



## Financial Market & Economy Update

### Domestic Market Update:

- India-s Crude oil production during April, 2021 was 2493.26 TMT which is 1.16% higher than target but 2.07% lower than the production during April, 2020. Natural gas production during April, 2021 was 2651.49 MMSCM which is 22.68% higher than the production during April, 2020 but lower by 1.02% than the monthly target.
- The value of loans in India increased 6 percent year-on-year in the two weeks to May 7th 2021.
- The value of deposits in India increased 9.9 percent year-on-year in the fortnight ended May 7th, 2021.
- The Reserve Bank Of India (RBI) has reported that currency in circulation rose by 0.6% on the week to stand at Rs 29.57 lakh crore as on April 23, 2021. The central bank stated further that the overall reserve money gained 1.1% on the week at Rs 36.26 lakh crore. Currency in circulation rose around 14.20% on a year ago basis compared to 17.20% growth at the same time last year. In the current fiscal, the currency in circulation has increased by 3.5% so far while the reserve money has recorded a rise of around 4%.
- The index of mineral production of mining and quarrying sector for the month of February, 2021 (Base: 2011-12=100) at 116.5, was 5.5% lower as compared to the level in the month of February, 2020. The cumulative growth for the period April-February, 2020-21 over the corresponding period of previous year has been (-) 9.6%.
- Paddy procurement in the ongoing season Kharif 2020-21 is continuing smoothly in the procuring States with purchase of over 749.98 lakh metric tonnes (LMTs) of paddy (includes Kharif Crop 705.56 LMT and Rabi Crop 44.42 LMT) upto 17.05.2021 against the last year corresponding purchase of 697.09 LMT, marking a rise of around 7.44% on year. About 111.95 Lakh farmers have already been benefitted from the ongoing KMS procurement Operations with MSP value of Rs. 1,41,595.71 Crore.
- The Wholesale Price in India (WPI) revealed today that in April, 2021 (over April, 2020), the annual rate of inflation (YoY), based on monthly WPI, stood at 10.49% (Provisional). The annual rate of inflation in April 2021 is high primarily because of rise in prices of crude petroleum, mineral oils viz petrol, diesel etc, and manufactured products as compared to the corresponding month of the previous year. The monthly rate of inflation, based on month over month movement of WPI index, in April 2021 stood at 1.86% (Provisional) as compared to March 2021.
- Primary Articles index increased by (3.83%) to 151.8 (Provisional) in April, 2021 from 146.2 (Provisional) for the month of March, 2021. Prices of Minerals (6.66%), Crude Petroleum & Natural Gas (4.80%), Food Articles (3.84%) and Non-food Articles (2.65%) increased in April, 2021 as compared to March, 2021.
- Fuel & Power index declined by (-1.00%) to 108.6 (Provisional) in April, 2021 from 109.7 (Provisional) for the month of March, 2021. Prices of Coal (0.32%) and Mineral Oils (0.29%) increased in April, 2021 as compared to March, 2021. Prices of Electricity (-4.96%) declined in April, 2021 as compared to March, 2021.
- Manufactured Products index increased by (1.65%) to 129.4 (Provisional) in April, 2021 from 127.3 (Provisional) for the month of March, 2021. Out of the 22 NIC two-digit groups for Manufactured products, 20 groups have witnessed increase in prices in April 2021 compared to March 2021. The increase in prices are primarily contributed by the manufacture of basic metals, food products, chemical & chemical products, textiles, and rubber & plastic products. Two groups that have witnessed decrease in prices are manufacture of other manufacturing and printing and reproduction of recorded media in April, 2021 as compared to March, 2021.
- The Food Index consisting of ~Food Articles~ from Primary Articles group and ~Food Product~ from Manufactured Products group have increased from 153.4 in March, 2021 to 158.9 in April, 2021. The rate of inflation based on WPI Food Index increased from 5.28% in March, 2021 to 7.58% in April, 2021.

### International Market Update:

- Japan overall consumer prices were down 0.4% on year in April, the Ministry of Internal Affairs and communications said on Friday, after slipping 0.2% in March. Core CPI, which excludes volatile food prices, was steady at -0.1% on year. Individually, prices for food, fuel, medical care and communication were all lower - while housing, furniture, clothing, education and recreation were higher. On a seasonally adjusted monthly basis, overall inflation fell 0.4% and core CPI sank 0.5%.
- UK retail sales expanded 9.2% month-on-month in April, faster than the 5.1% increase in March, driven by the easing of coronavirus restrictions, data published by the Office for National Statistics showed on Friday. Moreover, this was the biggest increase since June 2020, when sales were up 13.9%. Meanwhile, food stores sales dropped 0.9% in April. On a yearly basis, retail sales volume grew sharply by 42.4%, after rising 7.2% in March.
- Japan value of core machine orders advanced a seasonally adjusted 3.7% on month in March, the Cabinet Office said on Thursday, standing at 798.1 billion yen, following the 8.5% decline in February. On a yearly basis, core machine orders fell 2%, after sinking 7.1% a month earlier.
- Australia jobless rate came in at a seasonally adjusted 5.5% in April, the Australian Bureau of Statistics said on Thursday, down from the upwardly revised 5.7% in March (originally 5.6%). The Australian economy lost 30,600 jobs to 13,040,400 last month, well shy of expectations for a gain of 15,000 jobs following the addition of 70,700 jobs in March. The participation rate fell to 66% which would have been unchanged from the previous month. Over the year to April 2021, employment increased 637,900 people (5.1%).
- Eurozone inflation rose to 1.6% in April from 1.3% in March, driven by higher energy prices, final data from Eurostat showed on Wednesday. This was the highest rate

## Domestic Markets



Index	21-May-2021	14-May-2021	% Change
BSE Sensex	50540.48	48732.55	3.71
S&P CNX Nifty	15175.3	14677.8	3.39
CNX Midcap	25413.4	24363.65	4.31
CNX 500	12917.85	12472.15	3.57
BSE Smallcap	23130.4	22200.54	4.19

## Global Markets



Index	21-May-2021	14-May-2021	% Change
Dow Jones	34207.84	34382.13	-0.51
Nasdaq	13470.99	13429.98	0.31
S&P 500	4155.86	4173.85	-0.43
FTSE 100	7018.05	7043.61	-0.36
Shanghai Composite	3486.56	3490.38	-0.11
Hang Sang	28458.44	28027.57	1.54

## Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	35764	37104	-1340
MF Flows*	31187	30463	724

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



Date	Index	Stocks
14-May-2021	5269.15	-1243.11
17-May-2021	-3609.95	1177.19
18-May-2021	9037.41	-783.45
19-May-2021	-157.26	-1509.69
20-May-2021	4918.57	-1912.4

## Policy Rates



Key Rates (%)	21-May-2021	1 Week Ago	1 Month Ago
Reverse Repo	3.35	3.35	3.35
Repo	4	4	4
CRR	3.5	3.5	3
SLR	18	18	18

## Key Rates



since April 2019, when inflation was 1.7%. On a monthly basis, the harmonized index of consumer prices advanced 0.6% in April, as estimated. Meanwhile, core inflation that excludes energy, food, alcohol and tobacco, eased to 0.7% from 0.9% in the previous month. This was below the flash estimate of 0.8%.

- UK consumer prices advanced 1.5% year-on-year in April, more than double the March-s 0.7% increase, the Office for National Statistics said on Wednesday. On a monthly basis, consumer price growth increased to 0.6% from 0.3% in March. Excluding volatile energy, food, alcoholic beverages and tobacco prices, core inflation rose moderately to 1.3% from 1.1% a month ago.
- Japan-s industrial production increased a seasonally adjusted 1.7% month-on-month in March, final data from the Ministry of Economy, Trade and Industry showed on Wednesday. In the initial estimate, industrial production rose 2.2%. Shipment grew 0.4% monthly in March. According to the initial estimate, shipment rose 0.8%. Inventories gained 0.4% in March versus 0.1% growth in the initial estimate.
- UK jobless rate fell 0.3 percentage points to 4.8% in the first quarter, the Office for National Statistics reported Tuesday. At the same time, the employment rate was estimated at 75.2%, up 0.2 percentage points from the previous quarter. Data showed that annual growth in average earnings, including bonuses, came in at 4.0 percent. In April, the claimant count rate held steady at 7.2%. The number of people claiming unemployment benefits decreased by 15,100 from March.
- Japan-s gross domestic product shrank an annualized 5.1% in the first quarter of 2021, the Cabinet Office said in Tuesday-s preliminary report, following the downwardly revised 11.6% increase in the previous three months (originally 11.7%). On a quarterly basis, GDP sank 1.3%, following the 2.8% increase in the three months prior.
- Japan-s tertiary activity rose for the first time in four months in March, data from the Ministry of Economy, Trade and Industry showed on Tuesday. The tertiary activity index gained 1.1% month-on-month in March, after a 0.3% decrease in February. On a yearly basis, the tertiary activity index rose 0.5% in March, after a 5.6% fall in the previous month.
- According to a report released by the Federal Reserve on Friday, the US industrial production rose by 0.7% in April after soaring by an upwardly revised 2.4% in March. The increase in industrial production was partly due to a rebound in utilities output, which spiked by 2.6% in April after plunging by 9% in March. The report also showed capacity utilization in the industrial sector rose to 74.9% in April from 74.4% in March.
- Consumer sentiment in the US deteriorated in the month of May, according to preliminary data released by the University of Michigan on Friday. The report showed the consumer sentiment index fell to 82.8 in May from 88.3 in April. The current economic conditions index slid to 90.8 in May from 97.2 in April, while the index of consumer expectations slipped to 77.6 from 82.7. On the inflation front, one-year inflation expectations spiked to 4.6% in May from 3.4% in April while the five-year inflation expectations also jumped to 3.1% from 2.7%.
- The US Commerce Department said retail sales were almost unchanged in April after soaring by an upwardly revised 10.7% in March. Excluding the increase in sales by motor vehicle and parts dealers, retail sales slid by 0.8% in April after surging up by 8.9% in March. The core retail sales, which exclude automobiles, gasoline, building materials and food services, slumped by 1.5% in April after soaring by 7.6% in March.
- China-s industrial output grew 9.8% in April from a year ago, slower than the 14.1% surge in March, official data showed on Monday. Retail sales rose 17.7% year-on-year in April, down from the 34.2% jump seen in March. The country's fixed asset investment increased 19.9% in the first four months from the same period a year earlier, slowing from January-March-s 25.6% increase.
- Data firm IHS Markit said its flash U.S. manufacturing PMI increased to 61.5 in the first half of this month. That was the highest reading since October 2009.

Key Rates (%)	21-May-2021	14-May-2021	% Change
Mibor Overnight	3.39	3.38	0.3
CALL (O/N)	3.14	3.45	-8.99
CBLO	3.32	3.41	-2.64
T Bills Index (12M)	3.71	3.7	0.27
10 Year GSEC	5.98	5.99	-0.15

## Commodity Market



Commodity (INR)	21-May-2021	Gain+/Loss-	% Change
Gold (10 gm)	48404	728	1.53
Silver (1 kg)	71049	-36	-0.05
Crude Oil (\$/barrel)	66.44	-2.27	-3.3

## Currency Market



Currency	21-May-2021	Gain+/Loss-	% Change
USD/INR	73.44	-0.07	-0.09
EURO/INR	89.12	-0.36	-0.41
GBP/INR	103.8	-0.75	-0.73
JPY/INR	67.51	-0.5	-0.75

## Upcoming Events



## Equity Market Update

- The market had a stellar rally in the week ended May 21 as bulls turned stronger to help the benchmark indices see the biggest weekly gains since budget week. The falling COVID-19 cases along with favourable global cues and in line corporate earnings for March quarter lifted sentiment.
- The BSE Sensex spiked 1,807.93 points or 3.71 percent to 50,540.48, while the Nifty50 rallied 497.50 points or 3.39 percent to 15,175.30, the highest level since March 3, 2021, outperforming the global peers.
- **Broader Market Update:** The broader markets also joined the bulls' party, as the BSE Midcap index gained 4.77 percent and Smallcap index was up 4.19 percent during the week.
- **Sectoral Update:** The Bank Nifty with the 7.6 percent rally was the biggest gainer among sectoral indices during the week. Banking & financials, auto, IT and infra stocks led the support to the market.



## Debt Market Update

- The central bank accepted a total amount of Rs 8345 crore for the benchmark 10 year bond. The cut off yield was 5.95%.
- The benchmark 10-year 5.85% G sec 2030 bond yield ended flat at 5.97%, hovering around their three month low.
- The benchmark 10-year US Treasury yield currently quotes slightly higher at 1.63%.

## Commodity Market Update

## Week Gone By



Events	Actual %	Previous %
WPI Food YoY APR (India)	4.92	3.24
WPI Fuel YoY APR (India)	20.94	10.25
WPI Manufacturing YoY APR (India)	9.01	7.34
WPI Inflation YoY APR (India)	10.49	7.39



### Oil Update:

- Crude oil witnessed its first weekly loss in May amid broad selloff in commodities, weak demand outlook in Asia and progress over US-Iran nuclear talk. However, oil prices regained some of the losses on Friday tracking rally in equity indices and improving virus situation in Europe and the United States.
- Crude oil tumbled Rs 127, or 2.65 percent, during the week and fell during three out of five trading sessions on the domestic bourse.
- Oil prices fell after diplomats said progress was made toward a deal to lift U.S. sanctions on Iran, which could boost crude supply.
- The number of rigs drilling crude oil in the US soared by 4 to 356 for the week to May 21, the highest since April 2020, said Baker Hughes in a weekly report.
- West Texas Intermediate crude gained 2.65 percent to settle at \$63.58 per barrel, while Brent crude, the London-based international benchmark jumped 2.04 percent to \$66.44 per barrel.

### Gold Update:

- Gold prices in India were volatile this week, hitting a near four-month high and then giving up some gains. Gold futures on MCX hit the highest level since February when they touched ₹48,830 per 10 gram on Wednesday before giving up some gains towards the end of the week.
- Gold futures settled at ₹48,439 on Friday. Silver too had a volatile week, rising to ₹74,200 per kg on Tuesday and then settling lower at ₹71,000 on Friday.
- In global markets, US gold futures settled flat near \$1,880 on Friday.

GDP Growth Rate QoQ Prel Q1 (Japan)	-1.3	2.8
Claimant Count Change APR (Great Britain)	-15.1K	-19.4K
Inflation Rate YoY APR (Great Britain)	1.5	0.7
Balance of Trade APR (Japan)	¥255.3B	¥662.2B
Gfk Consumer Confidence MAY (Great Britain)	-9.0	-15.0
Inflation Rate YoY APR (Japan)	-0.4	-0.2
Deposit Growth YoY MAY/07 (India)	9.9	10.3
Foreign Exchange Reserves 14/MAY (India)	\$590.03B	\$589.47B
Bank Loan Growth YoY MAY/07 (India)	6.0	5.7



## Currency Market Update

- The Indian rupee appreciated further to close at 72.8 against the US dollar, strengthening by around 47 paise during the week given the fall in dollar index along with rally in domestic equity, and moderation in COVID-19 cases in India.
- The US Dollar index, which measures the value of US dollar to value of basket of world's leading six currencies, fell to 90.03 from around 90.40 on week-on-week basis.
- Foreign Exchange Reserves in India increased to 590028 USD Million in May 14 from 589470 USD Million in the previous week.

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