



Financial Market & Economy Update

Domestic Update:

Following are the highlights of the announcements made by Finance Minister Nirmala Sitharaman on reduction in corporate tax and other fiscal relief measures for the economy to promote growth and investment:

- Corporate tax rate has been slashed to 22 % for domestic companies not availing any incentives/exemptions; earlier rate 30 %
- Effective tax rate for such companies now stands at 25.17 % including cess and surcharge; earlier it was 34.94 %
- Also, such companies shall not be required to pay Minimum Alternate Tax (MAT)
- New domestic companies incorporated on or after Oct 1, 2019, making fresh investment in manufacturing can pay income-tax at a rate of 15 pc; the earlier rate was 25 pc
- However, lower tax is applicable if the companies do not avail any exemption/incentive, and commence production by March 31, 2023
- Their effective tax rate will be 17.01 % inclusive of surcharge and cess; earlier the rate was 29.12 %
- These companies, too, will not be required to pay MAT
- For cos which continue to avail exemptions/incentives, the MAT has been reduced from 18.5 % to 15 %
- Enhanced super-rich tax on capital gains on sale of share in hands has been removed
- Enhanced surcharge will also not apply to capital gains on sale of security in hands of foreign portfolio investors (FPIs)
- Enhanced surcharge introduced in Budget shall not apply on capital gain arising on sale of equity shares in a Co liable for Securities Transaction Tax (STT)
- No tax on buyback of shares if companies have made announcement regarding it before July 5 2019
- Scope of corporate social responsibility (CSR) activities has been expanded
- Lower tax rates are effective from April 1, 2019
- Changes in Income Tax Act, 1961 and Finance Act, 2019 made through an ordinance.
- Revenue foregone for reduction in corporate tax and other relief is estimated at Rs 1.45 lakh crore.

GST Council Meet highlights:

- A uniform GST rate of 12 % will be levied on woven/non-woven polyethylene bags.
- GST council cuts tax rates on job work in diamond industry to 1.5% from 5%
- In a major boost to gems and jewellery sector, the Council recommended to reduce GST on cut and polished semi-precious items to 0.25 % from 3 % now.
- GST Council cuts tax on hotel room tariffs of ₹1,000 to ₹7,500/night to 12%; those above ₹7,500 to 18%.
- The GST on caffeinated beverages has been hiked to 28% plus additional cess of 12% as against the current rate of 18 %.
- GST council cuts tax rates for outdoor catering to 5% from 18%.
- GST rate hiked on railway wagon, coaches from 5% to 12%.

Economic and Political Update:

- The government has scrapped import duty on open cell TV panel used to make television sets, as it aims to boost local manufacturing by lowering input costs for TV makers who have been complaining about a slump in demand.
- Indian private and public sector banks (PSBs) had aggregate savings deposits of Rs 39.72 lakh crore as on March 31, 2019, while foreign banks had a share of Rs 58,630 crore.
- Labour Minister Santosh Gangwar on Tuesday said over 6 crore EPFO accounts will be credited with interest amount at 8.65 % rate for 2018-19 ahead of the festival season.
- The mutual fund industry managed to garner Rs 8,231 crore through systematic investment plans (SIPs) in August, a rise of 7.5 % from the year-ago period, despite volatility in equity market.
- Wholesale price-based inflation was unchanged at 1.08 % in August even as prices of food items rose, government data showed on Monday. The wholesale price index (WPI)-based inflation was at 1.08 % in July this year and 4.62 % in August 2018.

Global Update:

- Japan's core consumer inflation slowed to a new two-year low in August due to lower oil costs and feeble economic growth, data showed on Friday. The nationwide core consumer price index (CPI), which includes oil products but excludes fresh food prices, rose 0.5% in August from a year earlier, matching a median market forecast and slowing from a 0.6% gain in July. It was the slowest pace of increase since July 2017, when the index rose 0.5%.
- The Euro Area current account surplus narrowed to EUR 29.8 billion in July 2019 from EUR 30.2 billion in the corresponding month of the previous year, as the services surplus declined sharply to EUR 4.6 billion from EUR 12.0 billion and the primary income surplus decreased to EUR 4.9 billion from 6.0 billion.
- Retail Sales in the United Kingdom increased 2.70 % in August of 2019 over the same month in the previous year.
- The Bank of England's Monetary Policy Committee voted unanimously to hold the Bank Rate at 0.75 % during its September policy meeting, and reaffirmed its pledge

Domestic Markets



Index	20-Sep-2019	13-Sep-2019	% Change
BSE Sensex	38014.62	37384.99	1.68
S&P CNX Nifty	11274.2	11075.9	1.79
CNX Midcap	16333.4	15967.4	2.29
CNX 500	9230.5	9050.85	1.98
BSE Smallcap	13204.25	13013.05	1.47

Global Markets



Index	20-Sep-2019	13-Sep-2019	% Change
Dow Jones	26935.07	27219.52	-1.05
Nasdaq	8117.67	8176.71	-0.72
S&P 500	2992.07	3007.39	-0.51
FTSE 100	7344.9	7367.5	-0.31
Shanghai Composite	3006.45	3034.41	-0.92
Hang Sang	26435.67	27352.69	-3.35

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	16968	20515	-3547
MF Flows*	10683	7867	2816

*FII & MF data from 13th September to 19th September 2019

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
13-Sep-2019	1480.52	131.45
16-Sep-2019	-741.25	-372.93
17-Sep-2019	-308.67	308.33
18-Sep-2019	-1112.6	632.59
19-Sep-2019	1147.54	-446.39

Policy Rates



Key Rates (%)	20-Sep-2019	1 Week Ago	1 Month Ago
Reverse Repo	5.15	5.15	5.15
Repo	5.4	5.4	5.4
CRR	4	4	4
SLR	18.75	18.75	18.75

Key Rates



to gradual and limited rises under the assumption of a smooth Brexit and some recovery in global growth.

- Japan's trade deficit narrowed to JPY 136.3 billion in August 2019 from JPY 448.1 billion in the same month a year earlier and compared to market expectations of a JPY 356 billion gap.
- The annual inflation rate in the United Kingdom fell to 1.7 % in August 2019 from 2.1 % in the previous month and below market expectations of 1.9 %.
- The annual inflation rate in Euro Area was at 1 % in August 2019, unchanged from the previous month.
- China's new home prices grew at their weakest pace in nearly a year in August as a cooling economy and existing curbs on speculative buying put a dent on overall demand. Average new home prices in China's 70 major cities rose 8.8% in August from a year earlier, compared with a 9.7% gain in July and the weakest pace since October 2018, Reuters calculated from official National Bureau of Statistics (NBS) data on Tuesday.
- Industrial output growth unexpectedly weakened to 4.4% in August in China from the same period a year earlier, the slowest pace since February 2002 and receding from 4.8% in July. The slowdown in China's economy deepened in August, with growth in industrial production at its weakest 17-1/2 years amid spreading pain from a trade war with the United States and softening domestic demand.
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Key Rates (%)	20-Sep-2019	13-Sep-2019	% Change
Mibor Overnight	5.45	5.43	0.37
CALL (O/N)	5.37	5.29	1.51
CBLO	5.36	5.28	1.52
T Bills Index (12M)	5.6	5.6	0
10 Year GSEC	6.79	6.63	2.41

Commodity Market



Commodity (INR)	20-Sep-2019	Gain+/Loss-	% Change
Gold (10 gm)	37390	-202	-0.54
Silver (1 kg)	45686	-564	-1.22
Crude Oil (\$/barrel)	64.28	4.06	6.74

Currency Market



Currency	20-Sep-2019	Gain+/Loss-	% Change
USD/INR	70.94	0	0
EURO/INR	78.44	-0.12	-0.15
GBP/INR	89.21	1.56	1.78
JPY/INR	65.76	0.12	0.18



Equity Market Update

- After remaining sideways for the first four days, the market gave three cheers for the government announcement of the corporate tax cut on September 20.
- On Friday, the Sensex surged 1,921.15 points or 5.32 % at 38,014.62, while Nifty gained 569.40 points or 5.32 % at 11,274.20, the biggest single-session gains in the last 10 years.
- Nifty Logs Weekly Gain Of 1.8%
- With the massive gain on Friday, both benchmark indices finished the week higher. The S&P BSE Sensex index added a total 629.63 points this week whereas the broader Nifty benchmark moved up 198.30 points. That meant a weekly gain of 1.68 % for the Sensex and 1.79 % for the Nifty.
- On September 20, Finance Minister Nirmala Sitharaman slashed corporate tax rate to 25 % from 35 % with exception and scrapped minimum alternative tax (MAT) for domestic companies and new domestic manufacturing companies.
- Finance Minister also re-called the additional surcharge on capital gains by foreign portfolio investors (FPIs) and buyback tax on listed firms.
- On the global front, the resumption of trade talks between US and China also boosted the investors' sentiments.
- On the global front, the resumption of trade talks between US and China also boosted the investors' sentiments.
- **Broader Markets:** The S&P BSE Midcap index surged 3.3 % and S&P BSE Largecap Index added 1.89 %, while the Smallcap Index was up 1.47 % last week.
- **Sector Update:** The Nifty FMCG index outperformed the sectoral indices with a gain of 4.3 % during the week. Nifty Auto and Nifty Bank ended the week at 3.33% & 3.14% respectively.



Debt Market Update

- Indian government bonds fell for a second day, with the benchmark yield logging its biggest rise in 17 months, after the government cut tax rates for corporates, raising fears of fiscal slippage as well as higher borrowing.
- The benchmark 7.26% bond maturing in 2029 ended at 103.20 rupees, yielding 6.79%, its highest since Jul. 3 in Mumbai.
- The benchmark yield posted its biggest single-session rise since Apr. 11, 2018, and also its biggest weekly gain since the week ended Jul. 26 after rising 15 basis points.



Commodity Market Update

Oil Update:

- Oil prices jumped for the week ending Sept. 20 following the attacks on Saudi Arabia's crude oil production facilities last weekend, with the price of West Texas Intermediate (WTI) for October delivery up 5.91 % and Brent crude oil for November delivery up 6.74 %.
- During the week, the oil prices experienced spiking, falling back again, and then rising more modestly, registering the biggest weekly gains in months. WTI closed the week at 58.09 U.S. dollars a barrel on the New York Mercantile Exchange, while Brent crude finished the week at 64.28 dollars a barrel on the London ICE Futures Exchange.
- WTI and Brent crude prices have increased 27.95 % and 19.48 %, respectively, so

Upcoming Events



far this year, falling from their peak levels in April when the growth of WTI hit over 40 %, and Brent crude over 30 %.

- During the week, WTI and Brent crude moved in the same directions, and the two-day gains outweighed three-day drops.

Gold Update:

- Gold prices in India on Friday jumped from one-month lows before closing marginally higher, lifted by a rally in global markets. On MCX, October gold futures settled 0.11% higher at ₹37,727 per 10 gram, after recovering from one-month lows hit earlier during the session. Gold traded in the range of ₹37,438 to ₹37,750 during the day. A rally in global markets helped lift domestic gold prices from one-month lows. Silver prices however continued to struggle though they ended off day's lows.
- Silver prices on MCX fell 0.20% to ₹46,523 per kg, after falling to ₹46,151 earlier in the day.
- Gold and silver prices in India remain significantly lower than their record highs hit earlier this month. Gold prices are down about ₹2,000 per 10 gram from highs of ₹39,885 while silver rates have fallen about ₹5,000 from highs of ₹51,489.
- Overall Gold and Silver prices consolidated in the range last week. The price was supported after US said it would deploy additional troops in Saudi Arabia and UAE for precautions against any further attack.
- In global markets, gold prices on Friday rallied 1% to above \$1,515 an ounce. Gold rose 1.1% to \$1,515.90 an ounce after a renewed flare-up in trade tensions between the US and China sent Wall Street lower.



Currency Market Update

- On a weekly basis, the Rupee ended marginally lower at 70.94 on September 20 against the September 13 closing of 70.91.
- Forex reserves eases to US\$ 429.0 billion as on 13 September 2019. India's foreign exchange reserves declined by US\$ 0.65 billion to US\$ 428.96 billion in the week ended 13 September 2019. The foreign exchange reserves had stood at US\$ 429.61 a week ago.
- The U.S. Dollar Index, which measures the greenback against a basket of six currencies, has been relatively strong, sliding just 0.1% on the week.

Durable Goods Orders MoM AUG (US)

Personal Income MoM AUG (US)

Personal Spending MoM AUG (US)

Week Gone By



Events	Actual %	Previous %
WPI Fuel YoY AUG (INDIA)	-4.0	-3.64
WPI Manufacturing YoY AUG (INDIA)	0	0.34
WPI Food YoY AUG (INDIA)	7.67	6.15
WPI Inflation YoY AUG (INDIA)	1.08	1.08
ZEW Economic Sentiment Index SEP (GERMANY)	-22.5	-44.1
Balance of Trade AUG (JAPAN)	¥-136.3B	¥-250.7B
Inflation Rate YoY AUG (GREAT BRITAIN)	1.7	2.1
Inflation Rate YoY Final AUG (EA)	1.0	1.0
Fed Interest Rate Decision (US)	2.0	2.25
BoE Interest Rate Decision (GREAT BRITAIN)	0.75	0.75
Inflation Rate YoY AUG (JAPAN)	0.3	0.5
Foreign Exchange Reserves SEP/13 (INDIA)	\$428.96B	\$429.61B
Current Account Q2 (US)	\$-128.2B	\$-136.2B
Consumer Confidence Flash SEP (EA)	-6.5	-7.1

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