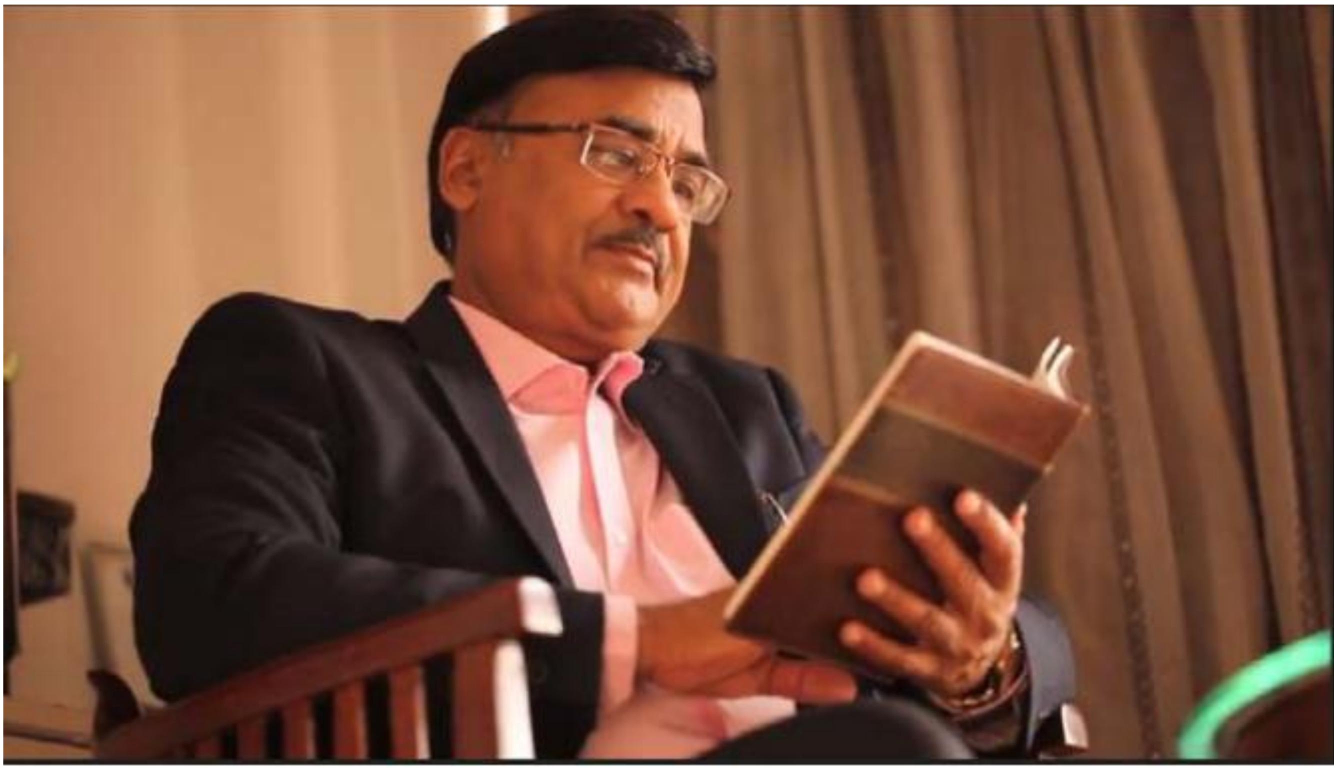

CA (Dr.) Ashok Ajmera's Weekly Column as on May 16th, 2026

" Weaker Rupee, Elevated Crude Prices and FII Outflows Weighed on Investor Sentiment"

AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

CA (Dr.) Ashok Ajmera's Weekly Column

Indian markets ended the week lower amid persistent pressure from surging crude oil prices, a weakening rupee and continued foreign outflows. The Nifty 50 fell 2.20% to 23,643.50, while the Sensex declined 2.70% to 75,237.99 in a week. Brent crude climbed by 9.22% to around $109.3 per barrel, intensifying concerns over inflation and India's import bill, while the rupee weakened past the 96-per-dollar mark to a record low. Foreign investor outflows remained elevated at nearly Rs. 2.65 Lakh Crore so far in 2026, as higher US Treasury yields and a stronger dollar continued to weigh on emerging market sentiment.

The top gainers in the Nifty 50 index were ONGC (up 7.22%), Adani Ent. (up 6.92%), Cipla (up 6.32%), Tata Cons. Prod. (up 4.91%) and Apollo Hospital (up 4.15%). The major losers in the Nifty 50 index were Titan (down 7.54%), Shriram Fin. (down 6.93%), Reliance (down 6.88%), Jio Fin. (down 6.53%) and Tech Mahindra (down 6.32%).

FII and DII activity

In the week gone by, FIIs were net sellers of Rs. 13,583.47 Crores and DIIs were net buyers of Rs. 18,524.53 Crores. In the previous week FIIs were net sellers of Rs. 11,072.35 Crores and DIIs were buyers of Rs. 21,392.85 Crores. In the month of April 2026, FIIs were net sellers of equities worth Rs. 70,135.46 Crores and DIIs were net buyers of equities worth Rs. 51,063.87 Crores.

Sector Movement

The Outperforming sector in the week was Nifty Pharma, up by 2.18% and worst performing sector was Nifty Reality Bank, down by 8.17% in the week.

Global Market and Major Developments

US

Major US stock indexes ended the week lower as strong performance in large-cap technology and AI-related stocks was outweighed by concerns over rising inflation, higher Treasury yields, elevated oil prices, and ongoing geopolitical uncertainty. Although the S&P 500 reached a record high on Thursday, it retreated on Friday. Among sectors, energy posted the strongest gains, while consumer staples and information technology also advanced. In contrast, consumer discretionary, real estate, and materials sectors experienced the largest declines. US Treasury prices also fell during the week, pushing the 10-year Treasury yield to around 4.59%, its highest level in more than a year.

Particulars	Close (15/05/2026: Friday)	Open (11/05/2026: Monday)	Previous Close (08/05/2026 Friday)	Change (%)
Nifty 50	23,643.50	23,970.10	24,176.15	-2.20
Sensex	75,237.99	76,638.09	77,328.19	-2.70
Nifty Midcap 100	60,567.15	61,630.30	61,910.90	-2.17
Nifty Small cap 100	17,882.60	18,648.60	18,737.00	-4.56
		Sectoral Indices		
Nifty Bank	53,710.35	54,832.45	55,310.55	-2.89
Nifty Auto	26,070.70	26,874.20	27,259.85	-4.36
Nifty IT	27,716.90	29,323.40	29,394.20	-5.71
Nifty PSU Bank	8,027.20	8,318.25	8,371.95	-4.12
Nifty Fin Services	25,343.85	25,765.20	26,011.50	-2.57
Nifty Pharma	24,634.80	24,008.20	24,110.30	2.18
Nifty FMCG	51,051.35	51,118.15	51,165.90	-0.22
Nifty Metal	13,300.60	12,997.55	13,050.95	1.91
Nifty Realty	756.30	819.05	823.60	-8.17
Nifty Media	1,436.10	1,465.85	1,472.80	-2.49
Nifty Energy	39,816.85	40,581.10	40,795.80	-2.40
Nifty Private Bank	26,100.10	26,318.65	26,561.70	-1.74
Nifty Infra	9,327.85	9,424.70	9,497.80	-1.79
Nifty Commodities	10,205.40	10,295.75	10,345.10	-1.35
Nifty Consumption	11,382.40	11,523.30	11,638.40	-2.20
Nifty PSE	10,485.85	10,675.65	10,711.20	-2.10
Nifty Serv. Sector	29,702.95	30,130.10	30,371.65	-2.20
Nifty Healthcare	15,751.95	15,348.85	15,416.80	2.17
Nifty Oil & Gas	11,250.70	11,526.55	11,598.85	-3.00
Nifty INDIA MFG	15,720.05	15,929.20	16,053.75	-2.08
		US Indices		
Dow Jones	49,530.94	49,553.95	49,613.97	-0.17
S&P 500	7,408.49	7,385.31	7,398.92	0.13
NASDAQ 100	29,125.20	29,185.83	29,234.99	-0.38
		Commodities		
Gold (in Rs./ 10 gram)	1,58,547	1,52,487	1,52,530	3.94
Brent Crude oil	109.48	104.00	100.24	9.22

Inflation data released during the week intensified concerns about persistent price pressures in the US economy. The Bureau of Labor Statistics reported that the consumer price index (CPI) increased 0.6% in April and 3.8% year-over-year, marking the sharpest annual rise since May 2023. Energy prices remained a major contributor, while core CPI, which excludes food and energy, also came in above expectations. Additionally, producer price index (PPI) data showed wholesale prices rose 1.4% in April and 6.0% annually, reflecting continued inflationary pressures, particularly from energy costs. Chicago Fed President Austan Goolsbee noted that inflation is "going the wrong way," reinforcing expectations that the Federal Reserve may maintain restrictive monetary policy for a longer period.

Economic activity data showed moderate consumer spending growth alongside a slight increase in unemployment claims. US retail sales rose 0.5% in April, slowing from March's revised 1.6% increase but matching market expectations. Sales excluding autos and control group sales both posted healthy gains, supported mainly by higher spending at gas stations, sporting goods stores, and electronics retailers, while furniture and clothing sales declined. Meanwhile, initial jobless claims increased modestly to 211,000 for the week ended May 9, slightly above expectations, while continuing claims rose to 1.782 million, indicating some softening in labor market conditions.

Europe

European markets ended the week lower, with the pan-European STOXX Europe 600 Index declining 0.85% in local currency terms. Although quarterly corporate earnings across the region remained generally strong, investor sentiment was pressured by ongoing geopolitical tensions and concerns about rising energy prices linked to stalled US-Iran peace talks. Higher oil prices raised fears of renewed inflation and potentially higher interest rates. Among the major indexes, Germany's DAX fell 1.59%, France's CAC 40 dropped 1.97%, Italy's FTSE MIB slipped 0.35%, and the UK's FTSE 100 edged down 0.37%.

Economic data across Europe presented a mixed picture. Eurozone industrial production increased by 0.2% in March 2026, slightly below expectations of 0.3%. Growth was mainly driven by intermediate and capital goods production, while energy and nondurable consumer goods output declined. At the country level, Germany recorded weaker industrial output, whereas France, Italy, and Spain showed improvements. In France, unemployment rose to 8.1% in the first quarter, its highest level since 2021, highlighting ongoing labor market challenges despite a small improvement in youth unemployment.

Germany's investor sentiment improved modestly in May, as the ZEW Economic Sentiment Indicator rose to -10.2 from April's -17.2, outperforming expectations even though it remained in negative territory. Investors continued to express concerns over weak industrial activity, elevated energy prices, and inflation above 2%. In the UK, political uncertainty intensified as Prime Minister Keir Starmer faced mounting pressure following ministerial resignations and speculation of a potential leadership challenge within the Labour Party. The uncertainty weighed on both equities and the British pound. Additionally, UK retail sales declined 3.0% year over year in April, significantly weaker than the 12-month average growth rate of 1.8%, reflecting softer consumer demand.

Japan

Japan's equity markets showed mixed performance, with the Nikkei 225 falling 2.08% while the broader TOPIX Index rose 0.90%. Semiconductor and AI-related stocks saw profit booking after recent gains, whereas financial stocks benefited from rising bond yields and expectations of further monetary policy normalization by the Bank of Japan (BoJ). The yen also weakened against the US dollar as investors focused on the policy gap between the Federal Reserve and the BoJ.

Japan's 10-year government bond yield climbed to its highest level since 1997, reflecting growing expectations of a possible BoJ rate hike. Economic data showed rising cost pressures, with corporate goods prices increasing sharply in April due to higher energy-related costs. Meanwhile, household spending declined more than expected, highlighting continued weakness in consumer demand.

China

China's equity markets ended the week lower as early optimism from the Trump-Xi summit and stronger economic data faded. The CSI 300 Index slipped 0.25%, the Shanghai Composite fell 1.07%, and Hong Kong's Hang Seng Index declined 1.63%. Investor sentiment was initially supported by expectations of stable US-China relations and resilient economic indicators. China's services activity improved in April, driven by stronger domestic demand, although export orders weakened for a second month.
The Trump-Xi summit reinforced hopes of avoiding further trade and technology tensions, with discussions focusing on trade stability and supply chains. Inflation data showed producer prices rising sharply due to higher commodity and energy costs, while consumer inflation also strengthened modestly. Meanwhile, exports surged 14.1% year over year in April, highlighting resilience in external demand despite ongoing trade uncertainties.

Major Developments in Domestic Markets

1. India's wholesale inflation surged to 8.3% in April 2026, the highest in over 3.5 years, driven mainly by a sharp spike in fuel and energy prices amid global oil market tensions.
2. India and the UAE signed pacts on defence cooperation, a long-term LPG supply agreement and strategic oil reserves during PM Narendra Modi's Abu Dhabi visit, with the UAE also announcing $5 billion in investments in India. The agreements aim to strengthen energy security and economic ties amid ongoing West Asia tensions.
3. BRICS foreign ministers failed to issue a joint statement after talks in New Delhi due to sharp differences between Iran and the UAE over the West Asia conflict, prompting India to release only a chair's statement. The divisions exposed growing geopolitical strains within the expanded 10-member BRICS bloc.
4. India's merchandise trade deficit widened to $28.38 billion in April 2026, higher than market estimates of $26.5 billion, as rising crude oil imports and Middle East tensions pushed up the import bill. Exports rose to $43.56 billion, while imports climbed sharply to $71.94 billion during the month.
5. India's unemployment rate rose to 5.2% in April 2026, the highest in six months, from 5.1% in March, according to the latest PLFS data released by the Statistics Ministry.
6. India's free trade deal with Britain faces a hurdle before rollout after the UK tightened steel import curbs that may cut tariff-free quotas and raise duties from July 1. Both sides are working on a solution to implement the pact smoothly.
7. India raised petrol and diesel prices by ₹3 per litre for the first time in four years as surging global crude oil prices amid the Iran conflict increased losses for state-run fuel retailers.
8. Tata Sons is facing pressure to go public due to RBI rules requiring large core investment companies with assets above ₹1 trillion to list, while internal differences among Tata Trusts and shareholder Shapoorji Pallonji Group have intensified the debate. Tata Sons' standalone assets stood at ₹1.75 trillion as of March 2025.

9. The government on Wednesday increased import tariffs on gold and silver from 6% to 15% to curb precious metal imports and reduce pressure on India's foreign exchange reserves.
10. India's cabinet approved a ₹375 billion ($3.92 billion) scheme to boost coal gasification projects, aiming to reduce dependence on imported fuels and promote cleaner industrial use of domestic coal.

Ajcon Global's observations and view:

Short term view:

1. Indian markets are expected to remain range-bound with a negative bias in the near term amid persistent macro headwinds including a record weak rupee, elevated US inflation and lack of positive developments from the Trump–Xi meeting, keeping risk appetite subdued.

2. While government measures such as higher import duty on precious metals and fuel price hikes may provide some support to the widening current account deficit, market direction is likely to remain stock-specific as the earnings season concludes, with broader indices witnessing consolidation amid inflation and global uncertainty concerns.

3. We continue to recommend accumulation in selective fundamentally strong stocks across sectors such as Railways, defence, logistics & tourism, banking and financial sector, FMCG, food processing, fertilisers, agro-based industries, infrastructure, IT many of which are attractively valued amid the current geopolitical situation. Special emphasis should be given to some small & midcap stocks having great stories.

Medium - and Long-term view

1. We believe that in spite of whatever is happening globally, the Indian economy is still strongly placed as compared to the global peers due to higher GDP estimates, manageable inflation, softening RBI policy & managing the oil crisis well, with the rupee now strengthening and easing near-term concerns. Post, the recent correction many stocks have become attractive to take position from Medium to long term point of view as we believe that any adversity brings with it a greater opportunity, which has been proved time and again in the past.

2. Our faith remains in the Equity as the best asset class in the World but advice caution to the investors to be selective & remain invested in fundamentally strong companies, taking timely decisions.

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