



Financial Market & Economy Update

- On Wednesday (March 29), the Lok Sabha cleared four bills related to the Goods and Services Tax (GST) 2017, namely, Integrated GST, Central GST, Union Territory GST and Compensation Bill, thus setting the stage for 28 states, along with Delhi and Puducherry, to enact state laws over the next three months to roll out the new tax regime from July 2017.
- Income Tax department under its 'Operation Clean Money' project has received more than 12 lakh responses from 8.38 lakh distinct PANs/persons whose cash deposits were not in line with their tax profiles, Parliament was informed.
- India's fiscal deficit in the April-February period of the current fiscal touched Rs 6.06 lakh crore or 113.4 % of Budget estimates for 2016-17 – as against 107.1 % of Budget in the same period of last year, government data showed on Friday.
- The government Tuesday imposed 10 % import duty on wheat and tur dal with immediate effect in a bid to protect farmers' interest, amid projection of a record crop this year.
- India is seeking to attain the status of global superpower under the leadership of Prime Minister Narendra Modi. India's state-owned Indian Oil Corp (IOC) had signed an agreement to supply about 1 million tonnes of fuel annually to Nepal for the next five years.
- The government's plan to use Aadhaar for more than just disbursing subsidies got a push when, while refusing to urgently hear a plea against Aadhaar, SC said nothing prohibited the government using Aadhaar for non-welfare schemes like PAN cards, opening of bank accounts, filing of income tax returns, etc.
- Education, healthcare and pilgrimages will continue to be out of service tax net even under the GST regime as the Centre is against giving any shock in the first year of the rollout by bringing in new services.
- A majority of EU countries voted on Monday against allowing two new genetically modified crops to be grown in Europe, battling the contentious decision on GM cultivation in Europe back to the EU executive, according to two sources.
- Fresh off a defeat on U.S. healthcare legislation, the White House warned rebellious conservative lawmakers that they should get behind President Donald Trump's agenda or he may opt to bypass them on future legislative fights, including tax reform.
- President Donald Trump is set to sign executive orders instructing his administration to examine the cause of trade imbalances with over 15 countries, including China and India.



Equity Market Update

- Despite seeing some weakness at times amid high volatility, Indian stocks fared reasonably well in the week ended 31 March 2017, thanks to the passage of four bills related to the Goods and Services Tax in Parliament.
- Short-covering ahead of March series derivatives expiry too contributed to the gains recorded by some front line stocks.
- The BSE benchmark Sensex ended the week with a gain of 199.10 points or 0.68% at 29,620.50. The Nifty50 of the National Stock Exchange ended at 9173.75, gaining 65.75 points or 0.72%. Midcap and smallcap stocks fared even better and lifted the BSE Midcap and Smallcap indices up by 1.79% and 2.53%, respectively.
- The market started the week on a weak note, tracking cues from Asian and European markets and amid uncertainty about U.S. President Donald Trump's economic agenda following his failure to get the healthcare legislation passed. The Sensex ended the session with a loss of about 188 points, while the Nifty50 declined by 62.80 points.
- The top gainers were the Consumer Durable, Capital Goods, Power, Banks, Oil&Gas, FMCG and Realty, while the top losers were the IT, Metals and HealthCare indices. The secondline shares of midcap and smallcap company shares outperformed the key indices.
- Meanwhile, foreign portfolio investors (FPIs) and foreign institutional investors (FIIs) bought shares worth Rs 8,178.87 crore during the week, as per Sebi's record including the provisional figure of March 31.
- S&P BSE IT fell by 0.70 pct, Metal 0.46 pct and Healthcare 0.29 pct. The total turnover during the week on BSE fell to Rs 52,203.39 crores from the last weekend's level of Rs 82,092.67 crores while NSE rose to Rs 1,51,164.12 from Rs 1,27,633.62 crores.



Equity Market Outlook

- The Nifty was up 0.7% over the week, outperforming the regional markets. Export-oriented sectors were again in the red while domestic sectors did well. Liquidity remains strong, with FII inflows in March being highest in several months; both equity and debt saw ~US\$4bn inflows, each driving INR to appreciate another 1% vs the USD over the week and it has strengthened 5% YTD CY17, closing at the lowest level since Oct-15. The RBI Policy Meet next week and the official monsoon forecast are key events to watch out for in the near term.
- Lower House of the Parliament has passed the four bills related to GST while the

Domestic Markets



Index	31-Mar-2017	24-Mar-2017	% Change
S&P BSE Sensex	29620.5	29421.4	0.68
Nifty 50	9173.75	9108	0.72
Nifty Midcap 100	17197.15	16936.1	1.54
Nifty 500	7995.05	7905.3	1.14
S&P BSE Smallcap	14433.86	14077.61	2.53

Global Markets



Index	31-Mar-2017	24-Mar-2017	% Change
Dow Jones	20663.22	20596.72	0.32
Nasdaq	5911.74	5828.74	1.42
S&P 500	2362.72	2343.98	0.8
FTSE 100	7322.92	7336.82	-0.19
Shanghai Composite	3222.51	3269.45	-1.44
Hang Sang	24111.59	24358.27	-1.01

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	48313	39255	9058
MF Flows*	16616	12716	3900

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
27-Mar-2017	-347.72	-947.73
28-Mar-2017	-157.73	843.68
29-Mar-2017	876.72	2.12
30-Mar-2017	5165.65	-1280.12
31-Mar-2017	821.54	-17.4

Policy Rates



Key Rates (%)	31-Mar-2017	1 Week Ago	1 Month Ago
Reverse Repo	5.75	5.75	5.75
Repo	6.25	6.25	6.25
CRR	4	4	4
SLR	20.75	20.75	20.75

Key Rates



fifth bill (SGST) will be passed in all the state assemblies. The bills will now be sent to the Upper House but no voting is required as all are money bills. Govt has reiterated the commitment to implement GST from 1 July onwards. The focus is now on tax rates for individual products which are expected to be taken up in May by the GST Council. Focus is also on readying the industry for the transition to the GST system. Expect some teething issues in transition and inventory run-downs during the June quarter.

- The Supreme Court has maintained its earlier stance that UID should not be made compulsory for beneficiaries of government welfare schemes. However, the compulsory usage of the same for non-welfare schemes such as tax returns, bank accounts and mobile connections has been allowed. The Court is yet to determine if the Aadhaar scheme is an invasion of privacy. Meanwhile, the Govt continues to add more services to the list where Aadhaar is compulsory and is already driving large gains and efficiency improvements. The private sector is also benefitting due to Aadhaar.

View:

- We have been reiterating that correction in Indian equity markets should be used as an opportunity to add to the equity exposure as India remains one of the very few economies which have a good corporate governance structure, strong regulations, stable currency and good economic growth. Now the domestic inflows have brought in an added dimension of strong support to the equity markets.



Debt Market Update

- Indian sovereign bond yields fell for the third straight fiscal year, as the government's demonetisation drive to weed out unaccounted money from the economy flushed banks with surplus funds, lifting appetite for local debt.
- The benchmark 6.97% bond maturing in 2026 settled at 101.91 rupees, yielding 6.69%, against 101.95 rupees at previous close.
- The benchmark yield fell 77 basis points in this fiscal year that ends . On a weekly basis, the yield fell 14 basis points, the biggest weekly fall since week ended Mar. 3. It dropped 18 basis points in March, the biggest monthly fall since November. However, it posted its biggest quarterly rise since quarter ended December 2015, after rising 18 basis points in January-March.
- Bond yields also fell amid large foreign inflows, particularly in March, after the U.S Federal Reserve maintained its guidance of total three rate hikes in 2017. Foreign investors net bought bonds worth over 177 billion rupees in March, their largest monthly purchase in at least three years, according to data from National Securities Depository Ltd. showed.
- New Delhi's move in November to demonetise high value currency notes flushed banking channels with low cost deposits, leading the lenders to invest in local debt amid muted credit offtake. State run banks are the largest holder of government bonds. The benchmark yield had touched a low of 6.11% on Nov. 25, lower than the central bank's policy rate.
- The country also saw two rate cuts this fiscal year, a 25 basis-point rate cut in April under former Reserve Bank of India Governor Raghuram Rajan and another similar rate cut by the Monetary Policy Committee at its maiden Oct. 4 review.
- India will borrow 3.72 trillion rupees from the local debt market in the first six months of the next financial year starting tomorrow, the nation's economic affairs secretary said earlier this week, as New Delhi seeks to finance its estimated fiscal gap of 3.2% of gross domestic product.
- Markets shrugged off impact from Britain's exit from the European Union in June, while global inflation rebounded on rising commodity prices.
- The U.S. Federal Reserve had hiked rates twice in December and March on broad economic strength and global recovery. However, it maintained projection of two more rate increases in 2017.



Debt Market Outlook

- During last week 10year bond trade between 6.83 to 6.68%.
- Year End buying by PSU led to the rally in G.Sec.
- US 10yr traded in the band of 2.42 to 2.37%.
- \$/Re – 65.05 to 64.80 (appreciated)
- Brent prices traded in the band of 50 to 53\$ per barrel.
- Next week we have RBI policy.
- Less likely standing deposit facility would be announced.
- Status Quo on rates & relatively dovish commentary as compared to previous policy given favourable global environment.
- If SDF is introduced (post) when O/N rates are near repo or lower it is positive for bonds.
- If SDF is introduced (post) when O/N rates are near repo it is negative for bonds.
- During current week – 10year to trade in 6.60 to 6.80 band.
- Short Term rates trended lower during last week.
- RBI policy would determine for the movement in short term curve.



Commodity Market Update

Crude Oil Update :

- Oil futures settled higher for the fourth session in a row on Friday, extending a rally

Key Rates (%)	31-Mar-2017	24-Mar-2017	% Change
Mibor Overnight	7.37	6.15	19.84
CALL (O/N)	6.04	5.88	2.72
CBLO	5.47	5.8	-5.69
T Bills Index (12M)	6.1	6.06	0.66
10 Year GSEC	6.68	6.83	-2.2

Commodity Market



Commodity (INR)	31-Mar-2017	Gain+/Loss-	% Change
Gold (10 gm)	28697	-173	-0.6
Silver (1 kg)	41717	727	1.77
Crude Oil (\$/barrel)	52.83	2.03	4

Currency Market



Currency	31-Mar-2017	Gain+/Loss-	% Change
USD/INR	64.84	-0.62	-0.95
EURO/INR	69.25	-1.22	-1.73
GBP/INR	80.88	-0.79	-0.97
JPY/INR	57.96	-0.78	-1.33

- to the strongest level in more than three weeks amid optimism that OPEC will extend its production-cut deal beyond June.
- On the ICE Futures Exchange in London, Brent oil for June delivery tacked on 40 cents, or around 0.8%, to settle at \$53.53 a barrel by close of trade. The global benchmark hit \$53.77 earlier Friday, the most since March 9.
- London-traded Brent futures logged a gain of \$2.73, or about 5.1%, on the week, the biggest weekly rise in four months.
- Elsewhere, the U.S. West Texas Intermediate crude May contract inched up 25 cents to end at \$50.60 a barrel by close of trade. It touched its highest since March 8 at \$50.85 earlier in the session.
- For the week, the U.S. benchmark rose \$2.63, or 5.2%.
- Sentiment in the oil market improved this week in wake of increasingly supportive rhetoric from a number of OPEC nations willing to extend production cuts into the second half of 2017.

Gold Update:

- A diverging trend emerged at the bullion market during the week with gold prices falling by Rs 80 per 10 gram on low demand from jewellers, while silver spurted by Rs 850 per kg on the back of increased offtake by industrial units.
- Bullion traders said easing demand from local jewellers and retailers at domestic spot market mainly led to the decline in gold prices but a firm trend overseas capped the fall.
- Globally, gold ended the week higher at USD 1,249.20 an ounce and silver at USD 18.23 an ounce in New York.
- In the national capital, gold of 99.9 and 99.5 % purity commenced the week higher and advanced to Rs 29,550 and Rs 29,400 per 10 gram, respectively on firm global cues.
- Later, it met with resistance at higher levels and slipped to Rs 29,060 and Rs 28,910 before ending at Rs 29,250 and Rs 29,100 per 10 grams respectively, still showing a modest fall of Rs 80 each.
- On the other hand, silver ready went past the Rs 42,000 mark and ended the week higher by Rs 850 to Rs 42,650 per kg and weekly-based delivery too finished higher by Rs 800 to Rs 42,330 per kg.



Currency Market Update

- After a week of bear chasing, continuous inflow of funds and a strong rupee pulled the Indian equity markets from lower levels to close the trade week with marginal gains.
- The key indices, which traded with volatility during the week ended Friday on the back of March 2017 derivatives expiry, closed with gains of over half-a-% each.
- The Indian rupee got strengthened by 56 paise to 64.85 against a US dollar from last week's close of 65.41 to a greenback.
- The domestic currency largely withstood the mid-session discomfort in the midst of excess volatility and movements of the greenback in global trade.
- This is the highest closing of the rupee since October 23, 2015, when it had closed at 64.83.
- Over the quarter, the home currency has strengthened by a whopping 307 paise or 4.52 % induced by a crucial victory for BJP in a key state election and big foreign inflows into markets.
- In worldwide trade, the dollar index, which tracks the US currency against a basket of six major rivals, was down 0.11 % at 100.35.
- The RBI, meanwhile, fixed the reference rate for the dollar at 64.8386 and for the euro at 69.2476.
- India's foreign exchange reserves rose \$1.1 billion to reach almost \$368 billion for the week ended March 24, said the Reserve Bank of India on Friday.

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