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Global Market Intelligence & India Union Budget 2026 Special Report

Strategic Analysis: Post-Budget Surge vs. Western Safety Flight

February 2, 2026

CONFIDENTIAL MARKET BRIEFING

Nifty 50: +2.45% (Breakout) | **DXY:** 96.95 (High) | **VIX:** 20.33 (+6.75%)

The Great Divergence: Growth Oasis vs. Global Volatility

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Executive Summary

Global **markets** face **“Volatile Stabilization”** while India enters a parabolic technical breakout driven by fiscal prudence.

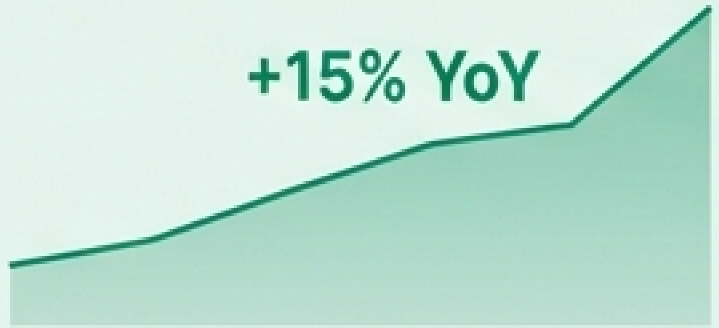
India: The Growth Oasis

Nifty Target: 25,500–25,800

25,800 ↗
Target Range (Bull Case)

+18.5%
Potential Upside

Catalyst: Capex +15% (Budget 2026)



Fiscal Boost to Infrastructure

Rotate institutional capital into Indian equities.

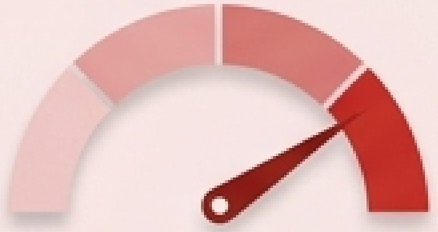
Global: Volatility Spike

VIX Spike: 20.33 (+6.75%)

20.33 ↑
Current VIX Level

+6.75%
Increase
(Last 30 Days)

Catalyst: Fed Hawkish Transition (Warsh Shock)



Rate Hike Probability: 80%
Aggressive Monetary Tightening Signal

Maintain “Flight to Safety” protocols for US/EU.

Macro Pulse: A Fractured Financial Landscape

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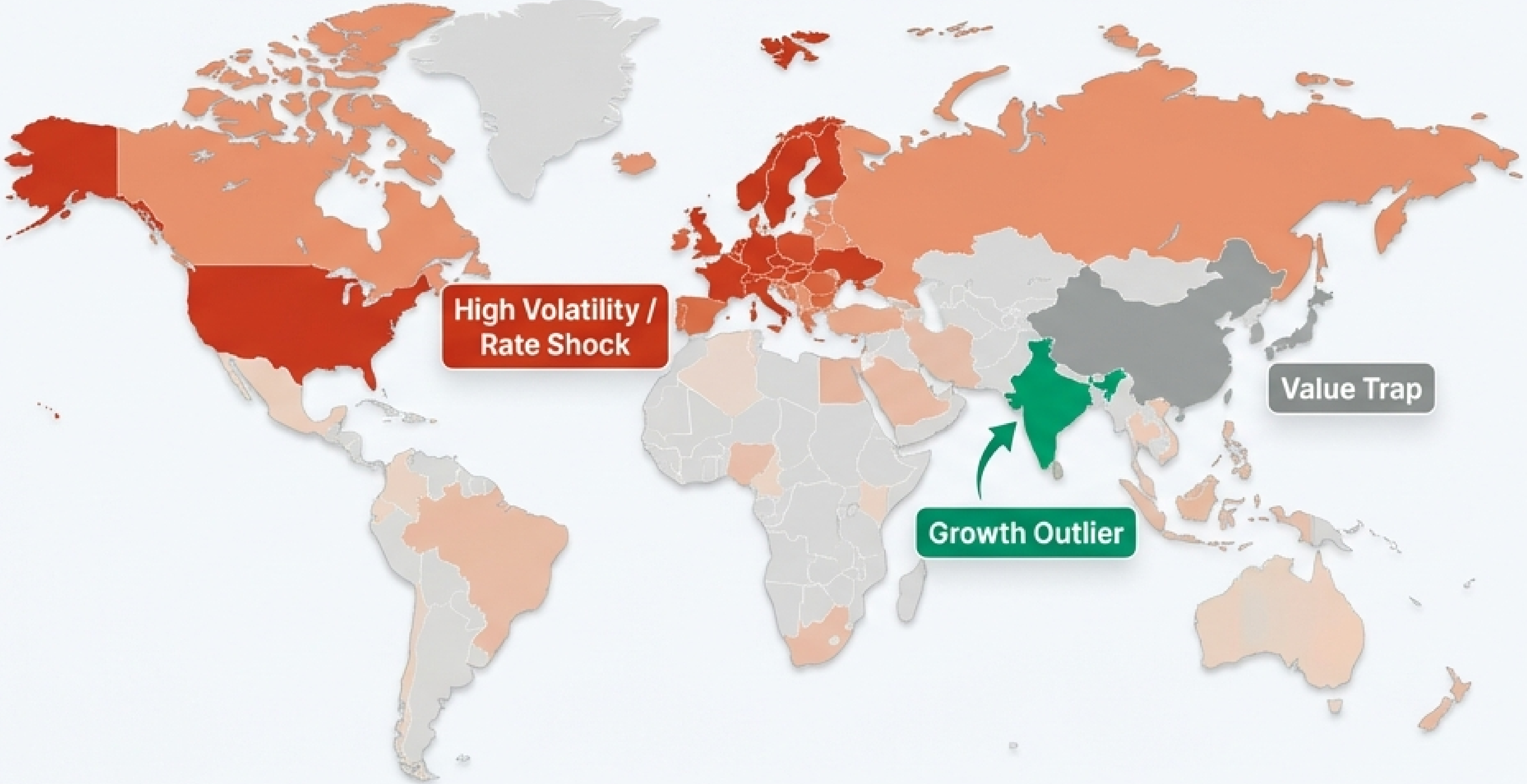

Key Macro Indicators

USD Index (DXY): 96.95 (Multi-month high) – Wrecking ball for EM assets.

Commodities: Oil & Gold in liquidation due to Dollar strength.

Govt Policy: US Govt Shutdown fears vs. India's Fiscal Deficit beat (4.1%).

Insight:
The rise in DXY signals 'Shadow Deflation' risk for commodities, validating the sell-off in Brent Crude.

India Budget 2026: The Fiscal Discipline Catalyst

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Fiscal Deficit

Target 4.1% for FY27.

Beating expectations.

Capex Push

+15% Increase.

Focus on Spatial AI Corridors & High-Speed Rail.

Taxation Stability

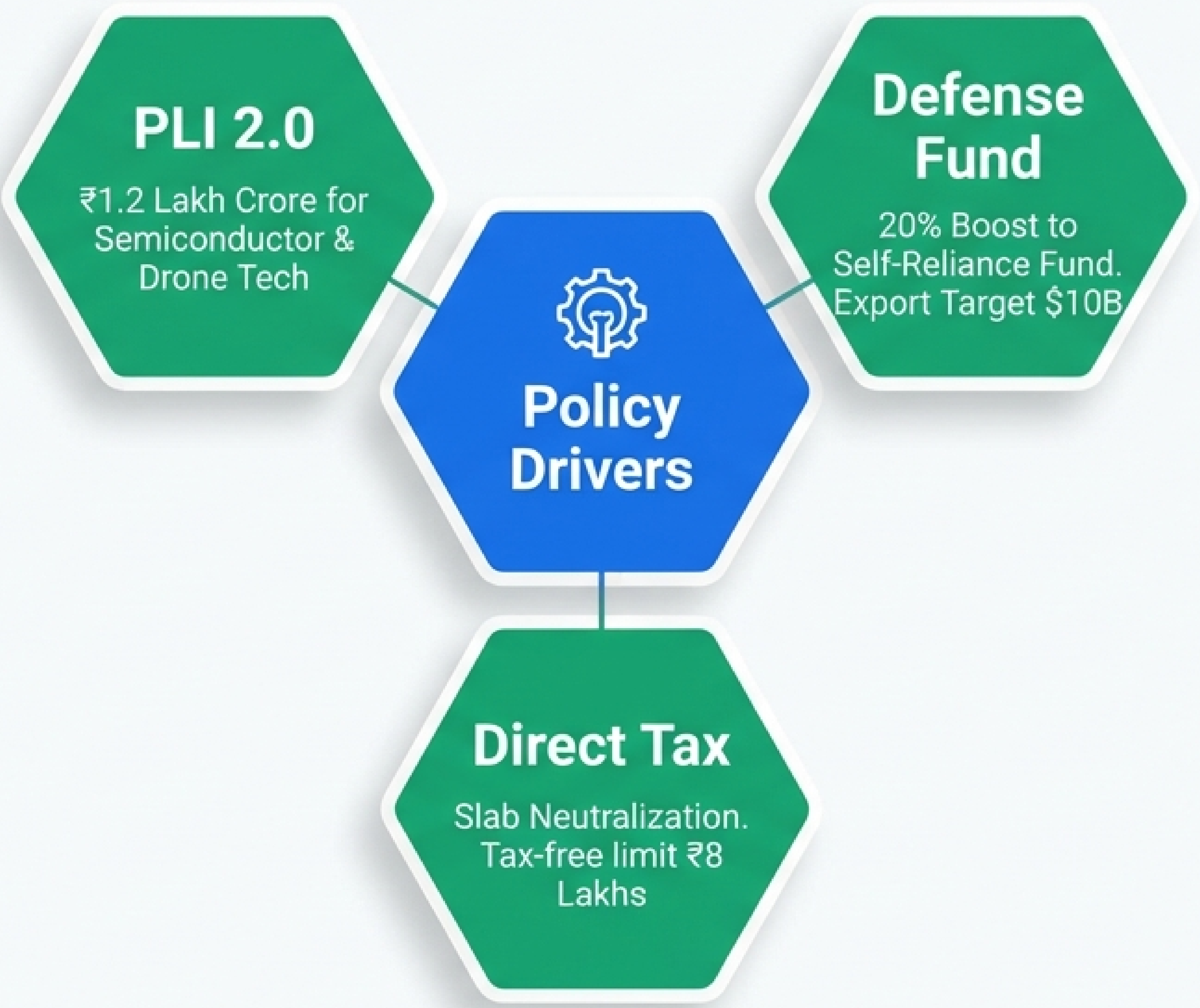
LTCG Stable at 10%.

Removing market overhang.

Key Insight: The government successfully balanced aggressive growth with institutional discipline, triggering a 'Green Signal' for FIIs.

Strategic Action: Aggressive accumulation in infrastructure-linked large caps.

Sectoral Alpha: Manufacturing & Defense Renaissance



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Analyst Insight:

Defense majors warrant a 'Buy' rating; expect 3-5% short-term surge driven by export targets.

Institutional Activity: The Return of Foreign Capital

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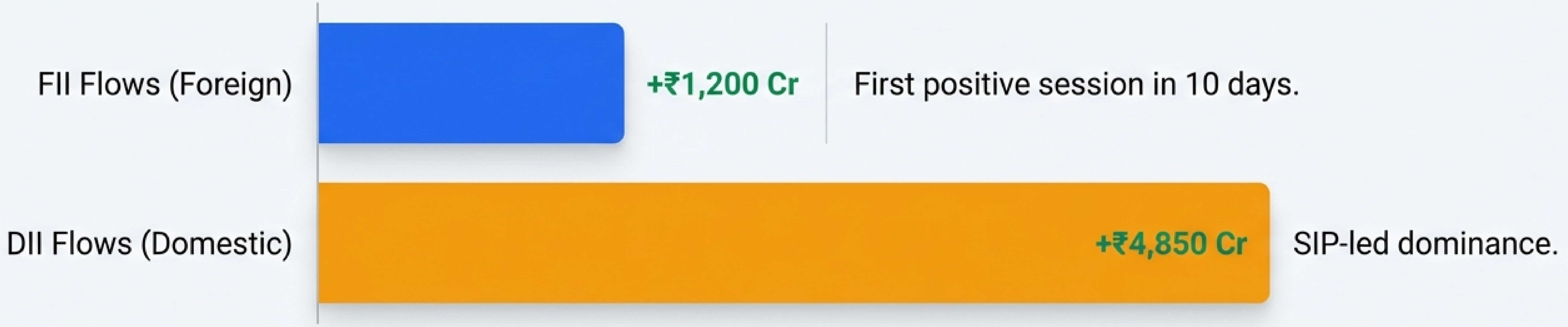
Institutional Capital Flows



Technical Signal

Nifty 'Bullish Island Reversal' confirmed on daily charts. The consolidation phase is officially over.

Strategic Levels

Support: 25,150 | Immediate Target: 25,800

Americas: The ‘Warsh Shock’ & Yield Repricing

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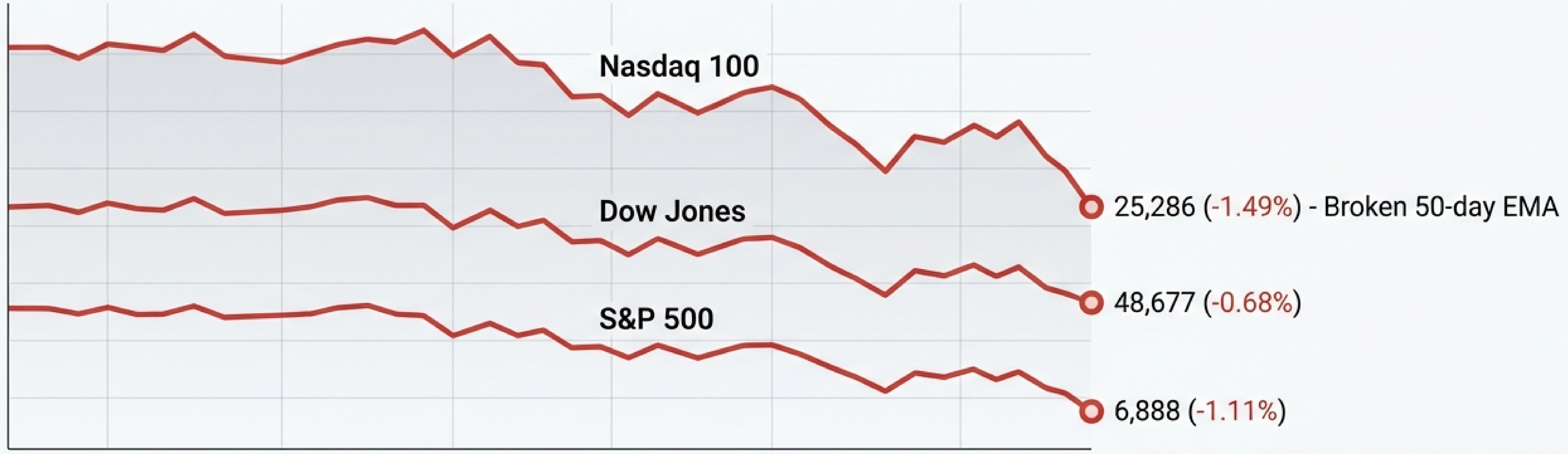
Key Insight: Nomination of Kevin Warsh to Fed signals regime change: Labor Defense > Inflation Targets.



Analyst Note

Do not chase the dip yet. Markets are pricing in “Higher for Longer” rates. Wait for base formation.

Europe: Value Rotation Amidst Industrial Slowdown

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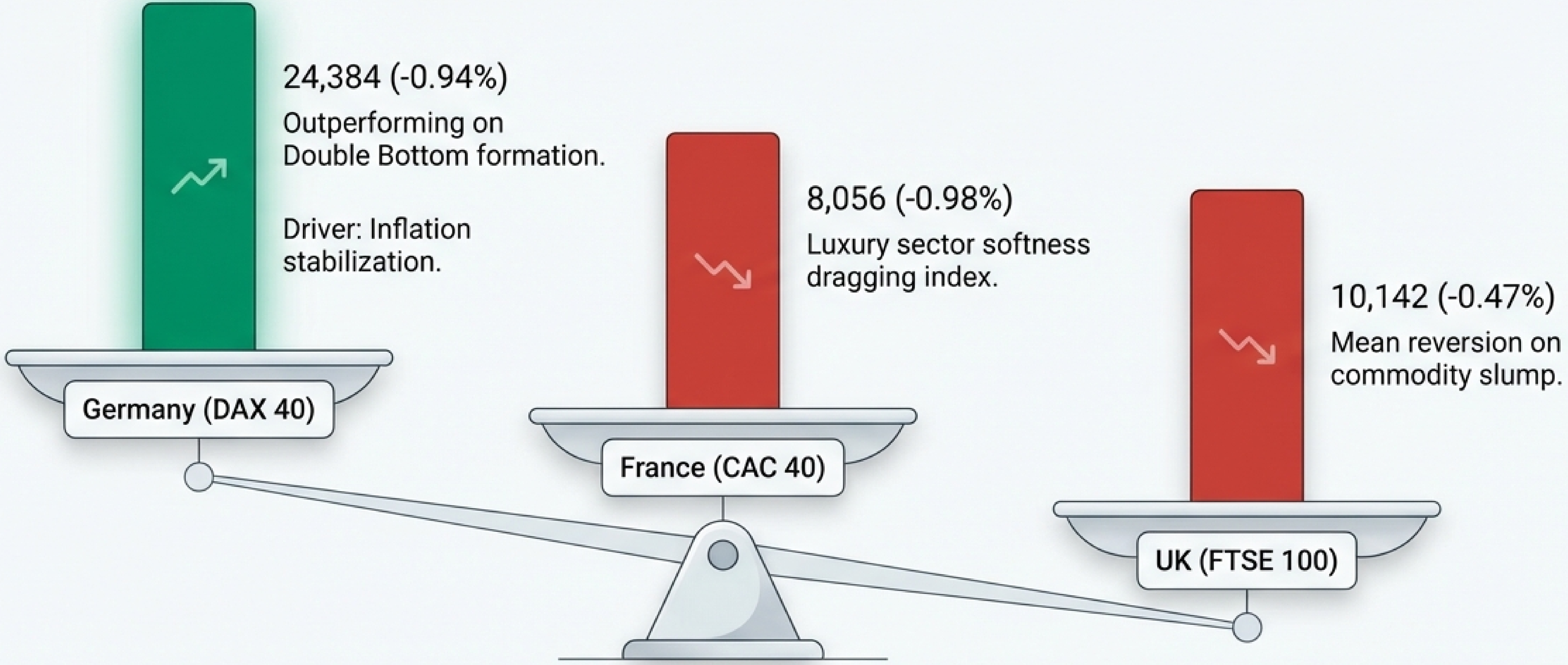

Strategic Action
Monitor consumer sentiment recovery in the Eurozone for entry signals.

Asia-Pacific: Navigating the 'Value Trap'

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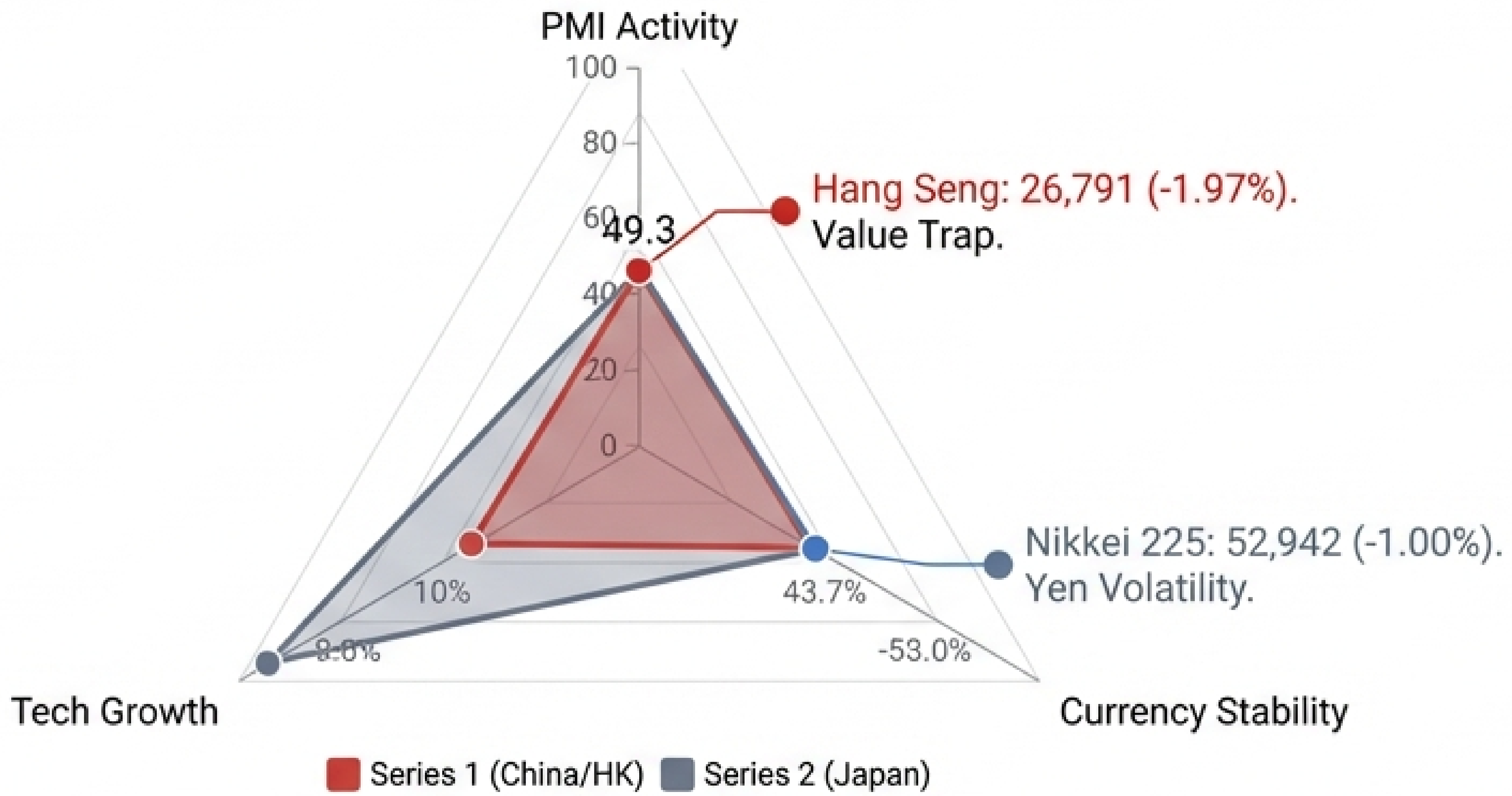
Key Insight: China and Japan remain under pressure due to structural headwinds, contrasting with India's growth.



Analyst Note: Stimulus efforts in China are not yet translating to factory activity.

Commodities: The Dollar Wrecking Ball

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Context: DXY at 96.95 is forcing liquidation across commodity classes.

Brent Crude ($66.42)

-4.18% ↓

Oversold / Demand Shock

Gold Futures ($4,694)

-1.06% ↓

Distribution Phase

Strategic Action: Strict stop-losses at 200-day DMA for metal longs. Do not average down on falling knives.

Crypto Ecosystem: Institutional De-Risking

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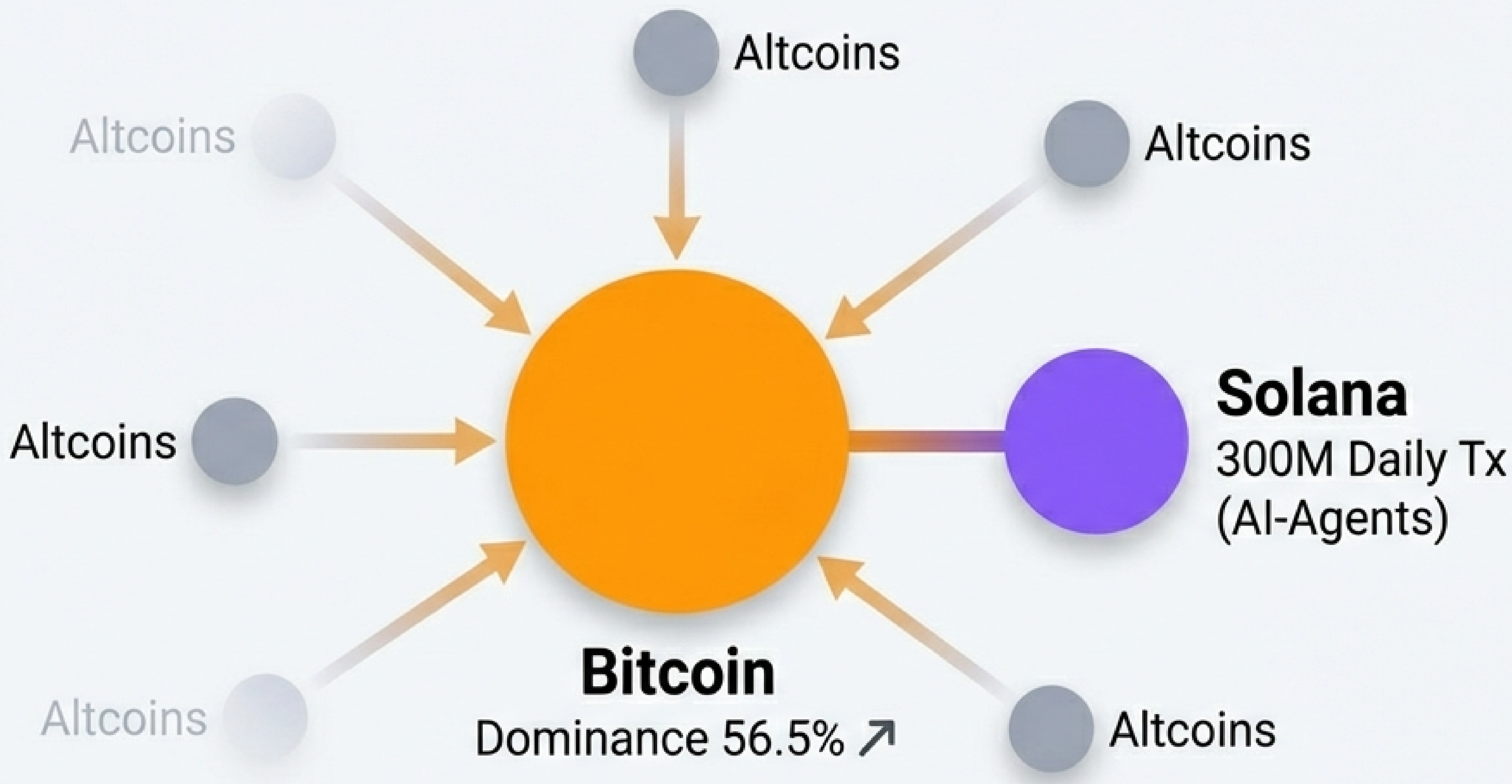

ETF Flows

$450M Outflow
(First of 2026) ↓

MSTR Strategy

MicroStrategy buys fresh **15k** BTC (Digital Gold).

Defensive Accumulation: Capital is fleeing high-beta alts for Bitcoin safety.

Crypto Tactics: Precision Entries

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Price Level Zone

Bitcoin	Ethereum
Current Price	Current Price
$93,450	**$3,180**
Green Zone	Green Zone
Buy Order: $91,200	Wait for Bounce: $3,150

Regulatory Risk

Leaked EU 25% unrealized gains tax is hitting sentiment.

Strategic Action

In high-DXY environment, patience is alpha. Avoid high-leverage longs.
Stick to spot accumulation at support.

Risk Management: Protecting the Downside

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Key Data

VIX: 20.33 (High Alert Zone)

DXY Trigger: If > 97.20, expect downside in EM Equities/Crypto.

Action

Use trailing stop-losses on Indian longs to lock in Budget gains.

Forward Guidance: Events to Watch

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Feb 2

Jan Manufacturing PMI.
Exp: 58.5.

Feb 5

RBI MPC Meeting.
Exp: Hawkish Pause.

Feb 12

CPI Inflation Data.

Analyst Insight

Market expects RBI to maintain status quo, keeping focus on fiscal rather than monetary stimulus.

Context

February trading defined by Central Bank signaling.

Final Verdict: Growth Acceleration vs. Monetary Uncertainty

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Main Insight: Institutional Re-Balancing is underway. Stick to high-conviction Alpha in India; stay defensive in the West.

Action Checklist

✓	**BUY**	Indian Defense & Infra. Nifty Target 25,800.
●	**HOLD**	US Tech (Nasdaq) & Crypto (BTC @ $91.2k).
✗	**SELL/AVOID**	Commodities (Oil/Gold) until DXY cools.