July 2026

MONTHLY REPORT

Data as on June 30, 2026
Source: Bloomberg

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NIFTY 50
Closing- 23865.75
PE – 20.58
PB – 3.12x
Div Yield – 1.24%

NIFTY MIDCAP 150
Closing –22774.25
PE – 29.17
PB – 4.78x
Div Yield – 0.66%

NIFTY SMALL CAP 250
Closing –17720.30
PE – 35.52
PB – 3.74x
Div Yield – 0.66%

10 Yr. GOI Yield
6.75%

CRUDE
72.92
$/bbl

USD/INR
94.67

GOLD
4,039
$/Oz

Source: Bloomberg, W2W Research

Indicators	Jun-26	May-26	Apr-26	Mar-26	Feb-26	Jan-26	Dec-25	Nov-25	Oct-25	Sep-25	Aug-25	Jul-25	Jun-25
Sensex	2.28%	-2.78%	6.90%	-11.31%	-1.19%	-3.46%	-0.57%	2.11%	4.57%	0.57%	-1.69%	-2.90%	2.65%
Nifty 50	1.35%	1.87%	7.46%	-11.49%	-0.56%	-3.10%	-0.28%	1.87%	4.51%	0.75%	-1.38%	-2.93%	3.10%
Nifty Midcap 150 Index	0.90%	2.60%	13.22%	-11.06%	1.66%	-3.53%	-0.53%	1.59%	4.79%	1.39%	-2.86%	-2.85%	4.09%
Nifty SmallCap 250 Index	4.29%	1.56%	17.10%	-10.30%	0.75%	-5.52%	-0.29%	-3.36%	3.72%	1.13%	-3.72%	-3.67%	5.73%
S&P 500 Index	-1.06%	5.15%	10.42%	-5.09%	-0.87%	1.37%	-0.05%	0.13%	2.27%	3.53%	1.91%	2.17%	4.96%
Nifty 50 EPS TTM (Rs)	1160	1161	1146	1138	1143	1149	1209	1210	1128	1127	1128	1122	1092
Nifty 50 Price/Earnings (PE Ratio)	21	20	21	20	22	22	23	23	23	22	22	22	23
Nifty Midcap 150 (PE Ratio)	29	29	33	31	33	32	34	33	34	33	32	33	35
India Economic Indicator													
Bank Credit Growth (YoY%)	16.70%	15.69%	13.67%	14.57%	13.73%	13.09%	15.55%	11.42%	11.50%	10.29%	10.22%	9.82%	9.59%
Bank Deposit Growth (YoY%)	10.79%	11.35%	10.96%	11.11%	10.92%	10.61%	12.65%	10.25%	9.50%	9.84%	10.06%	10.15%	10.37%
Debt Market Indicator													
RBI Repo Rate (%)	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.50	5.50	5.50	5.50	5.50	5.50
G-sec 10 year Yield (%)	6.75	7.00	7.02	6.96	6.66	6.70	6.59	6.53	6.53	6.68	6.57	6.37	6.32
Corp Bond 10 Yr AAA Yield (%)	7.50	7.90	7.70	7.74	7.37	7.46	7.30	7.22	7.25	7.29	7.39	7.19	7.11
Corp Bond 10 Yr AA Yield (%)	8.11	8.45	8.2	8.47	8.05	8.35	8.19	8.16	8.18	8.17	8.27	8.06	7.96
Corp Bond 10 Yr A Yield (%)	9.39	9.79	9.59	9.63	9.26	10.06	9.64	9.51	9.46	9.58	9.64	9.37	9.30
Corp Bond 5 Yr AAA Yield (%)	7.23	7.72	7.62	7.57	7.20	7.29	7.10	6.92	6.94	6.92	7.09	6.81	6.85
Corp Bond 1 Yr AAA Yield (%)	7.08	7.93	7.31	7.43	6.95	7.19	6.83	6.60	6.65	6.65	6.60	6.42	6.70
CD 1 Yr (%)	6.98	7.83	7.27	7.19	6.91	7.00	6.68	6.35	6.40	6.35	6.35	6.29	6.33
Commodity & Currency													
Gold Price (USD)	4,039	4,593	4,630	4,672	5,278	4,865	4,319	4,239	4,093	3,859	3,448	3,290	3,303
Gold (Rs/10gm)	141,286	155,964	149,777	146,733	162,062	181,804	132,640	126,033	120,450	114,761	101,967	98,068	95,676
Crude($)	72.92	92.05	114.01	118.35	72.48	70.69	60.85	63.27	65.07	67.02	68.12	72.53	67.61
INR/1 USD	94.67	95.01	94.91	93.49	91.37	91.69	89.88	89.36	88.77	88.79	88.17	87.60	85.75
INR/1 EURO	108.12	110.78	111.35	108.01	107.60	108.66	105.49	103.62	102.76	104.32	103.04	100.15	100.52
Flows													
FII-Equity (Rs.cr)	-49340	-32963	-60847	-117775	22615	-35962	-22611	-3765	14610	-23885	-34993	-17741	14590
FII-Debt (Rs.cr)	30620	-99.87	-7671	6304	5380	-7308	717	-3969	3507	1085	6766	-234	-6121
MF-Equity (Rs.cr)	-177	167	245	-107	252	481	5,157	43,465	24,690	38392	70534	43720	45519
MF-Debt (Rs.cr)	14	-321	196	-335	14	42	1992	-72201	52794	-28225	-65288	-33716	-30911

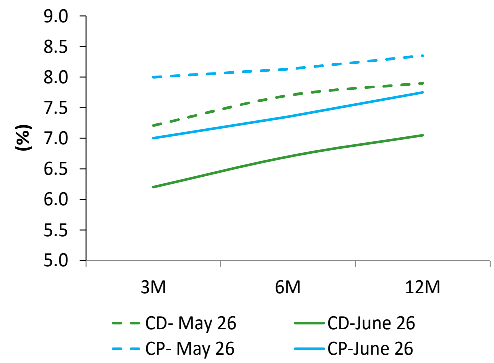
Summary:-

- As of 30th June 2026, Nifty 50 was trading at a PE of 20.58x, and Nifty Midcap 150 was trading at a PE of 29.17x.
- India's CPI inflation in May 2026 surged to 3.93%, compared to 3.48% in April 2026. Meanwhile, India's wholesale inflation surged to a 9.68% in May 2026, up from 8.33% in April 2026, driven primarily by rising global crude oil, natural gas, and basic metal prices.
- Bank credit growth increased to 16.70% year-over-year as of 30th June 2026, compared to 15.68% on 29th May 2026. However, the growth of bank deposits increased to 10.79% year over year.
- GST revenue eased to Rs. 1.95 lakh crore in June 2026, compared to Rs 1.94 lakh crore in May 2026.
- India's Manufacturing PMI increased to 54.5 in June 2026 from 55.0 in May 2026. India's Services PMI increased to 57.4 in June 2026 from 59.8 in May 2026.

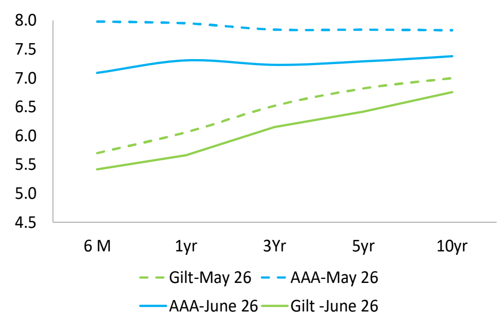
Debt Market Review

- The US 10-year Treasury yield closed unchanged at 4.42% in June, as declining oil prices helped to ease the inflationary pressures. The Federal Reserve unanimously maintained the federal funds target range at 3.50%–3.75%. However, the tone of the meeting remained hawkish, driven by the implications of the updated dot plot, the establishment of task forces to review Federal Reserve procedures, and policymakers' overall commentary, which kept market sentiment cautious. Meanwhile, the US annual inflation rate accelerated to 4.2% in May 2026, up from 3.8% in April, primarily due to a sharp increase in energy prices.
- German bond yields declined to 2.86% in June 2026 as falling inflation and a weakening growth outlook supported bond prices. The ECB raised its deposit rate by 25 bps to 2.25%, its first increase since 2023, citing inflation risks that are still above 2%. However, by late June, the US-Iran's MoU and plunging oil prices had cooled the rate hike expectations. UK gilt yields fell roughly to 4.77%, followed by easing rate hike expectations and a dovish stance from the Bank of England. However, political changes and structural fiscal concerns kept yields volatile in the month.
- Japanese 10-year government bonds yield rose to 2.68% due to the significant shifts in June 2026, driven by the Bank of Japan raising its benchmark interest rate by 25 bps to 1.0%, its highest level since 1995, pressured by the steady inflation at 1.5% and heavy government borrowing to fund a ¥370 trillion economic strategy.
- China's 10-year government bond yield closed around 1.74%, reflecting the People's Bank of China's accommodative monetary policy aimed at supporting an economy grappling with persistent weakness in the property sector and subdued domestic consumption. China's inflation eased to 1.0% in June 2026 from 1.2% in May, amid a fall in energy prices, after an easing of the Middle East conflict later in the month. Despite the low-yield environment, concerns over slowing economic momentum continued to weigh on investor sentiment.
- On the domestic front, the Indian 10-year government yields fell below the 7% mark to settle around 6.75% as crude oil prices retreated to $72, reducing inflation concerns. Foreign demand for Indian debt, with foreign portfolio investors purchasing a net ₹236 billion of government bonds in June. Strong foreign capital inflows deepened institutional confidence, which also supported the Rupee in recovering to 94.40 against the Dollar by late June. The RBI kept the repo rate unchanged at 5.25% in its policy meet in June and maintained a neutral policy stance while balancing inflation risks and growth concerns. India's CPI rate rose to 3.93% in May compared to 3.5% in the previous month, as the war in the Middle East lifted energy prices. The Index of Industrial Production (IIP) rose to 5.1% in May 2026 as the growth came on the back of robust manufacturing and electricity output. India's wholesale inflation stood at 9.68% in May as the food and fuel prices stayed elevated.

CD/CP Rate



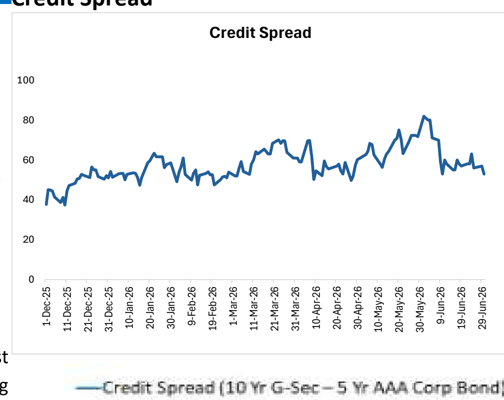
G-Sec and AAA Corp Bond Yield



Debt Market Outlook

- In July 2026, the US bond market may remain highly volatile, with the benchmark 10-year Treasury yield hovering around 4.55%, driven by renewed geopolitical tensions with Iran and lingering inflation concerns pushing Treasury yields to multi-week highs. President Trump's announcement that the ceasefire with Iran is over has triggered a jump in oil prices, with Brent crude pushing back into the upper level, further elevating global and US yield curves. Markets are now awaiting fresh data on jobs and home sales for greater insight into the US economic picture. The benchmark 10-year Treasury yield may rise to 4.5%.
- The European bond market is experiencing heightened volatility in July 2026, characterized by rising yields and a selloff driven by the renewed Middle East geopolitical tensions and resurging oil prices. Markets are repricing the interest rate expectations upward for the ECB, as elevated energy costs threaten to drive inflation. The UK 10-year bond yields may remain elevated, driven by the anticipation of a rise in inflation due to higher energy prices. The bond market is closely monitoring the new government's fiscal headroom and spending gaps. Markets widely expect the MPC to hold the base rate at 3.75% during the late-July review.
- Japan's 10-year government bond yield hovered around 2.88% at the beginning of the month, remaining near its highest level as the renewed US-Iran conflict pushed crude oil prices higher, intensifying inflation concerns and strengthening market expectations for further interest rate hikes by the Bank of Japan. Investors' focus is now on Japan's scheduled auction of approximately ¥2.5 trillion (US$15.38 billion) of five-year government bonds. Improving demand indicators, including a narrowing negative five-year swap spread, are expected to support the auction despite the prevailing high-yield environment. Concerns over increased government spending and its potential to fuel inflation have emerged as a key factor driving Japanese government bond yields higher.
- China's bond market is likely to be characterized by record-high demand and plunging yields, as investors seek safe havens amid the country's economic slowdown. The People's Bank of China is actively managing yields to balance government stimulus with capital-flow stability. Going forward, the central bank is expected to continue its strategy of moderate monetary easing alongside proactive government bond market operations to support liquidity and prevent excessive volatility in bond yields. The 10-year Chinese government bond yield is currently trading around 1.73%.
- India's bond market in July 2026 is experiencing a liquidity-led rally, with the benchmark 10-year G-Sec yield trading steadily around the 6.70% - 6.78% range. The outlook is likely to be supported by foreign portfolio investments, falling crude oil prices, and anticipation of potential inclusion in the Bloomberg Global Aggregate Index. Any spike in crude oil prices will raise the expectation of a rate hike, which can drive the bond yields higher.

Credit Spread



Source: Bloomberg, W2W Research

Investment Strategy

- The debt mutual fund strategy requires a cautious approach, as the interest rate environment remains stable yet uncertain due to inflation concerns, volatile oil prices, and global risk factors. In this scenario, debt funds should be viewed primarily as a source of stability and steady income, with yields expected to remain moderate and range-bound.
- Domestically, conditions are relatively stable, but the RBI continues its "wait and watch" stance amid persistent inflation risks. It is advisable to prefer high-quality government securities (G-Secs) and AAA-rated corporate bonds, which offer attractive risk-adjusted returns amid a stable credit environment. Short-duration and corporate bond funds remain suitable, offering stability and protection against intermittent interest-rate volatility. A balanced allocation is key, investing in short-duration categories like liquid, ultra-short, or money market funds for stability and liquidity, while allocating the rest to high-quality corporate bond or banking & PSU funds for better yields with controlled risk.

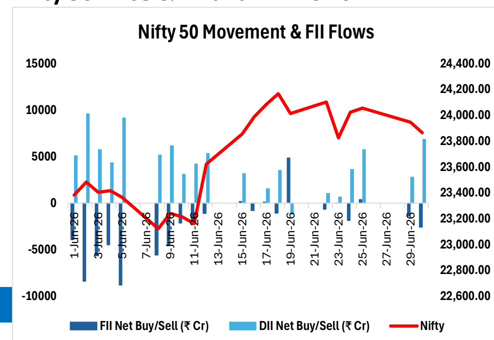
Equity Market Review

- US equities delivered mixed performance in June as the technology sector, the AI theme, and semiconductor stocks continued to benefit from strong demand. Geopolitical developments also influenced market sentiment as the US and Iran signed a long-awaited MOU to reopen the Strait of Hormuz, which led to a sharp decline in Brent crude oil prices to a low of $70 bbl, providing support to equity markets. However, investor sentiment remained cautious as renewed military exchanges between the two countries later in the month raised concerns over the durability of the agreement. Although both sides subsequently agreed to halt hostilities and resume negotiations, this persistent geopolitical uncertainty restricted the gains. The S&P 500 Index declined by 1.06% during the month.
- Eurozone equities surged in June as a fall in oil prices eased inflation concerns and supported the sensitive sectors. Although economic data remained mixed, investors increasingly focused on easing inflation risks and improving earnings expectations. The Eurozone CPI numbers came at 2.8% in June, down from 3.2% in May. The Eurozone Manufacturing PMI declined to 51.4 in June 2026 from 51.6 in May; however, the Services PMI rose to 49.4 in June 2026 from 47.7 in the previous month. The Stoxx 600 surged by 2.51%. UK equities experienced modest gains as the FTSE 100 Index rose by 0.84% due to a downturn in energy stocks. However, the UK economy expanded by 0.6%. UK Manufacturing PMI posted 52.5 in June, down from May's 53.9 as the factory production accelerated to a 21-month high, driven by robust domestic sales and export gains. The UK Services PMI was revised slightly lower to 48.8 in June 2026, below May's reading of 49.3.
- Japanese equities posted significant gains in June, due to improving prospects for a US-Iran ceasefire agreement, but later struggled to sustain momentum due to lingering geopolitical uncertainty, weakness in US semiconductor stocks, and expectations of further BOJ policy tightening. Japan Manufacturing PMI was revised slightly higher to 54.8 in June 2026, above May's reading of 54.5, supported by faster increases in output and new orders. While Japan's Services PMI Index stood at 52.2 in June 2026, higher than 50.0 in the prior month. Nikkei 225 has risen to 5.6%.
- The Chinese equity market in June 2026 experienced a mixed performance, due to capital rotation toward AI and technology, contrasted against sluggish domestic consumer sentiment. While tech and manufacturing saw improvements driven by rebounding exports, the China Shanghai Composite Market Index rose by 0.63%. China Manufacturing PMI inched down to a three-month low of 51.7 in June 2026 from 51.8 in May. China Services PMI declined to 54.1 in June 2026 from May's three-month high of 54.4, which restricted the gains.
- On the domestic front, the equity market showed a resilient recovery, with strong domestic buying, falling volatility, and shifting global monetary policy cues. While FPIs were net sellers, their selling was aggressively absorbed by heavy DII buying, defined market action, and provided stability. India's Manufacturing PMI eased to 54.2 in June 2026 from 55.0 in May. While the Services PMI also slowed to 57.4 in June 2026 from 58.9 in May. The Nifty 50 rose by 1.35% while the Sensex gained by 2.28%.

Indices Performance

Index	30-Jun-26	30-Jun-25	Change	% Chg
India				
Sensex	76479	83606	-7127.33	-8.52
Nifty 50	23866	25517	-1651.25	-6.47
United States				
Dow Jones	52319	44095	8224.2	18.65
Nasdaq	29809	20370	9439.13	46.34
European Countries				
Stoxx 600	642	541.37	100.36	18.54
FTSE 100	10497	8761	1736.12	19.82
Asia				
Nikkei 225	70062	26393	43669.32	165.46
Hang Seng	22881	21860	1021.02	4.67
Shanghai Comp	4094	3399	695.4	20.46
Other				
Bovespa	172024	138855	33169	23.89
RTS	945	1142	-196.91	-17.24
MSCI World	4826	4026	799.5	19.86
MSCI EM	1723	1223	499.89	51.43
MSCI EM Asia	987	673	313.85	46.63

Nifty 50 Price & FII and MF flows



Equity Market Outlook

- The US equity outlook for July 2026 reflects a volatile market as investors are likely to monitor the tech sector, the artificial intelligence supercycle, and shifting central bank monetary policies. Expected Q2 earnings will balance out forecasts of a potential stock market 'snapback' and valuation corrections warned by a major bank. However, President Trump's announcement that the ceasefire with Iran is over has triggered a jump in oil prices, with Brent oil pushing back into the upper level, and may further elevate global market uncertainties. The S&P 500 is hovering around 7,500 as investors balance resilient corporate earnings with higher interest rate expectations.
- The European equity market is expected to maintain a neutral-to-cautious outlook in July 2026, supported by attractive valuations but constrained by inflationary pressures and modest economic growth. Investor sentiment is likely to be influenced by key macroeconomic data releases, evolving expectations around central bank policy, and geopolitical developments. The UK equity market is expected to remain cautiously optimistic in July 2026, with the FTSE 100 Index trading near 10,650, as the market may continue to benefit from easing domestic inflation and resilient earnings. However, lingering macroeconomic uncertainties, including the pace of economic growth and the outlook for monetary policy, are likely to keep investor sentiment in check.
- Japan's equity market in July 2026 exhibits a favorable medium-term trajectory, despite near-term volatility. The benchmark Nikkei 225 is likely to be underpinned by robust corporate earnings, pro-growth political agendas, and strong AI-related capital expenditure driving export-oriented electronics. However, interest-rate-sensitive sectors like real estate have softened due to the Bank of Japan raising its policy rate to 1.0%. Additionally, foreign exchange interventions are keeping the yen volatile.
- The outlook for China equities remains constructive, upheld by improving earnings momentum and supportive policy settings. China's macro environment is likely to remain relatively resilient amid evolving headlines around the Middle East conflict. As per the recent data points, the stable growth momentum, with GDP expanding by around 5% YoY in Q1 2026, is supported by strong exports, solid industrial activity, and targeted policy easing, which may help to absorb external shocks and support a gradual growth trajectory. Recovery in the property sector and further improvement in consumption could provide additional upside. However, systemic property headwinds and persistent Middle East-related oil shocks may keep the market volatile.
- On the domestic front, the Indian equity markets are expected to maintain a constructive bias, although stock-specific volatility may intensify ahead of the Q1 FY27 earnings season. Market sentiment is likely to be shaped by a combination of domestic and global factors, including the progress of the monsoon, movements in crude oil prices, FII flows, corporate earnings expectations, and geopolitical developments in the Middle East. Fluctuations in crude oil prices will remain a key factor, given their potential impact on India's import bill, current account balance, inflation trajectory, and corporate profitability, thereby influencing overall market direction

Sector Performance

Sector Index	30-Jun-26	30-Jun-25	Change	% Chg
BSE Auto	58,587	57,983	604	1.04%
Bankex	65,034	61,131	3,903	6.38%
BSE CD	59,629	57,686	1,943	3.37%
BSE CG	81,413	80,819	594	0.74%
BSE FMCG	18,186	18,265	-79	-0.43%
BSE HC	49,306	47,541	1,765	3.71%
BSE IT	25,718	28,496	-2,778	-9.75%
BSE Metal	40,199	43,766	-3,567	-8.15%
BSE Oil	26,029	26,741	-712	-2.66%
BSE Power	8,095	8,383	-288	-3.44%
BSE PSU	20,850	20,938	-88	-0.42%
BSE Realty	6,474	6,115	359	5.87%
BSE TEC	14,058	14,930	-872	-5.84%

Investment Strategy

- Overall, the current equity market environment in 2026 is a phase where discipline and allocation matter more than chasing high returns. It is more likely to be a period of moderate returns, driven primarily by earnings growth rather than valuation expansion. In India, the long-term story remains intact as the economic growth is still resilient globally, corporate earnings are expected to grow steadily, and structural drivers like manufacturing and infrastructure are in place. However, the near-term picture is more uneven. Valuations, especially in mid and small caps, had run ahead of fundamentals, and now the market is going through a phase of correction and consolidation. At the same time, foreign investors' outflows are adding to volatility.
- Investors who stay consistent with SIPs, maintain a balanced allocation tilted toward large and flexi-cap funds, and avoid overexposed segments are more likely to navigate this environment successfully. Given the uncertainty in markets, investors can opt for staggered investments over the next 3 to 6 months with a 3+ year investment horizon and review the investment plan as more clarity emerges.

Review

- **Gold Prices:**

Gold prices in India remained highly volatile throughout June 2026, influenced by evolving global economic conditions, geopolitical developments, currency fluctuations, and changing investor sentiment. Domestic gold prices also continued to reflect the impact of the earlier increase in import duty, which kept local prices elevated. Profit booking by investors and improving sentiment across global financial markets reduced demand for safe-haven assets, exerting downward pressure on prices. However, geopolitical tensions in parts of West Asia later in the month renewed safe-haven demand, supporting a rebound in gold prices. At the same time, hawkish remarks from Fed officials regarding inflation and the future path of interest rates strengthened the US dollar, capping further upside in gold prices despite heightened geopolitical risks.

- **Silver:**

Silver prices witnessed heightened volatility during June 2026, undergoing a sharp mid-month correction. The decline was primarily driven by evolving global macroeconomic conditions, including the US Federal Reserve's hawkish monetary policy stance, a strengthening US dollar, and reduced safe-haven demand as geopolitical tensions eased. Market participants largely viewed the correction as a phase of profit booking following the strong rally that had pushed silver to record highs earlier in the year.

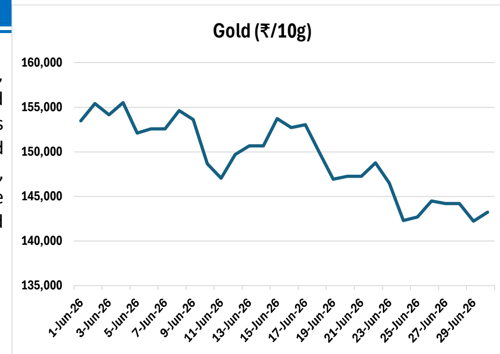
- **Crude oil prices:**

Crude oil prices witnessed a sharp retreat during June 2026, as the downturn was primarily driven by the announcement of a ceasefire framework between the US and Iran in mid-June, which included a 60-day truce and the reopening of the Strait of Hormuz, easing concerns over potential supply disruptions. As geopolitical risk premiums faded, Brent crude prices retreated to around $73 per barrel. Adding to the downward pressure, OPEC+ implemented its fourth consecutive production quota increase, raising output by approximately 600,000 barrels per day. The combination of easing geopolitical tensions and higher global oil supply significantly weighed on crude oil prices.

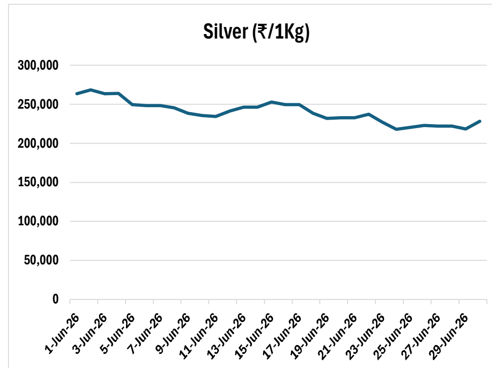
- **USDINR:**

In June 2026, the USDINR exchange rate remained below the 95 level and closed at 94.67, as the RBI continued its intervention strategies and introduced additional capital account measures, including subsidizing foreign exchange hedging costs for fresh FCNR(B) deposits, to encourage foreign currency inflows and support the domestic currency. The retreat in crude oil prices following the reopening of the Strait of Hormuz also provided support to the rupee by easing concerns over India's import bill and reducing pressure on the country's current account deficit. However, the Indian rupee remained under pressure later in the month, due to persistent global supply uncertainties, geopolitical tensions, and elevated crude oil prices, which increased concerns over India's import bill. The US Dollar Index maintained strong resilience, trading in a firm consolidation band between 98.0 and 101.8, driven by a hawkish shift in the June Federal Reserve projections and escalating geopolitical tensions in the Middle East.

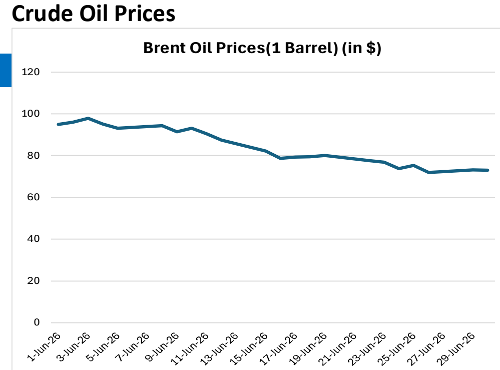
Gold Prices:



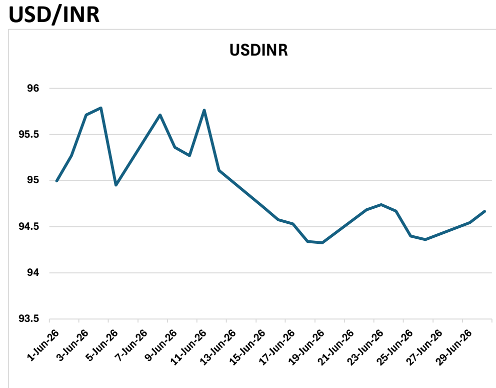
Silver Prices:



Crude Oil Prices



USD/INR



Outlook

- **Gold Prices:**

Gold prices are currently reflecting a global environment characterized by moderate economic growth, easing but still elevating inflation, and expectations of further monetary policy tightening by major central banks. Under these conditions, gold is likely to remain range-bound in the near term. However, a deterioration in global economic conditions or renewed geopolitical tensions could revive safe-haven demand and drive prices higher. Conversely, sustained economic resilience, easing inflationary pressures, and improving market sentiment could reduce demand for gold, leading to a moderation in prices from current levels.

- **Silver Prices:**

The outlook for silver in July 2026 remains cautiously optimistic despite expectations of near-term range-bound trading. Global silver prices are likely to consolidate following the recent correction, as hawkish US Federal Reserve expectations, a stronger US dollar, and profit booking continue to weigh on sentiment. However, the persistent structural supply deficits, resilient industrial demand, particularly from the renewable energy and electronics sectors, and sustained investment interest may support the Silver. Despite the near-term pullback, the broader outlook for silver remains constructive, supported by persistent supply deficits and resilient industrial demand.

- **Crude Oil Prices:**

The Crude oil prices are likely to remain volatile as the investors may remain cautious amid persistent uncertainty surrounding US-Iran geopolitical tensions. Market participants may closely watch developments in the Strait of Hormuz; any disruption could significantly impact energy markets. Meanwhile, the Organization of the Petroleum Exporting Countries (OPEC) and its allies, including Russia, agreed to increase production by an additional 188,000 barrels per day from August, following similar output hikes in June and July. The gradual increase in supply is expected to ease concerns over tight market conditions and may help limit further upside in crude oil prices.

- **USDINR**:

The outlook for the Indian rupee in July 2026 remains cautiously defensive, with the USDINR pair currently trading at the ₹96.26 level. The RBI is expected to continue intervening at higher levels to curb excessive volatility and limit sharp depreciation in the domestic currency. Additionally, recently announced capital account measures, along with the prospect of higher foreign bond inflows, are likely to provide underlying support to the rupee. However, any renewed geopolitical tensions in the Middle East could push Brent crude oil prices higher, leading to increased inflationary pressures and potentially reinforcing a hawkish stance by the Fed. Such developments may strengthen the US dollar and exert further upward pressure on the USDINR pair. On the other hand, easing geopolitical tensions, moderating crude oil prices, stronger FIIs, and a weaker US dollar could improve sentiment toward the rupee, supporting an appreciation from current levels.

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Source: Bloomberg, W2W Research