



Financial Market & Economy Update

Domestic Update:

- India's current account deficit (CAD) widened to 2.9% of the GDP in the second quarter of the fiscal compared to 1.1% in the year-ago period, mainly due to a large trade deficit, the RBI said Friday. The CAD, or the difference between outflow and inflow of foreign exchange in the country's current account, was \$19.1 billion during the quarter ended September 30, 2018.
- Nikkei India Manufacturing PMI rose unexpectedly to an 11-month high of 54.0 in November 2018 from 53.1 in October and above market forecasts of 52.6.
- According to private industry body Indian Sugar Mills Association (ISMA), Indian sugar mills have 39.73 lakh tonnes of sugar till November 30, which is almost similar to the sugar production of 39.14 lakh tonnes during same period of previous year.
- The Reserve Bank of India on Wednesday left the key rates unchanged at 6.5 percent and in line with its stance "of calibrated tightening of monetary policy", cut inflation forecast to 2.7%-3.2% for the second half of this fiscal year from 3.9%-4.5%, with risks tilted to the upside. The growth forecast for this fiscal year was maintained at 7.4%.
- The central bank said starting in the January-March quarter of 2019 it would begin to lower banks' mandatory bond holding ratios, by 25 basis points each quarter until it reaches 18 percent of deposits.
- The Reserve Bank of India (RBI) will continue to inject liquidity into the banking system through open market operation (OMO) purchases till the end of this fiscal, its deputy governor Viral Acharya said.
- The Special Economic Zone (SEZ) policy review committee commissioned by the ministry of commerce has recommended categorising the special economic zones as infrastructure to allow developers seek alternative financing options.
- India will import crude oil from Iran using a rupee-based payment mechanism, an industry person involved in discussions told Reuters on Thursday, adding that 50% of those payments will be used for exporting items to Tehran.

Global Update:

- The Caixin China General Manufacturing PMI came in at 50.2 in November 2018, little-changed from the previous month's 50.1.
- The Nikkei Japan Manufacturing PMI dropped to a 15-month low of 52.2 in November 2018 from 52.9 in October.
- Qatar said Monday that it will leave the oil cartel on January 1 after nearly 60 years.
- British construction activity grew at the fastest pace in four months in November to 53.4 from 53.2 in October.
- The Nikkei Japan Services PMI came in at 52.3 in November 2018, little-changed from a 6-month high of 52.4 in the previous month.
- China on Thursday expressed confidence in striking a trade deal with the United States within their 90-day ceasefire period, praising the recent meeting between U.S. President Donald Trump and Chinese President Xi Jinping as highly successful.
- The United States recorded a trade deficit of 55500 USD Million in October of 2018.
- Leading Economic Index in Japan increased to 100.50 Index Points in October from 99.60 Index Points in September of 2018.
- The number of employed persons in the Euro Area increased 0.2 percent on quarter to 158.3 million in the third quarter of 2018, the Euro Area economy grew 1.6 percent year-on-year in the third quarter of 2018, following a 2.2 percent expansion in the previous period, the final estimate showed.



Equity Market Update

- The Indian equity indices dipped over concerns of slowing world economy and fears on a resurgence of US-China trade tensions after the arrest of Huawei's Global CFO over alleged violation of US sanctions on Iran.
- Additionally, outflow of foreign funds along with uncertainty over the outcome of Assembly elections in five states also weighed on investor sentiments.
- Consequently, the S&P BSE Sensex lost 521.05 points, or 1.43 per cent, to close at 35,673.25, whereas the 50-share NSE Nifty declined 187.05 points, or 1.71 per cent, to settle at 10,693.70 points.
- Sector Update:** All sectoral gauges barring the Nifty IT index ended lower led by the Nifty Pharma Index's 6.4 percent fall. Nifty IT was up by 0.2%, Nifty reality down by 0.7%, Nifty Bank down by 1%, Nifty FMCG down by 1.5%, Nifty Media down by -2.1%, Nifty Metal down by 2.9%, Nifty Auto and Pharma were down by 4.3% and 6.4% respectively.
- Broader Markets:** The BSE Mid-Cap index was down by -321.86 points or -2.14% to settle at 14717.49. The BSE Small-Cap index was down by -322.51 points or -2.24% pc to settle at 14104.65.
- FII:** Foreign Institutional Investors (FII) were net sellers during the review as it off-loaded a total of Rs 865.52 crore worth shares, while Domestic Institutional Investors (DII) sold scrip worth Rs 2,266.64 crore.

Domestic Markets



Index	07-Dec-2018	30-Nov-2018	% Change
BSE Sensex	35673.25	36194.3	-1.44
S&P CNX Nifty	10693.7	10876.75	-1.68
CNX Midcap	17054.5	17503.6	-2.57
CNX 500	8940.65	9109.15	-1.85
BSE Smallcap	14104.65	14427.16	-2.24

Global Markets



Index	07-Dec-2018	30-Nov-2018	% Change
Dow Jones	24388.95	25538.46	-4.5
Nasdaq	6969.25	7330.54	-4.93
S&P 500	2633.08	2760.16	-4.6
FTSE 100	6778.1	6980.2	-2.9
Shanghai Composite	2605.89	2588.19	0.68
Hang Sang	26063.76	26506.75	-1.67

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	33314	33697	-383
MF Flows*	17446	16001	1445

FII data from 30th Nov to 6th Dec 2018
MF data from 29th Nov to 6th Dec 2018

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
30-Nov-2018	1693.54	320.96
03-Dec-2018	-769.21	466.84
04-Dec-2018	784.54	-567.48
05-Dec-2018	-2079.46	-533.33
06-Dec-2018	4920.79	-1029.23
07-Dec-2018	388.88	861.72

Policy Rates



Key Rates (%)	07-Dec-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





Debt Market Update

- Indian government bonds surged for a third week, with the benchmark paper posting its biggest weekly rise in eight months, as the Monetary Policy Committee held rates and ebbed fears of monetary tightening in the near term.
- The benchmark 7.17% bond maturing in 2028 settled at 98.08, yielding 7.46%, in Mumbai.
- The benchmark bond yield fell 14 basis points this week, its largest weekly fall since week ended Apr. 6. The yield fell for the third week and has fallen 36 basis points in this period.



Commodity Market Update

Oil Update:

- OPEC announced Friday that it will reduce overall production among its members by 1.2 million barrels per day (bpd) during the first six months of 2019 in an effort to stave off a global glut in supplies and prop up prices.
- The producer club will curb output by 0.8 million bpd from October levels, while non-OPEC allies contribute an additional 0.4 million bpd of cuts, in a move to be reviewed at a meeting in April.
- Oil futures jumped sharply on Friday in reaction to the new production cut agreement.
- West Texas Intermediate crude surged \$1.12, or roughly 2.2%, to close at \$52.61 a barrel by close of trade on the New York Mercantile Exchange. For the week, WTI rose about 3.3%
- Meanwhile, the global benchmark, Brent crude for February delivery on the ICE (NYSE:ICE) Futures Europe exchange, rallied \$1.61, or almost 2.7%, to end at \$61.67 a barrel. It gained about 5% for the week.
- Oil has taken a beating in recent weeks, with prices dropping more than 30% from their highs in early October, as swelling global inventories depressed sentiment.

Gold Update:

- Domestic:** Taking positive leads from the global market amid firm demand from local jewellers, gold prices surged Rs 890 to Rs 32,350 per 10 grams at the bullion market during the week. Similarly, silver climbed Rs 1,940 to Rs 38,500 per kg on higher demand from industrial units and coin makers. Traders said a positive trend in the overseas market lifted gold prices here.
- In the national capital, gold of 99.9 per cent and 99.5 per cent purity started the week on a positive note. Except Tuesday and Friday, gold prices moved northwards through the week to end at Rs 32,350 and Rs 32,200 per 10 grams respectively, climbing Rs 890 each.
- Sovereign ended at Rs 25,000 per piece of 8 grams, showing a rise of Rs 100.
- Domestic Silver:** In line with the overall trend, silver ready traded in the green zone and ended at Rs 38,500 per kg with an increase of Rs 1,940. Weekly-based delivery gained Rs 3,153 to close at Rs 38,500 per kg during the week. Silver coins also gained Rs 1,000 to end at Rs 74,000 for buying and Rs 75,000 for selling of 100 pieces for the week.
- International:** Globally, gold ended the week at USD 1,247.46 per ounce and silver at USD 14.62 an ounce in New York.



Currency Market Update

- The rupee halted its longest weekly gaining streak since January taking cues from equity markets which came under selling pressure.
- The local unit fell 1.7 percent, or 122 paise, to 70.81 against the greenback making it the worst Asian currency this week.
- The dollar index - which measures the greenback against six major peers - eased to 96.823, and fell to 112.80 yen from a 113.85 high at the start of the week.
- India's foreign exchange (forex) reserves rose by \$932.8 million during the week ended November 30.

Key Rates (%)	07-Dec-2018	30-Nov-2018	% Change
Mibor Overnight	6.48	6.55	-1.07
CALL (O/N)	6.41	6.41	0
CBLO	6.44	6.29	2.38
T Bills Index (12M)	7.1	7.17	-0.98
10 Year GSEC	7.46	7.61	-1.97

Commodity Market



Commodity (INR)	07-Dec-2018	Gain+/Loss-	% Change
Gold (10 gm)	30987	627	2.07
Silver (1 kg)	36595	1076	3.03
Crude Oil (\$/barrel)	62.01	3.3	5.62

Currency Market



Currency	07-Dec-2018	Gain+/Loss-	% Change
USD/INR	70.57	0.91	1.31
EURO/INR	80.22	0.86	1.08
GBP/INR	90.12	1.04	1.17
JPY/INR	62.53	1.1	1.79

Upcoming Events



Tankan Large Manufacturers Index Q4 (Jap)
 Industrial Production YoY NOV(China)
 Retail Sales YoY NOV(China)
 WPI Inflation YoY NOV(India)
 Balance of Trade NOV(India)
 Retail Sales MoM NOV(US)

Week Gone By



Events	Actual %	Previous %
Caixin Manufacturing PMI NOV (China)	50.2	50.1
Nikkei Manufacturing PMI NOV (India)	54.0	53.1
Markit Manufacturing PMI Final NOV (EA)	51.8	52
Markit Manufacturing PMI Final NOV (US)	55.3	55.7
ISM Manufacturing PMI NOV (US)	59.3	57.7
Total Vehicle Sales NOV (US)	17.49M	17.57M
Nikkei Services PMI NOV (Japan)	52.3	52.4
Caixin Composite PMI NOV (China)	51.9	50.5
Caixin Services PMI NOV (China)	53.8	50.8
Nikkei Services PMI NOV (India)	53.7	52.2
RBI Interest Rate Decision (India)	6.5	6.5
Markit Composite PMI Final NOV (US)	54.7	54.9
Markit Services PMI Final NOV (US)	54.7	54.8
ISM Non-Manufacturing PMI NOV (US)	60.7	60.3
Exports OCT & Imports OCT (US)	\$211.05B & \$266.53B	\$211.36B & \$265.91B @
Balance of Trade OCT (US)	\$-55.5B	\$-54.6B
Factory Orders MoM OCT (US)	-2.1	0.2
Unemployment Rate NOV (US)	3.7	3.7
Non Farm Payrolls NOV (US)	155K	237K @

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