

WEEKLY YIELD

Update of Equity & Debt Market

Jun 07, 2024

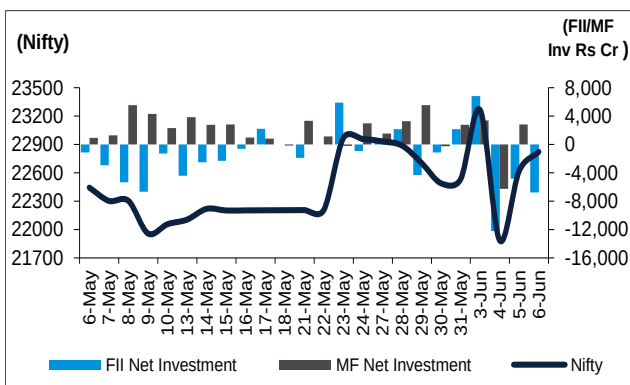


DOMESTIC EQUITY

- Indian equities ended higher this week, driven by investor optimism over political stability and policy continuity under the new coalition government. BSE Sensex and Nifty 50 rose 3.69% and 3.37%, respectively.
- More gains were seen, owing to strong quarterly growth data after the RBI raised its growth estimates for fiscal 2025, while keeping rates unchanged for the eighth consecutive time.
- Almost all sectors ended higher with Information Technology (IT), Fast Moving Consumer Goods (FMCG) and Auto gaining the most. BSE IT, BSE FMCG and BSE Auto rose 8.17%, 6.93% and 6.78%, respectively.

Broad Indices	Week change%	3 months change%	1 year change%
S&P BSE Sensex	3.69	3.47	21.46
Nifty 50	3.37	3.54	24.37
S&P BSE Midcap	2.94	10.69	58.95
S&P BSE Smallcap	3.11	9.13	54.54
S&P BSE Bankex	1.78	4.36	12.86
S&P BSE CG	-1.72	15.78	77.46
S&P BSE FMCG	6.93	6.80	13.12
S&P BSE IT	8.17	-4.86	23.38
S&P BSE Healthcare	4.05	4.03	48.57

Source: BSE, NSE



Source: SEBI, NSE



GLOBAL EQUITY

- US stocks ended higher this week as expectations of rate cuts by the Federal Reserve increased following weak job opening, Automatic Data Processing (ADP) employment change and jobless claims data.
- Weak ISM manufacturing data weighed on the sentiments.
- Britain's FTSE Index rose 0.12% after the European Central Bank cut rates and hopes of rate cut by the Fed following weak jobs data. These gains were restricted due to sell-off in pharmaceuticals and energy sectors.
- Asian equities ended mostly higher. Japan's Nikkei Index rose 0.51%, led by chip-related stocks tracking gains in their US counterparts and tracking similar trend in the US markets.
- Hong Kong's Hang Seng advanced 1.59% expected potential rate cuts by the US Federal Reserve, following a weak US payroll report and strong China's manufacturing.
- China's Shanghai Composite declined 1.57% due to sell-off in consumer and property shares and after a report that the US lawmakers pushed to ban Chinese battery firms.



DOMESTIC DEBT

Indicators	Jun 07, 2024	Previous Week	Trend
Call Rate	6.00%	6.24%	↓
3 M CP	7.80%	7.70%	↑
1 Yr CP	8.00%	7.95%	↑
3 M CD	7.08%	7.13%	↓
1 Yr CD	7.65%	7.65%	↔
5 Yr AAA	7.62%	7.55%	↑
1 Yr G-Sec*	7.04%	7.01%	↑
5 Yr G-Sec*	7.02%	7.05%	↓
10 Yr G-Sec*	7.02%	6.99%	↑
USD/INR*	83.38	83.46	↓

Source: CRISIL Fixed Income Database, RESERVE BANK OF INDIA

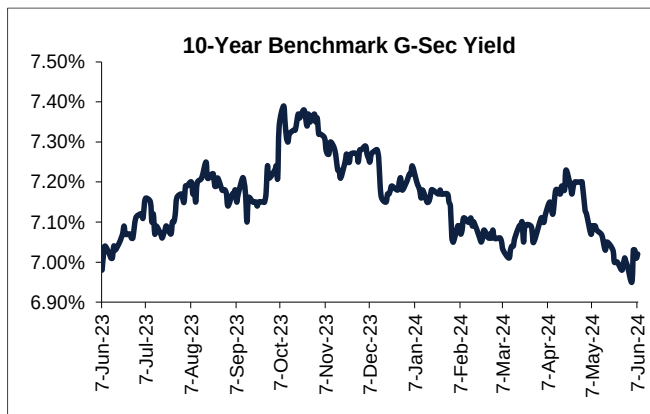
*Weighted Average Yield

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- Government bond prices declined in the week ended June 7, 2024. The yield of the 10-year benchmark 7.10% 2034 paper closed higher at 7.02%, compared with 6.98% on May 31, 2024.
- Bond prices dropped after the Monetary Policy Committee maintained the repo rate under its Liquidity Adjustment Facility at 6.50% for the eighth consecutive time at its policy review meet. Accordingly, the Standing Deposit Facility, Marginal Standing Facility and bank rate remained unchanged at 6.25%, 6.75% and 6.75%, respectively.
- Bond prices declined further over uncertainties of the Lok Sabha election results.
- A fall in bond prices cut short as investors cheered favourable exit poll results raising hope of a stable government.



Source: CRISIL Fixed Income Database



GLOBAL DEBT

- US Treasury prices rose this week following weak services and manufacturing data boosting hopes that a softening economy may allow the Federal Reserve to cut interest rates later this year.
- Yields fell after data showed that job openings fell more than expected in April 2024. Earlier, it

declined sharply after data showed that manufacturing activities slowed for a second straight month in May 2024.

- Bond prices rose after data showed US job openings declining to 8.059 mn in April 2024 from the revised 8.355 mn in May 2024.
- Yields further declined during the week after the US initial jobless claims jumped by 8,000 to 229,000 in the week ending June 1, 2024, compared with the previous week. However, yield parred some loses after the US services sector snapped back into growth mode in May 2024 after a short-lived contraction the month before.
- US ISM Manufacturing PMI edged lower to 48.7 in May 2024 from 49.2 in April 2024 and Services PMI soared to 53.8 in May 2024, compared with 49.4 in April 2024.
- The yield on the 10-year benchmark Treasury bond ended lower at 4.29% on June 7, 2024, compared with 4.50% on May 31, 2024.



DOMESTIC NEWS

- The RBI raised its fiscal 2025 projection for India's real Gross Domestic Product (GDP) to 7.2%, compared with April's 7%. It also raised its quarterly estimates for the fiscal: First quarter at 7.3% (vs 7.1%), second quarter at 7.2% (vs 6.9%), third quarter at 7.3% (vs 7%) and fourth quarter at 7.2% (vs 7%).
- The Election Commission of India has declared the Lok Sabha results for all constituencies, with the BJP winning 240 of the 543 seats and Congress 99.
- The Government collected Rs 1.73 lakh crore of Goods and Services Tax in May 2024, ~10% higher annually.
- The Central Government's fiscal deficit for 2024 stood at 5.6% of the GDP, below the revised estimate of 5.8%.

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GLOBAL NEWS

- HSBC India Manufacturing Purchasing Managers' Index (PMI) slipped to 57.5 in May 2024 from 58.8 in April 2024.
- HSBC India Services PMI dropped marginally to 60.2 in May 2024 from 60.8 in April 2024 and 61.2 in March 2024, while composite PMI fell to 60.5 from 61.5.
- The Employees' Provident Fund Organisation has relaxed several regulations, including an extended facility of auto-settlement, multi-location claim settlement and faster death claims.
- The Central Board of Indirect Taxes and Customs has prepared a draft Central Excise Bill, 2024, which seeks to replace the Central Excise Act, 1944.
- The RBI has proposed to allow overseas rupee accounts to lend money to persons resident outside India.
- The Securities and Exchange Board of India (SEBI) launched 'Saaṛthi 2.0' mobile app.
- SEBI issued a framework on financial disincentives for stock exchanges and other market infrastructure institutions for their lapses in detecting abnormal or suspicious trading activities to safeguard the interests of retail investors.
- SEBI amended the Master Circular for Foreign Portfolio Investors (FPIs) to relax timelines for disclosure of material changes and events.
- The US economy added 272,000 jobs in May 2024, the most in 5 months, compared to a downwardly revised 165,000 in April 2024.
- The US unemployment rate rose to 4% in May 2024, the highest since January 2022, up from 3.9% in April 2024.
- US ADP employment change was at 152,000 in May 2024, lower from a downwardly revised 188,000 in April 2024.
- US annual PCE inflation rate was unchanged at 2.7% in April 2024, from March 2024, while core PCE Price Index unchanged at 2.80%.
- The European Central Bank lowered the three key interest rates by 25 basis points in June 2024. The main refinancing operations rate was lowered to 4.25%, the deposit facility rate to 3.75%, and the marginal lending rate to 4.5%.
- Eurozone annual inflation rate rose to 2.6% in May 2024 from 2.4% in April 2024 and annual core inflation rate came in at 2.9% from 2.7%.
- The Eurozone's GDP expanded by 0.4% from the corresponding quarter of the previous year, in line with preliminary estimates, and gaining traction following two quarters of 0.2% growth.
- Eurozone producer prices declined 5.7% on year in April 2024, after a 7.8% fall in March 2024.
- UK S&P Global Services PMI fell to 52.9 in May 2024 from 55 in April 2024, while Composite PMI fell to 53.0 from 54.1.
- UK S&P Global Manufacturing PMI rose to 51.2 in May 2024 compared to 49.1 in April 2024.

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DAY	EVENTS
Monday, Jun 10, 2024	• Eurozone Consumer Inflation Expectations, April • Japan GDP Growth, Q1 • Japan Current Account, April
Tuesday, Jun 11, 2024	• UK Unemployment Rate April
Wednesday, Jun 12, 2024	• US Fed Interest Rate Decision • US Inflation, May • US CPI, May • US Consumer Inflation Expectations, May • UK GDP, April • UK Industrial/Manufacturing Production, April • China Inflation Rate, May • China PPI, May • Japan PPI, May • India Inflation Rate, May • India Industrial/manufacturing Production, April
Thursday, Jun 13, 2024	• US PPI, May • US Initial Jobless Claims June 08 • Eurozone Industrial production, May
Friday, Jun 14, 2024	• US Michigan Inflation Expectations Prel, June • US Michigan Consumer Expectations/Sentiment Prel, June • Bank Of Japan Interest Rate Decision • India WPI inflation, May • India Balance of Trade, May • India Foreign Exchange Reserves, June 07

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Source: CRISIL

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