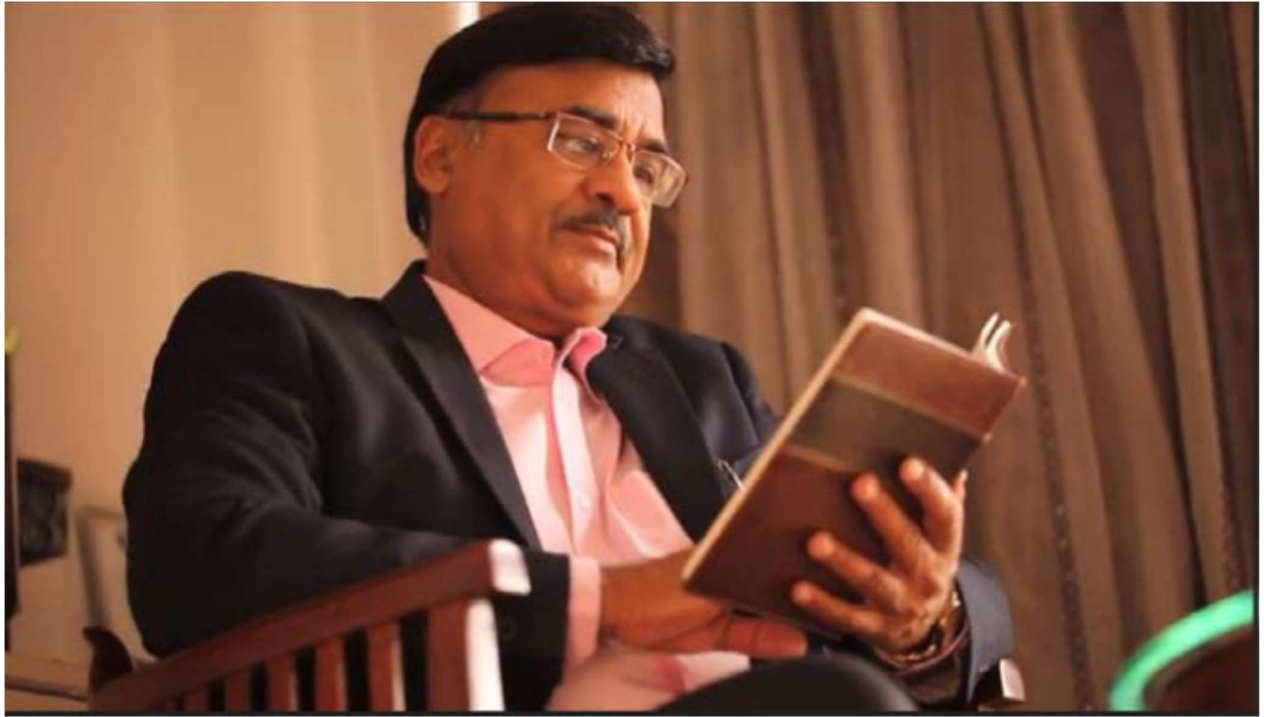




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CA (Dr.) Ashok Ajmera's Weekly Column as on February 7th, 2026

" Indian equities rally on positive US–India trade developments, steady RBI policy and supportive Union Budget despite global tech volatility"

CA (Dr.) Ashok Ajmera's Weekly Column

Indian equities posted their best weekly gain in around three months, with the Nifty 50 and Sensex up 3.5%, supported by optimism around the US-India trade deal and a stable macro-outlook. Sentiment was further boosted after the RBI MPC kept the repo rate unchanged and projected benign inflation and healthy growth, reinforcing expectations of policy stability. The Union Budget also aided sentiment with its capex push and reform focus, although IT stocks underperformed amid global tech selloff, while broader markets and cyclical sectors outperformed.

The top gainers in the Nifty 50 index were Power Grid (up 14.13%), Adani Ent. (up 10.20%), Adani Ports (up 9.22%), Max Healthcare (up 8.68%) and Trent (up 8.67%). The major losers in the Nifty 50 index were Infosys (down 8.16%), Tech Mahindra (down 7.07%), HCL Tech (down 6.01%), TCS (down 5.84%) and Bharat Elec. (down 4.13%).

FII and DII activity

In the week gone by, FIIs were net buyers of Rs. 2,645.53 Crores and DIIs were net buyers of Rs. 2,892.14 Crores. In the previous week FIIs were net sellers of Rs. 4,844.21 Crores and DIIs were net buyers of Rs. 18,500.59 Crores. In the month of January 2026, FIIs net sellers of equities worth Rs. 41,435.22 Crores and DIIs were net buyers of equities worth Rs. 69,220.74 Crores.

Sector Movement

The Outperforming sector in the week was Nifty Realty, up by 7.73% while the worst performing sector was Nifty IT, down by 6.91% in the week.

Global Market and Major Developments

US

US equities had a volatile week, with large-cap tech stocks dragging the Nasdaq lower amid fears of AI overinvestment and disruption risks, while small-cap, cyclical, and value stocks outperformed as investors rotated away from growth names. The S&P 500 ended flat, Nasdaq fell 1.8%, while the Dow, Russell 2000, and MidCap indexes posted gains, with value stocks beating growth by a wide margin.

Investor sentiment reflected concerns that AI spending may peak and margins could compress, leading to profit-taking in mega-cap tech. Geopolitical tensions and mixed corporate earnings further added to market swings. US labor market data surprised negatively, showing slowing job momentum and rising layoffs. ADP private payrolls were weak, job openings fell to the lowest since 2020, jobless claims rose, and Challenger layoffs surged to the highest January level since 2009—raising concerns of a cooling economy. The sharp slowdown in hiring suggests companies are turning cautious on expansion and capex. This has strengthened expectations that the Fed could turn more dovish if economic data continues to soften.

On the macro side, manufacturing rebounded into expansion while services remained steady, and bond yields declined as Treasuries rallied. Manufacturing PMI rose to 52.6 (from 47.9), while services PMI stayed at 53.8. The 10-year US Treasury yield fell as bond prices rose, with Treasuries outperforming credit, while high-yield bonds underperformed amid macro uncertainty. The manufacturing PMI jump suggests a cyclical recovery in demand, while falling yields reflect rising recession hedging and expectations of future rate cuts, supporting bonds and defensive assets.

Particulars	Close (06/02/2026: Friday)	Open (02/02/2026: Monday)	Previous Close (01/02/2026 Sunday)	Change (%)
Nifty 50	25,693.70	24,795.50	24,825.45	3.50
Sensex	83,580.40	80,555.68	80,722.94	3.54
Nifty Midcap 100	59,502.70	57,128.60	57,120.80	4.17
Nifty Small cap 100	16,938.65	16,381.95	16,418.15	3.17
Sectoral Indices				
Nifty Bank	60,120.55	58,239.30	58,417.20	2.92
Nifty Auto	27,519.55	26,177.70	26,190.65	5.07
Nifty IT	35,611.05	38,396.00	38,252.95	-6.91
Nifty PSU Bank	8,876.20	8,515.00	8,517.20	4.22
Nifty Fin Services	27,807.10	26,612.20	26,699.10	4.15
Nifty Pharma	21,961.35	21,629.80	21,535.30	1.98
Nifty FMCG	51,882.75	50,103.90	50,042.80	3.68
Nifty Metal	11,943.15	11,343.10	11,348.65	5.24
Nifty Realty	824.85	764.15	765.65	7.73
Nifty Media	1,390.75	1,356.05	1,360.20	2.25
Nifty Energy	36,451.70	34,042.00	34,056.35	7.03
Nifty Private Bank	28,944.15	28,143.70	28,204.95	2.62
Nifty Infra	9,541.00	8,920.65	8,923.35	6.92
Nifty Commodities	9,894.65	9,339.10	9,330.65	6.04
Nifty Consumption	11,799.85	11,266.40	11,271.70	4.69
Nifty PSE	10,345.90	9,875.65	9,848.00	5.06
Nifty Serv. Sector	33,394.60	32,565.60	32,652.20	2.27
Nifty Healthcare	14,139.85	13,851.65	13,802.30	2.45
Nifty Oil & Gas	12,208.20	11,440.15	11,454.30	6.58
Nifty INDIA MFG	15,410.10	14,729.25	14,699.75	4.83
US Indices				
Dow Jones	50,115.67	48,777.77	48,892.47	2.50
S&P 500	6,932.31	6,916.64	6,939.02	-0.10
NASDAQ 100	25,075.77	25,491.64	25,552.39	-1.87
Commodities				
Gold (in Rs./ 10 gram)	1,55,451	1,46,000	1,42,217	9.31
Brent Crude oil	68.09	68.60	69.84	-2.51

Europe

European equities had a strong week, with the STOXX Europe 600 gaining 1.0% and hitting a new intraday high amid optimism on the eurozone economy. Major indexes rose broadly, with Germany's DAX up 0.74%, Italy's FTSE MIB up 0.77%, France's CAC 40 up 1.81%, and the UK's FTSE 100 up 1.43%. Investor sentiment was supported by easing inflation, resilient growth data, and expectations of future rate cuts by major central banks. Cyclical sectors and financials outperformed, while defensives lagged, indicating improving risk appetite. The stronger euro and improving macro stability helped offset global tech volatility and geopolitical concerns.

The ECB kept its deposit rate unchanged at 2.0% for the fifth straight meeting, signaling policy is in a "good place" as inflation cools faster than expected. Eurozone headline inflation fell to 1.7% YoY in January (from 1.9%), core inflation eased to 2.2% (lowest since Oct 2021) and services inflation declined to 3.2%. ECB President Christine Lagarde said the economy remains resilient despite global uncertainty, and inflation is expected to stabilise around the 2% target in the medium term. The faster disinflation trend has strengthened market expectations for rate cuts in mid-to-late 2026, with bond yields declining and rate-sensitive stocks gaining. A stronger euro and moderating wage pressures also contributed to the disinflationary trend.

Macro data was mixed, with eurozone retail sales falling 0.5% MoM in December but rising 1.4% QoQ in Q4 2025, showing a late-year pickup in household spending. November retail growth was revised down to 0.1% MoM, suggesting consumer momentum is uneven. The Bank of England held rates at 3.75%, but 4 of 9 MPC members voted for a rate cut, sharply increasing market expectations of a March cut. Governor Andrew Bailey said inflation could hit 2% by April, nearly a year earlier than previously forecast, and suggested two rate cuts in 2026 would be reasonable. This has pushed UK bond yields lower and supported UK equities, especially rate-sensitive sectors like real estate and utilities.

Japan

Japanese equities had a strong week, with the Nikkei 225 rising 1.75% and TOPIX gaining 3.72%, driven by optimism ahead of the February 8 election, where PM Sanae Takaichi's LDP is expected to secure a strong mandate. Investors expect aggressive fiscal expansion, including higher defence spending and potential tax cuts, which supported equities. The yen weakened to around JPY 157/USD from 154.8, as markets priced in looser fiscal policy and Takaichi's initial comments favouring a weak yen for exports. Concerns about AI-driven disruption to global tech also dampened risk appetite, but domestic political optimism dominated Japanese markets.

Japan's bond market reflected fiscal concerns, with the 10-year JGB yield hovering near 2.23%, its highest levels since 1997, amid worries about Japan's already heavy debt burden. On the macro front, household spending fell 2.6% YoY in December, sharply reversing November's 2.9% growth, as inflation eroded purchasing power. Inflation remains a key political issue, and Takaichi pledged to cut the food consumption tax to 0% for two years to ease cost-of-living pressures. Weak consumer demand contrasts with equity optimism, highlighting rising policy and fiscal risks ahead.

China

Chinese equities declined amid tech weakness and commodity volatility, with the CSI 300 down 1.33%, Shanghai Composite down 1.27%, and Hang Seng falling 3.02%, reflecting persistent investor caution. Private PMI data showed a modest recovery, with services PMI rising to 52.3 (3-month high) and manufacturing PMI at 50.3, indicating continued expansion supported by export demand and higher new orders. However, official PMI data suggested a broader slowdown, highlighting weak domestic consumption and uneven recovery dynamics. The divergence between private and official surveys underscores China's reliance on exports while internal demand remains sluggish, and economists expect the PBoC to ease monetary policy further this year to support growth.

Major Developments in Domestic Markets

- While aligning with the vision of Viksit Bharat 2047, the Budget misses to address the short-term challenges** - Presented on 1st February 2026, the Union Budget 2026–27 reinforces the government's long-term "Viksit Bharat 2047" vision, prioritising structural transformation over short-term stimulus. While the hike in STT dampened near-term market sentiment and could reduce F&O volumes in the short run, the budget's ₹53.5 lakh crore outlay stays focused on fiscal discipline, high-tech manufacturing, MSMEs and infrastructure-led capacity creation rather than populist measures.
- US and India released an interim trade framework to cut tariffs, deepen supply-chain cooperation, and move toward a full bilateral trade deal.
- RBI kept the repo rate unchanged, citing improved economic outlook and easing market pressure from recent trade deals with the U.S. and EU.
- RBI MPC revised FY27 Q1 and Q2 real GDP growth higher to 6.9% and 7%, signalling a healthy near- and medium-term growth outlook.
- RBI's MPC projected FY26 CPI inflation at 2.1%, citing easing price pressures and a benign inflation outlook.
- RBI doubled collateral-free loan limits for small businesses and allowed banks to lend to REITs to boost credit access and support the real estate sector.
- Leading South Korean insurers (Samsung Fire, Mirae Asset, Hyundai Marine) are exploring entry into India's \$130 bn insurance market after India opened the sector to full foreign ownership.
- NSE's board approved plans for a long-awaited IPO via an offer-for-sale by existing shareholders, marking a key step toward listing the exchange.
- India dropped a planned fuel-efficiency concession for small cars in upcoming emission rules, tightening standards for all automakers and pushing them toward EVs and hybrids.

10. RBI will introduce risk-based deposit insurance premiums from April 1, replacing the flat fee system to reward safer banks with lower costs and improve risk discipline.
11. India's Power Finance Corporation board approved an in-principle merger with Rural Electrification Corporation, advancing a government-backed plan to consolidate the two state-run power financiers under one entity.

Ajcon Global's observations and view:

Short term view:

1. Indian equities are expected to trade cautiously as markets await greater clarity on the terms and timeline of the India–U.S. trade agreement. Investor focus will also be on key domestic macro releases, particularly India CPI inflation, which could shape expectations around policy stance and liquidity conditions.
2. On the global front, developments in U.S.–Iran negotiations will be closely monitored, given their implications for crude oil prices. Meanwhile, FII flows will remain a key swing factor as recent signs of renewed inflows into Indian equities are encouraging and the sustainability of this trend will be critical in determining near-term market direction amid a still-mixed earnings backdrop.
3. We continue to recommend accumulation in selective fundamentally strong midcap stocks across sectors such as PSUs, public sector banks, FMCG, food processing, fertilisers, agro-based industries, infrastructure, banking & financials many of which remain attractively valued amid supportive domestic trends. While some sectors continue to face pressure from steep US tariffs, the recent GST rate rationalization has provided some relief and could support a gradual recovery in those sectors too.

Long term view

1. We believe that in spite of whatever is happening around, the Indian economy is still strongly placed as compared to the global peers as the recently announced GDP and inflation numbers give hope for further Rate cuts in the second half of FY26, which will give a further Philip to the Indian Markets.
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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