



ATLAS

Monthly Market Review
June 2026








2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
10.3	8.8	11.1	14.1	18.1	17.0	4.0	53488	2528	2164	6388	25004	2451	6600	6400	6601.37	6600
10.3	8.8	11.1	14.1	18.1	17.0	4.0	53488	2528	2164	6388	25004	2451	6600	6400	6601.37	6600
10.3	8.8	11.1	14.1	18.1	17.0	4.0	53488	2528	2164	6388	25004	2451	6600	6400	6601.37	6600

S&P 500
11118.49
1183.26
2124.45
9202.45
135.75

Trages H/T	Ketra (G)	Haha	Ther	52 Wochen	2009
47.15	46.54	46.02	45.50	45.00	44.50
91.09	89.83	89.04	88.25	87.50	86.75
52.70	52.08	51.28	50.50	49.75	49.00
54.43	53.71	53.02	52.25	51.50	50.75
47.39	46.55	45.75	45.00	44.25	43.50

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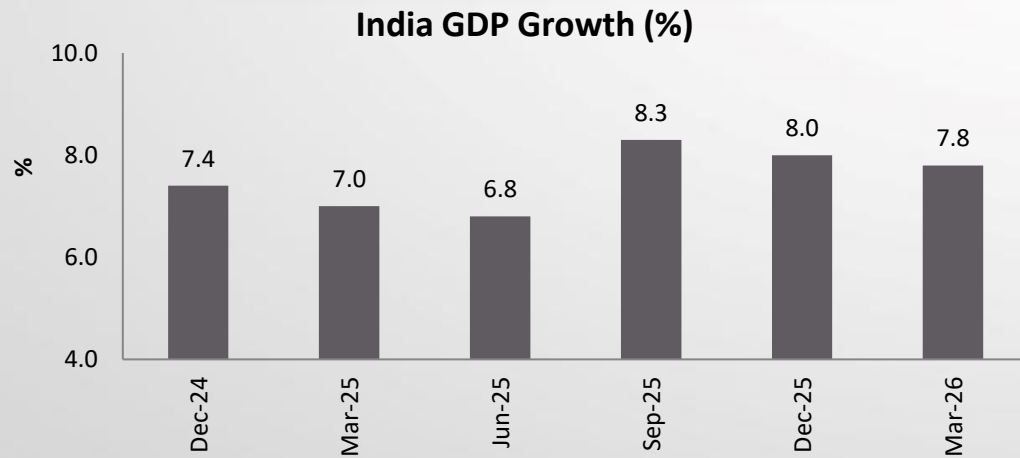
MACRO ECONOMIC INDICATORS

GDP and Current Account Deficit Trend



MACRO

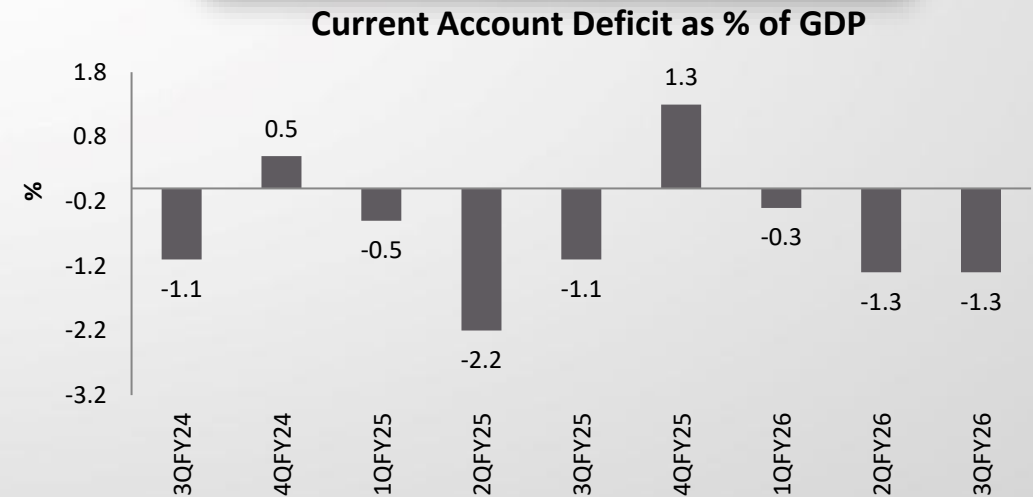
GDP grew by 7.8% YoY in 4QFY26



Source: Refinitiv

GDP of the Indian economy at constant (2022-23) prices witnessed a growth of 7.8% YoY in the fourth quarter of FY26. In the Jan-Mar quarter of last year, the GDP growth rate was 7.0%.

Current a/c balance remained in deficit in 3QFY26



Source: Refinitiv

India's current account deficit widened to US\$ 13.2 billion (1.3% of GDP) in 3QFY26 from US\$ 11.3 billion (1.1% of GDP) in 3QFY25.

MACRO ECONOMIC INDICATORS

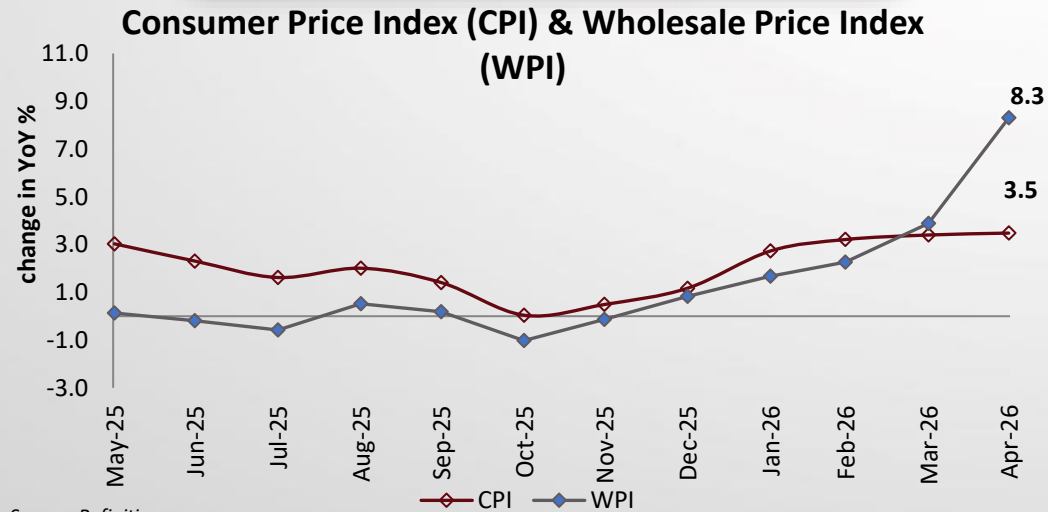
Inflation and Trade Data Trend



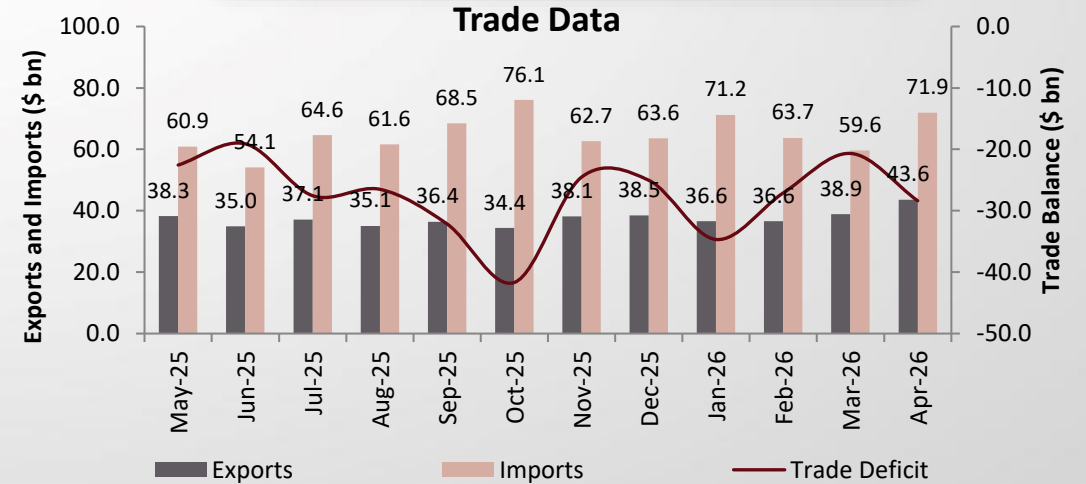
MACRO

CPI inflation rose in Apr 2026

Trade deficit widened YoY in Apr 2026



CPI-based inflation rose to 3.48% in Apr 2026 from 3.40% in Mar 2026, primarily due to higher food prices. WPI-based inflation climbed to a 42-month high of 8.30% YoY in Apr 2026.



Merchandise trade deficit widened to \$28.38 billion in Apr 2026, compared with \$27.10 billion in Apr 2025. Exports increased 13.79% YoY while imports rose 10.03% YoY over the same period.

MACRO ECONOMIC INDICATORS

Manufacturing and Services PMI Trend

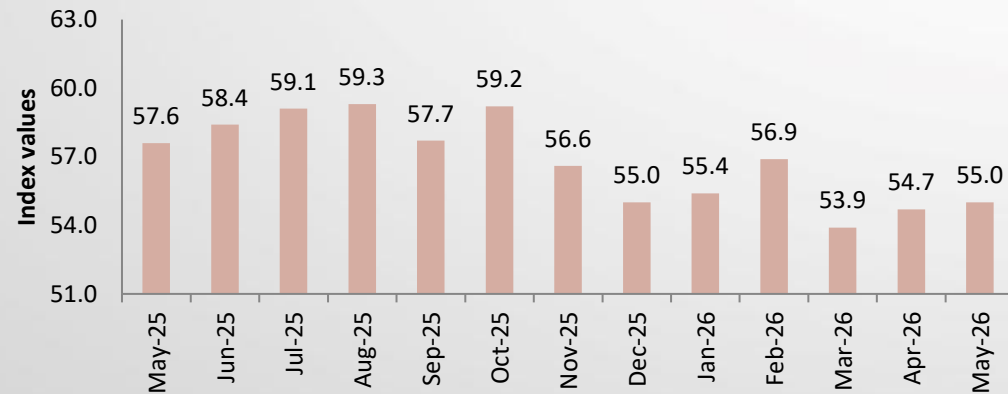


MACRO

Manufacturing PMI rose in May 2026

Services PMI increased in May 2026

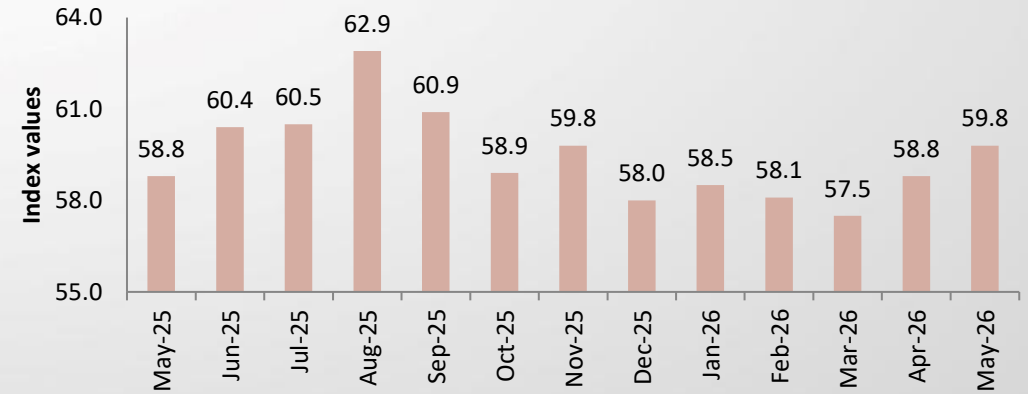
India Manufacturing PMI



Source: Refinitiv; PMI >50 denotes expansion and <50 is contraction

Manufacturing PMI rose to 55.0 in May 2026 from 54.7 in Apr 2026. Growth was driven by faster gains in new orders, output, and purchasing activity, led by domestic demand as exports softened.

India Service PMI



Source: Refinitiv; PMI >50 denotes expansion and <50 is contraction

Services PMI hit a six-month high of 59.8 in May 2026, up from 58.8 in Apr 2026, driven by a surge in domestic demand, particularly in e-commerce, entertainment, and information technology.

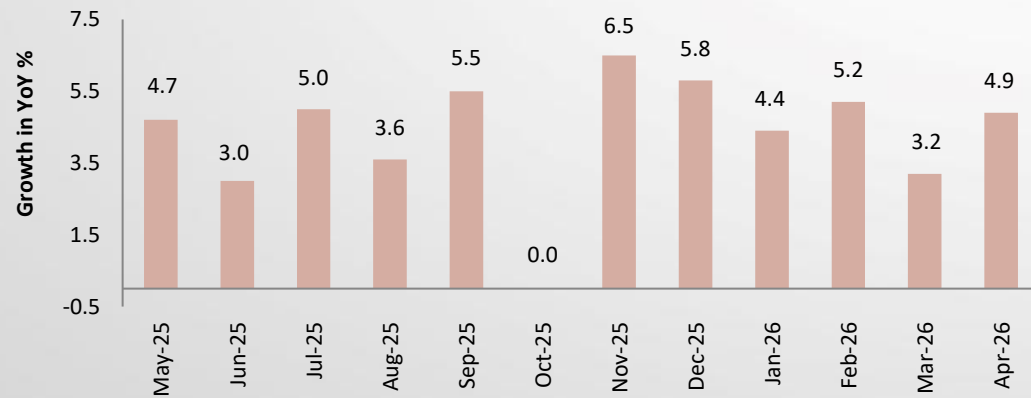
MACRO ECONOMIC INDICATORS

IIP and GST Trend



Industrial production accelerated in Apr 2026

Index of Industrial production (IIP)

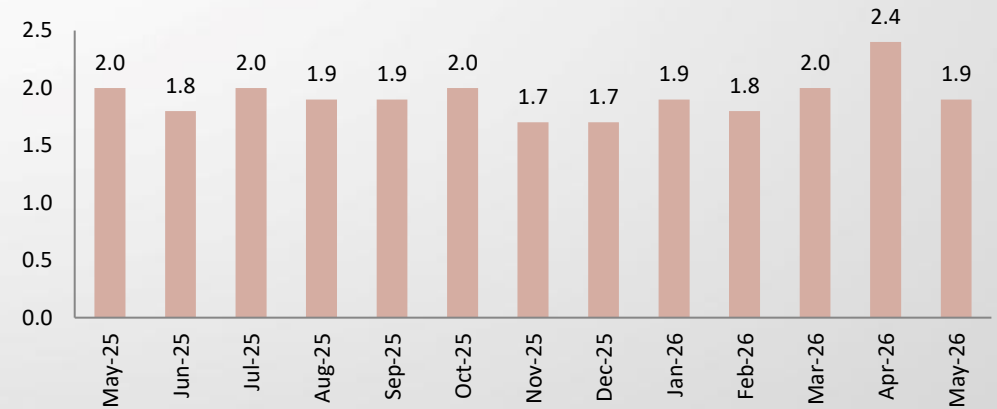


Source: Refinitiv

The Index of Industrial Production (IIP) expanded by 4.9% YoY in Apr 2026, up from a revised 3.2% in Mar 2026, under the revised IIP series with 2022–23 as the base year.

GST revenue rose YoY in May 2026

GST Collections (Rs. Lakh Crore)



Source: PIB

Total gross Goods and Services Tax collections moderated to Rs 1.94 lakh crore in May 2026, although revenues remained 3.2% higher than the Rs 1.88 lakh crore collected in the same month last year.

MACRO ECONOMIC INDICATORS

International Gold and U.S. 10 Year Treasury Trend



MACRO

Gold prices rose MoM in May 2026

U.S. Treasury yields rose MoM in May 2026



Gold prices rose despite growing optimism about an end to the Middle East conflict, with the likelihood of reopening the Strait of Hormuz and resuming oil and energy trade increasing.

U.S. Treasury prices fell as a spike in oil prices driven by ongoing energy disruptions in the Middle East along with inflation concerns and expectations of a stronger economy.

Gold data and U.S. 10 Year Treasury Yield data as on 29th May 2026

MACRO ECONOMIC INDICATORS

Crude and USD/INR Currency Trend



MACRO

Crude oil prices fell MoM in May 2026

Brent Crude (\$)

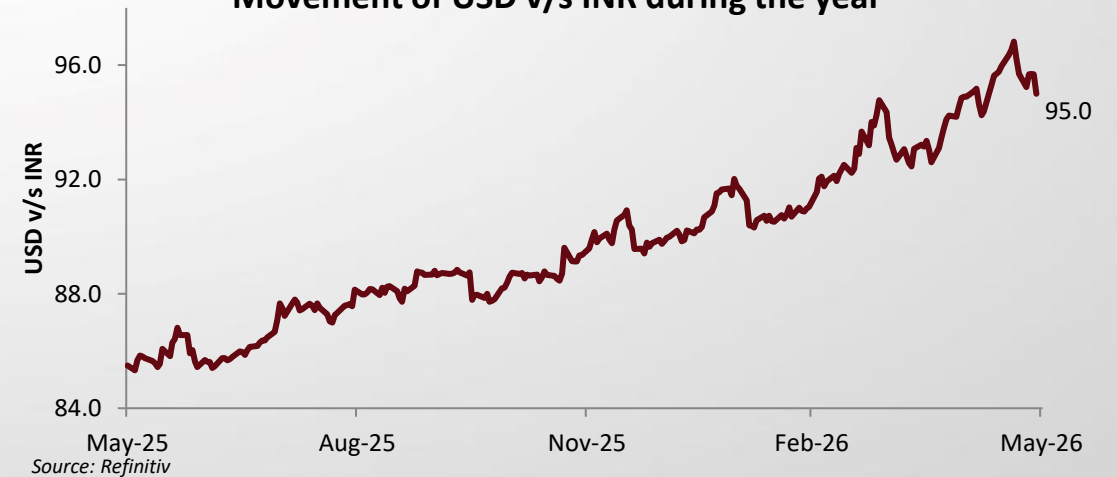


Source: Refinitiv

Brent crude oil prices declined on optimism over a potential U.S.–Iran peace deal, with further downside following assurances of uninterrupted passage through the Strait of Hormuz.

Rupee fell against U.S. dollar on MoM in May 2026

Movement of USD v/s INR during the year



Source: Refinitiv

The Indian rupee weakened against the U.S. dollar amid a stronger dollar and concerns about inflation driven by elevated energy prices.

EVENT UPDATE

RBI MPC kept repo rate unchanged at 5.25%



MACRO

Key Highlights

- RBI kept the key policy repo rate unchanged at 5.25%
- RBI decided to continue with the neutral stance
- For FY27, retail inflation is projected at 5.1%
- For FY27, real GDP growth is projected at 6.6%

Policy Rates / Reserve Ratio	08-Apr-26	05-Jun-26	Status
CRR	3.00%	3.00%	↔
SLR	18.00%	18.00%	↔
SDF	5.00%	5.00%	↔
Repo Rate	5.25%	5.25%	↔
MSF	5.50%	5.50%	↔
Bank rate	5.50%	5.50%	↔
Fixed Reverse Repo Rate	3.35%	3.35%	↔

Growth Outlook

- Elevated energy and commodity prices and persistent supply disruptions are expected to weigh on economic activity; although import diversification has eased supply constraints, it has raised costs. A deficient south-west monsoon may affect agriculture and rural demand, though mitigation measures such as crop diversification and climate-resilient practices are likely to support outcomes. Taking all these factors into consideration, **real GDP growth for 2026-27 is projected at 6.6%, with Q1 at 6.6%; Q2 at 6.3%; Q3 at 6.5%; and Q4 at 6.8%.**

Inflation Outlook

- **CPI inflation for 2026-27 is projected at 5.1%, with a quarterly trajectory of 4.2% in Q1, 5.1% in Q2, 5.9% in Q3, and 5.4% in Q4. Core inflation is expected to average 4.7% during the year.** However, the outlook is subject to upside risks, primarily from potential global supply chain disruptions and uncertainty surrounding the spatial and temporal distribution of the monsoon.

↑ increased compared to previous policy ↓ decreased compared to previous policy ↔ No change

EVENT UPDATE

India's GDP grew 7.8% in 4QFY26



MACRO

Key Highlights

- GDP of the Indian economy at constant (2022-23) prices witnessed a growth of **7.8% YoY in the fourth quarter of FY26.**
- On the sectoral front, the growth of **Manufacturing sector eased to 7.3% in 4Q of FY26 from 11.8% in same quarter of previous fiscal year.**

Gross Value Added (GVA)

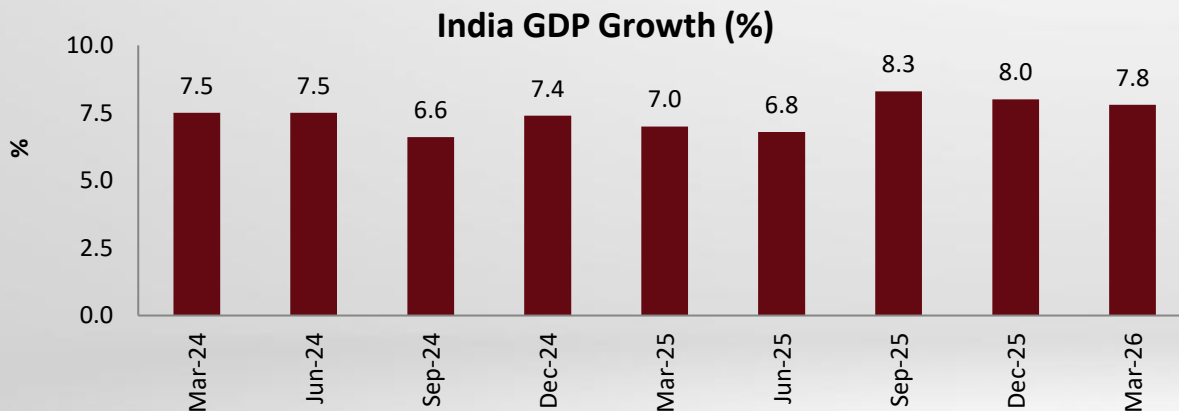
- Gross Value Added (GVA) in **4QFY26 was 7.9% compared to a 7.1% growth in the same quarter of the preceding year**

Gross Fixed Capital Formation (GFCF) & Private Final Consumption Expenditure (PFCE)

- **GFCF** indicates how much of the new value added is invested rather than consumed, **increased marginally to 32.3% YoY.** **PFCE**, a marker to gauge how households have spent on buying goods and services, **remained unchanged at 55.7% YoY.**

Year- on- Year % Change

- The growth of **Agriculture, Livestock, Forestry & Fishing slowed to 3.6% in 4Q of FY26 compared to 3.8% rise in 4Q of FY25.**



Source: Refinitiv

DOMESTIC & GLOBAL

Equity Market Update

INDIAN EQUITY MARKET DASHBOARD

May 2026



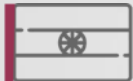
DOMESTIC

Index Name (Broader Market Indices)	Absolute (%)				CAGR(%)		
	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
BSE Sensex	-2.62	-7.83	-12.52	-7.21	7.32	8.85	12.21
Nifty 50	-1.72	-6.30	-9.87	-3.84	9.54	9.88	12.54
Nifty 100	-1.02	-4.79	-7.68	-1.88	11.28	10.48	12.88
Nifty 500	-0.01	-2.05	-5.07	0.28	13.92	12.49	14.03
Nifty Midcap 150	2.63	3.36	1.00	7.49	22.14	19.21	18.64
Nifty Smallcap 250	1.60	7.06	1.70	1.53	20.42	17.11	15.83
Nifty Microcap 250	2.97	11.05	2.39	1.10	25.68	24.19	20.48
Sectoral Indices							
Nifty Metal	4.76	10.14	31.05	47.62	32.59	22.72	23.08
Nifty Pharma	4.66	6.10	6.12	14.39	25.23	12.46	9.02
Nifty Healthcare	3.19	3.52	2.61	11.48	24.09	13.58	10.64
Nifty Auto	1.77	-6.29	-4.88	14.20	24.00	21.38	12.84
Nifty Energy	0.26	10.38	15.44	15.31	21.27	17.32	19.51
Nifty Infrastructure	-0.58	-1.74	-2.89	5.21	20.72	17.85	14.56
Nifty IT	-0.60	-4.45	-21.45	-20.25	2.02	3.53	12.15
Nifty Bank	-0.97	-10.24	-9.08	-1.94	7.91	9.68	12.60
Nifty Realty	-1.37	0.27	-13.33	-17.29	18.20	18.80	16.06
Nifty FMCG	-3.23	-3.34	-11.00	-9.93	0.41	8.87	10.88
Nifty PSU Bank	-3.26	-16.44	-3.57	17.72	27.46	28.85	13.36
Nifty Oil & Gas	-4.23	-8.56	-6.71	-0.75	15.69	11.60	16.60

Domestic equity markets fell due to a lack of progress in the U.S.–Iran peace talks, as the two countries failed to reach an agreement. This kept the Strait of Hormuz largely constrained and raised doubts about the durability of a fragile ceasefire, leading to increases in domestic petrol and diesel prices and intensifying inflationary pressures. However, losses were capped following a decline in crude oil prices.

BROADER MARKET INDICES PERFORMANCE

Calendar Year wise



DOMESTIC

2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)	2023 (%)	2024 (%)	2025 (%)	CYTD (%)
Nifty Smallcap 250 58.5	BSE Sensex 7.2	BSE Sensex 15.7	Nifty Smallcap 250 26.5	Nifty Smallcap 250 63.3	BSE Sensex 5.8	Nifty Smallcap 250 49.1	Nifty Smallcap 250 27.2	Nifty 50 11.9	Nifty Smallcap 250 2.0
Nifty Midcap 150 55.7	Nifty 50 4.6	Nifty 50 13.5	Nifty Midcap 150 25.6	Nifty Midcap 150 48.2	Nifty 50 5.7	Nifty Midcap 150 44.6	Nifty Midcap 150 24.5	BSE Sensex 10.4	Nifty Midcap 150 1.5
Nifty 500 37.7	Nifty 100 2.6	Nifty 100 11.8	Nifty 500 17.9	Nifty 500 31.6	Nifty 100 4.9	Nifty 500 26.9	Nifty 500 16.2	Nifty 100 10.2	Nifty 500 -4.8
Nifty 100 32.9	Nifty 500 -2.1	Nifty 500 9.0	BSE Sensex 17.2	Nifty 100 26.4	Nifty 500 4.2	Nifty 50 21.3	Nifty 100 13.0	Nifty 500 7.8	Nifty 100 -7.5
Nifty 50 30.3	Nifty Midcap 150 -12.6	Nifty Midcap 150 0.6	Nifty 50 16.1	Nifty 50 25.6	Nifty Midcap 150 3.9	Nifty 100 21.2	Nifty 50 10.1	Nifty Midcap 150 6.0	Nifty 50 -9.6
BSE Sensex 29.6	Nifty Smallcap 250 -26.1	Nifty Smallcap 250 -7.3	Nifty 100 16.1	BSE Sensex 23.2	Nifty Smallcap 250 -2.6	BSE Sensex 20.3	BSE Sensex 9.5	Nifty Smallcap 250 -5.5	BSE Sensex -12.0

- On CYTD basis, Nifty Smallcap 250 witnessed the highest gain, while BSE Sensex followed by Nifty 50 witnessed the highest fall.
- Out of nine full calendar years, the Nifty Smallcap 250 has been the top performer in five years.

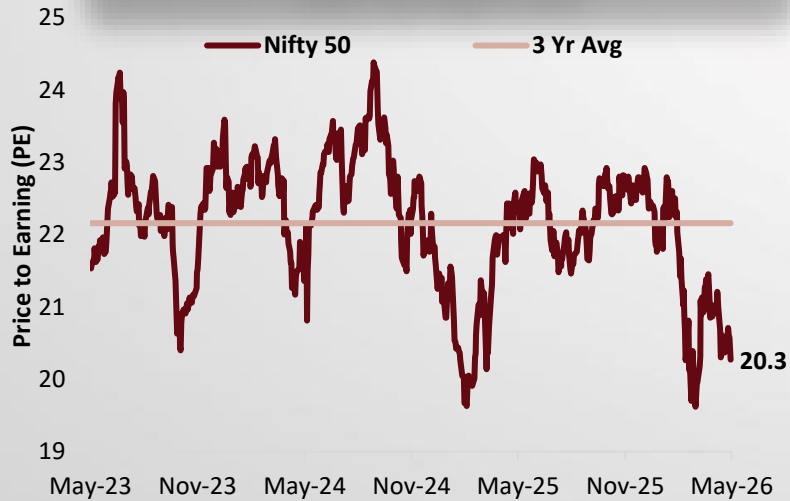
RELATIVE TRAILING VALUATIONS (P/E)

Large Cap vs Mid Cap vs Small Cap



DOMESTIC

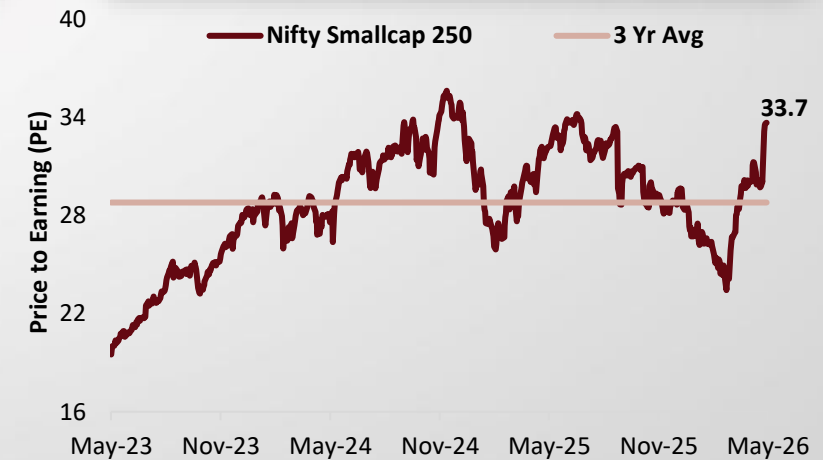
Nifty 50 trailing PE remained below the 3-year average mark



Nifty Midcap 150 trailing PE remained below the 3-year average level



Nifty Smallcap 250 trailing PE remained above the 3-year average level



- Large cap & Midcap are trading below their 3-year average level, while Small cap is trading above their 3-year average level.

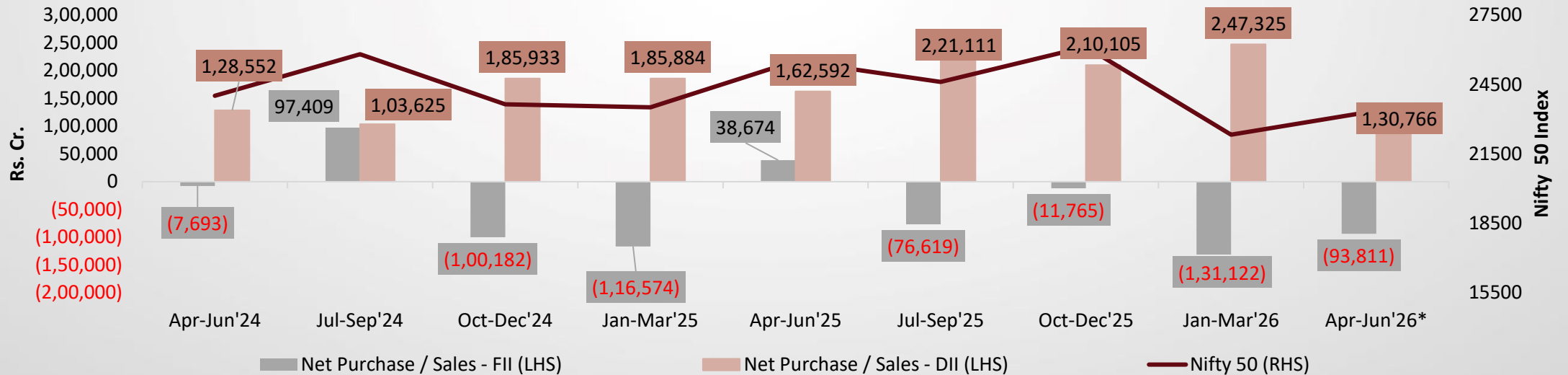
EQUITY FLOWS

Quarterly FII & DII Flows



DOMESTIC

Quarterly Net FII & DII Flow (Cash) in Rs. Cr. V/S Nifty 50



- FIIs were net sellers in equity segment in May 2026 for the third consecutive month, with an outflow of Rs. 32,963 crore.
- Mutual funds have been net buyers in equity segment in the last 63 months till May 2026, except Apr 2023 and Aug 2022.

GLOBAL EQUITY MARKET DASHBOARD

May 2026



GLOBAL

Emerging Markets	Index	Absolute (%)					CAGR(%)		
		1 Month	3 Months	YTD	6 Months	1 Year	2 Years	3 Years	5 Years
South Korea	Kospi	28.45	35.75	101.13	115.87	215.19	79.59	48.77	21.49
Taiwan	Taiwan TAIEX	14.92	26.31	54.45	61.92	109.55	45.50	39.26	21.26
China	Shanghai Composite	-1.06	-2.27	2.51	4.63	21.61	14.85	8.29	2.39
India	Nifty 50	-1.87	-6.48	-9.88	-10.13	-4.87	2.24	8.32	8.61
Brazil	Brazil Ibovespa	-7.22	-7.95	7.86	9.25	26.91	19.36	17.08	6.61
Indonesia	Jakarta Composite	-11.92	-25.60	-29.14	-27.99	-14.57	-6.26	-2.61	0.60
Developed Markets									
Japan	Nikkei 225	11.88	12.71	31.76	31.99	74.98	31.38	29.04	18.12
US	Russell 3000	7.10	13.84	8.54	7.87	28.48	22.27	25.36	14.28
Germany	DAX	3.34	-0.71	2.51	5.32	4.63	16.55	17.04	10.24
Europe	Euro Stoxx 50 Pr	2.87	-1.43	4.47	6.75	12.78	10.21	12.79	8.42
France	CAC 40	0.84	-4.63	0.42	0.75	5.58	1.19	4.86	4.89
UK	FTSE 100	0.29	-4.59	4.81	7.09	18.72	12.19	11.83	8.18

- Asian equity markets closed on a mixed note. Markets rose on increasing hopes for a diplomatic resolution to the Middle East conflict.
- They were further supported as expectations of a U.S.–Iran peace deal sent oil prices sharply lower, easing inflationary concerns.
- However, gains were limited as investors weighed mixed signals from Washington and Tehran regarding a potential deal.

GLOBAL MARKET INDICES PERFORMANCE

Calendar Year wise



GLOBAL

2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)	2023 (%)	2024 (%)	2025 (%)	CYTD (%)
Hong Kong 36.0	India 3.2	U.S 34.2	U.S 36.9	U.S 25.0	India 4.3	U.S 40.0	U.S 31.6	Hong Kong 27.8	Japan 31.8
India 28.7	U.S -3.3	Germany 25.5	Japan 16.0	India 24.1	U.K. 0.9	Japan 28.2	Japan 19.2	Japan 26.2	U.S 8.5
U.S 27.8	Japan -12.1	China 22.3	India 14.9	Germany 15.8	Japan -9.4	Germany 20.3	Germany 18.9	Germany 23.0	U.K. 4.8
Japan 19.1	U.K. -12.5	Japan 18.2	China 13.9	U.K. 14.3	Germany -12.4	India 20.0	Hong Kong 17.7	U.K. 21.5	China 2.5
Germany 12.5	Hong Kong -13.6	U.K. 12.1	Germany 3.6	Japan 4.9	China -15.1	U.K. 3.8	China 12.7	China 18.4	Germany 2.5
U.K. 7.6	Germany -18.3	India 12.0	Hong Kong -3.4	China 4.8	Hong Kong -15.5	China -3.7	India 8.8	U.S 17.5	Hong Kong -1.8
China 6.6	China -24.6	Hong Kong 9.1	U.K. -14.3	Hong Kong -14.1	U.S -29.6	Hong Kong -13.8	U.K. 5.7	India 10.5	India -9.9

- On a CYTD basis, Japan has been the top gainer, followed by U.S. and U.K., while India followed by Hong Kong remained the lowest performers.
- Out of the past nine full calendar years, U.S. markets have been the top performer in five years.

ASSET CLASS PERFORMANCE

Calendar Year wise



ASSET CLASS

2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)	2023 (%)	2024 (%)	2025 (%)	CYTD (%)
Indian Equity 37.7	Gold 7.9	Intl 34.2	Intl 36.9	Indian Equity 31.6	Gold 13.9	Intl 40.0	Intl 31.6	Gold 74.7	Gold 17.6
Intl 27.8	Cash 6.9	Gold 23.8	Gold 28.0	Intl 25.0	Cash 4.8	Indian Equity 26.9	Gold 20.6	Intl 17.5	Intl 8.5
Real Estate 7.2	G-Sec 6.2	G-Sec 10.6	Indian Equity 17.9	Cash 3.2	Real Estate 4.5	Gold 15.4	Indian Equity 16.2	Indian Equity 7.8	Cash 2.6
Cash 6.6	Real Estate 5.1	Indian Equity 9.0	G-Sec 11.2	Real Estate 3.1	Indian Equity 4.2	Cash 6.9	G-Sec 8.8	Cash 6.4	Real Estate 0.2
Gold 5.1	Indian Equity -2.1	Cash 6.5	Cash 4.0	G-Sec 2.3	G-Sec 2.3	G-Sec 6.8	Cash 7.2	G-Sec 4.2	G-Sec -0.2
G-Sec 2.3	Intl -3.3	Real Estate 3.0	Real Estate 2.2	Gold -4.2	Intl -29.6	Real Estate 3.0	Real Estate 6.9	Real Estate 3.6	Indian Equity -4.8

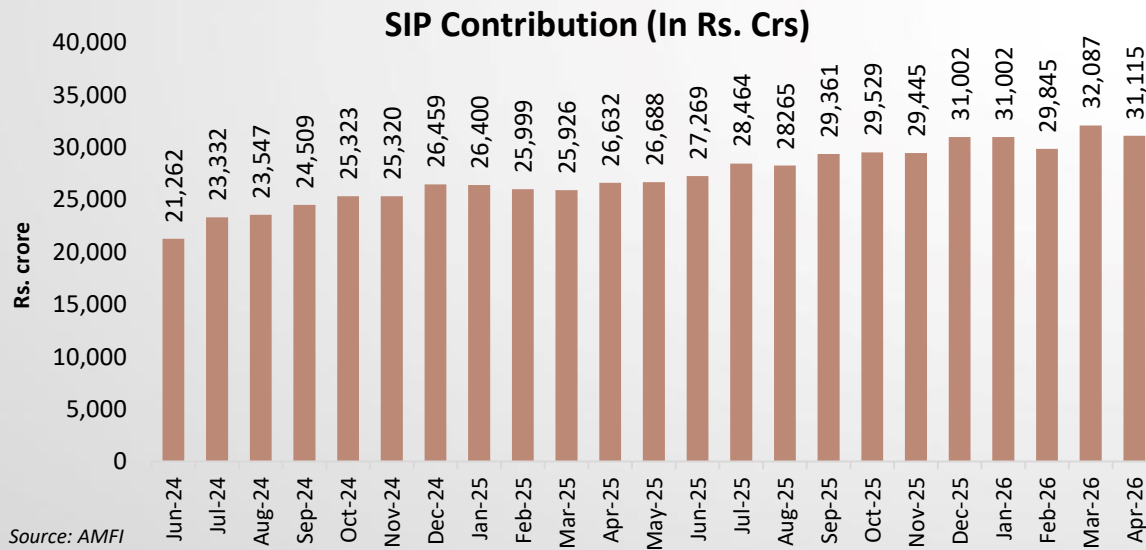
- On a CYTD basis, Gold emerged as the best-performing asset class, supported by safe-haven demand, strong central bank buying, and a weaker rupee. International equities followed, benefiting from robust performance in global markets, particularly U.S. technology stocks.
- Indian equities witnessed relatively muted returns amid elevated valuations and profit booking, while G-Secs remained the weakest performer due to a prolonged high interest-rate environment

MUTUAL FUNDS

SIP Flows and SIP Returns Data



DOMESTIC



- According to AMFI, monthly SIP inflows stood at Rs. 31,115 crore in Apr 2026. SIP AUM increased to Rs. 16.85 lakh crore, compared with Rs. 15.11 lakh crore in Mar 2026, while the number of outstanding SIP accounts stood at 1,044.26 lakh.

Equity Broad MF category	Category average SIP returns (%)		
	3-year	5-year	10-year
Large cap	3.8	8.0	11.3
Large & Mid cap	8.0	12.2	14.3
Flexi cap	5.8	10.2	13.3
Multi cap	8.6	12.7	15.4
Mid cap	11.4	15.4	17.1
Small cap	9.2	14.4	17.8
Focused	5.9	10.0	12.9
Value	7.6	12.4	14.4

- Mid cap category remained top performer in 3- & 5-year periods, while Small cap category remained top performer in 10- year period.

Performance is of regular plan growth option for SIP returns.
SIP performance as on 29th May 2026. Source: AMFI India, MFI 360 Explorer
<https://www.icraanalytics.com/terms-of-use/disclaimer>

CATEGORY PERFORMANCE

Equity Mutual Funds



CATEGORY PERFORMANCE

Category	Absolute Returns (%)			CAGR (%)			
	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Large Cap	-0.69	-4.52	-7.31	-2.30	11.38	10.09	11.72
Large & Mid Cap	0.96	-0.49	-3.41	1.94	16.09	14.16	14.25
Flexi Cap	0.59	-1.04	-4.62	0.33	13.62	12.07	13.51
Multi Cap	1.44	1.56	-2.06	2.67	16.92	14.60	15.08
Mid Cap	2.32	3.22	0.31	6.44	20.05	17.07	16.29
Small Cap	2.37	7.44	2.51	5.17	18.01	17.33	16.99
Focused	0.73	-1.29	-4.30	0.50	13.42	11.89	13.22
Value	0.05	-1.00	-2.60	2.48	16.71	14.67	14.22
Index:							
Nifty 100	-1.02	-4.79	-7.68	-1.88	11.28	10.48	12.88
Nifty 500	-0.01	-2.05	-5.07	0.28	13.92	12.49	14.03
Nifty Midcap 150	2.63	3.36	1.00	7.51	22.14	19.21	18.64
Nifty Smallcap 250	1.60	7.06	1.70	1.53	20.42	17.11	15.83

- In May-26, Small Cap followed by Mid Cap categories rose the most, while Large Cap category witnessed the highest fall.
- It is to be worth noted that all the equity categories witnessed positive returns for 3 year and above periods.

EQUITY MARKET ROUNDUP

Key Takeaways & Outlook



DOMESTIC

Domestic & Global factors that played out for the Indian markets:

- Domestic equity markets fell due to a lack of progress in the U.S.–Iran peace talks, as the two countries failed to reach an agreement. This kept the Strait of Hormuz largely constrained and raised doubts about the durability of a fragile ceasefire, leading to increases in domestic petrol and diesel prices and intensifying inflationary pressures.
- However, losses were capped following a decline in crude oil prices on expectations that a peace deal could soon be reached, providing some relief to markets.

Outlook:

- Indian equity markets are expected to face near-term volatility due to geopolitical tensions in the Middle East, elevated crude oil prices, foreign investor outflows, and a weakening rupee, all of which could elevate inflation, strain the current account, and impact corporate earnings growth. The recent correction has, however, improved market valuations, particularly within the large-cap segment, offering relatively better stability compared to broader markets.
- Despite these near-term headwinds, the medium- to long-term outlook remains supported by strong economic fundamentals, healthy corporate balance sheets, policy support, and improving domestic demand, which are expected to sustain earnings growth and reinforce the structural strength of the Indian equity market.
- **Diversified equity categories such as Flexi cap and Multi cap strategies provide exposure across market segments and could help investors navigate changing market conditions. Staggered investment approach through SIP/STP can be implemented to capture current volatility. Hybrid categories, such as Balanced Advantage, Multi Asset Allocation and Aggressive Hybrid participates in equities while aiming to manage near-term volatility.**

DOMESTIC & GLOBAL

Debt Market Update

DEBT MARKET

Indian Government Bond and Policy Rate Trend



INDIAN DEBT

10-year benchmark G-sec yield remained steady MoM in May 2026

10-Yr Benchmark Bond

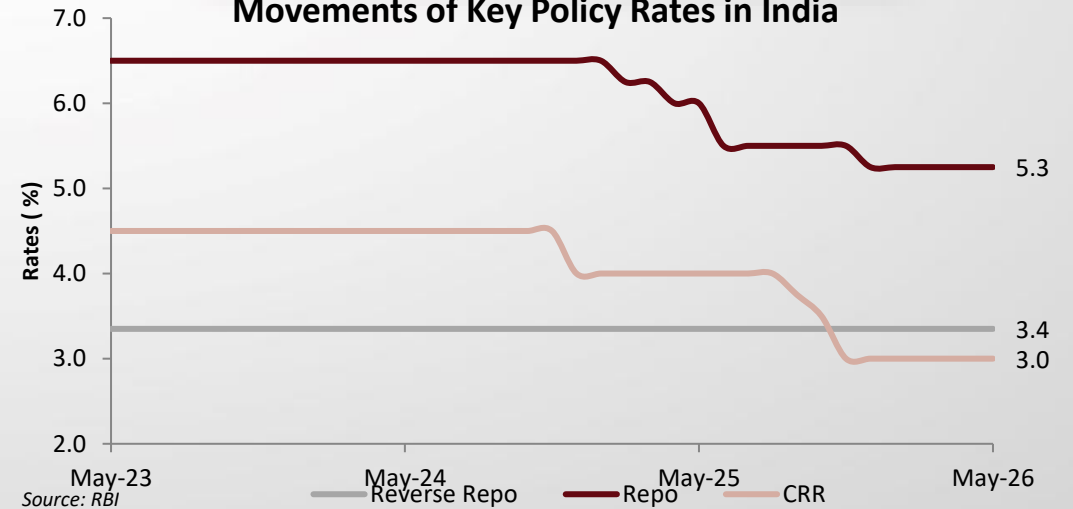


Source: Refinitiv

Bond yields softened initially on declining crude oil prices amid expectations of a U.S.–Iran peace deal, but gains were offset by higher U.S. Treasury yields and a record low in the rupee.

RBI kept the repo rate unchanged in Jun 2026 monetary policy meeting

Movements of Key Policy Rates in India



Source: RBI

The Monetary Policy Committee, in its second bi-monthly monetary policy review for FY27, decided to keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 5.25%.

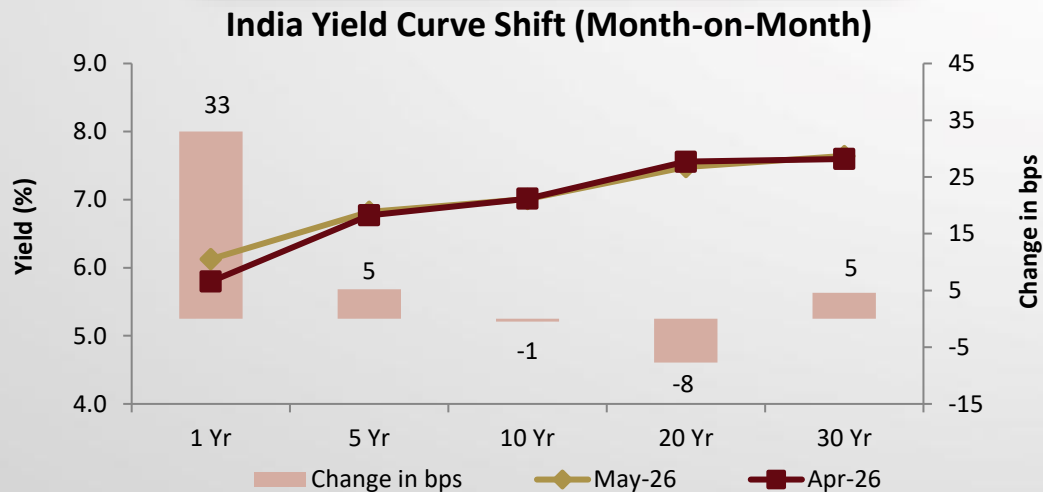
DEBT MARKET

Government Bond & Corporate Bond Yield Trend



INDIAN DEBT

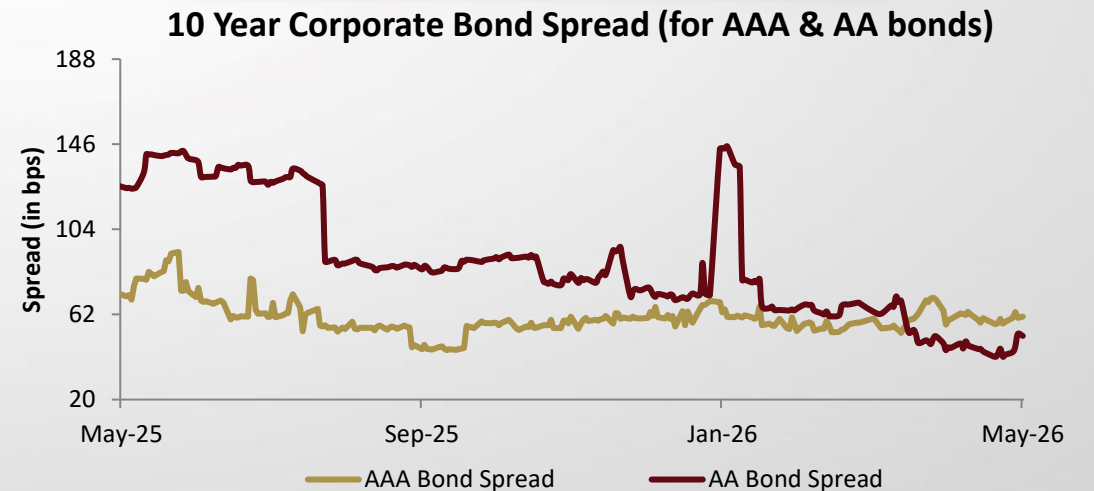
G-sec yields mostly rose during the month



Source: Refinitiv

Yield on gilt securities rose up to 24 bps across the maturities, barring 10 & 12 year papers that fell by 1 & 8 bps, respectively.

Corporate bond yields increased during the month



Source: Refinitiv; Spread= 10 year Corporate bond yield minus 10-year Gsec yield

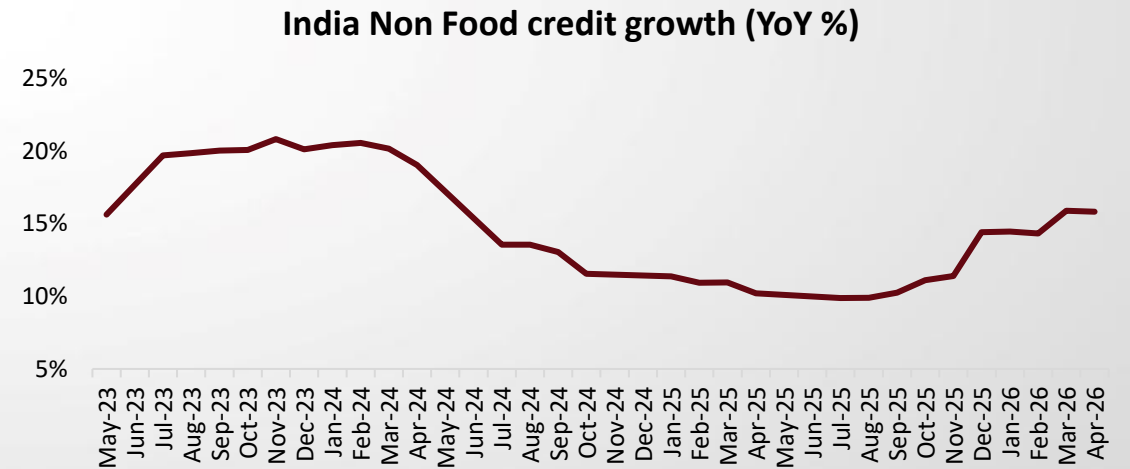
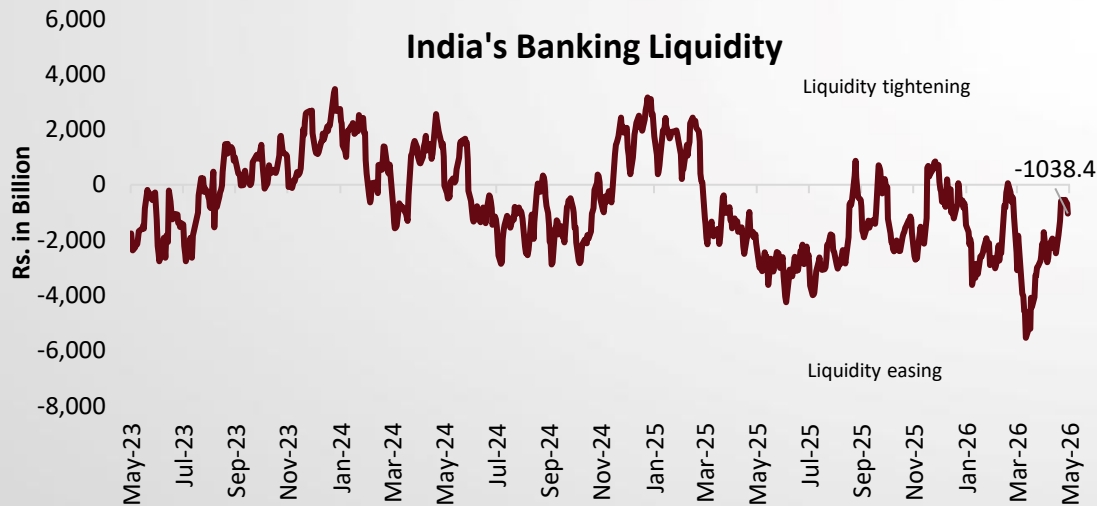
Yield on corporate bonds increased up to 33 bps across the curve.

DEBT MARKET

System Liquidity



INDIAN DEBT



- Banking system liquidity remained in surplus during May 2026; however, the surplus narrowed during the month under review compared to the previous month's average levels. To manage evolving conditions, the central bank conducted multiple variable rate repo auctions across different tenures throughout the month. The tightening in liquidity also led to an uptick in overnight call money rates, reinforcing expectations that the RBI may continue with additional liquidity operations to effectively manage system dynamics.

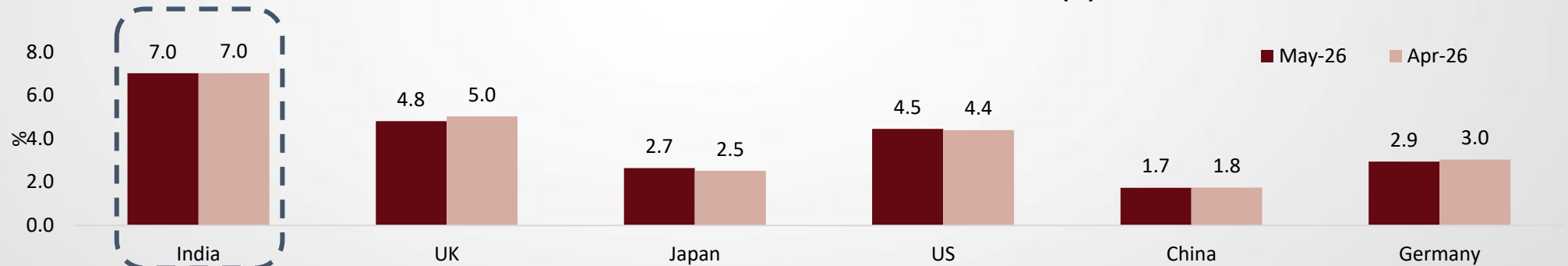
DEBT MARKET

Global



GLOBAL DEBT

Yield of 10 Year Government Bonds across countries (%)



Current Yield (%)	7.0	4.8	2.7	4.5	1.7	2.9
Inflation (%)	3.5	2.8	1.4	3.8	1.2	2.9
Real Yields (%): 29-May-26	3.5	2.0	1.3	0.7	0.5	0.0

- Globally, 10-year Sovereign yields remained mixed during the month.
- All above economies witnessed positive inflation adjusted returns/yields with India being the highest followed by U.K. and Japan.

CATEGORY PERFORMANCE

Debt Mutual Funds



CATEGORY PERFORMANCE

Category	Absolute Returns (%)			CAGR (%)		
	1 month	3 months	6 months	1 year	3 years	5 years
Overnight Fund	0.43	1.27	2.52	5.24	6.11	5.49
Liquid Fund	0.48	1.62	3.08	6.06	6.79	5.98
Ultra Short Term Fund	0.23	1.27	2.53	5.58	6.56	5.79
Low Duration Fund	0.15	0.94	2.12	5.26	6.73	5.91
Money Market Fund	0.17	1.11	2.47	5.65	6.87	6.07
Arbitrage Fund	0.04	0.93	2.49	5.37	6.54	5.66
NIFTY Ultra Short Duration Debt Index	0.41	1.70	3.16	6.53	7.45	6.64
Short Term Bond Fund	0.14	0.34	1.20	3.78	6.51	5.85
Medium Duration Fund	0.25	0.29	1.47	4.08	6.79	6.50
Banking and PSU Fund	0.14	0.28	1.05	3.42	6.48	5.70
Corporate Bond Fund	0.16	0.24	1.03	3.49	6.63	5.72
Credit Risk Fund	0.34	1.40	2.88	6.21	8.56	7.73
NIFTY Corporate Bond Index	0.11	0.07	0.84	3.49	6.55	5.86
NIFTY Medium Duration Debt Index	0.05	-0.57	0.05	2.25	6.25	5.54
Nifty Short Duration Debt Index	0.21	0.45	1.51	4.33	6.77	5.96
Dynamic Bond Fund	0.17	-0.06	0.78	0.95	5.81	5.39
Medium to Long Duration Fund	0.22	-0.18	0.58	0.94	5.51	5.13
Gilt Fund	0.20	-0.72	0.31	-1.26	5.22	4.85

- Credit Risk Fund, Liquid Fund and Money Market Fund were the top performing categories over the past year, generating around 6% return.

DEBT MARKET

Sensitivity Analysis



INDIAN DEBT

Sensitivity Analysis				Interest Rate Scenario's					
Category	Avg YTM (%)	Avg Maturity (Years)	Avg Mod duration (Years)	Increases			Decreases		
				0.25%	0.50%	1.00%	0.25%	0.50%	1.00%
Overnight Fund	5.33	0.00 Years	0.01 Years	5.32%	5.32%	5.32%	5.33%	5.33%	5.34%
Liquid Fund	6.30	0.03 Years	0.09 Years	6.28%	6.25%	6.21%	6.32%	6.34%	6.39%
Ultra Short Term Fund	7.14	0.26 Years	0.41 Years	7.04%	6.93%	6.73%	7.24%	7.34%	7.55%
Money Market Fund	7.27	0.25 Years	0.62 Years	7.12%	6.96%	6.65%	7.43%	7.58%	7.89%
Low Duration Fund	7.44	0.67 Years	0.86 Years	7.22%	7.01%	6.58%	7.65%	7.87%	8.30%
Short Term Bond Fund	7.59	3.00 Years	2.20 Years	7.04%	6.49%	5.39%	8.14%	8.69%	9.79%
Corporate Bond Fund	7.58	3.82 Years	2.60 Years	6.93%	6.28%	4.98%	8.23%	8.88%	10.18%
Banking and PSU Fund	7.45	3.53 Years	2.45 Years	6.84%	6.22%	5.00%	8.06%	8.67%	9.90%
Credit Risk Fund	8.25	2.55 Years	1.92 Years	7.77%	7.29%	6.33%	8.73%	9.21%	10.17%
Medium Duration Fund	7.98	4.41 Years	3.09 Years	7.21%	6.44%	4.89%	8.75%	9.53%	11.07%
Dynamic Bond Fund	7.36	8.68 Years	4.08 Years	6.34%	5.32%	3.28%	8.38%	9.40%	11.44%
Medium to Long Duration Fund	7.48	10.71 Years	5.24 Years	6.17%	4.86%	2.24%	8.79%	10.10%	12.72%
Gilt Fund	7.21	19.19 Years	7.89 Years	5.24%	3.27%	-0.68%	9.18%	11.16%	15.10%

- Credit Risk Fund, Medium Duration Fund and Short Term Bond Fund offer higher YTM's.

Note: Modified Duration indicates the sensitivity of a fund/bond with a change in interest rate scenario. It helps help investors predict how the bond's price will be affected by the fluctuations in interest rates.

For eg: If a fund with a modified duration of 8 years and YTM of 8% sees a 50-bps interest rate fall in a year, then the estimated return will be 12% [Average YTM - (Modified Duration × Change in Interest Rate)].

DEBT MARKET ROUNDUP

Key Takeaways & Outlook



INDIAN DEBT

Domestic & Global factors that played out for the Indian markets:

- Bond yields softened initially as crude oil prices declined on expectations of a U.S.–Iran peace agreement that could reopen a key supply chokepoint, despite intermittent escalations. Sentiment was boosted by reports that India may significantly reduce taxes on foreign investors in domestic bonds to align with global standards and attract capital inflows.
- However, gains were capped by an uptick in U.S. Treasury yields, a situation exacerbated by the rupee slipping to record lows. Additionally, a lower-than-anticipated RBI surplus transfer to the government for FY26 revived concerns over fiscal pressures, offsetting the gains.

Outlook:

- India's debt market is entering a phase of heightened volatility amid geopolitical tensions in West Asia, elevated crude oil prices, rupee pressure, and tightening surplus domestic liquidity, all of which are influencing bond yields, money market spreads, and interest rate expectations. Sustained high crude oil prices have intensified concerns around inflation, the current account deficit, and fiscal pressures, while limited capital inflows have kept the currency under strain, prompting RBI intervention that indirectly affects liquidity conditions.
- **Given the current macro backdrop, we suggest to continue to focus on accrual strategy. Elevated short-term yields, mainly driven by heavy supply, offer favorable accrual opportunities with relatively low duration risk.**
- **For more than 12 months, investors may consider Low Duration Funds. For more than 2 years, investors can consider investing in Short Term, Corporate Bond, Banking & PSU or through Income Plus Arbitrage FOFs for tax efficiency. Along with MFs, AAA oriented quality Corporate FDs and Bonds can be looked at allocation in the debt portfolio.**

ECONOMIC CALENDAR

Upcoming Key Events for the Month



DOMESTIC

Events for June 2026	
Event	Date
CPI Inflation YoY May 2026	12-Jun-26
WPI Inflation YoY May 2026	15-Jun-26
Balance of Trade May 2026	16-Jun-26
Passenger Vehicles Sales May 2026	16-Jun-26
Infrastructure Output YoY May 2026	22-Jun-26
Industrial Production YoY May 2026	28-Jun-26
Government Budget Value May 2026	30-Jun-26
Current Account 4Q FY26	30-Jun-26



GLOBAL

Events for June 2026	
Event	Date
China CPI YoY May 2026	10-Jun-26
U.S. CPI YoY, NSA May 2026	10-Jun-26
Euro Zone ECB Deposit Rate Jun 2026	11-Jun-26
Germany HICP Final YoY May 2026	12-Jun-26
U.K. CPI YoY May 2026	17-Jun-26
Euro Zone HICP Final YoY May 2026	17-Jun-26
U.K. ILO Unemployment Rate Apr 2026	18-Jun-26
U.K. BOE Bank Rate Jun 2026	18-Jun-26

MUTUAL FUND DASHBOARD

Category Performance

MUTUAL FUND DASHBOARD

Category Performance



CATEGORY PERFORMANCE

Equity Category:	1 Yr	3 Yr	5 Yr	10 Yr
Large Cap	-2.30	11.38	10.09	11.72
Large & Mid Cap	1.94	16.09	14.16	14.25
Multi Cap	2.67	16.92	14.60	15.08
Flexi Cap	0.33	13.62	12.07	13.51
Mid Cap	6.44	20.05	17.07	16.29
Small Cap	5.17	18.01	17.33	16.99
Focused	0.50	13.42	11.89	13.22
Value	2.48	16.71	14.67	14.22
Hybrid Category:				
Conservative Hybrid	1.39	7.52	7.27	7.34
Balanced Hybrid	1.09	--	--	--
Balanced Advantage	0.48	10.03	8.58	9.67
Multi Asset Allocation	11.87	16.64	14.17	13.03
Aggressive Hybrid	0.14	11.93	10.68	11.34

Debt Category	3 Mths	6 Mths	1 Yr	3 Yr
Money Market:				
Overnight	1.27	2.52	5.24	6.11
Liquid	1.62	3.08	6.06	6.79
Ultra Short Duration	1.27	2.53	5.58	6.56
Low Duration	0.94	2.12	5.26	6.73
Money Market	1.11	2.47	5.65	6.87
Accrual:				
Short Duration	0.34	1.20	3.78	6.51
Medium Duration	0.29	1.47	4.08	6.79
Banking & PSU Debt	0.28	1.05	3.42	6.48
Corporate Bond	0.24	1.03	3.49	6.63
Floating Rate	0.70	1.95	4.74	7.19
Credit Risk	1.40	2.88	6.21	8.56
Duration:				
Medium to Long Duration	-0.18	0.58	0.94	5.51
Long Duration	-1.14	-0.14	-2.35	4.90
Dynamic Bond	-0.06	0.78	0.95	5.81
Gilt	-0.72	0.31	-1.26	5.22
Gilt Fund with 10 year constant duration	-0.53	0.40	1.09	6.27

Note:<1 year return are absolute and ≥ 1 year returns are CAGR. Performance is of regular plan growth option for MF category performance. MF Category average performance as on 31st May 2026. Source: MFI 360 Explorer <https://www.icraanalytics.com/terms-of-use/disclaimer>

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