

Weekly Market Update



Financial Market & Economy Update

Domestic Update:

- The government on Monday said the Agricultural and Processed Food Products Export Development Authority (APEDA) has added 135 laboratories to existing 51 recognized laboratories to enable exporters have an easy access to the laboratories for testing of exports.
- The double-digit growth of domestic air travel seen in past few years slowed to a mere 3.7% with 14.4 crore people flying within the country in 2019, against 13.9 crore in the year before.
- Passenger vehicle (PV) exports from India increased by 5.89 % in the first nine months of the current fiscal.
- India's imports of Middle Eastern oil plunged to a four-year low in 2019, tanker data obtained from sources shows, as the energy-hungry nation diversifies its supplies to cut costs and help shield itself from geopolitical tensions. India, the world's third-biggest oil consumer, imports about 84% of its oil needs and traditionally relies on the Middle East for the majority of its supplies. India shipped in 2.68 million barrels per day (bpd) oil from the Middle East in 2019, down about 10% from 2018, and around 1.8 million bpd from elsewhere, the data reviewed by Reuters showed.
- Reserve Bank of India (RBI) issued directions for permitting Rupee derivatives (with settlement in foreign currency) to be traded in International Financial Services Centres (IFSCs). The central bank released directions u/s 45 W of the Reserve Bank of India Act, 1934 permitting Rupee derivatives (with settlement in foreign currency). Currency derivatives in any currency pair involving the Rupee or otherwise are permitted on recognised stock exchanges set up in IFSCs. Contracts in the Rupee shall be settled in a currency other than the Indian Rupee.
- According to a latest update from the Indian Sugar Mills Association (ISMA), a total of 440 sugar mills are in operation in the country as on 15th January 2020 and have produced 108.85 lac tons of sugar, as compared to 147.40 lac tons produced by 511 sugar mills as on 15th January 2019. This is 38.55 lac tons or 26% lower as compared to last season's production for the corresponding period.
- The Federation of Automobile Dealers Association (FADA) noted that after two months of positive sales during the Festive Period in October and its spillover effect in November, Auto Sales fell once again in December. Despite robust inquiries and with offers and discounts at its peak, customers did not conclude on their purchase as expected, showing continued weakness in consumer sentiment. On a YoY basis, overall vehicle registrations fell by 15% in December. FADA noted that 2-Wheeler registrations were down by 16%, PV registrations were down by 9% and CV registrations registered de-growth of 21%. Only 3W registrations were up marginally.
- The International Monetary Fund (IMF) noted that India's domestic demand has slowed more sharply than expected amid stress in the nonbank financial sector and a decline in credit growth. India's growth is estimated at 4.8% in 2019, projected to improve to 5.8% in 2020 and 6.5% in 2021 (1.2 and 0.9 % point lower than in the October update), supported by monetary and fiscal stimulus as well as subdued oil prices.
- Union Cabinet, chaired by the Prime Minister Narendra Modi, has given its approval for the signing of the Memorandum of Understanding (MoU) between Republic of India and Federative Republic of Brazil on cooperation in the field of oil and natural gas. The MoU will enhance cooperation between the two sides in oil and natural gas sector.
- The Reserve Bank of India introduced the Voluntary Retention Route (VRR) for Investments by Foreign Portfolio Investors (FPIs) on March 01, 2019. An amount of Rs 75, 000 crores was offered for investment in two tranches so far. As on December 31, 2019, around Rs 54,300 crores has already been invested under the scheme. Based on the feedback received, and in consultation with the Government, the Bank has made certain amendments in the scheme to increase its operational flexibility. Revised VRR scheme shall be open for allotment from January 24, 2020. The investment limit under VRR has been increased to Rs 1,50,000 crores. The investment limit available for fresh allotment shall accordingly be Rs 90,630 crores (net of extant allotments and adjustments); and shall be allotted under the VRR-Combined category. The minimum retention period shall be three years. Investment limits shall be available 'on tap' and allotted on 'first come, first served' basis. The 'tap' shall be kept open till the limit is fully allotted.
- Net employment generation in the formal sector stood at 11.62 lakh in November 2019, shows provisional data released by the Employees- Provident Fund Organisation (EPFO) on Wednesday. As per the latest data, 4.03 lakh jobs were created in the same month last year, while 6.48 lakh EPF subscribers were added in October 2019.

Global Update:

- The Bank of Japan maintained its monetary policy on Tuesday but upgraded its growth outlook. The Policy Board of the BoJ voted 7-2 to retain the interest rate at 0.1 % on current accounts that financial institutions maintain at the central bank. The bank maintained its yield target for 10-year Japanese government bonds at around zero %.
- The UK employment rate hit a record high and the jobless rate remained unchanged in three months to November, data from the Office for National Statistics showed Tuesday. In three months to November, the employment rate rose by 0.6 % points annually to a record 76.3%.
- German economic confidence strengthened to the highest level since 2015, survey results from the ZEW - Leibniz Centre for European Economic Research showed Tuesday. The economic sentiment index rose more-than-expected to 26.7 in January from 10.7 in December. This was the highest since July 2015, when the score was 29.7. The indicator for the current situation improved sharply to -9.5 in

Domestic Markets



Index	24-Jan-2020	17-Jan-2020	% Change
BSE Sensex	41613.19	41945.37	-0.79
S&P CNX Nifty	12248.25	12352.35	-0.84
CNX Midcap	18357.2	18073.9	1.57
CNX 500	10083.7	10118.7	-0.35
BSE Smallcap	14845.96	14708.7	0.93

Global Markets



Index	24-Jan-2020	17-Jan-2020	% Change
Dow Jones	28989.73	29348.1	-1.22
Nasdaq	9314.91	9388.94	-0.79
S&P 500	3295.47	3329.62	-1.03
FTSE 100	7586	7674.6	-1.15
Shanghai Composite	2976.53	3075.5	-3.22
Hang Sang	27949.64	29056.42	-3.81

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	22840	21234	1606
MF Flows*	10409	11451	-1042

*FII data from 17h Jan to 22nd Jan 2020

*MF data from 16th Jan to 21st Jan 2020

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
17-Jan-2020	619.55	-433.95
20-Jan-2020	405.78	-887.24
21-Jan-2020	-2143.55	-1029.95
22-Jan-2020	-904.47	-1627.65
23-Jan-2020	2512.39	133.1

Policy Rates



Key Rates (%)	24-Jan-2020	1 Week Ago	1 Month Ago
Reverse Repo	4.9	4.9	4.9
Repo	5.15	5.15	5.15
CRR	4	4	4
SLR	18.5	18.5	18.5

Key Rates



January from -19.9 a month ago.

- Global economic growth for this year is projected at 3.3%, which is 0.1 % point less than the forecast made in October, International Monetary Fund said in the latest update to its World Economic Outlook report. The growth rate is projected to rise to 3.4% next year, which is 0.2 % points less than the October forecast. The growth estimate for 2019 was lowered to 2.9% from 3%. In a few cases, this reassessment also reflects the impact of increased social unrest, the lender added.
- China's gold consumption fell for the first time in three years in 2019, figures released by the country's gold association showed on Tuesday, as high prices and an economic slowdown hit buying in the world's biggest gold market. China consumed a total of 1,002.78 tonnes of gold in 2019, down 12.91% year-on-year.
- Singapore industrial production decreased 0.7% year-on-year in December, following an 8.9% drop in November, data from the Economic Development Board showed on Friday. Excluding biomedical manufacturing, industrial output fell 3.2% in December, following a 9.6% fall in November.
- Australia's private sector output declined at the sharpest pace since the survey began in May 2016, flash survey data from IHS Markit showed on Friday. The Commonwealth Bank of Australia composite output index fell to 48.6 in January from 49.6 in December. A score below 50 indicates contraction in the sector. Sharper reductions in output were seen across manufacturing and service sectors. The flash services Purchasing Managers' Index came in at 48.9, down from 49.8 in the previous month. At the same time, the manufacturing PMI fell marginally to 49.1 from 49.2 a month ago.
- Japan's private sector rebounded at the start of 2020, driven by the expansion in services output, flash survey results from IHS Markit showed Friday. The Jibun Bank flash composite output index rose to 51.1 in January from 48.6 in December. A score above the neutral 50 indicates expansion. The services Purchasing Managers' Index advanced to 52.1 from 49.4 a month ago. The factory PMI also climbed in January but remained below 50. The corresponding index came in at 49.3 versus 48.4 a month ago.
- Japan consumer price inflation increased to 0.8 % in December from 0.5% a month ago, data from the Ministry of Internal Affairs showed Friday. Core inflation rose to 0.7% from 0.5% in November. On a monthly basis, core prices edged up 0.1%. Excluding fresh food and energy, inflation edged up to 0.9 % from 0.8% a month ago.
- UK private sector returned to growth in January driven by a sharp rise in new work, survey results from IHS Markit and Chartered Institute of Procurement & Supply showed Friday. The composite output index rose to a 16-month high of 52.4 in January from 49.3 in December. The headline reading registered above the crucial 50 score for the first time since August 2019. The service sector expanded at the fastest pace in more than a year and the manufacturing sector moved closer to stagnation. The services Purchasing Managers' Index hit 52.9 in January from 50.0 a month ago.
- Germany's private sector gained momentum in January as services activity grew at the fastest pace in five months amid a slower decline in manufacturing, flash survey results from IHS Markit showed Friday. The flash composite output index rose to 51.1 in January from 50.2 in December. This was the highest score in five months. The services Purchasing Managers' Index edged up to a 5-month high of 54.2 versus 52.9 in the previous month.
- Euro area private sector grew at the same moderate pace as seen in the final month of 2019, survey data from IHS Markit showed Friday. The composite output index held steady at 50.9 in January. A score above 50 indicates expansion in the sector. The score was expected to rise to 51.1. The services Purchasing Managers' Index fell to 52.2 from 52.8 in the previous month. Meanwhile, the manufacturing PMI rose to 47.8 in January from 46.3 a month ago.
- European Central Bank President Christine Lagarde on Thursday launched a broad review of the bank's monetary policy strategy. The ECB Governing Council left the key interest rates, asset purchases and forward guidance unchanged. The main refi rate is at a record low zero %, and the deposit rate is at -0.50% after it was cut by 10 basis points in September 2019. The marginal lending facility rate is at 0.25%. The strategy review will look at the potential side effects of low interest rates, Lagarde noted. The ECB will continue to make net purchases under its asset purchase programme at a monthly pace of Euro 20 Billion.
- First-time claims for US unemployment benefits showed a modest increase in the week ended January 18th, according to a report released by the Labor Department on Thursday. The report said initial jobless claims rose to 211,000, an increase of 6,000 from the previous week's revised level of 205,000.

Key Rates (%)	24-Jan-2020	17-Jan-2020	% Change
Mibor Overnight	5.15	5.22	-1.34
CALL (O/N)	4.96	5.02	-1.2
CBLO	5	4.98	0.4
T Bills Index (12M)	5.26	5.26	0
10 Year GSEC	6.58	6.63	-0.75

Commodity Market



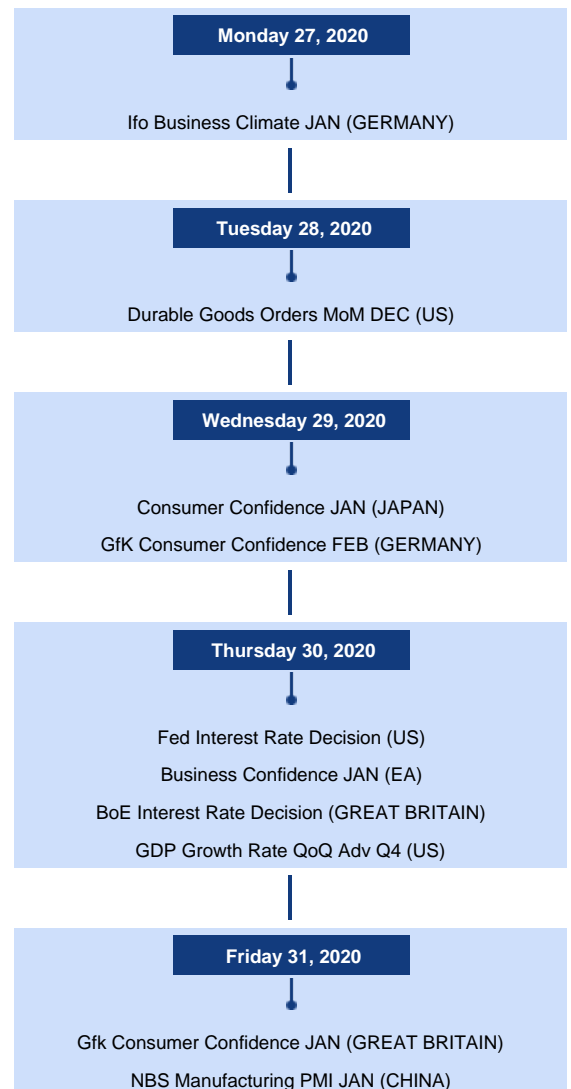
Commodity (INR)	24-Jan-2020	Gain+/Loss-	% Change
Gold (10 gm)	40002	198	0.5
Silver (1 kg)	46116	-411	-0.88
Crude Oil (\$/barrel)	60.69	-4.16	-6.41

Currency Market



Currency	24-Jan-2020	Gain+/Loss-	% Change
USD/INR	71.24	0.2	0.28
EURO/INR	78.69	-0.45	-0.57
GBP/INR	93.51	0.56	0.6
JPY/INR	65.04	0.59	0.92

Upcoming Events



Equity Market Update

- Indian markets had a volatile week, with recovery setting in in the last two trading sessions. The Sensex rallied more than 200 points while the Nifty reclaimed 12,200 levels on January 24.
- For the week, the Sensex closed 0.79 % lower while the Nifty ended with losses of 0.84 %. The Nifty Midcap rose 1.6 % for the week.
- Broader Markets:** The broader market performed in line with benchmark indices. The Nifty Midcap index rose 1.57 % while the BSE Smallcap index ended with gains of 0.93 %.



Debt Market Update

- Indian government bonds ended higher for the first week in three, as crude oil prices fell, while aggressive cutoffs at the central bank's special open market operation aided sentiment ahead of next week's federal budget.
- The benchmark 6.45% bond maturing in 2029 ended at 99.05 rupees, yielding 6.58%, in Mumbai. The benchmark bond yield fell five basis point this week, after rising by an aggregate of 11 basis points in last two weeks.
- The Reserve Bank of India conducted a special open market operation yesterday, in which it purchased the benchmark note at a sharply higher-than-expected cutoff

along with the 2024 note worth an aggregate of 100 billion rupees, while selling only 29.50 billion rupees of bonds maturing in 2021 for a similar quantum.

- This was the fourth such auction in this financial year by the central bank, which has bought 267 billion rupees of the benchmark note through such operations.



Commodity Market Update

Oil Update:

- Oil prices dived for the week ending Jan. 24 with the price of West Texas Intermediate (WTI) for March delivery down 7.43 % and Brent crude oil for March delivery down 6.41 %, plummeting to two-month lows.
- In response to oversupply fears and concerns regarding global economic growth, which have been particularly intensified after the outbreak of the coronavirus in China, crude oil prices were down for the third week in a row.
- WTI closed the week at 54.19 U.S. dollars a barrel on the New York Mercantile Exchange, falling below 55 dollars a barrel, while Brent crude finished the week at 60.69 dollars a barrel on the London ICE Futures Exchange, testing the 60-dollar threshold.

Gold Update:

- Gold prices in India moved higher, tracking gains in global markets. On MCX, February gold futures ended 0.2% higher at ₹40,355 per 10 gram on Friday, recovering from intra-day lows of ₹39,951.
- Silver futures on MCX posted strong gains, rising 1.2% to ₹46,970 per kg. In global markets, gold capped a strong week as fears about the coronavirus prompted a flight into safe-haven assets.
- Gold rose 1% for the week, ending at \$1,571 per ounce.



Currency Market Update

- The Indian rupee lost 24 paise or 0.34 %, to close at Rs 71.32 to the US dollar.
- The country's foreign exchange reserves rose USD 943 million to touch a life-time high of USD 462.16 billion in the week ended January 17, according to the latest data from the RBI.
- The Dollar Spot Index ended the week up by 0.25% to 97.853.

GDP Growth Rate QoQ Flash Q4 (EA)
 GDP Growth Rate YoY Flash Q4 (EA)
 Infrastructure Output YoY DEC (INDIA)
 Deposit Growth YoY JAN/17 (INDIA)
 Foreign Exchange Reserves JAN/24 (INDIA)
 Government Budget Value DEC (INDIA)
 Bank Loan Growth YoY JAN/17 (INDIA) Fiscal
 Year GDP Growth Final 2019-20 (INDIA)

Week Gone By



Events	Actual %	Previous %
Industrial Production YoY Final NOV (JAPAN)	-8.2	-7.7
Claimant Count Change DEC (GREAT BRITAIN)	14.9K	14.9K
ZEW Economic Sentiment Index JAN (EA)	25.6	11.2
Balance of Trade DEC (JAPAN)	¥-152.5B	¥-85.2B
Inflation Rate YoY DEC (JAPAN)	0.8	0.5
Markit Manufacturing PMI Flash JAN (GERMANY)	45.2	43.7
Markit Manufacturing PMI Flash JAN (EA)	47.8	46.3
Markit/CIPS Manufacturing PMI Flash JAN (GREAT BRITAIN)	49.8	47.5
Foreign Exchange Reserves JAN/17 (INDIA)	\$462.16B	\$461.21B

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