

Weekly Market Update



Financial Market & Economy Update

Domestic Update:

- India's economy grew at 3.1% in Q4 March 2020. The gross domestic product (GDP) had expanded by 5.7% in the corresponding quarter of 2018-19, according to data released by the National Statistical Office (NSO). In 2019-20, the Indian economy grew by 4.2% against 6.1% expansion recorded in 2018-19. The government has also revised down the GDP growth in Q1, Q2, and Q3 to 5.2%, 4.4%, and 4.1% respectively.
- India's service Purchasing Managers Index rose to 12.6 in May from 5.4 in April, as economic effects of the coronavirus, or Covid-19, pandemic impaired business operations, survey results from IHS Markit showed on Wednesday.
- India's manufacturing activity contracted sharply in May following a record drop in April following the lockdown to control the coronavirus pandemic but saw a month on month increase. The Nikkei Manufacturing Purchasing Managers Index or PMI compiled by IHS Markit edged up to 30.8 in May from April's record low of 27.4.
- The Cabinet provided approval for provisioning of Rs 20,000 crore as subordinate debt to provide equity support to the stressed MSMEs. It also approved the changes to the definition of micro, small and medium Enterprises (MSMEs). Raising the turnover limit for medium enterprises to Rs 250 crore, the government aims to broaden the scope of MSMEs. Enterprises with Rs 1 crore investment and Rs 5 crore turnover would now qualify as micro enterprises. Businesses with an investment of less than Rs 10 crore and turnover less than Rs 50 crore will now be classified as small enterprises.
- Credit growth to the services sector decelerated to 11.2% in April 2020 from 16.8% in April 2019. Personal loans growth decelerated to 12.1% in April 2020 from 15.7% in April 2019.
- Credit growth to industry decelerated to 1.7% in April 2020 from 6.9% in April 2019.

Global Update:

- ECB kept its key interest rates unchanged as the interest rate on the main refinancing operations remained at 0.00%, while the rates on the marginal lending facility and the deposit facility stood at 0.25% and -0.5%, respectively.
- The US initial jobless claims came in at 1.877 million, a decrease of 249,000 from the previous week--s revised level of 2.126 million. The US Commerce Department said the trade deficit widened to \$49.4 billion in April from a revised \$42.3 billion in March. The value of exports tanked by 20.5% to \$151.3 billion while the value of imports tumbled by 13.7% to \$200.7 billion.
- The US trade deficit widened to \$19.4 billion in April of 2020 from a downwardly revised \$42.3 billion in March, and in line with market forecasts of \$49 billion.
- Eurozone unemployment rate rose to 7.3% in April from 7.1% in March, as member countries implemented coronavirus, or Covid-19, containment measures, data from Eurostat showed Wednesday. The number of unemployed increased by 211,000 from March to 11.919 million in April.
- Japan Services sector activity continued to contract in May, the latest survey from Jibun Bank revealed on Wednesday with a PMI score of 26.5. That's up from 21.5 in April. The composite index improved to 27.8 in May, up from the record low 25.8 in April.
- China services sector turned to expansion in May, the latest survey from Caixin revealed on Wednesday with a services PMI score of 55.0. That's up from 44.4 in April and it moves above the boom-or-bust line of 50 that separates expansion from contraction. The survey also showed that its composite index jumped to 54.5 in May, up from 47.6 in the previous month.
- Australia's gross domestic product dropped a seasonally adjusted 0.3% on quarter in the first three months of 2020, the Australian Bureau of Statistics said on Wednesday, following the 0.5% quarterly gain in the three months prior. On a yearly basis, GDP expanded 1.4%, slowing from 2.2% in the previous quarter.
- Collective exports of G20 countries stood at \$3,451 billion during the first quarter of 2020, a decline of 4.3% as compared to the last quarter of 2019. Imports at \$3,468.2 billion showed a decline of 3.9% as compared to the preceding quarter ended December 31, 2019.
- UK house prices fell 1.7% month-on-month in May, in contrast to a 0.9% rise in April, as the impact of the coronavirus pandemic filtered through the property market, data from the Nationwide Building Society showed Tuesday. This was the biggest fall since February 2009.
- Japan manufacturing sector continued to contract in May, with a manufacturing PMI score of 38.4, the latest survey from Jibun Bank revealed on Monday.
- UK manufacturing Purchasing Managers- Index rose to 40.7 in May from a record-low 32.6 in April, as the public lockdowns, company shutdowns and social distancing measures mandated to combat the spread of coronavirus, or Covid-19, caused further disruption, final data from IHS Markit showed Monday. The score was at its seventh-lowest level ever and at depths unseen outside of the current pandemic and the global financial crisis of 2008-09.
- China manufacturing sector moved into expansion territory in May, with a manufacturing PMI score of 50.7, the latest survey from Caixin showed on Monday, up from 49.4 in April. It also moves above the boom-or-bust line of 50 that separates expansion from contraction. Individually, the index saw its strongest increase in output since January 2011.



Equity Market Update

- The benchmark equity indices extended their gains for the second straight week following firm global cues and continuous inflows by foreign institutional investors.
- The 30-share Sensex surged 1,863 points or 5.75% to 34,287 for the week ended June 5. Likewise, the 50-share Nifty index gained 562 points or 5.86% to reach 10,142 during the same period.
- Overall, the market kicked off the week on an optimistic note as the country geared up to further open up its economy after several weeks of lockdown to curb the spread of the coronavirus pandemic. Meanwhile, the encouraging statement by PM Narendra Modi that growth in the economy will return soon, further supported sentiment.

Domestic Markets



Index	05-Jun-2020	29-May-2020	% Change
BSE Sensex	34287.24	32424.1	5.75
S&P CNX Nifty	10142.15	9580.3	5.86
CNX Midcap	14158.05	13273	6.67
CNX 500	8299.35	7822.4	6.1
BSE Smallcap	11855.17	10892.6	8.84

Global Markets



Index	05-Jun-2020	29-May-2020	% Change
Dow Jones	27110.98	25383.11	6.81
Nasdaq	9814.08	9489.87	3.42
S&P 500	3193.93	3044.31	4.91
FTSE 100	6484.3	6076.6	6.71
Shanghai Composite	2930.8	2852.35	2.75
Hang Sang	24770.41	22961.47	7.88

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	61032	42842	18190
MF Flows*	10987	8712	2275

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
29-May-2020	-426.2	1310.05
01-Jun-2020	-90.09	-491.49
02-Jun-2020	839.76	-491.68
03-Jun-2020	370.5	1611.34
04-Jun-2020	-37.5	750.94

Policy Rates



Key Rates (%)	05-Jun-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



- **Sector Update:** All the sectoral indices on the BSE settled the week in the green with the Realty index gaining the most at 11.12 %. It was followed by Consumer Durables (up 10 %), Metal (up 9.27 %) and Bankex (up 8.77 %).
- **Broader Markets:** Broader markets outperformed the benchmark Sensex, with the BSE Midcap and Smallcap indices climbing 6 % and 8.84 %, respectively.



Debt Market Update

- Reserve Bank Of India (RBI) announced that the rate of interest on Government of India Floating Rate Bonds, 2031 (GOI FRB 2031) applicable for the half year June 7, 2020 to December 6, 2020 shall be 4.51% per annum. The FRB 2031 will carry a coupon, which will have a base rate equivalent to the Weighted Average Yield (WAY) of last 3 auctions (from the rate fixing day i.e. June 7, 2020) of 182 Day T-Bills, plus a fixed spread (1%). The Weighted average yields will be computed by reckoning 365 days in a year. The coupon rate has been fixed accordingly.
- Local bond yields continued to see thin movement. The benchmark 10 year government security, 5.79 GS 2030 yield ended marginally up at 5.82%.



Commodity Market Update

Oil Update:

- Crude Oil WTI Futures settled up \$1.54, or 4.1%, at \$38.95 per barrel on Friday. It earlier hit a three-month high of \$39.68. For the week, the U.S. crude benchmark rose 11.4%, and remains within striking reach of \$40 per barrel when trading resumes in the new week.
- Brent rose \$1.98, or 4.9%, to settle the regular U.S. trading session at \$41.97. Earlier, Brent hit a session peak of \$42.45, its highest since early March. For the week, Brent rose 19.7%, and could attempt \$43 and beyond in the new week its upward momentum holds.
- Oil prices jumped on Friday after a surprise rebound in US jobs numbers in May. Speculation that OPEC will extend production cuts at its Saturday video meeting — a wish that came through despite Mexico's pullout - also supported the market.

Gold Update:

- Discounts offered by gold dealers in India this week widened to the highest in about two months.
- Discounts on gold in India rose up to \$32 an ounce over official prices that include a 12.5% import duty and 3% GST. Even though jewellers reopened stores in some parts of the country this week, physical demand was weak.
- On MCX, gold futures fell sharply on Friday to settle at ₹45,732 per 10 gram while silver rates slumped to ₹47,337 per kg.
- Meanwhile, the third tranche of sovereign gold bonds will open for subscription on Monday and will remain open till June 12. The issue price for Sovereign Gold Bond has been fixed at ₹4,677 per gram of gold. The RBI had in April had announced that the government will issue Sovereign Gold Bonds in six tranches from April 20 till September.



Currency Market Update

- The Indian Rupee ended flat against the US Dollar last week. The domestic unit closed at 75.58 per dollar on June 5, against its May 29 closing of 75.61.
- The country's foreign exchange reserves surged \$3.43 billion to a fresh all-time high of \$493.48 billion for the week ended May 29 on a handsome accretion of the core currency assets, the Reserve Bank of India (RBI) said on Friday.

Key Rates (%)	05-Jun-2020	29-May-2020	% Change
Mibor Overnight	4.01	4.04	-0.74
CALL (O/N)	3.64	3.62	0.55
CBLO	3.11	3.14	-0.96
T Bills Index (12M)	3.45	3.41	1.17
10 Year GSEC	5.82	5.78	0.69

Commodity Market



Commodity (INR)	05-Jun-2020	Gain+/Loss-	% Change
Gold (10 gm)	45698	-956	-2.05
Silver (1 kg)	47351	-2767	-5.52
Crude Oil (\$/barrel)	42.3	6.97	19.73

Currency Market



Currency	05-Jun-2020	Gain+/Loss-	% Change
USD/INR	75.47	0.17	0.23
EURO/INR	85.84	-1.93	-2.3
GBP/INR	95.47	-2.16	-2.32
JPY/INR	69.03	1.53	2.17

Upcoming Events



Week Gone By



Events	Actual %	Previous %	1 Year ago %
Caixin Manufacturing PMI MAY (CHINA)	50.7	49.4	
Markit Manufacturing PMI MAY (INDIA)	30.8	27.4	
Markit Services PMI MAY (INDIA)	12.6	5.4	
Balance of Trade APR (US)	\$-49.4B	\$-42.3B	
Gfk Consumer Confidence Final MAY (GREAT BRITAIN)	-36.0	-33.0	
Deposit Growth YoY MAY/22 (INDIA)	10.6	10.6	
Foreign Exchange Reserves MAY/29 (INDIA)	\$493.5B	\$490.04B	
Bank Loan Growth YoY MAY/22 (INDIA)	6.3	6.5	
Non Farm Payrolls MAY (US)	2509K	-20687K	

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