

WEEKLY YIELD

Update of Equity & Debt Market

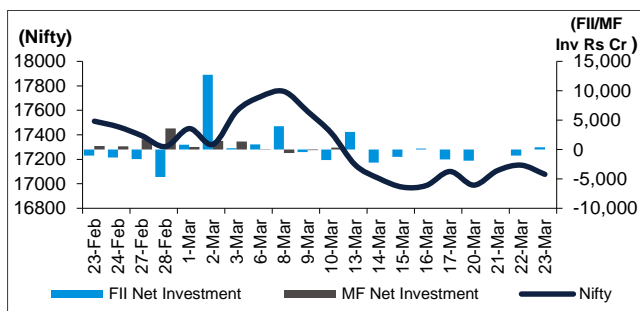
March 24, 2023

DOMESTIC EQUITY

- Indian equity indices ended lower for third straight week after the government hiked securities transaction tax on futures and options contracts. S&P BSE Sensex and Nifty 50 fell nearly 1% each
- Moreover, sentiment was dented after the US Federal Reserve (Fed) raised rates by 25 basis points and signalled one more rate hike this year. Another factor was concern over contagion in global banking.
- Most of the sectors ended in the negative, with realty, metal and information technology (IT) declining the most. S&P BSE Realty, S&P BSE Metal and S&P BSE IT fell 4.8%, 4.1% and 2.8%, respectively
- However, earlier in the week, markets gained a tad after the UBS-Credit Suisse deal

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	-0.80	-3.87	-0.12
Nifty 50	-0.91	-4.84	-1.61
S&P BSE Midcap	-1.98	-3.25	-1.01
S&P BSE Smallcap	-1.48	-1.78	-4.04
S&P BSE Bankex	-0.46	-5.98	10.00
S&P BSE CG	-1.84	4.07	24.11
S&P BSE FMCG	0.29	1.16	23.02
S&P BSE IT	-2.81	-1.21	-23.59
S&P BSE Healthcare	0.11	-7.34	-11.94

Source: BSE, NSE



Source: SEBI, NSE

GLOBAL EQUITY

- US stocks rose this week after US Treasury Secretary Janet Yellen reassured that measures will be taken to keep US deposits safe
- More gains were seen after the Fed at its policy meet hiked rates in line with expectations and signalled the end of the rate hike trajectory in the near future
- Britain's FTSE advanced 2.2%, tracking a similar trend in the US markets and gains in banking and consumer staples stocks
- Asian equities ended higher. Japan's Nikkei index ended higher by 0.19%, led by gains in energy, technology and financial stocks. It followed a similar trend in the global markets amid easing concerns over a global banking crisis
- There were some losses in the markets after a stronger yen raised concerns about domestic companies' earnings being dented
- Hong Kong's Hang Seng Index advanced 2% on easing fears over a global banking crisis and after the Fed signalled that rate hikes will be paused soon
- China's Shanghai Composite ended higher by 0.46%, tracking a similar trend in the US markets on easing global banking crisis fears and hope of rate hike pause by the Fed.

DOMESTIC DEBT

Indicators	Mar 24, 2023	Previous Week	Trend
Call Rate	6.70%	6.50%	↑
3 M CP	7.62%	7.75%	↓
1 Yr CP	7.96%	8.01%	↓
3 M CD	7.32%	7.44%	↓
1 Yr CD	7.72%	7.79%	↓
5 Yr AAA	7.73%	7.75%	↓
1 Yr G-Sec*	7.17%	7.22%	↓
5 Yr G-Sec*	7.19%	7.27%	↓
10 Yr G-Sec*	7.32%	7.35%	↓
USD/INR*	82.44	82.54	↓

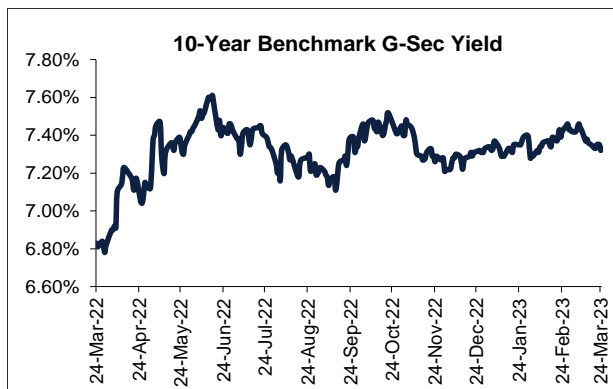
Source: CRISIL Fixed Income Database, RBI *Weighted Average Yield

WEEKLY YIELD

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March 24, 2023

- Government bond prices ended higher in the week ended March 24, 2023. The yield of the 10-year benchmark 7.26% 2032 paper closed at 7.31% on March 24, 2023 compared with 7.35% on March 17, 2023
- Bonds began the week on a positive note, tracking the sporadic fall in US treasury yields.
- Domestic yields declined further after the Fed raised interest rates by an expected 25 basis points and signalled that the rate hike cycle may be ending soon.
- However, a further fall in the yields was prevented amid caution ahead of announcements over the government borrowing calendar for April-September 2023 and the Reserve Bank of India's (RBI's) monetary policy decision.



Source: CRISIL Fixed Income Database



GLOBAL DEBT

- US Treasury prices ended almost flat in the week as earlier fall in the prices owing to fading banking crisis worries were cut short after the Fed signalled it would pause future interest rate hikes soon
- Yields started the week on a positive note on growing optimism over the easing global banking crisis after Swiss bank UBS agreed to buy Credit Suisse
- However, a further rally in yields was halted after the Fed raised interest rates by 25 basis points and signalled the recent turmoil in the banking sector may cause a pause in rate hikes in the near future



DOMESTIC NEWS

- Yield on the 10-year benchmark Treasury bond ended at 3.41% on March 23, 2023 compared with 3.40% on March 17, 2023.
- As per RBI's monthly bulletin, the central bank does not expect India to slow down in the fiscal 2023, unlike the global economy.
- As per RBI's monthly bulletin, the consumer price inflation in India remains high and the core inflation is continuing to defy the distinct softening of input costs.
- Finance Ministry in its monthly economic review report said that the economy is expected to grow at 7% in fiscal 2023 despite global headwinds while retail inflation would moderate in line with wholesale inflation.
- Finance Ministry in its monthly economic review report said the strong debt profile of Indian corporates will be a major factor in maintaining the nation's macroeconomic stability.
- India and European Union concluded the fourth round of talks for a comprehensive free trade agreement in Brussels, aimed at further strengthening economic ties between two the sides.
- Government reduced windfall tax on domestic production of crude petroleum to Rs 3500 per tonne from Rs 4400 per tonne.
- Government plans to come out with the second edition of the Production Linked Incentive (PLI) scheme for specialty steel to boost production of value-added steel in the country.
- As per the government, there is no proposal to reduce subsidies on fertilizers in the country.
- Lok Sabha cleared the Union Budget envisaging a total expenditure of around Rs 45 lakh crore for fiscal 2024.
- Government tweaked the export policy for biofuels saying that their export from special economic zones and export-oriented units are allowed for fuel as well

WEEKLY YIELD

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March 24, 2023

as non-fuel purposes without any restriction, if the biofuel is produced by using imported feed stock.

- RBI asked banks to keep their branches open till working hours of March 31, 2023.
- RBI Governor Shaktikanta Das assured that the country's banking system continued to be resilient and stable, and the central bank had been engaging with domestic lenders on all fronts for the last few years to prepare them for any future risks.
- RBI Governor Shaktikanta Das said the ongoing banking crisis in the US again underlines the importance of strong regulators.
- Securities and Exchange Board of India (SEBI) asked investment banks to redact Aadhaar details of promoters from hundreds of offer documents filed by companies with the market regulator and exchanges.



GLOBAL NEWS

- The Fed raised the fed funds rate by 25 basis points to 4.75%-5% in March 2023 and signalled another rate hike this year.
- US industrial production fell 0.2% on-year in February 2023 compared to 0.8% gain in January 2023.
- US existing home sales rose 14.5% on-month in February 2023, compared to 0.7% decline in January 2023.
- US new home sales rose 1.1% on-month in February 2023 compared to revised 1.8% gain in January 2023.
- US current account deficit narrowed to \$206.8 billion in fourth quarter of 2022 from a revised \$219 billion deficit in the previous quarter.
- US building permits increased to 1.55 million in February 2023 from 1.339 million in January 2023.
- US Chicago Fed National Activity index fell to -0.19 in February 2023 from 0.23 in January 2023.
- Eurozone recorded a trade deficit of 30.6 billion euros in January 2023 from 8.8 billion euro deficit in the previous month.
- Eurozone economic sentiment index decreased to 10 in March 2023 from 29.7 in February 2023.
- Eurozone flash consumer confidence fell to -19.2 in March 2023 from revised -19.1 in February 2023.
- Bank of England (BoE) raised its key bank rate by 25 basis points (bps) to 4.25%; expects inflation to cool faster than before.
- UK annual inflation rose to 10.4% in February 2023 from 10.1% in January 2023, while the core inflation rose to 6.2% from 5.8%.
- UK core producer prices slowed to 10.4% on-year in February 2023 from revised 11.2% in the prior month.
- UK consumer confidence came in at -36 in March 2023 from -38 in February 2023.
- The People's Bank of China kept its key lending rates unchanged at March 2023 meeting. The 1-year and 5-year loan prime rate remained at 3.65% and 4.3% respectively.
- Japan's annual inflation fell to 3.3% in February 2023 from 4.3% rise in January 2023, while the core inflation rose 3.1% on-year in February 2023, decelerating from 4.2% in January 2023.
- Japan Jibun Bank flash manufacturing Purchasing Manager's Index (PMI) increased to 48.6 in March 2023 from 47.7 in February 2023 and the services PMI rose to 54.2 in March 2023 from 54.0 in February 2023. The composite PMI increased to 51.9 in March 2023 from 51.1 in the prior month.
- Japan tertiary industry index rose 0.9% on-month in January 2023 compared to 0.4% decline in December 2022.

WEEKLY YIELD

Update of Equity & Debt Market

March 24, 2023

DAY	
Monday, Mar 27, 2023	<ul style="list-style-type: none"> • US Dallas Fed Manufacturing Index, March 2023 • China Industrial profits, February 2023 • Japan Coincident Index, January 2023
Tuesday, Mar 28, 2023	<ul style="list-style-type: none"> • US CB Consumer Confidence, March 2023 • US Richmond Fed Manufacturing / Services Index, March 2023 • US Dallas Fed Services Index, March 2023 • US Goods Trade Balance Advance, February 2023 • US S&P/Case Shiller Home Price, January 2023 • US House Price Index, January 2023
Wednesday, Mar 29, 2023	<ul style="list-style-type: none"> • US Pending Homes Sales, February 2023
Thursday, Mar 30, 2023	<ul style="list-style-type: none"> • US GDP Growth Rate QoQ Final, Q4 2022 • US PCE Prices QoQ, Q4 2022 • US Real Consumer Spending QoQ, Q4 2022 • US Initial Jobless Claims, March 25, 2023 • Eurozone Consumer Confidence Final, March 2023 • Eurozone Consumer Inflation Expectations, March 2023 • Eurozone Industrial Sentiment, March 2023 • Eurozone Economic / Services Sentiment, March 2023
Friday, Mar 31, 2023	<ul style="list-style-type: none"> • US Core PCE Price Index, February 2023 • US Personal Spending/ Income, February 2023 • US Michigan Consumer Sentiment Final, March 2023 • Eurozone Consumer Prices Flash, March 2023 • UK GDP Growth Rate QoQ, Q4 2022 • China NBS Manufacturing PMI, March 2023 • Japan Retail Sales, February 2023 • India Infrastructure Output, February 2023 • India Current Account, Q4 2022 • India Foreign Exchange Reserve, March 24, 2023

WEEKLY YIELD

Update of Equity & Debt Market

March 24, 2023

Source: CRISIL

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