marketbuzz

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February 2026

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CONTENT

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View from the Top

On the global, U.S. equity markets mostly rose amid concerns over a potential trade war between the U.S. and Europe, driven by the U.S. President's tariff threats and efforts to take control of Greenland. Buying interest remained subdued as lingering uncertainty over U.S.–Europe trade relations continued to weigh on sentiment. European equity markets mostly fell as geopolitical tensions rose after the U.S. President doubled down on his plan to acquire Greenland. Prices also declined amid renewed geopolitical risks and continued uncertainty surrounding French budget negotiations. Losses were extended as investors adopted a cautious stance, reacting to recent developments on the geopolitical and trade fronts. Asian equity markets mostly rose as investors shrugged off geopolitical concerns and worries over a potential U.S. government shutdown, shifting their focus to upcoming big tech earnings and the Federal Reserve's interest rate decision. Chinese markets advanced as geopolitical and trade tensions eased later in the week after the U.S. President signaled a pause on proposed tariffs on eight European countries.

Back home, domestic equity markets declined during the month as investors evaluated the impact of fresh U.S. tariffs and rising geopolitical tensions. Market sentiment weakened after the U.S. President announced a 25% tariff on countries trading with Iran, a move expected to significantly affect India since it is one of Iran's largest trading partners. Persistent selling by foreign institutional Investors along with a fall in the rupee to a record low further added to the losses. However, domestic economic resilience and the landmark EU trade agreement helped markets stabilise as the month drew to a close.

In the domestic debt market, bond yields moved higher during the month as a record state borrowing programme sparked a broad selloff, intensifying the existing supply demand imbalance. States are expected to raise about Rs. 5 lakh crore through bond issuances between Jan and Mar 2026, adding substantial supply pressure. Losses deepened after Bloomberg Index Services postponed India's inclusion in its Global Aggregate Index, prompting an unwinding of positions built on that anticipation. However, the RBI's purchase of government securities through open market operations helped limit the extent of the rise in yields.

Outlook

We are pleased to bring to you the latest version of the Monthly Market Buzz for January. Happy Reading!!!

Mr. Narendra Agrawal
Head - Branch Banking & Retail Liabilities
Retail Branch Banking

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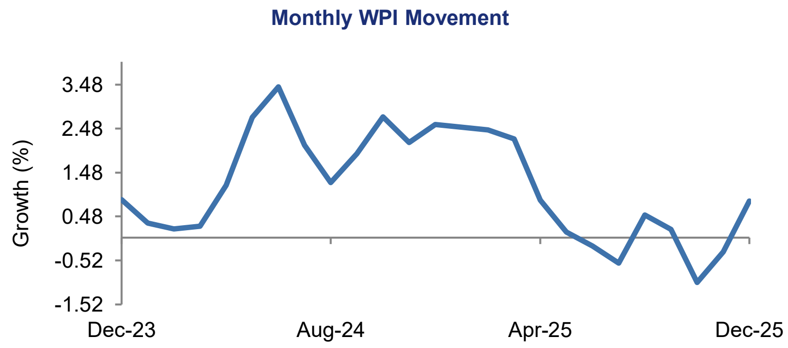
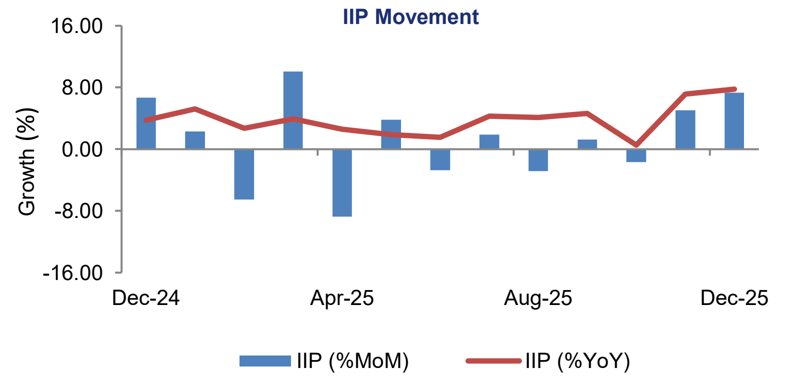
INDIAN ECONOMY

Economic Releases in January-2026			
Key Indicator	**Period**	**Actual**	**Previous**
Repo Rate	Jan-26	5.25%	5.25%
Reverse Repo	Jan-26	3.35%	3.35%
CRR	Jan-26	3.00%	3.00%
Index of Industrial Production (IIP)	Dec-25	7.80%	7.80%
Wholesale Price Index Inflation(WPI)	Dec-25	0.83%	0.83%
Export (Y-o-Y)	Dec-25	1.88%	19.31%
Import (Y-o-Y)	Dec-25	8.67%	-1.99%
Source: RBI, Refinitiv			



Source: Office of the Economic Adviser, Ministry of Commerce & Industry



Source: Reuters

- The Manufacturing Purchasing Managers' Index (PMI) eased to 55.0 in Dec 2025, down from 56.6 in Nov 2025. Manufacturing activity grew at its slowest pace in 24 months in Dec 2025, dragged down by slower output and new orders.

- India's Services Purchasing Managers' Index (PMI) fell to an 11-month low of 58.0 in Dec 2025 from 59.8 in Nov 2025, as new orders eased. Meanwhile, the composite PMI slipped to 57.8 in Dec 2025 from 59.7 in Nov 2025.

- India's Consumer Price Index (CPI)-based inflation rose to 1.33% YoY in Dec 2025, compared to a 0.71% increase in Nov 2025, driven by higher costs in personal care, vegetables, meat, fish, eggs, spices, and pulses. Despite this uptick, inflation remained below the RBI's 4% target for the eleventh consecutive month. Food prices saw a smaller decline, with vegetable deflation easing.

- India's wholesale price index (WPI)-based inflation climbed to an eight-month high of 0.83% YoY in Dec 2025, following a 0.32% drop in Nov 2025, primarily propelled by a reversal of contraction in food prices, as food inflation stabilised at 0% in Dec 2025, compared with a 2.6% decrease in Nov 2025.

- India's merchandise trade deficit widened annually to $25.04 billion in Dec 2025, compared to $20.63 billion in Dec 2024. Exports rose 1.88% YoY to $38.51 billion in Dec 2025, and imports increased 8.76% YoY to $63.55 billion during the same period.

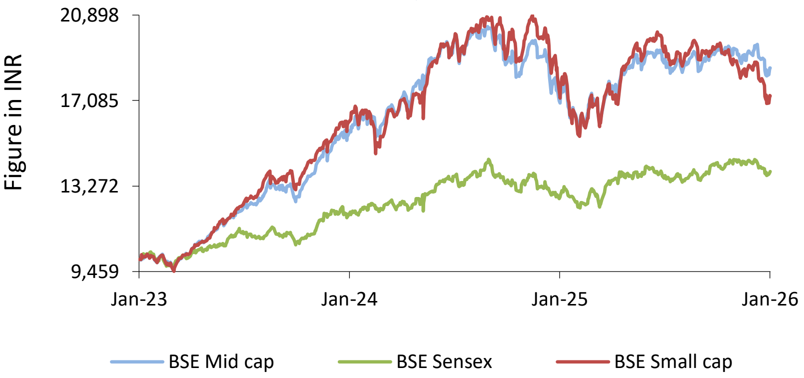
- PFRDA has increased the investment management fee for non-government NPS schemes effective Apr 1, 2026, introducing a tiered structure: up to Rs. 25,000 crore AUM at 0.12%, Rs. 25,001–50,000 crore at 0.08%, Rs. 50,001–150,000 crore at 0.06%, and above Rs. 150,000 crore at 0.04%. The move aligns fees with global benchmarks and supports broader NPS adoption across corporate, retail, and gig segments, while the annual regulatory fee remains unchanged at 0.015%.

- SEBI has clarified that Specialized Investment Funds (SIFs) must follow a standardized compliance reporting format similar to mutual funds. The updated framework expands the Compliance Test Report with SIF-specific disclosures on investment limits, strategies, fees, issuer exposure, derivatives, and risk analysis, while the Half-Yearly Trustee Report now includes checks on AMC expertise, internal controls, and adherence to investor protection norms. These changes, aligned with mutual fund regulations and the Jun 2024 Master Circular, aim to ensure uniformity, transparency, and stronger oversight across SIF operations.

- SEBI has extended the implementation date for mutual fund distributor incentives aimed at onboarding new investors from B-30 cities and women investors across all locations to Mar 1, 2026. Under this scheme, distributors can earn a one-time additional commission of up to Rs. 2,000 (1% of the first lump-sum investment or first-year SIP amount), funded from the investor education and awareness corpus. The incentive cannot be claimed twice for the same investor, and certain fund categories like ETFs and short-duration funds are excluded.

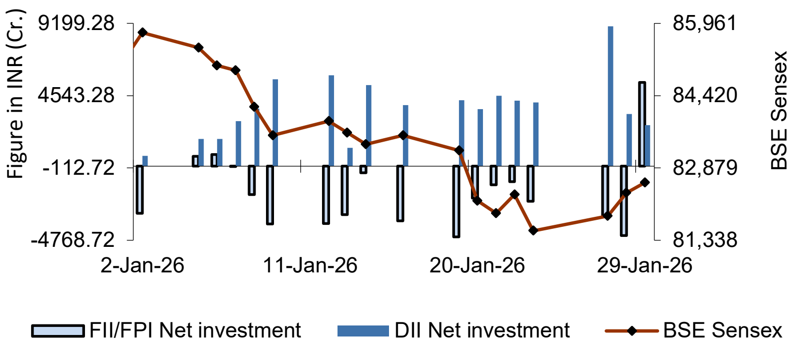
Indian Equity Market

Growth of Rs 10,000 over Last 3-Yrs



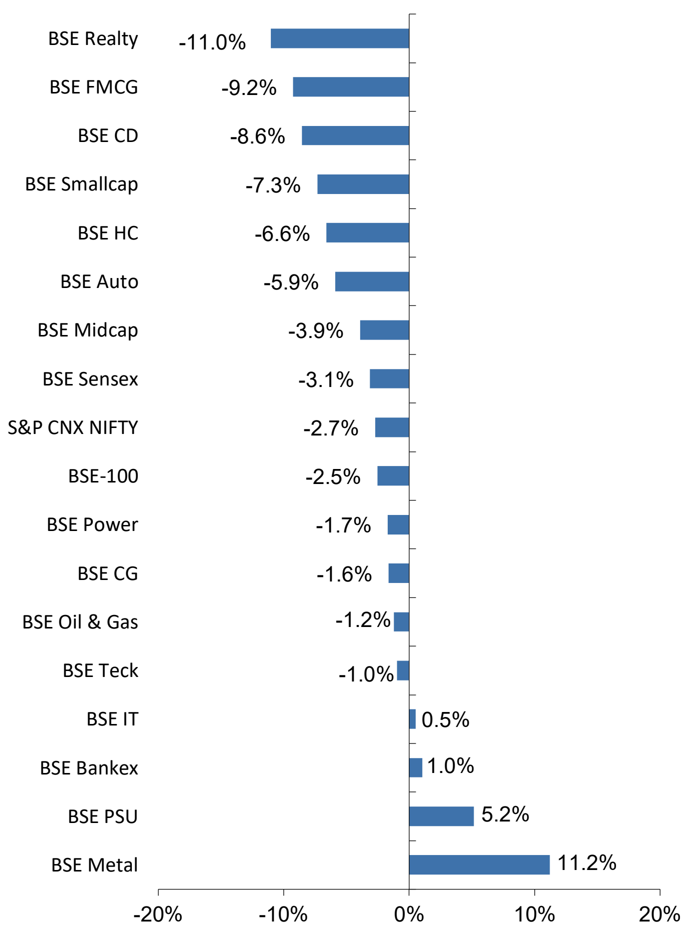
Source : MFI 360 Explorer

DII, FII Investment & S&P BSE Sensex - January 2026



Source: MFI 360 Explorer

Monthly returns as on January 29 2026



Source: MFI 360 Explorer

- Indian equity markets started the calendar year 2026 on a steady note before moving higher, supported by broad buying and optimism ahead of Q3 FY26 results along with strong automobile sales data of Dec 2025. The positive momentum faded soon after as geopolitical tensions rose sharply following a US attack on Venezuela, accompanied by repeated tariff related warnings directed at India over crude oil imports from Russia. These developments, along with persistent foreign investor selling, triggered a prolonged decline across the market.

- A temporary recovery emerged after steep losses, but sentiment stayed weak due to fresh US tariff proposals, rising crude prices, and caution surrounding the upcoming Supreme Court ruling in the US on earlier tariff actions.

- Support from easing Iran-US tensions, softer crude, and an upgrade of India's FY26 growth outlook by the IMF helped contain downside pressure. At the same time, mixed corporate earnings and renewed global trade disputes limited any sustained rebound. Tensions related to Greenland created additional uncertainty, though confidence improved when reports indicated progress on the long awaited India-European Union (EU) trade pact.

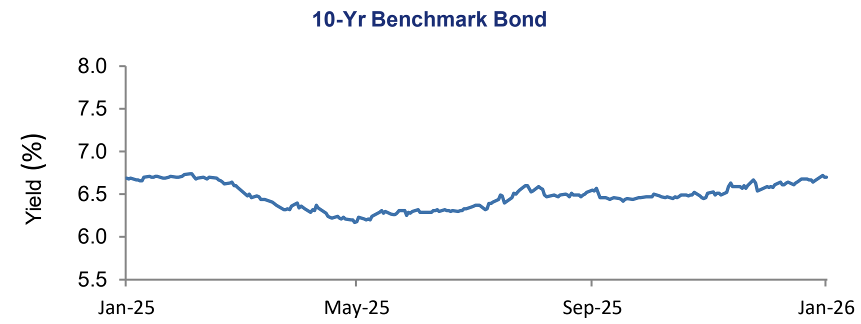
- Market sentiment strengthened meaningfully after India and the EU formally signed their historic free trade agreement. The deal promised significant tariff reductions and potential export gains for several labour intensive industries. A softer US dollar and the release of the Economic Survey, which projected healthy GDP growth for FY26 and FY27 along with stable inflation and strong banking sector indicators, added further support toward the end of the month.

- Overall, Jan 2026 was marked by volatility driven mainly by geopolitical and tariff related concerns. However, domestic economic resilience and the landmark EU trade agreement helped markets stabilize as the month drew to a close.

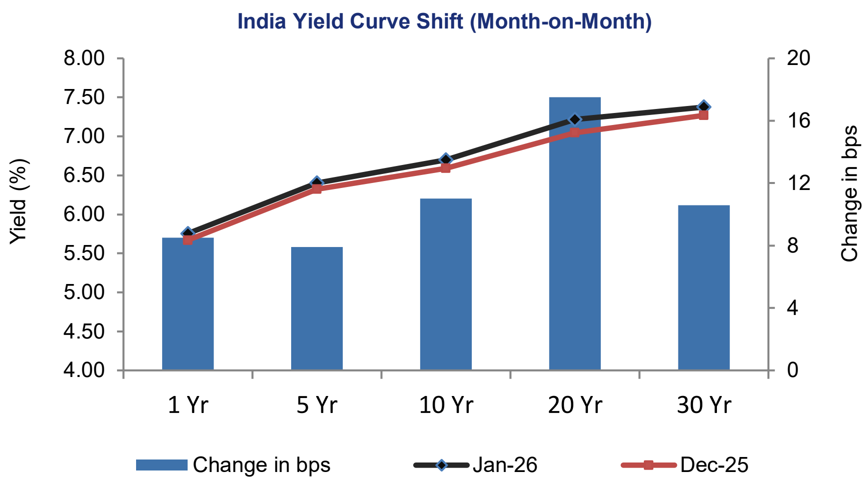
Indian Fixed Income

Indicators (Yield %)	January 29, 2026	December 31, 2025
Call Rate	5.31%	5.56%
FBIL 1 Mn Term Mibor	5.97%	6.00%
10-Yr benchmark bond	6.70%	6.58%
Reverse Repo	3.35%	3.35%
Repo	5.25%	5.25%
Bank Rate	5.50%	5.50%
CRR	3.00%	3.00%

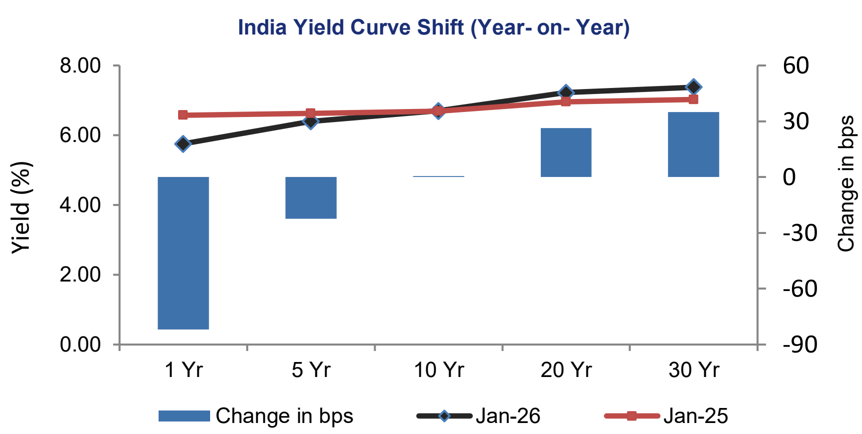
Source: Refinitiv



Source: CCIL



Source: Refinitiv



Source: Refinitiv

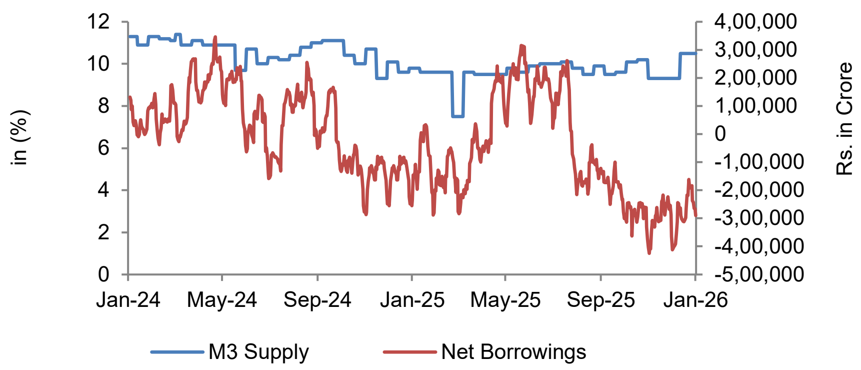
- Bond yields moved higher during the month as a record state borrowing programme sparked a broad selloff, intensifying the existing supply demand imbalance. States are expected to raise about Rs. 5 lakh crore through bond issuances between Jan and Mar 2026, adding substantial supply pressure. Losses deepened after Bloomberg Index Services postponed India's inclusion in its Global Aggregate Index, prompting an unwinding of positions built on that anticipation. However, the RBI's purchase of government securities through open market operations helped limit the extent of the rise in yields.

- Domestic bond market witnessed notable volatility in January, driven by heavy state borrowing, supply concerns, and shifting expectations around global index inclusion. Yields initially firmed as participants stayed cautious in a thin market ahead of sizeable upcoming supply. Early-month auctions and the announcement of a record Rs. 5 lakh crore state borrowing plan for the Jan–Mar quarter further pressured yields.

- The tone shifted abruptly once Bloomberg Index Services postponed India's inclusion in the index. Investors, who had positioned themselves for likely inflows, unwound trades, pushing yields higher. Despite this, subsequent sessions saw intermittent softening of yields, supported by continued expectations of RBI liquidity support, including through additional OMOs and secondary market purchases.

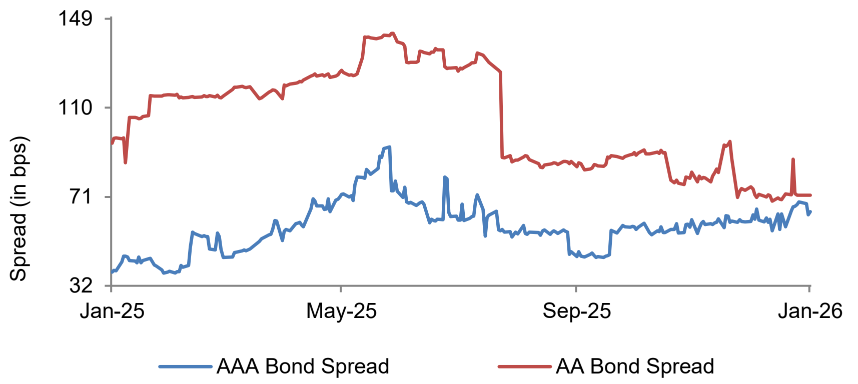
- Toward the latter part of the month, yields showed mixed movements, beginning with declines supported by bargain buying and increased confidence in RBI liquidity measures, followed by renewed firming as concerns resurfaced about the market's ability to absorb fresh state bond supply. Persistent heavy borrowing, tight liquidity conditions, and muted risk appetite contributed to another sharp rise in yields. However, the RBI's decision to advance its planned OMO purchases, bringing forward Rs. 1 lakh crore of buybacks in two tranches scheduled for Jan 29 and Feb 5, helped steady yields after the brief spike.

Liquidity Monitor- M3 Supply and Net Borrowings



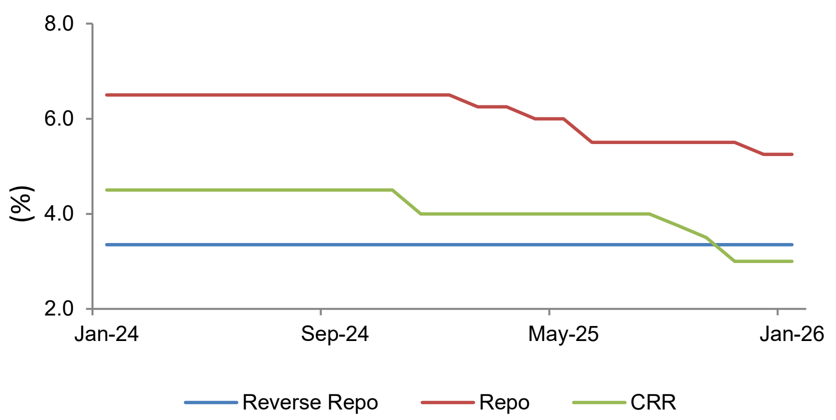
Source: Refinitiv

10 Year Corporate Bond Spread
(for AAA & AA bonds)



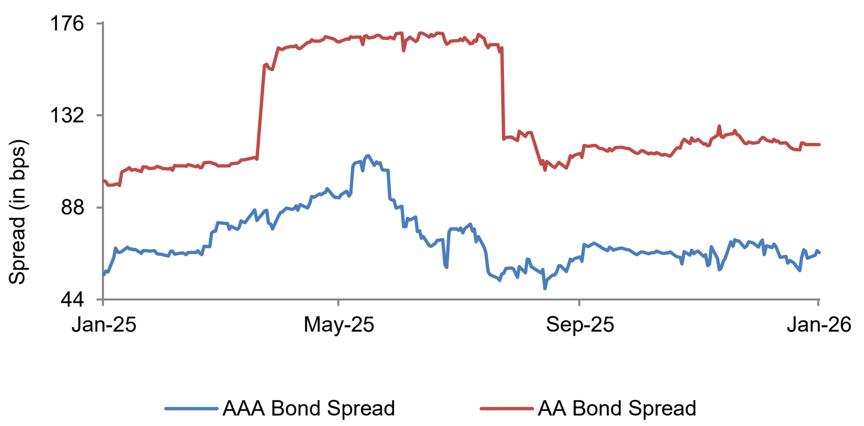
Source: Refinitiv

Movements of Key Policy Rates in India



Source: RBI

5 Year Corporate Bond Spread
(for AAA & AA bonds)



Source: Refinitiv

GLOBAL EQUITY MARKET

Performance of Major International Markets (as on January 29,2026)		
Indices	**Country**	**1 Mth (%)**
United States		
Nasdaq 100	U.S.	2.51%
Nasdaq Composite	U.S.	3.62%
Asia Pacific		
SET Composite Index	Thailand	5.67%
Jakarta Composite	Indonesia	-4.80%
Straits Times Index	Singapore	6.11%
KOSPI Index	South Korea	23.90%
Nikkei Stock Average 225	Japan	6.03%
Taiwan SE Weighted Index	Taiwan	12.34%
Shanghai Composite Index	China	4.77%
BSE Sensex	India	-3.45%
S&P/ASX 200	Australia	2.45%
Europe		
FTSE 100	U.K.	2.42%
CAC 40	France	-0.96%
DAX Index	Germany	-0.74%

Source: MFI 360 Explorer & Refinitiv

United States

- U.S. equity markets mostly rose amid concerns over a potential trade war between the U.S. and Europe, driven by the U.S. President's tariff threats and efforts to take control of Greenland. Buying interest remained subdued as lingering uncertainty over U.S.–Europe trade relations continued to weigh on sentiment.

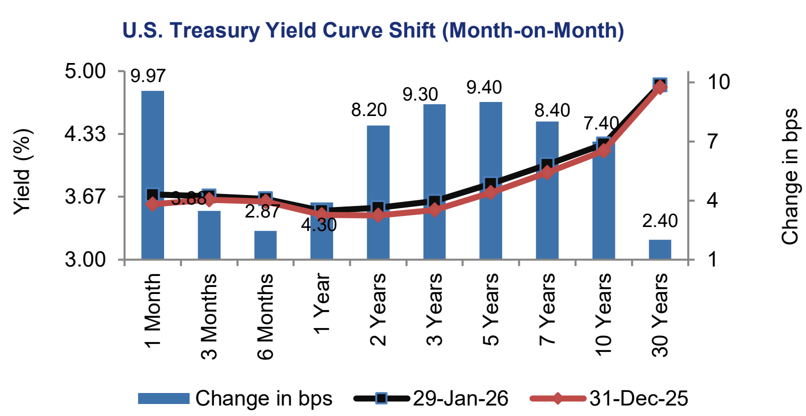
Europe

- European equity markets mostly fell as geopolitical tensions rose after the U.S. President doubled down on his plan to acquire Greenland. Prices also declined amid renewed geopolitical risks and continued uncertainty surrounding French budget negotiations. Losses were extended as investors adopted a cautious stance, reacting to recent developments on the geopolitical and trade fronts.

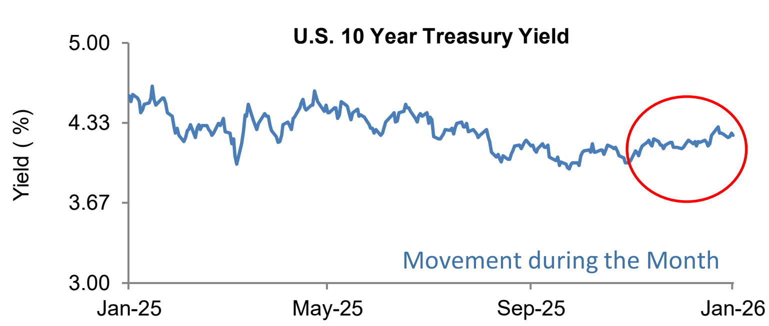
Asia

- Asian equity markets mostly rose as investors shrugged off geopolitical concerns and worries over a potential U.S. government shutdown, shifting their focus to upcoming big tech earnings and the Federal Reserve's interest rate decision. Chinese markets advanced as geopolitical and trade tensions eased later in the week after the U.S. President signaled a pause on proposed tariffs on eight European countries.

GLOBAL FIXED INCOME - U.S. TREASURY



Source: Refinitiv



Source: Refinitiv

- Yields on the 10-year U.S. Treasury rose by 10 bps to close at 4.25% from the previous month's close of 4.10%.

- U.S. Treasury prices declined after data showed that job growth slowed more than expected in Dec 2025, even as the unemployment rate fell. Prices also came under pressure after Dec 2025 inflation data met expectations, leaving market views on the timing and pace of Federal Reserve rate cuts largely unchanged.

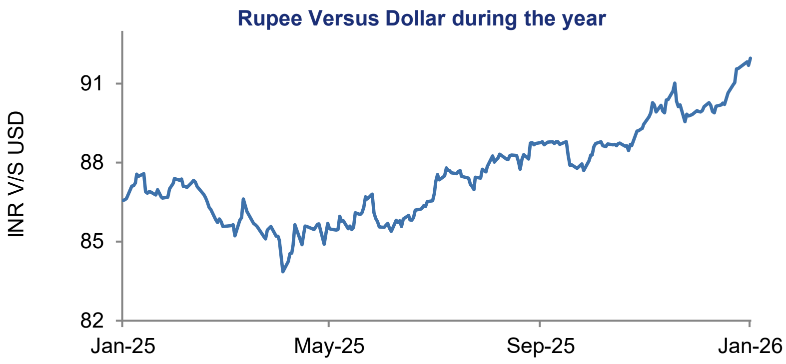
- Losses were extended further at the start of the week as prices fell amid investor reaction to turbulence in Japanese government bonds.

- However, losses were limited after the U.S. President withdrew his tariff threat against Europe, citing the establishment of a framework for Greenland's acquisition. Writing on Truth Social, the President said the framework was reached following a meeting with the NATO Secretary General in Davos, Switzerland. As a result, he said, the tariffs scheduled to take effect on Feb 1, 2026, will not be imposed.

CURRENCY

Movement of Major Currencies (as on January 29, 2026)				
Currency	**Value (as on 29-Jan-2026)**	**1 Mth**	**3 Mth**	**1 Yr**
U.S. Dollar	91.96	89.98	88.28	86.58
Pound Sterling	127.25	121.41	116.87	107.85
Euro	110.23	105.84	102.68	90.39
Yen (Per Rs.100)	60.00	58.00	58.00	56.00

Source: RBI

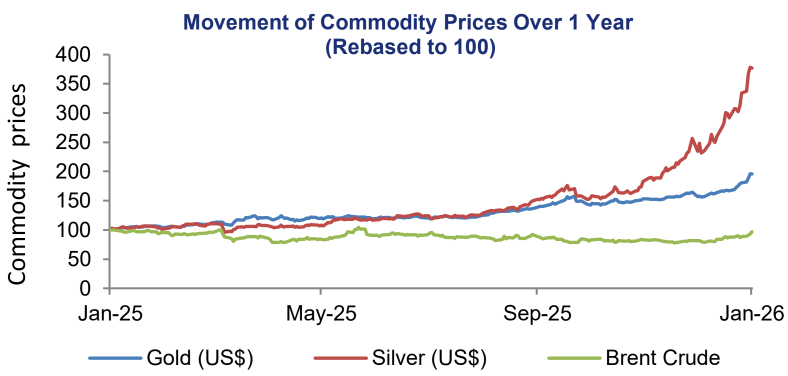


Source: RBI

COMMODITIES

Performance of Various Commodities					
Commodities	**Last Closing (29-Jan-26)**	**Returns (in %)**			
		1 Wk	**1 Mth**	**6 Mth**	**1 Yr**
Crude Brent ($/Barrel)	75.82	11.32	20.94	1.05	-3.46
Gold ($/Oz)	5394.88	9.29	25.05	63.98	95.63
Gold (Rs/10 gm)	175231.00	16.30	32.11	78.68	117.46
Silver ($/Oz)	116.12	20.74	62.95	216.05	276.80
Silver (Rs/Kg)	379983.00	28.83	65.60	245.42	320.49

Source: Refinitiv



Source: Refinitiv

INR

- The Indian rupee weakened in spot trading against the U.S. dollar amid concerns over the potential imposition of additional U.S. tariffs on Indian exports. The currency also came under pressure from a stronger U.S. dollar, rising crude oil prices, and persistent foreign fund outflows. Sentiment was further dented as a global bond rout and renewed U.S. threats to acquire Greenland unsettled investors, heightening concerns over capital outflows.

EURO

- The euro strengthened against the U.S. dollar as speculation over coordinated U.S.–Japan foreign exchange intervention weighed on the greenback. The currency also gained after White House threats toward Europe related to the future of Greenland boosted risk sentiment in the region. However, gains were limited after data showed that consumer price inflation in Dec 2025 was largely in line with economists' expectations.

Crude

- Brent crude oil prices advanced amid near-term supply concerns stemming from ongoing geopolitical tensions. Gains were extended on growing speculation of potential U.S. intervention to contain unrest in Iran, fueling fears of possible production disruptions. Prices rose further as investors assessed renewed tariff threats by the U.S. President against European nations, his increasing interest in acquiring Greenland, and the resulting decline in the dollar index, all of which provided additional support to crude prices.

Gold

- Gold prices rose as geopolitical tensions continued to escalate. Expectations of U.S. Federal Reserve rate cuts further boosted demand for the yellow metal. Prices also gained following reports that the Department of Justice has opened an investigation into the Federal Reserve Chair. Additional support came from heightened safe-haven demand amid the U.S. President's continued push to take over Greenland. Gains were further amplified as concerns grew that the U.S.–Iran conflict could escalate into a full-blown war in the Middle East, prompting investors to seek safe-haven assets.

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All information mentioned in this document pertains to the month ended January 29, 2026.