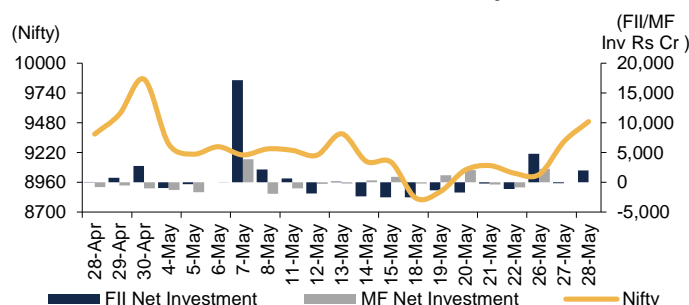


Indian equity benchmark indices' returns

Broad Indices	May 29	% chg week	% chg 3 Mon	% chg Year
S&P BSE Sensex	32,424	5.71	-15.34	-17.92
Nifty 50	9,580	5.99	-14.47	-19.23
Nifty 500	7,822	5.48	-15.31	-19.83
S&P BSE 100	9,698	5.88	-14.12	-19.04
S&P BSE Midcap	11,843	5.09	-18.88	-21.05
S&P BSE Smallcap	10,893	3.50	-20.54	-27.06

FII and mutual fund investment vs. Nifty



Sectoral Indices	May 29	% chg week	% chg 3 Mon	% chg Year
S&P BSE Bankex	22,136	11.18	-33.76	-37.09
S&P BSE CG	12,334	10.95	-19.90	-38.05
S&P BSE Realty Index	1,411	10.17	-33.54	-36.07
S&P BSE Metal	6,805	9.89	-17.42	-37.65
S&P BSE Auto	14,095	7.84	-9.47	-24.58
S&P BSE Oil & Gas	11,836	6.51	-6.21	-23.49
S&P BSE FMCG	10,898	5.40	-0.60	-6.29
S&P BSE Power	1,482	4.50	-13.70	-26.07
S&P BSE CD	18,967	4.25	-27.47	-22.94
S&P BSE Healthcare	15,646	0.83	16.07	17.53
S&P BSE IT	14,067	0.27	-6.14	-8.96

Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

Indicators	May 29	Previous Week	1 month ago
Call Rate	2.90%	4.50%	3.55%
10 Yr G-Sec*\$	6.01%	5.95%	6.12%

*6.45% 2029 paper \$Weighted Average Yield

Currencies vs INR

Currency	May 29	Week ago	3 months ago	1 year ago
USD	75.61	75.96	72.17	69.83
GBP	93.05	92.49	92.96	88.28
Euro	83.91	82.84	79.49	77.90
Yen*	70.54	70.67	66.38	63.93

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- Indian equity indices ended the week on an encouraging note. S&P BSE Sensex and Nifty 50 surged nearly 6% each.
- Market was mainly bolstered by positive global cues including reports of a massive Covid-19 recovery economic package to be announced by the European Commission and optimism regarding gradual opening of business activities globally.
- Strong buying in banking, capital goods, realty and metal counters brought in more gains into the market. S&P BSE Bankex, S&P BSE Capital Goods jumped around 11% each, while S&P BSE Realty and S&P BSE Metal rose about 10% each.
- Shares of Eicher Motors emerged the top gainer on the Nifty 50 on news that the company was mulling splitting its stock to enhance liquidity. The price settled at Rs 16548 per share, up 19% on week.
- However, some gains were cut short on worries surrounding rapid rise in coronavirus cases in the country.
- Caution ahead of the release of domestic quarterly gross domestic product (GDP) numbers also weighed on the market to a certain extent.
- Shares of Bharti Airtel emerged the biggest laggard on the Nifty 50, declining 7% on week to settle at Rs 553 per share, in part due to parent company Bharti Telecom's move to raise \$1 billion by selling shares in the mobile phone operator through a block deal.

2. Debt

- Government bond prices ended lower. The yield of the 10 year benchmark 6.45% 2029 paper settled at 6.01% on May 29 as against 5.96% on May 22.
- Absence of strong triggers kept bond prices range-bound through most of the week.
- Sporadic profit sales and supply pressure from the state development bond and weekly gilt sales pulled prices down slightly.
- In the state development bond auction, states raised a total notified Rs 18,200 crore via sale of dated securities.
- Expectation of more open market bond purchases by the banking regulator provided gilts some support.

3. Forex

- The rupee began the week on a bright note – risk appetite improved as some global economies reported that they were easing lockdown restrictions.
- Weakness in the Chinese yuan amid fears of escalation in Sino-US tensions put the rupee under some pressure mid-week.
- Anticipation of dollar inflows into the local financial market provided the rupee some support in the final session.

International equity benchmark indices' returns

Indices	May 29	% chg week	% chg 3 mon	% chg Year
DJIA*	25,401	3.82	-0.03	1.09
Nasdaq Composite*	9,369	0.48	9.36	24.14
FTSE 100*	6,219	3.76	-5.50	-13.45
Nikkei 225	21,878	7.31	3.48	4.16
Straits Times	2,511	0.44	-16.62	-20.63
Hang Seng	22,961	0.14	-12.13	-15.69
Shanghai Comp	2,852	1.37	-0.97	-2.14

*As of May 28

International debt market indicators

Indicators	May 29	May 22
US 10-Year*	0.71	0.66
UK 10-Year*	0.20	0.17
German 10-Year*	-0.42	-0.49
Japan 10-Year	0.00	-0.01
3-M USD Libor*	0.35%	0.37%
6-M USD Libor*	0.52%	0.57%
1-Y USD Libor*	0.68%	0.68%

*As of May 28

Commodities

Commodity	May 29	% chg week	% chg 3 mon	% chg Year
Brent Crude Oil (\$ per barrel)*	35.29	0.46	-30.15	-49.19
Gold (\$ per troy ounce)*	1717.35	-0.93	6.68	34.00
Silver (\$ per ounce)*	17.34	2.00	0.90	20.63
Indian gold (Rs per 10 gm)	46405.00	-0.03	9.57	46.59
Indian Silver (Rs per Kg)	48925.00	2.51	7.51	35.46

*As of May 28

Source: Respective commodity exchanges, LBMA, MCX

B. International

1. Equity

- Global equities ended in the green following removal of Covid-19 induced lockdown restrictions across many countries.
- US stocks advanced on reports of gradual removal of lockdown restrictions related to Covid-19 across various countries.
- Some gains were trimmed due to a fall in shares of Twitter and Facebook, and on caution ahead of US President Donald Trump's news conference on China.
- US new home sales increased 0.6% to a seasonally adjusted annual rate of 623,000 in April; March's sales pace was revised down to 619,000 units.
- US consumer confidence index edged up to a reading of 86.6 in May from a downwardly revised 85.7 in April.
- US GDP fell at an annual rate of 5% in the first quarter of 2020 compared to 2.1% growth in the previous quarter.
- US durable goods orders plunged by 17.2% in April following a revised 16.6% nosedive in March.
- Britain's FTSE rose nearly 4% on hopes of economic recovery post gradual reopening of the economy and gains in auto and construction stocks.
- Further rally was prevented due to US-China trade tensions and China's proposal to impose a security law on Hong Kong.
- UK retail sales volume declined 18.1% on a monthly basis in April, the biggest monthly fall on record; sales volume fell 5.2% in March.
- Asian equities too posted positive performance. Japan's Nikkei index surged 7.3% after the country's government decided to lift the nationwide Covid-19 induced emergency controls.
- A rally in the financial stocks and hopes of quick economic recovery buoyed the benchmark further.
- Hong Kong's Hang Seng index ended slightly higher as earlier gains on hopes of additional stimulus measures to revive the global economy and gradual re-opening of the business activities in major countries were set off by a standoff between US and China over a proposed new Hong Kong security law.
- China's Shanghai Composite rose 1.4% on hopes that further measures would be announced to support the world's second-largest economy.

2. Commodity

- Crude oil prices extended gains this week in response to the signs of continued production cuts and pickup in the demand.
- Indian gold declined in this week tracking weak global cues including sluggish demand from local jewelers.
- Indian silver prices rose this week on optimism that gradual opening of business globally would revive the demand for industry metals and silver coins.

• News summary

1. Domestic

- India's GDP expanded at a slower annual pace of 3.1% in the March quarter compared to a revised 4.1% growth in the December quarter. Growth for FY2020 stood at 4.2% compared to 6.1% growth in 2018-19.
- India ended the financial year 2020 with a fiscal deficit of 4.59% of gross domestic product, higher than the revised estimate of 3.8%, according to data from the Controller General of Accounts.
- India's core sector growth shrunk by 38.12% in April 2020, compared to 9.0% contraction in the previous month.
- According to Department for Promotion of Industry and Internal Trade (DPIIT) data, foreign direct investments (FDI) in 2019-20 rose by 14% to a record \$49.8 bn.
- Fitch Ratings expects India's GDP to decline 5% in current fiscal as against an earlier forecast of growth of 0.8%, in view of Covid-19.
- CRISIL says it will really be a long road to recovery and going back to the pre-Covid-19 gross domestic product (GDP) rate in India will not be possible for the next three fiscals; projects the Indian economy to contract 5% in fiscal 2021.
- S&P Global Ratings expects the Indian economy to register de-growth of 5% during current fiscal.
- Finance Minister Nirmala Sitharaman unveiled the facility for instant allotment of PAN card using Aadhaar-based e-KYC.
- Government to launch the second tranche of Bharat Bond ETF in July, aiming to raise Rs 14000 cr.
- Government notified the simplified version of Form 26AS, containing details of tax collected or deducted at source which will now include information belonging to property and share transactions.
- RBI said 7.75% Savings (Taxable) bonds, 2018 will not be available for investment from May 29, 2020.

2. International

- US gross domestic product (GDP) fell at an annual rate of 5% in the first quarter of 2020 compared to 2.1% growth in the previous quarter.
- US pending home sales index plummeted by 21.8% to 69.0 in April after tumbling by 20.8% to 88.2 in March, while new home sales increased 0.6% to a seasonally adjusted annual rate of 623,000 in April; March's sales pace was revised down to 619,000 units.
- European Central Bank meeting minutes show that the bank is "fully prepared" to provide even more stimulus as soon as June to support an economy that may shrink by a tenth this year due to the COVID-19 pandemic.

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Week ahead

Day	Events
Monday, June 1, 2020	<ul style="list-style-type: none"> US ISM & Markit Manufacturing PMI, May 2020 US Construction Spending, April 2020 Euro Zone Manufacturing PMI, May 2020 UK Manufacturing PMI, May 2020
Tuesday, June 2, 2020	<ul style="list-style-type: none"> UK Nationwide Housing Prices, May 2020 China Caixin Services & Composite PMI, May 2020 Japan Jibun Bank Services & Composite PMI, May 2020
Wednesday, June 3, 2020	<ul style="list-style-type: none"> US ADP Employment Change, May 2020 US ISM Non-Manufacturing Index, May 2020 US Markit Services & Composite PMI, May 2020 US Factory Orders, April 2020
Thursday, June 4, 2020	<ul style="list-style-type: none"> US Nonfarm Productivity, Q1 2020 US Trade Balance, April 2020 ECB Interest Rate decision, June 2020
Friday, June 5, 2020	<ul style="list-style-type: none"> US Nonfarm Payrolls & Unemployment Rate, May 2020 US Consumer Credit, April 2020 UK Gfk Consumer Confidence, June 2020 Japan Coincident and Leading Index, April 2020



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