

US Federal Rate Cut December 2025



US Fed cut rates by **25 bps** to **3.50% – 3.75%**, making the 3rd consecutive rate cut this year and the lowest in nearly three years.



Move driven by a softening job market and mixed economic data.



Markets had largely expected the rate cut, leading to a muted reaction in global and Indian stock markets.



A lower US rate typically weakens the dollar, which can boost gold and silver prices and make emerging-market assets more attractive.



For India, the cut may improve global liquidity and attract more foreign investment, but domestic factors will decide market direction.



Despite the cut, Fed signalled data-dependent policy with limited future cuts expected.