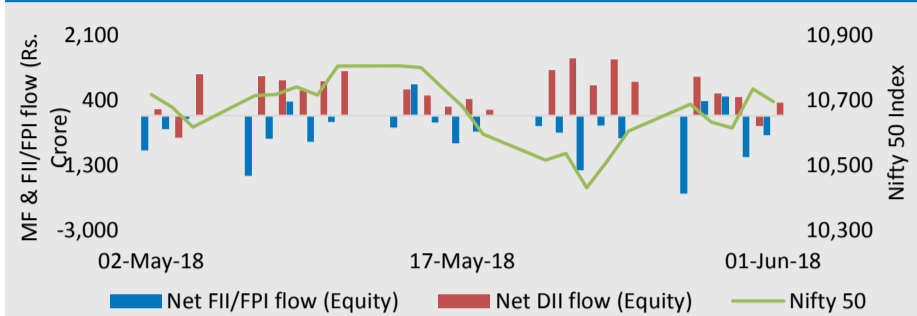


Macro Economic Release

Indicators	Actual	Consensus	Previous
WPI inflation (Apr 2018)	3.18%	2.86%	2.47%
CPI inflation (Apr 2018)	4.58%	4.42%	4.28%
IIP growth (Mar 2018) (%)	4.40%	5.90%	7.00%
Nikkei India Manufacturing PMI (May 2018)	51.20	51.50	51.60

Source: Thomson Reuters Eikon

FII and DII Investment vs Nifty 50



Source: NSDL, SEBI & NSE

Indian Equity Market Performance

Broad Indices	01-Jun-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE Sensex	35,227	0.87	13.13	3.44
Nifty 50	10,696	0.86	11.23	1.57
S&P BSE 100	10,996	0.61	10.77	-0.31
Nifty 500	9,255	0.43	10.61	-2.48
Nifty Mid cap 50	4,953	-1.30	9.22	-10.59
Nifty Small cap 100	7,700	-1.46	5.95	-15.32

Sector Indices	01-Jun-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE AUTO	24,635	1.83	1.87	-7.91
S&P BSE Bankex	29,781	0.81	12.72	3.20
S&P BSE CD	20,575	-2.54	32.98	-9.32
S&P BSE CG	18,695	0.48	5.28	-2.29
S&P BSE FMCG	11,216	-0.07	9.69	4.87
S&P BSE HC	12,945	-0.76	-5.66	-12.53
S&P BSE IT	13,326	-1.65	30.24	18.16
S&P BSE METAL	13,506	0.06	21.44	-9.59
S&P BSE Oil & Gas	14,342	2.90	2.28	-11.92
S&P BSE Power	2,089	-0.93	-5.68	-12.28
S&P BSE PSU	7,800	1.15	-9.51	-14.98
S&P BSE Realty	2,211	-1.28	14.48	-15.24
S&P BSE Teck	6,915	-1.53	21.11	7.91

Source: BSE & NSE

Macro economic Update

- The Gross Domestic Product (GDP) at 2011-12 prices of the Indian economy witnessed a growth of 7.7% on a yearly basis in the fourth quarter (Q4) of FY18, up from a growth of 5.6%, 6.3% and 7.0% respectively in the first three quarters Q1, Q2 and Q3 of FY18. For FY18, the Indian economy grew 6.7% on a yearly basis. On the sectoral front, Agriculture, forestry & fishing, manufacturing and construction witnessed a growth of 4.5%, 9.1% and 11.5% respectively. The public administration, defense and other services witnessed a maximum growth of 13.3% while mining and quarrying sector witnessed a minimum growth of 2.7%.
- The index of eight core industries witnessed a growth of 4.7% on a yearly basis in Apr 2018, up from 4.4% in the previous month and 2.6% in the same month of the previous year. The cement sector witnessed the maximum growth of 16.6% on a yearly basis followed by coal sector and natural gas sector that witnessed a growth of 16.0% and 7.4% respectively. The fertilizers sector, steel sector, refinery products sector electricity sector witnessed yearly growth of 4.6%, 3.5%, 2.7% and 2.2%, respectively.
- India's fiscal deficit for FY18 accounted 3.53% of GDP. The revenue deficit accounted 2.65% of GDP while the effective revenue deficit accounted 1.50% of GDP. In absolute terms, India's fiscal deficit stood at Rs. 5.92 lakh crore or 99.5% of the budget estimates.
- The Nikkei Manufacturing Purchasing Managers' Index (PMI) fell to 51.2 in May 2018 from 51.6 in Apr 2018 due to weaker expansion in output, new orders and employment. This is the 10th consecutive month when respective index came in above the threshold of 50.0. The data indicates growth, however at a modest pace.

Domestic Equity Market Update

- Indian equity markets closed in the green in the week ended Jun 1, 2018. Surge in India's gross domestic product for the fourth quarter of FY18 and gains in auto stocks after sales of two-wheelers and commercial vehicles accelerated in May 2018 boosted the indices.
- Decline in oil prices after the Organization of the Petroleum Exporting Countries (OPEC) and non-OPEC country Russia indicated to raise production level to meet the shortfall in supply from Iran and Venezuela added to the gains.
- However, decline in banking stocks as losses of public sector banks widened for the fourth quarter of FY18 on higher bad loan provisions capped the gains.
- Further, slowdown in India's manufacturing sector activity in May 2018 muted buying interest. Concerns over political uncertainty in Italy and Spain and renewed fears of a trade war between the U.S. and China weighed on investor sentiment.
- On the BSE sectoral front, indices closed on a mixed note. S&P BSE Consumer Durables (-2.54%) stood as the major loser followed by S&P BSE Information Technology (-1.65%), S&P BSE Teck (-1.53%), and S&P BSE Realty (-1.28%).
- S&P BSE Oil & Gas Stocks stood as the major gainer (2.90%), followed by S&P BSE Auto (1.83%) and S&P BSE Bankex that grew 0.81%.
- Gains in auto stocks were driven by strong auto sales data for May 2018. Meanwhile, oil and gas stocks gained amid falling oil prices and growth in one of the industry majors due to surge in profits.

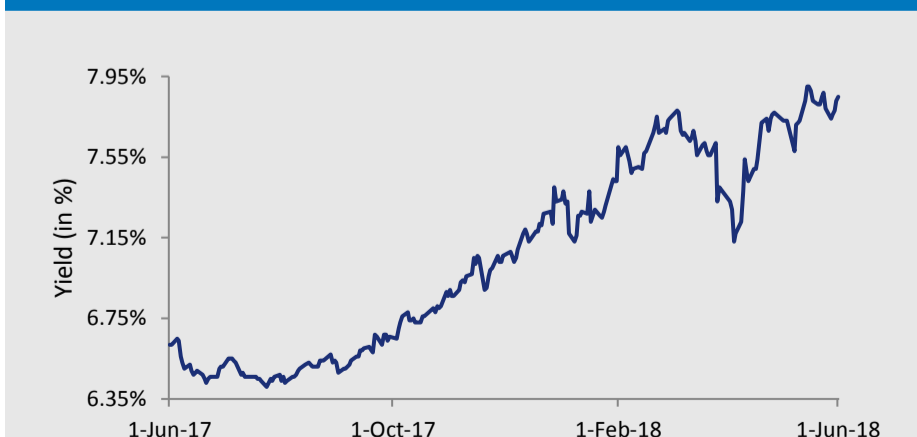
Indian Debt Market Indicators

Broad Indices	01-Jun-18	Week Ago	Month Ago	Year Ago
Call Rate	5.98%	5.93%	6.02%	6.04%
CBLO	5.98%	5.08%	5.53%	6.04%
Repo	6.00%	6.00%	6.00%	6.25%
Reverse Repo	5.75%	5.75%	5.75%	6.00%
3 Month CP	8.05%	8.35%	7.40%	6.70%
1 Year CP	8.60%	8.70%	8.00%	7.29%
3 Month CD	7.58%	7.83%	7.07%	6.39%
1 Year CD	8.25%	8.22%	7.71%	6.81%

Source: CCIL * as on May 25, 2018; ** as on May 18, 2018; @ as on May 27, 2018; @@ as on May 26, 2017

Broad Indices	01-Jun-18	Week Ago	Month Ago	Year Ago
1 Year AAA Corporate Bond	8.46%	8.46%	8.05%	7.38%
3 Year AAA Corporate Bond	8.61%	8.53%	8.28%	8.00%
5 Year AAA Corporate Bond	8.64%	8.65%	8.43%	8.17%
1 Year G-Sec	7.07%	7.08%	6.79%	7.03%
3 Year G-Sec	7.72%	7.66%	7.57%	7.23%
5 Year G-Sec	7.84%	7.79%	7.78%	7.46%
10 Year G-Sec	7.85%	7.79%	7.77%	7.49%
Forex Reserve (\$ in billion)	412.82*	415.05**	420.37@	378.76@@

10 - Year benchmark G-Sec Movement



Source: Thomson Reuters Eikon

Domestic Debt Market Update

- Bond yields rose following sharp decline in rupee on Tuesday amid political uncertainty in Italy. Elevated crude oil prices renewed fears of rise in domestic inflation.
- Yields rose further following increased possibility of rate hike by the Monetary Policy Committee (MPC) after strong gross domestic product data for quarter ended Mar 2018 especially at a time when the domestic inflation is at high rate.
- Yield on the 10-year benchmark paper (7.17% GS 2028) rose 6 bps to close at 7.85% from the previous week's close of 7.79% after trading in a range of 7.72% to 7.88%.
- The Reserve Bank of India (RBI) conducted auction of state development loans of 10 state governments for a notified amount of Rs. 7,775 crore for which Rs. 6,260 crore was accepted. The cut-off yield stood in the range of 8.22% to 8.34%. Assam has rejected the entire amount in the auction and Maharashtra has accepted partial amount of Rs. 485 crore.
- RBI conducted the auction of 91-, 182- and 364-days Treasury Bills for the notified amount of Rs. 7,000 crore, Rs. 4,000 crore and Rs. 4,000 crore, respectively. The cut-off for 91-, 182- and 364-days T-Bill stood at Rs. 98.43 (6.40%), Rs. 96.72 (6.80%) and Rs. 93.54 (6.93%), respectively.

Global Commodity Update

Commodities	01-Jun-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
NYMEX Crude Oil (\$/barrel)	65.81	-3.04	36.34	8.94
Brent Crude Oil (\$/barrel)	74.48	-3.45	48.81	11.05
Gold (\$/ounce)	1292.74	-0.65	2.17	-0.75
Silver (\$/ounce)	16.352	-0.78	-5.25	-3.51

Source: Thomson Reuters Eikon

Currencies Update

Currency	01-Jun-18	Week Ago	Year Ago
U.S. Dollar	67.06	67.78	64.47
GBP	89.55	90.19	83.03
Euro	78.16	79.00	72.22
100 Yen	61.20	61.95	57.88

Source: Thomson Reuters Eikon

Global Equity Market Performance

Country/Region	Indices	01-Jun-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
U.S.	Dow Jones	24,635	-0.48	16.51	-0.34
	S&P 500	2,735	0.49	12.53	2.28
U.K.	FTSE	7,702	-0.37	2.09	0.18
France	CAC 40	5,466	-1.39	2.76	2.88
Germany	DAX	12,724	-1.65	0.47	-1.50
Japan	Nikkei 225	22,171	-1.24	11.64	-2.61
China	Shanghai Composite	3,075	-2.11	-0.89	-7.02
Hong Kong	Hang Seng	30,493	-0.31	18.15	1.92
Singapore	Straits Times	3,428	-2.44	5.92	0.72
Russia	RTS Index	1,164	-0.48	11.36	0.86
Brazil	Sao Paulo Se Bovespa	77,240	-2.10	24.00	1.10

Source: Thomson Reuters Eikon

Global Bond Yield Update

Indicators	01-Jun-18	Week ago	Month ago	Year ago
U.S. 10 Year Bond yield (%)	2.90	2.94	2.98	2.22
U.K. 10 Year Bond yield (%)	1.28	1.32	1.41	1.08
German 10 Year Bond yield (%)	0.38	0.41	0.56	0.30
Japan 10 Year Bond yield (%)	0.04	0.03	0.04	0.04

Source: Thomson Reuters Eikon

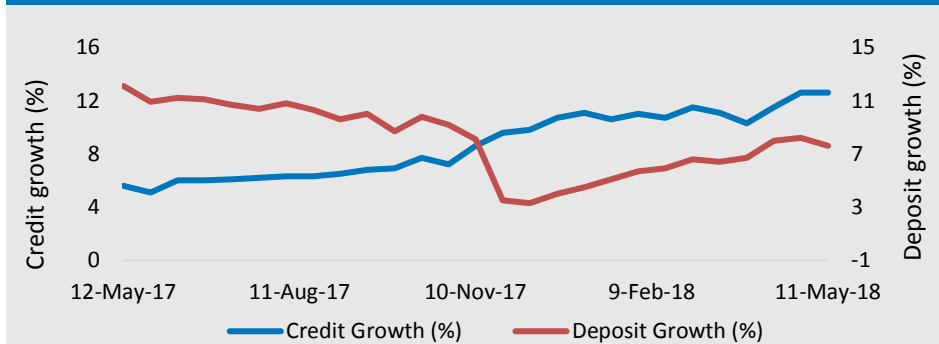
Global Economic Calendar

Economic Events	Release date	Actual	Consensus	Previous
Japan Retail Trade (YoY) (Apr)	29-May	1.6%	1.0%	1.0%
U.S. GDP Annualized (1Q S)	30-May	2.2%	2.3%	2.3%
China Manufacturing PMI (May)	31-May	51.9	51.3	51.4
U.S. Change in Non-farm Payrolls (May)	1-Jun	223k	188k	159k

Source: FX Street

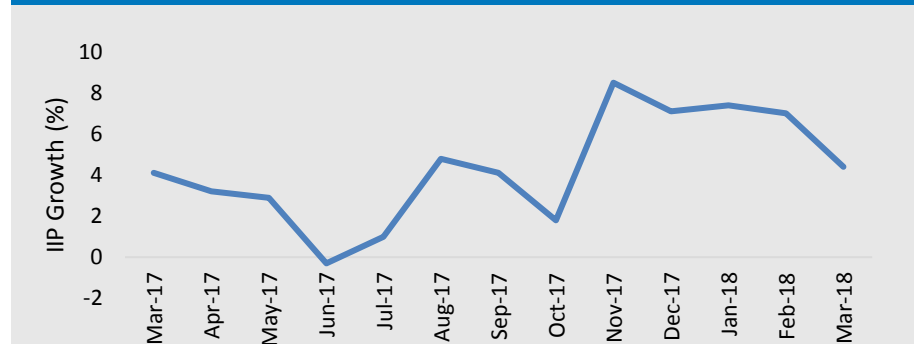
Macro Economic Performance of India

Credit growth vs Deposit growth



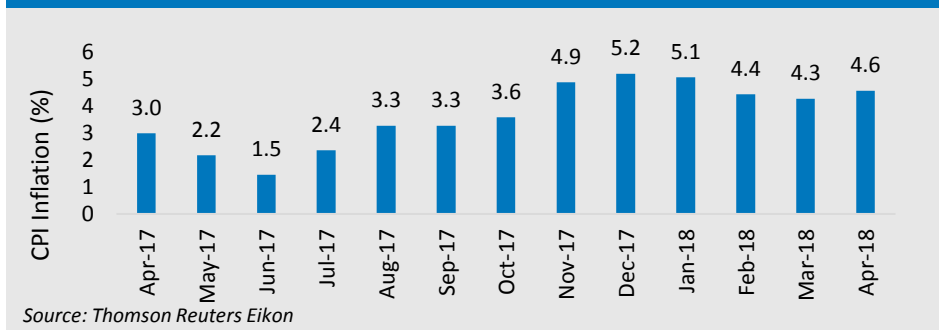
Source: Thomson Reuters Eikon

IIP Growth (%)



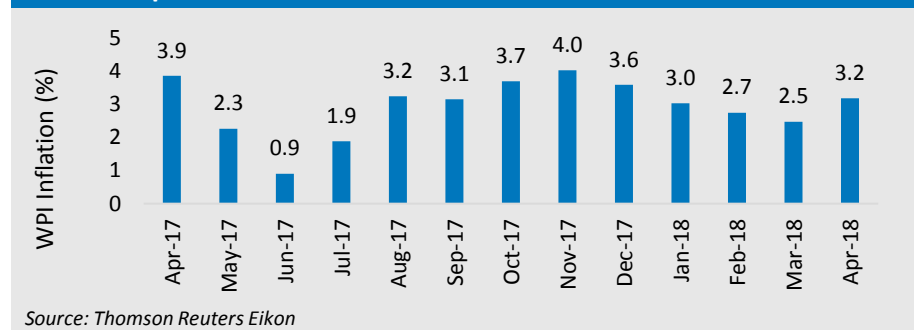
Source: Thomson Reuters Eikon

Retail inflation movement



Source: Thomson Reuters Eikon

Wholesale price inflation movement



Source: Thomson Reuters Eikon

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