Stock markets end higher; ITC, banks lead recovery as RBI keeps policy rates unchanged

Indian equities were volatile on Feb 6, with Sensex and Nifty oscillating between losses and gains amid global tech-led selloffs and caution ahead of the RBI policy decision. Banking and FMCG stocks provided support, while IT stocks dragged due to global cues. The RBI's decision to keep rates unchanged and stable domestic macros helped markets pare losses by the close. Overall, sentiment remained cautious but resilient amid mixed global and domestic triggers.

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Stock market live updates today: Vikrant Chaturvedi, Associate Director - Research, Brickwork Ratings

"The RBI MPC's unanimous decision to keep the repo rate unchanged at 5.25 percent and maintain a neutral stance signals confidence in India's macroeconomic resilience, with growth holding firm even as inflation remains decisively benign. With FY2026 CPI inflation projected at a low 2.1 per cent and underlying pressures well contained, the policy pause suggests that the current rate setting is appropriately calibrated to support demand without jeopardising price stability. Importantly, the MPC's upward revision to its GDP growth projections for early FY2027 to 6.9 percent in Q1 and 7.0 percent in Q2, underscores the strength of domestic growth drivers, particularly services, investment and consumption. Notably, the absence of any explicit liquidity guidance in the policy statement points to a preference for letting financial conditions evolve organically rather than actively easing them at this stage. The MPC's emphasis on reassessing the policy path after the release of the new GDP and CPI series later this month reinforces its data-dependent approach. From a credit ratings perspective, stable policy rates and strong growth are supportive of debt-servicing capacity and ratings stability, although a less accommodative liquidity environment could temper the benefits for highly leveraged and liquidity-sensitive borrowers amid persistent external volatility."