



Financial Market & Economy Update

Domestic Update:

- The India's manufacturing conditions improved in June at the strongest pace in 2018 so far, as favorable demand conditions led to greater output, a private survey showed on Monday. The Nikkei India Manufacturing Purchasing Managers' Index, or PMI, rose to 53.1 in June from 51.2 in May.
- The Nikkei Services PMI in India rose to 52.6 in June of 2018 from 49.6 in the previous month and marking the highest reading since June 2017.
- The government on Wednesday approved extension of recapitalisation scheme for Regional Rural Banks (RRBs) for next three years up to 2019-20 with an aim to strengthen their lending capacity.
- The Union Cabinet on Wednesday approved the Minimum Support Price (MSP) for Kharif crops for 2018-19 in line with the government's Budget announcement of hiking the support price by one-and-a-half times of the production cost for Kharif crops.
- The export of oil-meals during April to June 2018 is reported at 654,774 tons compared to 599,346 tons during the same period of last year, up by 9%.
- Striking a new high, India's seafood export at 13, 77,244 tonnes earned Rs 45, 106.89 crore in 2017-18. The quantity was up by 21.35% while the value rose 19.1% over the previous year.
- India has agreed to provide tariff concessions on 3,142 products to Asia Pacific Trade Agreement (APTA) members, including Bangladesh and Sri Lanka, from July 1.
- The output pace of India's eight major industries slowed down to 3.6 % in May against a growth of 4.6 % in April. The growth was led by increased output in coal, cement, fertilizers and electricity sectors.

Global Update:

- Growth in China's manufacturing sector cooled slightly in June to 51.0 in as firms faced rising input costs and a decline in export orders amid an escalating trade dispute with the United States, a private survey showed on Monday.
- The IHS Markit/CIPS UK Manufacturing Purchasing Managers' Index (PMI) inched up to 54.4 from a downwardly revised 54.3 in May.
- Unemployment Rate in the Euro Area decreased to 8.40 % in May from 8.60 % in April of 2018.
- China's exports to the United States in June rose 3.8 % from a year earlier in yuan terms, 23.8 % points lower than the growth rate seen a year earlier.
- The Caixin China General Services PMI unexpectedly rose to 53.9 in June of 2018 from 52.9 in the previous month and beating market consensus of 52.7.
- The Nikkei Japan Services PMI improved to 51.4 in June of 2018 from 51.0 in May.
- The leader of Saudi Arabia has assured U.S. President Donald Trump that the Kingdom can raise oil production if needed and the country has 2 million barrels per day of spare capacity that could be deployed to help cool down oil prices to compensate for falling output in Venezuela and Iran.
- Washington imposed tariffs on \$34 billion of Chinese imports on Friday and Beijing has said it will retaliate with punitive measures on U.S. products worth a similar amount, including soybeans, pork and cotton.
- The US trade deficit narrowed sharply to USD 43.1 billion in May 2018 from a revised USD 46.1 billion in the previous month and below market expectations of USD 43.7 billion.
- The US unemployment rate rose to 4 % in June 2018 from 3.8 % in the previous month.



Equity Market Update

- The benchmark Sensex posted decent gains for the week, up 234.38 points to end at 35,657.86, while the broader Nifty ended above the key 10,750 -level at 10,772.65, gaining 58.35 points.
- The market saw intense volatility during the weeks trade with crisis in global financial markets as the US imposition of massive USD 34 billion tariff-due-date triggered the fear of heightened trade-war concerns.
- Rupee went-into extreme volatility marking life-time lows, while continued FII selling along with Inflationary concerns choked the trading sentiment.
- However, the market held on to gains on improving global scenario despite the US tariffs on Chinese imports becoming a reality on Friday, as speculation over People Bank of China preparing to take tougher action against the plunge in the yuan.
- While, Indian government's decision to raise the minimum support price (MSP) for Kharif crops boosted the domestic.
- The BSE Sensex started the week higher at 35,545.22 and hovered between high of 35,799.71 and low of 35,106.57 before closing the week at 35,657.86, showing a gain of 234.38 or 0.66%.
- The Nifty also resumed the week higher at 10,732.35 and traded between 10,816.35 and 10,604.65, the index finally closed at 10,772.65, up 58.35 points, or 0.54%.
- **Broader Markets:** In the broader market with both Smallcap and Midcap also ended with modest gains. In the broader market, the BSE Mid-Cap index fell 59.28 points or 0.38% to settle at 15,391.62. The BSE Small-Cap index rose 27.79 points or 0.17% to settle at 16,059.94.

Domestic Markets



Index	06-Jul-2018	29-Jun-2018	% Change
BSE Sensex	35657.86	35423.48	0.66
S&P CNX Nifty	10772.65	10714.3	0.54
CNX Midcap	18222.05	18181.3	0.22
CNX 500	9194.5	9162.45	0.35
BSE Smallcap	16059.94	16032.15	0.17

Global Markets



Index	06-Jul-2018	29-Jun-2018	% Change
Dow Jones	24456.48	24271.41	0.76
Nasdaq	7688.39	7510.3	2.37
S&P 500	2759.82	2718.37	1.52
FTSE 100	7617.7	7636.93	-0.25
Shanghai Composite	2747.23	2847.42	-3.52
Hang Sang	28315.62	28955.11	-2.21

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	26238	24004	2234
MF Flows*	10940	7802	3138

FII & MF data from 29th June to 5th July 2018

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
29-Jun-2018	1505.13	152.28
02-Jul-2018	-30.3	475.4
03-Jul-2018	163.05	484.72
04-Jul-2018	333.47	61.84
05-Jul-2018	1468.32	303.37
06-Jul-2018	227.45	397.02

Policy Rates



Key Rates (%)	06-Jul-2018	1 Week Ago	1 Month Ago
Reverse Repo	6	6	6
Repo	6.25	6.25	6
CRR	4	4	4
SLR	19.5	19.5	19.5

Key Rates



- **FII:** Meanwhile, foreign portfolio investors (FPIs) and foreign institutional investors (FIIs) sold shares worth whopping Rs 471.88 crore during the week, as per Sebi's record including the provisional figure of July 06.
- **Sector Update:** Among sectoral and industry indices, auto surged by 3.62%, followed by FMCG 1.34%, IPO 0.78%, bankex 0.45 %, healthcare 0.30 %, oil&gas 0.26%, capital goods 0.21% and IT 0.17%. However, metal fell by 3.40 %, consumer durables 3.08%, power 2.41%, realty 1.03%, PSU 0.91 % and teck 0.19%.

Key Rates (%)	06-Jul-2018	29-Jun-2018	% Change
Mibor Overnight	6.19	6.25	-0.96
CALL (O/N)	6.15	6.2	-0.81
CBLO	4.99	6.2	-19.52
T Bills Index (12M)	7.12	7.15	-0.42
10 Year GSEC	7.86	7.9	-0.47



Debt Market Update

- Indian government bonds ended marginally higher this week amid low volumes, even as investors remained cautious as escalating trade tensions between the U.S. and China kept the rupee under pressure.
- The benchmark bond yield fell three basis points this week, after posting an eight-basis-point gain in the previous week.
- The whole week was full of key events - from the hike in minimum support prices of some crops to the Federal Reserve minutes
- Trading volumes remained thin through this week following the rupee's fall to a record low of 69.10 to a dollar last week. The daily average volume slipped to around 180 billion rupees this week from 268 billion rupees average daily volume in June.
- Minutes of the Federal Reserve's June meeting released showed the U.S. policymakers reaffirmed their commitment to gradually raising the benchmark lending rate. The Fed is likely to raise interest rates twice again this year.
- Demand for bonds from foreign investors continues to be weak. Foreign investors have sold \$5.32 billion of Indian government and corporate debt in 2018.



Commodity Market Update

Oil Update:

- Saudi Arabia told OPEC it raised oil output by almost 500,000 barrels per day (bpd) last month to 10.5 million bpd, as the kingdom sought to cap rallying prices by ramping up output.
- The world's top oil exporter and the Organization of Petroleum Exporting Country's (OPEC) biggest producer pledged last month it would raise output to make up for lost supplies out of Libya, Venezuela and Iran.
- Iran's oil minister on Saturday accused Trump of insulting OPEC by ordering it to increase production and reduce prices, adding that Iranian output and exports had not changed as a result of U.S. pressure.
- The Trump administration is pushing countries to cut all imports of Iranian oil from November when the U.S. reimposes sanctions against Tehran, after Trump withdrew from the 2015 nuclear deal agreed between Iran and six major powers.
- U.S. and global oil benchmarks finished on a mixed note Friday, with both booking their first weekly losses in three weeks amid signs of rising crude supplies.
- U.S. benchmark oil, August West Texas Intermediate crude rose 86 cents, or around 1.2%, to settle at \$73.80 a barrel on the New York Mercantile Exchange.
- For the week, WTI oil shed 0.5%, while Brent saw a weekly slide of 2.9%. The moves follow two consecutive weeks of gains for both contracts.

Gold Update:

- Riding on positive global cues and increased buying by local jewellers, gold regained its sheen, snapping its two consecutive week of losses at the bullion market during the week.
- Elsewhere, silver also gained sharply on increased offtake amid industrial buying.
- On the domestic front, standard gold (99.5 purity) resumed lower at Rs 30,315 per 10 grams from last Friday's closing level of Rs 30,320 and later hovered in a range of Rs 30,180 and 30,545 before closing at Rs 30,530, revealing a rise of Rs 210, or 0.69 %.
- Silver ready (.999 fineness) too opened lower at Rs 39,115 per kilo gram from last Friday's closing level of Rs 39,220 and later hovered in a range of Rs 38,900 and 39,345 before finishing at Rs 39,295, disclosing a rise of Rs 75 per kilo, or 0.19 %.
- While, in worldwide trade, Gold futures settled lower yesterday, but still notched a slight gain for the week, after a mostly upbeat US jobs report was seen keeping the Federal Reserve on a path toward gradually higher interest rates.
- August gold fell USD 3, or 0.20%, to settle at USD 1,255.80 an ounce. Its finish Thursday at USD 1,258.80 was the highest settlement since June 26. Futures at the start of the week hit their lowest levels of 2018 before climbing modestly over subsequent sessions. For the week, the gold futures contract gained roughly 0.10%.
- In the New York Comex trade, gold for August delivery rose to end at USD 1,255.80 an ounce compared to last August weekend's close of USD 1,254.50 and September silver contract fell to USD 16.069 an ounce from USD 16.198 earlier.



Currency Market Update

- The nervous Indian Rupee or INR is attempting to find its true value as it nose-dived to its lowest closing at 68.95 against the US Dollar on July 5.
- The domestic currency has continued its depreciating streak over the past few weeks.

Commodity Market



Commodity (INR)	06-Jul-2018	Gain+/Loss-	% Change
Gold (10 gm)	30540	152	0.5
Silver (1 kg)	39264	43	0.11
Crude Oil (\$/barrel)	76.4	-3.04	-3.83

Currency Market



Currency	06-Jul-2018	Gain+/Loss-	% Change
USD/INR	68.87	0.29	0.42
EURO/INR	80.63	0.78	0.98
GBP/INR	91.14	1.21	1.35
JPY/INR	62.25	0.23	0.37

Upcoming Events



Monday 9, 2018

Inflation Rate YoY JUN (China)

Thursday 12, 2018

Inflation Rate YoY JUN (India)
Industrial Production YoY MAY (India)
Inflation Rate YoY JUN (US)
Manufacturing Production YoY MAY (India)

Friday 13, 2018

Imports & Exports YoY JUN (China)
Balance of Trade JUN (China)

Saturday 14, 2018

Balance of Trade JUN (India)

Week Gone By



Events	Actual %	Previous %

- On Friday, the rupee skidded to touch 69.03 against the US Dollar before ending at 68.87.
- The Indian currency has been the weakest since it had touched the 68.80 level against the US Dollar on August 28, 2013.
- The Rupee is one of the worst performing currencies this year. Since January this year, it has weakened over 7 % against the US Dollar.
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- However, for the week, rupee depreciated further by a sharp 41 paise against the US dollar.
- The RBI, meanwhile, fixed the reference rate for the dollar at 68.7545 and for the euro at 80.4771.
- Globally, the dollar weakened as US tariffs on Chinese imports took effect, but a muted reaction in currency markets suggested the escalation had largely been priced in by investors focusing on a US jobs report due later in the day.
- The dollar index, which measures the greenback's value against basket of six major currencies, was down at 93.84.

Caixin Manufacturing PMI JUN (China)	51.0	51.1
Nikkei Manufacturing PMI JUN (India)	53.1	51.2
ISM Manufacturing PMI JUN (US)	60.2	58.7
Unemployment Rate MAY (EA)	8.4	8.4
Tankan Large Manufacturers Index Q2 (Japan)	21.0	24.0
Caixin Services PMI JUN (China)	53.9	52.9
Nikkei Services PMI JUN (India)	52.6	49.6
ISM Non-Manufacturing PMI JUN (US)	59.1	58.6
Balance of Trade MAY (US)	\$-43.1B	\$-46.1B @

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