



## Financial Market & Economy Update

### Domestic Update:

- India's retail inflation accelerated to 7.35% in December on the back of rising food prices. However, core inflation comes in at 3.7%, a slight increase from November, 2019. As per the government data, the food inflation rose to 14.12% in December as against (-) 2.65% in the same month of 2018. It was 10.01% in November 2019.
- Household goods and services grew by 1.75% from 2.2% in November. Health inflation grew by 3.8% as against 5.5% in the preceding month.
- Wholesale prices based inflation surged to 2.59% in December, as against 0.58% in November due to increase in prices of food articles like onion and potato. The annual inflation, based on monthly wholesale price index (WPI), was at 3.46% during the same month a year ago (December 2018).
- The inflation for housing eased marginally to 4.30%, while that for miscellaneous items moved up to 4.09% in December 2019. Within the miscellaneous items, the inflation for transport and communication increased to 4.77%, while it eased for health 3.80%, education 3.73%, household goods and services 1.75%, recreation and amusement to 4.02% and personal care and effects 6.28% in December 2019. The inflation for clothing and footwear increased to 1.50%, while the CPI inflation of fuel and light moved up to 0.70% in December 2019.
- The all-India general CPI inflation jumped to 7.35% in December 2019 (new base 2012=100), compared with 5.54% in November 2019. The corresponding provisional inflation rate for rural area was 7.26% and urban area 7.46% in December 2019 as against 5.27% and 5.76% in November 2019. The core CPI inflation also rose to 3.75% in December 2019 compared with 3.50% in November 2019. The cumulative CPI inflation has increased to 4.13% in April-December FY2020 compared with 3.73% in April-December FY2019.
- Housing ministry launched an e-commerce platform to facilitate homebuyers in identifying genuine properties. The online platform is for projects that have received occupancy certificates (OCs). The portal 'HousingForAll.Com', will help buyers in accessing best priced inventory by builders for a limited time to take full advantage of best pricing.
- India's power demand grew at 1.1% in 2019, data from the Central Electricity Authority showed, the slowest pace of growth since a 1% uptick seen in 2013.
- India's exports declined 1.8% in December to \$27.36 billion, on the back of currency volatility and fluctuation in commodities prices coupled with the sluggish global economy. Exports had declined 0.34% in November. Echoing the general economic sluggishness and weak domestic demand, imports witnessed a sharper decline of 8.83% at \$38.61 billion in December.

### Global Update:

- The UK posted a trade surplus of GBP 4.03 billion in November 2019, the biggest since monthly records began, compared to a revised GBP 1.34 billion deficit in the previous month. Exports rose 1.1% to an all-time high, boosted by sales of unspecified goods including non-monetary gold and fuels. Meanwhile, imports plunged 7.8% to a near two-year low due to purchases of food & live animals, fuels, chemicals, material manufactures, machinery & transport equipment, and miscellaneous manufactures.
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- Manufacturing production in the United Kingdom slumped 2% year-on-year in November of 2019, following a downwardly revised 0.3% fall in October and worse than market expectations of a 1.7% drop.
- The UK economy grew 0.6% year-on-year in November 2019, the weakest expansion since June 2012, easing from an upwardly revised 1% gain in the previous month and matching market expectations.
- Overall bank lending in Japan rose 1.8% on year in December, the Bank of Japan said on Tuesday - coming in at 544.091 trillion yen. The reading stood at 2.1% in November. Excluding trusts, bank lending gained an annual 1.9% to 474.137 trillion yen - slowing from the 2.2% gain in the previous month. Lending from trusts rose 0.9% to 69.959 trillion yen, easing from 1% a month earlier. For the fourth quarter of 2019, overall bank lending gained 2% on year and lending excluding trusts rose 2.1%.
- Japan recorded a current account surplus of 1,436.8 billion yen in November, the Ministry of Finance said on Tuesday - jumping 75% on year. The trade balance showed a deficit of 2.5 billion yen, missing expectations for a surplus of 103.8 billion yen and down from the surplus of 254.0 billion yen in the previous month. Exports were down 10.2% on year to 6,244.2 billion yen, while imports fell an annual 16.6% to 6,246.6 billion yen.
- China's exports edged up 0.5% in US dollar terms in 2019, recording a sharp deceleration from a surge of 9.9% in 2018, according to data released on Tuesday. However, in December, China's exports grew by 7.6%, up from minus 1.3% in November. Imports rose 16.3% in December, up from 0.3% in November. This is first time China's exports have risen since March 2019.
- Germany's economy grew by just 0.6% in 2019, the weakest annual expansion since 2013 and well below 1.5% in 2018, a preliminary estimate showed.
- The consumer price inflation in the UK slowed to 1.3% year-on-year in December 2019, the lowest reading since November 2016 and below market consensus of 1.5%, as prices rose at a softer pace for restaurants & hotels (1.6% vs 2.4%), transport (0.7% vs 0.9%), and food & non-alcoholic beverages (1.7% vs 2.1%).

## Domestic Markets



Index	17-Jan-2020	10-Jan-2020	% Change
BSE Sensex	41945.37	41599.72	0.83
S&P CNX Nifty	12352.35	12256.8	0.78
CNX Midcap	18073.9	17386.35	3.95
CNX 500	10118.7	9978	1.41
BSE Smallcap	14708.7	14147.64	3.97

## Global Markets



Index	17-Jan-2020	10-Jan-2020	% Change
Dow Jones	29348.1	28823.77	1.82
Nasdaq	9388.94	9178.86	2.29
S&P 500	3329.62	3265.35	1.97
FTSE 100	7674.6	7587.9	1.14
Shanghai Composite	3075.5	3092.29	-0.54
Hang Sang	29056.42	28638.2	1.46

## Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	39864	29464	10400
MF Flows*	21231	19727	1504

\*FII data from 9th Jan to 16th Jan 2020

\*MF data from 8th Jan to 15th Jan 2020

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



Date	Index	Stocks
10-Jan-2020	975.6	-451.6
13-Jan-2020	506.27	-182.06
14-Jan-2020	1473.35	259.22
15-Jan-2020	-807.79	-925.36
16-Jan-2020	50.38	-317.64

## Policy Rates



Key Rates (%)	17-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



- Industrial production in the Euro Area fell 1.5 % from a year earlier in November 2019, following an upwardly revised 2.6 % decline in October and compared with market consensus of a 1.1 % decrease.
- US retail trade rose 0.2 % from a month earlier in November 2019, easing from a revised 0.4 % growth in October and missing market expectations of 0.5 %.
- Core machinery orders in Japan, which exclude those of ships and electrical equipment, rebounded 18 % from a month earlier in November 2019, following a 6 % fall in October and compared with market expectations of a 3.2 % increase.
- Germany's consumer price inflation was confirmed at 1.5 % year-on-year in December 2019, the highest level since July, as goods prices rose 1.2 % (vs 0.1 % in November) mainly due to a faster increase in food prices (2.1 % vs 1.8 %) and a softer fall in energy prices (-0.1 % vs -3.7 %).
- For the first time, the per capita GDP of China, the world's most populous nation, has exceeded the USD 10,000-mark in 2019, a top official said on Friday. The per capita Gross Domestic Product in 2019 reached 10,276 US dollars at the average exchange rate, exceeding the 10,000-dollar mark, Director of the National Bureau of Statistics, Ning Jizhe said.
- China's economic growth cooled to its weakest in nearly 30 years in 2019 amid a bruising trade war with the United States, and more stimulus is expected this year as Beijing tries to boost sluggish investment and demand. As expected, China's growth slowed to 6.1% last year, from 6.6% in 2018, data from the National Bureau of Statistics showed. Though still strong by global standards, and within the government's target range, it was the weakest expansion since 1990.
- British consumers failed to increase their spending for a record fifth month in a row in December, adding to signs of economic weakening that might prompt the Bank of England to cut interest rates this month. Official data on Friday showed sales volumes fell by 0.6% from November, defying the median forecast for a rise of 0.5% in a Reuters poll of economists.
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## Equity Market Update

- The Sensex crossed a new milestone this week but failed to hold on to it. The 30-stock benchmark index, which crossed 42,000 for the first time, ended the week at 41,945.37, a gain of 0.8 %. The NSE Nifty 50 rose 0.78 % this week to end at 12,352.35.
- **Broader Markets:** Broader markets outperformed as the S&P BSE Mid-cap index was up 3.6 %, and the S&P BSE Small-cap index closed with gains of 3.97 % for the week ended January 17. The Nifty Midcap index hit a fresh seven-month high on January 17.
- **Sector Update:** Seven of the 11 sectoral gauges compiled by the National Stock Exchange gained this week, led by the Nifty Media Index's 5.6 % jump. The Nifty Private Bank Index was the top loser, down 1.6 %.



## Debt Market Update

- Indian government bonds ended lower for the second consecutive week as a spike in inflation has heightened speculation about a prolonged pause on rates, while fiscal worries remain a dampener.
- The benchmark 6.45% bond maturing in 2029 ended at 98.74 rupees, yielding 6.63%, in Mumbai.
- The benchmark yield rose four basis points this week, after gaining seven basis points last week.
- The RBI will conduct the fourth tranche of its special open market operations worth up to 100 billion rupees on Jan. 23, wherein it will simultaneously buy the benchmark bond and the 7.32% 2024 bond and sell papers maturing in 2021-22.
- The RBI has conducted three special OMOs so far, in which it bought bonds worth 300 billion rupees, including 211 billion rupees of the benchmark note and sold 253 billion rupees of less-than-one year papers.
- The central bank has been intervening in the debt market since last month, to cool down long term interest rates and bring down term premia, as the bond market is bracing for additional borrowing by the federal government in this fiscal year.



## Commodity Market Update

### Oil Update:

- Oil prices fell slightly for the week ending Jan. 17 with the price of West Texas Intermediate (WTI) for February delivery down 0.85 % and Brent crude oil for March delivery down 0.20 %.
- WTI closed the week at 58.54 U.S. dollars a barrel on the New York Mercantile Exchange, while Brent crude finished the week at 64.85 dollars a barrel on the London ICE Futures Exchange, both extending losses following the previous week's plummet.
- WTI and Brent crude prices have decreased 4.13 % and 1.74 % so far this year.
- In response to positive sentiments on the U.S.-China phase one trade deal and the ensuing phase two negotiations, a larger-than-expected drop in U.S. crude oil inventories and the U.S.-Mexico-Canada trade deal known as the USMCA, both

Key Rates (%)	17-Jan-2020	10-Jan-2020	% Change
Mibor Overnight	5.22	5.22	0
CALL (O/N)	5.02	4.99	0.6
CBLO	4.98	4.92	1.22
T Bills Index (12M)	5.26	5.27	-0.19
10 Year GSEC	6.63	6.59	0.61

## Commodity Market



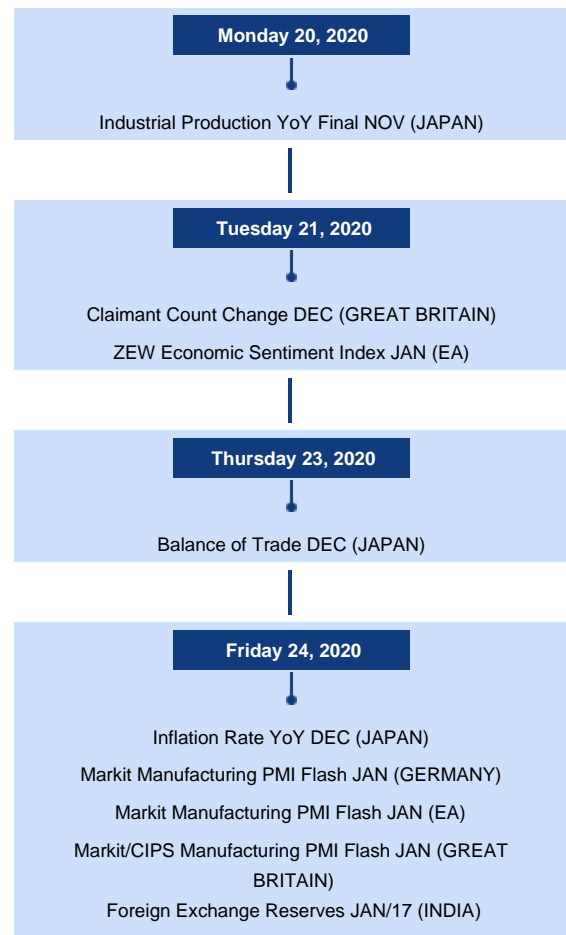
Commodity (INR)	17-Jan-2020	Gain+/Loss-	% Change
Gold (10 gm)	39804	197	0.5
Silver (1 kg)	46527	372	0.81
Crude Oil (\$/barrel)	64.85	-0.13	-0.2

## Currency Market



Currency	17-Jan-2020	Gain+/Loss-	% Change
USD/INR	71.04	-0.07	-0.1
EURO/INR	79.14	0.14	0.17
GBP/INR	92.95	-0.11	-0.12
JPY/INR	64.45	-0.45	-0.69

## Upcoming Events



## Week Gone By



tried to recover but failed just ahead of 59 dollars for WTI and 65 dollars for Brent crude, respectively.

#### Gold Update:

- Gold prices rose by Rs 69 at Rs 39,969 per 10 gram in the Mumbai bullion market on rupee's depreciation and strong US retail sales.
- The precious metal was weighed down by increased appetite for riskier assets and global stock market hitting new highs after the US and China signed 'Phase One' agreement.
- The rate of 10 grams 22-carat gold in Mumbai was Rs 36,612 plus 3 % GST, while 24-carat 10 gram was Rs 39,969 plus GST. The 18-carat gold quoted at Rs 29,977 plus GST in the retail market.
- Gold gained Rs 209 for the week, up 1.85% in 2020.



## Currency Market Update

- The Indian rupee resumed its decline after a blip last week. The domestic currency depreciated 0.2 % against the dollar this week to 71.08.
- The country foreign exchange reserves rose by \$58 million to reach a life-time high of \$461.21 billion in the week to January 10, according to the RBI data. In the previous week, the reserves had increased by \$3.689 billion to \$461.15 billion.
- The U.S. Dollar soared against a basket of major currencies on Friday as economic data pointed to solid economic growth, and reduced fears of an impending slowdown. The catalyst behind the rally on Friday was strong U.S. housing data. Earlier in the week, it was better-than-expected retail sales data that supported the greenback. On Friday, March U.S. Dollar Index futures settled at 97.359.

Events	Actual %	Previous %
Balance of Trade NOV (GREAT BRITAIN)	£4.03B	£-1.34B
Manufacturing Production YoY NOV (GREAT BRITAIN)	-2.0	-0.3
Construction Output YoY NOV (GREAT BRITAIN)	2.0	-0.3
Industrial Production YoY NOV (GREAT BRITAIN)	-1.6	-0.6
Inflation Rate YoY DEC (INDIA)	7.35	5.54
Balance of Trade DEC (CHINA)	\$46.79B	\$37.93B
WPI Manufacturing YoY DEC (INDIA)	-0.25	-0.84
WPI Food YoY DEC (INDIA)	13.24	11.08
WPI Fuel YoY DEC (INDIA)	-1.46	-7.32
WPI Inflation YoY DEC (INDIA)	2.59	0.58
Inflation Rate YoY DEC (US)	2.3	2.1
Full Year GDP Growth 2019 (GERMANY)	0.6	1.5
Inflation Rate YoY DEC (GREAT BRITAIN)	1.3	1.5
Balance of Trade NOV (EA)	€20.7B	€28B
Balance of Trade DEC (INDIA)	\$-11.25B	\$-12.12B
Machinery Orders YoY NOV (JAPAN)	5.3	-6.1
Inflation Rate YoY Final DEC (GERMANY)	1.5	1.1
Retail Sales MoM DEC (US)	0.3	0.3
GDP Growth Rate YoY Q4 (CHINA)	6.0	6.0
Industrial Production YoY DEC (CHINA)	6.9	6.2
Deposit Growth YoY JAN/03 (INDIA)	9.8	10.1
Foreign Exchange Reserves JAN/10 (INDIA)	\$461.21B	\$461.16B
Bank Loan Growth YoY JAN/03 (INDIA)	7.6	7.1
Industrial Production YoY DEC (US)	-0.3	-0.8

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