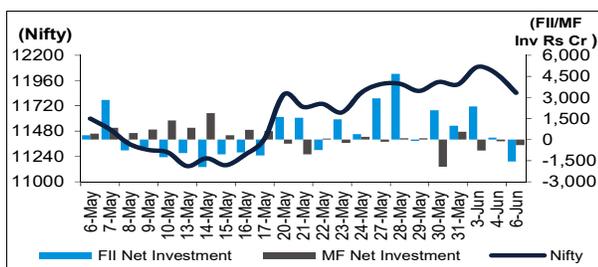


DOMESTIC EQUITY

- Indian equities ended marginally lower in the week. S&P BSE Sensex and Nifty 50 fell 0.25% and 0.44%, respectively.
- Earlier in the week, indices rallied to a record high on the back of robust domestic manufacturing activity data and sharp decline in the crude oil prices. Hopes of an interest rate cut by the Reserve Bank of India (RBI) after release of weak domestic growth numbers buoyed the indices.
- Sentiments were however dented after the RBI in its policy review slashed the economic growth forecast for the current fiscal to 7% and did not announce any specific measures which will provide immediate relief to the much-troubled NBFC sector. The central bank as anticipated cut the repo rate by 25 basis points to 5.75%.
- S&P BSE Oil & Gas index, S&P BSE Healthcare index, S&P BSE Capital Goods index and S&P BSE Realty index fell 3.23%, 2.00%, 1.94% and 1.74%, respectively.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	-0.25	7.87	11.71
Nifty 50	-0.44	7.35	10.24
S&P BSE Midcap	-1.26	0.61	-6.57
S&P BSE Smallcap	-1.41	0.80	-12.71
S&P BSE Bankex	-1.13	12.14	17.54
S&P BSE CG	-1.94	9.32	5.43
S&P BSE FMCG	0.12	-0.41	2.56
S&P BSE IT	-0.27	3.78	16.99
S&P BSE Healthcare	-2.00	-6.85	0.64

Source: BSE, NSE



Source: SEBI, NSE

GLOBAL EQUITY

- US stocks rose sharply after Fed chairman's comments raised hopes of an interest rate cut and on reports that US' planned tariff on Mexican imports may be delayed.
- Markets were down earlier following the US President Donald Trump's threat to impose tariffs on imports from Mexico coupled with worries about a possible slowdown in the US economy.
- Britain's FTSE gained 1.4% in the week mainly on stock specific buying, rally in shares of banking and mining firms and hopes that global central banks would soon ease policy to counter global growth concerns.
- Asian equities saw mixed trend. Hong Kong's Hang Seng index saw modest rise of 0.2% led by gains in telecom stocks and as the Fed chief's comments raised hopes of a rate cut this year.
- Japan's Nikkei gained 1.4% mainly on the back of possibility of a rate cut by the Fed this year.
- China's Shanghai Composite fell 2.5% as worries persisted over the country's economic health amid the trade war with the US.

DOMESTIC DEBT

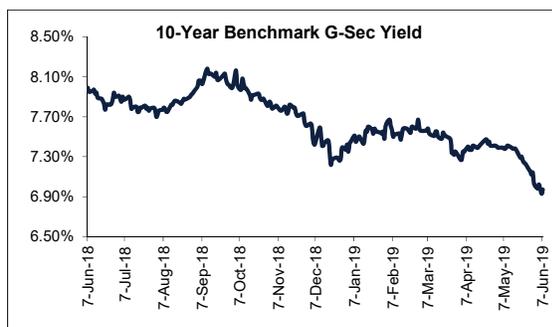
Indicators	June 7, 2019	Previous Week	Trend
Call Rate	5.60%	5.90%	↓
3 M CP	6.85%	6.90%	↓
1 Yr CP	8.05%	7.95%	↑
3 M CD	6.30%	6.50%	↓
1 Yr CD	7.16%	7.20%	↓
5 Yr AAA	7.65%	7.64%	↑
1 Yr G-Sec	6.15%	6.26%	↓
5 Yr G-Sec	6.79%	6.85%	↓
10 Yr G-Sec	6.97%	7.03%	↓
USD/INR	69.46	69.69	↓

Source: CRISIL Fixed Income Database, RBI

- The government bond prices ended higher in the week. Yield on the 10-year benchmark 7.26%

2029 paper settled at 6.97% on June 7, down 6 bps compared with 7.03% on May 31.

- Gilts surged as slower domestic economic growth, coupled with a slump in crude oil prices, boosted hopes of monetary easing by the RBI.
- These hopes came true after the central bank cut its benchmark rate by 25 basis points and also maintained a dovish stance in its outlook, open to further stimuli to prop up the slowing economy.
- However, some gains were reduced on profit booking by market participants after the recent rally in bonds.
- After market hours on June 7, the RBI announced auction of Rs 20,000 cr of T-bills to be held on June 12, the central bank also announced sale of state government securities worth Rs 6,595 cr on June 11.



Source: CRISIL Fixed Income Database

GLOBAL DEBT

- US treasury prices ended higher in the week ended June 6, 2019 due to rising trade tensions between US and its trading partners and also weak domestic economic cues.
- The yield of the 10-year Treasury bond fell sharply to 2.12% on June 6, 2019 compared to 2.14% on May 31, 2019.
- Bond prices rose amid renewed trade worries after US President Donald Trump said that US will impose a 5% tariff on all Mexican imports from June 10, 2019 and duties of up to 25% will be added in the coming months if Mexico does not take action to “reduce or eliminate illegal immigration”.
- Demand for the bonds boosted further after US private employers added 27,000 private jobs in May 2019 - the lowest number since 2010 and US ISM Manufacturing Index came in at its lowest in two and half years at 52.1 in May 2019 versus 52.8 in April 2019.
- Treasury prices was supported by hopes that European Central Bank (ECB) might cut rates. However, ECB kept the interest rates unchanged and said that it will keep rates constant at least through H1 2020.
- Further gains were however capped due to rebound in the equity markets on reports that US’ planned tariff on Mexican imports may be delayed and global central banks would soon ease policy to counter global growth concerns.

DOMESTIC NEWS

- RBI’s monetary policy committee (MPC) reduced the repo rate by 25 basis points (bps) to 5.75%. Consequently, reverse repo rate now stands at 5.5%, and the marginal standing facility (MSF) rate and Bank Rate at 6%.
- RBI slashed domestic economic growth forecast for the current fiscal to 7% from 7.2% projected in its April 2019 policy, due to slowdown in domestic activities and escalation in global trade war.
- RBI increased the retail inflation forecast marginally to 3-3.1% for the first half of the current fiscal, tracking rise in food prices.
- Goods & Services Tax (GST) collection in May 2019 came in at Rs 1 lakh crore, lower than Rs 1.14 lakh crore collected in April 2019.
- India’s Nikkei manufacturing Purchasing Managers’ Index (PMI) rose to 52.7 in May 2019 from April 2019’s 51.8, while services PMI fell to 50.2 in May 2019 from 51.0 in April 2019.

- World Bank retained projections for India's economic growth at 7.5% for the current fiscal.
- Government decided to set up two new Cabinet Committees — one on investment & growth and the other on employment & skill development.
- Cabinet approved a new scheme which assures minimum monthly pension of Rs 3000 per month to small shopkeepers, retail traders and self-employed people after attaining age of 60 years.
- India's Trade Minister asked RBI, ECGC and other lenders to offer cheaper credit to exporters priced at most at 200 bps above LIBOR; interest subvention scheme may be used as backstop guarantee for credit, thus increasing coverage of ECGC
- RBI announced the issue of sovereign gold bonds for first half of the current fiscal.
- RBI released guidelines under large exposure framework; the additional guidelines on economic interdependence would be effective April 1, 2020.
- RBI scrapped charges on fund transfers through Real Time Gross Settlement System (RTGS) and National Electronic Funds Transfer (NEFT) routes and asked banks to pass on the benefits to customers.
- RBI eased the leverage ratio for Domestic Systemically Important Banks to 4% and 3.5% for other banks to help them expand their lending activities.
- RBI issues revised circular on resolution of stressed loans, says banks should now review the

accounts within 30 days of default and start a resolution plan before the default.

GLOBAL NEWS

- US Federal Reserve's Beige Book showed that the US economy expanded at "a modest pace overall" from April to mid-May, but growth was partly held in check by labor shortages and worries over tariffs on China.
- US nonfarm payroll employment edged up in May by 75,000, while the unemployment rate remained at 3.6% same as in the previous month.
- US trade deficit fell to \$50.8 billion in April 2019 from a revised \$51.9 billion in March 2019.
- European Central Bank (ECB) kept its interest rates constant and said that it will keep rates constant at least through H1 2020 and in any case for as long as necessary to thwart the region from global economic slowdown.
- Eurozone gross domestic product (GDP) final estimate for Q1 2019 came in at an annualized 1.2%, same as the previous reading.
- Eurozone consumer prices rose 1.2% in May 2019 from a year earlier, versus 1.7% in April 2019.
- UK manufacturing PMI fell to 49.4 in May 2019 from 53.1 in April 2019, while services PMI rose to 51 in May 2019 from 50.4 in April 2019.
- Japan's Nikkei manufacturing PMI fell to 49.8 in May 2019, compared with 50.2 in April 2019, while services PMI edged lower to 51.7 in May 2019 from 51.8 in April 2019.

DAY	ECONOMIC EVENTS IN THE WEEK AHEAD
Monday, June 10, 2019	<ul style="list-style-type: none"> • UK Monthly GDP, April 2019 • China's Trade Balance, May 2019
Tuesday, June 11, 2019	<ul style="list-style-type: none"> • Eurozone Sentix Investor Confidence, June 2019 • UK ILO Unemployment Rate (3 months), April 2019 • China's Consumer Price Index, May 2019

Wednesday, June 12, 2019	<ul style="list-style-type: none"> • US Consumer Price Index, May 2019 • UK RICS House Price Balance, May 2019 • India's Consumer Price Index Inflation, May 2019 • India's Index of Industrial Production, April 2019 • India's Trade Deficit, May 2019
Thursday, June 13, 2019	<ul style="list-style-type: none"> • Eurozone Industrial Production, April 2019 • China's Industrial Production, May 2019
Friday, June 14, 2019	<ul style="list-style-type: none"> • US Industrial Production & Capacity Utilization, May 2019 • Eurozone Trade Balance, April 2019 • Japan's Industrial Production, April 2019 • India's Wholesale Price Index Inflation, May 2019 • India's Forex Reserves, June 7, 2019

Source: CRISIL

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