

Nifty's forward price-to-book has slipped below its long-period average — a meaningful signal in itself. Unlike P/E, P/B is more anchored to the balance sheet, especially when earnings are volatile. That said, long-term averages come with a caveat — they include crisis-level lows, and crises are never predictable. So, this isn't a "call the bottom" signal. **It's a signal to gradually increase equity allocation within discipline. Also, this is not a peak-ROE valuation cycle yet — corporate ROEs haven't meaningfully expanded**, which makes current valuations closer to fair value, with room for upside if profitability improves.

What makes this setup more interesting is relative positioning. **Nifty's trailing 12-month P/E is currently trading below its 2-, 3-, and 5-year averages — something you rarely see.** In fact, compared to major global markets like the US, China, Japan, or Korea, most are still trading above their medium-term average valuations. India, on the other hand, is one of the few markets sitting below its own recent averages. **Not a screaming bargain — but clearly a more reasonable entry point than what we've been used to.**

