



Financial Market & Economy Update

- Wholesale prices in India rose by 5.77 % year-on-year in June of 2018, after a 4.43 % gain in the prior month. Inflation in food articles stood at 1.80 % in June. Inflation in 'fuel and power' basket too rose sharply to 16.18 % in June.
- The International Monetary Fund (IMF) cut India's growth projections for this fiscal year to 7.3 % and for the next to 7.5 %.
- India offers incentives to state-owned oil and gas firms stating they will pay royalty and cess tax only to the extent of their equity holding in oil and gas blocks given to them before 1999, Oil Minister Dharmendra Pradhan said on Wednesday after a cabinet meeting.
- Banks have assured funding to the tune of Rs 1.30 lakh crore for highways construction, Road Transport and Highways Minister Nitin Gadkari said on Thursday.
- India will continue to be the fastest growing major economy, ahead of China, with a growth rate of 7.3 % in 2018-19 and 7.6 % in 2019-20, Asian Development Bank (ADB) said.

Global Update:

- The Chinese economy advanced 6.7 % year-on-year in the June. China's industrial production rose by 6 % year-on-year in June of 2018.
- US retail trade rose by 0.5 % month-over-month in June 2018, following an upwardly revised 1.3 % advance in May.
- The Euro Area trade surplus narrowed to EUR 16.5 billion in May 2018 from EUR 19.3 billion in the same month of the previous year.
- US retail trade rose by 0.5 % month-over-month in June 2018, following an upwardly revised 1.3 % advance in May.
- U.K. employment rose to a record high in the three months through May after the economy created jobs at a stronger-than-expected pace. The number of people in work rose by 137,000, taking the employment rate to 75.7 %, the highest since records began in 1971, the Office for National Statistics said Tuesday.
- China's Gross Domestic Product (GDP) grew at 6.8% in the first half of the calendar year 2018, to about \$6.27 trillion, data the country's statistics bureau showed. In fact, China's GDP growth has stayed within the range of 6.7% to 6.9% for 12 quarters in a row now, paving the way for India to become the fastest growing emerging economy.
- The EU and Japan on Tuesday signed a sweeping free trade deal that officials called a "clear message" against protectionism, as Washington imposes controversial tariffs and threatens a trade war.
- British retail sales rose the most in over a decade in the second quarter despite a drop in spending in June. Sales for the second quarter as a whole were 2.1% higher than the first three months of the year, the biggest calendar-quarter increase since the first quarter of 2004.
- Japan's exports to the United States fell in June for the first time in 17 months amid worries about U.S. President Donald Trump's protectionist trade policies. Exports to the United States fell 0.9 % in June from the same period a year ago due to a decline in shipments of cars and semiconductor manufacturing equipment, two of Japan's most important export products.
- Japan's consumer price inflation stood at 0.7 % year-on-year in June of 2018, unchanged from May 2018.



Equity Market Update

- The benchmark Sensex snapped its two week winning streaks to register small losses by 45.26 points to conclude at 36,496.37, while the broader Nifty managed to maintain the key 11,000-level to close at 11,010.20, losing a marginal 8.70 points.
- Caution ruled roost during the week trade, weighed down by economic woes set-off by the surging June Wholesale price (WPI) inflation which shot-up to a four-year high to 5.77 % increased the chances of RBI hiking rates in its August meet.
- However, a 4 % drop in global crude oil amid good corporate earning results and reports of government plan to infuse capital in troubled PSU banks alleviated the situation for a brief spell, only to be marred by political drama triggering a turn-around.
- The no-trust motion against the BJP government on first of day of monsoon session of parliament brought investors anxiety once again, However, the market rebounded strongly in Friday session, driven by spurt in IT and Pharma counters, while the rupee hit record low at 69.13 vs US dollar.
- The BSE Sensex started the week positive at 36,658.71 and hovered between life time highs of 36,747.87 and low of 36,261.78 before closing the week at 36,496.37, showing a modest loss of 45.26 or 0.21 %.
- The Nifty also resumed the week higher at 11,018.95 and traded between 11,076.20 and 10,925.60, the index finally closed at 11,010.20, a marginal loss of 8.70 points, or 0.08 %.
- Broader Markets:** In the broader market both Smallcap and Midcap ended the week with substantial losses. The BSE Mid-Cap index lost 235.01 points or 1.52 % to settle at 15,196.46. The BSE Small-Cap index lost 474.90 points or 2.93 % to settle at 15,721.43. Both these indices underperformed the Sensex.
- FII:** Meanwhile, foreign portfolio investors (FPIs) and foreign institutional investors (FIIs) sold shares worth Rs 1,059.35 crore during the week, as per Sebi's record including the provisional figure of July 20, 2018.

Domestic Markets



Index	20-Jul-2018	13-Jul-2018	% Change
BSE Sensex	36496.37	36541.63	-0.12
S&P CNX Nifty	11010.2	11018.9	-0.08
CNX Midcap	18055.15	18263	-1.14
CNX 500	9286.1	9349.05	-0.67
BSE Smallcap	15721.43	16196.33	-2.93

Global Markets



Index	20-Jul-2018	13-Jul-2018	% Change
Dow Jones	25058.12	25019.41	0.15
Nasdaq	7820.2	7825.98	-0.07
S&P 500	2801.83	2801.31	0.02
FTSE 100	7678.8	7661.9	0.22
Shanghai Composite	2829.27	2831.18	-0.07
Hang Sang	28224.48	28525.44	-1.06

Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	21371	22781	-1410
MF Flows*	14154	12512	1642

FII data from 13th July to 19th July 2018

MF data from 10th July to 16th July 2018

F&O FII Trends (Rs. Crs)



Date	Index	Stocks
16-Jul-2018	2295.14	-535.22
17-Jul-2018	276.42	272.76
18-Jul-2018	1984.49	-586.64
19-Jul-2018	2721.55	207.26
20-Jul-2018	-1267.26	266.99

Policy Rates



Key Rates (%)	20-Jul-2018	1 Week Ago	1 Month Ago
Reverse Repo	6	6	6
Repo	6.25	6.25	6
CRR	4	4	4
SLR	19.5	19.5	19.5

Key Rates



• **Sector Update:** Among sectoral and industry indices, metal fell by 5.94 %, realty 4.15 %, healthcare 2.82 %, auto 2.26 %, capital goods 1.71 %, FMCG 1.26 %, power 0.99 %, bankex 0.29 % and IPO 0.05 %, while oil&gas rose by 1.68 %, IT 1.30 %, consumer durables 1.05 %, teck 0.81 % and PSU 0.11 %.



Debt Market Update

- Indian government bonds ended little changed from the previous week, as a sharp depreciation in the local currency offset the impact of easing crude oil prices.
- The benchmark 7.17% bond maturing in 2028 settled at 95.93 rupees, yielding 7.79%
- On a weekly basis too, the 10-year yield ended flat, after trading in a 7.72%-7.85% band.
- Indian bond market got some support this week from the central bank's resumption of open market bond purchases. It has conducted three open market purchases totalling 300 billion rupees so far this financial year.



Commodity Market Update

Oil Update:

- U.S. benchmark oil, September West Texas Intermediate WTI crude, settled at \$68.26 a barrel on the New York Mercantile Exchange by close of trade on Friday. It lost around 0.8% for the week, marking its third straight weekly loss.
- Elsewhere, September Brent crude, the global benchmark, finished the week at \$73.07 a barrel on the ICE Futures Europe exchange.
- Brent suffered a weekly loss of 3%, also its third-weekly fall in a row.
- Fears that an escalating trade spat between Washington and Beijing could hit demand, particularly if Chinese growth is affected, also weighed.
- Oil prices are down 8% so far this month amid growing indications of higher production from Saudi Arabia and other members of the Organization of the Petroleum Exporting Countries (OPEC) as well as Russia and the United States.

Gold Update:

- Precious metals extended its slide for the 2nd consecutive week and cracked below Rs 30,000-mark to close at Rs 29,835 per 10 grams at the bullion market during the week amid weakening global trend and considerable fall in demand from local jewellers.
- Traders said sentiment was downbeat as gold prices slipped to their lowest in a year in global markets, as the dollar firmed after Federal Reserve Chairman Jerome Powell's US economic outlook reinforced views that the central bank is on track to steadily hike interest rates, eroding appeal of the precious metal.
- The yellow-metal shed a whopping 2.29 % in its two week downside, or Rs 695 per 10 grams.
- Silver slipped below the Rs 38,000-mark due to reduced offtake by industrial units and coin makers. The white-metal plunged 3.57 % in its second weekly fall, or Rs 1,390 per kg.
- On the domestic front, standard gold (99.5 purity) resumed higher at Rs 30,180 per 10 grams from last Friday's closing level of Rs 30,050 and drifted to a low of Rs 29,700 before closing at Rs 29,835, revealing a loss of Rs 215, or 0.72 %.
- Silver ready (.999 fineness) opened sharply higher at Rs 38,850 per kilo gram from last Friday's closing level of Rs 38,675, later fell to a low of Rs 37,740 before settling at Rs 37,905, showing a loss of Rs 770 per kilo, or 1.99 %.
- **Global:** In worldwide trade, Gold prices settled higher yesterday, chipping away some of their weekly loss, as comments from President Donald Trump on US interest rates and the dollar, weighed heavily on greenback.
- August gold rose USD 7.10, or 0.6 %, to settle at USD 1,231.10 an ounce. The contract settled at USD 1,224 Thursday the lowest finish for a most-active contract since July 2017. Thursdays settlement also marked bullions entry into correction territory down more than 10 % from its peak on Jan 15 at USD 1,362.90. The futures contract saw roughly 0.8 % decline this week.
- In the New York Comex trade, gold for August delivery dropped to settle at USD 1,231.10 an ounce compared to last weekend's close of USD 1,241.20, while September silver contract fell to finish at USD 15.549 an ounce from USD 15.815 earlier.



Currency Market Update

- On Friday, the rupee hit an all-time low of 69.12 against the greenback but eventually recovered and closed at 68.85, strengthening by three paise from its previous week's close of 68.88 per greenback.
- On Thursday, the rupee had also touched a fresh closing low of 69.05 per dollar.
- India's foreign exchange (Forex) reserves depleted by \$734.5 million during the week ended July 13, official data showed on Friday.
- All Asian currencies weakened against the dollar on Friday morning, tracking the yuan which fell to a one-year low in the previous session.
- The U.S. dollar index, which measures the greenback's strength against a basket of six major currencies, fell 0.64% to 94.37.

Key Rates (%)	20-Jul-2018	13-Jul-2018	% Change
Mibor Overnight	6.21	6.29	-1.27
CALL (O/N)	6.2	6.16	0.65
CBLO	6	6.23	-3.69
T Bills Index (12M)	7.21	7.19	0.28
10 Year GSEC	7.79	7.79	0

Commodity Market



Commodity (INR)	20-Jul-2018	Gain+/Loss-	% Change
Gold (10 gm)	29742	-338	-1.12
Silver (1 kg)	37838	-811	-2.1
Crude Oil (\$/barrel)	72.94	-1.66	-2.23

Currency Market



Currency	20-Jul-2018	Gain+/Loss-	% Change
USD/INR	68.85	0.44	0.64
EURO/INR	80.31	0.55	0.69
GBP/INR	89.67	-0.4	-0.45
JPY/INR	61.27	0.5	0.82

Upcoming Events



Week Gone By



Events	Actual %	Previous
GDP Growth Rate YoY Q2 (China)	6.7	6.8
WPI Inflation YoY JUN	5.77	4.43

(India)		
Industrial Production YoY JUN (US)	3.8	3.2
Inflation Rate YoY Final JUN (EA)	2.0	1.9
Balance of Trade JUN (Japan)	¥721B	¥-581B
Inflation Rate YoY JUN (Japan)	0.7	0.7

Disclaimer

The information contained in this material are extracted from different public sources and does not represent views/opinions of Kotak Mahindra Asset Management Company Limited or its associated companies. Kotak Mahindra Asset Management Co Ltd does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. All reasonable care has been taken to ensure that the information contained herein is not misleading or untrue at the time of publication. This is not a sales literature and all the information is for the information of the person to whom it is provided without any liability whatsoever on the part of Kotak Mahindra Asset Management Co Ltd or any associated companies or any employee thereof.

Risk Factors

Mutual fund investments are subject to market risks, read all scheme related documents carefully.