



Financial Market & Economy Update

Domestic Update:

- The Indian economy is expected to grow at 7.2 % in 2018-19, a tad higher from 6.7 % in the previous fiscal, mainly due to improvement in the performance of agriculture and manufacturing sectors, the Central Statistics Office said Monday.
- The estimated unemployment rate shot to a 27-month high of 7.38 % in December 2018 and numbers of those employed fell by 1.09 crore over the last 12 months.
- India's GDP is expected to grow at 7.3 % in the fiscal year 2018-19, and 7.5 % in the following two years, the World Bank has forecast, attributing it to an upswing in consumption and investment. The bank said India will continue to be the fastest growing major economy in the world.
- India is poised to become the third-largest consumer market behind only the US and China; and consumer spending in India is expected to grow from USD 1.5 trillion at present to nearly USD 6 trillion by 2030, a World Economic Forum report said Wednesday.
- In a major relief to micro, small and medium enterprises (MSMEs), the GST Council chaired by finance minister Arun Jaitley on Thursday doubled the GST exemption limit for companies in the sector to those with an annual turnover of Rs 40 lakh from the current Rs 20 lakh. The limit has been increased for North East and hilly states to Rs 20 lakh from Rs 10 lakh.
- India's industrial growth slipped to a dismal 19-month low of 0.5% after a high of 8.1% in October. The indices for the mining, manufacturing and electricity sectors for the month of November 2018 stand at 110.6, 127.2 and 147.2 respectively, with the corresponding growth rates of 2.7 %, (-) 0.4 % and 5.1 % as compared to November 2017.

Global Update:

- German industrial orders fell more than expected in November, data showed. Contracts for goods 'Made in Germany' fell by 1 % - substantially more than the 0.4 % slip economists had forecast - after rising by a revised 0.2 % the previous month, the German statistics office said on Monday.
- British new car sales in 2018 fell at their fastest rate since the global financial crisis a decade ago. Registrations dropped 6.8 % last year to 2.37 million vehicles, the largest fall since sales nosedived 11.3 % in 2008, according to data from the Society of Motor Manufacturers and Traders (SMMT) showed.
- Confidence Index in Japan inched down to 42.7 in December 2018 from 42.9 in the previous month.
- Unemployment in the euro zone unexpectedly fell in November to its lowest rate in more than ten years, official estimates released on Wednesday showed. The EU statistics office Eurostat said unemployment in the 19-country currency bloc dropped to 7.9 % in November, the lowest level since October 2008, and below economists' forecasts of an 8.1 % rate. Eurostat also revised down its October reading to 8.0 % from a previous estimate of 8.1 %
- Japan's real wages rose the most in five months in November, reversing from a third straight month of drops, government data showed. Labour ministry data out on Wednesday showed inflation-adjusted real wages rose 1.1 % in November from a year earlier, following a 0.1 % decline in October and posting the first increase in four months.
- China's consumer price inflation slowed to a six-month low of 1.9 % year-on-year in December 2018 from 2.2 % in the previous month.
- Leading Economic Index in Japan decreased to 99.30 Index Points in November from 99.60 Index Points in October of 2018.
- Britain's economy grew at its weakest pace in half a year in the three months to November as factories suffered from tough global trade conditions and the approach of Brexit, official data showed on Friday. Gross domestic product was 0.3 % higher than in the previous three-month period, down from growth of 0.4 % in the three months to October and matching the consensus of a Reuters poll of economists.
- The number of Americans filing applications for jobless benefits fell more than expected last week, pointing to sustained labor market strength that could further assuage concerns about the economy's health. The report from the Labor Department followed data last week showing employers hired the most workers in 10 months in December and increased wages. Initial claims for state unemployment benefits fell 17,000 to a seasonally adjusted 216,000 for the week ended Jan. 5.



Equity Market Update

- Despite a rise in global crude oil prices and heavy outflow of foreign funds, the Indian equity market logged gains during the week ended on Friday, partly owing to an ease in liquidity and hopes of the US-China trade war being resolved.
- Accordingly, the volatile week saw the Sensex gain 314.74 points or 0.88 %, and Nifty50 scale-up only 67.6 points or 0.63 %.
- Index-wise, the S&P BSE Sensex gained 314.74 points, or 0.88 %, to close at 36,009.84, whereas the 50-share Nifty of the NSE gained by 67.6 points, or 0.63 %, to settle at 10,794.95.
- Sector Update:** Nine of 11 sectoral gauges compiled by National Stock Exchange ended higher led by the Nifty FMCG Index's 1.88 % gain. On the flipside, Nifty Metal Index was the top loser, down 1 %.

Domestic Markets



Index	11-Jan-2019	04-Jan-2019	% Change
BSE Sensex	36009.84	35695.1	0.88
S&P CNX Nifty	10794.95	10727.35	0.63
CNX Midcap	17655.65	17636.6	0.11
CNX 500	9098.2	9054.9	0.48
BSE Smallcap	14600.37	14592.41	0.05

Global Markets



Index	11-Jan-2019	04-Jan-2019	% Change
Dow Jones	23995.95	23433.16	2.4
Nasdaq	6971.48	6738.86	3.45
S&P 500	2596.26	2531.9	2.54
FTSE 100	6918.2	6837.4	1.18
Shanghai Composite	2553.83	2514.87	1.55
Hang Sang	26667.27	25626.03	4.06

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	19355	20006	-651
MF Flows*	12442	10731	1711

FII & MF data from 4th January 2019 to 11th January 2019

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
04-Jan-2019	-1013.09	276.8
07-Jan-2019	918.01	100.43
08-Jan-2019	-905.71	200.59
09-Jan-2019	1709.56	-330.87
10-Jan-2019	2450.96	347.43
11-Jan-2019	-321.23	63.24

Policy Rates



Key Rates (%)	11-Jan-2019	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



- **Broader Markets:** The S&P BSE Sensex rallied by about 0.8 % as compared to 0.05 % gain seen in the S&P BSE Smallcap index and 0.2 % rise in the S&P BSE Midcap index.
- Even though broader market underperformed benchmark indices for the week ended 11 January but there was plenty of action in select stocks in the small-cap space.
- **FII/DII:** Foreign Institutional Investors (FIIs) sold shares worth Rs 687.2 crore while Domestic Institutional Investors purchased Rs 123.17 crore worth of shares in the Indian equity market on January 11, as per provisional data available on the NSE.
- **Global:** Globally, investors were upbeat as a resolution in the US-China trade tension seemed near. However, the talks which concluded this week failed to completely convince market participants.



Debt Market Update

- Indian government bonds fell for a third week, as sharp gains in crude oil prices and concerns about the country's fiscal position continued to hurt demand for local papers.
- However, the auction of a new 10-year note capped further losses.
- The benchmark 7.17% bond maturing in 2028 ended at 97.85 rupees, yielding 7.50%. The benchmark bond yield rose six basis points this week.



Commodity Market Update

Oil Update:

- Futures scored their biggest weekly gain in six months last week thanks to data showing output declines among major oil producers and a weekly fall in U.S. crude inventories. Optimism surrounding a possible resolution to the U.S.-China trade dispute also contributed to gains.
- U.S. West Texas Intermediate crude ended Friday's session down \$1.00, or 1.9%, at \$51.59 a barrel on the New York Mercantile Exchange. WTI earlier rose to its best level since Dec. 7 at \$53.31.
- For the week, the U.S. benchmark rose about 7.6%, its biggest weekly gain since June.
- Meanwhile, the global benchmark, Brent crude for March delivery on the ICE (NYSE:ICE) Futures Europe exchange, shed \$1.20, or around 2%, to settle at \$60.48 a barrel. Brent reached a five-week high of \$62.49 earlier in the session. It rallied about 6% for the week.
- Overall, the recent advance for the energy complex has been powered by a December output drop from major producers.
- Saudi Arabia-led OPEC and its non-member allies led by Russia agreed to collectively cut production by a total of 1.2 million barrels per day (bpd) during the first six months of 2019 in an effort to stave off a global glut in supplies.
- The Energy Information Administration (EIA) reported last week that domestic crude supplies declined by 1.7 million barrels.
- Offering a hint on U.S. production activity, Baker Hughes reported Friday that the number of domestic rigs drilling for oil fell by 4 to 873 in the week to Jan. 4.
- It was the second straight weekly decline in the rig count, suggesting a slowdown in crude production.

Gold Update:

- **Domestic Gold:** Riding on a firm trend overseas and increased buying by local jewellers, gold maintained its upward march for another week and crossed the Rs 33,000-mark but settled at Rs 32,875 per 10 gram at the bullion market. Silver, too, scored gains on increased offtake by industrial units and coin makers.
- Besides, the rupee weakening to 70.49 against dollar, gold in demand as a safe haven to mitigate the risk and support from local jewellers aided the gain in the prices of the yellow metal that hit the week's high of Rs 33,070 per 10 gram.
- In the national capital, gold of 99.9 and 99.5 % purities commenced the week higher and day-to-day increased buying in tandem with a firm trend overseas and persistent buying by jewellers to meet rising demand in view of wedding season, reclaimed the Rs 33,000-mark to touch a high of Rs 33,070 and Rs 32,920 before ending at Rs 32,875 and Rs 32,725 per 10 gram, respectively, showing a significant rise of Rs 375 each.
- Sovereign gold followed suit and gained Rs 100 to end at Rs 25,300 per piece of eight gram.
- **Domestic Silver:** In volatile movements on alternate bouts of buying or selling, silver ready ended the week higher by Rs 250 to Rs 39,850 per kg. It moved between Rs 40,100 and Rs 39,800 per kg.
- Silver weekly-based delivery also closed higher by Rs 298 to Rs 39,471 per kg after shuttling between Rs 39,766 and Rs 39,056 per kg.
- Silver coins, too, spurted by Rs 1,000 at Rs 77,000 for buying and Rs 78,000 for selling of 100 pieces.
- **Global:** Globally, gold ended the week higher at USD 1,287.80 an ounce and silver rose to USD 15.67 an ounce in New York.



Currency Market Update

- The rupee declined after Brent crude climbed above \$60 per barrel mark. A rebound

Key Rates (%)	11-Jan-2019	04-Jan-2019	% Change
Mibor Overnight	6.5	6.46	0.62
CALL (O/N)	6.35	6.31	0.63
CBLO	6.38	5.94	7.41
T Bills Index (12M)	6.87	6.86	0.15
10 Year GSEC	7.5	7.45	0.67

Commodity Market



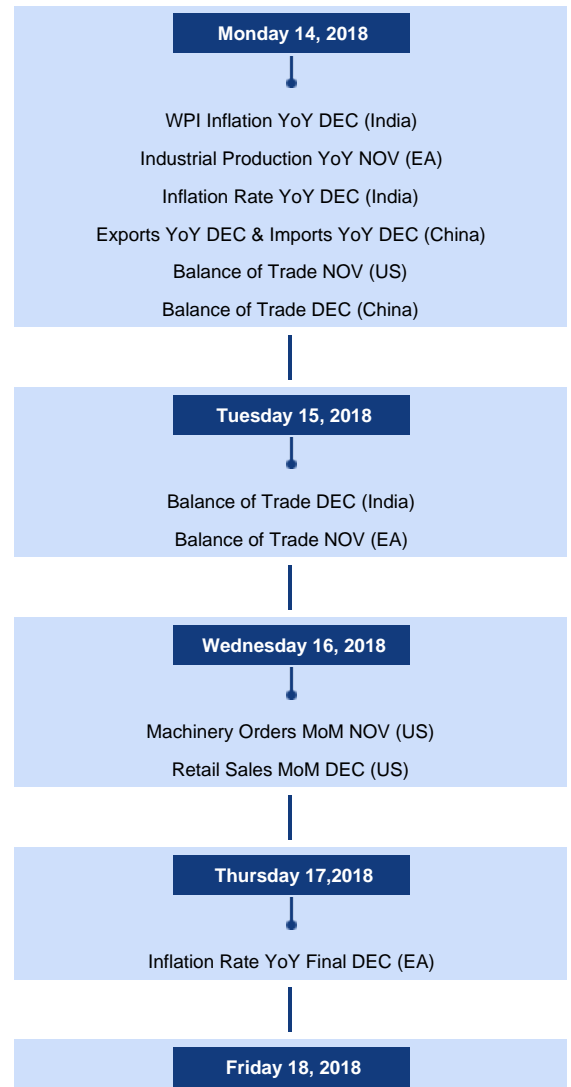
Commodity (INR)	11-Jan-2019	Gain+/Loss-	% Change
Gold (10 gm)	32116	233	0.73
Silver (1 kg)	39129	354	0.91
Crude Oil (\$/barrel)	60.48	3.42	5.99

Currency Market



Currency	11-Jan-2019	Gain+/Loss-	% Change
USD/INR	70.47	0.6	0.86
EURO/INR	81.21	1.64	2.06
GBP/INR	89.92	1.66	1.88
JPY/INR	65.03	0.43	0.67

Upcoming Events



in prices of oil, the nation's top import, and concerns about an expensive bailout for farmers before general elections to be held in May has caused the rupee to miss out on a revival in emerging currencies.

- The home unit fell 1 %, or 76 paise, to 70.49 per dollar making it the worst currency in Asia.
- The country's foreign exchange reserves jumped by \$2.68 billion -- one of the largest increases in recent months -- to touch \$396.084 billion in the week to January 4, driven by a rise in core currency assets and gold holdings.
- The U.S. dollar index, which measures the greenback's strength against a basket of six major currencies, inched up 0.11% to 95.21.

Inflation Rate YoY DEC (Japan)

Week Gone By



Events	Actual %	Previous %	1 Year ago %
ISM Non-Manufacturing PMI DEC (US)	57.6	60.7	
Retail Sales MoM NOV (EA)	0.6	0.6	
Consumer Confidence DEC (Japan)	42.7	42.9	
Business Confidence DEC (EA)	0.82	1.04 ®	
Inflation Rate YoY DEC (China)	1.9	2.2	
Unemployment Rate NOV (EA)	7.9	8.0	
Industrial Production YoY NOV (India)	0.5	8.4	
Manufacturing Production YoY NOV (India)	-0.4	8.2	
Inflation Rate YoY DEC (US)	1.9	2.2	
Core Inflation Rate YoY DEC (US)	2.2	2.2	

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