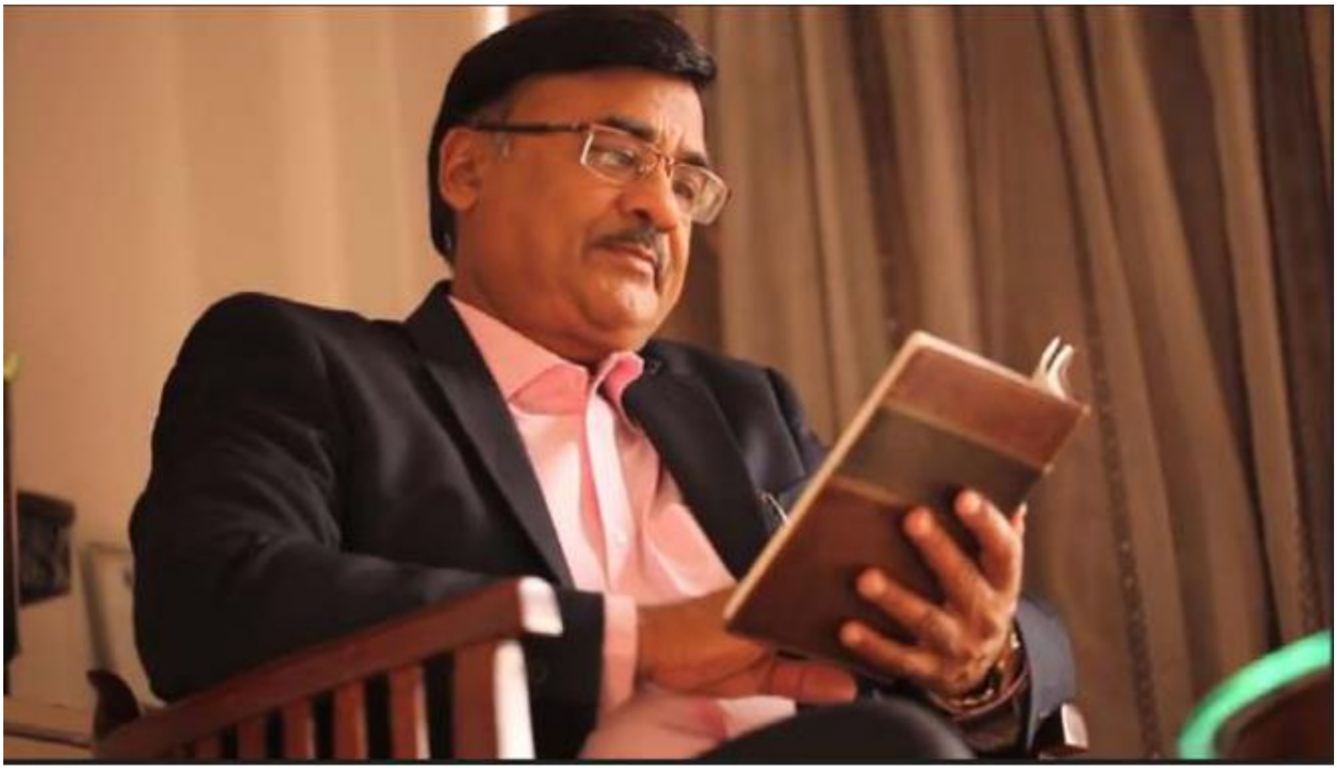

CA (Dr.) Ashok Ajmera’s Weekly Column as on March 07th, 2026

"The Iran-Israel/USA War has taken its toll on the Indian Markets taking it down by about 3% during the week”

CA (Dr.) Ashok Ajmera's Weekly Column

Indian equity markets ended the week much lower, with the Sensex and Nifty declining around 3% amid rising geopolitical tensions in West Asia that weighed on investor sentiment. The escalation pushed Brent crude prices sharply higher to around $93 per barrel, raising concerns over inflation and India's import bill, while the rupee weakened to around ₹91.6–91.9 against the US dollar during the week after briefly hitting record lows above ₹92. Persistent FII outflows, a stronger US dollar, and cautious global cues further reinforced the risk-off sentiment, resulting in broad-based selling across major sectors.

The top gainers in the Nifty 50 index were Bharat Electronics (up 5.34%), Hindalco (up 3.70%), Sun Pharma (up 3.59%), Coal India (up 2.28%) and Dr Reddys Labs (up 1.36%). The major losers in the Nifty 50 index were Indigo (down 8.76%), Tata Motors PV (down 8.34%), L&T (down 7.68%), Shriram Finance (down 6.66%) and HDFC Life (down 6.54%).

Particulars	Close (06/03/2026: Friday)	Open (02/03/2026: Monday)	Previous Close (27/02/2026 Friday)	Change (%)
Nifty 50	24,450.45	24,659.25	25,178.65	**-2.89**
Sensex	78,918.90	78,543.73	81,287.19	**-2.91**
Nifty Midcap 100	57,393.35	57,090.80	59,115.60	**-2.91**
Nifty Small cap 100	16,498.90	16,289.60	16,928.90	**-2.54**
		Sectoral Indices		
Nifty Bank	57,783.25	59,204.30	60,529.00	**-4.54**
Nifty Auto	27,076.40	27,196.40	28,158.85	**-3.84**
Nifty IT	30,138.40	30,020.15	30,603.85	**-1.52**
Nifty PSU Bank	9,184.35	9,538.05	9,820.45	**-6.48**
Nifty Fin Services	26,652.45	27,353.10	27,869.75	**-4.37**
Nifty Pharma	22,970.20	22,385.30	22,952.35	**0.08**
Nifty FMCG	49,970.60	49,968.25	51,142.20	**-2.29**
Nifty Metal	12,000.45	11,909.90	12,240.65	**-1.96**
Nifty Realty	742.00	751.75	780.60	**-4.94**
Nifty Media	1,354.55	1,380.15	1,416.15	**-4.35**
Nifty Energy	36,319.60	36,014.35	37,045.20	**-1.96**
Nifty Private Bank	27,418.60	28,134.80	28,617.55	**-4.19**
Nifty Infra	9,237.05	9,242.10	9,532.65	**-3.10**
Nifty Commodities	9,726.70	9,684.60	9,955.95	**-2.30**
Nifty Consumption	11,194.45	11,218.60	11,537.10	**-2.97**
Nifty PSE	10,327.40	10,205.20	10,456.10	**-1.23**
Nifty Serv. Sector	31,230.50	31,689.35	32,325.60	**-3.39**
Nifty Healthcare	14,791.65	14,492.30	14,871.10	**-0.53**
Nifty Oil & Gas	11,787.30	12,085.40	12,264.90	**-3.89**
Nifty INDIA MFG	15,484.75	15,309.20	15,771.55	**-1.82**
		US Indices		
Dow Jones	47,501.55	48,794.42	48,977.92	**-3.01**
S&P 500	6,740.02	6,824.36	6,878.88	**-2.02**
NASDAQ 100	24,643.01	24,599.41	24,960.04	**-1.27**
		Commodities		
Gold (in Rs./ 10 gram)	1,61,634	1,65,501	1,62,104	**-0.29**
Brent Crude oil	93.33	81.57	73.20	**27.50**

FII and DII activity

In the week gone by, FIIs were net sellers of Rs. 21,831.19 Crores and DIIs were net buyers of Rs. 32,786.92 Crores. In the previous week FIIs were net sellers of Rs. 4,629.54 Crores and DIIs were net buyers of Rs. 24,311.93 Crores. In the month of February 2026, FIIs net sellers of equities worth Rs. 6,640.78 Crores and DIIs were net buyers of equities worth Rs. 38,423.11 Crores.

Sector Movement

The Outperforming sector in the week was Nifty Pharma, up by 0.08% while the worst performing sector was Nifty PSU Bank, down by 6.48% in the week.

Global Market and Major Developments

US

US stock markets ended a volatile week lower as investors reacted to escalating tensions in the Middle East following US and Israeli military strikes on Iran. Concerns about possible oil supply disruptions pushed energy prices higher, increasing fears of energy-driven inflation. The uncertainty around the conflict and its potential impact on global energy markets also affected US Treasury trading, with bond yields rising as investors reconsidered inflation risks and the outlook for Federal Reserve policy.

Among the major indexes, the S&P MidCap 400 fell the most, dropping 4.61%, followed by the Russell 2000, the Dow Jones Industrial Average, and the S&P 500. The Nasdaq Composite performed relatively better but still declined 1.24%. Meanwhile, economic data from the Institute for Supply Management (ISM) showed continued expansion in February. The manufacturing PMI came in at 52.4, marking the second consecutive month of growth, while the services PMI rose to 56.1—its highest level since July 2022—supported by strong new orders, business activity, and employment.

Labor market data during the week presented mixed signals. ADP reported that private sector employment increased by 63,000 jobs in February, while initial jobless claims remained stable and layoffs dropped sharply compared to January. However, sentiment weakened after the Bureau of Labor Statistics reported that nonfarm payrolls fell by 92,000 and the unemployment rate rose to 4.4%. This weaker employment report could complicate the Federal Reserve's policy decisions as it balances signs of a cooling labor market with rising inflation risks driven by higher energy prices.

Europe

European markets declined sharply during the week, with the pan-European STOXX Europe 600 Index falling 5.55% after several weeks of gains. Investor sentiment weakened significantly following US and Israeli military strikes on Iran and the expansion of conflict across the Middle East. Major regional indexes also posted steep losses, including Germany's DAX (-6.70%), France's CAC 40 (-6.84%), Italy's FTSE MIB (-6.48%), and the UK's FTSE 100 (-5.74%).

Rising oil and gas prices due to the conflict increased concerns about higher inflation and slower economic growth in Europe. Even before the escalation, eurozone inflation had risen to 1.9% in February from 1.7% in January, according to Eurostat, exceeding market expectations. As a result, traders significantly adjusted their outlook for monetary policy, with the probability of a European Central Bank rate hike increasing to more than 50%.

Despite these concerns, some economic data remained positive. The eurozone unemployment rate fell to a record low of 6.1% in January, while youth unemployment also declined. In Italy, GDP grew by 0.3% in the final months of 2025, supported by investment and housing, while unemployment dropped to 5.1%. In the UK, however, economic signals were mixed, with the construction PMI declining due to weaker new orders, although house prices rose 1.3% year over year. Meanwhile, the pound weakened as investors weighed the potential economic impact of the Middle East conflict.

Japan

Japan's stock markets declined sharply during the week, with the Nikkei 225 Index falling 5.49% and the TOPIX Index dropping 5.63% amid uncertainty over the escalating Middle East conflict. Investors were concerned about the impact of rising crude oil prices on Japan's inflation and economic outlook, given the country's heavy reliance on energy imports. Bank of Japan Governor Kazuo Ueda said the conflict could significantly affect both the global and Japanese economies through higher energy prices and market volatility but reiterated that the BoJ would continue raising interest rates if economic growth and inflation move in line with its projections. Meanwhile, the 10-year Japanese government bond yield edged up to 2.15%.

In currency markets, the yen weakened to around JPY 157.6 per US dollar from about JPY 156.1 the previous week. Finance Minister Satsuki Katayama said authorities were closely monitoring the currency's decline and could intervene in the foreign exchange market if necessary. On the domestic front, expectations for continued wage growth were supported by the Japanese Trade Union Confederation (Rengo), which urged member unions to seek an average wage increase of 5.94% this year. These annual "shuntō" wage negotiations are closely watched by policymakers, as sustained wage growth is seen as crucial for supporting consumer spending, stable inflation, and long-term economic growth.

China

China's equity markets declined as investors assessed the escalating Middle East conflict and its potential impact on oil prices and global growth alongside Beijing's new policy signals. The CSI 300 Index fell 1.07% and the Shanghai Composite slipped 0.93%, while Hong Kong's Hang Seng Index dropped 3.28%. Meanwhile, at the National People's Congress, China set a 2026 GDP growth target of 4.5%–5%, the lowest in decades, while maintaining a budget deficit of around 4% of GDP and a 2% inflation target.

Premier Li Qiang emphasized boosting domestic demand and strengthening China's ability to manage external challenges, announcing new financing tools to support investment and allowing local governments to issue large volumes of special bonds. Economic data was mixed, with the official manufacturing PMI slipping to 49.0, indicating contraction, while a private PMI survey rose to 52.1, reflecting stronger activity among smaller, export-oriented firms.

Major Developments in Domestic Markets

1. The Reserve Bank of India has proposed draft rules to compensate victims of digital fraud with 85% of losses or up to ₹25,000 (for transactions up to ₹50,000), even in some cases of customer negligence, with banks required to prove customer liability.
2. Indian refiners are seeking legal clarity on buying sanctioned Russian oil after the US granted India a 30-day waiver to purchase crude oil from Russia.
3. Indian airlines are grappling with the escalating conflict in West Asia, as rising jet fuel prices and higher insurance premiums impact operations, prompting carriers to seek government support while longer flight routes and regulatory hurdles add to the strain, making it difficult to sustain services to the region beyond evacuation flights.
4. India has invoked emergency powers, directing domestic refiners to maximise production of liquefied petroleum gas (LPG) to avert potential shortages of the cooking fuel. The move comes in response to supply disruptions linked to the ongoing Middle East crisis, according to a government order.
5. Petroleum and Natural Gas Minister Hardeep Singh Puri said there is no cause for concern over energy supplies, assuring that India has adequate availability and the government's priority is to ensure affordable and sustainable fuel for consumers.
6. India's central bank, the Reserve Bank of India, has aggressively defended the rupee this week, deploying an estimated $12 billion to curb losses after the escalating Middle East war pushed the currency to a record low, according to bankers' estimates.
7. India's Trade Minister Piyush Goyal said he is in talks with the shipping ministry and industry players to help release cargo stranded due to disruptions in key global trade routes amid escalating conflict in the Middle East.
8. The Middle East conflict has disrupted India's gems and jewellery exports and rough diamond imports from the United Arab Emirates due to widespread flight cancellations and airspace closures.

9. GAIL (India) Limited said it may curb supplies to customers after a force majeure notice from Petronet LNG Limited due to vessel constraints as the Middle East conflict disrupts fuel shipments, affecting India's LNG imports from key supplier Qatar.
10. India's retail vehicle sales jumped 25.6% in February, driven by tax cuts last year and strong wedding-season demand for two-wheelers and passenger vehicles, the Federation of Automobile Dealers Associations said.
11. India's services sector growth slowed in February as new business expanded at the weakest pace in over a year and cost pressures hit a two-and-a-half-year high, with the HSBC India Services Purchasing Managers' Index slipping to 58.1 from 58.4 in January.
12. BSE Limited said it has received approval from Securities and Exchange Board of India to launch cash-settled monthly futures and options on the BSE Sensex Next 30 Index, with contracts expiring on the last Thursday of each month.

Ajcon Global's observations and view:

Short term view:

1. Indian equities are likely to remain volatile in the near term amid a mix of domestic and global developments. While India's Services PMI has moderated slightly, it continues to remain in the expansion zone, indicating steady economic momentum. At the same time, rising US–Iran geopolitical tensions have pushed crude oil prices higher, which could increase India's import bill and keep inflation concerns in focus. A weakening rupee may also add to imported inflation and keep foreign investor sentiment cautious.

2. Market sentiment will be guided by the intensity of ongoing war, though the Iranian President has recently assured that Iran will not carry out the attacks on neighbouring Countries unless an attack against it originates from those Countries. Indian Markets will also look at the key macroeconomic data releases in the coming days. Globally, investors will track US CPI and GDP data for signals on the future trajectory of interest rates. On the domestic front, India's CPI inflation data under the revised base year will be closely watched for clues on inflation trends and possible monetary policy implications. Additionally, AMFI mutual fund flow data will provide insights into domestic liquidity and retail participation.

3. We continue to recommend accumulation in selective fundamentally strong stocks across sectors such as PSUs, defence, public sector banks, FMCG, food processing, fertilisers, agro-based industries, infrastructure, banking & financials many of which are attractively valued amid the current geopolitical situation.

Long term view

1. We believe that in spite of whatever is happening globally, the Indian economy is still strongly placed as compared to the global peers due to higher GDP estimates, manageable inflation and softening RBI policy.

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, taking timely decisions.

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