



BUDGET SIGNALS, VOLATILITY AND THE LONG GAME

Market Data & Macros

MARKET SNAPSHOT

BSE Sensex: 82,269 (-3.46% MoM)
Nifty 50: 25,320 (-3.10% MoM)
Nifty Bank: 59,610 (0.05% MoM)
Nifty Midcap: 58,432 (-3.39% MoM)
Nifty Small-Cap: 16,879 (-4.71% MoM)
Nifty PE Ratio: 22.04

** MoM" an abbreviation for "Month on Month Performance".
 Data as on 30th January, 2026.

Brent Crude: 68.04
Gold (Rs/10 gms): 1,65,131
10-year G-sec yield: 6.69%

Data as on 30th January, 2026.



January was a month where multiple structural forces continued to shape market behaviour across equities, commodities and global capital flows. Big-tech and megacap firms reported continued spending on artificial intelligence infrastructure, with markets reacting to the balance between growth opportunities and near-term cost pressures. In the U.S., major indices saw intraday volatility linked to these earnings dynamics, underscoring both the potential and the uncertainty embedded in ramping AI investments.

At the same time, foreign portfolio flows into emerging markets, including India, reflected a shift in global capital allocation, with notable volatility over the last quarter. A recent economic survey highlighted that as of December 2025, India experienced a net FPI outflow of roughly \$3.9 billion, a movement attributed in part to capital redirecting toward markets perceived as leaders in technology and AI development.

The commodity complex, which has been under scrutiny for months, delivered several notable developments. Precious metals continued to register historic price behaviour; gold reclaimed record territory above unprecedented nominal levels before retracing sharply in volatile sessions, while silver and other industrial metals remained elevated relative to longer-term averages. These moves in metals reflect a wide range of influences, from geopolitical risk perception to ongoing structural demand from electrification and data centre build-outs.

The broad macro dynamics, from AI's growing economic footprint to the nuanced pricing behaviour across commodities and currencies, reflect why asset allocation remains central to understanding risk and return dispersion across markets. In periods where different drivers, technology capital expenditure, shifting global trade and capital flows, and supply/demand dynamics in key raw materials, can all be material at once, the relative behaviour of diversified asset groups provides context to overall market trends



In The News:

1. India's **forex reserves hit a record \$709.41 billion**, strengthening the buffer against external shocks.
2. **China's manufacturing PMI fell to 49.3**, signaling contraction amid weak demand.
3. **India expects 7%+ growth**, though global uncertainty and crude volatility remain risks.
4. India and the EU concluded a **major free trade deal**, boosting long-term trade prospects.
5. Indian **equities saw sharp January volatility** amid global trade and geopolitical concerns.
6. **Brent crude crossed \$70 per barrel** at one point, while gold and silver corrected from record levels.
7. **FPIs withdrew ₹29,135 crore in January**, the steepest outflow since August 2025.

Budget 2026–27

Key Takeaways



Union Budget 2026–27 reaffirmed the government's preference for long-term structural outcomes over near-term stimulus. The Budget stayed focused on fiscal consolidation, manufacturing depth, and infrastructure-led growth, even at the cost of limited immediate excitement for financial markets.

The government has budgeted **capital expenditure of ₹12.2 lakh crore for FY27**, continuing its multi-year capex push, while maintaining fiscal discipline with a **fiscal deficit target of 4.3% of GDP**. Total expenditure is pegged at ₹53.5 lakh crore, funded by receipts of ₹36.5 lakh crore and net market borrowings of ₹11.7 lakh crore. The trajectory signals intent to balance growth with debt sustainability, rather than front-loading consumption.

A key theme of the budget is **manufacturing and industrial capability building**. Initiatives such as **Biopharma SHAKTI**, expanded incentives under electronics and semiconductor manufacturing, development of **rare-earth corridors**, and support for capital goods, construction equipment, and container manufacturing underline India's push toward import substitution and export competitiveness. These measures are designed to play out over several years rather than deliver immediate earnings acceleration.

On the financial side, the budget introduced **incremental increases in Securities Transaction Tax (STT) on F&O trades**, aiming to moderate speculative activity while keeping the impact on long-term investors limited. For capital markets, steps toward improving depth and efficiency—including market-making frameworks and PSU NBFC restructuring—were evolutionary rather than disruptive.

The budget also reinforced India's ambition in **digital and AI infrastructure**, offering extended tax certainty for cloud and data centre operators, signalling long-term commitment to positioning India as a global technology services hub.

Notably, the Budget avoided large populist giveaways or aggressive tax cuts. This reflects confidence in the current growth trajectory and a preference to preserve fiscal headroom, even if it limits short-term market enthusiasm.

Overall, Budget 2026–27 should be read as continuity-orientated and structurally focused—supportive for long-term capital formation and macro stability, as opposed to being populist.



From Director's Desk

Why the Long Game Wins

Every market cycle tempts investors to believe that this one will be easier to read. The variables change, interest rates, elections, global growth, geopolitics, but the underlying experience remains familiar. Short-term outcomes feel uncertain and noisy. Long-term outcomes, viewed in hindsight, look far more consistent than they ever felt in the moment. Indian markets illustrate this contrast well. Over long periods, equities have compounded steadily despite crises, policy shocks, and sharp interim drawdowns. Yet investor experience often diverges from this reality. Not because markets failed, but because decisions shifted at precisely the wrong time, risk

reduced after volatility appeared, deployment delayed when valuations felt uncomfortable, discipline was compromised in the search for clarity.

A useful signal sits in plain sight. Throughout 2024 and 2025, monthly SIP inflows in India consistently stayed above ₹20,000 crore, even as market narratives oscillated between optimism and caution. This reflects intent and awareness. But alongside these steady flows, we also saw hesitation, lump sums left idle, rebalancing deferred, and selective profit-taking driven more by discomfort than by process. The contrast matters. **Consistency in contributions does not automatically translate into consistency in decisions.**

This gap is where most investors struggle, not in knowing what works, but in executing it when conditions make it emotionally difficult. Markets are unpredictable in the short term and surprisingly dependable over the long term. The mistake is trying to master the former while neglecting alignment with the latter. As Howard Marks has often observed, success comes not from prediction but from preparation, positioning portfolios to withstand a range of outcomes rather than betting on a single view being right.

The long game, however, is not passive. It is not about waiting and doing nothing. It is an active discipline, rebalancing when it feels uncomfortable, staying invested when narratives turn unfavourable, and resisting the urge to constantly refine portfolios in response to noise. Charlie Munger's idea of "waiting" was never about inaction; it was about knowing when not to interfere with compounding. Perhaps the most misunderstood truth in investing is this: **long-term success is rarely the result of extraordinary decisions, but of ordinary decisions repeated with uncommon consistency.**

The current time offers a useful pause for reflection. Not to judge markets, but to examine behaviour. Where discipline was held. Where hesitation crept in. Where process guided action, and where it quietly gave way to emotion. The years ahead will bring new narratives and fresh uncertainty. The advantage will belong to investors who remain committed to the long game—not as a default setting, but as a deliberate choice. That is how enduring outcomes are built.