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FROM THE AUTHOR

September has tested investor patience. The Nifty 50 has fallen for seven straight weeks, its longest losing streak since early 2020, even as the economy grew 7.8% in April–June. This gap between a resilient economy and a restless market has been the key story of the month. Energy remains a common thread, with the unresolved Strait of Hormuz situation keeping Brent above \$100, inflation rising to 4.82% in August, and the rupee hovering near ₹96. Foreign investors have turned sellers again, while the US Federal Reserve and ECB have raised rates this month. Despite these global and domestic pressures, investor conviction remains visible through strong SIP and equity fund flows.

- Nifty 50 has recorded seven consecutive weeks of decline.
- India's economy grew 7.8% in April–June.
- Brent crude remained above \$100, keeping energy costs in focus.
- Inflation rose to 4.82% in August.
- The rupee has remained around ₹96 per US dollar.
- Foreign investors have turned sellers again, adding pressure to the market.
- The US Federal Reserve and ECB raised rates this month.
- SIP contributions reached a record ₹32,297 crore in August.
- Equity funds have recorded 66 consecutive months of inflows.
- The key message for investors is to manage volatility rather than try to predict it.
- Diversification across equity, debt and gold can help portfolios navigate different market conditions.
- Before investing in any IPO or NFO, investors should examine what it holds, its costs and whether it fits their financial goals.
- Long-term wealth creation depends on staying focused on financial goals and continuing to invest through market noise.

Indian Equity Markets

The Indian equity market remained under pressure in September, with the Nifty 50 closing at 23,140.50 and recording its seventh consecutive weekly decline. The Sensex closed at 73,895.74, while the Nifty was down around 7% over one year, although the Nifty Midcap 100 and Smallcap 100 gained 5.8% and 9.7%, respectively. India VIX stood at 12.18, while foreign portfolio investors sold around ₹21,000–23,700 crore of Indian equities during the month. Sector performance was mixed, with Metals and Pharma among the stronger performers, while IT and FMCG remained weaker.

Gold - Recovery and renewed safe-haven demand

Gold has weakened in September, with MCX gold slipping below ₹1.50 lakh per 10 g on rate-hike fears and the US-Iran impasse. Central bank buying and positive bank forecasts still support the medium-term case.

- Gold (MCX): About ₹1,50,100 per 10 g, roughly 17% below its 2026 high
- Pressure: Fed rate hike and US-Iran impasse
- Support: Steady central bank buying and analyst targets of US\$5,000 to US\$6,300 an ounce
- ETF Flows: Net inflows of ₹2,597 crore in August (AMFI)

Global Economy & Geopolitical Developments

The IMF's July 2026 World Economic Outlook update projects:

Global growth 2026	3.00%
Global growth 2027	3.40%
Global headline inflation 2026	4.70%

The IMF describes the global economy as being shaped by two opposing forces: the negative effects of the energy shock and conflict, versus strong investment momentum associated with technology and AI.

US interest rates and bond markets

US Treasury yields have climbed sharply in September, with the 10-year at 5.17% on 25 September, up from 4.64% a month ago.

The 2-year yield is 4.81% and the 30-year is 5.49%.

The Fed raised rates to 3.75%-4.00% on 16 September and signals another possible hike this year.

Higher US yields add pressure on the rupee and India's 10-year G-Sec yield, which rose to 7.11%.

RBI & Interest Rates

The RBI kept the repo rate unchanged at 5.25% on 5 August with a neutral stance, and raised its FY27 growth forecast to 6.7%. Inflation is now above target, so the 5-7 October meeting is the one to watch.

- Repo Rate: Unchanged at 5.25%
- Stance: Neutral
- Growth Forecast: Raised to 6.7%
- Inflation: 4.82% in August, above the 4% target
- Next Meeting: 5-7 October (decision on 7 October)

Oil & Commodities

Crude oil is the main pressure point for India this month. Brent is around \$107 a barrel after US-Iran talks stalled, and the Strait of Hormuz remains effectively constrained. Higher oil widens India's import bill, pressures the rupee and adds to inflation, while gold and silver have weakened and remain well below their 2026 highs.

- **Brent Crude:** Up about 2.6% to roughly \$107 a barrel on 28 September as US-Iran talks stalled
- **Indian Crude Basket:** September average of about \$114, against \$90.19 in August (PPAC), with a mid-September peak above \$128
- **Import Bill:** India's crude import bill rose 48% to \$74.8 billion in April-August, with about 88% of crude needs imported
- **Hormuz Risk:** The US rejected Iran's seven-day proposal to reopen the Strait, though further talks are expected this week
- **Gold (MCX Oct futures):** About ₹1,50,100 per 10 g, against a 2026 high of ₹1,80,779
- **Silver (MCX):** Near ₹2,28,550 per kg, against a 2026 high of ₹4,20,048

Middle East and Iran

The US-Iran conflict and the Strait of Hormuz remain the biggest external risk for India, after President Trump rejected Iran's proposal to reopen the Strait over the 26-27 September weekend. Further talks are expected this week, but the Strait stays effectively constrained. Brent crude rose about 2.6% to roughly \$107 a barrel on 28 September, and India's crude import bill rose 48% to \$74.8 billion in April-August. Higher oil is pressuring the rupee near 96 and adding to inflation, so a credible reopening would ease the pressure while a breakdown in talks would extend it.

China and global trade

According to the General Administration of Customs, China's foreign trade in goods rose 17.6% year-on-year to 34.78 trillion yuan in January-August 2026. Exports rose 14.6% and imports 22%, and imports have outpaced exports for six straight months. In August alone, exports grew 18.6% and imports 21.7% in yuan terms, the fourth straight month of double-digit growth for both. Demand for high-tech and AI-related products is driving exports, with integrated-circuit exports up 95.4%, and trade with ASEAN rose 20.6%.

Nifty 50
23,140.50

BSE Sensex
73,895.74

USD/INR
95.88

10-Year G-Sec
7.11%

Silver (999)
₹2,28,550 per kg

Gold (24K/999)
₹1,50,100 per 10 g

Brent Crude
\$107.04 per barrel

MARKET OUTLOOK

September's market decline has been orderly and macro-driven, from oil, US yields and foreign selling, rather than panic-driven. The Nifty ended a seventh straight losing week at 23,140.50, while India VIX is low at 12.18. Record SIP inflows of ₹32,297 crore in August have cushioned the market.

Brent is above \$100 and the Strait of Hormuz remains a stalemate, which widens India's import bill and pressures the rupee near 96. The RBI held the repo rate at 5.25% and inflation has risen to 4.82%, so its 5-7 October meeting is the key event. Investors are advised to stay diversified, keep investing through SIPs and avoid reacting to short-term headlines.

RBI Policy

- Repo Rate: Held at 5.25% on 5 August, stance neutral
- FY27 Forecasts: GDP growth 6.7%, CPI inflation 5.0%
- Inflation: 4.82% in August, above the 4% target, with a peak expected in October-December
- Risks: West Asia tensions, volatile crude, uneven monsoon, trade uncertainty
- Liquidity: In surplus, at about ₹1.0 lakh crore on average since the June policy
- Investor Angle: Rate paths are uncertain in both directions, so match debt fund duration to your horizon
- Next Meeting: 5-7 October, decision on 7 October

Crude Oil & Geopolitics

Crude oil and the Middle East conflict are the biggest external risk. Brent is above \$100 and the Strait of Hormuz remains a stalemate after Trump rejected Iran's latest proposal.

- Brent Crude: About \$107 a barrel on 28 September, up 2.6% as US-Iran talks stalled
- Indian Crude Basket: September average of about \$114, against \$90.19 in August
- Import Bill: Up 48% to \$74.8 billion in April-August
- Impact on India: Pressure on the rupee and higher inflation

Avoid concentrated bets on oil-sensitive trades and stay diversified

Foreign Flows

Foreign investors sold about ₹21,000-23,700 crore of Indian equities in September, up to 18-19 September, after buying in July and August. Net outflows for 2026 are around ₹2.3-2.45 lakh crore, already above the 2025 total of about ₹1.66 lakh crore. This selling adds to rupee weakness.

Domestic investors have cushioned the market, with record SIP inflows of ₹32,297 crore in August. Domestic flows are a stabiliser, not a guarantee, so investors are advised to stay diversified and avoid over-reacting to weekly flow data.

The Rupee & Global Interest Rates

The rupee is under pressure near 96 to the dollar as crude stays high and foreign investors sell. The RBI has been supporting it, and forex reserves fell \$14.88 billion in the week to 18 September to \$765.90 billion.

Global rates are rising, with the Fed raising its range to 3.75%-4.00% on 16 September and the ECB lifting its deposit rate to 2.50%. India's 10-year G-Sec yield rose to 7.11%, leaving the RBI little room to ease.

ECONOMY & POLICY

REPO RATE			5.25%
STANDING (SDF)	DEPOSIT FACILITY		5.00%
MARGINAL (MSF)	STANDING FACILITY		5.50%
BANK RATE			5.50%
POLICY STANCE			Normal

On the radar: IPOs and New fund launches

The primary market is buzzing, with several well-known names in the **IPO pipeline**: Reliance Jio (Jio Platforms), Zepto, Razorpay, Hero Fincorp, CarDekho, Haldiram's Snacks Foods, Prestige Hospitality, Cult Fit, PharmEasy, Hero Future Energies, Flipkart and PhonePe. Alongside these, we are adding a few **new fund offers (NFOs) for your consideration**: the Motilal Oswal Nifty REITs & Realty Index Fund, the ICICI Prudential Contra Fund and the Mirae Asset Life Cycle Fund 2056. Each one serves a different goal, from real estate exposure to a contrarian equity approach to long-term, retirement-focused planning. As always, we encourage you to review the details, check the risks, and match any investment to your own financial goals and time horizon before deciding.

Macro Monitor GDP

Real GDP for Q1 FY27 (April–June 2026) grew at 7.8% year-on-year, compared to 6.9% in Q1 FY26. Nominal GDP grew at 10.3% year-on-year, while Gross Value Added (GVA) expanded at 8.2%. Key expansion drivers included manufacturing real GVA growth at 9.2%, gross fixed capital formation at 11.9%, and private consumption at 7.1%, with services acting as the largest overall contributor. For the full financial year FY27, the Reserve Bank of India projects GDP growth at 6.7%.

Inflation

Official Consumer Price Index data released by the National Statistical Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI) shows that headline CPI inflation rose to 4.82% year-on-year in August 2026, up from 4.45% in July and 4.40% in June. This increase was primarily driven by higher food prices, with Consumer Food Price Index (CFPI) inflation reaching 5.95% in August, compared to 5.52% in the previous month. At 4.82%, headline inflation remains above the Reserve Bank of India's medium-term target of 4.0%. Consequently, the RBI projects full-year FY27 CPI inflation at 5.0%, with headline inflation expected to peak during the October–December quarter before easing.

Rupee

Official exchange rate and reserve data from the Reserve Bank of India and FBIL show that the Indian Rupee traded near 95.96 against the US Dollar in late September 2026, after touching intraday lows around 96.16. To mitigate exchange rate volatility and defend the currency near the 96 threshold, the RBI actively intervened in the foreign exchange market, causing India's forex reserves to decline by \$14.88 billion in a single week to \$765.90 billion as of September 18, 2026. Key pressures behind the Rupee's weakening include elevated crude oil import costs with the Indian crude basket averaging around \$114 per barrel, substantial foreign portfolio investor outflows reaching ₹21,000–₹23,700 crore in September, and rising US yields following the Federal Reserve's interest rate hike.

Bond Yields

Official sovereign bond yield data from the Clearing Corporation of India Limited (CCIL) and the Reserve Bank of India (RBI) show that the benchmark 10-year Indian Government Securities (G-Sec) yield climbed to 7.11%–7.13% in late September 2026, marking its highest level since late May. This upward movement in yields—rising from approximately 6.78% around the August monetary policy announcement—was primarily driven by hardening crude oil prices, rising global interest rate expectations, and foreign portfolio investor selling in domestic capital markets. Across shorter and longer maturities, primary auction cut-off yields reflected elevated yield curves, with 5-year G-Sec yields trading near 6.91%, 15-year yields around 7.28%, and state government securities (SGS) ranging between 7.30% and 7.85% depending on issue duration.

Crude Oil

The Indian crude basket surged to an average of \$114.00 per barrel in September 2026, up sharply from \$90.19 in August. Driven by ongoing US–Iran conflict and Strait of Hormuz supply disruptions, Brent crude traded around \$107 per barrel, while the Indian basket hit a mid-month peak of \$128.70 per barrel. With India importing nearly 88% of its crude needs, this surge expanded the April–August import bill to \$74.8 billion, creating strong headwinds for domestic CPI inflation and Rupee stability.

Merger and Acquisitions

Nvidia is reportedly closing in on a potential \$14 billion acquisition of AI startup Hugging Face to bolster open-source AI development, while Eli Lilly has moved to acquire private biotech firm Merida for up to \$3 billion to scale up its drug pipeline targeting allergies and autoimmune diseases. Global elevator majors KONE and TK Elevator (TKE) have sought approval from the Competition Commission of India (CCI) for merging their respective Indian operations following a major global corporate realignment. Meanwhile, Fairfax Financial Holdings announced plans to exit its stake in IIFL Finance to partly fund its upcoming acquisition bid for IDBI Bank. Finally, Bold Eagle Acquisition Corp entered into a formal business combination agreement with REDL Intermediate Holdings (the parent of REDLattice) on September 25, 2026. The specific acquiring and merging companies alone are Nvidia, Hugging Face, Eli Lilly, Merida, KONE, TK Elevator, Fairfax Financial Holdings, IDBI Bank, Bold Eagle Acquisition Corp, and REDL Intermediate Holdings.

What It Means for Investors

Elevated crude oil prices at \$114 per barrel and sticky CPI inflation at 4.82% keep RBI rate cuts off the table, pushing debt investors toward short-to-medium duration strategies.

Strong Q1 FY27 real GDP growth of 7.8% provides long-term backing for domestic equities, though short-term volatility remains high due to FPI outflows and geopolitical tensions.

Equity investors are encouraged to remain disciplined using systematic investment plans (SIPs) rather than committing large lump-sum allocations during market fluctuations.

With the Rupee trading near 95.96 against the US Dollar, investors holding overseas assets or managing foreign expenditures must factor currency depreciation into their portfolio planning.