

## DEBT MARKETS

- Weak currency, rising crude prices and tight liquidity conditions in the money market have led to bearish conditions in the bond market in the short trading week gone by.
- Emerging market currencies remain under pressure and the Indian Rupee has not been immune to it. The Indian Rupee continues to trade above the psychologically important level of 70 to the US Dollar.

### Yield Movement

- The benchmark 10 year government bond closed the week trading at a yield of

7.87%, higher by 1 basis point from the closing levels of the previous week.

- Yield on 10 year AAA PSU bond traded at approx. 8.62%, a rise of 2 basis points from the previous week.
- One year CDs yielded about 8.00%, higher by 10 basis points over the week.

### Fund Manager Comments

Gyrations in the currency market have dominated mindshare for the past two weeks. Stability in currency levels and international crude prices are almost like pre-conditions for the bond market sentiment to improve.



## EQUITY MARKETS

- Sensex and Nifty went up by 304 pts. (0.80%) and 86 pts. (0.80%) to close at 38,252 and 11,557 respectively.
- On the global front, U.S. stocks rose, sending the S&P 500 Index past its January record, as an expanding economy and surging earnings erased a six-month drought in which equities tumbled into a correction. Equities capped a second straight week of gains and the dollar slumped on Friday after Federal Reserve Chairman Jerome Powell signaled the central bank has no intention of raising interest rates at a faster pace. The latest stocks record marks another milestone in a nine-year bull run that's now the longest in history. Among European indices, all three major indices ended in the green. Similar was the case across Asia where markets were seen notching up gains.
- Greece exited its third and final bail-out programme, bringing an end to eight years of economic oversight by the European Union and the IMF. Other countries in the euro zone were also rescued during the debt crisis, but none compared to Greece, which received €326bn (\$378bn) in total emergency assistance. To service its huge debt pile, Greece has to achieve primary-budget surpluses far into the future, which will curb state spending for years to come.
- Qatar's central bank signed a \$3bn currency-swap arrangement with Turkey to provide "liquidity and support for financial stability". The Turkish lira has taken a battering in recent weeks, in part because of a political spat with America that has resulted in sanctions on Turkish officials.
- The U.S. has announced hefty preliminary anti-dumping duties on metal pipes imported from India, China and four other countries in an aggressive tactic by the Trump administration to protect the American industry and lower the trade deficit. India has been slapped with an anti-dumping duty of 50.6%. U.S. imports of the pipe from India last year totalled \$294.7 million. Notably, this comes right after the U.S. government imposed up to 541.15% duties on large-diameter Welded Pipes from India in June this year.
- The United States and China escalated their acrimonious trade war, implementing punitive 25% tariffs on \$16 billion worth of each other's goods. The world's two largest economies have now slapped tit-for-tat tariffs on a combined \$100 billion of products since early July, with more in the pipeline, adding to risks to global economic growth. The US targeted 279 Chinese products, including chemical products, motorcycles, speedometers and antennas. Beijing retaliated immediately with 25% tariffs on an equal amount of American goods such as chemical products, diesel fuel, medical instruments, cars and buses.

### Taurus Benchmark Indices Movement

Indices	24/8/2018	17/8/2018	Points change	% change
S&P BSE Sensex	38251.80	37947.88	303.92	0.80%
Nifty 50	11557.10	11470.75	86.35	0.75%
S&P BSE 100	11870.00	11747.65	122.35	1.04%
S&P BSE 200	4975.08	4928.33	46.75	0.95%
Nifty Midcap 100	19542.05	19443.00	99.05	0.51%

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

	Equity	Debt
FPIs (20/08/2018 - 24/08/2018)	-360.89	-506.31
MFs (16/08/2018 - 22/08/2018)	1123.72	1386.99

Source : FPI - CDSL  
Source : MF - SEBI

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