

## DEBT MARKETS

- The RBI Dy Governor Viral Acharya met a few key money managers in a closed door meeting. Comments that he purportedly made in that meet were, possibly, leaked leading to a sell off in bonds.
- Yield on government bonds rose sharply as a consequence. The 10 year benchmark bond closed the week trading at a yield of 6.86%, a rise of 5 basis points over the closing levels last week.
- Yields in the US bond markets fell with the benchmark 10 year US treasury note now trading at 2.34%. President Trump's announced that Jay Powell, one of the existing Fed members would be the new chief of the US Federal Reserve.
- Treasury yields fell after the tax cut proposals of the Republican party were revealed.
- International oil prices too hit a two year high with the benchmark ICE Brent contract crossing the psychological USD 60 per barrel mark.

- RBI has announced yet another open market sale of government securities in order to moderate liquidity in the system. This has added to the bearish mood in the bond markets.

### Yield Movement

- The benchmark 10 year government bond closed the week trading at a yield of 6.86%, a rise of 5 basis points closing levels of the previous week.
- Yield on 10 year AAA PSU bond traded at approx.. 7.55%, indicating that spreads over gilts have shrunk by about 5 basis points.
- One year CDs yielded about 6.60%, indicating a fall of about 5 basis points in yield levels from last week's close.

### Fund Manager Comments

Inflation prints in the middle of November are likely the next big trigger for a decisive move. The outcome of the two day US Fed meeting and the likely tone of the statement may also play a role in shaping sentiment the near term.



Sensex and Nifty went up by 528 pts. (1.60%) and 129 pts. (1.30%) to close at 33,686 and 10,453 respectively.

India jumped into 100th place on the World Bank's ranking of countries by Ease of Doing Business for the first time in its report for 2018, up about 30 places, driven by reforms in access to credit, power supplies and protection of minority investors. The report, based on data from the capital New Delhi and the financial hub of Mumbai, ranked India among the top 10 "improvers" globally, having done better in eight out of 10 business indicators. However, the World Bank noted that India lags in areas such as "starting a business", "enforcing contracts" and "dealing with construction permits.". The report excluded the implementation on GST.

The Bank of England (BOE) raised interest rates for the first time in more than 10 years Thursday, a landmark move after borrowing costs had slumped to the lowest level on record. Alongside Governor Mark Carney, the majority of rate-setters at the U.K.'s central bank voted in favor of hiking the benchmark rate to 0.5% from 0.25%. The bank's key rate is crucial for the economy as it is used to price all sorts of bank loans and mortgages.

Brent crude extended a two-year high amid signals that OPEC and Russia will extend supply cuts and continuing instability in Iraq's Kurdish region.

The Reserve Bank of India (RBI) said corporate borrowers who fail to get a legal entity identifier (LEI) number from banks won't be given credit. The schedule for getting the LEI number is spread out till December 2019 and depends on exposure. The 20-digit unique code will be used to maintain a credit database with the RBI's Central Repository of Information on Large Credits to facilitate assessment of aggregate borrowing by corporate groups, and monitoring of the financial profile of an entity or group.

The Nikkei Manufacturing PMI fell to 50.3 last month from September's 51.2. India's manufacturing companies struggled somewhat as the recent recovery enjoyed by the sector lost impetus in October. Disappointingly, manufacturing production rose at the weakest pace in the current sequence of growth. Inflows of new orders stagnated as the negative effects arising from the implementation of GST continued to dampen demand levels.

Core sector expanded by 5.2% in September compared with 4.4% growth in the previous month. Coal, Natural gas, Refinery products grew by 10.6%, 6.3%, and 8.1% respectively. Electricity grew by 5.2%, Steel by 3.7% while cement grew 0.1%. Fertilizer contracted 7.7% in September. YTD growth in core sector is 3.3%.

## Taurus Benchmark Indices Movement

Indices	3/11/17	27/10/2017	Points change	% change
S&P BSE Sensex	33685.56	33157.22	528.34	1.59%
Nifty 50	10452.50	10323.05	129.45	1.25%
S&P BSE 100	10903.38	10748.30	155.08	1.44%
S&P BSE 200	4592.14	4522.23	69.91	1.55%
Nifty Free Float Midcap 100	19778.75	19341.20	437.55	2.26%

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

	Equity	Debt
FPIs (30/10/2017 - 03/11/2017)	2773.23	3008.68
MFs (26/10/2017 - 01/11/2017)	1583.45	2034.81

Source : FPI - CDSL  
Source : MF - SEBI

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