

# Weekly Market Update



## Financial Market & Economy Update

- Service activity in India contracted in February to 47.8 from 51.7 in January.
- India remains the 12th largest foreign holder of US govt securities; exposure touches \$144.7 bn in 2017.
- Loans worth Rs 81,683 crore were written-off by public sector banks (PSBs) in 2016-17, Finance Minister Arun Jaitley said on Tuesday in the Rajya Sabha.
- Under the direct benefit transfer (DBT), the fertilizer subsidy will be released to the fertilizer companies, instead of beneficiaries, after the sale is made by the retailers to the beneficiaries, said Chemicals & Fertilizers, minister of state for planning, Rao Inderjit Singh in Lok Sabha on Tuesday.
- Transactions through UPI continued an uptrend, clocking 171.2 million transactions in February, which is an all-time high. The value of transactions also raised to Rs 191 billion, higher than ever.
- The Direct Tax collection has risen 19.5 % to Rs. 7.44 lakh crore in the April-February period of the current fiscal, buoyed by a strong pick up in corporate tax.
- Diu becomes India's first Union Territory to run 100% on solar power, an executive engineer from Diu's electricity department says the Union Territory generates 10.5 MW energy from solar power, but needs only 7 MW.
- Japan to recruit 2 lakh Indian IT professionals after US makes visa difficult.
- The Markit/Nikkei Japan Services Purchasing Managers Index (PMI) fell to 51.7 in February on a seasonally adjusted basis from 51.9 in the previous month.
- The euro zone's economic boom eased to 57.1 in February as rising prices took a toll on demand, but the zone remains on course for its best growth in eight years, a survey showed on Monday.
- China has set its GDP growth target at around 6.5 percent for 2018, unchanged from that for 2017.
- North and South Korea have agreed to hold a summit at their heavily armed border next month, with Pyongyang saying it would consider abandoning nuclear weapons in exchange for security guarantees, Seoul said.
- US services sector activity slowed modestly in February. The Institute for Supply Management (ISM) said on Monday its non-manufacturing activity index slipped 0.4 point to a reading of 59.5 last month.
- Japan's leading index decreased more-than-expected in January to the weakest level in eight months to 104.8 in January from 106.6 in December, which was revised down from 107.4, preliminary figures from the Cabinet Office showed Wednesday.
- U.S. trade deficit races to more than nine-year high. The Commerce Department said the trade deficit jumped 5.0 percent to \$56.6 billion.
- German industrial orders plunge in "horrible start" to year. Contracts for German-made goods fell by 3.9 percent on the month in January after a downwardly revised leap of 3.0 percent in December, the Federal Statistics Office said on Thursday.
- China CPI jumped by 1.2% last month, leaving the increase on a year earlier at 2.9%, the fastest in over four years.



## Equity Market Update

- The Sensex started the week down at 34,034.28 and hovered between 34,060.13 and 32,991.14, it closed the week at 33,307.14, showing a slide of 739.80 or 2.17 %. The Nifty also resumed the week lower at 10,428.30 and traded between 10,441.35 and 10,141.55 before ending the week at 10,226.85, showing a loss of 231.50 points, or 2.21 %.
- Barring consumer durables, the market witnessed across the sector selling pressure intense in broader market with Midcap and Smallcap plunging 2.88 % and 4.31 % respectively.
- Meanwhile, foreign portfolio investors (FPIs) and foreign institutional investors (FIIs) bought shares worth Rs 774.24 crore during the week.
- Among sectoral and industry indices, metal dipped by 6.87 % followed by healthcare 4.15 %, power 3.42 %, oil and gas 3.02 %, capital goods 2.95 %, IPO 2.92 %, realty 2.61 %, bankex 2.58 %, auto 2.28 %, FMCG 2.25 %, teck 0.74 % and IT 0.30 %, while consumer durables rose by 1.47 %.
- Across the globe, the Nasdaq closed at record high on Friday. The Nasdaq registered a gain of 9 percent year to date, compared to a 3 percent increase in S&P 500. US markets ended a wild week with a burst of buying, pushing the S&P 500 up 1.5 percent on Friday, but recorded worst week in two years.
- The Asian markets ended the week on a positive note as the large-cap Japanese stock indexes ended higher after a volatile week. The Nikkei gained 1.4 percent and closed on Friday at 21,469.20.



## Debt Market Update

- Indian government bonds rose for the first time in four weeks, as hopes of inflation slowing in February and banking system liquidity being comfortable towards the fiscal year end aided sentiment.
- However, bond market activity stayed lackluster this week as state-run banks have slowed purchases fearing mark-to-market losses on their bond portfolios.

## Domestic Markets



Index	09-Mar-2018	02-Mar-2018	% Change
BSE Sensex	33307.14	34046.94	-2.17
S&P CNX Nifty	10226.85	10458.35	-2.21
CNX Midcap	18773.15	19512.3	-3.79
CNX 500	8986.4	9225.35	-2.59
BSE Smallcap	17305.92	18084.94	-4.31

## Global Markets



Index	09-Mar-2018	02-Mar-2018	% Change
Dow Jones	25335.74	24538.06	3.25
Nasdaq	7560.81	7257.87	4.17
S&P 500	2786.57	2691.25	3.54
FTSE 100	7224.5	7069.9	2.19
Shanghai Composite	3307.17	3273.76	1.02
Hang Sang	30840.8	31044.25	-0.66

## Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	29427	28043	1384
MF Flows*	11250	10101	1149

FII data from 1st March to 8th March 2018

MF data from 28th Feb to 7th March 2018

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



Date	Index	Stocks
05-Mar-2018	-114.09	-399.83
06-Mar-2018	1538.39	702.05
07-Mar-2018	-562.5	282.03
08-Mar-2018	864.87	85.95
09-Mar-2018	126.27	-95.79

## Policy Rates



Key Rates (%)	09-Mar-2018	1 Week Ago	1 Month Ago
Reverse Repo	5.75	5.75	5.75
Repo	6	6	6
CRR	4	4	4
SLR	20	20	20

## Key Rates



- The benchmark yield fell seven basis points this week.
- In a bid to address additional demand for liquidity at the fiscal year ending Mar. 31, the RBI plans to infuse 750 billion rupees in three repo auctions this month. Liquidity will also be comfortable as one trillion rupees of Treasury bills under market stabilization scheme will mature next week.



## Commodity Market Update

### Oil Update:

- Oil prices rallied sharply on Friday, scoring a weekly gain, as traders cheered data showing the number of U.S. oil rigs fell for the first time in seven weeks, pointing to a potential slowdown in domestic oil output.
- Improved appetite for risk-sensitive assets in the wake of strong U.S. jobs data and news of a potential U.S.-North Korea meeting also contributed to oil's price rise.
- U.S. West Texas Intermediate (WTI) crude futures for April delivery surged \$1.92, or 3.2%, to close at \$62.04 a barrel.
- The U.S. benchmark slipped to a three-week low of \$59.95 on Thursday, as investors worried over soaring U.S. output levels.
- Meanwhile, May Brent crude futures, the benchmark for oil prices outside the U.S., jumped \$1.88, or roughly 3%, to settle at \$65.49 a barrel.
- For the week, WTI crude rose 1.3%, while Brent gained 1.7%.

### Gold Update:

- Gold was sold at a discount in India as demand remained subdued for a fourth straight week while buying in the rest of Asia picked up as prices fell for a third consecutive week.
- Dealers in India were offering a discount of up to \$3 an ounce over official domestic prices, compared with a premium of \$2 last week. The domestic price includes a 10 percent import tax.
- In the local market, gold was trading at 30,405 rupees per 10 grams, after hitting a 15-month high of 30,839 rupees last month.
- India's gold imports in February dropped a quarter from a year ago to 63 tonnes as higher prices curtailed demand in the world's second-biggest consumer of bullion.



## Currency Market Update

- Reversing its two-straight weeks of downtrend, the rupee ended virtually stable at 65.17 against the US dollar in a highly volatile trade even as uncertainty over U.S. President Donald Trump's proposed tariffs dominated the headlines.
- The Indian rupee had a turbulent week and witnessed a roller coaster ride, reaching fresh one-week highs only to tumble down. Though, it showed much resilience and managed to stand on a strong foot against the dollar despite a massive sell-off in local bourses.
- Highly bullish economic data releases were largely overshadowed by the much anticipated aggressive tightening policy by the Federal Reserve.
- At the Interbank Foreign Exchange (forex) market, the rupee resumed higher at 65.10 from last Thursday's close of 65.17 on the back of good dollar supply. It later touched a fresh one-week high of 64.86. The rupee finally settled unchanged at 65.17 against the US dollar. It depreciated by a staggering 96 paise in last two-week fall.
- In the meantime, country's foreign exchange reserves rose by USD 167.8 million to USD 420.758 billion in the week to March 2 on an increase in core currency assets, the Reserve Bank of India said.
- The dollar index, which measures the greenback's value against a basket of six major currencies, was up at 90.11 as compared to 89.95 previously.

Key Rates (%)	09-Mar-2018	02-Mar-2018	% Change
Mibor Overnight	6	6.03	-0.5
CALL (O/N)	5.89	5.91	-0.34
CBLO	5.85	4.84	20.87
T Bills Index (12M)	6.63	6.63	0
10 Year GSEC	7.67	7.74	-0.9

## Commodity Market



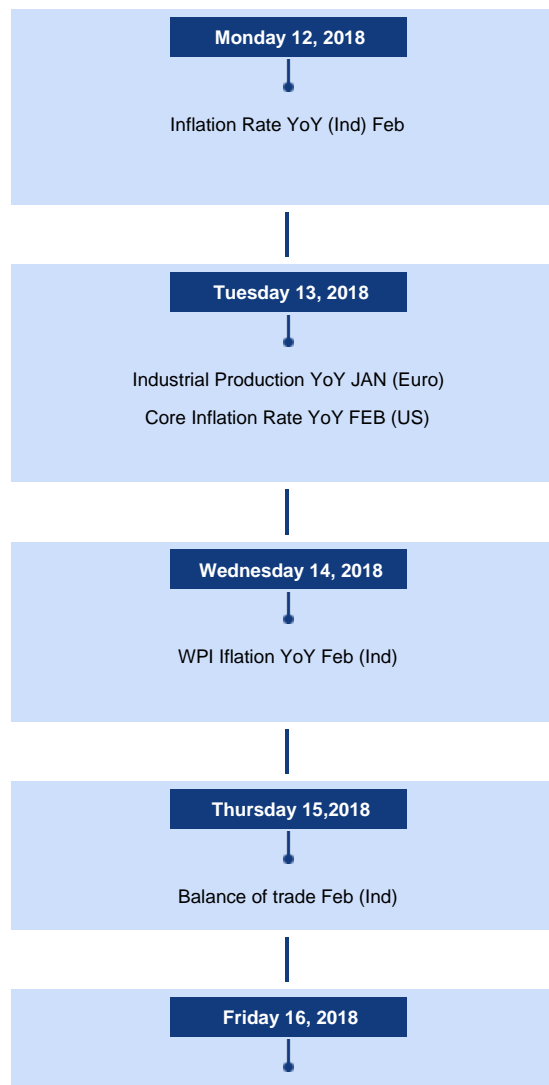
Commodity (INR)	09-Mar-2018	Gain+/Loss-	% Change
Gold (10 gm)	30459	61	0.2
Silver (1 kg)	38313	303	0.8
Crude Oil (\$/barrel)	64.2	0.08	0.12

## Currency Market



Currency	09-Mar-2018	Gain+/Loss-	% Change
USD/INR	65.08	-0.15	-0.23
EURO/INR	80.16	0.66	0.83
GBP/INR	89.85	0.14	0.16
JPY/INR	60.97	-0.1	-0.16

## Upcoming Events



## Week Gone By



Events	Actual %	Previous %	
(China) Caixin Services PMI Feb	54.2	54.7	
Markit Services PMI (US) Feb	55.9	53.3	
Nikkei Services PMI FEB (Jap)	51.7	51.9	
Nikkei Services PMI FEB (Ind)	47.8	51.7	
(US) Balance of Trade Jan	-56.6	-53.9	
(Euro) GDP Growth Rate 3rd Est Q4	2.7	2.7	
(China) Balance of Trade Feb	33.74	20.35	
(US) Unemployment Rate Feb	4.1	4.1	
(Euro) ECB Interest Rate Decision	0.0	0.0	
GDP Growth Annualized Final Q4 (Jap)	1.6	2.5	
(China) Inflation Rate YoY Feb	2.9	1.5	
BOJ Interest Rate decision (Jap)	-0.1	-0.1	

### 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.