



MARKET ● SPOTLIGHT

February 2026



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Navigating the Budget Volatility and Trade Deal Triumph

February 2026 has marked a pivotal turn around for the Indian markets, characterized by extreme volatility and a dramatic shift in narrative following two landmark developments. The month began with the Union Budget 2026–27, which triggered a sharp initial sell-off. The BSE Sensex plummeted over 1,500 points on Budget Day as investors reacted to a hike in Securities Transaction Tax (STT) on derivatives and a new proposal to tax share buybacks as capital gains. Despite this, the budget provided a massive ₹12.2 lakh crore capital expenditure outlay, boosting long-term outlooks for Infrastructure, Defense, and Semiconductors.

The post-budget gloom was swiftly reversed on February 2 by the historic India-US Trade Deal. Under this agreement, the US slashed reciprocal tariffs on Indian goods from 25% to 18%, effectively removing a major macro overhang. This catalyst sparked a record relief rally, with the Sensex surging 2,072 points in a single session as export-oriented sectors like Textiles, Auto Ancillaries, and Chemicals regained their competitive edge. With fiscal deficit targets narrowed to 4.2% and trade uncertainty easing, the stage is now set for renewed FII inflows and a structural re-rating of the Indian equity landscape.

“ While the Budget sets the domestic floor, the India-US Trade Deal has opened the global ceiling ”

JANUARY MONTH WRAP-UP

▼ Nifty	25,320.6(−3.10%)
▼ Sensex	82,269.60(−3.46%)
▲ Banknifty	59,610.85(+0.05%)
▲ Nifty IT	38,036.05(+0.40%)
▲ NIFTY PSU BANK	9,019.60(+5.70%)
▲ Nifty METAL	11,827.65(+5.91%)
▼ Nifty Midcap	58,432.50(−3.39%)
▼ Nifty Smallcap	16,879.95(−4.71%)

KEY HIGHLIGHTS OF JANUARY

- **Commodity Volatility:** January saw strong ups and downs in commodity prices due to global uncertainty.
- **Rupee Weakness:** The rupee remained weak as FII selling continued and the dollar stayed strong.
- **FII Selling Pressure:** Ongoing FII selling kept the equity market under pressure throughout the month.
- **Global Market Tensions:** Rising Iran–Iraq tensions increased fear and volatility in global markets.

IPO's PERFORMANCE JAN 2026

IPO Name	Issue Price (INR)	Listing Price (INR)	Listing Gain (%)	Subscription
Bharat Coking Coal	23	45	95.65%	143.85x
Amagi Media Labs	361	318	-11.91%	30.24x
Shadowfax Technologies	124	112.60	-9.19%	2.86x

EXPECTED IPO's FEB 2026

- Aye Finance
- Fractal Analytics

SME IPO's PERFORMANCE JAN 2026

IPO Name	Issue Price (INR)	Listing Price (INR)	Listing Gain (%)
Gabion Technologies	81	89	9.88%
Yajur Fibres	174	139.20	-20%
Victory Electric Vehicles	41	34.45	-15.98%
Defrail Technologies	74	95	28.38%
Avana Electrosystems	59	77.50	31.36%
GRE Renew Enertech	105	96	-8.57%
INDO SMC	149	149	0%
Narmadesh Brass Industries	515	495	-3.88%
Armour Security	57	45.60	-20%
Digilogic Systems	104	83.20	-20%
Shayona Engineering	144	144	0%
Msafe Equipments	123	144	17.07%
Accretion Nutraveda	129	191	48.06%

EXPECTED SME IPO's FEB 2026

- Biopol Chemicals Ltd.
- PAN HR Solutions Ltd.
- Marushika Technology Ltd.

KEY TRIGGERS FOR FEBRUARY



- **Budget Impact:** February will be about how the market reacts to the Union Budget 2026–27, especially spending plans, tax changes, and sector benefits.
- **Earnings Season in Full Swing:** Q3 FY26 results from banks, IT, autos, FMCG, and other sectors will decide stock-specific trends.
- **FII vs DII Flows:** FII activity remains important after strong selling earlier, while continuous DII buying is helping the market stay stable.
- **Global Market Factors:** US economic data, interest rate expectations, and ongoing geopolitical issues will influence global and Indian markets.
- **India–US Trade Deal Positive:** The finalized India–US trade deal is a big positive and may support exports, improve investor confidence, and lift market sentiment.

SECTORS TO WATCH



Export-focused sectors gain as India-US trade deal boosts demand for metals, engineering, chemicals, textiles, IT, and pharma exports.

PSU stocks including oil and gas PSUs and PSU banks stay in focus on policy support and sentiment.



Metal stocks may continue to remain in focus amid high volatility in global commodity prices.

Post-Budget capex push keeps infrastructure, capital goods, and construction stocks attractive on strong government spending and order visibility.



TOP PICKS FOR FEBRUARY

**BUY
PFC**



CMP 413

SL 380

TGT 470

**BUY
NTPC**



CMP 363

SL 340

TGT 400

**BUY
HUL**



CMP 2400

SL 2300

TGT 2600

INVESTMENT IDEA

ABB INDIA



CMP 5790

TGT 7500 (30%)

Duration 1 Year

TOP MUTUAL FUNDS



Largecap/
Bluechip Fund

**ICICI PRU
LARGE & MID
CAP FUND**



Multicap Fund

**Nippon
India Multi
Cap Fund**



SmallCap

**HDFC Small
Cap Fund**



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CIN : L65910MH1992PLC067052

Reg off: : Office No.104, 1st Floor, Keshava Commercial Building,
BKC, Bandra (E), Mumbai – 400051, Ph: 022 690 11544

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