



## Financial Market & Economy Update

### Domestic Update:

- India has emerged as the fifth-largest world economy in 2019, overtaking the UK and France, as per a report by US-based think tank World Population Review. India's economy is the fifth-largest in the world with a gross domestic product (GDP) of \$2.94 trillion, overtaking the UK and France in 2019 to take the fifth spot.
- Moody's Investors Service on Monday slashed India's growth forecast to 5.4 % for 2020 from 6.6 % projected earlier on slower than expected economic recovery. In its update on Global Macro Outlook, Moody's said India's economy has decelerated rapidly over the last two years and expects economic recovery to begin in the current quarter.
- India ranked 77th on a sustainability index that takes into account per capita carbon emissions and 131st on a flourishing ranking that measures the best chance at survival and well-being for children, according to a UN-backed report.
- Automobile dealers' body FADA on Thursday said passenger vehicle (PV) retail sales in January declined 4.61 % to 2,90,879 units as compared to same month last year, hit by tepid response by end customers. According to Federation of Automobile Dealers Associations (FADA), which collected vehicle registration data from 1,223 out of the 1,432 regional transport offices (RTOs), PV sales stood at 3,04,929 units in January 2019.
- Two-wheeler sales declined 8.82 % to 12,67,366 units last month as compared with 13,89,951 units in January 2019. Commercial vehicle sales declined 6.89 % to 82,187 units as compared to 88,271 units in January 2019. Total sales across categories declined 7.17 % to 17,50,116 units last month as against 18,85,253 units in the year-ago month.

### Global Update:

- The Japanese economy shrank 1.6 % on quarter in the last three months of 2019, following a downwardly revised 0.1% growth in the previous three-month period and compared to market consensus of a 0.9 % contraction, a preliminary estimate showed.
- Industrial production in Japan rose by 1.2% month-over-month in December 2019, compared to a preliminary reading of a 1.3 % gain and after a final 1 % fall in the prior month.
- The number of people in work in Britain jumped again at the end of last year, according to data which underscores how the labour market has defied a broader economic slowdown in the run-up to December's election. The number of people in work jumped by 180,000 in the October-December period to 32.934 million.
- The ZEW research institute said its monthly survey showed economic sentiment among investors fell to 8.7 from 26.7 in January. Economists had expected a drop to 21.5. The mood among German investors deteriorated far more than expected in February on worries that China's coronavirus outbreak would dampen world trade and deepen a manufacturing recession in Germany, a survey showed on Tuesday.
- Hong Kong's seasonally adjusted unemployment rate rose to 3.4% in the November to January period, the highest in more than three years, government figures showed on Tuesday, as worries grew over the economic impact of the coronavirus. The seasonally adjusted unemployment rate rose from 3.3% in the previous three-month period, the data showed. The underemployment rate remained unchanged at 1.2%.
- Japan's trade deficit narrowed to JPY 1.31 trillion in January 2020 from JPY 1.42 trillion in the same month a year earlier and compared with market expectations of a JPY 1.69 trillion gap. It marked the third straight month of trade deficit, as exports fell 2.6 % year-on-year to JPY 5.43 trillion, the lowest value in three years mainly due to lower shipments of cars and machines to the US and sales of car parts and electronics to China. Imports shrank 3.6 % to JPY 6.74 trillion.
- Core machinery orders in Japan, which exclude those of ships and electrical equipment, plummeted 12.5% mom in December of 2019 following an 18% jump in November and compared with expectations of a 9% decline.
- The annual inflation rate in the United Kingdom jumped to 1.8% in January of 2020 from 1.3% in December and above market expectations of 1.6%. It is the highest reading in six months, mainly boosted by prices of transport (1.8% vs 0.7% in December), namely airfares (0.9% vs -8.5%); fuels and lubricants (4.7% vs 1%, the biggest rise since November 2018); housing and utilities (2% vs 0.4%), namely electricity (8.6% vs 3.3%); restaurants and hotels (2.2% vs 1.6%); and miscellaneous goods and services (2.4% vs 2.2%). Also, prices rebounded for clothing and footwear (0.2% vs -0.8%).
- Annual core inflation rate in the United Kingdom, which excludes energy, food, alcoholic beverages and tobacco, increased to 1.6 % in January 2020 from 1.4 % in the previous month and above market expectations of 1.5 %.
- Construction output in the Euro Area shrank 3.7 % year-on-year in December of 2019, following a 1.4 % gain in November and compared to market expectations of a 1.4 % gain. It is the biggest annual decline since January of 2017, due to a 4.6 % slump in building (+1.2 % in November) while civil engineering rose at a slower pace (0.9 % vs 1.8 %).
- Flash U.S. Manufacturing Purchasing Managers' Index (PMI) dropped to 50.8 in February from 51.9 in January, marking a 6-month low, London-based global information provider IHS Markit reported Friday.
- The seasonally adjusted IHS Markit Flash U.S. Services PMI Business Activity Index registered 49.4 in February, down from 53.4 in January.

## Domestic Markets



Index	20-Feb-2020	14-Feb-2020	% Change
BSE Sensex	41170.12	41257.74	-0.21
S&P CNX Nifty	12080.85	12113.45	-0.27
CNX Midcap	18109.85	17978.8	0.73
CNX 500	9958.65	9961.05	-0.02
BSE Smallcap	14746.52	14682.65	0.44

## Global Markets



Index	21-Feb-2020	14-Feb-2020	% Change
Dow Jones	28992.41	29423.31	-1.46
Nasdaq	9576.59	9711.97	-1.39
S&P 500	3337.75	3380.16	-1.25
FTSE 100	7403.9	7451.96	-0.64
Shanghai Composite	3039.67	2917.01	4.21
Hang Sang	27308.81	27815.6	-1.82

## Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	19872	19548	324
MF Flows*	7940	7945	-5

\*FII data from 14th Feb to 18th Feb 2020

\*MF data from 13th Feb to 17th Feb 2020

## F&O FII Trends (Rs. Crs)



Date	Index	Stocks
14-Feb-2020	948.95	-652.32
17-Feb-2020	1625.87	-685.89
18-Feb-2020	516.41	-1074.85
19-Feb-2020	2532.87	811.21

## Policy Rates



Key Rates (%)	20-Feb-2020	1 Week Ago	1 Month Ago
Reverse Repo	4.9	4.9	4.9
Repo	5.15	5.15	5.15
CRR	4	4	4
SLR	18.25	18.25	18.5

## Key Rates





## Equity Market Update

- The Indian markets remained volatile in the week gone by with benchmark indices recording a negative closing in three out of four trading sessions for the week ended February 20. Small and mid-caps, however, bucked the trend. Rising coronavirus (COVID-19) fears capped upside for markets across the globe but expectations of further stimulus measures from China to fuel growth in Asia's largest economy boosted risk-on sentiment. On a weekly basis, the Nifty50 closed with losses of 0.27 % while the S&P BSE Sensex fell 0.21 % for the week ended February 20.
- Broader Markets:** In the broader market space, the S&P BSE Small-cap index was up 0.44 % while the S&P BSE Mid-cap index gained 0.20 % in the same period.
- Sector Update:** Five out of the 11 sectoral gauges on the National Stock Exchange (NSE) suffered losses for the week, with the Nifty PSU Bank (down 1.91 %), Auto (1.59 %) and Realty (1.31 %) indices being the worst hit.
- Global cues amid concerns about the impact of the coronavirus outbreak on world economy kept the domestic markets under pressure during the week.



## Debt Market Update

- Indian government bonds ended lower in a holiday-truncated week, posting their first fall in three weeks, as traders booked profits, while the market awaited the minutes of the Monetary Policy Committee's February meeting.
- The benchmark 6.45% bond maturing in 2029 ended at 100.17 rupees, yielding 6.42%, in Mumbai. The yield rose five basis points this week, after falling 16 and seven basis points in the last two weeks.
- Indian bonds have been rallying after the government kept this year's borrowing programme unchanged, while the central bank said it will infuse one trillion rupees in the banking system through long-term repos.
- The Reserve Bank of India infused 250 billion rupees through a three-year term repo on Feb. 17, which was nearly oversubscribed by eight times, and it will conduct a one-year term repo for a similar amount on Feb. 24. The RBI will also conduct bond switch auction for up to 370 billion rupees on Feb. 24.



## Commodity Market Update

### Oil Update:

- Oil prices extended gains for the week ending Feb. 21 with the prices of West Texas Intermediate (WTI) for April delivery up 2.03 % and Brent crude oil for April delivery up 2.06 %.
- Although WTI and Brent crude tried to test 55 U.S. dollars level and 60 dollars level, respectively, the momentum was fragile due to cautious sentiment in the market.
- After two weeks gains of prices, WTI and Brent crude still decreased by 12.58 % and 11.36 %, respectively, this year.
- WTI closed the week at 53.38 dollars a barrel on the New York Mercantile Exchange, while Brent crude finished the week at 58.50 dollars a barrel on the London ICE Futures Exchange.
- A smaller-than-expected increase in U.S. crude stockpiles during the week ending Feb. 14 provided a support to the oil prices.
- Oil prices had rallied for two weeks, mainly driven by incentive measures announced by China with aim at boosting foreign trade and easing borrowing costs, which would revive demand for crude oil.

### Gold Update:

- Gold continued its record-breaking run in Indian markets. Gold futures on MCX on Friday a new high of ₹42,790 per 10 gram when they rose over 1.6%. They settled 1.5% higher at ₹42,691 per 10 gram. So far this week, gold prices are up about ₹1,800 per 10 gram. Silver futures on MCX also gained over 1% to ₹48,376 per kg.
- In global markets, gold prices on Friday jumped 1.6% to \$1,646.20 an ounce as coronavirus concerns increased the safe-haven appeal of gold. Though China reported an uptick in new cases of coronavirus on Friday, the rise in infections remained at its slowest pace since January.



## Currency Market Update

- The Indian rupee depreciated sharply in the week gone by, weakening to 71.66 against the US dollar, from 71.37 a dollar in previous week due to buying in dollar given coronavirus concerns and rise in oil prices.
- The country's foreign exchange reserves swelled by \$3.091 billion to a lifetime high of \$476.092 billion in the week to February 14, mainly due to a rise in foreign currency assets, according to the RBI data.
- In the previous week, the foreign exchange reserves had increased by \$1.701 billion to \$473 billion.
- The U.S. dollar declined in late trading on Friday as investors' sentiment was dragged down by weak economic data.
- The dollar index, which measures the greenback against six major peers, decreased 0.6 % at 99.2624 in late trading.

Key Rates (%)	20-Feb-2020	14-Feb-2020	% Change
Mibor Overnight	5.17	5.15	0.39
CALL (O/N)	5.04	5.03	0.2
CBLO	5.01	4.95	1.21
T Bills Index (12M)	5.18	5.2	-0.38
10 Year GSEC	6.43	6.37	0.94

## Commodity Market



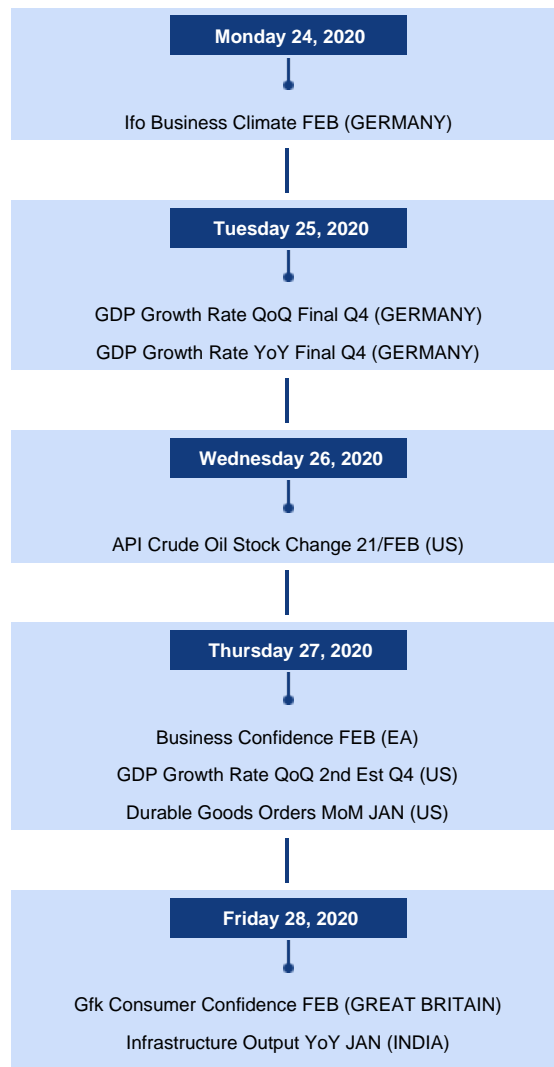
Commodity (INR)	20-Feb-2020	Gain+/Loss-	% Change
Gold (10 gm)	41590	914	2.25
Silver (1 kg)	47551	1346	2.91
Crude Oil (\$/barrel)	58.5	1.18	2.06

## Currency Market



Currency	20-Feb-2020	Gain+/Loss-	% Change
USD/INR	71.59	0.2	0.29
EURO/INR	77.25	-0.1	-0.13
GBP/INR	92.4	-0.73	-0.78
JPY/INR	64.21	-0.82	-1.26

## Upcoming Events



Deposit Growth YoY FEB/14 (INDIA)  
 Foreign Exchange Reserves FEB/21 (INDIA)  
 Government Budget Value JAN (INDIA)  
 Bank Loan Growth YoY FEB/14 (INDIA)  
 GDP Growth Rate YoY Q4 (INDIA)  
 Personal Spending MoM JAN (US)  
 Personal Income MoM JAN (US)

## Week Gone By



Events	Actual %	Previous %
GDP Growth Rate QoQ Prel Q4 (JAPAN)	-1.6	0.1
ZEW Economic Sentiment Index FEB (GERMANY)	8.7	26.7
Claimant Count Change JAN (GREAT BRITAIN)	5.5K	2.6K
Balance of Trade JAN (JAPAN)	¥-1312.6B	¥-154.6B
Inflation Rate YoY JAN (GREAT BRITAIN)	1.8	1.3
GfK Consumer Confidence MAR (CHINA)	9.8	9.9
Inflation Rate YoY JAN (JAPAN)	0.7	0.8
Foreign Exchange Reserves FEB/14 (INDIA)	\$476B	\$473B

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