

Weekly Market Update

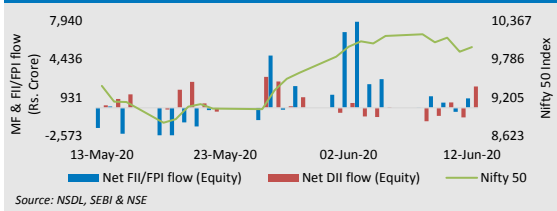
12 June, 2020

Macro Economic Release

Indicators	Actual	Consensus	Previous
IIP growth (Apr 2020) (%)	-55.5%	-44.9%	-18.3%
Trade Deficit (\$ billion) (Apr 2020)	6.76	7.50	9.76
CPI inflation (Mar 2020)	5.84%	5.93%	6.58%
Nikkei India Manufacturing PMI (May 2020)	30.80	38.00	27.40

Source: Refinitiv

FI and DII Investment vs Nifty 50



Indian Equity Market Performance

Broad Indices	12-Jun-20	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE Sensex	33,781	-1.48	-15.03	-18.11
Nifty 50	9,973	-1.67	-16.24	-18.04
S&P BSE 100	10,096	-1.52	-15.96	-17.49
Nifty 500	8,196	-1.24	-15.93	-16.98
Nifty Mid cap 50	4,020	1.86	-18.26	-14.49
Nifty Small cap 100	4,394	-0.67	-31.24	-24.70

Sector Indices	12-Jun-20	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE AUTO	14,850	-1.07	-19.24	-19.67
S&P BSE Bankex	23,499	-2.41	-32.44	-35.92
S&P BSE CD	20,446	-2.03	-19.37	-18.26
S&P BSE CG	12,585	-2.47	-35.33	-25.72
S&P BSE FMCG	10,887	-1.34	-6.58	-4.55
S&P BSE HC	16,130	-0.18	23.65	20.11
S&P BSE IT	14,372	-1.38	-10.63	-7.13
S&P BSE METAL	7,118	-4.27	-35.42	-31.74
S&P BSE Oil & Gas	12,530	-0.05	-17.29	-15.02
S&P BSE Power	1,544	-1.58	-22.52	-19.83
S&P BSE PSU	4,798	-1.87	-37.33	-31.02
S&P BSE Realty	1,587	1.17	-25.32	-30.42
S&P BSE Teck	7,363	-2.38	-6.80	-4.59

Source: BSE & NSE

Macro economic Update

- India's Index of industrial production (IIP) plunged 55.5% YoY in Apr 2020, record low since ever. Manufacturing sector, which accounts for 78% cent of the IIP, fell 64.26% and mining and electricity sector fell 27.37% and 22.59%, respectively, in Apr 2020. However, as stated by Ministry of Statistics & Programme Implementation, in the view of nation-wide lockdown by the government to contain spread of coronavirus pandemic during the month majority of the industrial sector establishments were not operating from the end of Mar 2020 onwards. Thus, it is not appropriate to compare the IIP of Apr 2020 with earlier months.
- Government data showed that the consumer food price index (CFPI) for the month of May 2020 for Rural, Urban and Combined sector are 9.69%, 8.36% and 9.28%, respectively. This is the second consecutive month that the government did not release the overall retail inflation data owing to the nationwide lockdown to reduce the spread of the novel coronavirus.
- The Reserve Bank of India (RBI) will conduct a "switch auction" on 15th Jun 2020, where the central bank will attempt to replace sovereign bonds worth Rs. 27,000 crore maturing in next two financial years with that of longer dated ones. This will help government to manage market borrowing programme extending near term repayments amid an economic crisis.

Domestic Equity Market Update

- Indian equity markets settled in losses in the week under review. Initial cheers following government's move to open places of worship, malls and restaurants waned as concerns over rising coronavirus cases rekindled. During the week, Delhi Deputy Chief Minister said that the total number of covid-19 cases in the Delhi may rise to over 550,000 by end of Jul.
- Sentiments also dampened as World Bank projected India's economy to contract 3.2% in FY 2021 due to stringent measures to restrict spread of covid-19, which brought all business activities to a grinding halt.
- The benchmark indices slumped as the dismal economic outlook from the U.S. Federal Reserve's latest policy meeting triggered sell-off. The U.S. central bank projected a 6.5% decline in the nation's Gross Domestic Product (GDP) in 2020 and a 9.3% unemployment rate at the year's end.
- On the BSE sectoral front, barring S&P BSE Realty, all the indices closed in the red. S&P BSE Metal was the major loser, down 4.27%, followed by S&P BSE Capital Goods and S&P BSE Bankex, which slumped 2.47% and 2.41%, respectively.
- Metal sector remained weak amid concerns over probable demand slowdown, logistic constraints and labour shortage resulting from the ongoing pandemic. Such constraints are likely to take a toll on the margins of the steel manufacturers.

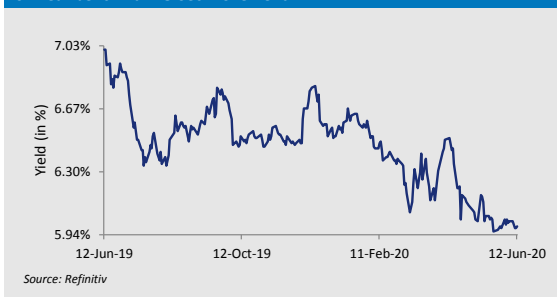
Indian Debt Market Indicators

Broad Indices	12-Jun-20	Week Ago	Month Ago	6 Months Ago	Year Ago
Call Rate	3.54%	3.64%	3.79%	4.95%	5.69%
T-Repo	2.99%	3.14%	2.60%	4.58%	5.60%
Repo	4.00%	4.00%	4.40%	5.15%	5.75%
Reverse Repo	3.35%	3.35%	3.75%	4.90%	5.50%
3 Month CP	4.25%	4.30%	5.35%	5.35%	6.65%
1 Year CP	5.60%	5.75%	6.85%	6.65%	7.95%
3 Month CD	3.41%	3.52%	4.15%	5.06%	6.44%
1 Year CD	4.33%	4.03%	4.53%	5.94%	7.32%

Source: CCLIL, Refinitiv * As on Jun 05, 2020; ** As on May 29, 2020; @ As on May 08, 2020; @@ As on Dec 06, 2019; @@@ As on Jun 07, 2019

Broad Indices	12-Jun-20	Week Ago	Month Ago	6 Months Ago	Year Ago
1 Year AAA Corporate Bond	5.72%	6.00%	5.95%	6.91%	7.89%
3 Year AAA Corporate Bond	6.35%	6.43%	6.60%	7.49%	7.98%
5 Year AAA Corporate Bond	6.80%	6.87%	7.04%	7.79%	8.04%
1 Year G-Sec	3.79%	3.79%	3.90%	5.59%	6.14%
3 Year G-Sec	4.56%	4.57%	4.78%	6.37%	6.61%
5 Year G-Sec	5.42%	5.44%	5.65%	6.57%	6.80%
10 Year G-Sec	5.80%	5.82%	6.16%	6.77%	7.01%
Forex Reserve (\$ in billion)	501.7*	493.48**	485.31@	453.42@@	423.55@@@

10 - Year benchmark G-Sec Movement



Domestic Debt Market Update

- Bond yields fell during the week under review on expectations that the Reserve Bank of India (RBI) would announce open market purchase of government securities to absorb the excess supply of sovereign debt in the market. However, absence of any announcement from RBI to manage the excess supply of sovereign debt and profit booking to some extent capped the gains.
- Yield on the new 10-year benchmark paper (5.79% GS 2030) fell 2 bps to close at 5.80% from the previous week's close of 5.82% after moving in a range of 5.76% to 5.86%.
- Yield on the old 10-year benchmark paper (6.45% GS 2029) fell 3 bps to close at 5.99% from the previous week's close of 6.02% after trading in a range of 5.95% to 6.05%.
- Data from RBI showed that India's foreign exchange reserves rose for the sixth straight week to hit a fresh record high of \$501.70 billion as of the week ended Jun 5, 2020 from \$493.48 billion at the end of the prior week.
- Data from RBI showed that reserve money increased at an annualised rate of 13.2% in the week to Jun 5, 2020, compared with an increase of 13.7% in the same period of the previous year. The currency in circulation rose 18.9% in the week to Jun 5, 2020 compared with an increase of 13.9% in the same period of the previous year.

[1] Data as on 11 Jun, 2020

Global Commodity Update

Commodities	12-Jun-20	% Change (WoW)	% Change (YoY)	% Change (YTD)
NYMEX Crude Oil (\$/barrel)	36.47	-6.01	-28.59	-40.39
Brent Crude Oil (\$/barrel)	38.81	-7.37	-35.07	-41.21
Gold (\$/ounce)	1,729.77	2.64	29.75	14.02
Silver (\$/ounce)	17.44	0.40	18.36	-2.19

Source: Refinitiv

Currencies Update

Currency	12-Jun-20	Week Ago	Month ago	6 Months Ago	Year Ago
U.S. Dollar	76.03	75.56	75.03	70.56	69.37
GBP	95.34	95.68	91.98	92.87	88.00
Euro	85.56	85.26	81.38	78.52	78.30
100 Yen	70.81	68.94	70.02	64.54	63.92

Source: Refinitiv

Global Equity Market Performance

Country/Region	Indices	12-Jun-20	% Change (WoW)	% Change (YoY)	% Change (YTD)
U.S.	Russell 1000	1,682.92	-4.81	5.52	-5.68
U.K.	FTSE	6,105	-5.85	-17.13	-19.06
France	CAC 40	4,839	-6.90	-9.97	-19.05
Germany	DAX	11,949	-6.99	-1.37	-9.81
Japan	Nikkei 225	22,305	-2.44	5.56	-5.71
China	Shanghai Composite	2,920	-0.38	0.36	-4.27
Hong Kong	Hang Seng	24,301	-1.89	-11.01	-13.79
Singapore	Straits Times	2,685	-2.43	-16.31	-16.70
Russia ^[1]	RTS Index	1,238	-3.71	-7.83	-20.07
Brazil	Sao Paulo Se Bovespa	92,795	-1.95	-5.62	-19.76

Source: Refinitiv

Global Bond Yield Update

Indicators	12-Jun-20	Week ago	Month ago	6 Months Ago	Year ago
U.S. 10 Year Bond yield (%)	0.70	0.91	0.68	1.90	2.13
U.K. 10 Year Bond yield (%)	0.21	0.36	0.25	0.82	0.87
German 10 Year Bond yield (%)	-0.45	-0.27	-0.51	-0.27	-0.24
Japan 10 Year Bond yield (%)	0.02	0.04	0.00	-0.02	-0.11

Source: Refinitiv

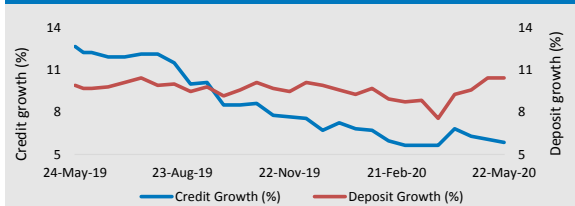
Global Economic Calendar

Economic Events	Release date	Actual	Consensus	Previous
Eurozone GDP (YoY)(Q1)	9-Jun	-3.10%	-3.20%	-3.20%
U.S. Federal Reserve Rate Decision	10-Jun	0.25%	0.25%	0.25%
U.S. Initial Jobless Claims (Jun 5)	11-Jun	1542 K	--	1897 K
U.K. GDP (MoM)(Apr)	12-Jun	-20.40%	-18.40%	-5.80%

Source: FX Street; Refinitiv

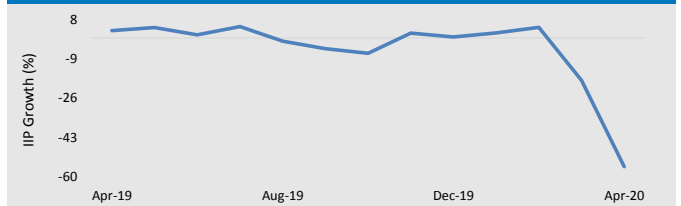
Macro Economic Performance of India

Credit growth vs Deposit growth



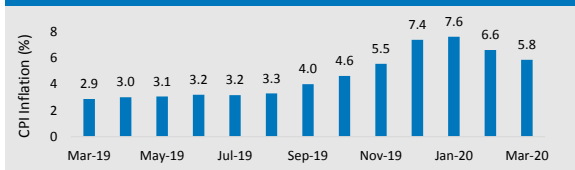
Source: Refinitiv

IIP Growth (%)



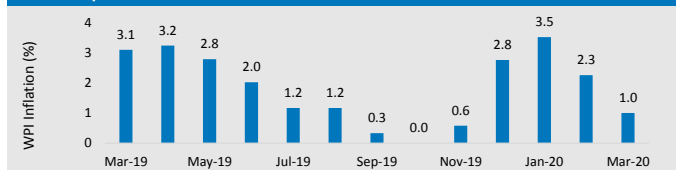
Source: Refinitiv

Retail inflation movement



Source: Refinitiv

Wholesale price inflation movement



Source: Refinitiv

[1] Data as on 11 Jun, 2020

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