WEEKLY YIELD

Update of Equity & Debt Market

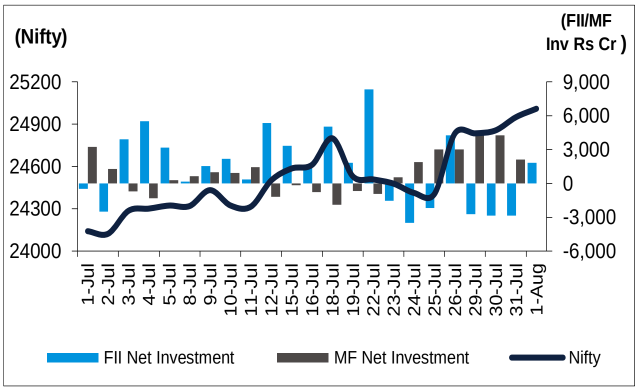
August 2, 2024

DOMESTIC EQUITY

- Indian equities snapped an eight-week winning streak as investors booked profits following a record rally this week. BSE Sensex and Nifty 50 fell 0.43% and 0.47%, respectively.
- More weakness was seen on weak global cues after disappointing United States (US) economic data raised concerns over the health of the US economy.
- Most sectors ended lower with realty, information technology (IT) and auto falling the most. BSE Realty, BSE IT and BSE Auto fell 3.74%, 2.88% and 2.18%, respectively.

Broad Indices	Week change%	3 months change%	1 year change%
BSE Sensex	-0.43	8.54	23.11
Nifty 50	-0.47	9.14	26.59
BSE Midcap	-0.07	12.17	59.31
BSE Smallcap	0.62	15.13	57.16
BSE Bankex	-0.26	4.92	15.51
BSE CG	0.11	15.96	70.62
BSE FMCG	-1.37	13.66	18.62
BSE IT	-2.88	19.09	33.72
BSE Healthcare	1.57	14.90	48.47

Source: BSE, NSE



Source: SEBI, NSE

GLOBAL EQUITY

- US stocks declined this week, fuelled by concerns of an economic slowdown following a rise in jobless claims and a contraction in Institute for Supply Management (ISM) manufacturing activity.
- Britain's FTSE Index ended flat as gains due to strong corporate earnings and a rise in mining and energy stocks were trimmed by losses in the financial sector after the Bank of England cut interest rates, while maintaining a cautious approach to further cuts.
- Asian equities ended mostly lower. Japan's Nikkei Index tumbled 4.67%, tracking a similar weakness in the US market and as a stronger Yen weighed on exporter-led shares.
- Some gains were seen led by banking stocks following the Bank of Japan's decision to raise interest rates.
- Hong Kong's Hang Seng Index fell following a similar trend in the US market, weak Chinese data and disappointing corporate earnings.
- China's Shanghai Composite Index rose as investors await stimulus update from a key Politburo meeting.

DOMESTIC DEBT

Indicators	Aug 02, 2024	Previous Week	Trend
Call Rate	6.10%	5.75%	↑
3 M CP	7.64%	7.70%	↓
1 Yr CP	7.91%	7.91%	⇔
3 M CD	7.18%	7.14%	↑
1 Yr CD	7.60%	7.60%	⇔
5 Yr AAA	7.52%	7.52%	⇔
1 Yr G-Sec*	6.77%	6.82%	↓
5 Yr G-Sec*	6.80%	6.84%	↓
10 Yr G-Sec*	6.90%	6.94%	↓
USD/INR*	83.74	83.72	↑

Source: *CRISIL Fixed Income Database, RESERVE BANK OF INDIA*

**Weighted Average Yield*

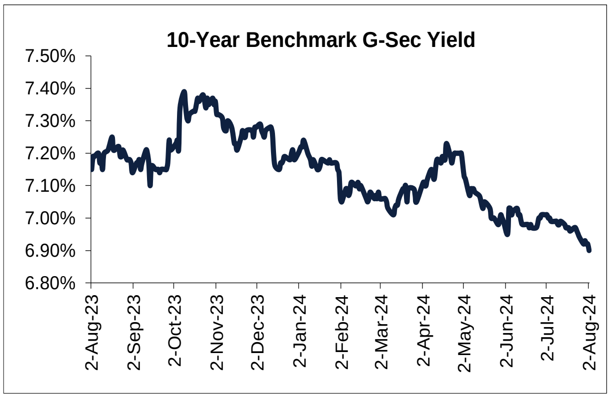
WEEKLY YIELD

Update of Equity & Debt Market

Union Mutual Fund

August 2, 2024

- Government bond prices closed higher in the week ended August 02, 2024. The yield on the 10-year benchmark 7.10% 2034 paper closed lower at 6.89% on August 02, 2024 compared with 6.94% on July 26, 2024.
- Bond prices rose due to a fall in US Treasury yields and as demand from domestic banks rose amid anticipation of a further fall in yields.
- Yields declined further after US Federal Reserve (Fed) Chair Jerome Powell hinted that the rate-easing cycle could begin in September 2024.
- Further gains in bond prices were capped by profit booking at a higher level.
- In the debt sale held on July 26, 2024 the RBI auctioned 7.02% GS (Government Security) 2027, New GOI SGrB (sovereign) 2034 and New GS 2054 for a total notified amount of Rs 22,000 crore.



Source: *CRISIL Fixed Income Database*

GLOBAL DEBT

- US Treasury prices rose this week in anticipation of a rate cut in September 2024 and on weak jobless claims data.
- Bond prices started on a positive note this week after the US Personal Consumption Expenditures (PCE) Prices rose modestly in June 2024 which curbed concerns about a higher-than-expected uptick in inflation.
- Bond prices rose further after the US Fed maintained the federal funds rate at a 23-year high of 5.25%-5.50% for the eighth consecutive meeting in July 2024. In the press conference following the policy meet, Mr. Jerome Powell said that a September 2024 cut could be on the table if inflation moves down in line with expectations.
- Yields declined further after US initial jobless claims rose 14,000 to 249,000 in the period ended July 27, 2024 from 235,000 in the previous week.
- The yield on the 10-year benchmark US Treasury bond ended lower at 3.99% on August 01, 2024 compared with 4.20% on July 26, 2024.

DOMESTIC NEWS

- India's fiscal deficit for the first quarter of this fiscal (Q1FY25) stood at Rs 1.36 lakh crore, or 8.1% of annual estimates.
- India HSBC Manufacturing Purchasing Managers' Index (PMI) edged down to 58.1 in July 2024 from 58.3 in June 2024.
- India’s Goods and Services Tax (GST) collections rose 10.3% to a three-month high of Rs 1.82 lakh crore in July 2024, compared with Rs 1.74 lakh crore in June 2024.
- Growth of the eight core sectors in India slowed to 4% on an annual basis in June 2024, compared with 6.4% in May 2024.
- The Reserve Bank of India (RBI) in its annual report on Currency and Finance highlighted that digitalisation would accelerate the internationalisation of the rupee.
- The Income Tax Department has asked income tax return filers not to make bogus claims for expenses and under-report their earnings as these are punishable offences and cause a delay in issuance of refunds.
- The Department of Telecommunications received over Rs 1,000 crore this fiscal from the winning

bidders of 5G spectrum in the recently concluded auction.

- The telecom department made OTP (One Time Password) verification through phone numbers optional for foreign nationals visiting India and seeking an Indian mobile connection.
- The Defence Ministry approved the procurement of navigation system for armoured fighting vehicles of the Indian Army and 22 interceptor boats for the Coast Guard.
- Revenue Secretary Sanjay Malhotra ruled out any review of the Long-term Capital Gains (LTCG) Tax regime in the medium term.
- Road Transport and Highways Minister Nitin Gadkari has requested to withdraw the GST imposed on life insurance and health insurance premiums.
- The Reserve Bank of India (RBI) issued a framework of Prompt Corrective Action (PCA) to enhance oversight of Urban Co-operative Banks (UCBs).
- The RBI issued a circular on cyber resilience and digital payment security controls for non-bank payment system operators (PSOs).
- The RBI notified banks to issue show-cause notices to borrowers identified as wilful defaulters.
- The Securities and Exchange Board of India (SEBI) proposed tweaking guidelines pertaining to the additional disclosure framework for certain Foreign Portfolio Investors (FPIs).
- SEBI proposed expanding the definition of connected persons under SEBI (Prohibition of Insider Trading) Regulations to include more relatives.

GLOBAL NEWS

- US ADP Employment Change added 122,000 workers to their payrolls in July 2024 the least in six months, following an upwardly revised 155,000 in June 2024.
- Eurozone economy expanded 0.6% annually in the second quarter of 2024 compared to an upwardly revised 0.5% growth in Q1 of 2024.
- Eurozone annual flash inflation rate rose to 2.6% in July 2024 compared to 2.5% in June 2024, while the core flash inflation rate remained steady at 2.9%.
- The Bank of England lowered its Bank Rate by 25 basis points to 5% in its August 2024 meeting but noted that it will move cautiously in loosening monetary policy further until officials are more certain that inflation will remain subdued.
- The Bank of Japan raised interest rates to 0.25%, up from previous range of 0-0.1%, with the decision passing by a 7-2 vote.
- Japan industrial production decreased by 7.30% on year in June 2024 compared to 1.1% growth in May 2024.

DAY	EVENTS
Monday, Aug 05, 2024	• US S&P Global Composite/Services PMI, July • US ISM Services PMI, July • Eurozone PPI, June • Eurozone HCOB Composite/Services PMI, July • UK S&P Global Composite/Services PMI, July • China Caixin Services/Composite PMI, July • Japan Jibun Bank Services/Composite PMI, July • India HSBC Composite/Services PMI, July
Tuesday, Aug 06, 2024	• US Balance of Trade, June • Eurozone HCOB Construction PMI July • Eurozone Retail Sales, June • UK S&P Global Construction PMI July • Japan Household spending, June
Wednesday, Aug 07, 2024	• UK Halifax House Price Index, July • Japan Coincident Index Prel/ Leading Economic Index Prel, June
Thursday, Aug 08, 2024	• US Initial Jobless Claims, August 03 • UK RICS House Price Balance, July • China Balance of trade, July • Japan Ecowatcher Survey current, July • Japan Bank Lending, July • India RBI Interest Rate Decision
Friday, Aug 09, 2024	• China Inflation Rate, July • China PPI, July • India Foreign Exchange Reserves, Aug 02

Source: CRISIL

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