

DEBT MARKETS

- January CPI inflation (combined) came at 2.05%, compared to the 2.19% print in the previous month. Urban inflation came in at 2.91% while rural inflation stood at 1.29%.
- January WPI inflation under the new 2011-12 series stood at 2.8% as against 3.8% a month ago.
- December IIP growth under the new 2011-12 series came in at 2.4% compared to 0.5% from a month ago.
- The RBI board in its meeting to be held on Feb 18, 2019 is likely to decide on transferring Rs. 28,000 crores to the government as interim dividend.
- Yield on 10 year AAA PSU bond traded at approx. 8.70%, unchanged from the previous week.
- One year CDs yielded about 7.85%, down by 15 basis points previous week.

Fund Manager Comments

Inflation prints have been lower than most people's expectations suggesting that the trend of low inflation may not be transitory as expected by many. However, bond markets haven't broken into a cheer in light of the deterioration in fiscal slippage and likely spill over of this deterioration into the next year too.

Yield Movement

- The benchmark 10 year government bond (7.17% bond maturing in 2028) closed the week trading at a yield of 7.56%, up by 4 basis point from the closing levels of the previous week. The newly issued 7.26% bond maturing in 2029 trades at a yield of 7.36%.



EQUITY MARKETS

- Sensex and Nifty went down by 738 pts. (-2.00%) and 219 pts. (-2.00%) to close at 35,809 and 10,724 respectively.
- India's IIP for December grew 2.4% in December after hitting a 17-month low of 0.5% in November (our estimate was 1.7%). Mining contracted by -1.0%, Manufacturing grew 2.7%, Electricity grew 4.4%. Primary industry contracted 1.2%, Capital goods grew by 5.9%, Intermediate contracted -1.5%, Infra grew 10.1%, Consumer durables grew 2.9% and non-durables grew 5.3%. April-Dec Industrial growth is 4.6%. Our estimate for Fy19 is 4.5-5.0%.
- India's CPI inflation for Jan declined marginally at 2.05% against our expectation of 2.48%. Food inflation continued to remain negative (-1.3% vs 1.5%). Most heads of inflation trended down in Jan compared with December with fuel inflation falling sharply to 2.2% from 4.54%. Core inflation eased to 5.4% from 5.7% although it remains sticky. Although core inflation remains high, the demand led inflation is not yet seen percolating to headline inflation which we think will remain below 3.0% for the next several months.
- India's wholesale price inflation eased for a third month and at a faster than expected pace in January. Wholesale prices climbed 2.76 percent year-on-year in January after a 3.8 percent rise in December. Economists had expected a 3.7 percent increase.
- Global equities jumped significantly higher as the hopes of trade deal rose. US, Europe, Japan and China all gained 2 to 3.5%. Brent crude rose to highest level in three months. US\$ gained strength and gold also gained. Bonds sold off.
- U.S. initial jobless claims increased to 239,000, an increase of 4000 from the previous week's revised level of 235,000. Economists had expected jobless claims to drop to 225,000.
- Britain's economy grew by 1.4% last year, the weakest pace in a decade. Brexit was clearly a factor, though other European countries are slowing, too. Britain's economy outperformed Italy's and was only slightly worse than Germany's. The euro area saw growth slow during 2018, and forecasts do not indicate any improvement for this year. Britain's inflation rate fell to 1.8% last month, mostly because of lower energy prices. Cheaper prices coupled with decent growth in real wages is a welcome relief for workers who have felt a squeeze in living standards.
- China CPI slows in January; Consumer prices in China were up 1.7 percent on year in January. That was shy of expectations for an increase of 1.9 percent, which would have been unchanged from the December reading.
- Crude oil prices may continue to remain on upbeat note as U.S. sanctions against Venezuela and Iran and supply cuts led by OPEC to boost the sentiments higher.

Taurus Benchmark Indices Movement

Indices	15-02-19	08-02-19	Points change	% change
S&P BSE Sensex	35808.95	36546.48	-737.53	-2.02%
Nifty 50	10724.40	10943.60	-219.20	-2.00%
S&P BSE 100	10870.11	11129.97	-259.86	-2.33%
S&P BSE 200	4505.62	4609.58	-103.96	-2.26%
Nifty Midcap 100	16214.65	16597.20	-382.55	-2.30%

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

	Equity	Debt
FPIs (11/02/2019 - 15/02/2019)	48.73	2548.26
MFs (07/02/2019 - 13/02/2019)	1778.41	12291.11

Source : FPI - CDSL
Source : MF - SEBI

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