

WEEKLY YIELD

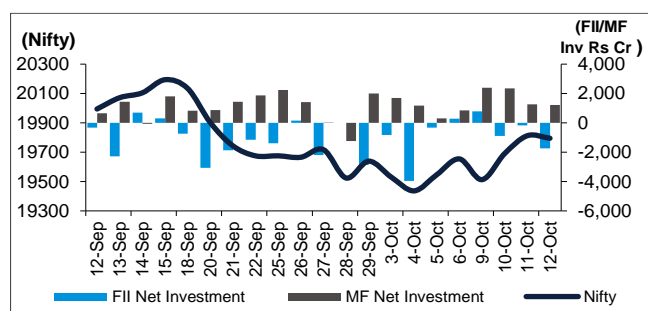
Update of Equity & Debt Market

October 13, 2023



DOMESTIC EQUITY

- Indian equity indices ended higher this week after the International Monetary Fund (IMF) raised India's fiscal 2024 GDP growth projections. S&P BSE Sensex and Nifty 50 rose ~0.44% and 0.50%, respectively.
- The sectors mostly ended higher with realty, auto and metal rising the most. S&P BSE Realty, S&P BSE Auto, and S&P BSE Metal were up 4.1%, 2.8%, and 2.4%, respectively.
- During the week, markets gained on hopes that the US Federal Reserve (Fed) may not hike rates following a dovish stance by officials; however, these gains were trimmed on higher-than-expected US inflation data.
- Further, a disappointing start to domestic corporate earnings by major domestic software service providers also weighed on sentiments.



Source: BSE, NSE

Broad Indices	Week change%	3 months change%	1 year change%
S&P BSE Sensex	0.44	1.10	15.81
Nifty 50	0.50	1.74	16.08
S&P BSE Midcap	0.71	11.01	30.58
S&P BSE Smallcap	0.86	14.59	33.89
S&P BSE Bankex	-0.17	-1.33	12.56
S&P BSE CG	-0.64	16.59	52.31
S&P BSE FMCG	1.80	-0.06	20.82
S&P BSE IT	-1.33	7.33	15.61
S&P BSE Healthcare	0.84	8.26	22.00

Source: SEBI, NSE



GLOBAL EQUITY

- US stocks advanced this week on expectations that the Fed may keep interest rates lower following dovish comments by officials and a fall in US treasury yields.
- Britain's FTSE ended 2% higher on expectations that global central banks may not hike rates further and hopes of more China stimulus measures.
- Asian markets closed mostly higher. Japan's Nikkei Index rallied 4% buoyed by gains in chip-related shares following a dovish commentary from Fed officials and as investors bought beaten-down stocks following heavy sell-offs.
- Hong Kong's Hang Seng advanced 1.8% amid inflows from mainland Chinese funds and on dovish comments from the Fed officials. However, these gains were restricted as weak Chinese consumer price data raised concerns over the country's economic rebound.
- China's Shanghai Composite fell 0.7% after mixed holiday, as tourism data failed to lift investor sentiments and domestic inflation data was weak.



DOMESTIC DEBT

Indicators	Oct 13, 2023	Previous Week	Trend
Call Rate	6.50%	6.20%	↑
3 M CP	7.55%	7.40%	↑
1 Yr CP	7.95%	7.85%	↑
3 M CD	7.18%	7.10%	↑
1 Yr CD	7.50%	7.50%	↔
5 Yr AAA	7.70%	7.62%	↑
1 Yr G-Sec*	7.15%	7.15%	↔
5 Yr G-Sec*	7.33%	7.39%	↓
10 Yr G-Sec*	7.32%	7.34%	↓
USD/INR*	83.26	83.25	↑

Source: CRISIL Fixed Income Database, RESERVE BANK OF INDIA

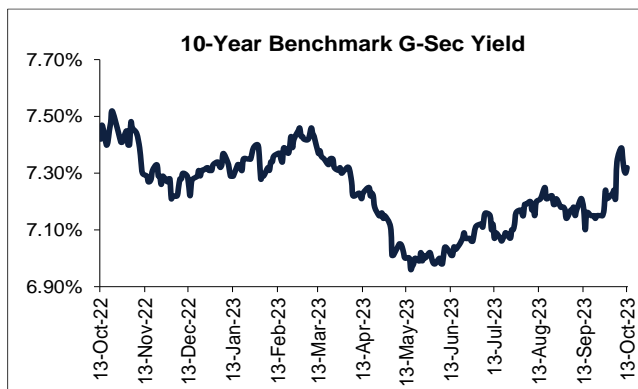
*Weighted Average Yield

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- Government bond prices rose in the week ended October 13, 2023. The yield of 10-year benchmark 7.18% 2033 paper closed lower at 7.32% on October 13, 2023 compared with 7.34% on October 06, 2023
- Yield declined tracking a pullback in US treasury yield geopolitical worries in the Middle East and dovish comments from Federal Reserve officials. However, a further fall in yield was halted tracking intermittent gains in US treasury yield after US inflation raised rate hike hopes.
- Earlier in the week, bond prices witnessed a sell-off after RBI announced the open market sale of bonds via auctions. A spike in global crude oil prices also supported the trend.
- Meanwhile, in the debt sale held on October 13, 2023, the RBI auctioned 7.17% GS 2030, 7.18% GS 2037 and 7.25% GS 2063 for a total notified amount of Rs 34000 crore.



Source: CRISIL Fixed Income Database



GLOBAL DEBT

- US Treasury prices rose this week as investors bought safe haven bonds following geopolitical tensions in the Middle East.
- Yield declined further following dovish comments from Federal Reserve officials.
- Atlanta Federal Reserve President, Mr. Raphael Bostic at the annual convention for the American

Bankers Association said that he thinks monetary policy is in the right place to bring inflation down to the Fed's goal of 2% and believes that Fed does not need to hike rates.

- Further, Dallas Fed President, Ms. Lorie Logan also said that the Fed may have to do more to cool inflation if the economy continues to surprise to the upside, pushing up long-term bond yields.
- However, further gains in bond prices halted after higher-than-expected US inflation numbers for September spurred hopes that the Central Bank could raise interest rates one more time this year.
- Yield on the 10-year benchmark treasury bond ended at 4.71% on October 12, 2023 compared with 4.78% on October 06, 2023.



DOMESTIC NEWS

- The International Monetary Fund (IMF) raised India's growth forecast for Fiscal Year 2023-24 (FY24) to 6.3% from 6.1% due to stronger-than-expected consumption in the April-June quarter of FY24.
- India's retail inflation eased to 5.02% in September 2023 on an annual basis as against 6.83% in August 2023.
- India's industrial production in August 2023 rose to 10.3% on an annual basis after growing 5.7% in July 2023.
- India's Manufacturing production jumped 9.3% on year in August 2023, accelerating from a 4.6% in July 2023.
- The National Sample Survey Office (NSSO) reported a fall in India's unemployment rate in urban areas to 6.6% during April-June 2023 against 7.6% same period a year ago.
- Prime Minister, Mr. Narendra Modi laid the foundation of multiple development projects in Uttarakhand worth nearly Rs 4,200 crore.

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- Finance Minister (FM), Ms. Nirmala Sitharaman said that IMF should prioritize macroeconomic surveillance and policy guidance.
- The government has revised the guidelines for the Rs. 6,238 crore production-linked incentive scheme (PLI) for white goods.
- The Union Cabinet approved the establishment of an autonomous body Mera Yuva Bharat (MY Bharat).
- Cabinet approved the royalty rates for three critical and strategic minerals -- lithium, niobium and rare earth elements (REEs).
- The Goods and Services Tax (GST) Council decided to exempt ENA (potable alcohol) for human consumption from tax and to slash GST on millet flour food preparations from the current 18% GST to 5%.
- The GST Council tweaked the norms for hiring Members and President of GST Appellate Tribunal and allowed businesses to file appeals despite delays.
- The Information and Broadcasting Ministry has approved new rates for advertisements on government policies and programmes on private FM radio stations from Rs. 52 to Rs. 74 per ten seconds.
- The Reserve Bank of India (RBI) decided to extend the Prompt Corrective Action (PCA) framework for NBFCs to Government NBFCs (except those in Base Layer) with effect from October 01, 2024, based on the audited financials as on March 31, 2024, or thereafter.
- RBI to issue an omnibus framework for recognising Self-Regulatory Organisations (SROs) for various Regulated Entities (REs) of the Reserve Bank.
- RBI advised banks to exercise caution with unsecured loans, which have grown significantly faster than the overall credit in the banking system.
- The Securities and Exchange Board of India (SEBI) has notified new rules and extended the deadlines for mandatory confirmation or denial of market rumors by listed companies.

- SEBI extended the timeline for compliance with enhanced qualification and experience requirements for investment advisers till September 30, 2025.



GLOBAL NEWS

- US nonfarm payrolls increased by 336000 in September 2023, well above an upwardly revised 22700 in August 2023. While unemployment rate was unchanged at 3.8%.
- US consumer inflation expectations for the year ahead rose to 3.7% in September 2023 from 3.6% in August 2023.
- US Producer Price Index (PPI) rose by 2.2% on year in September 2023 compared to revised 2% growth in August 2023 while core PPI rose by 2.7% on a year from revised 2.5%.
- The US inflation rate remained steady at 3.7% on year in September 2023 compared to August 2023, while core inflation rate eased to 4.1% from 4.3%.
- UK Gross Domestic Product (GDP) increased to 0.50% on year in August 2023 compared to 0.30% in July 2023.
- UK industrial production increased 1.3% on year in August 2023, up from 1% in July 2023, while manufacturing production slowed 2.80% from 3.1%.
- China inflation rate is decreased to 0% in September 2023 from 0.10% in August 2023, while producer prices declined 2.5% compared to contraction of 3%.
- Japan PPI rose by 2% on year in September 2023, slowing from a marginally revised 3.3% gain in August 2023.

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DAY	EVENTS
Monday, Oct 16, 2023	<ul style="list-style-type: none">• US NY Empire State Manufacturing Index, October• Eurozone Balance of Trade, August• Japan Industrial Production Final, August• India WPI inflation, September
Tuesday, Oct 17, 2023	<ul style="list-style-type: none">• US Retail Sales, September• US Industrial Production, September• US Manufacturing Production, September• US NAHB Housing Market Index, October• Eurozone ZEW Economic Sentiment Index, October• UK Unemployment Rate, August
Wednesday, Oct 18, 2023	<ul style="list-style-type: none">• US Housing Starts, September• Eurozone Inflation Rate Final, September• Eurozone CPI Final, September• UK Inflation Rate, September• UK Retail Price Index, September• China GDP Growth Rate Q3• China Industrial Production, September
Thursday, Oct 19, 2023	<ul style="list-style-type: none">• US Existing Home Sales, September• US Initial Jobless Claims, October/14• Eurozone Current Account, August• China House Price Index, September
Friday, Oct 20, 2023	<ul style="list-style-type: none">• UK Gfk Consumer Confidence, October• UK Retail Sales, September• China Loan Prime Rate 1Y/5Y, October• Japan Inflation Rate, September• Japan Core Inflation Rate, September• India forex reserves, October 13

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Source: CRISIL

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