



## Financial Market & Economy Update

### Domestic Update:

- Wholesale prices in India rose by 0.58 % year-on-year in November of 2019, accelerating from a 0.16 % gain in the previous month and compared with market expectations of a 0.74 % rise. It was the highest wholesale inflation rate since August, amid a faster rise in cost of food namely vegetables, while fuel prices fell less. On a monthly basis, wholesale prices edged up by 0.08 % in November, after a 0.7 % gain in October.
- India's services exports rose 5.25 % to USD 17.70 billion in October, while imports remained nearly flat at USD 10.86 billion. The services exports or receipts were USD 16.82 billion in October 2018, while the imports or payments were worth USD 10.10 billion.
- India's sugar production stood at 4.58 million tonne till December 15 of the ongoing marketing year, down 35 % from the year-ago period, owing to sharp fall in output in Maharashtra and Karnataka, industry body ISMA said on Wednesday.
- Investments through participatory notes (P-notes) in the Indian capital market dropped to Rs 69,670 crore at the end of November. The investment of Rs 76,773 crore at the end of October was registered after a continuous decline since June, the data with markets regulator Sebi showed.

### Global Update:

- China's industrial production increased by 6.2 % year-on-year in November of 2019.
- The IHS Markit Flash Germany Manufacturing PMI fell to 43.4 in December of 2019 from 44.1 in November, well below market expectations of 44.5.
- The IHS Markit/CIPS UK Manufacturing PMI dropped to a four-month low of 47.4 in December 2019 from 48.9 in the previous month, missing market consensus of 49.3, a preliminary estimate showed.
- The IHS Markit/CIPS Flash UK Services PMI edged down to 49 in December of 2019 from 49.3 in November, below market expectations of 49.6.
- The number of people in work in Britain unexpectedly rose in the three months before the missed Oct. 31 deadline for Brexit, according to data which suggests the labor market was retaining some of its strength. The number of people in employment rose by 24,000 to 32.8 million in the August-to-October period. The employment rate hit an all-time high of 76.2% while the unemployment rate fell back to its lowest level since the three months to January 1975 at 3.8%.
- British factory output fell at the fastest pace in more than 10 years during the three months leading up to Prime Minister Boris Johnson's election victory, underscoring the challenge he faces to boost the economy. The Confederation of British Industry's gauge of manufacturing output over the three months to December fell to -16 from -9 in November, its weakest reading since September 2009. Inflows of new work also deteriorated as the CBI's monthly order book balance fell to -28 from -26.
- British inflation remained at a three-year low in November, comfortably below the Bank of England's 2% target before its next interest rate announcement on Thursday, official data showed. Consumer prices rose at an annual rate of 1.5% for a second month running in November, the Office for National Statistics (ONS) said on Wednesday, a little stronger than the median expectation for a 1.4% increase in a Reuters poll of economists.
- German business morale rose more than expected in December to hit a six-month high in a survey released on Wednesday, suggesting that Europe's largest economy picked up steam in the fourth quarter despite a persistent manufacturing crisis. The Ifo institute' business climate index rose to 96.3 in December from an upwardly revised 95.1 in November. The December reading was the highest since June and beat a Reuters consensus forecast of 95.5.
- Japan's exports slipped for a 12th straight month in November, as declining shipments to the United States and China hit the trade-reliant economy, raising the risk of a fourth-quarter contraction. Official data released on Wednesday showed Japan's exports fell 7.9% year-on-year in November, a smaller decline than the 8.6% decline expected by economists in a Reuters poll.
- The Bank of Japan held its key short-term interest rate at -0.1 % during its December meeting, and kept the target for the 10-year Japanese government bond yield at around 0 %.
- Retail sales in the UK rose by 1.0 % year-on-year in November 2019, easing from 3.1 % growth in the previous month and missing market consensus of 2.1 %. That was the smallest increase in retail trade since April 2018, owing to a decline of 1.1 % in non-food stores.
- Britain's economy grew a little faster in the third quarter than first estimated and the country's current account deficit shrank to its smallest since 2012, official data showed on Friday. Figures from the Office for National Statistics (ONS) showed the economy grew 0.4% in the third quarter of the year, better than a previous estimate of 0.3% and boosted by upward revisions to services and construction output.



## Equity Market Update

- Indian indices added 1.5 % in the week ended December 20 amid no major domestic and international data.
- Sensex, Nifty and Bank Nifty touched their respective record highs in the past week supported by rally seen in the global markets.
- In the past week, the Sensex rose 671.83 points (1.63 %) to end at 41,681.54, while

## Domestic Markets



Index	20-Dec-2019	13-Dec-2019	% Change
BSE Sensex	41681.54	41009.71	1.64
S&P CNX Nifty	12271.8	12086.7	1.53
CNX Midcap	16906.45	16932.4	-0.15
CNX 500	9905.35	9783.6	1.24
BSE Smallcap	13391.03	13332.66	0.44

## Global Markets



Index	20-Dec-2019	13-Dec-2019	% Change
Dow Jones	28455.09	28135.38	1.14
Nasdaq	8924.96	8734.88	2.18
S&P 500	3221.22	3168.8	1.65
FTSE 100	7582.5	7353.4	3.12
Shanghai Composite	3004.94	2967.68	1.26
Hang Sang	27871.35	27687.76	0.66

## Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	31008	25936	5072
MF Flows*	5751	4236	1515

\*FII data from 13th Dec to 19th Dec 2019.

\*MF data from 12th Dec to 13th Dec 2019.

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



Date	Index	Stocks
13-Dec-2019	1217.4	263.59
16-Dec-2019	-340.04	-389.35
17-Dec-2019	-741.85	590.35
18-Dec-2019	-244.89	143.52
19-Dec-2019	3634.59	419.34

## Policy Rates



Key Rates (%)	20-Dec-2019	1 Week Ago	1 Month Ago
Reverse Repo	4.9	4.9	5.15
Repo	5.15	5.15	5.4
CRR	4	4	4
SLR	18.5	18.5	18.5

## Key Rates



the Nifty added 185.1 points (1.53 %) to end at 12,271.8.

- **Broader Markets:** The BSE small-cap index rose 0.44 %, and the BSE large-cap index rose 1.5 % in the past week.
- **Sector Update:** The Nifty IT index outperformed the sectoral indices with a gain of over 4 % during the week. Nifty Metal, Nifty Realty and Nifty Nifty Media rose 3.07%, 1.49% and 1.25% respectively.
- **Global:** US markets touched new highs as sentiment had been bolstered after US Treasury Secretary Steven Mnuchin said the United States and China would sign their Phase 1 trade pact in early January.

Key Rates (%)	20-Dec-2019	13-Dec-2019	% Change
Mibor Overnight	5.23	5.15	1.55
CALL (O/N)	5.09	4.97	2.41
CBLO	4.89	4.78	2.3
T Bills Index (12M)	5.32	5.25	1.33
10 Year GSEC	6.6	6.79	-2.8



## Debt Market Update

- India's federal government bonds posted their best gain in 20 months after the central bank said it would simultaneously buy the 10-year bond and sell one-year notes next week.
- The benchmark 6.45% bond maturing in 2029 ended at 98.89 rupees, the highest since Dec. 4, yielding 6.60% in Mumbai. The yield fell 18 basis points this week after rising by an aggregate of 32 basis points in last two weeks.
- The central bank has bought bonds totalling 525 billion rupees via open market bond purchases in this financial year.



## Commodity Market Update

### Oil Update:

- Oil prices edged up for the week ending Dec. 20, with the price of West Texas Intermediate (WTI) up slightly and Brent crude oil for February delivery up 1.41 %.
- WTI January delivery, which expired Thursday, increased 1.01 U.S. dollars as of Thursday, but WTI February delivery erased almost an entire week of advance on Friday.
- WTI and Brent crude prices have increased 33.10 % and 22.94 %, 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 %.

### Gold Update:

- Gold prices gained Rs 92 at Rs 38,121 per 10 grams in Mumbai's bullion market over a weak rupee and political uncertainty in the US following Donald Trump's impeachment by the House of Representatives.
- The precious metal rose Rs 294 for the week and gained 20.21 % in 2019. While silver prices jumped Rs 370 to Rs 44,250 per kilogram in the same period.
- The rate of 10 grams, 22-carat gold in Mumbai was at Rs 34,919 plus 3 % GST, while that of 10 grams, 24-carat gold was Rs 38,121 plus GST. The prices of 18-carat gold quoted at Rs 28,591 plus GST in the retail market.



## Currency Market Update

- The Indian rupee ended lower by 31 paise at 71.12 on December 20 versus the December 13 closing of 70.81.
- India's forex reserves continued on the northward trajectory, rising to a new record of \$454.492 billion on the back of a \$1.07 billion accretion for the week ended December 13.
- The dollar recorded its best week since early November after a series of strong U.S. economic data releases that make a near-term cut in interest rates unlikely. Earlier this week, the U.S. reported that the domestic homebuilding market was regaining steam and the manufacturing sector was stabilizing. That has driven the dollar index up 0.56% this week. It was last up 0.35% on the day to 97.724.

## Commodity Market



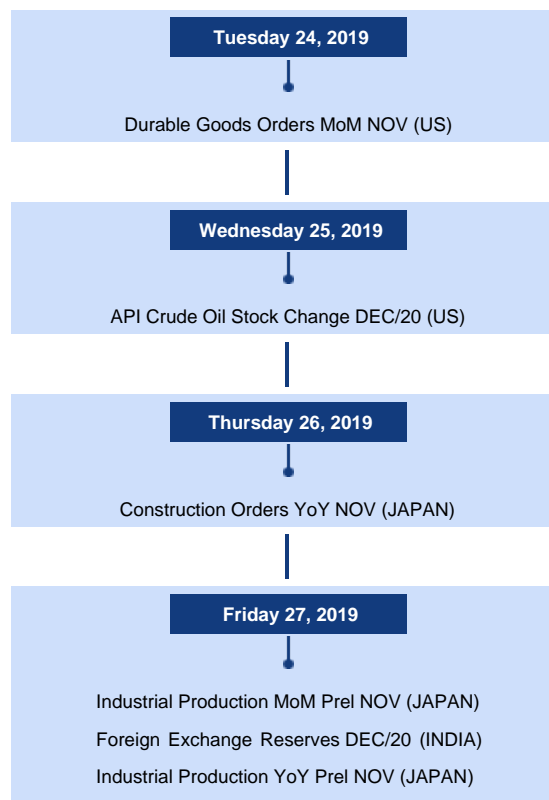
Commodity (INR)	20-Dec-2019	Gain+/Loss-	% Change
Gold (10 gm)	37957	266	0.71
Silver (1 kg)	44222	338	0.77
Crude Oil (\$/barrel)	66.14	0.92	1.41

## Currency Market



Currency	20-Dec-2019	Gain+/Loss-	% Change
USD/INR	71.16	0.44	0.62
EURO/INR	79.11	0.14	0.18
GBP/INR	92.62	-2.66	-2.79
JPY/INR	65.09	0.56	0.87

## Upcoming Events



## Week Gone By



Events	Actual %	Previous %
Industrial Production YoY NOV (CHINA)	6.2	4.7
WPI Manufacturing	-0.84	-0.84

YoY NOV (INDIA)		
WPI Fuel YoY NOV (INDIA)	-7.32	-8.27
WPI Food YoY NOV (INDIA)	11.08	9.8
WPI Inflation YoY NOV (INDIA)	0.58	0.16
Markit Manufacturing PMI Flash DEC (GERMANY)	43.4	44.1
Markit Manufacturing PMI Flash DEC (EA)	45.9	46.9
Markit/CIPS Manufacturing PMI Flash DEC (GREAT BRITAIN)	47.4	48.9
Markit/CIPS UK Services PMI Flash DEC (GREAT BRITAIN)	49.0	49.3
Industrial Production YoY NOV (US)	-0.8	-1.3
Industrial Production MoM NOV (US)	1.1	-0.9
Manufacturing Production YoY NOV (US)	-0.8	-1.7
Manufacturing Production MoM NOV (US)	1.1	0.7
Balance of Trade NOV (JAPAN)	¥82.1B	¥15.7B
Ifo Business Climate DEC (GERMANY)	96.3	95.1
Inflation Rate YoY NOV (GREAT BRITAIN)	1.5	1.5
BoE Quantitative Easing (GREAT BRITAIN)	£435B	£435B
Current Account Q3 (US)	\$-124.1B	\$-125.2B
Inflation Rate YoY NOV (JAPAN)	0.5	0.002
GfK Consumer Confidence DEC (GREAT BRITAIN)	-11.0	-14.0
GfK Consumer Confidence JAN (GERMANY)	9.6	9.7
Deposit Growth YoY DEC/06 (INDIA)	10.3	9.7
Foreign Exchange Reserves DEC/13 (INDIA)	\$454.49B	\$453.42B
Bank Loan Growth YoY DEC/06 (INDIA)	7.9	8.0
Personal Income MoM NOV (US)	0.5	0.0
Personal Spending MoM NOV (US)	0.4	0.3
Consumer Confidence Flash DEC (EA)	-8.1	-7.2

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