

WEEKLY YIELD

Update of Equity & Debt Market

January 19, 2024

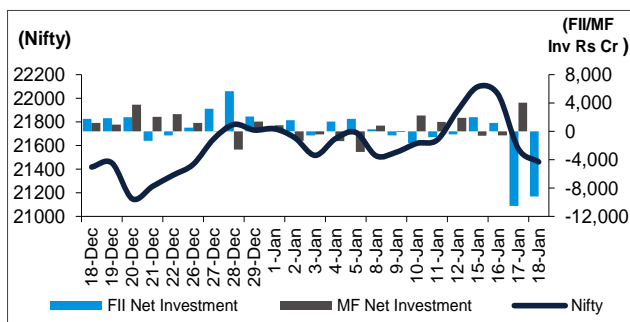


DOMESTIC EQUITY

- Indian equity indices ended lower this week following weaker-than-expected earnings reported by a major Indian private banking and financial services company. S&P BSE Sensex and Nifty 50 fell 1.22% and 1.24%, respectively.
- More losses were seen as strong retail sales data from the United States (US) raised concerns that interest rate cuts by the Federal Reserve (Fed) may be delayed.
- Most sectors ended mixed, with bank, power and realty falling the most. S&P BSE Bankex, S&P BSE Power, and S&P BSE Realty declined 3.65%, 2.11% and 1.47%, respectively.

Broad Indices	Week change%	3 months change%	1 year change%
S&P BSE Sensex	-1.22	9.22	17.79
Nifty 50	-1.24	10.18	19.41
S&P BSE Midcap	0.87	18.61	51.78
S&P BSE Smallcap	-0.14	15.46	54.45
S&P BSE Bankex	-3.65	5.33	7.88
S&P BSE CG	1.76	20.41	63.38
S&P BSE FMCG	0.16	7.36	26.66
S&P BSE IT	1.89	18.07	27.75
S&P BSE Healthcare	0.44	16.13	42.34

Source: BSE, NSE



Source: SEBI, NSE



GLOBAL EQUITY

- US stocks ended lower after upbeat US retail sales data curbed expectations that the Fed will kick off its rate-cut campaign by March 2024.
- Further, a fall in the banking sector following mixed earnings from Morgan Stanley and Goldman Sachs also weighed on sentiment.
- Britain's FTSE closed 2% lower after stronger-than-expected UK inflation and US retail sales dampened hopes of early interest rate cuts.
- Asian equities ended mostly lower. Japan's Nikkei Index advanced this week due to gains in the shipping, chip-related and financial stocks.
- During the week, markets suffered losses as investors booked profits post the previous week's big rally.
- Hong Kong's Hang Seng slumped as investors continued to worry over the Chinese economy, following weak economic data from the country.
- Shanghai Composite closed lower after China's central bank left the interest rate unchanged when rolling-over medium-term policy loans.
- Additionally, weak growth and property data further soured sentiment.



DOMESTIC DEBT

Indicators	Jan 19, 2024	Previous Week	Trend
Call Rate	6.60%	6.00%	↑
3 M CP	8.40%	8.20%	↑
1 Yr CP	8.23%	8.23%	↔
3 M CD	7.65%	7.53%	↑
1 Yr CD	7.85%	7.90%	↓
5 Yr AAA	7.65%	7.67%	↓
1 Yr G-Sec*	7.07%	7.06%	↑
5 Yr G-Sec*	7.05%	7.06%	↓
10 Yr G-Sec*	7.18%	7.18%	↔
USD/INR*	83.06	82.92	↑

Source: CRISIL Fixed Income Database, RESERVE BANK OF INDIA

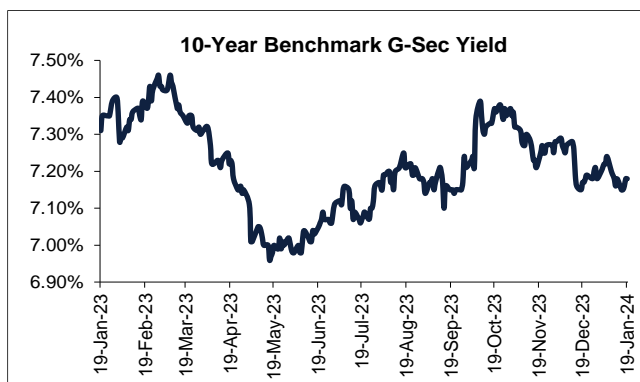
*Weighted Average Yield

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- Government bond prices were flat in the week ended January 19, 2024. The yield of the 10-year benchmark 7.18% 2033 paper closed at 7.18% on January 19, 2024, unchanged from a week ago.
- Yield began the week on a weak note with softer core inflation fuelling hopes that the Reserve Bank of India (RBI) policy-makers may vote to ease the policy stance to neutral.
- Stronger-than-expected demand in the weekly debt auction data released by the RBI also kept yield under pressure.
- In the debt sale held on January 19, 2024, the RBI auctioned 7.33% GS (government security) 2026, 7.18% GS 2037, 7.25% GS 2063 and New GoI SGrB (Sovereign Bond) 2054 for a total notified amount of Rs 35,000 crore.
- Further gains in bond prices were curbed, tracking gains in the US Treasury yield as hawkish comments from Fed officials eased hopes of aggressive rate cuts.
- The comments from the Reserve Bank of India Governor on inflation also weighed on sentiment and elevated the yield.



Source: CRISIL Fixed Income Database



GLOBAL DEBT

- US Treasury prices declined this week after strong data and hawkish global central bank comments

strengthened sentiment that the central banks will not hasten to lower interest rates any time soon.

- Yield gained as an unexpected rise in UK inflation last month and stronger-than-expected US December 2023, retail sales data prompted investors to reassess the policy moves of the central banks.
- More gains were added after the number of Americans filing new claims for unemployment benefits declined last week to 187,000, suggesting job growth likely remained solid in January 2024.
- There was more pressure on bond prices after global central bank heads at the World Economic Forum in Davos refuted rate cut expectations.
- Yield saw a selloff at the start of the week after a fall in producer price index data raised expectations of a rate cut by the Fed.
- The yield on the 10-year benchmark Treasury bond ended higher at 4.1% on January 18, 2024 compared with 3.99% on January 12, 2024.



DOMESTIC NEWS

- India Wholesale Price Index (WPI)-based inflation came in at 0.73% for December 2023, up from 0.26% in November 2023.
- India merchandise trade deficit narrowed to \$19.8 billion in December 2023 from \$23.14 billion in the same month the previous year.
- The Reserve Bank of India (RBI) Governor, Mr. Shaktikanta Das said that the retail inflation is slowly moderating and is steadily moving towards the target of 4%.
- The RBI's Governor, Mr. Shaktikanta Das at the World Economic Forum (WEF) Annual Meeting 2024 in Davos said that the Indian economy is expected to grow 7% in fiscal year 2024-25.
- The Reserve Bank of India Governor, Mr. Shaktikanta Das at the World Economic Forum in Davos said that the slowing global growth is reason for concern, a cause of worry but India is better placed to deal with various geopolitical challenges.

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- The RBI Governor, Mr. Shaktikanta Das said that despite the recent decline in core inflation, India's monetary policy should continue with an aggressive disinflationary policy.
- The RBI in its monthly bulletin said that India must aim to sustain the current growth momentum and secure a real Gross Domestic Product (GDP) growth of at least 7% next fiscal year in an environment of macroeconomic stability.
- The RBI in its report highlighted that with its large share in the consumption basket, food inflation has the potential to affect headline inflation and, it can also affect non-food inflation in the event of large and repeated food price shocks.
- Prime Minister Narendra Modi has announced to release Rs 540 crore of Rs 4,700 crore -worth tribal outreach projects.
- Prime Minister Narendra Modi inaugurated three significant infrastructure projects in Kochi, Kerala valued at over Rs 4,000 crore.
- The Government has eased regulations for erecting 4G mobile towers in protected areas.
- The Government approved a preliminary pact signed between India and the European Union to boost cooperation for semiconductor research and innovation and advancement of technologies.
- The Government approved 11 project proposals related to technical textiles worth nearly Rs 103 crore.
- The Unique Identification Authority of India (UIDAI) has issued a notification to amend the Aadhaar (Enrolment and Update) Rules.
- The Reserve Bank of India (RBI) issued a draft circular that seeks to harmonise regulations of Housing Finance Companies (HFCs) with that of Non-banking Finance Companies (NBFCs).
- RBI has come out with a draft framework that lays down broad functions, governance standards, and eligibility criteria for setting up a self-regulatory organization for fintech companies (SRO-FT).

- Securities and Exchange Board of India (SEBI) proposed to provide flexibility to Alternative Investment Funds (AIFs), Venture Capital Funds (VCFs) and their investors to deal with unliquidated investments of their schemes beyond expiry of tenure.



GLOBAL NEWS

- US Retail sales increased 5.6% on-year in December 2023, following a downwardly revised 4% rise in November 2023.
- US Industrial Production increased 1% on-year in December 2023, following the revised -0.6% in November 2023. While manufacturing Production increased 1.2%, following a revised -1% fall.
- Eurozone annual inflation rate came at 2.9% in December 2023, up from 2.4% seen in November 2023, while core inflation rate cooled to 3.4% from 3.6%.
- UK annual inflation rate rose to 4% in December 2023 from 3.9% in November 2023, while core inflation rate came unchanged at 5.1%.
- UK producer price index 0.1% on-year in December 2023, rebounding from a revised 0.1% fall in November 2023.
- UK retail price index rose 5.2% on-year in December 2023, from 5.3% in November 2023.
- The Chinese economy expanded 5.2% annually in Q4 of 2023, accelerating from a 4.9% growth in Q3 of 2023.
- China's industrial production grew by 6.8% on-year in December 2023, after a 6.6% gain in November 2023.
- China's new home prices dropped by 0.4% on year in December 2023, after a 0.2% fall in November 2023.
- Japan annual inflation rate fell to 2.6% in December 2023 from 2.8% in November 2023 while core consumer price index rose 2.3%, slowing from a 2.5%.

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DAY	EVENTS
Monday, Jan 22, 2024	<ul style="list-style-type: none"> China Loan Prime Rate 1y/5y, January
Tuesday, Jan 23, 2024	<ul style="list-style-type: none"> US Richmond Fed Manufacturing /Services Index, January Eurozone Consumer Confidence Flash, January Japan BOJ policy rate decision
Wednesday, Jan 24, 2024	<ul style="list-style-type: none"> US S&P Global Manufacturing /Services/ Composite PMI Flash, January Euro Zone HCOB Manufacturing /Services/ Composite PMI Flash, January UK S&P Global/CIPS Manufacturing /Services/ Composite PMI Flash, January Japan Jibun Bank Manufacturing / Services / Composite PMI flash, January
Thursday, Jan 25, 2024	<ul style="list-style-type: none"> US GDP Growth Rate QoQ Adv Q4 US Real Consumer Spending QoQ Adv Q4 US PCE Prices QoQ Adv Q4 US Kansas Fed Composite / Manufacturing Index, January US Building Permits, December US initial Jobless claims, January 20 Eurozone ECB Interest Rate Decision
Friday, Jan 26, 2024	<ul style="list-style-type: none"> US PCE Price Index, December US Personal Income, December US Pending Home Sales, December UK Gfk Consumer Confidence, January Japan BoJ policy minutes India Forex Reserve, January 12

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Source: CRISIL

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