

# WEEKLY YIELD

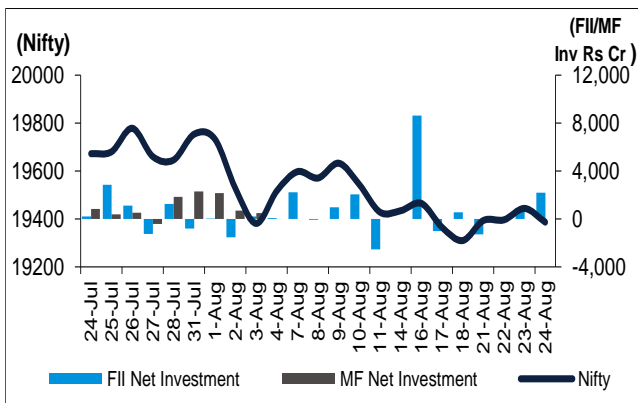
## Update of Equity & Debt Market

August 25, 2023



### DOMESTIC EQUITY

- Indian equity indices ended lower this week after the RBI at its August policy meet minutes highlighted inflationary risk. S&P BSE Sensex and Nifty 50 fell about 0.1% and 0.23%, respectively
- More losses were seen as investors were cautious ahead of the US Federal Reserve's (Fed) annual Jackson Hole symposium
- Sectors ended mixed, with auto, oil & gas and healthcare sectors falling the most. S&P BSE auto, S&P BSE Oil & Gas, and S&P Healthcare were down 0.61%, 0.57% and 0.57%, respectively
- However, some gains were witnessed due to buying in capital goods and power stocks. S&P BSE Capital Goods and S&P BSE Power rose 1.90% and 1.53%, respectively.



Source: BSE, NSE

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	-0.10	4.87	10.40
Nifty 50	-0.23	5.16	9.95
S&P BSE Midcap	1.50	15.55	22.77
S&P BSE Smallcap	2.19	20.13	27.34
S&P BSE Bankex	1.14	0.36	11.71
S&P BSE CG	1.90	19.77	39.45
S&P BSE FMCG	0.23	3.99	19.24
S&P BSE IT	1.15	8.24	7.10
S&P BSE Healthcare	-0.57	18.59	21.44

Source: SEBI, NSE



### GLOBAL EQUITY

- US stocks ended mixed this week with Nasdaq rising 1.30% and Dow Jones falling 1.16%
- Markets gained, especially Nasdaq after a rally in tech and defence stocks clubbed with excitement over Nvidia's earnings report and reassuring housing data.
- Despite positive cues, some weakness was witnessed in Dow Jones as investors treaded with caution ahead of US Fed chief's speech at the Jackson Hole symposium.
- Britain's FTSE advanced 0.98% this week owing to weak factory data raising expectations that the Bank of England may not announce another rate hike.
- Asian equities ended lower. Japan's Nikkei index advanced 0.55% buoyed by a surge in banking, technology, and chip-related stocks.
- Concerns over China's growth outlook and a sell-off in banking shares on reports of a possible downgrade of US major banks limited the gains
- Hong Kong's Hang Seng ended flat as gains due to lower level buying and upbeat earnings from internet and consumer companies were trimmed owing to disappointing policy announcements by the Chinese government.



### DOMESTIC DEBT

Indicators	Aug 25, 2023	Previous Week	Trend
Call Rate	6.60%	6.70%	↓
3 M CP	7.34%	7.30%	↑
1 Yr CP	7.86%	7.72%	↑
3 M CD	7.03%	7.05%	↓
1 Yr CD	7.50%	7.50%	↔
5 Yr AAA	7.59%	7.67%	↓
1 Yr G-Sec*	7.03%	7.11%	↓
5 Yr G-Sec*	7.20%	7.20%	↔
10 Yr G-Sec*	7.21%	7.21%	↔
USD/INR*	82.65	83.10	↓

Source: CRISIL Fixed Income Database, RESERVE BANK OF INDIA

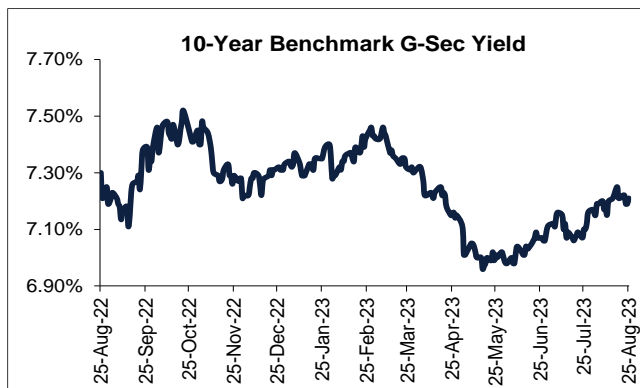
\*Weighted Average Yield

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- Government bond prices ended marginally higher in the week ended August 25, 2023. The yield of 10-year benchmark 7.26% 2033 paper closed lower at 7.20% on August 25 compared with 7.22% on August 18, 2023
- Yield declined marginally after posting gains for four consecutive weeks largely due to gains in US peers
- Bond prices also rose after investors booked positions of strong upper resistance in yields, while awaiting fresh global cues during the week
- However, investors treaded with caution during the week ahead of the Federal Reserve Chair Jerome Powell's speech on late Friday
- Meanwhile, in the debt sale held on August 25, 2023, the RBI auctioned 7.06% government security (GS) 2028, 7.18% GS 2033 and 7.30% GS 2053 for a total notified amount of Rs 33,000 crore



Source: CRISIL Fixed Income Database



### GLOBAL DEBT

- US Treasury prices were almost flat this week as mixed economic data ahead of the Fed's Jackson Hole symposium kept investors on the edge
- Yield began the week on a positive note as persistently resilient economic data including strong retail sales numbers boosted the view that the Fed is likely to keep interest rates higher for longer
- However, further gains in the yield were halted after dismal US and European business activity indicated global disinflation

- Meanwhile, markets await possible indications of where the Fed sees interest rates ahead of its annual summit at Jackson Hole, Wyoming
- Yield on the 10-year benchmark Treasury bond ended at 4.24% on August 24, 2023 compared with 4.25% on August 18, 2023.



### DOMESTIC NEWS

- Prime Minister Narendra Modi at BRICS said India will soon become a \$5 trillion economy and is poised to become the growth engine of the world in the coming years.
- RESERVE BANK OF INDIA governor Shaktikanta Das assured that soaring vegetable prices should start easing next month following the arrival of fresh crops and join the broad directional trend on core inflation.
- Finance Secretary TV Somanathan said India's inflation should lessen down in the coming months as policymakers are taking all possible step to slow down soaring prices.
- The G20 Pandemic Fund has granted \$25 million to India's animal husbandry & dairying department.
- UK business and trade secretary Kemi Badenoch said India and Britain are "actively" discussing business mobility under the proposed free trade agreement (FTA) with negotiations in the final stages but stated that it is hard to set a timeline for its conclusion.
- BRICS (Brazil, Russia, India, China and South Africa) announced the inclusion of six new members, including India's key partners in the Gulf and North Africa, a development that PM Narendra Modi described as a message that "all global institutions need to transform considering the changing times".
- The 54th Network Planning Group (NPG) has recommended four infrastructure projects to be developed at a combined cost of Rs 7,693 crore.

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- Tax tribunal allowed capital gain exemption in case of house purchase.
- Reserve Bank of India (RBI) issued detailed guidelines to reset the interest rates for equated monthly instalment in floating interest loans.
- RBI enhanced the upper limit of an offline payment transaction to Rs 500 from the existing Rs 200 to promote the use of UPI-Lite wallet in areas where internet connectivity is weak or not available.
- RBI Monetary Policy Committee minutes showed the central bank will manage the liquidity overhang proactively using the various instruments while ensuring that banking system has adequate liquidity to meet the productive requirements of the economy.
- RBI governor Shaktikanta Das said monetary policy committee (MPC) will closely monitor the first-round impact of food prices.
- Reserve Bank of India issued revised guidelines for Infrastructure Debt Fund-NBFCs (IDF-NBFCs).
- Inflation readings for upcoming months likely to remain well above the RBI's tolerance band of 2-6%, said Monetary Policy Committee (MPC) member Jayanth R Varma.
- Securities and Exchange Board of India notified rules introducing special rights to unitholders of REITs who can now nominate representatives on the boards.
- The Competition Commission of India (CCI) issued draft regulations for the Settlement and Commitment scheme under the new Competition Act.
- The Insurance Regulatory and Development Authority of India (IRDAI) lowered the minimum capital requirement for Foreign Reinsurance Business (FRBs) to Rs 50 crore from Rs 100 crore.



### GLOBAL NEWS

- US S&P Global flash manufacturing PMI fell to 47 in August 2023 from 49 in July 2023 while Services purchasing manager Index (PMI) fell to 51 from 52.3 and Composite purchasing manager Index (PMI) declined to 50.4 from 52.
- US building permits inched up by 0.1% on month in July 2023, following a 3.7% slump in June 2023.
- US consumer inflation expectations for the year ahead fell for a fourth consecutive month to 3.5% in July of 2023, a fresh low since April of 2021, from 3.8% in June 2023.
- UK S&P Global/CIPS flash manufacturing PM fell to 42.5 in August 2023 from 45.3 in July 2023, from services PMI contracted to 48.7, from 51.5 and composite PMI dropped to 47.9 from 50.8.
- Eurozone consumer price inflation rate eased to 5.3% on year in July 2023 compared to 5.5% in June 2023 while core consumer prices was unchanged at 5.5%.
- UK retail Sales decreased by 3.2% on year in July 2023 compared to 1.6% fall in June 2023.
- UK Gfk Consumer Confidence rose to -25 in August 2023 from -30 in July 2023.
- The People's Bank of China (PboC) decided to slash the one-year loan prime rate (LPR) loan by 10 basis points (bps) to 3.45% but maintained the five-year rate at 4.2% at its August 2023 policy meet.

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DAY	
Monday, Aug 28, 2023	<ul style="list-style-type: none"><li>• US Dallas Fed Manufacturing Index, August</li><li>• Japan Coincident Index Final, June</li><li>• Japan Leading Economic Index Final, June</li></ul>
Tuesday, Aug 29, 2023	<ul style="list-style-type: none"><li>• US House Price Index, June</li><li>• US CB Consumer Confidence, August</li><li>• Japan Unemployment Rate, July</li></ul>
Wednesday, Aug 30, 2023	<ul style="list-style-type: none"><li>• US ADP Employment Change, August</li><li>• Eurozone Economic Sentiment, August</li><li>• UK BoE Consumer Credit, July</li><li>• Japan Consumer Confidence August</li></ul>
Thursday, Aug 31, 2023	<ul style="list-style-type: none"><li>• US Initial Jobless Claims, August 26</li><li>• US Core PCE Price Index, July</li><li>• Eurozone CPI Flash, August</li><li>• UK Nationwide House Prices, August</li><li>• China NBS Manufacturing PMI, August</li><li>• Japan Housing Starts, July</li><li>• India Infrastructure Output, July</li></ul>
Friday, Sep 1, 2023	<ul style="list-style-type: none"><li>• US ISM Manufacturing PMI, August</li><li>• Eurozone HCOB Manufacturing PMI Final, August</li><li>• UK S&amp;P Global/CIPS Manufacturing PMI Final, August</li><li>• China Caixin Manufacturing PMI, August</li><li>• Japan Jibun Bank Manufacturing PMI Final, August</li><li>• India S&amp;P Global Manufacturing PMI, August</li><li>• India Foreign Exchange Reserves, August 25</li></ul>



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Source: CRISIL

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