

Weekly Equity Market Outlook

Global Markets remain volatile due to geopolitical issues

18th May 2026 - 22nd May 2026

The Week That Was (11th May – 15th May) : Range-Bound but Volatile: Markets Navigate Oil and Global Risks

- Indian equity markets in the last week remained volatile and range-bound, with a cautious bias despite intermittent recoveries. After a sharp selloff early in the week, indices stabilised but failed to break higher, as persistent FII outflows, rupee weakness, and elevated crude oil prices capped upside. The Nifty broadly held near the 23,600–24,000 range, reflecting a fragile balance between domestic support and external pressures.
- The key overhang was global geopolitical risk, particularly escalating US–Iran tensions, which kept oil prices elevated and heightened concerns around inflation and macro stability. At the same time, global investor flows continued to favour AI- and semiconductor-led markets like the US and East Asia, leading to relative underperformance of Indian equities. Uncertainty around US Fed leadership changes and the Trump–Xi meeting further contributed to a risk-off environment.
- On the macro front, signals turned more cautious. Wholesale inflation surged to 8.3% YoY in April, driven by energy prices, while retail inflation rose to 3.48%, led by food inflation. These trends, coupled with sustained oil price pressures, have prompted downward revisions to India's growth outlook, reinforcing concerns around margins and demand.
- Sectorally, the market saw clear divergence. Defensives like FMCG and pharma outperformed, while banks and financials lagged amid earnings disappointments and macro concerns. IT stocks showed relative resilience, whereas realty and autos were weak early in the week, with selective recovery later. Commodity-linked sectors remained volatile, tracking global price movements.
- At a stock level, Q4 earnings drove sharp moves. Autos such as M&M and Bajaj Auto rallied on strong results, while Tata Consumer and Cipla gained on earnings strength and defensive buying. However, weak results from SBI weighed on banking stocks, limiting broader upside.
- Overall, markets reflected a tug-of-war between solid domestic earnings and adverse global/macroeconomic conditions, with near-term direction hinging on oil prices, geopolitics, and capital flows.

Interesting Charts ... that speak a thousand words

US 10 Year Bond Yield- Multi Month Breakout



DX-Y - Descending Triangle Breakout



The Week Ahead (18th May to 22nd May) : Global Geopolitics and Q4FY26 Results to determine market direction

- Indian equity markets over a week are expected to remain volatile and cautious, with sentiment largely dictated by global developments. The key overhang continues to be the US–Iran conflict and uncertainty around oil supply routes such as the Strait of Hormuz, which is keeping crude prices elevated and risk appetite subdued. In addition, global macro cues—particularly signals from the US Federal Reserve and broader liquidity conditions— will be closely tracked, as persistent inflation risks and a delayed rate-cut cycle weigh on global equities.
- On the domestic side, markets are likely to stay headline-driven and stock-specific, with macro factors such as elevated inflation, rising fuel prices, rupee pressure, and continued FII outflows keeping investor sentiment guarded. Sectorally, defensive pockets like pharma may continue to outperform, while banks, metals, and consumption-linked sectors could face pressure due to macro headwinds and earnings sensitivity. With the tail end of the Q4 earnings season still ongoing, stock-specific reactions to results, guidance, and margin outlooks are expected to drive market movements in the near term.

Nifty 50 Technical Outlook



Source: Tradingview

- The markets started the week on a cautious note but witnessed a strong rebound over the last couple of trading sessions, with the Nifty surpassing the 23,600 mark. However, it faced resistance near its 50-DMA placed around 23,800 levels and formed a Doji candlestick pattern on the daily chart, indicating indecisiveness among market participants.
- The momentum indicators and oscillators have turned bearish, while a sell crossover on the MACD suggests that short-term weakness may persist.
- Meanwhile, the volatility index, India VIX, surged 10% to 18.50, which remains a concern, and it needs to cool off below 17 for bulls to regain control. We expect the Nifty to oscillate within the broader range of 23,300–24,000 levels.

Nifty Bank Technical Outlook



Source: Tradingview

- The Bank Nifty also remained under pressure and slipped below the 54,000 mark.
- It continued to underperform the Nifty index and formed a bearish candlestick pattern on the weekly chart. The momentum indicator MACD has also given a sell crossover, while the RSI has slipped below the 50 mark, indicating a weak short-term undertone.
- The broader structure still appears weak, and we expect gradual weakness towards the 53,000 level in the near term.
- On the upside, the immediate hurdle is placed at 54,300, followed by the key resistance near 55,000 levels.

Global Markets

Developed Markets

US (S&P 500)	+0.13%
Germany (FSE DAX)	-1.59%
UK (FTSE 100)	-0.37%
Eurozone (Eurostoxx 50)	-1.49%
Japan (Nikkei 225)	-2.08%

Emerging Markets

Indonesia (IDX Composite)	-3.53%
India (Nifty 50)	-2.20%
China (CSI 300)	-0.25%
South Korea (KOSPI 100)	+1.30%
Brazil (Bovespa)	-3.71%

Sectoral Gainers and Key Commodities

Sectoral Indices

Nifty Realty	-8.17%
Nifty IT	-5.71%
Nifty Consumer Durables	-4.71%
Nifty Auto	-4.36%
Nifty Pharma	+2.18%

Commodities

Gold	-3.71%
Silver	-5.44%
Brent Crude	+7.87%

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*Member (NSE and BSE)
Single SEBI Regn. No.: INZ000317534*

*Depository Participant (DP)
CDSL DP ID: 12012200
Single SEBI Regn. No.: IN-DP-788-2024*

*Research Analyst SEBI Registration No. INH000018337
Mutual Fund Distributor AMFI Regn No. ARN- 300129*

*Website: www.centrumgalaxc.com
Investor Grievance Email ID: ig@centrum.co.in*

*Compliance Officer Details:
Mangesh Salesa
(022) 69559036; Email ID: finversecomp@centrum.co.in*

Centrum Finverse Ltd. (CIN : U66120MH2023PLC411440)

Registered and Corporate Office:
Centrum House, C.S.T. Road,
Vidyanagari Marg, Kalina,
Santacruz (East) Mumbai – 400098
Tel.: - +91 22 4215 9000

Email : info@centrum.co.in