

WEEKLY YIELD

Update of Equity & Debt Market

February 23, 2024

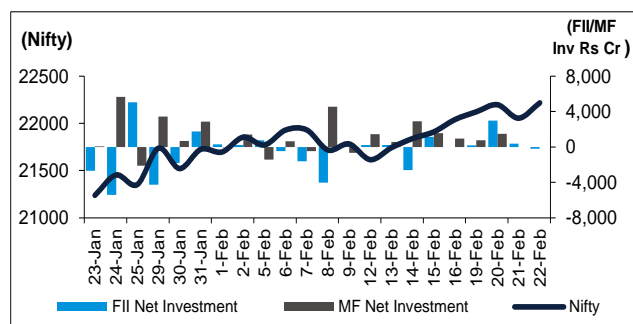


DOMESTIC EQUITY

- Indian equity indices ended higher, with Nifty 50 hitting a record high this week due to broad-based buying across sectors, as investors turned optimistic over domestic growth following favourable macroeconomic indicators. S&P BSE Sensex and Nifty 50 rose 0.99% and 0.78%, respectively.
- Most sectors ended higher, with realty, consumer durables (CD) and fast-moving consumer goods (FMCG) gaining the most. S&P BSE Realty, S&P BSE CD and S&P BSE FMCG rose 4.07%, 1.99% and 1.55%, respectively.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	0.99	10.79	22.71
Nifty 50	0.78	12.17	26.85
S&P BSE Midcap	0.01	18.97	64.88
S&P BSE Smallcap	0.82	15.80	66.63
S&P BSE Bankex	1.08	8.28	17.39
S&P BSE CG	1.31	16.58	65.06
S&P BSE FMCG	1.55	2.61	19.64
S&P BSE IT	-1.06	17.07	27.41
S&P BSE Healthcare	0.73	20.87	62.93

Source: BSE, NSE



Source: SEBI, NSE



GLOBAL EQUITY

- US stocks ended higher this week, driven by growth and technology stocks following Nvidia's strong performance.
- However, some losses were seen after hotter-than-expected producer prices erased hopes of imminent interest rate cuts by the Fed.
- Britain's FTSE was dragged down by base metal miners, on account of lower copper prices, and a sell-off in HSBC shares.
- Asian equities ended higher. Japan's Nikkei index soared 1.6% this week due to a rally in chip-related stocks after Nvidia's earnings beat expectations.
- Hong Kong's Hang Seng advanced 2.4% led by property developers, after China cut its five-year loan prime rate by more than expected, and as HSBC advanced its earnings report.
- Anticipation of additional local government measures and reports of intervention by Chinese state-run funds also aided the markets.
- China's Shanghai Composite rallied about 5%, as investors returning from the week-long Lunar New Year break supported tourism and entertainment stocks after buoyant holiday spending.



DOMESTIC DEBT

Indicators	Feb 23, 2024	Previous Week	Trend
Call Rate	6.80%	6.75%	↑
3 M CP	8.40%	8.54%	↓
1 Yr CP	8.28%	8.35%	↓
3 M CD	7.72%	7.82%	↓
1 Yr CD	7.78%	7.82%	↓
5 Yr AAA	7.66%	7.68%	↓
1 Yr G-Sec*	7.04%	7.04%	↔
5 Yr G-Sec*	7.06%	7.07%	↓
10 Yr G-Sec*	7.08%	7.10%	↓
USD/INR*	82.94	83.01	↓

Source: CRISIL Fixed Income Database, RESERVE BANK OF INDIA

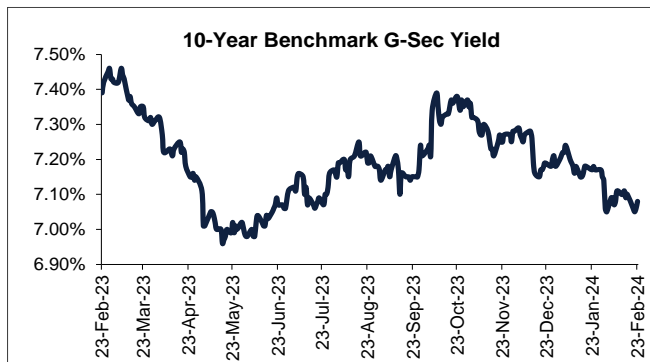
*Weighted Average Yield

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- Government bond prices ended marginally higher in the week ended February 23, 2024. The yield on the 10-year benchmark 7.18% 2033 paper closed at 7.08% on February 23, 2024, compared with 7.10% on February 16, 2024.
- Bond prices rose due to sustained demand from foreign investors.
- However, further gains in bond prices halted due to a rise in US treasury yields after Federal Open Market Committee (FOMC) minutes showed that policymakers are concerned about trimming interest rates too quickly.



Source: CRISIL Fixed Income Database



GLOBAL DEBT

- US Treasury prices declined this week after upbeat economic data boosted investors' expectations that the Federal Reserve (Fed) may cut interest rates in June or later in the year.
- The data showed initial jobless claims dropped 12,000 to a seasonally adjusted 201,000 for the week ended February 17. US existing home sales rose 3.1% in January to a seasonally adjusted annual rate of 4.00 million units. S&P Global reported its flash US Composite PMI Output Index fell to 51.4 this month from 52.0 in January 2024.
- Further, FOMC minutes also affirmed market expectations that policy makers will take time to cut

interest rates to make sure inflation gets to its 2% inflation target.

- Treasury yield rose further after Fed officials affirmed expectations that the US central bank will take its time to cut rates. Fed Vice Chair Philip Jefferson stated to remain "cautiously optimistic" about the progress in bringing inflation back down to the 2% target, noting that it is likely appropriate to start cutting policy rates later this year.
- However, earlier in the week, bond prices witnessed some gains as investors consolidated the position following a sharp fall in the past week.
- The yield on the 10-year benchmark Treasury bond ended marginally higher at 4.33% on February 22, 2024, compared with 4.28% on February 16, 2024.



DOMESTIC NEWS

- India retail inflation for farm workers and rural labourers eased marginally to 7.52% and 7.37% in January 2024 as compared to 7.71% and 7.46% in December 2023.
- India's flash manufacturing Purchasing Managers' Index (PMI) came in at 56.7 in February 2024, as compared to 56.5 in January 2024, while Services PMI increased to 62.0 from 61.8 and Composite PMI edged up to 61.5 from 61.2.
- The Reserve Bank of India's (RBI) February bulletin highlighted that Inflation expectations in India may stabilise and edge down going ahead but renewed pressures from cereals and proteins cannot be ruled out.
- According to the minutes of the monetary policy committee (MPC) meeting, the members of the Reserve Bank of India's (RBI) MPC remained cautious on inflation prints due to uncertainty in food prices.
- India and Greece agreed to firm up a migration and mobility agreement soon.

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- Prime Minister Mr. Narendra Modi unveiled and laid the foundation stone of multiple development projects worth over Rs 17,000 crore in Rajasthan.
- Finance ministry notified that the Japanese government has committed a loan of about Rs 12,800 crore for nine projects related to various sectors in India.
- Government has increased authorized capital in the Food Corporation of India (FCI) from Rs 10,000 crore to Rs 21,000 crore.
- Government unveiled a set of regulations that allow public companies to list on International Financial Services Centre (IFSC) stock exchanges.
- Cabinet approved changes to the Foreign Direct Investment (FDI) policy for the space sector, allowing up to 100% foreign investment under the automatic route for certain activities.
- RBI Governor Mr. Shaktikanta Das said that the current setting of monetary policy is moving in the right direction, with growth holding firm and inflation trending down to the target.
- The Insurance Regulatory and Development Authority of India (IRDAI) announced the reconstitution of the Expert Committee on the implementation of Ind AS/IFRS.
- Insurance Regulatory and Development Authority (IRDAI) is planning to introduce collaterals for reinsurance transactions with Cross Border Reinsurers (CBR).
- The Competition Commission of India (CCI) has notified regulations governing that the leniency-plus regime to report other cartels and get their own penalties reduced.
- The Competition Commission of India (CCI) has rolled out a new 'lesser penalty plus' regime to encourage cartel members to come clean.
- The Pension Fund Regulatory and Development Authority (PFRDA) enhanced the security of the National Pension System (NPS) under the

government sector by introducing two-factor authentication for logging in to the CRA system.



GLOBAL NEWS

- FOMC minutes stated that most participants noted the risks of moving too quickly to ease the stance of policy and emphasized the importance of carefully assessing incoming data in judging whether inflation is moving down sustainably to 2%
- US S&P Global Flash Manufacturing Purchasing Managers' Index (PMI) rose to 51.5 in February 2024 from 50.7 in January 2024, while composite PMI declined to 51.4 from 52 and services eased to 51.3 from 52.5.
- US Existing-home sales rose 3.1% over month to a seasonally adjusted annualized rate of 4 million units in January 2024, compared to 3.88 million in December 2023.
- US Michigan consumer sentiment increased to 79.6 in February 2024, from 79 in January 2024.
- US Housing slumped to 1.331 mn in January 2024, compared to 1.562 mn in December 2023.
- Eurozone annual inflation rate came at 2.8% in January 2024, little changed from December 2023's 2.9%, while annual core inflation rate eased to 3.3%, the lowest since March 2022, down from 3.4%.
- UK GfK Consumer Confidence fell to -21 in February 2024 from -19 in January 2024.
- The People's Bank of China (PBoC) held steady its 1-year loan prime rate at 3.45% at the February 2024 fixing but cut the 5-year rate, a reference for mortgages, by 25 basis points (bps) to 3.95%.
- China new home prices dropped by 0.7% year-on-year in January 2024, steeper than a 0.4% fall in December 2023.
- Japan Jibun Bank flash manufacturing PMI dropped to 47.2 in February 2024 from 48.0 in January 2024, while flash services PMI declined to 52.5 from 53.1.

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DAY	
Monday, Feb 26, 2024	<ul style="list-style-type: none"> US New Home Sales, January
Tuesday, Feb 27, 2024	<ul style="list-style-type: none"> US House Price Index, December US S&P/Case-Shiller Home Price, December Japan Inflation Rate, January
Wednesday, Feb 28, 2024	<ul style="list-style-type: none"> US GDP Growth Rate QoQ 2nd Est US PCE Prices QoQ 2nd Est Eurozone Consumer Confidence Final, February
Thursday, Feb 29, 2024	<ul style="list-style-type: none"> US PCE Price Index, January US Initial Jobless Claims, February 24 Japan Retail Sales, January Japan Industrial Production, January India GDP Growth Rate YoY Q4 India Fiscal Deficit, December India Infrastructure Output, January
Friday, March 1, 2024	<ul style="list-style-type: none"> US S&P Global Manufacturing PMI Final, February US ISM Manufacturing PMI, February Eurozone Inflation, February Eurozone HCOB Manufacturing PMI Final, February UK S&P Global Manufacturing PMI Final, February China NBS Manufacturing/ Non manufacturing/ General PMI, February China Caixin Manufacturing PMI, February Japan Consumer Confidence, February India HSBC Manufacturing PMI Final, February India Foreign Exchange Reserves, February 23

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Source: CRISIL

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