



Financial Market & Economy Update

Domestic Update:

- India deferred the imposition of retaliatory tariffs on some U.S. imports to next month, opening the door to an agreement that would avert a trade war between the two nations. The higher import duty on goods like chickpeas and Bengal gram, or chana, has been delayed to Sept. 18 from Aug. 4, the finance ministry said in a notification.
- The government on Tuesday doubled import duty to 20 % on 328 tariff lines of textile products.
- Over 1.11 crore farmers have registered on e-NAM platform, which promotes better marketing opportunities for farmers to sell their produce online, Union Agriculture Minister Radha Mohan Singh said on Tuesday.
- Public sector companies (PSUs) have beaten the private sector in the financial year 2017-18 by registering an employment growth of 8%, higher than the latter's 6.3%, a study has shown.
- Pharma exports up 3% to \$17.3 billion in 2017-18, according to commerce ministry data.
- The RBI approved the transfer of the surplus amount of Rs 50,000 crore for the year ended June 30, 2018, to the Government of India, Rs 5,000 higher than budgeted amount of Rs 45,000 crore.
- IMF forecasts India's GDP to grow at 7.5 % in 2019-2020 fiscal year.
- Industrial output recorded a growth of 7 % in June on account of higher output in mining, manufacturing and power generation segments.
- India and Switzerland on Friday discussed the activation of automatic exchange of information relating to black money stashed by Indians in secret accounts in Swiss banks.
- Foreign investors have pumped in over Rs 8,500 crore into the Indian capital markets in the last eight trading sessions on improvement in crude oil prices, stabilising rupee and better corporate earnings.

Global Update:

- Iran dismissed a US offer to renegotiate a historic 2015 nuclear deal signed with other major powers as President Donald Trump reimposed crippling sanctions on Tuesday.
- Amid the trade war with the US, China has reported a current account deficit of \$28.3 billion in the first half of 2018—a first in 20 years for the world's second largest economy.
- The Trump administration said on Wednesday it was moving ahead with a stiff 25 % tariff on additional USD 16 billion worth of imports from China, intensifying a trade war between the two economic giants.
- China July coal imports rise to highest since January 2014 amid heatwave - China increased its coal imports in July by 14 % to their highest in 4-1/2 years. Imports rose 23.9 % from the 25.47 million tonnes in June and climbed 49.1 % from the 19.46 million tonnes in July 2017.
- China's consumer price inflation rose to a four-month high of 2.1 % year-on-year in July of 2018.
- Japan's economy rebounded in the second quarter, returning to growth despite growing global trade tensions. The economy expanded by a faster-than-expected annualised pace of 1.9%, supported by private consumption.
- Germany's exports to the United States in the first half of this year were worth 24.4 billion euros (\$28.3 billion) more than its imports of U.S. goods, data from the Federal Statistics Office showed on Friday.
- Britain's economy accelerated in the second quarter as warmer weather fuelled construction and consumer spending after snow and ice curtailed activity in March. The Office for National Statistics said Friday that gross domestic product expanded by 0.4 % in the three months through June compared with the previous quarter, when growth was 0.2 %.



Equity Market Update

- The benchmark Sensex scaled fresh record highs last week, with the benchmark BSE Sensex touching the 38,000 level for the first time, it gained 313.07 points to finish at 37,869.23, while the broader Nifty closed at 11,429.50, following sustained capital inflow and healthy earnings boosted the sentiment.
- Global cues, however, were mixed last week as investors weighed the continuing trade dispute between the US and China against the backdrop of strong corporate earnings and a healthy economic performance.
- Trading for the week began on a positive note. Domestic stocks logged modest gains in a steady session of trade on buying demand in index pivotals on Monday. The barometer index, the S&P BSE Sensex, rose 135.73 points or 0.36 % at 37,691.89. The Nifty 50 index rose 26.30 points or 0.23 % at 11,387.10.
- The BSE Sensex started the week strong at 37,714.70 and climbed to life highs at 38,076.23 and low of 37,586.88, the index closed the week at 37,869.23, showing a gain of 313.07 or 0.83 %.
- The Nifty also resumed the week higher at 11,401.50 and traded between all-time highs at 11,495.20 and low of 11,359.70, the index finally ended 11,429.50, a gain of 68.70 points, or 0.60 %.
- Broader Markets:** The second-line shares of S&P BSE Mid-Cap index rose 3.89

Domestic Markets



Index	10-Aug-2018	03-Aug-2018	% Change
BSE Sensex	37869.23	37556.16	0.83
S&P CNX Nifty	11429.5	11360.8	0.6
CNX Midcap	19135.95	19112.7	0.12
CNX 500	9724.45	9685.7	0.4
BSE Smallcap	16784.2	16833.52	-0.29

Global Markets



Index	10-Aug-2018	03-Aug-2018	% Change
Dow Jones	25313.14	25462.58	-0.59
Nasdaq	7839.11	7812.02	0.35
S&P 500	2833.28	2840.35	-0.25
FTSE 100	7667	7659.1	0.1
Shanghai Composite	2795.31	2740.44	2
Hang Sang	28366.62	27676.32	2.49

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	21256	18958	2298
MF Flows*	10766	10653	113

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
06-Aug-2018	-2094.78	205.08
07-Aug-2018	-1540.3	-275.48
08-Aug-2018	26.52	-74.47
09-Aug-2018	317.87	448.21
10-Aug-2018	-44.28	298.36

Policy Rates



Key Rates (%)	10-Aug-2018	1 Week Ago	1 Month Ago
Reverse Repo	6.25	6.25	6
Repo	6.5	6.5	6
CRR	4	4	4
SLR	19.5	19.5	19.5

Key Rates



points or 0.02 % to settle at 16,210.78. The BSE Small-Cap index fell 49.32 points or 0.29 % to settle at 16784.20. Both these indices underperformed the Sensex.

- **FII:** Meanwhile, foreign portfolio investors (FPIs) and foreign institutional investors (FIIs) bought shares worth Rs 1,380.35 crore during the week.
- **Sector Update:** Among sectoral and industry indices, consumer durables rose by 2.69 %, bankex 2.15 %, metal 1.67 %, realty 1.08 %, teck 0.64 %, IT 0.54 %, auto 0.47 % and FMCG 0.24 %, while healthcare fell by 2.87 %, IPO 2.80 %, capital goods 1.18 %, oil and gas 0.73 %, PSU 0.30 % and power 0.17 %.

Key Rates (%)	10-Aug-2018	03-Aug-2018	% Change
Mibor Overnight	6.55	6.46	1.39
CALL (O/N)	6.37	6.37	0
CBLO	6.4	5.99	6.84
T Bills Index (12M)	7.24	7.25	-0.14
10 Year GSEC	7.75	7.76	-0.13



Debt Market Update

- Indian government bonds ended steady this week, as a fall in crude oil prices eased inflation concerns, while weakness in the rupee hurt demand.
- The benchmark bond yield fell one basis point this week. It had eased by 14 basis points in the previous five weeks.
- The MPC has hiked the key interest rate by 50 basis points over the last two policy meetings, and retail inflation has stayed above its medium-term target of 4% for the eighth straight month through June.
- The panel, however, had retained a neutral policy stance, boosting expectations that another rate increase is some months away.



Commodity Market Update

Oil Update:

- On the energy front, crude prices rose more than one % on Friday as U.S. sanctions against Iran looked set to tighten supply. However, futures were lower for the week as investors worried that global trade disputes could slow economic growth and hurt demand for energy.
- The Brent crude futures rose 72 cents to \$72.79 per barrel. It was down roughly half a % this week. Globally, the US dollar rose to a near one-year high against a basket of currencies on Friday and the yen also made big strides, with investor appetite for risk dropping amid escalating global trade tensions.
- The number of active drilling rigs in the United States increased by 13 to 1,057, or 108 more than this time last year, according to the weekly data released by Baker Hughes on Friday.

Gold Update:

- **Domestic:** Gold staged a fag-end recovery to finish higher at Rs 30,700 per 10 grams at the bullion market during the week on the back of brisk buying by local jewellers to meet festive season demand, shrugging off a weak trend overseas.
- However, silver ended lower in volatile trade.
- In the national capital, gold of 99.9 % and 99.5 % purity commenced the week slightly higher at Rs 30,585 and Rs 30,435 per 10 grams respectively on scattered buying support.
- Later, it met with some resistance at prevailing levels amid weak trend overseas and slipped to Rs 30,520 and Rs 30,370 before ending at Rs 30,700 and Rs 30,550 per ten grams respectively, showing a rise of Rs 150 each.
- In volatile movements on alternate bouts of buying or selling, silver ready ended the week down by Rs 100 to Rs 39,000 per kg and weekly-based delivery by Rs 105 to Rs 37,965 per kg.
- Silver coins, however, spurred by Rs 1,000 to Rs 74,000 for buying and Rs 75,000 for selling of 100 pieces.
- **International:** Globally, gold ended the week tad lower at USD 1,211.20 an ounce and silver at USD 15.28 an ounce in New York.



Currency Market Update

- The rupee suffered a stunning reversal against the resurgent US dollar after two straight weeks of upmove as renewed global currency turmoil and worsening trade war fears worldwide rattled the forex market in a big way.
- Caught in a fresh wave of global currency turbulence, the Indian unit fell by a staggering 23 paise to end at 68.83.
- It broke through the 69 mark to hit a fresh 3 week low briefly before trimming some of its losses.
- The domestic currency swung widely between a high of 68.45 and a low of 69.03 in volatile trade.
- Overall, trading sentiment wobbled once again in line with sell off in other emerging market currencies hit by the sudden wave of risk off on mounting fears over a political crisis in Turkey.
- Widespread concerns about steadily growing country's trade deficit as well as short term debt liabilities and protectionist tendencies on the global front also weighed on the forex front.
- Ongoing trade war rhetoric between the US and China along with its trading partners too added some nervousness coupled with extreme bullish dollar overseas cues.
- In the meantime, country's foreign exchange reserves fell to over 7 month low of \$402.7 billion in the week ended August 3.
- Earlier this week, the rupee opened a tad higher with positive bias at 68.57 from weekend close of 68.60 at the inter bank foreign exchange (forex) market.

Commodity Market



Commodity (INR)	10-Aug-2018	Gain+/Loss-	% Change
Gold (10 gm)	29477	49	0.17
Silver (1 kg)	37763	110	0.29
Crude Oil (\$/barrel)	72.44	-1.01	-1.38

Currency Market



Currency	10-Aug-2018	Gain+/Loss-	% Change
USD/INR	68.95	0.16	0.24
EURO/INR	79	-0.67	-0.84
GBP/INR	88.19	-1.33	-1.49
JPY/INR	62.15	0.57	0.93

Upcoming Events



- It later strengthened to fresh one month high of 68.45 during the mid-week rally before retreating sharply towards the tail end sell off.
- The local unit plunged sharply to hit a low of 69.03 at the weekend trade before concluding at 68.83, revealing a steep loss of 23 paise, or 0.34 %.
- The rupee had appreciated by 24 paise in two week rally. The RBI, meanwhile, fixed the reference rate for the dollar at 68.7933 and for the euro at 79.6746.
- The dollar index, which measures the greenback's value against a basket of six major currencies shot up to 96.19 its highest since July 2017.

Week Gone By



Events	Actual %	Previous %
Balance of Trade JUL (China)	\$28.05B	\$41.47B
Exports YoY JUL & Imports YoY JUL (China)	12.2 & 27.3	11.2 & 14.1
Inflation Rate YoY JUL (China)	2.1	1.9
GDP Growth Rate QoQ Prel Q2 (Japan)	0.5	-0.2
Core Inflation Rate YoY JUL (US)	2.4	2.3

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