



Financial Market & Economy Update

Domestic Update:

- The government has again permitted gold and silver jewellery exporters to replenish the precious metal duty free after selling it at international exhibitions, a move which would help in promoting growth of the sector.
- India's manufacturing output grew at its slowest pace in 15 months in August, adding to worries about continued weakness in Asia's third-largest economy, according to a private survey released on Monday. The seasonally adjusted IHS Markit India manufacturing purchasing managers' index (PMI), based on a survey of 400 producers, retreated from 52.5 in July to of 51.4, its lowest mark since May 2018, in August, the market information supplier said in a statement.
- Growth in India's eight infrastructure industries, which make up for two-fifth of the index of industrial production (IIP), dropped to 2.1% in July compared to 7.3% in the same month a year ago due to contraction in the output of coal, crude oil, natural gas and refinery products, official data showed on Monday. Energy consumption is usually considered a proxy for standard of living. During April-July, the eight sectors grew 3% compared to 5.9% in the same period a year ago.
- The country's services sector activity growth eased in August as new business inflows rose at a slower pace; following which job creation and output expansion moderated, a monthly survey showed on Wednesday. The IHS Markit India Services Business Activity Index declined from 53.8 in July to 52.4 in August, pointing to a slower rate of increase in output.
- Gold imports in August plunged 73% from a year ago to the lowest level in three years as a rally in local prices to a record high and a hike in import duty curtailed retail purchases of the precious metal, a government source said on Wednesday.
- Prime Minister Narendra Modi on Thursday said India will walk shoulder-to-shoulder with Russia in its development of the Far East and announced a USD 1 billion line of credit for the development of the resource-rich region.
- Foreign direct investment (FDI) equity inflows rose 28% in the first quarter of 2019-20 to \$16.3 billion from \$12.7 billion in the year-ago period, official data showed.

Global Update:

- Asia's crude oil imports from the United States climbed to a record in August, but that may be as good as it gets for some time - and it's not just the escalating trade war between Washington and Beijing to blame. Asia imported 1.34 million barrels per day (bpd) of U.S. crude in August, just eclipsing the 1.33 million bpd in July, according to vessel-tracking and port data compiled by Refinitiv Oil Research.
- Australia's central bank kept its cash rate at an all-time low of 1% on Tuesday, expecting recent back-to-back policy easing to boost broader economic growth in coming quarters, though it left the door ajar for further cuts.
- The U.S. trade deficit narrowed slightly in July, but the gap with China, a focus of the Trump administration's "America First" agenda, surged to a six-month high. The Commerce Department said the trade deficit dropped 2.7% to \$54.0 billion as exports rebounded and imports fell. Data for June was revised down to show the trade gap shrinking to \$55.5 billion instead of the previously reported \$55.2 billion.
- Britain's economy is in serious danger of entering its first recession since the financial crisis as business confidence wilts in the Brexit chaos, a closely watched business survey showed on Wednesday. Growth in Britain's dominant services sector slowed to a crawl in August and business expectations were at their lowest in more than three years, according to the IHS Markit/CIPS UK Services Purchasing Managers' Index (PMI). Its headline reading fell to 50.6 from 51.4 in July — barely above the 50 barrier between growth and contraction.
- Euro zone business growth was a touch faster than expected last month but remained lacklustre as the bloc's dominant service industry only partially offset a slowdown in manufacturing, a survey showed on Wednesday. IHS Markit's Euro Zone Composite Final Purchasing Managers' Index (PMI), considered a good gauge of overall economic health, nudged up 51.9 in August from July's 51.5.
- German industrial orders dropped by 2.7 % month-over-month in July 2019, worse than market expectations of a 1.5 % fall and shifting from an upwardly revised 2.7 % growth in the previous month.
- The IHS Markit Germany Construction PMI fell to 46.3 in August 2019 from 49.5 in July.
- Germany's industrial production declined by 0.6 % month-over-month in July 2019, missing market expectations of a 0.3 % gain and following a downwardly revised 1.1 % drop in the previous month.



Equity Market Update

- Indian equity benchmarks resumed their weekly declines as investors remained cautious on lower second-quarter corporate earnings due to the ongoing slowdown. The S&P BSE Sensex fell 0.9 % this week to 36,981.77 and the NSE Nifty 50 fell 0.7 % during the period to 10,946.20.
- Sector Update:** Eight of the 11 sectoral gauges compiled by National Stock Exchange ended lower this week, led by the NSE Nifty Realty Index's 4.83 % fall. On the flip side, the NSE Nifty Metal Index was the top sectoral gainer, up 2.96 %.
- Broader Markets:** BSE MIDCAP was down 0.76 % while BSE SMALLCAP was up 0.48 %.

Domestic Markets



Index	06-Sep-2019	30-Aug-2019	% Change
BSE Sensex	36981.77	37332.79	-0.94
S&P CNX Nifty	10946.2	11023.25	-0.7
CNX Midcap	15606.95	15652.2	-0.29
CNX 500	8920.4	8977.55	-0.64
BSE Smallcap	12594.59	12534.7	0.48

Global Markets



Index	06-Sep-2019	30-Aug-2019	% Change
Dow Jones	26797.46	26403.28	1.49
Nasdaq	8103.07	7962.88	1.76
S&P 500	2978.71	2926.46	1.79
FTSE 100	7282.3	7207.2	1.04
Shanghai Composite	2999.6	2886.24	3.93
Hang Sang	26690.76	25724.73	3.76

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	18629	22893	-4264
MF Flows*	17270	13751	3519

FII data from 30th August to 5th September 2019
MF data from 29th August to 5th September 2019

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
30-Aug-2019	2370.54	1108.7
03-Sep-2019	1353.86	-882.15
04-Sep-2019	-102.76	102.88
05-Sep-2019	2102.5	197.43

Policy Rates



Key Rates (%)	06-Sep-2019	1 Week Ago	1 Month Ago
Reverse Repo	5.15	5.15	5.5
Repo	5.4	5.4	5.75
CRR	4	4	4
SLR	18.75	18.75	18.75

Key Rates





Debt Market Update

- Indian government bonds ended lower this week, as concerns over fiscal slippage overshadowed bets of policy rate cuts after the country's economic growth slowed to an over six-year low.
- The benchmark 7.26% bond maturing in 2029 ended at 104.52 rupees, yielding 6.60% in Mumbai. The yield rose four basis points this week, the biggest rise since week ended Aug 16. The rupee ended at 71.72 to the dollar, down 0.5% this week.



Commodity Market Update

Oil Update:

- Oil prices increased for the week ending Sept. 6 as market worries over potential financial volatility were eased by some positive news, with the price of West Texas Intermediate (WTI) for October delivery up 2.58 % and Brent crude oil for November delivery up 1.84 %.
- WTI closed the week at 56.52 U.S. dollars a barrel on the New York Mercantile Exchange, while Brent crude finished the week at 61.54 dollars a barrel on the London ICE Futures Exchange.
- WTI and Brent crude prices have increased 24.47 % and 14.39 %, 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, WTI and Brent crude moved in the same directions. Oil prices continued to be capped by concerns over the slowdown of global economic growth, pessimism driven by a surprise contraction in American manufacturing in August and global trade uncertainty.
- Meanwhile, the market was buoyed by the latest positive signals from the U.S. Federal Reserve (Fed) and a drop in U.S. active drilling oil rig count, as well as positive economic data on China.
- For the week ending Aug. 30, U.S. commercial crude oil inventories sharply fell by 4.771 million barrels from the previous week, more than the expected draw of 2.488 million barrels, implying greater demand and bullish for crude prices.
- Oil prices have kept gaining momentum since the start of the year due to some geopolitical concerns and OPEC's decision of production cut. The momentum has slowed down, mainly because of the concerns over downturn in demand for crude oil.
- The slowing global economy continued to be a major headwind for crude oil. The slower economic growth of the world will lead to less demand for oil, which in turn would put downward pressure on oil prices.

Gold Update:

- Demand for physical bullion was subdued in major Asian hubs this week as high prices dampened consumer interest, although some hefty discounts on offer in India led to a slight uptick in buying ahead of a major festival season.
- Gold futures in India, the biggest bullion consumer after China, were trading around 38,504 rupees per 10 grams on Friday, easing from a record high 39,885 rupees touched on Wednesday.
- However, dealers offered discounts of up to \$45 an ounce over official domestic prices this week, the biggest since August 2016, as jewellers held off on fresh purchases.
- Last week, discounts of up to \$24 were offered. The domestic price includes a 12.5% import tax and 3% sales tax.
- India's August gold imports plunged 73% from a year ago due to a price rally and a hike in import duty, a government source said on Wednesday.
- Global benchmark spot gold prices were set to mark a weekly decline, but still held above \$1,500, having hit \$1,557 earlier in the week, the most expensive since April 2013.
- In top gold buyer China, bullion was sold at a premium of \$9-\$10 an ounce over the benchmark, unchanged from last week.



Currency Market Update

- The Indian rupee breached the 72-a-dollar mark last week, hit by the double whammy of weak local and global economic indicators, though it has since recovered a bit.
- The Indian rupee depreciated 0.45 % this week against the U.S. dollar to end at 71.72. The home currency was the second-worst performer among Asian peers during the period.
- Forex reserves eases to US\$ 428.6 billion as on 30 August 2019. India's foreign exchange reserves declined by US\$ 0.45 billion to US\$ 428.60 billion in the week ended 30 August 2019. The foreign exchange reserves had stood at US\$ 429.05 a week ago.
- U.S. dollar index that tracks the greenback against the euro, yen, sterling and three other currencies was steady at 98.37 after hitting a one-week low of 98.08 on Thursday. The dollar index ended the week down 0.6%, its steepest weekly loss in a month.
- The greenback lost ground against its rivals as global tensions receded, most

Key Rates (%)	06-Sep-2019	30-Aug-2019	% Change
Mibor Overnight	5.5	5.45	0.92
CALL (O/N)	5.37	5.38	-0.19
CBLO	5.22	5.3	-1.51
T Bills Index (12M)	5.66	5.7	-0.7
10 Year GSEC	6.6	6.56	0.61

Commodity Market



Commodity (INR)	06-Sep-2019	Gain+/Loss-	% Change
Gold (10 gm)	38185	-220	-0.57
Silver (1 kg)	46935	247	0.53
Crude Oil (\$/barrel)	61.54	1.11	1.84

Currency Market



Currency	06-Sep-2019	Gain+/Loss-	% Change
USD/INR	71.73	-0.03	-0.04
EURO/INR	79.21	-0.03	-0.04
GBP/INR	88.51	1.08	1.24
JPY/INR	67.04	-0.45	-0.67

Upcoming Events



notably with China and the United States agreeing to high-level trade talks in October.

Balance of Trade JUL (EA)
Deposit Growth YoY AUG/30 (INDIA)
Foreign Exchange Reserves SEP/06 (INDIA)
Bank Loan Growth YoY AUG/30 (INDIA)
Retail Sales MoM AUG (US)

Week Gone By



Events	Actual %	Previous %
Caixin Manufacturing PMI AUG (CHINA)	50.4	49.9
Markit Manufacturing PMI Final AUG (GERMANY)	43.5	43.2
Markit Manufacturing PMI Final AUG (EA)	47.0	46.5
ISM Manufacturing PMI AUG (US)	49.1	51.2
Caixin Services PMI AUG (CHINA)	52.1	51.6
Caixin Composite PMI AUG (CHINA)	51.6	50.9
Markit Services PMI AUG (INDIA)	52.4	53.8
Balance of Trade JUL (US)	\$-54B	\$-55.5B
ISM Non-Manufacturing PMI AUG (US)	56.4	53.7
Foreign Exchange Reserves AUG/30 (INDIA)	\$426.6B	\$429.05B
Non Farm Payrolls AUG (US)	130K	159K

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