June 2026

MONTHLY REPORT

Data as on May 31, 2026
Source: Bloomberg

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NIFTY 50
Closing- 23547.75
PE – 20.27
PB – 3.21x
Div Yield – 1.35%

NIFTY MIDCAP 150
Closing –22571.40
PE – 28.92
PB – 4.79x
Div Yield – 0.66%

NIFTY SMALL CAP 250
Closing –16992.10
PE – 33.67
PB – 3.61x
Div Yield – 0.71%

10 Yr. GOI Yield
7.00%

CRUDE
92.05
$/bbl

USD/INR
95.01

GOLD
4,593
$/Oz

Source: Bloomberg, W2W Research

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
Sensex	-2.78%	6.90%	-11.31%	-1.19%	-3.46%	-0.57%	2.11%	4.57%	0.57%	-1.69%	-2.90%	2.65%	1.50%
Nifty 50	1.87%	7.46%	-11.49%	-0.56%	-3.10%	-0.28%	1.87%	4.51%	0.75%	-1.38%	-2.93%	3.10%	1.70%
Nifty Midcap 150 Index	2.60%	13.22%	-11.06%	1.66%	-3.53%	-0.53%	1.59%	4.79%	1.39%	-2.86%	-2.85%	4.09%	6.10%
Nifty SmallCap 250 Index	1.56%	17.10%	-10.30%	0.75%	-5.52%	-0.29%	-3.36%	3.72%	1.13%	-3.72%	-3.67%	5.73%	9.60%
S&P 500 Index	5.15%	10.42%	-5.09%	-0.87%	1.37%	-0.05%	0.13%	2.27%	3.53%	1.91%	2.17%	4.96%	5.50%
Nifty 50 EPS TTM (Rs)	1161	1146	1138	1143	1149	1209	1210	1128	1127	1128	1122	1092	1092
Nifty 50 Price/Earnings (PE Ratio)	20	21	20	22	22	23	23	23	22	22	22	23	22
Nifty Midcap 150 (PE Ratio)	29	33	31	33	32	34	33	34	33	32	33	35	34
India Economic Indicator													
Bank Credit Growth (YoY%)	15.69%	13.67%	14.57%	13.73%	13.09%	15.55%	11.42%	11.50%	10.29%	10.22%	9.82%	9.59%	9.75%
Bank Deposit Growth (YoY%)	11.35%	10.96%	11.11%	10.92%	10.61%	12.65%	10.25%	9.50%	9.84%	10.06%	10.15%	10.37%	9.96%
Debt Market Indicator													
RBI 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
G-sec 10 year Yield (%)	7.00	7.02	6.96	6.66	6.70	6.59	6.53	6.53	6.68	6.57	6.37	6.32	6.29
Corp Bond 10 Yr AAA Yield (%)	7.90	7.70	7.74	7.37	7.46	7.30	7.22	7.25	7.29	7.39	7.19	7.11	7.03
Corp Bond 10 Yr AA Yield (%)	8.45	8.2	8.47	8.05	8.35	8.19	8.16	8.18	8.17	8.27	8.06	7.96	7.79
Corp Bond 10 Yr A Yield (%)	9.79	9.59	9.63	9.26	10.06	9.64	9.51	9.46	9.58	9.64	9.37	9.30	9.18
Corp Bond 5 Yr AAA Yield (%)	7.72	7.62	7.57	7.20	7.29	7.10	6.92	6.94	6.92	7.09	6.81	6.85	6.79
Corp Bond 1 Yr AAA Yield (%)	7.93	7.31	7.43	6.95	7.19	6.83	6.60	6.65	6.65	6.60	6.42	6.70	6.63
CD 1 Yr (%)	7.83	7.27	7.19	6.91	7.00	6.68	6.35	6.40	6.35	6.35	6.29	6.33	6.55
Commodity & Currency													
Gold Price (USD)	4,593	4,630	4,672	5,278	4,865	4,319	4,239	4,093	3,859	3,448	3,290	3,303	3,289
Gold (Rs/10gm)	155,964	149,777	146,733	162,062	181,804	132,640	126,033	120,450	114,761	101,967	98,068	95,676	95,058
Crude($)	92.05	114.01	118.35	72.48	70.69	60.85	63.27	65.07	67.02	68.12	72.53	67.61	63.90
INR/1 USD	95.01	94.91	93.49	91.37	91.69	89.88	89.36	88.77	88.79	88.17	87.60	85.75	85.58
INR/1 EURO	110.78	111.35	108.01	107.60	108.66	105.49	103.62	102.76	104.32	103.04	100.15	100.52	96.94
Flows													
FII-Equity (Rs.cr)	-32963	-60847	-117775	22615	-35962	-22611	-3765	14610	-23885	-34993	-17741	14590	19860
FII-Debt (Rs.cr)	-99.87	-7671	6304	5380	-7308	717	-3969	3507	1085	6766	-234	-6121	19615
MF-Equity (Rs.cr)	-268	245	-107	252	481	5,157	43,465	24,690	38392	70534	43720	45519	67642
MF-Debt (Rs.cr)	-321	196	-335	14	42	1992	-72201	52794	-28225	-65288	-33716	-30911	-104054

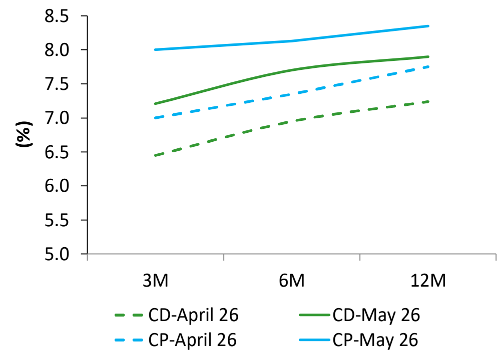
Summary:-

- As of 30th May 2026, Nifty 50 was trading at a PE of 20.27x, and Nifty Midcap 150 was trading at a PE of 28.92x.
- India's CPI inflation in April 2026 surged to 3.48%, compared to 3.40% in March 2026. Meanwhile, India's wholesale inflation surged to a 42-month high of 8.3% in April 2026, up from 3.88% in March 2026, driven primarily by rising global crude oil, natural gas, and basic metal prices.
- Bank credit growth increased to 15.69% year-over-year as of 29th May 2026, compared to 13.67% year-over-year on 30th April 2026. However, the growth of bank deposits increased to 11.35% year over year.
- GST revenue eased to Rs. 1.94 lakh crore in May 2026, compared to Rs 2.43 lakh crore in April 2026.
- India's Manufacturing PMI increased to 55.0 in May 2026 from 54.7 in April 2026. India's Services PMI increased to 59.8 in May 2026 from 58.8 in April 2026.

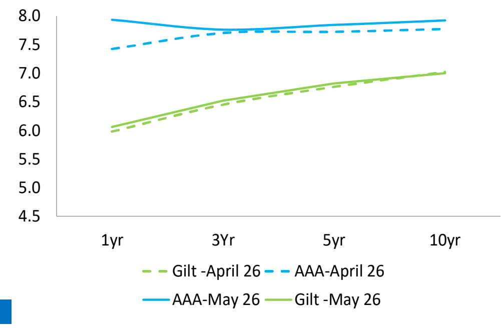
Debt Market Review

- The US bond market witnessed considerable volatility in May 2026, driven by evolving inflation expectations due to higher crude oil prices amid heightened geopolitical uncertainties. The CPI data rose 3.8% yoy, confirming rising inflationary pressures raised the probability that the FOMC will hold the rate steady at the current 3.50%–3.75% target range, which kept the bond yield elevated. However, a temporary pause between the US and Iran war, viewed as the likelihood of a resolution to the conflict, was favorable, leading to a reduction in geopolitical risk premiums. The US 10-year bond yield rose to 4.45%.
- European bond markets remained volatile as rising energy prices pushed inflation close to 3%, well above the ECB's 2% target, reinforcing expectations of a more hawkish monetary policy stance. Despite these inflationary pressures, the German 10-year Bond yield declined to 2.93% as easing tensions between the US and Iran improved sentiment, lowered oil price expectations, and reduced geopolitical risk premiums, supported the bond market. UK gilts outperformed broader global government bond markets as inflation data came in below expectations, and signs of a weakening labor market strengthened expectations of monetary policy easing. These developments pushed the 10-year gilt yield to a low at 4.81%.
- The Japanese Government Bond market experienced volatility in May 2026, with long-term yields reaching multi-decade highs amid reduced Bank of Japan bond purchases, structural repricing of interest rates, and concerns over increased government borrowing. Prime Minister Sanae Takaichi's ¥3 trillion ($19 billion) supplementary budget is to cushion households against inflation linked to the ongoing war in Iran. The 10-year JGB yield rose to 2.66%.
- China's 10-year government bond yield remained near historic lows at 1.70%–1.75%, reflecting weak economic momentum, persistent property-sector stress, and accommodative monetary policy. Economic indicators remained soft, with industrial output growth slowing to 4.1%, retail sales rising just 0.2%, highlighting continued pressure on growth prospects.
- India's 10-year government bond yield eased to 7.00% by the end of May 2026 after briefly rising above 7.11% amid global bond market weakness, a depreciating rupee, higher crude oil prices, and geopolitical tensions. Yields moderated later in the month as oil prices softened and market sentiment improved. Meanwhile, CPI inflation rose modestly to 3.48% in April, remaining within the RBI's target range, while WPI inflation accelerated sharply to 8.30% year-on-year, driven by higher crude oil prices and their spillover effects across fuel, manufacturing, and metal sectors.

CD/CP Rate



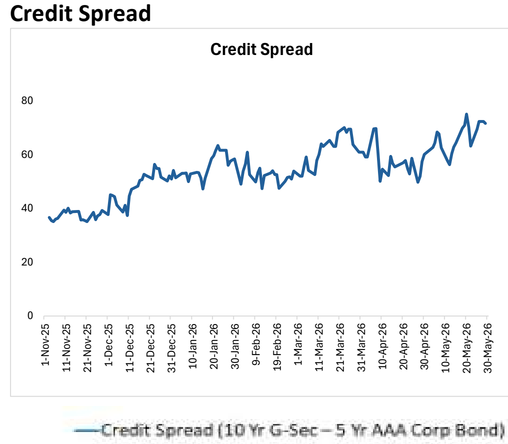
G-Sec and AAA Corp Bond Yield



Debt Market Outlook

- The US 10-year Treasury yield is likely to remain under upward pressure as elevated crude oil prices and uncertainty surrounding the Strait of Hormuz continue to fuel inflation concerns. Markets widely expect the Fed to keep interest rates unchanged at the June 16–17 FOMC meeting, reflecting persistent inflationary pressures and fiscal uncertainties. Policymakers are likely to seek greater clarity on geopolitical developments and sustained moderation in oil prices before considering any move toward policy easing.
- The European bond market is expected to remain influenced by elevated energy-driven inflation, weak economic growth, and expectations of a hawkish ECB policy stance. Sluggish GDP growth across the Euro area has also intensified stagflation concerns, which increased the challenge for the ECB to contain inflation without undermining economic activity. UK's bond yields are likely to remain elevated amid inflation risks, geopolitical uncertainties, and domestic political concerns, with the 10-year gilt yield hovering above 4.9% as investors await further guidance from the BOE.
- Japan's 10-year government bond yield is likely to hover near multi-decade highs as the ongoing normalization of the BOJ's balance sheet, coupled with the issuance of deficit-financing bonds by PM Takaichi's government. Market participants will closely monitor the BOJ's June 15–16 policy meeting for clearer guidance on the pace and trajectory of policy normalization, which could help to reduce uncertainty and limit excessive volatility in the bond market. However, if inflation remains persistent and energy prices stay elevated, yields may continue their upward trend.
- The Chinese 10-year government bond yield is hovering near historic lows of around 1.71%, the lower yields reflect subdued inflationary pressures, slowing economic momentum, and expectations of continued accommodative monetary policy. As the government pursues its economic growth target of 4.5%–5.0%, the PBOC may retain its ample flexibility to support the economy through targeted credit programs, reserve requirement ratio (RRR) adjustments, and measures to encourage the development of floating-rate bonds, which are expected to help manage financial risks while providing support to growth amid a challenging domestic and external environment.
- On the domestic front, the Indian bond market is expected to remain in a phase of consolidation in June 2026, with the RBI maintaining the repo rate at 5.25% and retaining a neutral policy stance on June 5, 2026. The central bank's decision to absorb the full hedging cost of medium-to long-term foreign currency non-resident (FCNR) deposits is likely to support overseas fund mobilization and boost dollar inflows. While CPI inflation for FY2027 is projected at 5.1% and GDP growth has been revised down to 6.6%, India's macroeconomic fundamentals remain relatively resilient. However, global supply chain disruptions, financial market volatility, and weather-related risks continue to cloud the outlook. Against this backdrop, the benchmark 10-year government bond yield is expected to trade in the 6.85%–7.25% range.

Credit Spread



Investment Strategy

- The debt mutual fund strategy requires a cautious approach, as the interest rate environment remains stable yet uncertain due to inflation concerns, volatile crude oil prices, and global risk factors. In this scenario, debt funds should be viewed primarily as a source of stability and steady income, with yields expected to remain moderate and range-bound.
- Domestically, conditions are relatively stable, but the RBI continues its "wait and watch" stance amid persistent inflation risks. It is advisable to prefer high-quality government securities (G-Secs) and AAA-rated corporate bonds, which offer attractive risk-adjusted returns amid a stable credit environment. Short-duration and corporate bond funds remain suitable, offering stability and protection against intermittent interest-rate volatility. A balanced allocation is key, investing in short-duration categories like liquid, ultra-short, or money market funds for stability and liquidity, while allocating the rest to high-quality corporate bond or banking & PSU funds for better yields with controlled risk.

Source: Bloomberg, W2W Research

Equity Market Review

- In the month of May, the US equities were driven by strong earnings, robust capital spending, semiconductor rally, and AI infrastructure optimism, which continued to support the market participants' sentiments and reinforce confidence in forward growth. As a result, equities were propelled higher by realized profit growth. Markets were further supported by a combination of resilient economic data and easing geopolitical pressures, solid labor markets, steady consumer demand, and improving manufacturing activity to 55.1, which reinforced expectations for continued economic expansion. The S&P 500 surged by 5.15% in May 2026.
- European equities recorded modest gains in May 2026, supported by easing Middle East tensions and lower energy prices, although mixed earnings and softer economic data capped gains. The STOXX Europe 600 rose 2.41% during the month. In the UK, equities also advanced, with the FTSE 100 gaining 0.29%, benefiting from easing tensions in the Middle East. However, the rising political uncertainty and growing stagflation concerns as the UK's Services PMI fell to 47.9% from 52.7% in April.
- Japanese equities rallied strongly in May 2026, with the Nikkei 225 gaining 11.88% and reaching record highs, supported by easing geopolitical tensions, optimism over US–Iran peace talks, and favorable yen dynamics. Meanwhile, manufacturing growth moderates, with the PMI easing to 54.5 from 55.1 in April 2026.
- The Shanghai Composite Index declined 1.06% in May 2026 as concerns over geopolitical tensions and China's reliance on Middle Eastern oil outweighed early gains. Domestic economic weakness increased the expectations for additional fiscal support, while the Manufacturing PMI eased to 51.8 from 52.2 in April, indicating slower but continued expansion kept the Chinese markets under pressure.
- On the domestic front, Indian equities witnessed a volatile correction in May 2026 amid rising crude oil prices, persistent foreign outflows, a record-weak rupee, and simmering geopolitical uncertainties. While FPIs sold a net of Rs. 55,963 crore of equities, strong DII inflows of Rs. 82,669 crore helped cushion the decline. Despite Q4 earnings broadly meeting expectations, the Sensex fell 2.78%, and the Nifty 50 declined 1.87% during the month.

Equity Market Outlook

- The US equity market is likely to remain sensitive to developments surrounding the US–Iran conflict. Despite the current pause, any renewed escalation could dampen the sentiments. Concerns surrounding AI-related capital expenditure, the timing and magnitude of returns on these investments, and the potential for a temporary slowdown in AI monetization are expected to remain important factors. Economic data will also play a crucial role in shaping market expectations; any stronger economic readings would reinforce the view that the Fed has little urgency to begin a rate cut. Conversely, weaker economic data could raise concerns about slowing growth, may increase the expectations of an earlier rate-cut cycle, which has the potential to drive market volatility.
- European equity markets are expected to remain cautiously optimistic in June 2026, supported by projected earnings growth, stable ECB policy rates, and ongoing fiscal spending. However, volatility is likely to persist amid renewed trade tensions and fluctuating oil prices. UK equities are expected to remain constructive, aided by attractive valuations, improving growth prospects, and expectations that the BOE will keep rates unchanged. Geopolitical risks and persistent inflationary concerns may continue to dampen the market sentiment and limit upside potential.
- Japanese equity markets are expected to maintain a constructive outlook in June 2026, supported by ongoing structural reforms, improving corporate governance, and strong earnings growth. Continued inflows from domestic and international institutional investors should further support sentiment, although global economic and geopolitical developments may drive near-term volatility.
- The Chinese equity market outlook for June 2026 remains cautiously constructive, supported by expected earnings growth and improving corporate fundamentals. However, renewed trade tensions and the prospect of additional tariffs from the US and the European Union may weigh on investor sentiment, creating headwinds for export-oriented sectors and the broader economic outlook.
- On the domestic front, Indian equity markets are expected to remain sensitive to crude oil price movements, and developments in US–Iran negotiations are likely to remain key drivers of market sentiment. Investors will also closely monitor rupee movements, progress of the monsoon season, and the direction of FPI flows, all of which are likely to influence the market dynamics. In the absence of a material change in any of these factors, the market is expected to remain largely range-bound, with stock-specific developments driving performance across sectors.

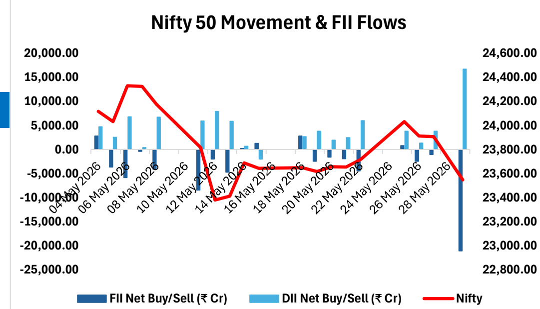
Investment Strategy

- Overall, the current equity market environment in 2026 doesn't reward aggressive, broad-based investment. It's a phase where discipline and allocation matter more than chasing high returns. It is more likely to be a period of moderate returns, driven primarily by earnings growth rather than valuation expansion. In India, the long-term story remains intact as the economic growth is still resilient globally, corporate earnings are expected to grow steadily, and structural drivers like manufacturing and infrastructure are in place. However, the near-term picture is more uneven. Valuations, especially in mid and small caps, had run ahead of fundamentals, and now the market is going through a phase of correction and consolidation. At the same time, foreign investors' outflows are adding to volatility.
- Investors who stay consistent with SIPs, maintain a balanced allocation tilted toward large and flexi-cap funds, and avoid overexposed segments are more likely to navigate this environment successfully. Given the uncertainty in markets, investors can opt for staggered investments over the next 3 to 6 months with a 3+ year investment horizon and review the investment plan as more clarity emerges.

Indices Performance

Index	31-May-26	31-May-25	Change	% Chg
India				
Sensex	74,776	81,451	-6,675	-8.20
Nifty 50	23,548	24,751	-1,203	-4.86
United States				
Dow Jones	51,077	42,625	8,452	19.83
Nasdaq	30,514	21,341	9,173	42.98
European Countries				
Stoxx 600	626	549	77	14.09
FTSE 100	10,409	8,772	1,637	18.66
Asia				
Nikkei 225	66,310	37,965	28,345	74.66
Hang Seng	25,182	23,290	1,892	8.12
Shanghai Comp	4,069	3,347	722	21.57
Other				
Bovespa	173,787	137,027	36,760	26.83
RTS	1,138	1,134	4	0.35
MSCI World	4,865	3,863	1,002	25.94
MSCI EM	1,752	1,157	595	51.43
MSCI EM Asia	1,000	635	365	57.48

Nifty 50 Price & FII and MF flows



Sector Performance

Sector Index	31-May-26	31-May-25	Change	%Chg
BSE Auto	57,983	52,802	5,181	9.81%
Bankex	61,131	63,155	-2,024	-3.20%
BSE CD	57,686	57,947	-261	-0.45%
BSE CG	80,819	71,090	9,729	13.69%
BSE FMCG	18,265	20,308	-2,043	-10.06%
BSE HC	47,541	42,728	4,813	11.26%
BSE IT	28,496	37,171	-8,675	-23.34%
BSE Metal	43,766	30,760	13,006	42.28%
BSE Oil	26,741	27,030	-289	-1.07%
BSE Power	8,383	6,805	1,578	23.19%
BSE PSU	20,938	19,668	1,270	6.46%
BSE Realty	6,115	7,359	-1,244	-16.90%
BSE TEC	14,930	17,897	-2,967	-16.58%

Review

- **Gold Prices:**

Gold prices declined to around $4,525/ounce on May 29, 2026, amid the revival of demand for the US Dollar, higher US 10-year Treasury yields, and inflationary pressures. The Government of India has implemented measures to reduce gold imports in response to mounting pressure on the Indian Rupee. The customs duty on gold and silver has been raised from 6% to 15%, effective from May 13, 2026. Further, the Government also imposed a 100 kg cap on gold imports per advance authorization, which kept the gold prices under pressure.

- **Silver:**

Silver witnessed significant volatility, with global prices settling near $75.93 per ounce. For Indian investors, silver pricing is also influenced by currency fluctuations and import-related taxes. As the customs duty on gold and silver has been raised from 6% to 15% by the Government of India, silver pricing has an extra layer of complexity, as global silver prices are now converted into rupees and further adjusted for India's 10.75% import duty and 3% GST, this is to curb the import, which kept the silver prices under pressure. On May 16, 2026, the import policy of silver was revised from ‘free’ to the ‘restricted’ category. The silver prices traded in the range of ₹2,60,000–₹2,82,000 per kilogram, restricting the fall due to geopolitical uncertainties, strong demand from the automotive sector, and continued safe-haven investment flows.

- **Crude oil prices:**

Brent crude oil prices traded around $92/barrel on May 29, 2026, amid the unresolved conflict between the US and Iran. Global oil inventories are depleting at a record pace due to the effective blockade of the Strait of Hormuz, which connects the Persian Gulf to international markets. As India relies heavily on imported oil, surging crude oil prices have strained the country’s import bill and widened the Current Account Deficit (CAD), exerting downward pressure on the Indian Rupee.

- **USDINR:**

In the month of May, the Indian rupee fell to its all-time low at 96.97, pressured by concerns over a rising crude oil import bill, persistent foreign portfolio outflows, and broad-based strength in the US dollar. However, it recovered and closed at 95.01 in the final week of the month, which was supported by renewed optimism surrounding US–Iran peace negotiations, which helped ease oil price concerns and improve market sentiment. Despite the late rebound, the rupee depreciated by approximately 1.18% month-on-month, adding to imported inflation risks and increasing pressure on India's current account deficit.

Outlook

- **Gold Prices:**

The Gold price outlook for June 2026 is expected to remain largely range-bound, with spot gold trading near the $4,500 per ounce level. Prices have retreated from the record highs reached earlier. However, gold continues to find support from ongoing geopolitical uncertainties and concerns over global economic growth. For Indian investors, depreciation in the rupee may provide an additional cost to domestic gold prices, even if international prices remain stable. As a result, geopolitical developments and currency movements are likely to remain the key drivers of gold price volatility in the near term.

- **Silver Prices:**

In June 2026, global silver prices are consolidating within the $72–$76 per ounce range. Looking ahead, the silver prices may trade between $74 and $86 per ounce, while the outlook remains constructive, with prices potentially advancing toward the $90 per ounce level. This positive outlook is supported by persistent supply deficits, strong industrial demand, particularly from the renewable energy and electronics sectors, and continued investor interest in precious metals. Consequently, even if international silver prices remain unchanged, depreciation in the rupee can lead to higher domestic silver prices.

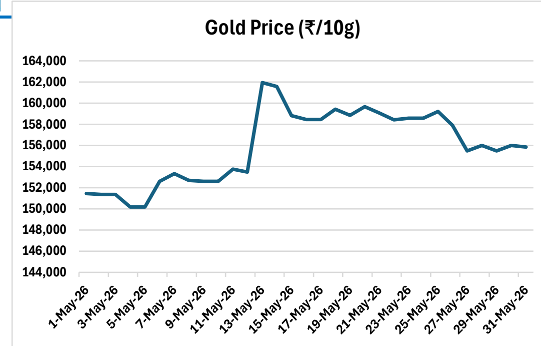
- **Crude Oil Prices:**

Crude oil prices are expected to remain highly volatile as investors closely monitor developments surrounding the US–Iran conflict. Any breakdown in the current ceasefire or renewed escalation in tensions could delay the full reopening of the Strait of Hormuz, potentially pushing crude oil prices above $100 per barrel due to concerns over supply disruptions. For India, which remains heavily dependent on imported crude oil, sustained elevated oil prices would increase risks to inflation, widen the current account deficit, and add pressure on the rupee. Conversely, if the US and Iran move toward a durable resolution of the conflict and geopolitical risks continue to ease, oil prices could gradually retreat toward the $80 per barrel level, providing relief to India's inflation.

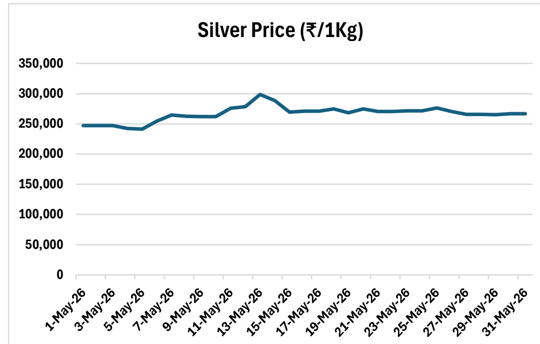
- **USDINR:**

USDINR is expected to remain volatile in June 2026, trading in the 94–96 range, driven by crude oil prices, global risk sentiment, and expectations around US monetary policy. Easing geopolitical tensions and lower oil prices could support the rupee, while renewed conflict and oil above $100 per barrel may push USDINR toward the upper end of the range. The US dollar’s direction will largely depend on Fed policy expectations. Strong US economic data may support the dollar by delaying rate cuts, while weaker data could strengthen expectations of policy easing and support the rupee. Domestically, resilient growth, moderating inflation, continued capital inflows, and RBI intervention are expected to help limit excessive currency volatility.

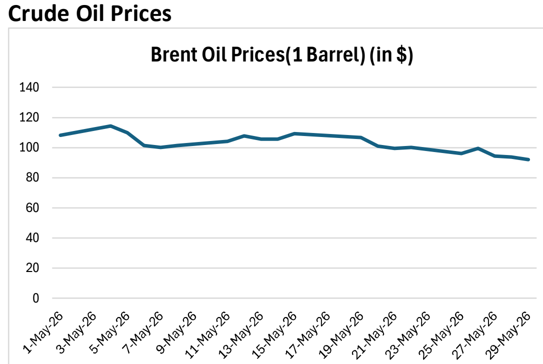
Gold Prices:



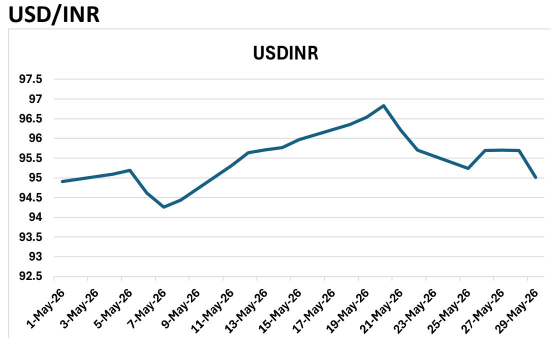
Silver Prices:



Crude Oil Prices



USD/INR



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