



BGSE FINANCIALS LTD

Newsletter



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Weekly Takeaway

Weekly Market Compass

Indian Equities Fall for a Fourth Straight Week as Global Risks Intensify

Indian benchmark indices extended their losing streak for the fourth consecutive week, with heightened volatility driven by renewed tensions in West Asia, elevated crude oil prices, global bond yields and continued foreign institutional selling.

The downside, however, was cushioned by strong domestic institutional buying, rupee appreciation, robust GST collections and healthy automobile sales, highlighting the resilience of domestic liquidity and India's underlying economic activity.

Weekly Market Performance

Index	Closing Level	Weekly Change
NIFTY 50	23,897.70	-277.95 (-1.14%)
SENSEX	76,515.43	-749.08 (-0.96%)

The Nifty slipped back below the **24,000 mark**, while the Sensex also came under pressure as investors remained cautious amid a challenging global backdrop.

Foreign Selling vs Domestic Support

One of the defining features of this week's market was the sharp divergence between foreign and domestic institutional activity.

FII Activity

● **₹5,611.94 crore sold**

Foreign institutional investors extended their selling for the **third consecutive week**, although the pace of selling moderated.

DII Activity

● **₹23,156.38 crore bought**

Domestic institutional investors provided a substantial cushion, absorbing much of the foreign selling pressure.

Market Message

Strong DII buying → cushions FII outflows → limits downside → supports market resilience

This domestic liquidity remains an important stabilising force for Indian equities.

Rupee Strengthens to Two-Month High

The Indian Rupee extended its appreciation for a second consecutive week.

Rupee**₹94.49 per US Dollar**

The currency gained **89 paise**, compared with ₹95.38 previously, and traded in a weekly range of **₹95.48–₹94.27**.

Rupee appreciation provided some relief to markets by reducing concerns around imported inflation and external-sector pressures.

Midcaps Underperform; Smallcaps Hold Firm**Nifty Midcap 100**

● **-1.5%**

Major decliners included:

- KEI Industries
- Polycab India
- Havells India
- KPIT Technologies
- ICICI Prudential Asset Management Company
- Hero MotoCorp
- National Aluminium Company

Nifty Small-cap 100

● **Largely Flat**

The index touched a **fresh high of 20,187.80** during the week before giving up most of its gains.

Major gainers included:

- IFCI
- Welspun Corp
- Capri Global Capital
- RBL Bank
- Brigade Enterprises
- Urban Company
- Indraprastha Gas

Global Markets: US Jobs Data Raises Rate Concerns

US markets ended lower as stronger-than-expected employment data increased expectations of a more hawkish Federal Reserve.

The US economy added:

162,000 jobs in August

against a consensus expectation of only **56,000**.

The unemployment rate remained at **4.1%**.

Markets interpreted the stronger labour-market data as increasing the possibility of tighter monetary policy, particularly as policymakers remain concerned about energy prices feeding into broader inflation.

September Fed Rate-Hike Expectations

Above 60%

This has important implications for global bond yields, the US Dollar, emerging-market capital flows and Indian equities.

Capital Markets: NSE IPO Moves Closer

The National Stock Exchange (NSE) received SEBI approval for its proposed IPO.

Potential Issue Size

~₹30,000 crore

The approval represents a major milestone for one of India's most anticipated public offerings and comes as activity in India's IPO market has started to revive.

Key Corporate & Market Developments

PC Jeweller

Shares surged **11%** to a nine-month high after the company indicated that it remains on track to become debt-free this month.

Polycab India

Shares fell as much as **7%** following concerns over increased competition after UltraTech Cement announced its entry into the wires and cables segment.

Capital Market Stocks

The Nifty Capital Markets index gained approximately **1%** amid expectations of changes to the Closing Auction Session framework.

Market Snapshot

Indicator	Current Status
Nifty Trend	● 4th Weekly Decline
Sensex	● -0.96%
FII Flows	● Selling

DII Flows	● Strong Buying
Rupee	● Strengthening
Midcaps	● Under Pressure
Small-caps	● Resilient
US Rate Risk	● Elevated
Market Sentiment	● Cautious

TAKEAWAY

Indian equities remain under pressure for a fourth consecutive week, but the market's resilience is evident in the strong support provided by domestic institutions and the strengthening rupee. The key challenge is the combination of continued FII selling, elevated global bond yields, geopolitical tensions and expectations of tighter US monetary policy following stronger-than-expected US employment data.

At the same time, strong domestic liquidity, healthy automobile demand and improving corporate and economic fundamentals provide a counterbalance.

The market's immediate equation:

FII Selling + Global Rate Risk + Geopolitics

vs.

DII Support + Rupee Strength + Domestic Growth

The balance between these forces will determine whether the current correction deepens or develops into an attractive accumulation opportunity.

Weekly Market Compass | – Market Pulse

Liquidity Holds the Market Together as Foreign Selling Continues

Domestic Liquidity vs. Foreign Outflows

The most important market dynamic this week was the sharp divergence between FII and DII flows.

Foreign investors remained net sellers for the third consecutive week, but the magnitude of selling moderated. In contrast, domestic institutions deployed more than four times the amount of FII selling, providing a strong cushion to the broader market.

<u>Institutional Flow</u>	<u>Weekly Activity</u>	<u>Market Impact</u>
● FII	₹5,611.94 Cr Sell	Persistent pressure
● DII	₹23,156.38 Cr Buy	Strong downside cushion
Net DII–FII support	₹17,544.44 Cr	Positive liquidity buffer

Key observation

Domestic liquidity is currently absorbing a substantial portion of foreign selling.

This has prevented a sharper correction despite a difficult global environment.

Index Pulse

NIFTY 50 — Pressure Below 24,000

23,897.70 | -1.14%

The Nifty ended below the psychologically important **24,000 level**, extending its weekly decline for the fourth consecutive week.

The market continues to face a combination of:

- Foreign institutional selling
- Higher crude oil prices
- West Asia tensions
- Elevated global bond yields
- Increasing US rate expectations

The immediate market tone therefore remains cautious rather than aggressively bearish.

SENSEX — Fourth Weekly Decline

76,515.43 | -0.96%

The Sensex declined 749 points over the week. Selling pressure was broad enough to reduce overall market capitalisation, with the BSE's total market cap falling by approximately ₹4.5 lakh crore.

Major drags included State Bank of India, Bharti Airtel, Maruti Suzuki India and Mahindra & Mahindra.

Market Capitalisation Pulse

Despite the broader decline, wealth creation was not entirely absent.

Major Wealth Creators

- Reliance Industries
- Tata Steel
- Axis Bank

Major Wealth Destroyers

- State Bank of India
- Bharti Airtel
- Maruti Suzuki India
- Mahindra & Mahindra

The divergence indicates that the market is becoming increasingly **selective**, rather than experiencing indiscriminate selling across all sectors and stocks.

Midcap & Small-cap Pulse

Segment	Weekly Behaviour	Reading
Nifty 50	-1.14%	● Weak
Sensex	-0.96%	● Weak
Midcap 100	-1.5%	● Underperformance
Smallcap 100	Broadly flat	● Resilient

The Midcap 100 underperformed the Nifty, falling 1.5%.

In contrast, the Smallcap 100 demonstrated relative resilience and briefly touched a fresh high of 20,187.80 before ending broadly flat.

Market implication

The divergence between large-, mid- and small-cap indices suggests that risk appetite has not disappeared completely. Investors continue to selectively allocate capital even while headline indices remain under pressure.

Currency Pulse — Rupee Strengthens

₹94.49 / USD

The rupee gained **89 paise** during the week and reached a **two-month high**.

Currency Indicator	Level
Previous level	₹95.38
Current close	₹94.49
Weekly range	₹95.48 – ₹94.27
Weekly direction	 Appreciation

The currency's second consecutive week of gains provides a positive counterweight to the equity-market weakness.

Global Pulse — US Jobs Change the Rate Equation

The US labour market delivered a significantly stronger reading than expected.

August payroll additions: 162,000

vs.

Consensus: 56,000

Unemployment remained at **4.1%**, while previous payroll figures were also revised higher.

Market reaction

-  Strong employment
-   Lower probability of rapid monetary easing
-   Higher rate expectations
-   Pressure on global equities and gold

September Fed hike expectations moved above 60%, making upcoming US inflation data particularly important for global markets.

RBI Liquidity Pulse

The RBI is moving towards longer-duration liquidity absorption through a 30-day Variable Rate Reverse Repo (VRRR) auction.

Target absorption

₹7 lakh crore

The move comes after excess liquidity entered the banking system following the special dollar-mobilisation programme.

Excess liquidity had pushed the weighted average call money rate down to approximately **4.95%**, below the policy rate.

Market significance

The RBI's liquidity operation signals an effort to prevent surplus system liquidity from pushing short-term money-market rates excessively below the policy corridor.

WEEKLY MARKET SCORECARD

Factor	Current Reading	Signal
Equity Trend	4th weekly decline	●
FII Flows	₹5,611.94 Cr outflow	●
DII Flows	₹23,156.38 Cr inflow	●
Rupee	₹94.49/USD	●
Midcaps	-1.5%	●
Smallcaps	Broadly flat	●
US Jobs	162K vs 56K expected	●
Fed Rate Expectations	>60% hike probability	●
RBI Liquidity	₹7 lakh Cr VRRR	●
Domestic Growth	Resilient	●

TAKEAWAY

The market pulse remains cautious but not structurally broken. Headline indices are experiencing sustained pressure, but the underlying liquidity picture is more supportive than the index performance suggests.

The critical variable remains FII behaviour. Until foreign selling subsides, rallies may face resistance. However, the combination of ₹23,156 crore of DII buying, rupee appreciation and resilient small-cap participation indicate that domestic investors continue to see opportunities beneath the headline correction.

For investors, the message is clear: liquidity remains supportive, but global macro risks are keeping the market in a consolidation-and-correction phase.

Weekly Market Compass | Macro & Global Cues

Growth Resilience Meets a More Challenging Global Rate Environment

INDIA MACRO — \$5.1 Trillion Economy Within Reach

India's medium-term growth outlook remains constructive despite near-term market volatility.

According to OmniScience Capital, India could reach a \$5.1 trillion economy by FY29, provided nominal GDP growth in US-dollar terms averages around 8% in the base case and potentially 9% under a more optimistic scenario.

Key Growth Drivers

- Stronger real economic growth
- Healthier banking-sector balance sheets
- Revival in corporate capital expenditure

The delayed achievement of the earlier \$5 trillion ambition was attributed to the pandemic, stressed bank and corporate balance sheets, and significant rupee depreciation. The underlying growth trajectory, however, remains intact.

RBI LIQUIDITY — Policy Focus Shifts Towards Absorption

The RBI is moving towards longer-duration liquidity absorption as surplus liquidity remains elevated.

A 30-day Variable Rate Reverse Repo (VRRR) auction is scheduled with a target of absorbing approximately:

₹7 lakh crore

The operation follows the additional liquidity created through the special dollar-mobilisation programme.

Previously, the RBI had been conducting VRRR operations almost daily to manage excess liquidity.

Why It Matters

Excess liquidity had pushed the weighted average call money rate down to approximately **4.95%**, below the policy rate.

The RBI's move therefore reflects an effort to rebalance system liquidity and keep short-term money-market rates aligned with the monetary-policy stance.

GLOBAL MACRO — US LABOUR MARKET Raises Fed Risk

The biggest global macro development this week was the unexpectedly strong US employment report.

Indicator	August Reading	Market Expectation
US Jobs Added	162,000	56,000
Unemployment Rate	4.1%	—
Previous Payroll Revisions	+55,000 combined	—

The scale of the employment surprise materially changed expectations around the Federal Reserve's next policy decision.

The strong labour-market data suggests that the US economy retains considerable momentum, potentially giving the Fed greater room to maintain a restrictive policy stance.

FED WATCH — Inflation Data Becomes Critical

Market expectations for a September Fed rate hike moved above 60% following the jobs report.

The rate outlook is particularly important because elevated energy prices associated with geopolitical tensions could create additional inflationary pressure.

The policy equation

Strong employment



Persistent economic momentum



Higher inflation/rate concerns



Potentially tighter Fed policy



Higher global bond yields & pressure on risk assets

The next major input will therefore be **US inflation data**, which could either reinforce or challenge the current hawkish interpretation of the labour-market report.

GLOBAL MARKETS — Wall Street Turns Lower

US benchmark indices ended lower on Friday.

Index	Close	Daily Change
Dow Jones	53,413.60	-0.51%
S&P 500	7,718.41	-0.38%
Nasdaq	26,506.99	-0.29%

Although the weekly performance was broadly unchanged, the stronger jobs data increased sensitivity to the future path of US monetary policy.

For emerging markets such as India, a sustained rise in US yields could potentially keep foreign portfolio flows under pressure.

GOLD — Rate Expectations Weigh on Bullion

Gold declined on Friday and was heading towards a weekly loss.

The immediate catalyst was the stronger US employment report, which increased expectations that the Federal Reserve could maintain or tighten monetary policy.

Because gold does not generate interest income, higher expected interest rates can reduce its relative attractiveness.

Gold's Macro Driver

Stronger US jobs → higher Fed-rate expectations → higher opportunity cost of holding gold → pressure on bullion

INDIA–GLOBAL MACRO INTERSECTION

The Indian market is currently being influenced by two contrasting forces:

● Domestic Support

- Strong DII participation
- Resilient domestic growth
- Improving banking-sector balance sheets
- Potential revival in corporate capex
- Rupee appreciation

● External Headwinds

- Higher US rate expectations
- Elevated global bond yields
- Crude-oil price pressure
- West Asia tensions
- Continued FII selling

This divergence explains why **domestic fundamentals remain constructive even while equity-market sentiment is cautious**.

MACRO DASHBOARD

Macro Factor	Current Signal	Market Interpretation
India Growth	● Constructive	Medium-term positive
Bank Balance Sheets	● Healthier	Supports credit cycle
Corporate Capex	● Expected revival	Positive for investment cycle
RBI Liquidity	● Absorption	Short-term liquidity tightening

US Jobs	● Strong	● Negative for rate-sensitive assets
Fed Expectations	● Hawkish	Global risk
US Bond Yields	● Elevated	Pressure on EM flows
Gold	● Under pressure	Rate-sensitive
Rupee	● Stronger	Domestic positive

TAKEAWAY

The macro backdrop presents a clear domestic-versus-global divergence.

India's medium-term growth story remains intact, supported by stronger balance sheets and the prospect of renewed corporate investment. However, the immediate global environment is becoming less favourable as stronger US employment data raises the probability of tighter Federal Reserve policy.

For Indian equities, domestic liquidity and growth fundamentals are the stabilisers, while global rates, crude oil and geopolitical risks remain the principal sources of volatility.

Weekly Market Compass | Sector Radar

SECTOR RADAR

<u>Segment</u>	<u>Weekly Tone</u>	<u>Key Development</u>	<u>Outlook</u>
Capital Markets	● Positive	SEBI action on Closing Auction Session	Improving sentiment
Jewellery	● Strong	PC Jeweller moves towards debt-free status	Positive
Wires & Cables	● Weak	UltraTech enters the segment	Near-term caution
Automobiles	● Resilient	Healthy August sales	Supportive
Financials	● Selective	Strong DII support; Axis Bank among wealth creators	Stock-specific
IPO/Primary Market	● Improving	NSE and Rentomojo IPO developments	Strong pipeline

CAPITAL MARKETS — SEBI ACTION COULD IMPROVE MARKET FUNCTIONING

The Nifty Capital Markets Index gained approximately 1% on Friday, rising to 5,420 from 5,357.20.

The move followed expectations that SEBI's latest action could lead to changes in the Closing Auction Session (CAS) framework.

Since the implementation of the revised mechanism on 3 August, expiry-day auctions have produced unusually volatile settlement prices, particularly for derivative securities settling against the CAS close.

Option premiums had, in some instances, moved by 400–500%, highlighting the sensitivity of the new mechanism to thin auction liquidity.

Investor Takeaway

- Potential regulatory adjustments
- ↓
- Improved price discovery
- ↓
- Lower settlement-related uncertainty
- ↓
- Positive for capital-market intermediaries

The episode nevertheless highlights the importance of market microstructure and liquidity management, particularly around expiry-day settlement.

NSE IPO — PRIMARY MARKET ACTIVITY REGAINS MOMENTUM

SEBI has approved the draft public-offer plan of the National Stock Exchange (NSE).

Potential Fund Raise

~₹30,000 crore

The proposed IPO is expected to be one of India's most closely watched public offerings.

Its approval is also significant for the broader primary market, which experienced a relatively subdued first half before activity began to improve.

Why It Matters

NSE IPO approval → renewed investor attention → stronger primary-market pipeline → potential revival in IPO activity

The development reinforces the growing depth of India's capital markets and provides another major catalyst for the financial-services ecosystem.

RENTOMOJO IPO — SHARP RE-RATING IN PRIVATE-TO-PUBLIC VALUATION

Rentomojo is set to enter the public markets next week.

IPO Parameter	Details
Issue Size	₹1,256 crore
Price Band	₹384–₹404
Target Valuation	~₹4,246 crore
2024 Private Funding Valuation	~₹850–900 crore

The proposed valuation represents a substantial increase from its valuation at the time of its 2024 private funding round.

Market Watchpoint

The key question for investors will be whether the public-market valuation can be supported by the company's growth, profitability trajectory and business fundamentals following listing.

PC JEWELLER — DELEVERAGING STORY GAINS MOMENTUM

PC Jeweller was among the week's notable corporate movers.

Stock Performance

● +11%

The stock touched a nine-month high after the company cleared debt owed to another consortium lender.

The company remains on track to become debt-free during September.

Investment Interpretation

Debt repayment → lower financial leverage → lower interest burden → stronger balance-sheet profile

The deleveraging trajectory is currently the key factor driving investor interest in the stock.

POLYCAB — COMPETITION BECOMES A KEY VALUATION ISSUE

Polycab India came under pressure during Friday's session, declining as much as:

● 7%

The immediate concern was UltraTech's entry into the wires and cables business, raising questions about the competitive environment and potential pressure on industry valuations.

JPMorgan, however, played down some of these concerns.

Key Monitorable

- Competitive intensity
- Pricing environment
- Market-share dynamics
- Margin sustainability
- Valuation re-rating

For investors, the development reinforces the need to distinguish between temporary sentiment-driven de-rating and a genuine change in industry economics.

AUTOMOBILES — DOMESTIC DEMAND PROVIDES A CUSHION

Healthy **August automobile sales** emerged as one of the positive domestic indicators during a week otherwise dominated by global risk factors.

The resilience in auto demand provides evidence that domestic consumption remains supportive, helping offset some of the pressure created by geopolitical uncertainty and foreign portfolio outflows.

SECTORAL INVESTOR MAP**● Areas Showing Positive Momentum**

- Capital markets
- Select financials
- Jewellery/deleveraging plays
- Automobile demand

● Areas Requiring Selectivity

- IPO/primary-market stocks
- Midcaps
- Financial intermediaries

● Areas Facing Near-Term Pressure

- Wires & cables
- Stocks vulnerable to global rate movements
- High-beta midcaps

TAKEAWAY

The sector landscape is becoming increasingly stock-specific rather than uniformly risk-on or risk-off.

Capital-market stocks are responding positively to the possibility of regulatory clarity, while PC Jeweller's deleveraging story has triggered renewed investor interest. Conversely, Polycab highlights how new competitive entrants can rapidly alter sector valuation expectations.

With the NSE IPO and Rentomojo IPO adding momentum to the primary market, the broader financial ecosystem remains an important area to watch.

The current environment favours businesses with improving balance sheets, visible earnings drivers and identifiable structural catalysts over indiscriminate market exposure.

Weekly Market Compass | Market Risks & What Can Go Wrong

Global Macro Risks Dominate Near-Term Direction

The Indian equity market enters the coming week with a cautious risk profile. While domestic liquidity and economic resilience are providing support, several external variables could continue to restrict upside and sustain volatility.

1. FII SELLING — THE PRIMARY MARKET HEADWIND

Foreign investors sold **₹5,611.94 crore** during the week, marking the **third consecutive week of FII outflows**.

Although the pace of selling has moderated, the persistence of the trend remains a concern.

What to monitor

- Whether FII selling accelerates or continues to moderate
- US bond yields and Dollar movement
- Emerging-market fund flows
- Whether domestic institutions can continue absorbing supply

Risk level: ● HIGH

The strongest near-term positive trigger for Indian equities would be a meaningful reduction in foreign selling pressure.

2. US FED — HAWKISH EXPECTATIONS RISE

The stronger-than-expected US employment report has materially altered the interest-rate narrative.

August jobs: 162,000

Consensus: 56,000

Unemployment: 4.1%

September Fed rate-hike expectations have moved **above 60%**.

Transmission to India

Stronger US jobs

- higher Fed-rate expectations
- elevated US yields
- stronger Dollar
- pressure on emerging-market flows
- potential FII selling in Indian equities

The upcoming **US inflation data** therefore becomes a critical monitorable.

Risk level: ● HIGH

3. WEST ASIA TENSIONS & CRUDE OIL

Renewed tensions in West Asia remain an important source of uncertainty.

A sustained increase in crude oil prices could create pressure through:

- Higher India's import bill
- Imported inflation
- Pressure on the current account
- Higher input costs for businesses
- Reduced consumer purchasing power

This is particularly important for India because energy prices have a significant influence on the country's external and inflation dynamics.

Risk level: ● HIGH

4. GLOBAL BOND YIELDS

Elevated global bond yields are increasing the opportunity cost of investing in emerging-market equities.

The stronger US labour market has reinforced expectations that the Federal Reserve may maintain a tighter monetary stance.

Investor equation

Higher US yields



Reduced attractiveness of EM assets



Potential FII outflows



Pressure on Indian equity valuations

Risk level: ● MODERATE-HIGH

5. RBI LIQUIDITY ABSORPTION

The RBI plans to conduct a 30-day VRRR auction targeting ₹7 lakh crore of liquidity absorption.

This is a significant operation following excess liquidity created through the special dollar-mobilisation programme.

The weighted average call money rate had fallen to around **4.95%**, below the policy rate.

What to watch

The key issue is whether liquidity absorption remains orderly without creating excessive tightening in domestic financial conditions.

Risk level: ● MODERATE

6. MARKET MICROSTRUCTURE — CLOSING AUCTION SESSION

The revised Closing Auction Session (CAS) mechanism remains an important market-structure monitorable.

Since its rollout on 3 August, expiry-day auctions have produced unusually volatile settlement prints, with derivative option premiums reportedly swinging 400–500% in some instances.

SEBI's latest action has raised expectations of modifications to the mechanism.

Investor focus

- Regulatory clarity
- Improved liquidity
- Better price discovery
- Lower expiry-day settlement uncertainty

Risk level: ● MODERATE

7. COMPETITIVE DISRUPTION — WIRES & CABLES

UltraTech's entry into the wires and cables segment has triggered concerns over future competitive intensity.

The sharp fall in **Polycab India** demonstrates how quickly markets can reprice established businesses when a major new competitor enters a segment.

Key monitorable

- Pricing discipline
- Market-share changes
- Margin trajectory
- Competitive response
- Sector valuation multiples

Risk level: ● STOCK-SPECIFIC

8. VALUATION & MARKET BREADTH

The headline indices have declined for four consecutive weeks, while the Midcap 100 fell **1.5%**.

At the same time, the Smallcap 100 touched a fresh high of **20,187.80** before ending broadly flat.

This divergence suggests that the market is not experiencing uniform risk aversion.

Key implication

Investors should increasingly distinguish between:

Quality + earnings visibility + reasonable valuations

and

Momentum + expensive valuations + high sensitivity to liquidity.

RISK DASHBOARD

<u>Risk Factor</u>	<u>Current Status</u>	<u>Potential Impact</u>
FII Selling	● 3rd consecutive week	High
Fed Rate Expectations	● >60% hike probability	High
US Bond Yields	● Elevated	High
West Asia Tensions	● Renewed	High
Crude Oil	● Elevated risk	High
RBI Liquidity Absorption	● ₹7 lakh Cr target	Moderate
CAS Volatility	● Under review	Moderate
Corporate Competition	● Stock-specific	Moderate
Domestic Liquidity	● Strong DII support	Risk cushion
Rupee	● ₹94.49/USD	Risk cushion

KEY MONITORABLES FOR THE COMING WEEK

1. US Inflation Data

The most important input for determining whether the current hawkish Fed expectations are sustainable.

2. FII–DII Flow Differential

A continuation of strong DII buying could keep downside contained even if foreign investors remain sellers.

3. Crude Oil & West Asia

Any escalation could quickly alter India's inflation and external-balance outlook.

4. RBI Liquidity Operations

The impact of ₹7 lakh crore VRRR absorption on money-market conditions will be closely watched.

5. Nifty's Response Around 24,000

After closing at **23,897.70**, the market's ability to reclaim and sustain levels above 24,000 will be important for near-term sentiment.

TAKEAWAY

The principal risk to Indian equities is currently external rather than domestic. India's growth outlook and domestic liquidity remain relatively supportive, but the combination of FII selling, higher US rate expectations, elevated bond yields, crude-oil risk and West Asia tensions can continue to cap market upside.

The most important signal for investors will be whether these external pressures begin to ease while DII flows remain strong.

Risk framework

Global macro → determines volatility

FII flows → influence direction

DII flows → provide downside support

Domestic fundamentals → determine medium-term opportunity

Weekly Market Compass | Core Portfolio Stock Ideas

The following stocks have been shortlisted based on a combination of technical positioning, price action and fundamental earnings quality. The focus is on stocks showing improving momentum, proximity to key moving averages, consistent financial performance, and potential for further upside.

1–2 Month Investment Horizon

The following ideas are positioned for a **1–2 month horizon**, combining improving technical setups with identifiable fundamental drivers. The focus remains on stocks where recent broad-based market weakness may have created attractive accumulation levels.

1. M&M — MAHINDRA & MAHINDRA

Buy: ₹3,170 or CMP

Target: ₹3,300 – ₹3,405

Stop Loss: ₹3,020

Investment Summary

M&M continues to demonstrate a healthy fundamental trajectory, with total income increasing steadily year-on-year, debt consistently declining and PAT showing sustained improvement. ROCE has also remained favourable, supporting the quality of the underlying business.

Technically, the stock has been in a downtrend, but recent buying interest accompanied by good volumes near its current support zone indicates the possibility of a recovery.

The 50-day moving average around ₹3,300 represents the next important upside objective if the recovery gains momentum.

View:  ACCUMULATE

2. ABBOTT INDIA

Buy: ₹26,065 or CMP

Target: ₹26,845 – ₹27,850

Stop Loss: ₹25,250

Investment Summary

Abbott India has reached a technical support zone and is showing early signs of recovery, accompanied by improving volume.

The RSI is climbing towards 50, suggesting that momentum is gradually improving. The 50-day moving average near ₹26,600 provides the next technical reference point on a sustained recovery.

From a business perspective, Abbott India has a strong presence across nutritional products, medical devices and diagnostic solutions. The increasing focus on healthier living provides a supportive long-term backdrop for businesses operating across healthcare and wellness segments.

View: ● **ACCUMULATE ON SUPPORT**

3. JIO FINANCIAL SERVICES

Buy: ₹239.50 or CMP

Target: ₹250 – ₹265

Stop Loss: ₹220

Investment Summary

Jio Financial Services continues to present a strong fundamental profile, with zero debt reported for FY26 and PAT increasing consistently.

Technically, the stock is attempting a recovery following the heavy broad-based selling witnessed across the market. The recent weakness provides an opportunity to accumulate if the stock sustains its recovery from current levels.

The combination of strong fundamentals and a potential technical recovery makes the stock suitable for a tactical 1–2 month accumulation strategy.

View: ● **ACCUMULATE**

4. CAMS

Buy: ₹748.80 or CMP

Target: ₹772 – ₹801

Stop Loss: ₹710

Investment Summary

The continued increase in SIPs and investment activity is driving higher transaction volumes across the mutual-fund ecosystem. As a technology-driven financial infrastructure and services provider serving mutual funds and financial institutions, CAMS stands to benefit from increasing industry volumes.

Fundamentally, the company remains sound.

Technically, the stock is attempting a recovery after the recent broad-based market selling, creating an opportunity for accumulation at current levels.

View: ● **ACCUMULATE ON RECOVERY**

5. BRITANNIA INDUSTRIES**Buy: ₹5,101.50 or CMP****Target: ₹5,350 – ₹5,600****Stop Loss: ₹4,900****Investment Summary**

FMCG remains a structurally resilient segment, supported by recurring consumer demand. Britannia has demonstrated good revenue growth, while PAT has also increased moderately year-on-year.

Debt has increased only slightly from FY25 to FY26, which remains an important monitorable.

Technically, the stock has been affected by the recent broad-based market selling, creating an opportunity to accumulate at comparatively weaker levels.

The near-term target of ₹5,350 also coincides with the stock's 50-day moving-average level, making it an important technical objective.

View: ● ACCUMULATE**CORE PORTFOLIO — AT A GLANCE**

<u>Stock</u>	<u>Buy</u>	<u>Target</u>	<u>Stop Loss</u>	<u>Key Catalyst</u>	<u>View</u>
M&M	₹3,170 / CMP	₹3,300–3,405	₹3,020	Support + volume recovery	●
Abbott India	₹26,065 / CMP	₹26,845–27,850	₹25,250	Support + RSI recovery	●
Jio Financial	₹239.50 / CMP	₹250–265	₹220	Strong fundamentals + recovery	●
CAMS	₹748.80 / CMP	₹772–801	₹710	SIP/investment volumes	●
Britannia	₹5,101.50 / CMP	₹5,350–5,600	₹4,900	Defensive FMCG + technical recovery	●

TAKEAWAY

The 1–2 month core portfolio is positioned around a common theme: quality businesses experiencing technical weakness due to broad-based market selling, but retaining identifiable fundamental support.

M&M and Abbott India offer potential recovery setups from support zones, while Jio Financial combines a strong balance-sheet profile with a technical recovery opportunity. CAMS provides exposure to the expanding investment ecosystem, and Britannia adds a relatively defensive FMCG component.

Portfolio Strategy

Accumulate near support → respect stop losses → use moving averages and prior resistance as profit-booking zones.

All targets and stop-loss levels are based on the levels provided for this edition and should be reviewed if market conditions change materially.

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

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Weekly Market Compass | Tactical & Trading Opportunities

Short-Term Setups & Market Triggers

With the Nifty declining for the fourth consecutive week and closing at 23,897.70, the market is currently better suited to selective tactical positioning than aggressive directional trading.

The combination of persistent FII selling, strong DII support and mixed market breadth is creating a market where stock selection and entry discipline are more important than broad market exposure.

TACTICAL MARKET SETUPS

1. NIFTY — TRADE THE 24,000 ZONE

Nifty Close: 23,897.70

The Nifty has slipped below the psychologically important 24,000 level after another week of selling.

Trading Framework

<u>Scenario</u>	<u>Tactical Bias</u>
● Sustained move above 24,000	Recovery trades can be considered
● Consolidation around 24,000	Selective stock-specific trades
● Renewed selling below recent support	Reduce leverage / protect capital

Strategy: Avoid chasing the first move. Look for confirmation through price action and volume before taking directional positions.

2. SMALLCAPS — RELATIVE STRENGTH TO WATCH

The **Nifty Smallcap 100** touched a fresh high of:

20,187.80

Despite the weakness in the headline indices, the index ended broadly flat for the week.

This relative resilience indicates that risk appetite has not disappeared completely.

Tactical Opportunity

Rather than treating the entire small-cap segment as a buy, traders should focus on stocks showing:

- Relative strength against the Nifty
- Sustained volume
- Price holding above support
- Fresh breakouts after consolidation

Bias: ● Selective

3. CAPITAL MARKETS — EVENT-DRIVEN OPPORTUNITY

The Nifty Capital Markets Index gained approximately 1%, rising to 5,420.

The catalyst was optimism around possible changes to the Closing Auction Session (CAS) mechanism following SEBI's latest action.

Trading Theme

Regulatory clarity → improved market functioning → potential sentiment recovery

This makes capital-market stocks an important event-driven trading basket.

However, traders should remain alert to volatility around any further regulatory announcements.

Bias: ● Positive, but event-driven

4. PC JEWELLER — MOMENTUM WATCH

PC Jeweller gained approximately:

+11%

The stock reached a nine-month high after the company cleared debt owed to another consortium lender and remained on track to become debt-free during September.

Tactical Setup

The stock has an identifiable corporate catalyst:

Debt reduction → improving balance sheet → investor re-rating

After a sharp move, however, traders should avoid chasing extended prices and instead watch for consolidation or a controlled retracement before considering fresh tactical exposure.

Bias: ● Momentum / event-driven

5. POLYCAB — VOLATILITY TRADE, NOT A BLIND BUY

Polycab fell as much as 7% after concerns emerged around UltraTech's entry into the wires and cables segment. The sharp reaction makes the stock an important tactical monitorable.

Key Trading Variables

Competitive concerns

vs.

JPMorgan's relatively reassuring assessment

This creates the potential for significant volatility as the market reassesses the competitive impact.

Trading Approach

Wait for price stabilisation and confirmation rather than attempting to immediately catch a falling stock.

Bias: ● High volatility / wait for confirmation

6. MIDCAPS — SELECTIVITY OVER BROAD EXPOSURE

The Nifty Midcap 100 declined approximately **1.5%** during the week.

The weakness was concentrated in several individual names, demonstrating that the segment is currently experiencing **stock-specific repricing** rather than uniform selling.

Tactical Rule

Relative strength > index direction

Stocks that continue to hold their support despite midcap weakness deserve greater attention than stocks experiencing high-volume breakdowns.

TRADING OPPORTUNITY MATRIX

Theme	Trigger	Tactical Bias	Risk
Nifty	24,000 reclaim	● Recovery trade	Medium
Smallcaps	Relative strength / breakout	● Selective	High
Capital Markets	CAS-related developments	● Event-driven	Medium–High
PC Jeweller	Deleveraging catalyst	● Momentum	High
Polycab	Stabilisation after sell-off	● Wait & watch	High
Midcaps	Stock-specific strength	● Selective	High

TACTICAL RISK MANAGEMENT

Given the current combination of four weeks of index declines, FII selling and elevated global volatility, tactical positions should be managed with tighter risk controls.

Preferred approach

- Enter only after confirmation
- Use predefined stop losses
- Prefer liquid stocks
- Book partial profits near resistance
- Reduce position size during event-driven volatility

Avoid

- Averaging falling stocks without confirmation
- Chasing sharp one-day rallies

- Excessive leverage
 - Taking overnight positions purely on headlines
-

TAKEAWAY

The current market environment favours tactical selectivity rather than aggressive directional bets. The 24,000 Nifty zone, Smallcap relative strength, capital-market regulatory developments and corporate-specific catalysts such as PC Jeweller's deleveraging provide identifiable trading themes. At the same time, sharp moves such as the decline in Polycab demonstrate the risks of taking positions without confirmation. The tactical strategy for the coming weeks should be simple: identify relative strength, wait for confirmation, define risk before entry and avoid chasing volatility.

Market Compass | Events, Macro & Levels

Key Triggers, Market Levels & Strategic Positioning

The coming week is likely to remain highly sensitive to global macro developments, with US inflation, Federal Reserve expectations, crude oil, geopolitical developments and institutional flows likely to influence market direction.

At the domestic level, the focus will remain on RBI liquidity management, the FII–DII flow equation and the ability of the Nifty to reclaim the 24,000 zone.

1. US INFLATION — THE KEY GLOBAL TRIGGER

Following the stronger-than-expected August employment report, the market's attention will shift towards upcoming US inflation data.

Current backdrop

US jobs: 162,000

Consensus: 56,000

Unemployment: 4.1%

September Fed hike expectations: >60%

A stronger-than-expected inflation reading could reinforce expectations of a hawkish Federal Reserve, while softer inflation could provide relief to global risk assets.

Market Impact

<u>Inflation Outcome</u>	<u>Likely Reaction</u>
● Softer than expected	Relief for global equities
● In line	Volatility likely remains elevated
● Higher than expected	Higher rate expectations; pressure on equities

2. NIFTY — 24,000 IN FOCUS

Weekly Close: 23,897.70

The Nifty has now declined for the fourth consecutive week and closed marginally below the 24,000 psychological level.

Trading Framework

Above 24,000 and sustained

● Short-term recovery bias

Around 24,000 with weak momentum

● Range-bound / stock-specific opportunities

Renewed selling below recent support

- Defensive positioning

The coming week should therefore be approached with confirmation rather than anticipation.

3. FII-DII FLOWS — THE LIQUIDITY BATTLE

The institutional flow equation remains one of the strongest market indicators.

FII

- ₹5,611.94 crore sold

DII

- ₹23,156.38 crore bought

The ability of domestic institutions to absorb foreign selling has significantly cushioned the market.

What would change the equation?

- | |
|---|
| <ul style="list-style-type: none"> ● FII selling moderates + DII buying continues
→ Potential stabilisation |
| <ul style="list-style-type: none"> ● FII selling accelerates + DII support weakens
→ Higher downside risk |

4. RBI — LIQUIDITY MANAGEMENT IN FOCUS

The RBI's proposed 30-day VRRR auction will target approximately:

₹7 lakh crore

The operation comes against a backdrop of excess liquidity that had pushed the weighted average call money rate to approximately 4.95%, below the policy rate.

Markets will monitor whether liquidity absorption remains orderly and how it affects short-term money-market conditions.

5. CRUDE OIL & WEST ASIA

Renewed West Asia tensions remain a key external risk.

Any significant escalation could put further pressure on crude prices and consequently affect:

Crude oil → inflation → rupee → corporate costs → equity valuations

For India, the combination of higher crude and a stronger Dollar would be particularly important to monitor.

The recent appreciation of the rupee to ₹94.49/USD provides some cushion, but geopolitical developments remain unpredictable.

6. PRIMARY MARKET — NSE IPO IN FOCUS

SEBI has approved the proposed IPO plan of the **National Stock Exchange**, with an expected fund raise of approximately:

₹30,000 crore

The development represents a significant milestone for India's primary market and could further strengthen investor interest in the IPO ecosystem.

Additional IPO Watch

Rentomojo

- Proposed fund raise: **₹1,256 crore**
- Price band: **₹384–404**
- Target valuation: **~₹4,246 crore**

The combination of the NSE and Rentomojo offerings indicates improving activity in India's primary market.

7. CORPORATE CATALYSTS TO WATCH

● PC Jeweller

Progress towards becoming debt-free remains the key catalyst after the stock gained 11% and touched a nine-month high.

● Polycab

The market will continue assessing the competitive implications of UltraTech's entry into wires and cables.

● Capital Markets

Further developments relating to the Closing Auction Session could influence sentiment towards capital-market stocks.

WEEK-AHEAD DASHBOARD

<u>Monitorable</u>	<u>Current Position</u>	<u>Importance</u>
Nifty	23,897.70	● High
24,000 Zone	Immediate reference	● High
FII Flows	₹5,611.94 Cr selling	● High
DII Flows	₹23,156.38 Cr buying	● High
US Inflation	Key upcoming data	● Very High
Fed Expectations	>60% hike probability	● High

Crude / West Asia	Elevated risk	● High
RBI VRRR	₹7 lakh Cr absorption	● High
Rupee	₹94.49/USD	● Supportive
NSE IPO	SEBI approved	● Positive

STRATEGY FOR THE WEEK

For Investors

Prefer quality businesses with strong balance sheets, visible earnings and structural growth drivers.

For Tactical Traders

Focus on support-based entries, relative strength and volume confirmation rather than chasing short-term rallies.

For Risk Management

Maintain defined stop losses and moderate position sizes while global macro volatility remains elevated.

TAKEAWAY

The coming week will be driven by the interaction of global monetary policy and domestic liquidity.

The key external trigger is US inflation, particularly after the stronger-than-expected jobs report pushed Fed rate-hike expectations above 60%. Domestically, the ₹23,156 crore of DII buying, strengthening rupee and resilient small-cap participation provide important cushions.

With the Nifty closing at 23,897.70, the 24,000 zone becomes the immediate sentiment marker.

Key equation for the week

US Inflation + Fed Policy + Crude Oil + FII Flows vs. DII Support + Rupee Strength + Domestic Growth

Stay selective, maintain liquidity and let confirmation—not anticipation—drive fresh exposure.

Weekly Market Compass | Conclusion & Positioning

Navigating a Volatile Market: Resilience Beneath the Surface

The Indian equity market enters September with a cautious near-term outlook but a constructive medium-term foundation.

The Nifty has declined for the fourth consecutive week, reflecting the combined impact of geopolitical uncertainty, elevated crude prices, global bond yields and persistent FII selling. Yet the correction has not been accompanied by a broad deterioration in domestic fundamentals.

India's domestic liquidity remains a major stabilising force, with DIIs deploying ₹23,156 crore during the week against ₹5,612 crore of FII selling. The rupee has also strengthened to a two-month high, while healthy automobile sales and robust GST collections point towards continued domestic economic resilience.

THE MARKET IN THREE DIMENSIONS

1. SHORT TERM — CAUTIOUS

The immediate environment remains challenging.

- FII selling continues
- US rate expectations have increased
- Crude and geopolitical risks remain elevated
- Global bond yields remain a concern

The Nifty's close at 23,897.70 also places the 24,000 zone firmly in focus for the next phase of market direction.

2. MEDIUM TERM — SELECTIVELY POSITIVE

The domestic backdrop remains considerably stronger.

- Strong DII participation
- Improving corporate balance sheets
- Potential revival in corporate capex
- Resilient domestic consumption
- Strengthening rupee
- Expanding investment participation

The possibility of India reaching a \$5.1 trillion economy by FY29 under the cited base-case growth assumptions further reinforces the constructive medium-term narrative.

3. STOCK SELECTION — CRITICAL

The current market is increasingly rewarding quality and identifiable catalysts rather than indiscriminate exposure.

This week's contrasting moves illustrate the point:

PC Jeweller → debt reduction and potential balance-sheet improvement

Capital Markets → regulatory developments

Polycab → competitive disruption and valuation reassessment

The opportunity therefore lies in identifying companies where fundamental strength and technical recovery can converge.

OUR STRATEGIC POSITIONING

ACCUMULATE

Quality businesses experiencing temporary pressure because of broad market weakness, provided the fundamental thesis remains intact.

SELECT

Midcaps, smallcaps and event-driven opportunities where price action and volume provide confirmation.

AVOID / REDUCE

Highly leveraged or expensive stocks where the investment thesis depends primarily on continued liquidity and momentum.

KEY LEVELS & INDICATORS TO WATCH

<u>Indicator</u>	<u>Current Position</u>	<u>Strategic Significance</u>
Nifty	23,897.70	Market direction
24,000	Immediate reference	Sentiment trigger
FII Flow	-₹5,611.94 Cr	External pressure
DII Flow	+₹23,156.38 Cr	Domestic support
Rupee	₹94.49/USD	Positive cushion
Smallcap 100	20,187.80 intraday high	Risk appetite indicator
US Jobs	162K	Fed policy driver
Fed hike expectations	>60%	Global risk factor
RBI VRRR	₹7 lakh Cr	Liquidity monitor

THE BIG PICTURE

The current correction should not automatically be interpreted as a deterioration in India's long-term investment case.

Instead, the market is navigating a period where strong domestic fundamentals are being temporarily offset by adverse global conditions.

The crucial question is not simply whether the Nifty falls or rises next week.

It is whether:

Domestic earnings, liquidity and economic growth can continue to absorb the impact of global monetary and geopolitical pressures.

At present, the evidence suggests that they are providing a meaningful cushion.

STRATEGIC OUTLOOK**Near Term**

Cautious → Volatility likely to remain elevated

1–2 Months

Selective → Accumulation opportunities in quality names

Medium Term

Constructive → Supported by India's structural growth trajectory

FINAL TAKEAWAY

The Indian equity market is currently caught between global uncertainty and domestic resilience.

Four consecutive weeks of decline warrant caution, but the strength of domestic institutional flows, improving balance sheets, resilient consumption and the potential revival of corporate investment provide reasons to remain constructive beyond the immediate volatility.

For investors, this is not an environment for blind aggression or indiscriminate buying. It is an environment for patience, quality and disciplined accumulation.

Our approach remains:

Protect capital in volatility.

Accumulate quality on meaningful corrections.

Use technical confirmation for tactical positions.

Stay focused on the medium-term Indian growth story.

“Volatility creates the opportunity — discipline determines the outcome.”

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" "The market does not reward prediction; it rewards preparation, discipline and the ability to act when the evidence confirms the opportunity. "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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