

DEBT MARKETS

- The relatively weak quarterly GDP figures released at the end of Aug which estimated first quarter GDP growth in this financial year to be 5.0% led to some hopes that the central bank may reduce policy interest rates in the near future.
- The slowing economy has also put pressure on the government to adopt measures to stimulate and revive the economy. Merger and consolidation of 10 public sector banks has been one of the biggest policy measures announced so far.
- Automobile sales in August witnessed one of the sharpest decline in the past 2 decades. This has led to a clamour from the auto industry for tax benefits/reductions etc. The Finance Minister has promised to take action to allay the problems of the auto sector. An immediate demand for reduction of GST on Auto and Auto components is likely to be taken up at the GST Council meeting scheduled for September 20.
- Inflation data is due this week and the immediate trading sentiment is likely to be driven by the inflation print.
- Yield on 10 year AAA PSU bond traded at approx. 8.25%, down by about 30 basis points from the previous week.
- One year CDs yielded about 6.40%, unchanged from the closing levels of previous week.

Fund Manager Comments

Inflation data release due this week is likely to drive trading sentiment in this shortened trading week.

Yield Movement

- The benchmark 10 year government bond closed the week trading at a yield of 6.60%, up by 4 basis points from the yield levels witnessed at the close of last week.



EQUITY MARKETS

- Sensex and Nifty went down by 351 pts. (-0.90%) and 77 pts. (-0.70%) to close at 36,982 and 10,946 respectively.
- Weaker demand from abroad drove a bigger-than-expected drop in German industrial orders in July, suggesting that struggling manufacturers could tip Europe's biggest economy into a recession in the third quarter. Contracts for 'Made in Germany' goods fell 2.7% from the previous month in July, data showed, driven by a big drop in bookings from non-euro zone countries, the economy ministry said.
- U.S. manufacturing activity contracted for the first time in three years, in August, with new orders and hiring declining sharply as trade tensions weighed on business confidence, raising financial market fears of a recession.
- Highlights of July Core Sector: Core sector grew by 2.1% in July compared with 0.7% in June and 7.3% in July of previous year. Steel 6.6%, Cement 7.9% and Electricity 4.2% supported growth while crude oil (-4.4%), natural gas (0.5%) and Coal (-1.4%) contracted. YTD growth is 3.0% compared with 5.9% last year
- The IHS Markit India Manufacturing PMI fell to 51.4 in August, its lowest mark since May 2018, from 52.5 in July, as most survey indicators fell since July to signal a widespread loss of momentum. India's economic growth has slumped for the fifth straight quarter to an over 6 year low of 5% in the three months ended June as consumer demand and private investment slowed amid deteriorating global environment.
- The Goods and Services Tax (GST) collected in August came in at 98,202 crore, the lowest in the first five months, since April of the current fiscal, but the average monthly collection for the April-August period at Rs 1.02 lakh crore continues to be above the rate (Rs 99,083 crore) required to achieve the Centre's Budget estimate for FY20. During April-August, 2019 vis-à-vis 2018, the domestic component has grown by 9.11% while the GST on imports has come down by 1.43% and the total collection has grown by 6.38%

Taurus Benchmark Indices Movement

Indices	06-09-2019	30-08-2019	Points change	% change
S&P BSE Sensex	36981.77	37332.79	-351.02	-0.94%
Nifty 50	10946.20	11023.25	-77.05	-0.70%
S&P BSE 100	11054.09	11139.78	-85.69	-0.77%
S&P BSE 200	4574.10	4609.05	-34.95	-0.76%
Nifty Midcap 100	15606.95	15652.20	-45.25	-0.29%

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

	Equity	Debt
FPIs (03/09/2019 - 06/09/2019)	-4263.79	3000.86
MFs (29/08/2019 - 04/09/2019)	3054.63	11288.18

Source : FPI - CDSL
Source : MF - SEBI

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