



Financial Market & Economy Update

Domestic Update:

- India remains fastest growing economy ahead of China despite ups and downs.
- The Nikkei Manufacturing Purchasing Managers' Index, compiled by IHS Markit, declined to 53.2 in December, below November's 54.0.
- The Nikkei India Services PMI dropped to 53.2 in December of 2018 from November's 4-month high of 53.7.
- India's sugar production till December 31, 2018 is up by 6.7% y-o-y, said industry body Indian Sugar Mills Association (ISMA).
- GST Council to mull 5% tax on under-construction flats in next meeting on Jan. 10.
- Goods and service tax collections dropped to Rs 94,726 crore in December 2018, lower than Rs 97,637 crore collected in the previous month.
- The government on Wednesday gave out the 6-crore free cooking gas (LPG) connection as the scheme to make available cleaner fuel in every household kitchens runs ahead of schedule.
- India's cabinet on Wednesday approved incentives amounting to 6 billion rupees (\$85.51 million) for some goods exporters, in a move to push shipment of farm produce, textiles, leather and handicraft goods, a government statement said.
- India has released Rs 193.16 crore from the Rs 1,830.87 crore fund approved for the construction of Kalewa-Yagyi road section and to build bridges on the India-Myanmar-Thailand trilateral highway, Parliament was informed January 3.
- Finance Minister Arun Jaitley Thursday said Rs 80,000 crore has been recovered by creditors in 66 cases resolved by NCLT and around Rs 70,000 crore more is likely to be realised by March-end.
- India would not impose anti-dumping duty on coated paper from China, European Union and the US as the commerce ministry's investigation arm DGTR has not found any impact on the domestic industry due to the alleged dumped imports.
- Rice export prices in India eased from a four-month high this week due to a depreciation of the rupee and sluggish demand. India's 5 % broken parboiled variety was quoted around \$376-\$383 per tonne this week, compared with \$378-\$384 last week.
- India's infrastructure output increased by 3.5 % from a year earlier in November 2018, easing from a 4.8 % expansion in the previous month.
- External Debt in India decreased to 510428 USD Million in the third quarter of 2018 from 514442 USD Million in the second quarter of 2018.

Global Update:

- China's factory activity contracted for the first time in 19 months in December as domestic and export orders continued to weaken. The Caixin/Markit Manufacturing Purchasing Managers' Index (PMI) for December, released on Wednesday, fell to 49.7 from 50.2 in November, marking the first contraction since May 2017.
- British factories ramped up their stockpiling in December as they prepared for possible border delays when Britain leaves the European Union in less than three months' time, a survey showed on Wednesday. The IHS Markit/CIPS Manufacturing Purchasing Managers' Index (PMI) rose to 54.2 from an upwardly revised 53.6 in November.
- Euro zone manufacturing activity barely expanded at the end of 2018 in a broad-based slowdown. IHS Markit's December final manufacturing Purchasing Managers' Index fell for a fifth month, coming in at 51.4 from November's 51.8.
- The Nikkei Japan Manufacturing PMI rose to 52.6 in December of 2018 from a 15-month low of 52.2 in the previous month.
- The Caixin China General Composite PMI increased to 52.2 in December of 2018 from 51.9 in a month earlier and the Caixin China General Services PMI edged up unexpectedly to a 6-month high of 53.9 in December 2018 from 53.8 in the previous month.
- The Official NBS Manufacturing PMI in China fell to 49.4 in December of 2018 from 50.0 in the previous month.



Equity Market Update

- Indian equity benchmarks declined in the first week of 2019 as concerns over slowing global growth weighed on investor sentiment.
- The S&P BSE Sensex fell 1.06 % to 35,695 and the NSE Nifty 50 Index dropped 1.22 % to 10,727.
- Global growth concerns resurfaced in 2019 after the Chinese manufacturing gauge showed factory conditions slumping in December amid ongoing trade tensions with the U.S.
- Apple added to the worries after Chief Executive Officer Tim Cook said sales will be about \$84 billion in the quarter ended Dec. 29, down from earlier estimates of \$89 billion-\$93 billion.
- FII:** Indian markets were dented by an outflow of foreign funds, as FIIs sold shares worth over Rs 2,000 crore as against domestic institutional investors, who bought over Rs 500 crore worth of stocks, provisional data on BSE showed.
- Sector Update:** Seven of 11 sectoral gauges compiled by National Stock Exchange ended lower led by Nifty Auto Index's 4.5 % decline after auto companies reported weak sales numbers in December. On the flipside, Nifty PSU Bank Index was top gainer, up 1.5 %.

Domestic Markets



Index	04-Jan-2019	28-Dec-2018	% Change
BSE Sensex	35695.1	36076.72	-1.06
S&P CNX Nifty	10727.35	10859.9	-1.22
CNX Midcap	17636.6	17792.85	-0.88
CNX 500	9054.9	9152.55	-1.07
BSE Smallcap	14592.41	14605.69	-0.09

Global Markets



Index	04-Jan-2019	28-Dec-2018	% Change
Dow Jones	23433.16	23062.4	1.61
Nasdaq	6738.86	6584.52	2.34
S&P 500	2531.9	2485.74	1.86
FTSE 100	6837.4	6734	1.54
Shanghai Composite	2514.87	2493.9	0.84
Hang Sang	25626.03	25504.2	0.48

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	12591	14844	-2253
MF Flows*	9215	6018	3197

FII & MF data from 28th Dec 2018 to 3rd Jan 2019

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
28-Dec-2018	3227.49	1120.48
31-Dec-2018	2243.49	74.66
01-Jan-2019	-72.7	-11.04
02-Jan-2019	-736.38	-876.65
03-Jan-2019	1224.94	-773.01

Policy Rates



Key Rates (%)	04-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 Market: The S&P BSE Small-cap index which fell by about 23 % outperformed Sensex, Nifty as well as the S&P BSE mid-cap index. The index fell by 0.09 %, compared to a 1.2 % fall in the Nifty and 1.39 % drop seen in the S&P BSE Mid-cap index.



Debt Market Update

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Commodity Market Update

Oil Update:

- The Organization of the Petroleum Exporting Countries cut crude output in December, a Reuters survey showed, and the American Petroleum Institute reported a 4.5 million-barrel drop in crude inventories.
- Sentiment was also boosted when China confirmed that trade talks with the U.S. would be held in Beijing on Jan. 7-8 and after a survey showed China's services sector expanded in December, bucking a trend of downbeat economic data.
- West Texas Intermediate crude rose \$1.22 cents, or 2.59%, on Friday to settle at \$48.31 a barrel by close of trade on the New York Mercantile Exchange. For the week, the U.S. benchmark gained 6.57%.
- Global benchmark Brent crude was up \$1.46, or 2.61% to end at \$57.41 a barrel. It jumped 9.98% for the week.
- Both oil benchmarks posted solid gains in the first week of 2019 trading despite rising concerns that the China-U.S. trade war will lead to a global economic slowdown.
- The two nations have been locked in a trade war for much of the past year, disrupting the flow of hundreds of billions of dollars' worth of goods and raising concern of slowing growth.
- Despite the demand-side worries, oil has received some support as supply cuts announced by the global coalition of producers known as OPEC+ kick in.
- OPEC, Russia and other non-members agreed in December to reduce supply by 1.2 million barrels per day (bpd) in 2019. OPEC's share of that cut is 800,000 bpd.

Gold Update:

- Domestic Gold:** Gold discounts in India widened to a two-month high this week as prices surged to a more than six-month peak and demand remained subdued due to New Year holidays.
- Benchmark spot gold prices were headed for a third straight weekly gain due to concerns over a slowdown in global economic growth, and tumultuous stock markets.
- Local gold prices earlier this week jumped to their highest in three weeks following overseas markets, although a stronger rupee capped the upside.
- Gold prices fell on Friday snapping three days of gains, amid a strengthening rupee and muted demand from jewellers.
- But silver rates continued their rising streak, topping the Rs 40,000 mark on increased demand from industrial units and coin makers. Gold rates on Friday fell Rs 145 to Rs 32,690 per 10 gm at the bullion market while silver prices gained Rs 440 to Rs 40,140 per kg. Gold prices had gone up by Rs 565 in first three days of the New Year.
- In Delhi, prices of gold of 99.9% and 99.5% purities on Friday declined by Rs 145 each to Rs 32,690 and Rs 32,540 per 10 gram, respectively. Sovereign gold, however, remained unchanged at Rs 25,200 per piece of 8 gram.
- Domestic Silver:** Meanwhile, silver ready rose by Rs 440 to Rs 40,140 per kg and weekly-based delivery witnessed a marginal rise of Rs 71 to Rs 39,436 per kg. Silver coins, on the other hand, remained unchanged at Rs 76,000 for buying and Rs 77,000 for selling of 100 pieces.
- Global:** In China, the world's leading gold buyer, demand remained low for most of the week. Premiums slightly firmed towards the end of the week, to a range of \$4-\$8 an ounce from last week's \$3-\$7.
- In Hong Kong, premiums were little changed at 70 cents to \$1.40, compared with 80 cents-\$1.30 last week.
- In Singapore, premiums stood unchanged at 60 cents to \$1.50 over the benchmark.

Key Rates (%)	04-Jan-2019	28-Dec-2018	% Change
Mibor Overnight	6.46	6.68	-3.29
CALL (O/N)	6.31	6.57	-3.96
CBLO	5.94	6.52	-8.9
T Bills Index (12M)	6.86	6.9	-0.58
10 Year GSEC	7.45	7.39	0.81

Commodity Market



Commodity (INR)	04-Jan-2019	Gain+/Loss-	% Change
Gold (10 gm)	31883	336	1.07
Silver (1 kg)	38775	622	1.63
Crude Oil (\$/barrel)	57.06	4.86	9.31

Currency Market



Currency	04-Jan-2019	Gain+/Loss-	% Change
USD/INR	69.87	-0.11	-0.16
EURO/INR	79.57	-0.61	-0.76
GBP/INR	88.26	-0.4	-0.45
JPY/INR	64.6	1.32	2.09

Upcoming Events





Currency Market Update

- The rupee gained for the third week in a row after the greenback declined on weak U.S. manufacturing data.
- The local unit rose as much as 0.3 % or 20 paise to 69.73 against the dollar.
- India's foreign exchange (forex) reserves rose by \$116.4 million during the week ended December 28, official data showed on Friday.
- Powell's dovish comments pressured the U.S. dollar lower, with the dollar index giving up gains made after a robust U.S. jobs report earlier on Friday.
- The U.S. dollar index, which measures the greenback's strength against a basket of six major currencies, ended Friday down 0.13% at 95.75.

Industrial Production YoY NOV (India)
 Manufacturing Production YoY NOV (India)
 Inflation Rate YoY DEC (US)
 Core Inflation Rate YoY DEC (US)

Week Gone By



Events	Actual %	Previous %
Non Manufacturing PMI DEC (China)	53.8	53.4
NBS Manufacturing PMI DEC (China)	49.4	50
Caixin Manufacturing PMI DEC (China)	49.7	50.2
Nikkei Manufacturing PMI DEC (India)	53.2	54.0
Markit Manufacturing PMI Final DEC (US)	53.8	53.9 [®]
ISM Manufacturing PMI DEC (US)	54.1	59.3
Markit Manufacturing PMI Final DEC (EA)	51.4	51.8
ADP Employment Change DEC (US)	271K	157K [®]
Caixin Services PMI DEC (China)	53.9	53.8
Unemployment Rate DEC (US)	3.9	3.7
Markit Services PMI Final DEC (EA)	51.2	53.4
Infrastructure Output YoY NOV (India)	3.5	4.8
External Debt Q3 (India)	\$510.4B	\$514.4B

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