



Financial Market & Economy Update

Domestic Market Update:

- The gross GST revenue collected in the month of October, 2020 is Rs 1,05,155 crore of which CGST is Rs 19,193 crore, SGST is Rs 25,411 crore, IGST is Rs 52,540 crore (including Rs 23375 crore collected on import of goods) and Cess is Rs 8,011 crore (including Rs 932 crore collected on import of goods). The total number of GSTR-3B Returns filed for the month of October upto 31st October, 2020 is 80 lakh. The government has settled Rs 25,091 crore to CGST and Rs 19,427 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 October, 2020 is Rs 44,285 crore for CGST and Rs 44,839 crore for the SGST.
- India's total Money Supply (M3) stood at Rs 17804885 crores as on October 23rd 2020, recording a rise of 11.60% over the same time last year. Currency with the public stood at Rs 2619612, up 21.2% over the year. Demand deposits with banks were up 10% at Rs 1625734 crores. Time deposits with banks were also up 10% at Rs 13518822 crores. The bank credit to commercial sector rose 5.2% on year to Rs 10999604 crores.
- India's service sector activity saw expansion for the first time since February in October, survey results from IHS Markit showed Tuesday. The IHS Markit services Purchasing Managers' Index rose to 54.1 in October from 49.8 in September. New work increased in October, while new orders from abroad dropped further. Employment continued to decline in October though. The 12-month outlook for business activity remained positive.
- India's composite output index, which combines services and manufacturing output, rose to 58.0 in October from 54.6 in the previous month. This was the highest in nearly nine years.
- India's merchandise exports in October 2020 were USD 24.82 billion, as compared to USD 26.23 billion in October 2019, showing a fall of 5.4%. Exports during April-October 2020-21 were USD 150.07 billion, exhibiting a decline of 19.05% over the same period last year.
- The value of India's merchandise imports in October 2020 was USD 33.6 billion, as compared to USD 37.99 billion in October 2019, a decline of 11.56%. Merchandise imports during April-October 2020-21 were USD 182.29 billion, as compared to USD 286.07 billion during the same period last year, exhibiting a negative growth of 36.28%.
- India was thus a net importer in October 2020, with a trade deficit of USD 8.78 billion, as compared to trade deficit of USD 11.76 billion, an improvement by 25.34%.
- In October 2020, Oil imports were USD 5.98 billion, as compared to USD 9.73 billion in October 2019, a decline by 38.52%. Oil imports in April-October 2020-21 were USD 37.84 billion, as compared to USD 74.93 billion, showing a decline of 49.5%.

International Update:

- Germany's industrial production rose in September, data released by Destatis showed on Friday. Industrial output climbed 1.6% on month, following the 0.5% seen in August. Excluding energy and construction, production in industry was rose 2% in September. On a yearly basis, industrial production declined 7.3% in September. However, this was slower than the 8.7% drop in August.
- Japan household spending was down 10.2% on year in September, coming in at 269,863 yen the Ministry of Internal Affairs and Communications said on Friday, following the 6.9% drop in August. The average of monthly income per household stood at 469,235 yen, up 2.6% on year. Individually, spending on furniture, clothing, medical care and recreation all were down sharply.
- US factory orders jumped by 1.1% in September after rising by a revised 0.6% in August, according to a report released by the Commerce Department on Tuesday. The report said orders for durable goods spiked by 1.9%, while orders for non-durable goods rose by 0.3%. Shipments of manufactured goods increased for the fifth consecutive month, rising by 0.3% in September following a matching uptick in August.
- China services sector continued to expand in October with a services PMI score of 56.8, the latest survey from Caixin revealed on Wednesday. That's up from 54.8 in September and it moves further above the boom-or-bust line of 50 that separates expansion from contraction. Individually, business activity expanded at the second-sharpest rate since August 2010, while total new order growth accelerated despite a further dip in export sales. Business confidence improved to its highest level since April 2012. The survey also showed that its composite index rose to 55.7 from 54.5 in the previous month.
- The UK's services sector rose at a much slower pace in October, according to final survey data on Wednesday. IHS Markit/CIPS UK services purchasing managers' index (PMI) registered 51.4 points in October, holding above the 50.0 no-change mark but down sharply from 56.1 in September. The October print was below the 52.3 flash estimate and the weakest performance from the sector since June. The latest data pointed to a much weaker rise in business activity across the UK service sector, with the rate of expansion the slowest for four months.
- US manufacturing purchasing managers index climbed to 59.3 in October from 55.4 in September, with a reading above 50 indicating growth in manufacturing activity, according to a report released by the Institute For Supply Management on Monday. The bigger than expected increase by the headline index came as the new orders index jumped to 67.9 in October from 60.2 in September and the production index rose 63.0 from 61.0. The employment index also climbed to 53.2 in October from 49.6 in September, indicating job growth in the manufacturing sector.
- US construction spending rose by 0.3% to an annual rate of \$1.414 trillion in September after climbing by 0.8% to \$1.410 trillion in August, the Commerce Department revealed in a report released on Monday. The weaker than expected growth in construction spending came as an increase in spending on private construction was partly offset by a drop in spending on public construction.
- China manufacturing sector continued to expand in October with a manufacturing PMI score of 53.6, the latest survey from Caixin revealed on Monday. That's up from 53.0

Domestic Markets



Index	06-Nov-2020	30-Oct-2020	% Change
BSE Sensex	41893.06	39614.07	5.75
S&P CNX Nifty	12263.55	11642.4	5.34
CNX Midcap	17802.75	17066.5	4.31
CNX 500	10033.5	9581.65	4.72
BSE Smallcap	15218.01	14888.08	2.22

Global Markets



Index	06-Nov-2020	30-Oct-2020	% Change
Dow Jones	28323.4	26501.6	6.87
Nasdaq	11895.23	10911.59	9.01
S&P 500	3509.44	3269.96	7.32
FTSE 100	5910	5577.27	5.97
Shanghai Composite	3312.16	3224.53	2.72
Hang Sang	25712.97	24107.42	6.66

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	44491	37927	6564
MF Flows*	15762	17839	-2077

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
30-Oct-2020	-932.04	817.33
02-Nov-2020	-527.14	828.57
03-Nov-2020	1510.66	717.81
04-Nov-2020	-425.88	697.26
05-Nov-2020	6347.91	572.04

Policy Rates



Key Rates (%)	06-Nov-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



in September and it moves further above the boom-or-bust line of 50 that separates expansion from contraction. Individually, October survey data pointed to a marked improvement in business conditions across China's manufacturing sector, with firms recording sharper rises in both output and total new work.



Equity Market Update

- It was an early Diwali on the bourses last week, as benchmark equity indices rose more than 5%, mirroring the strong traction in world markets. The market reacted positively after clarity emerged that Joe Biden was winning against Donald Trump in a gripping contest.
- The S&P BSE Sensex rallied 5.75 percent while the Nifty50 rose 5.3 percent for the week ended November 6, compared to a 3.3 percent rise in the S&P BSE Mid-cap index, and about 2.2 percent gain seen in the S&P BSE Smallcap index in the same period.



Debt Market Update

- Government bond prices fell on Friday because market participants were disappointed by the auction result with Reserve Bank of India setting the coupon for the new 2025 bond at a higher-than-expected level, dealers said.
- Bond traders said that the auction result was indicative of weak demand for dated securities among investors. This is the second consecutive week when the coupon for a new paper has been set higher than expected. Last week, the coupon for the 2035 paper was also set 3 basis points higher than expected.
- The 10-year benchmark 5.77%, 2030 bond ended at 99.24 rupees or 5.87% yield.
- In a press release on Thursday evening, the RBI said it will continue to do outright open market operations of government and state bonds to support market sentiment and assure liquidity across the yield curve.
- The central bank has already purchased 663 bln rupees of securities in Oct-Mar and on Thursday, the RBI announced it will conduct special OMO worth 100 bln rupees on Nov 12.
- The market is faced with a gargantuan borrowing programme of 13.1 trln rupees in this fiscal, 6 trln rupees more than the previous record figure. With India's economy expected to bear the worst recession since Independence, the RBI is expected to keep borrowing costs anchored to support the recovery.



Commodity Market Update

Oil Update:

- Oil prices have been under pressure in the last few days, as it seems the most likely winner of the election, Joe Biden, would be in charge of the world's most important economy. The assumption that his major focus would be on renewables, sent oil prices tanking below \$40/barrel.
- Brent crude prices closed 3.62% lower to settle at \$39.45 a barrel. U.S. West Texas Intermediate dropped 4.25% to settle at \$37.14 a barrel.
- Still, both contracts gained in the week, with Brent up 5.8%, and U.S. crude rising 4.3%.

Gold Update:

- Gold prices were firm on Friday in Indian markets today tracking a global rally this week. In India, gold futures traded 0.6% higher at ₹52,377 per 10 gram on MCX while silver futures were 2.6% higher at ₹65,965. In the previous session, gold prices on MCX had surged ₹1,257 per 10 gram and silver ₹2,700 per kg, tracking a global rally this week. After holding in a narrow range in recent weeks, gold broke out in the previous session as uncertainty over the US election results hopes amid a surge in coronavirus infections across the world boosted demand for the haven asset.
- In global markets, spot gold lost 0.1% to \$1,948.04 an ounce in London, trimming this week's gain to 3.7%. The Bloomberg Dollar Spot Index was little changed but remained on course for a weekly slump.



Currency Market Update

- The Indian Rupee appreciated against the U.S. Dollar on Friday and for a fourth straight week, as the dollar index remained choppy and volatile amid uncertainty over the outcome of the U.S. Presidential election.
- The Rupee ended 74.20 to the dollar on Friday compared with 74.39 in the previous session. The Rupee gained 0.1% this week.

Key Rates (%)	06-Nov-2020	30-Oct-2020	% Change
Mibor Overnight	3.41	3.48	-2.01
CALL (O/N)	3.2	3.25	-1.54
CBLO	2.96	3.07	-3.58
T Bills Index (12M)	3.45	3.44	0.29
10 Year GSEC	5.87	5.88	-0.17

Commodity Market



Commodity (INR)	06-Nov-2020	Gain+/Loss-	% Change
Gold (10 gm)	52167	1526	3.01
Silver (1 kg)	65335	4430	7.27
Crude Oil (\$/barrel)	39.45	1.99	5.31

Currency Market



Currency	06-Nov-2020	Gain+/Loss-	% Change
USD/INR	74.05	-0.3	-0.41
EURO/INR	87.86	-0.6	-0.69
GBP/INR	97.32	-0.84	-0.87
JPY/INR	71.91	-1.47	-2.09

Upcoming Events



WPI Inflation YoY OCT (India)
Foreign Exchange Reserves NOV/06 (India)
Balance of Trade Final OCT (India)
Exports Final OCT (India)
Imports Final OCT (India)

Week Gone By



Events	Actual %	Previous %
Caixin Manufacturing PMI OCT (China)	53.6	53.0
Markit Manufacturing PMI OCT (India)	58.9	56.8
Markit Services PMI OCT (India)	54.1	49.8
Balance of Trade SEP (US)	-\$63.9B	-\$67B
BoE Interest Rate Decision (Great Britain)	0.1	0.1
Fed Interest Rate Decision (US)	0.25	0.25
Deposit Growth YoY OCT/23 (India)	10.1	10.5
Foreign Exchange Reserves OCT/30 (India)	\$560.72B	\$560.5B
Bank Loan Growth YoY OCT/23 (India)	5.1	5.7
Non Farm Payrolls OCT (US)	638K	672K
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