

Weekly Equity Market Outlook

Hormuz Shockwave Rattles India - Is this the Storm Before the Calm?

16th Mar 2026 – 20th Mar 2026

The Week That Was (16th Jan – 23rd Jan) : Domestic markets make a panic switch to "Flight-to-Safety" mode

- **Nifty takes it on its chin, experiences worst week since early 2024** : The Indian equity markets faced one of their most severe liquidity and sentiment shocks of the decade. The Nifty 50 plummeted 5.31% during the week, characterized by a massive ₹22.4 lakh crore erosion in investor wealth. The "Black Monday" gap-down of 2.75% on March 9th set the tone, as Brent crude breached \$119/bbl following a near-total blockade of the Strait of Hormuz.
- **Crude reality stares the world in the eye, threatens India's rock solid macros** : The conflict reached a critical inflection point on Tuesday, March 10, when attacks by Iran on vessels, led to a total suspension of commercial traffic through the Strait of Hormuz. Brent crude futures touched a high of US\$126.40/barrel mid-week. For India, every \$10 rise in oil typically expands the current account deficit (CAD) by ~0.5% of GDP. Markets are now pricing in a sustained period of triple-digit oil prices. US Treasury yields fluctuated wildly as investors scrambled for the safety of the Greenback. This resulted in the Indian Rupee (INR) hitting a historic low of ₹92.43/US\$, significantly increasing the "landed cost" of all imported commodities.
- **FPIs turn aggressive sellers once again** : Offloading ₹10,716 crore on Friday alone, bringing the March fortnight total to over ₹52,000 crore, the FII-selling once again unleashed havoc in Indian equities. While Domestic Institutional Investors (DIIs) provided a counter-ballast with nearly ₹1.7 lakh crore in YTD purchases, **the sheer magnitude of the geopolitical risk has shifted the market into a "Sell-on-Rise" regime.**
- **LNG Shortage: The "Silent Killer" of Industrial Output** : While oil impacts the pump, the Liquefied Natural Gas (LNG) shortage is paralyzing the factory floor. With 60% of India's LNG transit blocked, the domestic gas pool has shrunk significantly. The Government's prioritization of gas for City Gas Distribution (CGD) and Fertilizers has left the Power and Industrial sectors stranded. The Morbi ceramics cluster, which relies heavily on gas, has seen a 40% capacity shutdown this week. Fertiliser companies are reduced to operating at sub-optimal levels.
- **Sectoral impact of the war across the sea** : The Automobile sector was the most impacted last week, crashing a massive 10.64% on fears of sales getting impacted due to the possibility of fuel prices remaining high for a long period. The other major losers were PSU Banks (down 7.27%) as possibility of higher inflation led to fears of higher borrowing costs, as well as Defence (down 7.01%) which witnessed strong profit booking.

Interesting Charts ... that speak a thousand words

DFM REAL ESTATE INDEX



CNX PHARMA/ NIFTY 50



The Week Ahead (16th Mar – 20th Mar) : Markets to remain on edge, but Hormuz passage to Indian ships a relief

- **Hormuz "Escort" Neutrality**: Indian Navy-escorted energy tankers are easing immediate supply fears, yet OMCs remain volatile as a geopolitical risk premium of \$10–15 persists in crude prices.
- **FOMC Hawkish Tilt**: The March 17-18 Fed meet is the week's pivot. Persistent energy-led inflation in the US may force a hawkish "hold" at 3.75%, strengthening the DXY and keeping the INR pressured near the 92.50–93.00 psychological floor.
- **The Naphtha-Polymer Crunch**: Industrial focus shifts to the "Naphtha Nexus." Diverted feedstock for domestic LPG is starving the petrochemical chain. Expect margin contraction in Paints, FMCG packaging, and Auto components as polymer prices surge amid domestic rationing.
- **Defensive Rotation: Institutional flows are pivoting to "Fortress" stocks. IT and Pharma serve as currency hedges against the weak Rupee, while Defense (BEL/HAL) and Upstream Energy (RIL/ONGC) benefit from indigenization and higher realizations respectively.**

Nifty 50 Technical Outlook



Source: Tradingview

- The Nifty index declined by more than 5% during the week, breaking the key support level of 23,500. The next important support on the downside is placed around 22,800, which could act as a potential reversal zone.
- On the weekly chart, the RSI has moved below the 30 level, indicating oversold conditions, while on the daily chart it is currently near 26, reflecting strong bearish momentum.
- Since the breakdown below 25,320, the index has formed three gap-down openings, none of which have been filled so far, highlighting persistent selling pressure.
- The index is also approaching a death cross, where the 50-day SMA may cross below the 200-day SMA. A decisive break below the nearby support levels could further intensify the bearish trend.

Nifty Bank Technical Outlook



Source: Tradingview

- Bank Nifty has declined for the third consecutive week, with the index opening gap-down twice during this period.
- The RSI has broken below the 40 level, indicating weakening momentum. Immediate support is placed around 53,500, and a break below this level could lead the index towards 53,000–52,600.
- On the upside, 54,500 acts as the immediate resistance, and any pullback could extend towards 55,000.
- A major gap support is located near 51,800, which also coincides with the lower boundary of the long-term channel, making it a crucial level to watch.

Global Markets

Developed Markets

US (S&P 500)	-1.60%
Germany (FSE DAX)	-0.61%
UK (FTSE 100)	-0.23%
Eurozone (Eurostoxx 50)	-0.04%
Japan (Nikkei 225)	-3.24%

Emerging Markets

Indonesia (IDX Composite)	-5.91%
India (Nifty 50)	-5.31%
China (CSI 300)	+0.19%
South Korea (KOSPI 100)	-2.04%
Brazil (Bovespa)	-0.95%

Sectoral Gainers and Key Commodities

Sectoral Indices

Nifty Pharma – TRI	-0.60%
Nifty Energy – TRI	-0.66%
Nifty India Defence – TRI	-7.01%
Nifty PSU Bank – TRI	-7.27%
Nifty Auto - TRI	-10.64%

Commodities

Gold	-2.94%
Silver	-4.50%
Brent Crude	+11.27%

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