



IDBI capital

MONTHLY OVERVIEW

May-26

Key Observations of April 2026

The Indian stock market witnessed a partial recovery in April 2026 after the sharp correction seen in the previous month, with indices rebounding from lower levels. However, the upside remained limited as the market failed to sustain gains at higher levels, facing consistent selling pressure and profit booking near resistance zones. Persistent weakness at elevated levels and the lack of strong follow-through buying continued to reflect underlying fragility in the broader market.

Market sentiment remained cautious, largely influenced by ongoing geopolitical tensions, particularly the conflict between Israel and Iran, which continued to keep global markets on edge. The uncertain environment triggered intermittent risk-off sentiment, leading to bouts of volatility and restrained investor participation.

Overall, while April showed signs of stabilization and recovery from oversold levels, the inability to hold at higher levels indicates that the market is still lacking strong conviction, with a cautious undertone likely to persist in the near term.

SECTORAL SNAP SHOT:

Indian equity markets witnessed a broad-based recovery in April 2026 following the sharp correction in the previous month, with improved sentiment driving buying interest across sectors. Realty emerged as the top-performing segment, rallying sharply by 22%, followed by Metals which gained 15%, indicating renewed risk appetite and strong participation in cyclical sectors.

The banking space also saw a rebound, with both PSU Banks and Private Banks advancing by around 8% each, reflecting stabilization after the recent decline. Other sectors such as Auto and FMCG posted gains of 9% and 12%, respectively, while Pharma rose modestly by 5%, suggesting a balanced recovery across defensives and cyclicals. Overall, the market exhibited improved breadth during the month, although sustainability of this momentum remains key going forward.

INSTITUTIONAL ACTIVITY:

In April 2026, Foreign Institutional Investors (FIIs) continued to maintain a cautious stance in Indian equities, remaining net sellers with outflows of approximately Rs. 70,136 crores. Although the intensity of selling moderated compared to the previous month, it still reflected persistent global uncertainty and a risk-off approach towards emerging markets.

On the other hand, Domestic Institutional Investors (DIIs) remained supportive, recording net inflows of around Rs. 51,064 crores during the month. However, the scale of DII buying was relatively lower than the previous month and was insufficient to fully offset FII outflows. The market still faces pressure from sustained foreign selling, keeping sentiment cautious.



Nifty Outlook – May 2026

Following the sharp corrective phase in the previous month, Nifty 50 witnessed buying interest at the beginning of April, indicating some stability at lower levels. However, the index failed to sustain momentum and faced selling pressure near 24,600 levels. Despite this, Nifty managed to close the month on a positive note, posting a gain of approximately 7.5% on a month-on-month basis, reflecting a partial recovery after the steep decline. Volatility cooled off during the month, with India VIX declining sharply by around 34% on a monthly basis, although it continues to remain elevated near the 19 level, suggesting that underlying uncertainty still persists.

From a technical perspective, the index formed an inside bar candle on the monthly chart, indicating consolidation within the previous month’s range. The high and low of the mother candle remain crucial reference points, with resistance placed near 24,989 and support around 22,283. Going forward, the overall view remains neutral to sideways unless a decisive breakout occurs. A sustained move above the 25,000 mark could attract fresh buying interest, while a breach of 22,283 may trigger renewed selling pressure, potentially extending the decline towards the 200-week SMA near 21,900. Nifty 50 is in a consolidation phase and is likely to remain range-bound in the near term, with the next directional move dependent on a breakout beyond the defined range.

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: BHEL, BHARTIARTL, CUB, HINDCOPPER, DIVISLAB, NMDC, ONGC.

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

Nifty Technical Data		
Monthly Closing		23,998
Monthly High		24,602
Monthly Low		22,183
Monthly Bias:		Neutral
Support Level:	21,900	21,300
Resistance Level:	24,600	25,000
Moving Averages		
50 DSMA		21,693
200 DSMA		13,792
200 WEEK MOVING AVG.		22,044



Bank Nifty Outlook – May 2026

After the sharp sell-off witnessed in March, Bank Nifty attempted a recovery in April, supported by buying interest at lower levels. However, the index struggled to sustain gains at higher levels, facing consistent profit booking near resistance zones. Despite this volatility, Bank Nifty managed to close the month on a positive note, registering a gain of approximately 9% on a month-on-month basis. The recovery was relatively broad-based across the banking space. PSU Banks advanced by around 7%, while Private Banks outperformed slightly with gains of about 8%, indicating selective accumulation but still lacking strong bullish conviction.

From a technical standpoint, Bank Nifty formed an inside bar candle on the monthly chart, indicating consolidation within the previous month’s range. This suggests indecision in the market and highlights the importance of the prior month’s high–low range as a key reference zone (mother candle range). Going forward, the overall view on Bank Nifty remains sideways to neutral unless a decisive breakout occurs. On the upside, immediate resistance is placed at 60,177, which marks the high of the mother candle, and a sustained move above this level could indicate a resumption of bullish momentum. On the downside, key support is seen near 50,100, and a breach of this level may trigger renewed selling pressure. If 50,100 is decisively broken, the index could extend its decline towards the 200-week SMA near 48,300, which continues to act as a crucial long-term support 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	Neutral
Medium Term- Weekly	Neutral
Long Term- Monthly	Positive

Banking Sector Performer	
Top Outperformer	BHANDHANBK MAHABANK
Top Underperformer	INDIANB BANKINDIA

Bank Nifty Technical Data	
Monthly Closing	54,863
Monthly High	57,456
Monthly Low	49,955
Monthly Bias:	Neutral
Support Level:	48,300 46,000
Resistance Level:	57,500 60,200
Moving Averages	
50 DSMA	48,396
200 DSMA	29,806
200 WEEK MOVING AVG.	49,120

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