



Financial Market & Economy Update

Domestic Update:

- Ease of Doing Business Ranking 2019: Repeating last year's huge success, India, once again, made a huge jump of 23 places on World Bank's Ease of Doing Business to secure 77th rank — indicating Prime Minister Narendra Modi's commitment towards business-related reforms.
- The Goods and Services Tax (GST) collection for the month of October crossed Rs 1 lakh crore mark after missing the target for five months.
- The manufacturing sector activity in the country improved in the month of October as firms responded to robust order by scaling up production, input purchasing and employment, survey said Thursday. The Nikkei India Manufacturing Purchasing Managers' Index strengthened slightly in October to 53.1, up from 52.2 in September, as sales rose from both domestic as well as foreign clients.
- The central government has approved a 'Safe City Project' for Lucknow at a total cost of Rs 194.44 crore under the Nirbhaya Fund Scheme with an aim to strengthen security of women in public places.
- Bank credit increased by 14.35 % to Rs 89.93 lakh crore in the fortnight ended October 12, while the deposits rose by 8.86 % to Rs 117.85 lakh crore, according to the Reserve Bank of India (RBI) data.
- In a major move aimed at dismantling the monopoly of the Agriculture Produce Market Committee (APMC), Maharashtra became the second state after Bihar to allow trade in farm commodities including livestock outside the regulated wholesale markets or mandis.
- India and Japan have signed a \$75 billion bilateral currency swap agreement on Monday during Prime Minister Narendra Modi's visit to Tokyo, India said in a statement.
- The government will work on promoting the growth of the education sector to help increase the share of overall service sector in the country's economy, Commerce and Industry Minister Suresh Prabhu said Tuesday.
- Clarifying that the government holds "extensive consultations" with the central bank from time to time, the Centre on Wednesday said that it accepts the autonomy of the Reserve Bank of India within the framework of the RBI Act.
- At a time when the Micro, Small and Medium Enterprises (MSMEs) in the country are facing difficulty in raising funds, Prime Minister Narendra Modi on Friday launched a portal that will sanction a loan to an MSME in 59 minutes.

Global Update:

- British consumer borrowing rose at the slowest rate in more than three years last month after new car sales fell by a fifth, the Bank of England said on Monday. The BoE data showed that year-on-year growth in unsecured consumer lending slowed to 7.7 % in September from 8.2 % in August, the weakest pace since June 2015.
- Japan's retail sales rose for an 11th consecutive month in September from a year earlier but the pace of gains slowed from the prior month. September's 2.1 % annual increase in retail sales beat the Reuters poll median forecast for 1.6 %, trade ministry data showed on Monday, but it was slower than the 2.7 % expansion in August.
- China has pledged to provide assistance of RMB 150 million to the Nepalese Army over a period of five years for humanitarian and disaster relief equipment.
- French economic growth picked up in the third quarter
- The US on Thursday revoked duty-free concessions on import of at least 50 Indian products, mostly from handloom and agriculture sectors, reflecting the Trump administration's tough stand on trade-related issues with New Delhi. The federal register issued a notification, listing out 90 products which were so far subject to duty-free provisions under the Generalized System of Preferences (GSP).
- Chinese imports of scrap metal from the United States fell in September, according to customs data on Thursday. A search of the data showed China imported 9,641,673 kilograms, or just 9,642 tonnes, of scrap copper from the United States in September, the most recent month available. That was down 80.1 % from 50,243 tonnes of imports reported by customs a year earlier.
- British house prices rose at their slowest pace in more than five years in October. Compared with October 2017, prices rose by 1.6 %, down from an increase of 2.0 % in September and below a median forecast of 1.9 % in a Reuters poll of economists.
- China's manufacturing sector barely grew after stalling in September, a private survey showed. The Caixin/Markit Manufacturing Purchasing Managers' Index (PMI) for October, released on Thursday, edged up to 50.1 from 50.0 in September.
- The US has agreed to let eight countries - including Japan, India and South Korea - keep buying Iranian oil after it reimposes sanctions on the OPEC producer on November 5.
- American workers enjoyed the biggest leap in pay since 2009 as job gains topped forecasts and the unemployment rate held at a 48-year low, a boost for President Donald Trump ahead of next week's midterm elections and reason for the Federal Reserve to keep raising interest rates. Nonfarm payrolls rose 250,000 after a downwardly revised 118,000 gain, a Labor Department report showed Friday.



Equity Market Update

Domestic Markets



Index	02-Nov-2018	26-Oct-2018	% Change
BSE Sensex	35011.65	33349.31	4.98
S&P CNX Nifty	10553	10030	5.21
CNX Midcap	17430.95	16256.6	7.22
CNX 500	8899.4	8417.25	5.73
BSE Smallcap	14464.68	13597.64	6.38

Global Markets



Index	02-Nov-2018	26-Oct-2018	% Change
Dow Jones	25270.83	24688.31	2.36
Nasdaq	7356.99	7167.21	2.65
S&P 500	2723.06	2658.69	2.42
FTSE 100	7094.1	6939.6	2.23
Shanghai Composite	2676.48	2598.85	2.99
Hang Sang	26486.35	24717.63	7.16

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	12687	17422	-4735
MF Flows*	16057	8207	7850

FII data from 26th Oct to 30th Oct 2018
MF data from 26th Oct to 31st Oct 2018

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
29-Oct-2018	2506.83	2680.76
30-Oct-2018	704.73	302.49
31-Oct-2018	675.25	1269.56
01-Nov-2018	2654.26	1045.36

Policy Rates



Key Rates (%)	02-Nov-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



- The equity market posted a massive gain during the end of the week, as the BSE sensex rallied by 1662.34 points to touch 35K level to 35,011.65, a three-week-high on strong global cues on optimism that US-China trade tensions could ease in the near term. The Nifty 50 index gained 523 points or 5.21 % to settle at 10,553, its highest closing level since 16 October 2018. The BSE sensex closed above the 35K level at 35,011.65, mirroring strong global cues over ease in trade tensions between China and US coupled with the firmness in rupee.
- Broader Markets:** The BSE Mid-Cap index rose 1,018.58 points or 7.34 % to settle at 14,888.73. The BSE Small-Cap index rose 867.04 points or 6.37 % to settle at 14,464.68.
- FII:** Provisional figures from the stock exchanges showed that foreign institutional investors sold shares worth Rs 5,706.24 crore during the week, whereas domestic institutional investors bought Rs 6,377.02 crore worth of stocks.
- Sectoral Update:** All sectoral indices closed strongly in the green, with auto, banking, infrastructure, IT, metal, pharmaceutical and realty gaining between 4 % and 8 %.



Debt Market Update

- Indian government bonds rose for a fourth week, with the benchmark yield posting the biggest weekly fall in seven months, driven by a slump in crude oil prices, sharp gains in rupee and open market purchases of notes.
- The benchmark 7.17% bond maturing in 2028 ended at 96.03 rupees, its highest since Aug. 10, yielding 7.78%. The yield fell by 12 basis points this week, its biggest fall since week ended Apr. 6.
- Meanwhile, the central bank conducted open market purchase of bonds worth 100 billion rupees on Thursday and has announced another similar operation on Nov.
- The central bank bought bonds worth 360 billion rupees in October and 500 billion rupees in April-September.



Commodity Market Update

Oil Update:

- On Friday, oil prices finished lower, posting a fourth consecutive weekly loss.
- December West Texas Intermediate crude, the U.S. benchmark, fell 55 cents, or roughly 0.8%, to settle at \$63.14 a barrel by close of trade on the New York Mercantile Exchange, having earlier touched its lowest since April 9 at \$62.63.
- For the week, WTI lost 6.6%, their largest weekly loss since February.
- The U.S. government has agreed to let eight countries, including close allies South Korea and Japan, as well as India, to keep buying Iranian oil after it reimposes sanctions on Tehran starting Monday.
- The restoration of U.S. sanctions on Iran, the third-largest producer in the Organization of the Petroleum Exporting Countries (OPEC), comes after U.S. President Donald Trump pulled out of the Iran nuclear deal earlier this year.
- Oil prices rallied this year to a four-year high above \$85 per barrel on fears Washington was seeking to cut Iranian oil exports to zero. But the rally petered out in recent weeks amid market fears about a slowing global economy and as expectations grew that Iran would still be allowed to export significant amounts.
- Recent indications of growing global crude production have also weighed. The world's three largest producers - Russia, Saudi Arabia and the United States - are all pumping at record or near-record levels.

Gold Update:

- Domestic:**
- Gold strengthened for the sixth straight week and gathered further grounds to reached 6-year high of Rs 32,780 and ended at Rs 32,650 per 10 gram at the bullion market amid the pick-up in buying activity ahead of Diwali.
- Silver, however, lacked necessary buying support and shed some grounds.
- In the national capital, gold of 99.9 % and 99.5 % purity commenced the week steady at Rs 32,550 and Rs 32,400 per ten gram, respectively on scattered support. Later, on pick-up in buying activity, driven by upcoming festivals, it surged to trade at near six-year high of Rs 32,780 and Rs 32,630 per ten gram and finally settled Rs 100 each higher at Rs 32,650 and Rs 32,500. This is the highest level since November 29, 2012, when the precious metal had closed at Rs 32,940.
- In contrast, silver ready after shuttling both ways on alternate bouts of buying and selling, finally ended the week Rs 70 down at Rs 39,530 per kg but silver weekly-based delivered managed to close Rs 110 higher at Rs 38,820 per kg on speculative activity.
- On the other hand, silver coins strengthened by Rs 1,000 to Rs 76,000 for buying and Rs 77,000 for selling of 100 pieces on increased demand ahead of Diwali.
- International:**
- Globally, gold after moving both ways ended the week a shade lower at USD 1,233.20 an ounce as against previous week's level of USD 1,233.80. Silver too ended almost flat at USD 14.82 an ounce.



Currency Market Update

- Indian rupee gained sharply against the U.S. dollar and logged the best weekly rise in nearly 20 months helped by a plunge in crude oil prices and improved risk

Key Rates (%)	02-Nov-2018	26-Oct-2018	% Change
Mibor Overnight	6.55	6.55	0
CALL (O/N)	6.41	6.48	-1.08
CBLO	5.97	5.13	16.37
T Bills Index (12M)	7.42	7.41	0.13
10 Year GSEC	7.78	7.88	-1.27

Commodity Market



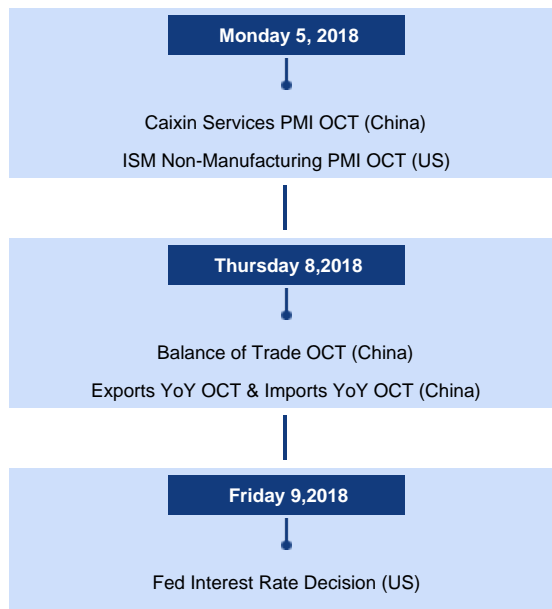
Commodity (INR)	02-Nov-2018	Gain+/Loss-	% Change
Gold (10 gm)	31565	-171	-0.54
Silver (1 kg)	38299	-59	-0.15
Crude Oil (\$/barrel)	73	-4.62	-5.95

Currency Market



Currency	02-Nov-2018	Gain+/Loss-	% Change
USD/INR	72.88	-0.49	-0.67
EURO/INR	83.23	-0.18	-0.22
GBP/INR	94.75	0.7	0.74
JPY/INR	64.47	-0.94	-1.44

Upcoming Events



Week Gone By



Events	Actual %	Previous %
Unemployment Rate SEP (Japan)	2.3	2.4
GDP Growth Rate QoQ Flash Q3 (Euro Area)	0.2	0.4
NBS Manufacturing PMI OCT (China)	50.2	50.8
Caixin Manufacturing PMI OCT (China)	50.1	50.0
Balance of Trade SEP (US)	-\$54B	-\$53.3B ®

sentiment. The currency ended at 72.44 to dollar, posting its best daily rise in over five years.

- A bullish trend in the equity market and fresh foreign fund inflows provided support to the rupee, which witnessed a massive 150 paise rise on November 1 and 2. The currency has gained 195 paise from its all-time closing low of 74.39 a dollar hit on October 9.
- India's foreign exchange reserves slumped \$1.444 billion to \$392.078 billion in the week to October 26 due to a fall in foreign currency assets, according to RBI data.
- The dollar strengthened, with the U.S. dollar index, which measures the greenback's strength against a basket of six major currencies advancing 0.27% to 96.34. The index hit a 16-month high on Wednesday.

BoJ Interest Rate Decision (Japan)	-0.1	-0.1
Nikkei Manufacturing PMI OCT (India)	53.1	52.2
Unemployment Rate OCT (US)	3.7	3.7

Disclaimer

The information contained in this material are extracted from different public sources and does not represent views/opinions of Kotak Mahindra Asset Management Company Limited or its associated companies. Kotak Mahindra Asset Management Co Ltd does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. All reasonable care has been taken to ensure that the information contained herein is not misleading or untrue at the time of publication. This is not a sales literature and all the information is for the information of the person to whom it is provided without any liability whatsoever on the part of Kotak Mahindra Asset Management Co Ltd or any associated companies or any employee thereof.

Risk Factors

Mutual fund investments are subject to market risks, read all scheme related documents carefully.