

WEEKLY YIELD

Update of Equity & Debt Market

July 21, 2023

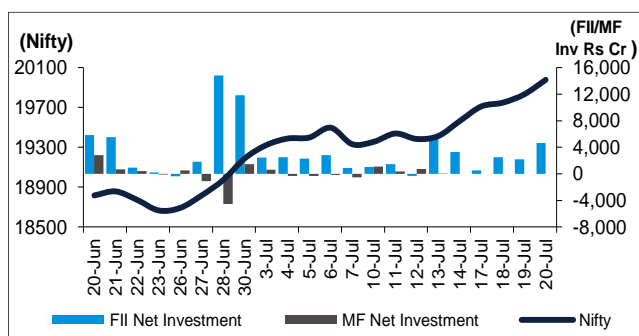


DOMESTIC EQUITY

- Indian equity indices hit a multiple record-high this week and ended higher, as investors cheered the strong corporate earnings update. The S&P BSE Sensex and Nifty 50 rose about 0.9% each.
- More gains were added on the back of easing UK inflation and hopes of a pause in rate hikes by the US Federal Reserve.
- Sectors ended mixed with bank, capital goods (CG) and healthcare gaining the most. S&P BSE Bankex, S&P BSE CG and S&P BSE healthcare up 3.1%, 2.6% and 1.8%, respectively.
- However, losses were seen in the information technology (IT) counter after a top domestic software service provider cut its revenue forecast. S&P BSE IT fell 3.8%.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	0.94	11.78	19.76
Nifty 50	0.92	12.03	18.91
S&P BSE Midcap	0.52	18.93	24.66
S&P BSE Smallcap	1.32	20.94	27.81
S&P BSE Bankex	3.09	9.11	24.74
S&P BSE CG	2.55	20.55	46.14
S&P BSE FMCG	0.84	14.88	25.73
S&P BSE IT	-3.83	12.82	4.05
S&P BSE Healthcare	1.76	16.89	17.56

Source: BSE, NSE



Source: SEBI, NSE



GLOBAL EQUITY

- US stocks ended mixed this week. Markets gained due to upbeat quarterly earnings from large banks and other major companies.
- However, these losses were limited, especially in Nasdaq, as investors resorted to profit booking on the back of strong US inflation data and weak earnings report from Tesla and Netflix.
- Britain's FTSE rallied 3% led by gains in mining, healthcare, industrials and real estate stocks.
- Asian equities ended lower. Japan's Nikkei Index fell 0.27% after chip-related stocks declined tracking US peers.
- Hong Kong's Hang Seng index declined 1.7% following weaker-than-expected Chinese data and as investors were unhappy with Chinese policies to bolster private investments.
- China's Shanghai Composite tumbled 2% after a series of weaker-than-expected economic data and as investors were disappointed with the government's measures to stimulate the economy.



DOMESTIC DEBT

Indicators	Jul 21, 2023	Previous Week	Trend
Call Rate	6.50%	6.35%	↑
3 M CP	7.13%	7.20%	↓
1 Yr CP	7.65%	7.80%	↓
3 M CD	6.92%	6.92%	↔
1 Yr CD	7.40%	7.43%	↓
5 Yr AAA	7.47%	7.50%	↓
1 Yr G-Sec*	6.88%	6.85%	↑
5 Yr G-Sec*	7.08%	7.07%	↑
10 Yr G-Sec*	7.09%	7.09%	↔
USD/INR*	81.95	82.16	↓

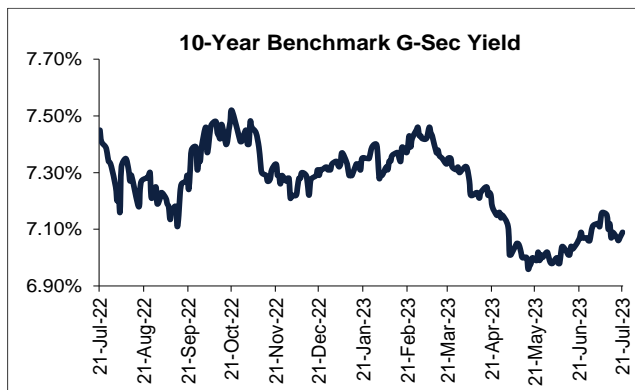
Source: CRISIL Fixed Income Database, RBI *Weighted Average Yield

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- Government bond prices rose marginally in the week ended July 21, 2023. The yield of 10-year benchmark 7.26% 2033 paper closed lower at 7.08% compared with 7.09% on July 14, 2023.
- Yields began the week on a lower note as investors refrained to take fresh position in absence of fresh cues. Caution ahead of US Fed rate hike decision scheduled next week also kept yield marginally down
- However, gains in bond prices halted due to profit booking and after weekly debt auction data indicated higher supply.
- In the debt sale held on July 21, 2023, the RBI auctioned 7.17% government security (GS) 2030, new GS 2037 and 7.25% GS 2063 for a total notified amount of Rs 31,000 crore.



Source: CRISIL Fixed Income Database



GLOBAL DEBT

- US Treasury prices declined marginally as slew of economic data fuelled investors' expectations that the Fed is nearing the end of its interest rate rising cycle.
- Sentiments boosted further after initial jobless claims at 228,000 for the week ended July 15 marked their lowest since mid-May.
- However, some gains in yield were trimmed after latest numbers for retail sales and new home sales spurred doubts in investors over Fed's future rate hike plans.

- Yield on the 10-year benchmark Treasury bond ended at 3.85% on July 20, 2023, compared with 3.82% on July 13, 2023.



DOMESTIC NEWS

- The Reserve Bank of India (RBI) said the central bank continued to build up its foreign exchange reserves in May 2023, with the central bank acquiring \$7.37 billion in the currency market on a net basis.
- Data from RBI in its monthly bulletin, showed Gross foreign direct investments (FDI) into India moderated to \$ 12.2 billion in April-May 2023, from \$ 16.5 billion in April-May 2022.
- Data from RBI showed outward remittances under the Reserve Bank of India's (RBI) liberalised remittance scheme (LRS) rose in May 2023 to \$2.88 bn as compared to \$2.33 billion in April 2023.
- The Reserve Bank of India (RBI) in its monthly bulletin, said India's real Gross domestic product (GDP) will need to grow at 7.6% annually over the next 25 years to achieve the per capita income level to become a developed economy.
- RBI in its monthly bulletin also added that the fight against inflation is far from over as the spike in food prices has re-emphasized the need for monetary policy action as well as improvement in supply side management.
- Asian Development Bank (ADB) retained forecast for India's economic growth at 6.4% for fiscal year 2023-24 and 6.7% for the following year, owing to continued growth and support of domestic demand to country's recovery.
- World Bank President Ajay Banga said amidst risk of a global slowdown in the early part of next year, India is expected to remain shielded from its effects due to robust domestic consumption.
- S&P Global Ratings said the combined economies of India and Southeast Asia will expand at an annual clip of 5.4% over 2023-2026, compared with 3.2% for the world.

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- According to the latest payroll data released by Employees' Provident Fund Organisation (EPFO) new formal job creation slowed down in May, after recovering slightly at the turn of the fiscal year in the previous month.
- India and the US have mutually resolved all six trade disputes pending at the World Trade Organisation (WTO).
- India and Germany to further strengthen bilateral cooperation and increase investments and collaboration among companies.
- Finance minister (FM) Nirmala Sitharaman suggested the Asian Infrastructure Investment Bank (AIIB) to use innovative financing ways to better address infrastructure needs of member countries.
- RBI said foreign banks' exposure to trades in long-term bonds not a concern.
- The Securities and Exchange Board of India (SEBI) along with National Stock Exchange of India (NSE) and Bombay Stock Exchange (BSE) decided to ease rules for trading in stocks that remain under the Enhanced Surveillance Measure (ESM) framework.
- SEBI allowed mutual funds to launch multiple ESG (environmental, social and governance) schemes with different strategies as prescribed.
- SEBI has sent a grim reminder to its officials that they could face "appropriate action" for divulging confidential information to "outsiders", including former colleagues.
- US retail sales rose 1.5% on year in June 2023, following an upwardly revised 2% rise in May 2023.
- US Industrial production decreased 0.4% on year in June 2023 following 0% in May 2023 while manufacturing Production fell 0.3% compared to downwardly revised 0.2% fall.
- Eurozone inflation rate declined to 5.5% on-year in June 2023 compared to 6.1% in May 2023 while, core inflation rose to 5.5% from 5.3%.
- Eurozone current account deficit narrowed to euros 11.3 billion in May 2023 from euros 4.3 billion surplus in April 2023.
- UK inflation reduced to 7.9% in June 2023 compared to 8.7% in the same period last year while core inflation declined to 6.9% from 7.1%.
- The Chinese economy advanced 6.3% on year in Q2 of 2023, faster than a 4.5% growth in Q1 of 2023.
- The People's Bank of China (PBoC) maintained lending rates at its July policy meet. The one-year loan prime rate (LPR), which is the medium-term lending facility stands at 3.55%; while the five-year rate, a reference for mortgages at 4.2%.
- China's industrial production increased by 4.4% on year in June 2023, accelerating from a 3.5% gain in May 2023.
- China's retail sales increased by 3.1% on year in June 2023, slowing sharply from a 12.7% surge in May 2023.
- Bank of Japan (BOJ) Governor Kazuo Ueda said there was still some distance to sustainably and stably achieving the central bank's 2% inflation target.
- Japan annual inflation edged up to 3.3% on year in June 2023 from 3.2% in May 2023.
- US Michigan consumer sentiment rose to 72.6 in July 2023 compared to 64.4 in the previous month.
- US existing home sales fell 3.3% to a seasonally adjusted annualized rate of 4.16 million units in June of 2023, the lowest level in five months.



GLOBAL NEWS

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DAY	
Monday, Jul 24, 2023	<ul style="list-style-type: none">• US S&P Global Manufacturing/ Services/ Composite PMI Flash, July 2023• Eurozone HCOB Manufacturing/ Services/ Composite PMI Flash, July 2023• UK S&P Global/CIPS Manufacturing/ Services/ Composite PMI Flash, July 2023• Japan Jibun Bank Manufacturing/ Services/ Composite PMI Flash, July 2023
Tuesday, Jul 25, 2023	<ul style="list-style-type: none">• US CB Consumer Confidence, July 2023• US Richmond Fed Manufacturing/ Services Index, July 2023
Wednesday, Jul 26, 2023	<ul style="list-style-type: none">• US Fed Interest Rate Decision July 2023• US New Home Sales, June 2023• US Building Permits Final, June 2023
Thursday, Jul 27, 2023	<ul style="list-style-type: none">• US GDP Growth Rate QoQ Adv, Q2 2023• US PCE Prices QoQ Adv, Q2 2023• US Pending Home Sales, June 2023• Eurozone ECB Interest Rate Decision July 2023
Friday, Jul 28, 2023	<ul style="list-style-type: none">• US PCE Price Index, June 2023• Eurozone Consumer Confidence Final, July 2023• Japan BoJ Interest Rate Decision July 2023• India Infrastructure Output, June 2023• India Foreign Exchange Reserves, July 21 2023

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Source: CRISIL

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