

## DEBT MARKETS

### Domestic key events

#### Monitory policy:

- Repo rate kept unchanged @ 6.25%. Reverse repo hiked by 25 bps to 6.00% & MSF reduced by 25 bps to 6.50%.
- Policy undertone largely unchanged from its February policy. Monetary Policy Committee stuck to its neutral policy stance.
- Projects inflation to be average @ 4.5% in first half FY18 and 5% in second half of FY18.
- Standing deposit facility (SDF) might be introduced as an additional tool for liquidity management. However, SDF is under government consideration and requires an amendment to the RBI act.

#### Global key events:

- FOMC March meeting's minute showed policy makers plan to reduce its balance sheet gradually over time. Will start shrinking a \$4.5 trillion portfolio of Treasury and mortgage securities later this year.
- NFP data exhibited sharp fall in Job growth in the US, 98,000 jobs added in March Viz a viz 2,19,000 in February. (Market prediction was 1,80,000)

### Yield Movement

The 10-year corporate bond (PSU AAA) yield harden to 7.78% level compared to 7.63% level seen last Friday. The 1-year CD traded at 6.59% level compare to 6.60% level seen last Friday.

### Liquidity

Average surplus liquidity during the week increased to ₹4.31 lakh crores compared to ₹3.80 lakh crores in the previous week. RBI is continuously using Reverse Repo window to drain surplus liquidity. The outstanding reverse repos as on 07th April increased to ₹4.72 lakh crores compare to ₹3.38 lakh crores last Friday. Weighted average CBLO rate for the week was 5.72% compared to 5.73% in the previous week.

### Fund Manager Comments

Week started on a positive note with continued FII's interest and 10 Year benchmark G-sec traded in a range of 6.55%-6.68% pre-policy. However, yields charted a northward trajectory post monitory policy and at the end of week closed at 6.82% viz a viz 6.69% level a week ago. FPI's invested ₹25,355 crore (Net) in debt market in March 2017 viz a viz 5,960 crore (Net) in February 2017. Market participants will watch for CPI, IIP and trade deficit data due next week.

### Market Indicators as on 7th April, 2017

	7-Apr-17	31-Mar-17	change
INR/USD	64.28	64.85	0.89%
Brent Crude Oil (\$/bbl)	54.24	52.71	2.90%
Gold (\$/oz)	1254.53	1249.20	0.43%
CBLO (Average)	5.72%	5.73%	-0.01%
10-year G-Sec(GOI)	6.82%	6.69%	0.13%
10-year AAA PSU(Ind)	7.78%	7.63%	0.15%
US 10-year Gilt	2.38%	2.40%	-0.02%

Source: Bloomberg

### Weekly Statistical Supplement

	31-Mar-17	24-Mar-17
Reserve Money	19004.80	17845.20
YoY Growth %	-12.90%	-15.10%
Currency in Circulation	13352.70	13127.40
Forex Reserves (USD Bn)	369.95	367.93

Scheduled Commercial Banks	17-Mar-17	YoY Growth %
Deposits	105420.50	13.0%
Credit	75656.7	4.4%
	17-Mar-17	18-Mar-16
Incremental Credit/Deposit YTD %	26.02%	87.68%

Source: RBI (Amount in bn)



- Sensex and Nifty went up by 86 points (0.30%) and 25 points (0.30%) respectively, to close at 29707 and 9198 respectively.
- The Reserve Bank of India (RBI) kept its repo rate unchanged at 6.25% for a third consecutive policy meeting. The RBI raised the reverse repo rate by 25 basis points to 6.00%, narrowing the gap between the repo and the reverse repo to 25 bps.
- Foreign Portfolio Investors (FPIs) invested US\$ 157 million in cash. Domestic Institutional Investors (DIIs) sold US\$ 57 million in cash.
- The Nikkei Services PMI in India rose to 51.5 in March of 2017 from 50.3 in February. It was the second straight month of growth in services sector and the strongest since October 2016. Output and new business rose at faster paces and employment went up the most since July 2015 while business confidence reached a four-month high.
- The Rajya Sabha on Thursday passed four supplementary legislations which will enable the government to rollout the landmark Goods and Services Tax Bill on July 1.
- On Thursday evening, US President Donald Trump ordered the US military to fire missiles against a Syrian regime airbase. The strike was in response to a chemical gas attack carried out on Tuesday by the Syria President Bashar al-Assad.
- Oil futures settled higher for the fourth session in a row on Friday to settle at \$55.24 a barrel, extending a rally to the strongest level in around a month after the U.S. fired missiles at a Syrian government air base.

## Taurus Benchmark Indices Movement

Indices	7/4/17	31/3/2017	Points change	% change
S&P BSE Sensex	29706.61	29620.50	86.11	0.29%
Nifty 50	9198.30	9173.75	24.55	0.27%
S&P BSE 100	9535.01	9494.36	40.65	0.43%
S&P BSE 200	4010.96	3991.85	19.11	0.48%
Nifty Free Float Midcap 100	17398.15	17197.15	201.00	1.17%

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

	Equity	Debt
FPIs (03/04/2017 - 07/04/2017)	4995.46	10881.67
MFs (30/03/2017 - 05/04/2017)	3403.00	13629.40

Source : FPI - CDSL  
Source : MF - SEBI

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