



Financial Market & Economy Update

Domestic Update:

- India's economy is projected to grow at 7.1 per cent in fiscal year 2020 on the back of strong domestic consumption and investment but the GDP growth is a downward revision from the 7.4 per cent estimated in January this year, according to a report by the United Nations. The World Economic Situation and Prospects (WESP) 2019 Mid-year Update, released here Tuesday, said that the Indian economy, which generates two-thirds of the regional output in South Asia, expanded by 7.2 per cent in 2018.
- The Reserve Bank of India (RBI) will merge three of its departments and undertake lateral recruitment of consultants as part of a functional revamp aimed at improving efficiency in the area of banking supervision, one of the key roles of the apex lender.
- The Department for Promotion of Industry and Internal Trade (DPIIT) plans to set up an India Startup Fund with an initial amount of Rs 1,000 crore. "The government wants to offer seed funds for high-tech, cutting edge startups. The proposal is to provide seed funds to 5,000 startups in priority areas," a senior government official aware of the proposal said.
- The value of loans in India increased 13 percent in April of 2019 over the same month in the previous year.
- Foreign Exchange Reserves in India increased to 420060 USD Million in May 10 from 418690 USD Million in the previous week.

Global Update:

- Japan's economy grew at an annual pace of 2.1% in the first quarter, marking the second straight quarter of expansion, according to government data released Monday.
- Japan posted a trade surplus of JPY 60 billion in April 2019 compared with a JPY 621 billion surplus in the same month a year earlier and market expectations of a JPY 203 billion surplus.
- The German annual producer price inflation edged up unexpectedly to 2.5 percent in April 2019 from an eleven-month low of 2.4 percent in the previous month and beating market expectations of 2.4 percent.
- The current account surplus in the Euro Area narrowed to EUR 35.1 billion in March 2019 from EUR 43.9 billion in the corresponding month of the previous year and compared with market expectations of a EUR 34.5 billion surplus. The consumer confidence indicator in the Euro Area was confirmed at -7.9 in April 2019, down 0.7 points from the previous month's figure, due to households' more pessimistic expectations about their future financial situation and, in particular, the general economic situation.
- Sales of previously owned houses in the US dropped 4.9 percent to a seasonally adjusted annual rate of 5.21 million in March 2019 from the previous month's 11-month high and compared to market expectations of a 3.8 percent fall.
- The annual inflation rate in the United Kingdom increased to 2.1 percent in April 2019 from 1.9 percent in the previous month but below market expectations of 2.2 percent.
- The Federal Reserve kept the target range for the federal funds rate at 2.25 percent to 2.25 percent during its May meeting, saying that economic activity has been rising at a solid rate and that labour market remains strong.
- The retail price index in the UK rose 3.0 percent from a year earlier in April 2019, accelerating from a 2.4 percent advance in the previous month. On a monthly basis, retail prices went up 1.1 percent, from a flat reading in March.
- The IHS Markit Germany Manufacturing PMI came in at 44.3 in May 2019, little-changed from 44.4 in the previous month and below market expectations of 44.8, a preliminary estimate showed.
- The IHS Markit Eurozone Manufacturing PMI fell to 47.7 in May 2019 from 47.9 in the previous month and below market expectations of 48.1, a preliminary estimate showed.
- The number of Americans filing for unemployment fell by 16 thousand to 212 thousand in the week ending May 11th 2019 from the previous week's unrevised level of 228 thousand while markets had expected a smaller drop to 220 thousand.
- The IHS Markit US Manufacturing PMI was revised higher to 52.6 in April 2019 from the previous month and preliminary reading of 52.4.
- Japan's consumer price inflation rose to 0.9 percent year-on-year in April 2019 from 0.5 percent in the previous month and in line with market consensus.
- Retail Sales in the United Kingdom increased 5.20 percent in April of 2019 over the same month in the previous year.



Equity Market Update

- The market staged spectacular performance with not only Nifty & Sensex, but also Bank Nifty hitting record highs after Narendra Modi elected as Prime Minister for second time in a row.
- BJP-led National Democratic Alliance got a thumping majority by winning 353 seats in Lok Sabha elections 2019 on May 23, which was a great show by the ruling party and similar to exit polls forecast.
- As a result, the Nifty50 crossed 12,000 milestone and the BSE Sensex 40,000 level for the first time in history, gaining 4 percent each to end record closing high during

Domestic Markets



Index	24-May-2019	17-May-2019	% Change
BSE Sensex	39434.72	37930.77	3.96
S&P CNX Nifty	11844.1	11407.15	3.83
CNX Midcap	17699.8	16875.4	4.89
CNX 500	9722.05	9329.7	4.21
BSE Smallcap	14699.56	13887.14	5.85

Global Markets



Index	24-May-2019	17-May-2019	% Change
Dow Jones	25585.69	25764	-0.69
Nasdaq	7637.01	7816.28	-2.29
S&P 500	2826.06	2859.53	-1.17
FTSE 100	7277.73	7348.62	-0.96
Shanghai Composite	2853	2882.3	-1.02
Hang Sang	27353.93	27946.46	-2.12

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	23585	22286	1299
MF Flows*	10740	10786	-46

FII data from 17th May to 22nd May 2019

MF data from 16th May to 21st May 2019

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
20-May-2019	2608.43	819.38
21-May-2019	486.15	-995.55
22-May-2019	-2387.75	-644.72

Policy Rates



Key Rates (%)	24-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



the week ended May 24. In addition, Bank Nifty also hit a new high of 31,705 and saw a record close by rising 6 percent in a week.

- The S&P BSE Sensex rallied 3.96 percent this week to close at 39,434 and the NSE Nifty 50 ended at 11,844, up 3.83 percent during the period.
- Another good part seen during the week was sharp fall in volatility index. India VIX corrected by 41 percent during the week from 28.08 to 16.46 levels. During the week, it made a 44-month high of 30.18 but post the Election outcome it fell drastically to 16.46 levels.
- **Broader Markets:** The broader markets outperformed frontline indices. The Nifty Midcap 100 index rallied 4.88 percent and Smallcap index gained 6.7 percent during the week.
- **Sector Update:** Ten out of 11 sectoral indices compiled by National Stock Exchange ended higher this week, led by the NSE Nifty PSU Bank Index's 13 percent rally. On the flipside, the NSE Nifty IT Index was the sole sectoral loser, down 1.73 percent.



Debt Market Update

- Indian government bonds rose for a second week, with the benchmark yield falling most in five months, as Prime Minister Narendra Modi-led National Democratic Alliance won a second five-year term.
- The benchmark 7.26% bond maturing in 2029 ended at 100.22 rupees, yielding 7.23%, in Mumbai. The benchmark bond yield fell 14 basis points this week, its biggest weekly fall since week ended Dec. 21.



Commodity Market Update

Oil Update:

- Oil prices lost ground for the week ending May 24, with the price of West Texas Intermediate (WTI) for July delivery down 6.58 percent and Brent crude oil for July delivery down 4.87 percent, which were thought to be mainly caused by investors' concern over less oil demand.
- WTI closed the week at 58.63 U.S. dollars a barrel on the New York Mercantile Exchange, while Brent crude finished the week at 68.69 dollars a barrel on the London ICE Futures Exchange. WTI and Brent have increased 29.11 percent and 27.68 percent, respectively, so far this year.
- During the week, WTI and Brent ended mixed on Monday and Tuesday. The mixed endings were mainly due to the news about the Middle East that could have an impact on global oil balances. For the rest of the week, WTI and Brent moved in the same direction. The decrease of oil prices showed that oil traders were more concerned about the slowing global economy and less oil demand which are mainly due to escalating trade tensions between China and the United States.
- Oil prices rebounded on Friday as U.S. oil rigs slid this week, offsetting concerns over rising U.S. crude stockpiles. WTI increased 0.72 dollar to settle at 58.63 dollars a barrel, while Brent crude rose 0.93 dollar to close at 68.69 dollars a barrel.
- Brent crude rose 93 cents, or 1.4% to \$67.69 a barrel but the global benchmark still posted a weekly loss of more than 4.5%. U.S. West Texas Intermediate crude rose 1.2% to \$58.63, yet it recorded a one-week loss of more than 6%, its biggest of 2019.

Gold Update:

- Gold prices in India flipped into premiums last week on firmer demand in the domestic market, while buyers in top consumer China took advantage of weaker bullion prices and stepped up purchases.
- In India, dealers charged a premium of about \$1 an ounce over official domestic prices. That contrasted with last week when gold was sold at a discount, of around \$2, for the first time in 2-1/2 months.
- Gold futures in India, the world's second biggest bullion consumer after China, fell to ?31,232 per 10 grams earlier this week.
- In top hub China, premiums rose to about \$12-14 an ounce over the benchmark from \$6-8 last week.
- Global benchmark spot gold slid to its lowest in more than two weeks, at \$1,268.97, earlier this week, but has since firmed to above the \$1,280 mark.



Currency Market Update

- On the currency front, the Indian currency last week strengthened by 30 paise to close at 69.53 against the US dollar from its previous week's close of 70.23 per greenback. It was the week's best performing Asian currency.
- India's foreign exchange reserves declined by \$2.057 billion during the week ended May 17, official data showed on Friday.
- In spite of a negatively skewed set of stats, the Dollar ended the week in the red for a 3rd time in 4-weeks.
- For the week, the Greenback fell by 0.39%. Partially reversing a 0.68% gain from the previous week, the U.S Dollar Index ended the week at 97.613.
- While in the red for the week the Dollar remained in the green for the current month and up by 1.64% year-to-date.

Key Rates (%)	24-May-2019	17-May-2019	% Change
Mibor Overnight	6	6.05	-0.83
CALL (O/N)	5.88	5.99	-1.84
CBLO	5.92	5.95	-0.5
T Bills Index (12M)	6.37	6.43	-0.93
10 Year GSEC	7.23	7.36	-1.77

Commodity Market



Commodity (INR)	24-May-2019	Gain+/Loss-	% Change
Gold (10 gm)	31591	-320	-1
Silver (1 kg)	36343	-40	-0.11
Crude Oil (\$/barrel)	68.69	-3.52	-4.87

Currency Market



Currency	24-May-2019	Gain+/Loss-	% Change
USD/INR	69.61	-0.56	-0.8
EURO/INR	77.97	-0.46	-0.59
GBP/INR	88.3	-1.43	-1.59
JPY/INR	63.55	-0.48	-0.75

Upcoming Events





Events	Actual %	Previous %
GDP Growth Rate QoQ Prel Q1 (JAPAN)	0.5	0.4
Industrial Production YoY FinalMAR (JAPAN)	-4.3	-1.1
Industrial Production MoM FinalMAR (JAPAN)	-0.6	-0.9
Current Account MAR (EA)	€35.1B	€16.7B
Consumer Confidence Flash MAY (EA)	-6.5	-7.3
Existing Home Sales MoM APR (US)	-0.4	-4.9
Balance of Trade APR (JAPAN)	¥60.4B	¥527.8B
MBA Mortgage Applications 17/MAY (US)	2.4	-0.6
Nikkei Manufacturing PMI Flash MAY (JAPAN)	49.6	50.2
Initial Jobless Claims MAY/18 (US)	211K	212K
New Home Sales MoM APR (US)	-6.9	8.1
Markit Services PMI Flash MAY (US)	50.9	53.0
Markit Composite PMI Flash MAY (US)	50.9	53.0
Markit Manufacturing PMI Flash MAY (US)	50.6	52.6
Markit Composite PMI Flash MAY (EA)	51.6	51.5
Markit Manufacturing PMI Flash MAY (EA)	47.7	47.9
Durable Goods Orders MoM APR (US)	-2.1	1.7
Inflation Rate YoY APR (JAPAN)	0.9	0.5
Foreign Exchange Reserves MAY/17 (INDIA)	\$418B	\$420.06B
Deposit Growth YoY MAY/10 (INDIA)	10.4	9.7
Bank Loan Growth YoY MAY/10 (INDIA)	13.0	13.0

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