MONTHLY
NEWSLETTER

CONSENSUS, CORRECTION, AND THE COST OF COMFORT

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Market Data & Macros

MARKET SNAPSHOT

BSE Sensex: 76,957 (-1.46% MoM) **Nifty 50:** 24,080 (-1.24% MoM) **Nifty Bank:** 58,024 (1.33% MoM) **Nifty Midcap:** 64,224 (2.08% MoM) **Nifty Small-Cap:** 19,931 (3.06% MoM) **Nifty PE Ratio:** 20.36 *"MoM" an abbreviation for "Month on Month Performance". Data as on 31st August, 2026.	**Brent Crude:** 88.55 **Gold (Rs/10 gms):** 1,54,981 **10-year G-sec yield:** 6.95% Data as on 31st August, 2026.

August was a month of contrasting signals for global markets. Strong technology earnings and continued optimism around AI supported equities, while rising crude prices and a renewed shift in U.S. rate expectations brought volatility back towards month-end.

Global equities remained resilient for most of the month, but sentiment weakened after the **Jackson Hole speech on 28 August,** when Fed Chair Kevin Warsh adopted a more hawkish tone and the global bond yields moved higher. The **Japanese 2-year yield reached its highest level in 31 years**, highlighting the broader repricing in global rates. Indian equities ended August lower. The NIFTY 50 closed at 24,080 on 31 August, down 1.24% from 24,383.60 at the end of July, while the Sensex declined approximately 1.46% over the month. The weakness intensified on the final trading day, with the NIFTY falling 0.39%, as Brent crude moved back above $90 and expectations of higher U.S. rates increased.

Foreign Portfolio Investors turned net buyers for a second consecutive month, investing ₹30,919 crore in Indian equities in August, following ₹20,200 crore in July, after four consecutive months of heavy selling. However, **FPIs remained net sellers of roughly ₹2.23 lakh crore during 2026**, indicating that the improvement in flows is meaningful but still relatively recent. The rupee stayed range-bound but pressured: ₹95.43/$ on 28 August vs. ₹95.38/$ in July, weakening further by month-end on oil and geopolitical tensions. India's 10-year yield rose to a two-month high. **Gold and Silver had their strongest month since January,** despite giving back over 3% post-Jackson Hole speech.

The month highlighted how quickly the market narrative can change. For much of the month, strong technology earnings, improving foreign flows and resilient domestic fundamentals supported risk assets. By month-end, however, **oil, inflation and interest-rate expectations had once again became the dominant variables**. In uncertain markets, maintaining rebalancing and asset allocation discipline can be more valuable than reacting to each new market narrative.

In The News:

1. **HDFC Bank CEO Sashidhar Jagdishan steps down** on 26 October 2026 after his second term.
2. **Nvidia's outlook points to ~70% revenue growth for 2027,** well above market expectations.
3. India's new **20-minute Closing Auction Session (3 August) had its first major test** at the 31 August MSCI rebalance, adding Laurus Labs, Lenskart, Adani Energy Solutions and Groww to the MSCI Global Standard Index.
4. U.S. equity funds saw $22.33 billion in net outflows in the week to 26 August; **largest weekly withdrawal since March.**
5. The U.S. proposed a **$103,265 H-1B visa fee for new applications**.
6. China's official manufacturing **PMI rose from 49.2 in July to 49.8 in August,** still below the 50-mark.

From Director's Desk

The Comfort of Being Wrong Together

There is a peculiar comfort in being wrong when everyone around you is wrong too.

When everyone is optimistic about an asset, a sector or a particular investment theme, participating feels reassuring. We rarely question the decision because the decision itself has become the consensus. Conversely, when markets are falling and almost everyone is talking about risk, stepping away can feel like prudence—even when the underlying investment case has not changed materially.

This is where behavioural finance becomes particularly interesting. We are not simply afraid of losing money. We are often more uncomfortable with the possibility of being wrong alone.

Markets today provide several examples of this phenomenon. There are periods when artificial intelligence becomes the dominant investment narrative, when gold appears to be the obvious hedge, or when a particular market or sector seems impossible to ignore. The narrative may be supported by perfectly rational arguments, and that is what makes it difficult to distinguish a sound long-term thesis from the comfort of consensus.
That is an important reminder. There is rarely one universally correct investment response to a market event.

The more experienced I become, the more I believe that investment decisions should be judged by the reason behind them, rather than by whether they happen to agree with the crowd. A decision can be uncomfortable and still be appropriate. Similarly, a decision can feel reassuring simply because everyone else is making it—and still carry considerable risk.

Consider the years preceding the Global Financial Crisis. For a long period, rising property prices, abundant credit and strong financial markets reinforced one another. The consensus made the environment feel safer than it actually was. When the cycle turned, the fact that so many participants had shared the same assumptions offered little protection.

The lesson is not that consensus is always wrong. Often, the consensus is right, and there are good reasons why a particular investment becomes popular. The lesson is that popularity should never be confused with certainty.

A sensible investment process therefore needs something more than a view on markets. It needs an understanding of why a decision is being made, what could make that decision wrong, how much risk can actually be taken, and whether the portfolio can withstand an outcome that differs from expectations.

This is also why diversification matters. It is not an admission that we do not have convictions. It is an acknowledgement that even strongest convictions can be wrong. Perhaps the most difficult investment decision is therefore not going against the crowd. It is being comfortable enough with your own framework that you do not need the crowd to validate it. Because markets will always provide company. There will always be a popular trade, a dominant narrative and a compelling reason why everyone seems to be doing the same thing.

But in investing, being surrounded by people who agree with you can provide comfort. It cannot provide certainty.