



## Financial Market & Economy Update

### Domestic Update:

- The Reserve Bank of India is using a new tool to enhance liquidity in the system through which it would buy as much as \$5 billion from the banks in a swap deal that could inject nearly 35,000 crores into the system. Banks would be required to park dollar funds with RBI with a deal to buy it back from the RBI after three years. The Reserve Bank of India's \$5 billion plan to swap rupees for dollars with domestic banks will help achieve its twin objectives of pushing interest rates down while also preventing a sharp appreciation in the rupee.
- India's industrial production growth accelerated to 2.4 % year-on-year in December 2018 from a 17-month low of 0.3 % in the previous month and above market expectations of 2.4 %, boosted by a rebound in manufacturing output (2.7 % vs -0.6 %).
- The Centre, which plans to pay back the states by mid-April, has also granted an additional Rs 1,750 crore to the Department of Rural Development for wage payments under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) for this fiscal.
- The Central Electricity Regulatory Commission (CERC) has allowed power plants (selling electricity under the 'cost plus' system) to receive higher compensation for loss in fuel quality while coal is ferried and stored.
- The Indian media and entertainment sector revenues reached \$23.9 billion in 2018, and are expected to cross \$33.6 billion by 2021, at a compound annual growth rate (CAGR) of 11.6 %.
- India's current account deficit widened sharply to USD 19.1 billion, or 2.9 % of GDP, in July-September 2018-19 from USD 6.9 billion, or 1.1 % of GDP, in the same period of the previous fiscal year.
- Inflation based on wholesale prices rose to 2.93 % in February over the previous month due to hardening of prices of primary articles, fuel and power, according to government data released Thursday.
- The slow-moving US plans to set up six nuclear power plants in India have received a boost as the two nations reiterated their commitment to strengthen security and civil nuclear cooperation during the 9th India-US Strategic Security Dialogue.
- The government has unveiled a policy for resolving stalled highway projects worth nearly Rs 30,000 crore, including those where proceedings have been initiated against the companies before the bankruptcy tribunal.
- Indian banks' loans rose 14.6 % in the two weeks to March 1 from a year earlier, while deposits rose 9.8 %, the Reserve Bank of India's weekly statistical supplement showed on Friday.
- Retail investors continue to invest in mutual funds through SIP. Mutual funds received Rs 8,095 crore of its assets through SIP in February 2019, 26 % higher year-on-year.
- India trade deficit fell to USD 14.73 billion in January of 2019 from a downwardly revised USD 15.67 billion a year earlier. Exports rose 3.74 % to USD 26.36 billion. Imports were flat at USD 41.09 billion after falling 2.44 % in December.

### Global Update:

- US retail trade fell by 1.2 % from a month earlier in December 2018, following a revised 0.1 % growth in November and missing market expectations of 0.2 % gain. Excluding automobiles, gasoline, building materials and food services, retail sales dropped 1.7 % in December after an increase of 1 % in November.
- Business inventories in the United States decreased 0.1 % month-over-month in November of 2018, down from a 0.6 % rise in October and against market expectations of a 0.3 % gain.
- Annual inflation rate in the United States slowed for the third straight month to 1.6 % in January of 2019 from 1.9 % in December. It is the lowest rate since June of 2017, compared to market expectations of 1.5 %, mainly due to a sharp fall in energy prices, namely gasoline.
- US core consumer prices, excluding volatile items such as food and energy, increased 2.2 % from a year earlier in January 2019, the same pace as in December and slightly beating market expectations of 2.1 %.
- Annual consumer inflation in India declined to 2.05 % in January of 2019 from a downwardly revised 2.11 % in December, below market expectations of 2.48 %. It is the lowest inflation rate since June of 2017 as food prices continued to decline.
- Britain's economy picked up in January after a weak December but the bigger picture remained one of growth stuck in low gear ahead of Brexit, official data showed. Gross domestic product in January alone jumped by 0.5 %, its biggest increase since December 2016, more than reversing a 0.4 % fall in December.
- Chinese financial regulators are studying the potential impact on banks' loan pricing as they look to the use of market-based interest rates to replace traditional benchmark interest rates to steer monetary policy.
- Industrial production in the Euro Area surged 1.4 % from a month earlier in January 2019, reversing a 0.9 % fall in December and beating market consensus of a 1 % rise.
- Germany's annual inflation rate was revised lower to 1.5 % in February 2019 from a preliminary estimate of 1.6 % and compared to January's 11-month low of 1.4 %.
- Foreign direct investment into China rose 3 % year-on-year to USD 21.69 billion in January-February 2019, or 5.5 % to CNY 147.11 billion. In yuan terms, investment in the manufacturing sector rose 12 %, with investment in high-tech manufacturing growing 9.3 %.

## Domestic Markets



Index	15-Mar-2019	08-Mar-2019	% Change
BSE Sensex	38024.32	36671.43	3.69
S&P CNX Nifty	11426.85	11035.4	3.55
CNX Midcap	17863.25	17379.15	2.79
CNX 500	9499.4	9211.05	3.13
BSE Smallcap	14837.18	14529.06	2.12

## Global Markets



Index	15-Mar-2019	08-Mar-2019	% Change
Dow Jones	25848.87	25450.24	1.57
Nasdaq	7688.53	7408.14	3.78
S&P 500	2822.48	2743.07	2.89
FTSE 100	7228.3	7104.3	1.75
Shanghai Composite	3021.75	2969.86	1.75
Hang Sang	29012.26	28228.42	2.78

## Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	31710	21361	10349
MF Flows*	9300	12283	-2983

FII & MF data from 8th March to 13th March 2019

## F&O FII Trends (Rs. Crs)



Date	Index	Stocks
08-Mar-2019	757.73	-948.97
11-Mar-2019	467.7	761.76
12-Mar-2019	1377.08	146.32
13-Mar-2019	1330.08	-809.28
14-Mar-2019	758.62	263.04

## Policy Rates



Key Rates (%)	15-Mar-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	19.25	19.25

## Key Rates





## Equity Market Update

- Indian equity benchmarks clocked their best week in more than four months, led by a rally in banking stocks. The S&P BSE Sensex and the NSE Nifty 50 Index gained 3.7 % and 3.5 %, respectively, to end the week at 38,024 and 11,426.85. Both the indices hit a fresh all-time high in this year.
- Sector Update:** Sector-wise, the BSE Realty index as well as Bankex rallied more than 5 % during the week. Other indices including the BSE Oil, Telecom, Capital Goods, Power, Consumer Durables and Healthcare jumped 1-4.50 %.
- Broader Markets:** While the benchmark equity indices rallied over 3 %, BSE Midcap and Smallcap indices advanced 2 % for the week ended March 15.
- FII/DII:** Foreign portfolio investors bought shares worth Rs 12,298 crore during the week while domestic institutional investors offloaded equities worth Rs 7,402.30 crore.



## Debt Market Update

- Indian government bonds gained for third consecutive week after stronger-than-expected demand at weekly auction offset oversupply fears, and inflation data confirmed April rate cut bets.
- The benchmark 7.17% bond maturing in 2028 ended at 97.87 rupees, highest since Feb. 13, yielding 7.50%. The benchmark yield fell three basis points this week after falling an aggregate of seven basis points in the last two weeks.
- The 7.26% bond maturing in 2029 ended at 99.42 rupees, yielding 7.34%. The yield fell three basis points this week.
- India's federal government on Friday raised 180 billion rupees via bonds, which was its largest weekly auction quantum in 14 months. The auction included raising 80 billion rupees via 2032 maturity papers, which saw a lower-than-estimated cutoff yield.
- The Reserve Bank of India has conducted OMO purchases worth 2.99 trillion rupees so far this financial year, including 125 billion rupees yesterday. This has absorbed more than half of the gross supply of federal government bonds of 5.53 trillion rupees this fiscal.
- The central bank said earlier this week it will inject rupee liquidity for the longer duration through dollar-rupee buy/sell swap auction. The auction of \$5 billion swaps, for tenor of three years, will be held on Mar. 26.
- The government aims to gross borrow 7.10 trillion rupees in the next year starting Apr. 1.



## Commodity Market Update

### Oil Update:

- The Energy Information Administration (EIA) reported that U.S. crude supplies unexpectedly fell by 3.9 million barrels for the week ended March 8. The EIA also reported that total domestic crude production inched down from record territory, down 100,000 barrels to 12 million barrels a day.
- Oil futures settled lower on Friday, with U.S. prices pulling back from a four-month high as worries about the economy weighed.
- U.S. West Texas Intermediate crude declined 9 cents to settle at \$58.52 a barrel by close of trade. It earlier went as high as \$58.95, the most since Nov. 13. For the week, the U.S. benchmark climbed 4.3%, its best weekly gain in about a month.
- Meanwhile, International Brent crude oil futures ended Friday's session down 7 cents at \$67.16 a barrel.
- Brent prices, which on Thursday hit their highest so far this year at \$68.14, saw a gain of approximately 2.1% on the week.
- With two weeks to the end of the first quarter, WTI is up 29% on the year and Brent 25%, with both benchmarks benefiting extensively from aggressive production cuts carried out by OPEC since the start of January. However, rising U.S. output is threatening to undo those cuts.
- Data on Friday from energy services firm Baker Hughes showed that the number of active rigs drilling for oil in the U.S. fell for a fourth straight week, though it was down by just one to 833.

### Gold Update:

- Gold was volatile the past week. The global spot gold prices surged in the initial part of the week to make a high of \$1,311 per ounce. The prices fell back to test the key support level of \$1,290 and bounced again on Friday to close at \$1,302 per ounce, up 0.32 % for the week.
- Silver, on the other hand, made a high of \$15.54 per ounce and tumbled from there, giving back all the gains. The prices fell to a low of \$15.14 before closing at \$15.29 per ounce, down 0.3 % for the week.
- On the domestic front, the gold and silver futures contract on the Multi Commodity Exchange (MCX) traded under pressure all through the week. A strong rupee weighed on the domestic bullion prices. The rupee strengthened against the dollar, breaking above the key level of 70 and closed the week 1.5 % higher. This dragged both the gold and the silver prices on the MCX sharply lower last week.
- The MCX-Gold futures contract was down 1 % last week. It closed at ₹31,826 per 10 gm. The MCX-Silver contract tumbled 1.7 % and closed the week at ₹38,087 per kg.

Key Rates (%)	15-Mar-2019	08-Mar-2019	% Change
Mibor Overnight	6.26	6.27	-0.16
CALL (O/N)	6.23	6.15	1.3
CBLO	6.22	6.2	0.32
T Bills Index (12M)	6.4	6.47	-1.08
10 Year GSEC	7.34	7.37	-0.34

## Commodity Market



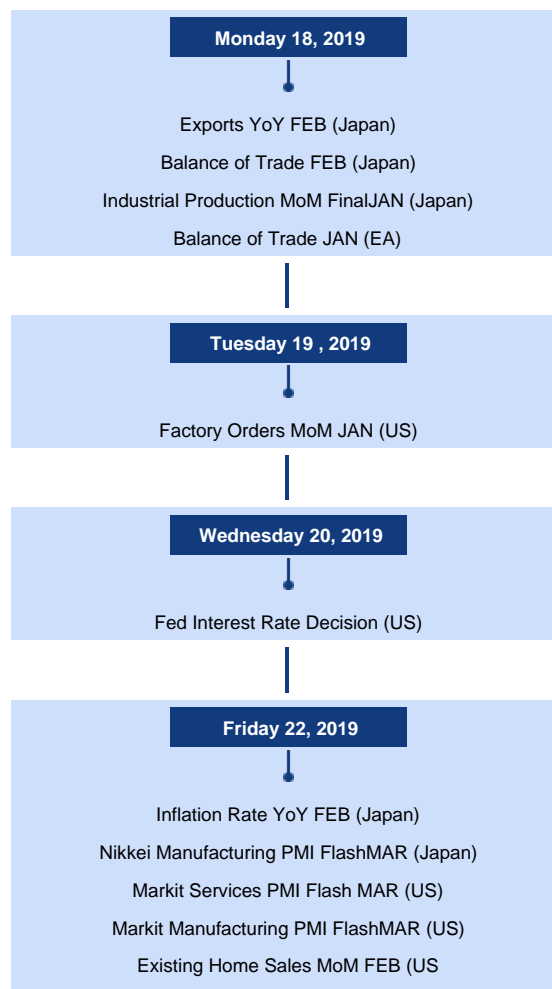
Commodity (INR)	15-Mar-2019	Gain+/Loss-	% Change
Gold (10 gm)	31996	-127	-0.4
Silver (1 kg)	37993	167	0.44
Crude Oil (\$/barrel)	67.16	1.42	2.16

## Currency Market



Currency	15-Mar-2019	Gain+/Loss-	% Change
USD/INR	69.21	-0.89	-1.27
EURO/INR	78.34	-0.21	-0.26
GBP/INR	91.64	-0.16	-0.17
JPY/INR	61.99	-1.14	-1.81

## Upcoming Events





## Currency Market Update

- The Indian rupee ended higher for the fifth straight week—its longest weekly gain since December 2017. The local currency appreciated 1.5 % this week to close at 69.09 against the U.S. dollar, making it the best performer among Asian currencies during the period.
- India's foreign exchange reserves increased by US\$ 0.26 billion to US\$ 402.04 billion in the week ended 08 March 2019.
- Meanwhile, the dollar index, which gauges the greenback's strength against a basket of six currencies, fell 0.15 % to 96.64

## Week Gone By



Events	Actual %	Previous %
Retail Sales MoM JAN (US)	0.2	-1.6
Industrial Production YoY JAN (India)	1.7	2.6
Inflation Rate YoY FEB (India)	2.57	1.97
Manufacturing Production YoY JAN (India)	1.3	2.9
Core Inflation Rate YoY FEB (US)	2.1	2.2
Durable Goods Orders MoM JAN (US)	0.4	1.3
Industrial Production YoY JAN-FEB (China)	5.3	5.7
Retail Sales YoY JAN-FEB (China)	8.2	8.2
WPI Manufacturing YoY FEB(India)	2.25	2.61
Import Prices MoM FEB & Export Prices MoM FEB (US)	-1.3 & 0.3	-1.6 & -0.2
Balance of Trade FEB (India)	-\$-9.60B	-\$-14.73B
Industrial Production MoM FEB (US)	0.1	-0.4

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