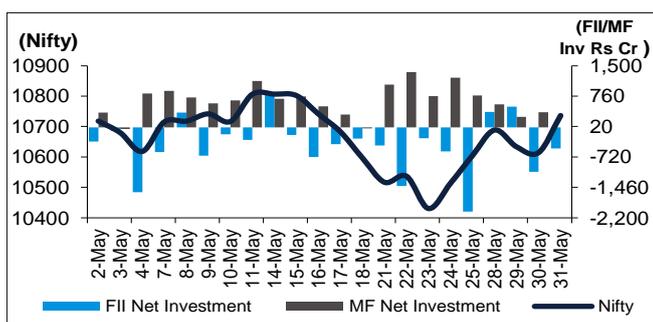


DOMESTIC EQUITY

- Indian equities maintained the previous week's positive momentum. Benchmarks S&P BSE Sensex and Nifty 50 rose nearly 1% each.
- Sentiments were primarily buoyed by upbeat domestic economic growth numbers, and short covering on May 2018 futures and options expiry.
- Intermittent strength in the rupee and hopes that the US-North Korea summit will be held supported the market further.
- Buying in oil & gas, auto, banking and capital goods counters also boosted the market.
- Further gains were restrained on weak global cues such as political turmoil in Italy and Spain, and renewed jitters over a global trade war.
- Selling pressure in consumer durables, information technology (IT) and realty firms also weighed on the benchmarks.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	0.87	3.47	13.13
Nifty 50	0.86	2.27	11.23
S&P BSE Midcap	-0.33	-3.70	7.87
S&P BSE Smallcap	-1.01	-6.12	11.45
S&P BSE Bankex	0.81	6.09	12.72
S&P BSE CG	0.48	-1.74	5.28
S&P BSE FMCG	-0.07	6.67	9.69
S&P BSE IT	-1.65	7.12	30.24
S&P BSE Healthcare	-0.76	-7.74	-5.66

Source: BSE, NSE



Source: SEBI, NSE

GLOBAL EQUITY

- US benchmarks ended mostly lower owing to political turmoil in Italy and as fears of a global trade war resurfaced.
- Britain's FTSE index fell 0.7% following political uncertainty in Italy and Spain, and as fears of a global trade war were rekindled.
- Asian equities, too, retreated. Japan's Nikkei lost 1.2% due to a stronger yen, worries about political uncertainty in Spain and Italy, and renewed worries over global trade war.
- Hong Kong's Hang Seng index gave up 0.3% primarily on renewed fears of a global trade war.
- China's Shanghai Composite dipped about 2% amid a global selloff provoked by political unrest in Italy and as US tariffs reignited fears of a global trade war.

DOMESTIC DEBT

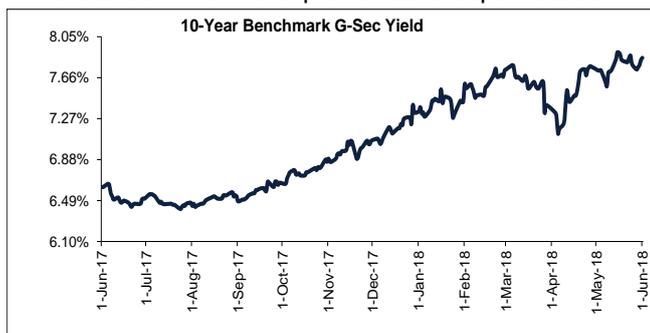
Indicators	June 1, 2018	Previous Week	Trend
Call Rate	6.05%	5.80%	↑
3 M CP	8.15%	8.43%	↓
1 Yr CP	8.60%	8.75%	↓
3 M CD	7.50%	7.75%	↓
1 Yr CD	8.10%	8.30%	↓
5 Yr AAA	8.65%	8.60%	↑
1 Yr G-Sec	7.07%	7.08%	↓
5 Yr G-Sec	7.84%	7.79%	↑
10 Yr G-Sec	7.85%	7.79%	↑
USD/INR	67.07	67.75	↓

Source: CRISIL Fixed Income Database, RBI

- Government bond prices ended lower. Yield of the 10-year benchmark 7.17% 2028 paper settled at 7.85% on June 1, 2018 as against 7.79% on May 25, 2018.
- Bond prices took cues from movement in global crude oil prices, US treasury yields, and the rupee.
- The rupee's weakness against the US dollar earlier in the week put bonds under pressure. In

the last few sessions, bond prices received support as the rupee recouped some of its losses.

- Bond prices declined further as some market participants trimmed positions ahead of the monetary policy meet next week anticipating a hawkish statement.
- Prices also fell ahead of the release of domestic gross domestic product data and as market participants sold debt to absorb the fresh supply from the weekly gilt sale.
- Intermittent rise in US treasury yields due to political uncertainty in the Eurozone triggered more gilt sales.
- Cooling in global crude oil prices during the week aided sentiment and prevented steeper losses.



Source: CRISIL Fixed Income Database

GLOBAL DEBT

- US treasury prices ended higher in the week ended May 31, 2018 as fears of global trade war ignited after the US decided to impose tariffs on steel and aluminium imports from the European Union, Canada and Mexico.
- Demand for the bonds boosted due to sharp fall in the global equities as prospect of new elections in Italy and vote of no confidence in Spain raised fears about the new Euro zone crisis.
- More gains were seen due to weaker-than-expected US growth and private sector jobs data.

- Meanwhile, the yield on the 10-year benchmark bond declined to 2.82% on May 31, 2018 from 2.98% on May 24, 2018.
- Further gains were however capped as worries about the political turmoil in Italy eased, hopes that US President's Donald Trump's summit with North Korean leader Kim Jong Un will happen next month and positive domestic economic cues including US consumer spending and initial jobless claims.

DOMESTIC NEWS

- The Indian economy expanded 7.7% during the period from January to March 2018 compared to 7% growth in the previous quarter, although it grew 6.7% for the full financial year 2018, down from 7.1% a year earlier.
- India's fiscal deficit in financial year 2018 came in at 3.53% of gross domestic product (GDP), in line with the revised estimates. In absolute terms, the fiscal deficit was Rs 5.91 lakh crore or 99.5% of the Budget estimates.
- India's annual infrastructure output grew 4.7% in April 2018 from a year ago; the growth in output compares with an upwardly revised 4.4% year-on-year growth in March 2018.
- Moody's cut India's growth forecast to 7.3% for 2018 from 7.5% projected earlier owing to higher oil prices.
- India and Indonesia agreed to triple bilateral trade to \$50 billion and also signed a strategic partnership.
- Indian government and the World Bank signed a \$500 million loan agreement to provide additional financing for the Pradhan Mantri Gram Sadak Yojana (PMGSY) Rural Roads Project.
- Government amended the regulations on solar parks, allowing anyone to set up a mega scale solar power project.
- Government incorporated duty-free import entitlements for select employment generating

sectors in the existing Foreign Trade Policy (2015-20).

- Government notified 8.55% interest on provident fund for 2017-18.
- India launched its second IT corridor in China.
- Oil ministry gave in-principle approval for futures trading in petrol as well as diesel.
- Labour Ministry clarified that enhanced limit of gratuity for private sector workers will be effective from prospective date only.
- The tax department exempted angel investors from income tax on their investments in start-ups.
- Reserve Bank of India (RBI) withdrew the special rule exceptions granted earlier for non-banking financial companies (NBFCs) owned by the government.
- Securities and Exchange Board of India (Sebi) junked the special window for inter-se trading among foreign institutional investors (FIIs).
- Sebi asked rating agencies to set up review committees to hear the appeals of issuers aggrieved by the ratings assigned to them.
- Insurance Regulatory and Development Authority of India (Irdai) asked insurers to design long-term third-party motor insurance products to ensure that more people are covered under these policies than before.
- Department of Telecom amended telecom licence norms to allow higher spectrum holding by individual mobile operators and facilitate ongoing consolidation in the sector.
- Telecom Regulatory Authority of India (Trai) proposed to use blockchain technology to curb pesky calls and telemarketing messages.

GLOBAL NEWS

- US GDP growth in Q1 2018 revised to 2.2% year-on-year from initial estimate of 2.3%; the economy grew at 2.9% in Q4 2017.
- Automatic Data Processing (ADP) Inc said US private sector employment climbed by 178,000 jobs in May 2018 after rising by a downwardly revised 163,000 jobs in April 2018.
- US non-farm payrolls were up at 223,000 in May 2018 compared to 159,000 in April 2018; unemployment rate declined to 3.8% in May 2018 from 3.9% in April 2018.
- US consumer confidence index rose 2.4 points to 128.0 in May 2018 from a downwardly revised 125.6 in April 2018.
- Eurozone annual inflation is expected to be 1.9% in May 2018, up from 1.2% in April 2018.
- The UK economy expanded 1.2% in Q1 2018 after growing by 1.4% in Q4 2017.
- China's official manufacturing purchasing managers' index (PMI) came in at 51.9 in May 2018, compared with 51.4 in April 2018.
- Japan's industrial production rose 0.3% in April 2018 from the previous month, compared with a 1.4% rise in March 2018.
- Japan's Nikkei manufacturing PMI fell to 52.8 in May 2018 from 53.8 in April 2018.

DAY

ECONOMIC EVENTS IN THE WEEK AHEAD

Monday, June 04, 2018

- US Factory Orders, April 2018

	<ul style="list-style-type: none"> • UK Construction PMI, May 2018 • Japan Composite PMI, May 2018
Tuesday, June 05, 2018	<ul style="list-style-type: none"> • US ISM Non-Manufacturing PMI, May 2018 • Eurozone Retail Sales, April 2018 • India Services PMI, May 2018
Wednesday, June 06, 2018	<ul style="list-style-type: none"> • US Non-Farm Productivity and Costs, Q1 2018
Thursday, June 07, 2018	<ul style="list-style-type: none"> • US Consumer Credit, April 2018 • Eurozone GDP, Q1 2018 (Final) • Japan GDP, Q1 2018 (revised) • RBI Second Monetary Policy Statement for 2018-19
Friday, June 08, 2018	<ul style="list-style-type: none"> • US Wholesale Trade, April 2018 • China Consumer Prices, May 2018 • China Producer Prices, May 2018

Source: CRISIL

Disclaimer: CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this Report based on the information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this report should be construed as an investment advice. CRISIL especially states that it has no financial liability whatsoever to the subscribers/ users/ transmitters/ distributors of this Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Limited (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published / reproduced in any form without CRISIL's prior written approval. CRISIL or its associates may have commercial transactions with the company/entity.

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

Disclaimers: This document is for information purposes only and is not an offer to sell or a solicitation to buy any mutual fund units / securities or to have business relations with Union Asset Management Company Private Limited (formerly Union KBC Asset Management Company Private Limited) (the AMC) / Union Trustee Company Private Limited (formerly Union KBC Trustee Company Private Limited) (the Trustee Company) or any of its associates. The information in this document is as of June 1, 2018, unless stated otherwise, and may change without notice. The information in this document alone is not sufficient and should not be used for the development or implementation of an investment strategy. Neither the Sponsors/the AMC/ the Trustee Company/ their associates/ any person connected with it, accepts any liability arising from the use of this information.

This report and the views expressed in this report are that of CRISIL Research. The Sponsors/ the AMC/ the Trustee Company/ their associates/ any person connected with it, do not warrant the completeness or accuracy of the information and disclaim all liabilities, losses and damages arising out of the use of this information. The recipients of this material should rely on their investigations and take their own professional advice.

Statutory Details: Constitution: Union Mutual Fund (formerly Union KBC Mutual Fund) has been set up as a Trust under the Indian Trusts Act, 1882; Sponsors: Union Bank of India and Dai-ichi Life Holdings, Inc.; Trustee: Union Trustee Company Private Limited (formerly Union KBC Trustee Company Private Limited), [Corporate Identity Number (CIN): U65923MH2009PTC198198], a company incorporated under the Companies Act, 1956 with a limited liability; Investment Manager: Union Asset Management Company Private Limited (formerly Union KBC Asset Management Company Private Limited), [Corporate Identity Number (CIN): U65923MH2009PTC198201], a company incorporated under the Companies Act, 1956 with a limited liability. Registered Office: Unit 503, 5th Floor, Leela Business Park, Andheri Kurla Road, Andheri (East), Mumbai - 400059. Toll Free No. 18002002268 · Non Toll Free. 022-67483333 · Fax No: 022-67483401 · Website: www.unionmf.com · Email: investorcare@unionmf.com