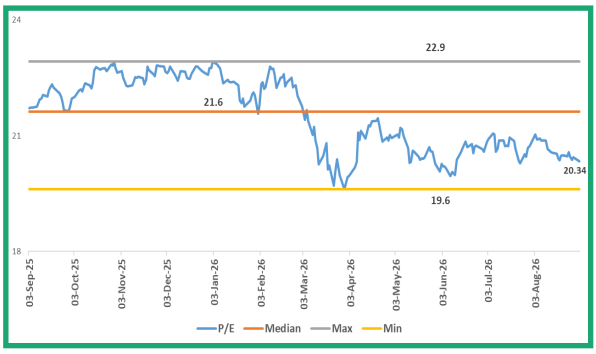
Monthly Market Wrap

August 2026

NIFTY 50 P/E

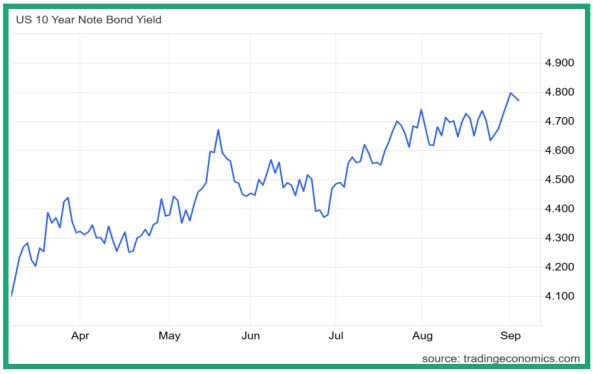


Source: Nifty Indices, GEPL Capital

Crude Oil

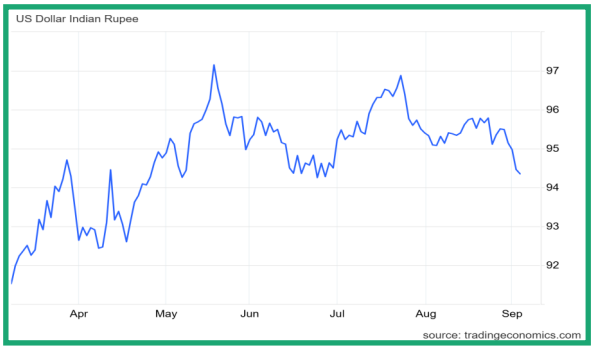
Source: Trading Economics

Bond Yield



Source: Trading Economics

USD/INR



Source: Trading Economics

- **INDEX MOVEMENT**

⇒ NIFTY settled the August series on a weaker note, closing at 24,080, down 1.24%, after facing rejection from its four-month high. The index continues to sustain below its 200-DEMA, indicating a cautious undertone in the near term.

⇒ The renewed US-Iran tensions have pushed Brent crude prices higher, adding pressure on equities, while the rise in US 10-year and 30-year Treasury yields has further weighed on market sentiment. Technically,23,600 remains an important support zone, with 23,600 marking the July 2026 swing low. A decisive break below this level could extend the corrective phase toward the next key support near 23,300, corresponding to the Fibonacci retracement level.

- **CRUDE OIL MOVEMENT**

⇒ Brent crude remains bullish near $96/bbl, supported by escalating US-Iran tensions and rising concerns over Middle East supply disruptions. **Key Levels:** $92 support, followed by $88, while $97-100 is the key resistance zone. A sustained breakout above $100 could extend the upside, whereas a break below $92 may trigger a correction toward $88.

⇒ Bias remains positive above $92, with $100 as the crucial hurdle. Continued geopolitical tensions and supply risks could keep crude prices elevated and remain a headwind for equities.

- **BOND YIELD MOVEMENT**

⇒ The US 10-year yield has witnessed a breakout from an ascending triangular pattern on the monthly chart, indicating potential further upside toward the 5% level. The bullish setup remains intact as long as the yield sustains above 4.50%. A decisive break below 4.50% would invalidate the pattern and weaken the bullish outlook.

⇒ Higher US yields could continue to exert pressure on global equities by keeping financial conditions tight and reducing the relative attractiveness of risk assets. Sustained strength in yields may therefore remain a key factor to watch for equity-market sentiment in the near term.

- **CURRENCY (USD/INR) MOVEMENT**

⇒ USD/INR is currently trading around 94.50, with the near-term technical bias range-bound to mildly bearish as the rupee remains supported by strong inflows and RBI intervention. However, elevated crude prices remain a key risk for the rupee.

⇒ Key Levels: 94.25 is the immediate support, followed by 93.50, while 95.00-95.30 remains the key resistance zone. Sustaining below 94.25 could strengthen the rupee toward 93.50, whereas a decisive breakout above 95.30 could revive the upside toward 96.00. Overall, 94.25-95.30 remains the crucial range for the next directional move.

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ACTIONABLE POINTERS

⇒ Technically,23,600 remains an important support zone, with 23,600 marking the July 2026 swing low. The index continues to sustain below its 200-DEMA, indicating a cautious undertone in the near term.

⇒ The Q1 FY27 result season ended with strong earnings growth despite the supply disruptions due to the geopolitical tensions. This was driven by financials, metals, real estate and automobiles sector results. Broader market reported higher earnings growth than Large Cap. Q2 FY27 result season will be in focus to check the trajectory of earnings growth and impact of delayed monsoon on earnings.

⇒ Nifty is currently trading slightly below its long term average P/E, however, it continues to command premium over most emerging markets. The premium is supported by various factors including, earnings growth, macro stability, and favourable demographics.

Sectoral View

⇒ Given the current tensions between the US and Iran, coupled with the resulting supply constraints in crude oil and natural gas, countries such as India are increasingly prioritizing capital expenditure in the Oil & Gas sector to enhance domestic production and expand offshore exploration and drilling activities. Last month, the government also approved the Samudra Manthan scheme to support offshore drilling activities. This is expected to benefit companies such as ONGC, Deep Industries, and Reliance Industries.

⇒ In the Pharmaceutical sector, especially CDMO companies are reporting strong earnings growth. Further, this sector should benefit from the global demand as global pharma companies are continuing to shift supply chain out of China due to IP protection. Stocks to watch out for includes Laurus Labs, Divis Laboratories, Sai Life Science, and Anthem Bioscience.

⇒ In the BFSI sector, systemic bank credit growth accelerated to 18.1% YoY in July 2026, supported by healthy corporate credit demand amid elevated money-market yields, along with sustained momentum in agricultural, NBFC and personal loans. On the funding side, deposit growth improved meaningfully to 15.4% YoY in July 2026. The acceleration was largely supported by a strong increase in FCNR deposits, indicating improved traction in the banking system's deposit mobilisation.

Conclusion

The broader market has received strong support from robust domestic liquidity and earnings that have remained ahead of expectations. Going forward, we believe market performance is likely to become increasingly selective, with companies delivering consistent earnings growth, healthy cash generation, disciplined capital allocation and improving return ratios better placed to outperform. While maintaining adequate portfolio diversification, investors should focus on businesses with strong balance sheets, clear earnings visibility, credible growth investments and sustained management confidence as we move through FY27.

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ECONOMIC UPDATES

⇒ India entered FY27 against a backdrop of persistent geopolitical tensions and global trade uncertainties, yet maintained strong economic momentum, with real GDP growth accelerating to 7.8% in Q1 FY27, the highest Q1 growth in the four-year period since FY24. Growth was supported by resilient domestic demand and robust performance across manufacturing and services. The IMF has recognised India as one of the world's fastest-growing economies and a key engine of global growth, while S&P Global Ratings affirmed India's 'BBB/A-2' sovereign ratings with a Stable Outlook in August 2026.

⇒ The RBI's Monetary Policy Committee kept the repo rate unchanged at 5.25% and retained its neutral stance, while raising its FY27 GDP growth forecast by 10 bps to 6.7%, supported by resilient domestic demand and stronger-than-expected Q1 FY27 growth. Meanwhile, the FY27 inflation projection was lowered by 10 bps to 5.0%, reflecting benign price pressures and moderate core inflation.

⇒ The Trump administration has imposed steep tariffs of up to 100% on imported drones and drone components, targeting China's dominance in the global drone market and reducing US dependence on foreign suppliers. The new duties, effective this week, are particularly focused on larger and more advanced drones, including those weighing over 25 kg or equipped with thermal imaging technology.

⇒ The Trump administration has placed India in Tier 1 of its "Shadow Transshipment Network" amid concerns over global trade evasion, identifying the Pune-Gujarat-Chennai industrial corridor as a potential route for China-linked pumps and compressors. However, the 25-page White House report does not name any Indian company or cite any confirmed illegal shipment. India has been classified as a "Diversified Scale Leader", alongside economies such as Canada, the EU, Japan, Mexico, South Korea, Taiwan and Israel.

GLOBAL INDEX PERFORMANCE

GLOBAL INDICES PERFORMANCE				
INDEX	**PRICE**	**52W H**	**52W L**	**1M % CHANGE**
DOW JONES INDUSTRIAL AVERAGE	53,191	54,744	44,980	0%
NASDAQ	26,371	27,190	20,690	1%
HANG SENG	25,405	28,056	22,518	-3%
NIKKEI 225	65,786	72,831	41,863	1%
KOSPI	6,820	9,386	3,196	6%

FII & DII MOVEMENTS

(in Cr)	Aug-26	Jul-26	Jun-26	May-26	Apr-26
FIIs	-7,532	-5,779	-49,029	-55,963	-70,135
DIIs	58,268	35,099	85,800	82,669	51,064

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