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Federal Reserve.

The Federal Reserve voted 9 to 3 on July 29, 2026, to maintain its benchmark interest rate at 3.5% to 3.75%, with three regional bank presidents dissenting in favor of a 25-basis-point hike. Chair Kevin Warsh emphasized price stability and a strict 2% inflation goal while scaling back forward guidance.

Chair Kevin Warsh stated there is no soft or implicit inflation target above 2% and that the central bank will not hesitate to react if price pressures persist.

The Fed is moving away from heavy forecasting and predictable market signals, viewing uncertainty as a reason to rely strictly on broad economic trends.

Bond yields spiked following the hawkish tone of the meeting, with the 30-year yield hitting multi-year highs.

INDIA'S INDUSTRIAL PRODUCTION.

India's industrial production surged 7.3% in June, marking its fastest growth in nearly two years. Manufacturing and electricity generation showed a sharp acceleration, exceeding economists' expectations. This strong performance suggests robust domestic economic growth despite global uncertainties. Capital goods, primary goods, and intermediate goods were key contributors to this expansion. Other sectors like mining and water supply also registered positive growth.

INDIA'S ENGINEERING EXPORTS.

India engineering exports record strong June growth despite Red Sea and Strait of Hormuz disruptions India's engineering exports rose 21% year-on-year to $11.48 billion in June, driven by robust demand from China, the United States, Germany and Oman, even as exporters grappled with shipping disruptions in the Red Sea and Strait of Hormuz, Reuters reported citing engineering exporters' body EEPC India. The rise in engineering exports comes at a time when India's broader merchandise trade is facing pressure from higher freight, insurance and transit costs after disruptions in the Red Sea and Strait of Hormuz affected shipping routes. Exporters said the strong performance of engineering exports is helping provide a buffer for overall merchandise exports. Engineering exports, which account for more than a quarter of India's total merchandise exports, increased 18.09% year-on-year to $34.14 billion during April-June, the first quarter of fiscal 2026-27, from $28.91 billion in the same period a year earlier.

FOREIGN EXCHANGE RESERVES.

Indias foreign exchange reserves increased $1 billion to $676 billion in the week ended July 16. Foreign currency assets increased $4.5 billion to $551 billion, despite the Reserve Bank of India selling dollars in the foreign exchange market to smoothen rupees volatility. The rupee weakened from 95.62 to 96.28 last week. The increase in foreign currency assets was countered by gold reserves, which decreased $3.5 billion to $101.7 billion.

India could face 100% tariffs under proposed US Russia sanctions bill.

A Russia sanctions bill championed by the late Senator Lindsey Graham faces a tough road in Congress as Democrats and some Republicans raise concerns about new trade powers the legislation would grant President Donald Trump. Many Democrats, some Republicans, and industry trade groups are unhappy about a provision in the long-stalled bill that would let Trump impose steep tariffs on countries that purchase large amounts of Russian oil and gas, or countries that his administration deems to be facilitating sanctions evasion. The bill would impose sanctions on Russian officials and authorize 100% tariffs on the five largest importers of Russian crude oil or gas, or the five top countries that help Moscow evade U.S. sanctions and keep funding its war against Ukraine, now in its fifth year.

ECONOMIC OVERVIEW.

India's economy continued to demonstrate strong resilience despite an uncertain global environment marked by geopolitical tensions and a hawkish U.S. Federal Reserve. The Fed maintained its benchmark interest rate at 3.50%-3.75% while reaffirming its commitment to bringing inflation back to its 2% target, reinforcing expectations of a prolonged higher interest rate environment. Meanwhile, India's economic fundamentals remained robust, with industrial production growing 7.3% in June, engineering exports surging 21% year-on-year to US$11.48 billion, and foreign exchange reserves rising to US$676 billion, reflecting strong manufacturing activity, resilient exports, and a healthy external position. However, global trade disruptions in the Red Sea and the Strait of Hormuz, rupee volatility, and the proposed U.S. sanctions bill that could impose 100% tariffs on major importers of Russian oil pose potential risks to India's trade, energy imports, and inflation outlook. Overall, while global markets remain influenced by geopolitical and monetary policy uncertainties, India's strong domestic demand and resilient macroeconomic fundamentals continue to support a positive growth outlook.

Source: ET, IMF, Money control, The financial express Reuters.

NIFTY TECHNICAL VIEW (WEEKLY CHART) – 24,383.60

• In the month of July, the Nifty ended on a positive note for the second consecutive month, indicating that the bulls are gradually strengthening their grip on the market.

• On the weekly chart, the index has formed a bullish candle, enabling it to breach and close above the 20 WEMA, which is a positive technical development. Another encouraging sign for the bulls is that the index continues to hold the support of the rising trendline, while the RSI is gradually trending higher, reflecting improving momentum and underlying strength.

• **To further strengthen the bullish outlook, the index needs to decisively breach and sustain above the key horizontal resistance of 24,615. On the downside, 23,580 will act as the immediate and crucial support level. A decisive breach below this level could weaken the prevailing trend and invite further selling pressure.**

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