



## Financial Market & Economy Update

### Domestic Update:

- A spectacular 53% increase in the number of income-tax returns filed electronically till July 31 has given the government renewed hope of continued high-paced growth in compliance and taxpayer base, even 21 months after demonetisation.
- The Income Tax Department issued as many as 1.96 crore new PAN cards during the quarter ending March 2018, taking the total number to over 37.9 crore, as per the official data released on Tuesday.
- The Indian economy is expected to grow by around 7.5 % in 2018 and 2019 as it is largely resilient to external pressures like those from higher oil prices, Moody's Investors Service said on Thursday.
- Government extends sugar export deadline by 3 months till December.
- The Centre has approved construction of nearly 1.12 lakh more affordable houses for urban poor in eight states under the Pradhan Mantri Awas Yojna, with Andhra Pradesh bagging the largest share of over 37,000 housing units.

### Global Update:

- Britain recorded its biggest budget surplus for the month of July in 18 years. The surplus last month, excluding state-controlled banks, stood at 2.0 billion pounds, more than double the figure in July last year.
- Trade wars: US slaps tariffs on another USD 16 billion in Chinese goods as talks continue.
- The Nikkei Japan Manufacturing Flash PMI edged up to 52.5 in August of 2018, up from the July figure of 52.3.
- The IHS Markit Eurozone Services PMI rose to 54.4 in August 2018 from 54.2 in July, while the IHS Markit Eurozone Manufacturing PMI fell to 54.6 in August of 2018 from 55.1 in July.
- Japan's consumer price inflation rose to 0.9 % year-on-year in July 2018 from 0.7 % in the previous month.
- New orders for US manufactured durable goods dropped 1.7 % month-over-month in July 2018, following a downwardly revised 0.7 % advance in June.



## Equity Market Update

- The benchmark Sensex surged for the fifth straight week, as the benchmark Sensex jumped 303.92 points to end the week at a new record high at 38,251.80, while the broader Nifty also hit fresh all-time highs at 11,557.10, up 86.35 points.
- The truncated trading sentiment, however, was fragile amid escalating trade war tensions and firmness in crude oil prices. Buying by Domestic funds and FIIs as well as stock-specifics ruled the momentum, gains in index heavy-weights. Rupee recovery and lower crude along with reversal in FIIs buying mode and stock-specifics news kept the rallying momentum.
- The BSE Sensex started the week higher 38,075.07 and touched all-time high of 38,487.63 before ending the week at 38,251.80, showing a smart rise of 303.92 or 0.80 %.
- The Nifty also resumed higher by 11,502.10 and touched a fresh all-time high at 11,620.70, before the index finally finishing 11,557.10, a rise of 86.35 points, or 0.75 %.
- **Broader Markets:** The BSE Mid-Cap index rose 246.30 points or 1.51 % to settle at 16,552.74. The BSE Small-Cap index fell 1.78 points or 0.01 % to settle at 16,864.43.
- **Sector Update:** Among sectoral and industry indices, capital goods rose by 4.80 %, power 3.25 %, healthcare 3.11 %, metal 2.52 %, oil and gas 1.85 %, FMCG 0.63 %, PSU 0.53 % and auto 0.38 %, while consumer durables fell by 1.83 %, bankex 1.33 %, IPO 0.79 %, IT 0.26 %, realty 0.22 % and teck 0.14 %.
- **Global Update:** Overseas at New York market, the S&P 500 index finished at an all-time high on Friday, snapping a 145-day run without a record close. Stocks got catapulted higher on Friday after Jerome Powell affirmed the Federal Reserves strategy of gradually normalizing monetary policy, highlighting the strength in the economy and robust corporate results that have helped to support investment appetite for equities.



## Debt Market Update

- Indian government bonds fell for a second week, as higher crude oil prices sparked inflationary fears and the possibility of quicker rate hikes, while volatility in the rupee also kept investors at bay.
- The benchmark bond yield rose one basis point this week, following 11 bps rise in the previous week.

## Domestic Markets



Index	24-Aug-2018	17-Aug-2018	% Change
BSE Sensex	38251.8	37947.88	0.8
S&P CNX Nifty	11557.1	11470.75	0.75
CNX Midcap	19542.05	19443	0.51
CNX 500	9850.8	9770.2	0.82
BSE Smallcap	16864.43	16866.21	-0.01

## Global Markets



Index	24-Aug-2018	17-Aug-2018	% Change
Dow Jones	25790.35	25669.32	0.47
Nasdaq	7945.98	7816.33	1.66
S&P 500	2874.69	2850.13	0.86
FTSE 100	7577.5	7558.6	0.25
Shanghai Composite	2729.43	2668.97	2.27
Hang Sang	27671.87	27213.41	1.68

## Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	27391	27752	-361
MF Flows*	18429	17061	1368

FII data from 16th August to 23rd August 2018

MF data from 8th August to 20th August 2018

## F&O FII Trends (Rs. Crs)



Date	Index	Stocks
20-Aug-2018	-511.57	492.96
21-Aug-2018	-3.79	-28.1
23-Aug-2018	1305.67	-24.5
24-Aug-2018	-49.95	-356.91

## Policy Rates



Key Rates (%)	24-Aug-2018	1 Week Ago	1 Month Ago
Reverse Repo	6.25	6.25	6
Repo	6.5	6.5	6
CRR	4	4	4
SLR	19.5	19.5	19.5

## Key Rates





## Commodity Market Update

### Oil Update:

- The oil prices had an upward movement in the week ending Aug. 24, snapping the 7-week losing streak. Both major benchmarks rallied, and the price of West Texas Intermediate (WTI) and Brent for October delivery increased by 5.4 % and 5.6 %, respectively.
- Oil prices started the week with slight gains with the news reporting on the renewal of the U.S.-China trade talks.
- On Friday, Baker Hughes reported that the number of active drilling rigs in the United States decreased by 13 to 1044.
- Oil prices moved upwards on Friday. Both WTI and Brent increased by 1.21 % and 1.34 %, respectively on Friday and WTI settled at 68.72 U.S. dollars and Brent settled at 75.82 dollars.

### Gold Update:

- Domestic:** Demand for physical gold was modest in India this week as the top bullion consuming state of Kerala coped with floods, while interest for the metal remained lacklustre elsewhere in Asia as buyers awaited a dip in prices.
- Gold demand usually sees a jump in Kerala during the festival of Onam, but this year, the southern state is reeling from some of the worst floods in a century, leaving thousands displaced and causing damage of at least Rs 20,000 crore.
- In the Indian market, gold futures were trading around Rs 29,635 per 10 grams on Friday, after falling to Rs 29,268 last week, the lowest level since January 10.
- Gold futures surged higher on Friday and notched their first weekly gain in seven weeks as the U.S. dollar weakened against a currency basket following a speech by Federal Reserve Chairman Jerome Powell.
- International:** December gold futures settled up 1.53% at \$1,212.30 on the Comex division of the New York Mercantile Exchange. For the week, prices gained 2.53% after posting losses for six straight weeks.



## Currency Market Update

- The rupee staged a spirited recovery from its life-time low to end higher by a whopping 24 paise at 69.91 against the US currency in a highly volatile week on bouts of dollar selling by exporters and corporates.
- After a seemingly endless stream of gloomy news and falling values, sentiment has finally started to show signs of improvement globally against the backdrop of the upcoming visit of Chinese delegates to the US in order to re-ignite trade talks.
- The domestic currency largely withstood the headwinds of surging crude prices and trade deficit worries.
- The rupee got hammered to hit a low of 70.24 before rebounding from a fag-end wallop, snapping a two-week losing streak.
- India's foreign exchange reserves fell by USD 33.2 million to USD 400.847 billion in the week to August 17.
- Earlier this week, staging a smart recovery, the rupee sharply higher at 69.83 from last Thursday's closing value of 70.15 at the inter-bank foreign exchange (forex) market.
- The fresh breakout pushed the local unit to hit a high of 69.53 on fresh dollar selling also supported by a strong rally in local equities.
- However, succumbing to a mid-week sell-off spooked by global trade war jitters, the rupee retrated sharply to breach the 70-mark once again to touch a low of 70.24 briefly before recuperating all losses to end at 69.91, revealing a sharp gain of 24 paise, or 0.34 %.
- Globally, the US dollar shed windfall gains scored on the back of haven demand amid turmoil in emerging market assets.
- The dollar index, which measures the greenback's value against a basket of six major currencies dropped to 95.08 from 96 earlier.

Key Rates (%)	24-Aug-2018	17-Aug-2018	% Change
Mibor Overnight	6.55	6.46	1.39
CALL (O/N)	6.39	6.45	-0.93
CBLO	6.44	5.85	10.09
T Bills Index (12M)	7.3	7.15	2.1
10 Year GSEC	7.87	7.86	0.13

## Commodity Market



Commodity (INR)	24-Aug-2018	Gain+/Loss-	% Change
Gold (10 gm)	29530	169	0.58
Silver (1 kg)	36640	-20	-0.05
Crude Oil (\$/barrel)	75.79	3.96	5.51

## Currency Market



Currency	24-Aug-2018	Gain+/Loss-	% Change
USD/INR	70.14	-0.09	-0.13
EURO/INR	81.17	1.2	1.5
GBP/INR	89.97	0.6	0.67
JPY/INR	62.98	-0.37	-0.58

## Upcoming Events



## Week Gone By



Events	Actual %	Previous %
Nikkei Manufacturing PMI Flash AUG (Japan)	52.5	52.3
Initial Jobless Claims 18/AUG (US)	210K	212K
Markit Composite PMI Flash AUG (US)	55.0	55.7
Markit Manufacturing	54.5	55.3

PMI FlashAUG (US)		
Markit Services PMI Flash AUG (US)	55.2	56
Inflation Rate YoY JUL (Japan)	0.9	0.7

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