

# WEEKLY YIELD

## Update of Equity & Debt Market

March 17, 2023

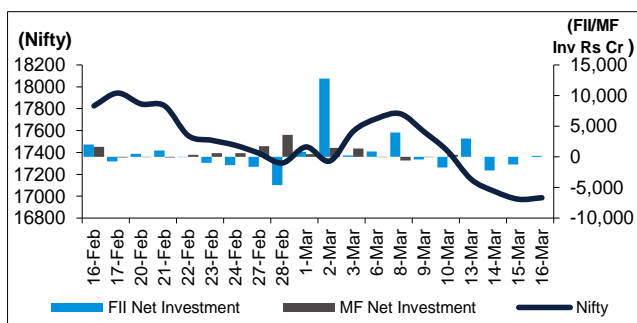


### DOMESTIC EQUITY

- Indian equity indices extended losses for the second straight week following the collapse of two US regional banks, which raised concerns over its impact on the global economy. S&P BSE Sensex and Nifty 50 fell nearly 2% each.
- The market also fell as domestic retail inflation remained above the Reserve Bank of India's (RBI's) upper tolerance level.
- Most of the sectors ended negative, with auto, information technology (IT) and banking declining the most. S&P BSE Auto, S&P BSE IT and S&P BSE Bankex fell 3.8%, 2.4% and 2.0%, respectively.
- However, some losses were restrained later in the week, on easing of worries over a global financial crisis after some US lenders came up with a slew of measures to instil confidence in the global banking system.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	-1.94	-5.46	0.22
Nifty 50	-1.80	-6.40	-1.08
S&P BSE Midcap	-2.06	-6.32	1.21
S&P BSE Smallcap	-2.81	-7.96	-1.94
S&P BSE Bankex	-2.01	-8.56	7.48
S&P BSE CG	0.09	0.09	25.04
S&P BSE FMCG	-1.39	-2.02	19.63
S&P BSE IT	-2.44	-0.69	-19.60
S&P BSE Healthcare	-0.44	-6.68	-11.25

Source: BSE, NSE



Source: SEBI, NSE



### GLOBAL EQUITY

- US stocks rose this week after consumer prices came in line with expectations, which strengthened hopes of smaller rate hikes by the Federal Reserve (Fed) in its next policy meet.
- Further, reports that some of the biggest US lenders had come up with a \$30 billion rescue package for an embattled bank also buoyed the markets.
- Britain's FTSE fell 4.37% as the collapse of two US banks raised contagion fears in the banking sector.
- Asian equities ended mixed. Japan's Nikkei index declined 2.88% this week due to losses in financial shares on concerns regarding the unfolding US banking crisis following the collapse of two US regional banks, along with a sharp fall in shares of a major European bank.
- Hong Kong's Hang Seng Index rose 1.03% this week on upbeat earnings outlook for Chinese technology firms, strong China industrial production data, and waning worries over a financial crisis in US banks.
- China's Shanghai Composite index rose 0.63% as worries about a banking crisis faded after US banks moved to rescue a bank and as upbeat domestic data boosted hopes of economic recovery.



### DOMESTIC DEBT

Indicators	Mar 17, 2023	Previous Week	Trend
Call Rate	6.50%	6.20%	↑
3 M CP	7.75%	7.75%	↔
1 Yr CP	8.01%	8.14%	↓
3 M CD	7.44%	7.53%	↓
1 Yr CD	7.79%	7.83%	↓
5 Yr AAA	7.75%	7.78%	↓
1 Yr G-Sec*	7.22%	7.36%	↓
5 Yr G-Sec*	7.27%	7.39%	↓
10 Yr G-Sec*	7.35%	7.43%	↓
USD/INR*	82.54	82.05	↑

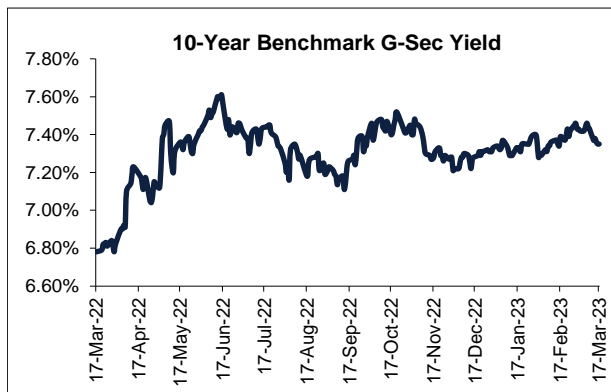
Source: CRISIL Fixed Income Database, RBI \*Weighted Average Yield

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- Government bond prices ended higher in the week ended March 17, 2023. The yield on the 10-year benchmark 7.26% 2032 paper closed at 7.35% on March 17, 2023 compared with 7.43% on March 10, 2023.
- Bonds began the week on a positive note tracking a sharp fall in the US treasury yield as consumer data came in line with expectations, which alleviated worries of aggressive rate hikes by the Fed.
- However, a further fall in yields was capped as domestic consumer prices remained above the RBI's tolerance level, raising worries of a rate hike by the central bank in its next policy meet.



Source: CRISIL Fixed Income Database

### GLOBAL DEBT

- US Treasury prices ended higher in the week as the collapse of two US banks boosted investors' appetite for safe-haven assets.
- Bonds rose further as a sharp decline in European banking stocks fuelled concerns over a banking crisis.
- However, a sharp fall in yields was prevented as US inflation data raised expectations that the Fed would continue to raise interest rates, though at a gradual pace.
- Yields also rose on easing worries over a banking crisis after several US banks agreed to a funding deal to rescue some banks.

- The yield on the 10-year benchmark Treasury bond ended at 3.59% on March 16, 2023 compared with 3.70% on March 10, 2023.



### DOMESTIC NEWS

- India's consumer price inflation eased to 6.44% on-year in February 2023 from 6.52% in January 2023.
- India wholesale price index (WPI)-based inflation rate eased to 3.85% in February 2023, compared with 4.73% in January 2023 following a pullback in prices of manufactured items and fuel and power.
- India's merchandise trade deficit narrowed to \$17.43 billion in February 2023 from \$17.75 billion in January 2023. The exports dipped by 8.8% on-year to \$33.88 billion, while the imports declined by 8.2% to \$51.31 billion.
- As per the Standard & Poor's (S&P) Global Ratings, the credit quality of Indian finance companies will continue to improve due to country's strong macroeconomic trends.
- Commerce and industry minister Piyush Goyal said that India's goods and services exports will cross \$750 billion in the current financial year.
- Government informed the Rajya Sabha that it is taking steps to make India a \$5 trillion economy earlier than the International Monetary Fund's forecast fiscal 2027.
- India and the US signed an agreement for setting up semiconductor supply chain and innovation partnership under the framework of India - US Commercial Dialogue.
- Government released 14th instalment of tax devolution to state governments amounting to around Rs 1.4 lakh crore.
- Government sought Lok Sabha's approval for additional spending of over Rs 1.48 lakh crore in the current fiscal.

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- Government approved capital acquisition of military hardware worth Rs 70584 crore to boost domestic defence manufacturing.
- RBI and the Central Bank of the United Arab Emirates (CBUAE) inked a memorandum (MoU) to boost cooperation and jointly enable innovation in financial products and services.
- RBI allowed banks from 18 countries to open Special Vostro Rupee Accounts (SVRAs) to settle payment in rupees.
- Securities and Exchange Board of India (SEBI) gave a relaxation of 60 days to large Registrars to an issue/ Share Transfer Agents (RTAs) from complying with the enhanced requirements pertaining to periodic reporting.
- SEBI notified seven working days for foreign portfolio investors (FPIs) to disclose vital information, effective from March 14, 2023.

in the prior month. The import prices fell 0.1% on-month in February 2023 from a revised 0.4% decrease in the previous month.

- European Central Bank raised its key rates by 50 basis points (bps); accordingly, the main refinancing operations, marginal lending facility and the deposit facility rates stands at 3.50%, 3.75% and 3.00% respectively, with effect from March 22, 2023.
- Eurozone consumer price inflation came in at 8.5% on-year in February 2023 from 8.65 in the previous month. The core inflation increased 5.6% on-year from 5.3%.
- Eurozone industrial production increased 0.9% on-year in January 2023, compared to downwardly revised 2% fall in December 2022.
- UK unemployment rate came in at 3.7% in November 2022-January 2023 period, unchanged compared with the previous three-month period.
- China's industrial production rose 2.4% on-year in February 2023 from 1.3% growth in the previous month.
- China's retail sales expanded 3.5% on-year in January-February 2023, from a 1.8% decline in December 2022.
- China's house price index fell by 1.2% on-year in February 2023 from a 1.5% drop in the prior month.
- China's unemployment rate edged up to 5.6% in February 2023 from 5.5% in the prior month.
- China's banks extended 1.81 trillion yuan in new loans in February 2023, down from a record 4.90 trillion yuan in January 2023.
- Japan's trade deficit rose to 897.7 billion yen in February 2023 from 711.5 billion yen in the same month a year earlier.
- Japan industrial production decreased 3.1% on-year in January 2023, compared with revised 2.4% decline in December 2023.



### GLOBAL NEWS

- US consumer prices eased to 6% on-year in February 2023 from 6.4% in January 2023, while the core inflation eased to 5.5% from 5.6%.
- US producer prices fell 0.1% on-month in February 2023 compared to revised 0.3% gain in January 2023. On a year-on-year basis, the prices rose 4.6% in February from revised 5.7% rise in January.
- US retail sales grew 5.4% on-year in February 2023 compared to a revised 7.7% rise in January 2023. On a month-on-month basis, retail sales fell 0.4% in February 2023 compared to revised 3.2% gain in January 2023.
- US housing starts surged 9.8% on-month in February 2023 compared to revised 2% decline in January 2023.
- US preliminary building permits increased to 1.524 million in February 2023 from 1.339 million in January 2023.
- US export prices rose by 0.2% on-month in February 2023 following a downwardly revised 0.5% increase

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DAY	
Monday, Mar 20, 2023	<ul style="list-style-type: none"> <li>• Eurozone Trade Balance, January 2023</li> <li>• China Loan Prime Rate 1Y/5Y, March 2023</li> </ul>
Tuesday, Mar 21, 2023	<ul style="list-style-type: none"> <li>• US Existing Home Sales, February 2023</li> <li>• Eurozone ZEW Economic Sentiment Index, March 2023</li> <li>• Eurozone Construction Output, January 2023</li> </ul>
Wednesday, Mar 22, 2023	<ul style="list-style-type: none"> <li>• US Fed Interest Rate Decision</li> <li>• UK Consumer Prices, February 2023</li> <li>• UK Retail Price Index, February 2023</li> </ul>
Thursday, Mar 23, 2023	<ul style="list-style-type: none"> <li>• US Kansas Fed Manufacturing/Composite Index, March 2023</li> <li>• US Initial Jobless Claims, March 18, 2023</li> <li>• Eurozone Consumer Confidence Flash, March 2023</li> <li>• UK BoE Interest Rate Decision</li> </ul>
Friday, Mar 24, 2023	<ul style="list-style-type: none"> <li>• US S&amp;P Global Manufacturing/Services/Composite PMI Flash, March</li> <li>• US Durable Goods Orders, February 2023</li> <li>• Eurozone S&amp;P Global Manufacturing/Services/Composite PMI Flash, March 2023</li> <li>• UK S&amp;P Global/CIPS Manufacturing/Services/Composite PMI Flash, March 2023</li> <li>• UK Retail Sales, February 2023</li> <li>• UK Gfk Consumer Confidence, March 2023</li> <li>• Japan Consumer Prices, February 2023</li> <li>• Japan Jibun Bank Manufacturing/Services/Composite Flash, March</li> <li>• India Foreign Exchange Reserves, March 17, 2023</li> </ul>



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Source: CRISIL

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