

Weekly Market Update



Financial Market & Economy Update

Domestic Update:

- Wholesale prices in India rose by 2.02 percent year-on-year in June 2019, easing from a 2.45 percent gain in the previous month and below market expectations of 2.35 percent.
- Data, released by the government last week, showed that the CPI inflation rate, in fact, rose to an eight-month high of 3.18 per cent in the month.
- Core CPI inflation eases to 4.09% in June 2019.
- The Federation of Bangladesh Chambers of Commerce and Industries (FBCCI) president Sheikh Fazle Fahim on Monday said bilateral trade between Bangladesh & India was \$9.5 billion in FY2017-18 with exports to India pegged at \$0.87 billion and imports, at \$8.6 billion.
- Total bad loans of commercial banks declined by Rs 1.02 lakh crore to Rs 9.34 lakh crore in the 2018-19 fiscal on the back of steps taken by the government, Finance Minister Nirmala Sitharaman said Tuesday.
- India's imports declined to their lowest level in four months in June to \$40.29 billion, down 9% from a year ago.
- The slowdown in the auto industry persists as retail sales, as indicated by vehicle registration data, show a 5.4% decline for the month of June. This was the third straight decline in monthly vehicle sales this fiscal.
- Tax officials detected Rs 37,946 crore worth of tax fraud in 2018-19 and Rs 6,520 crore in the April-June period of the current financial year after the GST implementation, the Finance Ministry told Parliament on Tuesday.
- The Centre collected Rs 2,540 crore in excise duty on Air Turbine Fuel (ATF) in 2018-19, up 31 per cent from the previous fiscal, Civil Aviation Minister Hardeep Singh Puri told the Lok Sabha on Thursday.
- India's current account (CA) balance deficit grew to \$68 billion in 2018-19 from \$49 billion the previous year, according to the International Monetary Fund (IMF).
- The government has approved an outlay of Rs 206.8 crore for 2019-19 for a central sector scheme titled 'Implementation of Agriculture Export Policy' aimed at doubling farmers' income by 2022

Global Update:

- The Chinese economy advanced 6.2 percent year-on-year in the second quarter of 2019, slowing from a 6.4 percent expansion in the previous three-month period and matching market expectations.
- China's industrial output expanded 6.3 percent year-on-year in June 2019.
- British wages, excluding bonuses, rose at their fastest pace in nearly 11 years, official data showed on Tuesday.
- The International Monetary Fund (IMF) has trimmed its 2019 economic growth forecast for Singapore to 2% from 2.3%, the Washington-based lender said on Tuesday, as global trade tensions hit exports from the city-state.
- Foreign Bond Investment in the United States decreased to -33837 USD Million in May from 16949 USD Million in April of 2019.
- The annual inflation rate in the United Kingdom was at 2 percent in June 2019, unchanged from the previous month and matching market expectations.
- The retail price index in the UK rose 2.9 percent from a year earlier in June 2019, easing from a 3.0 percent increase in the previous month and in line with market expectations.
- The annual inflation rate in the Euro Area rose to 1.3 percent in June 2019, slightly above a preliminary and market expectations of 1.2 percent.
- Singapore's exports fell more than expected in June, marking their biggest decline in six years, as the city-state struggles against tepid global demand and the Sino-U.S. trade war. Non-oil domestic exports in June fell 17.3%, the fourth month of year-on-year decline, data showed on Wednesday, slowing from the revised 16.3% decline the month before.
- Retail sales in the United Kingdom increased 3.8 percent from a year earlier in June 2019, following a downwardly revised 2.2 percent growth in the previous month and beating market expectations of 2.6 percent.
- The BOK cut its base rate 25 basis points (bps) to 1.50%. It also shaved this year's growth forecast to 2.2%, the lowest in a decade, from 2.5%, as a brewing dispute with Japan piled more pressure on the trade-dependent economy.
- Indonesia's central bank cut its benchmark interest rate for the first time in nearly two years, lowering the 7-day reverse repo rate by 25 bps to 5.75%.
- Japan's trade surplus narrowed to JPY 589 billion in June 2019 from JPY 728 billion in the same month a year earlier and compared to market expectations of a JPY 420 billion surplus.
- Japan's consumer price inflation came in at 0.7 percent year-on-year in June 2019, unchanged from the previous month and matching market expectations.



Equity Market Update

- Benchmark equity indices Sensex and NSE Nifty ended the week in the red amid profit booking by foreign investors, mixed earnings and concerns over a slowdown in the economy.

Domestic Markets



Index	19-Jul-2019	12-Jul-2019	% Change
BSE Sensex	38337.01	38736.23	-1.03
S&P CNX Nifty	11419.25	11552.5	-1.15
CNX Midcap	16430.1	17146.25	-4.18
CNX 500	9304.65	9457.75	-1.62
BSE Smallcap	13310.35	13776.58	-3.38

Global Markets



Index	19-Jul-2019	12-Jul-2019	% Change
Dow Jones	27154.2	27332.03	-0.65
Nasdaq	8146.49	8244.14	-1.18
S&P 500	2976.61	3013.77	-1.23
FTSE 100	7508.7	7505.97	0.04
Shanghai Composite	2924.2	2930.55	-0.22
Hang Sang	28765.4	28471.62	1.03

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	16058	17415	-1357
MF Flows*	10468	8416	2052

*FII & MF data from 12th July to 17th July 2019

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
12-Jul-2019	873.3	286.28
15-Jul-2019	968.61	620.39
16-Jul-2019	469.97	534.31
17-Jul-2019	1917.51	-166.9
18-Jul-2019	1968.52	-815.47

Policy Rates



Key Rates (%)	19-Jul-2019	1 Week Ago	1 Month Ago
Reverse Repo	5.5	5.5	5.5
Repo	5.75	5.75	5.75
CRR	4	4	4
SLR	18.75	19	19

Key Rates



- The 30-share Sensex declined 1.03 per cent for the week to end at 38,337 on July 19 against 38,736 on July 12. Likewise, 50-share Nifty declined 1.15 per cent to 11,419.
- **Broader Markets:** The Nifty Midcap underperformed the indices, losing 4 percent for the week, while Nifty Smallcap fell 3.3 percent.
- **Sector Update:** All sectoral indices, except Nifty IT, were down for the week. The Nifty Auto index fell the most, down 6 percent followed by the Nifty PSU Bank (down 5 percent), the Nifty Metal (down 2.8 percent), the Nifty Bank (down 2.7 percent) and the Nifty Media (down 1.8 percent). Meanwhile, the Nifty IT index rose 0.8 percent for the week.

Key Rates (%)	19-Jul-2019	12-Jul-2019	% Change
Mibor Overnight	5.7	5.85	-2.56
CALL (O/N)	5.7	5.63	1.24
CBLO	5.7	5.56	2.52
T Bills Index (12M)	5.89	6.02	-2.16
10 Year GSEC	6.36	6.49	-2



Equity Market Outlook

- Indian government bonds jumped for the third consecutive week as bullish momentum persisted, while bets of a deeper rate cut cycle aided further buying.
- The benchmark 7.26% bond maturing in 2029 ended at 106.32 rupees, yielding 6.36%, in Mumbai, against 106.14 rupees and a 6.39% yield yesterday. The benchmark bond yield fell by 13 basis points this week, after easing 18 and 21 basis points in the last two weeks.
- U.S. Treasury yields fell after New York Federal Reserve President John Williams hinted at a rate cut later this month. The bets of a rate cut by the Fed in July stood at 100%, of which 45% expect a 50-basis-point rate cut, according to the CME FedWatch Tool. The Fed will meet on Jul. 30-31.

Commodity Market



Commodity (INR)	19-Jul-2019	Gain+/Loss-	% Change
Gold (10 gm)	35091	684	1.99
Silver (1 kg)	40624	2891	7.66
Crude Oil (\$/barrel)	62.47	-4.25	-6.37



Debt Market Update

- Indian government bonds jumped for the third consecutive week as bullish momentum persisted, while bets of a deeper rate cut cycle aided further buying.
- The benchmark 7.26% bond maturing in 2029 ended at 106.32 rupees, yielding 6.36%, in Mumbai, against 106.14 rupees and a 6.39% yield yesterday. The benchmark bond yield fell by 13 basis points this week, after easing 18 and 21 basis points in the last two weeks.
- U.S. Treasury yields fell after New York Federal Reserve President John Williams hinted at a rate cut later this month. The bets of a rate cut by the Fed in July stood at 100%, of which 45% expect a 50-basis-point rate cut, according to the CME FedWatch Tool. The Fed will meet on Jul. 30-31.

Currency Market



Currency	19-Jul-2019	Gain+/Loss-	% Change
USD/INR	68.82	0.23	0.34
EURO/INR	77.52	0.23	0.3
GBP/INR	86.22	0.21	0.24
JPY/INR	63.93	0.63	1



Commodity Market Update

Oil Update:

- Oil prices rose about 1 per cent on Friday after steep losses a day earlier, supported by rising tensions between the United States and Iran, even as concerns that slowing economic growth could dent global oil demand cast a cloud.
- For the week, benchmark crude prices declined, having fallen sharply earlier in the week on demand worries.
- Brent crude LCOc1 futures settled 54 cents higher at \$62.47 a barrel. West Texas Intermediate crude CLc1 futures rose 33 cents to end the session at \$55.63 a barrel.
- Still, WTI dropped 7 per cent for the week and Brent lost about 5.5 per cent for the week, the steepest losses for both benchmarks since late May.
- Prices gained late in the session after Iran's Revolutionary Guards said they had captured a British-flagged oil tanker in the Gulf after Britain seized an Iranian vessel earlier this month, further raising tensions along a vital international oil shipping route.
- A second oil tanker, the British-operated, Liberian-flagged Mesdar, turned sharply north towards Iran's coast on Friday afternoon after passing westward through the Strait of Hormuz into the Gulf.

Gold Update:

- Consumers in leading Asian hubs continued to sell off physical gold this week, with some switching their holdings to silver, after a jump in prices that also attracted interest from investors betting further gains.
- In India, the world's second-biggest gold consumer, dealers were forced to offer the highest discounts since August 2016, at about \$33 over official domestic prices. This compared with \$20 discounts last week. India recently raised import duties on gold and other precious metals to 12.5% from 10%.
- Gold futures hit a record of ₹35,409 per 10 grams on Friday.
- Global benchmark spot gold surpassed \$1,450 an ounce for the first time in more than six years on Friday.
- In Japan, gold was sold at a \$0.25 discount, having been at benchmark parity last week.



Currency Market Update

- In terms of currency, the rupee weakened by 12 paise to close at 68.81 from its previous week's close of 68.69 per greenback.

Upcoming Events



Tuesday 23, 2019

Consumer Confidence Flash JUL (EA)

Wednesday 24, 2019

Markit Manufacturing PMI Flash JUL (US)
 Markit Services PMI Flash JUL (US)
 Markit Services PMI Flash JUL (GERMANY)
 Markit Services PMI Flash JUL (EA)
 Markit Manufacturing PMI Flash JUL (EA)
 Markit Manufacturing PMI Flash JUL (GERMANY)

Thursday 25, 2019

Durable Goods Orders MoM JUN (US)
 Ifo Business Climate JUL (GERMANY)
 ECB Interest Rate Decision (EA)

Friday 26, 2019

- India's foreign exchange reserves declined by US\$ 1.11 billion to US\$ 428.80 billion in the week ended 12 July 2019. The foreign exchange reserves had stood at US\$ 429.91 a week ago.
- The U.S Dollar Index ("DXY") rose by 0.35% in the week to 97.151, supported by a 0.37% gain on Friday.

GDP Growth Rate QoQ Adv Q2 (US) Foreign
Exchange Reserves JUL/19 (INDIA)

Week Gone By



Events	Actual %	Previous %
GDP Growth Rate YoY Q2 (CHINA)	6.2	6.4
WPI Manufacturing YoY JUN (INDIA)	0.94	1.28
WPI Fuel YoY JUN (INDIA)	-2.2	0.98
WPI Food YoY JUN (INDIA)	6.98	6.99
WPI Inflation YoY JUN (INDIA)	2.02	2.45
Balance of Trade JUN (INDIA)	\$-15.28B	\$-15.36B
ZEW Economic Sentiment Index JUL (GERMANY)	-24.5	-21.1
Retail Sales MoM JUN (US)	0.4	0.4
Inflation Rate YoY JUN (GREAT BRITAIN)	2.0	2.0
Balance of Trade JUN (JAPAN)	¥589.5B	¥-968.3B
Inflation Rate YoY JUN (JAPAN)	0.7	0.7
Deposit Growth YoY JUL/05 (INDIA)	10.3	10.0
Foreign Exchange Reserves JUL/12 (INDIA)	\$428.8B	\$429.91B
Bank Loan Growth YoY JUL/05 (INDIA)	12.0	12.0

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.