

## DEBT MARKETS

- Provisional CPI inflation for the month of May 2019 came in at 3.06%, in line with expectations. The final inflation for the month of April was revised to 2.99% from the provisional 2.92%.
- IIP growth for the month of April came in at 3.4%, higher than the figure seen in the previous month.
- WPI inflation for May 2019 came in at a surprisingly low number of 2.45%.
- Oil prices which had rallied on the back of an attack on oil tankers in the Gulf of Oman, softened again.

### Yield Movement

- The benchmark 10 year government bond closed the week trading at a yield of 6.92%, lower by about 5 basis points than the yield levels witnessed last week.
- Yield on 10 year AAA PSU bond traded at approx. 8.25%, 10 basis points higher than the previous week.
- One year CDs yielded about 7.20%, 10 bps higher from previous week.

### Fund Manager Comments

Inflation has come in as per expectations, though WPI inflation seems to have softened more than expected. Core inflation is also on a downward trend, which is a good sign for the inflation trajectory. Rate action from BOJ and the US Fed would be keenly watched by traders in the near future.



## EQUITY MARKETS

- Sensex and Nifty went down by 164 pts. (-0.40%) and 47 pts. (-0.40%) to close at 39,452 and 11,823 respectively.
- April IIP rose by 3.4%, a 6 month high led by strong growth in Mining and Electricity on the production side. Mining grew 5.1% while Electricity expanded by 6.0%. Manufactured goods rose by 2.8%. On use base analysis; Capital goods expanded by 2.5%, Primary goods by 5.2% while consumer goods expanded by 4.0% (Durables 2.4% and Non-durables 5.2%). April IIP growth was ahead of estimate forward indicators look weak like auto sales, weak investment activity etc.
- CPI inflation rose along expected lines to 3.05% in May from 2.92% in April, mainly a result of rise in food prices (seasonal and base impact). Food inflation rose to 2.03% from 1.4% with vegetables at 5.5% from 2.9%. Fuel inflation eased to 2.5% from 2.6%, All other heads of inflation remained under control with Housing at 4.8% vs 4.8% and Misc at 4.6% vs 5.1%. Food prices are likely to trend higher (seasonal effect) for the next few months while core inflation is likely to trend lower as demand remains modest. Core inflation moderated sharply to 4.2% from 4.5% in the previous month.
- May WPI eased to 2.45% (lowest since July 2017) from 3.07% in the previous month mainly due to further easing of fuel and manufactured inflation. Food inflation remained firm and came in at 6.2% vs 6.5% in the previous month with vegetable inflation at 33% vs 40.0%. Fuel inflation moderated sharply to 1.0% from 3.84% while manufactured inflation eased to 1.28% from 1.72% in April as demand remained soft. Core inflation eased further to 1.23% from 1.92% in the previous month.
- A weak WPI along with RBI's OMO purchase of Rs 125bn despite surplus liquidity led to 5bps decline in 10Y yield.
- Crisis-hit mortgage lender Dewan Housing Finance, who had defaulted on interest payment on non-convertible debentures (NCDs), informed the stock exchanges that it has paid off its interest obligation worth Rs9.62bn within the seven-day cure period
- Oil prices fell by 2% in the week after EIA lowered its demand forecast for CY19 and Chinese imports, industrial production and investment remain under pressure. However, global equity markets went up ahead of US Fed's meeting. US yields were flat ahead of the meeting but DXY appreciated as US retail sales and production surprised positively.
- Crude oil prices remained topsy-turvy and surged on 13th June amid news of oil tanker attacks in the Gulf of Oman thus escalating tensions between the US and Iran and raised fears of a surge in global energy prices.

### Taurus Benchmark Indices Movement

Indices	14-06-19	07-06-19	Points change	% change
S&P BSE Sensex	39452.07	39615.90	-163.83	-0.41%
Nifty 50	11823.30	11870.65	-47.35	-0.40%
S&P BSE 100	11920.88	11982.01	-61.13	-0.51%
S&P BSE 200	4927.38	4957.28	-29.90	-0.60%
Nifty Midcap 100	17564.55	17781.85	-217.30	-1.22%

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

	Equity	Debt
FPIs (10/06/2019 - 14/06/2019)	-397.89	4435.21
MFs (06/06/2019 - 12/06/2019)	527.33	16805.49

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.**