



Financial Market & Economy Update

Domestic Update:

- India's fiscal deficit stood at Rs 5.54 lakh crore at the end of August, which is 78.7% of the budgeted estimate for the current fiscal year, official data released on Monday showed.
- India has cut prices of locally produced gas for the October 2019-March 2020 period by 12.5% from the previous six months to \$3.23 per million metric British thermal units (mmBtu), the government said in a statement. It has also set the ceiling price for gas produced from more challenging fields at \$8.43 per mmBtu for the same period, down about 9.5%, the statement showed.
- The eight core industries in August recorded a 0.5 % decline in output of coal, crude oil, natural gas, cement, and electricity, according to a government data released on Monday. Coal, crude oil, natural gas, cement, and electricity recorded a negative growth of 8.6 %, 5.4 %, 3.9 %, 4.9 % and 2.9 %, respectively, in August, according to the data of the Commerce and Industry Ministry.
- The IHS Markit India Manufacturing PMI came in at 51.4 in September 2019, unchanged from the previous month's 15-month low.
- GST collection has dropped below Rs 1 lakh crore mark to Rs 91,916 crore for September. The revenue during September, 2019 has declined by 2.67% in comparison to the revenue during September, 2018. During April-September, 2019 vis-à-vis 2018, the domestic component has grown by 7.82% while the GST on imports has shown negative growth and the total collection has grown by 4.90%.
- RBI's Monetary Policy Committee cut its benchmark lending rate by 0.25 % to revive growth that has hit a six-year low of 5 %, and affirmed commitment to remain accommodative to address growth concerns 'as long as necessary'.
- India's dominant services sector slipped into contraction in September as new business orders fell for the first time since early 2018, according to a private survey which also found business optimism at its lowest in 2-1/2 years. The IHS Markit Services Purchasing Managers' Index fell to a 19-month low of 48.7 in September from 52.4 in August.
- The mutual fund industry asset base saw a marginal one % increase in the July-September quarter to Rs 25.68 lakh crore against the preceding three months, mainly on account of increase in valuation of stocks due to corporate tax cut. RBI increases lending limit of MFIs to Rs 1.25 lakh from Rs 1 lakh.
- The Reserve Bank of India has raised the lending cap for microfinance institutions to Rs 1.25 lakh, against the earlier limit of Rs 1 lakh, to improve credit availability in rural and semi-urban areas.
- The Reserve Bank on Friday sharply cut its economic growth projection for this fiscal to 6.1 % from 6.9 % earlier, but expressed hope that the growth will recover in the second half of 2019-20.

Global Update:

- China's official Purchasing Managers' Index (PMI) rose to 49.8 in September, slightly better than expected and advancing from 49.5 in August. However, it remained below the 50-point mark that separates expansion from contraction on a monthly basis, data from the National Bureau of Statistics (NBS) showed.
- The unemployment rate in the euro zone dropped in August to its lowest in more than 11 years, official data showed on Monday, as services appeared to offset weakening industry, an encouraging sign for the region's growth. The jobless rate in the 19-country euro zone fell to 7.4%, the European Union statistics agency said, its lowest since May 2008 when the euro zone's economy began to suffer from the subprime mortgage crisis in the United States.
- The IHS Markit/BME Germany Manufacturing PMI was revised slightly higher to 41.7 in September 2019 from a preliminary estimate of 41.4 and compared to the previous month's final 43.5.
- The IHS Markit Germany Services PMI was revised lower to 51.4 in September 2019 from a preliminary estimate of 52.5 and compared to the previous month's final 54.8.
- The IHS Markit Germany Composite PMI was revised lower to 48.5 in September 2019 from a preliminary estimate of 49.1, compared to the previous month's 51.7.
- The IHS Markit Eurozone Services PMI dropped to 51.6 in September 2019 from 53.5 in the previous month and below preliminary estimates of 52, final data showed.
- The IHS Markit Eurozone Composite PMI fell to 50.1 in September 2019 from 51.9 in the previous month and below earlier estimates of 50.4, final data showed.
- Britain's economy appears to have slipped into recession as firms brace for the risk of a disruptive Brexit in just a few weeks' time, according to a survey which showed the dominant services sector took an unexpectedly sharp downturn last month. September's IHS Markit/CIPS services Purchasing Managers' Index (PMI) fell by more than economists predicted in a poll, tumbling to a six-month low of 49.5, below the 50 level that divides growth from contraction.



Equity Market Update

- The benchmark indices remaining under pressure throughout the holiday-shortened last week on the back of domestic as well as global cues including the Reserve Bank's monetary policy and fresh concerns over global trade.
- Last week, the Sensex plunged 1,149.26 points (down 2.9 %) to end at 37,673.31 ,

Domestic Markets



Index	04-Oct-2019	27-Sep-2019	% Change
BSE Sensex	37673.31	38822.57	-2.96
S&P CNX Nifty	11174.75	11512.4	-2.93
CNX Midcap	15573.7	16271.55	-4.29
CNX 500	9091.65	9395.6	-3.24
BSE Smallcap	12808.66	13331.93	-3.92

Global Markets



Index	04-Oct-2019	27-Sep-2019	% Change
Dow Jones	26573.72	26820.25	-0.92
Nasdaq	7982.47	7939.63	0.54
S&P 500	2952.01	2961.79	-0.33
FTSE 100	7155.38	7426.2	-3.65
Shanghai Composite	2905.19	2932.17	-0.92
Hang Sang	25821.03	25954.81	-0.52

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	38249	30367	-3547
MF Flows*	19916	17219	2816

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
27-Sep-2019	342.98	-1044.82
30-Sep-2019	1724.62	-204.38
01-Oct-2019	1273.43	-753.24
03-Oct-2019	1844.19	56.81
31-Dec-1899	0	0

Policy Rates



Key Rates (%)	04-Oct-2019	1 Week Ago	1 Month Ago
Reverse Repo	4.9	5.15	5.15
Repo	5.15	5.4	5.4
CRR	4	4	4
SLR	18.75	18.75	18.75

Key Rates



while Nifty shed 337.6 points (down 2.9 %) at 11,174.8.

- **Broader Markets:** The S&P BSE Midcap index declined 3.87 % and S&P BSE Largecap index fell 3.11 %, while the Smallcap Index was down 3.92 % last week.
- **Sector Update:** The Nifty PSU Bank index underperformed the sectoral indices with a loss of 8.53 % during the week. Nifty Bank ended the week by -7.18%, Nifty Media and Nifty Metal during the week fell by -7.1% & -6.39%.



Debt Market Update

- Indian government bonds ended lower for the first time in four sessions, after the rate-setting Monetary Policy Committee delivered a 25-basis-points rate cut that was along expected lines and already factored in.
- Bond prices, however, gained for the week as the government's October-March borrowing was in line with budget estimates, while the auction of a new 10-year note also aided sentiment.
- The benchmark 7.26% bond maturing in 2029 ended at 103.90 rupees, yielding 6.69%, in Mumbai. The yield posted its biggest single-session rise since Sep. 20, and was down five basis points this week, after falling five basis points last week.
- The MPC cut its key policy rate for the fifth consecutive time to the lowest in almost 10 years in a bid to boost economic growth. The Reserve Bank of India's repo rate now stands at 5.15%.



Commodity Market Update

Oil Update:

- Oil prices plunged for the week ending Oct. 4 as more disappointing data fed investors' fears of a slowdown in energy demand, with the price of West Texas Intermediate (WTI) for November delivery down 5.54 % and Brent crude oil for December delivery down 5.72 %.
- WTI closed the week at 52.81 U.S. dollars a barrel on the New York Mercantile Exchange, while Brent crude finished the week at 58.37 dollars a barrel on the London ICE Futures Exchange.
- WTI and Brent crude prices have increased 16.30 % and 8.49 %, respectively, so far this year, falling from their peak levels in April when the growth of WTI hit over 40 %, and Brent crude over 30 %.
- During the week, the prices of WTI and Brent crude moved under pressures from Monday to Thursday, almost touching the lowest level in near two months.
- According to data released Tuesday by the Institute for Supply Management (ISM), the U.S. manufacturing PMI (purchasing managers' index) registered 47.8 % in September, a decrease of 1.3 % points from the August reading of 49.1 %. However, economists surveyed by MarketWatch had forecast the index to total 50.2 %. A reading below 50 indicates contraction.
- On Friday, oil prices rebounded as the newly-released U.S. jobs data eased concerns that a slowing global economy could weigh on energy demand. Oil prices also got some support after data showed a decline in U.S. rig count. WTI and Brent crude increased by 0.36 dollar and 0.66 dollar, respectively.

Gold Update:

- A dip in prices earlier this week fuelled an uptick in physical gold demand in Singapore and India, with activity in the Indian market also gathering pace ahead of key festivals. However, overall activity was muted due to the golden week holiday in top bullion consumer China.
- In Singapore, sellers charged premiums between 50 and 70 cents an ounce over the benchmark, versus 50-80 cents last week.
- Global benchmark spot gold prices fell to their lowest in nearly two months, at \$1,458.50, early in the week, but have since recovered above the \$1,500 level.
- The Indian market was also helped by a dip in domestic prices with gold futures trading around 38,200 rupees per 10 grams on Friday after falling to 36,771 rupees on Wednesday, the lowest since August 13. India's gold imports plunged 68 % year-on-year in September to their lowest in over three years as record domestic prices curbed retail buying.
- In Hong Kong, gold sellers were charging premiums of \$0.30-\$0.50 versus last week's 50 cents to \$1 range, with drawn out protests in the financial hub taking their toll on jewellery demand.



Currency Market Update

- On a weekly basis, the Rupee ended lower by 33 paise at 70.89 on October 04 against the September 27 closing of 70.56.
- US. Dollar Index finished the week ending Oct. 4 below the 99.00 level under pressures.
- The foreign exchange reserves touched a record high of USD 434.6 billion as on October 1.
- While announcing fourth bi-monthly monetary policy, the RBI Governor Shaktikanta Das said as of October 1 the forex kitty peaked to the record high. Between April and October 1, the country's forex reserves had increased by USD 21.7 billion.
- According to the latest weekly data, the reserves surged by massive USD 5.022 billion to USD 433.594 billion for the week to September 27.

Key Rates (%)	04-Oct-2019	27-Sep-2019	% Change
Mibor Overnight	5.45	5.45	0
CALL (O/N)	5.19	5.24	-0.95
CBLO	4.81	5.18	-7.14
T Bills Index (12M)	5.4	5.56	-2.88
10 Year GSEC	6.69	6.74	-0.74

Commodity Market



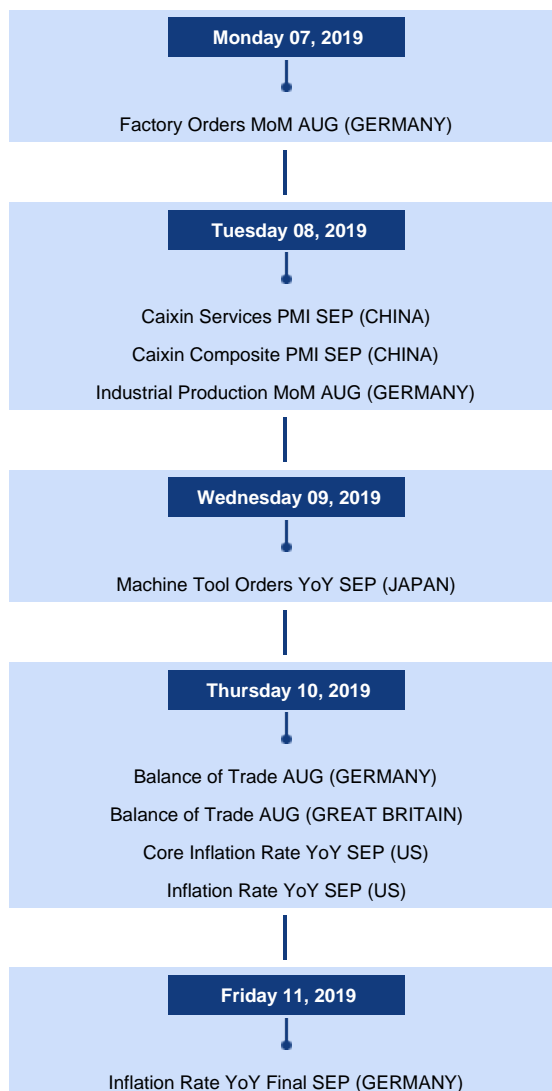
Commodity (INR)	04-Oct-2019	Gain+/Loss-	% Change
Gold (10 gm)	38151	670	1.79
Silver (1 kg)	45086	482	1.08
Crude Oil (\$/barrel)	58.37	-3.54	-5.72

Currency Market



Currency	04-Oct-2019	Gain+/Loss-	% Change
USD/INR	70.87	0.03	0.04
EURO/INR	77.78	0.46	0.59
GBP/INR	87.52	0.19	0.22
JPY/INR	66.36	0.65	0.99

Upcoming Events



Deposit Growth YoY SEP/27 (INDIA)
 Foreign Exchange Reserves OCT/04 (INDIA)
 Bank Loan Growth YoY SEP/27 (INDIA)
 Industrial Production YoY AUG (INDIA)
 Manufacturing Production YoY AUG (INDIA)

Week Gone By



Events	Actual %	Previous %	1 Year ago %
NBS Manufacturing PMI SEP (CHINA)	49.8	49.5	
Caixin Manufacturing PMI SEP (CHINA)	51.4	50.4	
GDP Growth Rate YoY Final Q2 (GREAT BRITAIN)	1.3	2.1	
Infrastructure Output YoY AUG (INDIA)	-0.5	2.7	
Jibun Bank Manufacturing PMI Final SEP (JAPAN)	48.9	49.3	
Markit Manufacturing PMI SEP (INDIA)	51.4	51.4	
Markit Manufacturing PMI Final SEP (GERMANY)	41.7	43.5	
Markit Manufacturing PMI Final SEP (EA)	45.7	47.0	
ISM Manufacturing PMI SEP (US)	47.8	49.1	
Consumer Confidence SEP (JAPAN)	35.6	37.1	
ISM Non-Manufacturing PMI SEP (US)	52.6	56.4	
Markit Services PMI SEP (INDIA)	48.7	52.4	
Cash Reserve Ratio (INDIA)	4.0	4.0	
Foreign Exchange Reserves SEP/27 (INDIA)	\$433.59B	\$428.57B	
Non Farm Payrolls SEP (US)	136K	168K	
Balance of Trade AUG (US)	\$-54.9B	\$-54B	

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