



Financial Market & Economy Update

Domestic Market Update:

- According to the latest data released by Society of Indian Automobile Manufacturers (SIAM), passenger vehicle wholesale in India increased by 12.73% to 2,85,367 units in November as against 2,53,139 units in the same month last year riding on the back of festive demand, auto industry body SIAM said on Friday.
- The two-wheeler sales rose 13.43% to 16,00,379 units, three-wheeler sales, however, declined by 57.64% to 23,626 units in November 2020 as compared to November 2019.
- Deposit taking Non-Banking Financial Company (NBFC-D) and Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI) should have CRAR of at least 15% for last 3 years, including the accounting year for which it proposes to declare dividend.
- Non-Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND) should have leverage ratio of less than 7 for the last 3 years, including the accounting year for which it proposes to declare dividend.
- As at end-September 2020, out of the total foreign currency assets of USD 502.16 billion, USD 370.59 billion was invested in securities, USD 124.16 billion was deposited with other central banks and the BIS and the balance USD 7.44 billion comprised deposits with commercial banks overseas.
- Fitch Ratings on Tuesday raised India's GDP forecast to -9.4% in the current fiscal year to March 2021 from a previously projected contraction of 10.5% after the economy staged a sharper rebound in the second quarter. The projections compare to a GDP growth of 4.2% in 2019-20 (April 2019 to March 2020) fiscal and 6.7% annual expansion between 2015 and 2019.
- India's coal import saw a drop of 18.6% to 116.81 million tonnes (MT) during April-October this fiscal as against the same period a year ago.

International Market Update:

- US consumer price index rose by 0.2% in November after coming in unchanged in October, a report released by the Labor Department on Thursday showed. The report said food prices edged down by 0.1% in November after rising by 0.2% in October, while energy prices climbed by 0.4% after inching up by 0.1%. Excluding food and energy prices, core consumer prices still edged up by 0.2% in November after showing no change in the previous month.
- The US Commerce Department said Wednesday wholesale inventories surged 1.1% in October, after rising 0.9% as estimated last month. Stocks at wholesalers rose 0.9% in September. The component of wholesale inventories that goes into the calculation of gross domestic product rose 1.3% in October.
- The UK economy expanded for the sixth straight month in October but the pace of growth moderated, latest data from the Office for National Statistics showed Thursday. Gross domestic product rose 0.4% month-on-month, slower than the 1.1% growth seen in September. October GDP was 23.4% higher than its April 2020 low. The slowdown was largely caused by the services activity as services growth moderated to 0.2% in October from 1% a month ago.
- The UK housing market showed good upmove in sales, demand and prices in November but the pace of growth eased from October, survey results from the Royal Institution of Chartered Surveyors (RICS) showed Thursday. House prices continued to move up with the latest balance coming in at 66 percent at the national level. Nonetheless, this was marginally below the 67% seen in October. A net balance of +27% of respondents cited an increase in new buyer enquiries in November, but this was less than the +42% recorded in October. About 25% of participants saw an increase in agreed sales in November, down from 41% in previous month.
- Consumer prices in China were down 0.5% on year in November, the National Bureau of Statistics said on Wednesday. This followed a flat reading following the 0.5% rise in October. On a monthly basis, inflation fell 0.6% after a 0.3% drop in the previous month. The producer prices dropped 1.5% on year following the 2.1% fall in previous month.
- Germany's exports increased 0.8% month-on-month in October, slower than the 2.3% increase seen in September while the imports gained 0.3% following a 0.2% increase in September. As a result, the trade surplus rose to a seasonally adjusted EUR 18.2 billion from EUR 17.6 billion in the previous month.
- On a yearly basis, the decline in German exports deepened to 6.5% from 3.8% in previous month. The imports also fell 5.9% after falling 4% in the previous month. The trade surplus totaled an unadjusted EUR 19.4 billion compared to a EUR 21.3 billion surplus in the same period last year.
- The value of core machine orders in Japan rose a seasonally adjusted 17.1% on month in October, the Cabinet Office said on Wednesday - coming in at 842.5 billion yen. This followed the 4.4% fall in September. On a yearly basis, core machine orders gained 2.8% following the 11.5% slide in the previous month. For the fourth quarter of 2020, core machine orders are likely to fall 1.9% on quarter.
- The Euro area economy recovered at the fastest pace on record in the third quarter driven by household spending, investment and exports, revised data from Eurostat showed on Tuesday. Gross domestic product grew sharply by 12.5% sequentially, reversing the 11.7% fall in the second quarter. This was the biggest expansion observed since time series began in 1995. Year-on-year, GDP was down 4.3% versus second quarter's 14.7% decline.
- UK retail sales increased in November despite the national lockdown, the British Retail Consortium reported Tuesday. The like-for-like retail sales rose by 7.7% on a yearly basis in November driven by food and grocery sales. However, November saw the brakes put on the sales growth that had been seen over the previous three months. After two periods of prolonged closure, and continued low footfall in towns and city centres, many retailers face the stark reality of further job losses and store

Domestic Markets



Index	11-Dec-2020	04-Dec-2020	% Change
BSE Sensex	46099.01	45079.55	2.26
S&P CNX Nifty	13513.85	13258.55	1.93
CNX Midcap	20437.2	20197.3	1.19
CNX 500	11171.4	10978.85	1.75
BSE Smallcap	17552.58	17317.29	1.36

Global Markets



Index	11-Dec-2020	04-Dec-2020	% Change
Dow Jones	30046.37	29910.37	0.45
Nasdaq	12377.87	12205.85	1.41
S&P 500	3663.46	3638.35	0.69
FTSE 100	6546.75	6367.58	2.81
Shanghai Composite	3347.19	3408.31	-1.79
Hang Sang	26505.87	26894.68	-1.45

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	51266	34230	17036
MF Flows*	8063	11875	-3812

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
04-Dec-2020	2254.02	-364.19
07-Dec-2020	-2431.55	-254.66
08-Dec-2020	-1008.51	14.24
09-Dec-2020	531.57	-462.84
10-Dec-2020	4226.08	-1263.84

Policy Rates



Key Rates (%)	11-Dec-2020	1 Week Ago	1 Month Ago
Reverse Repo	3.35	3.35	3.35
Repo	4	4	4
CRR	3	3	3
SLR	18	18	18

Key Rates



closures as a result of mounting rent bills and a return to full business rates liability from next April, it noted.

- Japan's gross domestic product surged an annualized 22.9% in the third quarter of 2020, the Cabinet Office said on Tuesday, following the 28.8% plunge in the previous three months. On a quarterly basis, GDP was up 5.0% following the 8.25% decline in the three months prior. Capital expenditure was down 2.4% on quarter, following the 4.5% fall in the second quarter.
- The US Labor Department said non-farm payroll employment rose by 245,000 jobs in November after jumping by a downwardly revised 610,000 jobs in October. The weaker than expected job growth was partly due to the loss of 99,000 government jobs amid a decline in the number of temporary census workers.
- China's exports advanced 21.1% year-on-year in November, driven by robust global demand, data from the General Administration of Customs showed on Monday. At the same time, imports grew moderately by 4.5% annually. As a result, the trade surplus increased to \$75.4 billion in November.



Equity Market Update

- Market continued to hit fresh record highs in the week gone by on the back of positive global cues. Benchmark indices gained 2 percent each crossing major milestones in the sixth consecutive weekly gain.
- BSE Sensex crossed 46,000 for the first time adding 1,019.46 points in the past week, while Nifty gained 255.35 points to end at 13,513.90.
- **Broader Market Update:** The BSE Mid-Cap gained 132.30 or 0.76% to settle at 17521.32.
- BSE Small-Cap added 235.29 points or 1.36% to settle at 17552.58



Debt Market Update

- Government bond prices fell sharply today due to disappointing cut-off prices set by the Reserve Bank of India at the 280-bln-rupee weekly debt auction, dealers said. According to market participants, the demand for dated securities had weakened earlier in the day because of disappointment over the central bank not announcing any open market operations on Thursday.
- On Friday, the 5.77%, 2030 bond, the most traded paper, closed at 98.64 rupees or 5.96% yield.
- The 10-year benchmark 5.85%, 2030 bond closed lower at 99.69 rupees or 5.89% yield
- Bonds in the 10-14 year segment underperformed as a lower-than-expected cut-off price set for the 10-year benchmark 5.85%, 2030 bond at the debt sale today also weighed on prices, dealers said.
- The cut-off price for the 2030 bond was set at 99.62 rupees, lower than 99.70 rupees, the median in a poll of 11 bond dealers by Cogencis. At the time of auction, traders had anticipated weak demand at the auction for the 5.15%, 2025 bond and the 10-year benchmark bond due to lack of clarity on the RBI's open market operations, dealers said.
- The cut-off price for the 5.15%, 2025 bond was 100 rupees, 3 paise lower than the lowest price estimate of the poll.
- Moreover, the RBI took bids worth 90 bln rupees for the 2025 paper, against 110 bln rupees notified and took bids worth 80 bln rupees for the 6.80%, 2060 bond, against 60 bln rupees notified.



Commodity Market Update

Oil Update:

- U.S. energy firms this week added the most oil and natural gas rigs in a week since January as producers keep returning to the wellpad with crude prices trading around \$45 a barrel since late November.
- The oil and gas rig count, an early indicator of future output, rose 15 to 338 in the week to Dec. 11, energy services firm Baker Hughes Co said in its closely followed report on Friday.
- U.S. oil rigs rose 12 to 258 this week, while gas rigs rose the most in a week since April 2019, gaining four to 79, according to Baker Hughes data. Both oil and gas rigs hit their highest count since May.
- U.S. crude has risen about 148% over the past eight months on hopes that an effective coronavirus vaccine will revive global economies and energy demand. On Friday, it was trading below \$47 a barrel, which is still down about 23% since the start of the year.

Gold Update:

- Gold prices edged higher to settle at Rs 49,290 per 10 gram on December 11 as participants trimmed their long position as seen by the open interest. The precious metal ended the week with a marginal loss of 0.14 percent for the week.
- The yellow metal traded in a narrow range during the week as the surge in coronavirus cases in the US and Europe has brought fears in the global market offsetting the optimism of the vaccine.
- The market will now look at the Fed meeting next week, any fresh trigger from the US stimulus talks, US-China trade tensions and Brexit uncertainty for further cues.
- In the retail market, the bullion metal settled at Rs 49,046 per gram on Friday down

Key Rates (%)	11-Dec-2020	04-Dec-2020	% Change
Mibor Overnight	3.48	3.35	3.88
CALL (O/N)	3.13	3.06	2.29
CBLO	3.08	3	2.67
T Bills Index (12M)	3.43	3.35	2.39
10 Year GSEC	5.89	5.82	1.22

Commodity Market



Commodity (INR)	11-Dec-2020	Gain+/Loss-	% Change
Gold (10 gm)	49324	-69	-0.14
Silver (1 kg)	63735	1264	2.02
Crude Oil (\$/barrel)	49.97	1.79	3.72

Currency Market



Currency	11-Dec-2020	Gain+/Loss-	% Change
USD/INR	73.59	0.39	0.52
EURO/INR	89.37	-1.38	-1.57
GBP/INR	98.55	0.14	0.15
JPY/INR	70.65	0.12	0.17

Upcoming Events



Monday 14, 2020

Tankan Large Manufacturers Index Q4 (Japan)
WPI Manufacturing YoY NOV (India)
WPI Fuel YoY NOV (India)
WPI Food YoY NOV (India)
WPI Inflation YoY NOV (India)
Inflation Rate YoY NOV (India)

Tuesday 15, 2020

Claimant Count Change NOV (Great Britain)
Balance of Trade Final NOV (India)
Exports Final NOV (India)
Imports Final NOV (India)

Wednesday 16, 2020

Balance of Trade NOV (Japan)
Inflation Rate YoY NOV (Great Britain)
Retail Sales MoM NOV (US)

Friday 18, 2020

Inflation Rate YoY NOV (India)

0.55 percent on rupee depreciation and firm dollar. The premium charged by dealer over official domestic price fell to \$2.5 per troy ounce this week from \$3.5 last week as high prices dented retail appetite.

- The rate of 10 gram 22-carat gold in Mumbai was Rs 44,926 plus 3 percent GST, while 24-carat 10 gram was Rs 49,046 plus GST. The 18-carat gold quoted at Rs 36,785 plus GST in the retail market.



Currency Market Update

- The Indian rupee ended almost flat at 73.64, up 2 paise, against the American currency on Friday as dollar buying by banks weighed on the domestic currency.
- At the interbank forex market, the domestic unit opened at 73.65 against the US dollar and witnessed an intra-day high of 73.56 and a low of 73.71.
- The local unit finally closed at 73.64 against the American currency, registering a rise of 2 paise over its previous close.
- On a weekly basis, the rupee has gained 16 paise.

GfK Consumer Confidence DEC (India)

Ifo Business Climate DEC (India)

Deposit Growth YoY DEC/04 (India)

Foreign Exchange Reserves DEC/11 (India)

Bank Loan Growth YoY DEC/04 (India)

Week Gone By



Events	Actual %	Previous %
ZEW Economic Sentiment Index DEC (Germany)	55.0	39.0
Inflation Rate YoY NOV (China)	-0.5	0.5
Balance of Trade OCT (Germany)	€19.4B	€20.6B
Balance of Trade OCT (Great Britain)	£-1.7B	£0.6B
Core Inflation Rate YoY NOV (US)	1.6	1.6
Inflation Rate YoY NOV (US)	1.2	1.2
Foreign Exchange Reserves DEC/04 (India)	\$579.3B	\$574.82B
Industrial Production YoY OCT (India)	3.6	0.5
Manufacturing Production YoY OCT (India)	3.5	-0.2

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