Date: 18/01/2019

Weekly Market Update

kotak Mutual Fund

Financial Market & Economy Update

Domestic Update:

- Softening prices of fuel and some food articles pulled India WPI inflation to an 8-month low of 3.8 % in December.
- India Retail inflation for the month of December has fallen to an eighteen month low of 2.19 % against 2.33 % in November on back of low food and sluggish fuel prices.
- India's exports grew marginally by 0.34 % to USD 27.93 billion in December 2018. Imports, however, dipped by 2.44 % to USD 41 billion during the last month, narrowing the trade deficit to USD 13 billion.
- The government said it has made an additional allocation of over Rs 6,000 crore to rural employment scheme MGNREGA, taking the total allocation to Rs 61,084 crores, which is highest ever in a financial year.
- India has committed to purchase USD 5 billion worth of oil and gas from the US per annum and USD 18 billion worth of defence equipment that are under implementation.
- India's Industrial production (IIP) growth slipped to 0.5 % in November as against 8.1 % in October, data released by the statistics office showed.

Global Update:

- China's trade surplus widened to USD 57.06 billion while Exports from China fell 4.4 % year-on-year to USD 221.2 billion in December 2018.
- Industrial production in the Euro Area went down 3.3 % year-on-year in November of 2018, following a 1.2 % rise in October.
- British Prime Minister Theresa May faces crushing defeat in a historic vote in parliament on Tuesday over the Brexit deal she has struck with the European Union, leaving the world's fifth biggest economy in limbo.
- The German economy had a slightly positive statistical overhang at the end of 2018, meaning that it is carrying modest growth momentum into 2019, the statistics office said on Tuesday. German exports to China grew by nearly 10 % from January to November in 2018 on the year while exports to Britain fell by 3.6 % in the same period, the office said.
- The euro zone's trade surplus with the rest of the world declined in November from a year earlier, data released on Tuesday showed, due to a sharp rise of imports. European Union statistics office Eurostat said on Tuesday that the trade surplus of the 19-nation euro zone was 19.0 billion euros ($21.7 billion) on a non-seasonally adjusted basis, down from 23.4 billion euros in November 2017. Imports were up 4.7 %, while exports rose a more modest 1.9 %.
- Japan's core machinery orders slowed sharply in November in a sign corporate capital expenditure could lose momentum as a bruising U.S.-China trade war spills into the global economy. The slight 0.02 % decline month-on-month in core machinery orders, considered a leading indicator of capital expenditure, was well below the median estimate for a 3.5 % increase and marked a slowdown from a 7.6 % expansion in October.
- The annual inflation rate in the Euro Area came in at 1.6 % in December 2018 and the construction output increased by 0.9 % from a year earlier in November 2018.
- Japan's consumer price inflation eased to 0.3 % year-on-year in December 2018 from 0.8 % in the previous month.
- Retail trade in the UK fell 0.9 % from a month earlier in December 2018.
- China revised its 2017 economic growth down to 6.8 % from 6.9 %, the government statistics office said Friday.
- China's economy grew at 6.6 % in 2018, its slowest rate in almost three decades.

Equity Market Update

- The stock bulls fought hard and did not let go of the control button during the week gone by as barometers Sensex and Nifty rose over 1 % each.
- The start was not on a positive note though, reflecting the jitters that came with factory production numbers. Industrial output growth slipped to a 17-month low of 0.5 % in November 2018.
- From there on, market participants did not look back as retail inflation eased for the third straight month. CPI print for December read an 18-month low of 2.19 % as against 2.33 % in November and 5.21 % in December 2017.
- Trade deficit brought more cheer, which narrowed to 10-month low of $13.08 billion in December as against $14.20 billion a year earlier. Buying in select heavyweights further kept mood upbeat for the week to January 18.
- The 30-share Sensex gained 376.80 points, or 1.05 %, to 36,386.60 during the week, while the NSE 50-share Nifty added 112 points, or 1.04 %, to 10,907.
- **Sector Update:** The BSE IT index led the upside, with a gain of 4.43 %, during the past five trading sessions, followed by Teck (up 3.09 %), Oil & Gas (up 2.97 %), Realty (up 0.75 %) and Consumer Durables (up 0.13 %). Telecom, Capital Goods, Healthcare and Power declined more than 1 %.
- **Broader Markets:** The mid- and small-cap shares underperformed their larger peers as the Nifty Midcap 100 Index declined 0.8 % and the Nifty Smallcap 100 Index fell 0.4 %.
- **FII/DII:** Foreign Institutional Investors (FIIs) sold shares worth Rs 124.91 crore and Domestic Institutional Investors sold Rs 97 crore worth of shares in the Indian equity market on January 18.

Domestic Markets

Index	18-Jan-2019	11-Jan-2019	% Change
BSE Sensex	36386.61	36009.84	1.05
S&P CNX Nifty	10906.95	10794.95	1.04
CNX Midcap	17517.2	17655.65	-0.78
CNX 500	9140.1	9098.2	0.46
BSE Smallcap	14504.6	14600.37	-0.66

Global Markets

Index	18-Jan-2019	11-Jan-2019	% Change
Dow Jones	24706.35	23995.95	2.96
Nasdaq	7157.23	6971.48	2.66
S&P 500	2670.71	2596.26	2.87
FTSE 100	6968.3	6918.2	0.72
Shanghai Composite	2596.01	2553.83	1.65
Hang Sang	27090.8	26667.27	1.59

Institutional Flows (Equity)

Description (INR Cr)	Purchases	Sales	Net
FII Flows*	18980	19291	-311
MF Flows*	12416	10584	1832

FII & MF data from 11th to 17th January 2019

F&O FII Trends (Rs. Crs)

Date	Index	Stocks
14-Jan-2019	-969.64	645.03
15-Jan-2019	1347.18	803.52
16-Jan-2019	-452.51	126.88
17-Jan-2019	21.58	386.17
18-Jan-2019	-1452.8	423.02

Policy Rates

Key Rates (%)	18-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

Debt Market Update

- Indian government bonds fell for the fourth consecutive week, as investor appetite took a hit amid persistent concerns over fiscal expansion ahead of the general elections that are due by May.
- The new 10-year 7.26% 2029 bond settled at 99.65 rupees, yielding 7.31%.

Commodity Market Update

Oil Update:

- Futures rallied around 3% on Friday following reports suggesting both countries were considering concessions ahead of a Washington visit from Chinese Vice Premier Liu He on Jan. 30 and 31 for talks aimed at resolving the ongoing U.S.-China trade standoff.
- The biggest weekly decline in the U.S. oil-rig count in nearly three years, based on Baker Hughes data, also contributed to oil's gains on Friday.
- U.S. West Texas Intermediate crude ended Friday's session up $1.68, or 3.2%, at $54.04 a barrel on the New York Mercantile Exchange. WTI earlier rose to its best level since Dec. 7 at $54.14. For the week, the U.S. benchmark rose about 4.3%.
- Meanwhile, the global benchmark, Brent crude for March delivery on the ICE (NYSE:ICE) Futures Europe exchange, rallied $1.52, or around 2.5%, to settle at $62.70 a barrel. Brent reached a six-week high of $63.00 earlier in the session.It climbed about 3.7% for the week.
- After ending 2018 in freefall, oil is off to its best start for a year since 2001, gaining 18% since the start of January.
- Overall, the recent advance for the energy complex has been powered by evidence of a decline in global output.
- Offering a hint on U.S. production activity, Baker Hughes reported Friday that the number of domestic rigs drilling for oil fell by 21 to 852 in the week to Jan. 11.
- It was the third straight weekly decline in the rig count and the largest weekly drop since February 2016, suggesting a slowdown in domestic crude production.

Gold Update:

- **Domestic Gold:** An upward trend continued unabated in gold prices at the bullion market here during the week, largely driven by increased demand from jewellers and retailers, shrugging off weak global cues.
- In the national capital, gold of 99.9 and 99.5 % purity commenced the week notably higher at Rs 33,100 and Rs 32,950 per 10 grams respectively and advanced to hit a high of Rs 33,300 and Rs 33,150 on day-to-day buying activity.
- However, later the yellow metal lacked necessary buying support at higher levels and slipped to end the week at Rs 33,160 and Rs 33,010, still showing a smart rise of Rs 285 each.
- Sovereign also ended the week higher at Rs 25,500 per piece of 8 grams.
- **Domestic Silver:** Silver too followed suit and ended above the Rs 40,000 per kg mark on increased offtake by coin makers and consuming industries.
- Silver ready remained in the positive zone for the better part of the week and settled with a rise of Rs 250 at Rs 40,100 while weekly-based delivery fell by Rs 273 to Rs 39,198 per kg.
- Silver coins, however, held steady Rs 77,000 for buying and Rs 78,000 for selling of 100 pieces.
- **Global:** Globally, gold ended the week at USD 1,282.30 an ounce and silver at USD 15.41 an ounce in New York as against the previous week's mark of USD 1,287.80 and USD 15.67.

Currency Market Update

- Rupee weakened the most among Asian currencies this week as oil was on track for third consecutive week of gains and also over concerns that the fiscal deficit could be wider than target weighed on the investor sentiment.
- The domestic unit declined for the second week in a row, falling 0.98 % or 69 paise to 71.19 against the greenback.
- India's foreign exchange reserves increases by US$ 1.27 billion to US$ 397.35 billion in the week ended 11 January 2019. The foreign exchange reserves had stood at US$ 396.08 a week ago.
- The U.S. dollar index, which measures the greenback's strength against a basket of six major currencies, was up 0.32% at 96.02 late Friday, for a weekly gain of 0.76%. It was the first positive week for the index since mid-December.

Key Rates (%)	18-Jan-2019	11-Jan-2019	% Change
Mibor Overnight	6.48	6.5	-0.31
CALL (O/N)	6.45	6.35	1.57
CBLO	6.44	6.38	0.94
T Bills Index (12M)	6.8	6.87	-1.02
10 Year GSEC	7.31	7.5	-2.53

Commodity Market

Commodity (INR)	18-Jan-2019	Gain+/Loss-	% Change
Gold (10 gm)	33280	1164	3.62
Silver (1 kg)	39034	-95	-0.24
Crude Oil ($/barrel)	62.7	2.22	3.67

Currency Market

Currency	18-Jan-2019	Gain+/Loss-	% Change
USD/INR	71.14	0.67	0.95
EURO/INR	81.07	-0.14	-0.17
GBP/INR	92.29	2.37	2.64
JPY/INR	65.04	0.01	0.02

Upcoming Events

Global Events

Monday 21, 2018

GDP Growth Rate QoQ Q4 (China)

Industrial Production YoY DEC (China)

Wednesday 23, 2018

Balance of Trade DEC (Japan)

BoJ Interest Rate Decision (Japan)

Thursday 24,2018

ECB Interest Rate Decision (EA)

Markit Services PMI Flash JAN (US)

Markit Manufacturing PMI Flash JAN (US

Week Gone By

Events	Actual %	Previous %
WPI Inflation YoY DEC (India)	3.8	4.64
Industrial Production YoY NOV (EA)	-3.3	1.2
Inflation Rate YoY DEC (India)	2.19	2.33
Exports YoY DEC &	(-4.4) & (-	

Imports YoY DEC (China)	7.6)	5.4 & 3.3
Balance of Trade DEC (China)	$57.06B	$41.86B ®
Balance of Trade DEC (India)	$-13.08B	$-16.67B
Inflation Rate YoY Final DEC (EA)	1.6	1.9
Inflation Rate YoY DEC (Japan)	0.3	0.8
Balance of Trade NOV (EA)	€19B	€14.7B ®
PPI MoM DEC (US)	-0.2	0.1
Industrial Production MoM DEC (US)	0.3	0.4