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KEY HIGHLIGHTS

- **Much awaited Indo –US and India EU trade deal negotiation concluded and framework agreed upon.**
- **Contrary to global apprehensions, US economy is doing well- stable growth , inflation under control**
- **Govt. presented Union budget for FY2026-27. Fiscal discipline with continued capex focus**
- **Major macro economic indicators reflecting positive trends for Indian economy**
- **Downward market sentiment prevailed throughout January pushing major indices down**

1

Trade deals finalization with US and EU will bring stability, lower tariffs barriers improve earnings visibility for export-oriented companies, enhance FII sentiment, and reduce external vulnerability. This is structurally positive for Indian equities, particularly mid-cap exporters and sectors with high US revenue exposure.

2

US Manufacturing and Services PMIs remain in expansion, inflation is steady at ~2.6–2.7%, and unemployment holds at 4.4%. Growth continues, though at a moderate pace amid tariff-related uncertainties. A stable US economy supports demand for Indian exports, especially IT, pharma and manufacturing. However, global volatility may keep FII flows selective

3

The government targets a FY27 fiscal deficit of 4.31% and remains committed to lowering debt-to-GDP to ~50% by FY31. Capital expenditure stays strong at 3.1% of GDP. Fiscal stability supports bond yields, currency confidence, and macro credibility—positive for long-term equity valuations

4

Headline CPI remains below 4%, supported by soft food prices and healthy monsoon conditions. Core inflation has edged up on higher gold prices. Inflation should stay comfortable in FY26, with gradual normalization in FY27. Low inflation keeps RBI policy supportive, aiding liquidity and consumption-led growth—positive for banking, auto and consumer sectors

5

Indian equity indices saw a sharp dip in January'26. FII further reduced their exposure in Indian capital market, pulling major indices down by 3~3.5%. Metal keep shining as an outlier to the common trend.

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READING THE WAVES



UPS AND DOWNS AREN'T NOISE;
THEY'RE THE RHYTHM OF

Growth

S.No.	Index	Opening Value*	Closing Value*	%age Change
1	NIFTY 50	26129.6	25320.65	-3.10%
2	NIFTY MID CAP 150	22276.9	21490.9	-3.53%
3	NIFTY SMALL CAP 250	16684.75	15763.45	-5.52%
4	NIFTY BANK	59581.85	59610.45	0.05%
5	NIFTY IT	37884.05	38036.15	0.40%
6	NIFTY AUTO	28189.6	26750.35	-5.11%
7	NIFTY INDIA CONSUMPTION	12289.45	11469	-6.68%
8	NIFTY PHARMA	22723.65	21715.1	-4.44%
9	SILVER	229452	333292	45.26%
10	GOLD	132640	164389	23.94%
11	NASDAQ	23241.99	23461.82	0.95%
12	DOWJONES	48063.29	48892.47	1.73%

- Indian equity indices saw a sharp cut in January'26, with BSE Sensex and NSE Nifty down 3.4%/3.0% respectively
- Broader market was also very weak with NSE Midcap Index down 3.5% and BSE Smallcap Index down 6.3% for the month.
- Metals was the best performing sector for the month. Banks also ended positive, while IT, Capital Goods, Power and O&G were negative but outperformed the Nifty. Autos, Healthcare and FMCG saw sharp cuts and underperformed the Nifty. Realty was the worst performing sector.
- FIIs reduced their investment in Indian equities in January, selling stocks worth US\$3.3bn while DIIs invested another US\$7.6bn. Domestic MFs invested US\$4.8bn while insurance inflow was US\$2.8bn.
- Global markets delivered a positive return for the month. MSCI World index rose 2.2% in Jan with US (S&P 500) up 1.4%. MSCI Europe rose 4.4% and MSCI Japan rose 6.6%. MSCI EM was up 8.8% as MSCI China gained 4.7%. Crude oil rose sharply by 16.2% in January.

**opening & closing values are closing value of last Trade day of previous & current month respectively*

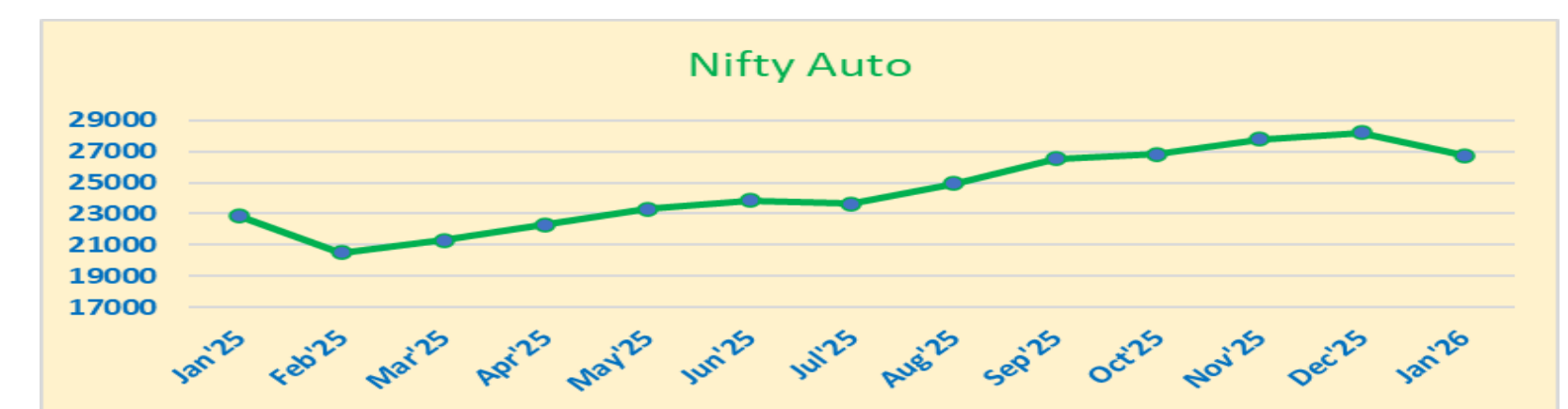
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Movers & Shakers



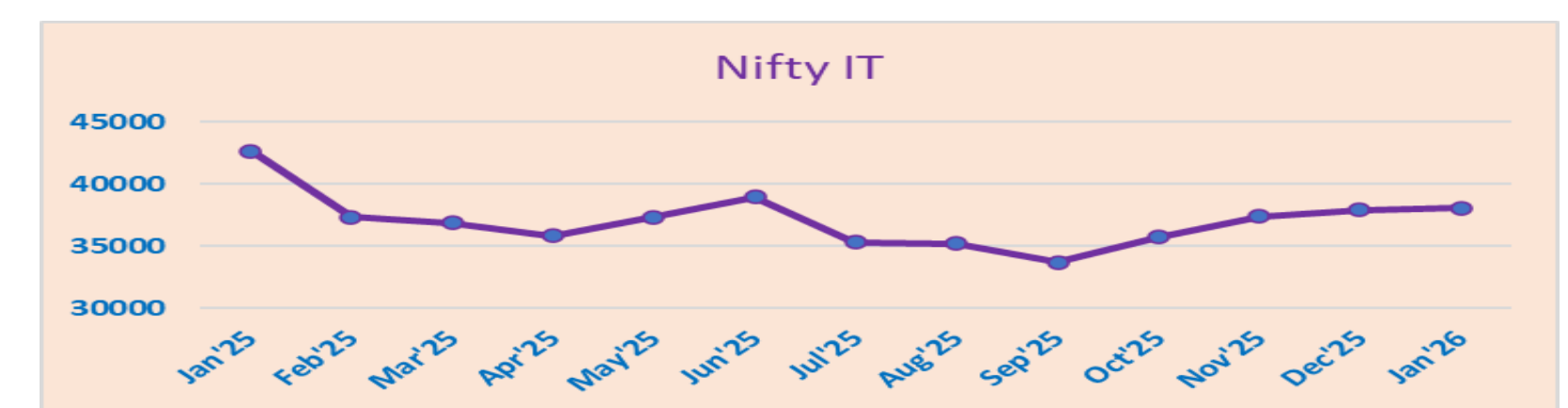
Auto

After a support of GST cuts in September, auto sector has grown consistently in last 4-5 months. In January this effect seemed to waned off completely. Auto index shown a downward trend in January. As vehicle financing eases and rural/urban demand normalizes, Auto could merit selective interest. Sector may outperform on valuation and recovery themes, especially if broader markets get directional clarity.



IT

It has not shown any significant trend – positive or negative in January. From valuation perspective, now this sector is looking as a value buy, however with everyday new news on AI coming through, uncertainty over AI is looming large and that perhaps making investors hesitant on the future of this sector.



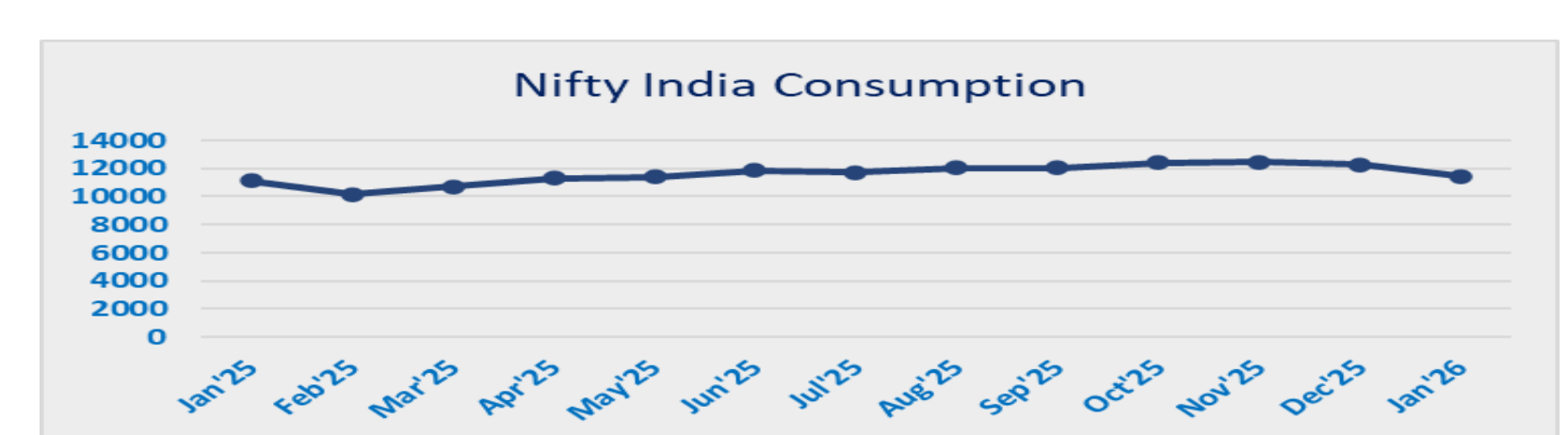
Silver

Silver continues to be the shining star. Huge spike in Silver prices in January attracting more investors' money in this commodity. It is outpacing equities with robust industrial demand and investor interest. (/ Silver prices jumped around 120%+ in 2025 vs modest equity gains)



Consumption

Post GST cuts induced demand during festive period and in general higher household disposable income pushed consumption stocks high in Oct. / Nov. Now that rate cut effect is cooling off.



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WHAT'S NEXT?

- Announcement of potential trade deals with EU and US should now help support private capex with reduction in global macro-economic uncertainty. It will help Indian export, drives manufacturing sectors in India and a positive upward momentum in Indian economy.
- Global markets have delivered a positive returns in January. With positive results on inflation, unemployment's and PMIs, US economy seems to be pretty protected from upheavals caused by Trump's punitive tariff driven trade policies. So, US should continue to drive global demand in the upcoming months as well.
- Aided by subdued inflation, low crude oil prices, steady tax collections, devalued rupee (making export competitive) and strong efforts by RBIs to keep liquidity in market (thru CRR reduction of 25 basis points) , bodes well for already healthy demand environment for last quarter of FY25-26.
- Indian markets have underperformed global peers significantly, cooling-off valuations. As per Kotak institutional equities, all major sectors except private bank are trending at a premium to historical LTA – 10 years average. So valuations especially in mid and small cap can continue to be a challenge.
- Consistent SIPs turns market volatility into opportunity; therefore, it will not be a bad idea to review and realign your SIP portfolio. Infact raising your SIPs will give you better returns .

Tactical Way

Given the market environment, our tactical focus is on selectively adding globally competitive businesses that can benefit from resilient international demand and currency trends. And Increase our allocation in global emerging market

Not to Miss

Don't miss multi asset products and Index fund in your portfolio, to match with ever changing market dynamics

The Core

Clarity creates confidence. Let's sit together and convert your life goals into an actionable plan. GOAL Planning is the right way to give direction to your portfolio

Views expressed above are indicative and should not be construed as investment advice or as a substitute for financial planning. Due to the personal nature of investments, investors are advised to seek professional advice before investing.

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Quote of the month

Real progress in investing begins
the moment your goals become
your compass



Funny bone

I checked my portfolio twice today.
Not because it changed...
Just because hope is free