

## DEBT MARKETS

### Domestic Key event

#### Monitory policy committee (MPC) minutes:

- MPC members stated concern over upward risk of inflation, mainly due to sticky core inflation and probability of upward revision in food prices.
- Impact of HRA increase (7th pay commission) on inflation will be watchful.
- Dr. Michael Patra, one of committee member believed a pre-emptive 25 bps rate hike was on the tables

#### Wholesale price index - Inflation (WPI):

- Inflation based on WPI @ 5.70% YoY (Mar) vs 6.55% YoY (Feb).
- Driven by softening of cereals, food products and fuel prices.

#### India Meteorological Department (IMD) forecast:

- Normal rainfall predicted for 2017.
- Rainfall will be 96% of the long-period average (LPA) V/s actual rainfall of 97% of LPA in 2016.

### Yield Movement

The 10-year corporate bond (PSU AAA) yield rose to 7.73% level compared to 7.67% level seen last Friday. The 1-year CD traded at 6.65% level compare to 6.68% level seen last Friday.

### Liquidity

Average surplus liquidity during the week moderated to ₹4.21 lakh crores compared to ₹4.38 lakh crores in the previous week. T-Bill maturing March 2018 was issued by RBI worth 25,000 crores under Market stabilisation scheme to withdraw extra liquidity. RBI is also using Reverse Repo window to drain surplus liquidity. The outstanding reverse repos as on 21st April reduced to ₹4.43 lakh crores compare to ₹4.36 lakh crores last Friday. RBI also announced auction of a 15-days Government of India Cash Management Bill worth 20,000 crore on 25th April. Weighted average CBLO rate for the week was 6.06% compared to 5.80% in the previous week.

### Fund Manager Comments

Week started on a bearish note after the announcement of T-Bill auction worth 1 Lakh crore under MSS to absorb excess liquidity resulting yields surging north-wards in both short and long maturity. IMD forecast of Normal rainfall in 2017 and falling US treasury yields provided little cheer to market participants. However, Market was surprised by minutes of RBI's monetary policy which raised the probability of rate hike in the upcoming policy's. Market will watch for US GDP data, Trump statement on Tax cuts and ECB policy due this week.

### Market Indicators as on 21st April, 2017

	21-Apr-17	13-Apr-17	change
INR/USD	64.61	64.41	-0.31%
Brent Crude Oil (\$/bbl)	51.15	54.70	-6.49%
Gold (\$/oz)	1284.44	1285.69	-0.10%
CBLO (Average)	6.06%	5.80%	0.26%
10-year G-Sec(GOI)	6.92%	6.82%	0.10%
10-year AAA PSU(Ind)	7.73%	7.67%	0.06%
US 10-year Gilt	2.24%	2.24%	0.00%

Source: Bloomberg

### Weekly Statistical Supplement

	14-Apr-17	7-Apr-17
Reserve Money	18726.10	18268.90
YoY Growth %	-12.80%	-13.90%
Currency in Circulation	13897.00	13616.60
Forex Reserves (USD Bn)	369.89	369.00

Scheduled Commercial Banks	31-Mar-17	YoY Growth %
Deposits	108051.50	11.8%
Credit	78818.9	5.1%
	31-Mar-17	1-Apr-16
Incremental Credit/Deposit YTD %	28.29%	73.60%

Source: RBI (Amount in bn)



- The BSE 30 Share Sensex decreased by 96.15 points or 0.33% to settle at 29,365.30 in the week ended Friday, 21st April 2017. The S&P Nifty decreased by 31.40 points or 0.34%, to settle at 9,119.40 in the week. Markets ended in red for the second straight week due to weakness due to persistent selling pressure in view of disappointing earnings results from companies amidst weakness in the global market, as investor's maintained caution ahead of elections in France over the weekend and as geopolitical tensions notably those between the US and North Korea weighed on sentiment.
- India Meteorological Department (IMD) in its first stage forecast of southwest monsoon for 2017, said that quantitatively, the monsoon seasonal rainfall is likely to be 96 per cent of the long period average (LPA) with an error of 5 per cent. Forecast assessment suggests 38 per cent of probability for near normal monsoon rainfall. Index rebounded post normal monsoon projection.
- FIIs sold US\$ 313 mn in cash. For current month total investment is US\$ -578 mn. For CY17 total investment is US\$ 4,517 mn. While, DII invested US\$ 210 mn in cash. For current month total investment is US\$ 496 mn. For CY17 total investment is US\$ 677 mn.
- As per world bank, having seen a modest setback due to demonetisation last financial year, the Indian economy will claw back to 7.2% growth this financial year and rise further to 7.5% in 2018-19. In its report on the South Asian economy, the World Bank said that significant risks to economic growth could emanate from fallout of demonetisation on small and informal economy, stress in the financial sector and uncertainty in global environment.
- US President Donald Trump is living up to his promises to protect American jobs and enforce existing laws to support American workers. He signed an executive order called 'Buy American Hire American' to protect the American industry from unfair competition and stop "misuse" of H1B visas. As per the new rules, work visas will be provided to highly skilled people falling under a certain salary bracket.
- China's economy accelerated for a second-straight quarter as investment picked up, retail sales rebounded and factory output strengthened amid robust credit growth and further strength in property markets. Gross domestic product increased 6.9% in the first quarter from a year earlier, compared with a 6.8% median estimate in a Bloomberg survey. It was the first back-to-back acceleration in 7 years.

## Taurus Benchmark Indices Movement

Indices	21/4/2017	13/4/2017	Points change	% change
S&P BSE Sensex	29365.30	29461.45	-96.15	-0.33%
Nifty 50	9119.40	9150.80	-31.40	-0.34%
S&P BSE 100	9472.75	9496.44	-23.69	-0.25%
S&P BSE 200	4001.64	4004.32	-2.68	-0.07%
Nifty Free Float Midcap 100	17800.35	17550.30	250.05	1.42%

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

	Equity	Debt
FPIs (17/04/2017 - 21/04/2017)	-1865.74	4226.16

Source : FPI - CDSL

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.**