Religare Broking

Sep 04, 2026

Market Recap September Edition

Monthly Explorer

Fundamental

Technical

CONTENT

- Monthly Write up
- Fundamental Monthly Wrap-up
- Technical Monthly Outlook

Dear Investor,

◊ August 2026 Market Summary

Indian equities remained resilient in August 2026, supported by strong domestic institutional participation and healthy economic fundamentals. FIIs/FPIs recorded equity outflows of ₹7,532 crore in July, while DIIs extended their buying streak to 37 consecutive months, investing ₹58,268 crore. Gross GST collections increased 14.8% YoY to ₹1.99 lakh crore in August, signalling sustained economic activity. Meanwhile, the HSBC India Manufacturing PMI moderated to 52.8 from 53.5 in July, indicating continued manufacturing expansion despite softer growth momentum, weaker new orders and competitive pressures. Overall, strong domestic liquidity and economic fundamentals provided support despite global uncertainties.

Sectoral Highlights: Sector performance in August 2026 was led by Capital Goods (+2.9%), Metals (+2.4%), Healthcare (+1.5%), Auto (+0.8%) and IT (+0.7%), reflecting continued investor preference for industrial and defensive themes. In contrast, FMCG (-4.1%), Power (-3.3%), Oil & Gas (-2.1%) and Teck (-1.5%) witnessed profit booking. Over the past year, Metals (+38.0%), Capital Goods (+21.1%), Healthcare (+18.2%), Power (+16.0%) and Auto (+13.9%) remained strong performers, while FMCG (-14.8%), IT (-13.7%) and Teck (-9.6%) continued to underperform.

Fund Flow Trends: India's equity market liquidity remained resilient in July 2026 despite persistent foreign selling, with FIIs/FPIs recording equity outflows of ₹7,532 crore, compared with ₹5,779 crore in the previous month. Meanwhile, DIIs extended their buying streak to 37 consecutive months, investing ₹58,268 crore. Strong domestic institutional participation helped offset foreign outflows and support market stability amid global uncertainties. Continued DII buying highlights the strength of domestic liquidity and provides a supportive backdrop for Indian equities, although global macroeconomic and geopolitical risks remain key drivers of investor sentiment and near-term market volatility.

◊ Key Data & Economic Highlights

Equity Mutual Funds: India's mutual fund AUM rose 4.3% MoM to ₹85.76 lakh crore in July 2026, while SIP inflows hit a record ₹31,961 crore, remaining above ₹30,000 crore for the fifth month. Active equity inflows moderated 14.8% to ₹24,697 crore, marking the 65th consecutive month of inflows. Small-cap funds led with record ₹7,768 crore inflows, followed by mid-cap and flexi-cap funds, while large-cap funds saw ₹1,322 crore outflows. Debt funds recorded a sharp turnaround with ₹1.88 lakh crore inflows, led by liquid and overnight funds, reflecting post-quarter-end corporate liquidity.

GST Revenue: India's gross GST collections rose 14.8% YoY to ₹1.99 lakh crore in August 2026, nearing the ₹2 lakh crore mark, while net collections increased 8.3% to ₹1.68 lakh crore. Higher refunds, which surged 67.9% to ₹31,795 crore, moderated net revenue growth. Import-related GST collections increased 29% to ₹62,604 crore, while domestic transaction revenues grew 9.3%, indicating resilient consumption and stronger tax compliance. Cumulative gross GST collections during April–August FY27 stood at ₹10.43 lakh crore, up 11% YoY. The sustained growth highlights continued formalisation of economic activity, improving tax buoyancy and a healthy underlying revenue environment.

Auto Sales: India's passenger vehicle market continued its strong growth trajectory in August 2026, with domestic dispatches growing ~35% YoY to around 4.5 lakh units, aided by festive-season inventory buildup. Maruti Suzuki remained the market leader with 1,76,971 units, up 34.8% YoY. Tata Motors recorded 65,253 units, rising 59%, supported by a 94% jump in EV sales to 16,549 units. Mahindra & Mahindra posted 59,257 SUV dispatches, up 50%, while Hyundai Motor India achieved its highest-ever August dispatches at 54,396 units, growing 23.6%. Overall, strong demand and accelerating EV adoption continue to support sector growth.

Inflation & IIP: India's July 2026 macro data indicated a moderate rise in inflation alongside resilient industrial activity. CPI inflation increased to 4.45% YoY from 4.38% in June, driven by higher food prices, with food inflation rising to 5.52%. Rural inflation stood at 4.84%, above urban inflation of 3.96%. Meanwhile, IIP growth moderated to 6.7% YoY from a revised 8.8% in June, while manufacturing output expanded 7.3%. Capital goods production remained a key growth driver, rising 16.1% YoY and recording its fourth consecutive month of double-digit growth. Overall, the data point to sustained investment momentum and resilient domestic economic activity.

◊ Global Market Update

Global equity markets remained under pressure in August 2026, weighed down by elevated geopolitical risks, rising crude prices and uncertainty over the US monetary policy outlook. While the S&P 500 gained 2.6% and MSCI EM Asia advanced 3.4%, performance remained uneven, with Taiwan's technology sector outperforming amid continued weakness in China. Brent crude ended the month near $90 per barrel as renewed US-Iran tensions heightened concerns over supply disruptions. Meanwhile, the US Federal Reserve held rates at 3.50-3.75% in a 9-3 vote. By month-end, hawkish signals and higher oil prices increased expectations of a potential September rate hike.

◊ Outlook

Equity markets enter the period with a balanced outlook, supported by resilient corporate earnings, and continued strength in AI and semiconductor stocks, and robust domestic growth, with India's Q1 FY27 real GDP expanding 7.8%. However, elevated crude prices above $90/bbl, Middle East geopolitical risks, persistent inflation and rising expectations of tighter US monetary policy could keep volatility elevated. With global markets closely tracking oil prices, economic data and Fed signals, the focus is expected to remain on earnings visibility, valuation comfort and companies with strong fundamentals and sustainable growth prospects.

Research Team
Religare Broking Limited

MONTHLY WRAP-UP

Indian Indices	Close	1 Month (% change)	1 Year (% change)
SENSEX	76,957	-1.5	-3.6
CNX NIFTY	24,080	-1.2	-1.4
BSE MIDCAP 150	17,296	1.6	11.4
BSE SMLCAP 250	7,226	2.4	9.2
NIFTY BANK	58,025	1.3	8.1

Indian Indices	Close	1 Month (% change)	1 Year (% change)
BSE - PSU	20,601	-0.4	12.5
Bse Auto	63,762	0.8	13.9
Bse Bankex	65,199	0.4	8.6
Bse Capital Goods	79,250	2.9	21.1
Bse Consumer Durables	64,727	-0.6	6.7
Bse Fast Moving Consumer Goods	17,559	-4.1	-14.8
Bse Healthcare	51,567	1.5	18.2
Bse Information Technology	29,718	0.7	-13.7
Bse Metal	41,931	2.4	38.0
Bse Oil & Gas	25,931	-2.1	1.5
Bse Power	7,414	-3.3	16.0
Bse Realty	7,028	-0.1	3.9
Bse Teck	15,387	-1.5	-9.6

Close price as on 31 August, 2026

FIIS INVESTMENTS IN INDIAN EQUITIES

Net Investment (Rs Crore)

Months	2022	2023	2024	2025	2026
Jan	(41,346)	(41,465)	(35,978)	(87,375)	(41,435)
Feb	(45,720)	(11,091)	(15,963)	(58,988)	(6,640)
Mar	(43,281)	1,998	3,314	2,014	(1,22,540)
Apr	(40,653)	5,712	(35,692)	2,735	(43,706)
May	(54,292)	27,856	(42,214)	11,773	(55,963)
Jun	(58,112)	27,250	2,037	7,489	(49,028)
July	(6,568)	13,922	5,408	(47,667)	(5,779)
Aug	22,026	(20,621)	(20,339)	(46,903)	(7,532)
Sept	(18,308)	(26,692)	12,612	(35,301)	
Oct	(489)	(29,057)	(1,14,446)	(2,346)	
Nov	22,546	7,033	(45,974)	(17,500)	
Dec	(14,231)	31,960	(16,982)	(34,350)	

MARKET OVERVIEW

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MARKET OUTLOOK

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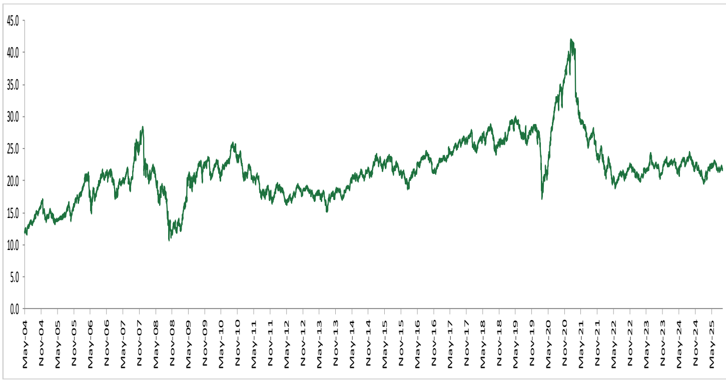
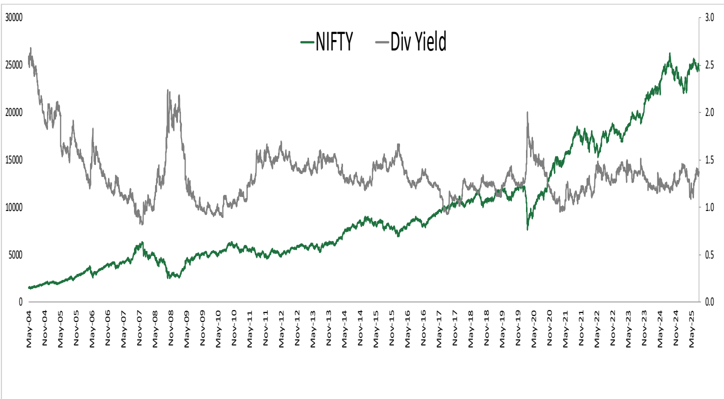
Nifty PE Movement



Nifty Dividend Yield Chart



MONTHLY OUTLOOK

The Month That Was:-

Nifty lost **303.20** points in the month of August, 2026.

Below is a summary of Top Nifty Gainers & Losers:

Top Nifty Gainers Aug 2026

Scrip Name	*Close Price* (Rs.)	% Change
GRASIM	3,371.00	8.71
ETERNAL	328.10	8.48
KOTAKBANK	419.40	7.46
BEL	414.45	6.86
SHRIRAMFIN	1,109.90	6.04

Top Nifty Losers Aug 2026

Scrip Name	*Close Price* (Rs.)	% Change
TMPV	308.85	-9.09
ITC	255.50	-9.07
BHARTIARTL	1,811.90	-8.12
SBILIFE	1,740.50	-7.52
BAJFINANCE	1,057.00	-7.38

Closing of last trading day of the month.

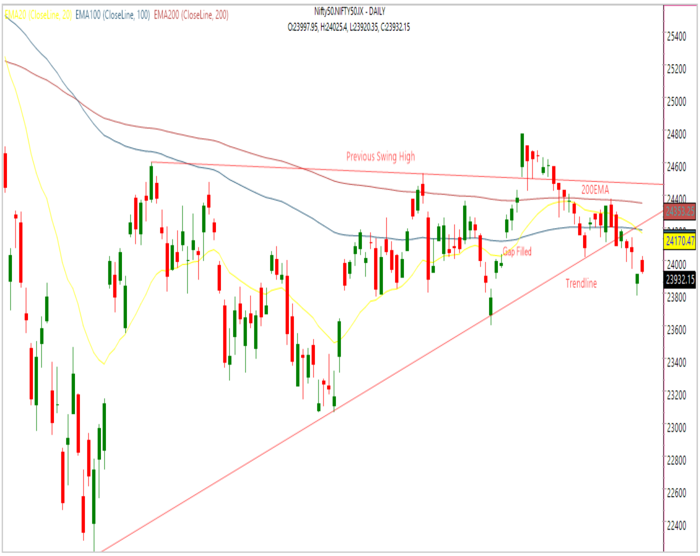
- Breadth was negative in August 2026, with 19 Nifty stocks closing in the green versus 31 stocks in the red.
- Relative comparison showed Metal, Pharma, IT emerged as the top-performing sectors, while FMCG, Media and Energy underperformed in August 2026

Sector Relative Performance

* All the sectors have been compared with Nifty & the zero line represent Nifty. The movement of the sector vis-a-vis Nifty whether they outperform or underperform is shown in the above chart. It shows which sectors have attracted inflows and also the sectors from where money has exited.

Outlook for Nifty 50 (24,080.40)*

Support 23,800/23,600/23,300
Resistance 24,200/24,400/ 24,600



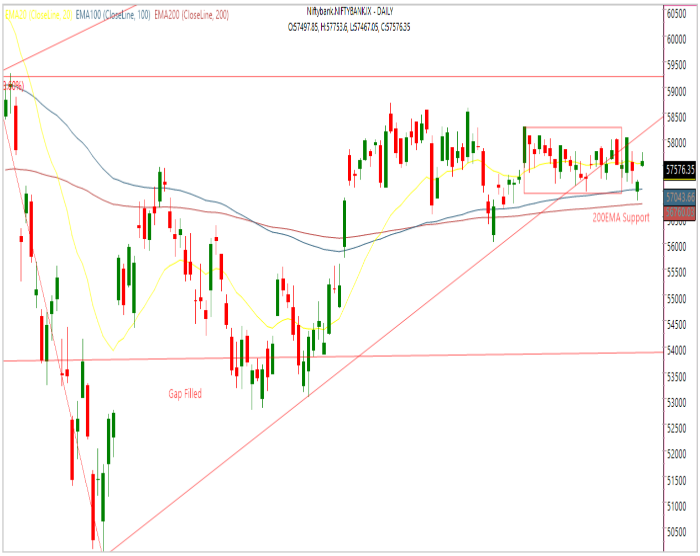
- Nifty continued to trade within its broader range with a cautious undertone. The index encountered overhead resistance during this phase and eventually ended August on a weaker note, declining 1.24% to close at 24,080.40.

- On the sectoral front, Metal, Pharma and IT emerged as the key performers, supporting overall market strength, while FMCG continued to underperform, remaining the major drag, followed by Media and Energy.

- Technically, after an extended sideways movement, Nifty has broken down from its broader range and slipped below the trend line support, indicating a weakening near-term structure. The index also faced resistance from key short- to long-term moving averages and failed to sustain the rebound, subsequently forming an intermediate lower high and lower low. The prevailing setup suggests further weakness, with the possibility of further downside towards the 23,700-23,600 mark. On the upside, any recovery is likely to face immediate resistance around 24,200, where a confluence of key moving averages is placed, followed by the 24,400 zone. A decisive move above 24,400 would be required to revive the short-term structure. Hence, investors should maintain a cautious approach towards the index and adopt a selective strategy in stocks and sectors displaying relative strength on a rotational basis.

Outlook for Bank Nifty (58,024.95)*

Support 56,800/ 56,000/55,300
Resistance 58,600 / 59,200/ 60,000



- The banking index remained range-bound within a 1,000-point band, largely fluctuating between the 57,000–58,000 zone, reflecting a muted performance. The index settled with a month-on-month gain of 1.33% at 58,024.95.

- Performance across private and PSU banks remained mixed, with HDFC Bank emerging as a relative laggard, losing over 5% and weighing on the index. In contrast, Union Bank and Kotak Bank displayed relative resilience.

- The Banking index has maintained its footing above the 200-day EMA during the consolidation phase. However, a decisive break down below this key long-term moving average, coinciding with the 56,500 support zone, could trigger intermediate pressure towards 55,800–55,600. On the upside, a sustained move above the 58,000 zone is crucial to resume the uptrend and pave the way towards 59,000 and 60,000 levels.

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S No.	Statement	Answer	
		Tick Appropriate	
		Yes	No
1.	I/we or any of my/our relative has any financial interest in the subject company? (If answer is yes, nature of interest is given below this table)		No
2.	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of the research report or date of the public appearance?		No
3.	I/we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of the public appearance?		
4.	I/we have received any compensation from the subject company in the past twelve months?		No
5.	I/we have managed or co-managed public offering of securities for the subject company in the past twelve months?		No
6.	I/we have received any compensation for brokerage services from the subject company in the past twelve months?		No
7.	I/we have received any compensation or other benefits from the subject company or third party in connection with the research report?		No
8.	I/we have served as an officer, director or employee of the subject company?		No
9.	I/we have been engaged in market making activity for the subject company?		No

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Nature of Interest [If answer to f (a) above conflicts is Yes ....]

Name(s) with Signature(s) of RA(s).

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to

S. No.	Name of RA	Signature of RA	Serial Question of question which the signing RA needs to make a separate declaration	Answer	Answer