

Weekly Market Update



Financial Market & Economy Update

Domestic Update:

- India's industrial output grew 4.4 % from a year earlier in Mar 2018, following a downwardly revised 7 % increase.
- Manufacturing Production in India increased 4.40 % in Mar of 2018 over the same month in the previous year.
- Nepal is at the top of India's Neighbourhood First policy, Prime Minister Narendra Modi said today as he announced a grant of Rs 100 cr to develop the sacred city of Janakpur and its surrounding areas.
- China and India—Asia's first and third largest economies, together contribute 45% to global growth, the International Monetary Fund (IMF) said on Wednesday.
- The renewable energy or green energy sector has created an estimated 1,64,000 jobs in India in 2017, according to a report published by the International Renewable Energy Agency (IRENA).
- The International Monetary Fund (IMF) reaffirmed on Wednesday that India will be the fastest growing major economy in 2018, with a growth rate of 7.4 per cent that rises to 7.8 per cent in 2019 with medium-term prospects remaining positive.
- Coaching centres are not exempt from the Goods and Services Tax (GST) even as some educational services bear 'nil' tax, the government has clarified. 18% GST will be applicable on fees of coaching classes, a ruling by the Maharashtra Authority for Advance Rulings (AAR) said
- The Maharashtra cabinet on Tuesday decided to provide Rs 3 subsidy for every litre of milk to the co-operative and private producers to manufacture milk powder.
- The tax department has notified the amendments of Double Taxation Avoidance Agreement (DTAA) between India and Kuwait, which enables sharing of information with other law enforcement agencies.
- The commerce ministry has decided to formulate a comprehensive action plan to boost India's trade with Africa which is relatively small at present, Union Minister Suresh Prabhu said.
- The major ports in India have recorded a growth of 1.78% and together handled 56.81 Million Tonnes of cargo during the period April 2018 as against 55.82 Million Tonnes handled during the corresponding period of previous year.

Global Update:

- Prices for U.S. exports rose 0.6 % in Apr, US import prices rose 0.3 % month-over-month in Apr 2018, missing market expectations of a 0.5 % gain and following a downwardly revised 0.2 % fall in Mar.
- European powers have pledged their "continuing commitment" to the Iran nuclear deal after President Donald Trump announced the US' withdrawal.
- Vladimir Putin was sworn in as Russia's president for a fourth term at a ceremony in the Kremlin today, extending his almost two-decade rule by another six years.
- German industrial orders dropped for the third month running in March by 0.9 percent after a revised drop of 0.2 percent the previous month due to weak foreign demand, data from the Federal Statistics Office showed on Monday.
- China's April exports rose 12.9 percent from a year earlier, rebounding from a drop in March, while imports grew 21.5 percent, both growing much faster than expected despite worries over an escalating trade dispute with the United States.
- China's trade surplus with the United States widened to \$22.19 billion in April, from \$15.43 billion in March, customs data showed on Tuesday. For January-April, China's trade surplus with the United States was \$80.4 billion.
- A stronger-than-expected rebound in German industrial output in March and an increase in exports in the same month helped to ease concern on Tuesday that growth in Europe's biggest economy had come to a standstill at the start of the year. The Federal Statistics Office said industrial production rose 1.0 percent on the month, the strongest increase since November and above expectations for a 0.8 percent rise.
- British industrial output barely rose in March, confirming a glum first quarter for the economy that looks likely to scupper a Bank of England interest rate hike later on Thursday. The ONS said industrial output inched up by 0.1 % month-on-month in March, the same pace as in February and slightly below the consensus for growth of 0.2 %.
- China's producer inflation picked up for the first time in seven months in April. The producer price index (PPI) rose 3.4 % in April from a year ago, accelerating from a 17-month low of 3.1 % in March, the National Bureau of Statistics (NBS) said on Thursday. On a month-on-month basis, it declined 0.2 %.
- U.S. producer prices barely rose in April after strong gains in the first quarter. The Labor Department said its producer price index for final demand edged up 0.1 % last month after increasing 0.3 % in March. That lowered the year-on-year increase in the PPI to 2.6 % from 3.0 % in March.



Equity Market Update

- The benchmark Sensex ended the week with strong gains, rallying 620.41 points close at 35,535.79, while the broader Nifty ended at 10,806.50, garnering 188.25 points.
- Bulls dominated and remained in control despite anxiety ridden trading week ahead of Karnataka Assembly elections, also inhibited by weak rupee, surging crude prices and US bond yields as well as political tensions in middle east.
- The week saw the Global financial markets rattled by US President Trump's decision to pull-out of Iran nuclear deals resulting global crude jumping USD 76 per barrel on supply worries.
- The BSE Sensex started the week higher at 34,983.59 and hovered between high of 35,596.15 and low of 34,977.74 before closing the week at 35,535.79, showing a gain of 620.41 or 1.78%. The Sensex had lost 54.32 point during the previous week

Domestic Markets



Index	11-May-2018	04-May-2018	% Change
BSE Sensex	35535.79	34915.38	1.78
S&P CNX Nifty	10806.5	10618.25	1.77
CNX Midcap	19507.1	19720	-1.08
CNX 500	9416.35	9339.75	0.82
BSE Smallcap	17818.09	17991.45	-0.96

Global Markets



Index	11-May-2018	04-May-2018	% Change
Dow Jones	24831.17	24262.51	2.34
Nasdaq	7402.88	7209.62	2.68
S&P 500	2727.72	2663.42	2.41
FTSE 100	7724.6	7567.1	2.08
Shanghai Composite	3163.26	3091.03	2.34
Hang Sang	31122.06	29926.5	3.99

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	22140	24818	-2678
MF Flows*	14607	10962	3645

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
07-May-2018	705.83	793.37
08-May-2018	784.68	596.97
09-May-2018	793.38	125.76
10-May-2018	3223.53	-356.61
11-May-2018	240.29	410.41

Policy Rates



Key Rates (%)	11-May-2018	1 Week Ago	1 Month Ago
Reverse Repo	5.75	5.75	5.75
Repo	6	6	6
CRR	4	4	4
SLR	20	20	20

Key Rates



session.

- The Nifty also resumed the week higher at 10,653.15 and traded between 10,812.05 and 10,635.65, the index finally closed at 10,806.50, rising 188.25 points, or 1.77%.
- Broader Market:** The BSE Mid-Cap index fell 217.02 points or 1.31% to end at 16,343.99 and the BSE Small-Cap index also fell 173.36 points or 0.96% to close at 17,818.09.
- FII:** Meanwhile, foreign portfolio investors (FPIs) and foreign institutional investors (FIIs) sold shares worth Rs 1,425.26 crore during the week, as per Sebi's record including the provisional figure of May 11, 2018.
- Sector Update:** Among sectoral and industry indices, oil&gas rose by 3.60%, bankex 3.58%, metal 2.15%, PSU 1.54% and FMCG 1.32%, while Healthcare fell by 3.43%, Power 1.83%, consumer durables 1.38% and Teck 0.32%.



Debt Market Update

- India government bonds ended little changed this week, as fears of monetary tightening amid elevated crude oil prices outweighed gains from central bank's open market purchase announcement.
- The benchmark yield was unchanged from last week after trading in a 7.55%-7.76% band this week. Indian rupee fell to lowest in 15 months and posted its fifth weekly loss.
- The Reserve Bank of India on May 4 surprised markets by announcing an open market purchase of government securities worth 100 billion rupees, which is to be held on May 17. This will be the first such operation by the central bank since October 2016. Some analysts expect as much as one trillion rupees worth of OMOs this financial year that started Apr. 1.
- However, sharp jump in crude oil prices and U.S. yields dragged Indian rupee and bonds lower amid bets that inflation may accelerate going ahead, possibly leading to monetary tightening.
- U.S. Treasury yields were firm with yield on 10-year note at 2.96% in Asian trade after hitting 3.01% earlier in the week.



Commodity Market Update

Oil Update:

- Prices rallied sharply last week after Trump walked away from an international nuclear deal with Iran and reimposed "the highest level of economic sanctions" against the country.
- Iran, which is a major Middle East oil producer and member of the Organization of the Petroleum Exporting Countries (OPEC), resumed its role as a major oil exporter in January 2016 when international sanctions against Tehran were lifted in return for curbs on Iran's nuclear program.
- Exiting the deal leaves the U.S. at odds with Europe and other parties to the deal, who will try to keep it in place.
- It may also increase tensions in the Middle East, especially between Israel and Iran.
- New York-traded WTI crude futures ended the week up roughly 1.4%, at \$70.70 per barrel, for the fourth positive week in five. The U.S. benchmark touched an intraday high of \$71.89 on Thursday, its best level since Nov. 28, 2014.
- Meanwhile, London-traded Brent crude futures, the benchmark for oil prices outside the U.S., closed the week at \$77.12 a barrel, leaving it up 2.8% for the week. It climbed to a three-and-a-half-year high of \$78.00 on Thursday.

Gold Update:

- Domestic:** Riding on positive global cues and pick-up in buying by local jewellers, gold prices recovered to close at two-week high of Rs 32,400 per ten grams at the bullion market during the period under review.
- Silver also reclaimed the Rs 41,000-mark by gaining a whopping Rs 900 to end at Rs 41,400 per kg on increased offtake by industrial units and coin makers.
- In the national capital, gold of 99.9 per cent and 99.5 per cent purity commenced the week higher and day-to-day increased buying activity, driven by ongoing wedding season amid a firm trend overseas rallied to close two week high at Rs 32,400 and Rs 32,250, a level last seen on April 26 showing a rise of Rs 320 each.
- Sovereign also moved up by Rs 100 to Rs 24,800 per piece of eight grams. In sync with gold, silver ready ended the week recording a sharp gain of Rs 900 to Rs 41,400 per kg and weekly-based delivery spurted by Rs 1,445 to Rs 40,540 per kg. Silver coins too spurted by Rs 1,000 to Rs 76,000 for buying and Rs 77,000 for selling of 100 pieces.
- Global:** Globally, gold ended the week tad higher at USD 1,317.90 an ounce and silver at USD 16.64 an ounce in New York.



Currency Market Update

- The embattled rupee went into a tailspin and suffered one of its worst stretches in 1-1/4 years with the currency breaching the key psychological 67-mark against the resurgent US dollar. Panic dollar demand from importers and speculative traders sent the Indian unit tumbling by a sharp 46 paise to end the week at 67.33 against the US dollar, triggering central bank intervention to defend the sinking currency.
- It touched a low of 67.48 before staging some rebound. This is the lowest level for the Indian unit since February 7, 2017 when it had ended at 67.41. The rupee's fifth-straight week slide stretched to a staggering 3.63 per cent against the greenback. Indian currency has been the worst performer this year so far, losing 5.42 per cent value since January.
- Forex market sentiment wobble after crude prices surged more than 3 percent to hit 3-1/2-year high following the US President Trump's decision to withdraw the US from the Iranian nuclear deal and extend sanctions on the oil producer country.
- In the meantime, continuing downward trend, country's foreign exchange reserves fell by USD 1.426 billion to USD 418.940 billion in the week to May 4, due to decrease in

Key Rates (%)	11-May-2018	04-May-2018	% Change
Mibor Overnight	6.03	6	0.5
CALL (O/N)	5.92	5.92	0
CBLO	5.36	5.24	2.29
T Bills Index (12M)	6.66	6.58	1.22
10 Year GSEC	7.73	7.73	0

Commodity Market



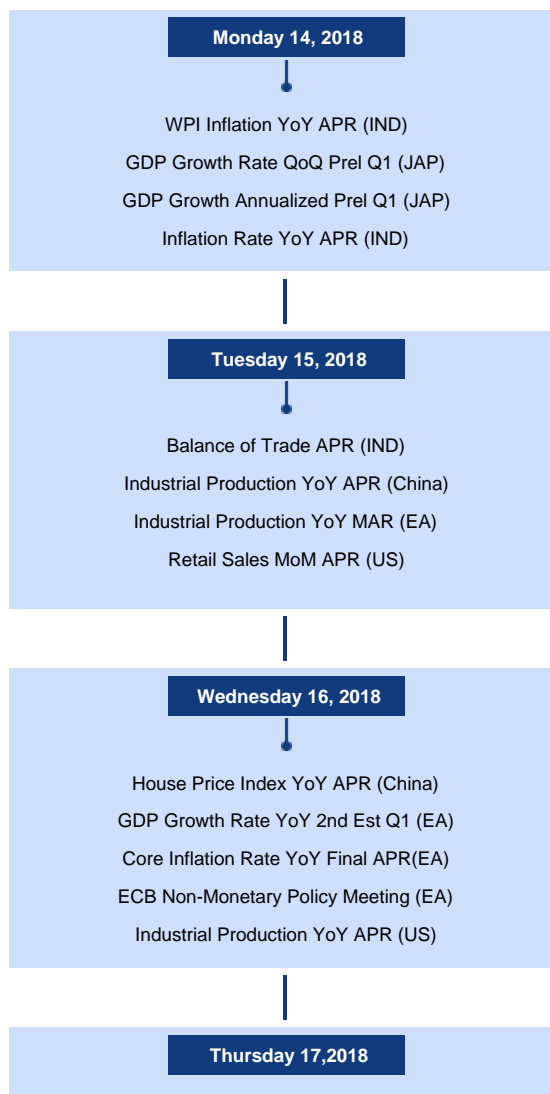
Commodity (INR)	11-May-2018	Gain+/Loss-	% Change
Gold (10 gm)	31261	258	0.83
Silver (1 kg)	39687	706	1.81
Crude Oil (\$/barrel)	77.2	3.44	4.66

Currency Market

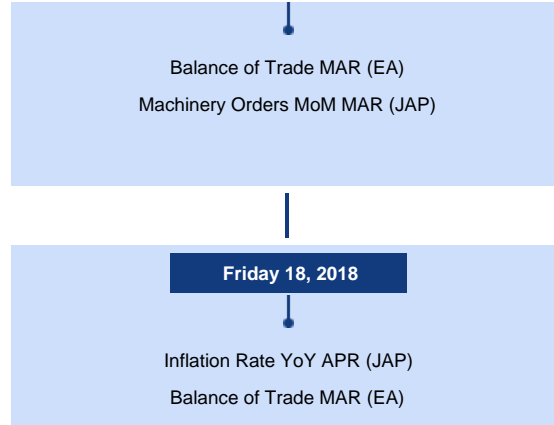


Currency	11-May-2018	Gain+/Loss-	% Change
USD/INR	67.22	0.45	0.68
EURO/INR	80.09	0.12	0.15
GBP/INR	90.88	0.3	0.33
JPY/INR	61.43	0.26	0.43

Upcoming Events



- foreign currency assets.
- Its been a fairly climactic week across global FX. Greenback retreated from a 2018 peak reached earlier this week following disappointing non-farm payrolls report.
 - Earlier, the rupee opened with a positive bias at 66.82 against last weekend close of 66.87 at the inter-bank foreign exchange (forex) market on fresh selling of the US currency by exporters and banks. It later gained ground to touch a high of 66.78 briefly before taking a sharp knock to breach the significant support and resistance levels of 67-mark. After plunging to hit a fresh 15-month low of 67.48 on the Tuesday, the local unit finally settled the week with a steep loss of 46 paise, or 0.69 per cent at 67.33 against 66.87 previously. Marking the fifth-straight week of losses, it has depreciated by a staggering 236 paise or 3.63 per cent.
 - The RBI, meanwhile, fixed the reference rate for the dollar at 67.2203 and for the euro at 80.0863.
 - On the global front, the dollar fell against a basket of currencies as traders booked gains on its recent run-up spurred by the widening interest rate gaps in favor of the United States and signs of cooling growth in the rest of the world. The dollar index, which measures the greenback's value against a basket of six major currencies posted a slim 0.04 percent loss at 92.44 on the week following three straight weeks of gains.



Week Gone By



Events	Actual %	Previous %	1 Year ago %
Balance of Trade APR (China)	\$28.78B	\$-4.98B	
Exports YoY APR (China)	12.9	-2.7	
Imports YoY APR (China)	21.5	14.4	
Core PPI MoM APR (US)	0.2	0.3	
Inflation Rate YoY APR (China)	1.8	2.1	
Core Inflation Rate YoY APR (US)	2.1	2.1	
Inflation Rate YoY APR (US)	2.5	2.4	
Current Account MAR (JAP)	¥3.122T	¥2.076T	
Manufacturing Production YoY MAR (IND)	4.4	8.5	
Industrial Production YoY MAR (IND)	4.4	7.0	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
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