



Financial Market & Economy Update

Domestic Update:

- India, which was ranked 118 in 2014, is now at 96th rank on the United Nation's E-Government Index.
- Retail sales in Japan rose by 1.8 % year-on-year in June of 2018, after a 0.6 % gain in May.
- Growth of eight core sectors expanded to 7-month high of 6.7 % in June due to better performance by cement, refinery and coal segments.
- Government's finances have shown improvement in the June quarter of 2018-19 with fiscal deficit working out to 68.7 % of the Budget Estimate, mainly on account of higher revenue collection.
- The government on Tuesday sought Parliament's approval for additional gross additional expenditure of Rs 11,697.92 crore for the current fiscal.
- The Nikkei India Manufacturing PMI dropped to 52.3 in July of 2018.
- The Reserve Bank of India raised interest rates for the second straight meeting on Wednesday, but retained its "neutral" stance as it aimed to contain inflation while not choking growth and retained GDP growth forecast at 7.4 % for FY19.
- The Cabinet on Wednesday approved GST laws amendments which included hiking threshold limit for availing composition scheme dealers to Rs 1.5 crore, among other things. The GST collection for the month of July touched Rs 96,483 crore.
- India, Germany sign pact for financial, technical collaboration in area of urban development.
- Monsoon rains will be normal in August and September, the India Meteorological Department said on Friday.
- Government beats target! 5 crore gas connections under Ujjwala Yojana given 8 months ahead of deadline
- India's services sector activity remained in the growth territory for the second consecutive month in July. The seasonally adjusted Nikkei India Services Business Activity Index rose from 52.6 in June to 54.2 in July, as new businesses rose at the fastest rise since June 2017.
- India and Kazakhstan on Friday agreed to further strengthen defence cooperation as External Affairs Minister Sushma Swaraj met the country's top leaders to discuss ways to consolidate the strategic partnership in areas like trade, energy, security and information technology.

Global Update:

- The U.S. Federal Reserve kept interest rates unchanged but characterized the economy as strong, keeping the central bank on track to increase borrowing costs in September.
- Job cuts announced by US-based employers fell 27.1 % month-over-month to 27,122 in July of 2018
- Eurozone economic growth slows to quarterly rate of 0.3 % in second quarter from 0.4 % in first quarter.
- U.S. consumer spending increased solidly in June. The Commerce Department said consumer spending, which accounts for more than two-thirds of U.S. economic activity, rose 0.4 % last month.
- The Nikkei Japan Manufacturing PMI came in at 52.3 in July of 2018, compared to the flash figure of 51.6 and a final of 53.0 in June.
- The Caixin China General Manufacturing PMI fell to an eight-month low of 50.8 in July of 2018 from 51.0 in June.



Equity Market Update

- The benchmark Sensex tagged second straight weekly gains, rising 219.31 to close 37,556.16, the broader Nifty also garnered 82.45 points to record close of 11,360.80.
- The market endured volatility due to key event of The Reserve Bank of India (RBI) policy review, witnessing tug-of-war between bull and bears, the contest saw key indices marking life-time highs and ample sell-offs, however, steady demand in power stocks kept the market buoyancy and bulls remaining upper-hand.
- Healthier Q1 results and optimism lifted the market.
- The BSE Sensex started the week strong at 37,491.39 and climbed to life highs at 37,711.87 and low of 37,128.99, the index closed the week at 37,556.16, showing a gain of 219.31 or 0.59 %.
- The Nifty also resumed the week higher at 11,296.65 and traded between all-time highs at 11,390.55 and low of 11,234.95, the index finally ended 11,360.80, a gain of 82.45 points, or 0.73 %.
- Broader Markets:** The broader market continued its bull-run with Small cap and midcap ending the week with ample gains. The BSE Mid-Cap index rose 294.27 points or 1.85 % to settle at 16,206.89. The BSE Small-Cap index rose 383.32 points or 2.33 % to settle at 16,833.52. Both these indices outperformed the Sensex.
- FII:** Meanwhile, foreign portfolio investors (FPIs) and foreign institutional investors (FIIs) sold shares worth Rs 75.29 crore during the week.
- Sector Update:** Among sectoral and industry indices, healthcare rose by 4.61 %, PSU 3.65 %, consumer durables 3.60 %, oil and gas 2.47 %, metal 2.34 %, FMCG

Domestic Markets



| Index | 03-Aug-2018 | 27-Jul-2018 | % Change |
|---------------|-------------|-------------|----------|
| BSE Sensex | 37556.16 | 37336.85 | 0.59 |
| S&P CNX Nifty | 11360.8 | 11278.35 | 0.73 |
| CNX Midcap | 19112.7 | 18781.45 | 1.76 |
| CNX 500 | 9685.7 | 9579.05 | 1.11 |
| BSE Smallcap | 16833.52 | 16450.2 | 2.33 |

Global Markets



| Index | 03-Aug-2018 | 27-Jul-2018 | % Change |
|--------------------|-------------|-------------|----------|
| Dow Jones | 25462.58 | 25451.06 | 0.05 |
| Nasdaq | 7812.02 | 7737.42 | 0.96 |
| S&P 500 | 2840.35 | 2818.82 | 0.76 |
| FTSE 100 | 7659.1 | 7701.3 | -0.55 |
| Shanghai Composite | 2740.44 | 2873.59 | -4.63 |
| Hang Sang | 27676.32 | 28804.28 | -3.92 |

Institutional Flows (Equity)



| Description (INR Cr) | Purchases | Sales | Net |
|----------------------|-----------|-------|-------|
| FII Flows* | 24771 | 24280 | 491 |
| MF Flows* | 21286 | 22803 | -1517 |

F&O FII Trends (Rs. Crs)



| Date | Index | Stocks |
|-------------|----------|---------|
| 30-Jul-2018 | -96.47 | 976.85 |
| 31-Jul-2018 | 214.88 | 898.44 |
| 01-Aug-2018 | 1101.92 | 62.96 |
| 02-Aug-2018 | 2278.77 | -303.33 |
| 03-Aug-2018 | -1368.83 | -103.59 |

Policy Rates



| Key Rates (%) | 03-Aug-2018 | 1 Week Ago | 1 Month Ago |
|---------------|-------------|------------|-------------|
| Reverse Repo | 6 | 6 | 6 |
| Repo | 6.5 | 6.25 | 6 |
| CRR | 4 | 4 | 4 |
| SLR | 19.5 | 19.5 | 19.5 |

Key Rates



2.23 %, power 2.08 %, IPO 2.07 %, bankex 1.09 %, capital goods 0.77 %, teck 0.77 %, realty 0.67 % and IT 0.60 %, while auto fell by 0.61 %.



Debt Market Update

- Indian government bonds rose this week, after the Monetary Policy Committee maintained a neutral stance despite a rate hike, and as traders do not expect another policy tightening in the near term.
- The benchmark bond yield fell two basis points this week. It had fallen by an aggregate of 12 basis points in the last four weeks.
- India's rate-setting MPC hiked key interest rate by 25 basis points earlier this week, the second such move in two months, but the commentary was seen as balanced by traders.



Commodity Market Update

Oil Update:

- Crude prices have been on the back foot recently, with WTI posting its fifth straight weekly loss on Friday, while Brent suffered its fourth week of declines in five, amid reports of faster supply increases from major global producers.
- U.S. benchmark oil, September West Texas Intermediate crude, ended Friday's session down 47 cents, or 0.7%, at \$68.49 a barrel, with the contract down around 0.3% from last week's finish.
- October Brent crude, the global benchmark, fell 24 cents to \$73.21, with the contract marking a weekly loss of around 2.1%.
- Russian oil output rose by 150,000 barrels per day (bpd) in July from a month earlier, to 11.21 million bpd, energy ministry data showed on Thursday.
- Output by top exporter Saudi Arabia has also risen recently, to around 11 million bpd, and U.S. production is around that level as well, adding to indications of more ample supply.
- The Organization of the Petroleum Exporting Countries (OPEC) and other oil producers led by Russia agreed in June to ease production curbs to make up for lost supplies out of Libya, Venezuela and Iran.
- The deal effectively increases combined oil output by 1 million bpd.

Gold Update:

- Domestic:** Extending its slide for the fourth straight week, gold lost Rs 230 to end at Rs 30,550 per 10 grams at the bullion market taking weak cues from overseas markets and fall in demand from local jewellers at domestic spot market.
- Silver also ended lower at Rs 39,100 per kg due to poor offtake by industrial units and coin makers.
- In the national capital, gold of 99.9 and 99.5 % purity started the week on a subdued note, triggered by a weak global trend, and slipped to touch a low of Rs 30,435 and Rs 30,285 per 10 grams, respectively.
- Later, it staged a recovery to close at Rs 30,550 and Rs 30,400 per 10 grams respectively, still showing a loss of Rs 230 each.
- Silver coins dropped by Rs 1,000 to Rs 73,000 for buying and Rs 74,000 for selling of 100 pieces.
- International:** Globally, gold ended the week lower at USD 1,213.30 an ounce and silver at USD 15.38 an ounce in New York.



Currency Market Update

- The rupee continued to muscle up against the US currency for the second straight week as it extended gains after overcoming initial volatility amid a ratcheting up of global trade war rhetoric.
- Indeed it was a highly volatile week for the forex market as the Indian currency climbed to a fresh one-month high of 68.26 during a brief mid-week rally post RBI policy meet before retreating sharply.
- It finally settled at 68.60 - a modest 5 paise gain.
- The forex market sentiment was buoyed by the Reserve Bank maintaining its growth outlook for the economy, projecting an GDP expansion rate of 7.4 % in 2018-19 on the back of robust macroeconomic environment.
- The central bank's upbeat comments on the economic growth outlook predominantly triggered a fresh leg of a bullish move for the home currency after initial wobbliness.
- Earlier this week, the rupee resumed lower at 68.70 from weekend close of 68.65 at the inter-bank foreign exchange (forex) market.
- But, later regained strength after RBI reassured that the economy is poised to grow faster at 7.4 % in 2018-19 on the back of robust macroeconomic environment.
- After scaling a fresh one-month high of 68.26, the home currency took a sharp reverse turn and drifted sharply to hit a low of 68.84, though it managed to bounce back to end almost flat at 68.60, a small gain of 5 paise.
- The RBI, meanwhile, fixed the reference rate for the dollar at 68.7933 and for the euro at 79.6746.
- Meanwhile, country's forex reserves declined by USD 950.9 million to USD 404.192 billion in the week to July 27, on account of a fall in the foreign currency assets, the RBI showed.
- Globally, the US dollar came under some renewed pressure after data showed U.S.

| Key Rates (%) | 03-Aug-2018 | 27-Jul-2018 | % Change |
|---------------------|-------------|-------------|----------|
| Mibor Overnight | 6.46 | 6.27 | 3.03 |
| CALL (O/N) | 6.37 | 6.14 | 3.75 |
| CBLO | 5.99 | 6.21 | -3.54 |
| T Bills Index (12M) | 7.25 | 7.23 | 0.28 |
| 10 Year GSEC | 7.76 | 7.78 | -0.26 |

Commodity Market



| Commodity (INR) | 03-Aug-2018 | Gain+/Loss- | % Change |
|-----------------------|-------------|-------------|----------|
| Gold (10 gm) | 29428 | -294 | -0.99 |
| Silver (1 kg) | 37653 | -121 | -0.32 |
| Crude Oil (\$/barrel) | 73.45 | -1.11 | -1.49 |

Currency Market



| Currency | 03-Aug-2018 | Gain+/Loss- | % Change |
|----------|-------------|-------------|----------|
| USD/INR | 68.79 | 0.09 | 0.13 |
| EURO/INR | 79.67 | -0.31 | -0.39 |
| GBP/INR | 89.52 | -0.47 | -0.52 |
| JPY/INR | 61.58 | -0.26 | -0.42 |

Upcoming Events



Week Gone By



| Events | Actual % | Previous % | 1 Year ago % |
|--------------------------------------|----------|------------|--------------|
| NBS Manufacturing PMI JUL (China) | 51.2 | 51.5 | |
| BoJ Interest Rate Decision (Japan) | -0.1 | -0.1 | |
| Caixin Manufacturing PMI JUL (China) | 50.8 | 51.0 | |
| Nikkei Manufacturing PMI JUL (India) | 52.3 | 53.1 | |

- job growth slowed in July on Friday, while slipping against the yuan after the Chinese central bank acted to stabilize the currency by stemming speculation against it.
- The dollar index, which measures the greenback's value against a basket of six major currencies ended at 95.03 from 94.47.

| | | |
|------------------------------------|----------|----------|
| RBI Interest Rate Decision (India) | 6.5 | 6.25 |
| Fed Interest Rate Decision (US) | 2.0 | 2.0 |
| Caixin Services PMI JUL (China) | 52.8 | 53.9 |
| Balance of Trade JUN (U.S.) | \$-46.3B | \$-43.1B |

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