

# WEEKLY YIELD

## Update of Equity & Debt Market

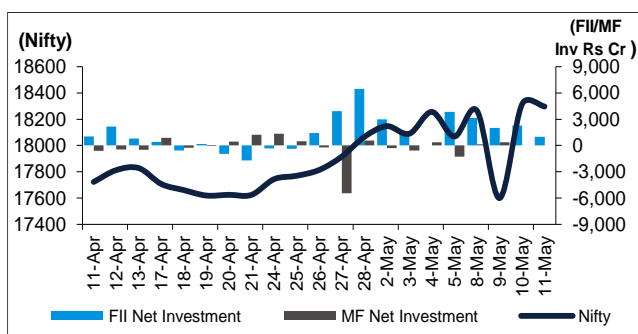
May 12, 2023

### DOMESTIC EQUITY

- Indian equity indices closed higher this week on continued optimism over corporate earnings results. S&P BSE Sensex and Nifty 50 advanced 1.6% and 1.4%, respectively.
- Further, strong jobs and easing inflation data from the US also aided the upward trend.
- Almost all sectors ended positive with auto, bank and realty gaining the most. S&P BSE Auto, S&P BSE Bankex and S&P BSE Realty rose about 4%, 2.7% and 1.7%, respectively.
- However, some losses were seen as investors awaited domestic inflation data and witnessed global growth concerns following weak US initial jobless claims and Chinese data.
- Some losses were also seen in metal and capital goods stocks. S&P BSE Metal and S&P BSE Capital Goods fell 2.6% and 1.7%, respectively.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	1.59	2.22	17.19
Nifty 50	1.36	2.57	15.86
S&P BSE Midcap	1.35	5.26	21.05
S&P BSE Smallcap	1.14	4.79	18.49
S&P BSE Bankex	2.67	5.89	28.47
S&P BSE CG	-1.70	5.75	46.80
S&P BSE FMCG	1.24	7.20	32.62
S&P BSE IT	1.10	-9.20	-6.90
S&P BSE Healthcare	0.06	3.14	5.23

Source: BSE, NSE



Source: SEBI, NSE

### GLOBAL EQUITY

- US stocks ended mixed this week with Dow Jones falling about 1%, while Nasdaq gained 0.76%.
- Markets were under pressure, especially Dow Jones, on consistent worries over the health of regional banks and as investors awaited the outcome of the debt ceiling talks.
- However, these losses were limited, especially in Nasdaq, following strong US jobs data, easing of inflation data and a rise in technology shares.
- Britain's FTSE declined 0.6% as banking and commodity-linked shares fell after the Bank of England hiked rates at its policy meet and on a strong sterling.
- Asian equities ended mostly lower. Japan's Nikkei index advanced 0.79% supported by steelmaker shares on upbeat corporate earnings and gains in oil and semiconductor stocks.
- Hong Kong's Hang Seng Index ended 2% lower after weak trade data and slow credit growth in China raised concerns over a growth recovery and as investors' awaited progress on US debt ceiling talks.
- China's Shanghai Composite closed lower by about 2% on investors' concerns over the country's economic growth following weak trade, disinflationary pressure and slowing loan growth.

### DOMESTIC DEBT

Indicators	May 12, 2023	Previous Week	Trend
Call Rate	6.65%	6.95%	↓
3 M CP	7.35%	7.34%	↑
1 Yr CP	7.83%	7.83%	↔
3 M CD	7.12%	7.10%	↑
1 Yr CD	7.45%	7.45%	↔
5 Yr AAA	7.46%	7.46%	↔
1 Yr G-Sec*	6.91%	6.89%	↑
5 Yr G-Sec*	7.01%	6.97%	↑
10 Yr G-Sec*	6.99%	7.01%	↓
USD/INR*	82.16	81.80	↑

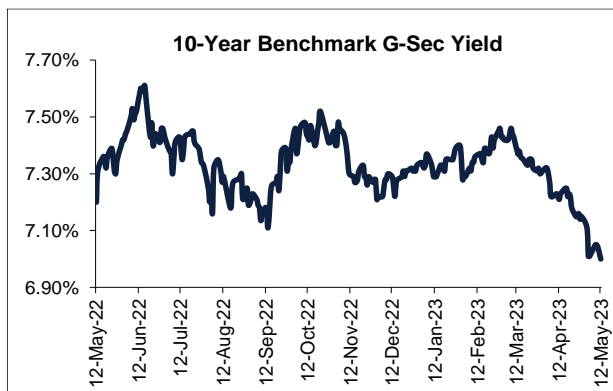
Source: CRISIL Fixed Income Database, RBI \*Weighted Average Yield

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- Government bond prices ended marginally higher in the week ended May 12, 2023. The yield of the 10-year new benchmark 7.26% 2033 paper closed at 6.99% on May 12 compared with 7.01% on May 04, 2023.
- Yield began the week on a positive note after upbeat labor market data from the US spurred expectations that the US Federal Reserve (Fed) may continue to hike rates.
- However, further gains in yield were capped after easing US inflation data flipped rate hike expectations into hopes that the Fed may put a halt on the rate hike cycle.
- Investors believe that any tilt towards hawkishness by the Fed will influence the RBI's policy outlook.
- Further expectations of better-than-expected inflation data also elevated bond prices.
- Meanwhile, on May 12, 2023, the RBI auctioned government security (G-sec) 6.99% GS 2026, 7.17% GS 2030, 7.41% GS 2036 and 7.40% GS 2062 papers for a total notified amount of Rs 39,000 crore.



Source: CRISIL Fixed Income Database

### GLOBAL DEBT

- US Treasury prices rose during the week after upbeat economic data raised expectations that the Fed may pause its interest rate hikes in the near future.
- Yield sentiment was dented after data showed that producer price inflation eased in April.

- However, a further fall in yield was capped as a rebound in US regional banks ebb safe-haven demand for debt. Stronger-than-expected jobs report for April also supported the yield rally.
- Yield on the 10-year benchmark Treasury bond ended at 3.40% on May 11, 2023 compared with 3.45% on May 05, 2023.



### DOMESTIC NEWS

- India's retail inflation moderated to an 18-month low of 4.7% on-year in April 2023 from 5.66% in March 2023.
- India's industrial production slowed to 1.1% on-year in March 2023 from 5.6% in February 2023, while manufacturing production eased to 0.50% in March 2023 from 5.3% in February 2023.
- World Bank approved \$82 million loan to India for the adoption of global best practices for animal health management and to prevent, detect, and respond to endemic zoonotic diseases.
- Finance Minister Nirmala Sitharaman said inflation in India is slightly above the "tolerance limit", and the government is taking steps to control it.
- Finance minister Nirmala Sitharaman asserted that the government's priority is to incentivise and facilitate investments in India through production-linked incentive (PLI) schemes.
- The finance ministry notified that businesses with turnover of over Rs 5 crore will have to generate electronic or e-invoice for B2B transactions with effect from August 1, 2023.
- Government extended the deadline to May 31, 2023 for Goods Transport Agencies to exercise the option of paying Goods and Service Tax (GST) on forward charge basis for current fiscal.
- Goods and Services Tax Network (GSTN), the company that processes GST returns deferred a new rule it introduced in April 2023 specifying a seven-day limit for reporting e-invoices of business-to-

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business transactions on designated portals so that businesses get more time to prepare for compliance.

- The Central Board of Indirect Taxes and Customs (CBIC) rolled out a module for automated scrutiny of GST returns.
- The Central Board of Direct Taxes extended the deadline for linking the Permanent Account Number (PAN) with Aadhaar until June 30, 2023.
- RBI informed all financial institutions including banks and NBFCs to treat informal micro enterprises (IMEs) not covered under the GST regime or exempted from the CGST (Central Goods and Services Tax) Act, 2017, but having the Udyam Assist Certificate (UAC) as micro enterprises for classification under the priority sector lending (PSL) norms.
- RBI directed to settle fees and charges payable in India on forex prepaid cards, store value cards, and travel cards in rupee.
- The Securities and Exchange Board of India (SEBI) mandated additional requirements for the issuance and listing of transition bonds.
- SEBI raised the idea of increasing the minimum ticket size of investment in private equity (PE) and venture capital (VC) funds
- SEBI allows stock exchanges to extend direct market access facility to foreign portfolio investors (FPIs) for participation in Exchange Traded Commodity Derivatives (ETCDs).
- SEBI put in place a comprehensive testing framework for the information technology (IT) systems of the stock exchanges and other market infrastructure institutions (MIIs).
- The Pension Fund Regulatory Development Authority (PFRDA) to allow multiple Annuities for National Pension System (NPS) Subscribers who earmark the annuity corpus more than Rs 10 lakh wherein Rs 5 lakh utilised to buy each annuity scheme.



## GLOBAL NEWS

- United States (US) annual inflation eased to 4.9% in April 2023, the lowest since April 2021 compared to 5% in March 2023 and core inflation slowed to 5.5% from 5.6%.
- US nonfarm payroll came at 253000 in April 2023, following a downwardly revised 165000 in March 2023 while unemployment rate edged down to 3.4% in April 2023, compared to 3.5% in March 2023.
- US annual producer inflation eased to 2.3% in April 2023, compared to 2.7% in March 2023 while core producer inflation decreased to 3.2% from 3.4%.
- US Consumer Credit Change rose \$26.51 billion in March of 2023, after an upwardly revised \$15 billion increase in the previous month.
- Eurozone Hamburg Commercial Bank (HCOB) construction Purchasing managers' index (PMI) came at 45.2 in April 2023 from 45 in March 2023.
- Eurozone retail sales decreased 3.8% on year in March 2023, compared with 2.4% fall in February 2023.
- The Bank of England raised the bank rate by 25 basis points to 4.5% at its May 2023 policy meet.
- UK economy expanded 0.3% year-on-year in March of 2023, slowing from an upwardly revised 0.6% rise in February 2023.
- China's annual inflation rate fell 0.1% in April 2023, compared to 0.7% in March 2023.
- China's producer prices fell 3.6% on year in April 2023, compared to a faster decline of 2.5% in March 2023.
- Japan Jibun Bank services PMI rose to 55.4 in April, compared to 55 in March, while Composite PMI came in unchanged at 5.9.

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DAY	
Monday, May 15, 2023	<ul style="list-style-type: none"> <li>• US NY Empire State Manufacturing Index, May 2023</li> <li>• Eurozone Industrial Production, March 2023</li> <li>• Japan Producer Prices Index, April 2023</li> <li>• India balance of trade, April 2023</li> <li>• India WPI Inflation, April 2023</li> </ul>
Tuesday, May 16, 2023	<ul style="list-style-type: none"> <li>• US Retail Sales, April 2023</li> <li>• US Industrial Production, April 2023</li> <li>• US Manufacturing Production, April 2023</li> <li>• Eurozone GDP Flash Estimate QoQ, Q1 2023</li> <li>• UK Employment Change, March 2023</li> <li>• China Industrial Production, April 2023</li> </ul>
Wednesday, May 17, 2023	<ul style="list-style-type: none"> <li>• US Housing Starts Number, April 2023</li> <li>• Eurozone Consumer Inflation, April 2023</li> <li>• China House Prices Index, April 2023</li> <li>• Japan GDP, Q1 2023</li> <li>• Japan Industrial Production, March 2023</li> </ul>
Thursday, May 18, 2023	<ul style="list-style-type: none"> <li>• US Philadelphia Fed Manufacturing Index, May 2023</li> <li>• US Existing Home Sales, April 2023</li> <li>• US Initial Jobless Claims, May 8 2023</li> </ul>
Friday, May 19, 2023	<ul style="list-style-type: none"> <li>• UK GfK Consumer Confidence, May 2023</li> <li>• Japan Inflation Rate, April 2023</li> <li>• India FX Reserves, May 8 2023</li> </ul>



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Source: CRISIL

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