Baroda BNP PARIBAS MUTUAL FUND

Together for more

The Week that was

August 21st, 2026

"Range bound week for markets, Global uncertainty leads a weaker close"

Indian Developments

Indian equities remained under pressure during the week, with the Nifty 50 declining 0.5% WoW to 24,252, while the Sensex also ended lower. The weakness followed the previous week's correction and was driven largely by renewed global macro concerns rather than a sharp deterioration in domestic fundamentals. The Nifty fell through most of the week before staging a 0.64% rebound on Thursday, supported by easing US bond yields, a softer dollar.

Elevated crude prices remained a key headwind, with Brent moving towards the $90–95/bbl range amid renewed uncertainty around US-Iran negotiations and risks to energy supplies. This is particularly important for India given the implications for inflation, the current account and corporate margins.

The broader market, however, was relatively more resilient, suggesting that domestic liquidity continued to provide support even as foreign investors remained cautious. Overall, the week's market action points to a global macro-driven correction and sector rotation rather than broad-based deterioration in domestic risk appetite.

Sectoral Developments

Sectoral performance remained mixed, with significant divergence across the major Nifty indices. Among the broad-market indices, Nifty Midcap 100 and Nifty Small cap 100 outperformed the Nifty 50, indicating continued investor interest in selected domestic-growth opportunities despite weakness in large caps.

Within sectors, Nifty PSU Bank was amongst the stronger performers, supported by renewed buying in PSU banking stocks, while metals also found support from commodity prices. In contrast, FMCG, Realty and IT remained relatively weak, with IT particularly sensitive to movements in global bond yields and expectations around US monetary policy.

Global Developments

Global markets had a considerably weaker week, with higher bond yields, rising oil prices and renewed inflation concerns weighing on risk appetite.

The Nikkei 225 declined around 4% WoW, while the STOXX 600 recorded its largest weekly decline since early July. US equities also weakened towards the end of the week, with the Dow Jones down 1.32% on Thursday and the Nasdaq 100 down 0.72%, although strong corporate earnings and continued AI optimism provided some support to US technology stocks.

The broader global backdrop was dominated by a renewed rise in US Treasury yields and a more than 5% weekly increase in oil prices, while the dollar weakened by nearly 1%. The key global event for next week will be the Jackson Hole Economic Policy Symposium, where markets will look for signals on the US Federal Reserve's rate path. For India, a moderation in crude and global yields would be supportive for equities, while persistent oil above $90/bbl, elevated US yields and geopolitical uncertainty could continue to weigh on FII flows and large-cap valuations.

Other Markets:

- Brent Crude: ~**$94.2 per barrel**
- Rupee ended the week at **₹95.74 against the US dollar**
- 10-Year Benchmark Yield: **6.87%.**

Source: www.nseindices.com; MCX Gold Prices; Economic times, Bloomberg.

Data for week ended on August 21, 2026.

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Data for week ended on August 21, 2026.