

# Weekly Market Update



## Financial Market & Economy Update

### Domestic Update:

- India's retail inflation rate hit a six-month high in April, due to bigger increases in food prices, but remained below the central bank's target for a ninth month, keeping hopes alive for a June cut in the key interest rate. Annual retail inflation in April was 2.92%, up from the provisional 2.86% in the previous month, but slightly below analyst forecasts, government data showed on Monday.
- The annual rate of inflation based on wholesale price index stood at 3.07 % in April compared to 3.18 % in March, the government said on Tuesday.
- Trade deficit for the month of April has widened to \$15.33 billion, mainly on the back of increased imports and lower growth in exports. India's exports rose marginally by 0.64 % in April to USD 26 billion while imports increased by 4.5 % to 41.4 billion compared to the year-ago month, according to official data released Wednesday. Trade deficit in 2018-19 increased to \$176.42 billion, compared to \$162.05 billion in the previous year, but deficit in March shrunk to \$10.89 billion compared to \$13.51 billion in March last year.

### Global Update:

- The stand-off between China and the US over trade has taken a turn for the worse. At midnight Washington time, the US increased tariffs on 200 billion dollars of imports from China - an increase from 10 to 25 %. The move comes as the two sides failed to reach an agreement at talks in the US.
- China said Monday it will impose tariffs on \$60 billion worth of US goods from June 1, in apparent retaliation after Washington announced plans to tax almost all Chinese imports.
- Germany's inflation rate was confirmed at 2 % in April 2019, up from an 11-month low of 1.3 % in the previous month.
- The consumer price index in Germany jumped 1 % from a month earlier in April 2019, following a 0.4 % gain in March, mainly due to price rises for package holidays (15.9 %).
- Declining output of cars and machinery led U.S. factory production to fall unexpectedly in April, a sign the economy is losing a step as a trade war with China intensifies. The Federal Reserve said on Wednesday manufacturing production fell 0.5 % last month, the third decline in four months. Economists polled by Reuters had forecast manufacturing output would edge up 0.1 % during the month. Motor vehicles and parts production dropped 2.6 % in April.
- U.S. retail sales unexpectedly fell in April as households cut back on purchases of motor vehicles and a range of other goods, pointing to a slowdown in economic growth after a temporary boost from exports and inventories in the first quarter. The Commerce Department said retail sales slipped 0.2% last month. Data for March was revised slightly up to show retail sales surging 1.7%, the largest increase since September 2017, instead of the previously reported 1.6% jump.



## Equity Market Update

- Indian equity benchmarks halted their weekly rout and gained the most in nearly two months. The S&P BSE Sensex closed over 1.2 % higher this week to end at 37,930.77 and the NSE Nifty 50 ended at 11,407, down 1.1 %.
- The broader market index represented by the NSE Nifty 500 Index closed 0.43 % higher during the period. The benchmark indices had declined during the last three trading sessions. The benchmark indices extended gains for the second consecutive trading session.
- Broader Markets:** The S&P BSE Midcap index shed 0.57 %, the Smallcap Index fell 1.55 %, while the S&P BSE Largecap Index was up 0.84 % in the week gone by.
- Sector Update:** Fifteen of 19 sector gauges compiled by BSE ended higher led by the S&P BSE Auto Index's 2.45 per cent gain. Banking, Finance and FMCG shares also witnessed good buying interest as the respective sector gauges climbed above 2 per cent each. On the flipside, information technology, healthcare and metal shares witnessed selling pressure with S&P BSE Healthcare Index being the top loser after it fell 1 per cent.



## Debt Market Update

- Indian government bonds rose this week, with the 10-year benchmark yield falling most in over two months, as investors bought notes ahead of the outcome of the nation's general election.
- The benchmark 7.26% bond maturing in 2029 ended at 99.29 rupees, yielding 7.36% in Mumbai.
- The yield fell five basis points this week, most since Mar. 1.

## Domestic Markets



Index	17-May-2019	10-May-2019	% Change
BSE Sensex	37930.77	37462.99	1.25
S&P CNX Nifty	11407.15	11278.9	1.14
CNX Midcap	16875.4	17029.45	-0.9
CNX 500	9329.7	9290.2	0.43
BSE Smallcap	13887.14	14105.73	-1.55

## Global Markets



Index	17-May-2019	10-May-2019	% Change
Dow Jones	25764	25942.37	-0.69
Nasdaq	7816.28	7916.94	-1.27
S&P 500	2859.53	2881.4	-0.76
FTSE 100	7348.62	7203.3	2.02
Shanghai Composite	2882.3	2939.21	-1.94
Hang Sang	27946.46	28550.24	-2.11

## Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	18941	25072	-6131
MF Flows*	13702	8595	5107

FII data from 10th May to 16th May 2019

MF data from 9th May to 15th May 2019

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



Date	Index	Stocks
13-May-2019	-1045.68	179.24
14-May-2019	-2258.73	435.59
15-May-2019	-1621.42	-36
16-May-2019	-2831.12	588.55
17-May-2019	-529.68	483.18

## Policy Rates



Key Rates (%)	17-May-2019	1 Week Ago	1 Month Ago
Reverse Repo	5.75	5.75	5.75
Repo	6	6	6
CRR	4	4	4
SLR	19.25	19.25	19.25

## Key Rates





## Commodity Market Update

### Oil Update:

- U.S. West Texas Intermediate and international-benchmark crude oil futures remained underpinned by the OPEC-led production cuts and the U.S. sanctions against Venezuela and Iran. The rally, however, was fueled by concerns over potential supply disruptions. Gains remained capped by rising U.S. stockpiles and worries over lower demand due to escalating US-China trade relations.
- The cornerstone supporting the market is the tight global supply caused by the production cuts from OPEC and its allies. It won't become an issue until late June when the participants in the program meet to discuss whether to continue reducing supply.
- The variables driving the volatility are the heightened tensions in the Middle East and the renewed worries over a possible global economic slowdown due to the escalating trade dispute between the U.S. and China.
- Last week, July WTI crude oil settled at \$62.92, up \$1.12 or +1.81% and August Brent crude oil settled at \$71.26, up \$1.62 or +2.27%.

### Gold Update:

- Gold was sold at a discount this week in India for the first time in 2-1/2 months as higher prices deterred jewellers and retail buyers, while currency fluctuations and economic worries triggered caution amongst buyers in other Asian hubs.
- Gold futures in India, the world's second biggest bullion consumer after China, jumped to 32,538 rupees per 10 grams earlier this week, a peak since March 4.
- Dealers offered a discount of about \$2 an ounce over official domestic prices, versus a premium of \$2.5 last week.
- In China, premiums fell to \$6-8 from \$8-12 last week, compared with mid-April when premiums hit a two-year high of around \$20 over the benchmark.
- Global benchmark spot gold held around \$1,284 an ounce on Friday, having climbed to a one-month peak of \$1,303.26 earlier this week.



## Currency Market Update

- On the currency front, the Indian currency last week depreciated by 31 paise to close at 70.23 against the US dollar from its previous week's close at 69.92 per greenback.
- India's foreign exchange reserves increased by \$1.368 billion during the week ended May 10, official data showed on Friday.
- The U.S. dollar index, which measures the greenback against six rival currencies, was up 0.18% to 97.852, for a weekly gain of 0.7%.

Key Rates (%)	17-May-2019	10-May-2019	% Change
Mibor Overnight	6.05	6.07	-0.33
CALL (O/N)	5.99	5.95	0.67
CBLO	5.95	5.96	-0.17
T Bills Index (12M)	6.43	6.53	-1.53
10 Year GSEC	7.36	7.41	-0.67

## Commodity Market



Commodity (INR)	17-May-2019	Gain+/Loss-	% Change
Gold (10 gm)	31911	160	0.5
Silver (1 kg)	36383	-600	-1.62
Crude Oil (\$/barrel)	72.21	1.59	2.25

## Currency Market



Currency	17-May-2019	Gain+/Loss-	% Change
USD/INR	70.17	0.25	0.36
EURO/INR	78.43	-0.06	-0.08
GBP/INR	89.73	-1.2	-1.32
JPY/INR	64.03	0.31	0.49

## Upcoming Events



Friday 24, 2019

Durable Goods Orders MoM APR (US)  
Inflation Rate YoY APR (JAPAN)  
Foreign Exchange ReservesMAY/17 (INDIA)  
Deposit Growth YoY MAY/10 (INDIA)  
Bank Loan Growth YoY MAY/10 (INDIA)

## Week Gone By



Events	Actual %	Previous %
Inflation Rate YoY APR (INDIA)	2.92	2.86
Current Account MAR (JAPAN)	¥2847.9B	¥2676.8B
Harmonised Inflation Rate YoY Final APR (GERMANY)	2.1	1.4
Inflation Rate YoY Final APR (GERMANY)	2.0	1.3
Inflation Rate MoM Final APR (GERMANY)	1.0	0.4
WPI Food YoY APR (INDIA)	7.37	5.68
WPI Manufacturing YoY APR (INDIA)	1.72	2.16
WPI Inflation YoY APR (INDIA)	3.07	3.18
Industrial Production YoY MAR (EA)	0.6	0.0
Industrial Production MoM MAR (EA)	-0.3	-0.1
Industrial Production YoY APR (CHINA)	5.4	8.5
GDP Growth Rate QoQ Flash Q1 (GERMANY)	0.4	0.0
GDP Growth Rate YoY Flash Q1 (GERMANY)	0.7	0.6
Balance of Trade APR (INDIA)	\$-15.3B	\$-10.9B
Manufacturing Production YoY APR (US)	-0.2	0.7
Industrial Production MoM APR (US)	-0.5	0.2
Industrial Production YoY APR (US)	0.9	2.3
Manufacturing Production MoMAPR (US)	-0.5	0.0
Balance of Trade MAR (EA)	€22.5B	€19.1B
Initial Jobless Claims MAY/11 (US)	212K	228K
Wholesale Prices YoY APR (GERMANY)	2.1	1.8
Wholesale Prices MoM APR (GERMANY)	1.0	0.5
Core Inflation Rate YoY Final APR (EA)	1.3	0.8
Inflation Rate YoY Final APR (EA)	1.7	1.4
Inflation Rate	0.7	1.0

MoM APR (EA)

Foreign Exchange ReservesMAY/10 (INDIA)	\$420.06B	\$418.69B
---	-----------	-----------

### ***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.