

WEEKLY YIELD

Update of Equity & Debt Market

January 13, 2023

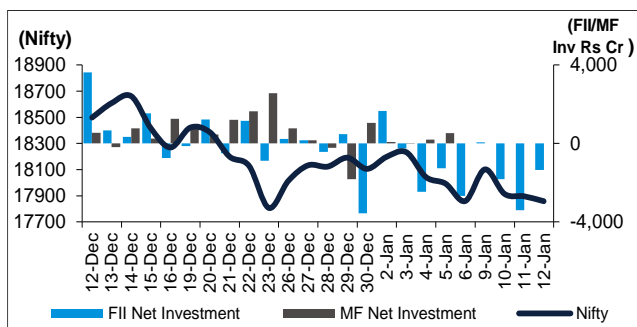


DOMESTIC EQUITY

- Indian equity indices snapped the previous week's losses after easing domestic and US inflation data raised investors' expectations of slowdown in rate hikes by central banks. S&P BSE Sensex and Nifty 50 rose about 0.6% and 0.5%, respectively.
- Weak US jobs growth and service activity boosted market sentiment for less aggressive policy stance by the US Federal Reserve (Fed).
- Most of the sectors ended positive. Metal, information technology (IT) and power gained the most; S&P BSE Metal, S&P BSE IT and S&P BSE Power advanced 3.9%, 3.4% and 2.7%, respectively.
- However, some gains were restrained on caution ahead of earnings announcement by major companies. Selling in consumer durables and fast-moving consumer goods (FMCG) stocks also weighed on indices. S&P BSE Consumer Durables and S&P BSE FMCG fell 2.9% and 0.9%.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	0.60	5.29	-1.59
Nifty 50	0.54	5.54	-1.65
S&P BSE Midcap	0.02	1.74	-3.29
S&P BSE Smallcap	0.26	1.18	-6.30
S&P BSE Bankex	0.23	8.93	9.65
S&P BSE CG	2.24	8.59	12.18
S&P BSE FMCG	-0.89	1.60	14.07
S&P BSE IT	3.37	3.94	-23.96
S&P BSE Healthcare	0.24	-0.57	-10.93

Source: BSE, NSE



Source: SEBI, NSE



GLOBAL EQUITY

- US stocks rallied this week after moderation in US jobs growth and cooling inflation data in December 2022 raised expectations that the Fed may opt for slow rate hike pace.
- Britain's FTSE ended higher 1.2% due to rally in banks, homebuilders and commodity-linked shares, and as ease in US inflation data raised hope of slow pace of rate hike by the Fed.
- Asian equities mostly ended higher. Japan's Nikkei rose 0.56%, led by gains in technology and robotics stocks.
- These gains were limited as investors awaited Bank of Japan's policy meet.
- Hong Kong's Hang Seng rallied 3.5% on optimism over reopening of the Chinese economy and hope of slowdown in the Fed's rate hike plan following ease in US inflation.
- China's Shanghai Composite advanced 1.2%, as foreign investors flock in as the country reopens with government and regulatory support.



DOMESTIC DEBT

Indicators	Jan 13, 2023	Previous Week	Trend
Call Rate	5.95%	5.95%	↔
3 M CP	7.35%	7.19%	↑
1 Yr CP	8.01%	7.95%	↑
3 M CD	7.14%	6.93%	↑
1 Yr CD	7.76%	7.65%	↑
5 Yr AAA	7.59%	7.58%	↑
1 Yr G-Sec*	6.87%	7.03%	↓
5 Yr G-Sec*	7.12%	7.27%	↓
10 Yr G-Sec*	7.30%	7.37%	↓
USD/INR*	81.33	82.72	↓

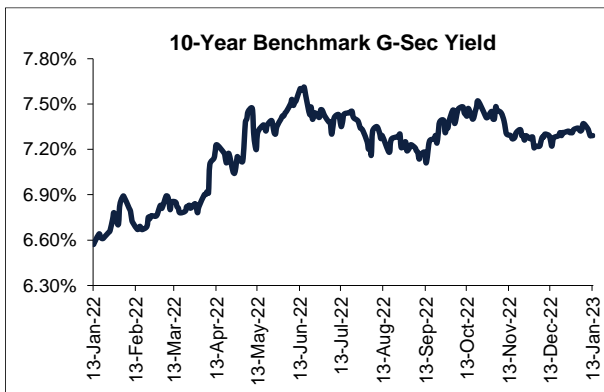
Source: CRISIL Fixed Income Database, RBI *Weighted Average Yield

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- Government bond prices ended higher in the week ended January 13, 2023. Yield of the 10-year benchmark 7.26% 2032 paper closed at 7.30% on January 13, 2023 compared with 7.37% on January 06, 2023.
- Fall in the US Treasury yield, after mixed US economic data raised hopes that the Fed might go slow on its future rate hikes, kept domestic bond prices elevated.
- Investor sentiment for gilts got a further boost after recent data from the US and India indicated signs of easing inflation, and raised hopes that the central bank may pause on rate hikes soon.
- However, further gains in bonds were capped after weekly auction of securities held on January 13, 2023 added to the debt supply. The central bank had auctioned New 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 rose for the second consecutive week in anticipation that the Fed will pause the hike in interest rates after macroeconomic data suggested that a slowing US economy will also diminish the pace of inflation.
- Yields fell further after consumer prices for December 2022 came in line with expectations.

- However, further dip in yield was prevented after Atlanta Fed President Raphael Bostic at an Atlanta Rotary Club event said the interest rates should rise above 5% and stay at this level into 2024.
- Yield of the 10-year benchmark Treasury bond ended at 3.45% on January 12, 2023 compared with 3.57% on January 06, 2023.



DOMESTIC NEWS

- India's consumer price inflation eased to 5.72% on-year in December 2022 from 5.88% in November 2022.
- India's industrial production rose 7.1% on-year in November 2022 from a revised 4.2% decline in October 2022, while the manufacturing production rose 6.1% on-year in November 2022 from a 5.6% fall in the previous month.
- Chief Economic Advisor V Anantha Nageswaran said Indian economy will be \$3 trillion by the end of the current fiscal and is expected to be \$7 trillion in the next seven years.
- The World Bank projected the Indian economy to grow at 6.6% in 2023-24 (FY24), a 0.6 percentage point downward revision from its June estimates citing that the global economy and rising uncertainty to weigh on export and investment growth.
- The Cabinet approved a Rs 2600 crore scheme for promoting RuPay debit cards and low-value Bharat Interface for Money-Unified Payments Interface (BHIM-UPI) transactions.
- The Cabinet approved setting up three cooperative societies under Multi State Cooperative Societies (MSCS) Act, 2002; these societies would focus on exports, organic farming, and quality seeds, benefitting farmers.
- Government notified new rules to make entities pay for damages that they may cause by digging or excavating to telecom infrastructure.
- Reserve Bank of India (RBI) issued the revised list of accredited credit rating agencies for the purpose of

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assigning risk weight to assets for capital adequacy purposes by the banks.

- RBI said bank account holders are not required to visit their bank branches to update 'know your customer' (KYC) details provided they have already submitted valid documents and not changed their address.
- RBI asked market participants to use a facility called "Price/Yield range setting" on its electronic platform to prevent errors in placing bids at government bond auctions.
- Securities and Exchange Board of India (SEBI) allowed stock exchanges to introduce derivative contracts on indices of corporate debt securities rated AA+ and above.
- SEBI permitted alternative investment funds (AIFs) to participate in the Credit Default Swaps (CDS) market as protection buyers and sellers.
- SEBI permitted bourses to launch multiple contracts in the same commodity in a bid to encourage broader participation of investors in commodity derivatives market.
- SEBI permitted mutual fund houses to roll out passive Equity Linked Savings Schemes (ELSS) only after stopping fresh inflows / subscriptions to existing actively-managed ELSS.



GLOBAL NEWS

- US consumer prices eased to 6.5% on-year in December 2022 compared to 7.1% gain in November 2022, while the core inflation eased to 5.7% from 6%.
- US non-farm payrolls for December 2022 came in at 223,000 compared to revised 256,000 in November 2022. The unemployment rate fell to 3.5% in December 2022 from 3.6% in November 2022.
- US consumer credit increased to \$27.96 billion in November 2022, slightly down from \$29.12 billion gain in the previous month.
- Eurozone consumer confidence improved to -22.2 in December 2022 from -23.9 in November 2022.
- Eurozone retail sales declined by 2.8% on-year in November 2022 from revised 2.6% fall in the previous month.
- Eurozone trade deficit widened to 11.7 billion euros in November from 3.9 billion euros in the same period last year.
- Eurozone industrial production increased 2% on-year in November 2022 slowing from a 3.4% rise in October 2022.
- UK economy expanded 0.2% on year in November 2022, following a downwardly revised 1.1% surge in the previous month.
- UK industrial production decreased 5.1% in November 2022, after 4.7% fall in October 2022 and the manufacturing production decreased 5.9% in November 2022, following 5.7% decline in October 2022.
- China's consumer price index (CPI) rose by 1.8% in December 2022 from a year earlier, up from a rise of 1.6% in November 2022.
- China's Producer price index (PPI) fell by 0.7% in December 2022 from a rise of 1.3% in November 2022.
- China's trade surplus dropped to \$78.01 billion on year in December 2022, compared to a revised \$93.21 billion surplus in the year ago period.
- Japan's current account posted a surplus of 1,803.6 billion yen in November 2022 from 64.1 billion yen in the previous month.
- Japan's bank lending increased 2.7% on-year in December 2022, unchanged from the previous month.

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DAY	
Monday, Jan 16, 2023	<ul style="list-style-type: none"> • China House Price Index, December 2022 • Japan Producer Prices, December 2022 • India WPI inflation, December 2022
Tuesday, Jan 17, 2023	<ul style="list-style-type: none"> • US NY Empire State Manufacturing Index, January 2023 • Eurozone ZEW Economic Sentiment Index, January 2023 • UK Unemployment Rate, November 2022 • China GDP Growth Rate, Q4 2022 • China Industrial production, December 2022 • China Retail Sales, December 2022 • Japan Tertiary Industry Index, November 2022
Wednesday, Jan 18, 2023	<ul style="list-style-type: none"> • US Producer Prices, December 2022 • US Retail Sales, December 2022 • US Industrial Production, December 2022 • US Business Inventories, November 2022 • US NAHB Housing Market Index, January 2023 • Eurozone Consumer Prices, December 2022 • Eurozone Construction Output, November 2022 • UK Consumer Prices, December 2022 • BoJ Interest Rate Decision • Japan Industrial Production, November 2022 • Japan Machinery Orders, November 2022
Thursday, Jan 19, 2023	<ul style="list-style-type: none"> • US Building Permits Preliminary, December 2022 • US Philadelphia Fed Manufacturing Index, January 2023 • UK RICS House Price Balance, December 2022 • Japan Trade Balance, December 2022
Friday, Jan 20, 2023	<ul style="list-style-type: none"> • US Existing Home Sales, December 2022 • UK Gfk Consumer Confidence, January 2023 • UK Retail Sales, December 2022 • China Loan Prime Rate 1Y/5Y, January 2023 • Japan Consumer Prices, December 2022

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Source: CRISIL

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