



Financial Market & Economy Update

Domestic Update:

- GST Council pruned the 28 % slab by cutting tax rates on 191 goods over the last one year, leaving just 35 items, including AC, digital camera, video recorders, dishwashing machine and automobiles, in the highest tax bracket.
- Defence industries have attracted a meagre USD 10,000 (about Rs seven lakh) foreign direct investment (FDI) in 2017-18.
- Iran was the second-biggest oil supplier to Indian state refiners between April and June, India's oil minister said on Monday, replacing Saudi Arabia as companies took advantage of steeper discounts offered by Tehran.
- Financial creditors recover over Rs 47,000 crore in 26 cases under IBC.
- Housing sales rose 3% in January-June 2018 to more than 1.24 lakh units in eight major cities despite a fall in prices.
- Projects for constructing 6,320 km of road have been awarded under the first phase of the Bharatmala project, with the financial implication estimated to be Rs 1.44 lakh crore.
- The foreign direct investment (FDI) in the food processing sector rose 24 % in 2017-18 to USD 904.9 million, according to an official data. FDI inflow into the sector stood at USD 727.22 million during 2016-17 financial year.
- The government has notified a decision to allow sugar mills to manufacture ethanol directly from sugarcane juice or intermediate product called B- molasses.

Global Update:

- The Nikkei Japan Flash Manufacturing PMI came in at 51.6 in July 2018, down from 53 in June.
- The IHS Markit Eurozone Manufacturing PMI rose slightly to 55.1 in July 2018 from June's 19-month low of 54.9.
- President Donald Trump on Wednesday accused China of "vicious" tactics on trade as he prepared for tough negotiations with European leaders in an escalating trade battle among world powers.
- President Donald Trump agreed with the European Commission chief to suspend new tariffs while continuing to negotiate over trade.
- The European Central Bank left interest rates unchanged and affirmed its plan to end its monthly bond-buying program in December, as had been expected. ECB President Mario Draghi said that uncertainty around the inflation outlook was receding.
- The U.S. economy grew at its fastest pace in nearly four years in the second quarter. Gross domestic product increased at a 4.1 % annualised rate also as government spending picked up.
- China's June industrial profit growth eases. Industrial profits rose 20 % to 658.29 billion yuan (\$96.7 billion) in June, National Bureau of Statistics (NBS) data showed on Friday.



Equity Market Update

- For the first time, the benchmark index of the Bombay Stock Exchange (BSE) breached 37K level to 37,336.85, a life-time-high spurring by 840.48 points at the end of the week on Friday, as Modi government won the no-confidence motion even reduction in goods and services tax (GST) rate on 88 goods and services too boosted the same.
- Stocks also got a boost by the government's Better-than-expected June 2018 quarterly results from index pivotal also fortified sentiment on the domestic bourses.
- The BSE Sensex started the week positive at 36,501.05 and traded strong to register historic highs at 37,368.62 and low of 36,252.53 before closing the week with new highs at 37,336.85, showing a gain of 840.48 or 2.30 %.
- The Nifty also resumed the week higher at 11,019.85 and traded between all time highs at 11,283.40 and 11,010.95, the index finally closed at 11,278.35, a gain of 268.15 points, or 2.44 %.
- **Broader Markets:** The BSE Mid-Cap index rose 716.16 points or 4.71 pc to settle at 15,912.62. The BSE Small-Cap index rose 728.77 points or 4.64 pc to settle at 16,450.20. Both these indices outperformed the Sensex.
- **FII:** Foreign institutional investors (FIIs) bought shares worth Rs 738.05 crore and domestic institutional investors Rs 406.12 crore in the Indian equity market on Friday.
- **Sector Update:** Buying was led by Metal, FMCG, PSUs, Realty, Capital Goods, Banks, Consumer Durables, Power, Oil&Gas, HealthCare, IPO and Auto counters. While IT and Teck sectors saw mild profit-booking.



Debt Market Update

- Indian government bonds were little changed for a second week, as market

Domestic Markets



Index	27-Jul-2018	20-Jul-2018	% Change
BSE Sensex	37336.85	36496.37	2.3
S&P CNX Nifty	11278.35	11010.2	2.44
CNX Midcap	18781.45	18055.15	4.02
CNX 500	9579.05	9286.1	3.15
BSE Smallcap	16450.2	15721.43	4.64

Global Markets



Index	27-Jul-2018	20-Jul-2018	% Change
Dow Jones	25451.06	25058.12	1.57
Nasdaq	7737.42	7820.2	-1.06
S&P 500	2818.82	2801.83	0.61
FTSE 100	7701.3	7678.8	0.29
Shanghai Composite	2873.59	2829.27	1.57
Hang Sang	28804.28	28224.48	2.05

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	27975	25268	2707
MF Flows*	10242	8355	1887

FII data from 20th July 2018 to 26th July 2018

MF data from 17th July 2018 to 20th July 2018

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
23-Jul-2018	-685.12	-36.4
24-Jul-2018	-283.62	138.33
25-Jul-2018	-414.26	394.72
26-Jul-2018	1051.93	1602.29
27-Jul-2018	514.34	781.74

Policy Rates



Key Rates (%)	27-Jul-2018	1 Week Ago	1 Month Ago
Reverse Repo	6	6	6
Repo	6.25	6.25	6
CRR	4	4	4
SLR	19.5	19.5	19.5

Key Rates



remained divided about the outcome of the Monetary Policy Committee's meeting next week.

- The benchmark 7.17% bond maturing in 2028 closed at 95.97 rupees, yielding 7.78%
- On a weekly basis, the 10-year yield fell one basis point.
- The Monetary Policy Committee's rate decision is due on Aug. 1 following a three-day meeting. The rate-setting panel had raised the key interest rate by 25 basis points to 6.25% in June, citing risks to its 4% inflation target from high crude oil prices and other sources.



Commodity Market Update

Oil Update:

- Oil prices fell on Friday, weighed down by a drop in the US equities market, but Brent still marked a weekly increase, supported by easing trade tensions and a temporary shutdown by Saudi Arabia of a key crude oil shipping lane.
- Brent crude futures fell 25 cents to settle at \$74.29 a barrel, but notched a 1.8 % weekly increase, its first increase in four weeks.
- US West Texas Intermediate (WTI) crude futures fell 92 cents to settle at \$68.69 a barrel, and marked a fourth week of declines, falling about 2.4 %.

Gold Update:

- Gold extended its slide for the third straight week and prices drifted lower by Rs 190 to end at Rs 30,780 per 10 grams at the bullion market taking weak cues from overseas markets and fall in demand from local jewellers at the domestic spot market.
- Silver, in range-bound movements, eased by Rs 30 to Rs 39,225 per kg due to reduced offtake by industrial units and coin makers.
- Traders said sentiment remained bearish in sync with the weak trend and considerable fall in demand from local jewellers and retailers at domestic spot market.
- **Domestic:** In the national capital, gold of 99.9 % and 99.5 % purity started the week on a subdued note and day-to-day increased selling, triggered by a weak global trend, slipped to Rs 30,740 and Rs 30,590 per ten grams respectively, before ending at Rs 30,780 and Rs 30,630 per ten grams, showing a fall of Rs 190 each.
- In line with overall trends, silver ready also ended the week marginally lower by Rs 30 to Rs 39,225 per kg and weekly-based delivery by Rs 130 to Rs 38,325 per kg.
- Silver coins, too, dropped by Rs 1,000 to Rs 74,000 for buying and Rs 75,000 for selling of 100 pieces.
- **International:** Globally, gold ended the week lower at USD 1,223.20 an ounce and silver at USD 15.47 an ounce in New York.



Currency Market Update

- The rupee staged a smart rebound to end at a fresh one-week high of 68.65 against the US currency on bouts of dollar selling by exporters and corporates even as stocks continued their bullish ascent. Reversing its brief fall, the home currency regained 19 paise during the week. The domestic unit oscillated between a high of 68.53 and a low of 69.08.
- A significant bullish breakout in the domestic stock markets coupled with positive trade-related headlines provided an additional boost and largely weighed on the trading front. Forex sentiment witnessed a revival of enthusiasm as currency traders took comfort in the encouraging meeting outcome after US President Donald Trump obtained concessions from the European Union to avert a transatlantic trade war.
- The Indian currency had plunged to its life-time low of 69.13 a dollar last week. Earlier this week, the rupee resumed higher at 68.70 from weekend finish of 68.84 at the inter-bank foreign exchange (forex) market. However, it eventually lost ground and breached the key 69-mark to hit a low of 69.08 in the midst of good dollar demand before taking a strong reversal.
- After touching a high of 68.53 towards the tail-end trade, the local unit finally settled at 68.65, revealing a gain of 19 paise, or 0.28 %. The rupee had depreciated 31 paise last week. The RBI, meanwhile, fixed the reference rate for the dollar at 68.7041 and for the euro at 79.9821. India's foreign exchange (Forex) reserves inched-up by \$67.7 million during the week ended July 20, official data showed on Friday.
- The dollar index, which measures the greenback against a basket of six major currencies, was down 0.1 % at 94.683.

Key Rates (%)	27-Jul-2018	20-Jul-2018	% Change
Mibor Overnight	6.27	6.21	0.97
CALL (O/N)	6.14	6.2	-0.97
CBLO	6.21	6	3.5
T Bills Index (12M)	7.23	7.2	0.42
10 Year GSEC	7.78	7.78	0

Commodity Market



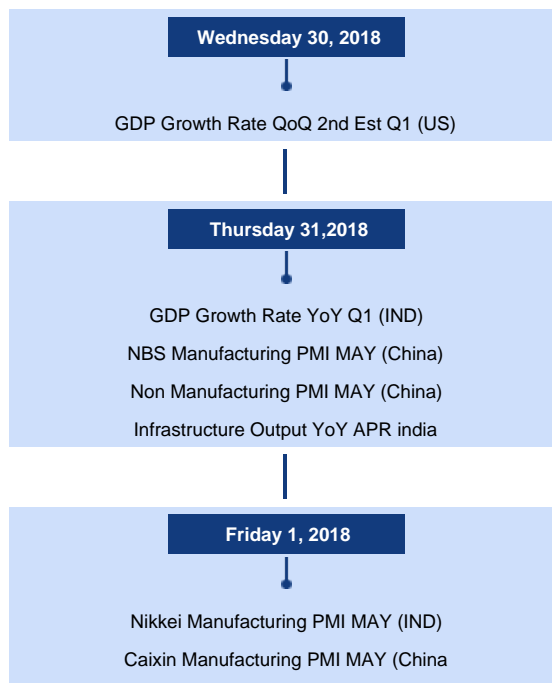
Commodity (INR)	27-Jul-2018	Gain+/Loss-	% Change
Gold (10 gm)	29722	-20	-0.07
Silver (1 kg)	37774	-64	-0.17
Crude Oil (\$/barrel)	74.56	1.62	2.22

Currency Market



Currency	27-Jul-2018	Gain+/Loss-	% Change
USD/INR	68.7	-0.15	-0.21
EURO/INR	79.98	-0.33	-0.41
GBP/INR	89.99	0.32	0.36
JPY/INR	61.84	0.57	0.93

Upcoming Events



Week Gone By



Events	Actual %	Previous %
Consumer Confidence Flash JUL (Euro Area)	-0.6	-0.6
Nikkei Manufacturing PMI Flash JUL (Japan)	51.6	53.0
Markit Manufacturing PMI Flash JUL (Euro Area)	55.1	54.9

ECB Interest Rate Decision (Euro Area)	0.0	0.0
GDP Growth Rate QoQ Adv Q2 (U.S.)	4.1	2.2

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