



Financial Market & Economy Update

- **Budget:**
 - Long-term capital gains exceeding 100,000 rupees to be taxed at 10%.
 - Finance Minister Arun Jaitley has earmarked Rs. 1.48 lakh crores as railways' total capital and development expenditure for 2018-19 (April-March).
 - Govt's health scheme to cover 10 crore poor families is world's largest government-funded health protection scheme.
 - Govt's budget for health, education and social security increased to Rs1.38 trillion for 2018-19 from Rs1.22 trillion in current fiscal: FM Arun Jaitley.
 - Govt initiated disinvestment in 24 PSUs
 - In his Budget speech, finance minister Arun Jaitley announces that the government will allocate Rs14.3 trillion for rural employment
 - Corporate Tax of 25% extended to companies with turnover up to Rs 250 cr in financial year 2016-17
 - Health and education cess has been increased to 4 %.
 - For senior citizens, exemption of interest income on bank deposits raised to Rs 50,000: FM Jaitley
 - Standard deduction of Rs 40,000 for salaried employees in lieu of transport and medical expenses: FM Jaitley
 - Government to contribute 12 % of EPF contribution for new employees in all sectors: FM
- Government cut GST on affordable homes from 12% to 8%.
- The Economic Survey 2017-18 tabled in Parliament by the Union Minister for Finance and Corporate Affairs, Arun Jaitley predicts India's GDP to grow 7 - 7.5 % in 2018-19, an increase from its prediction of 6.75 % growth this fiscal.
- Foreign investors pump \$3 billion into capital markets, forex at record high in January.
- The government has fixed the coupon rate - up to 7.68% - for the Rs 80,000 crore recapitalisation bonds to be given to 20 public sector banks during the current fiscal for meeting the regulatory capital requirement and growth needs.
- India's annual infrastructure output grew 4.0 % in December from a year ago, government data showed on Wednesday.
- US gross domestic product (GDP) for the fourth quarter rose 2.6% as consumption and business activity picked up.
- The British economy grew at a faster rate than expected by 0.5% in the fourth quarter after expansion of 0.4% in the previous three months, despite pockets of weaker and more uneven growth triggered by the Brexit vote.
- US consumer spending rises to 0.4% in Dec; savings drop to 10-year low
- U.S. Job growth surged in January and wages increased further, recording their largest annual gain in more than 8-1/2 years.
- China January factory growth dips to eight-month low as pollution war bites. The official Purchasing Managers' Index (PMI) released on Wednesday edged lower to 51.3 in January.



Equity Market Update

- Finally, the market cracked the impressive eight-week record setting-run, thanks to the much awaited Union Budget, the Sensex were severely beaten to tumble 983.69 points to finish at 35,066.75 and the broader Nifty slid well below the key 11,000-mark at 10,760.60.
- The key indices resumed the record-setting cycle on Monday following the upbeat economic survey tabled in Parliament ahead of the budget reiterating India would be the world fastest growing economy with GDP estimates of 7-7.5 % 2018-19, giving fresh impetus to investor sentiment.
- It was shortlived, as the anxiety ahead of Union- Budget and subsequent tabling brought-out big disappointment as far as investors is concerned, while it was nothing short of blood-bath in Dalal-street as Bears gained upper-hand.
- The Sensex started the week higher at 36,106.36 and hovered between all-time record high of 36,443.98 before budget and subsequent tumble after the budget at 35,006.41, it closed the week at 35,066.75, showing a slump of 983.69 or 2.73 %.
- The Nifty also resumed the week up at 11,079.35 and marked all time high of 11,171.55 and later to a low of 10,736.10 before ending the week at 10,760.60, showing a fall of 309.05 points, or 2.79 %.
- Foreign institutional investors (FIIs) bought shares worth Rs 2,526.97 crore during the week, as per Sebi's record including the provisional figure of February 02, 2018.
- The S&P BSE Mid-Cap index dropped 1266.49 points or 7.10 % to settle at 16,574.70. The S&P BSE Small-Cap index dropped 1494.65 points or 7.73 % to settle at 17,847.53. Both these indices underperformed the Sensex.
- Among sectoral and industry indices, realty fell by 8.53 % followed by consumer durables 7.10 %, healthcare 6.40 %, PSU 5.25 %, power 5.04 %, metal 4.28 %, bankex 3.77 %, oil&gas 3.53 %, capital goods 3.37 %, FMCG 2.30 %, IPO 2.16 %, teck 2.01 %, auto 1.78 % and IT 1.53 %.



Debt Market Update

Domestic Markets



Index	02-Feb-2018	26-Jan-2018	% Change
BSE Sensex	35066.75	36050.44	-2.73
S&P CNX Nifty	10760.6	11069.65	-2.79
CNX Midcap	19760.35	21455.75	-7.9
CNX 500	9409.8	9810	-4.08
BSE Smallcap	17847.53	19342.18	-7.73

Global Markets



Index	02-Feb-2018	26-Jan-2018	% Change
Dow Jones	25520.96	26616.71	-4.12
Nasdaq	7240.95	7505.77	-3.53
S&P 500	2762.13	2872.87	-3.85
FTSE 100	7443.4	7665.54	-2.9
Shanghai Composite	3462.08	3558.13	-2.7
Hang Sang	32601.78	32654.45	-0.16

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	39018	36095	2923
MF Flows*	15858	13513	2345

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
29-Jan-2018	839.43	1005.35
30-Jan-2018	-218.78	710.09
31-Jan-2018	-431.39	-721.18
01-Feb-2018	-882.66	707.4
02-Feb-2018	-462.93	424.25

Policy Rates



Key Rates (%)	02-Feb-2018	1 Week Ago	1 Month Ago
Reverse Repo	5.75	5.75	5.75
Repo	6	6	6
CRR	4	4	4
SLR	20	20	20

Key Rates



- Indian sovereign bonds tumbled this week, with the benchmark yield rising the most in one year, as the government widened its budget deficit targets for this year and the next, raising concerns about increased debt supply and inflation gains.
- However, bonds rose today amid news that the Reserve Bank of India is likely to conduct open market as well as secondary market purchases of debt, while the government is also in talks with the central bank to raise foreign investment limit in government debt.
- The government plans a gross borrowing of 6.06 trillion rupees during the next fiscal year while the net borrowing is pegged at 4.62 trillion rupees. Investors were expecting a fiscal deficit goal of 3.2% for the next financial year and a net borrowing of around 4.30 trillion rupees.
- India's rate-setting Monetary Policy Committee is due to meet on Feb. 6-Feb. 7 and is widely expected to hold interest rates.



Commodity Market Update

Oil Update:

- In the international commodity front, global crude prices came under renewed selling pressure against the backdrop of rising oil production in the U.S., together with firming greenback following a strong U.S. Jobs report.
- U.S. Shale production is soaring as the oil rig count once again ticked up this week, but OPEC's high compliance and the continued crisis in Venezuela has left oil markets at a standstill.
- Brent crude futures settled at USD 68.58 a barrel.

Gold Update:

- The yellow metal gained on sustained jewellery stockist and retailers offtake even as the metal weakened overseas.
- Demand for physical gold improved this week as jewellers resumed purchases after the government kept import taxes on the precious metal unchanged in its Budget proposals.
- On the domestic front, standard gold (99.5 purity) resumed lower at Rs 30,205 per 10 grams from last Friday's closing level of Rs 30,445, it hovered between Rs 30,555 and Rs 30,145 before settling at Rs 30,485, revealing a rise of Rs 40, or 0.13 %.
- Pure gold (99.9 purity) also commenced lower at Rs 30,355 per 10 grams compared to preceding weekend level of Rs 30,595, it traded between Rs 30,705 and Rs 30,295 before closing at Rs 30,635, showing a gain of Rs 40, or 0.13 %.
- Silver ready (.999 fineness) opened negative at Rs 39,465 per kilogram from last Friday's closing level of Rs 39,765 and later drifted to 39,135 before finishing at Rs 39,270, showing a loss of Rs 495 per kilo, or 1.24 %.
- In worldwide trade, gold futures ended lower, down more than 1 % for the week, after a stronger-than -expected US jobs report drove up the dollar and Treasury yields as the data laid some groundwork for a potentially more aggressive Federal Reserve interest-rate response this year.
- April gold shed USD 10.60, or 0.8 %, to settle at USD 1,337.30 an ounce, building a total loss of roughly 1.5 % for the week.
- March silver dropped 44.6 cents, or 2.6 %, to USD 16.709 an ounce. It logged a 4.2 % weekly decline.



Currency Market Update

- The Indian rupee suffered an intense plunge and closed at a near two-week low of 64.06 against the US dollar after the government announced long-term capital gains (LTCG) tax on equities and widened its fiscal deficit target while unveiling the Union Budget.
- The rupee started the week on a subdued note at 63.60 against last Thursday's close of 63.55 at the Interbank Foreign Exchange (forex) market due to month-end dollar demand amid firm greenback overseas.
- It traded in a tight range early part of the week before taking a knock reacting to post announcements of budgetary proposals.
- The home currency plunged to a fresh one-month low of 64.20 on Thursday before ending at 64.06, showing a loss of 51 paise, or 0.80 %.
- Though, the rupee touched a high of 63.48 briefly.
- In the meantime, country's foreign exchange reserves rose sharply by USD 3 billion to touch a new life-time high of USD 417.789 billion in the week to January 26, the RBI said.
- The dollar index, which measures the greenback's value against a basket of six major currencies, was up at 88.69 in early trade.

Key Rates (%)	02-Feb-2018	26-Jan-2018	% Change
Mibor Overnight	5.98	6.05	-1.16
CALL (O/N)	5.92	5.91	0.17
CBLO	4.57	5.9	-22.54
T Bills Index (12M)	6.6	6.53	1.07
10 Year GSEC	7.56	7.3	3.56

Commodity Market



Commodity (INR)	02-Feb-2018	Gain+/Loss-	% Change
Gold (10 gm)	30286	-203	-0.67
Silver (1 kg)	39200	-500	-1.26
Crude Oil (\$/barrel)	68.58	-1.84	-2.61

Currency Market



Currency	02-Feb-2018	Gain+/Loss-	% Change
USD/INR	64.08	0.58	0.91
EURO/INR	80.03	0.96	1.21
GBP/INR	91.34	0.42	0.46
JPY/INR	58.36	0	0

Upcoming Events



Monday 5, 2018

US Markit Composite PMI Final JAN
 US Markit Services PMI Final JAN
 Nikkei Service PMI (India) for Jan
 Caixin Composite PMI (China) for Jan
 Caixin Services PMI (China) for Jan

Tuesday 6, 2018

Imports and Exports (US) for Jan

Wednesday 7, 2018

Cash Reserve Ratio (India)
 RBI Interest Rate Decision (India)
 Foreign Exchange Reserves (China) Jan

Thursday 8, 2018

Balance Of Trade YOY (China) Jan
 Imports and Exports (China) for Jan

Friday 9, 2018

Week Gone By



Events	Actual %	Previous %	1 Year ago %
US Non Farm Payrolls JAN	200K	148K	-
US Unemployment Rate	0.041	0.041	-
India Nikkei Manufacturing PMI JAN	52.4	54.7	-
India Government Budget Value DEC	INR - 6209.49B	INR-6120B	-
Fed Interest Rate Decision	0.015	1.5%	-

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