

## DEBT MARKETS

### Global Update

The US treasury rallied as the stock market declined after the US Securities and exchange commission sued Goldman Sachs Group for fraud. US economic data showed strength with US home sales data released last week recorded positive number. The impending Greece uncertainty had its toll on risk appetite of investors. The 10yrs benchmark yield traded at lowest level in more than 3 weeks at 3.75% on heightened risk aversion.

### Domestic

The annual inflation rose less than expected in March at 9.90%, below its median forecast of 10.39% and on par with February annual rate of 9.89%. Manufacturing inflation eased to 7.13% from 7.40% in the previous month. Further, Feb. '10 IIP grew at a slower than expected pace at 15.1%. The benchmark paper traded at around 8.10 for most of the week, touching a high of 8.13% during the week. Scepticism on auction cut-offs, rising crude prices, expectation of inflation touching double digit and high IIP data release and most importantly forthcoming monetary policy in repo, reverse repo and CRR pushed the yield higher during the week. The 10Y bond closed the week at 8.08%.

### CALL & CBLO

Liquidity remained comfortable in the system with average of 40K-60K Cr going in Reverse Repo. Overnight rates traded range-bound with Mibor traded in the range of 3.60%-3.70% while Call traded at 3.55%, CBLO traded at 1.30%-3.98% during the week.

### Government Securities and Treasury Bills

Domestic bond market was lacklustre last week ahead of RBI annual policy meet. The 10yrs bond which traded near 8% last

week jumped to intra weeks high of 8.13%. RBI auctioned INR 60 Bn of 7.38% GOI '15 (cut-off at 7.70%); INR 40 Bn of 8.20% GOI '22 (cut-off at 8.34%); INR 30 Bn of 8.28% GOI '32 (cut-off at 8.63%). The 91 days T-Bill cut off was at yield of 4.26%, (previously 3.97%). The bid-to-cover ratio was at 2.27. The 182 days T-Bill cut off was at yield of 4.72% (previously 4.62%). The bid-to-cover ratio was at 1.61 and the weighted average yield was at 4.57%.

### Corporate Bonds

Corporate bond yield closed higher by 5 bps tracking Govt bond. The 5yrs bond traded at 8.48% while 10yrs benchmark Bond traded around 8.88%.

### Rupee

The Indian Rupee depreciated during the week on weak equity market, crude moving higher. The Rupee-Dollar traded in a range of Rs. 44.55- 44.33, closing at 44.33, 4 paise weaker than last weeks close.

### Fund Manager's Comment

The 10yrs benchmark yield breached the 8% levels decisively last week on back drop of rising inflation concerns and the likely rate hike in the coming monetary policy this week. With the short term liquidity coming back in the system, post March the short term yields have stabilised at lower levels. We see liquidity conditions remaining easy in the coming days. The most important event this week, for the traders, will be the announcement of the RBI monetary policy, where we believe the likely hike of 25 bps in Repo and Reverse repo rates, and no change in the SLR and CRR rates. The likely range for 10yrs benchmark paper for the coming week is 8.00%-8.15%.

### Market Indicators as on 16th April, 2010

	16/04/2010	09/04/2010	% change
INR/USD	44.3300	44.2900	0.09
Inflation	9.90	NA	NA
Oil (\$/bbl)	87.17	84.68	2.94
Gold (\$/oz)	1137.00	1160.63	-2.04
10 years G-Sec	8.08	8.00	1.00
10 years AAA	8.8600	8.8000	0.68
Call Money	3.55	2.80	26.79

Source: Bloomberg

## EQUITY MARKETS

The Indian equity market snapped its nine week positive trend during the week as they lost in the range of 2%. The BSE Sensex has lost 1.91% and ended the week at 17591 while the nifty recorded weekly loss of 1.85% and ended the week at 5262. The week started on the negative sentiment from the ULIP-MF turf and ended with the news of SEC law suit on Goldman Sachs for a alleged fraud. But, both the mid cap and small cap sector outperformed the markets as they lost in the range of 0.87% and 0.52% respectively.

On the sectoral front, Consumer durable posted a gain of 2.27% followed by Realty (+1.31%) and FMCG (+0.31%). All the other sectors like metals, power, auto, bankex etc posted negative gains during the week. Infosys was the biggest winner among index stocks with a 4.0% gain. The other index stocks to go up included TCS, Tata Steel, Hindustan Unilever and Sun Pharmaceutical with gains between 2.8% and 1.7%. HDFC was the biggest loser among index stocks with a 5.9% loss. The other index stocks to go down included ICICI Bank, Reliance Communications and Sterlite Industries with losses falling between 5.8% and 5.4%.

FII flows continue to remain positive as portfolio investment continues to invest in the Indian equity markets. However, inflows were subdued this week at Rs.1438cr, compared with previous week where it put in excess of Rs.2500cr.

Infosys has declared its Q4 results on Tuesday which was in line with expectation. But, the weak rupee guidance and reduced margin guidance fuelled some negative sentiment about the IT sector recovery. In rupee terms it gave a muted guidance of 9-11%, which is lower than market expectation.

IIP for February came in at 15.1%. Capital goods growth at 44.4%, consumer durables at 9.9% and intermediates at

15.6% were the top performing sectors. Cumulative IIP growth for April – February is 10.1% vs 3.0% last year. We expect IIP to grow between 15% - 16% for March 2010.

The wholesale price index-based inflation rate for March 2010 came to 9.9%, well above the year ago figure of 1.2%. The spurt in overall inflation rate was triggered by all the three constituent groups in the index, i.e primary articles higher by 14.1% (5.2% in March 2009), fuel items by 12.7% (-6%) and manufactures by 7.1% (2.3%).

Among the key global news, China's growth spurt in the 1QCY10 by 11.9%. This came with a slowdown in inflation, Consumer prices rose by 2.4%. Singapore's Central Bank moved forcefully to tighten monetary policy by revaluing the Singapore Dollar and allowing a "modest and gradual appreciation" of the currency. This came after Singapore's trade-dependent economy grew by 32.1% in the first quarter.

On Friday, almost two years after the financial meltdown that began on Wall Street and reverberated throughout the U.S. economy, a civil lawsuit has been filed by the Securities and Exchange Commission (SEC) against Goldman Sachs, alleging that the Behemoth Financial Institution engaged in financial fraud. The charges against Goldman relate to a complex investment tied to the performance of pools of risky mortgages known as collateralized debt obligations (CDOs).

During the coming week, the markets are expected to witness RBI monetary policy review and quarterly results from few big companies. This will decide the sentiments in the markets. We expect market to remain in a narrow range with a negative bias on back of weak global cues.

### Taurus Benchmark Indices Movement

Indices	16/04/10	09/04/10	Points change	% change
BSE Sensex	17591.18	17933.14	-341.96	-1.91%
S&P CNX Nifty	5262.60	5361.75	-99.15	-1.85%
BSE 100	9330.01	9503.77	-173.76	-1.83%
BSE 200	2213.44	2252.61	-39.17	-1.74%
CNX Midcap	7890.95	7980.40	-89.45	-1.12%
S&P CNX 500 Shariah	1290.56	1303.14	-12.58	-0.97%

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

09/04/10 to 15/04/10	Equity	Debt
FII's	1258.00	-292.70
MF's	NA	NA

Source : SEBI site

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