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# BGSE FINANCIALS LTD

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Newsletter



**MAY 30, 2026**

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# Weekly Takeaway

## Weekly Takeaway

Indian markets ended the holiday-shortened week on a subdued note amid persistent FII selling, profit booking in heavyweight stocks, and continued uncertainty surrounding US–Iran negotiations, even as broader market participation in midcaps and smallcaps remained strong.

## Indices — Weekly Market Snapshot

Index	Weekly Closing	Weekly Trend	Market Context
<b>NIFTY 50</b>	23,547.75	Weak / Consolidative	Pressure from heavyweights & FII selling
<b>SENSEX</b>	74,775.74	Mildly Bearish	Volatile week amid global uncertainty
<b>MIDCAP 100</b>	Record High	Positive	Continued broad participation
<b>SMALLCAP 100</b>	Positive	Stronger Momentum	Risk appetite visible in selective pockets
<b>INDIA VIX</b>	Elevated	Volatile	Markets remain news-sensitive

## Major Market Developments This Week

### 1. Benchmark Indices End Lower

- Sensex declined **-1092.06 points (-1.44%)**
- Nifty fell **-359.54 points (-1.50%)**

### Primary Reasons:

- Persistent FII selling
- Profit booking in heavyweight stocks
- Uncertainty around US–Iran negotiations

### Conclusion:

Sentiment remains cautious despite stable domestic participation.

## Broader Markets Continue to Outperform

### 2. Midcap Index Hits Fresh Record High

The **Nifty Midcap 100** extended gains for the second consecutive week and touched a fresh all-time high.

**Top Performers:**

- Adani Total Gas
- Exide Industries
- ICICI Prudential AMC
- Hitachi Energy India
- JSW Energy
- Premier Energies

**Major Laggards:**

- MCX
- RVNL
- CONCOR
- Bharat Dynamics
- PB Fintech

**Conclusion:**

Selective participation continues in broader markets despite weak benchmark sentiment.

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**3. Smallcaps Extend Winning Streak**

The **Nifty Smallcap 100** gained nearly **1%** during the week.

**Top Gainers:**

- Wockhardt
- Netweb Technologies
- Ola Electric
- Afcons Infrastructure
- IFCI

**Major Losers:**

- Great Eastern Shipping
- Natco Pharma
- Jyoti CNC
- Meesho
- BEML

**Conclusion:**

Risk appetite remains active in selective high-beta names.

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**Sectoral Performance — Mixed Trend****Strongest Sectors**

- Telecommunication
- Power
- Capital Goods
- PSU Banks

(All gained approximately 2–3%)

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### **Moderate Strength**

- Auto
  - Realty
- 

### **Weakest Sectors**

- FMCG
- Oil & Gas
- Energy
- Healthcare

### **Conclusion:**

Sector rotation remains highly active, with capital shifting toward infrastructure and power-linked themes.

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### **Institutional Activity**

#### **Domestic Institutional Investors (DIIs)**

- Net Buyers:
  - ₹25,803 crore

#### **Foreign Institutional Investors (FIIs)**

- Net Sellers:
  - ₹23,734 crore

### **Conclusion:**

Domestic liquidity continues to absorb foreign selling pressure and stabilise markets.

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### **Market Capitalisation Trends**

- Total BSE market capitalisation increased by over:
  - ₹2 lakh crore

### **Major Positive Contributors:**

- Larsen & Toubro
- State Bank of India
- Tech Mahindra

### **Major Negative Contributors:**

- Reliance Industries
- HDFC Bank
- Bharti Airtel

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**Currency Market Update**

**Rupee Extends Recovery**

- Indian Rupee appreciated by:
  - **70 paise**
- Settled near:
  - **₹95/USD**

**Conclusion:**

Currency stability provided partial support to market sentiment during the week.

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**Market Mood Indicator**

Parameter	Current Status
Trend	Consolidative
Risk Appetite	Selective
Volatility	Elevated
Market Breadth	Positive in broader markets

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**Takeaway**

While benchmark indices remained under pressure due to persistent FII selling and global uncertainty, broader markets continued to display resilience with strong participation in midcaps, small caps, power, and capital goods sectors. Domestic liquidity and improving rupee stability continue to provide an important cushion to the market.

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## Weekly Market Compass | – Market Pulse

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### **Assessing Trend Strength, Market Breadth & Institutional Participation**

This section evaluates the current market structure through trend analysis, volatility, institutional flows, and participation across broader indices.

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#### **Primary Market Trend**

##### **Current Status: Consolidation with Selective Strength**

- Benchmark indices continue to remain range-bound
- Nifty closed near **23,550**, struggling to build sustained upward momentum
- However, broader markets continue to outperform benchmarks

##### **Interpretation:**

The market is not weak structurally, but leadership has shifted away from index heavyweights toward broader market participation.

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#### **Momentum Analysis**

##### **Momentum Condition: Neutral**

- Momentum in frontline indices remains subdued
- Repeated profit booking near resistance zones indicates:
  - Lack of aggressive institutional buying
  - Cautious market sentiment

However:

- Midcap and smallcap indices continue to show stronger relative momentum

##### **Interpretation:**

Momentum is becoming increasingly stock and sector specific rather than index driven.

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#### **Market Breadth & Participation**

##### **Current Breadth: Positive in Broader Markets**

Despite weakness in benchmark indices:

- Midcap and smallcap participation remained strong
- Several broader-market stocks continued making fresh highs

##### **Key Observation:**

Capital rotation remains active in:

- Power
  - Capital Goods
  - PSU Banks
  - Infrastructure-linked sectors
-

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## **Institutional Flow Dynamics**

### **FII Activity**

- Foreign Institutional Investors remained net sellers:
  - ₹23,734 crore

### **Key Reasons:**

- Global uncertainty
  - Ongoing US–Iran negotiations
  - Risk-off positioning in emerging markets
- 

### **DII Activity**

- Domestic Institutional Investors remained strong buyers:
  - ₹25,803 crore

### **Conclusion:**

Domestic liquidity continues to absorb foreign selling pressure and support market stability.

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## **Volatility & Risk Perception**

### **India VIX — Elevated but Stable**

- Volatility remains elevated due to:
  - Geopolitical uncertainty
  - Global macro sensitivity
  - FII activity

### **Interpretation:**

Markets remain highly news-driven, but panic conditions are absent.

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## **Sector Rotation — Important Signal**

### **Strong Performing Sectors**

- Telecommunication
- Power
- Capital Goods
- PSU Banks

### **Weak Sectors**

- FMCG
- Oil & Gas
- Healthcare
- Energy

**Interpretation:**

The market is rotating toward:

- Infrastructure themes
- Domestic cyclical opportunities
- PSU-linked momentum trades

**Key Technical Levels to Watch**

Index	Support Zone	Resistance Zone
<b>NIFTY 50</b>	23,300 – 23,400	23,800 – 24,000
<b>BANK NIFTY</b>	53,200	54,500 – 55,000

**Market Phase Assessment**

**Current Phase: Range-Bound Consolidation**

Characteristics:

- Weak benchmark momentum
- Strong broader market participation
- Mixed sectoral leadership
- High institutional divergence (FII vs DII)

Markets are currently being supported by domestic liquidity and selective sector rotation.

**What This Means for Strategy**

In the current phase:

- ✓ Focus on stock-specific opportunities
- ✓ Prefer sectors with strong relative momentum
- ✓ Avoid aggressive index-based positioning
- ✓ Continue disciplined risk management

**Takeaway**

Markets remain in a consolidation phase, with benchmark indices facing pressure from FII selling and global uncertainty. However, strong domestic liquidity and continued participation in broader markets indicate that underlying market resilience remains intact.

# Weekly Market Compass | Macro & Global Cues

## Key Global Developments & Indian Macroeconomic Outlook

Global markets continue to be shaped by a combination of geopolitical tensions, energy price shocks, AI-driven market rallies, and evolving global trade dynamics. For India, the key challenge remains balancing inflation risks, currency stability, and growth momentum amid rising external pressures.

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### Global Economic Environment

#### 1. Middle East Conflict & Energy Shock

- The ongoing US–Israel–Iran conflict has disrupted traffic through a critical global shipping route
- Brent crude prices have surged to their highest levels since the start of the conflict

#### Global Impact:

- Higher energy and transportation costs
- Rising inflation pressure across major economies
- Weakening consumer spending in Europe

#### Conclusion:

Energy markets remain the single largest macro driver for global risk sentiment.

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#### 2. AI-Driven Global Market Rally

##### Asian Technology Markets Continue to Surge

Strong AI-linked investment themes are driving:

- Japan
- South Korea
- Taiwan

to record market highs.

#### Key Drivers:

- Semiconductor demand
- AI infrastructure spending
- Large institutional inflows into technology themes

#### However:

Valuations in AI-related sectors are becoming increasingly stretched, increasing the risk of sharp corrections during earnings disappointments or macro shocks.

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#### 3. Global Trade & Tariff Pressure

- New global trade tariffs continue to impact supply chains and inventory cycles

- Firms across sectors are reducing inventory amid:
  - Uncertain demand conditions
  - Rising input costs
  - Slowing trade momentum

**Impact:**

Global manufacturing and export-oriented sectors remain under pressure.

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**4. Central Bank Policy Environment**

**Global Central Banks Remain Cautious**

- Sticky inflation and geopolitical uncertainty are preventing aggressive rate cuts globally
- Policymakers remain focused on:
  - Inflation control
  - Currency stability
  - Economic resilience

**Example:**

- Australia's softer CPI reading reduced pressure for further rate hikes

**Conclusion:**

The global interest-rate environment remains restrictive but data-dependent.

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[Indian Macroeconomic Outlook](#)

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**1. Inflation & Growth Risks**

India's primary macro risks continue to stem from:

- Higher imported energy prices
- Terms-of-trade shocks
- Global commodity volatility

**Impact on India:**

- Inflationary pressure
- Higher import bill
- Pressure on corporate margins

**Conclusion:**

India remains vulnerable to prolonged energy price spikes due to its dependence on imported crude oil.

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**2. Currency Pressure — Rupee Under Stress**

- The Rupee continues to remain under downward pressure

- Key reasons include:
  - Rising crude oil prices
  - Current account deficit concerns
  - Global dollar strength

**Market Impact:**

- Imported inflation risk rises
- Foreign investor sentiment weakens
- Pressure on external financing conditions

**3. Policy Buffers & Economic Stability**

**RBI & Government Response**

The Reserve Bank of India and the government continue to use:

- Fiscal support measures
- Price adjustment mechanisms
- Liquidity management tools

to:

- Stabilise growth
- Manage inflation pressure
- Protect the banking and corporate balance sheet framework

**Conclusion:**

Domestic policy support continues to provide an important macro cushion.

**Macro Transmission Chain**

**Middle East Conflict → Higher Crude Oil → Inflation Pressure → Rupee Weakness → FII Volatility → Market Uncertainty**

At the same time:

**AI Boom → Tech Market Rally → Valuation Expansion → Higher Global Risk Sensitivity**

**Key Macro Variables to Watch**

**Global**

- Brent crude oil prices
- AI & semiconductor earnings
- Global bond yields
- Trade tariff developments

**Domestic**

- USD/INR movement
- Inflation trajectory

- RBI policy stance
  - Current account deficit trends
- 

### **What This Means for Investors**

- ✓ Markets remain heavily influenced by external macro variables
  - ✓ Energy prices continue to dominate inflation expectations
  - ✓ Domestic policy stability is helping cushion downside risks
- 

### Takeaway

Global markets are navigating a complex mix of geopolitical tensions, energy price shocks, AI-driven market exuberance, and trade-related uncertainty. For India, the primary risks remain inflation, currency pressure, and external financing vulnerability, although strong policy support continues to provide stability to the broader economy.

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## Weekly Market Compass | Sector Radar

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### **Tracking Leadership, Sector Rotation & Emerging Opportunities**

This section analyses sectoral performance to identify where institutional money is flowing, which themes are strengthening, and which sectors continue to face pressure in the current macro environment.

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### **Current Sectoral Market Structure**

The market continues to exhibit a selective risk-on structure, where broader participation remains healthy despite weakness in benchmark indices.

Leadership is increasingly shifting toward:

- Infrastructure-linked sectors
- Domestic cyclicals
- Power and capital goods themes

while defensive and energy-linked sectors remain under pressure.

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### **Strongest Performing Sectors**

#### **1. Telecommunication**

- Telecom sector emerged as one of the top performers during the week
- Supported by:
  - Stable cash-flow visibility
  - Defensive earnings profile
  - Strong institutional participation

**Conclusion:** Telecom continues to attract investors seeking stable large-cap opportunities.

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#### **2. Power Sector — Momentum Continues**

- Power stocks gained 2–3% during the week
- Strong momentum driven by:
  - Infrastructure spending
  - Rising power demand
  - Renewable energy expansion

**Conclusion:** Power remains one of the strongest structural themes in the market.

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#### **3. Capital Goods & Infrastructure**

- Capital goods stocks continued to outperform

- Supported by:
  - Government capex momentum
  - Order inflows
  - Infrastructure execution pipeline

**Key Contributors:**

- **Larsen & Toubro**
- PSU-linked infrastructure names

**Conclusion:**

Infrastructure and capex-linked sectors continue to maintain strong relative strength.

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**4. PSU Banks — Selective Strength**

- PSU Banks gained nearly 2–3% during the week
- Benefited from:
  - Credit growth optimism
  - Strong domestic liquidity support

**Conclusion:**

PSU banking momentum remains active despite broader market volatility.

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**Moderately Positive Sectors**

**Auto Sector**

- Auto stocks gained around 1%
- Selective buying visible in quality names

**Key Drivers:**

- Premium segment demand
  - EV transition themes
  - Rural demand expectations
- 

**Realty Sector**

- Realty stocks also posted moderate gains

**However:**

The sector remains sensitive to:

- Interest rate expectations
  - Financing conditions
- 

**Weakest Performing Sectors**

**1. FMCG**

- FMCG index declined 1–1.5% during the week
-

**Reasons:**

- Valuation pressure
- Slower consumption growth concerns
- Rotation toward cyclicals

**2. Oil & Gas / Energy**

- Energy-linked sectors remained under pressure amid volatile crude prices

**Impact:**

- Margin concerns
- Global energy uncertainty
- Input cost volatility

**3. Healthcare**

- Healthcare stocks witnessed profit booking after recent rallies

**Conclusion:** Defensive sectors are temporarily losing relative momentum.

**Broader Market Leadership**

**Midcaps & Smallcaps Continue to Outperform**

Strong performers included:

- Adani Total Gas
- Hitachi Energy India
- JSW Energy
- Premier Energies
- Ola Electric
- Netweb Technologies

**Conclusion:**

Risk appetite remains active in:

- Energy transition themes
- Manufacturing
- Infrastructure
- Technology-driven midcaps

**Sector Rotation Insight**

Current market behaviour indicates:

**Rotation Toward:**

- ✓ Infrastructure
- ✓ Power
- ✓ Capital Goods
- ✓ PSU-linked themes

**Rotation Away From:**

- ✗ FMCG
- ✗ Energy-sensitive sectors
- ✗ Traditional defensives

This reflects a market favouring:

- Domestic growth themes
- Capex cycles
- Structural industrial opportunities

**Sector Valuation & Positioning**

Sector	Current View	Commentary
Power	Positive	Strong momentum
Capital Goods	Positive	Capex-led growth
PSU Banks	Positive	Liquidity support
Telecom	Stable Positive	Defensive earnings
Auto	Neutral Positive	Selective strength
FMCG	Weak	Valuation pressure
Oil & Gas	Weak	Crude volatility
Healthcare	Neutral / Weak	Profit booking

**What This Means for Investors**

- ✓ Sector rotation remains the key market driver
- ✓ Infrastructure and domestic cyclical themes continue to outperform
- ✓ Broader markets remain stronger than frontline indices

**Takeaway**

The market continues to favour domestic growth and infrastructure-linked themes, with power, capital goods, telecom, and PSU banks emerging as sector leaders. Meanwhile, FMCG, healthcare, and energy-linked sectors remain under pressure amid valuation and macro concerns.

# Weekly Market Compass | Market Risks & What Can Go Wrong

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## **Identifying Key Downside Risks & Market Vulnerabilities**

This section outlines the major macro, market, and liquidity risks currently influencing investor sentiment and market direction.

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## **Current Risk Environment — Elevated but Stable**

Markets continue to remain in a volatile consolidation phase, where strong domestic liquidity is balancing global uncertainty and persistent FII selling.

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### **1. Geopolitical Risk — Middle East Conflict**

- The ongoing US–Israel–Iran conflict remains the single largest global macro risk
- Disruptions in critical shipping routes continue to impact:
  - Energy markets
  - Trade flows
  - Global inflation expectations

#### **Market Impact:**

- Elevated crude oil prices
- Higher transportation and input costs
- Increased global risk aversion

#### **Conclusion:**

Geopolitical developments remain the most important external trigger for market direction.

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### **2. Crude Oil & Inflation Risk**

- Brent crude remains elevated due to supply concerns and geopolitical uncertainty

#### **Impact on India:**

- Higher import bill
- Pressure on inflation
- Weakness in currency stability
- Margin pressure across sectors

#### **Conclusion:**

India's dependence on imported energy continues to make crude oil the most critical macro variable for domestic markets.

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### **3. Currency Risk — Rupee Pressure**

Although the rupee appreciated during the week, broader risks remain elevated due to:

- Current account deficit concerns
- Global dollar strength
- Volatile capital flows

**Market Impact:**

- Imported inflation risk
- Pressure on FII sentiment
- Increased external financing vulnerability

**Conclusion:**

Currency stability remains crucial for sustaining market confidence.

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**4. FII Selling Pressure**

- Foreign Institutional Investors remained net sellers:
  - ₹23,734 crore during the week

**Key Drivers:**

- Global uncertainty
- Emerging market risk-off positioning
- Geopolitical concerns

**Impact:**

Persistent foreign selling continues to cap benchmark index upside.

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**5. Global Valuation & AI Bubble Risk**

- AI-driven rallies in Japan, South Korea, and Taiwan have pushed valuations to stretched levels
- Sharp corrections in some Asian markets highlight:
  - Overcrowded positioning
  - High sensitivity to earnings disappointments

**Conclusion:**

Technology-led global markets remain vulnerable to volatility and profit booking.

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**6. Trade & Tariff Risk**

- New trade tariffs and slowing inventory cycles continue to pressure global trade activity

**Impact:**

- Export-oriented sectors remain vulnerable
  - Manufacturing activity may weaken globally
-

## 7. Technical Risk — Benchmark Indices Remain Weak

### NIFTY 50

- Key support:
  - 23,300 – 23,400
- Major resistance:
  - 23,800 – 24,000

### BANK NIFTY

- Key support:
  - 53,200

### Conclusion:

Failure to reclaim higher resistance zones may keep markets range-bound and volatile.

## 8. Liquidity Cushion — Positive Factor

### Domestic Institutional Support Continues

- DIIs purchased:
  - ₹25,803 crore worth of equities during the week

### Impact:

Domestic liquidity continues to absorb FII selling pressure and prevent broader market breakdown.

### Market Risk Heat Map

Risk Factor	Intensity	Status
Geopolitical Risk	● High	Active
Crude Oil / Inflation	● High	Active
FII Selling	● High	Active
Currency Volatility	● High	Active
AI Valuation Risk	● Moderate–High	Emerging
Trade & Tariff Risk	● Moderate	Ongoing
Technical Weakness	● Moderate	Active
Domestic Liquidity	● Positive Cushion	Supportive

**Key Risk Triggers to Watch****Bearish Triggers**

1. Escalation in Middle East tensions
  2. Further rise in crude oil prices
  3. Sustained FII outflows
  4. Sharp corrections in global technology markets
  5. Weakness in rupee stability
- 

**Stabilisation Signals**

1. Cooling crude oil prices
  2. Stable rupee movement
  3. Improvement in global risk sentiment
  4. Reduction in geopolitical uncertainty
  5. Continued domestic liquidity support
- 

**Risk Management Guidelines**

- ✓ Maintain disciplined stop-losses
  - ✓ Avoid excessive leverage
  - ✓ Focus on high-quality businesses
  - ✓ Prefer selective accumulation over aggressive buying
  - ✓ Stay diversified across sectors and market caps
- 

**Takeaway**

Markets remain exposed to elevated geopolitical, energy, currency, and liquidity risks. However, strong domestic institutional participation and resilient broader market activity continue to provide an important stabilising cushion against global uncertainty.

# Weekly Market Compass | Core Portfolio Stock Ideas

## High-Conviction Opportunities

This section highlights selectively chosen stocks based on technical strength, improving momentum, and supportive fundamental trends. The ideas are designed for short-term tactical positioning (1 week to 1 month ) with clearly defined risk-reward parameters.

### 1. Kotak Mahindra Bank

- **Buy:** ₹384.20 or CMP
- **Target:** ₹395 – ₹410
- **Stop Loss:** ₹370

#### Summary

The stock continues to show improving technical structure with strong support near key moving averages. Stable earnings visibility and strong balance sheet quality continue to support medium-term confidence in the banking space.

### 2. Viyash Life Sciences

- **Buy:** ₹261.94
- **Target:** ₹271 – ₹280
- **Stop Loss:** ₹251.50

#### Summary

The stock is witnessing improving momentum with a strengthening technical structure and positive price action near breakout levels. The pharmaceutical sector continues to benefit from stable demand visibility, while improving operational performance and earnings expectations support the potential for further upside.

### 3. Gujarat Gas

- **Buy:** ₹401.15 or CMP
- **Target:** ₹425 – ₹450
- **Stop Loss:** ₹385

#### Summary

The stock continues to maintain a strong technical setup supported by stable quarterly earnings and rising demand for energy distribution businesses. Improving momentum indicators suggest continuation potential.

#### 4. Swan Energy

- **Buy:** ₹329.30 or CMP
- **Target:** ₹346 – ₹355
- **Stop Loss:** ₹315

##### Summary

Swan Energy is displaying improving price structure and sector momentum. Energy and infrastructure-linked themes continue to support investor interest in the stock.

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#### 5. Infosys

- **Buy:** ₹1160.90 or CMP
- **Target:** ₹1220 – ₹1250
- **Stop Loss:** ₹1125

##### Summary

After an extended correction phase, Infosys is showing signs of stabilisation near important support levels. Valuation comfort and improving global technology sentiment could support a short-term recovery.

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#### 6. RACL Geartech

- **Buy:** ₹1320.90 or CMP
- **Target:** ₹1370 – ₹1400
- **Stop Loss:** ₹1300

##### Summary

The stock remains technically strong with improving trend structure and momentum indicators. Stable operational performance and niche positioning in precision engineering continue to support long-term growth expectations.

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##### Suggested Tactical Allocation

Stock	Weight
Gujarat Gas	20%
Infosys	18%
Kotak Mahindra Bank	18%
RACL Geartech	16%
Swan Energy	14%
Viyash	14%

### **Research Methodology**

The above stock ideas are based on a combination of:

#### **Technical Indicators**

- Double Moving Averages
- RSI (Relative Strength Index)
- Bollinger Bands
- Price Action Analysis

#### **Fundamental Parameters**

- Quarterly Financial Performance
  - Ratio Analysis
  - Earnings Stability
  - Sector Outlook
- 

### **Risk Management Notes**

- ✓ Strictly follow stop-loss levels
  - ✓ Avoid averaging losing positions
  - ✓ Book partial profits near target zones
  - ✓ Reassess positions periodically based on market conditions
  - ✓ Maintain disciplined position sizing
- 

### **Disclaimer**

The above recommendations are for informational purposes only and should not be construed as investment advice or solicitation to buy/sell securities. Investments in the securities market are subject to market risks. Investors are advised to conduct their own due diligence and consult a qualified financial advisor before making investment decisions.

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### **Takeaway**

The current market environment continues to favour selective stock picking supported by strong technical setups and stable earnings visibility. Disciplined execution and risk management remain essential in the current volatile market structure.

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## Disclaimer – Stock Recommendations

The stock recommendations provided in this report are based on a combination of technical analysis (including moving averages, Bollinger Bands, Fibonacci retracement, volume and price action) and fundamental analysis (including quarterly performance and financial ratio analysis).

These recommendations are intended solely for informational and educational purposes and should not be construed as an offer, solicitation, or recommendation to buy or sell any securities.

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Investors are advised to:

- Conduct their own independent research
- Assess their risk tolerance and financial objectives
- Consult with a qualified financial advisor before making any investment decisions

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## Research Analyst Disclosure

This report is prepared in line with applicable **SEBI (Research Analyst) Regulations**. The views expressed are based on publicly available information and internal analysis.

The analyst and/or associated entities may or may not have positions in the securities discussed. Any such positions, if held, are subject to regulatory disclosures.

# Weekly Market Compass | Tactical & Trading Opportunities

## Index Strategy & Short-Term Execution Framework

This section focuses on short-term trading opportunities and index positioning strategies based on current market structure, volatility conditions, and institutional flow dynamics.

The current environment continues to favour:

- Tactical execution
- Stock-specific opportunities
- Strict risk management

over aggressive directional conviction.

## Current Market Setup

- Benchmark indices remain in a consolidation phase
- Broader markets continue to outperform frontline indices
- Market sentiment remains sensitive to:
  - FII activity
  - Crude oil prices
  - Global geopolitical developments
  - Currency movement

**Conclusion:** The market remains selective, volatile, and highly news driven.

## 1. NIFTY 50 — Range-Bound with Selective Strength

### Market Context

- Nifty continues to consolidate near the 23,500 zone
- Domestic liquidity is supporting declines, while FII selling caps upside momentum

### Key Technical Levels

Level Type	Range
Immediate Support	23,300 – 23,400
Major Support	23,000
Resistance Zone	23,800 – 24,000
Upside Trigger	24,100 – 24,250

### Trading Bias

- Sustaining above **23,800**:

- Can trigger short covering toward 24,100+
- Failure to hold **23,300**:
  - May increase downside volatility

Until breakout confirmation:

- Prefer disciplined range-based trading.

## 2. BANK NIFTY — Relative Stability

### Market Context

- PSU Banks and select financials continue to provide support
- However, overall banking participation remains mixed

### Key Technical Levels

Level Type	Range
<b>Immediate Support</b>	53,200
<b>Major Support</b>	52,800
<b>Resistance Zone</b>	54,500 – 55,000

### Trading Bias

- Above support:
  - Consolidative with positive bias
- Below 53,200:
  - Weakness may intensify

Banking index remains crucial for broader market stability.

## 3. Options Strategy — Volatile but Tradable Market

### Current Environment

- India VIX remains elevated but controlled
- Sudden volatility spikes possible due to:
  - Geopolitical headlines
  - Crude oil movement
  - FII activity

**Preferred Strategies**

- ✓ Defined-risk option spreads
  - ✓ Intraday momentum trades
  - ✓ Buying near strong support zones
  - ✓ Quick profit booking approach
- 

**Avoid**

- ✗ Aggressive overnight leverage
  - ✗ Naked option selling during volatile sessions
  - ✗ Emotional averaging in losing trades
- 

**Broader Market Tactical View****Strong Areas**

- Power
- Capital Goods
- PSU Banks
- Select Midcaps

**Weak Areas**

- FMCG
- Oil-sensitive sectors
- Energy-linked defensives

Tactical participation should continue to favour sectors displaying strong relative momentum.

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**Execution Checklist**

Before entering any trade:

- ✓ Define entry, target, and stop-loss clearly
  - ✓ Reduce position size during volatile sessions
  - ✓ Focus on liquidity and strong setups
  - ✓ Maintain strict discipline in exits
  - ✓ Avoid chasing momentum after sharp rallies
- 

**Takeaway**

Markets continue to remain range-bound with selective sectoral strength and elevated macro sensitivity. Traders should prioritise disciplined execution, stock-specific opportunities, and tactical positioning over aggressive index-based directional trades.

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## Market Compass | Events, Macro & Levels

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### **Key Events, Macro Triggers & Market Direction**

Markets are expected to remain highly sensitive to global developments, institutional flows, and energy prices, while domestic sector rotation and broader market participation continue to provide selective opportunities.

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### **Primary Global Trigger — Middle East & Crude Oil**

#### **Geopolitical Developments Remain Critical**

The ongoing US–Israel–Iran conflict continues to dominate global market sentiment.

#### **Key Concern:**

- Disruption in major shipping and energy routes
- Sustained rise in crude oil prices

#### **Market Impact:**

- Inflation concerns globally
- Pressure on currencies and bond markets
- Increased volatility across equities

#### **Conclusion:**

Crude oil remains the most important global macro variable for Indian markets.

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### **AI & Global Technology Theme**

#### **AI-Driven Rally Continues in Asia**

Markets in:

- Japan
- South Korea
- Taiwan

continue to witness strong institutional flows into semiconductor and AI-linked themes.

#### **However:**

- Valuation risks are increasing
- Sharp corrections possible if earnings disappoint

#### **Market Focus:**

Global investors will continue monitoring:

- Semiconductor demand
- AI infrastructure spending
- Technology sector guidance

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## **Global Trade & Tariff Environment**

### **Trade Pressures Continue**

New tariff implementations and slowing inventory cycles continue to impact:

- Manufacturing activity
- Export-oriented sectors
- Global trade momentum

#### **Impact:**

Export-driven economies remain vulnerable to demand slowdown and margin pressure.

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## **Indian Macro Outlook**

### **Inflation & Currency Risks Remain Elevated**

India continues to face:

- Higher imported energy costs
- Terms-of-trade pressure
- Current account concerns

#### **Key Risk Variables:**

- Crude oil prices
  - Rupee stability
  - FII flow direction
- 

### **Policy Stability Remains a Cushion**

The RBI and government continue to support:

- Financial system liquidity
- Domestic growth stability
- Banking and corporate balance sheets

#### **Conclusion:**

Domestic macro stability remains supportive despite global uncertainty.

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## **Institutional Flow Watch**

### **FII Activity**

- FIIs continue to remain cautious amid:
  - Geopolitical risks
  - Global volatility
  - Currency sensitivity

### DII Activity

- Domestic institutions continue to absorb selling pressure and support market stability.

### Key Technical Levels for the Week

Index	Support Zone	Resistance Zone
<b>NIFTY 50</b>	23,300 – 23,400	23,800 – 24,000
<b>BANK NIFTY</b>	53,200	54,500 – 55,000

### Expected Market Behaviour

Markets are likely to remain:

- Range-bound but volatile
- Stock and sector specific
- Highly sensitive to crude oil and global news flow

### **Leadership Themes:**

- ✓ Power
- ✓ Capital Goods
- ✓ Infrastructure
- ✓ Select Midcaps

### **Weekly Investor Checklist**

- ✓ Track crude oil prices daily
- ✓ Monitor rupee movement and FII activity
- ✓ Watch global technology and AI-related developments
- ✓ Focus on sectors with strong relative strength
- ✓ Maintain disciplined risk management

## Takeaway

The coming week is expected to remain volatile and globally driven, with crude oil prices, geopolitical developments, and institutional flows continuing to dictate market direction. While broader market participation remains healthy, investors should remain selective and disciplined in the current environment.

# Weekly Market Compass | Conclusion & Positioning

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## Current Market Stance

- **Overall Bias:** Consolidative with selective strength
- **Trend:** Range-bound benchmark indices with resilient broader markets
- **Volatility:** Elevated but controlled
- **Leadership:** Power, Capital Goods, PSU Banks & selective Midcaps

Despite persistent global uncertainty and FII selling pressure, Indian markets continue to display underlying resilience supported by strong domestic liquidity and broader market participation.

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## What Defined Markets This Week

The week was characterised by:

- Persistent FII outflows
- Profit booking in heavyweight stocks
- Uncertainty surrounding US–Iran negotiations
- Continued crude oil sensitivity
- Strong participation in midcaps and small caps
- Sector rotation toward infrastructure and power-linked themes

## **Conclusion:**

While benchmark indices remained subdued, broader market strength continued to reflect healthy domestic participation.

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## Global Market Message

Global markets continue to navigate:

- Geopolitical uncertainty
- Elevated energy prices
- AI-driven market concentration
- Trade and tariff pressures

At the same time:

- Rising AI-linked investments continue to drive record highs in select Asian markets
- Global markets remain increasingly sensitive to:
  - Valuation expansion
  - Bond yield movement
  - Inflation expectations

**Key Insight:**

Global liquidity remains supportive, but volatility risks are rising due to geopolitical and valuation pressures.

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**Indian Market Outlook**

India continues to face:

- Imported inflation risks
- Currency sensitivity
- Current account pressure due to elevated crude prices

However:

**Positive Domestic Buffers**

- ✓ Strong DII participation
- ✓ Stable banking system
- ✓ Government capex momentum
- ✓ Resilient broader market participation

**Conclusion:**

Domestic structural strength continues to cushion external macro shocks.

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**Portfolio Positioning Strategy****Core Portfolio**

Focus on:

1. Infrastructure & Capital Goods
  2. Power & Energy Transition Themes
  3. Quality Financials
  4. Select IT and Midcap opportunities
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**Short-Term / Tactical**

1. Prefer disciplined range-based trading
  2. Focus on stock-specific momentum
  3. Maintain strict stop-loss discipline
  4. Avoid excessive leverage during volatile sessions
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**Key Message to Investors**

1. Broader markets remain healthier than headline indices suggest
  2. Sector rotation is replacing broad-based rallies
  3. Risk management remains critical in volatile environments
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## **What to Watch Going Forward**

### **Primary Global Variables**

- Crude oil prices
- Middle East geopolitical developments
- Global bond yields
- AI and semiconductor earnings momentum

### **Domestic Variables**

- DII vs FII flow trend
  - Rupee stability
  - Infrastructure and capex momentum
  - Broader market participation strength
- 

## **Final Word**

Markets remain in a selective consolidation phase where domestic liquidity and broader market strength continue to offset global uncertainty and foreign selling pressure.

While near-term volatility may persist due to geopolitical developments and crude oil sensitivity, the underlying domestic market structure remains constructive.

Until stronger directional triggers emerge, investors should remain:

- ✓ Selective
  - ✓ Disciplined
  - ✓ Risk-conscious
  - ✓ Focused on quality and momentum-supported opportunities
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