

## DEBT MARKETS

- The RBI has allowed banks to restructure loans granted to MSMEs (upto 25 cr) that were standard on January 1 but in default. The restructuring allows banks leeway in provisions for the said loans upto March 31, 2020. This effectively grants a 15 month reprieve.
- International Crude Oil prices rose in the week after having hit new recent lows. The benchmark ICE Brent futures contract which traded below USD 50 per barrel at one has now recovered to trade around the USD 55 per barrel mark.
- Indian bond prices retraced much of the gains seen in the previous week. Increasing concerns of fiscal slippages (fiscal deficit stood at 114.8% of budgeted number for Apr-Nov 2018), prevailing banking system liquidity deficit and fresh auction of government securities during the week has pushed the yields higher.

### Yield Movement

- The benchmark 10 year government bond closed the week trading at a yield of 7.49%, up by 10 basis points from the closing levels of the previous week.
- Yield on 10 year AAA PSU bond traded at approx. 8.60%, up by 5 basis points from the previous week.
- One year CDs yielded about 8.15%, unchanged from the previous week.

### Fund Manager Comments

Market participants remain cautious amidst likely populist measures in the election season. Slippage on fiscal deficit remains a concern.



## EQUITY MARKETS

Sensex and Nifty went down by 382 pts. (-1.10%) and 133 pts. (-1.20%) to close at 35,695 and 10,727 respectively.

The micro, small & medium enterprise (MSME) industry has urged the government to extend the RBI's loan restructuring scheme to companies not yet registered under GST and called for restoration of priority sector lending tag for such enterprises. The RBI has introduced a one-time restructuring scheme for MSMEs with a maximum exposure of Rs.250 million. Industry further sought relief for MSMEs whose loans have turned non-performing assets (NPA) or are on the verge of turning NPAs in the last one year.

The growth of India's eight core infrastructure industries slowed to a 16-month low of 3.5% in November, brought down by cement, electricity and coal production. The previous lowest expansion in output growth of the infrastructure industries was 2.9% in July 2017. Core sector had grown 4.8% in October and 6.9% in November 2017. Its cumulative growth in the April to November period was 5.1% compared with 3.9% in the year ago period.

The country's external debt fell by \$19.3 billion, or 3.6%, to \$510.4 billion during the six-month period ended September, due to a decrease in commercial borrowings, non-resident Indian (NRI) deposits and valuation effect. Valuation gains due to the appreciation of the dollar vis-a-vis the rupee and major currencies were placed at \$25.4 billion. Commercial borrowings continued to be the largest component of external debt with a share of 37.1%, followed by NRI deposits (23.9%) and short-term trade credits (19.9%). At the end of September 2018, long-term debt (with original maturity of above one year) was placed at \$406.1 billion, recording a decline of \$21.4 billion over its level at the end of March 2018. US dollar-denominated debt continued to be the largest component of India's external debt with a share of 49.7% at September-end, followed by the rupee (36.1%), SDR (5.3%), the yen (4.7%) and the euro (3.2%).

### Taurus Benchmark Indices Movement

Indices	04-01-19	28-12-18	Points change	% change
S&P BSE Sensex	35695.10	36076.72	-381.62	-1.06%
Nifty 50	10727.35	10859.90	-132.55	-1.22%
S&P BSE 100	11015.74	11152.40	-136.66	-1.23%
S&P BSE 200	4592.62	4648.52	-55.90	-1.20%
Nifty Midcap 100	17636.60	17792.85	-156.25	-0.88%

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

	Equity	Debt
FPIs (31/12/2018 - 04/01/2019)	-2253.03	1953.46
MFs (27/12/2018 - 02/01/2019)	1606.98	20274.58

Source : FPI - CDSL  
Source : MF - SEBI

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