

DEBT MARKETS

- CPI inflation for December 2017 came in at 5.21% compared to 4.88% in the previous month. Core CPI also came in higher at 5.13% compared to 4.86% last month.
- In contrast, WPI based inflation fell to 3.58% (vs 3.93% last month) in the month of December 2017.
- Index of Industrial Production (IIP) too showed a sharp uptick and surged to 8.4% growth on an annualized basis. This is the highest IIP growth registered in the past 2 years.
- Weekly statistical data released by RBI showed a, previously unknown, open market purchase of securities by RBI to the extent of INR 280 crores.
- The new 10 year government bond yield closed the week trading at a yield of 7.27%. The current benchmark closed the week trading at a yield of 7.45%.
- Yield on 10 year AAA PSU bond traded at approx. 7.90%, indicating that spreads over gilts have compressed a bit.
- One year CDs yielded about 7.05%, indicating a marginal fall of about 5 basis points in yields over the week.

Fund Manager Comments

The sentiment in the bond market is likely to remain weak, in view of the higher inflation print and surging industrial production. Fiscal slippage worries also seem to weigh on the minds of market participants. Short term surprises like unexpected open market purchases by RBI serve to assuage sentiment a bit. However, weakness is likely to persist for some more time, until clear signals on fiscal slippage and policy interest rates emerge.

Yield Movement

- The benchmark 10 year government bond closed the week trading at a yield of 7.45%, a rise of 16 basis points closing levels of the previous week. The new 10 year bond closed the week trading at a yield of 7.27%



Sensex and Nifty went up by 439 pts. (1.30%) and 122 pts. (1.20%) to close at 34,592 and 10,681 respectively.

The price of oil has hit \$70 a barrel for the first time since December 2014. Brent crude climbed after members of OPEC said that it would continue to limit supplies. Thursday's rise was also bolstered by a surprise fall in US oil stockpiles.

The euro zone's unemployment rate fell to 8.7% in November, the lowest since January 2009. As always, the average rate masked big differences among countries. Germany's rate of 3.6% stood in contrast to Greece's 20.5%. In America the unemployment rate remained unchanged at 4.1% in December.

China reported a 10.8% rise in exports and a 18.7% jump in imports - both in Yuan terms - for 2017. In dollar terms, imports for the year rose 15.9% and exports increased 7.9%. China's trade data capped a robust year despite numerous concerns over the health of its economy. It reported a sharp drop in trade with North Korea in 2017. The overall trade between the two countries for the year fell 10.5% compared to 2016. For the month of December, the change was even more dramatic:

Overall trade for that month fell 50.6%. China's imports from North Korea slumped 81.6% from a year ago, while exports to the reclusive nation fell 23.4% in the same period.

Index of Industrial Production (IIP) jumped up to a 25-month high of 8.4% in November vs 2% in October. It was boosted by strong growth in both manufacturing (10.2% vs 2.2% in October) and electricity (3.9% vs 3.2%) and a rebound in mining output (1.1% vs -0.1%). Considering April to November, industrial production increased by 3.2%, compared with a 5.5% expansion in the same period of the previous fiscal year.

Retail Inflation in India rose to a fresh 16-month high in December as higher vegetable and crude oil prices coupled with an unfavourable base propelled consumer prices above the Reserve Bank of India's medium-term target. Consumer price inflation accelerated to 5.2% over the same month last year. CPI Inflation had reached 4.88% in November. Core inflation climbed to 5.13% from 4.86% in the previous month.

Taurus Benchmark Indices Movement

Indices	12/1/18	5/1/18	Points change	% change
S&P BSE Sensex	34592.39	34153.85	438.54	1.28%
Nifty 50	10681.25	10558.85	122.40	1.16%
S&P BSE 100	11204.58	11093.81	110.77	1.00%
S&P BSE 200	4755.10	4712.02	43.08	0.91%
Nifty Free Float Midcap 100	21694.55	21499.85	194.70	0.91%

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

	Equity	Debt
FPIs (08/01/2018 - 12/01/2018)	554.03	3242.67
MFs (04/01/2018 - 10/01/2018)	3000.71	3479.04

Source : FPI - CDSL

Source : MF - SEBI

Any information contained herein is for informational purpose only and does not constitute advice or offer to sell/purchase units of the schemes of Taurus Mutual Fund. Information gathered and provided in this document is believed to be from reliable sources and the Fund does not warrant the accuracy and/or completeness of any information. Taurus AMC disclaims any liability for actions taken by anyone on the basis of the opinions contained herein. The material contained herein cannot be reproduced, distributed or quoted anywhere without express written consent of Taurus AMC.

Mutual Fund Investments are subject to market risks, read all Scheme related Documents carefully.