



IDBI capital

MONTHLY OVERVIEW

Mar-26

Key Observations of Feb 2026

The Indian stock market exhibited a volatile yet resilient trend in February 2026. The Nifty faced persistent resistance near its all-time high levels and encountered selling pressure at elevated zones, leading to choppy price action throughout the month. Broader markets were buffeted by news-driven volatility, particularly heightened geopolitical tensions and war-related developments that spiked risk-off sentiment and contributed to intermittent bouts of profit-booking. Despite this broader volatility in the Nifty, the Bank Nifty demonstrated notable strength and outperformed the wider market. The index scaled fresh all-time highs during the month, supported by robust performance in banking stocks, particularly PSU banks, which emerged as key outperformers. The Bank Nifty continued to form a pattern of higher highs, reflecting sustained buying interest and sectoral leadership within financials.

Overall, while the Nifty consolidated near record levels amid intermittent profit-taking triggered by global news flow and geopolitical concerns, the strong momentum in banking stocks—especially PSU banks—provided underlying support to market sentiment and highlighted selective sectoral strength during February 2026.

SECTORAL SNAP SHOT:

Indian equity markets experienced a volatile move in the month of February 2026, buying interest was seen at lower levels while selling pressure witnessed from higher levels. The broader market also witnessed volatile moves where the PSU BANK sector stood out as the strongest performer, posting a gain of 8.88% over the month. Reflecting this resilience, the Nifty Pharma and Nifty Auto index moved higher by 5.70% and 5.27% respectively during the month. The Nifty Infra index also moved higher, ending the month up by 4.15%, in line with the broader market trend. Metal Sector also showed relative strength, advancing 3.49% in February 2026.

On the negative side, the IT sector saw the deepest correction, plunging 19.54% in February 2026. Realty sector declined by 0.31%, while FMGC registered a drop of 0.14% over the same period.

INSTITUTIONAL ACTIVITY:

In February 2026, Foreign Institutional Investors (FIIs) continued their cautious stance in Indian equities, remaining net sellers with outflows of approximately Rs. 6,640.78 crore. Although the intensity of selling moderated compared to January's sharp exodus. On the other hand, Domestic Institutional Investors (DIIs) sustained their strong counter-cyclical support, recording robust net inflows of around Rs. 38,423.11 crore.

Overall, the contrasting institutional flows once again underscored the resilience of domestic liquidity. DII participation played a stabilizing role in the market, cushioning the impact of FII outflows and helping contain broader downside volatility in Indian equities during the month.



Nifty Outlook – March 2026

During February, the Nifty 50 witnessed volatile move and formed a spinning top candle on the monthly chart, indicating a phase of consolidation for the near term. The index retested its breakout zone of the cup-and-handle pattern on the monthly timeframe and managed to close above the same which acted as a crucial demand area. The index continues to maintain its broader bullish trend. At the beginning of the month, Nifty made a low near 24,571 and later attempted to move higher but encountered selling pressure, resulting in a short-term corrective move. The index corrected from its highs of 26,341 levels but eventually closed the month on a Flat note, registering a loss of approximately 0.56%. This price action reflects limited upside momentum but confirms that buyers remain active on declines.

From a technical perspective, the 24,000 and 23,500 levels are expected to act as strong support zones. These levels align with the 50% which coincides with 100 WEMA and 61.8% Fibonacci retracement of the prior rally from 21,743 to 26,373 on the monthly chart, making them critical zones to watch for trend continuation. These retracement levels are likely to cushion any near-term downside and attract incremental buying interest. Overall, the long-term structure of the index remains firmly positive despite short-term consolidation. Any corrective phase or dip towards key support levels should be viewed as a healthy retracement within the ongoing uptrend. A buy-on-dips strategy continues to remain the preferred approach for both short-term traders and long-term investors, as long as the index holds above its major support zones.

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	Neutral
Medium Term - weekly	Positive
Long Term - Monthly	Positive

Nifty Technical Data		
Monthly Closing		25,179
Monthly High		26,341
Monthly Low		24,572
Monthly Bias:		Positive
Support Level:	24,000	23,500
Resistance Level:	26,400	27,000
Moving Averages		
50 DSMA		25,695
200 DSMA		25,349
200 WEEK MOVING AVG.		21,569



Bank Nifty Outlook – March 2026

Bank Nifty outperformed the broader Nifty index during the month of February, highlighting continued relative strength within the banking sector. The index registered a new all-time high of 61,764 early in the month after forming a low of 57,783, following which some profit booking was observed in the later part of the month. Despite heightened volatility during the month, the index managed to close higher, posting a gain of 1.54% on a month-on-month basis. This performance underscores resilience and underlying strength rather than any structural weakness.

From a technical perspective, Bank Nifty continues to trade within a well-defined rising channel, reflecting a classic bullish price structure. This setup highlights sustained accumulation and strong underlying demand, with PSU banking stocks emerging as key contributors to sectoral leadership. Overall price behaviour remains constructive, indicating a positive market sentiment and reinforcing the banking sector’s outperformance within the broader market. Looking ahead, the primary trend remains firmly positive, and the index appears well-positioned to move towards fresh lifetime highs near the 63,000 mark over the coming month. Momentum indicators and price structure continue to favour an upward trajectory, suggesting that any intermediate corrections are likely to be bought into. On the downside, immediate support is placed around the 57,400 level, which coincides with the 200-day Exponential Moving Average (DEMA). With the broader trend intact and relative strength clearly favouring the banking space, traders and long-term investors are advised to accumulate quality banking stocks on declines, as the sector continues to demonstrate leadership and robust structural strength.

Strategy: Focus on stock-specific opportunities, especially within PSU banks, which are showing relative strength compared to private peers

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

Banking Sector Performer	
Top Outperformer	UNIONBANK SBIN
Top Underperformer	IDFCFIRSB HDFCBANK

Bank Nifty Technical Data	
Monthly Closing	60,529
Monthly High	61,765
Monthly Low	57,783
Monthly Bias:	Positive
Support Level:	57,400 55,555
Resistance Level:	62,000 63,000
Moving Averages	
50 DSMA	59,908
200 DSMA	57,423
200 WEEK MOVING AVG.	47,875

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SEBI Registration: BSE & NSE (Cash & FO) – INZ000007237, NSDL – IN-DP-NSDL-12-96, Research – INH000002459, CIN – U65990MH1993GOI075578

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