

DEBT MARKETS

Global

The US treasury yield hardened during the week due to positive Housing Market Index, better than expected economic indicators, rally in global equity market, and record 115 bn Dollar treasury sale due in next week. The 10 yrs bond started the week at 3.61% touched 3.47% on Ben Bernake's statement that unemployment may be drag to US recovery, but finally closed at 3.68% on week's end. The 2yrs, 5yrs and 30yrs yields closed at 1.01%, 2.53% and 4.55% respectively.

Domestic

The RBI conducted 120 bn. Rupees auction of GOI 6.49% 2015 and GOI 6.90% 2019. The cut-off was as per market expectation at 6.7263% and 6.9191% respectively. Inflation as measured by wholesale price index for the week ended July 11, 2009 came higher at negative 1.17% compared to negative 1.21% last week.

CALL & CBLO

The Money market rates remained easy during the week on surplus liquidity in the system. The overnight MIBOR rate was steady between 3.29-3.30% during the week. The Inter-bank Call and CBLO range were 3.10%-3.30% and 2.60%-3.40% respectively.

Government Securities and Treasury Bills

The yields remained range bound with bias toward hardening in the absence of any trigger and for market

awaiting credit policy on July 28, 2009. The week started with 10 yrs benchmark bond at 6.84%. However due to higher inflation on week on week basis, rising oil prices and tracking US treasury and credit policy announcements due next week, the 10 yrs benchmark yield hardened at the end of week to close at 6.92% The Rs.120 bn auction by RBI was fully subscribed .

Corporate Bonds

The corporate bond yields closed higher on week-on-week tracking G-Sec yields. The 5yrs benchmark bond traded at 7.99% up 9 bps while 10yrs benchmark bond traded at 8.61% level up by 9 bps on week-on-week basis

Rupee

The rupee appreciated nearly 1% against the dollar on higher dollar inflow, dollar weakening against major currencies, and strong equity market. The Rupee started the week at 48.74 against the Dollar while ended at 48.23 against the Dollar by the end of the week.

Fund Manager's Comment

The markets may remain range bound for most period in the coming week. While the credit policy may be a reason for such action, it may be a non event since the markets are not expecting any major changes in the RBI stance.

Market Indicators as on 24th July, 2009

	24/07/09	17/07/09	% change
INR/USD	48.23	48.74	-1.05%
Inflation	-1.17%	-1.21	-3.31%
Oil (\$/bbl)	68.01	63.15	7.70%
Gold (\$/oz)	950.00	938.00	1.28%
10 years G-Sec	6.92	6.84	1.17%
10 years AAA	8.60	8.54	0.70%
Call Money	3.30	3.20	3.12%

EQUITY MARKETS

Indian stocks posted smart gains for the second consecutive week and nearly wiped out the entire loss of 13.5% in key indices posted between June 10, 2009 and July 13, 2009. The week opened with a strong gain and the market moved sideways for the next two days. It received a strong boost on the back of good growth in core sector index and support from strength in global markets. Sensex and Nifty went up by 634 points (4.3%) and 194 points (4.43%) to close at 15,379 and 4,569 respectively.

Through the week, Sensex and Nifty gained over 4% while follow up from mid and small cap segment was even stronger with key indices of these segments gaining respectively by 5.4% and 6.5%. Realty sector continued to remain as the prime mover and this sector index gained a whopping 13.3%, on the back of a 17% gain the previous week. Much better than expected results from Auto Sector helped this sector to post a gain of 9.4% this week while Metal Sector followed with a gain of 8.8%. Consumer Durables, IT and Telecom are the other sector indices that posted gains above that of the core indices.

Low growth in Corporate Tax collection at 3.3% is a concern but this was not reflected in the market sentiment as most

results reported during the week were quite positive. Core Sector index growth at 6.5% in June was extremely positive and this should help improve IP growth expectations. Coal (14.7%), Electricity (7%), Cement (12.8%) and Steel (5.3%) have all done very well to give a positive flip to the overall sentiment. There was a reversal in the source of fund. FIIs turned net buyers for the first time this week while domestic institutions and retail segments were the net sellers, who were the strength of last week's rally. FIIs invested US\$ 184 mn in cash.

The trend in 1Q results continued to remain positive as companies continued to post much higher growth in bottom line than in top line. A pack of 237 companies (Ex-banking and financials) registered bottom line growth of 34% (26% last week) while the top line growth was only 8% (11% last week). Bottom line got a higher boost in general, on the back of low interest payout and other income. The Indian market would tag along with the trend in global market, which in turn is dictated by the relative strength of the US Dollar. The global stock trend since October has been in inverse direction to the Dollar. Thus now, global events would take precedence.

Taurus Benchmark Indices Movement

Indices	24/07/09	17/07/09	Points change	% change
BSE Sensex	15378.96	14744.92	634.04	4.30
S&P CNX Nifty	4568.55	4374.95	193.60	4.43
BSE 100	8044.95	7721.04	323.91	4.20
BSE 200	1874.43	1799.38	75.05	4.17
CNX Midcap	5770.45	5474.30	296.15	5.41
S&P CNX 500 Shariah	1095.28	1039.75	55.53	5.35

Weekly FII & MF net flows (Rs. in crs.)

17/07/09 to 23/07/09	Equity	Debt
FIIs	1453.40	552.90
MFs	1198.50	2528.10

Any information contained herein is for informational purpose only and does not constitute advice or offer to sell/purchase units of the schemes of Taurus Mutual Fund. Information gathered and provided in this document is believed to be from reliable sources and the Fund does not warrant the accuracy and/or completeness of any information. Taurus AMC disclaims any liability for actions taken by anyone on the basis of the opinions contained herein. The material contained herein cannot be reproduced, distributed or quoted anywhere without express written consent of Taurus AMC. Mutual Fund Investments are subject to market risks. Please read the Scheme Information Document carefully before investing