

DEBT MARKETS

- Total GST collection was at Rs 1.139 lakh crores for March, the highest ever recorded since the introduction of GST in July 2017. This prompted some analysts to surmise that the economic engine was chugging along well. However, other data like auto sales (which have been weak even in the month of April) seem to suggest otherwise.
- Infrastructure output, comprising eight core sectors of the IIP (which has a weight of 40.3% in IIP), grew 4.7% in March 2019, as against 2.2% in February and growth of 4.5% in March last year.
- The US Fed kept the federal funds rate unchanged at 2.25-2.5%. The Federal Open Market Committee believed that in light of global economic and financial developments and muted inflation pressures, it will be "patient as it determines what future adjustments to the target range for the federal funds rate may be appropriate to support these outcomes". It also indicated that the labor market remains strong, with the unemployment rate remaining low and that economic activity rose at a solid rate.
- The Bank of England also decided to keep interest rates unchanged at 0.75% despite

strong economic growth. In fact, the Bank upgraded its 2019 growth forecast to 1.5% as against 1.2% earlier.

- US President Donald Trump threatened to levy higher tariffs on Chinese goods as negotiations on a US-China trade deal continued. This led to speculation that the talks may have collapsed.

Yield Movement

- The benchmark 10 year government bond closed the week trading at a yield of 7.39%, slightly lower than the yield levels witnessed last week.
- Yield on 10 year AAA PSU bond traded at approx. 8.55%, 10 basis points higher than the previous week.
- One year CDs yielded about 7.75%, unchanged from previous week.

Fund Manager Comments

Bonds continue to trade lacklustre. Outcome of the US-China trade talks may determine the immediate trend.



EQUITY MARKETS

Sensex and Nifty went down by 104 pts. (-0.30%) and 42 pts. (-0.40%) to close at 38,963 and 11712 respectively.

Core sector grew by 4.7% in March compared with 2.2% in the previous month. Sectors which did well were Coal, Refinery, Fertilizers, Steel and Cement with YoY growth of 9.1%, 4.3%, 4.3%, 6.7% and 15.7% respectively. For FY2019 core sector has grown by 4.3% (same as previous year). Cement has done particularly well with growth of 13.3% in FY19.

The collection of Goods and Services Tax (GST) for the month of April is likely to be at its highest ever at around Rs 1.15 lakh crore on the back of year-end payments. GST collection in March rose 15.6% from a year ago to hit Rs 1.06 trillion, the highest since the new indirect tax system took effect on 1 July 2017. As many as 7.595 million GSTR 3Bs (summary returns) were filed till 31 March for February, against 7.348 million a month.

The U.S. Federal Reserve held interest rates steady and signaled little appetite to adjust them any time soon, taking heart in continued job gains and economic growth and the likelihood that weak inflation will edge higher. "We think our policy stance is appropriate at the moment; we don't see a strong case for moving it in either direction," Fed Chairman Jerome Powell said in a press conference following the end of the central bank's latest two-day policy meeting. Overall, he said, "I see us on a good path for this year." Fed policymakers said ongoing economic growth, a strong labor market and an eventual rise in inflation were still "the most likely outcomes" as the U.S. expansion nears its 10-year mark. The Fed also trimmed the amount of interest it pays banks on excess reserves to 2.35 percent from 2.40 percent in an effort to ensure its key overnight lending rate, the federal funds rate, remains within the current target band.

Taurus Benchmark Indices Movement

Indices	03-05-19	26-04-19	Points change	% change
S&P BSE Sensex	38963.26	39067.33	-104.07	-0.27%
Nifty 50	11712.25	11754.65	-42.40	-0.36%
S&P BSE 100	11820.36	11885.52	-65.16	-0.55%
S&P BSE 200	4896.10	4926.08	-29.98	-0.61%
Nifty Midcap 100	17465.00	17727.95	-262.95	-1.48%

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

	Equity	Debt
FPIs (30/04/2019 - 03/05/2019)	-205.89	-2174.72
MFs (25/04/2019 - 30/04/2019)	-2986.85	-5404.19

Source : FPI - CDSL

Source : MF - SEBI

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