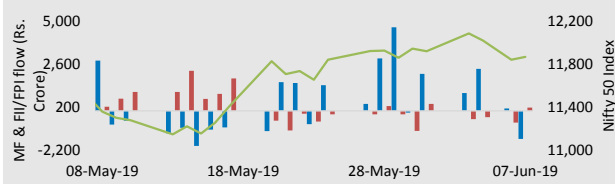


Macro Economic Release

Indicators	Actual	Consensus	Previous
GDP %	5.80 (Q4 FY19)	6.30 (Q4 FY19)	6.60 (Q3 FY19)
Repo Rate	5.75%	5.75%	6.00%
Nikkei India Services PMI (May 2019)	50.20	50.10	51.00
Nikkei India Manufacturing PMI (May 2019)	52.70	51.30	51.80

Source: Thomson Reuters Eikon

FII and DII Investment vs Nifty 50



Source: NSDL, SEBI & NSE

Indian Equity Market Performance

Broad Indices	07-Jun-19	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE Sensex	39,616	-0.25	11.71	9.84
Nifty 50	11,871	-0.44	10.24	9.28
S&P BSE 100	11,982	-0.52	8.23	7.36
Nifty 500	9,736	-0.71	4.69	6.17
Nifty Mid cap 50	4,921	-0.85	-1.45	-0.21
Nifty Small cap 100	6,432	-1.78	-15.25	-0.27

Sector Indices	07-Jun-19	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE AUTO	18,490	0.24	-26.01	-11.25
S&P BSE Bankex	34,866	-1.13	17.54	14.78
S&P BSE CD	25,269	2.30	24.26	22.11
S&P BSE CG	19,553	-1.94	5.43	3.89
S&P BSE FMCG	11,532	0.12	2.56	-2.51
S&P BSE HC	13,039	-2.00	0.64	-6.35
S&P BSE IT	15,739	-0.27	16.99	11.70
S&P BSE METAL	10,779	0.21	-22.53	-8.96
S&P BSE Oil & Gas	15,226	-3.23	4.57	10.74
S&P BSE Power	1,995	-0.74	-3.52	-0.19
S&P BSE PSU	7,685	-1.80	-1.80	6.19
S&P BSE Realty	2,162	-1.74	-2.04	20.28
S&P BSE Teck	7,752	-0.20	11.08	9.70

Source: BSE & NSE

Macro economic Update

- The Nikkei India Manufacturing Purchasing Managers' Index (PMI) grew to 52.7 in May 2019 from 51.8 in Apr 2019. This marked a three-month high. The upside was driven by improved output and new orders amid strengthening demand conditions, thereby leading to further job creation in the sector. Manufacturing PMI has remained above the 50-point mark for the 22nd consecutive month.
- The seasonally adjusted Nikkei India Services Business Activity Index fell from 51 in Apr 2019 to 50.2 in May 2019, thereby marking a 1-year low. The seasonally adjusted Nikkei India Composite PMI Output Index that considers both the manufacturing sector and the services sector came in at 51.7 in May 2019, thereby unchanged from Apr 2019. Disruptions amid elections in the earlier part of May dampened growth of new work intakes. New business inflows at service providers grew at the slowest pace in eight months.
- The Monetary Policy Committee (MPC) unanimously lowered key policy repo rate by 25 bps for the third consecutive time in its second bi-monthly monetary policy review for FY20. MPC also changed its stance on monetary policy from neutral to accommodative. The key policy repo rate thus stands at a near 9-year low of 5.75%. The reverse repo thus stands adjusted at 5.50% while the bank rate and the marginal standing facility rate stood at 6.0%.
- MPC modified its forecasts for retail inflation for the first half of FY20 to a range of 3.0% to 3.1% from the earlier projection of 2.9% to 3.0%. However, the retail inflation projection for the second half was lowered to 3.4% to 3.7% from the earlier projection of 3.5% to 3.8%.

Domestic Equity Market Update

- Indian equity markets closed modestly lower in the week to Jun 7, 2019. Investors got cautious over the Reserve Bank of India (RBI) cutting economic growth forecast for FY20. Sentiment was also hurt as there was no announcement by RBI regarding liquidity issues that have been bogging the non-banking financial companies (NBFCs). The Monetary Policy Committee cut repo rate by 25 basis points at its meeting, which was along expected lines.
- Decline in crude oil prices amid concerns of escalating trade war tensions restricted the downturn as it eased worries on fiscal deficit. Further, foreign fund inflows on expectations of more business-friendly measures post outcome of general elections last week restricted the losses. Also, market sentiment improved following surge in Nikkei Manufacturing PMI to 3-month high in May 2019 and reports that government may infuse approximately Rs. 40,000 crore into state-run lenders in 2019-2020. Market expectations that the government would take measures to boost economic growth supported buying interest.
- On the global front, while intensifying U.S.-China trade war played a spoilsport, reports that U.S. and Mexico are nearing a trade deal boosted the indices.
- On the BSE sectoral front, S&P BSE Oil & Gas was the major loser, down 3.23%, followed by S&P BSE Healthcare that fell 2.00%. Reports that Director General of Goods and Services Tax Intelligence has booked cases against a couple of oil majors due to evasion of excise duty kept the oil and gas stocks under pressure. S&P BSE Capital Goods and S&P BSE Realty fell 1.94% and 1.74%, respectively. S&P BSE Bankex fell 1.13%. Stock of a non-banking financial company significantly fell after Securities and Exchange Board of India reportedly issued notice to five Asset Management Companies alleging insider trading in favour of the company. However, S&P BSE Consumer Durables was the major gainer that grew 2.30% followed by S&P BSE Auto that grew 0.24%.

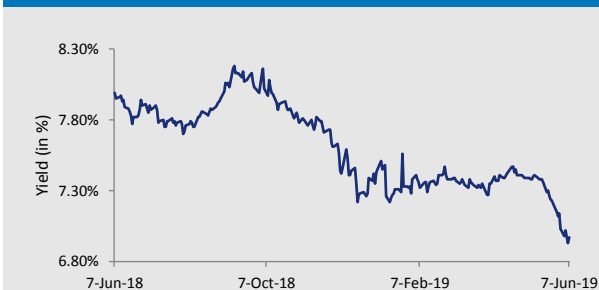
Indian Debt Market Indicators

Broad Indices	07-Jun-19	Week Ago	Month Ago	Year Ago
Call Rate	5.69%	5.92%	5.94%	6.03%
T-Repo	5.74%	5.94%	5.81%	5.95%
Repo	5.75%	6.00%	6.00%	6.25%
Reverse Repo	5.50%	5.75%	5.75%	6.00%
3 Month CP	6.60%	6.80%	7.80%	7.80%
1 Year CP	7.80%	7.90%	8.35%	8.45%
3 Month CD	6.13%	6.47%	7.22%	7.26%
1 Year CD	7.12%	7.20%	7.44%	8.38%

Broad Indices	07-Jun-19	Week Ago	Month Ago	Year Ago
1 Year AAA Corporate Bond	7.74%	7.97%	8.27%	8.50%
3 Year AAA Corporate Bond	7.87%	7.89%	8.30%	8.70%
5 Year AAA Corporate Bond	7.91%	8.00%	8.50%	8.75%
1 Year G-Sec	6.15%	6.26%	6.56%	7.09%
3 Year G-Sec	6.58%	6.67%	7.04%	7.82%
5 Year G-Sec	6.79%	6.85%	7.28%	8.01%
10 Year G-Sec	6.97%	7.03%	7.38%	7.99%
Forex Reserve (\$ in billion)	421.87*	419.99**	418.69 [®]	413.11 ^{®@}

Source: CCLL, Thomson Reuters Eikon * as on May 31, 2019; ** as on May 24, 2019; @ as on May 03, 2019; @ as on Jun 08, 2018

10 - Year benchmark G-Sec Movement



Source: Thomson Reuters Eikon

Domestic Debt Market Update

- Bond yields declined following plunge in crude oil prices and slowdown in the domestic economic growth. This raised expectations of monetary easing with the market anticipating a rate cut at the upcoming monetary policy meeting on Jun 6.
- Yields fell again as the Monetary Policy Committee (MPC) reduced the key policy rate by 25 basis points to 5.75% and changed the policy stance to accommodative. This raised speculations of further rate cuts in coming times.
- However, gains were limited as market participants resorted to profit booking after recent rise in bond prices and recovery in global crude oil prices.
- Yields on the 10-year benchmark paper (7.26% GS 2029) fell 6 bps to close at 6.97% compared with the previous close of 7.03% after trading in the range of 6.88% to 7.02%.
- RBI conducted auction of state development loans of nine state governments for notified amount of Rs. 8,366 crore. The entire amount was accepted. The cut-off yield was either 7.59% or 7.60% with tenure ranging in between 10 years to 13 years.
- RBI conducted auction of 91-, 182- and 364-Day Treasury Bills for notified amount of Rs. 9,000 crore, Rs. 7,000 crore and Rs. 4,000 crore. The entire amount was accepted at cut-off price of Rs. 98.51 (6.0668%), Rs. 97.01 (6.1812%) and Rs. 94.19 (6.1853%), respectively.

Global Commodity Update

Commodities	07-Jun-19	% Change (WoW)	% Change (YoY)	% Change (YTD)
NYMEX Crude Oil (\$/barrel)	54.01	1.37	-18.03	18.24
Brent Crude Oil (\$/barrel)	63.24	-1.91	-18.34	16.81
Gold (\$/ounce)	1340.3	2.69	3.36	4.49
Silver (\$/ounce)	14.99	2.88	-10.03	-3.17

Source: Thomson Reuters Eikon

Currencies Update

Currency	07-Jun-19	Week Ago	Year Ago
U.S. Dollar	69.34	69.57	67.41
GBP	88.30	87.89	90.46
Euro	78.57	77.79	79.52
100 Yen	64.08	64.24	61.44

Source: Thomson Reuters Eikon

Global Equity Market Performance

Country/Region	Indices	07-Jun-19	% Change (WoW)	% Change (YoY)	% Change (YTD)
U.S.	Dow Jones	25,984	4.71	2.94	11.39
	S&P 500	2,873	4.41	3.72	14.62
U.K.	FTSE	7,332	2.38	-4.83	8.97
France	CAC 40	5,364	3.00	-1.55	13.39
Germany	DAX	12,045	2.72	-5.98	14.08
Japan	Nikkei 225	20,885	1.38	-8.49	4.35
China	Shanghai Composite	Closed	NA	NA	NA
Hong Kong	Hang Seng	26,965	0.24	-14.43	4.33
Singapore	Straits Times	3,166	1.56	-8.83	3.18
Russia	RTS Index	1,326	3.02	13.21	24.37
Brazil	Sao Paulo Se Bovespa	97,821	0.82	32.46	11.30

Source: Thomson Reuters Eikon

Global Bond Yield Update

Indicators	07-Jun-19	Week ago	Month ago	Year ago
U.S. 10 Year Bond yield (%)	2.08	2.14	2.45	2.93
U.K. 10 Year Bond yield (%)	0.82	0.89	1.16	1.40
German 10 Year Bond yield (%)	-0.26	-0.20	-0.04	0.49
Japan 10 Year Bond yield (%)	-0.12	-0.10	-0.05	0.04

Source: Thomson Reuters Eikon

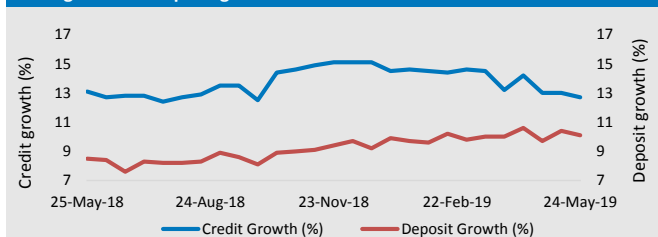
Global Economic Calendar

Economic Events	Release date	Actual	Consensus	Previous
U.S. ISM Manufacturing PMI (May)	3-Jun	52.10	53.00	52.80
Eurozone Unemployment Rate (Apr)	4-Jun	7.60%	7.70%	7.70%
U.S. ISM Services PMI (May)	5-Jun	56.90	55.40	55.50
Germany Factory Orders (YoY) (Apr)	6-Jun	-5.30%	-5.90%	-5.90%

Source: FX Street; Thomson Reuters Eikon

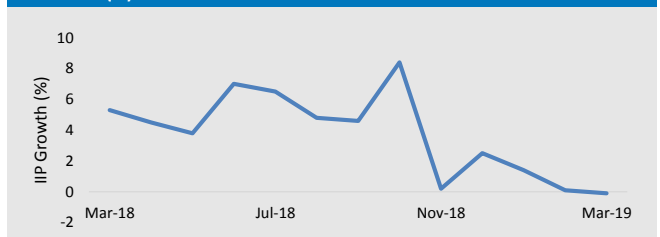
Macro Economic Performance of India

Credit growth vs Deposit growth



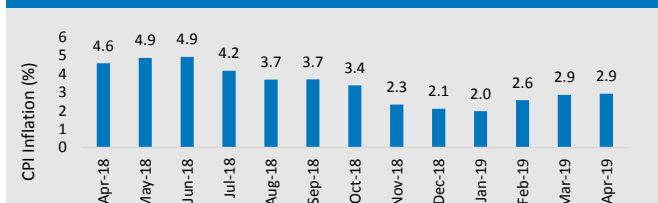
Source: Thomson Reuters Eikon

IIP Growth (%)



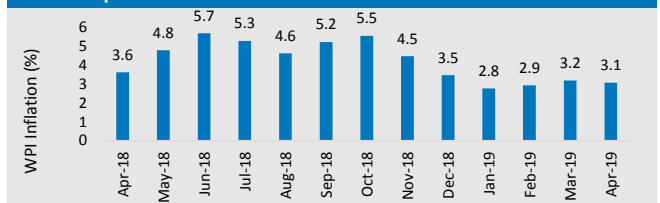
Source: Thomson Reuters Eikon

Retail inflation movement



Source: Thomson Reuters Eikon

Wholesale price inflation movement



Source: Thomson Reuters Eikon

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