



Financial Market & Economy Update

Domestic Update:

- India's industrial production increased by 4.3 percent from a year earlier in August 2018, slowing from a downwardly revised 6.5 percent gain in the previous month.
- Annual consumer inflation in India edged up to 3.77 percent in September of 2018 from 3.69 percent in August.
- Manufacturing Production in India increased 4.60 percent in August of 2018 over the same month in the previous year.
- Domestic passenger vehicle sales rose to 17,44,305 units in the first half of the current fiscal. Domestic car sales also grew to 11,69,497 units in April-September period of the current fiscal, according to data released by the Society of Indian Automobile Manufacturers (SIAM) Friday.
- India's oilmeal exports rose 9 per cent to 14.03 lakh tonne during the first six months of the ongoing financial year.
- Indian aluminium makers are boosting sales to Japan as U.S. sanctions against Russia's Rusal and import tariffs shake up traditional supply routes.
- The International Monetary Fund or IMF on Tuesday predicted a growth rate of 7.3 per cent for India in the current year and 7.4 per cent in 2019.
- India has imposed an anti-dumping duty of up to USD 719 per tonne for five years on import of nylon filament yarn from the European Union (EU) and Vietnam.
- The Union Cabinet on Wednesday approved the merger of regulatory institutions the National Council for Vocational Training (NCVT) and the National Skill Development Agency (NSDA) into the National Council for Vocational Education and Training (NCVET).
- Prime Minister Narendra Modi inaugurates Centre for 4th Industrial Revolution in New Delhi.
- Indian refiners have sought additional four million barrel of crude oil from Saudi Arabia in November.

Global Update:

- The Caixin China General Services PMI unexpectedly rose to a three-month high of 53.1 in September of 2018 from 51.5 in the previous month.
- The International Monetary Fund cuts its global growth forecasts as trade tensions between the U.S. and trading partners have started to hurt economic activity worldwide. The IMF says the global economy is now expected to grow at 3.7 percent this year and next year — down 0.2 percentage points from an earlier forecast, according to the fund's latest World Economic Outlook report released on Tuesday.
- German exports unexpectedly fell in August, data showed on Tuesday. The Federal Statistics Office said seasonally adjusted exports edged down by 0.1 percent on the month. Imports dropped by 2.7 percent, undershooting a predicted 0.2 percent fall.
- Core machinery orders in Japan, which exclude those of ships and electrical equipment, rose 6.8 percent in August of 2018, after an 11.0 percent jump in July.
- The heads of the World Bank and IMF on Thursday urged the US and China to play by world trade rules and de-escalate a dispute over Beijing's technology development strategy that threatens to do lasting damage to the global economy.
- The number of Americans filing for unemployment benefits unexpectedly rose last week but remained near a 49-year low. Initial claims for state unemployment benefits increased 7,000 to a seasonally adjusted 214,000 for the week ended Oct. 6, the Labor Department said on Thursday.
- China's trade surplus widened to USD 31.69 billion in September of 2018 from USD 27.38 billion in the same month a year earlier.
- Industrial production in the Euro Area increased 0.9 percent year-on-year in August of 2018, following a 0.3 percent rise in July.



Equity Market Update

- Snapping a five-week losing streak, Sensex and Nifty made a comeback — gaining up to 1.5% — despite bears ruling the domestic equity markets for three out of five trading sessions during the week amid huge volatility. A respite came in the form of easing crude oil prices, a recovery in the rupee from record lows and value buying in banking, oil marketing companies and auto stocks.
- The stock market sentiment was extremely volatile in the past week owing to various factors like rupee depreciating to a record low of 74.4825/\$, higher crude oil prices and liquidity constraints. Persistent capital outflows from debt and equity markets by foreign portfolio investors, as well as widely negative cues from the global markets, dragged the Sensex and Nifty to a six-month low.
- The Sensex surged nearly 357 points or 1.04% to close the week at 34,733.58 points. The Nifty 50 of the National Stock Exchange gained 156 points or 1.51% to end at 10,472.50 points week-on-week.
- Broader Markets:**The BSE Mid-Cap rose 282.41 points or 2.01 pc to settle at 14,286.22. The BSE Small-Cap rose 319.17 points or 2.3pc to settle at 14,159.43.
- FII:** Provisional data from the stock exchanges showed that foreign institutional investors sold stocks worth Rs 8,335.12 crore during the week ended October 12. Domestic institutional investors, on the other hand, purchased stocks worth Rs 8,565.38 crore.

Domestic Markets



Index	12-Oct-2018	05-Oct-2018	% Change
BSE Sensex	34733.58	34376.99	1.04
S&P CNX Nifty	10472.5	10316.45	1.51
CNX Midcap	16746	16299.75	2.74
CNX 500	8767.1	8624.95	1.65
BSE Smallcap	14159.43	13840.26	2.31

Global Markets



Index	12-Oct-2018	05-Oct-2018	% Change
Dow Jones	25339.99	26447.05	-4.19
Nasdaq	7496.89	7788.45	-3.74
S&P 500	2767.13	2885.57	-4.1
FTSE 100	6995.9	7318.5	-4.41
Shanghai Composite	2606.91	2821.35	-7.6
Hang Sang	25801.49	26572.57	-2.9

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	26075	36915	-10840
MF Flows*	23311	16025	7286

FII data from 5th Oct to 11th Oct 2018
MF data from 4th Oct to 11th Oct 2018

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
05-Oct-2018	-167.18	188.24
08-Oct-2018	-677.39	1431.46
09-Oct-2018	-1367.52	360.93
10-Oct-2018	-338.13	2183.06
11-Oct-2018	491.55	241.7

Policy Rates



Key Rates (%)	12-Oct-2018	1 Week Ago	1 Month Ago
Reverse Repo	6.25	6.25	6.25
Repo	6.5	6.5	6.5
CRR	4	4	4
SLR	19.5	19.5	19.5

Key Rates





Debt Market Update

- Indian government bonds rose this week, its third gain in four weeks, as crude oil prices may log the biggest weekly fall in four months, while the local currency also snapped a six-week fall.
- The benchmark yield fell four basis points this week. The benchmark 7.17% bond maturing in 2028 ended at 94.74, yielding 7.98%.



Commodity Market Update

Oil Update:

- Oil prices and stock markets went into a steep decline over the past week, as international organizations warned of growing signs of weakness in the global economy.
- Midweek, the bears were uncaged, and Brent crude fell \$5 per barrel. But stability prevailed by the end of the week. Brent started the week at \$84.16 per barrel and settled at \$80.43 on Friday, while WTI fell from \$74.34 to \$71.51.
- Market participants justified the downward movement in oil prices as a correction of earlier midweek highs. Additionally, global stock markets took a plunge and there were bearish figures from OPEC, the International Energy Agency (IEA) and the US Energy Information Administration (EIA). OPEC emphasized that "the market remains well supplied" and that "projections for 2019 clearly show a possible rebuild of stocks."

Gold Update:

- Domestic:** Due to not-so-happy picture of the share markets in India, Europe and USA, despite the US dollar remaining steady, big market players in a surprise move, shifted their preference to gold. This has resulted in a sudden spurt, though marginal, in the yellow metal.
- Added to this, festival season has already set in with the buyers mostly rural landlords thronging to the jewellery stores.
- During the week, standard gold and the ornamental gold closed at levels higher by Rs 210 (per 10 gms) when compared with the last week's closing level.
- Pure silver, on the other hand, declined marginally by Rs.300 (per kg) during the same period.
- On Saturday, standard gold (24 carats) closed at Rs 32,660 (per 10 gms) vis-a-vis last week's closing level of Rs.32,450.
- Ornamental gold too, followed suit and was quoted in the range of Rs 30,140 – 30,240 on the closing day.
- Silver (0.999) moved in the opposite direction and closed at Rs 38,900 (per kg) against the previous week's closing mark of Rs 39,200.
- International:** December gold futures settled down 0.49% at \$1,221.60 on the Comex division of the New York Mercantile Exchange.



Currency Market Update

- The Indian equity market came in for some rough weather due to global worries over high crude oil prices and US interest rates during the week just ended but managed to catch the upside in the final session of trade.
- However, the odds favoured the sixth week of decline, as the market swung widely with major losses of over 2 per cent in just one session -- thereby pushing stock prices and the Indian currency down south.
- Besides oil prices, attractive valuations and liquidity infusion by RBI lured domestic investors back to the Indian market.
- In addition, the rupee's recovery came in part as a result of lower oil prices and the central government's decision to raise the import duty on selective telecom equipment smoothened investors' nerves.
- The rupee closed at 73.56 on Friday, strengthening by 21 paise from its previous week's close of 73.77 per greenback.
- The country's foreign exchange reserves declined by \$ 915.8 million to \$ 399.609 billion in the week to October 5 on account of a fall in foreign currency assets.
- The U.S. dollar index, which measures the greenback's strength against a basket of six major currencies, was up 0.26% at 94.94 late Friday.

Key Rates (%)	12-Oct-2018	05-Oct-2018	% Change
Mibor Overnight	6.49	6.5	-0.15
CALL (O/N)	6.42	6.41	0.16
CBLO	4.86	6.12	-20.59
T Bills Index (12M)	7.5	7.72	-2.85
10 Year GSEC	7.98	8.02	-0.46

Commodity Market



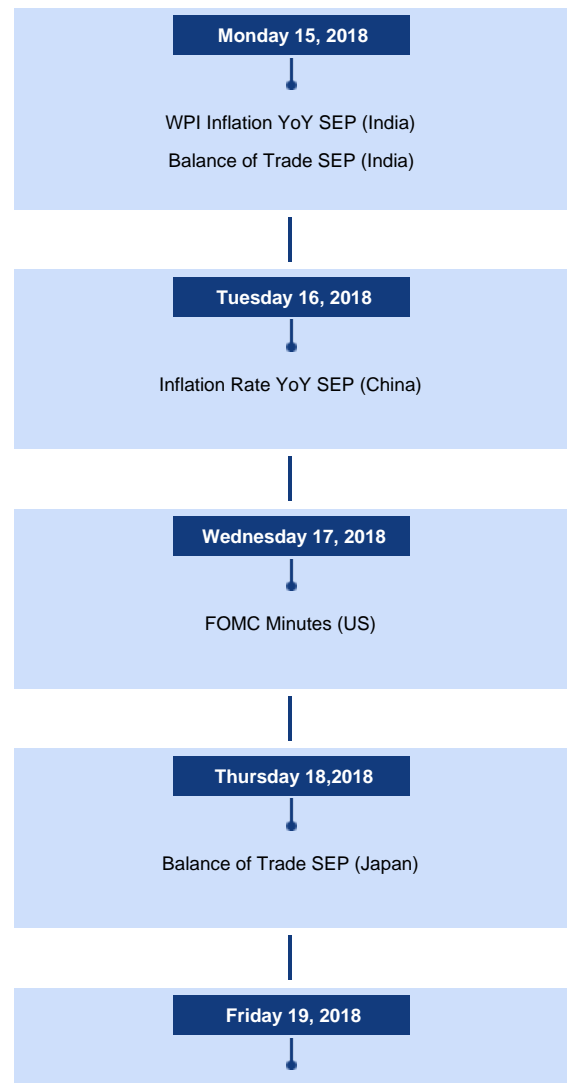
Commodity (INR)	12-Oct-2018	Gain+/Loss-	% Change
Gold (10 gm)	31310	253	0.81
Silver (1 kg)	38267	-213	-0.55
Crude Oil (\$/barrel)	80.43	-3.97	-4.7

Currency Market



Currency	12-Oct-2018	Gain+/Loss-	% Change
USD/INR	73.8	0.22	0.3
EURO/INR	85.55	0.85	1
GBP/INR	97.65	1.76	1.84
JPY/INR	65.67	1.08	1.67

Upcoming Events



Inflation Rate YoY SEP (Japan)
GDP Growth Rate QoQ Q3 (China)
Retail Sales YoY SEP (China)
Industrial Production YoY SEP (China)

Week Gone By



Events	Actual %	Previous %
Caixin Services PMI SEP (China)	53.1	51.5
Core Inflation Rate YoY SEP (US)	2.2	2.2
Manufacturing Production YoY AUG (India)	4.6	7.0
Industrial Production YoY AUG (India)	4.3	6.5
Inflation Rate YoY SEP (India)	3.77	3.69
Balance of Trade SEP (China)	\$31.69B	\$27.89B @
Exports YoY JUL & Imports YoY SEP (China)	14.5 & 14.3	9.8 & 19.9

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