

# WEEKLY YIELD

## Update of Equity & Debt Market

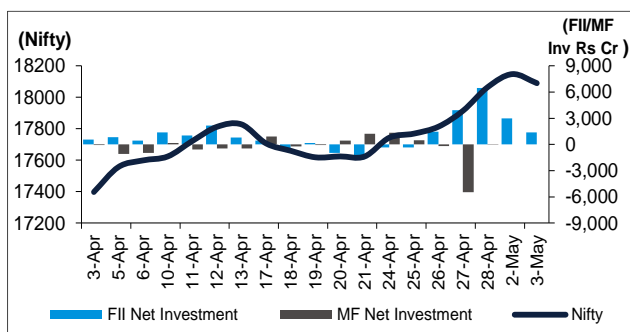
May 5, 2023

### DOMESTIC EQUITY

- Indian equity indices ended mixed this week as gains owing to strong domestic manufacturing activity data and upbeat quarterly corporate earnings were cut short on sell-off in two major domestic banking shares. The S&P BSE Sensex fell 0.1% while Nifty 50 rose 0.02%.
- The market fell also because global banking sector concerns resurfaced.
- Almost all sectors ended positive with consumer durables, power and auto gaining the most. The S&P BSE consumer durables rose about 2.5%, S&P BSE power 1.6% and S&P BSE auto 1.3%.
- However, Bank shares saw some losses. The S&P BSE Bankex fell 1%.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	-0.10	0.35	9.61
Nifty 50	0.02	1.20	8.31
S&P BSE Midcap	1.41	5.74	9.47
S&P BSE Smallcap	1.27	5.10	5.82
S&P BSE Bankex	-1.04	3.11	19.44
S&P BSE CG	1.19	9.33	39.04
S&P BSE FMCG	0.79	4.79	25.91
S&P BSE IT	0.36	-9.33	-13.12
S&P BSE Healthcare	0.43	4.50	-0.77

Source: BSE, NSE



Source: SEBI, NSE

### GLOBAL EQUITY

- US stocks slumped this week after Federal Reserve Chair Jerome Powell, while hiking rates, failed to provide a clear view over next rate decision citing inflationary pressure.
- Markets also fell following seizure of First Bank by the US regulators reignited banking worries.
- Britain's FTSE declined about 2% owing to sell-off in the commodity-led stocks, global banking sector concerns and as the European Central Bank (ECB) hinted more rate hikes in future meetings.
- Asian equities ended higher. Japan's Nikkei index advanced 1% in a holiday shortened week as the yen declined following a dovish stance from the Bank of Japan.
- Hong Kong's Hang Seng Index gained 0.78% led by financial stocks, upbeat China service data and reports of strong May Day holiday spending in China.
- However, gains were limited due to global banking jitters and as disappointing China manufacturing data raised concerns over China's growth recovery.
- China's Shanghai Composite gained 0.34% led by banking and real estate amid hope of more policy support.
- However, these gains were restricted due to weak manufacturing data.

### DOMESTIC DEBT

Indicators	May 4, 2023	Previous Week	Trend
Call Rate	6.95%	6.70%	↑
3 M CP	7.34%	7.26%	↑
1 Yr CP	7.83%	7.78%	↑
3 M CD	7.10%	7.10%	↔
1 Yr CD	7.45%	7.45%	↔
5 Yr AAA	7.46%	7.49%	↓
1 Yr G-Sec*	6.89%	6.90%	↓
5 Yr G-Sec*	6.97%	7.03%	↓
10 Yr G-Sec*	7.01%	7.15%	↓
USD/INR*	81.80	81.83	↓

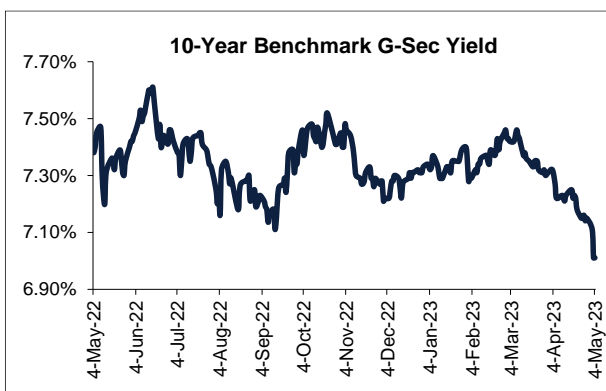
Source: CRISIL Fixed Income Database, RBI \*Weighted Average Yield

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- Government bond prices ended higher in a holiday-truncated week ended May 4. The yield of the 10-year new benchmark 7.26% 2033 paper closed at 7.01% on May 4, compared with 7.12% on April 28.
- The yield remained under pressure most of the week amid expectation of a dovish commentary from the US central bank after its policy meet.
- The sentiment got dented after the US Federal Reserve (Fed) signalled a pause in rate cycle momentum following an expected 25 basis points rate hike.
- Bonds rose further as weaker-than-expected demand at the debt auction triggered selling pressure.
- In the debt sale held on May 4, the RBI auctioned 7.06% GS (government security) 2028, 7.26% GS 2033 and 7.36% GS 2052 for a total notified amount of Rs 33,000 crore.



Source: CRISIL Fixed Income Database

- Earlier in the week, bond prices declined after JPMorgan said it would buy most of the assets of First Republic Bank.
- However, a rally was seen in safe haven bonds following a sharp selloff in shares of several regional banks, which triggered fresh worries about the economic fallout of the banking crisis.
- Yield on the 10-year benchmark Treasury bond ended at 3.35% on May 04, 2023 compared to 3.45% on April 28, 2023.



### DOMESTIC NEWS

- Government's Goods and Services Tax (GST) revenue collection for April was highest ever at Rs 1.87 lakh crore.
- India's S&P Global purchasing managers' index (PMI) for manufacturing in April 2023 increased to 57.2 from 56.4 in March 2023 while service PMI rose to 62 in April 2023 from 57.8 in March 2023, and Composite PMI Index rose to 61.6 in April 2023 from 58.4 in March 2023.
- Finance Minister Nirmala Sitharaman said it is essential for emerging economies to become growth engines and help in resolving challenges facing the world.
- Finance minister Nirmala Sitharaman said India "stood out as a beacon of hope" for the world facing the pandemic and the geopolitical conflicts and called on foreign investors to be a part of the country's growth story.
- Reserve Bank of India (RBI) in a report said India will need additional annual investment of 2.5% of gross domestic product (GDP) at least for green financing till 2030.
- Government approved Rs 687 crore for upgradation of power distribution infrastructure in Ladakh.
- Government slashed windfall tax on domestically produced crude oil to Rs 4100 per tonne from Rs 6400 per tonne.



### GLOBAL DEBT

- US Treasury prices rose during the week after the Fed raised key interest rates and hinted at pausing rate hikes in the next meeting.
- The Fed raised interest rates by 25 basis points to 5.25%. The latest rate hike marks the central bank's 10th interest rate increase since it began tightening in March 2022.

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- Finance minister Nirmala Sitharaman urged the Asian Development Bank to consider more ways for providing concessional climate finance.
- The coal ministry has set a Rs 50119 crore assets monetisation target for the current fiscal.
- The Unique Identification Authority of India (UIDAI) rolled out a new feature to help residents verify the mobile number and email address linked to their Aadhaar card.
- Finance minister Nirmala Sitharaman asked the Central Board of Indirect Taxes and Customs (CBIC) to automate GST return scrutiny by next week and to implement a plan to increase the taxpayer base through enhanced use of technology.
- Finance Minister Nirmala Sitharaman highlighted the need for focussing on infrastructure, investment, innovation, and inclusivity to achieve sustainable growth in the long-term.
- The Reserve Bank of India (RBI) instructed banks and other financial institutions to ensure cross-border as well as domestic wire transfers contain complete information about the originator and beneficiary.
- RBI in a report said it has suggested a number of monetary measures to ensure that resources flow to energy efficient sectors.
- RBI Governor T Rabi Sankar said a handful of currencies currently dominate global finance, and there is a need for de-risking by diversifying the international currency system by adopting liquid currencies.
- The Securities and Exchange Board of India (SEBI) introduced Legal Entity Identifier (LEI) system for issuers that have listed or planning to list non-convertible securities, securitised debt instruments and security receipts.



### GLOBAL NEWS

- US Automatic Data Processing (ADP) Employment Change came in at 296,000 for April 2023 compared to a downwardly revised 142,000 in the March 2023.
- US personal consumption expenditure (PCE) price index eased to 4.2% on-year in March 2023, from an upwardly revised 5.1% rise in February 2023, while the core PCE price index eased to 4.6% from revised 4.7%.
- US ISM manufacturing PMI rose to 47.1 in April 2023, from 46.3 in March 2023 while ISM Services PMI rose to 51.9 in April 2023 from 51.2 in March 2023.
- US S&P Global Services PMI Business Activity Index fell to 53.6 in April 2023 from 53.7 in March 2023, while Composite PMI Index fell to 53.4 in April 2023 from 53.5 in March 2023.
- The European Central Bank raised its key interest rates by 25 basis points during its May 2023 meeting. Thus, interest rate on the main refinancing operations, marginal lending facility and deposit facility, increased to 3.75%, 4%, and 3.25%, respectively.
- Eurozone annual consumer price inflation rate increased to 7% in April 2023, from March's 6.9 % while annual core inflation rate eased to 5.6% from 5.7%.
- UK Nationwide House Price Index declined by 2.7% on year in April 2023, following a 3.1% decrease in March 2023.
- China Caixin manufacturing PMI slowed to 49.5 in April 2023 from 50 in March 2023 while Services PMI declined to 56.4 in April 2023 from 57.8 in March 2023 and Composite PMI declined 53.6 in April 2023 from 54.5 in March 2023.
- Japan consumer confidence index increased to 35.4 in April 2023 from 33.9 in March 2023.

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DAY	
Monday, May 8, 2023	<ul style="list-style-type: none"> <li>• US Consumer Inflation Expectation, April</li> <li>• US Wholesale Inventories, March</li> <li>• Japan Jibun Bank Composite/Services PMI Final, April</li> <li>• Japan BOJ monetary policy minutes</li> </ul>
Tuesday, May 9, 2023	<ul style="list-style-type: none"> <li>• US NFIB Business Optimism Index, April</li> <li>• UK Retail Sales, April</li> <li>• Japan Household Spending YY, March</li> </ul>
Wednesday, May 10, 2023	<ul style="list-style-type: none"> <li>• US Inflation Rate, April</li> <li>• China New Yuan Loans, April</li> <li>• Japan Household spending, March</li> </ul>
Thursday, May 11, 2023	<ul style="list-style-type: none"> <li>• US Producer Price Index, April</li> <li>• US Initial Jobless Claims, May 01</li> <li>• UK BOE Interest Rate Decision</li> <li>• China CPI, April</li> <li>• China PPI April</li> <li>• Japan Bank Lending YY, April</li> </ul>
Friday, May 12, 2023	<ul style="list-style-type: none"> <li>• US Export/ Import Prices, April</li> <li>• US Michigan Consumer Sentiment Prel, May</li> <li>• UK GDP, March</li> <li>• UK Industrial/manufacturing Production, March</li> <li>• India CPI Inflation YY, April</li> <li>• India Industrial /Manufacturing Production, March</li> <li>• Indian Balance of Trade, April</li> <li>• India FX Reserves, May 01</li> </ul>

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Source: CRISIL

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