

# Weekly Market Update



## Financial Market & Economy Update

### Domestic Market Update:

- The monetary policy committee (MPC), headed by RBI governor Shaktikanta Das, kept repo rate untouched at 4%; and reverse repo rate at 3.35% while maintaining the accommodative stance.
- The Reserve Bank on Thursday announced an additional special liquidity facility (ASLF) of Rs 10,000 crore equally split between Nabard and the NHB to help small financiers and home loan companies amid Covid-19 difficulties.
- The IHS Markit India Services PMI increased to 34.2 in July 2020 from 33.7 in the previous month, but below market expectations of 38.8.
- Tractor sales in the country have clocked over 35% year-on-year growth in July on the back of robust agricultural activities.
- The IHS Markit India Manufacturing PMI declined to 46.0 in July 2020 from 47.2 in the previous month, below market consensus of 47.8.
- The government collected goods and services tax (GST) of Rs 87,422 crore for July, lower than that collected in June. The revenues for July 2020 are 86% of the GST revenues in the same month last year. Of the total collections in July, Central GST is Rs 16,147 crore, State GST is Rs 21,418 crore, Integrated GST is Rs 42,592 crore (including Rs 20,324 crore collected on import of goods) and Cess is Rs 7,265 crore (including Rs 807 crore collected on import of goods).

### International Market Update:

- The US economy added 1.76 million jobs in July 2020, easing from a record 4.8 million in the previous month, as a resurgence in COVID-19 cases hit the labor market recovery.
- Germany's trade surplus narrowed to EUR 15.6 billion in June 2020 from EUR 16.5 billion in the same month of the previous year, as the coronavirus pandemic hit global demand.
- The Caixin China General Services PMI fell to 54.1 in July 2020 from an over 10-year high of 58.4 in June, pointing to the slowest expansion in the current three-month sequence of post-COVID recovery.
- The IHS Markit Eurozone Services PMI was revised lower to 54.7 in July 2020 from a preliminary estimate of 55.1, still pointing to the steepest month of expansion in the sector since September 2018 as the economy recovers from the coronavirus hit.
- The IHS Markit/CIPS UK Services PMI stood at 56.5 in July 2020, little-changed from a preliminary estimate of 56.6 and well above June's final reading of 47.1.
- The US trade deficit narrowed to USD 50.7 billion in June 2020 from a revised one-and-a-half-year high of USD 54.8 billion in the previous month and compared to market expectations of USD 50.1 billion.
- The Caixin China General Manufacturing PMI rose to 52.8 in July 2020 from 51.2 in the previous month, beating market consensus of 51.3.
- The Japanese economy shrank 0.6% on quarter in Q1 2020, unrevised from the preliminary estimate, and after a 1.9 percent fall in Q4.



## Equity Market Update

- In the week ended August 7, bulls again took charge of the Street after a pause in the previous week, but remained volatile amid mixed domestic as well as global data, including RBI's accommodative stance to support the economy, June quarter earnings, July manufacturing PMI data and rising COVID-19 cases in India and abroad.
- Last week, BSE Sensex gained 433.68 points (1.1 percent) to close at 38,040.57, while Nifty50 added 140.6 points (1.2 percent) to end at 11,214.05 levels.
- Broader Market Update:** BSE Small-cap index rose 5 percent.
- BSE Mid-cap Index rose 3.3 percent.
- Sector Update:** On the sectoral front, Nifty Metal Index outperformed other indices with nearly 8 percent of gain followed by Nifty Media and Auto.



## Debt Market Update

- Yields for 10 year government security, 5.79 GS ended at 5.88%



## Commodity Market Update

### Oil Update:

## Domestic Markets



Index	07-Aug-2020	31-Jul-2020	% Change
BSE Sensex	38040.57	37606.89	1.15
S&P CNX Nifty	11214.05	11073.45	1.27
CNX Midcap	16103.35	15471.3	4.09
CNX 500	9198.65	9035.75	1.8
BSE Smallcap	13668.69	13021.76	4.97

## Global Markets



Index	07-Aug-2020	31-Jul-2020	% Change
Dow Jones	27433.48	26428.32	3.8
Nasdaq	11010.98	10745.27	2.47
S&P 500	3351.28	3271.12	2.45
FTSE 100	6032.2	5897.8	2.28
Shanghai Composite	3354.03	3310.01	1.33
Hang Sang	24531.62	24595.35	-0.26

## Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	29684	22418	7266
MF Flows*	9852	11410	-1558

\*FII data from 31st July to 5th August 2020

\*MF data from 30th July to 3rd August 2020

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



Date	Index	Stocks
31-Jul-2020	276.58	-373.41
03-Aug-2020	-2209.69	-1497.19
04-Aug-2020	2072.93	517.26
05-Aug-2020	-1248.2	-321.6
06-Aug-2020	2612.94	-608.36

## Policy Rates



Key Rates (%)	07-Aug-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



- Oil NSE 0.58 % prices fell nearly 2% on Friday, limiting their weekly gain due to concerns the global recovery could falter from a resurgence of coronavirus cases.
- The rise in infections remains the dominant issue for the fuel demand outlook. Cases in the United States are still rising in a number of states, while India recently reported a record daily jump in infections. More than 700,000 people have died in the worldwide pandemic.
- Brent crude LCOc1 fell 69 cents, or 1.5%, to settle at \$44.40 a barrel. U.S. West Texas Intermediate (WTI) crude CLc1 fell 73 cents, or 1.7%, to end at \$41.22 a barrel.
- Brent rose 2.5% for the week, while WTI gained 2.4%.

#### Gold Update:

- Despite the decline in the metals' prices on Friday, their gains have been dramatic this week. In the international markets, silver hit its highest since February 2013 at \$29.84 per ounce on Friday, after rocketing over 7 percent during the day and 15.5 percent during the week.
- Spot gold hit a record high of \$2,072.50 an ounce, after 3 percent gains during the week.
- Prices in India are based on international prices and changes in rupee's valuation.
- The reason for the rally for both the metals is the coronavirus pandemic. COVID-19 induced uncertainty on the global economy has investors betting on these safe-haven assets. The recent rally is also a repelling effect of the decline in the US dollar.
- In the recent rally of precious metals' prices, silver has overtaken gold in percentage gains. For 2020, gold prices in India have increased by about 40 percent while silver is up 65 percent.
- On Friday gold futures on MCX (Multi Commodity Exchange of India) closed lower at Rs 54,789 per 10 grams after 6 days of rally. During the day the yellow metal touched a new all-time high of Rs 56,191 per 10 grams and went parabolical towards the end.
- The record-breaking rally was broken after the US dollar gained on American jobs data.



## Currency Market Update

- Indian rupee ended lower at 74.93 per dollar on August 7, against its July 31 closing of 74.81 per dollar.
- Foreign Exchange Reserves in India increased to 534570 USD Million in July 31 from 522630 USD Million in the previous week.
- The country's foreign exchange reserves hit an all-time high of \$534.568 billion after surging by massive \$11.938 billion in the week ended July 31.

Key Rates (%)	07-Aug-2020	31-Jul-2020	% Change
Mibor Overnight	3.82	3.86	-1.04
CALL (O/N)	3.44	3.48	-1.15
CBLO	3.18	3.16	0.63
T Bills Index (12M)	3.46	3.46	0
10 Year GSEC	5.84	5.77	1.21

## Commodity Market



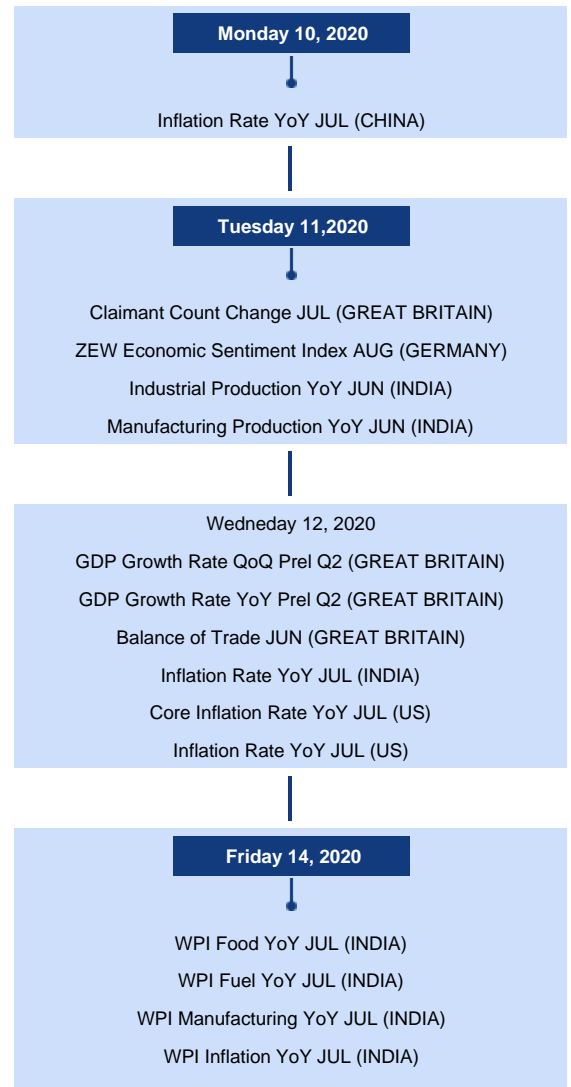
Commodity (INR)	07-Aug-2020	Gain+/Loss-	% Change
Gold (10 gm)	54789	961	1.79
Silver (1 kg)	74160	9176	14.12
Crude Oil (\$/barrel)	44.4	1.1	2.54

## Currency Market



Currency	07-Aug-2020	Gain+/Loss-	% Change
USD/INR	74.96	-0.19	-0.25
EURO/INR	88.78	0.09	0.11
GBP/INR	98.39	-0.22	-0.22
JPY/INR	71.01	0.63	0.88

## Upcoming Events



GDP Growth Rate QoQ 2nd Est Q2 (EA)  
 GDP Growth Rate YoY 2nd Est Q2 (EA)  
 Deposit Growth YoY JUL/31 (INDIA)  
 Foreign Exchange Reserves AUG/07 (INDIA)  
 Bank Loan Growth YoY JUL/31 (INDIA)  
 Balance of Trade JUL (INDIA)  
 Retail Sales MoM JUL (US)

## Week Gone By



Events	Actual %	Previous %
GDP Growth Rate QoQ Final Q1 (JAPAN)	-0.6	-1.9
Caixin Manufacturing PMI JUL (CHINA)	52.8	51.2
Markit Manufacturing PMI JUL (INDIA)	46.0	47.2
Markit Services PMI JUL (INDIA)	34.2	33.7
Balance of Trade JUN (US)	\$-50.7B	\$-54.8B
BoE Interest Rate Decision (GREAT BRITAIN)	0.1	0.1
RBI Interest Rate Decision (INDIA)	4.0	4.0
Cash Reserve Ratio (INDIA)	3.0	3.0
Balance of Trade JUN (GERMANY)	€15.6B	€7.0B
Foreign Exchange Reserves JUL/31 (INDIA)	\$534.6B	\$522.6B
Non Farm Payrolls JUL (US)	1763K	4800K

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