

Wrapping Up the Week..... (12.01.2026 - 17.01.2026)

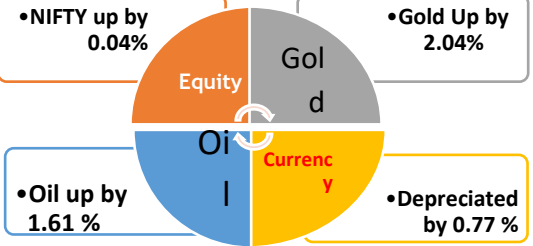
Market Movers

Highs & Lows of Key Market Indicators			
Indicators	High*	Low*	Average
USD/INR	90.87	90.15	9.38
India 10 Yr G-Sec Yield	6.68	6.61	6.64
US 10Yr T Bill	4.23	4.14	4.18
Crude Brent) \$/BL	65.40	63.79	64.51
Canara Bank	157.1	150.0	152.9

*On the basis of closing figure

Movement Over Previous Week

(On the basis of closing figure)



News that Made News

Global

- US annual inflation stayed at 2.7% in Dec 2025, in line with expectations. Energy price pressures eased, led by falling gasoline prices and slower fuel oil inflation, though natural gas price rose faster.
- China's exports grew 6.6% yoy to record USD 357.8 billion, beating forecasts and accelerating from November. Growth was driven by stronger shipments to non-US markets, especially ASEAN and the EU, as export destinations diversified.
- Global unemployment remains unchanged, International Labour Organization (ILO) warns about decrease in jobs for youth, women. In 2015 and 2025, the share of workers living in extreme poverty declined by only 3.1% points, to 7.9%, compared with a decline of 15% points in the previous decade.

Domestic

- Retail inflation rises to 3-month high of 1.33% in December 2025 from 0.71% in November 2025. Even with the uptick, headline inflation has now stayed below the Reserve Bank of India's lower tolerance threshold of 2% for four consecutive months.
- India's goods trade deficit widened significantly in December 2025 to \$25.04 bn from \$20.63 bn in the previous December as exports increased 1.86% (YoY) to \$38.51 bn, while imports grew at a higher 8.8% to \$63.55 bn.
- As per the world bank India's economy is expected to grow 6.5 percent in FY27, easing from an estimated 7.2 percent in the current fiscal, underlining that resilient domestic demand will continue to anchor growth even as external headwinds intensify.

Banking

- RBI Notifies FEMA (Guarantees) Regulations, 2026. Under which residents Indians are prohibited from issuing credit guarantees in favour of NRIs. No person resident in India shall be a party (Principal debtor, surety or creditor) to a guarantee where any of the other parties to the guarantee is a person resident outside India.
- According to India Ratings, Bank credit in India is expected to grow 13 per cent year-on-year (YoY) in the next financial year (FY27), largely driven by improved consumption demand due to GST rationalisation and lower inflation.
- Indian banks' credit-to-deposit ratio hit an all-time high of 81.75% as of December 31, signaling pressure to attract deposits amid robust loan demand.

Macro Scenario

Major banks like BOB, RBL Bank, Yes Bank and SBI are opposing the RBI's directive to reveal information on defaulters and inspection reports. These banks have appealed to the Central Information Commission. The Outcome of this case will significantly impact banking transparency and depositor rights

Banks led by SBI will reassess extending fresh funds to Vodafone idea after the government last week approved a relief package freezing the telco's adjusted gross revenue (AGR) dues and stretching repayment over 16 years. Vodafone Idea required Rs. 35000 crores, according to the plans shared by the company previously

Peer's Signals Sensed

Policy Moves

RBI

The RBI has introduced new banking rules for calculating foreign exchange risk capital charges, aiming for international alignment. Banks will now compute these requirements continuously at consolidated and standalone levels, with changes effective April 1, 2027. The RBI also allows exclusion of specific 'structural' foreign exchange positions under strict conditions.

GOVT

The Cabinet Committee on Economic Affairs (CCEA), has approved the revival plan for RINL for a total of Rs 11,440 crores. The infusion includes ₹10,300 crore as equity capital into Rashtriya Ispat Nigam Ltd. (RINL) and Conversion of ₹1140 crore working capital loan as 7% Non-cumulative Preference Share Capital redeemable after 10 years to keep RINL as a going concern.

Event /News of the Week:

India-EU
FTA the
biggest FTA
Ever!

- ✓ India-EU Free Trade Agreement (FTA), is being termed as the "mother of all deals," is on the verge of conclusion after nearly two decades of on-and-off negotiation.
- ✓ It is India's 19th FTA and the EU's biggest-ever trade pact, with bilateral goods trade which is already over \$130-140 billion annually.
- ✓ Agriculture largely excluded to protect sensitivities.
- ✓ Major tariff reductions on key Indian exports like textiles, pharmaceuticals, automobiles, engineering goods, electronics, gems & jewellery, leather, and more.
- ✓ This deal is positioned as a game-changer for global trade amid geopolitical shifts. If signed on January 27 during the India-EU Summit in New Delhi.