



## Financial Market & Economy Update

### Domestic Update:

- Union Commerce and Industries Minister Suresh Prabhu and South Korean Trade Minister Kim Hyun-Chong on Monday signed agreements on trade and commerce.
- India and China have reached an agreement on reduction of tariffs on the import of Indian medicines, particularly cancer drugs, to China, the Foreign Ministry said on Monday.
- Prime Minister Narendra Modi and South Korean President, Moon Jae-in, jointly inaugurated Samsung's 35-acre plant in Noida on Monday.
- India has imposed anti-dumping duty of up to USD 528 per tonne for 5 years on a Chinese polyester yarn used in automobile and other industries.
- Andhra Pradesh has topped the third edition of the government's Ease of Doing Business index for states.
- Passenger vehicle sales in India rose by 37.54 per cent in June, the fastest monthly growth in nearly ten years.
- The Nikkei India Services PMI rose to 52.6 in June of 2018 from 49.6 in the previous month.
- India has become the world's sixth-biggest economy, according to updated World Bank figures for 2017. India's gross domestic product (GDP) amounted to \$2.597 trillion at the end of last year.
- India's industrial output grew 3.2 percent year-on-year in May 2018, following a downwardly revised 4.8 percent advance in the previous month and missing market expectations of 5.2 percent.
- Manufacturing Production in India increased 2.80 percent in May of 2018 over the same month in the previous year.
- The inflation rate in India edged up to 5 percent in June of 2018 from 4.87 percent in May, below market expectations of 5.3 percent.
- India's trade deficit widened to over five-year high of \$16.6 billion compared to \$14.62 billion in May largely on account of surge in crude oil prices, data from the trade ministry showed.

### Global Update:

- China has agreed to reopen its market to imports of German poultry meat, German agriculture minister Julia Kloeckner said on Monday.
- German exports rise more than expected in May. Seasonally adjusted exports rose by 1.8 percent on the month, data from the Federal Statistics Office showed. Imports rose by 0.7 percent.
- China June producer inflation hits six-month high, limited tariff impact so far. The producer price index (PPI) — a gauge of industrial profitability — rose by a stronger-than-expected 4.7 percent in June from a year earlier, compared with a 4.1 percent increase in May.
- The Trump administration raised the stakes in its trade war with China, saying it would slap 10% tariffs on an extra \$200 billion worth of Chinese imports.
- The Nikkei Japan Services PMI improved to 51.4 in June of 2018 from 51.0 in a month earlier, as new orders and output grew at a faster pace.
- Industrial production in the Euro Area rose by 2.4 percent year-on-year in May 2018, following a 1.7 percent advance in the previous month and beating market expectations of 2.1 percent.
- China pledged on Friday to boost cooperation with fellow BRICS countries in response to soaring frictions with the US, as it seeks to cultivate alliances to help it weather a bruising trade war.
- China's trade surplus with the United States swelled to a record in June as its overall exports grew at a solid pace, a result that could further inflame a bitter trade dispute with Washington. China's trade surplus with the United States, which is at the centre of the tariff tussle, widened to a record monthly high of \$28.97 billion, up from \$24.58 billion in May.



## Equity Market Update

- The benchmark Sensex ended with strong gains for the second week in a row, rallying 883.77 points to 36,541.63, while the broader Nifty finished above the psychological 11,000-level at 11,018.90, gaining 246.25 points.
- Bulls reigned over the volatile trading momentum as domestic market weathered rupee volatility, country's macro situation, sustained capital out-flows and shrugged-off the US-China trade war concerns, all of it insulated by robust set-of corporate earnings seasons which kick-started during the week.
- The strong US jobs data led a recovery in global stocks while eased the impact of US-China trade dispute. While back home the five-month spike in CPI inflation and seven-month fall in industrial production (IIP) was cushioned by slump in global crude prices and expectation of good corporate results.
- The BSE Sensex started the week strong at 35,835.10 and hovered between life time highs of 36,740.07 and low of 35,779.72 before closing the week at 36,541.63, showing a smart gain of 883.77 or 2.48 per cent.
- The Nifty also resumed the week higher at 10,838.30 and traded between 11,078.30 and 10,807.15, the index finally closed at 11,018.90, up 246.25 points, or 2.29 per cent.
- **Broader Markets:** In the broader market with both Smallcap and Midcap also ended with moderate gains. The BSE Mid-Cap index rose 39.85 points or 0.26 per

## Domestic Markets



Index	13-Jul-2018	06-Jul-2018	% Change
BSE Sensex	36541.63	35657.86	2.48
S&P CNX Nifty	11018.9	10772.65	2.29
CNX Midcap	18263	18222.05	0.22
CNX 500	9349.05	9194.5	1.68
BSE Smallcap	16196.33	16059.94	0.85

## Global Markets



Index	13-Jul-2018	06-Jul-2018	% Change
Dow Jones	25019.41	24456.48	2.3
Nasdaq	7825.98	7688.39	1.79
S&P 500	2801.31	2759.82	1.5
FTSE 100	7661.9	7617.7	0.58
Shanghai Composite	2831.18	2747.23	3.06
Hang Sang	28525.44	28315.62	0.74

## Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	23212	24895	-1683
MF Flows*	2882	1991	891

FII data from 6th July to 12th July 2018

MF data from 6th July to 9th July 2018

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



Date	Index	Stocks
09-Jul-2018	1877.02	-40.6
10-Jul-2018	1184.11	221.77
11-Jul-2018	79.2	699.6
12-Jul-2018	3733.65	1112.53
13-Jul-2018	265.42	406.64

## Policy Rates



Key Rates (%)	13-Jul-2018	1 Week Ago	1 Month Ago
Reverse Repo	6	6	6
Repo	6.25	6.25	6
CRR	4	4	4
SLR	19.5	19.5	19.5

## Key Rates



cent to settle at 15,431.47. The BSE Small-Cap index rose 136.39 points or 0.85 per cent to settle at 16,196.33.

- **FII:** Meanwhile, foreign portfolio investors (FPIs) and foreign institutional investors (FIIs) sold shares worth Rs 1,609.95 crore during the week, as per Sebi's record including the provisional figure of July 13, 2018.
- **Sector Update:** Among sectoral and industry indices, oils&gas rose by 3.36 per cent, IT 3.17 per cent, teck 2.04 per cent, capital goods 1.57 per cent, bankex 1.38 per cent, FMCG 1.07 per cent, consumer durables 0.92 per cent, power 0.58 per cent, realty 0.44 per cent and healthcare 0.08 per cent, while metal fell by 1.18 per cent, IPO 0.79 per cent, auto 0.55 per cent and PSU 0.36 per cent.

Key Rates (%)	13-Jul-2018	06-Jul-2018	% Change
Mibor Overnight	6.29	6.19	1.62
CALL (O/N)	6.16	6.15	0.16
CBLO	6.23	4.99	24.85
T Bills Index (12M)	7.19	7.12	0.98
10 Year GSEC	7.79	7.86	-0.89



## Debt Market Update

- Indian government bonds rose for a second week, with the benchmark yield posting its biggest weekly fall in over three months, tracking a slump in global crude oil prices and as the rupee strengthened.
- On a weekly basis, the benchmark yield fell eight basis points, the biggest fall since week ended Apr. 6.

## Commodity Market



Commodity (INR)	13-Jul-2018	Gain+/Loss-	% Change
Gold (10 gm)	30080	-460	-1.51
Silver (1 kg)	38649	-615	-1.57
Crude Oil (\$/barrel)	74.6	-1.8	-2.36



## Commodity Market Update

### Oil Update:

- Oil prices traded near three-and-a-half-year highs close to \$80 a barrel in late June and early July due to Libyan supply disruptions and fears the U.S. would press all buyers of Iranian oil to cut imports to zero starting from November, when the U.S. reimposes sanctions against Tehran.
- But prices have since weakened as OPEC member Libya reopened its ports in the east and U.S. Secretary of State Mike Pompeo said Washington would consider granting waivers to some of Iran's crude buyers.
- U.S. benchmark oil, August West Texas Intermediate crude, settled at \$71.01 a barrel on the New York Mercantile Exchange by close of trade on Friday. The contract sank to as low as \$69.23 a barrel Thursday, a level not seen since June 25. It lost 4.4% for the week, marking its second straight weekly loss.
- Elsewhere, September Brent crude, the global benchmark, finished the week at \$75.33 a barrel on the ICE Futures Europe exchange. Brent suffered a weekly loss of around 2.9%.

### Gold Update:

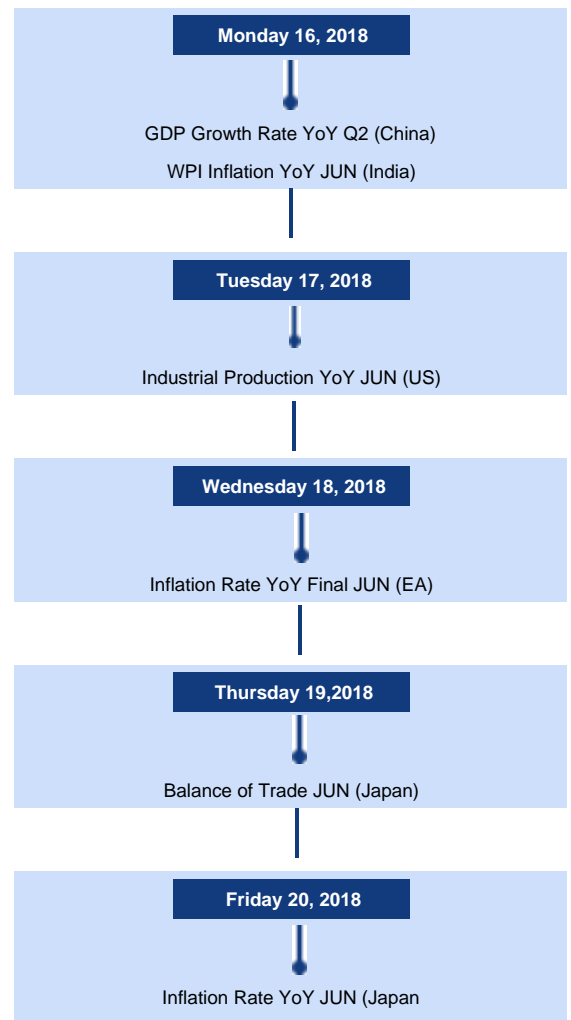
- Tracking a weak cues from overseas market and easing demand from local jewellers, gold lost its glitter during the week and recorded a fall of Rs 480 to close at Rs 30,050 per ten grams at the bullion market during the week.
- Silver slumped below the Rs 39,000-mark due to poor off take by industrial units and coin makers.
- On the domestic front, standard gold (99.5 purity) resumed higher at Rs 30,555 per 10 grams from last Friday's closing level of Rs 30,530 and moved in a range of Rs 30,650 and Rs 30,135 before closing at Rs 30,050, revealing a loss of Rs 480, or 1.57 per cent.
- Silver ready (.999 fineness) too opened higher at Rs 39,505 per kilo gram from last Friday's closing level of Rs 39,295 and moved in a range of Rs 39,660 and Rs 38,765, before ending at Rs 38,675 showing a loss of Rs 620 per kilo, or 1.58 per cent.
- **International:** In worldwide trade, Gold prices fell to their lowest settlement in nearly a year, with the precious metal failing to find safe-haven support from the US-China trade dispute, as the US dollar gained for the week.
- A stronger dollar which has drawn haven demand amid the clash over trade between the US and China and pushed higher on rising-rate expectations has been the most significant headwind for gold. August gold lost USD 5.40, or 0.4 per cent, to settle at USD 1,241.20 an ounce, marking the lowest settlement for a most-active contract since July 17, 2017.
- The contract saw a 1.2 per cent weekly decline, the fourth such loss in five weeks. In the New York Comex trade, gold for August delivery declined to settle at USD 1,241.20 an ounce compared to last weekend's close of USD 1,255.80, while September silver contract fell to finish at USD 15.815 an ounce from USD 16.069 earlier.

## Currency Market



Currency	13-Jul-2018	Gain+/Loss-	% Change
USD/INR	68.41	-0.46	-0.67
EURO/INR	79.76	-0.87	-1.08
GBP/INR	90.07	-1.07	-1.17
JPY/INR	60.77	-1.48	-2.38

## Upcoming Events



## Currency Market Update

- After an extended period of listless trading, the rupee finally made a ferocious move to the upside during the week as forex market endured a revival in sentiment buoyed by a steep plunge in crude prices amid a blistering rally in local bourses.
- The Indian unit ended higher by a healthy 34 paise at 68.53 a fresh two-week high against the US dollar. It oscillated between a high of 68.31 and a low of 68.89.
- The home currency bounced detaining from the selling pressure that has dominated the currency trade, that witnessed turmoil against the dollar. The rupee plunged to a lifetime low of 69.10 on June 28 and a historic closing low of 68.95 on July 5 during the two-week bloodbath.
- Overall trading got a flick following a sharp fall in global crude prices despite intensifying tension between the world's biggest economies.
- A breath-taking rally in domestic equities further supplemented the currency

## Week Gone By

Events	Actual %	Previous %
Inflation Rate YoY JUN (China)	1.9	1.8
Inflation Rate YoY JUN (India)	5.0	4.87
Industrial Production YoY MAY (India)	3.2	4.8
Inflation Rate YoY JUN (US)	2.9	2.8
Manufacturing Production YoY MAY (India)	2.8	5.3
Imports & Exports YoY JUN (China)	14.1 & 11.3	26 & 12.6
Balance of Trade JUN (China)	\$41.61B	\$24.92B
Balance of Trade JUN (India)	\$-16.6B	\$-14.62B

momentum in a health way, apparently uplifting the forex mood. Strong macro-economic fundamentals coupled with expectations of good monsoon which will seek to cool inflationary fears also weighed in the trade.

- Meanwhile, foreign exchange reserves declined by USD 248.20 million to USD 405.81 billion in the week to July 6, despite a rise in the foreign currency assets.
- Earlier this week, the domestic currency opened with a gap-up at 68.57 against last Friday's close of 68.87 at the inter-bank foreign exchange (forex) market.
- Globally, the US dollar continued its bullish ascent bolstered by robust U.S. economic growth report, reinforcing expectations of higher interest rates despite ongoing US-China trade war rhetoric.
- The dollar index, which measures the greenback's value against a basket of six major currencies ended up at 94.44.

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