

Weekly Equity Market Outlook

India Lags Global Gainers Despite Tariff Respite

23rd Feb 2026 – 27th Feb 2026

The Week That Was (16th Feb – 20th Feb) : Domestic markets lag EM peers as well as DMs

- **Sector Rotation Leads to Increased Volatility** : The week Feb 16–20, 2026 was a volatile and event-driven trading period for Indian equities. Early recovery from prior weakness was tested by geopolitical risk and sector-specific pressures — especially in IT — which led to sharp intraday swings. Sector rotation and stock-specific catalysts played a critical role in shaping the week's narrative, suggesting that market breadth continues to matter as volatility persist. The indices started the week strongly, rebounding from the prior weakness and climbing significantly early on, but lost steam mid-week as geopolitical tensions took centrestage. Heavy selling on Thursday followed by a late rebound on Friday, with benchmarks reclaiming key levels.
- **Market Impact of the India-AI Impact Summit 2026** : Held in New Delhi from Feb 16 to Feb 20, this was a major sentiment driver this week. PM Modi's pitch for India as a global AI hub and the announcement to double GPU capacity boosted data center and infrastructure stocks.
- **India Signs the Pax Silica** : The much awaited but historic India-US "Pax Silica" agreement signed during the week focused on technology and security cooperation, fostering long-term optimism in the tech-trade corridor.
- **Strong Macroeconomic Data Provides a Boost** : The HSBC India Manufacturing PMI climbed to 57.5 (from 55.4), indicating robust factory activity, while the Services PMI slightly eased to 58.4, but business sentiment hit a one-year peak.
- **Global Geopolitics and US Data** : The Gulf and the Middle East is once again on the edge as the build-up of US military hardware in the region reminisces of the US invasion of Iraq of 2003.
- **Sectoral Moves** : PSU Bank Index was up 5.8%, led by PNB, Canara Bank, and Union Bank of India, supported by value buying and a bullish outlook from global brokerages like Goldman Sachs. The Energy Sector Index was up 2.3%, as Power Grid and Coal India led the charge on the back of strong domestic power demand and institutional interest in "old economy" value stocks. The IT Sector continued to struggle due to "AI disruption concerns" voiced during the AI Summit and weak global tech cues, losing 2.1%.
- **Global Commodities** : Heightened geopolitical tensions gave both Gold and Silver a boost, with both metals gaining more than 1% and 8% respectively. Crude surged by close to 6% as tensions build up in the Gulf.

Interesting Charts ... that speak a thousand words

CRUDE OIL BULLISH



CNX PHARMA A DEFENSIVE BUY



The Week Ahead (23rd Feb to 27th Feb) : Indian Markets set to witness a "Reset and Rebound", but tread cautiously

- **It's SCOTUS vs. POTUS** : The most critical catalyst for the week ahead (Feb 23–27) is the U.S. Supreme Court's weekend ruling striking down President Trump's global tariff order. The invalidation of broad tariffs by the US Supreme Court provides a massive relief rally for export-oriented sectors like IT, Textiles, and Chemicals. The US President quickly followed up the annulling of his broad tariffs by the SCOTUS, with a new 15% tariff under S.122. But India still to gain somewhat as it is below the 18% level and is valid only for 150 days.
- **The Action in the Gulf** : The eventual direction of the US military build-up in the Gulf around Iran will determine the fate of the global markets this week. If Iran closes the Straits Of Hormuz, oil will spike further.
- **India GDP Data** : Expected on Feb 27. Markets are pricing in a robust 6.8%–7.0% growth rate. Any deviation will dictate the mid-term trend.
- **OUTLOOK** : *Don't chase the Monday morning rally. Wait for a "fill the gap" retracement toward 25,600 to initiate long positions. The IT rebound will continue, while AI led themes such as Data Centre stocks should remain in focus. Stick to quality midcaps over speculative smallcaps. Play Value over Growth.*

Nifty 50 Technical Outlook



Source: Tradingview

- The Nifty staged a strong rebound from its double-bottom support near the 25,400 mark and formed a small bullish candle on the daily chart.
- The index has moved back above its 21-DMA at 25,540, though it continues to trade below the 100-DMA placed at 25,720.
- The key long-term support remains the 200-DMA at 25,320, and as long as this level holds, the broader trend stays bullish.
- However, the sharp 7% jump in India VIX to 14.40 is a concern, and a decline below 13 is essential for bulls to regain control.
- We expect the Nifty to remain range-bound between 25,300 and 25,800 in the near term.

Nifty Bank Technical Outlook



Source: Tradingview

- The Bank Nifty outperformed the Nifty and ended at a fresh record closing high.
- It continues to form a higher top–higher bottom pattern on the daily chart and is trading above all key short-term and long-term moving averages.
- The overall structure remains constructive, and we expect the gradual uptrend to extend towards the 62,000 mark in the near term.
- Meanwhile, the index is likely to consolidate within a broader range of 60,500–62,000 with a positive bias.

Global Markets

Developed Markets

US (S&P 500)	+1.07%
Germany (FSE DAX)	+1.39%
UK (FTSE 100)	+2.30%
Eurozone (Eurostoxx 50)	+2.46%
Japan (Nikkei 225)	-0.20%

Emerging Markets

Indonesia (IDX Composite)	+0.72%
India (Nifty 50)	+0.39%
China (CSI 300)	Mkts Closed
South Korea (KOSPI 100)	+5.66%
Brazil (Bovespa)	+2.18%

Sectoral Gainers and Key Commodities

Sectoral Indices

Nifty PSU Bank – TRI	+5.45%
Nifty Energy – TRI	+2.65%
Nifty FMCG – TRI	+1.71%
Nifty IT – TRI	-2.07%
Nifty Media - TRI	-2.46%

Commodities

Gold	+1.21%
Silver	+9.31%
Brent Crude	+5.92%

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