

WEEKLY YIELD

Update of Equity & Debt Market

March 22, 2024

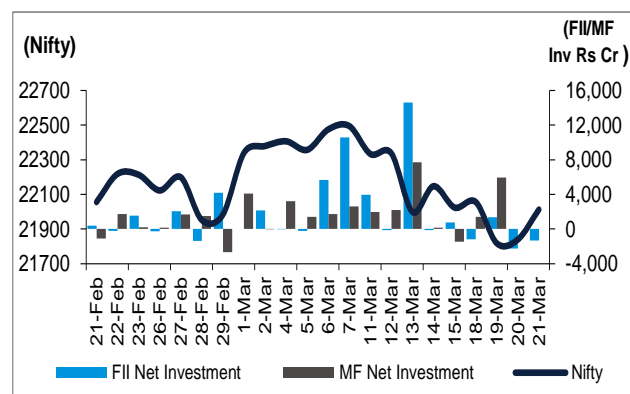


DOMESTIC EQUITY

- Indian equities ended higher, driven by global market trends following the United States (US) Federal Reserve's (Fed) decision to hold rates and maintain its stance of three potential rate cuts this year. S&P BSE Sensex and Nifty 50 rose about 0.26% and 0.33%, respectively.
- The Bank of Japan hiked its policy rate for the first time in 17 years, which ended eight years of negative interest rates.
- Most scrips ended in green with realty, metal and auto gaining the most. S&P BSE Realty, S&P BSE Metal and S&P BSE Auto gained 5.27%, 4.91% and 4.17%, respectively.

Broad Indices	Week change%	3 months change%	1 year change%
S&P BSE Sensex	0.26	2.43	25.11
Nifty 50	0.33	3.50	28.83
S&P BSE Midcap	1.44	8.13	61.39
S&P BSE Smallcap	1.81	1.83	57.36
S&P BSE Bankex	0.52	-0.83	17.17
S&P BSE CG	3.35	8.07	70.16
S&P BSE FMCG	-0.47	-2.75	18.98
S&P BSE IT	-5.54	-1.04	27.73
S&P BSE Healthcare	1.71	12.16	59.47

Source: BSE, NSE



Source: SEBI, NSE



GLOBAL EQUITY

- US stocks rallied this week after the Fed opted to keep borrowing costs steady, alleviating investor worries and supporting expectations of multiple rate cuts this year.
- Britain's FTSE advanced 2% after the Bank of England's decision to hold borrowing costs steady and as it hints at potential interest rate cuts amid positive economic improvement.
- Asian equities ended mixed. Japan's Nikkei Index rallied 5.6% following similar trend in the US markets after the Fed's remarks on rate cuts; it also received a boost after the Yen slid following the Bank of Japan's decision to end its ultra-loose monetary policy.
- Hong Kong's Hang Seng slipped 1.3% due to weak corporate earnings by major companies and as Chinese Yuan slumped, hurting investor sentiments.
- China's Shanghai Composite declined on worries over the country's deepening property crisis and as a slump in the Yuan weighed on sentiments.
- The market gained initially on upbeat factory output and retail sales data, while the securities regulator's policy measures also helped.



DOMESTIC DEBT

Indicators	Mar 22, 2024	Previous Week	Trend
Call Rate	6.70%	6.35%	↑
3 M CP	8.15%	8.05%	↑
1 Yr CP	8.08%	8.10%	↓
3 M CD	7.70%	7.60%	↑
1 Yr CD	7.68%	7.68%	↔
5 Yr AAA	7.60%	7.59%	↑
1 Yr G-Sec*	7.11%	7.13%	↓
5 Yr G-Sec*	7.10%	7.06%	↑
10 Yr G-Sec*	7.09%	7.06%	↑
USD/INR*	83.55	82.88	↑

Source: CRISIL Fixed Income Database, RESERVE BANK OF INDIA

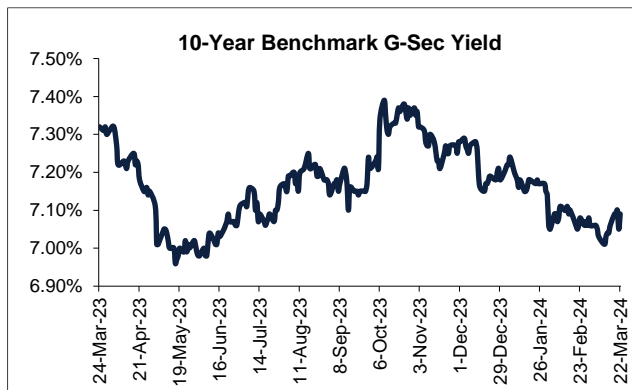
*Weighted Average Yield

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- Government bond prices ended lower in the week ended March 22, 2024. The yield of 10-year benchmark 7.18% 2033 paper closed at 7.09% on March 22, 2024 compared with 7.06% on March 15, 2024.
- Bond yield rose as states surprised the market with plans for another record debt sale in the holiday-truncated last week of this fiscal.
- An intermittent spike in the US treasury yield after the Federal Reserve kept the rate unchanged and maintained its outlook for three rate cuts this year also kept bond prices under pressure.
- An intermittent spike in global oil prices cut short a further fall in bond prices.



Source: CRISIL Fixed Income Database



GLOBAL DEBT

- US Treasury prices rose this week after the Federal Reserve held the interest rates steady in its preceding policy meeting.
- The Fed left the key lending rates unchanged at 5.25%-5.50%; policymakers still plan to cut interest rates three times this year as mentioned in December's quarterly forecast.
- Towards the end of the week, the yields rose as upbeat manufacturing PMI and existing home sales data and a drop in new claims for unemployment benefits triggered doubts about the timing of expected interest rate cuts this year.

- Data showed US S&P Global manufacturing PMI improved to 52.5 in March 2024 from 52.2 in February 2024. Existing home sales soared 9.5% to a seasonally adjusted annualised rate of 4.38 million units in February 2024. US initial jobless claims benefits fell 2,000 to 210,000 in the week ending March 16, 2024 compared with the previous week.
- The yield on the 10-year benchmark Treasury bond ended lower at 4.27% on March 21, 2024 compared with 4.31% on March 15, 2024.



DOMESTIC NEWS

- The Commerce Ministry said that India's merchandise trade deficit widened to \$18.71 billion in February 2024 from \$17.49 billion in January 2024.
- India's HSBC manufacturing Purchasing Managers' Index (PMI) increased to 59.2 in March 2024 from a 56.9 in February 2024, while services PMI fell to 60.3 from 60.6 and composite PMI rose to 61.3 from 60.6.
- S&P Global Market Intelligence said that India's economy will likely grow 6.8% in FY25 (financial year 2024-25), up from 6.5% projected earlier, on the back of stronger growth momentum and improving global prospects.
- The Reserve Bank of India's (RBI) in its March 2024 monthly report said that India's economic growth continued to be robust in the third quarter backed by strong momentum, robust indirect taxes, and lower subsidies.
- RBI in an article on the 'State of Economy' March Bulletin stated that food price pressures is an obstacle in swifter fall in retail inflation to the RBI's target of 4%.
- RBI in its March 2024 Bulletin said that significant per capita income shifts are underway in India as domestic Fast-Moving Consumer Goods (FMCG) sector may moderate over the next six months while demand outlook for premium consumer business is robust.

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GLOBAL NEWS

- The Government has approved its new EV (Electric Vehicle) policy to boost the electric vehicle manufacturing in India.
- The Government invited bids for setting up electrolyser manufacturing capacities under the second tranche of the Strategic Interventions for Green Hydrogen Transition (SIGHT) scheme.
- The Government has proposed exempting intra-group transactions and certain other mergers and acquisitions from the requirement of Competition Commission's approval.
- The Government extended the permission by a year for import of urea.
- RBI has asked banks and other financial intermediaries to plug deficiencies in customer grievance mechanism and ensure fair pricing of products and services, transparency in dealing with customers and avoid mis-selling.
- The Securities and Exchange Board of India (SEBI) has put in place a framework to introduce the beta version of the T+0 trade settlement cycle for a limited set of 25 scrips and with a limited number of brokers on an optional basis and this will be in addition to the existing T+1 settlement cycle in the equity cash market.
- SEBI approved a uniform approach for verification of market rumours—based on the submissions made by an Industry Standards Forum (ISF).
- SEBI decided to give more Foreign Portfolio Investments (FPIs) exemption from the granular disclosures, relax the timelines for disclosure of certain material changes, and flexibility to FPIs in dealing with their securities after expiry of their registration.
- SEBI Board also gave nod to ease of doing business proposals for Initial Public Offerings (IPOs) along with measures to curb circumvention of regulations by Alternative Investment Funds (AIFs).
- The US Federal Reserve left the key lending rates unchanged at 5.25%-5.50% for a fifth straight meeting and policymakers still plan to cut interest rates three times this year, similar to the quarterly forecasts in December.
- The Federal Reserve Chair, Mr. Jerome Powell said that the central bank is nearing a decision on slowing the pace of its balance sheet run-off.
- US industrial production edged 0.2% lower on-year in February 2024, following a revised 0.3% fall in January 2024, while manufacturing production decreased 0.65%, following a 1.1% drop.
- Eurozone consumer price inflation rate was confirmed at 2.6% on-year in February 2024, compared to 2.8% in January 2024, while core inflation rate fell to 3.1%, from 3.3%.
- The Bank of England maintained the Bank Rate at 5.25% during its March 2024 meeting, its highest level since 2008, as policymakers awaited clearer signals indicating that the country's persistent inflationary pressures had subsided.
- UK GfK Consumer Confidence indicator came at -21 in March 2024, unchanged from February 2024.
- UK inflation rate cooled to 3.4% annually in February 2024, compared to 4% in January 2024 while Annual core inflation rate slowed to 4.5% from 5.1%.
- The People's Bank of China (PBoC) kept lending rates unchanged at the March 2024 fixing. The one-year Loan Prime Rate (LPR) was retained at a record low of 3.45%; and the five-year rate, a reference for mortgages, was maintained at 3.95%.
- The Bank of Japan decided by a 7-2 majority vote to end the negative interest rate policy it had adopted in January 2016 and to hike its short-term policy rate from -0.10% to a 0%–0.1% range in its first-rate increase since 2007.

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DAY	EVENTS
Monday, March 25, 2024	<ul style="list-style-type: none"> • US Chicago Fed National Activity Index, February • US New Home Sales, February • US Building Permits, February • US Dallas Fed Manufacturing Index, March
Tuesday, March 26, 2024	<ul style="list-style-type: none"> • US CB Consumer Confidence, March • US House Price Index, January • US Richmond Fed Manufacturing Index, March • US Dallas Fed Services Index, March
Wednesday, March 27, 2024	<ul style="list-style-type: none"> • Eurozone Consumer Confidence, March • China Industrial Profit, February
Thursday, March 28, 2024	<ul style="list-style-type: none"> • US GDP Growth Rate, Q4 • US Initial Jobless Claims, March 23 • US Chicago PMI, March • US Michigan Consumer Sentiment Final, March • US Kansas Fed Composite/Manufacturing Index, March • UK GDP Growth Rate, Q4
Friday, March 29, 2024	<ul style="list-style-type: none"> • US PCE Price Index, February • US personal income/spending. • Japan Unemployment Rate, February • Japan retail sales, February • Japan Industrial Production, February • India Fiscal Deficit, February • Indian Infrastructure Output, February • India Current Account, Q4 • India Foreign Exchange Reserves, March 22

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Source: CRISIL

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