

Weekly Market Update



Financial Market & Economy Update

Domestic Update:

- India's coffee shipments for the calendar year 2019 fell 5% in value due to lower prices, despite a marginal increase in overall volumes. In dollar value, shipments declined to \$794.21 million during 2019, lower than previous year's \$836.14 million. Also, the exports were marginally lower in domestic currency at Rs 5583.64 crore, as against Rs 5661.37 crore, according to the state-run Coffee Board's latest provisional data.
- Ministry of Petroleum and Natural Gas has signed contracts for 7 blocks, awarded under Open Acreage Licensing Programme (OALP) Bid Round - IV. The Government had launched OALP Bid Round - IV on 27th August 2019. The Bid Round-IV offered 7 blocks under International Competitive Bidding (ICB) process. The bidding round closed on 31st October, 2019.
- India's sugar production has dropped sharply by 30.22% to 7.79 million tonne in the first three months of current marketing year ending September, but ex-mill prices have remained stable so far, helping mills clear cane payment to farmers on time, ISMA said on Thursday. However, sugar exports are happening at a good pace, Indian Sugar Mills Association (ISMA) quoting market data said, adding mills have so far contracted for shipment of over 2.5 million tonne of sugar under the government's MAEQ (Maximum Admissible Export Quantity Quota).
- The IHS Markit India Manufacturing PMI rose to a seven-month high of 52.7 in December 2019 from 51.2 in the prior month. Output expanded at a marked pace, the joint-fastest in ten months; and new work increased solidly, with the pace of expansion picking up to the fastest since July. In addition, new export orders were up for the 26th month in a row, albeit modestly; and employment growth rebounded to the strongest since February.
- India's gold imports, which have a bearing on the current account deficit (CAD), fell about 7% to USD 20.57 billion during April-November period of the ongoing financial year, according to the commerce ministry data. Imports of the yellow metal stood at USD 22.16 billion in the same period of 2018-19.
- India's fiscal deficit widened to INR 8.08 trillion in April-November 2019-20 from INR 7.17 trillion in the corresponding period of the previous fiscal year. That was equivalent to 114.8% of the government's budget estimate for this financial year. Total spending rose 12.8% to INR 18.20 trillion and receipts increased 12.9% to INR 10.12 trillion. Total expenditure and total receipts were 65.3% and 48.6% respectively of FY20 estimates.
- India's current account deficit narrowed sharply to USD 6.3 billion in the July to September 2019 from USD 19.0 billion in the same period last year, as the goods gap fell to USD 38.1 billion from USD 50.0 billion and the secondary income surplus rose to USD 20.0 billion from USD 19.4 billion. Meanwhile, the primary income deficit and the services surplus were little-changed at USD 8.6 billion and USD 20.4 billion respectively.
- External Debt in India increased to 557500 USD Million in the third quarter of 2019 from 557438 USD Million in the second quarter of 2019.
- Crossing the Rs one-lakh crore mark for the second time in a row, India's goods and services tax collections for December is at Rs 1.03 lakh crore. It had risen 6% to Rs 1,03,492 crore lakh crore in November, reversing two months of decline, with experts attributing the increase to festive shopping and better compliance. December CGST collection came at Rs 19,962 crore, whereas SGST stood at Rs 26,792 crore. IGST collection stood at Rs 48,099 crore. Total cess collected in December is Rs 8,331 crore. During the month, the GST revenue from domestic transactions witnessed a growth of 16% as compared to the year-ago period.
- The government said that over 83,500 exporters have already been paid refund of Integrated Goods and Services Tax (IGST) of over Rs 1.12 lakh crore and refunds of only Rs 3,604 crores are pending with the Central Board of Indirect Taxes & Customs (CBIC).
- Core sector output contracted for the third consecutive month to 1.5% in November from a year earlier, data released on Tuesday showed. The core sector output for the month of November has grown to -1.5% vs -5.8% the previous month.
- China has emerged as a prominent buyer of Indian seafood, particularly the shrimp, in 2019 with export to the country registering the highest growth of about 42%. Indian seafood export to China reached \$1 billion in January-November 2019, according to Marine Products Export Development Authority (MPEDA).
- The country's coal imports registered an increase of 4.4% to 161.43 million tonnes (MT) in the April-November period of the ongoing fiscal.

Global Update:

- UK consumer credit grew at the slowest pace since 2014 and mortgage approvals increased marginally in November, monthly data from the Bank of England showed Friday. The extra amount borrowed by consumers in order to buy goods and services fell to GBP 0.6 billion in November, the weakest in six years. As a result, the annual growth in consumer credit eased to 5.7% from 6.1% in October.
- The UK construction sector contracted further in December, survey data from IHS Markit showed Friday. The IHS Markit/Chartered Institute of Procurement & Supply construction Purchasing Managers' Index fell unexpectedly to 44.4 in December from 45.3 in November. A score below 50 indicates contraction. The index has remained below 50 for the eighth straight month. The current period of falling business activity across the construction sector was the longest recorded by the survey for almost a decade.
- UK house price inflation rose above 1% for the first time in 12 months in December, survey data from the Nationwide Building Society showed on Friday. The house price index rose 1.4% year-on-year following a 0.8% surge in November. The inflation rate was the highest since November 2018. On a month-on-month basis as well, house prices edged up 0.1% in December after a 0.5% increase in the

Domestic Markets



Index	03-Jan-2020	27-Dec-2019	% Change
BSE Sensex	41464.61	41575.14	-0.27
S&P CNX Nifty	12226.65	12245.8	-0.16
CNX Midcap	17291.85	17006.3	1.68
CNX 500	9941.65	9908.7	0.33
BSE Smallcap	13988.89	13547.81	3.26

Global Markets



Index	03-Jan-2020	27-Dec-2019	% Change
Dow Jones	28634.88	28645.26	-0.04
Nasdaq	9020.77	9006.62	0.16
S&P 500	3234.85	3240.02	-0.16
FTSE 100	7622.4	7644.9	-0.29
Shanghai Composite	3083.79	3005.04	2.62
Hang Sang	28451.5	28225.42	0.8

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	12810	12298	512
MF Flows*	11143	9883	1260

*FII data from 27th Dec 2019 to 2nd Jan 2020

*MF data from 24th Dec 2019 to 1st Jan 2020

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
27-Dec-2019	1459.67	872.17
30-Dec-2019	599.99	-55.37
31-Dec-2019	40.66	-1212.9
01-Jan-2020	555.34	21.91
02-Jan-2020	4117.43	809.58

Policy Rates



Key Rates (%)	03-Jan-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	18.5	18.5	18.5

Key Rates



previous month. In the three months to December, the house price index rose 0.8% year-on-year after a 0.3% gain in the September quarter.

- Germany's jobless rate held steady at seasonally adjusted 3.1% in November, data from Destatis revealed Friday. On an unadjusted basis, the unemployment rate rose marginally to 3.1% from 3% a month ago. According to results of the labor force survey, 1.36 million people were unemployed in November, down 43,000 from the same month a year earlier.
- US first-time claims for unemployment benefits unexpectedly edged slightly lower from an upwardly revised level in the week ended December 28th, according to a report released by the Labor Department on Thursday. The report said initial jobless claims slipped to 222,000, a decrease of 2,000 from the previous week's revised level of 224,000.
- The seasonally adjusted IHS Markit final US Manufacturing Purchasing Managers-Index (PMI) posted 52.4 in December, down slightly from 52.6 in November and the flash figure (52.5). The latest data indicated a modest improvement in manufacturing sector. The final quarterly average of 2019 was highest in three quarters.
- The Caixin China General Manufacturing PMI fell to 51.5 in December 2019 from 51.8 in the previous month, while markets had forecast an unchanged reading. New orders growth slowed to three-month low, amid a marginal rise in exports, while output expansion remained strong overall.
- The IHS Markit Germany Manufacturing PMI was revised higher to 43.7 in December 2019 from a preliminary estimate of 43.4, and below the previous month's five-month high of 44.1.
- The IHS Markit Eurozone Manufacturing PMI was revised higher to 46.3 in December 2019 from a preliminary of 45.9 and 46.9 in November, final estimates showed.
- The IHS Markit/CIPS UK Manufacturing PMI was revised slightly higher to 47.5 in December 2019 from a preliminary estimate of 47.4, but well below the previous month's 48.9.
- The Official NBS Manufacturing PMI in China was unchanged at 50.2 in December 2019 from the previous month but slightly above market expectations of 50.1. This was the second straight month of expansion in factory activity, supported by government stimulus measures. New orders rose further (51.2 vs 51.3 in November), while output growth accelerated (53.2 vs 52.6) and overseas sales returned to growth (50.3 vs 48.8). Meanwhile, employment continued to fall (47.3 vs 47.3).



Equity Market Update

- Indian indices ended marginally lower for the second consecutive week ended January 3 on the back of global developments.
- The escalating geopolitical tension hit investor sentiment after a senior Iranian military official was killed by a US airstrike.
- In the past week, the Sensex shed 110.53 points (-0.27 %) to end at 41,464.61, while the Nifty shed 19 points (-0.16 %) to end at 12,226.7.
- Broader Markets:** The BSE small-cap index rose 3.26 %, BSE mid-cap index added 1.24 % while the BSE large-cap index was down 0.12 % in the past week.
- Sector Update:** The Nifty Metal index outperformed the sectoral indices with a gain of over 3 % during the week. Nifty Media and Nifty PSU Bank were down by 3.03% and 1.72% respectively.
- On the global front, during the past week, US major indices touched record highs after fresh economic stimulus from China added to optimism fuelled by easing trade tensions between in the two countries. However, US indices ended the week with little change.



Debt Market Update

- Indian government bonds ended little changed, as hopes of another special open market operation by the central bank offset lingering fears of a fiscal slippage.
- The benchmark 6.45% bond maturing in 2029 ended at 99.59 rupees, yielding 6.51% in Mumbai.
- The Reserve Bank of India has started holding auctions where it is buying the 10-year bond and selling one-year notes. In the last two weeks it bought 200 billion rupees of the benchmark note and sold 153.26 billion rupees of one-year papers. This stopped the fall in bonds amid fears that New Delhi will resort to additional borrowing this year as revenues have been below-target due to slowing growth.



Commodity Market Update

Oil Update:

- Oil prices jumped for the week ending Jan. 3 following the US killing of an Iranian commander.
- Qassem Soleimani, commander of Iran's Islamic Revolution Guards Corps Quds Force, and Abu Mahdi al-Muhandis, deputy chief of Iraq's paramilitary Hashd Shaabi forces, were killed in a strike near the Baghdad airport.
- Shortly after the strike, oil prices jumped more than 3 %, and on Friday evening, the West Texas Intermediate (WTI) for February delivery hit over US\$63 a barrel, while Brent crude for March delivery climbed to US\$68.60 a barrel.
- Meanwhile, the US Energy Information Administration (EIA) said in a report on Friday that US commercial crude oil inventories, excluding those in the Strategic

Key Rates (%)	03-Jan-2020	27-Dec-2019	% Change
Mibor Overnight	5.22	5.25	-0.57
CALL (O/N)	4.94	5.11	-3.33
CBLO	3.95	4.5	-12.22
T Bills Index (12M)	5.24	5.29	-0.95
10 Year GSEC	6.51	6.51	0

Commodity Market



Commodity (INR)	03-Jan-2020	Gain+/Loss-	% Change
Gold (10 gm)	39948	1157	2.98
Silver (1 kg)	47307	1115	2.41
Crude Oil (\$/barrel)	68.6	0.44	0.65

Currency Market



Currency	03-Jan-2020	Gain+/Loss-	% Change
USD/INR	71.69	0.47	0.66
EURO/INR	80.05	0.86	1.09
GBP/INR	93.99	1.44	1.56
JPY/INR	66.32	1.28	1.97

Upcoming Events



Petroleum Reserve, decreased by 11.463 million barrels during the week ending Dec. 27, 2019, much more than the market expected draw of 3.288 million barrels, which implies greater demand and is bullish for crude prices.

- Oil prices surged in September 2019 when drone attacks hit Saudi Arabia's key oil facilities and forced the country to cut its crude oil output by half. Following the attacks, WTI and Brent crude jumped over 6 %.

Gold Update:

- Gold prices, which were hovering around Rs 40,000 per ten grams in the beginning of the week, spiked to a record Rs 41,070 on Friday in the Mumbai market, following news on mounting tensions between the US and Iran.
- Gold prices had soared above Rs 40,000 last year in the first week of September, following which it hovered around Rs 39,000 until the last week of the year. It increased to Rs 40,120 on December 31. Prices stood at Rs 40,225 on the New Year and Rs 40,330 yesterday. Last year during the first week of January, gold prices traded around Rs 32,800 per 10 grams.
- India's gold imports in 2019 fell 12 % from a year ago, the lowest in three years as global gold prices had jumped 18 % in 2019. Gold demand in India, in the first half of 2019, was 372.2 tonnes, 9 % higher than the first half of 2018, despite a slowing economic environment. Countries such as China, Russia, Turkey, Kazakhstan, Qatar and India had increased their gold reserves over the last year. It also contributed to high prices for the metal in 2019.



Currency Market Update

- In the past week, the Indian rupee shed 45 paise to end at 71.80 on January 3 against its December 27 closing of 71.35.
- India's foreign exchange reserves continued to rise during the week ended December 27 to touch a new record high. The Reserve Bank of India's reserves rose by \$2.52 billion during the week under review, official data showed on Friday. According to the RBI's weekly statistical supplement, the overall forex reserves increased to \$457.46 billion from \$454.94 billion reported for the week ended December 20.
- The Dollar Spot Index ended the week down by 0.08% to \$96.838.

Week Gone By



Events	Actual %	Previous %
NBS Manufacturing PMI DEC (CHINA)	50.2	50.2
Infrastructure Output YoY NOV (INDIA)	-1.5	-5.8
Government Budget Value NOV (INDIA)	INR-8078B	INR-7204B
Current Account Q3 (INDIA)	\$-6.3B	\$-14.2B
External Debt Q3 (INDIA)	\$557.5B	\$557.1B
API Crude Oil Stock Change DEC/27 (US)	-7.8M	-7.9M
Caixin Manufacturing PMI DEC (CHINA)	51.5	51.8
Markit Manufacturing PMI DEC (INDIA)	52.7	51.2
Markit Manufacturing PMI Final DEC (GERMANY)	43.7	44.1
Markit Manufacturing PMI Final DEC (EA)	46.3	46.9
Markit/CIPS Manufacturing PMI Final DEC (GREAT BRITAIN)	47.5	48.9
Markit Manufacturing PMI Final DEC (US)	52.4	52.6
Construction PMI DEC (GREAT BRITAIN)	44.4	45.3
Deposit Growth YoY DEC/20 (INDIA)	10.1	10.3
Foreign Exchange Reserves DEC/27 (INDIA)	\$457.47B	\$454.95B
Bank Loan Growth YoY DEC/20 (INDIA)	7.1	7.9

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