

Indian Market Outlook - October 10, 2025: Bulls Regain Momentum as FII Turnaround Strengthens Market Foundation

The Indian equity markets are positioned for a cautiously optimistic opening on Friday as GIFT Nifty signals a modest positive start at 25,240 levels, building on Thursday's strong recovery that saw benchmark indices stage a robust comeback. The Nifty 50's impressive 0.54% gain to 25,181.80 on October 9, combined with sustained Foreign Institutional Investor buying for the third consecutive session, has reinforced the underlying bullish sentiment despite ongoing global uncertainties.

Thursday's session marked a significant inflection point as markets successfully defended key support levels while demonstrating broad-based sectoral participation, led by a spectacular 3.08% surge in metals stocks. The earnings season officially commenced with TCS delivering stable Q2FY26 results, setting a measured tone for the corporate reporting cycle ahead.

Market Performance Review - October 9, 2025

Benchmark Indices Showcase Resilience

The domestic equity markets delivered an emphatic response to the previous session's consolidation, with both Sensex and Nifty recording solid gains across broad-based buying interest. The Sensex advanced 398.44 points (0.49%) to close at 82,172.10, while the Nifty 50 gained 135.65 points (0.54%) to finish at 25,181.80, approaching the crucial 25,200 resistance zone.

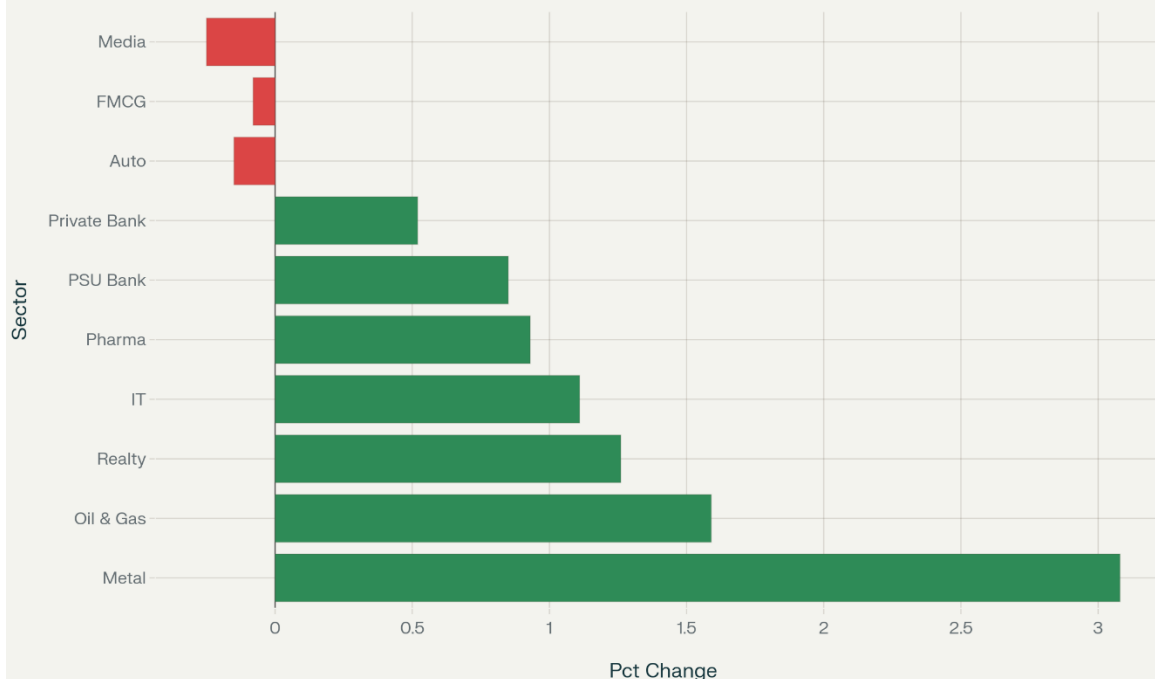
Index	Previous Close	Oct 9 Close	Change	Change (%)
Sensex	81,773.66	82,172.10	398.44	0.49
Nifty 50	25,046.15	25,181.80	135.65	0.54
Bank Nifty	55,902.75	56,194.50	291.75	0.52
Nifty IT	40,080.30	40,525.85	445.55	1.11
India VIX	9.88	10.02	0.14	1.42

The broader market participation was encouraging, with the BSE Midcap index outperforming by gaining 0.75%, while the Smallcap index ended flat, reflecting selective buying amid valuation concerns. Market breadth remained positive with approximately 2,015 shares advancing against 1,978 declining, indicating healthy underlying momentum.

Sectoral Leadership and Rotation

Thursday witnessed remarkable sectoral divergence with metals emerging as the standout performer, surging 3.08% on the back of global commodity price strength and supply concerns from major mining regions. The rally was broad-based within the sector, with JSW Steel and Tata Steel leading gains as investors positioned for potential infrastructure spending and commodity cycle recovery.

Sectoral Performance - October 9, 2025



Broad-based gains led by metals sector with strong rally in commodities

The IT sector extended its recovery with a 1.11% gain, supported by optimism surrounding TCS earnings and expectations of stable enterprise spending despite global economic headwinds. HCL Technologies emerged as the top Nifty gainer, benefiting from the positive sentiment around the sector's earnings outlook.

Oil & Gas (+1.59%) and Realty (+1.26%) sectors also contributed significantly to the market's upward momentum, with the former benefiting from geopolitical developments and the latter from improved demand prospects and policy support measures.

Institutional Flow Dynamics - A Paradigm Shift

FII Sentiment Continues Positive Trajectory

The most significant development has been the sustained shift in Foreign Institutional Investor sentiment, with FIIs recording net purchases of ₹1,308.16 crore on October 9,

marking the third consecutive session of buying after prolonged selling pressure. This turnaround represents a cumulative FII buying of ₹2,830.10 crore over the last three sessions, effectively reversing the negative sentiment that characterized early October.

DII Support Remains Unwavering

Domestic Institutional Investors maintained their consistent supportive stance with net purchases of ₹864.36 crore, extending their buying streak to 31 consecutive sessions. The cumulative DII support in October has reached ₹10,089.18 crore, providing a robust foundation for market stability and demonstrating strong domestic conviction.

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
Oct 9	+1,308.16	+864.36	+2,172.52
MTD Total	-672.24	+10,089.18	+9,416.94

Global Market Landscape and Overnight Developments

Mixed US Market Signals

Wall Street presented mixed signals on Thursday, with technology stocks extending their rally while broader market indices showed signs of consolidation. The S&P 500 and Nasdaq achieved modest gains, supported by continued AI-related optimism and expectations of Federal Reserve policy accommodation. However, concerns about stretched valuations and economic data uncertainty kept overall sentiment cautious.

The ongoing US government shutdown, now in its eleventh day, continues to delay crucial economic data releases, creating an information vacuum that markets are interpreting as potentially supportive of dovish Fed policy. However, this uncertainty also raises concerns about fiscal policy implementation and broader economic oversight.

Asian Market Cautious Optimism

Asian markets opened Friday with mixed sentiment, reflecting the complex interplay between global growth concerns and regional resilience factors. Japan's Nikkei futures pointed to a modest decline of 0.70%, while Hong Kong markets showed marginal strength.

The divergent performance highlighted ongoing uncertainty about China's economic recovery pace and regional monetary policy divergence.

Market	Current Level	Change (%)	Trend
S&P 500 Futures	6,765.50	+0.18	Bullish
Nasdaq Futures	23,089.75	+0.20	Bullish
GIFT Nifty	25,240.00	+0.23	Positive
Nikkei 225 Futures	48,156.00	-0.70	Bearish
Gold (\$/oz)	4,056.80	+0.28	Bullish

Commodity Market Dynamics

Gold prices continued their relentless march higher, approaching \$4,060 per ounce as investors sought safe-haven assets amid global uncertainties and expectations of continued monetary easing. The precious metal's strength has provided support to domestic gold and silver stocks, contributing to the broader metals sector rally.

Crude oil prices remained under pressure at \$60.85 per barrel, declining 0.70% on concerns about global demand and geopolitical tensions easing following ceasefire developments in the Middle East. This divergence in commodity performance has created sector-specific opportunities in the Indian market.

Earnings Season Commencement - TCS Sets the Tone

TCS Q2FY26 Results Analysis

Tata Consultancy Services officially launched the Q2FY26 earnings season with results that largely met market expectations, though growth momentum showed signs of moderation. The company reported revenue of ₹65,290 crore, representing a modest 1.2% quarter-over-quarter growth, while net profit increased to ₹12,075 crore, up 0.8% sequentially.

Metric	Q2 FY26	Q2 FY25	QoQ Change
Revenue (₹ Cr)	65,290	61,957	1.2%
Net Profit (₹ Cr)	12,075	11,909	0.8%
Revenue Growth (YoY %)	5.6	8.4	NA
Margin (%)	18.5	19.1	-60bps

Metric	Q2 FY26	Q2 FY25	QoQ Change
Dividend (₹)	11	10	+₹1

The company's management commentary reflected cautious optimism about demand trends, with order book remaining robust despite global economic headwinds. TCS also announced an interim dividend of ₹11 per share, demonstrating confidence in its cash generation capabilities and commitment to shareholder returns.

Sector Implications

The TCS results have set a measured tone for the broader IT sector earnings, with investors expecting similar patterns of modest growth and margin pressure across the industry. The company's headcount addition of 5,700 employees during the quarter signals continued investment in talent despite demand uncertainties, supporting the sector's long-term prospects.

Technical Analysis and Market Structure

Nifty 50 Technical Outlook



From a technical perspective, Thursday's session marked a significant development as the Nifty 50 formed a strong bullish candle with minor upper and lower shadows, indicating controlled volatility with a positive bias. The index has successfully defended the crucial 25,000-25,100 support zone and is now approaching the key resistance cluster at 25,200-25,250 levels.

The RSI has improved to 58.03, approaching the 60 mark with a positive crossover, while the MACD has witnessed a bullish crossover with strengthening momentum. These technical indicators collectively point to a positive setup for the index, though a decisive

breakout above 25,250 remains crucial for the next leg of the rally.

Key Technical Levels for October 10:

Index	Current Level	Immediate Support	Key Support	Immediate Resistance	Key Resistance	Target	Stop Loss
Nifty 50	25,181.80	25,100	25,000	25,250	25,350	25,450	24,950
Bank Nifty	56,194.50	56,000	55,800	56,400	56,600	57,000	55,500

Bank Nifty Momentum



Bank Nifty has shown remarkable resilience, gaining 0.52% to 56,194.50 and continuing its consolidation above the 56,000 level. The banking index appears to be forming a base in the 56,000-56,500 range, with potential for a breakout toward all-time highs of 57,300-57,600 levels if global sentiment remains supportive.

Derivative Market Insights

The India VIX increased marginally by 1.42% to 10.02, remaining at historically low levels and indicating continued low volatility expectations. The Put-Call Ratio (PCR) for the October 14 weekly expiry stood at 0.91, down from 1.52 in the previous session, suggesting increased call activity and bullish positioning among options traders.

Maximum call open interest remains concentrated at the 25,200 strike with 54.82 lakh

contracts, clearly demarcating the immediate resistance level. On the put side, maximum OI at 25,000 strike with 66.66 lakh contracts provides strong support, indicating the expected trading range of 25,000-25,200 for the near term.

Sectoral Analysis and Stock-Specific Movements

Metals Sector Rally

The metals sector's exceptional 3.08% gain was driven by a combination of global supply concerns and improving domestic demand outlook. JSW Steel and Tata Steel led the rally, benefiting from rising global steel prices and expectations of increased infrastructure spending. The sector's outperformance also reflected investor positioning ahead of the festive season demand and potential policy announcements.

IT Sector Recovery

The IT sector's 1.11% gain, led by HCL Technologies, reflects growing confidence in the sector's ability to navigate global headwinds. The positive momentum ahead of TCS results and expectations of stable enterprise spending have contributed to renewed investor interest. Mid-tier IT companies have particularly benefited from expectations of market share gains and digital transformation demand.

Banking Sector Stability

Both private and PSU banks showed measured gains, with the sector benefiting from expectations of stable net interest margins and improving asset quality. Recent quarterly business updates from major lenders have supported investor confidence, though the sector remains watchful of global monetary policy developments and their impact on liquidity conditions.

Market Outlook and Trading Strategy

Near-term Projections

The technical and fundamental setup suggests that the market is well-positioned for a potential breakout above the 25,200-25,250 resistance zone, provided global cues remain supportive and earnings season progresses as expected. The sustained FII buying, combined with unwavering DII support, provides a strong foundation for continued upward momentum.

Key catalysts for the next phase of the rally include:

- Sustained FII buying momentum
- Positive earnings surprises from major corporates
- Resolution of US government shutdown
- Continued global monetary policy accommodation

Risk Factors

Despite the positive setup, several factors warrant caution:

- Rising India VIX suggesting potential volatility ahead
- Global growth concerns amid mixed economic indicators
- Geopolitical tensions in various regions
- Stretched valuations in certain market segments

Sector Strategy

The current environment favors a barbell approach with exposure to:

- Defensive sectors: IT and Pharma for stability and growth visibility
- Cyclical plays: Metals and Infrastructure for commodity cycle exposure
- Domestic consumption: Select FMCG and retail for India growth story

Trading Recommendations for October 10:

- Buy on dips strategy near 25,100-25,150 support levels
- Breakout buying above 25,250 with targets at 25,400-25,450
- Sector focus on metals, IT, and selective banking stocks
- Risk management with stop-loss at 24,950 for long positions

Conclusion

The Indian equity markets enter Friday's session with renewed confidence, underpinned by a favorable confluence of technical momentum, improving institutional flows, and stable earnings outlook. Thursday's broad-based rally, led by the metals sector's spectacular performance, has reinforced the market's underlying resilience despite global uncertainties. The shift in FII sentiment, combined with sustained DII support, has created a robust institutional foundation that should support market stability even during periods of volatility. The commencement of earnings season with TCS results has set a measured but positive tone, with investor focus now shifting to upcoming corporate announcements.

From a technical standpoint, the Nifty 50's approach to the crucial 25,200-25,250 resistance zone represents a key inflection point. A decisive breakout could trigger the next leg of the rally toward 25,400-25,500 levels, while failure to sustain above these levels may lead to further consolidation.

Investors should maintain a balanced approach, capitalizing on sector-specific opportunities while maintaining appropriate risk management protocols. The low volatility environment, combined with supportive institutional flows, provides an favorable backdrop for selective stock picking and momentum-based strategies.

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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