**Market Intelligence Brief: Geopolitical Risk Premia and Macro Volatility**

The week witnessed a pronounced pivot toward risk-off sentiment, characterized by a deleveraging trend across emerging market (EM) equities. Global macroscopic stability was challenged by the precariousness of the US-Iran ceasefire, leading to a structural repricing of energy risk. In the domestic context, the Indian equity landscape faced a dual-threat: an inflationary "crude shock" and a technical breakdown in high-growth sectors, forcing a sharp expansion in the implied volatility index (India VIX).

**Domestic Macro & Equity Architecture**

The Indian indices suffered a systematic retreat on April 24, 2026, as the Nifty 50 and Sensex corrected by 1.9% and 2.3% respectively, effectively liquidating the week's previous liquidity gains.

- ***Currency & External Sector Pressure:*** The INR faced significant depreciation, closing at ₹94.25/USD. This move was exacerbated by Brent Crude breaching the $106/barrel threshold intra-week. For a net-importing economy, this elevation in energy costs triggers a deterioration in the Current Account Deficit (CAD) and necessitates a "crude-risk premium" in equity valuations.
- ***Institutional De-risking:*** Accelerated FII (Foreign Institutional Investor) outflows indicated a tactical rotation out of India into "safe-haven" dollar-denominated assets.
- ***Volatility Dynamics:*** The India VIX surged by 15% to 19.71, signaling a transition from a low-volatility accumulation phase to a high-volatility distribution phase.
- ***Market Breadth:*** While the headline indices faced the brunt of institutional selling, the broader market showed relative resilience. The Nifty Midcap 150 (-0.8%) and Smallcap 250 (-0.1%) outperformed the benchmarks, suggesting that localized, retail-driven liquidity pockets remain sticky despite the large-cap exodus.

## *Sectoral Decomposition*

- IT Services (The Anchor Drag): The Nifty IT index experienced a catastrophic 10.3% weekly drawdown, triggered by earnings misses and downward revisions in guidance. This suggests a cyclical peak in digital transformation spending and sensitivity to the global "higher-for-longer" interest rate narrative.

- The Energy Hedge: Conversely, Nifty Energy (+2.6%) served as a natural hedge, capturing the upside of rising commodity realizations. Defensives such as FMCG (+2.2%) and Media (+1.6%) also provided tactical alpha as investors sought refuge in domestic consumption stories.

## *Global Market Correlation & Macro Drivers*

- US Markets: Diverging from the EM trend, the NASDAQ (+1.39%) and S&P 500 (+0.95%) maintained upward momentum, buoyed by idiosyncratic strength in the semiconductor space (specifically Intel's Q2 guidance). However, this "Tech Island" effect remains vulnerable to contagion if energy prices remain sticky.

- European Contraction: Sentiment was notably bearish across the Eurozone. Germany's Economics Ministry halving its 2026 growth forecast acted as a catalyst for a broad-based sell-off, with the Euro Stoxx falling 2.38%.

- Asian Resilience: Divergent trends were visible in North Asia; the KOSPI (+4.58%) and Nikkei (+2.12%) benefited from specific regional trade flows and currency-play advantages.

## *Asset Class Snapshots*

Fixed Income: The 10-Year Benchmark Yield settled at 6.94%. While stable, the upward pressure from crude-led inflation expectations may lead to a hawkish tilt in future RBI policy.

Safe Havens: Gold prices reaching Rs 1,50,034 per 10 grams reflects a flight to "hard assets" as a hedge against geopolitical tail risks and currency debasement.

### *Strategic Recommendations for coming weeks*

Given the current confluence of geopolitical instability and sector-specific headwinds, we recommend the following tactical adjustments:

1. Increase Allocation to "Hard Assets": With the INR under pressure and gold reaching historic highs, The core portfolios should maintain a 5–10% weightage in Sovereign Gold Bonds (SGBs) or physical bullion. This serves as a non-correlated hedge against further geopolitical escalations in the Middle East.

2. Tactical Rotation into Value & Defensives: We suggest reducing exposure to high-P/E IT and Auto stocks until earnings visibility improves. Reallocate toward FMCG and Pharma, which offer superior earnings resilience in a high-inflation environment.

3. Energy and Commodity Overlay: Maintain a "Tactical Overweight" on the Energy sector. As long as Brent remains above $100, upstream oil producers and refiners will likely act as a portfolio stabilizer.

4. Fixed Income Laddering: With yields at 6.94%, we recommend a Laddered Bond Strategy. Allocate to short-to-medium term high-quality corporate papers (AAA-rated) to capture current yields while maintaining liquidity to capitalize on potential rate volatility.

5. Volatility Arbitrage: For sophisticated investors, the spike in VIX presents an opportunity for Option-writing strategies (e.g., Covered Calls) to generate additional yield on existing blue-chip holdings, effectively lowering the cost of carry during sideways or bearish trends.

| Stocks - under watch | |
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| Allied Blenders & Distillers (ABDL) | With premiumisation remaining core of the growth strategy, ABDL's revenues are expected t o grow at 14% CAGR over FY25-28E. This along with the benefits from backward intergration and UK-India FTA deal will help strong expansion in EBIDTA margins (PAT t o grow at 35% CAGR over FY25-28E). Post recent correction the stock is trading at 30x on FY28E earnings. Though stock has given 40% retun in 1 month , we will keep a watch and buy on dips. |
| Shriram Properties (SPL) | SPL is residential developer in mid and mid-premium market with presence in Bengaluru, Chennai, Kolkata and Pune. SPL has strong unsold residential project portfolio of ~₹13,429 crore of ~20msf and additional ~26 msf in is pipeline thus fueling its ambition of stepping-up business activity t o ₹5000 crore annually by FY28E. Additionally the company t o unlock value equivalent to ~90% of current Mcap from Kolkata land resolution. |
| Astral (ASTPOL | Astral is likely t o see strong volume growth and EBITDA margin improvement in Q4FY26. For FY27, it is expected t o benefit from elevated PVC prices and strong demand across B2B projects and retail driven channel restocking. Bathware is expected to contribute positively in EBITDA from FY27 while Paints to improve operational performance gradually. |

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