Weekly Equity Market Outlook

GST, Jackson Hole, Trade Impasse – A Curious Cocktail

25th Aug 2025 – 29th Aug 2025

The Week That Was *(18th Aug – 22nd Aug) : A palpable mix of exhilaration, expectations and apprehensions*

- **The Nifty 50 gives up all the GST Gains, but stocks gain handsomely :** The Nifty 50 rose steadily during the week, its second consecutive week of gains, as the projected impact of the GST revisions got factored in to the stock prices. The reduction from 5 levels to just 2 levels would result in a reduction in costs and a consequent fall in prices of automobiles, consumer durables and FMCG prices. As expected by us the week saw a big move in the Automobiles, Consumer Durables and FMCG sectors this week. However, apprehensions over the rising the Indo-US trade tensions surrounding India's consumption of Russian oil, the failure of the Trump-Putin Alaska talks and apprehensions around Fed Chair Powell's stance at the Jackson Hole meet, led to the Nifty giving up almost all of the gains. The week began on a strong note, with benchmark indices posting robust mid-week gains, though heavy profit booking on Friday trimmed advances.
- **Sectoral Indices see massive movement led by GST hopes :** Indices with highest gains include the Nifty Auto Index with around 5% gain, the Nifty Consumer Durables Index and the Nifty MNC Index (which is heavy on Auto, Consumption and Engineering), both gained close to 4%. The Nifty Mid Cap and Small Cap indices, both corrected a bit towards the close of the week.
- **Global Markets – The Big Chinese Thaw and Fed Rate Hopes :** The S&P 500 fell continuously through the week as uncertainly around the Jackson Hole meet increased. However, Powell's speech on Friday fuelled an 800 point rally in the Dow and a rally of close to 2% on the Nasdaq. The Fed Chairman indicated that a change in policy stance may be warranted. The mainland Chinese index, the CSI 300 rose 4.18% to close at the highest level in a decade, as the US-China trade ties seemingly headed towards stabilisation. US 10-Yr Treasury Yields fell on Friday to close the week 7 bps lower, indicating much of the Sep rate cut expectation was factored in.

Interesting Charts Last Weeks

GOLD-SILVER RATIO

The Gold/Silver ratio is in a downward channel, forming lower tops and bottoms. It has broken below its 200-day moving average, signaling more weakness. With a historical average of 68, the ratio has room to fall further, indicating continued outperformance of silver over gold. The short-term outlook for the ratio is weak, with a target of 84.

HONG KONG INDEX – BULLISH

The Hong Kong Index has broken out of a bullish "Cup and Handle" pattern, with the neckline at 25,004. Since bottoming out after testing its 200-week Simple Moving Average in April 2025, the index has been in a clear uptrend, forming higher tops and higher bottoms for five consecutive months. This technical breakout suggests a short- to medium-term target range of 27,500-30,000.

The Week Ahead *(25th Aug – 29th Aug) : India could see the beginning of a gradual turn inward*

- **DIIs will continue to buy, while FIIs will continue to sell :** What we mean by turning inward is that, while we experience heightened volatility in the near term, led by global geopolitical and trade headwinds and relentless FII selling, we will continue to witness buying support from DIIs India's strong macro backdrop, reform momentum, and liquidity inflows continue to lend long-term resilience.

- **Key points to watch for the week :** Domestically for this week truncated by a mid-week holiday, markets will revolve around derivatives expiry, GST council outcome, U.S. inflation and Fed guidance from Jackson Hole. We expect domestic stocks to continue to gain support form the GST reforms, while the GDP print and IIP data will form key indicators for movement during the week. For global markets too, this will be a data-heavy week, with US 2Q2025 GDP print on Thursday, Consumer Confidence Data on Tuesday and Nvidia earnings on Wednesday.

Nifty 50 Technical Outlook

Source: Tradingview

- The Nifty delivered mixed signals, pointing to a cautious and potentially volatile week ahead.
- The index opened the week with a gap-up and completed the 61.8% retracement of the decline from 25,669 to 24,338, at 25,160.
- However, it soon witnessed sharp profit-taking, slipping below its 50-DMA at 25,010, which is now expected to act as immediate resistance.
- Going forward, consolidation is likely to persist within the broader range of 24,600–25,200.

Nifty Bank Technical Outlook

Source: Tradingview

- The Bank Nifty resumed its downtrend after a brief pause in the previous week, forming a bearish candle on the weekly chart.
- It underperformed the Nifty index, slipping below its 100-DMA at 55,360 and is also trading beneath all key short-term moving averages.
- On the weekly timeframe, momentum indicators and oscillators have turned bearish with a sell crossover.
- At this juncture, the index remains under pressure, and a breach below 54,900 could extend the decline towards 54,400.

Global Markets

Developed Markets	
US (S&P 500)	+0.27%
Germany (FSE DAX)	+0.02%
UK (FTSE 100)	+2.00%
Eurozone (Eurostoxx 50)	+0.64%
Japan (Nikkei 225)	-1.72%

Emerging Markets	
Indonesia (IDX Composite)	-0.50%
India (Nifty 50)	+0.97%
China (CSI 300)	+4.18%
South Korea (KOSPI 100)	-1.90%
Brazil (Bovespa)	+1.19%

Sectoral Gainers and Key Commodities

Sectoral Indices	
Nifty Auto - TRI	+5.02%
Nifty Consumer Durables - TRI	+3.91%
Nifty MNC - TRI	+3.89%
Nifty Realty - TRI	+3.50%
Nifty India Consumption - TRI	+3.01%
Nifty India Manufacturing - TRI	+2.45%

Commodities	
Gold	+1.10%
Silver	+2.19%
Brent Crude	+2.85%

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Stock in Radar : OLECTRA

LTP : INR 1563

Source: Tradingview

- The stock prices have formed a bullish cup & handle formation and the neckline is placed near 1560 levels a break above it will add bullish for pattern breakout which would indicate trend reversal.
- The pattern target as per handle formation can be expected near 1750-1770 while the larger target can be expected near 2000-2100 levels.

Stock in Radar: UNOMINDA

LTP : INR 1268

Source: Tradingview

- The stock has recently staged a multi-month breakout from its consolidation zone, accompanied by a bullish breakaway gap.
- Key support is placed at 1185, while the ideal accumulation zone lies between 1235–1255.
- We expect the stock to head towards fresh record highs, with potential upside open towards the 1420 mark.

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