

Weekly Market

Overview

05.01.2026

The background features a stylized orange line graph with circular markers, a bar chart at the bottom, and a large orange sun on the right side. The overall color palette is orange and white.

01

Market Overview

- Global equity markets are trading largely range-bound, with limited reaction to recent geopolitical developments.
- US equity markets closed marginally lower last week, with the NASDAQ declining by approximately **1.5%** and the S&P 500 ending lower.
- Select Asian and European markets showed resilience, while Indian equities gained close to **1%** over the week.
- Indian mid-cap indices outperformed, delivering returns of approximately **1.75%**, while small-cap indices gained around **0.75%**.

Market Performance

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NIFTY



~0.10%

S&P 500



~0.19%

NASDAQ



~0.03%

Hang Seng Index



~0.03%

03

Global Developments & Geopolitical Context

- Recent geopolitical actions have introduced short-term uncertainty but have not materially disrupted global markets.
- Crude oil prices remain stable, with Brent trading around **USD 76–77 per barrel**.
- Global markets appear to be absorbing geopolitical risks with measured responses rather than sharp dislocations.
- The evolving global order is increasingly transactional and multipolar, influencing long-term capital allocation trends.

Domestic Macro & Fiscal Landscape

Revenue Gap Prompts Potential Spending Cuts

04

- Government tax collections are tracking below initial expectations, with potential undershooting of net tax revenues by approximately **₹2.5 lakh crore**.
- At a gross level, the shortfall could approach **₹3 lakh crore**, despite one-time non-tax revenues.
- Growth in indirect tax collections has moderated, with recent quarterly growth at approximately **0.6% year-on-year**, compared to **6.5%** in the prior quarter.
- Overall revenue shortfall is estimated at around **₹2.3 lakh crore**.
- Revenue moderation may lead to calibrated expenditure adjustments or increased market borrowings to maintain the fiscal deficit target of around **4.4% of GDP**.



05

Interest Rates, Currency & Commodities

Yields Steady as Gold Remains Elevated

- The US 10-year government bond yield is around 4.18%, while the Indian 10-year yield is approximately 6.6%.
- Currency levels have remained relatively stable, with the dollar index near 90.
- Gold prices are elevated at approximately USD 2,330 per ounce, reflecting continued demand for safe-haven assets.
- Energy prices remain range-bound, offering near-term stability.



Equity Market Outlook

Equity Outlook Brightens as Valuations Moderate

- The medium-term outlook for equities remains constructive, anchored by earnings recovery.
- Valuations are approaching long-term averages of approximately 20–21x earnings, improving risk-reward dynamics.
- Indian markets are positioned for relative catch-up versus global peers after a period of underperformance.
- Earnings growth expectations remain supportive, particularly for large-cap companies.

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