



Monthly Snapshot

February 2026

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The Fed Just Got a Shrinkage Plan

President Donald Trump's nomination of former Governor Kevin Warsh to lead the Federal Reserve marks a seismic shift for the global economy. A key player during the 2008 financial crisis, Warsh acted as the Fed's vital bridge to Wall Street. However, that front-row seat turned him into a sharp critic. He argues the Fed overstepped by keeping interest rates near zero for too long and becoming dangerously addicted to purchasing government debt. With the central bank's balance sheet currently hovering at a bloated 24.6% of GDP, Warsh believes true credibility requires a much smaller federal footprint. His primary mission is aggressive balance sheet reduction. As the U.S. grapples with \$38.5 trillion in national debt, any move by Warsh to offload bonds could flood the market, spiking yields and Treasury borrowing costs. This creates a fascinating "high-wire act": Warsh could technically lower interest rates while simultaneously tightening financial conditions through balance sheet shrinkage. It is a sophisticated, risky strategy that signals the end of easy money and a return to fiscal discipline.

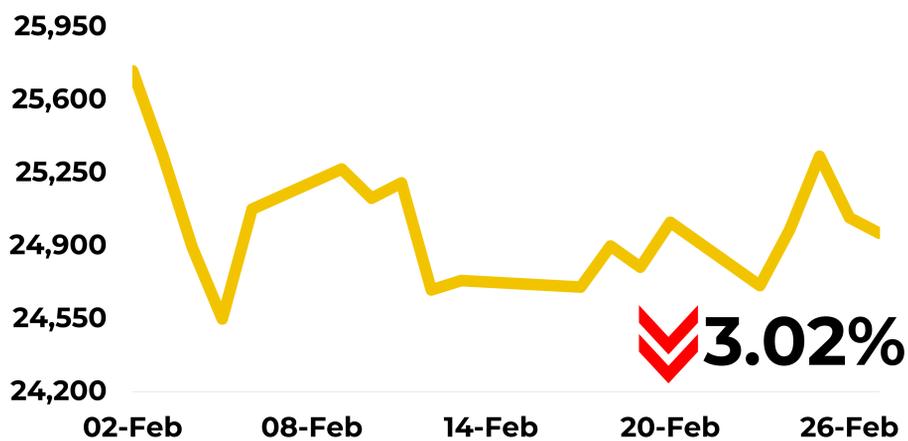


The Credibility Test

Kevin Warsh's nomination sends a powerful signal that transcends interest rates: a return to institutional integrity. At a time when central bank independence is under global political pressure, Warsh remains a staunch defender of an autonomous Federal Reserve. His leadership suggests a Fed that prioritises long-term stability over short-term growth, likely reinforcing the U.S. dollar's structural strength. This shift has massive global ripples. A firmer dollar typically drains liquidity from emerging markets, triggering currency volatility and raising borrowing costs from Asia to Latin America. For investors, Warsh represents discipline over stimulus. While this may compress equity valuations and widen credit spreads, it ultimately fosters long-term confidence by reducing inflation uncertainty. Warsh isn't promising the market easy money or a safety net; he is promising predictable money. In the complex machinery of the global financial system, that predictability is often more valuable than generosity. His tenure would mark a decisive pivot toward fiscal realism.

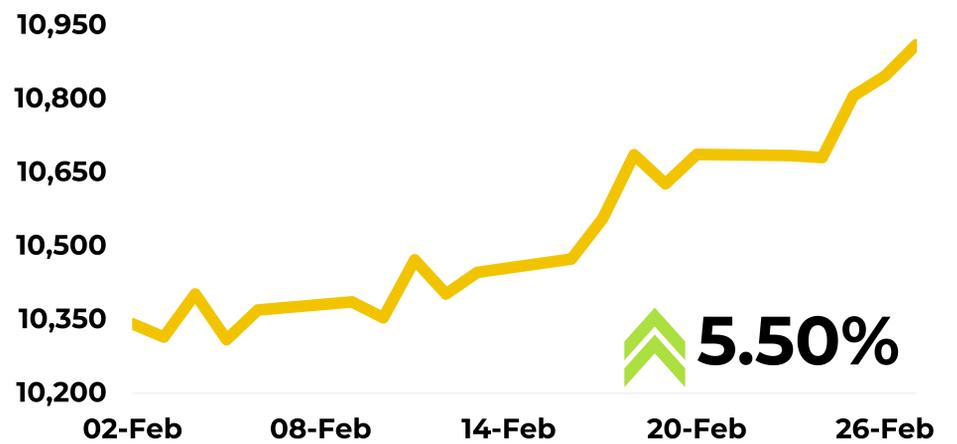
GLOBAL INDICES

Nasdaq 100 (in USD)



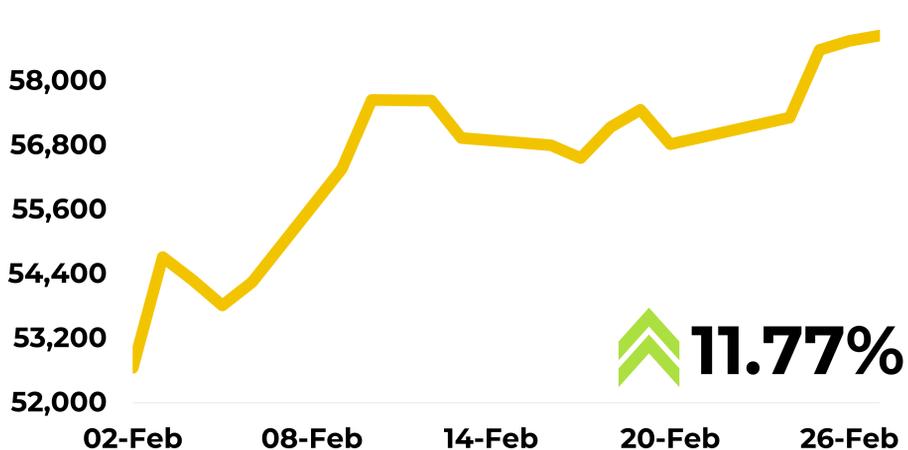
In February 2026, the Nasdaq 100 faced heightened volatility driven by geopolitical tensions, particularly with Iran, and concerns over AI disruption. The market grappled with fears that AI innovations, like those from Anthropic, could replace traditional software models. Despite strong earnings, Nvidia saw declines post-results, and Microsoft's \$650 billion AI infrastructure investments raised doubts over short-term returns, leading to a challenging month for the index.

FTSE100 Index (in GBP)



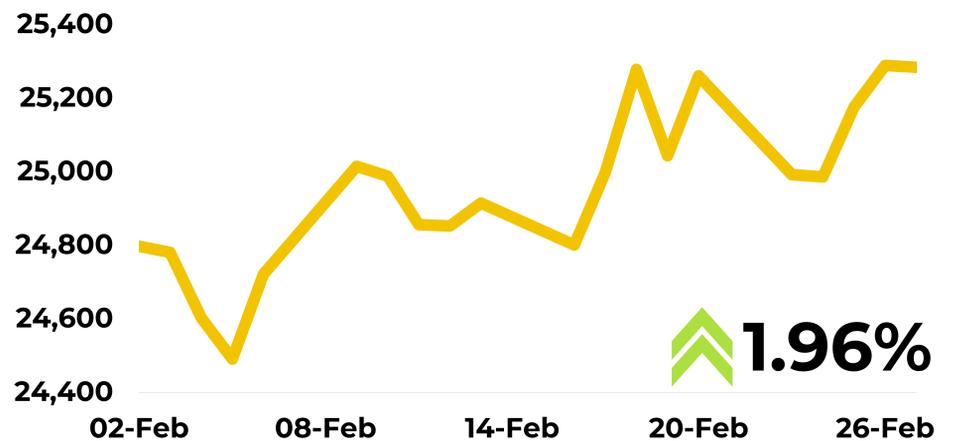
In February 2026, the FTSE 100 saw gains, bolstered by strength in defensive sectors like banking, healthcare, and mining. Strong earnings from HSBC, Barclays, and GSK supported sentiment, while the Bank of England's decision to hold rates at 3.75% added confidence. Despite geopolitical tensions and weak trade data from China, the index's resilience was clear, supported by dividend yields and corporate actions like Zurich Insurance's bid for Beazley.

Nikkei225 (in JPY)



In February 2026, the Nikkei 225 posted a ~12% gain, driven by political optimism following Prime Minister Sanae Takaichi's election victory, sparking expectations of economic reforms and higher government spending. Large-cap stocks in banking and consumer goods, such as Sony and Sumitomo Electric, led gains. However, technology stocks faced pressure amid concerns over competition and sustainability. Despite modest GDP growth, the market's focus on political and corporate developments drove the rally.

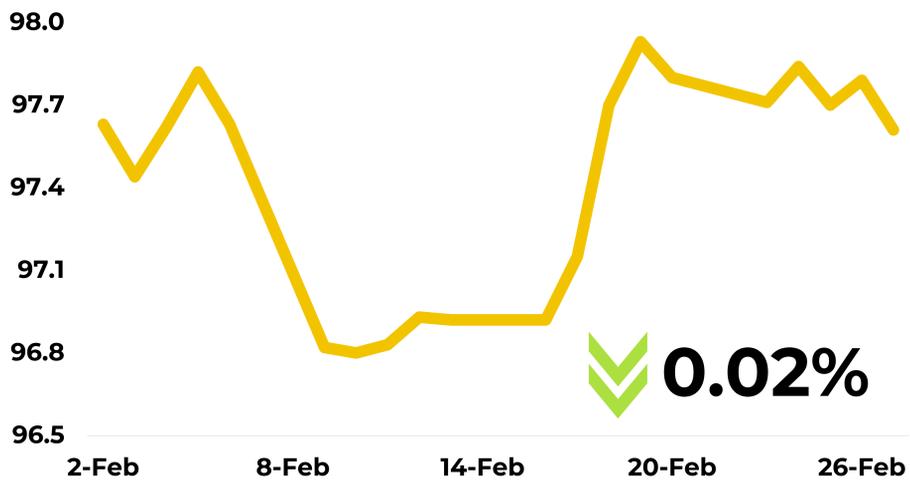
DAX Performance Index (in EUR)



In February 2026, the DAX showed mixed performance, briefly surpassing the 25,000 mark on strong earnings from Siemens, Allianz, and Deutsche Telekom. However, volatility increased due to profit-taking, geopolitical tensions, and interest rate uncertainty. Rising oil prices benefited energy stocks but squeezed margins in transport and chemicals. The stronger dollar weighed on exporters, but selective sector buying kept the index above 25,000, reflecting cautious optimism amid global macroeconomic uncertainties.

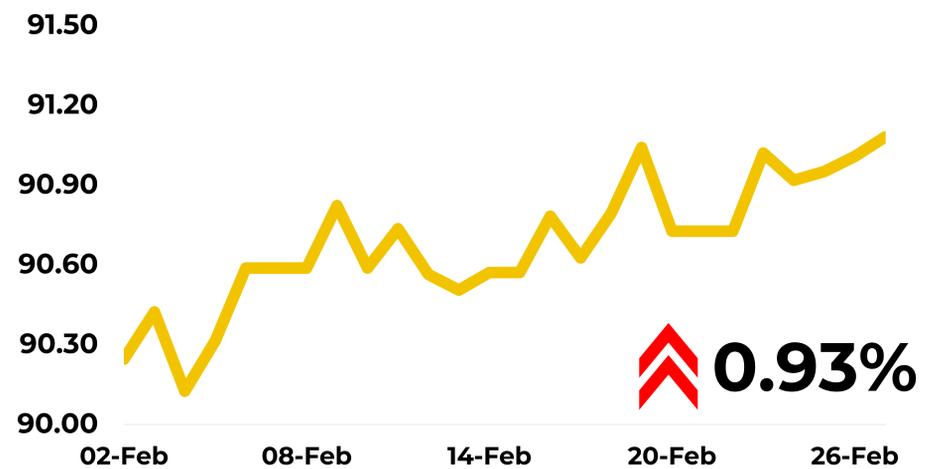
CURRENCY

US Dollar Index (DXY)



In February 2026, the US Dollar Index (DXY) exhibited significant volatility, starting at 97.63 before rallying to 97.93 on hawkish Fed expectations. However, the advance was reversed mid-month following a U.S. Supreme Court ruling that nullified key trade tariffs, causing the index to drop to 96.80. This reflected a shift from macroeconomic drivers to confidence in U.S. governance. Despite the setback, the dollar regained strength, driven by geopolitical uncertainty and renewed tariff measures, stabilizing near 97.61 by month-end, maintaining its position as a safe-haven asset.

USD/INR Currency Pair

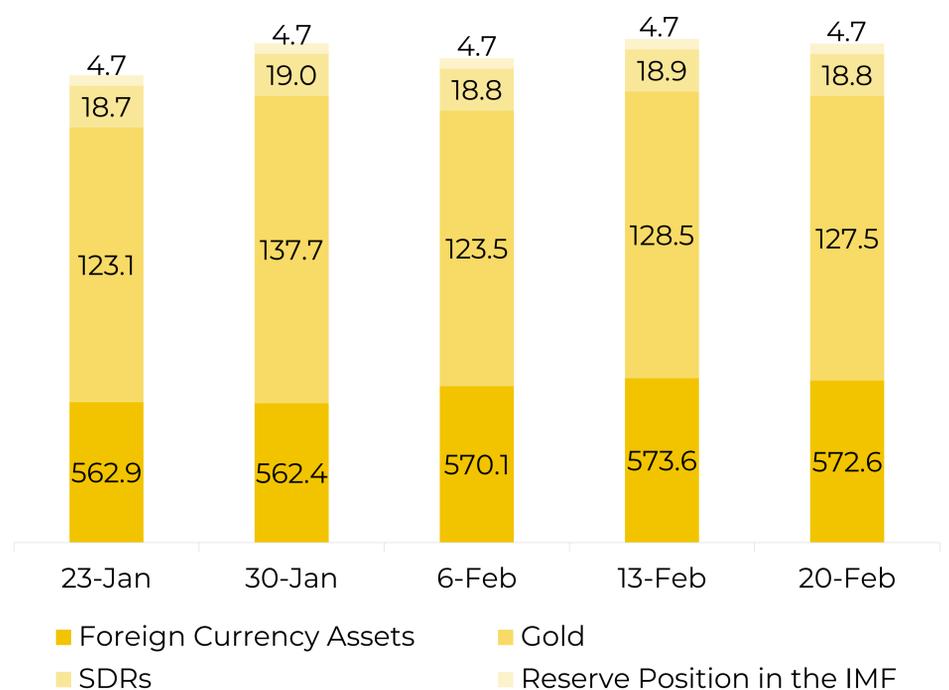


In February 2026, the USD/INR pair moved within a controlled range of 90.20–90.90, as policy management and capital flows balanced out structural pressures. The rupee strengthened by 1.33% in a single session, reaching 90.27, following positive developments in the U.S.–India trade agreement. The RBI played a key role, utilising its record reserves of \$725.7 billion to prevent sharp depreciation while allowing gradual alignment with global dollar trends. Despite foreign portfolio inflows of ₹19,675 crore, concerns over the trade deficit and high crude imports limited further appreciation.

India's Forex Reserve

In February 2026, India's foreign exchange reserves hit a historic high of \$725.7 billion, showcasing the country's strong external position despite market volatility. After briefly dipping to \$717.0 billion, reserves rebounded sharply, driven mainly by Foreign Currency Assets (FCA), which rose to \$573.6 billion, benefiting from currency valuation effects, especially in the euro and yen, alongside effective liquidity management by the Reserve Bank of India. Gold reserves rose to \$128.5 billion, bolstered by strong bullion prices and ongoing diversification. Special Drawing Rights (SDRs) climbed to \$18.9 billion, and India's IMF position improved to \$4.73 billion, enhancing confidence in the rupee's stability amid global monetary tightening.

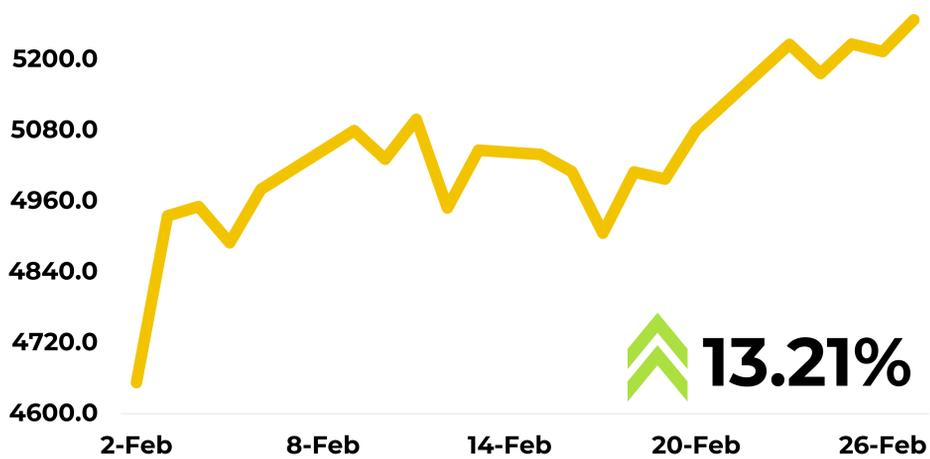
FOREX Reserve (USD Bn)



Source: Investing.com

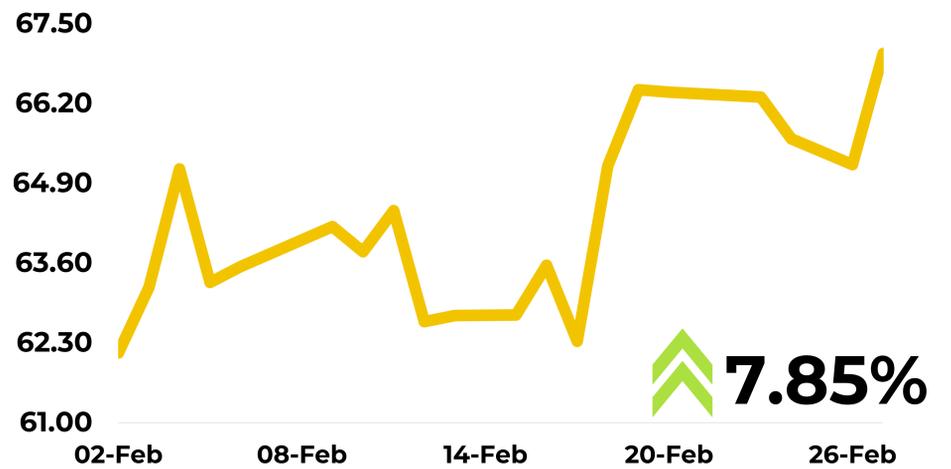
COMMODITIES

Gold Futures Price (in \$)



In February 2026, gold resumed its upward trend, rebounding from January's correction despite early pressure from a stronger U.S. dollar and shifting Fed expectations. Safe-haven demand, driven by geopolitical tensions and trade friction, supported the rally, while technical factors like momentum-driven flows and cleared resistance levels further amplified gains. Despite volatility in real yields and intermittent profit-taking, gold's appeal remained strong, bolstered by central bank accumulation and hedging. The month marked a clear shift to bullish momentum in an uncertain global environment.

Crude Oil Futures Price (in \$)



In February 2026, crude oil prices climbed to multi-month highs, driven more by geopolitical risks than physical supply fundamentals. Tensions in the Middle East, particularly around the Strait of Hormuz, raised fears of supply disruptions, outweighing concerns about rising global inventories and weaker demand. While diplomatic efforts and profit-taking helped moderate extreme risk assumptions, oil prices continued to reflect a significant risk premium. The market's focus shifted from supply metrics to geopolitical factors, with oil functioning primarily as a hedge against potential disruptions.

The Surge in Silver

In February 2026, silver underwent a sharp deleveraging cycle followed by a robust recovery, highlighting its high beta. The month began with a technical rebound from January's liquidation, fueled by margin hikes and short-covering. However, unlike gold, silver's path was erratic, reflecting its sensitivity to monetary policy and industrial demand expectations. Hawkish Fed signals and intermittent dollar strength capped initial gains, exposing silver's vulnerability as a non-yielding asset. Mid-month, risk recalibration and U.S. Treasury rotation intensified selling, briefly pushing prices toward support zones. Yet, demand from solar manufacturing and AI-linked electronics provided a strong floor. Trade tensions reignited volatility, driving a "catch-up" rally. Silver's small market depth amplified price swings, making it a high-velocity proxy for global sentiment shifts.

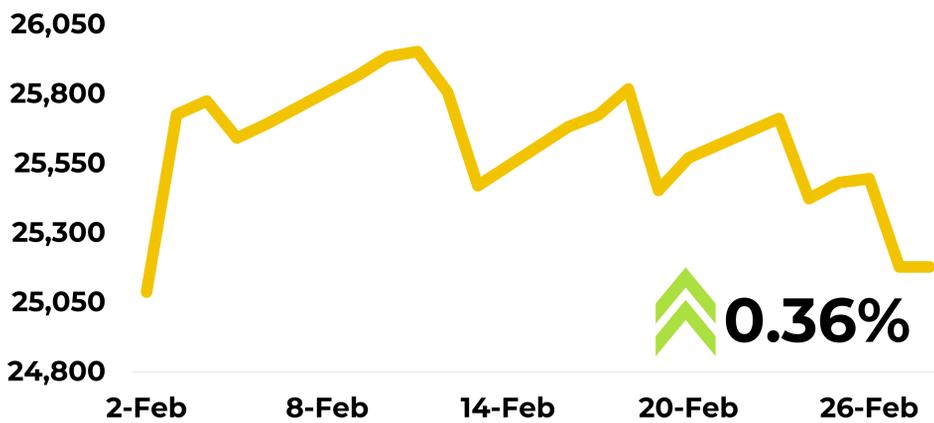
Silver took the lead in February 2026



Source: Trading Economics

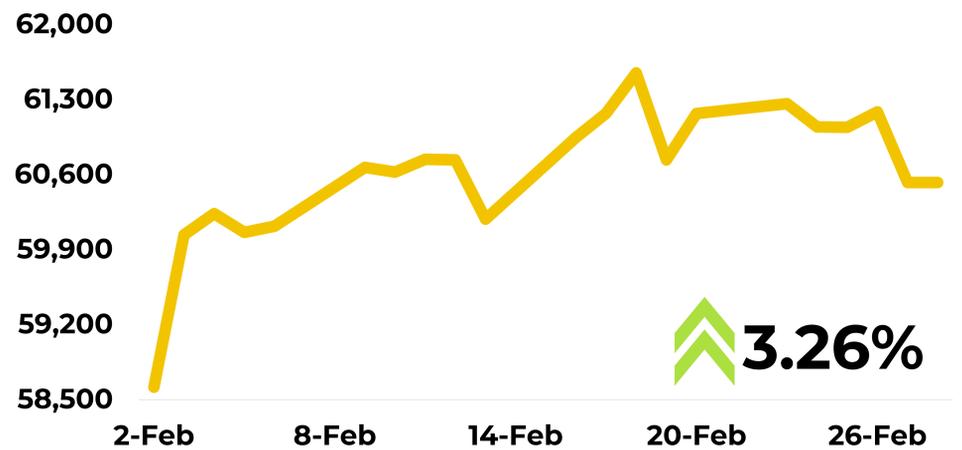
INDIAN INDICES

NIFTY 50



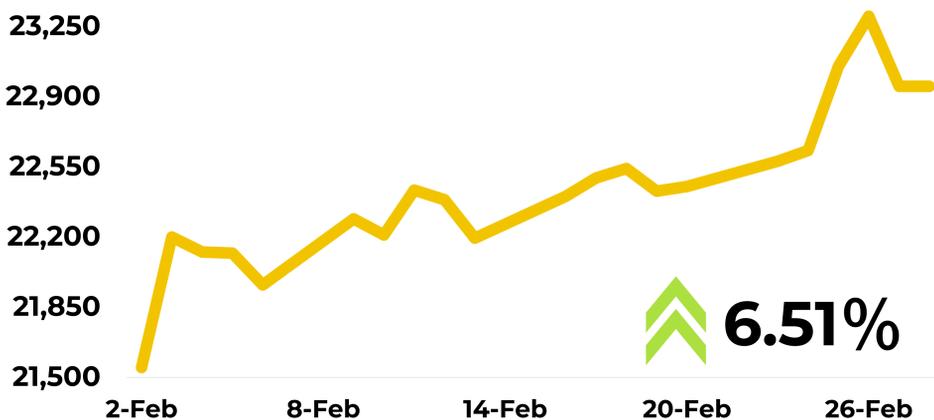
In February 2026, the Nifty 50 faced volatility as a Budget 2026 hike in Securities Transaction Tax (STT) and record government borrowing dampened sentiment. While the RBI held the repo rate at 5.25%, the pause failed to spur momentum. Concerns over Russian oil imports grew following a historic Indo-US trade deal. Despite IT struggles, metals and PSU stocks provided crucial support.

NIFTY Bank



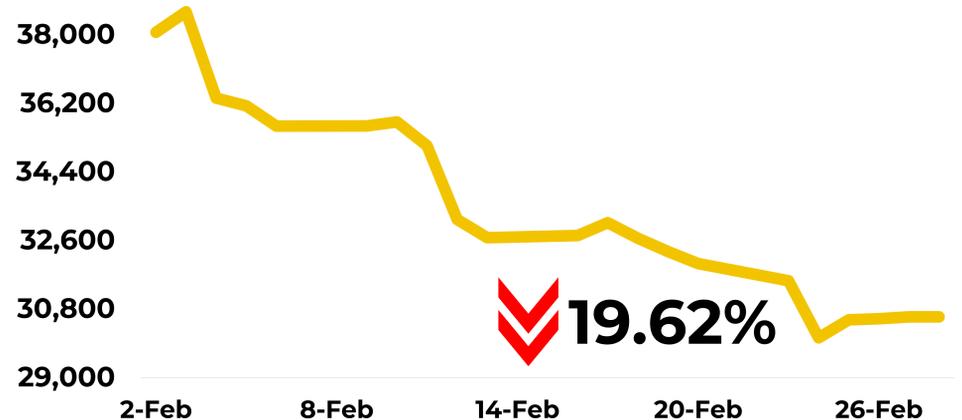
In February 2026, the Nifty Bank index saw strong performance, driven by PSU banks like Bank of Baroda and Punjab National Bank, bolstered by the Indo-US trade deal. However, higher government borrowings in the Union Budget dampened sentiment. While private banks showed limited movement, institutional buying supported the sector, highlighting its resilience amid broader market volatility.

NIFTY Pharma



In February 2026, the Nifty Pharma index outperformed the broader market, driven by strong Q3 FY26 earnings and favourable post-budget sentiment. Stocks like Sun Pharma and Torrent Pharma played a key role, with Torrent hitting record highs. Gains were broad-based across large-cap pharma and research firms, benefiting from healthcare infrastructure incentives and domestic manufacturing focus. Despite market volatility, pharma remained a standout performer.

NIFTY IT



In February 2026, the Nifty IT index faced significant pressure due to AI disruptions and global tech sector weakness. The launch of Anthropic's AI tool raised concerns over the future of outsourcing, hitting Indian IT stocks like Wipro, TCS, and Infosys. Despite stable earnings forecasts, profit-taking and FII outflows extended the sector's downturn, highlighting its vulnerability to technological shifts, growing investor uncertainty, and market sentiment.

Source: Investing.com

EQUITIES

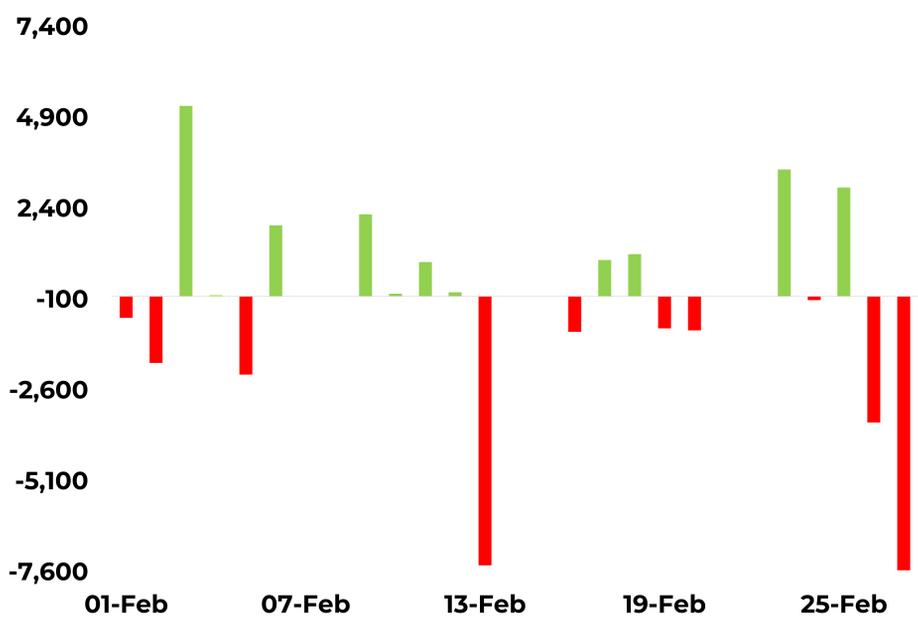
Top Gainers | NIFTY50 | February'26

Company Name	Change (%)
State Bank of India	16.82
Eicher Motors Ltd.	14.67
Apollo Hospitals Enterprise Ltd.	12.81
Tata Steel Ltd.	12.64
Power Grid Corp. of India Ltd.	10.45

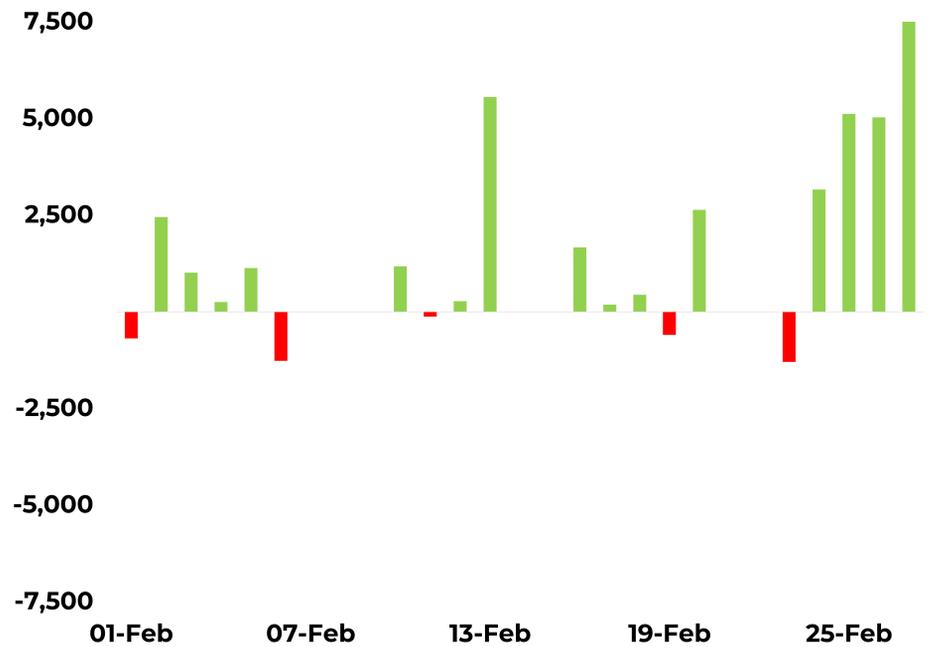
Top Losers | NIFTY50 | February'26

Company Name	Change (%)
Tech Mahindra Ltd.	21.24
Infosys Ltd.	20.21
HCL Technologies Ltd.	17.16
Wipro Ltd.	17.06
Tata Consultancy Services Ltd.	16.79

FII Net Investment

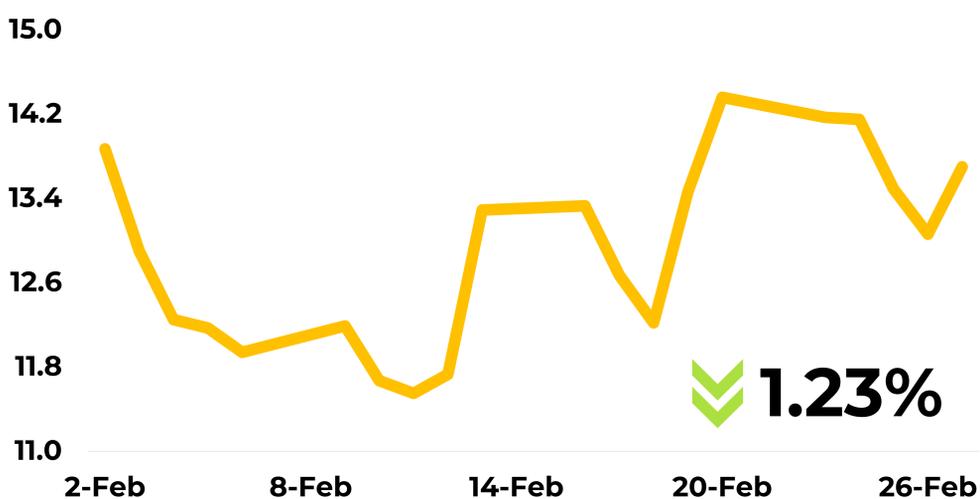


DII Net Investment



Institutional dynamics shifted this February as FIIs returned to Indian large-caps, lured by corrected valuations versus overbaked AI plays in Taiwan. Cooling U.S. yields and the landmark Indo-US trade deal ignited this foreign reversal. Meanwhile, DIIs provided a structural floor, fueled by relentless SIP inflows and Budget-driven optimism. This tactical foreign re-entry, paired with disciplined domestic conviction, signals a sophisticated "risk-on" phase for India.

India VIX



Volatility traced a sharp V-shape this month. Post-Budget calm evaporated as U.S. tariff rhetoric and Middle East tensions revived demand for downside hedges. While domestic policy provided early clarity, external shocks and AI-driven stress in IT forced a rapid repricing of risk. Traders pivoted from complacency to caution, using index options to buffer against global macro shifts. February proved that global jitters now outweigh local fundamentals.

Source: NSE India

INDIA INC

A Basket That Finally Reflects today's picture

The Consumer Price Index (CPI) serves as India's primary pulse-check on inflation, but for over a decade, that pulse was measured using a ghost of the past. Until recently, the official "basket" of goods was anchored to 2012 spending habits, meaning the government was still meticulously tracking the price of DVD players and cassettes while overlooking the skyrocketing costs of the modern era. That changed in February 2026. India finally swapped its dusty ledger for a revamped CPI series, shifting the base year to 2024. This wasn't just a minor tweak; it was a total structural overhaul. The basket expanded from 299 to 358 items, ditching obsolete tech to make room for 21st-century essentials like digital storage, value-added dairy, and rural housing. Most importantly, the weights were rebalanced to reflect reality. The outsized influence of food has been trimmed, allowing the true heavyweights of modern life, healthcare, education, and transport to finally have their say in the headline numbers. By aligning the data with the 2023–24 Household Consumption Expenditure Survey, India's inflation story has finally moved from the analog age into the digital present.



What's Changing in India's CPI Basket?

Base 2012 vs Base 2024

Rising Share in 2024

Transport	8.59%	8.8%
Housing	10.07%	17.66%
Alcoholic Beverages	0.49%	1.45%
Digital & Communication Services	(Higher structural weight in 2024)	
Vehicle Operations (Fuel, Maintenance)	(Greater standalone importance)	

Declining Share in 2024

Food & Beverages	45.86%	36.75%
Fuel & Light	6.84%	5.36%
Health (Medical Care)	5.89%	3.90%
Education	4.46%	3.3%
Pan & Tobacco	2.38%	1.54%



Number Turning Heads and the Framework Behind It

The new CPI framework immediately proved its worth in January 2026, revealing a retail inflation rate of 4.26%, significantly lower than the 5.69% recorded under the outdated 2012 methodology. This shift highlights a more precise capture of spending, showing urban inflation at 4.47% and rural inflation at 4.06%. Beyond just numbers, India has embraced the COICOP-2018 classification, reorganizing the basket from six vague groups into twelve distinct, globally recognized divisions. This modernization ensures that rent, healthcare, and digital services are no longer statistically diluted but carry their own weight. By adopting international standards, India finally allows global investors to compare its economic health directly with world peers. Perhaps most vital is the commitment to refresh this base year every three to five years. By ditching the decade-old lens and prioritizing frequent updates, India has ensured its inflation data will actually reflect the lives of its citizens. The era of measuring a high-speed, modern economy with analog-era tools is officially over, replaced by a framework built for the future.

EVENTS ARCHIVE

02 February 2026

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
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2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	

Indian Events



Growth Budget Overview

The Union Budget 2026–27 raised capex by 9% to ₹12.2 lakh crore, targeting a 4.3% fiscal deficit for FY27 with ₹17.2 lakh crore in borrowings.



US-India Tariff Framework

Trump unveiled a tariff framework cutting India's effective rate to ~18%, with a \$500 billion U.S. purchase intent, though Modi refrained from calling it a deal.



RBI Repo Rate Hold

RBI held the repo rate at 5.25%, pausing after 125 bps easing, with Governor signalling a prolonged hold as yields rose to 6.74%.



GDP Base Year Revision

Ministry of Statistics revised GDP's base year to 2022–23, reporting Q3 FY26 growth at 7.8% and revising FY26 growth to 7.6%.

Global Events



Bank Rate Decision

The MPC voted 5–4 to maintain the Bank Rate, projecting CPI at 3.4% and a return to 2% target by April 2026, signaling possible rate cuts ahead.



Japan Investment Push

Japan Securities Summit, co-hosted in London, focused on initiatives to promote Japan as a global investment and asset management hub.



SCOTUS and Tariffs

SCOTUS ruled 6–3 that IEEPA cannot authorize tariffs, prompting Trump to impose a 10% global tariff, raised to 15% within 24 hours.



China's Spring Recovery

Spring Festival data showed a 10.1% YoY rise in cross-border flows, with foreign arrivals up 21.8%, signaling a stronger consumer recovery.

SMART READS

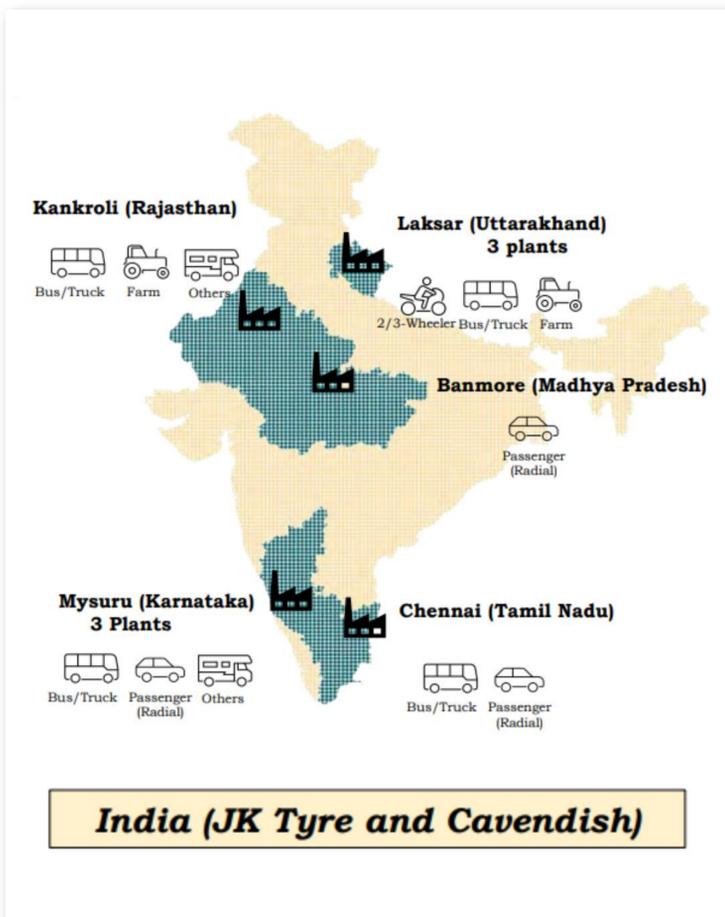
The Blueprint of Industrial Resurrection

In the global manufacturing arena, many choose the path of building from scratch. However, JK Tyre champions a bolder philosophy: **"Industrial Resurrection."** This is the art of seeing potential in the broken and having the discipline to revive it. The legacy began in 1997 with Vikrant Tyres in Mysore. During a period of industry sluggishness, JK Tyre transformed this struggling subsidiary into a world-class hub for radial technology. They didn't just invest capital; they brought a vision that birthed India's first all-steel truck radials, a game-changing innovation in the tyre industry. This proved that even an ageing engine, when tuned by experts, can lead the race. In 2008, they took this courage global by acquiring Tornel in Mexico for ₹270 crore. While critics doubted an Indian firm's ability to manage complex international labour dynamics, JK Tyre implemented "disruptive innovation." They turned three outdated plants into a high-performance gateway to the North American market, proving that strategic resilience knows no borders and that every setback is truly an opportunity in a clever disguise. This bold transformation set a new standard of excellence in the tyre industry, revolutionising not just operations but also market leadership and global presence.



Turning Grit into Global Leadership

The crowning achievement of this journey was the remarkable transformation of Cavendish Industries. In 2016, JK Tyre took a massive gamble on a facility operating at a dismal 30% capacity. It was a high-risk move that initially strained their finances, yet they refused to yield. Through relentless technical streamlining and a 60% reduction in manufacturing waste, they breathed life back into the Laksar plant. By the time the merger was completed in December 2025, capacity utilisation had skyrocketed to 95%. This "triple crown" — Vikrant, Tornel, and Cavendish — reminds us that greatness is not found in avoiding difficulties, but in mastering them. This story offers a profound lesson for anyone facing their own "distressed asset." No situation is truly beyond repair if met with strategic patience and operational grit. JK Tyre's journey encourages us to look past the surface of a struggle to find the hidden value within. With enough vision, you can always turn a struggling start into a spectacular and world-class finish. The path from adversity to success is marked by relentless determination and unwavering belief in potential. Never forget that your potential is endless if you persevere.



SMART READS

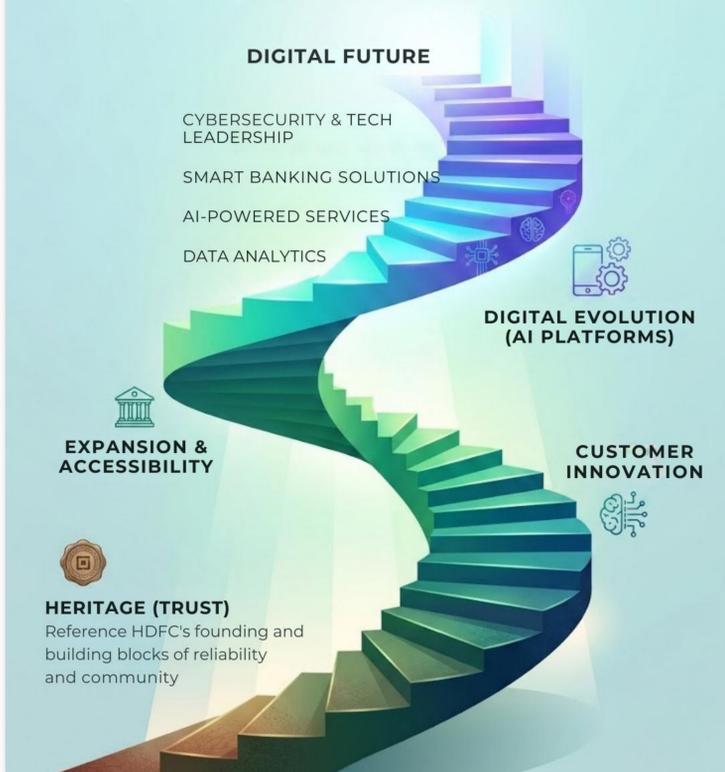
The Vision of Giants: Integrity Meets Ambition

Imagine a world where homeownership was just a mirage. H.T. Parekh changed that in 1977 with HDFC Ltd, built on a foundation of transparency and trust. Meanwhile, HDFC Bank rose in 1994 as a digital trailblazer, offering innovative banking solutions that changed how India transacted. For years, they worked separately but in harmony, one providing roofs, the other fueling daily dreams. On July 1, 2023, these two giants united in a landmark \$40 billion merger. This wasn't just a corporate deal; it was the "Big Bang" of Indian finance. By becoming the world's seventh-most valuable bank, they proved that Indian institutions could lead the global stage and redefine market standards. With a customer base of 120 million, exceeding the entire population of Germany, this new entity stands as a monument to what vision, integrity, and collective strength can achieve together. It reminds us that when we combine our strengths, we create a force capable of transforming industries and reshaping realities. This giant leap was much more than a number; it was a bold statement of national pride for a rising, modern, prosperous, and resilient nation, with a global reach and impact.

Created History Together
AS ONE



The Resilience Spiral: Elevating HDFC's Journey into the Digital Future



The Power of Resilience: Architecting a Digital Future

Yet, every great leap requires resilience. The merger initially brought a "balance sheet shock," with loan demands outpacing deposits. True to its heritage, the bank did not panic. Instead, it chose "intentional discipline," slowing down to ensure stability while simultaneously launching "Digital 2.0" and "Project Indra," a cutting-edge GenAI platform that revolutionised customer interactions and operational efficiency. They proved that true growth isn't just about getting bigger; it's about getting smarter and stronger. This journey is a powerful reminder for us all: success is a marathon of trust, not a sprint for profit. By combining HDFC's heritage of shelter with the bank's digital soul, they have created a hopeful blueprint for the future, impacting millions of lives. It encourages every student and dreamer to build on a foundation of solid values, not just ambition. The HDFC story tells us that under a clear mission and the courage to evolve, we can truly redefine the boundaries of our own potential. This evolution shows that hurdles are simply stepping stones to a much grander, impactful, and truly limitless destiny for all aspiring people. Greatness lies in consistency and vision, shaping a brighter future for generations to come.

SMART READS

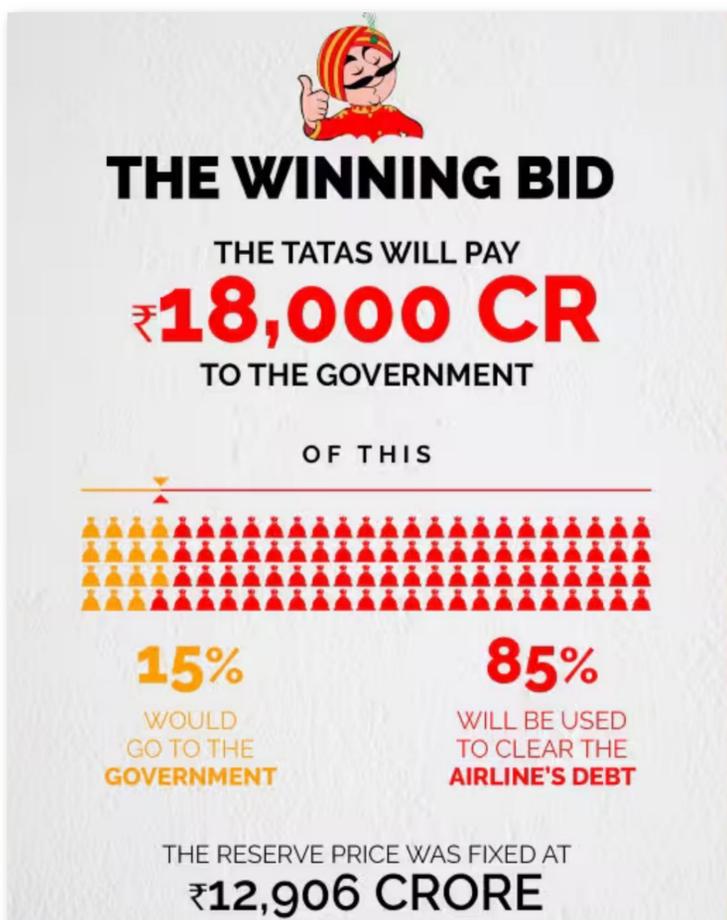
The Legacy and the Storm

Every enduring legend begins with a spark of visionary courage. In 1932, J.R.D. Tata piloted a tiny Puss Moth from Karachi to Mumbai, birthing India's aviation soul. By 1946, the world met the Maharajah, a mascot designed not as royalty, but as the "human face" of Indian hospitality. For decades, Air India was a global pioneer, becoming the world's first all-jet airline in 1962 and the benchmark for luxury. However, the path to greatness is rarely a straight line. Following nationalisation and a challenging 2007 merger, the airline entered a "dark phase" of systemic decline, burdened by a staggering ₹61,652 crore debt. To many, it seemed the Maharajah's wings were clipped forever as service faded and losses mounted. Yet, true legacy never dies; it only waits for the right moment to return. This era taught us that even the brightest stars can flicker, but their light is never truly extinguished. Your past struggles are the foundation for a grand, unstoppable, and inspiring new chapter of untold victory and immense perseverance. Air India's journey exemplifies resilience, reminding us that the greatest comebacks come from those who endure the longest trials.



The Rebirth and the Horizon

On January 27, 2022, history came full circle as the Tata Group reacquired Air India, marking a monumental "homecoming" for the airline. This pivotal moment gave birth to Vihaan.AI, a name rooted in Sanskrit, meaning "the dawn of a new era." This wasn't merely a restructuring; it was a comprehensive reimagining of India's aviation legacy. Through a strategic blend of operations, Tata Group merged Vistara and Air India Express, positioning itself as a formidable global player. The scale of this transformation was truly groundbreaking, with a 470-aircraft order signalling its intent to reclaim global leadership. The new "Vista" logo, inspired by a golden window frame, represents a window of limitless possibilities, echoing the brand's aspirations. The rebirth of Air India, as a modern, bold airline, is a testament to the power of resilience and strategic innovation. The Maharajah returns, chic and bold, embodying the perfect balance of tradition and innovation. This journey is a reminder that, no matter how deep the fall, the rise is always possible. The sky is calling, and the future is brighter than ever.



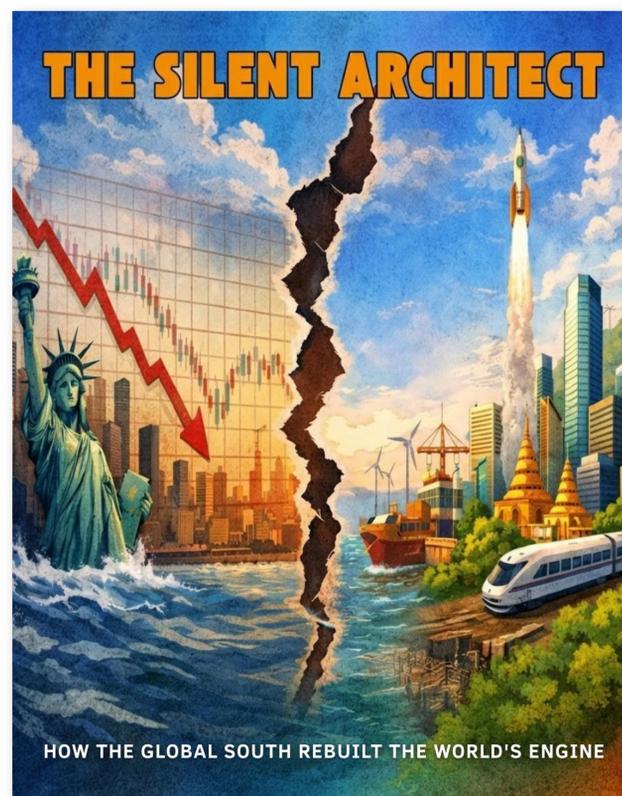
COVERAGE OF THE MONTH

A Look at Our Best LinkedIn Posts



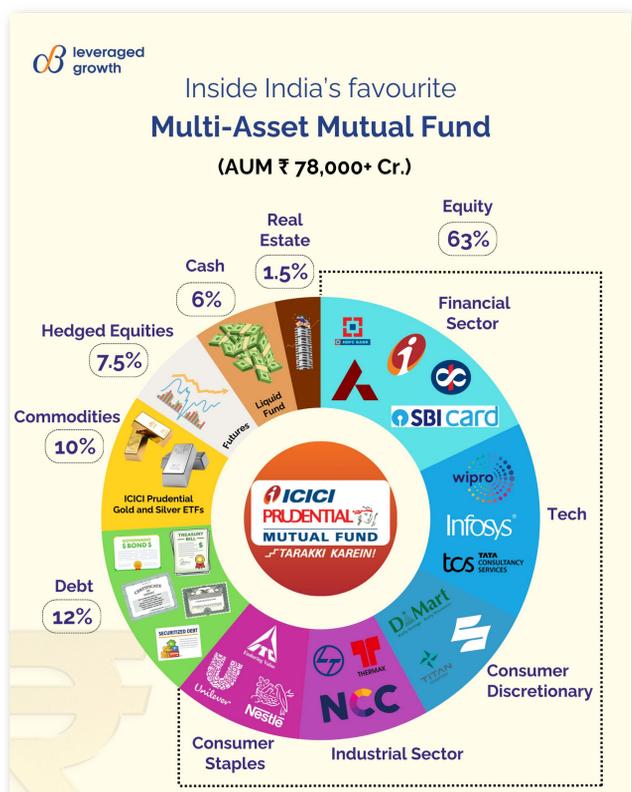
Who leads India's steel sector? Explore the market caps of top industry giants like JSW Steel, Tata Steel, and more. Uncover key insights on India's steel dominance and its global standing. [Dive deeper to know!](#)

Explore Our Blog for Valuable Insights

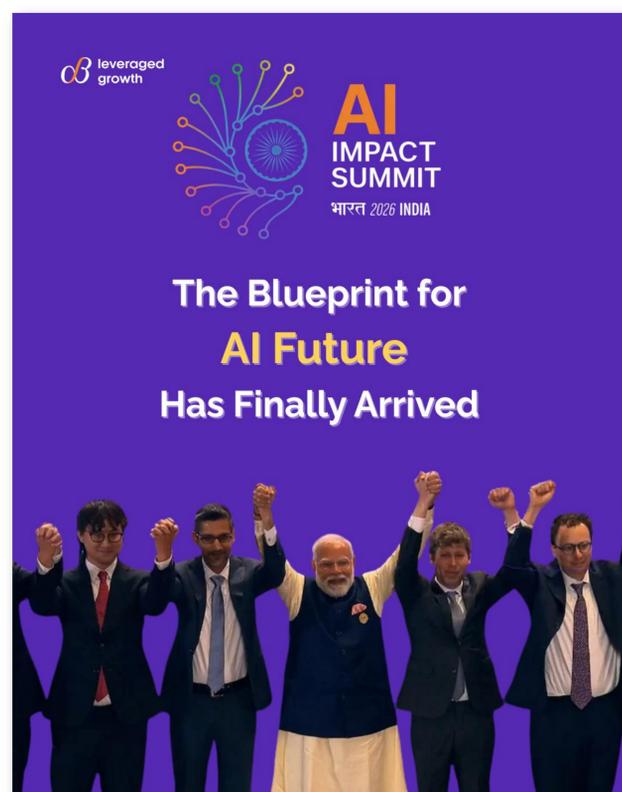


Discover the untold story of how the Global South rebuilt the world's economy. From resilience to innovation, explore the silent architects driving change and shaping a new global future. [Read the full blog now!](#)

Our Most Impactful Instagram Posts



Ever wondered what makes India's favourite multi-asset mutual fund tick? [Explore the breakdown](#) of ICICI Prudential's ₹78,000+ Cr AUM allocation, including top sectors and stocks.



Exciting times ahead for AI! The blueprint for the AI future has arrived, marking a significant step toward innovation. [Discover the key insights](#) from the AI Impact Summit and how it will shape tomorrow!



OPINION POLL

“Every era has faced concerns with new technologies, whether computers or mobile phones. But the fear is unnecessary. Technology must not become the master of human life.”

- NARENDRA MODI
Prime Minister

“We’re not talking about using AI to replace software engineers, but we are talking about using AI to change the art of software engineering, to uplevel the people who are in this extraordinary and extraordinarily important profession.”

- BRAD SMITH
Vice chair and president,
Microsoft Corp.

“The more we engage with technology, the more we are going to need human skills and human talent. New opportunities will open up.”

- PIYUSH GOYAL
Commerce and Industry
Minister

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