

Market Flash

February 02, 2026



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Indian equity markets navigate high-voltage Budget week

Indian equity indices endured a noisy week ending February 1, 2026, as the Union Budget triggered a sharp sell-off in a first of its kind Sunday session. The Nifty 50 concluded the week at 24,825.45, falling -1.96% on Budget Day, while the Sensex plummeted -1.88% (1,546 points) to settle at 80,722.94. Market sentiment fractured after the government announced an unexpected increase in the Securities Transaction Tax (STT) on F&O, raising the STT on Futures from 0.02% to 0.05%. STT on options premium and exercise of options to be raised to 0.15% from rate of 0.1% and 0.125%, respectively.

Finance minister has presented record 9th Union Budget 2026 – 2027 today. The government has anchored this budget in the vision of Viksit Bharat, balancing high-growth ambition with social inclusion. With a total estimated expenditure of 53.5 lakh crore, the budget balances a record 12.2 lakh crore capital outlay (capex), an increase of approximately 9% over the previous year's revised estimate, with a steady path of fiscal consolidation.

Nifty 50 opened marginally positive today with 0.03% gains while Nifty Midcap 150 and Nifty Smallcap 250 opened negative with -0.34% and -0.65% respectively today following significant losses registered across indices post Sunday budget.

Weekly review - January 26, 2026 to February 1, 2026

The week saw the rare occurrence of a special Sunday trading session for the Budget announcement on February 1. Early in the week, markets staged a minor recovery as global trade fears regarding potential US tariffs seemed momentarily discounted. However, this optimism vanished as the finance minister proposed raising the STT on Futures.

For the week ended on 1 Feb '26, Nifty50 registered 0.9% losses while Nifty Midcap 150 and Nifty Smallcap 250 gained 0.2% and 0.7% respectively. The India VIX volatility index surged nearly 11% on Sunday to finish at 15.09 while showing upward movement of 6.4% over the week, reflecting heightened anxiety as participants adjusted to the new cost structures in the F&O segment.

Institutional flows showed a notable divergence. While FIIs remained in net-selling mode for the month of January DIIs absorbed much of the shock with net buying leading up to the Budget. However, during the Sunday Budget session, both segments turned net sellers, with FIIs and DIIs offloading ₹588.34 crore and ₹682.73 crore in the cash segment respectively.

Sectoral performance was starkly divided over the last week ended on 1 Feb 2026. Sectors such as Defence, Energy, Infra, Oil & Gas and Realty emerged as gainers, gaining between 1% and 3% led by defence sector gaining over 3.3%. Conversely, the FMCG, Nifty PSU Bank, Capital Markets and Realty sectors faced selling pressure, sliding between 2% to 3%.

INDEX	01-Feb-2026	1 Week %	1 Month %	1 Year %
NIFTY 50	24,825	-0.9%	-5.1%	5.6%
NIFTY NEXT 50	66,361	0.2%	-4.8%	5.1%
NIFTY MIDCAP 150	21,042	0.2%	-5.9%	6.0%
NIFTY SMALLCAP 250	15,421	0.7%	-7.5%	-2.7%
NIFTY 100	25,386	-0.7%	-5.0%	5.5%
NIFTY 200	13,806	-0.6%	-5.2%	5.7%
NIFTY 500	22,611	-0.4%	-5.4%	4.8%
NIFTY MICROCAP 250	20,973	2.2%	-7.2%	-7.7%

INDEX	01-Feb-2026	1 Week %	1 Month %	1 Year %
NIFTY INDIA DEFENCE	7,768	3.3%	0.5%	21.5%
NIFTY ENERGY	34,056	2.9%	-4.1%	0.5%
NIFTY PSE	9,848	2.4%	-0.6%	6.1%
NIFTY INDIA INFRA & LOGISTICS	10,751	1.7%	-5.8%	0.0%
NIFTY OIL & GAS	11,454	1.3%	-6.4%	8.2%
NIFTY REALTY	766	1.2%	-13.5%	-16.9%
NIFTY PRIVATE BANK	28,205	0.7%	-2.0%	15.7%
NIFTY MEDIA	1,360	0.6%	-6.1%	-13.9%
NIFTY INDIA DIGITAL	9,016	0.2%	-5.0%	-0.8%
NIFTY CONSUMER DURABLES	34,232	0.2%	-7.0%	-8.9%
NIFTY IT	38,253	0.0%	0.2%	-10.3%
NIFTY INFRASTRUCTURE	8,923	0.0%	-7.8%	6.9%
NIFTY HOUSING	11,261	-0.1%	-5.1%	6.6%
NIFTY BANK	58,417	-0.1%	-2.2%	17.8%
NIFTY SERVICES SECTOR	32,652	-0.2%	-3.3%	6.3%
NIFTY INDIA TOURISM	7,590	-0.4%	-12.0%	-10.2%
NIFTY FINANCIAL SERVICES	26,699	-0.5%	-3.5%	15.0%
NIFTY INDIA NEW AGE CONSUMPTION	10,846	-0.5%	-8.9%	-0.6%
NIFTY INDIA MANUFACTURING	14,700	-0.5%	-5.0%	10.5%
NIFTY MNC	29,784	-0.8%	-2.8%	8.5%
NIFTY PHARMA	21,535	-0.9%	-4.9%	0.5%
NIFTY EV & NEW AGE AUTOMOTIVE	2,906	-0.9%	-8.1%	1.5%
NIFTY CHEMICALS	27,091	-0.9%	-6.4%	0.0%

INDEX	01-Feb-2026	1 Week %	1 Month %	1 Year %
NIFTY TRANSPORTATION & LOGISTICS	23,991	-1.0%	-8.0%	12.3%
NIFTY HEALTHCARE INDEX	13,802	-1.1%	-5.5%	0.1%
NIFTY METAL	11,349	-1.1%	0.8%	35.1%
NIFTY FINANCIAL SERVICES EX-BANK	29,954	-1.8%	-6.4%	18.9%
NIFTY RURAL	15,166	-2.2%	-6.1%	8.5%
NIFTY INDIA CONSUMPTION	11,272	-2.3%	-7.9%	1.4%
NIFTY AUTO	26,191	-2.3%	-8.0%	14.5%
NIFTY CAPITAL MARKETS	4,381	-2.4%	-5.4%	27.4%
NIFTY PSU BANK	8,517	-3.0%	-0.6%	34.8%
NIFTY FMCG	50,043	-3.1%	-6.8%	-11.7%

Global Markets

Global investor focus shifted toward the US Federal Reserve, which held interest rates steady at 3.5%–3.75% during its January 28 meeting marking a pause after three consecutive cuts. This status quo strengthened the US Dollar Index, maintaining pressure on emerging market currencies. In Asia, sentiment remained subdued as Chinese economic data continued to signal weakness amid ongoing global trade friction.

Rupee, Oil, Gold & FIIs/DIIs

Indian Rupee: The INR remained near its record low, trading around 91.80–91.95 against the USD, pressured by a firm dollar and budget-related uncertainty.

Crude Oil: Brent Crude prices showed volatility, trading near \$68 per barrel earlier in the week before dipping toward \$62 as supply concerns were offset by ongoing US-Iran negotiations.

Gold & Silver: Precious metals witnessed a sharp correction. Retail gold prices in India dropped to approximately 1,47,960 per 10 grams (24K) on February 1, reflecting a nearly 20% correction from recent peaks as investors booked profits.

FIIs & DIIs: For the month January, FIIs were total net sellers of approximately - 41,435 crore, while DIIs absorbed the pressure with total net buying of over 69,220 crore in January 2026.

Budget Summary: A Resilient Path to 2047

The 2026-27 Budget reinforces India's economic trajectory by prioritizing Potential into Performance. By prioritizing Fiscal Prudence (targeting a debt-to-GDP ratio of 50.1% by 2030) alongside Structural Reforms, the budget aims to provide a "Reform Express" for domestic manufacturing and digital leadership. By integrating cutting-edge technologies like AI across governance and agriculture and providing a massive ~ 12 lakh crore public capex push, the government has built a robust foundation for sustained 7% growth. The budget announced number of positive measures for Infrastructure, Services and Manufacturing sectors.

Markets in the coming week will focus on:

Post-Budget review: Continued reaction to the STT hikes and the decision to tax share buybacks as capital gains.

RBI Monetary Policy: Expectations for the February MPC meeting following the US Fed's hold.

Corporate Earnings: Critical Q3 results from across sectors and review of overall earnings season.

Source – NSE India, Bloomberg estimates as on February 02, 2026 or as latest available.

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