

Weekly Market Update



Financial Market & Economy Update

Domestic Update:

- Punjab Finance Minister Manpreet Singh Badal on Monday presented the state budget for 2019-20 with a total outlay of Rs 1,58,493 crore with no new taxes. The Punjab government has slashed petrol prices by Rs 5 per litre and diesel by Re 1 per litre.
- The country's exports of finished steel fell 37.3 % to 5.15 million tonnes (MT) in the April-January period of the current financial year, according to official data.
- The Union Cabinet approved the National Electronics Policy, which targets domestic production of electronics goods to touch \$400 billion by 2025 against the current around \$80 billion.
- Foreign direct investment (FDI) into India contracted by 7 % to USD 33.49 billion during April-December in the current fiscal, according to commerce and industry ministry data. Foreign fund inflows during April-December 2017-18 stood at USD 35.94 billion.
- Saudi Arabia wants India to open up its real estate sector to foreign ownership, which will lead to investments of hundreds of millions of dollars in residential and commercial properties, according to Kamil S Al-Munajjed, chairman of Saudi India Business Council.
- The government has approved recapitalisation of Rs 48,239 crore in 12 public sector bank.
- In good news for six crore members of EPFO, the retirement fund body on Thursday decided to provide 8.65% interest, 10 basis points higher than the 8.55% given in 2017-18, on the provident fund deposit for the current financial year FY19.
- Employment generation in the formal sector almost trebled to touch a 16-month high of 7.16 lakh in December 2018 compared to 2.37 lakh in the year-ago month, according to the latest EPFO payroll data. Around 72.32 lakh new subscribers were added to social security schemes of the Employees' Provident Fund Organisation (EPFO) from September 2017 to December 2018.
- The number of Americans filing applications for unemployment benefits fell last week, but the four-week moving average rose to a more than one-year high, suggesting the labor market was slowing down. Initial claims for state unemployment benefits dropped 23,000 to a seasonally adjusted 216,000 for the week ended Feb. 16, the Labor Department said on Thursday.
- Civil Aviation Minister Suresh Prabhoo on Friday laid the foundation stone of infrastructure projects worth Rs 497 crore for seven airports across the country. He also inaugurated airport infrastructure projects worth Rs 132.15 crore for three airports.
- Prime Minister Narendra Modi on Friday received the prestigious Seoul Peace Prize for 2018 for his contribution to international cooperation and fostering global economic growth.
- The GST Council approved a sharp reduction in the levy on homes under construction and raised the threshold for affordable housing that will make more purchases eligible for concessional tax, offering substantial relief to buyers ahead of the elections. Starting April 1, homes under construction will be levied 5% GST, against 12%. For affordable homes, GST will drop to 1% from 8%.

Global Update:

- Vehicle sales in China tumbled 15.8 % from a year earlier to 2.37 million in January 2019, following a 13 % drop in the previous month.
- Japan's exports posted their biggest decline in more than two years as China-bound shipments tumbled. Ministry of Finance data out on Wednesday showed Japan's exports fell 8.4 % year-on-year in January, a bigger decline than the 5.5 % fall expected by economists in a Reuters poll.
- Germany recorded the world's largest current account surplus for the third year running in 2018 due to strong exports that are vexing U.S. President Donald Trump and raising the risk of U.S. tariffs on German cars. Germany's current account surplus, which measures the flow of goods, services and investments, shrank but was the world's largest last year at \$294 billion, followed by Japan with \$173 billion.
- A political crisis in Sri Lanka last year led to the slowest economic expansion in 17 years, the central bank said Friday. Growth for 2018 was cut from a forecast above 5.0 % to about 3.0 % because of damage to the economy from a conflict between the president and prime minister, Central Bank of Sri Lanka governor Indrajith Coomaraswamy said.



Equity Market Update

- In the rangebound trading, Sensex and Nifty posted marginal gains for the week ended February 22 amid geopolitical tensions and firm global cues as market participants expecting positive outcome from US-China trade talk.
- Market finished the first two days on the lower side but managed to bounce back and finished higher for next two days, while it closed flat on the last day of the week.
- For the week Sensex rose 0.17 % or 62.53 points, to end at 35,871.48, while Nifty gained 0.62 %, or 67.3 points, to close at 10,791.7.
- **Sector Update:** The Nifty Metal index has outperformed other sectoral indices with over 6 % gain during the week, followed by Nifty Realty up 4.76%, Nifty Media up 3.68% and Nifty PSU Bank up 3.08%. The NSE Nifty Index was the top sectoral

Domestic Markets



Index	22-Feb-2019	15-Feb-2019	% Change
BSE Sensex	35871.48	35808.95	0.17
S&P CNX Nifty	10791.65	10724.4	0.63
CNX Midcap	16543.15	16214.65	2.03
CNX 500	8919.75	8827.05	1.05
BSE Smallcap	13517.71	13252.81	2

Global Markets



Index	22-Feb-2019	15-Feb-2019	% Change
Dow Jones	26031.81	25883.25	0.57
Nasdaq	7527.54	7472.41	0.74
S&P 500	2792.67	2775.6	0.62
FTSE 100	7178.6	7236.7	-0.8
Shanghai Composite	2804.23	2682.39	4.54
Hang Sang	28816.3	27900.84	3.28

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	24668	27951	-3283
MF Flows*	13311	7375	5936

FII & MF data from 15th to 21st February, 2019

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
18-Feb-2019	-921.18	-167.14
19-Feb-2019	618.42	25.82
20-Feb-2019	2952.48	154.63
21-Feb-2019	1090.87	140.14
22-Feb-2019	82.02	-1138.64

Policy Rates



Key Rates (%)	22-Feb-2019	1 Week Ago	1 Month Ago
Reverse Repo	6	6	6.25
Repo	6.25	6.25	6.5
CRR	4	4	4
SLR	19.25	19.5	19.5

Key Rates



loser, down 0.83%.

- **Broader Markets:** In the last week, S&P BSE Midcap index jumped 1.64 % and Smallcap Index gained 2 %.
- **FII/DII:** The foreign institutions investors (FIIs) has bought equities worth Rs 5,026.41 crore, while domestic institutions investors (DIIs) bought Rs 4,654.84 crore worth of equities in last week.



Debt Market Update

- Indian government bonds fell for a second week, as concerns about upcoming supply eroded gains led by central bank's announcement to transfer interim surplus, while the minutes of the latest policy meet hinted at April rate cut and were in line with expectations.
- The benchmark 7.17% bond maturing in 2028 ended at 97.22 rupees, yielding 7.60%. The yield rose three basis points this week.
- The 7.26% 2029 note ended at 98.92 rupees, its lowest since its issuance on Jan. 11, yielding 7.41%. The yield posted its biggest single session rise since Feb. 1 and rose by five basis points this week.



Commodity Market Update

Oil Update:

- Oil prices rose on Friday to reach their best levels of the year.
- U.S. West Texas Intermediate crude tacked on 30 cents, or around 0.5%, to settle at \$57.26 a barrel by close of trade. WTI earlier rose to its strongest level since Nov. 16 at \$57.81. For the week, the U.S. benchmark rose about 3%.
- Meanwhile, International Brent crude oil futures ended Friday's session up 5 cents at \$67.12 a barrel. It touched a more than three-month high of \$67.73 earlier in the day. Brent prices saw a gain of about 1.3% on the week.
- After ending 2018 in freefall, oil prices have rallied approximately 25% to start the year, boosted by efforts by global producers to cut supply.

Gold Update:

- **Domestic Gold:** Gold extended gains for yet another week at the bullion market with prices rising by another Rs 140 to Rs 34,590 per 10 gram as local jewellers continued their buying activity to meet ongoing wedding season demand, coupled with positive cues from global markets. Bullion traders said sentiment in the domestic market was upbeat on the back of increased buying by jewellers and retailers, driven by ongoing wedding season, leading to a rise in the prices of the yellow metal.
- Gold prices climbed to a about 10-month high overseas as concerns over a global economic slowdown spurred a safe-haven demand.
- In the national capital, gold of 99.9 % and 99.5 % purities commenced the week higher at Rs 34,680 and Rs 34,530 per ten grams, respectively, and rallied to Rs 34,830 and Rs 34,680 on unabated buying activity from jewellers and retailers amid positive global leads and ended with a rise of Rs 140 each at Rs 34,590 and Rs 34,440 per 10 gram, respectively.
- Sovereign gold followed suit and rose Rs 200 to end at Rs 26,600 per piece of eight gram.
- **Domestic Silver:** Silver ready settled the week higher by Rs 250 at Rs 41,500 per kg. It moved in the range of Rs 41,800 and Rs 41,360 per kg. Silver for weekly-based delivery also ended the week higher by Rs 306 at Rs 40,268 after shuttling between Rs 40,551 and Rs 40,158 per kg. Silver coins, too, spurted by Rs 2,000 to Rs 83,000 for buying and Rs 84,000 for selling of 100 pieces.
- **Global:** Globally, gold futures to surged to USD 1,330.65 an ounce while silver at USD 15.88 an ounce in New York. Spot gold too surged to USD 1,328.90 an ounce after hitting a ten-month high of USD 1,341.02. Silver spot was at USD 16 an ounce.



Currency Market Update

- On a weekly basis, the rupee was up 8 paise as it ended at 71.14 on February 22 against January 15 closing of 71.22
- The U.S. dollar index ticked down to 96.405 late Friday. The index ended the week down 0.4% after gaining more than 1% the previous week, in an uneven performance following mixed U.S. economic data. The weaker greenback boosted the appeal of gold.

Key Rates (%)	22-Feb-2019	15-Feb-2019	% Change
Mibor Overnight	6.35	6.28	1.11
CALL (O/N)	6.34	6.24	1.6
CBLO	6.32	6.18	2.27
T Bills Index (12M)	6.61	6.46	2.32
10 Year GSEC	7.42	7.36	0.82

Commodity Market



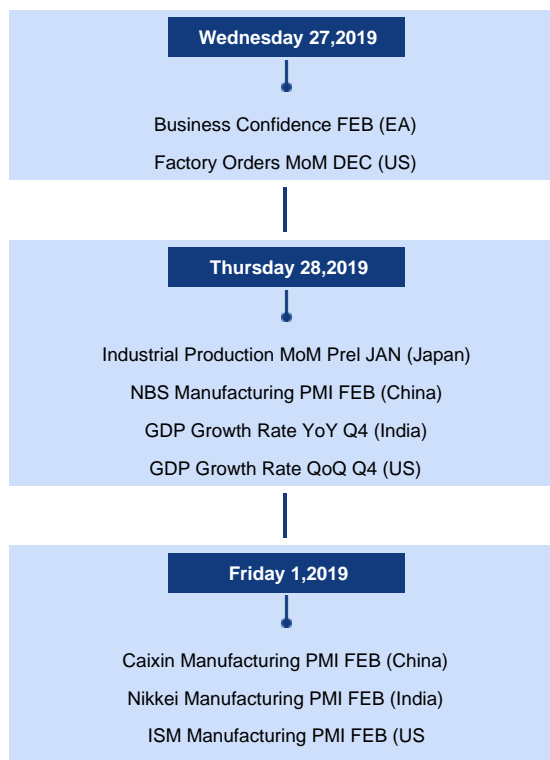
Commodity (INR)	22-Feb-2019	Gain+/Loss-	% Change
Gold (10 gm)	33730	885	2.69
Silver (1 kg)	40121	354	0.89
Crude Oil (\$/barrel)	67.12	0.87	1.31

Currency Market



Currency	22-Feb-2019	Gain+/Loss-	% Change
USD/INR	71.22	-0.03	-0.04
EURO/INR	80.75	0.33	0.41
GBP/INR	92.83	1.6	1.75
JPY/INR	64.29	-0.26	-0.4

Upcoming Events



Week Gone By



Events	Actual %	Previous %
Machinery Orders MoM DEC (Japan)	-0.1	0.0
Construction Output YoY DEC (EA)	0.7	1.1

Balance of Trade JAN (Japan)	¥-1415B	¥-57B ®
Inflation Rate YoY JAN (Japan)	0.2	0.3

Disclaimer

The information contained in this material are extracted from different public sources and does not represent views/opinions of Kotak Mahindra Asset Management Company Limited or its associated companies. Kotak Mahindra Asset Management Co Ltd does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. All reasonable care has been taken to ensure that the information contained herein is not misleading or untrue at the time of publication. This is not a sales literature and all the information is for the information of the person to whom it is provided without any liability whatsoever on the part of Kotak Mahindra Asset Management Co Ltd or any associated companies or any employee thereof.

Risk Factors

Mutual fund investments are subject to market risks, read all scheme related documents carefully.