

WEEKLY YIELD

Update of Equity & Debt Market

January 20, 2023

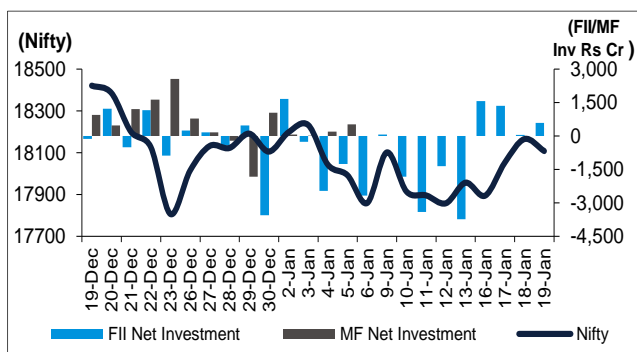


DOMESTIC EQUITY

- Indian equity indices extended gains for the second straight week on easing domestic wholesale-based price inflation and cuts to windfall tax on crude and aviation fuel by the government. S&P BSE Sensex and Nifty 50 rose 0.6% and 0.4%, respectively.
- Many sectors ended positive with power, capital goods and oil & gas rising the most. S&P BSE Power, S&P BSE Capital Goods and S&P BSE Oil & Gas advanced 2.1%, 2.1% and 1.8%, respectively.
- However, some gains were capped due to an intermittent rise in crude oil prices and sell-off across sectors after weak US economic data that raised recession worries.
- S&P BSE Consumer Durables, S&P BSE Auto and S&P BSE Healthcare fell 1.7%, 1.1% and 0.9%, respectively.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	0.60	2.40	1.95
Nifty 50	0.40	2.64	1.52
S&P BSE Midcap	-0.66	0.05	-1.80
S&P BSE Smallcap	-0.79	-0.38	-6.33
S&P BSE Bankex	0.13	5.07	11.44
S&P BSE CG	2.10	8.61	14.55
S&P BSE FMCG	-0.16	-1.36	17.67
S&P BSE IT	1.76	2.91	-19.30
S&P BSE Healthcare	-0.94	-2.72	-7.81

Source: BSE, NSE



Source: SEBI, NSE



GLOBAL EQUITY

- US stocks slumped this week following weak retail sales numbers and as tight job market data renewed concerns over continuation of an aggressive monetary policy stance by the Federal Reserve (Fed) which may lead the economy to recession
- Britain's FTSE ended lower by 1.2% on recession worries, sell-off in consumer stocks and as a rise in food prices raised fears of an aggressive monetary policy stance by the Bank of England
- Asian equities ended higher. Japan's Nikkei advanced 1.7% after the Bank of Japan maintained status quo at its policy meet, and as weak yen aided exporters
- Hong Kong's Hang Seng rallied 1.4% on hopes of a recovery in Chinese economy amid expectations that Chinese authorities will announce more measures to stimulate the pandemic-hit economy
- China's Shanghai Composite ended higher by 2% on foreign fund inflows and after the country's officials assured that the worst was over in the battle against Covid-19
- These gains were kept under check, as investors closed positions ahead of Lunar New Year holiday and weak economic data.



DOMESTIC DEBT

Indicators	Jan 20, 2023	Previous Week	Trend
Call Rate	5.50%	5.95%	↓
3 M CP	7.35%	7.35%	↔
1 Yr CP	7.98%	8.01%	↓
3 M CD	7.14%	7.14%	↔
1 Yr CD	7.68%	7.76%	↓
5 Yr AAA	7.17%	7.59%	↓
1 Yr G-Sec*	6.95%	6.87%	↑
5 Yr G-Sec*	7.17%	7.12%	↑
10 Yr G-Sec*	7.35%	7.30%	↑
USD/INR*	81.12	81.33	↓

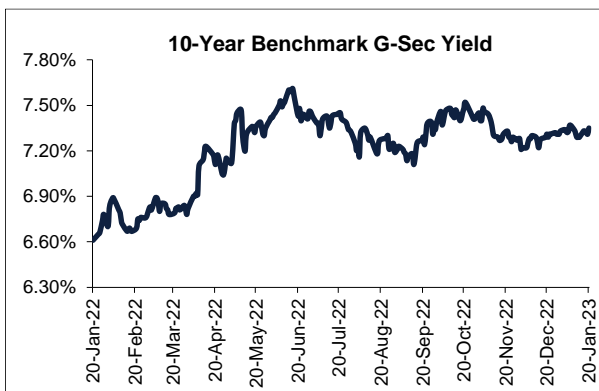
Source: CRISIL Fixed Income Database, RBI *Weighted Average Yield

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- Government bond prices ended lower in the week ended January 20, 2023. The yield of the 10-year benchmark 7.26% 2032 paper closed at 7.35% on January 20, 2023 compared with 7.30% on January 13, 2023
- Persistent worries that the finance minister may announce higher government borrowing in her upcoming budget speech kept yields elevated during the week
- Intermittent spikes in crude oil prices also kept bond prices under pressure
- However, a further fall in bond prices was capped after the Bank of Japan decided to keep its yield curve control target and interest rate unchanged
- A sharp fall in US treasury yields amid speculations over rate cuts by the US Fed following a set of weak economic data also prevented further fall in gilts
- Meanwhile, in the debt sale held on January 20, 2023, the central bank auctioned 7.38% government securities (GS) 2027, 7.26% GS 2032 and 7.36% GS 2052 for a total notified amount of Rs 28,000 crore.



Source: CRISIL Fixed Income Database

GLOBAL DEBT

- US treasury prices rose sharply following a set of weak domestic macroeconomic data and as yen weakened against the dollar due to the Bank of Japan's decision to maintain ultra-low interest rates

- However, a sharp fall in yields was capped after initial jobless claims fell last week, indicating that the labour market is strong amid a slowing economy
- The yield of the 10-year benchmark treasury bond ended at 3.40% on January 19, 2023, compared with 3.51% on January 13, 2023



DOMESTIC NEWS

- India's wholesale price index-based inflation declined to 4.95% on-year in December 2022 from 5.85% in the prior month.
- India's trade deficit widened to \$23.76 billion in December 2022 compared to \$21.68 billion in the same month in 2021 and \$23.89 billion in November 2022. The exports declined by 12.2% from a year earlier to \$34.48 billion in December 2022, while the imports fell by 3.5% from a year earlier to \$58.24 billion in December 2022.
- The Reserve Bank of India (RBI) in its monthly bulletin said, in 2023 Indian economy to strengthen its position on the global stage while the rest of the world grapples with an impending recession, war and inflation.
- Government will give additional Rs 2000 crore to states under the Special Assistance for Capital Investment scheme to incentivise them to scrap old vehicles and provide tax concessions to individuals for it.
- Government notified a scheme to incentivise banks for promoting point-of-sale and e-commerce transactions using RuPay debit cards and low-volume payments to merchants on the BHIM-UPI platform.
- Government relaxed performance bank guarantee norms to promote ease of doing business and attract investment in coal block auctions.
- Government reduced windfall tax on crude oil to Rs 1900 per tonne from Rs 2100 per tonne.

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- RBI changed rules related to acquiring shares in banks to ensure ownership is well diversified and shareholders are fit and proper.
- RBI is working on a set of guidelines for expected credit-loss provisions for banks to align its rules with the global regulatory framework.
- RBI said the fiscal health of states has improved from a sharp pandemic-induced deterioration in fiscal 2021 on the back of a broad-based economic recovery.
- Securities and Exchange Board of India (SEBI) plans to come out with a reward system for informants providing tips that will help it recover fines from elusive offenders.
- SEBI allowed investment managers of Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) to conduct meetings of unitholders through video conferencing and other audio-visual means.
- Eurozone posted a current account surplus of 13.4 billion euros in November 2022, compared to a revised 4.5 billion euro deficit in October 2022.
- UK annual inflation rate eased to 10.5% on-year in December 2022 from 10.7% in November 2022, while core inflation rate was unchanged at 6.3% from the previous month.
- UK's goods trade gap widened to 15.6 billion pounds in November 2022 from a revised 12.3 billion pound deficit in October 2022.
- UK unemployment rate remained unchanged at 3.7% in the three months to November 2022 compared to the previous period.
- China's economy expanded 2.9% on-year in fourth quarter of 2022, easing from a 3.9% growth in third quarter.
- China's industrial production expanded 1.3% on-year in December 2022, slowing from 2.2% growth in the prior month.
- China kept the one-year loan prime rate (LPR) and five year LPR unchanged at 3.65% and 4.30%, respectively.
- The Bank of Japan maintained its key short-term interest rate at -0.1% and that for 10-year bond yields around 0% during its January 2023 meeting.
- Japan's annual inflation rose to 4% in December 2022 from 3.8% in November 2022, and the core inflation increased 4% on-year in December 2022 from 3.7% in the previous month.
- Japan producer prices surged 10.2% on-year in December 2022 from 9.7% in the previous month.
- Japan industrial production decreased 0.9% on-year in November 2022, after rising 3.8% in October 2022.



GLOBAL NEWS

- US producer prices eased to 6.2% on-year in December 2022 compared to revised 7.3% gain in November 2022. On a month-on-month basis, producer prices fell 0.5% in December 2022 from revised 0.2% gain in November 2022.
- US industrial production rose 1.6% on-year in December 2022 compared to 2.5% gain in November 2022.
- US retail sales fell 1.1% on-month in December 2022 compared to 0.6% decline in November 2022.
- US export prices rose by 5% on year in December 2022, easing from a downwardly revised 6.1% rise in November 2022. While imports rose 3.5% on year, higher from a 2.7% rise.
- Eurozone consumer price inflation slowed to 9.2% on-year in December 2022 from 10.1% in November 2022, while core consumer prices increased to 5.2% from 5%.

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DAY	
Monday, Jan 23, 2023	<ul style="list-style-type: none"> • US CB Leading Index, December • Eurozone Current Account, November • BoJ Meeting Minutes
Tuesday, Jan 24, 2023	<ul style="list-style-type: none"> • US S&P Global Manufacturing/Services/Composite PMI Flash, January • US Richmond Fed Services/Manufacturing Index, January • Eurozone S&P Global 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
Wednesday, Jan 25, 2023	<ul style="list-style-type: none"> • UK Producer Prices Index, December • Japan Coincident Index final, November • Japan Leading Economic Index final, November
Thursday, Jan 26, 2023	<ul style="list-style-type: none"> • US GDP Growth Rate QoQ Advance, Q4 • US Wholesale Inventories Advance, December • US Core PCE Prices QoQ Advance, Q4 • US Real Consumer Spending QoQ Advance, Q4 • US New Home Sales, December • US Kansas Fed Manufacturing/Composite Index, January • US Chicago Fed National Activity Index, November • US Building Permits, December • US Durable Goods Orders, December • US Initial Jobless Claims, January 21
Friday, Jan 27, 2023	<ul style="list-style-type: none"> • US PCE Price Index, December • US Personal Income, December • US Personal Spending, December • US Michigan Consumer Sentiment, January • US Pending Home Sales, December

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Source: CRISIL

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