

Indian Equity Markets

Indian Benchmark indices posted strong gains despite sharp correction globally post decisive mandate handed to BJP led NDA for the Second term. Gains in Sensex were contributed by Banking & Finance while IT & pharma sectors corrected.

Mid & Small Cap Indices closed higher at 1.39% & 1.66% respectively.

FII's continued to invest in equities with a net buying of ₹ 7,920 Cr for the month.

Debt Markets

RBI proposed a new liquidity framework for NBFC's and additionally those with asset size of more than ₹50 bn are required to appoint a risk officer.

FII's invested ₹ 1,111 Cr in Debt markets.

10Y G-Sec yield moved to 7.03% vs 7.32% buoyed by continued demand and also due to risk aversion for corporate bonds.

RBI to infuse ₹ 15,000 Cr through G-sec purchases under OMO.

Contrary to the market view we expect RBI in its MPC to maintain a status quo on rates.

Global Markets

Major global indices corrected sharply except RTSI after US - China trade talks ended inconclusively.

In retaliation to the US tariffs, China imposed tariffs to max 25% on \$60 bn worth of US products from June 1st.

US announced 5% tariff on all Mexican imports from June 10th and removed multiple countries from trade concessions a move seen towards consolidating support from American citizens ahead of Presidential elections scheduled next year.

Oil corrected sharply due to slowing economic growth & rise in US production.

Key events to watch include FOMC (*expect status quo*), OPEC Meet (*Production cut*), UK Prime Minister election and G20 summit (*US – China trade talks could revive*).

Corporate Announcements

HDFC board approved subsidy of ₹ 22,136 Cr for homebuyers under PMAY scheme.

SBI Bank to raise up to ₹ 5,000 Cr in Tier 2 bonds in FY20.

Cholamandalam Investment & Finance to raise \$222 million in U.S. dollar bonds.

Gruh Finance increased the FPI limit to 40% from 25%.

Manpasand top management was arrested for an alleged GST fraud.

L&T raised its stake in Mindtree making its overall shareholding to 28.45%.

Dr. Reddy's launched Daptomycin for injection, 500mg via single-dose in US market.

ITC appointed Sanjiv Puri as its chairman after Y.C Deveshwar passed away.

SEBI ordered Fortis to recover ₹ 403 Cr from former Ranbaxy Promoters.

RBI appointed R S Gandhi as an additional director on Yes bank board.

BOI plans to sell ₹ 30,000 Cr bad loans to Asset Reconstruction companies in this FY.

Reliance Retail acquired 100% stake in toy retailer Hamleys.

Spencer Retail board approved to acquire 100% stake in Godrej's Nature Basket.

Tata Chemical's consumer business to merge with Tata Global Beverages.

Vodafone Group's International & domestic promoters pledged 44.39% stake.

DHFL FD credit rating revised from FAA- to FBBB+.

Market Outlook

BJP won a decisive mandate with increased representation in Lok Sabha and is way above the majority mark on its own.

The immediate goal post is to pass the Interim Budget and initiate concrete steps towards implementing the vision of making India a \$5 trillion economy.

It remains to be seen, how the government would adhere to its fiscal deficit target as well as manage to fulfill its pledge of cash handouts to farmers, \$1.44 trillion funding towards infrastructure, boost to manufacturing, doubling exports and tax cuts for middle class.

By Nov 2020 NDA would have an absolute majority in both the houses of parliament to preside for over 4 years and pursue its key legislations.

Onset and Progress of Monsoons, Advance Tax collections for Q1 are immediate data points to watch out for as Q4 GDP slowed to 5.8% (5 Year low) vs 7.2% during same period last year.

Sensex broke the psychological 40,000 mark indicating the possibility of strong gains in store during the term of this government as it implements its agenda.

We expect a stable currency, moderate inflation, interest rate regime that supports growth and a conducive eco system for corporate sector to prosper.

Challenges that need immediate attention include refinancing hurdles faced by NBFCs and NPA resolution of large corporates.

Benchmark	31-May-19	MTD	2019
SENSEX	39,714.2	1.75%	10.11%
NIFTY	11,922.8	1.49%	9.76%
10Y G-Sec	7.03%	-5.13%	-4.61%

Top Gainers	Change	Top Losers	Change
L&T	15.50%	TATA Motors	19.47%
SBI	13.73%	Zee	17.30%
IBULLSHSGFIN	13.1%	TATA Steel	12.32%
BAJAJ Finance	11.99%	Yes bank	11.93%
Kotak	9.78%	JSW Steel	11.81%

BSE Sector Performance	MTD	2019
Basic Materials	0.23%	2.54%
Telecom	4.11%	2.85%
Utilities	1.61%	-1.03%
Industrials	5.24%	3.45%
Finance	6.21%	13.21%
Consumer Discretionary	-0.35%	-3.96%
FMCG	-2.09%	-2.63%
Energy	-1.67%	16.83%
Healthcare	-7.39%	-4.44%
IT	-2.96%	12.01%

FII (Cr)	EQUITY	DEBT	HYBRID	TOTAL
MTD	7,920	1,111	2,264	11,295
YTD	76,052	676	6,545	83,271

Currencies	31-May-19	MTD	2019
USDINR	69.80	-0.04%	0.02%
EURINR	77.7	-0.45%	-2.58%
GBPINR	88.16	-2.58%	-0.62%

Global Indices	31-May-19	MTD	2019
DJIA	24815.04	-6.69%	6.94%
NASDAQ	7453.15	-7.93%	12.33%
DAX	11726.84	-5.00%	11.06%
FTSE	7161.71	-3.46%	6.44%
CAC	5207.63	-6.78%	10.08%
NIKKEI	20601.19	-7.45%	3.52%
HSI	26901.09	-9.42%	4.08%
KOSPI	2041.74	-7.34%	0.03%
RTSI	1287.09	3.10%	20.43%
SHANGHAI	2898.7	-5.84%	16.23%

Commodity (USD)	31-May-19	MTD	2019
Gold	1311.1	1.98%	2.33%
Silver	14.57	-2.74%	-6.24%
Brent	64.49	-11.41%	20.45%

Earnings (YOY)

Company	PAT Growth	Company	PAT Growth
Axis Bank	NA	Tata Motors	-419%
Coal India	148%	Yes Bank	-59%
Lupin	141%	Tata steel	-48%
BHEL	130%	ICICI Bank	-44%
Dr. Reddy's	105%	Vedanta	-29%

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