



Financial Market & Economy Update

Domestic Update:

- RBI Monetary Policy Committee (MPC) Friday unanimously decided to slash the Repo Rate by another 40 basis points to 4%. The interest rate decision was taken to revive growth and mitigate the impact of the coronavirus pandemic. The announcement came following a three-day off-cycle meeting of the MPC, held between 20 and 22 May 2020. These decisions are in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4% within a band of +/-2%, while supporting growth.
- RBI extended the loan repayment moratorium for another three months up to 31 August. The EMI payments will restart only once the moratorium time period expires on 31 August.
- The Centre has released Rs 15,340 crore to states as GST compensation despite insignificant tax collection due to relief provided in terms of filing of returns and payment of taxes owing to the national lockdown.
- Union Cabinet, chaired by the Prime Minister Narendra Modi, has given the approval to enable additional funding of up to Rs. three lakh crore to eligible MSMEs and interested MUDRA borrowers by way of Emergency Credit Line Guarantee Scheme. Under the Scheme, 100% guarantee coverage to be provided by National Credit Guarantee Trustee Company Limited (NCGTC) for additional funding of up to Rs. three lakh crore to eligible MSMEs and interested MUDRA borrowers, in the form of a Guaranteed Emergency Credit Line (GECL) facility. For this purpose, corpus of Rs. 41,600 crore shall be provided by Government of India spread over the current and the next three financial years.
- India's merchandise exports dipped 60.3% to US\$ 10.36 billion in April 2020 over a year ago. Meanwhile, merchandise imports also declined 58.6% to US\$ 17.12 billion. The trade deficit fell 55.9% to US\$ 6.76 billion in April 2020 from US\$ 15.33 billion in April 2019. Finance Minister Nirmala Sitharaman provided the details of third tranche of economic package focusing on agriculture and allied activities - fisheries, animal husbandry, dairy, etc.

Global Update:

- UK retail sales fell at a record pace in April as many stores were temporarily closed to contain the spread of coronavirus, or Covid-19, data published by the Office for National Statistics showed on Friday. Retail sales volume declined 18.1% on a monthly basis, which was the biggest monthly fall on record. This followed 5.2% drop in March. Excluding auto fuel, retail sales fell 15.2% on month in April, after a 3.8% decrease in March.
- Japan's trade balance switched to a deficit of JPY 930 billion in April 2020 from JPY 59 billion surplus in the same month a year earlier, compared to market expectations of a JPY 560 billion gap. Year-on-year, exports tumbled 21.9% to JPY 5.20 trillion while imports shrank 7.2% to JPY 6.13 trillion.
- The IHS Markit Germany Manufacturing PMI rose to 36.8 in May 2020 from an 11-year low of 34.5 in the previous month, but still below market expectations of 39.2, a preliminary estimate showed.
- The IHS Markit Eurozone Manufacturing PMI rose to 39.5 in May 2020 from 33.4 in the previous month and beating market expectations of 38, a preliminary estimate showed.
- The IHS Markit/CIPS Flash UK Manufacturing PMI rose to 40.6 in May 2020 from an all-time low of 32.6 in the previous month, easily beating market expectations 36, a preliminary estimate showed.
- UK consumer price inflation eased to 0.8% in April from 1.5% in March.
- Japan core machine orders in Japan slid a seasonally adjusted 0.4% on month in March.
- The number of people claiming unemployment related benefits in the UK rose by 856.5 thousand to more than 2.097 million in April 2020, following a downwardly revised 12.1 thousand increase in the previous month and above market expectations of a 676.5 thousand gain.
- Industrial production in Japan declined by 3.7% month-on-month in March 2020, the steepest drop in industrial output since October last year, due to the COVID-19 outbreak.
- Japan's gross domestic product contracted by a seasonally adjusted 0.9% on quarter in the first quarter of 2020
- The US industrial production plummeted by 11.2% in April after tumbling by a revised 4.5% in March. The capacity utilization crashed to 64.9% in April from a revised 73.2% in March.



Equity Market Update

- The week gone by began on a very ominous note and BSE SENSEX lost almost 1,000 points on Monday itself. The remaining days of the week were spent in trying to recover from there and it was an uphill struggle with markets making some recovery but not enough to close in positive territory. BSE SENSEX lost 425.14 points or 1.37% to close at 30,672.59 points while NIFTY lost 97.60 points or 1.07% to close at 9,039.25 points.
- Broader Markets:** The broader markets saw BSE100, BSE200 and BSE500 lose 1.13%, 1.17% and 1.21% respectively. BSE MIDCAP was down two% while BSE SMALLCAP lost 1.54%.



Debt Market Update

- The benchmark 10 year G sec, 5.79% bond yield closed at 5.74%, down by 2 basis

Domestic Markets



Index	22-May-2020	15-May-2020	% Change
BSE Sensex	30672.59	31097.73	-1.37
S&P CNX Nifty	9039.25	9136.85	-1.07
CNX Midcap	12668.05	12992.05	-2.49
CNX 500	7416	7504.05	-1.17
BSE Smallcap	10524.23	10688.86	-1.54

Global Markets



Index	22-May-2020	15-May-2020	% Change
Dow Jones	24465.16	24331.32	0.55
Nasdaq	9324.59	9121.32	2.23
S&P 500	2955.45	2929.8	0.88
FTSE 100	5993.3	5936	0.97
Shanghai Composite	2813.76	2895.34	-2.82
Hang Sang	22930.14	24230.17	-5.37

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	28453	39095	-10642
MF Flows*	14469	12926	1543

*FII data from 14th May to 21st May 2020

*MF data from 13th May to 19th May 2020

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
15-May-2020	191.78	-471.2
18-May-2020	-1232.83	-705.3
19-May-2020	3051.74	1838.88
20-May-2020	-179.66	221.12
21-May-2020	1328.37	457.86
22-May-2020	1167.98	-285.61

Policy Rates



Key Rates (%)	22-May-2020	1 Week Ago	1 Month Ago
Reverse Repo	3.35	3.75	4
Repo	4	4.4	4.4
CRR	3	3	3
SLR	18	18	18

Key Rates





Commodity Market Update

Oil Update:

- The oil prices continued its run for the fourth consecutive week following easing of lockdown restriction in many parts of the world, supply cutbacks and fall in shale oil production in the US.
- The international benchmark Brent crude futures climbed above \$35 a barrel at the end of week gone by, which is expected to rally in coming days on further easing lockdown measures. There is hope of shale oil production back in the market, but the upside is expected to be capped as given the virus fears, the demand is unlikely to revive to pre-COVID levels soon.

Gold Update:

- Gold prices gained Rs 212 to Rs 47,100 per 10 gram on Friday in Mumbai on the back of a weaker dollar-rupee, escalating tension between the US and China and worries over a global economic recovery.
- An emergency rate cut of 40 basis points by the Reserve Bank of India (RBI) earlier on May 22 and various liquidity measures announced to combat against COVID-19 supported bullion prices.
- The rate of 10 gram 18, 22 and 24-carat gold in Mumbai was Rs 35,325, Rs 43,144 and Rs 47,100 plus 3 % GST.
- In the futures market, gold touched an intraday high of Rs 47,130 and a low of Rs 46,464 on the Multi-Commodity Exchange (MCX). In the June series, the yellow metal touched a low of Rs 36,572 and a high of Rs 47,980.
- Silver prices fell Rs 255 to Rs 47,045 per kg from its closing on May 21.



Currency Market Update

- The Indian Rupee was under pressure and lost 0.39 or 0.52 % to close at 75.95 to the US Dollar.
- The country's foreign exchange reserves increased by \$1.73 billion to \$487.04 billion in the week to May 15, which is equivalent to 12 months of imports, according to the Reserve Bank of India.

Key Rates (%)	22-May-2020	15-May-2020	% Change
Mibor Overnight	4.31	4.46	-3.36
CALL (O/N)	3.71	3.97	-6.55
CBLO	2.53	3	-15.67
T Bills Index (12M)	3.42	3.71	-7.82
10 Year GSEC	5.74	5.76	-0.35

Commodity Market



Commodity (INR)	22-May-2020	Gain+/Loss-	% Change
Gold (10 gm)	47056	1244	2.72
Silver (1 kg)	48338	5045	11.65
Crude Oil (\$/barrel)	35.13	4.16	13.43

Currency Market



Currency	22-May-2020	Gain+/Loss-	% Change
USD/INR	75.79	-0.35	-0.46
EURO/INR	82.82	-1.02	-1.25
GBP/INR	92.49	1.01	1.08
JPY/INR	70.55	0.38	0.54

Upcoming Events





Events	Actual %	Previous %
GDP Growth Rate QoQ Prel Q1 (JAPAN)	-0.9	-1.9
Claimant Count Change APR (GREAT BRITAIN)	856.5K	12.1K
ZEW Economic Sentiment Index MAY (GERMANY)	51.0	28.2
Inflation Rate YoY APR (GREAT BRITAIN)	0.8	1.5
Balance of Trade APR (JAPAN)	¥-930B	¥5.4B
Inflation Rate YoY APR (JAPAN)	0.1	0.4
Deposit Growth YoY MAY/08 (INDIA)	10.6	9.8
Foreign Exchange Reserves MAY/15 (INDIA)	\$487B	\$485.3B
Bank Loan Growth YoY MAY/08 (INDIA)	6.5	6.7

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