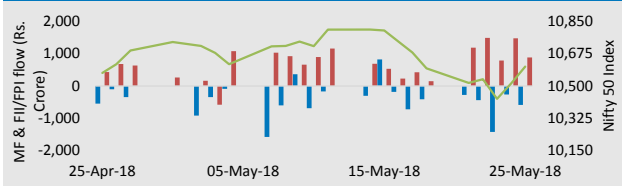


Macro Economic Release

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 (Apr 2018)	51.6	51.6	51.0

Source: Thomson Reuters Eikon

FII and DII Investment vs Nifty 50



Source: NSDL, SEBI & NSE

Indian Equity Market Performance

Broad Indices	25-May-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE Sensex	34,925	0.22	13.58	2.55
Nifty 50	10,605	0.08	11.52	0.71
S&P BSE 100	10,929	0.25	11.61	-0.91
Nifty 500	9,216	0.07	11.92	-2.90
Nifty Mid cap 50	5,019	0.09	13.67	-9.41
Nifty Small cap 100	7,815	0.00	9.50	-14.06

Sector Indices	25-May-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE AUTO	24,192	-0.64	2.96	-9.57
S&P BSE Bankex	29,541	2.06	12.36	2.37
S&P BSE CD	21,111	-2.03	39.25	-6.96
S&P BSE CG	18,605	0.90	5.49	-2.76
S&P BSE FMCG	11,223	-1.04	14.04	4.94
S&P BSE HC	13,044	0.20	-4.75	-11.86
S&P BSE IT	13,550	2.61	30.68	20.14
S&P BSE METAL	13,498	-0.86	22.29	-9.65
S&P BSE Oil & Gas	13,938	-2.53	0.18	-14.40
S&P BSE Power	2,109	0.11	-4.31	-11.46
S&P BSE PSU	7,711	1.73	-10.81	-15.94
S&P BSE Realty	2,239	-2.38	13.81	-14.14
S&P BSE Teck	7,023	2.56	21.71	9.59

Source: BSE & NSE

Macro economic Update

- Data from a major domestic credit rating agency showed that Non-performing Assets (NPAs) of 26 banks (of which 14 are state-run banks and 12 are private banks) in the Indian banking system grew to Rs. 7.31 lakh crore in Mar 2018 from Rs. 4.82 lakh crore in the same period of the previous year. This corresponds to an increase of more than 50% during the same time period. State-run banks accounted for nearly Rs. 6.16 lakh crore of the total NPAs while the remaining Rs. 1.15 lakh crore came from private banks.
- According to a major domestic credit rating agency, growth of the Indian economy may improve to 7.4% in the fourth quarter of FY18 from 7.2% in third quarter of FY18. The rating agency attributed the improvement in growth to good rabi crop harvest and improved corporate earnings. On a separate note, the rating agency added that it expects a marginal pick up in the services sector activity. The improvement is expected to come on the back of increase in passengers carried by domestic airlines, cargo handled at major ports and railway revenue carrying freight.
- The government has made e-way bill for moving goods within a state compulsory from Jun 3, 2018. The inter-state e-way bill was launched on Apr 1 and intra-state e-way bill was launched on Apr 15. As of now, 20 states and Union Territories have mandated the e-way bill for intra-state movement of goods. The move is expected to increase tax collections by preventing trade that currently happens on cash basis.

Domestic Equity Market Update

- Indian equity markets closed modestly higher. Gains in IT stocks after the rupee weakened against U.S. dollar contributed to the market gains. Oil prices eased on expectations of a gradual increase in output from Russia and the Organization of Petroleum Exporting Countries. This, in turn, provided relief to the investors.
- However, political uncertainty over government formation in Karnataka continued to keep the Indian equity markets under pressure.
- Concerns that the government may ask oil companies to share the burden of higher petrol and diesel prices weighed on market sentiment. Decline in one of the mining majors in one of the sessions following protests in its copper plant also added to the woes.
- Global cues also had bearing on the buying interest. Worries over the U.S. President cancelling the planned historic summit with North Korea capped the gains.
- On the BSE sectoral front, indices closed on a mixed note. S&P BSE Oil & Gas (-2.53%) stood as the major loser followed by S&P BSE Realty (-2.38%), S&P BSE Consumer Durables (-2.03%), and S&P BSE FMCG (-1.04%).
- S&P BSE Oil & Gas witnessed declines amid concerns that the government may ask oil companies to share the burden of higher petrol and diesel prices. S&P BSE IT stood as the major gainer (2.61%), followed by S&P BSE Teck (2.56%) and S&P BSE Bankex that grew 2.06%. Gains in information technology stocks reflects the impact of weakening rupee.

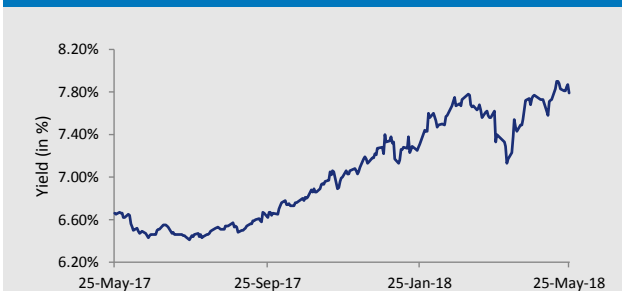
Indian Debt Market Indicators

Broad Indices	25-May-18	Week Ago	Month Ago	Year Ago
Call Rate	5.93%	5.97%	5.88%	6.01%
CBLO	5.08%	5.98%	5.91%	6.03%
Repo	6.00%	6.00%	6.00%	6.25%
Reverse Repo	5.75%	5.75%	5.75%	6.00%
3 Month CP	8.35%	8.30%	7.25%	6.70%
1 Year CP	8.70%	8.70%	7.65%	7.26%
3 Month CD	7.83%	7.70%	6.71%	6.39%
1 Year CD	8.22%	8.14%	7.61%	6.87%

Source: CCIL * as on May 18, 2018; ** as on May 11, 2018; ® as on Apr 27, 2018; ®® as on May 26, 2017

Broad Indices	25-May-18	Week Ago	Month Ago	Year Ago
1 Year AAA Corporate Bond	8.46%	8.24%	7.95%	7.30%
3 Year AAA Corporate Bond	8.53%	8.42%	8.20%	7.40%
5 Year AAA Corporate Bond	8.65%	8.55%	8.41%	7.73%
1 Year G-Sec	7.08%	6.90%	6.77%	6.40%
3 Year G-Sec	7.66%	7.60%	7.46%	6.64%
5 Year G-Sec	7.79%	7.77%	7.73%	6.95%
10 Year G-Sec	7.79%	7.84%	7.74%	6.79%
Forex Reserve (\$ in billion)	415.05 [†]	417.70 ^{**}	420.37 [®]	378.76 ^{®®}

10 - Year benchmark G-Sec Movement



Source: Thomson Reuters Eikon

Domestic Debt Market Update

- Bond yields fell initially on expectations that the Reserve Bank of India (RBI) will conduct another open market purchase of bonds soon, thereby easing the supply pressure. Yields fell further following sharp gains in domestic currency and decline in crude oil prices.
- Strong demand at weekly auction on May 25 added to the gains. However, renewed concerns over U.S.-China trade talks capped the gains.
- Yield on the 10-year benchmark paper (7.17% GS 2028) fell 5 bps to close at 7.79% from the previous week's close of 7.84% after trading in a range of 7.79% to 7.90%.
- The central bank conducted auction of state development loans of 10 state governments for a notified amount of Rs. 8,750 crore for which Rs. 4,920 crore was accepted. The cut-off yield stood in the range of 8.15% to 8.39%. Assam, Gujarat and Maharashtra rejected the entire amount in the auction.
- 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. 93.52 (6.95%), respectively.

Weekly Market Update

25 May 2018

Global Commodity Update

Commodities	25-May-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
NYMEX Crude Oil (\$/barrel)	67.87	-4.65	39.88	12.35
Brent Crude Oil (\$/barrel)	77.14	-2.81	48.66	15.01
Gold (\$/ounce)	1301.17	0.75	3.65	-0.10
Silver (\$/ounce)	16.48	0.37	-3.74	-2.75

Source: Thomson Reuters Eikon

Currencies Update

Currency	25-May-18	Week Ago	Year Ago
U.S. Dollar	68.26	67.96	64.51
GBP	91.22	91.88	83.77
Euro	79.88	80.28	72.47
100 Yen	62.38	61.31	57.74

Source: RBI

Global Equity Market Performance

Country/Region	Indices	25-May-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
U.S.	Dow Jones	24,753	0.15	17.41	0.14
	S&P 500	2,721	0.31	12.68	1.78
U.K.	FTSE	7,730	-0.62	2.83	0.55
France	CAC 40	5,543	-1.28	3.85	4.33
Germany	DAX	12,938	-1.07	2.51	0.16
Japan	Nikkei 225	22,451	-2.09	13.31	-1.38
China	Shanghai Composite	3,141	-1.63	1.08	-5.02
Hong Kong	Hang Seng	30,588	-1.48	19.34	2.24
Singapore	Straits Times	3,513	-0.45	8.62	3.24
Russia	RTS Index	1,170	-0.27	7.97	1.34
Brazil	Sao Paulo Se Bovespa	78,898	-5.04	24.79	3.27

Source: Thomson Reuters Eikon

Global Bond Yield Update

Indicators	25-May-18	Week ago	Month ago	Year ago
U.S. 10 Year Bond yield (%)	2.94	3.07	3.02	2.26
U.K. 10 Year Bond yield (%)	1.32	1.50	1.54	1.04
German 10 Year Bond yield (%)	0.41	0.58	0.64	0.36
Japan 10 Year Bond yield (%)	0.04	0.06	0.06	0.05

Source: Thomson Reuters Eikon

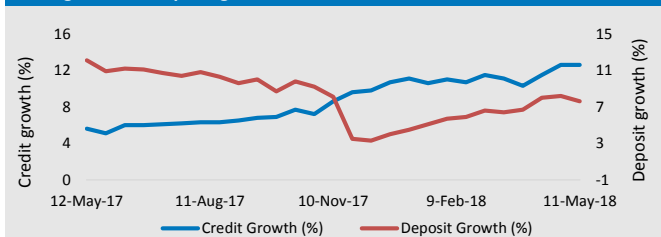
Global Economic Calendar

Economic Events	Release date	Actual	Consensus	Previous
Japan Nikkei Mfg. PMI (May) (P)	23-May	52.50	53.60	53.80
U.S. Market Mfg. PMI (May) (P)	23-May	56.60	56.50	56.50
U.K. Retail Sales (YoY) (Apr)	24-May	1.40%	0.10%	1.30%
U.K. Gross Domestic Product (YoY) (Q1) (P)	25-May	1.20%	1.20%	1.20%

Source: FX Street

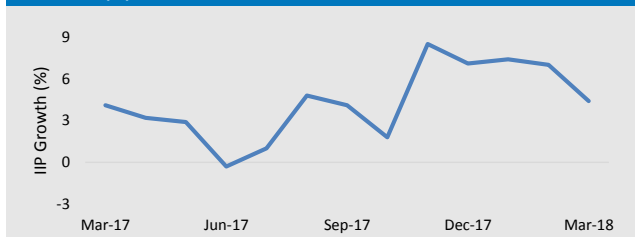
Macro Economic Performance of India

Credit growth vs Deposit growth



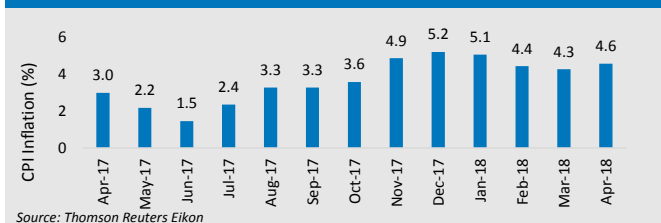
Source: Thomson Reuters Eikon

IIP Growth (%)



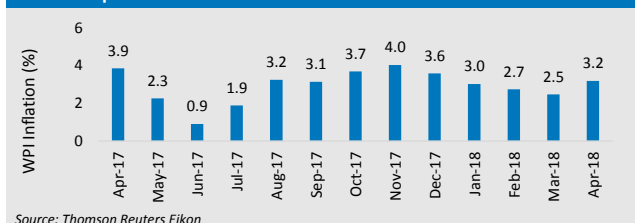
Source: Thomson Reuters Eikon

Retail inflation movement



Source: Thomson Reuters Eikon

Wholesale price inflation movement



Source: Thomson Reuters Eikon

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