



IDBI capital

MONTHLY OVERVIEW

Apr-26

Key Observations of March 2026

The Indian stock market experienced a highly volatile and corrective phase in March 2026, marked by sustained selling pressure and heightened risk aversion. The Nifty witnessed sharp fluctuations throughout the month but ultimately trended lower, closing with a significant decline of approximately 11%. Persistent weakness at higher levels and the absence of strong buying support led to continued downside momentum and broader market fragility. Market sentiment remained under pressure primarily due to escalating geopolitical tensions, particularly the ongoing conflict between Israel and Iran, which triggered a global risk-off environment. This uncertainty led to aggressive profit-booking and reduced investor confidence across both domestic and international markets. The Bank Nifty underperformed significantly, with PSU banks emerging as major laggards, declining sharply by nearly 19.83%. This marked a notable shift from their earlier outperformance, indicating sectoral rotation and weakening support in financials.

Adding to the cautious sentiment, the India VIX surged sharply, closing at 27.89, up by 103.52% during the month. The spike in volatility reflected heightened fear and uncertainty among market participants, further contributing to erratic price action and lack of directional clarity. Overall, March 2026 was characterized by broad-based weakness, elevated volatility, and risk-off sentiment driven by global geopolitical developments.

SECTORAL SNAP SHOT:

Indian equity markets witnessed broad-based weakness in March 2026, with persistent selling pressure across sectors amid heightened volatility and a risk-off sentiment. The banking space emerged as the worst-performing segment, with PSU Banks declining sharply by 19.83%, while Private Banks fell by 15.63%, indicating significant weakness in financials. Rate-sensitive sectors also came under pressure, as Realty dropped 16.58% and Auto declined 15.59%. Among other sectors, FMCG corrected by 10.96%, Media fell 10.9%, and Metals declined by 9%, reflecting profit-booking and weak global cues. Defensive sectors offered limited support, with Pharma slipping 3.14%, while IT extended its decline, falling 5.04% during the month.

INSTITUTIONAL ACTIVITY:

In March 2026, Foreign Institutional Investors (FIIs) adopted a highly bearish stance in Indian equities, turning aggressive net sellers with massive outflows of approximately Rs. 1,22,540.41 crore, significantly higher than the previous month. The sharp selling reflected heightened global risk aversion and continued pressure on emerging markets.

On the other hand, Domestic Institutional Investors (DIIs) maintained strong counterbalancing support, recording substantial net inflows of around Rs. 1,42,960.37 crore during the month. Overall, the stark divergence in institutional flows highlighted the critical role of domestic liquidity. Strong DII participation helped absorb the heavy FII selling, providing some stability to the markets despite elevated volatility and broader bearish sentiment.



Nifty Outlook – April 2026

During March 2026, the Nifty 50 witnessed a sharp corrective phase accompanied by heightened volatility, forming a strong bearish candle on the monthly chart. The index faced persistent selling pressure throughout the month and closed significantly lower, registering a decline of approximately 11%, indicating a clear shift in market sentiment from consolidation to distribution. The broader market also remained under pressure, with both midcap and small-cap segments witnessing widespread selling and closing in negative territory. This reflects weak market breadth and lack of participation across segments.

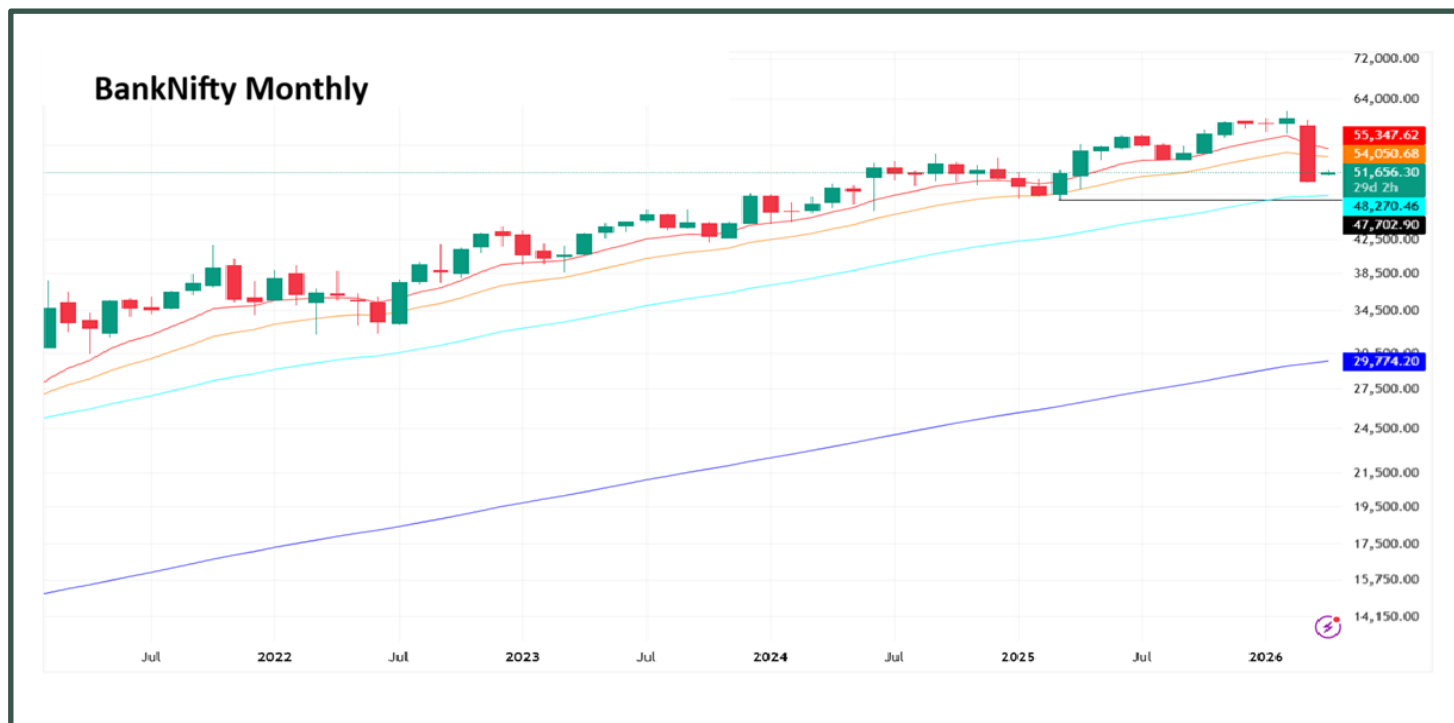
From a technical perspective, the index has weakened considerably and is now approaching crucial support zones. The immediate support is placed at the March low of 22,284; a breach of this level could trigger further downside towards the 200-week SMA near 21,700, which will act as a key long-term support zone. On the upside, the 24,000 level, which coincides with the 10 & 100 Week EMA, is expected to act as a strong resistance. For any sustainable recovery, the index needs to decisively close above this level, which would indicate initial signs of stabilization.

Overall, the broader structure has turned cautious in the near term following the sharp correction. Market participants should closely monitor key support levels for signs of stability. Until then, a cautious approach is advised, as the index remains vulnerable to further downside in case of support breakdown.

Given the current market structure, here are some of the quality mid-to-large-cap names that look promising from the next 3-4 month perspective: APLAPOLLO, BHEL, CANBK, CUB, HINDCOPPER, LTF, UNIONBANK, ONGC.

Nifty Outlook	
Short Term - Daily	Cautious
Medium Term - weekly	Neutral
Long Term - Monthly	Positive

Nifty Technical Data		
Monthly Closing		22,331
Monthly High		24,989
Monthly Low		22,284
Monthly Bias:		Cautious
Support Level:	21,700	21,300
Resistance Level:	24,000	25,200
Moving Averages		
50 DSMA		24,926
200 DSMA		25,230
200 WEEK MOVING AVG.		21,713



Bank Nifty Outlook – April 2026

Bank Nifty underperformed significantly in March 2026, witnessing a sharp correction amid heightened volatility throughout the month. The index came under aggressive selling pressure and declined by approximately 17% on a month-on-month basis, marking a clear shift from the resilience observed in the previous month. The weakness was broad-based across the banking space, with both PSU and Private Banks ending in negative territory. PSU Banks emerged as the biggest laggards, falling sharply by 19.83%, while Private Banks declined by 15.63%, reflecting sustained distribution and weakening sectoral momentum.

From a technical perspective, Bank Nifty has breached its prior bullish structure and is now showing signs of trend weakness. The sharp decline indicates a shift in market sentiment, with a cautious undertone likely to persist in the near term. Looking ahead, the outlook remains cautious. On the downside, immediate support is placed at the March low of 50,105; a breach of this level could open the door for further downside towards the 200-week SMA near 48,300, followed by the next key support around 47,700, which marks the monthly swing low. On the upside, resistance is seen near the 54,500 level, aligning with the 20-day EMA and likely to act as a strong supply zone.

Overall, the current price structure suggests a bearish-to-cautious stance. Traders are advised to remain selective and adopt a cautious approach until clearer signs of stability and trend reversal emerge within the banking space.

Bank Nifty Outlook	
Short Term - Daily	Cautious
Medium Term- Weekly	Neutral
Long Term- Monthly	Positive

Banking Sector Performer	
Top Outperformer	AUBANK FEDRALBANK
Top Underperformer	BANKBARODA PNB

Bank Nifty Technical Data	
Monthly Closing	50,275
Monthly High	60,177
Monthly Low	50,105
Monthly Bias:	Cautious
Support Level:	48,300 46,000
Resistance Level:	54,500 57,400
Moving Averages	
50 DSMA	57,677
200 DSMA	57,361
200 WEEK MOVING AVG.	48,274

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