ORIM®

Monthly Newsletter

August 2026

Market Recap

July 2026 Performance				
Nifty 50	BSE Sensex	Nifty Mid Cap	Nifty Small Cap	Gold (₹/10g)
24,383.60	78,094.64	~62,840	~19,331	1,44,600
+2.17%	+2.11%	+1.8%	+2.53%	+3.29%

Indian equities extended their advance for a second straight month in July 2026. The rally was led decisively by the technology pack — the BSE IT index surged 16% during the month, its best showing in roughly two years, even as global semiconductor and AI-hardware stocks came under pressure.

The standout development of the month was HCL Technologies, which signed a landmark AI-led managed services agreement worth an estimated $1.14 billion with a Europe-headquartered Fortune Global 50 client. The deal, running from July 2026 to December 2031 with an option to extend by a further five years, will see HCLTech establish an AI-driven operating model to manage the client's global digital workplace and enterprise network operations. The stock led Nifty 50 gainers for the month, and the announcement helped anchor a broader re-rating of Indian IT services companies as investors rotated away from richly valued global semiconductor names toward resilient, services-led business models.

Flow dynamics turned decisively supportive during the month. Foreign portfolio investors were net buyers of Indian equities to the tune of ₹15,412 crore in July — their first month of net buying since February 2026, ending a four-month selling streak that had included April's ₹60,847 crore outflow, May's ₹32,963 crore outflow and June's ₹49,340 crore outflow. Domestic institutional investors continued to backstop the market with a further ₹32,839 crore of net buying.

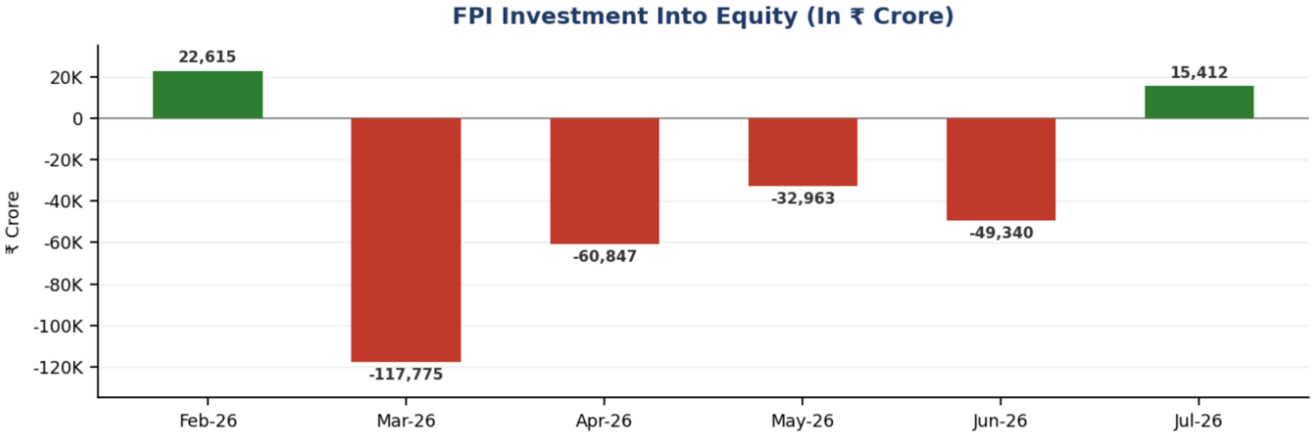
Sector leadership beyond IT was broad-based: Consumer Durables (+9.4%), Realty (+8.4%) and Auto (+5.9%) all posted strong gains, aided by encouraging Q1 FY27 earnings — M&M and other auto names rallied on strong quarterly numbers, while banks reported multi-decadal asset-quality metrics and pharma names traded near record highs. On the other side of the ledger, Capital Goods (-7.1%) and Power (-6.4%) were the weakest performers, while Bank, PSU Bank and Telecom indices each slipped up to 3% over the month.

Global Market Overview

Global markets were considerably more turbulent than India's during July. Mid-month, a sharp sell-off in Asian technology and semiconductor stocks — led by South Korea's Kospi, which plunged nearly 9% on AI-valuation concerns around SK Hynix and Samsung Electronics — spilled over into the Nasdaq (-4.6% over the week) and Japan's Nikkei 225 (down more than 4%). Indian IT stocks bucked this trend, benefiting from their services-led model and relatively attractive valuations versus stretched global chip names.

The US Federal Reserve held interest rates steady at its July meeting, retaining a hawkish tone amid persistent inflation concerns; a sharp uptick in US bond yields kept global investors on edge through the month. Crude oil remained volatile as the West Asia conflict continued to influence sentiment, with Brent swinging through the month on shifting ceasefire and supply-disruption headlines.

FIIs Return as IT Leads the Rally



Source: NSDL

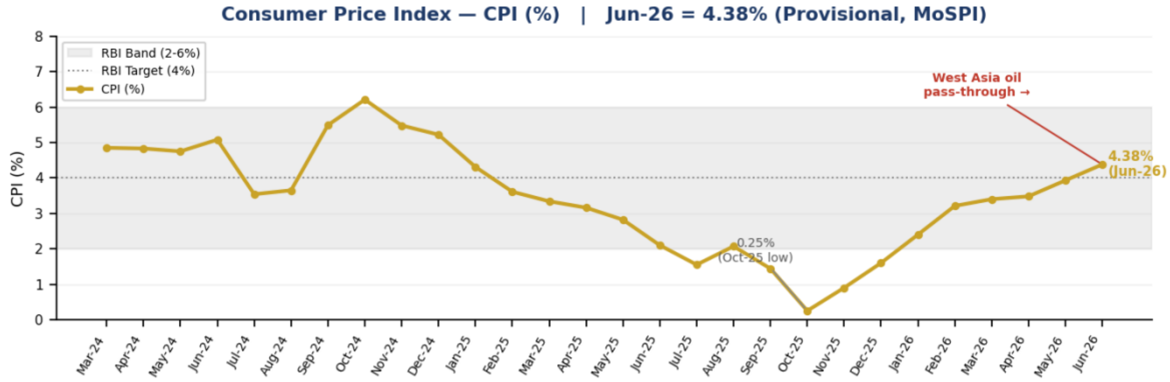
➢ Key Regulatory and Policy Developments

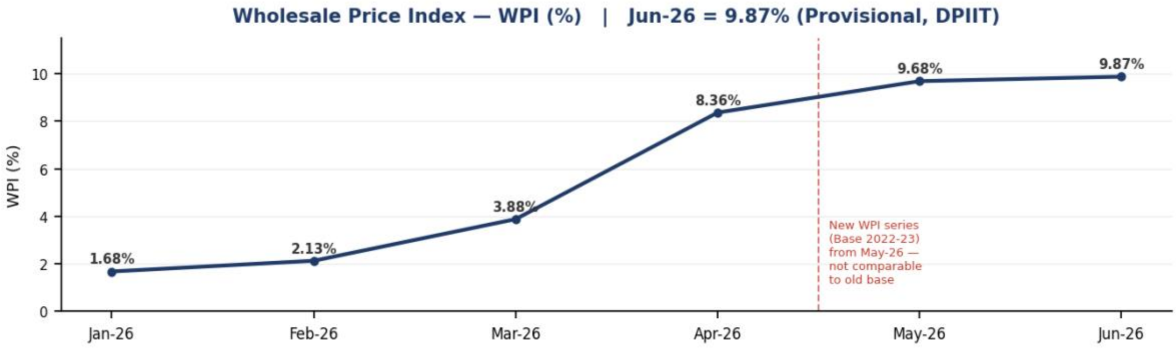
- RBI did not meet in July 2026; the repo rate holds at 5.25% with a neutral stance following the June 3–5 MPC meeting. The next MPC meeting is scheduled for August 3–5, 2026, with the decision due on August 5.
- Mid-July: A sharp sell-off across Asian technology and semiconductor stocks — triggered by AI-valuation concerns around SK Hynix and Samsung Electronics — sent South Korea's Kospi down nearly 9% and weighed on the Nasdaq and Nikkei 225; Indian IT stocks diverged positively from the global trend.
- HCL Technologies signed a $1.14 billion AI-led managed services deal with a Europe-headquartered Fortune Global 50 company, running July 2026–December 2031 with a five-year extension option — the single biggest positive catalyst for the Nifty IT index during the month.
- The West Asia conflict continued to influence crude oil prices and global risk sentiment through July, keeping volatility elevated even as Indian equities extended their rally.
- Q1 FY27 corporate earnings were broadly supportive: banks reported multi-decadal asset-quality metrics, pharma names traded near record highs, and auto majors including M&M posted strong quarterly results.

➢ FPI Activity — July 2026

- FPIs net bought ₹15,412 crore of Indian equities in July 2026 per NSDL data — the first month of net buying since February 2026, ending a four-month selling streak (April −₹60,847 Cr, May −₹32,963 Cr, June −₹49,340 Cr).
- March 2026 remains the record outflow month on record at −₹1,17,775 crore.
- Domestic institutional investors added a further ₹32,839 crore of net buying in July, continuing to provide a steady counterweight to FPI flow swings through the year.
- Sentiment was helped by strengthening FPI inflows, a firmer rupee, and encouraging Q1 FY27 earnings, prompting investors to treat dips as buying opportunities through the month.

India’s Inflation Update: CPI and WPI Figures





Source: MoSPI, DPIIT

➢ CPI

- CPI for June 2026 came in at 4.38% (Provisional, MoSPI, released July 13, 2026), up from 3.93% in May — the first breach of the RBI’s 4% target in this cycle.
- Food inflation (CFPI) rose to 5.32% from 4.78% in May, driven by a 50.4% YoY jump in ginger prices and a 31.9% rise in tomatoes; potatoes (−20.3%) and peas (−9.7%) provided some relief.
- Transport inflation jumped to 4.31% from near-zero in May — the clearest sign yet of the West Asia energy shock passing through to consumer prices.
- The next CPI print, covering July 2026, is due on August 12, 2026.

➢ WPI

- WPI for June 2026 came in at 9.87% (Provisional, DPIIT, released July 14, 2026), up from 9.68% in May, driven by Mineral Oils (+46.48%), Crude Petroleum & Natural Gas (+34.75%) and the WPI Food Index (+6.14%).
- DPIIT’s new WPI series (Base Year 2022-23) has been effective from the May 2026 release onward; figures from May 2026 are not directly comparable to the pre-May series (Base Year 2011-12).

➢ RBI Watch

- The MPC did not meet in July; the repo rate holds at 5.25% with a neutral stance, unchanged since the June 5, 2026 decision.
- The next MPC meeting is scheduled for August 3–5, 2026, with the decision due on August 5. In a recent Reuters poll of 72 economists, 68 expected another hold, given June CPI’s break above the 4% target.

Market Performance Snapshot: July 31, 2026

Script Name	Close	30D %
Top 5 Nifty 50 Gainers		
HCLTECH	₹1,346.90	+25.67%
BAJAJ-AUTO	₹11,520.50	+18.57%
TECHM	₹1,651.30	+17.56%
TCS	₹2,365.60	+16.45%
ETERNAL	₹302.45	+14.30%
Top 5 Nifty 50 Losers		
DRREDDY	₹1,148.10	-15.40%
AXISBANK	₹1,229.50	-8.63%
TRENT	₹3,005.90	-8.43%
ADANIPORTS	₹1,696.50	-6.28%
HDFCBANK	₹748.15	-6.24%

Index	30D %
NIFTY IT	+16.77%
NIFTY CONSUMER DURABLES	+9.96%
NIFTY REALTY	+8.67%
NIFTY AUTO	+8.55%
NIFTY FMCG	+0.67%
NIFTY HEALTHCARE	+3.82%
NIFTY METAL	+1.60%
NIFTY BANK	−4.80%
NIFTY PSU BANK	-1.48%
NIFTY TELECOM	+5.72%
CAPITAL GOODS	−5.41%
POWER	−5.26%

Rolling Monthly Index Returns (%)

	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	July-26
Nifty 50	−3.5	−1.4	+0.8	+4.5	−0.5	−0.3	−3.2	+2.3	−11.3	+7.5	−1.9	+1.67	+2.2
Nifty Midcap 50	−2.3	−3.1	+1.5	+6.7	−1.2	−1.2	−4.5	+1.2	−8.9	+13.6	+3.2	+0.67	+1.8
Nifty Smallcap 50	−2.3	−4.7	+1.6	+5.3	−1.8	−2.3	−3.4	+1.2	−9.5	+18.4	+2.5	+4.36	+2.7
Nifty 500	−3.0	−2.0	+1.2	+4.3	−0.8	−0.9	−3.6	+1.8	−11.0	+10.5	−0.5	+1.71	+1.8

Source: NSE, niftyindices.com.

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