

Weekly Market Update



Financial Market & Economy Update

Domestic Update:

- The mutual fund closed the year with an 11.41 % rise in their total assets under management at Rs 23.80 lakh crore in the year to March, from Rs 21.36 lakh crore in the previous year, according to the industry data released Wednesday.
- India's retail price inflation rate rose to a five-month high of 2.86 % year-on-year in March 2019 from 2.57 % in the previous month, slightly above market expectations of 2.8 %.
- Industrial production in India rose 0.1 % year-on-year in February 2019, following a downwardly revised 1.4 % increase in the previous month and below market expectations of a 2 % gain.
- Manufacturing Production in India decreased 0.30 % in February of 2019 over the same month in the previous year.
- India has met the fiscal deficit target of 3.4 % of gross domestic product in 2018/19 fiscal year ended March 31, by cuts in state spending and higher borrowings from small savings funds, a government source told reporters on Tuesday.
- Sales of scooters slip for first time in 13 years, PV segment sees slowest pace in 5 years. Scooters recorded sales of 67 lakh units in 2018-19, down 0.27% from 67.2 lakh units in the previous year. The last time the category had seen a downturn was in fiscal 2005-06, when it de-grew by 1.5%.
- The tax department has given service providers with turnover of up to Rs 50 lakh time till April 30 to opt for the composition scheme and pay 6 % GST.
- India's GDP growth is expected to accelerate moderately to 7.5 % in fiscal year 19-20, driven by continued investment strengthening, particularly private-improved export performance and resilient consumption, the World Bank has said.
- 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.
- International Monetary Fund (IMF) has pared India's growth forecast for the just-concluded fiscal and the next two years, citing softer recent growth and weaker global outlook, but expects the country to retain its place as the fastest growing major economy. According to IMF estimates, India's economy grew 7.1% in FY19 and is expected to accelerate to 7.3% growth this fiscal and to 7.5% in FY21. All the estimates are 0.2 % points less than its previous assessment in January.
- The country's sugar -0.77 % exports surged to 17.44 lakh tonnes so far in the current marketing year ending September, as against about 5 lakh tonnes shipped in the entire 2017-18, industry data showed Thursday.

Global Update:

- On the economic front, U.S. consumer inflation increased by the most in 14 months in March, but the underlying inflation trend remained muted amid slowing domestic and global economic growth. According to the U.S. Labor Department, the Consumer Price Index rose 0.4 %. In the 12 months through March, the CPI increased 1.9 %. Economists had forecast the CPI rising 0.3 % in March and accelerating 1.8 % year-on-year. The Core CPI inched up 0.1 %. In the 12 months through March, the core CPI increased 2.0 %. The core CPI rose 2.1 % year-on-year in February.
- The Labor Department also reported that the number of Americans filing applications for unemployment benefits dropped to a 49-1/2 year low the week-ending April 6. Initial claims for state unemployment benefits fell 8,000 to a seasonally adjusted 196,000.
- The Bank of Japan on Monday cut its assessment for three of the country's nine regions, the biggest number of downgrades in six years, suggesting that the damage to exports and factory output from slowing overseas demand was broadening.
- German exports and imports both fell more than expected in February, data showed on Monday, in the latest sign that Europe's largest economy is likely to post meagre growth in the first quarter amid increased headwinds from abroad. The Federal Statistics Office said seasonally adjusted exports were down by 1.3 % on the month, the biggest drop in 12 months, while imports fell 1.6 %. The trade surplus edged up to 18.7 billion euros (\$20.99 billion) from a revised 18.6 billion euros the previous month.
- The Consumer Confidence Index in Japan fell to 40.5 in March 2019 from 41.5 in the previous month and below market expectations of 42.3.
- U.S. President Donald Trump said on Tuesday the United States would impose tariffs on \$11 billion of products from the European Union, a day after U.S. trade officials proposed a list of EU products to target as part of an ongoing aircraft dispute.
- Britain's Brexit-bound economy unexpectedly grew in February, helped by manufacturers rushing to meet orders from clients who are stockpiling goods ahead of the country's break from the European Union, official data showed. While still sluggish, the economy expanded by 0.2 % from January, the Office for National Statistics said on Wednesday.
- Core machinery orders in Japan, which exclude those of ships and electrical equipment, increased 1.8 % month-over-month in February of 2019 after a 5.4 % drop in the previous month and below market expectations of a 2.5 % climb. It was the first gain in core machinery orders in four months.
- The value of loans in Japan increased 2.40 % in March of 2019 over the same month in the previous year.
- The UK trade deficit decreased to GBP 4.86 billion in February of 2019 from an upwardly revised GBP 5.35 billion in the prior month. Exports rose 0.1 % month-over-month to GBP 54.79 billion while imports fell 0.7 % to GBP 59.65 billion.
- US core consumer prices, excluding volatile items such as food and energy, increased 2.1 % from a year earlier in February 2019, easing from a 2.2 % gain in the previous month and slightly below market expectations of a 2.2 % rise.

Domestic Markets



Index	12-Apr-2019	05-Apr-2019	% Change
BSE Sensex	38767.11	38862.23	-0.24
S&P CNX Nifty	11643.45	11665.95	-0.19
CNX Midcap	18167.9	18246.35	-0.43
CNX 500	9674.6	9684.95	-0.11
BSE Smallcap	15022.18	15045.87	-0.16

Global Markets



Index	12-Apr-2019	05-Apr-2019	% Change
Dow Jones	26412.3	26424.99	-0.05
Nasdaq	7984.16	7938.69	0.57
S&P 500	2907.41	2892.74	0.51
FTSE 100	7437.1	7446.87	-0.13
Shanghai Composite	3188.63	3246.57	-1.78
Hang Sang	29909.76	29936.32	-0.09

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	25865	21546	4319
MF Flows*	7128	8533	-1405

FII data from 5th April to 11th April 2019

MF data from 5th April to 10th April 2019

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
05-Apr-2019	447.1	-511.58
08-Apr-2019	308.74	-1089.99
09-Apr-2019	174.24	-207.92
10-Apr-2019	-862.47	-684.11
11-Apr-2019	3272.94	-759.33

Policy Rates



Key Rates (%)	12-Apr-2019	1 Week Ago	1 Month Ago
Reverse Repo	5.75	6	6
Repo	6	6.25	6.25
CRR	4	4	4
SLR	19.25	19.25	19.25

Key Rates



- Euro zone industrial production declined in February but by less than expected, as mild weather meant that a surge in energy production at the start of 2019 reversed. The European Union's statistics office Eurostat said that production in the 19 countries sharing the euro fell by 0.2 % in February and by 0.3 % year-on-year.
- Export Prices in South Korea increased to 83.36 Index Points in March from 82.95 Index Points in February of 2019.
- Import Prices in South Korea increased to 87.61 Index Points in March from 86.50 Index Points in February of 2019.
- China's trade balance shifted to a USD 32.64 billion surplus in March 2019 from a USD 5.77 billion deficit in the same month a year earlier and easily beating market estimates of a USD 7.05 billion surplus.
- China's new bank loans rebounded in March, rising far more than expected. Chinese banks extended 1.69 trillion yuan (\$251.59 billion) in net new yuan loans in March.



Equity Market Update

- Markets continued to be volatile last week and we saw two-sided movements on the indices which were sharp and in opposite directions. Many days saw markets reverse midway and give up gains or recover losses. On a weekly basis, benchmark indices were virtually flat with a downward bias.
- BSE SENSEX lost 95.12 points or 0.24 % to close at 38,767.11 points while NIFTY lost 22.50 points or 0.19 % to close at 11,643.45 points. The broader indices saw the BSE 100, BSE 200 and BSE 500, lose 0.14 %, 0.17 % and 0.15 % respectively.
- **Sector Update:** Six out of the 11 sectoral gauges compiled by the National Stock Exchange ended lower this week, led by a 1.9 % fall in the NSE Nifty Metal Index. On the flip side, the NSE Nifty Auto Index was the top gainer, up 2.5 %.
- **Broader Markets:** The broader indices, Nifty Midcap-100 index, fell 0.45 %, but Nifty Smallcap index rose by 54 points.
- **Global:** Dow Jones was also virtually flat losing 12.69 points or 0.05 % at 26,412.30 points.



Debt Market Update

- Indian government bonds fell for a third consecutive week, as crude oil prices rose, while investors awaited inflation data for March.
- The benchmark 7.26% bond maturing in 2029 ended at 98.96 rupees, lowest since Feb. 27, yielding 7.41%. The benchmark yield rose by six basis points this week, the most since Feb. 1.
- India's federal government borrowed 170 billion rupees through bonds on Friday, with the cutoffs largely along the expected lines. Indian states, that sold bonds worth 160.69 billion rupees last week, will auction notes worth 98 billion rupees on Apr. 15.
- New Delhi is due to gross borrow a total of 4.42 trillion rupees through bonds in April-September, almost 63% of the annual borrowing target of 7.10 trillion rupees, according to the interim budget.



Commodity Market Update

Oil Update:

- U.S West Texas Intermediate and international-benchmark Brent crude oil futures settled higher last week, but the limited trading range suggests the buying may be slowing. Early in the week, prices rose to their highest levels since November, driven by turmoil in Libya along with ongoing production cuts pledged by OPEC and its allies, and U.S. sanctions against Iran and Venezuela. However, renewed concerns over rising U.S. inventory and production as well as concerns over a global economic slowdown helped put a lid on prices.
- For the week, June WTI crude oil settled at \$64.02, up \$0.87 or +1.38% and June Brent crude oil closed at \$71.55, up \$1.21 or +1.69%.

Gold Update:

- Physical gold demand in India was robust this week as retail buyers and jewellers took advantage of a dip in domestic prices to stock up for the wedding season, while gains in the domestic currency kept premiums elevated in China amid steady demand.
- Gold prices on Friday fell Rs. 170 to Rs. 32,850 per 10 grams. Silver also followed gold by declining Rs. 350 to Rs. 38,200 per kg on decreased offtake by industrial units and coin makers.
- Gold finished slightly lower last week, pressured by a rebound in the U.S. Dollar, a surge in Treasury yields and increased appetite for risk. Early in the week, gold prices were supported by concerns over a slowing global economy and muted U.S. inflation data, but conditions changed after a U.S. report confirmed a strong labour market and China reported better-than-expected trade balance data. Both pieces of information helped dampen concerns over a global economic slowdown, which made gold a less-desirable asset. Last week, June Comex Gold settled at \$1295.20, down \$0.40 or -0.03%.

Key Rates (%)	12-Apr-2019	05-Apr-2019	% Change
Mibor Overnight	6.12	6.04	1.32
CALL (O/N)	6.05	5.99	1
CBLO	6	5.77	3.99
T Bills Index (12M)	6.34	6.3	0.63
10 Year GSEC	7.41	7.35	0.82

Commodity Market



Commodity (INR)	12-Apr-2019	Gain+/Loss-	% Change
Gold (10 gm)	31673	58	0.18
Silver (1 kg)	37235	-326	-0.87
Crude Oil (\$/barrel)	71.55	1.21	1.72

Currency Market



Currency	12-Apr-2019	Gain+/Loss-	% Change
USD/INR	69.32	0.12	0.17
EURO/INR	78.23	0.5	0.64
GBP/INR	90.56	-0.08	-0.09
JPY/INR	61.99	0.03	0.05

Upcoming Events



Monday 15, 2019

WPI Food YoY MAR (India)
WPI Fuel YoY MAR (India)
WPI Inflation YoY MAR (India)
Balance of Trade MAR (India)

Tuesday 16, 2019

Manufacturing Production YoY MAR (US)
Industrial Production YoY MAR (US)

Wednesday 17, 2019

Imports & Exports YoY MAR (Japan)
Balance of Trade MAR (Japan)
Industrial Production YoY MAR (China)
Retail Sales YoY MAR (China)
GDP Growth Rate YoY Q1 (China)
Industrial Production YoY Final FEB (Japan)
Core Inflation Rate YoY Final MAR (EA)
Inflation Rate MoM MAR (EA)
Inflation Rate YoY Final MAR (EA)
Balance of Trade FEB (EA)



Currency Market Update

- The Indian rupee halted its two-week losing streak and appreciated 0.07 % against the U.S. dollar. The rupee was among the best-performing currencies compared to its Asian peers. The local currency ended the week at 69.17 against the greenback. During the week, the domestic unit gained 6 paise.
- Foreign Exchange Reserves in India increased to 413780 USD Million in April 5 from 411910 USD Million in the previous week.
- The Dollar Spot Index ended the week down 0.43% to \$96.972.

Thursday 18, 2019

Balance of Trade FEB (US)
 Nikkei Manufacturing PMI FlashAPR (Japan)
 Markit Manufacturing PMI Flash APR (EA)
 Markit Services PMI Flash APR (EA)
 Retail Sales MoM MAR (US)
 Initial Jobless Claims APR/13 (US)
 Markit Manufacturing PMI FlashAPR (US)
 Markit Composite PMI Flash APR (US)
 Markit Services PMI Flash APR (US)

Friday 19, 2019

Inflation Rate YoY MAR (Japan)
 Housing Starts MoM MAR (US)

Week Gone By



Events	Actual %	Previous %
Factory Orders MoM FEB (US)	-0.5	0 @
Consumer Confidence MAR (Japan)	40.5	41.5
Consumer Inflation Expectations MAR (US)	2.82	2.79
Nikkei Manufacturing PMI FinalMAR (Japan)	49.2	48.9
Core Inflation Rate YoY MAR (US)	2.0	2.1
Inflation Rate YoY MAR (US)	1.9	1.5
Inflation Rate YoY MAR (CHINA)	2.3	1.5
Initial Jobless Claims APR/06 (US)	196k	204k
Vehicle Sales YoY MAR (CHINA)	-5.2	-13.8
Balance of Trade MAR (CHINA)	\$32.64B	\$4.08B
Exports YoY MAR & Imports YoY MAR (CHINA)	14.2 & -7.6	-20.8 @ & -1.3
Industrial Production MoM FEB (EA)	-0.2	1.9 @

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.