

## DEBT MARKETS

### Domestic key events

- **Consumer price index - Inflation (CPI):**
  - Inflation based on CPI @ 3.81% YoY (Mar) vs 3.65% YoY (Feb)
  - Cumulative CPI @ 4.52% (FY2017) vs 4.91 (FY2016)
  - Predominantly driven by higher core inflation and unfavorable base effect.
  - Core inflation @ 4.79% YoY (Mar) vs 4.75.% YoY (Feb)
  - Food inflation @ 1.93% YoY (Mar) vs 2.01% YoY (Feb)
- **Index of industrial production (IIP):**
  - IIP @ -1.2% YoY (Feb) vs 2.7% YoY (Jan)
  - Driven by contraction in both capital goods and consumer goods production by -3.4% YoY and -5.6% YoY respectively.
  - Manufacturing contracted by 2%, Electricity and mining grew by 0.3% & 3.3% YoY respectively.
- **Trade Deficit @ \$10.43 bn (Mar) vs \$8.89 bn (Feb):**
  - Exports grew to \$29.2 bn (+27.59% YoY)
  - Imports grew to \$39.6 bn (+45.25% YoY)
  - Predominately driven by Higher gold imports to \$4.1 bn (+329% YoY)
  - Trade Deficit @ \$105 bn (FY2017) Vs 118 bn (FY2016)

### Yield Movement

The 10-year corporate bond (PSU AAA) yield eased to 7.67% level compared to 7.78% level seen last Friday. The 1-year CD traded at 6.68% level compare to 6.59% level seen last Friday.

### Liquidity

Average surplus liquidity during the week increased to Rs. 4.38 lakh crores compared to Rs. 4.31 lakh crores in the previous week. RBI is continuously using Reverse Repo window to drain surplus liquidity, however on Friday RBI announced issuance of T-bills in four tranches of 25,000 crores each maturing in March 2018 under Market stabilisation scheme. The outstanding reverse repos as on 13th April reduced to Rs, 4.36 lakh crores compare to Rs. 4.72 lakh crores last Friday. Weighted average CBLO rate for the week was 5.80% compared to 5.72% in the previous week.

### Fund Manager Comments

Week started on a bearish note due to geo political tension between US, North Korea and Syria, also investors preferred to remain on side-lines ahead of CPI prints due mid-week. Market rallied post lower than expected CPI data, however partial development of 10-year benchmark in weekly auction reversed all the gains. 10-year benchmark closed almost flat at last week level of 6.82%.

### Market Indicators as on 13th April, 2017

	13-Apr-17	7-Apr-17	change
INR/USD	64.41	64.28	-0.20%
Brent Crude Oil (\$/bbl)	55.15	54.24	1.68%
Gold (\$/oz)	1,285.69	1,254.53	2.48%
CBLO (Average)	5.80%	5.72%	0.08%
10-year G-Sec(GOI)	6.82%	6.82%	0.00%
10-year AAA PSU(Ind)	7.67%	7.78%	-0.11%
US 10-year Gilt	2.24%	2.38%	-0.14%

Source: Bloomberg

Weekly Statistical Supplement		
	7-Apr-17	31-Mar-17
Reserve Money	18268.90	19004.80
YoY Growth %	-13.90%	-12.90%
Currency in Circulation	13616.60	13352.70
Forex Reserves (USD Bn)	369.00	369.95

Scheduled Commercial Banks	31-Mar-17	YoY Growth %
Deposits	108051.50	11.8%
Credit	78818.9	5.1%
	31-Mar-17	1-Apr-16
Incremental Credit/Deposit YTD %	28.29%	73.60%

Source: RBI (Amount in bn)



- Sensex and Nifty went down by 246 points (0.83%) and 25 points (0.53%) respectively, to close at 29461 and 9151 respectively.
- The Cabinet Committee on Economic Affairs gave nod to the listing of 11 public sector undertakings, including five railway subsidiaries - Ircon International, Indian Railway Catering and Tourism Corporation (IRCTC), Rail Vikas Nigam, Indian Railway Finance Corporation (IRFC) and RITES Ltd.
- India's state-owned fuel retailers plan to implement daily revision of fuel price in five cities from May 1 ahead of a nationwide roll-out of the scheme.
- In continuation with the double digit growth exhibited by exports during Feb'17, exports during Mar'17 have shown a significant growth of 27.6% at \$29.2 bn, while imports increased by 45.3% at \$39.6 bn. Trade deficit stood at \$10.4 bn in Mar'17.
- In FY17, Scheduled banks incremental credit growth fell to 12-year low of ₹3814 billion, while aggregate deposits increased by an all-time high of ₹11,369 billion.
- As expected, CPI inflation increased to 5-month high of 3.81% in Mar'17, compared to 3.65% in Feb'17. This increase in CPI was primarily due to moderate increase in prices of fruits (9.3%), sugar (17.0%) under the food and beverages segment and fuel & light (5.56%).
- The Index of Industrial Production (IIP) contracted by 1.2% in Feb'17, compared to a higher growth of 2.7% in Jan'17. The decline in IIP growth was partly due to poor performance of manufacturing which contracted by 2.0%, while electricity (0.3%) and mining (3.3%) showed moderate growth.
- Rupee closed at INR 64.41 against the US dollar as the dollar fell to a two-week low against a basket of other currencies after US President said that the currency was too strong and that he would prefer interest rates to stay low.
- World Bank's East Asia Pacific Economic, April Update indicates that growth in developing East Asia remains resilient and the outlook for the region is broadly positive. China's economy will grow 6.5% in 2017 and 6.3% in 2018, compared to 6.7% in 2016, as the Government rebalances towards consumption and services.
- The equity market rally continued this week, with global stocks posting modestly positive returns, led by emerging markets. Global markets though have been under pressure over North Korea and Syria tensions.

## Taurus Benchmark Indices Movement

Indices	13/4/2017	7/4/17	Points change	% change
S&P BSE Sensex	29461.45	29706.61	-245.16	-0.83%
Nifty 50	9150.80	9198.30	-47.50	-0.52%
S&P BSE 100	9496.44	9535.01	-38.57	-0.40%
S&P BSE 200	4004.32	4010.96	-6.64	-0.17%
Nifty Free Float Midcap 100	17550.30	17398.15	152.15	0.87%

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

	Equity	Debt
FPIs (10/04/2017 - 13/04/2017)	-1997.91	2649.86
MFs (06/04/2017 - 12/04/2017)	3453.40	24634.30

Source : FPI - CDSL  
Source : MF - SEBI

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