



Financial Market & Economy Update

Domestic Update:

- In the 32nd State-Level Executive Committee meeting of Haryana State Horticulture Development Agency, held at Chandigarh, 40 horticultural projects were approved with an aim of increasing income of farmers. The meeting was chaired by Additional Chief Secretary, Agriculture and Farmers' Welfare department Mr. Sanjeev Kaushal. It was informed that a total of 14,776 farmers have availed benefits under the Direct Benefit Transfer (DBT).
- India emerged the leader in 12-months average power industry contracts in Asia-Pacific with 26 contracts, followed by Australia with nine and China with seven contracts. Asia-Pacific power industry contracts activity in November saw 91 contracts announced, marking a rise of 20% over the last 12-month average of 76, according to Global Data's power database. China led the activity in November 2019 with 20 contracts and a share of 22%, up 13.3% over the previous month and up 186% when compared with the last 12 month-average, followed by India with 14 contracts and a share of 15.4% and Pakistan with 12 contracts and a share of 13.2% during the month.
- Mutual funds have added a staggering over Rs 4 lakh crore to their asset base in 2019 and the industry expects the growth trajectory to continue in the new year on the back of strong inflows in debt schemes and measures taken by regulator Sebi for boosting investors' confidence.
- The Cabinet on Tuesday gave ex post facto approval to an agreement between India and Sweden on Recognition of Seafarer Certificates, according to an official statement. "The union cabinet chaired by the Prime Minister Narendra Modi has given its ex-post facto approval for the Agreement between India and Sweden on Recognition of Seafarer Certificates, pursuant to Regulation I/10 of the International Convention on Standards of Training, Certification and Watch-Keeping for seafarers, 1978.
- The labour ministry will enforce the retirement fund body EPFO decision to restore pension commutation, or advance part-withdrawal, under the Employees' Pension Scheme from January 1, 2020, a move which will benefit 6.3 lakh pensioners, a source said.

Global Update:

- All Industry Activity Index in Japan decreased to 103.60 points in October from 108.20 points in September of 2019.
- The index of import prices in Germany declined by 2.1 % year-on-year in November 2019, compared with market expectations of a 2.3 % drop and after a 3.5 % fall in the previous month. Excluding crude oil and mineral oil products, the index dropped 2.1 % from a year earlier. On a monthly basis, import prices rose 0.5 % in November, above forecasts of a 0.4 % gain and following a 0.1 % drop in October.
- New orders for US manufactured durable goods dropped 2 % from a month earlier in November 2019, following a meager 0.2 % growth in October and missing market expectations of a 1.5 % increase.
- Singapore's industrial output unexpectedly fell in November, marking its biggest drop in four years, in an indication that any recovery in the Asian bellwether economy is likely to be patchy. Manufacturing output last month fell 9.3% from a year earlier, data from the Singapore Economic Development Board showed on Thursday, the sharpest decline since December 2015.
- Japan's industrial output slipped for the second straight month in November, raising the likelihood the economy will contract in the fourth quarter due to slowing demand abroad and at home. Official data showed factory output fell 0.9% in November from the previous month, a slower decline than the 1.4% fall in a Reuters forecast.
- Profits at China's industrial firms grew at the fastest pace in eight months in November, but broad weakness in domestic demand remains a risk for company earnings next year. Industrial profits in November rose 5.4% from a year earlier to 593.9 billion yuan (\$84.93 billion), snapping three months of decline, as production and sales quickened, data from the National Bureau of Statistics (NBS) showed on Friday. That compared with a 9.9% drop in October.
- The number of Americans filing applications for unemployment benefits fell last week in a sign of ongoing labor market strength. Initial claims for state unemployment benefits decreased 13,000 to a seasonally adjusted 222,000 for the week ended Dec. 21.



Equity Market Update

- Indian indices ended marginally lower in the truncated week ended December 27 on the back strong recovery witnessed in Friday's trading session. The market remained highly volatile and ended lower for the first three trading session of the week amid F&O expiry, capital infusion in state-run banks by the government and positive global markets on the back of progress on the first phase of trade deal between the US and China.
- In the past week, the Sensex shed 106.4 points (-0.25 %) to end at 41,575.14, while the Nifty shed 26 points (-0.21 %) to end at 12,245.8.
- Sector Update:** Eight out of 11 sectoral gauges compiled by National Stock Exchange ended higher this week, led by the NSE Nifty Metal Index's 1.95 % advance. On the flipside, the NSE Nifty FMCG Index was the top sectoral loser,

Domestic Markets



Index	27-Dec-2019	20-Dec-2019	% Change
BSE Sensex	41575.14	41681.54	-0.26
S&P CNX Nifty	12245.8	12271.8	-0.21
CNX Midcap	17006.3	16906.45	0.59
CNX 500	9908.7	9905.35	0.03
BSE Smallcap	13547.81	13391.03	1.17

Global Markets



Index	27-Dec-2019	20-Dec-2019	% Change
Dow Jones	28645.26	28455.09	0.67
Nasdaq	9006.62	8924.96	0.91
S&P 500	3240.02	3221.22	0.58
FTSE 100	7644.9	7582.5	0.82
Shanghai Composite	3005.04	3004.94	0
Hang Sang	28225.42	27871.35	1.27

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	21030	18195	2835
MF Flows*	12810	16867	-4057

*FII data from 20th Dec 2019 to 26th Dec 2019

*MF data from 16th Dec 2019 to 23rd Dec 2019

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
20-Dec-2019	1520.17	1193.18
23-Dec-2019	1788.79	837.95
24-Dec-2019	553.47	-122.7
26-Dec-2019	2786.35	-241.2
27-Dec-2019	1459.67	872.17

Policy Rates



Key Rates (%)	27-Dec-2019	1 Week Ago	1 Month Ago
Reverse Repo	4.9	4.9	4.9
Repo	5.15	5.15	5.15
CRR	4	4	4
SLR	18.5	18.5	18.5

Key Rates



down 0.69 %.

- **Broader Markets:** The BSE smallcap index added 1.17 %, BSE midcap index rose 0.63 % and the BSE large-cap index was down 0.14 % in the past week.



Debt Market Update

- Indian government bonds gained for the second consecutive week as the central bank announced another special open market operation, wherein it will purchase the benchmark note.
- The benchmark 6.45% bond maturing in 2029 ended at 99.59 rupees, the highest since Dec. 4, yielding 6.51%, in Mumbai.
- The benchmark yield fell nine basis points this week after falling 18 basis points last week.
- The Reserve Bank of India will buy the federal government's 10-year benchmark bond and sell one-year notes worth up to 100 billion rupees, via a special open market operation on Dec. 30.
- This is the second special OMO by the central bank. The RBI had conducted a similar auction on Dec. 23 and purchased 100 billion rupees worth of the benchmark note at sharply higher-than-expected price and sold 68.25 billion rupees of up to one-year bonds.
- Bond yields had jumped in the early part of the month over concerns that the government may miss its budget deficit target of 3.3% of gross domestic product due to weak revenue collections and slower-than-expected divestment proceeds and may end up borrowing more.



Commodity Market Update

Oil Update:

- Oil prices continued to extend gains for the week ending Dec. 27, with the price of West Texas Intermediate (WTI) for February delivery up 2.12 % and that of Brent crude oil for February delivery up 3.05 %.
- WTI closed the week at 61.72 U.S. dollars a barrel on the New York Mercantile Exchange, while Brent crude finished the week at 68.16 dollars a barrel on the London ICE Futures Exchange, both hitting three-month high.
- Oil is set to see one of its best months of the year, mainly driven by the "phase one economic and trade agreement" between the United States and China, as well as consensus among the Organization of Petroleum Exporting Countries (OPEC) and its allies for further output cuts.
- As the global economy faces downward pressure, the U.S.-China trade agreement will boost confidence of the global market, stabilize market expectations, and create favorable environment for normal economic, trade and investment activities
- WTI and Brent crude prices have increased 35.92 % and 26.70 %, respectively, so far this year, still below their peak levels in April when the growth of WTI hit over 40 %, and Brent crude over 30 %.

Gold Update:

- Gold and silver prices in India continued their rally this week, supported by an advance in global markets. On MCX, prices of February gold futures surged for the fourth day in a row, rising to ₹39,087 per 10 gram on Friday, up 0.53%. In four sessions prices have rallied about ₹1,100 per 10 gram. Silver has also seen a sharp rally. On MCX, silver futures jumped 0.12% to ₹46,879 per kg.
- In global markets, gold posted its biggest weekly advance in more than four months as a decline in the dollar boosted demand for the metal as an alternative asset. Gold futures for February delivery rose 0.2% to settle at \$1,518.10 an ounce on the Comex in New York. Prices are up 2.5% for this week, the biggest weekly gain since August 9.
- Gold, in global markets, has gained 18% this year. The months old trade spat between US and China, easier monetary policy across the world's leading economies and sustained buying from exchange-traded funds and central banks have lifted gold price.



Currency Market Update

- Indian rupee was the worst Asian performer this week. The home currency depreciated nearly 0.33 % to end at 71.33 against the greenback.
- India's foreign exchange (Forex) reserves reached the all-time high at 455 billion U.S. dollars, after increasing by 456 million U.S. dollars during the week that ended on Dec. 20.
- The U.S. Dollar Index ended the week almost flat, rising less than 1%. However, at the same time, the greenback developed a rising channel, whose bottom is being tested.
- On Friday, March U.S. Dollar Index futures settled at 96.545, down 0.569 or -0.59%

Key Rates (%)	27-Dec-2019	20-Dec-2019	% Change
Mibor Overnight	5.25	5.23	0.38
CALL (O/N)	5.11	5.09	0.39
CBLO	4.5	4.89	-7.98
T Bills Index (12M)	5.29	5.32	-0.56
10 Year GSEC	6.51	6.6	-1.36

Commodity Market



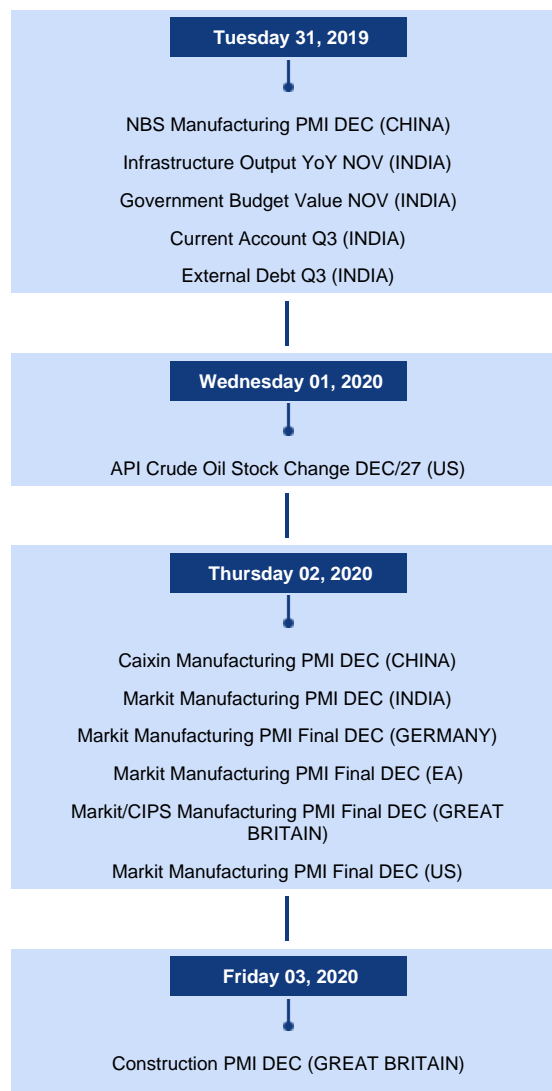
Commodity (INR)	27-Dec-2019	Gain+/Loss-	% Change
Gold (10 gm)	38791	834	2.2
Silver (1 kg)	46192	1970	4.45
Crude Oil (\$/barrel)	68.16	2.02	3.05

Currency Market



Currency	27-Dec-2019	Gain+/Loss-	% Change
USD/INR	71.22	0.06	0.08
EURO/INR	79.19	0.08	0.1
GBP/INR	92.55	-0.07	-0.08
JPY/INR	65.04	-0.05	-0.08

Upcoming Events



Week Gone By



Events	Actual %	Previous %
Durable Goods Orders MoM NOV (US)	-2.0	0.2
API Crude Oil Stock Change DEC/20 (US)	-7.9M	4.7M
Construction Orders YoY NOV (JAPAN)	-1.2	6.4
Industrial Production MoM Prel NOV (JAPAN)	-0.9	-4.5
Foreign Exchange Reserves DEC/20 (INDIA)	\$454.95B	\$454.49B
Industrial Production YoY Prel NOV (JAPAN)	-8.1	-7.4

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