

WEEKLY YIELD

Update of Equity & Debt Market

June 23, 2023

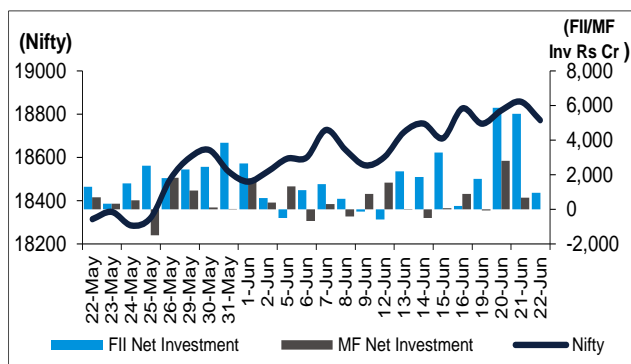


DOMESTIC EQUITY

- Indian equity indices ended lower this week as investors raised concerned over inflation, rate hikes and their impact on global economic growth. S&P BSE Sensex and Nifty 50 fell 0.64% and 0.85%, respectively.
- Markets fell after the US Federal Reserve head Jerome Powell in his testimony to congress hinted more rate hikes in future and asserted that the fight against inflation still has a long way to go.
- Most indices ended negative with metal, consumer durables (CD) and Oil & gas falling the most. S&P BSE Metal, S&P BSE CD and S&P BSE Oil & Gas declined about 2.4%, 2.3% and 2.2%, respectively.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	-0.64	8.73	20.50
Nifty 50	-0.85	9.30	19.98
S&P BSE Midcap	-1.25	16.90	30.28
S&P BSE Smallcap	-0.93	17.87	32.54
S&P BSE Bankex	-0.79	9.76	29.02
S&P BSE CG	-1.13	14.80	56.66
S&P BSE FMCG	-2.03	13.08	35.22
S&P BSE IT	-0.40	3.72	1.91
S&P BSE Healthcare	-0.64	15.02	15.64

Source: BSE, NSE



Source: SEBI, NSE



GLOBAL EQUITY

- US stocks ended lower this week as the US Fed chairman Powell signaled more rate hikes in the future.
- Investors also remained on-edge as unexpected positive housing data increased likelihood of future interest rate hikes.
- US Housing Starts rose by 21.7% on-month to 1.63 million compared to 1.34 million in April 2023.
- Britain's FTSE index declined 1.84% as latest inflation worries triggered the Bank of England (BoE) to hike raise interest rates by 50 bps to 5% at its latest meeting.
- Asian equities ended lower. Japan's Nikkei index declined about 2%, due to a massive sell-off in Softbank Group, semiconductor and chip-related stocks.
- Hong Kong's Hang Seng index ended 5.7% lower, due to disappointing stimulus by China, hawkish stance by the Fed chairman.
- China's Shanghai Composite declined 2.3% as both the stimulus and cutting of benchmark lending rates by the Chinese government disappointed investors.



DOMESTIC DEBT

Indicators	Jun 23, 2023	Previous Week	Trend
Call Rate	6.70%	6.10%	↑
3 M CP	7.05%	7.15%	↓
1 Yr CP	7.60%	7.65%	↓
3 M CD	6.91%	6.90%	↑
1 Yr CD	7.35%	7.33%	↑
5 Yr AAA	7.52%	7.50%	↑
1 Yr G-Sec*	6.87%	6.82%	↑
5 Yr G-Sec*	7.03%	6.97%	↑
10 Yr G-Sec*	7.07%	7.04%	↑
USD/INR*	82.03	81.94	↑

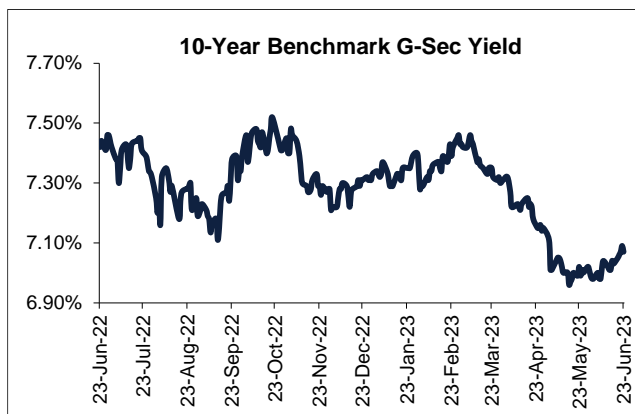
Source: CRISIL Fixed Income Database, RBI *Weighted Average Yield

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- Government bond prices declined in the week ended June 23, 2023. The yield on the 10-year new benchmark 7.26% 2033 paper closed at 7.07% on June 23, 2023, compared with 7.04% on June 16, 2023.
- Yields rose tracking the rally in the US treasury yields amid hawkish comments from the US Fed Chairman Powell indicated that rates could go higher.
- In addition to US Fed, the Bank of England too opted for bigger-than-expected rate hike to curb the rising inflation.
- However, further gains in yield were halted after stronger-than-expected demand in the weekly debt auction triggered short covering.
- In the debt sale held on June 23, 2023, the RBI auctioned 7.17% GS (Government Security) 2030, 7.41% GS 2036, 7.25% GS 2063 for a total notified amount of Rs 31,000 crore.



Source: CRISIL Fixed Income Database

- Further gains in yield were curbed as investors digested the most recent housing data that came in stronger than expected.
- Yield on the 10-year benchmark Treasury bond ended at 3.80% on June 22, 2023, compared to 3.77% on June 16, 2023.



DOMESTIC NEWS

- India retail inflation for farm workers and rural labourers eased to 5.99% and 5.84%, respectively, in May 2023 from 6.50% and 6.52% in April 2023.
- Fitch Ratings raised its forecast for India's economic growth to 6.3% for the current fiscal year 2023–2024 (FY24) from its prior prediction of 6%.
- Reserve Bank of India's (RBI) governor Shaktikanta Das in Monetary Policy Committee (MPC) minutes said uncertainties around India's inflation outlook for the second half of present fiscal year have not abated
- RBI MPC members appeared increasingly divergent in their views on the future course of rate hikes, with some members arguing that further tightening could potentially hamper economic recovery.
- Government's net direct tax collections from April 1, to June 15 of FY24 stood at Rs 3.77 lakh crore, an 11.5% increase over Rs 3.39 lakh crore between April 1 and June 16 of FY23.
- Finance Minister Nirmala Sitharaman directed National Bank for Agriculture and Rural Development (Nabard) to sensitise farmers to shift towards more remunerative but less water-guzzling crops.
- The finance ministry said secretaries and senior officials from across ministries met on June 17, 2023 to discuss ways to fast-track rollout of projects and to draw up a road map for swift delivery under various government schemes.
- Finance minister Nirmala Sitharaman stressed the need for accelerating efforts to build a more inclusive international financial architecture that can bring countries closer to realising sustainable development goals and financing climate action.



GLOBAL DEBT

- US Treasury prices declined during the week dragged down by hawkish comments from the US Fed Chairman Jerome Powell at his testimony to congress that suggested that policy maker may continue to hike rates in order to curb the inflation.
- Sentiments for yield boosted further following bigger-than-expected rate hike from the Bank of England.

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- The finance ministry said the finance secretary-headed committee to review the pension system for government employees is in the process of consulting stakeholders and is yet to finalise its report.
- Government proposed to keep the rates of motor third party premium unchanged, across most categories, for the financial year 2023-24
- The Central Board of Direct Taxes issued a notification that consultants, professionals and individuals with income from businesses will now be able to opt for the old tax regime in the current financial year.
- RBI in its bi-monthly report said that the recently issued instructions on 'compromise settlements and technical write-offs' have rationalised the existing regulatory guidance to banks and tightened some of the related provisions to ensure greater transparency.
- The RBI said remittances by resident individuals to International Financial Services Centres for the purpose of 'studies abroad' may be facilitated by authorised persons under the Liberalised Remittance Scheme.
- SEBI asked the stock exchanges and market intermediaries to assess the development of new products and new business practices to identify the potential money laundering and terror financing risks.
- SEBI proposed a standard format to seek trading preference of clients for the same product in different exchanges.
- SEBI came out with a standard approach to the investment portfolio of Alternate Investment Funds (AIFs) with modalities to launch liquidation schemes - a move that is likely to benefit investors.



GLOBAL NEWS

- US National Association of Home Builders (NAHB) Housing Market Index rose to 55 in June 2023 compared to 50 in the previous month
- Eurozone Consumer Confidence Flash rose to -16.10 pts in June 2023 from -17.40 pts in May 2023, remaining well above the region's long-term average.
- Eurozone annual inflation rate declined to 6.1% in May 2023, down from 7.0% in April 2023
- UK Bank of England (BoE) raised policy interest rate by 50 basis points from 4.5% to 5.0% in June 2023, marking the 13th consecutive rate hike.
- UK GfK Consumer Confidence indicator came at -24 in June 2023 from -27 in May 2023.
- UK industrial production dropped 1.9% on year in April 2023, following a 2% fall in March 2023.
- The People's Bank of China (PBoC) lowered its one-year loan prime rate (LPR) to 3.55% at its June 2023 policy meet compared to 3.65% in May 2023; while the five-year rate was trimmed to 4.2% compared to 4.3% in April 2023.
- Japan annual inflation rate declined to 3.2% in May 2023 from 3.5% in April 2023, while core consumer price index rose 3.2% from 3.4%
- Jibun Bank Japan flash Manufacturing Purchasing Managers' Index (PMI) declined to 49.8 in June 2023 from 50.6 in May 2023, while flash services Business Activity Index declined to 54.2 in June 2023 from 55.9. The Composite PMI was down to 52.3 from 54.3
- Japan industrial production decreased 0.7% on year in April 2023, from downwardly revised 0.8% fall in March 2023.

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DAY	
Monday, Jun 26, 2023	<ul style="list-style-type: none">• US Dallas Fed Manufacturing Index, June 2023• Japan Coincident /Leading Economic Index, April 2023
Tuesday, Jun 27, 2023	<ul style="list-style-type: none">• US Housing Price Index, April 2023• US Durables Goods Orders, May 2023• US S&P Case Shiller House Prices, April 2023
Wednesday, Jun 28, 2023	<ul style="list-style-type: none">• China Industrial Profit, May 2023
Thursday, Jun 29, 2023	<ul style="list-style-type: none">• US GDP Growth Rate QoQ Final, Q 20231• US Core PCE Prices QoQ Final, Q1 2023• Eurozone Consumer Confidence, June 2023• Japan Consumer Confidence, June 2023
Friday, Jun 30, 2023	<ul style="list-style-type: none">• US PCE Prices Index, May 2023• Eurozone Inflation Rate Flash, June 2023• UK GDP Growth Rate YoY Final, Q1 2023• China NBS Manufacturing / Non-manufacturing/ General PMI, June 2023• Japan Industrial Production, May 2023• India Infrastructure Output, May 2023• India Foreign Exchange Reserves, June 23, 2023

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Source: CRISIL

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