



## Financial Market & Economy Update

### Domestic Update:

- After a contraction in the current financial year, India's economy is forecast to bounce back with a sharp growth rate of 9.5 % next year provided it avoids further deterioration in financial sector health, Fitch Ratings said on Wednesday. The coronavirus pandemic will lead to shrinking of the already slowing economy in 2020-21 that started in April. Fitch Ratings forecast a 5 % contraction in the GDP in the ongoing financial year.
- Foreign direct investment (FDI) in the food processing sector rose 44 % to USD 904.7 million in the financial year 2019-20, according to government data. The sector had received FDI worth USD 628.24 million in 2018-19 and USD 904.90 million in the financial year 2017-18.
- Despite the lockdown restrictions EPFO settled a staggering 36.02 lakh claims thereby disbursing Rs. 11,540 crore to its members during the last two months of April and May 2020. Out of this, 15.54 lakh claims, disbursing Rs. 4580 crore to claimants, were related to the recently introduced COVID-19 advance under Pradhan Mantri Garib Kalyan Yojana (PMGKY).
- The government on Wednesday released Rs 6,195 crore to 14 states as monthly instalment of the post devolution revenue deficit grant.
- Gross direct tax collections for 2019-20 fell almost 5% at Rs 12.33 lakh crore against the previous year-s Rs 12.97 lakh crore, the Central Board of Direct Taxes (CBDT) said. This fall in the collection of direct taxes is on expected lines and is temporary in nature due to the historic tax reforms undertaken and much higher refunds issued during the FY 2019-20, CBDT noted.

### Global Update:

- The UK posted a trade surplus of GBP 0.305 billion in April of 2020 compared to a downwardly revised GBP 3.956 billion deficit in the previous month. Exports fell 19.3% to GBP 37.71 billion. Imports slid at a faster 26.2% to GBP 37.41 billion.
- Industrial production in Japan tumbled 9.8 % month-on-month in April 2020, compared to the preliminary reading of 9.1 % fall and after a 3.7 % drop a month earlier.
- Industrial production in the United Kingdom fell by a record 20.3 % between March and April 2020, with manufacturing providing the largest downward contribution, falling by a record 24.3 %.
- China's annual inflation rate fell to 2.4% in May 2020 from 3.3% in the previous month, below market consensus of 2.7%.
- Annual inflation rate in the US eased to 0.1% in May of 2020 from 0.3% in April and below forecasts of 0.2%. It is the lowest inflation rate since September of 2015, mainly due to a 33.8% plunge in gasoline cost.
- UK retail sales declined in May but at a slower pace as restrictions to contain the spread of coronavirus eased, data from the British Retail Consortium, or BRC, showed Tuesday. Total retail sales decreased 5.9% year-on-year in May, slower than the 19.1% fall in April. Meanwhile, like-for-like sales increased 7.9% from the same period last year.
- The Japanese economy shrank 0.6% on quarter in Q1 2020, compared with the preliminary estimate of a 0.9% contraction and market consensus of a 0.5% decline.



## Equity Market Update

- Benchmark indices witnessed volatile trade and broke the two-week winning streak in the week that ended on June 12 on the back of mixed global cues, FII selling and Indian Inc earnings. However, rising COVID-19 cases also dampened investor sentiments.
- BSE Sensex shed 506.35 points (1.47 %) last week to close at 33,780.89. The Nifty50 rose 169.25 points (1.66 %) to end at 9,972.9 levels.
- The BSE Large-cap Index declined 1.6 % during last week.
- **Broader Markets:** The BSE Mid-cap Index ended with a marginal gain of 0.37 %. The BSE Small-cap index ended on flat note
- **Sector Update:** On the sectoral front, Nifty Media Index underperformed other indices with a loss of over 7 % followed by Nifty Metal (down 4 %) and Nifty PSU Bank Index (down 2.5 %).



## Debt Market Update

- The 5.79%, 2029 bond ended the week at 5.8% yield.



## Commodity Market Update

### Oil Update:

- Oil futures settled at a modest loss on Friday, with U.S. and global benchmark prices suffering their first weekly decline in seven weeks on worries about oversupply and a resurgence of coronavirus cases in the U.S.
- West Texas Intermediate crude for July delivery CL.1, -2.68% CLN20, -2.68%, the

## Domestic Markets



| Index         | 12-Jun-2020 | 05-Jun-2020 | % Change |
|---------------|-------------|-------------|----------|
| BSE Sensex    | 33780.89    | 34287.24    | -1.48    |
| S&P CNX Nifty | 9972.9      | 10142.15    | -1.67    |
| CNX Midcap    | 14339.35    | 14158.05    | 1.28     |
| CNX 500       | 8196.4      | 8299.35     | -1.24    |
| BSE Smallcap  | 11845.27    | 11855.17    | -0.08    |

## Global Markets



| Index              | 12-Jun-2020 | 05-Jun-2020 | % Change |
|--------------------|-------------|-------------|----------|
| Dow Jones          | 25605.54    | 27110.98    | -5.55    |
| Nasdaq             | 9588.81     | 9814.08     | -2.3     |
| S&P 500            | 3041.31     | 3193.93     | -4.78    |
| FTSE 100           | 6105.2      | 6484.3      | -5.85    |
| Shanghai Composite | 2919.74     | 2930.8      | -0.38    |
| Hang Sang          | 24301.38    | 24770.41    | -1.89    |

## Institutional Flows (Equity)



| Description (INR Cr) | Purchases | Sales | Net   |
|----------------------|-----------|-------|-------|
| FII Flows*           | 30828     | 27035 | 3793  |
| MF Flows*            | 9635      | 12402 | -2767 |

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



| Date        | Index   | Stocks  |
|-------------|---------|---------|
| 05-Jun-2020 | 316.59  | 481.93  |
| 08-Jun-2020 | -434.39 | 300.62  |
| 09-Jun-2020 | 32.81   | 993     |
| 10-Jun-2020 | -111.05 | -178.04 |
| 11-Jun-2020 | 1157.86 | -773.96 |

## Policy Rates



| Key Rates (%) | 12-Jun-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



U.S. benchmark, fell 8 cents, or 0.2%, to settle at \$36.26 a barrel on the New York Mercantile Exchange—the lowest finish for a most-active contract since June 1, according to Dow Jones Market Data. The contract tumbled 8.2% on Thursday to mark the sharpest one-day fall since April 27.

- Global benchmark Brent oil for August delivery BRNQ20, -1.78%, however, added 18 cents, or 0.5%, to end at \$38.73 a barrel on ICE Futures Europe, following a 7.6% plunge Thursday, its steepest such slide since April 21, that took it to its lowest finish since June 1.
- For the week, WTI marked weekly slide of 8.3%, while Brent saw a decline of 8.4%.
- That represented the first weekly losses for the two crude benchmarks since the week ended April 24.

#### Gold Update:

- After a stellar run in 2019, gold prices have moved sharply higher this year. Year to date, gold prices in India are up about 20%, following a 25% surge last year.
- Worries about deeper global recession amid coronavirus crisis, unprecedented global stimulus, US-China tensions and rupee's depreciation against US dollar have led to a rally in domestic prices.
- On Friday, gold futures on MCX settled marginally lower at ₹47,355 per 10 gram while silver tumbled ₹900 to ₹47,741 per kg. Last month, gold had hit a record high of about ₹48,000 per 10 gram in India.
- Globally, spot gold prices rose over 2% this week to about \$1,730.19 per ounce



## Currency Market Update

- The Indian Rupee ended weak against the US Dollar last week. The domestic currency ended 26 paise lower at 75.84 per dollar on June 12, against its June 5 closing of 75.58.
- India's foreign exchange reserves crossed the half-a-trillion mark for the first time after it surged by a massive USD 8.22 billion in the week ended June 5, as per the latest data from the RBI.
- The reserves rose to USD 501.70 billion in the reporting week helped by a whopping rise in foreign currency assets (FCA).

| Key Rates (%)       | 12-Jun-2020 | 05-Jun-2020 | % Change |
|---------------------|-------------|-------------|----------|
| Mibor Overnight     | 3.92        | 4.01        | -2.24    |
| CALL (O/N)          | 3.54        | 3.64        | -2.75    |
| CBLO                | 2.99        | 3.11        | -3.86    |
| T Bills Index (12M) | 3.54        | 3.45        | 2.61     |
| 10 Year GSEC        | 5.8         | 5.82        | -0.34    |

## Commodity Market



| Commodity (INR)       | 12-Jun-2020 | Gain+/Loss- | % Change |
|-----------------------|-------------|-------------|----------|
| Gold (10 gm)          | 47334       | 808         | 1.74     |
| Silver (1 kg)         | 47690       | 339         | 0.72     |
| Crude Oil (\$/barrel) | 38.73       | -3.57       | -8.44    |

## Currency Market



| Currency | 12-Jun-2020 | Gain+/Loss- | % Change |
|----------|-------------|-------------|----------|
| USD/INR  | 75.97       | -0.5        | -0.67    |
| EURO/INR | 85.87       | -0.03       | -0.03    |
| GBP/INR  | 95.56       | -0.09       | -0.09    |
| JPY/INR  | 70.89       | -1.86       | -2.69    |

## Upcoming Events



Inflation Rate YoY MAY (JAPAN)  
 Deposit Growth YoY JUN/05 (INDIA)  
 Foreign Exchange Reserves JUN/12 (INDIA)  
 Bank Loan Growth YoY JUN/05 (INDIA)  
 Current Account Q1 (INDIA)

## Week Gone By



| Events                                   | Actual % | Previous % | 1 Year ago % |
|--|----------|------------|--------------|
| GDP Growth Rate QoQ Final Q1 (JAPAN)     | -0.6     | -1.9       |              |
| Balance of Trade APR (GERMANY)           | €3.5B    | €17.4B     |              |
| GDP Growth Rate QoQ 3rd Est Q1 (EA)      | -3.6     | 0.1        |              |
| GDP Growth Rate YoY 3rd Est Q1 (EA)      | -3.1     | 1.0        |              |
| Inflation Rate YoY MAY (CHINA)           | 2.4      | 3.3        |              |
| Core Inflation Rate YoY MAY (US)         | 1.2      | 1.4        |              |
| Inflation Rate YoY MAY (US)              | 0.1      | 0.3        |              |
| Fed Interest Rate Decision (US)          | 0.25     | 0.25       |              |
| Balance of Trade APR (GREAT BRITAIN)     | £0.31B   | £-3.96B    |              |
| Foreign Exchange Reserves JUN/05 (INDIA) | \$501.7B | \$493.5B   |              |

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### *Risk Factors*

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