

WEEKLY YIELD

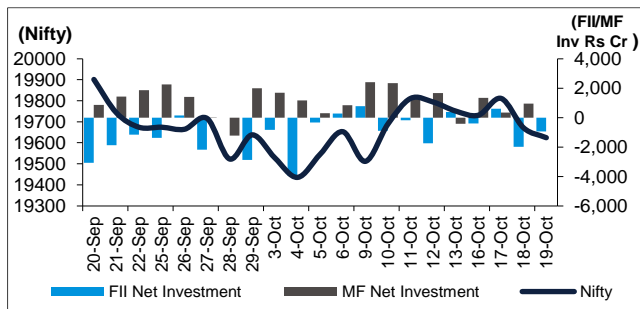
Update of Equity & Debt Market

October 20, 2023



DOMESTIC EQUITY

- Indian equity indices ended lower this week due surge in United States (US) Treasury yields amid the uncertainties of interest rate hikes by the US Federal Reserve.
- S&P BSE Sensex and Nifty 50 declined about 1.34% and 1.06%, respectively.
- Concerns around escalating conflict in the Middle East also stirred the market sentiments.
- The sectors mostly ended lower with realty, oil and gas, and consumer durables rising the most.
- S&P BSE Realty, S&P BSE Oil & Gas, and S&P BSE Consumer Durables were down 2.29%, 1.91% and 1.55%, respectively.



Source: BSE, NSE

Broad Indices	Week change%	3 months change%	1 year change%
S&P BSE Sensex	-1.34	-3.22	10.46
Nifty 50	-1.06	-2.18	11.27
S&P BSE Midcap	-1.31	7.62	27.56
S&P BSE Smallcap	0.04	12.01	32.92
S&P BSE Bankex	-1.17	-5.80	7.15
S&P BSE CG	-1.43	13.23	47.08
S&P BSE FMCG	-1.39	-3.90	15.85
S&P BSE IT	-0.83	1.45	11.56
S&P BSE Healthcare	-1.06	4.66	19.21

Source: SEBI, NSE



GLOBAL EQUITY

- US stocks declined this week as US Treasury yields rose after US Federal Reserve Chair, Jerome Powell hinted that the rates may remain higher for longer period.
- Britain's FTSE closed lower 1.3% on rising United Kingdom (UK) Treasury yields and the escalating Middle East crisis.
- Asian markets closed lower. Japan's Nikkei Index slumped 3% tracking similar weakness in the US markets and dragged by chip-related shares as tensions in the Middle East escalated.
- Hong Kong's Hang Seng declined 3.6% amid the property sector crisis in China, tightening of the US tech curbs on Chinese companies and intensifying Middle East geopolitical tension.
- China's Shanghai Composite ended lower, falling 3%, on escalating geopolitical Middle East tension, tightening of the US tech curbs on Chinese companies and property sector crisis.



DOMESTIC DEBT

Indicators	Oct 20, 2023	Previous Week	Trend
Call Rate	6.60%	6.50%	↑
3 M CP	7.62%	7.55%	↑
1 Yr CP	7.95%	7.95%	↔
3 M CD	7.22%	7.18%	↑
1 Yr CD	7.73%	7.50%	↑
5 Yr AAA	7.72%	7.70%	↑
1 Yr G-Sec*	7.15%	7.15%	↔
5 Yr G-Sec*	7.37%	7.33%	↑
10 Yr G-Sec*	7.36%	7.32%	↑
USD/INR*	83.12	83.26	↓

Source: CRISIL Fixed Income Database, RESERVE BANK OF INDIA

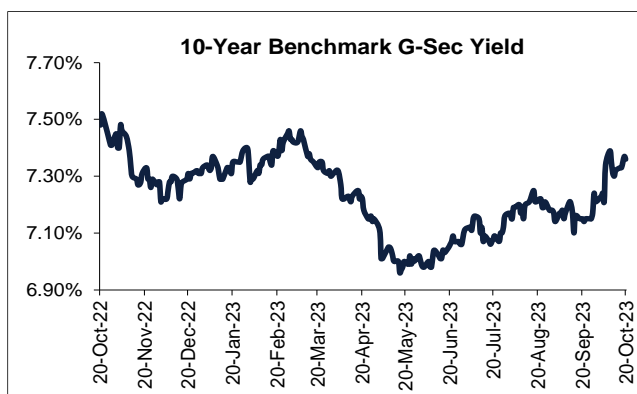
*Weighted Average Yield

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- Government Bond prices declined during the week ended October 20, 2023. The yield on the 10-year benchmark 7.18% 2033 paper closed higher at 7.36% on October 20, 2023 compared with 7.32% on October 13, 2023.
- Yield remained high during the week due to relentless spike in US Treasury yields.
- An intermittent gain in global crude oil prices on the back of rising geopolitical tensions in the Middle East, also kept bond prices under pressure. However, further gains in yield were halted due to value buying in anticipation that the RBI may delay an open market sale of bonds following persistent liquidity deficit in India's banking system.
- Bond prices rose further after weekly debt auction data released by the RBI indicated higher demand. In the debt sale held on October 20, the RBI auctioned New GS (Government Security) 2023, 7.18% GS 2033 and 7.20% GS 2053 for a total notified amount of Rs 30,000 crore.



Source: CRISIL Fixed Income Database

following an upwardly revised 2.9% rise in August 2023. Additionally, a sharp September rebound in US homebuilding, on demand for new construction also indicated a resilient economy, cementing hopes of higher rates for longer period in future.

- Bond prices declined further after the Fed Reserve Chair, Jerome Powell suggested the Central Bank is inclined to hold interest rates steady again at its next meeting while leaving open the possibility of a future hike if policymakers see further signs of resilient economic growth.
- Earlier in the week, New York Fed President, John Williams also said that rates will need to stay high for a while to get inflation back to the Central Bank's 2% target.
- Rising geopolitical tensions in the Middle East, however, kept rally in yield under check.
- Yield on the 10-year benchmark Treasury Bond ended at 4.99% on October 19, 2023 compared with 4.63% on October 13, 2023.



DOMESTIC NEWS

- India's Wholesale Price Index inflation (WPI) remained negative for the sixth consecutive month at -0.26% in September 2023, compared to -0.52% in August 2023.
- India's merchandise trade deficit narrowed to \$19.37 billion in September 2023, from \$24.16 billion in August 2023 and \$26.72 billion in September 2022. Exports slowed 2.6% on-year to \$34.47 billion, while imports slowed a little over 15% to \$53.84 billion.
- The Reserve Bank of India (RBI), in its October bulletin, said India is gaining momentum amid global uncertainty with easing inflation and less volatile rupee.
- The bulletin also stated that the Central Bank sold a net total of \$3.9 billion worth of foreign currency in August, 2023.
- International Monetary Fund (IMF) said that India's contribution to global economic growth is expected to



GLOBAL DEBT

- US Treasury prices fell this week as upbeat economic data and hawkish comments from the US Fed officials spurred expectations that the Central Bank would keep rates higher for longer period.
- Yield rose after retail sales rose 3.8% on-year in September, 2023, the highest in seven months, and

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October 20, 2023

increase 200 basis points (bps) to 18% over the next five years as the country grows at a quicker pace.

- The Government notified an amendment to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005, further tightening the record keeping in case of international transactions above Rs 50,000 to prevent terror financing.
- The Asian Development Bank gave nod to a \$181 million loan aimed at bolstering the quality of urban infrastructure and services in Gujarat.
- The Government granted a non-productivity linked bonus equivalent to 30 days' emoluments for fiscal 2023 to all Central Government employees in Group C, as well as all non-gazetted employees in Group B who are not covered by any productivity linked bonus.
- The Union Cabinet approved a 4% hike in dearness allowance for Central Government employees and pensioners effective from July 2023 and also approved a productivity linked bonus equivalent to the wages of 78 days for fiscal 2023 for all eligible non-gazetted employees of the Indian Railways.
- RBI tightened the Customer Due Diligence (CDD) norms by asking Banks and Regulated Entities to adopt a risk-based approach for periodic updation of Know Your Customer (KYC).
- RBI in its October, 2023 report said that the banking sector appears to be well prepared in the current phase of hardening of yields as the timely creation of Investment Fluctuation Reserve (IFR) provides adequate buffers to withstand trading loss.
- Securities and Exchange Board of India (SEBI) tweaked guidelines pertaining to anti-money laundering standards, whereby partners holding a 10% stake in a firm will come under the definition of beneficial owners.
- SEBI eased norms for mandatory bond issuances and announced incentives.
- National Payments Corporation of India (NPCI) launched a new set of services under the business-to-business (B2B) payments category through its Wholly-owned Subsidiary, Bharat BillPay.



GLOBAL NEWS

- US University of Michigan Consumer Expectations decreased to 60.7 in October 2023 from 66 in September 2023 while inflation expectations for the year-ahead picked up to a five-month high of 3.8% from 3.2%.
- US Industrial Production increased 0.1% on a yearly basis in September 2023 from the same as a downwardly revised 0.1% rise in August 2023.
- US Manufacturing Production decreased 0.8% on year in September 2023 from 0.9% in August 2023.
- US Existing Home Sales fell by 2% on month in September 2023 from 0.7% fall in August 2023.
- The European Central Bank (ECB) Chief Economist, Philip Lane said that the Central Bank will need some time, possibly until next spring, before it can be confident that inflation is returning to its 2% target.
- Eurozone inflation rate slowed to 4.3% on year in September 2023, down from August 2023's 5.2% and annual core inflation fell to 4.5% from 5.3%.
- UK annual inflation rate came at 6.7% in September 2023, unchanged from August 2023.
- China's Gross Domestic Product (GDP) expanded by 4.9% on year in Q3 2023, slowing from 6.3% in Q2.
- The People's Bank of China (PBoC) held steady lending rates at the October fixing, the one-year Loan Prime Rate (LPR) was kept unchanged at a record low of 3.45%; and the five-year rate, a reference for mortgages, was maintained at 4.2% for the fourth straight month.
- China's industrial production growth stood at 4.5% on year in September 2023, unchanged from August 2023 while retail sales grew by 5.5% compared to rise of 4.6%.
- Japan's industrial production decreased 4.4% in August 2023 from 2.3% fall in July 2023.

WEEKLY YIELD

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DAY	EVENTS
Monday, Oct 23, 2023	<ul style="list-style-type: none">• US Chicago Fed National Activity Index, September• Eurozone Consumer Confidence Flash, October
Tuesday, Oct 24, 2023	<ul style="list-style-type: none">• US S&P Global Manufacturing/ Services/ Composite PMI Flash, October• US Richmond Fed Manufacturing Index, October• Eurozone HCOB Manufacturing/ Services/ Composite PMI Flash, October• UK S&P Global/CIPS Manufacturing/ Services/ Composite PMI Flash, October• Japan Jibun Bank Manufacturing/ Services/ Composite PMI Flash, October
Wednesday, Oct 25, 2023	<ul style="list-style-type: none">• US New Home Sales, September• US Building Permits Final, September
Thursday, Oct 26, 2023	<ul style="list-style-type: none">• US GDP Growth Rate QoQ Adv Q3• US PCE Prices QoQ Adv Q3• US Initial Jobless Claims, October/21• US Pending Home Sales, September• Eurozone ECB Interest Rate Decision• Japan Coincident Index Final, August• Japan Leading Economic Index Final, August
Friday, Oct 27, 2023	<ul style="list-style-type: none">• US Personal Income, September• US Personal Spending, September• US PCE Price Index, September• US Michigan Consumer Sentiment Final, October• China Industrial Profits (YTD), September• India Fiscal Deficit, September• India forex reserves, October 20

WEEKLY YIELD

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Source: CRISIL

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