



## Financial Market & Economy Update

### Domestic Update:

- The government of India (GoI) has announced the sale (re-issue) of four dated securities for Rs 21000 crore. These include 5.09% GS 2022 3,000, 6.45% GS 2029 9,000, GoI FRB 2031 4,000 and 7.19% GS 2060 5,000. GoI will have the option to retain additional subscription up to Rs 2,000 crore each against any one or more of the above security. The sale will be subject to the terms and conditions spelt out in this notification (called 'Specific Notification-').
- RBI noted that in the wake of the nationwide lockdown due to outbreak of Covid-19 pandemic and the resultant restrictions imposed on movement of people, many farmers are not able to travel to bank branches for payment of their short term crop loan dues. As per RBI circular dated 27 March 2020 regarding Covid 19-Regulatory Package, moratorium has been granted for three months on payment of installments falling due between 1 March 2020 and 31 May 2020 in respect of all term loans including short term crop loans.
- Accordingly, to ensure that farmers do not have to pay penal interest and at the same time continue getting the benefits of interest subvention scheme, Government has decided to continue the availability of 2% interest subvention and 3% prompt repayment incentive to farmers for the extended period of repayment upto 31 May 2020 or date of repayment, whichever is earlier, for short term crop loans upto Rs 3 lakh per farmer which have become due between 1 March 2020 and 31 May 2020.
- The Central Board of Indirect Taxes and Customs (CBIC) extended the deadline to import and export goods without furnishing bonds to the Customs authorities by a fortnight till May 15, a move aimed at facilitating trade during the COVID-19 lockdown. In a circular, the CBIC said businesses will, however, have to furnish proper bond to the Customs authorities by May 30 for import and exports done through undertaking till May 15.
- Fitch Solutions on Monday cut India's economic growth forecast for the financial year 2020-21 to 1.8 per cent saying private consumption is likely to contract due to large-scale loss of income in the face of worsening domestic outbreak of COVID-19.
- Amid the lockdown, government has allowed farm activities to continue, which has resulted in minimum disruption in harvesting activities of winter crops and sustained sowing of summer crops, sown between March and June - the intervening period between Rabi and Kharif crops. Of the Rabi crop harvesting, out of total wheat sown in 310 lakh ha, 63-67% has already been harvested in the country.

### Global Update:

- The GfK consumer confidence in the United Kingdom remained at -34 in April 2020 after plunging 27 points in March, its biggest fall in more than 45 years, after GfK ran an extra poll at the end of the month.
- Japan's consumer price inflation remained unchanged at 0.4 percent yoy in March 2020. Still, it was the lowest inflation since last October, as Covid-19 pandemic continued to hamper consumption. Prices slowed mostly for transport & communication (0.7 percent vs 1.4 percent in February), amid slumping oil prices. Meanwhile, inflation remained unchanged for housing (0.8 percent), clothes & footwear (1.3 percent), and medical care (0.7 percent). In contrast, food prices continued to grow (1.4 percent vs 1.2 percent).
- The Ifo Business Climate indicator for Germany dropped to 74.3 in April 2020, the lowest on record, from a downwardly revised 85.9 in the previous month and below market expectations of 80.
- New orders for US manufactured durable goods plunged 14.4 percent month-over-month in March of 2020, following a downwardly revised 1.1 percent gain in February and worse than market forecasts of a 11.9 percent drop.
- Annual inflation rate in the United Kingdom eased to 1.5% in March of 2020 from 1.7% in February with the prices of motor fuels and clothing making the largest downward contribution.
- Euro Area recorded a Government Budget deficit equal to 0.60 percent of the country's Gross Domestic Product in 2019.
- Euro Area recorded a government debt equivalent to 84.10 percent of the country's Gross Domestic Product in 2019.
- UK unemployment rate rose 0.1 percentage point from the previous quarter to 4% in three months to February, data from the Office for National Statistics showed Tuesday. During three months to February, an estimated 1.36 million people were unemployed. This was 22,000 more than a year earlier. At the same time, the employment rate rose 0.2 percentage points from previous three months to a record high of 76.6%. Data showed that annual growth in average gross earnings excluding bonus was 2.9% and that including bonus came in at 2.8%.
- German economic confidence improved strongly in April, survey data from the ZEW - Leibniz Centre for European Economic Research showed Tuesday. The ZEW Indicator of Economic Sentiment advanced 77.7 points to 28.2 points in April. Meanwhile, the current conditions index plunged 48.4 points to -91.5 points.
- Japan's trade surplus plunged to JPY 4.95 billion in March 2020 from JPY 517.29 billion in the same month a year earlier and well below market expectations of a JPY 420 billion surplus. Year-on-year, exports tumbled 11.7 percent to JPY 6.36 trillion while imports shrank 5 percent to JPY 6.35 trillion.
- The Eurozone current account surplus widened sharply to EUR 33.8 billion in February 2020 from EUR 19.4 billion in the same month of the previous year. The goods surplus increased to EUR 32.6 billion from EUR 25.9 billion a year earlier and the primary income surplus rose to EUR 10.9 billion from EUR 10.1 billion, while the secondary income deficit narrowed to EUR 14.1 billion from EUR 24.2 billion. Meanwhile, the services surplus declined to EUR 4.5 billion from EUR 7.6 billion.
- The Euro Area trade surplus widened to EUR 23.0 billion in February 2020 from EUR 18.5 billion in the same month of the previous year, as exports increased 1.6 percent and imports dropped 1.0 percent.



## Equity Market Update

- The market, after a rebound in previous two weeks, lost its strength in the week that ended on April 24 amid rising number of novel coronavirus cases and a delay in announcement of a larger financial package to support the economy.

## Domestic Markets



Index	24-Apr-2020	17-Apr-2020	% Change
BSE Sensex	31327.22	31588.72	-0.83
S&P CNX Nifty	9154.4	9266.75	-1.21
CNX Midcap	12695.7	13046.8	-2.69
CNX 500	7493.45	7614.4	-1.59
BSE Smallcap	10633.54	10800.91	-1.55

## Global Markets



Index	24-Apr-2020	17-Apr-2020	% Change
Dow Jones	23775.27	24242.49	-1.93
Nasdaq	8634.52	8650.14	-0.18
S&P 500	2836.74	2874.56	-1.32
FTSE 100	5752.2	5787	-0.6
Shanghai Composite	2808.53	2838.5	-1.06
Hang Sang	23831.33	24380	-2.25

## Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	30216	33230	-3014
MF Flows*	15962	16360	-398

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



Date	Index	Stocks
17-Apr-2020	168.71	-730.59
20-Apr-2020	140.43	-509.93
21-Apr-2020	-1180.96	-683.05
22-Apr-2020	219.2	531.03
23-Apr-2020	1350.97	-98.52

## Policy Rates



Key Rates (%)	24-Apr-2020	1 Week Ago	1 Month Ago
Reverse Repo	3.75	4	4.9
Repo	4.4	4.4	5.15
CRR	3	3	4
SLR	18	18	18.5

## Key Rates



- While the BSE Sensex corrected 0.83 percent, the Nifty50 lost 1.2 percent.
- Rising expectations of an extended lockdown and its severe impact on June quarter earnings, the closure of debt schemes by Franklin Templeton fund and volatility in oil prices also kept market under pressure, though volatility cooled off. Globally too, markets remained in wait-and-watch mode after the recent rally.
- **Broader Markets:** The BSE Mid-Cap index dropped 359.87 or 3.04% to settle at 11,464.20. The BSE Small-Cap index slipped 167.37 points or 1.55% to settle at 10,633.54.
- **Sector Update:** On the sectoral front, Nifty Metal has underperformed other indices with loss of 9.4 percent followed by Nifty realty Index (down 5.4 percent) and Nifty Bank (down 5.3 percent). On the other hand, Nifty Pharma Index rose 4 percent.

Key Rates (%)	24-Apr-2020	17-Apr-2020	% Change
Mibor Overnight	4.48	4.58	-2.18
CALL (O/N)	4.04	4.24	-4.72
CBLO	2.12	2.4	-11.67
T Bills Index (12M)	3.79	4	-5.25
10 Year GSEC	6.17	6.35	-2.83



## Debt Market Update

- The Reserve Bank India's statement on redeploying of operation twist led to a decline in bond yields.
- 10 year Gsec closed on 6.17% from last week 6.35%.



## Commodity Market Update

### Oil Update:

- U.S. West Texas Intermediate and international-benchmark Brent crude oil futures finished lower for their eighth weekly loss in the last nine, during one of the most tumultuous weeks in the history of oil trading, highlighted by the nearby expiring May U.S. futures contract falling into negative territory for the first time to minus \$37.63 a barrel on Monday, while Brent fell to a twenty-year low.
- Last week, June WTI crude oil futures settled at \$16.94, down \$8.09 or -32.32% and June Brent crude oil closed at \$21.44, down \$6.64 or -30.97%.
- June futures hit their low of the week at \$6.05 as May futures expired on Tuesday. This allowed prices to stabilize somewhat with traders saying the late week rally was fueled by short-covering and profit-taking rather than speculative buying.
- Although the markets recovered more than 50% of their earlier weekly losses by Friday, nothing changed in the fundamentals to turn the energy complex bullish.

### Gold Update:

- Gold prices edged higher on Friday ahead of Akshaya Tritiya as investors rushed to safety amid lockdown and fast-spreading coronavirus. In India, the total number of COVID-19 patients have crossed 23,000-mark, according to the government data.
- Last week MCX gold prices hit a record high level of Rs 46,785 per 10 grams. Gold June futures were trading close to their lifetime high level, at Rs 46,635 per 10 grams, up Rs 208 or 0.45 per cent.
- Similarly, silver may futures were ruling Rs 194 or 0.46 per cent higher at Rs 42,000 per kg. As gold prices have hit lifetime highs twice this month, experts suggest that it is a good time to buy the yellow metal.
- Gold prices have jumped nearly 18 per cent from its recent low of Rs 38,400 per 10 grams hit on March 16, 2020. While silver futures have surged 20 per cent from its recent low of Rs 33,580 per kg. Last year on Akshaya Tritiya, around 33-35 tons of gold was sold. However, due to coronavirus-led lockdown, in the month of March, India has just imported 25 tonnes of gold against around 94 tonne last year.



## Currency Market Update

- In the last week the Indian rupee touched a fresh record low of 76.92, while it has ended marginally lower at 76.45 on April 24 against its April 17 closing of 76.40.
- Foreign Exchange Reserves in India increased to 479570 USD Million in April 17 from 476475 USD Million in the previous week.
- The U.S. dollar DXY, -0.27% was down 0.1% against a basket of currency trading partners, as measured by the U.S. Dollar Index.

## Commodity Market



Commodity (INR)	24-Apr-2020	Gain+/Loss-	% Change
Gold (10 gm)	46527	792	1.73
Silver (1 kg)	42051	-755	-1.76
Crude Oil (\$/barrel)	21.44	-6.64	-23.65

## Currency Market



Currency	24-Apr-2020	Gain+/Loss-	% Change
USD/INR	76.42	0.12	0.16
EURO/INR	82.21	0.84	1.01
GBP/INR	94.22	1.25	1.31
JPY/INR	71	0.04	0.06

## Upcoming Events



Inflation Rate YoY JUL (CHINA)  
 Balance of Trade JUN (GERMANY)  
 GDP Growth Rate YoY Prel Q2 (GREAT BRITAIN)  
 Balance of Trade JUN (GREAT BRITAIN)  
 Foreign Exchange Reserves AUG/02 (INDIA)

## Week Gone By



Events	Actual %	Previous %	1 Year ago %
Claimant Count Change MAR (GREAT BRITAIN)	12.2K	5.9K	
ZEW Economic Sentiment Index APR (GERMANY)	28.2	-49.5	
Inflation Rate YoY MAR (GREAT BRITAIN)	1.5	1.7	
GfK Consumer Confidence MAY (GERMANY)	-23.4	2.3	
Inflation Rate YoY MAR (JAPAN)	0.4	0.4	
Ifo Business Climate APR (GERMANY)	74.3	85.9	
Deposit Growth YoY APR/10 (INDIA)	9.5	7.9	
Foreign Exchange Reserves APR/17 (INDIA)	\$479.57B	\$476.47B	
Bank Loan Growth YoY APR/10 (INDIA)	7.2	6.1	
Durable Goods Orders MoM MAR (US)	-14.1	1.1	

### Disclaimer

The information contained in this material are extracted from different public sources and does not represent views/opinions of Kotak Mahindra Asset Management Company Limited or its associated companies. Kotak Mahindra Asset Management Co Ltd does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. All reasonable care has been taken to ensure that the information contained herein is not misleading or untrue at the time of publication. This is not a sales literature and all the information is for the information of the person to whom it is provided without any liability whatsoever on the part of Kotak Mahindra Asset Management Co Ltd or any associated companies or any employee thereof.

### Risk Factors

Mutual fund investments are subject to market risks, read all scheme related documents carefully.