



CA (Dr.) Ashok Ajmera's Weekly Column as on January 03rd, 2026

"Indian equities posted modest gains in Holiday shortened week"

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Indian equity markets ended the holiday-shortened week on a firm note, with benchmarks closing higher despite foreign fund outflows. The Nifty 50 rose about 1%, while the BSE Sensex gained around 0.9%, driven by broad-based buying across most sectors except FMCG. Power, banking, auto, and metal stocks saw particularly strong demand amid expectations of robust Q3 earnings. The rupee remained largely stable, trading in a narrow range of ₹89-90 per U.S. dollar as investors awaited clarity on new-year flows.

The top gainers in the Nifty 50 index were NTPC (up 8.64%), Tata Steel (up 8.14%), JSW Steel (up 7.89%), Coal India (up 6.40%) and Hindalco (up 6.05%). The major losers in the Nifty 50 index were ITC (down 13.39%), HCL Tech (down 1.25%), Max Healthcare (down 1.09%), Dr Reddys Lab (down 1.04%) and Bajaj Fin (down 0.96%).

FII and DII activity

In the week gone by, FIIs were net sellers of Rs. 13,180.09 Crores and DIIs were net buyers of Rs. 17,766.57 Crores. In the previous week FIIs were net sellers of Rs. 12,020.00 Crores and DIIs were net buyers of Rs. 24,674.19 Crores. In the month of December 2025, FIIs net sellers of equities worth Rs. 34,349.62 Crores and DIIs were net buyers of equities worth Rs. 79,619.91 Crores.

Sector Movement

The Outperforming sector was Nifty Metal, up by 5.70% and the worst performing sector was Nifty FMCG, down by 3.72% in the week.

Global Market and Major Developments
US

US equity markets ended the holiday-shortened week lower, though major indices still closed 2025 with a third consecutive year of double-digit gains. The Nasdaq Composite underperformed, followed by the Russell 2000 and S&P 500, while the Dow Jones Industrial Average and S&P MidCap 400 were relatively more resilient despite modest declines. Within the S&P 500, the energy sector stood out with positive returns, supported by higher oil prices amid elevated geopolitical tensions. Trading volumes were light as markets remained closed on Thursday for the New Year's Day holiday.

U.S. economic data painted a mixed but generally supportive picture. Pending home sales rose 3.3% in November—the strongest monthly increase since February 2023—reflecting improving affordability driven by lower mortgage rates and wage growth outpacing home prices. House prices also rebounded, rising 0.4% month on month in October and 1.7% year on year, with strength concentrated in the Middle Atlantic and East North Central regions. Meanwhile, initial jobless claims fell for a third straight week to 199,000, one of the lowest readings of the year, signalling continued labor market resilience.

The Federal Reserve's December meeting minutes highlighted divisions among policymakers following a 25 bps rate cut, with most officials open to further easing if inflation moderates, while some favored holding rates steady for a period. Market reaction was muted, and expectations for a January rate cut remained low. In fixed income markets, Treasury yields were mixed, investment-grade corporate bonds posted negative returns, and high-yield bonds outperformed on thin trading volumes, reflecting cautious but selective risk appetite.

Particulars	Close (02/01/2026: Friday)	Open (29/12/2025: Monday)	Previous Close (26/12/2025: Friday)	Change (%)
Nifty 50	26,328.55	26,063.35	26,042.30	1.10
Sensex	85,762.01	85,004.75	85,041.45	0.85
Nifty Midcap 100	61,365.90	60,397.50	60,314.45	1.74
Nifty Small cap 100	17,832.05	17,756.55	17,695.10	0.77
Sectoral Indices				
Nifty Bank	60,150.95	59,007.05	59,011.35	1.93
Nifty Auto	28,803.65	27,738.90	27,739.85	3.83
Nifty IT	38,320.30	38,622.60	38,572.30	-0.65
Nifty PSU Bank	8,699.90	8,257.85	8,287.45	4.98
Nifty Fin Services	27,899.15	27,464.05	27,430.75	1.71
Nifty Pharma	22,790.90	22,697.25	22,684.65	0.47
Nifty FMCG	53,078.80	55,143.25	55,132.05	-3.72
Nifty Metal	11,421.85	10,921.60	10,806.15	5.70
Nifty Realty	898.80	883.90	883.15	1.77
Nifty Media	1,462.90	1,411.50	1,410.95	3.68
Nifty Energy	36,275.65	35,096.60	35,058.80	3.47
Nifty Private Bank	28,902.90	28,432.05	28,403.85	1.76
Nifty Infra	9,765.75	9,561.55	9,564.45	2.10
Nifty Commodities	9,734.65	9,353.50	9,332.35	4.31
Nifty Consumption	12,256.50	12,237.75	12,231.55	0.20
Nifty PSE	10,130.05	9,786.35	9,759.50	3.80
Nifty Serv. Sector	34,044.95	33,748.60	33,720.85	0.96
Nifty Healthcare	14,725.65	14,708.85	14,699.00	0.18
Nifty Oil & Gas	12,340.05	11,943.75	11,958.15	3.19
Nifty INDIA MFG	15,623.35	15,272.60	15,241.55	2.50
US Indices				
Dow Jones	48,382.39	48,636.63	48,710.97	-0.67
S&P 500	6,858.48	6,903.60	6,929.05	-1.03
NASDAQ 100	25,206.17	25,462.25	25,644.39	-1.17
Commodities				
Gold (in Rs./ 10 gram)	1,35,761	1,39,808	1,39,873	-2.94
Brent Crude oil	60.79	60.62	60.34	0.75

Europe

European equity markets advanced over the week, with the STOXX Europe 600 hitting a fresh high and ending up 1.26% in local currency terms amid an improving economic backdrop. Major indices posted gains, led by Italy's FTSE MIB, while the UK's FTSE 100 briefly crossed the 10,000 mark for the first time. The benchmark closed 2025 with an annual price return of nearly 17%, marking its strongest yearly performance since 2021.

On the macro front, Spain's inflation cooled in December, with the EU-harmonised annual rate easing to 3.0% from 3.2% in November, helped by lower fuel prices, while core inflation remained steady at 2.6%. In France, registered unemployment fell by 21,500 to 3.129 million in November, though it was still up 197,300 year on year. Meanwhile, UK house prices surprised on the downside, with the Nationwide index declining 0.4% m/m in December versus expectations of a 0.1% increase.

Policy signals remained largely steady, with Sweden's Riksbank indicating that its key policy rate is likely to remain unchanged at 1.75% through 2026 before gradually rising thereafter. The guidance reinforced expectations of a prolonged pause in monetary policy across parts of Europe as central banks balance easing inflation against fragile growth dynamics.

Japan

Japanese equities declined in the holiday-shortened week, with the Nikkei 225 falling 0.8% and the TOPIX down 0.4%, though markets still posted a third straight year of gains in 2025, led by AI-linked technology, semiconductor, and construction stocks. The yen traded around ¥156 per dollar, hovering near its weakest levels since January 2025, keeping expectations of possible currency intervention elevated amid limited impact from verbal warnings by authorities.

In fixed income, the 10-year JGB yield rose to 2.07% from 2.04%, its highest level since 1999, driven by expectations of gradual monetary tightening and concerns over fiscal expansion. The BoJ raised its policy rate by 25 bps to 0.75% at its December meeting, with policymakers citing strong corporate profits, wage growth, and easing U.S. tariff risks as factors supporting further normalization.

China

Mainland Chinese markets ended the holiday-shortened week mixed, with the CSI 300 slightly down and the Shanghai Composite edging higher, while Hong Kong's Hang Seng gained about 2.0%.

China's manufacturing activity showed improvement in December, with the PMI rising to 50.1 from 49.2 in November, ending an eight-month contraction streak. The data suggests Beijing is likely to adopt a measured stimulus approach in 2026, though some analysts advocate for more aggressive measures to boost domestic consumption.

Major Developments in Domestic Markets

- India has approved electronic component manufacturing projects worth \$46 billion to boost domestic production and reduce import dependence. The move supports the government's push to strengthen the electronics supply chain and attract global manufacturers.
- India's fiscal deficit for April–November stood at ₹9.8 trillion (\$109.1 billion), accounting for 62.3% of the full-year estimate, according to government data. For FY26, the government has pegged the fiscal deficit at 4.4% of GDP, or ₹15.7 trillion.
- India has imposed a three-year safeguard duty of 11%–12% on select steel imports to curb low-priced shipments, particularly from China, according to a finance ministry order. The duty will be levied at 12% in the first year, 11.5% in the second, and 11% in the third year.
- India has asked state refiners to submit weekly data on Russian crude imports as it reviews energy sourcing while pursuing a trade deal with the US. The move signals closer monitoring of oil flows amid geopolitical and trade negotiations.
- Indian states are expected to borrow a record ₹5 trillion in the January–March quarter as higher spending and debt refinancing needs rise toward the end of the fiscal year. The surge could tighten bond market liquidity and keep state bond yields elevated.
- India has imposed a new excise duty on cigarettes effective February 1, 2025, covering all cigarette categories. The government did not disclose the exact duty hike percentage, but the move is expected to raise prices and impact volumes for tobacco companies.
- Mahindra & Mahindra reported a 23% year-on-year rise in December SUV sales, driven by strong demand for its new and refreshed models. The performance highlights continued momentum in India's utility vehicle segment.
- India has imposed a provisional anti-dumping duty of \$60.87–\$130.66 per tonne on low-ash metallurgical coke imports from Australia, China, Colombia, Indonesia, Japan and Russia, effective for six months, as per an order issued on Wednesday.
- India's GST collections rose 6% to ₹1.75 lakh crore in December, reflecting steady consumption and economic activity. This marks continued resilience in the country's indirect tax revenues.
- India's power consumption rose nearly 7% in December to 138.39 billion units, led by higher use of heating appliances amid severe North Indian cold. Peak demand climbed to 241.20 GW, with steady consumption expected as temperatures remain low.
- India has surpassed Japan to become the world's fourth-largest economy with a size of \$4.18 trillion, and is poised to overtake Germany to become the third-largest by 2030, the government has said. With continuing good growth numbers, India is also the world's fastest-growing major economy.
- India's defence acquisition council has cleared proposals worth 790 billion rupees (\$8.78 billion) to buy radars, radios, automatic take-off landing recording systems and other equipment for its army, navy and air force, the defence ministry said.

Ajcon Global's observations and view:

Short term view:

1. Indian equity markets are expected to remain cautiously positive in the near term, supported by strong domestic liquidity and optimism around Q3 earnings, particularly in banking, auto, metals, and power sectors. The continued participation of domestic investors is likely to offset pressure from foreign fund outflows, which may cap sharp upside in the short term.
2. Macro-economic factors such as stable crude prices, a steady rupee and manageable inflation should provide a supportive backdrop for equities. Sectors like IT, financials, defence and infrastructure may see selective buying, while defensive sectors such as FMCG could underperform as risk appetite improves.
3. However, near-term volatility could rise due to global cues, including U.S. monetary policy signals, crude price fluctuations and geopolitical developments. Investors are likely to maintain a balanced approach, favoring fundamentally strong companies with visible earnings growth and resilient cash flows.

Long term view

1. We believe that in spite of whatever is happening around, Indian equities are expected to remain attractive, supported by strong domestic growth, rising consumption, favorable demographics, and continued policy reforms. While global volatility and geopolitical risks may cause short-term swings, the underlying fundamentals - robust corporate earnings, improving governance and a resilient economy, provide a better foundation for sustained wealth creation for long-term investors.
2. Our faith remains in the Equity as the best asset class in the World but advice caution to the investors to be selective & remain invested in fundamentally strong companies at every fall.

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