



# PORTFOLIO MANAGEMENT SERVICES

# NEWSLETTER

MONTHLY UPDATE

## MARKET HIGHLIGHTS

1. Geopolitical risks moderated after the US-Iran peace framework and reopening of the Strait of Hormuz, easing pressure on global energy markets. Brent crude retreated sharply from its wartime highs, allowing investor focus to return to macroeconomic fundamentals and corporate earnings, though regional tensions continue to warrant close monitoring.
2. Global equities extended their AI-led rally, with Asian markets — Nikkei up over 5% — rising further on the de-escalation. Indian markets staged a sharp reversal from May's risk-off mood: the Sensex jumped over 1,200 points to 76,821 and the Nifty reclaimed 24,000 as the rupee strengthened, with leadership rotating from defensives (Pharma, Healthcare) to cyclicals (Auto, Banks, Metal, Oil & Gas).
3. Indian equities benefited from improving global risk appetite, softer crude prices, and supportive monetary policy. Strong domestic liquidity, resilient economic activity, and healthy corporate earnings continue to underpin market confidence, with domestic-facing sectors leading the market's performance.

## GLOBAL MARKET

INDEX	1M	3M	6M	1Y
NASDAQ	8.4%	19.0%	1.5%	41.1%
DAX	3.3%	-0.7%	5.3%	4.6%
DOW JONES	2.8%	4.2%	6.9%	20.7%
FTSE	0.3%	-4.6%	7.1%	18.7%
NIFTY 50	-1.9%	-6.5%	-10.1%	-4.9%
HANG SENG	-2.3%	-5.4%	-2.6%	8.1%

Source: NSE as of 29th May 2026

Global equities delivered a broadly positive performance in May 2026, with ceasefire optimism and crude oil pullback driving recovery. The Nasdaq (+8.4%) led gains on easing inflation fears, while Dow Jones (+2.8%) and DAX (+3.3%) also posted solid returns. FTSE (+0.3%) lagged due to energy-sector exposure, while Hang Seng (-2.3%) slipped on China demand concerns. The Nifty 50 (-1.9%) remained an underperformer, weighed down by cumulative FII outflows and rupee pressure despite the easing geopolitical environment.

## MARKET PERFORMANCE (%): NEGATIVE TO FLAT

INDEX	1M	3M	6M	FY27
NIFTY 50	-1.9%	-6.5%	-10.1%	-5.4%
SENSEX 30	-2.8%	-8.0%	-12.8%	3.9%
NIFTY MID CAP 150	2.6%	3.3%	0.8%	16.2%
NIFTY SMALL CAP 250	1.6%	7.0%	1.6%	18.9%

## FII/DII ACTIVITY

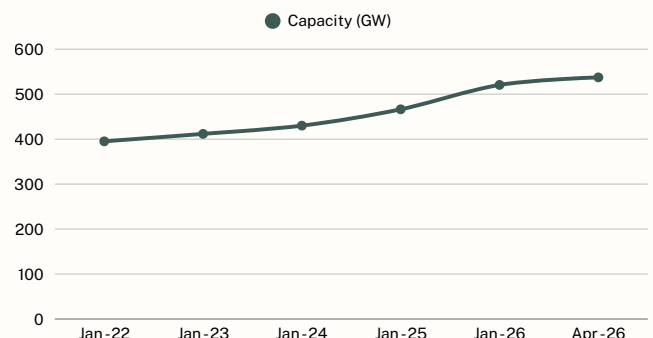
INR cr*	1M	3M	6M	1Y
FII	-55,963	-248,639	-331,065	-473,294
DII	82,669	276,693	463,957	887,620

Source: NSE\*FII Cash as of 29th May 2026

In May 2026, FIIs stayed net sellers (₹ 55,963 Cr) reflecting ongoing global risk aversion and macroeconomic uncertainties. Strong DII inflows (₹ 82,669 Cr) more than offset FII selling, providing firm support to Indian equity markets.

## INDIA INSTALLED POWER GENERATION CAPACITY

(India's installed power capacity has risen steadily from 383 GW in May 2021 to 537 GW in Apr 2026, driven by strong capacity additions.)  
Source: CEA, Ministry of Power





**NSE MARKET CAPITALISATION & MARKET CAP-TO-GDP**

(NSE market capitalisation has surged to record highs, with the market cap-to-GDP ratio reaching 135% in FY27TD.)  
Source: NSE Market Pulse



# IMPORTANT EVENTS

- The RBI kept the repo rate unchanged at 5.25% and retained its neutral stance, while revising its FY27 GDP growth forecast to 6.6% and inflation estimate to 5.1% amid rising geopolitical and crude oil-related risks.
- The Indian Rupee stabilized near ₹95/USD, supported by lower crude prices, improving risk sentiment, and continued RBI interventions in the currency market.
- To support the Rupee and boost capital inflows, the RBI announced measures including relaxation of overseas borrowing norms, incentives for FCNR(B) deposits, and steps to increase foreign participation in debt markets.
- India's Manufacturing PMI improved to 55.0 in May 2026, indicating resilient domestic demand despite global uncertainties and higher energy costs.

## SECTORIAL PERFORMANCE

BSE TOP 3 (%)	1M	3M	6M	1Y
Telecom	15.8%	19.7%	16.2%	19.8%
Healthcare	4.9%	6.6%	4.3%	9.9%
Capital Goods	4.7%	14.7%	16.8%	13.7%

BSE BOTTOM 3 (%)	1M	3M	6M	1Y
Energy	-4.3%	-6.4%	-4.4%	-0.8%
Oil & Gas	-3.4%	-9.6%	-5.2%	-1.1%
FMCG	-3.3%	-2.5%	-10.5%	-10.1%

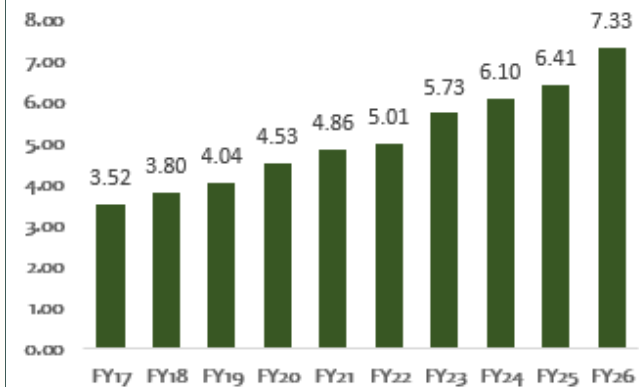
Source: BSE as of 29th May 2026

IN MAY 2026, **TELECOM (+15.8%)**, **HEALTHCARE (+4.9%)**, AND **CAPITAL GOODS (+4.7%)** OUTPERFORMED, DRIVEN BY EASING INPUT COSTS, DOMESTIC DEMAND RESILIENCE, AND GOVERNMENT CAPEX VISIBILITY. **ENERGY (-4.3%)**, **OIL & GAS (-3.4%)**, AND **FMCG (-3.3%)** LAGGED - ENERGY AND OIL & GAS HIT BY RETREATING CRUDE PRICES COMPRESSING UPSTREAM MARGINS, WHILE FMCG CONTINUED TO FACE DEMAND MODERATION AND PERSISTENT MARGIN PRESSURE.

**INDIA DEFENCE BUDGET TREND (FY17-FY26)**

(India's defence budget has grown steadily from ₹3.5 lakh crore in FY17 to ₹7.3 lakh crore in FY26, reflecting sustained focus on defence modernization) (Fig. in ₹ Lakh Crore)

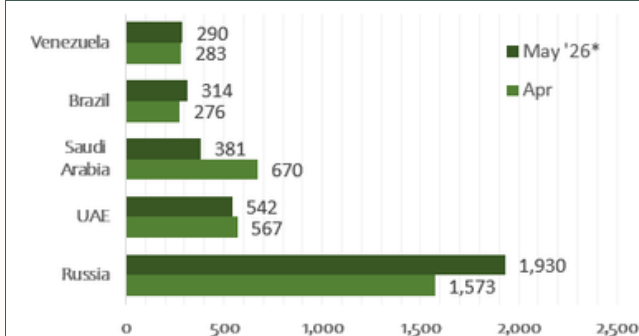
SOURCE: INDIA BUDGET



**INDIA'S CRUDE OIL IMPORT MIX**

(India's crude oil imports rose to ~5.0 mbpd in May '26, driven by higher purchases from Russia) (Thousand barrels per day)

SOURCE: KPLER





Index	Current PE	3Y Median PE	Peak Monthly Avg PE (Last 3 years)	Peak Avg PE Month (Last 3 years)
Nifty 100	20	22.4	25.4	Sep 2024
Nifty Midcap 150	28.6	33.6	45.7	Sep 2024
Nifty Small Cap 250	33.8	29	35.6	Dec 2024

Source Screener(Till 29<sup>th</sup> May 2026)

## OVERALL OPINION

THE MARKET BACKDROP HAS IMPROVED MEANINGFULLY WITH EASING GEOPOLITICAL TENSIONS, SOFTER CRUDE OIL PRICES, AND A MORE ACCOMMODATIVE RBI STANCE. WHILE GLOBAL GROWTH CONCERNS AND INTERMITTENT FII OUTFLOWS MAY CONTINUE TO CREATE BOUTS OF VOLATILITY, STRONG DOMESTIC LIQUIDITY, HEALTHY CORPORATE EARNINGS, AND RESILIENT ECONOMIC ACTIVITY REMAIN SUPPORTIVE FOR INDIAN EQUITIES.

FOLLOWING THE RECENT POLICY EASING AND MODERATION IN ENERGY PRICES, INVESTOR SENTIMENT HAS STRENGTHENED, PARTICULARLY IN SECTORS LINKED TO DOMESTIC CONSUMPTION, FINANCIALS, AND CAPITAL EXPENDITURE. WE CONTINUE TO FAVOUR COMPANIES WITH STRONG BALANCE SHEETS, MARKET LEADERSHIP, AND SUSTAINABLE EARNINGS GROWTH, WHILE REMAINING SELECTIVE IN GLOBALLY EXPOSED SECTORS.

**DESPITE NEAR-TERM UNCERTAINTIES, INDIA'S STRUCTURAL GROWTH STORY REMAINS FIRMLY INTACT. WE BELIEVE A DISCIPLINED INVESTMENT APPROACH FOCUSED ON QUALITY BUSINESSES IS WELL-POSITIONED TO GENERATE ATTRACTIVE LONG-TERM RETURNS.**

## SME & MICROCAPS – FUNDAMENTALS BACK IN FOCUS

MARKET SENTIMENT IMPROVED SIGNIFICANTLY DURING THE PERIOD AS EASING GEOPOLITICAL TENSIONS, MODERATING CRUDE OIL PRICES, AND A SUPPORTIVE MONETARY POLICY BACKDROP BOOSTED RISK APPETITE. SME AND MICRO-CAP STOCKS PARTICIPATED IN THE BROADER MARKET RECOVERY, SUPPORTED BY IMPROVING LIQUIDITY CONDITIONS, RENEWED RETAIL PARTICIPATION, AND GROWING INVESTOR CONFIDENCE IN INDIA'S DOMESTIC GROWTH STORY.

THE OUTLOOK FOR THE SME AND MICRO-CAP UNIVERSE REMAINS CONSTRUCTIVE, DRIVEN BY STRONG DOMESTIC DEMAND, GOVERNMENT SUPPORT FOR MANUFACTURING AND MSMES, AND A FAVOURABLE INTEREST RATE ENVIRONMENT. FOLLOWING THE RECENT CORRECTION, VALUATIONS HAVE BECOME MORE REASONABLE IN SEVERAL POCKETS, CREATING OPPORTUNITIES FOR QUALITY BUSINESSES WITH SCALABLE MODELS, STRONG GOVERNANCE STANDARDS, AND CONSISTENT EARNINGS GROWTH. WE CONTINUE TO FAVOUR COMPANIES WITH ROBUST BALANCE SHEETS, PRUDENT CAPITAL ALLOCATION, AND CLEAR COMPETITIVE ADVANTAGES.

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#Capital Goods Includes Railways, Constructions, Logistics and EMS

\*The data presented are indicative in nature and can change without prior notice.

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