

WEEKLY YIELD

Update of Equity & Debt Market

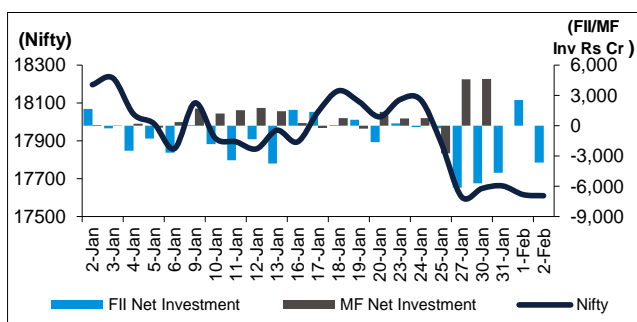
February 3, 2023

DOMESTIC EQUITY

- Indian equity indices reversed previous week's losses owing to optimism around the positive tone of Union Budget 2023-24. S&P BSE Sensex and Nifty 50 rose about 2.5% and 1.4%, respectively.
- Further, hopes of a slowdown in the pace of rate hikes after global central banks hinted at inflation easing, and a decline in crude oil prices aided the upward trend.
- Most of the sectors ended in positive territory, with consumer durables, IT and fast-moving consumer goods (FMCG) advancing the most. S&P BSE Consumer Durables, S&P BSE IT and S&P BSE FMCG rose 4.1%, 2.9% and 2.9%, respectively.
- However, some losses were seen due to a huge sell-off in a major domestic conglomerate's stocks and a fall in power and oil & gas shares. S&P BSE Power and S&P BSE Oil & Gas declined 10.5% and 9.5%, respectively.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	2.55	0.01	3.49
Nifty 50	1.42	-1.10	1.67
S&P BSE Midcap	0.45	-4.67	-1.90
S&P BSE Smallcap	0.86	-3.88	-6.62
S&P BSE Bankex	2.74	-0.65	5.21
S&P BSE CG	0.95	1.94	14.55
S&P BSE FMCG	2.94	1.92	20.06
S&P BSE IT	2.94	5.16	-13.05
S&P BSE Healthcare	-2.29	-9.38	-10.68

Source: BSE, NSE



Source: SEBI, NSE

GLOBAL EQUITY

- US stocks ended higher this week after the Federal Reserve (Fed) hiked rate by 25 basis points, continuing to slow its pace of rate hikes for the second straight meeting.
- Britain's FTSE advanced 0.7% after the Bank of England (BoE) hiked rates and said the inflation has peaked and it sees shorter and shallower recession in 2023.
- Asian equities ended mixed. Japan's Nikkei ended 0.46% higher, mirroring a similar trend in US markets and strong quarter earnings.
- Hong Kong's Hang Seng slipped 4.5% as investors booked profits following gains built on expectation of reopening of the Chinese economy.
- China's Shanghai Composite ended flat this week as gains built on expectation of growth recovery in the country were cut short on profit-booking as investors awaited more data points on further recovery and as foreign funds' buying spree halted.
- Investors also cheered on strong manufacturing data and as official data showed strong consumer spending and a rebound in travel during the Lunar New Year holiday.

DOMESTIC DEBT

Indicators	Feb 3, 2023	Previous Week	Trend
Call Rate	5.80%	6.50%	↓
3 M CP	7.50%	7.45%	↑
1 Yr CP	8.00%	8.00%	↔
3 M CD	7.19%	7.20%	↓
1 Yr CD	7.70%	7.72%	↓
5 Yr AAA	7.67%	7.68%	↓
1 Yr G-Sec*	6.99%	7.04%	↓
5 Yr G-Sec*	7.12%	7.21%	↓
10 Yr G-Sec*	7.29%	7.39%	↓
USD/INR*	82.08	81.52	↑

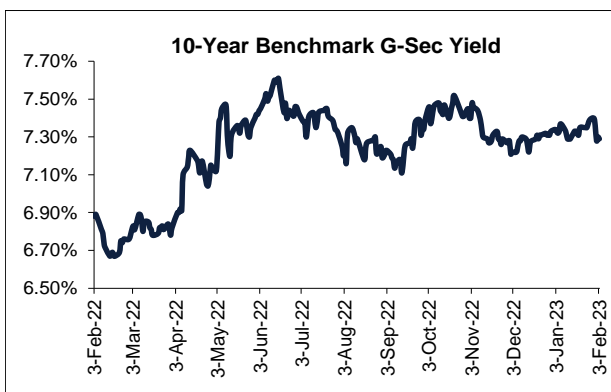
Source: CRISIL Fixed Income Database, RBI *Weighted Average Yield

WEEKLY YIELD

Update of Equity & Debt Market

February 3, 2023

- Government bond prices ended higher in the week ended February 3, 2023. The yield on the 10-year benchmark 7.26% 2032 paper closed at 7.28% on February 3, 2023 compared with 7.39% on January 27, 2023.
- Bond prices began the week on a brighter note as investors covered short position ahead of the budget announcement and on hopes of upbeat demand for the new 10-year bond, which will be issued by the government this week.
- Sentiment for yields dented after the finance minister in her budget speech on February 1, 2023, announced the government's plan to borrow Rs 15.43 lakh crore through the sale of bonds in fiscal 2024, while keeping the net borrowing at Rs 11.81 lakh crore.
- However, profit booking at higher levels capped a further rally in bond prices.
- Additional supply because of the weekly debt auction also weighed on bond prices. In the debt sale held on February 3, 2023, the central bank auctioned 7.38% GS (Government Securities) 2027, New GS 2033, and 7.36% GS 2052 for a total notified amount of Rs 28,000 crore.



Source: CRISIL Fixed Income Database



GLOBAL DEBT

- US Treasury prices ended higher in the week due to weak economic data and after as the Fed hiked interest rates in line with expectations.

- Prices of safe-have bonds gained after economic data showed slowing wage growth and a cooling housing market.
- Yields declined further after the central bank in its first policy meeting of the year decided to hike the policy rate by 0.25 percentage points, taking it to a target range of 4.5-4.75%, the highest since October 2007.
- Yield of the 10-year benchmark Treasury bond ended at 3.40% on February 02, 2023, compared with 3.52% on January 27, 2023.



DOMESTIC NEWS

- **Budget highlights:**
 - The government plans to borrow a record Rs 15.4 lakh crore from dated securities in fiscal 2024.
 - The government targets a fiscal trade deficit of 5.9% for fiscal 2024, compared with 6.4% budgeted for fiscal 2023.
 - The government earmarked Rs 10 lakh crore as capital expenditure for fiscal 2024.
 - Announced an 11% hike in agriculture credit target to Rs 20 lakh crore for fiscal 2024.
 - Increased allocation to defence budget to Rs 5.94 lakh crore for fiscal 2024.
 - Allocated Rs 2.4 lakh crore to Indian Railways.
 - Increased PM Awas Yojana outlay by 66% to Rs 79000 crore for fiscal 2024.
 - Hiked basic tax exemption limit hiked to Rs 3 lakh from Rs 2.5 lakh currently under the new income tax regime.
 - The tax rebate has been extended on income up to Rs 7 lakh in new tax regime as per Section 87A, as against Rs 5 lakh.
 - Proposed to double the deposit limit for Senior Citizen Savings Scheme to Rs 30 lakh.

WEEKLY YIELD

Update of Equity & Debt Market

February 3, 2023

- Insurance policies where the premium is over Rs 5 lakh will no longer be tax exempt.
- Launched 'Mahila Samman Saving Certificate' with a fixed interest rate of 7.5% for two years.
- Government gave a boost to infrastructure development and earmarked Rs 10 lakh crore as capital expenditure for fiscal 2024, compared to Rs 7.5 lakh crore allocated in the fiscal 2023.
- India's core sector output increased 7.4% on-year in December 2022 from an upwardly revised 5.7% rise in November 2022.
- India's fiscal deficit for April-December period of 2022 stood at Rs 9.93 lakh crore, or 59.8% of the annual estimates.
- India's Standard and Poor's (S&P) Global manufacturing PMI declined to 55.4 in January 2023 from 57.8 in December 2022 and the services PMI fell to 57.2 in January 2023 from 58.5 in December 2022.
- International Monetary Fund (IMF) expects inflation in India to come down from 6.8% in the current fiscal year ending March 31, 2023 to 5% the next fiscal, and then drop further to 4% in 2024.
- Finance Ministry data showed goods and services tax (GST) collections for the month of January 2023 stood at Rs 1.55 lakh crore.
- Securities and Exchange Board of India (SEBI) said End of Day (EOD) margin collection requirement from clients, in derivatives segments, would also be calculated based on the fixed Beginning of Day (BOD) margin parameters of the client.
- US Institute of Supply Management (ISM) non-manufacturing index rose to 55.2 in January 2023 from revised 49.2 in December 2022.
- US Automatic Data Processing Inc. (ADP) employment report showed that Private companies added 106,000 new workers in January 2023, down from an upwardly revised 253,000 in December 2022.
- US non-farm productivity rose 3% on-quarter in fourth quarter of 2022 compared to revised 1.4% gain in third quarter of 2022.
- Eurozone economy expanded 1.9% on-year in the fourth quarter of 2022, compared to 2.3% growth in the previous quarter.
- The European Central Bank (ECB) raised the interest rate on the main refinancing operations by 50 basis points to 3% and pledged to deliver another 50 basis points rate hike at its next monetary policy meeting in March 2023.
- Eurozone final consumer confidence for January 2023 came in at -20.9, up from revised -22.1 in December 2022.
- The Bank of England voted by a majority of 7-2 to raise interest rates by 50 basis points to 4% and hinted at slowing rate hike in future due to ease in inflation.
- UK S&P Global/Chartered Institute of Procurement and Supply (CIPS) manufacturing PMI came in at 47 in January 2023, up from 45.3 in December 2022.
- China Caixin manufacturing PMI edged up to 49.2 in January 2023 from 49.0 in December 2022.
- Japan consumer confidence index increased to 31 in January 2023 from 30.3 in December 2022.
- Japan Jibun Bank manufacturing PMI stood at 48.9 in January 2023, same as that in December 2022.



GLOBAL NEWS

- The Fed raised the target range for the fed funds rate by 25 basis points to 4.5%-4.75%.
- US non-farm payrolls for January 2023 came in at 517,000 compared to revised 260,000 in December 2022. The unemployment rate fell to 3.4% in January 2023 from 3.5% in December 2022.

WEEKLY YIELD

Update of Equity & Debt Market

February 3, 2023

DAY	
Monday, Feb 6, 2023	<ul style="list-style-type: none"> • Eurozone Retail Sales, December 2022 • Eurozone S&P Global Construction PMI, January 2023 • UK S&P Global/CIPS Construction PMI, January 2023
Tuesday, Feb 7, 2023	<ul style="list-style-type: none"> • US Trade Balance, December 2022 • US LMI Logistics Manager Index, January 2023 • UK Halifax House Price Index, January 2023 • Japan Household Spending, December 2022 • Japan Leading Economic Index Preliminary, December 2022 • Japan Coincident Index Preliminary, December 2022
Wednesday, Feb 8, 2023	<ul style="list-style-type: none"> • US Consumer Credit Change, December 2022 • US Wholesale Inventories, December 2022 • Japan Current Account, December 2022 • Japan Bank Lending, January 2023 • Japan Eco Watchers Survey Outlook, January 2023 • India RBI Interest Rate Decision
Thursday, Feb 9, 2023	<ul style="list-style-type: none"> • US Initial Jobless Claims, February 04, 2023 • Japan Machine Tool Orders, January 2023
Friday, Feb 10, 2023	<ul style="list-style-type: none"> • US Michigan Consumer Sentiment Preliminary, February 2023 • UK GDP Growth Rate Preliminary, Q4 • UK Goods Trade Balance, December 2022 • UK Industrial Production, December 2022 • UK Manufacturing Production, December 2022 • UK Construction Output, December 2022 • China Consumer Prices, January 2023 • China Producer Prices, January 2023 • China New Yuan Loan, January 2023 • Japan Producer Prices, January 2023 • India Industrial Production, December 2022 • Indian Manufacturing Production, December 2022 • India Foreign Exchange Reserves, February 03, 2023

WEEKLY YIELD

Update of Equity & Debt Market

February 3, 2023

Source: CRISIL

Disclaimer: CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this Report based on the information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this report should be construed as an investment advice. CRISIL especially states that it has no financial liability whatsoever to the subscribers/ users/ transmitters/ distributors of this Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Limited (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published / reproduced in any form without CRISIL's prior written approval. CRISIL or its associates may have commercial transactions with the company/entity.

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

Disclaimers: This document is for information purposes only and is not an offer to sell or a solicitation to buy any mutual fund units / securities or to have business relations with Union Asset Management Company Private Limited (the AMC) / Union Trustee Company Private Limited (the Trustee Company) or any of its associates. The information in this document is as of February 3, 2023, unless stated otherwise, and may change without notice. The information in this document alone is not sufficient and should not be used for the development or implementation of an investment strategy. Neither the Sponsors/the AMC/ the Trustee Company/ their associates/ any person connected with it, accepts any liability arising from the use of this information.

This report and the views expressed in this report are that of CRISIL Research. The Sponsors/ the AMC/ the Trustee Company/ their associates/ any person connected with it, do not warrant the completeness or accuracy of the information and disclaim all liabilities, losses and damages arising out of the use of this information. The recipients of this material should rely on their investigations and take their own professional advice.

Statutory Details: Constitution: Union Mutual Fund has been set up as a Trust under the Indian Trusts Act, 1882; Sponsors: Union Bank of India and Dai-ichi Life Holdings, Inc.; Trustee: Union Trustee Company Private Limited, [Corporate Identity Number (CIN): U65923MH2009PTC198198], a company incorporated under the Companies Act, 1956 with a limited liability; Investment Manager: Union Asset Management Company Private Limited, [Corporate Identity Number (CIN): U65923MH2009PTC198201], a company incorporated under the Companies Act, 1956 with a limited liability. Registered Office: Unit 503, 5th Floor, Leela Business Park, Andheri Kurla Road, Andheri (East), Mumbai - 400059. Toll Free No. 18002002268 · Non Toll Free. 022-67483333 · Fax No: 022-67483401 · Website: www.unionmf.com · Email: investorcare@unionmf.com