

## DEBT MARKETS

- The RBI undertook OMO purchases worth Rs. 15,000 crs during the week completing the injection of total durable liquidity of Rs. 50,000 crs for the month of December.
- RBI has also decided to conduct OMO purchases to the tune of Rs. 50,000 crs in January 2019 through 5 auctions of Rs. 10,000 crs each. Total OMO purchases worth Rs. 1.41 lakh crs have been made during the previous 4 months (Sept-Dec 2018) and total OMO purchases so far this fiscal have totaled Rs.1.86 lak crs.
- International Crude Oil prices fell sharply early in the week with the benchmark ICE Brent futures contract trading below USD 50 per barrel at one instant. Prices recovered however and by the end of the week the ICE Brent futures were trading at USD 53 per barrel.
- Indian bond prices retraced much of the gains seen in the previous week. Increasing concerns of fiscal slippages (fiscal deficit stood at 114.8% of budgeted number for Apr-Nov 2018), prevailing banking system liquidity deficit and fresh auction of government securities during the week has pushed the yields higher.

### Yield Movement

- The benchmark 10 year government bond closed the week trading at a yield of 7.39%, up by 11 basis points from the closing levels of the previous week.
- Yield on 10 year AAA PSU bond traded at approx. 8.55%, up by 5 basis points from the previous week.
- One year CDs yielded about 8.15%, up by 5 basis points from the previous week.

### Fund Manager Comments

Market participants remain cautious and are possibly awaiting concrete action from the new RBI governor. His views on the future direction of policy interest rates etc. are likely to drive trading sentiment in the near future.



## EQUITY MARKETS

- Sensex and Nifty went up by 335 pts. (0.90%) and 106 pts. (1.00%) to close at 36,077 and 10860 respectively.
- Oil ministers from leading OPEC nations said they expect prices will arrest their recent slide and re-balance early next year, when a deal on new production cuts takes effect. OPEC and non-OPEC members agreed in early December to trim production by 1.2 million barrels a day from January 1, in a bid to shore up sagging prices. Oil prices have shed more than 36% since early October 2018 to trade at \$54 (47 euros) per barrel, due to fears of oversupply and weak global demand. However, OPEC president Suhail al-Mazrouei believes that the surplus in the oil market was small compared to 2017 and expected it to vanish in one or two months.
- The Goods and Services Tax (GST) Council cut tax rates on 17 goods and six services, ranging from cinema tickets, televisions, digital cameras and Jan Dhan accounts to frozen vegetables, a move that will cost the Union and state governments about Rs 55 billion in one year and Rs 13.75 billion in the remaining three months of the current financial year. The Council pruned the list of items under the peak 28% slab by removing six goods, leaving only 28 now. Sin and luxury goods continue to attract a 28% tax. The Council refrained from slashing tax on cement and automobile parts as this would have revenue implications of Rs 330 billion in a year. While a rate cut on cement would hit the exchequer by Rs 130 billion, auto parts would have bearing of Rs 200 billion of revenues.
- A draft document for changes in FDI norms for Ecommerce players is out. Two key points of the document are : 1) An entity having equity participation by e-commerce marketplace entity or its group companies, or having control on its inventory by ecommerce marketplace entity or its group companies, will not be permitted to sell its products on the platform run by such marketplace entity. 2) E commerce market entity will not mandate any seller to sell any product exclusively on its platform only.
- Telecom regulator Trai has given time till January 31 for consumers to opt for channels of their choice under the new framework for broadcasting and cable services.
- Global yields fell as US consumer confidence was below estimates and growth outlook continued to remain weak over concerns of an escalating US-China trade spat. Consumer confidence in the U.S. tumbled by much more than expected in the month of December to 128.1 after dipping to a revised 136.4 in November. GDP surged up by 3.4% in the third quarter compared to estimated 3.5%.
- In India's case yields went up as RBI Governor indicated the central bank will keep liquidity in deficit mode and central government is looking at pump priming agri economy ahead of general elections.

### Taurus Benchmark Indices Movement

Indices	28-12-18	21-12-18	Points change	% change
S&P BSE Sensex	36076.72	35742.07	334.65	0.94%
Nifty 50	10859.90	10754.00	105.90	0.98%
S&P BSE 100	11152.40	11047.69	104.71	0.95%
S&P BSE 200	4648.52	4609.14	39.38	0.85%
Nifty Midcap 100	17792.85	17704.80	88.05	0.50%

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

	Equity	Debt
FPIs (24/12/2018 - 28/12/2018)	567.82	1025.01
MFs (20/12/2018 - 26/12/2018)	1026.28	9584.01

Source : FPI - CDSL

Source : MF - SEBI

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