

# WEEKLY YIELD

## Update of Equity & Debt Market

July 14, 2023

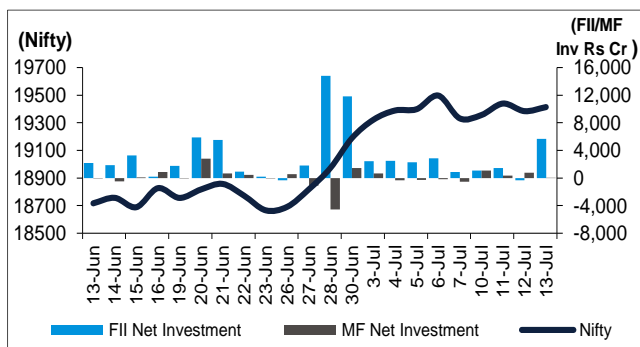


### DOMESTIC EQUITY

- Indian equity indices scaled to a record high this week after a slowdown in US inflation data eased concerns over the Federal Reserve's (Fed's) rate hike stance. S&P BSE Sensex and Nifty 50 gained 1.20% each.
- More gains were seen on account of better-than-expected corporate results from a major technology company.
- Most sectors ended higher, with information technology, metal and realty gaining the most. S&P information technology rose 4.9%, S&P BSE metal, 3.28%, and S&P BSE realty, 1.68%.
- However, some losses were seen on weak Chinese inflation data and sell-off in the power and consumer durables sectors. S&P BSE Power fell 1.92%, and S&P Consumer durables, 1.39%.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	1.20	9.32	23.67
Nifty 50	1.20	9.74	22.75
S&P BSE Midcap	1.36	18.90	29.69
S&P BSE Smallcap	1.73	19.72	31.41
S&P BSE Bankex	-0.35	5.79	26.37
S&P BSE CG	1.66	16.60	51.83
S&P BSE FMCG	0.99	15.18	28.93
S&P BSE IT	4.90	10.84	15.19
S&P BSE Healthcare	1.10	15.10	16.34

Source: BSE, NSE



Source: SEBI, NSE



### GLOBAL EQUITY

- US stocks ended the week higher after both consumer and producer inflation data signalled a cooling in inflation levels, raising hopes that current interest rates may be nearing their peak and that Fed may refrain from hiking rates further at its upcoming policy meet.
- Britain's FTSE rose 2.53% as the latest data hinted that the UK economy could potentially sidestep recession, supported by banks after clearing Bank of England's stress test, as well as upbeat US inflation data.
- Asian equities ended higher. Japan's Nikkei Index ended flat as losses due to several sectors including insurance, transport, and banking, were trimmed on gains in chip-related stocks.
- Hong Kong's Hang Seng Index rallied 5.71% on the hopes of stimulus from China, strong Chinese new bank loan data, and promising US inflation data.
- China's Shanghai Composite rose 1.29% as weak economic data increased hopes that the government would announce a slew of new measures and stimulus packages to lead economic recovery.



### DOMESTIC DEBT

Indicators	Jul 14, 2023	Previous Week	Trend
Call Rate	6.35%	5.75%	↑
3 M CP	7.20%	7.21%	↓
1 Yr CP	7.80%	7.71%	↑
3 M CD	6.92%	6.95%	↓
1 Yr CD	7.43%	7.46%	↓
5 Yr AAA	7.50%	7.52%	↓
1 Yr G-Sec*	6.85%	6.84%	↑
5 Yr G-Sec*	7.07%	7.13%	↓
10 Yr G-Sec*	7.09%	7.16%	↓
USD/INR*	82.16	82.74	↓

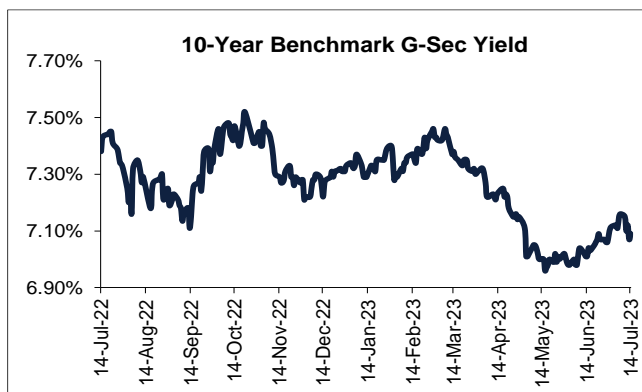
Source: CRISIL Fixed Income Database, RBI \*Weighted Average Yield

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- Government bond prices rose in the week ended July 14, 2023. Yield on the 10-year benchmark 7.26% 2033 paper closed lower, at 7.09%, on July 14, 2023, from 7.16% on July 07, 2023.
- Yields began the week on a lighter note as investors booked profits ahead of the release of Indian and US inflation data.
- Yields fell further, tracking a sharp sell-off in US Treasury yield after US inflation numbers raised confidence that the Fed would pause rate hikes soon.
- However, gains in bond prices were halted after weekly debt auction data indicated weak demand.
- In the debt sale held on July 14, 2023, RBI auctioned 7.06% GS (Government Security) 2028, 7.26% GS 2033 and 7.30% GS 2053 for a total notified amount of Rs 33000 crore.



Source: CRISIL Fixed Income Database



### GLOBAL DEBT

- US Treasury prices surged during the week as a slew of US economic data boosted speculations that Fed is close to ending its rate hikes.
- Sentiments for yield were dented after the US inflation rate eased to 3% on-year in June from 4% in May, while the annual core consumer price inflation (CPI) rate slowed to 4.8% from 5.3%.
- However, further gains in the prices were cut short after the recent hawkish comments from Fed policy-makers kept investors wary regarding policy rates in the near future.

- Yield on the 10-year benchmark Treasury bond ended at 3.76% on July 13, 2023, from 4.05% on July 07, 2023.



### DOMESTIC NEWS

- India's Consumer Price Index (CPI) rate rose to 4.81% in June 2023 from an upwardly revised 4.31% in May 2023.
- India industrial production rose to 5.2% on year in May 2023 from 4.2% in April 2023.
- India's trade deficit fell to \$20.13 billion in June 2023 compared to June 2023 \$22.12 billion in May 2023.
- India's Wholesale Price Index (WPI) contracted for third-straight month to 4.12% in June 2023 compared to 3.48% in May 2023.
- The Goods and Services Tax (GST) Council, in its meeting decided to reduce tax on food served in cinema halls from 18% to 5%. It also decides to levy 28% GST on online gaming, horse racing, and casinos on full value.
- The GST council approved to exempt GST on import of cancer drug Dinutuximab, and Food for Special Medical Purposes (FSMP) that are used in the treatment of rare diseases. The council also agreed to the recommendation to levy a 22% compensation cess for Multi Utility Vehicles (MUV), but Sedan has not been included in the list.
- Revenue Secretary Sanjay Malhotra said the exchequer is to get an estimated additional revenue of Rs 20,000 crore on an annual basis after the decision of the GST Council to levy 28% tax on full bet value on online gaming.
- Prime Minister Narendra Modi announced that the two countries have agreed to adopt India's Unified Payments Interface (UPI) for faster payments.
- Government has issued mandatory quality standard norms for potable water bottles and flame-producing lighters in a bid to curb import of the sub-standard goods and boosting domestic manufacturing of these products.

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- Government released Rs 7,532 crore to 22 State Governments for the respective State Disaster Response Funds (SDRF).
- Government announced a measure to uplift the urban poor by raising the income slab of Economically Weaker Section (EWS) category in the Pradhan Mantri Awas Yojana - Urban (PMAY 2023-U) to Rs 6 lakh from Rs 3 lakh, targeting housing schemes in Mumbai Metropolitan Region (MMR).
- During April 2023-June 2023 quarter of current fiscal, inter-mandi trade on e-NAM has witnessed a 290% spike worth to Rs 336 crore.
- Union Minister of Commerce and Industry Piyush Goyal said there is work ongoing with several economies, including the UK, on the issue of intellectual property (IP) rights and modernisation with an aim to improve Indian protocols.
- The Ministry of Housing and Urban Affairs announced that it will organise a national conclave on urban planning on July 13-14, 2023 at Vigyan Bhawan.
- Reserve Bank of India (RBI) Governor Shaktikanta Das asked banks to be extra careful and vigilant in view of the adverse global developments while strengthening corporate governance.
- RBI deputy governor T Rabi Sankar said central bank digital currency (CBDC) to consider more efficient and cheaper cross-border transactions and aim to increase e-rupee transactions to 10 lakh per day by 2023-end.
- RBI data showed, commercial Bank credit expanded by 16.22% on year basis to Rs 143.91 lakh cr at the end of fortnight ended June 30, 2023.
- Securities and Exchange Board of India (SEBI) came out with a stricter timeline for disclosure of material events or information by listed companies and introduced criteria for determining the materiality of events, effective July 15, 2023.



### GLOBAL NEWS

- US inflation rate eased to 3% on year in June 2023 compared to 4% in May 2023 while, annual core consumer price inflation rate slowed to 4.8% from 5.3%.
- US producer inflation slowed to 0.1% on year in June 2023, the lowest since deflation in 2020 and upwardly revised 0.9% in April 2023 while core producer inflation declined 2.4% compared to upwardly revised 2.6%.
- US wholesale inventories came in at 0% in month in May 2023, after a 0.3% fall in April 2023.
- Eurozone Hamburg Commercial Bank (HCOB) manufacturing Purchasing Managers Index (PMI) stood at 43.4 in June 2023, from 44.80 in May 2023 and services PMI fell to 52 in June 2023 from 55.1 in May 2023 while composite PMI fell to a six-month low of 49.9 compared to 52.8.
- UK economy contracts 0.4% on year in May 2023, from 0.5% growth in April 2023.
- UK industrial production contracted 2.3% on year in May 2023, from a downwardly revised 1.6% fall in April 2023 while Manufacturing production fell 1.2% on year from a downwardly revised 0.6% contraction.
- UK trade deficit widened sharply to 6.58 billion pound in May 2023, from deficit of 2.46 billion in April 2023.
- China's trade surplus fell to \$70.62 billion in June 2023, from \$65.81 billion in May 2023.
- Japan Economy Watchers Survey index fell to 53.6 in June 2023, from 55 in May 2023, while Economy Watchers Survey Outlook in Japan decreased to 52.80 from 54.40.
- Japan Producer Prices Index rose 4.1% on-year in June 2023 followed marginally revised 5.2% gain in May 2023.

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DAY	
Monday, Jul 17, 2023	<ul style="list-style-type: none"><li>• US NY Empire State Manufacturing Index, July</li><li>• China GDP Growth, Q2</li><li>• China Industrial Production, June</li><li>• China Retail Sales, June</li><li>• China Unemployment Rate, June</li></ul>
Tuesday, Jul 18, 2023	<ul style="list-style-type: none"><li>• US Retail Sales, June</li><li>• US Industrial Production, June</li><li>• US Manufacturing Production, June</li><li>• US NAHB Housing Market Index, July</li></ul>
Wednesday, Jul 19, 2023	<ul style="list-style-type: none"><li>• US Housing Starts, June</li><li>• US Building Permits Preliminary, June</li><li>• Eurozone Inflation Rate Final, June</li><li>• Eurozone CPI Final, June</li><li>• Eurozone Core Inflation Final, June</li><li>• UK Inflation Rate, June</li><li>• UK Core Inflation Rate, June</li><li>• UK PPI Input/ Output, June</li><li>• UK Retail Price Index, June</li><li>• Japan Reuters Tankan Index, July</li></ul>
Thursday, Jul 20, 2023	<ul style="list-style-type: none"><li>• US Philadelphia Fed Manufacturing Index, July</li><li>• US Existing Home Sales, June</li><li>• US Initial Jobless Claims, July 15</li><li>• China Loan Prime Rate 1Y/ 5Y</li><li>• Japan Balance of Trade, June</li></ul>
Friday, Jul 21, 2023	<ul style="list-style-type: none"><li>• UK Retail Sales, June</li><li>• Japan Inflation Rate, June</li><li>• Japan Core Inflation Rate, June</li><li>• India Foreign Exchange Reserves, July 14</li></ul>



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Source: CRISIL

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