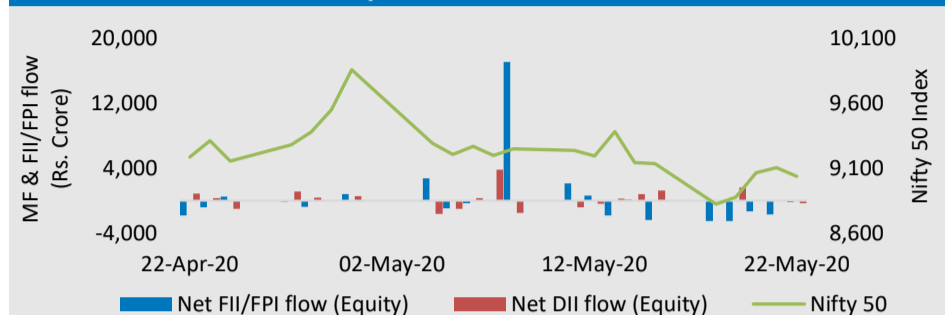


Macro Economic Release

Indicators	Actual	Consensus	Previous
CPI inflation (Mar 2020)	5.84%	5.93%	6.58%
IIP growth (Mar 2020)	-16.70%	-8.70%	4.60%
Trade Deficit (\$ billion) (Apr 2020)	6.76	7.50	9.76
Nikkei India Manufacturing PMI (Apr 2020)	27.40	41.00	51.80

Source: Refinitiv

FII and DII Investment vs Nifty 50



Source: NSDL, SEBI & NSE

Indian Equity Market Performance

Broad Indices	22-May-20	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE Sensex	30,673	-1.37	-21.57	-25.65
Nifty 50	9,039	-1.07	-22.99	-25.72
S&P BSE 100	9,159	-1.13	-22.53	-25.15
Nifty 500	7,416	-1.17	-22.74	-24.88
Nifty Mid cap 50	3,497	-3.36	-27.05	-25.62
Nifty Small cap 100	3,851	-2.14	-39.74	-34.00

Sector Indices	22-May-20	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE AUTO	13,070	0.35	-29.70	-29.29
S&P BSE Bankex	19,909	-7.72	-41.80	-45.71
S&P BSE CD	18,194	-0.68	-25.54	-27.26
S&P BSE CG	11,117	-4.74	-40.82	-34.39
S&P BSE FMCG	10,340	2.60	-11.58	-9.35
S&P BSE HC	15,518	3.25	16.76	15.56
S&P BSE IT	14,029	5.37	-7.74	-9.35
S&P BSE METAL	6,193	-2.04	-41.88	-40.61
S&P BSE Oil & Gas	11,112	-0.78	-26.93	-24.64
S&P BSE Power	1,418	-1.79	-26.24	-26.40
S&P BSE PSU	4,222	-4.03	-43.79	-39.30
S&P BSE Realty	1,281	-4.83	-38.05	-43.82
S&P BSE Teck	7,252	5.59	-3.09	-6.04

Source: BSE & NSE

Macro economic Update

- The Monetary Policy Committee (MPC) in its second off-cycle monetary policy review in less than two months lowered the key policy repo rate by 40 bps to a record low of 4.00% by a five to one vote. The MPC decided to continue with its accommodative stance on its monetary policy as long as it is necessary to mitigate the impact of the COVID-19 pandemic on the domestic economy while ensuring that retail inflation remains within its medium-term target.
- MPC decided to lower the key policy repo rate in order to ease financial conditions as it noted that the impact of the COVID-19 pandemic on the domestic economy was more severe than anticipated and as a result various sectors of the economy was reeling under acute stress. MPC expects the easing of monetary policy will help revive the domestic economic activity to some extent by facilitating the flow of funds at affordable rates.
- According to the MPC, the inflation outlook of the country moving ahead is clouded with uncertainty. MPC expects that the unusual rise in food inflation to moderate with gradual easing of restrictions on COVID-19 induced lockdowns. Also, a normal monsoon is expected to keep food inflation under control. In addition, muted global crude oil prices and lower prices of metals and other industrial raw materials will help keep the input costs of domestic firms on the downside. However, the persisting supply disruptions and volatility in financial markets may neutralize the above-mentioned aspects. Overall, MPC expects retail inflation to come down below its medium-term target in the third quarter and fourth quarter of FY21.

Domestic Equity Market Update

- Indian equity markets largely remained a drag for the week ended May 22. The stimulus measures announced by the finance minister, as a part of the government's Rs 20 trillion economic package, fell short of market expectation. Additionally, the government's decision to extend the nationwide lockdown, albeit with some relaxations, till May 31, dented sentiment.
- However, the fall was cushioned by reassurance from the finance minister statement that government is with the industry and shall do as much as possible to repair the damage when companies were going through the most stressful time. Global optimism about a potential vaccine for the coronavirus soothed nerves of the already panicked investors.
- Market participants also found some solace as the government announced the resumption of domestic airline operations from May 25, almost two months after the operations were suspended on Mar 25.
- Bourses retreated as one of the domestic ratings-agency said that modest fiscal support, lock down extension and looming labour supply mismatches suggest deeper GDP contraction of 5% in FY21.
- Markets witnessed selling pressure after the RBI Governor said that the GDP growth for FY 21 is estimated to remain in the negative territory with some pickup in growth impulses in the second half of the current fiscal onwards. He added that the inflation outlook is highly uncertain due to the outbreak of the COVID-19 pandemic and expressed concern over elevated prices of pulses.
- On the BSE sectoral front, S&P BSE Bankex was the major loser, down 7.72%, followed by S&P BSE Realty and S&P BSE Capital Goods, which slipped 4.83% and 4.74%, respectively. Majority of the rate sensitive sectors fell even after the MPC cut key policy rates in its latest policy meet held during the week. Meanwhile, S&P BSE Teck was the top gainer, up 5.59%, followed by S&P BSE IT and S&P BSE Healthcare, which rose 5.37% and 3.25%, respectively.

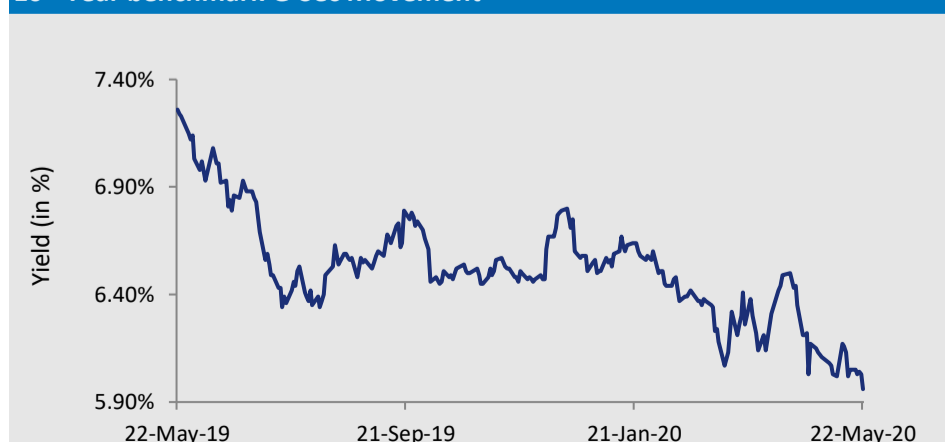
Indian Debt Market Indicators

Broad Indices	22-May-20	Week Ago	Month Ago	Year Ago
Call Rate	3.71%	3.97%	4.12%	5.94%
T-Repo	2.77%	3.00%	3.33%	5.96%
Repo	4.00%	4.40%	4.40%	6.00%
Reverse Repo	3.35%	3.75%	3.75%	5.75%
3 Month CP	4.35%	4.55%	5.20%	7.15%
1 Year CP	6.00%	6.55%	6.60%	8.20%
3 Month CD	3.49%	3.57%	5.02%	7.09%
1 Year CD	4.31%	4.60%	5.00%	7.49%

Source: CCIL, Refinitiv *As on May 15, 2020; **As on May 08, 2020; @ As on Apr 17, 2020; @@ As on May 17, 2019

Broad Indices	22-May-20	Week Ago	Month Ago	Year Ago
1 Year AAA Corporate Bond	5.49%	5.85%	5.56%	8.22%
3 Year AAA Corporate Bond	6.42%	6.59%	6.36%	8.26%
5 Year AAA Corporate Bond	6.87%	7.03%	6.86%	8.27%
1 Year G-Sec	3.55%	3.82%	3.84%	6.40%
3 Year G-Sec	4.67%	4.76%	4.73%	6.82%
5 Year G-Sec	5.43%	5.59%	5.16%	6.99%
10 Year G-Sec	5.96%	6.08%	6.22%	7.26%
Forex Reserve (\$ in billion)	487.04*	485.31**	479.57@	418.00@@

10 - Year benchmark G-Sec Movement



Source: Refinitiv

Domestic Debt Market Update

- Bond yields plunged during the week under review and plummeted to its lowest level in more than a decade after the MPC slashed key policy repo rate by 40 bps to a record low of 4.00% while sticking to its accommodative stance. Expectations that the recently announced economic package to cushion the impact of the COVID-19 pandemic would have a limited fiscal impact also boosted market sentiments. Hopes that the Reserve Bank of India will announce open market bond purchases also added to the gains.
- Yield on the existing 10-year benchmark paper (6.45% GS 2029) plunged 12 bps to close at 5.96% compared with the previous week's close of 6.08% after trading in a range of 5.88% to 6.10%. Yield thus fell to its lowest level since Jan 24, 2009.
- Yield on the upcoming new 10-year benchmark paper (5.79% GS 2030) fell 1 bps to close at 5.74% compared to the previous week's close of 5.75% after moving in a range of 5.67% to 5.81%.
- Data from Reserve Bank of India showed that India's foreign exchange reserves rose for the third straight week to a near record high of \$487.04 billion as of the week ended May 15, 2020 and against \$485.31 billion at the end of the prior week.

Global Commodity Update

Commodities	22-May-20	% Change (WoW)	% Change (YoY)	% Change (YTD)
NYMEX Crude Oil (\$/barrel)	33.19	12.39	-45.84	-45.75
Brent Crude Oil (\$/barrel)	35.06	7.61	-50.51	-46.89
Gold (\$/ounce)	1734.07	-0.40	36.18	14.31
Silver (\$/ounce)	17.18	3.37	18.93	-3.65

Source: Refinitiv

Currencies Update

Currency	22-May-20	Week Ago	Year Ago
U.S. Dollar	75.94	75.82	69.64
GBP	92.43	91.77	88.17
Euro	82.77	82.00	77.66
100 Yen	70.54	70.82	63.10

Source: Refinitiv

Global Equity Market Performance

Country/Region	Indices	22-May-20	% Change (WoW)	% Change (YoY)	% Change (YTD)
U.S.	Russell 1000	1,632.46	3.49	3.20	-8.51
U.K.	FTSE	5,993	3.34	-18.28	-20.54
France	CAC 40	4,445	3.90	-17.37	-25.65
Germany	DAX	11,074	5.82	-9.00	-16.42
Japan	Nikkei 225	20,388	1.75	-4.21	-13.82
China	Shanghai Composite	2,814	-1.91	-2.70	-7.75
Hong Kong	Hang Seng	22,930	-3.64	-17.24	-18.66
Singapore	Straits Times	2,500	-0.94	-21.47	-22.43
Russia	RTS Index	1,188	7.31	-8.07	-23.27
Brazil	Sao Paulo Se Bovespa	82,173	5.95	-12.92	-28.94

Source: Refinitiv

Global Bond Yield Update

Indicators	22-May-20	Week ago	Month ago	Year ago
U.S. 10 Year Bond yield (%)	0.66	0.64	0.62	2.39
U.K. 10 Year Bond yield (%)	0.17	0.23	0.33	1.02
German 10 Year Bond yield (%)	-0.49	-0.53	-0.42	-0.08
Japan 10 Year Bond yield (%)	-0.01	0.00	-0.01	-0.04

Source: Refinitiv

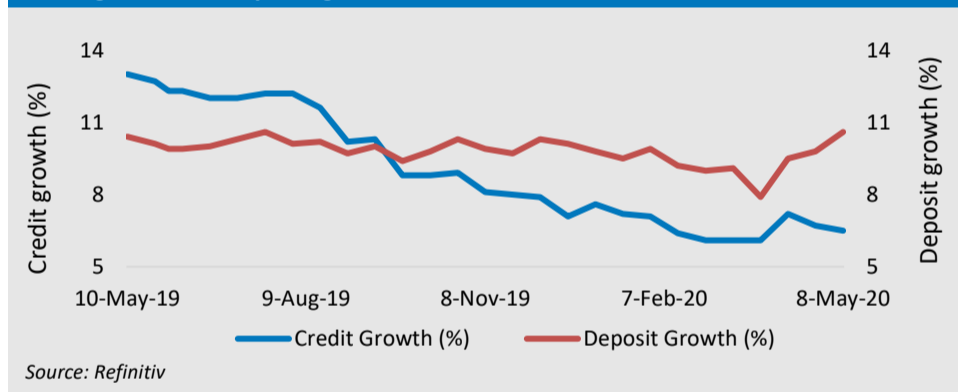
Global Economic Calendar

Economic Events	Release date	Actual	Consensus	Previous
Japan GDP Growth Annualized Prel Q1	18-May	-3.4%	-4.6%	-7.3%
U.S. Housing Starts (MoM) (Apr)	19-May	0.891 M	0.927 M	1.276 M
U.K. Consumer Price Index (MoM) (Apr)	20-May	-0.2%	-0.1%	0.0%
U.K. Retail Sales (YoY) (Apr)	22-May	-22.6%	-22.2%	-5.8%

Source: FX Street; Refinitiv

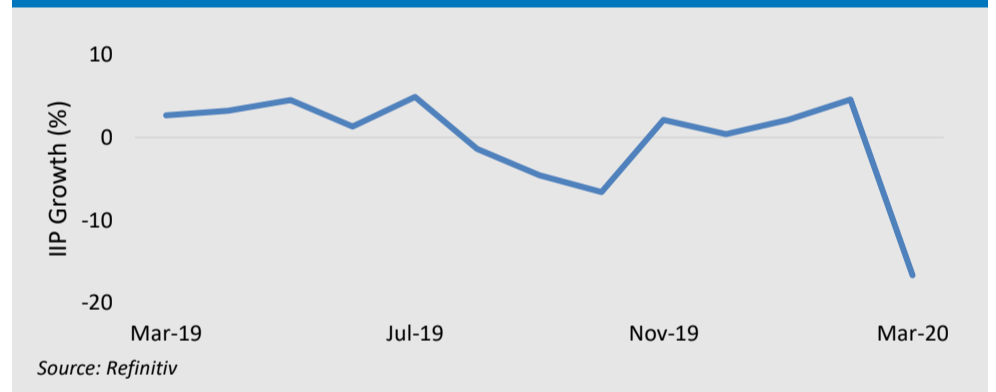
Macro Economic Performance of India

Credit growth vs Deposit growth



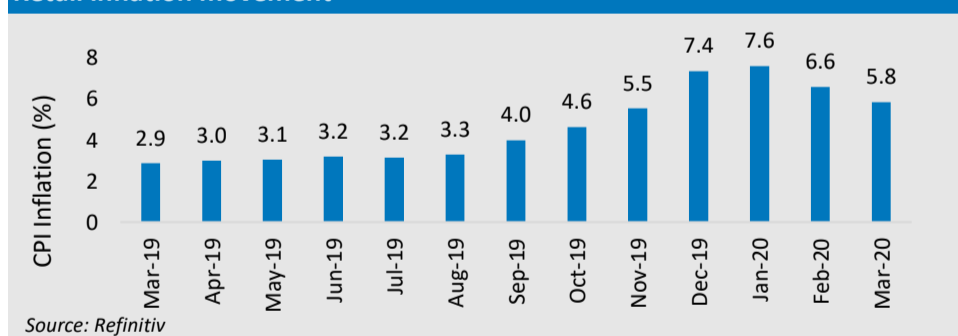
Source: Refinitiv

IIP Growth (%)



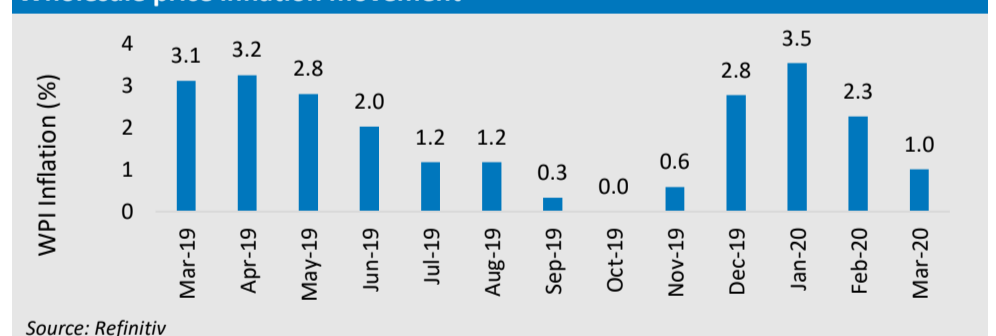
Source: Refinitiv

Retail inflation movement



Source: Refinitiv

Wholesale price inflation movement



Source: Refinitiv

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