



Financial Market & Economy Update

Domestic Update:

- The Reserve Bank of India cut its policy interest rate by 25 basis points in a widely expected move on Thursday, while also changing its monetary policy stance to "accommodative" after the economy grew at its slowest pace in over four years in the January-March quarter. The six-member monetary policy committee (MPC) cut the repo rate to 5.75%. The reverse repo rate was reduced to 5.50%.
- The Reserve Bank on Thursday raised the retail inflation forecast marginally to 3-3.1 % for the first half of the current fiscal, tracking uptick in food prices - mainly vegetables, albeit expectations of a normal monsoon this year.
- The Goods and Services Tax (GST) collection for the month of May rose 6.67 % to Rs 1,00,289 crore from a year ago period staying above Rs 1 lakh crore in monthly revenue mop-up.
- The Nikkei India Manufacturing PMI increased unexpectedly to a three-month high of 52.7 in May 2019 from 51.8 in the previous month and above market forecasts of 51.3. The latest PMI reading marked the 22nd straight month of growth in the manufacturing sector, with both output and new order expanding at faster rates while export sales grew the most in six months.
- A G-20 surveillance note expects India's economy to grow 7.3% in 2019 and 7.5% in 2020.
- The value of loans in India increased 12.70 % in May of 2019 over the same month in the previous year.

Global Update:

- The Nikkei Japan Manufacturing PMI was revised higher to 49.8 in May 2019 from a preliminary estimate of 49.6 and compared to April's final reading of 50.2.
- The IHS Markit Germany Manufacturing PMI was confirmed at 44.3 in May 2019, little-changed from 44.4 in the previous month, pointing to a fifth month of contraction in the manufacturing sector due to a continued fall in new orders amid a slowdown in the car industry, the US-China trade conflict and customer destocking on sales.
- The IHS Markit Eurozone Manufacturing PMI was confirmed at 47.7 in May 2019, little-changed from 47.9 in the previous month, pointing to a contraction in the manufacturing sector for the fourth consecutive month.
- The ISM Manufacturing PMI in the US fell to 52.8 in April 2019 from 55.3 in March, below market expectations of 55.
- The IHS Markit/CIPS UK Construction PMI dropped to 48.6 in May 2019 from 50.5 in the previous month and well below market expectations of 50.5, pointing to the steepest contraction in the construction sector since the snow-related downturn in output during March 2018.
- New orders for manufactured goods made in the US jumped 1.9 % from a month earlier in March 2019, following a downwardly revised 0.3 % drop in February and beating market expectations of a 1.5 % gain.
- The U.S. trade deficit unexpectedly narrowed in April as imports of goods dropped to a 15-month low. The Commerce Department said the trade deficit fell 2.1% to \$50.8 billion in April. Data for March was revised up to show the trade gap increasing to \$51.9 billion instead of the previously reported \$50.0 billion.
- The German trade surplus narrowed to EUR 17.9 billion in April 2019 from EUR 20.4 billion in the same month a year earlier.
- German industrial production plunged 1.9 % from a month earlier in April 2019, much worse than market expectations of a 0.4 % fall and after a 0.5 % gain in the previous month.
- Nonfarm payrolls in the US increased by 75 thousand in May 2019, following a downwardly revised 224 thousand rise in April and missing market expectations of 185 thousand.



Equity Market Update

- Domestic equity investors took money off the table for the week ended June 7, sending benchmark equity indices down for the first time in four weeks. BSE Sensex and NSE Nifty kicked off the truncated week on a positive note after Goods and Services Tax (GST) collections touched Rs 1 lakh crore in May 2019 as compared to Rs 94,016 crore in the year-ago period.
- Markets participants ignored CSO data which showed that economic growth slowed to a 5-year low of 5.8 % in the fourth quarter of 2018-19, pushing India behind China, due to a poor showing by agriculture and manufacturing sectors.
- BSE Sensex closed 98.30 points, or 0.25 % down at 39,615.90 on June 7 against 39,714.20 on May 31. Likewise, the NSE Nifty index closed 52.15 points, or 0.44 %, lower at 11,870.65.
- **Sector Update:** Sector-wise, the BSE Oil and Gas as well as Healthcare indices declined over 2 % during the week. However, the BSE Consumer Durables, Telecom, Auto, Metal and FMCG indices advanced between 0.10 % and 2.30 %.
- **Broader Markets:** The BSE Mid-Cap index fell 189.80 points or 1.26 pc to settle at 14,906.38. The BSE Small-Cap index fell 209.95 points or 1.41 pc to settle at 14,657.09.

Domestic Markets



Index	07-Jun-2019	31-May-2019	% Change
BSE Sensex	39615.9	39714.2	-0.25
S&P CNX Nifty	11870.65	11922.8	-0.44
CNX Midcap	17781.85	17959.05	-0.99
CNX 500	9735.85	9805.05	-0.71
BSE Smallcap	14657.09	14867.04	-1.41

Global Markets



Index	07-Jun-2019	31-May-2019	% Change
Dow Jones	25983.94	24815.04	4.71
Nasdaq	7742.1	7453.15	3.88
S&P 500	2873.34	2752.06	4.41
FTSE 100	7331.9	7161.71	2.38
Shanghai Composite	2827.8	2898.7	-2.45
Hang Sang	26965.28	26901.09	0.24

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	29374	27459	1915
MF Flows*	13776	16451	-2675

FII data from 31st May to 6th June 2019

MF data from 30th May to 6th June 2019

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
31-May-2019	2288.43	2482.22
03-Jun-2019	3429.12	1315.56
04-Jun-2019	450.71	-757.26
06-Jun-2019	3517.8	-240.57

Policy Rates



Key Rates (%)	07-Jun-2019	1 Week Ago	1 Month Ago
Reverse Repo	5.5	5.75	5.75
Repo	5.75	6	6
CRR	4	4	4
SLR	19	19.25	19.25

Key Rates





Debt Market Update

- Indian government bonds rose for a fourth week, after the Monetary Policy Committee cut key policy rate to a nine-year low and eased policy stance to accommodative.
- The benchmark 7.26% bond maturing in 2029 ended at 101.97 rupees, yielding 6.97% in Mumbai. The benchmark yield fell six basis points this week, taking its aggregate fall to 44 basis points in four weeks.
- Meanwhile, trade tensions between the U.S. and Mexico eased on reports that Washington may delay imposing tariffs on Mexican imports. The yield on the U.S. 10-year Treasury was at 2.1207%.



Commodity Market Update

Oil Update:

- U.S. West Texas Intermediate and international-benchmark Brent crude oil futures finished higher last week, posting a potentially bullish closing price reversal bottom in the process. The chart pattern may not mean that buyers have returned, but it certainly indicates that shorts are covering and selling pressure has diminished. There were no major changes in the fundamentals, but late in the week, talk of the U.S. postponing its tariffs against Mexico that were expected to start on June 10, helped underpin prices.
- Last week, July WTI crude oil futures settled at \$53.99, up \$0.49 or +0.92% and August Brent crude oil finished at \$63.29, up \$1.30 or +2.05%.
- The divergence between Brent crude oil and WTI was one of the highlights for the week. Brent was supported by tighter supply because of the OPEC-led production cuts and the U.S. sanctions against Iran and Venezuela. WTI was weighed on by concerns over rising U.S. production.
- Both markets, however, were influenced by concerns that a weakening global economy will lead to lower energy demand.

Gold Update:

- Gold prices in India flipped into discounts this week as a rally in local prices dampened demand, while premiums in other major Asian hubs declined as a price surge prompted investors to sell back bullion.
- Global benchmark spot gold was headed for its best week this year, supported by expectations of an interest rate cut by the Federal Reserve and heightened global trade tensions.
- Gold futures in India, the world's second-biggest bullion consumer after China, hit their highest level since March 1, at 32,834 rupees per 10 grams, earlier this week.
- India's gold imports in May jumped 49% from a year earlier to 116 tonnes as a correction in local prices during a key festival boosted retail demand, a government source said on Tuesday.
- Premiums in leading consumer China were seen around \$7-\$10 an ounce over the benchmark this week, compared with \$14-\$18 last week.



Currency Market Update

- The Indian rupee rose against the dollar in the first week of June, as foreign portfolio inflows into local debt picked up in run-up to the key interest rate cut decision.
- The rupee, however, ended lower at 69.47 to a dollar in Mumbai on Friday, against 69.27 at the previous close. It opened higher at 69.19, tracking weakness in the dollar index but slipped to 69.53 on importers' dollar demand. It gained 0.3% for the week against the greenback.
- Asian currencies ended mixed against the dollar.
- The U.S. Dollar closed lower against a basket of currencies last week with the weakness primarily driven by a surge in the Euro.
- Pressuring the dollar against most of the majors was a plunge in U.S. Treasury yields, which made the dollar a less-desirable investment.
- Last week, June U.S. Dollar Index futures settled at 96.490, down 1.176 or -1.20%.
- India's foreign exchange reserves increased by USD 1.875 billion to USD 421.867 billion in the week to May 31.

Key Rates (%)	07-Jun-2019	31-May-2019	% Change
Mibor Overnight	5.8	6	-3.33
CALL (O/N)	5.69	5.92	-3.89
CBLO	5.74	5.94	-3.37
T Bills Index (12M)	6.05	6.22	-2.73
10 Year GSEC	6.97	7.03	-0.85

Commodity Market



Commodity (INR)	07-Jun-2019	Gain+/Loss-	% Change
Gold (10 gm)	32607	551	1.72
Silver (1 kg)	36937	580	1.6
Crude Oil (\$/barrel)	63.29	-1.2	-1.86

Currency Market



Currency	07-Jun-2019	Gain+/Loss-	% Change
USD/INR	69.3	-0.51	-0.73
EURO/INR	78.07	0.34	0.44
GBP/INR	88.02	0.01	0.01
JPY/INR	63.92	-0.16	-0.25

Upcoming Events



Industrial Production YoY MAY (CHINA)
 Balance of Trade APR (EA)
 Retail Sales MoM MAY (US)
 Manufacturing Production MoM MAY (US)
 WPI Manufacturing YoY MAY (INDIA)
 WPI Fuel YoY MAY (INDIA)
 WPI Food YoY MAY (INDIA)
 WPI Inflation YoY MAY (INDIA)
 Foreign Exchange Reserves JUN/07 (INDIA)
 Balance of Trade MAY (INDIA)

Week Gone By



Events	Actual %	Previous %
Caixin Manufacturing PMI MAY (CHINA)	50.2	50.2
Markit Manufacturing PMI FinalMAY (GERMANY)	44.3	44.4
ISM Manufacturing PMI MAY (USA)	52.1	52.8
Nikkei Manufacturing PMI MAY (INDIA)	52.7	51.8
Inflation Rate YoY Flash MAY (EA)	0.012	1.7%
Caixin Composite PMI MAY (CHINA)	51.5	52.7
Caixin Services PMI MAY (CHINA)	52.7	54.5
ISM Non-Manufacturing PMI MAY (USA)	56.9	55.5
Nikkei Services PMI MAY (INDIA)	50.2	51.0
GDP Growth Rate QoQ 3rd Est Q1 (EA)	0.4	0.2
Balance of Trade APR (USA)	\$-50.8B	\$-51.9B
Cash Reserve Ratio (INDIA)	4.0	4.0
Balance of Trade APR (GERMANY)	€17.9B	€22.6B
Non Farm Payrolls MAY (USA)	75K	224K
Foreign Exchange ReservesMAY/31 (INDIA)	\$421.87B	\$419.99B
Deposit Growth YoY MAY/24 (INDIA)	10.1	10.4
Bank Loan Growth YoY MAY/24 (INDIA)	12.7	13.0

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