



Financial Market & Economy Update

Domestic Update:

- Automobile dealers' body FADA on Monday said retail sales of passenger vehicles (PV) in July declined 11 % to 2,43,183 units against the same period last year. According to Federation of Automobile Dealers Associations (FADA), PV sales stood at 2,74,772 units in July 2018.
- India's economic growth is set to slow further in the April-June quarter of this year to 5.7 % amid contraction in consumption, weak investments and an under-performing service sector, says a Nomura report.
- Foreign investment in the Indian real estate sector has seen a boom in the last few years. The investment tripled to Rs 140,000 crore during 2014-18, compared to Rs 46,500 crore during 2009-13, says the latest CII-JLL study.
- Providing relief to 6.3 lakh pensioners, retirement fund body EPFO has approved a proposal to restore commutation, or advance part-withdrawal, under the Employees' Pension Scheme. The move would benefit the pensioners who had opted for commutation and got a lump-sum amount at the time of retirement before 2009. The provision for commutation of pension was withdrawn by the EPFO in 2009.
- India's July crude oil imports declined from a year earlier, while petrol imports climbed to their highest since at least April 2011, data from the oil ministry's Petroleum Planning and Analysis Cell (PPAC). Crude oil imports into the world's third-largest consumer declined 1.2% from a year earlier to 19.34 million tonnes, but increased 14.6% from the previous month. Petrol imports rose to 230,000 tonnes in July, the highest since PPAC data going back to 2011.

Global Update:

- Thailand's economy expanded at its slowest pace in nearly five years in the second quarter as traditional growth drivers sputtered. The state planning agency, reporting April-June data on Monday, reduced its forecast for 2019 growth to 2.7-3.2%, versus 3.3%-3.8% seen in May. It also sharply changed its estimate for this year's exports, now seeing 1.2% shrinkage instead of 2.2% growth.
- Fitch Ratings on Monday revised its 2019 growth forecast for Malaysia to 4.6%, from 4.2%, after the country reported stronger-than-expected growth in the first half.
- Japanese manufacturers turned pessimistic about business prospects for the first time in more than six years in August as the spectre of a global downturn looms large amid the escalating Sino-U.S. trade war, the monthly Reuters Tankan survey showed on Monday. Confidence in the service sector also plunged, to plus 13 from plus 25 in July, due to big drops at wholesalers and retailers. That will raise questions over how much longer domestic demand can remain resilient enough to offset rising external pressures, with a rise in the domestic sales tax set for October.
- China lowered its new lending reference rate slightly on Tuesday, as expected, as the central bank kicked off interest rate reforms designed to reduce corporate borrowing costs in the world's second-largest economy. The new one-year LPR CNYLPR1Y=CFXS was set at 4.25% on Tuesday, down 6 basis points (bps) from 4.31% previously. It was 10 bps lower than the PBOC's existing benchmark one-year lending rate.
- British retail sales plunged in August at the fastest pace since December 2008, according to a survey published on Thursday that added to signs of a slowing economy ahead of Brexit in just over two months' time. The Confederation of British Industry's gauge of retailers - or the difference between those reporting rising and falling sales volumes - slumped to -49 in August from -16 in July, the second weakest reading since records began in 1983.
- Indonesia's central bank, hoping it can spur faster growth at home despite a global slowdown, surprisingly cut its key interest rate for a second time in two months on Thursday. Bank Indonesia (BI) cut the 7-day reverse repurchase rate by 25 basis points (bps) to 5.50%. Only two of 19 economists in a Reuters poll predicted the cut, the other 17 forecast a hold after recent global financial volatility that hurt the often-fragile rupiah.
- U.S. home sales rose more than expected in July, boosted by lower mortgage rates and a strong labor market, signs the Federal Reserve's shift toward lower interest rates was supporting the economy. The National Association of Realtors said existing home sales rose 2.5% to a seasonally adjusted annual rate of 5.42 million units last month. June's sales pace was revised slightly higher to 5.29 million units from the previously reported 5.27 million units.
- U.S. President Donald Trump on Friday lashed back at a new round of Chinese tariffs by heaping an additional 5% duty on some \$550 billion in targeted Chinese goods in the latest tit-for-tat trade war escalation by the world's two largest economies.



Equity Market Update

- The Indian markets fell for a third straight week with both Sensex and Nifty trading below their crucial support placed at 37,000 and 11,900 respectively.
- Finance Minister Nirmala Sitharaman withdrew the enhanced surcharge on equity capital gains after market hours on Friday. The surcharge was earlier introduced in the Budget last month.
- The S&P BSE Sensex closed 1.74 % lower this week at 36,701.16 and the NSE Nifty 50 declined 1.98 % to close at 10,829.35.
- **Sector Update:** Nine of the 11 sectoral gauges compiled by National Stock

Domestic Markets



Index	23-Aug-2019	16-Aug-2019	% Change
BSE Sensex	36701.16	37350.33	-1.74
S&P CNX Nifty	10829.4	11047.8	-1.98
CNX Midcap	15354.3	15817.45	-2.93
CNX 500	8790.55	8988.8	-2.21
BSE Smallcap	12186.11	12584.59	-3.17

Global Markets



Index	23-Aug-2019	16-Aug-2019	% Change
Dow Jones	25628.9	25886.01	-0.99
Nasdaq	7751.77	7895.99	-1.83
S&P 500	2847.11	2888.68	-1.44
FTSE 100	7095	7117.2	-0.31
Shanghai Composite	2897.43	2823.82	2.61
Hang Sang	26179.33	25734.22	1.73

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	26086	27775	-1689
MF Flows*	11764	8113	3651

*FII data as from 16th August to 22nd August 2019

*MF data from 14th August to 21st August 2019

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
16-Aug-2019	198.98	-566.95
19-Aug-2019	-873.95	-334.13
20-Aug-2019	761.93	-531.42
21-Aug-2019	-1069.04	-434.87
22-Aug-2019	2845.26	-186.74

Policy Rates



Key Rates (%)	23-Aug-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



Exchange ended lower this week, dragged down by the NSE Nifty Realty Index's 7.75 % fall. The NSE Nifty IT Index was the top sectoral gainer, up 2.94 %.

- **Broader Markets:** The S&P BSE Smallcap index fell more than 3 %, while the S&P BSE Midcap index was down 2.1 % for the week that ended on August 23.



Debt Market Update

- Indian government bonds fell for the third consecutive week on rising concerns over fiscal slippage, while the rupee's plunge for a seventh straight week also weighed on investor appetite.
- The benchmark 7.26% bond maturing in 2029 ended at 104.75 rupees, yielding 6.57%, in Mumbai. The benchmark yield rose three basis points this week, after rising by a cumulative 19 basis points in the last two weeks.



Commodity Market Update

Oil Update:

- Oil prices were mixed for the week ending Aug. 23 amid growing concerns about U.S.-China trade tensions and impacts of U.S. active drilling rigs plunge, with the price of West Texas Intermediate (WTI) for October delivery down 1.28 % and Brent crude oil for October delivery up 1.19 %.
- WTI closed the week at 54.17 U.S. dollars a barrel on the New York Mercantile Exchange, while Brent crude finished the week at 59.34 dollars a barrel on the London ICE Futures Exchange, swinging around the 60-dollar-level during the week. WTI and Brent crude have increased 19.29 % and 10.30 %, 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, by and large, in the same directions, except Wednesday when WTI decreased 0.45 dollar to settle at 55.68 dollars a barrel, while Brent crude rose 0.27 dollar to close at 60.30 dollars a barrel, as investors digested a marked fall in U.S. crude inventories and closely followed up on the geopolitical tensions between Iran and the West.
- In particular on Friday, oil prices plunged after China announced that it would levy additional tariffs on U.S. imports worth about 75 billion U.S. dollars in response to the newly announced U.S. tariff hikes on Chinese goods.
- Energy investors in the global financial markets have turned on a risk-off mode amid deepening worries that escalating U.S.-China trade tensions would whittle down global demand.

Gold Update:

- Gold prices in India ended the week on a strong note to hit another record high, tracking a firm global trend. On MCX, gold futures on Friday ended 1.7% higher at ₹38,810 per 10 gram Friday. Earlier in the session, they hit a new high life time high of ₹38,821. Silver futures on MCX also hit a new high of ₹44,627, rising 1.6%. The latest boost for gold prices came an escalation in US-China trade war and somewhat dovish comments from US Federal Reserve chief.
- In India however high gold prices have hit demand. With domestic gold prices soaring, gold was being sold at a discount for the 12th straight week.
- Dealers were offering a discount of up to \$31 an ounce over official domestic prices, down from last week's \$33 discounts.
- Apart from global rates, rupee-dollar exchange rate and import duties determine the landed price of gold in India, which imports most of its gold requirement.
- The domestic price includes a 12.5% import tax and 3% sales tax.
- Gold in global markets has risen nearly 8% so far this month and about 19% this year. Traders are betting on a rate cut from the US Federal Reserve next month. Lower rates increase the appeal of non-interest yielding gold.
- In global markets, gold rose 2% to a six-year high of \$1,537 on the Comex in New York on Friday.



Currency Market Update

- The Indian rupee declined for the seventh straight week on Friday. The home currency depreciated 0.71 % against the U.S. dollar to close at 71.66. It ended as the second-worst performing Asian currency this week.
- India's foreign exchange reserves decreased by \$70.8 million in the week-ended August 16 to \$430.501 billion compared to the previous week, according to the data from the Reserve Bank of India (RBI). In the previous week, the reserves had increased by \$1.62 billion to \$430.572 billion.
- The U.S. Dollar plunged against a basket of currencies last week, falling from a three-week high, after President Donald Trump ordered U.S. companies to start looking for an alternative to China. The move took place in response to Beijing imposing more tariffs on American goods, further escalating tensions between the two economic powerhouses in a prolonged trade dispute.
- Last week, September U.S. Dollar Index futures settled at 97.530, down 0.477 or -0.49%. For the month, the index is down 0.74%.
- Contributing to the greenback's weakness was a dovish speech by Federal Reserve Chairman Jerome Powell.

Key Rates (%)	23-Aug-2019	16-Aug-2019	% Change
Mibor Overnight	5.4	5.37	0.56
CALL (O/N)	5.34	5.31	0.56
CBLO	5.19	5.25	-1.14
T Bills Index (12M)	5.68	5.72	-0.7
10 Year GSEC	6.57	6.54	0.46

Commodity Market



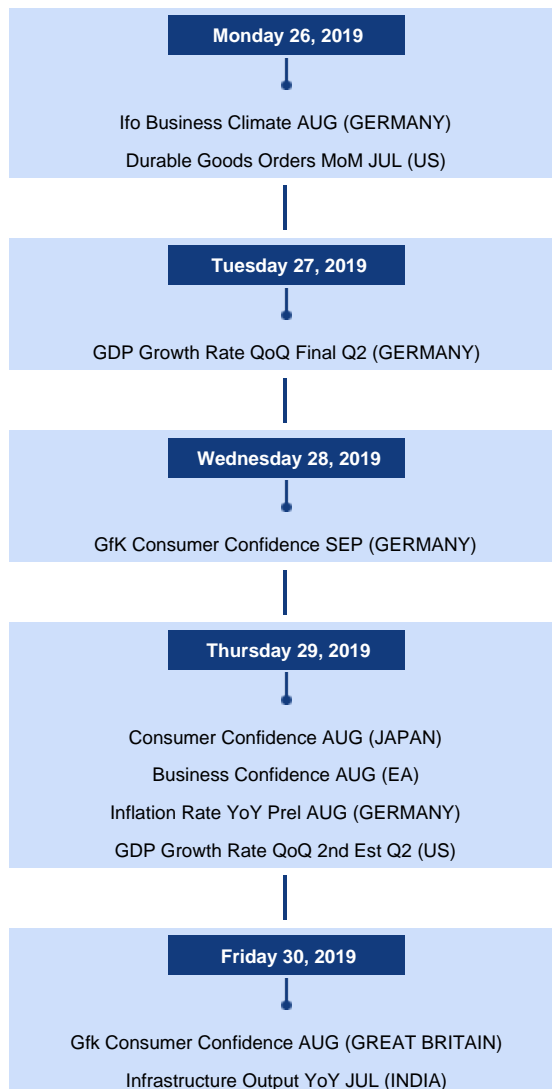
Commodity (INR)	23-Aug-2019	Gain+/Loss-	% Change
Gold (10 gm)	37599	133	0.35
Silver (1 kg)	43708	84	0.19
Crude Oil (\$/barrel)	59.34	0.7	1.19

Currency Market



Currency	23-Aug-2019	Gain+/Loss-	% Change
USD/INR	71.73	0.44	0.62
EURO/INR	79.39	0.25	0.31
GBP/INR	87.62	1.29	1.5
JPY/INR	67.26	0.09	0.13

Upcoming Events



Deposit Growth YoY AUG/16 (INDIA)
 Foreign Exchange Reserves AUG/23 (INDIA)
 Government Budget Value JUL (INDIA)
 Bank Loan Growth YoY AUG/16 (INDIA)
 GDP Growth Rate YoY Q2 (INDIA)
 Personal Income MoM JUL (US)
 Personal Spending MoM JUL (US)

Week Gone By



Events	Actual %	Previous %
Balance of Trade JUL (Japan)	¥-249.6B	¥589.6B
Imports YoY JUL & Exports YoY JUL (Japan)	-1.2 & -1.6	-5.2 & -6.6
Core Inflation Rate YoY Final JUL (EA)	0.9	1.1
Inflation Rate YoY Final JUL (EA)	1.0	1.3
Inflation Rate MoM JUL (EA)	-0.5	0.2
Existing Home Sales MoM JUL (US)	2.5	-1.3
Existing Home Sales JUL (US)	5.42M	5.29M
Markit Manufacturing PMI FlashAUG (EA)	47.0	46.5
Markit Services PMI Flash AUG (EA)	53.4	53.2
Initial Jobless Claims AUG/17 (US)	209K	221K
Markit Manufacturing PMI FlashAUG (US)	49.9	50.4
Markit Services PMI Flash AUG (US)	50.9	53.0
Inflation Rate YoY JUL (JAPAN)	0.5	0.7
New Home Sales JUL (US)	0.635M	0.728M

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