

DEBT MARKETS

- Industrial production as measured by the IIP index showed a 0.1% reduction in output (YoY) during March 2019.
- Low IIP and slowing sales of automobiles (which had their worst sales in the past 18 months, during April) seem to suggest that the economy is slowing, at least in the short term.
- Retail inflation as measured by the CPI came in at 2.92% for April, inching slightly higher than the 2.86% witnessed in the previous month.
- Core inflation has moderated to 4.5% (from the earlier 5%) while food inflation has inched up to 1.1%.
- The US levied higher tariffs on Chinese goods as promised by President Trump, as trade talks between the two economic giants effectively collapsed. China has promised tit for tat levies on US goods.
- Yield on 10 year AAA PSU bond traded at approx. 8.50%, 5 basis points lower than the previous week.
- One year CDs yielded about 7.75%, unchanged from previous week.

Fund Manager Comments

Bonds continue to trade lacklustre. Rising oil prices and the US China trade dispute are likely to keep sentiment dampened.

Yield Movement

- The benchmark 10 year government bond closed the week trading at a yield of 7.41%, slightly higher than the yield levels witnessed last week.



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	10-05-19	03-05-19	Points change	% change
S&P BSE Sensex	37462.99	38963.26	-1500.27	-3.85%
Nifty 50	11278.90	11712.25	-433.35	-3.70%
S&P BSE 100	11393.32	11820.36	-427.04	-3.61%
S&P BSE 200	4721.84	4896.10	-174.26	-3.56%
Nifty Midcap 100	17029.45	17465.00	-435.55	-2.49%

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

	Equity	Debt
FPIs (06/05/2019 - 10/05/2019)	1712.02	-3664.01
MFs (02/05/2019 - 08/05/2019)	1454.66	2319.29

Source : FPI - CDSL
Source : MF - SEBI

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