

# Weekly Market Update



## Financial Market & Economy Update

### Domestic Update:

- Infrastructure output in India plunged 38.1 % year-on-year in April of 2020, following an upwardly revised 9 % drop in the previous month. Biggest declines were seen in production of cement (-86 %), steel (-83.9 %), electricity (-22.8 %), refinery products (-24.2 %), natural gas (-19.9 %), coal (-15.5 %), crude oil (-6.4 %) and fertilizers (-4.5 %). Infrastructure accounts for nearly 40 % of India's industrial output.
- The Gross Domestic Product (GDP) in India expanded 3.10 % in the first quarter of 2020 over the same quarter of the previous year.
- India's crude steel output declined over 65% to 3.13 million tonnes (MT) during April 2020 compared to April 2019, according to the World Steel Association. The government imposed a nationwide lockdown on March 25 to prevent spread of the coronavirus pandemic which has impacted production, demand and supply of steel in India. The country had produced 9.02 MT of crude steel during the same month a year ago, the World Steel Association (worldsteel) said in a report.
- India's crude oil processing in April tanked by 28.8% from a year ago, its biggest drop in nearly 17 years. Refiners processed about 14.75 million tonnes or 3.60 million barrels per day (bpd) of oil last month.

### Global Update:

- Industrial production in Japan declined by a preliminary 9.1 % month-on-month in April 2020, the steepest drop in industrial output since March of 2011, due to the COVID-19 outbreak.
- South Korea's central bank cut its policy rate by 25 basis points to an all-time low of 0.5% to reduce the pandemic's shock to the economy.
- Germany's economy shrank 2.2 % on quarter in the three months to March 2020, following a 0.1 % fall in the previous period.
- Business Confidence In the Euro Area decreased to -1.81 points in April from -0.28 points in March of 2020.



## Equity Market Update

- Markets were on a roll last week and registered sharp gains in tune with the rest of the world. They were virtually flat on Tuesday with Monday being a holiday and rose sharply on the remaining three days including expiry day. BSE SENSEX gained 1,751.51 points or 5.71 % to close at 32,424.10 points while NIFTY rose 541.05 points or 5.99 % to close at 9,580.30 points.
- While hopes for more sector-specific reforms and measures also boosted sentiment, rising concerns over United States-China relations capped gains.
- Broader Markets:** BSE Mid-Cap advanced 573.20 or 5.09 % to settle at 11,843.22. BSE Small-Cap spurted 368.37 points or 3.50 % to settle at 10,892.60.
- Sector Update:** The top sectoral gainer was BSE BANKEX which was up a massive 11.18 %. The banking and financial services sector was beaten down and was under tremendous pressure considering the lockdown and virtual closure of all commercial activity. Further people in the market had shorted these counters and as stock prices rose it led to massive short covering as well.



## Debt Market Update

- Government bonds ended down on Friday because the coupon set on the new 2034 bond at the auction on Friday was higher-than-market expectations and the larger-than-notified gilt supply to the market also hit appetite for dated securities.
- The 5.79%, 2029 bond ended at 5.78% yield.
- The government borrowed 360 bln rupees through three gilts in the auction on Friday as against 300 bln rupees notified by using the greenshoe option in 6.18%, 2024 bond, the new 2034 bond and 7.16%, 2050 bond.



## Commodity Market Update

### Oil Update:

- Crude oil prices capped a fifth week of gains without the volatility that characterized much of April when prices plummeted.
- Brent crude rose to \$35.33 per barrel as WTI advanced to \$35.49.

## Domestic Markets



Index	29-May-2020	22-May-2020	% Change
BSE Sensex	32424.1	30672.59	5.71
S&P CNX Nifty	9580.3	9039.25	5.99
CNX Midcap	13273	12668.05	4.78
CNX 500	7822.4	7416	5.48
BSE Smallcap	10892.6	10524.23	3.5

## Global Markets



Index	29-May-2020	22-May-2020	% Change
Dow Jones	25383.11	24465.16	3.75
Nasdaq	9489.87	9324.59	1.77
S&P 500	3044.31	2955.45	3.01
FTSE 100	6076.6	5993.3	1.39
Shanghai Composite	2852.35	2813.76	1.37
Hang Sang	22961.47	22930.14	0.14

## Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	31174	25694	5480
MF Flows*	14045	10995	3050

\*FII data from 22nd May to 28th May 2020

\*MF data from 20th May to 26th May 2020

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



Date	Index	Stocks
26-May-2020	672.22	-1598.68
27-May-2020	3417.51	875.48
28-May-2020	2067.88	2067.22

## Policy Rates



Key Rates (%)	29-May-2020	1 Week Ago	1 Month Ago
Reverse Repo	3.35	3.75	3.75
Repo	4	4.4	4.4
CRR	3	3	3
SLR	18	18	18

## Key Rates



- The spread between Brent and WTI has also been narrowing over the last three weeks, closing last week at \$1.87 per barrel. But this week closed at nearly parity.
- The US Energy Information Administration reported a huge jump in the weekly crude oil inventory by 8 million barrels, which is the largest inventory build in four weeks. That brought the overall inventory up to 535 million barrels, which while significant, did not affect oil prices.

#### Gold Update:

- Gold prices in India remained choppy throughout the week and ended moderately higher on Friday. June gold futures on MCX rose 0.27% to ₹46,530 per 10 gram. However, silver prices surged on Friday with July futures on MCX rising 3.27% or ₹1,538 to ₹50,096 per kg, tracking a surge in global rates. Domestic gold prices include 12.5% import tax and 3% GST.
- In India, gold demand remained muted this week due to high local prices while while most jewellery shops remained shuttered due to the coronavirus lockdown. The Home Ministry has announced a phased exit from lockdown from tomorrow though some states have extended the lockdown with some relaxations.
- In global markets, spot gold climbed 0.9% to \$1,734.70 per ounce, supported by US-China tensions, while silver gained 2.5% to \$17.86 an ounce. Silver prices were up 18.8% for the month, the biggest gain since January 2012.



## Currency Market Update

- The Indian Rupee gained 33 paise or 0.43 % to close at Rs 75.62 to the US Dollar.
- India's foreign exchange reserves increased by US\$ 3.01 billion to US\$ 490.04 billion in the week ended 22 May 2020. The foreign exchange reserves had stood at US\$ 487.04 a week ago.

Key Rates (%)	29-May-2020	22-May-2020	% Change
Mibor Overnight	4.04	4.31	-6.26
CALL (O/N)	3.62	3.71	-2.43
CBLO	3.14	2.53	24.11
T Bills Index (12M)	3.41	3.42	-0.29
10 Year GSEC	5.78	5.74	0.7

## Commodity Market



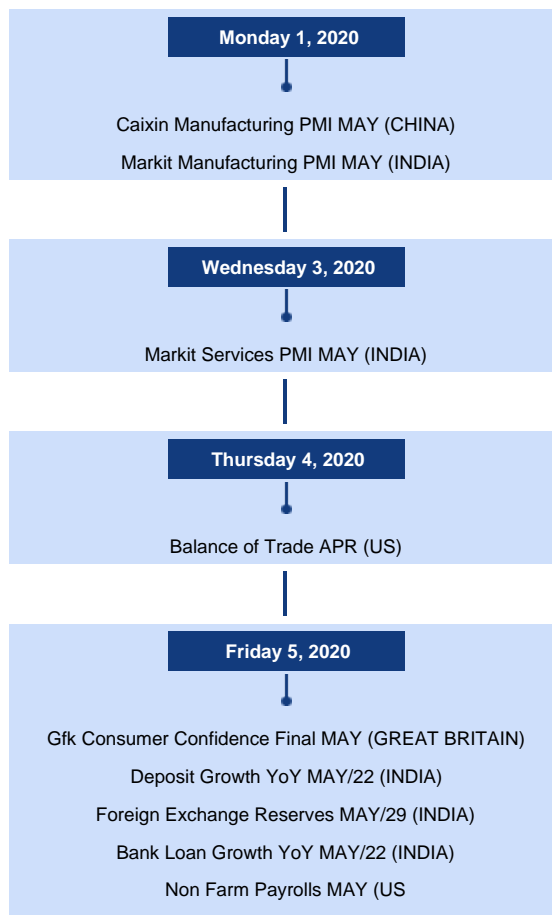
Commodity (INR)	29-May-2020	Gain+/Loss-	% Change
Gold (10 gm)	46654	-402	-0.85
Silver (1 kg)	50118	1780	3.68
Crude Oil (\$/barrel)	35.33	0.2	0.57

## Currency Market



Currency	29-May-2020	Gain+/Loss-	% Change
USD/INR	75.64	0.15	0.2
EURO/INR	83.91	-1.09	-1.32
GBP/INR	93.31	-0.82	-0.89
JPY/INR	70.56	-0.01	-0.01

## Upcoming Events



## Week Gone By



Events	Actual %	Previous %
GDP Growth Rate QoQ Final Q1 (GERMANY)	-2.2	-0.1
GDP Growth Rate YoY Final Q1 (GERMANY)	-2.3	0.4
Ifo Business Climate MAY (GERMANY)	79.5	74.2
GfK Consumer Confidence JUN (GERMANY)	-18.9	-23.1
Business Confidence MAY (EA)	-2.43	-1.99
Durable Goods Orders MoM APR (US)	-17.2	-16.6
GDP Growth Rate QoQ 2nd Est Q1 (US)	-5.0	2.1
Consumer Confidence MAY (JAPAN)	24.0	21.6
Foreign Exchange Reserves MAY/22 (INDIA)	\$490.04B	\$487B
Infrastructure Output YoY APR (INDIA)	-38.1	-9.0
GDP Growth Rate YoY Q1 (INDIA)	3.1	4.7

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### ***Risk Factors***

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