

## DEBT MARKETS

### Domestic Key event

- Current account deficit widens to US\$ 7.9 billion (bn) for 3QFY17 vs US\$ 3.4 bn in 2QFY17, lower than \$ 7.11 bn 3QFY16 on back of widen trade deficit.
  - o Trade deficit at US\$ 33.3 bn for 3QFY17 vs US\$ 25.6 billion in 2QFY17

### Yield Movement

The 10-year corporate bond (PSU AAA) yield eased to 7.75% level compared to 7.89% level seen last Friday. The 1-year CD traded at 6.80% level compare to 6.73% level last Friday.

### Liquidity

Average surplus liquidity during the week decreased to ₹3.95 lakh crores compared to ₹4.74 lakh crores in the previous week. RBI is continuously using Reverse Repo window to drain surplus liquidity. The outstanding reverse

repos as on 24 March reduced to ₹4.33 lakh crores compare to ₹4.23 lakh crores last Friday. There are no Cash management bill (CMB's) outstanding in market and there are talks that government is trying to introduce SDF (Standing deposit facility) as another tool to withdraw excess liquidity. However, an amendment in RBI's act will be required to introduce SDF. The weighted average CBLO was flat at 5.86% for the week.

### Fund Manager Comments

Week started on a negative note with yields moving northwards, however heavy buying by FPI's reversed the trend along with fall in US treasury yields. As of 24th march approx. ₹17000 crore net investment in debt market seen for the month of march Viz a viz ₹5960 in February. US 10 year bonds eased 10 bps over the week. Also, appreciation in rupee and fall in crude prices supported the rally. Market will watch for central government's borrowing calendar numbers for first half of FY18 to be released on Tuesday.

### Market Indicators as on 24th March, 2017

	24-Mar-17	17-Mar-17	change
INR/USD	65.42	65.48	0.09%
Brent Crude Oil (\$/bbl)	50.49	51.22	-1.43%
Gold (\$/oz)	1243.57	1229.29	1.16%
CBLO (Average)	5.86%	5.86%	0.00%
10-year G-Sec(GOI)	6.83%	6.86%	-0.03%
10-year AAA PSU(Ind)	7.75%	7.89%	-0.14%
US 10-year Gilt	2.40%	2.50%	-0.10%

Source: Bloomberg

### Weekly Statistical Supplement

	17-Mar-17	10-Mar-17
Reserve Money	17526.40	17460.20
YoY Growth %	-16.00%	-16.00%
Currency in Circulation	12802.70	12458.20
Forex Reserves (USD Bn)	366.78	364.11

Scheduled Commercial Banks	3-Mar-17	YoY Growth %
Deposits	105427.50	12.7%
Credit	75160.7	4.1%
	3-Mar-17	4-Mar-16
Incremental Credit/Deposit YTD %	21.92%	83.20%

Source: RBI (Amount in bn)



- Sensex and Nifty went down by 228 points (-0.8%) and 52 points (-0.6%) to close at 29421 and 9108 respectively.
- FIIs invested US\$ 485 million in cash. DII sold US\$ 414 million in cash.
- Gulf Arab states are pressing for an early deal on free trade with the Britain to secure preferential arrangements after Brexit and could have a draft agreement ready within months. Britain cannot formally sign trade agreements while it remains a member of the European Union, but the British government has said it is keen to start preparatory work so deals can be reached quickly after it leaves.
- A joint committee of ministers from OPEC and non-OPEC have agreed to review whether a global pact to limit supplies should be extended by six months. Oil futures posted a weekly loss of around 2% as the market weighed rising shale production and record-high stockpiles in the U.S. against efforts by major producers to cut output to reduce a global glut.
- The U.S. House of Representatives' withdrew a healthcare bill to repeal and replace Obamacare on Friday as the chances of passing the bill appeared slim amid a lack of votes. This should augur well for Indian pharma companies supplying to US markets.
- The New York Federal Reserve said on Friday that it has raised its forecast on U.S. gross domestic product (GDP) in the first quarter to near 3% following stronger-than-expected data on new home sales and durable goods orders in February.

## Taurus Benchmark Indices Movement

Indices	24/3/2017	17/3/2017	Points change	% change
S&P BSE Sensex	29421.40	29648.99	-227.59	-0.77%
Nifty 50	9108.00	9160.05	-52.05	-0.57%
S&P BSE 100	9417.63	9464.70	-47.07	-0.50%
S&P BSE 200	3953.84	3970.12	-16.28	-0.41%
Nifty Free Float Midcap 100	16936.10	16901.70	34.40	0.20%

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

	Equity	Debt
FPIs (20/03/2017 - 24/03/2017)	5143.68	11226.60
MFs (16/03/2017 - 22/03/2017)	-509.40	-8200.00

Source : FPI - CDSL  
Source : MF - SEBI

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