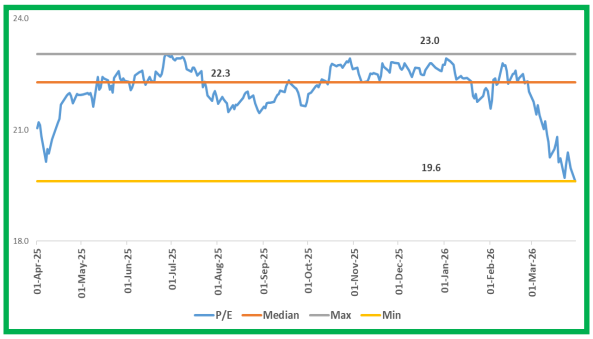
Monthly Market Wrap

March 2026

NIFTY 50 P/E

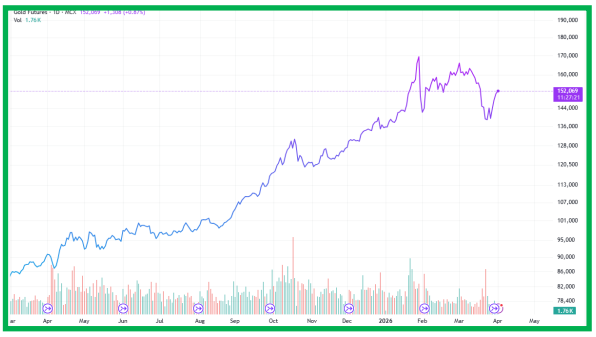


Source: Nifty Indices, GEPL Capital

Crude Oil

Source: Trading Economics

Gold Futures



Source: TradingView

USD/INR

Source: Trading Economics

- **INDEX MOVEMENT**

⇒ NIFTY 50 in the March series exhibited pronounced bearish sentiment, correcting around 11.31% (~2,847 points), marking its weakest closing since the 2020 bottom. The index continued to remain broadly in a "sell on rise" phase, reflecting underlying weakness.

⇒ From a seasonality perspective, Q1 (Jan-Mar) has historically been one of the weaker quarters since 2008. However, the April-May period tends to be the strongest, with a positive occurrence rate of around 72%. This suggests that after the recent oversold breadth, the index may witness a relief rally towards the 23,500-23,700 zone. Sustained strength above this range could pave the way for a move towards 25,000 levels. On the downside, the 22,200-21,750 zone is likely to act as a crucial support area.

- **CRUDE OIL MOVEMENT**

⇒ Brent Crude Oil gained strong momentum amid escalating Middle East tensions, breaking out of a multi-year falling channel that had been in place since 2022. The commodity surged approx. 42%, touching a high of $119.50 during March.

⇒ Brent is likely to remain elevated until uncertainties around the Strait of Hormuz ease. The sustained rise in crude prices is expected to keep equity markets under pressure, given the inverse impact of higher energy costs on overall market sentiment.

- **GOLD MOVEMENT**

⇒ Gold on MCX remained lackluster during the March series, witnessing profit booking and settling 7% lower (~11,343 points decline).

⇒ Despite the short-term weakness, on the monthly timeframe, gold continues to hold above its key moving averages, indicating no major change in its broader bullish structure. After a sharp parabolic rally over the past six months, the metal is likely to undergo a healthy consolidation phase over the next few months before the next directional move.

- **CURRENCY (USD/INR) MOVEMENT**

⇒ USD/INR has marked a record high near 95.22, confirming a breakout from a multi-year rising trendline in place since 2016.

⇒ However, with the RBI stepping in, a near-term retracement towards the 92 zone is possible.

⇒ Despite this, the broader trend remains upward, as long as the pair sustains above the key support level of 90.50.

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THE US/ISRAEL– IRAN WAR: A TIMELINE

⇒ **The Outbreak:** On February 28, 2026, The war began with massive, coordinated strikes by the United States and Israel targeting strategic Iranian installations. These initial attacks resulted in the death of Iran's Supreme Leader, Ali Khamenei, alongside several top military commanders, including the heads of the IRGC and the Armed Forces.

⇒ **Immediate Iranian Retaliation:** In response, the Islamic Revolutionary Guard Corps (IRGC) launched "Operation True Promise-4," a large-scale offensive using missiles and drones against U.S. military bases in the Middle East and targets within Israel.

⇒ **Opening of the Northern Front:** By March 2, Hezbollah officially entered the conflict, launching rockets and drones at Israel in retaliation for Khamenei's death. This prompted the Israel Defense Forces (IDF) to begin forceful operations against Hezbollah positions in Lebanon.

⇒ **Leadership Succession:** On March 8, Iran's Assembly of Experts selected Mojtaba Khamenei, the son of the late leader, as the new Supreme Leader. In his first public address, he took a hardline stance, calling for the continued closure of the Strait of Hormuz to U.S.-allied vessels.

⇒ **Targeting of Strategic Infrastructure:** Throughout March, the U.S. and Israel intensified strikes on Iran's economic and military backbone. Significant attacks included the bombing of oil depots in Tehran (causing toxic "black rain") and strikes on Kharg Island, a critical oil export hub.

⇒ **Struggle for the Strait of Hormuz:** Control over the Strait of Hormuz became a central flashpoint. Iran repeatedly threatened to completely close this vital oil transit route if its power plants were targeted, while the U.S. threatened retaliatory strikes if the strait was not kept fully open.

⇒ **Escalation to Nuclear Facilities:** On March 21, U.S. and Israeli forces carried out a joint attack on the Natanz uranium-enrichment facility. Iran countered by striking the Israeli cities of Arad and Dimona.

⇒ **Houthi Entry and Regional Widening:** By the end of the first month, the war spread geographically to include Iran-backed groups in Iraq, Syria, and Yemen. On March 28, Yemen's Houthi forces formally entered the war, launching ballistic missiles at "sensitive Israeli military sites.

⇒ **Stalled Diplomacy:** While a 15-point peace plan was reportedly mediated by Pakistan, and President Trump briefly paused some strikes to allow for indirect negotiations, no substantive progress has been made. As of Day 30, the conflict remains a volatile multi-front crisis with no immediate end in sight.

⇒ **Strategic Goals:** As the war enters its second month, President Trump has indicated a desire to "take the oil" in Iran, specifically eyeing the capture of the Kharg Island export hub. Trump claimed that "regime change" has already been achieved and that the U.S. is "weeks ahead of schedule.

⇒ **Withdrawal Strategy and Allied Friction:** President Trump announced that the U.S. could end military operations and withdraw from Iran within two to three weeks, asserting that the U.S. has "obliterated the country" and largely achieved its goals of destroying Iran's navy and missile capabilities.

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ACTIONABLE POINTERS

⇒ The ongoing US-Israel-Iran conflict is the primary driver of market anxiety and headline volatility.

⇒ Brent crude has surged towards or above $100 per barrel due to supply disruptions in the Strait of Hormuz, through which 20% of the world's oil flows. India's oil import bill could rise by approximately $105 billion if these prices sustain.

⇒ Foreign Portfolio Investors (FPIs) have been aggressive net sellers, with $12.3 billion pulled out in the March month. Meanwhile, domestic retail participation via SIPs is showing signs of stagnation.

⇒ Investors should evaluate the conflict through a rational, long-term lens rather than reacting to narrative-driven panic. The current price dislocations offers an opportunity to upgrade portfolios by adding "better" quality stocks and removing those driven purely by "narratives".

⇒ Given that Nifty valuations are considered reasonable (forward P/E at 17.5x), investors should evaluate increasing equity exposure in phases over the coming weeks.

Sectoral View

⇒ Export-focused defence companies are likely to benefit from rising global tensions and increased demand for arms.

⇒ Additionally, sectors such as IT services, telecom, and pharmaceuticals remain relatively insulated, with limited direct exposure to war- or energy-related disruptions.

⇒ Policy momentum should favor LNG pipeline expansion and non-conventional energy (solar, wind, nuclear). EV adoption, including e-buses and battery storage, is expected to pick up, while data centres may face headwinds from higher power costs.

⇒ Sectors such as consumer durables, FMCG, automobiles, fertilisers, and paints face heightened risks of margin pressure.

Conclusion

In summary, the convergence of geopolitical tensions, energy market disruptions, fiscal constraints, and trade fragmentation points to a more prolonged and complex adjustment phase than headline market moves suggest. Elevated oil prices, tighter financial conditions, and recurring geopolitical shocks are likely to remain structural features rather than temporary disruptions. While pockets of opportunity exist in defence and energy-transition themes, the broader outlook remains uncertain, with global risks increasingly shifting across policy, technology, geopolitics, and demand, keeping volatility elevated.

Accordingly, we retain a defensive stance, with selective exposure to segments where valuations adequately reflect near-term challenges. Our strategy remains focused on identifying opportunities where risks are priced in, rather than chasing expensive growth with uncertain sustainability

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ECONOMIC UPDATES

⇒ Global markets were rattled in March amid the escalating US-Israel-Iran conflict, which disrupted global trade flows following the closure of the Strait of Hormuz. However, towards month-end, the US signalled plans to wind down the war over the next 2-3 weeks.

⇒ The RBI capped banks' Net Open Position (NOP) at $100 million, restricting large directional bets on the rupee amid heightened currency volatility. The move is expected to have significant implications for banks, FX markets, and the broader financial system.

⇒ The Defence Acquisition Council (DAC) has approved the procurement proposals worth Rs. 2.38 lakh crore for the Army, Air Force, and Coast Guard. In FY2025-26, the DAC has already accorded AON to 55 proposals worth Rs. 6.73 lakh crore. Companies such as **BEL, HAL, BDL** should benefit from these approvals.

⇒ RBI will be postponing the implementation of new regulatory frameworks regarding how banks lend money for corporate takeovers and their overall exposure to the stock market. This regulation was supposed to be implemented on April 1, 2026, however, it is now postponed to July 1,2026. Beneficial for capital market companies such as **BSE, CAMS, ANGEL ONE**.

⇒ The Government of India has cleared 29 investment proposals worth INR 7,104 crores under the Electronics Component Manufacturing Scheme. This should boost the electronics component production within India, creating more than 14,000 new employments. In the most recent Union Budget, the government announced an outlay of INR 40,000 crore to deepen the domestic manufacturing capabilities. Positive for companies such as Syrma SGS Technology, Kaynes Technology, Amber Enterprises.

GLOBAL INDEX PERFORMANCE

GLOBAL INDICES PERFORMANCE				
INDEX	**PRICE**	**52W H**	**52W L**	**1M % CHANGE**
DOW JONES INDUSTRIAL AVERAGE	46,342	50,513	36,612	-5%
NASDAQ	23,740	24,020	14,784	-5%
HANG SENG	24,788	28,056	19,260	-5%
NIKKEI 225	51,064	59,332	30,793	-12%
KOSPI	5,052	6,347	2,394	-13%

FII & DII MOVEMENTS

(in Cr)	Mar-26	Feb-26	Jan-26	Dec-25	Nov-25
FIIs	-1,22,540	-6,641	-41,435	-34,350	-17,500
DIIs	1,42,960	38,423	69,221	79,620	77,084

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