

WEEKLY YIELD

Update of Equity & Debt Market

December 22, 2023

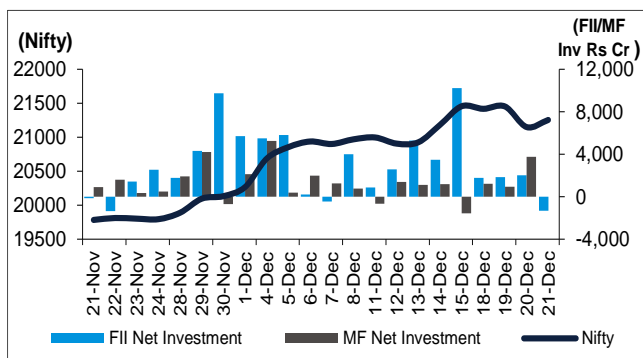


DOMESTIC EQUITY

- Indian equity indices declined this week as investors booked profits after a record rally in the previous week. The S&P BSE Sensex and Nifty 50 declined about 0.53% and 0.50%, respectively.
- Most sectors ended lower with Auto, Power and Bank losing the most. The S&P BSE Auto fell 1.57%, S&P BSE Power 1.53% and S&P BSE BANKEX 1.45%.

| Broad Indices | Week change% | 3 months change% | 1 year change% |
|--------------------|--------------|------------------|----------------|
| S&P BSE Sensex | -0.53 | 7.72 | 16.90 |
| Nifty 50 | -0.50 | 8.51 | 17.77 |
| S&P BSE Midcap | -0.87 | 12.31 | 41.91 |
| S&P BSE Smallcap | -0.19 | 13.34 | 47.78 |
| S&P BSE Bankex | -1.45 | 6.67 | 10.93 |
| S&P BSE CG | -0.27 | 16.32 | 61.95 |
| S&P BSE FMCG | 1.35 | 6.29 | 21.55 |
| S&P BSE IT | -0.48 | 9.72 | 26.14 |
| S&P BSE Healthcare | 1.09 | 10.75 | 30.60 |

Source: BSE, NSE



Source: SEBI, NSE



GLOBAL EQUITY

- US stocks closed higher this week on increasing optimism that the Fed would start cutting rates next year.
- These sentiments were strengthened after growth and jobs data offered more evidence of a soft landing for the economy.
- Britain's FTSE advanced 1.5% after softening inflation raised expectations that the Bank of England may cut rates next year.
- Asian equities ended mostly lower. Japan's Nikkei Index ended higher tracking similar trend in the US markets and after the Bank of Japan offered no hints on when it would exit its negative rate policy.
- Hong Kong's Hang Seng slumped 2.6% after China unveiled new regulatory decision on online gaming and because of low trading volume ahead of holidays and worries about China's growth.
- China's Shanghai Composite fell 0.9% on dwindling hopes of recovery in the China economy.



DOMESTIC DEBT

| Indicators | Dec 22, 2023 | Previous Week | Trend |
|--------------|--------------|---------------|-------|
| Call Rate | 6.70% | 6.20% | ↑ |
| 3 M CP | 8.04% | 7.95% | ↑ |
| 1 Yr CP | 8.20% | 8.25% | ↓ |
| 3 M CD | 7.44% | 7.44% | ↔ |
| 1 Yr CD | 7.85% | 7.80% | ↑ |
| 5 Yr AAA | 7.67% | 7.67% | ↔ |
| 1 Yr G-Sec* | 7.06% | 7.07% | ↓ |
| 5 Yr G-Sec* | 7.08% | 7.06% | ↑ |
| 10 Yr G-Sec* | 7.19% | 7.16% | ↑ |
| USD/INR* | 83.14 | 82.99 | ↑ |

Source: CRISIL Fixed Income Database, RESERVE BANK OF INDIA

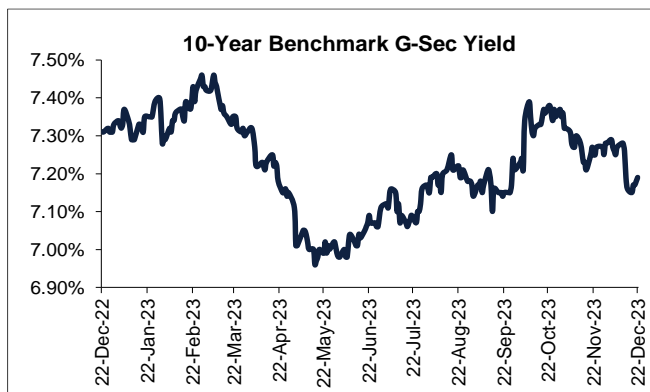
*Weighted Average Yield

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- Government bond prices ended lower this week. The yield on the 10-year benchmark 7.18% 2033 paper closed higher at 7.19% today compared with 7.16% a week back.
- Bond prices declined as investors booked profits ahead of the quarter-end and the calendar year-end.
- The yield further rose after the results of the debt auction by the Reserve Bank of India (RBI) showed higher supply.
- In the debt sale held today, the RBI auctioned 7.33% GS (Government Security) 2026, 7.18% GS 2037 and 7.25% GS 2063 for a total notified amount of Rs 30,000 crore.



Source: CRISIL Fixed Income Database

GLOBAL DEBT

- US Treasury prices rose this week after data showed personal consumption in the country in the third quarter was weaker than expected.
- The Apex Bank forecast three cuts in 2024, four in 2025 and three more in 2026. Bond prices also rose after UK inflation plunged in November 2023, its lowest rate in over two years.
- Earlier in the week, the yield saw some gains after the Fed officials dampened expectations of an interest rate cut in the first quarter of next year.
- New York Fed President, Mr. John Williams said that the Central Bank isn't really talking about rate cuts right now and it is "premature" to speculate while the

Chicago Fed's Head, Mr. Austan Goolsbee said that the Fed is not pre-committing to cutting interest rates soon.



DOMESTIC NEWS

- India's retail inflation for farm workers rose to 7.37% and that for rural labourers climbed to 7.13% in November 2023, mainly due to higher prices of certain food items compared to 7.08% and 6.92% respectively in October 2023.
- The Reserve Bank of India (RBI) in its December 2023 bulletin said that India's inflation is expected to ease to 4.6% in the first three quarters of 2024-25 (FY25).
- International Monetary Fund's Executive Board said that Indian economy is likely to log 6.3% growth in FY24 and FY25 on the back of macroeconomic and financial stability.
- IMF reclassified India's "de facto" exchange rate regime to "stabilized arrangement" from "floating" for December 2022 to October 2023.
- According to a World Bank report, India will be the largest recipient of remittances, with inflows likely to increase 12.4% to \$125 bn in 2023 or 3.4% of the country's Gross Domestic Product.
- Japan International Cooperation Agency (JICA) has finalized a loan of approximately Rs 932 crore to support Sustainable Development Goals (SDGs) initiatives in India.
- India signed agreements with the Asian Development Bank for two loans of \$250 million each essentially for the country's infrastructure sector.
- The Government has settled Rs 2,302 crore so far under the Vivaad Se Vishwas scheme which was launched this year to settle contractual disputes and claims of Micro Small and Medium Enterprises (MSMEs).
- The Government released Rs 72,960 crore to states as tax devolution for financing various social welfare measures and infrastructure development schemes.

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- The Government cut the windfall tax on crude oil to Rs 1,300 a tonne from Rs 5,000 a tonne, while cutting the diesel windfall tax to Rs 0.5 per litre from Rs 1 per litre.
- The Government released a subsidy amount of Rs 1.67 lakh crore to the Food Corporation of India (FCI) and Rs 57,686 crore to the state DCP as food subsidy during the period between January 1, 2023 to December 15, 2023.
- The Government passed the Central Goods and Services Tax (Second Amendment) Bill, 2023, extending the upper age limit for the GST Appellate Tribunal Chairman to 67 years from 65 years.
- The Lok Sabha approved Telecom Bill 2023, granting the Government the authority to temporarily manage telecom services for national security reasons.
- The Rajya Sabha passed the Telecommunications Bill, 2023.
- The RBI has urged all self-regulatory organisations (SROs) irrespective of the sector they represent to help in ensuring better compliance, protecting stakeholders' interest and detecting early warning signals, instead of merely lobbying for their members.
- The RBI issued an advisory to banks and financial companies to curb the evergreening of loans and misuse of the AIF route.
- The Securities and Exchange Board of India (SEBI) issued steps to simplify the requirements for registering as an 'Accredited Investor' along with an extension to the validity of the certification.
- US Philadelphia Fed Manufacturing Index declined to -10.5 in December 2023, from -5.9 in November 2023.
- US Personal Consumption Expenditure (PCE) Price Index increased 2.6% sequentially in the third quarter of 2023, accelerating from a 2.5% rise in Q2, while core PCE prices increased 2% from 3.7%.
- US Philly Fed Business Conditions rose to 12.1 in December 2023, from -2.1 in November 2023.
- US Kansas Fed Manufacturing Index came in at -4 in December 2023, little changed from -3 in November 2023, while Composite Index stood at -1 points compared to -2 points.
- Eurozone annual inflation rate decreased to 2.4% in November 2023, lower from 2.9% in October 2023 while core inflation rate fell to 3.6% from 4.2%.
- UK economy expanded 0.3% on year in the third quarter of 2023, half the initial estimate of 0.6%, and same a Q2 growth which was also revised down to 0.3%.
- UK inflation slowed to 3.9% on year in November 2023, from 4.6% in October 2023 while core inflation declined to 5.1% from 5.7%.
- UK Produce Price Index fell 0.2% on year in November 2023, easing from a downwardly revised 0.3% drop in October 2023.
- The People's Bank of China (PBoC) maintained its lending rates steady at the December fixing. The one-year Loan Prime Rate (LPR) was held unchanged at a record low of 3.45% for the fourth consecutive month; and the five-year rate was left at 4.2% for the sixth straight month.
- The Bank of Japan (BoJ) maintained its key short-term interest rate at -0.1% and that of 10-year bond yields at around 0% in its December meeting and left the forward guidance on monetary policy unchanged.
- Japan annual inflation rate eased to 2.8% in November 2023 from 3.3% in October 2023, while core consumer price index slowed to 2.5% from a 2.9%.



GLOBAL NEWS

- US economy expanded an annualized 4.9% in the third quarter of 2023, compared to 2.1% in second quarter.
- US CB Consumer Confidence rose to 110.7 in December 2023, from 101 in November 2023.
- US Existing Home Sales went up 0.8% on month in November 2023, rebounding from 4.1% decline in October 2023.

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| DAY | EVENTS |
|-------------------------|--|
| Monday, Dec 25, 2023 | <ul style="list-style-type: none"> Japan Leading Indicator Index revised, October |
| Tuesday, Dec 26, 2023 | <ul style="list-style-type: none"> US House Price Index, October US Dallas Fed manufacturing Index, November Japan Unemployment Rate, November |
| Wednesday, Dec 27, 2023 | <ul style="list-style-type: none"> US S&P/Case-Shiller Home Price, October US Richmond Fed Manufacturing/ Services Index, December US Dallas Fed services Index, November China Industrial Profit, November Japan Housing Starts, November |
| Thursday, Dec 28, 2023 | <ul style="list-style-type: none"> US Adv Good Trade Balance, November US Wholesale Inventories, November US Pending Homes Sales, November Japan Industrial Output, November Japan Retail Sales, November |
| Friday, Dec 29, 2023 | <ul style="list-style-type: none"> US Chicago PMI, December UK Nationwide Housing Prices, December India Infrastructure Output, November India Trade Balance, November India Fiscal Deficit, November India Forex Reserve, December 15 |

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Source: CRISIL

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