

Weekly Market Update



Financial Market & Economy Update

Domestic Update:

- Passenger vehicle wholesales in India witnessed the steepest decline in nearly 18 years, dropping by over 20 % in May, as continued weakness in retail offtake forced manufacturers to cut production in order to adjust to market demand. The passenger vehicle (PV) sales declined for a seventh straight month in May to 2,39,347 units against 3,01,238 units in the year-ago month.
- India's industrial output in April grew 3.4% from a year earlier, government data showed on Wednesday.
- India's retail inflation rate picked up in May on higher food prices, but stayed below the central bank's target, potentially giving it room for more interest rate cuts to help an economy that has been growing at its slowest pace in over four years. Annual retail inflation in May was 3.05%, up from the revised 2.99% in the previous month.
- India received \$42 billion in FDI in 2018, a growth of 6%. Manufacturing, communication and financial services – were the top three recipients of inflows in India. Growth in cross-border M&As to \$33 billion in 2018 from \$23 billion in 2017 was primarily due to transactions in retail trade, which includes e-commerce, and telecommunication.
- India has decided to impose retaliatory tariffs on 29 American goods June 16 onwards, after having deferred the higher duties multiple times after announcing them last year in June.
- Automobile dealers' body FADA on Friday said retail sales of passenger vehicles (PV) in May declined by 1 % to 2,51,049 units as compared with the same period last year.
- India's service sector exports rose by 2.8 % to USD 18.06 billion in the first month of the current fiscal, RBI data showed Friday.
- Inching closer to its historic peak, India's forex kitty increased by \$1.686 billion to \$423.554 billion for the week to June 7, RBI data showed Friday.
- India's exports grew by 3.93 % to \$30 billion in May on account of healthy growth in sectors such as chemicals, pharmaceuticals and engineering, according to a commerce ministry data released June 14.

Global Update:

- Japan's current account surplus narrowed to JPY 1.71 trillion in April 2019 from JPY 1.89 billion in the same month the previous year and compared to market consensus of JPY 1.52 trillion.
- China's trade surplus soared to USD 41.66 billion in May 2019 from USD 23.42 billion in the same month a year earlier and easily beating market consensus of a surplus of USD 20.5 billion.
- The UK trade deficit narrowed to GBP 2.74 billion in April 2019 from an upwardly revised GBP 6.15 billion in the previous month.
- Industrial production in the United Kingdom slumped 1 % from a year earlier in April 2019, following a 1.3 % growth in the previous month and missing market expectations of 1 % gain.
- U.S. consumer prices barely rose in May, pointing to moderate inflation that together with a slowing economy could increase pressure on the Federal Reserve to cut interest rates this year. The consumer price index edged up 0.1% last month as a rebound in the cost of food was offset by cheaper gasoline, the government said. The CPI gained 0.3% in April.
- The inflation rate in Germany was confirmed at 1.4 % year-on-year in May 2019, down from the previous month's five-month high of 2 %, as both energy and services prices rose at a softer pace.
- Industrial production in the Euro Area declined 0.4 % from a year earlier in April 2019, following an upwardly revised 0.7 % contraction in the previous month and compared to market expectations of 0.5 % drop.
- US import prices dropped 0.3 % from a month earlier in May 2019, compared to a downwardly revised 0.1 % gain in April and market expectations of a 0.2 % fall.
- US export prices declined 0.2 % from a month earlier in May 2019, the first monthly drop since January and worse than market expectations of a 0.1 % fall.



Equity Market Update

- Markets continued to remain choppy and gained on two trading days, lost on two days and were flat on the fifth day. BSE SENSEX lost 163.83 points or 0.41 % to close at 39,452.07 points while NIFTY lost 47.35 points or 0.40 % to close at 11,823.30 points. The broader indices saw BSE100, BSE200 and BSE500 lose a little more at 0.51 %, 0.60 % and 0.70 % respectively. Dow Jones gained 105.67 points or 0.41 % to close at 26,089.61 points.
- **Sector Update:** Among sectors, Nifty IT and Metal bucked the trend gaining a % each while all other sectors ended lower.
- **Broader Markets:** The S&P BSE Midcap index fell 1.24 %, Smallcap Index shed 1.99 % and S&P BSE Largecap Index was down 0.49 % last week.

Domestic Markets



Index	14-Jun-2019	07-Jun-2019	% Change
BSE Sensex	39452.07	39615.9	-0.41
S&P CNX Nifty	11823.3	11870.65	-0.4
CNX Midcap	17564.55	17781.85	-1.22
CNX 500	9669.95	9735.85	-0.68
BSE Smallcap	14365.93	14657.09	-1.99

Global Markets



Index	14-Jun-2019	07-Jun-2019	% Change
Dow Jones	26089.61	25983.94	0.41
Nasdaq	7796.66	7742.1	0.7
S&P 500	2886.98	2873.34	0.47
FTSE 100	7345.8	7331.9	0.19
Shanghai Composite	2881.97	2827.8	1.92
Hang Sang	27118.35	26965.28	0.57

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	20263	20661	-398
MF Flows*	8632	7597	1035

*FII & MF data from 7th June to 13th June 2019

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
07-Jun-2019	164.48	362.98
10-Jun-2019	122.24	84.51
11-Jun-2019	1808.03	551.92
12-Jun-2019	752.46	-348.3
13-Jun-2019	1863.14	59.92

Policy Rates



Key Rates (%)	14-Jun-2019	1 Week Ago	1 Month Ago
Reverse Repo	5.5	5.5	5.75
Repo	5.75	5.75	6
CRR	4	4	4
SLR	19	19.25	19.25

Key Rates





Debt Market Update

- Indian government bonds ended higher for a fifth consecutive week, despite early losses, as a fall in crude oil prices and core inflation have further strengthened monetary easing bets, while a surprise open market bond purchase announcement also provided support.
- The benchmark 7.26% bond maturing in 2029 ended at 102.35 rupees, highest since its issuance on Jan. 11, yielding 6.92%, lowest since Nov. 21, 2017 in Mumbai.
- The benchmark yield had risen to 7.10% earlier in the week, but ended lower by five basis points. It has now shed 49 basis points in the last five weeks.



Commodity Market Update

Oil Update:

- The oil price increased by a % on June 14 amid concerns over potential supply disruptions after attacks on oil tankers in the Gulf of Oman last week. But, the week ended with a loss of 2 % amid global demand worries due to trade disputes between world's largest economies, China and the US.
- Brent crude futures, the international benchmark for oil prices, closed at \$62.01 a barrel on June 14.

Gold Update:

- Physical gold discounts in India widened to their biggest in five months this week as an upsurge in local prices dampened purchases, while China and Singapore saw demand rise from investors looking to hedge against a global slowdown.
- Dealers in India, which is also the world's second biggest bullion consumer, were offering a discount of \$7 an ounce over official domestic prices, the highest since mid-Jan.
- This compares to a discount of 50 cents offered last week. The domestic price includes a 10% import tax and 3% sales tax.
- Gold futures in the region rose to 33,344 rupees per 10 grams on Friday, the highest level since Feb. 28.
- Premiums in top gold consumer China, still engaged in an exacerbated trade war with the United States, rose to \$10-\$12.50 an ounce over the global benchmark from \$7-\$10 in the previous week.



Currency Market Update

- Indian rupee fell by 33 paise to end the week at 69.80 against the US dollar tracking the weakness in Chinese Yuan, as well as the strength in greenback. Rising crude oil prices and an intense sell-off in equities also put pressure on the currency.
- India's central bank the Reserve Bank of India (RBI) has said that the country's foreign exchange reserves (Forex) has increased by 1.68 billion U.S. dollars to 423.55 billion U.S. dollars for the week ended June 7.
- The dollar index climbed to its highest in almost two weeks on Friday after encouraging retail sales data for May eased fears that the U.S. economy is slowing sharply. The dollar index against a basket of currencies was last 97.540, up 0.56% on the day and the highest since June 3.
- The dollar has recovered in the last week from a weak start to June, as investors consider whether expectations for U.S. interest rate cuts have gotten too far-fetched relative to the data.

Key Rates (%)	14-Jun-2019	07-Jun-2019	% Change
Mibor Overnight	5.8	5.8	0
CALL (O/N)	5.83	5.69	2.46
CBLO	5.66	5.74	-1.39
T Bills Index (12M)	6.13	6.05	1.32
10 Year GSEC	6.92	6.97	-0.72

Commodity Market



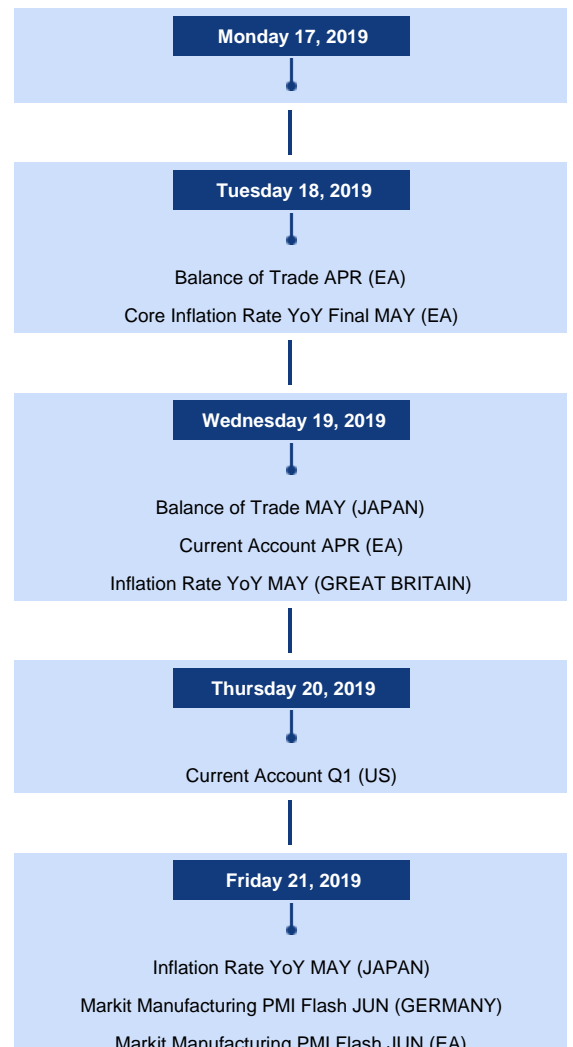
Commodity (INR)	14-Jun-2019	Gain+/Loss-	% Change
Gold (10 gm)	33061	454	1.39
Silver (1 kg)	37300	363	0.98
Crude Oil (\$/barrel)	62.01	-1.28	-2.02

Currency Market



Currency	14-Jun-2019	Gain+/Loss-	% Change
USD/INR	69.56	0.26	0.38
EURO/INR	78.43	0.36	0.46
GBP/INR	88.2	0.18	0.2
JPY/INR	64.23	0.31	0.48

Upcoming Events



Foreign Exchange Reserves JUN/14 (INDIA)

Markit Composite PMI Flash JUN (US)

Markit Manufacturing PMI Flash JUN (US)

Markit Services PMI Flash JUN (US)

Week Gone By



Events	Actual %	Previous %
Balance of Trade MAY (CHINA)	\$41.66B	\$13.77B
Balance of Trade APR (GREAT BRITAIN)	£-2.740B	£-6.151B
Core PPI YoY MAY (US)	2.3	2.4
Inflation Rate YoY MAY (CHINA)	2.7	2.5
Core Inflation Rate YoY MAY (US)	2.0	2.1
Industrial Production YoY APR (INDIA)	3.4	0.4
Inflation Rate YoY MAY (INDIA)	3.05	2.99
Manufacturing Production YoY APR (INDIA)	2.8	0.1
Inflation Rate YoY Final MAY (GERMANY)	1.4	2.0
Industrial Production YoY MAY (CHINA)	5.0	5.4
Retail Sales MoM MAY (US)	0.5	0.3
Manufacturing Production MoM MAY (US)	0.2	-0.5
WPI Manufacturing YoY MAY (INDIA)	1.28	1.72
WPI Fuel YoY MAY (INDIA)	0.98	3.84
WPI Food YoY MAY (INDIA)	6.99	7.37
WPI Inflation YoY MAY (INDIA)	2.45	3.07
Foreign Exchange Reserves JUN/07 (INDIA)	\$423.55B	\$421.87B
Balance of Trade MAY (INDIA)	\$-15.36B	\$-15.3B

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