

May 2026

Bazaar Beats

Monthly Market Outlook

KEY HIGHLIGHTS



Continued Foreign Investor Caution Amid Global Uncertainty.



RBI Maintained Status Quo on Interest Rates.



Geopolitical tension/war in West Asia pushed crude oil prices higher, impacting global economy adversely.



Indian economy demonstrated resilience despite global headwinds.



Indian equities ended Apr-26 positively, benchmark indices closing higher despite volatile trading environment dominated by uncertainties.

Global Markets

Index	April Close (30 April 2026)	Monthly Change (MoM)
S&P 500 (USA)	7209.01	+10.42%
Nasdaq (USA)	24892.31	+15.29%
Nikkei 225 (Japan)	59284.92	+16.10%
Hang Seng (China)	25776.53	+3.99%
FTSE 100 (UK)	10378.82	+1.99%



Indian Market

Index	April Close (30 April 2026)	Monthly Change (MoM)
Nifty 50	23997.55	+7.46%
Sensex	76913.50	+6.90%
Bank Nifty	54863.35	+9.13%
Nifty Midcap 100	59784.85	+13.55%
Nifty Smallcap 100	18007.15	+18.44%



Key Economic Indicators

Indicator	Previous (March 2026)	Latest (April 2026)
CPI Inflation	3.40 %	3.48 %
Service PMI	57.5	58.8
Manufacturing PMI	53.9	54.7
Repo Rate	5.25 %	5.25 %
Brent Crude (\$)	118.35	114
Rupee (USD)	94.35	94.91



Major Indian Activities Impacting Stock Market

April 2026 was a month of heightened volatility for Indian market. Escalated War situation pushed crude oil prices beyond \$100/ barrel raising big concerns over inflation and rising import bill. However, domestically economic activities remained strong- record GST collection of Rs.2.42 lac crore, 8.7% YOY growth, coupled with improved PMI index of 54.7 (goods) & 58.8 (services) , indicated resilient Indian economy. RBI kept the interest rates unchanged, allaying investors fears of curb on money supply in anticipation of increased inflation. Continued SIP and DII inflow (\$2.8 bn) reflected retail investors confidence in Indian market. Though FPIs keep selling (\$5.2 bn).



Global Development Impacting Markets

The sharp escalation of the Iran-Israel conflict pushed Brent crude from around \$75/bbl at the beginning of the month to intraday highs near \$109/bbl, before stabilizing later, raising concerns over India's oil import bill and inflation trajectory. In the US, inflation remained above the Federal Reserve's 2% target, leading markets to scale back expectations of aggressive rate cuts during 2026 and keeping US Treasury yields elevated near 4.4-4.5%. Higher US yields strengthened the dollar and triggered risk-off sentiment across emerging markets, resulting in volatile FPI flows. Global growth concerns were further amplified by weaker-than-expected manufacturing activity in parts of Europe and China, affecting demand outlook for exports and commodities.



Sector & Index Movements

Indian equity indices started 1QFY27 on a positive note after a sharp correction in broader markets in March 2026 due to West Asia conflict. Mid and small cap index recovered all the losses of March 2026. BSE Sensex and NSE Nifty were up by 6.9% & 7.5% respectively. Broader markets were stronger with NSE Midcap index up 13.2% and BSE Smallcap index up 19.6% for the month.

Power, Realty and Capital Goods bounced back sharply and were the best performing sectors in April. Metals, FMCG, Banks, Autos and Oil & Gas also outperformed the Nifty. Healthcare slightly underperformed the Nifty. IT was the worst performing sector but still ended slightly positive

WHAT'S NEXT?

- The Middle East conflict is starting to exert macro-economic pressure on India. Sharp increase in crude price and weaker rupee will be headwinds for FY27 growth if things are not resolved quickly.
- Structurally though, macros appear resilient – Fiscal Deficit is under control, demand environment is robust, rupee depreciation provides a boost to service exports which can cushion India's trade balance from supply side shocks.
- As per latest data release by the IMF, India's 2026 real GDP growth is projected at 6.5% in 2026 which continues to be high compared to major economies despite of on-going West-Asia conflict.
- Risk of a below normal monsoon with negative consequences for food production and leading to higher food inflation is also another stress in the near term.

TACTICAL VIEW

Healthcare, Capital Markets, and Small Caps offer an attractive mix of valuation support and positive momentum.

NOT TO MISS

Crude oil, FII flows, and geopolitical events remain top market triggers in coming months.

THE CORE

Market pessimism often presents attractive buying opportunities at lower valuations.

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QUOTE OF THE MONTH

MARKET MOVEMENTS CREATE NOISE ; DISCIPLINED INVESTING CREATES WEALTH.

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