

DEBT MARKETS

- Inflation as measured by the consumer price index (CPI) rose marginally to 3.21% in August compared to 3.15% in July. This print, while higher than what we've seen in recent months is still well below the RBI's mid level target of 4%.
- The index of Industrial Production showed a 4.3% rise in industrial output in July. Industrial growth in June was 2.0% as per the provisional estimates.
- Trade data released showed that India's exports in the month of August 2019 was USD 26.13 bn indicating a fall of 6.1% yoy. Cumulative exports for the financial year 2019-20 was USD 133.54 bn which was 1.53% lower than the exports in the same period of the previous financial year.
- Imports in August 2019 were USD 39.58 bn which was 13.45% lower than the imports in August 2018. Cumulative imports in the financial year 2019-20 was USD 206.39 bn which was about 5.7% lower than the imports in the same period of the previous financial year.
- Over the weekend, two of the largest oil installations of Saudi Arabia were attacked by drones (launched by suspected Houthi militiamen from Yemen who are backed by Iran) leading to the facility being set on fire. This act has knocked off about half of Saudi Arabia's oil production temporarily. This translates to about 7% of global oil output.
- The drone attack on Saudi oil facility is likely has lead to a spike in global crude oil prices in early trading on Monday with prices rising by as much as 20%.

Yield Movement

- The benchmark 10 year government bond closed the week trading at a yield of 6.64%, up by 4 basis points from the yield levels witnessed at the close of last week.
- Yield on 10 year AAA PSU bond traded at approx. 8.25%, unchanged from the previous week.
- One year CDs yielded about 6.20%, down by 20 basis points from the closing levels of previous week.

Fund Manager Comments

The Saudi oil attack is likely to lead to a jittery bond and foreign exchange market. Yields may rise in the near term.



EQUITY MARKETS

Sensex and Nifty went up by 403 pts. (1.10%) and 130 pts. (1.20%) to close at 37,385 and 11,076 respectively.

July IIP rose by 4.3% compared with 1.2% in the previous month. Growth is likely to be weak for the next few months as well since most of the high frequency data related to consumption continues to be sluggish and with the slump in Auto sales getting worse, it may keep the IP growth weak. Investment activity also remains weak although moderation in interest rate will eventually help. CPI inflation rose marginally to 3.21% from 3.15% in the previous month mainly as a result rise in food prices.

The European Central Bank has announced a new stimulus package, in an attempt to boost growth in the Eurozone. It is cutting its deposit rate- charged on commercial bank deposits at the ECB- to a new all-time low of minus 0.5%. It was previously - 0.4%. That's meant to encourage banks to lend to consumers and businesses. The ECB's governing council has also decided to leave its benchmark interest rate at zero percent rather than imposing negative rates on savers. The ECB is also restarting its quantitative easing program and will start buying 20bn of bonds each month from the start of November.

Wall Street advanced, buoyed by positive developments on the US-China trade front and a promise of continued stimulus from the European Central Bank. US President Donald Trump agreed to delay increased tariffs on billions worth of Chinese goods for two weeks after China exempted tariffs on a basket of US imports and promised to buy more US agricultural products.

International Monetary Fund (IMF) on Thursday said that India's economic growth is 'much weaker' than expected due to corporate and environmental regulatory uncertainty and 'lingering weakness' in some non-Bank financial companies. The economic growth slowed to a seven-year low to 5% in April to June quarter from 8% a year ago.

Taurus Benchmark Indices Movement

Indices	13-09-2019	06-09-2019	Points change	% change
S&P BSE Sensex	37384.99	36981.77	403.22	1.09%
Nifty 50	11075.90	10946.20	129.70	1.18%
S&P BSE 100	11203.14	11054.09	149.05	1.35%
S&P BSE 200	4637.42	4574.10	63.32	1.38%
Nifty Midcap 100	15967.40	15606.95	360.45	2.31%

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

	Equity	Debt
FPIs (09/09/2019 - 13/09/2019)	2232.77	871.33
MFs (29/08/2019 - 04/09/2019)	1770.50	5949.42

Source : FPI - CDSL
Source : MF - SEBI

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