



## Financial Market & Economy Update

### Domestic Update:

- India's retail inflation rate eased to 4.17 % in July after touching a five-month high of 5.0 % in the previous month, government data showed on Monday, helped by smaller increases in food prices.
- The WPI inflation has ebbed a little to 5.09 % in the month of July. Jul WPI primary articles inflation stood at 1.73%, down from 5.3% in June while July WPI manufactured products inflation was measured at 4.26% against 4.17% in June.
- India's Trade deficit for April-July period expanded year-on-year to \$18.02 billion as against \$16.60 billion in the same period last year.
- Indian economy to grow at 7.2 % in 2018-19, says India Ratings and Research report
- NABARD Survey: Farmer income grew 37 % between FY13 and FY16. More than 88% of rural households now have bank accounts, but only about 24% of them use ATM services at least once in three months.
- Relaunched in 2015 in a new avatar by Prime Minister Narendra Modi, Atal Pension Yojana (APY), the monthly pension scheme of the government, has now over 1 crore subscribers, of which 40% are women.

### Global Update:

- Iran is selling oil and gas at a discount to Asian customers as it prepares for the return of US sanctions.
- Japan recorded a trade deficit of JPY 231 billion while Exports from Japan increased by 3.9% from a year earlier to JPY 6.75 trillion in July of 2018.
- The Euro Area trade surplus narrowed to EUR 22.5 billion in June 2018 from EUR 25.7 billion in the same month a year earlier.
- Pay growth in Britain has slowed to its weakest in almost a year. Figures from the Office for National Statistics (ONS) showed wage inflation cooling in the second quarter of 2018 even though unemployment fell from 4.2% to 4.0% – its lowest level since the winter of 1974-5.
- Turkey's battered lira weakened more than 6 % against the dollar on Friday, after a U.S. warning that Ankara should expect more economic sanctions unless it hands over detained American evangelical pastor Andrew Brunson.



## Equity Market Update

- Easing inflation data along with broadly positive global cues lifted the key Indian equity indices during the week with the NSE Nifty50 ending at a record closing level on Friday.
- On a weekly basis, the S&P BSE Sensex closed at 37,947.88 points, higher by 78.65 points or 0.21 % from its previous close.
- Similarly, the wider Nifty50 on the National Stock Exchange made gains. On Friday, it ended at a record closing high of 11,470.75 points, higher by 41.25 points or 0.36 % from the previous week's close.
- Broader Markets:** The BSE Mid-Cap index rose 95.66 points or 0.59 % to settle at 16,306.44. The BSE Small-Cap index rose 82.01 points or 0.49 % to settle at 16,866.21. Both these indices outperformed the Sensex.
- FII:** Meanwhile, foreign portfolio investors (FPIs) and foreign institutional investors (FIIs) bought shares worth Rs147.31 crore during the week, as per Sebi's record including the provisional figure of August 17, 2018.
- Sectoral Update:** Among sectoral and industry indices, healthcare rose by 5.33 %, IT 2.78 %, FMCG 2.37 %, Teck 2.00 %, realty 1.33 % and auto 0.58 %. While, oil&gas fell by 2.18 %, PSU 1.44 %, capital goods 1.29 %, metal 1.06 %, IPO 0.70 % and power 0.56 %.



## Debt Market Update

- Investors fled Indian sovereign bonds this week as the local currency slumped to a record low against the dollar, as part of a global hit to emerging market assets.
- The yield on the benchmark 7.17% bond maturing in 2028 ended rose by 11 basis points this week, the most since May 18. The bond settled at 95.46 rupees, lowest since Jul. 11, yielding 7.86%, in Mumbai, against 95.73 rupees, and a 7.82% yield, at the previous close.
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## Domestic Markets



Index	17-Aug-2018	10-Aug-2018	% Change
BSE Sensex	37947.88	37869.23	0.21
S&P CNX Nifty	11470.75	11429.5	0.36
CNX Midcap	19443	19135.95	1.6
CNX 500	9770.2	9724.45	0.47
BSE Smallcap	16866.21	16784.2	0.49

## Global Markets



Index	17-Aug-2018	10-Aug-2018	% Change
Dow Jones	25669.32	25313.14	1.41
Nasdaq	7816.33	7839.11	-0.29
S&P 500	2850.13	2833.28	0.59
FTSE 100	7558.6	7667	-1.41
Shanghai Composite	2668.97	2795.31	-4.52
Hang Sang	27213.41	28366.62	-4.07

## Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	12942	12906	36
MF Flows*	N/A	N/A	N/A

FII data from 10th August to 14th August 2018

MF data not available.

## F&O FII Trends (Rs. Crs)



Date	Index	Stocks
13-Aug-2018	-1126.26	399.47
14-Aug-2018	423.11	109.37
16-Aug-2018	2101.48	-194.09
17-Aug-2018	1218.84	642.99

## Policy Rates



Key Rates (%)	17-Aug-2018	1 Week Ago	1 Month Ago
Reverse Repo	6.25	6.25	6
Repo	6.5	6.5	6
CRR	4	4	4
SLR	19.5	19.5	19.5

## Key Rates





## Commodity Market Update

### Oil Update:

- Crude prices rose on Friday, but declined on the week on worries that oversupply would weigh on the US market while trade disputes and slowing global economic growth would dampen demand for oil.
- US crude declined for the seventh consecutive week, and global benchmark Brent was dropped for a third week.
- For the week, the Brent crude futures tumbled over 1 % to USD 72.95 per barrel and US crude fell 2.6 %.
- US government data this week showed a large build up in crude inventories, with production also increasing.

### Gold Update:

- **Domestic:** Tracking a weak cues from overseas market and falling demand from local jewellers, gold lost its glitter during the week and slipped by Rs 175 to close at Rs 29,315 per ten grams at the bullion market in a truncated week.
- Investors seeking a safe place to store assets amid trade disputes and a Turkish currency crisis have preferred the dollar to gold, undermining the reputation of bullion as a safe haven.
- Silver slumped by Rs 950 per kg to settle below the psychological Rs 37,000-mark at Rs 36,875 following poor offtake by industrial units and coin makers.
- **International:** In worldwide trade, New York Gold prices settled higher on Friday, but posted a nearly 2.9 % weekly retreat, the largest such drop since early May of last year.
- The precious metal edged up in the wake of losses over the past two sessions as the leading dollar index also churned in the red.
- December gold rose settle at USD 1,184.20 an ounce. Based on the most-active contracts, gold futures were down almost 2.9 % for the week, which was the largest such % loss for a most-active contract since the week ended May 5, 2017.



## Currency Market Update

- The gusty rupee went into a tailspin and suffered one of its worst stretches in history - crashing mercilessly to breach the key psychological 70-mark to end at a lifetime low of 70.15 against the resurgent US dollar.
- An unprecedented speculative sell-off along with heavy dollar demand from importers sent the domestic unit tumbling by a steep 132 paise - its biggest weekly fall this year so far despite government's soothing rhetoric.
- The Indian unit collapsed to a lifetime low of 70.40, triggering currency market intervention by the central bank to defend the beleaguered rupee.
- Panic and capitulation overshadowed trading sentiment as traders and speculators saw no signs that monetary authorities would step into the foreign exchange market to support the domestic unit.
- Meanwhile, country's forex reserves have declined by USD 25.147 billion between April 13 and August 10. The forex reserves plunged to a low of USD 400.88 billion in the week to August 10.
- Earlier this week, the rupee opened with a gap-down at 69.47 from the weekend close of 68.83 at the inter-bank foreign exchange (forex) market.
- Hammered by heavy dollar demand, the domestic currency pierced through the 70-mark to hit a lifetime low of 70.40 before ending at a historic low of 70.15, revealing a sharp loss of 132 paise, or 1.92 %.
- Globally, the US dollar fell against a basket of peers on Friday amid lower demand for the safe-haven greenback, as traders hoped next week's trade talks between the US and China would ease tensions between the two countries.
- A plunge by the Turkish lira and concerns over China's economic health hit emerging market currencies this week, boosting the dollar.
- The euro rebounded from a more than 13-month low touched earlier this week against the dollar on easing worries over the fallout from the Turkish lira. The dollar index, which measures the greenback's value against a basket of six major currencies softened to 96 from 96.19.

Key Rates (%)	16-Aug-2018	10-Aug-2018	% Change
Mibor Overnight	6.46	6.55	-1.37
CALL (O/N)	6.45	6.37	1.26
CBLO	5.85	6.4	-8.59
T Bills Index (12M)	7.15	7.24	-1.24
10 Year GSEC	7.86	7.75	1.42

## Commodity Market



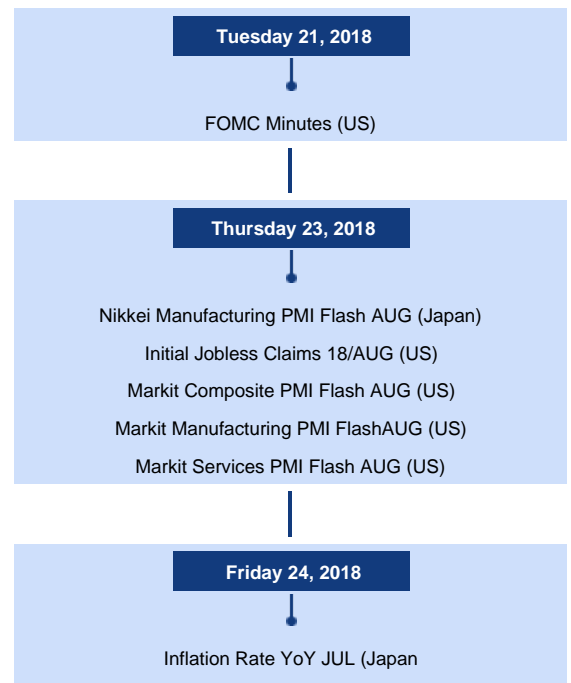
Commodity (INR)	17-Aug-2018	Gain+/Loss-	% Change
Gold (10 gm)	29361	-116	-0.39
Silver (1 kg)	36660	-1103	-2.92
Crude Oil (\$/barrel)	71.83	-0.61	-0.84

## Currency Market



Currency	17-Aug-2018	Gain+/Loss-	% Change
USD/INR	70.23	1.28	1.85
EURO/INR	79.97	0.97	1.23
GBP/INR	89.37	1.18	1.34
JPY/INR	63.35	1.2	1.93

## Upcoming Events



## Week Gone By



Events	Actual %	Previous %
Industrial Production YoY JUN (India)	7.0	3.9
Manufacturing Production YoY JUN (India)	6.9	3.7
Industrial Production YoY JUL (China)	6.0	6.0

WPI Inflation YoY JUL (India)	5.09	5.77
Inflation Rate YoY JUL (India)	4.17	5.0
Balance of Trade JUL (India)	\$18.02 billion	\$16.60 billion
Industrial Production YoY JUL (US)	4.2	4.0
Balance of Trade JUL (Japan)	¥-231B	¥721B
Balance of Trade JUN (Euro Area)	€22.5B	€16.5B
Inflation Rate YoY Final JUL (Euro Area)	2.1	2.0

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