

Weekly Market Update



Financial Market & Economy Update

- The Indian service sector remained in expansion mode in Jan, registering the fastest rise in activity in three months. The seasonally adjusted Nikkei Services Business Activity Index improved to 51.7 in Jan, up from 50.9 in Dec
- The proposed long-term capital gains tax on equity holdings will apply on profits made from sale of shares on or after April 1, 2018, the government said on Monday.
- The Centre has released more than Rs 51,600 crore to states under rural employment guarantee scheme MGNREGA till January 31 in financial year 2017-18, Rajya Sabha was informed on Monday.
- RBI keeps Repo rate and Reverse repo rate unchanged at 6% and 5.75% respectively in its latest monetary policy.
- The ministry of housing and urban affairs has approved the construction of 1,86,777 more affordable houses under its flagship Pradhan Mantri Awas Yojana (Urban), with an investment of Rs 11,169 crore, a government release said.
- Amid higher domestic production: Centre raises sugar import duty to 100%.
- The Markit/Nikkei Japan Services Purchasing Managers Index (PMI) rose to 51.9 on a seasonally adjusted basis, from 51.1 in December.
- IHS Markit's Final Composite Purchasing Managers' Index, seen as a good overall growth indicator for the euro zone, rose to 58.8 in January from December's 58.1.
- The IHS Markit/CIPS Purchasing Managers' Index (PMI) for UK's dominant services sector slowed to a 16-month low of 53.0 last month from 54.2 in December.
- The Caixin/Markit services purchasing managers' index (PMI) rose to 54.7 in January from December's 53.9.
- China's foreign-exchange reserves rose for a 12th straight month, as the yuan strengthened and the economic outlook improved to \$3.16 trillion in January.



Equity Market Update

- The Indian equity markets turned bearish for the second consecutive week, with the BSE Sensex dropping over a 1,000 points and the Nifty50 index over 300 points following a massive global sell-off.
- BSE Sensex tanked 1,060.99 points or 3.02% this week to close trade at 34,005.76 points while Nifty50 of the National Stock Exchange (NSE) closed the week's trade at 10,454.95 points, shedding 2.84% from its previous week's close.
- Among sectoral and industry indices, bankex dipped by 35.67% followed by capital goods 3.51%, IT 3.02%, Teck 2.73%, FMCG 1.48%, Oil and gas 0.80% and Auto 0.67%. While, Realty climbed by 2.13%, Healthcare 1.99% and IPO 1.22%. Among the 31-share Sensex pack, 25 stocks fell and remaining 6 stocks rose during the week.
- The S&P BSE Mid-Cap index rose 60.21 points or 0.36% to end at 16,634.91 and the S&P BSE Small-Cap index climbed 325.45 points or 1.82% to close at 18,172.98. Both these indices outperformed the Sensex.
- Meanwhile, foreign portfolio investors (FPIs) and foreign institutional investors (FIIs) sold shares worth Rs 7,380.26 crore during the week.
- Across the global markets like US, Asia and Europe indices tanked sharply, with the US market declining over 4% on Friday on concerns over rising inflation and bond yields, sparked by jobs report. US bond yield spiked to 4-year high of 2.88% on expectation of US Fed hike in interest rate in the next policy meeting.
- There was a selling pressure across the global markets. Nikkei and Hong Kong Index nosedived 2.5% and 4%, respectively, and China index slipped 4%.
- European market declined after the Bank of England said interest rates probably needed to rise sooner than previously expected. IndiaVIX gained over 8% at 19.23 due to increased intra-day market volatility.



Debt Market Update

- India's sovereign bonds rose this week, with the benchmark yield posting the biggest weekly fall in nearly seven months, as the Monetary Policy Committee did not hint at possibilities of an immediate rate hike.
- The benchmark yield declined seven basis points this week, its biggest weekly fall since the week ended Jul. 14.
- The rate-setting Monetary Policy Committee in its policy review kept interest rates unchanged with a 'neutral' stance and warned of upside risks to inflation. It projected inflation in a 5.1%-5.6% band in the first half of the next financial year and in a 4.5%-4.6% in the second half. The law mandates the central bank to keep inflation at 4% with a band of two % points on either side.

Domestic Markets



Index	09-Feb-2018	02-Feb-2018	% Change
BSE Sensex	34005.76	35066.75	-3.03
S&P CNX Nifty	10454.95	10760.6	-2.84
CNX Midcap	19872.25	19760.35	0.57
CNX 500	9251.1	9409.8	-1.69
BSE Smallcap	18172.98	17847.53	1.82

Global Markets



Index	09-Feb-2018	02-Feb-2018	% Change
Dow Jones	24190.9	25520.96	-5.21
Nasdaq	6874.49	7240.95	-5.06
S&P 500	2619.55	2762.13	-5.16
FTSE 100	7092.4	7443.4	-4.72
Shanghai Composite	3129.85	3462.08	-9.6
Hang Sang	29507.42	32601.78	-9.49

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	31187	35925	-4738
MF Flows*	22050	18964	3086

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
05-Feb-2018	-379.48	568.93
06-Feb-2018	1197.97	1395.56
07-Feb-2018	-1164.74	1125.35
08-Feb-2018	2266.03	1407.56
09-Feb-2018	-347.05	-455.61

Policy Rates



Key Rates (%)	09-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





Commodity Market Update

Oil Update:

- Oil prices finished lower for a sixth straight session on Friday to tally their worst weekly loss in two years, as investors continued to fret over soaring U.S. output levels.
- Steep losses in the global stock market this week and a strengthening dollar also contributed to oil's losses.
- U.S. West Texas Intermediate (WTI) crude futures for March delivery sank \$1.95, or around 3.2%, to close at \$59.20 a barrel. It fell to its worst level since Dec. 22 at \$58.07 earlier in the session.
- For the week, WTI crude lost roughly 9.6%, which was the biggest such decline since January 2016, while Brent gave up about 8.5%.

Gold Update:

- Gold fell this week after eight straight weekly gains due to slackened demand from jewellers stockists and traders.
- The yellow-metal sank below Rs 30,000 at the domestic bullion market during the week, following a fall in global markets.
- Silver too fell below the Rs 38,000 due to reduced offtake by industrial units and coin makers.
- A weak overseas trend, tepid demand from local jewellers and retailers at prevailing levels at domestic market are pulling gold prices down, traders say.
- Global Gold futures logged a weekly decline of about 1.6%, the largest since the week ended Dec 8.
- March silver shed 20.2 cents, or 1.2%, to \$16.139 an ounce, for a loss of 3.4% on the week, according to a PTI report.



Currency Market Update

- Unnerved by ferocious sell-off in the financial markets and heightened global currency volatility, the rupee ended at a fresh two-month low of 64.40 against the US dollar, wiping out all gains made this year so far.
- Stamping its second straight week drubbing, the home currency depreciated by 34 paise, or 0.53 %. It has lost a staggering 85 paise in the two-week roller coaster ride.
- A slew of disturbing macro-economic events including the brutal fall in global equity markets along with RBI policy outcome largely highlighted trading momentum.
- Frantic dollar demand from importers and banks in the midst of fresh foreign fund outflows predominantly weighed on the forex sentiment.
- The panic-driven capitulation in domestic bourses following the spill-over from wobbly Asian markets also took its toll on currency market amid speculation that US Federal Reserve and other major central banks would act quicker to raise interest rates.
- The rupee opened the week substantially lower at 64.20 from weekend close of 64.06 at the Interbank Foreign Exchange (forex) market due to sustained dollar pressure amid firm greenback overseas.
- The RBI, meanwhile fixed the reference rate for the dollar at 64.3686 and for the euro at 78.8902.
- In the meantime, country's foreign exchange reserves swelled by USD 4.12 billion to a new high of USD 421.914 billion on a healthy increase in the core currency assets and uptick in the gold stock.
- The dollar index, which measures the greenback's value against a basket of six major currencies, was higher at 90.22 as against 88.69 last week.

Key Rates (%)	09-Feb-2018	02-Feb-2018	% Change
Mibor Overnight	6	5.98	0.33
CALL (O/N)	5.89	5.92	-0.51
CBLO	5.91	4.57	29.32
T Bills Index (12M)	6.56	6.6	-0.61
10 Year GSEC	7.5	7.56	-0.79

Commodity Market



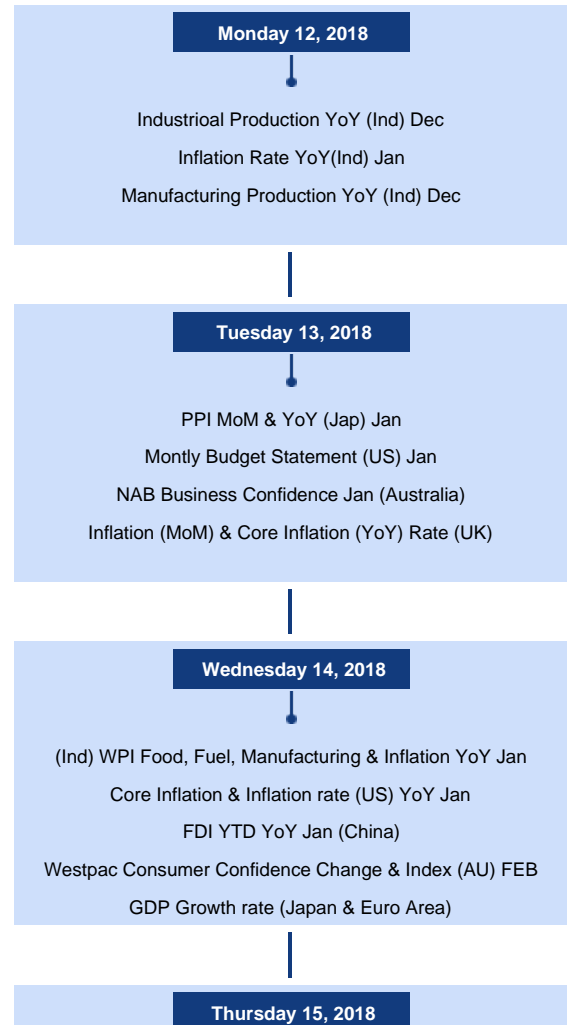
Commodity (INR)	09-Feb-2018	Gain+/Loss-	% Change
Gold (10 gm)	29881	-405	-1.34
Silver (1 kg)	37792	-1408	-3.59
Crude Oil (\$/barrel)	62.79	-5.79	-8.44

Currency Market



Currency	09-Feb-2018	Gain+/Loss-	% Change
USD/INR	64.37	0.29	0.45
EURO/INR	78.89	-1.14	-1.42
GBP/INR	89.71	-1.63	-1.78
JPY/INR	59.06	0.7	1.2

Upcoming Events



Week Gone By



Events	Actual %	Previous %	1 Year ago %
US Markit Composite PMI Final JAN	0.538	0.541	-
US Markit Services PMI Final JAN	0.533	0.537	-
Nikkei Service PMI (India) for Jan	51.7	50.9	-
Caixin Composite PMI (China) for Jan	53.7	53.0	-
Caixin Services PMI (China) for Jan	0.547	53.9	-
Imports and Exports (US) for Jan	\$256.47B & \$203.35B		-
RBI Interest Rate Decision (India)	0.06	0.06	
Balance Of Trade YOY (China) Jan	\$20.34B	\$54.69B	
Foreign Exchange Reserves (India) 26/Feb	\$417.79B	\$414.78B	

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