

## DEBT MARKETS

- The US Federal Reserve decided to keep its benchmark Federal Funds rate unchanged (target at between 2.25%-2.50%) indicating that they expect the economy to be slowing down.
- The Federal Open Market Committee also indicated that they may not increase rates further in 2019. Earlier, indications were that there would be at least 2 rate increases this year.
- The dovish US Fed decision coupled with weak economic data coming out of both Europe and the US helped bond yields fall. The 10 year bond yield in the US is now lower than the 3 month rate leading some analysts to conclude that this could be a harbinger of an upcoming recession.
- The pause in US interest rates and the softening of bond yields in the US (and other developed markets) should aid prices of Indian bonds too and yields are likely to soften further.

### Yield Movement

- The benchmark 10 year government bond (7.17% bond maturing in 2028) closed the week trading at a yield of 7.48%, 2 basis points lower from the closing levels of the previous week. The newly issued 7.26% bond maturing in 2029 trades at a yield of 7.34%.
- Yield on 10 year AAA PSU bond traded at approx. 8.55%, down by 5 basis points from the previous week.
- One year CDs yielded about 7.75%, unchanged from previous week.

### Fund Manager Comments

Bond prices are likely to rise in the aftermath of the US rate decision. Further, the impact of the USD 5 bn USD/INR swap which is scheduled this week would also impact money markets. The monetary policy committee which meets early next month now has significant leeway to move to a more accommodative stance.



## EQUITY MARKETS

Sensex and Nifty went up by 140 pts. (0.40%) and 30 pts. (0.30%) to close at 38,165 and 11,457 respectively.

The Federal Reserve took a sharply less aggressive policy posture, signaling it will not hike interest rates this year amid a slowing economy and announcing a plan to end its balance sheet reduction program by September. The U.S. central bank reiterated its pledge to be "patient" on monetary policy, and said it would start slowing the reduction of its holdings of Treasury bonds in May, lowering its monthly cap to \$15 billion from \$30 billion. Growth outlook for 2019 was cut to 2.1% from 2.5% earlier.

India's trade deficit narrowed to \$9.6 billion in February, 17-month low since September 2017 of \$9 billion from \$14.4bn in January as merchandise imports fell on the back of lower crude oil prices. Exports growth was relatively tepid at 2.44% to \$26.7bn in February, while imports contracted 5.41% to \$36.26bn in dollar

terms. In February, exports of Indian pharmaceuticals (16.1%), chemicals (4.1%), engineering goods (1.7%), and ready-made garments (7.2%) rose, while shipments of gems and jewellery (-2.1%) and petroleum products (-7.7%) contracted. Major commodity groups of import showing negative growth in February 2019 over the corresponding month of last year are: Pearls, precious and semi-precious stones -17.5%, Crude oil -8.1%, Electronic goods -6.5% and Gold -10.0%. Trade Deficit YTD till Feb 2019 is \$165.5bn, which will result in CAD of around \$56.0bn (2.1% of GDP).

India's Net direct tax collection has crossed Rs.10 trillion mark. The preliminary assessment indicates that over Rs.4 trillion has been collected as advance tax from corporates and individuals. The State Bank of India, Punjab National Bank and Oil & Natural Gas Corporation are reported to have topped the list of advance tax payments.

### Taurus Benchmark Indices Movement

Indices	22-03-19	15-03-19	Points change	% change
S&P BSE Sensex	38164.61	38024.32	140.29	0.37%
Nifty 50	11456.90	11426.85	30.05	0.26%
S&P BSE 100	11630.81	11620.08	10.73	0.09%
S&P BSE 200	4828.32	4823.43	4.89	0.10%
Nifty Midcap 100	17741.15	17863.25	-122.10	-0.68%

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

	Equity	Debt
FPIs (18/03/2019 - 21/03/2019)	9505.12	8287.78
MFs (14/03/2019 - 20/03/2019)	-3907.20	25329.94

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.**