

WEEKLY YIELD

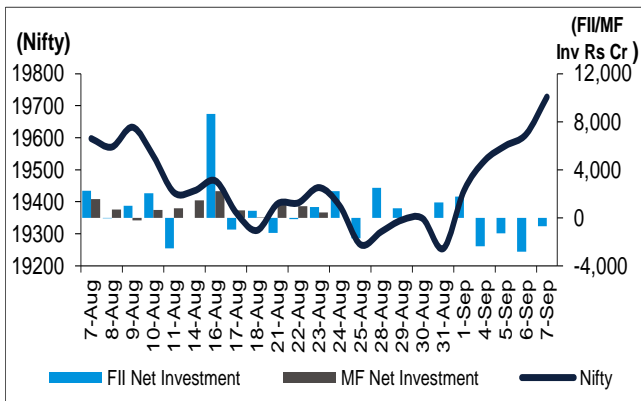
Update of Equity & Debt Market

September 8, 2023



DOMESTIC EQUITY

- Indian equity indices ended higher this week after strong domestic manufacturing and gross service tax collection data. S&P BSE Sensex and Nifty 50 rose about 1.85% and 1.98%, respectively.
- More gains were added after data showed expansion in domestic service activity.
- All the sector indices ended higher, with realty, capital goods and power sectors rising the most. S&P BSE Realty, S&P BSE Capital goods and S&P Power up 4.91%, 4.84% and 4.70%, respectively.
- These gains were, however, restricted on weak global cues, because of interest rate concerns and weak global economic growth.



Source: BSE, NSE

| Broad Indices | Week change% | 3 month change% | 1 year change% |
|--------------------|--------------|-----------------|----------------|
| S&P BSE Sensex | 1.85 | 5.97 | 11.58 |
| Nifty 50 | 1.98 | 6.36 | 11.36 |
| S&P BSE Midcap | 3.93 | 18.76 | 26.17 |
| S&P BSE Smallcap | 2.26 | 21.93 | 29.83 |
| S&P BSE Bankex | 1.32 | 1.36 | 9.81 |
| S&P BSE CG | 4.84 | 22.17 | 42.35 |
| S&P BSE FMCG | 1.23 | 2.35 | 17.16 |
| S&P BSE IT | 2.66 | 13.34 | 13.96 |
| S&P BSE Healthcare | 2.00 | 16.83 | 22.47 |

Source: SEBI, NSE



GLOBAL EQUITY

- US stocks closed lower this week after upbeat jobless claims and stronger-than-expected services sector data fuelled concerns that the Federal Reserve (Fed) would keep interest rates higher for longer.
- Britain's FTSE fell about 0.3%, as the recent US and European economic data continued to dampen global sentiment.
- Asian equities also ended lower. Japan's Nikkei 225 index closed lower 0.32%, tracking similar weakness in the US markets and on Chinese iPhone ban.
- Hong Kong's Hang Seng ended lower 0.98% on Thursday, due to a sell-off in semiconductor stocks, a slump in China's trade, and as optimism over China stimulus faded.
- China's Shanghai Composite fell 0.53% on weak services activity data and a sell-off in semiconductor stocks.



DOMESTIC DEBT

| Indicators | Sep 8, 2023 | Previous Week | Trend |
|--------------|-------------|---------------|-------|
| Call Rate | 6.08% | 6.30% | ↓ |
| 3 M CP | 7.37% | 7.30% | ↑ |
| 1 Yr CP | 7.85% | 7.86% | ↓ |
| 3 M CD | 7.02% | 7.02% | ↔ |
| 1 Yr CD | 7.45% | 7.45% | ↔ |
| 5 Yr AAA | 7.58% | 7.58% | ↔ |
| 1 Yr G-Sec* | 7.07% | 7.08% | ↓ |
| 5 Yr G-Sec* | 7.20% | 7.17% | ↑ |
| 10 Yr G-Sec* | 7.17% | 7.14% | ↑ |
| USD/INR* | 82.94 | 82.71 | ↑ |

Source: CRISIL Fixed Income Database, RESERVE BANK OF INDIA

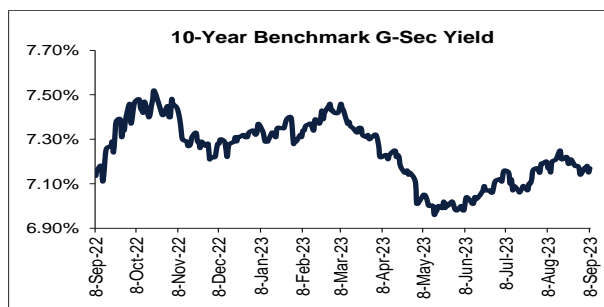
*Weighted Average Yield

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- Government bond prices ended lower in the week ended September 8, 2023.
- The yield of 10-year benchmark 7.26% 2033 paper closed higher at 7.21% on September 8, 2023, compared with 7.17% on September 1, 2023.
- Meanwhile, the yield of new 10-year benchmark 7.18% 2033 paper closed higher at 7.17% on September 8, 2023, compared with 7.14% on September 1, 2023.
- Yields rose, mirroring gains in the US treasury yields, after the August US non-farm payrolls report showed that the economy added more jobs than expected last month. Rising expectations that the Fed may keep rates higher for longer also kept bond prices under pressure.
- Rising global oil prices and higher bond supply witnessed in the weekly debt auction also supported yields.
- In the debt sale held on September 8, 2023, the RBI auctioned 7.06% GS (Government Security) 2028, 7.18% GS 2033 and 7.30% GS 2053 for a total notified amount of Rs 33,000 crore.
- However, further gains in yields were halted, following reports that the RBI sought views from private and foreign banks for settling bond trades on the Euroclear platform.
- Meanwhile, the RBI announced that it will discontinue incremental cash reserve ratio (I-CRR) in a phased manner; I-CRR will be phased out 25% each on September 9, 2023 and September 23, 2023 while the rest will be released on October 7, 2023.



Source: CRISIL Fixed Income Database



GLOBAL DEBT

- US Treasury prices rose this week after a slew of better-than-expected economic data from the US and as hawkish comments from the US Fed official fuelled investors' expectations that the central bank could hold interest rates high for an extended period.
- Bond prices declined after data showed that orders for US factory goods declined in July by 2.1%. Along with this, a slowdown in jobless claims data and strong ISM services PMI also weighed on the sentiment.
- Yields rose further after the Fed Governor Christopher Waller said the central bank need not change rates any time soon.
- Yield on the 10-year benchmark Treasury bond ended at 4.26% on September 7, 2023, compared with 4.17% on September 1, 2023.



DOMESTIC NEWS

- India S&P Global services Purchasing Managers' Index (PMI) slowed to 60.1 in August 2023 compared to 62.3 in July 2023 and composite PMI fell to 60.9 compared to 61.9.
- Prime Minister Narendra Modi has identified inflation as a critical issue facing the world and called the debt crisis "a matter of great concern" for developing countries. He has also stressed the need for fiscal discipline by states.
- Economic Affairs Secretary Ajay Seth said government is confident of meeting the fiscal deficit target of 5.9% of gross domestic product (GDP) and the nominal GDP target of 10.5% despite pressure in the initial months of FY24.
- The Finance Ministry in its annual status report said India's external debt declined to 18.9% of GDP at the end of March 2023 from 20% last year.
- The finance minister has tightened anti-money laundering rules by reducing the threshold for beneficial ownership from 15% stake to 10% stake

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and also provided for management-level functionary as "Principal Officer" responsible for providing information to the financial intelligence unit.

- Government launched the Goods and Services Tax (GST) lucky draw 'Mera Bill Mera Adhikar' scheme in six states and Union Territories and the Centre and states have set aside a Rs 30 crore corpus for this fiscal for the reward scheme.
- Reserve Bank of India (RBI) governor said monetary policy measures are taken with future projections of inflation and growth rather than data of the past and highlighting that recent inflation numbers would weigh less than what it expects to be in the medium term.
- RBI allowed scheduled commercial banks to issue credit lines through Unified Payments Interface (UPI) – a move to expand the scope of the UPI payment system.
- RBI's board of directors reviewed the global and domestic economic situation and associated challenges, including the impact of current global geopolitical developments.
- Securities and Exchange Board of India (SEBI) said credit rating agencies will have to submit their disclosures to the debenture trustees in a specified format for easier accessibility and analysis of the data submitted by them.
- SEBI issued a circular relating to the online payment mechanism for its Investor Protection and Education Fund (IPEF).
- SEBI chairperson said individuals or platforms who wish to deal with securities or partner with regulated entities must register with SEBI.
- National Payments Corporation of India (NPCI) launched new products to ensure more digital inclusivity of the payment service including a credit line on UPI, UPI Lite X for offline payments and a near field communication (NFC)-enabled Tap & Pay feature.

- Competition Commission of India (CCI) issued draft rules pertaining to value of transactions for combinations under the new competition law.

- Insurance Regulatory and Development Authority (IRDAI) is working with health insurance providers to ensure 100% cashless settlement of medical expense claims soon.



GLOBAL NEWS

- US S&P Global manufacturing PMI (Purchasing managers index) decreased to 47.90 points in August from 49 points in July of 2023 while services PMI slowed to 50.5 from 52.3 and composite PMI came in at 50.2 compared to 52.
- US Institute for Supply Management (ISM) Manufacturing PMI rose to 47.6 in August 2023 from 46.4 in July 2023 while services PMI rose to 54.5 compared to 52.7.
- Eurozone economy expanded 0.5% on year in the second quarter of 2023, slightly below 0.6% seen in the previous estimates and easing from a 1.1% expansion in the previous quarter.
- Eurozone Central Bank policymakers maintained the possibility of a September rate hike when they raised interest rates in July 2023.
- Eurozone employment change rose by 0.2% in the three months leading to June of 2023, slowing from the 0.5% growth rate in the first quarter.
- Eurozone retail sales fell by 1.0% on year in July, maintaining the same pace as the previous month.
- Caixin China General Services PMI declined to 51.8 in August 2023 from 54.1 in July 2023, while composite PMI fell to 51.7 from 51.9.
- Japanese economy grew by 4.8% on an annualized basis during the second quarter of 2023, compared with preliminary data of a 6.0% expansion and a downwardly revised 3.2% increase in the prior period.
- Japan Household Spending fell 5% in July 2023 from 4.2% decline in June 2023.

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| DAY | |
|-------------------------|--|
| Monday, Sep 11, 2023 | <ul style="list-style-type: none">US Consumer Inflation Expectations, August |
| Tuesday, Sep 12, 2023 | <ul style="list-style-type: none">Eurozone ZEW Survey Expectations, SeptemberUK ILO Unemployment Rate, JulyUK Employment Change, JulyIndia CPI Inflation, AugustIndia Industrial/ Manufacturing Production, July |
| Wednesday, Sep 13, 2023 | <ul style="list-style-type: none">US Inflation Rate, AugustEurozone Industrial Production, JulyUK GDP Estimate, JulyUK Industrial / Manufacturing Output, JulyJapan PPI, AugustJapan Business Survey Index, Q3 |
| Thursday, Sep 14, 2023 | <ul style="list-style-type: none">US Retail Sales, AugustUS PPI, AugustECB Interest Rate DecisionEurozone Refinancing/ Deposit Rate, SeptemberJapan Machinery Orders, JulyJapan Industrial Production, JulyIndia WPI Inflation, August |
| Friday, Sep 15, 2023 | <ul style="list-style-type: none">US NY Fed Manufacturing Index, SeptemberUS Michigan Inflation Expectations/ Consumer sentiment Prel, SeptemberUS Import/ Export Prices, AugustUS Industrial Production, AugustEurozone Balance of Trade, JulyChina Industrial Output, AugustChina House Price Index, AugustChina Retail Sales, AugustChina Unemployment Rate Urban Area, AugustIndia Forex Reserves, September 04 |

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Source: CRISIL

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