

Weekly Market Update



Financial Market & Economy Update

Domestic Update:

- The Solvent Extractors- Association of India has compiled the export data for export of oilmeals for the month of November 2020 and provisionally reported at 331,171 tons compared to 208,401 tons in November, 2019 i.e. up by 59%. The overall export of oilmeals during April to November 2020 recovered and provisionally reported at 1,948,699 tons compared to 1,734,872 tons during the same period of previous year i.e. up by 12%.
- Government of India has announced the sale (issue/re-issue) of Government Stock through auctions to be held on December 18, 2020. As per revised scheme of underwriting notified on November 14, 2007, the amounts of Minimum Underwriting Commitment (MUC) and the minimum bidding commitment under Additional Competitive Underwriting (ACU) for the underwriting auction, applicable to each Primary Dealer (PD) are being notified. These include 4.48% GS 2023 (Rs 6000 crores), Gol FRB 2033 (Rs 2000 crores), 6.22% GS 2035 (Rs 9000 crores), and 6.67% GS 2050 (Rs 5000 crores). The underwriting auction will be conducted through multiple price-based method on December 18, 2020 (Friday). PDs may submit their bids for ACU auction electronically through Core Banking Solution (E-Kuber) System between 9.00 A.M. and 9.30 A.M. on the date of underwriting auction.
- India's overall exports (Merchandise and Services combined) in April-November 2020-21 are estimated to be USD 304.25 Billion, exhibiting a negative growth of (-) 14.03% over the same period last year. Overall imports in April-November 2020-21 are estimated to be USD 290.66 Billion, exhibiting a negative growth of (-) 29.96% over the same period last year.
- Exports in November 2020 were USD 23.52 Billion, as compared to USD 25.77 Billion in November 2019, exhibiting a negative growth of (-) 8.74%. In Rupee terms, exports were Rs. 1,74,559.49 Crore in November 2020, as compared to Rs. 1,84,142.27 Crore in November 2019, registering a negative growth of (-) 5.20%. Cumulative value of exports for the period April-November 2020-21 was USD 173.66 Billion (Rs.12,95,935.38 Crore) as against USD 211.17 Billion (Rs.14,84,386.50 Crore) during the period April-November 2019-20, registering a negative growth of (-) 17.76% in Dollar terms (negative growth of (-) 12.70% in Rupee terms).
- Imports in November 2020 were USD 33.39 Billion (Rs.2,47,839.85 Crore), which is a decline of (-) 13.32% in Dollar terms and (-) 9.96% in Rupee terms over imports of USD 38.52 Billion (Rs 2,75,255.20 Crore) in November 2019. Cumulative value of imports for the period April-November 2020-21 was USD 215.69 Billion (Rs.16,09,382.96 Crore), as against USD 324.59 Billion (Rs.22,80,659.04 Crore) during the period April-November 2019-20, registering a negative growth of (-) 33.55% in Dollar terms and a negative growth of (-) 29.43% in Rupee terms.
- The Cabinet Committee on Economic Affairs, chaired by Prime Minister Shri Narendra Modi has approved assistance of about Rs. 3,500 crore for sugarcane farmers (Ganna Kisan). Currently, there are close to five crore sugarcane farmers (Ganna Kisan) and their dependents in India. In addition to this, there are about five lakh workers employed in the sugar mills and ancillary activities; and their livelihood depends on the sugar industry.
- S&P Global Ratings raised India's 2020-21 Gross Domestic Product (GDP) forecast to a contraction of 7.7%, as against a contraction of 9% projected earlier. S&P Global, however, did not change its projection that the Indian economy would grow 10% in FY22. The revision in growth forecast reflects a faster-than-expected recovery in the quarter through September, the rating agency said.
- India's retail inflation declined to 6.93% in the month of November 2020 even though it remained above the Reserve Bank of India's (RBI) upper margin of 6%, data released by the Ministry of Statistics & Programme Implementation (MoSPI) showed. The retail inflation, which is measured by the Consumer Price Index (CPI), for the month of October was 7.61%.
- India's wholesale price inflation (WPI) index rose to a 9-month high of 1.55% in November as manufactured products turned costlier. The WPI inflation was 1.48% in October 2020. The index for Primary Articles group declined by (-0.79%) to 151.2 (provisional) in November, 2020 from 152.4 (provisional) for the month of October, 2020.
- The index for Fuel and Power group increased by (0.22%) to 91.3 (provisional) in November, 2020 from 91.1 (provisional) for the month of October, 2020. The index for Manufactured Products group increased by (0.83%) to 121.3 (provisional) in November, 2020 from 120.3 (provisional) for the month of October, 2020
- The WPI Food Index consisting of -Food Articles- from Primary Articles group and -Food Product- from Manufactured Products group have decreased from 159.3 in October, 2020 to 158.9 in November, 2020. The rate of inflation based on WPI Food Index decreased from 5.78% in October, 2020 to 4.27% in November, 2020.

International Update:

- US initial jobless claims rose to 885,000 in the week ended December 12th, an increase of 23,000 from the previous week-s revised level of 862,000, the Labor Department reported on Thursday. With the unexpected increase, jobless claims climbed to their highest level since hitting 893,000 in the week ended September 5th.
- UK retail sales declined in November as many stores ceased trading following government guidance during the Covid-19 pandemic, the Office for National Statistics reported Friday. The retail sales volume dropped 3.8% sales gained 3.1%, while non-food store sales decreased 8% from the previous month. On a yearly basis, growth in retail sales slowed to 2.4% from 5.8% in the previous month.
- Japan overall consumer prices were down 0.9% on year in November, the Ministry of Internal Affairs and Communications said on Friday, following the 0.4% decline in

Domestic Markets



Index	18-Dec-2020	11-Dec-2020	% Change
BSE Sensex	46960.69	46099.01	1.87
S&P CNX Nifty	13760.55	13513.85	1.83
CNX Midcap	20797.45	20437.2	1.76
CNX 500	11355	11171.4	1.64
BSE Smallcap	17769.1	17552.58	1.23

Global Markets



Index	18-Dec-2020	11-Dec-2020	% Change
Dow Jones	30179.05	30046.37	0.44
Nasdaq	12755.64	12377.87	3.05
S&P 500	3709.41	3663.46	1.25
FTSE 100	6529.18	6546.75	-0.27
Shanghai Composite	3394.9	3347.19	1.43
Hang Sang	26498.6	26505.87	-0.03

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	45281	28925	16356
MF Flows*	16488	26166	-9678

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
11-Dec-2020	-236.46	-427.44
14-Dec-2020	-711.31	-294.92
15-Dec-2020	1320.78	-136.67
16-Dec-2020	914.48	-62.82
17-Dec-2020	1181.71	-348.02

Policy Rates



Key Rates (%)	18-Dec-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



October. Core CPI, which excludes food prices, also sank an annual 0.9% following the 0.7% drop in the previous month.

- The US Federal Reserve on Wednesday said it decided to keep the target range for the federal funds rate at 0 to 0.25%, which is where the target range has remained since an emergency rate cut in March. It also plans to continue its asset purchase program until the economy shows substantial progress towards the central bank's goals of maximum employment and price stability. The accompanying statement reiterated that the Fed plans to keep rates at near-zero levels until labor market conditions have reached levels consistent with maximum employment and inflation has risen to 2% and is on track to moderately exceed 2% for some time.
- The National Association of Home Builders released a report on Wednesday showing confidence pulled back in US home builders by more than expected in the month of December. The report said the NAHB Housing Market Index slid to 86 in December after climbing to 90 in November. Despite the pullback, the NAHB noted the housing market index was still at the second-highest reading in the history of the series.
- US retail sales tumbled by 1.1% in November following a revised 0.1% dip in October, the Commerce Department reported on Wednesday. The decrease in retail sales was partly due to a sharp decline in sales by motor vehicle and parts dealers, which plunged by 1.7% in November after coming in unchanged in October. Excluding the slump in auto sales, however, retail sales still fell by 0.9% in November after falling by 0.1% in October.
- Eurozone consumer prices were down 0.3% on a yearly basis in November, the same rate of fall as seen in October and in line with the preliminary estimate published on December 1, final data from Eurostat revealed Thursday. Core inflation, which excludes prices of energy, food, alcohol and tobacco, held steady at 0.2 percent in October. The annual fall was largely driven by the weakness in energy prices.
- Australia jobless rate came in at a seasonally adjusted 6.8 percent in November, the Australian Bureau of Statistics said on Thursday. The Australian economy added 90,000 jobs to 12,860,700 last month, blowing away forecasts for an increase of 50,000 jobs following the addition of 178,800 jobs in October. Full-time employment added 84,200 jobs to 8,725,700 last month after gaining 97,000 in October.
- New Zealand's gross domestic product dropped 2.2% on year in the third quarter of 2020, Statistics New Zealand said on Thursday, following the 12.4% annual drop in the three months prior. On a quarterly basis, GDP surged a record 14% after tumbling 12.2% in the previous three months.
- US industrial production climbed by 0.4% in November following a downwardly revised 0.9% advance in October, the Federal Reserve reported on Tuesday. The Fed said manufacturing output increased for the seventh straight month, advancing by 0.8% in November amid a 5.3% spike in motor vehicles and parts production. The report also showed a substantial rebound in mining output, which surged up by 2.3% in November after falling by 0.7% in October.
- UK consumer price inflation weakened to 0.3% from 0.7% in October, data from the Office for National Statistics showed Wednesday. On a monthly basis, consumer prices dropped 0.1% after staying flat a month ago. This was the first fall in three months.
- Japan posted a merchandise trade surplus of 366.8 billion yen in November, the Ministry of Finance said on Wednesday, down sharply from 872.9 billion yen in October. Exports were down 4.2 percent on year, following the 0.2 percent decline in the previous month. Imports tumbled an annual 11.1 percent after sinking 13.3 percent a month earlier.
- Japan manufacturing sector continued to contract in November, with a manufacturing PMI score of 49.7, the latest survey from Jibun Bank revealed on Wednesday. That's up from 49.0, although it remains beneath the boom-or-bust line of 50 that separates expansion from contraction. Individually, employment levels among Japanese manufacturers rose for the first time since February, albeit fractionally. Business sentiment eased to its softest pace since August, although optimism remained robust. In survey also showed that the services PMI slipped to 47.2 in November from 47.8 and the composite PMI fell to 48.0 from 48.1.
- China industrial production was up 7% on year in November, up from 6.9% in October. The Chinese retail sales also rose an annual 5%, up from 4.3% in the previous month. Fixed asset investment gained 2.6% on year, up from 1.8% a month earlier.
- Eurozone job vacancy rate rose marginally to 1.7% in the third quarter from 1.6% in the second quarter, data from Eurostat revealed on Tuesday. In the same period last year, the rate stood at 2.2%. The rate in industry and construction was 1.5% and that in services came in at 1.1% in the third quarter. The job vacancy rate in the EU27 also climbed to 1.7% from 1.6% a quarter ago.
- UK unemployment rate rose to 4.9% in three months to October, the Office for National Statistics reported Tuesday. The number of people looking for jobs increased by 241,000 from the previous quarter. At the same time, the employment rate decreased 0.5 percentage points from the preceding period to 75.2% in three months to October. Data showed that redundancies increased in August to October by a record 217,000 on the quarter, to a record high of 370,000.
- US consumer sentiment index climbed to 81.4 in December from 76.9 in November, according to a preliminary report released by the University of Michigan on Friday. The report also said the current economic conditions index rose to 91.8 in December from 87.0 in November, while the index of consumer expectations climbed to 74.7 from 70.5.
- Japan's industrial production rose in October, final data from the Ministry of Economy, Trade and Industry showed on Monday. Industrial production grew a seasonally adjusted 4% month-on-month in October. In the initial estimate, output rose 3.8%.

Key Rates (%)	18-Dec-2020	11-Dec-2020	% Change
Mibor Overnight	3.4	3.48	-2.3
CALL (O/N)	3.22	3.13	2.88
CBLO	3.23	3.08	4.87
T Bills Index (12M)	3.4	3.43	-0.87
10 Year GSEC	5.91	5.89	0.24

Commodity Market



Commodity (INR)	18-Dec-2020	Gain+/Loss-	% Change
Gold (10 gm)	50304	980	1.99
Silver (1 kg)	67907	4172	6.55
Crude Oil (\$/barrel)	52.26	2.29	4.58

Currency Market



Currency	18-Dec-2020	Gain+/Loss-	% Change
USD/INR	73.52	0.07	0.09
EURO/INR	89.41	-0.04	-0.04
GBP/INR	98.92	-0.37	-0.37
JPY/INR	70.98	-0.33	-0.47

Upcoming Events



Week Gone By



Events	Actual %	Previous %
Tankan Large Manufacturers Index Q4 (Japan)	-10.0	-27.0
WPI Manufacturing YoY NOV (India)	2.97	2.12
WPI Fuel YoY NOV (India)	-9.87	-10.95



Equity Market Update

- Benchmark domestic indices logged gains for seventh week in row amid positive global cues. In the business week ended yesterday, sustained inflows of foreign institutional investments and data showing improvement in domestic economic boosted investor's risk appetite. Supported by the progress in Coronavirus vaccines and reducing the number of COVID-19 active cases, the Sensex and the Nifty, both hit lifetime highs.
- During the week, the Sensex settled a near 47,000 mark while the Nifty closed

above 13,750 level. The Sensex rose 862 points or 1.87 percent to settle at 46,961 and the Nifty 50 index gained 247 points or 1.83 percent to settle at 13,761.

- **Broader Market Update:** During the week, the broader markets at BSE also gained under-performing the Sensex. The Mid-Cap index rose 1.6 percent while the Small-Cap index added 1.23 percent.



Debt Market Update

- Government bond prices ended lower on Friday because of concern over large supply of dated securities and the view that the Reserve Bank of India was not being proactive in keeping yields from rising.
- Friday, the 5.77%, 2030, bond—the most traded paper—closed at 98.62 rupees or 5.96% yield.
- The 10-year benchmark 5.85%, 2030, bond ended at 99.59 rupees or 5.91% yield.
- Market participants were disappointed that the central bank did not announce outright open market operation for the Centre's bonds but announced a 100-bln-rupee open market operation for state bonds instead, to be conducted on Wednesday.
- The announcement disappointed market participants because the Centre's borrowing programme needs greater support of the RBI than state bonds.
- At 13.1 trln rupees, the Centre's borrowing programme is the largest ever and 22% of it is still to be completed. The demand-supply dynamics require the RBI to absorb supply of dated securities.
- The 6.22%, 2035, bond is offered by the RBI in the switch operation as destination security against the source security of 6.17%, 2021, bond. The switch operation will be conducted on Monday.



Commodity Market Update

Oil Update:

- Crude oil futures edged higher to settle at Rs 3,619 per barrel after hitting a fresh high for January series at 3,639/bbl during intraday on December 18 as participants increased their long positions as seen by the open interest. Crude oil prices climbed on hopes of further US stimulus and vaccination rollout to support demand recovery.
- Crude oil ended the week with a gain of Rs 180 or 5.23 percent for the week. Crude prices rose four out of the five trading sessions on the MCX.
- The number of rigs drilling crude oil in the US jumped by 5 to 263 rigs for the week ended December 18, said Baker Hughes in a weekly report. The rigs count rose for the fifth consecutive week.
- MCX iCOMDEX Crude Oil Index inched higher 55.88 points, or 1.37 percent, to close at 4,125.61.
- West Texas Intermediate crude rose 1.45 percent to settle at \$49.06 per barrel, while Brent crude, the London-based international benchmark soared 1.59 percent to end at \$52.32 per barrel.

Gold Update:

- Gold prices edged lower to settle at Rs 50,305 per 10 gram on December 19 as participants trimmed their long position as seen by the open interest. The precious metal ended the week with a gain of Rs 980 or 1.99 percent for the week.
- The yellow metal traded in the positive territory for three out of five sessions during the week, closing above the key psychological barrier of Rs 50,000/10 grams for two successive days tracking the general weakness in dollar and expectation of further US stimulus.
- In the retail market, the bullion metal settled at Rs 50,108 per gram on Friday up 0.20 percent on the flat rupee and weak global cues. The premium charged by a dealer over official domestic price turned into a discount for the first time in over a month to \$1 per troy ounce as high prices kept retail buyers away.
- The rate of 10 gram 22-carat gold in Mumbai was Rs 45,899 plus 3 percent GST, while 24-carat 10 gram was Rs 50,108 plus GST. The 18-carat gold quoted at Rs 37,581 plus GST in the retail market.
- Spot gold settled with a marginally down \$3.98 at \$1,881.49 an ounce on Friday in London trading.



Currency Market Update

- The Indian Rupee gained 9 paise or 0.12 percent to close at Rs 73.56 to the US Dollar.
- The US dollar settled modestly up at 89.83 or up 0.10 percent yesterday against a basket of six currencies, down 1.21 percent for the week.
- The country's foreign exchange reserves declined by \$778 million to \$578.568 billion in the week to December 11, RBI data showed on December 18. In the previous week, the reserves had touched a lifetime high of \$579.346 billion after increasing by \$4.525 billion.

WPI Food YoY NOV (India)	3.94	6.37
WPI Inflation YoY NOV (India)	1.55	1.48
Inflation Rate YoY NOV (India)	6.93	7.61
Claimant Count Change NOV (Great Britain)	64.3K	-29.8K
Balance of Trade Final NOV (India)	-\$9.87B	-\$8.71B
Exports Final NOV (India)	\$23.52B	\$24.89B
Imports Final NOV (India)	\$33.39B	\$33.61B
Balance of Trade NOV (Japan)	¥366.8B	¥871.7B
Inflation Rate YoY NOV (Great Britain)	0.3	0.7
Retail Sales MoM NOV (US)	-1.1	-0.1
Inflation Rate YoY NOV (Japan)	-0.9	-0.4
GfK Consumer Confidence DEC (Great Britain)	-26.0	-33.0
Deposit Growth YoY DEC/04 (India)	11.3	10.9
Foreign Exchange Reserves DEC/11 (India)	\$578.6B	\$579.3B
Bank Loan Growth YoY DEC/04 (India)	5.7	5.8

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