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Shubh Deepavali 2026

Samvat 2083

Bank Nifty Outlook

Diwali Special | November 2026



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Samvat 2083 at a Glance

Global Markets in Turmoil, India's Banking Sector Stands Resilient

Can Bank Nifty reclaim 61,750 and advance towards 64,200 in Samvat 2083?

Bank Nifty (6 Nov)	Accumulation Zone	Conservative Target	Major Hurdle	Extended Target
59,086	**55,000–56,500**	**60,000–61,500**	**61,750**	**64,200**
+8.04% in the week	*Buy on declines*	*One-year objective*	*Previous major high*	*On sustained breakout*

What Is Shaping the Outlook

- **Headwinds:** geopolitics, volatile crude, US policy shifts, stretched AI valuations
- **Strengths:** healthier balance sheets, improving asset quality, ~7% GDP growth
- **Watch:** RBI repo at 5.50%, deposit competition and margins

OUR VIEW

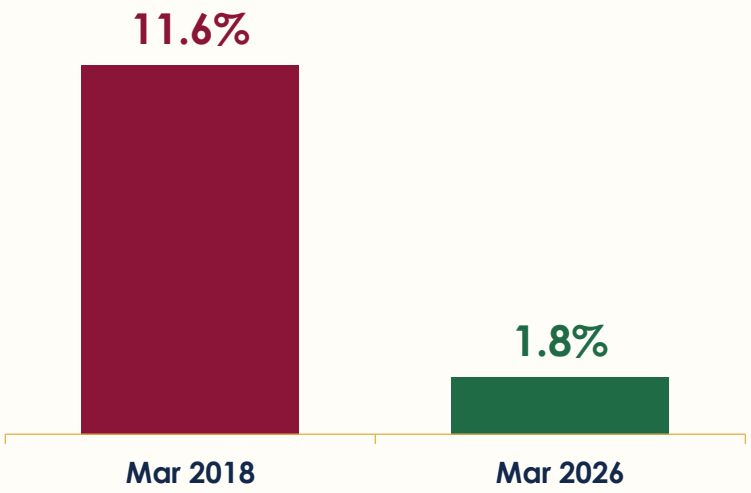
Cautiously Positive

Buy on Declines, targeting 60,000–61,500, with scope for 64,200 on a breakout above 61,750.

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Asset Quality: The Foundation

Gross NPA Ratio: SCBs



Scheduled commercial banks, gross NPA ratio (%)

GNPA Mar 2018

~11.6%

Peak stress era

GNPA Mar 2026

1.8%

Multi-year low

Why It Matters

- **Lower provisioning** lets more operating profit flow to net earnings
- **Stronger capital adequacy** and provision coverage absorb shocks
- **Better underwriting,** recoveries and balance-sheet management
- **Different cycle:** not driven by corporate defaults and credit losses

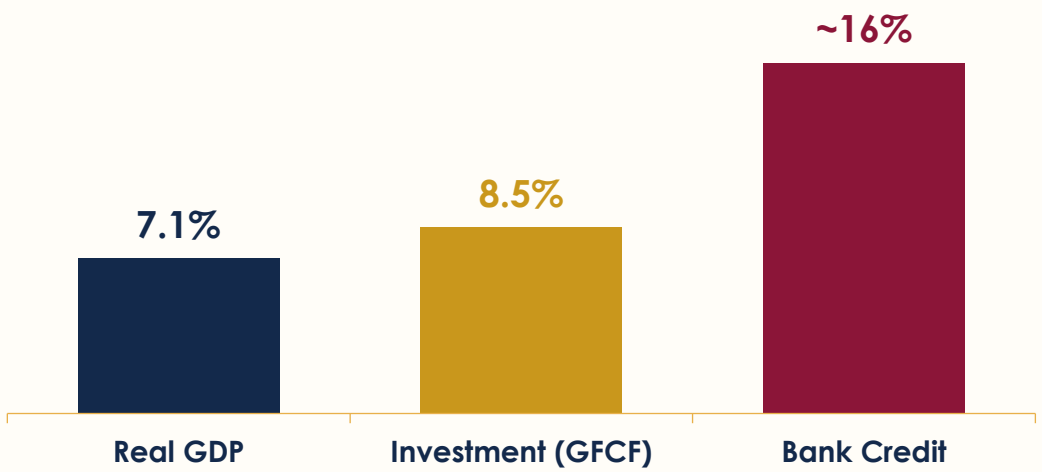
Cleaner balance sheets are the **foundation of banking resilience** this cycle

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Credit Growth & Economy

Real GDP Growth FY27	Real GDP Growth FY28	Bank Credit Growth FY27	Investment (GFCF) FY27
7.1%	7.0%	~16%	~8.5%
RBI SPF, Oct 2026	*RBI SPF, Oct 2026*	*Scheduled commercial banks*	*Supports corporate lending*

FY27 Projections (%)



Sources of Credit Demand

Retail | Housing Finance | MSME | Infrastructure | Corporate Working Capital

Unlike previous cycles, stronger corporate balance sheets and lower leverage could let banks expand lending while keeping asset quality healthy.

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Private Banks: Profit & Capital

Return on Assets	Return on Equity	CET-1 Capital
≥ ~2%	Healthy	Robust
Sustainable profitability	*Consistent returns*	*Strong loss-absorbing buffer*

Our quality benchmarks for preferred banks, not averages for every Bank Nifty constituent

Levers for Pre-Provision Operating Profit

- Digitisation
- Automation
- Fee Income
- Cost Discipline

Franchise Strengths

- Diversified loan portfolios
- Established deposit franchises
- Stronger digital capabilities
- Improving operating efficiency

Key swing factor: mobilising deposits at competitive rates to protect net interest margins

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RBI Policy, Inflation & Deposits

RBI REPO RATE

5.50%

Raised in October 2026

Tailwind: higher yields on some loan books

Headwind: deposit repricing and funding competition can squeeze margins

Profitability Balance

1. **Loan growth**
2. **Deposit mobilisation**
3. **Operating costs**
4. **Credit quality**

Inflation Watch

- **El Niño:** higher food inflation, weaker rural demand
- **Delayed easing:** less room for RBI rate cuts
- **Crude volatility:** adds inflation pressure
- **Borrowing costs:** hit business confidence and households

Margins will hinge on the balance between **loan growth, deposit costs and credit quality**

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Fund Flows & Valuations

FII Return Triggers

1. **Recovery in global risk appetite**
2. **Stable currency conditions**
3. **Attractive relative valuations**

Banks are a major part of FII exposure to India

Domestic Liquidity

- **Domestic institutions**
- **Mutual funds**
- **Systematic investment plans**

An additional source of market liquidity beyond foreign flows

Where We Lean

Better positioned

- Consistent profitability
- Strong capital adequacy
- Prudent lending practices

Less favoured

- Highly leveraged lenders
- Aggressively valued financials

Valuation expansion cannot last without **corresponding earnings growth**

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Risks We Are Watching

1 AI Valuation Correction

- Sharp fall in global AI-linked stocks
- Widespread institutional risk aversion

2 US Rates & Dollar

- Elevated US interest rates
- Dollar strength
- Renewed foreign portfolio outflows

3 Inflation & Geopolitics

- Inflation uncertainty at home
- Geopolitical tensions
- Crude oil volatility

4 State Elections 2027

- Periodic market volatility
- Shifts in investor sentiment

Cushion: India's stronger financial system provides an important buffer against global instability.

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Bank Nifty ·Weekly Chart



Accumulate 55,000–56,500 • Target 60,000–61,500 • Hurdle 61,750 • Breakout target 64,200

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Technical Read: Key Levels

Bank Nifty Level Map (Weekly)

TARGET	64,200	Extended target on breakout
HURDLE	61,750	Previous major high
TARGET	60,000–61,500	Conservative 1-year target
CLOSE	59,086	Weekly close (6 Nov 2026)
SUP	58,756	Fibonacci 78.6% retracement
SUP	57,012	Medium-term moving average
SUP	56,356	Ichimoku conversion line
BUY	55,000–56,500	Accumulation zone
SUP	54,734	Fibonacci 50% retracement
BASE	~51,000	Long-term moving average

What the Chart Says

- **Strong rebound:** +4,399 points (+8.04%) in one week
- **Back above** key moving averages and Ichimoku conversion line
- **Rising channel** structure intact since early 2025
- **Next test:** previous high near 61,750

BREAKOUT TRIGGER

Decisive, sustained move above **61,750** can open the way to **64,200**

Needs earnings, institutional inflows and stable rate expectations

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Samvat 2083 Scenario Map

Breakout

Bank Nifty zone

Above 61,750

Outcome

Towards 64,200

- Stronger bank profitability
- Institutional inflows
- Stable rate expectations
- Continued economic expansion

Base Case

Bank Nifty zone

Up to 61,500

Outcome

60,000–61,500

- Improving earnings
- Sustained lending growth
- Stable asset quality

Buy Zone

Bank Nifty zone

55,000–56,500

Outcome

Accumulate selectively

- Use corrections to add quality banks
- Reassess if fundamentals weaken substantially

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Our Samvat 2083 Strategy

View	Strategy	Conservative Target	Extended Target*
Cautiously Positive	Buy on Declines	60,000–61,500	64,200

How We Would Approach It

- **Accumulate** on corrections towards 55,000–56,500
- **Hurdle:** 61,750; breakout opens 64,200
- **Keep risk in focus:** valuations, asset quality, risk management

What We Look For in Banks

RoA near 2% | Healthy RoE | Robust CET-1 | Deposit Franchise | Prudent Lending

Global uncertainty may create volatility, but **India's banking strength** offers a chance to take part in long-term growth, with valuations, asset quality and risk management at the centre.

**Conditional on a sustained breakout above 61,750. Research outlook dated November 7, 2026. Targets represent conditional market scenarios and are not guaranteed returns.*

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