



Financial Market & Economy Update

Domestic Update:

- Automobile sales in India witnessed its worst-ever drop in August with despatches in all segments, including passenger vehicles and two-wheelers, continuing to plummet as the sector reels under an unprecedented downturn, industry body Siam reported on Monday. This is the steepest fall in overall vehicle sales in the country since Society of Indian Automobile Manufacturers (Siam) started recording wholesale vehicle sales data in 1997-98. The domestic passenger vehicle sales plunged for the tenth consecutive month in August 2019, witnessing 31.57 % fall to 1,96,524 units from 2,87,198 units in the year-ago period. Exports, however, have risen by 14.73 % to 69,749 units from 60,795 units.
- The inflation rate in India was recorded at 3.21 % in August of 2019.
- Industrial Production in India increased 4.30 % in July of 2019 over the same month in the previous year.
- Manufacturing Production in India increased 4.20 % in July of 2019 over the same month in the previous year.
- India's rice exports in April-July plunged 26.5% from a year ago to 3.14 million tonnes, a government body said on Monday, as demand for non-basmati rice was subdued from African buyers.
- Mutual funds' asset base increased to Rs 25.47 lakh crore in August, a rise of 4 % as compared with the preceding month, on the back of robust inflows in equity and liquid schemes.
- The Association of Southeast Asian Nations (Asean) has agreed to India's long-pending demand to review the free trade agreement (FTA) between the two sides. The exercise could help address India's concerns that it has not benefitted from the agreement and its goods trade deficit with the 10-member grouping has widened. The trade gap was \$22 billion in FY19, up from \$13 billion in FY18.
- Overseas investors purchased \$1.69 billion worth of Indian bonds in August, the highest in the region.
- India's domestic air passenger demand plummeted to 1.8 % in July following the end of tourist season while the cumulative growth in traffic in the first four months stood at a mere 1.6 %.

Global Update:

- Japan's economy grew at a slower pace than initially estimated in the second quarter as the U.S.-China trade war prompted a downward revision of business spending, intensifying calls for the central bank to deepen stimulus this month. The economy grew an annualized 1.3% in April-June, revised Cabinet Office data showed Monday, weaker than the preliminary reading for 1.8% annualized growth and in line with economists' median forecast.
- German exports unexpectedly rose in July, data showed on Monday, but business groups said tariff disputes and Brexit uncertainty still posed risks to Europe's largest economy as it teeters on the brink of recession. Exports rose 0.7% in July on a seasonally adjusted basis, while imports fell 1.5%, the Federal Statistics Office said. The trade surplus rose to 20.2 billion euros (\$22.3 billion) after a downwardly revised 18.0 billion euros the month before.
- Britain's economy picked up more than expected in July, data showed on Monday, dampening fears that it will succumb to its first recession since the financial crisis as the Brexit crisis escalates. Economic output in July alone was 0.3% higher than in June, the Office for National Statistics (ONS) said, marking the biggest rise since January and topping all forecasts in a Reuters poll of economists that had pointed to a 0.1% increase.
- China's annual inflation rate was at 2.8 % in August 2019, unchanged from the previous month and above market forecasts of 2.6 %.
- Vehicles sales in China fell 6.9 % for a year earlier to 1.96 million units in August 2019, marking the 14th consecutive month of decline.
- Bond Investments by Japanese abroad increased by 724.40 billion yen in the week ending September 7 of 2019.
- The inflation rate in Germany was confirmed at 1.4 % year-on-year in August 2019, down from 1.7 % in the previous month.
- Industrial production in the Euro Area declined 2 % from a year earlier in July 2019, following a 2.4 % fall in the previous month and compared to market expectations of 1.3 % drop.
- The ECB left its main refinancing operations unchanged and lowered the deposit interest rate by 10bps during its September meeting, in an attempt to boost growth amid global trade tensions.
- Industrial Production in Japan increased 0.70 % in July of 2019 over the same month in the previous year.
- The Euro Area trade surplus widened to EUR 24.8 billion in July 2019 from EUR 16.9 billion in the corresponding month of the previous year and beating market expectations of EUR 17.4 billion.



Equity Market Update

- Indian equity benchmarks ended higher this week, driven by buying in select beaten-down stocks.
- The S&P BSE Sensex rose 1.09 % to end at 37,384.99, while the NSE Nifty 50 rose 1.2 % to 11,075.

Domestic Markets



Index	13-Sep-2019	06-Sep-2019	% Change
BSE Sensex	37384.99	36981.77	1.09
S&P CNX Nifty	11075.9	10946.2	1.18
CNX Midcap	15967.4	15606.95	2.31
CNX 500	9050.85	8920.4	1.46
BSE Smallcap	13013.05	12594.59	3.32

Global Markets



Index	13-Sep-2019	06-Sep-2019	% Change
Dow Jones	27219.52	26797.46	1.58
Nasdaq	8176.71	8103.07	0.91
S&P 500	3007.39	2978.71	0.96
FTSE 100	7367.5	7282.3	1.17
Shanghai Composite	3034.41	2999.6	1.16
Hang Sang	27352.69	26690.76	2.48

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	18922	16689	2233
MF Flows*	7240	6312	928

*FII & MF data from 6th September to 12th September 2019

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
06-Sep-2019	1709.79	-260.97
09-Sep-2019	2295.79	-120.93
11-Sep-2019	829.7	459.97
12-Sep-2019	4162.22	-213.24

Policy Rates



Key Rates (%)	13-Sep-2019	1 Week Ago	1 Month Ago
Reverse Repo	5.15	5.15	5.15
Repo	5.4	5.4	5.4
CRR	4	4	4
SLR	18.75	18.75	18.75

Key Rates



- **Sector Update:** Barring the BSE IT index (down 1.75 %) and FMCG (down 0.09 %), other sectoral indices ended the week in green. Realty, Metal, Auto, Consumer Durables, Capital Goods and Oil & Gas indices and Bankex gained between 2 % and 6 %. Most of the automobile stocks gained on hopes of GST rate cut after Finance Minister Nirmala Sitharaman said the government was looking at steps to revive the ailing sector. She said that the government is aware of the need to respond to the troubles in the auto sector.
- **Broader Markets:** The BSE Midcap (up 2.25 %) and Smallcap index (up 3.32 %) outperformed the benchmark equity index BSE Sensex.

Key Rates (%)	13-Sep-2019	06-Sep-2019	% Change
Mibor Overnight	5.43	5.5	-1.27
CALL (O/N)	5.29	5.37	-1.49
CBLO	5.28	5.22	1.15
T Bills Index (12M)	5.6	5.66	-1.06
10 Year GSEC	6.63	6.6	0.45



Debt Market Update

- Indian government bonds fell for a second consecutive week, tracking higher U.S. Treasury yields and worries over fiscal slippage at home. However, expectations of deeper policy rate cuts capped further losses.
- The benchmark 7.26% bond maturing in 2029 ended at 104.27 rupees, yielding 6.64%. The benchmark yield rose four basis points this week.
- Bonds fell tracking a sharp spike in U.S. Treasury yields, which rose on expectations that trade tensions between the U.S. and China will ease in coming days.
- The 10-year Treasury yield rose to 1.8150% on Friday, its highest since Aug. 5, on a report that advisers to U.S. President Donald Trump were mulling an interim trade deal with China. The two sides are scheduled to meet next month. The yield was last trading at 1.7977%, 25 basis points higher this week, its biggest rise since November 2016.



Commodity Market Update

Oil Update:

- Oil prices posted the biggest weekly drop within almost two months for the week ending Sept. 13, but eventually avoided further slump thanks to the optimistic sentiment on trade frictions between the United States and China, with the price of West Texas Intermediate (WTI) for October delivery down 2.95 % and Brent crude oil for November delivery down 2.14 %.
- WTI closed the week at 54.85 U.S. dollars a barrel on the New York Mercantile Exchange, while Brent crude finished the week at 60.22 dollars a barrel on the London ICE Futures Exchange.
- WTI and Brent crude prices have increased 20.79 % and 11.93 %, respectively, so far this year, falling from their peak levels in April when the growth of WTI hit over 40 %, and Brent crude over 30 %.
- During the week, WTI and Brent crude moved in the same directions and the four consecutive days' loss outpaced the gains on Monday, mainly due to the concerns with oversupply of crude oil. Meanwhile, some gestures of goodwill by Washington and Beijing boosted market sentiment.
- In the meantime, U.S. energy services firm Baker Hughes reported on Friday that in the week ending Sept. 13, the number of U.S. active oil rigs dropped by five to 733, or 134 less than the 867 of the same period last year.

Gold Update:

- Gold and silver prices continued their tumble on Friday, amid a softening global trend and appreciation in the rupee. On MCX, October gold futures closed at 0.65% lower at ₹37,503 per 10 gram, extending the fall to the seventh day. That is down about ₹2,400 or 6% from September 4 highs of ₹39,885. Silver prices suffered bigger losses as compared to gold. On MCX, silver futures on Friday ended down nearly 3%, or about ₹1,300 lower, at ₹45,830 per kg. As compared to last week's high of ₹51,489, silver prices are down about 11% or ₹5,659 a kg.
- Domestic gold prices also remained under pressure due to rupee's gains against US dollar. A higher rupee makes imports of dollar-denominated gold cheaper. The rupee on Friday ended higher for the seventh straight session on Friday to close at 70.92 per US dollar, as softening crude oil prices and easing US-China trade tensions bolstered investor sentiment.
- Globally, gold prices also fell to a one-month low of \$1,483.90 an ounce earlier this week, after hitting an over six-year high of \$1,557 last week.



Currency Market Update

- The Indian rupee was the top performing currency among Asian peers this week. The local unit appreciated 1.1 % against the U.S. dollar to end at 70.92.
- The country's foreign exchange reserves increased by USD 1.004 billion to USD 429.608 billion in the week to September 6, helped by a rise in foreign currency assets.
- During the week ending Sept. 13, the U.S. Dollar Index finished lower, but still met support in the 98.00 area.

Commodity Market



Commodity (INR)	13-Sep-2019	Gain+/Loss-	% Change
Gold (10 gm)	37592	-593	-1.55
Silver (1 kg)	46250	-685	-1.46
Crude Oil (\$/barrel)	60.22	-1.32	-2.14

Currency Market



Currency	13-Sep-2019	Gain+/Loss-	% Change
USD/INR	70.94	-0.79	-1.1
EURO/INR	78.56	-0.65	-0.82
GBP/INR	87.65	-0.86	-0.97
JPY/INR	65.64	-1.4	-2.09

Upcoming Events



Monday 16, 2019

WPI Fuel YoY AUG (INDIA)
WPI Manufacturing YoY AUG (INDIA)
WPI Food YoY AUG (INDIA)
WPI Inflation YoY AUG (INDIA)
Balance of Trade AUG (INDIA)

Tuesday 17, 2019

ZEW Economic Sentiment Index SEP (GERMANY)

Wednesday 18, 2019

Balance of Trade AUG (JAPAN)
Inflation Rate YoY AUG (GREAT BRITAIN)
Inflation Rate YoY Final AUG (EA)
Fed Interest Rate Decision (US)

Thursday 19, 2019

BoE Interest Rate Decision (GREAT BRITAIN)

Friday 20, 2019

Inflation Rate YoY AUG (JAPAN)
 Foreign Exchange Reserves SEP/13 (INDIA)
 Consumer Confidence Flash SEP (EA)

Week Gone By



Events	Actual %	Previous %
Balance of Trade JUL (GERMANY)	€21.4B	€16.6B
Balance of Trade JUL (GREAT BRITAIN)	£-0.219B	£-0.132B
Inflation Rate YoY AUG (CHINA)	2.8	2.8
PPI YoY AUG (US)	1.8	1.7
Core PPI YoY AUG (US)	2.3	2.1
Inflation Rate YoY Final AUG (GERMANY)	1.4	1.7
Industrial Production YoY JUL (INDIA)	4.3	1.2
Inflation Rate YoY AUG (INDIA)	3.21	3.15
Manufacturing Production YoY JUL (INDIA)	4.2	0.2
Inflation Rate YoY AUG (US)	1.7	1.8
Core Inflation Rate YoY AUG (US)	2.4	2.2
Balance of Trade JUL (EA)	€24.8B	€20.3B
Deposit Growth YoY AUG/30 (INDIA)	9.7	10.2
Foreign Exchange Reserves SEP/06 (INDIA)	\$429.61B	\$428.6B
Bank Loan Growth YoY AUG/30 (INDIA)	10.2	11.6
Retail Sales MoM AUG (US)	0.4	0.8

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