



Financial Market & Economy Update

Domestic Update:

- CPI Inflation in the month of August slowed down to 3.69% in Aug as against from 4.17% in July.
- Industrial production (IIP) in July grew slightly slower than the previous month but yet at a strong pace of 6.6%.
- Union Cabinet meeting chaired by Prime Minister Narendra Modi on Wednesday took a number of decisions for welfare of farming community.
- India's exports grew by 19.21 % to USD 27.84 billion in August on account of healthy performance by sectors such as petroleum. Merchandise imports too rose by 25.41 % in August to \$45.24 billion due to the rising crude oil prices.
- The Wholesale Price Index (WPI) Inflation eased to 4.53% in the month of August as against 5.09% in the previous month, government data.
- The trade deficit for the month of August stands at \$17.39 billion, narrowing a little from its preceding month which was at \$18.02 billion.
- India's share in the GDP of Asia and Pacific region has increased to 17.3 % in 2017 from 14.6 % in 2000, a ADB report said Monday.
- India Online hiring activity registered a decline for the third consecutive month in August. The Monster Employment Index for India stood at 266 in August, down 5 % over the corresponding period last year. On a month-on-month basis the index has slipped by 0.74 %.

Global Update:

- Terming United States as a 'developing' country, US President Donald Trump said that the nation and can't afford to subsidize countries like India and China anymore.
- China and Pakistan have decided to speed up and extend the USD 50 billion China-Pakistan Economic Corridor towards Afghanistan during Foreign Minister Wang Yi's recent visit to Islamabad, the Chinese Foreign Ministry said on Monday.
- Britain reeled off its fastest economic growth for nearly a year in the three months to July thanks to strong consumer spending lifted by the World Cup and unusually warm weather, official figures showed on Monday. Gross domestic product in the three months to July was 0.6 % higher than in the previous three-month period.
- Heavy capital spending in the second quarter drove Japan's economy to its fastest growth since 2016 Revised Cabinet office data out on Monday showed the economy grew an annualised 3.0 % in April-June.
- Argentina's central bank kept its key interest rate at 60 %, the highest in the world, following a surprise hike two weeks ago after the peso plunged.
- China's industrial production rose by 6.1 % year-on-year in August 2018, after a 6 % gain in the previous two months and China's retail sales increased by 9 % from a year earlier in August 2018.
- The trade surplus in the Euro Area declined to EUR 17.6 billion in July of 2018 from EUR 21.6 billion a year earlier.
- Turkey's central bank raised its benchmark rate by a hefty 625 basis points on Thursday.



Equity Market Update

- The market extended its decline for second straight week with BSE Sensex losing another 299.18 points to close 38,090.64 and the broader Nifty falling 73.90 points to finish at 11,515.20.
- The truncated and volatile week saw the stock market enduring initial bitter losses as rupee stabilized during late session after initial record lows.
- The key indices fell sharply for the two sessions during start of the week, marking one month lows to revisit 37K-level impacted by escalating trade war concerns and global slide after US President Donald Trump threatened to impose higher tariffs on China, also the negative sentiments on expectation of US Fed rate hike this month.
- However, the market rebounded and capped the weeks larger losses after a government official assurance on measures to support the rupee after a planned review of the economy by Prime Minister Narendra Modi this weekend.
- The BSE Sensex started the week lower 38,348.39 and hovered between a high of 38,354.52 and low of 37,342. before ending the week at 38,090.64, showing loss of 299.18 or 0.78 %.
- The Nifty also resumed lower by 11,570.25 and moved between high of 11,573.00 and low 11,250.20, the index settled the week at 11,515.20, a loss of 73.90 points, or 0.64 %.
- **Broader Markets:** The broader midcap and smallcap companies shares also witnessed intense selling activity. The BSE Mid-Cap index fell 154.89 points or 0.94 % to settle at 16,349.97. The BSE Small-Cap index fell 226.02 points or 1.34 % to settle at 16,670.93.
- **Sector Update:** Among sectoral and industry indices, auto fell by 1.85 %, IPO 1.33 %, bankex 1.25 %, FMCG 0.97 %, IT 0.85 %, oil and gas 0.65 %, consumer durables 0.63 %, healthcare 0.46 %, realty 0.43 %, PSU 0.41 % and teck 0.37 %, while power rose by 0.47 %, metal 0.32 % and capital goods 0.07 %.
- **FII:** Meanwhile, foreign portfolio investors (FPIs) and foreign institutional investors (FIIs) sold shares worth Rs 2,343.82 crore during the week.

Domestic Markets



Index	14-Sep-2018	07-Sep-2018	% Change
BSE Sensex	38090.64	38389.82	-0.78
S&P CNX Nifty	11515.2	11589.1	-0.64
CNX Midcap	19389.15	19579.25	-0.97
CNX 500	9792.75	9875.2	-0.83
BSE Smallcap	16670.93	16896.95	-1.34

Global Markets



Index	14-Sep-2018	07-Sep-2018	% Change
Dow Jones	26154.67	25916.54	0.92
Nasdaq	8010.04	7902.54	1.36
S&P 500	2904.98	2871.68	1.16
FTSE 100	7304	7277.7	0.36
Shanghai Composite	2681.64	2702.3	-0.76
Hang Sang	27286.41	26973.47	1.16

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	22608	25904	-3296
MF Flows*	11604	9623	1981

FII data from 7th Sep to 12th Sep 2018

MF data from 6th Sep to 11th Sep 2018

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
10-Sep-2018	885.44	-883.6
11-Sep-2018	-896.19	-348.75
12-Sep-2018	428.38	292.4
14-Sep-2018	1660.5	305.77

Policy Rates



Key Rates (%)	14-Sep-2018	1 Week Ago	1 Month Ago
Reverse Repo	6.25	6.25	6.25
Repo	6.5	6.5	6.5
CRR	4	4	4
SLR	19.5	19.5	19.5

Key Rates





Debt Market Update

- Indian sovereign bonds fell for a fifth week tracking rupee's plunge to record lows earlier in the week and higher crude oil prices.
- The benchmark 7.17% bond maturing in 2028 ended at 93.82 rupees, yielding 8.13% in Mumbai against 93.77 rupees, and 8.13% yield, on Sep. 12. The benchmark bond yield rose 10 basis points this week after rising by 28 basis points in the last four weeks.
- The weekly rise in yield was also the highest since week ended Aug. 17.



Commodity Market Update

Oil Update:

- Oil settled mixed on Friday. Prices, however, posted gains for the week.
- West Texas Intermediate crude for October delivery ticked up 40 cents, or around 0.6%, to settle at \$68.99 a barrel on the New York Mercantile Exchange.
- Despite Friday's losses, the U.S. benchmark ended the week 1.8% higher.
- Brent, the global benchmark, declined 9 cents, or roughly 0.1%, to \$78.09 a barrel on the ICE Futures exchange.
- The contract hit \$80.13 on Wednesday, the highest point since May, and saw a weekly rise of about 1.6%.

Gold Update:

- **Domestic:** Physical gold buying waned in major Asian centres this week as bullion prices rebounded from recent lows, with dealers in India offering the metal at a discount for the first time in over a month as an uptick in local rates moderated demand.
- In India, the world's second-biggest consumer of the metal after China, gold was being sold at a discount of up to \$2 an ounce over official domestic prices this week, compared with a premium of \$1 last week. The domestic price includes a 10 % import tax.
- In the national capital, gold of 99.9 % and 99.5 % purity commenced the week higher and advanced to Rs 31,625 and Rs 31,475 per 10 grams respectively on pick up in buying by local jewellers.
- Later, it met with resistance at prevailing higher levels and slipped to Rs 31,400 and Rs 31,250 before ending at Rs 31,420 and Rs 31,270 per 10 grams respectively, showing a modest gain of Rs 70 each.
- On the other hand, in volatile movements on alternate bouts of buying or selling, silver ready ended the week lower by Rs 275 to Rs 37,500 per kg and weekly-based delivery shed Rs 170 to Rs 36,995 per kg.
- Silver coins, however, maintained steady at Rs 72,000 for buying and Rs 73,000 for selling of 100 pieces.
- **International:** Globally, gold ended the week lower at USD 1,193.10 an ounce and silver at USD 14.03 an ounce in New York.



Currency Market Update

- The Indian currency made a spirited come back this week from its historic lows and ended up with minor losses against the US dollar after the finance ministry assured of steps to avert its fall to "unreasonable levels".
- Cutting steeper losses, the gusty rupee ended at 71.84, down by 11 paise.
- It lost a whopping 193 paise in its third straight weekly decline.
- The Indian unit collapsed to a historic intra-day low of 72.92 which dealers attributed to overreaction and absence of government measures to support the falling currency.
- However, RBI intervention in the foreign exchange market ensured the rupee didn't slide further after the rupee took another plunge to threatened to breach the 73-mark.
- Meanwhile, country's forex reserves drifted below the USD 400-billion mark for the first time in over a year - declining by USD 819.5 million to USD 399.282 billion for the week to September 7.
- The U.S. dollar index, which measures the greenback's strength against a basket of six major currencies, ended 0.47% higher at 94.97, trimming its weekly decline to 0.4%.

Key Rates (%)	14-Sep-2018	07-Sep-2018	% Change
Mibor Overnight	6.5	6.4	1.56
CALL (O/N)	6.43	6.34	1.42
CBLO	5.57	6.33	-12.01
T Bills Index (12M)	7.65	7.47	2.41
10 Year GSEC	8.12	8.03	1.12

Commodity Market



Commodity (INR)	14-Sep-2018	Gain+/Loss-	% Change
Gold (10 gm)	30478	-57	-0.19
Silver (1 kg)	36565	176	0.48
Crude Oil (\$/barrel)	78.09	1.26	1.64

Currency Market



Currency	14-Sep-2018	Gain+/Loss-	% Change
USD/INR	71.81	-0.09	-0.13
EURO/INR	83.98	0.31	0.37
GBP/INR	94.16	1.12	1.2
JPY/INR	64.19	-0.79	-1.22

Upcoming Events



Week Gone By



Events	Actual %	Previous %
Inflation Rate YoY AUG (China)	2.3	2.1
Employment Change QoQ Q2 (Euro Area)	0.4	0.4
Industrial Production YoY JUL (India)	6.6	6.9
Inflation Rate YoY AUG (India)	3.69	4.17
Manufacturing Production YoY JUL (India)	7.0	6.7

ECB Interest Rate Decision (Euro Area)	0.0	0.0
Core Inflation Rate YoY AUG (US)	2.2	2.4
Industrial Production YoY AUG (China)	6.1	6.0
WPI Inflation YoY AUG (India)	4.53	5.09
Balance of Trade AUG (India)	\$-17.39B	\$-18.0B

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