

WEEKLY YIELD

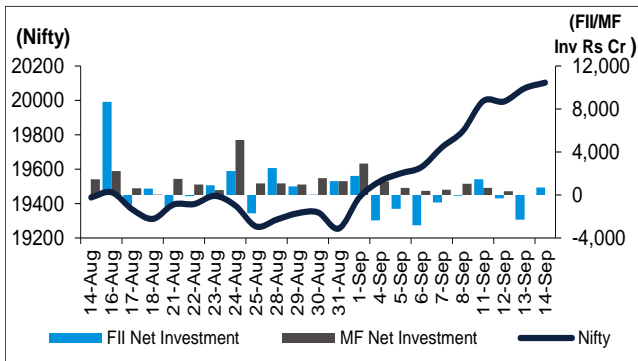
Update of Equity & Debt Market

September 15, 2023



DOMESTIC EQUITY

- Indian equity indices ended at a record high this week owing to strong global cues amid hopes of a rate pause by the US Federal Reserve and the European Central Bank (ECB). S&P BSE Sensex and Nifty 50 rose about 1.86% and 1.88%, respectively.
- More gains were seen due to optimism over the G20 Summit and better-than-expected domestic retail inflation data.
- Most of the sectors ended higher with banks, information technology (IT) and automobiles rising the most. S&P BSE Bankex, S&P BSE IT and S&P BSE Auto were up 2.51%, 2.36% and 1.86%, respectively.



Source: BSE, NSE

Broad Indices	Week change%	3 months change%	1 year change%
S&P BSE Sensex	1.86	7.82	13.19
Nifty 50	1.88	8.05	12.95
S&P BSE Midcap	-0.51	15.55	23.56
S&P BSE Smallcap	-1.14	18.03	26.47
S&P BSE Bankex	2.51	5.43	10.03
S&P BSE CG	-1.17	19.02	40.69
S&P BSE FMCG	0.30	0.95	16.92
S&P BSE IT	2.36	15.30	18.39
S&P BSE Healthcare	1.42	15.20	24.74

Source: SEBI, NSE



GLOBAL EQUITY

- US stocks ended higher this week as upbeat economic data eased worries over recession, thereby cementing hopes that the US Fed may pause its rate hike cycle.
- Britain's FTSE advanced 2.6% after the ECB, at its policy meet, hinted ending its monetary tightening cycle and China-exposed shares got a boost after China's inflation returned to the positive territory and strong new yuan loans data.
- Asian markets ended mixed. Japan's Nikkei index rallied 2.8%, mirroring similar gains in the US markets and as a weaker yen benefited automobile and exporter stocks.
- Hong Kong's Hang Seng fell 0.11%, dragged by technology and property stocks.
- China's Shanghai Composite ended flat as gains witnessed during the start of the week on the back of strong new yuan loans data, were trimmed as investors await more stimulus from the government and central bank and after data showed weakness in the housing sector.



DOMESTIC DEBT

Indicators	Sep 15, 2023	Previous Week	Trend
Call Rate	6.20%	6.08%	↑
3 M CP	7.31%	7.37%	↓
1 Yr CP	7.78%	7.85%	↓
3 M CD	7.03%	7.02%	↑
1 Yr CD	7.45%	7.45%	↔
5 Yr AAA	7.61%	7.58%	↑
1 Yr G-Sec*	7.06%	7.07%	↓
5 Yr G-Sec*	7.17%	7.20%	↓
10 Yr G-Sec*	7.16%	7.17%	↓
USD/INR*	83.17	82.94	↑

Source: CRISIL Fixed Income Database, RESERVE BANK OF INDIA

*Weighted Average Yield

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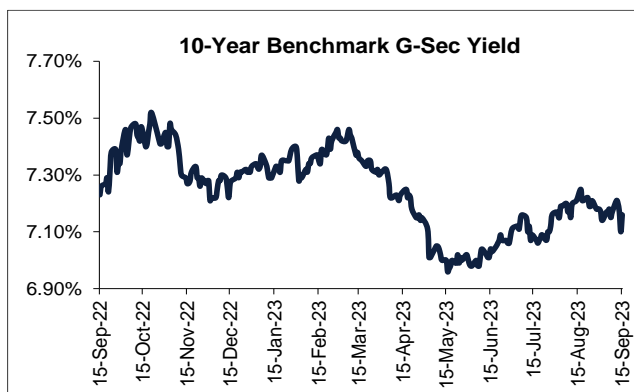
- Government bond prices were little changed in the week ended September 15, 2023. Yield on the 10-year benchmark, 7.26% 2033 paper closed lower at 7.20% on September 15 compared with 7.21% on September 08.
- Meanwhile, the new yield on the 10-year benchmark, 7.18% 2033 paper closed lower at 7.16% on September 15 compared with 7.17% on September 08.
- Yields began the week on a brighter note tracking upbeat global cues following a rise in US Treasury yield and global oil prices.
- Weaker-than-expected demand for domestic debt sale witnessed in the auction conducted by the central bank also kept bond prices under pressure.
- In the debt sale held on September 15, the RBI auctioned 7.17% GS (government security) 2030, 7.18% GS 2037 and 7.25% GS 2063 for a total notified amount of Rs 31,000 crore.
- However, further gains were limited due to worries around rising inflation and after RBI revised guidelines on the categorisation of bank investment.
- Growing optimism over the inclusion of local bonds in global indices also kept yields under pressure.

- Sentiments for yield were boosted after hotter-than-expected US retail sales data. Retail sales in the US advanced 0.6% on-month in August 2023, higher than a downwardly revised 0.5% rise in July 2023.
- However, earlier this week, yields witnessed sell-off after the underlying pace of inflation eased in August, suggesting the US Federal Reserve can keep interest rate hikes on hold next week, despite the biggest increase in US consumer prices in a year.
- Meanwhile, investors remained wary ahead of the US Fed's policy meet next week.
- Yield on the 10-year benchmark Treasury bond ended at 4.29% on September 14 compared with 4.26% on September 08.



DOMESTIC NEWS

- India's industrial output surged 5.7% in July 2023, up from 3.7% in June 2023.
- India's inflation moderate to 6.83% in August 2023 on year after surging to 7.4% in July 2023.
- India's wholesale price index based (WPI) inflation contracted for the fifth consecutive month to 0.52% on year in August 2023, compared to 1.36% fall in July 2023.
- Reserve Bank of India's (RBI) All-India Home Price Index (HPI) advanced by 5.1% to 311.9 as of June 2023 as against 296.6 in June 2022.
- Finance Minister Nirmala Sitharaman said India's external debt of \$624.7 billion at March-end 2023 with a debt-service ratio of 5.3% is within the comfort zone and modest from a cross-country perspective.
- Prime Minister Narendra Modi emphasised the pressing need for global co-operation to combat climate change and fund the transition to sustainable energy systems.
- The Asian Development Bank (ADB) assured India to provide concessional loans under the Green Financing facility to help in achieving its vision.



Source: CRISIL Fixed Income Database



GLOBAL DEBT

- US Treasury prices declined this week as incoming data from the US showed improving economic activity.

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- Finance Minister Nirmala Sitharaman said India's presidency of the G20 has left a strong legacy with Digital Public Infrastructure (DPI) being integrated into the G20 Financial Inclusion Action Plan (FIAP).
- Commerce and Industry Minister Piyush Goyal said India and Saudi Arabia can look at doubling bilateral trade to \$100 billion in the coming years from about \$52 billion at present while making it more balanced.
- The Finance Ministry of India imposed an anti-dumping duty on some Chinese steel for a period of five years.
- Union Defence Minister Rajnath Singh has dedicated to the nation 90 infrastructure projects of Border Roads Organisation (BRO), worth over Rs 2900 crore, spread across 11 States/Union Territories.
- The Union Cabinet approved the eCourts Project Phase III as a central sector scheme with a financial outlay of Rs 7,210 crore.
- The Union Cabinet approved the budgetary allotment of Rs 1,650 crore for the distribution of 75 lakh free cooking gas connections as part of the Pradhan Mantri Ujjwala Yojana (PMUY).
- The Ministry of Skill Development launched the Skill India Digital (SID) platform which aims to skill nearly 260 mn students in school and higher education while also providing entrepreneurial opportunities nationwide.
- The Reserve Bank of India (RBI) announced that it will discontinue incremental cash reserve ratio (I-CRR) in a phased manner; I-CRR will be phased out 25% each on September 9, 2023 and September 23, 2023 while the rest will be released on October 7, 2023.
- The Reserve Bank of India (RBI) revised investment norms for commercial banks, making it more stringent as it created a new category namely – fair value through profit and loss (FVTPL).
- The RBI issued guidelines for banks, non-banking financial companies (NBFCs) and other regulated entities to address the issues faced by the borrowers

and towards promoting responsible lending conduct among such entities.

- RBI decides to include corporate bond under 'Held-to-Maturity' category.
- RBI Central Bank Executive Director Ajay Kumar Choudhary said the Central Bank is likely to launch the pilot of Central Bank Digital Currency (CBDC) for transactions for interbank borrowing or call money market by October 2023.
- RBI frictionless credit initiative has resulted in a 70% reduction in customer acquisition costs for lenders and a 6% saving for borrowers.



GLOBAL NEWS

- US consumer inflation expectations for the year ahead increased to 3.6% in August 2023 from 3.5% in July 2023.
- US annual inflation rate accelerated for a second straight month to 3.7% in August 2023 from 3.2% in July 2023 while core consumer price inflation rate fell to 4.3% in August 2023 from 4.7% in the previous month.
- The European Central Bank (ECB) raised its key interest rate to all-time record-high level to 4.50% from 4.25%.
- UK Gross Domestic Product (GDP) economy shrank 0.5% on month in July 2023, the biggest decline so far this year and reversing a 0.5% growth in June 2023.
- UK unemployment rate rose to 4.3% in July 2023 compared to 4.2% in May 2023.
- UK industrial production grew by 0.4% on year in July 2023, easing from a 0.7% rise in June 2023 while, manufacturing production increased 3% from 3.1%.
- The People's Bank of China (PBOC) to cut the reserve requirement ratio (RRR) for all banks, except those that have implemented a 5% reserve ratio, by 25 basis points from September 15.

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DAY	EVENTS
Monday, September 18, 2023	<ul style="list-style-type: none">US NAHB Housing Market Index, September
Tuesday, September 19, 2023	<ul style="list-style-type: none">Eurozone Inflation Rate, August
Wednesday, September 20, 2023	<ul style="list-style-type: none">US Fed Funds Target RateChina Loan Prime Rate 1Y, SeptemberChina Loan Prime Rate 5Y, September
Thursday, September 21, 2023	<ul style="list-style-type: none">US Philly Fed Manufacturing Index, SeptemberUS Existing Home Sales, AugustEurozone Consumer Confidence Flash, SeptemberUK BOE Bank Rate, September
Friday, September 22, 2023	<ul style="list-style-type: none">US S&P Global Manufacturing/ Services/ Composite PMI Flash, SeptemberEurozone HCOB Manufacturing/ Services/ Composite Flash PMI, SeptemberUK GfK Consumer Confidence, SeptemberUK Flash Manufacturing/ Services/ Composite PMI, SeptemberUK Retail Sales, AugustJapan Bank of Japan Rate DecisionJapan CPI, AugustJapan Jibun Bank Manufacturing/ Services/ Composite PMI Flash, SeptemberIndia Forex Reserves, September 11India Current Account/GDP, Q2

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Source: CRISIL

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