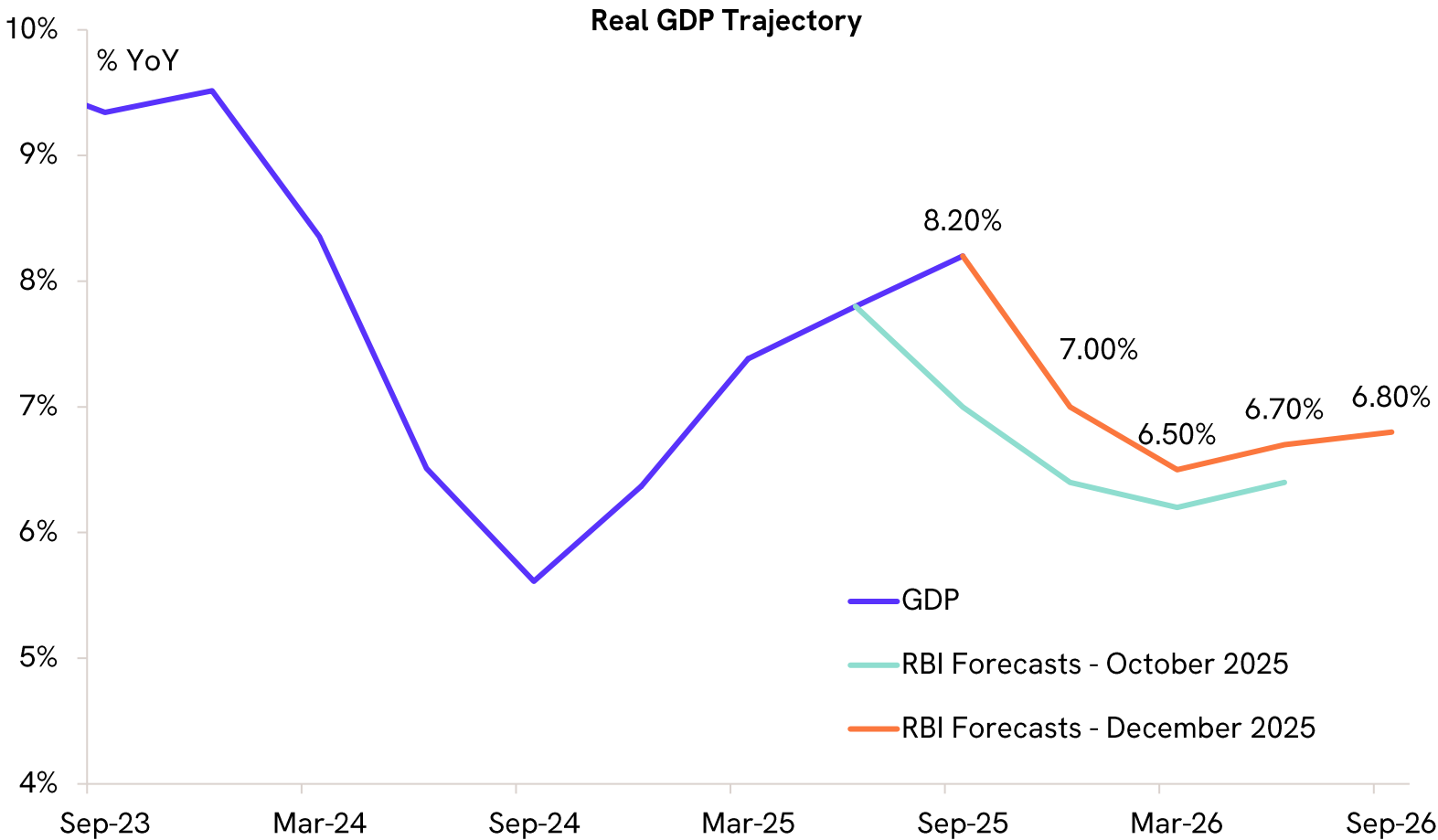
Core inflation, which had been rising steadily since Q1FY25, eased at the margin in Q2FY26 and is expected to remain anchored in the period ahead

Both headline and core inflation are expected to be around the 4 per cent target during the H1FY27

The underlying inflation pressures are even lower as the impact of the increase in the price of precious metals is about 50 bps

RBI revises the FY26 GDP growth projection upward to 7.3% YoY

External uncertainties continue to pose downside risks to the outlook



RBI MPC Growth Outlook:

Domestic factors such as healthy agricultural prospects, continued impact of GST rationalisation, benign inflation, healthy balance sheets of corporates and financial institutions and congenial monetary and financial conditions should continue to support economic activity

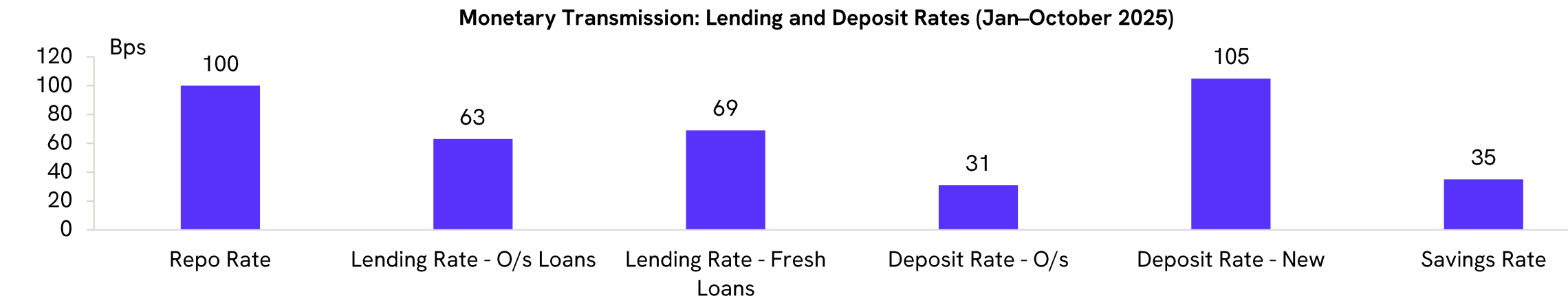
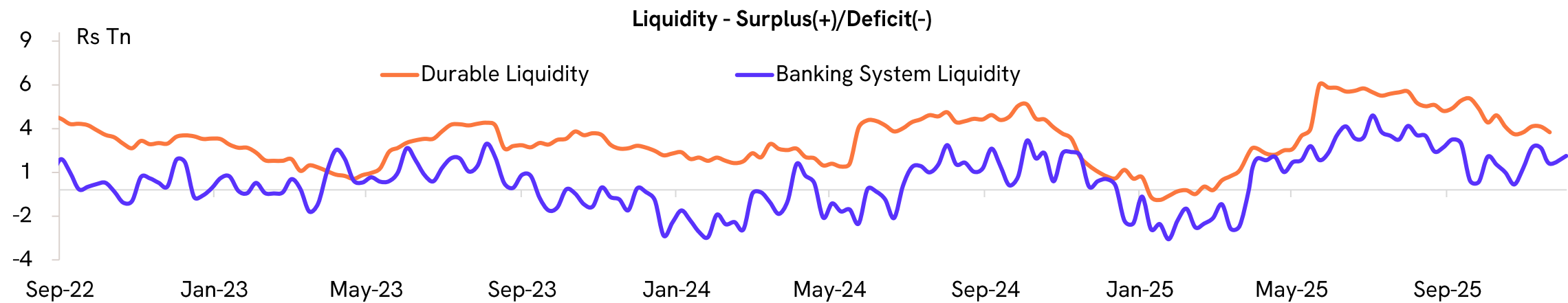
On the external front, services exports are likely to remain strong, while merchandise exports face some headwinds

External uncertainties continue to pose downside risks to the outlook, while the speedy conclusion of ongoing trade and investment negotiations presents upside potential

Source: MOSPI, RBI, 360 ONE Asset Research

RBI FX operations are draining durable liquidity

RBI may infuse additional liquidity in the coming months to facilitate smoother monetary transmission



Source: CMIE, RBI, 360 ONE Asset Research

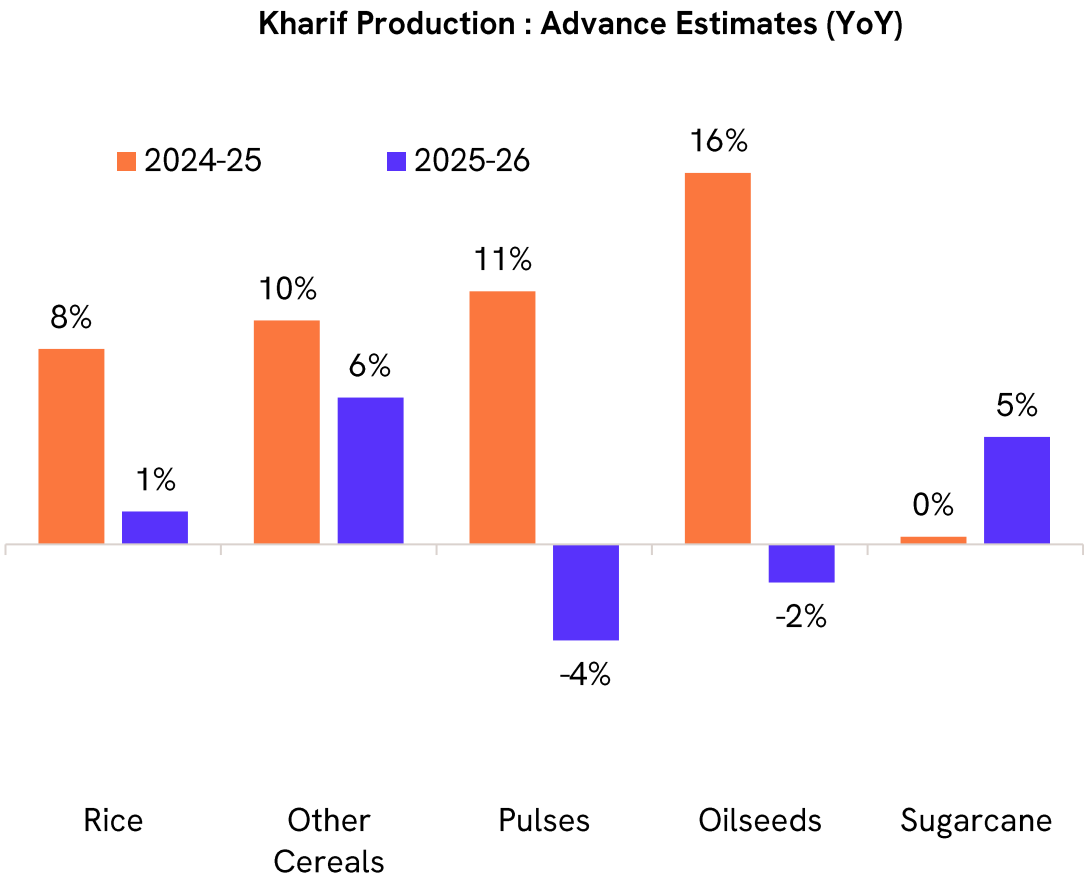
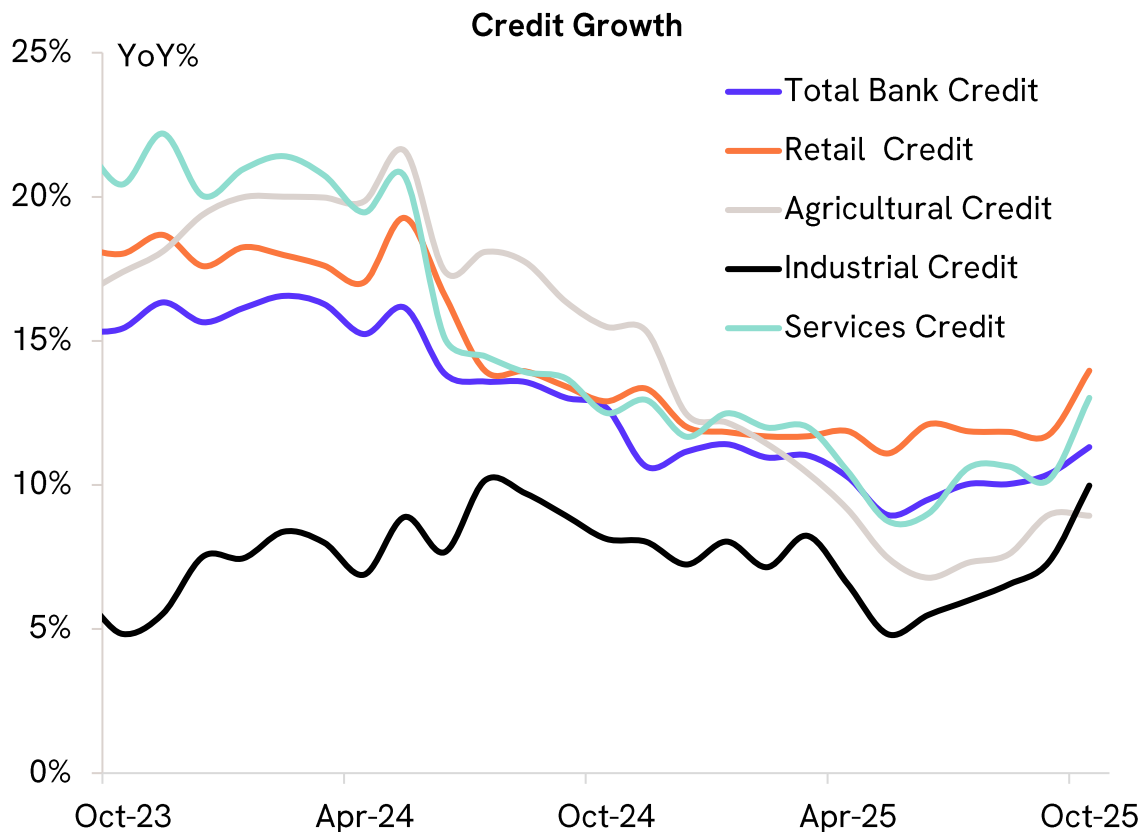
Note: Durable Liquidity = Banking System Liquidity + Government Balances with RBI + Excess CRR maintained

Outlook: Another 25-bps rate cut remains a possibility in this cycle

The rate-cut cycle is nearing its end, though one additional cut remains possible if growth and inflation dynamics permit

Credit growth appears to have bottomed, supported by the RBI's monetary and regulatory easing

Kharif production growth has been weak, except for sugarcane, and therefore warrants close monitoring of price trends



Source: RBI, CMIE, 360 ONE Asset Research

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