

# Global Navigator

June 2026



**HSBC** Mutual Fund

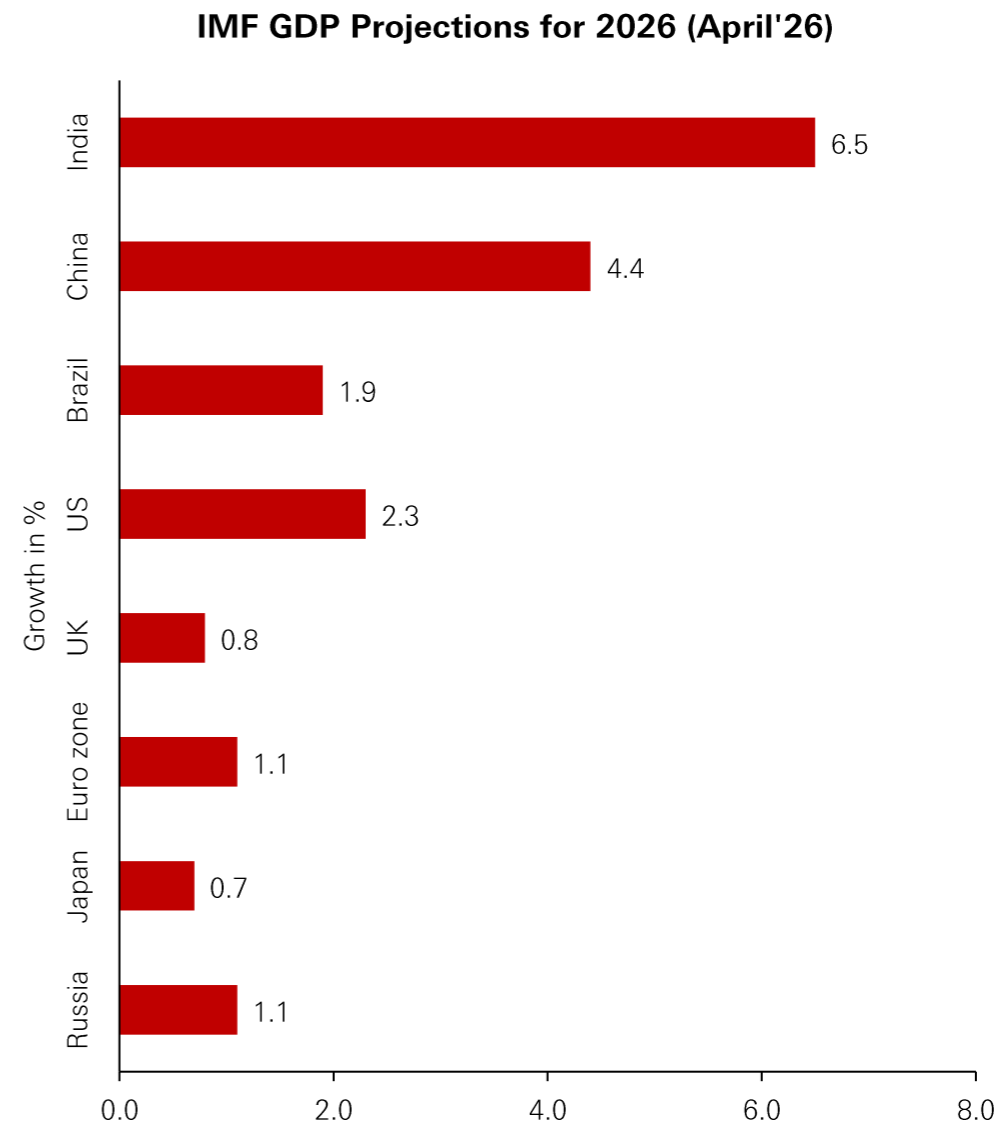
SEBI Registered Name/Number-HSBC Mutual Fund & MF/046/02/5

# Global Update

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# Global Economic Update

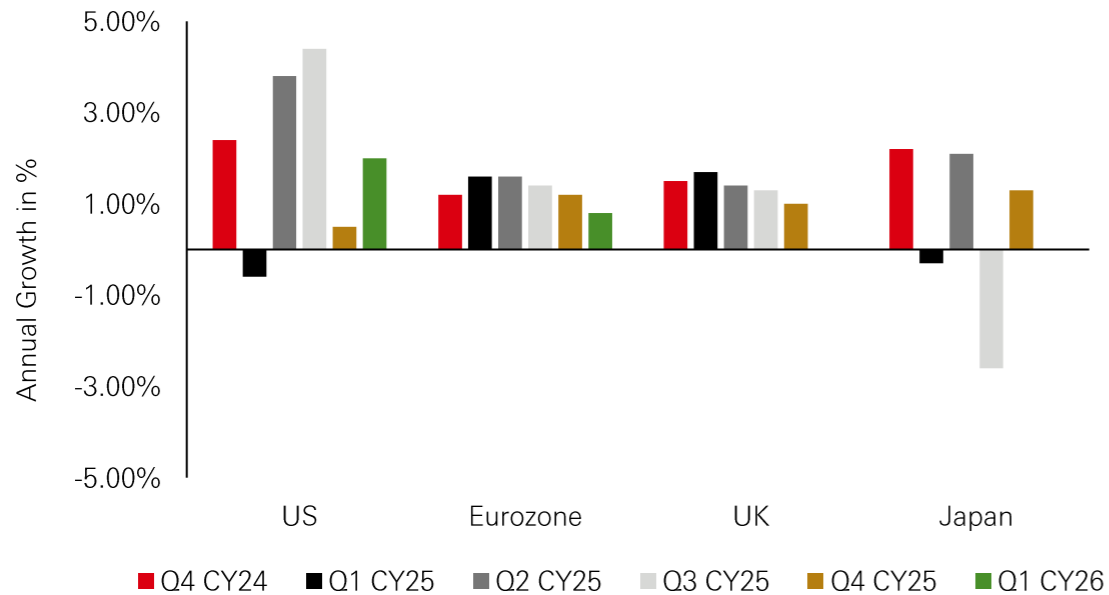
	GDP		Inflation		Industrial Growth	
	Current	Previous	Current	Previous	Current	Previous
US	1.6%	0.5%	3.8%	3.3%	1.4%	0.8%
	Q1 2026	Q4 2025	Apr'26	Mar'26	Apr'26	Mar'26
Eurozone	0.8%	1.2%	3.0%	2.6%	-2.1%	-0.8%
	Q1 2026	Q4 2025	Apr'26	Mar'26	Mar'26	Feb'26
UK	1.1%	1.0%	2.8%	3.3%	0.0%	-0.5%
	Q1 2026	Q4 2025	Apr'26	Mar'26	Mar'26	Feb'26
China	5.0%	4.5%	1.2%	1.0%	4.1%	5.7%
	Q1 2026	Q4 2025	Apr'26	Mar'26	Apr'26	Mar'26
Japan	2.1%	0.8%	1.4%	1.5%	2.3%	2.4%
	Q1 2026	Q4 2025	Apr'26	Mar'26	Apr'26	Mar'26
India	7.8%	8.4%	3.5%	3.4%	4.9%	4.1%
	Q3 FY26	Q2 FY26	Apr'26	Mar'26	Apr'26	Mar'26



Major Global Central Bank	Latest Key Interest rate
US Federal Reserve	3.75%
Bank of England	3.75%
European Central Bank	2.15%
Bank of Japan	0.75%
India Reserve Bank of India	5.25%

Source: Crisil, Bloomberg, Respective Central Banks, IMF. Data as on 29 May 2026 Past performance may or may not be sustained in future and is not a guarantee of any future returns., GDP – Gross Domestic Product, IMF – International Monetary Fund

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## UK economy grew 1.1% in the first quarter of 2026

- The UK economy grew 1.1% in the first quarter of 2026 vs 1.0% in the last quarter of 2025.
- The Bank of England adopted a more restrictive stance, prioritising growth concerns amid geopolitical uncertainty.
- Governor stated that there was “no rush” to raise interest rates despite inflation trending above the 2% target.

## Eurozone economy grew 0.8% in the first quarter of 2026

- The GDP of the Eurozone expanded 0.8% on-year in the first quarter of 2026 vs 1.2% in the last quarter of 2025.
- The European Central Bank (ECB) signalled a relatively hawkish bias, with policymakers warning that markets may be underestimating geopolitical and inflation risks.

## Japanese economy returned to growth in the first quarter of 2026

- The Japanese economy advanced at an annualised pace of 2.1% in the first quarter of 2026 vs a downwardly revised 0.8% growth in the fourth quarter of 2025.
- The Bank of Japan retained a relatively hawkish tilt compared with its historical stance, as inflation remained above its long-standing target. Policymakers acknowledged rising price pressures alongside a tight labour market, while also highlighting downside risks to growth from global uncertainties.

## The US GDP growth accelerated to 1.6% in the first quarter of 2026

- The US economy rebounded in the first quarter of 2026, expanding at an annualised rate of 1.6% vs a growth of 0.5% in the previous quarter.
- Policymakers acknowledged that geopolitical tensions, particularly in West Asia, have contributed to elevated energy prices, complicating the inflation outlook and limiting the room for rate cuts, with markets increasingly pricing a prolonged pause or a potential tightening bias.

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# Global- Performance Trends

Global indices	% Change										
	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24	CY25	CY26*	10-year CAGR*
DJIA	25.08	-5.63	22.34	7.25	18.73	-8.78	13.70	12.88	12.97	6.18	9.95
Nasdaq	28.24	-3.88	35.23	43.64	21.39	-33.10	43.42	28.64	20.36	16.05	17.49
Nikkei	19.10	-12.08	18.20	16.01	4.91	-9.37	28.24	19.22	26.18	31.76	13.25
Hang Seng	35.99	-13.61	9.07	-3.40	-14.08	-15.46	-13.82	17.67	27.77	-1.75	1.36
FTSE	7.63	-12.48	12.10	-14.34	14.30	0.91	3.78	5.69	21.51	4.81	3.84
Cac 40	9.26	-10.95	26.37	-7.14	28.85	-9.50	16.52	-2.15	10.42	0.42	5.34
Xetra Dax	12.51	-18.26	25.48	3.55	15.79	-12.35	20.31	18.85	23.01	2.51	8.14
Shanghai	6.56	-24.59	22.30	13.87	4.80	-15.13	-3.70	12.67	18.41	2.51	2.74
Brazil Bovespa	26.86	15.03	31.58	2.92	-11.93	4.69	22.28	-10.36	33.96	7.86	11.18
Russia RTS	0.18	-7.65	45.28	-10.42	15.01	-39.18	11.63	-17.56	24.73	2.14	-0.13
Nifty 50 TRI	30.27	4.64	13.48	16.14	25.59	5.69	21.30	10.09	11.88	-9.61	12.54
BSE SENSEX TRI	29.56	7.23	15.66	17.16	23.23	5.80	20.33	9.49	10.38	-12.02	12.21

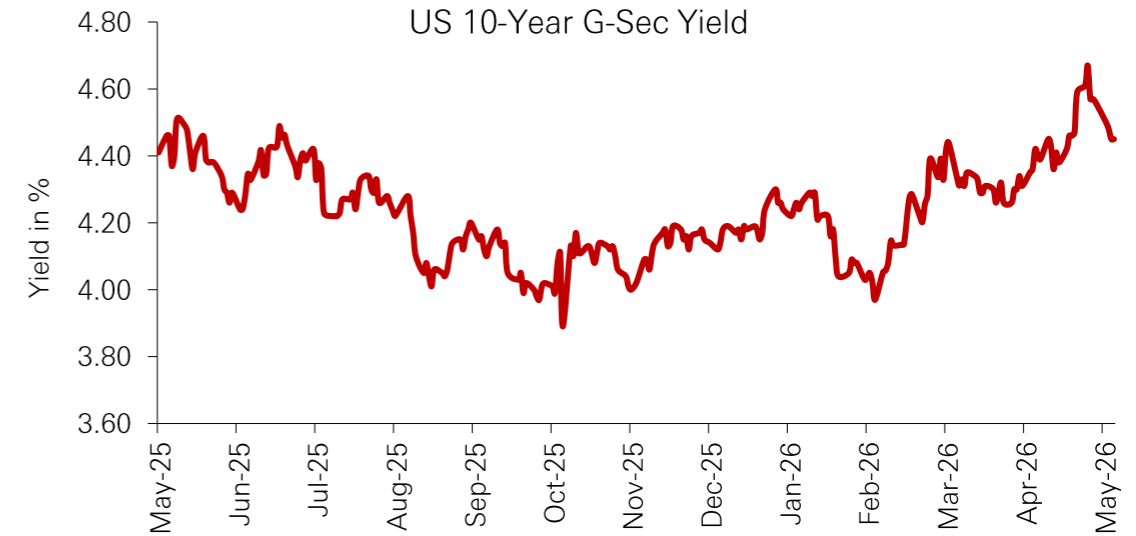
Source: Crisil, BSE, NSE and Financial websites Figures in red indicate negative returns in that period. \*CY26- YTD (till May 29, 2026) \*10-year CAGR, Data as on 29 May 2026

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## US treasury yield rose in May'26

- The US 10-year benchmark Treasury yield rose to 4.45% on May 29 from 4.40% on April 30, as markets recalibrated expectations for the Fed's interest-rate path amid mixed economic data, inflation concerns and fiscal developments.
- Early in the month, Treasury yields softened on expectations that the Fed could begin cutting interest rates later in the year, supported by softer macroeconomic releases.
- However, yields moved higher as investors assessed stronger-than-expected US labour market data for April, resilient growth signals and sticky inflation concerns, reducing expectations of near-term policy easing. Markets also tracked the US Consumer Price Index (CPI) inflation, retail sales, Purchasing Managers' Index (PMI) and business activity data for April for signals on the Fed's policy outlook.
- Later in May, yields remained elevated amid concerns over US fiscal deficit and the associated increase in Treasury debt issuance requirements, which added supply pressure to the bond market. Trade/tariff developments, crude oil movements and geopolitical developments also shaped inflation expectations and market sentiment.



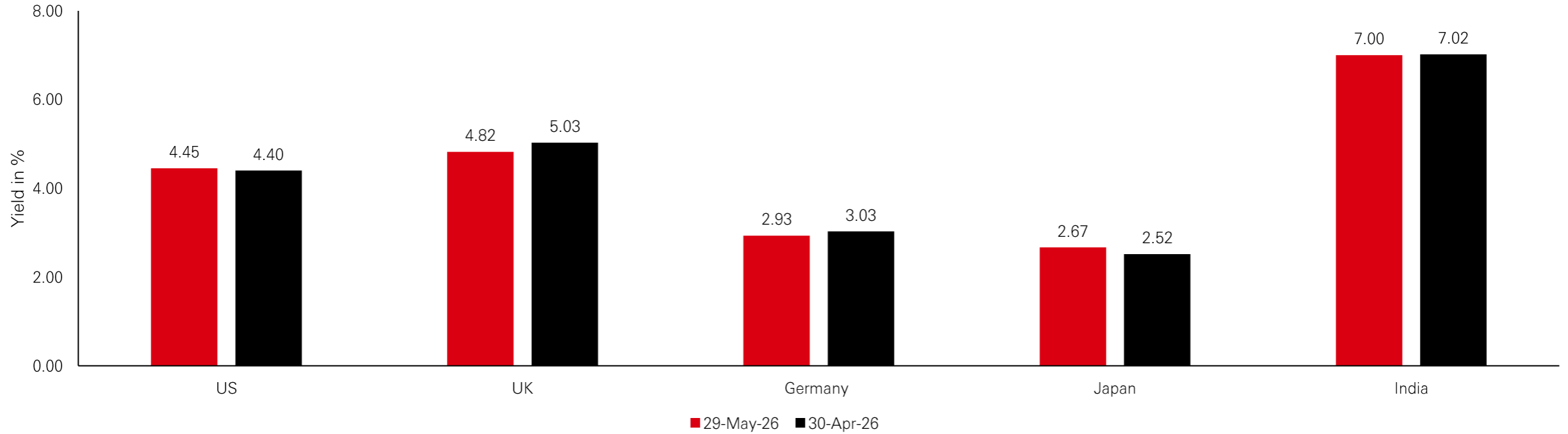
Global bond yields			
	29-May-26	30-Apr-26	Change
<b>US 10-Year (%)</b>	4.45	4.40	0.05
<b>UK 10-Year (%)</b>	4.82	5.03	-0.21
<b>German 10-Year (%)</b>	2.93	3.03	-0.10
<b>Japan 10-Year (%)</b>	2.67	2.52	0.15

Source: Crisil, Refinitiv, Data as on 29 May 2026, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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# Global Yield and Where India Stands

Global Yield



	US	UK	Germany	Japan	India
<b>Current Yield (%)</b>	4.45	4.82	2.93	2.67	7.00
<b>Inflation (%)</b>	3.80	2.80	2.60	1.40	3.48
<b>Real Yield (%)</b>	0.65	2.02	0.33	1.27	3.52

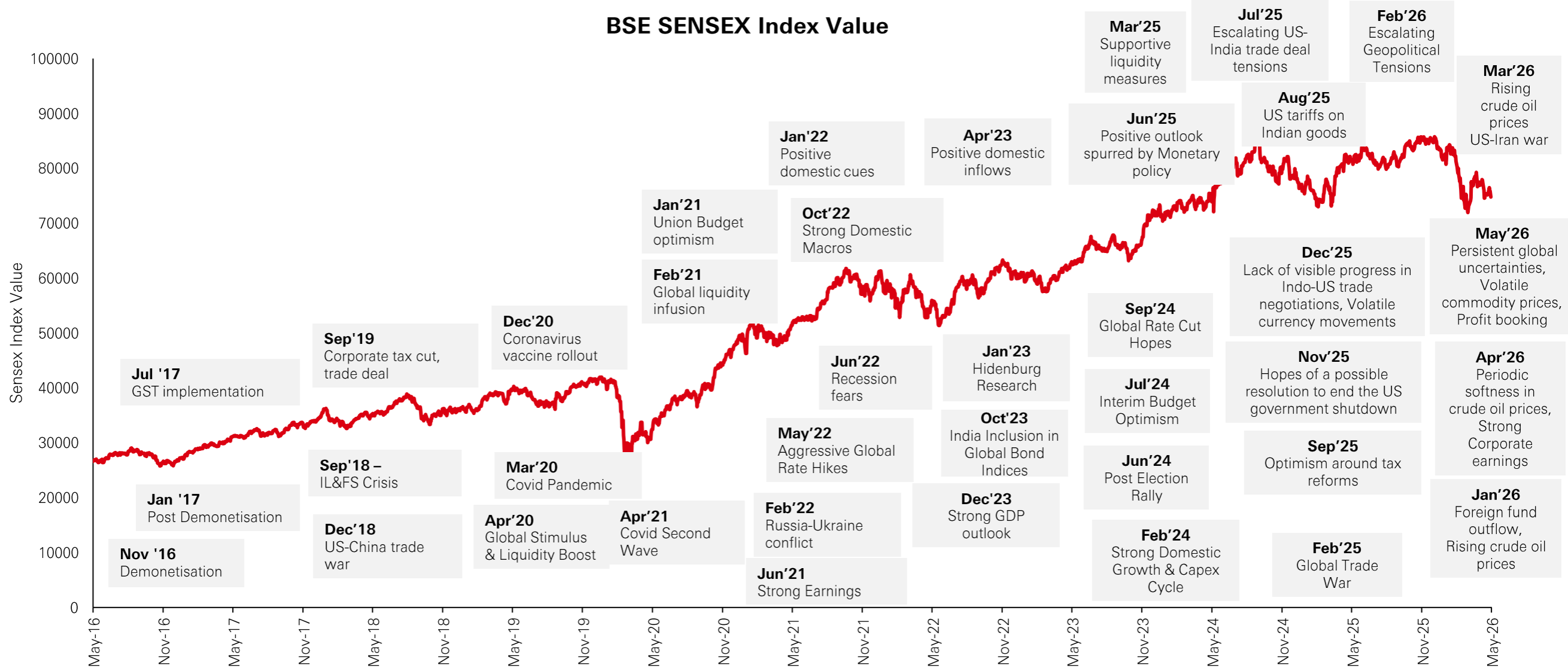
Source : Crisil, Data as on 29 May 2026, Inflation Data as of April 2026. Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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# Domestic Equity

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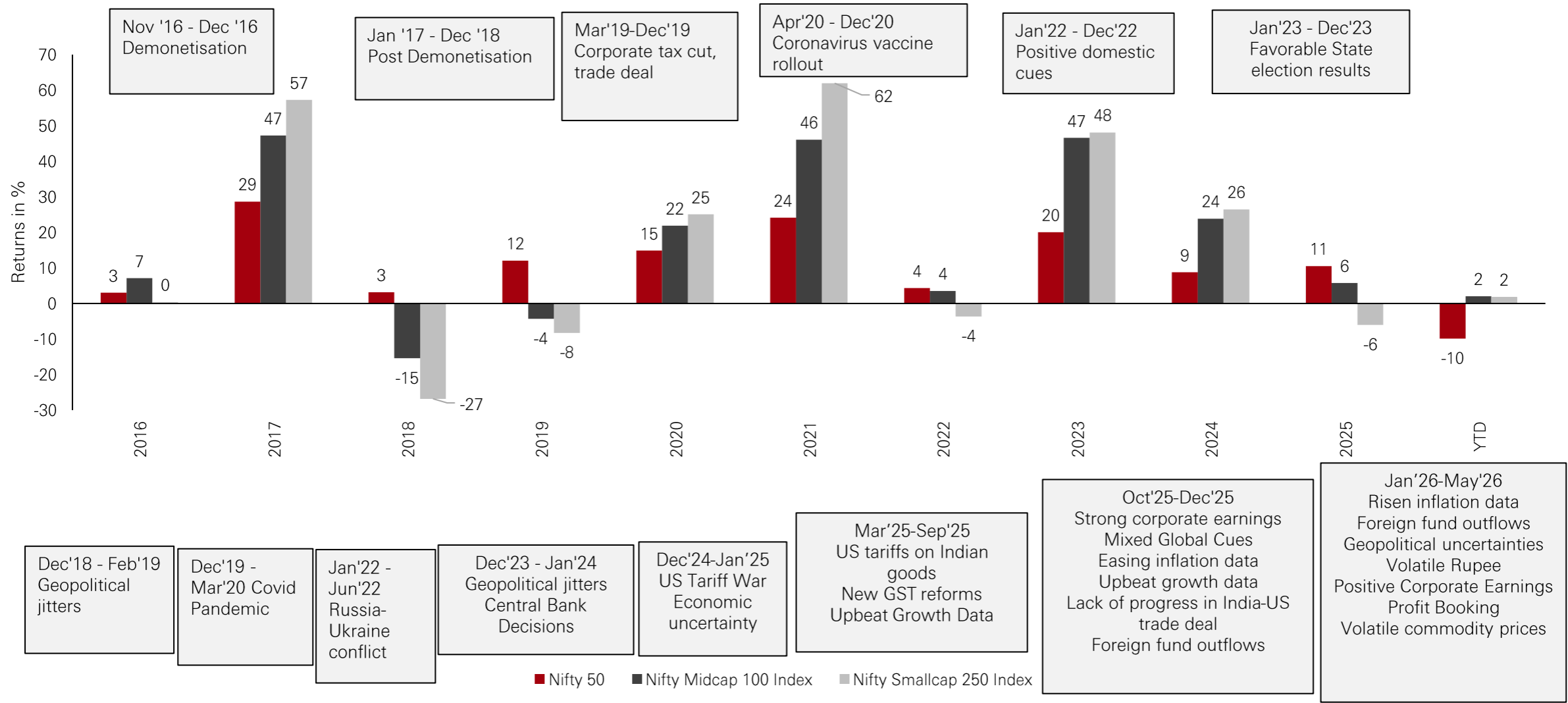
# History of Equity markets through major events



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# History of Equity markets through major events

## Performance of major equity indices

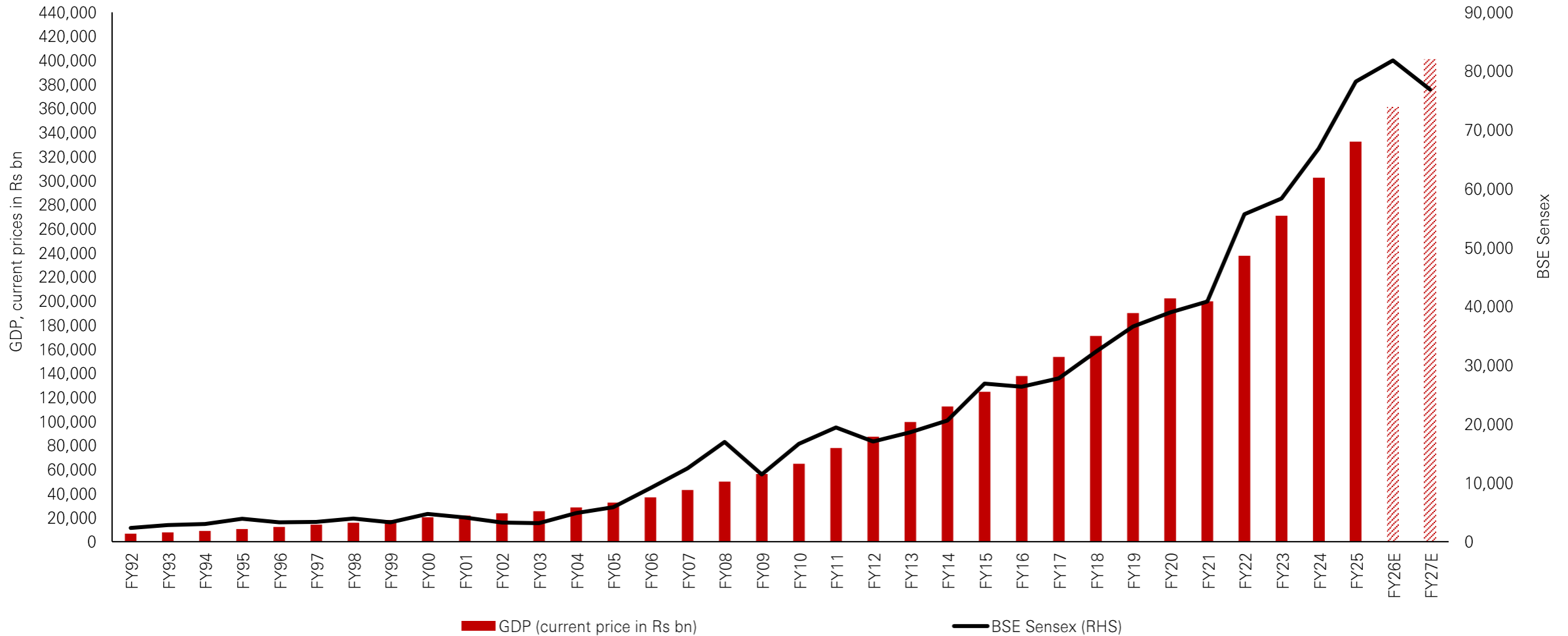


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# Equity mirrors economic growth in the long term

**GDP - The Indian economy is expected to carry the momentum of last year's GDP growth into the current fiscal year as well**

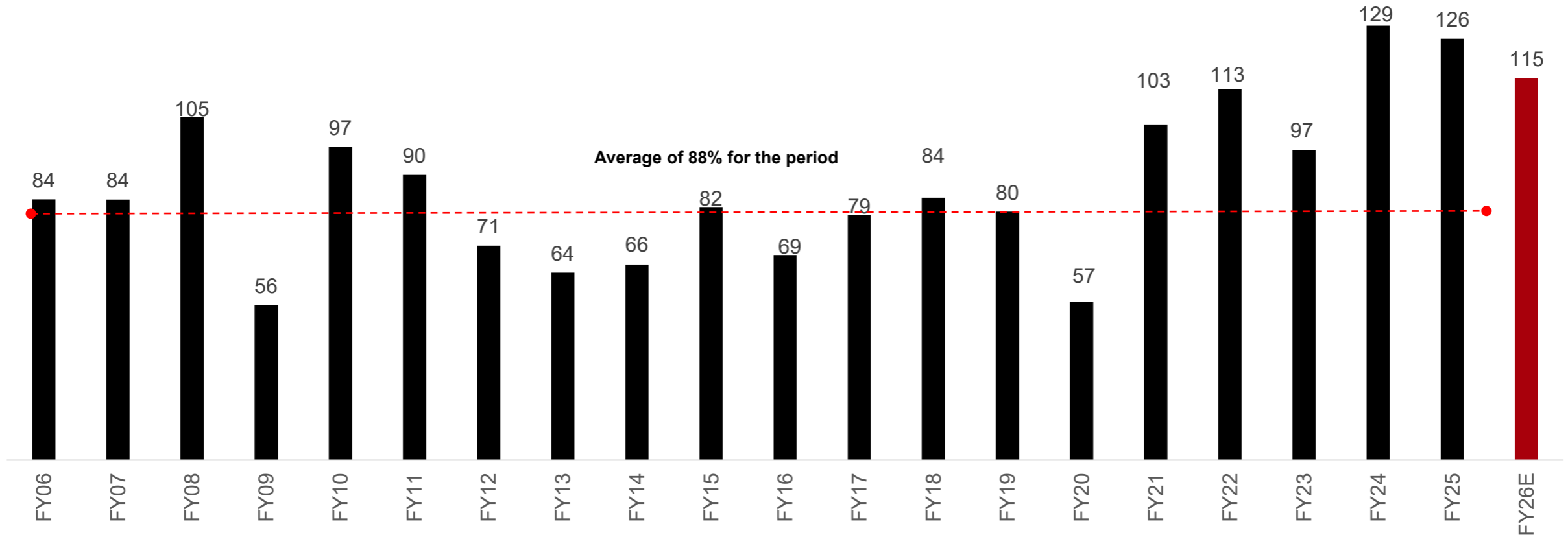


Source: Crisil, Bloomberg, BSE, IMF, The GDP projection for fiscal year 2026 is shown shaded in this graph is for illustration purposes only and is not guaranteed, (GDP for FY18 to FY23 has base year 2011-12, while FY24, 25, and 26 has base year 2022-23)

Data as on 29 May 2026, Past Performance May or May not be sustained in future. Investors should not consider the same as investment advice GDP – Gross Domestic Product.

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# India Market cap to GDP (%)

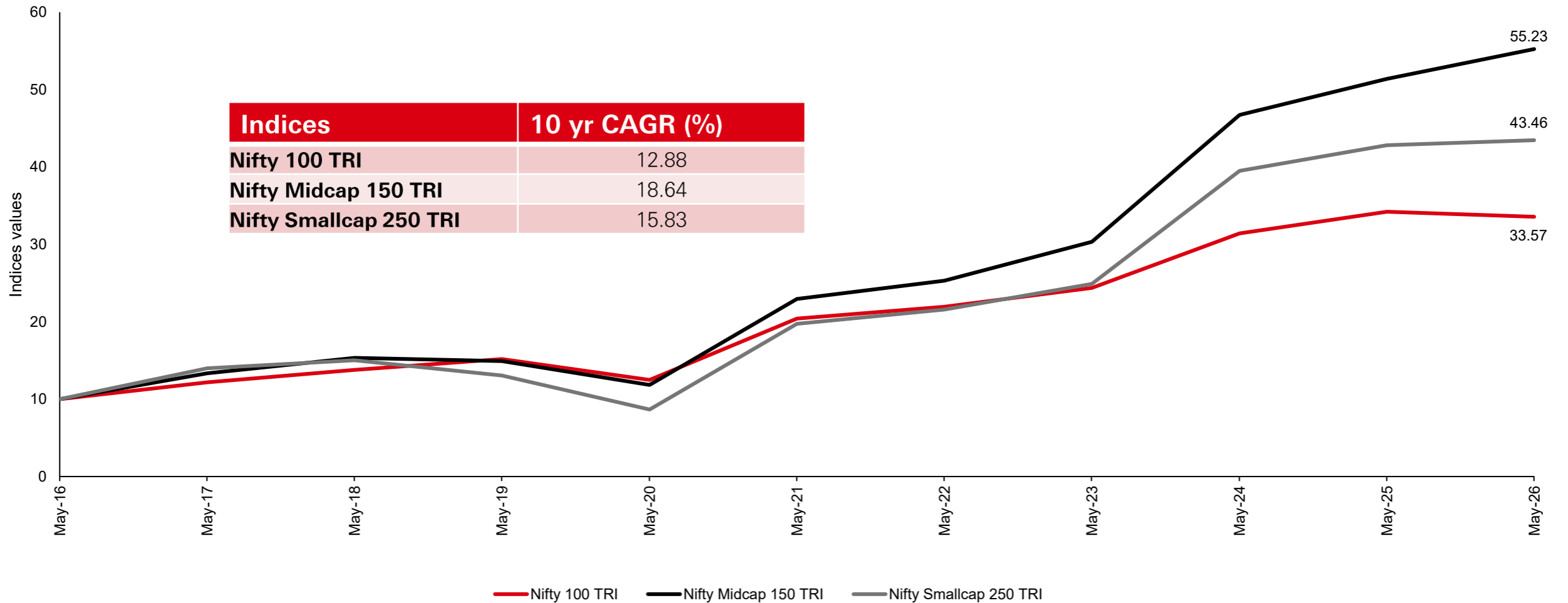


Source: MOSL, Bloomberg,

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# Nifty Mid-cap 150 TRI vs Nifty Small-cap 250 TRI vs Nifty 100 TRI



Source: Crisil, NSE. Data as on 29 May 2026, data represents YTD values. The indices values are rebased by 10

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# Indian market - Performance trends

Indices	% Change										10-year CAGR*
	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24	CY25	CY26	
Nifty 50 TRI	30.27	4.64	13.48	16.14	25.59	5.69	21.30	10.09	11.88	-9.61	12.54
BSE SENSEX TRI	29.56	7.23	15.66	17.16	23.23	5.80	20.33	9.49	10.38	-12.02	12.21
BSE Metal TRI	52.82	-16.20	-10.16	18.43	72.68	15.70	35.50	10.24	29.81	19.34	23.22
BSE CG TRI	41.42	-0.49	-8.79	12.52	54.75	17.17	68.15	22.53	-0.21	20.69	20.00
BSE Power TRI	22.03	-14.30	-0.64	11.38	73.68	28.51	36.45	21.28	-5.30	29.48	18.82
BSE CD TRI	102.87	-8.32	21.53	22.19	47.73	-10.93	26.40	29.31	-6.51	-3.81	17.71
BSE PSU TRI	22.69	-18.69	-1.12	-12.80	47.95	28.30	61.48	24.34	12.09	2.64	16.71
BSE Realty TRI	107.24	-30.69	27.58	9.20	55.40	-9.97	80.16	33.45	-17.06	-10.14	16.14
BSE Oil & Gas TRI	37.81	-12.40	10.59	-0.55	31.72	20.45	17.30	16.50	14.07	-6.59	15.02
BSE Auto TRI	33.31	-21.33	-9.94	14.27	20.59	17.83	47.71	23.40	22.59	-7.04	12.84
BSE Healthcare TRI	1.10	-5.38	-2.80	62.61	21.54	-11.50	37.97	44.30	-2.72	7.05	12.57
BSE BANKEX TRI	39.98	5.65	21.12	-2.12	12.97	21.91	12.12	7.15	16.66	-8.31	12.44
BSE IT TRI	13.29	27.26	11.84	60.05	58.45	-22.70	28.28	22.21	-12.94	-22.81	11.53
BSE FMCG TRI	33.26	12.11	-2.14	13.19	11.70	19.08	29.65	3.25	-0.23	-10.05	10.38

Source: Crisil, BSE, Figures in red indicate negative returns in that period. \*10-year CAGR, Data as on 29 May 2026, CY26 is YTD (till 29 May 2026) (CD- Consumer Durable/ CG – Capital Goods))

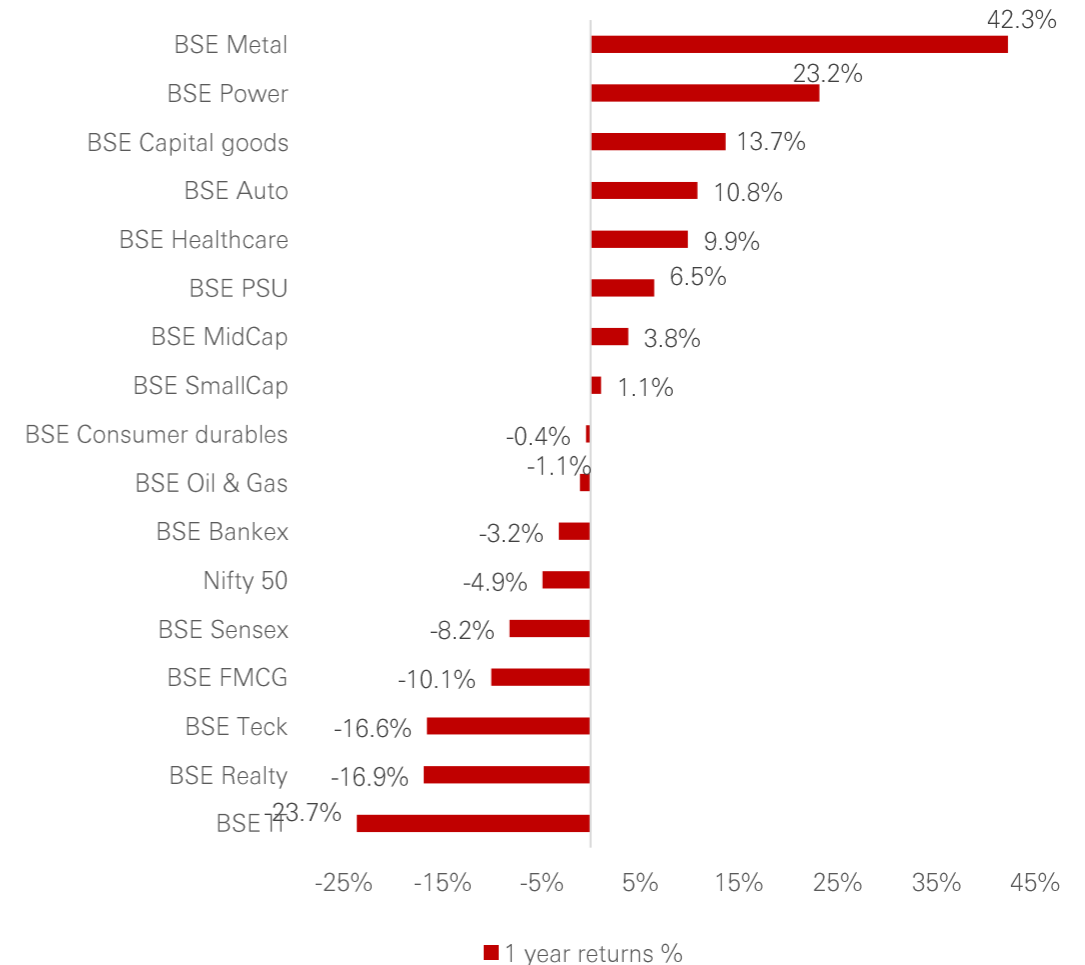
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## Indian markets declined in May'26

- Indian equities witnessed a reversal in momentum during May, with benchmark indices drifting lower after April's strong rally, as persistent global uncertainties and volatile commodity prices weighed on investor sentiment. The BSE Sensex settled 2.8% lower at 74,776 points on May 29, compared with the end of the previous month. The Nifty 50 fell 1.9% on-month to close at 23,548.
- Overall, May was characterised by a volatile and corrective trend, as external pressures and profit booking outweighed domestic resilience, leading to a moderation in market performance after the strong gains in the previous month.
- Sectoral performance reflected a clear shift from April's broad-based strength to a more mixed trend. Early gains were reversed during the correction phase, with public sector utilities (PSU), oil & gas and fast-moving consumer goods (FMCG) sectors emerging as key laggards by the end of the month. The BSE PSU, BSE Oil & Gas and BSE FMCG declined 4.30%, 3.40% and 3.31%, respectively.

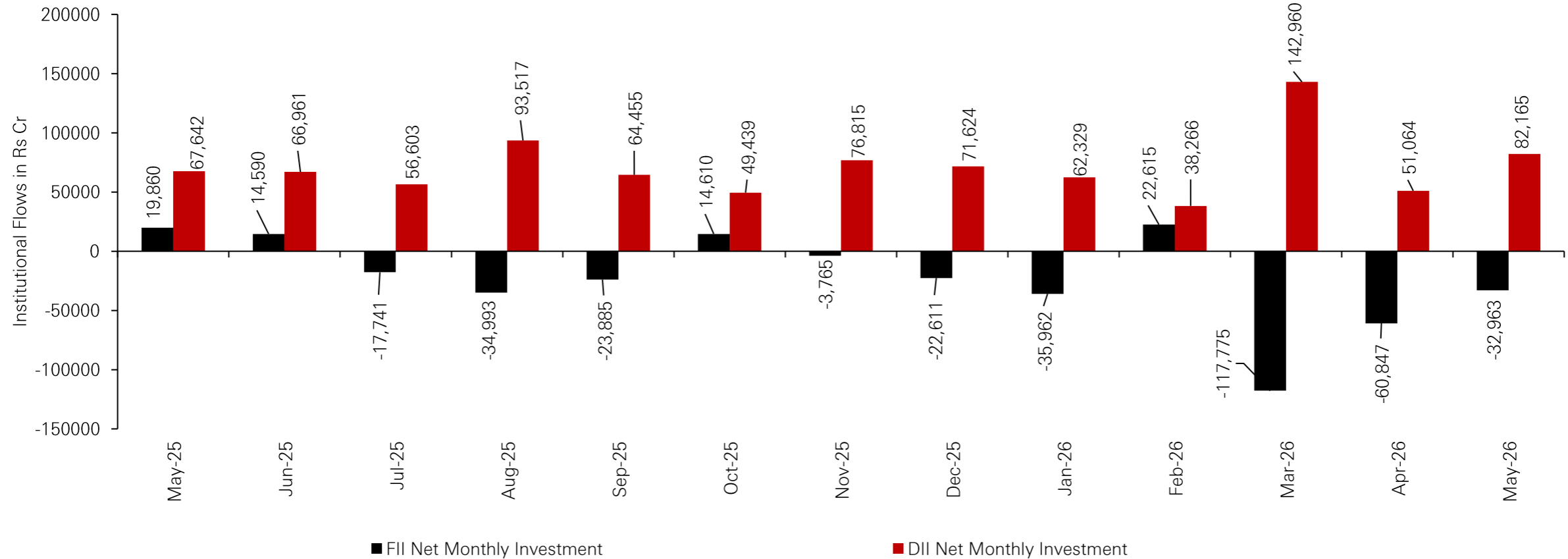


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# FII DII Graph

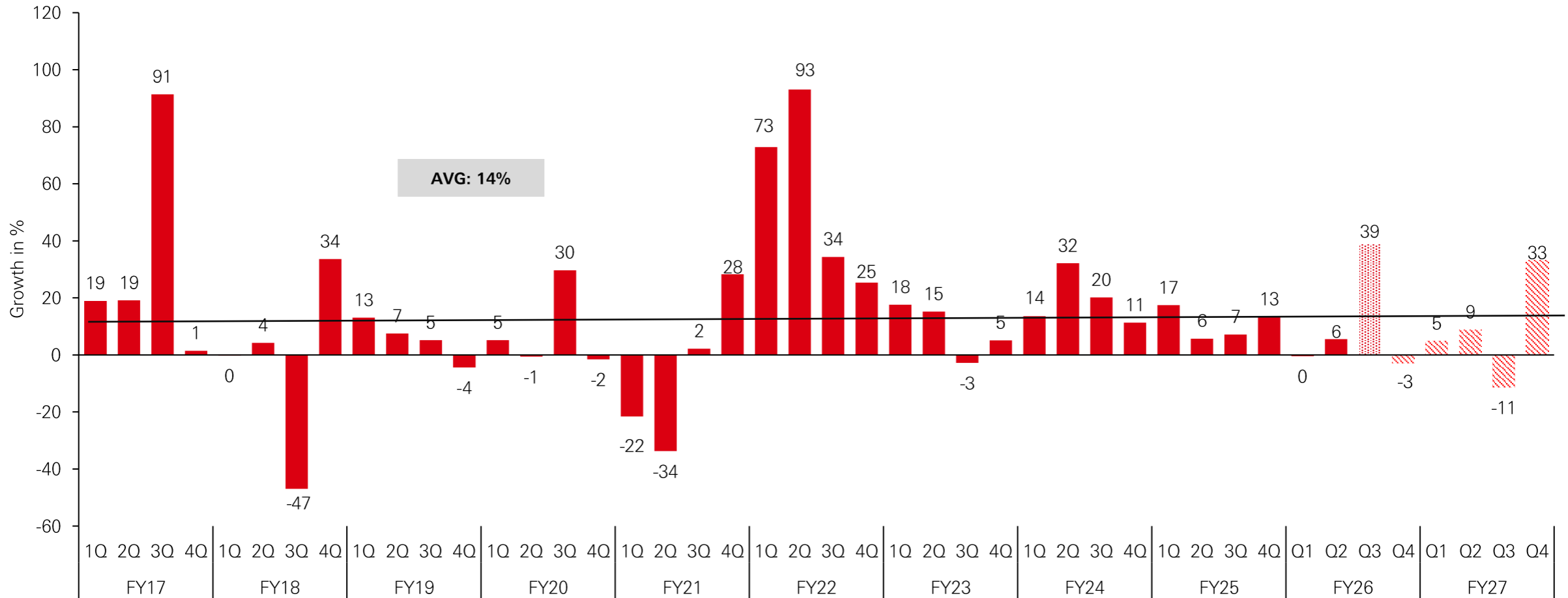


Foreign institutional investors sold equities worth Rs 32,963 crore till May 29, compared with selling equities worth Rs 60,847 crore till April 30. However, domestic institutional investors picked up equities worth Rs 82,165 crore till May 29 as against Rs 51,064 billion till April 30, supporting the market.

Source : FII (NSDL), DII (NSE), Data as on 29 May 2026, Past performance may or may not be sustained in future and is not a guarantee of any future returns.  
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# Earnings growth – quarterly trend

Nifty 50 earnings



## Nifty 50 EPS Growth (Y-o-Y)

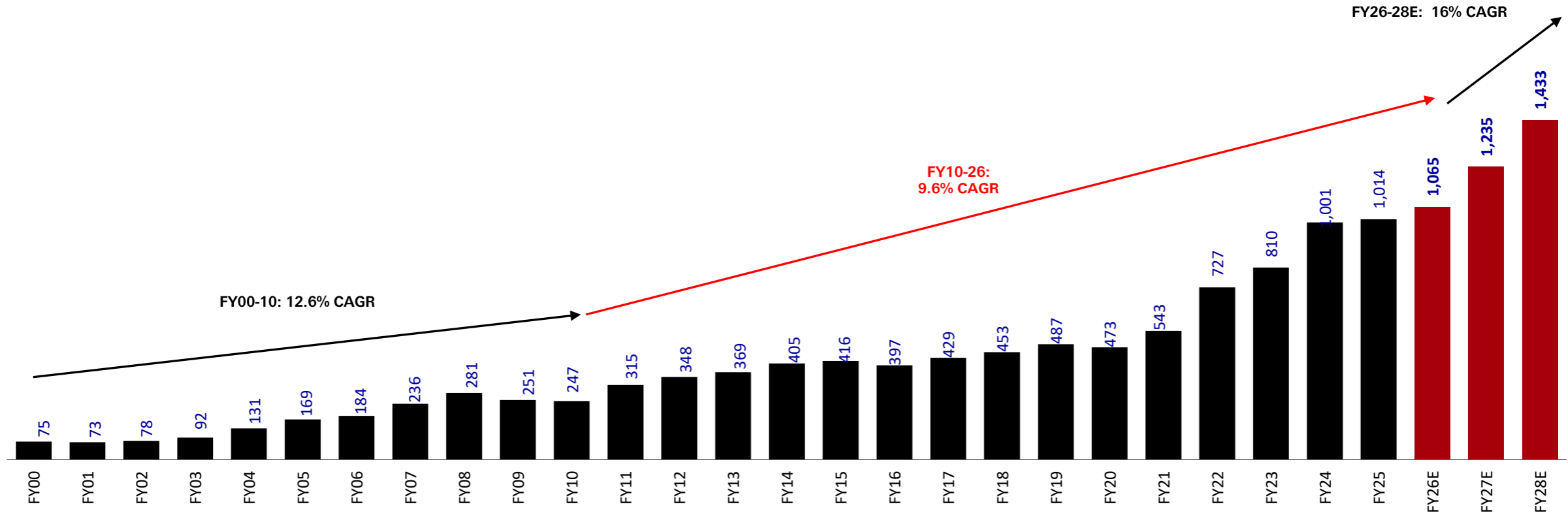
Estimates – shaded portion of FY26 and FY27

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# Earnings trend

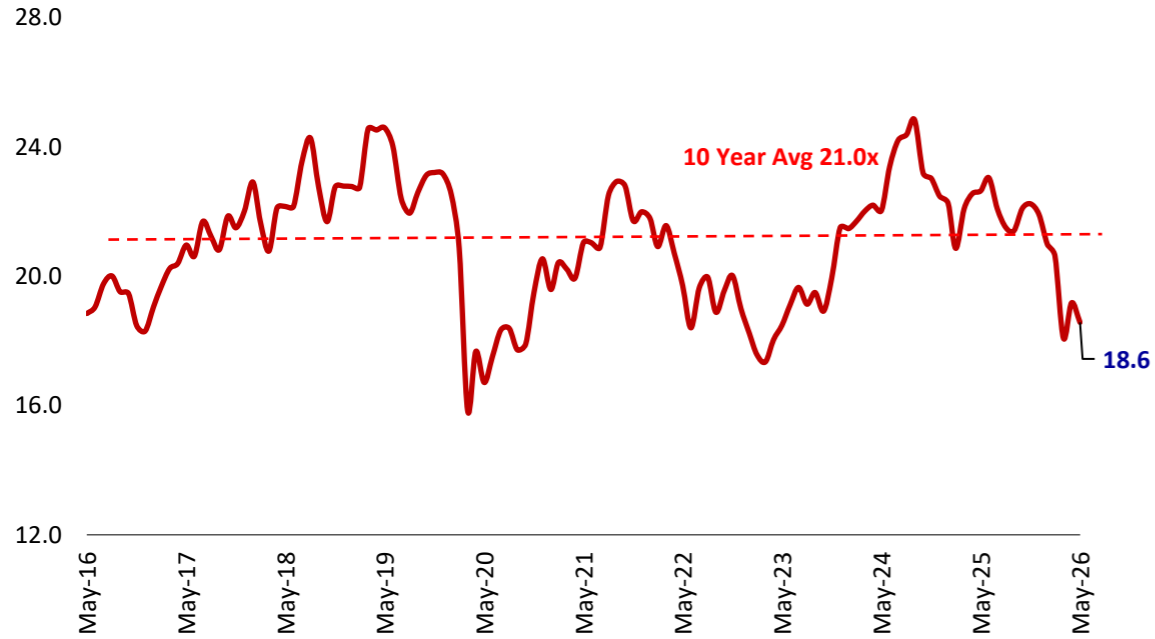
## India - Equity earnings (Nifty 50 EPS)



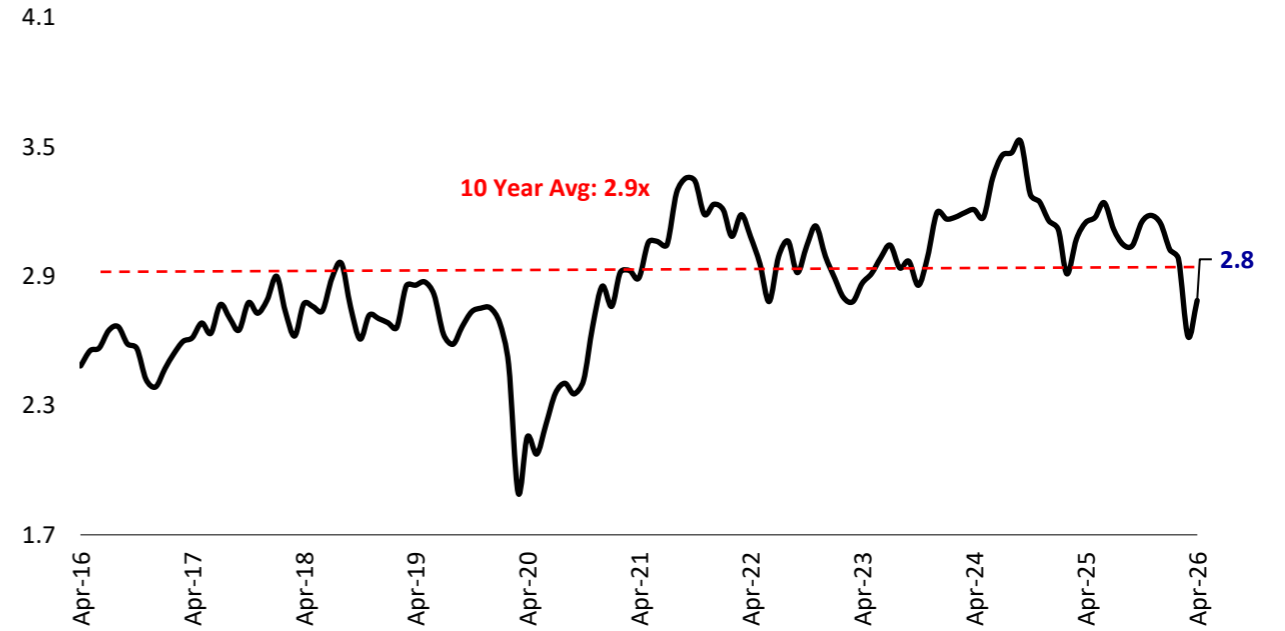
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## Nifty50 - Price to Earnings (PE)



## Nifty 50 - Price to Book (PB)

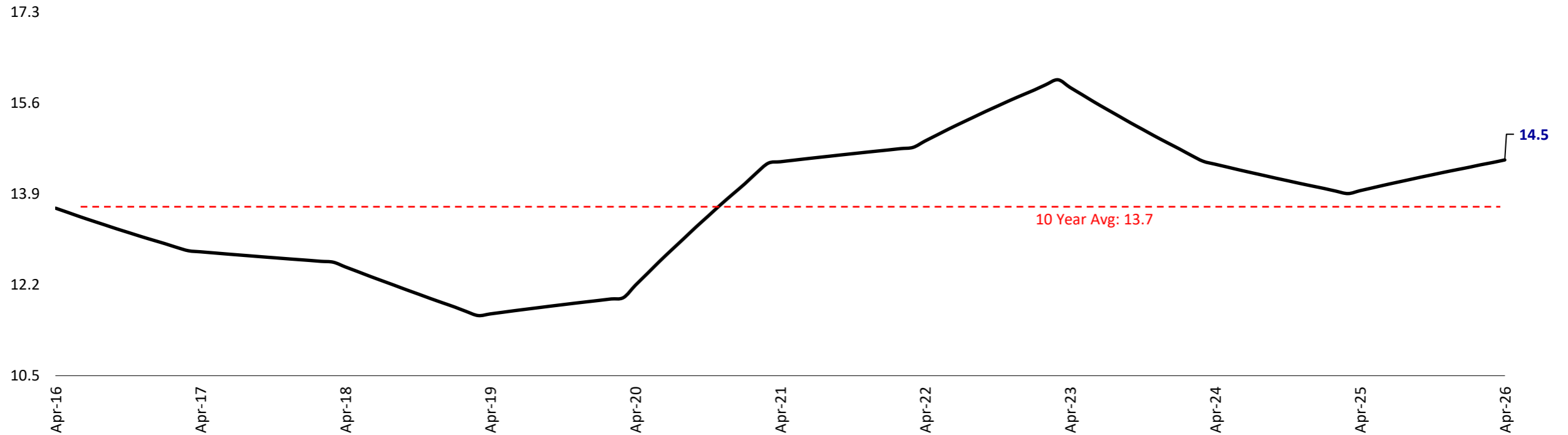


**Overall, valuations have cooled from peaks, with both P/E and P/B below historical averages.**

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# Capital efficiency of Indian corporates optimizing



## Profitability Normalizes as Capital Efficiency Remains Resilient

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- May 2026 was a mixed month for Indian equity markets. While major indices BSE Sensex and NSE Nifty were down 2.6%/1.7%, respectively, broader markets were stronger with NSE Midcap index up 2.6% and BSE Smallcap index up 2.5% for the month.
- Global markets continued to recover as crude oil declined 19% MoM. MSCI World Index rose 4.4% in May with the US (S&P 500) up 5.1%. MSCI Europe rose 2.0% and MSCI Japan up 4.9%. MSCI EM was up another 9.5%, led by Korea and Taiwan.
- FIIs sold a further US\$4.9 bn in May taking the total selling to US\$24 bn in last 3 months. This however continues to offset by DIIs.
- Industrial production growth (IIP) rose to 4.9% in April from 4.1% in March.
- Gross GST revenue collection was Rs.1.94 tn in May'26, up only 3.2% (YoY). Growth impacted by the rationalization of GST rates from 22nd Sep 2025.
- RBI now projects real GDP growth of 6.6% for FY27.
- Nifty consensus EPS estimate for CY26/27 were downgraded by 0%/2% respectively in May 2026 as per Bloomberg. Accordingly, Nifty now trades at 18.2x 1-year forward PE. This is now at a 7% discount to its 5-year average and in-line with its 10-year average.
- The Middle East conflict is exerting macro-economic pressure on India. Higher crude and fertilizer prices and weaker rupee will be headwinds to FY27 growth if things are not resolved quickly.
- Interest rate cuts by the RBI, the GST rate cut, and income tax rate cut announced by the Union government should support consumption and private sector capex.
- Risk of a below normal monsoon with negative consequences for food production and leading to higher food inflation is also another stress in the near term .
- India's growth remains quite resilient despite the global macro-economic challenges. India's investment cycle to be on a medium-term uptrend supported by government investment in infrastructure, support to manufacturing and pickup in private investments.
- Announcements of potential trade deals with EU & US may support private capex driven by improved medium term tariff certainty and export competitiveness.
- Nifty valuations are trading at 10-year average. We remain constructive on Indian equities on a longer-term basis however near-term outlook remains more uncertain due to geo-political conflicts.

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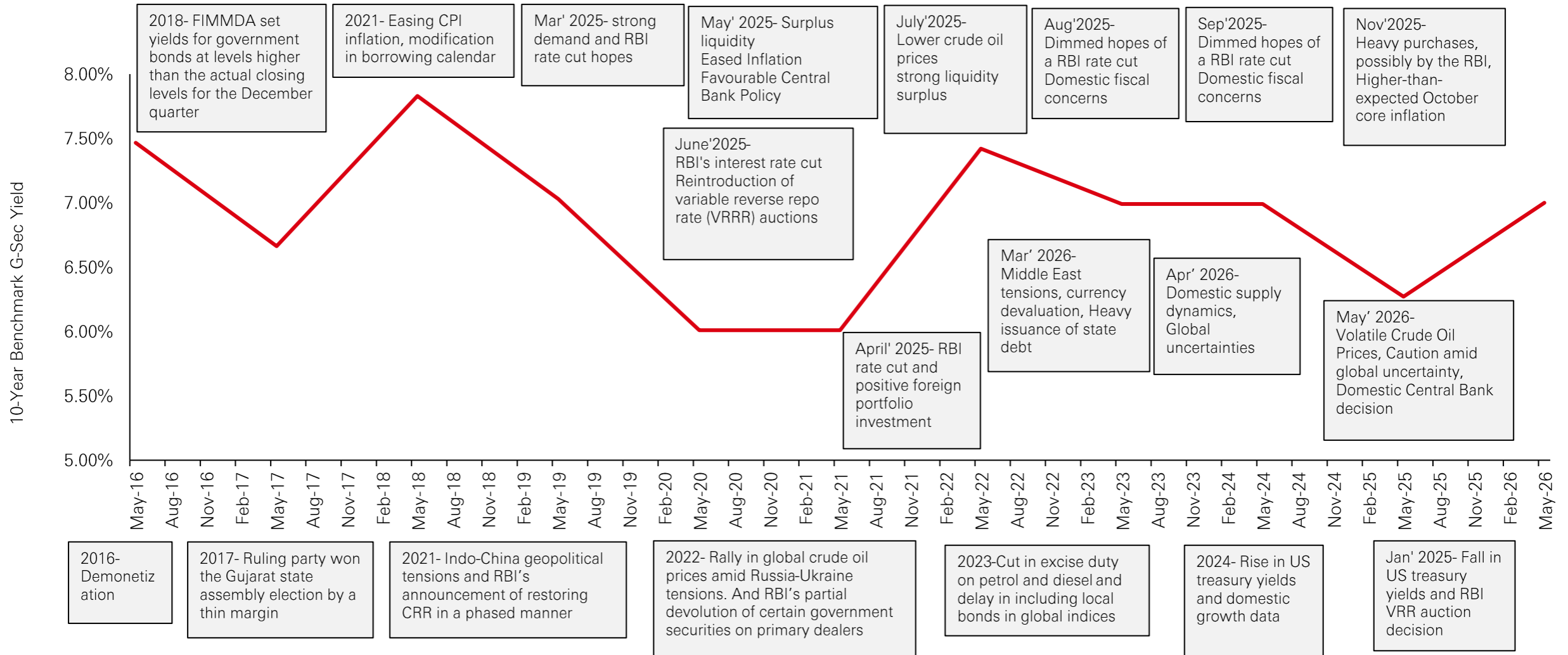
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# Domestic Debt

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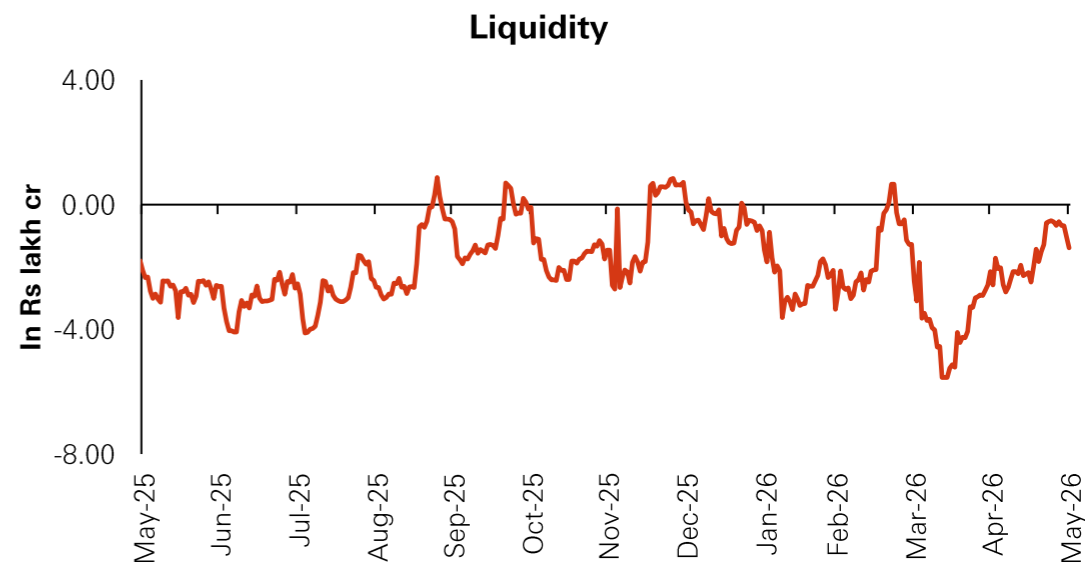
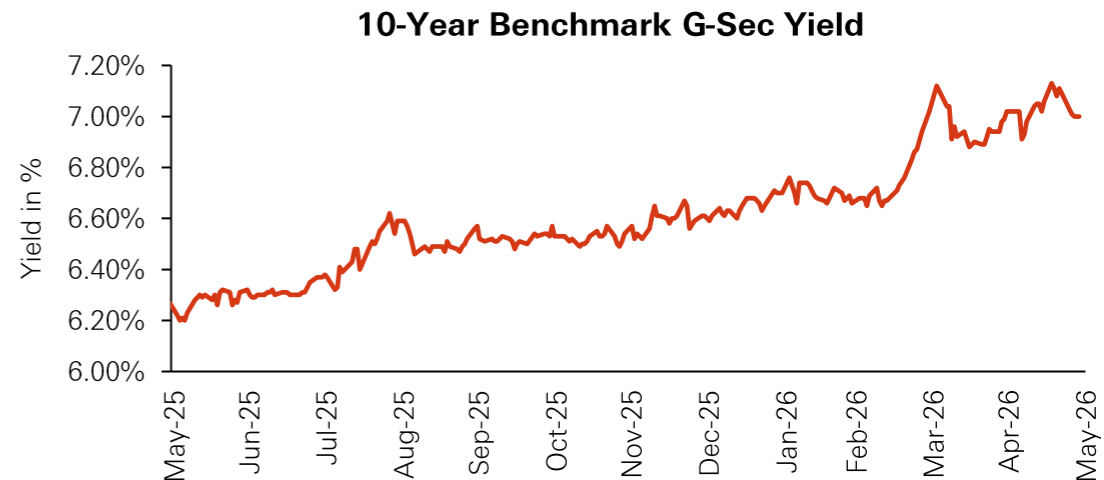
# History of Debt Markets through major events

10-year G-Sec yield movement through major events



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- The interbank call money rate firmed up during May, closing the month at 5.55% compared with 5.20% on April 30. The increase suggests some tightening in overnight liquidity conditions, even though the banking system remained broadly in surplus.
- The yield on India’s 10-year benchmark security, 6.48% GS 2035, declined by 2 bps to close at 7.00% on May 29, from 7.02% on April 30. During the month, the yield traded within a 22-bps range of 6.91% to 7.13%. The easing was primarily supported by continued liquidity support from the RBI and a decline in global crude oil prices. However, higher US Treasury yields and concerns over currency-led imported inflation offset much of the gain.
- The benchmark yield softened in the early part of the month as reports of potential progress toward resolving the conflict in West Asia improved market sentiment. However, the absence of strong domestic triggers and persistent volatility from external factors kept the overall move in yields contained.
- Bond yields rose subsequently amid renewed volatility in crude oil prices. Higher US Treasury yields, rupee weakness, and the government’s decision to increase tariffs on bullion imports amplified inflation concerns and weighed on market sentiment.



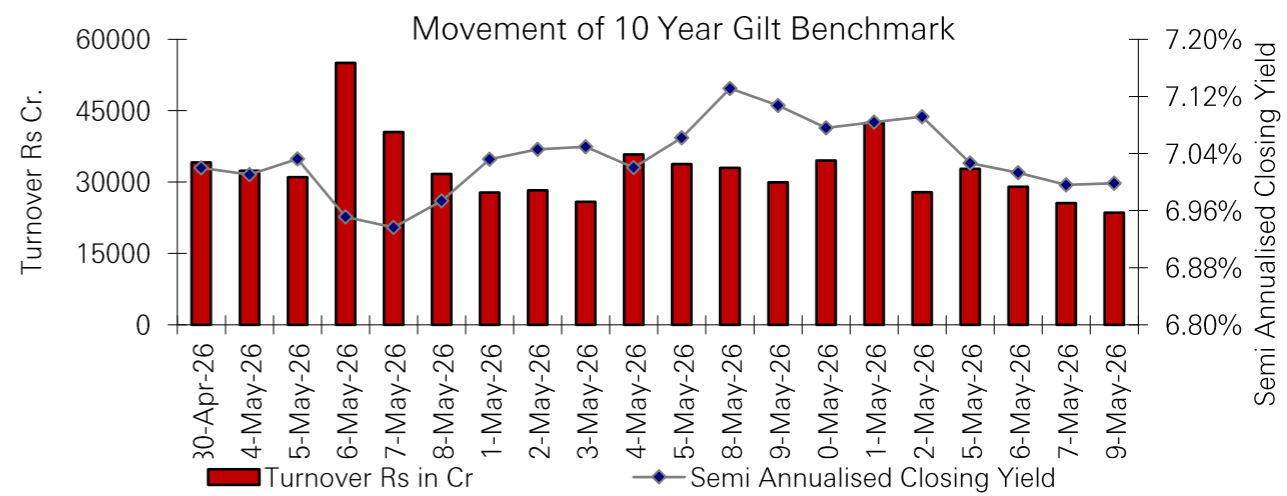
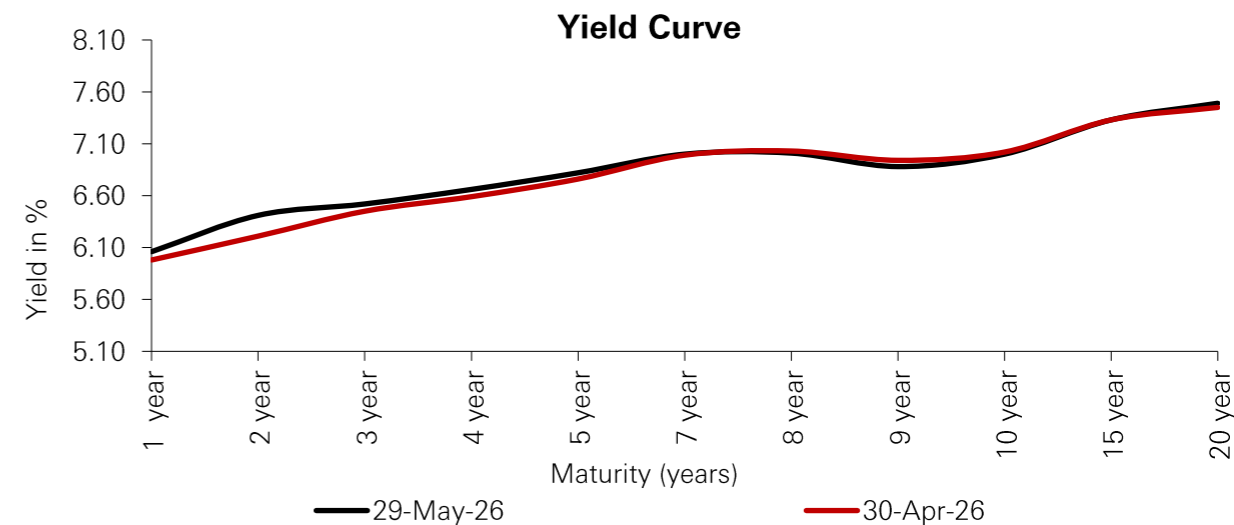
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# Debt Market Review

Debt Market Indicators	29-May-26	30-April-26
Call rate	5.55%	5.20%
3-mth CP rate	8.00%	7.00%
5 yr Corp Bond rate	7.83%	7.71%
10 Yr Gilt	7.00%	7.02%
Repo	5.25%	5.25%
SDF	5.00%	5.00%
CRR	3.00%	3.00%
1-Month CD rate	6.00%	6.08%
3-mth CD rate	7.21%	6.45%
6-Month CD rate	7.70%	6.95%



Source: Crisil Fixed Income database. Data as on 29 May 2026.

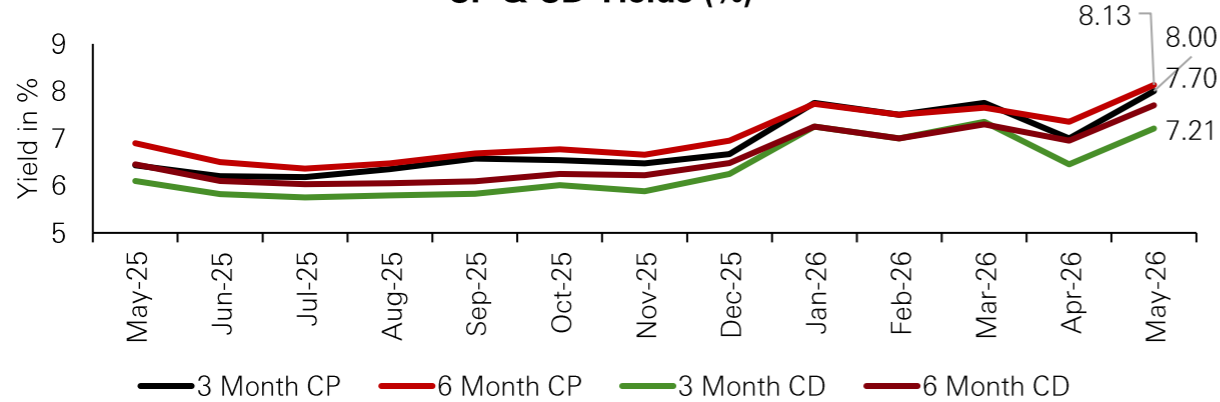
Past Performance May or May not be sustained in future. Investors should not consider the same as investment advice

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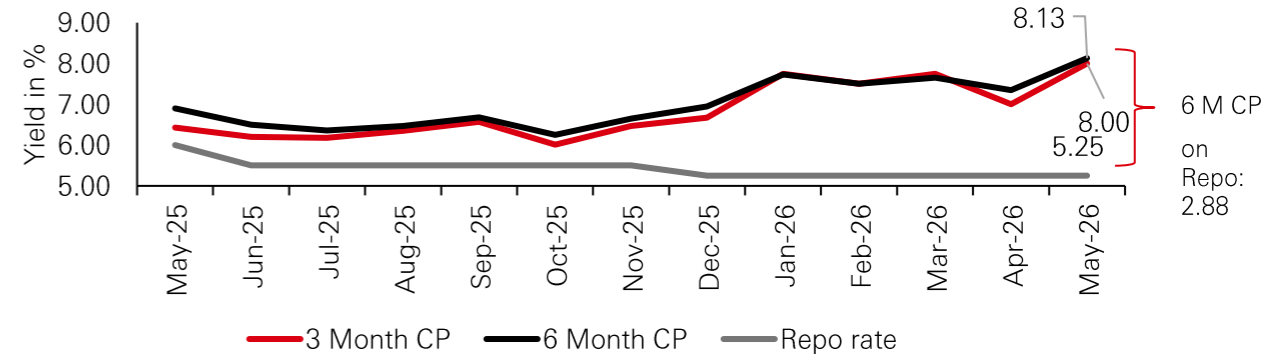
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# Debt Market Review

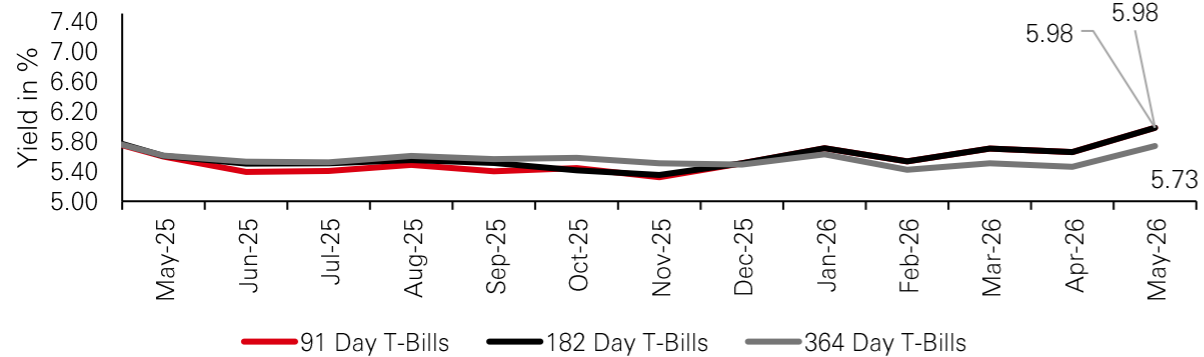
### CP & CD Yields (%)



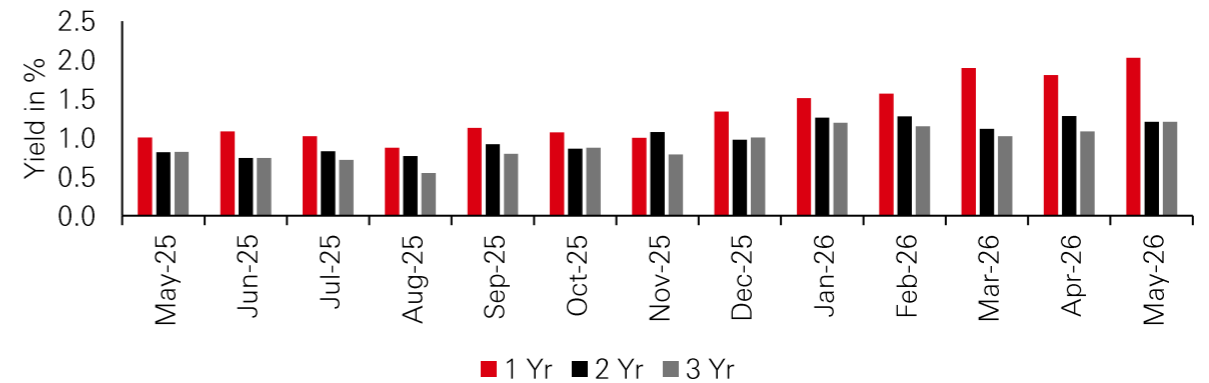
### CP Yields & Repo Rate (%)



### T-Bill Yields (%)



### AAA bond spreads over G-Secs (%)

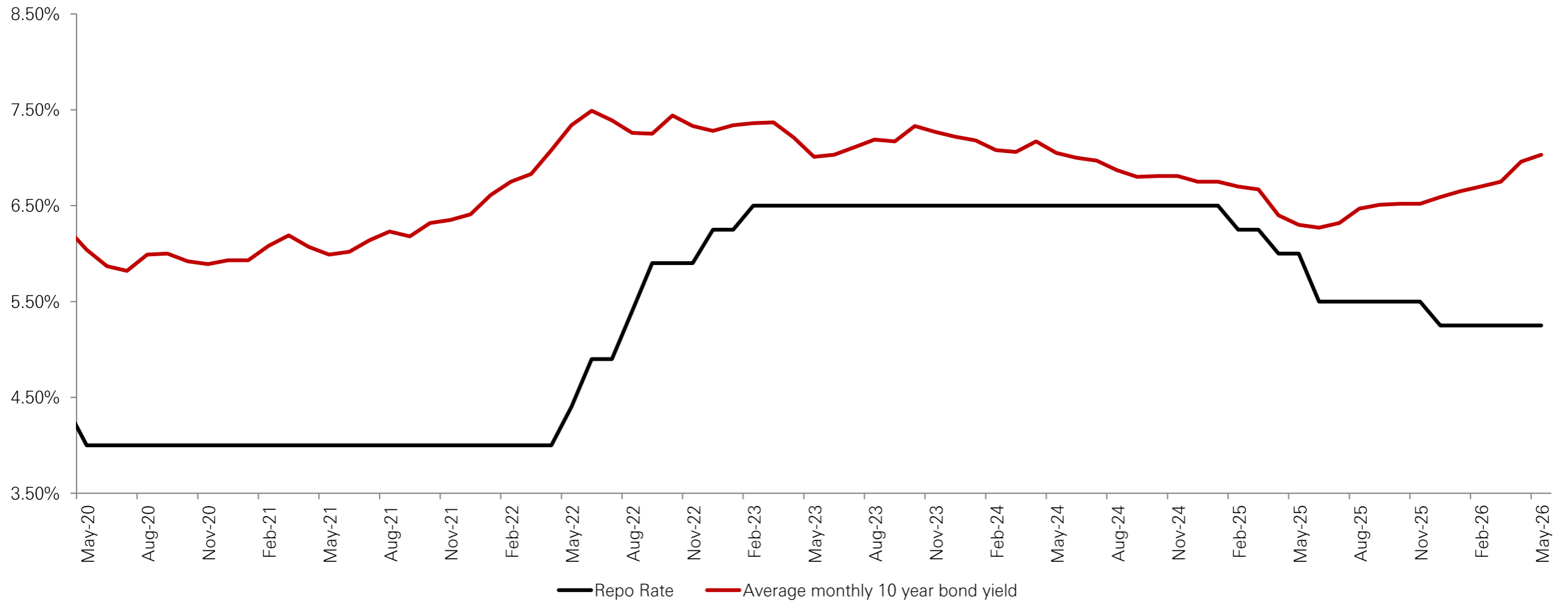


Source: Crisil, Data as on 29 May 2026, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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# RBI Repo Rate at 5.25%

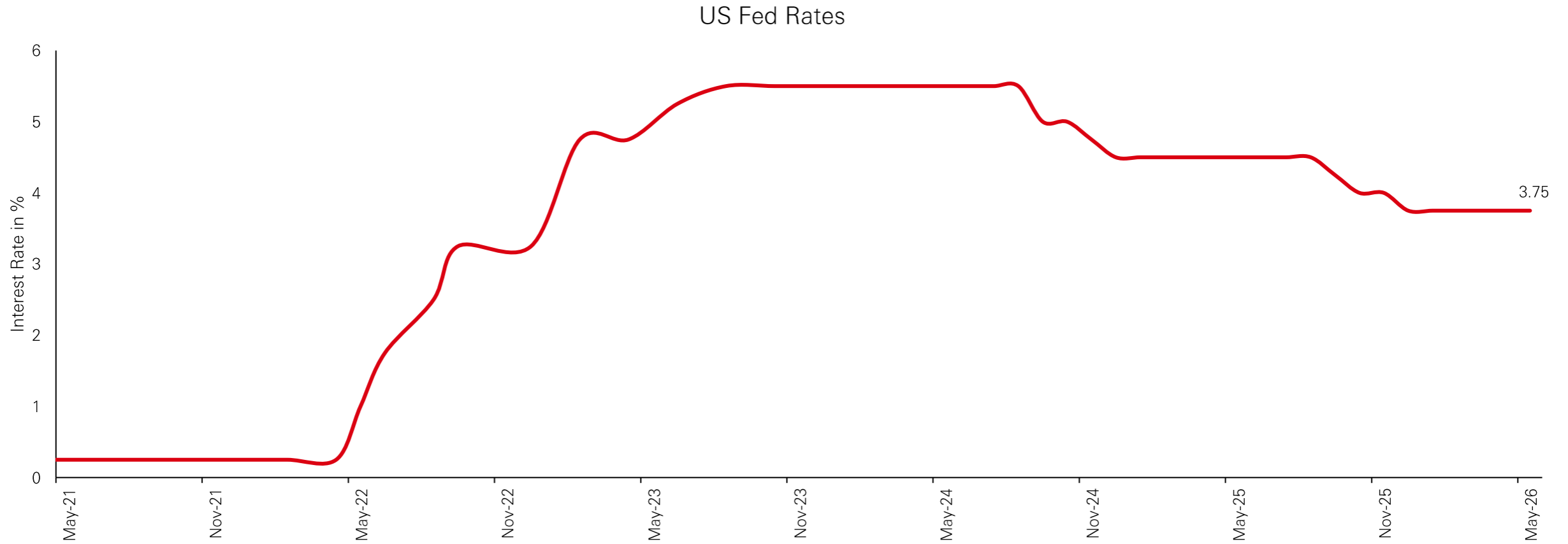


Source: RBI, Crisil, Data as on 29 May 2026

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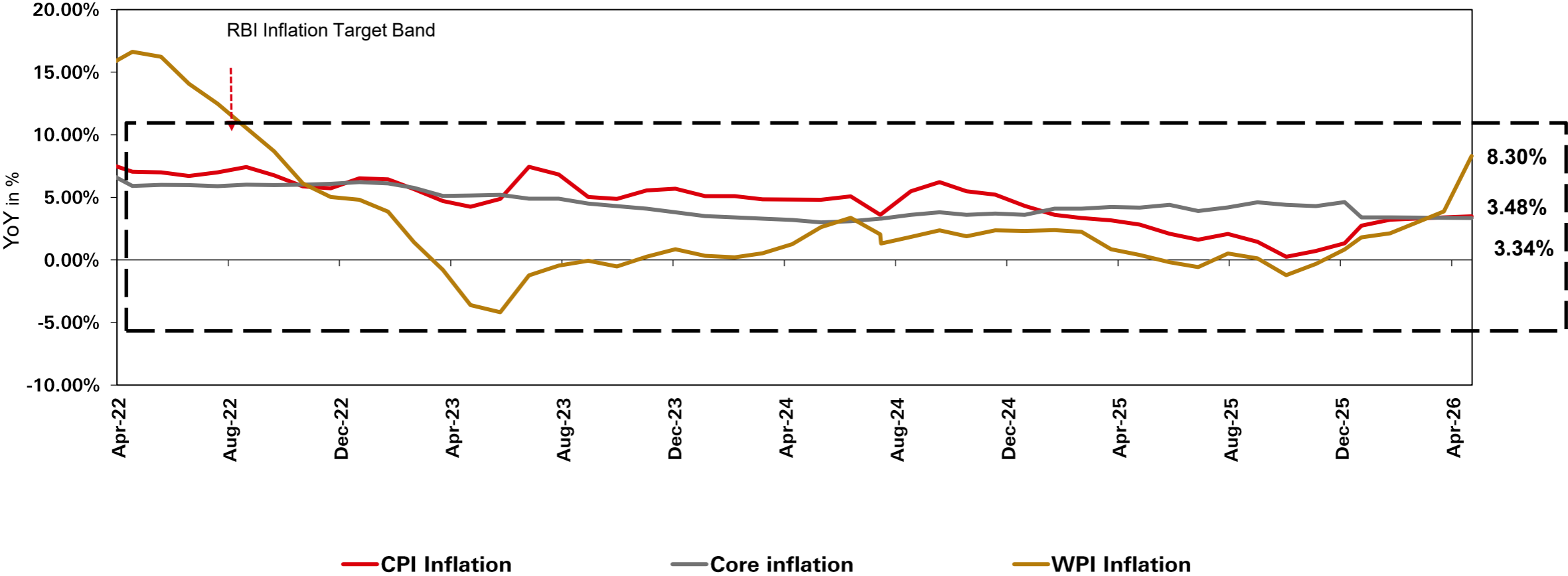
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Source : RBI, Federal Reserve.gov, Data as on 29 May 2026, Past performance may or may not be sustained in future and is not a guarantee of any future returns.  
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# Inflation target and trend

CPI inflation below the RBI's target range average



Source: Crisil, MOSPI, RBI, Data as on 29 May 2026, Past performance may or may not be sustained in future and is not a guarantee of any future returns.  
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- May 2026 was defined by a striking paradox - an active military conflict disrupting global energy supply chains, higher energy costs, central banks wrestling with war-induced inflation, and geopolitical uncertainty at every turn, kept investor sentiments on tenterhooks.
- The AI optimism and ceasefire hopes did provide support and relief rally, across different markets but all said and done all this continued in the backdrop of Hormuz closure, a new US Fed Chair taking the helm, and the European Central Bank preparing for June rate hike, its first hike since CY23.
- India's monetary policy outcome was rather a delicate balancing act – especially when compared to some of the other peers within the Emerging Markets space.
- RBI MPC retained patience rather than complacency. Instead of using rate hikes to attract dollar inflows, it actually stepped-up with a slew of targeted rates/FX measures – which is expected to bring in the capital inflows (and aid in narrowing India's balance of payments gap), and consequently, ease the pressure on INR.
- RBI is prioritising stability, orderly markets, and external-sector buffers while using targeted measures to support capital inflows and balance of payments strength.
- A meaningful amount in inflows will help narrow the balance of payments deficit gap and ease the pressure on INR. A de-escalation in the Middle East conflict would further manifest into improved external sector position.
- RBI calmed market nerves by not taking any pre-emptive action on policy rates or the policy stance. Markets were anticipating some measures to arrest the currency depreciation and address the need for capital flows.
- RBI and Govt. announced a slew of measures pertaining to tax exemption for FPIs on investments in IGBs, expanding the universe of FAR securities, providing concessional forex swap to incentivize ECBs by PSUs and bearing hedging cost for FCNR (B) deposits.
- The above measures would also act as an enabler for a possible addition to Bloomberg Global Agg. Index in the upcoming review, which would help both in bringing in capital flows as well as incremental demand for IGBs.
- The uncertainty around duration of the ongoing geo-political tensions remain which will keep markets volatile and increase upside risks to inflation.
- Remain neutral in our duration positioning across funds. However, there is value in certain segments of market. A sharp rise in yields in these segments in the last couple of months, along with a fairly flat corporate bond curve, makes the entry points into these segments favourable.

Source: HSBC Asset Management, India, Data as on 29 May 2026, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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# Domestic Economy

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# Indian Economic Environment

Indicators		May-26	Apr-26	Mar-26	Feb-26	Jan-26	Dec-25	Nov-25	Oct-25	Sep-25	Aug-25	Jul-25	Jun-25	May-25
Debt Indicators	Currency in circulation (Rs billion)	42826	42289	41320	40445	39800	39079	38512	38184	38071	38097	38147	38427	38344
	Repo rate	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	6.00%
	10-year G-sec yield	7.00%	7.02%	7.02%	6.66%	6.70%	6.60%	6.54%	6.53%	6.57%	6.59%	6.38%	6.32%	6.27%
	Call rate	5.55%	5.20%	7.00%	5.12%	4.80%	4.85%	5.50%	5.10%	5.00%	5.45%	4.95%	5.25%	5.75%
	Forex reserves (\$ billion; mthly. avg.)	689	700	703	724	696	692	689	699	701	693	698	699	689

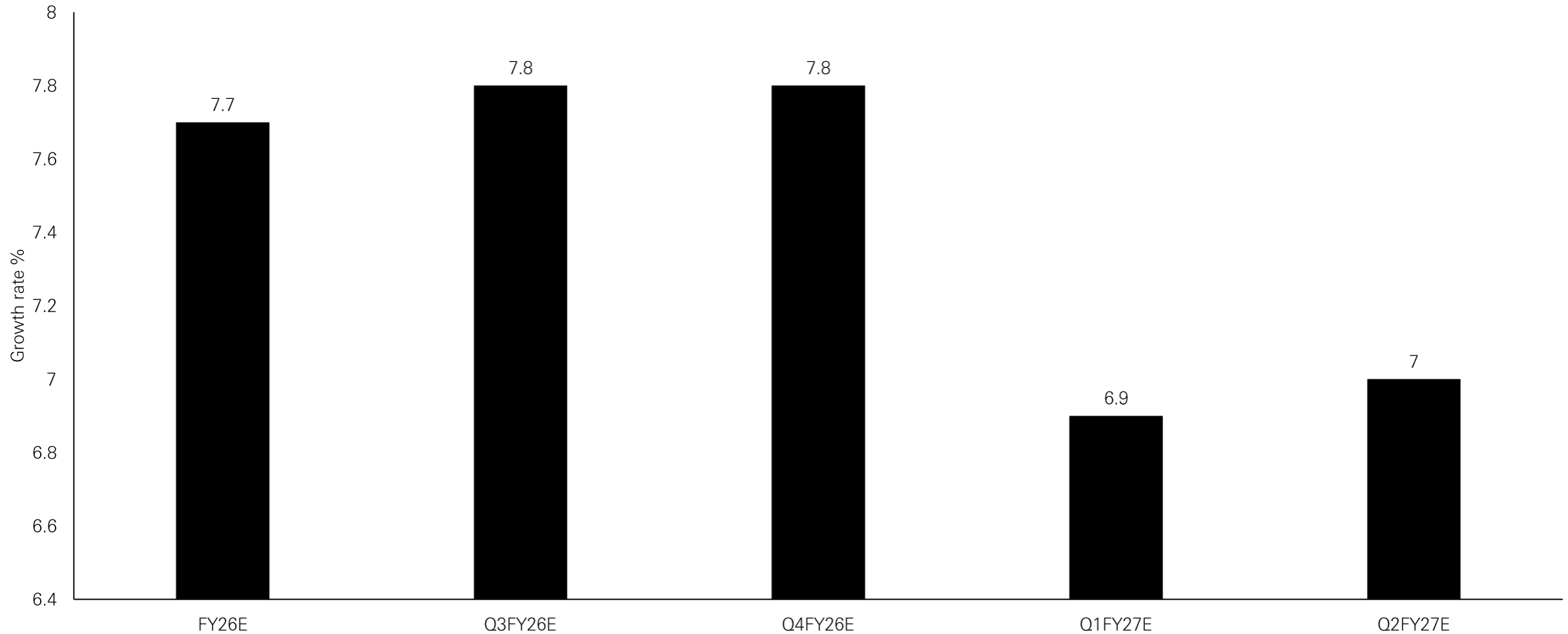
Economy	GDP	NA	NA	NA	NA	NA	7.80%	7.80%	8.40%	8.40%	7.80%	7.80%	7.80%	7.80%
	Fiscal deficit (Rs billion)	NA	3623.03	2665.2	2712.42	1255.65	-1208.29	1515.27	2520.21	-250.3	1297.37	1876.84	2675.69	-1731.69
	Gross Tax Collections (Rs crore)	NA	266339	604833	177715	257532	647837	222,040	249,036	521,391	251,053	223,901	353,778	243,753
	IIP, %y/y	NA	4.90%	4.10%	5.10%	4.80%	8.00%	7.20%	0.50%	4.60%	4.10%	4.30%	1.50%	1.20%
	Exports, \$ billion	NA	43.56	38.92	36.61	36.56	38.51	38.13	34.38	36.38	35.1	37.24	35.14	38.73
	Imports, \$ billion	NA	71.94	59.59	63.71	71.24	63.55	62.66	76.06	68.53	61.59	64.59	53.92	60.61
	Manufacturing PMI	55.00	54.70	53.90	56.90	55.40	55.00	56.60	59.20	57.70	59.30	59.10	58.40	57.60
	Services PMI	59.80	58.80	57.50	58.10	58.50	58.00	59.80	58.90	60.90	62.90	60.50	60.40	58.80
	GST collections (Rs crore)	194,184	242,702	200,064	183,609	193,384	174,550	170,276	195,936	189,017	186,315	195,735	184,597	201,050
	CPI inflation, % y/y	NA	3.48%	3.40%	3.21%	2.75%	1.33%	0.71%	0.25%	1.44%	2.07%	1.61%	2.10%	2.82%
	WPI inflation, % y/y	NA	8.30%	3.88%	2.13%	1.81%	0.83%	-0.32%	-1.02%	0.13%	0.52%	-0.58%	-0.19%	0.39%
India crude oil import (mbpd)	NA	NA	19.00	19.43	21.094	21.585	21.24	20.9	19.9	19.6	18.9	20.3	21.3	

Sector update	Auto – Passenger vehicles	NA	26.30%	11.60%	9.80%	12.20%	27.90%	18.6%	16.5%	0.20%	-6.90%	2.30%	-6.80%	-0.70%
	Auto – Two-wheelers	NA	28.40%	19.30%	35.20%	26.20%	39.40%	21.2%	2.15%	6.66%	7.14%	8.70%	-3.40%	2.20%
	Auto – Commercial vehicles	NA	15.00%	13.60%	23.40%	27.30%	28.00%	24.2%	9.87%	25.67%	3.75%	4.60%	-6.00%	-1.00%
	Auto – Tractors	NA	26.80%	29.10%	34.20%	43.00%	37.10%	30.1%	14.84%	45.39%	28.30%	8.00%	10.50%	9.10%
	Infra – Coal	NA	-8.70%	-4.00%	2.30%	3.10%	3.60%	2.10%	-8.50%	-1.20%	11.40%	-12.30%	-6.80%	2.80%
	Infra – Electricity	NA	4.10%	0.80%	0.50%	3.80%	6.30%	-1.50%	-6.90%	3.10%	4.10%	3.70%	-1.20%	-4.70%
	Infra – Steel	NA	6.20%	7.70%	7.20%	9.90%	10.10%	6.70%	5.90%	14.40%	13.60%	16.60%	9.70%	7.40%
	Infra – Cement	NA	9.40%	4.70%	9.30%	10.70%	13.70%	14.60%	5.20%	5.00%	5.40%	11.60%	8.20%	9.70%

Source – Crisil, Mospi, Financial Websites, RBI, PIB Data as on 29 May 2026.

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# GDP growth for FY26 - 27



Source : RBI, Data as on 29 May 2026, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

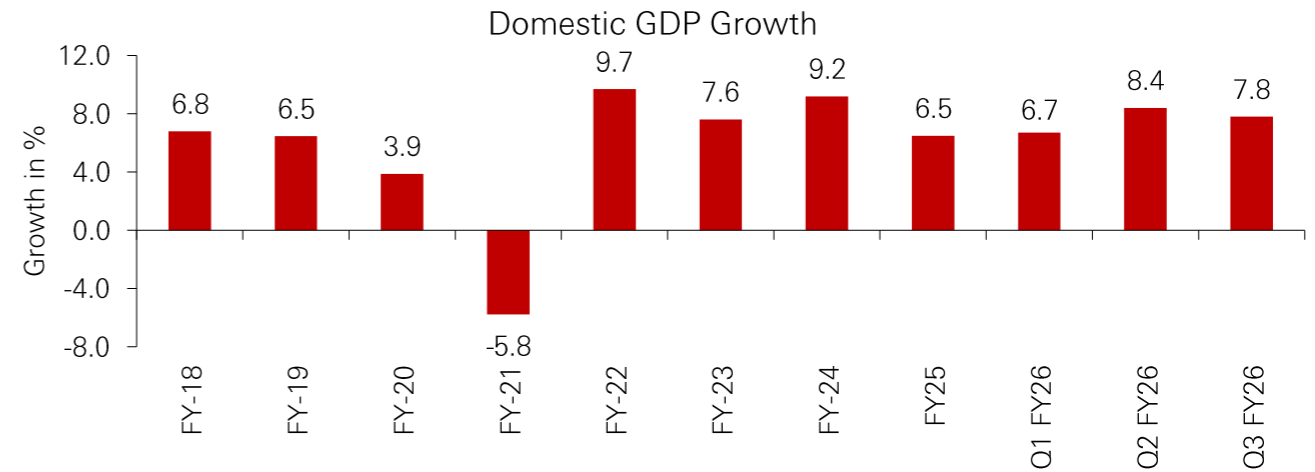
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## Energy shock and inflationary pressures test India's economic resilience

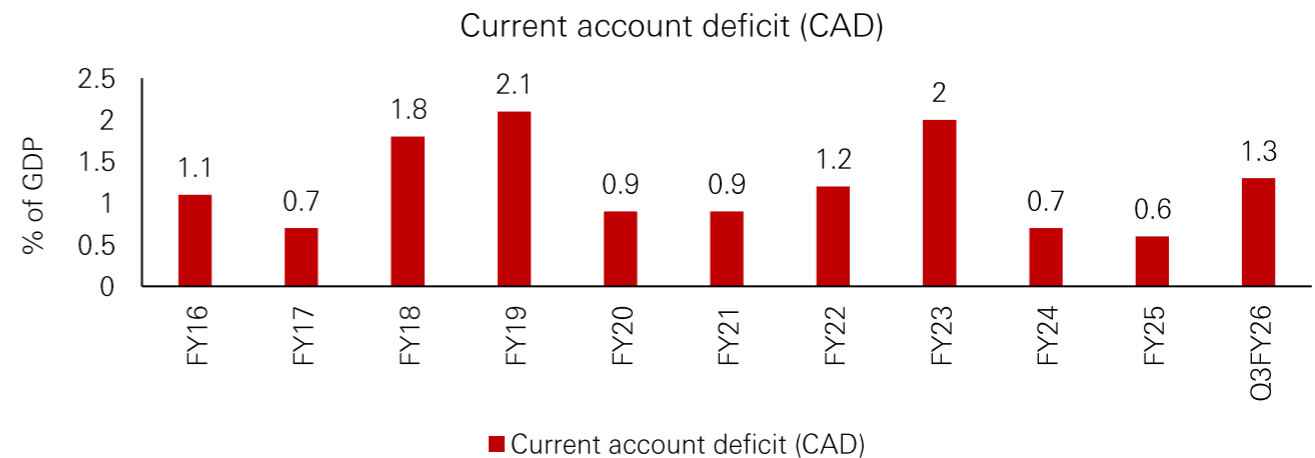
- A series of recent headwinds—including rising crude oil prices amid energy disruptions triggered by the West Asia conflict, persistent foreign fund outflows, a weakening rupee and slowing industrial momentum—emerged as big threats to India's economic resilience. Their combined force prompted economists and global agencies to trim their gross domestic production (GDP) growth projections for the country, even as government agencies attempted to allay fears by expressing confidence regarding India's strong macro fundamentals in the face of global uncertainties.
- The United Nations lowered India's economic growth forecast for 2026 to 6.4% from 6.6%, citing global uncertainties and economic shocks due to West Asia. Likewise, S&P Global Market Intelligence downgraded its India GDP growth forecast for this fiscal to 6.6% from 7.1%, emphasising the constraining impact of increased geopolitical tensions in the Middle East on the country's fiscal space and capital expenditure
- Nevertheless, government agencies continued to hold a positive stance.

Source – Crisil, Mospi, Data as on 29 May 2026 (GDP for FY18 to FY23 has base year 2011-12, while FY24, 25, and 26 has base year 2022-23)  
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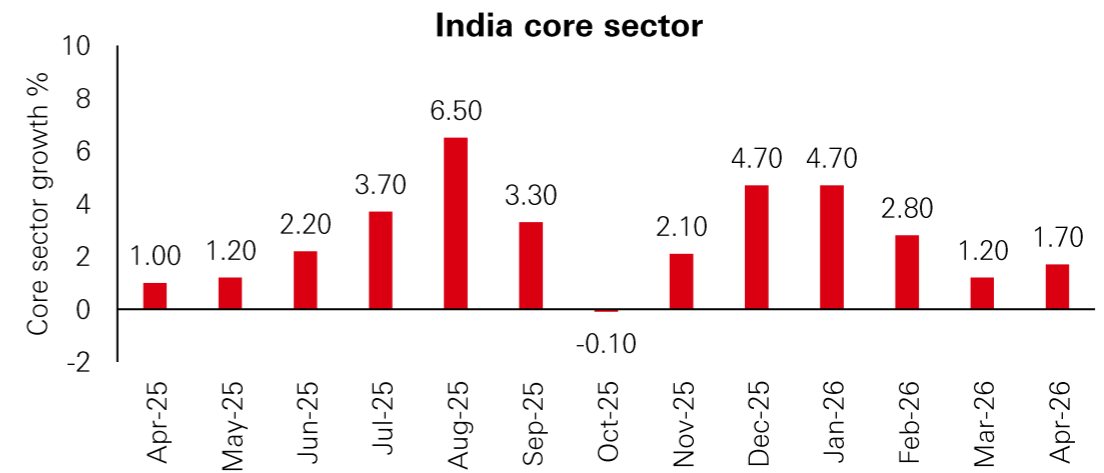
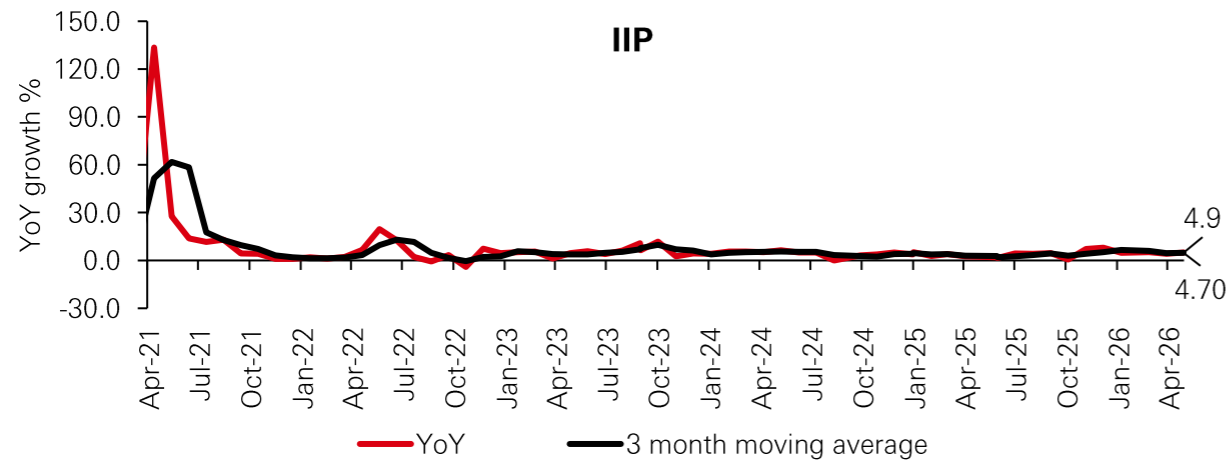
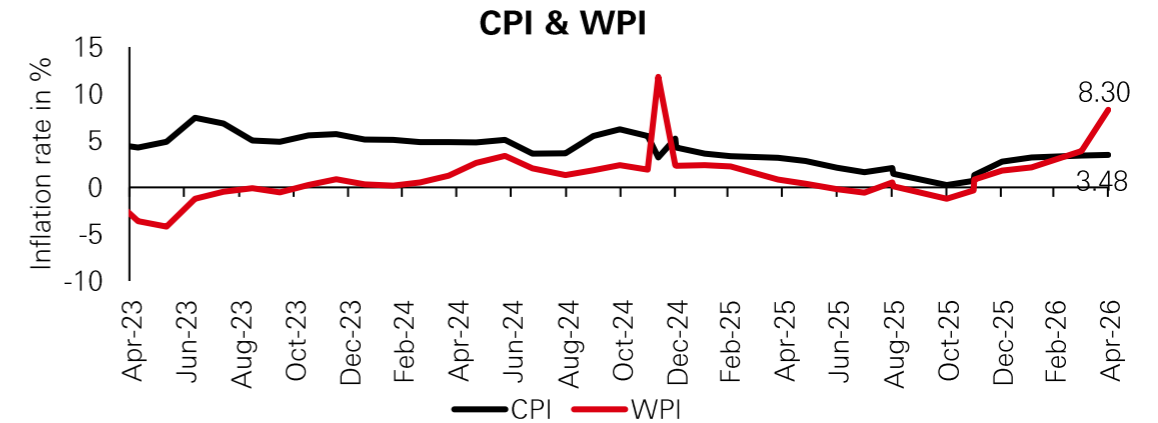
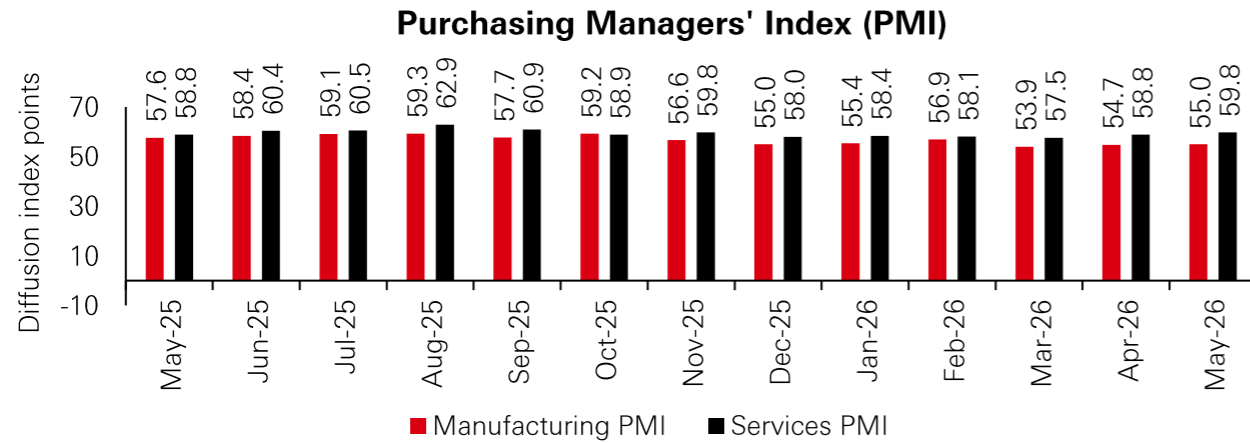
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**Gross domestic product eased to 7.8% in Q3 of fiscal 2026**



**Current account deficit moderated to 1.3% of GDP on quarter for Q3FY26**

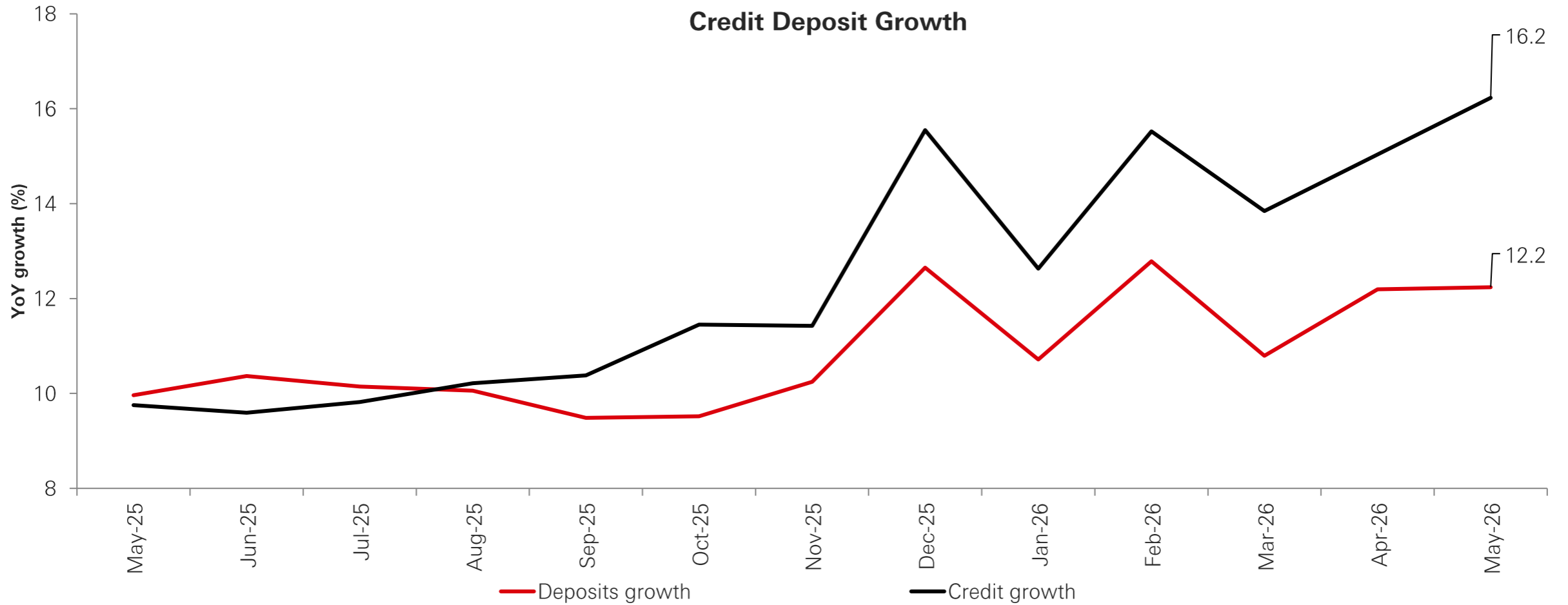


Source –Crisil, Trading Economics, MOSPI, EAI, Data as on 29 May 2026, RBI- Reserve Bank of India GDP- Gross Domestic Product.

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# Credit growth and Deposit growth, rose in May 2026

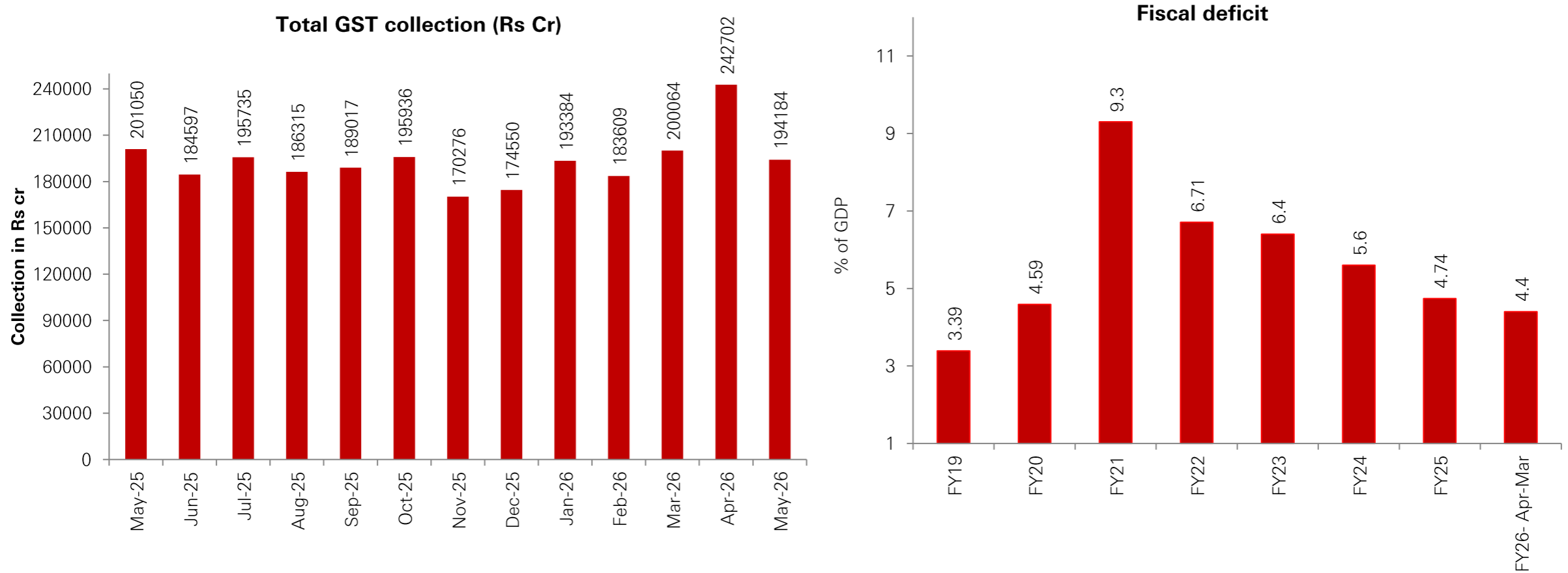


**Credit growth consistently outpaced deposit growth during May 2025-May 2026, with lending momentum strengthening sharply from December 2025 onwards while deposit growth remained relatively stable.**

Source RBI, Data as on 29 May 2026

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# GST Collection INR 1.94 Lakh Crore In May



As per reports, the government collected INR 1.94 lakh crore goods and services tax (GST) for the month of May. Fiscal deficit for Apr-Mar period stood at 4.4% of estimated GDP for FY26.

Source- Crisil, gst.gov.in, Data as on 29 May 2026, Past performance may or may not be sustained in future and is not a guarantee of any future returns. GST – Goods and Services Tax  
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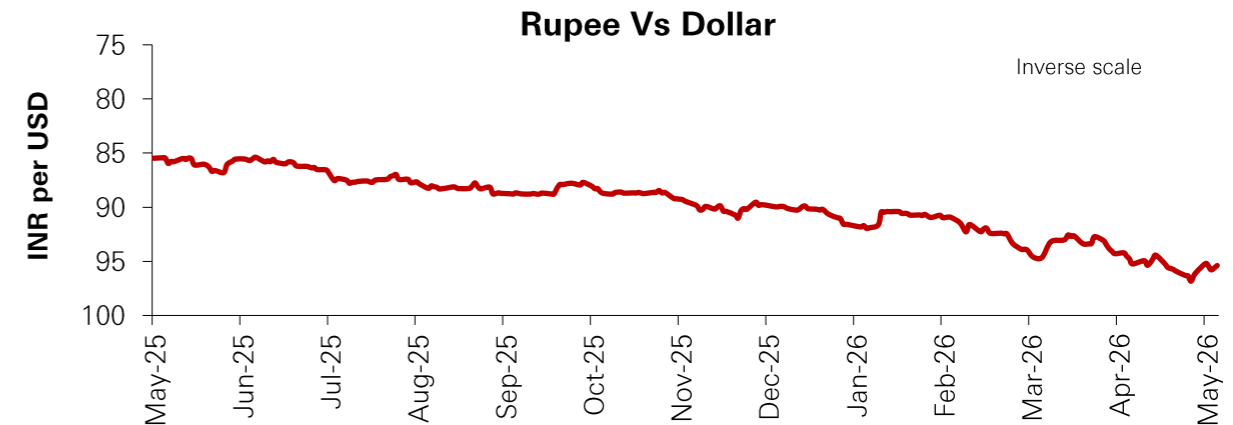
# Currency & Commodity market update

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## Rupee ended lower in May

- The Indian rupee depreciated 14 paise to Rs 95.38 against the US dollar in May vs Rs 95.24 in April, based on the RBI reference rate.
- The rupee’s weakness was primarily driven by continued outflows in the foreign portfolio, volatility in global crude oil prices and a firm US dollar. The volatility in crude oil prices weighed on sentiment by heightening concerns regarding India’s import bill, trade deficit and imported inflation. Meantime, the US dollar remained well-supported by firm US labour-market data and sticky inflation, which kept US Treasury yields elevated.
- The benchmark 10-year US Treasury yield hovered around 4.3-4.4% during much of May, reinforcing expectations of a prolonged higher-rate environment by the Federal Reserve. This combination of resilient US growth, sticky inflation, elevated Treasury yields and capital outflows continued to apply pressure on emerging-market currencies, including the rupee.

Rupee Movement V/s Global Currencies				
	29-May-26	30-Apr-26	Change	% Change
<b>USD</b>	95.38	95.24	0.14	0.15%
<b>GBP</b>	128.18	128.20	-0.01	-0.01%
<b>EURO</b>	111.11	111.07	0.04	0.04%
<b>100 YEN</b>	59.89	59.28	0.61	1.03%



**Rupee declined due to continued outflows in the foreign portfolio, volatility in global crude oil prices**

Source: RBI, Crisil. Data as on 29 May 2026, Past performance may or may not be sustained in future and is not a guarantee of any future returns. US- United States

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## International crude oil prices declined in May

- Crude oil prices closed at \$ 87.36 per barrel on May 29, 2026 on the New York Mercantile Exchange (NYMEX), down 16.86% on-month vs \$ 105.07 on April 30.
- Brent crude also ended lower (-20.08%), at \$ 91.12 per barrel vs \$ 114.01 per barrel.
- Crude oil prices underwent a broad-based correction in May, driven by easing concerns regarding prolonged supply disruptions, improving expectations of global energy trade flows and rising market focus on softer global demand conditions.

## Domestic gold prices rose in May

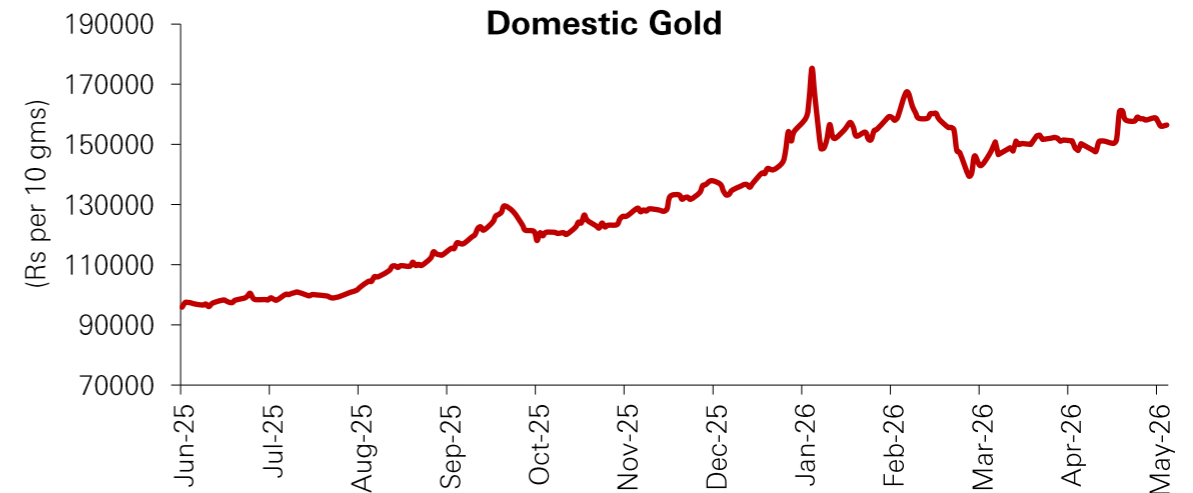
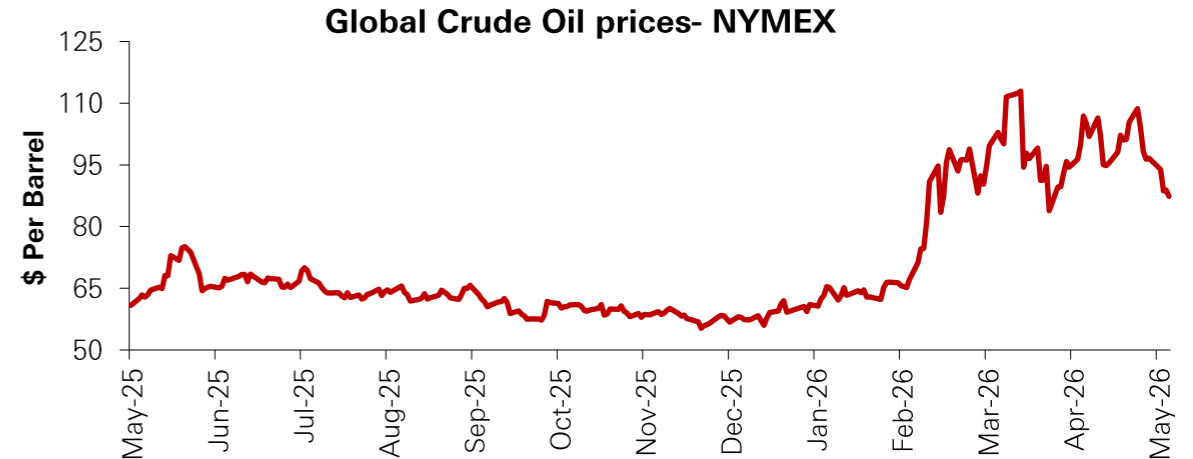
- Gold prices ended at Rs 1,56,463 per 10 gm on May 29, up 4.13% from Rs 1,50,263 on April 30, according to the India Bullion and Jewellers Association.
- The increase was supported by sustained safe-haven demand amid ongoing global economic and geopolitical uncertainties.
- In the early part of the month, prices were firm as heightened uncertainty continued to drive investor preference towards safe-haven assets. Gold prices rose further, following a sharp increase in import duty on the metal.

Source – Crisil, NYMEX. IBJA Data as on 29 May 2026.

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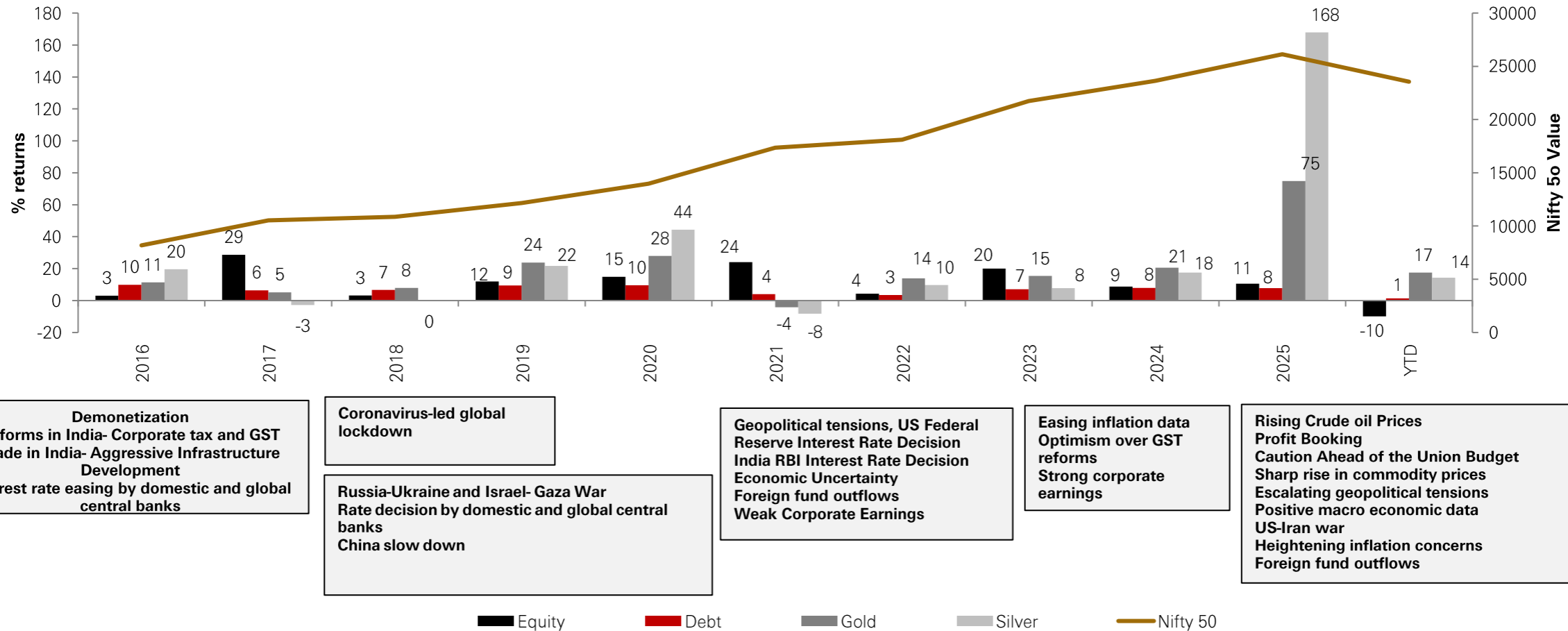


# Asset Performance

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# History of asset classes through major events

Calendar year performance of asset classes



**Demonetization**  
 Reforms in India- Corporate tax and GST  
 Made in India- Aggressive Infrastructure  
 Development  
 Interest rate easing by domestic and global  
 central banks

**Coronavirus-led global  
 lockdown**

**Russia-Ukraine and Israel- Gaza War**  
 Rate decision by domestic and global central  
 banks  
 China slow down

**Geopolitical tensions, US Federal  
 Reserve Interest Rate Decision**  
 India RBI Interest Rate Decision  
 Economic Uncertainty  
 Foreign fund outflows  
 Weak Corporate Earnings

**Easing inflation data**  
 Optimism over GST  
 reforms  
 Strong corporate  
 earnings

**Rising Crude oil Prices**  
 Profit Booking  
 Caution Ahead of the Union Budget  
 Sharp rise in commodity prices  
 Escalating geopolitical tensions  
 Positive macro economic data  
 US-Iran war  
 Heightening inflation concerns  
 Foreign fund outflows

Equity- Nifty 50, Debt- CRISIL Short Term Bond Index

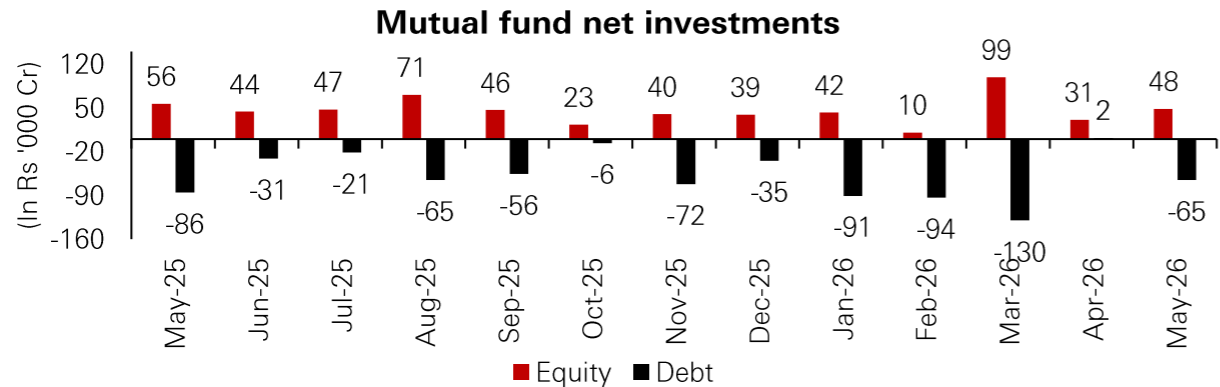
Gold and silver returns are based on spot rates from India Bullion and Jewellers Association (IBJA) and MCX

Source: NSE, Crisil Intelligence, Data as on 29 May 2026, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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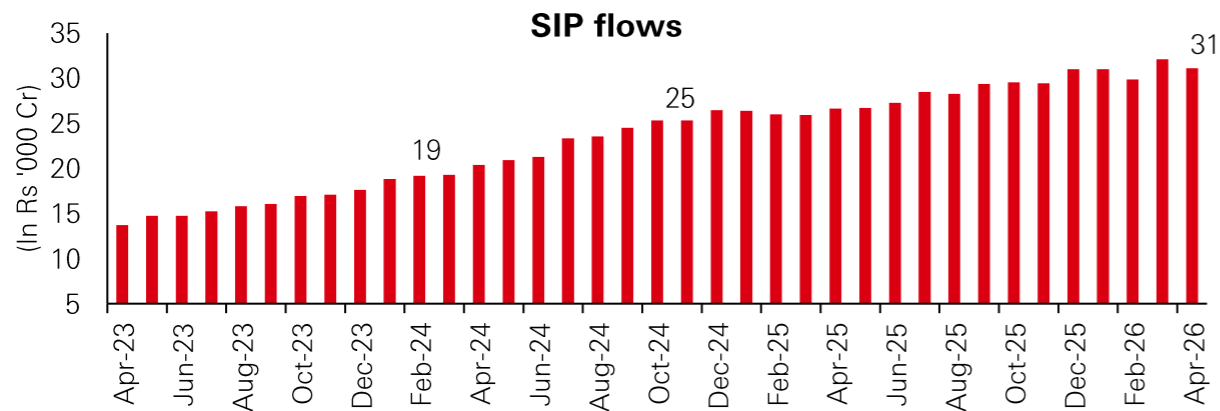
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## Mutual funds net buyers in equity and sellers in debt



- Mutual funds were net buyers of Rs 48 thousand crore in equities in May 2026, up from Rs 31 thousand crore in April 2026. In debt, they were net sellers of Rs 65 thousand crore compared to net buyers of Rs 2 thousand crore.

## Inflows through SIPs eased in April 2026



- Collections through systematic investment plans (SIP) eased to Rs 31,115 crore in April 2026 compared to Rs 32,087 crore in March 2026. The number of SIP accounts eased to 9.65 crore from 9.72 crore.

Source: Crisil, AMFI, Data as on 29 May 2026, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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# Economic Events Calendar

Date	Indicators	Previous
7-June-26	India GDP Q4, Jun	7.8%
10-June-26	US Inflation Rate, May	3.8%
	China Inflation Rate, May	1.2%
12-June-26	UK GDP, Apr	1.2%
15-June-26	India WPI Inflation, May	8.3%
	India Unemployment Rate, May	5.2%
16-June-26	Japan BoJ Interest Rate Decision	0.75%
	India Balance of Trade, May	\$-28.38B
17-June-26	US Fed Interest Rate Decision	3.75%
	UK Inflation Rate, May	2.8%
18-June-26	UK BoE Interest Rate Decision	-
22-June-26	India Infrastructure Output, May	1.7%
25-June-26	US GDP Growth Rate QoQ Final Q1	0.5%
30-June-26	UK GDP Growth Rate YoY Final Q1	1%
	India Government Budget Value, May	-
	India Current Account Q4FY26	\$-13.2B

Source: Crisil, Data as on 29 May 2026, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

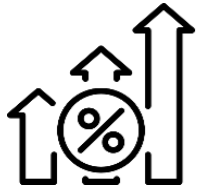
US- United States, UK- United Kingdom, GDP- Gross Domestic Product, WPI- Wholesale Price Index

Note-The details provided above is as per the information available in public domain at this moment and subject to change. Please consult your financial advisor for any investment decisions.

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- The Reserve Bank of India's (RBI) Monetary Policy Committee (MPC) voted unanimously to keep the repo rate unchanged at 5.25%.
- Accordingly, the standing deposit facility rate stays pat at 5.00%, while the marginal standing facility rate and the bank rate are unchanged at 5.50%. The MPC decided to maintain a neutral stance as, while headline inflation remains contained below the RBI target, risks have increased due to energy prices and weather-related uncertainties.



- The RBI has projected India's real gross domestic product growth for fiscal 2027 at 6.9%, with 6.8%, 6.7%, 7.0% and 7.2% for quarters one, two, three and four, respectively. Growth continues to be supported by strong domestic demand, resilient services, rising capacity utilisation, healthy financial-sector balance sheets and supportive policy measures. Elevated energy prices and supply-chain disruptions from the West Asia conflict remain key downside risks.
- The RBI revised its inflation projection for this fiscal to 4.6%, with quarterly Consumer Price Index inflation projected at 4.0% for the first quarter, 4.4% for the second, 5.2% for the third and 4.7% for the fourth. Core inflation is forecast at 4.4%, while underlying inflation pressures remain contained, especially excluding precious metals (2.1% in recent months). The RBI noted that inflation risks are tilted to the upside due to elevated global energy prices and the possibility of El Nino impacting food prices.



- RBI governor Sanjay Malhotra said, amid intense geopolitical tensions and disruptions emanating from the West Asia conflict, the Indian economy continues to demonstrate strong resilience, supported by robust domestic demand, healthy financial sector fundamentals and a stable macroeconomic environment.
- RBI expands participation to non-bank entities and enhances borrowing limits for primary dealers to deepen the term money market.

Source: Crisil, RBI Past performance may or may not be sustained in future and is not a guarantee of any future returns. RBI- Reserve Bank of India

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