

# WEEKLY YIELD

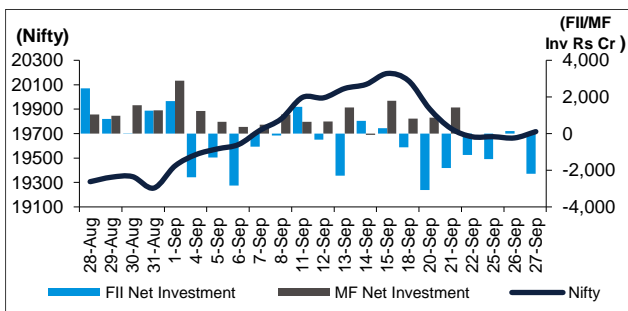
## Update of Equity & Debt Market

September 29, 2023



### DOMESTIC EQUITY

- Indian equity indices ended lower on weak global equities markets amid fears of higher interest rates by the Federal Reserve (Fed) and surging crude prices. S&P BSE Sensex and Nifty 50 declined about 0.27% and 0.18%, respectively.
- The sectors ended mixed, with information technology (IT), consumer durables (CD) and auto declining the most. S&P BSE IT, S&P BSE CD and S&P BSE Auto were down 2.81%, 1.29% and 0.46%, respectively.
- However, markets recovered as investors look forward to the RBI's monetary policy meet, upcoming quarterly earnings and buying in healthcare and realty shares.
- S&P BSE Healthcare and S&P BSE Realty were up 2.6% and 2.5%, respectively.



Source: BSE, NSE

Broad Indices	Week change%	3 months change%	1 year change%
S&P BSE Sensex	-0.27	2.99	16.70
Nifty 50	-0.18	3.51	16.77
S&P BSE Midcap	1.23	13.14	31.93
S&P BSE Smallcap	1.36	15.80	33.93
S&P BSE Bankex	-0.05	0.13	16.55
S&P BSE CG	2.16	19.22	55.55
S&P BSE FMCG	0.08	0.45	15.65
S&P BSE IT	-2.81	9.84	17.61
S&P BSE Healthcare	2.64	11.17	22.91

Source: SEBI, NSE



### GLOBAL EQUITY

- US stocks closed lower this week after the US Treasury yield soared to a multi-year high on concerns that higher interest rates would prevail for a longer period, thereby impacting economic recovery. Elevated crude oil prices also contributed to the decline.
- More losses were seen after three Fed officials hinted at further rate hikes to curtail rising inflation.
- Britain's FTSE declined 1% on worries over interest rate decision by global central banks and a sell-off in healthcare and real estate shares.
- Asian markets closed lower. Japan's Nikkei Index declined 1.7% amid fears that the US Fed's interest rates would stay high, dampening risk appetite, and because of a sell-off in chip-related, shipping and energy stocks.
- Hong Kong's Hang Seng fell 1.4% on China's property sector woes, sell-off ahead of Chinese National Day Holiday, US-Sino tensions and concerns around high interest rates by global central banks.
- China's Shanghai Composite fell 0.7% on lingering concerns over the property sector, US-Sino geopolitical tension and investors turning cautious ahead of a week-long holiday.



### DOMESTIC DEBT

Indicators	Sep 29, 2023	Previous Week	Trend
Call Rate	6.50%	6.70%	↓
3 M CP	7.41%	7.38%	↑
1 Yr CP	7.80%	7.78%	↑
3 M CD	7.04%	7.03%	↑
1 Yr CD	7.45%	7.45%	↔
5 Yr AAA	7.63%	7.62%	↑
1 Yr G-Sec*	7.10%	7.08%	↑
5 Yr G-Sec*	7.23%	7.18%	↑
10 Yr G-Sec*	7.21%	7.15%	↑
USD/INR*	83.04	82.93	↑

Source: CRISIL Fixed Income Database, RESERVE BANK OF INDIA

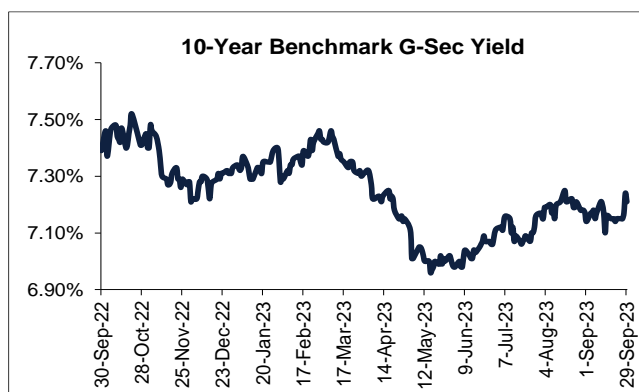
\*Weighted Average Yield

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- Government bond prices declined in the week ended September 29, 2023. The yield on the 10-year benchmark 7.18% 2033 paper closed higher at 7.21% on September 29, 2023, compared with 7.17% on September 22, 2023.
- Yield rose tracking a spike in US Treasury yield following the Fed's hawkish rate guidance. Relentless gains in global oil prices also kept yield prices higher. Bond prices declined further as the government kept its borrowing target for the second half of the fiscal unchanged.
- The Ministry of Finance said the government would stick to its market borrowing plan of Rs 6.55 lakh crore in the second half (October-March) of fiscal 2024, which will include the issuance of sovereign green bonds worth Rs 20,000 crore.
- However, earlier in the week, yield declined after JPMorgan announced that India will be a part of its influential GBI-EM index suite starting in June 2024.
- Meanwhile, in the debt sale held on September 28, 2023, the RBI auctioned 6.99% GS (Government Security) 2026, 7.17% GS 2030, 7.18% GS 2037 and 7.25% GS 2063, for a total notified amount of Rs 39,000 crore.
- FTSE Russell kept India on a watch list for inclusion in the FTSE Emerging Markets Government Bond Index.



Source: CRISIL Fixed Income Database



### GLOBAL DEBT

- US Treasury prices declined this week on expectations that the Fed would keep interest rates higher for longer than initially anticipated.
- Sentiment for bond prices dented further after Chicago Fed President Austan Goolsbee said that inflation remaining entrenched above the central bank's 2% target remains a bigger risk than the Fed's tight monetary policy.
- Further gains in yields were halted on profit-booking and investors exercising caution ahead of the release of key US economic data.
- The yield on the 10-year benchmark Treasury bond ended at 4.60% on September 29, 2023, compared with 4.44% on September 22, 2023.



### DOMESTIC NEWS

- The Finance Ministry in its month economic review report exuded confidence that India will achieve 6.5% growth in Fiscal Year 2023-24 (FY24) on the back of improved corporate profitability, private capital formation and bank credit growth, notwithstanding the risks of rising crude oil prices and monsoon deficit.
- India's current account deficit widened to \$9.2 billion, or 1.1% of the Gross Domestic Product (GDP), in the first quarter of the ongoing financial year on a sequential basis but narrowed on a year-on-year basis.
- S&P Global Ratings retained India's FY24 growth forecast at 6%, citing global economic slowdown, rising risks from sub-normal monsoon and delayed effect of rate hikes, even as it projected higher inflation in FY24.
- India's fiscal deficit in the first five months of the financial year 2023-24 (FY24) stood at Rs 6.42 lakh crore, 36% of the full-year target of Rs 17.87 lakh crore. In the same period in FY23, the fiscal deficit was 32.6% of the full-year target.

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- India's eight core sectors posted a growth of 12.1% in August 2023 compared to upwardly revised 8.4% in July 2023.
- The Central Board of Direct Taxes (CBDT) has further relaxed angel tax rules for unlisted startups by extending the 10% safe harbour to convertible preference shares. Government extended support under the scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) till 30 June 2024.
- The Ministry of Electronics and Information Technology has formed a Committee to assess the bidders for the modernisation of the Semiconductor Lab (SCL) in Mohali.
- JPMorgan Chase's global head of mergers and acquisitions, Anu Aiyengar said JP Morgan investors have around \$2 trillion available to invest, with \$100 billion to \$150 billion focused on India.
- Union Minister of Health and Family Welfare, Mr. Mansukh Mandaviya launched the Rs 5,000 crore Promotion of Research and Innovation in Pharma and MedTech sector (PRIP) scheme.
- The Union Agriculture Ministry has urged the state governments to relax norm to expand the outreach of the electronic – national agriculture market (e-NAM).
- Reserve Bank of India (RBI) Governor, Mr. Shaktikanta Das highlighted that the Central Bank has noticed excessive dominance by one or two board members even in big commercial banks and asked the lenders to desist from such practices. Board discussions have to be free, fair and democratic.
- RBI raised concerns over the high bad loan ratio in urban co-operative banks and laid down an eight-point charter including governance standard for their improvement.
- RBI asked banks not to classify customer complaints as queries, saying the practice understates problems and could prompt it to take action.

- Securities and Exchange Board of India (SEBI) decided to extend the trade-for-trade settlement framework and short-term additional surveillance measure (ASM) to include small and medium enterprises (SME) stocks.
- SEBI empanelled 34 entities to conduct forensic investigation of mutual funds, their asset management companies (AMCs) and trustees. SEBI extended the deadline for mutual fund account holders till January 1, 2024 to nominate a beneficiary or opt out of it by submitting a declaration form, failing which their folios will be frozen.



### GLOBAL NEWS

- The US economy grew at an annualized rate of 2.1% in the second quarter of 2023, unchanged from the previous estimate, and compared to an upwardly revised 2.2% growth in the first quarter.
- US Personal Consumption Expenditures (PCE) prices decreased to 2.50% in the second quarter of 2023 from 4.10% in the first quarter of 2023, while core PCE prices decreased to 3.70% from 4.90%.
- US pending home sales plummeted by 18.7% on year in August 2023, from 14.3% fall in July 2023.
- Eurozone economic sentiment indicator dipped slightly to 93.3 in September 2023, down from a revised 93.6 in August 2023, while industry confidence indicator rose to -9, up from -9.9 and services confidence indicator edged down to 4 from 4.3. Eurozone consumer confidence indicator came at -17.8 in September 2023, from -16 in August 2023. European Central Bank (ECB) President, Ms. Christine Lagarde said that interest rates will stay high enough to restrict business activity for as long as necessary to beat back inflation.
- UK retail sales fell by 1.4% on year in August 2023 from revised 3.1% decline in July 2023. UK GfK Consumer Confidence rose to -21 in September 2023 from -25 in August 2023.

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DAY	EVENTS
Monday, Oct 2, 2023	<ul style="list-style-type: none"><li>• US S&amp;P Global Manufacturing PMI Final, September</li><li>• US ISM Manufacturing PMI, September</li><li>• Eurozone Unemployment Rate, August</li><li>• Eurozone HCOB Manufacturing PMI Final, September</li><li>• UK S&amp;P Global/CIPS Manufacturing PMI Final, September</li><li>• UK Nationwide Housing Prices, September</li><li>• Japan Jibun Bank Manufacturing PMI Final, September</li></ul>
Tuesday, Oct 3, 2023	<ul style="list-style-type: none"><li>• US JOLTs Job Openings, August</li><li>• India S&amp;P Global Manufacturing PMI, September</li></ul>
Wednesday, Oct 4, 2023	<ul style="list-style-type: none"><li>• US ADP Employment Change, September</li><li>• US S&amp;P Global Services/ Composite PMI Final, September</li><li>• US ISM Services PMI, September</li><li>• US Factory Orders, August</li><li>• Eurozone HCOB Service / Composite PMI Final September</li><li>• UK S&amp;P Global/CIPS Service / Composite PMI Final September</li><li>• Eurozone Retail Sales, August</li><li>• Eurozone PPI, August</li><li>• Japan Jibun Bank Services / Composite PMI Final, September</li></ul>
Thursday, Oct 5, 2023	<ul style="list-style-type: none"><li>• US Balance of Trade, August</li><li>• US Initial Jobless Claims September 30</li><li>• India S&amp;P Global Composite/ Services PMI, September</li></ul>
Friday, Oct 6, 2023	<ul style="list-style-type: none"><li>• US Non-Farm Payrolls, September</li><li>• US Unemployment Rate, September</li><li>• UK Halifax House Price Index, September</li><li>• Japan Household Spending, August</li><li>• Japan Coincident Index Prel, August</li><li>• Japan Leading Economic Index Prel, August</li><li>• India RBI Interest Rate Decision</li><li>• India Forex Reserves, September 29</li></ul>



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Source: CRISIL

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