FORTNIGHTLY MACRO REVIEW

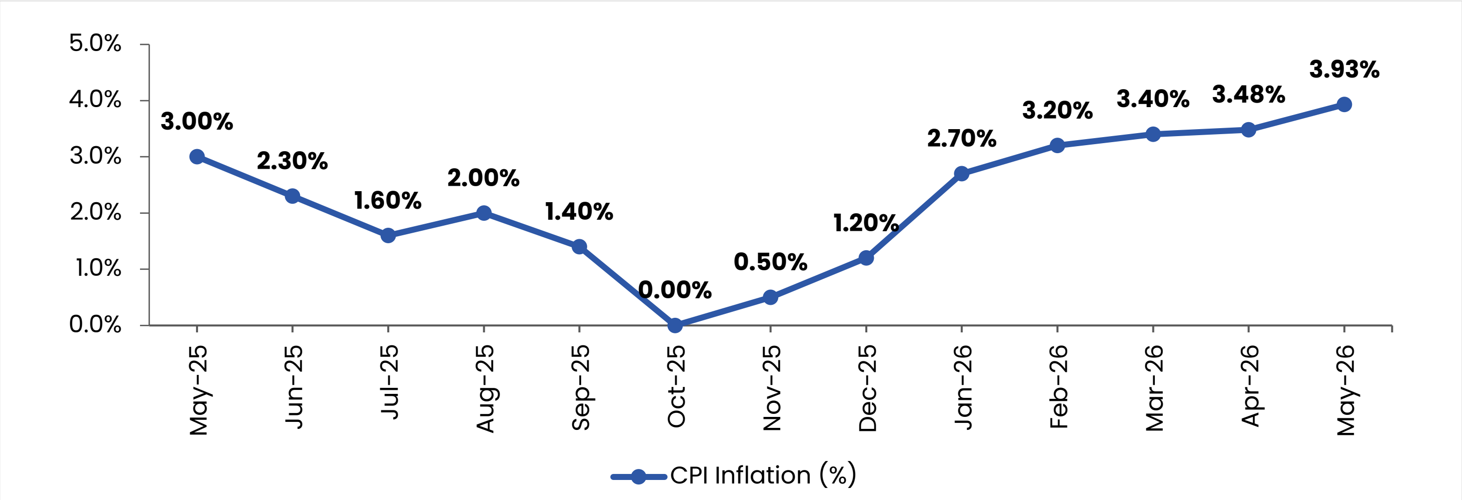
15th June 2026

BONANZA WEALTH

CPI INFLATION

Consumer Price Index (CPI) inflation rose to 3.93% (Provisional) in May-26 from 3.48% (Final) in Apr-26. This marks the highest CPI print in 16 months. The increase was primarily driven by higher inflation in food and transportation. The corresponding rural and urban inflation rates stood at 4.25% and 3.53%, respectively. Despite the increase, headline inflation continued to remain below the RBI's medium-term target of 4%.

Housing inflation came in at 2.12% (Provisional) in May-26 which is marginally lower than 2.15% (Final) in Apr-26. Food inflation accelerated to 4.78% (Provisional) in May-26 from 4.20% (Final) in Apr-26. This was largely due to seasonal factors including the heatwave conditions across several regions that have impacted the supply of key food items and contributed to the increase in the food prices. The elevated energy prices have led to the increase in the prices of commercial LPG cylinders which have risen by around Rs. 1,200 so far. The inflation in restaurants and accommodation services have increased to 5.75% during the month in comparison to 4.20% in the previous month. This uptick suggests that restaurants may be passing on a part of the higher fuel and food costs to end consumers. In addition, fuel prices have also witnessed a rise which has resulted in an increase in transport inflation to 1.75% in May-26 as against (-0.01%) in Apr-26.



High inflation was observed in silver jewellery, tomato, gold/diamond/platinum jewellery, ginger and raisin (khishmish) & monacca. Low inflation was recorded in potato, peas, motor car & jeep, cumin (jeera) and motorcycle & scooter.

Among states with a population of more than 50 lakh, highest inflation was recorded in Telangana at 6.15% followed by Tamil Nadu at 5.11%. Andhra Pradesh came in third by recording 4.90%. Karnataka and Odisha recorded 4.59% and 4.54% respectively.

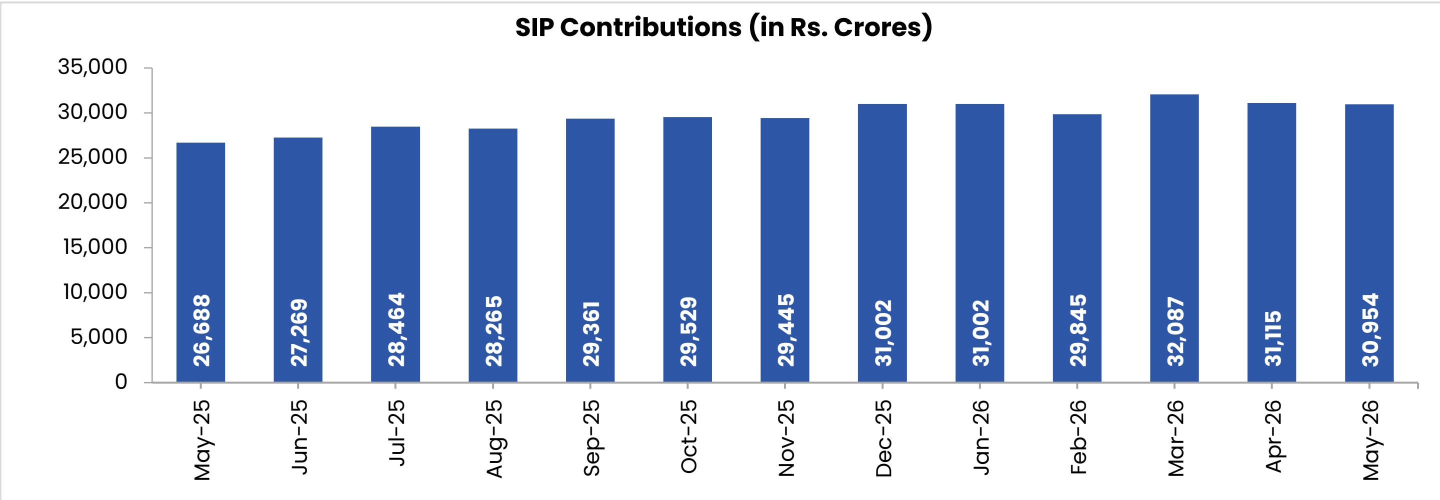
Overall, the inflation outlook remains exposed to risks arising from global uncertainties and weather-related disruptions. Looking ahead, the Government has started passing on part of the increase in fuel costs to consumers. At the same time, rupee weakness and uncertain weather conditions could add to inflationary pressures

RETAIL PARTICIPATION

The Indian Mutual Fund industry recorded net outflows of Rs. 64,021 crore in May-26 as against net inflows of Rs. 3.22 lakh crore in Apr-26. The moderation was largely driven by significant outflows from debt-oriented schemes and a slowdown in equity fund inflows.

The equity mutual funds observed a sharp slowdown in May-26 with net inflows of Rs. 22,908 crore as compared to Rs. 38,440 crore recorded in Apr-26. Open-ended equity mutual funds maintained a positive streak for the 63rd consecutive month. SIP inflows remained resilient at Rs. 30,954 crore for the month of May-26 in comparison to Rs. 31,115 crore in Apr-26. This marks the third consecutive month where the SIP inflows have crossed the Rs. 30,000 crore level. The industry's net asset under management (AUM) edged down to Rs. 81.58 lakh crore in May-26 from Rs. 81.92 lakh crore in Apr-26.

Within the open-ended equity fund category, inflows moderated across most of the segments. The large-cap funds declined by 36.9% MoM, while mid-cap and small-cap funds also witnessed moderation of 33.1% MoM and 28.2% MoM respectively from the record levels in Apr-26. Flexi cap funds continued to lead the equity flows on the value terms although its growth has declined by 49.0% MoM. Inflows in flexi cap funds reflect the continued demand for strategies that offer investors the flexibility to allocate capital across market caps.



Debt funds witnessed net outflows of Rs. 96,949 crore in May-26 as against net inflows of Rs. 2.47 lakh crore in the previous month. The reversal from debt funds was primarily driven by outflows in liquid and money market funds. Last month, PM Modi had urged citizens to avoid buying gold for a year to help protect foreign exchange reserves. Following this, investors have booked profits at record highs in gold and some asset management companies have also halted their inflows into Gold ETFs. The Gold ETFs witnessed net outflows of Rs. 725 crore during the month as against net inflows of Rs. 3,040 crore in the previous month.

Overall, while the mutual fund flows moderated during the month, the steady SIP inflows and continued participation across equity categories indicate that investor confidence remains intact. In addition, the data suggests that investors are becoming more selective in their allocations while maintaining a long-term investment approach.

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