

Indian Equity Markets

Benchmark indices rallied sharply driven by FIIs buying worth ₹21,832 Cr in equities, highest inflow since Nov'19 despite an extension of lockdown due to rise in COVID-19 cases and a military stand-off with China at the border.

Mid & Small Cap indices outperformed Large cap (7.5%) by closing at 10.2% & 13.6% respectively. All sector indices ended positively, Energy and Finance were the top gainers.

Debt Markets

Moody's downgraded India's sovereign rating to lowest investment grade to BAA3 & outlook to negative and Fiscal deficit crossed 59% of total budgeted target by May end while FX reserves stood at \$505 bn as on 22nd June which would provide cushion against any external shock.

Government approved a scheme to improve liquidity position of NBFCs & HFCs through a SPV to avoid any potential systemic risks to the financial sector and to launch a second tranche of Bharat Bond ETF to raise up to ₹14,000 Cr.

Rupee touched 76.15/\$ during the month and closed at 75.52/\$.

10Y G-sec yield rose to 5.89% from 5.75% as FIIs sold net ₹1,545 Cr in debt.

Global Markets

Global indices continued its rally for the 3rd consecutive month led by progress in vaccine trails despite ongoing spat between China and the US on trade as well as on the source of pandemic.

FOMC left target rate unchanged and would conduct overnight reverse repurchase agreement operations at an offering rate of 0% with a per-counterparty limit of \$30 bn per day.

US GDP fell by 5% in Q1 while Fed expects decline in Q2 is likely to be the most severe.

US is considering new tariffs on \$3.1 bn worth of exports from France, Germany, Spain and U.K.

US unemployment rate declined to 11.1% from 13.3% in May.

Oil prices surged by 15% after OPEC and its allies agreed to extend a cut of 9.7million bpd till July.

Key Events to watch out are US FOMC meet on 29th July and OPEC meet in mid-July.

Corporate Announcements

Standard Life sells around 2% stake in **HDFC Life Insurance** for ₹1,890 Cr.

SBI slashes MCLR by 30 bps and base rate by 75 bps.

Maruti Suzuki May Production dropped to 3,714 vehicles vs 1,51,188 vehicles YoY.

NTPC gave ₹1,363 Cr rebate to Discoms on fixed or capacity charges.

ICICI Bank has sold 3.96% stake in insurance arm ICICI Lombard General insurance for ₹2,250 Cr.

Cipla launched generic version of Covid-19 drug remdesivir under brand name CIPREMI.

Glenmark launched antiviral drug Favipiravir for treatment of mild to moderate Covid 19 patients.

S&P Global downgraded credit rating of **Axis Bank, Bajaj Finance, STFC, Manappuram** and **PFC**.

Bajaj Finserv replaced Hero Motors in Sensex w.e.f., 22nd June.

Market Outlook

World Bank forecasts Indian economy will shrink by 3.2% in the current fiscal year and IMF estimates a contraction of 4.9% in global GDP.

Q1 advance tax, an indicator of earnings outlook of the corporate sector declined by 32% YoY to ₹92,681 Cr vs ₹1.37 lakh Cr while GST collection, an indicator of commercial activity stood at ₹90,917 Cr in June'20 (9% lower YoY) vs ₹32,294 Cr in April'20 and ₹62,009 Cr in May'20 indicating a revival in the economy.

Southwest Monsoon this year has covered the entire country 12 days prior to normal date and IMD expects Rainfall over the country as a whole for the 2020 southwest monsoon season (June to September) is most likely to be NORMAL.

The recent rally in the markets have discounted most of the positive outcomes including commercial availability of vaccine and any disappointment in either the Monsoon, Tax collection or Earnings may trigger knee jerk correction.

Key events to watch-out are Q1 results starting from July 18th, progress of monsoons and spread of Covid-19.

Gold-Oil Ratio:

Over the past 25 years, the ratio between gold and oil has averaged at 15.8, which means that a troy ounce of gold was worth an average the same as 15.8 barrels of US crude oil. The ratio during 2005 was at its lowest at 7.1 and in 2016 the ratio peaked at 42.1.

At present, due to divergence in Gold and Oil prices the ratio stands at 45.2 indicating the possibility of sharp recovery in the oil prices.

Benchmark	30-June-20	MTD	2020
SENSEX	34915.8	7.68%	-15.36%
NIFTY	10302.1	7.53%	-15.34%
10Y G-Sec	5.89%	2.48%	-10.24%

Top Gainers	Change	Top Losers	Change
Bajaj Finance	44.87%	ONGC	2.16%
Bajaj Finserv	32.52%	Nestle	2.03%
IndusInd Bank	20.68%	NTPC	1.94%
M&M	17.03%	ITC	1.44%
RIL	16.25%	Sun Pharma	0.53%

BSE Sector Performance	MTD	2020
Basic Materials	6.5%	-11.9%
Telecom	3.55%	17.01%
Utilities	7.6%	-12.95%
Industrials	9.73%	-20.55%
Finance	11.92%	-29.49%
Consumer Discretionary	7.54%	-15.03%
FMCG	3.31%	-1.29%
Energy	13.26%	1.42%
Healthcare	3.94%	21.1%
IT	5.83%	-3.81%

FII (Cr)	EQUITY	DEBT	DEBT-VRR	HYBRID	TOTAL
MTD	21,832	-1545	3766	1957	26009
YTD	-18,513	-106959	16130	4863	-104482

Currencies	30-June-20	MTD	2020
USDINR	75.527	-0.15%	5.97%
EURINR	84.6658	0.9%	5.99%
GBPINR	92.6892	-0.67%	-0.85%

Global Indices	30-June-20	MTD	2020
DJIA	25812.88	1.69%	-9.55%
NASDAQ	10058.77	5.99%	12.11%
DAX	12310.93	6.25%	-7.08%
FTSE	6169.74	1.53%	-18.2%
CAC	4935.99	5.12%	-17.43%
NIKKEI	22288.14	1.88%	-4.95%
HSI	24427.19	6.38%	-13.35%
KOSPI	2108.33	3.88%	-4.07%
RTSI	1219.24	-0.04%	-21.28%
SHANGHAI	2984.67	4.64%	-2.15%

Commodity (\$)	30-June-20	MTD	2020
Gold	1800.5	2.79%	18.21%
Silver	18.64	0.76%	4.02%
Brent	41.05	15.67%	-37.80%



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