



Monthly Newsletter

October 2026



Fed, Crude and Foreign Selling Drive the Worst Month Since March

September 2026 Performance				
Nifty 50	BSE Sensex	Nifty Midcap 100	Nifty Smallcap 100	Gold (MCX, ₹/10g)
₹22,620.45	₹72,480.29	₹59,332.05	₹19,245.70	1,49,036
-6.06%	-5.82%	-7.62%	-3.44%	-3.51%

September 2026 was the toughest month of the year for Indian equities. The Nifty 50 fell 6.06% to close at 22,620.45 on 30 September and the BSE Sensex lost 5.82% to end at 72,480.29 — a second straight monthly decline and the benchmarks' worst month since March. For the Nifty, it was also the weakest September since 2018. Pressure arrived from several directions at once: the US Federal Reserve's first rate hike since 2023, a renewed surge in crude oil, and foreign investors turning sellers again after two months of buying.

This time the broader market offered no shelter. The Nifty Midcap 100 fell 7.62% and the Nifty Smallcap 100 declined 3.44%, ending the five-month winning run both indices carried into September. The sell-off was broad-based: only five Nifty 50 constituents ended the month higher, and every major sectoral index closed in the red. Technology led the decline, with the Nifty IT index down 11.18% as TCS and Infosys each fell more than 12%, while Consumer Durables (-9.41%) and Auto (-8.83%) were not far behind.

Financials came under pressure from a regulatory angle as well. The insurance regulator's proposed caps on distribution commissions hit insurers and allied lenders, with Bajaj Finserv falling 14.35%, second only to TCS among Nifty 50 losers. Financial services also bore the brunt of foreign selling, accounting for ₹13,147 crore of September's FPI outflow. Defensives offered only partial cover: Adani Ports (+12.88%), Dr. Reddy's (+6.81%), Coal India (+5.79%), ITC (+2.84%) and Adani Enterprises (+1.55%) were the only Nifty 50 stocks to finish the month higher.

Yet the primary market moved in the opposite direction. A record 34 mainboard IPOs raised ₹39,380 crore in September — the highest monthly fundraising of 2026 — led by the National Stock Exchange's ₹22,563 crore offer, which listed on 24 September. The sheer size of the pipeline drew liquidity away from listed stocks, compounding the pressure on the secondary market.

Global Market Overview

On 16 September, the US Federal Open Market Committee voted 12-0 to raise the federal funds target range by 25 basis points to 3.75%-4.00%, its first increase since July 2023, citing inflation that remains well above its 2% goal. The updated projections put the median year-end 2026 policy rate at 4.1%, implying one further hike before December. US Treasury yields climbed to multi-year highs through the month, tightening financial conditions for emerging markets and weighing heavily on rate-sensitive IT stocks.

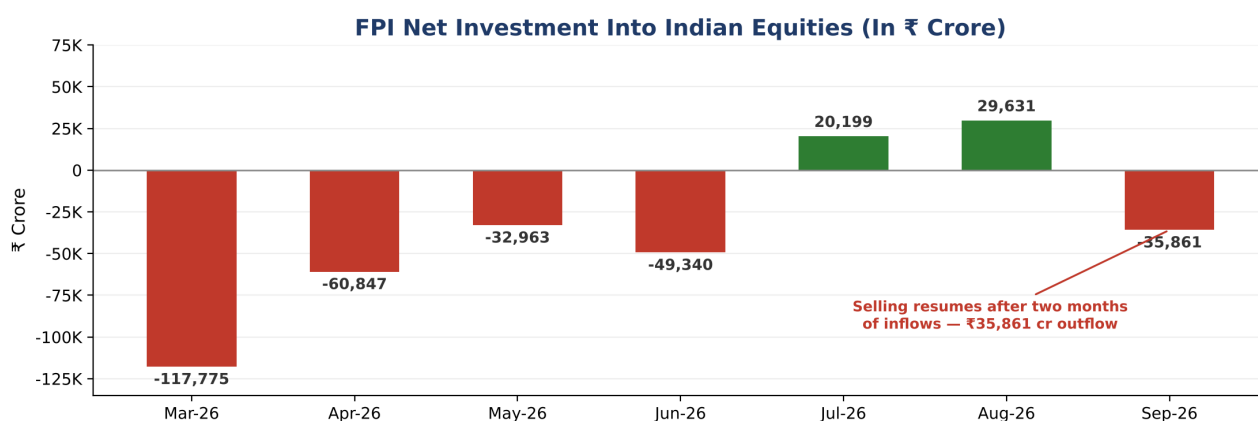
Energy compounded the strain. Brent crude climbed sharply through September as the Strait of Hormuz remained shut and hopes of a West Asia settlement faded, a direct headwind for oil-importing India and the rupee. Precious metals reversed lower as real yields rose; MCX gold ended the month about 3.51% lower near ₹1,49,036 per 10 grams. Notably, the weakness was concentrated in India — markets in South Korea, Japan and Hong Kong registered fresh record highs during the month on the strength of chip stocks.

A Record Month for IPOs as the NSE Finally Lists

September's defining contrast was between a falling secondary market and a primary market in overdrive. According to PRIME Database data, 34 mainboard companies opened their IPOs during the month — the highest monthly count in the 30-year history of India's primary market — together raising ₹39,380 crore. The rush was driven in part by a SEBI extension of approval validities granted amid the West Asia crisis, which brought a backlog of cleared issuers to market at the same time.

The centrepiece was the National Stock Exchange of India's ₹22,563 crore offer — entirely an offer for sale, and the country's second-largest IPO after Hyundai Motor India's ₹27,870 crore issue in 2024. Priced at ₹1,700–1,785 per share and open from 17 to 21 September, the issue was subscribed 5.71 times overall. NSE shares listed on the BSE on 24 September at ₹1,800, a modest 0.84% premium to the issue price, valuing the exchange at roughly ₹4.5 lakh crore. SBI Funds Management's ₹9,795 crore issue was the quarter's second-largest, though it subsequently traded below its offer price.

For the first half of FY27 (April–September), mainboard IPOs raised a record ₹94,205 crore across 78 issues, about 35% above the previous half-year record of ₹69,533 crore — with almost all of it raised between July and September. For investors, the lesson of September is that primary-market appetite and secondary-market sentiment can diverge sharply: listing gains narrowed as valuations stretched, and the volume of new paper competed directly with listed stocks for the same pool of domestic liquidity.

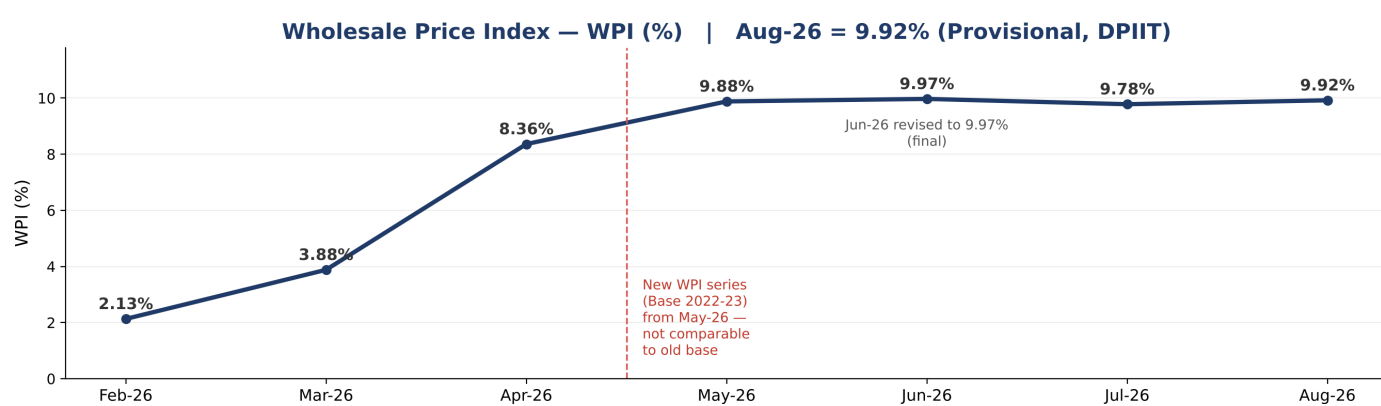
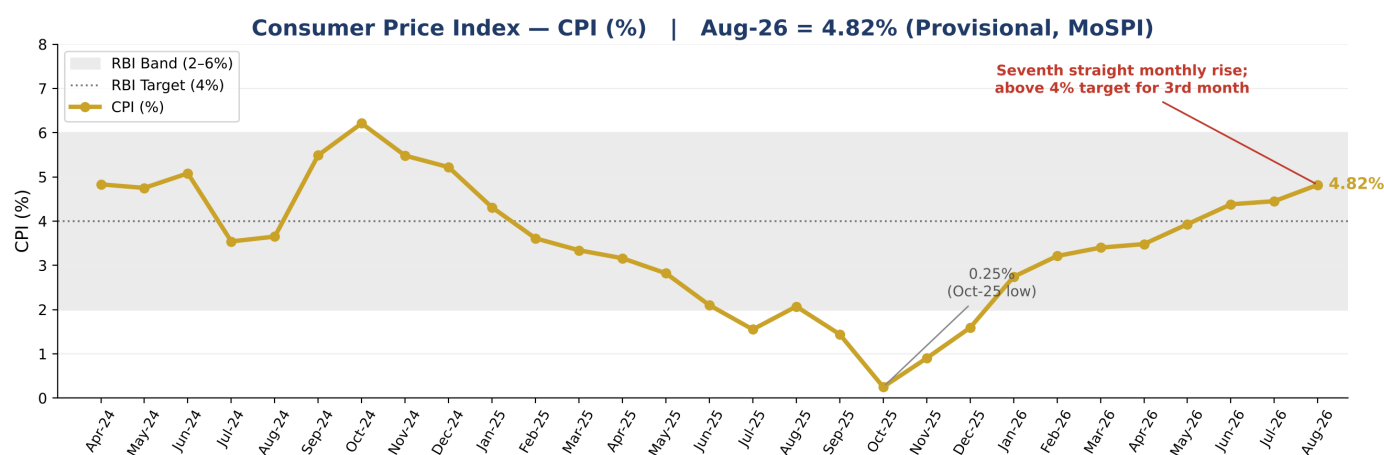


Source: NSDL / Depositories

> FPI Activity — September 2026

- FPIs net sold ₹35,861 crore of Indian equities in September per NSDL, turning sellers after two consecutive months of buying — ₹20,199 crore in July and ₹29,631 crore in August.
- The selling was concentrated in the secondary market, where FPIs sold ₹45,537 crore through the exchanges; this was partly offset by ₹9,676 crore invested through the primary market, largely in new issues.
- Financial services led the sectoral outflows at ₹13,147 crore, followed by Oil, Gas & Consumable Fuels (₹6,854 crore) and Automobiles (₹6,212 crore). IT saw a comparatively modest ₹998 crore of net selling.
- Debt flows also turned negative. FPIs withdrew ₹10,431 crore through the Fully Accessible Route, ₹5,049 crore via the Voluntary Retention Route and ₹5,247 crore through the general limit route.
- Market participants cited geopolitical uncertainty, elevated US bond yields and crude oil prices as the main drivers. September's outflow reversed roughly 72% of the combined July–August inflows.

India's Inflation Update: CPI and WPI Figures



Source: MoSPI, DPIIT

➤ CPI

- CPI for August 2026 came in at 4.82% (Provisional, MoSPI, released 14 September 2026), up from 4.45% (final) in July — a seventh straight monthly rise and the highest reading of 2026.
- Inflation has now stayed above the RBI's 4% medium-term target for a third consecutive month, though it remains inside the 2-6% tolerance band.
- Food inflation (CFPI) rose to 5.95% from 5.52% in July. Rural inflation climbed to 5.23% and urban to 4.31%, with rural price pressure continuing to run ahead of urban.
- Among divisions, food & beverages inflation stood at 5.66%, transport at 4.60% and health at 1.34%. Silver jewellery (107.11%), ginger (73.82%) and onion (48.27%) were among the items with the highest inflation.

➤ WPI

- WPI for August 2026 rose to 9.92% (Provisional, DPIIT, released 14 September 2026) from 9.78% in July — the fourth straight month with wholesale inflation above 9%.
- Fuel & Power drove the increase, with inflation accelerating to 22.93% from 20.05%; mineral oils rose 38.48%. Manufactured Products edged up to 8.37% (from 8.29%), while Primary Articles eased to 7.76% (from 8.52%).
- The WPI Food Index accelerated to 7.05% in August from 6.65% in July. The final June 2026 index was revised upward, lifting June WPI inflation from 9.87% (provisional) to 9.97% (final).
- DPIIT'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.

Market Performance Snapshot

Script Name	Close	30D %
Top 5 Nifty 50 Gainers		
Adani Ports & SEZ	₹1,798.30	+12.88%
Dr. Reddy's Labs	₹1,233.00	+6.81%
Coal India	₹425.00	+5.79%
ITC	₹262.75	+2.84%
Adani Enterprises	₹3,011.70	+1.55%
Top 5 Nifty 50 Losers		
TCS	₹2,050.70	-14.53%
Bajaj Finserv	₹1,731.00	-14.35%
Nestlé India	₹1,310.00	-12.46%
Infosys	₹994.10	-12.32%
Maruti Suzuki	₹11,872.00	-11.66%

Trading Index	30D %
NIFTY IT	-11.18%
NIFTY CONSUMER DURABLES	-9.41%
NIFTY REALTY	-6.28%
NIFTY AUTO	-8.83%
NIFTY FMCG	-3.30%
NIFTY HEALTHCARE	-4.74%
NIFTY METAL	-3.28%
NIFTY PRIVATE BANK	-4.68%
NIFTY PSU BANK	-6.89%
NIFTY ENERGY	-3.46%
NIFTY PHARMA	-2.75%
NIFTY OIL & GAS	-4.41%

Rolling Monthly Index Returns (%)

	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
Nifty 50	+0.8	+4.5	-0.5	-0.3	-3.2	+2.3	-11.3	+7.5	-1.9	+1.67	+2.2	-1.24	-6.06
Nifty Midcap 50	+1.5	+6.7	-1.2	-1.2	-4.5	+1.2	-8.9	+13.6	+3.2	+0.67	+1.8	+2.13	-7.90
Nifty Smallcap 50	+1.6	+5.3	-1.8	-2.3	-3.4	+1.2	-9.5	+18.4	+2.5	+4.36	+2.7	+3.04	-3.06
Nifty 500	+1.2	+4.3	-0.8	-0.9	-3.6	+1.8	-11.0	+10.5	-0.5	+1.71	+1.8	-0.04	-5.88

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