

# WEEKLY YIELD

## Update of Equity & Debt Market

February 10, 2023

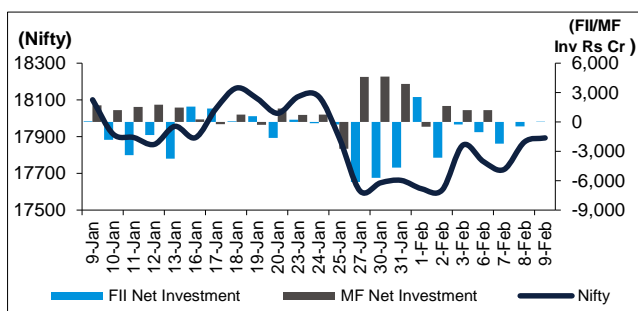


### DOMESTIC EQUITY

- Indian equity indices ended the week mixed after gains due to Reserve Bank of India's (RBI's) decision to hike interest rate, which was in line with expectations, were cut-short on worries of a cut in weightings of a major conglomerate company shares in international indices. S&P BSE Sensex fell 0.3%, while Nifty 50 rose 0.01%.
- Further, concerns over the US Federal Reserve's (Fed's) rate hike path following strong US jobs data and hawkish comments from Fed's chief Jerome Powell and a few officials kept investors at edge.
- Weak earnings reports of some companies and sell-off in metals, power, and fast-moving consumer goods (FMCG) stocks also weighed on the market. S&P BSE Metal, S&P BSE Power and S&P BSE FMCG fell 4.3%, 3.4% and 1.0%, respectively.
- However, buying in realty, capital goods and healthcare shares kept losses under check. S&P BSE Realty, S&P BSE Capital Goods and S&P BSE Healthcare rose 2.5%, 1.6% and 1.4%, respectively.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	-0.26	0.11	2.98
Nifty 50	0.01	-0.95	1.42
S&P BSE Midcap	1.81	-2.11	0.75
S&P BSE Smallcap	1.44	-2.17	-3.36
S&P BSE Bankex	-0.02	-1.32	5.19
S&P BSE CG	1.63	4.48	19.19
S&P BSE FMCG	-1.04	1.14	20.44
S&P BSE IT	0.95	7.23	-12.61
S&P BSE Healthcare	1.37	-4.92	-8.81

Source: BSE, NSE



Source: SEBI, NSE



### GLOBAL EQUITY

- US stocks closed lower this week after strong jobs report fuelled concerns over continuation of the aggressive policy stance by the Fed. These worries were more asserted after the Fed chief hinted that the rates would remain high due to strong jobs data.
- However, some losses were trimmed after the Fed chief acknowledged that inflation has shown signs of easing.
- Britain's FTSE rose 0.12% following some strong earnings reports and as Fed chair's comment on easing inflation raised hopes of slower rate hikes in future.
- Asian equities ended mixed. Japan's Nikkei ended higher 0.59% on strong quarterly earnings and after weaker yen led to gains in automakers and exporters' shares.
- Hong Kong's Hang Seng declined 2.17% on rising US-China tensions, losses in shares of Chinese technology companies and because of the Fed's view on higher rates.
- China's Shanghai Composite ended flat this week as gains due to optimism over post-Covid lockdown economic recovery were cut short by rising US-Sino tensions.



### DOMESTIC DEBT

Indicators	Feb 10, 2023	Previous Week	Trend
Call Rate	6.15%	5.80%	↑
3 M CP	7.47%	7.50%	↓
1 Yr CP	8.02%	8.00%	↑
3 M CD	7.20%	7.19%	↑
1 Yr CD	7.72%	7.70%	↑
5 Yr AAA	7.70%	7.67%	↑
1 Yr G-Sec*	7.16%	6.99%	↑
5 Yr G-Sec*	7.28%	7.12%	↑
10 Yr G-Sec*	7.36%	7.29%	↑
USD/INR*	82.50	82.08	↑

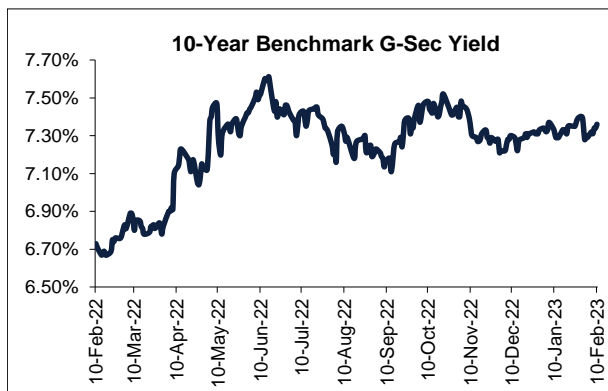
Source: CRISIL Fixed Income Database, RBI \*Weighted Average Yield

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- Government bond prices ended lower in the week ended February 10, 2023. The yield of the 10-year benchmark 7.26% 2032 paper closed at 7.36% on February 10, 2023, compared with 7.28% on February 03, 2023.
- Bond prices fell earlier tracking a rally in the US treasury yields as upbeat economic data raised Fed rate hike fears.
- Yield rose further after the RBI hiked the repo rate and maintained a hawkish stance. The RBI raised core inflation concerns while hiking key policy rate by 25 basis points to 6.5%.
- Additional supply because of the weekly debt auction also weighed on the bond prices. In the debt sale held on February 10, 2023, the central bank auctioned 6.89% GS (Government Securities) 2025, 7.10% GS 2029, 7.41% GS 2036, and 7.40% GS 2062 for a total notified amount of Rs 30,000 crore.



Source: CRISIL Fixed Income Database

### GLOBAL DEBT

- US Treasury prices ended lower in the week after Fed chair Jerome Powell hinted on continuation of aggressive policy stance for the future.
- Powell said, at the Economic Club of Washington, that more rate hikes will be needed to cool inflation and borrowing costs may need to peak higher than previously expected, if the strong jobs market persists.

- Further gains in yield were halted following more-than-expected rise in initial jobless claims for the week ended.
- Applications for US unemployment benefits rose by 13,000 to 196,000 in the week ended February 4, 2023 from 183,000 the previous week.
- Yield of the 10-year benchmark Treasury bond ended at 3.68% on February 9, 2023, compared with 3.53% on February 3, 2023.



### DOMESTIC NEWS

- The RBI's Monetary Policy Committee (MPC) increased the repo rate by 25 basis points to 6.5%. Accordingly, the standing deposit facility rate, marginal standing facility rate, and bank rate stood adjusted, at 6.25%, 6.75%, and 6.75%, respectively.
- The MPC decided to remain focused on the withdrawal of accommodation, to ensure that inflation remains within the target, going forward, while supporting growth.
- RBI pegged real gross domestic product (GDP) growth for fiscal year 2024 at 6.4%. The central bank cut inflation projection for fiscal year 2023 to 6.5% from December 2022 estimates of 6.7%; sees fiscal year 2024 inflation at 5.3%.
- India's industrial production rose 4.3% on-year in December 2022 following a 7.3% rise in November 2022.
- Prime Minister Narendra Modi said that India's share in the global oil demand is likely to increase to 11%, while gas demand is expected to rise up to 500%. He urged global investors to explore investment opportunities in India's energy sector
- Finance Ministry told all departments and public sector entities to refund 95% of the performance or bid security and liquidated damages forfeited/deducted from small and medium businesses in government tenders for over two years till March 31, 2022.

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- Finance minister (FM) Nirmala Sitharaman acknowledged industry's demand for trimming the 28% goods and services tax (GST) levy on cement and said could be taken to the fitment panel under the GST Council.
- FM said that tax on high premium policies will not impact deepening of insurance penetration.
- RBI to permit the lending and borrowing of government securities to further develop the government securities market.
- RBI restored trading hours in government securities to 9 am to 5 pm, from current timings of 9 am to 3:30 pm.
- RBI to let travelers to India use unified payments interface (UPI) for merchant payments, expanding the scope of the ubiquitous funds transfer system.
- RBI to issue draft guidelines for transparency in the penal charges or penal interest charged on loans.
- Securities and Exchange Board of India (SEBI) came out with a consultation paper inviting suggestions on a proposal to provide Alternative Investment Funds (AIFs) and their investors the option to carry forward unliquidated investments of a scheme on expiry of its tenure.
- SEBI modified its operational circular on credit rating agencies (CRAs), asking them to have a detailed policy by March-end in respect of non-submission of crucial information.
- US Standard & Poor's (S&P) Global services purchasing manager's index (PMI) rose to 46.8 in January 2023 from 44.7 in December 2022, while the composite PMI rose to 46.8 from 45.
- US wholesale inventories rose 0.1% on-month in December 2022 compared to 0.9% gain in November 2022.
- US trade deficit for December 2022 came in at \$67.4 billion compared to revised \$61 billion deficit in November 2022.
- Eurozone producer prices rose 24.6% on-year in December 2022 compared to revised 27% gain in November 2022.
- Eurozone S&P Global services PMI rose to 50.8 in January 203 from 49.8 in December 2022, while the composite PMI rose to 50.3 from 49.3.
- Eurozone retail sales fell 2.8% on-year in December 2022 from a revised 2.5% decline in November 2022.
- UK economy expanded 0.4% on year in the fourth quarter of 2022, compared to 1.9% growth in the previous quarter.
- UK S&P Global/Chartered Institute of Procurement and Supply (CIPS) services PMI decreased to 48.7 in January 2023 from 49.9 in December 2022, while the composite PMI fell to 48.5 from 49.
- China's consumer price inflation rose to 2.1% in January 2023 from 1.8% in December 2022 and the producer prices fell 0.8% on-year in January 2023 following a 0.7% decline in previous month.
- Japan's producer prices rose 9.5% on-year in January 2023 compared to 10.5% in December 2022.
- Japan posted a current account surplus of 33.4 billion yen in December 2022 from a surplus of 1803.6 billion yen recorded in November 2022.



### GLOBAL NEWS

- US consumer credit went up \$11.65 billion in December 2022 following a \$27.96 billion rise in November 2022.
- Federal Reserve Chair Jerome Powell said that additional interest-rate increases will be needed to cool inflation and borrowing costs may need to peak higher than previously expected, if the strong jobs market persists.

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DAY	
Monday, Feb 13, 2023	<ul style="list-style-type: none"> <li>India Consumer Prices, January 2023</li> </ul>
Tuesday, Feb 14, 2023	<ul style="list-style-type: none"> <li>US Core Inflation, January 2023</li> <li>US Consumer Inflation index, January 2023</li> <li>Eurozone GDP Growth Rate QoQ 2nd Estimate, Q4 2022</li> <li>UK Unemployment Rate, December 2022</li> <li>Japan GDP growth Rate QoQ Preliminary, Q4 2022</li> <li>Japan Industrial production, December 2022</li> <li>India WPI Inflation, January 2023</li> </ul>
Wednesday, Feb 15, 2023	<ul style="list-style-type: none"> <li>US NY Empire State Manufacturing Index, February 2023</li> <li>US Industrial Production, January 2023</li> <li>US Manufacturing Production, January 2023</li> <li>US Retail Sales, January 2023</li> <li>US Business Inventories, December 2022</li> <li>US NAHB Housing Market Index, February 2023</li> <li>Eurozone Industrial Production, December 2022</li> <li>Eurozone Trade Balance, December 2022</li> <li>UK Consumer Prices, January 2023</li> <li>UK Retail Price Index, January 2023</li> <li>UK Producer Price Index Core Output/Input, January 2023</li> <li>Japan Tertiary Industry Index, December 2022</li> <li>India Trade Balance, January 2023</li> </ul>
Thursday, Feb 16, 2023	<ul style="list-style-type: none"> <li>US Producer Price Index, January 2023</li> <li>US Housing Starts, January 2023</li> <li>US Philadelphia Fed Manufacturing Index, February 2023</li> <li>US Initial Jobless Claims, February 11, 2023</li> <li>US Building Permits Preliminary, January 2023</li> <li>China House Price Index, January 2023</li> <li>Japan Trade Balance, January 2023</li> <li>Japan Machinery Orders, December 2022</li> </ul>
Friday, Feb 17, 2023	<ul style="list-style-type: none"> <li>US Export/Import Prices, January 2023</li> <li>Eurozone Current Account, December 2022</li> <li>UK Retail Sales, January 2023</li> <li>India Foreign Exchange Reserves, February 10, 2023</li> </ul>

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Source: CRISIL

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