

WEEKLY NEWSLETTER

21.12.2025



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Indicator	21.12 25	14.12 25	NOV 25
Nifty 50 PE (P/E)	22.61	22.70	22.81
Nifty 50 PB (P/B)	3.53	3.54	3.56
Dividend Yield(%)	1.29%	1.29%	1.28%
Yield Ratio (GSec/Earnings Yield)	1.49	1.49	1.66
Market Cap to GDP (%)	142.62%	142.43%	142.92%
RSI 65	54	55.0	56.80
FII Monthly Flow (cr)	<u>-14,188</u>	-17,764	-25,955
Nifty Close	25,966.40	26,047	26,203
13Day EMA	25,932.00	25,977	25,992
India VIX	10.07	10.07	11.62

Based on these historical valuations, we have divided market valuation into five zones:

Ratio = Total Market Cap / GDP	Valuation
Ratio ≤ 73%	Significantly Undervalued
73% < Ratio ≤ 93%	Modestly Undervalued
93% < Ratio ≤ 114%	Fair Valued
114% < Ratio ≤ 135%	Modestly Overvalued
Ratio > 135%	Significantly Overvalued
Where are we today (2025-12-20)?	Ratio = 142.62%, Significantly Overvalued

Based on these modified historical valuations, we have divided market valuation into five zones:

Ratio = Total Market Cap / (GDP + Total Assets of Central Bank)	Valuation
Ratio ≤ 65%	Significantly Undervalued
65% < Ratio ≤ 83%	Modestly Undervalued
83% < Ratio ≤ 102%	Fair Valued
102% < Ratio ≤ 121%	Modestly Overvalued
Ratio > 121%	Significantly Overvalued
Where are we today (2025-12-20)?	Ratio = 127.71%, Significantly Overvalued

Predicted and Actual Returns of India



Under the original buffett indicator, the stock market of India is expected to return 6.3% a year for the coming years. This is from the contribution of economic growth in local current prices: 6.86%, Dividend Yield: 1.53% and valuation reverse to the mean -2.1%.

Under the modified model, the contribution of economic growth and dividend yield stays the same while the valuation reverse to mean changes to -2.11%. Consequently, the stock market of India is expected to return 6.3% a year.

Source

<https://volatilitygame.com> | <https://www.valuestocks.in/en/niftytrend>

<https://www.investing.com/charts/live-charts>

<https://www.gurufocus.com/global-market-valuation.php?country=IND>

US MARKET VALUATION



Based on these historical valuations, we have divided market valuation into five zones:

Ratio = Total Market Cap / GDP	Valuation
Ratio \leq 88%	Significantly Undervalued
88% < Ratio \leq 113%	Modestly Undervalued
113% < Ratio \leq 138%	Fair Valued
138% < Ratio \leq 164%	Modestly Overvalued
Ratio > 164%	Significantly Overvalued
Where are we today (2025-12-20)?	Ratio = 223.8%, Significantly Overvalued

Notes & Observations

Positive sentiments: Start with new SIPs and STPs . Time to accumulate in such zone.

Investing in Business cycle funds can be a good idea now with 2-3 yrs view

Current focus - Large cap funds and Hybrid funds

Current sector focus Banking - Finance & health care

VOLATILITY COACH – WEEKLY INSIGHTS

Valuation & Risk Context

Market valuations remain elevated though marginal cooling is visible. Market Cap to GDP at ~142% signals caution, not exit. Disciplined investing and asset allocation remain critical.

Trend & Momentum

Nifty is oscillating around its 13-day EMA. RSI at mid-50s indicates cooling momentum without breakdown.

Volatility Behaviour

India VIX has cooled back near 10, indicating temporary calm. Such phases often precede volatility expansion; avoid complacency.

Liquidity & Flows

FII remain net sellers, but domestic flows continue to cushion downside risk.

Volatility Coach View: Stay invested with discipline. Risk management matters more than return chasing in volatile markets.



PARAMETERS

& CONCLUSIONS IN LAST FEW YEARS



- Equity neutral or negative or positive
- 23rd Jan 2022- 17617 Nifty Negative Trend
- 8th March 2022- 15863
- 17th March 2022- 17287 Positive Trend
- 5th April 2022- 17957
- 18th April 2022- 17173 Negative/ Neutral Trend
- 29th May onwards positive/ neutral
- 19th June onwards positive
- 18th July onwards continuous positive
- 21st Aug onwards neutral to negative this week at least
- 27th Aug onwards Investing region
- 23rd Sep Very Negative for the markets.
- 14th Oct Closing Positive above 13EMA - invest
- 11th Nov Book gradual profit and Debt allocation recommended
- 9th Dec 1st closing below the 13EMA and 23rd Dec Confirms negative markets. Jan 2023 Continues to be negative.
- 5th Feb 2023 Budget positivity may not last if FII does not square off the short positions. April 2023 is the month to observe all asset classes.
- After Dec 23rd April 2023 first time the market turned positive for equity. Aug 18th markets turn Negative for the medium term. Positive always in the long term. 1st Sept Closing is a positive outlook. Positive continues. 20th Oct Closing signals negative trends for the coming week. From 10th Nov 2023 closing shows positive sign till date.
- Negative trend from 20th Dec 2024 continues . Trend reversal not see till now.
- Trend Reversal on 21st mar 2025
- Note - After a positive closing last week , Nifty closes negative and trend bearish in short term as on 4th April 2025 .
- Trend turn positive again after 18th April 2025 .
- Over 1 lakh outstanding negative Option contracts of FIIs in July 2025 , Market cap to GDP over 137% and nifty below 13EMA signal is negative for markets as of now.
- Nifty closing above 13EMA is a positive sign for trend reversal as on 22nd Aug 2025

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• & conclusions in last few years

- Nifty Small Cap 100 remains positive



- Nifty MidCap 150 also remains positive



SECTORIAL INDEX

21 DECEMBER 2025



INDEX NAME	LAST	CHNG	%CHNG	P/E	P/B	DIV YIELD
NIFTY 100	26,488.00	163.35	0.62	22.12	3.53	1.33
NIFTY 200	14,436.10	104.05	0.73	23.54	3.66	1.23
NIFTY 500	23,677.55	186.05	0.79	24.17	3.67	1.17
NIFTY MIDCAP 50	17,265.85	174	1.02	33.49	4.56	0.8
NIFTY MIDCAP 100	60,310.15	718	1.2	33.15	4.33	0.8
NIFTY SMALLCAP 100	17,390.35	230.15	1.34	31.26	3.75	0.76
INDIA VIX	9.52	-0.19	-1.9	-	-	-
NIFTY MIDCAP 150	22,146.15	253.4	1.16	32.97	4.44	0.8
NIFTY SMALLCAP 50	8,520.85	117.8	1.4	31.55	3.77	0.78
NIFTY SMALLCAP 250	16,407.70	215.55	1.33	28.51	3.48	0.74
NIFTY MIDSMALLCAP 400	20,024.60	240.65	1.22	31.31	4.06	0.78
NIFTY500 MULTICAP 50:25:25	16,331.60	149.65	0.92	25.63	3.71	1.05
NIFTY LARGEMIDCAP 250	16,741.95	147.5	0.89	26.49	3.94	1.06
NIFTY TOTAL MARKET	13,284.55	106.6	0.81	24.27	3.63	1.15
NIFTY MICROCAP 250	22,343.65	278.3	1.26	27.31	2.78	0.78
NIFTY500 LARGEMIDSMALL EQUAL-CAP WEIGHTED	17,907.95	182.4	1.03	27.1	3.78	0.96



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7TH CONFERENCE 2026

Media Partner

THE ECONOMIC TIMES

THEME - RENEWAL

JW Marriott Sahar , Mumbai

Date: 25-26-27 Sept 2026

Registration Fee

~~Rs 37000+GST(Residential)~~

~~Rs 25000+GST(Non Residential)~~

Early Bird offer

Rs 27000+GST(Residential)



REGISTER FOR 7TH FFFP

6TH FINANCIAL FREEDOM FRATERNITY PREMIER LEAGUE KOLKATA



SUPPORTER



GIFT PARTNER



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Saturday, 3rd January 2026

09:00am to 10:00pm

Orchid Arena - Top Sports & Recreation Centre

1A, 1J, E Topsis Rd, Mirania Gardens, East Topsis, Topsis, Kolkata, 700105

www.volatilitygame.com

3RD FINANCIAL FREEDOM FRATERNITY PREMIER LEAGUE MUMBAI



SUPPORTER



OTT PARTNER



Saturday, 10th January 2026

03:00pm to 10:00pm

Ryan International School Cbse

3, New Link Rd, Malad, Evershine Nagar, Malad West, Mumbai, Maharashtra

400064

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19th to 21st December 2025 | Eelegant Waterfront Resort, Talegaon
Between Pune & Mumbai



GLIMPSES OF 6TH FFFP CONFERENCE

ON 11-14TH SEPT 2025 AT HILTON BANGALORE



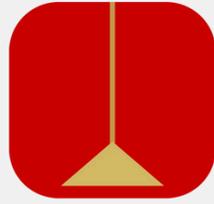
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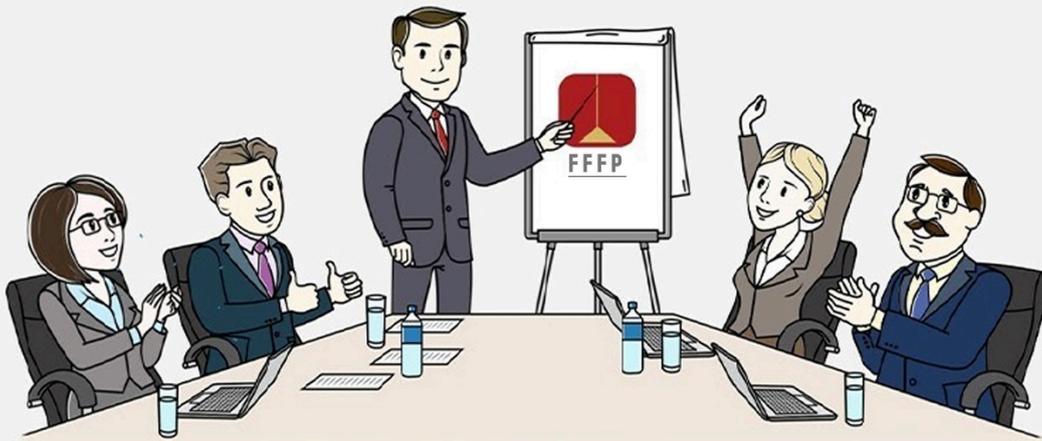
GLIMPSES OF 6TH FFFP CONFERENCE

ON 11-14TH SEPT 2025 AT HILTON BANGALORE





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GROW WITH FFF PRO

10 THINGS TO DO TO GROW 10X

- ✓ 11 VG Calculators
- ✓ One Page Sustainability Matrix Software
- ✓ Equity Fundamental Analysis Software
- ✓ Mutual Fund Analysis Software
- ✓ Subsidised Fee for FFF Pro Residential Meet
- ✓ 20 Excel Calculators
- ✓ 10 Master Classes during the year
- ✓ Access to Beyond Classroom Events & One day FFF Professional Meets
- ✓ Tactical Asset Allocation & Transactions - TAAT Certification Subsidised
- ✓ FFF Pro Community Connect & Branding

