

WEEKLY YIELD

Update of Equity & Debt Market

August 16, 2024

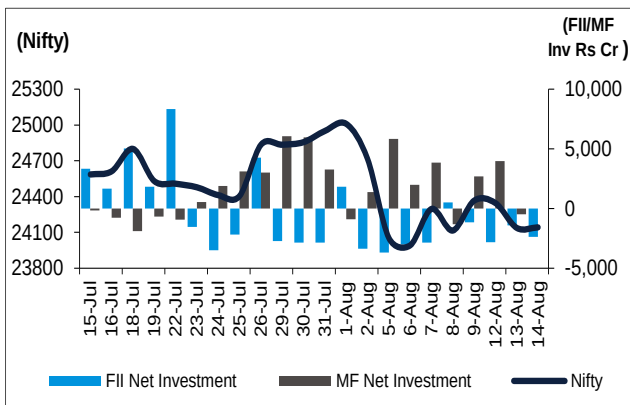


DOMESTIC EQUITY

- Indian equity snapped two-week losses on expectations of an interest rate cut in September 2024 by the Federal Reserve (Fed), following positive US economy data. BSE Sensex and Nifty 50 rose 0.92% and 0.71%, respectively.
- Almost all sectors ended higher with information technology (IT), consumer durables (CD), and realty gaining the most. BSE IT, BSE CD and BSE Realty rose 4.27%, 3.90% and 2.56%, respectively.

Broad Indices	Week change%	3 months change%	1 year change%
BSE Sensex	0.92	9.19	22.73
Nifty 50	0.71	9.54	26.08
BSE Midcap	0.43	11.93	56.04
BSE Smallcap	0.45	14.74	52.58
BSE Bankex	0.30	5.17	16.83
BSE CG	0.44	10.75	67.06
BSE FMCG	0.18	14.04	20.80
BSE IT	4.27	20.67	32.01
BSE Healthcare	0.21	16.25	46.80

Source: BSE, NSE



Source: SEBI, NSE



GLOBAL EQUITY

- US stocks rallied this week after improving economic release, including, inflation, retail sales and labour data eased worries over recession and built hope of a rate cut by the Fed in September 2024.
- Britain's FTSE index ended higher following strong growth data, easing US inflation and upbeat US retail sales data.
- Asian equities ended higher. Japan's Nikkei index skyrocketed 8.6%, tracking a similar trend in the US market as easing inflation and upbeat US retail sales supported the case of a rate cut by the Fed.
- Further, updated Japanese growth data, rally in tech stocks and weaker yen also supported the upward trend.
- Hong Kong's Hang Seng index rose on expectations of stimulus from China following weak economic releases, hope of a rate cut by the Fed and strong corporate earnings.
- China's Shanghai Composite index closed higher amid expectations of stimulus from the central bank following weak economic releases and expectations of a rate cut by the Fed.



DOMESTIC DEBT

Indicators	Aug 16, 2024	Previous Week	Trend
Call Rate	6.20%	5.75%	↑
3 M CP	7.63%	7.63%	↔
1 Yr CP	7.91%	7.91%	↔
3 M CD	7.18%	7.15%	↑
1 Yr CD	7.62%	7.60%	↑
5 Yr AAA	7.51%	7.51%	↔
1 Yr G-Sec*	6.76%	6.76%	↔
5 Yr G-Sec*	6.79%	6.79%	↔
10 Yr G-Sec*	6.87%	6.88%	↓
USD/INR*	83.95	83.95	↔

Source: CRISIL Fixed Income Database, RESERVE BANK OF INDIA

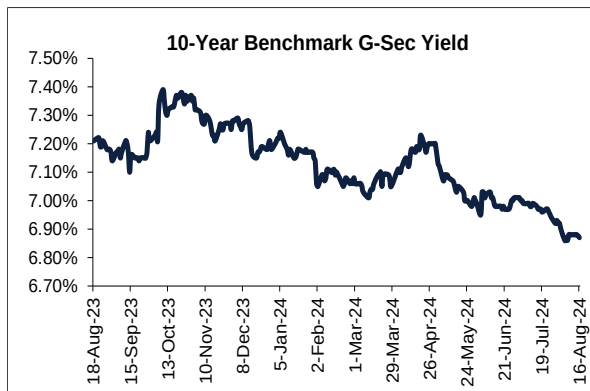
*Weighted Average Yield

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- Government bond prices ended marginally higher in the week ended August 16, 2024. The yield of the 10-year benchmark 7.10% 2034 paper closed lower at 6.87% on August 16, 2024, compared with 6.88% on August 09, 2024.
- Bond prices rose slightly for the week as the US rate cut bets jumped sharply.
- Further gains in bond prices were halted after debt auction result, released by the RBI on August 16, witnessed higher supply.
- The RBI auctioned 7.02% GS (government security) 2031, 7.23% GS 2039 and 7.46% GS 2073 for a total notified amount of Rs 34,000 crore.



Source: CRISIL Fixed Income Database



GLOBAL DEBT

- US Treasury prices rose during the week following lower-than-expected producer price index (PPI) data.
- The US PPI increased 2.2% on-year in July 2024, easing from an upwardly revised 2.7% gain in June 2024, while core PPI decreased to 2.4% from 3%.
- The yields rose after the data showed the US annual inflation rate eased to 2.9% in July 2024, compared with 3% in June 2024, while core inflation edged down to 3.2% compared with 3.3%.
- Yield also rose after the upbeat domestic retail sales data curbed recession worries.
- US retail sales increased 2.7% on-year in July 2024, the highest in three months, following a downwardly revised 2% rise in June 2024 and unemployment benefits fell by 7,000 to 227,000 on the week ending August 10, 2024, compared with 234,000 in the previous week.
- The yield on the 10-year benchmark Treasury bond ended lower at 3.92% on August 15, 2024, compared with 3.94% on August 9, 2024.



DOMESTIC NEWS

- Inflation rate in India eased to 3.54% on-year in July 2024, from 5.08% in June 2024.
- Wholesale prices in India eased to 2.04% in July 2024 compared with a 3.36% rise in June 2024.
- India's trade deficit widened to \$23.50 bn on an annual basis in July 2024 from \$19 bn in July 2023 and \$20.98 bn in June 2024.
- The Index of Industrial Production (IIP) in India eased to 4.2% in June 2024 on an annual basis as against 6.2% in May 2024.
- The International Monetary Fund, Executive Director, Krishnamurthy V Subramanian said that India has the potential to become a \$55 trillion economy by 2047 with the help of government initiatives.
- The Finance Ministry has exempted the income of Unique Identification Authority of India from income tax for five years till fiscal 2027-28.
- The Comptroller and Auditor General of India signed an MoU with the supreme audit institution of Uzbekistan in Tashkent.
- India's net direct tax collection grew 22.48% to about Rs 6.93 lakh crore as of August 11, 2024 this fiscal.
- NITI Ayog proposed that the government should come up with guidelines for assessing the creditworthiness and background verification of those availing of loans under the Pradhan Mantri Mudra Yojana.

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- The Reserve Bank of India (RBI) prohibited housing finance companies from raising public deposits for more than five years, placed a ceiling on the quantum of deposits they can raise and asked them to increase the share of liquid assets to 15% from 13% in a phased manner.
- The RBI announced that it will set up a committee under Deputy Governor Michael Debabrata Patra to regularly benchmark the statistics disseminated by it against global standards.
- RBI Deputy Governor Michael Debabrata Patra urged deposit insurers and other financial safety net participants to enhance crisis preparedness and deploy a framework to improve their ability to manage the failure of deposit-taking institutions so that the potential contagion effect can be avoided.
- The Securities and Exchange Board of India (SEBI) proposed that the registered investment advisers and research analysts, who employ artificial intelligence (AI) tools in their services, must disclose the extent of usage to clients.
- SEBI said to promote low-ticket Systematic Investment Plans (SIPs) and also to ensure their viability, the regulator and AMFI are in consultation with industry stakeholders to reduce the overall cost associated with the product to aid financial inclusion.
- The Telecom Regulatory Authority of India is holding a consultation exercise to determine whether the existing audit mechanism should be retained, modified, or replaced with a new mechanism.
- Eurozone expanded annually by 0.6% in the second quarter of 2024 compared to 0.5% in the previous quarter.
- UK annual inflation rate up to 2.2% in July 2024 compared to 2% in June 2024, while the core inflation eased to 3.3% compared to 3.5%.
- UK Industrial decreased 1.40% on year in June 2024, compared to 0.4% in May 2024, while Manufacturing Production decreased 1.50% from an upwardly revised 0.4%.
- The British economy expanded 0.9% on year in Q2 2024, the biggest annual growth rate since Q3 2022, compared to 0.3% in Q1.
- Chinese banks extended CNY 260 bn in new yuan loans in July 2024, compared to CNY 2130 bn in June 2024.
- China House Price Index shrank by 4.9% on-year in July 2024, after a 4.5% fall in June 2024.
- China Industrial Production advanced by 5.1% on-year in July 2024, easing from a 5.3% growth in June 2024.
- China Retail Sales grew by 2.7% on-year in July 2024, accelerating from June 2024's 2.0%.
- The Japanese economy grew by 3.1% on an annualized basis in Q2 of 2024, shifting from a 2.3% contraction in Q1 of 2024.
- Japan Industrial Production decreased 7.90% on year in June 2024, compared to 1.1% in May 2024.



GLOBAL NEWS

- US Consumer Inflation Expectations were unchanged at 3% in July 2024, the same as in June 2024.
- US annual inflation rate eased to 2.9% in July 2024 compared to 3% in June 2024, while core inflation edged down to 3.2% compared to 3.3%.

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DAY	EVENTS
Monday, Aug 19, 2024	US CB Leading Index, July
Tuesday, Aug 20, 2024	- Eurozone Inflation Rate, July - Eurozone CPI, July - China Loan Prime Rate 1Y/5Y, August
Wednesday, Aug 21, 2024	- US FOMC Minutes - Japan Balance of Trade, July
Thursday, Aug 22, 2024	- US Chicago Fed National Activity Index, July - US Initial Jobless Claims, August 17 - US Existing Homes sales, July - US S&P Global Flash Composite/Manufacturing/ Services PMI, August - US Kansas Fed Composite/Manufacturing Index, August - Eurozone HCOB Flash Composite/Manufacturing/ Services PMI, August - Eurozone Consumer Confidence Flash, August - UK S&P Global Flash Composite/Manufacturing/ Services PMI, August - Japan Jibun Bank Flash Manufacturing/Composite/Services PMI, August - India HSBC Flash Composite/Manufacturing/Services PMI August
Friday, Aug 23, 2024	- US New Home sales, July - US Building Permits Final, July - UK GfK Consumer Confidence, August - Japan Inflation Rate, July - India Foreign Exchange Reserves, August 16

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Source: CRISIL

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