

Economic Insights

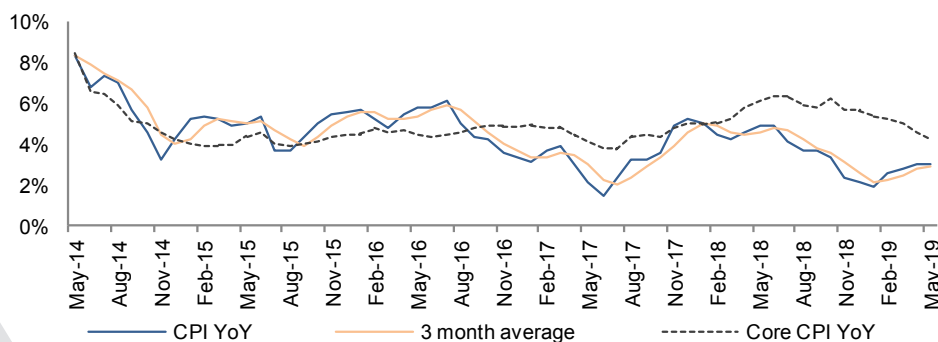
India Research - Stock Broking

Inflationary Pressures Remain Benign

CPI for the month of May increased marginally to 3.05% from a revised 2.99% for the month of April. This indicates that inflationary pressures remain benign in the economy. This is in line with a decrease in inflationary expectations of households. The expectation for inflation 3 months ahead has declined by 20 bps in the latest survey.

Though food inflation continues to be benign at 2.03%, what is more important is that core inflation continues to decline, coming in at 4.2% vs. 4.6% in the month of April, again a sign that inflationary pressures are contained, this we believe opens the door for a rate cut by RBI later in the year.

India CPI Trend (YoY%)

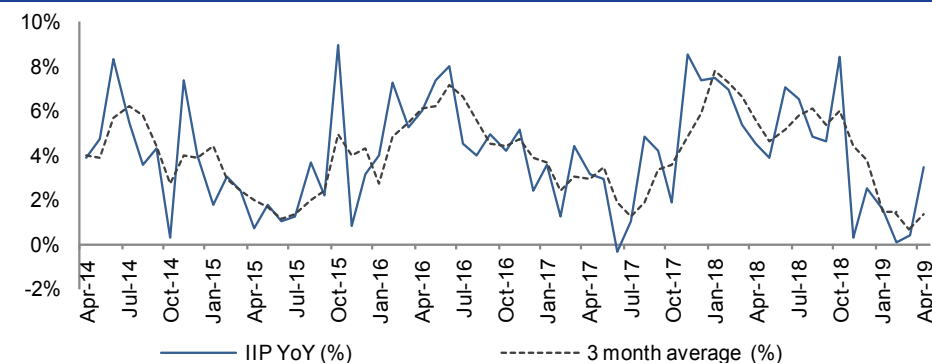


Source: CSO, Bloomberg, Karvy Research

More encouragingly, **IIP** or Index of Industrial production picked up pace, growing at 3.4% YoY for April 2019 against consensus expectations of 0.6% growth and a revised figure of 0.4% YoY for March 2019. The pickup was broad based, with mining, growing at 5.1%, manufacturing at 2.8% and electricity growing at 6%. IIP is a volatile series, and the 3 month moving average is more useful, which stands at 1.29%. Though its early days, this may indicate that inventory correction may be close to running its course. Capital Goods, an important component grew at 2.5% compared to a decline of 8.4% in March 2019. This is the first growth for this component since December 2018. Consumer Durables grew at 2.4% and Consumer Non-Durables at 5.2%.

Going forward, we expect the economy to recover gradually by Q2FY2019-20.

IIP (YoY%)



Source: CSO, Bloomberg, Karvy Research

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Data for the day

CPI %	3.05
IIP %	3.40

India at a glance

GDP growth %	6.80
GVA growth %	5.70
IIP Growth %	3.40
WPI %	3.07
CPI %	3.05
Exports growth %	0.64
Imports growth %	4.48
Fiscal deficit %	3.40
Debt / GDP %	70.20
Credit growth %	12.71
Composite PMI	51.70
Manufacturing PMI	52.70
Services PMI	50.20
CRR %	4.00
SLR %	19.00
Repo Rate %	5.75
Reverse Repo %	5.50
Call Money Rate %	5.80
3-M T-bill Yld %	5.94
1-Y T-bill Yld %	6.15
10YR Govt Bond Yld %	7.01
1-Y CP Rate	7.88
Forex Reserve (Bln \$)	421.87

Source: Bloomberg, Karvy Research, *As on Jun 12, 2019

Analyst Contacts

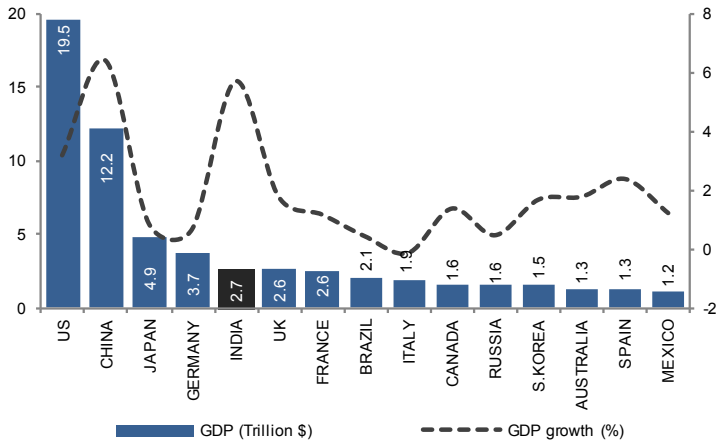
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Globe at a Glance

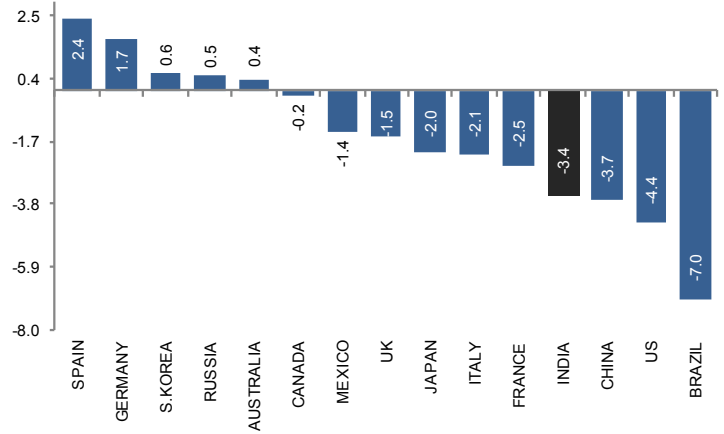
Trillion \$ Economies

GDP Trillion \$ & Growth (%)



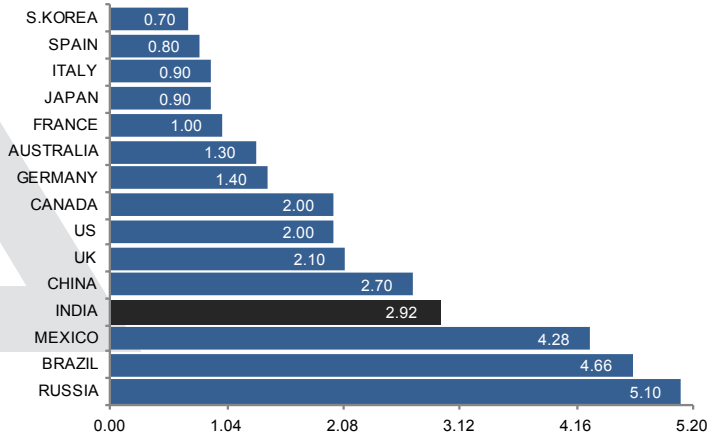
Source: Bloomberg, Karvy Research

Fiscal Deficit / GDP (%)



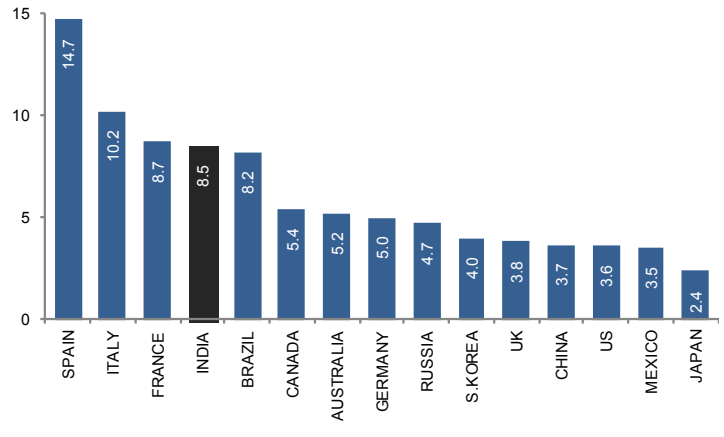
Source: Bloomberg, Karvy Research

CPI Inflation (%)



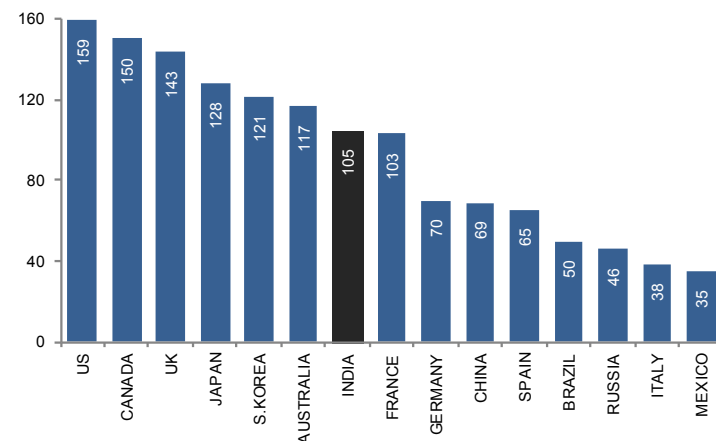
Source: Bloomberg, Karvy Research

Unemployment Rate (%)



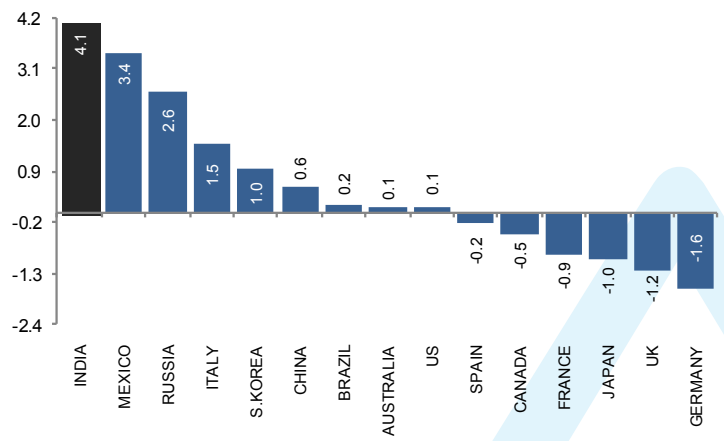
Source: Bloomberg, Karvy Research

Mcap/GDP (%)



Source: Bloomberg, Karvy Research

Yld-CPI Spread



Source: Bloomberg, Karvy Research, Represents 10Yr Govt Bond Yld

Global Markets at a Glance

Equities						
EQUITY INDEX	LTP	1D %Chg	1Y %Chg	52WH	52WL	PE (x)
INDIA NSE NIFTY	11891	(0.6)	9.7	12103	10005	27.0
US S&P 500	2886	(0.0)	3.5	2954	2347	18.9
US NASDAQ	7823	(0.0)	1.5	8176	6190	30.6
CHINA SHANGHAI	2913	(0.4)	(5.4)	3288	2441	14.1
EURO STOXX 50	3401	0.4	(2.1)	3541	2909	16.8
JAPAN NIKKEI 225	21130	(0.4)	(7.6)	24448	18949	19.9
UK FTSE100	7398	0.3	(4.0)	7793	6537	17.5
HONGKONG HANGSENG	27256	(1.9)	(12.4)	31243	24541	10.7
CANADA TSX	16249	0.2	(0.2)	16673	13777	17.4
FRANCE CAC 40	5408	0.5	(0.8)	5601	4556	18.1
AUSTRALIA ASX 200	6544	(0.0)	8.1	6587	5410	17.6
GERMANY DAX	12156	0.9	(5.3)	13170	10279	16.1
SWISS MARKET INDEX	9836	0.9	13.8	9871	8139	20.1
SOUTH KOREA KOSPI	2109	(0.1)	(14.6)	2480	1985	18.0
TAIWAN TAIEX	10616	0.1	(4.7)	11188	9319	15.4
SPAIN IBEX35	9282	(0.1)	(6.4)	9986	8286	13.6
BRAZIL BOVESPA	98960	1.5	36.0	100439	69069	18.1
NETHERLANDS AEX	557	0.7	(1.0)	577	472	15.7
SWEDEN OMX 30	1593	1.2	1.3	1700	1378	16.9
ITALY MIB	20610	0.6	(6.8)	22517	17914	11.8
SINGAPORE STRAITS	3198	(0.4)	(6.8)	3449	2956	13.0
THAILAND SE THAI	1671	0.0	(3.3)	1767	1547	18.0
INDONESIA JAKARTA	6270	(0.5)	4.6	6636	5558	19.9
MEXICO BOLSA	43714	0.2	(6.3)	50603	39272	15.7
MALAYSIA BURSA KLCI	1644	(0.4)	(6.8)	1827	1572	20.9
NEW ZEALAND 50	10205	0.7	13.9	10265	8491	22.0

Source: Bloomberg, Karvy Research

Currencies						
Currency pair with \$	Unit	LTP	%1D	%1Y	52WH	52WL
INDIAN RUPEE	INR / 1 \$	69.408	0.1	(2.8)	74.5	67.4
EURO	\$/ 1 EUR	1.134	0.1	(3.5)	1.2	1.1
JAPANESE YEN	JPY / 1 \$	108.32	0.2	1.9	114.6	104.9
BRITISH POUND	\$/ 1 GBP	1.273	0.0	(4.8)	1.3	1.2
CANADIAN DOLLAR	CAD / 1 \$	1.329	(0.1)	(2.1)	1.4	1.3
AUSTRALIAN DOLLAR	\$/ 1 AUD	0.695	(0.2)	(8.3)	0.8	0.7
NEWZEALAND DOLLAR	\$/ 1 NZD	0.658	(0.1)	(6.1)	0.7	0.6
SWISS FRANC	CHF / 1 \$	0.991	0.1	(0.4)	1.0	1.0
NORWEGIAN KRONE	NOK / 1 \$	8.635	(0.1)	(6.7)	8.8	8.0
SWEDISH KRONA	SEK / 1 \$	9.449	(0.0)	(8.5)	9.7	8.6
CHINA RENMINBI	CNY / 1 \$	6.919	(0.1)	(7.5)	7.0	6.4
HONGKONG DOLLAR	HKD / 1 \$	7.822	0.2	0.3	7.9	7.8
INDONESIAN RUPIAH	IDR / 1 \$	14259	(0.1)	(2.3)	15284	13895
MALAYSIAN RINGGIT	MYR / 1 \$	4.163	0.0	(4.1)	4.2	4.0
PHILIPPINES PESO	PHP / 1 \$	51.995	(0.1)	2.1	54.5	51.6
SINGAPORE DOLLAR	SGD / 1 \$	1.365	(0.0)	(2.0)	1.4	1.3
SOUTH KOREAN WON	KRW / 1 \$	1183	(0.2)	(8.9)	1197	1073
TAIWAN DOLLAR	TWD / 1 \$	31.417	(0.0)	(5.0)	31.6	29.8
THAI BAHT	THB / 1 \$	31.227	0.1	2.8	33.5	31.1
RUSSIAN RUBLE	RUB / 1 \$	64.593	(0.1)	(2.3)	70.8	61.6
S AFRICAN RAND	ZAR / 1 \$	14.696	(0.2)	(9.3)	15.7	13.1
BRAZILIAN REAL	BRL / 1 \$	3.858	0.8	(3.8)	4.2	3.6
MEXICAN PESO	MXN / 1 \$	19.145	(0.1)	8.2	21.0	18.4
DOLLAR INDEX	Spot	96.643	(0.0)	3.0	98.4	93.2

Source: Bloomberg, Karvy Research

Commodities						
Commodity	Unit	LTP	%1D	%1Y	52WH	52WL
BRENT CRUDE OIL	\$/bbl	61.1	(1.8)	(15.3)	83.5	51.4
NYMEX CRUDE OIL	\$/bbl	52.2	(2.0)	(17.4)	75.2	44.2
NATURAL GAS	\$/mmbtu	2.4	(0.0)	(10.2)	3.0	2.3
GOLD	\$/troy ounce	1334.8	0.6	3.0	1348.3	1160.4
SILVER	\$/troy ounce	14.8	0.6	(12.1)	17.3	13.9
PLATINUM	\$/troy ounce	817.4	0.2	(9.1)	915.9	755.6
ALUMINIUM	\$/MT	1778.0	0.2	(22.7)	2327.0	1751.8
COPPER	\$/MT	5876.0	0.0	(19.0)	7259.0	5725.0
ZINC	\$/MT	2506.5	1.2	(21.7)	3218.0	2283.0
NICKEL	\$/MT	11885.0	2.1	(22.3)	15730.0	10525.0
LEAD	\$/MT	1913.0	1.3	(22.7)	2508.5	1773.5
IRON ORE	\$/ MT	103.0	(0.8)	56.7	104.7	62.2
COAL	\$/ MT	75.8	0.0	(20.6)	95.0	73.5
CORN	Cents / bu	426.8	(0.2)	1.8	438.0	343.0
WHEAT	Cents / bu	516.8	(0.2)	(14.4)	619.0	418.5
SOYBEAN	Cents / bu	856.3	(0.3)	(14.0)	1002.8	791.0
ROUGH RICE	\$/ 100 lb	11.5	(0.4)	5.4	11.9	10.1
SOYBEAN OIL	Cents / lb	27.1	(0.4)	(15.0)	32.3	26.2
COFFEE	Cents / lb	99.5	(1.6)	(24.9)	136.3	90.1
SUGAR	Cents / lb	12.8	1.0	(5.4)	14.4	11.5
COTTON	Cents / lb	65.8	1.2	(20.8)	84.5	64.7
ETHANOL	\$/ Gal	1.5	2.9	5.4	1.6	1.3
RUBBER	Cents / KG	154.1	(0.8)	9.1	168.2	119.2
BALTIC DRY INDEX	Index	1105.0	(1.8)	(20.5)	1774.0	595.0

Source: Bloomberg, Karvy Research

Bonds					
10Y Govt Bond	Yld%	1D Chg BPS	1Y Chg BPS	52WH	52WL
INDIA	7.012	(2.6)	(95.4)	8.2	6.9
US	2.124	(1.9)	(83.7)	3.3	2.1
GERMANY	(0.237)	(0.5)	(72.8)	0.6	(0.3)
FRANCE	0.111	(0.8)	(76.8)	0.9	0.1
CHINA	3.284	1.7	(40.9)	3.7	3.1
JAPAN	(0.116)	(0.7)	(17.0)	0.2	(0.1)
UK	0.859	2.0	(54.8)	1.7	0.8
BRAZIL	7.981	(17.8)	(366.2)	12.6	8.0
ITALY	2.384	(0.9)	(47.8)	3.8	2.3
RUSSIA	7.731	(2.3)	11.1	9.3	7.7
CANADA	1.528	0.7	(77.8)	2.6	1.4
AUSTRALIA	1.426	(2.7)	(137.6)	2.8	1.4
SPAIN	0.579	(0.1)	(87.3)	1.8	0.5
S.KOREA	1.672	1.0	(105.8)	2.7	1.7
MEXICO	7.721	0.9	(16.5)	9.3	7.6
INDONESIA	7.740	2.0	44.1	8.9	7.3
NETHERLANDS	(0.057)	(0.9)	(72.5)	0.7	(0.1)
NORWAY	1.520	3.7	(36.6)	2.1	1.4
SWITZERLAND	(0.467)	0.2	(52.0)	0.1	(0.5)
HONG KONG	1.684	1.3	(67.1)	2.6	1.4
SINGAPORE	2.051	(0.0)	(57.5)	2.6	2.0
SOUTH AFRICA	9.079	(1.3)	35.8	9.7	9.0
PORTUGAL	0.643	(0.4)	(134.4)	2.1	0.6
GREECE	2.778	(0.3)	(177.0)	4.7	2.8

Source: Bloomberg, Karvy Research

Global Markets at a Glance

Exhibit: Nifty

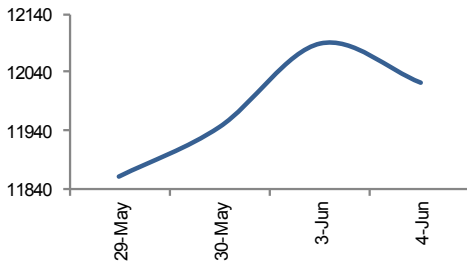


Exhibit: INR

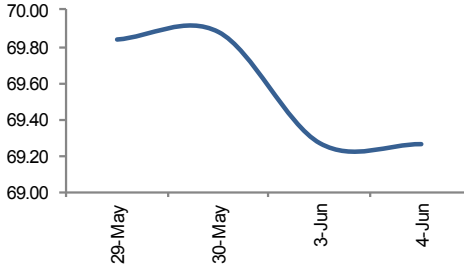


Exhibit: India 10 Yr Yld %

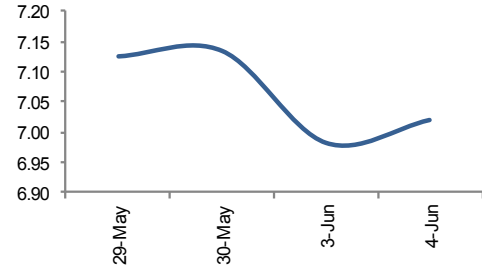


Exhibit: S&P 500

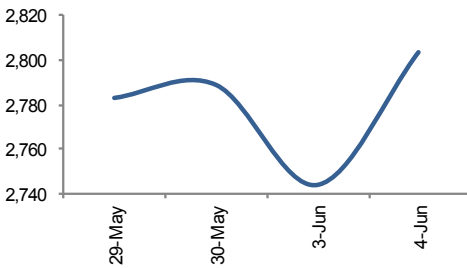


Exhibit: Dollar Index

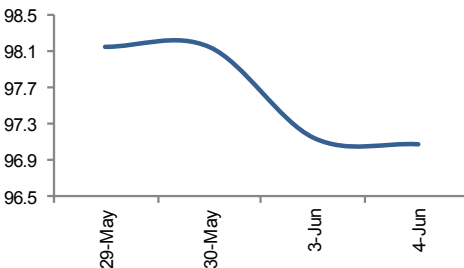


Exhibit: US 10 Yr Yld %

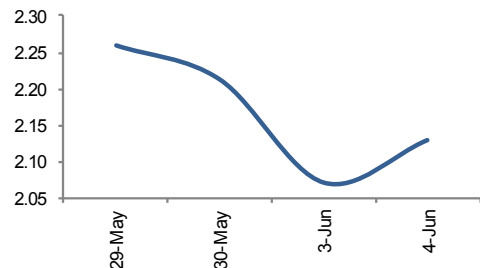


Exhibit: Euro Stoxx 50

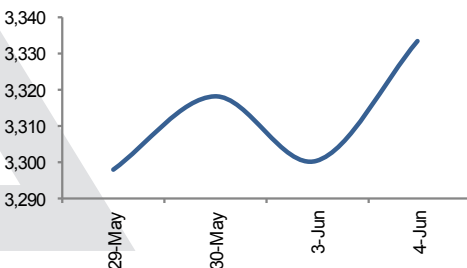


Exhibit: Eur

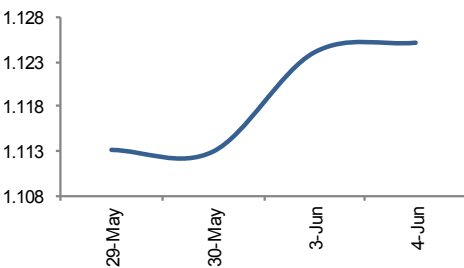


Exhibit: Germany 10 Yr Yld %

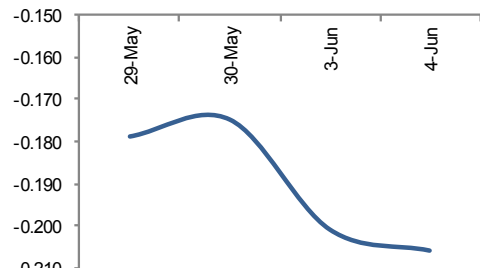


Exhibit: Nikkei

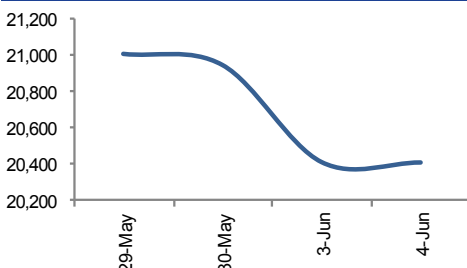


Exhibit: JPY

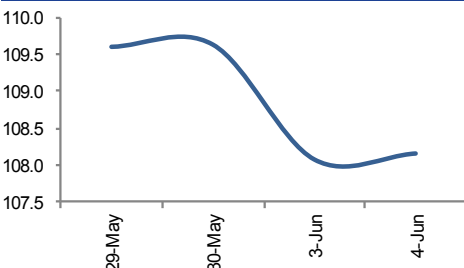


Exhibit: Japan 10 Yr Yld %

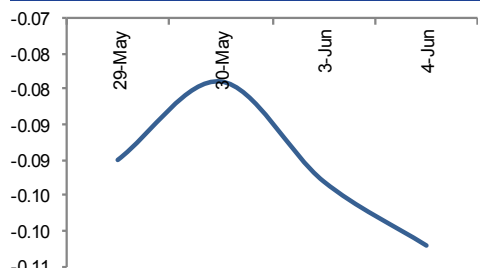


Exhibit: Shanghai

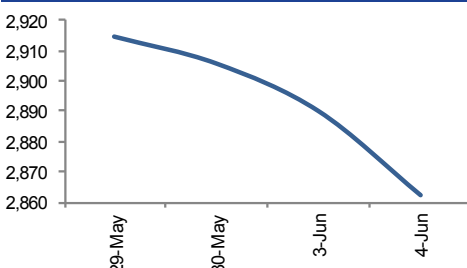


Exhibit: CNY

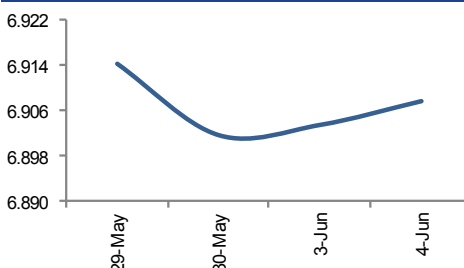
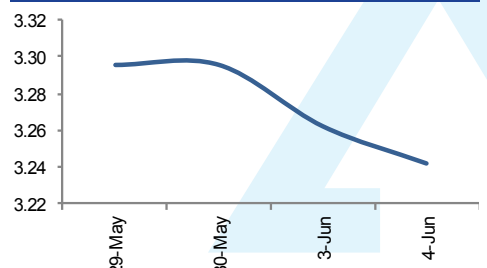


Exhibit: China 10 Yr Yld %



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