

INDIAN MARKET OUTLOOK - OCTOBER 9, 2025: CONSOLIDATION PHASE BEGINS AS BULLS TEST KEY SUPPORT LEVELS

The Indian equity markets are positioned for a muted opening on Thursday as GIFT Nifty signals a flat start at 25,132 levels, reflecting the market's entry into a consolidation phase after a robust four-day rally. Wednesday's session saw the benchmark indices snap their winning streak, with Nifty 50 declining 0.25% to 25,046.15 and forming a bearish candle with a pronounced upper shadow, indicating selling pressure near key resistance levels. The market's technical structure suggests a shift toward consolidation as investors digest recent gains and position ahead of the quarterly earnings season, which kicks off with TCS results on October 9. Despite the near-term pause, underlying fundamentals remain supportive with Foreign Institutional Investors continuing their buying stance for the second consecutive session.

Global Market Dynamics and Overnight Performance

US Markets Achieve New Records

Wall Street demonstrated remarkable resilience on Wednesday, with both the S&P 500

Market	Oct 8 Close	Change (%)	Implication
S&P 500	6,753.72	+0.61	Bullish
Nasdaq	23,043.38	+1.12	Very Bullish
Dow Jones	46,601.78	-0.00	Neutral
Gold (\$/oz)	4,045.50	+0.80	Bullish
Crude Oil (\$/bbl)	61.28	-0.35	Bearish
GIFT Nifty	25,132.0	-0.05	Flat Opening

and Nasdaq Composite achieving new intraday and closing highs despite the ongoing government shutdown entering its second week. The S&P 500 gained 0.61% to 6,753.72,

marking its eighth gain in the last nine sessions, while the Nasdaq surged 1.12% to 23,043.38, closing above the 23,000 threshold for the first time in its history.

The rally was primarily driven by information technology, utilities, and industrial sectors, all achieving new closing records. The market's strength came despite concerns about the extended government shutdown, which has delayed critical economic data releases. Investors interpreted this data blackout as potentially supportive of the Federal Reserve's dovish monetary policy stance.

Fed Minutes Signal Continued Rate Cuts

The release of Federal Reserve minutes from the September meeting revealed that nearly half of the officials anticipated three rate cuts this year, with one already executed in the previous month. This dovish tone provided additional support to equity markets, as investors positioned for a more accommodative monetary environment.

Asian Markets Show Mixed Sentiment

Asian markets opened with cautious optimism on Thursday morning. Japan's Nikkei 225 futures pointed to a positive start at 48,425, while China's FTSE China A50 Index futures hovered at 15,127. The cautious tone reflected investor uncertainty ahead of key US economic data releases once the government shutdown is resolved.

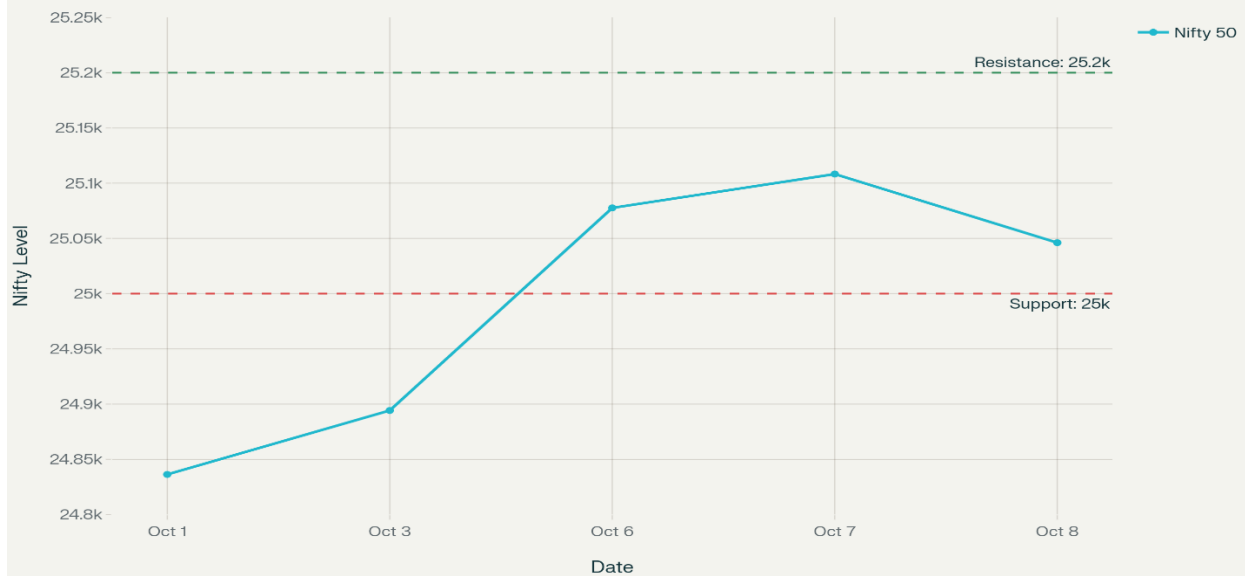
Domestic Market Analysis

Index Performance and Breadth

Wednesday's session marked a significant shift in market dynamics as the benchmark indices ended their four-day winning streak. The Sensex declined 153.09 points (0.19%) to 81,773.66, while Bank Nifty underperformed with a decline of 336.60 points (0.60%) to 55,902.75. The broader market showed mixed performance, with mid and small-cap indices also facing selling pressure.

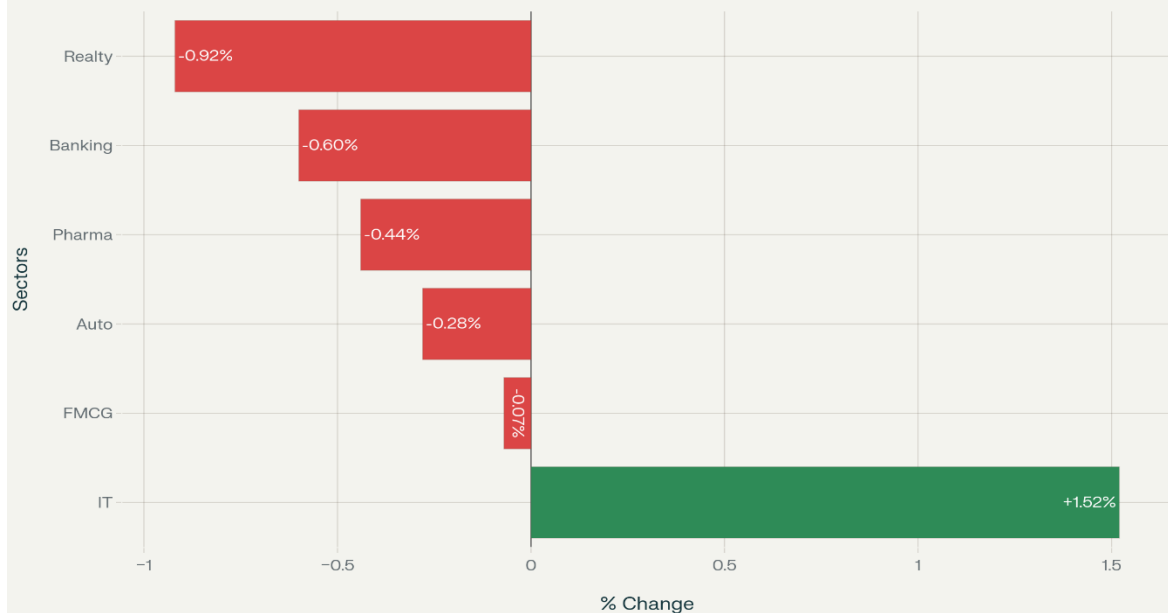
Index	Previous Close	Oct 8 Close	Change	Change (%)
Sensex	81,926.75	81,773.66	-153.09	-0.19
Nifty 50	25,108.30	25,046.15	-62.15	-0.25
Bank Nifty	56,239.35	55,902.75	-336.60	-0.60
Nifty IT	39,480.16	40,080.30	600.14	1.52
India VIX	10.05	9.88	-0.17	-1.69

Nifty 50: Rally to Consolidation - Oct 1-8



Nifty 50 shows rally followed by consolidation, testing support near 25,000

Sectoral Performance - October 8, 2025



IT sector outperforms while most other sectors face profit booking

Sectoral Rotation and Performance

The market witnessed significant sectoral divergence, with the IT sector emerging as the clear outperformer, gaining 1.52% amid expectations of stable enterprise spending and potential benefits from rupee depreciation. This sector's strength provided crucial support to the benchmark indices during the broader market weakness.

Banking stocks, which had led the recent rally, entered a consolidation phase with the sector declining 0.60%. Realty stocks faced the steepest decline at 0.92%, followed by pharma (-0.44%) and auto (-0.28%) sectors. The selective profit-booking in heavyweight sectors contributed to the overall market correction.

Among individual stocks, Titan Company, Infosys, and TCS emerged as top gainers, while Tata Motors, Mahindra & Mahindra, and UltraTech Cement led the decliners. The stock-specific divergence highlighted the importance of individual selection over broad-based sector plays.

Institutional Flow Analysis

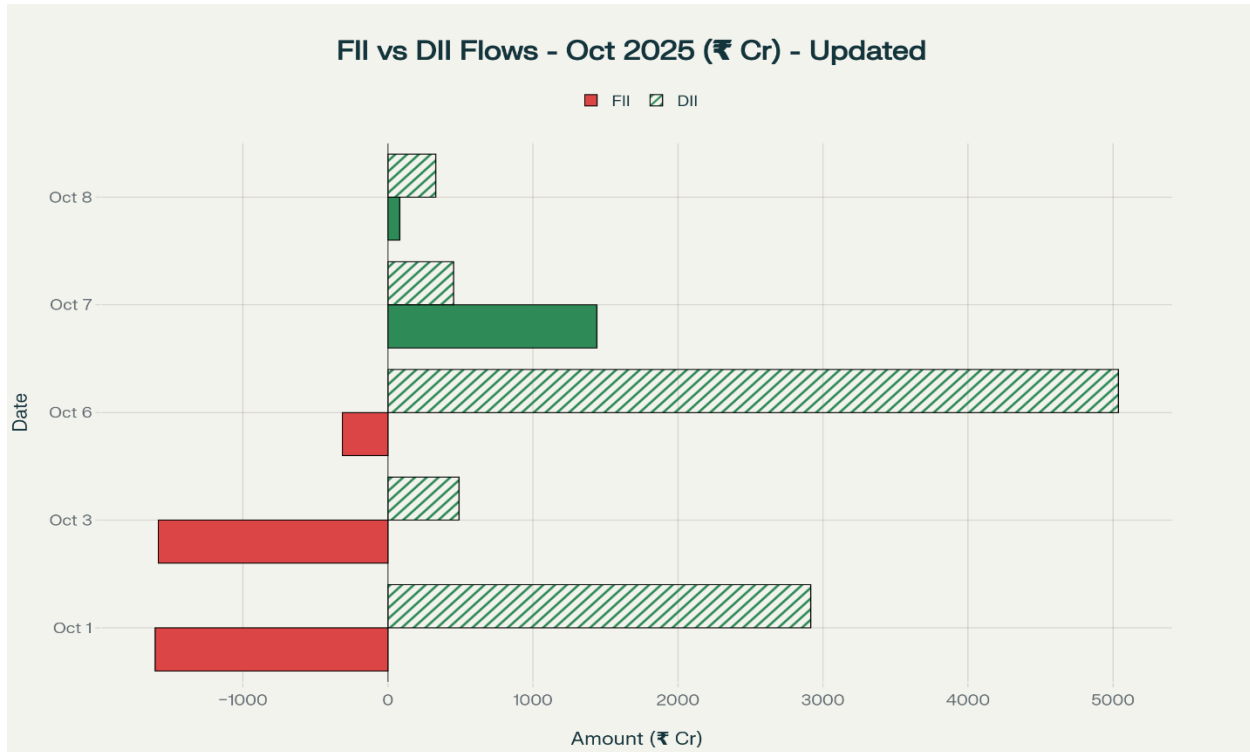
FII Sentiment Remains Constructive

Foreign Institutional Investors maintained their positive stance for the second consecutive session, recording net purchases of ₹81.28 crore on Wednesday. While this represents a moderation from the previous day's substantial buying of ₹1,440.66 crore, it signals a continued shift away from the prolonged selling pressure that characterized early October.

DII Support Continues

Domestic Institutional Investors extended their unwavering support with net purchases of ₹329.96 crore, marking their 30th consecutive session as net buyers. The cumulative DII buying in October has reached ₹9,224.82 crore, effectively offsetting FII selling pressure and providing a strong foundation for market stability.

Date	FII Net (₹ Cr)	DII Net (₹ Cr)	Combined Net (₹ Cr)
Oct 1	-1,605.20	2,916.14	1,310.94
Oct 3	-1,583.37	489.76	-1,093.61
Oct 6	-313.77	5,036.39	4,722.62
Oct 7	+1,440.66	+452.57	+1,893.23
Oct 8	+81.28	+329.96	+411.24
MTD Total	-1,980.40	+9,224.82	+7,244.42



Institutional flows showing FII turnaround and sustained DII support through October

Technical Analysis and Trading Strategy

Nifty 50 Technical Outlook



From a technical perspective, Nifty 50 formed a bearish candle with a pronounced upper shadow on Wednesday, following Tuesday's shooting star pattern. This dual formation suggests increased selling pressure near the 25,200 resistance zone and indicates potential consolidation ahead.

The index has retraced to the 38.2% Fibonacci level of its recent rise from 24,587 to 25,220, which appears to be a healthy correction within the ongoing uptrend. The current consolidation phase is likely to persist until the index can decisively break above 25,200-25,250 levels.

Key Technical Levels for October 9:

Index	Current Level	Immediate Support	Strong Support	Immediate Resistance	Strong Resistance
Nifty 50	25,046.15	25,000	24,950	25,150	25,200
Bank Nifty	55,902.75	55,600	55,500	56,200	56,400

Bank Nifty Analysis



Bank Nifty has entered a consolidation phase after its impressive rally, with the index finding immediate support around 55,600-55,500 levels. The recent correction appears to be profit-taking after the index touched a high of 56,502. A sustained move above 56,200-56,300 is required to resume the upward trajectory toward 56,800 levels.

Derivative Market Insights

The India VIX declined 1.69% to 9.88, indicating continued low volatility expectations and stable market sentiment. In the options market, significant open interest remains concentrated at the 25,000 PUT strikes, providing strong support, while heavy call writing at 25,200 strikes indicates resistance.

Earnings Season and Corporate Developments

TCS Results to Set the Tone

The quarterly earnings season officially begins on October 9 with Tata Consultancy Services announcing its Q2FY26 results. Market participants will closely watch for commentary on demand trends, margin outlook, and management guidance for the remainder of the fiscal year. The IT sector's recent outperformance suggests positive expectations ahead of results.

Stocks in Focus

Several stocks are expected to remain in focus on October 9:

Stock	Reason	Action	Key Level
TCS	Q2 Results	Watch Results	3,030
Lupin	Technical Breakout	Buy on Dips	1,850
Prestige Estates	Quarterly Update	Accumulate	680
Federal Bank	Volume Expansion	Breakout Buy	224
NALCO	Metal Rally	Sector Play	118
Eternal	Momentum Stock	Momentum Trade	340

Market Outlook and Strategy

Near-term Projections

The market appears to be entering a healthy consolidation phase after the recent rally. Technical indicators suggest that the current correction is a natural pullback within the broader uptrend, provided key support levels hold. The zone between 24,900-25,000 serves as crucial support for Nifty 50, while any decisive break above 25,200 could trigger the next leg of the rally.

Sectoral Strategy

The current environment favors selective stock picking over broad-based index plays. IT stocks are likely to remain in focus ahead of earnings results, while banking stocks may

consolidate further before resuming their upward trajectory. Investors should focus on stocks with strong fundamentals and attractive risk-reward profiles.

Risk Management

Key risk factors include:

- Extension of the US government shutdown impacting global sentiment
- Disappointing Q2 earnings results, particularly from IT majors
- Breakdown below key support levels triggering further correction
- Renewed FII selling pressure

Trading Recommendations

For Thursday's session:

- Buy on dips strategy near 25,000 support levels with stop-loss at 24,950
- Sector focus on IT ahead of earnings and defensive plays
- Avoid aggressive long positions until decisive breakout above 25,200
- Watch banking stocks for potential accumulation opportunities near support

Conclusion

The Indian equity markets stand at a critical juncture as they transition from a strong rally phase to consolidation mode. While Wednesday's correction ended the four-day winning streak, the underlying market structure remains healthy with key support levels intact and institutional flows turning increasingly positive.

The upcoming earnings season, beginning with TCS results, will provide crucial insights into corporate performance and future growth prospects. The market's ability to sustain above the 25,000 support level while digesting recent gains will be key to maintaining the bullish momentum.

Investors should adopt a balanced approach, focusing on quality stocks with strong fundamentals while maintaining appropriate risk management protocols. The low volatility environment, as indicated by subdued VIX levels, provides a conducive backdrop for selective opportunities while the broader market consolidates its recent gains.

Disclaimer: This analysis is for informational purposes only and should not be construed as investment advice. Past performance is not indicative of future results. Investors should conduct their own research and consult with financial advisors before making investment decisions.

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