



Six issues that are likely to dominate market discourse in coming weeks

Delay in Monsoon - Arrival and spread of monsoon. With IMD's prediction of a one-week delay nervousness would rise especially as we have seen many monsoon-dependent sectors like 2-wheelers, rural financing, farm inputs, consumer durables etc outperforming

Results of five assembly polls - If Congress wins both Assam and Kerala then it would be emboldened to raise pitch & launch a strong fight-back after being on the defensive during the Budget session. If it loses both the States then the BJP would find it easier to evolve a consensus to aggressively push stalled reforms like GST, labour etc.

RBI's Stance on future Interest rate cuts - Delay in monsoon would raise worries whether RBI would deliver a rate cut in June as indicated by the Governor in his media interactions or whether RBI waits it out till August when there are clearer indications about the quantum & spread of monsoon. An unexpected uptick in CPI has only added to the uneasiness about RBI's move.

Impact of Passage of key economic bills - legislative reforms in the just-concluded Budget session like Aadhar, Real Estate Regulatory Bill, Bankruptcy Code and Mines & Minerals amendments will reassure investors that the government is serious in its reforms agenda to speed-up growth by tacking structural impediments hobbling the economy.

Resolution of issues surrounding inflows from 'tax havens' - A well-calibrated path that clearly illuminates the predictability on taxation front for foreign inflows from countries such as Mauritius (with similar changes expected to be replicated for Singapore) addresses long-held worries surrounding thorny issues of tax evasion & round tripping.

Brexit - Globally a sense of fear & trepidation is likely to envelope markets in the run-up to the vote on Brexit due on 23rd June 2016. If Britons vote to leave the EU, expect violent convulsions in markets that would singe risk assets like equities, EM currencies and even some developed market currencies like the Pound & Euro. Dollar would strengthen, commodity prices could come under pressure with fears of economic dislocation & uncertainty in a world already on the edge due to heightened geopolitical tensions in various theatres like the Middle East, North Africa, South China Sea etc as well as rise of ultra-nationalism and xenophobia evident in many countries in the EU and even the US. If Britons are to vote in favour of remaining in the EU, markets would heave a sigh of relief with focus shifting back on how to drag the world economy out of its economic morass.