

# Indo-US Trade Deal Done! Removes One Year of Uncertainty!

3<sup>rd</sup> Feb 2026 – 6<sup>th</sup> Feb 2026

**The Week That Was** (26<sup>th</sup> Jan – 2<sup>nd</sup> Feb) : Markets end a muted week with Budget-day sell-off

**The Run-Up to the Budget ... the week till Friday :** The Indian markets closed the week ending last Friday on a slightly positive note, as the investors awaited the Budget to be tabled on a working Sunday. Small caps outperformed, as Defence (up 8.80%) and Energy (up 6.10%) took the lead, even as the Indian Rupee stayed Under pressure. Expectations from the Union Budget remained high in general, though some quarters advised caution as the FM was expected to remain fiscally prudent. The Nifty 50 closed up a marginal 0.12% week-on-week, as markets stabilised after the previous week’s risk-off phase. Broader markets outperformed with the Nifty Midcap 100 gaining 0.41% and the Nifty Small cap 100 gaining 1.21% until Friday’s close. The India VIX rose to 13.63, gaining 2.10% until Friday, indicating the market is still pricing elevated near-term uncertainty into the Budget weekend. Foreign flows remained net sellers dumping another ₹7,096 crores of Indian equities, while DIIs were net buyers lapping up ₹19,101.6 crores. The INR continued to remain weak, creating a key negative overhang, with the USD/INR hovering near ~91.94–91.99 levels into month-end. The India 10-year government bond yield was around 6.70% reflecting high supply, caution over the Budget and currency pressure. *So overall, it was a nervous and cautious week.* US equities maintained their strong position, with S&P rising 0.77% and the Nasdaq gaining 0.40%. Employment trends remained stable, with jobless claims nearing 200,000, with the lowest 4-week moving average in two years.

**Budget 2026 – A Study in Fiscal Prudence, Focus on the Long Term :** The Union Budget 2026 made no unnecessary noise – “Reform Over Rhetoric, Action Over Ambivalence, People Over Populism” was played out to as much perfection as possible. Support to MSMEs, making industry competitive, ease of doing business, keeping the fiscal balanced – these were the focus. The market sold off as there was no big ticket announcements. It was a prudent budget with a long term focus on “Viksit Bharat by 2047”. **Read the details in our Budget Report here ...**

[https://www.centrumbroking.com/download/Centrum-GalaxC-Union\\_Budget\\_2026-Impact\\_on\\_Sectors&Stocks.pdf](https://www.centrumbroking.com/download/Centrum-GalaxC-Union_Budget_2026-Impact_on_Sectors&Stocks.pdf)

## Interesting Charts ... that speak a thousand words

### BITCOIN trading near immediate support



### CNX FMCG at crucial juncture



## The Week Ahead (27<sup>th</sup> Jan to 30<sup>th</sup> Jan) : TRADE DEAL AGREED UPON! ... MARKETS SET SIGHT ON NEW HIGHS!

The United States and India have reached a trade deal and will immediately move to lower tariffs on each other’s goods, the US President announced last night (IST). PM Modi also agreed to buy American products “at a much higher level” as part of the agreement and put an end to the purchase of Russian oil. **This would immediately lower the proposed reciprocal tariff on Indian goods from 25% to 18%. India will now buy much more American oil and maybe Venezuelan oil.** There was no mention of the fate of the additional 25% penalty, but we assume that is off too, bringing overall tariffs down from 50% to 18%.

**MARKET OUTLOOK :** *The GIFT NIFTY signals a 1,000+ point rally at open itself on Tuesday morning. Sectors to benefit from the Indo-US Trade Deal will be Textiles, Gems and Jewellery, Light Engineering & Machinery, Electronics Components and Auto Components. Now we must be cautious, as in some sectors we will be importing from the US at a higher cost than is currently the case – Oil is one... cheap Russian oil will now be replaced by US and Venezuelan (US again!) oil, Transport and Construction Equipment will see cheaper Chinese being replaced by American imports. We recommend a cautious participation in the post Trade War party!*

## Nifty 50 Technical Outlook



Source: Tradingview

- The markets staged a sharp rebound from oversold levels, with Nifty closing above the 25,000 mark, largely driven by short covering. However, the immediate resistance is placed at the 200-DMA around 25,210, and a decisive move above this level would confirm a short-term trend reversal.
- On the downside, immediate support is seen at 24,800, followed by 24,680. The RSI has reversed from oversold territory and is trending higher, indicating improving momentum.
- Meanwhile, India VIX cooled off sharply by 9% to close near 13.8, a further decline would add comfort for the bulls. Overall, the structure appears constructive for a follow-up move towards the 25,200 zone.

## Nifty Bank Technical Outlook



Source: Tradingview

- Bank Nifty found strong support at its 100-DMA placed near 58,058 and rebounded sharply from those levels.
- It has formed a tweezer bottom-like pattern on the daily chart, indicating that 57,800 is likely to act as immediate support.
- A decisive breakout above 59,000 is required to confirm a short-term bottom, post which a follow-up move towards 59,500 levels can be expected.
- Overall, the structure appears sideways to positive, with Bank Nifty likely to oscillate within the broader range of 57,800–59,400 in the near term.

## Global Markets

### Developed Markets

US (S&P 500)	+0.34%
Germany (FSE DAX)	-1.45%
UK (FTSE 100)	+0.79%
Eurozone (Eurostoxx 50)	-0.09%
Japan (Nikkei 225)	-0.97%

### Emerging Markets

Indonesia (IDX Composite)	-6.94%
India (Nifty 50)	+1.09%
China (CSI 300)	+0.08%
South Korea (KOSPI 100)	+5.82%
Brazil (Bovespa)	+1.40%

## Sectoral Gainers and Key Commodities

### Sectoral Indices

Nifty India Defence - TRI	+8.80%
Nifty Energy – TRI	+6.17%
Nifty Oil & Gas – TRI	+4.29%
Nifty Capital Markets – TRI	+3.66%
Nifty FMCG - TRI	-0.83%

### Commodities

Gold	-2.36%
Silver	-17.74%
Brent Crude	+8.64%

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