

DEBT MARKETS

- Crude oil prices fell further during the week with the benchmark ICE Brent Contract trading below the USD 70 per barrel level.
- The week was a shortened trading week with Diwali holidays. Trading volumes were therefore low and trading was lack lustre.
- Lower oil prices however boosted market sentiment and bond prices rose further amidst low volumes. The yield on the benchmark 10 year government bond fell further to settle at 7.76% by the end of the week. The market now awaits release of the monthly inflation print for October which is due on Monday, Nov 12.
- Yield on 10 year AAA PSU bond traded at approx. 8.65%, a fall of 5 basis points from the previous week.
- One year CDs yielded about 8.30%, down by 5 basis points from the previous week.

Fund Manager Comments

The monthly inflation print for October due to be released this week will drive market sentiment this week. Expectations are that it is likely to remain well below RBI's target of 4% inflation (based on CPI).

Yield Movement

- The benchmark 10 year government bond closed the week trading at a yield of 7.76%, down by 2 basis points from the closing levels of the previous week.



EQUITY MARKETS

Sensex and Nifty went up by 147 pts. (0.40%) and 32 pts. (0.30%) to close at 35,159 and 10,585 respectively.

In its first meeting since October's market turmoil and this week's midterm elections, the Federal Reserve voted to maintain the current level of its benchmark interest rate. The policy making Federal Open Market Committee, as expected, unanimously approved keeping the federal funds rate in a range of 2 percent to 2.25 percent. The committee noted that the unemployment rate 'has declined' since the September meeting. The Labor Department last week reported that the headline jobless level was at 3.7%, the lowest since December 1969 and it's the 97th consecutive month of jobs growth. It also note that that the 'growth of business fixed investment has moderated from its rapid pace earlier in the year.'

Brent crude has lost more than 16 percent in value since early October, while WTI has declined by more than 18 percent since then. President Trump's decision to cushion the sanctions against Iranian oil exports by allowing exemptions to eight countries surprised markets. Demand has decreased slightly, further eroding prices.

Activity in India's dominant services sector increased at its fastest pace in three months in October, driven by a strong pick-up in new business. PMI rose to 52.2 last month from a four-month low of 50.9 in September. A sub-index tracking demand jumped to 52.4 from September's 50.1, which, accompanied by a slower increase in both input costs and prices charged boosted overall activity and encouraged firms to accelerate hiring at the fastest pace in six months.

Taurus Benchmark Indices Movement

Indices	09-11-18	02-11-18	Points change	% change
S&P BSE Sensex	35158.55	35011.65	146.90	0.42%
Nifty 50	10585.20	10553.00	32.20	0.31%
S&P BSE 100	10871.29	10825.30	45.99	0.42%
S&P BSE 200	4531.80	4512.22	19.58	0.43%
Nifty Midcap 100	17605.50	17430.95	174.55	1.00%

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

	Equity	Debt
FPIs (05/11/2018 - 09/11/2018)	-325.03	4697.23
MFs (01/11/2018 - 07/11/2018)	427.37	6139.80

Source : FPI - CDSL

Source : MF - SEBI

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