

# WEEKLY YIELD

## Update of Equity & Debt Market

January 6, 2023

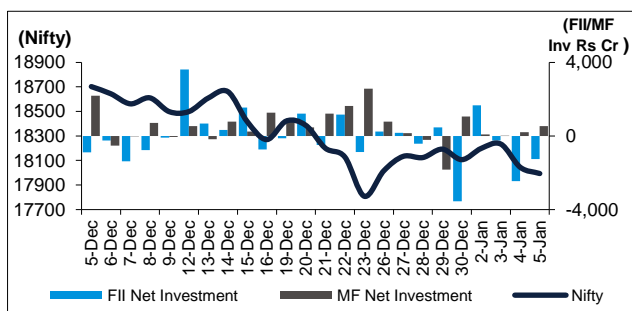


### DOMESTIC EQUITY

- Indian equity indices ended the first week of 2023 on a negative note following warnings by finance and fast-moving consumer goods (FMCG) companies and caution ahead of the earnings season. S&P BSE Sensex and Nifty 50 fell about 1.6% and 1.4%, respectively.
- More losses were seen after the US Federal Reserve's (Fed) December meeting minutes signalled no rate cuts in 2023 until inflation is under control. These sentiments strengthened further following a series of strong US jobs data.
- Most of the sectors ended negative with information technology (IT), banking and power declining the most. S&P BSE IT, S&P BSE Bankex and S&P BSE Power fell 2.3%, 1.8% and 1.6%, respectively.
- However, some losses were capped on gains in oil, FMCG and auto counters. S&P BSE Oil & Gas, S&P BSE FMCG and S&P BSE Auto rose 0.5%, 0.4% and 0.3%, respectively.

| Broad Indices      | Week change% | 3 month change% | 1 year change% |
|--------------------|--------------|-----------------|----------------|
| S&P BSE Sensex     | -1.55        | 2.88            | 0.50           |
| Nifty 50           | -1.36        | 3.04            | 0.64           |
| S&P BSE Midcap     | -0.58        | -1.01           | -0.67          |
| S&P BSE Smallcap   | -0.50        | -1.07           | -3.75          |
| S&P BSE Bankex     | -1.75        | 7.21            | 12.35          |
| S&P BSE CG         | 0.18         | 3.63            | 13.93          |
| S&P BSE FMCG       | 0.36         | 0.14            | 16.44          |
| S&P BSE IT         | -2.30        | -1.19           | -24.57         |
| S&P BSE Healthcare | -0.10        | -3.13           | -10.52         |

Source: BSE, NSE



Source: SEBI, NSE



### GLOBAL EQUITY

- US stocks ended lower this week after improving labour market data spurred worries that the Fed might keep raising rates for longer-than-expected. Markets were already under stress after the Fed's December 2022 policy meet minutes hinted at further rate hikes
- Britain's FTSE advanced 2.4% led by gains in shares of banks, energy, airlines, healthcare and retailers and on hopes of a rebound in Chinese tourism following easing of Covid-19 restrictions
- Asian equities mostly ended higher. Japan's Nikkei fell 0.46% mirroring similar weakness in the US markets on concerns over further rate hikes by the Fed and a strong yen against the dollar
- These losses were limited on sporadic bargain buying by investors
- Hong Kong's Hang Seng skyrocketed 6% on hopes of a Chinese economic recovery as the country reopens from the pandemic lockdown and support from government spending
- China's Shanghai Composite ended 2.2% higher as investors hoped that the country would recover from easing of pandemic restrictions, along with support from government spending.



### DOMESTIC DEBT

| Indicators   | Jan 06, 2023 | Previous Week | Trend |
|--------------|--------------|---------------|-------|
| Call Rate    | 5.95%        | 6.40%         | ↓     |
| 3 M CP       | 7.19%        | 6.88%         | ↑     |
| 1 Yr CP      | 7.95%        | 7.87%         | ↑     |
| 3 M CD       | 6.93%        | 6.60%         | ↑     |
| 1 Yr CD      | 7.65%        | 7.57%         | ↑     |
| 5 Yr AAA     | 7.58%        | 7.61%         | ↓     |
| 1 Yr G-Sec*  | 7.03%        | 6.74%         | ↑     |
| 5 Yr G-Sec*  | 7.27%        | 7.23%         | ↑     |
| 10 Yr G-Sec* | 7.37%        | 7.33%         | ↑     |
| USD/INR*     | 82.72        | 82.73         | ↓     |

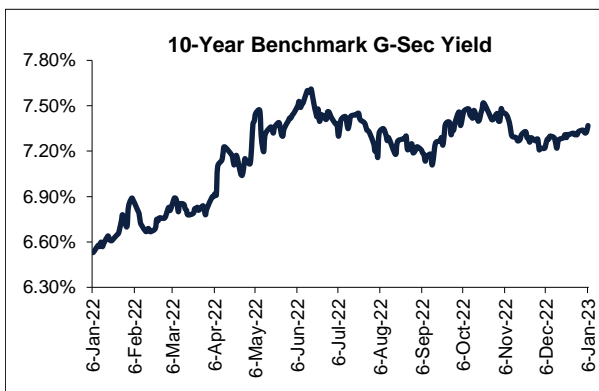
Source: CRISIL Fixed Income Database, RBI \*Weighted Average Yield

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- Government bond prices ended lower in the week ended January 6, 2023. The yield of the 10-year benchmark 7.26% 2032 paper closed at 7.37% on January 6, 2023, compared with 7.33% on December 30, 2022.
- Yield began the year 2023 on a higher note after states announced a bigger-than-expected borrowing schedule for the January-March 2023 quarter
- It rose further after US Fed's hawkish tone in its latest policy meeting minutes raised investors' worries that Reserve Bank of India (RBI) may also hike the repo rate
- Bonds also fell as the weekly auction of securities added to the debt supply. In the debt sale held on January 6, 2023, the central bank auctioned 7.38% government securities (GS) 2027, 7.26% GS 2032 and 7.36% GS 2052 for a total notified amount of Rs 28,000 crore
- However, the intermittent fall in global oil prices capped a further decline in bond prices.



Source: CRISIL Fixed Income Database



### GLOBAL DEBT

- US Treasury prices rose in the first week of 2023 buoyed by mixed economic data and as the market digested the US Fed's latest policy minutes which indicated no rate cuts this year
- Prices remained elevated as investors remained wary over the economic outlook for the new year

- However, a further dip in the yield was prevented as strong labour market data aggravated investor fears of further rate hikes by the Fed. US Automatic Data Processing (ADP) Inc private sector employment increased by 235,000 in December 2022 from revised 182,000 in November 2022. Americans applying for initial jobless claims fell to 204,000 in the week ended December 31, 2022 compared with revised 223,000 in the prior week.
- The yield of the 10-year benchmark Treasury bond ended at 3.72% on January 5, 2023 compared with 3.88% on December 30, 2022.



### DOMESTIC NEWS

- According to the National Statistical Office (NSO) data, India's preliminary GDP growth is expected to grow at 7% in fiscal 2023 from an 8.7% growth in the previous year.
- India Standard & Poor's (S&P) Global services Purchasing Manager's Index (PMI) increased to 58.5 in December 2022 from 56.4 in November 2022 and the manufacturing PMI rose to 57.8 in December 2022 from 55.7 in November 2022; while the composite PMI rose to 59.4 from 56.7.
- India's goods and services tax receipts in December 2022 rose 15% on year to Rs 1.49 lakh crore.
- India retail inflation for industrial workers eased to 5.41% in November 2022 compared to 6.08% in October 2022.
- India's agricultural and processed food products exports rose by 16% in the first eight months (April-November 2022) of the current financial year 2022-23 on a yearly basis.
- India and the Asian Development Bank inked loan pacts totaling \$1.22 billion for developing infrastructure in various Indian states.
- Government approved continuation of schemes of the Ministry of Development of North Eastern Region (DoNER) with an outlay of Rs 12882 crore for the balance period of the 15th Finance Commission (2022-23 to 2025-26).

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- Prime Minister Narendra Modi said that the central government is making record investments to modernise railway infrastructure.
- The Cabinet approved the National Green Hydrogen Mission with an allocation of Rs 19744 crore, aimed at producing 5 million tonne of green hydrogen annually by 2030.
- RBI notified an indicative calendar for the first ever sales of sovereign green bonds worth Rs 16000 crore in the current financial year.
- RBI data showed that Indian banking system's outstanding credit to the services sector rose by 21.3% on-year in November 2022 as compared to 3.2% a year ago.
- RBI's September 2022 report on India's International Investment Position (IIP) showed overseas financial assets of Indian residents fell by \$43.9 billion during July-September 2022.
- RBI allowed fresh know your customer (KYC) process to be done by visiting a bank branch, or remotely through a Video based Customer Identification Process (V-CIP) (wherever the same has been enabled by the banks).
- RBI allowed six entities to test their fintech products to deal with financial fraud as part of the fourth cohort under the RBI's regulatory sandbox scheme.
- Securities and Exchange Board of India (SEBI) asked clearing corporations and bourses to set up a platform by October 2023 to help investors in case there is a disruption of services from trading members' end.
- and the manufacturing PMI fell to 46.2 in December 2022 from 47.7 in November 2022.
- The Fed's December 2022 policy meet minutes showed that several officials continued to anticipate that ongoing rate hikes would be appropriate and that a restrictive policy stance would need to be maintained until the incoming data provided confidence that inflation was on a sustained downward path to 2%.
- Eurozone flash annual inflation rate fell to 9.2% in December 2022 from 10.1% in November 2022 and the flash core inflation increased 5.2% on-year in December 2022 from 5% in the previous month.
- Eurozone producer prices eased to 27.1% on-year in November 2022, down from a revised 30.5% rise in the previous month.
- Eurozone S&P Global services PMI rose to 49.8 in December 2022 from 48.5 in November 2022 and the manufacturing PMI for December 2022 came in at 47.8 from 47.1 in November 2022.
- UK services PMI for December 2022 came in at 49.9, higher than November 2022's 48.8 and the manufacturing PMI fell to 45.3 in December 2022 from 46.5 in November 2022; the composite PMI rose to 49 from 48.2.
- UK consumer credit rose by 1.507 billion pounds in November 2022 from a downwardly revised 0.748 billion pounds increase in October 2022.
- China's National Bureau of Standards (NBS) manufacturing PMI was down to 47.0 in December 2022 from 48.0 in November 2022 and the non-manufacturing PMI declined to 41.6 in December 2022 from 46.7 in November 2022.
- Japan consumer confidence index rose to 30.3 in December 2022 from 28.6 in November 2022.



### GLOBAL NEWS

- US Institute for Supply Management (ISM) manufacturing index fell to 48.4 in December 2022 from 49 in November 2022.
- US S&P Global services PMI for December 2022 came in at 44.7, lower than November 2022's 46.2

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| DAY                     |   |
|-------------------------|---|
| Monday, Jan 9, 2023     | <ul style="list-style-type: none"> <li>• US Consumer Inflation Expectations, December</li> <li>• Eurozone Unemployment Rate, November</li> </ul>  |
| Tuesday, Jan 10, 2023   | <ul style="list-style-type: none"> <li>• US NFIB Business optimism Index, December</li> <li>• Japan Household Spending, November</li> </ul>   |
| Wednesday, Jan 11, 2023 | <ul style="list-style-type: none"> <li>• Japan Leading Economic Index Preliminary, November</li> <li>• Japan Leading Coincident Index Preliminary, November</li> </ul>  |
| Thursday, Jan 12, 2023  | <ul style="list-style-type: none"> <li>• US Consumer Prices, December</li> <li>• US Initial Jobless Claims, January 7</li> <li>• China Consumer Prices, December</li> <li>• China Producer Prices, December</li> <li>• India Consumer Prices, December</li> <li>• India Manufacturing Production, November</li> <li>• India Industrial production, November</li> </ul>  |
| Friday, Jan 13, 2023    | <ul style="list-style-type: none"> <li>• US Export/Import Prices, December</li> <li>• US Michigan Consumer Sentiment Preliminary, January</li> <li>• Eurozone Trade Balance, November</li> <li>• Eurozone Industrial Production, November</li> <li>• Eurozone Manufacturing Production, November</li> <li>• UK GDP, November</li> <li>• UK Manufacturing Production, November</li> <li>• UK Industrial Production, November</li> <li>• UK Trade Balance, November</li> <li>• India Trade Balance, December</li> <li>• India Foreign Exchange Reserves, January 6</li> </ul> |

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Source: CRISIL

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