

September 2026

Bazaar Beats

Monthly Market Outlook

KEY HIGHLIGHTS



The US economy continue to grow in Q1FY26-27, supported by strong AI/technology related spending, government expenditure and a healthy labour market.



West Asia conflict continued during August and risk of it getting prolonged remains high. This is likely to upwardly push commodity prices and inflation, adversely impacting global growth.



India's GDP growth in Q1'FY26-27 recorded at 7.8%, higher than the consensus expectations and RBI's forecast of 7%. Economy shown resilience despite disruptions caused by West Asia crisis.



Indian equity markets witnessed divergent trends, whereas Nifty 50 and Sensex down by 1.24% & 1.40%. Small caps and mid caps stocks gained 3.1% and 2.1% respectively.



Capital goods, Metals and Healthcare sectors out performed during the month, whereas Oil and Gas, Power and FMCG underperformed.



Global Markets

Index	August Close (30 Aug 2026)	Monthly Change (MoM)
S&P 500 (USA)	7686.14	+2.64%
Nasdaq (USA)	26370.89	+3.93%
Nikkei 225 (Japan)	66311.93	+3.03%
Hang Seng (China)	25566.99	-1.23%
FTSE 100 (UK)	10824.26	-0.40%



Indian Market

Index	August Close (30 Aug 2026)	Monthly Change (MoM)
Nifty 50	24080.40	-1.24%
Sensex	77004.15	-1.40%
Bank Nifty	58024.95	+1.33%
Nifty Midcap 100	64224.75	+2.08%
Nifty Smallcap 100	19931.65	+3.06%



Key Economic Indicators

Indicator	Previous (July 2026)	Latest (August 2026)
CPI Inflation	4.45%	4.82%
Service PMI	53.3	54.10
Manufacturing PMI	53.5	52.8
Repo Rate	5.25 %	5.25 %
Brent Crude	90.12	90.49
Rupee (USD)	95.39	95.44



Economic Factors Impacting Indian Financial Market

Indian economy continues to show resilience, with GDP growth at 7.8% in Q1FY26-27, although growth is expected to moderate to 6.6% in FY27 amid higher input costs and softer global growth. Inflation remains a key concern, with rising energy and input costs, below-normal monsoon expectations and El Niño risks potentially adding pressure, particularly on food prices. The RBI's hawkish stance has also led markets to expect a slower pace of rate cuts, keeping bond yields elevated. At the same time, strong tax collections, higher-than-budgeted investment receipts, substantial FCNR(B) inflows and healthy liquidity are supporting fiscal and external stability



Global Developments Influencing Indian Financial Market

Global financial conditions continue to influence Indian markets, particularly through US Federal Reserve policy, global bond yields, crude oil prices and geopolitical developments. Expectations of tighter monetary policy in the US, along with elevated sovereign yields in the US and Japan, could put upward pressure on Indian yields and influence foreign capital flows.

Persistent geopolitical tensions, especially in West Asia, may keep crude oil and commodity prices elevated, creating inflationary and external-sector risks for India. However, resilient domestic demand and continued foreign inflows provide some cushion against these global headwinds.



Indian Equity Market

Indian equity markets remained volatile in August, with the BSE Sensex and Nifty 50 declining 1.40% and 1.24%, respectively, amid global uncertainties, fluctuating crude oil prices and geopolitical tensions in West Asia. Despite the broader weakness, domestic resilience, stronger-than-expected corporate earnings and supportive signals from the RBI provided intermittent support.

FII equity purchases increased to ₹30,044 crore, while DII purchases rose to ₹48,495 crore, highlighting continued institutional support. Sector performance remained mixed, with BSE Metal (+4.2%) and Capital Goods (+3.3%) among the better performers, while FMCG (-2.8%), IT/Tech (-2.2%) and Power (-1.8%) lagged. Going ahead, market direction is likely to remain sensitive to crude oil prices, West Asia developments, global inflation, foreign fund flows and domestic economic data.

WHAT'S NEXT?

- Developments in West Asia and the Strait of Hormuz could drive commodity prices and market volatility.
- FII activity will remain important as global interest-rate expectations influence emerging-market allocations.
- Higher global yields and oil prices could keep pressure on the rupee and Indian bond yields.
- August CPI rose to 4.82%, with inflation expected to remain under watch in the coming months.
- Strong domestic demand, institutional liquidity and economic growth could continue to provide support to Indian markets.

TACTICAL VIEW

As market leadership evolves, look towards the next leg of growth — driven by financial deepening, capacity creation and India's expanding manufacturing footprint.

LINAC INSIGHT

Disciplined diversifications is preferable, to be aligned with investment horizon and risk profile

THE CORE

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

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QUOTE OF THE MONTH

Good investing is not about being right every time; it is about being wrong intelligently.

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