

DEBT MARKETS

- GDP growth figures for the last quarter of FY2018-19 were released. This showed that quarterly growth slowed 5.8%, the lowest growth witnessed for the last 20 quarters.
- Growth for the full financial year 2018-19 therefore provisionally stands at 6.8%, 20 basis points lower than the expected 7% mark.
- Provisional sales figures given out by the auto companies also shows that the deceleration in economic growth is ongoing and will probably take some more time to reverse.
- GST collections in the month of May was just above the 1 lakh crores mark. While this is above the psychologically important 1 lakh crore mark it is still lower than the GST collections witnessed in March and April 2019.
- The US administration led by Donald Trump has withdrawn the GSP preferences to India under which select goods from India were allowed to be imported into the US without levy of any duties. India exported approx. USD 6 bn worth of goods under this provision. This withdrawal would make Indian goods lose price competitiveness.

Yield Movement

- The benchmark 10 year government bond closed the week trading at a yield of 7.03%, lower by about 20 basis points than the yield levels witnessed last week.
- Yield on 10 year AAA PSU bond traded at approx. 8.25%, 25 basis points lower than the previous week.
- One year CDs yielded about 7.15%, 25 bps lower from previous week.

Fund Manager Comments

The weak GDP growth figures has boosted the chances of the RBI Monetary Policy Committee reducing policy interest rates aggressively. Bond prices have also rallied (yields falling) sharply in anticipation. RBI'MPC statement laying out the likely path of policy interest rates in future would set the tone for bond trading in the immediate future.



EQUITY MARKETS

The markets generally trended up in the week except for some jitters a day prior to the expiry day. Those jitters were primarily global in nature with a surprise rise in German unemployment and yield inversion in US raising fears. Domestic markets though sailed through those jitters with the Sensex and Nifty closing the week with gains of 0.7% each ending at 39,714.2 and 11,922.8 points respectively. Indian market witnessed a volatile movement ahead of expiry of the May derivative series amid other global as well as domestic factors. Investors also remained cautious ahead of release of GDP data. Putting end to all conjecture, the President of India released the portfolio details of new Cabinet, a day after Narendra Modi took oath as the country's 16th Prime Minister. Now the focus of the government has been shifted back to the health of the economy and other fundamental factors. As per the RBI statement, the Sovereign Gold Bonds (SGB) will be issued every month from June 2019 to September 2019. The recent released data suggest that consumer spending has risen in March and inflation data was benign. Going forward, market will closely watch the

outcome of the RBI interest rate decision and NDA (2) government policies and major announcement as expectation has risen considerably from the Modi government.

Global markets struggled in the week gone by, on the back of rising trade war tension between U.S. and China. There have been apprehensions in the markets that the tension between the two could escalate further as China is thinking of restricting supplies of rare earth minerals to U.S. Latest move by U.S. President Trump to impose 5 percent duty on Mexican imports which may rise to as high as 25 percent by October is giving an impression that U.S. could go to any mile to use tariffs as weapon to sort different issues with various countries. China's factory activity shrank more than expected in May, heaping pressure on Beijing to roll out more stimulus to support an economy. The official Purchasing Managers' Index (PMI) fell to 49.4 in May from 50.1 in April. Meanwhile, Oil fell to lowest in nearly three months as US tariffs on Mexico stoke economy worries

Taurus Benchmark Indices Movement

Indices	31-05-19	24-05-19	Points change	% change
S&P BSE Sensex	39714.20	39434.72	279.48	0.71%
Nifty 50	11922.80	11844.10	78.70	0.66%
S&P BSE 100	12044.07	11957.01	87.06	0.73%
S&P BSE 200	4986.55	4948.40	38.15	0.77%
Nifty Midcap 100	17959.05	17699.80	259.25	1.46%

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

	Equity	Debt
FPIs (27/05/2019 - 31/05/2019)	9967.73	3421.28
MFs (23/05/2019 - 29/05/2019)	-30.65	17434.76

Source : FPI - CDSL

Source : MF - SEBI

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