Geopolitical cues likely to trigger volatility

WEEKLY ROUNDUP

- BSE-SENSEX gained 720.56pts (+0.85%) to 85,762.01
- NSE-NIFTY advanced 286.25pts (+1.10%) to 26,328.55
- The Indian Rupee lost 33ps (-0.37%) to close at Rs 90.13

Progress in trade deal between US and India and conclusion of Russia-Ukraine war will impact markets

THE week gone by had many events rolled into one. It saw the expiry of December futures series, the end of trading for calendar year 2025 and a new all-time high on the benchmark indices. Let us evaluate and discuss each of them later in the article. BSE-SENSEX gained 720.56 points or 0.85 per cent to close at 85,762.01 points while NIFTY gained 286.25 points or 1.10 per cent to close at 26,328.55 points. BANK-NIFTY gained 1,139.60 points or 1.93 per cent to close at 60,150.95 points. It was a broad based rally and across the board. BSE-100, BSE-200 and BSE-500 gained 1.25 per cent, 1.38 per cent and 1.35 per cent respectively. BSE-MIDCAP was up 1.75 per cent while BSE-SMALLCAP gained 1.17 per cent. BSE-SENSEX gained on two of the five trading sessions, while NSE-NIFTY gained on three sessions. The gain or loss on Thursday was quite small and it could actually be termed as sideways. The top sectorial performer was BSE-METAL which gained 5.60 per cent.

The Indian Rupee lost 33 paisa or 0.37 per cent to close at Rs 90.13 to the US Dollar. Dow Jones lost 328.58 points or 0.67 per cent to close at 48,382.39 points. Dow gained on one of the four sessions and lost on three.

Arun Kejriwal

Coming first to December futures expiry which happened on Tuesday the 30th of December, it was a quiet affair. For the series, NSE-NIFTY gained 54.05 points or 0.21 per cent to close at 48,382.39 points. It closed at 25,938.85 points. The series had begun at 25,884.80 points.

Friday the 2nd of January saw fresh new all-time high indices being made on the NSE-NIFTY and BANK-NIFTY on an intraday and closing basis while BSE-SENSEX made only a closing high. The intraday high remains at 86,159.02 points which was made on 1st of December. The intraday highs on NIFTY and BANK-NIFTY are at 26,240 and at 60,203.75 respectively.

BSE-SENSEX was impacted by ITC which bore the brunt of selling over the last two days on account of a new central excise announced which would come into effect from 1st of February. This would be over and above the GST which already exists. ITC lost Rs 54.15 or 13.39 per cent to close at Rs 350.15. The impact of this fall would translate to about 450 points on BSE-SENSEX. If one were to take this into account, even BSE-SENSEX would have made a new intraday high.

There was one mainboard IPO which listed during the week. Shares of Gujarat Kidney Hospital Limited which were issued at Rs 114 listed on Tuesday the 30th of December. The discovered price on BSE was Rs 120.75. They closed at Rs 104.65 on day one and lost marginally to close at Rs 102.90 on Friday, a loss of Rs 11.10 or 9.74 per cent.

The issue from Coal India Limited subsidiary, Bharat Coking Coal Limited would open at the end of the coming week. Price band and roadshow would be held in Mumbai on Friday.

If Russia-Ukraine war ceases, tariffs on India halving from 50% to 25%. This would take care of a lot of uncertainty present in the markets. Hostilities are likely to cease in the next 15 days or so as all the sponsors of Ukraine are now fed up of funding it

Markets have made a new high finally and this is even though there has been no news on geo-political side or trade deal between US and India. The most important news that can impact markets immediately is the coming to an end of the Russia-Ukraine war. This would automatically see tariffs on India halving from 50 per cent to 25 per cent. This would take care of a lot of uncertainty present in the markets. How soon can this happen? Your guess is as good as mine. On a more realistic note, the situation on the ground indicate that hostilities are likely to cease in the next 15 days or so as all the sponsors of Ukraine are now fed up of funding it. This could be a big trigger for the markets. Besides this, Union Budget is around four weeks away.

With last week's market moves, the trading zone has moved upwards. Support exists at levels of 26,000 and lower down at 25,800 points. Resistance is around 26,800 points and further up at levels of 27,000 points. Markets are not going to run away from these levels but they are going to have a grind upwards. The strategy would be to build on a portfolio with stocks which have performed on the financial front in the last few quarters. The government has signaled its intent with levying excise duty on tobacco and cigarettes with a one month notice that they would ensure growth post the budget. With the new high on indices, behind us, it's time to concentrate on stocks in the market place. Trade cautiously.

(The author is the founder of Kejriwal Research and Investment Services, an advisory firm)

Improving fundamentals to spur reversal of FII outflows in 2026

Foreign investors offloaded record Rs240,193-cr of Indian equities in 2025

NEW DELHI

THE year 2025 saw record foreign institutional investor (FII) selling in India but significant improvement in the country's fundamentals is likely to attract net FII inflows in 2026, analysts said on Saturday. In the month of December, FIIs sold equity worth Rs 30, 332 crore through the exchanges. This takes the total FII selling through the exchanges in 2025 to Rs 240,193 crore. FIIs have bought or invested equity for Rs 73,909 crore through the primary market, taking the total net sell figure for 2025 to Rs 166,283 crore, as per NSDL data.

"This is the worst selling by FIIs since they started investing in India. In 2024 also, FIIs have been selling through the exchanges. They sold equity for Rs 121,210 crores. However, for the year as a whole, the net FII inflow was positive since they had invested Rs 121,637 crore through the primary market. But for 2025, the net sell figure is a massive Rs 166,283 crore," said Dr. VK Vijayakumar, Chief Investment Strategist, Geojit Investments Ltd.

The relatively elevated valuations in India and the 'AI trade' were the principal factors that pushed the FIIs to sell mode in India.

The relatively elevated valuations in India and the 'AI trade' were the principal factors that pushed the FIIs to sell mode in India. Robust GDP growth and prospects of improvement in corporate earnings in 2026 augur well for positive FII flows in 2026

The sustained selling by FIIs have contributed significantly to the sharp depreciation of 5 per cent in the rupee vs the dollar in 2025.

"The year 2026 is likely to witness some changes in the FII strategy," Vijayakumar mentioned.

Robust gross domestic product (GDP) growth and prospects of improvement in corporate earnings in 2026 augur well for positive FII flows in 2026, said analysts. On the other hand, domestic institutional investors (DIIs) did some heavy buying last year to offset the FII outflows.

A recent Motilal Oswal Financial Services Ltd report said that DIIs recorded robust inflows of $8.7 billion in the month of November, marking their 28th consecutive month of buying. In 2025 (year to date), DII inflows hit $81.3 billion, already surpassing the full-year 2024 levels, it added.

FPIs withdraw ₹7,608 cr from equities in just two days of Jan

Triggered by volatile currency movements, global trade tensions, concerns over potential US tariffs and stretched market valuations

NEW DELHI

FOREIGN portfolio investors have started 2026 on a cautious note, extending their selling streak from last year by withdrawing Rs 7,608 crore ($846 million) from Indian equities in the first two trading sessions of January. The withdrawal of funds followed the largest outflow of Rs 1.66 lakh crore ($18.9 billion) recorded in 2025, triggered by volatile currency movements, global trade tensions and concerns over potential US tariffs, and stretched market valuations. This sustained selling pressure by foreign portfolio investors (FPIs) has significantly contributed to the nearly 5 per cent depreciation of the rupee against the dollar during 2025. However, market experts believe the tide could turn in 2026. VK Vijayakumar, Chief Investment Strategist at Geojit Investments, said the year is likely to witness a shift in FPI strategy, as improving domestic fundamentals may start attracting net foreign inflows. A robust GDP growth and the prospects of a recovery in corporate earnings bode well for positive FPI flows in the coming months, he added. Echoing similar views, Vaqarjaved Khan, Senior Fundamental Analyst at Angel One, said normalisation in India-US trade relations, a benign global interest rate environment and stability in the USD-INR pair could create a favourable backdrop for foreign investors. He noted that equity valuations have become relatively comforting compared to last year, which could further support a revival in inflows. Despite these positive expectations, FPIs have begun 2026 on a cautious note, and according to data from NSDL, they pulled out nearly Rs 7,608 crore from Indian equities between January 1 and 2. This trend is not unusual, as foreign investors have historically remained guarded in January, having withdrawn funds in eight out of the past ten years, Khan said. Consequently, FPI flows are likely to remain highly sensitive to global cues and macroeconomic developments. While high valuations were a key concern over the past year, that pressure appears to have eased for now, offering some room for optimism going ahead, he added.

Adani Enterprises' ₹1,000 cr NCD issue to close on Jan 19

AHMEDABAD

ADANI Enterprises Limited (AEL), the flagship company of the Adani Group, on Friday announced the launch of its third public issuance of secured, rated, listed, redeemable, non-convertible debentures (NCDs) of Rs 1,000 crore, offering up to 8.90 per cent per annum.

The issue will open on January 6 and close on January 19, with an option of early closure or extension. The NCDs have a face value of Rs 1,000 each. Each application will be for a minimum of 10 NCDs and in multiples of 1 NCD thereafter. The minimum application size would be Rs 10,000, said AEL, India's largest listed business incubator in terms of market capitalisation.

The base size issue is Rs 500 crore, with an option to retain over-subscription up to an additional Rs 500 crore (green shoe option) aggregating up to Rs 1,000 crore (issue size), said the company. "This third NCD issuance marks another step in our journey to broaden access to India's capital markets and give retail investors a stake in long-term infrastructure growth. The strong response to our previous offerings reinforces trust in our strategy and financial discipline, and we aim to build on that momentum," Adani Group's Group CFO Jugeshinder 'Robbie' Singh said.

"As the incubator for India's next wave of infrastructure, from airports and roads to data centres and green hydrogen, AEL remains focused on creating businesses that will power India's economic transformation," Singh noted.

According to the company, at least 75 per cent of the proceeds from the issuance will be utilised towards the prepayment or repayment or payment, in full or in part, of the indebtedness availed by the company, and/or any interest on such indebtedness and the balance (up to a maximum of 25 per cent) for general corporate purposes.

AEL's second NCD issuance of Rs 1,000 crore, launched in July last year, was fully subscribed in three hours on the first day.

Top-7 firms' mcap surges by ₹1.23L cr

RIL, HDFC Bank, Airtel, ICICI Bank, SBI, L&T and HUL were the gainers, while TCS, Infosys, and Bajaj Finance faced an erosion of Rs22,622.55 cr

NEW DELHI

THE combined market capitalisation of seven of the top-10 most-valued firms surged Rs 1,23,724.19 crore last week, in line with an optimistic trend in equities, with Reliance Industries stealing the limelight with the biggest jump in its valuation. Last week, the BSE benchmark jumped 720.56 points, or 0.84 per cent. From the top-10 pack, Reliance Industries, HDFC Bank, Bharti Airtel, ICICI Bank, State Bank of India, Larsen & Toubro and Hindustan Unilever were the gainers, while Tata Consultancy Services (TCS), Infosys, and Bajaj Finance faced erosion from their valuation. The market valuation of Reliance Industries jumped Rs 45,266.12 crore to Rs 21,54,978.60 crore. State Bank of India added Rs 30,414.89 crore, taking its valuation to Rs 9,22,461.77 crore. Larsen & Toubro's valuation surged Rs 16,204.34 crore to Rs 5,72,640.56 crore and that of Hindustan Unilever climbed Rs 14,626.21 crore to Rs 5,51,637.04 crore. The market capitalisation (mcap) of HDFC Bank edged higher by Rs 13,538.43 crore to Rs 15,40,303.87 crore and that of ICICI Bank advanced Rs 3,103.99 crore to Rs 9,68,773.14 crore.

Nifty to touch 29,094 in 12 months: PL Wealth

NEW DELHI

INDIA's benchmark index Nifty is expected to touch 29,094 in one year based on long-term valuation averages and earnings durability, a report said. Wealth management firm PL Wealth said in the report that India ended 2025 from a position of relative macro strength with record-low inflation, a dovish monetary stance, resilient domestic demand and improved corporate earnings visibility.

"India's current macro configuration is among the most constructive we have seen in over a decade. While global uncertainties will continue to create short-term volatility, India's structural strengths—policy reform, financialisaton of savings and improving corporate balance sheets—position it well for sustained long-term growth
- Inderbir Singh Jolly, CEO, PL Wealth Management

"In the near term, large-cap stocks remain preferred due to their earnings stability and strong balance sheets, while selective exposure to high-quality mid-cap names is being added as visibility improves," the wealth management firm cited its strategy. Over the next 6 to 24 months, the earnings cycle is expected to broaden across consumption, financials, capex-linked sectors and select industrials, supported by benign inflation, lower interest rates and sustained domestic liquidity.

"India's current macro configuration is among the most constructive we have seen in over a decade," said Inderbir Singh Jolly, CEO, PL Wealth Management.

India may outperform global markets in 2026

The country continues to offer one of the strongest growth stories over the next decade, supported by favourable demographics and long-term economic potential

MUMBAI

SHARING his annual outlook for the new year, S Naren, Executive Director and Chief Investment Officer at ICICI Prudential Mutual Fund said 2025 turned out to be a "year of hibernation" for Indian markets, even though the country's macroeconomic fundamentals remained strong. "India maintained low fiscal and current account deficits, controlled inflation and healthy economic growth," Naren mentioned.

Despite these positives, Indian equities failed to deliver strong returns and the rupee underperformed against most global currencies, including the US dollar. Looking ahead, Naren believes the situation could change in 2026. He said Indian markets are well placed to do better than most global markets in the coming year. "India continues to offer one of the strongest growth stories over the next decade, supported by favourable demographics and long-term economic potential," he mentioned.

Investors must focus on proper asset allocation rather than chasing short-term returns. Portfolios could have a slightly higher allocation to equities compared to early 2025, as Indian markets have underperformed many global markets over the past year

Naren advised investors to focus on proper asset allocation rather than chasing short-term returns. He suggested that portfolios could have a slightly higher allocation to equities compared to early 2025, as Indian markets have underperformed many global markets over the past year. He said this creates an opportunity for investors who are willing to take measured risks.

At the same time, Naren cautioned investors about increasing exposure to precious metals. He noted that gold and silver have been the best-performing asset classes over the past one year and even over longer periods, which has led to stretched valuations. Silver prices have more than doubled in the last year, while gold prices have risen over 70 per cent, far outperforming equity indices that delivered returns of around 10 per cent. Naren also highlighted that global risks remain high. He warned that many international markets appear overvalued, especially US technology stocks, and that precious metals are showing signs of excessive optimism.

In this environment, he stressed the need for a balanced and cautious investment approach, combining growth opportunities with risk management as markets head into 2026.

CIEL HR Services mops up ₹30 cr in pre-IPO round

NEW DELHI

HUMAN resources solutions provider CIEL HR Services has raised Rs 30 crore from 88 investors, including Zoho Corporation, Pegasus India and Standard Fireworks, ahead of its proposed initial public offering (IPO). In a public announcement, the Chennai-based company said it carried out a pre-IPO placement of 27,27,272 equity shares at Rs 110 apiece, aggregating to Rs 30 crore. The fundraise was approved by the board on November 17 and by shareholders at an extraordinary general meeting on November 28. Apart from Pegasus India Evolving Opportunities Fund, Zoho Corporation and Standard Fireworks, the share allotment includes investors such as Rajashekar Reddy Seelam, founder of 24 Mantra Organic; Prime Securities; KTV Kannan, promoter of KTV Oil Mills and KTV Health Foods; Sri Kaliswari Fireworks; the Pothys family office; AIKYAM Capital; NS Rajan; and Abhijit Bhaduri, among others. According to its draft red herring prospectus (DRHP), CIEL HR Services' IPO will comprise a fresh issue of equity shares worth Rs 335 crore and an offer for sale (OFS) of 47.4 lakh shares by promoters and other selling shareholders. The company plans to utilise the proceeds from the fresh issue to acquire additional stakes in its subsidiaries -- Firstventure Corporation, Integrum Technologies, Next Leap Career Solutions, People Metrics and Thomas Assessments-- besides funding incremental working capital requirements, pursuing inorganic acquisitions and meeting general corporate expenses.