

# WEEKLY YIELD

## Update of Equity & Debt Market

March 15, 2024

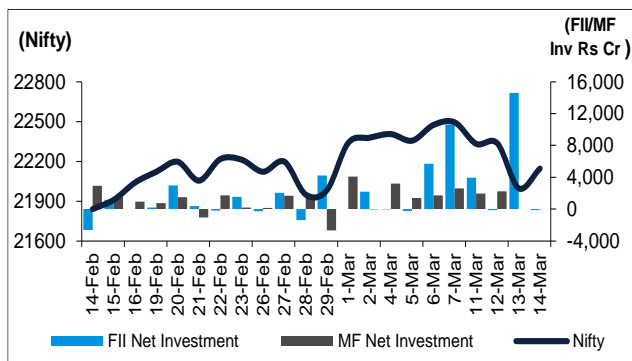


### DOMESTIC EQUITY

- Indian equity indices snapped a four-week gain this week on weak global cues as uncertainty over the timing in the Federal Reserve's rate cut resurfaced following hotter-than-expected US inflation data. S&P BSE Sensex and Nifty 50 declined about 2%, each.
- All sectors ended in the red with realty, metal and power falling the most. S&P BSE Realty, S&P BSE Metal and S&P BSE Power plunged 9.3%, 7.7% and 6.7%, respectively.

| Broad Indices      | Week change% | 3 months change% | 1 year change% |
|--------------------|--------------|------------------|----------------|
| S&P BSE Sensex     | -1.99        | 1.62             | 26.21          |
| Nifty 50           | -2.09        | 2.64             | 29.76          |
| S&P BSE Midcap     | -4.02        | 5.67             | 59.02          |
| S&P BSE Smallcap   | -5.91        | -0.17            | 54.63          |
| S&P BSE Bankex     | -2.87        | -2.77            | 19.47          |
| S&P BSE CG         | -4.45        | 4.28             | 65.37          |
| S&P BSE FMCG       | -0.87        | -0.97            | 20.92          |
| S&P BSE IT         | 0.48         | 4.27             | 33.13          |
| S&P BSE Healthcare | -2.82        | 11.48            | 57.50          |

Source: BSE, NSE



Source: SEBI, NSE



### GLOBAL EQUITY

- US stocks ended higher this week. Initially, markets rode the previous week's optimism of a rate cut by June 2024.
- Britain's FTSE rose 1% after monthly GDP data indicated that the economy returned to growth at the start of 2024.
- Asian equities ended mostly higher. Japan's Nikkei Index declined 2.47% as investors evaluated the possibility of a policy shift at the upcoming Bank of Japan meeting next week and a sell-off in semiconductor-led shares.
- Hong Kong's Hang Seng advanced 2.25% after higher-than-expected Chinese inflation data raised hopes of improvement in spending activity in the country. However, this optimism faded away by the end of the week after the Chinese central bank left its key policy rates unchanged.
- China's Shanghai Composite rose marginally after an upswing in consumer prices raised hopes of an economic recovery.



### DOMESTIC DEBT

| Indicators   | Mar 15, 2024 | Previous Week | Trend |
|--------------|--------------|---------------|-------|
| Call Rate    | 6.35%        | 5.75%         | ↑     |
| 3 M CP       | 8.05%        | 8.22%         | ↓     |
| 1 Yr CP      | 8.10%        | 8.20%         | ↓     |
| 3 M CD       | 7.60%        | 7.65%         | ↓     |
| 1 Yr CD      | 7.68%        | 7.65%         | ↑     |
| 5 Yr AAA     | 7.59%        | 7.61%         | ↓     |
| 1 Yr G-Sec*  | 7.13%        | 7.04%         | ↑     |
| 5 Yr G-Sec*  | 7.06%        | 7.03%         | ↑     |
| 10 Yr G-Sec* | 7.06%        | 7.03%         | ↑     |
| USD/INR*     | 82.88        | 82.78         | ↑     |

Source: CRISIL Fixed Income Database, RESERVE BANK OF INDIA

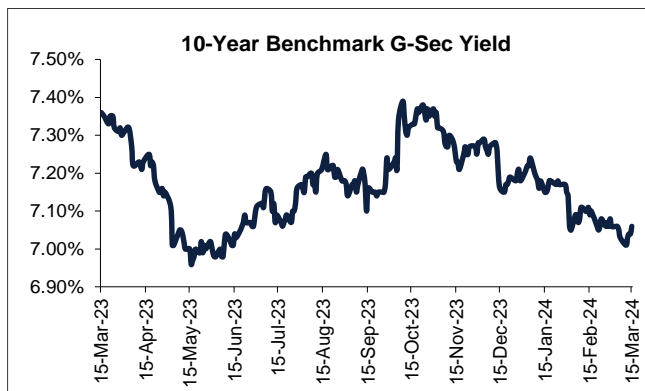
\*Weighted Average Yield

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- Government bond prices ended lower in the week ended March 15, 2024. Yield of the 10-year benchmark 7.18% 2033 paper closed at 7.06% on March 15, 2024 compared with 7.03% on March 07, 2024.
- Bond yields rose, tracking a rally in the US treasury yields after latest inflation readings triggered speculation about the timing of the Fed's rate cut decision. However, bond prices witnessed some gains earlier in the week, owing to intermittent fall in the US treasury yield as a slew of weak data coupled with the latest comments from Fed Chair Mr. Jerome Powell cemented hopes that the Apex Bank may cut interest rates by June 2024.
- A spike in global oil prices also cut short prospects of a further drop in bond prices.



Source: CRISIL Fixed Income Database



### GLOBAL DEBT

- US Treasury prices declined this week after February's higher-than-expected inflation readings triggered speculation about the timing of The Fed's rate cut decision.
- US inflation unexpectedly came in higher at 3.2% in February 2024, compared with 3.1% in January, while core inflation eased to a near three-year low of 3.8%, down slightly from 3.9%.

- Yields rose after data showed that the Producer Price Index rose 0.6% on-month in February 2024 compared with 0.3% in the previous month, while the initial jobless claims for the week ending March 9, 2024, came in at 209,000, lower than the downwardly revised 210,000 claims in the previous week.
- Weak monthly retail sales print in February 2024 also kept bond prices under pressure.
- Yield on the 10-year benchmark Treasury bond ended higher at 4.29% on March 14, 2024, compared with 4.08% on March 08, 2024.



### DOMESTIC NEWS

- India's Consumer Price Index (CPI)-based inflation eased to four-month low of 5.09% in February 2024 compared to 5.1% in January 2024.
- India's Industrial production increased 3.8% on-year in January 2024 the same as the previous month.
- Wholesale inflation eased to a four-month low of 0.20% in February 2024 compared with 0.27% in January 2024, despite an increase in food prices as input cost pressures remained benign.
- The Commerce Ministry said that India's merchandise trade deficit widened to \$18.71 billion in February 2024 from \$17.49 bn in January 2024.
- Chief Economic Advisor, Mr. V Anantha Nageswaran said that India's real Gross Domestic Product (GDP) growth in FY24 will be "closer" to 8% on higher activity in industry and services verticals.
- Fitch Ratings in its March Outlook report raised India's real GDP for FY25 to grow by 7%, a 0.5 percentage points upwards revision, as it expects the economy to continue its strong expansion.
- India and four-nation European bloc EFTA (The European Free Trade Association) signed a free trade agreement to help promote investments and exports of key domestic services sectors such as IT, audio-visual, and movement of skilled professionals.

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- Prime Minister, Mr. Narendra Modi virtually laid the foundation stone of three semiconductor projects worth about Rs 1.25 lakh crore, including the Rs 91,000 crore facility in Dholera, which will commence chip production by 2026.
- The Central Board of Indirect Taxes and Customs (CBIC) has asked field offices to support in upskilling women logistics service providers and custom brokers as well as for custodians of freight stations to ensure safe and secure working environment.
- The Government notified a Uniform Code for Pharmaceutical Marketing Practices (UCPMP).
- The Cabinet approved two new Metro rail corridors in Delhi-NCR.
- The Cabinet gave its nod to the MoU between India and Bhutan for general supply of Petroleum, Oil, Lubricants (POL) and related products from India to Bhutan.
- The Ministry of Corporate Affairs (MCA) has raised the threshold limit for mergers and amalgamations (M&As) that need approval of the Competition Commission of India (CCI).
- The Finance Ministry has directed all state-owned banks to review their gold loan portfolio as instances of non-compliance with regulatory norms have been noticed by the Government.
- The Reserve Bank of India (RBI) amended the regulations governing credit and debit cards.
- The Securities and Exchange Board of India (SEBI) notified the regulations to govern Small and Medium Real Estate Investment Trusts (SM-REITs) of income generating and completed properties that may include commercial assets, rental housing, warehousing, and hotels among others.
- The Securities and Exchange Board of India (SEBI) Chairperson, Ms. Madhabi Puri Buch said that the regulator will begin the T+0 trade cycle settlement on an optional basis by March 28, 2024.
- SEBI Chairperson, Ms. Madhabi Puri Buch highlighted that certain pockets of small cap and mid

cap space appear to be experiencing a favorable re-assessment, others seem to be displaying signs of irrational exuberance.

- SEBI Chairperson, Ms. Madhabi Puri Buch said that the market regulator has noticed "signs of manipulation in the SME segment".



### GLOBAL NEWS

- US inflation unexpectedly edged up to 3.2% in February 2024, compared to 3.1% in January 2024 while core inflation eased to a near three-year low of 3.8%, down slightly from 3.9%.
- US consumer inflation expectations for the year ahead remained steady at 3% in February of 2024, the same as in the previous two months.
- US Consumer Price Index rose by 3.2% on-year to 310.326 points in February 2024, following a 3.1% increase in January 2024.
- US Producer Price Index (PPI) rose 1.6% on-year in February 2024, compared to revised 1% growth in January 2024, while core PPI remained flat at 2%.
- The Eurozone's GDP expanded by 0.1% on-year in Q4 2023 compared to an upwardly revised 0.1% reading in Q3 of 2023 while on quarterly basis economy stagnated in Q4 2023, following a 0.1% contraction in Q3 2023.
- Eurozone Industrial Production decreased 6.70% on-year in January 2024 compared to revised 0.2% growth in December 2023.
- UK GDP contracted 0.3% in January 2024, following a flat reading in December 2023.
- China consumer prices rose by 0.7% on-year in February 2024 a turnaround from the sharpest drop in over 14 years of 0.8% in January 2024.
- Japan Producer Price Inflation rose by 0.6% on-year in February 2024, faster than a 0.2% rise in the prior month.

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| DAY                     | EVENTS   |
|-------------------------|--|
| Monday, Mar 18, 2024    | <ul style="list-style-type: none"> <li>• US NAHB Housing Market Index, March</li> <li>• Eurozone Inflation Rate, February</li> <li>• China Industrial Production, February</li> <li>• China Retail Sales, February</li> <li>• China Unemployment rate, February</li> </ul>   |
| Tuesday, Mar 19, 2024   | <ul style="list-style-type: none"> <li>• US Housing Starts, February</li> <li>• Eurozone ZEW Economic Sentiment Index, March</li> <li>• Japan BoJ Interest Rate Decision</li> <li>• Japan Industrial Production, January</li> </ul>  |
| Wednesday, Mar 20, 2024 | <ul style="list-style-type: none"> <li>• US Fed Interest Rate Decision</li> <li>• UK Inflation Rate, February</li> <li>• UK Retails Prices, February</li> <li>• China Loan Prime Rate 1Y/5Y, March</li> </ul>  |
| Thursday, Mar 21, 2024  | <ul style="list-style-type: none"> <li>• US S&amp;P Global Composite/Manufacturing/Services PMI Flash, March</li> <li>• Eurozone HCOB Composite/Manufacturing/Services PMI Flash, March</li> <li>• UK BoE Interest Rate Decision</li> <li>• UK S&amp;P Global Composite/Manufacturing/Services PMI Flash, March</li> <li>• Japan Jibun Bank Manufacturing/Services/Composite PMI Flash, March</li> <li>• India HSBC Composite/Manufacturing/Services PMI Flash, March</li> </ul> |
| Friday, March 22, 2024  | <ul style="list-style-type: none"> <li>• UK Gfk Consumer Confidence, March</li> <li>• UK Retail Sales, February</li> <li>• Japan Inflation Rate, February</li> <li>• India Foreign Exchange Reserves, March 15, 2024</li> </ul>  |



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Source: CRISIL

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