



Financial Market & Economy Update

Domestic Update:

- The commerce ministry's foreign trade arm DGFT has simplified the procedure for traders to avail export incentives under the MEIS scheme, a move aimed at promoting ease of doing business for exporters.
- India has initiated an anti-subsidy probe into increased imports of select copper wire rods from Indonesia, Malaysia, Thailand and Vietnam.
- India has delayed the implementation of higher tariffs on some goods imported from the United States to Nov. 2, according to a government order.
- India's microfinance industry clocked 47 % growth with a gross loan portfolio of Rs 68,789 crore in the financial year ended March 2018 as against Rs 46,842 crore in the year-ago period, according to a report.
- In the month of July, new job creation rose to an 11-month high of 9.51 lakh, taking the total number to 61.81 lakh since September 2017, as per EPFO's payroll data.
- According to latest numbers from the agriculture ministry, kharif crop planting has covered 1,057.81 lakh hectare from June to September 20, a 0.61% increase from 1,051.36 lakh hectares a year earlier.

Global Update:

- British inflation jumped unexpectedly to a six-month high in August. Consumer price inflation rose to an annual rate of 2.7 % in August from 2.5 % in July.
- The United Arab Emirates will allow foreigners to obtain long-term residency visas after they retire, in a major policy shift as the government of the seven-state federation looks to bolster economic growth.
- British consumer spending grew over the three months to August at the fastest pace since January. Inflation-adjusted consumer spending between June and August was 0.3 % higher than in the three months before, up from growth of 0.2 % in the May-July period.
- U.S. imposed 10% tariffs on about \$200 billion worth of Chinese imports. The latest U.S. tariffs will take effect from Sep. 24, according to news reports. The rate will increase to 25% from next year.
- China has taken out USD 500 billion and more a year from the US to rebuild itself, President Donald Trump has said as he defended his controversial trade policies, including the latest move to slap duties on USD 200 billion worth of Chinese imports.
- China and the United States plunged deeper into a trade war after Beijing added US\$60 billion of US products to its import tariff list in retaliation for President Donald Trump's planned levies on US\$200 billion worth of Chinese goods.
- Japan's consumer price inflation rose to 1.3 % year-on-year in August 2018 from 0.9 % in the previous month.
- The IHS Markit Eurozone Manufacturing PMI fell to 53.3 in September of 2018 from 54.6 in August.



Equity Market Update

- The stock market logged third weekly fall in a row, with Sensex losing a massive 1,249.04 points to revisit 36K-level hitting two month lows at 36,841.60, while the broader Nifty plummeted below the key 11,200-level to conclude at 11,143.10, losing 372.10 points.
- Once again the holiday shortened week saw the market witnessing losses to the fore, initially the continued spectrum of rupee volatility, US-China trade war tension and finally financial industry turbulence.
- The key indices suffered losses all four sessions of the week as investors opted for selling from the day one as selling pressure in most of the sectors, fear of escalation in US, China trade spat, continuing rupee woes which fell to historic 72.99 against the dollar during the week impacted the trading momentum.
- The BSE Sensex started the week lower 38,027.81 and plunged to a low of 35,993.64 before settling the week at 36,841.60, showing massive loss of 1,249.04 or 3.28 %.
- The Nifty also resumed lower by 11,464.95 slumped to low 10,866.45, the index settled the week at 11,143.10, a loss of 372.10 points, or 3.23 %.
- Broader Markets:** The BSE Mid-Cap index fell 754.34 points or 4.61 % to settle at 15,595.63 and the BSE Small-Cap index dipped 907.83 points or 5.45 % to close at 15,763.10.
- Sector Update:** Among sectoral and industry indices, bankex fell by 6.27 %, realty 6.14 %, IPO 5.88 %, power 4.23 %, Auto 4.01 %, healthcare 3.99 %, consumer durables 3.12 %, PSU 2.68 %, capital goods 2.67 %, FMCG 2.17 %, Teck 1.68 %, IT 1.13 % and metal 0.96 %. While, oil&gas rose by 1.17 %.
- FII:** Meanwhile, foreign portfolio investors (FPIs) and foreign institutional investors (FIIs) sold shares worth Rs 2,433.15 crore during the week.

Debt Market Update

Domestic Markets



Index	21-Sep-2018	14-Sep-2018	% Change
BSE Sensex	36841.6	38090.64	-3.28
S&P CNX Nifty	11143.1	11515.2	-3.23
CNX Midcap	18347.5	19389.15	-5.37
CNX 500	9425.55	9792.75	-3.75
BSE Smallcap	15763.1	16670.93	-5.45

Global Markets



Index	21-Sep-2018	14-Sep-2018	% Change
Dow Jones	26743.5	26154.67	2.25
Nasdaq	7986.96	8010.04	-0.29
S&P 500	2929.67	2904.98	0.85
FTSE 100	7490.23	7304	2.55
Shanghai Composite	2797.48	2681.64	4.32
Hang Sang	27477.67	27286.41	0.7

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	20414	22928	-2514
MF Flows*	8951	7520	1431

FII data from 14th Sept to 19th Sept 2018

MF data from 12th Sept to 18th Sept 2018

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
17-Sep-2018	-1936.38	-629.01
18-Sep-2018	2502.83	-1207.59
19-Sep-2018	1888.72	-229.51
21-Sep-2018	-3176.42	330.47

Policy Rates



Key Rates (%)	21-Sep-2018	1 Week Ago	1 Month Ago
Reverse Repo	6.25	6.25	6.25
Repo	6.5	6.5	6.5
CRR	4	4	4
SLR	19.5	19.5	19.5

Key Rates





- Indian government bonds rose for the first time in six weeks, buoyed by expectations of more open market purchases of notes and the rupee's recovery from a record low.
- The benchmark 7.17% bond maturing in 2028 ended at 94.14 rupees, yielding 8.08%, in Mumbai on Friday, against 94.15 rupees and an 8.07% yield at previous close. The benchmark note traded in a wide band of 8.01%-8.14%. The benchmark yield fell five basis points this week, after rising 37 basis points over the last five weeks.
- The Reserve Bank of India purchased bonds worth 100 billion rupees earlier in the week, which was its fourth such operation in this financial year. The RBI had bought bonds in May, June and July, while it did not conduct such operation in August, which had led to speculations that they may not conduct open market purchases till rupee stabilises.
- The government and central bank officials will meet on Sep. 28 to decide the borrowing schedule for the second half of this fiscal year, Economic Affairs Secretary Subhash Chandra Garg said.
- India is scheduled to borrow 3.18 trillion rupees via bonds in October-March, according to budget documents. The government will borrow a total 6.06 trillion rupees via bonds in this financial year, of which it will borrow 2.88 trillion rupees in first half.



Commodity Market Update

Oil Update:

- U.S. West Texas Intermediate and international-benchmark Brent crude oil finished higher last week with U.S. crude posting the biggest gains. Both futures contracts also challenged key technical levels on the monthly chart which indicated the longer-term uptrend was getting stronger.
- The rally was primarily supported by concerns over supply due to the looming sanctions on Iran which are expected to begin in November. Also underpinning the market was another bullish U.S. government inventories report. The upside, however, was limited somewhat later in the week by expectations that increased production from Saudi Arabia and its allies would take care of any supply short-falls.
- For the week, November WTI crude oil settled at \$70.78, up \$2.01 or +2.92% and December Brent crude oil finished at \$78.24, up \$0.63 or +0.81%.
- Opec and no-Opec members including Russia have decided there will be not be any additional increase in supply to offset falling Iranian oil exports in a rebuff to US president Donald Trump's calls for increasing output to bring down oil prices.

Gold Update:

- Domestic:** Continuing its rising streak for the second straight week, gold prices advanced by Rs 30 to end at Rs 31,450 per 10 gram at the bullion market, riding on brisk buying by local jewelers amid firm trend overseas.
- Silver also rebounded by Rs 650 to Rs 38,150 per kg on increased offtake by industrial units and coin makers.
- In the national capital, gold of 99.9 and 99.5 % purity started the week higher and advanced to Rs 31,700 and Rs 31,550 per 10 grams, respectively on increased buying by local jewelers in tandem with a firm trend overseas.
- However, at the fag-end, it met with resistance at higher levels along with weak overseas cues and settled at Rs 31,450 and Rs 31,300 per 10 gram respectively, still showing a modest rise of Rs 30 each.
- Silver ready also reclaimed the 38,000-mark to end at Rs 38,150 per kg, showing a gain of Rs 650. Similarly, silver weekly-based delivery recaptured the 37,000-level to close at Rs 37,590 per kg, disclosing a rise of Rs 595.
- Silver coins, however, maintained steady at Rs 72,000 for buying and Rs 73,000 for selling of 100 pieces.
- International:** Globally, gold ended the week shade higher at USD 1,198.70 an ounce and silver at USD 14.25 an ounce in New York.



Currency Market Update

- The Indian rupee remained under intense selling pressure and witnessed a free fall for the fourth straight week, plunging to hit a fresh life-time low against the US dollar before managing a small recovery.
- Overall, the forex mood broadly undermined on the back of increasing impact of geopolitical threats and concerns on macro-economic front.
- The government's confidence building measures to curb the currency volatility also fell short of many investors' expectations, causing heavy sell-off and the local stocks to take a massive plunge.
- Trading in an extremely volatile market environment, the bruised rupee ended at 72.20, showing a steep loss of 36 paise.
- Panic dollar demand from importers and speculative traders sent the home currency sinking to a historic low of 72.99.
- It lost a whopping 229 paise in its four-consecutive weekly slide.
- Backtracking a brief weekend recovery trend, the rupee opened with a sharp 66 paise fall to 72.50 against the US dollar at the inter-bank foreign exchange (forex) market.
- It quickly extended losses due to heavy speculative sell-off and crashed to hit an all-time low of 72.99.
- Anyway, the domestic unit recovered some ground and extended to subsequent

Key Rates (%)	21-Sep-2018	14-Sep-2018	% Change
Mibor Overnight	6.65	6.5	2.31
CALL (O/N)	6.58	6.43	2.33
CBLO	6.42	5.57	15.26
T Bills Index (12M)	7.6	7.65	-0.65
10 Year GSEC	8.08	8.12	-0.49

Commodity Market



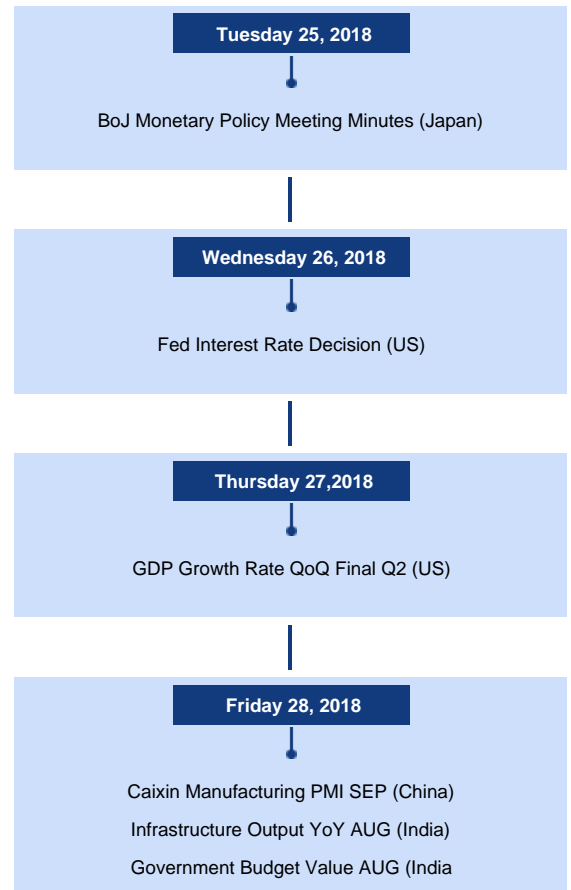
Commodity (INR)	21-Sep-2018	Gain+/Loss-	% Change
Gold (10 gm)	30722	244	0.8
Silver (1 kg)	37590	1025	2.8
Crude Oil (\$/barrel)	78.8	0.71	0.91

Currency Market



Currency	21-Sep-2018	Gain+/Loss-	% Change
USD/INR	71.85	0.04	0.06
EURO/INR	84.68	0.7	0.83
GBP/INR	95.15	0.99	1.05
JPY/INR	63.67	-0.52	-0.81

Upcoming Events



Week Gone By



trading breakouts.

- It finally settled the week at 72.20, revealing a loss of 36 paise, or 0.50 %.
- Meanwhile, India's foreign exchange reserves rose by USD 1.207 billion to USD 400.489 billion in the week to September 14.
- On the global front, the U.S. dollar struggled near 2-1/2 month lows on reduced safe haven demand amid a switch in investors' view that the Sino-U.S. trade conflict would not lead to an immediate global shock.
- The dollar's index, which measures the greenback against a basket of major currencies, was last at 94.22 to hover near its weakest point since early July.

Events	Actual %	Previous %
Core Inflation Rate YoY Final AUG(Euro Area)	1.0	1.1
Balance of Trade AUG (Japan)	¥-445B	¥-232B
BoJ Interest Rate Decision (Japan)	-0.1	-0.1
Inflation Rate YoY AUG (Japan)	1.3	0.9

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