



CA (Dr.) Ashok Ajmera's Weekly Column as on January 10th, 2026

"Indian Equities Weaken as US-India Tariff Uncertainty and FII Selling Persist"



AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

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Indian equity markets ended the week under pressure, extending losses for a fifth consecutive session, as sustained FII outflows, uncertainty around US-India trade and tariff negotiations and escalating geopolitical tensions weighed on sentiment throughout the week. Investor caution was further driven by concerns over a potential 500% US tariff on countries importing Russian oil, while market will also track the US Supreme Court's ruling on Trump-era tariffs, the upcoming US jobs data and India's December inflation print due next week.

The top gainers in the Nifty 50 index were BEL (up 3.84%), Titan (up 3.70%), ICICI Bank (up 3.61%), Eicher Motor (up 2.35%) and Asian Paints (up 1.91%). The major losers in the Nifty 50 index were Trent (down 9.90%), Reliance (down 7.35%), HDFC (down 6.25%), Adani Ent. (down 5.53%) and Indigo (down 5.13%).

FII and DII activity

In the week gone by, FIIs were net sellers of Rs. 5,440.90 Crores and DIIs were net buyers of Rs. 11,998.58 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

There was no Outperforming sector in the week while the worst performing sector was Nifty Oil & Gas, down by 5.76% in the week.

Global Market and Major Developments

US

Equities rose in the first full trading week of the year, as investors largely overlooked rising global tensions, sending most major indexes to all-time highs. Small-cap and value stocks outscored large-cap growth stocks, which have led returns in previous years, while an equal-weighted version of the S&P 500 Index outperformed its market cap-weighted equivalent. The Russell 2000 Index outperformed the other major indexes, rising 4.62%, while the S&P 500 fell but still rose 1.57%.

The week also saw several notable industry-level moves in response to a flurry of policy announcements from President Donald Trump. For example, stocks of aerospace and defence companies were hurt on Wednesday by comments that Trump "will not permit" them to pay dividends or repurchase shares unless they accelerate production of military hardware. The next day, defence stocks rallied after the administration proposed a sizable increase in military spending, as investors priced in the potential for higher government outlays.

The week also brought a heavy dose of economic data releases, including several labor market reports that generally surprised to the downside. Most notably, the Labor Department released its closely watched nonfarm payrolls report on Friday, which showed that US employers added a lighter-than-expected 50,000 jobs in December, while October's and November's readings were revised down by a combined 76,000. However, on the more positive side, the unemployment rate ticked down to 4.4% from a revised 4.5% in the prior month. Data from the Institute for Supply Management (ISM) showed that economic activity in the US manufacturing sector contracted for the 10th consecutive month in December, as the ISM's Manufacturing Purchasing Managers' Index (PMI) declined by 0.3 points to 47.9, the lowest reading of 2025 (readings below 50 indicate contraction). The employment index remained in contraction for the 11th straight month, while the prices index stayed in expansion indicating rising input prices for the 15th consecutive month.

Particulars	Close (09/01/2026: Friday)	Open (05/09/2026: Monday)	Previous Close (02/01/2026: Friday)	Change (%)
Nifty 50	25,683.30	26,333.70	26,328.55	-2.45
Sensex	83,576.24	85,640.05	85,762.01	-2.55
Nifty Midcap 100	59,748.15	61,516.40	61,365.90	-2.64
Nifty Small cap 100	17,282.65	17,882.65	17,832.05	-3.08
Sectoral Indices				
Nifty Bank	59,251.55	60,360.40	60,150.95	-1.50
Nifty Auto	28,087.65	28,869.65	28,803.65	-2.49
Nifty IT	38,027.20	38,222.00	38,320.30	-0.76
Nifty PSU Bank	8,601.05	8,744.15	8,699.90	-1.14
Nifty Fin Services	27,382.10	27,925.20	27,899.15	-1.85
Nifty Pharma	22,761.00	22,810.45	22,790.90	-0.13
Nifty FMCG	52,438.15	53,054.95	53,078.80	-1.21
Nifty Metal	11,094.80	11,469.85	11,421.85	-2.86
Nifty Realty	874.00	902.65	898.80	-2.76
Nifty Media	1,425.30	1,470.40	1,462.90	-2.57
Nifty Energy	34,409.30	36,392.95	36,275.65	-5.14
Nifty Private Bank	28,500.65	28,976.00	28,902.90	-1.39
Nifty Infra	9,303.30	9,771.00	9,765.75	-4.74
Nifty Commodities	9,367.10	9,758.50	9,734.65	-3.78
Nifty Consumption	12,027.80	12,248.85	12,256.50	-1.87
Nifty PSE	9,771.10	10,156.15	10,130.05	-3.54
Nifty Serv. Sector	33,310.85	34,029.45	34,044.95	-2.16
Nifty Healthcare	14,672.05	14,736.05	14,725.65	-0.36
Nifty Oil & Gas	11,628.75	12,374.30	12,340.05	-5.76
Nifty INDIA MFG	15,283.25	15,648.30	15,623.35	-2.18
US Indices				
Dow Jones	49,504.07	48,449.62	48,382.39	2.32
S&P 500	6,966.29	6,892.19	6,858.48	1.57
NASDAQ 100	25,766.26	25,471.79	25,206.17	2.22
Commodities				
Gold (in Rs./ 10 gram)	1,38,819	1,36,300	1,35,761	2.25
Brent Crude oil	63.01	60.99	60.79	3.65

Europe

In local currency terms, the pan-European STOXX Europe 600 Index closed 2.27% higher on continued confidence about the economy, corporate profitability, and a benign interest rate environment. The major stock indexes climbed.

The Eurozone economy appeared to be strengthening toward the end of 2025 amid evidence that Germany may have turned a corner. Industrial production in Germany, France, and Spain came in better than forecast in November. German output increased sequentially by a seasonally adjusted 0.8%, rather than shrinking 0.5% as predicted by a consensus estimate. This came on top of a jump in manufacturing orders, which grew 5.6% month over month, defying forecasts for a 1.3% decline. In Spain, no seasonally adjusted production rose 1.0% sequentially, an acceleration from the 0.6% logged in October. France's industrial output contracted by a seasonally adjusted 0.1% in November, which was less than the 0.2% predicted.

Headline annual inflation in the Eurozone slowed to the European Central Bank's (ECB's) target of 2.0% in December, down a tick from November. The core rate, which excludes volatile food and energy costs, fell to 2.3% from 2.4%. But services inflation, which is closely watched by the ECB, eased only slightly to 3.4%.

Japan

Japan's stock markets rallied this week, with the Nikkei 225 Index climbing 3.18% and the broader TOPIX Index up 3.08%. Geopolitical and trade tensions between China and Japan did not derail the markets' rally. Technology companies continued to gain, while yen weakness boosted exporters and trading houses.

In the latest economic data, Japan's household spending rose 2.9% year over year in November, outpacing expectations of a 1.0% decline and following a 3.0% fall in October. The solid rebound in spending was primarily due to an increase in households' auto purchases. Even excluding the often-volatile category of auto spending, outlays on food and dining increased, boosted by the two November holidays, suggesting that a recovery in consumer spending is becoming more entrenched. This was despite a fall in households' purchasing power in November, with real (inflation-adjusted) wages contracting 2.8% year over year.

China

Mainland Chinese stock markets gained, fueled by artificial intelligence trades. The CSI 300 Index, the main onshore benchmark, added 2.79%, according to FactSet, retreating from a four-year high it hit earlier in the week. The Shanghai Composite Index advanced 3.82%, while Hong Kong's benchmark Hang Seng Index shed 0.41%. Optimism about the domestic tech sector fueled the weekly advance.

On the economic front, inflation data showed that consumer price growth picked up in December, though producer prices fell for the 39th straight month. China's consumer price index (CPI) rose 0.8% in December from a year ago, in line with forecasts, the country's statistics bureau reported. The producer price index fell 1.9%, the smallest decrease in more than a year. The core CPI, which strips out food and energy, increased 1.2% for the third straight month.

Major Developments in Domestic Markets

1. India pushed back against US Commerce Secretary Howard Lutnick's claim that a trade deal stalled because PM Narendra Modi didn't call Donald Trump, saying the two leaders have spoken eight times in 2025 and that the negotiation characterisation was inaccurate.
2. India's consumer inflation likely rose for a second straight month in December to an annual rate of 1.50%, driven by a broad-based pickup in food prices and fading favourable base effects, a Reuters poll showed.
3. India's GDP is forecast to grow about 7.4 %–7.5 % in FY26, driven by strong domestic demand, investment and reforms despite global uncertainties like U.S. tariffs, with various institutions (NSO, RBI, SBI) projecting robust expansion.
4. Monthly SIP inflows hit a record high of ₹31,002 crore in December, rising from ₹29,445 crore in November, even as equity mutual fund net inflows eased to ₹28,035 crore from ₹29,894 crore, AMFI data showed.
5. In the October–December quarter, Indian bank stocks rose about 8 %, roughly twice the gain of the Sensex, driven by stronger consumer demand and credit expectations after GST cuts and festive spending.
6. BMW will roll out 10 new cars in India in 2026, including EVs and MINI models, while boosting local parts sourcing to cut costs and expand its luxury sales.
7. India's Reliance Industries Ltd said it will consider buying Venezuelan crude oil if regulatory clarity allows sales to non-U.S. buyers, reopening the option after earlier halting such imports due to U.S. tariffs.
8. India's markets regulator SEBI has accused Bank of America's India investment banking unit of breaching insider-trading rules and failing to maintain required "Chinese walls" in a 2024 share sale of Aditya Birla Sun Life AMC, alleging confidential price-sensitive information was improperly shared and misleading statements were made during the probe.
9. India's Reserve Bank of India is considering fresh export relief measures, such as loosening criteria for a previous loan repayment moratorium or providing new subsidised loans, after few exporters used last year's support amid U.S. tariffs.
10. Indian mills have signed export contracts for around 180,000 metric tons of sugar this season with a domestic price correction and weaker rupee belatedly driving overseas sales in recent weeks, trade and industry officials told Reuters.
11. India's Godrej Consumer Products said demand conditions improved during the third quarter, following a temporary sales disruption due to the government's sweeping tax cuts.
12. The Export-Import Bank of India (EXIM Bank) has accepted bids worth \$1 billion for its dual-tranche longer-duration US dollar-denominated bonds, two merchant bankers said on Tuesday, in the first such debt issue in the country for 2026..

Ajcon Global's observations and view:

Short term view:

1. Indian equities may remain range-bound in the near term, supported by steady domestic flows, but volatility could rise around Union Budget expectations, ongoing geopolitical uncertainty and ambiguity around US-India trade deal.
2. Global cues and earnings-related developments may limit sharp upside, keeping the market stock-specific with periodic bouts of caution-led selling.
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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