

WEEKLY NEWSLETTER

04.01.2026



FINANCIAL
FREEDOM
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PROFESSIONAL

Indicator	04.01.26	28.12 25	NOV 25
Nifty 50 PE (P/E)	22.90	22.76	22.81
Nifty 50 PB (P/B)	3.58	3.55	3.56
Dividend Yield(%)	1.28%	1.29%	1.28%
Yield Ratio (GSec/Earnings Yield)	1.51	1.49	1.66
Market Cap to GDP (%)	144%	142.43%	142.92%
RSI 65	56.38	54	56.80
FII Monthly Flow (cr)	-20,878	-23,781	-25,955
Nifty Close	26,329	26,042	26,203
13Day EMA	26,078	25,932.00	25,992
India VIX	9.51	10.07	11.62

Ratio = Total Market Cap / GDP	Valuation
Ratio ≤ 73%	Significantly Undervalued
73% < Ratio ≤ 93%	Modestly Undervalued
93% < Ratio ≤ 114%	Fair Valued
114% < Ratio ≤ 135%	Modestly Overvalued
Ratio > 135%	Significantly Overvalued
Where are we today (2026-01-04)?	Ratio = 144.02%, Significantly Overvalued

Based on these modified historical valuations, we have divided market valuation into five zones:

Ratio = Total Market Cap / (GDP + Total Assets of Central Bank)	Valuation
Ratio ≤ 65%	Significantly Undervalued
65% < Ratio ≤ 83%	Modestly Undervalued
83% < Ratio ≤ 102%	Fair Valued
102% < Ratio ≤ 121%	Modestly Overvalued
Ratio > 121%	Significantly Overvalued
Where are we today (2026-01-04)?	Ratio = 128.96%, Significantly Overvalued

Predicted and Actual Returns of India



Under the original buffett indicator, the stock market of India is expected to return 6.3% a year for the coming years. This is from the contribution of economic growth in local current prices: 6.86%, Dividend Yield: 1.53% and valuation reverse to the mean -2.1%.

Under the modified model, the contribution of economic growth and dividend yield stays the same while the valuation reverse to mean changes to -2.11%. Consequently, the stock market of India is expected to return 6.3% a year.

Source

<https://volatilitygame.com> | <https://www.valuestocks.in/en/niftytrend>

<https://www.investing.com/charts/live-charts>

<https://www.gurufocus.com/global-market-valuation.php?country=IND>

US MARKET VALUATION



Based on these historical valuations, we have divided market valuation into five zones:

Ratio = Total Market Cap / GDP	Valuation
Ratio \leq 88%	Significantly Undervalued
88% < Ratio \leq 114%	Modestly Undervalued
114% < Ratio \leq 139%	Fair Valued
139% < Ratio \leq 164%	Modestly Overvalued
Ratio > 164%	Significantly Overvalued
Where are we today (2026-01-04)?	Ratio = 220.1%, Significantly Overvalued

Notes & Observations

Positive sentiments: Start with new SIPs and STPs . Time to accumulate in such zone.

Investing in Business cycle funds can be a good idea now with 2-3 yrs view

Current focus - Large cap funds and Hybrid funds

Current sector focus Banking - Finance & health care

VOLATILITY COACH – WEEKLY INSIGHTS

Valuation Zone

Market Cap to GDP at 144% places Indian equities firmly in a high valuation zone. This is not a sell signal, but it calls for discipline, staggered investing, and regular rebalancing.

Trend & Momentum

Nifty remains comfortably above its 13-day EMA, and RSI (65) at 56.38 reflects healthy momentum. The trend remains supportive, though returns may be gradual rather than sharp.

Volatility Behaviour

India VIX at 9.51 signals extreme calm. Such low-volatility phases often precede sharp but short-lived corrections. Avoid leverage and maintain liquidity.

Liquidity & FII Flows

After sustained selling in December, FIIs have started January with strong buying. This early reversal is positive but needs confirmation over the coming weeks.

Volatility Coach View: High valuation and low volatility demand discipline. Focus on asset allocation, SIP continuity, and risk management rather than prediction.

PARAMETERS

& CONCLUSIONS IN LAST FEW YEARS



- Equity neutral or negative or positive
- 23rd Jan 2022- 17617 Nifty Negative Trend
- 8th March 2022- 15863
- 17th March 2022- 17287 Positive Trend
- 5th April 2022- 17957
- 18th April 2022- 17173 Negative/ Neutral Trend
- 29th May onwards positive/ neutral
- 19th June onwards positive
- 18th July onwards continuous positive
- 21st Aug onwards neutral to negative this week at least
- 27th Aug onwards Investing region
- 23rd Sep Very Negative for the markets.
- 14th Oct Closing Positive above 13EMA - invest
- 11th Nov Book gradual profit and Debt allocation recommended
- 9th Dec 1st closing below the 13EMA and 23rd Dec Confirms negative markets. Jan 2023 Continues to be negative.
- 5th Feb 2023 Budget positivity may not last if FII does not square off the short positions. April 2023 is the month to observe all asset classes.
- After Dec 23rd April 2023 first time the market turned positive for equity. Aug 18th markets turn Negative for the medium term. Positive always in the long term. 1st Sept Closing is a positive outlook. Positive continues. 20th Oct Closing signals negative trends for the coming week. From 10th Nov 2023 closing shows positive sign till date.
- Negative trend from 20th Dec 2024 continues . Trend reversal not see till now.
- Trend Reversal on 21st mar 2025
- Note - After a positive closing last week , Nifty closes negative and trend bearish in short term as on 4th April 2025 .
- Trend turn positive again after 18th April 2025 .
- Over 1 lakh outstanding negative Option contracts of FIIs in July 2025 , Market cap to GDP over 137% and nifty below 13EMA signal is negative for markets as of now.
- Nifty closing above 13EMA is a positive sign for trend reversal as on 22nd Aug 2025

PARAMETERS

• & conclusions in last few years

- Nifty Small Cap 100 remains positive



- Nifty MidCap 150 also remains positive



SECTORIAL INDEX

04 JANUARY 2026

INDEX NAME	LAST	CHNG	%CHNG	P/E	P/B	DIV YIELD
NIFTY 100	26,925.30	202.05	0.76	22.48	3.59	1.29
NIFTY 200	14,677.15	116.9	0.8	24	3.73	1.2
NIFTY 500	24,099.00	189.45	0.79	24.69	3.75	1.14
NIFTY MIDCAP 50	17,505.70	163	0.94	34.21	4.66	0.78
NIFTY MIDCAP 100	61,365.90	615.45	1.01	34.34	4.46	0.78
NIFTY SMALLCAP 100	17,832.05	127.15	0.72	32.4	3.86	0.74
INDIA VIX	9.45	0.26	2.88	-	-	-
NIFTY MIDCAP 150	22,579.05	209.9	0.94	34.02	4.56	0.78
NIFTY SMALLCAP 50	8,656.75	54.3	0.63	32.09	3.84	0.77
NIFTY SMALLCAP 250	16,795.75	127.85	0.77	29.57	3.59	0.72
NIFTY MIDSMLLAP 400	20,443.85	178.35	0.88	32.36	4.17	0.76
NIFTY500 MULTICAP 50:25:25	16,641.30	132.8	0.8	26.29	3.79	1.02
NIFTY LARGEMIDCAP 250	17,043.75	143.2	0.85	27.09	4.02	1.04
NIFTY TOTAL MARKET	13,522.30	106.9	0.8	24.79	3.71	1.12
NIFTY MICROCAP 250	22,799.85	206.55	0.91	27.86	2.91	0.77
NIFTY500 LARGEMIDSMALL EQUAL-CAP WEIGHTED	18,262.30	148.65	0.82	27.87	3.87	0.93



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7TH CONFERENCE 2026

Media Partner

THE ECONOMIC TIMES

THEME - RENEWAL

JW Marriott Sahar , Mumbai

Date: 25-26-27 Sept 2026

Registration Fee

~~Rs 37000+GST(Residential)~~

~~Rs 25000+GST(Non Residential)~~

Early Bird offer

Rs 27000+GST(Residential)



REGISTER FOR 7TH FFFP

6TH FINANCIAL FREEDOM FRATERNITY PREMIER LEAGUE KOLKATA



SUPPORTER



GIFT PARTNER



OTT PARTNER



Saturday, 3rd January 2026

09:00am to 10:00pm

Orchid Arena - Top Sports & Recreation Centre

1A, 1J, E Topsis Rd, Mirania Gardens, East Topsis, Topsis, Kolkata, 700105

www.volatilitygame.com

3RD FINANCIAL FREEDOM FRATERNITY PREMIER LEAGUE MUMBAI



SUPPORTER



OTT PARTNER



Saturday, 10th January 2026

03:00pm to 10:00pm

Ryan International School Cbse

3, New Link Rd, Malad, Evershine Nagar, Malad West, Mumbai, Maharashtra

400064

www.volatilitygame.com

The recent FFF Retreat at Talegaon was far more than a weekend getaway.

It became a powerful reset for Volatility Coaches—energising them for the next nine months and beyond.

Through goal planning, deep bonding, open sharing, fireside conversations, experiential games, and a heartfelt gratitude session, something special happened:

the collective understanding, trust, and maturity of the group moved to an entirely new level.

This wasn't just networking.
It was experiential community-building.

Many meets come and go.
This one will stay—quietly contributing at multiple levels for years to come.

Grateful for the people, the openness, and the shared intent.





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GROW WITH FFF PRO

10 THINGS TO DO TO GROW 10X

- ✓ 11 VG Calculators
- ✓ One Page Sustainability Matrix Software
- ✓ Equity Fundamental Analysis Software
- ✓ Mutual Fund Analysis Software
- ✓ Bonus for 2026 - Three days NISM patalganga residential event in April 2026
- ✓ 20 Excel Calculators
- ✓ One on one online mentoring session - 2 Numbers
- ✓ Access to Beyond Classroom Events & One day FFF Professional Meets
- ✓ Tactical Asset Allocation & Transactions - TAAT Certification Subsidised
- ✓ FFF Pro Community Connect & Branding

Rs 20,000/- Plus GST
FFF Pro Annual