

WEEKLY YIELD

Update of Equity & Debt Market

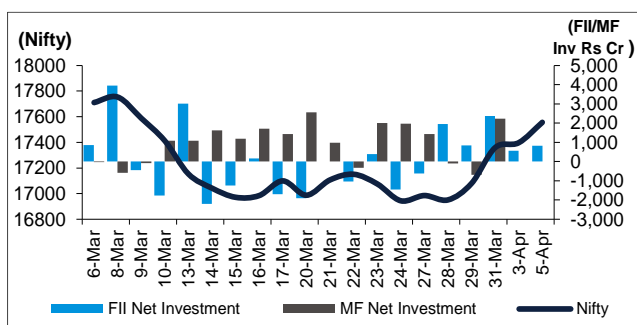
April 6, 2023

DOMESTIC EQUITY

- Indian equity indices ended higher for the second consecutive week, after the Reserve Bank of India (RBI) surprised with a rate pause. The S&P BSE Sensex and Nifty 50 rose nearly 1.4% each
- Upbeat quarterly business updates from financial institutions and banks supported the upward trajectory
- Almost all sectors ended positive, with realty, capital goods and auto rising the most – S&P BSE Realty, S&P BSE Capital Goods and S&P BSE Auto advanced 4.3%, 3.2% and 1.8%, respectively
- But further gains were capped on concerns over rising inflation post a surge in crude oil prices, following a surprise output cut by OPEC+ (Organization of the Petroleum Exporting Countries)

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	1.43	-0.11	0.37
Nifty 50	1.38	-1.46	-1.17
S&P BSE Midcap	1.19	-3.24	-3.28
S&P BSE Smallcap	2.85	-3.68	-6.64
S&P BSE Bankex	0.92	-3.33	7.96
S&P BSE CG	3.19	6.18	23.40
S&P BSE FMCG	0.63	2.84	19.87
S&P BSE IT	0.28	1.95	-20.83
S&P BSE Healthcare	1.52	-3.45	-10.21

Source: BSE, NSE



Source: SEBI, NSE

GLOBAL EQUITY

- US stocks ended mixed this week. Indices rose, especially the Dow Jones, led by energy stocks after a surprise cut in crude oil output targets by OPEC+
- However, these gains were capped, especially on the Nasdaq, on investor worry about an impending recession in the US following weak economic data
- The FTSE closed the week higher by 0.41%, led by gains in shares of oil majors following the surge in crude oil prices, better-than-expected service sector data, and gains in healthcare and consumer staple stocks
- Asian equities ended mostly lower. The Nikkei declined ~2% as mounting recession fears dominated investor sentiment, and owing to fall in technology shares and sell-off in exporters on a stronger yen
- The Hang Seng fell 0.34% due to global inflation worries because of a spike in crude oil prices, losses in technology stocks and rising US-China tensions
- The Shanghai Composite rose 1.2% following strong service activity data and gains in artificial intelligence-related and property stocks.

DOMESTIC DEBT

Indicators	Apr 6, 2023	Previous Week	Trend
Call Rate	6.40%	5.50%	↑
3 M CP	7.23%	7.35%	↓
1 Yr CP	7.95%	7.90%	↑
3 M CD	7.05%	7.00%	↑
1 Yr CD	7.60%	7.60%	↔
5 Yr AAA	7.61%	7.70%	↓
1 Yr G-Sec*	6.95%	7.14%	↓
5 Yr G-Sec*	7.06%	7.19%	↓
10 Yr G-Sec*	7.21%	7.32%	↓
USD/INR*	81.89	82.17	↓

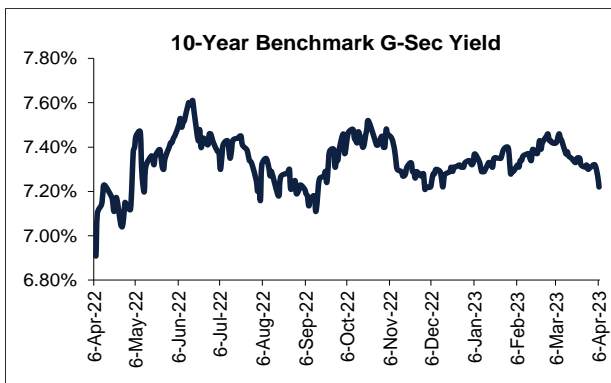
Source: CRISIL Fixed Income Database, RBI *Weighted Average Yield

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- Government bond prices ended higher in the holiday shortened week-ended April 6, 2023. The yield of the 10-year benchmark 7.26% 2032 paper closed at 7.21% on April 6, 2023 compared with 7.32% on March 31, 2023
- Yields fell sharply after the Reserve Bank of India's (RBI) Monetary Policy Committee (MPC) unexpectedly kept the policy repo rate under the liquidity adjustment facility (LAF) unchanged
- Fall in US Treasury yields also kept domestic bond prices elevated
- However, expectation of heavy supply of longer duration bonds from April 2023 to September 2023 checked a further fall in yields
- Meanwhile, in the first weekly gilt sale of fiscal 2024 held on April 6, 2023, the RBI auctioned new GS (Government Security) 2028, 7.26% GS 2033, and 7.36% GS 2052 papers for a total notified amount of Rs 33,000 crore



Source: CRISIL Fixed Income Database



GLOBAL DEBT

- US Treasury prices ended higher in the week as a slew of weak economic data raised recession fears, boosting demand for safe-haven assets
- Yields declined after US Automatic Data Processing Inc (ADP) employment and Institute of Supply Management (ISM) services activity data declined more than expected in March 2023
- US ADP employment report showed 145,000 private sector jobs were added in March 2023 compared with revised 261,000 added in February 2023. ISM services PMI fell to 51.2 in March 2023 from 55.1 in February 2023
- However, easing concerns over global banking sector turmoil and intermittent spike in global crude oil prices prevented a further fall in yield
- Yield on the 10-year benchmark Treasury bond ended at 3.29% on April 5, 2023 compared with 3.49% on March 31, 2023



DOMESTIC NEWS

- RBI MPC policy highlights
 - The RBI's MPC kept the policy repo rate under the LAF unchanged at 6.50%, for the first time since May 2022.
 - Accordingly, the standing deposit facility rate, marginal standing facility rate, and bank rate stood unchanged, at 6.25%, 6.75%, and 6.75%, respectively
 - RBI governor Shaktikanta Das emphasised that the decision to pause on the repo rate is for this meeting only.
 - The economic growth is projected at 6.5% for fiscal 2024 from 6.4% forecast earlier and the consumer price inflation is expected to be at 5.2% for fiscal 2024 than 5.3% expected earlier.
- India Standard & Poor's (S&P) Global services Purchasing Managers' Index (PMI) fell to 57.8 in March 2023 from 59.4 in February 2023 and the manufacturing PMI in March 2023 increased to 56.4 from 55.3 in February 2023.
- World Bank lowered its forecast for India's economic growth to 6.3% in fiscal 2024 from earlier forecast of 6.6%, due to slower consumption growth and challenging external conditions.
- Asian Development Bank (ADB) expects India's economy to grow at a slower pace of 6.4% in fiscal

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2024, compared with 6.8% growth in fiscal 2023, citing risks arising from global and domestic factors.

- India's goods and services tax (GST) collections hit the second highest ever in March 2023, rising 13% from a year earlier to Rs 1.6 lakh crore.
- Government cut all windfall tax on crude oil from Rs 3500 per tonne effective from April 4, 2023.
- Government came out a plan to add 250 gigawatt (GW) of renewable energy capacity in the next five years to achieve its target of 500 GW of clean energy by 2030.
- RBI allowed Indian banks, with International Financial Services Centre (IFSC) banking units, to offer non-deliverable foreign exchange derivatives contracts (NDDCs) to resident users in the onshore market.
- RBI proposed expanding the scope of Unified Payments Interface (UPI) by enabling transfer to / from pre-sanctioned credit lines at banks, in addition to deposit accounts.



GLOBAL NEWS

- US personal consumption expenditure (PCE) Price index eased to 5% on-year in February 2023 compared to revised 5.3% gain in January 2023, while the core PCE price index eased to 4.6% from 4.7%.
- US personal income rose 0.3% on-month in February 2023 compared to 0.6% gain in January 2023, while personal spending rose 0.2% in February 2023 from revised 2% gain in January 2023.
- US S&P Global manufacturing PMI for March 2023 came in at 49.2, compared to 47.3 in February 2023 and services PMI for March 2023 came in at 52.6, higher than 50.6 in February 2023, while composite PMI came in at 52.3 from February 2023's reading of 50.1.
- US ISM manufacturing index fell to 46.3 in March 2023 from 47.7 in February 2023 and non-

manufacturing PMI fell to 51.2 in March 2023 from 55.1 in February 2023.

- Eurozone consumer price inflation rate eased to 6.9% on-year in March 2023, from 8.5% in February 2023, while the core inflation rose to 5.7% from 5.6%.
- Eurozone producer prices eased to 13.2% on-year in February 2023 compared to revised 15.1% gain in January 2023.
- Eurozone unemployment rate stood at 6.6% in February 2023, unchanged from January 2023.
- Eurozone S&P Global services PMI for March 2023 came in at 55, higher than 52.7 in February 2023 and the manufacturing PMI for March 2023 came in at 47.3, down from 48.5 in the previous month. The composite PMI came in at 53.7 from February 2023's final reading of 52.
- UK economy expanded by 0.6% on-year in the fourth quarter of 2022, compared to upwardly revised 2% growth in the previous quarter.
- UK current account deficit narrowed sharply to 2.5 billion pound in the fourth quarter of 2022, from a downwardly revised 12.7 billion pound in the previous period.
- China's Caixin Services PMI came in at 57.8 in March 2023, higher than 55.0 in February 2023 and the manufacturing PMI fell to 50.0 in March 2023 from 51.6 in February 2023. The Composite PMI increased to 54.5 in March 2023, compared to 54.2 in the previous month.
- Japan Jibun Bank services PMI was revised higher to 55.0 in March 2023 from 54.0 in February 2023 and the manufacturing PMI increased to 49.2 in March 2023 from 47.7 in February 2023. The composite PMI came in at 52.9 in March 2023 from 51.1 in the prior month.

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DAY	
Monday, Apr 10, 2023	<ul style="list-style-type: none"> • US Consumer Inflation Expectations, March 2023 • US Wholesale Inventories, February 2023 • Japan Consumer Confidence, March 2023
Tuesday, Apr 11, 2023	<ul style="list-style-type: none"> • US NFIB Business Optimism Index, March 2023 • Eurozone Retail Sales, February 2023 • China Consumer Prices, March 2023 • China Producer Prices, March 2023
Wednesday, Apr 12, 2023	<ul style="list-style-type: none"> • US Consumer Prices, March 2023 • US FOMC Minutes • Japan Producer Price, March 2023 • Japan Bank Lending, March 2023 • India Consumer Prices, March 2023 • India Industrial/Manufacturing Production, February 2023
Thursday, Apr 13, 2023	<ul style="list-style-type: none"> • US Producer Prices, March 2023 • US Initial Jobless Claims, March 8, 2023 • Eurozone Industrial Production, February 2023 • UK GDP, February 2023 • UK Manufacturing/Industrial Production, February 2023 • China Trade Balance, March 2023
Friday, Apr 14, 2023	<ul style="list-style-type: none"> • US Retail Sales, March 2023 • US Export/Import Prices, March 2023 • US Manufacturing/ Industrial Production, March 2023 • US Michigan Consumer Sentiment Preliminary, April 2023 • India WPI Inflation, March 2023 • India Trade Balance, March 2023 • India Foreign Exchange Reserves, April 7, 2023

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Source: CRISIL

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