



BGSE FINANCIALS LTD

Newsletter



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Weekly Takeaway

Indian equity markets recorded their strongest monthly performance in three months, supported by better-than-expected Q1 corporate earnings, sustained domestic institutional buying, and improving foreign inflows. However, rising crude oil prices and escalating geopolitical tensions in West Asia prevented a decisive breakout in benchmark indices.

Indian Markets Extend Winning Streak

Indian benchmark indices ended the week on a positive note, extending gains for the third consecutive trading session. Strong quarterly earnings from India Inc. and sustained buying by both foreign and domestic institutional investors helped markets shrug off global uncertainties.

Weekly Closing

- **NIFTY 50: 24,383.60** (+66.45 points / +0.27%)
- **SENSEX: 78,094.64** (+166.49 points / +0.21%)

Despite the positive close, benchmark indices remained within a narrow trading range throughout the week as investors weighed robust earnings against concerns over rising crude oil prices and geopolitical tensions.

Why Indian Markets Remained Resilient

1. Strong Q1 Earnings Continue to Support Equities

Corporate India has largely delivered earnings ahead of market expectations, reinforcing confidence in the country's economic resilience. Strong earnings have helped offset concerns surrounding higher crude oil prices and global uncertainty.

2. Institutional Buying Remains Supportive

Investor participation remained healthy during the week.

- Foreign Portfolio Investors (FPIs): Net Buyers of ₹277 crore
- Domestic Institutional Investors (DIIs): Net Buyers of ₹2,260 crore

Notably, foreign investors have purchased over ₹10,000 crore worth of Indian equities during July, marking their first month of net buying since February, reflecting improving confidence in India's long-term growth story.

3. Volatility Continues to Ease

The India VIX, widely regarded as the market's fear gauge, declined 3.3% to 11.76 during the week and has fallen 12.2% over the last five trading sessions.

Lower volatility indicates improving investor confidence and suggests that market participants are becoming more comfortable with the prevailing macroeconomic environment.

4. Strong Monthly Performance

Indian equities recorded their strongest monthly gain in the last three months, driven by:

- Better-than-expected corporate earnings
- Continued domestic liquidity
- Improving foreign investment flows
- Healthy participation from financial and automobile stocks

The earnings season continues to reinforce confidence that corporate profitability remains resilient despite external challenges.

Market Performance

Top Performing Themes

- Financial Services
- Banking
- Automobiles

These sectors attracted strong institutional buying and were among the key contributors to the week's gains.

Key Concern

Crude Oil Prices

Brent crude oil rose sharply from approximately US\$71.6 per barrel at the beginning of July to around US\$90 per barrel by month-end.

The sustained rise in energy prices, coupled with escalating tensions in West Asia, remains one of the biggest macro risks for the Indian economy and equity markets.

Technical Snapshot

<u>Index</u>	<u>Closing</u>	<u>Support</u>	<u>Resistance</u>
NIFTY 50	24,383.60	23,900	24,500 – 24,650
SENSEX	78,094.64	77,125	78,850 - 80,538

While the broader trend remains constructive, the Nifty continues to trade within a five-week consolidation range, suggesting that a decisive breakout will require fresh triggers such as stronger earnings momentum or easing geopolitical risks.

Takeaway

Indian markets concluded July on a positive note, delivering their strongest monthly performance in three months despite elevated crude oil prices and persistent geopolitical tensions. Robust Q1 earnings, steady institutional buying, and declining market volatility continue to provide a supportive backdrop. However, with Brent crude approaching US\$90 per barrel and the Nifty still trading within a consolidation range, investors will look for fresh catalysts to determine the market's next directional move.

Weekly Market Compass | – Market Pulse

Trend, Momentum & Institutional Activity

Indian equity markets continued to exhibit resilience during the week, ending July with their strongest monthly performance in three months. Although benchmark indices extended gains for the third consecutive trading session, the market remained trapped within a five-week consolidation range as investors balanced strong corporate earnings against rising crude oil prices and geopolitical uncertainty.

Market Trend

Indicator	View
Overall Trend	● Positive
Momentum	● Improving
Market Structure	● Range Bound
Volatility (India VIX)	● Declining
Investor Sentiment	● Constructive

The broader market continues to maintain a positive undertone. However, the Nifty has been unable to break decisively above its five-week trading range, indicating that investors are awaiting fresh triggers before taking aggressive positions.

Institutional Activity

Institutional participation remained one of the biggest strengths of the market during the week.

Foreign Portfolio Investors (FPIs)

- Net Buyers: **₹277 crore**
- Total purchases during July exceeded **₹10,000 crore**, marking the first month of sustained net buying since February.

Domestic Institutional Investors (DIIs)

- Net Buyers: **₹2,260 crore**

Strong domestic liquidity continues to cushion the market against external shocks, while the return of foreign buying signals improving confidence in India's long-term growth prospects.

Volatility & Market Sentiment

The **India VIX**, commonly referred to as the market's fear gauge, declined significantly during the week.

Current Reading

- **India VIX: 11.76**
- **Weekly Change: -3.3%**
- **Five-Day Decline: 12.2%**

Interpretation

A declining VIX generally reflects:

- ✓ Lower market anxiety
- ✓ Improved investor confidence
- ✓ Reduced hedging activity
- ✓ Better conditions for positional trading

Despite geopolitical concerns, volatility remains well below historical stress levels, suggesting that market participants continue to view the domestic outlook positively.

Technical Market Structure

Although the market ended the week in positive territory, price action continues to indicate consolidation.

Key Technical Levels

Index	Support	Resistance
NIFTY 50	23,900	24,500 – 24,650
BANK NIFTY	56,200	58,600 – 59,550

The Nifty has remained within a **23,750–24,450** trading band for nearly five weeks, reflecting indecision among market participants. A sustained move above resistance could trigger fresh momentum, while a break below support may invite profit booking.

Market Drivers

Positive Factors

- ✓ Better-than-expected Q1 corporate earnings
- ✓ Strong buying by FPIs and DIIs
- ✓ Declining India VIX

✓ Healthy banking and automobile sector participation

✓ Strong monthly market performance

Factors Limiting Upside

⚠ Brent crude oil nearing **US\$90 per barrel**

⚠ Ongoing geopolitical tensions in West Asia

⚠ Range-bound technical structure

These opposing forces have kept the market constructive but without a decisive breakout.

Market Mood Indicator

Parameter	Status
Trend	● Positive
Momentum	● Improving
Institutional Flows	● Strong
Volatility	● Low
Crude Oil Risk	● Elevated
Technical Structure	● Consolidation

Takeaway

The Indian market continues to display resilience, supported by strong institutional buying, encouraging corporate earnings, and declining volatility. However, the inability of the Nifty to break above its five-week trading range suggests that investors remain cautious amid rising crude oil prices and geopolitical risks. A decisive move beyond the current consolidation zone is likely to depend on fresh domestic or global catalysts.

Weekly Market Compass | Macro & Global Cues

Global Markets Face Rising Uncertainty While India's Macro Fundamentals Remain Resilient

The global investment landscape has become increasingly volatile as investors grapple with rising geopolitical tensions, elevated crude oil prices, uncertainty surrounding artificial intelligence (AI) valuations, and the outlook for global interest rates. Despite these external headwinds, India's domestic economy continues to display resilience, supported by strong banking credit growth, improving foreign exchange reserves, and healthy corporate earnings.

Global Macro Environment

1. AI Rally Faces Fresh Volatility

The global AI-driven equity rally has become increasingly volatile after months of exceptional gains.

Key Developments

- Investors are reassessing the profitability of massive AI investments.
- Semiconductor and AI-related companies have witnessed sharp price swings as concerns over rising debt levels and capital expenditure intensify.
- Market participants are becoming increasingly selective, focusing on companies capable of generating sustainable returns rather than merely expanding AI spending.

Despite the recent correction, artificial intelligence remains one of the most significant long-term structural growth themes for global markets.

2. Middle East Conflict Keeps Oil Prices Elevated

Geopolitical tensions remain one of the biggest risks facing global financial markets.

Current Situation

- Brent crude oil has climbed to around US\$90 per barrel.
- The conflict between the United States and Iran has expanded, raising concerns over energy supply disruptions.
- Attacks near key maritime trade routes, including the Suez Canal region, have increased uncertainty surrounding global oil shipments.

Higher energy prices continue to fuel inflation concerns and remain the single most important macro risk for oil-importing economies such as India.

3. US Federal Reserve Remains in Focus

The US Federal Reserve kept interest rates unchanged during its latest policy meeting.

However:

- Policymakers continue to express concerns regarding persistent inflation.
- Strong US employment data could increase expectations of tighter monetary policy in the coming months.
- Bond markets remain sensitive to any change in the Fed's policy stance.

Investors will closely monitor the upcoming US Non-Farm Payrolls (NFP) report, which is expected to provide further clarity on the strength of the US economy and the future direction of interest rates.

Indian Macroeconomic Outlook

1. Banking Credit Growth Remains Strong

The latest RBI data indicates that India's credit cycle continues to strengthen.

Highlights

- **Industrial credit grew 19% year-on-year**, reflecting healthy demand from both large and small businesses.
- **Personal loans increased 16%**, supported by continued consumer spending.
- **Gold loans surged 93%**, making them the fastest-growing lending segment.
- Vehicle loans also maintained robust double-digit growth.

These trends highlight continued economic activity and improving confidence across multiple sectors of the economy.

2. Foreign Exchange Reserves Improve

India's foreign exchange reserves increased by approximately US\$6.1 billion to US\$682.3 billion, supported by inflows through the RBI's FCNR(B) deposit scheme.

The increase in reserves enhances the country's ability to manage external shocks and provides additional support for the Indian Rupee during periods of global volatility.

3. RBI Policy Meeting in Focus

The Reserve Bank of India is scheduled to announce its latest monetary policy decision next week.

Market expectations currently suggest:

- No change in the benchmark repo rate (5.25%)
- Continued emphasis on inflation management while supporting economic growth.

Investors will closely watch the RBI's commentary on inflation, crude oil prices, currency stability, and liquidity conditions for guidance on the policy outlook.

Macro Transmission Chain

Higher Crude Oil Prices → Inflationary Pressure → Rupee Weakness → RBI Policy Watch → Corporate Margin Pressure → Increased Market Volatility

At the same time:

Strong Credit Growth + Rising Forex Reserves + Healthy Corporate Earnings → Support for India's Medium-Term Growth Story

Key Global Events to Watch**Global**

- US Non-Farm Payrolls (Employment Report)
- Federal Reserve commentary
- Brent crude oil prices
- Middle East geopolitical developments
- AI sector volatility

Domestic

- RBI Monetary Policy
 - Rupee movement
 - Banking credit trends
 - Foreign exchange reserves
 - Q1 corporate earnings
-

Takeaway

The global macro environment remains challenging, with rising crude oil prices, geopolitical tensions, and uncertainty surrounding AI valuations contributing to heightened volatility. In contrast, India's macroeconomic fundamentals continue to remain supportive, backed by robust credit growth, rising foreign exchange reserves, and resilient corporate earnings. The coming week will be closely watched for the RBI's monetary policy decision and the US employment report, both of which are expected to influence investor sentiment and market direction.

Weekly Market Compass | Sector Radar

Earnings Drive Sector Rotation While Commodities & Financials Stay in Focus

The Q1 FY27 earnings season continues to shape sector performance across the market. Investors are rewarding companies delivering strong earnings growth while remaining cautious on sectors exposed to rising input costs and geopolitical uncertainties. Banking, Financial Services, Metals and Automobiles continue to display resilience, while commodities such as aluminium are showing signs of a cyclical recovery.

Sector Performance This Week

Sector	Outlook	Key Drivers
Financial Services	● Positive	Strong institutional buying, healthy credit growth
Banking	● Positive	Robust loan growth and improving asset quality
Automobiles	● Positive	Market leadership and steady consumer demand
Metals	● Improving	Aluminium recovery and favourable supply dynamics
Insurance	● Positive	Regulatory reforms by IRDAI
Oil & Gas	● Watch	Rising crude oil prices and geopolitical risks

Banking & Financial Services Continue to Lead

The financial sector remained one of the strongest contributors to the market's performance.

Key Highlights

- Industrial credit grew 19% YoY, indicating healthy demand from businesses.
- Personal loans increased 16% YoY, reflecting resilient consumer spending.
- Vehicle loans continued to witness strong double-digit growth.
- Gold loans emerged as the fastest-growing retail lending segment with an impressive 93% YoY growth.

These trends indicate that India's banking sector continues to benefit from strong credit demand across both corporate and retail segments.

Metals – Aluminium Showing Signs of Recovery

The metals sector is gradually regaining momentum after witnessing a healthy correction earlier in the year.

Aluminium Outlook

After correcting from record highs near ₹393/kg to around ₹330/kg, aluminium prices are once again attempting to move higher.

Positive Factors

- Improving global demand expectations
- Potential supply disruptions
- Higher energy costs supporting prices
- Technical breakout attempts near key resistance levels

The improving outlook for aluminium could benefit companies operating across the metals and industrial manufacturing value chain.

Insurance Sector – Regulatory Reforms

The Insurance Regulatory and Development Authority of India (IRDAI) introduced important amendments aimed at strengthening governance within the insurance sector.

Key Changes

- Prior regulatory approval will now be required when an investor's shareholding crosses specified ownership thresholds.
- Capital raising and group restructuring norms have been simplified to improve operational flexibility.

These reforms are expected to enhance transparency while supporting the long-term stability of India's insurance industry.

Oil & Gas – Rising Crude Remains a Double-Edged Sword

Brent crude oil has climbed close to **US\$90 per barrel**, supported by renewed geopolitical tensions in the Middle East.

Positive Impact

- Upstream oil exploration companies may benefit from stronger crude realizations.

Negative Impact

- Higher input costs for manufacturing industries.
- Pressure on transportation and logistics companies.
- Increased inflationary risks for the broader economy.

Investors should continue monitoring crude oil prices closely, as they remain one of the most important macro variables influencing Indian markets.

Sector Allocation Strategy**● Overweight**

- Banking
- Financial Services
- Automobiles

● Positive Outlook

- Metals
- Capital Goods
- Infrastructure

● Neutral

- Insurance
- FMCG
- Information Technology

● Monitor Closely

- Oil & Gas
- Aviation
- Paints and other crude-linked sectors

Emerging Investment Themes

Investors should continue focusing on sectors benefiting from:

- ✓ Strong domestic credit growth
- ✓ Government infrastructure spending
- ✓ Improving industrial activity
- ✓ Commodity price recovery
- ✓ Structural financial sector expansion

These themes are expected to remain key drivers of earnings growth over the medium term.

Takeaway

Sector leadership continues to rotate towards areas demonstrating strong earnings visibility and favourable macro tailwinds. Banking and Financial Services remain the market's strongest pillars, supported by robust credit growth and institutional participation. Meanwhile, aluminium's recovery and regulatory reforms in the insurance sector present new opportunities for investors. Going forward, commodity prices, earnings quality, and domestic economic momentum will continue to determine sectoral leadership.

Weekly Market Compass | Market Risks & What Can Go Wrong

Navigating Opportunities Amid Global Uncertainty

While Indian equities continue to demonstrate resilience, investors should remain cautious as several domestic and global risk factors could influence market direction in the coming weeks. Rising crude oil prices, geopolitical tensions, central bank policy decisions, and elevated valuations in select sectors warrant a balanced investment approach despite encouraging corporate earnings.

1. Crude Oil Remains the Biggest Macro Risk

The most significant concern for Indian markets continues to be the sharp rise in crude oil prices.

Current Situation

- **Brent Crude** has surged from nearly **US\$71.6 per barrel** at the beginning of July to around **US\$90 per barrel**.
- Escalating tensions in West Asia continue to threaten global energy supply chains.

Why It Matters for India

Higher crude prices could lead to:

- Rising inflation
- Increased import bill
- Pressure on the Indian Rupee
- Higher input costs for corporates
- Margin compression across crude-dependent industries

Market View: Crude oil remains the single most important macro variable for Indian equities.

2. Geopolitical Tensions

The conflict in the Middle East remains fluid, with fresh military developments raising concerns over global trade routes and energy security.

Investors Should Monitor

- US–Iran conflict
- Security of the Suez Canal and Red Sea shipping routes
- Saudi Arabia's regional involvement
- Diplomatic efforts to stabilise maritime trade

Any escalation could trigger renewed volatility across global equity and commodity markets.

3. RBI Monetary Policy Decision

The Reserve Bank of India is scheduled to announce its monetary policy decision next week.

Market Expectations

- Repo Rate likely to remain unchanged at **5.25%**
- Commentary on inflation, liquidity, and the Rupee will be closely watched.

Although inflation has edged higher, policymakers are expected to balance inflation control with supporting economic growth.

4. Rupee Weakness

The Indian Rupee continues to remain under pressure due to elevated crude oil prices.

Despite healthy inflows through the FCNR(B) scheme and rising forex reserves, sustained strength in crude oil could continue to weigh on the currency.

A weaker Rupee may impact:

- Imported inflation
- Foreign investor sentiment
- Corporate earnings for import-dependent sectors

5. Global AI Valuation Concerns

The global technology sector has entered a period of heightened volatility.

Investors are increasingly questioning:

- Sustainability of AI-related capital expenditure
- Rising debt levels among technology companies
- Future profitability of AI investments

Large swings in semiconductor and AI-related stocks may continue to influence global risk sentiment.

6. Technical Risk

Despite ending July with gains, the Nifty continues to remain within a five-week consolidation range, indicating a lack of decisive directional momentum.

Key Technical Levels

Index	Support	Resistance
NIFTY 50	23,900	24,500 – 24,650
BANK NIFTY	56,200	58,600 – 59,550

A sustained breakout above resistance is required to confirm the next leg of the rally, while a break below support may invite profit booking.

Market Risk Heat Map

Risk Factor	Current Impact	Outlook
Crude Oil Prices	● High	Closely Monitor
Middle East Conflict	● High	Uncertain
RBI Policy	● Medium	Policy Watch
Rupee Movement	● Medium	Sensitive
Global AI Correction	● Medium	Ongoing
Corporate Earnings	● Positive	Supportive
Domestic Liquidity	● Strong	Positive

Risk Management Strategy**For Investors**

- ✓ Focus on companies with strong earnings visibility.
- ✓ Maintain sector diversification.
- ✓ Use market corrections to accumulate quality businesses.

For Traders

- ✓ Respect support and resistance levels.
- ✓ Avoid excessive leverage ahead of key macro events.
- ✓ Monitor crude oil prices and RBI policy announcements closely.

Takeaway

The Indian market continues to be supported by robust earnings, improving institutional participation, and resilient domestic fundamentals. However, rising crude oil prices, geopolitical tensions, the RBI's upcoming policy decision, and global technology sector volatility remain key risks that could influence market direction. A disciplined investment strategy, coupled with close monitoring of macro developments, will be essential in navigating the weeks ahead.

Weekly Market Compass | Core Portfolio Stock Ideas

High-Conviction Stock Picks (1week -1 Month)

1. Mazagaon Dock Shipbuilders

- **Buy:** ₹2,375 – ₹2,395 or CMP
- **Target:** ₹2,500 – ₹2,675
- **Stop Loss:** ₹2,285

Investment Summary

Mazagaon Dock delivered another strong quarter, reporting 21.5% YoY growth in net profit to ₹549 crore, while revenue increased 12% to ₹2,943 crore. EBITDA grew 48%, with operating margins improving significantly from 11.5% to 15.2%, reflecting stronger execution and operating efficiency.

Technically, the stock is trading close to its 50-day moving average and continues to exhibit bullish momentum. A decisive breakout above ₹2,425 could open the path towards the ₹2,500–2,575 target zone.

2. Suzlon Energy

- **Buy:** ₹48 or CMP
- **Target:** ₹52 – ₹55
- **Stop Loss:** ₹44

Investment Summary

Suzlon has undergone a healthy technical correction following profit booking after its quarterly results. Although operating margins softened, revenue growth remained encouraging, reflecting sustained demand in the renewable energy sector.

The stock is currently trading near a strong support zone with the RSI around 29, indicating oversold conditions. The current price offers an attractive accumulation opportunity with favourable risk-reward for a technical rebound towards the ₹52–55 zone.

3. Sandhar Technologies

- **Buy:** ₹626 or CMP
- **Target:** ₹668 – ₹688
- **Stop Loss:** ₹585

Investment Summary

Sandhar Technologies continues to benefit from improving fundamentals, supported by strong quarterly earnings and healthy demand from the automobile sector.

Following a phase of profit booking, the stock has recovered above its 200-day moving average and is gradually approaching its 50-day moving average. The RSI has moved above 50, indicating strengthening price momentum and improving investor participation.

4. Oil and Natural Gas Corporation (ONGC)

- **Buy:** ₹242.50 or CMP
- **Target:** ₹253 – ₹260
- **Stop Loss:** ₹232.50

Investment Summary

ONGC continues to benefit from stable operational performance and consistent quarterly earnings. The company's approval of a US\$500 million guarantee for MRPL to import Saudi Aramco crude further strengthens its strategic position within India's energy ecosystem.

While fluctuations in crude oil prices have kept the stock volatile, recent profit booking has created an attractive entry opportunity. Historically, ONGC has traded comfortably above the ₹250 level, making current prices suitable for gradual accumulation.

5. BSE Limited

- **Buy:** ₹3,555 – ₹3,655 or CMP
- **Target:** ₹3,875 – ₹4,150
- **Stop Loss:** ₹3,400

Investment Summary

BSE appears to have completed a healthy technical correction after an extended rally. Selling pressure has eased, while volumes have started improving ahead of the upcoming Q1 earnings announcement.

The company's consistent profitability, strong cash generation, and growing participation in India's capital markets continue to support its long-term growth story. Technically, the stock is well-positioned for a recovery as momentum gradually builds.

Research Methodology

The above recommendations are based on a combination of:

Technical Analysis

- ✓ Price Action Analysis
- ✓ 50-Day & 200-Day Moving Averages
- ✓ Relative Strength Index (RSI)
- ✓ Volume Analysis

✓ Support & Resistance Levels

Fundamental Analysis

- ✓ Quarterly Financial Results
 - ✓ Revenue & Profit Growth
 - ✓ EBITDA Margin Trends
 - ✓ Business Quality & Sector Outlook
 - ✓ Macroeconomic & Industry Developments
-

Risk Management Guidelines

- ✓ Invest gradually near recommended buying zones.
 - ✓ Follow stop-loss levels strictly to protect capital.
 - ✓ Avoid averaging losing positions.
 - ✓ Book partial profits as targets are achieved.
 - ✓ Reassess positions after quarterly earnings and major corporate announcements.
-

Takeaway

This week's core portfolio focuses on defence, renewable energy, auto ancillaries, energy, and capital market infrastructure—sectors supported by strong earnings momentum, favourable technical setups, and long-term structural growth. While short-term volatility may persist due to global macro risks, these companies offer attractive opportunities for investors seeking a balanced combination of technical strength and fundamental quality.

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.

Investments in the securities market are subject to market risks, including the potential loss of principal. Past performance is not indicative of future results.

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

The author/issuer of this report **does not guarantee any returns** and shall not be held responsible for any losses incurred because of investment decisions taken based on this report.

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

Technical Outlook & Short-Term Trading Strategy

Indian equities ended the week with gains for the third consecutive trading session, supported by strong Q1 earnings, sustained institutional buying, and declining market volatility. However, the Nifty continues to trade within a well-defined consolidation range, suggesting that traders should remain selective until a decisive breakout occurs.

NIFTY 50 – Consolidation Before the Next Move

The Nifty has remained range-bound for nearly five weeks, oscillating between 23,750 and 24,450. Although the primary trend remains positive, the index requires a decisive breakout above resistance to confirm the next leg of the rally.

Key Technical Levels

<u>Level</u>	<u>Range</u>
Immediate Support	23,900
Major Support	23,750
Resistance Zone	24,500 – 24,650
Bullish Breakout	Above 24,650

Trading View

- Sustaining above **24,500–24,650** could trigger fresh buying towards higher levels.
- A pullback towards **23,900** may offer buying opportunities in fundamentally strong stocks.
- A close below **23,750** could result in short-term consolidation and profit booking.

BANK NIFTY – Financials Continue to Lead

Bank Nifty remains one of the strongest sectors in the current market, supported by healthy credit growth and consistent institutional buying.

Key Technical Levels

<u>Level</u>	<u>Range</u>
Support	56,200
Resistance 1	58,600
Resistance 2	59,550

The banking index continues to outperform broader markets, and a breakout above **58,600** could attract further institutional participation.

Options Strategy

With the **India VIX declining to 11.76**, option premiums have moderated, creating opportunities for defined-risk strategies.

Preferred Strategies

- ✓ Bull Call Spread
- ✓ Bull Put Spread (for experienced traders)
- ✓ Buy-on-Dips in quality large-cap stocks
- ✓ Momentum trades after confirmed breakouts

Avoid

- ✗ Aggressive naked option selling near major support and resistance levels.
- ✗ Large overnight leveraged positions while geopolitical uncertainty remains elevated.
- ✗ Chasing breakouts without volume confirmation.

Sectors with Trading Opportunities**● Strong Momentum**

- Banking & Financial Services
- Automobiles
- Defence
- Capital Markets
- Infrastructure

● Improving Momentum

- Metals (particularly Aluminium-related companies)
- Renewable Energy
- Capital Goods

● Watchlist

- Oil & Gas (highly sensitive to crude oil prices)
- Information Technology (earnings-driven movement)

Trading Checklist

Before initiating any trade:

- ✓ Trade only in the direction of the prevailing trend.

- ✓ Wait for confirmation before entering breakout trades.
 - ✓ Maintain a minimum **Risk-Reward Ratio of 1:2**.
 - ✓ Use strict stop-losses to protect capital.
 - ✓ Monitor crude oil prices and global developments before carrying overnight positions.
-

Market Sentiment Meter

Indicator	Status
Trend	● Positive
Momentum	● Improving
Institutional Flows	● Strong
Volatility	● Low
Crude Oil Risk	● Elevated
Breakout Probability	● Increasing

Takeaway

The market continues to trade with a constructive bias, supported by healthy institutional participation, encouraging earnings, and declining volatility. However, the Nifty remains confined within a five-week consolidation range, making 24,500–24,650 a crucial breakout zone. Traders should continue adopting a buy-on-dips approach, focus on sectors displaying relative strength, and remain disciplined with risk management until a decisive breakout confirms the market's next directional move.

Market Compass | Events, Macro & Levels

Key Events, Macro Triggers & Market Outlook

The coming week is expected to be one of the most important of the quarter, with investors closely monitoring the RBI Monetary Policy, US employment data, geopolitical developments in the Middle East, and the continuation of the Q1 FY27 earnings season. While domestic fundamentals remain supportive, elevated crude oil prices and global macro uncertainty are likely to keep markets volatile.

1. RBI Monetary Policy Decision

The Reserve Bank of India (RBI) will announce its latest monetary policy decision during the week.

Market Expectations

- Repo Rate: Expected to remain unchanged at 5.25%
- Investors will closely watch the Governor's commentary on:
 - Inflation outlook
 - Crude oil prices
 - Rupee stability
 - Liquidity conditions
 - Economic growth outlook

Although inflation has edged above the RBI's comfort zone, economists expect the central bank to maintain its policy stance while balancing growth and inflation concerns.

2. Global Focus – US Jobs Report

Global investors will closely monitor the US Non-Farm Payrolls (NFP) report.

Why It Matters

A stronger-than-expected employment report could:

- Increase expectations of tighter US monetary policy.
- Push bond yields higher.
- Strengthen the US Dollar.
- Influence foreign capital flows into emerging markets, including India.

This data will be a key determinant of global market sentiment for the week ahead.

3. Middle East & Crude Oil

Geopolitical developments remain one of the largest risk factors for global markets.

Key Monitorable

- US–Iran conflict
- Security of major shipping routes
- Brent crude oil prices
- Supply disruptions across the Middle East

With Brent crude hovering around **US\$90 per barrel**, any further escalation could increase inflationary pressures and weigh on equity markets. Conversely, signs of diplomatic progress could improve investor sentiment.

4. AI & Global Technology Stocks

The AI-driven rally has entered a phase of heightened volatility.

Investors will monitor:

- Corporate earnings from global technology companies.
- AI-related capital expenditure plans.
- Performance of semiconductor stocks.
- Market reaction to recently listed companies such as SpaceX, following its June IPO.

These developments are expected to influence global technology sentiment and may have a spillover effect on Indian IT stocks.

5. Domestic Economic Indicators

Investors should continue tracking:

- ✓ RBI policy outcome
- ✓ FPI & DII activity
- ✓ Rupee movement
- ✓ Crude oil prices
- ✓ Q1 FY27 earnings announcements
- ✓ Banking credit growth

Healthy domestic liquidity and resilient earnings remain important pillars supporting the Indian market despite external uncertainties.

Key Technical Levels

<u>Index</u>	<u>Support</u>	<u>Resistance</u>
NIFTY 50	23,900	24,500 – 24,650
BANK NIFTY	56,200	58,600 – 59,550

Technical Outlook

- A sustained move above **24,500–24,650** could trigger fresh buying and extend the current rally.

- Holding above **23,900** will be crucial to maintain the prevailing positive trend.
- Bank Nifty continues to exhibit relative strength and remains well-positioned if financial stocks continue their momentum.

Weekly Strategy

For Investors

- ✓ Continue accumulating fundamentally strong businesses.
- ✓ Focus on sectors with strong earnings visibility, including Banking, Financial Services, Defence, and Capital Goods.
- ✓ Use market corrections to build long-term positions.

For Traders

- ✓ Trade with the prevailing trend.
- ✓ Wait for confirmed breakouts before increasing exposure.
- ✓ Maintain disciplined stop-losses and prudent position sizing.
- ✓ Monitor macro events closely, as they may lead to short-term volatility.

Economic & Market Checklist

Domestic

- RBI Monetary Policy Decision
- Q1 Corporate Earnings
- FII & DII Flows
- Rupee Movement
- Banking Credit Data

Global

- US Non-Farm Payrolls
- Brent Crude Oil Prices
- Middle East Geopolitical Developments
- AI Sector Volatility
- US Bond Yields & Federal Reserve Commentary

Takeaway

The coming week will be driven by a combination of domestic policy decisions and global macroeconomic events. While India's strong corporate earnings, improving institutional participation, and healthy economic fundamentals continue to support market sentiment, investors should remain alert to developments in crude oil prices, geopolitical tensions, and the RBI's policy guidance. A disciplined and selective approach remains the preferred strategy until the market breaks decisively out of its current consolidation range.

Weekly Market Compass | Conclusion & Positioning

Market Outlook

Indian equity markets concluded July on a positive note, recording their **strongest monthly performance in three months** despite facing multiple global headwinds. Robust corporate earnings, resilient domestic liquidity, and the return of foreign institutional buying helped offset concerns surrounding elevated crude oil prices and the ongoing geopolitical tensions in West Asia.

The Nifty extended its gains for the third consecutive session and continues to trade near the upper end of its five-week consolidation range. While the broader trend remains constructive, markets are awaiting a decisive catalyst to break above the current resistance zone.

What Drove Markets This Week

The Indian market demonstrated remarkable resilience, supported by three key pillars:

1. Strong Corporate Earnings

The Q1 FY27 earnings season has largely exceeded market expectations, reinforcing confidence in India's corporate sector. Healthy earnings growth across banking, financial services, automobiles, and industrial companies has continued to support investor sentiment.

2. Institutional Buying Returns

A notable positive development during July was the return of foreign institutional investors.

- FPIs purchased over ₹10,000 crore worth of Indian equities during July, marking the first month of sustained net buying since February.
- Domestic Institutional Investors (DIIs) also remained consistent buyers, providing stability during periods of global uncertainty.

The combination of domestic liquidity and improving foreign participation remains one of the strongest pillars supporting Indian equities.

3. Lower Market Volatility

The **India VIX declined to 11.76**, reflecting improving investor confidence despite elevated geopolitical risks.

Lower volatility generally supports higher participation from institutional investors and creates a healthier environment for medium-term investing.

The Biggest Challenge Ahead

While earnings continue to surprise positively, **crude oil prices remain the single biggest macro risk for India.**

Brent crude has climbed close to **US\$90 per barrel**, primarily due to the escalating conflict in the Middle East.

For India, sustained higher oil prices could result in:

- Higher inflation
- Increased import costs
- Pressure on the Indian Rupee
- Margin compression across crude-dependent industries

Consequently, developments in global energy markets are likely to remain a key determinant of market direction over the coming weeks.

Our Investment View

We continue to maintain a **constructive but selective outlook** on Indian equities.

Preferred Themes

- Banking & Financial Services
- Defence
- Capital Goods
- Infrastructure
- Energy
- High-quality Mid & Small Cap companies with strong earnings visibility

Investors should continue focusing on businesses with consistent earnings growth, strong balance sheets, and favourable sectoral tailwinds.

Key Variables to Watch

Domestic

- RBI Monetary Policy
- Q1 FY27 Earnings
- FII & DII Flows
- Rupee Movement
- Banking Credit Growth

Global

- Brent Crude Oil Prices
- US Non-Farm Payrolls
- Federal Reserve Commentary
- Middle East Geopolitical Developments
- AI Sector Volatility

These factors are expected to shape market sentiment in the near term.

Final Thoughts

The Indian market continues to distinguish itself from many global peers through resilient corporate earnings, healthy domestic liquidity, and a robust macroeconomic backdrop. However, with the Nifty still trading within a consolidation range, the next directional move will likely depend on the interaction between strong domestic fundamentals and evolving global risks.

Investors should avoid chasing momentum and instead use periods of market consolidation to accumulate fundamentally strong businesses. Traders should remain disciplined, respect technical levels, and closely monitor crude oil prices and policy developments.

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"Markets reward investors who remain disciplined during uncertainty. While headlines create short-term volatility, long-term wealth is built by owning quality businesses with strong earnings, sound management, and sustainable growth prospects."

BGSE Financials Ltd/Research Department- *Thank you for reading the Weekly Market Compass. We wish all our readers a successful and profitable trading week ahead.*

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