

DEBT MARKETS

- India's GDP growth for Q2 of FY 2018-19 (Quarter ended September 2018) came in at a lower than expected 7.1%. While this is lower than the 8.2% growth recorded in the previous quarter, India remains one of the fastest growing economies in the world.
- The fiscal deficit for the period April-October has breached the budgeted fiscal deficit figure for the full year. It stood at 103.9% of the full year budgeted deficit at INR 6.5 trn.
- The government also released revised growth statistics for the previous decade by rebasing the GDP based on 2004-2005 series to 2011-2012. By this exercise the average growth for the period 2005 to 2012 came down to 6.9% compared to 8.2% in the original series.
- The monetary policy committee (MPC) of RBI meets this week to decide on setting policy interest rates. The consensus view is that the committee may keep rates on hold in view of the softer inflation prints and relative strengthening of rupee and fall in oil prices.

Yield Movement

- The benchmark 10 year government bond closed the week trading at a yield of 7.61%, down by 10 basis points from the closing levels of the previous week.
- Yield on 10 year AAA PSU bond traded at approx. 8.65%, a rise of 5 basis points from the previous week.
- One year CDs yielded about 8.30%, up by 20 basis points from the previous week.

Fund Manager Comments

The most awaited event this week is the monetary policy committee meeting which will announce its interest rate decision on December 5. While most analysts expect the RBI to hold policy rates, there is a small chance that the committee may surprise markets by resorting to a rate cut.



EQUITY MARKETS

- Sensex and Nifty went up by 1,213 pts. (3.50%) and 350 pts. (3.30%) to close at 36,194 and 10,877 respectively.
- India's Q2 GDP slowed to 7.1%, lower than our estimate of 7.3%, mainly due to slower growth in both Industry and Services sector. Within industry, Mining and manufacturing were lower than estimate while in services Trade and Finance were disappointing. On the expenditure side Private consumption growth slowed to 7.0%, while Investments was robust at 12.5%. Our estimate for FY19 currently is 7.4%. With Q2 growth lower than our estimate of 7.3% and our estimate of 6.9% for H2FY19, our GDP growth number may have a downside risk of 10-30 basis.
- Global stock markets moved up higher in line with the U.S Feds' Chairman Jerome Powell said that the central bank does not have a predetermined idea for where interest rates should be and decision on monetary policy would be taken to keep the economy on track in view of the changing outlook for jobs and inflation.
- The euro zone's unemployment rate fell to 8.7% in November, the lowest since January 2009. As always, the average rate masked big differences among countries. Germany's rate of 3.6% stood in contrast to Greece's 20.5%. In America the unemployment rate remained unchanged at 4.1% in December.
- The International Monetary Fund (IMF) has warned about the possibility of a much slower global economic growth in the coming months as compared to 3.7% growth rate projected for

2018. In October 2018, the IMF had downgraded its outlook on the global economy by 0.2% from 3.9% it had estimated in July 2018. Since then, financial conditions have tightened especially in emerging markets while trade tensions have increased.

- United States reported a 10th straight weekly gain in commercial crude reserves amid record output. The surge in US supply is part of an emerging oil glut following production increases also in Russia and by the Middle East-dominated OPEC, including from its two biggest producers, Saudi Arabia, and Iraq. The supply overhang has triggered a price slump of more than 30% in crude since early October. OPEC and Russia will gather on Dec. 6 and 7 in Vienna to discuss output policy.
- The G20 Summit is on, as leaders from across the globe had gathered in Argentina to discuss the global economy and security, shadowed by increased tensions stoked by U.S. President Donald Trump's trade war. The impact of Trump's planned meetings with about half-dozen other world leaders will be seen in the days to come.
- China's manufacturing purchasing managers index dropped to 50 showing that the economy is slowing. U.S. Consumer Confidence decreased more than expected in November; the consumer confidence index dropped to 135.7 in November after rising to 137.9 in October. Also Eurozone's economic sentiment weakened for an eleventh month in November, but the pace of decline was less than expected.

Taurus Benchmark Indices Movement

Indices	30-11-18	22-11-18	Points change	% change
S&P BSE Sensex	36194.30	34981.02	1213.28	3.47%
Nifty 50	10876.75	10526.75	350.00	3.32%
S&P BSE 100	11119.17	10807.19	311.98	2.89%
S&P BSE 200	4626.51	4504.50	122.01	2.71%
Nifty Midcap 100	17503.60	17347.20	156.40	0.90%

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

	Equity	Debt
FPIs (26/11/2018 - 30/11/2018)	5990.96	-39.46
MFs (22/11/2018 - 28/11/2018)	1500.24	14301.17

Source : FPI - CDSL

Source : MF - SEBI

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