

Weekly Market Update



Financial Market & Economy Update

Domestic Update:

- The government has transferred Rs 5,940 crore as the first instalment of Rs 2,000 each to 29.7 million small and marginal farmers across the country, which is set to fuel the rural economy during the poll season. Over one-third of the beneficiaries – 11.1 million farmers – were in Uttar Pradesh.
- Five state-owned banks, received shareholders' approval for capital infusion to the tune of Rs 21,428 crore in lieu of preferential allotment of shares to the government.
- The country's crude steel output in February grew 2.3 % to 8.74 million tonne (MT) from 8.54 MT in the year-ago month.
- PM Narendra Modi Wednesday announced that India has entered an elite space power club by successfully testing an anti-satellite weapon A-SAT.
- China, the US and India together accounted for nearly 70 % of the rise in energy demand, even as such demand worldwide grew by 2.3 % last year, at its fastest pace this decade, the International Energy Agency (IEA) said on Tuesday.
- Net employment generation in the formal sector touched a 17-month high of 8.96 lakh in January, according to the latest EPFO payroll data.
- India has moved up two places to rank 76th on a global energy transition index, which has ranked 115 economies on how well they are able to balance energy security and access with environmental sustainability and affordability.
- India's fiscal deficit in the first eleven months of the current financial year that started Apr. 1 totalled 8.51 trillion rupees, widening from 7.16 trillion rupees in the comparable year-earlier period. Fiscal deficit for the April-February period was 134.2% of the government's estimate for this financial year. The deficit was 120.3% of budget aim in the same period last year. While total expenditure stood at 21.89 trillion rupees during April-February, total receipt was at 13.37 trillion rupees.

Global Update:

- Japan's factory output expanded for the first time in four months in February. Trade and Industry (METI) showed factory output rose 1.4 %, led by production of cars and semiconductor production equipment.
- South Korea's February industrial production contracted sharply to a two-year low and missed forecasts by a large margin on shrinking output of cars and other key sectors, piling pressure on Asia's fourth-largest economy as external demand wanes. The industrial output index fell by a seasonally adjusted 2.6 % from a month before to mark the biggest on-month fall since February 2017, and failing to sustain a recovery seen in the previous month.
- Retail Sales in Germany increased 4.70 % in February of 2019 over the same month in the previous year.
- The Consumer Price Index in France increased 0.80 % in March of 2019 over the previous month.
- The monthly US trade deficit fell by nearly 15% in January. The US trade deficit in goods and services fell to \$51.1 billion, down \$8.8 billion compared to December.
- The French consumer confidence indicator increased marginally to 96 in March 2019 from 95 in the prior month, matching market expectations.
- Canada's merchandise trade deficit widened to CAD 4.59 billion in December 2018 from a downwardly revised CAD 1.98 billion in the previous month and compared with market expectations of a CAD 2.8 billion gap.



Equity Market Update

- Global funds are making a beeline for India big time. Their growing interest, along with expectations of Narendra Modi taking power again and forecast of plentiful rains ahead, gave the bulls enough will power to stay in-charge for the sixth straight week on Dalal Street. "
- The Sensex rose 1.33 %, or 508 points, to 38,673 for the week to March 30. NSE's Nifty jumped 1.46 %, or 167 points, to 11,624.
- Sector Update:** Among BSE sectoral indices, Consumer Durables rallied the most - 3.09 % -- for the week under review. It was followed by Oil & Gas (up 3.08 %), Bankex (up 2.99 %), Metal (up 1.82 %) and Power (1.68 %). BSE Telecom (down 0.42 %) was the only loser.
- Broader Markets:** The BSE Mid-Cap index rose 402.73 points or 2.67% and BSE Small-Cap index rose 268.56 points or 1.82%.



Debt Market Update

- Indian government bonds ended higher in a choppy fiscal year, as record open market note purchases and a rate cut in the second half outweighed losses from foreign fund outflows, fiscal slippage fears and higher debt supply.
- The benchmark 7.26% bond maturing in 2029 ended at 99.39 rupees, yielding 7.35%.
- The 10-year benchmark yield eased five basis points in this financial year, after

Domestic Markets



Index	29-Mar-2019	22-Mar-2019	% Change
BSE Sensex	38672.91	38164.61	1.33
S&P CNX Nifty	11623.9	11456.9	1.46
CNX Midcap	18258.5	17741.15	2.92
CNX 500	9663.7	9500.05	1.72
BSE Smallcap	15027.36	14758.8	1.82

Global Markets



Index	29-Mar-2019	22-Mar-2019	% Change
Dow Jones	25928.68	25502.32	1.67
Nasdaq	7729.32	7642.67	1.13
S&P 500	2834.4	2800.71	1.2
FTSE 100	7279.2	7207.59	0.99
Shanghai Composite	3090.76	3104.15	-0.43
Hang Sang	29051.36	29113.36	-0.21

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	36132	29576	6556
MF Flows*	20276	20522	-246

FII data from 22nd March to 28th March 2019

MF data from 20th March to 28th March 2019

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
22-Mar-2019	1349.95	-1947.56
25-Mar-2019	3464.24	-865.52
26-Mar-2019	-1876.46	-562.56
27-Mar-2019	-695.51	133.73
28-Mar-2019	4896.81	1583.53

Policy Rates



Key Rates (%)	29-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



jumping 74 basis points in the previous year. The yield traded in a wide 102 basis points range in the year. On monthly and quarterly basis, the yield fell by six basis points and two basis points, respectively.

- The benchmark yield had spiked sharply in the first half of the financial year tracking rise in crude oil prices as well as fall in local currency. However, bonds reversed losses in the second half as central bank's bond purchases absorbed most of the government bond supply.
- The Reserve Bank of India in this fiscal year that ends Mar. 31 purchased bonds worth 2.99 trillion rupees via open market operations to infuse liquidity, while absorbing more than 50% of government's gross supply of 5.71 trillion rupees.
- The MPC had hiked rates in June and August by 25 basis points each, but slower pace of inflation as well as easing growth led to a reversal of this stand. The MPC cut rate by 25 basis points in February.
- The government aims to gross borrow 7.10 trillion rupees in the next financial year, 24% higher than 5.71 trillion rupees borrowed via bond issuance in this year. Market awaits borrowing schedule for April-September, wherein frontloading of 60% is expected.



Commodity Market Update

Oil Update:

- Crude oil prices continued to trend higher despite worries over global growth and higher inventories released during the week, posting their biggest quarterly rise of 27 % since 2009. The increase in oil price also triggered a call by US President Donald Trump on March 28 for OPEC to boost production to lower prices.
- U.S. West Texas Intermediate crude rose 84 cents, or about 1.4%, to settle at \$60.14 a barrel by close of trade. It went as high as \$60.73 earlier, the most since Nov. 12. For the week, the U.S. benchmark ended up roughly 1.9%. It rallied 32.4% over the first three months of 2019, its strongest quarterly advance since the second quarter of 2009.
- Meanwhile, International Brent crude oil futures ended Friday's session up 48 cents, or 0.7%, at \$67.58 a barrel. Brent saw a roughly 27% quarterly rise, also its strongest since 2009.

Gold Update:

- **Domestic:** The country's gold imports dipped about 5.5 % in value terms to \$29.5 billion during April-February 2018-19, which is expected to keep a lid on the current account deficit. Total imports of the precious metal in the corresponding period of 2017-18 stood at \$31.2 billion
- Gold prices fell sharply on Friday, hurt by low consumer demand and a cash crunch among traders.
- In Mumbai, the prices fell 6.2 %, or by Rs 2,085 per 10 gram, from the all-time high — seen on February 20. The price is Rs 31,640 now. During the period, international prices fell by 3.7 %.
- Consumer demand traditionally remains low in March as people rush to make last-minute tax-saving investments.
- Between January and 20 February, gold prices in Mumbai went up by around Rs 2,200 per 10 gram, after which the prices fell sharply. From December, the jump was over 10 % in less than three months.
- **International:** Gold futures ended higher on Friday, as the dollar eased on tepid U.S. economic data, a day after posting the largest single-session % decline since Aug. 13.
- For the week, June Comex gold settled at \$1298.50, down \$20.20 or -1.53%.



Currency Market Update

- The Indian rupee depreciated by 20 paise during the week to close at 69.16 a dollar, amid rising crude oil prices and caution ahead of RBI monetary policy meeting next week. It appreciated by 60 paise in the March quarter, but fell 400 paise in FY19.
- India's foreign exchange reserves rose to \$406.67 billion as of the week ended Mar. 22, the highest level since week ended Jul. 22, 2018, and against \$405.64 billion at the end of the previous week
- The greenback posted mixed results on Friday, but measured by the US Dollar Index rose on the back of an appreciation against European currencies.
- The Index peaked at 97.33, the highest level since March 11 and then pulled back finding support at 97.00 after a soft reading of the PCE core. Then started to move to the upside boosted by the rejection at the UK Parliament of PM May's Brexit deal and also by US new home sales and consumer confidence numbers.
- The ICE U.S. Dollar Index DXY, -0.05% was last up 0.1% at 97.248, on track for a 0.6% gain on the week. For March alone, the index is up 1.1%, its best month since October. For the quarter, the greenback gauge is looking at a 1.1% gain, its best performance since the second quarter of 2018.

Key Rates (%)	29-Mar-2019	22-Mar-2019	% Change
Mibor Overnight	8.8	6.25	40.8
CALL (O/N)	6.12	6.19	-1.13
CBLO	6.65	6.14	8.31
T Bills Index (12M)	6.37	6.38	-0.16
10 Year GSEC	7.35	7.34	0.14

Commodity Market



Commodity (INR)	29-Mar-2019	Gain+/Loss-	% Change
Gold (10 gm)	31601	-406	-1.27
Silver (1 kg)	37270	-890	-2.33
Crude Oil (\$/barrel)	68.39	1.36	2.03

Currency Market



Currency	29-Mar-2019	Gain+/Loss-	% Change
USD/INR	69.17	0.51	0.74
EURO/INR	77.7	-0.44	-0.56
GBP/INR	90.48	0.2	0.22
JPY/INR	62.52	0.55	0.89

Upcoming Events



Monday 01, 2019

ISM Manufacturing PMI MAR (US)
Retail Sales MoM FEB (US)
Markit Manufacturing PMI FinalMAR (EA)
Inflation Rate YoY Flash MAR (EA)
Infrastructure Output YoY FEB (India)
Caixin Manufacturing PMI MAR (China)
Nikkei Manufacturing PMI FinalMAR (Japan)

Tuesday 02, 2019

Nikkei Manufacturing PMI MAR (India)
Durable Goods Orders MoM FEB (US)
Unemployment Rate FEB (EA)

Wednesday 03, 2019

MBA Mortgage Applications 29/MAR (US)
ISM Non-Manufacturing PMI MAR (US)
Markit Composite & Service PMI Final MAR (EA)
Retail Sales MoM FEB (EA)
Caixin Composite & Service PMI MAR (China)
Nikkei Services PMI MAR (Japan)

Thursday 04, 2019

Nikkei Services PMI MAR (India)
RBI Interest Rate Decision (India)
Initial Jobless Claims MAR/30 (US)

Friday 05, 2019

Unemployment Rate MAR (US)
Non Farm Payrolls MAR (US)

Week Gone By



Events	Actual %	Previous %
Balance of Trade JAN (US)	\$-51.1B	\$-59.9B ®
Personal Spending MoM JAN (US)	0.1	0.6 ®
NBS Manufacturing PMI MAR (China)	50.5	49.2
Personal Income MoM FEB (US)	0.2	-0.1

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.