

## DEBT MARKETS

- Trade data released earlier this month showed that India's exports in the month of March 2019 was USD 32.55 bn indicating a growth of 11% yoy. Cumulative exports for the financial year 2018-19 was USD 331 bn which was 9% higher than the exports in the previous financial year.
- Imports in March 2019 were USD 43.44 bn which was only 1.44% higher than the imports in March 2018. Cumulative imports in the financial year 2018-19 was USD 507.44 bn which was about 9% higher than the imports in the previous financial year.
- RBI conducted the second 3 year USD 5bn dollar rupee swap in order to infuse enduring liquidity. Like the first swap, this too was a successful transaction with total bids of USD 18.65 bn. RBI accepted bids at a premium of Rs 8.38 which works out to an annualised rate of about 4.0%. The cut off premium was slightly higher than the cut off premium in the previous auction held in March 2019. With this transaction approximately INR 35000 crores of enduring liquidity was added to the system.

### Yield Movement

- The benchmark 10 year government bond closed the week trading at a yield of 7.45%, slightly higher than the yield levels witnessed last week.
- Yield on 10 year AAA PSU bond traded at approx. 8.65%, 10 basis points higher than the previous week.
- One year CDs yielded about 7.75%, unchanged from previous week.

### Fund Manager Comments

Bond markets have been lacklustre ever since the last RBI monetary policy. The immediate event to look forward to would be the US Fed's interest rate decision due on May 1. It is expected that the Fed may keep rates on hold.



## EQUITY MARKETS

- Sensex and Nifty went down by 73 pts. (-0.20%) and 2 pts. (0.00%) to close at 39,067 and 11755 respectively.
- RBI again received huge response to the 3 year USD INR swap. Against the notified amount of \$ 5.0bn, bids of \$ 18.65bn were received. Cut off was 838 paise (higher than 776 in the first swap in March) amid tight inter-bank liquidity. Effectively RBI infused Rs 35,000 crs of durable liquidity into the banking system. RBI also announced OMO purchase of Rs 25,000 crores in May to further add liquidity in the banking system.
- Job creation dropped by 1.73% in February to 1.50mn compared to 1.53mn in the same month last year, according to the latest payroll data of the ESIC. But net employment generation in the formal sector almost trebled to 0.861mn in February compared to 0.29m in the same month of last year, according to the latest EPFO payroll data.
- Oil prices hover at 2019 highs (over \$ 75.0) after US ends all Iran sanction waivers. US attempts to drive Iranian oil exports down to zero boosted prices. The US decision comes amid supply cuts led by the Organization of the Petroleum Exporting Countries since the start of the year aimed at propping up prices. Also, Russian crude quality concerns added to the supply concern as Poland and Germany have suspended imports of

Russian crude via the Druzhba pipeline, citing poor quality. The Czech Republic had also halted purchases. The pipeline can ship up to 1 million barrels per day, or 1% of global crude demand, with around 700,000 bpd of flows suspended. It is expected that producer club OPEC will soon raise output to make up for a decline in exports from Iran following a tightening of sanctions by the United States against Tehran.

- India said it was adequately prepared to deal with the impact of the US decision to end waivers that allowed it to buy Iranian oil without facing sanctions
- The Trump administration may concede to a Chinese proposal that would give less protection for U.S. pharmaceutical products than they receive at home, according to people familiar with the matter, a move that could draw opposition from the American drug industry. Under the Chinese offer being discussed as part of wider trade talks, U.S. pharmaceutical companies would get eight years of regulatory data protection in China for the biologics they develop, said two people, who spoke on condition of anonymity because the discussions are private. That compares with the 10 years of protection they get in the new Nafta, which Congress hasn't yet approved, and the 12 years they receive in the U.S.

### Taurus Benchmark Indices Movement

Indices	26-04-19	18-04-19	Points change	% change
S&P BSE Sensex	39067.33	39140.28	-72.95	-0.19%
Nifty 50	11754.65	11752.80	1.85	0.02%
S&P BSE 100	11885.52	11922.47	-36.95	-0.31%
S&P BSE 200	4926.08	4949.10	-23.02	-0.47%
Nifty Midcap 100	17727.95	18077.85	-349.90	-1.94%

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

	Equity	Debt
FPIs (22/04/2019 - 26/04/2019)	5720.48	-862.99
MFs (18/04/2019 - 24/04/2019)	-274.93	7257.44

Source : FPI - CDSL  
Source : MF - SEBI

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