TYCHE RESEARCH

MARKETS & MACRO BRIEFING

SATURDAY, 24 OCTOBER 2026

All Falls *Down*

Four sessions, four red closes. The Nifty slipped 2.4%; small caps fell three times as far.



Each block is one session, opening at the previous close. To scale. Sources: Business Standard; HDFC Sky (pages 03 and 07).

EXECUTIVE SUMMARY

A small fall for the Nifty, *a big one for everything below it.*

The week. All four sessions from 19 to 23 October closed lower (Tuesday was the Dussehra holiday). The Sensex fell 1,605 points (2.15%) and the Nifty 546 points (2.36%).[1,6,10]

The small caps. The Nifty Smallcap 250 fell 7.1%, its worst week since February 2025, about three times the Nifty's fall. BSE-listed companies lost about ₹20.8 lakh crore of value.[8,9,11]

The oil. Brent rose 6.24% in the week to $116.72 after Houthi strikes on Saudi Arabia. India imports about 90% of its crude, so each $10 adds about $13bn to its import bill.[14,15,18]

The rates. The 10-year government bond yield reached 7.47% after ten straight weekly rises. At about 16 times earnings, the Nifty earns roughly 6.2%: less than that bond.[11,23,24]

The money. Foreign investors have pulled ₹3.12 lakh crore out of Indian stocks in 2026, nearly double 2025. But they were not the big sellers this week: on Friday they were net buyers.[28,31]

−2.36%	−7.1%	$116.72	7.47%	₹20.8L cr
NIFTY 50, WEEK (CALC)	NIFTY SMALLCAP 250, WEEK	BRENT, 23 OCT SETTLE	10-YEAR G-SEC YIELD, 23 OCT	BSE MARKET VALUE LOST (CALC)

WHAT TO WATCH NEXT

27 & 28 OCT

The Fed meets

A surprise hike would lift US yields and the dollar again.[26]

28 OCT

Jio Platforms lists

Money blocked in its ₹30,213 crore IPO comes back after allotment.[33]

BRENT

$110

The level analysts watch for Indian sentiment; $150 if Hormuz shuts again.[6,17]

NIFTY 50

22,200

The support level analysts name; the 2026 low is 22,182 (2 April).[6,12]

THE ONE-LINE VERSION

Oil and rates squeezed the whole market, but the expensive, borrowed-into end of it, the small caps, fell three times as hard.

As of 24 October 2026. Index closes are from exchange-reported figures in Business Standard and HDFC Sky; weekly changes marked calc are Tyche arithmetic from those closes. FII and DII figures for Wednesday and Thursday were not found in the sources we could open. Superscripts refer to sources on page 06.

INTRODUCTION AND CONTEXT

01 Four sessions, four red closes, *in a festive week.*

FIG. 1 The week, session by session

	Sensex		Nifty 50		Midcap 100	Smallcap 100
Session	Close	Change	Close	Change	Change	Change
Fri 16 Oct	74,729.27	previous close	23,146.15	previous close		
Mon 19 Oct	73,852.90	**-876.37 (-1.17%)**	22,888.95	**-257.20 (-1.11%)**	**-1.09%**	**-1.01%**
Tue 20 Oct	*Market holiday: Dussehra. NSE and BSE closed.*					
Wed 21 Oct	73,709.69	**-143.21 (-0.19%)**	22,811.35	**-77.60 (-0.34%)**	**-2.20%**	**-2.40%**
Thu 22 Oct	73,249.39	**-460.30 (-0.62%)**	22,687.65	**-123.70 (-0.54%)**	**-0.87%**	**-1.17%**
Fri 23 Oct	73,123.83	**-125.56 (-0.17%)**	22,600.00	**-87.65 (-0.39%)**	**-2.21%**	**-2.94%**
Week	**73,123.83**	**-1,605.44 (-2.15%)**	**22,600.00**	**-546.15 (-2.36%)**	**-6.2%***	**-7.3%***

Change is against the previous session's close. *Midcap 100 and Smallcap 100 week figures compound the four daily moves (calc); their closing levels were not in the sources we could open. Source: Business Standard live blogs [2,5,6]; HDFC Sky [3,7]; Dhanarthi [4] (Wednesday mid and small caps); holiday: Free Press Journal [1].

At the start of the week, at 19th of October 26, the Indian stock markets initially had gone up, only to fall and close lower during the day. SENSEX fell by 876 points, while the NIFTY 50 fell by 257 points.[2,3] This wasn't just a one off occurrence, this happened during the entire week, with the Indian markets closing lower in every single trading session. During a festive time like Dussehra, the Indian stock market went into panic mode, falling in all four trading sessions of the week.[1]

By the end of the week, SENSEX fell down to 73,123.83 and the NIFTY 50 fell down to 22,600. Throughout this festive and auspicious week, SENSEX fell by 1605 points, while the NIFTY 50 fell by 546 points.[6,7] Companies listed in the BSE lost value by 20.8 lakh crore rupees in market cap, which equates to roughly $220 billion in losses for investors.[8,9]

GLOSSARY

Market Capitalization: is the total value of a company's shares, which is the share price multiplied by the number of shares. The BSE's market capitalization is this value added up for every company listed on it.

When you look at the percentage drop which is 2.4% for NIFTY and 2.15% for SENSEX, this decrease might seem small. However other indices tell different stories. NIFTY Small Cap 250 index fell by roughly 7.1% this week which was the worst crash since February 2025.[11] While Nifty Small Cap 100 fell roughly by 7.3%. Small Cap companies suffered 3x more losses than large cap companies this week. And India VIX, which is considered a barometer for investor confidence, went up closing at 16.84 on Friday.[10]

GLOSSARY

India VIX: is the volatility index of the NSE, which shows how much the market expects the NIFTY to move over the next 30 days. The higher the VIX, the more fearful investors are.

This week wasn't a one off event, The Nifty had hit a record high of 26,373 on the 5th of Jan 2026, and has been down around 14% since then, putting it on course for its worst performing year since 2011.[12,13]

Both NIFTY 50 and SENSEX, which are India's most popular stock market indices, were in the negative for four trading days straight, but small cap companies suffered almost thrice the losses during this festive season.

₹20.8L cr
BSE market value lost, ₹472.62 to ₹451.83 lakh crore (−4.4%, calc)[8,9]

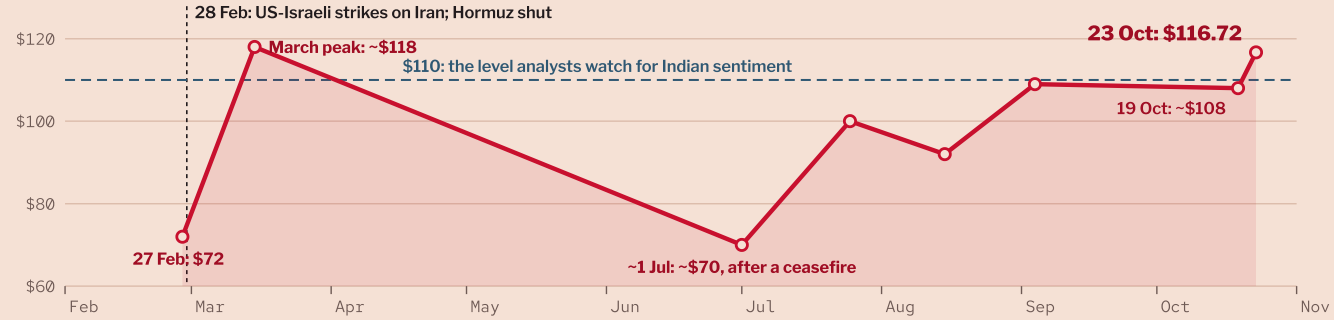
16.84
India VIX on Friday, up 6.8% and up for four sessions in a row[10]

−14.3%
Nifty from its 26,373 record of 5 Jan 2026 to 22,600 (calc)[12]

THE OIL SHOCK IS BACK

02 Brent at $116.72, and India *buys 90% of its crude abroad.*

FIG. 2 Brent crude in 2026, $ per barrel



Reconstructed from reported levels, not a tick chart: straight lines join the dated points. The March peak is about $118 (Wikipedia) or nearly $120 (CNBC). Source: Wikipedia, "2026 Iran war fuel crisis" [15]; HDFC Sky [3,7]; The National [14]; BS live blog [6] ($110 line).

One of the biggest explainers according to various analysts for this week's downward trend has been crude oil price spikes. Brent Crude which was trading at roughly $108 per barrel on Monday, settled at $116.72 on Friday. That is a 6.24% rise over the week, and its highest level since May of 2026, though still below the peak of around $118 it hit in March, when the Iran USA geopolitical tensions were at their worst. Crude Oil began to spike after the Houthi rebels began to launch their attacks on Saudi Arabia, striking airports, the Saudi Defence Ministry and a Saudi Aramco port in Yanbu.[3,14]

GLOSSARY

Brent Crude: is the global benchmark price for crude oil, used to price most of the oil traded around the world, including the oil India imports.

Oil prices have been rising since the start of the year, ever since the USA and Israel killed the Supreme Leader of Iran, Ali Khamenei, in strikes on the 28th of February 2026.[16] The Strait of Hormuz, which is an important geographic trade route for oil shipments was shut. Brent Crude went from $72 to $118 in just one month, and went back down to $70 in July after a ceasefire was signed. Ever since July it has been rising back up, despite the oil shipments being back to normal, which could indicate a fear of more tensions going.[14,15]

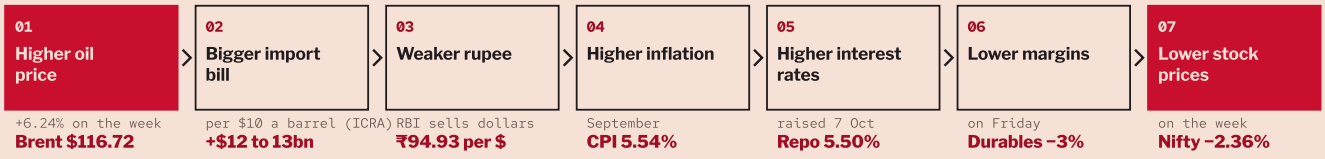
Why do oil prices have such an impact on India's stock market? It's because India imports almost 90% of its crude oil, and almost half of it comes from the Strait of Hormuz.[15] According to the ICRA, every $10 rise in the crude oil price, adds around $13 billion to India's oil import bills, which further impacts our current accounts by 0.3% of GDP.[18]

GLOSSARY

Current Account Deficit: is when a country pays more to the rest of the world for its imports, than it earns from its exports. For India, oil is the biggest reason behind this gap.

Also oil is such a vital commodity, that even if its price goes up the demand is still there. Also since India's oil bill is paid in USD, bigger its oil bill, more the USD it requires which results in the INR weakening. The rupee was at 96.78 per USD on the 8th of October and has steadied at around 94.9 this week, because RBI has been selling its dollars to defend it, leading to India's forex reserves falling by about $64 billion in the past few weeks.[19,20,21,36]

FIG. 3 How oil reaches the stock market

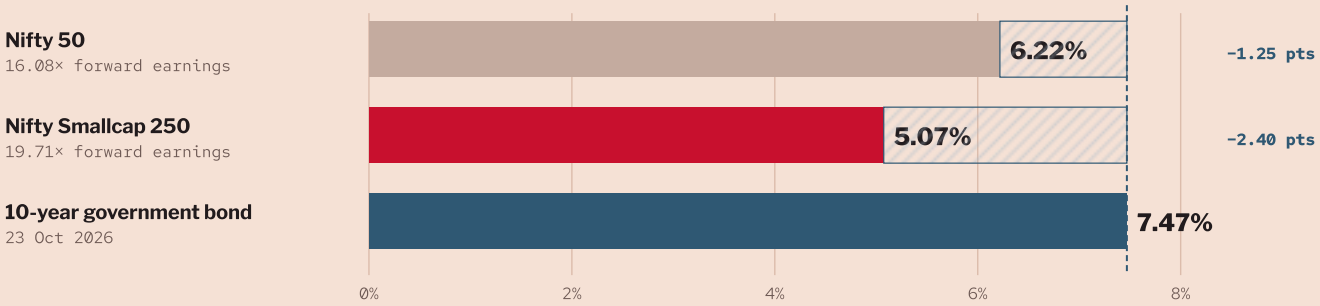


Schematic: each step is the usual direction of the effect, with this week's reading under it. Source: The National [14]; ICRA via The Pamphlet [18]; PTI via Deccan Herald [19]; CNBC [22]; SCC Online [25]; HDFC Sky [7].

THE BOND YIELD CONUNDRUM

03 The safest asset now pays more *than the Nifty earns.*

FIG. 4 What a share earns against what the government pays



Earnings yield = 1 ÷ price-to-earnings ratio, on one-year forward earnings (calc). Shaded = the shortfall against the 10-year bond. A crude comparison: company earnings can grow, bond coupons do not. Source: Business Today [11] (P/E ratios); Business Standard [23]; Whalesbook [24] (yield).

While the oil tensions were noticed by investors, there's one more warning sign in India's bond markets. The Indian government's 10 year bond yields rose to 7.47% on Friday. It has been in the green for the past 10 weeks, which according to Business Standard has been the longest losing streak the Indian Government bonds had in 30 years.[23,24]

GLOSSARY

Bond Yield: is the return an investor earns for holding a bond. When bond prices fall the yield goes up, so a rising yield means investors are demanding a higher return to lend to the government.

Why are bond yields rising steadily? It's due to inflation. On the 7th of October 2026, the RBI increased its repo rate by 25 bps to 5.5%. They changed their stance from neutral to "calibrated tightening", which could indicate that more rate hikes could happen.[25] Last month the US Federal Reserve also increased their rates from 3.75% to 4%, leading to the US 10 year bond yield to hit 5.36% in early October.[26,27]

GLOSSARY

Repo Rate: is the interest rate at which the RBI lends money to banks. When it goes up, borrowing becomes more expensive for banks, companies and people.

Why is this alarming for the Indian stock market? Because it's an indicator that the current stock market is heavily overvalued. Consider the Price to Earnings ratios of the indices, NIFTY trades at around 16 times its earnings, which means it earns an investor 6.25%. (Converting P/E ratio into Earnings Yield which is 1/PE Ratio x 100% = 6.25%). Small Caps are even higher when it comes to overvaluation at around 20x giving only 5% returns.[11] Since both these indices are giving lesser returns than 10 year government bonds, which are considered the safest investment option, that is a huge red flag for the Indian financial markets.

FIG. 5 Rates went up at home and abroad, in order

SEP 2026	EARLY OCT	7 OCT	23 OCT
US Federal Reserve	US 10-year Treasury	Reserve Bank of India	India 10-year G-sec
+25 bp	5.36%	+25 bp	7.47%
to a 3.75% to 4.00% range	a three-month high	repo to 5.50%; "calibrated tightening"	a tenth straight weekly rise

Blue = United States, red = India. bp = basis point, 0.01 percentage point. Source: CNBC [26]; Trading Economics [27]; SCC Online [25]; Business Standard [23]; Whalesbook [24].

10 weeks
of rising 10-year yields: the longest losing streak for Indian bonds in 30 years[23]

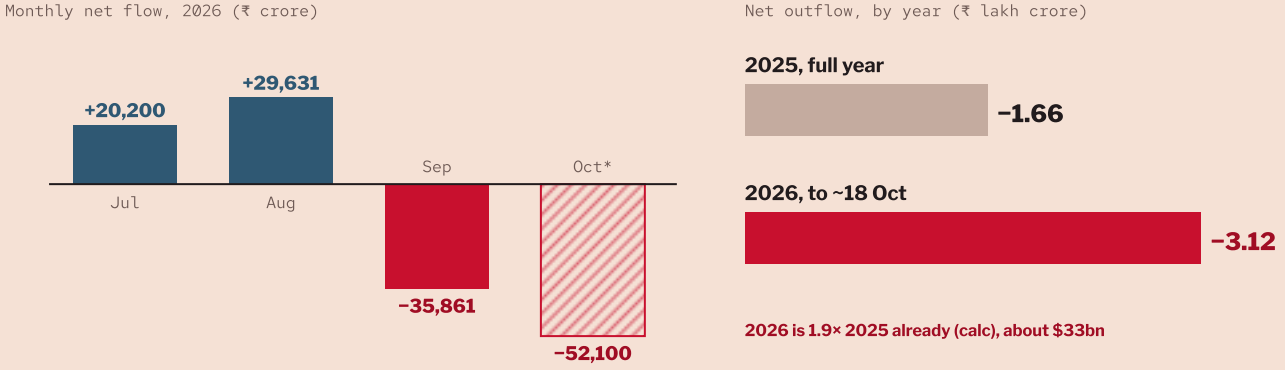
−1.25 pts
Nifty 50 earnings yield (6.22%) below the 7.47% bond (calc)[11]

−2.40 pts
Smallcap 250 earnings yield (5.07%) below the bond (calc)[11]

WHAT'S HAPPENING TO FOREIGN INVESTORS?

04 Foreign money left earlier. *This week, it barely moved.*

FIG. 6 Net foreign portfolio flows into Indian equities



*October is to about 18 October (cut-off not stated), hatched. Blue = net buying, red = net selling. Dollar figure as cited with the Finance Minister's remarks. Source: Free Press Journal citing NSDL and CDSL [28,29].

In the year 2026 alone, FPIs have sold roughly 3.12 lakh crore rupees of Indian stocks, which is almost double of 2025's outflows. That is around $33 billion of foreign money leaving Indian markets, which was even talked about by Indian Finance Minister Nirmala Sitharaman.[28,29]

GLOSSARY

FPI: stands for Foreign Portfolio Investor, which is the official SEBI term for foreign investors investing in assets like stocks, bonds, mutual funds, indices and so on.

Why are foreign investors leaving India's markets? It mostly has to do with the weak rupee. With US Bond yields having hit 5.36% earlier in October and a stronger dollar, foreign investors don't have any incentives to invest in Indian markets.[27,28] Also since the rupee keeps losing value over time, it can eat into the margins foreign investors make, when they convert back into a dollar. There is also the AI bubble, with lot of money being invested in countries like the US and especially Taiwan, whose TAIEX index is up around 67 to 70% in 2026. India also is behind in the AI race, leading to investors investing in other countries.[29,30]

However alarming as these figures sound, these FPIs weren't the ones who were mostly selling in the markets. During the start of the week, the FPIs sold roughly 1148 crore rupees, and on Friday they purchased a surplus of 888 crore rupees. Most of the FPI money left earlier this year, so it would be misleading to blame this week's downturn on them.[4,31]

FIG. 7 Who bought and sold this week, ₹ crore

Session	FII / FPI	DII
Mon 19 Oct	−1,148.64	+3,201.19
Tue 20 Oct	*Holiday (Dussehra)*	
Wed 21 Oct	*Not found in the sources we could open*	
Thu 22 Oct	*Not found in the sources we could open*	
Fri 23 Oct	+887.65	+3,235.36

Provisional NSE cash-market data. FII is the older exchange term for FPI. Source: Dhanarthi [4] (Mon); Kotak Neo [31] (Fri).

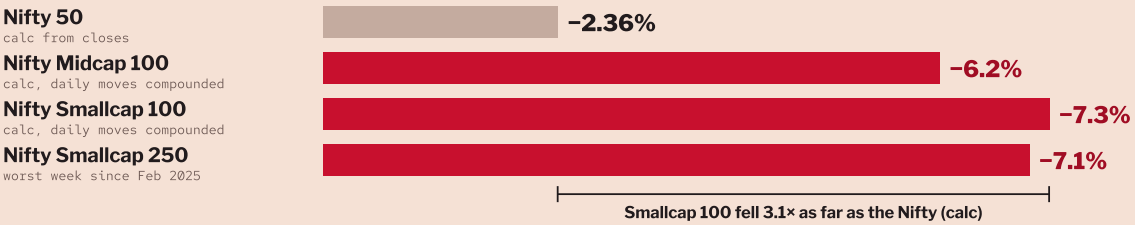
+₹6,437 cr

Domestic institutions' net buying on Monday and Friday alone, against foreigners' net −₹261 crore on the same two days (calc).[4,31]

WHY WERE SMALL CAPS AFFECTED SO MUCH?

05 Expensive, borrowed, crowded: *why small caps fell hardest.*

FIG. 8 How far each index fell, 16 to 23 October



Source: Business Standard [2,5,6]; HDFC Sky [3,7]; Business Today, citing Bloomberg [11] (Smallcap 250).

The NIFTY Small Cap 250 index fell around 7% this week, with 66 stocks in the index falling by over 10%. Companies like Himadri Speciality Chemical crashed 25% and Jindal Saw fell by around 23%, while unicorns like Swiggy fell roughly 17% on Friday alone, after they posted losses on their Instamart division.[7,11]

GLOSSARY

Small Cap: SEBI ranks every listed company by market value. The top 100 are large caps, 101 to 250 are mid caps, and every company from the 251st onwards is a small cap.[35]

The Small Caps falling can be attributed to their overvaluation, as illustrated with an example previously. Overvalued stocks like ones with a high Price to Earnings ratio, are heavily affected as bond rates go up. It can also be leverage trading, as retail investors mostly and speculatively trade small cap stocks with margin. The margin trading book of India had hit a record 1.59 lakh crore rupees at September end, with Small Cap companies constituting half of it.[32] As these prices fall, stock brokers can margin call investors and even sell their shares, which can further worsen the stock prices. Vinod Nair of Geojit had pointed out how this week's fall can be attributed to "unwinding of leveraged positions".[6,11]

GLOSSARY

Margin Trading: is a facility offered by stockbrokers to investors, giving them money to buy stocks, keeping that stock as collateral. If the price of the stock falls by a lot, the stockbroker asks the investor to add money to the account (margin call), or else the broker can force sell the stock.

Another reason for Small Cap companies falling could be the IPO of Jio Platforms, which closed on Friday. They raised 30,213 crore rupees and were over subscribed by 22x, making it India's biggest IPO ever.[33,34] According to some analysts, the demand for the IPO triggered selling of other stocks, especially small caps to get money to subscribe for the IPO. However this will be temporary as lot of the money investors tried to invest with didn't go through, which could trigger reinvestment into these companies.[7]

Another thing to keep an eye about is the US Federal Open Market Committee meeting, which will happen in 27th and 28th October. A surprise hike in interest rates, could increase US bond yields and result in an increase of the US dollar as well.[26] Analysts have stated $110 as a crucial level for Brent, and 22,200 points as the crucial support level for NIFTY. So if the Strait of Hormuz were to shut again, some analysts have warned that crude oil could touch $150 worsening the already bleak situation.[6,17]

SOURCES All accessed 23 to 24 Oct 2026. † = seen only as a search summary.

[1] Free Press Journal, Dussehra holiday †
[2] Business Standard, live blog, 19 Oct
[3] HDFC Sky, market close, 19 Oct
[4] Dhanarthi, market outlook, 21 Oct
[5] Business Standard, live blog, 22 Oct
[6] Business Standard, live blog, 23 Oct
[7] HDFC Sky, market close, 23 Oct
[8] Business Today, ₹11 lakh crore lost, 21 Oct
[9] Zee Business, weekly wrap †
[10] Equitybulls (SAMCO), Nifty and VIX, 23 Oct
[11] Business Today, small caps' worst week, 23 Oct
[12] Business Today, records, 30 Sep †
[13] Moneycontrol, worst year since 2011 †
[14] The National, oil and Houthi attacks, 23 Oct
[15] Wikipedia, 2026 Iran war fuel crisis
[16] The New Arab, killing of Khamenei †
[17] Al Jazeera, oil reserves, 23 Oct
[18] The Pamphlet, ICRA on oil imports †
[19] Deccan Herald (PTI), rupee, 23 Oct †
[20] Telangana Today (PTI), rupee, 19 Oct †
[21] Lapaas, forex reserves †
[22] CNBC, India CPI, 12 Oct †
[23] Business Standard, bond streak (headline)
[24] Whalesbook, 10-year at 7.47%
[25] SCC Online, RBI repo hike †
[26] CNBC, the Fed's next meeting †
[27] Trading Economics, US 10-year †
[28] Free Press Journal, FPI flows
[29] Free Press Journal, Sitharaman, $33bn
[30] Business Standard, Kospi and Taiex †
[31] Kotak Neo, FII and DII data †
[32] IndiaMTF, margin book †
[33] HDFC Sky, Jio IPO 22.19× †
[34] PSU Connect, India's largest IPO †
[35] AMFI, SEBI size categories (2017)
[36] The Pioneer (PTI), rupee at 96.78, 8 Oct †

Figures are as publicly reported; interpretation is the author's. Calc = Tyche arithmetic from the figures given.

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