

# WEEKLY YIELD

## Update of Equity & Debt Market

March 1, 2024

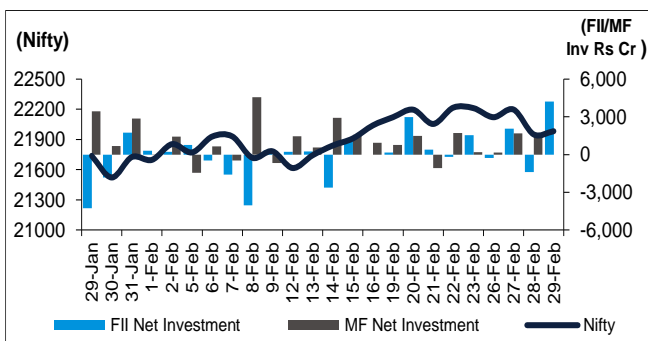


### DOMESTIC EQUITY

- Indian equity indices rallied, as investors turned optimistic over the impressive domestic third quarter growth data. S&P BSE Sensex and Nifty 50 rose 0.82% and 0.57%, respectively.
- The markets rallied to a record high after US Personal Consumption Expenditure (PCE) Price Index data eased in line with expectations, which is expected to influence the US Federal Reserve's rate trajectory.
- Most sectors ended higher with Capital Goods, Metal and Consumer Durables (CD) gaining the most. S&P BSE Capital Goods, S&P BSE Metal, and S&P BSE CD rose 3.72%, 1.83% and 1.80% respectively.

Broad Indices	Week change%	3 months change%	1 year change%
S&P BSE Sensex	0.82	9.28	24.13
Nifty 50	0.57	10.22	28.01
S&P BSE Midcap	-0.60	14.77	62.13
S&P BSE Smallcap	-1.09	12.24	64.27
S&P BSE Bankex	1.05	5.96	16.53
S&P BSE CG	3.72	15.96	71.86
S&P BSE FMCG	-0.39	0.41	20.39
S&P BSE IT	-1.10	14.88	28.17
S&P BSE Healthcare	-2.94	13.85	60.04

Source: BSE, NSE



Source: SEBI, NSE



### GLOBAL EQUITY

- US stocks ended mixed this week, with Dow Jones falling 0.35% while Nasdaq gained 0.59%.
- The markets fell, especially the Dow Jones Industrial Average, as investors were building positions ahead of key data release, which would provide cues over the US Fed's rate hike stance.
- Britain's FTSE was dragged down by the disappointing earnings from Reckitt and St. James's Place.
- Asian equities ended mostly higher. Japan's Nikkei Index soared 2% due to rally in technology stocks and dovish comments from the Fed officials on rate cut in June.
- Hong Kong's Hang Seng fell 0.8% as investors booked profits at higher levels.
- China's Shanghai Composite gained 0.74% led by Artificial Intelligence (AI) firms tracking the AI boom in the US.
- More gains were added after the securities regulator said it would tighten scrutiny of derivatives in the stock market and as investors awaited more stimulus cues from a key political gathering in Beijing next week.



### DOMESTIC DEBT

Indicators	Mar 1, 2024	Previous Week	Trend
Call Rate	6.45%	6.80%	↓
3 M CP	8.32%	8.40%	↓
1 Yr CP	8.22%	8.28%	↓
3 M CD	7.71%	7.72%	↓
1 Yr CD	7.77%	7.78%	↓
5 Yr AAA	7.65%	7.66%	↓
1 Yr G-Sec*	7.04%	7.04%	↔
5 Yr G-Sec*	7.05%	7.06%	↓
10 Yr G-Sec*	7.06%	7.08%	↓
USD/INR*	82.90	82.94	↓

Source: CRISIL Fixed Income Database, RESERVE BANK OF INDIA

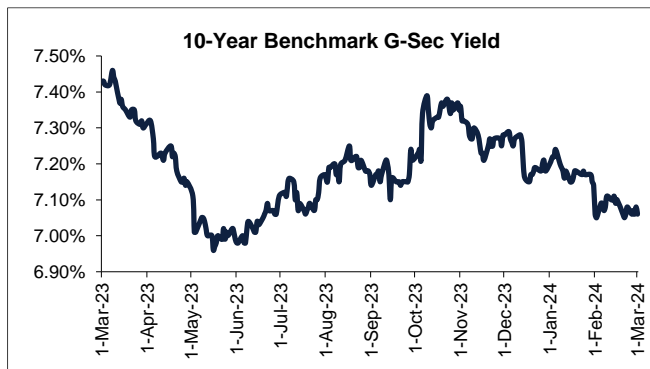
\*Weighted Average Yield

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- Government bond prices ended higher in the week ended March 1, 2024. The yield on the 10-year benchmark 7.18% 2033 paper closed at 7.06% on March 1, 2024 compared with 7.08% on February 23, 2024.
- Yields edged lower as market participants digested a sharp jump in the domestic economic data.
- India's economy grew 8.4% in the October-December quarter, its fastest pace in one-and-a-half years, led by strong manufacturing and construction activity.
- Bond prices further rose due to a fall in the US Treasury yields, as the latest inflation data triggered expectations that the US Fed will start cutting interest rates in June.
- Prices also rose after the government data showed that the US economy expanded an annualised 3.2% in the fourth quarter of calendar 2023, following a 4.9% rate in the third quarter.



Source: CRISIL Fixed Income Database



### GLOBAL DEBT

- US Treasury prices rose this week after latest data triggered expectations that the US Federal Reserve (Fed) will start cutting interest rates in June.
- US Personal Consumption Expenditure (PCE) Price Index came at 1.8% in the fourth quarter of 2023, lower from 2.6% rise in Q3 of 2023. While core PCE Price Index increased by 2.1% from 2%.

- Further fall in US Treasury yields halted after Fed officials suggested the US central bank will be patient in cutting interest rates to make sure that inflation falls to the central bank's 2% target on a sustainable basis.
- Yields also rose in anticipation of the scheduled auction of \$127 billion of government coupon debt, as investors demand higher yields to take on such a large supply.
- The yield on the 10-year benchmark US Treasury bond ended marginally lower at 4.25% on February 29, 2024, compared with 4.33% on February 23, 2024.



### DOMESTIC NEWS

- India's Gross Domestic Product (GDP) registered a robust growth of 8.4% on an annual basis in the third quarter (Q3) (October-December) of Financial Year 2023-24 (FY24), as against a revised upwards growth of 8.2% in Q1 and 8.1% in Q2. The FY24 growth estimate was also revised upwards to 7.6% from 7%.
- India's growth rate of eight core sectors increased 3.6% in January 2024 on an annual basis, compared to 4.9% growth in December 2023 and 9.7% growth in January 2023.
- India's fiscal deficit widened to Rs 11.03 lakh crore in April 2023-January 2024 from Rs 9.82 lakh crore in April-December of 2023.
- India's retail inflation for industrial workers eased to 4.59% in January 2024 compared to 4.91% in December 2023 mainly due to lower prices of certain food items.
- Chief Economic Advisor (CEA), Mr. Anant Nageswaran said that agencies have a case to revise up their FY24 growth projections for India.
- The Cabinet approved PM-Surya Ghar Muft Bijli Yojana for installing rooftop solar in one crore households with a total outlay of Rs 75,021 crore.

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- The Cabinet approved Rs 24,420 crore subsidy on phosphatic and potassic (P&K) fertilisers for the upcoming kharif season.
- The Cabinet approved the setting up of three semiconductor plants in India.
- The Cabinet fixed royalty rates for 12 critical and strategic minerals by amending the Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act).
- The Uttar Pradesh Government has asked banks to boost the Credit-Deposit (CD) ratio to 65% in the next financial year.
- The Reserve Bank of India (RBI) amended the Master Direction on Prepaid Payment Instruments (PPI), where it has allowed authorised bank and non-bank PPI issuers to issue PPIs for making payments across various public transport systems.
- The RBI issued directions for filing of supervisory returns for various supervised entities in order to bring clarity, brevity and harmonization.
- The RBI shortened the time frame for submitting reports for regulated entities as it attempts to reduce the compliance burden and get information faster.
- The RBI revised the regulatory framework of Bharat Bill Payment directions to streamline the bill payments process, enable greater participation, and enhance customer protection.
- The Securities and Exchange Board of India (SEBI) warned investors of fraud trading schemes offered by entities posing as Foreign Portfolio Investors (FPIs).
- The SEBI has proposed two exemptions to the additional disclosure framework for Foreign Portfolio Investors (FPIs)- the first proposal is to exempt Category I University Funds and University related Endowments and second proposal is to exempt enhanced reporting requirements for some funds with concentrated holdings in entities with no identified promoter group, where there is no risk of breach of Minimum Public Shareholding (MPS).



### GLOBAL NEWS

- Federal Reserve Governor, Mr. Christopher Waller said that the policymakers should delay interest rate cuts by at least another couple more months to see if a recent uptick in inflation signals stalling progress towards price stability or is just a bump in the road.
- The US economy expanded an annualized 3.2% in Q4 2023 following a 4.9% rate in Q3 2023.
- US annual PCE inflation rate slowed to 2.4% in January 2024, the lowest since February 2021, from 2.6% in December 2023 while core PCE eased to 2.8% from 2.9%.
- US Chicago Purchasing Managers' Index (PMI) slowed to 44 in February 2024, compared to 46 in January 2024.
- Eurozone consumer inflation expectations edged up to 3.3% in January 2024 from 3.2% in December 2023.
- Eurozone Consumer inflation expectations edged up to 15.5 in February 2024, from 12 in January 2024.
- Eurozone industrial sentiment fell to -9.5 in February 2024, compared to an upwardly revised -9.3 in January 2024 while the economic sentiment indicator declined to 95.4, down from 96.1 and service sentiment declined to 6, from a downwardly revised 8.4.
- Japan annual inflation rate eased to 2.2% in January 2024 from 2.6% in December 2023, while Core Consumer Price Index came at 2%, down from 2.3%.

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DAY	EVENTS
Tuesday, Mar 5, 2024	<ul style="list-style-type: none"> <li>• US S&amp;P Global Composite/Services/ISM Services PMI, February</li> <li>• US ISM Services PMI, February</li> <li>• US Factory Orders, January</li> <li>• Eurozone PPI, January</li> <li>• UK S&amp;P Global Services/Composite PMI, February</li> <li>• China Caixin Services/Composite PMI, February</li> <li>• Japan Jibun Bank Services/Composite PMI, February</li> <li>• India HSBC Services/Composite PMI, February</li> </ul>
Wednesday, Mar 6, 2024	<ul style="list-style-type: none"> <li>• US ADP Employment Change, February</li> <li>• US JLOTs Job Opening, January</li> <li>• Eurozone Retail Sales, January</li> </ul>
Thursday, Mar 7, 2024	<ul style="list-style-type: none"> <li>• US Balance of Trade, January</li> <li>• US Initial Jobless Claims, March 02</li> <li>• Eurozone ECB Interest Rate Decision</li> <li>• UK Halifax House Price Index, February</li> <li>• China Balance of Trade, January-February</li> </ul>
Friday, March 8, 2024	<ul style="list-style-type: none"> <li>• US Nonfarm Payroll, February</li> <li>• US U-6 Unemployment Rate</li> <li>• Eurozone GDP Growth Rate 3rd Est Q4</li> <li>• Japan Household Spending, January</li> <li>• Japan Bank Lending / Leading Economic Index, January</li> <li>• India Foreign Exchange Reserves, March 01</li> </ul>

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Source: CRISIL

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