TAURUS Mutual Fund

TAURUS RECAP

WEEKLY REPORT - 21st - 25th SEPTEMBER 2009

DEBT MARKETS

Global

The US treasury yield softened on week-on week basis on Fed announcement of continuing buying of mortgage backed securities, and thus signalling that reversal of policy may not be around the corner at least till march. The market yield fell further on bad home sales data than expected. The home sales data for August was noted at 5.10 million, lower than market expectations of 5.35 million. The benchmark 10 yrs bond fell at 3.37% on week's close, while 2yrs, 5yrs and 30yrs yields closed at 0.94%, 2.37% and 4.17% respectively.

Domestic

The rally last week, witnessed by bond market was not sustained due to lacklustre OMO purchase result, and absence of any major trigger in the market. In OMO, RBI purchased securities worth Rs 19.69bn against the notified amount of Rs 60bn. During last week RBI also conducted T-bills auction of 60bn, and G-Sec auction of Rs 120bn . The inflation for the week ended September 12 came higher than the market expectation at 0.37%, higher than earlier 0.12%.

CALL & CBLO

The Money market rates remained comparatively volatile during the week on comparative tightening of liquidity in the system. The overnight MIBOR rate was steady at 3.29% during the week. The Inter-bank call and CBLO range were 3.00 %-3.50% and 0.25%-3.50% respectively.

Government Securities and Treasury Bills

The last week was non-event for the bond market and hence the rally witnessed last week was not sustained in absence of any trigger. On the contrary, the discouraging OMO purchase auction result pushed the yield higher. In OMO, RBI purchased securities worth Rs 19.69 Bn against the notified amount of Rs 60 bn. While the G-Sec auction of Rs 120bn was fully subscribed the cut off for 6.49% GOI 2015, 6.35% GOI 2020 and 8.28%GOI 2032 were 7.12%, 7.53% and 8.19% marginally higher than the market expectation. The cut off for the 91 days and 364 days T-bills were 3.40% and 4.33% respectively.

Corporate Bonds

The corporate bond yields closed flat during the week. The 5Y benchmark bond traded at 8.45% while 10yrs benchmark bond traded at 8.83%.

Rupee

The rupee appreciated against the dollar due to steady flow of dollar from portfolio investors, and continued weakness in US dollar overseas. The Rupee ended at 47.98 against the dollar, appreciating 16 paise on week on week basis.

Fund Manager's Comment

The coming week would be a short one on account of holidays and bank half yearly closing, thus the activities are going to be lacklustre. The past weeks saw tax outflows from the system and also pruning of investments in mutual funds by banks. While the short term rates rallied on account of expected inflows in the next month the rates may not decline significantly from here. The liquidity is also expected to remain comfortable. As far as outlook for bonds is concerned it is expected to trade range bound with a slightly upward bias on yields due to the inflationary pressures. The Government is also expected to announce its second half borrowing calendar in the week and it may also affect the market sentiments.

Market Indicators as on 25th September, 2009

	25/09/09	18/09/09	% change
INR/USD	47.98	48.14	-0.33
Inflation	0.37	0.12	208.33
Oil ($/bbl)	64.30	70.35	-8.60
Gold ($/oz)	990.00	1003.45	-1.34
10 years G-Sec	7.13	7.07	0.85
10 years AAA	8.83	8.83	0.00
Call Money	3.30	3.28	0.61

EQUITY MARKETS

Sensex and Nifty declined by 48 points (-0.29%) and 17 points (-0.34%) to close at 16,693 and 4,959 respectively.Corporate advance tax and advance personal income-tax were up by 14.7% and 1.7%, respectively in the September 2009 quarter. A fund raising spree by Indian companies has aided the rally that took the Sensex to a 16-month high on 22 September.Midcap index lost 3.87% whereas small cap gained 0.04% .On the sectoral front Healthcare gained 9.6% followed by Auto,bankex and realty which gained 8.21%, 5.87% and 5.37 % respectively.

In a clear sign of the strength of the industrial comeback, the government's excise duty collection increased 22.7% in August 2009 over July 2009. World leaders at the two day G20 meet which began on Thursday have reportedly agreed to keep emergency economic supports in place until a durable recovery is secured. In economic data, existing US home sales disappointed after it fell 2.7% in August against economists' expectations of a 2.9% increase. Meanwhile, foreign funds are aggressively buying Indian stocks. FII inflow in September 2009 totaled Rs 12,694 crore (till 23 September 2009). That was much higher than their purchases worth Rs 4029 crore in the whole of August 2009.

Optimism about Q2 September 09 results after advance tax collections registered a positive growth in the second quarter may keep equities firm even as traders will refrain from building large positions due to a truncated trading week. The market sentiment remains firm on more signs of a recovery in the economy and on sustained buying by foreign funds. Firm global stocks have supported domestic bourses and investors here will continue to take cues from overseas markets. A strong pipeline of initial public offers may suck liquidity from the secondary market. Companies plan to raise at least Rs 40,000 crore through initial public offers (IPOs)/follow on public offers (FPOs) in the second half of the current financial year. Auto companies are expected to give good numbers for the month of September and the festive season to boost the domestic sales

Taurus Benchmark Indices Movement

Indices	25/09/09	18/09/09	Points change	% change
BSE Sensex	16693.00	16741.30	-48.30	-0.29
S&P CNX Nifty	4958.95	4976.05	-17.10	-0.34
BSE 100	8739.21	8750.80	-11.59	-0.13
BSE 200	2051.07	2052.81	-1.74	-0.08
CNX Midcap	6606.65	6564.40	42.25	0.64
S&P CNX 500 Shariah	1187.28	1195.78	-8.50	-0.71

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

18/09/09 to 24/09/09	Equity	Debt
FIIs	7869.10	392.60
MFs	-1386.50	1635.00