

Weekly Market Update



Financial Market & Economy Update

Domestic Update:

- The IHS Markit India Services PMI increased to 33.7 in June 2020 from the second-lowest reading of 12.6 in the previous month.
- The Manufacturing PMI stood at 47.20 in June as compared with 30.80 in May. A print below 50 indicates contraction in business activity.
- The government has achieved a record procurement of wheat and rice in the 2019-20 season. It has procured 38.97 million tonnes of wheat, which is the highest so far although a little short of the target of 40.7 million tonnes. Rice procurement of 50.5 million tonnes, on the other hand, is 21% more than the target.
- After successful implementation of Prime Minister Garib Kalyan Ann Yojana (PMGKAY) from April to June 2020, the Government of India extended this scheme for another 5 months from July to November 2020. Including the additional allocation of 200.19 LMT for PMGKAY II, the total quantity of food grains that will be distributed by Government of India to the vulnerable sections of the society during the 5 months will be about 455 LMT.
- The Centre has released the last tranche of GST Compensation amounting over Rs 13,000 crore to States and Union Territories. With this, the total pay-out for the year stood at more than Rs 1.65 lakh crore which is almost 73% more than cess collection of nearly Rs 95,500 crore. To release the compensation for 2019-20, balance of cess amount collected during 2017-18 and 2018-19 was also utilised.
- In telecommunication, the overall tele-density (number of telephone connections per 100 persons) in India at end of February 2020 was 87.7 per cent. Growth of internet and broadband penetration in India has increased at a rapid pace. Total broadband connections rose almost ten times – from 610 lakh in 2014 to 6811 lakh in February 2020 – enabling large expansion in internet traffic.

International Update:

- China's National Bureau of Statistics claims that China's industrial profits went up by 11.5% year on year.
- Germany's gross domestic product shrank by 10.1 percent on quarter in the April-June period, the most on record and compared to market expectations of a 9.0 percent contraction, a preliminary estimate showed.
- The US economy shrank by an annualized 32.9 percent in the second quarter of 2020, compared to forecasts of a 34.1 percent plunge, the advance estimate showed.
- The number of mortgages approved in UK rose to a three-month high of 40,000 in June from a record low 9,300 in May.
- US consumer confidence index slumped to 92.6 in July after jumping to an upwardly revised 98.3 in June.
- Japan's services producer prices index grew 0.8% in June on a yearly basis, following May's 0.5% increase, data from the Bank of Japan showed Tuesday. Month-on-month, the services PPI climbed 0.2%, in contrast to a 0.6% drop in May.
- US durable goods orders surged up by 7.3% in June after skyrocketing by a downwardly revised 15.1% in May, the Commerce Department reported.
- US first-time claims for unemployment benefits increased for the second straight week in the week ended July 25th, according to a report released by the Labor Department on Thursday. The report said initial jobless claims edged up to 1.434 million, an increase of 12,000 from the previous week's revised level of 1,422,000.
- Eurozone economy fell 12.1% on a quarterly basis, bigger than the 3.6% drop in the first quarter amid the coronavirus pandemic, preliminary flash estimate published by Eurostat showed Friday. This was the sharpest decline seen since the series began in 1995. Year-on-year, GDP was down 15% in the second quarter versus a 3.1% decline a quarter ago.



Equity Market Update

- India's benchmark equity indices underperformed majority of global counterparts last week except Singapore, Philippines and Japan. According to market experts, weak global cues, record surge in Covid-19 infections world over amid valuation discomfort at home weighed on market sentiment.
- The BSE Sensex shed 522 points, or 1.37 per cent, for the week to end at 37,606.89 on July 31 while the NSE Nifty declined 120.70 points, or 1.07 per cent, to 11,073.
- **Broader Market Update:** BSE Mid-Cap and Small-Cap index both rose 0.41% and 0.43% respectively.
- **Sector Update:** On the sectoral front, Nifty Pharma Index outperformed other indices with a gain of 9 percent followed by Nifty IT and Metal. On the other hand, Nifty Media and Nifty Bank indices ended lower by 4 percent each.



Debt Market Update

Domestic Markets



| Index | 31-Jul-2020 | 24-Jul-2020 | % Change |
|---------------|-------------|-------------|----------|
| BSE Sensex | 37606.89 | 38128.9 | -1.37 |
| S&P CNX Nifty | 11073.45 | 11194.15 | -1.08 |
| CNX Midcap | 15471.3 | 15528.55 | -0.37 |
| CNX 500 | 9035.75 | 9085.95 | -0.55 |
| BSE Smallcap | 13021.76 | 12966.55 | 0.43 |

Global Markets



| Index | 31-Jul-2020 | 24-Jul-2020 | % Change |
|--------------------|-------------|-------------|----------|
| Dow Jones | 26428.32 | 26469.89 | -0.16 |
| Nasdaq | 10745.27 | 10363.18 | 3.69 |
| S&P 500 | 3271.12 | 3215.63 | 1.73 |
| FTSE 100 | 5897.8 | 6123.8 | -3.69 |
| Shanghai Composite | 3310.01 | 3196.77 | 3.54 |
| Hang Sang | 24595.35 | 24705.33 | -0.45 |

Institutional Flows (Equity)



| Description (INR Cr) | Purchases | Sales | Net |
|----------------------|-----------|-------|-------|
| FII Flows* | 38561 | 31220 | 7341 |
| MF Flows* | 12080 | 14511 | -2431 |

F&O FII Trends (Rs. Crs)



| Date | Index | Stocks |
|-------------|---------|----------|
| 24-Jul-2020 | -1887.4 | -1064.23 |
| 27-Jul-2020 | 706.72 | -31.93 |
| 28-Jul-2020 | 424.25 | 311.12 |
| 29-Jul-2020 | -255.15 | -319.72 |
| 30-Jul-2020 | 1964.84 | 672.14 |

Policy Rates



| Key Rates (%) | 31-Jul-2020 | 1 Week Ago | 1 Month Ago |
|---------------|-------------|------------|-------------|
| Reverse Repo | 3.35 | 3.35 | 3.35 |
| Repo | 4 | 4 | 4 |
| CRR | 3 | 3 | 3 |
| SLR | 18 | 18 | 18 |

Key Rates



- Yields for 10 year government security, 5.79 GS ended at 5.84%.



Commodity Market Update

Oil Update:

- Oil futures ended higher Friday, logging a monthly gain, as investors weighed an uncertain demand outlook and an expected rise in supplies as major producers relax output curbs.
- West Texas Intermediate crude for September delivery CL.1, -1.46% CLU20, -1.46% rose 35 cents, or 0.9%, to close at \$40.27 a barrel on the New York Mercantile Exchange, while October Brent crude BRN00, -1.21%, the global benchmark, added 27 cents, or 0.6%, to finish at \$43.52 a barrel on ICE Futures Europe.
- WTI logged a monthly rise of around 2.6%, while Brent rose more than 5% for July.

Gold Update:

- Gold prices hit new highs this week in India, closing with strong gains. On MCX, October gold futures settled 1.2% higher at ₹53425 per 10 gram on Friday.
- During the session, gold hit a new high of ₹53,700.
- And during the week it rose about ₹2,500 per 10 gram or about 4.6%.



Currency Market Update

- Last week Indian rupee ended flat versus the US dollar. The domestic currency closed at 74.81 per dollar on July 31, against its July 24 closing of 74.83 per dollar.
- Forex reserves continued to hit record high levels as they rose by \$4.993 billion for the week ended July 24 to \$522.63 billion.

| Key Rates (%) | 31-Jul-2020 | 24-Jul-2020 | % Change |
|---------------------|-------------|-------------|----------|
| Mibor Overnight | 3.86 | 3.84 | 0.52 |
| CALL (O/N) | 3.48 | 3.42 | 1.75 |
| CBLO | 3.16 | 3.18 | -0.63 |
| T Bills Index (12M) | 3.46 | 3.45 | 0.29 |
| 10 Year GSEC | 5.84 | 5.82 | 0.34 |

Commodity Market



| Commodity (INR) | 31-Jul-2020 | Gain+/Loss- | % Change |
|-----------------------|-------------|-------------|----------|
| Gold (10 gm) | 53828 | 2708 | 5.3 |
| Silver (1 kg) | 64984 | 3675 | 5.99 |
| Crude Oil (\$/barrel) | 43.3 | -0.04 | -0.09 |

Currency Market



| Currency | 31-Jul-2020 | Gain+/Loss- | % Change |
|----------|-------------|-------------|----------|
| USD/INR | 74.77 | 0.1 | 0.13 |
| EURO/INR | 88.87 | -1.92 | -2.21 |
| GBP/INR | 98.17 | -2.75 | -2.88 |
| JPY/INR | 71.64 | -1.24 | -1.76 |

Upcoming Events



Monday 03, 2020

GDP Growth Rate QoQ Final Q1 (JAPAN)
Caixin Manufacturing PMI JUL (CHINA)
Markit Manufacturing PMI JUL (INDIA)

Wednesday 05, 2020

Markit Services PMI JUL (INDIA)
Balance of Trade JUN (US)

Thursday 06, 2020

BoE Interest Rate Decision (GREAT BRITAIN)
RBI Interest Rate Decision (INDIA)
Cash Reserve Ratio (INDIA)

Friday 07, 2020

Balance of Trade JUN (GERMANY)
Foreign Exchange Reserves JUL/31 (INDIA)
Non Farm Payrolls JUL (US)

Week Gone By



1 Year ago

| Events | Actual % | Previous % | % |
|--|-----------|------------|---|
| Ifo Business Climate JUL (GERMANY) | 90.5 | 86.3 | |
| Durable Goods Orders MoM JUN (US) | 7.3 | 15.1 | |
| Fed Interest Rate Decision (US) | 0.25 | 0.25 | |
| GDP Growth Rate QoQ Flash Q2 (GERMANY) | -10.1 | -2.0 | |
| GDP Growth Rate YoY Flash Q2 (GERMANY) | -11.7 | -2.3 | |
| GDP Growth Rate QoQ Adv Q2 (US) | -32.9 | -5.0 | |
| NBS Manufacturing PMI JUL (CHINA) | 51.1 | 50.9 | |
| Consumer Confidence JUL (JAPAN) | 29.5 | 28.4 | |
| GDP Growth Rate QoQ Flash Q2 (EA) | -12.1 | -3.6 | |
| GDP Growth Rate YoY Flash Q2 (EA) | -15.0 | -3.1 | |
| Infrastructure Output YoY JUN (INDIA) | -15.0 | -22.0 | |
| Deposit Growth YoY JUL/17 (INDIA) | 10.8 | 11.0 | |
| Foreign Exchange Reserves JUL/24 (INDIA) | \$522.6B | \$517.6B | |
| Government Budget Value JUN (INDIA) | INR-6620B | INR-4663B | |
| Bank Loan Growth YoY JUL/17 (INDIA) | 5.8 | 6.1 | |
| Personal Spending MoM JUN (US) | 5.6 | 8.5 | |
| Personal Income MoM JUN (US) | -1.1 | -4.4 | |

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.