

# Market Intelligence Report: Diwali Week 2025 – Indian Stock Markets

**Prepared by:** PaperboyFinance  
**Date:** October 27, 2025  
**Coverage Period:** October 20–27, 2025

## Executive Summary

Indian equity markets delivered a strong post-Diwali performance, with the Nifty 50 breaking through the psychologically critical 26,000 mark and the Sensex rallying over 600 points to reclaim momentum after a subdued Muhurat trading session. The week was marked by broad-based optimism driven by festive season demand, encouraging Q2 earnings from select sectors, and renewed foreign institutional investor (FII) inflows following prolonged selling pressure.

Domestic institutional investors (DIIs) continued to provide structural support, offsetting earlier FII outflows and reinforcing the resilience of India's equity story. Key sectoral winners included banking, metals, and IT services, while FMCG and realty stocks showed mixed performance. The market now awaits clarity from upcoming U.S. Fed policy decisions and sustained corporate earnings momentum to validate current valuations.

## Key Catalysts for the Upcoming Week

### Earnings Calendar

Over 300 companies are scheduled to announce Q2 FY26 results this week, with marquee names including **Adani Energy Solutions, Indian Oil Corporation, Hindustan Unilever, Asian Paints, Bajaj Finance, and HDFC Bank** set to report.

Company	Date	Consensus Estimate
Hindustan Unilever	Oct 28	7% YoY revenue growth
Asian Paints	Oct 28	Margins under pressure
Bajaj Finance	Oct 30	14% loan book growth
HDFC Bank	Oct 30	Steady NIM expansion
ITC	Oct 31	Strong FMCG performance
Maruti Suzuki	Oct 31	10-12% revenue growth

Investor focus will be on consumer demand trends, margin guidance, and management commentary around festive sales momentum translating into sustained Q3 demand.

## Macroeconomic & Policy Events

The Reserve Bank of India (RBI) maintained its policy repo rate at **6.50%** in early October, signaling a continued pause amid concerns over inflation persistence despite easing crude oil prices.

### Key Data Releases:

- October GST Collections
- IIP (Index of Industrial Production)
- PMI (Purchasing Managers' Index)
- CPI Inflation (Nov 8)

Global cues remain in focus, particularly U.S. Treasury yields and the Federal Reserve's policy stance.

## Sector-Specific Themes

**Banking & Financial Services:** PSU banks and private banks have benefited from improved loan growth (double-digit YoY) and stable asset quality trends. Credit growth remained healthy at **15–16% YoY**.

**Consumer Discretionary:** Auto sectors witnessed strong festive demand, with two-wheeler sales up **15% MoM** and passenger vehicles gaining **10%**.

**IT Services:** Weak global tech spending weighed on Q2 results, though AI-led transformation narratives continue to support long-term sentiment with Nifty IT gaining **1.2%** for the week.

## Industry Trends & Recent Developments

### FMCG Sector: Festive Boost Tempered by Cost Pressures

Leading FMCG companies reported strong festive season sales, with retail channels noting **12–20% YoY growth** in Diwali-linked categories. However, management commentary highlighted persistent raw material inflation, particularly in palm oil and packaging materials.

### Key Takeaways:

- Urban demand remained robust
- Rural recovery improving but uneven
- Margin compression risks in H2 FY26

### Banking & NBFC: Structural Growth Supported by Policy Tailwinds

The banking sector emerged as a key outperformer, with Bank Nifty surging past **56,500** during the week. Credit growth remained healthy at **15–16% YoY**, supported by retail lending and SME expansion.

## Auto Sector: Two-Wheeler Revival Drives Optimism

The automobile sector showcased a strong recovery, with export demand remaining buoyant aided by favorable FX rates and a **12% reduction** in shipping costs. Maruti Suzuki reported record October sales of **1.8 lakh units**.

## IT Services: Navigating Global Headwinds

IT services majors faced headwinds from weak discretionary spending. TCS and Infosys both guided for flat-to-modest Q3 growth, citing macro uncertainty and tariff-related disruptions.

## Company-Specific Deep Dives

### Hindustan Unilever (Earnings: Oct 28)

Metric	Value
Expected Revenue Growth	7% YoY
Current P/E	40x (vs 5Y avg 35x)
Stock Performance	+4% MoM

#### Key Monitoring Points:

- Urban vs. rural sales mix and pricing power
- Input cost pass-through strategy
- Premium segment performance

**Market Sentiment:** Cautiously optimistic but flagging margin compression risks if palm oil prices stay elevated.

### HDFC Bank (Earnings: Oct 30)

Metric	Value
Expected Loan Growth	14-15% YoY
Stock Performance	+3% WoW
Key Focus	CASA ratios, credit costs

**Market Sentiment:** Bullish on structural franchise strength; analysts see limited near-term downside risk.

Maruti Suzuki (Earnings: Oct 31)

Metric	Value
Expected Revenue Growth	10-12%
Stock Performance	+5% MTD
Key Resistance Broken	₹12,800

**Market Sentiment:** Positive on sustained demand momentum; remains a preferred play on India's consumption story.

Investment Implications & Risk Framework

Opportunities

**Consumer Discretionary Leadership:** Auto and select FMCG names with pricing power remain attractive near-term plays.

**Banking Sector Overweight:** Large-cap private banks (HDFC Bank, ICICI Bank) and select PSU banks (SBI, Bank of Baroda) benefit from structural credit growth.

**Selective IT Exposure:** Long-term valuations in TCS and Infosys look attractive for patient investors.

Risks

Risk Factor	Impact Level	Mitigation
Global Trade Uncertainty	Medium	Monitor U.S.-China negotiations
Margin Compression	High	Focus on pricing power stocks
FII Flow Volatility	Medium	DII support provides cushion

Positioning Recommendations

Rating	Sectors/Stocks
Overweight	Banking (HDFC Bank, SBI), Auto (Maruti, Bajaj Auto), Metals (Tata Steel, JSW Steel)
Neutral	IT Services (TCS, Infosys), FMCG (HUL, Nestle)
Underweight	Real Estate, Telecom

Week Ahead Watchlist

## Key Events to Monitor

Date	Event	Significance
Oct 28-31	Nifty 50 Q2 Earnings	HUL, Asian Paints, HDFC Bank, Maruti
Nov 1	October Auto Sales Data	Validates festive demand sustainability
Nov 5	U.S. Fed Policy Decision	Global liquidity impact
Nov 8	India CPI & IIP Data	Inflation and industrial growth trends

## Technical Levels

### Nifty 50:

- Support: 25,600
- Resistance: 26,300

### Bank Nifty:

- Support: 56,000
- Resistance: 57,500

## Conclusion & Outlook

Diwali week delivered a decisive rally, with both benchmark indices reclaiming upward momentum supported by festive demand, policy stability, and renewed FII participation. However, sustaining this rally beyond the festive "sugar high" will depend on:

- ✓ Q2 earnings quality
- ✓ Global macro stability
- ✓ Continued domestic institutional support

Investors should remain selective, favoring sectors with visible earnings growth and companies demonstrating pricing power amid input cost pressures. Defensive positioning through large-cap banks and quality consumption plays offers the best risk-reward profile in the near term.

**Disclaimer:** This report is for informational purposes only and should not be construed as investment advice. Investors are advised to conduct their own due diligence and consult financial advisors before making investment decisions.

**Sources:** NSE, BSE, Bloomberg, Moneycontrol, Economic Times, Business Standard (as of October 27, 2025)