



Financial Market & Economy Update

Domestic Market Update:

- The Society of Indian Automobile Manufacturers (SIAM) said that in December, the domestic passenger car sales grew by more than 8% year-on-year (YoY) to 1,46,864 units compared with 1,35,531 units in December 2019. The utility vehicle sales also grew by around 20% YoY to 94,787 units during the month as against 79,153 units in corresponding month previous year.
- India's vegetable oil imports rose 9.24% in November- December 2020 to 24.59 lakh tonnes. Edible oil imports increased to 13.24 lakh tonnes in December from 11 lakh tonnes in the same month last year, up 20%. During November-December 2020, only 12,900 tonnes of refined oil (RBD Palmolein) was imported as against 2,17,225 tonnes in the same month last year.
- The provisional figures of Wholesale Price Index (WPI) revealed that the rate of inflation, based on monthly WPI, stood at 1.22% for the month of December, 2020 (over December, 2019) as compared to 2.76% during the corresponding month of the previous year.
- The Primary Articles index for this major group declined by (-3.11%) to 146.5 (provisional) in December, 2020 from 151.2 (provisional) for the month of November, 2020. The Fuel and Power index for this major group increased by (3.18%) to 94.2 (provisional) in December, 2020 from 91.3 (provisional) for the month of November, 2020. The Manufactured Products index for this major group increased by (1.40%) to 123.0 (provisional) in December, 2020 from 121.3 (provisional) for the month of November, 2020.
- The Food Index consisting of ~Food Articles~ from Primary Articles group and ~Food Product~ from Manufactured Products group have decreased from 158.9 in November, 2020 to 154.4 in December, 2020. The rate of inflation based on WPI Food Index decreased from (4.27%) in November, 2020 to (0.92%) in December, 2020.
- Paddy procurement for Kharif 2020-21 is continuing smoothly in the procuring States & UTs of Punjab, Haryana, Uttar Pradesh, Telangana, Uttarakhand, Tamil Nadu, Chandigarh, Jammu & Kashmir, Kerala, Gujarat, Andhra Pradesh, Chhattisgarh, Odisha, Madhya Pradesh, Maharashtra, Bihar, Jharkhand, Assam, Karnataka and West Bengal with purchase of over 545.67 LMTs of paddy up to 12.01.2021. This is an increase of 26.48 % against the last year corresponding purchase of 431.41 LMT.
- The Index of Industrial Production (IIP) saw a contraction of 1.9% for November 2020, reverting back to the declining territory after rising in the previous two months, data released by the Ministry of Statistics & Programme Implementation (MOSPI) showed on Tuesday. For November, IIP with base 2011-12 stands at 126.3, the Ministry's data showed. IIP for mining, manufacturing and electricity sectors for the same month stand at 104.5, 128.4 and 144.8, respectively.
- India's Consumer Price Index inflation softened to 4.59% in December 2020 as compared to 6.93% in November and 7.35% in December 2019, according to data released by the Ministry of Statistics and Program Implementation on Tuesday. The rise in prices in October had been the sharpest since May 2014 when the inflation peaked to 7.61%. The Price data are collected from representative and selected 1114 urban markets and 1181 villages covering all States/UTs through personal visits by field staff of Field Operations Division of NSO, MoSPI on a weekly roster.
- The Reserve Bank of India (RBI) has released the 22nd issue of the Financial Stability Report (FSR), which reflects the collective assessment of the Sub-Committee of the Financial Stability and Development Council (FSDC) on risks to financial stability, and the resilience of the financial system in the context of contemporaneous issues relating to development and regulation of the financial sector.
- As per the FSR Bank credit growth has remained subdued, with the moderation being broad-based across bank groups. The capital to risk-weighted assets ratio (CRAR) of Scheduled Commercial Banks (SCBs) improved to 15.8% in September 2020 from 14.7% in March 2020, while their gross non-performing asset (GNPA) ratio declined to 7.5% from 8.4%, and the provision coverage ratio (PCR) improved to 72.4% from 66.2% over this period.
- Government of India (GoI) has announced the Sale (Re-issue) of (i) 4.48% Government Security, 2023 for a notified amount of Rs 6000 crore (nominal) through price based auction, (ii) GoI Floating Rate Bonds, 2033 for a notified amount of Rs 2,000 crore (nominal) through price based auction, (iii) 6.22% Government Security, 2035 for a notified amount of Rs 9000 crore (nominal) through price based auction, and (iv) 6.67% Government Security, 2050 for a notified amount of Rs 5,000 crore (nominal) through price based auction.
- Agriculture Ministry data showed today that acreage under rabi crop stood at 644.05 lakh hectares (ha) as on 8th January 2021 against 627.66 lakh ha during the corresponding period of last year, marking an increase of 16.39 lakh ha or 2.71%. Sowing reported under Wheat was at 335.46 lakh ha against 326.75 lakh ha area of last year i.e. increase in area coverage by 8.71 lakh ha or 2.76%.

International Market Update:

- The first-time claims for US unemployment benefits rose in the week ended January 9th, according to a report released by the Labor Department on Thursday. The report said initial jobless claims rose to 965,000, an increase of 181,000 from the previous week's revised level of 784,000. With this surge, jobless claims hit their highest level in last four months.
- The UK economy contracted in November, data released by the Office for National Statistics revealed Friday. Gross domestic product contracted 2.6% on month in November but slower than the 5.7%. The decline reversed a 0.6% rise posted in October. The economy contracted in November after rising for six straight months. November GDP fell back to 8.5% below the levels seen in February 2020. GDP fell

Domestic Markets



Index	15-Jan-2021	08-Jan-2021	% Change
BSE Sensex	49034.67	48782.51	0.52
S&P CNX Nifty	14433.7	14347.25	0.6
CNX Midcap	21934.25	22194.1	-1.17
CNX 500	11931.2	11925.6	0.05
BSE Smallcap	18682.12	18908.59	-1.2

Global Markets



Index	15-Jan-2021	08-Jan-2021	% Change
Dow Jones	30814.26	31097.97	-0.91
Nasdaq	12998.5	13201.98	-1.54
S&P 500	3768.25	3824.68	-1.48
FTSE 100	6735.71	6873.26	-2
Shanghai Composite	3566.38	3570.11	-0.1
Hang Sang	28573.86	27878.22	2.5

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	61880	47407	14473
MF Flows*	49697	67884	-18187

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
08-Jan-2021	1130.7	562.55
11-Jan-2021	156.94	559.53
12-Jan-2021	-2578.16	-275.83
13-Jan-2021	4983.65	-1309.9
14-Jan-2021	1121.84	-1079.48

Policy Rates



Key Rates (%)	15-Jan-2021	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



8.9% in the twelve months to November.

- The US consumer price index rose by 0.4% in December after edging up by 0.2% in November. The Labor Department said the advance by the consumer price index was driven by an 8.4% jump in gasoline prices, which accounted for more than 60% of the overall increase. Excluding food and energy prices, the core consumer price index inched up by 0.1% in December after rising by 0.2% in November.
- China's exports recorded strong growth in December. The exports rose 18.1% on a yearly basis in December, data from the General Administration of Customs, showed. While this marked a moderation from 21.1% in November, the overall bias in overseas demand remains firm. The imports growth improved to 6.5% from 4.5% a month ago. China's trade surplus increased to \$78.17 billion from \$75.4 billion in the previous month. In the year 2020, the trade surplus surged to \$535 billion, hitting the highest mark since 2015.
- The German economy saw a deep recession last year after a ten-year growth period, a latest update from Destatis showed on Thursday. Gross domestic product fell 5% in 2020 after a 0.6% rise seen in 2019.
- The Bank of Japan (BOJ) upgraded its economic assessment of three out of nine regions and downgraded one, according to the latest Regional Economic Report, released Thursday. The impact of a resurgence of Covid-19 had been pointed out recently, primarily in the services industry, the bank noted today.
- Industrial production in the Eurozone rose for the seventh straight month in November. The European Union's statistics agency said the output of factories, mines and utilities across the currency area for November was 2.5% higher than in October and just 0.6% lower than in November 2019.
- Germany's wholesale prices fell 1.2% on a yearly basis in December, following a 1.7% drop a month ago, Destatis reported on Wednesday. This was the slowest fall in prices since February. On a monthly basis, wholesale price growth accelerated to 0.6 percent from 0.1% in November. This was the second consecutive rise.
- Japan's money supply rose a slightly faster pace in December, the Bank of Japan reported Wednesday. The monetary aggregate M2 gained by 9.2% annually after rising 9.1% in November. The annual growth in M3 held steady at 7.6%. Currency in circulation advanced 5.7% on year, following a 6% increase in November. The narrow measure M1 also rose 13.8% compared to a 14% spurt in the previous month.
- UK total retail sales decreased 0.3% in 2020, the worst annual change since records began in 1995 due to the Covid-19 pandemic, data released by the British Retail Consortium, or BRC, showed Tuesday. Food sales grew 5.4% and non-food product sales were down 5% from the last year. In December, total sales advanced 1.8% and like-for-like sales grew 4.8% on a yearly basis.
- Japan posted a current account surplus of 1,878.4 billion yen in November, the Ministry of Finance said on Tuesday, down from 2,144.7 billion yen in October. Exports were down 3.4% on year to 6.039 trillion yen, while imports sank an annual 13.6% to 5.423 trillion yen. The trade balance showed a surplus of 616.1 billion yen. The capital account showed a surplus of 2.1 billion yen and the financial account had a surplus of 1,593.3 billion yen.
- Consumer prices in China were up 0.2% year-on-year in December, the National Bureau of Statistics said. On a monthly basis, inflation was up 0.7% following the 0.6% decline in the previous month. The bureau also said that producer prices were down an annual 0.4% after dropping 1.5% a month earlier.

Key Rates (%)	15-Jan-2021	08-Jan-2021	% Change
Mibor Overnight	3.46	3.45	0.29
CALL (O/N)	3.22	3.18	1.26
CBLO	3.2	3.22	-0.62
T Bills Index (12M)	3.56	3.45	3.19
10 Year GSEC	5.95	5.88	1.28

Commodity Market



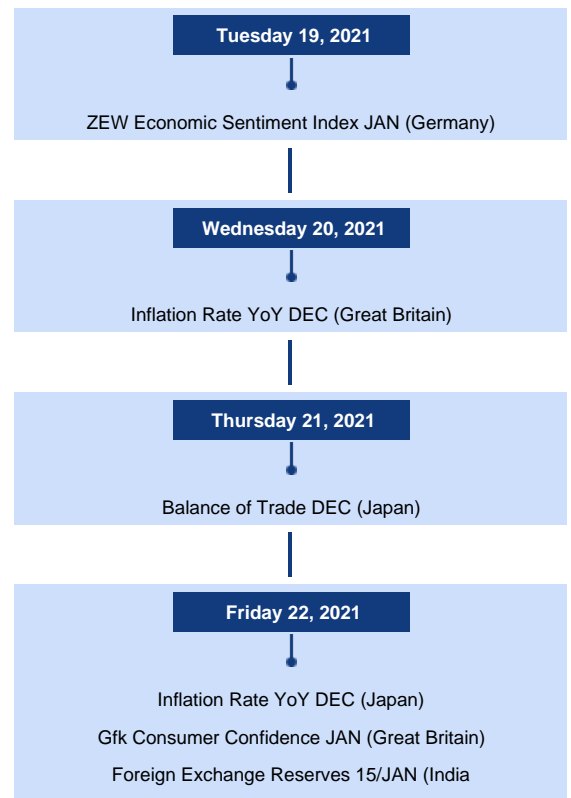
Commodity (INR)	15-Jan-2021	Gain+/Loss-	% Change
Gold (10 gm)	48702	-265	-0.54
Silver (1 kg)	64764	533	0.83
Crude Oil (\$/barrel)	55.1	-0.89	-1.59

Currency Market



Currency	15-Jan-2021	Gain+/Loss-	% Change
USD/INR	73.16	0.37	0.5
EURO/INR	89.35	0.06	0.07
GBP/INR	100.06	-1.14	-1.16
JPY/INR	70.55	0.43	0.61

Upcoming Events



Equity Market Update

- Market witnessed consolidation in the first four days of the week ended January 15 and on Friday investors booked profits. However, it managed to close in the positive territory for the week on the back of mixed global as well as domestic data.
- Last week, BSE Sensex gained 252.16 points, or 0.51 percent, to end at 49,034.67 while Nifty50 added 86.45 points, or 0.60 percent, to finish at 14,433.70.
- **Broader Market Update:** BSE Midcap Index declined 1.2 percent. BSE Smallcap index shed 1 percent.



Debt Market Update

- Government bond prices plunged on Friday as market participants were disappointed after the Reserve Bank of India refrained from announcing open market operations on Thursday.
- However, after market hours, the RBI announced it would be conducting 100 bln rupees worth of outright open market purchases on Thursday.
- The 5.77%, 2030 bond, the most traded paper, closed at 98.44 rupees or 5.99% yield. The 10-year benchmark 5.85%, 2030 paper ended at 99.25 rupees or 5.95% yield.
- On Friday, the 10-year benchmark bond yield rose to a three-month high as it closed at 5.95%. The yield on the benchmark bond was at 6.02% on Oct 8.
- The participants were hopeful that the recent rise in bond yields would prompt the central bank to continue with its open market operations to cap bonds yields in the near term. However, the RBI did not announce open market operations on Thursday, which led to the fall in prices today and a weakness in demand for dated securities at today's 220-blN-rupee weekly debt sale.
- On Friday, the RBI accepted bids for more-than-notified amount of 224.55 bln rupees as against the 220 bln rupees notified.

Week Gone By



Events	Actual %	Previous %
Inflation Rate YoY DEC (China)	0.2	-0.5
Industrial Production	-1.9	4.2



Commodity Market Update

Oil Update:

- Crude oil futures declined to settle at Rs 3,830 per barrel on January 15 as participants trimmed their positions as seen by the open interest. The prices slipped on surging coronavirus cases globally leading to stricter lockdown measures implemented by nations to curb the spread. That apart, concerns over US stimulus, too, weighed on investor sentiment.
- It ended the week with a gain of Rs 28 or 0.74 percent to touch an 11-month high on the domestic bourse. Crude prices rose in three out of the five trading sessions on the MCX.
- The US Energy Information Administration (EIA) reported that US crude inventories fell for the fifth straight week by 3.24 million barrels to 482.2 million barrels for the week ended January 8 against the previous week's inventories of 485.5 million barrels.
- The number of rigs drilling crude oil in the US increased by 12 to 287 rigs for the week to January 15, highest since May 2020 said Baker Hughes in a weekly report. The rigs count rose for the eighth straight week.
- West Texas Intermediate crude was down 2.82 percent to settle at \$52.06 per barrel, while Brent crude, the London-based international benchmark edged lower 2.80 percent to close at \$54.84 per barrel.

Gold Update:

- Gold prices witnessed a massive plunge in the past week and dropped to Rs 48,702 per 10 gram on the last trading day of the week. On Friday, gold prices registered a steep fall of Rs 519 on the MCX exchange, while the gold futures price of April 5, 2021, was closed at Rs 48,715 per 10 grams with a decline of 514 rupees on MCX on the last trading day of the week.
- Recently, the gold prices saw a decline in last week's trading. On January 11, 2021, the gold prices at the MCX opened at Rs 48,786 per 10 grams. Earlier, during the last week's session, the gold price closed at Rs 48,967 per 10 grams and it saw a decline of Rs 265 per 10 grams last week.



Currency Market Update

- In the last week, Indian rupee gained against the US dollar. It closed higher by 18 paise at 73.06 per dollar on January 15, against its January 8 closing of 73.24 per dollar.
- The country's foreign exchange reserves rose by \$758 million to reach a record high of \$586.082 billion in the week ended January 8.

YoY NOV (India)

Inflation Rate YoY DEC (India)	4.59	6.93
Manufacturing Production YoY NOV (India)	-1.7	4.1
Inflation Rate YoY DEC (US)	1.4	1.2
Core Inflation Rate YoY DEC (US)	1.6	1.6
WPI Inflation YoY DEC (India)	1.22	1.55
Balance of Trade NOV (Great Britain)	£-5B	£-2.3B
Deposit Growth YoY JAN/01 (India)	11.5	11.3
Foreign Exchange Reserves 08/JAN (India)	\$586.1B	\$585.32B
Bank Loan Growth YoY JAN/01 (India)	6.7	6.1
Balance of Trade Final DEC (India)	\$-15.44B	\$-9.87B
Exports Final DEC (India)	\$27.15B	\$23.52B
Imports Final DEC (India)	\$42.59B	\$33.39B

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