

## DEBT MARKETS

- Fiscal deficit for the financial year 2017-18 touched approx..7.2 lakh crores till February. This was about 120% of the Revised Estimates in the budget presented in February. This is however due to front loading of expenditure and delayed realization of revenue. The higher revenue receipts in the month of March coupled with lower expenditure in the month is likely to ensure that the government meets its fiscal deficit target for the year.
- The borrowing calendar for the first half of the next financial year (2018-19) was announced earlier this week. As per the agreement with RBI, the government has reduced its target for borrowing in the first half of the financial year to less than 50% of its borrowing requirement. It is scheduled to borrow an amount of INR 2.88 lakh crores through market borrowings in the period April-September 2018.
- This borrowing amount is a little less than 48% of the gross budgeted borrowing for the next year. The government is likely to rely more on the collections in small savings schemes to bridge its fiscal deficit. Also, the maturity profile of fresh issuances shows higher amounts at the shorter end of the yield curve, an idea more palatable to the marketplace.
- The immediate impact of this lower borrowing announcement was an improvement in sentiment in the bond market. Yields fell.
- The monetary policy committee of the RBI is scheduled to meet this week and will announce its interest rate setting decision on April 5.

### Yield Movement

- The benchmark 10 year government bond closed the week trading at a yield of 7.40%, closing 16 basis points lower over closing levels of the previous week.
- Yield on 10 year AAA PSU bond traded at approx. 8.00%, indicating that spreads over gilts have compressed by about 5 basis points.
- One year CDs yielded about 7.35%, indicating no change in yields over the week.

### Fund Manager Comments

Near term sentiment in the bond market would be driven by the policy stance adopted by the rate setting monetary policy committee of RBI. With the financial year end pressures over, bond prices are likely to remain supported in the short term and may rally a bit.



During the week, Nifty50 gained 115.65 points closed at 10,113.7 and Sensex rose 372.14 points ended at 32,968.68.

The finance ministry will soon hold a performance review meeting of all state-run insurance companies, including the Life Insurance Corporation. The review of general insurance companies will also set the pace for consolidation, said a finance ministry official, adding that all the three insurers have already been directed to align their operations.

The finance ministry has asked RBI to look into the problems being faced by industry and banks by the abrupt ban on LoUs, and provide some breathing space to them, sources said. Reserve Bank of India this month banned issuance of Letters of Undertaking (LoUs) and Letters of Comfort (LoC), used extensively for trade finance, following the unearthing of Nirav Modi fraud case.

The government will borrow ₹2.88 lakh crore in the April-September period of next fiscal, which is 47.56 per cent of the budgeted gross borrowing. In April-September of current fiscal, the gross borrowing was ₹3.72 lakh crore.

The Supreme Court (SC) proposed a roll out of Bharat Stage-VI (BS-VI) fuel across 13 metros by April 1, 2019. The measure is expected to help mitigate the problem of air pollution in NCT of Delhi and surrounding areas by reducing vehicular emissions and improving fuel efficiency.

U.S. fourth-quarter growth revised up to 2.9 percent; consumer spending surges. U.S. economic growth slowed

less than previously estimated in the fourth quarter as the biggest gain in consumer spending in three years partially offset the drag from a jump in imports. In a separate report on Thursday, the Labor Department said initial claims for state unemployment benefits dropped 12,000 to a seasonally adjusted 215,000 for the week ended March 24, the lowest level since January 1973. The labor market is considered to be near or at full employment. The jobless rate is at a 17-year low of 4.1 percent, not too far from the Fed's forecast of 3.8 percent by the end of this year.

U.S. consumer confidence declined in March, falling below expectations and breaking a two-month streak of gains. Consumer confidence fell in March after hitting an 18-year high in February, mostly due to outlook on business conditions. Outlook was less optimistic about current business conditions, as well as their prospects in the next six months.

While in China the official Purchasing Managers' Index (PMI) released on Saturday rose to 51.5 in March, from 50.3 in February, and remained well above the 50-point mark that separates growth from contraction on a monthly basis. Business conditions in China's vast manufacturing sector have now improved for 20 straight months.

The UK economy expanded at a slower pace. Gross domestic product grew 0.4 percent quarter-on-quarter, slower than the 0.5 percent expansion seen in the preceding period.

## Taurus Benchmark Indices Movement

Indices	28/3/2018	23/3/2018	Points change	% change
S&P BSE Sensex	32968.68	32596.54	372.14	1.14%
Nifty 50	10113.70	9998.05	115.65	1.16%
S&P BSE 100	10502.61	10368.33	134.28	1.30%
S&P BSE 200	4432.62	4372.03	60.59	1.39%
Nifty Midcap 100	18757.00	18474.00	283.00	1.53%

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

	Equity	Debt
FPIs (26/03/2018 - 28/03/2018)	3214.27	949.55
MFs (22/03/2018 - 28/03/2018)	5997.42	15380.72

Source : FPI - CDSL

Source : MF - SEBI

Any information contained herein is for informational purpose only and does not constitute advice or offer to sell/purchase units of the schemes of Taurus Mutual Fund. Information gathered and provided in this document is believed to be from reliable sources and the Fund does not warrant the accuracy and/or completeness of any information. Taurus AMC disclaims any liability for actions taken by anyone on the basis of the opinions contained herein. The material contained herein cannot be reproduced, distributed or quoted anywhere without express written consent of Taurus AMC.

**Mutual Fund Investments are subject to market risks, read all Scheme related Documents carefully.**