

MONTHLY OVERVIEW

Jan-26

Key Observations of Dec 2025

The Indian equity market began the month on a firm footing, with the Nifty starting higher and extending early gains amid supportive domestic cues. However, the optimism was met with bouts of selling pressure as investors booked profits at higher levels. As the month progressed, the index witnessed renewed buying interest on declines, highlighting strong demand at lower levels and sustained domestic participation. Sentiment was further supported by the RBI's rate cut stance and continued success in keeping inflation under control, which reinforced confidence in macroeconomic stability. Despite intermittent volatility, the market managed to absorb selling pressure, and benchmark indices ultimately closed the month on a flat note, reflecting a balance between caution and underlying resilience.

SECTORAL SNAP SHOT

- In December 2025, major stock indices displayed a mixed performance as the market entered a consolidation phase following historic highs earlier in the month. The **Metal sector** was the standout leader, surging approximately 8.5%, driven by record copper prices and new import tariffs on steel. **PSU Banks** also ended the month on a flat note after recovering from lower levels, advancing 0.22%. The **PSE sector** followed with a gain of 1.12%, supported by up move in railway and defense stocks like RVNL and BEL, which secured fresh multi-crore contracts. The **Auto sector** also performed well advancing by 1.49% from its last month closing, as investors cheered record annual retail sales projections of 4.6 million units and year-end inventory clearance incentives.
- On the downside, the **Pharma sector** ended on a negative note by 1.19%, witnessing selling pressure in heavyweights like CIPLA and SUNPHARMA. **FMCG and Healthcare** stocks remained under pressure toward the end of the year, with indices like **Nifty FMCG** showing a slight downward bias as investors rotated capital into high-momentum value sectors.

INSTITUTIONAL ACTIVITY

- In December 2025, Foreign Institutional Investors (FIIs) intensified their selling streak, offloading a provisional **Rs.34,349.62 crore** from the Indian equity markets. This marked one of the most significant monthly exits of the year, driven by a record-breaking annual exodus as global funds reallocated capital toward the US and China, further pressured by a weakening Rupee. In sharp contrast, Domestic Institutional Investors (DIIs) acted as the primary market backbone, maintaining their aggressive bullish stance with provisional net investments of **Rs.79,619.91 crore**.



Nifty Outlook – January 2026

During the month of December, the Nifty traded within a defined range of 25,693 to 26,325, reflecting controlled volatility amid a broader uptrend. The index continues to maintain a higher-high higher-low formation, reinforcing the underlying bullish structure. At the start of the month, Nifty moved to higher levels but faced selling pressure, leading to a short-term correction. However, this decline attracted strong buying interest from lower levels, indicating healthy demand. The index subsequently recovered and closed on a flat note with marginal losses of 0.28%, highlighting the buying interest at lower levels with limited upside.

On the downside, 25,700 and 25,500 are expected to act as strong support zones. These levels coincide with the 61.8% Fibonacci retracement of the prior rally from 25,318 to 26,325 and 100 DEMA, which is likely to cushion any near-term pullbacks. Overall, the broader trend remains firmly positive, and any short-term declines are expected to be buying opportunities. A buy-on-dips strategy continues to be the preferred approach for both short-term traders and long-term investors.

Given the current market structure, here are some of the quality mid-to-large-cap names that look promising from the next 3-4 month perspective: APLAPOLLO, BHEL, CANBK, CHOLAFIN, CUB, HINDCOPPER, LTF, NLCINDIA, SBICARD, TATACONSUM.

Nifty Outlook	
Short Term - Daily	Positive
Medium Term - weekly	Positive
Long Term - Monthly	Positive

Nifty Technical Data		
Monthly Closing		26,129
Monthly High		26,325
Monthly Low		25,693
Monthly Bias:		Positive
Support Level:	25,700	25,500
Resistance Level:	27,000	27,500
Moving Averages		
50 DSMA		25,938
200 DSMA		24,932
200 WEEK MOVING AVG.		21,194



Bank Nifty Outlook – January 2026

Bank Nifty outperformed the broader Nifty index during the month of December, underlining continued strength in the banking space. The index scaled a new all-time high of 60,114 at the beginning of the month, following which some initial profit booking was witnessed in the early trading sessions. However, the corrective move remained orderly and well absorbed, with strong buying interest emerging near the 58,712 zone, indicating robust demand at lower levels. This buying momentum triggered a swift recovery, enabling Bank Nifty to resume its upward trajectory. Despite the volatility, the index ended the month marginally lower, closing down 0.23% from its opening levels, reflecting resilience rather than weakness. From a technical perspective, Bank Nifty has been forming a series of higher highs and higher lows for the fourth consecutive month and continues to trade within a rising channel. This classic bullish price structure points to sustained accumulation and strong underlying demand, particularly in heavyweight banking stocks. The price behaviour clearly highlights positive market sentiment and sectoral leadership.

Looking ahead, the broader trend remains firmly positive, and the index appears well positioned to move towards fresh lifetime highs around the 62,000 mark in the coming month. On the downside, immediate support is placed near 58,800, which also coincides with the 50-day Simple Moving Average (SMA), reinforcing its importance as a key support level. With the overall trend structure intact, traders and long-term investors are advised to accumulate quality banking stocks on declines, as the banking sector continues to exhibit strong relative strength and leadership within the broader market.

Strategy: Focus on stock-specific opportunities, especially within PSU banks, which are showing relative strength compared to private peers

Bank Nifty Outlook	
Short Term - Daily	Positive
Medium Term- Weekly	Positive
Long Term- Monthly	Positive

Banking Sector Performer	
Top Outperformer	IDFCFIRSTB
	AUBANK
Top Underperformer	ICICIBANK
	PNB

Bank Nifty Technical Data	
Monthly Closing	59,581
Monthly High	60,114
Monthly Low	58,712
Monthly Bias:	Positive
Support Level:	58,800 58,500
Resistance Level:	61,500 62,000

Moving Averages	
50 DSMA	58,813
200 DSMA	55,860
200 WEEK MOVING AVG.	46,810

Research Analyst

Kshitija Salvi

kshitija.salvi@idbicapital.com



IDBI Capital Markets & Securities Ltd. (A wholly owned subsidiary of IDBI Bank Ltd.)

Research Desk

Regd. Office: 6th Floor, IDBI Tower, WTC Complex, Cuffe Parade, Colaba, Mumbai – 400 005. Phones: (91-22) 4069 1700; Fax: (91-22) 2285 0785; Email: info@idbidirect.in

SEBI Registration: BSE & NSE (Cash & FO) – INZ000007237, NSDL – IN-DP-NSDL-12-96, Research – INH000002459, CIN – U65990MH1993GOI075578

Compliance Officer: Ms. Pushkar Vartak; Email: compliance@idbicapital.com; Telephone: (91-22) 4069 1700

Disclaimer

This report has been published by IDBI Capital Markets & Securities Ltd. (hereinafter referred to as “IDBI Capital”) for private circulation. This report should not be reproduced or copied or made available to others. No person associated with IDBI Capital is obligated to call or initiate contact with you for the purposes of elaborating or following up on the information contained in this report. The information contained herein is strictly confidential and meant for solely for the selected recipient and may not be altered in any way, transmitted to copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without the prior written consent of IDBI Capital. Recipients may not receive this report at the same time as other recipients. IDBI Capital will not treat recipients as customers by virtue of their receiving this report.

The information contained herein is from the public domain or sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up-to-date and it should not be relied upon as such. While reasonable care has been taken to ensure that information given is at the time believed to be fair and correct and opinions based thereupon are reasonable, due to the very nature of research it cannot be warranted or represented that it is accurate or complete and it should not be relied upon as such. In so far as this report includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Opinions expressed are current opinions as of the date appearing on this material only. While we endeavor to update on a reasonable basis, the information discussed in this material, IDBI Capital, its directors, employees are under no obligation to update or keep the information current. Further there may be regulatory, compliance, or other reasons that prevent us from doing so.

Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice.

IDBI Capital, its directors and employees and any person connected with it, will not in any way be responsible for the contents of this report or for any losses, costs, expenses, charges, including notional losses/lost opportunities incurred by a recipient as a result of acting or non-acting on any information/material contained in the report.

This is not an offer to sell or a solicitation to buy any securities or an attempt to influence the opinion or behavior of investors or recipients or provide any investment/tax advice.

This report is for information only and has not been prepared based on specific investment objectives. The securities discussed in this report may not be suitable for all investors. Investors must make their own investment decision based on their own investment objectives, goals and financial position and based on their own analysis.

Trading in stocks, stock derivatives, and other securities is inherently risky and the recipient agrees to assume complete and full responsibility for the outcomes of all trading decisions that the recipient makes, including but not limited to loss of capital.

Opinions, projections and estimates in this report solely constitute the current judgment of the author of this report as of the date of this report and do not in any way reflect the views of IDBI Capital, its directors, officers, or employees.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject IDBI Capital and associates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this report may come are required to inform themselves of and to observe such restriction.

E-mail is not a secure method of communication. IDBI Capital cannot accept responsibility for the accuracy or completeness of any e-mail message or any attachment(s).

This transmission could contain viruses, be corrupted, destroyed, in complete, intercepted, lost or arrived late. IDBI Capital, its directors or employees or associates accept no liability for any damage caused, directly or indirectly, by this email.

To refer the Most Important Terms and Conditions (MITC) click on the link; https://idbidirect.in/Common_Controls/SEBI_MITC_RA.pdf

Analyst Disclosures

I, Kshitija Salvi hereby certify that the views expressed in this report accurately reflect my personal views about the subject companies and / or securities. I also certify that no part of our compensation was, is or would be directly or indirectly related to the specific recommendations or views expressed in this report. Principally, I will be responsible for the preparation of this research report and have taken reasonable care to achieve and maintain independence and objectivity in making any recommendations herein.

Other Disclosure

IDBI Capital Markets & Securities Ltd. (hereinafter referred to as "IDBI Capital") was incorporated in the year 1993 under Companies Act, 1956 and is a wholly owned subsidiary of IDBI Bank Limited. IDBI Capital is one of India's leading securities firm which offers a full suite of products and services to individual, institutional and corporate clients namely Stock broking (Institutional and Retail), Distribution of financial products, Merchant Banking, Corporate Advisory Services, Debt Arranging & Underwriting, Portfolio Manager Services and providing Depository Services. IDBI Capital is a registered trading and clearing member of BSE Ltd. (BSE) and National Stock Exchange of India Limited (NSE). IDBI Capital is also a SEBI registered Merchant Banker, Portfolio Manager and Research Analyst. IDBI Capital is also a SEBI registered depository participant with National Securities Depository Limited (NSDL) and is also a Mutual Fund Advisor registered with Association of Mutual Funds in India (AMFI).

IDBI Capital and its associates IDBI Bank Ltd. (Holding Company), IDBI Intech Ltd. (Fellow Subsidiary), IDBI Asset Management Ltd. (Fellow Subsidiary) and IDBI Trusteeship Services Ltd. (Fellow Subsidiary).

IDBI Group is a full-serviced banking, integrated investment banking, investment management, brokerage and financing group. Details in respect of which are available on www.idbicapital.com IDBI Capital along with its associates are leading underwriter of securities and participants in virtually all securities trading markets in India. We and our associates have investment banking and other business relationships with a significant percentage of the companies covered by our Research Department. Investors should assume that IDBI Capital and/or its associates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material. IDBI Capital generally prohibits its analysts, persons reporting to analysts, and their dependent family members having a financial conflict of interest in the securities or derivatives of any companies that the analysts cover. Additionally, IDBI Capital generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our sales people, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Directors of IDBI Capital or its associates may have interest in the Companies under recommendation in this report either as Director or shareholder. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. We are not soliciting any action based on this material. It is for the general information of clients of IDBI Capital. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. We and our associates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. For the purpose of calculating whether IDBI Capital and its associates holds beneficially owns or controls, including the right to vote for directors, 1% or more of the equity shares of the subject issuer of a research report, the holdings does not include accounts managed by IDBI Asset Management Company/ IDBI Mutual Fund.

IDBI Capital hereby declares that our activities were neither suspended nor we have materially defaulted with any Stock Exchange authority with whom we are registered in last five years. However SEBI, Exchanges and Depositories have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on IDBI Capital for certain operational deviations. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time. IDBI Capital, its directors or employees or associates, may from time to time, have positions in, or options on, and buy and sell securities referred to herein. IDBI Capital or its associates, during the normal course of business, from time to time, may solicit from or perform investment banking or other services for any company mentioned in this document or their connected persons or be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or their affiliate companies or act as advisor or lender / borrower to such company(ies)/associates companies or have other potential conflict of interest. This report may provide hyperlinks to other websites. Except to the extent to which the report refers to the website of IDBI Capital, IDBI Capital states that it has not reviewed the linked site and takes no responsibility for the content contained in such other websites. Accessing such websites shall be at recipient's own risk. IDBI Capital encourages the practice of giving independent opinion in research report preparation by the analyst and thus strives to minimize the conflict in preparation of research report. Accordingly, neither IDBI Capital nor Research Analysts have any material conflict of interest at the time of publication of this report. We offer our research services to primarily institutional investors and their employees, directors, fund managers, advisors who are registered with us. The Research Analyst has not served as an officer, director or employee of Subject Company. We or our associates may have received compensation from the subject company in the past 12 months. We or our associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. We or our associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. We or our associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. We or our associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research Analyst or his/her relative's may have financial interest in the subject company. IDBI Capital or its associates may have financial interest in the subject company. Research Analyst or his/her relatives does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. IDBI Capital or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. The Subject Company may have been a client during twelve months preceding the date of distribution of the research report. Price history of the daily closing price of the securities covered in this note is available at www.bseindia.com; www.nseindia.com and www.economicstimes.indiatimes.com/markets/stocks/stock-quotes.

Most Important Terms and Conditions (MITC)

1. These terms and conditions, and consent thereon are for the research services provided by the Research Analyst (RA) and RA cannot execute/carry out any trade (purchase/sell transaction) on behalf of, the client. Thus, the clients are advised not to permit RA to execute any trade on their behalf.
2. The fee charged by RA to the client will be subject to the maximum of amount prescribed by SEBI/ Research Analyst Administration and Supervisory Body (RAASB) from time to time (applicable only for Individual and HUF Clients).
Note:
 - 2.1. The current fee limit is Rs 1,51,000/- per annum per family of client for all research services of the RA.
 - 2.2. The fee limit does not include statutory charges.
 - 2.3. The fee limits do not apply to a non-individual client / accredited investor.
3. RA may charge fees in advance if agreed by the client. Such advance shall not exceed the period stipulated by SEBI; presently it is one quarter. In case of premature termination of the RA services by either the client or the RA, the client shall be entitled to seek refund of proportionate fees only for unexpired period.
4. Fees to RA may be paid by the client through any of the specified modes like cheque, online bank transfer, UPI, etc. Cash payment is not allowed. Optionally the client can make payments through Centralized Fee Collection Mechanism (CeFCoM) managed by BSE Limited (i.e. currently recognized RAASB).
5. The RA is required to abide by the applicable regulations/ circulars/ directions specified by SEBI and RAASB from time to time in relation to disclosure and mitigation of any actual or potential conflict of interest. The RA will endeavor to promptly inform the client of any conflict of interest that may affect the services being rendered to the client.
6. Any assured/guaranteed/fixed returns schemes or any other schemes of similar nature are prohibited by law. No scheme of this nature shall be offered to the client by the RA.
7. The RA cannot guarantee returns, profits, accuracy, or risk-free investments from the use of the RA's research services. All opinions, projections, estimates of the RA are based on the analysis of available data under certain assumptions as of the date of preparation/publication of research report.
8. Any investment made based on recommendations in research reports are subject to market risks, and recommendations do not provide any assurance of returns. There is no recourse to claim any losses incurred on the investments made based on the recommendations in the research report. Any reliance placed on the research report provided by the RA shall be as per the client's own judgement and assessment of the conclusions contained in the research report.
9. The SEBI registration, Enlistment with RAASB, and NISM certification do not guarantee the performance of the RA or assure any returns to the client.
10. For any grievances,
 - Step 1: the client should first contact the RA using the details on its website or following contact details: (RA to provide details as per 'Grievance Redressal / Escalation Matrix')
 - Step 2: If the resolution is unsatisfactory, the client can also lodge grievances through SEBI's SCORES platform at www.scores.sebi.gov.in
 - Step 3: The client may also consider the Online Dispute Resolution (ODR) through the Smart ODR portal at <https://smartodr.in>
11. Clients are required to keep contact details, including email id and mobile number/s updated with the RA at all times.
12. The RA shall never ask for the client's login credentials and OTPs for the client's Trading Account Demat Account and Bank Account. Never share such information with anyone including RA.