

WEEKLY YIELD

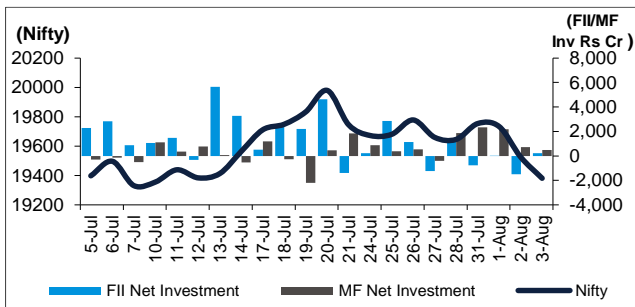
Update of Equity & Debt Market

August 4, 2023



DOMESTIC EQUITY

- Indian equity indices ended lower this week on concerns over the credit rating downgrade of US and weak economic data from the US, China, and Eurozone. S&P BSE Sensex and Nifty 50 fell about 0.7% respectively.
- Sectors ended mixed with realty, bank and oil & gas falling the most. S&P Realty, S&P BSE Bankex and S&P BSE Oil & Gas, down 4.31%, 1.74% and 1.58%, respectively.
- However, some gains were seen after the credit rating downgrade of US raised hope of a rate pause by the Fed and on China stimulus expectations.



Source: BSE, NSE

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	-0.66	6.43	12.73
Nifty 50	-0.66	6.91	12.28
S&P BSE Midcap	0.01	16.09	23.32
S&P BSE Smallcap	1.51	19.29	27.34
S&P BSE Bankex	-1.74	2.09	16.34
S&P BSE CG	-0.93	16.00	44.81
S&P BSE FMCG	-1.53	8.36	20.30
S&P BSE IT	2.97	10.88	2.03
S&P BSE Healthcare	0.38	20.16	19.78

Source: SEBI, NSE



GLOBAL EQUITY

- US stocks ended lower this week after a native credit ratings agency downgraded the US government's ability to pay its bills from AAA to AA+.
- Puzzling economic data, the rise in treasury yields along with mixed corporate earnings dragged market to further losses.
- Britain's FTSE declined 2.15% after a leading credit ratings agency reduced their US rating, significantly impacting the global investment sentiment.
- Asian equities ended mostly lower. Japan's Nikkei index declined 1.73% after a surprise US credit rating downgrade hurt market sentiment as investors anticipated July US employment figures.
- Hong Kong's Hang Seng Index closed lower on Thursday after a US-based investment downgraded China.
- China's Shanghai Composite advanced marginally by 0.37% as recent pledges by Chinese policymakers to support and boost private sector, uplifted investor sentiment. Authorities further promised to use policy tools while ensuring ample liquidity in the banking system, resulting in banking sector stocks.



DOMESTIC DEBT

Indicators	Aug 4, 2023	Previous Week	Trend
Call Rate	6.20%	6.25%	↓
3 M CP	7.20%	7.18%	↑
1 Yr CP	7.70%	7.70%	↔
3 M CD	6.93%	6.95%	↓
1 Yr CD	7.45%	7.37%	↑
5 Yr AAA	7.58%	7.53%	↑
1 Yr G-Sec*	6.94%	6.91%	↑
5 Yr G-Sec*	7.17%	7.15%	↑
10 Yr G-Sec*	7.19%	7.16%	↑
USD/INR*	82.84	82.25	↑

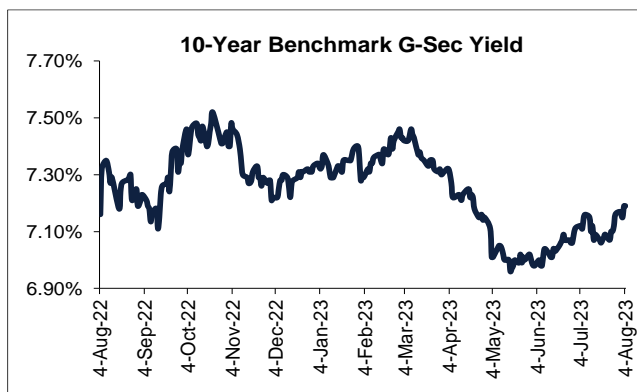
Source: CRISIL Fixed Income Database, RBI *Weighted Average Yield

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- Government bond prices declined in the week ended August 04, 2023. The yield of 10-year benchmark 7.26% 2033 paper closed higher at 7.19% on August 04, 2023, compared to 7.16% on July 28, 2023.
- Yield began the week on a brighter note as investors feared of rising domestic inflation, compelling the Reserve Bank of India (RBI) to raise interest rates at its upcoming policy meet.
- Bond prices declined further on account of elevated US yields and a fall in local currency.
- However, further gains in yield cut short after debt sales added to supply woes.
- In the debt sale held on August 04, 2023, the RBI auctioned 6.99% GS (Government Security) 2026, 7.17% GS 2030, 7.18% GS 2037 and 7.25% GS 2063 for a total notified amount of Rs 39000 crore.



Source: CRISIL Fixed Income Database



GLOBAL DEBT

- US Treasury prices declined sharply after the government increased the issuance target.
- Yield rose after the treasury department announced that it would boost its issuance of long-term debt this quarter, to fill the growing gap between tax revenue and government spending.
- Bond prices declined further after the Bank of Japan's recent shift in its yield curve control policy, which will allow interest rates to move more freely.
- Yield rose further after stronger-than-expected private payrolls data raised investors' expectations that US economy might be able to achieve a "soft landing".
- More gains were added in yields after a US-based credit rating agency cut US sovereign ratings to AA+ from AAA.
- Yield on the 10-year benchmark Treasury bond ended at 4.19% on August 03, 2023, compared to 3.97% on July 28, 2023.



DOMESTIC NEWS

- India's fiscal deficit for the first quarter of this fiscal year through June 2023 stood at Rs 4.51 lakh crore, or 25.3% of annual estimates.
- India growth of eight key infrastructure sectors rose to 8.2% in June 2023 compared to upward revision of 5% in May 2023.
- India S&P Global manufacturing Purchasing Managers' Index (PMI) slowed to 57.7 in July 2023 from June 2023's 57.8 while services PMI rose to 62.3 from 58.5 and composite rose to 61.9 from 59.4.
- India collected Rs 1.65 lakh cr Goods and Services Tax (GST) for the month of July, registering growth of 11% from a year earlier.
- The Finance ministry's June monthly report highlighted that India's growth prospects were intact in Fiscal Year 2024 (FY24); sequential increase in food inflation in June 2023.
- Chief Economic Advisor V Anantha Nageswaran said India needs to focus on the manufacturing sector to achieve sustained growth of 7-7.5% until 2030.
- S&P Global said Indian economy will average 6.7% growth between FY24 and FY31 and will also double the size of the economy to \$6.7 trillion within the next eight years.
- Government's debt stood at Rs 155.6 lakh crore or 57.1% of the Gross domestic product (GDP) at the end of March 2023.

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- S&P Global said Indian economy will average 6.7% growth between FY24 and FY31 and will also double the size of the economy to \$6.7 trillion within the next eight years.
- India, Asian Development Bank (ADB) signed \$200 million loan agreement for expanding urban services in Rajasthan.
- The Goods and Services (GST) Council in its 51st meeting decided that it will review the 28% tax levied on online gaming, casinos, six months after coming into effect from October 1, 2023.
- Prime Minister Narendra Modi invited global semiconductors majors to invest in India and promoted the country as a trustworthy production partner in the supply chain.
- Tarun Kapoor, adviser, Prime Minister's Office said the government is committed to driving the adoption of electric vehicles and will continue with the FAME (Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles (EVs)) subsidy to bridge the price difference in EVs.
- Finance minister (FM) Nirmala Sitharaman said India companies can list their shares directly on foreign exchanges at the International Financial Services Centre (IFSC) in Gujarat International Financial Tech (GIFT) City in Gujarat.
- Reserve Bank of India (RBI) has approved 34 applications from different Russian banks for opening special rupee vostro accounts in 14 Indian commercial lenders as of July 2, 2023.
- Securities and Exchange Board of India (SEBI) came out with a proposal on collating and defining use cases of Financial Information Users (FIUs) in the Account Aggregator framework in securities markets.
- SEBI allowed Offer For Sale (OFS) for units of private listed Infrastructure Investment Trusts (InvITs) through a stock exchange mechanism.



GLOBAL NEWS

- The US Automatic Data Processing (ADP) employment change came in at 324000 in July 2023 following a downwardly revised 455,000 in June 2023.
- US non-farm payrolls came in at 187,000 in July 2023 following a downwardly revised 185,000 in June 2023.
- US unemployment rate decreased slightly to 3.5% in July 2023 from 3.6% in June 2023
- US Michigan consumer sentiment revised lower to 71.6 in July 2023 compared to 72.6 in June 2023.
- US Chicago Purchasing Managers' Index (PMI) increased to 42.8 in July 2023 from 41.5 in June 2023.
- US S&P Global Manufacturing PMI came in at 49 in July 2023 compared to 49 in the previous month.
- US construction spending rose by 0.5% on month in June 2023, after an upwardly revised 1.1% increase in May 2023.
- Eurozone consumer confidence indicator rose to -15.1 in July 2023 compared to -16.1 in June 2023.
- Eurozone annual inflation rate slowed to 5.3% in July 2023 from 5.5% in June, while core consumer prices came at 5.5%, unchanged from the previous month.
- Eurozone unemployment rate came in at 6.4% in June 2023, unchanged from May 2023.
- The Bank of England raised its policy interest rate by 25 basis points to 5.25% during its August 2023 meeting, marking a 14th consecutive increase.
- Japan consumer confidence rose to 37.1 in July 2023 compared to 36.2 in June 2023.
- Japan retail sales grew marginally at 5.9% on-year in June 2023 compared to upwardly revised growth of 5.8% in May 2023.

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DAY	
Monday, Aug 7, 2023	<ul style="list-style-type: none">• UK Halifax House Price Index, July• Japan Coincident/ Economic Index Preliminary, June
Tuesday, Aug 8, 2023	<ul style="list-style-type: none">• US Balance of Trade, June• China Balance of Trade, July• Japan Household Spending, June• Japan Current Account, June
Wednesday, Aug 9, 2023	<ul style="list-style-type: none">• China Inflation Rate, July• China PPI, July
Thursday, Aug 10, 2023	<ul style="list-style-type: none">• US Inflation Rate, July• US Initial Jobless Claims, August 05• US CPI, July• UK RICS House Price Balance, July• Japan PPI, July• India RBI Interest Rate Decision
Friday, Aug 11, 2023	<ul style="list-style-type: none">• US PPI, July• US Core PPI, July• US Michigan Consumer Sentiment Prel, August• UK GDP, June• UK Manufacturing Production, June• UK Balance of Trade, June• UK Industrial Production, June• India Industrial Production, June• India Manufacturing Production, June• India Foreign Exchange Reserves, August 04

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Source: CRISIL

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