

# Weekly Market Update



## Financial Market & Economy Update

### Domestic Update:

- India's annual wholesale price inflation accelerated in April, helped by higher fuel and food product prices, government data showed on Monday. Annual wholesale price inflation last month rose to 3.18 % from a year earlier, higher than a 2.47 % rise in March.
- Inflation based on Consumer Price Index (CPI), or retail inflation as it is better known, shot up to 4.58 % for the month of April, government data showed on Monday. The CPI inflation for the month of March stood at 4.28 %. April thus became the sixth straight month of inflation above the Reserve Bank of India's 4 % medium-term target.
- Aiming to provide regular power to farmers through agricultural feeders, the Maharashtra government has issued a tender inviting bids for 2 MW-10 MW capacity solar projects totalling 1,000 MW under the Mukhyamantri Saur Krushi Vahini Yojana E-rickshaw tyres will attract GST at the highest slab of 28 % as they are registered as 'motor vehicles' under the Motor Vehicle Act, according to the order of the Authority for Advance Rulings (AAR).
- The Centre reported a 5.17 % increase in exports valued at USD 25.91 billion for the month of April this year.
- India's oil imports from Iran surged to 640,000 barrels per day (bpd) in April, according to data from shipping and industry sources.
- Domestic airlines registered about 26.05% growth in passengers flown during April compared to that a year ago, data released by the aviation regulator showed.
- The government has decided not to hike prices of foodgrains sold via public distribution system (PDS) for one more year, Food Minister Ram Vilas Paswan said on Friday.
- Coaching centres providing tuition to prepare students for entrance examination are liable to pay 18 % GST, according to the Authority for Advance Rulings (AAR).

### Global Update:

- Core consumer prices in Japan increased 0.70 % in Apr of 2018 over the same month in the previous year. Core Inflation Rate in Japan averaged 2.55 % from 1971 until 2018, reaching an all time high of 24.70 % in October of 1974 and a record low of -2.40 % in Aug of 2009.
- China's daily crude steel output in April rose to its highest in at least 4 years, official data showed on Tuesday, as mills boosted production to take advantage of high margins after the end of winter output curbs.
- Japan's economy, the world's third largest, shrank by 0.6 % on an annualized basis, a much more severe contraction than the median estimate for an annualized 0.2 % decline.
- Euro zone inflation slowed in April 1.2%, European statistics agency Eurostat said on Wednesday. Annual core inflation in the fell to 0.7 % in April 2018.
- Italy trade surplus fell to EUR 4.53 billion in March of 2018 from EUR 5.31 billion a year earlier. Exports fell the most since April of 2017 and imports were flat.
- Foreign direct investment in China increased by 0.1 % year-on-year to CNY 286.78 billion in January to April 2018.



## Equity Market Update

- Both the benchmark Sensex and Nifty faltered during the week trade, losing 687.49 points and 210.10 points each to breach the important support level of 35,000 and 10,600-level and concluded at 34,848.30 and 10,596.40 respectively.
- The market languished under selling pressure entrapped by political uncertainty of Karnataka Assembly election result during the week trade.
- Global cues are also not supportive as lack of progress in US-China trade tariff issue, fueling tension in Korean peninsula, higher yield on the 10-year US Treasury note which went up to highest 3.09 % in seven years also pressured the investors sentiment.
- The BSE Sensex started the week higher at 35,555.83 and hovered between high of 35,993.53 and low of 34,821.62 before closing the week at 34,848.30, showing a loss of 687.49 or 1.93 %.
- The Nifty also resumed the week higher at 10,815.15 and traded between 10,929.20 and 10,589.10, the index finally closed at 10,596.40, falling 210.10 points, or 1.94 %.
- Broader Market:** Broader indices continued its sell-off for the third consecutive week as both Midcap and Smallcap shares tumbled. The BSE Mid-Cap index fell 448.31 points or 2.74 % to end at 15,895.68 and the BSE Small-Cap index also dipped 491.31 points or 2.76 % to close at 17,326.78.
- FII:** Meanwhile, foreign portfolio investors (FPIs) and foreign institutional investors (FIIs) sold shares worth Rs 660.56 crore during the week, as per Sebi's record including the provisional figure of May 18, 2018.
- Sector Update:** Among sectoral & industry indices, capital goods fell by 4.06 %, followed by auto 3.68 %, PSU 3.33 %, metal 3.10 %, oils and gas 3.07 %, healthcare 2.63 %, bankex 2.51 %, IPO 2.49 %, power 2.08 %, consumer durables 1.90 % and realty 1.81 %. While FMCG and IT rose by 1.14 % and 0.01 %, respectively.

## Domestic Markets



Index	18-May-2018	11-May-2018	% Change
BSE Sensex	34848.3	35535.79	-1.93
S&P CNX Nifty	10596.4	10806.5	-1.94
CNX Midcap	18891.8	19507.1	-3.15
CNX 500	9209.2	9416.35	-2.2
BSE Smallcap	17326.78	17818.09	-2.76

## Global Markets



Index	18-May-2018	11-May-2018	% Change
Dow Jones	24715.09	24831.17	-0.47
Nasdaq	7354.34	7402.88	-0.66
S&P 500	2712.97	2727.72	-0.54
FTSE 100	7778.79	7724.6	0.7
Shanghai Composite	3154.28	3163.26	-0.28
Hang Sang	30942.15	31122.06	-0.58

## Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	24177	24977	-800
MF Flows*	6465	4640	1825

FII data from 11th May to 17th May 2018

MF data from 11th May to 14th May 2018

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



Date	Index	Stocks
14-May-2018	-1157.69	123.79
15-May-2018	3527.23	-10.93
16-May-2018	1633.78	-418.58
17-May-2018	2661.9	-210.43
18-May-2018	-2261.61	-301.95

## Policy Rates



Key Rates (%)	18-May-2018	1 Week Ago	1 Month Ago
Reverse Repo	5.75	5.75	5.75
Repo	6	6	6
CRR	4	4	4
SLR	20	20	20

## Key Rates





## Debt Market Update

- Indian sovereign bonds fell for the first time in three weeks, as a spike in retail inflation led to fears of an imminent rate hike, while elevated U.S. Treasury yields and crude oil prices further weighed on sentiment.
- However, the local papers ended higher today, amid speculations that the government may take steps to revive bond market.
- The benchmark 7.17% bond maturing in 2028 ended at 95.55 rupees, yielding 7.83%, against 95.25 rupees.
- On a weekly basis, the benchmark yield rose 11 basis points, its highest rise since week ended Apr. 20. The central bank had extended bond trading time by 90 minutes to 6:30 p.m. local time today.
- Indian benchmark bond yield has risen by 40 basis points this year amid rising crude oil prices and U.S. Treasury yields, as well as spike in inflation that has increased rate hike fears.



## Commodity Market Update

### Oil week:

- Oil posted another set of substantial gains this week, closing at \$71.28 per barrel on Friday to reach the highest price since 2014. Oil prices continue to move up on concerns about supply disruptions from OPEC's producers Iran and Venezuela. U.S. President Trump decided to reintroduce economic sanctions against Iran that could severely affect that country's oil exports, and Venezuela's crude oil production is in perpetual decline.
- Brent crude futures fell 79 cents, or 1 %, to settle at \$78.51 a barrel. The global benchmark on Thursday broke through \$80 a barrel for the first time since November 2014, and investors anticipate more gains due to supply concerns, at least in the short term.
- Brent, which has gained about 17.5 % since the start of the year, rose about 1.9 % last week. West Texas Intermediate (WTI) crude futures fell 21 cents to settle at \$71.28 a barrel, a 0.29 % loss. The contract rose about 0.9 % for the week, its third straight week of gains.

### Gold Week:

- **Domestic:** Both, gold and silver prices slipped during the week at bullion market following reduced investors offtake and slackened demand from jewellers and retailers at higher levels, amidst weak global trend.
- Gold fell by Rs 520 per 10 grams to close the week at 30,945 during the week.
- Silver too declined and cracked below the Rs 40,000- mark down by Rs 495 to settle at Rs 39,795 per kg on subdued offtake by industrial units and coin makers.
- **Global:** On the global, gold finished a withering week with a slight gain on Friday, as a pickup in a benchmark Treasury yield to its highest level since 2011 and a resurgence in the US dollar moderated somewhat.
- These factors throughout the week combined to decisively knock the commodity in to a downtrend and its worst weekly decline in five months. June gold rose to settle at USD1,291.30 an ounce.



## Currency Market Update

- The embattled rupee witnessed a virtual free-fall - plummeting sharply by a staggering 67 paise to end at a fresh 16-month low of 68, against the US currency on heavy dollar demand amid global macro challenges.
- The Indian rupee hit news headlines during the week, after breaching the key psychological 68-mark for the first time in 2018, as surging global crude prices reinforced fuel inflation concerns and interest rate hikes, consequently impacting growth. The forex sentiment wobbled after the crude prices broke the psychological threshold of \$80 a barrel - spurring a fresh wave of dollar demand from state-run oil marketing companies fearing a further depreciation in value of rupee.
- The rupee is Asia's worst performing currency this year on concerns that slowing capital flows and a wider trade deficit could stretch the funding of India's current account gap. Emerging market currencies too remained under pressure as the US Treasury yield consolidated above the 3% threshold. The domestic currency oscillated between a high of 67.21 and a low of 68.15 a dollar during the week, though it had enjoyed a brief respite witnessing a mid-week rebound.
- Meanwhile, after a brief pause the dollar came back with a vengeance, reaching fresh multi-month highs against other rivals amid highly bullish US macroeconomic data.
- The country's foreign exchange reserves decreased by \$1.237 billion to \$417.702 billion in the week to May 11.

Key Rates (%)	18-May-2018	11-May-2018	% Change
Mibor Overnight	6.04	6.03	0.17
CALL (O/N)	5.97	5.92	0.84
CBLO	5.98	5.36	11.57
T Bills Index (12M)	6.8	6.66	2.1
10 Year GSEC	7.77	7.73	0.52

## Commodity Market



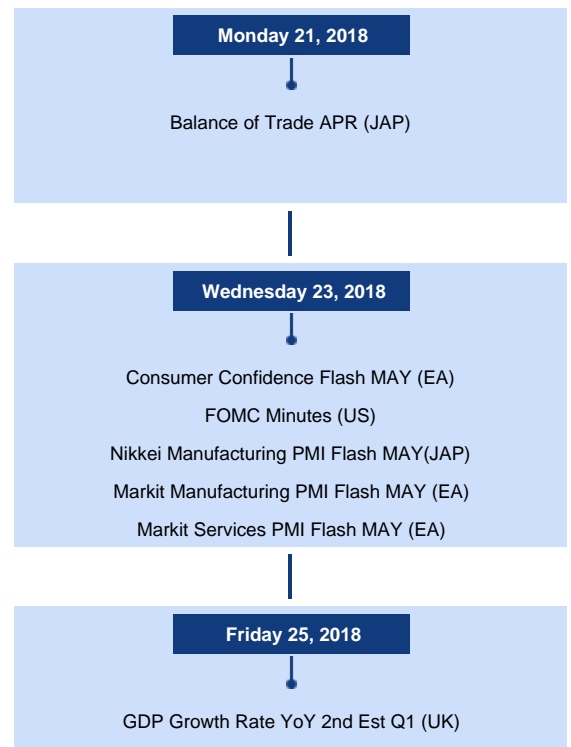
Commodity (INR)	18-May-2018	Gain+/Loss-	% Change
Gold (10 gm)	30921	-340	-1.09
Silver (1 kg)	39650	-37	-0.09
Crude Oil (\$/barrel)	79.67	2.47	3.2

## Currency Market



Currency	18-May-2018	Gain+/Loss-	% Change
USD/INR	67.96	0.74	1.1
EURO/INR	80.28	0.19	0.24
GBP/INR	91.88	1	1.1
JPY/INR	61.31	-0.12	-0.2

## Upcoming Events



## Week Gone By



Events	Actual %	Previous %
WPI Inflation YoY APR (IND)	3.18	2.47
GDP Growth Rate QoQ Prel Q1 (JAP)	-0.2	0.1
GDP Growth		

Annualized Prel Q1 (JAP)	-0.6	0.6
Inflation Rate YoY APR (IND)	4.58	4.28
Balance of Trade APR (IND)	\$-13.72B	\$-13.7B
Industrial Production YoY APR (China)	7.0	6.0
Industrial Production YoY MAR (EA)	3.0	2.6
Retail Sales MoM APR (US)	0.3	0.8
GDP Growth Rate YoY 2nd Est Q1 (EA)	2.5	2.8
Core Inflation Rate YoY Final APR(EA)	0.7	1.0
Industrial Production YoY APR (US)	3.5	3.7
Balance of Trade MAR (EA)	€26.9B	€18.9B
Machinery Orders MoM MAR (JAP)	-3.9	2.1
Inflation Rate YoY APR (JAP)	0.6	1.1

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