

Indian Equity Markets

Benchmark indices closed negative despite a rally in Global markets after Lockdown extension leading to a standstill in economic activity followed by disappointing Q4 results and surge in coronavirus infected cases.

Telecom, Materials, Pharma & FMCG sectors ended positive while others closed negative.

Mid, Small and Large Cap indices closed at -1.42%, -1.88% and -2.61% respectively.

FII's were net buyers for the month, invested ₹14,569 Cr in equity highest since Jan'20.

Debt Markets

RBI MPC cuts repo rate by 40 bps to 4% and maintained accommodative stance.

RBI has implemented various developmental and regulatory policy measures to improve the functioning of markets and market participants, support exports & imports, efforts to further ease financial stress by providing relief on debt servicing, improving access to working capital and to ease financial constraints faced by state governments.

10Y G-sec yield dropped to 5.75% from 6.12% and FIIs sold ₹22,935 Cr in debt.

Rupee depreciated by 0.69% to close at 75.63 per USD.

Global Markets

All major Global indices continued its April rally into May and recovered from the lows of March due to successful early-stage trial of a coronavirus vaccine.

US sanctioned \$3tn in a bill to battle health and economic effects of the coronavirus.

Mr. Trump signed an executive order which could take away the legal protection of what is being posted online which may impact social media companies and also said that he would begin steps to revoke Hong Kong's favored trade status with US after China proposed a National Security bill.

US private employers laid off 20mn workers in April as a result of business closures due to Covid outbreak while 40mn Americans filed initial claims for unemployment since Mar.

10Y Treasury yield made a new low to close at 0.653%.

Oil prices surged more than 40% due to expected recovery in demand as countries began to ease lockdown measures.

Key Events to watch out are US FOMC meet on 10th June, OPEC meet on 9-10th June.

Corporate Announcements

Kotak Mahindra Bank raised ₹7,000 Cr via QIP at a floor price of ₹1,147.75 per share.

HDFC asked to reduce stake in HDFC Life Insurance and HDFC Ergo to 50% or below by RBI.

GSK Group sold 5.69% stake in **HUL** in the range of ₹1,850-1,950 per share.

ITC to acquire 100% equity share capital of Sunrise Foods Private Limited.

Cipla raised ₹3,000 Cr via NCD on a private placement basis.

IOC issued NCD worth ₹3,000 Cr on Private Placement basis.

Vedanta to delist from exchanges and acquire public shareholding in open offer at ₹87.5 a share.

Bharti Telecom sold 2.75% stake in **Airtel** via secondary market to raise over ₹8,433 Cr.

Wipro appointed Thierry Delaporte as CEO and MD.

Market Outlook

Q4 GDP slowed to 3.1% vs 5.7% YoY and Full year GDP growth is 4.2%, weakest in 8yrs while RBI governor indicated GDP growth to turn negative in FY20-21.

In a big relief towards restarting the economy, government has extended lockdown only in containment zone till 30th Jun and relaxed lockdown measures in rest of the country from 8th Jun.

Monsoon arrived in Kerala on time which is essential for kharif crop to be sown properly, given the current economic situation a normal monsoon would help revive the rural economy.

Despite the early lock down initiatives taken by the government to control the coronavirus spread, the peak is expected to happen only by end of July which is a prerequisite to remove the lockdown completely. In a nut shell, Q1 is a wipeout and we expect downward revision in corporate earnings outlook when the results are published next month onwards.

We remain bearish on equity markets in the near term as current valuations are not sustainable.

Benchmark	29-May-20	MTD	2020		
SENSEX	32,424.1	-3.84%	-21.4%		
NIFTY	9,580.3	-2.84%	-21.27%		
10Y G-Sec	5.75%	-6.18%	-12.41%		
Top Gainers	Change	Top Losers	Change		
M&M	19.04%	IndusInd bank	15.96%		
Ultra Tech	10.45%	SBI	15.81%		
Hero	9.14%	Bajaj Finance	15.72%		
ITC	8.4%	Axis bank	13.79%		
Bharti Airtel	7.4%	HDFC	13.44%		
BSE Sector Performance	MTD	2020			
Basic Materials	4.00%	-17.28%			
Telecom	11.24%	13%			
Utilities	-1.67%	-19.1%			
Industrials	0.02%	-27.59%			
Finance	-9.91%	-37%			
Consumer Discretionary	0.67%	-20.99%			
FMCG	1.18%	-4.46%			
Energy	-0.19%	-10.45%			
Healthcare	2.05%	16.51%			
IT	-1.18%	-9.10%			
FII (Cr)	EQUITY	DEBT	DEBT-VRR	HYBRID	TOTAL
MTD	14,569	-22,935	1,000	11	-7356
YTD	-40,345	-105,414	12,364	2,906	-130491
Currencies	29-May-20	MTD	2020		
USDINR	75.6369	0.69%	6.12%		
EURINR	83.9146	2.82%	5.05%		
GBPINR	93.3127	-0.30%	-0.18%		
Global Indices	29-May-20	MTD	2020		
DJIA	25,383.11	4.26%	-11.06%		
NASDAQ	9,489.87	6.75%	5.76%		
DAX	11,586.85	6.68%	-12.55%		
FTSE	6,076.6	2.97%	-19.43%		
CAC	4,695.44	2.7%	-21.46%		
NIKKEI	21,877.89	8.34%	-6.7%		
HSI	22,961.47	-6.83%	-18.55%		
KOSPI	2,029.6	4.21%	-7.65%		
RTSI	1,219.76	8.42%	-21.25%		
SHANGHAI	2,852.35	-0.27%	-6.48%		
Commodity (\$)	29-May-20	MTD	2020		
Gold	1,751.7	3.39%	15.01%		
Silver	18.5	23.56%	3.24%		
Brent	35.49	40.44%	-46.23%		
Q4 Results FY20					
Company	PAT Growth	Company	PAT Growth		
UPL	145%	Airtel	-963.91%		
Lupin	34.56%	Yes bank	-276.69%		
Nestle	13.55%	JSW Steel	-85.99%		
ICICI Bank	6.92%	Bajaj Finserv	-76.88%		
		Bata	-57.39%		

During the 2008 Global Financial crisis, bullion has rallied due to its safe heaven status and Gold-Silver Ratio (G/S Ratio) peaked at 35.5. In the current crisis, if a rally for safe heaven was to reoccur the present G/S Ratio of 94.8 values silver at a huge discount compared to gold from a historical perspective.

	Jan-08	Peak	% Chg	Jan-20	May-20	% Chg
Gold	946.0	1,796.5	90%	1,521.0	1,751.7	15%
Silver	17.3	50.6	192%	18.0	18.5	2%
G/S Ratio	54.7	35.5		84.3	94.8	

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