THE WEEK THAT MOVED MARKETS

Here's our pick of this week's most market-relevant developments (16–21 November).

RATES & MACRO

Inflation Tops 6%: Another RBI Hike Looks Likely Just as Growth Starts to Fade

CPI inflation rose to 6.09% in October (5.54% in September), a two-year high, with food at 8.9% and WPI at 12.29% on a fuel and power spike. After October's 25 bps hike to 5.50%, the MPC meets 2–4 December: Morgan Stanley, JP Morgan, Barclays, Goldman Sachs and SBI expect another 25 bps, with terminal-rate views of 6–6.25% (JP Morgan flags a 'non-trivial' risk of 50 bps; Goldman sees 6.25% by April–June 2027). Growth is cooling: ICRA puts Q2 GDP at 7.5%, a five-quarter low, with farm growth at 0.2% after a monsoon 13% below normal, and Goldman sees 2027 growth at 7.2% (7.9% in 2026). Forex reserves fell $14.21 bn to $705.34 bn in the week to 13 Nov, and hawkish Fed comments took the dollar index to a 20-month high.

Investor takeaway:
Opportunity: Banks and NBFCs gain once the rate cycle turns; short-duration debt and deposits earn better yields.
Threat: Real estate, autos and durables face higher EMIs; long-duration bond funds lose value as yields rise; weak monsoon hurts rural-linked demand.
Watch: 2–4 Dec MPC outcome (a 50 bps hike would be an equity-negative surprise) and food inflation.

EQUITIES & FLOWS

Nifty Up 14% in Four Weeks as Record Foreign Money Returns, but Banks Do the Heavy Lifting

The Nifty closed at 25,800.60 on Friday (+2.61% on the week, 14% in four weeks) and the Sensex at 83,919.71 (+2.85%); the Nifty Bank index hit a 52-week high of 64,635.20, and banks added ₹3.22 trn, 90% of the ₹3.60 trn gained by all NSE-listed companies. FPIs have bought over ₹1 trn in November, a record month that ends a 16-month selling run (₹6.32 trn sold against ₹11.32 trn of DII buying), and the rupee closed at 93.47 on 17 Nov, its strongest since 20 April. Papers cite easier crude, valuations, a rethink of global tech exposure, short-covering and hints of an LTCG tax change. The rally is not one-way: profit-taking and hawkish Fed comments cut the indices 0.6% on 18 Nov and midcaps fell 1.22%. Morgan Stanley sees the Sensex at 95,000 by Dec 2027, and CLSA has upgraded India to overweight.

Investor takeaway:
Opportunity: Large-cap, liquid financials draw foreign money first; staggered entry (SIPs) suits a market near its high.
Threat: The rally is narrow and part short-covering, so it can reverse; mid caps fall faster; a strong rupee squeezes IT, pharma and textile exporters.
Watch: Whether FPI buying lasts beyond November and the rally broadens beyond banks.

WAR & ENERGY

Oil Slides to $88 From a $117 Peak, but One Tanker Attack Could Undo It

Brent fell from a $113–117 peak to $91 on 16 Nov, $90 on 19 Nov and ~$88.2 by Friday, on course for a third weekly decline. Hopes rest on Iran saying a path to a US deal remains open and reports that Trump is weighing holding off an attack, yet the Gulf is unsettled: Iran struck an air base in Bahrain, an LPG tanker was targeted in Hormuz on 16 Nov (all 24 Indian crew safe), drones targeted Kuwait, and Yemeni government forces pulled back from the Bab el-Mandeb overlook, giving the Houthis more leverage. The cost of the spike is still visible: India's October oil import bill rose 88% YoY to $19.5 bn as Brent averaged $123.93 (a 14-year-plus monthly high), while refined-product exports earned $6.3 bn (+90%). The Chief Economic Adviser expects lower crude to bring a large FY28 windfall and sees a strong rupee as next year's challenge.

Investor takeaway:
Opportunity: Lower crude helps oil marketing, paints, tyres, aviation and chemicals, and supports the rupee.
Threat: Upstream producers earn less; one Hormuz or Bab el-Mandeb incident can reverse the fall within a day.
Watch: Brent staying below $90–95, any US–Iran agreement, and November's trade deficit.

EARNINGS & ACTIVITY

Record Profits, but Look Closer: Commodities Led While Core Margins Hit a 16-Quarter Low

For 2,979 listed firms, Q2FY27 adjusted net profit rose 29.8% to a record ₹4.92 trn and revenue 22.3%, the fastest in 16 quarters. The gains are concentrated: mining & metals profit rose 61.9%, oil & gas 60.2% and power 55%, and eight of the ten biggest contributors were energy or commodity producers (one oil marketer alone drove 12% of incremental profit, partly from fuel excise cuts not passed on to consumers). Pharma and cement profits fell, FMCG and capital goods grew only in low single digits, IT services grew 10.1%, and the ex-BFSI, ex-commodity EBITDA margin fell to a 16-quarter low of 16.7%. Separately, October core-sector output grew 10.9%, a 31-month high (September revised to 8.2%), led by electricity on a below-normal monsoon, though a favourable base effect flatters the number.

Investor takeaway:
Opportunity: Energy, metals and power lead near-term earnings; power, coal, cement and capital goods gain from infrastructure demand.
Threat: Profits rest on high commodity prices and duty cuts that may reverse; pharma, cement and FMCG face a cost squeeze; core-sector growth is partly base effect.
Watch: Q3 manufacturing margins and November core-sector data.

BANKING & FINANCE

RBI Turns Up the Heat on Banks and NBFCs as Fairfax Makes a ₹52,878 Crore Bet on IDBI

The RBI has flagged suspected circular trading in illiquid state government securities at off-market prices to at least three banks, thought to limit quarter-end mark-to-market losses as yields rose, and has called top NBFC heads to its annual meeting with cyber risk, gold-loan delinquencies and drought on the agenda. Gold loans outstanding are ₹22.5 lakh crore, and gold fell ₹5,600 per 10 gm to ₹1,23,397 on Friday. On deals, Fairfax Financial is buying 60.72% of IDBI Bank from the government and LIC for ₹52,878 crore, part-funded by a ₹3,454 crore block sale of its 13.25% IIFL Finance stake at a 3.9% discount (IIFL is also raising ₹6,414 crore, including ₹5,000 crore from Blackstone). Fairfax plans to combine IDBI Bank, Digit Insurance and IIFL Capital Services into one group, subject to approvals.

Investor takeaway:
Opportunity: Tighter supervision lowers long-term risk for well-run banks and larger NBFCs; foreign capital supports sector valuations.
Threat: Gold-loan lenders face asset-quality risk as gold falls; higher yields hurt treasury books; discounted block deals pressure prices short term.
Watch: Outcome of the RBI–NBFC meeting, Q3 asset quality and regulatory approvals for the bank deal.

For information purposes only. Not investment advice. © Nakamichi Securities Limited

GLOBAL TECH & TRADE

A $1.5 Trillion AI Listing, a Nvidia Without Huang and a US Trade Deal Still in Limbo

Nvidia's first results since Jensen Huang's exit raised its sales forecast and added $150 bn to its buyback, though shares gave back gains of up to 5.4% in extended trade; interim CEO Colette Kress said Huang is not returning. Anthropic opened on Nasdaq at $1.5 trn after a record $81.3 bn raise and closed at $97.17 against an $83 issue price, yet global stocks stayed under pressure. Foreigners pulled $50 bn from seven Asian markets in October, mostly Taiwan and South Korea, with India seen as a relative beneficiary. On trade, India–US talks on a first tranche are near conclusion but hinge on a new US tariff architecture after the Supreme Court struck down earlier tariffs, and Section 301 probes into 16 partners, including India, remain open. India's trade deficit with China hit a record $83 bn in April–October (+30%) and could near $150 bn in FY27 (FY26: $112 bn).

Investor takeaway:

Opportunity: India is a diversification destination for global money; a steady AI outlook supports IT services and electronics; a US deal would help textiles, pharma, engineering and auto components.

Threat: IT services and global tech funds are exposed if AI capex weakens; a tariff or Section 301 outcome can hit exporters without warning, so avoid buying on deal headlines.

Watch: Permanent Nvidia CEO, Fed tone and the Section 301 outcome.

IN BRIEF

Budget & tax: The CBDT chairman says LTCG and STT rationalisation is under review, with any decision only at the 1 Feb Budget; most economists opposed scrapping LTCG for foreign investors. Direct tax collections are ₹14.42 trn (53.5% of the Budget estimate) and 86% of the fertilizer subsidy is used with 4.5 months left. Industry wish lists seek debt-fund indexation, a manufacturing DFI and a ₹12,000 crore battery PLI.

Investor takeaway:

Opportunity: An LTCG/STT cut would help equity investors and brokers.

Threat: These are proposals, not decisions, and subsidy overshoot adds fiscal pressure.

Watch: 1 Feb Budget.

Market rules & payments: Sebi may tighten margin-trading rules (MTF book ₹1.46 trn) and has proposed scrapping the 2023 extra disclosure framework for foreign investors; the Delhi High Court held that Mauritius investors' equity mutual fund gains are not taxable in India. Reports differ on UPI business fees: a flat ₹5 (BS) versus possible deferral until after H1 2027 state elections (ET).

Investor takeaway:

Opportunity: Easier foreign rules support large-cap flows; a flat ₹5 UPI fee suits payments businesses.

Threat: Tighter MTF rules trim small and mid-cap volumes; treat UPI fee timing as uncertain.

Watch: Sebi's MTF consultation paper and UPI fee notification.

Industry & supply chains: The draft National Steel Policy 2047 targets 604 mt capacity (vs 220 mt now) while producers warn of Chinese steel diversion and EU carbon-border costs; bids were opened for the rare-earth magnet scheme; AI-driven chip demand is lifting auto input costs, with prices possibly elevated through 2027 (S&P Global Mobility).

Investor takeaway:

Opportunity: Steel capacity and magnet localisation help infrastructure, autos and EV chains.

Threat: Steel faces import and carbon-cost risk; chip costs squeeze volume-driven autos.

Watch: Final steel policy and Q3 auto margin commentary.

Tata Sons listing: On 16 Nov the RBI told Tata Sons to follow all upper-layer NBFC rules, including listing; the board meets 26 Nov amid a split within Tata Trusts and a reported ₹25,000 crore SP Group stake-sale question (Noel Tata did not comment).

Investor takeaway:

Opportunity: A listing would add transparency to the sector.

Threat: No confirmed timeline and a governance dispute; do not trade on speculation.

Watch: 26 Nov board outcome.

Disclaimer: This briefing is a curated summary of publicly reported news for general awareness and does not constitute investment advice or a recommendation to buy/sell any security. Please consult your relationship manager before acting on any information above.