

Dalal Street: Echoes of Panic, Whispers of Opportunity

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War – Schrodinger-Trump’s Cat between TACO and Sarajevo 1914

US Winning?

Took out the entire Iranian top leadership on Day 1 of assault

Overwhelmed the Iranian military - conventional Iran Navy and Air Force nearly ceases to exist

Managed to protect most of Israeli and allied GCC economic infrastructure despite salvos of Iranian drones and missiles

Has severely degraded the functioning sinews of the Iranian state

Racked up enough visible “kills” (geopolitical and economic) to declare victory

Demonstrated awesome military-intelligence capabilities many 1000s of miles from the US mainland

Iran Winning?

The cleric-IRGC regime hasn’t collapsed, is able to maintain chain-of-command and handle replacements with aplomb

Continues to have the ability to strike hi-value targets (economic and military)

Forced a dynamic adjustment of US-Israeli war aims – from regime change to de-nuclearization to defanging of Iran’s Navy/Missile forces – not always coherently

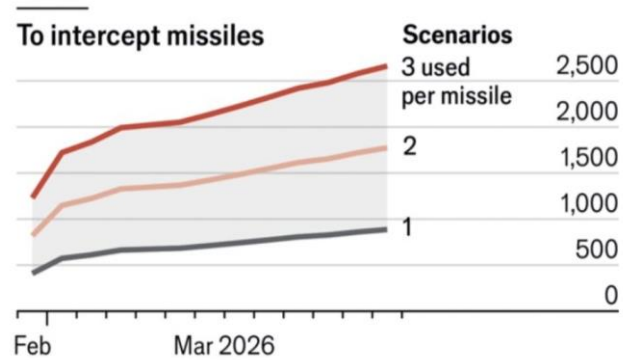
Successfully executed a shutdown of the Straits of Hormuz, despite it being a very “known known”

Geopolitically, managed to bring together a wide social coalition across countries against the US-Israeli operation

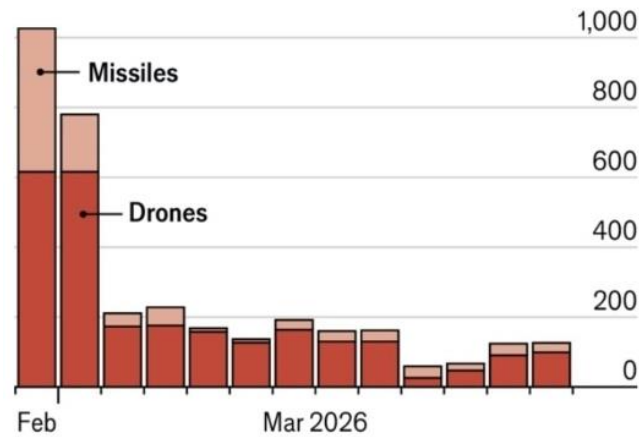
In the 3rd week, US is having to induct ground troops (the Marine Expeditionary Unit being sent to the Gulf) – the war continues

War – Reveals itself effortlessly, but hides its outcome well

To intercept missiles



Daily reported interceptions of Iranian attacks

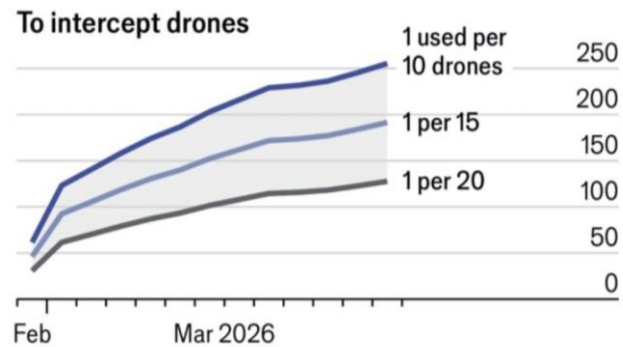


Its tough to set a timeline or endgame to the war

Even if war ended tomorrow, it will take several weeks or months for supply chains, especially of LNG, to be restored

The supply, inflation and resultant demand shocks to global economy could be much higher than is being currently predicted

To intercept drones



Goldman Sachs Timeline on Hormuz:

Mar 4 – Flows would recover in 5 days

Mar 9 – Flows would recover in 10 days

Mar 11 – Low flows would recover in 21 days and a 30-day gradual recovery

War: Global markets impacted differentially

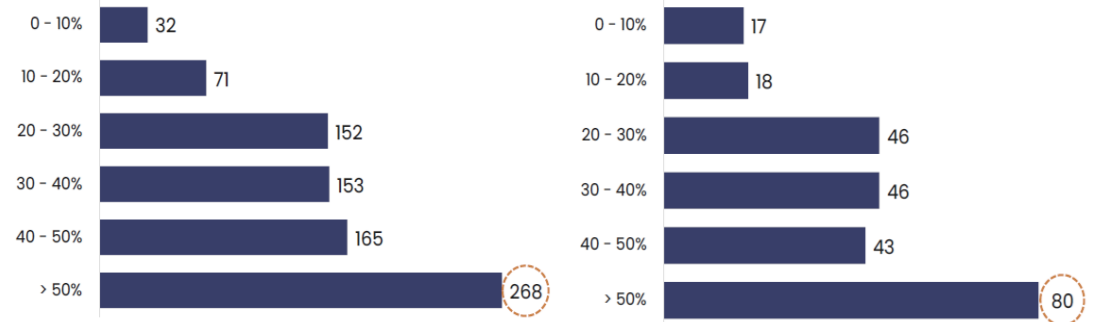
Countries	Mar-26	3mth (up to Feb-26)	Mar-26 Rank	Previous 3mth rank	Rank change	Countries	Mar-26	3mth (up to Feb-26)	Mar-26 Rank	Previous 3mth rank	Rank drop
Malaysia	-0.1	4.7	1	19	18	Taiwan	-5.2	36.0	16	2	-14
Singapore	-1.0	8.5	2	14	12	France	-5.8	3.3	17	22	5
Turkey	-1.9	20.0	3	5	2	Nifty (Defty)	-6.0	7.6	18	16	-2
China (Sh Comp)	-2.1	9.1	4	13	9	Brazil	-6.2	21.4	19	3	-16
Hong Kong	-2.3	0.6	5	24	19	Europe	-6.3	8.3	20	15	-5
NASDAQ	-2.8	-2.0	6	27	21	Australia	-6.3	6.8	21	18	-3
Russell Midcap	-3.0	-0.7	7	25	18	Asia ex Japan	-6.8	15.3	22	8	-14
US	-3.0	-1.2	8	26	18	Japan	-6.9	18.5	23	6	-17
BRIC	-3.7	-2.6	9	28	19	Mexico	-7.0	12.6	24	10	-14
MSCI Golden Dragon	-3.7	9.7	10	12	2	Emerging Markets	-7.3	15.5	25	7	-18
Italy	-4.2	7.3	11	17	6	Thailand	-7.8	20.5	26	4	-22
Developed Markets	-4.5	3.0	12	23	11	Nifty	-8.1	-3.9	27	29	2
UK	-4.8	10.9	13	11	-2	South Africa	-9.5	14.9	28	9	-19
Global	-4.8	4.3	14	20	6	Indonesia	-11.0	-6.5	29	30	1
Germany	-4.8	3.8	15	21	6	South Korea	-12.1	62.4	30	1	-29

Among major markets China leads, US resilient, Korea, India, Japan and Europe rattled

Blood oozing out on Dalal Street now...

Indices (13-Mar-2026)	Current Levels	Down % from All-Time-Highs	All-Time-Highs (Intraday)	30 Days Change %
NIFTY 50	23,151.1	-12.22%	26,373.2	-9.1%
NIFTY NEXT 50	64,691.5	-16.97%	77,918.0	-6.0%
NIFTY 100	23,849.3	-12.75%	27,335.7	-8.6%
NIFTY 200	13,018.3	-12.24%	14,833.8	-8.5%
NIFTY 500	21,391.2	-12.95%	24,573.4	-8.2%
NIFTY MIDCAP 50	15,523.7	-11.66%	17,572.5	-8.5%
NIFTY MIDCAP 100	54,761.1	-11.03%	61,548.9	-7.9%
NIFTY MIDCAP 150	20,233.0	-10.67%	22,650.1	-7.6%
NIFTY SMALLCAP 50	7,792.0	-18.03%	9,505.5	-6.3%
NIFTY SMALLCAP 100	15,895.3	-19.38%	19,716.2	-6.7%
NIFTY SMALLCAP 250	14,857.5	-20.50%	18,688.3	-7.1%
NIFTY MICROCAP 250	19,719.6	-25.52%	26,476.9	-10.0%

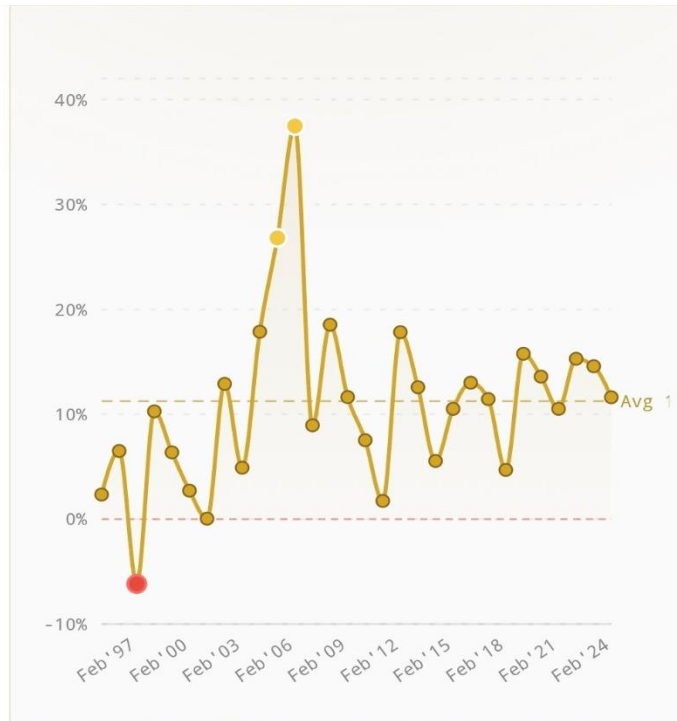
Market Cap <35,000 Crores and >2000 Crores in INR



- Small-caps now are in official bear market territory (20% down from ATH)
- Headline valuations are not reflecting “value” yet, but value certainly emerging
- Risks are highest in smaller companies, as they are more vulnerable to macro shocks

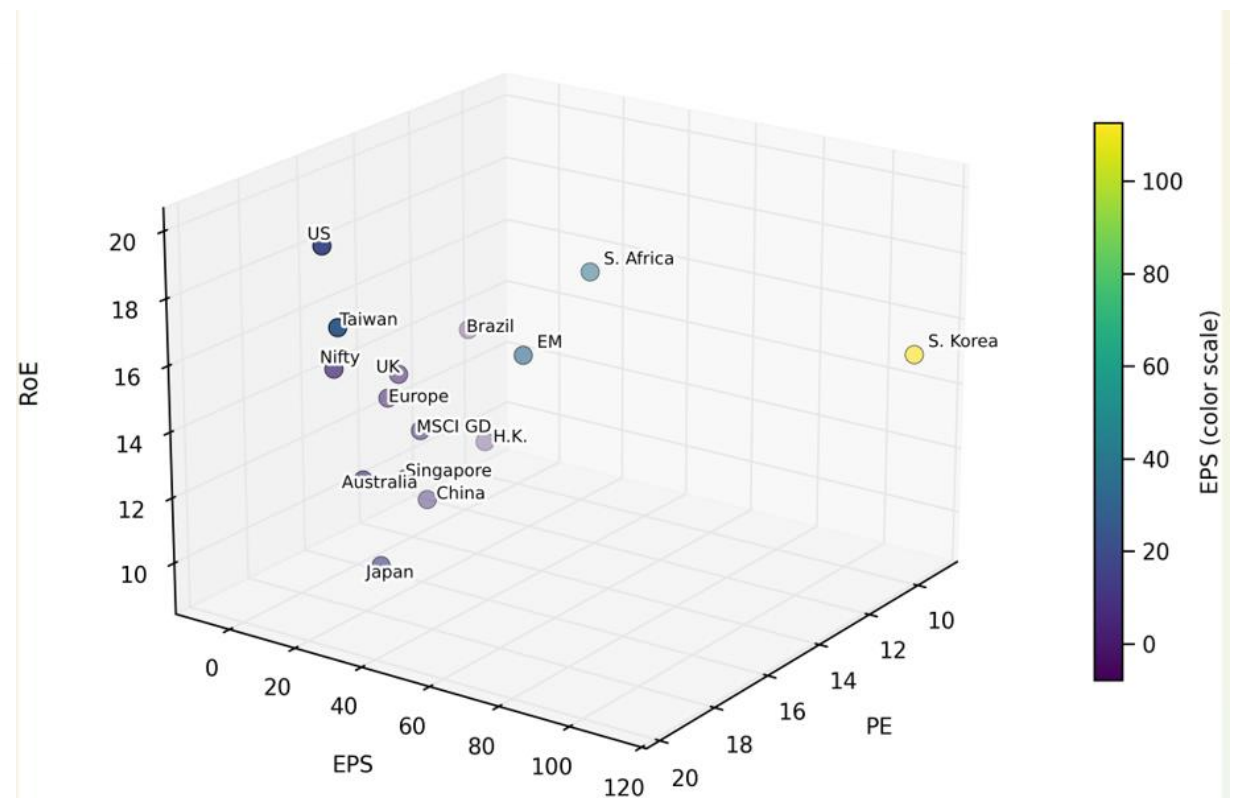
India Macro Equity Investing – Time for a pause....

Nifty 5yr rolling return



— 5Y Rolling CAGR - - - Long-run avg (11.25%)
 - - - Zero return line ● Negative period ● >25% peak

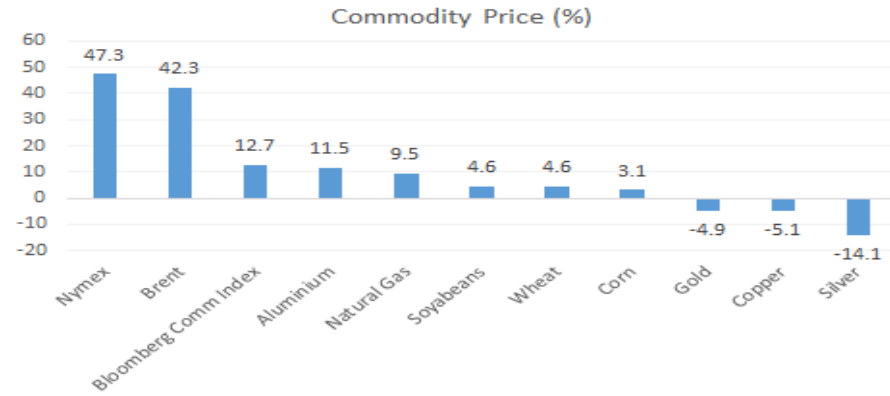
The trifecta of growth, valuation and profitability across markets



Differential impact on commodities & sectors; volatility high

A.

Wide dispersion in commodity price movement



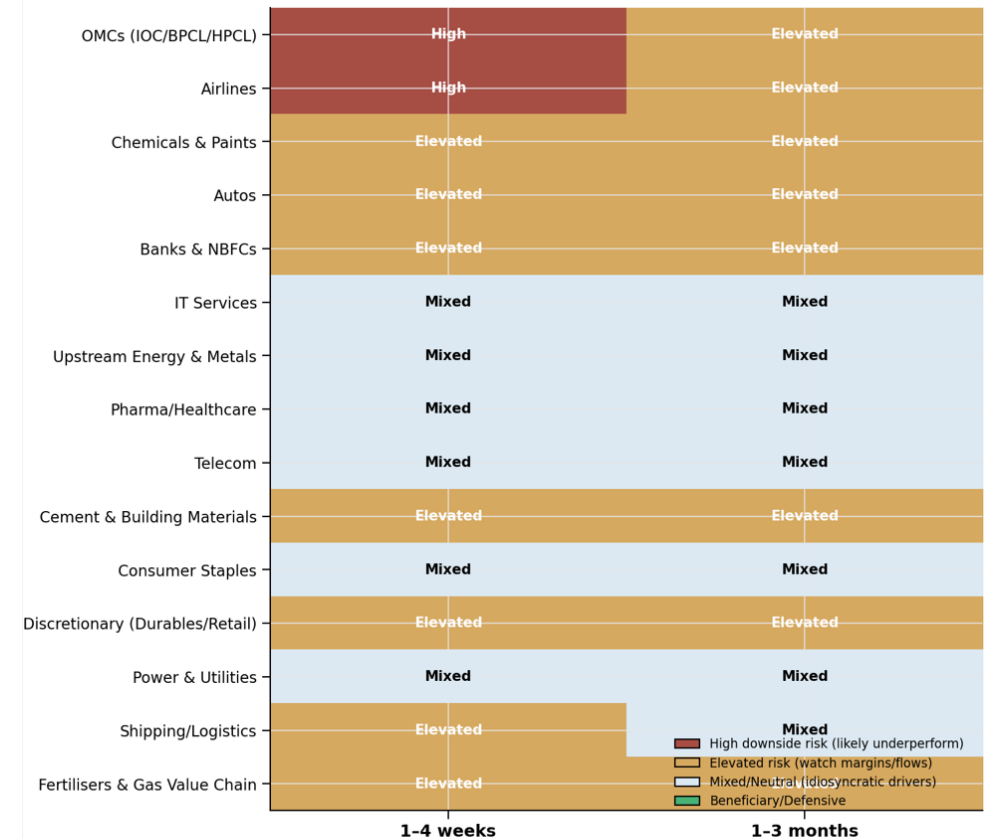
C.

Volatility spiked



B.

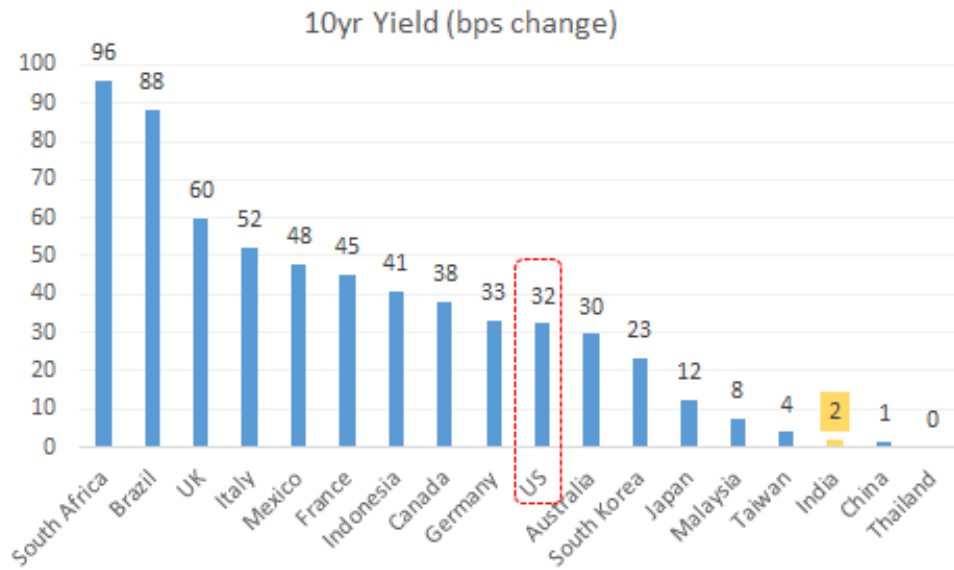
Sector impact – heat map



Impact on bond and currency market

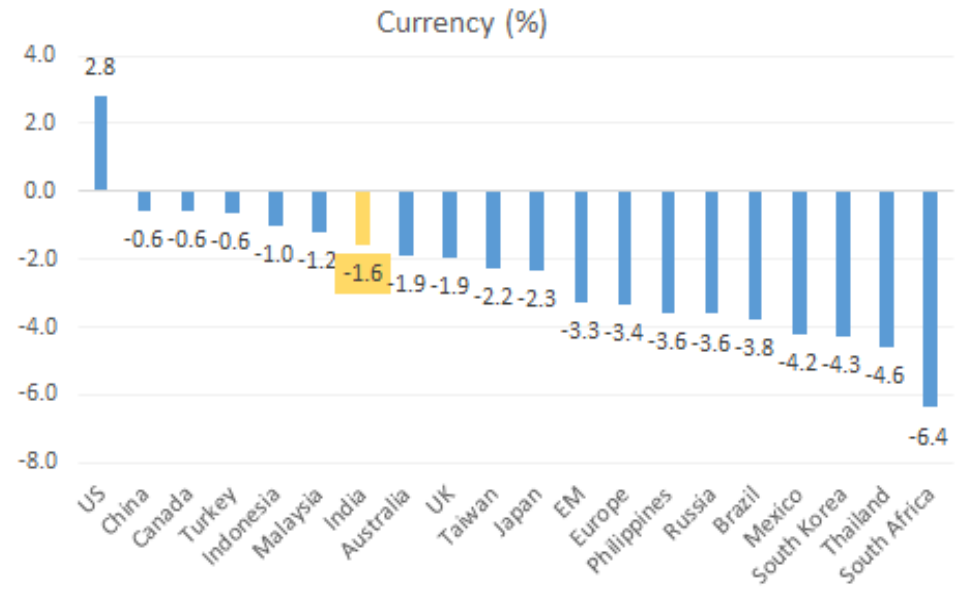
A.

US yields jumped; India, China stable



B.

USD spiked; INR relatively resilient



Investments – Hedge for Stagflation, Hope for Low Inflation-Low Growth

Base Case – TACO (65%)		Geopolitical Disruption Case – Sarajevo 1914 (35%)	
Themes	Core Investment Ideas	Themes	Core Investment Ideas
Weak USD	EM Equities	Strong USD	US Treasuries, DXY
High US Fiscal Deficit	Deeptech equities	Low US yields	Precious Metals
High US yields	Thematics – Defence, AI, Small-cap	Inflation perking up	Industrial Commodities
	Precious Metals		Thematics – Defence, AI, Small-cap
	Select industrial commodities		Oil
	Real Estate, Infrastructure		Real Estate, Infrastructure

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