



Financial Market & Economy Update

Domestic Market Update:

- The Consumer Price Index (CPI) eased to 4.29% in the month of April, sliding from 5.52% in last month, according to the official data released by the ministry of statistics and programme implementation (MoSPI) on Wednesday. The food prices moderated. Consumer Food Price Index declined steeply to 2.02% in April from 4.87% in March.
- India's trade deficit in goods widened to USD 15.1 billion in April 2021, from USD 6.76 billion in the same period last year, as both domestic and foreign demand rebounded from last year's record declines.
- Imports to India jumped 167.05 percent from a year earlier to USD 45.72 billion in April 2021, as purchases of both oil and non-oil products rose sharply.
- Exports from India surged 195.72 percent year-on-year to USD 30.63 billion in April 2021, as foreign demand rebounded from last year's record slump. Sales rose for gems & jewelry, jute manufacturing including floor covering, carpet, handicrafts excluding handmade carpet, and leather & leather products, among others.
- The value of Export in the first week of May 2021 is also up by almost 9% over the same period of 2019-20 (6.48 billion USD), according to Piyush Goyal. He said that Export excluding POL, is even better, and has increased in this period by 15% over same period of 2019-20. He said that performance of exports in April-21 and 2020-21 gives a hope that an ambitious target of \$400 billion merchandise exports can be achieved this year. There is a large potential for enhancing exports in several sectors like Pharma, Engineering, Auto-component, Fisheries and Agro-products, he added.
- According to a latest monthly update from the Federation of Automobile Dealers Association (FADA) of India, for FY 20-21, total vehicle registrations were down by 30% (below FY12-13 levels). Except Tractors which grew by 16%, all other categories were in red with 2W, 3W, CV and PV falling by 32%, 64%, 49% and 14% respectively and way below FY13 levels (lowest in last 8 years). Total vehicle registration for the month of April-21 plummeted by 28% MoM. All categories declined with 2W, 3W, PV, Tractors and CV falling by 28%, 43%, 25%, 45% and 24% respectively.
- The procurement in Rabi Marketing Season 2021-22 is going on smoothly. As on 9th May, 2021 total 337.95 LMT wheat has been procured, as compared to 248.021 LMT wheat has been procured during last year, up around 36%. Around 34.07 Lakh farmers have been benefitted so far against 28.15 lakh last year as on date. Haryana and Punjab also switched from indirect payment of MSP to direct online transfers of benefit to farmers, farmers are now receiving direct benefits against sale of their crops without any delay across the country. Out of total DBT payment of Rs 49,965 crore so far transferred directly into farmers- account across India on account of wheat procurement. Out of this, Rs 21,588 Crore in Punjab and about Rs 11,784 Crore in Haryana has been transferred directly into farmers- account.
- India's exports soared around 80% to \$7.04 billion during the first week of this month, according to preliminary data of the commerce ministry. Imports too rose by 80.7% to \$8.86 billion during May 1-7, 2021 as against \$4.91 billion in the same period last year and \$10.39 billion in 2019.

International Market Update:

- US first-time claims for unemployment benefits dipped to 473,000 in the week ended May 8th, a decrease of 34,000 from the previous week-s revised level of 507,000, according to a report released by the Labor Department on Thursday. With the bigger than expected decrease, jobless claims once again fell to their lowest level since hitting 256,000 in the week ended March 14, 2020.
- The spurt in US price levels above the Federal Reserve-s 2 percent goal should be temporary and the Fed would not raise rates until it sees inflation above target for a long time, said Federal Reserve Governor Christopher Waller on Thursday.
- Japan's new vehicle sales rebounded by over 29% to 349,895 units in April 2021 from weak year-earlier sales of 270,393 units, according to registration data released by the Japan Automobile Manufacturers Association.
- UK gross domestic product shrank 1.5% sequentially, reversing a 1.3% rise in the fourth quarter, the Office for National Statistics reported Wednesday. Economy contracted in the first quarter as school closures and a large fall in retail sales earlier in the quarter dragged down growth. The economy contracted again in the first quarter after rising for two straight quarters. On a yearly basis, GDP dropped 6.1%, as expected in the first quarter.
- Japan-s leading index hit highest level in seven years in March, preliminary data from the Cabinet Office showed on Wednesday. The leading index, which measures the future economic activity, moved up to 103.2 in March from 98.9 in February. The latest reading was the highest since March 2014, when it was 103.4. The coincident index increased to 93.1 in March from 89.9 in the previous month. This was the highest since February last year. The lagging index edged up to 93.3 in March from 91.1 in the prior month. This was the highest reading since April last year.
- China consumer prices were up 0.9% on year in April, the National Bureau of Statistics said on Tuesday, up from 0.4% in March. On a monthly basis, consumer prices fell 0.3% following the 0.5% decline in the previous month. China producer prices spiked 6.8% on year in April - up from the 4.4% increase a month earlier.
- Japan-s average of household spending was up 6.2% on year in March, the Ministry of Communications and Internal Affairs said on Tuesday, coming in at 309,800 yen, following the 6.6% drop in February. The average of monthly income per household stood at 484,914 yen, down 1% on year. On a monthly basis, household spending climbed 7.2% after rising 2.4% in the previous month.
- UK house prices surged in April, data from Lloyds Bank subsidiary Halifax and IHS Markit showed on Monday. House prices grew 1.4% month-on-month in April, following a 1.1% rise in March. The average property was valued at GBP 258,204.

Domestic Markets



Index	14-May-2021	07-May-2021	% Change
BSE Sensex	48732.55	49206.47	-0.96
S&P CNX Nifty	14677.8	14823.15	-0.98
CNX Midcap	24363.65	24545.65	-0.74
CNX 500	12472.15	12563.1	-0.72
BSE Smallcap	22200.54	22218.1	-0.08

Global Markets



Index	14-May-2021	07-May-2021	% Change
Dow Jones	34382.13	34777.76	-1.14
Nasdaq	13429.98	13752.24	-2.34
S&P 500	4173.85	4232.6	-1.39
FTSE 100	7043.61	7129.71	-1.21
Shanghai Composite	3490.38	3418.87	2.09
Hang Sang	28027.57	28610.65	-2.04

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	27897	26128	1769
MF Flows*	3067	2808	259

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
07-May-2021	-1880.76	-371.68
10-May-2021	2299.52	-1605.81
11-May-2021	-5460.61	-1079.42
12-May-2021	9697.21	-2791.04
31-Dec-1899	0	0

Policy Rates



Key Rates (%)	14-May-2021	1 Week Ago	1 Month Ago
Reverse Repo	3.35	3.35	3.35
Repo	4	4	4
CRR	3.5	3.5	3
SLR	18	18	18

Key Rates



On a yearly basis, house prices growth surged to 8.2% from 6.5% a month ago. This was the highest annual rate in five years. In three months to April, house prices were 0.9% higher than in the preceding three months.

- Australia total value of retail sales was up a seasonally adjusted 1.3% on month in March, the Australian Bureau of Statistics said on Monday, coming in at A\$30.699 billion. That follows the 0.8% contraction in February. On a yearly basis, retail sales climbed 2.2%. In the first quarter of 2021, retail sales fell 0.5% and gained 4.7% on year at A\$86.393 billion.
- China's industrial output grew 9.8% in April from a year ago, slower than the 14.1% surge in March, official data showed on Monday. Retail sales rose 17.7% year-on-year in April, much weaker than a 24.9% uptick expected by analysts and down from the 34.2% jump seen in March.



Equity Market Update

- The BSE Sensex corrected 473.92 points to close at 48,732.55, and the Nifty50 declined 145.35 points to 14,677.80 after rising around 3 percent in previous two consecutive weeks, dragged by banking & financials, IT and metals stocks.
- The broader markets slightly outpaced frontliners as the BSE Midcap index declined 0.49 percent and BSE Smallcap index was down 0.08 percent.



Debt Market Update

- The benchmark 10-year 5.85% G sec 2030 bond yield ended up 2 basis points at 6.02%.
- The benchmark 10-year US Treasury yield currently quotes lower at 1.63%. Yields had hit one month high of 1.70% after the consumer price inflation data.



Commodity Market Update

Oil Update:

- Crude oil had a choppy trading week and ended with modest gains on weaker dollar, prospects of increasing demand from US, China and Europe, falling oil inventories and increase in refinery utilisation rate in the US, rise in China's oil imports, vaccination drive across US and China are the current push factors at play for the black gold.
- Crude oil jumped Rs 25, or 0.53 percent, during the week and rose during four out of five trading sessions on the domestic bourse.
- West Texas Intermediate crude gained 2.65 percent to settle at \$65.51 per barrel, while Brent crude, the London-based international benchmark surged 2.65 percent to \$68.83 per barrel.

Gold Update:

- Gold prices declined by 0.20 percent during the week to settle at Rs 47,667 per 10 gram on choppy trading and firm rupee. The precious metal came under pressure as the US dollar recovered. The dollar recovered last week as a stronger-than-expected consumer prices data stoked inflation concerns that could force Fed to raise interest rates.
- The yellow metal fell in three out of five trading sessions on the MCX and ended the week with a loss of Rs 93. COMEX gold, on the other hand, rose \$11.9 or 0.65 percent during the same period.
- Gold consolidated for the second week in an attempt to surpass the 200 simple moving average placed at \$1,851. A break above the same will push the price higher towards the \$1,900 level.



Currency Market Update

- The USD/INR pair was marginally up by 0.05 percent from 73.25 to 73.29 on a week-on-week basis. The pair has been making lower highs lower lows from the last three weeks.
- The country's foreign exchange reserves increased by \$1.444 billion to \$589.465 billion in the week ended May 7, 2021, RBI data showed.
- The US dollar index slides 0.49 percent to close at 90.28 against the rival currencies. The dollar index ended with a gain of 0.07 percent through the week.

Key Rates (%)	14-May-2021	07-May-2021	% Change
Mibor Overnight	3.38	3.45	-2.03
CALL (O/N)	3.45	3.38	2.07
CBLO	3.41	3	13.67
T Bills Index (12M)	3.7	3.7	0
10 Year GSEC	5.99	6.02	-0.5

Commodity Market



Commodity (INR)	14-May-2021	Gain+/Loss-	% Change
Gold (10 gm)	47676	-75	-0.16
Silver (1 kg)	71085	-344	-0.48
Crude Oil (\$/barrel)	68.71	0.43	0.63

Currency Market



Currency	14-May-2021	Gain+/Loss-	% Change
USD/INR	73.37	0.37	0.5
EURO/INR	88.76	0.14	0.16
GBP/INR	103.05	-0.54	-0.53
JPY/INR	67.01	0.54	0.8

Upcoming Events



Week Gone By



Events	Actual %	Previous %
Inflation Rate YoY APR (China)	0.9	0.4
Balance of Trade MAR (Great Britain)	£-2B	£-0.9B
Industrial Production YoY MAR (India)	22.4	-3.4
Inflation Rate YoY APR (India)	4.29	5.52
Manufacturing Production YoY MAR (India)	25.8	-3.7
Inflation Rate YoY APR (US)	4.2	2.6
Foreign Exchange Reserves 07/MAY (India)	\$589.47B	\$588.02B
Balance of Trade Final APR (India)	\$-15.09B	\$-13.93B
Exports Final APR (India)	\$30.63B	\$34.45B
Imports Final APR (India)	\$45.72B	\$48.38B
Retail Sales MoM APR (US)	0.0	10.7

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.