

Weekly Market Update



Financial Market & Economy Update

Domestic Market Update:

- All-India credit-deposit (C-D) ratio improved marginally to 72.5% in December 2020 from 72% in the previous quarter; C-D ratio of metropolitan branches, which account for over half of the banking business in India, stood at 87.5%.
- Total production of Rice during 2020-21 is estimated at record 120.32 million tonnes. It is higher by 7.88 million tonnes than the last five years' average production of 112.44 million tonnes.
- The Reserve Bank Of India (RBI) has reported that currency in circulation contracted by 0.2% on the week to stand at Rs 28.36 lakh crore as on February 19th 2021. The central bank stated further that the overall reserve money gained 0.9% on the week at Rs 34.14 lakh crore. Currency in circulation rose around 20.30% on a year ago basis compared to 11.90% growth at the same time last year. In the current fiscal, the currency in circulation has expanded by nearly 16% so far while the reserve money has increased by 12.70%.
- India's gross domestic product (GDP) in the third quarter of FY21 rose marginally at 0.4 percent, reaffirming that the economy is back on track thanks to the stimulus packages by the government last year.

International Market Update:

- German import prices declined 1.2% year-on-year in January, but slower than the 3.4% decrease seen in December, data from Destatis revealed on Friday. The annual fall was largely driven by a 13.1% drop in energy import prices. Excluding energy, import prices were 0.3% higher than in the previous year. On a monthly basis, import price inflation rose notably to 1.9% from 0.6% in December.
- US new home sales spiked by 4.3% to an annual rate of 923,000 in January after soaring by 5.5% to a revised rate of 885,000 in December, data released by the Commerce Department on Wednesday showed. New home sales in the Midwest helped lead the higher in January, skyrocketing by 12.6% to an annual rate of 107,000. The report said new home sales in the West also shot up by 6.8% to a rate of 307,000, while new home sales in the South jumped by 3% to a rate of 549,000.
- Eurozone money supply growth improved in January, while growth in credit to the private sector eased, data from the European Central Bank showed on Thursday. The M3 monetary aggregate grew 12.5% annually after rising 12.4% in December. In three months to January, M3 expanded 12% on average. At the same time, the narrow measure M1 growth accelerated to 16.4% from 15.6% a month ago.
- German consumer confidence is set to improve in March, survey results from the market research group GfK showed on Thursday. The forward-looking consumer sentiment index rose more-than-expected to -12.9 in March from revised -15.5 in the previous month. The expected level was -14.3. The German economic expectations came in at 8.0, rising from 1.3 in January. After four consecutive declines, the income expectations index also rose to 6.5 in February from -2.9 in the previous month.
- German gross domestic product grew 0.3% sequentially in the fourth quarter instead of 0.1% estimated previously, revised data from Destatis showed on Wednesday. However, this was much slower than the 8.5% rebound seen in the third quarter. On a yearly basis, the decline in GDP slowed to 3.7% from 4%. The fourth quarter rate was revised from -3.9%. The price-adjusted GDP dropped by revised 2.7% annually after easing 3.9% in the third quarter.
- The US Conference Board released a report on Monday showing a large increase by its index of US leading economic indicators in the month of January. The Conference Board said its leading economic index climbed by 0.5% in January after rising by an upwardly revised 0.4% in December.
- The UK unemployment rate increased in the fourth quarter, data from the Office for National Statistics showed Tuesday. The jobless rate came in at 5.1% in three months to December, which was 0.4 percentage points higher than the previous quarter.



Equity Market Update

- The increasing bond yields and fear of rising inflation in the US made the investors and traders cautious globally. As a result, the Indian markets witnessed intense selling pressure, falling more than 3 percent in the week ended February 26. Also, the concerns over a second wave of COVID cases weakened the sentiment. But the rally post Budget FY22 and RBI's accommodative stance helped the market close with over 6 percent gains for the month of February.
- The S&P BSE Sensex fell 3.5 percent while the Nifty50 was down 3.02 percent for the week ended February 26.
- Broader Market Update:** In comparison, the S&P BSE Midcap index fell 0.28 percent, while the S&P BSE Smallcap index closed with gains of 1.4 percent for the same period.
- Sector Update:** In sectoral indices, BSEMETAL gained 7.13 per cent. The top sectoral loser was BSETECK down 4.03 per cent followed by BSEIT down 4.01 per cent.
- The S&P BSE Sensex closed below its crucial support placed at 50,000 while the Nifty50 also ended below 14600 levels.

Domestic Markets



Index	26-Feb-2021	19-Feb-2021	% Change
BSE Sensex	49099.99	50889.76	-3.52
S&P CNX Nifty	14529.15	14981.75	-3.02
CNX Midcap	23268.5	23118.75	0.65
CNX 500	12181.4	12438.8	-2.07
BSE Smallcap	20155.35	19863.41	1.47

Global Markets



Index	26-Feb-2021	19-Feb-2021	% Change
Dow Jones	30932.37	31494.32	-1.78
Nasdaq	13192.35	13874.46	-4.92
S&P 500	3811.15	3906.71	-2.45
FTSE 100	6483.43	6624.02	-2.12
Shanghai Composite	3509.08	3696.17	-5.06
Hang Sang	28980.21	30644.73	-5.43

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	43065	43272	-207
MF Flows*	18266	22827	-4561

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
19-Feb-2021	4264.73	531.61
22-Feb-2021	5113.49	269.01
23-Feb-2021	2446.88	833.83
24-Feb-2021	-1262.84	-175.7
25-Feb-2021	8846.44	-899.24

Policy Rates



Key Rates (%)	26-Feb-2021	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





Debt Market Update

- Government bond prices plunged on Friday as market participants were disappointed with the lower-than-expected cutoff prices set by the Reserve Bank of India at the 240-bln-rupee weekly debt sale.
- Amidst weak demand for dated securities, the government managed to raise 229.54 bln rupees at the debt sale today, as against the notified amount of 240 bln rupees.
- The cutoff prices set on Friday's gilt auction were lower than expectations of 11 bond dealers polled by Informist. The cutoff price for the 4.48%, 2023 bond was set at 99.19 rupees, 7 paise lower than the median of the 11 estimates, while it was 35 paise lower at 100.65 rupees for the floating rate bond, 2033.
- The cutoff price for the 6.22%, 2035 bond was set at 94.60 rupees, 10 paise lower than the estimates.
- The central bank devolved 26.55 bln rupees of the 4.48%, 2023 bond on primary dealers, as against the notified 40 bln rupees, and also devolved 21.32 bln rupees of the 6.22%, 2035 bond.
- The 10-year benchmark 5.85%, 2030 paper ended at 97.25 rupees or 6.23% yield.
- The RBI had set higher-than-expected cutoffs for the underwriting commission payable to primary dealers for the FRB, 2033 and the 2035 bond after a long delay, which accentuated concerns over demand.
- The central bank set the cutoff fees to underwrite the floating rate bond, 2033 at 32.00 paise, and 64.00 paise to underwrite the 6.22%, 2035 bond, sharply higher than an Informist poll of 10 bond dealers had pegged. They had expected the cutoff fees to be 25.38 and 49.25 paise to underwrite the 2033 bond and the 2035 bond, respectively.
- The 6.67%, 2050 bond was under-subscribed at today's auction as bids of only 49.30 bln rupees were submitted against the notified amount of 50 bln rupees. The RBI had not announced an underwriting auction for the bond this week.
- The yield on 10-year US Treasury note has been volatile, surging to a high of 1.61% on Thursday before closing at 1.54%. It was at 1.38% on Wednesday and Friday it was last seen at 1.50% during the day.
- The surge in US yields was due to a culmination of several factors including weak demand at an auction of the 7-year bond on Thursday, while reflationary concerns continued to weigh on the US Treasury note yields.
- A rise in US Treasury yields prompts foreign portfolio investors to sell fixed income assets in riskier emerging markets such as India.



Commodity Market Update

Oil Update:

- Oil prices made another big weekly gain, as WTI rose above \$60 per barrel and the Brent crude price settled above \$65 per barrel, amid a sharp drop in US output due to the weather crisis in Texas.
- The week closed with Brent crude at \$66.13 per barrel and WTI at \$61.50.

Gold Update:

- Physical gold demand in India gained momentum this week as retail buyers and jewellers lapped up bullion at near eight-month low prices, while Singapore continued to see steady interest for both gold and silver.
- Gold futures in India were trading around Rs 46,000 per 10 grams, not far from the eight-month trough of Rs 45,861 touched last week.



Currency Market Update

- The Indian Rupee lost sharply on Friday when indices were down almost 4 per cent and ended the week with losses of 81 paise or 1.11 per cent at Rs 73.46.
- The country's foreign exchange reserves increased by USD 169 million to USD 583.865 billion in the week ended February 19.

Key Rates (%)	26-Feb-2021	19-Feb-2021	% Change
Mibor Overnight	3.47	3.46	0.29
CALL (O/N)	3.24	3.21	0.93
CBLO	3.22	2.48	29.84
T Bills Index (12M)	3.63	3.61	0.55
10 Year GSEC	6.23	6.13	1.58

Commodity Market



Commodity (INR)	26-Feb-2021	Gain+/Loss-	% Change
Gold (10 gm)	45736	-461	-1
Silver (1 kg)	67261	-1751	-2.54
Crude Oil (\$/barrel)	66.13	3.22	5.12

Currency Market



Currency	26-Feb-2021	Gain+/Loss-	% Change
USD/INR	72.29	0.44	0.61
EURO/INR	87.83	-0.21	-0.24
GBP/INR	102.38	-1.66	-1.65
JPY/INR	68.51	0.17	0.25

Upcoming Events



Week Gone By



Events	Actual %	Previous %
Ifo Business Climate FEB (Germany)	92.4	90.3
Claimant Count Change JAN (Great Britain)	-20K	-20.4K
GfK Consumer Confidence MAR (Germany)	-12.9	-15.5
Durable Goods Orders MoM JAN (US)	3.4	1.2
Government Budget Value JAN (India)	INR - 12340B	INR- 11580B
Infrastructure Output YoY JAN (India)	0.1	0.2
Bank Loan Growth YoY FEB/12 (India)	6.6	5.9
Deposit Growth YoY FEB/12 (India)	11.8	11.1
Foreign Exchange Reserves 19/FEB (India)	\$583.9B	\$583.70B
GDP Growth Rate YoY Q4 (India)	0.4	-7.3
Personal Income MoM JAN (US)	10.0	0.6
Personal Spending MoM JAN (US)	2.4	-0.4

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