

WEEKLY YIELD

Update of Equity & Debt Market

December 15, 2023

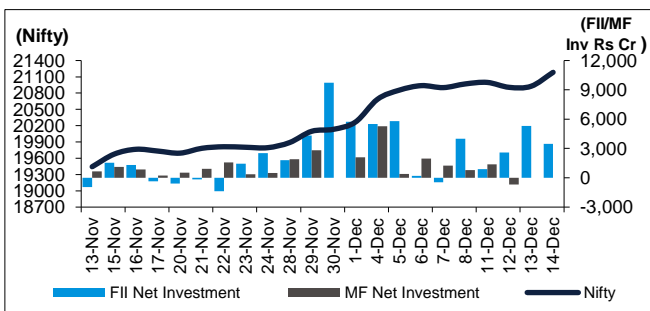


DOMESTIC EQUITY

- Indian equity indices rallied to a record high this week after the United States (US) Federal Reserve left the interest rates unchanged and signalled the possibility of rate cuts in 2024. S&P BSE Sensex and Nifty 50 rose about 2.37% and 2.32%, respectively.
- Most sectors ended higher with information technology (IT), metal and realty gaining the most. S&P BSE IT, S&P BSE Metal and S&P BSE Realty rose 6.98%, 4.49% and 3.54%, respectively.

Broad Indices	Week change%	3 months change%	1 year change%
S&P BSE Sensex	2.37	5.37	15.67
Nifty 50	2.32	6.26	16.52
S&P BSE Midcap	2.57	11.36	38.61
S&P BSE Smallcap	2.38	11.25	41.21
S&P BSE Bankex	1.70	4.81	9.90
S&P BSE CG	2.42	15.82	55.79
S&P BSE FMCG	0.98	4.13	18.32
S&P BSE IT	6.98	8.69	24.76
S&P BSE Healthcare	0.27	6.05	30.06

Source: BSE, NSE



Source: SEBI, NSE



GLOBAL EQUITY

- US stocks rallied with week after the Federal Reserve held rates and hinted at ending the rate-hike cycle and seeing lower borrowing cost in 2024.
- Britain's FTSE advanced 1.25% after data showed a contraction in the United Kingdom's growth and as investors awaited the Fed's policy decision.
- Asian equities ended higher. However, Japan's Nikkei Index rallied tracking a similar trend in the US market, due to reducing bets on the Bank of Japan hiking rates, and robust Tankan data.
- Hong Kong's Hang Seng surged 2.8% following strong China house price data and optimism that the rate hike stance of global central banks would end soon.
- China's Shanghai Composite fell 0.9% on weak inflation and new loans data and on lack of fresh stimulus from China's government during the week.



DOMESTIC DEBT

Indicators	Dec 15, 2023	Previous Week	Trend
Call Rate	6.20%	6.70%	↓
3 M CP	7.95%	7.85%	↑
1 Yr CP	8.25%	8.05%	↑
3 M CD	7.44%	7.38%	↑
1 Yr CD	7.80%	7.80%	↔
5 Yr AAA	7.67%	7.73%	↓
1 Yr G-Sec*	7.07%	7.18%	↓
5 Yr G-Sec*	7.06%	7.21%	↓
10 Yr G-Sec*	7.16%	7.24%	↓
USD/INR*	82.99	83.38	↓

Source: CRISIL Fixed Income Database, RESERVE BANK OF INDIA

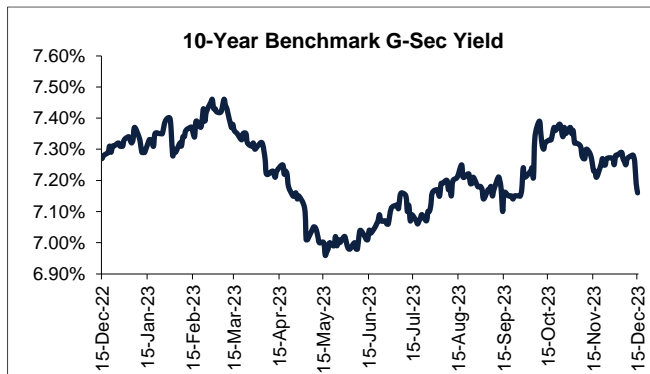
*Weighted Average Yield

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- Government bond prices ended higher in the week ended December 15, 2023. The yield of the 10-year benchmark 7.18% 2033 paper closed lower at 7.16% on December 15, 2023 compared with 7.27% on December 8, 2023.
- The yield declined tracking a fall in the US Treasury yield after the Federal Reserve's dovish stance at its policy meeting.
- Bond prices rose further after debt auction results released by the Reserve Bank of India (RBI) showed higher demand. In the debt sale held on December 15, 2023, the RBI auctioned 7.37% GS (government security) 2028, 7.18% GS 2033 and 7.46% GS 2073 for a total notified amount of Rs 33,000 crore.



Source: CRISIL Fixed Income Database



GLOBAL DEBT

- US Treasury prices rose this week after the Federal Reserve kept rates unchanged at its final policy meeting of the year and signalled rate cuts next year.
- The apex bank forecast three cuts in 2024, four in 2025 and three in 2026.
- Bond prices were a tad weak after the November 2023 unemployment rate fell unexpectedly, indicating continued tightness in the labour market despite the Federal Reserve's efforts to cool the economy.
- The yield on the 10-year benchmark Treasury Bond ended at 3.93% on December 14, 2023, compared with 4.25% on December 8, 2023.



DOMESTIC NEWS

- India's retail inflation surged 5.55% in November 2023 on an annual basis as against a four-month low of 4.87% in October 2023.
- India wholesale price-based inflation increased by 0.26% in November 2023 compared to contraction of 0.52% in October 2023.
- The industrial production growth increased to a 16-month high of 11.7% in October 2023, on growth in manufacturing, mining and electricity sectors, compared to growth of 10.3% in August 2023.
- Asia Development Bank (ADB) raised India growth forecast for fiscal 2024 to 6.7%, from September's estimates of 6.3% amid expectations of stronger-than-expected industry performance.
- Finance Minister (FM), Ms. Nirmala Sitharaman said that the economy is moving in the right direction, and India has become the fastest-growing major economy in the world.
- Reserve Bank of India (RBI) Executive Director, Mr. Radha Shyam Ratho said that India remains a bright spot in an otherwise grim world economic scenario and internationalisation of rupee is the natural step forward.
- Finance Minister, Ms. Nirmala Sitharaman said that retail inflation is now "stable" and temporary hikes in inflation on a few occasions are due to demand-supply mismatches arising out of global shocks and adverse weather conditions.
- S&P Global Ratings said that strong domestic activity is likely to offset global headwinds, as India's growth prospects remain strong in the medium term, with the economy projected to grow 6.7-7% annually between 2024-26.
- Government's net direct tax collection rose 23.4% on the year to \$127.75 bn in the period from April 1, 2023 to November 30, 2023.
- Government signed an agreement with the Asian Development Bank (ADB) for a \$200 mn loan to improve power supply in Uttarakhand.

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- The Reserve Bank of India increased the limit for automatic payments through UPI to Rs 1 lakh per transaction from the existing Rs 15,000 for certain categories, including subscription to mutual funds.
- Securities and Exchange Board of India (SEBI) revised the framework for upstreaming of clients' funds to clearing corporations by stockbrokers and clearing members.
- SEBI has given more time to credit units into the demat account of investors in a bid to ease the compliance burden of Alternative Investment Funds (AIFs).
- A report from RBI stated that reverting to the DA-linked Old Pension Scheme (OPS) will exert huge pressure on state finances and restrict their capacity to undertake developmental expenditure.
- The Bank of England's Monetary Policy Committee voted 6-3 to keep its key policy rate at 5.25% for the third consecutive meeting.
- China Industrial Production rose by 6.6% in November 2023, compared to a 4.6% gain in October 2023.
- The People's Bank of China (PBoC) launched a total of CNY 1.45 trillion via a one-year medium-term lending facility (MLF) to the banking system and left the interest rate unchanged at 2.50%.
- China's new home prices dropped by 0.2% on year in November 2023, compared to 0.1% decline in October 2023.
- China's banks extended CNY 1.09 trillion in new yuan loans in November 2023, higher from October 2023's CNY 0.74 trillion.
- Japan Jibun Banks Manufacturing Purchasing Managers' Index (PMI) declined 57.7 in December 2023, compared to 48.3 rise in November 2023 while services PMI increased 52 from 50.8 rise and composite PMI increased 50.4 from 49.6 rise.
- Japan industrial production rose to 1.10% on year in October 2023, compared to 4.4% decline in September 2023.



GLOBAL NEWS

- The Federal Reserve kept the fed funds rate steady at 5.25%-5.5% for a third consecutive meeting in December 2023 and indicated 75 bps cuts in 2024.
- US Producer Price Index (PPI) fell to 0.9% in November 2023, the lowest since June 2023, from a downwardly revised 1.2% in October 2023, while the Core PPI rose by 2%, slowing from the 2.3% increase.
- US retail sales increased 4.10% on year in November 2023, from 2.2% rise in October 2023.
- US inflation rate slowed to 3.1% in November 2023, the lowest reading in five months, from 3.2% in October 2023, while the core inflation rate was unchanged at 4%.
- The European Central Bank left its primary refinancing operations rate unchanged at 4.50% in December 2023.
- Eurozone industrial production declined by 6.6% over year in October 2023, compared to 6.8% fall in September.

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DAY	EVENTS
Monday, Dec 18, 2023	<ul style="list-style-type: none"> • US NHB Housing Market index, December
Tuesday, Dec 19, 2023	<ul style="list-style-type: none"> • US housing starts, November • US building permits, November • Eurozone inflation rate, November • Japan BoJ Interest Rate Decision
Wednesday, Dec 20, 2023	<ul style="list-style-type: none"> • US CB Consumer confidence, December • US Existing Home Sales, November • Eurozone Consumer Confidence, December • UK Inflation, November • UK PPI input/output, November • China Loan Prime Rate 1y/5y, December • Japan Export/ Import, November
Thursday, Dec 21, 2023	<ul style="list-style-type: none"> • US GDP Growth Rate QoQ, Q3 • US PCE Prices QoQ, Q3 • US Initial Jobless Claims, December 11 • US Philadelphia Fed Manufacturing Index, December • US Kansas Fed Manufacturing / Composite Index, December
Friday, Dec 22, 2023	<ul style="list-style-type: none"> • US PCE Price Index, November • US Personal Income / Spending, November • US New home sales, November • US Michigan Consumer Sentiment Final, December • US Michigan inflation expectation Final, December • US Building permit final, December • UK GDP Growth Rate, Q3 • UK retail sales, November • Japan core CPI, November • India Forex Reserve, December 11

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Source: CRISIL

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