

## DEBT MARKETS

- GDP data for the Sep-Dec 2018 quarter came in at 6.6%, the lowest we have seen in six quarters.
- CSO has also revised its projection of full year GDP growth to 7% from the earlier predicted 7.2%.
- The slowdown in GDP growth in Q3 of the current fiscal year is on account of the lower growth in agriculture, manufacturing and services viz. trade, hotel and transports and public administration. Financing constraints in the economy following the liquidity crisis in the NBFC segments may also have been a factor weighing down economic growth.

### Yield Movement

- The benchmark 10 year government bond (7.17% bond maturing in 2028) closed the

week trading at a yield of 7.56%, unchanged from the closing levels of the previous week. The newly issued 7.26% bond maturing in 2029 trades at a yield of 7.41%.

- Yield on 10 year AAA PSU bond traded at approx. 8.80%, up by 10 basis points from the previous week.
- One year CDs yielded about 7.95%, up by 10 basis points previous week.

### Fund Manager Comments

Liquidity infusion by RBI through open market purchase of securities and longer term repos may help stabilise bond prices even as the financial year comes to an end and banks face pressure to book gains due to year end considerations.



## EQUITY MARKETS

Sensex and Nifty went up by 192 points (0.50%) and 72 points (0.70%) to close at 36,064 and 10864 respectively.

Donald Trump lifted a deadline of March 1st for China to agree to concessions on trade, after which he had threatened to increase tariffs on \$200 bn-worth of Chinese exports from 10% to 25%. The president tweeted that "substantial progress" was being made in negotiations with the Chinese and that he expected to meet his counterpart, Xi Jinping, to sign a deal in the coming weeks. No details were provided, but one of the promises China has reportedly made is not to depreciate its currency. A weak yuan makes Chinese exports cheaper. The Shanghai stock market rose by 5.6% in response to the suspension of tariffs, its best day in three years. Investor sentiment was also lifted by comments from Mr. Xi about quickening the pace of development in China's financial-services industry.

Donald Trump and Kim Jong-un have failed to reach an agreement on de-nuclearizing North Korea at their Vietnam summit, defying expectations that a deal of some form would be struck.

The major disagreement was over the lifting of sanctions. Kim is willing to dismantle the Yongbyon nuclear facility, but wanted all sanctions lifted first, which Trump said he wasn't willing to do.

The no-deal outcome of the summit is particularly bad news for South Korean President Moon Jae-in, for it means that further

meaningful engagement between North and South Korea-especially economic engagement - is now off the table

India's real GDP grew by 6.6% during October-December 2018. This is its slowest growth in the last six quarters. Compared to the year-ago quarter, the growth in private final consumption expenditure (PFCE) improved to 8.4% from a mere 5%. The growth in government final consumption expenditure (GFCE), however, shrunk to 6.5% from 10.8% in the December 2017 quarter. Real GVA growth also slid to a six-quarter low of 6.3% during this quarter. GVA had grown by 7.3% in the year-ago quarter. The growth in agriculture, mining and manufacturing shrunk substantially compared to the growth clocked in the December 2017 quarter. Construction and electricity, on the other hand, saw a considerable improvement in growth.

For the month of January -19, India's eight core industries (coal, steel, natural gas, cement, crude oil, fertilizers, refinery products and electricity) grew at 1.8%. The growth for April to January period was at 4.5%. The steel output for January stood at 8.2%, as compared to 12.9% last month. Output of fertilizers in January stood at 10.5 % as compared to -2.4% MoM, and the output of refinery products stood at -2.6%, as compared to -4.8 % MoM.

### Taurus Benchmark Indices Movement

Indices	01-03-19	22-02-19	Points change	% change
S&P BSE Sensex	36063.81	35871.48	192.33	0.54%
Nifty 50	10863.50	10791.65	71.85	0.67%
S&P BSE 100	11060.21	10959.31	100.90	0.92%
S&P BSE 200	4595.79	4546.73	49.06	1.08%
Nifty Midcap 100	16962.45	16543.15	419.30	2.53%

### Weekly FPI and MF net flows (₹ in crs.)

	Equity	Debt
FPIs (25/02/2019 - 01/03/2019)	16045.02	-7437.94
MFs (21/02/2019 - 27/02/2019)	-1314.89	10356.71

Source : FPI - CDSL

Source : MF - SEBI

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