



Financial Market & Economy Update

Domestic Update:

- Assets under management of the Indian mutual fund industry surged by Rs 1.33 lakh crore or 7.4 % on a monthly basis to touch a record Rs 26.33 lakh crore in October this year, aided primarily by inflows of Rs 93,202 crore in liquid funds. Retail investors continued to invest through the SIP route, pouring in Rs 8,245 crore compared with Rs 8,262 crore in September 2019.
- As many as 5.91 crore people have been enrolled under the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and 15.47 crore people enlisted under the Pradhan Mantri Suraksha Bima Yojana (PMSBY) since the launch of the two social security schemes in 2015, Union Finance Minister Nirmala Sitharaman said in the Lok Sabha on Monday.
- The Central GST collection fell short of the budgeted estimate by nearly 40 % during the April-November period of 2019-20, according to the data presented in Parliament. The actual CGST collection during April-November stood at Rs 3,28,365 crore while the budgeted estimate is of Rs 5,26,000 crore for these months, Minister of State for Finance Anurag Singh Thakur said in a written reply in Lok Sabha.
- India's retail inflation in November rose to 5.54% from 4.62% in October, highest since 2016 and over RBI's medium-term target of 4%. Higher food prices contributed to the spike. Food price inflation (Rural and urban) climbed 10.01% in November.
- Industrial output in India dropped 3.8 % from a year earlier in October 2019, following a 4.3 % contraction in the previous month and compared to market expectations of a 5 % fall. Production declined for all sectors: manufacturing (-2.1 % vs -4.0 %); mining (-8.0 % vs -8.6 %); and electricity (-12.2 % vs -2.6 %).
- India exported about 37 lakh tonne of sugar in the 2018-19 marketing year ended September to clear the surplus stock.
- Moody's Investors Service on Friday said it has lowered its 2019 GDP growth forecast for India to 5.6 % as slow employment growth weighs on consumption. It expects economic growth to pick up in 2020 and 2021 to 6.6 % and 6.7 % respectively, but sees the pace of growth remaining lower than past.

Global Update:

- China's annual inflation rose to 4.5% in November 2019 from 3.8% in the previous month, above market expectations of 4.2%.
- The total UK trade deficit widened sharply to GBP 5.19 billion in October 2019, the biggest since April, from a revised GBP 1.92 billion in the previous month. Imports jumped 6.2 %, while exports rose at a much softer 0.8 %, still reaching an all-time high.
- Industrial production in the United Kingdom dropped 1.3 % year-on-year in October of 2019, following a 1.4 % decline in the previous month and higher than market expectations of a 1.2 % fall.
- The UK economy expanded 0.7 % year-on-year in October 2019, following a 0.9 % rise in September and in line with market expectations.
- Growth of U.S. labor costs was not as robust as initially thought in the third quarter, suggesting inflation could remain tame in the near term. Unit labor costs, the price of labor per single unit of output, increased at a 2.5% annualized rate in the third quarter.
- The Federal Reserve left the target range for its federal funds rate unchanged at 1.5-1.75 % on December 11th 2019 signaling no plans to change rates in 2020.
- Core machinery orders in Japan, which exclude those of ships and electrical equipment, declined 6.0 % from a month earlier in October 2019, following a 2.9 % fall in September and compared with market expectations of a 0.9 % increase.
- Germany's consumer price inflation was confirmed at 1.1 % year-on-year in November 2019, unchanged from the previous month, the lowest level since February 2018 and matching market expectations.



Equity Market Update

- Indian benchmark indices added more than 1 % in the week ended December 13 amid weak domestic data but positive global cues pushed the indices near the all-time highs.
- The market remained range-bound during the week amid domestic and global cues including IIP, CPI data, the UK election and the US-China trade deal ahead of the December 15 deadline.
- On the domestic front, rising food prices pushed up retail inflation in November to an over three-year high of 5.54 %. The industrial sector output contracted by 3.8 % in October, for the third month in a row, against a 4.3 % contraction in September.
- On the global front, UK Prime Minister Boris Johnson registered a big win that would deliver a swift Brexit.
- Earlier in the week, the US Federal Reserve, held interest rates steady in the range of 1.5 % to 1.7 %. However, the United States and China announced an initial trade agreement, cooling trade tensions between the two big economies.
- In the past week, the Sensex rose 564.56 points (1.39 %) to end at 41,009.71, while the Nifty added 166.2 points (1.38 %) to end at 12,086.7.
- Broader Markets:** The BSE mid-cap index rose 1.11 %, and the BSE large-cap index added 1.35 % in the past week.

Domestic Markets



Index	13-Dec-2019	06-Dec-2019	% Change
BSE Sensex	41009.71	40445.15	1.4
S&P CNX Nifty	12086.7	11921.5	1.39
CNX Midcap	16932.4	16732	1.2
CNX 500	9783.6	9669.4	1.18
BSE Smallcap	13332.66	13339.35	-0.05

Global Markets



Index	13-Dec-2019	06-Dec-2019	% Change
Dow Jones	28135.38	28015.06	0.43
Nasdaq	8734.88	8656.53	0.91
S&P 500	3168.8	3145.91	0.73
FTSE 100	7353.4	7239.66	1.57
Shanghai Composite	2967.68	2899.47	2.35
Hang Sang	27687.76	26217.04	5.61

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	22799	22552	247
MF Flows*	14482	11491	2991

*FII data from 6th Dec to 12th Dec 2019

*MF data from 4th Dec to 11th Dec 2019

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
06-Dec-2019	2946.16	-413.07
09-Dec-2019	698.35	690.92
10-Dec-2019	103.39	6282.76
11-Dec-2019	-176.98	-255.41
12-Dec-2019	1221.33	-21.14

Policy Rates



Key Rates (%)	13-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



• **Sector Update:** The Nifty PSU Bank index outperformed the sectoral indices with a gain of over 4 % during the week. Nifty metal was up by 3.58%, Nifty Auto and Nifty Bank index during the gains 3.37% and 2.15% respectively.



Debt Market Update

- Indian government bonds tumbled for a second straight week as a higher-than-anticipated jump in inflation diminished bets on easing, while continuing fiscal worries and a warning from S&P left investors little to cheer about.
- The benchmark 6.45% bond maturing in 2029 ended at 97.60 rupees, yielding 6.79% in Mumbai.
- The yield rose by 12 basis points this week after rising 20 basis points last week.



Commodity Market Update

Oil Update:

- U.S. West Texas Intermediate and International-benchmark Brent crude oil closed at multi-month highs last week, helped by positive developments in trade negotiations between the United States and China, and an easing of tensions over the U.K.'s plan to leave the European Union. Both events offset concerns over global demand growth after a warning from the International Energy Agency, and a surprise build in U.S. supply.
- Last week, February WTI crude oil settled at \$59.98, up \$0.88 or +1.49% and February Brent crude oil finished at \$65.22, up \$0.83 or +1.27%.
- Both the American Petroleum Institute (API) and Energy Information Administration (EIA) weekly inventories reports showed unexpected builds in crude oil supply during the prior week.
- The American Petroleum Institute (API) reported an estimated weekly crude oil inventory build of 1.41 million barrels for the week-ending December 4. Analysts were looking for a 2.763-million-barrel draw in inventory.
- The U.S. Energy Information Administration (EIA) reported a crude oil inventory build of 800,000 barrels for the week-ending December 6. The EIA also reported a gasoline inventory increase of 5.4 million barrels.

Gold Update:

- The price of gold slipped Rs 103 to Rs 37,827 per 10 grams in Mumbai bullion market on the back of a global stock market rally after Boris Johnson's Conservative Party won a historic election in the UK that allows him to finalise a Brexit deal.
- The precious metal came under further pressure after US President Donald Trump's said that a trade deal with China is very close, a comment that lifted investors' appetite for riskier assets.
- The rate of 10 grams 22-carat gold in Mumbai was Rs 34,649 plus 3 % GST, while that of 10 grams 24-carat gold was Rs 37,827 plus GST. The price of 10 grams, 18-carat gold was at Rs 28,370 plus GST in the retail market.
- Silver prices gained Rs 150 to 43,880 per kg from its closing on December 12.
- After gaining 19.29 % in 2019, the precious metal was down Rs 348 for the week. While silver prices eased Rs 235 to Rs 43,880 per kilogram in the second week of December.



Currency Market Update

- The Indian rupee continued its upward momentum as it ended higher by 39 paise at 70.81 on December 13 versus the December 6 closing of 71.20.
- Foreign Institutional Investors (FIIs) remained net buyers the past week as they bought equities worth Rs 129.71 crore, while Domestic Institutional Investors (DIIs) bought equities worth of Rs 1,848.35 crore.
- The Dollar Spot Index ended the week down 0.54 at \$97.172.

Key Rates (%)	13-Dec-2019	06-Dec-2019	% Change
Mibor Overnight	5.15	5.2	-0.96
CALL (O/N)	4.97	5.05	-1.58
CBLO	4.78	4.89	-2.25
T Bills Index (12M)	5.25	5.24	0.19
10 Year GSEC	6.79	6.67	1.8

Commodity Market



Commodity (INR)	13-Dec-2019	Gain+/Loss-	% Change
Gold (10 gm)	37691	-341	-0.9
Silver (1 kg)	43884	-178	-0.4
Crude Oil (\$/barrel)	65.22	0.83	1.29

Currency Market



Currency	13-Dec-2019	Gain+/Loss-	% Change
USD/INR	70.72	-0.6	-0.84
EURO/INR	78.97	-0.22	-0.28
GBP/INR	95.28	1.4	1.49
JPY/INR	64.53	-1.08	-1.65

Upcoming Events



Monday 16, 2019

Industrial Production YoY NOV (CHINA)

WPI Manufacturing YoY NOV (INDIA)

WPI Fuel YoY NOV (INDIA)

WPI Food YoY NOV (INDIA)

WPI Inflation YoY NOV (INDIA)

Markit Manufacturing PMI Flash DEC (GERMANY)

Markit Manufacturing PMI Flash DEC (EA)

Markit/CIPS Manufacturing PMI Flash DEC (GREAT BRITAIN)

Markit/CIPS UK Services PMI Flash DEC (GREAT BRITAIN)

Tuesday 17, 2019

Industrial Production YoY NOV (US)

Industrial Production MoM NOV (US)

Manufacturing Production YoY NOV (US)

Manufacturing Production MoM NOV (US)

Wednesday 18, 2019

Balance of Trade NOV (JAPAN)

Ifo Business Climate DEC (GERMANY)

Inflation Rate YoY NOV (GREAT BRITAIN)

Thursday 19, 2019

BoE Quantitative Easing (GREAT BRITAIN)

Current Account Q3 (US)

Friday 20, 2019

Inflation Rate YoY NOV (JAPAN)

GfK Consumer Confidence DEC (GREAT BRITAIN)

GfK Consumer Confidence JAN (GERMANY)

Deposit Growth YoY DEC/06 (INDIA)

Foreign Exchange Reserves DEC/13 (INDIA)

Bank Loan Growth YoY DEC/06 (INDIA)

Personal Income MoM NOV (US)

Personal Spending MoM NOV (US)

Consumer Confidence Flash DEC (EA)

Week Gone By



Events	Actual %	Previous %
Current Account OCT (JAPAN)	¥1816.8B	¥1612.9B
GDP Growth Rate QoQ Final Q3 (JAPAN)	0.4	0.5
Balance of Trade OCT (GERMANY)	€21.5B	€21.2B
Current Account OCT (GERMANY)	€22.7B	€24.9B
Inflation Rate YoY NOV (CHINA)	4.5	3.8
Balance of Trade OCT (GREAT BRITAIN)	£-5.19B	£-1.92B
ZEW Economic Sentiment Index DEC (GERMANY)	10.7	-2.1
Core Inflation Rate YoY NOV (US)	2.3	2.3
Inflation Rate YoY NOV (US)	2.1	1.8
Machinery Orders YoY OCT (JAPAN)	-6.1	5.1
Machinery Orders MoM OCT (JAPAN)	-6.0	-2.9
Inflation Rate YoY Final NOV (GERMANY)	1.1	1.1
Industrial Production YoY OCT (INDIA)	-3.8	-4.3
Inflation Rate YoY NOV (INDIA)	5.54	4.62
Manufacturing Production YoY OCT (INDIA)	-2.1	-4.0
Industrial Production YoY Final OCT (JAPAN)	-7.7	1.3
Industrial Production MoM Final OCT (JAPAN)	-4.5	1.7
Foreign Exchange Reserves DEC/06 (INDIA)	\$453.42B	\$451.08B
Balance of Trade NOV (INDIA)	\$-12.12B	\$-11.01B
Retail Sales MoM NOV (US)	0.2	0.4

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