



## Financial Market & Economy Update

### Domestic Market Update:

- During April-August 2020-21, the Core sectors~ output dipped by 17.8% as compared to a growth of 2.5% in the same period previous year. The rate of contraction in the eight key sectors has increased from July (- 8%). The output of steel, refinery products, cement, natural gas, crude oil and electricity declined by 6.3%, 19.1%, 14.6%, 9.5%, 6.3% and 2.7%, respectively. On the other hand, coal and fertiliser sector production grew by 3.6% and 7.3%, respectively, during the month under review as against (-) 8.6% and 2.9% rise in August 2019. The eight core industries accounts for 40.27% in the IIP.
- Infrastructure output in India fell 8.5 percent year-on-year in August of 2020, following a downwardly revised 8 percent drop in July.
- India-s manufacturing sector gained further momentum in September, as seen in the Purchasing Managers~ Index (PMI) from HIS Markit. The PMI for September rose to 56.8, against 52 in August. This reading is the highest since January 2012. The health of the manufacturing sector showed improvement with accelerated increases in new orders and production, said IHS Markit. The expansions in export sales and input stocks as well as an improvement in business confidence boosted the sector.
- India's fiscal deficit widened to INR 8.7 trillion in April-August 2020-21 from INR 5.54 trillion in the corresponding period of the previous fiscal year.
- The total acreage under kharif crops stood at a record 1,117 lakh hectares (lh), up nearly 5% over the 1066 lh planted in the corresponding week last year, showed data released by the Agriculture Ministry on Friday.

### International Market Update:

- Japan manufacturing sector continued to contract in September, with a seven-month high manufacturing PMI score of 47.7, the latest survey from Jibun Bank showed on Thursday. That-s up from 47.3 in August, although it remains beneath the boom-or-bust line of 50 that separates from expansion. There were slower falls in output and new orders, while business expectations continued to recover.
- UK manufacturing sector continued its recovery from the coronavirus-induced economic slump in September, but the pace of growth was slightly less than initially estimated, survey data from IHS Markit showed on Thursday. The seasonally adjusted IHS Markit/CIPS Purchasing Managers~ Index for manufacturing fell slightly to 54.1 from August-s two-and-a-half year high of 55.2. A reading above 50 suggest growth in the sector and the score has remained above that level for four months in a row, marking the longest sequence in expansion territory since early-2019. Output grew for a fourth successive month.
- Eurozone-s unemployment rate rose for a fifth consecutive month in August, Eurostat said Thursday. The seasonally adjusted jobless rate rose to 8.1% from 8% in July, which was revised from 7.8%. The unemployment rate for EU also rose for a fifth month in a row. The rate rose to 7.4% from 7.3% in July. There were 15.603 million unemployed persons in the EU in August, of whom 13.188 million were in the euro area, the statistical office said. The number of unemployed persons gained by 238,000 in the EU, and by 251,000 in the euro area, from the previous month.
- The Caixin China General Manufacturing PMI was at 53.0 in September 2020, compared with market consensus and August's figure of 53.1, indicating factory activity maintained its recovery momentum in the wake of the COVID-19 epidemic.
- The US economy saw sharpest contraction in at least 73 years in the second quarter as Gross domestic product plummeted at a 31.4% annualized rate last quarter, the deepest drop in output since the government started keeping records in 1947, the Commerce Department said in its third estimate of GDP. Output was previously reported to have contracted at a 31.7% pace in the second quarter.
- The British economy shrank 19.8 percent on quarter in the three months to June of 2020, slightly less than a preliminary estimate of a 20.4 percent drop.



## Equity Market Update

- Benchmark indices remained positive throughout the truncated week ended October 1 on the back of positive global cues including rising hopes of an additional stimulus package in the US. Positive results from coronavirus vaccine trials also cheered the markets. On the domestic front, decent auto numbers and another phase of Unlock also provided support to the market.
- BSE Sensex surged 1308.39 points or 3.50 percent to close the week at 38,697.05, while the Nifty50 added 366.7 points or 3.31 percent to end at 11,416.95 levels.
- **Broader Market Update:** BSE Midcap index added 3.3 percent. BSE Smallcap index jumped 3.2 percent
- **Sector Update:** On the sectoral front, Nifty Media index outperformed other indices with a gain of 7 percent followed by Nifty Bank, Nifty Metal and Nifty Auto.

## Debt Market Update

## Domestic Markets



Index	01-Oct-2020	25-Sep-2020	% Change
BSE Sensex	38697.05	37388.66	3.5
S&P CNX Nifty	11416.95	11050.25	3.32
CNX Midcap	17125	16504	3.76
CNX 500	9461.7	9156.1	3.34
BSE Smallcap	14970.44	14495.58	3.28

## Global Markets



Index	02-Oct-2020	25-Sep-2020	% Change
Dow Jones	27682.81	27173.96	1.87
Nasdaq	11075.02	10913.56	1.48
S&P 500	3348.44	3298.46	1.52
FTSE 100	5902.12	5842.67	1.02
Shanghai Composite	3218.05	3219.42	-0.04
Hang Sang	23459.05	23235.42	0.96

## Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	28136	33833	-5697
MF Flows*	32165	30920	1245

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



Date	Index	Stocks
25-Sep-2020	1587.99	1563.14
28-Sep-2020	1134.06	856.56
29-Sep-2020	-1733.96	132.34
30-Sep-2020	726.29	259.31
00/00/00	0	0

## Policy Rates



Key Rates (%)	01-Oct-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





- Government will borrow Rs 4.34 lakh crore via bonds in the second half of the year ending in March 2021, in 16 weekly tranches of ₹ 27,000-28,000 crore concluding in the last week of January.
- Government is sticking to its borrowing plan of Rs 12 lakh crore for the current fiscal year.
- Yields for 5.77% GS 2030 closed at 5.99%.



## Commodity Market Update

### Oil Update:

- U.S. West Texas Intermediate and international-benchmark Brent crude oil futures finished sharply lower last week with the bulk of the selling coming after U.S. President Donald Trump tested positive for COVID-19. Other catalysts behind the weakness were the lack of progress on a stimulus package, a sluggish U.S. labor market and rising global oil output. All of these factors have combined to overwhelm a weak price recovery.
- Last week, December WTI crude oil futures settled at \$37.34, down \$3.17 or -7.83% and December Brent crude oil closed at \$39.27, down \$3.14 or -8.00%.

### Gold Update:

- Domestic gold and silver ended with modest gains on October 1. Indian markets were shut the next day on account of Gandhi Jayanti.
- Gold and silver rebound last week after previous weeks' sell-off. Gold gained 2.14 percent and settled at \$1,904 per troy ounce and silver was up 3.94 percent at \$23.87 per troy ounce at Comex division on October 2.
- Both the precious metals also settled on a positive note in the domestic market despite the strength in the rupee. Gold settled at 50,570 per 10 gram while silver settled at Rs 61,145 per one kilogram.
- Weakness in the dollar index, the hope of a second US stimulus and the news of US President Donald Trump testing positive for COVID-19 supported safe-haven buying in both the metals.



## Currency Market Update

- This week, the Indian rupee rose 47 paise against the US dollar. It closed at 73.14 per dollar on October 1, against its September 25 closing of 73.61 per dollar. It was the highest closing level for the rupee since September 4.
- India's foreign exchange reserves declined by \$3.017 billion to \$542.021 billion in the week ended Sept. 25 after touching a lifetime high in the previous week, RBI data showed on Friday.

Key Rates (%)	01-Oct-2020	25-Sep-2020	% Change
Mibor Overnight	3.7	3.71	-0.27
CALL (O/N)	3.44	3.5	-1.71
CBLO	3.21	3.23	-0.62
T Bills Index (12M)	3.57	3.72	-4.03
10 Year GSEC	6	6.04	-0.66

## Commodity Market



Commodity (INR)	01-Oct-2020	Gain+/Loss-	% Change
Gold (10 gm)	50470	931	1.88
Silver (1 kg)	61145	2119	3.59
Crude Oil (\$/barrel)	39.27	-2.65	-6.32

## Currency Market



Currency	01-Oct-2020	Gain+/Loss-	% Change
USD/INR	73.38	0.35	0.47
EURO/INR	86.22	-0.18	-0.21
GBP/INR	94.99	-0.93	-0.99
JPY/INR	69.55	0.45	0.64

## Upcoming Events



## Week Gone By



Events	Actual %	Previous %	1 Year ago %
NBS Manufacturing PMI SEP (CHINA)	51.5	51.0	
Caixin Manufacturing PMI SEP (CHINA)	53.0	53.1	
GDP Growth Rate QoQ Final Q2 (GREAT)	-19.8	-2.5	

BRITAIN)		
GDP Growth Rate YoY Final Q2 (GREAT BRITAIN)	-21.5	-2.1
Infrastructure Output YoY AUG (INDIA)	-8.5	-8.0
Government Budget Value AUG (INDIA)	INR -8703B	INR-8213B
Current Account Q2 (INDIA)	\$19.8B	\$0.6B
External Debt Q2 (INDIA)	\$554.5B	\$558.4B
GDP Growth Rate QoQ Final Q2 (US)	-31.4	-5.0
Tankan Large Manufacturers Index Q3 (JAPAN)	-27.0	-34.0
Markit Manufacturing PMI SEP (INDIA)	56.8	52.0
Personal Spending MoM AUG (US)	1.0	1.5
Personal Income MoM AUG (US)	-2.7	0.5
Consumer Confidence SEP (JAPAN)	32.7	29.3
Non Farm Payrolls SEP (US)	661K	1489K

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