



Financial Market & Economy Update

Domestic Update:

- India's economy grew at superb 8.2 % in the first quarter of 2018-19 financial year ending June 30.
- India reported on Friday a fiscal deficit of 5.4 trillion rupees (\$76.12 billion) for April-July, or 86.5 % of the budgeted target for the current fiscal year compared with 92.4 % a year earlier.
- Foreign direct investment in India grew by 23 % to USD 12.75 billion during the April-June quarter of 2018-19.
- The government, World Bank and state-owned EESL on Tuesday inked a USD 220 million loan agreement and a USD 80 million guarantee pact to push energy efficiency programme in India.
- Prime Minister Narendra Modi's ambitious healthcare scheme Pradhan Mantri Jan Arogya Abhiyaan, also known as Ayushman Bharat or Modicare, has become the first healthcare program in the country to have its own data privacy policy.

Global Update:

- China's July industrial profit growth cools for third straight month. Industrial profits in July rose 16.2 % from a year earlier to 515.12 billion yuan (\$74.94 billion), easing from 20 % in June and the slowest pace since March.
- Eurozone lending growth to non-financial corporations expanded by 4.1 % in July while household lending growth was steady at 3.0 - in both cases the best reading since 2009.
- Wholesale inventories in the United States increased 0.7 % month-over-month to USD 637.0 billion in July of 2018.
- U.S. consumer confidence surged to near an 18-year high in August. The Conference Board said its consumer confidence index jumped 5.5 points to 133.4 this month, the highest reading since October 2000.
- Japan's factory output fell for a third straight month in July due to slowing exports of cars and steel. Trade ministry data out on Friday showed factory output fell 0.1 % in July from the previous month.
- President Donald Trump is moving forward with a bilateral trade deal with Mexico after talks with Canada to finish a full North American Free Trade Agreement overhaul stalled Friday.



Equity Market Update

- The market gained for sixth consecutive week, with benchmark Sensex rallying 393.27 points to close at 38645.07, while the broader Nifty rose 123.40 point to finish at 11,680.50.
- The first two days saw the market marking record closing highs supported by favourable global cues bolstered by statement by US Federal Reserve Chairman Jerome Powell's 'gradual approach' on monetary policy tightening.
- Further the revival of new US-Mexico trade agreement and subsequent global positivity induced solid liquidity in to the domestic market.
- The BSE Sensex started the week higher 38,472.90 and hovered between all-time high of 38,989.65 and low of 38,562.21 before ending the week at 38,645.07, showing gain of 393.27 or 1.03 %.
- The Nifty also resumed higher by 11,605.85 and touched a zoomed to new high at 11,760.20 and low 11,595.60, before the index finally settling at 11,680.50, a rise of 123.40 points, or 1.07 %.
- Meanwhile, foreign portfolio investors (FPIs) and foreign institutional investors (FIIs) sold shares worth Rs 430.43 crore during the week.
- Broader Markets:**The BSE Mid-Cap index rose 328.59 points or 1.99 % to end at 16,881.33 and the BSE Small-Cap index rose 328.77 points or 1.95 % to close at 17,193.20. Both these indices outperformed the Sensex.
- Sector Update:** Among sectoral and industry indices, Power rose by 4.85 % followed by Metal 4.67 %, IT 3.29 %, Healthcare 3.00 %, Teck 2.92 %, PSU 2.19 %, FMCG 1.74 %, capital goods 1.51 %, IPO 1.11 %, Auto 1.01 %, Bankex 0.95 %, Realty 0.63 %, Oil&Gas 0.27 % and Consumer Durables 0.23 %.
- Global Update:** On global markets, the S&P 500 ended flat while the Dow edged down and the Nasdaq closed higher in light trading on Friday as Canada and the United States concluded trade talks without resolution ahead of the Labor Day weekend.
- The Dow Jones Industrial Average fell 22.1 points, or 0.09 %, to 25,964.82, the S&P 500 gained 0.39 points, or 0.01 %, to 2,901.52 and the Nasdaq Composite added 21.17 points, or 0.26 %, to 8,109.54.



Debt Market Update

- Last week, the yield on the 10-year government bond closed just a few basis points away from 8%. That's approximately 70 basis points (bps) higher than its March

Domestic Markets



Index	31-Aug-2018	24-Aug-2018	% Change
BSE Sensex	38645.07	38251.8	1.03
S&P CNX Nifty	11680.5	11557.1	1.07
CNX Midcap	19920.45	19542.05	1.94
CNX 500	9992	9850.8	1.43
BSE Smallcap	17193.2	16864.43	1.95

Global Markets



Index	31-Aug-2018	24-Aug-2018	% Change
Dow Jones	25964.82	25790.35	0.68
Nasdaq	8109.54	7945.98	2.06
S&P 500	2901.52	2874.69	0.93
FTSE 100	7432.4	7577.5	-1.91
Shanghai Composite	2725.25	2729.43	-0.15
Hang Sang	27888.55	27671.87	0.78

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	23528	23801	-273
MF Flows*	11449	10294	1155

FII data from 24th August 2018 to 30th August 2018
MF data from 21st August 2018 to 28th August 2018

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
27-Aug-2018	128.9	937.68
28-Aug-2018	-228.64	-131.52
29-Aug-2018	-1690.69	563.54
30-Aug-2018	1690.14	882.73
31-Aug-2018	496.42	-968.22

Policy Rates



Key Rates (%)	31-Aug-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



closing.

- The Reserve Bank of India (RBI) policy rate is 6.50% and bond yields are at least 50 bps higher than the long-term averages.
- U.S. Treasury prices fell further as fears of escalating trade tensions across the globe eased after U.S. and Mexico reached a deal to renegotiate the North American Free Trade Agreement.
- Foreign investors bought net \$251.36 million of India debt on Aug. 28. Month-to-date, overseas investors have bought \$914.48 million worth of debt

Key Rates (%)	31-Aug-2018	24-Aug-2018	% Change
Mibor Overnight	6.45	6.55	-1.53
CALL (O/N)	6.41	6.39	0.31
CBLO	5.4	6.44	-16.15
T Bills Index (12M)	7.3	7.3	0
10 Year GSEC	7.95	7.87	1.02



Commodity Market Update

Oil Update:

- The oil prices had an upward movement in the week ending Aug. 31, posting two consecutive weekly gains after snapping the 7-week losing streak.
- The price of West Texas Intermediate (WTI) and Brent for October delivery increased by 1.6 % and 2.1 %, respectively. WTI settled at 69.80 U.S. dollars and Brent settled at 77.42 dollars on Friday.
- Oil prices started the week with slight gains with the news emphasizing the impact of the U.S. sanctions that is approaching towards Iran. The exports of crude oil from Iran have already been declining and the market was concerned with a potential supply deficit starting from November when the U.S. sanctions targeting Iran come into effect.
- U.S. Imports of oil maintained the same level in the week ending Aug. 24 compared with the reported level of previous week. Meanwhile, U.S. net imports of oil decreased by 657,00 barrels per day during the week.

Gold Update:

- **Domestic:** Physical gold demand in India was moderate this week amid an improvement in retail purchases before the festival season despite an increase in domestic prices, while top consumer China saw a slight uptick in activity.
- In the Indian market, gold futures were trading around 30,272 rupees per 10 grams on Friday, up about 3.7 % from a more than seven-month low touched on Aug. 17.
- The price gains came amid a plunge in the rupee, which fell to a record low against the dollar on Friday.
- Dealers in India were charging a premium of up to \$1 an ounce over official domestic prices this week, compared to a premium of \$1.25 the last week
- **International:** In Singapore, premiums fell slightly to \$.080 to \$1.30 an ounce over the global benchmark from last week's \$0.80 to \$1.50.
- Benchmark spot gold has risen about 4 % since touching a low of \$1,159.96 on Aug. 16, a bottom since January 2017.



Currency Market Update

- On Friday, the Indian rupee plunged to over 71 -- the lowest-ever mark -- against the greenback, surpassing the previous record low of 70.85 to a US dollar.
- India's foreign exchange (forex) reserves rose by \$445.4 million during the week ended August 24.
- The U.S. dollar index, which measures the greenback's strength against a basket of six major currencies, was up 0.43% at 95.05 late Friday. The index posted a monthly gain, boosted by safe haven demand, its fourth in the past five months.

Commodity Market



Commodity (INR)	31-Aug-2018	Gain+/Loss-	% Change
Gold (10 gm)	30099	569	1.93
Silver (1 kg)	36986	346	0.94
Crude Oil (\$/barrel)	77.31	1.52	2.01

Currency Market



Currency	31-Aug-2018	Gain+/Loss-	% Change
USD/INR	70.93	0.79	1.13
EURO/INR	82.84	1.67	2.06
GBP/INR	92.35	2.38	2.65
JPY/INR	63.91	0.93	1.48

Upcoming Events



Monday 3, 2018

Nikkei Manufacturing PMI Final AUG (Japan)
Caixin Manufacturing PMI AUG (China)
Nikkei Manufacturing PMI AUG (India)
Markit Manufacturing PMI Final AUG (Euro Area)

Tuesday 4, 2018

Markit Manufacturing PMI Final AUG (US)
ISM Manufacturing PMI AUG (US)

Wednesday 5, 2018

Caixin Services PMI AUG (China)
Balance of Trade JUL (US)

Thursday 6, 2018

ISM Non-Manufacturing PMI AUG (US)

Friday 7, 2018

GDP Growth Rate YoY 3rd Est Q2 (Euro Area)

Saturday 8, 2018

Balance of Trade AUG (China)

Exports YoY AUG & Imports YoY AUG (China)

Week Gone By



Events	Actual %	Previous %
Consumer Confidence AUG(Japan)	43.3	43.5
GDP Growth Rate QoQ 2nd Est Q2 (US)	4.2	2.2
Business Confidence AUG (Euro Area)	1.22	1.3
NBS Manufacturing PMI AUG (China)	51.3	51.2
GDP Growth Rate YoY Q2 (India)	8.2	7.7
Non Manufacturing PMI AUG (China)	54.2	54

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