

WEEKLY YIELD

Update of Equity & Debt Market

December 9, 2022

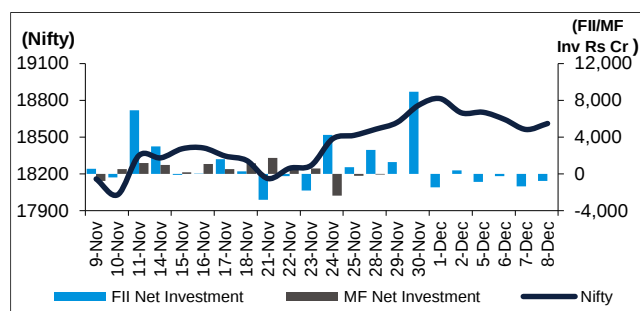


DOMESTIC EQUITY

- Indian equity indices snapped two-week gains after the Reserve Bank of India (RBI) hiked rates by 35 basis points (bps) and signalled it would continue with its hawkish stance. S&P BSE Sensex and Nifty 50 fell about 1% each
- Markets were under pressure on weak global cues due to fears about a potential world recession risk amid concerns that the United States (US) Federal Reserve (Fed) would continue with its aggressive policy stance
- Most of the sectors ended negative with information technology (IT), realty and healthcare declining the most. S&P BSE IT, S&P BSE Realty and S&P BSE Healthcare fell 5.3%, 3.5% and 2.3%, respectively
- However, some losses were restrained due to strong domestic services activity data and a favourable state election trend in Gujarat, which raised hopes of policy continuity of ruling party

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	-1.09	3.99	5.74
Nifty 50	-1.07	3.72	5.59
S&P BSE Midcap	-0.86	0.61	1.90
S&P BSE Smallcap	-1.18	0.10	1.88
S&P BSE Bankex	1.06	7.37	17.89
S&P BSE CG	1.64	4.20	22.18
S&P BSE FMCG	1.97	4.59	19.68
S&P BSE IT	-5.33	0.22	-16.91
S&P BSE Healthcare	-2.29	0.95	-6.84

Source: BSE, NSE



Source: SEBI, NSE



GLOBAL EQUITY

- US stocks fell after strong jobs and service data dimmed investors sentiment that the Fed may opt to slow its pace of hike rates. This spooked fears over recession risk and economic slowdown
- Britain's FTSE declined 1% tracking weak global cues after US data renewed fears about aggressive rate hikes by the Federal Reserve and caution ahead of key central banks' meetings due next week
- Asian equities ended higher. Japan's Nikkei rose 0.44% led by chip-related stocks and as exporters advanced on weaker yen and as China eased its Covid-19 restrictions
- Worries over global economic growth and corporate earnings, limited gains in the market
- Hong Kong's Hang Seng skyrocketed 6.6% amid hope of recovery in China after the country eased restrictions and as the Chinese central bank looks to provide financial support to the property sector
- China's Shanghai Composite closed higher 1.6% after Chinese authorities started removing Covid-19 restrictions in phases and also vowed to improve vaccination programme.



DOMESTIC DEBT

Indicators	Dec 9, 2022	Previous Week	Trend
Call Rate	6.10%	5.65%	↑
3 M CP	7.15%	7.13%	↑
1 Yr CP	7.89%	7.90%	↓
3 M CD	6.80%	6.84%	↓
1 Yr CD	7.61%	7.58%	↑
5 Yr AAA	7.57%	7.54%	↑
1 Yr G-Sec*	6.80%	6.77%	↑
5 Yr G-Sec*	7.19%	7.07%	↑
10 Yr G-Sec*	7.30%	7.22%	↑
USD/INR*	82.27	81.32	↑

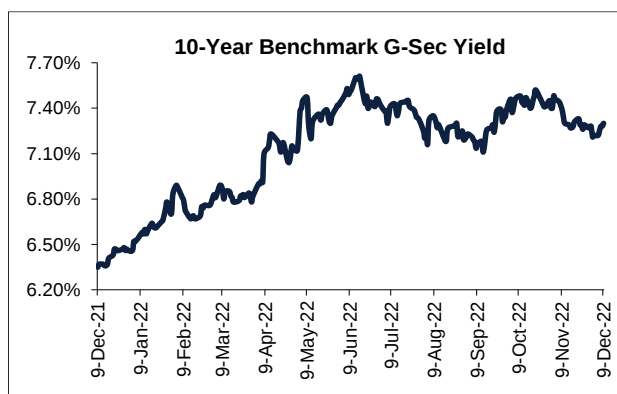
Source: CRISIL Fixed Income Database, RBI *Weighted Average Yield

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- Government bond prices were lower in the week ended December 9, 2022. The yield of the 10-year benchmark 7.26% 2032 paper closed at 7.30% compared with 7.22% on December 2, 2022.
- Yields remained higher during the week tracking a rebound in the US Treasury yield and caution ahead of the RBI monetary policy decision
- Prices fell further after the central bank hiked key rates and raised concerns over inflation
- Gilt also declined following fresh supply due to the weekly debt sale held on December 9, 2022. The central bank had auctioned 7.38% GS (government securities) 2027, 7.26% GS 2032, 7.36% GS 2052 for a total notified amount of Rs 28,000 crore.



Source: CRISIL Fixed Income Database

GLOBAL DEBT

- US Treasury prices ended almost flat in the week ended December 09, 2022 as a set of mixed economic data kept investors on the edge for futures stance of the Fed on rate hike.
- Bonds fell earlier after strong US services and manufacturing activity data reinforced expectations that the Fed will continue to raise interest rates well into 2023.
- However, fall in bond prices was capped later in the week as a rise in weekly jobless claims, indicating weak labour sector triggered hopes of slower rate hike pace by the Fed.

- The yield of the 10-year benchmark Treasury ended at 3.49% on December 08, 2022 compared with 3.51% on December 02, 2022



DOMESTIC NEWS

- The RBI, in its bi-monthly monetary policy review, raised the repo rate by 35 bps to 6.25%. Accordingly, the standing deposit facility rate, the marginal standing facility rate and the bank rate stood adjusted at 6.0%, 6.5% and 6.5%, respectively.
- RBI revised its forecast for real gross domestic product (GDP) growth downwards to 6.8% for the current fiscal, compared to earlier estimates of 7% citing global economic slowdown and tightening financial conditions.
- RBI left its inflation forecast for the country unchanged at 6.7% and said that the battle against inflation is still on and the core inflation remains sticky at an elevated level.
- The World Bank upgraded India GDP growth forecast to 6.9% from 6.5% earlier for the current fiscal and projected the country to be one of the fastest-growing major economies.
- India Standard & Poor's (S&P) Global services Purchasing Managers Index (PMI) improved to 56.4 in November 2022 from 55.1 in October 2022, while the composite PMI rose to 56.7 from 55.5.
- Government invested more than Rs 5000 crore in Special Window for Affordable and Mid-Income Housing) SWAMIH Investment Fund I, which is set up under the Special Window for Affordable and Mid-Income Housing.
- The Asian Development Bank (ADB) approved a \$780 million loan to build new lines and improve the connectivity of Chennai's metro rail system.
- Government notified the operational guidelines for the Production Linked Incentive (PLI) scheme for drones and drone components.
- RBI introduced a single-block-and-multiple debits functionality in Unified Payments Interface (UPI).

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- RBI decided to extend the dispensation of enhanced Held To Maturity (HTM) limit of 23% up to March 31, 2024 and allow banks to include securities acquired between September 1, 2020 and March 31, 2024 in the enhanced HTM limit. The HTM limits would be restored from 23% to 19.5% in a phased manner starting from the quarter ending June 30, 2024.
 - RBI decided to expand the scope of Bharat Bill Payment System to include all categories of payments and collections, both recurring and non-recurring in nature.
 - Securities and Exchange Board of India (SEBI) revised the definition of celebrity and asked Association of Mutual Funds in India (AMFI) and fund houses to take strict action against people who use social media to mislead investors in the name of mutual funds.
 - SEBI might ease regulatory norms for the central government in relation to strategic disinvestment of public sector undertakings (PSUs).
 - Eurozone employment rose 0.3% on-quarter in third quarter of 2022, same as that in the previous quarter.
 - Eurozone S&P Global services PMI came in at 48.5 in November 2022, compared to 48.6 in October 2022. The composite PMI stood at 47.8 from 47.3.
 - UK S&P Global/Chartered Institute of Procurement and Supply (CIPS) services PMI came in at 48.8 in November 2022, unchanged from previous month, while the composite PMI was also unchanged at 48.2.
 - China's annual inflation eased to 1.6% on-year in November 2022 from 2.1% in the previous month.
 - China's producer prices declined 1.3% on-year in November 2022, the same as that in the prior month.
 - China's trade surplus for November 2022 came in at \$69.84 billion compared to \$85.15 billion surplus in October 2022.
 - Japan economy contracted 0.8% on an annualized basis in the third quarter, compared to a revised 4.5% expansion in the second quarter.
 - Japan's leading index rose to 99.0 in October 2022 from 98.2 in September 2022, while the coincident index weakened to 99.9 in October 2022 from revised 100.8 in September 2022.
 - Japan's current account posted a deficit of 64.1 billion yen in October 2022, from surplus of 909.3 billion surplus in September 2022.
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- ### GLOBAL NEWS
- US producer price index eased to 7.4% on-year in November 2022 from 8.1% in October 2022, while the core producer prices fell to 6.2% in November 2022 from 6.7% in the previous month.
 - US S&P Global services PMI fell to 46.2 in November 2022 from 47.8 in October 2022, while the composite PMI fell to 46.4 from 48.2.
 - US non-farm productivity rose 0.8% in the third quarter compared to 4.1% decline in the previous quarter.
 - US trade deficit for October 2022 came in at \$78.2 billion compared to revised \$74.1 billion deficit in September 2022.
 - Eurozone economy grew an annualized 2.3% in third quarter of 2022 compared to revised 4.2% expansion in the previous quarter.

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DAY	
Monday, Dec 12, 2022	• US Consumer Inflation, November 2022 • UK GDP, October 2022 • UK Manufacturing/Industrial Production, October 2022 • Japan Producer Prices, November 2022 • India Consumer Prices, November 2022 • India Industrial Production, October 2022 • India Manufacturing Production, October 2022
Tuesday, Dec 13, 2022	• US Core Inflation, November 2022 • Eurozone ZEW Economic Sentiment Index, December 2022 • UK Unemployment Rate, October 2022 • China New Yuan Loans, November 2022
Wednesday, Dec 14, 2022	• US Export/Import Prices, November 2022 • Eurozone Industrial Production, October 2022 • UK Core Inflation, November 2022 • UK PPI Core Output, November 2022 • Japan Industrial Production, October 2022 • India WPI Inflation, November 2022
Thursday, Dec 15, 2022	• US Fed Interest Rate Decision • US Retail Sales, November 2022 • US Industrial production, November 2022 • US Manufacturing production, November 2022 • US Initial Jobless Claims, December 10, 2022 • ECB Interest Rate Decision • UK BoE Interest Rate Decision • China Industrial production, November 2022 • India Trade Balance, November 2022
Friday, Dec 16, 2022	• Eurozone Consumer Prices, November 2022 • Eurozone S&P Global Manufacturing/Services/Composite PMI Flash, December 2022 • UK S&P Global/CIPS Services/Composite PMI Flash, December 2022 • UK Gfk Consumer Confidence, December 2022 • Japan Jibun Bank Manufacturing/services/Composite PMI Flash, December 2022

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Source: CRISIL

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