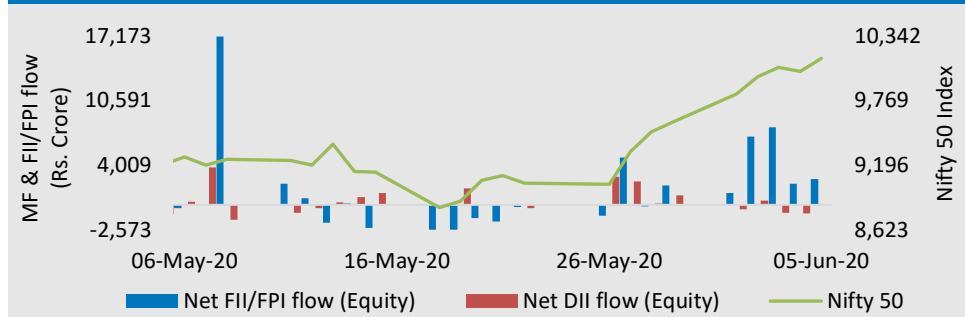


## Macro Economic Release

Indicators	Actual	Consensus	Previous
Trade Deficit (\$ billion) (Apr 2020)	6.76	7.50	9.76
CPI inflation (Mar 2020)	5.84%	5.93%	6.58%
IIP growth (Mar 2020)	-16.70%	-8.70%	4.60%
Nikkei India Manufacturing PMI (May 20)	30.80	38.00	27.40

Source: Refinitiv

## FII and DII Investment vs Nifty 50



Source: NSDL, SEBI &amp; NSE

## Indian Equity Market Performance

Broad Indices	05-Jun-20	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE Sensex	34,287	5.75	-14.46	-16.89
Nifty 50	10,142	5.86	-15.63	-16.65
S&P BSE 100	10,252	5.71	-15.59	-16.22
Nifty 500	8,299	6.10	-15.97	-15.94
Nifty Mid cap 50	3,946	6.27	-21.25	-16.05
Nifty Small cap 100	4,423	10.50	-32.53	-24.19

Sector Indices	05-Jun-20	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE AUTO	15,010	6.50	-19.92	-18.80
S&P BSE Bankex	24,078	8.77	-32.14	-34.34
S&P BSE CD	20,868	10.03	-16.94	-16.56
S&P BSE CG	12,904	4.62	-35.79	-23.84
S&P BSE FMCG	11,035	1.26	-5.02	-3.25
S&P BSE HC	16,159	3.27	21.56	20.33
S&P BSE IT	14,573	3.59	-7.27	-5.84
S&P BSE METAL	7,436	9.27	-32.26	-28.69
S&P BSE Oil & Gas	12,536	5.91	-20.37	-14.98
S&P BSE Power	1,569	5.91	-22.33	-18.54
S&P BSE PSU	4,890	8.70	-37.92	-29.70
S&P BSE Realty	1,568	11.12	-29.19	-31.23
S&P BSE Teck	7,543	4.43	-2.56	-2.27

Source: BSE &amp; NSE

## Macro economic Update

- Survey by the IHS Markit showed, India's Services Business Activity Index rose to 12.6 in May 2020 from 5.4 in Apr 2020. Output plunged due to extended business shutdowns and very weak demand conditions. Also there was substantial decline in new work intakes by Indian service providers.
- IHS Markit survey showed, India's manufacturing Purchasing Managers's Index (PMI) rose to 30.8 in May 2020 from 27.4 in Apr 2020. Amid the ongoing coronavirus lockdown, Indian manufacturers recorded another sharp deterioration in business conditions. Weaker demand drove output lower following record decline in Apr 2020. Consequently, firms cut staff numbers at the quickest pace since data collection began over 15 years ago.
- Global rating agency, Moody's Investors Service downgraded India's local-currency senior unsecured rating from Baa2 to BAA3 and maintained the negative outlook. Also lowered India's short-term local-currency rating from P-2 from P-3 with negative outlook. The rationale for downgrade reflects Moody's view that the country's policymaking institutions will be challenged in enacting and implementing policies which effectively mitigate the risks of a sustained period.
- As per the data released by the Centre for Monitoring Indian Economy (CMIE), India's unemployment rate increased to 23.48% in May 2020, slightly lower than 23.52% in Apr 2020, reflecting the impact of covid-19.

## Domestic Equity Market Update

- Indian equity markets ended the week in the green. Investors took positive cues from government's announcement to ease lockdown in phased manner across the country after almost two months of strict measures. The government is adopting step-by-step approach to restore normalcy while businesses focus on exit strategies and revive growth.
- Market participants even shrugged off the downgrade of the long-term sovereign rating by a global rating agency. Buying interest found support from positive global cues and reassurance by Prime Minister that India will return to growth.
- Investor sentiments were buoyed by reports that a major state-owned lender posted net profit for the March quarter of FY20.
- However, gains were restricted as banking sector witnessed intermittent weakness after the Supreme Court asked the finance ministry to clarify its stand on whether interest rate could be waived for the moratorium period. The RBI opined that such interest waive may jeopardise the financial stability and health of the banking sector.
- On the BSE sectoral front, almost all the sectors closed in the green. S&P BSE Realty was the major gainer, up 11.12%, followed by S&P BSE Consumer Durables and S&P BSE Metal, which rose 10.03% and 9.27%, respectively.
- The sectors rose on the likelihood of increase in profitability of the firms in the second half of the current fiscal. Consumer sector rose on hopes of a favourable monsoon. In the metal sector, the lockdown impacted business in the last few months, but production volumes of many steel companies have started to inch up.

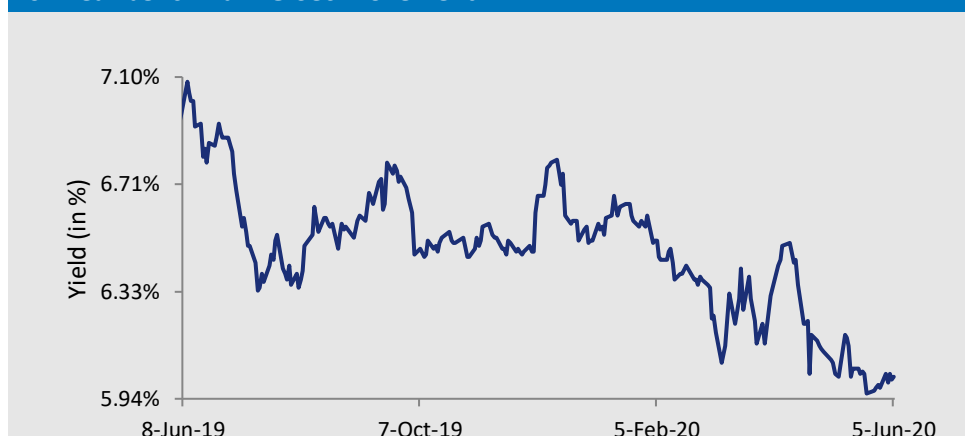
## Indian Debt Market Indicators

Broad Indices	05-Jun-20	Week Ago	Month Ago	6 Months Ago	Year Ago
Call Rate	3.64%	3.62%	3.95%	5.03%	5.87%
T-Repo	3.14%	3.14%	3.27%	4.76%	5.79%
Repo	4.00%	4.00%	4.40%	5.15%	6.00%
Reverse Repo	3.35%	3.35%	3.75%	4.90%	5.75%
3 Month CP	4.30%	4.35%	5.55%	5.50%	6.75%
1 Year CP	5.75%	5.70%	6.90%	6.70%	7.80%
3 Month CD	3.52%	3.76%	4.58%	5.30%	6.43%
1 Year CD	4.03%	3.99%	4.81%	5.82%	7.16%

Source: CCIL, Refinitiv \* As on May 29, 2020; \*\* As on May 22, 2020; @ As on May 01, 2020; @@ As on Nov 29, 2019; @@@ As on May 31, 2019

Broad Indices	05-Jun-20	Week Ago	Month Ago	6 Months Ago	Year Ago
1 Year AAA Corporate Bond	6.00%	5.62%	5.85%	6.81%	7.86%
3 Year AAA Corporate Bond	6.43%	6.34%	6.72%	7.27%	7.98%
5 Year AAA Corporate Bond	6.87%	6.86%	6.98%	7.57%	8.01%
1 Year G-Sec	3.79%	3.62%	3.88%	5.58%	6.23%
3 Year G-Sec	4.57%	4.58%	4.66%	6.20%	6.67%
5 Year G-Sec	5.44%	5.43%	5.64%	6.32%	6.88%
10 Year G-Sec	5.82%	6.01%	6.07%	6.61%	7.02%
Forex Reserve (\$ in billion)	493.48*	490.04**	481.08@	451.08@@	421.87@@@

## 10 - Year benchmark G-Sec Movement



Source: Refinitiv

## Domestic Debt Market Update

- Bond yields rose during the week under review as the Reserve Bank of India did not announce any open market operations which weighed on the market sentiment. Worries over another round of additional borrowing in the second half of the fiscal by the Indian government and fears that other two credit rating agencies may downgrade India's credit rating also contributed to the downside.
- Yield on the new 10-year benchmark paper (5.79% GS 2030) rose 4 bps to close at 5.82% compared to the previous week's close of 5.78% after moving in a range of 5.79% to 5.88%.
- Yield on the old 10-year benchmark paper (6.45% GS 2029) inched up 1 bps to close at 6.02% compared to the previous week's close of 6.01% after trading in a range of 6.00% to 6.09%.
- Data from Reserve Bank of India showed that India's foreign exchange reserves rose for the fifth straight week to hit a fresh record high of \$493.48 billion as of the week ended May 29, 2020 from \$490.04 billion at the end of the previous week.
- According to media reports the second tranche of Bharat Bond ETF will be launched in Jul 2020.

## Global Commodity Update

Commodities	05-Jun-20	% Change (WoW)	% Change (YoY)	% Change (YTD)
NYMEX Crude Oil (\$/barrel)	38.80	10.23	-24.92	-36.58
Brent Crude Oil (\$/barrel)	41.90	18.83	-30.80	-36.53
Gold (\$/ounce)	1,685.23	-2.38	26.73	11.09
Silver (\$/ounce)	17.37	-2.63	17.38	-2.58

Source: Refinitiv

## Currencies Update

Currency	05-Jun-20	Week Ago	Month ago	6 Months Ago	Year Ago
U.S. Dollar	75.56	75.59	75.69	71.23	69.37
GBP	95.68	93.31	94.11	93.70	87.99
Euro	85.26	83.89	82.01	79.09	77.83
100 Yen	68.94	70.10	70.99	65.48	63.95

Source: Refinitiv

## Global Equity Market Performance

Country/Region	Indices	05-Jun-20	% Change (WoW)	% Change (YoY)	% Change (YTD)
U.S.	Russell 1000	1,767.94	5.06	12.89	-0.91
U.K.	FTSE	6,484	6.71	-10.19	-14.03
France	CAC 40	5,198	10.70	-1.78	-13.05
Germany	DAX	12,848	10.88	7.24	-3.03
Japan	Nikkei 225	22,864	4.51	10.05	-3.35
China	Shanghai Composite	2,931	2.75	2.42	-3.91
Hong Kong	Hang Seng	24,770	7.88	-7.90	-12.13
Singapore	Straits Times	2,752	9.59	-12.44	-14.62
Russia	RTS Index	1,286	5.41	-1.35	-16.99
Brazil	Sao Paulo Se Bovespa	94,637	8.28	-1.42	-18.17

Source: Refinitiv

## Global Bond Yield Update

Indicators	05-Jun-20	Week ago	Month ago	6 Months Ago	Year ago
U.S. 10 Year Bond yield (%)	0.91	0.64	0.66	1.80	2.12
U.K. 10 Year Bond yield (%)	0.36	0.18	0.21	0.78	0.87
German 10 Year Bond yield (%)	-0.27	-0.45	-0.58	-0.29	-0.22
Japan 10 Year Bond yield (%)	0.04	0.00	-0.02	-0.04	-0.13

Source: Refinitiv

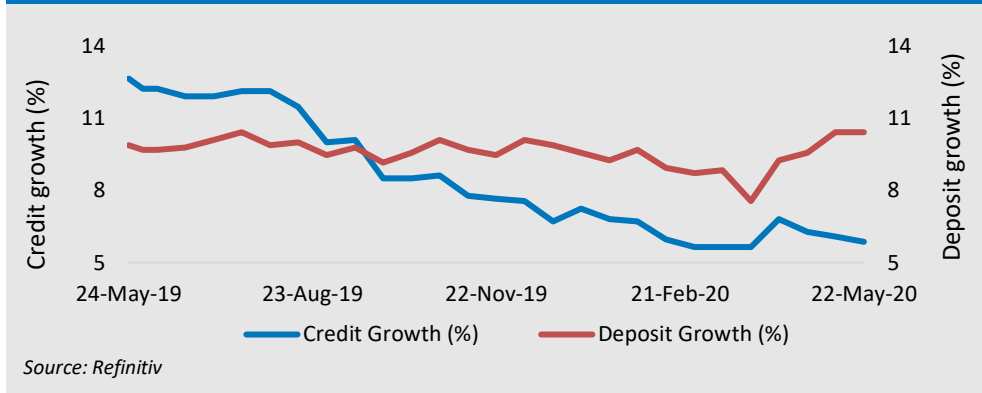
## Global Economic Calendar

Economic Events	Release date	Actual	Consensus	Previous
U.S. ISM Manufacturing PMI (May)	1-Jun	43.10	43.60	41.50
U.K. Mortgage Approvals (Apr)	2-Jun	15.8K	23.8K	56.1K
Eurozone Unemployment Rate (Apr)	3-Jun	7.30%	8.20%	7.10%
U.S. Nonfarm Payrolls (May)	5-Jun	2509K	-8000K	-20687K

Source: FX Street; Refinitiv

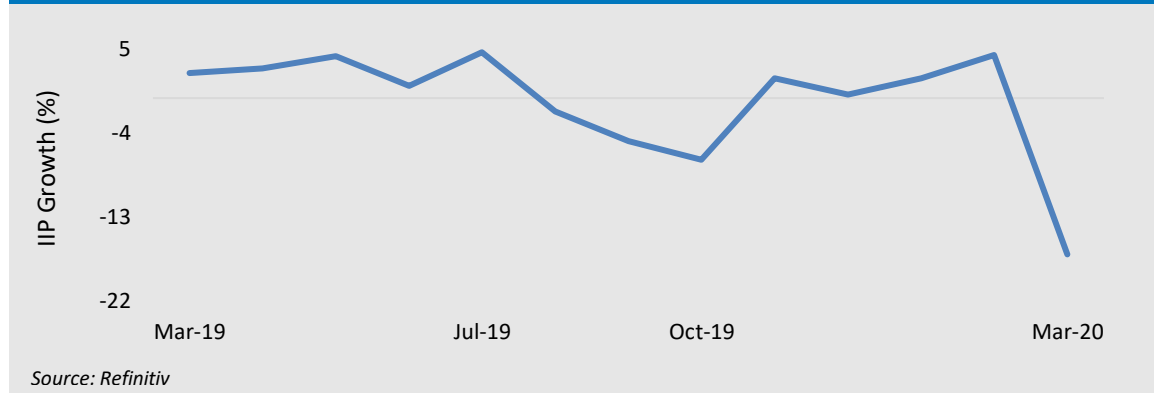
## Macro Economic Performance of India

### Credit growth vs Deposit growth



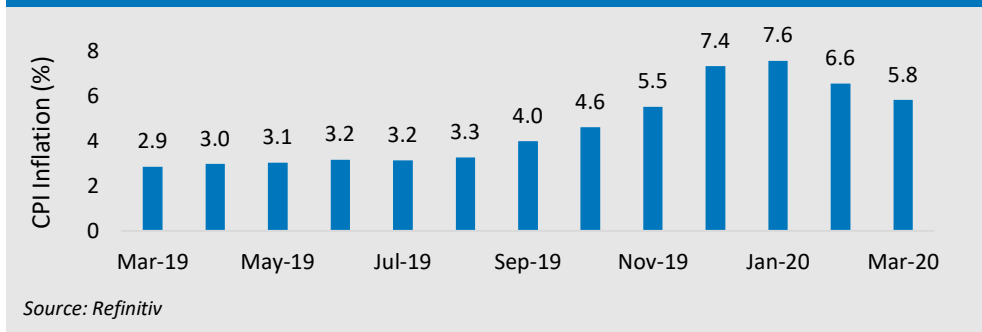
Source: Refinitiv

### IIP Growth (%)



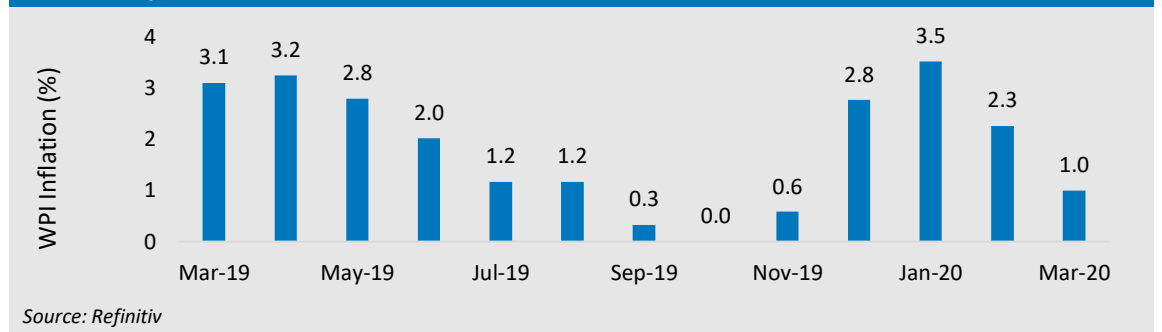
Source: Refinitiv

### Retail inflation movement



Source: Refinitiv

### Wholesale price inflation movement



Source: Refinitiv

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