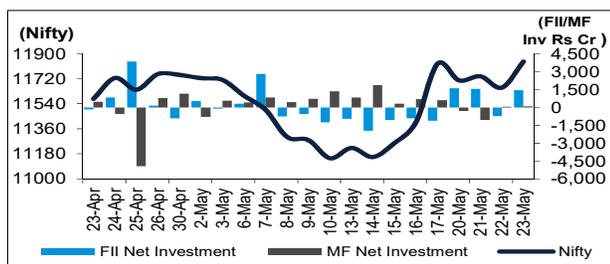


DOMESTIC EQUITY

- Indian equities advanced for the second consecutive week with benchmarks S&P BSE Sensex and Nifty 50 (up about 4% each) ending at record closing highs.
- The market was boosted by the ruling party's resounding win in the general elections.
- A sharp rally was seen in capital goods, realty and banking counters. S&P BSE Capital Goods (topmost sectoral gainer), S&P BSE Realty and S&P BSE Bankex soared around 11%, 11% and 7%, respectively.
- However, some gains were chipped off by profit booking and weak global cues in the form of US-China trade tensions and political uncertainty across the European Union (EU).
- Selling pressure was witnessed in the shares of information technology (IT) and fast-moving consumer goods (FMCG) firms. S&P BSE IT (biggest sectoral decliner) and S&P BSE FMCG lost around 2% and 0.4%, respectively.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	3.96	9.93	13.77
Nifty 50	3.83	9.75	12.65
S&P BSE Midcap	4.45	5.47	-4.57
S&P BSE Smallcap	5.85	8.74	-13.30
S&P BSE Bankex	7.06	16.97	20.37
S&P BSE CG	10.92	17.01	6.44
S&P BSE FMCG	-0.35	1.90	3.22
S&P BSE IT	-1.86	0.08	11.77
S&P BSE Healthcare	1.47	-1.40	3.77

Source: BSE, NSE



Source: SEBI, NSE

GLOBAL EQUITY

- US stocks were dented by persistent concerns over the US-China trade tensions and losses in technology stocks.
- Some losses were trimmed due to gains in energy firms and as investors bought shares of recently battered firms.
- Britain's FTSE lost 1.6% on stock-specific selling, pullback in shares of airlines and banking firms, and US-China trade worries.
- Asian equities also ended in the negative territory. Japan's Nikkei index lost nearly 1% on concerns about escalating trade tensions between the US and China.
- Hong Kong's Hang Seng index dipped about 2% on mounting worries about trade tensions between China and the US.
- China's Shanghai Composite fell 1% amid worries about the country's trade trouble with the US.

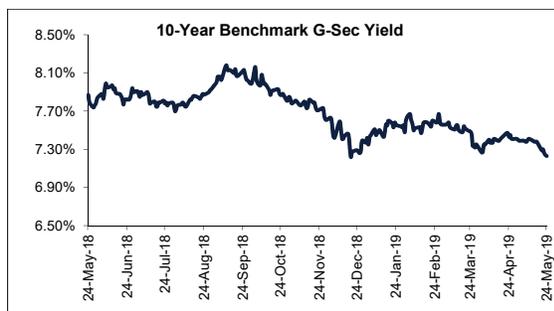
DOMESTIC DEBT

Indicators	May 24, 2019	Previous Week	Trend
Call Rate	5.70%	6.05%	↓
3 M CP	7.10%	7.35%	↓
1 Yr CP	8.15%	8.40%	↓
3 M CD	6.65%	6.95%	↓
1 Yr CD	7.30%	7.55%	↓
5 Yr AAA	7.70%	7.95%	↓
1 Yr G-Sec	6.36%	6.47%	↓
5 Yr G-Sec	6.96%	7.12%	↓
10 Yr G-Sec	7.23%	7.36%	↓
USD/INR	69.53	70.23	↓

Source: CRISIL Fixed Income Database, RBI

- Government bond prices ended higher. Yield on the 10-year benchmark 7.26% 2029 paper settled at 7.23% on May 24, 2019 compared with 7.36% on May 17, 2019.
- Gilt prices gained after exit polls indicated that the ruling party is likely to win a second term.

- Bonds advanced further on the day of the vote count, following news that the incumbent government was leading in the polls.
- Sentiment remained upbeat in the last session, aided by cooling crude oil prices, which spurred more gilt buying.
- Some gains were erased on sporadic profit sales.
- Supply pressure from the weekly gilt auction and state-development bond auction also put gilts under pressure.
- In the state-development loan auction, states raised a notified Rs 1,400 crore through sales of dated securities.
- In the weekly gilt auction, the central bank sold the 7.32% 2024 paper, the 7.26% 2029 paper, the 7.69% 2043 paper, and the 7.72% 2049 paper for a total notified Rs 17,000 crore.
- In a notification, the central bank announced that it would purchase securities under open-market operations for Rs 15,000 crore on June 13, 2019.



Source: CRISIL Fixed Income Database

GLOBAL DEBT

- US treasury prices rallied in the week ended May 23, 2019 due to persistent worries about escalating trade tensions and weak domestic economic cues.
- The yield of the 10-year Treasury bond fell sharply to 2.30% on May 23, 2019 compared to 2.41% on May 16, 2019.
- Bond prices rose amid worsening of the trade relations between US and China and its impact on global economic growth.
- Demand for the bonds boosted further due to disappointing domestic housing data including dip in the existing home sales and new home sales in April 2019 and fall in the US manufacturing purchasing managers' index (PMI) index in May 2019.
- Brexit worries continued to boost US bond prices.
- Further gains were however capped due to intermittent gains in the domestic equities.
- Comments of US Fed officials that the US economy was more stable than many had thought, even with the trade war, reduced the expectations of a near-term interest rate cut.

DOMESTIC NEWS

- The Organisation for Economic Co-operation and Development (OECD) said India's economic growth will regain strength and reach 7.5% by 2020 supported by rural consumption and subdued inflation.
- Asian Development Bank (ADB) signed an agreement to provide \$750 million equivalent in Indian rupee long-term financing to electrify railway tracks in India.
- Goods & Services Tax (GST) Network released a demo tool for the new and simplified return filing form which will be launched sometime later in the year.
- NITI Aayog proposed a Rs 7500 crore plan for creating an institutional framework for artificial intelligence in the country. It also proposed electrifying most motorcycles and scooters within the next 6-8 years.
- Central Board of Direct Taxes (CBDT) allowed asset management companies (AMCs) to directly manage offshore funds out of India.

- Reserve Bank of India's (RBI) central board decided to create a specialised supervisory and regulatory cadre within the RBI to strengthen the supervision and regulation of commercial banks, urban cooperative banks and non-banking financial companies.
- The RBI made some changes to the 'voluntary retention route' for foreign portfolio investors to increase its operational flexibility; said the revised scheme shall be open for allotment from May 27, 2019.
- RBI ruled out extending a credit line to struggling non-banking financial companies (NBFCs) for now.
- Securities & Exchange Board of India (SEBI) proposed a framework on "Innovation Sandbox" – a testing environment where fintech firms can experiment innovations in a closed environment.
- SEBI proposed changes to norms for issuance of municipal bonds.
- SEBI permitted mutual funds to participate in all exchange-traded commodities except the sensitive commodities, which are essential commodities in the agriculture segment.
- SEBI permitted portfolio managers to participate in exchange traded commodity derivatives (ETCDs) on behalf of their clients.
- Insurance Regulatory and Development Authority of India (IRDAI) launched an initiative to set up a regulatory sandbox for fintech innovations.
- IRDAI proposed to raise the premium rates for mandatory third-party cover by about 15% for cars, while the hike in premium varies for other categories of vehicles.

- IRDAI called for scrapping many exclusions currently in place in health policies.

GLOBAL NEWS

- OECD forecast 3.2% global growth for 2019 versus 3.3% estimated earlier in March 2019; the global growth outlook for 2020 was retained at 3.4%.
- US new home sales plunged by 6.9% to an annual rate of 673,000 in April 2019 after spiking by 8.1% to an upwardly revised rate of 723,000 in March 2019.
- US existing home sales dipped by 0.4% to an annual rate of 5.19 million in April 2019 after plunging by 4.9% to a rate of 5.21 million in March 2019.
- US manufacturing PMI registered 50.6 in May 2019, down from 52.6 in April 2019, while services PMI posted 50.9 in May 2019, down from 53.0 in April 2019.
- Eurozone manufacturing PMI was 47.7 in May 2019 compared to 47.9 in April 2019, while services PMI was 52.5 in May 2019 compared to 52.8 in April 2019.
- UK consumer price inflation rose to 2.1% in April 2019 from 1.9% in March 2019.
- Japan's economy grew at an annualized rate of 2.1% in the first quarter of 2019, compared with a revised 1.6% expansion in October-December 2018.
- Japan's core consumer prices rose 0.9% in April 2019 from a year earlier.
- Japan's Nikkei manufacturing PMI fell to 49.6 in May 2019 from 50.2 in April 2019.

DAY	ECONOMIC EVENTS IN THE WEEK AHEAD
Monday, May 27, 2019	<ul style="list-style-type: none"> • China's Industrial Profits, April 2019 • Japan's Leading & Coincident Index, March 2019

<p>Tuesday, May 28, 2019</p>	<ul style="list-style-type: none"> • US Consumer Confidence Index, May 2019 • US S&P/Case-Shiller Home Price Index, March 2019 • US Dallas Fed Manufacturing Activity, May 2019 • Eurozone Economic & Consumer Confidence, May 2019
<p>Thursday, May 30, 2019</p>	<ul style="list-style-type: none"> • US GDP Annualized (Second Estimate), Q1 2019 • US Personal Consumption, Q1 2019 • US Pending Home Sales, April 2019 • UK GfK Consumer Confidence, May 2019 • China's Manufacturing, Non-manufacturing and Composite PMI, May 2019 • Japan's Industrial Production, April 2019 • Japan's Retail Trade, April 2019
<p>Friday, May 31, 2019</p>	<ul style="list-style-type: none"> • US Personal Income & Spending, April 2019 • India's GDP (Annual Estimate), 2019 • India's Fiscal Deficit, March 2019-April 2019

Source: CRISIL

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