

# Weekly Equity Market Outlook

Global Markets remain volatile due to geopolitical issues

25<sup>th</sup> May 2026 – 29<sup>th</sup> May 2026

## The Week That Was (18<sup>th</sup> May – 22<sup>nd</sup> May) : FII selling and global jitters keep markets volatile

- Indian equity markets witnessed a volatile and broadly weak week, as global risk aversion, sustained foreign outflows, and macro pressures dominated sentiment. Benchmark indices initially struggled under selling pressure, with the Nifty hovering in the 23,300–23,800 range through the week before staging a mild recovery in the final session. Despite Friday's gains, the broader tone remained subdued, with the Sensex and Nifty having corrected sharply in the preceding trend and ending the week with marginal respite rather than a decisive reversal.
- The primary driver of weakness was the intensifying geopolitical tensions in the Middle East, particularly around Iran, which pushed crude oil prices above \$100 per barrel and heightened uncertainty for oil-importing economies like India. Rising oil prices exacerbated inflation concerns and weighed on currency stability. In parallel, elevated US bond yields near 4.6% and a strong dollar triggered continued capital outflows from emerging markets. Late in the week, however, optimism around potential US–Iran diplomatic progress supported a rebound in global and Indian equities.
- From a macro standpoint, domestic indicators were relatively stable but overshadowed by external pressures. The Indian rupee depreciated to record lows near ₹96.3/USD before recovering modestly toward ₹95.7 with RBI intervention. Persistent FII selling remained a key concern, with cumulative outflows in 2026 already exceeding last year's levels, although strong DII inflows continued to provide a cushion. On the positive side, inflation remained contained with April CPI at around 3.5%, and the RBI maintained a neutral stance, reinforcing macro stability. Additionally, the announcement of a record ₹2.87 lakh crore RBI dividend to the government provided incremental support to sentiment.
- Sectoral performance reflected a clear risk-off rotation. Rate-sensitive and cyclical underperformed, with realty, IT, and auto sectors facing the sharpest declines, driven by yield pressures and global growth concerns. In contrast, defensive sectors such as pharma and healthcare outperformed, while metals gained modestly on the back of firm commodity prices. Banking and financial stocks emerged as relative outperformers toward the end of the week, helping the indices recover, with private sector banks witnessing selective buying interest.

## Interesting Charts ... that speak a thousand words

### USD/INR- A Pause in the Trend



### DOW- A Fresh Breakout



## The Week Ahead (25<sup>th</sup> May to 29<sup>th</sup> May) : Global Geopolitics and Q4FY26 Results to determine market direction

- Indian equity markets are expected to remain volatile and largely sideways in the week of May 25–29, as global uncertainties continue to cap upside despite steady domestic support.
- Global factors will remain the key driver, particularly ongoing U.S.–Iran tensions, which have kept crude prices elevated and could weigh on inflation, the rupee, and investor sentiment. Elevated U.S. bond yields are also likely to keep FII flows under pressure.
- On the domestic side, focus will shift to fiscal data and liquidity indicators, while stable inflation and continued DII support provide some cushioning to markets.
- Sectorally, banks and financials are likely to lead, with IT and pharma acting as defensives, while rate-sensitive segments may stay subdued.
- Overall, expect a stock-specific market with no clear directional trend, driven largely by global developments and ongoing corporate activity.

## Nifty 50 Technical Outlook



Source: Tradingview

- The markets witnessed a range-bound movement throughout the week, with the Nifty closing marginally in the green and forming a small bullish candle on the weekly chart. Encouragingly, the index managed to sustain above its 50-DMA, placed near 23,690, which is likely to act as an immediate support level, while the next crucial support is seen around 23,500. On the upside, a decisive breakout above 23,800 is essential to trigger a fresh short-covering rally towards 24,000 and higher levels. The broader market structure continues to remain constructive and indicates a positive undertone. Going into the coming week, volatility is expected to remain elevated owing to the monthly F&O expiry. We expect the Nifty to trade within a broader range of 23,500–24,000 with a positive bias.

## Nifty Bank Technical Outlook



Source: Tradingview

- Bank Nifty also witnessed a strong rebound from the 52,800 zone, where a double-bottom formation is visible.
- The broader structure continues to remain sideways, though a gradual recovery towards the 54,600 mark is expected in the near term.
- Immediate support is placed in the 52,800–53,000 range, and as long as the index sustains above this zone, the pullback move is likely to continue.
- On the upside, the immediate hurdle is seen at 54,600, while the next major resistance is placed near the 55,000 level..

## Global Markets

### Developed Markets

US (S&P 500)	+1.04%
Germany (FSE DAX)	+3.98%
UK (FTSE 100)	+2.65%
Eurozone (Eurostoxx 50)	+3.34%
Japan (Nikkei 225)	+3.14%

### Emerging Markets

Indonesia (IDX Composite)	-8.35%
India (Nifty 50)	+0.32%
China (CSI 300)	-0.30%
South Korea (KOSPI 100)	+5.76%
Brazil (Bovespa)	-1.26%

## Sectoral Gainers and Key Commodities

### Sectoral Indices

Nifty IT – TRI	+4.31%
Nifty Realty – TRI	+2.39%
Nifty India Defence – TRI	+1.10%
Nifty FMCG – TRI	-1.57%
Nifty Media - TRI	-4.29%

### Commodities

Gold	-0.67%
Silver	-0.54%
Brent Crude	-4.54%

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