

WEEKLY YIELD

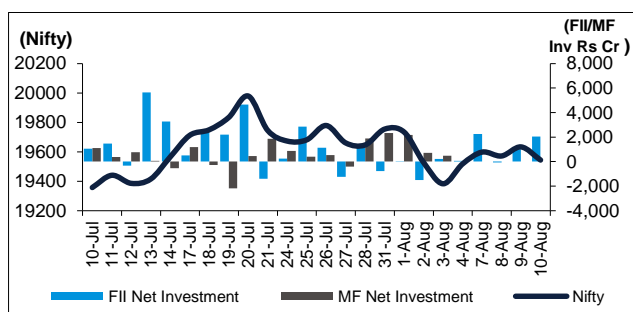
Update of Equity & Debt Market

August 11, 2023



DOMESTIC EQUITY

- Indian equity indices ended lower this week after the RBI announced the incremental cash reserve ratio for banks. S&P BSE Sensex and Nifty 50 fell about 0.61% and 0.45%, respectively.
- More losses were seen after the RBI raised its inflation forecast for this fiscal.
- Sectors ended mixed, with bank, realty and fast-moving consumer goods sectors falling the most. S&P BSE Bankex, S&P Realty, and S&P BSE FMCG were down 1.63%, 1.42% and 1.27%, respectively.
- However, there were some gains due to buying in consumer durables and metal stocks. S&P BSE Consumer Durables and S&P BSE Metals rose 2.3% and 1.1%, respectively.



Source: BSE, NSE

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	-0.61	5.52	10.10
Nifty 50	-0.45	6.18	10.02
S&P BSE Midcap	0.88	15.76	23.06
S&P BSE Smallcap	0.63	19.06	26.95
S&P BSE Bankex	-1.63	0.40	11.29
S&P BSE CG	0.81	18.43	40.13
S&P BSE FMCG	-1.27	5.54	19.73
S&P BSE IT	0.77	10.94	1.43
S&P BSE Healthcare	0.36	20.69	20.05

Source: SEBI, NSE



GLOBAL EQUITY

- US stocks ended mixed this week with the Dow Jones rising 0.32% and Nasdaq falling 1.23%.
- Markets fell, especially the Nasdaq, after a US-based credit ratings agency downgraded the performance of US banks.
- US annual inflation rate accelerated to 3.2% in July from 3% in June.
- Britain's FTSE advanced 0.72% this week, led by gains in mining, energy, travel, and luxury sectoral stocks.
- Asian equities ended mostly lower. Japan's Nikkei index rose by a marginal 0.87% amid a slew of strong corporate earnings.
- Hong Kong's Hang Seng fell 2.38% owing to disappointing Chinese trade data, China's deflationary circumstances and a longer wait for fresh stimulus measures to drive economic growth.
- China's Shanghai Composite declined 3% after the country's consumer prices entered the negative zone in July.



DOMESTIC DEBT

Indicators	Aug 11, 2023	Previous Week	Trend
Call Rate	6.00%	6.20%	↓
3 M CP	7.36%	7.20%	↑
1 Yr CP	7.70%	7.70%	↔
3 M CD	7.00%	6.93%	↑
1 Yr CD	7.45%	7.45%	↔
5 Yr AAA	7.62%	7.58%	↑
1 Yr G-Sec*	7.07%	6.94%	↑
5 Yr G-Sec*	7.18%	7.17%	↑
10 Yr G-Sec*	7.20%	7.19%	↑
USD/INR*	82.84	82.84	↔

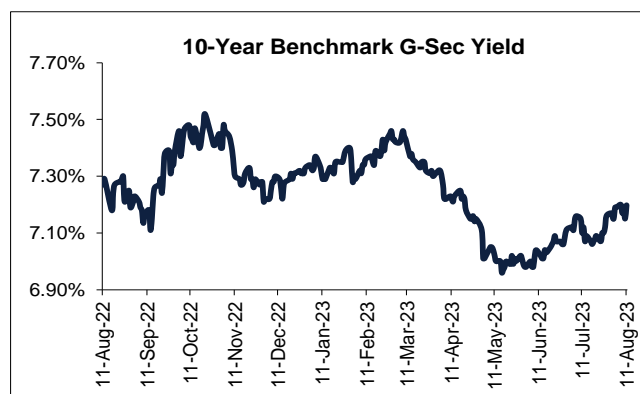
Source: CRISIL Fixed Income Database, RBI *Weighted Average Yield

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- Government bond prices ended flat in the week ended August 11. The yield of 10-year benchmark 7.26% 2033 paper closed marginally higher at 7.20% on August 11 compared with 7.19% on August 4.
- Yields began the week on a positive note due to fears over a sustained hawkish stance ahead of the RBI's policy outcome.
- Yields also rose after a weekly debt auction added to supply.
- However, further gains in the yield were halted as investors were relieved after the RBI kept policy rates unchanged.
- In the debt sale held on August 11, the RBI auctioned 7.06% GS (government security) 2028, New GS 2033 and 7.30% GS 2053 for a total notified amount of Rs 33,000 crore.



Source: CRISIL Fixed Income Database



GLOBAL DEBT

- United States (US) Treasury prices fell marginally following promising US inflation and soft demand for a sale of 30-year bonds.
- Yield rose after milder-than-feared US inflation data dimmed prospects of the US Federal Reserve hiking rates.
- US annual inflation rate accelerated to 3.2% in July from 3% in June while core consumer price inflation rate fell to 4.7% in July compared to 4.8% in June.
- However, earlier in the week, yields witnessed a selloff after a US-based credit rating agency cut its credit ratings on several small- to mid-sized US banks.
- Bond prices rose further as a weaker-than-expected fall in Chinese exports and imports data raised economic growth concerns.
- Yield on the 10-year benchmark Treasury bond ended at 4.08% on August 10 compared with 4.06% on August 4.



DOMESTIC NEWS

- The Reserve Bank of India's (RBI) Monetary Policy Committee (MPC) kept the policy repo rate under its liquidity adjustment facility (LAF) unchanged at 6.50% for the third consecutive time at its policy meet.
- Accordingly, the standing deposit facility, marginal standing facility, and bank rates were unchanged at 6.25%, 6.75%, and 6.75%, respectively.
- The MPC also said that it will stay focused on withdrawal of accommodation to ensure that inflation progressively aligns with its target, while supporting growth.
- RBI maintained India's real gross domestic product projection for fiscal 2024 at 6.5%, and held the estimates for the quarters: Q1: 8.0%, Q2: 6.5%, Q3: 6.0%, and Q4: 5.7%
- RBI raised its Consumer Price Index (CPI) inflation projection for the fiscal to 5.4% vs its June forecast of 5.1% and hiked the second and third quarter estimates to 6.2% and 5.7% from 5.2% and 5.4%, respectively.
- India's industrial production rose to 3.7% in June 2023 down from 5.3% in May 2023.
- The finance ministry said the government's debt profile remains safe and the share of its external debt in the country's gross domestic product dropped to 2.7% in FY23 from 3.3% in FY14 at the current exchange rate.

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- Union home minister and minister of cooperation Amit Shah inaugurated the widened Kamakhyanagar-Duburi section, expanded to four lanes at a cost of Rs 761 crore, and laid the foundation stone for the road widening and strengthening project from Motar to Baner via Ladugaon, estimated at Rs 34 crore, in Bhubaneswar, Odisha.
- Commerce and industry minister Piyush Goyal said India is all set to initiate the BRICS Startup Forum in 2023 to promote collaboration and knowledge sharing among startups, investors, incubators, and emerging entrepreneurs.
- The commerce ministry said the first trial shipment of fresh pomegranate has been sent to the US through airways.
- Prime Minister Narendra Modi laid the foundation stone for redevelopment of as many as 508 railway stations across the country at a cost exceeding Rs 24,470 crore.
- India has handed over Rs 45 crore in advance to Sri Lanka to fund its unique digital identity project.
- RBI proposed to increase per transaction limit to Rs 500. However, overall limit has been retained at Rs 2,000 for small value offline digital payments, including for National Common Mobility Card and UPI Lite.
- RBI proposed to launch an innovative payment mode, i.e., "conversational payments" on UPI.
- RBI proposed to facilitate offline transaction using near field communication technology.
- The Securities and Exchange Board of India (SEBI) streamlined the procedure of obtaining prior approval for the proposed change in control of merchant bankers and bankers to an issue, with effect from September 1, 2023.
- SEBI said that industry bodies will formulate standards in the next three-four months to facilitate ease of implementation of rules concerning rumour

verification as well as ESG (Environment, Social, Governance) assurance requirements.



GLOBAL NEWS

- US non-farm payrolls came in at 187,000 in July 2023 following a downwardly revised 185,000 in June 2023.
- US unemployment rate decreased slightly to 3.5% in July 2023 from 3.6% in June 2023.
- US annual inflation rate accelerated to 3.2% in July 2023 from 3% in June 2023 while core consumer price inflation rate fell to 4.7% in July 2023 compared to 4.8% in June 2023.
- The US trade deficit narrowed to \$65.5 billion in June 2023 from a downwardly revised \$68.3 billion in May 2023.
- US wholesale inventories down 0.5% from a month earlier in June 2023, following an upwardly revised 0.4% fall in May 2023.
- Eurozone Hamburg Commercial Bank (HCOB) construction Purchasing Managers' Index (PMI) dropped to 43.5 in July from 44.2 in June.
- Eurozone retail sales dropped by 1.4% on year in June 2023, after a 2.4% decline in May 2023.
- UK Halifax house price index fell by 2.4% on year in July 2023, after a 2.6% drop in June 2023.
- China inflation rate decreased to -0.30% on year in July 2023 from 0% in June 2023, while producer prices decreased to -4.40% from -5.40%.
- China posted a current account surplus of \$65.3 billion during the second quarter of 2023, compared to \$81.58 billion surplus in the previous quarter.
- China's trade surplus narrowed to \$80.6 bn in July 2023, from \$70.62 bn in June 2023.
- Japan leading economic index declined to 108.9 in June 2023 from a downwardly revised 109.1 in May 2023, while coincident economic index rose to 115.2 from 114.3.

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DAY	
Monday, Aug 14, 2023	<ul style="list-style-type: none">• US Consumer Inflation Expectations, July• India WPI Inflation, July• India Inflation Rate, July
Tuesday, Aug 15, 2023	<ul style="list-style-type: none">• US Retail Sales, July• US Import Prices, July• US Export Prices, July• US NAHB Housing Market Index, August• Eurozone ZEW Economic Sentiment Index, August• UK Unemployment Rate, June• China Unemployment Rate, July• Japan GDP Growth Rate Prel, Q2,• India Balance of Trade, July
Wednesday, Aug 16, 2023	<ul style="list-style-type: none">• US FOMC Minutes July• US Building Permits Prel, July• US Housing Starts, July• US Industrial Production, July• US Manufacturing Production, July• Eurozone GDP Growth Rate QoQ 2nd estimates, Q2 2023• UK Inflation Rate, July• UK Core Inflation, Rate, July• UK PPI Input/Output, July• UK Retail Prices, July
Thursday, Aug 17, 2023	<ul style="list-style-type: none">• US Philly Fed Manufacturing Index, August• US Initial Jobless Claims, August 12, 2023• US CB Leading Index, July
Friday, Aug 18, 2023	<ul style="list-style-type: none">• Eurozone Inflation Rate, July• Eurozone Balance of Trade, June• Eurozone CPI Final, July• Eurozone Core Inflation Rate Final, July• UK GfK Consumer Confidence, August• UK Retail Sales, July• Japan Inflation Rate, July• Japan Core Inflation Rate, July• India Foreign Exchange Reserves, August 11, 2023

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Source: CRISIL

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