

# WEEKLY YIELD

## Update of Equity & Debt Market

June 30, 2023

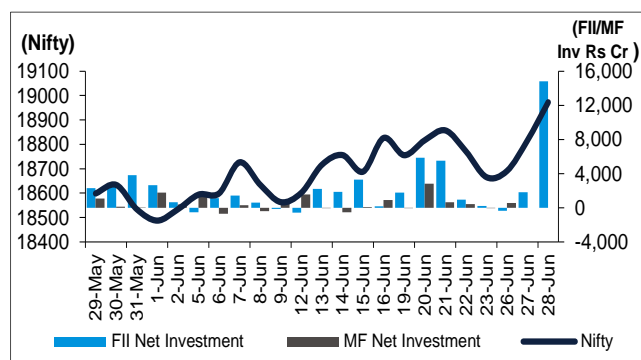


### DOMESTIC EQUITY

- Indian equity indices soared to a record high this week after upbeat GDP growth and jobless claims data from the US eased recession worries. S&P BSE Sensex and Nifty 50 rose 2.76% and 2.80%, respectively.
- More gains were witnessed after reports of foreign investment in a major domestic conglomerate.
- All the sectors ended higher, with auto, healthcare and information technology gaining the most. S&P BSE Auto, S&P BSE Healthcare and S&P IT gained about 3.82%, 3.65% and 3.54%, respectively.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	2.76	11.66	22.07
Nifty 50	2.80	12.34	21.60
S&P BSE Midcap	2.86	20.72	32.53
S&P BSE Smallcap	1.91	22.57	31.53
S&P BSE Bankex	2.45	11.60	31.25
S&P BSE CG	3.16	19.91	56.48
S&P BSE FMCG	1.65	14.63	35.77
S&P BSE IT	3.54	7.55	5.52
S&P BSE Healthcare	3.65	18.45	19.48

Source: BSE, NSE



Source: SEBI, NSE



### GLOBAL EQUITY

- US stocks ended higher after major banks cleared the Fed's stress test and as strong GDP growth, durable goods and jobless claims data eased investors' worries over recession.
- Britain's FTSE index gained 0.13% buoyed rally in financial and industrial stocks as stronger-than-expected data from US eased economic growth worries. More gains were seen due to rally in China-exposed stocks after Beijing raised growth forecast for the second quarter.
- Asian equities ended higher. Japan's Nikkei index ended higher 1.2% after export-led shares rose on weaker yen.
- Hong Kong's Hang Seng index ended higher by 0.14%.
- China's Shanghai Composite gained 0.13% as investors hoped that Chinese authorities may increase fresh stimulus package following weak economic data,
- Earlier this week, some losses were seen following weak tourism, factory activity and industrial profits data amid lack of improvement in Sino-US ties.



### DOMESTIC DEBT

Indicators	Jun 30, 2023	Previous Week	Trend
Call Rate	6.82%	6.70%	↑
3 M CP	7.15%	7.05%	↑
1 Yr CP	7.61%	7.60%	↑
3 M CD	6.97%	6.91%	↑
1 Yr CD	7.38%	7.35%	↑
5 Yr AAA	7.54%	7.52%	↑
1 Yr G-Sec*	6.85%	6.87%	↓
5 Yr G-Sec*	7.08%	7.03%	↑
10 Yr G-Sec*	7.11%	7.07%	↑
USD/INR*	82.03	82.03	↔

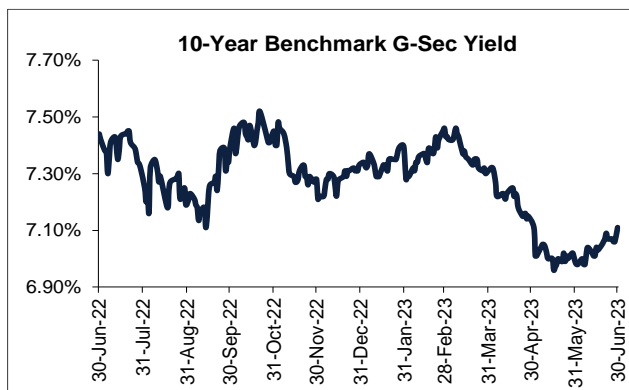
Source: CRISIL Fixed Income Database, RBI \*Weighted Average Yield

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- Government bond prices declined in the week ended June 30. The yield on the 10-year benchmark 7.26% 2033 paper closed at 7.12% on June 30, compared with 7.07% on June 23.
- The yield rose sharply after the release of the weekly debt auction data by the RBI showed weak demand.
- In the debt sale held on June 30, the RBI auctioned 7.06% government security (GS) 2028, 7.26% GS 2033 and 7.30% GS 2053 for a total notified amount of Rs 33,000 crore.
- The yield rose further tracking a spike in the US treasury yield as upbeat data cemented bets of a stronger economy and increased expectations of interest rate hikes by the US Federal Reserve (Fed).



Source: CRISIL Fixed Income Database



## GLOBAL DEBT

- US Treasury prices declined during the week, weighed down by upbeat economic data that spurred hopes that the Fed would hike rates at its next policy meeting.
- Further, upbeat domestic growth data, coupled with falling initial jobless claims, also kept bond prices under pressure.
- The US GDP increased at a 2% annualised rate in the first quarter of 2023, compared with previous-quarter growth of 2.6%. Meanwhile, weekly jobless claims fell to 239,000 for the week ended June 24, the lowest level since May.
- Worries over global economic growth cut short a further fall in safe-haven bond prices.
- The yield on the 10-year benchmark Treasury bond ended at 3.85% on June 29, 2023 compared with 3.74% on June 23, 2023.



## DOMESTIC NEWS

- India's April-May fiscal deficit was Rs 2.10 lakh crore, 11.8% of this fiscal's target compared with 12.3% in the comparable year-ago period.
- Growth in eight core infrastructure industries came at 4.3% in May, unchanged from the upwardly revised print for the previous month.
- Reserve Bank of India (RBI) data showed India's current account deficit narrowed to \$1.3 billion or 0.2% of gross domestic product (GDP) in the last quarter of last fiscal from \$16.8 billion or 2% of GDP in the third quarter of the fiscal and \$13.4 billion in the fourth quarter of fiscal 2022.
- The RBI purchased \$7.7 billion on a net basis in April 2023 through intervention in the foreign exchange market – highest in 22 months.
- The Indian economy expected to grow at an average rate of 6.7% until Fiscal year 2027 driven by domestic consumption, according to S&P Global Ratings Senior Economist (Asia Pacific) Vishrut Rana.
- The Reserve Bank of India (RBI) in its latest monthly bulletin said that higher retail inflation in India is slowing down personal consumption expenditure, which in turn is leading to a moderation of corporate sales and holding back private investment in capacity creation.
- The World Bank approved a \$255.5 million loan for improving the quality of technical education in government-run institutions in India.
- The government has approved the grant of interest-free and long-term capital expenditure loans, worth a total of Rs 56,415 crore, to 16 states in fiscal year 2023-24 so far.

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- Union Cabinet approved fertilizer schemes, including PRANAM scheme and Urea Gold scheme with a total allocation of Rs 3.70 lakh crore.
- Union Cabinet approved the introduction of National Research Foundation (NRF) Bill, 2023, in parliament.
- Government provided financial incentives of Rs 1.43 lakh crore to 12 states for power sector reforms.
- Union Cabinet approved fertilizer schemes, including PRANAM scheme and Urea Gold scheme with a total allocation of Rs 3.70 lakh crore.
- Securities and Exchange Board of India (SEBI) to revamp its complaint redressal system as part of efforts to strengthen the investor grievance handling mechanism.
- SEBI will finalise a draft discussion paper in a month or two to formulate rules and guidelines to regulate the mushrooming number of unregistered financial influencers or finfluencers.
- SEBI said it will no longer accept demand drafts concerning the fee charged for requesting informal guidance about applicability of rules and will now accept the fee by way of direct credit into its bank account.
- SEBI asked credit rating agencies to disclose lists of issuers who are non-cooperative with them.
- SEBI will phase out 16 offices spread across the country as part of a restructuring exercise.
- SEBI recommended methods such as an offer for-sale mechanism, rights issue and issuance of bonuses to unitholders of Real estate investment trusts (REITs) and Infrastructure Investment Trust (InvITs) to achieve compliance with the 25% minimum public holding requirement.
- US CB Consumer Confidence improved to 109.7 in June 2023 from 102.5 in May 2023.
- US New Home Sales rose 12.2% on month to a seasonally adjusted annualised rate of 763,000 in May of 2023 compared to 3.5% in April 2023.
- US pending home sales declined to 22.2% in May 2023 compared to a downwardly revised 20.6% fall in April 2023.
- Federal Reserve Chairman Jerome Powell at a European Central Bank conference reiterated that most central bankers still see two rate rises happening this year and asserted that he did not rule out more rate hike action at the central bank's next meeting.
- Eurozone consumer confidence improved to -16.1 in June 2023 compared to -17.4 in May 2023.
- European Central Bank (ECB) president Christine Lagarde said it was "unlikely" that policymakers would be able to state soon when interest rates had peaked while battling stubbornly high inflation.
- The UK economy grew by 0.2% in the first quarter of 2023, from 0.6% in the previous quarter.
- UK retail sales declined by 2.1% on year in May 2023, following a 3.4% fall in April 2023.
- China official NBS manufacturing Purchasing Managers' Index (PMI) rose to 49 in June 2023 from 48.8 in May 2023, while non-manufacturing PMI declined to 53.2 from 54.5 and composite PMI dropped to 52.3 from 52.9.
- Japan consumer confidence index ticked up to 36.2 in June 2023 from 36 in May 2023.
- Japan preliminary industrial production increased 4.70% on year in May 2023, from 0.7% decline in April 2023.
- Japan retail sales increased by 5.7% on year in May 2023, accelerating from a marginally revised 5.1 % gain in April 2023.
- Japan unemployment rate stood at 2.6% in May 2023, unchanged from April 2023.



### GLOBAL NEWS

- The US economy grew by an annualized 2% on quarter in Q1 2023, compared to previous quarter growth of 2.6%.

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DAY	
Monday, Jul 3, 2023	<ul style="list-style-type: none"><li>• US S&amp;P Global Manufacturing PMI Final, June 2023</li><li>• US ISM Manufacturing PMI, June 2023</li><li>• UK S&amp;P Global/CIPS Manufacturing PMI Final, June 2023</li><li>• China Caixin Manufacturing PMI, June 2023</li><li>• Jibun Bank Manufacturing PMI Final, June 2023</li><li>• India S&amp;P Global Manufacturing PMI, June 2023</li></ul>
Wednesday, Jul 5, 2023	<ul style="list-style-type: none"><li>• US Factory Order, May 2023</li><li>• Eurozone HCOB Services / Composite PMI Final, June 2023</li><li>• Eurozone PPI, May 2023</li></ul>
Thursday, Jul 6, 2023	<ul style="list-style-type: none"><li>• US ADP Employment Change, June 2023</li><li>• US ISM Services PMI, June 2023</li><li>• US S&amp;P Global Services/ Composite PMI Final, June 2023</li><li>• US Balance of Trade, May 2023</li><li>• US Initial Jobless Claim, July 01 2023</li></ul>
Friday, Jul 7, 2023	<ul style="list-style-type: none"><li>• US Non-farm payroll, June 2023</li><li>• US Unemployment Rate, June 2023</li><li>• UK Halifax House Price Index, June 2023</li><li>• Japan Household Spending, May 2023</li><li>• Japan Coincident/ Leading Economic Index Prel , May 2023</li><li>• India Foreign Exchange Reserves, June 30 2023</li></ul>



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Source: CRISIL

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