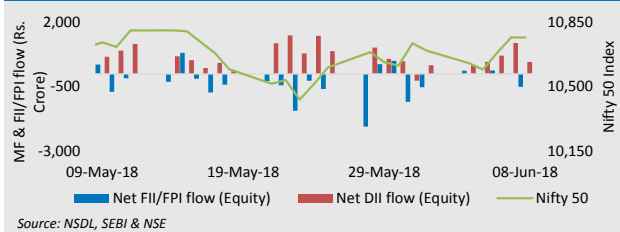


Macro Economic Release

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



Indian Equity Market Performance

Broad Indices	08-Jun-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE Sensex	35,444	0.61	13.55	4.07
Nifty 50	10,768	0.67	11.61	2.25
S&P BSE 100	11,080	0.77	11.12	0.46
Nifty 500	9,316	0.66	10.52	-1.84
Nifty Mid cap 50	5,019	1.32	9.36	-9.41
Nifty Small cap 100	7,658	-0.55	4.37	-15.78

Sector Indices	08-Jun-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE AUTO	24,960	1.32	2.92	-6.70
S&P BSE Bankex	29,593	-0.63	10.91	2.55
S&P BSE CD	20,413	-0.79	26.20	-10.03
S&P BSE CG	18,502	-1.03	4.65	-3.30
S&P BSE FMCG	11,204	-0.11	9.63	4.76
S&P BSE HC	13,425	3.70	-5.33	-9.29
S&P BSE IT	13,556	1.73	33.19	20.20
S&P BSE METAL	13,854	2.58	23.79	-7.27
S&P BSE Oil & Gas	14,647	2.13	5.95	-10.05
S&P BSE Power	2,053	-1.74	-7.03	-13.81
S&P BSE PSU	7,855	0.71	-8.14	-14.37
S&P BSE Realty	2,216	0.23	13.63	-15.04
S&P BSE Teck	7,030	1.66	23.65	9.70

Source: BSE & NSE

Macro economic Update

- The Monetary Policy Committee (MPC), in its second bi-monthly policy review for FY19, has increased the key policy repo rate by 25 basis points to 6.25% and retained its "neutral" stance. Consequently, the reverse repo rate increased to 6.00% from 5.75%, and the marginal standing facility (MSF) rate and bank rate each grew to 6.50% from 6.25%. All the six policymakers were in favour of the policy rate increase of 25 bps.
- MPC expects inflation in the range of 4.8%-4.9% after taking into account the house rent allowances (HRAs) in first half of FY19 as against previous expectation of 4.7%-5.1%. Excluding HRA impact, inflation is expected to be 4.6% in the first half of FY19 as against previous expectation of 4.4%-4.7%. In the second half, inflation is expected to be 4.7% as against previous expectation of 4.4%, including as well as excluding HRA impact.
- MPC retained its expectation for Gross Domestic Product (GDP) growth at 7.4% in FY19. MPC expects GDP in the range of 7.5% to 7.6% for the first half of FY19 as against previous expectation of 7.3% to 7.4% and in the range of 7.3% to 7.4% for second half of the fiscal year as against previous expectation of 7.3% to 7.6%. The revision in the GDP for first and second half indicates improving capacity utilisation and credit offtake. Additionally, global demand has been buoyant, which is expected to encourage exports and provide a further boost to investment. Rural as well as urban consumption remains healthy and is expected to strengthen further. However, the sharp increase in petroleum product prices would likely impact disposable incomes.

Domestic Equity Market Update

- Indian equity markets closed the week on a positive note. Markets rejoiced after the MPC maintained its neutral stance and remained positive towards the economic growth of the country. Additionally, the MPC upwardly revised expectations for agriculture and allied activities on the supply side. Expectations of good monsoon rains supported buying interest.
- Gains in IT and pharma stocks, owing to weak rupee, helped boost the indices. One of the pharma majors gained after U.S. Food and Drug Administration issued Voluntary Action Indicated status to its Halo plant in Gujarat.
- However, market sentiment turned sour after final reading of a private survey showed that the services sector contracted in May.
- Massive foreign fund outflow from the domestic markets in May kept market participants jittery. According to data from the National Securities Depository Ltd., net sale of domestic stocks by foreign portfolio investors came in at Rs. 10,060.03 crore in May as against net sale of Rs. 5,552.21 crore recorded in the previous month.
- On the global front, investors remained cautious due to trade tensions ahead of a key G7 meeting and policy meetings of major central banks in the week ending Jun 14.
- On the BSE sectoral front, indices closed on a modestly higher note. S&P BSE Healthcare stood as the major gainer (3.70%), followed by S&P BSE Metal (2.58%) and S&P BSE Oil & Gas that grew 2.13%. S&P BSE IT and S&P BSE Teck witnessed gains of 1.73% and 1.66%, respectively.
- S&P BSE IT witnessed gains following a weak rupee as the sector derives substantial revenue from exports. S&P BSE Power (-1.74%) stood as the major loser followed by S&P BSE Capital Goods (-1.03%) and S&P BSE Consumer Durables (-0.79%).

Indian Debt Market Indicators

Broad Indices	08-Jun-18	Week Ago	Month Ago	Year Ago
Call Rate	6.02%	5.98%	5.86%	6.13%
CBLO	5.07%	5.98%	6.00%	6.21%
Repo	6.25%	6.00%	6.00%	6.25%
Reverse Repo	6.00%	5.75%	5.75%	6.00%
3 Month CP	7.80%	8.05%	7.75%	6.68%
1 Year CP	8.45%	8.60%	8.30%	7.23%
3 Month CD	7.09%	7.58%	7.25%	6.38%
1 Year CD	8.39%	8.25%	7.72%	6.81%

Source: CCL * as on Jun 1, 2018; ** as on May 25, 2018; ® as on May 4, 2018; ®® as on Jun 2, 2017

Broad Indices	08-Jun-18	Week Ago	Month Ago	Year Ago
1 Year AAA Corporate Bond	8.54%	8.43%	8.07%	7.21%
3 Year AAA Corporate Bond	8.70%	8.60%	8.31%	7.33%
5 Year AAA Corporate Bond	8.73%	8.62%	8.39%	7.58%
1 Year G-Sec	7.06%	7.07%	6.80%	6.40%
3 Year G-Sec	7.77%	7.72%	7.55%	6.47%
5 Year G-Sec	7.98%	7.84%	7.65%	6.70%
10 Year G-Sec	7.95%	7.85%	7.58%	6.53%
Forex Reserve (\$ in billion)	412.23*	412.82**	418.94®	381.17®®

10 - Year benchmark G-Sec Movement



Domestic Debt Market Update

- Bond yields surged after the MPC hiked key interest rate for the first time since Jan 2014. However, short covering by market participants and demand for domestic bonds in the weekly debt auction restricted the losses.
- Yield on the 10-year benchmark paper (7.17% GS 2028) rose 10 bps to close at 7.95% from the previous week's close of 7.85% after trading in a range of 7.82% to 8.00%.
- Data from Reserve Bank of India (RBI) showed that India's foreign exchange reserves fell for the seventh consecutive week to \$412.23 billion as on Jun 1 from \$412.82 billion in the previous week.
- According to the Scheduled Bank's Statement of Position in India as of May 25, 2018, banks' deposit and credit growth stood at 8.55% and 13.14% YoY, respectively.
- Data from RBI showed that reserve money increased at an annualised rate of 24.6% in the week to Jun 1, compared with a decrease of 8.5% a year earlier. The currency in circulation rose 29.2% during the week compared with a fall of 13.9% a year earlier. India's money supply grew 10.7% on a yearly basis in the fortnight ending May 25 against a growth of 6.6% a year earlier. Demand deposits with bank increased 8.4% for the same period as against a growth of 21.4% a year earlier.

Global Commodity Update

Commodities	08-Jun-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
NYMEX Crude Oil (\$/barrel)	65.77	-0.06	44.14	8.87
Brent Crude Oil (\$/barrel)	74.2	-0.38	61.52	10.63
Gold (\$/ounce)	1298	0.41	1.53	-0.34
Silver (\$/ounce)	16.736	2.35	-3.71	-1.24

Source: Thomson Reuters Eikon

Currencies Update

Currency	08-Jun-18	Week Ago	Year Ago
U.S. Dollar	67.52	66.99	64.24
GBP	90.54	89.41	83.20
Euro	79.44	78.11	72.03
100 Yen	61.62	61.14	58.38

Source: Thomson Reuters Eikon

Global Equity Market Performance

Country/Region	Indices	08-Jun-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
U.S.	Dow Jones	25,317	2.77	19.52	2.42
	S&P 500	2,779	1.62	14.19	3.94
U.K.	FTSE	7,681	-0.27	3.10	-0.09
France	CAC 40	5,450	-0.28	3.53	2.59
Germany	DAX	12,767	0.33	0.42	-1.17
Japan	Nikkei 225	22,695	2.36	13.99	-0.31
China	Shanghai Composite	3,067	-0.26	-2.64	-7.26
Hong Kong	Hang Seng	30,958	1.53	18.78	3.47
Singapore	Straits Times	3,436	0.26	6.16	0.98
Russia	RTS Index	1,143	-1.84	10.05	-1.00
Brazil	Sao Paulo Se Bovespa	72,942	-5.56	16.23	-4.53

Source: Thomson Reuters Eikon

Global Bond Yield Update

Indicators	08-Jun-18	Week ago	Month ago	Year ago
U.S. 10 Year Bond yield (%)	2.94	2.90	2.97	2.19
U.K. 10 Year Bond yield (%)	1.39	1.28	1.45	1.03
German 10 Year Bond yield (%)	0.45	0.38	0.56	0.26
Japan 10 Year Bond yield (%)	0.04	0.04	0.04	0.07

Source: Thomson Reuters Eikon

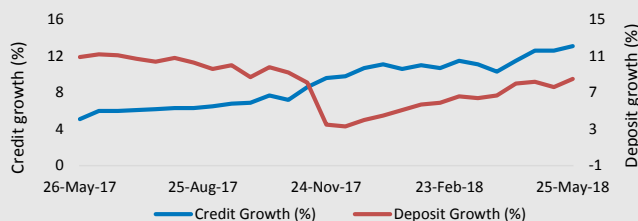
Global Economic Calendar

Economic Events	Release date	Actual	Consensus	Previous
U.S. Factory Orders (Apr)	4-Jun	-0.80%	-0.50%	1.70%
Japan Markit Services PMI (May)	5-Jun	51.00	51.90	52.50
U.S. Nonfarm Productivity (Q1)	6-Jun	0.40%	0.60%	0.70%
Eurozone Gross Domestic Product s.a. (QoQ) (Q1)	7-Jun	0.40%	0.40%	0.40%

Source: FX Street

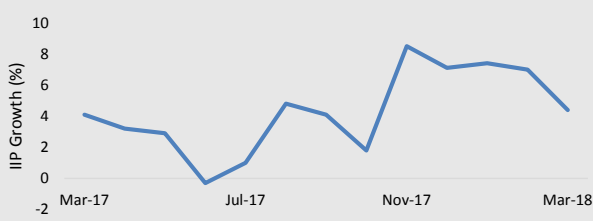
Macro Economic Performance of India

Credit growth vs Deposit growth



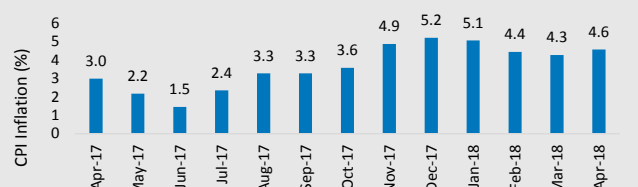
Source: Thomson Reuters Eikon

IIP Growth (%)



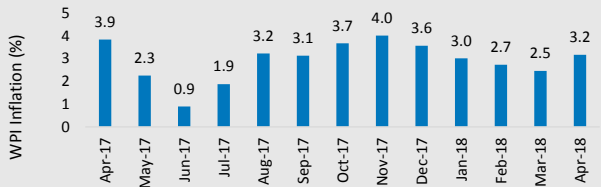
Source: Thomson Reuters Eikon

Retail inflation movement



Source: Thomson Reuters Eikon

Wholesale price inflation movement



Source: Thomson Reuters Eikon

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