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Q2 EQUITIES 2026 OUTLOOK

Macro overlay, scenario framework, and chart-led index outlook • Prepared 1 April 2026

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01 EXECUTIVE SUMMARY

Desk summary

Q2 2026 looks like a transition quarter, not a clean trend quarter. The macro backdrop leans toward slower growth, firmer energy costs, and central banks that are less able to ease quickly than markets hoped.

What stands out

The quarter starts from a tired technical base rather than a fresh bullish impulse.

Markets entered this period from elevated levels, which makes them less forgiving of macro disappointment.

Growth data points to slower activity rather than outright collapse, while sticky inflation and firmer energy costs make central banks less able to ease quickly than markets hoped.

Core view

- SPX: consolidation or mild downside early, stabilisation later.
- Nasdaq: highest volatility and weakest stability.
- Dow: relative defensive outperformer.
- DAX: macro-vulnerable and headline-driven.
- FTSE 100: best relative resilience in a sticky-inflation, higher-oil regime.

02 Q2 MACRO OVERLAY

This table compresses the main equity macro variables for Q2 into a one-glance view, using the source note's energy, policy, growth, and valuation framework.

Theme	Current Read	Why it matters	Q2 Implications
Energy / oil	Main macro variable for Q2	Recent oil strength is already pressuring margins, lifting inflation concerns, and weighing on business activity.	Higher energy costs make broad equity upside less clean and keep inflation pressure alive.
Central banks	Fed, ECB, and BoE all held steady in March	Equities had been leaning on easier policy, but sticky inflation reduces room for quick easing.	Lower support for multiple expansion and more fragile breakouts.
Growth data	Slower activity rather than outright collapse	U.S. business activity hit an 11-month low in March, euro area growth nearly stalled, and UK growth weakened.	Range-bound, macro-sensitive conditions remain more likely than a clean trend quarter.
Valuation / positioning	Markets entered this period from elevated levels	The market is less forgiving of macro disappointment as rate expectations get less dovish and oil risk rises.	Leadership can tire quickly and failed breakouts become more common.

*Higher energy, slower growth, and stickier inflation argue for a rotational quarter rather than a clean broad-index trend.

03 INDEX SCOREBOARD

This table compresses technical condition, macro sensitivity, and Q2 bias into a one-glance view across the major indices in the report.

Index	Technical state	Macro sensitivity	Q2 bias	Relative role
SPX	Contained pullback / consolidation	Broad market feels softer on oil and slower growth, but less fragile than NQ.	Neutral-to-soft	Broad index, stabilises if macro cools.
Nasdaq 100	Leadership cracked; least stable	Most duration-sensitive to yields and sticky inflation.	Downside-sensitive	Highest beta and squeeze-prone.
Dow	Cleaner base-building than NQ	Defensive mix helps in a slower-growth, stickier-inflation regime.	Neutral absolute / constructive relative	Relative defensive outperformer.
DAX	Trend intact, but follow-through poor	Weak euro-area growth and energy exposure matter.	Neutral-to-bearish	Headline-driven and macro-vulnerable.
FTSE 100	Pullback into key support	Better insulated by energy, commodities, and defensives.	Better downside resilience	Best relative hedge.

Read the pack left to right: FTSE and Dow screen as the steadier relative holds, while Nasdaq and DAX remain the more fragile ends of the group.

04 Q2 2026 SCENARIO FRAMEWORK

The base case is still a rotational quarter, but the range of outcomes depends mostly on oil, inflation expectations, and how much confidence returns to the rate-cut narrative.

Triggers	Market result
Bull: oil cools, inflation improves, cuts get priced back in.	SPX and Nasdaq reclaim trend, DAX rebounds, cyclicals outperform.
Base: oil stays firm but controlled, growth slows, central banks stay cautious.	Range-bound, rotational, headline-sensitive quarter with failed breakouts.
Bear: oil spikes again, inflation expectations rise, growth weakens sharply.	Drawdown led by Nasdaq and DAX, with Dow and FTSE falling less on a relative basis.

Base case

Oil stays elevated but does not explode higher. Growth slows, earnings expectations are trimmed at the edges, and leadership becomes defensive.

Most likely characteristics

- Choppy rotation rather than a clean trend.
- Defensive and commodity-linked pockets hold up better.
- Breakouts need macro confirmation.
- Relative-value trades beat broad bullish conviction.

Bear-case risk

If oil and inflation expectations both accelerate, Nasdaq and DAX remain the first places to crack.

05 RELATIVE RANKING FOR Q2 2026

Most resilient

FTSE 100 looks best positioned if oil stays elevated because of its commodity and defensive mix.

Dow looks steadier than the broad market and should hold up better than growth-heavy indices on weak macro days.

Most fragile

Nasdaq 100 is the weakest tactical chart and the most rate-sensitive.

DAX keeps longer-term structure, but poor follow-through and Europe energy risk make it vulnerable.

Use the ranking like this

- Prefer resilient indices for weak-macro periods.
- Treat sharp Nasdaq rallies as tactical unless the range breaks cleanly.

Indice (Strongest to Weakest)

(1) FTSE 100: best hedge against sticky inflation and higher energy.

(2) Dow: steadier defensive rotation candidate.

(3) S&P 500: broad market, but stuck between support and macro drag.

What would change the order

- Cleaner disinflation would help SPX and especially Nasdaq.
- Lower oil would improve DAX trend quality.
- A sharper recession scare likely strengthen FTSE and the Dow on a relative basis.

Why the order looks this way:

The ranking is mostly about duration sensitivity, energy exposure, and how forgiving each index is when macro data softens.

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Chart 1. S&P 500 weekly

Consolidation first, recovery later if macro pressure eases

Index	Bias	Support	Resistance	Q2 take
S&P 500	Neutral-to-soft	6,440; 6,100 to 6,150	6,650 to 6,700; highs	Consolidation first

Read

The weekly chart shows a strong prior uptrend, but the recent structure has shifted into a contained pullback / corrective channel. Price has rolled off the highs and is now trading around the lower half of that short-term descending structure, while still sitting above the major pink support band near the 6,100 area and close to the rising long-term moving average around 6,444.

Q2 Take

• Base case: range-bound to mildly lower early in Q2, then stabilisation if inflation stops worsening.

• Likely behaviour: choppy rotation, defensive leadership, failed breakouts.

• Needs lower oil or cleaner disinflation for a durable upside trend.nd, but the recent structure has shifted into a contained pullback. SPX is not in full trend breakdown, yet it is no longer in easy upside continuation mode either.

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Chart 2. Nasdaq 100 weekly

Weakest tactical chart of the group

Index	Bias	Support	Resistance	Q2 take
Nasdaq 100	Downside-sensitive	24,000 area	25,800 to 26,400	Least stable index

Read

This is the weakest-looking U.S. chart tactically. The weekly structure is a distribution range and price is pressing the lower end of it. Once leadership cracks, the strongest index often becomes the most unstable.

Q2 Take

- Base case: high-volatility, two-way trade and less stable than SPX.
- Duration-sensitive valuations stay exposed if inflation risk persists.
- Treat rallies as tactical unless the upper part of the range is reclaimed.

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Chart 3. Dow Jones weekly

Cleaner base-building chart than Nasdaq

Index	Bias	Support	Resistance	Q2 take
Dow	Modestly constructive	45,000 zone	47,000 to 48,000	Relative outperformer

Read

The Dow has already corrected and bounced from the big support zone around 45,000. It is not a bullish impulse chart, but it is a more stable base-building chart than Nasdaq.

Q2 Take

- Base case: relative outperformance versus Nasdaq, but still mostly range-bound.
- A slower-growth, stickier-inflation regime favours more mature, cash-generative businesses.
- Expect a holding-pattern market rather than a breakout market.

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Chart 4. DAX daily

Long-term channel still intact, but follow-through is poor

Index	Bias	Support	Resistance	Q2 take
DAX	Neutral-to-bearish	22,500 to 22,600	24,000; 25,000	Headline-driven

Read

The DAX still sits inside a long-term rising channel, but price has pulled down from the upper boundary and is testing the middle-to-lower portion near 22,600. The problem is not trend; it is follow-through.

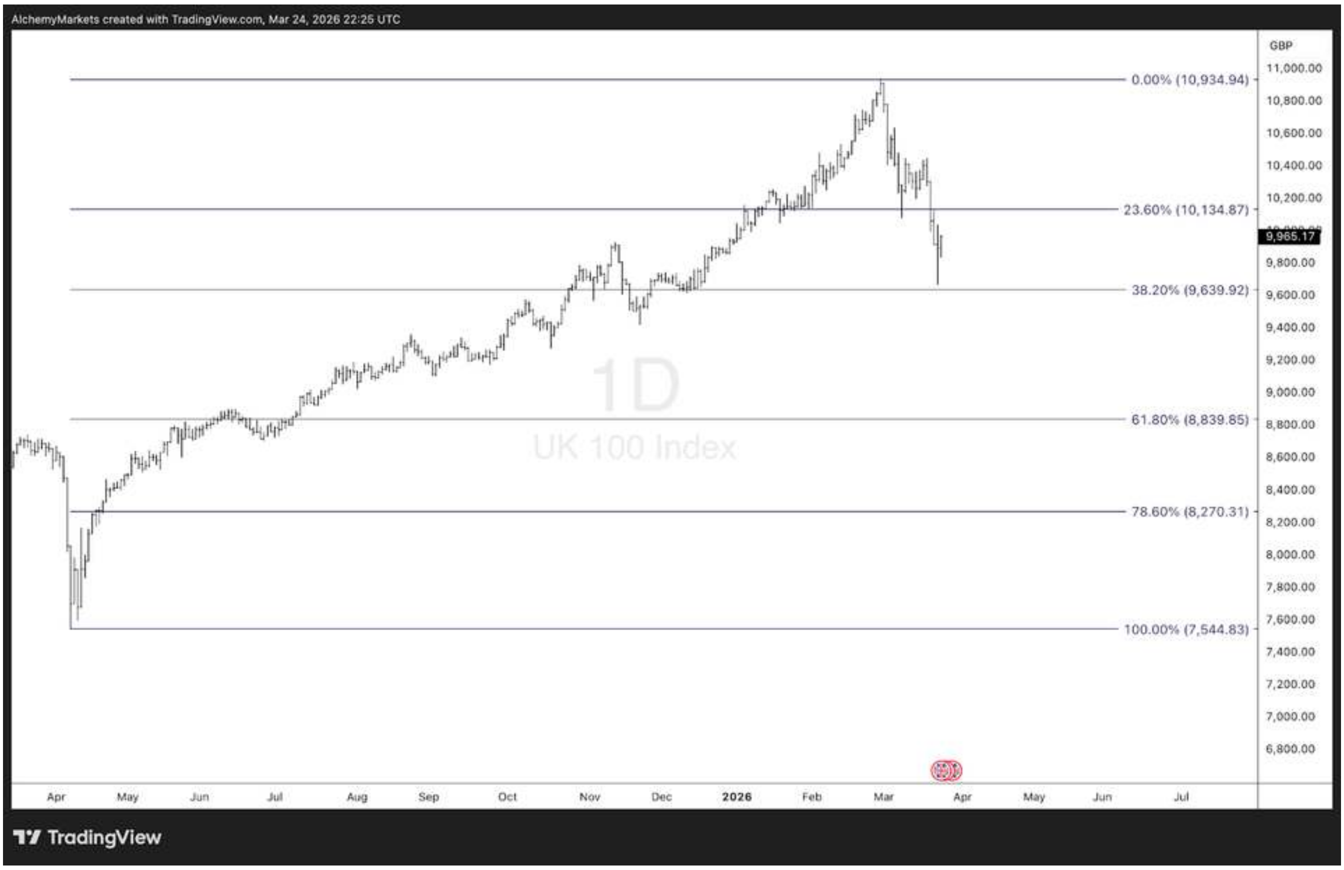
Q2 Take

- Base case: volatile and weaker than U.S. defensives on a relative basis.
- Europe growth softness and energy pressure keep the chart unstable.
- It can bounce sharply, but macro headwinds argue against a clean sustained advance.

Chart 5. FTSE 100 daily

Best relative resilience if oil stays elevated

Index	Bias	Support	Resistance	Q2 take
FTSE 100	Resilient	9,640 area	10,135; 10,935	Buy-the-dip relative value



Read

The FTSE has retraced sharply and is now sitting just above the 38.2% retracement near 9,640. That is no longer an impulsive uptrend, but it is an area where buyers should care.

Q2 Take

- Base case: relative outperformer in risk-off periods, even if still volatile.
- Its sector mix makes it better insulated than DAX and Nasdaq in an oil-and-inflation shock regime.
- Looks like a buy-the-dip relative-value index, not a momentum index.

11 Q2 TRADE BOARD AND FINAL VIEW

Bias bucket	Index	Actionable view
Resilient	FTSE 100	Buy dips into support or favour on relative weakness.
Constructive	Dow	Prefer as defensive rotation candidate.
Neutral	SPX	Trade the range and avoid assuming clean upside continuation.
Fragile	DAX	Fade strength if macro pressure stays firm.
Most fragile	Nasdaq 100	Expect sharp rallies, but treat them tactically.

Execution notes

- Use the chart first to set bias, then let macro explain why breakouts may fail.
- Prefer pullbacks and retests over chasing extension candles.
- Indices with defensive or commodity support should take priority over pure beta.
- Oil, inflation expectations and yields remain the fastest macro filters in Q2.

Final view

Q2 2026 should be treated as a volatile, macro-driven, range-bound quarter for equities. The technical picture across the major indices no longer supports easy upside continuation, and the macro mix explains why.

Base case: FTSE 100 looks the most resilient, the Dow the steadier defensive rotation candidate, SPX the broad market stuck between support and macro drag, DAX vulnerable to weak growth and energy pressure, and Nasdaq the most fragile if rates and inflation stay sticky.

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