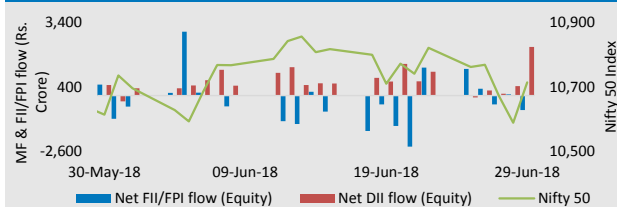


## Macro Economic Release

Indicators	Actual	Consensus	Previous
WPI inflation (May 2018)	4.43%	3.76%	3.18%
CPI inflation (May 2018)	4.87%	4.83%	4.58%
IIP growth (Apr 2018) (%)	4.90%	5.20%	4.60%
India Trade Deficit (May 2018) (\$ in billion)	14.62	14.23	13.72

Source: Thomson Reuters Eikon

## FII and DII Investment vs Nifty 50



Source: NSDL, SEBI & NSE

## Indian Equity Market Performance

Broad Indices	29-Jun-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE Sensex	35,423	-0.75	14.80	4.01
Nifty 50	10,714	-0.99	12.73	1.74
S&P BSE 100	10,988	-1.12	11.82	-0.38
Nifty 500	9,162	-1.44	10.38	-3.46
Nifty Mid cap 50	4,851	-2.25	7.82	-12.44
Nifty Small cap 100	7,178	-3.44	-1.65	-21.07

Sector Indices	29-Jun-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE AUTO	23,838	-3.39	1.51	-10.89
S&P BSE Bankex	29,251	-2.16	11.31	1.36
S&P BSE CD	20,207	-0.04	28.80	-10.94
S&P BSE CG	17,488	-1.76	2.47	-8.60
S&P BSE FMCG	11,213	0.75	9.94	4.84
S&P BSE HC	14,004	-2.06	0.14	-5.38
S&P BSE IT	13,920	2.17	42.36	23.43
S&P BSE METAL	13,064	0.54	14.81	-12.55
S&P BSE Oil & Gas	13,660	-5.05	3.38	-16.11
S&P BSE Power	1,947	-2.96	-12.04	-18.27
S&P BSE PSU	7,292	-4.20	-9.80	-20.51
S&P BSE Realty	2,073	-3.81	0.96	-20.51
S&P BSE Teck	7,165	1.88	30.21	11.81

Source: BSE & NSE

## Macro economic Update

- Government data showed that India's fiscal deficit for the period from Apr to May of 2018 stood at Rs. 3.45 lakh crore or 55.3% of the budget estimate for FY19. However, this is lower than 68.3% of the budget estimate of the corresponding period of the previous year. Total expenditure for the period from Apr to May of 2018 stood at Rs 4.73 lakh crore, or 19.4% of the budget estimate for FY19. Total receipts stood at Rs. 1.27 lakh crore or 7.0% of the budget estimate for FY19. Tax revenue was at Rs. 1.02 lakh crore, or 6.9% of the full-year target. Capital expenditure accounted 21.3% of the FY19 target, compared to 17.0% in the corresponding period of the previous year.
- According to the Financial Stability Report by the Reserve Bank of India (RBI), the Indian banking sector will continue to remain under stress as gross non-performing advances (GNPA) ratio will increase further. RBI estimated that GNPA of scheduled commercial banks could rise to 12.2% by Mar 2019 from 11.6% in Mar 2018. RBI added that the system-level capital to risk-weighted assets ratio (CRAR) may decline from 13.5% to 12.8% during the same period.
- Data from RBI showed that Indian companies' investments in their overseas subsidiaries/joint ventures fell 63% to \$1.17 billion in May 2018. India Inc's foreign direct investment in the same period of the previous fiscal stood at \$3.12 billion. India Inc's foreign direct investment in Apr 2018 stood at \$3.56 billion.

## Domestic Equity Market Update

- Indian equity markets closed on a lower note. Decline in oil & gas and banking stocks weighed on the indices. Stocks of oil marketing companies fell due to rise in global crude oil prices amid risk of supply disruption. In fact, oil prices surged to one-month high in one of the sessions. Banking stocks witnessed decline following concerns of stress in the banking sector after the Reserve Bank of India reportedly stated that gross non-performing assets ratio of banks is likely to surge from 11.6% in Mar 2018 to 12.2% by Mar 2019. Also, rupee touched a new low because of higher inflation and widening fiscal deficit.
- On the global front, trade row between U.S. and other major global economies continued to weigh on market sentiment. Worries that the U.S. President's approach towards trading activities may prove to be detrimental to global economic growth muted buying interest.
- However, possibility of a joint venture between an Indian steel major and a German multinational conglomerate boosted investor sentiment and restricted the losses. Positive cues from global markets after China eased restrictions on foreign investment in several sectors supported the markets.
- On the sectoral front, S&P BSE Oil & Gas (-5.05%) stood as the major loser followed by S&P BSE Realty (-3.81%) and S&P BSE Auto (-3.39%). S&P BSE Power and S&P BSE Bankex fell (-2.96%) and (-2.16%), respectively. Decline in auto stocks reflects lingering concerns over auto tariff threat by the U.S and fall in oil & gas stocks reflects surging oil prices.
- S&P BSE Information Technology stood as the major gainer (2.17%) followed by S&P BSE Teck that grew (1.88%). Gains in information technology stocks were because of the weak rupee as the sector derives substantial revenue from exports.

## Indian Debt Market Indicators

Broad Indices	29-Jun-18	Week Ago	Month Ago	Year Ago
Call Rate	6.21%	6.25%	5.89%	6.06%
CBLO	6.20%	5.39%	5.84%	6.10%
Repo	6.25%	6.25%	6.00%	6.25%
Reverse Repo	6.00%	6.00%	5.75%	6.00%
3 Month CP	7.55%	7.58%	8.20%	6.70%
1 Year CP	8.50%	8.58%	8.50%	7.20%
3 Month CD	7.00%	6.93%	7.65%	6.36%
1 Year CD	8.08%	8.04%	8.24%	6.69%

Source: CCIL \* as on Jun 22, 2018; \*\*as on Jun 15, 2018; @ as on Jun 1, 2018; @@ as on Jun 30, 2017

Broad Indices	29-Jun-18	Week Ago	Month Ago	Year Ago
1 Year AAA Corporate Bond	8.29%	8.23%	8.51%	7.16%
3 Year AAA Corporate Bond	8.65%	8.59%	8.55%	7.21%
5 Year AAA Corporate Bond	8.77%	8.71%	8.62%	7.52%
1 Year G-Sec	7.02%	6.98%	7.12%	6.42%
3 Year G-Sec	7.75%	7.68%	7.66%	6.48%
5 Year G-Sec	7.95%	7.85%	7.79%	6.70%
10 Year G-Sec	7.90%	7.82%	7.76%	6.51%
Forex Reserve (\$ in billion)	407.82*	410.07**	412.23@	386.54@@

## 10 - Year benchmark G-Sec Movement



Source: Thomson Reuters Eikon

## Domestic Debt Market Update

- Bond yields rose following rally in the global crude oil prices and weakening domestic currency that raised worries about faster pace of consumer inflation growth rate going forward.
- Media reports stating that the Union cabinet may discuss raising minimum support prices of some crops by up to 15% in its next meeting fueled concerns of increase in domestic inflationary pressures, which also weighed on market sentiment.
- However, further losses were restricted as market participants resorted to short covering.
- Yield on the 10-year benchmark paper (7.17% GS 2028) increased 8 bps to close at 7.90% from the previous week's close of 7.82% after trading in a range of 7.81% to 7.94%.
- RBI conducted auction of four government securities namely 6.84% GS 2022, 7.17% GS 2028, 7.40% GS 2035 and 7.72% GS 2055 for a notified amount of Rs. 12,000 crore for which full amount was accepted. The cut-off price for 6.84% GS 2022, 7.17% GS 2028, 7.40% GS 2035 and 7.72% GS 2055 stood at Rs. 95.95 (7.93%), Rs. 95.22 (7.89%), Rs. 93.37 (8.12%) and Rs. 95.31 (8.12%), respectively.
- As per data released by the Reserve Bank of India (RBI), external commercial borrowings / foreign currency convertible bonds in May 2018 stood at \$1.35 billion compared with \$3.76 billion in the previous month.

## Global Commodity Update

Commodities	29-Jun-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
NYMEX Crude Oil (\$/barrel)	74.08	7.64	65.25	22.63
Brent Crude Oil (\$/barrel)	76.78	4.59	63.15	14.48
Gold (\$/ounce)	1252.25	-1.28	0.56	-3.85
Silver (\$/ounce)	16.08	-2.15	-3.07	-5.11

Source: Thomson Reuters Eikon

## Currencies Update

Currency	29-Jun-18	Week Ago	Year Ago
U.S. Dollar	68.45	67.86	64.66
GBP	90.40	90.04	84.09
Euro	79.97	79.09	73.97
100 Yen	61.83	61.70	57.62

Source: Thomson Reuters Eikon

## Global Equity Market Performance

Country/Region	Indices	29-Jun-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
U.S.	Dow Jones	24,271	-1.26	14.02	-1.81
	S&P 500	2,718	-1.33	12.34	1.67
U.K.	FTSE	7,637	-0.59	3.90	-0.66
France	CAC 40	5,324	-1.19	3.28	0.21
Germany	DAX	12,306	-2.18	-0.89	-4.73
Japan	Nikkei 225	22,305	-0.94	10.31	-2.02
China	Shanghai Composite	2,847	-1.47	-10.68	-13.90
Hong Kong	Hang Seng	28,955	-1.31	11.51	-3.22
Singapore	Straits Times	3,269	-0.57	0.31	-3.94
Russia	RTS Index	1,154	2.55	15.36	-0.02
Brazil	Sao Paulo Se Bovespa	72,763	3.00	16.91	-4.76

Source: Thomson Reuters Eikon

## Global Bond Yield Update

Indicators	29-Jun-18	Week ago	Month ago	Year ago
U.S. 10 Year Bond yield (%)	2.85	2.90	2.77	2.27
U.K. 10 Year Bond yield (%)	1.28	1.32	1.19	1.25
German 10 Year Bond yield (%)	0.31	0.33	0.28	0.45
Japan 10 Year Bond yield (%)	0.03	0.03	0.04	0.06

Source: Thomson Reuters Eikon

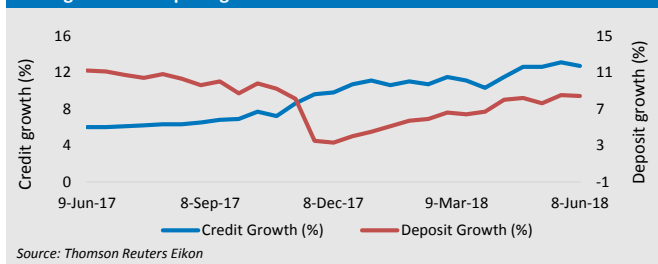
## Global Economic Calendar

Economic Events	Release date	Actual	Consensus	Previous
U.S. New Home Sales (MoM) (May)	25-Jun	6.70%	1.50%	-3.70%
U.S. Consumer Conf. Index (Jun)	26-Jun	126.40	128.00	128.80
Germany Consumer Price Index	28-Jun	2.10%	2.10%	2.20%
U.K. Gross Domestic Product (YoY) (1Q F)	29-Jun	1.20%	1.20%	1.30%

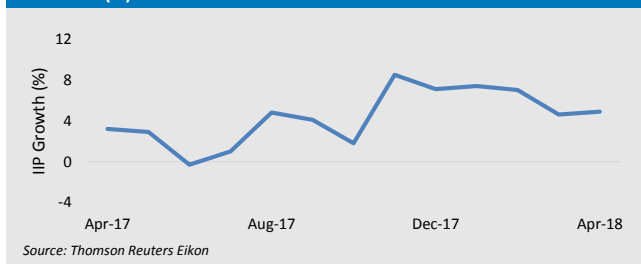
Source: FX Street; Thomson Reuters Eikon

## Macro Economic Performance of India

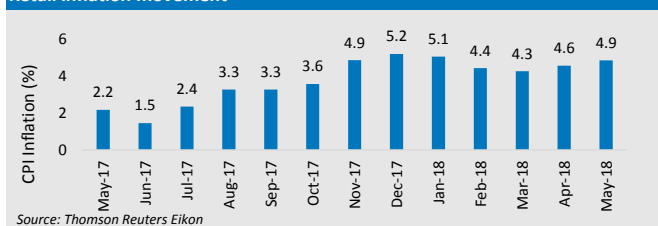
### Credit growth vs Deposit growth



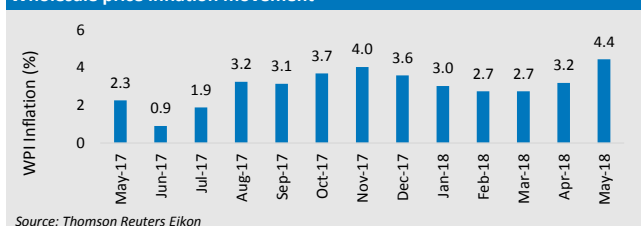
### IIP Growth (%)



### Retail inflation movement



### Wholesale price inflation movement



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