

WEEKLY YIELD

Update of Equity & Debt Market

February 2, 2024

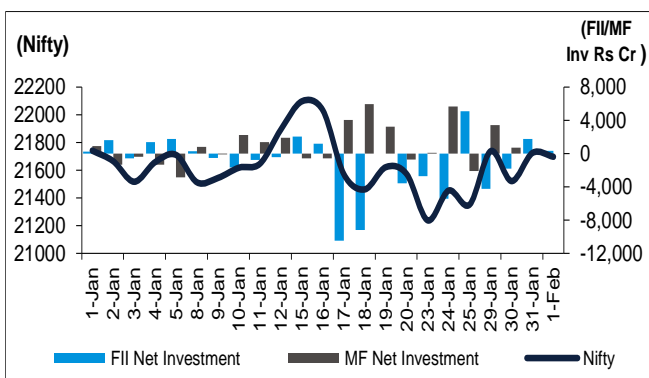


DOMESTIC EQUITY

- Indian equity indices ended higher this week after Finance Minister, Ms. Nirmala Sitharaman's fiscal prudence in the interim budget boosted sentiment. S&P BSE Sensex and Nifty 50 rose 1.96% and 2.35%, respectively.
- Most sectors ended higher with power, metal and realty gaining the most. S&P BSE Power, S&P BSE Metal, and S&P BSE Auto rose 5.62%, 4.47% and 4.02%, respectively.
- Some losses were seen following the United States (US) Federal Reserve's decision to maintain rates without clear guidance on future cuts.

Broad Indices	Week change%	3 months change%	1 year change%
S&P BSE Sensex	1.96	12.49	20.28
Nifty 50	2.35	14.22	24.10
S&P BSE Midcap	3.13	23.54	59.16
S&P BSE Smallcap	3.35	23.12	63.78
S&P BSE Bankex	2.42	6.88	12.79
S&P BSE CG	-1.46	21.80	65.90
S&P BSE FMCG	-0.15	6.75	19.98
S&P BSE IT	2.27	22.33	25.29
S&P BSE Healthcare	2.45	22.53	51.21

Source: BSE, NSE



Source: SEBI, NSE



GLOBAL EQUITY

- US stocks ended mixed, with the Dow Jones gaining 1.08%, while Nasdaq fell 0.61%.
- Markets gained, especially the Dow Jones, on the back of strong earnings of few big firms and after PCE Price Index data came in line with expectations.
- Britain's FTSE fell after the Bank of England held rates and signalled that it needed more evidence that inflation has moderated before cutting rates.
- Asian equities ended mostly lower. Japan's Nikkei Index advanced this week following gains in chip-related and energy-related stocks.
- Hong Kong's Hang Seng was down 2.6% owing to weak China manufacturing data, China's real-estate crisis and renewed US-China geopolitical crisis.
- China's Shanghai Composite Index fell 6% due to the deepening real-estate crisis (after the Hong Kong court ordered to liquidate China Evergrande's assets), weak manufacturing data and panic sell-off among investors as they lost confidence in the Government's efforts to boost the economy.



DOMESTIC DEBT

Indicators	Feb 2, 2024	Previous Week	Trend
Call Rate	6.25%	6.25%	↔
3 M CP	8.49%	8.50%	↓
1 Yr CP	8.30%	8.45%	↓
3 M CD	7.80%	7.80%	↔
1 Yr CD	7.85%	7.85%	↔
5 Yr AAA	7.66%	7.70%	↓
1 Yr G-Sec*	7.01%	7.05%	↓
5 Yr G-Sec*	6.97%	7.04%	↓
10 Yr G-Sec*	7.05%	7.17%	↓
USD/INR*	82.92	83.12	↓

Source: CRISIL Fixed Income Database, RESERVE BANK OF INDIA

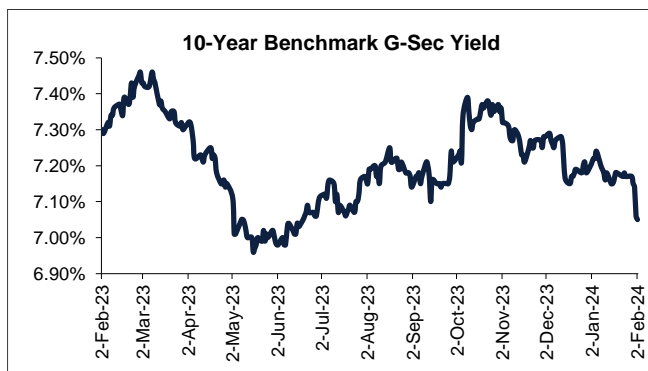
*Weighted Average Yield

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- Government bond prices ended higher in the week ended February 02, 2024. Yield of the 10-year benchmark 7.18% 2033 paper closed at 7.06% on February 02, 2024, compared with 7.18% on January 25, 2024.
- Yield declined owing to a persistent fall in the US treasury yield after Federal Reserve Chair, Mr. Jerome Powell dashed hopes for a rate hike.
- Bond prices also rose after the Finance Minister announced a lower-than-expected fiscal deficit and gross borrowing targets for fiscal 2025 in the interim budget.
- Later in the week, yields fell after weekly auction data released by the RBI showed stronger-than-expected demand.
- In the debt sale held on February 02, 2024, the RBI auctioned 7.32% GS (Government Security) 2030, 7.18% GS 2037, 7.25% GS 2063 and 7.37% GOI (Sovereign Bond) 2054 for a total notified amount of Rs 39,000 crore.



Source: CRISIL Fixed Income Database

GLOBAL DEBT

- US Treasury prices rose this week after the Fed decided to keep the rates unchanged in its latest policy meeting.
- Further, Fed Chairman Mr. Jerome Powell said that the Central Bank would likely not be comfortable

enough with the path of inflation by its next meeting in March to cut interest rates.

- Yield witnessed further decline following higher-than-expected jobless claims and strong job openings data.
- Initially, yields fell after the Treasury Department said it expects to borrow \$760 billion in the first quarter, \$55 billion lower than the October estimate.
- Yield on the 10-year benchmark Treasury bond ended lower at 3.9% on February 02, 2024, compared with 4.1% on January 25, 2024.



DOMESTIC NEWS

- India's core sectors grew 3.8% on an annual basis in December 2023, down from 7.9% growth registered in November 2023.
- India's fiscal deficit widened to Rs 9.82 lakh crore in April-December of Fiscal 2023-24 (FY24) from Rs 9.07 lakh crore in April-November FY24.
- India's Goods and Services Tax (GST) collection for January has surged to Rs 1.72 lakh crore, up 10.4% year on year growth.
- India's retail inflation for industrial workers eased marginally to 4.91% in December 2023 from 4.98% in November 2023, mainly due to lower prices of certain food items.
- The Government has pegged fiscal deficit for the next fiscal at 5.1% of Gross Domestic Product (GDP) compared with the revised estimate of 5.8% for this fiscal. It aims to narrow the deficit to below 4.5% by fiscal 2026.
- The budget estimates the effective capital expenditure (capex) of the Central Government at Rs 11.11 lakh crore for fiscal 2025, which is 3.4% of the GDP. The revised budget estimate for capex for this fiscal is Rs 9.4 lakh crore.
- Chief Economic Adviser, Mr. V. Anantha Nageswaran's team in the Government's latest

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economic review stated that India is expected to grow its economy around 7% in the next fiscal year.

- The Government allowed women employees to nominate children for family pension.
- The Government reduced import duties on smartphone components and spare parts to 10% from 15% earlier.
- The Employee Provident Fund Organisation (EPFO) issued guidelines to regulate the Employee Pension Scheme (EPS) entitlement of members having multiple account numbers.
- Reserve Bank of India (RBI) has decided that an additional aggregate amount of Rs 5,000 crore will be made available to the Standalone Primary Dealers under the Standing Liquidity Facility at the prevailing repo rate starting from January 31, 2024.
- Reserve Bank of India recommended ways to enhance effectiveness, advising lenders to make necessary changes by June 30, 2024.
- The Securities and Exchange Board of India (SEBI) has extended the timeline for complying with rumour verification norms to June 01, 2024 from earlier deadline of February 01, 2024 for top 100 listed entities by market capitalization and to December 01, 2024 from earlier deadline of August 01, 2024 for top 250 listed entities by market capitalization.
- According to data shared by the National Payments Corporation of India (NPCI), Unified Payment Interface (UPI) transactions clocked a new high in value in January 2024 by touching Rs 18.41 lakh crore, up marginally by 1% from Rs 18.23 lakh crore in December 2023.



GLOBAL NEWS

- The US Federal Reserve (Fed) held its benchmark lending rate steady between 5.25-5.5% for the fourth consecutive time. The Fed Chair, Mr. Jerome Powell said in a statement that it is unlikely to start cutting rates without "greater confidence" that inflation is moving "sustainably" towards its long-term 2%.

- US Personal Consumption Expenditure (PCE) Price Index increased 1.7% on quarter in the fourth quarter of 2023, decelerating from a 2.6% rise in Q3, 2023 while core PCE Price Index was unchanged at 2%.
- US Automatic Data Processing (ADP) employment came in at 107,000 in January 2024 below a downwardly revised 158,000 in December 2023.
- US durable goods were flat in December 2023, after an upward revision of 5.5% rise in November 2023.
- US Dallas Federal Manufacturing Index declined to -27.4 in January 2024, compared to -10.4 in December 2023.
- US trade deficit in goods edged lower to \$88.5 billion in December 2023 from a downwardly revised \$89.3 billion in November 2023.
- The Eurozone economy expanded 0.1% annually in Q4 of 2023, following a flat reading in Q3 of 2023. However, on quarterly basis growth stagnated, after shrinking by 0.1% in Q3 of 2023.
- Eurozone inflation rate eased to 2.8% on year in January 2024 from 2.9% in December 2023 while annual core inflation rate eased to 3.3% from 3.4%
- The Eurozone consumer inflation expectations index increased to 11.9 in January 2024 from 10.50 points in December 2023. Whereas, The Eurozone consumer confidence fell to -16.10 points in January 2024 from -15.10 points in December 2023.
- The Bank of England kept the key Bank Rate unchanged at a 16-year high of 5.25% for the fourth consecutive time during its first meeting of 2024.
- UK GfK Consumer Confidence indicator rose to -19 in December 2023, compared to -22 in November 2023.
- China official NBS Manufacturing PMI inched up to 49.2 in January 2024 from 49.0 in December 2023 while non-manufacturing PMI edged up to 50.7 from 50.4.
- Japan Jibun Bank Manufacturing PMI rose to 48.0 in January 2024 after December's 10-month low of 47.9.

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DAY	EVENTS
Monday, Feb 5, 2024	<ul style="list-style-type: none"> • US S&P Global Composite/Services PMI Final, January • US ISM Services PMI, January • Eurozone HCOB Services/Composite PMI Final, January • Eurozone PPI YoY, December • UK S&P Global Composite/Services PMI Final, January • China Caixin Services/Composite PMI, January • Japan Jibun Bank Services/Composite PMI Final, January • India HSBC Composite/Services PMI, January
Tuesday, Feb 6, 2024	<ul style="list-style-type: none"> • Eurozone Consumer Inflation Expectations, December • Eurozone retail sales, December • Japan Household Spending MoM, December
Wednesday, Feb 7, 2024	<ul style="list-style-type: none"> • US Balance of Trade, December • Eurozone Consumer Confidence, December • UK Halifax House Price Index, January • Japan Coincident / Leading Economic index, December
Thursday, Feb 8, 2024	<ul style="list-style-type: none"> • US Wholesale Inventories, December • US Initial jobless claims, February 03 • Eurozone Unemployment Rate, November • China Inflation Rate, January • Japan Eco Watchers Survey Current/Outlook, January • India RBI Interest Rate Decision
Friday, Feb 9, 2024	<ul style="list-style-type: none"> • India Foreign Exchange Reserves, February 02

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Source: CRISIL

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