

WEEKLY YIELD

Update of Equity & Debt Market

June 9, 2023

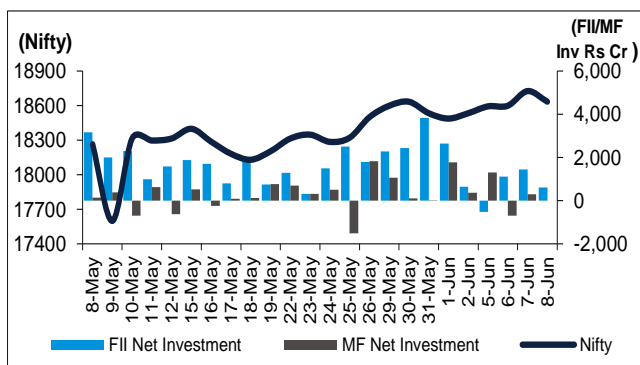


DOMESTIC EQUITY

- Indian equity indices ended higher for third straight week amid expectations of rate pause by the Federal Reserve at its policy meet next week. S&P BSE Sensex and Nifty 50 gained about 0.13% and 0.16%, respectively.
- Most indices ended positive with capital goods (CG), power and auto gaining the most. S&P BSE CG, S&P BSE Power and S&P Auto up 5.10%, 3.37% and 1.50%, respectively.
- However, some losses were seen after investors booked profit after the Reserve Bank of India maintained rates in line with expectations.
- Further, sell-off in information technology (IT) and fast-moving consumer goods (FMCG) also weighed on the markets. S&P BSE IT and S&P BSE FMCG fell about 2.55% and 1.02%, respectively.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	0.13	4.71	13.21
Nifty 50	0.16	5.54	12.65
S&P BSE Midcap	0.82	11.01	21.57
S&P BSE Smallcap	1.64	11.65	20.56
S&P BSE Bankex	0.17	6.83	23.25
S&P BSE CG	5.10	12.88	47.63
S&P BSE FMCG	-1.02	10.96	32.35
S&P BSE IT	-2.55	-2.85	-5.02
S&P BSE Healthcare	0.54	11.52	9.46

Source: BSE, NSE



Source: SEBI, NSE



GLOBAL EQUITY

- US stocks ended mixed this week, with the Dow Jones gaining 0.21%, but Nasdaq falling 0.02%
- Markets gained, especially the Dow Jones, on expectations that Fed would abstain from raising interest rates next week
- Some weakness was seen, especially in Nasdaq, due to profit booking ahead of inflation data and the Fed policy meet.
- Britain's FTSE declined 0.1% due to a sell-off in mining stocks, dismal domestic housing price data and weak US service activity data
- Asian equities mostly ended higher. Japan's Nikkei advanced 2.5% as the fixing of the special quotation price provided some relief to investors and on hopes of the Bank of Japan's ultra-easy monetary policy.
- Hong Kong's Hang Seng ended 2.3% higher due to China's stimulus expectations and optimism over US Secretary of State Antony Blinken's visit.
- China's Shanghai Composite ended flat as market losses due to weak trade data and disappointing inflation data were cut short on strong service activity data and stimulus hopes.



DOMESTIC DEBT

Indicators	Jun 9, 2023	Previous Week	Trend
Call Rate	5.75%	6.40%	↓
3 M CP	7.18%	7.05%	↑
1 Yr CP	7.85%	7.66%	↑
3 M CD	6.90%	6.90%	↔
1 Yr CD	7.36%	7.37%	↓
5 Yr AAA	7.48%	7.41%	↑
1 Yr G-Sec*	6.83%	6.79%	↑
5 Yr G-Sec*	6.98%	6.89%	↑
10 Yr G-Sec*	7.04%	6.98%	↑
USD/INR*	82.46	82.31	↑

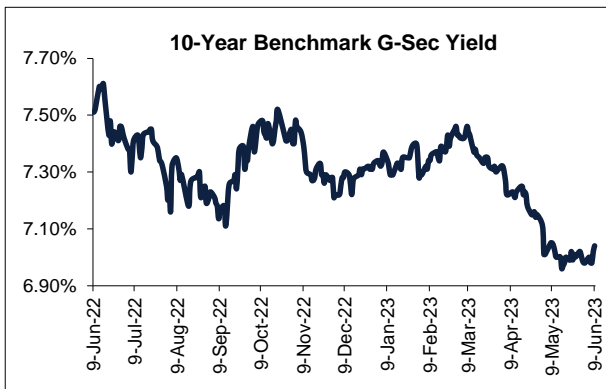
Source: CRISIL Fixed Income Database, RBI *Weighted Average Yield

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- Government bond prices declined during the week ended June 09, 2023. Yield on the 10-year new benchmark 7.26% 2033 paper closed at 7.04% on June 09, 2023, compared with 6.98% on June 02, 2023
- Yields rose after the MPC kept key rates and its stance unchanged and hinted that monetary conditions would remain tight in the near future
- Bond prices declined further after weekly debt auction data added to supply.
- In the debt sale on June 09, 2023, the RBI auctioned 6.99% GS (government security) 2026, 7.17% GS 2030, 7.41% GS 2036 and New GS 2063 for overall Rs 39000 crore
- An intermittent spike in US Treasury yields also kept bond prices under pressure
- However, earlier in the week, better-than-expected demand for bonds showed in the state debt auction results cut short some gains in yield.



Source: CRISIL Fixed Income Database

GLOBAL DEBT

- US Treasury prices declined during the week on hopes that Fed may retain a hawkish monetary policy stance at its policy meet next week
- Yield rose after the Bank of Canada raised interest rates, which could help Fed hold a hawkish stance, indicating that rates may remain higher for long

- However, further gains in yield came to a halt after US jobless claims for the last week rose higher than expected last week. Earlier in the week, disappointing Institute for Supply Management services PMI data also dented sentiments for yield
- These dismal data suggested that Fed could hold off on hiking interest rates
- Yield on the 10-year benchmark Treasury bond ended at 3.71% on June 08, 2023, compared to 3.69% on June 02, 2023.



DOMESTIC NEWS

- The Reserve Bank of India's (RBI) Monetary Policy Committee (MPC) kept the policy repo rate under its liquidity adjustment facility unchanged at 6.50% for the second consecutive time in its latest policy meet
- Accordingly, the standing deposit facility, marginal standing facility, and bank rates also remained unchanged, at 6.25%, 6.75% and 6.75%, respectively
- The MPC maintained its focus on withdrawing accommodation to ensure that inflation progressively aligns with the RBI's target, while also supporting growth
- The RBI maintained India's real gross domestic product (GDP) projection for this fiscal at 6.5%
- The RBI lowered its Consumer Price Index (CPI) inflation projection for this fiscal to 5.1% from 5.2%
- The Organisation for Economic Co-operation and Development raised its forecast on India's growth for fiscal 2024 higher, to 6% from 5.9%, while also highlighting that weak global demand and the monetary policy tightening effect will constrain growth
- The S&P Global India manufacturing Purchasing Managers' Index (PMI) rose to 58.7 in May from 57.2 in April
- The S&P Global India services PMI fell to 61.2 in May from 62.0 in April, while composite PMI remained unchanged, at 61.6

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- The Goods and Services Tax revenue collection in May was Rs 1.57 lakh crore, up 12% on year basis
- India and the US have launched a strategic trade dialogue to review their ongoing cooperation in multilateral export control regimes and have agreed to share the best practices to further bilateral ties
- The RBI proposed that it will establish robust governance mechanisms for authorised non-bank payment system operators to effectively address emerging cybersecurity risks.
- The RBI has permitted banks operating International Financial Services Centre to offer non-deliverable derivatives contracts utilising rupees to resident non-retail users for hedging
- The Securities and Exchange Board of India (SEBI) proposed it would provide a mechanism to process investors' service requests and complaints online by the registrar and transfer agents and thereafter, to track status and receive periodic updates.
- Eurozone Consumer Price Index flash rose to 123.16 in May 2023, compared to 123.1 increase in April 2023.
- UK S&P Global / CIPS (The Chartered Institute of Procurement & Supply) manufacturing PMI came in at 47.1 in May 2023 from 47.8 in April 2023 while Services PMI came at 55.2 compared to 55.9 while composite PMI stood at 54 compared to 54.9.
- China Annual Inflation rate grew 0.2% in May 2023, compared with a rise of 0.1% in April 2023.
- China Caixin services PMI came at 57.1 in May 2023, compared to 56.4 in April 2023, while the composite PMI was at 55.6 from 53.6.
- Japanese economy grew by 2.7% annually in the first quarter of 2023, compared with an upwardly revised 0.4% increase in the previous period.
- Japan Jibun Bank services PMI came at 55.9 in May 2023, compared to 55.4 in April 2023, while the composite PMI was at 54.3 from 52.9.



GLOBAL NEWS

- US Institute for Supply Management (ISM) manufacturing PMI fell to 46.9 in May 2023 from 47.1 in April 2023 while services PMI stood at 50.3 in May 2023 compared to 51.9 in April 2023.
- US S&P Global Manufacturing PMI came in at 48.4 in May 2023, from 50.2 in April 2023 while S&P Global Service PMI increased from 53.6 to 54.9 and composite PMI Final rose to 54.3 from 53.4.
- US unemployment rate increased to 3.7% in May 2023, from 3.4% in April 2023.
- Eurozone growth slowed to 1% annually in the first quarter of 2023, from 1.8% growth in the previous quarter.
- Eurozone consumer price inflation rate eased to 6.1% in May 2023, down from 7% in April 2023, while core inflation rate slowed to 5.3% from 5.6%.

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DAY	
Monday, Jun 12, 2023	<ul style="list-style-type: none">• US Consumer Inflation Expectation, May 2023• Japan PPI, May 2023• India Industrial Production YoY, April 2023• India Inflation Rate, May 2023
Tuesday, Jun 13, 2023	<ul style="list-style-type: none">• US Inflation Rate, May 2023• US CPI, May 2023• UK Unemployment Rate, April 2023
Wednesday, Jun 14, 2023	<ul style="list-style-type: none">• US Fed Interest Rate Decision June 2023• US PPI, May 2023• UK GDP, April 2023• UK Industrial/ Manufacturing Production, April 2023• Eurozone Industrial Production, April 2023• India WPI, May 2023
Thursday, Jun 15, 2023	<ul style="list-style-type: none">• US Retail Sales, May 2023• US industrial/ Manufacturing Production, May 2023• US Initial Jobless Claims, June 10, 2023• Eurozone GDP Growth Rate, Q1 2023• Eurozone ECB Interest Rate Decision June 2023• Eurozone Employment Final, Q1 2023• China Industrial Production, May 2023• China House Price Index, May 2023• Japan Balance of Trade, May 2023• India Balance of Trade, May 2023
Friday, Jun 16, 2023	<ul style="list-style-type: none">• US Michigan Consumer Sentiment Prel, June 2023• Eurozone Inflation Rate, May 2023• Japan BoJ Interest Rate Decision June 2023• India Foreign Exchange Reserves, June 09 2023

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Source: CRISIL

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