

WEEKLY YIELD

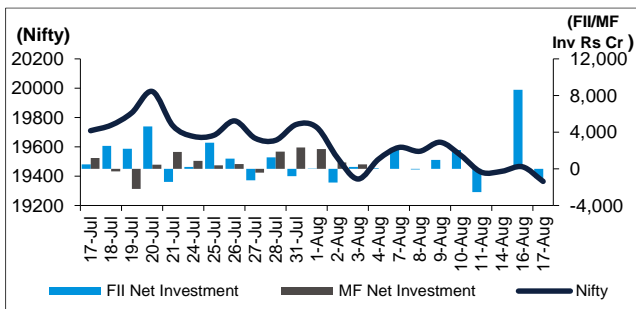
Update of Equity & Debt Market

August 18, 2023



DOMESTIC EQUITY

- Indian equity indices ended lower this week on concerns over China's economic growth and possible rate hikes by the US Federal Reserve (Fed). S&P BSE Sensex and Nifty 50 fell about 0.57% and 0.61%, respectively.
- Sectors ended mostly lower. Metal, oil & gas and bank sectors fell the most. S&P BSE Metal, S&P Oil & Gas, and S&P BSE Bankex were down 3.93%, 1.28% and 0.79%, respectively.
- However, some gains were witnessed due to buying in power and consumer durables stocks. S&P BSE Power and S&P BSE Consumer Durable rose 0.46% and 0.24%, respectively.



Source: BSE, NSE

| Broad Indices | Week change% | 3 month change% | 1 year change% |
|--------------------|--------------|-----------------|----------------|
| S&P BSE Sensex | -0.57 | 5.72 | 7.71 |
| Nifty 50 | -0.61 | 6.51 | 7.54 |
| S&P BSE Midcap | -0.54 | 15.72 | 19.69 |
| S&P BSE Smallcap | -0.02 | 18.41 | 24.07 |
| S&P BSE Bankex | -0.79 | -0.86 | 8.24 |
| S&P BSE CG | -0.56 | 18.37 | 37.50 |
| S&P BSE FMCG | 0.14 | 5.67 | 17.16 |
| S&P BSE IT | -0.36 | 11.03 | 1.29 |
| S&P BSE Healthcare | -0.54 | 21.33 | 19.69 |

Source: SEBI, NSE



GLOBAL EQUITY

- US stocks ended after the Fed's latest meet minutes revealed a divided opinion on whether to announce further rate hikes.
- Upbeat economic data further fuelled investor fears of rising interest rates, triggering more losses.
- Britain's FTSE declined 2.84% this week, as latest inflation data indicated a lower-than-expected fall in prices.
- Asian equities ended lower. Japan's Nikkei index declined 3.15% amid concerns over China's economic recovery, heightened possibility of future rate hikes by the Fed, and sector-specific losses.
- Hong Kong's Hang Seng became the biggest weekly loser, falling 5.89% as investors worried over the China's economic growth following surprise rate cut by China's central bank and weak Chinese data.
- China's Shanghai Composite fell 1.80%, as investor worries worsened over the deteriorating condition of the country's real estate sector, disappointing credit data, and fears of poor performance spilling over the broader economy.



DOMESTIC DEBT

| Indicators | Aug 18, 2023 | Previous Week | Trend |
|--------------|--------------|---------------|-------|
| Call Rate | 6.70% | 6.00% | ↑ |
| 3 M CP | 7.30% | 7.36% | ↓ |
| 1 Yr CP | 7.72% | 7.70% | ↑ |
| 3 M CD | 7.05% | 7.00% | ↑ |
| 1 Yr CD | 7.50% | 7.45% | ↑ |
| 5 Yr AAA | 7.67% | 7.62% | ↑ |
| 1 Yr G-Sec* | 7.11% | 7.07% | ↑ |
| 5 Yr G-Sec* | 7.20% | 7.18% | ↑ |
| 10 Yr G-Sec* | 7.21% | 7.20% | ↑ |
| USD/INR* | 83.10 | 82.84 | ↑ |

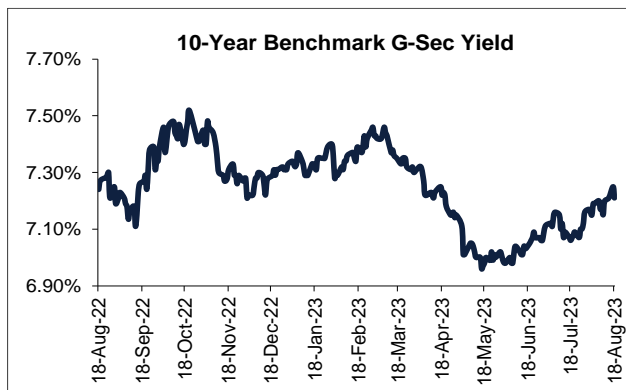
Source: CRISIL Fixed Income Database, RBI *Weighted Average Yield

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- Government bond prices ended marginally lower in the week ended August 18, 2023. The yield of 10-year benchmark 7.26% 2033 paper closed marginally higher at 7.22% on August 18 vs 7.20% on August 11.
- Yield rose, tracking the sharp rally in US peers on growing expectations that a stronger US economy will ensure that the Fed keeps interest rates higher for a longer period.
- Bond prices also declined after local July retail inflation spiked to a 15-month high of 7.44% from 4.87% in the previous month.
- However, further gains halted after weekly debt sales witnessed better-than-expected demand and on profit booking at a higher level.
- In the debt sale held on August 18, the RBI auctioned 7.17% GS (Government Security) 2030, 7.18% GS 2037 and 7.25% GS 2063 for a notified amount of Rs 31,000 crore.



Source: CRISIL Fixed Income Database

- Slew of additional economic data, including inflation and job numbers, boosted expectations that the Fed may hold rates higher for longer as it seeks to bring inflation down closer to its 2% annual target.
- Sentiments for bond prices dented further after FOMC minutes highlighted the inflation risk.
- Yield on the 10-year benchmark Treasury bond ended at 4.31% on August 17 compared with 4.17% on August 11.



DOMESTIC NEWS

- India's wholesale inflation contracted 1.36% on a year-on-year basis in July 2023 after contracting 4.12% in June 2023.
- India's consumer price index (CPI) inflation surged sharply to a 15-month high peak of 7.44% in July 2023 compared to 4.87% in June 2023, driven by high food and vegetable prices.
- Reserve Bank of India (RBI) in its monthly bulletin said while headline inflation is predicted to average well above 6% in the second quarter of Financial Year 2023- 2024 (FY24), core inflation has moderated.
- RBI in its monthly bulletin said the risk of stagflation remains low owing to ease of financial conditions, stability of the INR/USD exchange rate and steady domestic fuel prices.
- RBI in its monthly bulletin said India needs major supply side reforms to check the wild swings in vegetable prices which put the inflation calculation in jeopardy.
- The Cabinet approved allotment of Rs 57613 crore for the PM e-Bus Seva Scheme.
- The Cabinet approved seven multi-tracking projects targeted at Indian railways with an outlay of Rs 32500 crore.
- Finance Minister Nirmala Sitharaman said the direct benefit transfers (DBTs) had helped the government save more than Rs. 2.73 lakh crore since 2014.



GLOBAL DEBT

- US Treasury prices fell sharply as upbeat economic data fuelled fear that the Fed may keep higher rate for longer.
- Yield began the week on a brighter note after data showed that retail sales rose more than the economists had expected in July. Retail sales jumped 0.7% last month.

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- The Central Board of Direct Taxes (CBDT) issued detailed guidelines concerning the alterations in the taxation of life insurance policies under clause (10D) of Section 10 of the Income-Tax Act, 1961.
- Government collected Rs 6.53 lakh crore as gross direct tax in the ongoing financial year up to August 10, 2023 up 15.7% on year.
- Government increased the windfall tax on crude petroleum to Rs 7,100 per tonne from Rs 4,250 per tonne with effect from August 15, 2023.
- The Ministry of Corporate Affairs (MCA) extended the deadline for submitting applications for the post of judicial and technical members at National Company Law Appellate Tribunal till September 1, 2023.
- RBI in its monthly bulletin assured that it intent to soon return funds sucked through a incremental Cash Reserve Ratio (CRR) hike.
- RBI launches 'UDGAM' for searching unclaimed deposits across multiple banks.
- RBI announced the development of a public technology platform, aimed at providing digital information to lenders to assist the flow of frictionless credit.
- RBI Governor Shaktikanta Das on said India's continued engagement with the Unified Payments Interface (UPI), particularly during and after the Covid-19 pandemic, indicated that digital public infrastructure can play a vital role as a global public asset when extended beyond national borders.
- Securities and Exchange Board of India (SEBI) plans to implement a Geotagging solution in the current financial year to strengthen the process of its enforcement activities.
- SEBI proposed changes to the voluntary delisting mechanism, including alternatives to the reverse book building (RBB) framework.
- Asian Development Bank (ADB) approved a \$40.5 million loan for integrated early childhood development (ECD) and maternal mental health programme in Meghalaya.

- Germany to invest 5 million euros in India to promote tourism.
- Prime Minister Narendra Modi said the government will soon launch a scheme to provide relief in interest of bank loans to those dreaming of their own house in cities.



GLOBAL NEWS

- US annual producer inflation accelerated to 0.8% in July of 2023 from 0.2% in June 2023.
- US retail sales increased 3.2% on year in July 2023, following an upwardly revised 1.6% rise in June 2023.
- US Industrial production fell by 0.2% on year in July 2023, extending the 0.4% decline in June 2023.
- US manufacturing production decreased 0.70% in July 2023, from 0.3% fall in June 2023.
- Eurozone economy grew by 0.6% on year in Q2 of 2023, easing from a 1.1% expansion in the previous period.
- UK economy expanded 0.4% year-on-year in the second quarter of 2023, following a 0.2% rise in the first three months of the year 2023.
- UK Consumer price inflation dropped to 6.8% in July 2023 compared to 7.9% in June 2023.
- The People's Bank of China (PBOC) lowered the rate on \$55.25 bn worth of one-year medium-term lending facility (MLF) loans to some financial institutions by 15 basis points to 2.50% from 2.65% earlier.
- Japan's economy grew by 6.0% on an annualized basis during the second quarter of 2023, much stronger than an upwardly revised 3.7% expansion in the prior period.
- Japan's annual inflation rate was unchanged at 3.3% in July 2023 while core consumer price index rose 3.1% in July 2023 from a year ago, slowing from a 3.3% gain in June 2023.

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| DAY | |
|-------------------------|--|
| Monday, Aug 21, 2023 | <ul style="list-style-type: none">China Loan prime Rate 1Y and 5Y, August |
| Tuesday, Aug 22, 2023 | <ul style="list-style-type: none">US Existing Home Sales, JulyUS Richmond Fed Manufacturing/ Services Index, August |
| Wednesday, Aug 23, 2023 | <ul style="list-style-type: none">US S&P Global Manufacturing/ Services/ Composite PMI Flash, AugustUS New Home Sales MoM, JulyUS Building Permits Final, JulyEurozone Consumer Confidence Flash, AugustEurozone HCOB Manufacturing/ Services/ Composite PMI Flash, AugustUK S&P Global/CIPS Manufacturing/ Services/ Composite PMI Flash, AugustJapan Jibun Bank Manufacturing/ Services/ Composite PMI Flash, August |
| Thursday, Aug 24, 2023 | <ul style="list-style-type: none">US Chicago Fed National Activity Index, JulyUS Initial Jobless Claims, August 19US Kansas Fed Manufacturing/ Services/ Composite PMI, August |
| Friday, Aug 25, 2023 | <ul style="list-style-type: none">US Michigan Consumer / Inflation Expectations Final, AugustUK Gfk Consumer Confidence, AugustIndia Foreign Exchange Reserves, August 18 |

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Source: CRISIL

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