



Financial Market & Economy Update

Domestic Update:

- India's services sector witnessed some recovery as the nation eased the restrictions imposed to contain the coronavirus pandemic. The India Services Business Activity Index, compiled by IHS Markit, stood at 33.7 in June compared with 12.6 in May. A reading below 50, however, still indicates contraction in business activity.
- India's trade deficit with China fell to USD 48.66 billion in 2019-20 on account of decline in imports from the neighbouring country, according to government data. The trade deficit between the countries was at USD 53.56 billion in 2018-19 and USD 63 billion in 2017-18.
- Exports to China in the last financial year stood at USD 16.6 billion, while imports aggregated at USD 65.26 billion, the data showed.
- The output of Eight Core Industries declined at slower pace of 23.4% in May 2020 compared with 37% (provisional) dip in previous month of April 2020.
- Year-on-year Consumer Price Index based on all-items stood at 5.10% for May, 2020 as compared to 5.45% for the previous month and 8.65 % during the corresponding month of the previous year. Similarly, Food inflation stood at 5.88 % against 6.56% of the previous month and 5.21% during the corresponding month a year ago.
- The gross GST revenue collected in the month of June, 2020 is Rs. 90,917 crore of which CGST is Rs. 18,980 crore, SGST is Rs. 23,970 crore, IGST is Rs. 40,302 crore (including Rs. 15,709 crore collected on import of goods) and Cess is Rs. 7,665 crore (including Rs. 607 crore collected on import of goods). The government has settled Rs. 13,325 crore to CGST and Rs. 11,117 crore to SGST from IGST as regular settlement. The total revenue earned by Central Government and the State Governments after regular settlement in the month of June, 2020 is Rs. 32,305 crore for CGST and Rs. 35,087 crore for the SGST.
- The India Manufacturing Purchasing Managers Index (PMI) compiled by IHS Markit, edged up to 47.2 in June, compared with 30.8 in May on a seasonally adjusted basis. India's manufacturing sector moved towards stabilisation in June with both output and new orders contracting at much softer rates than seen in April. India's manufacturing PMI in June is higher than May's reading but it is the 3rd month in a row that India's manufacturing PMI has been lower than 50. PMI less than 50 indicated contraction in business activity.
- India's fiscal deficit widened to INR 4.66 trillion in April-May 2020-21 from INR 3.66 trillion in the corresponding period of the previous fiscal year.
- Infrastructure output in India fell 23.4 % year-on-year in May of 2020, following a downwardly revised 37 % drop in the previous month which was the biggest on record.
- India current account posted a USD 0.6 billion surplus in the first quarter of 2020, compared to a USD 4.6 billion deficit a year earlier, and equivalent to 0.1 % of the GDP.
- External Debt in India decreased to 558500 USD Million in the first quarter of 2020 from 563900 USD Million in the fourth quarter of 2019.

Global Update:

- Eurozone service sector continued to rebound from the coronavirus induced steep decline, according to the latest data released by IHS Markit on Friday. The IHS Markit Eurozone Services Business Activity Index rose to 48.3 from the 30.5 recorded in May, hitting its highest level since February before the pandemic hurt the economic activities.
- The IHS Markit Eurozone PMI Composite Output Index also rebounded for a second consecutive month. At 48.5, the index is up nearly 17 points since May's reading. While confidence in the future has improved, it remains well below levels seen at the start of the year.
- China's service sector PMI rose to 58.4 in June from 55.0 in May
- US factory orders spiked by 8% in May after plunging by a revised 13.5% in April.
- US trade deficit widened to \$54.6 billion in May from a revised \$49.8 billion in April.
- US non-farm payroll employment skyrocketed by 4.8 million jobs in June after soaring by an upwardly revised 2.7 million jobs in May, the Labor Department reported on Thursday.
- The US economy added 4.8 million jobs in June, the most on record and beating expectations of 3 million.
- UK house prices dropped by 0.1% on a yearly basis after rising 1.8% in May, the Nationwide Building Society said Wednesday.
- China manufacturing sector picked up steam in June, with a manufacturing PMI core of 51.2, the latest survey from Caixin showed on Wednesday.
- Britain's economy shrank by 2.2 % in the first quarter of 2020



Equity Market Update

- Equity market benchmarks Sensex and Nifty rose more than 2 % from June 30 to July 3, rising for a third week in a row. The Sensex index added 850.15 points for the week to settle at 36,021.42, and the broader Nifty 50 benchmark gained 224.35 points to 10,607.35.
- While a strong buying interest in automobile, IT and financial stocks pushed the markets, losses in metal, pharma and select state-run banking counters limited the upside, amid a positive trend in global markets on data that rekindled hopes of a quicker economic recovery from the damage caused by the coronavirus pandemic than anticipated earlier. However, rising COVID-19 cases around the globe and back home kept the gains in check.
- Sector Update:** For the week, automobile was the best sector, fuelled by optimism about a recovery in demand as companies reported monthly sales. The Nifty Auto index - comprising stocks of 15 manufacturers of auto and ancillaries - gained 3.56 %. The Nifty Bank and Nifty Financial Services indices appreciated 1.21 % and 2.67 % respectively in the five-day period. At more than 34 %, the financial services sector holds the maximum weightage in the Nifty.
- Broader Markets:** On the broader markets front, investors preferred to book profits as the S&P BSE Mid-cap index was up 0.2 % while the S&P BSE Small-cap index

Domestic Markets



Index	03-Jul-2020	19-Jun-2020	% Change
BSE Sensex	36021.42	35171.27	2.42
S&P CNX Nifty	10607.35	10383	2.16
CNX Midcap	15042.65	14975.25	0.45
CNX 500	8696.25	8559	1.6
BSE Smallcap	12603.02	12630.28	-0.22

Global Markets



Index	03-Jul-2020	19-Jun-2020	% Change
Dow Jones	25827.36	25015.55	3.25
Nasdaq	10207.63	9757.22	4.62
S&P 500	3130.01	3009.05	4.02
FTSE 100	6157.3	6159.3	-0.03
Shanghai Composite	3152.81	2979.55	5.81
Hang Sang	25373.12	24549.99	3.35

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	18636	23325	-4689
MF Flows*	32851	31550	1301

*FII data from 26th June to 1st July 2020

*MF data from 19th June to 30th June 2020

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
29-Jun-2020	-1467.14	-917.98
30-Jun-2020	1631.17	452.58
01-Jul-2020	-474.12	219.9
02-Jul-2020	3437.62	825.98

Policy Rates



Key Rates (%)	03-Jul-2020	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





Debt Market Update

- Reserve bank of India (RBI) has come up with a research paper to assess the sustainability of debt for Indian states. Fiscal shocks through schemes like Ujwal DISCOM Assurance Yojana (UDAY) have led to increased fiscal pressures exacerbating the debt dynamics of states at periodic intervals.
- Local bond yields for 10 year government security, 5.79 GS 2030 closed the week at 5.84%.



Commodity Market Update

Oil Update:

- Crude oil prices dropped below \$43 at the end of this week as growing concerns on the resurgence of COVID-19 cases in major economies around the world strengthened concerns that global energy demand growth could freeze.
- Both International benchmarks for crude gained more than 3% WoW, triggered by strong U.S. June job numbers and a drop in U.S. crude oil reserve. Brent crude gained about 4% WoW.

Gold Update:

- Dealers offered higher discounts on gold this week in India as compared to the previous week as demand continued to remain weak in the country amid soaring prices. Discounts rose to about \$22 an ounce over official prices from \$18 last week, Reuters reported. Domestic prices in India include 12.5% import duty and 3% GST. The country imports most of its gold requirement. Jewellers said that even as stores have resumed operations, retail demand remains weak due to higher prices and coronavirus crisis.
- In India, gold futures hit a record of ₹48,982 per 10 gram on Wednesday, before ending the week at ₹48,050.
- Despite weak jewellery demand in many parts of the world due to the coronavirus crisis and soaring prices, spot gold in global markets has risen 17% in 2020, closing out the second quarter with the largest rally in more than four years.
- Global spot gold prices hit a near eight-year peak of \$1,788.96 this week.
- India's gold imports plunged 86% year-on-year in June due to record high prices.



Currency Market Update

- The Indian rupee continued to gain versus the US dollar in the last week. The domestic currency rose 100 paise to close at 74.64 per dollar on July 03, against its June 26 closing of 75.64 per dollar.
- After falling in the previous week, the country's foreign exchange reserves rose \$1.27 billion to \$506.84 billion in the week ended June 26.

Key Rates (%)	03-Jul-2020	19-Jun-2020	% Change
Mibor Overnight	3.9	3.94	-1.02
CALL (O/N)	3.5	3.54	-1.13
CBLO	3.07	2.68	14.55
T Bills Index (12M)	3.45	3.49	-1.15
10 Year GSEC	5.85	5.91	-1.02

Commodity Market



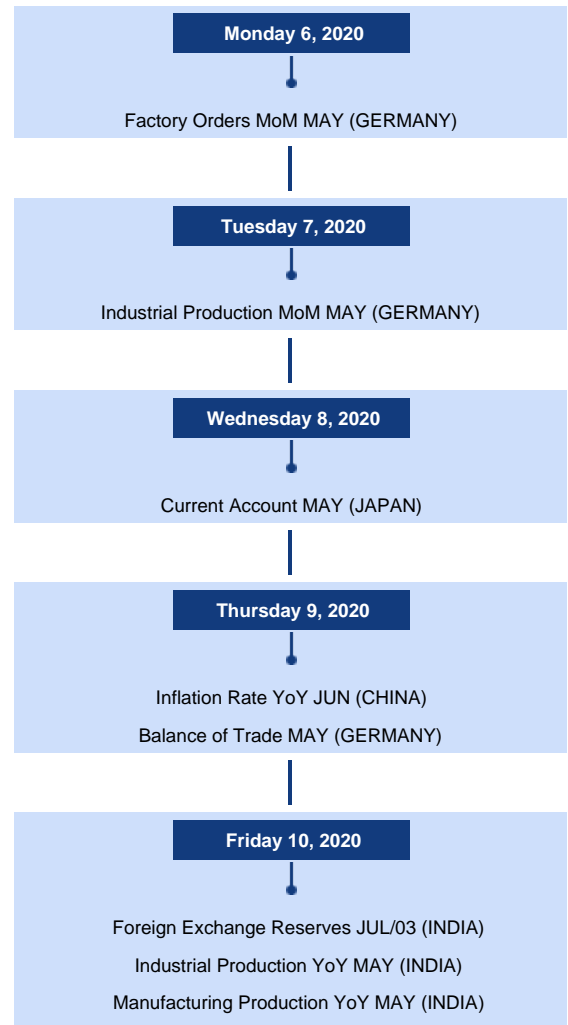
Commodity (INR)	03-Jul-2020	Gain+/Loss-	% Change
Gold (10 gm)	48046	-259	-0.54
Silver (1 kg)	48395	30	0.06
Crude Oil (\$/barrel)	42.8	1.78	4.34

Currency Market



Currency	03-Jul-2020	Gain+/Loss-	% Change
USD/INR	74.78	0.7	0.93
EURO/INR	84.05	0.58	0.69
GBP/INR	93.27	0.44	0.47
JPY/INR	69.56	0.91	1.29

Upcoming Events





Events	Actual %	Previous %
NBS Manufacturing PMI JUN (CHINA)	50.9	50.6
GDP Growth Rate QoQ Final Q1 (GREAT BRITAIN)	-2.2	0.0
GDP Growth Rate YoY Final Q1 (GREAT BRITAIN)	-1.7	1.1
Infrastructure Output YoY MAY (INDIA)	-23.4	-37.0
Government Budget Value MAY (INDIA)	INR-4663B	INR-2795B
External Debt Q1 (INDIA)	\$558.5B	\$563.9B
Gfk Consumer Confidence JUN (GREAT BRITAIN)	-27.0	-30.0
Tankan Large Manufacturers Index Q2 (JAPAN)	-34.0	-8.0
Caixin Manufacturing PMI JUN (CHINA)	51.2	50.7
Markit Manufacturing PMI JUN (INDIA)	47.2	30.8
Non Farm Payrolls JUN (US)	4800K	2699K
Balance of Trade MAY (US)	\$-54.6B	\$-49.8B
Markit Services PMI JUN (INDIA)	33.7	12.6
Deposit Growth YoY JUN/19 (INDIA)	11.0	11.3
Foreign Exchange Reserves JUN/26 (INDIA)	\$506.8B	\$505.57B
Bank Loan Growth YoY JUN/19 (INDIA)	6.2	6.2

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