

WEEKLY YIELD

Update of Equity & Debt Market

February 9, 2024

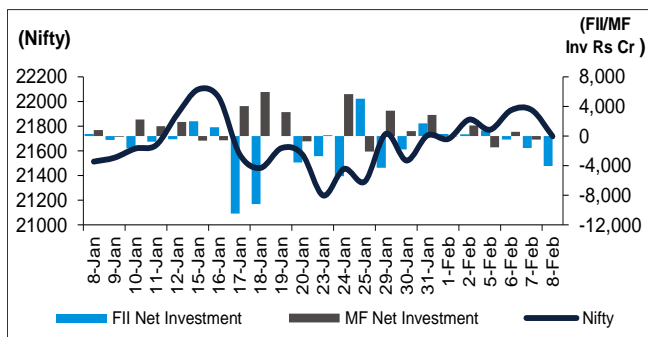


DOMESTIC EQUITY

- Indian equity indices ended lower this week on diminishing hopes that central banks of India and the US would cut interest rates in the near term.
- S&P BSE Sensex and Nifty 50 fell 0.68% and 0.33%, respectively.
- Most sectors ended lower with fast moving consumer goods (FMCG), capital goods (CG) and consumer durables (CD) losing the most.
- S&P BSE FMCG, S&P BSE CG, and S&P BSE CD fell 2.26%, 1.11% and 0.72%, respectively.

Broad Indices	Week change%	3 months change%	1 year change%
S&P BSE Sensex	-0.68	10.43	17.74
Nifty 50	-0.33	12.31	21.73
S&P BSE Midcap	1.65	21.90	59.03
S&P BSE Smallcap	-0.44	19.40	62.30
S&P BSE Bankex	-0.47	4.59	10.08
S&P BSE CG	-1.11	16.65	61.66
S&P BSE FMCG	-2.26	3.45	18.14
S&P BSE IT	1.08	22.75	24.70
S&P BSE Healthcare	3.39	21.29	56.07

Source: BSE, NSE



Source: SEBI, NSE



GLOBAL EQUITY

- US stocks closed higher this week on the back of positive earnings reports and as jobless claims data came in line with expectations.
- Britain's FTSE fell this week as disappointing earnings weighed on few companies and as strong US data pushed back rate cut hopes.
- Asian equities ended higher. Japan's Nikkei Index advanced this week, tracking similar sentiments in the US markets and after Bank of Japan Deputy Governor signalled that policy tightening would be gradual.
- Hong Kong's Hang Seng rose 1.37% as initial gains owing to market intervention by China's sovereign wealth fund boosted sentiment. However, these gains couldn't sustain following weak earnings from Alibaba Group and as China slipped back into deflation.
- China's Shanghai Composite rallied 5% after Beijing appointed a veteran regulator as the new head and as policymakers took measures to stabilise sluggish stock markets.



DOMESTIC DEBT

Indicators	Feb 9, 2024	Previous Week	Trend
Call Rate	6.70%	6.25%	↑
3 M CP	8.52%	8.49%	↑
1 Yr CP	8.35%	8.30%	↑
3 M CD	7.80%	7.80%	↔
1 Yr CD	7.85%	7.85%	↔
5 Yr AAA	7.66%	7.66%	↔
1 Yr G-Sec*	7.05%	7.01%	↑
5 Yr G-Sec*	7.07%	6.97%	↑
10 Yr G-Sec*	7.11%	7.05%	↑
USD/INR*	83.03	82.92	↑

Source: CRISIL Fixed Income Database, RESERVE BANK OF INDIA

*Weighted Average Yield

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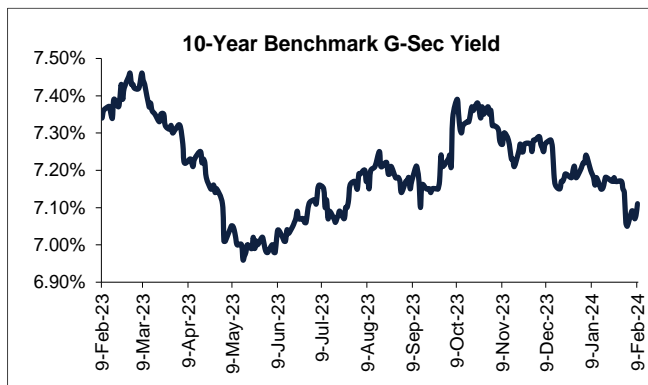
- Government bond prices ended lower in the week ended February 09, 2024. The 10-year benchmark 7.18% 2033 bond yield closed at 7.11% on February 09, 2024, as compared to 7.06% on February 02, 2024.
- Yield rose, tracking the rally in its US peer as dovish comments from Federal Reserve (Fed) officials and strong US jobs data further curbed rate cut hopes.
- Prices declined marginally after the RBI kept interest rates unchanged.
- Weak demand reported in the RBI weekly debt auction also kept bond prices under pressure.
- In the debt sale held on February 09, 2024, the RBI auctioned 7.37% GS (Government Security) 2028, 7.18% GS 2033 and 7.30% GS 2053 for a total notified amount of Rs 33,000 crore.

- Earlier in this week, bond prices witnessed some gains as the US Treasury Department witnessed strong demand for a \$25 billion sale of 30-year bonds.
- Yield on the 10-year benchmark Treasury bond ended marginally higher at 4.17% on February 08, 2024, compared to 4.02% on February 02, 2024.



DOMESTIC NEWS

- The HSBC India Services Purchasing Managers' Index (PMI) rose to 61.8 in January 2024 from 59 in December 2023. Composite PMI rose to 61.2 from 58.5.
- The Reserve Bank of India (RBI) hiked India's real Gross Domestic Product projection for fiscal year 2024-25 to 7% from the earlier 6.6%. It raised its estimates for the first quarter of fiscal 2025 to 7.2% vs December 2023's forecast of 6.7%.
- RBI maintained its Consumer Price Index (CPI) inflation projection for fiscal year 2024-25 at 5.4%, reducing it for the fourth quarter of FY25 to 5% (vs 5.2%)
- The Organisation for Economic Co-operation and Development (OECD) said that strong investment growth is likely to push India's economy to grow faster at 6.2% in FY25 compared with 6.1% projected earlier.
- S&P Global Ratings said that credit growth in India could moderate between 12% and 14% in FY25, because of inflated funding costs amid intensifying competition to garner funds.
- Finance Secretary, Mr. T. V. Somanathan has said the Government's resolve to bring down the fiscal deficit by 70 basis points to 5.1% in the year 2024-25 is ambitious but achievable in view of the tax buoyancy and expenditure management.
- The Cabinet approved auctions in eight spectrum bands for mobile phone services at a base price of Rs 96,317.65 crore to improve the quality of telecom services and coverage for consumers.



Source: CRISIL Fixed Income Database



GLOBAL DEBT

- US Treasury prices declined this week as dovish comments from Fed Chairman, Mr. Jerome Powell continued to dim the prospect of near-term rate cuts.
- In an interview with '60 minutes', Mr. Powell said that the Fed can be prudent in deciding when to cut its key rates, with a strong economy allowing policymakers time to build confidence that inflation will continue falling.
- Stronger-than-expected jobs and services sector data also added to the bond sell-off.

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GLOBAL NEWS

- The Cabinet Committee on Economic Affairs approved six projects of Railways Ministry worth Rs 12,343 crore to ease operations and reduce congestion on the busiest sections across Indian Railways.
- The Cabinet approved the "Pradhan Mantri Matsya Kisan Samridhi Sah-Yojana (PM-MKSSY)" with an investment of over Rs 6,000 crore over a period of the next four years from FY24 to FY27 in all States and Union Territories.
- Power Minister, Mr. R. K. Singh said that the total outstanding dues of power distribution companies have come down to around Rs 50,000 crore following the implementation of Electricity (LPS and Related Matters) Rules, 2022.
- Finance Minister, Ms. Nirmala Sitharaman said that the Government will continue with key reforms such as the Insolvency and Bankruptcy Code (IBC) and professionalization of public sector banks (PSBs).
- The Government sought Parliament's nod for a net additional spending of Rs 78,673 crore in the current financial year, including Rs 10,798 crore expenditure towards Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).
- RBI is enhancing its Central Bank Digital Currency (CBDC) with programmability and offline capabilities in its pilot program.
- The Reserve Bank of India has proposed to adopt a principle-based framework for the authentication of digital payment transactions to promote alternate ways for additional factor authentication, in addition to SMS-based one-time passwords.
- Securities and Exchange Board of India (SEBI) has proposed to provide flexibility to Foreign Portfolio Investors (FPIs), whose registrations have expired, to sell their securities.
- SEBI proposed revamping the nominations framework in a bid to reduce unclaimed assets in the securities market as well as to smoothen the process for claiming the assets by surviving successors of the deceased investors.
- OECD raised its world economic growth forecast to 2.9% in 2024, compared to November 2023's estimates of 2.7%, as an improved outlook in the United States offsets euro zone weakness.
- The Federal Reserve (Fed) Chair, Mr. Jerome Powell said that the central bank can be "prudent" in deciding when to cut its benchmark interest rate, with a strong economy allowing central bankers time to build confidence inflation will continue falling.
- US Non-Farm Payrolls rose to 353,000 jobs in January 2024, compared to an upwardly revised 333,000 in December 2023. Unemployment Rate was unchanged at 3.7%.
- US S&P Global Services Purchasing Managers' Index (PMI) was revised lower to 52.5 in January 2024, up from 51.4 in December 2023, while Composite PMI came at 52, an increase from 50.9.
- The ISM Services PMI for the US jumped to 53.4 in January 2024 from 50.5 in December 2023.
- US Michigan consumer sentiment rose to 79 in January 2024 from 69.7 in December 2023.
- US Factory orders edged up 0.2% over-month in December 2023, following a 2.6% surge in November 2023.
- Eurozone Producer Price Index slumped 10.6% on year in December 2023, compared to 8.8% fall in November 2023.
- China's consumer prices fell by 0.8% on year in January 2024, compared to 0.3% fall in December 2023, while producer prices fell by 2.5%, softer than a 2.7% drop.
- Japan Jibun Bank Services PMI came at 53.1 in January 2024, higher from 51.5 in December 2023 while Composite PMI stood at 51.5 in January 2024, up from 50.0.

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DAY	EVENTS
Monday, Feb 12, 2024	<ul style="list-style-type: none"> • US Consumer Inflation Expectations, January • India Inflation Rate, January • India Industrial Production, December
Tuesday, Feb 13, 2024	<ul style="list-style-type: none"> • US Inflation Rate, January • US CPI, January • UK unemployment rate, December • Eurozone, ZEW Economic Sentiment Index, February • Japan PPI, January
Wednesday, Feb 14, 2024	<ul style="list-style-type: none"> • Eurozone GDP Growth Rate QoQ 2nd Est Q4 • Eurozone Industrial Production, December • UK Inflation rate, January • India WPI Inflation, January
Thursday, Feb 15, 2024	<ul style="list-style-type: none"> • US Retail Sales, January • US Initial Jobless Claims, February • US NY Empire State Manufacturing Index, February • US Industrial Production, January • Eurozone Balance of Trade, December • UK GDP Growth Rate QoQ Prel Q4 • UK Industrial Production, December • Japan GDP Growth Rate QoQ Prel Q4 • Japan Industrial Production Final, December • India Balance of Trade, January
Friday, Feb 16, 2024	<ul style="list-style-type: none"> • US Michigan Consumer Sentiment Prel, February • US PPI, January • India Forex Reserve, Feb 09

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Source: CRISIL

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