

August 2026

Bazaar Beats

Monthly Market Outlook

KEY HIGHLIGHTS



Hostilities escalated again between Iran and US during July, pushing the commodity prices high, especially crude oil reached \$90 / barrel.



US economy continue to show resilience on the back of AI/tech related capex and higher consumer spending. China's domestic demand slowing down, mfg. backed in contraction but export holding up.



Rising oil prices added concerns around inflation, trade deficit and corporate margins.



Contrary to expectation, growth in India held up remarkably well despite disruptions caused by West Asia crisis. High frequency indicators and both rural and urban demand showing sign of upstick.



Broad based rally in Indian equity market, with FIIs turning net buyers after 4 months. Nifty & Sensex rose ~2%. IT, Healthcare and Auto stocks performed well. Power, banks & Capital goods underperformed.



Global Markets

Index	July Close (30 July 2026)	Monthly Change (MoM)
S&P 500 (USA)	7489.72	-0.14%
Nasdaq (USA)	25373.85	-3.20%
Nikkei 225 (Japan)	64362.02	-8.14%
Hang Seng (China)	25884.43	+13.13%
FTSE 100 (UK)	10868.05	+3.53%



Indian Market

Index	July Close (30 July 2026)	Monthly Change (MoM)
Nifty 50	24383.60	+2.17%
Sensex	78094.64	+2.11%
Bank Nifty	57264.85	-0.48%
Nifty Midcap 100	62915.30	+1.81%
Nifty Smallcap 100	19339.65	+2.53%



Key Economic Indicators

Indicator	Latest (July 2026)	Previous (June 2026)
CPI Inflation	4.45%	4.3%
Service PMI	53.3	57.4
Manufacturing PMI	53.5	54.2
Repo Rate	5.25 %	5.25 %
Brent Crude	90.12	72.92
Rupee (USD)	95.39	94.66



Economic Factors Impacting Indian Financial Market

Indian financial markets in July 2026 were influenced by a mix of global geopolitical tensions, rising crude oil prices, currency movements and inflation concerns. Higher oil prices increased pressure on India's import bill and the rupee, while the RBI continued to monitor liquidity, inflation and financial stability. At the same time, strong domestic demand and resilient industrial and services activity provided support to economic growth. Foreign investment flows also showed signs of improvement, offering some stability to market sentiment.



Global Developments Influencing Indian Financial Market

Global developments played a significant role in shaping Indian financial markets during July 2026. Geopolitical tensions in West Asia and disruptions to energy supply chains kept crude oil prices elevated, raising concerns around inflation, import costs and corporate margins in oil-dependent economies such as India. Meanwhile, the US Federal Reserve maintained its policy rate at 3.5%–3.75%, keeping global investors focused on the direction of US monetary policy, dollar movements and foreign capital flows. Slower US growth, changing global interest-rate expectations and continued uncertainty in international trade also contributed to market volatility. For Indian investors, these developments reinforced the importance of monitoring global cues while maintaining a diversified portfolio and a disciplined, long-term investment approach.



Indian Equity Market

The Indian equity market remained volatile but resilient during July 2026, as investors balanced domestic economic strength with global uncertainties. The Nifty 50 and Sensex witnessed fluctuations throughout the month, but ended the month with ~2% growth. Small caps and midcaps ended with gain of 2.5% and 1.8%. While IT, Autos and healthcare outperformed during the month, Cap goods, Power, and Banks underperformed. Investors also closely tracked the Q1 FY27 earnings season for signs of improvement in corporate profitability and future growth. Despite short-term volatility, strong domestic participation and India's underlying economic fundamentals continued to provide support to the market.

In debt market, disruptions caused by war kept fixed markets under pressure during the month of July 2026. Yields on both 10-year G-sec and 10-year AAA corporate bonds rose by ~9bps during the month keeping spread between the two unchanged at 61bps.

WHAT'S NEXT?

- Geopolitical developments, crude oil prices and global investor sentiment may continue influencing Indian equities.
- Flare up in geo-political tensions and significantly below normal monsoon remain key risks to growth this year.
- With multiple global and domestic factors at play, diversification, asset allocation and disciplined long-term investing remain key themes.
- Measures to attract capital flows should help ease pressure on INR and improve liquidity.
- July retail inflation rose to 4.45%, still within the inflation band. However El Nino conditions in FY27 leading to large deficiency in southwest monsoon may push food prices and overall inflation.

TACTICAL VIEW

Beyond the macro noise, look for the next leg of domestic growth — driven by credit, capacity creation and resilient demand..

LINAC INSIGHT

When the Market Gets Nervous, Follow the Earnings — Not the Headlines.

THE CORE

Over time, portfolios drift away from intended allocation. Periodic rebalancing helps restore balance between risk and return expectations.

QUOTE OF THE MONTH

In investing, what is comfortable is rarely profitable.

