



Financial Market & Economy Update

Domestic Update:

- India exported goods worth USD 6.3 billion to the US in 2018 under their export incentive programme, Parliament was informed Friday. The US has rolled back incentives under its Generalised System of Preferences (GSP) programme from June 5.
- The Centre has disbursed Rs 12,305 crore so far to beneficiaries under the PM-KISAN programme that aims to boost farmers income by providing them Rs 6,000 per year in three equal instalments.
- The value of loans in India increased 12.30 % in June of 2019 over the same month in the previous year.
- Both bank credit and deposits slowed to 9.92 % and 12.31 % at Rs 96.52 lakh crore and Rs 125.40 lakh crore, respectively, for the fortnight ending June 7.
- The Reserve Bank of India Tuesday said it will infuse Rs 12,500 crore of liquidity into the system through purchase of government bonds.
- India's defence exports have more than doubled to nearly Rs 11,000 crore on the back of recent policy liberalisation and access to the US market, given a large amount of offsets being executed by domestic companies.
- Domestic air passenger traffic saw a rebound in May as it increased by 2.96 % after a slump in April, according to the data released by aviation regulator DGCA on Tuesday.
- India has for the first time granted financial support of \$15 million for the African Union Summit, scheduled to be held in Niger in early July, infusing fresh energy into its focus on Africa within weeks of the re-election of the Narendra Modi-led NDA.

Global Update:

- Japan's consumer price inflation fell to 0.7 % year-on-year in May 2019 from a six month-high of 0.9 % in the prior month and in line with market consensus.
- The Nikkei Japan Manufacturing PMI declined to 49.5 in June 2019 from 49.8 in the prior month, as new orders fell to the lowest level in three years, dragged by a sharper fall in exports.
- The IHS Markit Germany Manufacturing PMI rose to 45.4 in June 2019 from 44.3 in the previous month and above market expectations of 44.5.
- The IHS Markit Germany Services PMI edged up to 55.6 in June 2019 from 55.4 in the previous month, beating market consensus of 55.4.
- Manufacturing PMI in the United States decreased to 50.10 in June from 50.50 in May of 2019.
- The Federal Reserve held the target range for the federal funds rate at 2.25-2.5 % but dropped a promise to be "patient" in adjusting rates and signaled possible rate cuts of as much as half a % point later this year.
- The Bank of England's Monetary Policy Committee voted unanimously to hold the Bank Rate at 0.75 % during its June policy meeting and reaffirmed its pledge to gradual and limited rate rises over the forecast period, despite ongoing Brexit concerns and global trade tensions.
- The US current account deficit narrowed to USD 130.4 billion or 2.5 % of the GDP in the first quarter of 2019 from an upwardly revised USD 143.9 billion gap or 2.8 % of the GDP in the last three months of 2018, above market consensus of USD 125 billion.
- Britain's inflation rate cooled in May and cost pressures in factories fell to a three-year low, according to data that might reassure the Bank of England there is no urgency to pursue its stated policy of gradually raising interest rates. Britain's Office for National Statistics said consumer prices rose at an annual rate of 2.0% in May after a 2.1% rise in April.
- Inflation in the euro zone slowed to 1.2% in May, the lowest rate in more than a year, as price growth in the energy and services sectors slackened, the European Union statistics agency said on Tuesday, confirming its earlier estimates.
- Pakistan and the World Bank signed on Tuesday a \$918 million loan agreement to support the economy, reform the tax system and broaden the revenue base. Low rates of tax collection have long been one of the biggest obstacles to economic development in Pakistan, which has a large informal economy and a fast-expanding population of 208 million people.



Equity Market Update

- Indian benchmark indices, Sensex and Nifty, ended lower last week as volatility persistent in the markets amid negative domestic as well as global cues. Several factors like concern of economic slowdown at home, global trade war, geopolitical tension in West Asia and forecast of a weak monsoon spooked investor sentiment. The BSE benchmark Sensex settled with 0.6 % loss as market factored in some rationalisation in GST rates, shortfall in tax collection and RBI indication of losing traction on growth.
- The Sensex slipped 0.65 % to 39,194 for the week ended June 21. The index was at 39,452 on June 14. Similarly, the NSE Nifty dipped 0.84 % to 11,724 from 11,823 during the same period.
- Sector Update:** Sector-wise, the BSE Consumer Durable, Realty and Power rallied more than 1 % during the week. However, the BSE Telecom, Auto, FMCG, Healthcare and Oil & Gas indices weakened between 1 % and 2.20 %.
- Broader Markets:** In the broader market space, the S&P BSE Midcap index fell

Domestic Markets



Index	21-Jun-2019	14-Jun-2019	% Change
BSE Sensex	39194.49	39452.07	-0.65
S&P CNX Nifty	11724.1	11823.3	-0.84
CNX Midcap	17412.45	17564.55	-0.87
CNX 500	9581.6	9669.95	-0.91
BSE Smallcap	14084.24	14365.93	-1.96

Global Markets



Index	21-Jun-2019	14-Jun-2019	% Change
Dow Jones	26719.13	26089.61	2.41
Nasdaq	8031.71	7796.66	3.01
S&P 500	2950.46	2886.98	2.2
FTSE 100	7407.5	7345.8	0.84
Shanghai Composite	3001.98	2881.97	4.16
Hang Sang	28473.71	27118.35	5

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	23606	24249	-643
MF Flows*	11634	8309	3325

*FII and MF data from 14th June to 20th June 2019

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
14-Jun-2019	1421.43	-717.84
17-Jun-2019	2815.47	-598.57
18-Jun-2019	1004.41	119.39
19-Jun-2019	1247.92	-537.64
20-Jun-2019	1271.24	1209.12
21-Jun-2019	161.94	-74.04

Policy Rates



Key Rates (%)	21-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 sovereign bonds rose for a sixth week to post their longest rally in over 32 months, aided by the Fed policy outcome and some speculations of higher capital transfer to the government.
- However, a surge in crude oil prices capped gains, while the notes slumped on Friday following a media report that the government may again widen the fiscal deficit target.
- The benchmark 7.26% bond maturing in 2029 ended at 102.76 rupees, yielding 6.86%. The yield declined six basis points this week, the sixth weekly fall and the longest falling streak since September-October 2016. It fell by an aggregate 55 basis points in six weeks.



Commodity Market Update

Oil Update:

- U.S. West Texas Intermediate and international-benchmark Brent crude oil soared last week as a number of bullish factors combined to drive prices to levels not seen in nearly a month. The rally was strong enough to change the trend to up on both the WTI and Brent daily charts, while bringing the 200-day moving average back into the picture.
- Last week, August WTI crude oil settled at \$57.43, up \$4.66 or +8.83% and August Brent crude oil finished at \$65.20, up \$3.19 or +4.89%.
- The buying started early in the week on the hope that a meeting between U.S. President Trump and China President Xi Jinping would lead to an eventual trade deal between the two economic powerhouses. It continued early Wednesday following the release of a better-than-expected government inventories report.
- A weaker U.S. Dollar also helped boost foreign demand for dollar-denominated crude oil. The greenback weakened when the Federal Reserve hinted at an interest rate cut. Buyers also reacted to reports that OPEC and its allies would extend the deal to cut production, trim the excess supply and stabilize prices.

Gold Update:

- Physical gold discounts in India widened to their highest in almost three years this week as local prices surged to record peaks, while Asian hubs, barring China, saw aggressive selling from customers as global bullion rates scaled a 6-year peak.
- The price of gold in India hit a record high of 35,430 rupees per 10 grams on Friday, tracking gains in the world market and helped by a weak rupee.
- Dealers this week were offering a discount of up to \$15 an ounce over official domestic prices, the highest since September 2016. Dealers offered discounts of about \$7 last week. The domestic price includes a 10 % import tax and 3 % sales tax.
- India's gold imports in May jumped 49 % from a year earlier to 116 tonnes as a correction in local prices during a major festival boosted retail demand, a government source said on Tuesday.
- Premiums in top gold consumer China ranged from \$14 to \$20 an ounce over the global benchmark, up from \$10 to \$12.50 in the previous week.
- Spot gold surpassed the key \$1,400 an ounce level on Friday, scaling a six-year peak at \$1,410.78.



Currency Market Update

- The US dollar once again witnessed supply pressure at falling trend line and Indian rupee traded with positive bias throughout the week.
- No major movement have been witnessed in spite of heavy price fluctuations in crude oil prices as other factors supported the Indian Rupee (INR) throughout the week.
- The Indian rupee ended at 69.55 to the dollar, up 0.4% this week.
- India's foreign exchange reserves declined by US\$ 1.35 billion to US\$ 422.20 billion in the week ended 14 June 2019. The foreign exchange reserves had stood at US\$ 423.55 a week ago.
- The dollar index versus a basket of six major currencies was a shade lower at 96.135, having struck 96.093 on Friday, its lowest since March 21, after the Fed last week opened the door for a potential rate cut as early as next month.

Key Rates (%)	21-Jun-2019	14-Jun-2019	% Change
Mibor Overnight	5.9	5.8	1.72
CALL (O/N)	5.78	5.83	-0.86
CBLO	5.66	5.66	0
T Bills Index (12M)	6.08	6.13	-0.82
10 Year GSEC	6.86	6.92	-0.87

Commodity Market



Commodity (INR)	21-Jun-2019	Gain+/Loss-	% Change
Gold (10 gm)	33909	848	2.56
Silver (1 kg)	37860	560	1.5
Crude Oil (\$/barrel)	65.2	3.19	5.14

Currency Market



Currency	21-Jun-2019	Gain+/Loss-	% Change
USD/INR	69.63	0.07	0.1
EURO/INR	78.59	0.16	0.2
GBP/INR	88.36	0.16	0.18
JPY/INR	64.9	0.67	1.04

Upcoming Events



Week Gone By



Events	Actual %	Previous %
Balance of Trade APR (EA)	€15.7B	€23.2B
Core Inflation Rate YoY Final MAY (EA)	0.8	1.3
Balance of Trade MAY (JAPAN)	¥-967.1B	¥56.8B
Current Account APR (EA)	€19.2B	€35.1B
Inflation Rate YoY MAY (GREAT BRITAIN)	2.0	2.1
Current Account Q1 (US)	\$-130.4B	\$-143.9B
Inflation Rate YoY MAY (JAPAN)	0.7	0.9
Markit Manufacturing PMI Flash JUN (GERMANY)	45.4	44.3
Markit Manufacturing PMI Flash JUN (EA)	47.8	47.7
Foreign Exchange Reserves JUN/14 (INDIA)	\$422.2B	\$423.55B
Markit Composite PMI Flash JUN (US)	50.6	50.9
Markit Manufacturing PMI Flash JUN (US)	50.1	50.5
Markit Services PMI Flash JUN (US)	50.7	50.9

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