

WEEKLY YIELD

Update of Equity & Debt Market

June 16, 2023

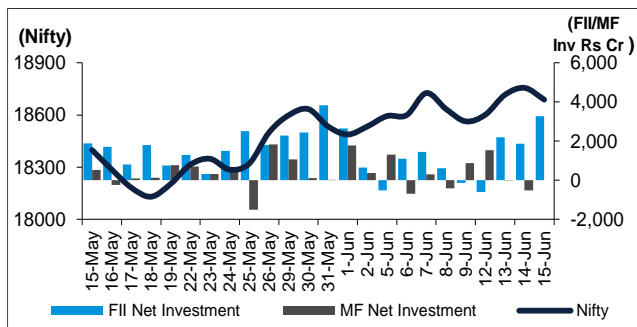


DOMESTIC EQUITY

- Indian equity indices closed higher for fourth straight week on hopes that the Federal Reserve (Fed) would refrain from rate hike in future following strong retail sales data. S&P BSE Sensex and Nifty 50 gained about 1.2% and 1.4%, respectively.
- More gains were seen after the data showed domestic retail cooled in May.
- Most indices ended positive with realty, healthcare and consumer durables (CD) gaining the most. S&P BSE Realty, S&P BSE Healthcare and S&P BSE CD up about 4%, 3.7% and 3.6%, respectively.
- However, some losses were witnessed after the Fed while keeping rates unchanged at its June policy, signalled more rate hikes at its upcoming meet.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	1.21	9.98	23.09
Nifty 50	1.41	10.84	22.56
S&P BSE Midcap	2.95	17.84	32.13
S&P BSE Smallcap	2.87	19.69	32.63
S&P BSE Bankex	-0.38	12.01	32.11
S&P BSE CG	1.31	16.57	56.43
S&P BSE FMCG	3.34	15.93	40.21
S&P BSE IT	1.11	2.44	5.19
S&P BSE Healthcare	3.66	15.92	17.42

Source: BSE, NSE



Source: SEBI, NSE



GLOBAL EQUITY

- US stocks rallied this week after the Fed at its policy meet maintained rates in line with expectations and gains in technology stocks.
- More gains were seen after an ease in inflation data, strong retail data and flattish jobless claims data spurred hope that the apex bank may not hike rates in future.
- Britain's FTSE grew 0.87% owing to gains witnessed by energy and mining stocks after China cut borrowing costs to boost economic growth and rise in the stocks of a British publishing company.
- Asian equities ended higher. Japan's Nikkei index advanced 4.5% as the country's central bank decided to keep their ultra-easy policy settings unchanged and rally in technology shares amid expectations of investments in chip-related companies.
- Hong Kong's Hang Seng index ended 3.35% higher due to China's central bank cutting borrowing costs to revive economic recovery.
- China's Shanghai Composite advanced 1.3% as investor concerns about worrying economic health were cut-short after the People's Bank of China decided to cut its short- and medium-term policy rates, driving hope for more stimulus at its policy meet next week.



DOMESTIC DEBT

Indicators	Jun 16, 2023	Previous Week	Trend
Call Rate	6.10%	5.75%	↑
3 M CP	7.15%	7.18%	↓
1 Yr CP	7.65%	7.85%	↓
3 M CD	6.90%	6.90%	↔
1 Yr CD	7.33%	7.36%	↓
5 Yr AAA	7.50%	7.48%	↑
1 Yr G-Sec*	6.82%	6.83%	↓
5 Yr G-Sec*	6.97%	6.98%	↓
10 Yr G-Sec*	7.03%	7.04%	↓
USD/INR*	81.94	82.46	↓

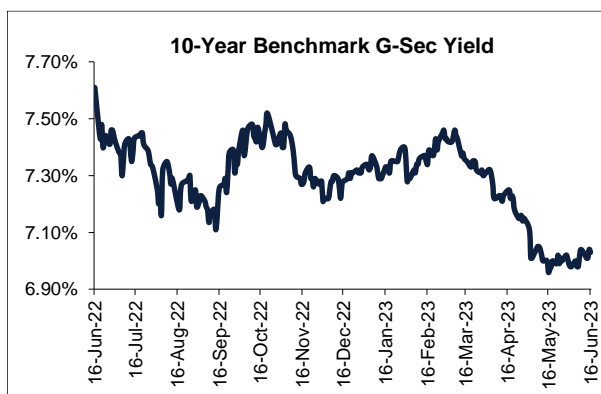
Source: CRISIL Fixed Income Database, RBI *Weighted Average Yield

WEEKLY YIELD

Update of Equity & Debt Market

June 16, 2023

- Government bond prices were flat in the week ended June 16, 2023. The yield of the 10-year new benchmark 7.26% 2033 paper closed at 7.04% on June 16, 2023, unchanged as on June 09, 2023.
- Yield began the week on a lighter note as domestic inflation numbers for April eased to two-year low and moved closer to Reserve Bank of India (RBI)'s target of 4%.
- However, further fall in yield were halted after the US Federal Reserve hinted further rate hikes by end of the year. The Fed's move comes a week after the RBI paused for the second consecutive time but the central bank stressed on achieving its 4% inflation target, which led to a sell-off in the bonds.
- Further pressure seen in bond prices after weekly debt auction added to bond supply.
- In the debt sale held on June 16, 2023, the RBI auctioned 7.06% GS (Government Security) 2028, 7.26% GS 2033 and New GS 2053 for a total notified amount of Rs 33000 crore.



Source: CRISIL Fixed Income Database

data for May pointed to the resilience of the US economy.

- Further, CPI data released earlier in the week, which firmed up investors' expectations that the Fed would keep rates steady, caused prices to rise.
- However, prices witnessed some pressure after US Federal Reserve hinted two more rate hikes this year while keeping its key rates unchanged at its June policy meet.
- Yield on the 10-year benchmark Treasury bond ended at 3.73% on June 15, 2023, compared to 3.75% on June 09, 2023.



DOMESTIC NEWS

- India's retail inflation reduced to a more than 2-year low of 4.25% in May 2023 against 4.70% in April 2023.
- India's index of industrial production (IIP) grew to 4.2% on-year in April 2023 compared to 1.7% in March 2023 and 6.7% a year ago.
- India's wholesale price-based inflation (WPI) fell by 3.48% on year in May 2023, compared to a contraction of 0.92% in April 2023.
- India merchandise trade deficit widened to \$22.1 billion in May 2023, compared to \$15.2 billion in April 2023; exports fell by 10.2% on year to \$35 billion while imports fell by 9.7% on year to \$57.1 billion.
- The Reserve Bank of India (RBI) Governor Shaktikanta Das said India's disinflation process is expected to be slow and protracted with convergence to inflation target of 4% to be achieved over the medium-term.
- Chief economic adviser (CEA) V Anantha Nageswaran said India's economy is all set to grow at 6.5% for the rest of the decade, with an occasional 7% growth in one or more years.
- CEA Nageswaran expressed confidence that India's GDP growth in Financial Year 2022-23 (FY23) may come in higher than 7.2%.



GLOBAL DEBT

- US Treasury prices rose marginally during the week as a series of mixed economic data boosted investors' appetite for safe haven bonds.
- Data released showed that initial jobless claims remained at the highest level since October 2021, indicating a softening labor market. While retail sales

WEEKLY YIELD

Update of Equity & Debt Market

June 16, 2023

- CEA Nageswaran said the Indian economy can now grow for an extended amount of time without encountering roadblocks, as it did in the past.
- India and New Zealand have identified possible facilitation of the UPI system, carbon credit, package proposal on Kiwi fruits, trans-shipment hub, technological collaboration, cooperation in work visa and banking among other tentative cooperation areas.
- India and Myanmar may conclude the ongoing talks on rupee trade by the end of June 2023.
- Reserve Bank of India (RBI) issued a framework for governing compromise settlements and technical write-offs.
- RBI permitted banks to go for compromise settlement of fraud accounts as well as wilful defaults.
- The Securities and Exchange Board of India (SEBI) allowed mutual funds to invest in repo transactions in corporate debt securities such as Commercial Papers and Certificate of Deposits.
- SEBI directed execution-only platforms (EOPs) offering direct mutual fund plans to get registered in order to offer such services.
- The Insolvency and Bankruptcy Board of India (IBBI) to propose a new voting system for bankruptcies.
- US consumer inflation expectations fell to 4.1% on year in May 2023, from 4.4% in April 2023.
- US retail sales increased 1.6% on year in May 2023, following a downwardly revised 1.2% rise in April 2023.
- European Central Bank (ECB) decided to raise key interest rates by 25 basis points (bps) from 3.75% to 4%.
- Eurozone industrial production expanded 0.2% on year in April 2023, offsetting 1.4% fall in March 2023.
- UK GDP growth increased 0.5% on year in April 2023, following a 0.3% rise in March 2023.
- UK unemployment rate came in at 3.8% on year in Feb-Apr period of 2023, compared with 3.9% in Jan-Mar period of 2023.
- UK industrial production dropped 1.9% on year in April 2023, following a 2% fall in March 2023.
- The People's Bank of China (PBoC) slashed the one-year medium-term lending facility (MLF) rate by 10 basis points to 2.65%, marking the first reduction since August 2022.
- China's central bank cut a short-term policy interest rate for the first time since August 2022. It lowered the seven-day reverse repurchase rate by 10 basis points to 1.9%, injecting 2 billion yuan (\$280 million) of liquidity into the financial system.
- China's banks extended new yuan at 1.36 trillion yuan in May 2023, from 718.8 bn yuan in April 2023.
- China industrial production advanced by 3.5% on year in May 2023, while easing from a 5.6% rise in April 2023.
- The Bank of Japan kept its key short-term interest rate unchanged at -0.1% and that of 10-year bond yields at around 0% during its June meeting by a unanimous vote.
- Japan producer prices rose 5.1% on year in May 2023, followed a revised 5.9% gain in April 2023.



GLOBAL NEWS

- The Federal Reserve left the target for the fund's rate unchanged at 5%-5.25% but signalled rates may go to 5.6% by year-end if the economy and inflation do not slow down more.
- US Consumer Price Index (CPI) based inflation eased to 4% on-year in May 2023 compared to 4.9% in April 2023, while core consumer price inflation rate eased to 5.3% from 5.5%.
- US annual producer inflation eased to 1.1% in May 2023, from 2.3% in April 2023.

WEEKLY YIELD

Update of Equity & Debt Market

June 16, 2023

DAY	
Monday, Jun 19, 2023	<ul style="list-style-type: none"> US NAHB Housing Market Index, June 2023
Tuesday, Jun 20, 2023	<ul style="list-style-type: none"> US Building Permits, May 2023 US Housing Starts, May 2023 Japan Industrial Production MoM, YoY Final, April 2023 China Loan Price Rate 1Y/ 5Y, June 2023
Wednesday, Jun 21, 2023	<ul style="list-style-type: none"> UK Inflation Rate, May 2023 UK PPI, May 2023 UK Retail Price Index, May 2023 Japan BoJ Monetary Policy Meeting Minutes 2023
Thursday, Jun 22, 2023	<ul style="list-style-type: none"> US Kansas Fed Manufacturing/Composite Index, June 2023 US Existing Home Sales, May 2023 US Initial Jobless Claims, June 17 2023 US Fed Chair Powell Testimony June 2023 UK BoE Interest Rate Decision June 2023
Friday, Jun 23, 2023	<ul style="list-style-type: none"> US S&P Global Manufacturing/Services/Composite PMI Flash, June 2023 Eurozone HCOB Manufacturing/Services/Composite PMI Flash, June 2023 UK S&P Global/CIPS Services, Composite PMI Flash, June 2023 UK Retail Sales, May 2023 UK GfK Consumer Confidence, June 2023 Japan Inflation Rate, May 2023 Japan Jibun Bank Services/Manufacturing/Composite PMI Flash, June 2023 India Foreign Exchange Reserves, June 16 2023

WEEKLY YIELD

Update of Equity & Debt Market

June 16, 2023

Source: CRISIL

Disclaimer: CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this Report based on the information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this report should be construed as an investment advice. CRISIL especially states that it has no financial liability whatsoever to the subscribers/ users/ transmitters/ distributors of this Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Limited (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published / reproduced in any form without CRISIL's prior written approval. CRISIL or its associates may have commercial transactions with the company/entity.

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

Disclaimers: This document is for information purposes only and is not an offer to sell or a solicitation to buy any mutual fund units / securities or to have business relations with Union Asset Management Company Private Limited (the AMC) / Union Trustee Company Private Limited (the Trustee Company) or any of its associates. The information in this document is as of June 16, 2023, unless stated otherwise, and may change without notice. The information in this document alone is not sufficient and should not be used for the development or implementation of an investment strategy. Neither the Sponsors/the AMC/ the Trustee Company/ their associates/ any person connected with it, accepts any liability arising from the use of this information.

This report and the views expressed in this report are that of CRISIL Research. The Sponsors/ the AMC/ the Trustee Company/ their associates/ any person connected with it, do not warrant the completeness or accuracy of the information and disclaim all liabilities, losses and damages arising out of the use of this information. The recipients of this material should rely on their investigations and take their own professional advice.

Statutory Details: Constitution: Union Mutual Fund has been set up as a Trust under the Indian Trusts Act, 1882; Sponsors: Union Bank of India and Dai-ichi Life Holdings, Inc.; Trustee: Union Trustee Company Private Limited, [Corporate Identity Number (CIN): U65923MH2009PTC198198], a company incorporated under the Companies Act, 1956 with a limited liability; Investment Manager: Union Asset Management Company Private Limited, [Corporate Identity Number (CIN): U65923MH2009PTC198201], a company incorporated under the Companies Act, 1956 with a limited liability. Registered Office: Unit 503, 5th Floor, Leela Business Park, Andheri Kurla Road, Andheri (East), Mumbai - 400059. Toll Free No. 18002002268 · Non Toll Free. 022-67483333 · Fax No: 022-67483401 · Website: www.unionmf.com · Email: investorcare@unionmf.com