



Financial Market & Economy Update

Domestic Market Update:

- Indian banking system loan growth continues to be tepid even as some pockets like loans to retail and medium sized firms picked up in September. Bank loans rose 5.1% (year-on-year) to Rs 102.2 lakh crore as of October 23, according to the latest RBI data.
- A growth of 9.68% has been registered in the sales of Passenger Cars in October-20, as compared to October-19. However, three-wheelers saw a dip in sales by 60.91% in October-20, as compared to October-19.
- Sales of Passenger Vehicles witnessed an increase of 14.19% in October-20, as compared to October-19. Sales of Vans grew by 29.24% in October-20, as compared to October-19. Sales of Utility Vehicles increased by 20.45% in October-20, as compared to October-19.
- Total exports of Passenger Vehicles & Three-wheelers witnessed a decrease of 19.18% & 5.31% respectively in October-20, as compared to October-19. Sales of Two-wheelers grew by 16.88% in October-20, as compared to October-19.
- According to latest data released by the Society Of Indian Automobile Manufacturers (SIAM), the total production of Passenger Vehicles, Three-wheelers, Two-wheelers and Quadricycle in the month of October'20 was 2,830,153 units, as against 2,086,479 units in October'19, witnessing a growth of 35.64%. The total exports of Two-wheelers grew by 25.64% in October-20, as compared to October-19.
- The Union Finance Minister listed 12 new measures today as a part of the stimulus package during the COVID-19 outbreak. The Centre announced another stimulus package worth Rs 2.65 lakh crore, as a part of Atmanirbhar Bharat 3.0. This amount includes the Production Linked Incentive (PLI) scheme announced on November 11. Sitharaman said the economy is seeing strong recovery, and COVID-19 active cases are declining.
- India's Consumer Price Index (CPI) extended upward momentum and rose to 7.61% in the month of October. This is around six year high for the index. The CPI for the month of September was revised to 7.27% from 7.34%. The Consumer Food Price Index (CFPI) jumped to 11.07% in the month of October, up from 10.68% in September.
- India's industrial production saw 0.2% growth in September, rising for first time in seven months. According to the Index of Industrial Production (IIP) data, manufacturing sector production registered a decline of 0.6% while output of mining and power segments grew at 1.4% and 4.9%, respectively. The IIP had contracted by 4.6% in September 2019.
- FM announced R&D grant for COVID Vaccine Development. Up to Rs 900 crore is provided for Covid Suraksha Mission for Research and Development of Indian Covid Vaccine to Department of Biotechnology.
- As Capital and Industrial Stimulus, up to Rs 10,200 crore additional budget outlay will be provided towards capital and industrial expenditure and domestic defence equipment. This will cover industrial incentives, industrial infrastructure and green energy.
- Additional outlay boost for Project Exports. Up to Rs 3,000 crore will be released to EXIM Bank for the promotion of project exports through Lines of Credit (LOC) under IDEAS scheme. This promotes Indian export by mandating recipient countries to import 75 percent value of the LOC. Supported projects cover Railways, power, transmission, road and transport, auto and auto components, sugar projects, etc.
- For Rural Employment, an additional outlay of Rs 10,000 crore will be provided for PM Garib Kalyan Rozgar Yojana in the current financial year to accelerate growth of the rural economy.
- FM announced further support for Agriculture. Up to Rs 65,000 crore is provided to ensure adequate availability of fertilisers to farmers to enable timely availability in the upcoming crop season. Increased supply of fertilisers at subsidised rates will help 140 million farmers.
- FM announced Equity infusion in NIIF Debt Platform. The government will invest Rs 6,000 crore as equity while rest will be raised from private investors. The aim is to provide Rs 110,000 crore infra project financing by 2025. To this end, the NIIF has already invested Rs 2,000 crore in equity of the platform, Sitharaman said.
- FM announced Residential Real Estate I-T relief for developers and homebuyers. The Centre has decided to increase the differential from 10 percent to 20 percent (under section 43CA) for the period from the date of the announcement to June 30, 2021, for only primary sale of residential units of value up to Rs 2 crore. Consequential Relief up to 20 percent shall also be allowed to buyers of these units under section 56(2)(x) of IT Act for the said period.
- Finance Minister Nirmala Sitharaman announced 12 schemes worth Rs 2.65 lakh crore as part of the Atmanirbhar Bharat 3.0 package. The key highlight is the Atmanirbhar Bharat Rozgar Yojana which is being launched to incentivise the creation of new employment opportunities. EPFO registered organisations that employ new employees with no previous EPFO account or if they re-employ those who lost their jobs between March 1 and September 30, 2020, will be benefitted. The salary of the newly employed or re-employed should not exceed Rs 15,000/month.

International Market Update:

- Germany's exports rose in September, while imports saw a modest drop, data from Destatis revealed on Monday. Exports increased 2.3% month-on-month following the 2.9% growth seen in August. Meanwhile, imports from the country dropped 0.1% after a 5.8% jump in August. German trade surplus rose to a seasonally adjusted EUR 17.8 billion from EUR 15.4 billion posted in August. On a yearly basis, exports decreased at a slower pace of 3.8%, following a 10.2% drop seen in August. Likewise, imports were down 4.3% after a 6.8% fall in the prior month.

Domestic Markets



Index	14-Nov-2020	06-Nov-2020	% Change
BSE Sensex	43637.98	41893.06	4.17
S&P CNX Nifty	12780.25	12263.55	4.21
CNX Midcap	18447.65	17802.75	3.62
CNX 500	10440.35	10033.5	4.05
BSE Smallcap	15770.2	15218.01	3.63

Global Markets



Index	13-Nov-2020	06-Nov-2020	% Change
Dow Jones	29479.81	28323.4	4.08
Nasdaq	11829.29	11895.23	-0.55
S&P 500	3585.15	3509.44	2.16
FTSE 100	6316.39	5910	6.88
Shanghai Composite	3310.1	3312.16	-0.06
Hang Sang	26156.86	25712.97	1.73

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	57476	34603	22873
MF Flows*	22123	33534	-11411

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
06-Nov-2020	3091.58	-46.03
09-Nov-2020	-800.51	-775.08
10-Nov-2020	2284.08	-932.63
11-Nov-2020	120.77	-371.04
12-Nov-2020	2030.82	-190.73

Policy Rates



Key Rates (%)	13-Nov-2020	1 Week Ago	1 Month Ago
Reverse Repo	3.35	3.35	3.35
Repo	4	4	4
CRR	3	3	3
SLR	18	18	18

Key Rates



- The value of total building approved in Australia fell 17% in September, in seasonally adjusted terms. The value of non-residential building slipped 36.7%, after rising 40% in August.
- The US Labor Department reported Friday that nonfarm payrolls increased by 638,000 and the unemployment rate was at 6.9% in October. While the unemployment rate was sharply lower than September's 7.9%, the headline nonfarm figure was less than September pace of 672,000. The jobless rate decline was positive as it came with a labor force participation rate that rose 0.3 percentage points to 61.7%.
- The UK unemployment rate surged in the third quarter and redundancies reached a record high as firms reduced staffing after the government scaled back the furlough scheme, which was extended this month till March-end next year. Data from the Office for National Statistics showed that the ILO jobless rate rose by 0.7 percentage points from the previous quarter to 4.8%.
- UK retail sales jumped in October as customers resorted to stockpiling ahead of the nationwide lockdown, data from the British Retail Consortium showed Tuesday. Total retail sales grew 4.9% on a yearly basis in October and the like-for-like sales advanced 5.2%.
- The French jobless rate rose to a two-year high in the third quarter of 2020, data from the statistical office Insee showed Tuesday. The unemployment rate rose to 9% in the third quarter from 7.1% in the second quarter. This was the highest since the third quarter of 2018 and was 0.9 points higher than its pre-crisis level in the fourth quarter of 2019.
- China's bank lending eased in October after rising in the previous two months, data from the People's Bank of China showed Wednesday. Banks provided CNY 689.8 billion in new loans in October versus CNY 1.89 billion in September. Total social financing, a broad measure of credit and liquidity in the economy, fell to CNY 1.42 trillion from CNY 3.48 trillion in September. The broad M2 money supply, saw a double-digit annual growth of 10.5% at the end of October, slower than the 10.9% expansion in September.
- Japan's core machinery orders fell 4.4% on a monthly basis in September following a 0.2% rise in August, data published by the Cabinet Office showed Thursday. This was the first fall in three months. On year-on-year, core machinery orders were down 11.5%. The overall machinery orders also dropped 4.4% on month in September after a 19.8% spurt in the previous month.
- Eurozone industrial production dropped for the first time in five months in September, Eurostat reported Thursday. Industrial output fell 0.4% in September from August, when it was up 0.6%. Among components, durable consumer goods output decreased 5.3% and energy output dropped 1%. The production of intermediate goods and non-durable consumer goods gained 0.5% and 2.1%, respectively though. On a yearly basis, the decline in industrial production came in at 6.8% versus a 6.7% fall in August. In the broad EU27, industrial production remained flat on month but decreased 5.8% annually in September.
- The euro area economy rose at the fastest pace on record in the third quarter after shrinking for two straight quarters, the flash estimate from Eurostat showed Friday. Gross domestic product grew 12.6% from the second quarter, when it was down by a record 11.8%. On a yearly basis, GDP was still down 4.4%, much slower than the 14.8% decrease seen in the second quarter. According 11.6% on to the preliminary flash estimate, released on October 31, GDP decreased 4.3% in the third quarter.
- The US Labor Department said its consumer price index was unchanged in October after rising by 0.2% in September. Food prices rose by 0.2% in October after coming in flat in September. Excluding food and energy prices, consumer prices were flat in October after edging up by 0.2% in September. Compared to the same month a year ago, consumer prices in October were up by 1.2%, witnessing a drop from the 1.4 percent growth seen in September. The annual rate of growth in core consumer prices eased to 1.6% in October from 1.7% in the previous month.



Equity Market Update

- Domestic equity benchmarks eked out modest gains on Friday after a day's pause as banking and finance stocks found firmer ground amid mixed global cues. The 30-share BSE sensx ended 85.81 points or 0.20 per cent higher at 43,443. The broader NSE Nifty rose 29.15 points or 0.23 percent to 12,719.95.
- During the week, the sensx rallied 1,549.94 points or 3.69 per cent, while the Nifty soared 456.40 points or 3.72 per cent.
- Indian stock markets started the Hindu calendar year Samvat 2077 on a positive note, with Sensex and Nifty hitting new highs in the special one-hour Muhurat trading session on Diwali. The Sensex finished 194 points higher at record closing high of 43,637 after hitting 43,830 during the session. The Nifty50 index finished 50 points higher at 12,770. Earlier in the session, Nifty50 index rose to 12,828.
- Samvat 2076 delivered smart returns for investors with Sensex gaining 11% though the ride was very volatile.



Debt Market Update

- Government bond prices rose on Friday tracking an overnight plunge in the US Treasury yields, dealers said. The rise in prices was despite India's headline inflation touching a 77-month high in October.
- Yield on the 10-year benchmark US Treasury note slumped 10 basis points on Thursday to 0.88%. Typically, a fall in US Treasury notes prompts foreign portfolio investors to step up purchases of fixed income assets in riskier emerging markets such as India.
- The 10-year benchmark 5.77%, 2030, bond ended at 99.19 rupees or 5.88% yield.

Key Rates (%)	13-Nov-2020	06-Nov-2020	% Change
Mibor Overnight	3.41	3.41	0
CALL (O/N)	3.21	3.2	0.31
CBLO	2.62	2.96	-11.49
T Bills Index (12M)	3.45	3.45	0
10 Year GSEC	5.88	5.87	0.12

Commodity Market



Commodity (INR)	13-Nov-2020	Gain+/Loss-	% Change
Gold (10 gm)	50986	-1181	-2.26
Silver (1 kg)	63801	-1534	-2.35
Crude Oil (\$/barrel)	42.78	3.33	8.44

Currency Market



Currency	13-Nov-2020	Gain+/Loss-	% Change
USD/INR	74.25	-0.2	-0.27
EURO/INR	87.77	0.09	0.11
GBP/INR	98.43	-1.11	-1.14
JPY/INR	70.5	1.41	1.96

Upcoming Events





Commodity Market Update

Deposit Growth YoY NOV/06 (India)

Bank Loan Growth YoY NOV/06 (India)

Oil Update:

- Oil prices fell on Friday, pressured by fears about a slow recovery in the global economy and fuel demand due to rising coronavirus infections, but hopes for a vaccine kept the market on track for a second straight weekly gain.
- Brent crude was down 36 cents, or 0.83%, at \$43.17 a barrel as of 1143 GMT. U.S. West Texas Intermediate (WTI) crude futures fell 48 cents, or 1.17%, to \$40.64 a barrel.
- For the week, both were headed for a surge of about 9%.

Gold Update:

- Gold and silver prices edged higher in Indian markets on Diwali. In the special one-hour Muhurat trading session on MCX, gold futures rose 0.25% to ₹51,050 per 10 gram while silver rates rose 0.32% to ₹63940 per kg.
- Gold prices had ended ₹300 higher per 10 gram in the previous session while silver had risen ₹1,000 per kg. However, on a weekly basis, gold prices however had fallen about ₹1,200 per 10 gram on covid vaccine optimism after Pfizer reported positive interim results. Pfizer and BioNTech SE on Monday said their COVID-19 vaccine was more than 90% effective based on initial trial results.
- But gold later pared losses as the week progressed, supported by rising coronavirus cases, mixed economic data from major economies, hopes of additional stimulus measures. Gold is considered a hedge against inflation and currency debasement likely to result from large stimulus. Gold also got some support from a weaker US dollar.



Currency Market Update

- The rupee halted its four-session losing streak on Friday, settling with a marginal 2 paise gain at 74.62 to the US dollar, as stronger Asian peers against the greenback lent support to the domestic unit.
- On weekly basis, the rupee lost 54 paise or 0.72 per cent.

Week Gone By



Events	Actual %	Previous %
Balance of Trade SEP (Germany)	€20.8B	€11.9B
Inflation Rate YoY OCT (China)	0.5	1.7
Claimant Count Change OCT (Great Britain)	-29.8K	-40.2K
ZEW Economic Sentiment Index NOV (Germany)	39.0	56.1
Balance of Trade SEP (Great Britain)	£0.6B	£2.9B
GDP Growth Rate QoQ Prel Q3 (Great Britain)	15.5	-19.8
GDP Growth Rate YoY Prel Q3 (Great Britain)	-9.6	-21.5
Industrial Production YoY SEP (India)	0.2	-7.4
Inflation Rate YoY OCT (India)	7.61	7.27
Core Inflation Rate YoY OCT (US)	1.6	1.7
Inflation Rate YoY OCT (US)	1.2	1.4
Foreign Exchange Reserves NOV/06 (India)	\$568.49B	\$560.72B

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