



## Financial Market & Economy Update

### Domestic Update:

- Indian mutual funds' assets under management (AUM) reached an all-time high of Rs.25.2 lakh crore buoyed by inflows of Rs.1.75 lakh crore in the month of August.
- The Nikkei India Manufacturing PMI unexpectedly dropped to a three-month low of 51.7 in August of 2018.
- Investment by Indian companies in their overseas ventures fell by more than 36 % to USD 1.39 billion in July this year, the Reserve Bank data showed.
- The Nikkei India Services PMI declined to 3-month low of 51.5 in August of 2018 from 54.2 in the previous month.
- The Cabinet reinforced its flagship financial inclusion scheme, by doubling the overdraft limit to Rs 10,000 under the Pradhan Mantri Jan Dhan Yojana (PMJDY) and allowing holders of such no-frills accounts to withdraw as much as Rs 2,000 without any conditions.
- India Thursday urged the US to take a "balanced and sensitive" view on the issue of proposed changes in America's H-1B visa policy, saying it could effect the people-to-people links that are crucial for energising bilateral ties.
- India's current account deficit (CAD) stood at USD 15.8 bn (2.4% of GDP) in Q1 of 2018-19 as compared with USD 15.0 bn (2.5% of GDP) in Q1 of 2017-18, the RBI data released Friday showed.

### Global Update:

- The Nikkei Japan Manufacturing PMI rose to 52.5 in August of 2018 from a final 52.3 in July.
- The Caixin China General Manufacturing PMI fell to a 14-month low of 50.6 in August of 2018 from 50.8 in July.
- The Caixin China General Manufacturing PMI fell to a 14-month low of 50.6 in August of 2018 from 50.8 in July.
- The Caixin China General Services PMI fell to a 10-month low of 51.5 in August of 2018 from 52.8 in the previous month.
- Retail trade in the Euro Area dropped 0.2 % month-over-month in July 2018, following a 0.3 % increase in June.
- The US trade deficit widened to USD 50.1 billion in July of 2018 from a downwardly revised USD 45.7 billion in the previous month.
- U.S. weekly jobless claims drop to near 49-year low. The number of Americans filing new claims for unemployment aid fell to near a 49-year low last week.
- The Eurozone economy expanded 2.1 % year-on-year in the second quarter of 2018, slightly below a second estimate of 2.2 % and after a downwardly revised 2.4 % growth in the previous period.
- The US unemployment rate was unchanged at 3.9 % in August 2018, above market expectations of 3.8 %.
- Leading Economic Index in Japan decreased to 103.50 Index Points in July from 104.60 Index Points in June of 2018.



## Equity Market Update

- The market snapped six-week long winning streak with BSE Sensex losing 255.25 points to close 38,389.82 and the broader Nifty falling 91.40 points to conclude at 11,589.10.
- The week saw the stock market perturbed by continued rupee depreciation marking fresh lows for second straight week weighed on the trading sentiment.
- The rupee crashed, breaching 72-level for the week, testing all-time low of 72.11 per dollar amid weakness across emerging market currencies and rising oil prices.
- The BSE Sensex started the week higher 38,915.91 and hovered between a high of 38,934.35 and low of 38,774.42 before ending the week at 38,389.82, showing loss of 255.25 or 0.66 %.
- The Nifty also resumed higher by 11,751.80 and moved between high of 11,751.80 and low 11,393.85, the index settled the week at 11,589.10, a loss of 91.40 points, or 0.78 %.
- Broader Markets:** The BSE Mid-Cap index fell 376.47 points or 2.23 % to settle at 16,504.86. The BSE Small-Cap index fell 296.25 points or 1.72 % to settle at 16,896.95.
- Sector Update:** Among sectoral and industry indices, FMCG fell by 4.59 %, followed by consumer durables 3.82 %, realty 3.05 %, PSU 2.61 %, capital goods 2.40 %, bankex 2.31 %, power 1.97 %, IPO 1.21 %, oil and gas 0.72 % and auto 0.05 %, while healthcare rose by 2.30 %, metal 1.62 %, IT 1.49 % and teck 0.86 %.
- FII:** Meanwhile, foreign portfolio investors (FPIs) and foreign institutional investors (FIIs) bought shares worth Rs 1,916.61 crore during the week.



## Debt Market Update

## Domestic Markets



Index	07-Sep-2018	31-Aug-2018	% Change
BSE Sensex	38389.82	38645.07	-0.66
S&P CNX Nifty	11589.1	11680.5	-0.78
CNX Midcap	19579.25	19920.45	-1.71
CNX 500	9875.2	9992	-1.17
BSE Smallcap	16896.95	17193.2	-1.72

## Global Markets



Index	07-Sep-2018	31-Aug-2018	% Change
Dow Jones	25916.54	25964.82	-0.19
Nasdaq	7902.54	8109.54	-2.55
S&P 500	2871.68	2901.52	-1.03
FTSE 100	7277.7	7432.4	-2.08
Shanghai Composite	2702.3	2725.25	-0.84
Hang Sang	26973.47	27888.55	-3.28

## Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	29814	30836	-1022
MF Flows*	22064	20924	1140

FII data from 31st Aug 2018 to 6th Sep 2018  
MF data from 29th Aug 2018 to 5th Sep 2018

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



Date	Index	Stocks
03-Sep-2018	1203.3	-786.43
04-Sep-2018	-722.69	-623.36
05-Sep-2018	2071.35	-346.69
06-Sep-2018	4729.26	167.01
07-Sep-2018	-253.13	337.95

## Policy Rates



Key Rates (%)	07-Sep-2018	1 Week Ago	1 Month Ago
Reverse Repo	6.25	6.25	6.25
Repo	6.5	6.5	6.5
CRR	4	4	4
SLR	19.5	19.5	19.5

## Key Rates



- Leading Economic Index in Japan decreased to 103.50 Index Points in July from 104.60 Index Points in June of 2018.
- The benchmark 7.17% bond maturing in 2028 ended at 94.41 rupees, yielding 8.03% in Mumbai. The benchmark bond yield rose eight basis points this week after rising 20 basis points over the last three weeks.
- India's one-year Treasury Bill cutoff yield jumped to 7.52% yesterday, its highest in over three years, as traders are fearing two rate hikes over the course of next few months. One-year and five-year overnight indexed swap rates also increased by 10 basis points and 12 basis points this week to 7.22% and 7.52% respectively.



## Commodity Market Update

### Oil Update:

- The oil market is at a crossroads after its worst week in almost two months prompted many investors to reassess whether global growth will continue stoking demand for fuel.
- West Texas Intermediate slid 2.9%, the biggest weekly decline since July, to \$67.75 a barrel.
- Brent, the global barometer for crude, ended last week 1% lower at \$76.83, after nearing an almost four-year high.
- A mixed oil inventory report from the U.S. EIA added to slowing price momentum. Despite the country's crude oil inventories falling 4.3 million barrels in the weekly bulletin, a surprising build in gasoline and distillate inventories suggests that the peak summer driving season has ended and demand could weaken.

### Gold Update:

- **Domestic:** Physical gold buying picked up pace in major Asian centres this week as lower prices fuelled appetite for the metal, with India seeing healthy demand ahead of the festive season despite a rise in domestic rates to a two-month high.
- In India, the world's second-biggest consumer of the metal after China, gold futures rose to 30,700 rupees (\$428) per 10 grams on Thursday, a peak since July 9.
- Demand in India usually strengthens in the final quarter as the country gears up for the wedding season and major festivals such as Diwali and Dussehra, when buying gold is considered auspicious.
- Silver prices slumped below the Rs 38,000-mark by falling Rs 575 to end at Rs 37,775 per kg at the bullion market during the week on weak cues from overseas markets and reduced offtake by consuming industries at the domestic spot market.
- However, gold after moving both ways on alternate bouts of buying and selling finally ended flat at Rs 31,350 per 10 grams.
- Gold of 99.9 % and 99.5 % purity started the week on a subdued note and slipped further to Rs 31,200 and Rs 31,050 per 10 grams respectively on lack of buying support.
- Later, it bounced back to Rs 31,510 and Rs 31,360 on local jewelers buying along with a firm trend overseas amid depreciating rupee against the US dollar. It finally settled at Rs 31,350 and Rs 31,200 per 10 grams respectively, showing no change from previous week's close.
- In the national capital, silver ready ended lower by Rs 575 to Rs 37,775 per kg, while weekly-based delivery closed higher by Rs 50 to Rs 37,165 per kg. During the week, the white metal hovered between Rs 37,850 and Rs 37,600 per kg.
- **International:** Globally, silver ended the week lower at USD 14.17 an ounce and gold at USD 1,196.20 an ounce in New York.



## Currency Market Update

- The rupee breached 72 a US dollar-mark for the first time. However, towards the week-end it recovered marginally following intervention by the Reserve Bank of India (RBI).
- Rupee touched a record low of 72.11 per US dollar on Thursday, though it recovered to end the week at 71.73 per dollar -- 73 paise weaker from the previous week's close of 71 per dollar.
- The rupee remained subdued for most of the week due to a rise in crude oil prices and a similar weak trend among its global peers.
- India's foreign exchange (forex) reserves declined by \$1.19 billion during the week ended August 31, official data showed on Friday.
- The dollar index, which measures the greenback against six major peers, increased 0.33 % to 95.3604.

Key Rates (%)	07-Sep-2018	31-Aug-2018	% Change
Mibor Overnight	6.4	6.45	-0.78
CALL (O/N)	6.34	6.41	-1.09
CBLO	6.33	5.4	17.22
T Bills Index (12M)	7.47	7.3	2.33
10 Year GSEC	8.03	7.95	1.01

## Commodity Market



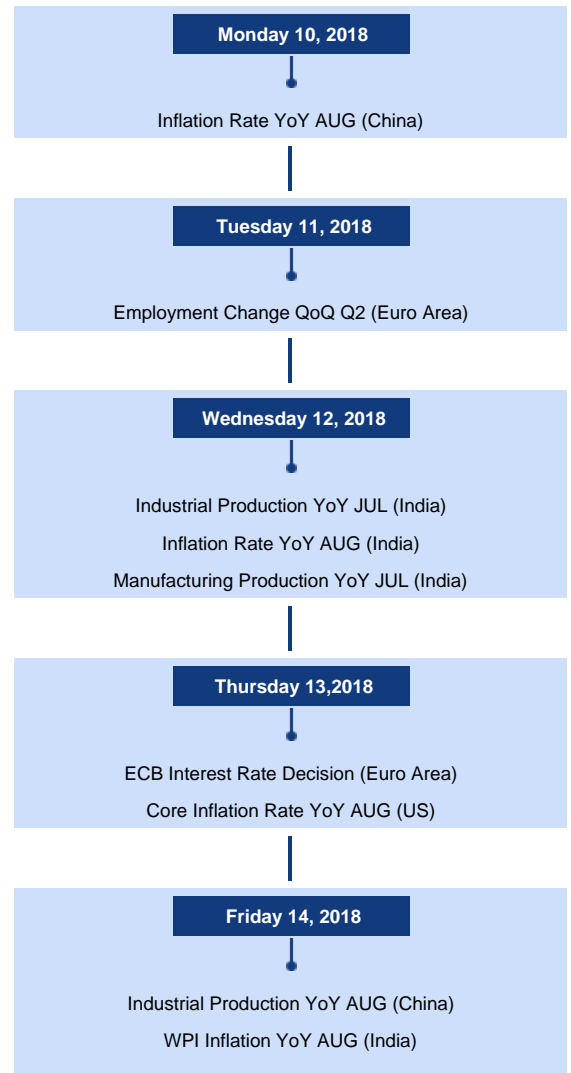
Commodity (INR)	07-Sep-2018	Gain+/Loss-	% Change
Gold (10 gm)	30535	436	1.45
Silver (1 kg)	36389	-597	-1.61
Crude Oil (\$/barrel)	76.83	-0.48	-0.62

## Currency Market



Currency	07-Sep-2018	Gain+/Loss-	% Change
USD/INR	71.9	0.97	1.37
EURO/INR	83.67	0.83	1
GBP/INR	93.04	0.69	0.75
JPY/INR	64.98	1.07	1.67

## Upcoming Events



## Week Gone By



Events	Actual %	Previous %
Nikkei Manufacturing PMI Final AUG (Japan)	52.5	52.3
Caixin Manufacturing PMI AUG (China)	50.6	50.8
Nikkei Manufacturing PMI AUG (India)	51.7	52.3
Markit Manufacturing PMI Final AUG (Euro Area)	54.6	55.1
Markit Manufacturing PMI Final AUG (US)	54.7	55.3
ISM Manufacturing PMI AUG (US)	61.3	58.1
Caixin Services PMI AUG (China)	51.5	52.8
Balance of Trade JUL (US)	\$-50.1B	\$-45.7B
ISM Non-Manufacturing PMI AUG (US)	58.5	55.7
GDP Growth Rate YoY 3rd Est Q2 (Euro Area)	2.1	2.4
Unemployment Rate AUG (US)	3.9	3.9
Balance of Trade AUG (China)	\$27.91B	\$28.05B
Exports YoY AUG & Imports YoY AUG (China)	9.8 & 20	12.2 & 27.3

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