



## Financial Market & Economy Update

### Domestic Market Update:

- RBI stated that states- consolidated gross fiscal deficit (GFD) is placed at 2.8% of GDP for 2020-21; however, the COVID-19 pandemic may alter budget estimates substantially. The consequent rising levels of debt and guarantees pose risks to state finances, going forward. Sustaining the recovery from the pandemic will entail boosting investment in health care systems consistent with demographic and comorbidity profiles; building digital infrastructure for more efficient provision of public services; upgrading the urban infrastructure; and increasing engagement of local governments.
- The engineering exports of the country have dropped by 13.73 per cent in the April-September period in the current fiscal as compared to the corresponding months last year. During the July-September period, the engineering exports saw a rise of 3.17 per cent, while the decline was 29.4 per cent in the first quarter.
- The Cabinet Committee on Economic Affairs chaired by the Prime Minister Narendra Modi has approved that 100% of the foodgrains and 20% of the sugar shall be mandatorily packed in diversified jute bags. The decision to pack sugar in diversified jute bags will give an impetus to the diversification of the jute industry.
- The Government of India has received Rs 5,65,417 crore (25.18% of corresponding BE 2020-21 of Total Receipts) upto September, 2020.
- India-s output of eight core infrastructure sectors dropped by 0.8% in September, mainly due to decline in production of crude oil, natural gas, refinery products and cement. The production of eight core sectors had contracted 5.1% in September 2019, data released by the Commerce and Industry Ministry showed on Thursday. The decline in output during the month under review was lowest since March.

### International Market Update:

- US consumer confidence index edged down to 100.9 in October after jumping to a revised 101.3 in September, the Conference Board reported on Tuesday. After reporting a substantial improvement in the previous month, consumer confidence edged lower in the month of October.
- US durable goods orders surged up by 1.9% in September after rising by 0.4% in August, partly reflecting a rebound in orders for transportation equipment, the Commerce Department reported on Tuesday. The much stronger than expected growth in durable goods orders came as orders for transportation equipment soared by 4.1% in September after slumping by 0.9% in August. Excluding the spike in orders for transportation equipment, durable goods orders climbed by 0.8% in September compared to a 1% jump in the previous month.
- New orders for US manufactured durable goods surged 1.9 percent month-over-month in September of 2020, well above a 0.4 percent rise in August and market expectations of 0.5 percent. Transportation equipment went up 4.1 percent and led the increase. Excluding transportation, new orders rose 0.8 percent. Excluding defense, new orders increased 3.4 percent.
- Japan-s housing starts decreased 9.9% year-on-year in September, following a 9.1% fall in August, data from the Ministry of Land, Infrastructure, Transport and Tourism showed on Friday. Annualized housing starts decreased to 815,000 in September from 819,000 in the previous month.
- German gross domestic product grew 8.2% quarter-on-quarter, reversing a 9.8% fall in the second quarter, preliminary data from Destatis showed Friday.
- First-time claims for US unemployment benefits fell to their lowest level since before the coronavirus-induced lockdowns in the week ended October 24th, according to a report released by the Labor Department on Thursday. The report said initial jobless claims dropped to 751,000, a decrease of 40,000 from the previous week-s revised level of 791,000.
- US pending home sales index slumped by 2.2% to 130.0 in September after spiking by 8.8% to 132.9 in August.
- US economy grew at an unrivalled pace in the third quarter. Gross domestic product rebounded at a 33.1% annualized rate last quarter, the Commerce Department said in its advance estimate on Thursday. That was the fastest pace since the government started keeping records in 1947 and followed a historic shrinkage rate of 31.4% in the second quarter.



## Equity Market Update

- The Indian market remained under pressure throughout the week and lost over 2 percent amid weak global cues. The upcoming US Presidential Election, rising COVID-19 cases Europe and the US and lack of fiscal stimulus kept the investors on the edge. F&O expiry and earnings from India Inc also spurred volatility during the week.
- This week, BSE Sensex shed 1,071.43 points or 2.6 percent to close at 39,614.07, while the Nifty50 lost 287.95 points or 2.41 percent to end at 11,642.40 levels.
- Broader Market Update:** BSE Smallcap index shed 1.6 percent. BSE Midcap index was down 0.48 percent.
- Sector Update:** On the sectoral front, Nifty PSU Bank Index fell the most dropping more than 4.5 percent followed by Nifty Auto (down 4 percent), Nifty Metal (down 4 percent). Meanwhile, Nifty Energy index ended up 0.5 percent.

## Domestic Markets



Index	30-Oct-2020	23-Oct-2020	% Change
BSE Sensex	39614.07	40685.5	-2.63
S&P CNX Nifty	11642.4	11930.35	-2.41
CNX Midcap	17066.5	17306.2	-1.39
CNX 500	9581.65	9780.35	-2.03
BSE Smallcap	14888.08	15134.59	-1.63

## Global Markets



Index	30-Oct-2020	23-Oct-2020	% Change
Dow Jones	26501.6	28335.57	-6.47
Nasdaq	10911.59	11548.28	-5.51
S&P 500	3269.96	3465.39	-5.64
FTSE 100	5577.27	5860.28	-4.83
Shanghai Composite	3224.53	3278	-1.63
Hang Sang	24107.42	24918.78	-3.26

## Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	38272	33147	5125
MF Flows*	6005	9702	-3697

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



Date	Index	Stocks
23-Oct-2020	-565.78	344
26-Oct-2020	-1072.08	761.87
27-Oct-2020	-1300.78	2505.92
28-Oct-2020	-3830.78	1324.76
29-Oct-2020	4300.82	1748.77

## Policy Rates



Key Rates (%)	30-Oct-2020	1 Week Ago	1 Month Ago
Reverse Repo	3.35	3.35	3.35
Repo	4	4	4
CRR	3	3	3
SLR	18	18	18

## Key Rates





## Debt Market Update

- Government bond prices ended lower as market participants were left disappointed with the coupon set by the Reserve Bank of India on the new 2035 bond at today's weekly debt auction.
- The RBI set a coupon of 6.22% on the new 2035 bond, 3 basis points higher than market's expectations.
- Government borrowed 230 bln rupees through sale of bonds at the weekly gilt auction. The government had offered to raise 60 bln rupees through the auction of the new 2023 bond, 30 bln rupees through the auction of the 2033 floating rate bond, 90 bln rupees through the auction of the new 2035 bond, and 50 bln rupees through the sale of the new 2050 bond.
- The 10-year benchmark 5.77%, 2030 bond ended at 99.16 rupees or 5.88% yield.



## Commodity Market Update

### Oil Update:

- Oil prices fell on Friday and posted a second consecutive monthly drop as rising COVID-19 cases in Europe and the United States heightened concerns over the outlook for fuel consumption.
- Brent crude dropped 19 cents to settle at \$37.46 a barrel, after touching a five-month low of \$36.64 in the previous session. The front-month Brent contract expired on Friday and the January contract settled down 32 cents.
- U.S. West Texas Intermediate (WTI) crude fell 38 cents to settle at \$35.79 a barrel, after dipping to its lowest since June on Thursday at \$34.92.
- WTI fell 11% for the month, while Brent dropped 10%.

### Gold Update:

- Gold dealers in India charged premiums of \$1 an ounce this week over official domestic prices, as compared to \$5 premiums last week.
- Domestic gold prices include 12.5% import duty and 3% GST. Local gold futures were trading closed the week at ₹50,700 per 10 gram in futures market on MCX.
- Jewellers stocked up ahead of Diwali and Dhanteras that will be celebrated later this month. In India, gold prices had hit a high of ₹56,200 in futures market in August before losing momentum. In recent weeks, gold has remained in a narrow range.
- Gold advanced on Friday as the dollar stabilized in the final days before next week's pivotal U.S. presidential election.
- On Friday, gold prices advanced as uncertainty remains high before the November 3 US vote. However, gold prices had been under pressure last month as rising coronavirus cases in Europe and US lifted the dollar's appeal as a safe asset over bullion. In Europe, countries have begun to impose new restrictions in an effort to stem the crisis.



## Currency Market Update

- On the weekly basis, the Indian rupee lost 51 paise against the US dollar. It closed at 74.11 per dollar on October 29, against its October 23 closing of 73.60 per dollar.
- India's foreign exchange reserves rose by \$5.41 billion to touch an all-time high of \$560.53 billion in the week ended Oct. 23

Key Rates (%)	30-Oct-2020	23-Oct-2020	% Change
Mibor Overnight	3.48	3.45	0.87
CALL (O/N)	3.25	3.22	0.93
CBLO	3.07	3.08	-0.32
T Bills Index (12M)	3.44	3.45	-0.29
10 Year GSEC	5.88	5.84	0.68

## Commodity Market



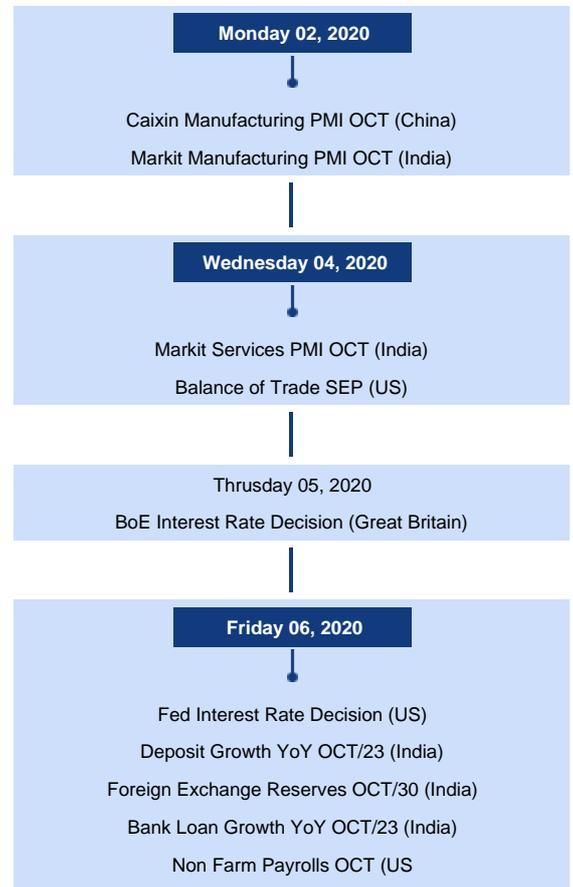
Commodity (INR)	30-Oct-2020	Gain+/Loss-	% Change
Gold (10 gm)	50641	-403	-0.79
Silver (1 kg)	60905	-1544	-2.47
Crude Oil (\$/barrel)	37.46	-4.31	-10.32

## Currency Market



Currency	30-Oct-2020	Gain+/Loss-	% Change
USD/INR	73.75	-0.17	-0.23
EURO/INR	87.26	-0.48	-0.55
GBP/INR	86.17	9.89	10.3
JPY/INR	70.44	-0.18	-0.26

## Upcoming Events



## Week Gone By



Events	Actual %	Previous %

Ifo Business Climate OCT (Germany)	92.7	93.2
Durable Goods Orders MoM SEP (US)	1.9	0.4
Consumer Confidence OCT (Japan)	33.6	32.7
GDP Growth Rate QoQ Adv Q3 (US)	33.1	-31.4
GDP Growth Rate QoQ Flash Q3 (Germany)	8.2	-9.8
GDP Growth Rate YoY Flash Q3 (Germany)	-4.3	-11.3
GDP Growth Rate QoQ Flash Q3 (EA)	12.7	-11.8
GDP Growth Rate YoY Flash Q3 (EA)	-4.3	-14.8
Foreign Exchange Reserves OCT/23 (India)	\$560.5B	\$555.12B
Personal Income MoM SEP (US)	0.9	-2.5
Personal Spending MoM SEP (US)	1.4	1.0

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