



HSBC Mutual Fund

Market Flash

January 12, 2026





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Indian equity markets witnessed a weak trend

Indian equity indices have opened lower on Monday amid negative global cues and especially news flow with respect to ongoing trade tariffs discussions by US on India. At 9:48 AM, the Nifty was trading at 25,549 down 120 points or (- 0.52%). The Sensex was at 83,237 levels down 338 points or (- 0.41%). As of January 5, 2026, the Indian Rupee (USD/INR) opened around the 90.22 level near the psychological 90-dollar mark.

Broader indices opened mixed on Monday with the Mid Cap index and Small Cap index trading lower. The Nifty Mid Cap 150 index is down -1.04%, while the Nifty Small Cap 250 index is down -1.47%. Fear gauge, India VIX, moved higher over by 8.5% today.

Most of the sectoral indices are trading negative on Monday. The Nifty FMCG, Nifty Capital Market and Nifty Metal index have opened slightly positive today. Nifty Media, Nifty Healthcare, Nifty Pharma, Nifty Realty all these indices have opened down by over -1%.

Indian equity markets witnessed a weak trend during the last week ended January 9, 2026, amid negative cues for India arising from the news flow on US trade tariffs. Investors remained selective with focus shifting towards upcoming macroeconomic data, global central bank cues, and the start of the Q3FY26 corporate earnings season.

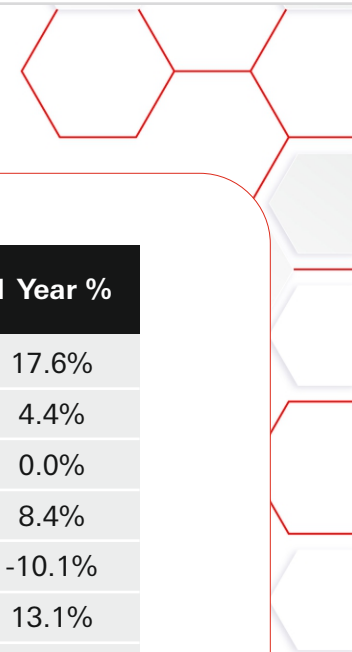
Weekly review - January 05, 2026 to January 11, 2026

During the first full trading week of the year, markets faced a sharp correction as early optimism gave way to selling pressure. The week began on a cautious note with the Nifty50 hitting fresh intraday highs before reversing gains due to renewed trade tensions and profit booking. Sentiment was severely dampened by US tariff-related trends concerning India's trade ties and Russian oil purchases, leading to a "risk-off" phase. Sensex and Nifty50 dropped over 2% during the week, with the Nifty slipping below key psychological supports. Both Midcap and Smallcap indices witnessed heavy selling as volatility, measured by India VIX, jumped nearly 16%.

Most of the sector indices declined by the end of the week, with Nifty Oil & Gas (-5.8%), Energy (-5.0%), Infrastructure (-4.7%) indices being the biggest laggards. Realty and Auto sectors, which initially showed resilience, eventually succumbed to the broader market sell-off. Banking and financial stocks also faced pressure, following the overall trend of FII outflows. The metal sector, which had seen gains previously, witnessed profit booking as investors reassessed global demand and commodity price stability in light of new trade uncertainties.

Market Index Performance	Last close	1 Week %	1 Month %	1 Year %
NIFTY 50	25,683.3	-2.5%	-0.6%	8.4%
NIFTY 500	23,467.4	-2.6%	-0.2%	5.6%
NIFTY MIDCAP 100	59,748.2	-2.6%	0.1%	6.2%
NIFTY MIDCAP 150	21,985.9	-2.6%	0.3%	5.5%
NIFTY SMALLCAP 100	17,282.7	-3.1%	0.2%	-5.9%
NIFTY SMALLCAP 250	16,209.5	-3.5%	-0.5%	-7.2%

Sector Index	Last close	1 Week %	1 Month %	1 Year %
NIFTY BANK	59,251.6	-1.5%	0.0%	18.9%
NIFTY FINANCIAL SERVICES	27,382.1	-1.9%	-0.6%	17.8%
NIFTY AUTO	28,087.7	-2.5%	2.5%	20.2%
NIFTY FMCG	52,438.2	-1.2%	-3.8%	-8.0%
NIFTY IT	38,027.2	-0.8%	-0.3%	-12.9%
NIFTY MEDIA	1,425.3	-2.6%	1.4%	-21.8%
NIFTY METAL	11,094.8	-2.9%	9.7%	30.5%
NIFTY PHARMA	22,761.0	-0.1%	1.1%	-1.1%
NIFTY PSU BANK	8,601.1	-1.1%	4.2%	35.8%
NIFTY PRIVATE BANK	28,500.7	-1.4%	-0.3%	16.5%
NIFTY REALTY	874.0	-2.8%	0.5%	-14.2%
NIFTY HEALTHCARE INDEX	14,672.1	-0.4%	0.7%	-0.8%
NIFTY CONSUMER DURABLES	37,603.0	1.0%	2.8%	-9.9%
NIFTY OIL & GAS	11,628.8	-5.8%	-1.3%	5.0%
NIFTY FINANCIAL SERVICES EX-BANK	31,501.7	-2.7%	-0.5%	23.3%
NIFTY COMMODITIES	9,367.1	-3.8%	3.7%	15.6%
NIFTY INDIA CONSUMPTION	12,027.8	-1.9%	-1.1%	5.8%
NIFTY ENERGY	34,409.3	-5.1%	-0.7%	-2.1%
NIFTY INFRASTRUCTURE	9,303.3	-4.7%	-1.4%	10.0%
NIFTY MNC	30,322.4	-1.8%	1.8%	7.8%
NIFTY SERVICES SECTOR	33,310.9	-2.2%	-1.1%	7.0%
NIFTY INDIA DIGITAL	9,314.9	-2.2%	-2.3%	-2.1%
NIFTY INDIA MANUFACTURING	15,283.3	-2.2%	2.1%	11.1%
NIFTY INDIA DEFENCE	7,891.7	1.3%	4.2%	23.5%
NIFTY INDIA TOURISM	8,149.8	-5.9%	-4.0%	-8.9%



Sector Index	Last close	1 Week %	1 Month %	1 Year %
NIFTY CAPITAL MARKETS	4,573.3	-2.3%	-0.3%	17.6%
NIFTY EV & NEW AGE AUTOMOTIVE	3,107.1	-3.0%	1.0%	4.4%
NIFTY INDIA NEW AGE CONSUMPTION	11,666.8	-2.8%	-0.8%	0.0%
NIFTY HOUSING	11,702.3	-2.5%	1.6%	8.4%
NIFTY IPO	1,988.4	-3.6%	-0.7%	-10.1%
NIFTY RURAL	15,919.0	-2.1%	0.4%	13.1%
NIFTY TRANSPORTATION & LOGISTICS	25,592.3	-2.6%	0.5%	15.8%

Global Markets

Global equity markets displayed a divergent trend during the week as domestic concerns weighed heavily on Indian benchmarks. While Asian markets traded mixed, US markets like the S&P 500 and Nasdaq showed resilience, supported by AI-driven optimism and expectations of a "soft landing" for the US economy. Expectations for a U.S. economic "soft landing" involve cooling inflation, resilient but slowing growth, a strong labor market with gradually moderating wage growth, and potential Federal Reserve interest rate cuts, all avoiding a deep recession by balancing monetary policy effectively. European markets also managed to trade with a positive bias, with indices like the DAX recording 2.3% gains over the last week.

In contrast, emerging markets faced pressure as investors assessed the impact of potential US trade policy shifts. Despite some positive AI-related cues from the Chinese tech sector boosting the Hang Seng earlier in the week, broader global sentiment remained sensitive to geopolitical developments and central bank commentary regarding the 2026 interest rate trajectory.

Rupee, Oil, Gold & FIIs/DIIs

Indian Rupee: The rupee remained under significant pressure, breaching the psychological 90-mark against the US dollar during the week, driven by sustained dollar demand and sharp FII outflows.

Crude Oil: Crude oil prices were volatile but showed an upward bias, with WTI crude crossing \$58 per barrel as markets weighed supply disruption risks against global trade uncertainties.

Gold & Silver: Safe-haven demand pushed Gold prices higher, reaching over 1,42,000, while Silver witnessed sharp swings tracking industrial demand outlooks and currency movements but closed over 2% higher compared to previous weeks close.

FIIs & DIIs: Foreign Institutional Investors were aggressive net sellers, offloading equities worth over ₹10,000 crores during the week. Domestic Institutional Investors remained net buyers of 19,000 crores, providing cushion to the sharp fall.

Overall, markets have entered a volatile phase with the focus shifting to the Q3FY26 earnings season for fundamental support.

Markets in the coming week will focus on:

- Start of the Q3FY26 corporate earnings season, led by IT majors
- Domestic inflation data (CPI) and industrial production (IIP) figures
- Developments in India-US trade negotiations and tariff rhetoric
- US inflation data and its impact on the dollar index and global yields

Source: Bloomberg, Capital Market, MOSL & HSBC MF estimates as on January 12, 2026 or as latest available.

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