

# Weekly Market Update



## Financial Market & Economy Update

### Domestic Update:

- India's wholesale price inflation contracted 0.58% in July, sliding for the fourth month in a row, data released by the commerce and industry ministry on Friday showed. The deflation in June was 1.81% while for the month of May and April it was 3.37% and 1.57%, respectively.
- India's retail price inflation climbed to 6.93 percent year-on-year in July 2020 from an upwardly revised 6.23 percent in the previous month and easily beating market expectations of 6.15 percent.
- India's industrial production slumped by 16.6 percent from a year earlier in June 2020, following a 33.9 percent plunge in the previous month and compared to market expectations of a 20.0 percent contraction.
- Manufacturing production shrank by 17.1 percent, mining output was down 19.8 percent and electricity supply dropped 10.0 percent. From April to June, industrial production tumbled 35.9 percent.
- Commercial vehicle sales declined 72.18% to 19,293 units as compared to 69,338 units in July 2019. Three-wheeler sales declined by 74.33% to 15,132 units last month as compared with 58,940 units in July 2019. Total sales across categories tumbled 36.27% to 11,42,633 units last month as against 17,92,879 units in the year-ago month.

### International Update:

- Euro area economy contracted at a record pace in the second quarter, as initially estimated, due to the containment measures taken by member countries to control the spread of the coronavirus, flash estimate from Eurostat showed Friday. Gross domestic product fell 12.1% sequentially in the second quarter, following a 3.6% drop in the first quarter. This was the sharpest decline seen since the series began in 1995. Year-on-year, GDP was down 15% versus a 3.1% decline a quarter ago. This was also the sharpest decrease since 1995.
- China's industrial production grew 4.8% on a yearly basis in July, the same rate of growth as seen in June, data from the National Bureau of Statistics revealed Friday. At the same time, retail sales dropped 1.1% from last year. Sales had declined 1.8% in June. During January to July period, fixed asset investment decreased 1.6% versus a 3.1% decrease in January to June.
- The US Labor Department said initial jobless claims tumbled to 963,000, a decrease of 228,000 from the previous week's revised level of 1.191 million. This marked the first time since mid March that the claims fell under 1 Million level.
- US import prices climbed by 0.7% in July after surging up by 1.4% in June.
- The number of Americans filling for unemployment benefits rose by 963 thousand in the week ended August 8th, the least since the pandemic started and compared to market expectations of 1.1 million.
- UK gross domestic product contracted by 20.4% sequentially in the second quarter.
- Eurozone industrial production rose for the second straight month in June, following a marked relaxation of the coronavirus containment measures, data from Eurostat showed Wednesday. Industrial output expanded 9.1% on month, following a 12.3% rise in May.
- The number of people claiming for unemployment benefits in the United Kingdom went up by 94.4 thousand to 2.7 million in July 2020, following a 28.1 thousand decline in the previous month and compared to market expectations of a 10.0 thousand rise.



## Equity Market Update

- Market ended flat with negative bias in a rangebound week ended on August 14 amid domestic data including CPI, WPI data, ending of earning session, also uncertain global markets due to the doubtful US stimulus package and impact of the US-China trade meet and rising virus cases dampened the investor's sentiment.
- Past week, BSE Sensex ended 163.23 points or 0.42 percent lower at 37877.34, while the Nifty50 shed 35.65 points or 0.31 percent to end at 11178.4 levels.
- Broader Markets:** BSE Mid-cap Index added 1.5 percent. BSE Small-cap index jumped 1.3 percent.
- Sector Update:** On the sectoral front, Nifty Media Index outperformed other indices with nearly 5 percent of gain followed by Nifty Metal and Nifty Pharma.



## Debt Market Update

- Local bond yields for 10 year government security, 5.79 GS 2030 continue to surge.
- Yields for 10 year government security, 5.79 GS ended at 5.95%.
- Market focused on the data showing that for fourth month in a row, the retail inflation has stayed above the RBI's comfort zone.



## Commodity Market Update

### Oil Update:

## Domestic Markets



Index	14-Aug-2020	07-Aug-2020	% Change
BSE Sensex	37877.34	38040.57	-0.43
S&P CNX Nifty	11178.4	11214.05	-0.32
CNX Midcap	16383.25	16103.35	1.74
CNX 500	9214.4	9198.65	0.17
BSE Smallcap	13855.18	13668.69	1.36

## Global Markets



Index	14-Aug-2020	07-Aug-2020	% Change
Dow Jones	27931.02	27433.48	1.81
Nasdaq	11019.3	11010.98	0.08
S&P 500	3372.85	3351.28	0.64
FTSE 100	6090.04	6032.2	0.96
Shanghai Composite	3360.1	3354.03	0.18
Hang Sang	25183.01	24531.62	2.66

## Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	47378	28497	18881
MF Flows*	14804	18927	-4123

\*FII data from 6th August to 13th August 2020

\*MF data from 4th August to 12th August 2020

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



Date	Index	Stocks
07-Aug-2020	-648.02	-1325.84
10-Aug-2020	443.09	-678.54
11-Aug-2020	264.47	-2270.38
12-Aug-2020	-384.67	-1019.08
13-Aug-2020	2196.92	-611.64

## Policy Rates



Key Rates (%)	14-Aug-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



- Crude oil prices remained stable for the third month in a row with Brent crude moving in a tight range between \$40 and \$45 per barrel since early June.
- Brent advanced to \$44.80 per barrel by the end of the week as WTI also gained to \$42.01 per barrel.
- The big three global oil outlooks published by OPEC, the International Energy Agency and the US Energy Information Administration were all bearish and based on the view that demand may not recover to 2019 levels until 2022 at the earliest.

#### Gold Update:

- Gold prices fell sharply in India this week, tracking a decline in global markets. On Friday, October gold futures fell ₹760 or 1.5% to ₹52,170 per 10 gram. For the week, gold was down about ₹2,600 per 10 gram. But from August 7th highs of about ₹56,200, gold is down about ₹4,000 per 10 gram. Silver also fell sharply on Friday, slumping 5.5% or ₹4,000 to ₹67,220 per kg.
- In global markets, gold fell over 4% this week, amid profit-taking and an uptick in US bond yields. Spot gold fell 0.4% to \$1,945.12 an ounce in New York, closing with a 4.4% weekly loss, the first decline since June.



## Currency Market Update

- Indian rupee ended marginally higher against the US dollar in the last week. It closed at 74.90 per dollar on August 14, against its August 7 closing of 74.93 per dollar.

Key Rates (%)	14-Aug-2020	07-Aug-2020	% Change
Mibor Overnight	3.8	3.82	-0.52
CALL (O/N)	3.45	3.44	0.29
CBLO	3.18	3.18	0
T Bills Index (12M)	3.53	3.46	2.02
10 Year GSEC	5.95	5.84	1.88

## Commodity Market



Commodity (INR)	14-Aug-2020	Gain+/Loss-	% Change
Gold (10 gm)	52227	-2562	-4.68
Silver (1 kg)	67171	-6989	-9.42
Crude Oil (\$/barrel)	44.8	0.4	0.9

## Currency Market



Currency	14-Aug-2020	Gain+/Loss-	% Change
USD/INR	74.77	0.19	0.25
EURO/INR	88.39	0.39	0.44
GBP/INR	97.73	0.66	0.67
JPY/INR	69.99	1.02	1.44

## Upcoming Events



## Week Gone By



Events	Actual %	Previous %
Inflation Rate YoY JUL (CHINA)	2.7	2.5
Claimant Count Change JUL (GREAT BRITAIN)	94.4K	-28.1K
ZEW Economic Sentiment Index AUG (GERMANY)	71.5	59.3
Industrial Production YoY JUN (INDIA) Manufacturing	-16.6	-33.9

Production YoY JUN (INDIA)	-17.1	-38.4
GDP Growth Rate QoQ Prel Q2 (GREAT BRITAIN)	-20.4	-2.2
GDP Growth Rate YoY Prel Q2 (GREAT BRITAIN)	-21.7	-1.7
Balance of Trade JUN (GREAT BRITAIN)	£5.3B	£7.7B
Inflation Rate YoY JUL (INDIA)	6.93	6.23
Core Inflation Rate YoY JUL (US)	1.6	1.2
Inflation Rate YoY JUL (US)	1.0	0.6
WPI Food YoY JUL (INDIA)	4.08	2.04
WPI Fuel YoY JUL (INDIA)	-9.84	-13.6
WPI Manufacturing YoY JUL (INDIA)	0.51	0.08
WPI Inflation YoY JUL (INDIA)	-0.58	-1.81
GDP Growth Rate QoQ 2nd Est Q2 (EA)	-12.1	-3.6
GDP Growth Rate YoY 2nd Est Q2 (EA)	-15.0	-3.1
Deposit Growth YoY JUL/31 (INDIA)	11.1	10.8
Foreign Exchange Reserves AUG/07 (INDIA)	\$538.2B	\$534.6B
Bank Loan Growth YoY JUL/31 (INDIA)	5.5	5.8
Balance of Trade JUL (INDIA)	\$-4.83B	\$0.79B
Retail Sales MoM JUL (US)	1.2	8.4

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