



BGSE FINANCIALS LTD

Newsletter



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Weekly Takeaway

Indian equity benchmarks snapped a brief losing streak and closed the week on a positive note, as IT and banking stocks led a rebound following strong results and optimism ahead of Q3 earnings.

Index	Recent Close	Weekly / Recent Move	Notes
Nifty 50	~25,700–25,830 range	Slight weekly improvement	Supported by IT and banking rallies.
BSE Sensex	~83,570	Weekly gain / positive bounce	Snap of multi-day weakness.
Mid & Small Caps	Modest positive	Small-cap & mid-cap breadth improving	Sector rotation into cyclicals and IT.
Bank Nifty	Higher momentum	Bank stocks outperforming	Q3 earnings catalysts ahead.

After a short stretch of weakness earlier in January, markets regained composure late in the week, with Infosys fueling an IT rally after upgrading revenue guidance and investors positioning for upcoming earnings from major banks and corporates.

Macro Snapshot (Domestic & Global)

Domestic Cues:

Earnings anticipation strong for banks and financials — HDFC Bank, ICICI Bank, YES Bank and others reporting around 17 Jan.

Corporate updates such as Jio's profit surge support broader earnings confidence.

Global Drivers:

Rupee weakness persists against the U.S. dollar with elevated demand pressures; resistance near ~90.3–90.5 levels, support near ~89.5.

Broader global equity sentiment mixed but Asian peers showed resilience, lending risk appetite support to Indian equities.

Market Mood:

Cautious optimism — markets are recovering from short-term weakness with improving breadth and an IT-led rebound, while macro and flows remain watchpoints as earnings season kicks in.

Weekly Market Compass | – Market Pulse

This section helps investors understand the current market phase, strength beneath the surface, and whether the rally is broad-based or narrow.

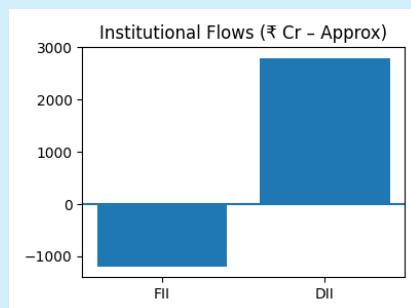
Market Trend

- Trend: Medium-term uptrend intact
- Phase: Recovery after short-term correction
- Momentum: Improving with IT and banking leadership

Market Breadth

- Advance–Decline Ratio: Choppy (Mixed momentum with Earning season)
- Midcap & Smallcap Participation: Supportive
- Leadership: Cyclical, Financials, Select PSUs & IT recovery

Institutional Activity



Key Levels to Watch

Index	Support Zone	Resistance Zone
Nifty 50	25,600 – 25,450	26,000 – 26,200
Nifty Bank	58,800 – 58,500	60,200 – 60,500

Takeaway

Market structure remains constructive but selective. Earnings outcomes will decide the next directional move.

Weekly Market Compass | Macro & Global Cues

This page focuses only on macro and global factors that are actively influencing market behaviour. The objective is to filter noise and highlight variables that can impact asset prices in the near term.

Global Macro – What Matters Right Now

- US monetary policy expectations remain data-dependent, keeping global bond yields volatile
- Dollar strength continues to influence emerging market currencies and flows
- Crude oil remains sensitive to geopolitical headlines and supply-side commentary

Impact:

Global cues are mixed, resulting in selective risk-taking rather than broad risk-on positioning.

India Macro Snapshot

- Inflation trajectory remains a key variable for interest rate expectations
- RBI stance continues to prioritise stability and growth balance
- Early positioning for Union Budget themes has started to reflect in sector rotation

Impact:

Domestic macro remains supportive, but earnings delivery will be critical.

Currency, Bonds & Commodities – Market Signals

Indicator	Current Trend	Equity Impact	Who Benefits / Suffers
USD/INR	Weak Rupee / Range-bound	Selective pressure	Exporters benefit
India 10Y Yield	Volatile but contained	Valuation sensitivity	Banks, rate sensitives
Crude Oil	Headline-driven	Mixed impact	Energy, OMCs

Macro to Market – Cause & Effect

Global rate uncertainty → Currency volatility → Sector rotation → Stock-specific opportunities

Key Macro Triggers to Watch

- Inflation data surprises (India & US)
- Sharp moves in bond yields or USD index
- Crude oil breakout or breakdown
- Policy commentary ahead of earnings season

Takeaway

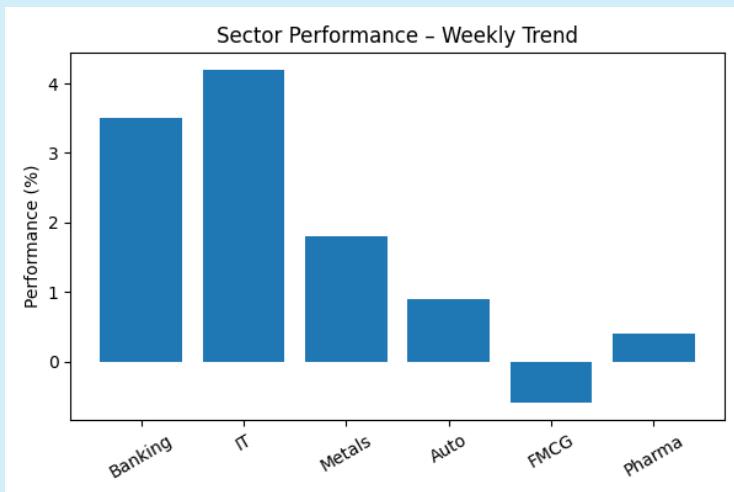
Macro conditions remain manageable but require monitoring. Markets are likely to reward companies with earnings visibility rather than macro-sensitive stories.

Weekly Market Compass | Sector Radar

This section tracks sector leadership, rotation trends, and valuation comfort to guide portfolio allocation decisions.

Sector Leadership – This Week

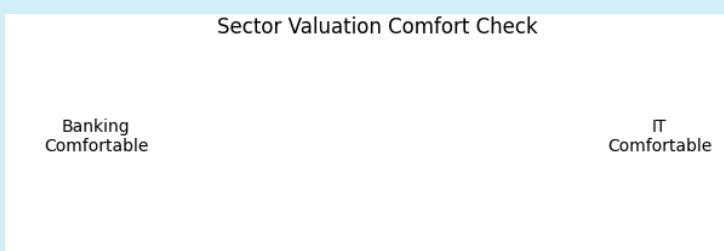
- IT and Banking emerged as clear leaders driven by earnings optimism
- Cyclical sectors showed selective participation
- Defensives underperformed amid improving risk appetite



Sector Rotation Insight

Market action suggests rotation towards earnings-visible sectors rather than broad-based buying. Leadership remains narrow but constructive.

Valuation Comfort Check



Allocation Bias (Tactical)

- Overweight: IT, Banking
- Neutral: Metals, Auto, Pharma
- Underweight: FMCG

Takeaway

Sector leadership is earnings-driven and selective. Allocation decisions should prioritise visibility and balance sheet strength.

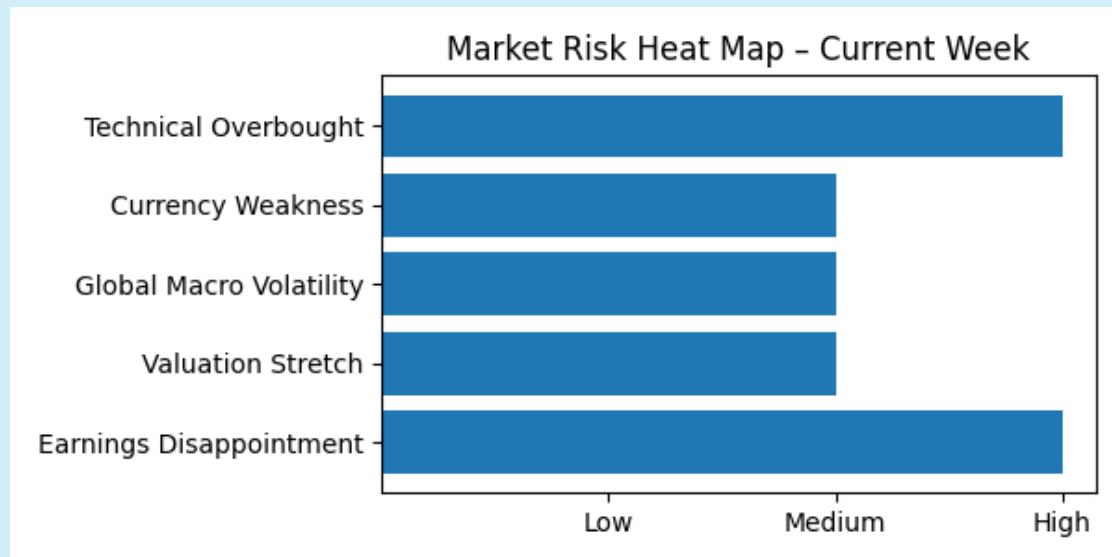
Weekly Market Compass | Market Risks & What Can Go Wrong

This section highlights the key risks that could challenge the current market trend. Understanding downside scenarios is critical for managing expectations and protecting capital.

Key Market Risks – January Context

- **Earnings Risk:** Elevated expectations leave little room for disappointment
- **Valuation Risk:** Select pockets trading at premium multiples
- **Global Risk:** Sensitivity to US rates, dollar movement and geopolitical headlines
- **Currency Risk:** Sustained INR weakness impacting input costs and flows
- **Technical Risk:** Short-term overbought conditions after the recent rebound

Market Risk Heat Map



What Would Change the Market View?

- Multiple index heavyweights delivering weak earnings or guidance
- Nifty breaking below key support zones with volume
- Sharp spike in bond yields or USD/INR beyond recent ranges
- Sudden global risk-off move

Risk Management Guidance

- Avoid leverage during earnings-heavy weeks
- Stick to predefined position sizing
- Prefer quality and visibility over momentum chasing
- Use volatility to rebalance rather than react emotionally

Takeaway

The broader trend remains constructive, but risks are rising as earnings season unfolds. Returns will increasingly depend on discipline and stock selection.

Weekly Market Compass | Core Portfolio Stock Ideas

This section focuses on short-term stock opportunities with a **time horizon of 1 week to 1 month**. Selections are based on momentum, technical structure, earnings, and near-term triggers. These ideas are tactical in nature and require active monitoring.

Core Portfolio – Investment Framework

- Time Horizon: 1 week to 1 month
- Objective: Capture short-term price momentum
- Basis: Technical setup + near-term triggers + Earnings
- Risk Rule: Strict stop-loss mandatory

1. HDFC Bank (Large Cap | Earnings Reaction Trade)

- Consolidation after correction = base building
- Earnings = clear near-term trigger
- Reaction-based trade, not prediction

This adds stability + liquidity to the basket.

2. JK Cement (Mid Cap | Range Breakout)

- Sideways movement after prior up-move = healthy digestion
- Cement sector momentum + results anticipation
- Classic range expansion candidate

This is your momentum-with-structure idea.

3. Mastek (Small Cap | High Beta Results Play)

- Tight consolidation near highs = supply absorption
- Results + lower liquidity = sharp move potential
- Strict risk control highlighted (very important)

This is your alpha kicker, clearly labelled as higher risk.

Weekly Market Compass | Tactical & Trading Opportunities

This page outlines index-level and strategy-driven tactical opportunities for active traders. These ideas are strictly short-term and must be executed with predefined risk management.

Tactical Trading Framework

- Time Horizon: Intraday to 1 week
- Objective: Capture index and volatility-driven moves
- Instruments: Index futures & options
- Risk Rule: Hard stop-loss; no overnight risk unless specified

1) NIFTY 50 – Range to Breakout Setup

Market Context:

Nifty has recovered from recent lows and is trading near the upper end of its short-term range.

Trade Bias:

Buy on dips near support as long as the index holds above key trend support.

Key Levels:

- Support Zone: 25,600 – 25,450
- Resistance Zone: 26,000 – 26,200

Invalidation:

Sustained close below support zone.

2) BANK NIFTY – Relative Strength Play

Market Context:

Bank Nifty continues to show relative outperformance ahead of major bank earnings.

Trade Bias:

Bullish as long as higher-low structure remains intact.

Key Levels:

- Support Zone: 58,800 – 58,500
- Resistance Zone: 60,200 – 60,500

Invalidation:

Break below short-term trend support.

3) Options Strategy – Earnings Volatility (Selective)

Context:

Earnings season is expected to increase short-term volatility in index heavyweights.

Strategy Idea:

Deploy limited-risk option strategies (debit spreads / defined-risk structures).

Risk Note:

Avoid naked option selling during high-volatility event weeks.

Execution Checklist

- Trade only at predefined levels
- Respect stop-losses without exception
- Reduce position size during earnings-heavy sessions
- Book profits on quick extensions

Takeaway

Tactical opportunities exist, but discipline matters more than prediction. Index trades should complement, not conflict with, stock-level positions.

Market Compass | Events, Macro & Levels

This page outlines the key events, macro data points, and market triggers for the coming week. The objective is to help investors and traders prepare in advance rather than react to volatility.

Key Events & Data – India

- Q3 earnings flow continues for banks, IT and select industrials
- Management commentary and guidance updates post-results
- RBI liquidity operations and money market cues (if any)
- Ongoing Budget positioning ahead of February presentation

Key Global Events & Cues

- US macro data releases (housing, PMI, growth indicators)
- Movement in US bond yields and USD index
- Global equity sentiment and risk appetite
- Commodity price movements, especially crude oil

Key Technical Levels to Track

Instrument	Support Zone	Resistance Zone	Implication
NIFTY 50	25,600 – 25,450	26,000 – 26,200	Above support = buy-on-dips
BANK NIFTY	58,800 – 58,500	60,200 – 60,500	Relative strength intact
USD/INR	89.60 – 89.80	90.20 – 90.50	Stability favours equities
India VIX	~10–12	Above 13–15	Rising VIX = reduce leverage

What Can Change Market Tone This Week?

- Earnings surprises from index heavyweights
- Sharp move in USD/INR beyond the current range
- Sudden spike in global bond yields
- Risk-off global cues or geopolitical developments

Weekly Checklist

- Avoid aggressive positions ahead of results
- Focus on reaction-based trades, not predictions
- Keep position sizes flexible
- Stick to predefined risk limits

Takeaway

The coming week is likely to remain event-driven. Preparedness, selectivity, and risk control will be more important than market direction calls.

Weekly Market Compass | Earnings Summary – Q3 FY26

This section summarises key corporate earnings released so far in Q3 FY26 and outlines market expectations for upcoming results. The focus is on earnings quality, guidance, and stock price reaction rather than headline numbers.

Earnings Released – Snapshot

Company	Key Highlights	Earnings Quality	Market Reaction
Reliance Industries	Stable PAT growth; strong Jio & O2C performance	Stable / In-line	Muted to positive
Tech Mahindra	Double-digit profit growth; margin improvement	Positive	Stock outperformed IT peers
Federal Bank	Profit growth with improving asset quality	Strong	Stock hit fresh highs
South Indian Bank	Sequential improvement; asset quality better	Improving	Positive momentum
ICICI Prudential AMC	Strong PAT growth driven by AUM expansion	Strong	Sharp positive reaction

Upcoming Earnings – Market Expectations

Company	Market Focus	Expectation Bias	Trading Implication
HDFC Bank	NII growth, asset quality, deposit traction	Cautious to Positive	Reaction-based trade preferred
ICICI Bank	Loan growth and margin stability	Positive	Upside continuation if numbers beat
JK Cement	Volume growth, cost pressures, margins	Neutral to Positive	Range breakout possible on strong print
Mastek	Deal wins, margin commentary	Positive	High volatility post results
Yes Bank	Asset quality and profitability trajectory	Neutral	Event-driven move likely

Earnings Trend – What the Market Is Rewarding

- Earnings beats with guidance confidence
- Improvement in margins and asset quality
- Clear visibility over near-term growth

Stocks missing expectations or delivering weak commentary are seeing swift punishment.

Earnings Page Takeaway

Earnings season is reinforcing a selective market. Capital is flowing towards companies delivering quality growth and execution clarity. Trading decisions should focus on post-result price behaviour rather than pre-result speculation.

Weekly Market Compass | Conclusion & Positioning

This page closes the newsletter by summarising stance, positioning, earnings and behaviour guidance

Current Market Stance

- **Overall, Bias:** Constructive but selective
- **Trend:** Medium-term structure intact; short-term moves are event-driven
- **Volatility:** Low (India VIX ~11) — watch for sudden expansion during earnings
- **Leadership:** Earnings-visible sectors and stocks outperforming

Interpretation:

Markets are not in a panic phase, nor in a broad euphoric phase. Returns will be increasingly **stock-specific**, not index-driven.

Positioning Guidance

- Maintain **measured equity exposure** aligned with risk profile
- Prioritise **reaction-based trades** during earnings season
- Avoid aggressive leverage in low-volatility regimes
- Keep flexibility to add or reduce exposure based on results outcomes

What We Are Watching Closely

- Earnings quality and management commentary
- Stock reactions vs expectations (not just headline numbers)
- Currency stability and bond yield movements
- Any shift in sector leadership post results

Key Message to Investors

In earnings-driven markets, **discipline beats prediction**.
Price reaction matters more than opinions.

Final Word

As January progresses, volatility may remain muted, but **event risk is rising**.
Preparedness, selectivity, and risk management will define outcomes over the coming weeks

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