

Bazaar Beats

Monthly Market Outlook

KEY HIGHLIGHTS

-  Global economy faces heightened uncertainty due to geo-political tensions in West Asia.
-  In Europe, business activities have contracted, US remain robust and China stayed just above the expansion benchmark.
-  Crude oil prices remained highly volatile due to supply concerns.
-  India's Q4FY25-26 GDP was higher than expectation – 7-8% YoY growth in Q'4.
-  Indian equity market saw reverse momentum in May with main indices down by 2~3%.

Global Markets

Index	May Close (30 May 2026)	Monthly Change (MoM)
S&P 500 (USA)	7580.06	+5.15%
Nasdaq (USA)	26972.62	+8.36%
Nikkei 225 (Japan)	66329.50	+11.88%
Hang Seng (China)	25182.39	-2.30%
FTSE 100 (UK)	10409.28	+0.29%

Indian Market

Index	May Close (30 May 2026)	Monthly Change (MoM)
Nifty 50	23547.73	-1.87%
Sensex	74775.74	-2.78%
Bank Nifty	54239.20	-1.14%
Nifty Midcap 100	61723.80	+3.24%
Nifty Smallcap 100	18138.80	+0.73%

Key Economic Indicators

Indicator	Latest (May 2026)	Previous (April 2026)
CPI Inflation	3.93%	3.48 %
Service PMI	59.8	58.8
Manufacturing PMI	55	54.7
Repo Rate	5.25 %	5.25 %
Brent Crude	92.05	114
Rupee (USD)	95.01	94.91



Economic Factors Impacting Indian Financial Market

The high frequency indicators for May 2026 suggest that economic activity continue to hold up well despite the ongoing conflict and resultant supply chain disruptions. Both Mfg. and service PMI shown positive growth over April'26. Though GST collection moderated but direct tax collection growth was good. Inflation was still under 4-6% accepted band. Government focus on infrastructure development and capital expenditure remained positive for long-term growth prospects. Corporate earnings were broadly in line with expectations, particularly in Banking, Capital Goods and Auto sectors



Global Developments Influencing Indian Financial Market

Global markets experienced mixed trends during May 2026 as investors balanced growth expectations against geopolitical and inflation-related concerns. US markets remained relatively strong, supported by technology sector momentum and expectations of a stable interest rate environment. Japan continued to benefit from improving manufacturing activity and export demand, while China introduced additional policy measures to support economic growth and domestic consumption. Geopolitical tensions in the Middle East contributed to volatility in crude oil prices and kept global investors cautious. Market participants also closely monitored inflation data, bond yields and central bank commentary across major economies, leading to fluctuations in global risk sentiment during the month.



Indian Equity Market

The month of May 2026 witnessed divergence in returns for large, mid and small caps. While Nifty 50/Sensex Index declined by 1.9%/2.8% respectively, mid-caps and small caps witnessed gains of 3.2%/0.7% respectively.

Profit booking after strong rallies, elevated valuations and global uncertainty led investors to adopt a selective approach towards broader market segments. While Healthcare (4.9%), Capital goods (4.7%) and Metals (3.7%) outperformed during the month, FMCG (-3.3%) and Oil & Gas (-3.4%) under performed. While FIIs continue to sold Indian equities (\$4.9 billion), domestic institutional inflow (\$8.7 billion) provided support to Indian equities, despite enduring short term fluctuations.

Yields on 10-year G-sec down by 2bps. Yield on 10-year corporate bonds however rose 11 bps. Debt market mainly impacted by high US yield, crude oil prices and RBI dividend transfer to GOI.

WHAT'S NEXT?

- Despite global trade and supply chain challenges, positive GDP outlook, improving corporate earnings and robust domestic demand to support markets.
- Signs of US-IRAN ceasefire can trigger positive momentum in market in short term.
- Subdued monsoon can affect the consumption sector growth (especially rural demand), but can be beneficial for Infra related sectors.
- Hopes of INDIA US trade deal can benefit market in longer term.
- Main macro economy fundamentals are still strong. Continued govt. focus on capital expenditure will keep medium to long term outlook promising.

TACTICAL VIEW

Under current macro conditions, our attention remains on Financials, Technology and selected export-oriented businesses. Current valuations, currency dynamics and evolving global capital flows make these segments worth tracking over the coming months.

NOT TO MISS

Key monitorables include monsoon progression, global central bank commentary, crude oil movements and foreign flow trends. Any improvement in liquidity and currency stability may influence sentiment across the same areas under focus.

THE CORE

Every investment should be linked to a defined goal. Before deploying fresh capital, clearly identify the purpose and time horizon it is meant to serve.

QUOTE OF THE MONTH

PATIENCE IS NOT THE ABILITY TO WAIT, BUT THE ABILITY TO KEEP A GOOD ATTITUDE WHILE WAITING

