



Monthly Newsletter

September 2026



Benchmarks Stumble on Crude, but the Broader Market Powers On

August 2026 Performance				
Nifty 50 ₹24,080.40 -1.2%	BSE Sensex ₹76,957.27 -1.5%	Nifty Midcap 100 ₹64,224.75 +2.08%	Nifty Smallcap 100 ₹19,931.65 +3.06%	Gold (MCX, ₹/10g) 1,52,212 +8.0%

August 2026 was a month of two very different markets. The headline indices ended in the red, snapping a two-month winning streak: the Nifty 50 fell 1.2% to close at 24,080.40 on 31 August, and the BSE Sensex declined 1.5% to end at 76,957.27. Renewed geopolitical tension, higher crude oil prices and concerns over the trajectory of US interest rates weighed on sentiment through the month.

Beneath the benchmarks, however, momentum held firm. The Nifty Midcap 100 gained 2.1% and the Nifty Smallcap 100 advanced 3.1%, each marking a fifth consecutive month of gains. Gains in the broader segments, together with a wave of new listings, lifted NSE-listed market capitalisation by roughly ₹5 trillion to about ₹490 trillion.

The primary market was the standout story of the month. After a subdued first half of the year, August saw 21 mainboard IPOs raise approximately ₹21,000 crore — the highest monthly deal count of 2026. July and August together accounted for ₹49,592 crore, or close to 69% of the ₹72,165 crore raised through IPOs in the first eight months of the year. Listing-day performance reinforced the appetite: Tempsens Instruments (India) more than doubled on debut on 28 August, delivering the year’s largest listing gain. The pipeline has strengthened further, with large, proposed offerings from Jio Platforms and the National Stock Exchange keeping expectations elevated.

Foreign flows stayed constructive for a second straight month. FPIs had deployed ₹27,186 crore into Indian equities through 25 August per NSDL — the strongest monthly reading since September 2024 — with month-end estimates placing the full-August figure at around ₹20,000 crore across primary and secondary markets, broadly in line with July’s ₹20,199 crore.

Global Market Overview

Crude oil was the dominant global variable. Brent climbed towards \$90 a barrel late in the month following fresh US–Iran escalation, a direct headwind for oil-importing India and a key reason the benchmarks gave up ground. Concerns over the path of US interest rates added to the caution, keeping global risk appetite subdued through the second half of August.

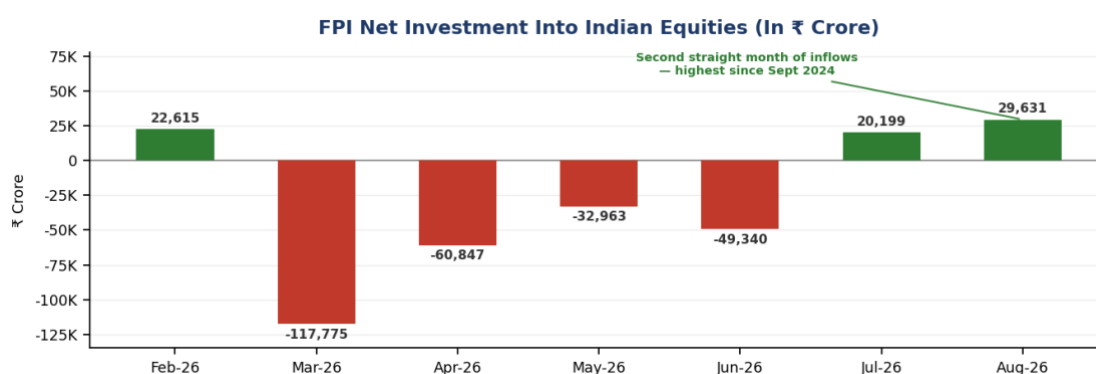
Precious metals were volatile. Gold rallied to record highs before correcting close to 5% in the final week, yet still held a gain of more than 8% over the month, with MCX gold settling around ₹1,52,212 per 10 grams on 31 August. Silver held up better, ending the month up more than 11%. Investors also positioned ahead of the MSCI reshuffle effective 1 September, which adds Laurus Labs, Lenskart, Adani Energy Solutions and Groww while removing Balkrishna Industries, SBI Cards and Astral.

A New Closing Bell: India's Closing Auction Session Goes Live

The most consequential structural change of the month was not a price move at all. On 3 August 2026, Indian exchanges rolled out the Closing Auction Session (CAS) — a dedicated end-of-day window in which orders are matched at a single discovered closing price, replacing the earlier practice of deriving the close from a weighted average of the final minutes of continuous trading. The mechanism is standard across most developed markets and is designed to make closing prices harder to distort and easier for large passive funds to trade against.

Its arrival was felt immediately. On the very first day, the Nifty saw a sharp jump in the closing minutes, highlighting how materially the new mechanism can move the official close. It drew scrutiny again on 27 August — the first monthly derivatives expiry of the Sensex under the new regime — when the indicative index value plunged sharply during the auction before recovering most of the fall by the final print. Volatility around the close was a recurring feature of the month.

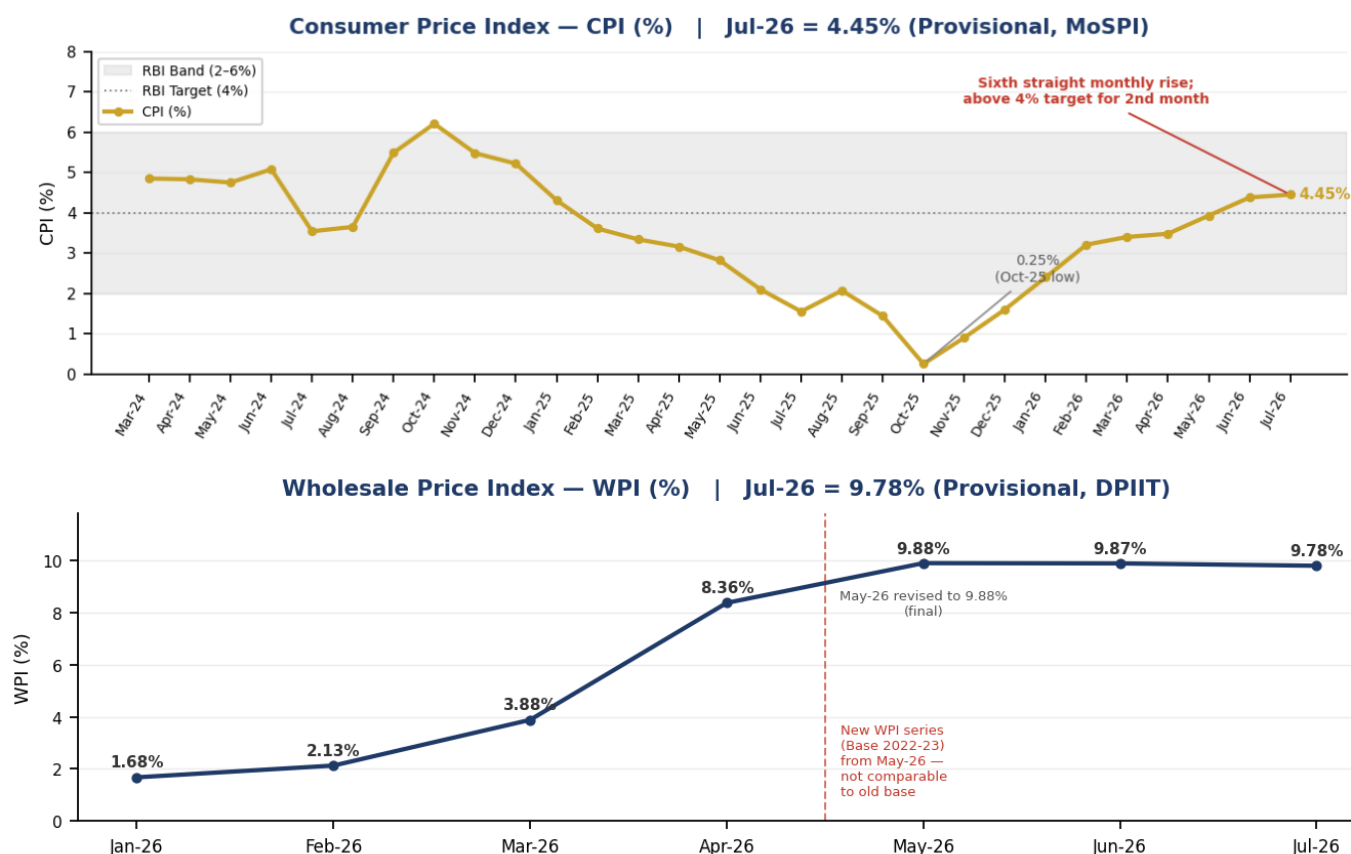
For investors, the practical implications are worth understanding. Closing prices now set NAVs, index levels and derivatives settlements through a distinct auction rather than a trailing average, so intraday and closing prices may diverge more than they used to. Index funds and ETFs should, over time, benefit from cleaner execution at the close. Early-stage volatility of this kind is common when a market adopts an auction close, and typically settles as participants adapt — but through August it was a genuine source of noise, and notably it did not deter institutional participation in the primary market.



➤ FPI Activity — August 2026

- FPIs net bought ₹29,631 crore of Indian equities in August 2026 per NSDL — the highest monthly inflow in 23 months, and the strongest reading since September 2024.
- August marked a second consecutive month of foreign buying after four straight months of selling. Together, July (₹20,199 crore) and August brought in ₹49,831 crore — the first two-month run of net foreign buying in Indian equities in 2026, and enough to offset June's ₹49,340 crore outflow.
- Through 29 August, ₹18,790 crore had come via the exchanges and ₹12,128 crore through the primary market and other categories — underlining how much of the foreign bid was directed at new issues.
- Debt flows diverged. FPIs sold ₹2,224 crore of general-limit debt in August, and investment in Fully Accessible Route government securities fell to ₹264 crore from ₹21,652 crore in June. Total FPI flows across equity and debt were nonetheless positive for a third straight month at ₹25,492 crore, against ₹40,031 crore in July.
- Despite two months of buying, FPIs remain net sellers of Indian equities in calendar 2026, with net sales of about ₹2.27 trillion year to date.

India's Inflation Update: CPI and WPI Figures



Source: MoSPI, DPIIT

➤ CPI

- CPI for July 2026 came in at 4.45% (Provisional, MoSPI, released 12 August 2026), up from 4.38% in June — the highest reading since December 2024 and a sixth straight monthly rise.
- Inflation has now held above the RBI's 4% medium-term target for a second consecutive month, though July's increase was the smallest of the run.
- Food inflation (CFPI) rose to 5.52% from 5.32% in June, while transport inflation stayed elevated at 4.43%, reflecting the pass-through of higher energy prices since the outbreak of conflict in West Asia.
- Rural inflation stood at 4.84% and urban at 3.96%; housing inflation was contained at 2.22%. Analyst-calculated core inflation was around 3.9%, suggesting food and fuel pressure has not yet broadened across the economy.

➤ WPI

- WPI for July 2026 eased to 9.78% (Provisional, DPIIT, released 14 August 2026) from 9.87% in June, coming in below the 9.95% expected in a Reuters poll of economists.
- The relief came from Fuel & Power, where inflation fell to 20.05% from 27.41%. Primary Articles rose to 8.52% (from 7.00%) and Manufactured Products to 8.29% (from 7.48%).
- The WPI Food Index accelerated to 6.65% in July from 6.14% in June. The final May 2026 index was revised upward, lifting May WPI inflation from 9.68% (provisional) to 9.88% (final).

- DIIIT's new WPI series (Base Year 2022-23) has applied from the May 2026 release onward; figures from May 2026 are not directly comparable to the earlier 2011-12 base series.

➤ **RBI Watch**

- At its meeting on 5 August 2026, the MPC voted unanimously to hold the repo rate at 5.25% and retain a neutral stance, citing heightened global uncertainty and geopolitical tension in West Asia.
- The RBI raised its FY27 real GDP growth forecast to 6.7% from 6.6%, and set its FY27 CPI inflation projection at about 5.0% — with quarterly readings of 4.7% (Q2), 5.9% (Q3) and 5.5% (Q4), and core inflation around 4.3%.
- Governor Sanjay Malhotra described the stance as neither dovish nor hawkish, with decisions guided by headline inflation. The next MPC meeting is scheduled for 5–7 October 2026.

Market Performance Snapshot: August 31, 2026

Script Name	Close	30D %
Top 5 Nifty 50 Gainers		
Grasim Industries	₹3,371	+8.71 %
Eternal	₹328.10	+ 8.48%
Kotak Mahindra Bank	₹419.40	+7.46%
Bharat Electronics	₹414.45	+6.86%
Shriram Finance	₹1,109.90	+6.04%
Top 5 Nifty 50 Losers		
Tata Motors PV	₹308.85	-9.09%
ITC	₹255.50	-9.07%
Bharti Limited	₹1,811.90	-8.12%
SBI Life Insurance	₹1,740.50	-7.52%
Bajaj Finance	₹1,057.00	-7.38%

Trading Index	30D %
NIFTY IT	+1.57%
NIFTY CONSUMER DURABLES	+0.90%
NIFTY REALTY	+0.30%
NIFTY AUTO	+0.34%
NIFTY FMCG	-6.30%
NIFTY HEALTHCARE	+1.11%
NIFTY METAL	+3.73%
NIFTY BANK	+1.33%
NIFTY PSU BANK	-1.48%
NIFTY TELECOM	+6.53%
CAPITAL GOODS	-2.90%
POWER	-3.32%

Rolling Monthly Index Returns (%)

	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	July-26	Aug-26
Nifty 50	-1.4	+0.8	+4.5	-0.5	-0.3	-3.2	+2.3	-11.3	+7.5	-1.9	+1.67	+2.2	-1.24%
Nifty Midcap 50	-3.1	+1.5	+6.7	-1.2	-1.2	-4.5	+1.2	-8.9	+13.6	+3.2	+0.67	+1.8	+2.13%
Nifty Smallcap 50	-4.7	+1.6	+5.3	-1.8	-2.3	-3.4	+1.2	-9.5	+18.4	+2.5	+4.36	+2.7	+3.04%
Nifty 500	-2.0	+1.2	+4.3	-0.8	-0.9	-3.6	+1.8	-11.0	+10.5	-0.5	+1.71	+1.8	-0.04%

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